
Harmony Community Development District

Assessment Blending Study and Findings

Harmony Community Development District

Background

- Parcel H-2
- Debt apportioned on 17.82 Acres. Lake not developable. Net developable is 10.13 acres.
- Maximum annual debt service level per unit on H-2 exceeded \$2,000 per unit threshold as set in the District's Master Assessment Methodology.

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Background, cont.

- January 2016 District Board Meeting.
- Blending of H-2 non-developable acreage debt apportionment to Parcels H-2, F, A-2, and M.
- Currently 40 homesites and 11 residents on Parcel H-2, 66 homesites and 8 residents on Parcel F, Parcels A-2 & M are not platted to date.
- REEI asked to review validity of blending and make recommendations.

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Two-Prong Lienability Test for Valid Assessments

- Special and Peculiar Benefit
- Fair and Reasonable Apportionment

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Special and Peculiar Benefit

- The April 27, 2000 Master Methodology states that the District's systems, facilities and services accrue in differing amounts and are somewhat dependent on the type of land use receiving the special benefit peculiar to those properties which flow from the logical relationship of the improvements to the properties.
- The District methodology uses trip generation measurements and equivalent residential units to determine the special and peculiar benefit to each specific land use.
- The Special and Peculiar Benefits accrued to each property within the Harmony CDD include added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property. Example.
- These special and peculiar benefits still hold true and have not changed for the land uses in Parcels H-2, F, A-2 and M.

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Fair and Reasonable Apportionment

- The April 27, 2000 Master Methodology also states that the duty to pay the non-ad valorem special assessments is fairly and reasonably apportioned because the special and peculiar benefits to the property derived from the District's Improvements (and the concomitant responsibility for the payment of the resultant and allocated debt) have been apportioned to each property according to the reasonable estimates of the special and peculiar benefits provided consistent with each land use category.
- Again, the District methodology uses trip generation measurements and equivalent residential units to determine the special and peculiar benefit to each specific land use.
- These benefits still hold true and have not changed for the land uses in Parcels H-2, F, A-2 and M. Furthermore, the land uses are all the same in these parcels and the proposed blending makes the proposed assessments fair and reasonable to all the affected land uses.

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Three Additional Tests for Valid Change in Assessments

- Not to exceed ceiling debt level per acre
- Not to exceed Maximum Annual Debt Service per Unit
- Assessment Increase properly noticed.

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Ceiling Debt Level Per Acre for parcels H-2, F, A-2 and M

- April 27, 2000 Master Methodology – debt level not to exceed \$73,519 per acre.
- Current level is \$57,435.56
- Blended level is \$69,098.60

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Maximum Annual Debt Service per Unit

- April 27, 2000 Master Methodology – Maximum Annual Debt Service per single family unit is \$2,000.

- Current level

<u>H-2</u>	<u>F</u>
\$2,554.42	\$1,385.68

- Blended level

<u>H-2</u>	<u>F</u>
\$1,592.89	\$1,592.89

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- Assessment Increase Properly Noticed
 - Mailed notice – affidavit of mailing
 - Hearing advertised in local publication
 - Public hearing – August 25, 2016

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Five Tests

- Special and Peculiar Benefit ✓
- Fair and Reasonable Apportionment ✓
- Ceiling debt level per Acre ✓
- Maximum Annual Debt Service per Unit ✓
- Assessment Increase properly noticed ✓

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RECOMMENDATIONS

- Assessment Blending is valid – passes the five tests.
- Suggest par debt pay down for Parcel F residents and contracted units to current assessment levels
- New assessment levels for remaining Parcel F homesites need to be disclosed.
- All future plats are subject to true up test by District Manager prior to recording per Master Methodology. Manager will report findings to Board.
- Operations and Maintenance budget and assessment study.

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Questions or Comments?