



# Community Facilities Districts





## What Is a Community Facilities District?

-On its formation, the district is a special purpose district for purposes of article IX, section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of article XIII, section 7, Constitution of Arizona, and a municipal corporation for all purposes of title 35, chapter 3, articles 3, 3.1, 3.2, 4 and 5. A district that distributes or sells groundwater is a private water company only for purposes of title 45, chapters 2 and 3.1. Except as otherwise provided in this section, a district is considered to be a municipal corporation and political subdivision of this state, separate and apart from the municipality or county.

## Who Else Is Using CFDs?

-24 Arizona Cities Are Currently Using CFDs. We've established contacts to speak with in multiple cities and towns to understand more about how they administer their CFDs and determine what is best for the City and for our citizens.



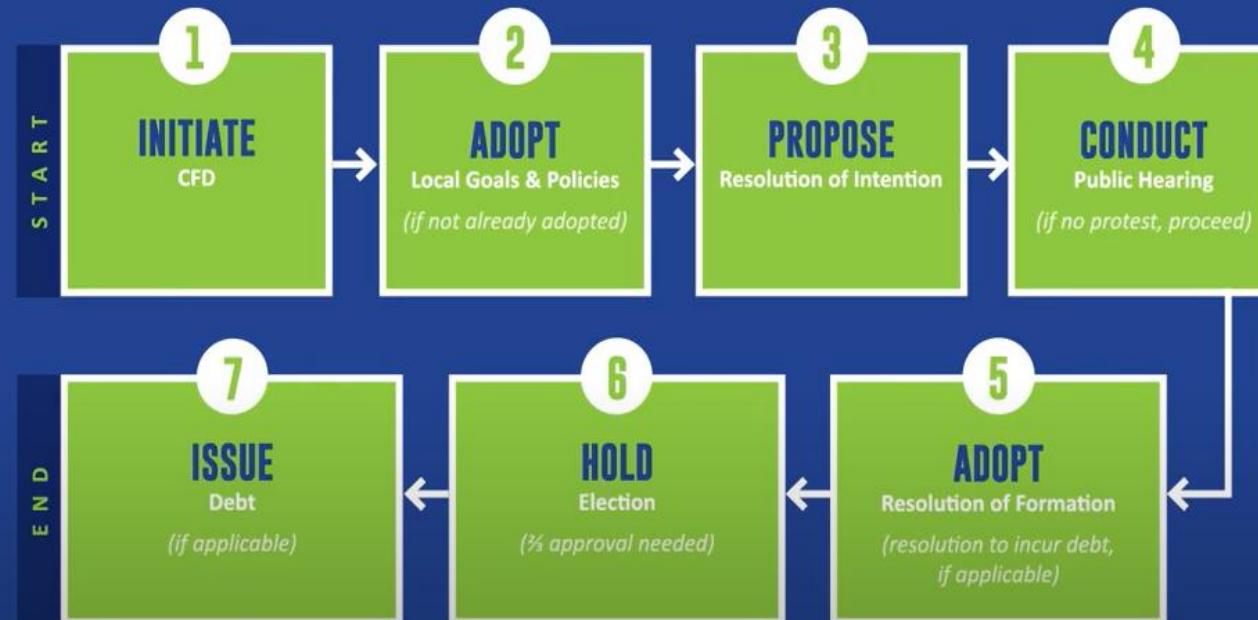
# Why Use CFDs?

- Developers desire these for accelerated reimbursement or for construction financing purposes, tax considerations, and to provide consistent financing through economic cycles.
- Cities look to use CFDs for economic development, enhanced infrastructure within master-planned communities, and an ability to deal with infrastructure on a more comprehensive basis – particularly ones over 600 acres in size or 2,500 homes/lots.
- CFDs can be used for:
  - Highways, streets, roadways, public parking facilities
  - Landscaping, flood control, water systems, sewer and drainage
  - Street lights and signals, public safety facilities, and recreation facilities
- In the formation of a CFD, City Council will act as the District Board to act in the best interests of the citizens within the district.



# Next Steps – After Speaking with Cities to Understand Their Processes, What’s Next For Us?

## CFD: A SEVEN-STEP FORMATION PROCESS



# CFD Financing Options

- General Obligation Bonds
  - Strongest credit, most well understood by investors
- Special Assessment Revenue Bonds (current preferred option amongst city staff)
  - Becoming much more common, weaker credit but specific real property is assessed and bonds are repaid through installments by the property owner, can be paid off early, and can engage with County to collect assessments
- Some Arizona CFDs have shown remarkable fiscal responsibility by limiting the assessments or rates charged within these districts and ask the developers to sign strong DAs, LOCs, to cover any debt payment gaps above and beyond fixed rate percentages, and the CFD will not issue any debt until assessed property values are sufficient enough to support the equivalent debt issuance.
- Districts are established to separate District business from City business – the City is not obligated to support the CFD in any operational or fiscal manner.



# What Can CFD Developments Accomplish?

- With the assistance of permitting a CFD, a developer now has the funding and incentive to include:
  - Utility infrastructure improvements
  - Public amenities
  - Mixed use components
- Although some developers will incorporate these things on their own, some areas of the City require such a significant amount of work that the infrastructure costs outweigh the return of a quality development. When this happens, developers typically use less expensive lights, trail materials, and community amenities.
- A CFD helps to bridge that GAP to allow the developers to move quickly and produce a quality product that is up to the City of Maricopa's standards.
- CFDs are a disciplined tool and would be used in specific and strategic instances, not for every development opportunity that comes our way.



# What Can CFD Developments Accomplish?





# Resources

- A Really Great Video Link If Anyone Is Interested:  
<https://www.youtube.com/watch?app=desktop&v=WWzYFAAG5wE>
- A Great Link If You Need Help Sleeping:  
<https://law.onecle.com/arizona/title-48/48-709.html>