

WHAT IS MELLO-ROOS?

in simple English please . . .

Mello Roos refers to "special" tax districts. Senator Henry J. Mello and former Assemblyman Michael Roos won passage of Mello Roos Community Facilities Act in 1982. This legislation authorized Mello-Roos Community Facilities Districts as a way to assist cities, counties and school districts to provide new infrastructure and facilities after governmental funds were cut by the passage of Proposition 13 in 1978.

Before Proposition 13, state and local governments used income collected through property taxes to build new roads, schools and other necessary community facilities. In order to continue building residential areas, these same governments were forced to require builders of new communities to pay for these public facilities. Consequently, these funds were added to the cost of homes.

These price increases hurt new home buyers as fewer people were able to afford higher-priced homes. Those who could, had to wait for the public facilities to be built.

Under Mello-Roos Community Facilities Act, landowners put up their land as collateral so that public agencies, like a school district, could raise money to pay for vital basic public facilities. The public agency forms a Mello-Roos Community District that sells bonds to fund the construction of these new public facilities. A bond allows for payment over a specific amount of time through special taxes levied on property owners in that particular district. Mello-Roos taxes are paid to the County Tax Collector as part of the normal property tax system.

Not all new home communities are affected by Mello-Roos special taxes. For example, sometimes a new neighborhood is build within existing communities. Because public facilities are already in place, they are not subject to Mello-Roos taxes.



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Eric Giat
Real Estate Broker

4790 Irvine Blvd, Suite 105-340
Irvine, CA 92620

Office: (949)679-9373
Fax: (949)666-8071
email: eric@giatcorporation.com
Web: www.giatcorporation.com

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