

STAFF REPORT

City of Lancaster

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12/10/2024
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Date: December 10, 2024

To: Mayor Parris and City Council Members

From: Patti Garibay, Director - Community Development
Nicole Jones, Senior Analyst – Community Development

Subject: Annexation No. 2 Into Community Facilities District No. 2021-1 (Public Services)

Recommendation:

Adopt **Resolution No. 24-XXX** for intention to annex territory to Community Facilities District No. 2021-1 (Public Services), and to authorize the levy of special taxes.

G.C. Section 84308: No

Fiscal Impact:

The 2024/2025 Fiscal Year Community Facilities District No. 2021-1 (“CFD 2021-1”) special tax rate for Multi-Family Residential Inner Zone is approximately \$395.28 per residential unit. Based on this figure, the estimated annual revenue that will be received by the City of Lancaster (the “City”) for all 420 residential units in Annexation No. 2 will be \$166,015.97. CFD 2021-1 includes an annual Consumer Price Index (“CPI”) adjustment; therefore, this amount will escalate over time. The process for annexation is funded by the developer and no General Fund monies are used for this effort.

Background:

By Resolution No. 22-60, the City Council established CFD 2021-1, a Mello-Roos Community Facilities District with the intention that future development within the City would annex into this district. The special taxes collected from the property owners within the district are to be used for the funding maintenance and operation of public safety services, fire services, lighting, parkways, streets, roads, open space and any real property or other tangible property with an estimated useful life of five or more years that is owned by the City.

The annexation territory, Desert Meadows (the “Project”) proposed for annexation is owned by DMA Lancaster, LLC and DMT Lancaster, LLC and is generally located south of W Ave I, north

of W Lancaster Blvd., west of 27th St W., and east of 30th St W. The Project includes the development of four hundred and twenty (420) multi-family residential units. The boundary of the annexation includes the area within the assessor's parcel map 3153-034 as depicted on Exhibit A.

Willdan Financial Services completed a comprehensive special tax analysis that took into account the types of properties proposed for inclusion in the CFD currently, and in the future through annexations, and the City's maintenance budgets to arrive at the proposed levels of special tax amounts on the various land uses and created CFD 2021-1 in 2023. As part of the annexation process, the City contracts with Willdan Financial Services for the preparation of the necessary resolutions and balloting procedures for the annexation.

The Resolution of Intention is the first step in the process of annexing new developments into CFD 2021-1. This will be the 2nd annexation into the CFD. The resolution also establishes January 28, 2025, as the public hearing date for the final consideration of the annexation of the property into CFD 2021-1. Once the annexation is complete, the property owner of the Project will be required to pay annual special taxes for CFD 2021-1, beginning in Fiscal Year 2025/2026 as itemized on their property tax bill in accordance with the rate set forth in the Rate and Method of Apportionment of Special Tax.

The CFD 2021-1 Rate and Method of Apportionment was established as part of the formation of the district and fixed Fiscal Year 2021/2022 as the base year for the annual special tax rate as shown in Exhibit B. The special tax rates will increase based on a cost inflator allowed in the original formation documents beginning July 1, 2024.

Attachment:

Resolution No 24-XXX

- Exhibit A: Boundary Map
- Exhibit B: Services
- Exhibit C: Rate and Method of Attachment of Special Tax and Zone Map (Attachment A)