

Mello-Roos FAQ

Q: What is Mello-Roos?

The Mello-Roos Act of 1982 provides a flexible alternative method for local governments to finance capital projects. This legislation allows cities, counties, and special districts to designate specific areas as Community Facilities Districts (CFD) and allows these districts to issue bonds and collect special taxes to finance such projects.

The CFD may finance projects with a specific benefit to the district, such as streets, water, sewer, and drainage facilities, as well as projects of a more general nature, such as parks, schools and libraries and equipment.

Within the communities served by the Sweetwater Union High School District, there are 17 Community Facilities Districts.

Q: How does the district use these funds?

The Sweetwater Union High School district puts all Mello-Roos taxes into one general fund which is comprised of 17 different districts and pays for numerous projects for the benefit of students who live within the Mello-Roos areas.

Q: What percentage of SUHSD families pay Mello-Roos?

Approximately 26% of Sweetwater students live within Mello-Roos Districts.

Q: Are the funds collected spent across the district?

The money follows the student. The special property taxes collected from homeowners in the 17 Community Facilities Districts have been and will continue to be used only to meet the needs of students from the Community Facilities Districts and not to subsidize the general needs of students from other areas of the district.

Q: Why did the board vote to approve raising Mello Roos fees by 2% this year?

An annual 2 percent increase in Mello-Roos fees has been standard practice since the first Community Facilities Districts in the Sweetwater District were formed. At the time the CFD's were formed, the board adopted a Rate and Method of Apportionment (RMA) for each CFD detailing the amount of the special tax and prescribed the indexing for the special tax to adjust upward by 2 percent annually. Each homeowner, at the time they purchased their home, was provided with documentation in their escrow package informing them of the rate of the special tax and the annual 2 percent index for the term of the Mello-Roos levy.

The 2 percent annual indexing allowed the initial Mello-Roos tax rate to be set as low as possible to allow the maximum number of prospective buyers to qualify for home loans.

Q: Do all parts of the district pay the same amount of Mello-Roos?

Mello Roos is paid by residents of planned communities including Eastlake, Otay Ranch, Ocean View Hills in Otay Mesa, San Ysidro's Remington Hills and several other small communities throughout National City and Imperial Beach.