

CDD Editorial: CDD Taxes Violate the FL Constitution

The Coral Bay Community Development District (CDD) is a government entity and the money they charge us to fund it's existence should be subject to the Save Our Homes Act and therefore capped at 3% per year or the CPI whichever is less.

The Coral Bay developers knew this when they wrote, "Maintenance taxes, authorized in Section 190.021 (3), F. S., will be used to defray the costs of maintaining the water management and landscaping systems which will be owned by the district. These taxes will be assessed on each benefited taxable unit (dwelling unit, structure, or portion of an acre) within the CDD." (Coral Bay P.U.D., CDD Petition, Version: 11/1/89, Page 14)

The Coral Bay CDD has not adhered to the Save Our Homes Act, on the premise that the homes are charged assessments, not taxes. But by definition they are in fact taxes.

Look at the part of the quote, "used to defray the costs of maintaining the water management and landscape systems which will be owned by the district." **Now ask yourself, "defray the costs from who?" The answer is "the rest of the City of Margate"**. The developer sold the Planned Unit Development (PUD) to the City commission by noting the city wouldn't have to help us pay for anything and that we would pay for our own infrastructure.

"These taxes will be assessed on each benefited taxable unit." said the Coral Bay developer, using the definition of "assessment." Ok, let's look at the word "benefit."

Who "benefits" is where the whole problem lies. Coral Bay does not benefit from having a CDD! We do not benefit from the pools, parks, gates, tennis or basketball courts!

The opposite is true. Coral Bay CDD home owners are harmed finan-

Coral Bay Unfiltered Coral Bay News

cially *and* by quality of life by having a CDD form of government.

We are hurt financially in six different but related ways. *First*, when we sell, because the \$110 per month we pay to the CDD reduces a potential offer to purchase our homes by over \$20,000 (Chart 1). *Second*, we are hurt financially

Chart (1) PRE-QUALIFICATION SCENARIOS			
What Sales Price Can Buyer Offer?			
With \$110 CDD Cost		W/O \$110 CDD Cost	
PRICE:	\$300,000	PRICE:	\$320,000
% Down:	20%	% Down:	20%
Interest:	7%	Interest:	7%
Loan:	\$240,000	Loan:	\$256,000
Terms:	360 /Fixed	Terms:	360 /Fixed
P & I:	\$1,597	P & I	\$1,703
Insurance:	\$200	Insurance	\$200
Taxes:	\$415	Taxes	\$415
HOA:	\$10	HOA	\$10
CDD:	\$110	CDD	\$0
Total:	\$2,332	Total	\$2,328
Income:	\$6,475	Income	\$6,475
Exp. Ratio:	36.01%	Exp. Ratio	35.96%

because of the extra tax burden. Chart (2) shows how much your CDD taxes would be if it were subject to the Save Our Homes Act. *Third* we are hurt financially by the lost opportunity cost. The last column in Chart (2) shows how much a family would have saved by investing the same CDD taxes, over the same period, at 8%.

Fourth, we are hurt because we pay too much for simple things like the fencing mentioned, in the last Coral Bay Buzz that cost \$243,000. [Click here to see the quote provided for us by Nation's Fence for only \\$68,850.](#) One cause is that FL Sunshine Laws forbid a publicly elected official from meeting

with contractors who submit bids (like I did when I got the fencing bids).

Fifth, We are hurt financially because the scraps of land that are normally contributed to the City, like roads, ponds, and parks, were sold to the CDD with bonds arranged for by the developer that we are still paying for. The muni bonds themselves are a joke. We got about 6% interest rate in 2003 when interest rates were at record lows but our APR is closer to 9% because the closing costs were over \$200,000. Our own city accepted two parks and North Bay drive from our developer, then sold them back to the home buyers.

Sixth, we are hurt financially because our current net worth suffers by the lack of buyers who enter the community and see financial stress because of the missing gates, closed parks, uneven landscaping, and neglected playground, tennis, and basketball courts. In a buyer's mind, the lack of proper maintenance and neglect point to one thing: increased taxes!

However, my contention is, we are taxed enough and the problem is bad management culture, caused by State government sanctioned behavior that our CDD board follows and doesn't have the intelligence, training, or insight to break free from. After all these years

CDD Tax @ 3% per Year Cap	Chart (2) Tax Year	Actual CDD Taxes	Actual CDD Taxes if Family Invested at 8%
583	1997	583	630
600	1998	853	1,601
619	1999	644	2,425
637	2000	687	3,361
656	2001	682	4,366
676	2002	682	5,452
696	2003	854	6,811
717	2004	1,002	8,438
739	2005	1,190	10,398
761	2006	1,690	13,055
784	2007	1,390	15,600
807	2008	1,390	18,350

At Home In Coral Bay, Jan-Feb, 2009

A Mortgage & Real Estate Newsletter By Eddie Velie Real Estate Services, LLC

CORAL BAY HOME PRICES APPROACHING 2002 LEVELS

Year	Avg Price	Median	# Sales
1990	107,939	98,900	139
1991	118,078	112,900	120
1992	111,819	110,000	127
1993	112,694	108,000	97
1994	113,994	110,000	66
1995	117,604	116,500	111
1996	119,021	115,000	119
1997	121,578	119,650	132
1998	125,482	126,500	146
1999	118,902	117,000	138
2000	129,209	128,700	116
2001	144,296	145,450	134
2002	168,570	165,000	145
2003	190,863	185,000	160
2004	229,007	230,000	130
2005	304,645	305,000	111
2006	338,286	340,000	94
2007	293,505	300,000	49
2008	193,697	184,300	42

DEPENDS ON HOW YOU MEASURE

The Chart across the bottom of the page shows us the adjusted sale price on the far right after "seller contributions," the MLS data field added to keep up with the declining market. You won't see the same adjusted sales prices in the tax records. You will only see the unadjusted sale prices. Before the data field existed, appraisers would call the Realtor to ask if there were any seller contributions.

When we average by quarter of a year, you can see the more dramatic decline in prices. The chart on the right shows us **the 4th quarter median price in Coral Bay at \$168,000**. This number is way less than the \$184,300 adjusted sale price you get when you use all 42 sales in 2008 at the same time. (© 2009, All charts original research by Velie Real Estate Svcs, LLC)

Characteristics of homes purchased (Florida 2008)

- New home purchases were 25 percent of recent home purchases.
- Seventy percent of homes purchased were detached single family homes.
- The typical home buyer purchased a home 15 miles from their previous residence.
- The median price of homes purchased was \$207,000 compared to \$204,000 in the U.S.
- The typical buyer purchased a home that was 1,760 square feet in size. The median size of home purchased by first-time buyers was 1,570 square feet
- Commuting costs were considered as very or somewhat important by 79 percent of buyers when considering which home to purchase.
- Recent home buyers plan to live in their home a median of 10 years.

Home buying and real estate professionals

- Seventy-eight percent of home buyers purchased their home through a real estate agent or broker.
- Thirty-seven percent of first-time buyers were referred to their agent by a friend, family member, neighbor or relative.
- **Ninety-seven percent of buyers ranked honesty and integrity as a "very important" factor** when choosing a real estate professional to assist with a home purchase.
- When asked about their agent's performance on those qualities considered important, 84 percent reported they were "very satisfied" with the honesty and integrity of their agent.
- Seventy-two percent of recent buyers will definitely use their agent again and 16 percent will probably use the agent again or recommend to others.

[For More On This Report, Click Here](#)

(Excerpt from: FAR releases latest report on Florida home buyers and sellers, 2008 Profile of Home Buyers and Sellers Florida Report, Orlando, FL, Jan. 6, 2009. © 2009 FLORIDA ASSOCIATION OF REALTORS®)

2008 - BY THE NUMBERS	Original List Price	Previous List Price	List Price	Sale Price		
1st QUARTER AVERAGE:	314,950	307,200	294,475	278,750		
2nd QUARTER AVERAGE:	240,954	225,132	220,054	208,564		
3rd QUARTER AVERAGE:	226,069	208,143	196,492	188,474		
4th QUARTER AVERAGES:	196,427	185,483	175,893	174,213		
2008 YEARLY AVERAGES:	244,600	231,490	221,729	212,500		
1st QUARTER MEDIAN:	317,450	317,450	302,000	285,000		
2nd QUARTER MEDIAN:	238,950	225,000	219,000	204,500		
3rd QUARTER MEDIAN:	206,900	199,900	189,900	179,900		
4th QUARTER MEDIAN:	189,900	189,900	174,900	168,000		
2008 YEARLY MEDIAN:	222,925	212,450	204,450	192,200		
2008 BY THE NUMBERS:	Original List Price	Previous List Price	List Price	Sale Price	Seller Contr Amt	Adjusted Sale Price
2008 AVERAGE ALL 42 SALES:	227,492	211,148	204,077	196,762	7,151	193,697
2008 MEDIAN ALL 42 SALES:	214,900	199,900	189,900	185,000	6,540	184,300

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ARE TRUCKS ALLOWED IN CORAL BAY?

In the *First Amendment* to Declaration of Covenants, Conditions, and Restrictions For Mallory Harbor at Coral Bay (and presumably the other 7 HOAs in Coral Bay) the developer declared, "anything herein to the contrary notwithstanding, trucks for private use having a load capacity not exceeding on-half (1/2) ton may be parked in the Village.

Article 8.11 in our original Declaration says, "No trucks, commercial vehicles, recreational vehicles, campers, derelict automobiles, boats or boat trailers may be parked in the village, except when kept in a garage within a unit."

The City of Margate Residents Code Manual distinguishes between a "pick up truck" and a "truck" [commercial vehicle] and narrows the definition of a commercial vehicle to, "Any vehicle with tools, building materials, merchandise or outfitted with emergency flashing or rotating lights visible from the street or from abutting residential property shall be deemed a commercial vehicle."

What does that mean? It means, for example, that a pick-up truck with any tools or building materials in the back, or a tool box built in, or a van with racks on top, then becomes a commercial vehicle and cannot be parked in Coral Bay.

Like it or not, commercial vehicles hurt your property value. This is as indisputable as 'location, location, location' in real estate. If you see this problem and want something done, contact your HOA management or HOA board member (not the CDD). (© , 2009, Velie Real Estate Services, LLC)

CDD Editorial Continued

the board still believes it's job is infrastructure and not the function of a master HOA that would focus on maintaining our amenities even when the developer said in the PUD, "The CDD will be the Master HOA." The reason is the CDD board still gets their advice from the firms installed by the developer, and they perpetuate the same old advice they gave the developer who did not have our best interest in mind.

When you analyze and understand through research, "maintenance taxes authorized in Section 190.021(3)~" from the developers quote, you would realize the legislature never intended for certain communities to be singled out to pay more than everyone else. CDD's were authorized to help implement Florida's Growth Management Act of 1985 by funding the infrastructure with municipal bonds. **Once the infrastructure is in place, the CDD should end because it's job is done.** Going forward the cost of infrastructure maintenance could be spread across a broader population base just like the bond issue that is paying for new roads, curbs, and landscaping in nearly all of Margate *except Coral Bay*.

Chart (3) compares the average property taxes of homes in Coral Bay to the homes without a CDD or Master HOA to homes with a CDD or the Master HOA management structure. The difference? The CDD. The rest of Margate is spared the expense of paying for CDD roads, parks, and the giant 60 feet deep excavation pit at the center of Coral Bay.

What should we do? **We need a plaintiff to file a lawsuit, with the city and state as defendants, challenging the CDD concept of government that charges taxes and is against the Florida constitution. We should demand our money back while asking for dissolution of the CDD, to be replaced with Master HOA.**

As far as I can tell, this is the best solution and the easiest to win (so said a few attorneys who I've spoken with). Such an action would help not only us, but all of the people living in CDDs across the State. The reason this is the easiest to win is because I believe it to be impossible to get the State legislature, Senate, Governor, County & City Commissions to change the current system supported by the developer's lobbyists that contribute to their campaigns. © 2009, Velie Real Estate Services, LLC

Community Comparison: Taxes & City Services				
Chart (3)	COMMUNITY NAME:	WINFIELD BLVD.	CORAL BAY	Carolina's HOA
	Year Homesteaded	1999	1997	1997
	Adjusted Square Feet	1858	1924	1905
	2005 City/County Taxes	\$2,093	\$2,503	\$2,503
	CDD Assessments	\$0	\$1,190	\$0
	Master HOA	\$0	\$0	\$100
	Wilma Assessments	\$0	\$300	\$350
	Home Owner's Assoc	\$0	\$80	\$460
	Total Taxes & Assessments	\$2,093	\$4,073	\$3,413
	*City Services Included	1,2,3,4,5,6	None Below	1,2,3,4,5,6
	* City Services We DO NOT Get in Coral Bay	City Services Other Communities Get Also -- But We Pay Extra For		
	1. Street paving & Repair	1. Boat Ramp		
	2. Park Maintenance	2. Community Pools		
	3. Landscaping	3. Community Parks		
	4. Sprinklers	4. Community Center		
	5. Street Lights	5. Playground		

THIS MONTH

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THE STATE HAS KNOWN ALL ALONG

“And the developer-written law behind it has paved the way for deals all over the state that are ripe with **state-sanctioned conflicts of interest and potential government exploitation of homeowners**, a yearlong statewide investigation by the Orlando Sentinel has found.” (Orlando Sentinel, Sunday, October 15, 2000, “*Government Inc*: You Move In. They Cash In,” By Robert Sargent Jr., Ramsey Campbell & Jim Leusner of The Sentinel Staff)

SOMETIMES IT'S NOT ABOUT NUMBERS

Unless otherwise stated, all the editorials and many articles published over the last three years in At Home In Coral Bay on the subject of Coral Bay, are from original research, reading, analysis, interviews, and observation. We all learned in Elementary school to round off and estimate. A number true today may not be tomorrow. It's not about the exact numbers and never has been. It's about the attitude, perception, self deception, poor decision making, apathy, complacency, and misguided priorities, of the CDD Board.

All the research on taxes, HOA fees, sales, square footage and such are downloaded from the SE MLS and the Broward County public records using MLX change, IMAPP Apps, MS Office apps, Calyx Point, etc. These numbers are believed accurate but not guaranteed.

Direct questions to Eddie Velie who is available most any time. ©



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**(You are a 1st time home buyer if you have not owned real property for 3 years) **/(Must live in it for 3 years.)*

Inside the 2008 Coral Bay Sales Numbers

- 42 = 100% # of Closed Sales in Coral Bay in 2008
- 26 = 62% # of Closed Sales That Were Bank Owned
- 5 = 12% # of Closed Sales That Were Short Sales
- 48 = 100% # of Cancelled Listings in 2008
- 107 = 100% # of Expired Listings in 2008
- Ratio = 3.69 # Expired/Cancelled Listings Per CS

Click For Closed Sale Details