

California

PROPERTY TAX INFORMATION

A Geologic Hazard Abatement District provides a vehicle for property owners to finance and share the potentially high costs of preventing and controlling geologic threats to properties

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ITEM 8a

What is a Geologic Hazard Abatement District?

Background:

A Geologic Hazard Abatement District is created to finance the prevention, mitigation, abatement or control of a geologic hazard. A geologic hazard is defined as an actual or threatened landslide, land subsidence, soil erosion, earthquake, fault movement, or any other natural or unnatural movement of land or earth. A Geologic Hazard Abatement District may also be used to finance the mitigation or abatement of structural hazards that are partly or wholly caused by geologic hazards.

The Legislation

A Geologic Hazard Abatement District is authorized by the Public Resources Code §26500 *et seq.* It can be used by a City or County to assist property owners in areas where geologic hazards become a threat to property. A district can acquire property by purchase, lease, gift or eminent domain; construct improvements; and maintain, repair or operate improvements. Municipal bonds may also be issued to finance project costs.

How is a Geologic Hazard Abatement District Formed?

Formation of a district can be initiated by a petition signed by owners of 10 percent of the property within the proposed boundaries, or by resolution of the sponsoring agency. A "plan of control" is developed by a geologist that sets forth actions to be taken to prevent or manage issues related to the geologic hazard. Once proposed, a public hearing is set and a majority protest procedure is held. If approved by property owners, the District is formed and assessments will be levied to share the costs of hazard management across all affected properties.

In addition to Federal and other public funds that may be available, a Geologic Hazard Abatement District can front the cost of abatement by issuing municipal bonds using the Improvement Bond Act of 1915 (Streets & Highways Code §8500 *et seq.*). When bonds are issued, the debt is repaid over time from the levy of the special assessments, which are collected annually as a separate line item on the County property tax bills for each of the parcels within the district.

How is the Annual Charge Determined?

The formula for the annual charge is established during formation, and must be based on special benefit conferred by the abatement of the hazard. Generally, each parcel's specific benefit, and corresponding assessment amount, is determined by the "plan of control" prepared by the engineering geologist during the district formation process. Each year, the aggregate amount of the special assessment represents the direct cost of hazard abatement and/or the principal and interest due on the bonds in that year. The total assessment amount for the district is then divided among properties based on the amount of special benefit each parcel receives from the hazard abatement.

When bonds have been issued, the amount of the annual charge is usually relatively level throughout the life of the district. However, in some cases a district does not issue the total amount of bonds that it is authorized to issue all at once. For example, when the district is created, only half of the authorization may be issued. If at a later time the district issues the remaining portion of the authorization, the special assessment will increase proportionately for each parcel.

How Long Will the Charge Continue?

Assessments that pay for ongoing services will continue as long as services are provided. However, when bonds are issued, assessments usually cease after the bonds used to finance the improvements have been paid off. When bonds are issued, the term is usually around 25 years.

IMPORTANT TO KNOW:

- **Rights to Accelerated Foreclosure.** If bonds have been issued by the Geologic Hazard Abatement District, the agency will have the right (and the obligation) of accelerated foreclosure. In that case, property is subject to foreclosure proceedings if assessments are delinquent for more than a specified amount of time (usually 90 to 180 days). This is considerably faster than the standard 5 year waiting period on county ad valorem property taxes. If property taxes are not paid during that time, collection and foreclosure proceedings may begin, and the delinquent property owner will be responsible for payment of all collection costs, legal fees and penalties related to the parcel.