Understanding CDD Fees in Florida

🏘️ What Homebuyers Need to Know About Community Development Districts

When shopping for a home in Florida, you may come across properties located within a Community Development District (CDD). CDD fees are an additional cost of homeownership that buyers should understand before purchasing. They are common in newer master-planned communities and are separate from traditional property taxes and homeowners association (HOA) dues.

What Is a CDD?

CDD stands for Community Development District. It is a special-purpose local government established under Chapter 190 of the Florida Statutes to help plan, finance, build, and maintain infrastructure and certain amenities within a community.

When a developer builds a new community, significant investments are needed for roads, drainage systems, utilities, streetlights, parks, swimming pools, clubhouses, walking trails, and other shared facilities.

Rather than paying for all these improvements upfront, a CDD allows the developer to finance the initial infrastructure through bonds. The costs are then repaid over time through assessments charged to property owners within the district.

What Do CDD Fees Pay For?

Depending on the community, CDD assessments may help pay for:

- Roads, sidewalks, and streetlights
- Stormwater drainage and water management systems
- Water and sewer infrastructure
- Community pools and clubhouses
- Parks, playgrounds, and recreational facilities
- Other shared community infrastructure and improvements

Michelle & Trey

How Are CDD Fees Different From HOA Fees?

Although both are additional expenses associated with living in certain communities, they serve different purposes.

CDD Fees	HOA Fees
Collected by a special-purpose local government	Collected by a private homeowners association
Generally appear on the annual property tax bill as non-ad valorem assessments	Usually billed monthly, quarterly, or annually by the HOA
Help pay for infrastructure, bond debt, and district operations	Pay for association expenses, maintenance, amenities, and enforcement of community rules
Governed by a CDD Board of Supervisors	Governed by an HOA Board of Directors
Amounts are established through the district's budget and assessment process	Amounts are established through the association's budget and governing documents

Important: Some communities have both CDD fees and HOA fees. Having one does not eliminate the possibility of the other.

What Makes Up a CDD Assessment?

CDD assessments generally have two primary components:
1. Bond Debt Service
This portion helps repay the bonds used to finance the original construction of community infrastructure and amenities. Bond repayment commonly extends over 20–30 years, depending on the financing. Once the applicable bonds are paid off, this portion of the assessment generally ends.
2. Operations and Maintenance (O&M)
This portion covers the ongoing costs of operating and maintaining the district's facilities and infrastructure. Examples include landscaping, maintenance, utilities, insurance, and administrative expenses. These assessments generally continue as long as the district operates and may change from year to year based on the approved budget.

How Much Are CDD Fees?

CDD fees vary considerably depending on the community, property, amenities, infrastructure costs, and remaining bond obligations. Two homes in the same general development may even have different assessments.

The amount is not based on the market value of your home. It is determined according to the district's assessment methodology and applicable budget.
How Do I Know If a Home Has CDD Fees?

Before purchasing a property, it is important to verify whether a CDD applies and determine the actual annual cost.

You can:

- Review the property's most recent property tax bill and look for non-ad valorem assessments.
- Check the county Property Appraiser's website.
- Ask your Realtor or closing agent to help verify the assessment.
- Request information about the district's current budget and any outstanding bond obligations.

🔑 What Should Buyers Remember?

CDD fees are an additional cost of homeownership and should be considered when determining your monthly housing budget. Because they are generally included on the annual property tax bill, they may also affect your monthly mortgage escrow payment.

When comparing homes, look beyond the purchase price. Consider the property taxes, CDD assessments, HOA dues, homeowners insurance, and other recurring expenses to understand the full cost of ownership.

Our goal is to help you understand all the costs associated with a property so you can make an informed decision and find a home that fits both your lifestyle and your budget! 🏡

This information is provided for general educational purposes. CDD assessments, payment arrangements, and district responsibilities vary. Buyers should verify all applicable assessments and obligations for the specific property before closing.