1972 Act Landscaping and Lighting Districts are commonly used by local government to pay the costs of landscaping and lighting public areas, and to finance parks, open space and community centers.

What is a 1972 Act Lighting and Landscaping District?

Background
A 1972 Act Landscaping and Lighting District is a flexible tool used by local government agencies to pay for landscaping, lighting and other improvements and services in public areas. As a form of benefit assessment, it is based on the concept of assessing only those properties that benefit from improvements financed, either directly, or indirectly through increased property values. Because it is considered a benefit assessment, a 1972 Act assessment is not subject to Proposition 13 limitations.

The Landscaping and Lighting Act of 1972
This legislation (Streets & Highways §22500) allows local governmental agencies to form Landscape & Lighting Maintenance Districts for the purpose of financing the costs and expenses of landscaping and lighting public areas. This act can be used by any local agency including cities, counties, and special districts such as school districts or water districts. The many approved uses include installation and maintenance of landscaping, statues, fountains, general lighting, traffic lights, recreational and playground courts and equipment, and public restrooms. Additionally, the Act allows acquisition of land for parks and open spaces, plus the construction of community centers, municipal auditoriums or halls to be financed. Notes or bonds can be issued to finance larger improvements under the Act.

How is a Landscape Lighting District Formed?
The sponsoring agency conducts a study, prepares an engineer’s report and proposes the formation of a district and the levy of assessments. Affected property owners are then notified and a public hearing is held. In order to approve the district, a majority vote of affected property owners through an assessment balloting procedure is required. Once approved, assessments will be placed on property tax bills each year to pay for the improvements and services.

How is the Annual Charge Determined?
By law (Prop. 13), benefit assessments cannot be based on the value of property. Instead, each district establishes a benefit formula and each parcel in the service area is assessed according to the benefit it receives from the services and improvements.

Special Requirements for Increased Charges
Proposition 218, called “The Right to Vote on Taxes Act”, was formed in part to counteract concerns surrounding 1972 Act Districts. Under Prop. 218, to increase an existing assessment, the agency must give written notice to all affected property owners, hold a public hearing and an assessment ballot vote. A majority vote is required to approve the rate increase. If a majority vote is not received, the increase cannot be applied.

How Long Will the Charge Continue?
Assessments that pay for ongoing services will continue as long as services are provided. However, Districts formed solely to finance major improvements (i.e. community centers) may cease assessments after bonds used to finance the project have been paid off. Or, a reduced assessment may be levied to pay for ongoing service and maintenance, if authorized during formation.

IMPORTANT TO KNOW:
• Rights to Accelerated Foreclosure. If municipal bonds or notes have been issued in connection with a 1972 Act Landscaping & Lighting 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.