



CONGRESSMAN'S REPORT

MORRIS K. UDALL • 2d District of Arizona
House Office Building, Washington, D.C. 20515

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*(This is a reprint of an article I wrote for the December **Field & Stream** magazine. It deals with land speculation--a subject with very serious implications for the future of this country in general and for Arizona in particular. . .MKU)*

LAND SPECULATION: Investment in the future ...or downpayment on dust?

By Morris K. Udall

America is running out of land. And the land still left is taking a beating so a few speculators and high-pressure salesmen can become wealthy.

The problem is nationwide. But my state, Arizona, and New Mexico, California, west Texas, and Nevada are the focus of many of these sales efforts.

Wilderness, shoreline, and desert are being gobbled up and gouged into tiny checkerboard squares by con artists, who prey on unsuspecting citizens.

As one who loves the West and decries the rape of its land, I plead with all Americans to help us stop this onslaught.

The fact is that when you deal with these sharp operators you are being taken, which is bad enough. But what is worse is that future generations are being taken along with you.

If the high pressure salesmen have their way, the kind of America that hunters and fishermen want to save will be parceled out into modern-day ghost towns with a gridwork of streets and no buildings. It will prevent us from doing the kind of sensible land planning that will give us something to hang onto in the future.

If the day you read this article is typical, there will be a massive drumbeat of promotions across the nation, dispensed into your home by mail, radio, television, and newspapers, giving you the

impression you can find paradise, the rainbow's end, and an idyllic retreat from the woes of the world simply by picking up the telephone.

They will promise to make you a land baron, a rancher, or a big-time investor who astounds his friends by multiplying his money.

The blatant deceptions, falsehoods, and fantastic claims anger those of us who know better. It is frequently simply a dressed-up version of the "bait-and-switch" con game where a carnival huckster sells you a dime-store watch rather than the gold one he is touting. If you buy a lot, sight unseen, from a sharp operator, you may discover a training ground for mountain goats where he described gently rolling hills. There may be no water, no utilities, no stores and the nearest community may be a gas station a half dozen miles away. Installation of electricity may be years away rather than a few miles distant.

As a retirement residence site, the prospects are grim. The golden years are no time to start carrying water and reading by lantern light. As an investment opportunity the prospects are equally grim. Experts estimate there won't be any market for many of the sites for more than twenty years.

The financial tragedy of lot purchases is brought home in the letters of inquiry received by Arizona law firms about land left in wills.

For example, one New England widow discovered that the probate costs of her husband's lot would be about \$300 and the lot was only worth \$500. She let it go. Another inquiry from northern Illinois in 1971 indicated the deceased had bought a lot he thought was worth \$2,700. An appraisal indicated it was worth \$300 to \$500, and the heirs let it revert to the land development company, probably to be sold again.

The moral simply is that properties have a resale value of perhaps less than half the selling price the day after they are sold.

Arizonans and conservationists are outraged to learn that land is being merchandised in Eastern cities like deodorants or magazine subscriptions with bonus prizes of silverware, green stamps, or small appliances for early bird buyers.

Movie stars and sports celebrities are used to boost the land sales. Forrest Tucker, Caesar Romero, Rory Calhoun, Pat Boone, Bobby Mitchell, and Pat Richter have had their names associated with various developments.

The *Arizona Daily Star*, in Tucson, disclosed that more than 400,000 acres of private land are currently under "development" with an anticipated population of one million--a 30 percent increase for the state. One can only imagine the kind of nightmarish situation that would result if all those who bought Arizona land descended on our already overtaxed schools, utilities, and city services.

But the fact is that the great majority of the ranchos, ranchettes, and estates will never know human habitation.

The Golden Valley Development near Kingman has sold 12,300 lots during the past decade at prices ranging from \$595 to \$1,795 an acre. Exactly forty lots are occupied by houses or mobile homes.

SALES PITCH CURVES

As far as an investment is concerned, in many cases you would do better to walk out of your present home and buy the nearest vacant lot or put the financial page on a dart board and buy whatever stock is selected by a random toss.

The glib sales pitches are confusing even to the analytical minds of investigative reporters out to re-expose what has been called the largest consumer fraud in history.

One Midwestern editor, Thomas W. Pew, Jr., of the Troy, Ohio *Daily News*, who posed as a potential buyer, wrote: "Much of what the salesman said came so fast and with such a flurry of papers and maps and contracts, opening and closing of books, sketching out of figures, and two interrupting telephone calls that, although I consider myself a reasonably experienced reporter, I was hard pressed to catch the meaning of everything he was saying."

SOME FIRMS may stack the deck against you even further. GAC, which took over the assets of Gulf American Land Company, a firm with a notorious reputation in Florida land sales, electronically monitors its sales booths.

A Federal observer reported that her salesman left her in a booth with her companion, listened to their conversation through a microphone secreted in the booth, and returned a few minutes later with a pitch aimed at dispelling the precise doubts the two had raised in his absence.

GAC claims the microphones are only used to monitor sales talks for effectiveness and propriety.

The middle-American dream of owning land at the right place at the right time to make a big profit is part of the old pioneering homestead philosophy that promoters have exploited. For example, this line from a salesman to a doubting prospect viewing the desolation of his proposed homesite: "To be honest with you, and this is not a sales pitch, if all you see is sagebrush to your waist, you're missing it, you need to catch the vision."

Better you should catch a cold. At least then when your head clears your pocketbook isn't empty.

If you should happen to visit Toltec City between Tucson and Phoenix, you will need some of that superhuman vision. The brochure has photos of an Indian overlooking the Grand Canyon, a gorgeous waterfall, a boy hauling a big trout from a lake, and a man driving a golf ball across a pond. All of which undoubtedly are in Arizona, but none of which are at or anywhere near Toltec City.

Arizona's terrain is as different as it is similar. You can find beautiful hillsides covered on one side by unique desert vegetation and, on the other, by a dusty patch that is unequaled in barrenness this side of the moon. You need to know which you are buying, the front or back forty.

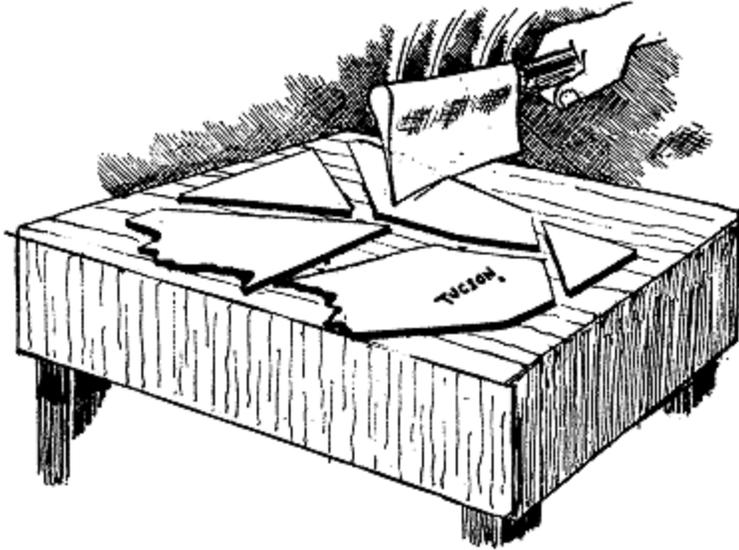
AROUND HERE SOMEPLACE

I sent a staff member out to investigate Chamisa Ranches, one of the latest operations that was using offensive and outrageous claims to extol the virtues of its Arizona property. The staff member talked to three different real estate sales offices in Show Low, Arizona. One knew Chamisa Ranches was in the vicinity but didn't know where, and the other two gave vague directions.

Show Low is a town of 2,100 about seven miles from the Chamisa promotion. Its inhabitants are people who know this area, its potential, and its property values. It is thus passing strange that not even reputable real estate brokers in Show Low have heard of Chamisa and its real "bargain" investments. The promoters are too smart to try and sell it locally for they'd be laughed out of town. The fact is that the money you pay for a remote piece of ground with no facilities might buy you one of the best lots in a fine, established city like Show Low with all utilities and services.

When my staff member finally found Chamisa Ranches, a spindly archway over a cindered track, there were no signs of civilization. Yet, according to the sales people, more than 1,000 acres have been sold there at a gross price of \$3 million. "We don't really expect people to live there," a Chamisa salesman in Silver Spring, Maryland, said. "It's a good investment." Well that statement is open to question.

ARIZONA LAW is obviously inadequate to deal with the challenge to its future, and the state legislature has dragged its heels about cracking down on unscrupulous promoters.



Courtesy *Arizona Daily Star*

One state that has taken decisive action is California, which has led the way in demanding that developers guarantee financially in advance that utilities, streets, and water facilities are available in a subdivision. That has chased a good many of the fly-by-night sales promoters out of the California market. It is time that Arizona and other Western States followed suit.

Various land sales abuses throughout the United States motivated Congress in 1969 to pass a law designed to halt the sale of desert and swamp to unsuspecting buyers. The heart of the act was disclosure. It required each company promoting sales interstate to file reports with the Department of Housing and Urban Development to reveal vital information on financing, geographical considerations, the availability of water, and so forth. A copy of the report is required to be furnished the buyer.

It is a step in the right direction and the Interstate Land Sales office of H.U.D. is working hard to enforce the law and crack down on violators. However, chicanery and complexity have made it ineffective in most cases.

Let's look at some of the claims and some of the facts for a proposed subdivision--Willow Lakes, a former cattle ranch in Cochise County.

Not far from Benson in southeastern Arizona, it crams 467 lots into 150 acres. It is possible to arrive at beautiful Willow Lakes only after an eight-mile drive over a stretch of dirt road. A salesman said the road will be paved in the near future. Not so, according to the Cochise County Planning and Zoning Department. The lakes will be stocked by the Arizona Game and Fish Department, the promoter said. The Department has no such plans.

Although the Willow Lakes salesman may have promised roads, streets, utilities, and stocked lakes, the sales contract disclaims responsibility for anything he might have promised that isn't specifically listed. And the contract makes no mention of the above improvements.

All recreational and retirement developments are not bad. Some, such as those built by the McCulloch Company, most noted for chain saw manufacturing, fulfill the promises they make on development and show you what you are purchasing.

The key to it all is checking out what you are buying first. Never buy quickly because prices are going up next week, and don't be fooled into thinking land prices can only rise.

At GAC's Rio Rico development near Nogales the land sells for \$3,000 an acre. It was purchased for \$64 an acre.

ONE COUPLE managed to get released from their GAC contract after they discovered the lot the salesman told them would be soon worth more than \$3,000 was in fact, valued at much less by the company.

As a news service reported it, GAC attorney John Murphy Jr. said the lots were merely sections of undeveloped desert and should not be taxed on their future value when he testified before the State Board of Tax Appeals.

The GAC attorneys maintained that the land was worth \$185 an acre for tax purposes, although they were being sold at \$5,000, the AP reported.

To its credit, GAC has undertaken an extensive reorganization and promises strong efforts to eliminate abuses and to develop according to carefully controlled plans.

Frequently, more than 50 percent of the price of a lot in some offerings goes to pay for promotion costs, the free trips, the slick brochures, the silver chafing dish. In effect you pay for your own seduction.

NEW LAND ETHIC NEEDED

Beyond the cost to personal pocketbooks is the destruction of our land legacy to future generations of Americans. Draining swamps in Florida is a threat to the water supply, and gouging roads in Arizona increases dust pollution. The gridwork plans favored by most developers create a visual violation of the landscape.

Concerned citizens are beginning to organize to oppose massive rezoning proposals, which would turn grazing land into unneeded, tacky subdivisions. But they need more support in developing master zoning plans. This land is not limitless--we need a new land ethic that does not allow commercial despoliation of rural areas simply due to a lack of government attention.

Our pioneer spirit has always held that the land you could buy or claim was yours to do with as you pleased. This same spirit permeates our land management philosophy, but it is a point of view that population pressures must force us to change.

NATIONAL LAND use planning would be implemented in my bill now before Congress. This would be another small step toward rational future growth. It would encourage states to develop master zoning plans and review the status of Federal lands. And it would establish a grant-in-aid program to help the states.

Additionally, we obviously need to tighten the controls of the Interstate Land Sales Act over unscrupulous developers. It is my belief that if we can bring sense to present growth policies, while at the same time insuring that efforts to check air and water pollution reach fruition, we will have a better tomorrow.

If we do not, the largest urban areas will continue to deteriorate. In medium-size cities, and particularly in the West, lack of intelligent planning threatens to "Los Angelesize" the entire nation.

With this in mind, I have successfully amended a land use planning bill now before Congress to impose controls on land speculators.

The amendment would require the states to regulate new subdivisions and land developments to assure existing and proposed improvements are adequate to serve the projected population; to guarantee that adequate arrangements have been made to finance needed improvements; and to insure that overall design of the property plan is adequate to prevent flood or erosion damage.

While the future of the particular bill this amendment is attached to is somewhat uncertain, I intend to personally pursue this tack in future legislation.

If today is a typical day, acres of rare, irreplaceable land will for all practical purposes be gone forever. Maybe this land should have been a park, a wilderness area, a planned community, or something else, but by buying it, you and thousands of others will have foreclosed any rational decision about making this the kind of country that proper land use could make it.

We must remember that this land is our land and we must fight to protect and preserve all of it, for our own generation and for all our children.

**WHAT YOU
CAN DO**

- * Write your State Legislators and Congressmen asking for more stringent legislation along the lines of the California law.
- * Support pending national land use planning legislation.
- * If you have land fever and want to buy a lot, see it before you buy.
- * After hearing a sales pitch, go home and let the rosy glow wear off. Read the contract. Some smart lawyers wrote it and they are not looking out for you.
- * Demand to see the Interstate Land Sales report and find out who is going to pay for water and utilities.
- * Find out what comparable lots are selling for in the area by contacting an independent land salesman.
- * See if there is any access to the land and find out what the surrounding land will be used for.
- * Ask the salesman how much the developer paid for the land.

Note to My Newsletter Readers:

Some of you may have wondered why I produced such a comparatively small number of these mailings in 1972. As you may know, I write my own newsletters and as my Congressional responsibilities have grown, I seem to have less and less time to sit in front of a typewriter. This was especially true during this most unusual and difficult presidential campaign year.

The publication of some of my more significant newsletters as a book, *Education of a Congressman*, also was very extensive and demanding yet, I think, worthwhile project.

Finally, I have long believed that the power to send mail under the Congressional "frank" at taxpayers expense is a privilege which must never be abused. In every election year, I have voluntarily suspended publication of newsletters and virtually all other volume mailings within a reasonable time of the balloting to preclude any suggestion of taking an unfair advantage of my opponent.

As always, your comments on "*LAND SPECULATION*" are encouraged.

