

Unfulfilled promises by rural developers caused problems

by Randy Bright <http://www.tulsabeacon.com/?p=5049>

We've all seen carpetbaggers in spaghetti westerns selling worthless snake oil products from a covered wagon, who quickly left town before it was discovered that that little bottle of elixir really couldn't cure the gout with just one dose.

In the 1960s and 70s, and even into the 80s, the carpetbaggers of the time were land speculators who bought large tracts of inexpensive rural land, subdivided it, then sold it off using high pressure sales tactics that usually involved offering a small gift for listening to their sales pitch. It was a time when Americans were becoming more prosperous, and many were looking for a quiet country setting for a second home or to build a retirement home.

Hundreds of thousands of acres were sold in the form of small subdivision lots, and many of them were never developed due to the lack of roads and utilities.

Others weren't built on because the planners never took into consideration the topography or features of the land, so that many of the hapless landowners discovered that their land was not accessible or worse, under water or on a cliff.

But even by the late 60s, the abuse had become severe enough that Congress passed the Interstate Land Sales Full Disclosure Act, which curtailed much of the consumer abuse stemming from dishonest or deceptive sales practices.

The law was administered by HUD and by the early 70s, almost 200 developers nationwide had been barred from selling land, and others had been indicted.

Not all developers of subdivisions were carpetbaggers, of course. Some recognized that they were building a community and effectively planned for the eventual need for utilities, streets, schools, retail areas, and even churches. One very good example of this is the developer for The Villages in Florida, which even in the middle of a deep nationwide recession in one of the worst-hit states, continues to grow and thrive.

Some subdivisions, where only a few homes were built, turned into "rural slums" due to the lack of road maintenance and other essential services, and others, where nothing was ever built, simply became legal "deserts", full of lots with clouded titles, valued far below their purchase prices.

Since many of these subdivisions were large and located in remote areas, the solution to making them successful for both sellers and buyers was fairly simple, and that was to require developers to design them as communities from the beginning. Treating these large subdivisions as a product meant that consumers could have the same expectation for performance as they could expect from automakers to produce a safe car.

Of course, I am not a big fan of regulations, nor were the founders of this country. As described in the book, *The Five-Thousand Year Leap*, the founders struggled to find a system and a set of laws that were between two extreme spectrums, the first being anarchy, where there were no laws, and tyranny, where the law was arbitrarily administered by a king.

The same can be said regarding regulation of developments. Regulations, that are politically benign and that respect property rights, can be very effective tools for orderly development of communities that are conducive to a high quality of life.

That concept extends to development of suburban and urban areas as well, in forms other than a subdivision. High density developments, including single-building communities, present similar problems as rural subdivisions, just in a different form.

For example, some rural subdivisions were adjacent to very small towns whose water system, if they had one at all, was not large enough for a thousand homes to tap. These were initially welcomed because of the prosperity and jobs they brought to their community, but suddenly these small towns found themselves overwhelmed with expensive problems they were not prepared to solve.

I am as happy as anyone to see development being done. But if in our zeal to develop we fail to recognize the potential for unfulfilled promises by developers, city planners, and supporters of high density development, we will find ourselves with problems that we can't readily solve. Some regulations will be necessary, but no regulation can take the place of wisdom.

The problems that rural land development brought are mostly behind us now, but the problems of speculative high density development is already with us. Florida alone has around 65,000 unsold condominiums worth a small fraction of their original value. Empty lots in the country and empty condos in the city are not that much different. Just something to think about.

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