

Tampa Bay Times

Lehigh Acres: Florida's lesson in unregulated growth



Kris Hundley, Times Staff Writer

Saturday, August 8, 2009 5:30am

Hoping to jump start the economy, Florida lawmakers have eased the rules on developers. Many won't have to pay for their projects' impact on roads. It will be easier to get approval to destroy wetlands. Next up: a study of whether developers should have to prove there's a need for new homes before revving up the bulldozers.

As lawmakers undo Florida's growth management regulations, it's useful to look back to a time when government didn't get in a developer's way.

BY KRIS HUNDLEY

Back when Art Deco was new, sun, women and opportunity drew Gerald Gould from his native New York to Miami.

A high school dropout who had served in the Navy, Gould fast-talked his way into a job with an ad agency. Soon he was hanging out with a major client, millionaire Lee Ratner.

Riding horses together on Ratner's ranch east of Fort Myers, the two weekend cowboys talked about ways Ratner could dodge taxes on his Florida retreat.

Gould, with ambition but no money, pitched the idea of slicing up the scrub and swampland like a checkerboard and selling it to Northern retirees.

Ratner, who had made millions with d-CON rodent killer, figured if he could sell rat poison, he could sell real estate.

On a flight to New York to line up financing, the men ripped open a barf bag and sketched out their advertising slogan:

"You can own a full 1/2 acre in fabulous Florida! Only \$10 down and \$10 a month."

The year was 1954. Lehigh Acres was born.

The ad would run in Friday's paper in Akron or Ann Arbor, and by Tuesday the promoters' desks in Miami would be awash in \$10 bills. The money poured in so fast, they had to stash mail in trash baskets.

Starting with Ratner's 18,000-acre Lucky Lee ranch, the men hired an engineer to stamp out a grid pattern — over



EDMUND D. FOUNTAIN | Times

Along Lehigh Acres' main drag, a weather-beaten sign advertises lots for \$50 down. More than 50 years in development, the place is still mostly uninhabited.

and over and over again — across what would become a 100-square mile expanse.

Forget about setting aside space for parks or retail or industry. Ignore the natural contours of the land. As the \$10 bills kept coming, the founders of Lehigh needed more lots to sell.

"We gave so much thought to selling the land that the normal reservations for commercial properties, schools, all the ancillary things you need in a community, weren't made," said Gould, now 85. "We even had canals that ran uphill. I don't know any mistake you could make that we didn't make."

In Lee County, population 40,000, Ratner, Gould and two other partners in Lehigh Acres Development filed plans for 150,000 building lots.

The first year, they sold more than 12,000 parcels. The cheapest lot was \$495, but the deed wasn't handed over until final payment. If a lot owner's monthly checks stopped, the property was resold. Gould estimates that a quarter-million sales were made as lots were recycled to new owners. Most buyers had never set foot in Florida, much less visited their site.

"They would have had to go down a dirt road and across an airfield to get there," Gould said of the remote chunk of land. "We painted arrows on the airstrip so people could find us."

Gould lives in South Miami now, the last surviving member of the Lehigh Acres partnership. He is candid about the damage the developers inflicted on the environment even as he reminisces about the go-go days.

Lehigh is where Gould learned how to spin dreams from Ratner, a master marketer who figured out that farmers would pay twice as much for rat poison if it came in a plain brown wrapper.

"I loved Lee Ratner," Gould said of the man who would leave nothing less than a \$5 tip, even for a cup of coffee. "He had the uncanny ability to figure out what to say to a prospective buyer. He knew price was not the deciding factor."

At Lehigh, Ratner schooled his protégé on the art of the sale, tacking a color-coded map on the wall and opening the phone lines. That was the extent of the planning.

"It was just a great marketing concept," Gould said, noting that neither man had real estate experience. "We had no concept of people coming to live there. That's the last thing we thought about."

Reality smacked them in the face when folks from up North actually expected homes on their lots.

Gould remembers the first guy, Oran Gibbs of Detroit. He sent a check for \$14,000, along with orders for a house he had seen in Gould's brochures — but which did not exist anywhere in Lehigh. Three months later, Gibbs showed up with a truckload of furniture, looking for his home.

"I told the project manager to put him up in a motel in Fort Myers and build him the damn house," Gould said. The house is still on Leeland Heights Boulevard, a run-down green bungalow surrounded by gas stations and strip centers.

By 1960, about 500 families were living in Lehigh and "it started growing like topsy," Gould said. Wife and kids in tow, he relocated from Miami to try to make the slapdash community work.

Living in a company-owned home on David Avenue, named after one of his sons, Gould's attitude toward Lehigh was one of *noblesse oblige*. "They called me the Baron."

When Gould's kids and others needed schools, the developer's corporation cobbled classrooms out of three homes. Another house became a sheriff's substation. A motel and timeshare condos were built for prospective buyers. Next door was a golf course and auditorium where Liberace and Guy Lombardo played.

Trying to cluster development, Gould's salesmen enticed buyers to trade their lots in Lehigh's hinterlands for a home site near the few water and sewer lines in the center of town.

"We tried to do the right thing," Gould said. "Maybe it was a little late. Maybe it was a lame effort. But we tried."

Marketing efforts were ratcheted up to compete with places like Cape Coral, which had gulf access. Lehigh had canals that went nowhere and trucked-in sand on a pond teeming with gators.

Gould's marketers hauled a model home and bikini-clad models to Ohio in winter, showing them off under heat lamps surrounded by snowbanks. At a sales rally in Milwaukee, retirees were told to hold \$10 bills in the air. Plucking the cash from their hands, Lehigh's pitchmen would congratulate them on owning a little piece of paradise.

The developers paraded elephants around Midwestern towns, bearing banners with the catch phrase, "Fly to Florida for peanuts!" Chartered jets brought hundreds of pale Northerners to gawk at Lehigh's Polynesian Garden and "Charmed Circle" of model homes.

Through the 1960s, Lehigh's population grew tenfold, with business as nonstop as the partying at the company's El Toro lounge. But the founders were racing to keep their heads above water.

New "truth-in-advertising" rules were forcing developers to play by the book or pay fines. (Gould says Lehigh was "pristine pure.") New York started forcing developers to put money in escrow to pay for utilities and roads for lots sold to their residents. Gould's belated efforts to put money into infrastructure left a constant cash crunch.

"We made over \$13-million on paper, but we didn't have sufficient cash flow to cover the tax bill," he said.

In 1969, the partners sold to Scientific Resources Corp. in an all-stock deal. The buyer went bust two years later, leaving Lehigh's founders with worthless paper.

"I worked 17 years for nothing," said Gould, who left Lehigh in 1972.

The IRS came after him for expensing everything to the company while he lived in Lehigh. "They said I owed \$1.35 million, which was a little more than I had in my pocket," he said. Gould battled the tax man for a decade, eventually settling for \$60,000.

Lehigh Acres, created by two guys as a way to skirt taxes and get rich, ended up doing neither. But 10,000 people called the community home, and more were on the way. Thousands of deeds still sat in sock drawers in Dayton and Detroit. Dad's retirement dream became his heirs' hopes for a Florida windfall. In the late 1990s, those wild wishes started coming true.

Richard Anglickis, who joined Gould's company in 1962 and still lives in Lehigh, watched a lot purchased for \$800 sell for \$2,500, then \$4,500, and during the recent real estate frenzy, for an unbelievable \$55,000.

"It went insane, driven by greed," he said. "But compared to other places, we became the affordable community."

Populated mostly by Midwestern retirees, Lehigh began attracting younger, blue-collar workers from Immokalee and people who cashed out of higher-priced waterfront communities.

From 2004 to 2006, more than 13,000 homes were built, nearly doubling Lehigh's total stock from 2000. Homes that had gone for \$60,000 were selling for four to five times that amount.

When the real estate bubble burst nationwide, Lehigh was decimated. Property values dropped nearly 50 percent this year, on top of a 25 percent decline a year ago. About one in three homes are in some stage of foreclosure. Town boosters put the population at 70,000 permanent residents, but a recent University of Florida study estimated 55,000. That's less than 1 person per acre, in a space the size of Orlando.

An unincorporated area, Lehigh is a stepchild of Lee County, noticed only at election time.

With its population scattered so widely, public transit is stretched thin. Charlotte Rae Nicely, head of Lehigh Community Services, said a woman recently walked 18 miles to get free food from her charity. "I gave her a ride home," Nicely said.

Under a huge summer sky, the sprawling community appears overexposed and abandoned. The main drag offers an endless loop of failed businesses and vacant strip centers, the only relief coming from the landscaping in the Wal-Mart parking lot.

Turn off onto any of the cookie-cutter side streets and it's post-Apocalyptic America. Empty lot here, half-finished concrete shell of a house there, run down duplex for rent down the block. Unfinished condos have been torn down or boarded up by county crews. A new, eight-unit townhome project has two tenants, their homes the only ones with glass instead of wood where the windows should be.

Code violation notices — 2,300 in one neighborhood last month — are plastered on garage doors. Realtors say properties are moving, but at bargain-basement prices. A real estate office advertises, "Foreclosures from \$25,000."

Gary Patten, a locksmith and window installer, races around Lehigh's far-flung neighborhoods, securing foreclosed homes for banks and replacing shattered glass. Joey Seda-Morales started a crime watch in his neighborhood after a rental behind his home turned out to be a marijuana grow house. In mid-July, there was a triple shooting one block over.

Nature is overtaking the more than 70 percent of Lehigh that was never developed. Teens on ATVs tear through sandy ruts where side yards should be. A black bear was Dumpster-diving behind a laundromat in the town center.

More than a half-century on, residents are still paying for the developer's shortsightedness. Yards flood, septic tanks back up, well water turns dishes and laundry brown. About \$1.5-million in federal stimulus money was recently set aside to address overflowing of the Orange River, exacerbated by the developer's poor engineering work.

Resident Cathy Petersen said she has learned to put her car in second gear and keep moving through water that rushes against her floorboards after rainstorms. "I always wonder, 'What the hell were those developers thinking?'" Petersen said.

Having lived the dream and the nightmare, Anglickis said Lehigh started going down the drain when it lost the benevolent dictatorship and direction of Gould and the other founders.

"They were interested in building the city of tomorrow," Anglickis said as he steered his SUV through an area he called "little Baghdad" for its bombed-out appearance. "The next guys were just interested in cashing a check."

Driving past the weed-filled lot that was once the Charmed Circle of model homes, Anglickis, a native of suburban Chicago, explained why he never left Lehigh. "There were incredible opportunities here for a young kid," he said. "There's so much good here."

•••

Building on his experience in Lehigh, Gould pursued a career in real estate. In Pinellas, he and Ratner overcame years of lawsuits to push through the huge fill project that created the Pinellas Bayway, connecting St. Petersburg and St. Pete Beach. In Hillsborough, Gould joined with Jim Walter to buy and build out Sun City Center.

After 60 years of making and losing millions, Gould says his goal was simple: Make money. "I'm an opportunist," he said with a shrug.

When he was on the make, the last thing Gould wanted was for government to get in his way. But time and advancing years have given him a new perspective.

"One thing I've learned is that the state government plays an important role in development and it can't walk away from that responsibility," said the man who never had to convince a government official of the need for Lehigh Acres. "They can't leave it up to local governments because local officials often don't understand development and have too narrow a perspective."

Now marketing environmentally friendly building products to Africa, Gould understands the urgency to kick start the Florida real estate market. But he considers the new laws that loosen regulations a dangerous, backward step.

One change consolidates the power to issue permits for wetlands destruction and water consumption in the hands of Florida's five water management district directors. Previously, developer's permits had to be approved by a district's entire nine-member board, which voted in a public meeting, after citizen comment.

Another new law exempts developers in eight counties and more than 200 municipalities from a state mandate that they pay fees for the traffic impact of their projects.

Gould said it took 20 years for developers to pave Lehigh's 11,000 miles of roads. Lee County has determined that 70 percent of those roads are substandard. Cost to the public to resurface? \$70-million.

"Though concurrency is a headache, it's a necessary headache," Gould said of the impact fees levied on developers. "It doesn't serve the public interest to get rid of them. All it's doing is creating more problems."

Gould has experienced the thrill of raking in the dough, selling dirt with nothing more than a marketing slogan. But when he drives over from Miami to visit old friends in Lehigh, he can't escape his legacy,

"It's heartbreaking," he said. "Lehigh is almost a model of the real estate disaster in the U.S."

Times researchers Shirl Kennedy and Carolyn Edds contributed to this report. Kris Hundley can be reached at khundley@sptimes.com or (727) 892-2996.

Lehigh Acres: Florida's lesson in unregulated growth 08/08/09

© 2013 Tampa Bay Times