

The POA BULLETIN

The Property Owners' Association of The Villages

Champions of Residents' Rights Since 1975

April, 2003

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The Remedy for the CDD Problem in The Villages Has a Four-Part Solution

The lead article in the previous issue of the Bulletin discussed whether CDDs are scams or vehicles for worthwhile residential development.

On one hand, the CDD law (Chapter 190 Florida Statutes) is an incentive to developers, residents, and governments to build residential communities, at lower initial costs, that might not otherwise be built. Furthermore, in the case of The Villages, the incentive has resulted in a well thought-out and good-looking facility that has wide appeal for residents.

On the other hand, the law has been abused by some developers over control issues, use of residents' financial payments, and disclosure requirements.

In The Villages, the main problem can be traced back to the use of a separate CDD known as the VCCDD (Villages Center Community Development District) to control all the big money decisions being made.

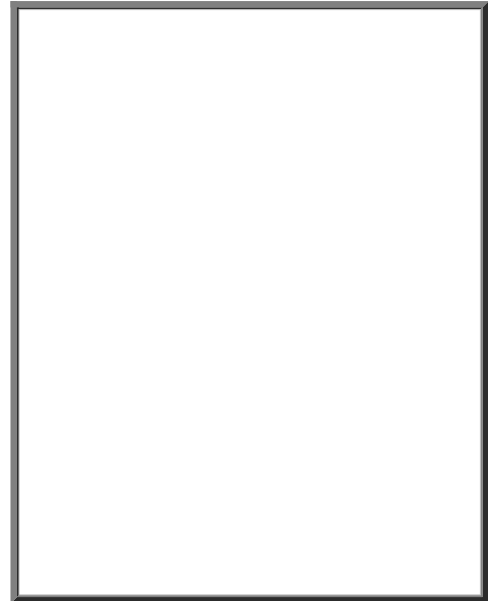
The problem is that the supervisors in the VCCDD are effectively appointed by The Villages developer and there is no prospect under current law for this to change. And, these hand-picked supervisors are all either employees or business associates of the developer.

So, the previous article identified the problem. Now the question is: What is the solution?

First, the supervisors in the VCCDD should be elected by all Village residents.

This would require a change in the Chapter 190 law that created CDDs in 1980. A change like this would be difficult to achieve because of resistance from developers, lawyers, and the construction industry. But, several consumer groups, in addition to the POA, are working to get these changes addressed by the legislature.

A provision that the POA sponsored in the recent legislative session of the Silver Hair Legislature called for this change: supervisors in a central, controlling CDD should be elected by all residents in that family of CDDs. This proposal appears to be a no-go for this session of the regular legislature, but the POA plans to continue pushing for this legislation in future years.



Second, the District Administrator in The Villages should be elected by all residents in The Villages rather than appointed by the developer without resident input.

Currently, in The Villages, the district administrator of The Villages, a position equivalent to a chief operating officer or city manager, is appointed by the VCCDD supervisors who are appointed, in effect, by the developer. The district administrator is accountable, in effect, only to the developer. The charge is made that a district administrator is often insensitive to the needs and interests of residents in a situation like this. The Villages district administrator should be elected by Village residents.

Third, Florida state conflict-of-interest provisions should be applied to all advisors and consultants working for the developer, the VCCDD, the CDDs, and/or the three counties covered by The Villages.

There is now an exemption in the Chapter 190 law that allows a variety of advisors and consultants, such as lawyers, accountants, economists, etc., to work on the same issues for combinations of CDDs, developers, and the county boards that regulate CDDs.

A related conflict is that the big facility sales from the developer of The Villages are accepted by the supervisors of the VCCDD who are employees and business associates of the developer and are appointed, in effect, by the developer.

Until this Chapter 190 loophole is plugged, residents cannot be sure that decisions made about our community are fair and unbiased.

Fourth, facility sales by the developer of The Villages to the VCCDD, as well as the related debt obligations assumed by residents, should be voted on for acceptance by Village residents.

These sales, permitted by Chapter 190 law, need to be approved by Village residents.

Resident acceptance of the related debt obligation is also needed. Previous POA analysis shows that the monthly maintenance fee now capped at \$105.00 includes \$35.00 a month for debt service that residents have never been able to vote on for acceptance or rejection. This is the taxation without representation issue.

Also, market-based appraisal techniques should be used rather than the “income approach” appraisal technique that is now used by the developer and the VCCDD. This technique artificially inflates property prices in these deals.

The VCCDD Buys Developer Property for \$60 Million

The long-awaited purchase of recreation facilities by the VCCDD from the developer was completed at the end of March for \$60 million.

Although a value of the facilities was not identified by either the developer or the VCCDD, a title insurance policy in the amount of \$10 million was provided by the developer. This suggests a purchase price of \$60 million for facilities valued at approximately \$10 million.

The purchase involves 20 pieces of property at various locations throughout The Villages. Included are: The Walnut Grove and Briarwood golf courses, the Silver Lake Club building, the landscaped approach to the Glenview facility, one EMS facility, two pump houses, seven guardhouses, and six postal stations with surrounding land.

In addition, the developer agreed to assign to the VCCDD the right to collect the future monthly fees from 4,478 new Villages homes built in the two years ending February 28, 2003.

Recreation revenue bonds for purchase of these facilities had previously been approved by state officials in the amount of \$120 million. Since only half of the approved amount was used, the remainder is available for future purchases.

Tax-free bonds totaling \$64.25 million were issued to cover the purchase price and related underwriting fees. The bonds were issued in two series: a 30 year bond at an effective interest rate of 5.46%; and a 16 year bond at an effective interest rate of 6.53%.

The VCCDD indicated that the bond indebtedness will be paid back by residents through the monthly fee. (Previous analysis by the POA before this sale indicated that roughly \$35.00 of the maximum \$105.00 monthly fee goes for debt service for previous facilities purchases like this. Approximately \$70.00 of the monthly fee goes for maintenance and administration.)

The VCCDD indicated that it did not poll residents to see if the residents favored this transaction or the assumption of the debt repayment obligation. The District Manager, Mr. Gary Moyer, indicated his belief that residents did indeed favor transactions like this.

This is the sixth purchase transaction of facilities by the VCCDD from the developer. In total, the debt obligation from these recreation facility transactions being repaid from residents’ monthly fees amounts to over \$250 million.

The POA's position on this sale was discussed in the previous issue of this Bulletin. The POA feels that the purchase price was inflated from the estimated \$10 million title insurance amount to the \$60 million purchase price.

Furthermore, the transaction was accepted by the supervisors of the VCCDD who are either employees or business associates of the developer and thus raise conflict-of-interest questions. Residents cannot elect these officials. Finally, residents did not have an opportunity to approve the transaction or their assumption of the debt repayment obligation. This is the taxation without representation issue.

POA Working for CDD Reform Bills in the Florida Legislature

The POA has joined with the Cyber Citizens for Justice (CCFJ) and the CHIP (Concerned Homeowners in Partnership) organization in Ocala to advocate legislation for a Mandated Property Reform Task Force. The proposed legislation, in the Florida Senate as SB 1248 and in the House as HB 0547, is in committee review at this time.

This legislation, similarly stated in both the House and Senate bills, calls for the creation of a Task Force, made up of legislators, homeowners, consumer advocates, various industry representatives, and a deputy from the Attorney General's office.

The Task Force will identify the laws needed to protect the interests of consumers and property owners on a variety of matters including the following: operations of homeowner's associations, financial and property disclosures by developers, dispute resolution, enforcement regulations, penalties for noncompliance, and oversight and funding of these activities.

The conclusions and recommendations of the Task Force will be forwarded to the governor and the legislature for further consideration. A listing of these bills can be seen on the internet at : <http://www.ccfj.net/Taskforce03.html>.

This is one of the first concerted efforts of our planned Alliance with CCFJ and CHIP. Eventually, we hope to more directly address the CDD reform issues that the POA has championed in the past. By supporting this Task Force bill now, we hope to work more closely with the Alliance in the future for support of POA proposals.

In addition to these efforts, the POA is in contact with a group in the Tampa Bay area that is also seeking CDD reform legislation in the current session of the Florida legislature.

The group is working closely with Representative Littlefield on a bill that proposes the following:

- (1) An increase in the size of a new CDD that can be approved by local county officials from 1,000 acres to 2,500 acres;
- (2) Authorization for CDDs to enforce deed restrictions;
- (3) Clarification and strengthening of developer disclosure requirements regarding CDD fees.

The POA was not involved with drafting the Littlefield bill and is not supporting the current language of the first point in the proposed bill. The second needs further language clarification. The third point is of high interest to the POA.

We hope to work further with the Tampa group and Representative Littlefield on future legislation addressing our concerns. The Littlefield bill could be a worthwhile test of the legislature's interest in considering CDD reform.

Cheers and Jeers

Remember that we need material for this column of comments and opinions. Please send in your submission and be sure to sign your name.

CHEERS — To the golf division for temporarily opening up the Amberwood and Oakleigh golf courses to help alleviate the squeeze on tee times. It is obvious that construction of executive golf courses has not kept up with population growth in The Villages. The golf division needs to play catch-up with construction of executive golf courses to avoid problems like this in the future.

JEERS — To a Mike's Maintenance worker who neatly raked leaves into a pile and then pushed them down a storm sewer.

JEERS — To the construction worker in The Villages who let a 8" chunk of concrete fall out of his truck in the Morse Circle and then did nothing as many cars ran over it damaging the undersides of their cars.

CHEERS — To our men and women in uniform for defending our freedom and security. Get the job done quickly and come home safely.

JEERS — To the VCCDD supervisors for approving the \$64 million recreation bond issue to purchase facilities and property from the developer, at inflated prices, and never once seeking approval from residents of this community.

JEERS — To the construction workers around Chatham who like to blow their car horns unnecessarily and blast their radios.

CHEERS — To Jan Bergemann, president of Cyber Citizens For Justice (CCFJ), who came down from his home in St. Augustine to address the March POA meeting.

JEERS — To the maintenance staff for allowing the front gables of the Savannah Center to get so dirty.

JEERS — To the golf cart driver who crossed Griffin Ave. at the Jeffrey Gate. This is against the law and the ticket is expensive

It's the Year 2028. How the Villages Has Changed in the 25 Years Since 2003!

Well, it is the year 2028, just about 25 years since the okay was given for the major Villages development south of Highway 466. And, how things have changed since then!

The population of The Villages now totals 187,000. The cities of Lady Lake and Wildwood are gone — these were annexed by The Villages in 2011 and incorporated into our city limits. The Villages now extends from just south of Belleview to just south of the old city of Wildwood. Municipal status was voted in by Villages residents in 2013 after all the CDD entanglements were voted out.

Initially, the growth of The Villages was welcomed by many. But, traffic, taxes, and water problems have reared their ugly heads and soured many on what was supposed to be a bigger and better paradise.

Water is a good example of these problems. When the aquifer under Sumter County hit rock bottom and went dry in the year 2011, due to excessive Villages requirements, mandatory water rationing went into effect. Water bills were averaging \$250.00 per month for typical homes before putting into effect the mandatory changes.

All homes were forced to convert their lawns from grass to rock pebbles so as to save on outside watering expenses. Red and blue pebbles were designer colors; brown and yellow were premier colors. Priority members could use green pebbles. Rich people could keep their grass lawns but only after paying a special "Save The Aquifer" fee to the developer.

All private pools and hot tubs were banned and required to be removed or filled in with concrete.

The Villages desalination facility near Crystal River was built in 2015 at a special assessment cost of \$17,800 for each Villages household. Although this promised good water for life, the construction cost assessment and the \$50.00 a month surcharge per household were considered by many to be exorbitant.

Some resident groups wanted to sue CEEB over its shortsighted emphasis on jobs rather than water in the early 2000s. However, the pep-rally organization for the developer was nowhere to be found.

The Villages developer tired of polo in 2007 and wanted to sell off the polo facility and field. He briefly considered buying and moving the Chicago Cubs to The Villages. After the Wrigley Field riots in 2008, however, it looked like many fans finally got fed-up with the Cubs and Villagers did not want them here.

Thus, the developer decided to knock down the polo facilities and build The Villages cemetery in 2010. Demand was brisk, especially for the larger, landscaped Priority plots. The developer continued to charge monthly maintenance fees, however, on burial plots whether used or not.

The two-line water system used in the development south of highway 466 did not do well in the five years after installation. It was torn out in 2010 at considerable cost to residents. One problem was that 18% of the lines were installed backwards, with outside water inside and inside water outside.

Then the problem with unusually high concentrations of bacteria and parasites in the reclaimed water sent hundreds of people to the hospital on several occasions. In one instance, wind-blown drift from sprinklers saturated about 137 golfers on hole #2 at the Morse BigBucks golf course and put them in the hospital.

Other problems with the two-line system included funny brown stains on most buildings, obnoxious odors everywhere, and slugs that routinely grew to a length of two feet. A Chihuahua was attacked and eaten by giant slugs in 2009.

The hospital expanded to 200 beds in 2010 and then to 437 beds in 2014. The hospital has emerged as a world-renowned teaching facility for the study of geriatrics and ranks as one of the top ten hospitals in the U.S. It was instrumental in 2009 in discovering and then conducting successful clinical trials for the cure for Alzheimer's disease. Another discovery at the hospital was that Billy Bowlegs beer, brewed locally by The Villages, is a significantly better hair restorer than Rogain. Unfortunately, it only works on half of the patients, and the other half end up with permanent brown stains on their bald heads.

The Villages Amenity Fee rose to \$218.00 per month in 2012 and currently stands at \$515.00 in 2028. As a consequence, 27% of residents now qualify for food stamps.

The monthly amenity fee bills were modified in 2006 to automatically add a 15% gratuity for Villages staff. The gratuity is used for Friday afternoon wine and cheese parties for the staff and the annual staff outing to Biloxi for rest purposes.

The high-rise apartment building known as El Fleece Em Mucho, built on the site of the filled-in Paradise Lake in 2010, is sinking. The developer said it was not his problem (since he sold it to the VCCDD for \$86 million in 2015) and that residents were on their own for repairs.

The building occupied by the District government was swallowed by a giant sinkhole in 2009. Some thought this was God's sense of humor.

The golf division finally got around to updating the score sheets and yardage markers for all executive courses in 2011. It would have been done sooner, but it was a "low priority." Trail fees are now \$975 per year — but, golf is free.

The conversion of Katie Belle's to a McDonald's franchise has finally improved the quality of food and service.

The Silverlake Club restaurant is still closed as the developer continues to look for someone operate it as a restaurant.

The developer closed the Chula Vista club in 2004 because it was too popular. The developer then turned it into a tiddley-winks clubhouse.

The VHA is still working on getting the developer to build a golf putting green at the Chula Vista golf course. The VHA claims special influence with the developer and says that residents will get the putting green soon.

The POA is the most popular homeowners' organization in The Villages. Its championing of Resident's Rights finally caught on with a majority of residents by 2006, and in 2008 the POA surpassed the declining membership total of the VHA. The POA Bulletin won the Pulitzer Prize for Community News Reporting in 2007 for its series on CDD abuses and solutions.

Everything considered, life is still great in The Villages. Hopefully, the next 25 years will be as wonderful as the last 25. See you again in 2053.

This page is provided by:

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