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2005 MAR -8 P 2: 58

W-20380A
SW-20379A



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March 5, 2005

AZ CORP COMMISSION
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W-20380A-05-0490
SW-20379A-05-0489

Dear Members of the Arizona Corporation Commission:

The purpose of this letter, which is my second to the Commissioners in four days, is to highlight additional information regarding the case of Rhodes Homes and Perkins Mountain Water Company, Docket No. W-20380A-05-0490. I believe that the Commissioners will find this information useful and pertinent when considering what to do regarding this particular case.

The first item of concern is the resolution passed by the Mohave County Board of Supervisors, Resolution No. 2005-616, on Dec 29, 2005. This is the Resolution concerning Rhodes Homes' Golden Valley South project, which is the one involved in the ACC Docket referred to above. In specific, I would like to point out two items of relevant concern to the ACC: Conditions Nos. 1 and 7.

To wit, I quote from the official Mohave County Board of Supervisors Resolution:

WHEREAS, upon taking testimony at their Dec 5, 2005 meeting and considering the need for available, adequate infrastructure in growing areas, without additional cost to county residents, the Board of Supervisors recommended APPROVAL for the Major General Plan Amendment subject to the following:

1. The proponent will demonstrate that an adequate water supply exists for the population anticipated within Golden Valley South upon the submittal of the first Village or Unit. If the water supply proves inadequate, the Area Plan will be scaled back to accommodate the water supply and/or the developer shall establish a comprehensive water conservation plan.

7. Outside agency comments will be addressed as each phase of development proceeds.

The second item of note that I wish to present is the aspect of possible upcoming consumer fraud in this particular case. Arizona has had a history of borderline or actual fraudulence in land sales over the decades, especially in the 1960's.

Although these types of promise-the-moon-but-deliver-little land sales activities have been greatly improved within the past few decades in many regards, in other ways they are still operating along the same basic guiding principles. One of those principles is to gain official governmental and regulatory agency approval of projects and then market the lands adjacent to those projects at an inflated price to individuals, investors, and speculators based upon the coming attractions. Then, when most of the promised attractions are never built for various reasons, people beyond the second- and third-tier buyers will be left holding the bag in what amounts to a real-estate Ponzi scheme. Their newly-acquired property is worth in actuality a fraction of what they paid for it.

The so-called "legacy lots" that are abundant in rural Mohave County were mainly originally sold in this type of investment scheme anywhere from 30 to 40 or more years ago. These lots are primarily small acreages and many are very remote, often on rough terrain miles and miles from basic facilities. In some instances, rudimentary dirt or gravel roads were scraped in, but decades of neglect have rendered them unusable or almost invisible. Platted on paper, these "wildcat" subdivisions exist primarily there and in the visions of the marketers and buyers.

The lots were mainly purchased as legacies for the retirement of the buyers, as well as their descendents. Almost all of these people are unaware of the practical realities of remote desert living and in most cases will never end up moving to the paper subdivisions. The dream for comfortable luxury retirement dies with the original buyer and the lot is passed on to the heirs.

These "legacy lots" are commonly worth very little to those who inherit them, yet they find themselves owing property taxes on them regardless. The burdensome properties are commonly unloaded by the inheritants at tax lien sales, or are in recent cases bought out for a pittance by the new generation of land speculators with advance knowledge of The Next Big Thing. Are these truly immense "new cities" proposed by megadevelopers just a recycling of tried-and-true real-estate manipulations? Ones used to lure a gullible public into investing when such patently serious concerns about water availability in both the short term and the long one exist?

It bears mentioning here that the price-inflation cycle is well underway here in Mohave County based upon their proximity to "new cities" that are promised but may never be built due to overwhelmingly legitimate concerns about water and other infrastructure. The "legacy lots" worth a few hundred dollars an acre in 2000 are frequently selling for at least ten times that price six years later; in some instances it's as much as 30 to 50 times their 2000-era valuation. Those investing in this today are very likely coming in at the peak of the cycle. There is nowhere to go but down unless the cities are actually built as promised. I contend that the consumer-fraud aspect of this situation needs to be duly considered alongside the many others.

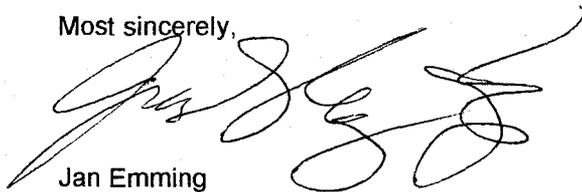
Basically, it boils down to this: Either these "new cities" are built at tremendous environmental damage (not to mention taxpayer economic expense), or another generation will be duped out of their funds as happened three decades ago. The non-local investment-seeking public is usually unaware of the severe issues facing these planned urban ventures, and will be set up to take a soaking, to use an ironic metaphor in light of the water availability subject.

Considering how colossally expensive it is to create an urban region out of nothing other than raw and remote arid land (at least hundreds of millions of dollars per square mile), unless the projects slated are almost fully built to maximize developer returns on investments, then they probably won't be. Already it is probably too late to protect certain individuals from losing a fair chunk of money they paid for land adjacent to a City of Dreams; but the alternative of building it and then allowing it to deplete the limited, unproven aquifer beneath is even worse for far more people.

Once again, I ask the Arizona Corporation Commission to please restrict Rhodes Homes and Perkins Mountain Water from operating given their recent secretive and unethical behaviors, the Conditions placed upon Rhodes at the time of approval by the Mohave County Board of Supervisors in Resolution 2005-616, and the consumer protection features of this matter.

I thank you very much for your time and careful consideration of these important affairs.

Most sincerely,



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