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Fastest-Growing Metro Area in U.S. Has No Crime or Kids.

June 27 (Bloomberg) — For Jerry Conkle, life in America's fastest-growing metropolitan area moves as slowly as the golf carts that meander through his palm-lined neighborhood at dusk. Most days, he wakes early, reads the newspaper, and then hops into his four-wheeled buggy for a 20-mile-per-hour ride to one of the 42 golf courses that surround his home.

"It's like an adult Disney World," Conkle, 77, said of The Villages, Florida, whose expansion has come with virtually no crime, traffic, pollution — or children.

The mix has attracted flocks of senior citizens, making The Villages the world's largest retirement community. Its population of 110,000 has more than quadrupled since 2000, U.S. Census Bureau data show. It rose 5.2 percent last year, on par with megacities like Lagos, Nigeria, and Dhaka, Bangladesh.

That the most rapidly expanding U.S. metro area is a Manhattan-sized retirement village — with more golf carts than New York has taxis — highlights the transformation of the world's demographic profile. The over-60 set — which the United Nations projects will almost triple to 2 billion by 2050 — offers opportunity to marketers and homebuilders even as it confounds governments that must care for an aging populace.

"A lot of communities see seniors as a huge benefit — they contribute to the tax base and the local economy," said William Frey, a demographer and senior fellow at the Brookings Institution in Washington. "But these people are going to get older, and they're going to have health needs and service needs."

Retiree Spending

Few have benefited from the spending power of retirees more than H. Gary Morse, who developed The Villages. The Holding Company of the Villages Ltd., owned by Morse and his family, has sold more than 50,000 new homes since 1986, generating \$9.9 billion in revenue, according to disclosures in municipal-bond filings.

The Villages, which has rules governing everything from how long children can visit to how many pet fish residents can keep, has helped Morse build a family fortune worth \$2.9 billion, according to the Bloomberg Billionaires Index.

In addition to selling homes, Morse, 77, and his family own the local newspaper, a radio station and a television channel.

They also hold a controlling interest in Citizens First Bank, which provides mortgages. The holding company is the landlord of more than 4.5 million square feet of commercial real estate, including dozens of restaurants and retailers.

Own Everything

"They own everything," said Andrew D. Blechman, author of "Leisureville," a book about The Villages and other retirement communities that ranks Morse's as the biggest. "You basically have a city of 100,000 people, owned by a company."

Gary Lester, a spokesman for The Villages, did not return calls seeking comment.

Harold Schwartz, Morse's father, started selling tracts in Florida in the 1960s, after buying a few thousand acres about 60 miles (100 kilometers) northwest of Orlando. He recruited Morse to join the business in 1983 and the pair soon began marketing homes to retirees, offering free golf for life.

Following an age-restricted model used by developer Del Webb's Sun City in Arizona, The Villages emerged as growth among the elderly began outpacing all other age groups.

The over-65 population in the U.S. increased 74 percent between 1970 and 2000, more than twice the rate of those 64 and younger, census figures show.

Golf Lure

Marketers for The Villages, where new home prices range from about \$150,000 to \$1 million, have capitalized, airing commercials on the Golf Channel. The ads lured Conkle — who worked for four decades as a General Motors Co. machine repairman in Muncie, Indiana — to the Villages 20 years ago. He now says he can't imagine living anywhere else.

Driving his black Chevrolet Impala around the 33-square-mile community on a sunny day in June, Conkle described the appeal.

"One thing I like about The Villages is how clean it is," Conkle said, driving past a flower-adorned roundabout with manicured golf ranges to the east, west and south. "There's hardly any crime. I don't know any place that's safer than here."

Golf-cart accidents have killed more people than criminals, said Elaine Dreidame, president of the Property Owners' Association of The Villages. It regularly hosts Republican politicians. Former President George W. Bush and presidential candidate Mitt Romney have appeared there.

Monthly Tea

It even attracts expatriates. Residents from the U.K. meet over tea once a month. The community spans three counties, including Sumter, where the median age of 65.5 makes it the oldest in the U.S. About 97 percent of the residents are white, according to census figures.

Every day at 5 p.m., crowds descend on The Villages's three town squares, where they shimmy, line-dance and sway cheek-to-cheek as cover bands perform hits from the 1960s. Viagra-fueled trysts often follow, according to Blechman's book.

"It's designed so that you can be active or as inactive as you want," said Dreidame, 71. "If I can't be happy here, there isn't any place I'm going to find."

The town squares, golf courses and other amenities in The Villages were financed with tax-free municipal bonds, issued under a provision in Florida law via community-development districts established by Morse's company. Village Center revenue bonds maturing in November 2023 and rated four steps above non-investment grade by Moody's Investors Service traded June 11 at an average yield of 5 percent, or about 2.7 percentage points above benchmark munis, data compiled by Bloomberg show.

IRS Ruling

The Internal Revenue Service ruled last year that the bonds shouldn't have been given tax-free status, which is generally reserved for public projects.

The district, governed by a board made up of Morse and his employees, was "organized and operated to perpetuate private control," the IRS said in a 2013 memo. Attorneys for the district have disputed the IRS's findings.

Residents like Dreidame, who pay annual assessments that are used exclusively to refund investors, say they don't mind the costs or the corporate influence. In his business model, Morse builds the golf courses and other amenities and then sells them to residents. Morse has earned at least \$955 million in the transactions, according to an analysis of 38 bond-offering statements since 1992.

Carefree Lifestyle

"It's kind of like if stocks are going up and everybody's making a few bucks, they don't care if the CEO is making a \$100 million," Blechman said.

The carefree lifestyle is difficult to replicate, said Frey. The Villages is sheltered by both the government and private insurance held by its relatively affluent residents. Elsewhere, the increase in life expectancy means more people are outliving their savings and incurring higher medical bills as they age, he said. Lower birth rates mean there will be fewer workers to support the elderly.

"Not too far down the road, those people are going to be needing health services and social services," said Frey. Governments "have not planned for that long-term scenario which is going to be hitting us."

More than a fifth of the world's population will be 60 or older by 2050, compared to 12 percent in 2013, according to a report released by the United Nations last year.

The "demographic dependency ratio" — the number of working-age adults compared with the number of children and the elderly — is primed for a "sharp" rise in the developed world through 2050, the report said. By 2047, the world's elderly will outnumber its children for the first time, UN projections show.

Those trends, which are vexing urban planners from Berlin to Tokyo, bode well for The Villages. On a recent day, construction workers could be seen operating machinery at golf courses, in new subdivisions and at the local hospital.

Conkle, who recently had triple-bypass heart surgery, said everything he needs is a golf-cart ride away.

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