

Lots of Lire:

LI entrepreneur targets Italians for high-cost Florida land

The sky is a clear stretch of blue-tinted heat. The roads look like abandoned airstrips, with grass pushing through cracks and the edges falling away in chunks. Alongside stand lush forests of canopy pines, prickly palmettos and spots of sand where neon-yellow crickets the size of small rabbits scratch out their sandpaper calls.

A busload of Italian visitors loves the whole Florida scene: the green expanse and even the roadways, shabby by now, but broad and sensibly placed. For many, this drive through Palm Bay, 30 miles south of Cape Canaveral, is their first view of the Sunshine State.

Tour impresario Victor Minca, an entrepreneur from Massapequa, is on board the bus to turn that love into a land sale, sending many of his guests home with their own piece of America: a quarter-acre lot priced at two to four times market value.

Minca's lots aren't the notorious swampland of Florida's legendary landsharks. They are real homesites. Nor does he apologize for his prices. They cover his cost of doing business overseas, he said, and they include a "package" of services he promises his buyers when they're ready to build their U.S. vacation home. It's a good deal overall, Minca said.

But he has rankled local real estate brokers and now has caught the eye of Florida regulators.

As the brokers watch Minca's deals climb into the hundreds, they worry about fallout in a year or two: angry calls from Minca's buyers, looking to cash out of their real estate, disbelieving that it's worth only a fraction of what they paid for it. And they object to Minca collecting in advance for construction costs, especially without setting that money aside in escrow accounts. In fact, an escrow problem got Minca's New York broker's license revoked in 1993, while he was running a Mineola firm called Florida Connection Inc.

And some regulators said they want to take a closer look at Minca's sales practices. They have no control over his - or any property owner's - prices. That's strictly up to the marketplace. But there are laws regulating just what a seller can and can't say to persuade a buyer to pay top dollar.

As Jim Lyons, an investigator in the Florida attorney general's office, put it: "You can sell an 8-foot-by-8-foot mound of monkey poop. If you're telling people it's gold, that's illegal. If you're telling them it's poop, well, that's business."

Florida regulators said they have had no complaints against Minca or his company, Century Housing Development Corp. But some said Minca - who was born in Italy and sells almost exclusively to Italians - could be part of a bigger trend: entrepreneurs buying up Florida land and then selling single lots at huge markups to individual buyers overseas.

Jason Steele, a member of the Florida Real Estate Commission and a former state representative, said complaints are coming in from around the globe, notably Asian and South American countries.

Much of that land comes from the disastrous subdivisions of the 1960s, when tens of thousands of Americans - mostly from New York and the Midwest - overpaid for worthless or near-worthless lots, often sight unseen. One of the biggest developers was General Development Corp., Minca's former employer, which collapsed in bankruptcy in 1990. Five of its executives eventually went to jail for fraud.

Among General Development's eight Florida projects was Port Malabar, annexed by the city of Palm Bay over the years through 1974, according to Chris Norton, the city's director of planning and development. It is in this 65-square-mile coastal city in Brevard County, a working-class community that still has 44,000 undeveloped home lots, where Minca is now doing his buying and selling.

These lot sales are the first step in bigger plans, including a 150-apartment development adjoining Palm Bay's golf course, and an 800-apartment project called the Marco Polo Venetian Village in the Orlando area. Minca's company also plans to sell steel-frame homes, both in Palm Bay and overseas.

Century Housing has offices in 13 Italian cities as well as in London; Munich, Germany, and Barcelona, Spain, Minca said. Vice president Bruno Domenichini is based in Verona, Italy.

A favorite sales practice is bringing Italians to Florida on a five-day trip that includes a tour of the NASA Space Museum at Cape Canaveral, and parts of Palm Bay. A recent group of about 20 included a doctor, a banker and an architect. They spotted dolphins and alligators; they remarked on Florida's vast reaches of greenery and cheap land prices.

What first caught local brokers' attention was Minca's prices - \$9,000 in one neighborhood where the going price is \$1,000, \$14,000 in one where the going price is \$5,500. Then they saw that many of Minca's sales are in Palm Bay's outer reaches, the southwestern end of a sprawling city where nearly half the people live in the northeast corner. It is land still largely untouched - 11 homes in one 3,000-lot area, for example - where houses still require wells and septic tanks.

"It's so far south you have to pipe sunlight to it," said Adrian Hoff, a broker in nearby Melbourne. "Neither these people nor their grandchildren will ever get their money out of this land."

Two former owners of land in the area, whose lots Minca sold to his Italian customers, are incredulous at his prices.

"Anybody who'd pay \$14,000 for my land has something wrong with them," said Cecil Canterbury of Ocala, Fla. Minca paid him \$4,200 for it. "I know you can go over there and just for back taxes, maybe \$600, you can pick up a lot."

"Good luck to them," New Jersey resident Ruth Muser said of the person who paid \$12,000 for the lot she sold to Minca for \$3,500. "I know my husband and I have been trying to sell that land for 15 years. And I know that 20 years ago our land wasn't supposed to still be undeveloped by now."

Christine Slaughter, owner of Palm Bay Realty and president of the area's multiple listing service, cautioned against rushing to judgment against Minca.

"He's got a niche, and that could be a good thing for a lot of reasons," Slaughter said. "Maybe these Italian buyers really want to buy in America but don't have time to shop themselves. Maybe they want to get their money out of Italy, for whatever reason.

"As long as ethics hold, as long as it doesn't get greedy, what's wrong with it? We don't want to get into legislating price."

Minca said the only problem he has is local jealousies. "If Realtors there are upset at my prices, that's their problem," he said. "Price is what people are willing to pay. I give a lot for what they paid. I don't apologize for what I do. And they know they pay more."

But, in fact, several customers on the recent tour did not realize Minca's prices were high for the local market. Francesca and Monica DeGiorgi, who were buying land for the family's architectural firm near Milan, didn't know. Would they consider buying instead from a local broker, to save money?

"It may be a possibility," Francesca DeGiorgi said.

Minca needs no Florida real estate license to buy and sell land himself, regulators said, because he's not taking a commission to handle someone else's property. So he falls under no Florida laws for real estate brokers.

But Jim Mullins, chief of registrations at the Division of Florida Land Sales, said Minca could fall under the state's Uniform Land Sales Practices Act. If so, Minca could have two problems.

First, the act requires that every buyer see - actually step onto - their lots before they buy, Mullins said.

Minca said most do, and besides, he sees no problem because the company promises refunds to anyone who wants out after they do see the land.

And second, Mullins wonders exactly what else Minca promises his buyers.

"Price is not the legal issue, it's the 'inducement' to buy," Mullins said. "Our question would be, 'Why would anyone want to buy such a remote homesite?'"

Mullins wasn't happy to hear that Minca promotes the lots as good investments and that he touts Palm Bay's plans for a golf course near many of his lots.

"Speculation or investment opportunities are not something we'd go along with," Mullins said. "That's shaky. And he has no control over a city golf course, so he should not even mention anything about that."

Minca points out that his buyers are free to check anything he says, and free to comparison shop. He doesn't commit the crime of his former employer, General Development: sequestering visiting buyers to deny them those liberties.

But many of Minca's customers don't speak English, which is a barrier to making those comparisons and one reason Betty McCluskey, owner of McCluskey Realty in Melbourne and president of the Melbourne Area Association of Realtors, is still concerned.

"It's hard for me to believe that these people, if totally informed, would think of these as a good deal," McCluskey said.

Hoff, the Melbourne broker, objects to Minca using his costs to justify his prices.

"In the end, that has nothing to do with the value of the product," Hoff said. It's like an inefficient factory charging \$90,000 for a Chevrolet that another one can build for \$9,000, he said: Both cars are still just Chevys.

McCluskey pointed out that Minca's customers won't collect on his entire "package" of promises, including land surveys and site preparation, until - and unless - they build homes. She'd prefer that he maintain escrow accounts on those promises - or at the very least itemize everything for his customers, so they know what they're paying for the land vs. his services.

Even Christine Slaughter, who spoke up for Minca's right to sell as he likes, as long as he's honest, flinched at one thought: how she would feel if her mother bought one of Minca's remote lots, at his price.

"Well, I wouldn't feel good about it," she said.

A Lot Higher

In the past seven months, Victor Minca's business, Century Housing Development Corp., has had considerable good fortune in selling lots in Palm Bay, Fla. Here's a look at how the company's done, with comparisons in seven neighborhoods where Minca is buying and selling: what most people pay, what Minca paid and what he charged.

Average Market Price	Price Minca Paid	Minca's Sale Price
\$5,546	2/1/94 \$4,200	2/28/94 \$14,000
\$4,557	5/9/94 \$8,500 (2 lots)	6/30/94 \$28,000 (2 lots)
\$3,450	5/2/94 \$3,500	5/30/94 \$12,000
\$3,475	1/31/94 \$2,500	2/28/94 \$8,500
\$5,700	4/27/94 \$2,300	5/30/94 \$8,000
\$1,000	5/16/94 \$2,500	5/30/94 \$9,000