

EXECUTIVE SUMMARY

NOV 1972

Project Name: Gananda

Developer: Gananda Development Corp.
(Subsidiary of New Wayne
Communities, Inc.)

Approval Date: Offer of Commitment April 6, 1972
Project Agreement December 13, 1972

Amount of Guarantee: \$22 million

A. Background and Summary of Progress

1. Background

Gananda is located in Wayne County, N.Y. approximately 12 miles east of the center of Rochester and within the Rochester SMSA. The site is within a 10,500 acre special New Community District. The Title VII project proposes development of 5847 acres of the area over a 20 year period. The mature community will occupy 9874 acres and is to be completed in 30 years. Population is projected to be 55,808 in 20 years and over 90,000 at the end of 30 years.

About 2470 acres of the site will provide for approximately 17,200 dwelling units of which 49% are expected to be within the means of low and moderate income families. There will be twelve neighborhood centers containing community/educational multi-use and recreational facilities. Commercial uses will occupy about 175 acres and will consist of a major Regional Center and 3 shopping centers all providing appropriate shopping and office space. Approximately 250 acres will be for industrial uses. Almost 13,000 primary and secondary jobs will be provided

by Gananda. Community and educational facilities will require 349 acres. Open Space and recreational uses will occupy 1010 acres. Remaining land will be for major roads (480 acres) and a primary land reserve (1113 acres).

The State of New York has created a new school district for Gananda with unique authority to lease school facilities. This will enable design of innovative multi-use community-education facilities adequately providing for educational needs while permitting other uses during off school hours.

A flexible and unique zoning ordinance creating a 10,500 acre New Community District has been enacted by the towns in which Gananda lies. A full range of housing is required in the district with dwelling units and densities mixed throughout. A Joint Preliminary Review Board, consisting of representatives of the two towns and the developer will review internal use changes and proposals within an 800 yard "greenbelt" surrounding the District.

Approximately 4026 acres outside the project area are being held for later development through a Land Bank arrangement between Chase Manhattan Bank and New Wayne Communities Inc. HUD has agreed that expansion of the project to include this land may be desirable at a later date.

A dual community association is being proposed for Gananda separating community program responsibility from the property ownership and maintenance function. The Gananda Community Association will be responsible for developing and scheduling community programs with control to pass to residents at an early stage. The Gananda Facilities Corporation will own and maintain community facilities and amenities. The developer will retain control of GFC for a longer time to assure a high level of facility maintenance in support of the sales program.

2. Developer: Gananda Development Corporation (GDC) the Title VII developer, is a wholly owned subsidiary of New Wayne Communities, Inc., a New York State Charter corporation organized by local community and business leaders for the specific purposes of developing a new town in Wayne County. GDC has assembled a staff of top executives having strong experience in finance, construction, marketing and administration to carry out development of the project.

3. Development Progress

Gananda had a well attended flag raising ceremony for its opening on Sept 20, 1973 which received good press coverage. Ground was broken and construction started on the first major access road into the project, the first multi-use neighborhood facility and the first lake. Residential construction is scheduled to start soon. Progress should accelerate with the

B. Financial History

The minimum equity necessary to provide a 4 to 1 debt/equity ratio was \$5,500,000. The developer provided equity consisting of \$1,060,000 in cash; \$1,025,789 in land represented by the difference between the Secretary's estimate of value and the developers adjusted cost of land; and \$3,000,000 in debt fully subordinated to the Title VII debentures.

The developer will use Title VII funds for all land development costs. The method of financing amenities is under study by the developer to determine if the capital costs can be fully front ended or if some level of assessment will be necessary for Gananda to remain on a competitive footing with Riverton, the other Title VII new community in Rochester. The developer hopes to transfer amenities to the Gananda Facilities Corporation at no cost with assessments only for operation and maintenance.

As of June 30, 1973, the escrow balance for the project was \$14,169,339. At this time there is no apparent requirement for additional guarantee authority.

In the first and second quarter of 1973, Gananda Development Corporation underwent a financial crisis in which it was unable to maintain the level of liquid current assets required by the project agreement. Default under this requirement was waived

until Jan. 1, 1974 subject to certain conditions. The primary condition was receipt by GDC of \$700,000 in capital stock from the parent company, which has taken place. Additional capital stock of \$280,000 principle amount plus accrued interest is due from New Wayne by January 1, 1974. With this payment, the full amount of hard equity required at closing will have been invested. In addition the developer is looking for a major equity partner to provide additional financial strength to the project.

C. Key Issues and Concerns

1. Management

Originally management of Gananda was to be performed under a contract arrangement. This did not prove satisfactory; a management consulting team was brought in by the developer to reorganize and re-staff the development corporation. This work has been completed. GDC has its own staff which now appears to be functioning satisfactorily.

2. Marketing and Sales

An experienced Vice President for Marketing and Sales has been hired. His staff is now preparing sales projections and programs.

3. Low and Moderate Income Housing

A Gananda staff study is underway which is expected to result in a demonstration proposal for providing low and moderate income housing under a blanket mortgage arrangement.

4. Local Government

Relations with local government have been good. There is no adverse information to report.

5. Equal Opportunity

GCD has started a program of minority hiring and is actively seeking qualified staff at all levels. Several positions have been filled as a result.

6. Service Delivery

Covenants and restrictions providing for the dual community associations described above have been submitted in draft for NCA review.

7. Environment and Planning

No major environmental problems are foreseen.

GDC is proposing early development of a 1400 acre industrial tract presently included in the Land Bank Land, and may propose bringing it into the Title VII project area. This tract is presently scheduled for development between the 20th and 30th year. This will be a major plan amendment to be presented to the Board in the future.

PROJECT NAME Gananda

BACKGROUND

1. Commitment (Date <u>December 13, 1972</u>)	\$ <u>22,000,000</u>
2. Projected Cumulative Net Cash Flow (original)	\$ <u>29,901,900</u>
3. Cash Equity	\$ <u>4,060,000</u>
4. Guarantee Issued	\$ <u>22,000,000</u>
5. Interest Rate	\$ <u>7.15%</u>
6. Escrow Balance (Date <u>June 30, 1973</u>)	\$ <u>14,169,339</u>

Cumulative Amount in Thousands

<u>STATUS</u> (Date <u>June 30, 1973</u>)	<u>Budget</u>	<u>Actual</u>	<u>Actual over</u> <u>(under Budget)</u>
Operating Revenues	\$ <u>334</u>	\$ <u>26</u>	\$ <u>(308)</u>
Less:			
Land Acquisition Costs	<u>4,990</u>	<u>5,990</u>	<u>1,000</u>
Construction Costs	<u>2,317</u>	<u>64</u>	<u>(2,253)</u>
Non-construction Costs	<u>2,329</u>	<u>3,142</u>	<u>813</u>
Financing Costs	<u>2,047</u>	<u>2,292</u>	<u>245</u>
Cash Income (deficit)	<u>\$ (11,349)</u>	<u>\$ (11,462)</u>	<u>\$ 113</u>



Figure 3