

EXECUTIVE SUMMARY

Project Name: Lysander
 Developer : New York State Urban Development Corporation
 Approval Date: Offer of Eligibility: June 30, 1972
 Project Agreement : N/A
 Amount of Guarantee: N/A

A. Background and Summary of Progress

1. Background

Lysander New Community is located on a 2,670 acre site twelve miles northwest of Syracuse, New York. (See Attachment A). Lysander is planned to house 5,000 households, and have a total population of about 18,300 by 1980. (Industrial marketting, on the other hand, was not expected to be completed until 1992). Housing types will include single family detached (40%) and attached (20%), and multi-family walk-up (30%) and elevator (10%). The projected income mix includes 25% each of upper and middle income families, 20% in the moderate income range, and 30% lower income, including 10% elderly. Residential acreage will be 910, industrial will be 795, commercial will be 24 (which is relatively low on account of the existence of commercial facilities in nearby Baldwinsville), civic uses will be 118, and 597 open space.

Unique features of the project include the fact that it is being developed by a state entity. Also, it is likely that

Lysander will utilize several new construction materials and methods, as a part of UDC's thorough construction innovation program. UDC has requested that HUD find the community "eligible" as a new community, but has requested no guarantee. The principle implications of a finding of eligibility would be to permit Lysander to qualify for supplementary grants under Title VII, probably protect its eligibility to receive funds under the new communities set-aside in the Better Communities Act (BCA), if passed with such provision, and utilize the prestige value of HUD approval in its marketing and other dealings. The principle advantages to HUD in approving Lysander are inclusion of a state-sponsored development, which helps fulfill a Title VII objective and contributes to the "New Federalism", and provision of a learning opportunity for NCA.

2. The Developer

Lysander is being developed by the New York State Urban Development Corporation (UDC). Created by state statute in 1968, UDC is "a corporate governmental agency of the state, constituting a political subdivision and public benefit corporation." (Section 4, UDC Act). UDC's principal activity has been development of low and moderate income housing in New York.

3. Development Progress

About April 1, 1973, draft project documents, including materials for satisfaction of numerous conditions on HUD's offer, were submitted. Currently, the conditions are close to satisfaction, and negotiations are underway to complete the project agreement documents.

In September, UDC announced that it had sold 200 acres of land for a Schlitz brewery. The \$100,000,000 plant will be in production in 1976. Construction work will generate about 1,500 jobs, and the plant will employ 500-600 people when it is in full operation in 1977.

B. Financial History and Status

Because there is no guarantee involved for Lysander (it is being financed mainly with UDC bonds), HUD's primary financial interest in the project relates to basic and supplemental grants. In this regard, the project has received two water and sewer grants totaling \$1.3 million, and has \$528,400 in supplemental grants reserved for it.

C. Key Issues and Concerns

A key issue in current negotiations concerns the nature of the Secretary's sanctions to enforce the development program which would be agreed to. We have taken the position that the Secretary

should have the power to suspend payments under grant programs (and ultimately, under BCA if passed) in the event the project is in performance default. UDC has voiced very strong opposition to this sanction, and believes the Secretary is adequately protected by its right to withdraw the finding of eligibility, in the event the project ceases to be a new community as contemplated by Title VII. Without the right to suspend payments under grant programs, the Secretary would have no sanctions to enforce the agreement.

At a minimum, the Board will be asked to act on the UDC project agreement documents, when negotiations are completed.

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