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TUESDAY, JANUARY 4, 2011

Funding Terminated for The Cliffs at High Carolina Tiger Woods Golf Course

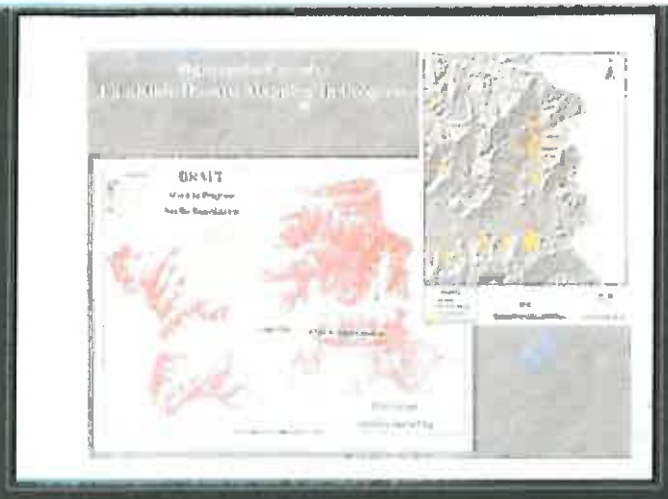
The Cliffs at High Carolina

There is well-founded speculation that The Cliffs Communities, Inc. will relinquish ownership of The Cliffs at High Carolina, its latest master planned subdivision. This $58 million endeavor has two irresolvable issues: unstable land conditions and no financial support.

The Cliffs at High Carolina Hazardous-Land Reports

On July 3, 2008, the US Army Corps of Engineers issued a Public Notice identifying Cliffs at High Carolina soil compositions. Experts classify these soils impracticable for residential development.

This data coupled with North Carolina Geological Survey Buncombe County landslide hazard maps prove that The Cliffs of High Carolina is a high cost engineering project. Otherwise stated: earth movement is expected.



The Cliffs at High Carolina/Tiger Woods Golf Course on 2007 Buncombe County Hazardous-Land Stability Index Map– NCGS.

Buncombe County Landslide Hazard Maps 2009



Slope Movements and Slope Movement Deposits Map



Stability Index Map



Map of Known and Potential Debris Flow Pathways

The Cliffs Communities' Property Owners $60 Million Loan

Rather than summarizing The Cliffs Communities' financial status, here is a reprint of the article describing the reasons for halting development of The Cliffs at High Carolina Tiger Woods' golf course.

Golf Community News Report— December 28, 2010—Larry Gravich

"Cliffs Communities halts most spending, including for Tiger Woods golf course"

When Cliffs Communities residents and club members loaned developer Jim Anthony more than $60 million to complete the amenities he had promised, including Tiger Woods' first American golf course design, they made sure the money would be spent wisely. The loan agreement between Anthony and the lender group, self-named ClubCo, includes a clause that calls for a reduction in spending if real estate sales and cash flow fall short of certain levels.

According to a letter sent to ClubCo members earlier this month, parts of which a Cliffs member has shared with Golf Community Reviews, spending has been deferred for most amenities other than the almost finished clubhouse and Gary Player golf course at Mountain Park. The stoppage includes the golf course, maintenance facility and clubhouse at High Carolina, site of the Tiger Woods golf course, as well as a wellness center, spa and restaurant at The Cliffs at Keowee Springs. Some renovations and expansion of amenities at the other Cliffs communities have also been halted, but according to the Cliffs member who shared the contents of the letter with us, "in the grand scheme of things, nothing major."

The Mountain Park course and clubhouse are set to open in the fall of 2011. Player moved his U.S. golf design operations to The Cliffs and purchased a large home there. The Tiger Woods course is a couple of years from completion and, let's face it, does not have the same cachet it had before a certain fateful Thanksgiving night 13 months ago. (Anthony and Woods announced the High Carolina plans the summer before the star's car crash and revelations of serial adultery.) High Carolina was "an unnecessary addition to the Cliffs formula," according to our reader, and "...the debt raised may accelerate a split off of High Carolina, something I view as inevitable, and hopefully before it destroys value [in] the rest of the Cliffs."

"Six courses to play is perfectly adequate," he added, echoing what we have heard from other Cliffs members who play their home course most of the time, other nearby Cliffs courses occasionally, and the ones an hour away rarely. The three courses on Lake Keowee (Vineyard, Falls and Springs) are less than 20 minutes from each other, and those closer to Greenville, SC (Glassy, Valley, and Mountain Park when completed) are less than 30 minutes from each other. The "outlier" is The Cliffs at Walnut Cove, a challenging Jack

Nicklaus course, which appears to be self-sustaining given the lure of nearby Asheville, NC.

During my first visit to The Cliffs in 2006, I marveled at the high-end amenities that included equestrian centers, wellness centers, expansive clubhouses, nature trails (with on staff naturalists) and plans for even more. I wondered out loud to a friend how such spending could be sustained, even from the sales of home sites in the high-six figures. Of course, an ascendant housing market coupled with a huge and well-to-do baby boomer cohort caused many buyers not to think twice about subsidizing amenities they might never use. (Quick, think of all the golfing equestrians you know!) Then credit default swaps exerted their gravitational pull on the housing market and all those baby boomers' plans. The Cliffs is not alone among high-end golf communities with cash flow issues.

Developers who pushed an all-amenities-to-all-people business model have had a sobering few years. Although he certainly could be accused of overreaching, The Cliffs' Jim Anthony is no Bobby Ginn; Cliffs properties may have lost some significant value in the last three years, but their owners still speak of Anthony in reverential terms (the opposite of how Ginn owners feel about their bankrupt developer). They want Anthony's vision to triumph as much as they want their investments to hold. In an ironic way, the economy may have done Anthony and The Cliffs a favor. The members who loaned Anthony the $60 million will act as a governor on his loftier -- and expensive -- dreams.

This new financial partnership among owners and developer, as well as spending to match cash flow, could very well become a model for other upscale golf communities that got way ahead of themselves.

POSTED BY RBL AT 5:23 AM

LABELS: THE CLIFFS AT HIGH CAROLINA, THE CLIFFS AT HIGH CAROLINA TIGER WOODS GOLF COURSE, THE CLIFFS COMMUNITIES INC.

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