



CITY OF DANBURY
OFFICE OF THE CORPORATION COUNSEL
155 DEER HILL AVENUE
DANBURY, CONNECTICUT 06810

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PLEASE REPLY TO:

December 20, 2006

Honorable Mark D. Boughton, Mayor
Members of the Common Council
155 Deer Hill Avenue
Danbury, CT 06810

Re: Request from Richard Bozzutto to Amend Resale Index
Contained in C.G.S. Section 8-2g Affordable Housing Contract
Maple and Union, LLC and the City of Danbury
Agenda Item #12

Dear Mayor Boughton and Common Council Members:

At the December 5, 2006, Common Council Meeting, a letter from Rich Bozzuto, dated November 26, 2006, requesting that the above mentioned affordable housing contract be amended, was referred to our office for a report within thirty (30) days (reference item #12 of the meeting minutes). Mr. Bozzutto is the original owner of an affordable housing unit in a condominium project known as Maple Village, located at 1 Union Avenue.

In his correspondence, Mr. Bozzutto requests that the Council modify the resale price index contained in Schedule E-Sale Price of the contract entered into between the City and Maple and Union LLC, the developer. The contract provides, among other things, that the project will contain four affordable dwelling units to be conveyed by deeds containing covenants requiring the units to be sold at or below prices which will preserve the units as affordable dwelling units as defined in Section 8-39a of the C.G.S.

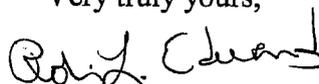
Mr. Bozzutto requests an amendment to the contract, as the index in Schedule E contains a resale formula that does not enable him to realize any profit upon the sale of his unit. This is because the index is tied to the percentage increase in the area median family income as determined by HUD, which has been decreased since Mr. Bozzutto purchased his unit in 2002.

I met with Paul Schierloh, Associate Director of Health, Housing and Welfare, to discuss this request. He recommends that the index contained in Schedule E of the contract be replaced with the index currently utilized in the Liberty Terrace deed restrictions referred to as "Option A: Maximum Resale Price Calculated by Consumer Price Index". This formula is tied to the CPI, rather than HUD's median income figures. Mr. Schierloh indicates this formula is more preferable, as it is reflective of population characteristics rather than housing market trends and conditions. A copy of Mr. Schierloh's memorandum regarding this matter is attached for your reference.

This same resale index is also contained in two other contracts for similar condominium projects containing affordable dwelling units, known as Camelot Court and Poplar Park. If this requested concept is generally acceptable to you, we recommend that the Common Council establish a Council committee to enable members of the committee to obtain the views of the developers (who were original parties to the contract), the unit owners, and to discuss the broader ramifications of such an amendment going forward. As a point of historical information, you should know that in May of 2002, the developer also requested permission of the Council to modify the contract terms by increasing the sales price due to changing market conditions and the rising cost of materials. This request was denied by the Council in August of 2002, on the basis that the original policy of the Council should not be changed, the contract contained the maximum sales price which the developer agreed to accept at the onset and to change the sales price would lessen the pool of individuals who would qualify.

Please feel free to contact me if you have any questions.

Very truly yours,



Robin L. Edwards
Assistant Corporation Counsel

Enclosure

cc: Robert J. Yamin, Corporation Counsel
Laszlo L. Pinter, Deputy Corporation Counsel
Scott T. LeRoy, Director of Health Housing and Welfare
Dennis I. Elpern, Director of Planning and Zoning
Paul Schierloh, Associate Director of Health, Housing and Welfare
Michael McLachlan, Administrative Assistant to Mayor



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CITY COUNSEL

CITY OF DANBURY

HEALTH, HOUSING & WELFARE DEPARTMENT
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203 - 797-4625
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Central Welfare Office
203 - 797-4569
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December 15, 2006

TO: Robin Edwards, Assistant Corporation Council

FR: Paul Schierloh, Associate Director of Health, Housing and Welfare 

RE: Resale Index for Maple Village Condominiums

This is to confirm that we agree with Les Pinter's suggestion to replace the current Resale Index for the affordable units at Maple Village Condominiums with the procedure in the Liberty Terrace deed restrictions set forth under "Option A: Maximum Resale Price Calculated by Consumer Price Index." This would provide a proven method of calculating a maximum resale price that allows for the cost of inflation plus appreciation of one-percent per year. The Liberty Terrace formula tied to the CPI would be preferable to the current index tied to changes in HUD's median income figures, which are more reflective of population characteristics than housing market trends and conditions. We recommend and request that there be only one method for calculating a resale price rather than two options.

We also note that the same resale index in the Maple Village agreement is included in the agreements for Camelot Court and Poplar Park. We recommend and request that if the Common Council feels that a change is warranted, that all three agreements be changed accordingly in the interest of fairness and consistency.

Cc: Scott T. LeRoy, Director of Health, Housing and Welfare
Susan Zaborowski, Fair Housing Officer