

**AFFORDABILITY PLAN FOR  
83 INCHCLIFFE DRIVE  
GALES FERRY, CONNECTICUT**

**April , 2010**

**Submitted by Mark C. Coen  
to the  
Ledyard Planning and Zoning Commission**

PREPARED BY:  
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**DEFINITIONS:**

**“Community”** -- means the 83 Inchcliffe Drive, a **3** unit townhouse, approved by the Ledyard Planning and Zoning Commission, as more fully described in **Schedule A**. The site plan is on file with that Commission.

**“Housing Opportunity District Unit” or “HOD Unit”** – means the unit within the townhouse that is subject to long-term price restrictions as set forth in this plan.

**“Developer”** – means Mark C. Coen, or his heirs and assigns.

**I. Homes Designated for Affordable Housing.**

Thirty percent (30%), or **one** (1), of the units of the Community will be designated as affordable housing units, as defined by Conn. Gen. Stat. Section 8-30g. The specific unit designated as affordable housing (to be called “HOD Unit”) is identified in **Schedule B** attached hereto.

**II. Forty (40) Year Period.**

The HOD Unit shall be designated as affordable for forty (40) years. The period shall begin on the date the certificate of occupancy is issued for the HOD Unit.

**III. Pro-Rata Construction.**

As the development consists of one house, all of the units, including the HOD Unit shall be built simultaneously. It is the Developer’s intent, therefore, to build and offer for sale all of the units simultaneously. All three units are to be rented out. This is merely a stated intention, not a requirement of the approval by Ledyard nor of this Affordability Plan. The Developer anticipates a build out and absorption period of one year, based upon his experience with other projects within the Ledyard market.

**IV. Nature of Construction of HOD Homes and Market-Rate Homes.**

Each of the Units in the Community, shall be a one-bedroom unit, and substantially the same size and layout, in compliance with the minimum specification which include square footage, exterior finishes, interior materials, and amenities set forth in **Schedule C** of this Affordability Plan. It is the intent of this section that the HOD Unit shall be comparable in size, quality, and appearance to the other two Units.

**V. Entity Responsible for Administration and Compliance.**

This Affordability Plan will be administered by \_\_\_\_\_, its designees or assigns. (“Administrator”).

The Administrator shall be responsible for:

- (A) ensuring that households applying for affordable units qualify within applicable maximum income limits;
- (B) assuring the accuracy of sale or resale prices or rents and providing documentation where necessary to buyers, sellers, lessors, lessees and financing institutions;
- (C) maintaining minimum percentages of set-aside development;
- (D) reporting compliance to the municipality; and
- (E) executing the affirmative fair housing market plan.

In the event that the Administrator is unable to perform the duties set forth in this plan, the Developer shall have the authority to designate a successor Administrator. The Developer will be responsible for all advertising and marketing requirements for initial sales under this Plan.

#### **VI. Notice of Initial Rental of HOD Homes.**

Except as provided in Section X hereof, the Developer shall provide notice of the availability of the HOD Unit for rent (the "Notice of Initial Rental"). Such notices shall be provided in accordance with the Affirmative Fair Housing Marketing Plan as outlined in Section VIII. Such notice shall include a description of the available HOD Unit, the eligibility criteria for potential renters, the Maximum Price Point Rental (as hereinafter defined), and the availability of application forms and additional information. All such notices shall comply with the federal Fair Housing Act, 42 U.S.C. Section 3601 et seq. and the Connecticut Fair Housing Act, Conn. Gen. Stat. Sections 46a-64b, 64c (together, the "Fair Housing Acts").

#### **VII. Purchaser Eligibility.**

The one affordable Unit shall be offered to families whose income is less than or equal to sixty percent (60%) of the area or statewide median income, whichever is less. The area and statewide median income shall be as determined by the U.S. Department of Housing and Urban Development ("HUD").

#### **VIII. Resident Eligibility.**

Eligibility of applicants to lease the HOD Unit shall be determined by the Administrator in accordance with this Plan and Conn. Gen. Stats. § 8-30g as amended.

#### **IX. Application Process.**

A family or household seeking to rent one of the HOD Unit ("Applicant") must complete an application to determine eligibility. The application form and process shall comply with the Fair Housing Act.

- A. *Application Form.*

The application form shall be provided by the Administrator and shall include an income pre-certification eligibility form and an income certification form. In general, income for purposes of determining an Applicant's qualification shall include the Applicant family's total anticipated income from all sources for the twelve (12) month period following the date the application is submitted ("Application Date"). If the Applicant's financial disclosures indicate that the Applicant may experience a significant change in the Applicant's future income during the twelve (12) month period, the Administrator shall not consider this change unless there is a reasonable assurance that the change will in fact occur. The Applicant's income need not be re-verified after the time of initial purchase. In determining what is and is not to be included in the definition of family annual income, the Administrator shall use the criteria set forth by HUD and listed on **Schedule D**, attached.

*B. Applicant Interview.*

The Administrator shall interview an Applicant upon submission of the completed application. Specifically, the Administrator shall undertake the following:

1. Review with the Applicant all the information provided on the application.
2. Explain to the Applicant the requirements for eligibility, verification procedures, and the penalties for supplying false information.
3. Verify that all sources of family income and family assets have been listed in the application. The term "family" shall be as defined by the Connecticut Agency Regulations, Conn. Gen. Stat. § 8-37ee-1, as amended.
4. Request the Applicant to sign the necessary release forms to be used in verifying income. Inform the Applicant of what verification and documentation must be provided before the application is deemed complete.
5. Inform the Applicant that a certified decision as to eligibility cannot be made until all items on the application have been verified.

*C. Verification of Applicant's Income.*

Where it is evident from the income certification form provided by the Applicant that the Applicant is not eligible, additional verification procedures shall not be necessary. However, if the Applicant appears to be eligible, the Administrator shall issue a pre-certification letter. The letter shall indicate to the Applicant and the Developer that the Applicant is income eligible, subject to the verification of the information provided in the Application. The letter will notify the Applicant that he/she will have

thirty (30) days to submit all required documentation.

If applicable, the Applicant shall provide the documentation listed on **Schedule E** attached hereto, to the Administrator. This list is not exclusive, and the Administrator may require any other verification or documentation, as the Administrator deems necessary.

**X. Prioritization of Applicants for Initial Rental.**

If, after publication of the Notice of Initial Rental as described in Section VI hereof, the number of qualified Applicants exceeds the number of HOD Unit, then the Administrator shall establish a priority list of applicants based on a “first come, first served” basis, subject to the applicant’s income pre-certification eligibility and the preferences as established in this Section X. The HOD Unit will then be offered according to the applicant’s numerical listing.

**Maximum Initial Rental Price Point.**

**XI.**

Calculation of the maximum initial rental price (“Maximum Initial Rental Price”) for the HOD Unit, so as to satisfy Conn. Gen. Stat. Sections 8-30g, shall utilize the lesser of the area median income data for the Town or the statewide median income as published by HUD as in effect on the day a purchase and sale agreement is accepted by the owner of the HOD Home (“Owner”). The Maximum Initial Rental Price shall be calculated as follows:

(Using Norwich-New London Metropolitan Statistical Area income level of \$)

**Example of Calculation of Sales Price for a 1 bedroom home for a family earning less than 60% of Median Income:**      **Sample computations based on FY 2009 data.**

1.	Determine lower of area or statewide median Income for a family of four (4):	\$ 80,500
2.	Determine the adjusted income for a household of 1.5 persons by calculating 75% of item 1:	\$ 60,375
3.	Calculate 60% of item 2:	\$ 36,225
4.	Calculate 30% of item 3 representing the maximum portion of a family’s income that may be used for housing:	\$ 10,868
5.	Divide item 4 by twelve (12) to determine the maximum monthly outlay:	\$ 906

- |    |  |        |
|----|--|--------|
| 6. | Determine the fair market rent for a unit with the same number of bedrooms in the subject municipality as published by HUD.            | \$ 878 |
| 7. | The maximum monthly housing payment for occupants of the subject rental unit shall be the lesser of the calculations in Items 5 and 6. | \$ 878 |
| 8. | Determine by reasonable estimate monthly expenses, including utilities (\$180) and insurance (\$30):                                   | \$ 210 |
| 9. | Subtract item 6 from item 5 to determine the amount available for rental payments:   | \$ 668 |

**XII. Principal Residence.**

The HOD Unit shall be occupied only as a Renter's principal residence. Sub-leasing of HOD Unit by the Owner shall be prohibited.

**XIII. Requirement to Maintain Condition.**

All Renters are required to maintain their Units. The Renters shall not destroy, damage or impair the Unit, allow the Unit to deteriorate, or commit waste on the Unit. When a HOD Unit is offered for re-rental, the Administrator may cause the home to be inspected.

**XIV. Change of Income or Qualifying Status of Resident.**

In the event that a Renter's income changes so as to exceed the qualifying maximum, or if the Renter otherwise becomes disqualified, such Renter must provide notice to the Administrator within seven (7) days of the disqualification. When a Renter becomes disqualified, the Administrator shall require the Renter to vacate the HOD Unit within sixty (60) days. The Administrator (or owner, if the Administrator is not the owner) in the Administrator's sole discretion may elect to move the Renter to a market rate apartment if the Renter satisfies the Administrator's (or owner's) normal criteria for such unit.

**XV. Enforcement**

A violation of this Affordability Plan or the Deed Restrictions shall not result in a forfeiture of title, but the Ledyard Planning and Zoning Commission or its designated agent shall otherwise retain all enforcement powers granted by the Connecticut General Statutes, including Section 8-12, which powers include, but are not limited to, the authority, at any reasonable time, to inspect the property and to examine the books and records of the Administrator to determine compliance of HOD Homes with the affordable

housing regulations.

**SCHEDULE A – PROPERTY DESCRIPTION**

Description of Property, being some 43.560± Square Feet located on Inchcliffe Drive,  
Ledyard:

**SCHEDULE B – IDENTIFICATION OF HOD UNIT**

**Unit Number: 2**



Living Room  
Dining Room  
Kitchen  
1 Parking Space

## **SCHEDULE D - DEFINITIONS AND ELEMENTS OF ANNUAL FAMILY INCOME**

1. Annual income shall be calculated with reference to 24 C.F.R. § 5.609, and includes, but is not limited to, the following:
  - a) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, bonuses and other compensation for personal services;
  - b) The net income from operations of a business or profession, before any capital expenditures but including any allowance for depreciation expense;
  - c) Interest, dividends, and other net income of any kind from real or personal property;
  - d) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, or other similar types of periodic payments;
  - e) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay;
  - f) Welfare assistance. If the welfare assistance payments include an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance to be included as income consists of the following:
    - (1) The amount of the allowance exclusive of the amounts designated for shelter or utilities, plus
    - (2) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities;
  - g) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing with the Applicant (e.g. periodic gifts from family members, churches, or other sponsored group, even if the gifts are designated as rental or other assistance);
  - h) All regular pay, special pay and allowances of a member of the armed forces;
  - i) Any assets not earning a verifiable income shall have an imputed interest income using a current average annual savings interest rate.
2. Excluded from the definition of family annual income are the following:
  - a) Income from employment of children under the age of 18;

- b) Payments received for the care of foster children;
  - c) Lump-sum additions to family assets, such as inheritances, insurance payments, capital gains and settlement for personal or property losses;
  - d) Amounts received that are specifically for, or in reimbursement of, the cost of medical expense for any family member;
  - e) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran in connection with education costs;
  - f) Amounts received under training programs funded by HUD;
  - g) Food stamps; and
  - h) Temporary, nonrecurring or sporadic income (including gifts that are not regular or periodic).
3. Net family assets for purposes of imputing annual income include the following:
- a) Cash held in savings and checking accounts, safety deposit boxes, etc.;
  - b) The current market value of a trust for which any household member has an interest;
  - c) The current market value, less any outstanding loan balances of any rental property or other capital investment;
  - d) The current market value of all stocks, bonds, treasury bills, certificates of deposit and money market funds;
  - e) The current value of any individual retirement, 401K or Keogh account;
  - f) The cash value of a retirement or pension fund which the family member can withdraw without terminating employment or retiring;
  - g) Any lump-sum receipts not otherwise included in income (i.e., inheritances, capital gains, one-time lottery winnings, and settlement on insurance claims);
  - h) The current market value of any personal property held for investment (i.e., gems, jewelry, coin collections); and
  - i) Assets disposed of within two (2) years before the Application Date, but only to the extent consideration received was less than the fair market value of the asset at the time it was sold.
4. Net family assets do not include the following:
- a) Necessary personal property (clothing, furniture, cars, etc.);
  - b) Vehicles equipped for handicapped individuals;
  - c) Life insurance policies;

- d) Assets which are part of an active business, not including rental properties; and
- e) Assets that are not accessible to the Applicant and provide no income to the Applicant.

## **SCHEDULE E - DOCUMENTATION OF INCOME**

The following documents shall be provided, where applicable, to the Administrator to determine income eligibility:

1. **Employment Income**

Verification forms must request the employer to specify the frequency of pay, the effective date of the last pay increase, and the probability and effective date of any increase during the next twelve (12) months. Acceptable forms of verification (of which at least one must be included in the Applicant file) include:

  - a) An employment verification form completed by the employer.
  - b) Check stubs or earnings statement showing Applicant's gross pay per pay period and frequency of pay.
  - c) W-2 forms if the Applicant has had the same job for at least two years and pay increases can be accurately projected.
  - d) Notarized statements, affidavits or income tax returns signed by the Applicant describing self-employment and amount of income, or income from tips and other gratuities.
2. **Social Security, Pensions, Supplementary Security Income, Disability Income**
  - a) Benefit verification form completed by agency providing the benefits.
  - b) Award or benefit notification letters prepared and signed by the authorizing agency. (Since checks or bank deposit slips show only net amounts remaining after deducting SSI or Medicare, they may be used only when award letter cannot be obtained.)
  - c) If a local Social Security Administration (SSA) office refuses to provide written verification, the Administrator should meet with the SSA office supervisor. If the supervisor refuses to complete the verification forms in a timely manner, the Administrator may accept a check or automatic deposit slip as interim verification of Social Security or SSI benefits as long as any Medicare or state health insurance withholdings are included in the annual income.
3. **Unemployment Compensation**
  - a) Verification form completed by the unemployment compensation agency.
  - b) Records from unemployment office stating payment

- dates and amounts.
4. Government Assistance
    - a) All Government Assistance Programs. Agency's written statements as to type and amount of assistance Applicant is now receiving, and any changes in assistance expected during the next twelve (12) months.
    - b) Additional Information for "As-paid" Programs: Agency's written schedule or statement that describes how the "as-paid" system works, the maximum amount the Applicant may receive for shelter and utilities and, if applicable, any factors used to ratably reduce the Applicant's grant.
  5. Alimony or Child Support Payments
    - a) Copy of a separation or settlement agreement or a divorce decree stating amount and type of support and payment schedules.
    - b) A letter from the person paying the support.
    - c) Copy of latest check. The date, amount, and number of the check must be documented.
    - d) Applicant's notarized statement or affidavit of amount received or that support payments are not being received and the likelihood of support payments being received in the future.
  6. Net Income from a Business

The following documents show income for the prior years. The Administrator must consult with Applicant and use this data to estimate income for the next twelve (12) months.

- a) IRS Tax Return, Form 1040, including any:
  - (1) Schedule C (Small Business)
  - (2) Schedule E (Rental Property Income)
  - (3) Schedule F (Farm Income)
- b) An accountant's calculation of depreciation expense, computed using straight-line depreciation rules. (Required when accelerated depreciation was used on the tax return or financial statement.)
- c) Audited or unaudited financial statement(s) of the business.
- d) A copy of a recent loan application listing income derived from the business during the previous twelve (12) months.
- e) Applicant's notarized statement or affidavit as to net income realized from the business during previous years.

7. Recurring Gifts
  - a) Notarized statement or affidavit signed by the person providing the assistance. Must give the purpose, dates and value of gifts.
  - b) Applicant's notarized statement or affidavit that provides the information above.
8. Scholarships, Grants, and Veterans Administration Benefits for Education
  - a) Benefactor's written confirmation of amount of assistance, and educational institution's written confirmation of expected cost of the student's tuition, fees, books and equipment for the next twelve (12) months. To the extent the amount of assistance received is less than or equal to actual educational costs, the assistance payments will be excluded from the Applicant's gross income. Any excess will be included in income.
  - b) Copies of latest benefit checks, if benefits are paid directly to student. Copies of canceled checks or receipts for tuition, fees, books, and equipment, if such income and expenses are not expected to changed for the next twelve (12) months.
  - c) Lease and receipts or bills for rent and utility costs paid by students living away from home.
9. Family Assets Currently Held

For non-liquid assets, collect enough information to determine the current cash value (i.e., the net amount the Applicant would receive if the asset were converted to cash).

  - a) Verification forms, letters, or documents from a financial institution, broker, etc.
  - b) Passbooks, checking account statements, certificates of deposit, bonds, or financial statements completed by a financial institution or broker.
  - c) Quotes from a stock broker or realty agent as to net amount Applicant would receive if Applicant liquidated securities or real estate.
  - d) Real estate tax statements if tax authority uses approximate market value.
  - e) Copies of closing documents showing the selling price, the distribution of the sales proceeds and the net amount to the borrower.
  - f) Appraisals of personal property held as a investment.
  - g) Applicant's notarized statements or signed affidavits describing assets or verifying the amount of cash held at the Applicant's home or in safe deposit boxes.

10. Assets Disposed of for Less Than Fair Market Value ("FMV") During Two Years Preceding Application Date
  - a) Applicant's certification as to whether it has disposed of assets for less than FMV during the two (2) years preceding the Application Date.
  - b) If the Applicant states that it did dispose of assets for less than FMV, then a written statement by the Applicant must include the following:
    - (1) A list of all assets disposed of for less than FMV,
    - (2) The date Applicant disposed of the assets,
    - (3) The amount the Applicant received, and
    - (4) The market value to the asset(s) at the time of disposition.
11. Savings Account Interest Income and Dividends
  - a) Account statements, passbooks, certificates of deposit, etc., if they show enough information and are signed by the financial institution.
  - b) Broker's quarterly statements showing value of stocks or bonds and the earnings credited the Applicant.
  - c) If an IRS Form 1099 is accepted from the financial institution for prior year earnings, the Administrator must adjust the information to project earnings expected for the next twelve (12) months.
12. Rental Income from Property Owned by Applicant  
The following, adjusted for changes expected during the next twelve (12) months, may be used:
  - a) IRS Form 1040 with Schedule E (Rental Income).
  - b) Copies of latest rent checks, leases, or utility bills.
  - c) Documentation of Applicant's income and expenses in renting the property (tax statements, insurance premiums, receipts for reasonable maintenance and utilities, bank statements or amortization schedule showing monthly interest expense).
  - d) Lessee's written statement identifying monthly payments due the Applicant and Applicant's affidavit as to net income realized.
13. Full-Time Student Status
  - a) Written verification from the registrar's office or appropriate school official.
  - b) School records indicating enrollment for sufficient number of credits to be considered a full-time student by the school.

**SCHEDULE F - SAMPLE LEASE RIDER FOR HOD UNIT**

2010 RIDER TO THE LEASE AGREEMENT FOR AFFORDABLE INCOME APARTMENT.

1. TERMS AND PROVISIONS.

The annexed Lease Agreement for an affordable housing apartment home is for a term of at least one (1) year.

This apartment is being rented as an "affordable housing unit" as defined by Section 8-30g of the Connecticut General Statutes and is to be rented at or below the lesser of 60% of the area median income for Ledyard or the State Media Income as determined by the United States Department of Housing and Urban Development ("HUD"). (Rates are determined on an annual basis.) This development has been approved by the Ledyard Planning and Zoning Commission based in part on the condition that a defined percentage of apartment homes will be rented as affordable housing apartment homes. The Landlord is required by law to strictly enforce these restrictions.

2. INCOME LIMITS

Prior to the commencement of the lease term, resident must provide Landlord with a copy of his or her most recently filed Federal Income Tax Return (Form 1040 or 1040A) or any other proof requested or allowed by law for the purpose of verifying income. Resident must certify that such proof is true and accurate and that the total annual income of all the members of the Resident's family who will occupy the apartment subject to this lease does not exceed the amount set forth below which applies to the number of persons in the Resident's family who will be residing in the subject apartment:

FAMILY SIZE:

<u>1</u>	<u>2</u>
\$ _____	\$ _____

3. MAXIMUM RENTS

Notwithstanding anything in the Lease Agreement to the contrary, the total rent for the affordable housing apartment home shall not exceed the amounts set forth below:

MAXIMUM RENT	ACTUAL RENT (Less a Utility Allowance)
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Annual:       \$ \_\_\_\_\_  
Monthly:     \$ \_\_\_\_\_                               \$ \_\_\_\_\_

4.     UTILITY ALLOWANCE

The monthly rent for an affordable housing rental unit does not includes a monthly allowance for utilities, which the Resident is expected to provide for on his or her own.

5.     CERTIFICATION OF INCOME

Prospective residents will be required to fill out an application form containing detailed instructions for calculating their family income and allowing the Landlord to verify the information. Applicants will be required to sign a verification of their review and understanding of the income maximums, the penalties for false information, and the allowable procedures in the event that their income increases at some future time above the allowable maximum. Incomes for resident(s) in each affordable unit will be re-verified annually at the time of the lease renewal.

This Agreement shall terminate and the Renter may be evicted for failure to qualify, if the Renter has falsely certified family income or family composition. Such false certification constitutes a material noncompliance under the Lease Agreement. Renter is obligated to provide such subsequent re-certification of income as the Landlord shall require.

The Town of Ledyard will be entitled to inspect the income statements of the residents of the affordable housing unit upon which the Administrator bases the certification.

6.     CHANGE OF INCOME

In the event that an affordable unit resident's income changes so as to exceed the qualifying maximum or if the resident otherwise becomes disqualified, such resident must provide notice to the Landlord's representative within seven (7) days of the disqualification. Upon being disqualified, such resident, following the procedures set forth below, shall vacate the unit within ninety (90) days.

7.     LANDLORD'S RIGHT TO INCREASE RENT

The Landlord reserves the right to adjust the rent on an annual basis based upon the fair market rental limits published by HUD.

8.     NO SUBLETTING OR ASSIGNMENT

Subletting of the affordable unit shall be prohibited. In addition, the affordable

unit shall be occupied as the resident's principal residence.

#### 9. RESTRICTIONS ON USE

No portion of the residence may be at any time during the term of this Agreement be used on a transient basis, for example as a motel, hotel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium or rest home.

#### 10. ACCESS TO COMMON FACILITIES

Residents shall be given equal access with other Residents, at an equal charge if any, to all on-site common facilities.

#### 11. INTERPRETATION

Unless otherwise indicated, the terms used herein shall have the same meaning ascribed to them in the main body of this Lease Agreement. This shall control any conflict between the terms herein and the Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Rider to the Lease Agreement on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

RESIDENT:

\_\_\_\_\_

\_\_\_\_\_

PRINT NAME

\_\_\_\_\_

PRINT NAME

\_\_\_\_\_

DATE

\_\_\_\_\_

LANDLORD

\_\_\_\_\_