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PLEASE RESPOND TO DANBURY OFFICE

May 24, 2007

Hand-Delivered

*OF COUNSEL
**ALSO ADMITTED IN NEW YORK
***ALSO ADMITTED IN PENNSYLVANIA

Mr. Joseph M. Cavo
President
Danbury Common Council
City Hall
155 Deer Hill Avenue
Danbury, CT 06810

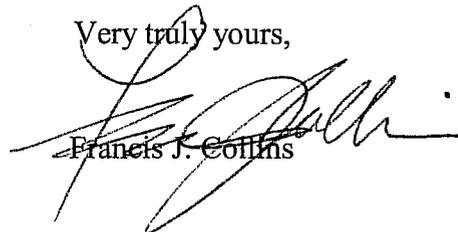
RE: Affordable Housing Contract
Caroline Commons
26 South Street, Danbury, CT

Dear Mr. Cavo:

Enclosed please find two copies of proposed Contract between the City of Danbury and my client, Codfish Hill Construction, LLC for review and approval by the City pursuant to Section 4.B.7 d.(1) of the Zoning Regulations. The Special Exception and Site Plan for this project were approved by the Planning Commission on April 18, 2007. The Contract has been reviewed by the City's Corporation Counsel's office and approved as to form.

If the Council has any questions pertaining to this Contract, do not hesitate to contact me.

Very truly yours,


Francis J. Collins

FJC:pkf
Enclosures

CONTRACT

BETWEEN

CODFISH HILL CONSTRUCTION, LLC

CAROLINE COMMONS

and

THE CITY OF DANBURY

AFFORDABLE HOUSING APPLICATION

Agreement made this day of 2007, by and between Codfish Hill Construction, LLC (the "Applicant") of 45 Codfish Hill Road, Bethel, Connecticut 06801 and The City of Danbury of 155 Deer Hill Avenue, Danbury, Connecticut 06810.

WITNESSETH:

Whereas, the Applicant is the owner of property located on 26 South Street in Danbury, Connecticut (the "Property");

Whereas, on or about December 12, 2006, Codfish Hill Construction, LLC, applied to the Planning Commission of The City of Danbury (the "Commission") for approval of its Special Exception Application pursuant to Section 4.B.7 of the Danbury Zoning Regulations (the "Regulations"); and

Whereas, Section 4.B.7 of the Regulations allows developers of property in the RMF-4 zoning district to exceed density limits in exchange for the set aside of units in a development as affordable housing units; and

Whereas, Section 4.B.7(1) provides that to be eligible for the density bonus, the Applicant must submit evidence showing compliance with Section 8-2g of the Connecticut General Statutes; and

Whereas, Section 8-2g of the Connecticut General Statutes and Section 4.B.7 of the Regulations require that the developer submit a proposed contract with Danbury regarding the affordable housing units; and

Whereas, the Commission held a public hearing on March 7, 2007, on the Applicant's application, which public hearing was closed on March 21, 2007; and

Whereas, on April 18, 2007, the Commission approved the Applicant's application for Special Exception pursuant to Section 4.B.7 of the Regulations, subject to the following conditions:

Now therefore, in consideration of the covenants and conditions contained herein, the parties hereto agree as follows:

1. **DEVELOPMENT OF PROPERTY:** Pursuant to Section 4.B.7 of the Danbury Zoning Regulations, the Applicant will develop the property described in Schedule A annexed hereto as a Thirteen (13) unit Garden Apartment project.

(a) Codfish Hill Construction, LLC will have two (2) dwelling units conveyed by deeds containing covenants or restrictions requiring said units to be sold or rented at, or below, prices which will preserved the units as affordable housing, as defined in § 8-39a of the Connecticut General Statutes (the "Affordable Housing Units").

(b) The Affordable Housing Units shall be offered for sale or rent only to persons and families whose income is less than or equal to the area median income for Danbury as determined by the United States Department of Housing and Urban Development (hereinafter "HUD") for at least thirty (30) years from the date of completion of each such unit, as evidenced by the issuance of a Certificate of Zoning Compliance.

(c) For the purposes of determining the eligibility of applicants for the affordable units, "income" shall mean "adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes."

(d) The applicant shall notify the City of Danbury Fair Housing Officer in writing of the date the units will first be offered for sale, thirty (30) days in advance of said date, so that affirmative marketing outreach may be implemented by the City of Danbury,

(e) The sale price or amount of any rent for any such unit of affordable housing shall not exceed that amount which is set forth on Schedule E attached hereto. Any reasonable periodic increase of the sale price or amount of rent shall be based on the formulas set forth on Schedule E attached hereto.

(f) The affordable housing units shall be conveyed by deed, including covenants, which incorporate the terms and conditions contained in this Contract, which covenants shall run with the land and shall be enforceable by the City of Danbury. Upon sale or resale of an affordable housing unit, the deed shall reflect the actual consideration paid. A form of the proposed deed is attached hereto as Schedule F.

(g) The restrictions contained in this Contract regarding the affordable housing units shall also apply to the resale or subsequent lease of any such unit, the purchase and subsequent leasing of any such unit and the conversion to the common interest form of

ownership and subsequent sale of any such unit of affordable housing during and for the remaining term of such thirty (30) year period.

(h) The affordable housing units shall be of comparable size and workmanship and materials as all of the other units being constructed in this development.

(i) Prior to any sale or resale or lease of an affordable housing unit, the developer or his duly authorized agent, shall provide the prospective purchaser with a listing prepared by the Department of Health, Housing and Welfare of the current median family income for Danbury as determined by HUD along with the annual Danbury median family income figures for the prior five (5) years.

2. **DESIGNATED UNITS:** Those units designated as affordable housing are identified on Schedule C attached hereto.

3. **PROCEDURE FOR DESIGNATION OF AFFORDABLE HOUSING UNITS:**

(a) Affordable housing units shall be constructed concurrent with other dwelling units included with the application for special exception. Zoning permits and certificates of compliance shall be issued for affordable and other dwelling units on a one-for-one basis to ensure that all affordable housing units are completed and offered for sale or lease under the terms of this agreement. The Zoning Enforcement Officer (the "ZEO") shall refuse to issue any zoning permits or certificates of compliance if **Codfish Hill Construction, LLC**, is not in compliance with this one-for-one requirement, and, unless and until the requirement has been met.

(b) For any unit to qualify as an "Affordable Unit," there shall be submitted to the ZEO of the City of Danbury or his/her authorized agent, not less than fifteen (15) days prior to the transfer of title, or if a rental unit, commencement of the lease term of such dwelling unit, the following documents:

(i) a copy of the Contract between the seller and the purchaser or Lease between the lessor and the lessee;

(ii) a copy of the proposed deed or lease; and

(iii) an affidavit signed and sworn to by the purchaser or lessee and substantially in the form as Schedule B attached hereto.

(c) the ZEO shall be prohibited from issuing a Certificate of Zoning Compliance ("Certificate") with regard to such dwelling unit until such time as he/she shall have received all of the documentation and information required under Subparagraph (b) above and until the ZEO verifies in writing and recordable form that, based upon the information provided in said documents, the dwelling unit will qualify as an Affordable Housing Unit upon the sale to such purchaser or lease to such lessee.

Within ten (10) days after receipt of said documents, fully completed and legible, the ZEO shall either (i) issue such verification in writing and in recordable form as provided for immediately above, or (ii) issue a written statement detailing why such verification is not being issued. Failure of the ZEO) to issue either of such documents shall be deemed a verification by the ZEO that such dwelling unit, based upon the information provided in said documents, is an Affordable Housing Unit. In such event, the Applicant may file an Affidavit on the Danbury Land Records pursuant to Connecticut General Statutes Section 47-12a attesting to such deemed verification.

Upon such approval or verification of such documentation by the ZEO and compliance with all other applicable provisions of the Zoning Regulations, a Certificate shall be issued and the same shall contain a notation as follows:

Note: The foregoing dwelling unit is subject to all the terms and provisions relating to an "Affordable Housing Unit" contained in the City of Danbury Planning Commission's grant of Special Exception regarding **Codfish Hill Construction, LLC**, recorded in _____, at Pages _____ of the Danbury Land Records.

Any Certificate of Zoning Compliance regarding an affordable housing unit shall be recorded by the Applicant on the Land Records of the City of Danbury no later than five (5) days from the date that such Certificate is issued by the Zoning Enforcement Officer (ZEO) of the City of Danbury.

(d) To the extent that market demand for Affordable Housing Units is insufficient to absorb available dwelling units, the Applicant shall include in its advertising such information relating to the availability of Affordable Housing Units as it deems appropriate to increase market demand for such housing. Notwithstanding the foregoing and for so long as there shall remain unsold, not under Contract, or not leased Affordable Housing Units, the Applicant shall adopt and carry out an advertising program whereby the existence of such Affordable Housing Units is made known within the Applicant's area. Such advertising shall be comparable to the other advertising of market rate units and may be separate or combined with such advertising for the market rate units.

(e) Not less than fifteen (15) days prior to any subsequent transfer of title or, if a rental unit, commencement of **any new or extended lease term or lease for any such Affordable Housing Unit**, the seller or lessor shall deliver to the PLANNING AND ZONING DEPARTMENT all of the documents and information required to be submitted pursuant to the provisions of Paragraph 3(b) above, which information shall confirm that such transfer shall maintain such dwelling as an Affordable Housing Unit. No closing on the sale or occupancy pursuant to a Lease shall take place until the ZEO verifies in writing and recordable form that, based upon the information provided in said documents, the unit qualifies as an Affordable Housing Unit upon the subsequent transfer

(f) The Lease of any Affordable Housing Unit may not be extended or renewed at the end of its terms without again going through the same process as set forth in this

Paragraph. The ZEO of the City of Danbury periodically may demand from the lessor of any such dwelling unit, the lessee and/or sublessee of any such unit, a statement or statements showing the income(s) of the lessee(s) as the case may be. If the ZEO determines that the tenant of the unit does not qualify for an Affordable Housing Unit within the meaning of §8-39a of the Connecticut General Statutes, as amended, the owner or lessor as the case may be, shall not renew the lease with the particular lessee at the end of the lease term, unless immediately prior thereto, additional documentation is delivered to the ZEO, which shows that the proposed lessee has income which will qualify the unit as an Affordable Housing Unit.

The provisions of Paragraph 3(c) above relating to the automatic verification by the ZEO for failure to respond within ten (10) days after complete and legible documentation has been presented as required herein shall also apply to this Paragraph.

(g) Standard Lease Provision: Each lease for an Affordable Housing Unit will contain substantially the following provisions:

This unit is being rented as an "affordable housing unit" as defined in Connecticut General Statutes Section 8-39a, and is available only to persons or families whose income is at or below the area median income for Danbury as determined by the U.S. Department of Housing and Urban Development. This development has been approved by the Danbury Planning Commission based in part on the condition that a defined percentage of units will be rented as affordable housing units. The owner is required by law to strictly enforce these restrictions.

(h) The time period during which Affordable Housing Units have been rented as affordable housing units shall count toward the thirty (30) year restriction period and previously leased Affordable Housing Units converted to ownership shall be restricted only for the remaining portion of such thirty (30) year period.

(i) The declarant of the common interest ownership community or the common interest ownership association, if it becomes responsible for the management of the property, shall assume responsibility for ensuring that sales and resales of affordable housing units occur in compliance with applicable restrictions and for compliance reporting as set forth in Section 10.E.3.

(j) The authorized agent of the ZEO for the purpose hereof, may include the Department of Health, Housing and Welfare of the City of Danbury.

Notwithstanding anything herein to the contrary, the Applicant shall not be required to conform to any regulation to which it is not required to conform under the applicable Affordable Housing Regulations of the Connecticut General Statutes.

4. RECORDATION:

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SCHEDULE A

(Description of Premises)

ALL THAT CERTAIN piece or parcel of land described

SCHEDULE B

AFFIDAVIT OF PURCHASER/LESSEE

CODFISH HILL CONSTRUCTION, LLC CONDOMINIUMS

**CONFIDENTIAL - NOT SUBJECT TO DISCLOSURE UNDER
THE CONNECTICUT FREEDOM OF INFORMATION ACT**

DATE: _____

TO: Zoning Enforcement Officer, City of Danbury

FROM: Unit # _____, Codfish Hill Construction, LLC Condominiums, Danbury, Connecticut, property

Proposed Closing date (if sale) / Commencement of Lease (if rental): _____
(Must be at least 15 days after submission of this Affidavit)

I/We hereby attest to the following:

I/We intend to purchase or lease an "Affordable Housing Unit" as defined in Connecticut General Statutes Section 8-39a.

I/We understand that there are certain restrictions governing the sale, lease and re-sale of such Affordable Housing Units, including income limits.

1. The total purchase price for the above property is \$ _____
2. The monthly rent for the property is \$ _____
3. Amount of down payment is \$ _____
4. The area median income of the City of Danbury is \$ _____
(Verification Attached)
5. I/We hereby certify to the City of Danbury that our income of \$ _____ is equal to or less than the area median income for the City of Danbury (as determined by the U.S. Department of Housing and Urban Development). "Income" shall mean "adjusted gross income, as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes." I/we agree to provide verification of income by providing complete signed copies of the form 1040 Federal Income Return filed for the tax year preceding the date of this affidavit to the City of Danbury Department of Health, Housing and Welfare. I/We agree to file copies of additional 1040 returns

and back up documentation if requested by the City of Danbury Health, Housing and Welfare Department.

6. The following is a listing of the anticipated annual housing expenses for the property:

| | | | |
|--|----|----|-------|
| Mortgage or rent payments | ** | \$ | |
| Real Estate taxes | | \$ | |
| Casualty insurance | | \$ | |
| Sewer charges | | \$ | |
| Water charges | | \$ | |
| Community Association charges | | \$ | |
| Electricity (estimate)* | | \$ | |
| Heat (estimate)* | | \$ | _____ |
| Total: (Must not exceed 30% of the amount on line #4 above) | | \$ | _____ |

* TO BE BASED ON HUD FIGURES AVAILABLE FROM THE CITY OF DANBURY DEPARTMENT OF HEALTH & HOUSING.

** Monthly rent payments do not include utilities.

7. I/We intend to occupy the Affordable Housing Unit as my/our principal residence.

8. I/We have applied for a mortgage loan from the following lender:

Name

Street address

City State Zip Code

9. I/We hereby authorize the Zoning Enforcement Officer to furnish a copy of this Affidavit to my/our proposed lender,

10. Attached to this Affidavit are copies of the following documents:

- (a) Contract between the seller and purchaser;
- (b) Proposed Deed;
- (c) Proposed Lease;
- (d) Copies of signed 1040 return(s) filed for the preceding tax year.

11. I/We acknowledge and understand that any resale price will be calculated in accordance with the formula contained in Schedule E of this contract and that the

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sales price may or may not be increased upon the resale of this unit. I/We also understand that the resale index is based upon HUD median income calculations which may or may not increase from year to year.

I/We make this Affidavit under penalty of perjury.

Purchaser / Lessee

Purchaser / Lessee

Subscribed and sworn to, before me, this day of , 2007 .

Commissioner of the Superior Court
Notary Public
My Commission Expires _____

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SCHEDULE C

DESIGNATION OF AFFORDABLE HOUSING UNITS

The Affordable Housing Units will be 2-bedroom units identified as Units #9 and #10 in Caroline Commons.

SCHEDULE D

City's Approval of Special Exception to Housing Incentive Option

SCHEDULE E

SALES PRICE

The maximum sales price of the Affordable Housing units shall not exceed \$309,899.00 (the "Initial Sale Price") and the maximum monthly rental of the Affordable Housing units shall not exceed \$1,380.00 (the "Initial Rental Price"), provided that the sales/rental price may be reasonably periodically increased as follows:

- (1) The initial sales/rental price of an affordable housing unit shall be adjusted by the resale index (Index"). The Index shall mean the calculated percentage of change in the Danbury median income using the income guidelines as published by HUD. Said measure shall be calculated from the time of the initial sale or rental to the time of the resale or new rental. The initial sale/rental price shall be multiplied by the resale index to establish the maximum resale price or new rent amount.
- (2) The City, by approval of the Common Council, in its discretion, after recommendation and review by the Department of Health, Housing and Welfare, may revise the method of determining the maximum resale/rental price as set forth herein, if due to any substantial changes by HUD to the methodology used in determining the Danbury median income, the Council finds that comparison over time is not accurate or meaningful.

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SCHEDULE F

PROPOSED

WARRANTY DEED

CODFISH HILL CONSTRUCTION, LLC, a limited liability company organized and existing under the laws of the State of Connecticut, acting herein by Jeffrey C. Bruno, its Managing Member duly authorized, for consideration paid, grants to AS JOINT TENANTS,

with Warranty Covenants

That Condominium Unit situate in the City of Danbury, County of Fairfield and State of Connecticut designated as Unit _____, on that certain Declaration of Caroline Commons Condominiums, which Declaration is recorded in the land records of the City of Danbury, commencing at Volume _____, Page _____, to which reference may be had, as said Declaration is amended from time to time.

Said unit is conveyed together with all of the rights, privileges, covenants and easements as contained in the Declaration, and the By-Laws of _____ as the same may be amended from time to time and said Unit is conveyed subject to all of the covenants and conditions contained therein.

Said premises are also conveyed subject to the following:

1. As to units _____, terms and conditions of "Contract between Codfish Hill Construction, LLC and the City of Danbury, Affordable Housing Application," which contract is recorded in Volume _____ at Page _____ of the Danbury Land Records, which contract requires that the premises be sold or rented at or below, prices which will preserve the premises as affordable housing as defined in C.G.S. Sec. 8-39a, as the same shall be amended from time to time for a period of thirty (30) years after the issuance of a Certificate of Zoning Compliance for the premises .
2. Any and all provisions of any zoning, planning or other ordinance, municipal regulation or public or private law.
3. Taxes of the City of Danbury hereinafter due and payable, which taxes the grantee assumes and agrees to pay.

