

**A Review of the Proposed 8-30g "Affordability Plan"
For Application #24-"I Site"
For a 10-Site Mobile Manufactured Home Park at 59 Kings Highway**

April 10, 2024

Responses by the Applicant, Donco, LLC

1. If the Application is approved, will the Applicant submit a separate request to amend his permit to waive CGS §8-30g requirements (deed restrictions, income limits, sales price limits, administrator requirements, marketing requirements, monitoring requirements, and reporting requirements), based on the fact that the market value for non-deed restricted (market rate) single-section mobile homes in a mobile home park will be "affordable" for purchasers earning 60% and 80% of the area median income without its constraints? The Applicant should answer this question. The answer is no. CGS 8-30g only requires 30% of the homes to be deed restricted and local land use agencies have no authority to require higher percentage. It is correct that Ledyard's de facto supply of affordable housing will be increased by ten units, not just three.
2. CGS §8-30g-(b) requires (1) Any person filing an affordable housing application with a commission shall submit, as part of the Application, an Affordability Plan which shall include ... and "(E) draft zoning regulations, conditions of approvals, deeds, restrictive covenants or lease provisions that will govern the affordable dwelling units."

The Affordability Plan is incomplete because it does not include:

- a. A section titled: *Draft zoning regulations*
- b. A section titled: *Conditions of approvals*
- c. A section titled: *Restrictive covenants or lease provisions governing the affordable dwelling units*

The Applicant should include a site lease and a copy of the park's rules and regulations (or restrictive covenants) as part of the Affordability Plan. The lease and proposed rules and regulations (or restrictive covenants) must comply with Chapter 412 requirements for mobile home parks. This was addressed in response to the identical comment in Ms. Hodge's staff memo.

3. CGS §8-30g-(b) requires "... (1) Any person filing an affordable housing application with a commission shall submit, as part of the application, an affordability plan which shall include ..." [the] (A) Designation of the person, entity or agency that will be responsible for the duration [40 years] of any affordability restrictions, for the administration of the affordability plan and its compliance with the income limits and sale price or rental restrictions of this chapter."

Section V of the Affordability Plan states that "This Plan will be administered by the Developer or its designees, successors and assigns ("Administrator")."

However, the Developer is an LLC, and an LLC is not a "person, entity, or agency" that necessarily knows how to administer an "Affordability Plan." In addition, the Application does not indicate that "Donco, LLC" has the experience and qualifications to administer the Plan.

The Plan should designate the person, entity, or agency by name responsible for its 40-year administration.

The Plan should also describe the training or experience required to be the "administrator" or a successor "administrator."

The Plan does designate an administrator, Donco, LLC. It is patently incorrect to say that a Connecticut Limited Liability Company (LLC) is not "an entity." By state law, it is an entity.

4. Page 14 of the Affordability Plan shows that the mobile homes in the park will be 13' 4" in width and 66' in length, or 880 square feet. Page 7, Line 10, shows the maximum sales price of a home for a family earning less than 80% of the median income is \$218,509.63, which would be \$248/square foot, excluding the value of the land.

The \$218,509.63 is far more than the "market value" of any 880-square-foot single-section mobile home, excluding the land value.

For example, on March 28, Zillow.com showed a modern 924' single-section mobile home on a large lot at 932 Long Cove Rd in Gales Ferry listed for \$94,900, excluding the land rented for \$440/month. Zillow also showed a modern 880' single-section mobile home at 1290 North Road in Groton listed for \$69,900 on a lot rented for \$425/month. *It is impossible to find a single-section mobile home on leased land in a mobile home park in Ledyard or Gales Ferry with a market value greater than \$100,000.*

The "maximum sale price" of \$126,638 is shown on page 6 of the Affordability Plan for a family earning less than 60% of the median income, and the "maximum sale price" of \$218,509 is shown on page 7 of the Affordability Plan for a family earning less than 80% of the median income, are both more than the "market value" in 2024 for any 880' single-section mobile home. Due to the "market," all proposed mobile homes, *including the three designated affordable homes*, will sell for less than \$100,000.

The Affordability Plan should disclose that because the market price of a single-section mobile home in a mobile home park is less than the maximum permitted sales prices specified in §8-30g, an §8-30g "deed restriction" will reduce the pool of purchasers (due to income limits imposed on the purchaser) of the designated affordable homes compared with the pool of purchasers who are not subject to income limits for the market-rate homes that are offered for sale at the same price. There is nothing to "disclose." The Plan sets forth the maximum sales price, as it is required to do.

The Affordability Plan should also disclose that, due to the sales price constraints, the owner of a designated deed-restricted affordable home is unlikely to be able to sell his home for the same profit as an owner of a non-deed-restricted home. This is a feature of all deed-restricted affordable housing developments. It is how the Affordable Housing Act operates State-wide.

5. Pages 6 and 7 in the Affordability Plan show \$170/month in real estate taxes. However, assuming the tax assessor agrees the "affordable unit" has a "market value" of \$123,638.37, as shown at the bottom of page 6, its assessed value would be \$86,546.86 (70% of market value), but its annual taxes, at ~34 mills, would be \$2,942.59, which would be \$245.22 per month. \$245.22/month is much more than the \$170 per month shown on page 6 and page 7. The difference (error?) has a material impact on the *maximum sales price* and should be explained or corrected. This was addressed in response to the identical comment in Ms. Hodge's staff memo. Mr. Treaster's numbers are just wrong.
6. On pages 6 and 7, the Affordability Plan estimates the monthly utilities at \$121 and \$122, respectively. The Plan should indicate whether water would be metered or included in the site rent.

If metered, the average person in the United States uses about 12,000 gallons per month, and a four-person household could use about 48,000 gallons, which, in Ledyard, would cost about \$338 per month. If disciplined, a family of four might be able to limit their water consumption to only 10,000 gallons per month, which would cost \$101 in Ledyard.

In addition, the average household consumes about 850 KW hours of electricity per month. At ≈21 cents per kilowatt-hour in Ledyard, it would be about \$178 or more if a home has electric cooking, electrically heated water, and an electric dryer. The combination of electricity and water costs is much more than the \$170 shown on page 6 and page 7 in the affordability plan and does not include the propane used for heating, which will add another \$50 - \$90/month (on average). The utility numbers shown on pages 6 and 7 are not credible. As proposed, they make the "maximum sale price" at the bottom of page 6 and the bottom of page 7 meaningless. **The differences (errors?) should be explained or corrected. This was addressed in response to the identical comment in Ms. Hodge's staff memo.**

7. Assume a resident's income is 60% of the area median income, and he paid \$112,300 for his "deed-restricted designated affordable" home." Also, assume that, in five years, the resident decides to sell his home, which will have a market value of \$200,000. However, due to increases in taxes, site rent, interest rates, utilities, and insurance costs, he is only allowed to sell his home for \$95,000 due to the deed restriction, which is less than the amount he paid for the home.

Without the possibility of a profit from the sale of his home, what incentives will the homeowner have to maintain and care for his home? **The Plan should address how the park owner would prevent the deed-restricted "affordable" mobile homes from deteriorating and reducing the overall desirability of his community.** What entity is responsible for the resident's loss? **This is a feature of all deed-restricted affordable housing developments. It is how the Affordable Housing Act operates State-wide.**

8. CGS §8-30g requires that "designated affordable" and "market-rate" homes be comparable throughout a development.

The Affordability Plan's page 12 states, "SEE NEXT PAGE FOR "HUD CODE" SPECIFICATION FOR 2024 AND NEWER HOMES."

However, the standard "features" on the "next page" (page 13) have nothing to do with the "HUD CODE."

For example, the HUD code does not require "flat ceilings," dishwashers, ceramic backsplashes, black faucets, black door knobs, black hinges, or black cabinet pulls, as shown on page 13. **Page 13 should be corrected or clarified. This was addressed in response to the identical comment in Ms. Hodge's staff memo.**

9. ¶IV states, "The actual model, size, and floor plan of the Market-Rate Homes and the Affordable Homes shall be comparable in size, quality, and appearance to each Market-Rate Home."

However, "model, size, and floor plan" have nothing to do with the quality or the appearance of a mobile manufactured home."

If a market-rate home has "options," such as picture windows, skylights, architectural shingles, extra shutters, additional insulation, upgraded countertops, lighted mirrors, or a sliding glass door, it would *not be comparable in quality and appearance* to a designated affordable home *and would conflict with the comparability requirement in CGS §8-30g.*

The Affordability Plan should clarify the differences between the three deed-restricted affordable mobile homes and the seven market-rate mobile homes and *why those differences, if any, are allowed* under the *comparability requirement* in §8-30g.

This was addressed in response to the identical comment in Ms. Hodge's staff memo.

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10. The Plan should clearly state that the park would be licensed as required under Chapter 412. (Chapter 412 requires that *the park must be licensed before any mobile home can be installed, sold, or a site rented.*)

This was addressed in response to the identical comment in Ms. Hodge's staff memo.

11. Page 9 of the "Affordability Plan" is intended to be signed by a Member of Donco LLC. *What is the significance of the Member's signature on the Affordability Plan?*

12. The Affordability Plan should clarify the procedure, constraints, or rules for when a prospective resident's Application for residency shows a four-member household with an annual income of \$112,300 (60% of area median income) and purchases a designated affordable mobile home for \$123,638.37, as shown at the bottom of page 6, and a few weeks later, its residents become fully employed with a household income exceeding \$200,000? For example, the Plan should address the following questions:

- a. Would anyone be in violation of the law?
- b. If someone is in violation of the law, who is liable?
- c. Is the household required to reduce its income or sell its home?
- d. What is the penalty?
- e. Does the deed restriction vanish if the home is resold at its *fair market price* if it is *less than the deed-restricted price*, which would be the case in a mobile home park with single-section homes?

This is a feature of all deed-restricted affordable housing developments. It is how the Affordable Housing Act operates State-wide.

13. Will the *Park Rules* address constraints imposed by CGS §8-30g regarding the *resale* of the three designated affordable mobile homes? Will the *site leases* address the CGS §8-30g *affordability requirements*? The Applicant should include a copy of his proposed Rules and Site Lease for the mobile home park in the Application, showing how residents of the affordable units are constrained in the resale of their homes. *This was addressed in response to the identical comment in Ms. Hodge's staff memo.*

14. The Affordability Plan should describe how the park owner will assure that a resident-owned designated-affordable mobile home will remain affordable if his income remains stable but the home's taxes, utilities, and insurance increase and the owner can no longer afford to live in the home. *Specifically, would the park owner reduce the resident's site rent to stabilize household expenses?* Would the Administrator have an obligation to help? *The Plan specifies the maximum sale price of the designated affordable homes. The site rent is regulated by State law. Though it's not relevant to this application, Donco intends that all lot rents will be equal.*

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15. The Affordability Plan primarily applies to purchasing and selling the three designated affordable mobile homes. Will any of the three designated affordable homes be rented? If yes, the Plan should include a section on calculating "Maximum Initial Rent." Will any of the non-deed restricted homes be rented? The subject of home rentals should be clarified in the Plan. The Plan and the proposed Lease state that all units must be owner-occupied.
16. CGS §8-30g-(b) requires the Administrator to be responsible for compliance with statutory income limits and sales price restrictions. Section V in the Plan shows that the "Administrator" can be the Developer, its designees, successors, and assigns. The Plan should clarify:
- Who identifies and provides the Administrator's name and contact information to the ZEO?
 - Who provides the name and contact information to the ZEO if there is a change in the Administrator?
 - What happens if an Administrator "quits"?

This is a feature of all deed-restricted affordable housing developments. It is how the Affordable Housing Act operates State-wide. As Mr. Treaster himself notes in Item #19 below, the Plan already requires notice to the Commission within 30 days of a change in the Administrator.

17. Section V shows that the "Developer" (not the Administrator) is responsible for "all" advertising and marketing "requirements" of initial sales. *Why is the Administrator not responsible for advertising and marketing for initial sales?* The Plan should clarify who is accountable for advertising and marketing for the resale of the deed-restricted homes. This is addressed in the Plan.
18. The Plan should describe how the Administrator, over a 40-year term, would prevent the owner of a designated affordable home from selling it to the highest bidder. This is addressed in the Plan.
19. Section V shows that the "role of [the] Administrator may be assigned to another entity, and the Commission [PZC] will have a written notice of the assignment within 30 days of the change." The Affordability Plan should clarify the following:
- Does "assignment" mean there is a new Administrator? Yes. That's what "assignment" means.
 - Or does it mean the duties of the Administrator are assigned, but the original Administrator remains responsible? No.
 - Why is the Commission notified of the assignment, but not the ZEO? We will notify whoever you want us to.
 - Does the Commission or the ZEO have a voice in the selection or assignment of the Administrator? If yes, why is the notification made after the change instead of before the change? The agreement between the owner and the Administrator is a private contract and the Town's only interest is that the Affordability Plan be administered and enforced. If it isn't, then that is a zoning violation that the Town can enforce. Mr. Treaster acknowledges this in his Item #22 below.
 - Who provides written notice to the Commission (PZC) in the event of an assignment of the Administrator's role? The Plan says that it's the owner.
20. Section V (first sentence) shows that the Developer or its designees, successors, and assigns will administer the [Affordability] Plan. However, the last sentence of the first paragraph shows that the "Developer" will be responsible for advertising and marketing requirements for the initial sales. The Affordability Plan should clarify the following:
- Who has the statutory duty to enforce the income limits and sales price restrictions?

- b. Who receives a copy of the "Status Report"?
- c. What happens if the Administrator does not submit the "Status Report"?

This is addressed in the Plan. Violations of the Plan are zoning violations and are enforceable as such.

21. Page 9 is the signature page for the Affordability Plan. However, the signature's meaning needs to be clarified.

For example, will "*Donco LLC*" be liable if the "Affordability Plan" is breached, such as if a deed restriction is not filed, a home buyer rents out his home (or sublets the site), or a home buyer fails to use his home as his principal residence? If not, who is liable - the Town, the Zoning Enforcement Official, the homeowner, or the "Administrator"? Yes.

22. Page 24 ¶5 states, "A violation of the 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 said property and to examine the books and records of the Administrator to determine compliance of said property with the affordable housing regulations, and all terms of the Affordability Plan, including without limitation, Article V.

The Plan should clarify the following:

- a. Is the Town or its Zoning Commission (or its agent) responsible for enforcing the Affordability Plan and CGS §8-30g provisions?
- b. What is the "sequence of events" if the Administrator is unavailable or *does not open the books*?
- c. Is it a violation of the law if a resident sells his designated "affordable" home for an amount equal to its market value, and that *value is less than the deed-restricted value*, to someone who is not qualified because his *household income is higher than 60% or 80% of the area median income*?
- d. Who pays the Administrator for his services in case of a violation?
- e. Is the "Administrator" an "Agent" who can bind the property owner?
- f. Can a lien under CGS §7-152c (Zoning Citations) be imposed for failure to remedy a violation of the Affordability Plan? If yes, is it against the park or the resident's home?
- g. If the Affordability Plan is breached, what entity receives the *Notice of Violation and Intent to Cite*?
- h. If the Affordability Plan is breached, who receives the "Notice of Violations" and the "Cease and Desist Order"? Can the order be appealed to the ZBA? On what grounds? Who submits the appeal?

These are questions of administration of the Town's enforcement procedures and should not be directed to the applicant.

23. CGS §8-30g-(b)-(1)-(D) requires the affordability plan to include a "... a description of the *projected sequence* in which, within a set-aside development, the affordable dwelling units will be built and *offered for occupancy* and the *general location of such units* within the proposed development."

Section III (Pro-Rata Construction) in the *Affordability Plan* does not describe the "sequence" in which the deed-restricted mobile homes will be installed and offered for occupancy. For example, will Site #1, #6, #10, or other sites be first, second, and third? The Plan should more clearly show the "*location*" and "*sequence*" of development of the sites for the designated affordable mobile homes.

This was addressed in response to the identical comment in Ms. Hodge's staff memo.

24. CGS §21-67a-(C) shows that the conveyance of the title of a mobile manufactured home is achieved with a "Conveyance of Title of A Mobile/Manufactured Home." There are no "deeds" for mobile homes in mobile home parks. The Applicant should address the "deed restriction" requirements of CGS §8-30g that conflict with CGS §21-67a-(C). We use the term "deed restriction" because it's the term commonly used for conveyances in Connecticut. If the Commission thinks that this is important, we would accept a condition of approval that the word "conveyance" be used in lieu of the word "deed," but the effect is the same.

25. The Applicant should address the following in its Affordability Plan.

- a. Will the LLC hire a *professional* Administrator? (Alternatively, show that "Donco, LLC" has the experience and qualifications to administer the Plan for a licensed mobile home park.)
 - b. If the Applicant sells the mobile home park, what *entity* becomes the Administrator?
 - c. Does the Town have the authority to direct a change in the Administrator?
 - d. Who does the Town *contact* if it wants a new administrator?
 - e. Who pays for the Administrator's routine services, such as preparing and delivering his annual status report?
 - f. After the park is completed and fully occupied, who becomes the Administrator?
 - g. What does the Administrator do if an individual purchases a designated deed-restricted affordable home and then allows three relatives to move in so the total household income exceeds the §8-30g threshold for the home?
 - h. How would an Administrator enforce the income and sales price limits for the *resale* of a designated affordable home? For example, how would the Administrator prevent a resident of an Affordable home from selling his home to someone who makes too much income if it is a cash sale?
 - i. What entity becomes the Administrator if the park owner intends to discontinue the park and its residents purchase it under CGS §70-(f)-(3)?
 - j. Who is liable if a resident sells his affordable home to someone with too much income, and what is the penalty? (Home seller, buyer, Town, park owner, or the Administrator?)
 - k. What is the relationship between the "Administrator," the Town, and the park owner?
 - l. What happens if the Town rejects the Administrator's annual report?
 - m. What happens if the Administrator fails to provide the annual report?
- This same question was raised and answered in Items #19-22 above.

26. The Plan should clarify if the site rent for the affordable deed-restricted homes will be the same as that for the market-rate homes and how site rents will be determined and remain in compliance with §8-30g and Chapter 412. The lot rents for the affordable homes are contained in the Plan. Those site rents cannot be set at a level that would exceed the allowable total monthly housing cost for the designated affordable homes. The owner is not required to disclose the site rents for the market rate homes.

27. 24 CFR Part 3280 (the HUD code) regulates the wheels, hitch, brakes, and tires and requires that they safely handle the mobile home's size and weight.

By definition, a mobile home is not "*mobile*" per CGS §21-64-(1) if it is not compliant with the Federal Manufactured Home Construction and Safety Standards (24 CFR Part 3280), which requires the wheels, hitch, brakes, and tires to be *capable of safely handling the mobile home's size, dimensions, and weight*.

Homes in a mobile home park must be "*intrinsically mobile*." The Affordability Plan should discuss how the Developer will ensure the homes are "*intrinsically mobile*" after installation. Mobility in a

mobile home park is essential – mobile homes must be "*intrinsically mobile*" in the event of resident evictions (e.g., nonpayment of site rent, rule violations), military reassignments, tornado damage, fire damage, or if the park owner converts the park to a conforming commercial use and the homes must be relocated.

Will the wheels, hitch, brakes, wheels, and tires used to transport a mobile home from the factory to its site remain attached, stored under the home, or removed from the site? The Affordability Plan should clarify this.

The Town of Ledyard does not administer or enforce the HUD Code. HUD does. We will not respond further to this item.