



**Merrill Gay**  
**Operating Proforma for the Beaver Brook Apartments**  
**August 1991 (July's Assignment)**

Below is a simple proforma for the Beaver Brook Apartments in Ansonia CT. The apartments were built 21 years ago with a HUD 221(d)3 mortgage. Outside of public housing units they are the cheapest rental units in the area. Clearly from the perspective of location and other aspects of site evaluation the complex works. It's current managment, however, leaves something to be desired.

Currently rents range from \$282 for a one bedroom to \$371 for a three bedroom with heat. At this rent level the complex ran a \$45,739 deficit in 1990. Last December a 33% rent increase was approved by HUD, but due to a Federal court injunction it has not taken effect.

The tenants are organized and have expressed an interest in purchasing the complex to preserve it as affordable housing. Based on this interest, the owner proposed a purchase program for sale of the units to tenants for an average unit cost of \$76,000 or \$13 million for the complex. This was rejected out of hand by the tenants.

The proformas below are an attempt to evaluate how much new debt the complex could carry and therefore what it would be worth if A)all units were at HUD FMR & B)if the units were at the area market rate and the vancancy rate as well as operating costs were at more appropriate levels.

**Scenario 1 -All units at FMR and costs based on 1990 actuals**

**INCOME**

#	Type	FMR		Monthly	Annually
16	one bedroom units	568	=	9,088	109,056
124	two bedroom units	670	=	83,080	996,960
32	three bedroom units	836	=	26,752	321,024
				=====	=====
	Gross income from rents			118,920	1,427,040
	- Vacancy (5%)			-	71,352
					=====
	Net rental income				1,355,688
	Interest Income (1990 actual (this is high))				23,474
	Laundry Income (1990 actual)				7,384
					=====
	Total Net Income				1,386,546

**EXPENSES**

Administrative Expenses	110,847
Utilities Expenses	136,853
Operating & Maintenance Expenses	164,451
Taxes and Insurance	180,571
Financial Expenses	1,919

Reserve for Replacements Deposit Required	15,750
	=====
Non Debt Operating Expences (1990 actual)	610,391
(Non Debt expences per unit \$3,549)	
Total Net Income	1,386,546
Less Operating Expences	610,391
	=====
<b>Net Operating Income (before Debt)</b>	<b>776,155</b>
Debt Service	
HUD 1st Mortgage	104,474
New 241 (f) loan	594,135
	=====
Total Debt Service	698,609
Debt Coverage	77,546
Debt Coverage Ratio	1.11
Maximum new loan 241(f),(d)	6,801,576
(8.5% for 40 years)      (this is a theoretical maximum amount)	

**Scenario B****-Rent, cost and vacancy figures at more realistic levels****INCOME**

#	Type	Market	Monthly	Annually
16	one bedroom units	525 =	8,400	100,800
124	two bedroom units	625 =	77,500	930,000
32	three bedroom units	750 =	24,000	288,000
			=====	=====
	Gross income from rents		109,900	1,318,800
	- Vacancy (7%)		-	92,316
				=====
	Net rental income			1,226,484
	Interest Income (1990 actual)			23,474
	Laundry Income (1990 actual)			7,384
				=====
	Total Net Income			1,257,342

**EXPENSES**

Non Debt expenses per unit per year \$4,000 =	688,000
	=====
Net Operating Income (before Debt)	569,342
Debt Service	
HUD 1st Mortgage	104,474
New 241 (f) loan	408,446
	=====
Total Debt Service	512,920
Debt Coverage	56,421
Debt Coverage Ratio	1.11
Maximum new loan 241(f),(d) (8.5% for 40 years)	4,675,834



## Operating Expense (1990 Actuals)

### Administrative

Advertising	1,650
Office Salaries	25,862
Office Supplies	3,166
Management Fee	47,609
Manager/Superintendent Salaries	22,230
Manager/Superintendent Rent Free Unit	0
Legal Expenses	2,530
Auditing Expenses	3,500
Bookkeeping Fees/Accounting Services	0
Telephone and Answering Services	2,006
Misc. Administrative Expenses	2,294
Total Administrative Expenses	110,847

### Utilities

Fuel	90,125
Electricity	8,161
Water	20,426
Gas	1,499
Sewer	16,642
Total Utilities Expenses	136,853

### Operating & maintenance costs

Janitor and Cleaning Contract	10,428
Exterminating Contract	3,732
Garbage and Trash Removal	35,398
Grounds Contract	8,561
Repairs Payroll	38,032
Repairs Materials	43,861
Repairs Contract	5,391
Snow Removal	2,494
Decorating Payroll/Contract	7,565
Decorating Supplies	8,033
Miscellaneous O&M Expenses	956
Total Operating & Maintenance Expenses	164,451

### Taxes & Insurance

Real Estate Taxes	82,688
Payroll Taxes (FICA)	6,658
Misc Taxes, Licences and Permits	1,887
Property and Liability Insurance (Hazard)	72,904
Fidelity Blood Insurance	0
Workmen's Compensation	0
Health Insurance & Other Employee Benefit	16,434
Total Taxes and Insurance	180,571

### Financial Expenses

Interest on Bonds Payable	0
Interest on Mortgage Payable	68,790
Interest on Notes Payable (Long-Term)	83,402 ?
Interest on Notes Payable (Short-Term)	0

Mortgage Insurance Premium/Service Charge	0
Miscellaneous Financial Expenses	1,919
Total Financial Expenses	154,111
<u>Other Financial Expenses</u>	
Reserve for Replacements Deposit Required	15,750
Principal Payments Required	55,757
	=====
Total expences	818,340
General Operating Reserve	48,628
Net Income	1,386,546
Operating Expences	713,866
	=====
Net Operating Income	672,680

# HUD inspects Beaver Brook in wake of proposed 52 percent rent increase

By KAREN IMBER  
Sentinel Staff Writer

ANSONIA—U.S. Department of Housing and Urban Development inspectors have been at the Beaver Brook housing complex twice this week to check out tenant association objections to a proposed rent hike of 52 percent.

The association claims the increase, requested by owner Vincent Celentano, is out of line for the federally controlled housing complex, and that Celentano isn't taking good enough care of the place to merit that kind of increase.

"We wanted to show them the fa-

cility here and have them see what's actually going on," association Chairman William Sheridan said today, "because the rent hike is not reasonable for the maintenance he performs here."

Representatives of the tenants' association took a petition to HUD in Hartford on Friday, detailing their claims, reviewing the maintenance problems at Beaver Brook and asking for an inspection of the property.

"The proposed hike is ridiculous," said Merrill Gay, the housing organizer for the Naugatuck Valley Project, a Waterbury-based citizen's advocacy group that has stepped in to the dispute between the tenants'

association, Celentano, and HUD officials who are trying to decide whether the increase is warranted.

"When you consider the fact that this guy is currently bringing in about \$700,000 a year and his mortgage is \$104,000, the tenants are rightly saying 'where is that money going?'" Gay said.

"Celentano is saying he needs the rent increase to pay for HUD-ordered repairs to the facility," he said, "and we're saying: 'What happened to all the money you've gotten up 'til now and how come you haven't already made those repairs?'"

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## \*HUD inspects Beaver Brook in wake of proposed 52 percent rent increase

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Celentano received a low interest 40-year mortgage from HUD just over 20 years ago. Under the conditions of that mortgage agreement, he must get HUD approval every time he wants to increase the rent at Beaver Brook, the 140 unit "affordable housing" complex that rents to people whose incomes, in the current housing market, wouldn't allow the kind of apartments they now have.

Sheridan said today that if Celentano's request is granted by HUD "a number of single parent families will be displaced because a lot of them aren't making enough money to afford that kind of increase.

"I believe about 50 percent will have to leave if he raises the rent," he said.

The 12 apartments that were inspected Wednesday were originally scheduled to be seen on Monday, but the tour was postponed when HUD officials arrived at Beaver Brook and found that the tenants hadn't been notified of their impending visit.

"I believe he's supposed to give us three days' notice," said Sheridan, "but when my association secretary called HUD Monday to see when they were going to answer our request for a visit, they told her they were down here already."

Gay said it's a matter of policy that HUD won't go into units where tenants haven't been told that there's an inspection taking place, especially when the inspection was requested by those tenants.

Sheridan said Beaver Brook management has known about the visit since last week.

"Last week and Monday morning before HUD came the Beaver Brook maintenance staff was running around painting doors, picking up garbage around the place, and doing cosmetic things to make the place look good," he said.

Sheridan was one of the people who accompanied the three HUD inspectors on Wednesday's tour. He told The Sentinel that inspectors found "many deficiencies in the building... (including) entryway awnings that have to be replaced because they're dry-rotted, leaking roofing, single-pane doors that are supposed to be energy efficient but leak drafts, and boilers for heat and

hot water where the hot water goes off and on if two or three people in one building take a shower."

Sheridan said HUD inspectors at the site "didn't say anything that would indicate a time frame" when he asked them when the tenants' association will hear about a decision on Celentano's request.

"We're going to be analyzing the information that they've come back with," said Linda Cavanaugh, the chief of HUD's department of Loan Management and Property Disposition in Hartford, "but I've just barely spoken to the staff, and they're all in the process of preparing their comments and putting their reports together."

Cavanaugh said the final recommendation will be based on a consolidation of all the material gathered.

"If this case was as clean as a whistle it could take maybe a week, but this will probably take two to three weeks to get a final answer."

Sheridan said today the tenants' association is "still hopeful that Mr. Celentano will work with us so that we can work things out and come to an equitable conclusion."

11/14/90

BRIDGEPORT TELEGRAM

# Rent hike causes concern

By MIKE PATRICK  
Staff writer

ANSONIA — A pending 33 percent rent hike in a state-subsidized apartment complex has residents afraid the owner is trying to rid the complex of low-income families.

But the manager of the apartments said an unexpected rise in sewer, water and fuel costs made the rent hike unavoidable.

The 20-year-old Beaver Brook apartment complex on Beaver Street is owned by the Florida-based Celentano family, and managed by Vincent D. Celentano. The complex has 172 families.

Celentano's mortgage is subsidized by HUD, which has the final say over how much can be charged for rent. Also, Celentano must offer housing only to people whose income is lower than a figure set by the state.

Last week, the residents joined the Naugatuck Valley Project, a coalition of civic groups that will educate them on how to handle the situation.

Merrill Gay, NVP organizer, said Celentano has informed the tenants that he plans to pay off the second half of the 40-year mortgage in full, thus severing his ties and responsibilities to the state.

Before Celentano can prepay his mortgage, and then be able to set

whatever rental rate he desires, he has to prove to the state that no low-income residents would be adversely affected by that action, according to Gay.

That, Gay said, is why Celentano, after keeping the rent at the same rate for the past nine years, has successfully established a rise in rent of about \$100 per month.

"What is really going on here is he's trying to get rid of the tenants who would be adversely impacted by the prepayment," Gay said.

But according to Dominic A. DePonte, Celentano's executive assistant, nearly 50 percent of the residents of Beaver Brook earn in excess of \$20,000 per year. Fewer than half of the people who filed letters of complaint about the rise make less than \$17,000 annually, he said.

"There's a lot more to this than meets the eye," DePonte said. "Once they qualify, they're there. We have some people there making more than me."

Rents at the complex range from \$282 a month for a one-bedroom unit to \$337 a month for a two-bedroom. Those rents, which include utilities, would jump to \$382 and \$456, respectively, by June of 1991.

In order to qualify for HUD-subsidized housing, a two-person family cannot make more than \$32,250 yearly.

11/5/90

# Tenants seek base for power

## May vote to join area action group

By KAREN IMBER  
Sentinel Staff Writer

ANSONIA—Members of the Beaver Brook Tenants' Association will meet at 7 p.m. today in the auditorium of Ansonia High School to decide whether they want to link up with the Naugatuck Valley Project (NVP).

A citizen action group based in Waterbury, NVP is almost seven years old and includes close to 70 churches, unions, labor, business and community groups.

Originally created to help the employee buyout of Seymour Specialty Wire, the group has been involved in housing issues for the last few years, primarily with tenants' groups fighting to forestall the buyouts of condos and affordable housing complexes in the Naugatuck Valley area.

Valley groups already involved in NVP include Ansonia Community Action, Assumption and Holy Rosary churches and Catholic Family Services, all of Ansonia; First Congregational Church of Derby, St. Augustine and Good Shepherd churches of Seymour, the Seymour Congregational Church, and the United Auto Workers Union local in Seymour.

Tenants' association chairman William Sheridan said the decision to ask association members to approve the link-up was made after members of the association's organizing committee attended NVP's sixth annual convention last week in Waterbury.

"They've got the muscle we need

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# \*Tenants seek power base

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here," he said, adding that NVP housing coordinator Merrill Gay has already been to Ansonia to assist the tenants' association in its fight to prevent a proposed 52 percent rent hike there.

NVP representatives accompanied HUD officials on a recent inspection of the Beaver Brook grounds, conducted after tenants went to Hartford and requested the look-see. They told HUD officials that a visit would convince them that Beaver Brook owner Vincent Celentano isn't making repairs with the money he already has and that more of it would only line his pockets without benefit to his tenants.

Until last week, Beaver Brook tenants were also waiting for news on the possibility that the House and Congress would not be able to prevent a possible early pay-off of the HUD loan that enabled Celentano to establish the affordable housing complex.

Legislation that would limit prepayment was passed last week by the House and Senate, and is waiting for a signature by President Bush. Also approved was a 30-day extension of the existing limitation on prepayment, which was requested so that landlords couldn't pre-pay before Bush signs the limiting legislation.

If Celentano was allowed to pay off the 20-year-old federal loan, he would no longer be required to maintain "affordable" rents at rates that have to be approved by HUD. Sheridan said that Celentano could then legally change Beaver Brook into higher-priced condominiums that the tenants now living there couldn't afford to buy.

"I imagine that the vast majority of tenants don't know who the NVP is and they'll be there because they're mad about their rent increases," Gay said, "and they want to know what they can do to fight that. I'm going to be there to tell them what the Naugatuck Valley Project can do to help."

Mayor Thomas P. Clifford said

today that he will also be there. He also attended the NVP convention, and told tenants' association steering committee members that he would stand behind them in their fight to keep the rents down.

"That proposed 52 percent hike is just an exorbitant figure," Clifford said, "especially in these very tough times. People just can't afford most rent hikes these days, especially one of this nature."

"I have worked closely with the NVP on a number of projects," he said, "and I'm looking forward to working with them and the Beaver Brook tenants on this issue. The grass roots advocacy of NVP is something that is needed here, and I think the merger between these two groups is an excellent idea."

# Funding sought for legal action

THE EVENING SENTINEL

11/15/90

By KAREN IMBER  
Sentinel Staff Writer

ANSONIA—A door-to-door fund-raising campaign is being held this weekend at the Beaver Brook apartments so residents can build up the money they need to take legal action against the Department of Housing and Urban Development.

If they get what they need for filing fees and sheriff's costs, members of the Beaver Brook Tenants' Association will file a request at Milford Superior Court asking for an injunction to stall the enactment of a 33 percent rent hike until HUD officials justify their decision.

Most of the rent hike notices arrived at Beaver Brook on Oct. 31—three months after debate began between the tenants' group and Beaver Brook managing agent Vincent Celentano. He and his wife Mary, who owns the property, asked HUD for approval to raise the rent by 52 percent.

"They shouldn't be upset by it," said Celentano. "Many of them have lived there for a long time and there hasn't been a rent hike in nine years, while the cost of living has gone up every year by about 5 percent."

"That's a tough break for those people," said Mayor Thomas P. Clifford, when he learned about the decision. "Many of them are barely able to afford to live there as is."

The association has enlisted the help of Valley Legal Assistance and joined the Naugatuck Valley Project (NVP), a Waterbury-based grass roots lobbying organization that has successfully helped other tenant groups win similar battles.

The association will have to file legal papers by the end of November, because the newly approved rent hike is scheduled to go into effect the first day of December.

"There has been limited discussion about what kind of law suit could be filed," said Valley Legal Assistance attorney Clarise Hutton. "But the agency has already sent a

letter to HUD outlining tenants' complaints that Celentano's lack of maintenance should negate his request for a rent hike because he wasn't using money that he already had for repairs that they already needed."

"The tenants should seek a court order that no rent increase be allowed until such time as HUD has properly complied with their own requirements," Hutton said, "that they state the reason for the increase."

HUD loan management chief Linda Cavanaugh said the tenants got all the reasons they needed.

"As far as I know the whole package that was sent for analysis was available to the tenants, and that package had background material that supported the decision," she said. "We spent hours with the tenants discussing the reasons for the increase. We dealt with those tenants on every call, every letter, every subject."

NVP housing coordinator Merrill Gay said the information package—which included Celentano's application and support documents, the Valley Legal Assistance statement and Celentano's answers to those charges—doesn't substitute for a response by Cavanaugh.

"They sent a single letter that said 'it's justified.' If she's talking about the landlord's package being justification for the rent increase," he said, then why didn't they give Celentano a 52 percent increase? He asked for 52 and HUD gave him 33 percent. If HUD didn't accept everything the landlord said then why should the tenants accept it?

# Tenants fighting rent rise with stall tactic

By Karla Schuster  
Register Staff

**ANSONIA** — Tenants of the Beaver Brook Apartments will delay paying next month's rent until Dec. 10, hoping that a class-action suit against federal housing officials will stall a scheduled 35 percent rent increase.

The delaying tactic, discussed at a tenant association meeting Thursday night, is the latest move in the three-month battle over the rent increase, the first at the privately owned, federally subsidized complex in eight years.

Tenants hope to win an injunction against the increase before Dec. 10, the state's deadline for timely rent payment.

The suit, which will be filed early next week in U.S. District Court in New Haven, will charge that the federal Department of Housing and Urban Development has not adequately justified its approval of the increase.

## ANSONIA

HUD approved the rent increase in October. It is scheduled to take effect in three equal installments beginning next month. Tenants currently pay \$282 for a one-bedroom apartment.

"Even if we're unsuccessful in federal court, and you do pay the amount of rent HUD has approved for December, paying on the 10th signifies some of your power and togetherness because that's 10 days (the owners) don't have use of your money," said attorney Charisse Hutton of Valley Legal Assistance, who is representing the tenants.

Tenants say the rent increase will displace many longtime residents of the 172-unit complex. They also said the owners, Mary and Vincent Celentano, do not deserve any more money because the build-

ings are in poor condition.

The Celentanos cited increases in fuel, utility and maintenance costs in justifying the increase.

In October, however, HUD inspectors said the complex suffered from "severe maintenance neglect," and lacked storm windows, weatherstripping and other energy-saving measures.

Tenants charge that the Celentanos requested the large rent increase in an effort to remove lower-income tenants before they pay off the complex's federally subsidized mortgage.

The Celentanos in August announced their intention to pre-pay the 40-year mortgage, which would allow them to charge higher rents for the apartments. Federal law allows pre-payment of federally subsidized mortgages after 20 years, but the Celentanos must first prove the action will not involuntarily displace residents.

In letters to some tenants about the rent increase, the Celentanos said they have "instructed the resident manager to select incoming residents with higher income levels to avoid the hardships from the rent increase foreseen for some time."

HUD sets maximum income guidelines for incoming residents, however, federal law mandates that prospective tenants must be chosen in the chronological order they apply for apartments. Hutton said

# Official's role at complex questioned

By Karla Schuster  
Register Staff

**ANSONIA** — Federal housing officials want the owners of the Beaver Brook Apartments, who are battling tenants over a 35 percent rent increase, to clarify the employment of the city's plumbing inspector as a handyman at the complex.

Questions about Anthony Satanneo, who has worked at the complex for 10 years and was appointed plumbing inspector 10 months ago, were raised in a federal Department of Housing and Urban Development inspection report in October.

Citing a section of the state building code that bars inspection employees from working in buildings they do not own, HUD questioned whether Satanneo's employment at Beaver Brook might be a conflict of interest.

"As plumbing inspector, if

## ANSONIA

anything goes wrong at Beaver Brook, who would (Satanneo) be responsible to?" said Donna Logan, tenant association secretary.

The tenant group is to meet tonight at 7 in Assumption Church to discuss ways to stall the rent increase. One possibility raised is a class-action suit against HUD charging the agency has not justified its approval of the increase.

Satanneo said Wednesday he believes he's been unfairly caught in the middle of the rent battle.

Local officials said arrangements were made when Satanneo was appointed to avert any possible conflict, including a provision that city Building Inspector Edward Liskiewicz would perform plumbing inspections.

Beaver Brook tenants and owners Vincent and Mary Celentano have been battling since August, when the Celentanos asked HUD for the rent increase, the first in eight years. It was approved in October.

The rent increase will be instituted in three phases, starting Saturday. The second and third increments of the increase are contingent on the Celentanos' completing scores of repairs HUD ordered after the October inspection.

In requesting the rent increase, the Celentanos cited the rising costs of utilities and fuel, maintenance and other operating costs.

But William Sheriden, head of the tenant association, said the Celentanos don't deserve a rent increase because the complex is poorly maintained.



# Ansonia tenants call rent strike as hike set

By DAVID GREGORIO  
Staff writer

ANSONIA — About 60 tenants of the federally subsidized Beaver Brook apartments agreed Thursday to withhold December's rent and urge their neighbors to do the same, while their attorney files a lawsuit to block a 33 percent rent hike set to take effect Saturday.

Meanwhile, Mayor Thomas P. Clifford blasted the federal Department of Housing and Urban Development for approving the rent increase which he called "a major hit" to low- and moderate-income tenants at a time when the state is trying to create more affordable housing.

"I don't want a number of you displaced; I don't want you in homeless shel-

ters and I don't want more families on the city's already lengthy waiting list for Section 8 housing," Clifford told tenants crowded into a room at the rectory of Assumption Church on North Cliff Street.

Clifford and state Rep. John W. Betkoski, D-105, agreed to try to arrange a meeting between tenants, HUD officials and members of the Celantano family, which owns Beaver Brook. The Celantanos built the complex 20 years ago, using a low-interest HUD loan.

Several tenants said the rent hike could leave them homeless. Betkoski decried HUD's "insensitivity" during the holiday season and pledged to help tenants "beat this and have a good Christmas."

"I'm a single mother with three chil-

dren," said Ketly Montfleury, of 477 Beaver Street, unit H-15. She said she struggles to pay her current rent on a housekeeper's salary of \$6.80 per hour. "If they raise the rent, that's just telling me to pack my bags, take my children and go sleep on the street."

Montfleury said her family will be homeless if they leave Beaver Brook, because two years after applying for a Section 8 federal rent voucher, "I'm still on the bottom of the waiting list."

Three empty chairs in front of the room bore nameplates for owner Mary Celantano, manager Vincent Celantano and Robert Donovan, the HUD official in Hartford who approved the increase. All three declined invitations to the meeting.

William Sheriden, president of the tenants association, charged Donovan with "rubber-stamping" the rent hike without providing adequate reasons.

Charisse Hutton, an attorney for Valley Legal Assistance, said she will file a lawsuit challenging the rent increase early next week. She said tenants can legally withhold rent until Dec. 10 while she seeks an injunction to block the increase while the case is in court.

The Celantanos requested a 52 percent rent hike, but tenants barraged HUD with complaints. The agency then granted the two-step, 33 percent hike starting in December and continuing in March if the owners repair items such as badly deteriorated roofs, plumbing and doors, which HUD deemed high priority.

# Tenants turn to court on rent hikes

By KAREN IMBER  
Sentinel Staff Writer

ANSONIA—Attorney Cherise Hutton will be in U.S. District Court, New Haven, early next week asking for an injunction so that tenants at the Beaver Brook Apartments will not have to pay a 33 percent rent increase until their class action suit against the Department of Housing and Urban Development is settled.

Hutton said the suit will also be filed next week. She made the announcement at a meeting Thursday night of the Beaver Brook Tenants' Association, where more than 60 tenants decided to withhold December rent payments until the 10th—the last day they can legally pay late without extra charges or eviction procedures.

The suit alleges that HUD disregarded its own rules when the three-phase rent hike was okayed, because no reason was given for the approval, which goes into effect Saturday. Hutton said the tenants want HUD to justify the approval

before the rent is raised.

Tenants got support at the meeting from Mayor Thomas P. Clifford and State Rep. John W. Betkoski, D-105, who said that they will try to schedule a meeting in Hartford with HUD official Robert Donovan, who approved the increase.

Clifford and Betkoski said they will also invite State Sen. Gary Hale and newly-elected U.S. Rep. Gary Franks.

"We've got to get the Senate and Congress involved with this," Betkoski said during the meeting, "especially since we're dealing with a federal agency."

Clifford said the Hartford meeting will probably be scheduled within the next two weeks.

Invitations to Thursday's meeting were sent to the owner of the complex, Mary Celentano, as well as to Donovan and managing agent Vincent Celentano. All three declined and said that they would send written answers to questions mailed to

them by the tenants.

"I have some questions that I'd like to ask the Celentanos and Mr. Donovan but obviously they're not here," said tenants' association president William Sheriden, as he pointed to an unoccupied table set with hand-lettered name plaques for Donovan and the Celentanos.

"They'll answer us in the mail, but they won't face us," he said.

Bought by Celentano just over 20 years ago with a low-interest loan from HUD, the 172-unit complex is still under HUD control as far as rent hikes are concerned. Until she pays off the loan, Celentano must ask for agency approval of any rent hike she wants to impose.

Celentano requested a 54 percent rent hike in August, and announced her intention to pre-pay the loan. HUD approval of a pre-payment hinges on a number of things, including Celentano's guarantee that tenants will not be displaced when she is no longer under HUD rent restrictions and can raise the rents to market rates.

Tenants said they think the rent hike is a first step by Celentano to get rid of moderate- and low-income tenants there before she tries to pre-pay the HUD mortgage.

If the rent hike remains unchanged, the rent for a one-bedroom apartment would go from \$282 to \$382 per month. A two-bedroom unit would go from \$313 to \$432 per month, and a three-bedroom unit would go from \$337 to \$468 per month.

Several tenants said most of them would have to move out if the rent hike is not stopped. They claimed many will become homeless and dependent on city and state aid because they cannot pay any more rent than they already do.

Tenants also said that Celentano has not done much needed repairs with the rent money she already has, and should not be allowed more until things there are fixed.

Sheriden blasted HUD's approval of the rent hike, which came with a six-page list of repairs that need to be done at the complex. He said it was a "rubber stamp job" by HUD loan management chief Linda Cavanaugh, by Donovan, and by the HUD staff in general.

EVENING SENTINEL 11/30/90

# Kent increase is blocked at Beaver Brook

## Tenants granted restraining order

12-8-90  
By KAREN IMBER  
Sentinel Staff Writer

ANSONIA—A temporary restraining order was granted to the tenants at Beaver Brook Apartments on Friday, which blocks the imposition of a 35 percent rent hike approved by the Department of Housing and Urban Development (HUD) until a law suit against that agency has been settled.

Valley Legal Assistance Attorney Cherise Hutton filed the law suit Thursday, which claims that HUD disregarded its own regulations last October, when the rent hike was approved. Court papers filed in New Haven said that in the absence of a detailed reason, and especially since the approval included a six-page list of repairs that had to be done at Beaver Brook, HUD's decision was "arbitrary" and "capricious."

HUD regulations require that a detailed reason be given for any rent hike approved by HUD for low and moderate-income facilities like Beaver Brook. The HUD approval came with a one-paragraph statement saying only that the analysis of the request by owner Mary Celentano "reveals that an increase in gross annual rental income at the subject project to \$938,377 (total per year) is justified."

Tenants at Beaver Brook received copies of that notice to Celentano—who had originally requested a 52 percent increase—and got nothing more until their rent increase notices arrived on Halloween.

Tenants opposed Celentano's request, claiming that she hasn't been making much-needed repairs with the rent money she already has and shouldn't get more until those are done.

The judge who granted the restraining order also approved a motion by Valley Valley Legal Assistance Attorney Cherise Hutton asking that the case—taken to court on behalf of two Beaver Brook tenants—be turned into a class action suit.

In a recent meeting of the Beaver

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# \*Rent hike is blocked

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Brook Tenant's Association, Hutton said she could not sue on behalf of the group because the tenants as a whole earn more money than Valley Legal Assistance guidelines allow for it to represent them.

She said she could only bring the case to court for individual tenants whose incomes were low enough to qualify for her services.

But the judge ruled Friday that the complaints of Hutton's two clients are close enough to those of the rest of Beaver Brook's population that the case could become a class action law suit.

In the absence of that ruling, the restraining order would have only been for Hutton's clients, and the rest of the Beaver Brook tenants would have had to pay the increase.

Tenants there now pay \$282 for a one-bedroom apartment, \$337 for a two-bedroom apartment, and \$371 for a three-bedroom apartment. If the rent hike eventually goes through, they will pay \$382, \$456, and \$502 respectively. Tenants who make more than they did when granted residency under HUD income guidelines will also have to pay a 20 percent surcharge on their rent rates.

"This is great," said Merrill Gay, housing coordinator for the Naugatuck Valley Project, a public interest lobbying and political action group that the tenants joined in November. "At the minimum it means the Beaver Brook families have another 30 or 40 bucks they would have been paying Celentano that they can now use to buy Christmas presents for their kids."

Gay said the next step is a hearing in U.S. District Court during which the merits of the case will be decided. It will be then that the judge who ordered the temporary restraining order either makes it permanent or rescinds it and lets the rent hike take effect.

"The only other option," he said, "would be that HUD officials might simply write a new letter explaining why they okayed a rent increase, thereby following the rules they ignored the first time."

He said Beaver Brook tenants would then have little leverage with which to get the rent hike reduced.

"We don't have a whole lot of say in that," he said, "because administrative agencies have a whole lot of leeway in making their decisions, and the courts are very reluctant to interfere with things the government agencies do."

"HUD could write the letter and give them an increase that would take effect in early 1991," he said.

Ansonia Mayor Thomas Clifford III said this morning he was relieved the injunction had been granted and made it clear he strongly opposed the proposed rent increase.

# Tenants encouraged by hold on HUD rent hike

By Karla Schuster  
Register Staff

**ANSONIA** — A temporary court injunction barring a 33 percent rent increase at the Beaver Brook Apartments has heartened tenants at the complex, who pledged to press their fight against the hike.

The injunction, which was granted Friday, is part of a class-

## ANSONIA

action lawsuit against the federal Department of Housing and Urban Development.

"It feels real good, but this is just the beginning of our fight. We've got the injunction, but that's not forever," said tenant association president William Sheri-

den Monday night.

A hearing to be held next Monday will determine whether the injunction will be lifted.

The rent hike was scheduled in three equal installments, the first of which was to take effect Dec. 1. Tenants of the privately owned, federally subsidized, 172-apartment complex have been fighting the rent increase since HUD approved it in October.

It would be the first rent increase at the complex in more than eight years.

The suit, filed Thursday in U.S. District Court in New Haven, charges that HUD used arbitrary standards and violated its own rules in approving the hike.

Tenants claim the hike is unjustified because the owners of the complex, Vincent and Mary Celenzano of Florida, failed to make long-needed repairs.

In its most recent inspection, HUD rated the complex unsatisfactory and ordered the rent hike be contingent on a schedule of repairs.



Michael Kiernan/Register

Flanking Dodd on his Beaver Brook tour were, from left, tenants Kimberly Smith, Donna Roberts and Shelli Sheridan.

## Dodd vows to help fight rent increase

By Karla Schuster  
Register Staff

**ANSONIA** — U.S. Sen. Christopher Dodd Thursday promised tenants of the federally subsidized Beaver Brook Apartments to help them fight a 23 percent rent increase.

"A rent increase of that size is a lot at any time, but with the recession we're

facing now it is especially dramatic," Dodd told tenants at a brief session in the apartment of tenant association President William Sheriden.

Tenants of the privately owned 172-unit apartment complex have been at odds with the federal Department of Housing and Urban Development since it approved the rent increase in October.

Earlier this month, they obtained a temporary restraining order against the increase as part of a class-action suit against HUD. Tenants and HUD are next scheduled to appear Jan. 22 in U.S. District Court in Bridgeport.

While supportive of the suit as a means to convince HUD to review its

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*New Haven Reg. Dec. 21, 1990*

## **Rent: Senator says tenants may lose fight**

*Continued from Page 17*

approval, Dodd cautioned tenants that they still may lose in the end. "I don't want to raise false expectations. These things are often difficult to turn around once the decision's been made. But we can fight and we will fight," he said.

The tenants are claiming that HUD violated its own rules in evaluating and approving the increase. Dodd, who helped author the 1981 law that guides HUD's decisions on rent increases, said he will put a staff member at the tenant associations' disposal to help them interpret the statute.

HUD in October rated the complex unsatisfactory and approved the rent increase contingent on several major repairs. Prior to the court injunction, the rent increase had been set to take effect in three installments, beginning Dec. 1.

"In the HUD inspection, they noticed things that they never did before, but that have been neglected and problems all along," said Owen Billings, who has lived at Beaver Brook for six years.

"Now they want us to pay for this neglect," said Billings.

Dodd said the neglect shows a lack of concern among HUD officials during the Reagan administration, but said the appointment of Housing Commissioner Jack Kemp "gives us someone who really cares about housing at HUD for the first time in 10 years."

# Dodd visit set for Beaver Brook

By KAREN IMBER  
Sentinel Staff Writer

ANSONIA—Angry at the silence of officials at the federal department of Housing and Urban Development, tenants at Beaver Brook Apartments have persuaded U.S. Sen. Christopher Dodd to listen to their complaints. He will be at the federally regulated low- and moderate-income housing complex Thursday.

"We don't have a time yet, but we are working on his schedule," said Dodd's press secretary, Julie Rosson, who confirmed that the senator will be at Beaver Brook to listen to tenants who say the 35 percent rent increase approved by HUD is too high.

"He wants to hear their concerns and find out what can be done," she said.

HUD approved the rent increase in October. Beaver Brook owner Mary Colentano had asked for a 52 percent hike in August. The agency's approval is required because the complex was built with a low interest loan financed by HUD grants, which require that the apartments be maintained as low- to moderate-income units.

Tenants have continually protested the hike, claiming that Colentano has not maintained the complex with the money she already has and should not get more.

"What we hope this does is buy us time to put more pressure on HUD to reconsider this situation and see if their initial decision was based on all the facts," said Merrill Gay, housing coordinator of the Naugatuck Valley Project.

The Beaver Brook Tenants Association recently joined NVP, a grass-roots organization of churches, unions and community groups throughout the Valley. The NVP has been helping Beaver Brook tenants oppose the rent hike.

"The tenants will continue to keep calling for meetings," Gay said, adding that the tenants have also been calling the offices of U.S. Rep. Gary Franks and U.S. Sen. Joseph Lieberman.

Mayor Thomas P. Clifford III said today that Robert S. Donovan, deputy manager of HUD's Hartford office, will meet with him early next week.

Donovan said that he and HUD's Loan Management and Property Disposition Chief Linda Cavanaugh may both meet with Clifford.

Donovan canceled a meeting between local officials and tenants after Valley Legal Services attorney Cherise Hutton filed a class action suit on behalf of the tenants. The suit charges that HUD disregarded its own rules by not giving a reason for its approval of the rent hike.

The meeting had been called for Tuesday by Clifford, and would have included State Rep. John W. Betkoski (D-105), a Franks' representative and William Sheriden, tenant representative. Officials had wanted to discuss the possibility that HUD might reopen the file to review the increase.

It was Donovan's cancellation that prompted the campaign to get Dodd to Ansonia.

"Mr. Donovan canceled the meeting on the advice of HUD attorneys," Clifford said, "but he held open the possibility of meeting with me and I still want to do that."

"The matter is in litigation and there will probably be some limit on what can be discussed," he said, "but I would hope that we can still go over the HUD review process and that the agency will reconsider the

rent hike."

A temporary restraining order was issued last week in U.S. District Court at Bridgeport, to stop the rent hike. If the court decides the rent hike is justified and HUD did not violate its own rules, the increase will be administered in three phases over six months.

Tenants at Beaver Brook now pay \$282, \$337, and \$371 a month for one-, two-, and three-bedroom units. If the increase is allowed, they will pay \$382, \$456, and \$502 for those units.

# Dodd vows to help tenants fight 35% Beaver Brook rent increase

By KAREN IMBER  
Sentinel Staff Writer

ANSONIA—In a brief visit peppered with warnings that they might not prevail despite their best efforts, U.S. Sen. Christopher J. Dodd promised Thursday to help tenants fight a proposed rent increase of 35 percent at the Beaver Brook Apartments.

Dodd took the trip from Washington to Ansonia as the result of a barrage of phone calls from Beaver Brook tenants, imploring him to meet with them and then argue their case against the hike, imposed in October by officials at the federal department of Housing and Urban Development (HUD).

The roomful of people who met him at the apartment of Tenants Association President Bill Sheridan renewed their request that Dodd try to get their file re-opened.

They asked him to help convince HUD Hartford Department Manager Robert S. Donovan to re-examine the documents—which include a 14-page association critique of the proposed rent increase and six pages of repairs that HUD ordered completed at the complex.

The tenants told him they want Donovan, who approved the rent

hike, to reverse his decision or at least make the increase less severe.

"I'm as concerned about this as everybody else here. This does not only affect Beaver Brook tenants. It has a statewide effect. This complex and others like it are run by subsidies from taxpayers who ought to be incensed also, because it's their tax dollars and therefore their

**'This has a statewide effect. Taxpayers ought to be incensed because it's their tax dollars and therefore their property as well.'**

property as well.

"I think HUD's decision (to grant a 35 percent hike instead of the 52 percent requested by owner Mary Celentano) reflects their own doubts about the matter," he said.

Beaver Brook tenants pay \$282, \$337, and \$371 respectively for their one, two, and three-bedroom apartments. If the rent increase is approved, they will have to pay \$382,

\$456, and \$502 per month to live there.

Dodd said the tenants' lawsuit against HUD—currently in process at the U.S. District Court in Bridgeport—may be "the best hope" for any change in the rent increase.

A temporary restraining order has been issued as a result of that suit, an order which effectively prevents the rent hike until the court decides whether or not to overturn it.

That suit claims HUD disregarded its own regulations when the rent hike was approved because the agency's approval letter—sent to Celentano in Florida—included only a one-paragraph statement saying that her request for a 52 percent increase was granted in part, and that a 35 percent increase was "justified."

HUD regulations require that specific reasons be given for such an approval. The Oct. 31 letter to Celentano says only that "an increase in gross annual rental income at the subject project to \$938,377 (per year) is justified." The remainder of the letter spells out the way the rent increase is to be administered and makes clear that the second and third "stages" of that

SEE DODD Page 2

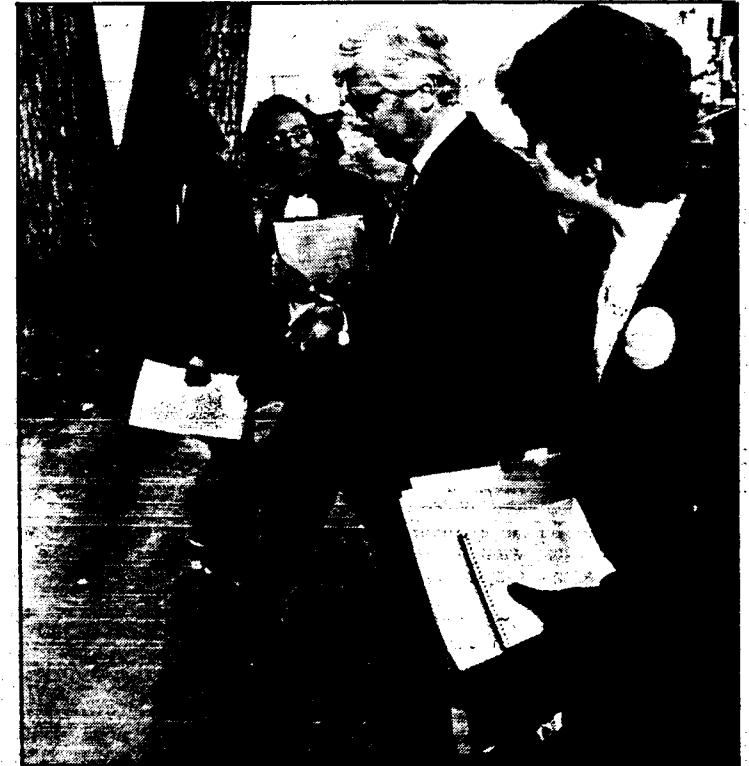


Photo by Ron Zuba  
U.S. Sen. Christopher Dodd heads for a conference with Beaver Brook tenants who want him to help reverse or reduce their HUD-approved 35 percent rent hike. He is flanked by Tenants' Association treasurer Donna Roberts (left) and Shelly Sheridan, the wife of association president William Sheridan.

Dec 21 1990





Photo by Ron Zuba

Beaver Brook Tenant Association treasurer Donna Roberts listens while U.S. Sen. Christopher Dodd pledges to help fight a 35 percent rent increase at the federally subsidized moderate income apartment complex in Ansonia. Story, Page 1.

## \*Dodd vows to help fight rent increase

Continued from Page 1

hike are dependent upon the completion of the list of repairs attached to the letter.

"Maintenance is poor here and HUD said so themselves," said Shelly Sheridan, whose comments were echoed by others during the meeting with Dodd.

Six-year Beaver Brook tenant Owen Billing ticked off a list of maintenance and structural problems that included exposed oil filter pipes in the sidewalks, porches with vertical slats that are "wide enough for a kid to stick his head through and get caught in," drainage problems that cause dangerous ice patches, furnace malfunctions, and drafty, "leaky" windows.

"They've done nothing here for years," Billing said. "Celentano cut corners 20 years ago. Why do we have to pay for that now?"

Dodd told the group that his Washington and Connecticut staffs will review the law that Dodd authored years ago, which requires that landlords who built their units with low-interest HUD loans must make an effort to reduce energy costs and institute "conservation alternatives" before they can receive HUD approval for a rent hike.

"They've got to do more than just say 'we looked around'," he said.

# Dodd will argue Beaver Brook case

By DAVID GREGORIO

Staff writer

ANSONIA — U.S. Sen. Christopher Dodd, D-Conn., promised tenants of the government-subsidized Beaver Brook apartment complex that he would try to help them convince federal housing officials to reverse the 33 percent rent increase that they approved for the project.

But the state's senior senator, who drew up a law that the tenants are using to fight the rent hike, warned, "It's not easy to get these [rulings] overturned."

Dodd said a lawsuit filed by the tenants' attorney in U.S. District Court in New Haven may ultimately be the best way to overturn the rent hike ruling issued Oct. 31 by Robert Donovan, chief of the U.S. Department of Housing and Urban Development's loan management branch in Hartford.

Dodd told the tenants he would try to talk Donovan and his superiors at HUD headquarters in Washington into reversing the rent increase. But he commended the Beaver Brook Tenants Association for pursuing the "dual paths" of suing HUD in court while asking elected officials to

pressure the agency.

"In the end we may not prevail, but we're going to fight," he said.

Dodd spoke to tenants in the apartment of their association president, William Sheridan. Sheridan was at work, but his wife, Shelli, and other members spoke to Dodd for the association.

"We shouldn't have to pay a rent increase when they don't fix things. The heat is sporadic; you either freeze or burn up," association Treasurer Donna Roberts said in a prepared statement distributed to Dodd, local officials and more than a dozen reporters.

Under a bill drawn up by Dodd in 1981, the landlord of a HUD-subsidized apartment complex must try to cut costs before raising rent.

For example, a landlord cannot raise rents because heating oil is more expensive unless he or she also takes steps to make the apartments more energy-efficient.

The tenants charge that Beaver Brook's owners, members of the Celantano family of Florida, have hoarded rent money from Beaver Brook for 20 years without properly maintaining the apart-

ments.

Several tenants told Dodd about other severe problems, including leaky roofs and plumbing that has deteriorated to the point where tap water is no longer drinkable.

"Where they cut corners 20 years ago, we're being asked to pay for now with this rent increase," said Owen Billing, who has lived in a unit on Woodbridge Avenue for six years.

Dodd said he was not surprised to hear Beaver Brook has been neglected by its owners as well as HUD for the past decade.

While President Reagan was in office, Dodd said, "landlords had a free ride." He said landlords have neglected hundreds of similar apartment complexes across the nation, which were built 20 years ago by private developers using low-interest loans from HUD.

Dodd said he will urge HUD to refuse the application because the Celantanos cannot prove there is adequate affordable housing in the area to replace the loss of 172 affordable units at Beaver Brook.

Dec 21 1990 BPT Post

# Beaver Brook owner plans to prepay mortgage

1/12/91

By KAREN IMBER  
Sentinel Staff Writer

ANSONIA—The owner of the Beaver Brook Apartments has notified federal authorities of her intent to prepay a low interest mortgage she got from the Department of Housing and Urban Development 20 years ago.

Leaders of the Beaver Brook Tenants' Association said today that news of the possible prepayment has added another layer of problems to those of renters who are now in court fighting the 33 percent rent hike recently approved by HUD for the complex.

Association president William Sheridan said tenants fear that owner Mary Celentano will be allowed to refinance and prepay the loan she used to build Beaver Brook, thereby

getting out from under HUD rent control regulations. He said a hike to market value rents would force most of the 172 renters there to leave, and would make many of them homeless.

But authorities at HUD said this week that Mary Celentano has little chance of getting an approval—because federal law requires her first to prove that there is no longer a need for low- or moderate-income housing in the area—and Sheridan denied rumors that his association is discussing ways to organize a tenant buyout of the complex.

"We are working on building our strength in order to put more pressure on HUD to reopen the case on the rent hike," Sheridan said, "and we are waiting for the results of the court hearing in Bridgeport."

The tenants' case against HUD will be heard in U.S. District Court on Jan. 22, at which time a federal judge may decide whether HUD ignored its own regulations when they did not supply a reason for allowing the 33 percent rent hike that was approved in October.

If the judge decides for the tenants, a temporary injunction on the hike will be made permanent, and tenants will continue to pay between \$282 and \$371 per month for the one-, two- and three-bedroom units.

The injunction will be lifted and tenants will have to pay between \$362 and \$562 per month if the court's decision favors HUD.

"We will schedule a tenants' meeting after the results of the case are announced," Sheridan said, "and then we'll discuss our

next move. But right now it's much too early to even think about a buyout."

Beaver Brook managing agent Vincent Celentano would not comment when asked if his wife intended to get out from under HUD's rent regulations, except to say that escaping those rules was "not within the stated purpose of the intent notice."

HUD Hartford Department Manager Robert S. Donovan agreed, saying that the form indicates only two options for Celentano's plans to prepay. She can either "transfer ownership of the project to a qualified non-profit organization" which would also run Beaver Brook by HUD rent regulations or use the HUD incentives to "refinance the

See BEAVER BROOK Page 2

## \*Beaver Brook owner

Continued from Page 1

project."

Donovan said those refinancing incentives include low interest loans for rehabilitation of the housing project and possible Section Eight assistance for tenants who can't pay the rent.

"Those incentives might also enable them to restructure some financing and take out some equity on the property, to borrow against its present value—which is obviously much higher than when it was mortgaged—and take out some cash," he said.

Celentano said his wife might consider a tenant buyout under the provisions of those prepayment options.

"I can't speak for the owner because she hasn't made her feelings known on this question," Celentano said, "but I would recommend that she do whatever appears to be in the best interests and desires of the tenants—so long as it is not adverse to her interests."

"We are not adverse to helping the tenants. We will do what we can to give them the best position in life that we can give them," he said. However, he would not speculate on a possible selling price.

"It's nice that Mrs. Celentano

wants to help us work on a buyout," Sheridan said, "but there are maintenance problems she's known about since August that are still not fixed. And for a few days during Christmas week a couple of buildings did not have hot water or heat. We all care about our position in life," he said, "then perhaps she should answer some of the questions about rent and maintenance that we asked her four months ago."

# Dodd urges rent boost be restudied by HUD

By Karla Schuster  
Register Staff

## ANSONIA

**ANSONIA** — Citing questions about whether the owners of the Beaver Brook Apartments have improved the complex's energy efficiency, U.S. Sen. Christopher J. Dodd, D-Conn., urged federal housing officials to re-examine their approval of a 33 percent rent increase.

Dodd, in a recent letter to William Hernandez, manager of the U.S. Department of Housing and Urban Development's Hartford office, asked whether the agency "considered (what) steps were taken at Beaver Brook to maximize energy efficiency and minimize utility costs" before approving the increase.

Tenants have filed a class-action suit against HUD, charging the federal housing agency violated its own procedures in approving the increase, the first at Beaver Brook in more than eight years.

Tenants claim the 172-unit complex is poorly maintained, and that its owners, Mary and

Vincent Celentano of Florida, have not provided most units with storm doors or windows and other energy-saving improvements.

The Celentanos, in their application for the increase, cited increased utility costs as part of the reason.

"It's important to make certain that HUD played by the rules," Dodd said this week. He referred to a 1981 amendment to the Housing and Community Development Act he authored, giving HUD the authority to adjust or reject rent-increase requests if there is evidence that owners neglected to minimize energy and utility costs.

Tenants received a temporary court injunction against the increase, which was scheduled to take effect in three equal installments beginning Dec. 1. The injunction will remain in place at least until Tuesday, when arguments in the class-action suit are to begin in U.S. District Court in Bridgeport.

# Valley coalition: prepayments may reduce affordable housing

Bridgeport Post  
2/6/91

By DAVID GREGORIO  
Staff writer

ANSONIA — A coalition of community groups says it is worried that 3,000 families living in government-subsidized apartments throughout Naugatuck Valley could ultimately lose their homes if federal officials allow owners of the Beaver Brook apartments here to pay off their low-interest mortgage this year, 20 years ahead of schedule.

"We are very concerned about the potential loss of affordable housing in the Valley," said Andre Giroux, president of the Naugatuck Valley Project.

"There are approximately 3,000 units of HUD-subsidized housing in the Valley between Derby and Torrington that are at risk of prepayment or sale," Giroux said. "It is critically important that we not let Beaver Brook become the precedent that leads to the displacement of 3,000 families in the Valley."

Beaver Brook tenants contacted the Naugatuck Valley Project last year to help them fight a 52 percent rent hike requested by the Celantano family of Florida, which owns the apartment complex.

The U.S. Department of Housing and Urban Development ultimately approved a 33 percent rent increase, which the tenants are fighting through a lawsuit in federal court.

Judge T.F. Gilroy Daly issued a temporary restraining order blocking the rent increase, which was to have taken effect Dec. 1. Then, on Dec. 28, the Celantanos asked HUD for permission to prepay their

40-year low-interest mortgage on Beaver Brook.

Prepayment of the mortgage would remove all government restrictions from Beaver Brook, allowing the Celantanos to charge whatever rent the market will bear or to sell Beaver Brook to the highest bidder.

The Rev. George Burnett, co-pastor of Assumption Roman Catholic Church in Ansonia, said he will try to contact Mary Celantano this week and ask her to meet with Beaver Brook tenants and public officials who are concerned about the potential loss of 172 affordable apartments in Ansonia.

"I know inflation and rent increases are a fact of life, but HUD does have certain guidelines," Burnett said Tuesday. "According to regulations, energy-conservation steps have to be taken before an owner can get a rent increase. According to everyone I've talked to, that just hasn't been done."

"You find a lot of people who live there are not able to afford these rent increases and you wonder where they are going to go," he said.

In the lawsuit, the tenants' attorney charges that HUD did not follow its own regulations and require the owners to take cost-cutting measures before approving the rent hike. U.S. Sen. Christopher Dodd has written HUD asking whether the Celantanos were required to improve energy efficiency in the apartment units.

More than 85 leaders of organizations affiliated with the Naugatuck Valley Project

See VALLEY on B6

## Affordable housing in Valley said at risk

Continued from B1

have written letters urging U.S. Housing Secretary Jack Kemp to reverse HUD's approval of the rent hike.

HUD officials have not commented on the Beaver Brook controversy since the lawsuit was filed. Last month, they asked for more time to prepare their case. A hearing on the lawsuit was continued until later this month.

"They need more time because they did not require the Celantanos to make any improvements," said Merrill Gay, the Naugatuck Valley Project's housing organizer. "Just visit Beaver Brook. Half the apartments are freezing and the other half are roasting."

"The only storm doors are the few that the tenants went out and bought themselves," Gay said. "Caulking in the windows is non-

existent; tenants roll up towels and stick them in the cracks to keep out the cold."

# Beaver Brook tenants offer to drop HUD lawsuit

By DAVID GREGORIO  
Staff writer

ANSONIA — A lawyer representing low-income tenants of the Beaver Brook apartments offered Thursday to drop a lawsuit against the U.S. Department of Housing and Urban Development.

In return, attorney Charisse Hutton stipulated that HUD reduce the rent increase it approved to 10 percent and require the owner of Beaver Brook to make repairs to the government-subsidized apartments before the rent hike takes effect.

If the U.S. Department of Housing and Urban Development does not accept the offer, Hutton said she will continue her suit to overturn the 33 percent rent hike that HUD approved for families in the 172-unit complex.

Hutton said she proposed the settlement Thursday to Assistant U.S. Attorney John Hugues, who is representing HUD in the lawsuit.

The class-action suit on behalf of several low-income tenants at the complex, seeks to reverse the rent hike HUD approved in November.

"I got the feeling that we're working in good faith toward an agreement," said Hutton, an attorney for Valley Legal Assistance.

Under Hutton's proposal, the Celantano family, which owns Beaver Brook, would be allowed to raise the rent by 10 percent only after completing 10 repair projects which HUD has listed as high priority.

The problems include leaky roofs, faulty heat, air conditioning and hot water, missing smoke detectors, and insufficient exterior lighting.

Hutton's proposal would allow the Celantanos to raise the rent by another 5 percent after completing less urgent maintenance work, including installation of storm doors and attic insulation, caulking windows and other improvements to make the apartments energy-efficient.

In their lawsuit, the tenants charge that HUD did not follow its own regulations and provide them with a list of reasons for the 33 percent rent hike.

They charged the Celantanos have hoarded rent money without performing even routine maintenance since building the Beaver Brook apartments in 1970 with a 3 percent government loan.

Hutton said she expects HUD to try to negotiate a higher rent hike than 10 percent to avoid future legal action by the Celantanos. However, she said HUD appears to be taking the tenants seriously, sending two inspectors to Beaver Brook this week to look at the maintenance problems.

Merrill Gay, an organizer for the Naugatuck Valley Project who is helping the Beaver Brook Tenants Association, said, "I think the tenants would consider that a victory" if the rent hike were reduced to 10 percent and the repair work completed.

"The tenants realize there hasn't been a

rent increase at Beaver Brook in 10 years," Gay said. "But on the other hand they feel the landlord doesn't deserve a rent increase. . . . Of the 10 high-priority items HUD told him to fix in October, five were high priority items in April and were never fixed. What leverage does HUD have to get things fixed if they don't withhold the rent increase?"

Hutton said she and Hugues will probably set a deadline of March 15 for settling the lawsuit. If the parties can't settle by then, the tenants will seek a summary judgment to overturn the 33 percent rent hike.

U.S. District Judge T.F. Gilroy Daly has issued a temporary injunction blocking the rent hike until the lawsuit is decided.

Hutton will turn the Beaver Brook case over to another legal aid attorney Monday when she leaves her current job to take a new position as the state's deputy commissioner for the Department of Human Resources.



# Owners may sell Ansonia complex to tenants

By DAVID GREGORIO  
Staff writer

ANSONIA — A local priest says the owners of the Beaver Brook apartments, who are seeking a rent increase at the low-income complex, might agree to sell the 172 units to tenants if a financially attractive offer is made.

The tenants sued the U.S. Department of Housing and Urban Development to block a 33 percent rent hike that HUD approved at Beaver Brook, and obtained a temporary injunction blocking the increase until their case is decided.

The tenants' lawyer has offered to settle the case out of court if HUD lowers the rent

hike to 10 percent and orders the owners to complete several high-priority repairs.

The Rev. George Burnett, of Assumption Roman Catholic Church, said he contacted the owners of Beaver Brook at their home in Florida, and they indicated that although they have planned no special trip, they might meet with the tenants if they have to come north to testify in court.

The apartments are owned by Mary Celentano and managed by her husband Vincent Celentano. Burnett said Vincent Celentano "told me he has three options. He's either going to keep the apartments and get the rent increase, sell it to a non-profit organization or sell it to a profit entity.

Merrill Gay, an organizer for the Naugatuck Valley Project, said the tenants are trying to put together a bid for Beaver Brook under Title VI of the National Affordable Housing Act of 1990. The act allows non-profit organizations such as the tenant group to obtain federally guaranteed bonds to fund 95 percent of the purchase price of an affordable housing complex.

To give themselves a better chance of buying the apartments, the tenants have asked HUD to reject an application by the Celentanos to pay off their mortgage on Beaver Brook 20 years early.

Paying off the 3 percent government mortgage that allowed them to build Beaver Brook would let the Celentanos raise rents as high as they want.



# TALK OF THE TOWNS

## Beaver Brook settlement in works

**ANSONIA** — Tenants of the Beaver Brook Apartments and federal housing officials have agreed to spend the next two weeks trying to negotiate a settlement of the tenants' class-action suit against a 33 percent rent hike.

The break in the two-month-old court battle came after the tenants offered a 15 percent rent hike contingent on a series of repairs at the federally subsidized complex, tenants' attorney Charisse Hutton said.

The agreement was reached during a meeting between Hutton and the U.S. attorney's office.

The suit was scheduled for trial

### ANSONIA

Thursday in U.S. District Court, Bridgeport. Both sides also agreed that even if a settlement is not reached, they will ask the federal court to decide the case without a trial.

Tenants of the privately owned, federally subsidized complex won an injunction against the rent hike, which was to take effect in three equal installments beginning last December. Their suit charges that HUD did not adequately justify its approval of the increase and that the agency violated its own rules in assessing the owners' need for the large increase.

Residents of the 172-unit complex say that owners Mary and Vincent Celentano do not deserve any more money because the buildings are in poor condition. In October, HUD inspectors said the complex suffered from "severe maintenance neglect" and cited scores of needed repairs.

Under the tenants' settlement offer, they would begin paying a 10 percent rate hike after the Celentanos completed 10 items HUD in October designated as "high priority repairs", and pay an additional 5 percent when all the repairs outlined in the HUD inspection are complete.

# Beaver Brook sale for \$13m proposed

By DAVID GREGORIO  
Staff writer

ANSONIA — The manager of the low-income Beaver Brook apartments told tenant representatives this week that his family would be willing to sell the 172-unit complex to them or a non-profit group for \$13 million, or about \$75,000 per unit.

But tenant leaders said they think Vincent Celentano will have to lower his price if he wants to sell Beaver Brook in the current real estate market. They said without major repairs, it would be hard to find someone willing to pay \$75,000 for a Beaver Brook apartment.

Beaver Brook tenant leaders,

who have filed a lawsuit and are lobbying federal authorities to keep their rents affordable, said they met Wednesday night with Celentano of Florida, who manages the government-subsidized apartment complex for his wife Mary.

While they mull over Celentano's proposal, tenants are also trying to gather evidence for their lawsuit to block a 33-percent rent hike that was approved in December by the U.S. Department of Housing and Urban Development.

The current rent for a three-bedroom apartment at Beaver Brook is \$371 per month, and many low-income tenants have said they would be left homeless if the 33 percent

See COMPLEX on A2

## Complex in Ansonia offered to tenants for \$13m

Continued from A1

increase is allowed to stand.

HUD inspectors reported this week that the Celentanos have taken steps to remedy several high-priority problems at the apartment complex and should be allowed to raise the rent.

But tenants said this week that the repair work has been inadequate or nonexistent, and they still have leaky roofs, faulty heating and hot-water systems and corroded

plumbing that has rendered tap water undrinkable.

"HUD said last fall that 15 leaky roofs needed to be replaced and Celentano only replaced one roof, on the E building," complained Donna Meade who lives in the E building.

"Then inspectors who visited here on the 20th dropped hot water from high priority to low priority despite the fact that we still can't get hot water," Meade said. "Celentano says it's because people

have dishwashers, but that doesn't explain why you can never get hot water for a shower at 7 a.m."

Merill Gay, an organizer for the Naugatuck Valley Project, who is working with Beaver Brook tenants, said a formal tenant response to the HUD inspection report will be submitted next week to U.S. District Judge T.F. Gilroy Daly.

Daly issued a temporary injunction in December to block the 33-percent rent hike.

The tenants have offered to set-

tle out of court if HUD will agree to grant the Celentanos a 10 percent rent increase after they have repaired the 10 high-priority maintenance problems that HUD identified last fall.

The Celentanos, who built Beaver Brook with a low-interest government loan in 1970, have asked HUD for permission to pay the mortgage off this year, 20 years before it is due. Early payment of the mortgage would remove all rent restrictions from Beaver Brook and

allow the owners to raise rents to whatever the market will bear.

Tenants have asked HUD to deny the Celentanos permission to pre-pay their mortgage, and are exploring whether their association or another non-profit group can purchase Beaver Brook through a HUD program that allows 95 percent of the purchase to be financed through sale of tax-free bonds. Low- and moderate-income tenants could then pay off the mortgage using Section 8 rent vouchers.

# Tenants ask buyout assistance

## Ansonia group seeking \$15,000 grant for fight

By MIKE PATRICK  
Staff writer

ANSONIA — Residents of the Beaver Brook Apartment Complex trying to purchase the units and foil an attempt by the landlord to raise the rent asked a city grant committee Thursday night for \$15,000 to help in the fight.

The request was made at a 7 p.m. public hearing in the Ansonia Redevelopment Agency held to solicit ideas and comments for the 1991-92 Small Cities Block Grant applications.

"What this money will do for us is provide us with information and help us get the information we need to do our buyout," said William Sheridan, president of the Beaver Brook Tenants Association.

The Beaver Brook apartments on Beaver Street are owned by the Florida-based Celentano family. The mortgage was subsidized by the state on the condition that the units are rented to low- and moderate-income individuals and families.

But shortly after the family said it would raise the rents, it announced it would try to prepay the mortgage, thus severing ties with the state and allowing them to charge whatever they want for rent.

"If he does prepay his mortgage, he can raise these up to market rate for the rent," Sheridan said. "We're here to try and stop that."

The \$15,000 would be used to pay half of the salary for an organizing staff member to assist the tenants in their efforts to preserve their apartments as affordable housing. The group has already raised the other half of the salary.

"Loss of the 172 Beaver Brook units as affordable housing would have a devastating impact on the low-income tenants who live there, and its effects would ripple throughout the Valley," Naugatuck Valley Project Housing Coordinator Merrill Gay wrote in the formal request presented Thursday night.

"The loss of the 172 low-cost rental units would dramatically tighten the rental market, further driving rents up throughout the Valley," he wrote.

Redevelopment Director Florence Villano said the Beaver Brook request was a top contender for inclusion on the grant application.

Small Cities Community Block Grant funds are U.S. Department of Housing and Urban Development monies distributed through the state Department of Housing.

In the past, Ansonia and Derby have each received about \$400,000 annually through the program, for which they apply every two years.

Other agencies to request Small Cities monies included Ansonia Community Action, the Valley Mental Health Department and the Ansonia Board of Education.

# Beaver Brook tenants request funding

By MIKE PATRICK  
Staff writer

ANSONIA — In a way, they're asking their opponents for the means to beat them.

Residents of the Beaver Brook apartment complex Thursday requested U.S. Housing and Development money in the form of a Small Cities Community Development Block Grant to help them purchase the 172-unit complex.

But HUD is at the center of a dispute between the residents and the owners of the complex, the Florida-based Celentano family.

"It frequently feels like HUD and Celentano are working together," said Merrill Gay, housing coordinator for the Naugatuck Valley Project. "The people HUD works with are the landlords. The tenants are just sort of . . . annoyances, rather than customers. HUD sees the landlords as its customers."

It is for that reason, Gay said, the federal office does not pressure the Celentanos to perform serious upgrades on the property, including providing sufficient hot water and replacing all the roofs.

The mortgage was subsidized by HUD on the condition the units are rented to low- and moderate-income individuals and families.

But shortly after the family said it would raise the rents, it announced it would try to prepay the mortgage, thus severing ties to HUD and allowing the Celentanos to charge whatever they want for rent.

The residents are trying to purchase the apartments themselves, and keep them low- to moderate-income.

In an effort to get their fight off the ground, the residents came before a Community Development forum Thursday night and asked to be included as a \$15,000 item on an application for the Small Cities grant.

Small Cities Community Block Grant funds are HUD monies distributed through the state Department of Housing.

In the past, Ansonia and Derby have each received about \$400,000 annually through the program, for which they apply every two years.

"The \$15,000 will basically pay half the cost of putting an organizer full time at Beaver Brook," Gay said. "Unless the tenants are organized, it's going to be very difficult for them to be a player in the process."

But Gay said the residents fear the landlords may go for another option and decide not to sell.

Under a program that acts as an incentive for landlords not to prepay their mortgages, the Celentanos can take out an "equity takeout loan," which would allow them to borrow up to 90 percent of the value of the property, if he agrees to charge Section 8 rents.

But those are close to \$800 monthly,

about \$500 more than the residents now pay.

Through the higher rents, the Celentanos can pay back the loan. If the units are worth \$10 million, as the owners contend, they can walk away with about \$9 million tax-free, Gay said.

Officials at Thursday's forum were receptive to the grant request, saying the conditions at Beaver Brook have gone on too long.

However, they said a decision will not be made until Tuesday, and there are other contenders for the money.

The Valley Mental Health Center has asked for \$227,250 to install an elevator and for the salaries of two staff members.

Ansonia Community Action requested \$128,000 to help expand the North End Community Center, where it is located.

The expansion would allow for the development of a year-round leisure-time program aimed at low- to moderate-income youths.

## Beaver Brook tenant buy-out gets boost from aldermen

By Karla Schuster

Register Staff

**ANSONIA** — The fight to keep rents at the Beaver Brook apartments affordable got a lift this week when the Board of Aldermen approved giving a non-profit group \$15,000 to research a tenants' buy-out.

The funding was recommended by the city Redevelopment Agency as part of its \$400,000 1991 federal Small Cities grant request.

The application now needs approval from the state Department of Housing, which oversees the grant program. If approved by DOH, the money would be available in September.

The \$15,000 would be awarded to the Naugatuck Valley Project and used to find a way to block the owners of Beaver Brook, Mary and Vincent Celentano, from prepaying their federal mortgage on the complex.

Rents at the 172-unit Beaver Brook complex are subsidized by a 20-year low-rate mortgage the Celentanos got from the federal Department of Housing and Urban Development.

The Celentanos notified HUD in December that they intended to pay off the mortgage early, which means they would no longer have to keep the rents within HUD subsidy guidelines.

Merrill Gay of the Naugatuck Valley Project said the tenants will look into a new Connecticut Housing Finance Authority program

### ANSONIA

that uses loan guarantees and mortgage enhancements for such buy-outs.

The CHFA program could finance up to 95 percent of a new mortgage. The tenants would hope to secure other state or federal financing for all or part of the remaining five percent, Gay said. The tenants could also seek a non-profit agency to purchase the complex, he said.

The purchase price would be determined after two appraisers, one picked by the Celentanos, the other by HUD, put a value on the complex. Gay said the Celentanos believe the complex is worth about \$13 million, or \$75,000 per unit.

The tenants, however, say the complex is poorly maintained and worth much less unless massive repairs are completed.

The complex's condition is also the key issue in the tenants' ongoing battle against a 33 percent rent hike. HUD approved the Celentanos' application for the hike last October, but sliced it by more than 20 percent.

The tenants, after appealing to HUD to re-consider its decision, filed suit against the agency, charging it with violating its own rules by approving the rent increase.

An injunction has barred the Celentanos from collecting the rent increase until a federal court judge decides the tenants' case against HUD.

# Beaver Brook tenants push to hold off rent hike

DAVID GREGORIO

Staff writer

BRIDGEPORT — Low-income tenants of Beaver Brook apartments have complained about leaky roofs for years. The roofs are being fixed, but many of Beaver Brook's 172 families are worried their problems will only get worse.

A leaky roof, they say, is better than no roof at all.

The tenants say they are worried the repairs will prompt government inspectors who toured the complex last week to allow the private owners of Beaver Brook to implement the third and final phase of a 33-

percent rent increase. If that happens, tenants and their supporters warn, only a temporary restraining order by a federal judge in Bridgeport will be holding the roofs over the heads of Beaver Brook's poorer families.

Shelly Sheridan of the Beaver Brook Tenants Association said many families who live in the complex will probably lose their homes if U.S. Judge T.F. Gilroy Daly ultimately decides that the rent hike is justified and lifts the injunction.

Sheridan said HUD inspectors who visited Beaver Brook last week seemed uninterested in the tenants' concerns as they were led through the complex by an em-

ployee of the owners. She said the inspectors visited the manager's hand-picked, problem-free apartments, and told her they did not have time to visit other units where tenants complained about holes in walls and ceilings, plumbing that has deteriorated to the point where tap water is undrinkable, or pipes leaking raw sewage into basements.

Tenants complained about those problems last year, when they were fighting the landlord's application for a 52-percent rent hike. HUD ultimately granted a 33-percent rent increase, and the tenants filed suit. The judge issued a temporary injunction that will remain in effect until he de-

cides the case.

In January, U.S. Sen. Christopher Dodd, D-Conn., urged HUD to reverse the rent hike, saying Beaver Brook's landlord is not in compliance with a 1982 law he passed requiring subsidized apartments to cut costs by making the units energy-efficient before a rent increase can be granted.

Ed Mann, of Dodd's Connecticut office, said HUD has been resisting the senator's efforts to reverse the rent hike. "It's awful hard after the fact to reverse a decision like that," he said.

In their suit, the tenants charge that

See **TENANTS** on A11

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A 11

## Tenants oppose rent increase

Continued from A9

HUD broke its own regulations by granting the rent hike without considering their objections. They said Beaver Brook's owners, the Celentano family of Florida, hoarded the rent without reinvesting in proper maintenance.

HUD says the rent hike was justified by higher costs to the owners. The agency said it responded to tenant concerns by ordering the rent hike phased in, with the second and third phases kicking in this spring and summer, only if HUD was satisfied that the owners had completed several high-priority repairs.

HUD officials in Hartford have refused to comment on the Beaver Brook situation since the suit was filed in December. But according to the agency's briefs, filed by Assistant U.S. Attorney John Hughes, "The very short answer to the plaintiffs' claim is that they are simply wrong concerning HUD's compliance with applicable regulations."

HUD allowed the second phase of the rent hike to take effect in March after inspectors said they were satisfied the problems were being addressed. Tenants complained the Celentanos were

**The Celentanos are now seeking HUD's permission to pre-pay the remainder of the 40-year low-interest mortgage they used to build Beaver Brook in 1970.**

making "cosmetic" improvements without addressing more serious problems.

Tenants met Thursday night with representatives of the Naugatuck Valley Project, a community group that is trying to help them find a way to buy the complex and keep the rents affordable.

"The NVP was able to find a couple of non-profit groups that might be able to help us," Sheridan said. The Celentanos have offered to sell Beaver Brook to the tenants association or a non-profit group that would keep rents affordable. But the association has not yet figured out how to pay Celentano's asking price of \$13 million, or \$75,000 per unit.

The Celentanos are now seeking HUD's permission to pre-pay

the remainder of the 40-year low-interest mortgage they used to build Beaver Brook in 1970. If HUD allows pre-payment, there will be no further regulation of the rents.

Merrill Gay, organizer for the Naugatuck Valley Project, told the tenants Thursday that two New Haven area non-profits have expressed preliminary interest in helping them. But he warned that making a deal will not be easy because thousands of government-subsidized apartment complexes like Beaver Brook were built in the early '70s, and many of the owners are now applying to pre-pay their 40-year mortgages.

Gay said it is unlikely the federal government will appropriate enough money to keep all the units affordable or allow tenants to purchase them.

No matter how difficult a purchase might be, Sheridan said the tenants have little choice but to try.

"We can't rely on HUD to do what's right," she said. "We've got to get more organized ourselves. We've got to get everybody together and get going."

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## Ansonia tenants are offered purchase plan

By MIKE PATRICK  
Staff writer

**ANSONIA** — The landlord of the government-subsidized Beaver Brook apartment complex offered residents a cooperative buyout plan Wednesday night in which residents would pay approximately

\$76,000 for each of their units.

Meanwhile, a member of a Springfield, Mass., tenants' association spoke to Beaver Brook residents about how to successfully purchase the property.

The Beaver Brook mortgage was subsidized 20 years ago by the U.S. Department of Housing and

Urban Development on the condition the units be rented to low- and moderate-income individuals and families.

But last year, shortly after landlord Vincent Celentano said the rents would be raised by 33 percent, he announced he would try to prepay the mortgage. That would effec-

tively sever ties with HUD and allow Celentano to charge whatever he wanted for rent.

"If residents have an interest in having a tenant council that would purchase the property and afford cooperative ownership, that would

See PURCHASE on A2

## Purchase plan is offered at Beaver Brook

Continued from A1

be option number one," Celentano said to about 30 Beaver Brook residents at a tenants meeting at Assumption Church Wednesday. "Option two would be for a non-profit entity to purchase the property and maintain it as a low-income rental project."

Celentano said the third option would be for his family to retain the 172-unit project on Beaver Street for another 19 years as a rental complex.

Under the cooperative option, residents who wished to purchase

The Beaver Brook mortgage was subsidized 20 years ago by the U.S. Department of Housing and Urban Development on the condition the units be rented to low- and moderate-income individuals and families.

their units would lay a down payment of approximately \$4,000, and would pay the rest off monthly. The

loan would be held by the Celentano family.

Celentano's offer was met with skepticism by both residents and a community organizer.

"We want to see something on paper, and have time to crunch the numbers," said Merril Gay.

Celentano spoke after the residents listened to Patricia Sirenski tell them be careful in dealing with their landlord.

Sirenski, a resident of the Springfield, Mass., Allen Park apartments, said the owners there also attempted to prepay their mortgage.

"We had a lot of people starting to get angry, and fearing they were going to lose their homes," after the prepayment plan was announced, Sirenski said. But later tenants agreed on a plan to buy their apartments, and that program is underway now.

She said a purchase plan can be difficult and frustrating to work out, but tenants should stick with it.

"There's going to be times where you're just going to want to throw in the towel and say 'The hell with this,' and walk away," she said. "But you live here."



# Beaver Brook owner offers tenants 3 options

By ANNE AMATO  
Sentinel Staff Writer

**ANSONIA**—THE OWNER of the Beaver Brook Apartments Wednesday offered tenants three options on the future of the low-to-moderate income housing project but said he's leaning towards a combination tenant buyout and rental program.

Vincent Celantano of Florida told about 40

tenants in the Assumption Church rectory meeting room that after exploring all the options, he had come up with three.

They include a total tenant buyout with cooperative ownership of the units; purchase of the complex by a non-profit entity that would maintain the low to moderate income status and the refinancing of the complex by Celantano. If that option is selected, he would maintain it as rental units for the next 19 years.

An alternative would be a cooperative buy out with some units maintained as rentals. This he said would be feasible only if fully two-thirds of the tenants wanted to purchase their units. This, he said, was also his favorite proposal.

Celantano said if the buyout is approved, tenants who opted to purchase their units would pay about \$520 a month for a two bedroom apartment with renters paying about \$60 a month more.

"The additional amount is due to the transient nature of renters," he said. "Whenever a renter moved out, that unit would be put up for sale."

Rents for a two bedroom apartment are currently \$453 a month.

Celantano said an in-house appraisal of the units showed their sale price would be in the mid-\$70,000 range. This amount evoked groans from tenants who had said they felt it

See BEAVER BROOK Page 2

## \*Beaver Brook

Continued from Page 1

was much too high.

Earlier in the meeting, Pat Sirenski, a representative from the Alan Park Tenants Association in Massachusetts, said tenants there are in the process of a tenant buyout and units similar to those at Beaver Brook will be bought for \$37,500.

"The units here should not be appraised much higher than that," said Beverly Bates of Community Builders, a non-profit group aiding the Alan Park tenants in their buyout.

Celantano said tenants opting to buy would be helped in getting mortgages, most likely for 30 years. He said he would consider staying on as manager, if the tenant's wanted him to. Otherwise he said he would be more than happy to move on.

Sirenski told the audience going through a buyout takes patience. "There will be times when you want to throw in the towel, but don't give up," she said. "These are your homes."

She gave a number of pointers to the group, telling tenants to begin thinking like owners. She also told them to apply for grant money. "You need money to do this," she said. An appraisal done at her apartment complex cost about \$10,000 she said.

Also in attendance were members of the Naugatuck Valley Project, a non-profit, coalition of churches and other groups that are helping tenants organize the buy out. The project wants to keep low-to-moderate income housing in the Valley.

Beaver Brook is a 172 unit garden apartment complex built more than 20 years ago with a mortgage subsidized by the U.S. Department of Housing and Urban Development (HUD).

Celantano, who owns and manages the complex, had notified HUD last August that he wanted to prepay his mortgage, freeing himself of HUD's rent-setting procedures.

Celantano had asked for a rent hike of 52 percent, but was granted a 33 percent increase instead. He has said this was the first increase in nine years.



# Beaver Brook bid spurned by tenants

## Group rejects \$76,000-per-unit offer

By DAVID GREGORIO  
Staff writer

ANSONIA — Tenant leaders at the Beaver Brook apartments dismissed their landlord's offer to sell them their apartments for \$76,000 each as "ridiculous" Tuesday, and called for an independent appraisal of the government-subsidized complex.

The Beaver Brook Tenants Association is trying to organize a buyout of the complex that would keep monthly payments affordable for low-income families.

The association has urged the tenants to reject last week's sale offer by Beaver Brook's managing partner, Vincent Celentano of Florida.

Celentano offered to finance the loan himself, but tenants charge the offer is just a way to avoid an independent appraisal and "mill us for another \$24 million in interest over the course of the 30-year loan."

Celentano said in a phone interview Tuesday that he thinks his offer is reasonable, but he might consider "a small variation" based on an independent appraisal.

Tenants said Beaver Brook is not worth anywhere near what Celentano is asking because it needs extensive repairs, including new or vastly renovated heating and plumbing systems.

The tenants association collected 138 signatures over the weekend on a petition rejecting Celentano's offer and seeking an independent appraisal followed by sale to "a tenant-controlled entity."

Shelli Sheridan of the association said the signatures came from tenants in 126 of Beaver Brook's 172 apartments.

"Some units are empty and some people were away this weekend, so we feel we have overwhelming support," Sheridan said Tuesday.

According to their petition, tenants want to find or organize a non-profit group that would purchase Beaver Brook, allow tenants to manage the complex democratically and keep monthly payments affordable for even the poorest tenants.

They also want the price to reflect the cost of whatever renovations are required to bring Beaver Brook up to standards set by the tenants.

While they await Celentano's response, Sheridan said the tenants association will send copies of the petition to federal hous-

ing officials in Washington and Hartford as well as to U.S. Sen. Christopher Dodd, D-Conn., who is helping them fight to keep rents affordable.

Celentano, whose wife Mary owns Beaver Brook, distributed a written sale proposal to tenants last Friday after outlining his plans at a tenant meeting Wednesday.

Celentano asked the tenants to prepare a rehab plan by Tuesday morning. But Sheridan said the tenants need more time to investigate how much it would cost to remedy the problems at Beaver Brook.

The Celentanos built Beaver Brook in 1970 with a government-subsidized, low-interest loan that they are seeking to repay this year, 20 years before it is due.

Prepayment of the mortgage would free the Celentanos from government regulation and allow them to sell or rent the apartments for whatever the market will bear.

But tenants said Beaver Brook would never fetch \$76,000 per unit on the open market, and charged Celentano with trying to use the threat of prepayment to coerce them into paying too much for their apartments.

"With all the unsold condos on the market, who would want to buy a 21-year-old dump like Beaver Brook?" the association said in a poster urging tenants to reject Celentano's proposal.

Merrill Gay, an organizer for the Naugatuck Valley Project who is advising the tenants association, said a private investor would never pay Celentano's asking price, especially if the sale means the end of federal rent subsidies to tenants.

Gay said selling Beaver Brook to the tenants may be the only way to maintain the subsidies, because Congress and U.S. Housing Secretary Jack Kemp favor tenant-ownership plans that would keep apartments affordable.

Celentano said he had not seen the tenants' petition, but "we might be able to consider" an independent appraisal.

However, he added, such an appraisal is "a two-way street" and could show the units are worth more than his asking price.

"I think we've always indicated that we're willing to try to be reasonable and listen," Celentano said. But he added that if the tenants do not purchase their apartments, he thinks he can find a private buyer who will pay \$76,500 per unit, or \$13.5 million for the entire Beaver Brook complex.

# HUD skips meeting of Ansonia tenants

By DAVID GREGORIO  
Staff writer

ANSONIA — Tenant leaders who are trying to keep rents affordable at the government-subsidized Beaver Brook apartments were disappointed Tuesday after officials of the U.S. Department of Housing and Urban Development failed to attend a morning meeting at Mayor Thomas P. Clifford's office.

Clifford scheduled the meeting to air tenant concerns that another rent hike at Beaver Brook would make it impossible for some low-income residents to continue living there.

HUD authorized a 33 percent rent hike at Beaver Brook last year and is considering whether to grant a further increase proposed last month by landlord Vincent Celentano of Florida. Tenants sued HUD in an attempt to overturn the last rent hike and obtained a temporary injunction blocking the increase until a federal judge decides the case.

Despite HUD's absence, four tenants met with Clifford and representatives from

Beaver Brook management, the Naugatuck Valley Project, Valley Legal Assistance and the staff of U.S. Sen. Christopher Dodd, D-Conn.

Clifford said HUD officials were reluctant to meet with staff from Dodd's office or the Naugatuck Valley Project, a coalition of church, labor and business groups that works to preserve jobs and affordable housing in the Valley. HUD officials could not be reached for comment, but Clifford said HUD agreed to reschedule the meeting and he will seek to include Dodd and the NVP.

"I understand they want to meet up in Hartford," Clifford said. "I don't care if we meet in Ansonia, Hartford or Peoria, Ill. I feel we should allow Senator Dodd or his representative to ask questions because HUD is a federal agency and also let the NVP attend because they serve as a professional liaison for the tenants."

Clifford said he and Dodd are concerned a rent hike at Beaver Brook could leave many families homeless and want HUD to provide additional Section 8 rent assistance to low-income tenants who can-

not afford higher rents. The agency regulates Beaver Brook rents because it provided Celentano a 1970 low-interest loan to build the 172-unit apartment complex.

NVP organizer George Melas said Dodd's office agreed to ask HUD's Washington office for additional Section 8 funds if Hartford approves a rent hike. He said tenants also want HUD to hear their objections to Celentano's rent hike request.

Tenants, he said, prepared a memo listing maintenance and management problems they feel HUD should address. The memo claims Celentano has failed to perform routine maintenance, and should pay for necessary repairs out of a reserve fund instead of through higher rents.

Melas said tenants also want HUD to support their efforts to organize a tenant buyout in which the Beaver Brook Tenants Association or a non-profit group would purchase the apartments and keep rents affordable. Celentano offered to sell Beaver Brook to the tenants for \$13.5 million, or about \$76,000 per unit. But tenants say the apartments are worth only about half of that, and want HUD to encourage negotia-

tions by denying Celentano permission to prepay his 1970 mortgage on Beaver Brook this year, 20 years early.

Prepayment would free Celentano from HUD regulations, allowing him to charge market rents or sell Beaver Brook to the highest bidder. Dodd, Clifford and the NVP claim tenants should get first shot at a purchase because Beaver Brook was built with a government subsidy in order to provide affordable housing.

Michael Mulqueen, Beaver Brook's on-site manager, said he has not yet discussed the meeting with Celentano, but "I thought it was a satisfactory meeting for all the parties involved. I guess Senator Dodd's office will contact HUD and see if there are any Section 8 certificates available to help the low-income individuals."

Shelli Sheridan of the Beaver Brook Tenants Association said she was disappointed, but pledged that the tenants are "not going to go away, so if that's the way HUD wants to handle this, we're willing to wait. There's really not much more to say. Everybody else was there but them."

# Apartment tenants face two rent hikes

## Ansonia landlord asks 2nd increase

By DAVID GREGORIO  
Staff writer

ANSONIA — Residents of the Beaver Brook Apartments, who are still suing the federal government to block a 33 percent rent increase imposed last year, have received notice that their landlord wants to raise the rent again.

"Some people could really end up homeless as a result" of the latest rent hike proposal, complained George Melas, a community organizer for the Naugatuck Valley Project who is advising the Beaver Brook Tenants Association.

Vincent Celentano of Florida, managing partner of Beaver Brook, told tenants in a letter dated July 30 that he plans to ask the U.S. Department of Housing and Urban Development for an increase that would bring rents for a three-bedroom apartment to at least \$538.

Federal law requires HUD, which funded Beaver Brook's construction as an affordable apartment complex in 1970, to consider tenant comments before deciding whether to grant permission to raise the rent.

"Even without this new rent increase, 13 families at Beaver Brook are already paying over 50 percent of their income in rent," Melas said. "If this new rent increase goes through, there is one woman who would be left with \$1 a month for her consumption. One woman, who is turning 80 this year, said that she just absolutely couldn't make it."

Tenant leaders met Thursday with Mayor Thomas P. Clifford, who pledged to help fight the new rent hike. Clifford, who says a rent hike at Beaver Brook might force many new homeless families onto the city's welfare rolls, pledged to request a meeting of tenants, HUD officials, Celentano and U.S. Sen. Christopher Dodd, D-Conn.

William Sheridan, president of the Beaver Brook Tenants Association, said Friday that tenants will "rip apart this proposal for a new rent increase line item by line item." He charged that Celentano is "asking for

more money from tenants than they can afford. A lot of us are going to be out on the street if this goes through."

Celentano could not be reached for comment Friday. In his letter, he said he needs to raise the rent to pay for higher operating costs and "to install insulated glass in the windows, energy-saving toilets and additional hot water systems."

Sheridan said tenants should not have to pay higher rents to fund repairs, and charged Celentano with hoarding rent money and failing to properly maintain Beaver Brook. He said HUD should require the landlord to pay for repairs out of his reserve fund.

Celentano has refused to reveal how much money is in the reserve fund, and tenants have filed a Freedom of Information request asking HUD for the figure.

Sheridan charged Celentano with "trying to hit the tenants up to pay for these items so that when he sells Beaver Brook he gets to keep the reserve replacement money."

Celentano is seeking HUD's permission to prepay the Beaver Brook mortgage this year — 20 years before it is due. That move would eliminate HUD's regulation of rents and allow Celentano to sell Beaver Brook or charge rents as high as the market will bear.

Tenants are trying to block approval of the prepayment bid and force Celentano to sell Beaver Brook to the tenants' association or a non-profit group that would keep monthly rents affordable. Such cooperative arrangements have been accomplished in other states, and the strategy has been praised by U.S. Housing Secretary Jack Kemp for helping tenants of government-subsidized housing move toward financial independence.

Tenants began organizing last year to fight a 52-percent rent increase that Celentano requested. HUD approved a 33-percent rent hike, and tenants sued the agency, charging it did not adhere to federal regulations. A federal judge issued a temporary injunction blocking the rent hike until he reaches a decision, and the case is still in court.

# Clifford offers to help tenants

Evening  
Sentinel  
Aug. 14, 1979

By ANNE AMATO  
Sentinel Staff Writer

ANSONIA Mayor Thomas P. Clifford III said the city has an obligation to tenants at Beaver Brook Apartments and is looking for ways to help them in the wake of the complex owner's plan to raise rents.

Beaver Brook is a 172-unit, state-subsidized rental development built in 1968 by Vincent Celantano, who resides in Florida.

Celantano recently announced plans to apply for a 7 percent rent hike from the state Department of Housing and Urban Development. He had been granted a 33 percent hike last year from that agency. The increase was contested by tenants and is in the courts waiting for resolution.

"We have to make sure that when this type of housing project is developed with state money that the owner should not be allowed to recoup his investment at the disadvantage of others," said Clifford.

He said he plans to look into a number of rental assistance programs for tenants and will meet with tenants and representatives from HUD and the Naugatuck Valley Project Aug. 15 to review options.

The mayor said any changes at the moderate to low income housing complex would affect the city since it is the largest affordable housing project in Ansonia.

This would include Celantano's recent announcement that he wanted to repay his HUD mortgage freeing him of that agency's rent setting restrictions.

Clifford said prepaying the loan would allow Celantano the option of setting rent rates on his own, effectively changing the complex from low-to-moderate income housing and possibly putting the units out of reach for many. "Then where would they go," the mayor asked. "Many of the tenants are already pretty hard pressed financially."

Clifford said he met last Thursday with several representatives from the complex, including one elderly woman who, he said, had \$1 left over each month after paying rent, utilities and her medicine.

"These are hardworking people just trying to get-by," he said. "We have an obligation to them."

Clifford said he would also like to extend the period of time tenants have before they begin paying last year's rent hike.

"We feel that amount is over and above what they should be paying," he said. "We would like to increase the payback period for another six months."

If the 7 percent rent increase is approved, tenants renting a two-bedroom apartment would pay an additional \$33 a month, upping rents from the current \$456 a month to \$489.

# Ansonia tenants seek help in unit buyouts

## State officials, Dodd aide invited to meetings

ANSONIA — Residents of the Beaver Brook Apartments affordable housing complex are scheduled to meet three times with state officials over the next two weeks, looking for assistance in their buyout bid for the units.

Residents, community organizers, and a representative of U.S. Sen. Christopher J. Dodd, D-Conn., are expected to meet in Mayor Thomas P. Clifford's office at 3 p.m. Tuesday. The meeting has been called to keep Dodd informed of the problems at Beaver Brook and ask his assistance in dealing with the U.S. Department of Housing and Urban Development, according to George Melas, a community organizer for the Waterbury-based Naugatuck Valley Project.

NVP organizers and residents will travel to Hartford for a 10 a.m. meeting next Thursday with officials of the state Department of Housing.

The meeting, Melas said, is to find

out how the residents can obtain funds for financial and legal analysis of their tenant buyout try.

"The DOH said that they really didn't want to talk to us," Melas said Thursday, adding that housing officials said they are willing to set up a joint meeting between themselves, HUD and the Connecticut Housing Finance Authority. "We called them back today, and they still haven't set up the meeting, so they're really dragging their feet."

A meeting is scheduled Aug. 20, also in Clifford's office, with HUD officials.

The tenants are suing HUD to block a 33 percent rent increase the office approved last year.

Vincent Celentano of Florida, managing partner of Beaver Brook, told tenants in a letter dated July 30 he plans to ask HUD for another increase that would bring rents for a three-bedroom apartment to at least \$538.

— MIKE PATRICK

# Another meeting is set in Ansonia HUD complaint

BrOpt Post

By MIKE PATRICK  
Staff writer

ANSONIA — Tenants of the trouble-plagued Beaver Brook apartment complex are again scheduled to meet with federal housing officials — several weeks after those officials declined to attend an initial meeting with them.

Meanwhile, residents' complaints over a second proposed rent increase at the subsidized housing complex were filed with the U.S. Department of Housing and Urban Development late last week.

Residents are suing HUD over a 33 percent rent hike it granted last year to owner Vincent Celentano. The hike has been blocked by a temporary restraining order.

Citing needed energy efficiency improvements, Celentano recently requested a 7 percent rent increase above the 33 percent hike he was granted.

That increase is expected to be the center of discussion at a 10:30 a.m. meeting the residents have with HUD at its Hartford office Sept. 12.

Celentano's reasons for requesting the increase were attacked one by one in a series of comments filed by Valley Legal Assistance.

According to William Sheridan, president of the Beaver Brook Ten-

Friday Sept 6, 1991

ants Association, HUD officials ought to already realize what residents' concerns are.

Residents of the 172-unit complex have complained that Celentano has not adequately addressed numerous problems in their buildings, such as lack of hot water and leaky roofs.

Residents recently met with Celentano and Mayor Thomas P. Clifford, and discussed the possibility of obtaining a "project-based" Section 8 certificate for the complex from HUD.

The certificate would subsidize rents for residents who could not afford to pay them, and remain indefinitely at the complex.

According to Clifford, the suggestion was well received by all involved.

But Sheridan said even if the certificate is granted, residents will still seek to buy the units.

Residents want to purchase the units in order to keep the rents affordable. If Celentano succeeds in his plans to prepay the low-interest mortgage his family received to build Beaver Brook in 1970, he can charge whatever rents he wants or sell the apartments to the highest bidder.

Celentano's offer of approximately \$76,500 per unit was attacked by residents as extravagant.

# Beaver Brook tenants urged not to pay hike

Evening Sentinel

By ANNE AMATO  
Sentinel Staff Writer

ANSONIA—The Beaver Brook Tenants Association is urging tenants not to pay a seven percent rent hike recently approved by the Department of Housing and Urban Development.

Shelli Sheridan, spokesman for the association, said a letter sent to tenants by Vincent Celantano, Beaver Brook owner, is misleading.

"It makes it seem that we are supposed to pay the increase beginning Nov. 1," she said. "But a court order on rent increases imposed last year still stands and until we get a ruling on this recent increase, we are asking all tenants not to pay."

"In my view that's poor advice," Celantano said today. "The increase will go into effect Nov. 1 and tenants who don't pay will be in violation of their lease and subject to eviction."

Tenants last year filed a suit after Celantano was granted a 33 percent increase by HUD, saying the agency did not give them the necessary notification that a hike might take place.

The increases would have taken effect in three phases. The first on Dec. 1, 1990, the second March 1, 1991 and the last on June 1, 1991.

Celantano had said the 33 percent hike was the first in nine years and called the recent 7 percent increase "reasonable."

But Sheridan said today, "He wants a 40 percent increase in one year and that's just not acceptable. Who else has that high an increase in one year?"

HUD, in comments on the recent approval, said, "In reviewing this rent increase, HUD took into account all tenants' comments, the owner's responses, the

owner's budget submission and all supporting material.

"This increase is needed to cover window replacements, increased office salaries, increased management fee, utility increases, trash removal cost increases and other operating cost increases."

Sept. 10, 1991



**Organizing at the Beaver Brook Apartments**  
**Project Update**  
**Merrill Gay**  
**August 1991**

Progress towards goals laid out in last semester's update.

Reinvigorate the Tenant Association Through a combination of action, controversy and more staff time the tenant association is substantially stronger than it was four months ago. What began as a simple presentation by a guest speaker (Beverly Bates from Community Builders) turned into a full blown action on the landlord when the owner asked to make his own presentation at the same meeting. The gist of his proposal was that tenants could buy their units for a non negotiatable \$76,000 with no repairs inside their units. Thanks to his absurd plan the tenants had something to rally against. This controversy provoked the leadership into action and the tenants soundly rejected the proposal while at the same time leaving the door open for continued discussion of more realistic plans.

With the help of a summer intern the tenant's association has finally organized a series of building meetings. While these didn't end up as intimate gatherings of 10 to 15 people in someone's living room they were very useful. These building meetings evolved into 3 to 5 buildings having a joint meeting on the lawn behind the units. The combined attendance at these meeting has been much higher than any single off site meeting. Clearly taking the meetings to the people has worked. Several new



leaders have emerged through these meetings and the work leading up to them.

#### Working to stop the last phase of the rent increase

This was not successful. Clearly it is very difficult to prevent implementation of a HUD approved rent increase. The hope was that given the shoddy workmanship and failure to fix a number of the things listed that HUD could be persuaded to delay the increase until things were done properly. HUD, hiding behind the fact that they are being sued, generally refused to talk to the tenants and approved the increases as per the timetable laid out in the original approval.

#### Pressure the owner to settle out to court

After some initial optimism based on a comment made by the owner at a meeting it became clear that he would only consider "charity for the very low income tenants" when it came to back rent owed if we loose the court case. The tenant leadership was rightly offended by this offer of charity and their resolve to get rid of him through a buyout, strengthened.

#### Raising Money

During June the tenant association proved me wrong by raising over \$400 selling stickies, little plastic decorations that stick to windows and refrigerators (I

still can't see myself ever buying these things). They also decided on membership dues of \$12 a year and started collecting.

We are still awaiting action<sup>on</sup> the \$15,000 CDBG grant that the city applied for. As we understand it the grant passed its first hurdle and now is in the ranking stage. The tenants will now ask the congressional delegation to weigh in on our behalf.

As for our housing organizing funds, NVP has received grant commitments to cover all of next years budget. During August we will be working on a proposal to the local lower valley foundation, the Mathies Fund, for another \$15,000 which if we get it might enable me to beef up the organizing staff.

#### Review and testify on needed changes to the new regs.

A group of tenants skimmed the new regs and one of the leaders drove up to Boston with me to present testimony. As expected this was clearly more important for her development as leader than for any impact it may or may not have had on HUD. She was able to meet leaders from Clarington Hill Towers which helped a lot to learn what others went through on the way to a buy out.

#### Rehab cost assessment

The tenants have gotten a commitment of a pro bono assessment by an appraiser and former CHFA under writer but we have not yet been able to work it into his schedule.

#### Pressure HUD to accept the true costs of rehab

Obviously since the assessment has yet to be done it is a little hard to make much progress on this front.

#### Continue educating tenants on the law and the owners options

This has started through the building meetings and a more formal session has been scheduled on Tuesday the 13th to go over the law and the numbers with the building captains.

The tenant association has also started a monthly newsletter to keep folks up to date. They even got a local store to advertise in it so they can off set the photocopying costs.

### New developments

#### New Rent Increase Request

On July 30th the owner requested an additional 7% rent increase to pay for energy conservation improvements. As usual this proposed rent hike has all sorts of problems. A glaring example was the request for \$200 per unit to install new water conserving toilets. The very same day the

proposal arrived, the Sheriden's received a sale brochure from Home Depot advertising an equivalent toilet for \$89. The proposal not only requests too much for the repairs it reflects no energy or water savings in the appropriate line items. As one can expect, the tenants plan to rip it apart line by line.

#### Meeting with Mayor Clifford

The tenants association had a very productive meeting with <sup>the</sup> Mayor and won commitments from him on 5 fronts:

- Setting up a meeting with DOH. The tenants had been running up against a stone wall at the Department, he has scheduled a meeting for next week.
- Setting up a meeting with HUD. HUD has been particularly uncooperative with the tenants and essentially refuses to talk to them because of the lawsuit even on completely unrelated issues. The Mayor scheduled a meeting with them for Tuesday the 20th.
- Requesting help from DHR's rent bank program. Based on Larry's comments at last months project group, we started ringing alarm bells about what is going to happen when the judge lifts the TRO. The Mayor has requested a meeting with the commissioner.
- Contacting Celentano about the time frame that tenants will have to repay arrearages when the TRO is lifted. The Mayor agreed to call Celentano and press for more time.

- Passage of resolutions against prepayment and in support of a tenant buyout by the City Council. While largely symbolic these resolutions give the tenants another opportunity to educate the public and policy makers about the problem. Also under Title VI an action by the local government stating that prepayment will create problems for low income tenants prevents the owner from going through what Emily Atchenburg calls the doggy door, of allowed prepayment. The mayor's has given us a proposed resolution for our comment.

The potential for a pro bono analysis of the owners options by the accounting firm of Ziener & Company.

Jack Donovan discovered that Ziener & Co which does his organization's audit was gearing up to get into the business of advising owners as to their options. When Jack explained that he was looking at an expiring use project right next to one of his rental developments they offered to provide to the 24 page "executive summary" of their full blown analysis free to him and the owner if he got them the necessary data to plug into their program. Jack is pretty sure that if we can get the data:

- The partnership agreement
- The profit sharing formula between owners
- The regulatory agreement
- The last 3 years of profit & loss statements

- The last K-1 tax filing &
- The estimated cost of rehab

he can get them to run the analysis for us too. Obviously Ziener hopes that the owner will be duly impressed with their work and retain them for further consulting.

This resource, however, could potentially be a very useful organizing tool for us. It gives us a very resonable demand, "Provide us this information so that we can get us both some free expert advise." Having a demand that is so resonable gives the tenant association a way to turn the focus of organizing back on to the issue of prepayment. It is the kind of demand that on the face of it is so reasonable one can envision newspaper editorials supporting it, petitions from church parishioners calling for it and a letter writing campaign demanding it.

With the analysis we find out if sale of the complex to tenants or anyone else is something to owner will consider so we can determine whether pursuing a buyout makes sense or is a waste of time.

### Timeline for next semester

#### August

- Call on Celentano to provide information for analysis
- Meet with DOH on RAP certificates, predevelopment funds, and potential for 5% equity grant.

- Meet with Dodd's staff to get support for CDBG proposal, and to press HUD on project based section 8 certificates for Beaver Brook
- City Council resolutions
- Seminar on law and the numbers as we currently understand them.
- Continue building meetings
- Rehab cost assessment
- Rip apart rent increase line item by line item
- Step up public campaign to get information from the owner if necessary.

#### September

- Building meetings continue
- Comments against rent hike submitted
- Feature story profiling what will happen to very low income tenants if TRO is lifted
- Continue pressure on Celentano for info if necessary
- Try to involve churches and other NVP groups in public campaign to win info from Celentano
- Work to force the issue - Refinance or buyout
- House meetings to look at other issues besides prepayment that tenants think NVP should work on to lead up to the convention issues process.
- NVP lower valley caucus. Beaver Brook should put up a candidate for chapter representative.

#### October

- Gear up for a big turnout to the NVP convention
- Depending on out come of analysis:
  - Push for complete rehab as part of refinancing & expedite the process to get section 8 certificates into Beaver Brook ASAP. or
  - Begin serious work on financing a tenant buyout.
- Continue building meetings

#### November & December

- If owner has chosen to refinance push to make his plan of action as palatable as possible.  
Including a full rehab and as long a phase in of the rent increases to market rates as possible.  
Clearly the association would also want to push for quick approval of a plan to get the section 8 certificates in place to protect the very low income tenants.
- If the analysis shows that sale is the best option for the owner the NVP & the association will need to raise the predevelopment money necessary or find consultants willing to work on spec.  
Work would need to focus on getting a bankable financing plan ready by the end of the year.



Merrill:

I think I gave you most of these comments before. However, just to be sure ...

Does it make sense to pursue other purchase options? Can the affordability of the units be preserved without a resident buyout (at least at this stage)? For example, could you assist in identifying a preservation purchaser that would agree to resident management (or at least a resident participation in management) scheme?

I know this isn't a very clean issue to organize around. This is particularly true if you have to organize around rehab assessments and equity take outs not straight affordability preservation.

However, residents may have concerns about what will, and won't, be repaired. or what the management team will look like.

Maybe, you, Sharon <sup>Philip</sup> and I can get together to brainstorm on this. Frankly, we're stuck on this one in Hartford, too.

Denis

Preserving the Beaver Brook Apartments  
Project Update  
April 1991

Merrill Gay  
Project in CED  
April 1991

## Project Update April 1991

The project has had mixed success during the second semester. The tenants won an injunction that prevented implementation of HUD's approved 33% rent hike, and a small group met with Vincent Celentano, the owner. However, the past three months have mostly offered a big reality check.

Reality check # 1 - When faced with a 33% rent increase (in some cases up to \$144 a month) it is very hard to get tenants to focus on the potential threat of prepayment.

Reality check # 2 - It is very difficult to fight a rent increase once HUD has approved it. The tenants won a temporary restraining order in court, but the case law in this area is very bad. The TRD will at best probably only delay payment of the rent increase. If the TRD is lifted the tenants will be liable for the back rent.

Reality check # 3 - When arguing that the landlord doesn't deserve a rent increase because of maintenance problems it is hard to get tenants excited about the prospects of buying the place with all of its problems.

Reality check # 4 - It is very difficult to do good organizing in a large complex of working tenants when it is 20 miles from your office and 40 miles from home, especially when it is only supposed to be a quarter of your job.

Right now things don't feel very positive at Beaverbrook. Turnout at meetings has dwindled since the beginning of the year. The president of the tenant association is feeling burnt out and trying to move, and his most likely replacement is a right winger. I really need to do some door knocking and find some new leaders but I just don't have any time. Part of me wants to back off from Beaverbrook and focus on one of the other twelve complexes that filed a notice of intent that are closer to our office, but one of our funders wants to see work in the lower Valley so I'm probably stuck with it.

Here is where I stand on meeting the objectives for the semester that I laid out in the Project Outline.

Fighting the Rent Increase The initial euphoria around the TRD is wearing off as tenants have been advised to pay the rent increase into escrow in case the TRD is lifted. This was made worse when HUD, based on an inspection, certified that work had been done and ordered the second phase of the increase. This was particularly bad because most of the work obviously had not been done and the tenant association mustered virtually no response to what was clearly a white wash job by the HUD inspector. What I initially thought was a fairly strong tenants association has now proved it self virtually incapable of organizing anything on its own.

Meeting with the Landlord A small group of tenants did meet with Mr. Celentano at the end of February. This was

somewhat informative but was not a good action. We met with him on his terms on his turf. The group got a little bit better sense of who he is and what motivates him, (he lives in Florida, owns a number of "world class" resort hotels, and arrived an hour late in a white stretch limo) but they did not pin him down on anything.

Research the Prepayment Law This is the only front on which I feel like I've made any real progress. I attended a three day conference after the February class weekend that was very informative. The main things that I have learned are that despite the name, the Low Income Housing Preservation and Resident Homeownership Act is mostly about getting a lot of taxpayer money into the hands of the owners, the probability that most of these buildings will be sold or prepaid has probably been exaggerated, most likely the owners will take the incentives and stay in. And finally tenant buyouts will be very difficult. Here again however, I feel that while I've learned a lot I haven't been able to convey much of it to more than a handful of tenants. Several attempts to start a tenant research committee have pittered out.

Preliminary Buyout Feasibility Study Some initial work has been done on this. I got the recertification tenant income data from HUD and put most of it on computer but have not yet got a complete sense of potential income streams under the various subsidy options. The other area that we have made no progress on is beginning to value the cost of rehab.

Have a Professional Feasibility Study Done Obviously we are still a few steps away from this.

Begin Educating Tenants on the Possibility of a Buyout I'm still trying to get a group of tenant leaders to take the idea seriously enough to put some energy into researching it.

#### TIME LINE FOR NEXT SEMESTER

May	Reinvigorate the tenant association. Door knock with an emphasis on finding new leaders. Do an action to pressure HUD on the inspection and second phase of the rent increase. Target the owner for pressure to settle the lawsuit out of court. Go on vacation for two and a half weeks.
June	Continue pressure on Celentano to settle out of court Fight HUD certification of the final phase of the rent increase scheduled to take effect in

June	<p>Get a research committee formed and functioning</p> <p>Review and comment on HUD's new regs for LIHPRHA</p> <p>Start building meetings in each of the sixteen buildings</p> <p>Begin figuring out how to get an accurate assessment of rehab costs</p> <p>Raise \$ to pay for rehab cost assessment.</p>
July	<p>Meet with Celentano again to pressure him to settle the lawsuit and find out his true intentions for Beaverbrook</p> <p>Begin formal assessment of rehab costs</p> <p>Plan strategy with tenants for public campaign to get HUD to accept true cost of necessary rehab.</p>
August	<p>Continue pressure for out of court settlement of lawsuit</p> <p>Tenants make a decision about perusing a buyout</p>

#### GENERAL OBSERVATIONS ABOUT PURPOSED PROJECT OBJECTIVES.

At the beginning of this project the minimum goal was to prevent prepayment. Given the economic realities of the day it seems highly unlikely that prepayment would be in the owner's best interests. There is a glut of unsold condos on the market and because many of those condos are now on the rental market there is also a high vacancy rate. At the same time that the minimum goal looks like it could be achieved with no further work, the maximum goal looks more unattainable. So far most tenants have shown little interest in the prospect of owning their somewhat dilapidated complex. Additionally, what little has leaked out about the content of the draft HUD regs is not good. Kemp is apparently pushing a resident council concept borrowed from Maggie Thatcher that would essentially involve sale of individual units to tenants with only a 5 year equity restriction. If these sales actually took place the result would be a substantial loss of affordable rental housing. However, the more likely impact of Kemp's folly will be to discourage other more viable forms of tenant ownership.

Six years ago the tenants at Beaverbrook rejected an effort by the owner to impose a mutual share coop conversion. What distinguishes this type of coop from others is that the residents actually own the unit as opposed to a membership in the coop (very similar to Kemp's plan). The Beaverbrook tenants realized the problems with such an arrangement. First and foremost it required each individual tenant to qualify for their own mortgage. Next it would have meant a huge increase in the cost of housing.

And finally, they would have been buying into a complex that needed substantial repairs with no real way to finance rehab.

The chief problem with Kemp's plan is that it apparently makes these Resident Council buyouts the only preferred buyer under the law to the exclusion of all other forms of tenant buyout. That means that during the first 12 months that the property is offered for sale, only a Thatcher type Resident Council can make a bid. Other forms of coop or tenant controlled nonprofit ownership would then have only 3 months in months 13 - 15 to compete with other types of buyers. What is really going on here is that Kemp is pushing his ideological agenda to the detriment of the very tenants he says he wants to empower. (Isn't there some way we could copyright that word to keep jerks like him from using it).

A second troubling piece is the apparent requirement of a bid deposit equal to 1% of the bid price. On a \$10 million dollar deal that means the tenants or a nonprofit have to come up with \$100,000 just to make a bid.

All of this points to the growing probability that what is going to happen at most expiring use projects at least in the North East is that the owners will seek additional section 8 certificates and an equity take out in return for continuing to manage the units for their remaining useful life (defined as 50 years). This does not mean however that the need for tenants to get organized and be a player in the process has disappeared. To the contrary, since it means that the same owners who have managed these projects badly over the last 20 years will continue to run them, this may be tenants' only good chance to see to it that real rehab work is done to deal with serious systems problems.

While I'm not ruling out the possibility of a potential buyout, given the information available today, I think the real fight in expiring use projects is shaping up to be over rehab cost assessment rather than preservation as rental or affordable housing.

**Preserving the Beaver Brook Apartments  
in Ansonia CT as Affordable Housing**

Merrill Gay  
CED Project Outline  
December, 1990

### Problem Statement

The Beaver Brook apartments are a 172 unit garden apartment complex in Ansonia, Connecticut. Built in 1970 with a 40 year mortgage subsidized by HUD under section 221(d)3. In taking this below market mortgage the owners agreed to restrictions on the rent that could be charged and ongoing regulation by HUD for the duration of the mortgage. The problem comes from a clause in the mortgage that allows the owners, Mary & Vincent Celentano, to prepay the mortgage after twenty years and convert the units to market rate. In the summer of 1990 the Celentano's became the first owners of subsidized housing in Connecticut to announce that they intend to prepay their mortgage.

Beaver Brook is the only privately owned subsidized rental housing of its type in the lower Naugatuck Valley in west central Connecticut. The "Valley" as it is usually referred to, consists of four towns: Ansonia, Derby Shelton & Seymour. The Valley towns have a combined population of roughly 50,000 and have until recently been working class, industrial towns.

The Naugatuck Valley is sometimes called the "Brass Valley" because it was the center of the brass industry in this county. The "Valley Towns" at the south end of the Naugatuck Valley were very much part of this tradition. Ansonia and Derby were the home of Farrell Machine which manufactured the rolling presses used throughout the brass and metal fabrication industries. However in the 1960's and



depending on the size of the unit) which is to be phased in over six months. Most tenants are already very worried about how they will be able to pay the 33% rent increase much less what would happen if the units went market rate.

According to the Ansonia Housing Authority the market rate for a 3 bedroom apartment is \$793 . That is \$278 more than Beaver Brook rents will be after the rent increase and \$422 more than tenants are paying now.

The tenants are mostly working families. In fact Celentano enforced his own minimum income of \$17,500 in addition to the HUD maximum income limit of 95% of median income, until the practice was put to an end by a law suit. He also refused to accept section 8's or any other housing subsidy. Interestingly the fastest growing population at Beaver Brook are newly emigrated Poles.

### Project Goals

#### Intended outcomes

Minimum: The minimum goal is to organize a tenants association to fight and prevent the prepayment of the subsidized mortgage

Maximum: The maximum goal is to organize a tenant or non-profit buyout that will preserve Beaver Brook as affordable housing forever.

### Method

**Line up financing for the deal.** Through out this effort there will be an effort to mobilize community support for the tenants. Already the mayor, clergy and the press have been very supportive. When it comes time to get financing for the deal all of these resources will be drawn upon to secure the type of financing necessary to make this deal work.

**Training for resident control.** Assuming that we close on the deal we would then need to follow through with training to prepare the tenants to manage the complex either directly or through a board that supervises a hired manager.

**Timeline for the Next Four Months**

January	<b>Fight the Rent Increase</b> Initially we will fight to have the proposal reopened If that fails we will fight each step of the phase in and require repairs to be made completely before an increase <b>Meet with Celentano</b> to determine his real intentions.
February	<b>Begin to research prepayment law</b> Read it Meet with Senator Dodd's staff for more info <b>Research Beaver Brook finances</b>
March	<b>Do preliminary buyout feasibility study</b> If it looks doable conduct campaign to raise money for a professional feasibility study
April	<b>Have professional feasibility study done</b> <b>Begin education of tenants</b> on possibility of a tenant buyout

Denise,

Here's a copy of Merrill's project proposal which I must have forgotten to include. I have forwarded papers to everyone. Conceptually, I thought they were fine. Both Angelo, & Bea need to clarify which tasks they will be doing.

I'm still looking at David Wood's. Liz Curry's was fine & Merrill's you have my comments.

Nothing has been submitted yet by Bill George, Judith Baker, & Peter Huckins. Klara is developing hers now.

See you Dec. 14.

Chris

Merrill Gay  
CED Project Outline

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manufactured the rolling presses used throughout the brass and metal fabrication industries. However in the 1960's and 70's as other materials (primarily plastic) began to replace brass, the mills began to shut down.

In the 1980's the mills that remained fell victim to corporate mergers and leveraged buyouts. All too frequently these buyouts were financed with junk bonds and the resulting debt burden led the companies into bankruptcy or sale to competitors. Unfortunately for the Valley this has resulted in huge losses of well paid union jobs. The last 200? jobs at the old Farrell plant will be lost in a few months as the new foreign owners move production to break the union. For those loosing their jobs (including some Beaver Brook tenants), the prospects are bleak as the economy in the North East is sliding into recession.

At the same time that the valley has been loosing its high paying manufacturing jobs, speculation and a booming Fairfield County economy has driven real estate prices through the roof. In the spring of 1990 the median price for a home selling in Seymour was \$159,000 and even a condo was in the mid \$90,000's. The inflated condo market led to a rash of conversions of relatively cheap apartments into high end luxury condos. The resulting loss of low end rental housing has driven rents that much higher.

If the Celentanos are able to get away with prepaying their mortgage and converting to market rate the tenants at Beaver Brook will be devastated. Currently a three bedroom

unit at Beaver Brook rents for \$371 including heat. HUD has however, just approved a 33% rent increase (\$100 to \$144 depending on the size of the unit) which is to be phased in over six months. Most tenants are already very worried about how they will be able to pay the 33% rent increase much less what would happen if the units went market rate.

According to the Ansonia Housing Authority the market rate for a 3 bedroom apartment is \$793 . That is \$278 more than Beaver Brook rents will be after the rent increase and \$422 more than tenants are paying now.

The tenants are mostly work<sup>ing</sup> families. In fact Celentano enforced his own minimum income of \$17,500 in addition to the HUD maximum income limit of 95% of median income, until the practice was put to an end by a law suit. He also refused to accept section 8's or any other housing subsidy. Interestingly the fastest growing population at Beaver Brook are newly emigrated Poles.

#### Project Goals

##### Intended outcomes

Minimum: The minimum goal is to organize a tenants association to fight and prevent the prepayment of the subsidized mortgage.

Maximum: The maximum goal is to organize a tenant or non-profit buyout that will preserve Beaver Brook as affordable housing forever.

*These are  
good & realistic  
goals.*

## Method

As a community organizer I intend to get the tenants to be the primary players in this effort. This approach will undoubtedly create its own tensions and problems in achieving the goal but in the long run will result in better housing.

## Specific activities

Develop the existing leadership and identify additional leaders by mobilizing the tenants to fight the recently granted rent increase.

Research the new law governing prepayment. Utilizing experts when necessary a tenant research committee will analyze the new law and report back to the tenant association on their findings.

Conduct a tenant buyout feasibility study. Assuming that the new law doesn't dissuade the owners from pursuing their efforts to convert Beaver Brook to market rate rents it will be necessary to determine if a tenant buyout is feasible.

Educate the tenants of the advantages of some form of limited equity ownership (assuming that the feasibility study is positive).

Put the buyout proposal to the tenants. Since a tenant buyout cannot work without the support of a large majority of the tenants, the tenant association will ~~should~~ <sup>need to</sup> run a referendum on a specific buy out proposal.

agree!

Timeline  
tasks  
should be  
included  
for at least  
months  
then  
elaborated  
for remaining  
time w/ each  
interim  
report.

Line up financing for the deal. Through out this effort there will be an effort to mobilize community support for the tenants. Already the mayor, clergy and the press have been very supportive. When it comes time to get financing for the deal all of these resources will be drawn upon to secure the type of financing necessary to make this deal work.

Training for resident control. Assuming that we close on the deal we would then need to follow through with training to prepare the tenants to manage the complex either directly or through a board that supervises a hired manager.

*This is basically a fine contract. You need to include a timeline of your individual tasks minimally for the first 4 months & then submit updates in May & August for those periods.*