

**SOUTHOLD PECONIC CIVIC ASSOCIATION
PRESENTS:**

**AFFORDABLE HOUSING:
A COMMUNITY PANEL**

HOUSING IN THE TOWN OF SOUTHOLD

- Mostly single-family homes
- Very few year-round rentals (less than 10% of housing stock)
- Median sales price of a house in Southold Town is about \$1,100,000 (not affordable for most teachers, health care workers, municipal workers, those in service industries)
- The vacation rental business (even though mostly illegal) is a major factor in the low inventory of year-round rentals.

Source: Southold Town Comprehensive Plan Update 2019

When a town has few, if any, affordable housing options, **everyone** in the town is impacted:

- Average age of our volunteer firefighters is over 60.
- Shortages of school personnel
- Shortages of health care workers
- Shortages of municipal workers
- Businesses have difficulty staffing
- Incentivizes overcrowding
- Risk of sub-standard and unsafe conditions
- Traffic becomes worse if workers must commute from points west

Income Required to Buy a House

- Town of Southold 2021 median income: \$92,229 (US Census Bureau)
- Per HUD, housing is “unaffordable” if housing costs are greater than 30% of total household income
- “Housing costs” include mortgage payments, real estate taxes, insurance, heating costs, electricity and water charges. Banks size mortgages so that the mortgage payments plus other housing costs do not exceed 30% of total household income.
- With an 80% mortgage, a \$92,229 of household income can afford up to ~\$27,700/year in housing costs.
- Reasonable estimates of taxes, insurance, heating, and water: ~\$15,000/year
- Only about \$12,700 left for mortgage payments,
- **At today’s 7% interest rate, that supports a \$158,750 mortgage. With 20% down, the price could not exceed ~\$198,000.**
- **There are no market rate houses or condominiums available in Southold Town for \$198,000. The lowest price house currently on the market is \$560,000. A family income of at least \$152,000 would be needed to buy a \$560,000 house, with an 80% mortgage.**



Lowest Priced House In Town Of Southold: \$560,000
(Peconic: 2 BR, 1 Bath, 890 sf)

SOUTHOLD TOWN HOUSING REGISTRY

The Southold Town housing registry was created to help match people in need with affordable housing.

Eligibility for the Town's housing registry: total household income cannot exceed the median income for Nassau-Suffolk Counties

The 2021 Nassau-Suffolk median income for a family of 4 was about \$121,000 (which is higher than Southold Town median income of about \$92,000)

Source: Southold Town Comprehensive Town Update

RECENT CODE CHANGES IN SOUTHOLD TO PROMOTE RENTAL HOUSING

1. Homeowners allowed to create accessory apartments in their homes and rent out at market rate
2. Homeowners can create accessory apartments in existing accessory structures (e.g. converting a detached garage to an apartment) for rent to family members or to income eligible tenants at affordable rates
3. The rules for apartments in commercial buildings were loosened, including allowing all-residential apartment buildings in commercial zones
4. The allowable density and minimum size of affordable apartment developments in the Affordable Housing District were adjusted to allow more apartments of smaller size
5. The Town also maintains a Sanitary Flow Credit bank which allows a developer to buy low-cost credits to add one or more affordable apartments to a commercial building where they would otherwise not be allowed to by the Suffolk County Department of Health

INCLUSIONARY HOUSING

Southold Town has inclusionary zoning, which states that up to 20% of any new subdivision over five lots must be made affordable or the developer can choose to opt out by paying into the Town Housing Fund.

To date, most developers have opted out of providing affordable housing and have paid into the Town Housing Fund. The buyout amount is currently set at twice the amount of the median income of a family of four for Nassau-Suffolk County per unit required and not constructed (or about \$240,000 per affordable unit not constructed).

LIMITED SUCCESS OF CODE CHANGES

From 2004 to 2019:

1. Only 27 accessory apartments approved by the Zoning Board of Appeals
2. Only one new affordable apartment
3. Only one market rate apartment in a commercial building

EXISTING PROJECT: COTTAGES AT MATTITUCK

A SUBSIDIZED HOME OWNERSHIP PROJECT

Cottages at Mattituck

- A 2018 22-unit income-restricted workforce housing project
- 1,100 square foot units
- Homes remain permanently affordable through deed-restrictions
- Partly funded by Suffolk County
- Price determined by median income earnings (2018 Nassau-Suffolk median income for a family of four = \$116,700)
 - Units priced at \$178,000 to \$214,000 for two-bedroom homes
- 400 people applied for the 22 units, 90% were Southold residents
- Most applicants could not afford the down payment or qualify for a mortgage

EXISTING PROJECT: VINEYARD VIEW AFFORDABLE RENTALS IN GREENPORT

- 50 unit subsidized affordable housing development in Greenport
- One, two and three bedroom rental apartments
- Obtained Federal and New York State and Town subsidies
 - Primarily subsidized with Federal and State Low Income Housing Tax Credits (“LIHTC”)
 - LIHTC law requires the units to be affordable to households with annual incomes of not more than 60% of area median income
- The only Federally subsidized rental development east of Riverhead
- Rents
 - One bedroom units: about \$1,200 per month
 - Two bedroom units: about \$1,500 per month
 - Three bedroom units: about \$1,700 per month



Town Affordable Housing District

- A zoning tool that allows the creation of affordable housing units townwide through a change of zone process reviewed by the Town Board
 - Established in the 1980s for implementing affordable housing
 - Purpose is to designate areas for higher density than permitted elsewhere, where infrastructure is available or can be provided for individuals and families with modest incomes while also preserving the historic and aesthetic character of the Town
- Units created in the AHD remain affordable in perpetuity and are required to be occupied by individuals and households on the Town of Southold Housing Registry
- Eligibility for registration with the Town of Southold Housing Registry: Aggregate annual cannot exceed **120% of median income** for Nassau-Suffolk (which would be about \$145,000 for a family of four)

PECONIC BAY REGION COMMUNITY HOUSING ACT

- Passed by NYS Legislature January of 2021 in recognition of the housing crisis in the region
- Gave the five East End Towns authority to establish a Community Housing Fund to expand housing opportunities
- Southold voters passed the local referendum in November 2022, establishing the Southold Community Housing Fund (CHF)
- Starting April 1, 2023, revenue from a real estate property transfer tax of 0.5% will be collected, designated for community housing, and placed into a dedicated fund
- Prior to any expenditures from the CHF, the Town Board must adopt a Housing Plan that identifies priorities for initial expenditures. A draft Community Housing Plan is now being prepared and is expected to be sent to the Town Board for approval by the end of March
- “Community Housing” is different than “Affordable Housing.” Eligible individuals or households defined as having:
 - “...an income that does not exceed 100% of the income limits as established by the State of New York Mortgage Agency low interest rate loan program in non-target categories for Suffolk County in effect on the contract date for the sale of such property. **As of July 2022, this income level for a 1 and 2-person household income limit is \$174,360.**”

TOWN OF SOUTHOLD COMMUNITY HOUSING PLAN

The draft Community Housing Plan (“CHP”) has three main areas for community housing funding expenditures:

- Increasing homeownership opportunities for eligible individuals
 - First time home buyers
 - First time Hero home buyers
 - Seniors
- Increasing the inventory of community housing (rental and ownership)
 - Developer low interest loans
 - Accessory apartment low interest loans
 - Employer tenant housing grants
- Maintaining and supporting existing community housing

First-Time Homebuyers' Down Payment Assistance Low-Interest Loans under CHP

Eligibility

- Income eligibility (up to **\$174,360**). Based on HUD standards, the maximum price of a house with an 80% mortgage at a 7% interest rate would be about **\$800,000**. If interest rates roll back to pre-inflation rates, the maximum price will increase.
- Purchase price limits established by the Community Housing Fund.
- Recommended to include only first-time homebuyers who are residents of the Town or employed in the Town or a non-resident who has been a resident within the past five years.

Terms

- Proposed terms of the low-interest loan that the Town Board may wish to consider include:
 - **Maximum amount is \$30,000 per unit**
 - Borrowed at a low interest rate
 - Not to exceed 50% of the home's purchase price (which does not make any sense)
 - Must be paid back over time. Any loan shall be fully repaid by the recipient (or amortized over the period of the loan)
 - The amount awarded would depend on the cost of the dwelling and other monies committed to the project

Hero First-Time Homebuyer Purchase Down Payment Assistance Grant/Loan under CHP

The CHF Advisory Board is likely to recommend that the Town Board approve a maximum grant or loan award amount per housing unit, which can be updated as housing conditions change over time in the Town. This Community Housing Plan suggests **up to a \$15,000 grant and/or a \$30,000 loan** per dwelling as an initial amount for qualifying individuals.

Hero Eligibility

- Income eligibility and purchase price limits already mentioned, plus:
- Emergency Service Volunteers
- Health Care Workers
- Honorably Discharged Veterans of the United States Armed Forces

Senior Resident Homebuyers' Down Payment Assistance Grant Under CHP

The CHF Advisory Board is likely to recommend the Town Board consider grants to seniors in need of housing who are residents of the Town to offset costs

- Grant sunsets if the grant recipient or qualifying person lives within the dwelling for at least 5 years
- Partial amount of the grant is recaptured on the sale of the dwelling by the grant recipient or qualifying person at 50% of total awarded if they move from the dwelling in less than 5 years

Seniors Eligibility

- Income eligibility and purchase price limits already mentioned, plus:
- Senior homebuyers who are residents of the Town or employed in the Town
- Currently a resident or a non-resident who has been a resident within the past five years

Terms

- Proposed terms of this grant that the Town Board may wish to consider include:
 - Financial assistance shall not exceed 50% of the home's purchase price
 - Total grant amount sunsets if recipient or qualified individual lives in dwelling 5 years or greater.
 - Must be paid back (revolving) to the Town at 50% of grant award upon sale of the dwelling if the recipient or qualified individual lives in dwelling 5 years or less
 - The amount awarded would depend on the cost of the unit and other monies committed to the project

Incentives for the Construction of Community Housing under CHP

Developer Low-Interest Loans

The CHF Advisory Board is likely to recommend that the Town Board consider implementing

- A short-term low-interest loan program to make community housing projects more viable.
 - The CHF **suggests up to \$250,000** as an initial amount for consideration depending upon fund availability and the benefit achieved through the loan
- A grant/loan hybrid program to support such projects

Eligibility for Developer Low-Interest Loans

- Applicant must be a Town Board approved housing developer
- The housing units provided must be rented or sold to households meeting the income eligibility requirements
- The rental rate or purchase price subject to limits established by the CHF

Incentives for the Construction of Community Housing under CHP

Accessory Apartment Low-Interest Loans

The CHF Advisory Board is likely to recommend that the Town Board consider implementing

- A low-interest loan program, designated specifically to increasing the stock of year-round **accessory apartments** in the Town
 - The CHP suggests **up to \$10,000 per unit** as an initial amount for consideration

Eligibility for Accessory Apartment Low-Interest Loans

- Applicant must be a homeowner in the Town and seeking to construct an accessory apartment on their private property
- Housing units provided through this loan opportunity must be rented or sold to households meeting the CHF income eligibility requirements and rental rate limits

Incentives for the Construction of Community Housing under CHP

Employer Tenant Housing Grants (Workforce)

The CHF Advisory Board is likely to recommend that the Town Board and Greenport Village consider implementing a grant program

- Designated specifically for creating and supporting employer housing
- Recommendation is **up to \$30,000 per Employer/\$5,000 per employee as an initial grant** amount for consideration

Eligibility for Employer Tenant Housing Grants

Employers in Southold Town and Greenport Village interested in assisting employees with housing needs are recommended to be eligible for this grant opportunity

Eligible Expenses

- Housing security and first and lasts months' rent
- Down payment on a workforce housing dwelling
- Rehabilitation and construction of community housing in an existing dwelling located within the Hamlet Center or HALO zones

Maintenance of Community Housing Grants Under CHP

The CHF Advisory Board is likely to recommend that the Town Board consider implementing a grant program

- Designated specifically for the maintenance of community housing for rental to eligible individuals
 - Granted either by a Town Housing department or office or in conjunction with a public/private partnership
 - Would not need to be paid back
 - Grant could be considered part of the investment needed for maintaining community housing in the long-term

Eligibility

- Recommended eligible applicants include non-for-profit entities formed and filed with the NYS Department of State in good standing that currently provide housing to community members
- Proposed eligible expenses include
 - Maintenance and cost reduction of community housing
 - Installation, maintenance, alternative energy production, and increasing energy star compliance, including purchasing Energy Star appliances

Operational Grants for Community Housing under CHP

The Community Housing Fund Advisory Board is likely to recommend that the Town Board consider implementing a grant program

- Designated specifically for supplementing the operational cost of providing community housing within the Town through public/private partnerships
- Grants would be used to supplement the operational cost of providing community housing within the Town through public/private partnerships
- Housing counseling services through a HUD-recognized organization is included as an operational grant
- Funds would not need to be paid back

Eligibility

- Recommended eligible applicants include non-for-profit entities formed and filed with the New York State Department of State in good standing that currently provide housing to community members and could be provided to organizations.

Eligible Expenses

- Proposed eligible expenses include housing counseling services, employee salaries, and other operations expenses

Questions to Consider

1. Which of the proposed CHF programs sounds most appealing?
2. Should subsidies to buy market rate houses have priority over creating affordable rental housing?
3. At what area median income should subsidies be prioritized?
4. If you were in charge of the CHF, what would you do?