



## TOWN OF SOUTHAMPTON

### **COMMUNITY HOUSING FUND PROJECT PLAN - ADDENDUM TO THE SOUTHAMPTON TOWN HOUSING PLAN**

**APPROVED JANUARY 23, 2024 - Town Board Resolution 2024-126**

#### **Introduction**

In 2021, New York State Governor, Kathy Hochul signed the Peconic Bay Region Community Housing Fund Act into law, effectively allowing the Town of Southampton to address the lack of affordable housing within the Town. On July 12, 2022, the Town Board of the Town of Southampton adopted Town Code Chapter 140 Article VII establishing the Town of Southampton Community Housing Fund. On November 8, 2022, the voters of the Town of Southampton approved the local law that enabled the establishment of a half-percent (½%) real estate transfer tax to fund the Community Housing Fund.

The Town Board is committed to using the Community Housing Fund to create affordable housing that will support a sustainable community and assist in alleviating excess commuting for workers outside the Township.

Deposits into the Town of Southampton Community Housing Fund include: (i) all revenues from the supplemental real estate transfer tax authorized by Subdivision 2 of §1449-bb of the Tax Law, (ii) all proceeds from any indebtedness or obligations issued pursuant to the Local Finance Law for community housing opportunity purposes as authorized by Subdivision 3 of §64-k of Town Law, (iii) any proceeds received by the Town from the sale or rental of community housing produced from revenues of the fund; and (iv) the repayment of any loans issued from proceeds of the fund.

Deposits into the fund may also include (i) general fund balances or surpluses, (ii) any gifts or interests in land or funds; and (iii) any state or federal grants received by the Town for providing affordable homes.

The proceeds of the fund shall be utilized for the following purposes:

- A. The provision of financial assistance to first-time homebuyers who are residents of the Town for the purchase of a first home. Such financial assistance may be in the form of a grant or a loan.
  - (1) Financial assistance may be provided for the purchase of a first home to a first-time homebuyer who is a resident of the Town or who is employed in the Town. A resident of the Town shall include a person who is currently a resident of the Town or a nonresident who has been a resident within the past five years.
  - (2) Such financial assistance shall not exceed 50% of the purchase price of the home.
  - (3) If such financial assistance is in the form of a loan, such loan shall be repayable to the Town pursuant to the terms agreed to between the recipient and the Town, provided that any loan shall be fully repaid by the recipient upon the resale of the home.
  - (4) For the purposes of calculating Town Real Estate tax liability for such property, only, the dollar amount of any financial assistance for the purchase of a first home made by the Town pursuant to this section shall be subtracted from the full equalized assessed value of such property.

- (5) All revenues received by the Town from the repayment of a loan shall be deposited in the fund.
  - (6) The Town may provide financial assistance for community housing in conjunction with a public/private partnership for employer-assisted housing.
- B. The actual production of community housing for sale to eligible individuals by the Town.
  - C. The actual production of community housing for sale to eligible individuals in conjunction with a public/private partnership, where the private partner agrees to comply with the profit guidelines of the New York State Affordable Housing Corporation and the provisions of this section.
  - D. The actual production and maintenance of community housing for rental to eligible individuals either by the Town or the Town Housing Authority; or in conjunction with a public/private partnership, where the private partner agrees to comply with the profit guidelines of the New York State Affordable Housing Corporation and the provisions of this section.
  - E. The rehabilitation of existing buildings and structures in the Town for the purpose of conversion to community housing for sale or rental to eligible individuals.
  - F. The acquisition of interests in real property in existing housing units, which will result in the production of community housing for sale or rental to eligible individuals.
  - G. The provision of housing counseling services by not-for-profit corporations who are authorized by the United States Department of Housing and Urban Development to provide such services.

### **Purpose of the Project Plan**

One of the key elements supporting the adoption and implementation of the Town's Community Housing Fund Program is the Project Plan. As required by statute, the Project Plan, once adopted by the Town Board, shall be updated at least every five years.

The purpose of the Community Housing Fund Project Plan is to establish an implementation plan that will address the housing needs of the Town of Southampton by providing financial support for the development of affordable housing opportunities that are available under The Community Housing Fund (Town Code Chapter 140 Article II).

The Project Plan will involve identifying housing needs in each hamlet and participating villages within the Town and make recommendations to the Town Board for the implementation of housing projects and programs.

The Project Plan shall ensure that all community housing created pursuant to the Fund remains affordable. The Plan shall provide for the equitable distribution of community housing opportunities among all the communities of the Town so that no community has an undue concentration of community housing opportunities that would substantially alter the character of the community.

The Plan, as mandated by the enabling legislation of the State legislature, must satisfy the following smart growth principles:

1. **Public Investment:** To account for and minimize social, economic, and environmental costs of new development, including infrastructure costs such as transportation, sewers and wastewater treatment, water, schools, recreation and loss of open space and agricultural land;
2. **Development:** To encourage development in areas where transportation, water, and sewage infrastructure are available or practical;
3. **Conservation:** To protect, preserve, and enhance the state's resources, including agricultural land, forests, surface waters, groundwater, recreation and open space, scenic areas, and significant historic and archeological sites;
4. **Coordination:** To promote coordination of state and local government decisions and cooperation among communities to work toward the most efficient, planned and cost-effective delivery of government services by, among other means, the facilitation of cooperative agreements among adjacent communities, and to coordinate planning to ensure compatibility of one's community development with the development of neighboring communities;
5. **Community Design:** To strengthen communities through development and redevelopment strategies that include: integration of all income and age groups, mixed land uses, traditional neighborhood development, planned unit development, open space districts, downtown revitalization, enhanced beauty in public spaces, and diverse and community housing in close proximity to places of employment, recreation and commercial development;
6. **Transportation:** To provide transportation choices including increasing public transit and alternative modes of transportation, in order to reduce automobile dependency, traffic congestion and automobile pollution;
7. **Consistency:** To ensure predictability in building and land use codes;
8. **Community Collaboration:** To provide for and encourage local governments to develop, through a collaborative community-based effort, smart growth plans that include long term land use and permit predictability and coordination, efficient decision making and planning implementation.

## **Objectives**

- Identify and prioritize housing needs within each hamlet and participating villages located in the Town
- Enable the Community Housing Fund Advisory Board, which was created pursuant to Section 140-45 of Article VII, to make recommendations to the Town Board for the allocation of funds to eligible programs and projects within each hamlet and participating villages based on established criteria
- Monitor and evaluate the progress and impact of funded housing projects and programs
- Engage the community by educating them and informing them on housing projects and programs

## **Tasks**

### **a. Needs Assessment Phase:**

- Conduct an analysis of housing needs within the hamlets and participating villages located within the Town
- Deliver a report outlining the identified housing needs and priorities to the Town Board
- Establish relationships with non-profit housing agencies and housing experts
- Identify existing town-owned land that has already been purchased or designated for affordable housing use
- Identify parcels that have certain important community benefits, near sewage infrastructure, near transportation
- Target areas East of the Canal to reduce traffic congestion

### **b. Fund Allocation Phase:**

- Prepare a list of recommended housing projects and programs to Town Board based upon the needs assessment
- Develop clear eligibility criteria and application process for housing project funding
- Promote the funding opportunity and accept project proposals
- Evaluate and prioritize project proposals based upon established criteria

### **c. Community Engagement Phase:**

- Conduct community outreach to educate and inform the public of the approved projects and programs to be conducted with the CHF funding
- Organize public hearings to involve the community in the decision making process

### **d. Project Implementation Phase:**

- Provide financial support to approved housing projects or programs according to funding agreements
- Regularly monitor and evaluate the progress and success of each project or program
- Address any issues or challenges encountered during implementation

## **Community Housing Fund Advisory Board**

The Town of Southampton Community Housing Fund Advisory Board is established pursuant to the provisions of §64-k, subdivision 6 of the State Town Law and Southampton Town Code §140-45.

### **Mission Statement of the CHF**

The mission of the Community Housing Fund (CHF) Advisory Board is to make recommendations to the Town Board that will allow for housing to be more affordable, accessible and equitable within the Town of Southampton.

### **The Role of the CHF Advisory Board**

The role of the CHF Advisory Board is to assess potential projects, analyze programs and properties and make recommendations to be initiated and/or approved by the Town Board based upon the goals set forth in the Town's Community Housing Plan.

### **Structure of the Board**

The CHF Advisory Board shall consist of not less than seven nor more than fifteen legal residents of the municipality who shall serve without compensation. No member of the local legislative body shall serve on the board. The board shall include a representative of: the construction industry; the real estate industry; the banking industry and three representatives of local housing advocacy or human service organizations. Where a village or villages located within the Town have elected to participate in the fund, the Board shall include at least one resident of a participating village or villages. Where an Indian nation is located within the boundaries of a town, the board shall include at least one member from such nation. The board shall act in an advisory capacity to the Town Board.

### **Operating Procedures**

- The Advisory Board Members will be appointed for a one (1) year term.
- An Advisory Board Chairperson shall be selected
- Meetings shall be held at least once monthly
- Project, program and property recommendations are to be brought to the Chairperson
- The Advisory Board will analyze each project, program and property in connection with the goals of the Town's Community Housing Plan to determine whether it will:
  1. **Increase the amount of affordable housing** in the Town, not only for low-moderate income households but also for working middle income households that are priced out of the market.
  2. Provide affordable housing **in all parts of the Town**, though focusing on hamlet centers where a mix of uses and densities are to be encouraged.
  3. Create affordable housing that is **in keeping with the historic, architectural and natural qualities of Southampton** and does not stigmatize housing tenants.
- The Advisory Board should give priority to projects that will use CHF Funds in the following ways:
  1. To provide financial assistance to alleviate housing cost burden
  2. To provide housing options for seniors, the disabled and employees
  3. To promote creative infill that encourages middle market housing and bike and pedestrian activity
  4. To plan housing locations near public transportation

5. To provide housing stock with more affordable options such as home ownership, rental housing, smaller units and multifamily buildings.
- The Advisory Board should attempt to reach a consensus on a project and create a report for the Town Board. If a consensus is not possible, strong differing opinions such as a “minority” opinion should be recorded and acknowledged in the Board’s report to the Town Board.

#### **Rules for the CHF Advisory Board**

- Individual Board members and the collective group will be fair, impartial and respectful of the public, staff and each other. Individual Board members shall act without taint of conflict of interest and without any appearance of conflict of interest.
- Board members will respect the limitations of their individual and collective authority. The role of the CHF Advisory Board is to advise the Town Board. A CHF Board member shall not make any final decisions nor shall any member instruct or supervise Town staff.
- Members will strive to appreciate differences in approach, point of view, whether from each other, the community, the Supervisor, Town Board or staff.
- Each member will participate in the group’s discussions and work assignments without dominating the discussion or activity of the committee.
- The CHF Advisory Board chairperson will ensure that all members have a fair, balanced and respectful opportunity to share their knowledge and perspectives.
- There shall be “no surprises” from the CHF Advisory Board either in the nature of the work being undertaken by the committee or the method or timing for conveyance of recommendations to the Town Board.
- Any comments to the media or public about the CHF Advisory Board’s work shall be channeled through the Chairperson. An individual member, other than the Chairperson shall not give their perspective to the media or public since it would be difficult to discern that this may not be the consensus opinion of the Advisory Board.
- If a consultant is retained by the Town as part of the Advisory Board’s work, the Advisory Board will act in an advisory role and work with the consultant and staff to accomplish the charge provided by the Town Board.
- An Advisory Board member shall promptly disclose and recuse himself or herself from acting on a matter before the Town when acting on the matter, or failing to act on the matter, may benefit any of the persons listed in the Southampton Town Code §23-4B(1).
- An Advisory Board member shall disclose any relationship with persons who own abutting properties to any site which is under consideration by the Board.

#### **Staff Liaison to the CHF Advisory Board**

- Ensures that meeting notifications and record keeping occurs
- Serves as a communication link between the Advisory Board and the Town Board
- Provides professional guidance, issue analysis and recommendations
- Assists the Advisory Board with research, report preparation and correspondence in keeping with the charge provided by the Town Board.
- Assists the Advisory Board in staying on track and focused.
- Presents Advisory Board recommendations to the Town Board.

## **Funding Programs**

All community housing created pursuant to the following funding programs shall be the primary residence of an eligible individual and shall remain affordable. In order to do so, the residential property's contract sale price cannot exceed one hundred fifty percent of the purchase price limits established by the state of New York mortgage agency low interest rate loan program in non-target categories for Suffolk County. Purchasers of such community housing shall have at the time of purchase, an income that does not exceed one hundred percent 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.

### **1. FIRST TIME HOME BUYER ASSISTANCE PROGRAMS:**

#### **OVERVIEW**

Each homebuyer has different needs so the CHF will offer a variety of no-interest and low-interest mortgage loan programs for eligible homebuyers in order to create opportunities for first time homebuyers. A first time homebuyer is an eligible individual who has not owned a primary residential property and is not married to a person who has owned a residential property during the three-year period prior his or her purchase of the primary residential property and who does not own a vacation or investment property.

#### **A. DOWN PAYMENT ASSISTANCE LOAN TO FIRST TIME HOMEBUYER**

One of the biggest financial hurdles facing potential homebuyers is saving the money for a down payment and closing costs. CHF's Down-payment Assistance Loan Program (DPAL) can assist a buyer with providing the initial funding needed to purchase a first home within the Town of Southampton.

- 0% interest rate
- No monthly payments
- Maximum loan amount 3% of the purchase price
- A Down Payment Assistance Loan cannot exceed the actual down payment and/or closing costs
- All of the down payment will be required to be repaid when the home is sold
- The buyer must make a minimum cash contribution of 2% of the value of the property
- DPALs may only be used in conjunction with a mortgage issued by a FNMA/FMAC mortgage financial institution
- Cash back at closing is not permitted
- Borrowers need to occupy the home as their primary residence

## **B. SHARED EQUITY PROGRAM WITH FIRST TIME HOMEBUYER**

A program designed to make homeownership more affordable and accessible for first time homebuyers who otherwise might struggle to save for a down payment or qualify for a traditional mortgage. This subsidy is designed to help low-moderate income buyers achieve homeownership within the Town of Southampton.

- Maximum household income of 80% of the Area Median Income (AMI)
- The loan consists of a percentage of the property's purchase price
- CHF shares in the property's appreciation when it is sold or refinanced in order to recoup its initial investment
- Borrowers need to occupy the home as their primary residence

## **C. REMODEL PROGRAM FOR FIRST TIME HOMEBUYERS**

Some first-time homebuyers wish to purchase a "fixer upper", or a dilapidated or foreclosed property at a lower cost. Paying for the necessary repairs can add up. The CHF Remodel Program provides mortgage financing options that let a buyer purchase a property and pay for the needed repairs to make the home livable.

- Low interest rate, 30 year loan
- Per unit award used to cover rehabilitation/improvement expenses that will enhance the community
- Eligible home improvements include:
  - Structural alterations and reconstruction
  - Installation of kitchens and bathrooms
  - Eliminating health and safety concerns
  - Plumbing or electrical updates
  - Roofing
- Borrowers need to occupy the home as their primary residence

## **D. EMPLOYER ASSISTED DOWNPAYMENT PROGRAM FOR FIRST TIME HOMEBUYERS**

CHF will tailor a program to each specific business in order to come up with a scenario that works for the organization and its employees including the amount of the contribution.

- Participating employers provide a match of the program financing through various options, including deferred or repayment loans, matching down payment and/or interest rate buy downs.

## **2. PROGRAMS THAT ENCOURAGE THE PRODUCTION OF COMMUNITY HOUSING FOR SALE:**

### **A. AFFORDABLE EASEMENTS**

#### **OVERVIEW**

The creation of community housing for sale to eligible individuals in conjunction with a public/private partnership where the private partner agrees to comply with the profit guidelines of the New York State Affordable Housing Corporation and the provisions of CHF.

- The developer must have a strong record of developing single or multi-family homeownership
- Award amounts will be based on scope and need for each project. Per home subsidies will increase with deeper affordability:
  - Target affordability up to 130% of AMI
  - Target affordability up to 80% of AMI
- Developer must provide a construction loan commitment from a financial institution acceptable to CHF.
- Developer must agree to the placement of a permanent affordable easement on the property providing restrictions on the sales price and income limitations on the buyer.
- Building Types:
  - Standalone homes in existing neighborhoods
  - Attached or detached style developments
  - Multi-family structures, including new construction, adaptive reuse or conversions
  - Projects must include at least four (4) homeownership units
  - Ownership types can be condominium, cooperative, fee simple and other models as approved by the CHF

### **3. PROGRAMS THAT ENCOURAGE THE PRODUCTION OF COMMUNITY HOUSING FOR RENTAL:**

#### **OVERVIEW**

Rental units can help address the shortage of affordable housing in many of the Town's hamlets.

#### **A. ACCESSORY APARTMENT PROGRAM**

Accessory apartments provide an additional option for housing that is typically more affordable than renting or buying a standalone unit. Accessory apartments can help accommodate individuals or families who may otherwise struggle to find suitable housing within their budget.

- **Income Eligibility:** Household income of tenant must be at or below current Nassau/Suffolk AMI of 130%. No income limit required for homeowner.
- **No Interest Rate Loans for 20 years. Loan repayment begins year 2.**
- **Owner Occupancy:** Both the homeowner and tenant must occupy the apartment as their primary residence to prevent the units from being used for short-term rentals or investment purposes.
- **Workforce Housing:** At least one Tenant must work at least 30 hours a week at a business located within the Town of Southampton.
- **Affordability Restrictions:** The limit on the rent charged for the accessory apartment must comply with the Town rental guidelines to ensure that it remains affordable for renters.

## **B. MOTEL CONVERSION PROGRAM**

### **OVERVIEW**

The Motel Conversions Program will provide low-cost second mortgage financing for the creation of permanent affordable rental housing for the seasonal and year-round workforce in the Town of Southampton. This program is intended to be combined with conventional financing for acquisition, construction and permanent financing.

Priority will be given to projects in accordance with the information set forth herein. Actual award amounts will be recommended to the Town Board by the Community Housing Advisory Board. Applicants are strongly encouraged to apply for only the funding necessary for the financial feasibility of the project and to leverage additional funding from non-CHF sources.

- **Eligible Uses:** Adaptive reuse of non-residential property to create integrated affordable and supportive housing for the Town's seasonal and year-round workforce. All subsidized units must be permanently affordable and the property must contain a deed restriction that requires the tenant to work at least 30 hours a week at a business located within the Town of Southampton. Eligible costs are for building acquisition, hard costs and related soft costs. Financing is available for construction and permanent financing.
- **Rent and Area Median Income Restrictions:** All units must be income restricted and serve households earning up to 80% of AMI. The rent charged for the unit may not be more than the monthly rental guidelines established annually by the Town Board of the Town of Southampton for low-moderate income households

## **C. ADAPTIVE RE-USE PROGRAM**

### **OVERVIEW**

Provides gap financing for the new construction or adaptive reuse of non-residential, commercial property to create affordable rental housing.

- **Eligible costs:** site acquisition, hard costs and related soft costs
- **Income Restrictions:** All units in the project must be for households with incomes at or below 130% AMI
- **Per Unit Award:** Based on the scope and need for each project. Per unit subsidies will increase with deeper affordability.
- **Interest Rate and Loan Terms:** interest only paid during construction. 30-year loan at low interest rate.
- **Eligible Applicants:** not-for-profit housing agencies, or private for-profit developers
- **Affordability Restrictions:** The limit on the rent charged must comply with the Town rental guidelines to ensure that the apartments remain affordable for renters.

#### 4. HOMES FOR VOLUNTEER ESSENTIAL WORKERS:

##### OVERVIEW

Mortgage assistance that aims to support those who work in critical roles and professions within the Town of Southampton. This program is designed to assist volunteer essential workers with the mortgage payments on their home.

- **Eligibility Criteria:** Individuals who volunteer in sectors deemed critical to public health and safety, including: healthcare and public health, emergency services, food and agriculture, transportation, childcare workers.
- **Income Restrictions:** Maximum household income of 80% of the Area Median Income (AMI).
- **Owner Occupancy:** Borrowers need to occupy the home as their primary residence.
- **Long-term Commitment:** Volunteer essential workers who benefit from the program are required to be in “Good Standing” and continuously and actively volunteer while participating in the program.
- **Direct Payment Support:** Program offers direct financial assistance paid to a mortgage lender to help cover mortgage payments.
- **Financial Counseling:** Provide financial counseling to help recipients manage their finances and plan for the future.

#### 5. HOMES FOR THE SOUTHAMPTON TOWN WORKFORCE, SENIORS AND THE DISABLED:

##### OVERVIEW

The Town provides funds for a multi-occupancy deed restriction in order to incentivize real estate buyers and homeowners to deed restrict their properties to maintain and sustain homes for people working in the Township, Seniors 55+ or the disabled.

Recipients are required to execute an occupancy only deed restriction:

- **Workforce Housing:** At least one family member occupant (renters) must work at least 30 hours a week at a business located within the Town of Southampton.
- **Seniors:** occupants must be 55+ years of age
- **Disabled:** occupants must have a physical or developmental impairment that substantially limits one or more major life activities as defined under the Americans with Disabilities Act (ADA)
  - **Cash Assistance:**
    - A cash payment estimated to be in an amount of approximately 10-15% of the value of the property. The amount of the deed restriction will vary depending on the market and how well the home meets the current needs of the community. Participants may use the funds for **anything, including using it as part of their down payment to purchase the property.**
    - An annual cash payment in an amount equal to the difference between the monthly affordable rent payment and the monthly market rent payment for a period of time or in the case of a not-for-profit corporation, the difference between the monthly affordable rent and its monthly operating costs.

- **Program Options:**
  - **Option 1:** The Town purchases a permanent deed restriction from a **new home buyer** who can use that cash assistance for anything, including as down payment assistance. Buyers may include businesses, school districts, hospitals or investors who want to rent their properties to occupants who work at least 30 hours a week at a business located within the Town of Southampton, seniors aged 55+ or the disabled.
  - **Option 2:** The Town purchases a deed restriction from a **current property owner** (including businesses and developers) and then this property has a deed restriction that limits occupancy to local workforce who work at least 30 hours a week at a business within the Town of Southampton, seniors aged 55+ or the disabled. The restriction must remain on the property for at least 30 years. The Property Owner receives an annual payment for each year the property stays in the program.

The following criteria shall be used by the Town in determining whether to acquire a particular deed restriction for workforce, Senior 55+ or disabled housing:

- Whether the particular deed restriction would further the housing goals as established from time to time by the Town of Southampton.
- Whether the particular deed restriction would support and help grow and maintain a permanent population within the Town of Southampton that grows a diverse community where a wide range of demographics, economics, occupations and family household sizes are served.
- Whether the particular deed restriction addresses a demonstrated housing need within the Town of Southampton for a defined segment.
- Whether the market value of the deed restriction is comparable in value to other existing deed restrictions within the Town of Southampton as demonstrated by a licensed real estate appraiser or other person qualified to make such determination in the opinion of the Town.
- Whether the particular deed restriction would be a cost effective and efficient use of the Town's Community Housing Fund.
- Whether fair market value is paid for the deed restriction relative to the current market conditions.