

Peconic Bay Region Community Housing Act

An Overview of the Proposed Law

Intent of Fund

The Fund will hold the money set aside for Community Housing including any monies generated from the proposed transfer tax.

That money shall **ONLY** be used in line with a Plan that the town will develop with community input .

Legislative Intent

The Town Board has determined that a Community Housing Fund is necessary to serve as a repository for monies earmarked for Shelter Island Town community housing opportunities and the monies therein only expended pursuant to a Community Housing Plan. Additionally, the Community Housing Fund serves as the necessary predicate for the potential creation of a supplemental tax on real estate transfers for community housing.

§52-1 Definitions

Board: *The Town of Shelter Island Community Housing Fund Advisory Board.*

Fund :*The Town of Shelter Island Community Housing Fund.*

First Time Home Buyer :*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 to his or her purchase of the primary residential property, and who does not own a vacation or investment home.*

Plan:*The Town of Shelter Island Community Housing Plan*

Primary Residential Property :*Any one or two family house, townhouse, or condominium.*

More Definitions:

Community Housing:

A primary residential property for an eligible individual that does not 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 in effect on the contract date for the sale of the property.

Eligible Individual:

A household with 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 in effect on the contract date for the sale of such property.

Primary residence and capped at a price of \$1,079,925. (150% of \$719,950 the price limit)

*<https://hcr.ny.gov/system/files/documents/2021/06/lirincomeplimits6.11.21.pdf>

Income capped at \$124,700 for 1&2 person households and \$145,800 for 3+person households

Funding the Fund

A. Funding sources may include:

- 1) Proposed Transfer Tax
- 2) Bonds
- 3) Town funds
- 4) Profit from the sale or rental of Community Housing
- 5) Gifts
- 6) State or Federal Grants

B. Interest from the Fund stays in the Fund. You can't transfer or use the money for any other purpose.

§52-2 Fund Established

A. The Town Board hereby establishes a Community Housing Fund pursuant to the provisions of Section 64-k(2) of New York State town Law. Deposits into the Fund may include revenues of the Town from whatever source, including but not limited to:

- 1) All revenues from the supplemental real estate transfer tax authorized by New York State Tax Law Section 1449-bb(2);*
- 2) All proceeds of indebtedness or obligations issued pursuant to the New York State Local Finance Law for community housing opportunity purposes as authorized in New York State Town Law Section 64k(3);*
- 3) General fund balances or surpluses;*
- 4) Any proceeds received by the Town from the sale or rental of community housing produced from the revenues of the Fund;*
- 5) Any gifts of interests in land or funds; and*
- 6) Any state or federal grants received by the Town for providing affordable homes.*

B. Interest accrued by monies deposited into the Fund shall be credited to the Fund. In no event shall monies deposited into the Fund be transferred to any other account. Nothing contained in this Article shall be construed to prevent the financing, in whole or part, pursuant to New York State Local Finance Law, of any purpose authorized pursuant to this Article. Monies from the Fund may be utilized to repay indebtedness or obligations incurred pursuant to the New York State Local Finance Law consistent with effectuating the purposes of this Article.

Transfer Tax

Sales Price	Currently 2% tax (<small>\$250K exemption</small>)	Proposed 2.5% (<small>\$400K exemption</small>)
\$500k	\$5k	\$2.5k
\$750K	\$10k	\$8.75k
\$1mil	\$15k	\$15k
\$2mil	\$35k	\$40k
\$5mil	\$95k	\$125k
\$10mil	\$195k	\$250k

*Shelter Island home sales of \$1 million or less would pay LESS transfer tax under the new law

*Based on 2020 home sales reports about one third of homes on the East End would pay LESS transfer tax under the new law

*An additional one third of home sales on the East End would pay an increase of less than \$5k

§52-3 Purposes of the Fund

A. The proceeds of the Fund established pursuant to Section 51-26 of this Chapter shall be utilized for the following purposes:

- 1) The provision of financial assistance to first-time homebuyers, who are residents of Shelter Island, for the purchase of a first home. Such financial assistance may be in the form of a grant or a loan subject to the below, as applicable:
 - i. Financial assistance may be provided for the purchase of a new 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 non-resident who has been a resident within the past five years.
 - ii. Such financial assistance shall not exceed fifty percent of the purchase price of the home.
 - iii. 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.
 - iv. For the purposes of calculating Town 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.
 - v. All revenues received by the Town from the repayment of a loan shall be deposited into the Fund.
 - vi. The Town may provide financial assistance for community housing in conjunction with a public/private partnership for employer assisted housing;

Fund Purpose

- 1) Help for first-time homebuyers
 - For people who live or work in the town
 - Can't be more than 50% of home price
 - If it's a loan from the town- it must be repaid to the town
 - Any assistance will lower the assessed value by that amount
 - Any money from a loan will go back into the fund
 - Can be a public/private partnership

Fund Purpose (cont.)

2) Construct Community Housing for sale

3) Construct Community Housing in Public/Private partnership for sale

4) Construct and Maintaining Rental Community Housing

5) Convert existing structures into Community Housing for sale or rent

6) Purchase existing housing units to use as Community Housing (for rent or sale)

7) Provide Housing counseling services

2) The actual production of community housing for sale to eligible individuals by the Town;

3) 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 New York State Town Law Section 64-k;

4) The actual production and maintenance of community housing for rental to eligible individuals, either by the Town or if the Town creates a housing authority; or in conjunction with a private/public partnership, where the private partner agrees to comply with the profit guidelines of the New York State Affordable Housing Corporation and the provisions of New York State Town Law Section 64-k;

5) The rehabilitation of existing buildings and structures in Town for the purposes of conversion to community housing for sale or rental to eligible individuals;

6) The acquisition of interests in real property in existing housing units, which result in the production of community housing for sale or rental to eligible individuals; and

7) 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.

§52-4 Eligible Expenses

For the purposes of this Chapter, eligible expenses relating to the production of community housing and the rehabilitation of existing buildings and structures under the Fund shall include but not be limited to land acquisition, planning, engineering, construction costs, and other hard and soft costs directly related to the construction, rehabilitation, purchase, or rental of community housing pursuant to this Article. All revenues received by the Town from the sale or rental of community housing, or the repayment of loans shall be deposited in the Fund.

§52-5 Community Housing Fund Advisory Board

A Community Housing Fund Advisory Board was created, via Resolution #80 of January 7, 2022, to review and make recommendations regarding the Town's Community Housing Plan as required by Section 52-5 and pursuant to the requirements of New York State Town Law Section 64-k(6). The Board shall act in an advisory capacity to the Town Board.

Eligible Expenses

The fund can be used for buying land, construction, planning engineering and related costs. All profit from sale, rent or repayment of loans must be deposited into the fund.

Advisory Board

The CHFAB board will review and make recommendations regarding the Town's housing plan.

The Plan

Before the town spends any money from the Fund a Housing Plan must be developed and adopted by the Town Board. It should include:

- 1) Public Investment- minimize any social, economic, and environmental costs.
- 2) Development- build in areas where it makes sense for transport sewer and water
- 3) Conservation
- 4) Coordination- work with neighboring communities to be efficient and cost effective.

§52-6 Community Housing Plan

A. Prior to expending any monies from the Fund, the Town Board shall adopt a Community Housing Plan via local law, upon the advice and recommendations of the Town of Shelter Island Community Housing Fund Advisory Board. Such plan shall adhere to where practicable 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, 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 Town'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, facilitating cooperative agreements among adjacent communities, and to coordinate planning to ensure compatibility of one's community development with development of neighboring communities*

The Plan (cont.)

5) *Community design. To strengthen communities through development and redevelopment strategies that include integration of all income and age groups, mixed land uses, and compact development, traditional neighborhood development, planned unit development, open space districts, downtown revitalization, brownfield redevelopment, 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; and*

8) *Community Collaboration. To utilize, 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.*

5. Community Design- centering people in considering any plan.

6. Transportation- reduce individual autos and pollution.

7. Consistency- follow building and land use codes.

8. Community Collaboration- work to develop a long term plan with community input and participation.

The Plan Will:

1. Be updated every 5 years
2. Be added to the Comprehensive Plan update
3. Ensure Perpetual Affordability
4. Ensure housing opportunities are provided in a fair manner

§52-6 B. The plan may include a map that delineates the housing implementation recommendations; but shall:

- 1) Be updated every five (5) years;*
- 2) Be incorporated into the Comprehensive Plan for the Town of Shelter Island;*
- 3) Ensure that all community housing created remains affordable. Subsequent purchasers of such community housing shall be limited to eligible individuals; and*
- 4) Provide for the equitable distribution of community housing opportunities among all the communities of the Town. The plan shall ensure that no community has an undue concentration of community housing opportunities that would substantially alter the character of the community. In determining equitable distribution of community housing opportunities, existing community housing opportunities in a community shall be considered.*

§52-7 Village Participation

A. The participation of any Village in the production of community housing authorized by this Chapter shall be at the option of the Village. In order to participate, a Village shall pass a resolution opting into the program and shall submit said resolution to the Town Board.

B. Where a Village opts to participate pursuant to this Chapter, an intergovernmental agreement shall be executed pursuant to Article 5-G of the New York State General Municipal Law or other applicable legal authority, in order to establish the rights and responsibilities of each local government regarding community housing opportunities.

C. Regardless of whether a Village participates in the program authorized by this Chapter, properties in the Village shall be subject to the supplemental real estate transfer tax authorized by New York State Tax Law Section 1449-bb(2).

Section 3. Authority

The proposed local law is enacted pursuant to New York state Town Law § 64-k

Section 4. Severability

If any section or subsection, paragraph, clause, phrase or provision of this law shall be adjudged invalid or held unconstitutional by any court of competent jurisdiction, any judgment made thereby shall not affect the validity of this law as a whole or any part thereof other than the part, provisions so adjudged to be invalid or unconstitutional.

Section 5. Effective Date

This local law shall take effect upon the filing with the Secretary of State pursuant to Municipal Home Rule Law.

The purpose of this local law is to amend the Town Code to establish a **Community Housing Fund** where monies deposited therein may be expended **solely for community housing opportunities** within Shelter Island.

It is a necessary repository for any funds reserved for community housing, including from the soon to be proposed .5% supplemental real estate transfer tax.

Further, this amendment ensures that any monies expended from the Fund **will be in conformity with a Community Housing Plan**.

Please join us this summer as we draft our housing plan

The Community Housing Fund
Advisory Board will be organizing
public input session and we
want to hear from YOU!!!

Email: ehanley@shelterislandtown.gov

