

S o u t h o l d 2 0 2 0

The New Comprehensive Plan for the Town of Southold

HOUSING CHAPTER DRAFT

4/2/2012

Introduction

Within the Town's ten hamlets, single-family detached housing is common among its roughly 15,000 housing units. Typical of Long Island, home ownership is also the norm in Southold; less than 20% of the housing stock is rental. The housing stock varies in age across a broad range; a substantial portion was built before 1940 and another substantial portion after 1990.

A critical factor in understanding the housing characteristics of Southold is the existence of large numbers of second homes for seasonal and occasional use. The 2010 census reported that 36% of all housing units within the Town were seasonal. The highest inventory of year-round housing units is in Mattituck (68%) and the lowest, in Fishers Island (18%). By contrast, across Suffolk County, less than 7% of its housing is seasonal. In addition, within Southold, there are a growing proportion of retirees.

Southold's proximity to metropolitan New York City along with its rural character with plentiful recreational opportunities makes the Town highly desirable for vacation homes. Home-buyers from New York City and its suburbs tend to have significantly higher incomes than Southold residents. The buying power of these second-home purchasers has pushed up home prices generally and drastically reduced the supply of affordable housing for local residents.

The Town's attractiveness creates a demand from affluent second-home buyers that limits the supply of housing available to year-round residents. Housing is generally considered "affordable" if it is within the reach of families who earn no more than median income. For Nassau/Suffolk counties \$106,100 is the median income for a household of four.

Other communities have tried to solve housing shortages through zoning that allows greater density (downzoning), thus reducing land costs per residence and making it possible to build less costly housing. In Southold, however, density is linked to sanitary flow which is regulated by The Suffolk County Department of Health who is charged with protecting groundwater quality. This oversight poses challenges to the location in which density would be permitted. In the Hamlet Centers, where affordable housing concentration is most appropriate, the restrictions on sanitary flow in relation to the current uses hinder the development of units.

Recognizing this, the Town initiated a Sanitary Flow Credit bank in 2005 to provide opportunities to purchase sanitary flow credits to increase parcel density for affordable housing purposes. The program allows the purchase of residential density credits that the Town banked from the purchase of open space lands. The residential density credit must be used in connection with the construction of affordable housing in the Business (B), Hamlet Business (HB), Residential Office (RO), or land designated as Affordable

Housing District (AHD) zoning districts. This opportunity will permit some additional density towards creating affordable housing.

The Town hopes that, in the future, attention will be focused on supporting a variety of housing types to meet the diverse needs, preferences, and financial abilities of Southhold's residents, current and future. This task begins with a look at the existing inventory in Town, as the basis to build upon.

Existing Housing Inventory: from 2010 U.S. Census Data

- Total number of housing units 15,377
- Housing units occupied full-time 9,090
- Seasonal or vacant housing units (mostly seasonal) 6,287

Other Housing Characteristics from collected data

- Senior housing – rentals (Colonial Village) 22
- Senior housing – cooperatives 367
(Peconic Landing 345 and Colonial Village 22)
- Senior housing – condos (Founders Village) 92
- Section 8 subsidies 370
- Accessory structures - affordable housing 1
- Moderate-income subsidized home ownership 22
- Special-needs housing
 - Developmentally/mentally disabled (many also have physical disabilities)
10 units serving 74 people
 - Recovery houses - 1 “sober home” serving 10 people
 - Homeless shelters - seasonally provided by churches, housing up to 70 people per night

Housing Costs and Housing Affordability

The federal Department of Housing and Urban Development (HUD) considers housing to be “unaffordable” if housing costs are greater than 30% of total household income. The American Community Survey (ACS) data of 2009 found that \$1,153 was the median gross rent in the Town of Southhold. About 35% of renters in the Town's relatively few rental units pay more than 35% of their gross income on rent.

The Southhold survey also reported that the median value of owner-occupied housing units was just under \$480,000 Town-wide, with the median value ranging from a low of \$379,706 in the hamlet of Greenport West to a peak of \$682,000 in Orient. Very few homes are valued at less than \$300,000 in any hamlet. According to the American Community Survey, 45% of the Town's homeowners with a mortgage were paying more than 35% of their income for housing. According to the Suffolk Research Service, housing values in Southhold reached their zenith in 2007, when the median sales price was \$525,000. That figure has since declined to \$440,000 in 2010. Sales for the third quarter of 2011 also reflected a \$440,000 median, indicating that home prices may have stabilized. In late August 2011, Newsday reported that real estate values on Long

Island had fallen faster and further than in the rest of the country; it said that home values in Suffolk County had declined 21% since the recession began, in December 2007.

According to demographic data gathered for the Economic Chapter, median household income for the Town of Southold was \$66,464 in 2009. By mortgage bankers' rules of thumb, someone with an income of that amount could afford to pay no more than \$200,000 for a home (or carry a mortgage no greater than that amount). So *half the population* of Southold – households earning less than the median \$66,464 - would fall under that \$200,000 ceiling, when in fact today's median home value for the Town is *more than twice* that (\$440,000), and very few homes on the market sell for less than \$300,000. A great many Southold families, perhaps most, could not afford their present home if they had to buy it at today's prices. This underscores the ongoing discrepancy between local incomes and housing prices.

In January 2012 the Stony Brook University Center for Survey Research released its polling results of the Long Island Index. The poll revealed sentiments of 810 Long Islanders, in which many are struggling to live in an area with pervasively high housing costs, as noted below:

- Six in ten reported having difficulty in paying mortgage or rent, with households earning greater than \$100,00 reporting that 47% are having difficulty.
- Fifty percent reported that they were “somewhat” or “very likely” to leave Long Island in the next five years. This sentiment is much higher among younger adults aged 18-34 with over two-thirds reporting a likelihood to leave.
- Regarding perceptions of the “serious problem of affordable housing”, 66% reported that it is “extremely serious” or “very serious.”

Housing Needs of Residents

Safe, affordable housing is vital to a community's stability and growth. The Town of Southold has grappled with the need for affordable housing to sustain its year-round residents with moderate incomes. Home ownership is a core value of the “American Dream” and research supports that it fosters community participation and citizenship, as well as stabilizing families and neighborhoods. In addition, rental opportunities for residents who cannot afford to buy a home (or don't want to) are not great. Available rental subsidies do not come close to meeting current demand, as evidenced by the North Fork Housing Alliance's December 2011 waiting list of 426 households.

The Town has long been a destination for second-homeowners, and it is increasingly so for retirees. Over the past two decades home prices soared and far outstripped the increase in the median income for Southold households, pushing home ownership beyond the reach of many residents. From 1990 through 2005, single-family homes in Southold tripled in price, as measured by median sales. While the current economic slowdown has driven prices down, they remain far too high for most residents. The disparity between their incomes and the cost of most single-family homes remains too great.

The Town maintains a “housing registry” for households requesting housing assistance with home ownership, rental housing, age-restricted housing, etc. The Town allows anyone whose total household income does not exceed the median income for Nassau-Suffolk Counties to apply. When the registry was established, few applications came in until a developer/sponsor proposed building 22 units (partly funded by Suffolk County), priced at \$178,000 to \$214,000 for two-bedroom homes. When these units were advertised, more than 350 applications flooded in, and the registry list swelled to more than 400 applications on file, 90% of which were from Southold residents.

The Town of Southold, like much of Long Island, has very little available in safe and legal rental housing. The Suffolk Planning Commission reports that about 15% of Long Island’s housing stock is rental. In Southold the existing inventory of available rentals is very limited to meet the demand. A local real estate broker (Community Rentals and Sales) reports that 110 households sought assistance in finding rental housing from January until August of 2011. Below are anecdotal responses of rental housing sought and prices renters were willing to pay:

# Tenants	# Responses	Monthly Rental Range	Monthly Rental Average
One	24	\$800-\$1000	\$ 967
Two	53	\$950-\$1,200	\$1,189
Three	24	\$1,000-\$1,400	\$1,330
Four	06	\$1,200-\$1,600	\$1,541
Five	03	\$1,250-\$2,100	\$1,983

The majority of larger households (3+) had rental subsidies to offset rental costs.

In addition to the scarcity of market-rate rental housing, the subsidized rental housing units administered by the North Fork Housing Alliance have remained stagnant through the years, despite the rising number of residents needing rent subsidies to afford to remain in their communities.

Southold has an unusually large number of senior citizens. Claritas MarketPlace Demographic Snapshot reported that seniors (65 years or older) make up 24% of the Town’s total population. In addition, another 15% of the population is classified as “empty nesters,” ages 55 to 64, who will reach retirement age in the coming decade. The 2009 American Community Survey also found that 40% of year-round residents were age 55 or older. This sizable segment of the population will require special forms of housing and assistance to make it possible for them to age in place and continue living in the Town.

As the Town’s population of retirees and senior citizens continues to grow, the need for a younger, stable workforce will also increase. According to the Long Island Index, Long Island’s population of residents aged 25-34 has dropped by 22% in recent years, as young people relocated to other states where jobs and affordable housing are more plentiful. Often, young people say they would love to remain in Southold or to come back home once they have completed their education. Unfortunately the Town has very

little housing that younger residents can afford. Creating additional rental units in hamlet centers or HALO zones would help keep these residents.

The severe recession of 2008 continues to affect the Town, with a genuine recovery most likely a long way off. Mortgage tax receipts have declined for four years in a row. Unemployment in Southold hovers around 10%. All signs are that housing prices will generally remain weak for years to come, although still mismatched to local incomes.

The National Association of Realtors reports no shortage of housing inventory across the country, and the North Fork mirrors that condition. Within today's buyers' market, one would expect that depressed home prices would make home ownership more affordable and available to year-round residents, yet most residents do not make enough money to compete even in the current market. The glut of housing also discourages new construction, which has fallen by half since the recession began, with serious consequences for the Town in reduced tax collections and less revenue from various construction fees.

Nationally, foreclosures and pending foreclosures have skyrocketed over the past three years, driven by a struggling economy, the loss of jobs, and declines of household income, as well as by previous lending practices that allowed homeowners to over-leverage the value of their homes. While Southold has fared much better than many regions of the country, helping hard-pressed residents keep their homes has to be a priority. The Long Island Board of Realtors estimates that as many as 4% of all homes on Long Island are in active foreclosure. RealtyTrac reports that 1 in every 1,407 properties in Suffolk County received a foreclosure notice during September 2011.

All these factors – the high cost of houses, the lack of rental housing, the loss of jobs, the sluggish economy - affect the ability of Southold's people to meet their housing needs. Their unmet needs will continue to challenge the Town; they call for prudent but far-sighted planning to address the Town's housing requirements in the years ahead. Fiserv, the largest provider of information technology to the financial services industry, projects that even if overall housing prices continue to decline, purchases of retirement and vacation homes show some signs of increase. If so, this factor will continue to curtail housing choices for year-round residents.

This Chapter of "Southold 2020" analyzes the sort of housing needed over the next ten years to help ensure that housing is available, affordable, and in keeping with what residents want.

1. Creating Affordable Housing

The Town will never be able to foster the creation of enough affordable housing to meet the needs of its residents without compromising its rural character. It needs to look hard at “adaptive reuse” of existing housing stock and commercial structures – i.e., renovating them - as a way to increase the housing inventory without harming the visual landscape. Additionally, zoning analysis of the feasibility of allowing for infill development (insertion of additional diversified housing units into an already approved subdivision or neighborhood) in areas capable of absorbing more density such as the hamlet centers and HALO’s could be conducted.

The need for additional housing must be met if Southold is to maintain a vibrant workforce large and varied enough to serve year-round residents and seasonal visitors. Though Southold, like most places, mainly relies on private enterprise to supply housing, the Town does have within its control a variety of ways to influence the development of housing. The following are necessary requirements that must be satisfied in order to create affordable housing in any significant number (more than five units):

- Support of the Town Board and Planning Board for the proposed concept (location of site, architectural design, proximity to hamlet centers, infrastructure, etc.)
- Availability of grants, based on income, from federal and state entities that subsidize homeownership for qualified buyers.
- Change of zoning designation by the Town Board to Affordable Housing District (AHD) in appropriate areas to permit four units per acre. In addition, the AHD may allow building accessory apartments in existing structures (up to 50%).
- Transfer of sanitary flow credits in accordance with Suffolk County Department of Health and Southold Town regulations.
- Assistance from Suffolk County Department of Workforce Housing toward the purchase of land or infrastructure improvements.
- Provision of public services (utilities) and infrastructure (water, drainage, roads) to support the development of housing.
- Ability of the sponsor or developer to make a subsidized project financially viable (tax abatements through New York State) while keeping the housing affordable; to achieve enough density (via rezoning) and subsidies to make the job worthwhile.

In addition, the Town has implemented legislation and policies intended to increase affordable housing. They include:

- “Inclusionary” zoning that requires new developments of five or more housing units to provide 20% of that housing as affordable, as set forth by Town Board. Municipalities in areas where housing prices have skyrocketed often impose inclusionary zoning (which requires developers to build some affordable units) in an effort to level the playing field.
- A “buyout” option was created for developers who choose not to build affordable units within the new development allowing developers the ability to make a substantial payment to the Town’s Housing Fund. Each year the Town Board

establishes an amount that developers must pay in lieu of building the moderate-income family dwelling unit. The amount is currently set at twice the amount of the median income of Nassau/Suffolk County (\$212,250 per unit not built.)

- “Perpetual affordability” for affordable housing units that come for resale. These restrictions limit how much the seller can ask, to prevent the units from rising to market rate after subsidies have expired.

Goal 1.1: Provide additional diversified housing from existing stock to help meet the needs of current year-round residents, including senior citizens, emergency services volunteers, and other local workers.

Objectives:

- 1) Encourage the development of accessory apartments in existing barns and garages that can be renovated into small apartments for singles or couples or that allow the homeowners (retirees, etc.) to downsize and live in the accessory apartment while renting their house to larger families. The Town’s Community Development Block Grant funding could provide pilot grants.
- 2) To maintain seniors in their homes, look into establishing Naturally Occurring Retirement Communities (NORC) through grant funding for the Town’s Senior Services. A NORC is a neighborhood or locality where a great many elderly live; it becomes eligible for various social services that make it easier for the elderly to remain in their homes.
- 3) Continue to work with the Family Service League to expand its HomeShare Long Island program, which provides affordable housing for both seniors and non-seniors generally in the form of rooms within existing homes.
- 4) Promote universal design elements in the building code to accommodate seniors ageing in place as well as persons with physical disabilities. Such elements promote safety features and remove physical barriers that older people or the disabled can’t handle.
- 5) Establish loans and grants from the Town’s CDBG funding to convert larger homes from existing stock into units of affordable rental housing.
- 6) Encourage the development of diversified housing for artists and crafters in hamlet centers in combination with galleries, etc., drawing on Suffolk County Workforce Housing funding.
- 7) Consider using buyout funds from inclusionary zoning to partner with Habitat for Humanity and other non-profits to acquire and rebuild substandard housing units. Renovated units could be sold to households on the Housing Registry with covenants and restrictions to ensure perpetual affordability. In addition, consider using buyout funds for purchase of homes that are short-sale and/or foreclosed to households on Housing Registry.
- 8) Consider using buyout funds to set up a revolving grant assistance program to enable households on Housing Registry to rehabilitate and/or buy homes on the existing market that would lower the purchase price to stimulate sales.

Responsible Parties: Housing Advisory Commission, Southold Senior Services, Building Department, Zoning Board of Appeals, Planning Board, Architectural Review Committee, Community Development Block Grant

Possible Partnerships: Suffolk County Economic Development and Workforce Housing, Suffolk County Office for Aging, Family Service League, Walsh Park Benevolent Association, Habitat for Humanity, Community Development Corporation of Long Island, Long Island Housing Partnership

Timeline for Implementation: 2015

Goal 1.2: Encourage the development of new diversified housing to help meet the needs of current year-round residents, including senior citizens, emergency services volunteers and other local workers.

Objectives:

- 1) Develop units of moderate-income home ownership through the Town's inclusionary zoning policies, Suffolk County 72 H transfers (tax default properties), change of zoning to Affordable Housing District, partnerships with non-profit housing developers utilizing New York State HOME funding. This could include consideration of changing code to allow smaller size homes than had been previously envisioned (less than 850 square feet.)
- 2) Develop partnerships with non-profit housing developers to build age-restricted apartments using HUD's Section 202 funding.
- 3) Develop moderate-income home-ownership units (condos, etc.) with age restrictions through inclusionary zoning policies, change of zoning to Affordable Housing District, partnerships with housing providers.
- 4) Approach appropriate individuals within federal, state and county governments to help the North Fork Housing Alliance increase its inventory of subsidized rental apartments and address the growing needs of lower-income residents.
- 5) Investigate the provision of tax incentives to prospective homeowners to mitigate sanitary impact of new construction.
- 6) Explore the feasibility of identifying potential locations that would be appropriate for higher density affordable housing that would be readily available to potential sponsors for development. Identification would be part of process of public meetings with Town Board, Planning Board and Housing Advisory Commission.

Responsible Parties: Housing Advisory Commission, Town Board, Planning Board, Zoning Board of Appeals

Possible Partnerships: Suffolk County Economic Development and Workforce Housing, Community Development Corporation of Long Island, Long Island Housing Partnership, Housing Urban Development, New York State Homes and Community Renewal, Walsh Park Benevolent Association, Community Land Trust of Southold, Private Developers

Timeline for Implementation: 2018

2. Education

Knowledge is power. Many residents are unaware of existing resources that might help them obtain funding to buy a home, fend off foreclosure, or maintain their home. Affordable housing (also known as “workforce housing”) is often plagued by misconceptions and myths.

Goal 2.1: Develop a series of educational forums to inform the public about housing services, programs and resources

Objectives:

- 1) Teach skills to promote successful home ownership and landlord/tenant relations.
- 2) Working with banks and non-profit providers, inform homeowners about resources to abate mortgage foreclosures.
- 3) Highlight resources and programs that promote energy efficiency and weatherization.
- 4) Deepen public understanding of who needs affordable housing and why.
- 5) To promote conversion to affordable accessory apartments, create a one-page flyer that simply explains how to create accessory apartments with information about additional tax assessments, maximum rental charges, selection of tenants, etc. This could include a checklist of what is needed along with offering the services of the building department to visit prospective sites to offer suggestions whether the concept is feasible. In addition, Town could host information and discussion sessions with the public.
- 6) Strictly enforce fair housing laws so that every person has equal access to housing without regard to race, color, religion, gender, sexual orientation, family or marital status, disability, or national origin.

Responsible Parties: Housing Advisory Commission, Renewable Alternative Energy Committee

Possible Partnerships: Community Development Corporation of Long Island, Long Island Housing Partnership, North Fork Housing Alliance, Regional Banks

Timeline for Implementation: 2014

Goal 2.2: Produce printed materials and Internet resources to complement educational forums.

Objectives:

- 1) Create fliers and brochures and make them available at Town Clerk’s office and other municipal offices.
- 2) Use the Town’s Website to post PDFs with information about housing resources.

Responsible Parties: Housing Advisory Commission, Department of Information and Technology

Possible Partnerships: Community Development Corporation of Long Island, Long Island Housing Partnership, North Fork Housing Alliance, Long Island Power Authority

Timeline for Implementation: 2014

3. Retaining Residents in Existing Housing

The epidemic of foreclosures has shifted national, state and county funding away from developing housing stock and toward programs to abate foreclosures and stabilize neighborhoods. Clearly Southold's communities have not suffered significantly like other parts of the country. However, statistics suggest that at least some Southold homeowners do own homes now worth far less than their mortgages. It is important to provide help before those households face default.

Goal 3.1: Provide resources to keep residents in housing.

Objectives:

- 1) Retain the Long Island Housing Partnership (LIHP) and Community Development of Long Island (CDCLI) to provide education and resources regarding mortgage foreclosure assistance to residents.
- 2) Provide education about services and resources that help with weatherization, energy efficiency and home repair for households that qualify under income limits.
- 3) Mandate that all participants in the Town's affordable housing programs participate in homebuyer education classes from regional housing providers such as LIHP and CDCLI

Responsible Parties: Housing Advisory Commission

Possible Partnerships: Community Development Corporation of Long Island, Long Island Housing Partnership, North Fork Housing Alliance

Timeline for Implementation: 2014

4. Quality of Life

Unlike many communities, Southold has largely been spared neighborhood blight. Yet rundown housing, if ignored, can become contagious and spread through an entire neighborhood, undercutting property values and damaging everyone's quality of life. Overcrowding is another form of deterioration that can destroy neighborhoods. An aggressive effort to deal with blight and overcrowded houses promotes stability and contributes to the value of residents' homes.

Furthermore, multi-tenant, rental structures/properties could also result in deteriorated quality of life to neighborhood residents. However, the safety of tenants is paramount. Many buildings and spaces currently occupied by multi-tenants were not constructed to meet adequate safety standards. It is recommended that the Town create a pilot program to work with property owners to allow Town Code Enforcers to inspect properties and improve these situations.

Goal 4:1: Address the problems that result from blighted properties.

Objectives:

- 1) Strengthen the staffing of code enforcement to deal with blighted housing.
- 2) Develop pilot program to rehabilitate units of blighted housing with loans and grants through the Town's CDBG funding.

Goal 4:2: Address the problems that result from illicit tenant overcrowding (fire safety, parking, garbage and noise) in unpermitted and/or unsafe structures.

Objectives:

- 1) Create outreach program to inform property owners of code as well as ways to address violations of properties to bring up to code
- 2) Strengthen staffing of code enforcement to address overcrowded housing.

Responsible Parties: Town Board, Building Department and Code Enforcement Office, Community Development Block Grant Reviewing Committee

Possible Partnerships: Suffolk County Economic Development and Workforce Housing's Office of Community Development

Timeline for Implementation: 2015

5. Research and Development of Best Practices in Housing

For the Town to meet the housing needs of its residents, it must stay abreast of legislation, policies and programs throughout the nation that could provide fresh solutions for creating housing.

Goal 5.1: Continue to review and research policies and best practices elsewhere to find solutions to meet housing needs of the Town's residents.

Objectives:

- 1) Explore policy and legislative changes that could provide a greater inventory of affordable housing through the creation of Planned Development Districts, Transfer of Development Rights program, use of sanitary credits, etc.
- 2) Seek grant funding for a pilot program to explore infrastructure improvements that would allow for the opportunity to develop very limited increased density such as apartments over storefronts in hamlet centers. The infrastructure to be explored would include the newest technology in small package sewage treatment plants, which are much more compact, efficient and limited in size and scope than traditional sewer systems.
- 3) Promote the integration of Leadership in Energy and Environmental Design (LEED) (or similar certification that is not as costly), and Energy Star building standards in affordable housing construction to promote occupant sustainability.
- 4) Examine the merits of creating a housing authority.
- 5) Encourage the creation of community land trusts.

Responsible Parties: Housing Advisory Commission, Town Board, Town Attorney, Planning Board

Possible Partnerships: Suffolk County (SC) Legislature, SC Health Department, SC Planning Department and Planning Commission, Community Development Corporation of Long Island, Long Island Housing Partnership, Community Land Trust of Southold

Timeline for Implementation: 2014