

# Town of Southhold

## Proposed Community Housing Fund Expenditures and Priorities

For Presentation at the Town Board Work Session on November 1, 2022 (10 AM)

This document provides a **preview** of the contents of Community Housing Fund Chapter of the Town of Southhold Draft Housing Plan which specifies how funds collected through a proposed new 0.5% real estate transfer fee will be expended if the referendum on November 8<sup>th</sup> for the Peconic Bay Region Community Housing Fund is approved by Southhold voters.

The Town Community Housing Plan is currently being prepared with direction from the Town's Community Housing Advisory Board (CHAB) and the Town Planning Department. However, the Town has recognized the importance of revealing the recommendations that will be included in the Housing Plan to the public in advance of the November 8<sup>th</sup> vote and therefore the CHAB has focused their energy on identifying proposed expenditures and priorities.

The focus of CHF expenditures will be through grants and low interest loans in these three main areas:

- Increasing homeownership opportunities for eligible individuals
- Increasing the inventory of community housing (rental and ownership)
- Maintaining and supporting existing community housing

### **I. Support Home Ownership for First Time Homebuyers**

Helping eligible individuals purchase homes is a priority; the CHF can provide assistance with down payments either as grants or low-interest loans. It is recognized that it is important that the funding help to overcome barriers to homeownership (i.e. initial costs) – and it is also important that individuals be able to afford the mortgage payments over time. The application process will establish grant limits based upon a variety of factors (including income, home price, mortgage rates, etc.) to ensure long term affordability over the course of the mortgage period.

For example: If you are a 1–2-person household and live or work in the town of Southhold and make less than \$174,360, then you would meet the income limits under the CHF as a first-time homebuyer. Depending on income, you can qualify for other grants and loans through the Town, County, and State.

*It is important to support individuals and families at a monthly cost that is within their reach for the success of the program.*

### 1) HERO Purchase Grants

HERO purchase grants are to be provided per unit to eligible first-time home buyers to offset costs and would not need to be paid back. HERO Purchase Grants would be available to:

1. Emergency Service Volunteers
2. Essential Workers (i.e. Nurses)
3. Honorably Discharged Veterans of the United States

### 2) Eligible Homeowner Purchase Loans/Grants

This purchase loan/grant program is to be provided to eligible first-time homebuyers to offset costs which are forgiven if the individual remains in the home for at least 15 years. If not, the funds are to be treated as a low interest loan and paid back at a rate that decreases over time.

## II. Support for Rental Units

For example: If you manage or construct community housing within the Town of Southold, your tenants meet the income limits, and rents are consistent with the Town limits, then you will qualify for a loan or grant to support construction of new community housing units, or to upgrade/maintain existing community housing.

### 1) Maintenance Grants

Purpose: The maintenance of community housing for rental to eligible individuals either by a town housing organization; or in conjunction with a public/private partnership. As a grant, it would not need to be paid back. Applications will be reviewed in consideration of benefit and number of community housing units that are supported by the grant. Considered part of the investment needed for maintaining community housing in the long term.

Grants could be provided to organizations such as (but not limited to):

1. Walsh Park (Fishers Island)
2. North Fork Housing Alliance
3. Greenport Village Housing Authority/Community Development Agency

These grants would be used to facilitate the maintenance and cost savings in providing community housing for the financial betterment of households. Grants can be used for installation for alternative/renewable energy systems and increasing energy efficiency, including the purchase of Energy Star appliances. May be used in conjunction with available grants through NYSERDA and other organizations.

### 2) Operational Grants

Purpose: To subsidize the operation of a housing authority or housing organization within the Town that provides or supports community housing to eligible individuals as an investment in community housing. As a grant, these funds would not need to be paid back. Grants would be commensurate

with the organizations need to support their program and could be provided to organizations such as (but not limited to):

1. Walsh Park (Fishers Island)
2. North Fork Housing Alliance
3. Greenport Village Housing Authority/Community Development Agency
4. CAST

These 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.

### **III. Support for Production of New Community Housing**

#### **1) Low Interest Loans**

This item is intended to provide low interest loans to support the construction of new community housing and make projects economically viable. The loans may be used for various purposes and the amount will be tied to the number of community housing units being constructed. The loans would be paid back to the CHF. For larger projects, priority would be for those developments that provide set aside units for emergency service volunteers (minimum 20% of total units). Low Interest Loans could be used for the:

1. Purchase of land (with a Town of Southold Lien required)
2. Conversion/construction of multi-family/multi-unit rental properties
3. Construction of an Accessory Dwelling Unit for Community Housing
4. Installation of I/A OWTS Sanitary Systems
5. Implementation of renewable/alternative energy, improving energy efficiency