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## Appendix F.



# **INCORPORATED VILLAGE OF SAG HARBOR**

## **LOCAL RESIDENTIAL HOUSING PLAN**

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## Introduction

Housing is without question one of the most critical issues on the East End. For people born and raised here who do not already own a home, no problem is more severe than the lack of affordable housing or what could be more accurately defined as “*local residential housing*” at a price they can afford. Housing prices are now out of reach for most people whose income is earned from East End sources. The problem can also be felt by local businesses and municipal emergency services that require staffing from the local communities. The Village acknowledges the need to provide local residential housing while also taking into account the limitations of a small village government also encompassed by two townships.

The issue of local residential housing is particularly acute in the Village of Sag Harbor where vacant land is virtually non-existent. As with other resort areas, permanent residents must compete with secondary and vacation homebuyers in the pursuit for suitable housing which usually results in the year-round resident being unable to successfully compete. The Village of Sag Harbor has seen median home prices rise exponentially over the last 10 years to levels which are unaffordable for most permanent resident homebuyers.

The Village recognizes that it does not possess the resources necessary to fund or staff a local Village residential housing program while Village residents continue to fund these subsidized programs at their respective Town level through taxes paid to federal government, New York State, Suffolk County and East Hampton and Southampton Towns.

While Sag Harbor has traditionally contained numerous accessory apartments that were by their nature affordable, the inventory of these units have dwindled due to a number of factors, including the desires of wealthy homeowners to convert back into single family residences and the Village’s own zoning code, which encourages that conversion. Village residents are fighting against the Village’s current zoning code which encourages the conversion of multi-family residences located within the R-20 residence district to single family homes and makes the addition of an apartment or the conversion of a single family residence into a multiple family residence very cumbersome. These conversions have significantly decreased the inventory of affordable rental opportunities within the Village.

Additionally, the Village Business District has historically contained numerous residential units on the upper stories of commercial buildings. In recent years, the inventory of these units has dramatically decreased due to the conversion of these units to office or studio as the demand for professional space increases.

Finally, large scale residential development prospects exist within the geographical boundaries of the Village which could provide significant affordable housing opportunities that the Village, with appropriate zoning could encourage the development of local residential housing.

## Current Regulatory Documents

There are currently two documents that have been adopted by the Village of Sag Harbor that regulate housing and development within the Village: Chapter 55 – Zoning Code of the Village of Sag Harbor – “Zoning Code” and the Local Waterfront Revitalization Program – “LWRP”.

### Zoning Code – Chapter 55 of the Sag Harbor Village Code

The Village of Sag Harbor enacted its first Zoning Code, Zoning Ordinance and Zoning Map on August 2, 1949. The Village amended and readopted these documents on November 16, 1971 and subsequently September 5, 1984. These documents have been the subject of further amendment since the readoption as a result of the Planning Study of the Sag Harbor Business District and numerous other comprehensive planning and zoning studies.

The following is an excerpt from Chapter 55 of the Sag Harbor Village Code adopted in its entirety on September 5, 1984 which details the finding and determinations of the needs for zoning, and particularly addresses the need for affordable housing for the year-round community.

*The Board of Trustees finds that there are certain characteristics of the Village of Sag Harbor which are significant in establishing its Comprehensive Zoning Plan and guiding future development of the village. They are as follows:*

- 1) *The Village of Sag Harbor is a uniquely situated on a navigable arm of Peconic Bay and tributaries thereof. As a result of its unusually extensive water frontage development, it is of necessity closely related to valuable marine environmental resources. Preservation and enhancement of these marine resources will continue to be important in the Village’s future.*
- 2) *The Village has a long history beginning with its settlement in the early 18<sup>th</sup> century and development soon thereafter as a major port. It has an unusually rich and varied architecture and an environment reflecting its development stages.*
- 3) *The economic base of the Village in recent years has relied primarily on the tourist and second-home activity that its history and marine environment generate in the South Fork resort sub region. It is important to assure the continued availability of this economic base. Nevertheless, the Village also services another important role as a year-round home for families, including young and old householders. Every effort should be made to maintain the year-round community, including its community facilities, services and convenience shopping, service businesses and employment.*
- 4) *The Village of Sag Harbor’s remaining vacant land resource is severely limited. The pattern of existing land use is generally well defined. With the increased awareness of the potential impact of development on the marine environment and economic resources of the Village, the control of development will be critical. As a result, careful consideration must be given to the practices and needs of established businesses and industries, particularly as they related to appropriate use of the waterfront for water-dependent uses, and to the designation of other areas for existing and future residential development for those at **various** economic levels. To this end, it is important that the Comprehensive Zoning Plan reflect a balanced, sound and well ordered concept for the Village’s future environmental and private and public land uses.*
- 5) *In general, the Comprehensive Zoning Plan is designed to protect the established character and the social and economic stability of the Village and to be compatible with the planning and zoning of the surrounding unincorporated residential areas of the Towns of Southampton and East Hampton.*

In reviewing these characteristics, The Village has determined that given the change in economics in the Village in recent years, the Zoning Plan as currently written does not adequately promote local residential housing within the Village. For this reason, the Village is currently developing the “Zoning and Wetlands Code Revision Plan” which it will use to address the issue of affordable housing by updating the code with modern zoning provisions.

## Current Regulatory Documents - continued

### Local Waterfront Revitalization Program – “LWRP”

The Village of Sag Harbor initially adopted its Local Waterfront Revitalization Program, (“LWRP”) in 1986 with subsequent amendments in 1988 and again in 2004 with the approval and support of the New York State Department of State. The Village’s LWRP is both a planning and program document. Because the LWRP encompasses the entire geographical boundary limits of the Village, it is considered the Village’s “Master Plan”.

As a planning document, the LWRP was prepared by the Village to develop a land and water strategy to address the most critical issues for the community’s natural, public, working and developed waterfront and upland uses. In partnership with the Division of Coastal Resources of the New York State Department of State, the Village developed a community consensus regarding the future of its waterfront including upland resources and refined State policies to reflect the local conditions and circumstances which was incorporated into the LWRP.

As a program, the LWRP is the organizational structure, local laws, projects, and on-going partnerships that implement the planning document.

The overall purpose of the LWRP is to

*achieve a balance between economic development and preservation that will permit the beneficial use of coastal and inland waterway resources while preventing: the loss of living marine resources and wildlife; diminution of open space areas or public access to the waterfront; shoreline erosion; impairment of scenic beauty and permanent adverse changes to the ecological systems.*

Although not directly addressed by the LWRP, the Village believes the further adoption of enhanced local residential housing provisions within the Village zoning code would be consistent with and promote the LWRP’s policies as follows:

***Policy 1*** – *Foster a pattern of developments in the Village of Sag Harbor that makes beneficial use of its coastal location, enhances community character, preserves open spaces, makes efficient use of existing infrastructure, and minimizes adverse effects of development.*

As stated in policy 1, “Residential areas contribute to the overall quality of life in the Village. Appropriate land use controls should be implemented to maintain and enhance this quality of life.” The Village believes that increasing the number of local residential housing opportunities is an ideal use for existing infrastructure that either has been used as affordable housing in the past or has the potential to be developed for uses that could have increased adverse effects to the upland resources and waterfront.

***Policy 8*** – *Preserve Historic Resources of the Village of Sag Harbor.*

The Village of Sag Harbor has a long history of water-dependent industry and related uses. It is a fact that these industries which include marinas, yacht yards, fishing tackle shops and related facilities require year-round employment of individuals. In order for the successful continuance of these industries, there must be an adequate inventory of local residential housing for these employees. In providing an increased inventory of affordable housing opportunities, the history of Sag Harbor may be preserved.

## **Proposed Local Residential Housing Goals**

### **1. Intermunicipal Agreement with Towns of East Hampton and Southampton**

As previously stated, the Village of Sag Harbor recognizes that it does not possess the resources necessary to fund or to staff a local residential housing program. Therefore, as a portion of Sag Harbor lies within the Towns of East Hampton Southampton, the Village will look to a regional approach in helping to resolve this issue by looking to the Towns of East Hampton and Southampton to help facilitate the implementation and administration of the Village's plan.

We believe that this agreement would benefit all three municipalities as it would help generate local residential housing within the Village while expanding the housing inventory located within each respective Township for this purpose.

### **2. Legalization and Promotion of Accessory Apartments**

The Village does not currently permit the construction of accessory apartments in single family residences. Despite this, the Village recognizes that many "accessory apartments" exist throughout the Village. Changes to the existing legislation coupled with aggressive code enforcement could serve to legalize existing apartments within residences, ensure that they are safe and encourage the construction of new accessory apartments and assist in the provision of affordable housing throughout the Village.

After exploring the possibilities with regard to the legalization of accessory apartments, the Village recognizes that the issue of accessory apartments may be controversial and has determined that all of the available options must be explored before any legislation is enacted.

The Village also recognizes that at this point in its history there is a higher level of density per square mile in the Village than in many of the surrounding municipalities. The Village may also consider the options available with regard to limiting the number of apartment that may be legalized or constructed in any area, either as defined by neighborhood, street or other defined area.

Also to be considered is whether to allow apartments to be constructed in accessory structures or to require them to be attached to the residence. Consideration should be given to the fact that as of today, the Suffolk County Department of Health does not consider an accessory apartment as additional sewage flow for the residence, while if the apartment is constructed outside of the residence, .....

The regulation of affordability and insuring that the apartments are available for those people who need them is of paramount concern. But the Village does recognize that additional regulations imposed on property owners may discourage the construction of apartments. Regulating affordability can be accomplished in a number of different ways including the required recording of covenants and restrictions, involvement of outside agencies to manage regulation (amounts of rent, income and other qualifications of tenants, inspection of apartments, etc.) The Village has not excluded the option of promoting accessory apartments as self-regulating for purposes of affordability.

If the Village chooses to allow the market to control the rent rates and the tenants that occupy the apartments, there is a concern that given that the Village is a summer resort community, the market will shift the availability of accessory apartments to the summer rental market. This issue may be addressed in the regulation of the apartments and the enforcement of those regulations.

The Village may also consider requiring that the property where the accessory apartment is located be occupied by the owner of the property, possibly on a year-round basis. While this may limit the number

of apartments that may be available, it will also promote self regulation of some concerns that have been raised with regard to the preservation of property values and maintenance of properties.

### 3. Requirement of Second Story Residential Use within Village Business District – “VB”.

The Village recognizes that the inventory of apartments in the Village has decreased due to the increased demand for office and commercial space within the Village Business District. Currently, the Village zoning code classifies a second story residential apartment within the Village Business District as an accessory use to the primary permitted use. The existing code not only allows, but encourages the owner of the commercial building to convert a second story residential use into a primary business use. The Village feels that this conversion is counter-productive to the interest in retaining year-round housing opportunities.

The Village should amend the current zoning code to restrict the conversion of existing second story residential uses within the Village Business District and require any new construction to include this use. For any new construction, the Village should allow the Planning Board to grant the applicant relief from the off-street parking provisions in return for the inclusion of the apartment into the local residential housing inventory.

### 4. Restrict Conversion of Existing Multi-Family Residences to Single-Family Residences.

The Village recognizes that due to the demand for large homes within the Village, several multi-family residences have been recently converted to second home single family residences. A majority of these residences are located within the R-20 one-family residence districts, which are pre-existing and non-conforming according to the current Village zoning code. Again, these existing zoning provisions are counter-productive as they encourage the conversion from the existing multi-family status which usually contains local residential housing units to large single family homes.

The Village should amend the current zoning code to restrict the conversion of the existing multi-family residences within the Village and provide increased tax incentives for construction of new units. The Village should also allow the Planning Board to grant relief from the off-street parking and other restrictive provisions to promote the construction of new multi-family residences.

### 5. Inclusionary Zoning Provisions

The Village recognizes that it can not solve the Village’s affordable housing crisis with traditional zoning methods. The increased use of inclusionary zoning provisions have enabled other municipalities to partner with developers to provide “public benefits” in the form of affordable housing that was not previously possible. Although these modern zoning methods can provide local residential housing units, they usually rely on increased density allowances as an incentive for developers.

The Village of Sag Harbor is very unique as it encompasses approximately 2.1 square acres and is considered one of the most densely populated Villages on the Eastern End of Long Island. In addition, the Village lies within Zone 5 of the Suffolk County Department of Health groundwater management district which restricts the ability of the Village to provide variances for density bonuses. Because of the restrictions of the Health Department, inclusionary zoning provisions that promote increased density may not be considered a viable alternative outside of the Village’s sewer district.

## Inclusionary Zoning Provisions - continued

### Subdivisions

The Village has determined that 20% of any subdivision be devoted to a local residential housing use as regulated by the Village.

### Multi-family residential development

Multi-family residential development that contains more than one dwelling unit should be required to provide a minimum of 20% of the units as local residential housing as regulated by the Village. While the Village recognizes the need for on-site housing, there may also be circumstances in which on-site housing is not feasible for a variety of reasons. To balance the need for on-site housing with the feasibility of the project, the Village has determined that the Planning Board may provide the flexibility that an applicant may require. To this end, the Village should consider including evaluative criteria in the Village Code that the Planning Board may utilize to consider the options that an applicant may have and further, regulations that provide an option for the Planning Board to allow the applicant to donate a fee in lieu of on-site housing to the Community Housing Trust. Such an option provided to the Planning Board should require an evaluation of the standards and require a vote of a supermajority of the Board.

### Single Family Residential Development

The construction and substantial expansion of single family residences is also an opportunity for the Village to provide additional housing for the local workforce. In order to utilize this opportunity, the Village may consider requiring any residence constructed over 2,500 square feet to either provide a unit on-site or provide a contribution based upon the square footage over 2,500 to the Community Housing Trust. In addition, any residence that is substantially expanded to more than 2,500 square feet should also be subject to the regulations regarding new construction.

### Commercial Development

Commercial development will provide one of the most valuable opportunities for housing. Although the opportunities for new commercial development in the Village are limited, the redevelopment of commercial property in the Village is probable and in some instances, inevitable.

Because the Village business district is connected to a wastewater treatment plant, the restrictions of the Suffolk County Department of Health with respect to the number of allowable units are not applicable within that district. The Village should explore the possibility of providing limited density bonuses to those developers who are interested in developing property or redeveloping property within the Village Business district.

All commercial development or redevelopment, irrespective of whether they have taken advantage of a density bonus should be required to contribute to the local residential housing stock. This may be accomplished by requiring the developer to provide housing on site, off site or via a contribution to the Community Housing Trust.

The Village recognizes that the most valuable local residential housing is that which is provided on-site by the developer. This should be the primary focus of any requirement for commercial development to provide housing. But the Village also recognizes that an on-site requirement may not always fit the needs of the community or the structure of the development. Because of variations in development, the Village should also provide developers with the option of providing off-site housing. However, the opportunities available for off-site housing within the Village limits have been recently explored by applicants and have

been extremely limited, both by the availability of vacant land and the regulations of the Suffolk County Department of Health. The Village recognizes off-site housing does not necessarily have to be in the form of new construction and the Village should encourage the purchase of existing off-site housing as a viable alternative to on-site housing. Another option for developers to provide housing is a contribution in lieu of housing to the Sag Harbor Community Housing Trust.

*Sag Harbor Community Housing Trust, (“Trust”)*

The Village of Sag Harbor is very unique as it is probably the most densely populated Village on the East End of Long Island. In addition, the Village and the outlying community lies within zone five of the Suffolk County Department of Health Groundwater Management Program which restricts the ability to provide increased residential density outside areas that are currently served by the waste water treatment plant. For these reasons, we believe the Village must focus on solutions that will transition the existing inventory of residences in the community into local residential housing. We believe that financial assistance to candidates for local residential housing will provide the most flexible and realistic opportunities for this transition and believe the formation of the Sag Harbor Community Housing Trust will facilitate these opportunities.

This Trust would be created as not-for-profit corporation that would be governed by a Board of Trustees made up of community leaders and industry experts alike. The purpose of the Trust would be to provide financial assistance to candidates of local residential housing in the Greater Sag Harbor Community, explore the opportunities for development of local residential housing in areas of the community that permit such development, and partner with other local municipalities and organizations that have similar goals.

## **Conclusion**

The Village recognizes that it can not completely resolve the local residential housing crisis within the Village, let alone the East End. However, with the methods discussed above, the Village will take the necessary steps to do its part in helping reverse the trend.

This document is intended for the sole use of the Board of Trustees of the Incorporated Village of Sag Harbor. Any use by any other party other than the intended use is strictly prohibited.