



## TOWN OF EAST HAMPTON

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**TO:** Town Board

**FROM:** Eric Schantz  
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**RE: Rent-Restricted Employer-Sponsored Housing – Summary of Public Comments**

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Previously, the Town Board had held a public hearing for this proposed Local Law on Thursday, May 7, 2026. Nine members of the public spoke at this hearing. The Board subsequently discussed those comments as well as the comments of the Planning Board, and the content of the proposed Code provisions on May 19, 2026. The Town Board formed a consensus to request that staff make a number of changes to the draft Code based on public comments and Board discussion. Those changes were made and discussed by the Board at a work session on June 9, 2026 and this matter was subsequently scheduled for a second public hearing.

The Town Board held a (second) public hearing for this proposed Local Law on Thursday, July 16, 2026. Five members of the public spoke at the hearing, including a developer looking to construct a Rent Restricted Employer Sponsored Housing Development. Additionally, three letters were received by the Town Clerk.

The below is the Planning Department summary of comments received on the Rent-Restricted Employer-Sponsored Housing local law from the July 16, 2026 public hearing and from the Planning Board's letter dated June 22, 2026. This summarizes the public commentary; like comments and themes have been combined when proffered by multiple commenters. The list below does not include every comment verbatim or topic presented but does attempt to capture the substantive comments provided at the hearing.

### Occupancy and Traffic:

**Comment:** A few commenters noted that the draft Local Law would permit three-bedroom units with two persons each, meaning that each unit could house six individuals, which could generate a significant amount of traffic at a site.

**Assessment:** The Local Law contains a requirement that any application for this new use will need to provide a traffic study to the Planning Board as part of a site plan/special permit application, which would be required in all cases. The Planning Department notes that under

section 185—3-20 of the Town Code, any action which would decrease the level of service on adjacent roadways is classified as a Type I action under SEQRA, in recognition of the increased potential for adverse impacts. The Planning board will need to review each application and the accompanying traffic study to determine if the scale of a development proposed (number of units, number of bedrooms, etc.) is in keeping with the standards of both SEQRA and the Town Code, notably the site plan (section 255-6-60 ) and special permit standards (specific in section 255-5-50 and general in section 255-5-40).

#### Developer Profit:

Comment: A few commenters suggested that the Local Law would only enrich developers and that the creation of this mechanism in the Town Code will lead to more such developments due to their profitability. It was also suggested that this form of housing is not true “affordable housing” and that a true rental Affordable Housing Development can still be profitable.

Assessment: This proposed new use in the Town Code is intended allow for private developers to build condominium units to house employees of local businesses and, although standard affordability restrictions are currently proposed as they relate to tenant income and rent, there is no restriction on initial sale price and therefore the use itself would not be considered affordable housing as defined by Town Code. The Planning Department notes that this use is not defined as affordable housing and that there are indeed several distinctions between this proposed use, and “affordable housing”, as the same is defined in the Town Code.

With regard to the potential for additional such developments, under the proposed legislation, this use would only be permitted on properties that are within both the Limited Business Overlay District (LBO) and the Affordable Housing Overlay District (AHO), and there are only two such properties in the Town currently. The Planning Department recommends it is prudent to carefully limit the siting of these types of developments considering its atypical ownership model while also noting that the serious shortage of housing in the town makes it important to have multiple options for housing workforce members.

With regard to the profitability of the development model, this is not something that the Planning Department analyzes for any development application is reviews on behalf of the Town Board or Planning Board. We do note that most uses permitted in the Town (e.g. retail) are for-profit. Additionally, as noted above, this use would not be defined as a form of affordable housing. We also observe that this is a privately-funded use providing a housing development that is targeted towards a market other than the second home ownership one. The second home ownership market dominates the Town’s real estate industry and is also for profit. Providing varying housing typologies is an appropriate planning strategy.

#### Potential Lack of Benefit to Target Groups:

Comment: One commenter stated that school districts cannot legally purchase and own units in such a development, excluding a group of “essential workers” which are stated to be a target group. It was also suggested that local small businesses will not be able to afford the cost of a unit.

Assessment: The Board may wish to consult with Counsel as to whether or not a school district could legally purchase a unit in a Rent Restricted Employer Sponsored Housing Development or if there are other such restrictions that may preclude other agencies such as Fire Departments, the Town, etc. from also purchasing and owning units.

As there is no cap on the initial or subsequent sales prices of units, the cost of each unit will be market driven. The Planning Department has not performed analyses to determine what the market is for this type of offering and accordingly cannot speculate on who will purchase units. We note, however, that this is not a requirement for this exercise, as financial expectations for developments proposed is also not within the types of analyses typically performed when considering approvals of this nature.

#### Tenant Protection and Rights:

Comment: A speaker noted that employee/tenants may be unlikely to report violations of their rights as a result of workplace incidents for fear of losing their housing. It was also suggested that a third-party management company, which would be required, should not be controlled by the owner/landlord and that tenants should at least have a designated representative to engage the third-party management group.

Assessment: It is an intrinsic aspect of this proposed new use that employees would also be tenants and employers would also be landlords. There have been several recommendations made that are intended to manage the potential for issues associated with landlord/ employer to tenant/ employee relationship.

Importantly, with regard to tenant representation with the management group and/or the level of control that the unit owners/employers would have over this group, the Planning Department notes that section (5) of the draft Local Law empowers the Office of Housing and Community Development to create and enforce rules over how the management group will operate. Section (6) includes a requirement that a report be presented to the Town Board on an annual basis. The annual report requires at a minimum information on complaints filed and reports on property conditions; having this information publicly available and reported are important tools to keep the development functioning in an appropriate manner. Further, the ability to promulgate rules gives OHCD broad authority to structure and monitor the operation of the development. The tenants are also protected by New York State Law which provides additional tenant protections. Finally, the Planning Department is also anecdotally aware that employers already provide housing for several businesses within the town; many of these are currently unregulated and conditions are unknown. This new use provides a more transparent framework within which business owners can find legal housing for their workforce that will be operated by a professional third party.

#### Planning Board Comments:

By letter dated June 22, 2026, the Planning Board has sent additional comments to the Town Board, in response to the changes to the draft Code after the first public hearing. The Planning Board noted in its discussion that the Town Board had not made changes to the local law based on the Planning Board comments and felt it appropriate to resend two comments in particular for their consideration with this draft of the law:

*“The Planning Board, as stated in our comments dated March 26, 2026, supports the provisions that require a property to be both within the Affordable Housing Overlay District (AHO) and Limited Business Overlay District (LBO). However, it was noted that this, coupled with a minimum lot area requirement of roughly 3 acres will result in only one parcel being realistically eligible for one of these uses. Therefore, a reduction in the required minimum lot area which would make additional properties eligible, but with corresponding reduced yield of housing units, should be considered by the Town Board.”*

Assessment: The minimum lot size of 125,000 sq. ft. is recommended by the Planning Department at this time in order to require that a use such as this is only permitted on larger sites where it can be ensured there is adequate lot area. This mirrors the requirement for an Affordable Housing Development which is similar in its nature and the permitted density of units. Other mechanisms for different types of affordable housing such as Apartments within Commercial Structures and Affordable Multiple Residence also exist in the Code and are permissible on smaller lots.

*“The Planning Board, as stated in our comments dated March 26, 2026, supports the provision that there be a maximum income cap on tenant households. However, the Planning Board notes that Rent Restricted Employer Sponsored Housing is not proposed to be true Affordable Housing or to have units therein be considered “Affordable Housing Units” as the same are defined in the Town Code. Therefore, there is not a need to have the income cap for Rent Restricted match that of an Affordable Housing Development, which is 130% of Area Median Income (AMI). Additionally, based on HUD published tables identifying the income that would represent 130% of AMI for households of various sizes, the Planning Board feels that it is likely that households above 130% AMI will still experience housing cost burdens, largely as the result of home prices in the Town. Therefore, we reiterate that it would make sense to consider increasing the income cap, so that households”.*

Assessment: The draft Code currently has requirement that all tenants do not exceed a household income of 130% AMI. This mirrors a requirement in numerous different types of “affordable housing”, but, as noted above, Rent-Restricted Employer-Sponsored Housing would not be considered a type of affordable housing. Even though this new use would not be traditional affordable housing, the Planning Department observes that this is an important aspect of the proposed use as it confines the housing units to being for those most in need.

The Planning Department does not see a need to change this provision of this proposed new use. However, we do note that there appear to be many households in Town which may have an income greater than 130% AMI, but which still cannot afford a home that would be reasonably expected to be available on the open market. The Town Board may want to discuss if this aspect of the draft Code should be amended at this time, or if alternative means should be used to provide attainable housing opportunities for households of greater than 130% AMI.

## **Conclusion**

The Board should discuss the Planning Board and the public’s comments. Provided no further substantive changes to the draft Code are required, the Planning Department will prepare an

Environmental Assessment Form (EAF) pursuant to the State Environmental Quality Review Act (SEQRA) and Chapter 128 of the Town Code. At the time the EAF is brought to the Board, the Board should both declare lead agency status (the Town Board is the only involved agency under SEQRA) and make a SEQRA declaration. Once these steps have been completed, the necessary referral to the Suffolk County Planning Commission will be sent and their comments will be sent to the Town Board prior to a vote on adoption of the Local Law.

The draft Code provisions, as currently proposed for this new use, are provided in full below:

## **§ 255-1-20 Definitions**

### **Rent-Restricted Employer Sponsored Housing**

Dwelling units provided by or on behalf of an employer exclusively for occupancy by employees of that employer and their immediate families, where:

(A) The maximum monthly rental (excluding utilities) does not exceed 130% of the Fair Market Rent for Existing Housing[1] promulgated for the Nassau-Suffolk, NY, HUD Metro FMR Area and published annually in the Federal Register by the Secretary of the United States Department of Housing and Urban Development, pursuant to Section 8(c)(1) of the United States Housing Act of 1937 [42 U.S.C. § 1437f(c)(1)] and Part 888, Subpart A, Sections 111 through 115, of Title 24, Subtitle B, of the Code of Federal Regulations (24 CFR 888.111-115). Starting the second year, such an affordable apartment or residence is leased and, thereafter, the maximum monthly rental may be adjusted annually in accordance with the Annual Adjustment Factor[2] published annually in the Federal Register by the Secretary of the United States Department of Housing and Urban Development pursuant to Section 8(c)(2)(A) of the Housing Act [42 U.S.C. § 1437f(c)(2)(A)] and Part 888, Subpart B, Sections 201, 202 and 203(3), of Title 24 of the Code of Federal Regulations [24 CFR 888.201, 202 and 203(3)]; and

(B) Rents are restricted pursuant to a recorded covenant, in a form and manner approved by the Town Attorney's Office, and enforceable for the duration of the use; and

(C) Units are managed and monitored by a third-party property management company approved by the Town's Office of Housing and Community Development; and

(D) Units do not constitute general multifamily residential housing or affordable housing units as otherwise defined by the Town Code.

### **Rent-Restricted Employer Sponsored Housing Development**

A housing development consisting of multiple dwelling units consistent with the Rent-Restricted Employer Sponsored Housing definition. See "Rent Restricted Employer Sponsored Housing."

## **255-5-50 Special Permit Standards**

## Rent Restricted Employer Sponsored Housing Development

### (1) Site considerations.

(a) The entire proposed site for the development shall be located in both the Affordable Housing Overlay District and the Limited Business Overlay District. No board or agency of the Town may waive or modify these geographic eligibility requirements. Any expansion of the geographic areas in which Rent-Restricted Employer Sponsored Housing is permitted shall require an amendment to this Chapter by the Town Board.

(b) The minimum site size required shall be 125,000 square feet unless said rent-restricted employer sponsored housing development is a municipally sponsored project.

(c) All dimensional, area and coverage requirements of the Dimensional Table of § 255-11-10 for the Multiple-Family District (MF) shall be complied with.

(d) The maximum number of dwelling units on a site shall be 60.

(e) The maximum permitted densities shall be calculated at eight units per acre.

(f) **Increased density.** Where the Planning Board finds that the general and specific special permit standards, along with all other applicable provisions of this chapter can be met, a maximum of up to 12 units per acres may be permitted. In determining whether or not to permit a density of housing units greater than eight units per acre the Planning Board shall consider the following:

(i) Sewage treatment required. Sewage treatment shall be provided for the entire development where the total number of units in the development is permitted to exceed eight per acre. This requirement shall be met regardless of exemptions or other relief that may be granted by the Suffolk County Department of Health Services.

(ii) Traffic study required. Impacts on adjacent roadways. The Planning Board shall not permit a density of greater than eight units per acre in a development without requiring the submission of a traffic study which considers the impact of the development on adjacent roadways, including an analysis of changes to the level of service of adjacent roadways/intersections.

(iii) Economic analysis required. The Planning Board shall require an economic analysis identifying any effect the development will have on the school district in which the subject property is located.

(g) The site shall be of such shape, dimension, topography and location as will allow for appropriate and attractive development with proper setbacks, screening and a harmonious relationship with adjoining land uses and the natural physical terrain.

### (2) Services.

(a) The development shall be served by public water or an approved community water supply.

(b) Notwithstanding the requirements of part (1) (f) (i) herein, the method of sewage disposal shall be approved by the Suffolk County Department of Health Services and shall also be deemed adequate and appropriate by the Planning Board.

(c) Stormwater drainage systems shall be designed so that the rate of runoff from the site during a 100-year storm will not exceed that which would have occurred prior to its development. The calculation of such runoff rate and the design of the drainage system shall be subject to approval of the Town Engineer.

(d) Proper access for fire-fighting equipment and personnel shall be provided. Hydrants in such locations and numbers and with such pressures as the Planning Board determines to be adequate and necessary, based on recommendations of the Town Engineer, the Town Office of Fire Prevention and the Fire Department having jurisdiction, shall be installed.

(e) All utilities, including electric, telephone and cable television, shall be installed underground.

### (3) Design.

(a) Each unit created shall have its own separate entrance/exit leading directly to the outside. The Planning Board may waive this requirement, but only where it has determined, based upon recommendation of the Town Fire Marshal, that the intent of this requirement to provide for occupant safety while at the same time avoiding creation of common hallway areas has been achieved through an alternative building design.

(b) Each unit created shall be provided with a private outdoor space in the form of a patio, terrace, garden, courtyard, deck or balcony, which space shall immediately adjoin and be directly accessible to the dwelling unit it serves.

(c) There shall be at least one recreation area on the site, improved and maintained for the exclusive use of the residents of the development and their nonpaying guests. It shall contain at least 75 square feet of lot area per dwelling unit, and in no case less than 50 square feet per bedroom. The plan for the recreation area shall be approved by the Planning Board as to location, design and adequacy, taking into account the size of the development and the nature of the anticipated occupancy thereof.

(d) All portions of the site not required to be devoted to one or more of the uses described above shall be designed and maintained as open space, either to be landscaped or preserved in its natural state, all in accordance with plans approved by the Planning Board.

(e) Site plan approval (Article VI) and architectural review approval (Article VII) shall be obtained prior to issuance of any building permit.

(f) Each apartment shall be no less than 400 square feet for efficiencies nor more than 1,200 square feet for three-bedroom units, with an average unit size not to exceed 1,000 square feet, and each shall be provided with appropriate sanitary, kitchen and service facilities.

(g) Housing units may be in the form of condominiums, provided the applicant can demonstrate conformance with all other requirements of this section and Chapter as well as all applicable regulations of any permitting agency other than the Town.

(i) Where condominiums associations or boards are associated with rent restricted employer sponsored developments, such association or board shall not be a suitable entity to fulfill the requirement of a third-party management company as required by §255-1-20.

#### (4) Affordability and Tenant Protections

(a) All units shall remain subject to the rent limits set forth in the definition section §255-1-20, and shall be memorialized in a recorded affordability covenant which shall run with the land.

(b) All dwelling units or lots created shall be for the use of and available to moderate-income families, as defined in this Chapter.

(c) The initial lease term shall be for a minimum period of one (1) year and may be renewed for additional periods for a minimum of one (1) year.

(d) Occupancy shall be offered to employees of the sponsoring employer. In the event that an employee ceases employment, the tenant shall have the right to continue the occupancy for the longer of:

(i) A grace period of six months; or

(ii) Until the end of the tenant's current lease term.

(e) The sponsoring employer, in consultation with the third-party management company, may authorize continued tenancy, at the rental limits set forth herein, beyond these timeframes.

(f) Notwithstanding anything contained herein, tenants shall have all rights and protections consistent with applicable New York State Law and the Town's applicable housing regulations.

#### (5) Authority Granted

(a) The Town Board hereby authorizes and directs the Office of Housing and Community Development to promulgate additional rules and regulations necessary to administer and implement this Chapter, including those required to ensure proper management of the development in perpetuity. Such rules and regulations may be amended from time to time by the Director of the Office of Housing and Community Development.

(b) A copy of such rules and regulations shall be kept on file at the Clerk's Office and shall be published on the Town's website.

(c) Such rules may be amended or repealed by Resolution of the Town Board.

#### (6) Management

(a) All Rent-Restricted Employer Sponsored Housing Developments shall be operated and administered by one or more third-party property management companies approved by the Office of Housing and Community Development.

(b) In addition to the powers granted in paragraph 5 herein, the Office of Housing and Community Development shall have the authority to determine whether a property management company possesses the qualifications, experience, and capacity necessary to administer rent-restricted housing and ensure compliance with the requirements of this Chapter and any affordability covenants.

(i) The Office of Housing and Community Development may maintain a list of approved property management companies or otherwise approve a management company on a project-specific basis, consistent with the rules and regulations promulgated pursuant to this Chapter.

(ii) The Office of Housing and Community Development may revoke or condition such approval if a management company fails to comply with the requirements of this chapter or applicable housing regulations.

(c) Any third party property management company, or its subconsultant, managing a rent restricted employer sponsored development pursuant to this Section, shall report annually to the Town Board and may be required to comply with additional reporting requirements in accordance with the Rules and Regulations promulgated pursuant to this Section. At a minimum, the report shall include information on unit sales, occupancy and tenant turnover, tenant income verification, property conditions, information on any complaints filed with the condominium board or third party management company and other information as required by the Office of Housing and Community Development.

#### (7) Legal.

(a) A rent restricted employer sponsored housing development may be owned by one or more individuals or corporations, but shall be presented as a single site and single development proposal at the time application for a special permit is made. Such joint or combined ownership shall be confirmed in a written agreement, in recordable form, acceptable to the Town Attorney and approved by the Planning Board.

(b) Prior to the sale or offering to sell any unit, or the issuance of a certificate of occupancy, whichever comes sooner, the developer (or project sponsor, as the case may be) shall submit an offering plan to the New York State Department of Law and such offering plan shall be consistent with the terms and conditions contained in this Section, as well as any Planning Board approvals. The sponsor shall provide proof to the Town that the offering plan has been accepted for filing by the Attorney General.

The sponsor shall notify the Town of any amendment to the offering plan that affects or relates to compliance with the Town Code or any condition of the Planning board approval, at such time those changes are submitted to the Attorney General.

(c) The Planning Board shall require that the applicant and/or owner execute such agreements, contracts, easements, covenants, deed restrictions or other legal instruments running in favor of the Town as, upon recommendation of the Town Attorney, the Board may determine to be necessary to ensure compliance with this Chapter including:

(i) The particular housing types and uses approved are in fact created and maintained;

(ii) All dwelling units or lots created shall be for the use of and available to moderate-income families, as defined in this Chapter

(iii) All units shall remain subject to the rent limits set forth in the definition of an affordable housing unit and shall be memorialized in a recorded affordability covenant which shall run with the land and all rents shall be restricted pursuant to a recorded covenant, in a form and manner approved by the Town Attorney's Office, and enforceable for the duration of the use.

(iv) Where condominiums are proposed, an adequate condominium board or other entity providing the framework of tenant's and owner's rights and responsibilities will be established, as evidenced by a draft of a condominium offering plan.

(v) The units created, and the site itself, are properly constructed, maintained and used, and unapproved uses are excluded;

(vi) The persons or class of persons for whom the development was designed and approved do in fact continue to occupy the housing created on the site and benefit from the existence of the development for the lifetime thereof;

(vii) The requirements of any other local, state or federal agency involved in the financing of the development or otherwise directly involved in sponsoring the same are adhered to;

(viii) The health, safety and welfare of occupants of the approved development and of adjacent property owners and other Town residents are adequately protected;

(ix) Any other condition deemed reasonable and necessary to ensure the immediate and long-term safety or success of the development is met.

(8) The Town Board is hereby authorized to establish, amend, and from time to time revise a schedule of fees for applications, permits, reviews, and other administrative proceedings related to the processing and review of applications and approvals made in accordance with this Section. Such fees may be established and amended by resolution of

the Town Board and must be reasonably related to the costs incurred by the Town in processing, reviewing, administering, and enforcing such applications and approvals.