



# TOWN OF EAST HAMPTON

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March 25, 2026

**TO:** Planning Board

**FROM:** Eric Schantz  
Principal Planner II 

**RE:** **Rent Restricted Employer Sponsored Housing Code Change** – Comments to  
Town Board

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The Town Board is considering a change to the Town Code that would add a new use titled “Rent Restricted Employer Sponsored Housing Development”. Such use, as described in greater detail below, would have standards based largely on those for the existing “Affordable Housing Development” use.

The following is a summary of pertinent conditions, standards, and regulations in the draft proposed Code provisions. These have been organized by those which would apply to both an Affordable Housing Development or a Rent Restricted Employer Sponsored Housing Development and those which are unique to Rent Restricted Employer Sponsored Housing:

Requirements for Rent Restricted Employer Sponsored Housing that are the same as for Affordable Housing Development:

- Dimensional requirements: setbacks, coverage, etc. are those for the MF: Multifamily Zoning District
- Minimum lot area required: 125,000 sq. ft., or roughly 3 acres
- Density: 8 units per acre, or up to 12 units per acre with special permit from the Planning Board and extra conditions (e.g. sewage treatment, traffic study, school, district impact assessment)
- Maximum number of units on one site: 60
- Required services: public water, utilities, etc.
- Design requirements: recreation area, private outdoor spaces for units, size of units.
- Legal requirements: can require any and all covenants, easements, or other encumbrances to ensure the success of the development
- Cap on maximum rent (130% FMR)
- Cap on tenant income (130% AMI)

### Requirements unique to Rent Restricted Employer Sponsored Housing:

- Definitions: new definitions added
- Condominiums: condos would be expressly permitted. The Code currently does not prohibit condominiums in an Affordable Housing Development, but does not address this scenario directly.
- Tenant protections: leases are not required to be for a minimum of one year to accommodate for seasonal workers. A six-month grace period for tenants to remain in units has been added.
- Rules and Regulations: grants authority to the Office of Housing and Community Development to create rules and regulations, upon adoption of the Town Board, for oversight of such developments
- Third-party management: As it is anticipated that under this model/use, a developer will be selling units to local employers for workforce housing and then cease involvement, as opposed to a traditional Affordable Housing Development where the developer also assumes a subsequent management role, these developments will be required to hire a third-party facility management group, as approved by the Town.

Perhaps the most determinant regulation of the proposed Rent Restricted Employer Sponsored Housing Development would be that it would only be permitted through a special permit and only where a lot is situated both within the Affordable Housing Overlay District (AHO) and Limited Business Overlay District (LBO). This is proposed as this new use would include both an affordable housing component and a commercial component in the form of employee housing. AHO designations have been placed on properties appropriate for larger-scale housing developments and the LBO designation has been given to properties along the peripheries of certain commercial districts, largely to limit generated traffic and to prevent sprawl of commercial development along major Town roadways (North Main Street and Montauk Highway). All LBO properties within the Town either contain commercial uses or are in close proximity to commercial uses, providing opportunities for employment as well as goods and services.

There are currently two properties within the Town that are within both the AHO and LBO: 531 Montauk Highway, Amagansett (Gansett Meadows AH Development) and 350 Pantigo Road (vacant).

The Town Board discussed this concept at a work session on March 17, 2026, and supports the change. Under section 255-9-30 C of the Town Code, such proposed Code changes must be referred to the Planning Board for comments to the Town Board.

The Planning Department supports adding this use to the Town Code as it could provide more flexibility for unique types of housing developments which could help to address the Town's housing crisis.

The Board should review these proposed Code changes and should send comments to the Town Board at this time.

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**Planning Board Consensus**

*Does the Board have any comments for the Town Board regarding the proposed new Rent Restricted Employer Sponsored Housing Development use?*

Additional comments: \_\_\_\_\_

**Additional Board Comments:**

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**MEMORANDUM**

TO: East Hampton Town Board members

FROM: Brittany L. Toledano, Deputy Town Attorney

DATE: March 12, 2026

RE: Rent Restricted Employer Sponsored Housing

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In recognition of the need for additional housing options, enclosed for the Board's review and consideration is a proposed Code revision to introduce Rent Restricted Employer Sponsored Housing.

Such housing would be accomplished by special permit and would contain many of the same provisions of a traditional affordable housing development as required by the Town Code.

However, the rent restricted employer sponsored housing would only be permitted on parcels located within both:(1) The Affordable Housing Overlay District; and (2) The Limited Business Overlay District. Limiting authorization at this time to designated overlay districts is reasonably related to ensuring (1) compatibility with existing land use patterns; (2) proximity to employment centers, services and transportation; and (3) the orderly and deliberate implementation of housing solutions in response to the Town's needs.

All units created shall be for the use of and available to moderate-income families, as defined in this Chapter. All units would remain subject to rent limits and occupancy would be offered to employees of the sponsoring employer.

Additionally, the Code would require that the sponsoring employer retain a third-party property management company to administer the units, enforce covenants, and ensure ongoing compliance with this Chapter.

## Definitions

### **§255-1-20**

#### **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) Occupancy may 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.
- (d) 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.
- (e) 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 a third-party property management company 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 managing an employer sponsored rent restricted 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, 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) 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.