



TOWN OF EAST HAMPTON

OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

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To: East Hampton Town Board

From: Office of Housing and Community Development

Date: March 13, 2026

Re: Proposed Residential Accessory Dwelling Unit (ADU) Construction Assistance Program

The intent of this proposed Community Housing Fund loan program is to increase affordable housing opportunities for moderate-income tenants earning up to 130% of the Area Median Income (AMI) via ADU construction loans to residential property owners, for year-round rentals at rents no greater than 130% of Fair Market Rent (FMR). The proposed 2026 CHF allocation is \$1,000,000 – 10 loans in the amount of \$100,000 each per the terms below.

Loan Terms

- Available to residential property owners whose properties meet Town Code requirements allowing the addition of an ADU
- Up to \$100,000 each, may be combined with other grants or loans
- Interest free
- Fully repayable upon future sale of property.
- Secured by a lien in favor of the Town of East Hampton Community Housing Fund

Tenants

- Must live or work in the Town of East Hampton, or have lived in the Town within the past 5 years
- 2026 Income Limits
 - One- or Two-Person Household: \$197,880
 - Three- or Four-Person Household: \$230,860
- 2026 Rent Limits
 - Studio: \$2,589
 - One BR: \$3,092
 - Two BR: \$3,571

Leases

- Year-round leases only

- ADU must be rented in compliance with the Town's ADU rental program guidelines for a minimum of 10 years
- Annual ADU rental permit from Town of East Hampton Office of Housing and Community Development required

RESIDENTIAL ACCESSORY DWELLING UNIT (ADU) CONSTRUCTION ASSISTANCE

Pilot Program – 2026

Program Objective: To increase affordable community housing opportunities for moderate-income tenants by providing loans to East Hampton residential property owners for construction of affordable accessory dwelling units for rental, either attached to a residence or detached, as allowed per East Hampton Town Code 255-11-63

Basic Overview

- Interest-free loans with no monthly payments, secured by a lien in favor of the Town of East Hampton Community Housing Fund, and fully repayable upon the future sale of the property

Eligible Property Owners

- Residential property owners within the Town of East Hampton whose properties meet the East Hampton Town Code Section 255-11-63 criteria for the addition of affordable accessory apartments

Eligible Tenants

- Current East Hampton residents, former residents who have lived in the Town of East Hampton within the past five years, and individuals who work in the Town of East Hampton, who meet income qualifications (see below)

Loan Terms and Conditions

- Initial loan of up to \$100,000, interest free, for construction of an accessory dwelling unit; can be combined with other grants or loans
- Loan must be paid back in full upon sale of the property
- Accessory Dwelling Unit must be made available to rent under Town affordable ADU program guidelines for a minimum of 10 years
- Property owners must remain in compliance with the Town ADU Program Rental Guidelines for the full 10-year period. Those whose units remain unoccupied, without annual town rental permits, or are rented in excess of affordable housing rents could be required, barring extenuating circumstances, to immediately repay the loan in full, and may be subject to penalties

Rental/ Program Terms and Conditions

- Annual rental permit from Office of Housing and Community Development required
- Rent charged must comply with affordable housing rents in effect for Town of East Hampton at time of rental (130% Fair Market Rent, or FMR **– See definition below)
- Tenant must meet “Eligible Tenant” maximum income guidelines per NYS Community Housing Fund law in effect at the time of rental (***)See definition below)
- Leases must provide for year-round occupancy. Minimum lease period of one year, and apartment must be occupied year-round
- ADU cannot remain vacant or without active OHCD permit for more than 6 months without approval of the East Hampton Town Office of Housing and Community Development.

Definitions

***Affordable Accessory Apartment – per EH Town Code 255-1-20:**

An apartment established as an affordable housing unit in conjunction with and as an accessory use to a detached single-family residence as part of the same structure or within a detached structure and that complies with the standards set forth in EH Town Code section 255-11-63.

****Fair Market Rent (FMR)**

per HUD (US Department of Housing and Urban Development): Maximum monthly rental (excluding utilities) may not exceed 130 percent of the HUD Fair Market Rent for Existing Housing, currently (2025-26):

- Studio apt \$2,589
- One bedroom \$3,092
- Two bedroom \$3,571

*****Eligible Tenant Maximum Income**

Maximum Tenant income may not exceed “eligible individual” standards per the NYS Community Housing Fund law

(Household income cannot exceed “100% of the income limits as established by the State of NY mortgage agency(SONYMA) low interest rate loan program in non-target categories for Suffolk County”).

Currently (2025-26):

- One or two people \$197,880
- Three or four people \$230,860