

STATE OF NEW YORK

9541--A

IN ASSEMBLY

January 19, 2018

Introduced by M. of A. THIELE -- read once and referred to the Committee on Local Governments -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the town law and the tax law, in relation to authorizing towns in the Peconic Bay region to establish a community housing revolving fund, to be funded by a supplemental real estate transfer tax

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. This act may be known and cited as the "Peconic Bay Region
2 Community Housing Revolving Fund Act".

3 § 2. Legislative findings. The legislature hereby finds that critical
4 to the future of the Peconic Bay region is the need for an adequate
5 supply of housing opportunities for all segments of the Peconic Bay
6 community.

7 The adverse impact resulting from the lack of housing opportunities is
8 severe. Local employers are having difficulty hiring and retaining
9 employees because of housing costs and availability. Local volunteer
10 emergency services agencies are experiencing difficulty in recruitment
11 and retention. Long-time residents are forced to leave the area. Traffic
12 congestion is intensified by the importation of labor from areas with
13 lower housing costs. Finally, the lack of housing opportunities is
14 resulting in residents being forced to live in substandard, illegal
15 conditions.

16 The unique demographics and economics in the Peconic Bay region and a
17 lack of affordable dwelling units are contributing to this housing shortage.
18 The combination of the Peconic Bay region's attractiveness, proximity
19 to the dense population of the New York metropolitan region, and
20 proximity to that region's extraordinary wealth, makes the Peconic Bay
21 region a prime location for seasonal and luxury homes. While this combination
22 of extraordinary attractiveness, population and wealth has
23 created a strong local economy for the Peconic Bay region, it has
24 resulted in housing problems for local families. In the Peconic Bay
25 region, more than 40% of all housing units are seasonal.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 In summary, the demand of land for luxury and seasonal homes and
2 seasonal rentals has left a short supply of housing opportunities for
3 moderate income and working class local residents. The implementation of
4 the new federal tax bill will only exacerbate this problem by making it
5 more difficult for homebuyers with the \$10,000 cap on the deductibility
6 of state and local taxes and the reduced mortgage interest deduction on
7 new mortgages. The Peconic Bay region needs a balanced housing policy
8 where there exists a variety of housing types and opportunities across
9 the region's economic spectrum.

10 It is the purpose of this legislation, to give the towns of the Peconic
11 Bay region the authority and resources needed to establish housing
12 opportunities. This legislation would permit each town to establish a
13 dedicated community housing revolving fund to increase housing opportu-
14 nities in the region. Specifically, towns would be permitted to provide
15 loans to those residents and families below the median income level of
16 the town who are first time home buyers. Said loans would be up to 50%
17 of the cost of the house. Such a loan would permit more residents and
18 families to access the existing housing market. Said loan would be
19 repaid upon any future sale of the dwelling. The repayment amount would
20 be equal to an amount in proportion to the resale price as the original
21 proportion of the loan to the original sale price.

22 This program would provide funding to increase housing opportunities.
23 It would also permit families under the program to enjoy a proportional
24 benefit in the equity of their new home. Finally, upon resale, the
25 town's proportional interest would be returned to the fund to finance
26 future housing opportunities.

27 Said fund would be financed by a combination of state and local funds,
28 including a 0.5% real estate transfer tax, which would be in addition to
29 the existing 2% real estate transfer tax for the Peconic Bay region
30 community preservation fund.

31 § 3. The town law is amended by adding a new section 64-k to read as
32 follows:

33 § 64-k. Peconic Bay region community housing revolving fund act. 1.
34 Definitions. As used in this section, the following words and terms
35 shall have the following meanings:

36 a. "Peconic Bay region" means the towns of East Hampton, Riverhead,
37 Shelter Island, Southampton, and Southold.

38 b. "Housing" means a primary residential property for a household with
39 an income that does not exceed one hundred percent of the income limits
40 where the purchase price of the primary residential property does not
41 exceed one hundred fifty percent of the purchase price limits. The
42 income limits and purchase price limits shall be as established by the
43 state of New York mortgage agency low interest rate loan program in
44 non-target categories for Suffolk county in effect on the contract date
45 for the sale of such property.

46 c. "Fund" means the community housing revolving fund authorized pursu-
47 ant to this section.

48 d. "First home" means a person who has not owned a primary residential
49 property and is not married to a person who has owned a residential
50 property during the three-year period prior to his or her purchase of
51 the primary residential property, and who does not own a vacation or
52 investment home.

53 e. "Primary residential property" means any one or two family house,
54 townhouse, or condominium.

55 2. Fund authorized. The town board of any town in the Peconic Bay
56 region is authorized to establish by local law a community housing

1 revolving fund, pursuant to the provisions of this section. Deposits
2 into the fund may include revenues of the local government from whatever
3 source, including but not limited to:

4 a. all revenues from the supplemental real estate transfer tax author-
5 ized by subdivision two of section fourteen hundred forty-nine-bb of the
6 tax law;

7 b. general fund appropriations, including general fund balances or
8 surpluses;

9 c. the repayment of any loans issued from proceeds of the fund;

10 d. any gifts of interests in land or funds; and

11 e. any state or federal grants received by the town for providing
12 affordable homes.

13 3. Fund management. Interest accrued by monies deposited into the fund
14 shall be credited to the fund. In no event shall monies deposited into
15 the fund be transferred to any other account. Nothing contained in this
16 section shall be construed to prevent the financing in whole or in part,
17 pursuant to the local finance law, of any purpose authorized pursuant to
18 this section. Monies from the fund may be utilized to repay indebtedness
19 or obligations incurred pursuant to the local finance law consistent
20 with effectuating the purposes of this section.

21 4. Purposes of the fund. The proceeds of the fund established pursuant
22 to this section shall be utilized:

23 a. for the provision of loans to eligible residents of the town for
24 the purchase of a first home pursuant to the provisions of this section,
25 and

26 b. the provision of housing counseling services by not-for-profit
27 corporations who are authorized by the U.S. Department of Housing and
28 Urban Development to provide such services.

29 5. A town may make a loan to a resident of the town or a person
30 employed in the town for the purchase of a first home. Said loan shall
31 not exceed fifty percent of the purchase price of the home. Said loan
32 shall be repayable to the town upon the re-sale of the home. The repay-
33 ment to the town shall be an amount equal to the proportion of the
34 original loan from the town to the original purchase price to the resale
35 price multiplied by the re-sale purchase price.

36 6. For the purposes of calculating town tax liability for such proper-
37 ty, only, the dollar amount of any loan for the purchase of a first home
38 made by the town pursuant to this section shall be subtracted from the
39 full equalized assessed value of such property.

40 7. All revenues received by the town from the repayment of loans shall
41 be deposited in the fund.

42 8. The town may give a priority to persons who (a) serve as a volun-
43 teer in an emergency services agency, (b) serve as a volunteer in a
44 not-for-profit health or human services agency, or are (c) town resi-
45 dents, veterans, active duty military or employed by the town.

46 9. The town shall have the authority to enact rules and regulations to
47 facilitate the provisions and purposes of this section.

48 § 4. Section 1449-bb of the tax law, as added by chapter 114 of the
49 laws of 1998, is amended to read as follows:

50 § 1449-bb. Imposition of tax. 1. Notwithstanding any other provisions
51 of law to the contrary, any town in the Peconic Bay region, acting
52 through its town board, is hereby authorized and empowered to adopt a
53 local law imposing in such town a tax on each conveyance of real proper-
54 ty or interest therein where the consideration exceeds five hundred
55 dollars, at the rate of two percent of the consideration for such
56 conveyance. Provided, however, any such local law imposing, repealing

1 or reimposing such tax shall be subject to a mandatory referendum pursu-
2 ant to section twenty-three of the municipal home rule law. Notwith-
3 standing the foregoing, prior to adoption of such local law, the town
4 must establish a community preservation fund pursuant to section sixty-
5 four-e of the town law. Revenues from such tax shall be deposited in
6 such fund and may be used solely for the purposes of such fund. Such
7 local law shall apply to any conveyance occurring on or after the first
8 day of a month to be designated by such town board, which is not less
9 than sixty days after the enactment of such local law, but shall not
10 apply to conveyances made on or after such date pursuant to binding
11 written contracts entered into prior to such date, provided that the
12 date of execution of such contract is confirmed by independent evidence
13 such as the recording of the contract, payment of a deposit or other
14 facts and circumstances as determined by the treasurer.

15 2. Notwithstanding any other provisions of law to the contrary, in
16 addition to the tax authorized by subdivision one of this section, any
17 town in the Peconic Bay region, acting through its town board, is hereby
18 authorized and empowered to adopt a local law imposing in such town a
19 supplemental tax on each conveyance of real property or interest therein
20 where the consideration exceeds five hundred dollars, at the rate of one
21 half of one percent of the consideration for such conveyance. Provided,
22 however, any such local law imposing, repealing or reimposing such
23 supplemental tax shall be subject to a mandatory referendum pursuant to
24 section twenty-three of the municipal home rule law. Notwithstanding the
25 foregoing, prior to adoption of such local law, the town must establish
26 a community housing revolving fund pursuant to section sixty-four-k of
27 the town law. Revenues from such supplemental tax shall be deposited in
28 such fund and may be used solely for the purposes of such fund. Such
29 local law shall apply to any conveyance occurring on or after the first
30 day of a month to be designated by such town board, which is not less
31 than sixty days after the enactment of such local law, but shall not
32 apply to conveyances made on or after such date pursuant to binding
33 written contracts entered into prior to such date, provided that the
34 date of execution of such contract is confirmed by independent evidence
35 such as the recording of the contract, payment of a deposit or other
36 facts and circumstances as determined by the treasurer.

37 § 5. Subdivision 3 of section 1449-ee of the tax law, as added by
38 chapter 114 of the laws of 1998, is amended to read as follows:

39 3. (a) In the towns of East Hampton, Shelter Island and Southampton,
40 an exemption of two hundred fifty thousand dollars shall be allowed on
41 the consideration of the conveyance of improved real property or an
42 interest therein and an exemption of one hundred thousand dollars shall
43 be allowed on the consideration of the conveyance of unimproved real
44 property. This exemption shall not apply to any supplemental tax
45 imposed pursuant to subdivision two of section fourteen hundred forty-
46 nine-bb of this article.

47 (b) In the towns of Riverhead and Southold, an exemption of one
48 hundred fifty thousand dollars shall be allowed on the consideration of
49 the conveyance of improved real property or an interest therein and an
50 exemption of seventy-five thousand dollars shall be allowed on the
51 consideration of the conveyance of unimproved real property. This
52 exemption shall not apply to any supplemental tax imposed pursuant to
53 subdivision two of section fourteen hundred forty-nine-bb of this arti-
54 cle.

55 (c) In the towns of East Hampton, Shelter Island and Southampton, an
56 exemption from the tax imposed pursuant to subdivision two of section

1 fourteen hundred forty-nine-bb of this article in the amount of one
2 million dollars shall be allowed on the consideration of the conveyance
3 of improved real property or an interest therein and an exemption of
4 five hundred thousand dollars shall be allowed on the consideration of
5 the conveyance of unimproved real property.

6 (d) In the towns of Riverhead and Southold, an exemption from the tax
7 imposed pursuant to subdivision two of section fourteen hundred forty-
8 nine-bb of this article in the amount of seven hundred thousand dollars
9 shall be allowed on the consideration of the conveyance of improved real
10 property or an interest therein and an exemption of three hundred fifty
11 thousand dollars shall be allowed on the consideration of the conveyance
12 of unimproved real property.

13 § 6. Severability clause. If any provision of this act or application
14 thereof shall for any reason be adjudged by any court of competent
15 jurisdiction to be invalid, such judgment shall not affect, impair, or
16 invalidate the remainder of the act, but shall be confined in its opera-
17 tion to the provision thereof directly involved in the controversy in
18 which the judgment shall have been rendered.

19 § 7. This act shall take effect immediately; provided, however, that
20 the amendments to section 1449-bb of the tax law and subdivision 3 of
21 section 1449-ee of the tax law, made by sections four and five of this
22 act, respectively, shall not affect the repeal of article 31-D of the
23 tax law and shall be deemed to be repealed therewith.