



CHAPTER 4: HOUSING

WORKING DRAFT (9/8/23)

This document is presented in its current form as a preliminary draft for informational purposes only. It is intended to provide an overview of the proposed content and the direction of the Comprehensive Plan. Please note that this draft is subject to further editing, revisions, and updates.

A public meeting is scheduled for September 23rd, during which community feedback will be solicited and considered. Following this meeting, the document will undergo additional refinement based on the input received. This refinement process may include the incorporation of photos, graphics, and other visual elements to enhance clarity and understanding.

As a result, the information contained in this draft may evolve, and new content may be added or modified to accurately reflect the goals, aspirations, and needs of the community. We encourage all stakeholders to provide comments, either in written form or at the Public Workshop, as your input will play a vital role in shaping the final version of the Comprehensive Plan.

We appreciate your understanding of the dynamic nature of this planning process and your active participation in creating a comprehensive plan that best serves the interests of our community.

4 HOUSING

This Chapter assesses Shelter Island's current housing stock, identifies key issues and opportunities, and offers recommendations to protect the quality of existing homes, neighborhoods, and the natural environment, while expanding the range of housing opportunities for a wide cross-section of residents.

As noted in the Built Environment chapter, some 40% of Shelter Island's developed land area is in residential use, while another 16% is vacant and subject to development, most of which is in residentially zoned areas. Housing is thus an important aspect of the Town's character, and the accessibility and affordability of housing is critical to support the "human foundation" of its year-round population, including public employees, first responders, the local workforce, and people in various crafts or trades.



SUMMARY OF KEY FINDINGS

The vast majority of housing on Shelter Island is single-family and owner-occupied, and both existing housing and vacant residentially zoned land is predominantly owned by taxpayers whose primary mailing address is off-island.

This lack of housing diversity constrains the supply of rental units that could serve year-round residents. In addition, while there is limited data to distinguish part-time residents who spend a significant amount of time in Shelter Island from those who rent to visitors most of the year, the heavy seasonality of housing means that many owners may have less ability or interest in supporting the year-round needs of Town government and management.



Shelter Island has seen a steady increase in construction of new single-family housing, and these homes appear to be growing larger, have more amenities, and are becoming more expensive.

The Island is averaging about 7.5 new houses per year, and while home sizes remain fairly modest, they appear to be growing, especially for taxpayers whose primary mailing address is off island. Both housing and vacant residential land are expensive and becoming more so. In 2022, the average sale price for non-waterfront houses was \$1.4 million. The pandemic appears to have exacerbated these trends, as has the lucrative short-term rental (STR) market, which has reduced the availability of year-round housing stock.



SUMMARY OF KEY FINDINGS

Affordable housing has long been recognized as a problem, but progress in addressing it is slow.

Despite concerns about the lack of affordable housing since the 1990s, only one project of six ownership houses has been completed since 1996. Because this project did not include a deed restriction, there are no longer any designated affordable units on the Island. The current housing market conditions on Shelter Island make it unlikely that for-profit developers will be interested in owning and managing affordable housing, without incentives or subsidies.



Recent affordable housing planning has identified actionable steps to increase the supply of affordable housing.

The Town adopted a Community Housing Plan in 2023 which sought to address affordability issues by focusing on rental properties, development on Town-owned property, and leveraging the potential for accessory dwelling units (ADUs). This plan offers a framework for both short- and longer-term actions that the Town should pursue.



EXISTING HOUSING STOCK

HOUSING SUPPLY AND TYPE

Because of Shelter Island’s seasonal nature, small population, and wide variety of known and potential housing types, it is difficult to confirm an accurate number of total housing units. Five-year estimates from the American Community Survey (ACS) are not considered reliable due to the high margin of error with Shelter Island’s small sample size. The 2020 Census indicated a total of 3,401 housing units. Meanwhile, the Town’s 2022 Assessment Roll data suggest a total of 2,607 housing units, based on property classes, as shown in the following table:

In addition, the Town Assessor notes that there are 212 “dependent residences,” some of which are rented year-round, seasonally, or as short-term rentals, with others used for guests and family. Adding these to the total in the table above results in a total of 2,819 housing units. Exploring the assessment rolls, further it is notable that many properties have additional structures that may be used as housing: there are 28 cabins (CC1); 44 standard pool houses (LR2); 27 deluxe pool houses (LR3); and 200 garages with apartments (RG7). These add another

299 potential housing units for a potential total of 3,118 housing units. This number is comparable to the January 2021 listed number by PSE&G, the Island’s electricity utility, of 3,111 total residential accounts (including Dering Harbor, of which 259 were inactive and 41 vacant). Thus, it is reasonable to assume a total housing unit count of approximately 3,100 units. This is still below the Census number of 3,401. Although the Census data are provided in subsequent sections dealing with specific aspects of housing (as the Census remains the best source for such data), the discrepancy in total housing units should be kept in mind.

HOUSING TENURE AND OCCUPANCY

Most homes on the Island are owner-occupied. According to the 2020 Census, about 80% of occupied housing units were owner-occupied, which represents a slight increase from the owner occupancy rate in 2010. This may reflect pandemic-related impacts, as owners may have opted to reside in their homes rather than rent them out during that period.

# of Roll Units	Property Class	Property Class Description	Housing Units	Notes
2,428	210	Single Family	2,428	
7	220	2 Family	12	
27	260	Seasonal	27	Not conditioned for year-round use
7	270	Mobile Home	7	
6	411	Apartment Buildings	19	
3	417	Cottage Communities	22	
38	418-570	Mixed Use	38	Includes B&Bs with an owner’s apartment to mixed use buildings – Estimate
54	581-680	Churches, Camps, Co-ops	54	Church housing, housing at the camps & Pridwin, Dering Harbor Cooperative Apartments – Estimate
2,570			2,607	

TABLE 7: TOWN OF SHELTER ISLAND HOUSING UNITS FROM 2022 ASSESSMENT ROLL

Source: Town of Shelter Island 2022-23 Assessment Roll

# of Roll Units	2010		2020	
Owner-Occupied Units	884	78%	1,192	80%
Renter-Occupied	244	22%	289	20%
Total	1,128		1,481	

TABLE 8: HOUSING TENURE, 2010 AND 2020

Source: U.S. Census Bureau, Decennial Census 2010 and 2020

# of Roll Units	2010		2020	
Occupied Units	1,128	41%	1,481	54%
Vacant Units	1,626	59%	1,250	46%
Total	2,754		2,731	

TABLE 9: HOUSING OCCUPANCY, 2010 AND 2020

Source: U.S. Census Bureau, Decennial Census 2010 and 2020

Another factor to take into consideration when analyzing the housing stock and usage on the Island is the relationship of vacant homes to occupied homes. In 2010, about 59% of homes were occupied, reflecting the highly seasonal nature of Shelter Island (as discussed below, the Census Bureau classifies vacant homes as homes that are only used seasonally). By 2020, the percentage of vacant homes had fallen to 46%. This likely reflects the impact of the pandemic, when normally seasonal homes may have been occupied on a more permanent basis by their owners.

SEASONAL UNITS AND SHORT-TERM RENTALS

There are many ways to characterize residents who do not live in Shelter Island year-round. Some are domiciled elsewhere but come to the Island regularly throughout the year. Others spend one or more months on the Island in the summer and many are visitors for shorter stays. To estimate seasonal or part-time units, this Plan uses Census count data from 2020 as well as the location of property-owners’ tax bill addresses as a proxy for year-round or seasonal housing units.

As noted above, the Shelter Island Assessor codes a small number of houses as “seasonal,” a code that the State Department of Taxation and Finance describes as

“dwelling units generally used for seasonal occupancy; not constructed for year-round occupancy (inadequate insulation, heating, etc.).” The Census Bureau categorizes seasonal units differently: noting that they are “vacant units used or intended to be used only in certain seasons or for weekends or other occasional use throughout the year.”

In 2020, the Census classified 1,033 units as seasonal, representing about 83% of vacant units and 38% of all units. This compares with 1,459 seasonal units in 2010, which accounted for 90% of vacant units and 53% of all units. Again, the reduction is likely due to the pandemic and the transition of normally seasonal homes to more permanent (at least in the short-term) occupancy.

An analysis of tax bill addresses in the 2022 Assessor’s parcel data suggests that approximately 44% of residential properties in Shelter Island are owned by full-time residents or owners who spend enough time locally to receive important mail, while approximately 56% are domiciled off the Island. Note that the number of residential parcels does not include additional dependent units; the distribution of dependent units between year-round and seasonal residences has not been compiled. Owners with off-Island tax addresses also own the majority of vacant residential land. The best estimate for seasonally used (not year-round) housing

	Built Residential		Vacant Residential	
	Number	Percent	Number	Percent
On-island Primary Mailing Address	1079	44%	202	36%
Off-island Primary Mailing Address	1390	56%	361	64%
Total	2469		563	

TABLE 10: RESIDENTIAL PARCELS BY TAXPAYER ON-ISLAND OR OFF-ISLAND ADDRESS

Source: 2022 Assessment Roll

units is 1,390 units with off-Island addresses. Because dependent units and illegal units are not included, this number may slightly undercount seasonal housing units.

The lucrative nature of the summer rental market on Shelter Island, where the rental price for a house rented from Memorial Day to Labor Day can be \$70,000, or more, depending on size and location, and the emergence of services such as AirBnB, VRBO, and others, have encouraged the growth of short-term rentals (STR) on the Island. These rentals are predominantly for single-family housing units rather than apartment-style dependent residences. They typically host seven people for short periods, though houses with many bedrooms can host many more. The Island is also beginning to see the presence of online platforms that provide management services to owners that range from marketing, optimizing pricing and managing payments, to property maintenance. These companies will tend to professionalize the STR market within Shelter Island’s tourist industry.

The adverse impacts of many STR houses with large groups of vacationers for short periods has been seen in neighborhoods in many well-known resort towns and cities. In addition to the impacts on residents’ quality-of-life, the STR phenomenon in Shelter Island may also contribute to a reduction in year-round rentals because the revenue from STR can be much more than year-round rental revenue.

As did many municipalities worldwide, the Town of Shelter Island enacted a short-term rental law to impose licensing and advertising requirements for certain vacation rentals; prohibit certain vacation rentals from being rented more than once in any 14-day period; provide civil penalties for violations; and empower the Town Board to implement the law. The new legislation

was very controversial and subsequently challenged in court, resulting in a May 2019 amendment to the law to include many exemptions and eliminate penalties for violations.

In 2019, the Town Building Department began issuing rental permits, in accordance with the new STR legislation. This legislation was subsequently amended in 2023. This amendment compels reversion back to the requirement in the zoning code that accessory apartments, or accessory dwelling units, be solely used for year-round occupancy in order to provide more year-round housing opportunities. Although this change did not eliminate vacation rentals entirely, it restricted short-term rentals to an owner’s primary residence. In addition, there are limited Commercial Vacation Rental licenses available. The code allows owners to rent **licensed** premises one time in any 14-day period, which shall commence on the first day of the term of the initial rental and continue for the 13 following days provided that a Vacation Rental License has been obtained. This allowance is for a primary residence only. An owner cannot have multiple Vacation Rental Licenses. A Long-Term Rental License states that the rental must be for 15 days or longer.

As shown in the chart below, long-term rentals have been the most common permit, by far, issued by the Building Department in the past three years, likely due to pandemic-related impacts of people temporarily relocating to the Island.

Prior to 2023, the Town engaged a firm, Host Compliance, for information services to facilitate enforcement of the STR law. The firm provides real-time monitoring of the STR market, access to information by Town officials, and monthly status reports. Data indicates anywhere from 170 to 294 STR listings, but the market is very fluid;

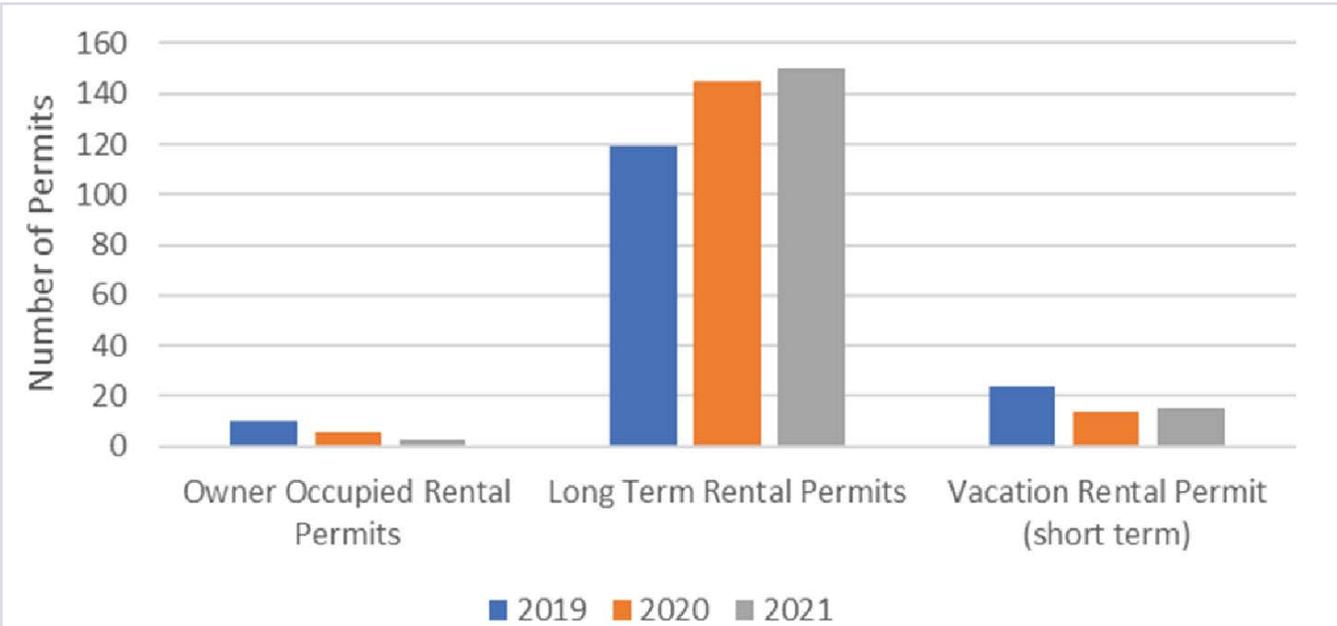


CHART 13: SHORT-TERM RENTAL PERMITS ISSUED BY THE BUILDING DEPARTMENT, 2019-2021

Source: Town of Shelter Island Building Department

listings are frequently removed and reposted, and new listings created. The turnover and change in listings may reflect the opportunistic nature of the market, as owners decide on when they and their family and friends will be vacationing in the house, if they are looking for income or not, if they are experimenting with using these platforms rather than older ways of getting summer tenants, and so on. The data also show that many of the listings are not in compliance with the Town’s STR law. The status of STR listings should continue to be closely monitored to determine whether the trends of the past three years will shift as the pandemic impacts wane, and to identify ways to improve enforcement of the STR law.

HOUSING PRICES AND AFFORDABILITY

Building permit data show a building boom in 2005 and 2006, followed by a dip in construction after the Great Recession, and a relatively consistent but modestly increasing level of construction since 2014. The 259 newly constructed single-family houses from 2005 to 2021 represent a small percentage of the overall housing stock. For example, 15 new houses would represent 0.6% of the 2,458 single family housing units in the Assessor’s database for 2020. Over the course of these 15 years, there were 106 demolitions, resulting in a net increase of 156 single family homes, which constitute 6.2% of the 2,458 single family properties in the Assessor’s database.

There are a few very large houses on Shelter Island; Assessor’s data show that the median single-family house has 2,007 square feet. Taxpayers whose primary mailing address is on-island have slightly smaller houses, with a median of 1,900 square feet. Taxpayers with an off-island primary mailing address have a median size of 2,090 square feet. The Town requires a special permit for new houses over 6,000 square feet, which may temper interest in building bigger homes. An analysis of data from the Assessor’s Department shows that the average size of homes has generally increased over time, particularly for those built since 2000.

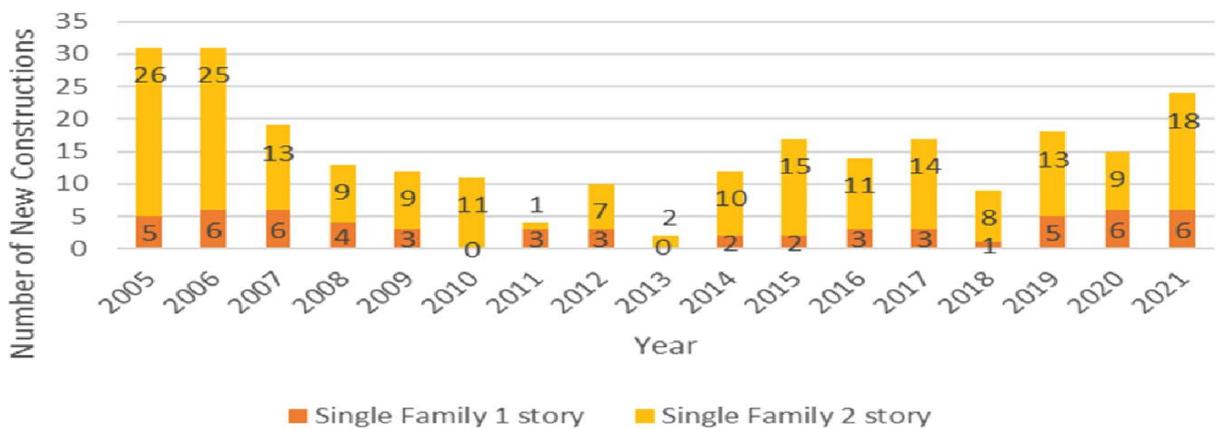


CHART 15: NEW CONSTRUCTION BASED ON BUILDING DEPARTMENT DATA

Source: Town of Shelter Island Building Department

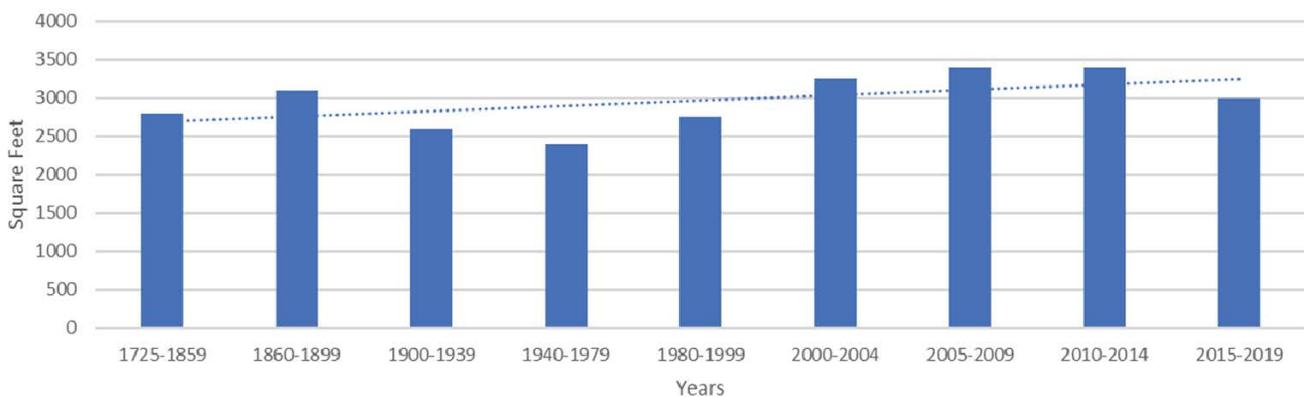


CHART 14: AVERAGE SQUARE FEET PER SINGLE FAMILY HOME BY YEAR BUILT

Source: Town of Shelter Island Tax Assessor (2022)

*Note: the graph shows the current size of houses, including all additions, not just the size of a house when it was first built.

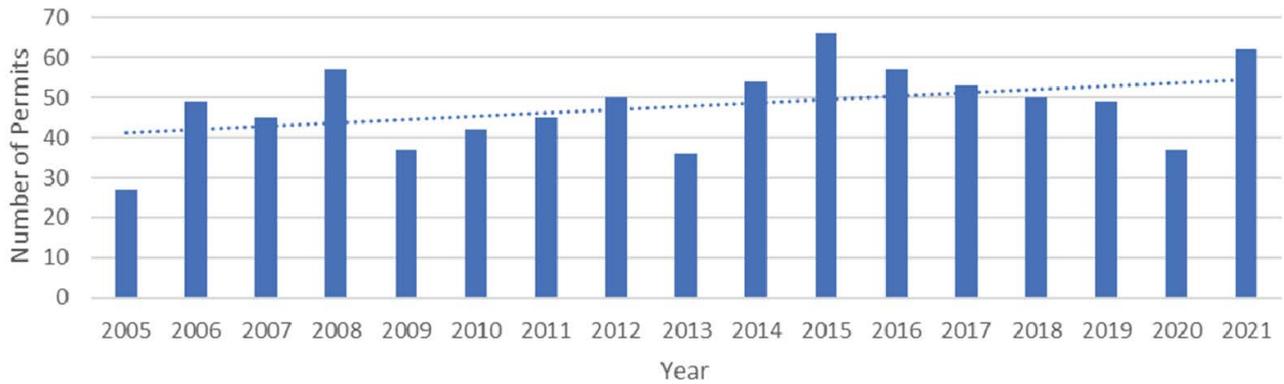


CHART 16: TOTAL LUXURY ITEM BUILDING PERMITS ISSUED

Source: Town of Shelter Island Building Department

Note: For the purpose of this graph, the following were considered luxury items: tennis, pickle ball and basketball courts; pool houses; pools (new and renovated); and hot tubs.

Both the cost of construction and the level of amenities in new or renovated homes also appear to be on the rise, as shown in data from the Town’s Building Department. In the years where there were lower estimated construction costs there were an increase in permits for renovations and additions as opposed to new construction. This is most likely a reflection on the economy at the time.

The increasing trend in estimated cost of construction, the number of building permits being issued, the average square feet of homes and the number of luxury items speaks to a trend toward larger more expensive homes with more amenities.

In terms of sales, data from the Shelter Island Assessor’s Department suggest that many properties on the Island are transferred within family or other personal networks, perhaps as part of the generational transition as the large Baby Boomer cohort grows older. The Assessor’s Department assisted with the identification of sales of single-family properties that appear to be at market rate versus other transfers that appear to be at significantly reduced prices, for example, transfers for \$1, which could indicate inter-family sales. Between 2000 and 2019, market-rate sales ranged from 34 homes in the recession year of 2009 to 81 homes in the boom year of 2005. The years affected by the Great Recession show lower sales,

as does 2018, which was affected by tax law changes. The graph shows that there were usually fewer market-rate sales of single-family properties than other transfers.

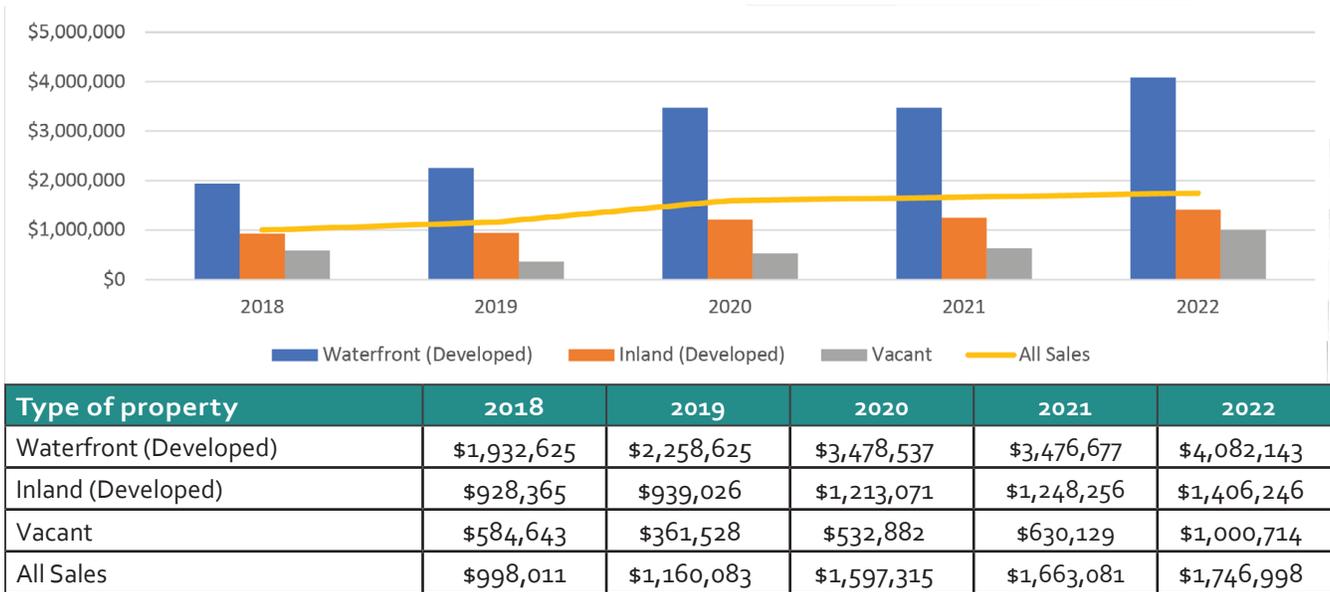


CHART 17: AVERAGE PROPERTY SALE PRICE

Source: Tax Assessor Data

SALES PRICE TRENDS

Housing and land costs are significantly influenced by the fact that Shelter Island is a vacation destination near an affluent metropolitan area. The real estate market is impacted by a combination of factors related to supply and demand, location, amenities, and market dynamics. The Assessor data compiles average sales price data, which is shown in the table on the following page. Sales are coded as Waterfront, Inland (includes inland and waterview properties), and Vacant.¹ Not surprisingly, as the chart above shows, waterfront property typically costs substantially more than inland property, but prices depend on many different characteristics of the property. In addition, as is usual on Shelter Island, the small sample sizes leave the data vulnerable to being skewed by one or two sales at the market extremes. Nonetheless, the data clearly shows significant growth in price across all property types.

HOUSING COSTS

Housing costs as well as the general cost of living have long been significant issues identified in various planning documents. It was a topic of concern addressed in the 1994 Comprehensive Plan and was most recently studied in the Community Housing Plan. As is the case in many comparable seasonal and vacation destinations, the demand for housing from both permanent residents and tourists drives up prices, making it harder for workers to find affordable options.² The robust summer rental market has also contributed to a shortage of affordable year-round rentals as the rental income from the three summer months typically exceeds the revenue from an annual rental.³

In the past, people seeking year-round rentals could find September to May housing but sometimes had to find other options during the high summer season of June through August, doubling up with family or even living in campers or boats. The effect of the short-term rental market has also resulted in few options for Town and

1 The "Inland" category includes properties coded by Assessor as either Inland or Waterview. The "Vacant" category includes properties coded as vacant inland and vacant waterfront. The data disqualifies sales at artificially reduced prices and don't reflect the overall marketplace (such as sales to a family members, bank sales, neighbors in a private sale, divorce)

2 Examples for reference: <https://www.nasdaq.com/articles/4-reasons-airbnbs-are-partly-to-blame-for-the-housing-crisis>

3 The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb. Barron, King, and Proserpio. Accessed at: <https://marketing.wharton.upenn.edu/wp-content/uploads/2019/08/09.05.2019-Proserpio-Davide-Paper.pdf>

school employees, other workers, and seniors wishing to downsize or sell their homes to raise funds to supplement their retirement by moving to an affordable rental apartment. Full-time Town employees are required to live on the Island, unless given an exemption by the Town Board.

Younger working families who wish to buy a single-family home find few options below \$800,000. For example, the starting salary for a full-time police officer, who is required to live on the Island, was \$64,824 in 2020. To buy an \$800,000 house with a 10% down-payment of \$80,000 (which may not be available), would require a monthly principal and interest payment of about \$3,865 on a 5%, 30-year mortgage. Although Shelter Island's property tax rates are among the lowest on Long Island and in the state, taxes and insurance would still add about another \$700 per month. This translates to an annual required income of nearly \$185,000, assuming that 30% of income goes toward housing costs. Young families thus need two primary incomes and/or multiple (combination of full- and part-time) jobs to approach purchasing a single-family home on Shelter Island.

There is a very limited supply of rental apartments, and landlords report that when they have a rental opportunity, they quickly receive multiple calls about the property. Renters seeking year-round housing typically find out about it by word of mouth. There are an unknown number of room rentals that accommodate lower-income individuals, while a few businesses with seasonal employees provide housing for their workers. Some property owners rent apartments that are not legal under the zoning code.

As noted earlier (Table 7, page 36), 2020 Census data show that only 289 units, or about 20% of all non-seasonally occupied housing units, are renter-occupied. The monthly rental for a one-bedroom year-round apartment is reported to be approximately \$2,000 and 2-bedroom rents for \$3,000+. Using the rule of thumb that housing costs should not be more than 30% of income, Shelter Island households with incomes at or below \$40,000 would find it difficult to pay \$1,000 in rent if they are lucky enough to find a rental. In practice, they are likely paying more than 30% of income in housing costs.

AFFORDABLE HOUSING PLANNING

The 1994 Comprehensive Plan reported that only 6% of Shelter Island year-round households could afford to buy a house costing \$200,000 or more, less than the median value of an owner-occupied home in 1990. That plan included a goal to create and maintain affordable housing opportunities, citing young working households, first-time home buyers, and seniors as groups that could benefit. It also suggested creation of an on-Island organization to facilitate affordable housing. The only affordable housing initiative implemented since the 1994 Comprehensive Plan was in 1996, when six affordable houses were sold via lottery to local residents including Town employees and volunteer firemen. It appears that there was no deed restriction for time-limited or permanent affordability, so those houses are now at market value.

In 2005, a proposal to the Town Board was not pursued, in which the Town would buy a property of 5 to 7 acres and allow 5-10 homes to be built and sold with a long-term land lease. In this model, the housing is more affordable because the buyer does not own the land. A nonprofit organization, Shelter Island Housing Options (SIHOP) was created in 2000 to raise money for affordable projects. After a period of reduced activity, SIHOP has recently been revived; however, SIHOP does not envision ownership and management of rental housing.

The Town Board passed a Community Housing Law in June 2008 to facilitate housing for workers, which has subsequently been amended. There are three primary features of the legislation: creation of a Housing Registry for people to express interest in affordable housing; a Special Community Housing License (SCHL) process; and a Community Housing Floating Zone. The Community Housing Board is charged with implementing the law. The 2009 Comprehensive Plan Advisory Committee Report (not adopted) identified continuing challenges to creating affordable housing, rated progress on achieving affordable housing objectives as mediocre, and supported the goal of affordable housing from the 1994 plan.

Recently, in response to new State legislation, Islanders voted to endorse a 0.5 percent transfer tax to support a Community Housing Fund through 2050. The Town Board established the Community Housing Fund Advisory Board to develop, with the aid of consultants, a

Community Housing Plan for the Town of Shelter Island. That Plan, adopted in January 2023, identified short-term objectives (within the first five years of implementation) including the construction of year-round rental housing on three Town-owned properties, which would yield a total of up to 10 new rental units. Other priorities for the short-term include increasing year-round accessory dwelling units (ADUs) through grants and low-interest loans, code amendments, and enforcement. A comprehensive review of the Town Code is needed to ensure it is consistent with the goal of increasing year-round community housing opportunities, and the existing registry list should be updated to get a sense of the demand for ADUs. Ongoing or longer-term priorities include developing and implementing design standards for community housing, considering the potential for apartments over stores and offices, and supporting the establishment of a Community Land Trust. This Comprehensive Plan supports and carries forward the recommendations of the Community Housing Plan, as detailed below.

GOALS & RECOMMENDATIONS:

Goal 4-1: Preserve the quality and character of existing single-family residential zones and other residential neighborhoods.

Establish a graduated limit on the size of a new house (both knock downs and new construction)

The building of new homes (both knock downs and new development on vacant property) can raise several concerns, including:

- Loss of architectural heritage: Demolishing older homes can erase valuable elements of Shelter Island’s cultural and architectural history.
- Neighborhood character and aesthetics: Out of scale homes can affect the overall character and aesthetics of a neighborhood. If new construction is significantly larger or visually incompatible with the surrounding older and more modest homes, it can disrupt the established architectural styles and create a sense of visual imbalance or discord.
- Displacement and affordability: Overbuilt homes can contribute to gentrification and housing affordability issues. In some cases, older homes targeted for demolition may have been more affordable options for residents. Replacing them with larger, more expensive homes can drive up property values and potentially displace lower-income residents from the area.
- Impacts from construction: The demolition process of knock-down homes can generate a significant amount of waste, including construction debris, hazardous materials, and other pollutants. Noise, dust, increased traffic, and construction-related activities may also impair the quality-of-life for those living nearby, especially if the construction process is prolonged.

To address these concerns, Shelter Island should consider regulations and design guidelines to mitigate the negative impacts discussed above. One approach would be to have a sliding scale where the size of the permitted home

could be tied to lot size, capped at a maximum amount. This approach can help balance growth and density while maintaining the overall character and capacity of the residential area. One tool the Town could use is a graduated Floor Area Ratio (FAR) limit that restricts the total building floor area in relation to the size of the lot. As the parcel size increases, the increased allowable FAR decreases, limiting excessive construction. Wetland and other non-buildable areas should not be included in floor area calculations. Details of the sliding scale would have to be studied, to see what scale of development is appropriate for different lot sizes. An illustrative example is provided below.

- 1st Acre: FAR is 0.08 (a 40,000 square foot lot could build a 3,200 GSF home)
- 2nd acre: Additional FAR is .05 (a 80,000 square foot lot could build a 5,200 GSF home)
- 3rd acre or more: Additional FAR is .02 (a 120,000 square foot lot could build a 6,000 GSF home)
- Establish a maximum GSF for a home on any sized lot (i.e. 7,500 GSF)

Address issue of illegal conversions

In the building code, as written, unfinished areas in homes such as unfinished basements or attic areas do not count toward permitted gross square footage. It is understood that, on occasion, individuals proceed to finish unfinished areas after their applications are approved. This practice is commonly known as “illegal conversions” or “unpermitted renovations,” and it has been a means to bypass certain building regulations, zoning laws, or safety standards that are in place to ensure the habitability and safety of residential properties. To address this issue, the Town should evaluate zoning requirements and permitting processes to reduce the incentive or ability for property owners to gain

approval for a dwelling that does not meet the necessary standards. One method would be to count a portion of basement or attic areas as part of the allowable square footage for a given parcel, regardless of whether they are finished or not.

Strengthen limits on density in residentially zoned areas

Existing zoning regulations regulate housing density, which, depending on the district, is either 1 acre per unit (1-acre zoning) or 2 acres per unit (2-acre zoning). It is widely understood that building sanitary sewers will help to improve water quality by managing and treating wastewater. While public sewers may ultimately be necessary in some areas and would help to address water quality, some residents have expressed a serious concern that such infrastructure would eventually lead to additional density. It is important to affirmatively state that if public sewers and water supplies are built, the residential density of existing residentially zoned areas should be maintained, and should never exceed 2 units per acre. This would not include rebuilding homes in-kind on existing small lots, and it does not preclude the use of cluster subdivisions where houses or buildings are grouped together, leaving larger portions of the land undeveloped as open space. While cluster subdivisions may have smaller individual lots, the overall density of the development is not significantly increased.

If infrastructure is in place (i.e., cluster systems or wastewater treatment facilities), it may be reasonable to consider limited locations in business zones where

additional housing types and densities may be appropriate. A limited amount of housing in business areas would help to support existing businesses and provide more housing opportunities on the Island. Engaging in open dialogue, providing accurate information about the benefits and potential impacts, and incorporating community feedback into planning and decision-making processes can help alleviate concerns and ensure that any changes in residential density in business areas with the addition of public sewer or water systems are implemented in a manner that benefits the community as a whole.

Monitor the effectiveness of the short-term rental law and make necessary code adjustments to increase enforcement ability and renter safety

The short-term rental (STR) law was adopted to address various concerns and challenges associated with the growth and management of STRs. This includes concerns about impacts to neighborhood character (such as noise disturbances), turnover of occupants, safety and building standards, code enforcement, and taxation. STRs can also have an impact on the housing market by reducing the amount of affordable year-round housing options. The Town should monitor regulations and enforcement carefully to ensure that STRs contribute positively to the community’s well-being while minimizing potential negative impacts.

Goal 4-2: Provide for a broader range of year-round housing options across income, household size, and age groups.

Consider allowing second floor apartments above retail in business zones (B and B-1 zones)

Allowing for apartments in the Town’s business zones can offer several benefits and contribute to the vitality and livability of the community. Allowing apartments, potentially on the second floor of commercial spaces, allows for a wider range of housing options, including

affordable units. Utilizing upper floors is also an effective way to focus development around existing infrastructure such as roads and to create additional housing units without significantly altering the Town’s character or landscape. Allowing for apartments can also help to promote the revitalization of underutilized or vacant buildings and can provide long-term financial stability with a year-round income. The Town may consider tax incentives to make such apartments affordable. It is

critical to put provisions in place that ensure that any residential units would be used for year-round housing and not for short-term rentals, which would exacerbate housing issues.

In addition, if infrastructure allows, the Town may want to consider allowing up to 4 units per acre in the business zone if those units are affordable housing. However, it is important to consider potential challenges and mitigate any negative impacts. Adequate infrastructure (septic and water), access management, parking provisions, and appropriate zoning regulations should be in place to ensure a high quality of design and compatibility with the surrounding area. This would include limitations on signs and lighting.

Develop educational materials and resources to assist and educate homeowners in the process of developing ADUs on their property

Educational materials play a crucial role in helping homeowners develop ADUs by providing them with the necessary information, guidance, and resources. These materials would provide, at a minimum, a summary of the approval process, including relevant zoning regulations, building codes, permitting processes, size restrictions, parking requirements, and any other relevant guidelines. Clear and accessible educational materials help homeowners navigate the regulatory landscape, ensure compliance with legal and safety standards, and help to create well-designed and functional ADUs that meet their specific needs. In addition, educational materials can provide guidance on the following:

- Design and construction: Design ideas, architectural guidelines, and construction best practices for ADUs.
- Financing and cost considerations: Information on financial options, available grants or incentives, and cost estimation guidelines.
- Management and rental considerations: Guidance on tenant selection, lease agreements, property management, and local rental regulations.

Establish funding sources such as grants and low-interest loans to encourage homeowners to develop year-round Accessory Dwelling Units

The Town should work with other partners to establish funding sources to help homeowners overcome financial barriers of creating additional housing options - provided they can meet the requirements of Town zoning and Suffolk County Department of Health Services (SCDHS). Some options include government grants and subsidies, low interest loans – in partnership with financial institutions – tax incentives, and housing trust funds. The Town could work with the four other east end towns to amend the Peconic Bay Region Community Preservation Fund to allow Water Quality Improvement funds to provide grants that support the installation of IA septic systems to meet current wastewater standards for accessory dwelling units. One grant recently established is New York’s Plus One ADU Program, which Shelter Island has been awarded. The program pairs the Community Housing Board with the Community Development Corporation of Long Island (CDCLI) to issue grants up to \$125,000 (for a total of \$2 million). Eligible local homeowners can use the funds to build a new ADU on their property or improve an existing ADU to make it code compliant.

Update Community Housing Plan every five years

This Comprehensive Plan includes recommendations from the Community Housing Plan released in 2023, which provides an overall roadmap for community housing on Shelter Island. The Comprehensive Plan supports recommendations made in the Community Housing Plan, even if they are not specifically cited within this document. As the Community Housing Plan is implemented and updated over time, its objectives should also be revisited and revised as appropriate to reflect the most recent conditions and housing/demographic trends. It is recommended that the plan be revisited every five years, with the following updates:

- Update Housing Needs Assessment,
- Conduct public outreach to understand current public opinion and priorities for community housing initiatives, and

- Evaluate progress in creating community housing, fund availability, and potential refinements to program administration and priority expenditures.

Goal 4-3: Create and maintain affordable and workforce housing opportunities to nourish the diversity of age and income groups that make up Shelter Island’s year-round population.

Support creation of a Shelter Island Land Trust, to assist with the acquisition and management of land for community housing.

Land trusts offer a sustainable and community-driven approach to managing open space and community housing. By preserving land, promoting conservation, and ensuring long-term affordability, land trusts contribute to the environmental, social, and economic well-being of communities, both in the present and for future generations. While the land trust would be an independent non-profit agency, it would collaborate with the municipality, county, other non-profits, and community organizations to leverage resources, secure funding, and implement joint conservation and housing initiatives. This collaboration fosters a sense of shared responsibility and builds a collective commitment to the long-term success of open space and community housing projects. Other benefits of a land trust are listed below:

- **Affordable Housing:** Land trusts can acquire land and hold it in perpetuity, while partnering with affordable housing organizations to develop and manage affordable housing units. This approach helps ensure long-term affordability for low- and moderate-income individuals or families, promoting socioeconomic diversity and addressing housing affordability challenges.
- **Resident Control and Community Engagement:** Land trusts often involve residents in decision-making processes, allowing them to have a say in the management and governance of the community housing. This resident control empowers the community and fosters a sense of ownership and stability.

- **Permanence and Stewardship:** Land trusts ensure that community housing remains permanently affordable by holding the land and enforcing resale or lease restrictions. They monitor compliance with affordability requirements and provide ongoing support to residents, including maintenance and property management services.

Proactively identify sites and build community housing in appropriate locations.

The Town should continue to identify suitable locations for year-round rental housing, considering factors such as water constraints, proximity to amenities, transportation, and services. Two sites identified in the Community Housing Plan include the potential for 2 units at 69 North Ferry Road and 8 units at 12 South Ferry Road. In the short-term, the Town should develop a plan for each site which conforms to SCDHS standards but is designed in a way that could be expanded if the necessary infrastructure becomes available in the future. Additional guidance on this can be found in the Community Housing Plan.

Establish a low-interest loan program for first-time home buyers.

This program would be an effective way for the Town to support affordable housing and promote homeownership. In order to set up such a program, the Town should consider the following:

- Program parameters such as eligibility criteria, income limits, and other requirements.

- Sources of funding, which could include local government budgets, transfer tax revenues, grants, partnerships with financial institutions, or leveraging other housing-related programs and resources.
- Program guidelines that outline the application process, requirements, loan terms, etc.
- Collaboration with a local financial institution to administer the program
- Promotion of the program to create awareness
- Monitoring to evaluate the program’s performance and impact.

Goal 4-4: Ensure that new housing construction or conversions of existing housing are sensitive to the natural environment, are of high design and build quality, and are consistent with the general scale of Shelter Island’s existing housing and traditional development pattern.

Ensure development is appropriately sized in sensitive shoreline areas (Near Shore Overlay District).

Shoreline areas are often ecologically diverse and provide important habitats for various plant and animal species. They are also highly vulnerable to natural hazards such as erosion and flooding. The near-shore overlay district (NSOD) has protected Shelter Island’s near-shore environment for over 20 years and the rationale for this legislation (Zoning Code c. 133-12) is even stronger today due to the increasing impact of climate change and development pressure. NSOD Code regulations and boundaries should be maintained. Furthermore, it may be appropriate to adjust zoning standards to limit the size, height, or density of structures to limit the risk of erosion and flooding, and to preserve the recreational and aesthetic value of coastal regions for future generations.

One way the NSOD could be strengthened would be by incorporating a small-lot ordinance which addresses pre-existing nonconforming lots. There are many lots in the NSOD that have sub-standard lot sizes (i.e. less than 1 acre in A districts and less than 2 acres in AA districts). Given the increasing environmental risk in the NSOD, expansion of nonconforming uses and buildings should be strongly discouraged. A small lot ordinance would address how nonconforming lots can be used or developed while taking their nonconforming status into account. The ordinance might include limits on the maximum size and revised setback to control the size of

buildings in relation to the lot size, thereby preventing excessive development. Ways to regulate this may include the following:

- Floor Area Ratio (FAR) standards for small lots or a graduated approach based on lot size as discussed in Goal 4-1
- Pyramid regulations to control height, mass, and setbacks of buildings to limit the overall visual impact of buildings.
- Ensuring regulations discourage illegal conversions of non-habitable space (see Goal 4-1)

Variations from these standards should be avoided, and the land use boards (Zoning Board of Appeals or Planning Board), should develop strict criteria for evaluating exceptions to established standards where strict compliance is not possible due to unique circumstances. In such cases, the land use boards should only grant the minimum relief necessary.

Adopt a Tree Preservation Local Law.

The overall goal of a tree preservation local law is to strike a balance between development needs and environmental conservation, ensuring that community can evolve while safeguarding its natural resources and maintaining its unique character. The specific provisions would need to be determined by the Town. It could include the requirement for property owners to assess existing trees before any major development can occur.

This would include provisions for what trees can be removed and guidance for replanting or replacement of

trees that are removed. To ensure compliance, the code may define penalties for violations, such as illegal tree removal or failure to obtain required permits.

Goal 4-5: Identify ways to leverage development and forge public-private partnerships to achieve other community goals such as open space and community housing.

Strengthen subdivision ordinance to require land for open space

Utilizing subdivisions to require land for open space or affordable housing is a strategy employed by many communities to address the need for preserving natural areas. This approach involves incorporating specific requirements or incentives within the subdivision development process to allocate land for open space. When drafting regulations, the Town must carefully assess and balance requirements to ensure they are reasonable, economically viable, and compatible with the overall development objectives. Strategies to consider are listed below:

- **Mandatory Set-Asides:** Subdivision regulations currently require developers to set aside 10% of land within the subdivision for open space. This land can be used for parks, greenways, trails, or other recreational purposes. The Town code should be strengthened so that the Town Board has more authority in the approval process to select open space land or to refuse inappropriate land offered to satisfy open space requirements. For example, the proposed open space dedication should meet criteria for high priority lands using the priority system used in Community Preservation Fund (CPF) dedication. In other cases, the Town should require developers to pay a fee in lieu of dedication. The Town should also consider increasing the percentage of land set aside from 10% to 30% which is what Southold did. This should be applied to both major and minor subdivisions.
- **Green Infrastructure:** Subdivisions can be designed to incorporate green infrastructure elements, such as stormwater management systems, wetlands,

or natural buffers. These features not only serve environmental purposes but also provide open space for residents to enjoy.

- **Right of first refusal:** The Town should require a right of first refusal on key lands in, non-profit, public or semi-public ownership, to permanently assure that the public interest is protected in the event of change in ownership

Consider a tailored zoning approach to support Sylvester Manor’s long term housing needs

It is the Town’s understanding that Sylvester Manor’s long-term plans (2025-2040) include the provision of some housing for its employees on the site (see Chapter 9 for additional discussion on Farm’s long term initiatives). It is an ongoing challenge for Sylvester Manor to find housing for workers, given the high cost of living and housing on the Island. Given the Town’s continued support to preserve the Manor and the services it provides, it may be reasonable to develop a tailored zoning approach which is mutually beneficial for the Manor and the wider community. The goal would be intended to develop a cohesive framework enabling building types that meet the Manor’s housing needs.

Sylvester’s Phase II goals (2025-2040) include the adaptive reuse of existing barns for cultural and educational programs, new facilities for archival storage, symposia, events and community use, and onsite housing for staff and farm crew.

One zoning approach would be to consider a Planned Development District (PDD), which would provide an opportunity for Sylvester Manor to work with the Town to create a unified vision for the area that aligns with the community’s goals in full compliance with state

environmental quality review.. In this process, the Manor would submit a comprehensive plan to the Town for consideration, which would address the following:

- Density and clustering of site: The planned development approach might encourage clustering of housing or other developments on a portion of the land while leaving the rest for agriculture or open space. This can help concentrate development impact and leave larger areas untouched. The overall housing density that is provided for in the existing zoning (AA and B districts) should be maintained.
- Infrastructure: The PDD process would help to address infrastructure needs, such as water supply, wastewater treatment, and roads, to ensure that development doesn't overburden existing systems.
- Design standards: The Manor's plan might include design standards that ensure any built structures are in harmony with the agricultural landscape.
- Community benefits: The Town can negotiate with the Manor to provide community benefits in exchange for any flexibility granted through PDD zoning. These benefits could include public amenities, affordable housing, or contributions to local infrastructure.
- Environmental protection: Regulations can be put in place to protect sensitive environmental areas, such as wetlands or natural habitats, while allowing development in more suitable locations.

In this scenario, any potential development would be in accordance with the Master Plan approved by the Town Board. Any application would still require site plan approval from the Planning Board

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