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HOME EQUITY

10 Ways Your Long Island Neighbors Are Using a HELOC Right Now

Coltrain Mortgage Team · November 16, 2026 · 11 min read

Walk down almost any street on Long Island and you'll spot it: a dumpster in one driveway, a new patio going in two doors down, a basement apartment with its own entrance around the corner. A lot of that work is being paid for the same way, with a home equity line of credit. If you've owned your home for a while, you may be sitting on more equity than you realize. Here are the 10 most common ways we see homeowners put a HELOC to work, what makes each one smart, and where to be careful.

Draw Only What You Need

Keep Your First Mortgage

Variable Rate, Plan for It

Your Home Is the Collateral

First, a 60-Second Refresher on How a HELOC Works

A home equity line of credit is a revolving line, a lot like a credit card, that's secured by your house. You're approved for a maximum amount based on your equity, and during the draw period (often around 10 years) you borrow what you need, when you need it, and only pay interest on what you've actually drawn. After that comes the repayment period, when you can no longer draw and you pay back principal and interest. Most HELOCs carry a variable rate, so your payment can change over time.

The big reason HELOCs are so popular on Long Island right now: a HELOC sits behind your existing mortgage. If you have a first mortgage you love, you can tap equity without refinancing the whole thing. Our **HELOC basics guide** goes deeper, and if you're weighing your options, see **HELOC vs. home equity loan** and **cash-out refinance vs. HELOC**.

55%

of current homeowners said home improvements or repairs are a good reason to tap home equity, the top answer in Bankrate's 2024 Home Equity Insights Survey. Debt consolidation came next at 30%.

The 10 uses at a glance

1. **Kitchen and bathroom remodels**
2. **An accessory apartment**
3. **Paying off high-interest debt**
4. **Buying before you sell**
5. **College costs**
6. **An emergency backstop**
7. **Down payment on a second home or rental**
8. **Energy upgrades**
9. **The backyard: pool, patio, deck**
10. **Big repairs that can't wait**

1 Kitchen and Bathroom Remodels

This is the classic, and for good reason. So much of Long Island's housing was built in the decades after World War II, and plenty of those capes, ranches and hi-ranches still have their original kitchens and baths. Instead of selling and buying something newer (and giving up a low first-mortgage rate in the process), a lot of homeowners are choosing to improve the house they already have.

A HELOC fits a renovation well because contractors get paid in stages. You draw for the deposit, draw again at rough-in, and again at completion, so you're only paying interest on what's actually been spent. There's also a potential tax angle: the IRS generally allows home equity interest to be deducted only when the money is used to buy, build or substantially improve the home that secures the loan. Ask your tax professional how that applies to you. Our **HELOC for home renovations** page walks through how it works.

LONG ISLAND ANGLE

Pull the right permits from your town or village building department. Open permits and unpermitted work can cause headaches when you go to sell or refinance later.

WATCH OUT

Get written quotes and add a cushion for surprises, especially in older homes. Don't assume a remodel adds dollar-for-dollar value at resale.

2 Adding an Accessory Apartment

A finished basement apartment or an apartment over the garage can house an aging parent, give a grown kid a place to land, or bring in rental income. With how expensive housing is here, it's one of the most practical projects we see. A HELOC can fund the build-out, and once the unit is legal and rented, that income may even help you qualify for your next loan. Our post on **accessory apartments and rental income on Long Island** covers how lenders look at it.

LONG ISLAND ANGLE

Each town sets its own accessory apartment rules, and many require an owner-occupancy permit, separate egress and inspections. Check with your town before you spend a dollar.

WATCH OUT

Budget for the payment without counting on rent. Vacancies happen, and an illegal unit can mean fines and income a lender won't count.

3 Paying Off High-Interest Debt

Credit card interest can be brutal. Rolling those balances into a HELOC can mean one payment instead of five and often a lower cost of borrowing, which frees up cash flow every month. It's the second most popular reason homeowners give for tapping equity. Our **debt consolidation with a HELOC** page shows how it works step by step.

LONG ISLAND ANGLE

High property taxes and the cost of living here squeeze budgets. Consolidating can be a real reset, as long as there's a plan to stay out of new card debt.

WATCH OUT

You're turning unsecured debt into debt secured by your house. If the cards creep back up, you can end up worse off than before. Interest used this way also isn't tax deductible.

4 Buying Your Next Home Before You Sell

On Long Island, where good houses can go fast, an offer that depends on selling your current home first is a tough sell. A HELOC on the home you live in now can supply the down payment for the next one, so you can make a cleaner offer, move once, and then sell. When the old house closes, you pay the line off. We break this strategy down in **Buy Before You Sell**, and our page on **bridge loans** compares the alternatives.

LONG ISLAND ANGLE

Set the line up before you list. Many lenders won't open a HELOC on a home that's already on the market.

WATCH OUT

You may carry two housing payments for a while, and your new lender will count both in your debt-to-income ratio. Plan for a sale that takes longer than you hope.

5 Covering College Costs

About one in six homeowners in Bankrate's survey called tuition and education a good reason to tap equity. A HELOC can fill a gap after scholarships and aid, and the draw-as-you-go setup lines up nicely with paying one semester at a time.

LONG ISLAND ANGLE

Many parents here are juggling tuition and a mortgage in their peak earning years. Map out how the line gets paid down before retirement, not after.

WATCH OUT

Compare federal student loans first. They come with borrower protections, like income-driven repayment, that a HELOC doesn't have, and they don't put your house on the line.

6 An Emergency Backstop You Hope You Never Use

Some homeowners open a line and leave it at a zero balance, just knowing it's there for a job loss, a medical bill or a sudden repair. Since you generally pay interest only on what you draw, an unused line can cost little or nothing to keep open, depending on the lender's fees.

LONG ISLAND ANGLE

Think storm damage, a failed boiler in January or a burst pipe. Having access lined up ahead of time beats scrambling after the fact.

WATCH OUT

As the CFPB notes, a lender can freeze or reduce a line if your home's value drops significantly or your finances change, which can be exactly when you'd need it. Keep some cash savings too, and ask about annual or inactivity fees.

Curious how much equity you could actually access? We'll run the real numbers on your home, no obligation.

7 A Down Payment on a Second Home or Rental Property

Equity in your primary home can help you buy a place out east, a summer spot, or a rental property. Fannie Mae's guidelines allow borrowed funds secured by an asset, including real estate, to be used toward the down payment and closing costs, as long as the payment on that borrowed money is counted in your debt-to-income ratio. Before you shop, read **second home vs. investment property**, since lenders treat the two very differently, and see our **HELOC for investors** page.

LONG ISLAND ANGLE

East End purchases can come with extra transfer taxes. Get those costs in your budget early so the HELOC draw is sized right.

WATCH OUT

Now two properties are on the line, and the HELOC payment counts against you when you qualify for the new mortgage. Make sure the whole picture works, not just the down payment.

8 Energy Upgrades

Heat pumps, insulation, new windows, a replacement for an aging oil burner, solar panels. These projects can make an older house more comfortable and may lower your utility bills over time. A HELOC lets you do the work now rather than piece it together over years.

LONG ISLAND ANGLE

Check **PSEG Long Island's energy-saving programs** for current rebates before you sign a contract. Every dollar of rebate is a dollar you don't have to borrow.

WATCH OUT

Be realistic about payback time. Get more than one quote, and compare a HELOC against any dedicated financing the program or installer offers.

9 The Backyard: Pool, Patio, Deck or Fence

Long Island summers are short, and plenty of families would rather invest in the backyard than in a rental somewhere else. Pools, paver patios, outdoor kitchens and new fences are all common HELOC projects, and staged contractor payments work the same way they do for a kitchen.

LONG ISLAND ANGLE

Pools and fences usually need town permits, and pool barrier and alarm rules are strict. Factor in higher insurance and yearly opening and closing costs too.

WATCH OUT

This is a lifestyle purchase. Make sure the payment fits comfortably, and don't count on it paying for itself when you sell.

10 Big Repairs That Can't Wait

A new roof, siding, a cesspool that finally gave out, an old buried oil tank that needs to come out. These aren't fun projects, but they protect the value of the house and often can't be put off. A HELOC can cover them without draining your savings.

LONG ISLAND ANGLE

Many homes here still have cesspools. If you're replacing one in Suffolk, check whether county septic upgrade grants are available through **Reclaim Our Water** before you finance the whole cost.

WATCH OUT

If a repair is urgent, a line you already have open is much faster than one you're applying for. That's another argument for setting one up before you need it.

What We'd Steer You Away From

A HELOC is borrowed against the roof over your head, so not every expense is a good fit. In the same Bankrate survey, a small share of homeowners said vacations or big-ticket toys were good reasons to tap equity. As Bankrate analyst Jeff Ostrowski put it, "You don't want to be paying off that one-week cruise for the next 15 years."

Vacations

The trip ends long before the balance does.

Cars and toys

They lose value while the debt on your house stays put.

Everyday bills

If regular expenses don't fit the budget, borrowing against the house usually delays the problem instead of solving it.

How Much Could You Borrow? Estimate Your Borrowing Room

Lenders usually cap how much you can borrow by your combined loan-to-value (CLTV): your current mortgage plus the new line, divided by your home's value. Our HELOCs go up to 90% combined loan-to-value, depending on your credit, the property and the program. Plug in your numbers to see roughly how much room you might have.

Home Equity Borrowing Room Estimator

CALCULATOR

Estimated home value

$ 700,000

Current mortgage balance(s)

$ 320,000

What you're hoping to use (optional)

$ 85,000

Maximum combined loan-to-value (CLTV) **90%**

YOUR EQUITY TODAY

$380,000

54% of your home's value

ESTIMATED LINE

$310,000

At a 90% combined loan-to-value limit

EQUITY LEFT UNTOUCHED

$70,000

Stays in your home even if you use the full line

Your goal of **$85,000** fits inside this estimate, and would put your combined loan-to-value at about **58%**. Remember, you'd only pay interest on what you actually draw.

Estimate for education only. It is not a loan offer, approval or pre-qualification, and it does not reflect interest rates or payments. Actual line amounts depend on an appraisal or valuation, your credit, income and debt-to-income ratio, occupancy, property type, liens and each lender's guidelines.

If the estimate looks promising, the next step is a real conversation about your goals and your full picture. Want to see how a new payment might fit your budget? Our **monthly payment calculator** is a good place to experiment.

The Bottom Line

The smartest HELOC uses tend to have one thing in common: they put the money back into something lasting, like your home, your family's housing or getting out from under expensive debt, with a clear plan to pay it down. The riskiest ones fund things that are gone long before the balance is. Because a HELOC is secured by your home and usually has a variable rate, it deserves the same care as your first mortgage.

We've been helping Long Island homeowners use their equity wisely for more than 20 years, and as a broker we can compare HELOC options from multiple lenders instead of just one. Start with our **HELOC page**, read **The HELOC Advantage** for more background, or **reach out to our team** and we'll help you figure out whether a line of credit makes sense for your plans.

COMMON QUESTIONS

What can you use a HELOC for?

Almost anything. Lenders generally don't restrict how you spend HELOC funds. The most common uses are home improvements and repairs, debt consolidation, education costs, a down payment on another property, and an emergency backstop. Just remember the line is secured by your home, so it's best used for things with lasting value.

How much can I borrow with a HELOC?

It's usually based on your combined loan-to-value. Lenders take a percentage of your home's value, up to 90% with us, and subtract what you owe on your mortgage. Your credit, income, debt-to-income ratio and the property itself all affect the final amount.

Is HELOC interest tax deductible?

Sometimes. Under IRS rules, home equity interest is generally deductible only if the money is used to buy, build or substantially improve the home that secures the loan, and you itemize deductions. Interest on funds used for things like paying off credit cards generally isn't deductible. Check with a tax professional about your situation.

Can I use a HELOC to buy another house?

Yes. Many buyers use a HELOC on their current home for the down payment on their next home, a second home or an investment property. Fannie Mae allows borrowed funds secured by real estate for a down payment, but the HELOC payment is counted in your debt-to-income ratio when you qualify for the new loan.

Can a lender freeze or lower my HELOC?

Yes. A lender can freeze or reduce your line if your home's value drops significantly or if your financial situation changes in a way that makes them think you can't make the payments. That's why a HELOC shouldn't be your only emergency plan.

Should I open a HELOC before I need it?

It can make sense. Qualifying is easier while your income is steady, and an open line is ready when a repair or opportunity comes up. If you plan to sell and buy, many lenders won't open a line on a home that's already listed, so set it up first. Ask about any annual or inactivity fees.

Is a HELOC or a home equity loan better?

A HELOC is flexible: you draw what you need over time and usually have a variable rate. A home equity loan gives you a lump sum up front, typically with a fixed rate and payment. A HELOC tends to fit projects with staged costs; a home equity loan fits a one-time expense with a known price.

This article and estimator are for educational purposes only and are not a loan offer, approval, pre-qualification or commitment to lend. HELOCs are secured by your home, and failure to repay could result in the loss of your home. Most HELOCs have variable rates, so payments can change. Credit lines, combined loan-to-value limits, fees and terms vary by lender and are subject to credit approval, underwriting, appraisal and property eligibility. Tax information is general and is not tax advice; consult a tax professional. Survey figures are from Bankrate's 2024 Home Equity Insights Survey. Coltrain Mortgage is a mortgage broker; all loans are arranged through third-party lenders. Equal Housing Opportunity.

SOURCES

Bankrate, **Home Equity Insights Survey** (August 2024; conducted by YouGov, 1,133 current homeowners)

Consumer Financial Protection Bureau, **What is a home equity line of credit (HELOC)?**

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Internal Revenue Service, **Publication 936, Home Mortgage Interest Deduction**

Fannie Mae Selling Guide, **B3-4.3-15, Borrowed Funds Secured by an Asset**

PSEG Long Island, **Save Energy and Money**

Suffolk County, **Reclaim Our Water** (septic improvement program)

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READY WHEN YOU ARE

Have a project or plan in mind?

Tell us what you're hoping to do with your equity. We'll show you how much you may be able to access, compare HELOC options from multiple lenders, and help you decide if it's the right move. No pressure, no obligation.

Ready to talk it through?
Scan to reach a loan officer, or call (631) 851-4420.
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