



City of Newburgh
DEPARTMENT OF PLANNING & DEVELOPMENT
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City of Newburgh Action Plan
2009-2010 American Recovery and Reinvestment Act (ARRA) Funding
May 22, 2009

On May 26, 2009, the City of Newburgh will hold a public hearing at 7:00 p.m. in the Council Chambers of City Hall, 83 Broadway, Newburgh, NY. The purpose of this hearing will be to offer the citizens an opportunity to comment on the City's proposed use of ARRA Funding.

Funding Summary

The U.S. Department of Housing and Urban Development will be awarding the City of Newburgh a total of \$225,632 through the American Recovery and Reinvestment Act of 2009.

These funds are earmarked to the City as a CDBG entitlement grantee. HUD anticipates these funds to be managed through the CDBG administrative process and the majority of regulations which govern the use of CDBG funds will apply to the use of these additional funds – referred to as “CDBG-R” funds.

Funding available under the Recovery Act has clear purposes – to stimulate the economy through measures that modernize the Nation's infrastructure, improve energy efficiency, and expand educational opportunities and access to health care. Under these basic parameters, HUD strongly urges grantees to use CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents or activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings.

Key regulations specific to the CDBG-R funds include:

1. Entitlement grantees are to submit a plan for the use of these funds as a substantial amendment to the 2008 program year action plan.
2. The deadline to submit the revised plan to the HUD NYC field office is June 5, 2009.
3. The plan must be made public (published and/or placed on the city's web site) to allow for public comment. A public hearing must also be held prior to submission to HUD.
4. A seven (7) calendar day public comment period is required prior to plan submission to HUD. (HUD's standard 30 day public comment period is waived for this plan.)

5. No less than 70% of funds are required to be used for activities that benefit low- and moderate income persons.
6. No more than 10% of the funds may be used for administrative or planning purposes.
7. No more than 15% of the funds may be used for a public service purpose.
8. Funds received under CDBB-R must be exhausted by September 20, 2012.
9. Quarterly reports to HUD are required which outline: (1) total amount of funds received; (2) total amount of funds expended; and, (3) a detailed summary of all projects or activities for which funds were expended or obligated. All reports must be made public via publishing on the City's web site.

Proposed Uses of CDBG-R Funds

The City of Newburgh intends to utilize the CDBG-R funds to establish a Sealed Bid Financing Program which would support and would target the City's anticipated disposition of In Rem Properties in the fall.

The City anticipates launching a Sealed Bid Property Sale in the fall of 2009 which would sell properties within its portfolio for redevelopment. It is expected that these properties will be sold to purchasers with the knowledge and financing capacity to redevelop the properties in distress. Purchasers will be encouraged to re-sell the property to an owner-occupant upon securing a C of O. Alternatively, purchasers will be allowed to enter into a lease with option to buy tenancy or a rental tenancy. In either circumstance, the purchaser will be required to sell the property to an owner occupant within five (5) years of securing a C of O.

CDBG-R funds would be made available to purchasers of properties sold by the City of Newburgh through this process. The Sealed Bid Financing Program would be subject to all of the income limitations of the CDBG-R funding program. The property must be occupied at all times by a tenant earning less than 80% of the County AMI and documentation confirming the family income will be required. Over and above income limitations, the following conditions will apply:

- o Loan amount not to exceed \$15,000 for rental unit and can be utilized for the purchase of construction materials, fixtures and equipment only. No soft costs (labor, engineering, architectural, etc.) will be financed.
- o The loan will be provided for a ten (10) year term at a rate of 3% Interest but may be subordinated if required for the financial health of the project.
- o If the borrower sells or refinances the property prior to the ten (10) year period to an owner or tenant that is not income eligible, the full outstanding loan amount will be due. Recovered funds will be utilized as program income for the CDBG program and re-circulated for use on CDBG-eligible activities.
- o This loan will be recorded as a lien on the property.

Program Management

This program will be managed out of the Planning & Development Office. Underwriting activities will be undertaken under the monitoring of a Housing Loan Committee to be established by the City Council. The Loan Committee would make the final determination on whether the application is approved.

The proposed composition of the Housing Loan Committee would include:

- o One (1) banking representatives experienced in residential lending.
- o One (1) local non profit housing provider.
- o One (1) private real estate professional (ex.. broker, private developer)
- o Two (2) community members at large.

Proposed Budget

Administration	\$ 22,500
Loan Fund	<u>\$203,132</u>
Total Funding:	\$225,632

Timeframe for Submission to HUD

May 21, 2009	Presentation to City Council
May 22, 2009	Assuming Council approval – proposed plan to be placed on City of Newburgh web site.
May 26, 2009	Public Hearing for proposed plan.
June 2, 2009	Deadline for public comments.
June 5, 2009	Deadline for submission to HUD.

This proposal has been preliminarily proposed to the HUD Regional Office and it has been their determination that the program meets the parameters of CDBG-R funding regulations.

Availability for Review:

In addition to being posted on the City of Newburgh web site (www.cityofnewburgh-ny.gov), copies of this announcement and proposed plan are available for review at the City of Newburgh, Office of Planning & Development, 83 Broadway, Newburgh, NY and the Public Library at 124 Grand Street, Newburgh, NY.

The full funding notice can be accessed on the web at <http://www.hud.gov/recovery/cdbg-r-0504.pdf> and additional information can be acquired through HUD's Recovery Act web site at www.hud.gov/recovery.

Comment Period

Questions or comments may be addressed to Lourdes Zapata, City of Newburgh Office of Planning & Development, 83 Broadway, Newburgh, NY 12550. All comments must be received no later than 4 p.m. on June 2, 2009.