



City of Newburgh
DEPARTMENT OF PLANNING & DEVELOPMENT
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**City of Newburgh Action Plan: *Housing Affordability Program*
2009-2010 American Recovery and Reinvestment Act (ARRA) Funding**

Revised: May 27, 2009

On May 26, 2009, the City of Newburgh held a public hearing at 7:00 p.m. in the Council Chambers of City Hall, 83 Broadway, Newburgh, NY. The purpose of this hearing was to offer the citizens an opportunity to comment on the City's proposed use of ARRA Funding. Based on comments from the general public during the public hearing and feedback from Council members, the proposed CDBG-R program has been revised.

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

Re-titled the Housing Affordability Program, use of the funds will fall under two components:

Sealed Bid Financing Program

The Sealed Bid Financing Program would only be made available to property owners/redevelopers who will be making the units available to income eligible tenants or homeowners.

Terms:

- Prospective homebuyers must earn less than 80% AMI.
- Loan amount not to exceed \$15,000 which must be utilized for the purchase of energy efficient equipment and/or materials (i.e. heating systems, energy efficient windows), general construction materials, fixtures and other equipment only. No soft costs (labor, engineering, architectural, etc.) will be financed.
- Rental units must be occupied by a tenant earning less than 80% of the County AMI. Documentation confirming the family income will be required.
- The loan is provided for a ten (10) year term at a rate of 3% Interest. No monthly loan payments will be due throughout this term and the loan can be subordinated if required.
- If the borrower sells or refinances the property prior to the ten (10) year period, the full outstanding amount will be due.
- This loan will be recorded as a lien on the property.

The Sealed Bid Financing Program would support and target the City's anticipated disposition of In Rem Properties in the fall. For the properties under this program, the following sale terms will apply:

- Properties sold via Sealed Bid will have no more than eighteen (18) months to secure a Certificate of Occupancy (C of O).
- 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.

Home Rehabilitation Loan Program

This program would provide forgivable loans or low interest loans to owner occupied applicants. The terms applied to the transaction would depend on the applicant's income.

For Very Low and Extremely Low Income Applicants (less than 50% of the AMI):

- The owner/applicant must earn less than 50% of the AMI.
- One time housing rehabilitation forgivable loan for owner occupants only.
- Only single and two family homes are eligible.
- Loan amount not to exceed \$20,000 for owner unit. Loan amount not to exceed \$15,000 for rental unit. Actual loan amount approved will be dependant on amount of work required.
- The rental unit must be occupied by a tenant earning less than 80% of the County AMI. Documentation confirming the family income will be required.
- The loan is provided for a five (5) year term and will be reduced by 20% for each year the applicant remains in occupancy of the property. No repayment is required during this period. At the completion of the five (5) year term, the loan will convert into a grant and no repayment will be required.
- If the owner-occupant sells or refinances the property prior to the five (5) year period, the full outstanding amount will be due.
- This loan will be recorded as a lien on the property and will not be subordinated.

For Low Income Applicants (earning less than 80% AMI but not less than 50% AMI):

- The owner/applicant must earn less than 80% but not more than 80% of the AMI.
- One time housing rehabilitation loan for owner occupants only.
- Only single and two family homes are eligible.
- Loan amount not to exceed \$20,000 for owner unit. Loan amount not to exceed \$15,000 for rental unit. Actual loan amount approved will be dependant on amount of work required.
- The rental unit must be occupied by a tenant earning less than 80% of the County AMI. Documentation confirming the family income will be required.
- The loan is provided for a ten (10) year term at a rate of 0% Interest. Monthly loan payments will be due throughout this term.
- If the owner-occupant sells or refinances the property prior to the ten (10) year period, the full outstanding amount will be due.
- This loan will be recorded as a lien on the property and will not be subordinated.

Under this component, rehabilitation loans would be prioritized as follows:

1. Work to address health and safety violations.
2. Work to implement energy efficiency upgrades (i.e. heating systems, roofing, windows, and/or insulation).
3. Rehabilitation loans to seniors or the disabled.
4. General repairs for owner occupants.

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 is 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	\$ 22,560
Loan Fund: Sealed Bid Financing Program	\$103,072
Loan Fund: Home Rehabilitation Loan Program	<u>\$100,000</u>
Total Funding:	\$225,632

Timeframe for Submission

May 21, 2009	Presentation to City Council
May 22, 2009	Proposed plan to be placed on City of Newburgh web site.
May 26, 2009	Public Hearing for proposed plan.
May 28, 2009	Revised plan placed on City of Newburgh web site.
June 2, 2009	Work Session to Review, Council Session to Approve Revised Plan & Submission
June 4, 2009	Revised 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 1 p.m. on June 4, 2009. This public comment period has been extended due to the revised nature of the proposed program.