

Helpful Notes on Buying Property from the City of Newburgh

Buying a city-owned property offers an opportunity for a determined and capable buyer. These notes are intended to help inform potential buyers of common questions and issues, but each property is different and has its own set of assets and challenges. Good luck!

What property is available?

The City of Newburgh maintains a fairly current list of available properties online. Most city-owned properties for sale are in poor condition, will require significant time and expense to repair to livable condition. Properties are shown the **3rd Wednesday of each month**. You must call (845) 569-7300 to make an appointment.

Be aware that any building vacant for more than one year (even a bank foreclosure not owned by the City of Newburgh) will **revert to the use permitted by zoning**. This means that even a building legally listed or used in the past as a “three-family” may, once you buy it, only be legal as a “one-family” in certain zoning districts. A variance to restore the building to a multifamily needs to be negotiated with codes and zoning departments and should be **investigated before purchase**.

Paying for Property and Repair

A buyer must **present a plan to finance** necessary repairs. Most banks will **not** grant conventional financing (i.e.: a mortgage) for homes without certificates of occupancy. Therefore, where significant repairs are required, the buyer must give proof of available cash or access to other sources of capital.

But there are several grant programs available to first-time homebuyers in the City of Newburgh, as well as tax credits and abatements.

It is recommended that an interested buyer **view the property with a general contractor** or other professional to get a fair idea of the costs of rehabilitation.

The Purchase

The homebuyer must first complete and submit to the City of Newburgh Department of Planning and Development **Private Owner Development Acquisition (PODA)** form, found at: <http://www.cityofnewburgh-ny.gov/planning-development/news/private-owner-development-acquisition-poda>.

Once relevant city staff has reviewed the PODA, the **City Council must vote to approve the sale** of any city-owned real property. **Owner-occupied projects require the owner to reside in the property for five years. The property may not be sold nor the deed transferred during that 5-year period.**

All first-time home buyers should **hire a lawyer** to help them navigate the pre-purchase plans and to represent them at the closing.

Properties can carry significant **back property tax bills** that the buyer must pay along with accrued late penalties upon closing. The **City Assessor will assist in identifying a “reasonable offer price”** and clarify the present property taxes as well as **possible tax reductions and phase-**

ins. The assessor will also help evaluate the several tax benefits available to first-time home buyers and those rehabilitating historic buildings.

You must go to the **Newburgh Enlarged City School District (NECSD) Tax Collector's Office** at 124 Grand Street to determine how much you will owe in **back school taxes** and how much your future school taxes will be.

A **title search** is imperative as there may be additional liens other than the property and school taxes on the deed.

As soon as you close, you will have to pay taxes. **Provide the City Assessor, the Water Department and Department of Public Works with a functioning address to which they can send tax/fee bills while the vacant property is being rehabilitated.** During the first year, the tax bills may not be mailed because the **tax rolls are updated only once a year.** You are responsible for paying the taxes and fees **even if you don't receive the bill!**

The Rehabilitation Process

The City of Newburgh **requires plumbers and electricians to be licensed by the city** in order to work on rehabilitation projects here. Using unlicensed plumbers and electricians may jeopardize your obtaining a certificate of occupancy.

In general, all the work (interior and exterior) must be completed **within 12 to 18 months.** **Contractors often work on several different projects at once. Be sure to build in waiting time.** The City of Newburgh will not issue a certificate of occupancy until the Codes Department has confirmed compliance with all relevant local building codes. The Codes Department has a limited number of inspectors, so an inspection may take longer than anticipated.

If the property is located within the City of Newburgh's **historic district**, the buyer must **secure the approval of the Architectural Review Commission for all exterior work BEFORE work begins.** Securing this approval can take several months. The experienced contractor or architect can ease the process. The **ARC approval letter** will be needed for a **final C of O**, and is also a document you will need if you plan to claim **tax credits** from the state or federal government for historic properties.

A Hypothetical Timetable for Buying a City-Owned Property

Before the Purchase:

Evaluate properties, the cost of rehabilitation and payment of back taxes. Think carefully about your ability to purchase, repair, and maintain the specific property you are interested in. **Do not make a decision without a general contractor's estimate of the work, knowledge of the C of O, and knowledge of all costs associated with the purchase and rehabilitation of the property.**

Once the City Council has approved the sale:

Months 1, 2, 3: Secure financing; develop necessary architectural plans; identify contractor; hire title search company; hire lawyer; schedule closing; plan for closing costs.

Month 4: Close on property; pay taxes; provide functioning mailing address to City Assessor, Water Department, Department of Public Works and School Tax Collector; submit rehabilitation plan to Codes Department and obtain required building permits from Codes Department.

Month 5: Appear before required boards. Be mindful that the rehabilitation of almost every property in the historic district will require approval of the Architectural Review Commission (ARC). The initial plan review by the Codes Department will clarify which additional board appearances will be required.

Months 6-15: Construction (Everything takes twice as long!)

Month 16: Apply to Codes Department for Certificate of Occupancy.

Month 17: Correct deficiencies that Codes Department's inspection found.

Month 18: Obtain final Certificate of Occupancy from city.

What if I can't find a property owned by the City that's right for me?

If you love Newburgh and want to live in one of its beautiful buildings, there are **many options**. There are many properties listed for sale through traditional channels, such as **local realtors** and online sites. Many habitable, restored properties listed for sale offer great value to a buyer who doesn't want to undertake an extensive rehabilitation.

Additionally, the **Newburgh Community Land Bank** is working to make residential, commercial, and mixed use properties available to different types of buyers.

Key Resources:

Are You Ready to Buy and Own a Home?

U.S. Department of Housing & Urban Development: http://portal.hud.gov/hudportal/HUD?src=/topics/buying_a_home

City of Newburgh:

<http://www.cityofnewburgh-ny.gov/home/news/list-of-available-city-owned-properties-january-2014>

City of Newburgh—www.cityofnewburgh-ny.gov

City of Newburgh Architectural Review Commission: <http://www.cityofnewburgh-ny.gov/architectural-review-commission>

City of Newburgh Assessor - www.cityofnewburgh-ny.gov/assessor

<http://www.cityofnewburgh-ny.gov/assessor/pages/tax-exemptions>

City of Newburgh Codes Department: www.cityofnewburgh-ny.gov/buildingcode-enforcement

<http://www.cityofnewburgh-ny.gov/planning-development/pages/housing-homeowning>

City of Newburgh Planning & Development Department: <http://www.cityofnewburgh-ny.gov/planning-development/pages/housing-homeowning>

City of Newburgh PODA form: www.cityofnewburgh-ny.gov/planning-development/news/private-owner-development-acquisition-poda

General Advice on Newburgh Home Ownership:

Newburgh Restoration—www.newburghrestoration.com

Newburgh for Newcomers—www.N4N12550.com

Other City Properties for Sale, Advice on Lead & Asbestos Abatement:

Newburgh Community Land Bank—www.newburghcommunitylandbank.org

Funding Source Information:

FHA: www.fha.com/fha_programs

New York State Homes & Community Renewal:

[www.nyshcr.org/Topics/Home/Buyers/SONYMA/DownPaymentAssistanceLoan\(DPAL\).htm?gclid=COKs2sLynrwCFQjxOgodbHAAHg](http://www.nyshcr.org/Topics/Home/Buyers/SONYMA/DownPaymentAssistanceLoan(DPAL).htm?gclid=COKs2sLynrwCFQjxOgodbHAAHg)

PathStone Community For information on these funds, contact PathStone (845-569-0770, X12) Improvement of Newburgh--pathstonenewburgh.wordpress.com

U.S. Department of Housing & Urban Development (HUD): http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/programs/home/addi

Newburgh Enlarged City School District Tax Collector: <http://www.newburghschools.org/taxoffice.php>

Tax Credit Links: <http://www.nysparks.com/shpo/tax-credit-programs/frequently-asked-questions.aspx>