

GOVERNMENT OF PUERTO RICO

STATE CONSOLIDATED ACTION PLAN FOR HOUSING AND
COMMUNITY DEVELOPMENT PROGRAMS

2019 ACTION PLAN

DRAFT

May 13, 2019



PLAN CONSOLIDADO



DE VIVIENDA Y DESARROLLO COMUNAL DEL
ESTADO Y PLAN DE ACCIÓN ANUAL



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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The PY 2019 Annual Action Plan represents year four of the 2015-2019 Consolidated Plan approved by the U. S. Department of Housing and Urban Development (HUD). This Plan is the official application for HUD 2019 state grants for the following programs:

- Community Development Block Grant (CDBG)
- HOME Investment Partnerships Program (HOME)
- Housing Opportunities for Persons with AIDS (HOPWA)
- Emergency Solutions Grant (ESG)
- Housing Trust Fund (HTF)

The activities to be undertaken as part of the Action Plan and the Five-Year Consolidated Plan are focused on achieving the following objectives:

- to increase the availability, accessibility, and affordability of decent housing,
- the creation of suitable living environments, and
- the promotion of economic opportunity for low- and moderate-income individuals.

The lead agency of the 2019 Annual Action Plan is the Puerto Rico Department of Housing (PRDOH). This agency coordinates all efforts toward the development of the housing and community development strategies that the PR-State government included on its five-year Consolidated Plan and executes annually on its action plan. In addition, the PRDOH is responsible for the administration of the PR-State CDBG Program allocation, as established by Local Law (Act 162, 2018).

In this effort, the Department of Housing works in conjunction with three (3) State agencies, that are responsible to act as HUD grantees and administrators for the other Community Planning and Development Programs (ESG, HOME, HOPWA and HTF). These agencies are the Puerto Rico Housing Finance Authority (PRHFA) for the HOME and HTF Programs, the Department of Family for the ESG Program and the Department of Health for the HOPWA Program. In the case of the HOPWA Program, although the PR Health Department is the grantee, the Municipality of San Juan acts as the program administrator in accordance to a collaborative agreement signed between the parties back in year 2010.

The plan includes a series of guiding principles that will lead the vision of the State public policy and that are based in the needs identified as part of the consolidated planning processes and the Government of Puerto Rico public policies on housing and community development. These include:

- Housing: The availability and access to affordable housing, both for rent and for acquisition for people of low and moderate income, as well as for populations with special needs.
- Community development: Promote livable community environments in low- and moderate-income areas and communities.
- Economic development: Promote opportunities for economic development that benefit the communities and population of low- and moderate-income people.

2. Summarize the objectives and outcomes identified in the Plan

The Plan identifies programs and activities that will be used toward meeting the housing and consolidated overreaching goals. As required by HUD, each activity is related to one of three federal program objectives:

- decent housing;
- suitable living environment; or,
- economic development.

As well, each objective is matched with one of three outcomes:

- availability/accessibility;
- affordability; or,
- sustainability.

The annual activities that will enable the State to achieve these outcomes and objectives in PY 2019-20 are listed below.

Provide Decent Housing

- Provide street outreach, supportive services and emergency shelter;
- Provide homeless prevention and rapid rehousing assistance;
- Provide housing assistance and supportive services to HIV population;
- Support homeownership by providing down payment and closing cost assistance;
- Address the need of substandard housing by supporting rehabilitation of rental housing;
- Increase the supply or preserve affordable rental housing by supporting rehabilitation and production of housing, prioritizing special needs projects;
- Increase the supply of affordable housing by supporting the participation of CHDOs; and,
- Promote the development of special needs projects, which are those that provide supportive services.

Create a Suitable Living Environment

- Improve the quality of special needs populations, in particular the elderly, by supporting homecare services;
- Provide support services for youth, victims of domestic violence, and employment counseling;
- Improve safety and livability of neighborhoods by investing in public facilities, infrastructure and urban renewal; and,
- Set-aside funds for emergency relief.
- Promotion of crime awareness and prevention

Expand Economic Opportunity

- Promote the development of microenterprises;
- Invest in public facilities that support business development; and,
- Create and retain jobs to low- and moderate-income persons.

A summary table of the 2019 is included on Section AD-26 of the Plan.

3. Evaluation of past performance

The evaluation for the past performance is included on section AD-26.

4. Summary of Citizen Participation Process and consultation process

The State Citizen Participation Plan provides a framework and process by which the PR-State consolidated planning efforts comply with the citizen participation requirements published by the U.S. Department of Housing and Urban Development (HUD). This Citizen Participation Plan is prepared and implemented in accordance with HUD Regulations. It is the policy of the PRDOH to effectively incorporate meaningful citizen participation and consultation processes into the Consolidated Plan analysis and strategic decision-making processes. This action ensures adequate citizen involvement in the planning, implementation and evaluation of its housing and community development programs with a special emphasis on the participation of low- and moderate-income persons, Local and State government agencies and community organizations. As a result of this policy towards encouraging and facilitating a wide-range participation of residents and stakeholders in the development of all HUD required consolidated planning documents, the PRDOH develops the Five-Year Consolidated Plan, Annual Action Plans, Substantial Amendments, and the Consolidated Annual Performance and Evaluation Report (CAPER). The primary purpose of the participation processes will be in the identification of needs, allocation of funding, and program recommendations related to the consolidated planning process.

During PY 2019 the state undertook the following citizen participation actions:

Public Hearing Notice: The PRDOH posted a public notice on the *El Vocero* newspaper on the edition for Friday, February 15, 2019. It invited the general population to participate of the Public Hearings for the PY 2019 CDBG, HOME, ESG, HOPWA and HTF Programs Annual Action Plan. Complying with the Consolidated Plan regulations, the hearings were held at least two (2) weeks after the notice was published.

Also, the public notice was posted in the Official PRDOH's Web Page. This action expanded the outreach efforts with the objective of increasing the citizen feedback, buy-in and support of the Consolidated Plan activities. As well, notification was sent via email to stakeholders, including non-entitlement municipalities and non for-profit organizations (NPOs).

The Public Hearing was held on March 5, 2019, 8:00 a.m. at the Centro Cultural Yolanda Guerrero located in Guaynabo, P.R.

The public hearing was attended by 167 individuals. State Agencies officials (CDBG, HOME, ESG, HOPWA, HTF) made a presentation of the Plan process and each program. The presentation included a description of: objectives; content of the Plan, the consolidated planning process; identification of needs; proposed strategies and method of distribution and the opportunities for citizens and other stakeholders to comment. Attendees could present proposals and comments about the needs of their communities and how can they be addressed in the plan, as well as recommendations on the strategies and methods of distribution of funds that were presented. All information collected at the public hearings, was analyzed and a summary of the comments and the state's response is included in a next section.

Copies of all the public notices, the webpage notice and attendance sheet are included in the Appendix Section.

5. Summary of public comments

The AP-12 section of the plan summarizes the comments received during the Annual Plan developmental process and the responses by the State.

6. Summary of comments or views not accepted and the reasons for not accepting them

Many of the comments received were accepted and incorporated into the Plan. The comments regarding the following topics were not accepted. The explanation on the reasons for not accepting the comments is included in AP-12.

ESG: requirement of an expenditure of 80% or more of 2017 funds; administrative funds for NPOs; requirement of participation in a meeting for submitting a proposal, minimum experience of 2 years serving the homeless population.

CDBG: Emergency Funds Program.

7. Summary

The PY 2019 Annual Action Plan is the Puerto Rico State Government comprehensive housing affordability strategy and community development plan and an application for funding under the HUD's Community Planning and Development formula grant programs. The Plan includes strategic activities to address the State housing, economic and community development needs for the aforementioned period. The State is an Entitlement Community for the Community Development Block Grant (CDBG Program), for the Emergency Solutions Grant Program (ESG Program), for the Housing Opportunities for Persons with AIDS Program (HOPWA Program) and a participating jurisdiction for the HOME Investment Partnership Program (HOME Program) and the Housing Trust Fund Program (HTF Program).

The plan is prepared in accordance with the 24 CFR Part 91, Consolidated Submissions for Community Planning and Development Programs. The PY 2019 Plan is the fourth plan prepared and submitted under the HUD's e-Conn Planning Suite System. Specifically, the plan includes strategies to be undertaken under the previously mentioned formula grant programs.

The Plan has three (3) statutory objectives established by HUD to address the needs of the low to moderate income individuals. The specific statutory objectives are:

- Providing Decent and Affordable Housing;
- Creating a Suitable Living Environment; and
- Expanding Economic Opportunities

The overall goal of the State plan is to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities principally for low and moderate-income persons. The primary means towards this end is to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing.

Section AD-26 includes a description of the 2019 distribution by program.

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
Lead Agency	PUERTO RICO	Puerto Rico Department of Housing (PRDOH)
CDBG Administrator	PUERTO RICO	Puerto Rico Department of Housing (PRDOH)
HOPWA Administrator	PUERTO RICO	Municipality of San Juan (MSJ)
HOME Administrator	PUERTO RICO	Puerto Rico Housing Finance Authority (PRHFA)
ESG Administrator	PUERTO RICO	Puerto Rico Department of Family (PRDF)

Table 1 – Responsible Agencies

Narrative

The lead agency of the 2019-2020 Annual Action Plan is the Puerto Rico Department of Housing. This agency coordinates all efforts toward the development of the housing and community development strategies that the PR-State government included on its five-year Consolidated Plan and executed annually on its action plan. In addition, PRDOH is responsible for the administration of the PR-State CDBG Program allocation, as established by Local Law (Act 162, 2018).

In this effort, the PRDOH works in conjunction with three (3) State agencies, that are responsible to act as HUD grantees and administrators for the Community Planning and Development Programs. These agencies are the Puerto Rico Housing Finance Authority (PRHFA) for the HOME and HTF Programs, the Department of Family for the ESG Program and the Department of Health for the HOPWA Program. In the case of the HOPWA Program, although the Health Department is the State HOPWA grantee, the Municipality of San Juan acts as the program administrator in accordance to a collaborative agreement signed between the parties back in year 2010.

Consolidated Plan Public Contact Information

In compliance with the provisions of Section 91.115 of Title 24 of the Code of Federal Regulations and under Part I of the Law of Housing and Community Development of 1974, as amended, copies of the State Annual Action Plan 2019 will be available from the date of its publication, for review and submitting

comments in the Internet at <https://www.vivienda.pr.gov/comunicados-de-prensa/> and during working hours in the following locations:

- Puerto Rico Department of Housing (CDBG Program), CDBG Program, Edificio Juan C. Cordero, Avenida Barbosa #606, 4th Floor, Río Piedras, Puerto Rico
- Puerto Rico Housing Finance Authority (HOME and HTF Programs), Edificio Juan C. Cordero, Avenida Barbosa #606, 3rd Floor, Río Piedras, Puerto Rico.
- Puerto Rico Department of Family (Planning Division), Avenida Roosevelt, Edificio Roosevelt Plaza #185, Piso 1.
- Puerto Rico Department of Health (HOPWA), Calle Periferal #1, Frente a Hospital de Psiquiatría, Centro Médico San Juan, Puerto Rico.

Comments to the plan should be addressed to:

Name: Lcda. María Lefebre Llavona

Position: Special Assistant to the Secretary, PRDOH

Edificio Juan C. Cordero, Avenida Barbosa #606, 3rd Floor, Río Piedras, Puerto Rico

Telephone: (787) 274-2527 Ext. 6422

mlefebre@vivienda.pr.gov

Questions regarding consolidated planning may be addressed to:

Mr. Aida Gracia

CDBG Program Coordinator

(787) 977-7060 ext. 2004

agracia@vivienda.pr.gov

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

PRDOH is committed to undertake a Community Planning and Development process that is open and that considers the input of communities, stakeholders and residents statewide. The 2019 program year will continue the reconstruction process of Puerto Rico due to the impact of Hurricane Maria. PRDOH is aware of the importance of the CPD resources for the recovery of the Island and understands that consultation must be open and honest in order to allocate the resources to the most needed.

The 2019 annual action plan represents a collective effort from the State to obtain the views of the Municipalities, Private, nonprofit, and public organizations, the private sector and other stakeholders. To obtain their views the state contacted and integrated them through meetings, email communications, a survey, focus groups, and interagency committee and among other available means. Discussions included housing and community development needs, and barriers and constraints regarding housing and community development programs in Puerto Rico, among other topics.

The establishment of effective partnerships among the consolidated plan stakeholders and interested parties, offers a wide range of benefits to the plan institutional structure. All consolidated plan stakeholders have key data, financing, and other resources with which, the lead agency can align the goals and programs. In addition, the State can leverage other public and private resources such economic development, transportation, and public health funding. Further, establishing strong relationships provides greater opportunity across all parties, including the low- and moderate-income population groups and the communities.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies

Although the PRDOH complies with the regulations citizen participation and consulting minimum requirements, it promotes and undertakes ongoing consultation, collaboration and interaction efforts throughout the program year. The objective behind these efforts is to develop strategic and accountable partnerships among the stakeholders that will lead to achieve greater results. Continued communication among the parties will allow to assess effectiveness of programs throughout the year, and what may be improved in future planning cycles. Based on this communication and feedback, the PRDOH may prioritize further consultation based on partnerships that will help to implement specific projects and activities. Building partnerships with stakeholders around shared priorities provides a strong foundation that supports continued collaboration.

This document represents a collective effort from a comprehensive array of State and private organizations. Coordination with all stakeholders was achieved during the public hearings, by consulting

organizations and municipalities based on a survey, a series of focus groups that were conducted and the establishment of an interagency committee that met on a regular basis as part of the planning process.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

The Department of the Family actively participates in the CoCs and is the Collaborative Agency of the CoC 502. Currently, the State ESG Program is represented in both CoCs which facilitates the integration of ESG into the CoC planning processes. Meetings with both CoCs are held regularly. They continue collaborating to maintain veterans functional at zero to prevent and eradicate the situation of homeless veterans. Similarly, the Department is actively participating of the coordinated entry system committee where different strategies are developed to prevent and eradicate the situation of homeless youth and families with children, as well as families and youth at risk of homelessness. To assure integration and participation of ESG's subrecipients, organizations and municipalities will continue requiring participating in CoC's subcommittees of their area and participating of the coordinated entry system. As well, participation and collaboration with the Coordinated Entry System (CES) will be one of the evaluation criteria of the Annual Evaluation Report of ESG subrecipients. CoCs written standards are considered within the ESG written standards and the annual evaluation of its subrecipients.

As part of the consolidated planning process strategies are defined with the objective of addressing the main and core housing and supportive service needs of homeless individuals and families. In addressing the needs of the homeless population, the above described parties collaborate and interact through a multi-layered service model that involves the non-profit organizations, faith-based initiatives, and other available statewide services entities. The homeless strategy encourages active participation of community-wide agencies and providers to meet the full spectrum of needs of the homeless as well as to identify gaps and priorities in the provision of services to homeless persons. The critical components of the Continuum of Care Strategy include:

- Outreach, intake and assessment
- Emergency Shelter
- Transitional Housing
- Supportive Services
- Rapid Re-Housing
- Permanent Housing
- Homeless Prevention

As part of the FY 2018 competition, Puerto Rico received a total of \$18,683,589 in Continuum of Care allocated funds for both CoCs. With this funding the homeless strategy will be able to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly re-house homeless individuals and families while

minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effective utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

Additional information is included on AD-26.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

As required by the regulation applicable to the consolidated planning process, the PR Department of the Family, as a recipient of the ESG Funds, carried out a consultation with the two continuum of care systems, PR-502 and PR-503. The consultation was conducted through focus group sessions held on March 19 and 21, 2019. The first focus group session was held in Vega Alta, with the members of PR502 and with the participation of 26 persons. The second session was held in Ponce with the members of PR 503 and had the participation of 43 representatives of that CoC. In the sessions, the participants were organized in groups of 5 to 6 people who were moderated (or facilitated) by members of the consultant team providing support in the Action Plan, *Estudios Técnicos, Inc.* The focus groups were carried out using a semi-structured guide of questions through which they delved into:

- Changes in the needs and characteristics of the homeless;
- Distribution of funds by type of activity and geographical area.
- Development of performance standards and how to evaluate the results of programs and activities.
- Development of policies and procedures for the administration and management of the Homeless Management Information System (HMIS) in which they are required to participate.

Regarding the changes in needs and characteristics served the Program the focus groups validated the priority populations established in the 2019 Action Plan, being one of the populations of greatest concern the chronic homeless persons.

Regarding the distribution of funds by type of activity and geographical area, most participants consider it adequate, in general terms. Among the observations or recommendations, they mentioned are the following:

- Consider granting administrative funds to non-profit entities;

- Suggestion to increase the allocation to prevention activities, taking into consideration the social and economic context of Puerto Rico and the trends of families with high levels of vulnerability and at risk of homelessness.
- Increase in the allocation to the HMIS to cover expenses associated with staff.
- Match the regions proposed for the municipalities that make up the PR-503, to the regions that that CoC is already using.

As described in the ESG distribution method, these recommendations were accepted, except for administrative expenses for non-profit organizations. The state understands that, given the fiscal situation, it is important to maintain administrative funds for the state and municipalities.

As for the specific criteria for the granting of funds, they showed reservations with those listed below. Some of these are also related to the performance evaluation of programs and activities.

- Minimum of 70% of bed occupancy;
- Minimum of two years providing services to the homeless population
- Expenditure rate (expenses of at least 80% of the 2017 allocation)
- Experience in managing federal funds
- Have a line of credit
- Provide service in more than one component of ESG

The Department of Family Affairs understands the concerns presented, but also seeks to promote the best performance of the program, in line with the policies established by the Federal Government. For this reason, as detailed in the distribution method section, these comments were partially accepted.

In addition to the consultation through focus groups, CoC members were invited through various media to the public hearing held on March 5th (press announcement, email, invitations to the CoC chairpersons and announcements in CoC meetings). A representation of each CoC was present and the vice president of CoC 502 was part of the persons who presented comments at the hearing.

Likewise, as part of the consultation processes, the Department of the Family carried out a survey to service providers of the homeless and vulnerable populations (including NPO's and municipalities), who have been subrecipients of ESG. The survey had a participation of 42 organizations, and information was obtained on the needs of the population they serve.

As an attachment to this Plan, the materials used in these consultations and a more detailed report on them are included.

2. Agencies, groups, organizations and others who participated in the process and consultations

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	PR Department of Housing
	Agency/Group/Organization Type	Housing PHA Services - Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Market Analysis Lead-based Paint Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Periodic meetings of the interagency committee. As a result the Agency provided input for the development of the plan.
3	Agency/Group/Organization	PR Department of Family
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment Service-Fair Housing Services - Victims Child Welfare Agency Other government - State

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Market Analysis Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Agency was part of the inter-agency committee in charge of developing the plan and provided input during the meetings conducted by such committee.
4	Agency/Group/Organization	Puerto Rico Housing Finance Authority (PRHFA)
	Agency/Group/Organization Type	Housing Other government - State
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Agency was part of the inter-agency committee in charge of developing the plan and provided input during the meetings conducted by such committee.
5	Agency/Group/Organization	Puerto Rico Department of Health
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services-Health Health Agency Other government - State
	What section of the Plan was addressed by Consultation?	Housing Need Assessment HOPWA Strategy Market Analysis

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Agency was part of the inter-agency committee in charge of developing the plan and provided input during the meetings conducted by such committee.
6	Agency/Group/Organization	MUNICIPIO DE SAN JUAN
	Agency/Group/Organization Type	Housing Other government - Local
	What section of the Plan was addressed by Consultation?	Housing Need Assessment HOPWA Strategy Market Analysis
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Municipality of San Juan was part of the inter-agency committee in charge of developing the plan and provided input during the meetings conducted by such committee.

Identify any Agency Types not consulted and provide rationale for not consulting

All required agencies were consulted during the planning and preparation phases of this Annual Action Plan and during the preparation of the Five Years Consolidated Plan.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Department of Family / Municipio de Caguas	As part of the consultation process the State consulted with CoCs regarding the: 1) Allocation of resources in terms of services, populations and needs; 2)Performance standards for and evaluating outcomes of projects and activities assisted by ESG funds; 3)Funding, policies, and procedures for operating and administering any Homeless Management Information System (HMIS)The state plan is consistent with strategies of CoC.
Puerto Rico State Public Policy	Office of the Governor	The Annual Action plan was prepared and developed in accordance with the Puerto Rico State Public Policy established by the Office of the Governor.

Table 3 - Other local / regional / federal planning efforts

Narrative

The 24 CFR Part 91.110 provides the framework for the State to undertake a wide consultation process as an integral part of the statewide planning and preparation phases of the 2015-2019 Consolidated Plan and related Annual Action Plan. Through the consultation process, the PRDOH was able to obtain key programmatic and service data from agencies and service providers that provide assisted housing, health services, social and fair housing, and those that serve the chronically homeless and address lead-based paint hazards. Also, consultation with local governments in non-entitlement areas of the state is required.

The consultation strategy of the State, provided data in the following planning elements:

- Incorporate local data into planning process and validate the accuracy of this data;
- Gather input on priority needs and target areas;
- Increase coordination among consultation partners;
- Leverage Consolidated Plan activities with other public and private funding sources and Programs;
- Expand upon the outreach efforts of existing planning processes; and
- Increase citizen feedback, buy-in, and support of Consolidated Plan activities.

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

For the preparation of the 2019- annual action the PRDOH followed the approved citizen participation process and went beyond the regulatory minimums and promoted a wide range engagement of all interested stakeholders, offering opportunities for involvement to all segments of the population in the planning process. The planning process efforts was guided by transparency and promoted freedom of access to the contents of the draft plan. All municipal governments and community planning and development agencies and organizations were invited to participate at the public hearing and to provide comments on the proposed actions. Information was posted in the PRDOH web page and social media.

The following actions were taken as part of the Citizen Participation process:

Mailing database: a stakeholder database containing all contact information of nonprofit organizations, municipalities, and other interested parties and groups was used. This information was used to generate a direct invitation by email for the parties to actively participate in the Annual Plan public hearing.

Public Hearing Notice: posted a public notice on the *El Vocero* newspaper on the edition for Friday 15th, February 2019. It invited the general population to participate of the Public Hearings for the PY 2019 CDBG, HOME, ESG, HOPWA and HTF Programs Annual Action Plan. Complying with the Consolidated Plan regulations, the hearings were held at least two (2) weeks after the notice was published.

Also, the public notice was posted in the Official PRDOH's Web Page. This action expanded the outreach efforts with the objective of increasing the citizen feedback, buy-in and support of the Consolidated Plan activities.

As required by the regulations the State held a public hearing during the Citizen Participation process of the PY 2019 Annual Action Plan. The meeting was held in the following date and venue:

Public Hearing: Tuesday, March 5, 2019, 8:00 a.m. at the Centro Cultural Yolanda Guerrero
located in 9 Albolote Avenue at Guaynabo, P.R.

Copies of all the public notices, the webpage notice and attendance sheet are included in the Appendix Section.

Comments were received during the hearing. As well, the state provided a 30-day period after the hearing to receive additional comments. No additional comments were received after the hearing. A summary of the comments received during the hearing are included in the following table, as well as the way in which they were addressed by the state agencies.

Program	Deponent	Comment summary	Response to comments
CDBG (Emergency Fund)	Gil Mercado, Esq. Naranjito (comments before presentations)	He agreed with the recommendation not to direct funds from this allocation to the emergency fund and that the emergency fund should be nurtured from the recaptured funds.	The Department of Housing maintained the recommendation to use recaptured funds for the purposes of the Emergency Program.
CDBG	Jesús Colón Berlingeri, Mayor of Orocovis	The mayor stated not to be in favor of eliminating the Emergency Fund from the Allocation and also indicated the importance of signing contracts for funds from past allocations, due to the importance of CDBG funds for the municipalities. Likewise, he indicated the importance of processing pending requisitions or requests for reimbursement, as a matter of urgency.	The representative of the Department of Housing indicated that the Fund would not be eliminated, but instead of taking a portion from the new allocation, the mentioned fund would be obtained from recaptured funds. After an analysis and allocation of funds announced by the Federal Government on April 16, the Department of Housing maintains its position on the matter. Regarding the signature of the contracts and the processing of the reimbursement requests, he indicated that in each case different conditions apply and that they would be communicating with the municipalities to that effect and speed up these procedures.
ESG		Do not reduce the prevention component	After an analysis of the needs of the homeless and the at

Program	Deponent	Comment summary	Response to comments
	Edwin García Feliciano, Mayor of Camuy	allocation to give more to “outreach”.	risk of being homeless populations as well as expenditures pace in this category, the Puerto Rico Department of Family decided to maintain the emphasis on the category of shelter and outreach, reducing the items of rapid rehousing and prevention.
HOME		States that the HOME funds need greater disclosure among the municipalities and a more direct communication with them.	The AFV welcomed the recommendation and will make additional efforts to disseminate the information to the municipalities.
CDBG		The Mayor was against the elimination of the emergency fund in the 2019 allocation. He also expressed his concern regarding unsigned contracts for the 2017 and 2018 allocations, and brought up a communication problem between the Department of Housing and the municipalities.	The CDBG Program has gone through two recent transitions of its administration (From OCAM to ODSEC and from ODSEC to the Department of Housing), in a period of one year, which have affected the regular operations of the Program. The Department of Housing is taking all measures at its disposal to address these situations. As for the contracts, in particular those pending signing of 2017, they had not been signed due to provisions contained in the
CDBG	Jorge Méndez Cintrón, consultant	Highlights the need to sign the overdue contracts from last year, as well as the situations	

Program	Deponent	Comment summary	Response to comments
	for several municipalities	that have taken place in the program during the past year as adverse to the municipalities. It is urgent for the municipalities to receive these funds so they can complete their work.	Action Plan. However, after an analysis of these by the Department of Housing, the provisions were clarified, and the contracts were being signed. It should be noted, however, that in each municipality different conditions operate, and that the Department would be communicating with each one to attend them and proceed with the signing. Likewise, the Department of Housing is taking steps to expedite the processing of pending disbursement requests.
CDBG	Gil Mercado, Esq., Naranjito	The situation with the signing contracts should be resolved expeditiously. Highlights that the performance requirement applies to everyone including the Department of Housing. This money is important for the communities. Let's sign the contracts and move the economy of Puerto Rico.	
CDBG	Yaira Texidor, Maunabo	The municipalities need the funds to provide services and work the infrastructure. She requests to speed up the contract signing process. The requisitions process should be digital.	
CDBG	Ángel Marrero, Barranquitas	The deponent emphasized the need to speed up the contract signing process.	

Program	Deponent	Comment summary	Response to comments
CDBG	Johalys Rivera Rodríguez, Corozal	The deponent expressed that they understand the difficult situation that the Department of Housing is confronting with the transition, but that there is a need to receive the CDBG funds to continue serving the people.	
ESG	Belinda Hill, CoC PR-502	The projects should be considered by the CoC before being approved. The CoC requests funds for the administrative expenses of the community base programs. The strict criteria should be more flexible. It should consider the people served instead of 80% expended.	The Puerto Rico Department of Family analyzed the comments and decided to maintain the administrative funds for the municipalities. In addition, regarding the expenditures rate restrictive measure, the Department understands that it is in the best interest of the Program and in line with the Federal Government policy for the expenditure of funds.

Public Comment Period: The draft plan was made public on May 13th, 2019. Citizens and interested parties will have 30 calendar days from the day of the publication to submit written comments. The 2019-2020 draft plan was made available at PRDOH web page for the review by the general population and all interested parties. In addition, the plan was available for review at the following locations:

- Office for the Socioeconomic and Community Development (CDBG Program), Federal Programs Division, 1208 Av. Franklin Delano Roosevelt, San Juan
- Puerto Rico Housing Finance Authority (HOME and HTF Programs), Edificio Juan C. Cordero, Avenida Barbosa #606, Floor 3, Río Piedras, Puerto Rico.
- Puerto Rico Department of Family (Planning Division), 185 Edificio Roosevelt Plaza, Piso 1, Hato Rey, Puerto Rico.
- Puerto Rico Department of Health (HOPWA), Calle Periferal #1, Frente a Hospital de Psiquiatría, Centro Médico San Juan, Puerto Rico.

Table 4 – Citizen Participation Outreach

Final table will be included in the plan to be presented to HUD including the comments received after the publication of this draft.

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

For the PY 2019, HUD allocated to the PR-State a total of \$42,713,776 among all CPD Programs. Specifically, the allocation by programs is: \$23,715,075 for the CDBG Program activities; \$12,219,675 for the HOME Program activities, \$2,168,495 for the HOPWA Program activities, \$3,576,230 for the ESG Program activities and \$1,034,301 for the Housing Trust Fund activities.

All funds were allocated to address the affordable housing needs of the low and moderate income persons and special needs population, the public services needs of the special needs population, the homeless housing and supportive service's needs, the non-housing community development needs, the prevention of homelessness actions of families and/or individuals, the low income economic development needs among other eligible service activities within the Puerto Rico State jurisdiction.

In addition to the 2019 resources the State estimates that it will have available the following resources

Based on IDIS PR01 Dated 04/09/2019):

- CDBG Previous Year Resources (PR01)- \$73,033,030.45
- HOME Previous Years EN and CR Resources (Available to commit)- \$18,004,007 (Net of 10% Adm.)
- HOPWA Previous Years – \$1,756,801.68
- HTF Previous Years- \$2,217,635.40 (Net of 10% Adm.)

The following table includes a description of the Resources for PY 2019:

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	23,715,075	0	73,033,030.45	96,748,105	23,715,075	Funding will be used for housing, community, and economic development activities, as well as assistance for special populations across the 5 non-entitlement municipalities of Puerto Rico

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	12,219,675	0	18,004,007	30,223,682	12,219,675	Funds will be allocated to provide incentives for meeting developing and supporting affordable rental and homeownership housing units. This will be achieved through new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities for rent and sale projects (funding for sale projects will be for CHDO's - set aside only). Also, funds will be used for acquisition of housing by homebuyers.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	2,168,495	0	1,756,801	3,925,296	2,034,912	Funds will be distributed among municipalities and nonprofit organizations for the provision of housing assistance and supportive services for low income persons living with HIV/AIDS

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	3,576,230	0	\$7,233,137.60		\$10,809,367	Funds will be used primarily for, Outreach, Emergency, Shelter activities, and secondly to Homelessness Prevention, Rapid Re-housing

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HTF	public - federal	Admin and Planning Homebuyer assistance Multifamily rental new construction or rehab	1,034,301	0	2,217,632	3,251,933	1,034,301	The Housing Trust Fund (HTF) is a new affordable housing production program that will complement existing Federal, state and local efforts to increase and preserve the supply of decent, safe and sanitary affordable housing for extremely low and very low income households, including homeless families.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

During 2017 program year Puerto Rico was hard hit by Hurricanes Irma and Maria. Due to the catastrophic damage caused by the hurricanes Puerto Rico was provided with two CBBG-DR allocations totaling near to \$20 billion. These funds are crucial to put forth the vision for the new, more resilient Puerto Rico that

the state want to construct for our future generations.

The Puerto Rico Department of Housing (PRDOH) has been appointed by the Governor of Puerto Rico as the responsible agency to administer the CDBG-DR grant program in close collaboration with the Central Office of Recovery, Reconstruction and Resilience (COR3). More information on the plan can be obtained at <http://www.cdbg-dr.pr.gov/>.

To undertake the affordable housing and non-housing community development actions, the PR-State government combines a series of diverse public funding streams available to address the needs of the general population, including those of low and moderate-income levels. The continue reduction in the level of allocation of the HUD CPD funds has increased the amount of local resources that the State government invests in undertaking service activities toward addressing the needs of the economically disadvantaged population within the jurisdiction.

The CDBG regulations requires the Government of Puerto Rico to match administration costs beyond \$100,000. The CDBG match will be covered by PRDOH general budget. The non-entitlement municipalities that receive CDBG funds, will provide leverage to their projects in the form of in-kind services and equity from municipal, state, and other federal funds. In some instances, private donations are available to the non-entitlement municipalities for the development of municipal facilities or services.

The HOME Program Puerto Rico State is exempt from the matching requirements due to the economic distress that have been suffering. However, those federal funds have been leveraged with tax credits and private loans for multifamily projects and residential mortgage loans for homebuyer assistance. In the case of new construction or rehab for homeowners we have been working with municipalities to waive construction patents and other related fees to make projects more affordable.

As per the ESG Program match requirements, the State must comply with the 24 CFR 576.201 of the ESG Program regulations. The program dispositions states that, except the first \$100,000 of the fiscal year grant, the PR-State government must make matching contributions to supplement the ESG Program in an amount that equals the amount of ESG funds provided by HUD.

The Department of Family will be requesting ESG Program sub-recipients to make matching contributions to assist the Department to meet the program match requirements. The sub-recipients match contributions may be obtained from any source, including any Federal source other than the ESG Program, as well as State, Local, and Private Sources.

The match requirements will be a condition to be met by the nonprofit organizations and municipalities during the Request for Proposal process undertaken to allocate the ESG Program funds to the local level service structure.

However, in extreme cases, PRDF may also choose to exercise the right to use match forgiveness in the amount of only \$100,000 per grant year. This waiver may be provided to sub-recipients who have difficulty

meeting their full match requirement only when providing disaster related services, shelter or housing. It will be at the discretion of PRDF to exercise this waiver and to identify the sub-recipients who may benefit from its execution.

Additional leverage and matching information is included in an Appendix of the Plan.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The Puerto Rico Housing Finance owns multiple properties statewide. The abandoned properties are often perceived as a problem, but the State understands that they are an opportunity for redevelopment. The State will implement a strategy to restore the abandoned properties to productive use and to address the need of persons affected by Hurricane Maria. This will require a commitment from different governmental agencies its residents and its neighborhood organizations. The State is committed and will articulate a long-term vision for the community and lay out the strategies to achieve that vision.

Non-entitlement municipalities occasionally donate land or property in support of activities designed to address the needs identified in the plan as part of their contribution to locally administered programs.

Discussion

To undertake the PR-State housing and community development strategies, the State Consolidated Plan Agencies receives annual allocations from the HUD CPD-Programs. For the PY 2019 the Agencies expects to receive a combine total of \$42,713,776. This amount of funding is invested in actions to develop, execute, sustain, and support effective service strategies designed to improve the living conditions of the low- and moderate-income population and their communities.

As an important component of the Consolidated Plan strategy, the PR-State maximize the availability of public resources with complementary local funding streams that, in addition to leverage the federal resources, assists in the compliance with any federal match requirements applicable to the programs.

This Consolidated Plan serves as the PR-State tool to engage and support community development strategies and to foster actions toward providing affordable housing opportunities to the low-income population, quality public services activities to the special needs population, improving the communities living conditions by creating suitable living environments and to address the housing and supportive services needs of the homeless population.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Provide Decent Housing	2015	2019	Homeless	Statewide	Homelessness Prevention	ESG: \$2,145,738	Homelessness Prevention: 10,457 Persons Assisted
2	Provide Decent Housing (B)	2015	2019	Homeless	Statewide	Homelessness Prevention	ESG: \$553,793.46	Homelessness Prevention: 1,242 Persons Assisted
3	Provide Decent Housing (C)	2015	2019	Affordable Housing Non-Homeless Special Needs	Statewide	Housing	HOPWA: \$2,168,495	HIV/AIDS Housing Operations: 645* Household Housing Unit
4	Create Suitable Living Environments	2015	2019	Non-Housing Community Development	CDBG- Non-entitlement communities	Non-housing Community Development-Public Services	CDBG: \$2,740,696.97	Public service activities other than Low/Moderate Income Housing Benefit: 555 Persons Assisted
5	Create Suitable Living Environments (B)	2015	2019	Non-Housing Community Development	CDBG- Non-entitlement communities	Non-housing Community Development-Public Facility Non-housing Community Development-Public improvement	CDBG: \$18,307,608.70	Other: 195,008 Other

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
6	Provide Decent Housing (D)	2015	2019	Affordable Housing	CDBG- Non-entitlement communities Statewide	Housing	CDBG: \$2,241,779.03 HOME: \$997,708	Homeowner Housing Rehabilitated: 13 Household Housing Unit
7	Expand Economic Opportunity	2015	2019	Economic development	CDBG- Non-entitlement communities	Non-housing Community Development-Economic Development	CDBG: \$132,477.90	Jobs created/retained: 4 Jobs Businesses assisted: 2 Businesses Assisted
8	Provide Decent Housing (E)	2015	2019	Affordable Housing	Statewide	Housing		
9	Create Suitable Living Environments (C)	2015	2019	Non-Housing Community Development	CDBG- Non-entitlement communities	Non-housing Community Development-Public Facility Non-housing Community Development-Public improvement	CDBG: \$292,512.41	Other: 293 Other
10	Provide Decent Housing (F)	2015	2019	Affordable Housing	Statewide	Housing	HOME: \$5,000,000	Direct Financial Assistance to Homebuyers: 111 Households Assisted
11	Provide Decent Housing (G)	2015	2019	Affordable Housing	Statewide	Housing	HOME: \$5,000,000 Housing Trust Fund: \$930,871	Rental units rehabilitated: 33 Household Housing Unit Direct Financial Assistance to Homebuyers: 6 Households Assisted

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Provide Decent Housing
	Goal Description	Street outreach, supportive services and emergency shelter
2	Goal Name	Provide Decent Housing (B)
	Goal Description	Provide homeless prevention and rapid rehousing assistance
3	Goal Name	Provide Decent Housing (C)
	Goal Description	Provide housing assistance and supportive services to HIV population, other low income persons including abused and battered women.
4	Goal Name	Create Suitable Living Environments
	Goal Description	Social needs (public service)
5	Goal Name	Create Suitable Living Environments (B)
	Goal Description	Community Development (Infrastructure and public facilities)
6	Goal Name	Provide Decent Housing (D)
	Goal Description	Rehabilitation of units
7	Goal Name	Expand Economic Opportunity
	Goal Description	Economic Development
8	Goal Name	Provide Decent Housing (E)
	Goal Description	Homeownership assistance
9	Goal Name	Create Suitable Living Environments (C)
	Goal Description	Emergency relief
10	Goal Name	Provide Decent Housing (F)
	Goal Description	Down payment and closing costs assistance
11	Goal Name	Provide Decent Housing (G)
	Goal Description	Rehabilitation and production of rental housing

AP-25 Allocation Priorities – 91.320(d)

Introduction:

Funding allocation priorities are based on the needs and particular strategies of each program. The next section discusses the rationale for each of the consolidated plan programs.

The PY 2019 Annual Action Plan allocation priorities are driven by the information obtained during the Citizen Participation process. Also, the information gathered through the consultation process was considered and included in the decision-making process of allocating the available CPD resources. The combination of both processes provided the citizens, the communities, the agencies and interested parties with a meaningful opportunity to actively determine where the housing and community development resources were allocated.

To validate the information gathered from the citizen participation and consultation process, the PRDOH also took into consideration the results of the five-year Consolidated Plan Needs Assessment report. This section of the plan, in conjunction with the information gathered through consultations and the citizen participation process, provides a clear picture of the State needs related to affordable housing, special needs housing, community development, and homelessness. This evaluation process allows PRDOH and Consolidated State Agencies to identify the highest priorities among the identified housing and community development needs.

HUD regulations provide that 3% of the CDBG allocation plus \$100,000 can be used for administration and technical assistance for the State administered program. In 2019, this equates to \$711,452. For the ESG program the Department of the Family will allocate \$268,217.25 for state administrative purposes, \$357.62 for subgrantees administration, and \$72,552.15 for HMIS.

The following table includes a description of the funding allocation priorities resulted from the evaluation of the information gathered:

Funding Allocation Priorities

	Provide Decent Housing (%)	Provide Decent Housing (B) (%)	Provide Decent Housing (C) (%)	Create Suitable Living Environments (%)	Create Suitable Living Environments (B) (%)	Provide Decent Housing (D) (%)	Expand Economic Opportunity (%)	Provide Decent Housing (E) (%)	Create Suitable Living Environments (C) (%)	Provide Decent Housing (F) (%)	Provide Decent Housing (G) (%)	Total (%)
CDBG	0	0	0	0.28	99.56	0	0	0	0.15	0	0	100

HO ME	0	0	0	0	0	8.3	0	0	70.7	0	21.0	10 0
HOP WA	0	0	100	0	0	0	0	0	0	0	0	10 0
ESG	89.3 8%	10.6 2%	0	0	0	0	0	0	0	0	0	10 0
HTF	0	0	0	0	0	0	0	0	0	0	100	10 0
Hous ing Trust Fund	0	0	0	0	0	0	0	0	0	0	0	0

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

The proposed distribution of funds included in this Annual Action Plan is based on the information data regarding demographic environments, market conditions and geographic areas needs resulted from the combination of the citizen participation actions, the consultation process, and the Consolidated Plan Needs Analysis section.

The described processes provide opportunities to share data and expand available information useful to determine the housing and community development needs and priorities which are a key component of effective planning for HUD's CPD low and moderate-income programs.

The evaluation and analysis of the information resulted from the aforementioned processes, provided the Consolidated State Agencies officials with the needed perspective to better understand the priority needs and allocate the available CPD resources to service activities directed to address the identified needs. Also, provided the officials with the information needed to align complementary resources streams and maximize the use of the available funds within the community to address the needs of the low-income persons and their communities.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

The proposed distribution of funds was prepared in accordance with the needs presented during the hearings and are consistent with the Consolidated Plan.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction:

The Consolidated Plan regulations, specifically in 24 CFR 91.320, establishes the dispositions regarding the content of an Annual Action Plan. Among the components of the Plan, the PR-State must provide a description of the method for distributing funds to local governments and nonprofit organizations to carry out activities, or the activities to be undertaken by the State, using the funds that are expected to be received under the formula allocations and other HUD assistance during the PY 2019.

At a minimum, the Methods of Distributions must include the reasons for the allocation priorities, how the proposed distribution of funds will address the priority needs and specific objectives included in the Consolidated Plan and must describes any obstacles to addressing underserved needs.

The full explanation of the Methods of Distribution to be used during this program year are included in the Appendix Section.

Distribution Methods

Table 8 - Distribution Methods by State Program

1	State Program Name:	CDBG
	Funding Sources:	CDBG HOPWA HOME ESG Housing Trust Fund

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The State CDBG allocation for PY 2019 amounts to \$23,715,075. This program provides funding for housing, community, and economic development, as well as assistance for special populations across the 51 non-entitlement municipalities of Puerto Rico.</p> <p>The allocation for non-entitlement municipalities will be equally distributed among the municipalities, except for the islands of Vieques and Culebra, which both will receive an additional 15% above the Equal Allocation Grant. This method follows the distribution established via the enactment of local Law 137-2014, as amended.</p> <p>The following is the proposed allocation:</p> <p>Allocation for 49 Municipalities</p> <p>Administration \$76,209.90</p> <p>Public Service \$67,243.00</p> <p>Other Eligible Project (Housing, Community Development, Economic Development, Etc.) \$304,837.00</p> <p>TOTAL \$448,289.90</p> <p>Vieques and Culebra</p> <p>Administration \$88,181</p> <p>Public Service \$77,806</p> <p>Other Eligible Project (Housing, Community Development, Economic Development, Etc.) \$352,722</p> <p>TOTAL \$518,709</p> <p>PRDOH</p> <p>Planning and Administration \$711,452</p> <p>The full explanation of the Method of Distribution of funds to be used during this program year is included in the Appendix Section.</p>
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	<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Under Act 137 of 2014 (as amended by Law 10, 2017) the Commonwealth of Puerto Rico established that all non-entitlement municipalities will receive the same amount of CDBG funds, with the exceptions of Vieques and Culebra, which will receive an additional 15%. Thus, under this method of distribution municipalities will receive the same share of CDBG funds with no need for a competitive round.</p> <p>The full explanation of the Method of Distribution of funds to be used during this program year is included in the Appendix Section.</p>
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<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p><u>Proposal Requirements</u></p> <p>Submission of a budget breakdown is mandatory as required PRDOH for construction projects. For other projects under economic development, municipalities must still submit an estimated budget breakdown, which could include expected beneficiaries and detailed costs of the project.</p> <p>In determining an appropriate amount, PRDOH reserves the right to adjust requested funds, based on review of compliance with the following requirements:</p> <ol style="list-style-type: none"> 1. Compliance with the State CDBG requirements (Fair Housing and Citizen Participation). 2. Compliance with the College of Engineers and Land Surveyors of Puerto Rico Guidelines, including the project breakdown detailing: cost of material, labor, equipment, insurance, administrative overhead, and other costs related to the project in order to determine reasonable project cost. 3. Inadequate or incomplete description of activities to be developed. 4. Past performance of the non-entitled municipality (open findings). 5. Timely expenditure of funds (i.e. more than three (3) times the grant for its current program year, open activities for program year 2010 and earlier). <p>All activities must be designed in compliance with the strategy developed by the municipality which should meet the needs of low and moderate-income individuals, addressing their special needs and ensuring maximum community development. The optional 15% Public Service Cap is based on the total CDBG State grant.</p> <p>Application Submission</p> <p>Application kits or Request for Proposals will be available on May 28, 2019. The proposals and all its components and supporting documentation will be submitted physically on or before July 15, 2019 to the PRDOH (no later than 4:30p.m.) as registered by the system.</p> <p>Applications for the Emergency Fund may be submitted at any time during Program Year 2019 as long as they comply with the requirements presented on Circular Letter Num. 2013-09 of May 21, 2013, and any other requirement that applies.</p> <p>Municipalities could submit applications for Section 108 loan and must follow the <i>Procedimiento de Solicitud y Administración de Préstamos Garantizados Sección 108</i>.</p>
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<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>Not applicable- Please refer to ESG Program</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>Not Applicable- See HOPWA Section</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>The State CDBG allocation for PY 2019 amounts to \$23,715,075 will be distributed among eligible categories of the program.</p> <p>No more than 20% of the CDBG funds will be allocated for eligible Administrative and Planning Activities (3% by PRDOH and 17% by the Municipalities); up to 15% of the CDBG funds can be allocated for Public Service purposes and the remaining of the funds can be allocated for housing, community development and economic development related activities.</p> <p>All CDBG eligible activities. Eligible activities under the State CDBG Program are listed on Section 105 (a) of Title I of the Housing and Community Development Act of 1974, as amended. Each activity must meet one of the national objectives as to benefit low and moderate-income persons (24 CFR 570.483 (b)), pursue the elimination of slums and blighted areas (24 CFR 570.483 (c)), or activities designed to address a particular urgency that poses an imminent threat to the health and safety of the community (24 CFR 570.483 (d)). Each activity should correlate with a matrix code, national objective and CDBG citation.</p> <p>All applications for Program Year 2019 State CDBG funds must establish that no less than 70% of State CDBG funds will benefit LMI persons. Projects which do not meet eligibility requirements under Section 105(a) of Title I of the Housing Development Act of 1974, as amended, will not be considered.</p> <p>The full explanation of the Method of Distribution of funds to be used during this program year is included in the Appendix Section.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>Under Act 137 of 2014 (as amended) the Commonwealth of Puerto Rico established that all non-entitlement municipalities will receive the same amount of CDBG funds, with the exceptions of Vieques and Culebra, which will receive an additional 15%. Thus, under this method of distribution municipalities will receive the same share of CDBG funds with no need for a competitive round.</p>

	What are the outcome measures expected as a result of the method of distribution?	The expected outcomes measures are included on the appendix section.
6	State Program Name:	Emergency Solutions Grant Program
	Funding Sources:	ESG

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The Emergency Solutions Grant Program is administered by the Puerto Rico Department of the Family (PRDF). The Department of the Family uses a method of distribution of funds that includes, presenting a request for a competitive proposal the first year, and the second year the funds are distributed according to the level of performance of the projects and availability of the funds by part of HUD. This year constitutes the first year of a cycle. The PRDF will be receiving proposals from active entities, as well as new or inactive entities.</p> <p>If there are funds available during the Program Year, product of recapture processes or surplus funds, they will be distributed according to the needs identified by the PRDF. The criteria for distribution will be notified by invitation.</p> <p>In case of a declared disaster the PRDF reserves the right to implement the disaster recovery policy included as an appendix.</p> <p>The ESG allocation for Program Year 2019 is \$3,576,230.00. Funding is intended to serve the seventy-eight (78) Municipalities across the island within the 12 regions established by the Department of Family. PRDF's Regions are located in Aguadilla, Arecibo, Bayamón, San Juan-Carolina, Caguas, Loíza, Humacao, Guayama, Morovis, Ponce, Yauco y Mayagüez. Non-profit Organizations and Municipalities that comply with the requirements and evaluation criteria established on this plan will be eligible to receive funds under the following activities:</p> <ul style="list-style-type: none"> • Outreach and Shelter \$2,145,738.00 (60.0%) • Prevention \$ 553,793.46 (15.49%) • Rapid Re-Housing \$535,929.14 (14.99%) • Data Collection (HMIS) \$72,552.15 (2.03%) • Administration \$268,217.25 (7.5%) • Total \$3,576,230.00 <p>The Department of the Family may be allocating indirect costs to eligible activities.</p> <p>As described in the following sections, proposals will be evaluated according to two set of criteria: (1)criteria of strict compliance; and (2)competitive criteria. Proposals are due on May 24, 2019, and should be submitted physically at the facilities of the PRDF, at 185 Edif. Roosevelt Plaza, Ave. Roosevelt, Hato Rey, Piso 1.</p>
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<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>For purposes of carrying out the process of awarding contracts, a committee is appointed in charge of evaluating proposals. The Committee will evaluate proposals based on two sets of criteria: (1)strict compliance in order for proposals to be considered; and (2)competitive criteria which help determine the amount to be received by the applicants.</p> <p>Strict Compliance Criteria for Proposal Consideration</p> <ul style="list-style-type: none"> • Complete the proposal in all its parts and submit the required documentation, as applicable. • Be a municipality or nonprofit entity properly incorporated and in Good Standing, as applicable. • To have financial management systems that meet the minimum standards of accounting. • At least two years of experience serving homeless persons or in risk of homelessness. • Attend the Proposal Application orientation held on April 21, 2019 and which was publicly announced (see attachments). • No open findings of questioned costs, if applicable. • In the case of shelters, have the municipal endorsement. • Sources of matching available. • No open allocations of funds (original allocations) from Program Year 2016 or before. • In case of active subrecipients, the following criteria will be considered: <ul style="list-style-type: none"> • In the case of shelters, bed utilization rate of 65% or more • Have spent at least 80% of the 2017 allocation or more recent allocation on the component requested, if the subrecipient’s funds are from a previous year. • Participation in the Coordinated Entry System (CES). • Compliance with Data Entry in the Homeless Management Information System (HMIS). • Compliance with previous allocations case closing in HMIS. <p>Competitive Criteria for the Final Granting of Funds:</p> <p><u>Active Organizations:</u></p> <p><i>Need</i></p> <ul style="list-style-type: none"> • Number of homeless persons identified in the geographic region of service (10 points) <p><i>Experience and capacity of impact</i></p> <ul style="list-style-type: none"> • Project Execution Evaluation, by project type (20 points)
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		<ul style="list-style-type: none"> • Provide services in more than one component (10 points) • Provide services to at least one of the following priority populations (10 points) <ul style="list-style-type: none"> • Chronic homeless • Domestic violence • Families with children • Youth • Veterans • Mental Health and Problem Substance Use • Older age • Women • Years providing services to homeless population (5 points) • The entity has case managers and specialized personnel (5 points) <p><i>Management and Financial Capacity</i></p> <ul style="list-style-type: none"> • No monitoring findings or if any, there is a corrective action plan (5 points) • Experience managing federal funds (5 points) • Requests refunds, at least every two (2) months (10 points) <p>Bonus: Availability of credit lines or financing mechanisms (5 points)</p> <p><u>Inactive and New Organizations:</u></p> <p><i>Need</i></p> <ul style="list-style-type: none"> • Number of homeless persons identified in the geographic region of service (10 points) <p><u>Experience and capacity of impact</u></p> <ul style="list-style-type: none"> • Provide services in more than one component (15 points) • Provide services to at least one of the following priority populations (15 points) <ul style="list-style-type: none"> • Chronic homeless • Domestic violence • Families with children • Youth • Veterans • Mental Health and Problem Substance Use • Older age • Women • Years providing services to homeless population (10 points) • The entity has case managers and specialized personnel (10 points)
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		<i>Management and Financial Capacity</i> <ul style="list-style-type: none"> • Experience managing federal funds (20 points) • Bonus: Availability of credit lines or financing mechanisms
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Not applicable to the ESG Program- (see CDBG section)

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>Since program year 2011, the Puerto Rico Department of the Family uses a distribution method in which an award that is granted for two (2) year period, subject to an evaluation of the first year and the availability of funds. During PY 2019, eligible organizations and units of local governments will be initiating their first program year of the two-program year cycle. While, unused funds available during the Program Year will be distributed according to the needs identified by the Department of the Family, by invitation.</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>Not Applicable- See HOPWA Section</p>

	<p>Describe how resources will be allocated among funding categories.</p>	<p>The following are the ESG Program distribution by funding categories:</p> <ul style="list-style-type: none"> • Outreach and Shelter \$2,145,738 (60.0%) • Prevention \$ 553,793.46 (15.49%) • Rapid Re-Housing \$535,929.14 (14.99%) • Data Collection (HMIS) \$72,552.15 (2.03%) • Administration \$268,217.25 (7.5%) • Total \$3,576,230.00 <p>The Department of the Family may be allocating indirect costs to eligible activities.</p>
	<p>Describe threshold factors and grant size limits.</p>	<p>No grant size limits are established for the ESG Program funds distribution.</p>

<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Non-profit organizations and units of local government that are awarded ESG funds, are expected to comply with the following outcome measures, depending in the different types of projects:</p> <p>Outcome Measures</p> <p>OUTREACH</p> <ul style="list-style-type: none"> • Number of people receiving services • Number of people who left the program • Percentage of people who committed (engaged) to receive services • Percentage of people who fulfilled their service plan • Percentage of people who increased their income from any source • Percentage of people located in emergency shelter • Percentage of people located in temporary shelter • Percentage of people placed in permanent housing <p>EMERGENCY SHELTER</p> <ul style="list-style-type: none"> • Number of people who entered emergency shelter • Number of people who left the program • Percentage of people who fulfilled their service plan • Percentage of people who increased their income from any source • Percentage of people who entered transitional housing • Percentage of people who stayed in the shelter for less than three months • Percentage of people who stayed in the shelter for more than three months • Percentage of people placed in permanent housing <p>PREVENTION</p> <ul style="list-style-type: none"> • Number of people receiving prevention services. • Number of people who left the program • Number of people receiving economic assistance • Percentage of people who received housing relocation services and stabilization services during the service period • Percentage of people who met their service plan
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		<ul style="list-style-type: none"> • Percentage of people who increased their income from any source • Percentage of people placed in permanent housing <p>RAPID RE- HOUSING</p> <ul style="list-style-type: none"> • Number of people receiving RRH services. • Number of people who left the program • Number of people receiving economic assistance • Percentage of people who received housing relocation services and stabilization services during the service period • Percentage of people who fulfilled their service plan • Percentage of people who increased their income • Percentage of people placed in permanent housing
7	State Program Name:	HOME Investment Partnership Program
	Funding Sources:	HOME

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The PRHFA will receive \$12,219,675 in HOME funds for PY 2019. All resources will be allocated to provide incentives for meeting the goal of developing and supporting 157 affordable rental and homeownership housing units. This will be achieved through the Homebuyer Assistance, Rehab or New Construction by Owner (Techo Dorado) and Rehabilitation or New Construction for Multifamily Rental Development. These eligible costs include site improvements, conversion, demolition, and other expenses such as financing costs and relocation expenses of displaced persons, families, businesses, or organizations. Funds will also be allocated to provide down payment assistance to homebuyers. Housing must be permanent or transitional and serve both low and very low-income families, according to the applicable qualifying standard associated to each activity. The distribution of HOME funds for PY 2019 is shown below:</p> <ul style="list-style-type: none"> • Administration \$1,221,967 • Homebuyer Assistance \$5,000,000 • Rehab or New Construction by Owner (Techo Dorado) \$997,708 • Rehab or New Construction for Multifamily Rental Dev. \$5,000,000 <p>The full explanation of the Method of Distribution of funds to be used during this program year is included in the Appendix Section.</p>
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<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>As part of the joint efforts and on-going initiatives that relate to the 2015-2019 Puerto Rico State Housing Plan, the Puerto Rico Housing Finance Authority (Authority) will make the activity of New Construction or Rehabilitation for Rental Housing Development under the HOME Investment Partnership Program (HOME) Action Plan (AP) a component of the forthcoming Notification of Funds Availability the Authority will issue. The NOFA intends to leverage funds from multiple sources under joint selection and underwriting criteria compatible with the AP and the Low-Income Housing Tax Credit's (LIHTC) Qualified Allocation Plan (QAP) in order to maximize the use of public and private funds channeled to affordable rental projects meeting the housing needs and goals established in the State Housing Plan. Nonetheless, any representation and/or guideline contained in the NOFA will not be intended to, nor it statutorily could, modify or supersede the Authority's responsibility to comply with HOME requirements. Under the NOFA the HOME Program might implement a consolidated application for the HOME, LIHTC, which will combine the requirements of the programs to promote the development of multifamily rental projects.</p> <p>The full explanation of the Method of Distribution of funds to be used during this program year is included in the Appendix Section.</p> <p>Other activities will be delivered by the PRHFA in accordance with the applicable regulations.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Not applicable to the HOME Program- (see CDBG section Above)</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>Not applicable to the HOME Program- see ESG section Above.</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>Not applicable to the HOME Program - See HOPWA Section.</p>

	<p>Describe how resources will be allocated among funding categories.</p>	<p>The information that follows presents a description of the HOME Program activities and the criteria used for the distribution of funds addressing the priority needs, specific objectives, and performance measurements mentioned above. The minimum investment required by HOME activity is \$1,000 per unit.</p> <p>The full explanation of the Method of Distribution of funds to be used during this program year is included in the Appendix Section.</p>
	<p>Describe threshold factors and grant size limits.</p>	<p>No grants size limits will be applied to proposed housing development projects. For Homebuyer Financial Assistance activities, the cap are a minimum of \$1,000 and a maximum of \$45,000 will be available for eligible homebuyers. The Director of the Home Program will evaluate on case by case basis the amount of subsidy needed to acquire or maintain an affordable housing unit.</p>

	What are the outcome measures expected as a result of the method of distribution?	<p>The following are the HOME Program Outcome Measures:</p> <ul style="list-style-type: none"> • Homebuyer \$5,000,000 – A total of 111 homebuyers • Techo Dorado \$997,708 – A total of 13 housing units • Multifamily Rental Dev. \$5,000,000 – A total of 33 housing units.
8	State Program Name:	Housing Opportunities Persons With AIDS
	Funding Sources:	HOPWA

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The Housing Opportunities for Persons with AIDS (HOPWA) Program provides housing assistance and supportive services for low-income persons living with HIV/AIDS and their families. HOPWA funds are received by the Puerto Rico Department of Health to be distributed to Eligible Project Sponsors that include Municipal Governments and Non-Profit Organizations.</p> <p>Funds for PY 2019 will continue to be administered by the Municipality of San Juan. The Municipality will be responsible for its management, and distribution to sub recipients. The distribution of the funds to potential sub recipients will be conducted using a competitive Request for Proposal process. Due to the law restrictions, administrative funds will not be distributed to sub recipients. The competition will distribute funds for the provision of housing and other activities. If remainder funds are available after distribution, distribution of funds will not require a new competitive process but will be distributed among organizations and municipalities that previously submitted their proposals.</p> <p>The availability of the RFP guide was announced during the public hearing (documents were available on February 28, 2019. Proposals were due on March 15, 2019. The Municipality of San Juan will select sub recipients from Municipalities, Faith-Based, and other Community Based Organizations that provide services to the HIV/AIDS populations. Interested sub recipients will submit proposals to be evaluated on a competitive basis, in compliance with the RFP and Application Guidelines.</p> <p>For the purpose of this Plan the Puerto Rico EMSA will include the 78 municipalities for unobligated funds and the PR-EMSA Municipalities for the HOPWA grant.</p>
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<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>The following evaluations factors will be used to evaluate the proposals presented by potential sub recipients. An evaluation committee selected by the Municipality of San Juan will evaluate the applications with a standard instrument that will take into consideration: HIV/AIDS population within the proposed service area, level of experience of the proponent party, use of funds history by the proponent party and performance history of the proponent party. All criteria have the same weight in the evaluation process. The maximum value for a proposal is one hundred (100) points. The following are the areas of evaluation and its relative weight:</p> <p>NON Profit subrecipients</p> <ul style="list-style-type: none"> • Transmittal Letter - 3 Points • Description organization- 8 Points • Financial and Programmatic Background -4 Points • Action Plan- 35 Points • Budget - 36 Points • Required Documents - 4 Points • Performance – 10 Points • Total 100 <p>Municipal subrecipients</p> <ul style="list-style-type: none"> • Transmittal Letter - 2 Points • General Information Municipality -3 Points • Financial and Programmatic Background - 15 Points • Proposed Project Description - 25 Points • Budget -35 Points • Performance – 20 Points • Total 100
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<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Not applicable to the HOPWA Program- (see CDBG section Above)</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>Not applicable to the HOPWA Program- see ESG section Above</p>

<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>For PY 2019 the Municipality of San Juan will accept island-wide applications, including potential sub recipients from the San Juan Eligible Metropolitan Statistical Area (SJ-EMSA). Priority will be given to potential sub recipients that are not included in the SJ-EMSA. Applicants located in the San Juan EMSA that are currently receiving HOPWA funds from the Municipality of San Juan cannot receive State HOPWA funds for the same purpose and uses.</p> <p>All the applications will be evaluated by the same standards and criteria.</p> <p>No proposals that combine housing and support services will be accepted during the PY 2019. If the organization wishes to provide support services in a housing project it must submit one proposal for the support service and another for the housing.</p> <p>Support services eligible costs include:</p> <ul style="list-style-type: none"> • Nutritional Services • Day care • Case Management • Mental Health • Medical services • Any supportive service combined with housing <p>All sub-recipients are required to register with Dun and Bradstreet to obtain a DUNS number, if they have not already done so. In addition, they need to be registered on the System for Award Management (SAM).</p>
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	<p>Describe how resources will be allocated among funding categories.</p>	<p>The HOPWA Program funds will be distributed in the following categories:</p> <ul style="list-style-type: none"> • Administrative Activities: 10% • TBRA Activities and related: 33% • Housing related Activities: 36% • Supportive Services Activities: 19% <p>The final distribution by individual activity is:</p> <ul style="list-style-type: none"> • Administration Salud \$65,055 • Administration San Juan \$147,241 • TBRA \$725,947 • Delivery Cost TBRA \$29,100 • Operation Costs STRMU \$780,750 • Supportive Services \$420,402
	<p>Describe threshold factors and grant size limits.</p>	<p>No grant size limits are established for the HOPWA Program funds distribution.</p>

	What are the outcome measures expected as a result of the method of distribution?	<p>The following are the HOPWA Program Outcome Measures:</p> <ul style="list-style-type: none"> • Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family - 75 Households • Tenant-based rental assistance - 120 Households • Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds - 100 housing units <p>Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds -500 housing units</p>
9	State Program Name:	Housing Trust Fund
	Funding Sources:	Housing Trust Fund

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The PRHFA will receive \$1,034,301 in HTF funds for PY 2019. The resources will be allocated for Multifamily Rental New Construction/Rehabilitation. The funds will be distributed as follow:</p> <p>GRANT FUNDS BY ACTIVITY ALLOCATION FOR PY 2019</p> <ul style="list-style-type: none"> • Assigned Budget: \$1,034,301 • Distribution by Category: • State Administration \$103,430 • Multifamily Rental New Construction/Rehabilitation \$930,871 <p>Description of the Method to Distribute HOME and HTF Funds for Construction and Rehabilitation of Rental Housing</p> <p>As part of the joint efforts and on-going initiatives that relate to the 2015-2019 Puerto Rico State Housing Plan, the Puerto Rico Housing Finance Authority (Authority) will make available the Housing Trust Fund Activities of Rental Housing along the HOME Investment Partnership Program (HOME) Action Plan (AP). Funds will be awarded to eligible applicants following a competitive process. The competitive process will follow the criteria established in the HTF Allocation Plan.</p> <p>The PRHFA will receive \$1,034,031 in HTF funds for PY 2019. Funds will be allocated to provide incentives for meeting developing and supporting affordable rental housing units. This will be achieved through new construction or rehabilitation of non-luxury housing with suitable amenities for rent.</p> <p>Eligible Applicants</p> <p>The PRHFA is not limiting the potential pool of applicants for the HTF program. Thus, PRHFA will allow developers, non-profits and other organizations to apply for HTF funds. However, applicants must be able to participate in PRHFA funding round (NOFA). Applicants must comply with the requirements established in 24 CFR 93.2. These requirements are integral to the basic threshold criteria described in the tables below. It is important to note that applications must demonstrate that participants understand the specific requirements of the HTF program and that even if HTF funds are combined in a project with multiple funding sources, HTF unit(s) must be assisted only via HTF eligible activities (24 CFR 93.200).</p> <p>The full explanation of the Method of Distribution of funds to be used during this program year is included in the Appendix Section.</p>
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<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>Applications requesting HOME and HTF funds will be evaluated based on joint rating factors, once applicants have satisfied the basic threshold requirements. Those factors include local considerations and State HOME and HTF Program's criteria, such as: Project location; project characteristics; project owner/developer characteristics; financing characteristics; special needs projects; Housing needs and additional criteria for rental housing projects.</p> <p>See the appendix for a description of the scoring method and selection criteria that was specifically developed for the HTF Program. The criteria is presented below to facilitate the description of the priority funding factors. The QAP and PRHFA NOFA will be used to determine the final scores and funding recommendations.</p> <p>The full explanation of the Method of Distribution of funds to be used during this program year is included in the Appendix Section.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Not applicable to the HTF Program- (see CDBG section Above)</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>Not applicable to the HTF Program- see ESG section Above.</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>Not applicable to the HTF Program- see HOPWA section Above.</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>The HTF Program funds will be distributed in the following categories: Distribution of HTF Funds</p> <ul style="list-style-type: none"> • Multifamily Rental New Construction or Rehabilitation \$ 930,871 - 90% • Administration \$103,430 - 10% • Total \$1,034,301 -100% <p>The HTF resources will be allocated for particular projects that serve HTF tenant population; these could include special needs population.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>PRHFA will use the maximum per unit subsidy standards adopted by the State HOME Program. This will allow income eligible families to meet the eligibility requirements pursuant to 24 CFR 92.203. For rental projects, the proposal should allow renters to be eligible, through compliance of 24 CFR 92.216. For the PY 2019 an application or proposal will include the Basic Threshold Requirements and the additional requirements as outlined originally in the previous JANOFA efforts.</p> <p>The initial basic qualifications will be evaluated by the State HOME program personnel. If the project does not meet requirements for completeness, the applications will not be received. If received, only those applications that meet the joint basic threshold requirements and qualifications would be further considered for evaluation under joint the Point Ranking System.</p> <p>The project location and the targeted population will be key factors in determining the grant size limit.</p>

	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>The following are the HOME Program Outcome Measures:</p> <ul style="list-style-type: none"> • Multifamily Rental Dev. \$930,871 – A total of 6 housing units.
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Discussion:

The full explanation of the Method of Distribution of funds to be used during this program year is included in the Appendix Section.

AP-35 Projects – (Optional)

Introduction:

Project-level detail will be included once subrecipients develop their activities.

#	Project Name

Table 9 – Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

As previously described in this Annual Action Plan, the reasons for allocation priorities during the PY 2019 Annual Action Plan is the results obtained from the combination of the citizen participation and consultation process and the Consolidated Plan Needs Assessment analysis. The assessment resulted in the need of affordable housing activities to address the needs of the low and moderate income persons and in the investment of available funding in activities toward the needs of non-housing community improvement projects.

Also, homeless housing and supportive services actions and public service activities to address the needs of the special needs population groups were among the community priority needs resulted from the evaluation and analysis process undertaken.

In terms of any obstacles to addressing the needs of the underserved population still the lack of sufficient available resources to address the needs of the described population continues to be the main obstacle that the State and local government units faces in a daily basis.

AP-38 Project Summary
Project Summary Information

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

Yes

Available Grant Amounts

Loan Guarantees (LGA) under Section 108 of Title I of the Housing and Community Development Act of 1974, as amended, is not subject to the method of distribution of funds as set forth for the CDBG program. Section 910, of the National Affordable Housing Act of 1991 (NAHA), as amended, extended the Section 108 Loan Guarantee program to non-entitlement communities nationwide. As required in Section 104(a) of the Act, we are including the guidelines, regarding the determination to assist non-entitlement municipalities, in applying for guaranteed loan fund under 24CFR Subpart M. Non-entitled municipalities will be eligible to apply for Section 108 Loans as long as they comply with all regulatory requirements and PRDOH program guidelines.

Available Grant Amounts

Estimated Availability of Funds for PY 2019- \$118,575,375

Section 108 provides the State CDBG Program with an additional source of financing, to meet housing and community development needs for the non-entitlement municipalities. The Act allows HUD to issue government bonds that would guarantee up to five times the current CDBG allocation to PRDOH. To secure the loans issued, PRDOH must ensure that any State CDBG funds that are pledged for a particular non-entitlement municipality does not affect prospective CDBG allocations for the remaining non-entitlement municipalities. To avoid payment default, PRDOH requires the municipal administration to present other collaterals, besides the required by HUD, in order to secure the re-payment of the loan. If PRDOH deems necessary a Memorandum of Collaboration could be executed with any governmental financing agencies, such as the Governmental Development Bank for Puerto Rico (GDB) and EDBPR. Further consultation could be made with the Tourism Company, the Industrial Development Corporation, the Puerto Rico Economic Development Administration and any other agency that could review the applications to determine risks factors. Specific requirements of feasibility, business plan and other supporting documents are required to make the financial assessment of the project in order to assure PRDOH the feasibility of the project.

Section 108 funds should be requested for economic development activities, or activities in support of

economic development (24 CFR 570.703), including:

- Property acquisition
- Rehabilitation of publicly owned properties
- Housing rehabilitation eligible under the CDBG program
- Special economic development activities under the CDBG program,
- Payment of issuance costs associated financing loans 108
- Acquisition, construction, reconstruction, rehabilitation or installation of public facilities
- Reserves to pay debt service on the Section 108 loan
- Other related activities, including demolition and removal, relocation, interest payments, and insurance costs.

For the purposes of determining eligibility, the State CDBG rules and requirements should be observed in full compliance. PRDOH will evaluate the proposed activities on a case by case basis. The agency will also consider if the proposed project could generate income or has any other sources to assure debt repayment. Such measures will guarantee the long-term sustainability of the project.

Acceptance process of applications

Application Requirements

- The first requirement prior to the submission of a LGA application is the transmittal of a letter of intention to submit a 108 LGA Application to PRDOH. The Federal Programs Division at PRDOH will receive the letter of intent and commence the administrative requirement review first. Once the administrative review is completed, the non-entitlement municipality will be authorized to submit an application for Section 108 Loan Guarantee. Applications for the Section 108 Loan Guarantee Program may be submitted throughout PY 2019.
- The non-entitlement municipalities should comply with several administrative requirements, in order to receive the authorization to submit an application for participation in the LGA program.
- Requirements include: Status of monitoring reports, up to date Single Audit Reports, closing of previous program years (only last 5 PY can be open), no open findings, timeliness, among others.
- Municipalities can request up to a maximum of 5 times their CDBG allocation with a ceiling of \$2,000,000 per municipality.

For a more specific set of requirements and a detailed description of eligible activities, please see PRDOH Process Guideline for Section 108 Program.

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

State's Process and Criteria for approving local government revitalization strategies

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

As the PR-State Consolidated Plan leading agency, the PRDOH is responsible to address the non-housing community development needs of the Non-Entitlement municipalities within the State jurisdiction. Thus, PRDOH is responsible to oversee that all CDBG program investment related to non-housing community development are made in eligible economically low income geographic areas.

By eligible low income geographic areas, PRDOH defines those geographic areas where, at least fifty-one percent of the population (in accordance with HUD CPD's Updated LMISD or low income surveys), are members of families whose incomes do not exceed 50 percent of the median family income for the area, as determined by HUD with adjustments for smaller and larger families. Exception could be made by HUD to establish income ceilings higher or lower than 50 percent of the median for the area on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

As per the concentration of minorities within the State geographic areas, the 5-Yr. ACS Demographic and Housing Estimates (2011-2015) shows that ninety-nine percent of the statewide population are from hispanic or latino origins and that from this percentage, ninety-five percentage are from Puerto Rican origins.

DISPROPORTIONATELY GREATER NEED

The Consolidated Plan identified that Low- and moderate-income Blacks and Asians have disproportionate greater needs. The percentage of Asians that have one or more of four housing problems is 68% among 0-30% AMI, 100% among 30%-50% AMI and 97% among 50%-80% AMI. In the jurisdiction as a whole households the percentages of those having one or more of four housing problems are much less (60% among 0-30% AMI, 53% among 30%-50% AMI and 47% among 50%-80% AMI). Among Blacks, 68% of those in the 0-30% AMI bracket has one or more of four housing problems, 81% among 30%-50% AMI and 58% among 50%-80% AMI. However, as previously stated the sizes of the Black and Asians populations with problems is very small (or in the hundreds). See (Discussion section below) for areas where assistance shall be directed.

Compliance with 70% Requirement

The regulations require the State to use no less than 70 percent of the CDBG funds received during a period specified by the state, not to exceed three years, will be used for activities that benefit persons of low and moderate income persons. The PRDOH will require to all Non-Entitlement municipalities that receive CDBG funds allocation during the PY 2019 to invest the non-housing community development funds in economically eligible low income areas. Also, the PRDOH will require the municipalities to certify that not less than seventy percent of the individuals benefited with CDBG funded activities complies with the low-income

eligibility.

CDBG

In 2014 the Government of Puerto Rico enacted Law 137-2014. Under this act the central government determined the allocation for non-entitlement municipalities under the State CDBG Program. With this legislation all non-entitlement municipalities will receive the same share of CDBG funds, except for Vieques and Culebra, which will receive an additional 15%. The municipalities will continue to define the specific allocation of such funds. The ultimate geographic distribution of the CDBG funds is made by the non-entitlement municipalities once they complete their own citizen and consultation process.

ESG, HOME, HOPWA and HTF

The ESG, HOME, HOPWA and HTF programs accept proposal and provide funding for projects Island-wide.

Geographic Distribution

Target Area	Percentage of Funds
CDBG- Non-entitlement communities	51
Statewide	44

Table 10 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

As previously presented in the Annual Action Plan, the projects included for the PY 2019 are created to address the priority needs and specific objectives identified in the 5-Yr. Consolidated Plan. In addition, all projects are associated with one or more priority needs and one or more goals. Therefore, the priorities for the investment related with targeted geographic areas are related with non-housing community development activities that address the goals and objectives of the Consolidated Plan. The Non-Entitlement municipalities proposing this type of projects must invest the CDBG monies in eligible low-income areas, as defined by HUD.

Discussion

The overarching goal of the Department of Housing and Urban Development's Community Planning and Development (CPD) programs covered by the Consolidated Plan is "to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities," principally for low- and moderate-income persons. In order to achieve the provision of suitable living environments within the low- and moderate-income communities, the PRDOH encourages non-entitlement municipalities to undertake non-housing community development activities.

These activities are designed to create, expand and/or improve the physical conditions of community's public facilities located within the benefited low- and moderate-income communities. As previously stated, an eligible low-income community is a geographic area where, at least fifty-one percent of the population, are

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members of families whose incomes do not exceed 50 percent of the median family income for the area, as determined by HUD with adjustments for smaller and larger families.

The following Communities Municipalities has been identified by the states as priority areas with disproportionately greater need and minority concentration:

Suárez comunidad, Loíza Municipio
Loíza zona urbana, Loíza Municipio
Vieques comunidad, Loíza Municipio
Yaurel comunidad, Arroyo Municipio
Buena Vista comunidad (Arroyo Municipio), Arroyo Municipio
Palo Seco comunidad, Maunabo Municipio
Playa Fortuna comunidad, Luquillo Municipio
Emajagua comunidad, Maunabo Municipio
Lamboglia comunidad, Patillas Municipio
Culebra zona urbana, Culebra Municipio
Esperanza comunidad, Vieques Municipio
Arroyo zona urbana, Arroyo Municipio
Vieques zona urbana, Vieques Municipio
Maunabo zona urbana, Maunabo Municipio
Daguao comunidad, Naguabo Municipio
Comunas comunidad, Yabucoa Municipio
Playita comunidad (Salinas Municipio), Salinas Municipio
Luquillo zona urbana, Luquillo Municipio
Las Ochenta comunidad, Salinas Municipio
Gurabo zona urbana, Gurabo Municipio
Ramos comunidad, Luquillo Municipio
Coquí comunidad, Salinas Municipio
Duque comunidad, Naguabo Municipio
Naguabo zona urbana, Naguabo Municipio
San Antonio comunidad (Dorado Municipio), Dorado Municipio
Patillas zona urbana, Patillas Municipio
Aguas Claras comunidad, Ceiba Municipio
Playita comunidad (Yabucoa Municipio), Yabucoa Municipio
Ceiba zona urbana, Ceiba Municipio
Celada comunidad, Gurabo Municipio
Capitanejo comunidad
Santa Clara comunidad, Aguas Buenas Municipio
Central Aguirre comunidad, Salinas Municipio
Parcelas de Navarro comunidad, Gurabo Municipio
Río Blanco comunidad, Naguabo Municipio

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Breñas comunidad, Vega Alta Municipio
Tallaboa comunidad, Peñuelas Municipio
Salinas zona urbana, Salinas Municipio
Coco comunidad, Salinas Municipio
Mariano Colón comunidad
La Fermina comunidad
Santo Domingo comunidad, Peñuelas Municipio
Vega Alta zona urbana, Vega Alta Municipio
Yabucoa zona urbana, Yabucoa Municipio
Dorado zona urbana, Dorado Municipio
Cataño zona urbana, Cataño Municipio
Coamo Municipio (part)
Río Lajas comunidad, Dorado Municipio
Juncos zona urbana, Juncos Municipio
Indios comunidad, Guayanilla Municipio
Martorell comunidad, Yabucoa Municipio
Monserate comunidad
Ceiba comunidad
Vega Alta Municipio (part)
El Negro comunidad, Yabucoa Municipio
Aceitunas comunidad, Moca Municipio

Municipalities and subgrantees shall provide priority to the above areas when undertaking the eligible activities.

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

The 2015-2019 5-Yr. Consolidated Plan of the PR-State includes the provision of decent housing as one of the main objectives to be achieved through the activities included in the referred plan. This particular objective includes a series of goals that at large includes the following:

- Housing activities directed to address the needs of the homeless persons;
- Housing activities directed to address the needs of the special needs populations;
- Promote activities directed to preserve and increase the stock of affordable housing units;
- Promote activities toward the ownership of low income persons of their housing units

To achieve these goals, the PR-State government propose a series of housing activities directed to address the housing and supportive services needs of the low-income population, which will comply with the PR-State responsibility of providing safe, decent and sanitary housing units that enable this population group to live with dignity and independence.

The following table includes a description of the number of households that will be benefited from the housing assistance activities proposed in this PY Annual Action Plan:

One Year Goals for the Number of Households to be Supported	
Homeless	10,457
Non-Homeless	1,399
Special-Needs	645
Total	12,501

Table 11 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	409
The Production of New Units	33
Rehab of Existing Units	13
Acquisition of Existing Units	111
Total	566

Table 12 - One Year Goals for Affordable Housing by Support Type

Discussion:

ESG will provide will allocate funds for homeless prevention and rapid rehousing activities. NPOs and municipalities may use ESG funds to provide housing relocation and stabilization services and short- and/or

medium-term rental assistance necessary to prevent an individual or family from moving into an emergency shelter or another place allowed by the regulation. ESG funds may also be used to provide housing relocation and stabilization services and short-and/or medium-term rental assistance as necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing. Meanwhile HOPWA will provide tenant based rental assistance (TBRA), and short-term rent mortgage utility assistance (STRMU) for persons with special needs.

The HOME and CDBG Program provides the highest share of housing assistance, hence will provide the biggest outcomes for supported households during the year. Yet, the CDBG program can provide funding for infrastructure in support of housing, and public facilities. Such actions must be prioritized first in the local government. The ESG and HOPWA programs provides the largest assistance to the homeless and special needs population.

During the preparation of the 5-Yr. Consolidated Plan, the Needs Assessment and Market Analysis outline levels of relative need in the area of affordable housing for the low-income population in Puerto Rico. This level of need drive the State strategy created to address the immediate housing needs of the economically disadvantage persons in the Island. The main objective of this strategy is investing available resources in service activities that enhance access to affordable housing to the programs eligible low-income population groups. Via these efforts, low-income persons have the opportunities to stabilize their housing conditions and reduce the risk of homelessness.

To accomplish this objectives the PR-State Consolidated agencies determine to promote affordable housing service activities in the following way:

- CDBG funding will be invested in the creation of housing rehabilitation opportunities for owner occupied units or units to be occupied by low income persons;
- ESG funding will be invested in the creation of housing opportunities and supportive services for homeless population and individuals at risk of homelessness;
- HOME funding will be invested in the creation of homeownership opportunities as well as tenant based rental assistance opportunities for low-income persons;
- HOPWA funding will continue to be invested in the creation of rental assistance opportunities for HIV/AIDS individuals and their immediate families, as well as transitional housing and supportive services for low-income individuals with HIV/AIDS.
- HTF funding will be invested on Multifamily Rental New Construction/Rehabilitation and Single Family Homebuyer Assistance.

These consolidated housing activities fully engage and leverage additional mainstream housing assistance available within the PR-State public service structure. The State Housing Choice Voucher Program, commonly known as Section 8 Program, allow very low-income families to choose and lease or purchase safe, decent, and affordable privately-owned rental housing. The State Public Housing Program provides decent and safe

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rental housing for eligible low-income families, the elderly, and persons with disabilities.

As part of the State Government public policy and governmental vision, stable housing is an important tool in helping households achieve other life outcomes, and the PR-State Consolidated Plan Agencies are committed to work toward providing low-income families access to these opportunities.

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction:

The public housing activities within the PR-State jurisdiction are funded through two (2) main funding streams of HUD Office of Public and Indian Housing. These funding streams are the Housing Choice Voucher Program (HCVP) and the Public Housing Program.

The HCVP, also known as Section 8 Program, allows very low-income families to choose and lease or purchase safe, decent, and affordable privately-owned rental housing. In the other hand, the Public Housing Program provides decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Within the PR-State Government, both programs are administered and managed by the PR Public Housing Administration (PR-PHA), a subsidiary agency of the State Department of Housing. For the public housing complexes, the PR-PHA has management agreements with Private Sector Administrators Firm that are responsible of the daily operation of the projects.

Under the State Government new public policy, the funds allocated to the PR-State public housing initiatives becomes a high priority among the consolidated plan housing and community development strategy. Puerto Rico is facing the most critical economic recession in modern history that has resulted in structural problems, economic shocks and weak public finances. This scenario has yielded a decade of stagnation, outmigration and debt. Under these circumstances, the new public policy seeks to promote initiatives toward aligning available resources into unified and targeted impact strategies. As part of the development of the institutional structure of the Consolidated Plan strategy, the State Department of Housing fully engage and leverage these mainstream housing assistance programs to the Consolidated Plan housing initiatives. This management vision allows the Department to align the available resources to a unified and targeted housing strategy that results in maximize the impact of the public funds invested in housing initiatives.

This section describes the actions that the PR-State will take to address the needs of the public housing population groups during the planned PY 2019.

Actions planned during the next year to address the needs to public housing

No CPD funded activity will exclusively serve any of the Public Housing projects located within the Municipality boundaries. Nevertheless, the local public policy service strategy includes the public housing population among the service delivery groups that benefits of the Municipality's public services and community development activities. Various activities included in the 2019 action plan benefit the public housing

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residents, among them:

CDBG

Public Services

- Home Care Assistance
- Academic Tutoring
- Sports and Recreational activities

Public Facilities

- Park and recreational facilities
- Water Parks

Infrastructure

- Re-pavement of Municipal roads

HOME

Residents are offered the opportunities to acquire affordable housing units

HOPWA

Supportive services are provided to PH residents with HIV/AIDS

Other Services

In addition, Municipal governments provide services to the Public Housing Residents. Among the services are:

- Educational services at the Head Start Centers
- Sport Clinics
- Summer Camps
- Cultural Activities
- Fines Arts workshops
- College Board workshops
- Adult Education
- Educational grants to high school students
- School supplies

As part of the PHA Plan actions proposed to improve the living conditions of the public housing residents and

projects, the following activities will be undertaken by the Puerto Rico Public Housing Authority during the PY 2019:

- Homeownership initiatives will be offered to public housing residents with the objective of assisting them to acquire an affordable housing unit and obtain the unit title;
- The PR-PHA will promote economic and social self-sufficiency initiatives with the objective of fostering the residents to develop their occupational skills, to improve their educational level, and to assist them in obtaining a job opportunity as a strategy to achieve economic independence;
- The PR-PHA will create the *Tenant Participation Fund Program*, a new initiative that seeks to improve the public services alternatives offered to the public housing residents. This initiative will promote full participation by the residents in the process of determining their community needs and identifying the service proposals that better fits the empowerment and self-sufficiency needs of the residents;
- Through the PR-State Agencies components and the local governments, the PR-PHA will coordinate public services actions to address the basic and essential needs of the population and communities. Among the initiatives toward this objective is the *Servi Movil* concept. This concept seeks to bring the basic and essential public services programs to the housing complex. This includes the development of health fairs, job fairs, universities fairs, recreational and sports fairs, among the other governmental services;
- The PR-PHA will continue undertaking extraordinary improvements actions in public housing projects to improve the physical conditions of the projects and the housing units. In particular, the new State Government will give emphasis to the rehabilitation and modernization of the Elderly Public Housing Projects.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The State public housing strategy includes policies to promote social and economic self-sufficiency among the housing complexes residents. A key element within this strategy is achieve resident engagement and community leadership within the housing projects. Through the engagement of the residents, the PR-PHA and the Private Administrators Firm will be able to understand the residents views of their community, particularly the community needs and assets and how the residents view that socio-economic improvements can be achieved.

As previously stated, during the course of the PY 2019, the PR-PHA will undertake the *Tenant Participation Fund Program* and the *Servi Movil* initiative as part of the commitment that the State Government has with the public housing communities to improve their living conditions and engage them in the development of the management activities of their complexes and communities.

As per the participation of homeownership actions, the PR-PHA will promote *Casa Mía*, a new concept to promote homeownership within the low and moderate families in Puerto Rico. This housing initiative will engage the participation of the non-profit sector the mortgage business sector, among other components, to

assure the acquisition and occupation of housing units by low income persons and/or families.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

As of June 30, 2016, the PR-PHA performance was standard under the HUD-Public Housing standards. Although no problems are in sight that can cause a decrease in the level of performance of the Agency, if needed the State Government Consolidated Plan Agencies will be available to provide technical assistance, management and financial consultant activities, programmatic and operational advice and capacity building actions, toward the Agency managerial and performance improvement.

Discussion:

The State Public Housing strategy is a key element among the PR State Government housing and community development policy. The main responsibility of the public housing initiative falls under the PR-PHA, a subsidiary agency of the State Housing Department, one of the main components of the PR-State Consolidated Plan Institutional Structure.

Under the new State Government vision and the economic hardship and constraints affecting the overall economic system, the alignment and maximization in the use of available resources for common and unified strategies plays an important role in the Housing and Consolidated Plan Strategies and Initiatives.

As a special need population group, the State Government through the PR Department of Housing will be responsible to develop strategic actions to address a number of interrelated community challenges in the areas of education, health, human services, affordable housing job training and creation and other public service offerings. Only with the commitment of promoting the alignment of resources and the maximization of its use, the strategy could achieve positive changes among the public housing communities and improve the living conditions of their residents.

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

The PR-State strategy behind the homeless initiative is from a network perspective in which collaboration, integration and partnerships will continue to be fostered to implement activities to prevent, reduce and end homelessness. This collaborative effort will also have the intention of streamlining the funding sources within the partnered organizations in order to promote a more effective utilization of the community wide available resources to address the needs of the individuals and families experiencing homelessness.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

According to the Point in Time Census (PIT) 2017 there are 3,501 homeless persons in Puerto Rico; seventy three (73%) are unsheltered and thirty one (31%) are considered chronic homeless. Seventy six (76%) of the homeless population are men while twenty four (24%) are women. Homeless individuals are mainly located at the Municipalities of San Juan, Ponce, Arecibo, Caguas, Mayaguez, Guayama, Bayamón, Vega Baja, Guaynabo, Humacao and Aguadilla. Based on the data the State Department of Family, PR Government ESG Grantee, will continue supporting outreach, engagement, intake and initial assessment services to unsheltered persons activities that local governments and nonprofit organizations undertake during the PY 2019. The financial support of these organizations will be provided through the allocation of the ESG Program funding.

Through this component, the Department will support the provision of essential services necessary to reach out to unsheltered homeless individuals; connect them with emergency shelter, housing, or critical services; and provide urgent, non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility.

Among the eligible activities that the Department will support are the following activities: engagement; case management; emergency and mental services; transportation services; housing search and placement, housing stability and case management and services for special needs populations. To enforce in our subrecipients the need to reduce the number of homeless individuals and families the ESG program established in its standards that street outreach activities must include the case management component to assure that services focus not only on satisfying the basic needs, but also stabilizing physically and emotionally the individuals and placing in some type of housing modality. Also, Street Outreach Projects must provide outreach services at least three times a week and services will be provided based on the client's needs. The DF is very committed to increase the number of persons served under this category and to reduce the time that homeless individuals are on the streets.

The ESG program will continue supporting innovative special projects targeted to provide outreach services

for chronic homeless and emergency shelters in Municipalities of high demand.

Finally, the Department of Family will continue supporting low barriers emergency shelters, particularly only projects with 65% or more of bed utilization rate, will be considered to receive funds. It is expected that subrecipients works towards to removing administrative, institutional and programmatic barriers that limit access to emergency shelters. As well, the Department continues encouraging its sub-recipients, the inclusion of permanent housing as a goal in the services plans since the first day a homeless person enters a shelter.

Addressing the emergency shelter and transitional housing needs of homeless persons

Local public policies on homeless, (Law Number 130) recognizes the need to foster, plan, and carry out services and facilities to attend the needs of homeless individuals, to enable their participation in the Puerto Rican community and allow them to lead a productive and social life. Services must be offered in an integrated manner, promoting the vision of a continuum of care system that guarantees the uninterrupted offering of services and housing, sharing responsibilities for such an important matter among the various sectors”.

As part of the responsibilities of the Department of the Family, the Agency supports the operation of Emergency Shelter facilities throughout the Island. These types of facilities provide a safe and decent alternative to the streets for a determined period of time for a family or individual who is homeless, in addition to providing access to case management, health care assessment and referral services. This emergency placement includes meals, sleeping arrangements, and access to phone and mail services. Before the conclusion of the period of time limitation, each family or individual will have completed an assessment to determine self-sufficiency goals and housing needs. A family can then be referred to transitional housing, move to permanent supportive housing, or move into other low-income housing. Each client agrees to the conditions of stay within the facility and agrees to work on a case plan designed to make self-sufficiency possible.

According to PIT 2017 only twenty seven (27%) of the homeless are sheltered. To increase the number of persons who are placed in emergency shelters, this PY2019 the Department of the Family will continue to support low barriers emergency shelters. It has been established in the ESG standards that emergency shelters admission's procedures have to reflect a housing first approach. Also, the DF will support emergency shelters with sixty five (65%) average rate utilization bed occupancy. ESG's subrecipients will continue to be provided with plenty technical assistance to reduce the time of individuals in emergency shelters. Individual planning services are also set as requirements in the ESG standards and should focus placing individuals in some type of housing before ninety (90) days.

Funding for emergency shelters comes mainly from the State's ESG program. These funds also are made available through the RFP process previously described. Funds may be used for renovation of emergency shelter facilities and the operation of those facilities, as well as supportive services for the residents, which could include Case Management, Child Care, Education, Employment Assistance and Job Training Activities,

Legal, Mental Health, Substance Abuse Treatment, Transportation, and Services for Special Populations.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The 24 CFR Section 576.104 of the ESG Program regulations includes the dispositions regarding the Rapid Re-housing Assistance Component of the program. According to the Puerto Rico's Point in Time Count(PIT) 2017 there are 3,501 homeless persons; (73%) are unsheltered and (31%) are considered chronic homeless. Some of the reasons for becoming homeless are substance abuse (31%), family problems (23%), economic hardships (15%), alcohol abuse (6%), mental health conditions (6%), unemployment (5%), domestic violence (3%), housing eviction (2%), exiting from jail (.6%), and housing fire (.5%). Projects targeted to work with special populations such as alcohol and substance abuse, mental health and domestic violence matters are set as priority projects for allocating funds. Also, based on the PIT 2017 data, sixty (60%) of the total ESG grant is distributed to provide outreach and emergency shelters activities. Individuals and families facing housing evictions and economic hardships are targeted through prevention and rapid re- housing activities. These funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance as necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing. The rapid re-housing assistance must be provided in accordance with the housing relocation and stabilization services requirements, the short- and medium-term rental assistance requirements and the written standards and procedures established under the program regulations.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

Puerto Rico's Point in Time Census (PIT) 2017 shows that there are 3,501 homeless persons; 73% are unsheltered and 31% are considered chronic homeless. Some of the reasons for becoming homeless are substance abuse (31%), family problems (23%), economic hardships (15%), alcohol abuse (6%), mental health conditions (6%), unemployment (5%), domestic violence (3%), housing eviction (2%), exiting from jail (.6%), and housing fire (.5%). It is essential to support prevention activities to avoid individuals becoming homeless.

The State is committed to provide the necessary assistance to prevent individuals and families to become homeless. Under this component, ESG Program funds are used to provide housing relocation and stabilization

services and short- and/or medium-term rental assistance necessary to prevent an individual or family from moving into an emergency shelter or another place not meant for human habitation. This assistance may be provided to individuals and families who meet the criteria under the “at risk of homelessness” definition and have an annual income below 30 percent of median family income for the area, as determined by HUD. The costs of homelessness prevention are only eligible to the extent that the assistance is necessary to help the program participant regain stability in the program participant’s current permanent housing or move into other permanent housing and achieve stability in that housing. Homelessness prevention must be provided in accordance with the housing relocation and stabilization services requirements, the short-term and medium-term rental assistance requirements and the written standards and procedures established by the program regulations.

This FY2019 the DF will continue supporting Rapid Re-Housing and Prevention activities, particularly providing case management, housing placement and stabilization services for individuals and families and for special projects targeted to the mental health populations and for any other unmet need identified by PRDF. Individuals and families facing housing evictions and economic hardships will also be attended through these activities.

Discussion

The provision of housing and supportive services to the homeless population is one of the main goals among the housing and community development strategies of the PR-State Government during this consolidated period. In leading this effort, the PR Department of Family administers the ESG Program allocation, which is used to make grants to Municipalities and Nonprofit Organizations for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, for the payment of certain expenses related to operating emergency shelters, for essential services related to emergency shelters and street outreach for the homeless, and for homelessness prevention and rapid re-housing assistance. Through this initiative, the Department leads the role toward the goal of ending homelessness in the State jurisdiction.

The Current Homelessness Strategy to end chronic homelessness in Puerto Rico includes strategies directed towards persons who are currently homeless, as well as that in risk of becoming homeless. These include:

- Expansion of stakeholders involved in collaborative planning and service development within targeted areas with high prevalence of chronic homeless persons, in full compliance with PR Law 130-2007.
- Efforts to implement existing, and obtain new, commitments from Mayors to participate in 10-year planning processes to end chronic homeless
- Development and implementation of specific action steps with state and municipal governments that have established the elimination of chronic homelessness as a priority, such as supportive housing development, providing homeless family’s public housing in municipalities that administer their own public housing projects, providing vouchers for permanent housing in those municipalities that administer voucher programs, coordinating supportive services to promote retention in permanent and supportive housing, including the development of mini-enterprises for homeless self-

employment, etc.

- Implementation of specific action steps to improve access to services, reduce stigma and combat the criminalization of homelessness, based on the awareness that has been developed in policy and decision-makers, resulting in policy changes to reduce the time for elimination of criminal records, give priority to homeless populations applying for mainstream services, and others.
- Education and advocacy to increase the number of public and private funding sources for housing and supportive services for chronic homeless, emphasizing those with SA/MH conditions.
- Increased capacity building of municipal government representatives to partner with community-based organizations in the development, financing and delivery of services to chronic homeless.
- Emphasis on continuing education to professionals working with homeless individuals to improve sensitivity and humane treatment as well as the level of intensity and quality of services needed by the chronic homeless to achieve their recovery and promote self-sufficiency over time, including the inclusion of curricular content related to homelessness in pre-service training of Police Cadets and in courses of public and private high schools.
- Continue with the implementation of the HMIS - currently under San Juan's Coalition and the Coalition of Coalitions.
- Continue with the implementation of the Coordinated Entry System.
- Collaborate with the HMIS administrators San Juan's Coalition, the Coalition of Coalitions, and the entities that comprise the CoC in order to strengthen homelessness data gathering processes, and the consistency of information provided by organizations.
- Identification and work with public and private housing developers to target homeless in the development of permanent supportive housing to improve housing accessibility and service infrastructures for the chronic homeless.
- Provision of Rapid Rehousing assistance.

AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	75
Tenant-based rental assistance	120
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	100
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	350
Total	645

AP-75 Barriers to affordable housing – 91.320(i)

Introduction:

The enactment of public statutes, ordinances, regulations, administrative procedures and/or processes could have a negative effect in the cost to produce and/or maintain an affordable housing stock in the local market. In its continuously public responsibility, the State must deal with taking actions to ameliorate the effects that existing policies could have in promoting affordable housing initiatives.

Among the common policies that have an effect as a barrier to affordable housing in the local housing market, we can describe land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment. Under the current Government structure, some of these policies are enacted at the local government level. Therefore, the State Government must deal with some jurisdictional level establishment in order to take care of the possible limitations that such policies represent to the affordable housing markets.

As previously stated in this plan, the State Government is currently putting in place a new public policy vision with the objective of promoting the sustainable development of Puerto Rico and addressing the deep economic and financial recession that had stall the Island economic development for the last decade. The *Plan para Puerto Rico* includes a series of strategies and initiative that promotes a change of vision in the form of managing the public sector and in the way the State Government conducts its public business.

Through the described plan, the State Government proposes to take actions that leads to the economic development of the Island in all business sectors including the housing markets. In this section, the PRDOH will present which of the proposed public policies address the needs of ameliorating the effect that enacted public policies have in the affordable housing market in Puerto Rico.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Many of the common policies that have a direct effect in the production and development of affordable housing units are related with permits process and land use planning process. To address most of the practices that are considered barriers for the production and development of affordable housing units, the Government vision must be from a planning and land use management context.

It is well known that, in Puerto Rico, the permits process is one of the multiple reasons for the economic stagnation experienced by the Island. A very high deficient and ineffective permits process, has contributed to the general economic recession experienced by the Puerto Rico industrial sector for the last decade. To address the policies that are considered barriers for affordable housing actions, the new public policy of the PR State Government is proposing the establishment of a Single Point Permits Office, that will have the

responsibility of streamlining the permits process and create a friendly and effective mechanism that assist in improving the business environment in the Island, including the business model for housing development actions.

Other factor that the State Government will be addressing through the new government vision is the land use policies. Through the creation and implementation of a Strategic Planning Program, the State Government will be creating medium and long period plans relating to the land space ordainment within the Island. The State Land Use Plan will be revised to align it to the Municipalities Local Land Use and Ordainment Plans. This initiative will have the effect of eliminating existing confronting policies for land use and will promote flexibility in the establishment of polices concerning the use of the land and the promotion of project development throughout the Island, including housing related activities.

In addition, the State Government policy is promoting the establishment of affordable housing policies to benefit low income and special needs population groups. Among the proposed policies is the *Casa Mía* initiative that promote the establishment of an incentive program to facilitate the acquisition of an existing housing unit to low income worker's families, the *Nuevo Comienzo* initiative that proposed the provision of rent subsidies to women who are victims of domestic and gender violence actions and the *Egida del Siglo 21* initiative, an activity proposing the rehabilitation and modernization of elders housing projects.

The first two (2) of the described affordable housing initiative will also have the effect of promoting the acquisition and occupation of existing housing units that currently are vacant and available within the housing market in Puerto Rico. The vacancy of housing units has been arising in the last years due to the significantly migration wave that the Island has been experiencing. With initiative like the described, the State Government purpose of stabilizing communities that have suffered from significantly vacancy in their housing units and will limit the probability of abandonment of the communities housing stock.

Discussion:

To tackle and ameliorate the effect of the actions that commonly are considered barriers for the development and establishment of affordable housing actions, the PR State Government is proposing pro-active initiatives that will foster activities to provide housing units to low income and special needs population groups. These actions consider planning and permits policies that will facilitate the undertaking of activities directed to address the housing needs of the economically disadvantaged individuals, as well as the creation of new initiatives toward the provision of incentives for acquisition, lease and/or rehabilitation purposes by low income worker families and/or special needs population groups.

AP-85 Other Actions – 91.320(j)

Introduction:

In this Section of the Annual Action Plan for PY 2019, the PRDOH will include a description of the actions that the PR-State government it will undertake to foster and maintain a stable affordable housing stock; to reduce the risk of exposure to lead based paint hazards; to reduce the number of poverty-level families; to develop the institutional structure and to enhance coordination between public and private housing and social service agencies.

Actions planned to address obstacles to meeting underserved needs

As part of the State Government vision, the Consolidated Plan Agencies will be providing economic assistance and incentives to address the housing and socioeconomic needs of the underserved population groups. Under Puerto Rico current economic scenario, the lack of resources among the low income and underserved population is the main reason to obstacle the socioeconomic stability of these groups within the general society.

The particular actions that will be taken by the Agencies are:

- The State Department of Housing will be responsible to provide rent financial assistance to eligible low income families and/or individuals and rent assistance and the creation of economic development actions within the public housing projects to improve the economic and living conditions of this segment;
- The PRHFA will provide homeownership assistance to low income persons interested to acquire an affordable housing units;
- Also the PRDOH will make available CDBG funds for housing rehabilitation actions of low income owner occupied units within the Non-Entitlement municipalities of the Island. This action will promote improve the physical conditions of the low-income housing stock in the Municipalities;
- The State Department of Health, through the Municipality of San Juan Housing and Community Development Department, will promote tenant based rental assistance activities for HIV/AIDS individuals and their families. In addition, transitional housing and supportive services will be made available for HIV/AIDS homeless individuals reach out by Nonprofit Organizations providing housing and supportive services to this population.
- The State Department of Family will make available ESG funds for the provision of housing activities services for homeless individuals and/or at risk homelessness individuals. These assistances will be provided through Nonprofit Organizations and municipalities around the Island. In addition, the Department will strongly support the efforts of the Homeless Continuum of Care Coalitions operating within the Island jurisdiction and that are responsible to request and distribute Continuum of Care funding to address the basic and immediate needs of the homeless population in Puerto Rico.

Additional efforts, from administrative and planning management actions, will be taken in order to improve

the permits process and land use policies that will allow the promotion of actions to facilitate affordable housing initiative around the Island.

The Commonwealth is also taking tax measures to support affordable housing programs. For example, in 2014 the Commonwealth imposed a 2% special tax on Money Transmitting Business on money transmission processed or completed electronically or by check, fund Law 173 “Housing Rental and Improvement Subsidy Program for Low-Income Elderly Persons”.

Regarding CDBG, some of the most urgent needs of non-entitlement communities are infrastructure, housing rehabilitation and economic development. To expedite funding allocation and expenditure, the Commonwealth of Puerto Rico assigned by Law an equal amount of CDBG funds to non-entitlement municipalities, except for Vieques and Culebra that are granted 15% in additional funding. Based on their local knowledge, these units of local government decide the activities they want to support. PRDOH’s new policy is also a strategy to shift scarce municipal human and administrative resources from proposal writing activities to program implementation and compliance. Moreover, this action will allow PRDOH personnel to dedicate more time to technical assistance and oversight activities.

Actions planned to foster and maintain affordable housing

As previously stated the provision of economic assistance to rehabilitate, acquisition and rent affordable housing units is the main action that the PR State Consolidated Plan Agencies will be undertaken to foster and maintain a healthy and stable affordable housing stock within the local housing market.

In addition, pro-active actions leading to promote the re-use and re-occupation of existing vacant housing units within the low-income communities of Puerto Rico, will promote the expansion of the low-income housing stock, will promote re-population actions in communities that has suffered of a high level of migration and will avoid the deterioration and abandonment of communities creating a public safety and health problems within the Municipalities.

The State Government is also proposing actions toward supporting the creation of housing activities under a cooperative business model. As part of the support that the new public policy will provide to the Puerto Rico Cooperative Movement, housing projects will be supported as part of this government economic development vision.

The main action of the Commonwealth is the use of a mechanism of a Unified NOFA. This strategy seeks leveraging expertise with funds and resources available for housing and community development from different programs to support the policies of the State Housing Plan.

The state will use HOME and HTF funds particularly through homebuyer assistance programs and single family rehab to foster and maintain affordable housing. Moreover, the state plans to use HOME funds to leverage other state projects which will increase the affordable housing inventory. The use of HOME resale and

recapture provisions will support the affordability of such projects in the long-run.

Additionally, CDGB housing activities (Rehab, CDBG-DR Affordable rental housing, NSP) will serve to maintain the affordable housing stock in Puerto Rico.

Actions planned to reduce lead-based paint hazards

The PRHFA have a pro-active approach to reduce lead-based- paint hazards in residential projects across the Island, such as:

6. Professional assessment for deteriorated paint in units built before 1978
7. Initial and annual HQS inspections
8. Disclose information among residents of lead-based paint hazards
9. Stabilization, removal and disposal of dangerous material. The State HOME Program has contracted companies to provide technical assistance for the evaluations, visual assessment, HQS inspections and paint testing (when necessary) for the housing units that will be rehabilitated with HOME funds in order to comply with lead-based paint requirements and other applicable federal environmental laws and regulations.

Housing providers funded through HUD provide decent, safe, and sanitary housing to their residents. Part of this responsibility is to protect these residents, particularly children under age six, from the health risks of lead-based paint. Public Housing Authorities (PHAs) and landlords protect these families by complying with HUD's lead-based paint regulations.

With respect to the Housing Choice Voucher Program (HCVP), the Lead Safe Housing Rule (LSHR) applies only to units constructed prior to 1978 occupied (or intended to be occupied) by a child under age six, the common areas servicing those units and exterior painted surfaces associated with those units and common areas. The Lead Disclosure Rule (LDR) applies to disclosure of lead-based paint and lead-based paint hazards in most housing constructed prior to 1978 ("target housing") at sale or lease, whether or not they are or will be occupied by a child, and whether it is federally assisted or not.

Target Housing is generally, housing constructed before 1978. Housing for the elderly, and housing for persons with disabilities, are not target housing, unless a child under 6 years old resides or is expected to reside in that housing, in which case, the housing is target housing. All zero-bedroom dwellings are not target housing. In jurisdictions which banned the sale or use of lead-based paint before 1978, HUD may use an earlier date for determining target housing. Refer to Lead Compliance Toolkit, Housing Choice Voucher Program, HUD's Lead-Based Paint Regulations (24 CFR Part 35).

Actions planned to reduce the number of poverty-level families

In order to reduce the number of poverty-level families the PR-State Government will coordinate the following

effort:

- Continue to create training and workforce development opportunities through the investment of funds of the Workforce Innovation and Opportunities Act (WIOA) Program. These funds are committed to assist low income individuals in acquiring the technical knowledge and developing the work skills needed to effectively transitioning to the job market;
- Continue to support the Universities and Technical College community in providing educational opportunities to low and moderate income students with the objective of improving their academic skills and achieved to be hire in the local and/or regional job market;
- Provide financial housing subsidies to low and moderate income households in order to alleviate the cost burden effect that housing has in the economic status of the families;
- Continue to support private investment in the development of affordable housing projects;
- Continue to provide Tenant Based Rent Assistance to HIV/AIDS individuals and family members;
- Continue to invest Section 8 funds in assisting eligible households in their rental needs;
- Promote the creation of Public-Private Alliances, as a business model to promote economic development activities, to create and maintain jobs opportunities and expand the business activities base around the Island;
- Support the active participation of the Cooperatives Sector within strategic regional projects as a tool to create job opportunities, promote local investment and promote an increase in the regional business activities throughout the Island.

Actions planned to develop institutional structure

During the preparation of the Consolidated Plan the PRDOH, as Lead Agency, envisioned to carry out the designed housing, community, economic development, homeless and special population strategy from an inclusive and collaborative point of view through the Consolidated Stakeholders network. Using the leading role of the PRDOH, the PR State Government will continue to encourage the active participation of these entities in order to meet the needs of the very low to moderate income persons and their communities.

Strategic meetings, working meetings, oversight activities, among other follow-up activities, will be undertaken in order to continue strengthen and developing strategic and accountable partnerships among the Institutional Structure of the housing and community development activities within the State Government structure.

Actions planned to enhance coordination between public and private housing and social service agencies

During the preparation of the Consolidated Plan the PRDOH, as Lead Agency, envisioned to carry out the designed housing, community, economic development, homeless and special population strategy from an inclusive and collaborative point of view through the Consolidated Stakeholders network. Using the leading role of the PRDOH, the PR State Government will continue to encourage the active participation of these

entities in order to meet the needs of the very low to moderate income persons and their communities.

Strategic meetings, working meetings, oversight activities, among other follow-up activities, will be undertake in order to continue strengthen and developing strategic and accountable partnerships among the Institutional Structure of the housing and community development activities within the State Government structure.

Discussion:

The PR-State Government will continue to use CPD funds to achieve the goals and objectives of the Consolidated Plan. In achieving these goals and objectives, the State will integrate to the CPD allocated funds, additional public funding streams and will leverage communitywide available funding to maximize the resources toward the provision of services to the most in need population groups.

The maximization in the use of available funding within the community, will require the development of strategic and accountable partnerships with all Consolidated Plan Community Stakeholders as part of the institutional structure created toward delivering the basic and essential public services to address the needs of the low-income population segments.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Introduction:

Section 104(j) of the Act and Federal Register Vol. 77 No. 78, April 23rd, 2012 (Final rule) excludes from the definition of Program Income an amount of \$35,000 per year or less. Therefore, in compliance with federal laws and regulations, PRDOH does not require non-entitlement municipalities to return income up to \$35,000 provided that such revenue is counted as miscellaneous revenue. Nonetheless, PRDOH must be informed through quarterly financial reports issued to the agency of the nature and disposition of all revenues collected by the municipality, in order to determine compliance with the Program Income Rule.

Instructions regarding the reporting and expenditure of program income are available at PRDOH. The municipalities are required to send their program income estimates and reports through e-mail or fax.

Currently PRDOH does not hold CDBG funds of program income. It does not expect to receive any program

income above the threshold in the following year.

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	Will be based on recaptured funds
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00%

HOME Investment Partnership Program (HOME)

Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

In compliance with 24 CFR 92.205 (b) (1), the **PRHFA** will use other forms of investment allowed by the pertaining **HOME** Program regulation, when appropriate. Other forms of investment include, but are not limited to, the award of a grant to provide incentives or a direct loan to develop and support affordable rental housing and Homeownership affordability through the acquisition (including assistance to

Homebuyers), new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, and other expenses, including financing costs, relocation expenses of any displaced persons, families, businesses, or organizations.

In addition **HOME** funds will be used to provide payment of reasonable administrative and planning costs; and to provide for the payment of operating expenses of community housing development organizations.

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Resale and Recapture Provisions

The **HOME** Program will ensure that **HOME** rules regarding affordability will be observed, as stipulated at 24 CFR 92.254 for Homeownership. The assisted properties will meet affordable housing requirements. Thus, properties will provide modest housing, be acquired by a low-income family as its principal residence and meet affordability requirements for a specific period of time. Affordability restrictions for both Resale and Recapture provisions, as discussed below, will be included in the written agreements executed by the homebuyer and the PRHFA and will be enforced via deed restrictions separately recorded, and a soft second mortgage over the property.

The PRHFA will use both Resale and Recapture provisions. Resale provisions will only be used in cases in which HOME assistance has been awarded as development subsidy and will not be used to reduce the purchase price of the unit and in cases in which the permanent and primary financing for the acquisition would be affected due to the lender's policies regarding the treatment of the Recapture provisions. It has been the PRHFA's experience that certain institutions equate subsidies awarded in lieu of Recapture provisions as payable loans and therefore must be considered when calculating the property's Loans to Value Ratio. Under these circumstances and when the Loans to Value Ratio exceeds the ratio authorized under the primary lender's policies, the developer or CHDO may request the sale of the HOME assisted unit under the Resale provisions. In any such case the developer or CHDO must seek the PRHFA's prior written approval before selling the unit using Resale provisions.

Recapture provisions will not be used when a project receives only a development subsidy and is sold at fair market value, instead, resale provisions will be used.

Adequate controls are in place, particularly as revised deed restrictions and periodic inspections, to enforce **HOME** resale or recapture provisions. The abovementioned provisions and restrictions will also apply to CHDO's in the same manner. The PRHFA will determine which type of provision to use with

CHDO's. Such determination will be included in the written agreement with the CHDO's.

See Recapture Provisions Below:

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

The Resale or Recapture Guidelines that assures the affordability of units acquired with HOME funds are included below.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

HOME Program funds will not be used to refinance existing debts.

**Emergency Solutions Grant (ESG)
Reference 91.320(k)(3)**

1. Include written standards for providing ESG assistance (may include as attachment)

The ESG standards are included on the Appendix Section of this plan.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

Both PRCoc-502 and PRCoc-503 have established a Coordinated Entry System.

The PRCoc-502 Coordinated Entry System named "Derecho a Techo" is fully implemented in its geographic region. The use a comprehensive coordination of the services available through the CoCPR502 community and other leaders within the geographic area including 24 Municipalities. Through their outreach program they identify the most vulnerable homeless individuals and offers services conducive to obtaining housing. The CE is a hybrid since it has an easy access office from 8:00 a.m. to 8:00 p.m. Mondays through Fridays, a toll-free number, a mobile case management office and three access point partners. Participants' needs are prioritized considering crisis situations and conditions such as chronic homelessness, domestic violence, mental illness and substance abuse, resulting in a better match of services. Individuals are evaluated with a standardized intake assessment form in order to ensure equal access and confirm the immediate needs of the individual.

The PRCoc-503 Coordinated Entry System (CES) named "Sistema Coordinado de Acceso" is also implemented. The CES uses a comprehensive coordination of the services available through the CoCPR-

503 community, network of homeless and mainstream housing and supportive service providers and other leaders within the geographic area, including of 54 municipalities. By implementing a comprehensive “Housing First-Assertive Community Treatment Intervention”, which includes outreach workers, community advocates, housing navigators, a community “Alternative Integrated Clinic” with primary, behavioral and substance abuse services, and case management. The CES identify the most vulnerable homeless individuals and offers services conducive to obtaining housing. The CES operates an emergency hotline available 24 hours a day 7 days a week, case management office and two access points located in Caguas and Ponce. Participants’ needs are prioritized considering their level of prioritization based on chronicity and urgency, crisis situations and conditions such as chronic homelessness, domestic violence, mental illness and substance abuse, resulting in a better match of services and housing options. Individuals are evaluated with a standardized intake assessment form in order to ensure equal access and confirm the immediate needs of the individual.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

Please refer to Section AP-30, Method of Distribution, of this Plan for a complete description of how ESG Program funds are distributed among eligible Entities.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

The State Department of Family complies with 24 CFR Section 576.405 requirements. The required homeless representation is met through the following actions:

Homeless population is represented in different entities:

- Multisectoral Council: Under Law 130: 2 homeless
 - As required by the regulations the PR-502 has one chair on its board reserved for representatives of the homeless population, or persons who have experienced homelessness. In addition, the CoC has a separate committee formed by formerly homeless persons.
 - PR-503 CoC have two chairs at least two (2) representatives of the homeless population, who are or have experienced homelessness.
5. Describe performance standards for evaluating ESG.

Housing Trust Fund (HTF)
Reference 24 CFR 91.320(k)(5)

1. How will the grantee distribute its HTF funds? Select all that apply:

☒ Applications submitted by eligible recipients

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

N/A

3. If distributing HTF funds by selecting applications submitted by eligible recipients,

a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

See Appendix on AD-26.

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

See Appendix on AD-26.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

See Appendix on AD-26.

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

See Appendix on AD-26.

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

See Appendix on AD-26.

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

See Appendix on AD-26.

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

See Appendix on AD-26.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

See Appendix on AD-26.

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

See Appendix on AD-26.

4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

N/A

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

6. Performance Goals and Benchmarks. The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds. Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or

Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

See Appendix on AD-26.

8. Rehabilitation Standards. The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; and Capital Needs Assessments (if applicable).

See Appendix on AD-26.

9. Resale or Recapture Guidelines. Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

See Appendix on AD-26.

10. HTF Affordable Homeownership Limits. If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

See Appendix on AD-26.

11. Grantee Limited Beneficiaries or Preferences. Describe how the grantee will limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population to serve unmet needs identified in its consolidated plan or annual action plan. If the grantee will not limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population, enter "N/A."

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

See Appendix on AD-26.

12. Refinancing of Existing Debt. Enter or attach the grantee's refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee's refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter "N/A."

See Appendix on AD-26.

Discussion:

The performance standards of the program, will evolve over the next few years as the ESG Rule is fully implemented and as ESG sub-grantees improve their program outcomes through the evaluation of HMIS data and through integration of ESG services into their local Continuum of Care.

APPENDIX:

HOME

IV. Additional information for Section AP-30- Method of Distribution

HOME Program

Puerto Rico Housing Finance Authority – HOME Recapture Provisions

The affordability restriction running with the deed will ensure that all of the HOME assistance to the homebuyer is recuperated. Recapture provisions will ensure that the property remains the beneficiary's principal residence for the term of the affordability. Thus, in case the recapture restriction is triggered, the PRHFA will recapture the entire amount of the HOME investment (net proceeds available from sale). Net Proceeds are defined as the sales price minus superior loan repayment (other than Home funds) and any closing costs. The PRHFA will not recapture more that is available from the net proceeds of the sale.

In the case of an investment from the homebuyer, in the form of additional funds for down payment and the amount of capital improvements, such amount could be recovered by the homebuyer if net proceeds are enough to cover the HOME- assistance. Thus, net proceeds will first cover the HOME assistance, secondly, any initial investments from the homebuyer and finally any amount in excess of net proceeds (surplus) will be shared on equal basis between the PRHFA and the program beneficiary (50% retained by the PRHFA and 50% to beneficiary). Such surplus will be treated as Recaptured funds.

The PRHFA will share any net proceeds if the net proceeds are not sufficient to recapture the full Home assistance plus enable the homeowner to recover the amount of the homeowner's down payment and any capital improvement investment made by the owner since purchase, the grantee may share the net proceeds. The net proceeds are the sales price minus loan repayment (other than Home funds) and closing costs. Capital Improvement investment will be valued by appraisal. A capital improvement is the addition of a permanent structural change or the restoration of some aspect of a property that will either enhance the property's overall value, increase its [useful life](#) or adapt it to new uses. This type of improvement, according to the [Internal Revenue Service](#) (IRS), must have a life expectancy when installed of more than one year.

Examples:

- Must fix some defect or design flaw.
- Must substantially improve the value of a property.
- Must become a permanent part of the property so that removal would cause some impactful damage to the property.
- Must be added with the intention of becoming a permanent part of the property or asset.

The IRS makes a distinction between capital improvements and repairs, which cannot be included in a property's cost basis. Repairs done as part of a larger project, such as replacing all of a home's windows, do qualify as capital improvements. Repairs that are necessary to keep a home in good condition, however, are not included if they do not add value. Examples of such non-qualifying repairs, according to the IRS, include painting, fixing leaks or replacing broken hardware.

The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

$$\frac{HOME\ investment}{HOME\ investment + homeowner\ investment} \times Net\ proceeds = HOME\ amount\ to\ be\ recaptured$$

$$\frac{homeowner\ investment}{HOME\ investment + homeowner\ investment} \times Net\ proceeds = amount\ to\ homeowner$$

The affordability restrictions will not run against the developer's subsidy, hence, only direct subsidy is subject to recapture. Direct subsidy is the amount of HOME assistance- including any program income- that enabled the homebuyer to buy the unit (down payment, closing costs, interest subsidies, or other HOME-assistance). The direct subsidy also includes any assistance that reduced the purchase price from fair market value to an affordable price. Recaptured funds will be used in HOME eligible activities.

The **HOME**-assisted units must meet the affordability requirements for no less than the applicable period specified below, beginning after project completion or occupancy, whichever is last. Particularly, for rehabilitation and construction projects completion will be evidenced by the use and occupancy permit. For rental projects completion will be evidenced when the construction is finished. For homebuyer sales projects completion will be evidenced when the last unit is sold. If the homebuyer transfers the property, either voluntary or involuntarily, during the period of affordability, the PRHFA will recover all the HOME assistance from the net proceeds.

TIME RESTRICTIONS ON AFFORDABILITY LIMITATIONS

HOME Investment per unit	Length of Affordability
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
Over \$40,000	15 years

The affordability period requirements are enforced through a written agreement executed by the homebuyer and the PRHFA, and will be enforced via deed restrictions separately recorded, and a soft second mortgage over the property. The time limit for such lien will be determined by the amount of the subsidy granted by the State HOME Program, as shown in the above table.

The PRHFA will only approve refinancing for better rate and terms of the first mortgage, and immediate property repairs or improvements. Such approval requires the expressed written consent of PRHFA. The PRHFA will not approve debt consolidations or 'cash-out' refinance (other than for a nominal cash remainder that may be result from the adjustment of a closing date, etc.). Assisted households wishing to do a cash-out refinance during the affordability period should expect to repay the HOME-assistance.

Puerto Rico Housing Finance Authority – HOME Resale Provisions

Description of the Resale Guidelines for the Homebuyer Activity:

Provisions follow the requirements established in 24 CFR 92.254 (a) (5) (i) to ensure affordability in compliance titled **Qualification as Affordable Housing: homeownership.**

The PRHFA will use both Resale and Recapture provisions. Resale provisions will only be used in cases in which HOME assistance has been awarded as development subsidy and will not be used to reduce the purchase price of the unit and in cases in which the permanent and primary financing for the acquisition would be affected due to the lender's policies regarding the treatment of the Recapture provisions. It has been the PRHFA's experience that certain institutions equate subsidies awarded in lieu of Recapture provisions as payable loans and therefore must be considered when calculating the property's Loans to Value Ratio. Under these circumstances and when the Loans to Value Ratio exceeds the ratio authorized under the primary lender's policies, the developer or CHDO may request the sale of the HOME assisted unit under the Resale provisions. In any such case the developer or CHDO must seek the PRHFA's prior written approval before selling the unit using Resale provisions.

Recapture provisions will not be used when a project receives only a development subsidy. Instead, resale provisions will be used. Resale provisions may require selling properties below fair market value in order to make the property affordable to the subsequent low-income homebuyer. Recapture provisions allow for sale at fair market value.

In order to assure the maintenance of the affordable housing stock, the **HOME** program provides a set affordability periods that relate to the resale of the property. These periods are based on the amount of **HOME** funds provided for the property, in compliance with the Table below.

TIME RESTRICTIONS ON AFFORDABILITY LIMITATIONS

HOME Investment per unit	Length of Affordability
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
Over \$40,000	15 years

The period of affordability will be based on the total amount of HOME funds invested in the housing, including any program income expended in the unit.

The resale requirements must ensure, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability that the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low-income family and will use the property as its principal residence. The resale requirement must also ensure that the price at resale provides the original **HOME**-assisted owner a fair return on investment (including, the value of the original down payment, and capital improvements) and ensure that the housing will remain affordable

to a reasonable range of low-income Homebuyers.

The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD. The **PRHFA** would announce in the restrictive covenants that may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the housing.

The term of affordability shall be secured in the written agreements executed by the homebuyer and the **PRHFA** and enforced via deed restrictions separately recorded, and a soft second mortgage over the property. The restrictive deed of trust would be presented at the corresponding office of the Department of Justice Property Register for presentation, qualification and inscription.

The recorded restricted deed of trust would include the following covenants on the land in two instances: in the fee title simple and in the **PRHFA** direct mortgage that will secure the affordability period of the assisted housing.

- (1) The housing must be the principal residence of the family throughout the affordability period established in the recorded deed. The Homebuyer would not rent the dwelling or use it in any other manner than the principal residence of the family.
- (2) The Homebuyer must meet the affordability requirements for not less than the applicable period specified in the previous table, beginning after project completion.
- (3) Refinancing of the first mortgage would be allowed if two of the following conditions are met:
 - (a) That the dwelling unit has been continuously occupied by the Homebuyer;
 - (b) That the funding raised by the mortgage refinancing would be used for **HOME** improvements, approved by the **HOME** Program and that no cash will be used for other means;
 - (c) That the refinancing would improve the current mortgage payment, either lowering the monthly installments, interest rate or maturity term.
- (4) The **PRHFA** would conduct periodic inspections on the **HOME** assisted housing during the affordability period to verify program compliance.
- (5) Resale of the property should be authorized in advanced by the **PRHFA**, and such offering should be made only to a buyer whose family qualifies as a low-income family and will use the property as its principal residence. The resale price should provide the original **HOME**- assisted owner a fair return on investment. The homebuyer's fair return on investment will be based in the percentage change of Puerto Rico's Consumer Price Index (CPI, as published by the Puerto Rico Department of Labor and Human Resources) over the period of ownership. Capital improvements will be valued based on actual costs of the improvements as documented by an appraisal. Any improvements on the property will require written consent from the **PRHFA**.
- (6) Additionally, any approval of improvements on the property will require the submission of quotes from a valid contractor. The housing will remain affordable to a reasonable range of low-income

Homebuyers.

- (7) The **HOME** equity, other than homeowner's investment and any capital improvement, and any increase in the appraised value of the property should be kept in the property, to help meet the affordability criteria for the new Homebuyer.
- (8) The property must be sold to a homebuyer complying with the following criteria: A price that is affordable to a family below 80 percent of the median income of Puerto Rico at the time of the transaction that will pay no more in PITI (the sum of loan payments of principal and interest, taxes and insurance) than 30 percent of annual (gross) income or depending on compensatory factors.
- (9) The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD.
- (10) PRHFA may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the housing.

Puerto Rico Housing Finance Authority – HTF Recapture Provisions

The affordability restriction running with the deed will ensure that all of the HTF assistance to the homebuyer is recuperated. Recapture provisions will ensure that the property remains the beneficiary's principal residence for the term of the affordability. Thus, in case the recapture restriction is triggered, the PRHFA will recapture the entire amount of the HTF investment (net proceeds available from sale). Net Proceeds are defined as the sales price minus superior loan repayment and any closing costs. The PRHFA will not recapture more than is available from the net proceeds of the sale.

In the case of an investment from the homebuyer, in the form of additional funds for down payment and the amount of capital improvements, such amount could be recovered by the homebuyer if net proceeds are enough to cover the HTF-assistance. Thus, net proceeds will first cover the HTF assistance, secondly, any initial investments from the homebuyer and finally any surplus will be shared between the PRHFA and the beneficiary.

The PRHFA will share any net proceeds if the net proceeds are not sufficient to recapture the full HTF assistance plus enable the homeowner to recover the amount of the homeowner's down payment and any capital improvement investment made by the owner since purchase, the grantee may share the net proceeds. The net proceeds are the sales price minus loan repayment (other than HTF funds) and closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

$$\frac{\text{HTF investment}}{\text{HTF investment} + \text{homeowner investment}} \times \text{Net proceeds} = \text{HTF amount to be recaptured}$$

$$\frac{\text{homebuyer investment}}{\text{HTF investment} + \text{homeowner investment}} \times \text{Net proceeds} = \text{amount to homeowner}$$

If net proceeds are not enough to cover HTF assistance, then the homebuyer will not recuperate their investment. Capital improvements will be defined as any structural improvement made to the property that increased the unit's value and be explicit in the appraisal. A capital improvement is the addition of a permanent structural change or the restoration of some aspect of a property that will either enhance the property's overall value, increase its [useful life](#) or adapt it to new uses. This type of improvement, according to the [Internal Revenue Service](#) (IRS), must have a life expectancy when installed of more than one year.

Examples:

- Must fix some defect or design flaw.
- Must substantially improve the value of a property.
- Must become a permanent part of the property so that removal would cause some impactful damage to the property.
- Must be added with the intention of becoming a permanent part of the property or asset.

The IRS makes a distinction between capital improvements and repairs, which cannot be included in a property's cost basis. Repairs done as part of a larger project, such as replacing all of a home's windows, do

qualify as capital improvements. Repairs that are necessary to keep a home in good condition, however, are not included if they do not add value. Examples of such non-qualifying repairs, according to the IRS, include painting, fixing leaks or replacing broken hardware.

The PRHFA will share any appreciation in the value of the HTF-assisted unit with the homebuyer. Any amount in excess of net proceeds (surplus) will be shared on equal basis between the PRHFA and the program beneficiary (50% retained by the PRHFA and 50% to beneficiary). Such surplus will be treated as Program Income.

The affordability restrictions will not run against the developer's subsidy; hence, only direct subsidy is subject to recapture. Direct subsidy is the amount of HTF assistance- including any program income- that enabled the homebuyer to buy the unit (down payment, closing costs, interest subsidies, or other HTF-assistance). The direct subsidy also includes any assistance that reduced the purchase price from fair market value to an affordable price. Recaptured funds will be used in HTF eligible activities.

The **HTF**-assisted units must meet the affordability requirements for no less than the applicable period specified below, beginning after project completion or occupancy, whichever is last. Particularly, for rehabilitation and construction projects completion will be evidenced by the use and occupancy permit. For rental projects completion will be evidenced when the construction is finished. For homebuyer sales projects completion will be evidenced when the last unit is sold. If the homebuyer transfers the property, either voluntary or involuntarily, during the period of affordability, the PRHFA will recover all the HTF assistance from the net proceeds.

TIME RESTRICTIONS ON AFFORDABILITY LIMITATIONS

HTF Investment per unit	Length of Affordability
Less than \$30,000	10 years
\$30,000 - \$50,000	20 years
Over \$50,000	30 years

The aforementioned affordability period requirements are enforced through a written agreement executed by the homebuyer and the PRHFA, and will be enforced via deed restrictions separately recorded, and a soft second mortgage over the property. The time limit for such lien will be determined by the amount of the subsidy granted by the State HTF Program, as shown in the above table.

The PRHFA will only approve refinancing for better rate and terms of the first mortgage, and immediate property repairs or improvements. Such approval requires the expressed written consent of PRHFA. The PRHFA will not approve debt consolidations or 'cash-out' refinance (other than for a nominal cash remainder that may be result from the adjustment of a closing date, etc.). Assisted households wishing to do a cash-out refinance during the affordability period should expect to repay the HTF-assistance.

Puerto Rico Housing Finance Authority – HTF Resale Provisions

Description of the Resale Guidelines for the Homebuyer Activity:

Provisions follow the requirements established to ensure affordability in compliance with 24 CFR 93.305(b) titled **Qualification as Affordable Housing: modest housing requirements for homeownership; resale or recapture requirements.**

The PRHFA will use both Resale and Recapture provisions. Resale provisions will only be used in cases in which HTF assistance has been awarded as development subsidy and will not be used to reduce the purchase price of the unit and in cases in which the permanent and primary financing for the acquisition would be affected due to the lender's policies regarding the treatment of the Recapture provisions. It has been the PRHFA's experience that certain institutions equate subsidies awarded in lieu of Recapture provisions as payable loans and therefore must be considered when calculating the property's Loans to Value Ratio. Under these circumstances and when the Loans to Value Ratio exceeds the ratio authorized under the primary lender's policies, the developer or CHDO may request the sale of the HTF assisted unit under the Resale provisions. In any such case the developer or CHDO must seek the PRHFA's prior written approval before selling the unit using Resale provisions.

Recapture provisions will not be used when a project receives only a development subsidy. Instead, resale provisions will be used. Resale provisions may require selling properties below fair market value in order to make the property affordable to the subsequent extremely-low or very-low income homebuyer. Recapture provisions allow for sale at fair market value.

In order to assure the maintenance of the affordable housing stock, the **HTF** program provides a set affordability periods that relate to the resale of the property. These periods are based on the amount of **HTF** funds provided for the property, in compliance with the Table below.

TIME RESTRICTIONS ON AFFORDABILITY LIMITATIONS

HTF Investment per unit	Length of Affordability
Less than \$30,000	10 years
\$30,000 - \$50,000	20 years
Over \$50,000	30 years

The period of affordability will be based on the total amount of HTF funds invested in the housing, including any program income expended in the unit.

The resale requirements must ensure, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability that the housing is made available for subsequent purchase only to a buyer whose family qualifies as a **[extremely-low or very]** low-income family and will use the property as its principal residence. The resale requirement must also ensure that the price at resale provides the original **HTF**-assisted owner a fair return on investment (including the

homeowner's investment and any capital improvement) and ensure that the housing will remain affordable to **[extremely-low or very low-income]** Homebuyers.

The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure. The **PRHFA** would announce in the restrictive covenants that may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the housing.

The term of affordability shall be secured in the written agreements executed by the homebuyer and the **PRHFA** and enforced via deed restrictions separately recorded, and a soft second mortgage over the property. The restrictive deed of trust would be presented at the corresponding office of the Department of Justice Property Register for presentation, qualification and inscription.

The recorded restricted deed of trust would include the following covenants on the land in two instances: in the fee title simple and in the **PRHFA** direct mortgage that will secure the affordability period of the assisted housing.

- (11) The housing must be the principal residence of the family throughout the affordability period established in the recorded deed. The Homebuyer would not rent the dwelling or use it in any other manner than the principal residence of the family.
- (12) The Homebuyer must meet the affordability requirements for not less than the applicable period specified in the previous table, beginning after project completion.
- (13) Refinancing of the first mortgage would be allowed if two of the following conditions are met:
 - (a) That the dwelling unit has been continuously occupied by the Homebuyer;
 - (b) That the funding raised by the mortgage refinancing would be used for **HTF** improvements, approved by the **HTF** Program and that no cash will be used for other means;
 - (c) That the refinancing would improve the current mortgage payment, either lowering the monthly installments, interest rate or maturity term.
- (14) The **PRHFA** would conduct periodic inspections on the **HTF** assisted housing during the affordability period to verify program compliance.
- (15) Resale of the property should be authorized in advanced by the **PRHFA**, and such offering should be made only to a buyer whose family qualifies as an extremely low-income family and will use the property as its principal residence. The resale price at resale should provide the original **HTF**-assisted owner a fair return on investment. The homebuyer's fair return on investment will be based in the percentage change of Puerto Rico's Consumer Price Index (CPI, as published by the Puerto Rico Department of Labor and Human Resources) over the period of ownership. Capital improvements will be valued based on actual costs of the improvements as documented by an appraisal. The housing will remain affordable to a reasonable range of extremely low-income Homebuyers. Any improvements on the property will require written consent from the **PRHFA**. Additionally, any approval of improvements on the property will require the submission of quotes

from a valid contractor.

- (16) The **HTF** equity, other than homeowner's investment and any capital improvement, and any increase in the appraised value of the property should be kept in the property, to help meet the affordability criteria for the new Homebuyer.
- (17) The property must be sold to a homebuyer complying with the following criteria applicable to HTF regulations at 24 CFR § 93.305(b), 24 CFR § 93.2, and 24 CFR § 93.250: At a price that is affordable to a family at below 30 percent (extremely low income) or below 50 percent (very low income) of the median income of Puerto Rico at the time of the transaction that will pay no more in PITI (the sum of loan payments of principal and interest, taxes and insurance) than 30 percent of annual (gross) income or pending on compensatory factors.
- (18) The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD.
- (19) PRHFA may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the housing.

HOME PROGRAM

1. DESCRIBE THE STATE PROGRAM (HOME) ADDRESSED BY THE METHOD OF DISTRIBUTION.

The PRHFA will receive \$12,219,675.00 in HOME funds for PY 2019. All resources will be allocated to provide incentives for meeting the goal of developing and supporting 157 affordable rental and homeownership housing units. This will be achieved through the Homebuyer Assistance, Rehab or New Construction by Owner (Techo Dorado) and Rehabilitation or New Construction for Multifamily Rental Development. These eligible costs include site improvements, conversion, demolition, and other expenses such as financing costs and relocation expenses of displaced persons, families, businesses, or organizations. Funds will also be allocated to provide down payment assistance to homebuyers. Housing must be permanent or transitional and serve both low and very low-income families, according to the applicable qualifying standard associated to each activity. The distribution of HOME funds for PY 2019 is shown below:

GRANT FUNDS BY ACTIVITY ALLOCATION FOR PY 2019	
Assigned Budget:	\$12,219,675.00
State Administration:	\$1,221,967
Homebuyers Assistance:	\$5,000,000
Rehab or New Construction for Multifamily Rental Development:	\$5,000,000
Rehab or New Construction by Owner (Techo Dorado)	\$997,708

2. DESCRIBE ALL OF THE CRITERIA THAT WILL BE USED TO SELECT APPLICATIONS AND THE RELATIVE IMPORTANCE OF THESE CRITERIA.

As part of the joint efforts and on-going initiatives that relate to the 2015-2019 Puerto Rico State Housing Plan, the Puerto Rico Housing Finance Authority (Authority) will make the activity of Construction and Rehabilitation of Rental Housing under the HOME Investment Partnership Program (HOME) Action Plan (AP) a component of the forthcoming Notification of Funds Availability the Authority will issue. The NOFA intends to leverage funds from multiple sources under joint selection and underwriting criteria compatible with the AP and the Low-Income Housing Tax Credit's (LIHTC) Qualified Allocation Plan (QAP) in order to maximize the use of public and private funds channeled to affordable rental projects meeting the housing needs and goals established in the State Housing Plan. Nonetheless, any representation and/or guideline contained in the NOFA will not be intended to, nor it statutorily could, modify or supersede the Authority's responsibility to comply with HOME requirements. Under the NOFA the HOME Program might implement

a consolidated application for the HOME, LIHTC, which will combine the requirements of the programs to promote the development of multifamily rental projects.

Outreach for program funds is based on the methodology for open market competition. A notice of HOME funds to be released under the NOFA will be published in a general circulation newspaper. The number, nature and location of public hearings will be announced in the Notice. Any interested qualifying parties may submit an application to finance their project. This process assures equal participation of any party in the affordable housing business.

Announcement and application: HOME will announce and publish in a general circulation newspaper the quantity of funds to be released and the proposal submission deadline. The announcement could be jointly with other funding programs (if available) according to PRHFA Annual Plan and government Plan.

Interested applicants could obtain HOME information and application form at PRHFA's office or its site, www.afv.pr.gov. The proponents must submit applications according to the corresponding procedures and deadlines.

Please note that it should be at PRHFA's sole discretion to award Home funds to any Participant (which has requested or not HOME funds), based on the merits of the project, available funds, specific needs of the cycle, economic conditions, in order to promote the new construction/rehabilitation of low-income housing projects. This will also apply to projects requesting 4% tax-exempt bonds, where, depending of the merits and conditions of the project, HOME funds might be awarded. Although projects under the 4% tax-exempt bonds are not presently subject to a competitive cycle, HOME funds might be awarded. As of today, \$1,000,000,000 in private activity bond volume-related 4% tax-exempt credits are available.

The public hearing is announced with the publication of the NOFA, inviting all interested parties to attend the conference in order to learn in advance about the requirements established to access all programs funds. Once the application dates are established, the proponents submit their applications in a competitive method, ensuring the fair and unbiased contracting procedure that allows a foremost opportunity of open competition and the absence of conflicts of interests. Because the method of distribution of the State HOME Program runs as a competitive process, the PJ cannot predict the geographic distribution of the assistance.

As presented earlier, the State HOME Program will allocate the amount of \$12,219,675.00 for the eligible activities established in the 5YHS, amended accordingly to reflect funding changes and the needs and policy priorities announced in the State Housing Plan 2014-2018. Additional details are provided in the 2015-2019 Consolidated Plan and State Housing Plan. The method for distributing HOME funds to local governments, developers, CHDOs, minority groups, and small businesses will be through the submittal of an application.

The applications for housing construction and rehabilitation must benefit low and very low-income families. The subsidy requested should be enough, without exceeding the maximum per unit subsidy standards adopted by the State HOME Program. This will allow income eligible families to meet the

eligibility requirements pursuant to 24 CFR 92.203. For rental projects, the proposal should allow renters to be eligible, through compliance of 24 CFR 92.216; and for Homeownership housing, the proposal should allow prospective homeowners to be eligible in compliance of 24 CFR 92.217, among other Federal requirements and the State HOME Program criteria.

The HOME Program designated employee will receive the applications and will refer them for the corresponding analysis. Upon completion of the analysis, the HOME Program Director will determine which applicants comply with the minimum threshold requirements and therefore can proceed with the point ranking evaluation.

Applications requesting HOME funds will be evaluated based on joint rating factors. Those factors include but are not limited to local considerations and State HOME Program's criteria, such as:

- project location;
- project characteristics;
- housing needs characteristics;
- project developer characteristics;
- financing characteristics; and
- supportive services.

Project Evaluation and Selection

To be considered for an allocation of HOME Funds, the applicant must submit a complete application with the following information and documents. Incomplete applications will not be accepted for evaluation or scoring.

Complete applications will be reviewed for compliance with the basic threshold requirements set forth below:

BASIC THRESHOLD REQUIREMENTS
Authority's HOME Program application and inspection fees: <ul style="list-style-type: none">• CHDOs: \$0.00• ½ of 1% of requested amount; with a minimum payment of \$2,500 and a maximum of \$10,000. This is a non-refundable and non-transferable payment.• \$50 per HOME unit during the HOME compliance period. This amount will be due and payable by January 31 of each year.
2. Application's Agreement and Certification was: <ul style="list-style-type: none">• Signed by the Owner, the President or Secretary of the General Partner.• Person who signed is a duly authorized officer of the applicant (as evidenced by an applicable resolution).• Document shows corporate seal (Please, make sure the seal is legible in digital documents).
3. Submitted certified copies of the organizational documents of <u>all entities</u> (for example: owner,

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BASIC THRESHOLD REQUIREMENTS	
general partners, sponsors, developer, officers, members, etc.) involved in the project, including:	
a)	Certificate of Incorporation (in USA and PR, as might apply) for the following entities: Owner, Developer, General Partner/Manager and Sponsor.
b)	Articles of Incorporation for the following entities: Owner, Developer, General Partner/Manager and Sponsor.
c)	Partnership (or Operating) Agreement of the entity to claim ownership of the Project (LP, LLC, etc.), as may apply, indicating cash contributions by the General Partner(s) and/or Limited Partner(s).
d)	IRS form SS-4, Application for Employer Identification Number, or other evidence indicating taxpayer identification number for the following entities: Owner, Developer, General Partner/Manager and Sponsor.
e)	Names, addresses and telephone numbers of officers, members, directors, principal stockholders or managing partner of the following entities: Owner, Developer, General Partner/Manager and Sponsor.
f)	The owner, developer and their shareholders, directors, officers and partners, as applicable, with previous participation in the program, must demonstrate (through a certification letter from the Director of the Authority's Audit and Compliance Department) that they comply with Section 42/HOME requirements and that, as of the most recent audit/compliance review, there is no outstanding finding of noncompliance (including any fees due to the Authority) in another project that received Tax Credits/HOME funds and in which they have an interest or participation.
g)	Financial statements (updated within six months of the application) of the owner, developer, general partners, sponsors and principal officers of each entity. Financial statements will be audited if they belong to juridical persons; compiled or revised if they belong to natural persons. In case of for-profit, must evidence a combined net worth of all entities and natural persons involved in the ownership structure of the project (excluding actual or future limited partners and/or Tax Credit equity providers) equal to or greater than \$500,000.00
h)	Certificate of Authorization of US Foreign Limited Liability Company from PR Department of State (as it may apply) for the following entities: Owner, Developer, General Partner/Manager and Sponsor.
i)	Good Standing Certificate (in USA and PR, as may apply) for the following entities: Owner, Developer, General Partner/Manager and Sponsor.
j)	Company by-laws and internal rules for the following entities: Owner, Developer, General Partner/Manager and Sponsor.
k)	Organizational chart of project structure identifying Owner, Developer, General Partner/Manager and/or Sponsor and any other related entity.
l)	Certification attesting that Owner, Developer, General Partner/Manager and Sponsor or any grantee or contractor at any tier to any of the stated parties is not currently debarred, suspended or

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BASIC THRESHOLD REQUIREMENTS
otherwise excluded from or ineligible for participation in federal assistance programs subject to 2 CFR part 2424 and are not included on the U.S. General Services Administration list of parties excluded from federal procurement and non-procurement programs.
<p>The owner, developer, general contractor and their respective shareholders, directors, officers and partners, as applicable, must demonstrate via <u>sworn statement</u> (<i>affidavit</i>) that:</p> <p>they have not been involved in any way (either personally or as shareholders, directors, officers, members or partners of a corporation, partnership or other form of business organization or joint venture) in any other project for which the Authority has provided any financing and /or grant (as lender, conduit, custodian of funds, or otherwise) and in which a default notice under the terms and conditions of the applicable financing documents has been issued and not cured. All previous must also evince via sworn statement that they have not been involved or are in any conflict of interest (fact or appearance) in any way (either personally or in any other juridical capacity) with the Authority or its employees. Any conflict of interest will immediately disqualify the applicant of any participation in the Authority/HOME programs.</p>
Any identity of interest with any other party involved with the project has been identified and explained in the application package.
they have not been involved or are in any conflict of interests (fact or appearance) in any way (either personally or as shareholders, directors, officers, general contractors or partners of a corporation, partnership or other form of business organization or joint venture) with the Authority or its employees. Any conflict of interest will immediately disqualify the applicant with regard to any of the Authority's programs.
Projected income & expenses schedule and a pro-forma cash flow, for the applicable compliance period, showing a feasible operation and certified by the proposed management agent.
Designer's Preliminary Opinion Letter with the Fair Housing Act Accessibility Requirements Checklist completed by the designer.
Applicant demonstrates readiness to proceed, through <u>submission</u> of:
Certification of the percentage of construction completion prepared by the resident inspector and lender's inspector for projects under construction. Both reports are required. (Be advised that existing construction might affect the environmental review and eventual assignment of HOME Funds).
Unexpired evidence of site control (99 years or more is required for lease contracts under HOME-AP).
Unexpired Construction Permit, Green Construction Permit or Notification of Construction Permit issued by the applicable permitting office and agencies endorsement letters, as applicable.
Written unqualified endorsement from the Mayor of the Municipality where the project will be located. The letter must indicate any other municipal assistance that the project will receive.
Technical Assistance or Final Determination Letter from the State Historic Preservation Office (36 CFR 800).

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BASIC THRESHOLD REQUIREMENTS
<p>Wetland Inventory Map from the US Fish and Wildlife Service (Wetlands Protection-Executive Order 11990). The project location must be identified in the map. The project must be out of any wetland or a mitigation measure should have been <u>completed and approved</u> by the Corps of Engineers or the Department of Natural Resources.</p>
<p>FEMA Map (Floodplain Management Act (24 CFR 55, Executive Order 11988)</p> <p>The project location must be identified in the NFIP map. The project must be located out of the 100-year floodplain, coastal high hazard areas and Floodways. If the project is located in the 100-year floodplain, an approved letter of map amendment (LOMA) or letter of map revision (LOMR) by FEMA must be submitted.</p>
<p>USFWS Map (Coastal Barrier Resources Act (24.CFR 58.6(b)(2). The project location must be identified in the map. Federal assistance may not use in the Coastal Barrier Resources System.</p>
<p>Certification of consistency filed with the State Coastal Management Program, if required.</p>
<p>Technical Assistance or Final Determination Letter from the U.S. Fish & Wild Life Service-Department of Interior -(Endangered Species Act (50 CFR 402). The technical assistance shall indicate that no endangered species are affected by the project. If mitigation required as per Final Determination, must specify expected timeframe and cost for required actions.</p>
<p>Noise Study for any proposed project of new construction, major rehabilitation, or conversion located:</p> <ul style="list-style-type: none"> • 1,000 feet of a major noise source, road or highway • 3000 ft. of a railroad; or • 5 miles of a civil airport <p>Noise Study must be in accordance to the requirements set forth in the American National Standard Method for the Physical Measurement of Sound. The result of the noise level must comply with the acceptable noise level of 65 decibels established in 24 CFR 51.100 Noise Abatement and Control. The Noise Study must comply with the HUD Noise Guidebook. Day/Night Noise Electronic Assessment Tool. (https://www.onecpd.info/resource/313/hud-noise-guidebook/).</p>
<p>Archaeological, if required by the SHPO pursuant to its review under Section 106, or if required by the Institute of Puerto Rican Culture (ICP), or copy of the recommendation issued by the ICP as part of the construction permit consultancy process evidencing that the study is not required.</p>
<p>Hydraulic/Hydrologic Study, if the project meets the conditions established under The Department of Natural and Environmental Resources' Administrative Order No. 2013-12, or a certification issued by a civil engineer attesting that the study is not required.</p>
<p>Resumes, applicable licenses and contracts with the Development team in place:</p> <ul style="list-style-type: none"> • Architect/Designer • General Contractor • Resident Inspector

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BASIC THRESHOLD REQUIREMENTS
<ul style="list-style-type: none"> • Management Agent • Consultant Agent
Final construction drawings and outline specifications certified by the licensed professional (project architect or engineer in charge of design) submitted to the competent permitting office.
Construction cost breakdown (itemized schedule of values) that substantially conforms to form HUD 2328 (form not required), certified by the proposed general contractor or project designer.
<p>Conditional or firm financing commitment, specifying terms of each financing source. Projects with permanent financing other than the Authority's will need a letter of intent from the financial institution. The letter should detail:</p> <ul style="list-style-type: none"> • amount and term of the loan; • fixed interest rate; • non-recourse nature of the loan; • amortization period; • prepayment penalties; and • agreements governing the various reserves which are capitalized at closing
Phase I environmental assessment report. (Must comply with ASTM E 1527-13 or any updated version promulgated by ASTM which meets the requirements of the EPA's AAI regulations).
Comprehensive market study report by an Authority approved provider that is also unaffiliated to the developer (prepared within six months of the application).
Appraisal report of site and project performed by an Authority approved appraiser unaffiliated to the developer (prepared within six months of the application).
For rehabilitation and acquisition/rehabilitation projects, a comprehensive capital needs assessment report prepared by a licensed architect or engineer unaffiliated to the developer that includes: an opinion of proposed construction budget and assesses the condition, among other, of site, structural systems (roof, bearing walls and columns, foundations), plumbing systems, electrical systems, fire protection systems, building envelope and insulation, interiors (including units and common areas); and mechanical systems; in projects with more than 26 units, it must specify the remaining useful life of major systems; and paint testing and/or risk assessment report, for substantial rehabilitation projects.
Site selection standards checklist evidencing compliance with 24 CFR 983.57(e).
Project timeline for project activities including specific benchmarks for acquisition, assembly of the development team, completion of plans and specifications, completion of financial

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BASIC THRESHOLD REQUIREMENTS
approvals, municipal approvals, building permits, project construction start date, completion date and the estimated date of lease-up.
Certification by owner attesting compliance with restrictions on real property acquisition or rehabilitation under the URA, and 49 CFR 24.101(b).
Letter of intent to sign the Land Use Restrictive Covenant Agreement for the HOME program, including: designation of HOME-assisted units (24 CFR 92.252(j)); occupancy of assisted units (24 CFR 92.216(a) and 92.252(a) and (b)); initial and ongoing rent restrictions (24 CFR 92.252(a) through (c) and (f)); tenant eligibility (24 CFR 92.203 and 92.252(h) and (i)); and period of affordability (24 CFR 92.252(e)).
Certification from applicant as to Federal, State, or Local subsidies received or expected to be received for the development and operation of the project. If executed, copies of subsidy/grant contracts or commitment letters must be submitted with the application.
If the project has, or will have, Federal, State, or Local subsidies copies of the contracts or firm commitment letters must be attached to the owner's subsidy certification, as applicable.
Detail sources and uses of funds schedule and projected cash flow during construction period.
ADDITIONAL TRESHOLDS REQUIREMENTS
1. "Non Profit Organizations (NP) requesting funds from the Community Housing Development Organization (CHDO) Set-Aside must file an independent application to be certified as an organization within the meaning of 24 CFR 92.2, Subpart A, and comply with the following requirements:
The NP is organized under State or local laws, as evidenced by a Certificate of Organization issued by the State Department.
No part of its earnings, inure to the benefit of any member, founder, contributor, or individual as evidenced by its Articles of Incorporation.
Evidence that it is a qualified organization by including copy of the IRS document designating the NP as a 501(c)(3) or 501(c)(4) entity; is classified as a subordinate of a central organization non-profit under section 905; or is a wholly-owned entity that is regarded as an entity separate from its exempted owner for tax purposes.
The NP is not affiliated with or controlled, nor receives direction from individuals, or entities seeking profit from the organization.

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BASIC THRESHOLD REQUIREMENTS
Evidence that the NP has among its purposes the provision of decent housing that is affordable to low and moderate-income people.
Evidence that the NP conforms to the financial accountability standards of 24 CFR 84.21, "Standards for Financial Management Systems".
Evidence of demonstrated capacity for carrying out activities assisted with HOME funds; and that the NP has a history of at least one year of serving the community within which housing to be assisted with HOME funds is to be located.
The NP maintains at least one-third of its governing board's membership for residents of low-income community residents or elected representatives of low-income neighborhood organizations or, if chartered by a State or local government or sponsored or created by a for-profit organization, complies with applicable membership restrictions; and provides a formal process for low-income beneficiaries to advise on its activities regarding affordable housing projects.
If the owner, developer or sponsor applies under the Authority's HOME program Community Housing Development Organization (CHDO) set aside must include evidence of such application meeting the requirements in 24 CFR 92.300(a)(2) to (4), as applicable.
Projects financed by Rural Housing Services/ HUD 202 Program or any other federal, state or local program funding-source not included under the NOFA must submit reservation or commitment letter with the application. The letter must identify the funding amount.
Affirmative Fair Housing Marketing Plan.
Projects with tax exempt financing, certifications from: financing institution stating the tax exempt status of the obligations to be issued to finance the Project, and Owner's Tax Attorney and/or CPA opinion regarding this matter.

The initial basic qualifications will be evaluated by PRHFA. If the project do not meet requirements for completeness, the applications will not be received. If received, only those applications that meet the joint basic threshold requirements and qualifications would be further considered for evaluation under joint the Point Ranking System.

Point Ranking System

The HOME Program Director will determine which applicants comply with the minimum threshold requirements and therefore can proceed with the point ranking evaluation. PRHFA will consider qualified applications for HOME Funds after a project satisfies all basic threshold requirements, using

the Point Ranking System established hereinafter to determine the allocation of HOME Funds. The project can accumulate up to 100 points on the Point Ranking System and a minimum of 30 points to be further considered for an allocation of HOME Funds.

The Authority reserves the right not to reserve or allocate HOME funds to any applicant, regardless of that applicant's point ranking, if the Authority determines, subject to program requirements, that a reservation is not in line with the purpose and goals of the State Housing Plan or this Action Plan; the applicant's proposed project is not financially viable; there is not a substantial likelihood that the project will be able to execute in a timely manner; or the project do not comply with any other applicable requirement. The information that might be weighed to make such determination includes, but is not limited to, comments of officials of local governmental jurisdictions, the market appropriateness of the project, market's information other than the submitted market study, and the prior experience of sponsor or its representatives with multifamily projects.

Every sponsor, developer, owner, or consultant attests to the correctness of the information provided as a condition to rank the project's application according to the Point Ranking Criteria. Failure to uphold the information submitted or the representation made to support the application's evaluation and ranking throughout the allocation process will result in a finding of noncompliance and limited participation in further rounds for every person, developer, owner or consultant which participates in the project's application. The Authority might pursue any other available or enforceable remedies under federal or state laws, regulations and or any applicable professional code of ethics.

Point Ranking Evaluation		Score
I	Project Location	Up to 12 pts
I.1	Location. Project located within one of the following areas:	Up to 5 pts
	5 points: Urban area defined as: Central Urban Area in the Planning Board's <i>Reglamento de la Infraestructura en el Espacio Público</i> ; or Urban Center designated by the Department of Transportation and Public Works or adopted under an Urban Center Area Plan; or a state designated Historical Zone or federally designated Historical District.	5
	Documentation required: certification of location by a licensed land surveyor; physical address and coordinates. Any project property straddling the limit of the designated urban area will be considered as located within.	
	The portion of a census tract outside an urban area that has a rate of:	
	20% or less below poverty line.	3
	More than 20% and less than 30% below poverty line.	2
	More than 30% and less than 40% below poverty line.	1
	Documentation required: certification of location by a licensed land surveyor; census tract number; census tracts "% Below Poverty Line" as per the Federal Financial institutions Examination Council's (FFIEC) 2015 Census Report. Any project property straddling the limit of the designated census tract will be considered as located within.	
	The zone of influence around an Urban Train Station, as defined under section 3(e) of Law 74-1965, as amended.	1

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Point Ranking Evaluation		Score
	Documentation required: certification of location by a licensed land surveyor; physical address and coordinates. Any project property straddling the limit of the zone of influence will be considered as located within.	
I.2	Desirable Activities	Up to 7 pts
I.2.1	General. Projects located within 500 meters of the following amenities will be awarded a point each, up to 5 points:	Up to 5 pts
	Town square of an urban center.	1
	Public park (must incorporate a passive non-sports area).	1
	Traditional town market (<i>plaza de mercado</i>).	1
	Public or licensed elementary, middle or high school.	1
	Shopping center (100,000 square feet or more of net commercial space; no other listed use is eligible if located within a shopping mall).	1
	Grocery store or supermarket with meat, produce and dairy.	1
	Hospital, diagnostic and treatment center (CDT) or federally qualified health center.	1
	Pharmacy.	1
	Federal post office.	1
	Public transit terminal (bus, <i>públicos</i>).	1
	Documentation required: map certified by a licensed land surveyor attesting to location of the facilities and the distance along a walkable public pathway or roadway between the project's main pedestrian entrance and the closest point of a town square or park facility or a public entrance to any target facility (in case of a shopping mall, to the commercial concourse or a big box-type facility entrance). If close to more than one installation belonging to the same type, only one point will be awarded. In case of a scattered-site project, distance will have to be certified from the nearest point of the closest building in the project. Amenities must also be referenced by the market study.	
I.2.2	Targeted. Projects targeted to the following special needs populations located within 500 meters of the following amenities will be awarded a point for each one, up to 2 points:	Up to 2 pts
	Single headed household:	
	Grocery store with WIC contract.	1
	Licensed or chartered child-care facility.	1
	Documentation required: name and physical address of facilities; verification of inclusion in the WIC Vendor Registry published at wicpuertorico.com; child care facility charter issued by ACUDEN.	
	Elderly household:	
	Physician or dental office.	1
	Civic center or voluntary work facility.	1
	Documentation required: name and physical address of facilities.	
	Homeless (as defined under HEARTH Act):	
	Certified WIOA training center.	1
	ASSMCA licensed public or private institution for the ambulatory treatment of mental disabilities, drug addiction or substance dependency.	1

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Point Ranking Evaluation		Score
	Documentation required: name and physical address of facilities; authorization for WIOA training center issued by Local Workforce Development Area; copy of license issued by ASSMCA.	
	Documentation required: map certified by a licensed land surveyor attesting to location of facilities and distance along a walkable public pathway or a roadway between the project's main pedestrian entrance and the public entrance to any target facility. If close to more than one installation belonging to the same type, only one point will be awarded. In case of a scattered-site project, distance will have to be certified from the nearest point of the closest building in the project. Amenities must also be referenced by the market study.	
I.3	Undesirable Activities. Even if compliant with required environmental review, projects will be discounted one point for each one of the listed undesirable activities, up to 5 points, if located:	Down by as many as 5
	Within one-eighth mile of a:	
	Junkyard.	-1
	Landfill or dumpsite.	-1
	Industrial site.	-1
	Airport.	-1
	Wastewater treatment plan.	-1
	Adjoining a property which is or contains a:	
	Gas station.	-1
	Auto repair, paint or tire repair shop.	-1
	Woodworking shop.	-1
	Unabated nuisance, as declared by a Municipality.	-1
	Documentation required: map prepared by a licensed land surveyor certifying due diligence by identifying any of the listed nuisances within the established distance measured along the shortest straight line between the project lot and the nuisance property. In case of a scattered-site project, the distance will have to be certified from the closest point of the project's lot closest to the identified nuisance.	
II	Project Characteristics	Up to 52 pts
II.1	Infill or nuisance. Projects will be awarded one point if proposed to develop an infill site or a site expropriated as part of a nuisance abatement process; and one additional point, up to 5 points, for each non-contiguous infill site or expropriated as part of a nuisance abatement process that is incorporated into a scattered-site project, located within an area with a radius no larger than one-quarter mile. An infill site shall be defined as a site that is bound on all except one of its sides, or two of its sides in case of a corner-type property, by adjoining built-up properties, and that has immediate access to existing public infrastructure of roads, water, sewer, and power.	Up to 5 pts
	Documentation required: aerial photograph for each infill site showing adjoining properties; cadastral numbers of properties; nuisance abatement completed by Municipality supported by property deed and certification provided by Municipality.	
II.2	Historic property. A substantial rehabilitation project site is located in or incorporates a state designated historic property, federally designated historic place or a contributing resource to a federally designated Historic District.	3
	Documentation required: Act citation or Planning Board's Resolution number and date in case of state designated properties; listing in the National Register of Historic	

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Point Ranking Evaluation		Score
	Places, in case of federally designated properties; State Historic Preservation Office's (SHPO) certification of contributing resource.	
II.3	Adaptive reuse. The residential use is an adaptive reuse of an existing non-residential property.	1
	Documentation required: appraisal certifying present land use of the property.	
II.4	Site Characteristics.	Up to 9 pts
II.4.1	Mobility. Projects (or the totality of the building sites, in the case of scattered-site projects), that incorporate improvements aimed at facilitating the mobility of its residents and promoting public transportation will be awarded up to 4 points, as follows:	Up to 4 pts
	The project provides an accessible and dedicated pedestrian network within the project site to connect the building(s) main pedestrian entrance(s) with egress points on all property sides adjoining a public street.	1
	Documentation required: site plan certified by the project's designer identifying the proposed improvements.	
	Provided it is not required by a competent authority as an off-site improvement, the project includes the construction or rehabilitation of all non-conforming sidewalks in the perimeter of the project site adjoining a public roadway, in compliance with applicable accessibility standards and local codes.	1
	Documentation required: a separate plan drawing certified by the project's designer identifying any segments of the existing pedestrian pathways requiring accessibility improvements or in need of repair, and proposed improvements or new construction required to comply with applicable accessibility standards and local codes; approval from Municipality and competent transit authority, if applicable; letter from competent authority attesting the improvement is not a required off-site.	
	Provided it is not required by a competent authority as an off-site improvement, the project includes the construction or rehabilitation of transit pull-offs or public transit stops and required signage in any point of the roadway perimeter of the project site; or the provision or improvement of the sidewalks, crosswalks, refuge islands, and required signage to connect an off-site existing public transit stop with the project site, in compliance with applicable accessibility standards and local codes.	1
	Documentation required: a separate architectural drawing certified by the project's designer identifying any segments of the existing pedestrian pathways requiring accessibility improvements or in need of repair, and proposed improvements or new construction required to comply with applicable accessibility standards and local codes; approval from Municipality and competent transit authority, if applicable; letter from competent authority attesting the improvement is not a required off-site.	
	The project provides an enclosed (covered, secured room within the building limits) bicycle storage facility for residents on the ground floor with at least one bicycle rack space for every two units; and an unenclosed bicycle storage facility accessible to visitors with at least one bicycle rack space for every 10 vehicle-parking spaces.	1
	Documentation required: ground floor plan certified by the project's designer showing location and capacity of facilities.	

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Point Ranking Evaluation		Score
II.4.2	Urban Considerations. A proposed development that strengthens and improves the neighborhood's general urban character may be awarded one point for each one of the following criteria, up to 5 points, as follows:	Up to 5 pts
	The project achieves the maximum allowable gross floor area, housing density and/or height under applicable code provisions.	1
	Documentation required: table with applicable code provisions, maximum parameters and project parameters certified by the project's designer.	
	The parking spaces and service areas are screened from any public sidewalk or roadway by green hedges, fences or walls with a void-to-solid area ratio of 1 or less.	1
	Documentation required: site plan and elevation details certified by the project's designer identifying visual barriers and certifying compliance.	
	The building(s) main entrance(s) open(s) to the sidewalk of an adjoining public roadway.	1
	Documentation required: site plan certified by the project's designer showing the location of the building's main entrance(s).	
	The commercial spaces offered to the project tenants serve the general public and can be directly accessed from a public space.	1
	Documentation required: entry-level floor plan certified by the project's designer identifying commercial spaces and access from a public space; deed identifying commercial use.	
	The project dedicates an open garden or plaza to public use connected to or adjoining a sidewalk or roadway.	1
	Documentation required: site plan certified by the project's designer identifying public space, area and relation to a sidewalk or roadway; documentation supporting property dedication to public use.	
II.5	Building Characteristics.	Up to 10 pts
II.5.1	Unit Mix. Projects might earn up to 2 points for a unit mix preferring 2-bedroom units as follows:	Up to 2 pts
	75% or more non elderly 2-bedroom units	2
	50% or more non elderly 2-bedroom units	1
	Documentation required: floor plans certified by the project's designer; project pro-forma.	
II.5.2	Accessibility. Exceeding the allocation required under 24 CFR 8.22(b), projects could earn up to 3 points for the amount of fully accessible units for mobility disabilities (compliant with requirements applicable to Type A dwellings as defined under section 1003 of ICC ANSI A117.1 (2009)), as follows:	Up to 3 pts
	At least 20% of total units are fully accessible units for mobility disabilities.	3
	At least 15% of total units are fully accessible units for mobility disabilities.	2
	At least 10% of total units are fully accessible units for mobility disabilities.	1

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Point Ranking Evaluation		Score
	Documentation required: floor plans and elevations certified by the project's designer showing accessibility features; designer's certification of compliance; designer's opinion letter specifying compliance; affirmative marketing plan in provided Fair Housing format.	
II.5.3	Building Amenities. Projects will be awarded one point, up to 5 points, for each one of the following building or unit features benefiting all units and, if applicable, not required by code or a permit authority:	Up to 5 pts
	Centrally located courtyard or patio with an area of no less than 30 sq. ft. per unit directly accessible from the main entrance(s) of the building(s).	1
	Community or meeting center with an area of no less than 15 sq. ft. per unit, with kitchen and public bathrooms.	1
	Open balcony in each unit with an area of no less than 24 sq. ft.	1
	Equipped exercise room or rooms with an aggregate area of no less than 300 sq. ft.	1
	Common laundry or laundries equipped with at least a washer-dryer pair per 15 units or washer/dryer combo provided in each unit.	1
	Equipped playground outdoor area with visual control from the main entrance.	1
	Night shift security guard.	1
	Trash chutes (for mid or high rise facilities).	1
	Storm windows or shutters in all units.	1
	Ceiling fans for all bedrooms and living room areas.	1
	Documentation required: floor plans and elevations certified by the project's designer showing designated spaces and floor area; designer's certification of compliance.	
II.6	Innovative Design. The Authority favors projects that advance the State Housing Plan's policy that seeks to identify, adopt and implement design, construction and rehabilitation standards and technologies that are appropriate for the Island's climate, aimed at reducing construction costs and promoting energy efficiency.	Up to 14 pts
II.6.1	Cost Containment. The Authority's total development cost for new construction averages close to \$232,504 for non-elderly units and \$180,632 for elderly; substantial rehabilitation averages close to \$167,552 and \$130,771, respectively. Projects that demonstrate the capacity to effectively curb costs while complying with applicable standards, threshold requirements and minimum scoring, might earn up to 5 points, as follows:	Up to 5 pts
	Total development cost per unit more than 20% below the applicable benchmark.	5
	Total development cost per unit more than 15% below the applicable benchmark.	3
	Total development cost per unit more than 10% below the applicable benchmark.	1
	Documentation required: construction cost breakdown (itemized schedule of values) that substantially conforms to form HUD 2328, certified by the proposed general contractor or project designer; project development costs; construction cost estimate prepared and certified by a third-party (licensed architect or engineer, Professional Cost Estimator or a Certified Cost Professional); Sources and Uses of Funds; required fees to cover the Authority's third-party assessment of proposed cost estimates.	
II.6.2	Energy Efficiency. Projects might earn up to 9 points by advancing energy efficiency and green design best-practices and protocols, as follows:	Up to 9 pts

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Point Ranking Evaluation		Score
	A point each will be awarded for any project that specifies and factors-in the initial costs of any the following:	Up to 5 pts
	All appliances initially placed in common areas and apartments, and/or building envelope products (specifically: refrigerators, bath fans, clothes washers-dryers, and/or windows, doors, and skylights), as well as their replacement are specified to be Energy Star-qualified.	1
	Kitchen range directly vents to exterior and all hoods vent to the exterior tampered; Energy Star qualified bath fan where required with timer or humidistat.	1
	Energy Star qualified light fixtures throughout.	1
	All initial water conserving appliances and fixtures and their on-going replacements conform to or exceed the EPA's Water Sense standards for toilets, kitchen faucets, bathroom faucets, and showerheads.	1
	Recycling space and equipment, including recycling bins for each apartment.	1
	Documentation required: architectural drawings specifying spaces, equipment and/or systems required; designer's certification of compliance; construction cost estimates identifying initial cost of equipment; proposed covenant provision for on-going replacements adopting most current program standard.	
	Construction permit is a Green Construction Permit (<i>Permiso de Construcción Verde</i>) from OGPe.	3
	Documentation required: Copy of Green Construction Permit from OGPe.	
	An Enterprise Green Communities' pre-build or a LEED Neighborhood Development Plan certification completed at date of application.	1
	Documentation required: Copy of certification.	
II.7	Construction Readiness. Project has one of the following:	Up to 10 pts
	Unexpired construction permit or notification of approval of the construction permit.	10
	Documentation required: Document issued by the Permits Management Office (OGPe), an Autonomous Municipality or a <i>Profesional Autorizado</i> .	
III	Housing Needs Characteristics	Up to 9 pts
III.1	Income Targeting. A project might earn 3 points if at least 50% of the units in the project are targeted for households with incomes at 50% AMI.	3
	Documentation required: Restrictive covenant agreement provision; tenant selection procedures.	
III.2	Targeted Units. A project will be awarded up to 3 points if it sets-aside the applicable percentage of units for any of the following special populations categories identified in both the State Housing Plan and the Consolidated Plan: elderly households (62 years and older); homeless persons or families as defined under the HEARTH Act; single headed households; persons with HIV/AIDS:	Up to 3 pts
	At least 75% of total project unit's set-aside for the targeted group during the length of the HOME compliance period.	3
	At least 50% of total project unit's set-aside for the targeted group during the length of the HOME compliance period.	2
	At least 25% of total project unit's set-aside for the targeted group during the length of the HOME compliance period.	1

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Point Ranking Evaluation		Score
	Documentation required: restrictive covenant agreement provision recording the targeted set-aside for the length of the compliance period; for permissible target populations under the applicable provisions of the programs subsidizing the project, an affirmative marketing plan in the provided Fair Housing format and tenant selection procedures.	
III.3	Preservation. To strengthen the State Housing Plan policies that seek to maintain the stock of affordable rental housing, a substantial rehabilitation project that meets the threshold expenditure level established under IRC 42(c)(3)(A)(ii), might earn up to 3 points, if:	Up to 3 pts
	The project curbs the risk of loss due to physical condition by replacing more than one major building component, which includes roof, bearing wall, floor or foundation structures; plumbing system; electrical system; fire prevention and safety system; vertical transportation; or building envelope.	2
	Documentation required: Comprehensive capital needs assessment certified by a licensed architect or civil engineer including the identification of the condition of major building systems and the extent of required code compliance retrofitting.	
	The project curbs a significant risk for market conversion of a tax credit or otherwise rent-assisted property; or preserves a comparable level of existing project-based rental subsidies that will expire within two years of the application date.	1
	Documentation required: Housing market study must demonstrate the capacity of the project to compete for market rate tenants; copy of existing HAP, if applicable.	
IV	Project Developer Characteristics	Up to 9 pts
IV.1	Experience. Developer, General Partner or Managing Partner can demonstrate successful record and full compliance participating in same capacity in the development of Tax Credit projects in Puerto Rico. Up to 6 points, a point will be awarded for each documented project, up to a maximum of 3 projects, for each one of the following comparable characteristics:	Up to 6 pts
	If proposing to use only HOME, project demonstrating utilization of HOME program or in combination with other programs; if proposing to use HOME in combination with any other federal or state program, project utilization of HOME combined with Tax Credits, project-based rental assistance or another federal or state program subsidizing development costs, long-term operations or providing long-term rental assistance.	Up to 3 pts
	Similar or deeper share of income targeted populations.	Up to 3 pts
	Documentation required: Copy of IRS form 8609 for LIHTC projects; relevant project documentation; letter certifying compliance issued by the Authority or the Department of Housing.	
IV.2	Financial Strength. Developer, general partner and manager partner have:	Up to 3 pts
	Combined current liquid assets equivalent to the greater of one million dollars (\$1,000,000) or 5% of the total development costs.	2
	Documentation required: Compiled or revised financial statements certified by a licensed accountant; sources and uses of funds.	
	Combined net worth equivalent to the greater of three million dollars (\$3,000,000) or 15% of total development costs.	1
	Documentation required: Compiled or revised financial statements certified by a licensed accountant; sources and uses of funds.	

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Point Ranking Evaluation		Score
V	Financing Characteristics	Up to 13 pts
V.1	Funds Leveraging. The leveraging of capital funding from public grants or non-financing sources, other than those being managed by the Authority, the Department of Housing or the Municipalities is encouraged by awarding a project up to 5 points as follows:	Up to 5 pts
	At least 15% of the total development cost covered by other sources of public funding.	5
	At least 10% of the total development cost covered by other sources of public funding.	3
	Documentation required: Sources and uses of funds; binding commitment, agreement or award documentation.	
V.2	Local Government Funding. Up to 5 points are awarded for projects that leverage local government capital funding through cash contributions, land donated or discounted, site or off-site improvements, grants, or a municipal construction tax abatement which is granted to the project and is not available under a local or state statute of general application, with a total value of:	Up to 5 pts
	At least 5% of the total development cost.	5
	At least 3% of the total development cost.	3
	At least 1% of the total development cost.	1
	Documentation required: sources and uses of funds; binding commitment, agreement, contract, award or documentation supporting property transaction or construction tax abatement.	
V.3	Operating Expenses. Project might be awarded 1 point if it meets the corresponding operating expense requirement on a per-unit per-annum (PUPA) basis in the first year:	1
	For developments with 79 units or less, a PUPA not less than \$3,000 but not more than \$3,600.	
	For developments with 80 to 120 units, a PUPA not less than \$2,900 but not more than \$3,400.	
	For developments with 121 units or more, a PUPA not less than \$2,800 but not more than \$3,400.	
	Documentation required: Certification provided by the management agent.	
V.4	State Funding. Projects which have been contributed federal or State-owned land for redevelopment will be awarded 2 points.	2 pts
	Documentation required: Copy of long-term lease agreement, deed, or letter of commitment.	
VI	Supportive Services	Up to 5 pts
VI.1	Supportive Services. To advance the public policy of the State Housing Plan to increase the provision supporting services by integrating agencies that provide these services and coordinate their actions to support permanent housing for populations with special needs, any project might earn up to 5 points for sustaining a funding allocation for the provision of supportive services of the type: 1) authorized under a federally subsidized program and that can be funded with resources obtained directly as a grantee in competitive or demonstrative grants, or as a recipient of any admissible operational assistance (<i>i.e.</i> , CoC, VASH, GPD, SSVF, Veteran Per Diem, CDBG, HOPWA, FSS Program, etc.), or indirectly as sub-grantee or provider, or by contracting the services of a sub-grantee or provider, of any state or municipally managed program (<i>i.e.</i> , ADFAN's CSGB,	

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Point Ranking Evaluation		Score
	VRA's Independent Living, ASSMCA's Homeless and Chronic Mental Health, ADFAN's Adult and Person with Disabilities Services, Medicaid's Home and Community-Based Service Waivers, among other); or 2) contracted for a certified Assisted Living facility under Act 244-2003, as follows:	
	Up to 5% of the project's annual operational cost for the length of the compliance period of affordability.	5
	Up to 3% of the project's annual operational cost for the length of the compliance period of affordability.	3
	Up to 1% of the project's annual operational cost for the length of the compliance period of affordability.	1
	Documentation required: Pro-forma; agreement provisions specifying operational budget commitment; if available, binding commitment, agreement or award documentation. On-going compliance will have to be demonstrated through: financial reporting evidencing compliance with funding commitment; and supporting documentation of managed, contracted or purchased services funded or authorized by any federally subsidized program; relevant reporting under Act 224-2003.	
Maximum Score		100
VII	Tie-Breaking Criteria	
	Will favor the project that is the readiest to proceed.	
	Will favor the project that is located in an urban area as defined in I.1.	
	Will favor the project with highest average debt service coverage ratio (ADSCR).	
	Will favor the project that is located in a QCT and contributes to a concerted Community Revitalization Plan consistent with the policies of the Commonwealth or of a Municipality. Endorsement from competent entity must be provided, if case arises.	
	Will favor the project that is located in a non-metropolitan Municipality with the least amount of HOME funds allocated from the Authority's HOME program for Construction and Rehabilitation of Rental Housing.	

An applicant may submit a written petition for reconsideration to the Executive Director of the Puerto Rico Housing Finance Authority (PRHFA) within ten (10) calendar days after the notification by mail of the letter denying the application. A copy of the petition for reconsideration must be filed with the PRHFA HOME Program.

The PRHFA shall consider the petition for reconsideration within ten (10) calendar days of filing. If the PRHFA makes a determination upon the merits of the petition for reconsideration, the term to petition for judicial review shall commence as of the date of the notification by mail of the final determination. If the PRHFA takes no action with respect to the petition for reconsideration within ten (10) calendar days of filing, the petition for reconsideration shall be deemed to have been denied outright and the term for judicial review shall commence to run as of that date.

An applicant adversely affected by a decision of the PRHFA, may present a petition for review before the Court of Appeals within ten (10) calendar days after the notification by mail of the letter denying

the application, or within ten (10) calendar days after the expiration of the term provided to the PRHFA to consider the petition for reconsideration.

The filing of a petition for reconsideration or a petition for judicial review shall not stop the PRHFA allocation of HOME Funds to successful applicant. The reconsideration and judicial review procedure provided herein shall be the exclusive proceeding to review the merits of a decision of the PRHFA regarding the allocation of HOME Funds pursuant to this Action Plan. Other regulations regarding formal or informal adjudicatory proceedings before the PRHFA are not applicable to HOME Funds allocation decisions.

Selection and notification (conditional): HOME will evaluate the projects according to their specifications, available funds, and their best use. A written notice will be sent to all proponents indicating whether they were selected or not, the results of the threshold evaluation and the score assigned to their proposals. The notice will not confirm the assistance amount and MUST be considered conditional in nature and pending the determinations of the subsidy layering and other reviews of the project.

3. IF ONLY SUMMARY CRITERIA WERE DESCRIBED, HOW CAN POTENTIAL APPLICANTS ACCESS APPLICATION MANUALS OR OTHER STATE PUBLICATIONS DESCRIBING THE APPLICATION CRITERIA? (CDBG ONLY)

Not applicable to the HOME Program- (see CDBG section Above)

4. DESCRIBE THE PROCESS FOR AWARDING FUNDS TO STATE RECIPIENTS AND HOW THE STATE WILL MAKE ITS ALLOCATION AVAILABLE TO UNITS OF GENERAL LOCAL GOVERNMENT, AND NON-PROFIT ORGANIZATIONS, INCLUDING COMMUNITY AND FAITH-BASED ORGANIZATIONS. (ESG ONLY)

Not applicable to the HOME Program- see ESG section Above.

5. IDENTIFY THE METHOD OF SELECTING PROJECT SPONSORS (INCLUDING PROVIDING FULL ACCESS TO GRASSROOTS FAITH-BASED AND OTHER COMMUNITY-BASED ORGANIZATIONS). (HOPWA ONLY)

Not applicable to the HOME Program - See HOPWA Section.

6. DESCRIBE HOW RESOURCES WILL BE ALLOCATED AMONG FUNDING CATEGORIES.

The information that follows presents a description of the HOME Program activities and the criteria used for the distribution of funds addressing the priority needs, specific objectives, and performance measurements mentioned above. The minimum investment required by HOME activity is \$1,000 per unit.

ACTIVITY NAME: HOMEBUYERS ASSISTANCE

HOME Allocation: \$5,000,000

Description: The scope of this activity is to promote the acquisition of existing affordable housing for homeownership tenure; increasing the supply of safe, sound and sanitary dwellings available to low income families and helping them to improve their quality of life.

HOME funds will be used to subsidized part of the down payment and closing costs to prospective homebuyers in order to reduce the monthly mortgage payments. The dwelling should met property standards set forth in CFR 92.251 and the homebuyer should met income targeting requirements set forth in sections 24 CFR 92.203 (income determination) and 24 CFR 92.217 (income targeting: Homeownership).

Permanent financing would be secure through a private financial institution or the Puerto Rico Housing Finance Authority. The subsidy per family is up to \$45,000.00.

Nevertheless, the amount of the subsidy to be awarded could be higher if the subsidy layering analysis done to the family in compliance with 24 CFR 92.250(b), justify a higher subsidy.

On this basis, the Government Program will be able to consider the approval of individual homebuyer activity with a sale price up to the Homeownership Sales Price Limits published by HUD for every Municipality yearly. This value varies in each publication and depending of the property's location.

In order to qualify as homebuyer, the applicant should meet the criteria mentioned below:

- a. To qualify as a low income family in the municipality where he/she is interested in purchasing the housing unit. Eligible families are Section 8, public housing, private tenants and married or unmarried couples looking to relocate because of marriage or job replacement. We encourage single parents, handicapped and elderly looking for secure housing opportunities. Income eligibility will be determined using Annual Gross Income as defined in 24 CFR Part 5. We also encourage occupation in Projects financed by the Puerto Rico Housing Finance Agency if of any interest by the solicitants of the Home Program.
- b. To look into the housing market and request a sale offering from the owner seller once the family has decided on a property.
- c. To request a pre-qualification from a mortgage bank, calculating the equity available for down payment, the amount of Home funds needed for down payment assistance and the monthly mortgage.
- d. To obtain the final eligibility and subsidy analysis form the Commonwealth Home Program, in order to obtain the final program commitment. Individualized analysis and criteria per family will take place in this step.
- e. To qualify in the Home Program solicitants must be living in Puerto Rico for at least one year and the head of household and co-head must be American Citizens.
- f. The homebuyer will execute a lien through covenants running with the property and deed restrictions for the affordable period, calculated for funds invested in the unit. The share will be secure in compliance with section 24 CFR 92.254 (affordability terms). HOME assistance could be matched with any other state, federal or municipal subsidy.

ACTIVITY NAME: REHAB OR NEW CONSTRUCTION BY OWNER (TECHO DORADO)
HOME Allocation: \$997,708

Description: The scope of this activity is to promote the rehabilitation of a substandard Homeowner unit, or the replacement of such unit if it is unsound or represents an environmental hazard, in compliance with the housing rehabilitation standards. This would maintain the existing housing stock for Homeownership tenure, increase the supply of safe, sound, and sanitary dwellings available to low and very-low income families, and help them improve their quality of life. In order to meet the activity objective, the Commonwealth **HOME** Program will receive applications that comply with the Housing Rehabilitation Standards and under the following criteria:

- a. Very Low and Low income families
- b. In the case of minor or specialty repair if they are required to bring units up to applicable codes and standards and comply with minimum investment thresholds per HOME-assisted unit in a project;
- c. Moderate and substantial rehabilitation, which include rehabilitating all items that do not meet code or may involve substantial repairs throughout the home in order to bring it up to code and to improve the overall livability and functionality of the unit, given that subsidy limits established by Home are not exceeded (221 (d) (3)).
- d. Non compliance of Section 8- Housing Quality Standards;
- e. Structural deterioration of the dwelling, for instance: current rehabilitation will exceed 25% cost of the unit;
- f. Architectural barrier removal for persons with physical impediments that need reasonable accommodation;
- g. Construction of additional bedrooms to clear overcrowding.
- h. The homebuyer will execute a lien through covenants running with the property and deed restrictions for the affordable period, calculated for funds invested in the unit. The share will be secure in compliance with section 24 CFR 92.254 (affordability terms). HOME assistance could be matched with any other state, federal or municipal subsidy.
- i. To qualify in the HOME Program, solicitants must be living in Puerto Rico for at least one year and the head of household and co-head must be American Citizens.
- j. Any reconstruction may not be greater than the Homeownership Sales Price Limits under 1 unit new construction values per Municipality.
- k. All Properties to be eligible must be 1 unit.

Very Low and Low-income families will receive a grant from the Commonwealth **HOME** Program depending of the number of bedrooms for the rehabilitation of the dwelling.

The property may not have any lien on the title. The title must be under the name of the Home program participant(s).

Any additional cost beyond the subsidy limit needed to complete the rehabilitation of the **HOME** would be obtained by the participant.

ACTIVITY NAME: REHAB OR NEW CONSTRUCTION FOR MULTIFAMILY RENTAL DEVELOPMENT

HOME Allocation: \$5,000,000

Description: **HOME** funds will be distributed as a grant to provide incentives or a direct loan to developers in order to reduce financing expenses in the construction loan.

The rental construction, rehabilitation, or conversion will be carried out in compliance with sections 24 CFR 92.205 (eligible activities), 92.206 (eligible project costs), 24 CFR 92.251, **HOME** Program property standards, and Commonwealth construction requirements. Eligible project costs will be evaluated by the **HOME** staff, with the Reasonable Cost Certification issued by the **HOME** Program.

The amount of the subsidy to be awarded will be granted after the subsidy layering analysis is done to the project in compliance with 24 CFR 92.250 (b).

For rental housing, 90 percent of the occupants of **HOME**-assisted rental units must have incomes that are 60 percent or less of the area median; and 20 percent of the units in each rental housing project of five or more units must be occupied by tenant families with incomes at or below 50 percent of median income.

Enforcement of the affordability period, rent and occupancy requirements will be secured through covenants running with the property and deed restrictions. Covenants and deed restrictions may be suspended upon transfer by foreclosure or deed-in-lieu of foreclosure.

Every **HOME**-assisted unit is subject to rent limits designed to help make rents affordable to low income households. These maximum rents are referred to as “**HOME** Rents.”

The **PRHFA** will annually announce the maximum monthly rents approved by HUD, as well as disclose the utilities allowances for **HOME**-assisted rental projects.

There are two **HOME** rents applicable to the **HOME** program:

High **HOME** Rents: Maximum **HOME** rents are the lesser of: the Section 8 Fair Market Rents (FMRs) (or area-wide exception rents) for existing housing; OR thirty (30) percent of the adjusted income of a family whose annual income equals 65 percent of median income.

Low **HOME** Rents: For properties with five or more **HOME** assisted units, at least 20 percent of **HOME**-assisted units must have rents which are no greater than:

- Thirty (30) percent of the tenant’s monthly adjusted income, or thirty (30) percent of the annual income of a family, whose income equals 50 % of median income (Low **HOME** Rent), or if a project has a Federal or Commonwealth project-based rental subsidy and the tenant pays no more than 30 percent of his or her adjusted income toward rent, the maximum rent may be the rent allowable under the project-based rental subsidy program.
- Rental developers are advised that the payment standard applicable to the **HOME** Program is the High or Low **HOME** rent established by HUD for the market areas defined in Puerto Rico. The payment standard includes the utilities that should be paid

by the landlord. In case the tenant pays any of these utilities, the contract rent executed by the tenant should discount the amount paid for such utilities. The **HOME** Program will use the utilities adopted by the PRHFA Section 8 Program.

- This activity significantly boosts the housing construction industry by developing new rental housing Island-wide.

ACTIVITY NAME: HOME PROGRAM PLANNING AND ADMINISTRATION

HOME Allocation: \$1,221,967

Description: The scope of this activity is to provide the framework to support planning and administrative roles exclusively for the HOME Program.

10% of the total allocation of HOME Program funds for PY 2019 will be used to cover reasonable administrative and planning costs for general management and coordination of the program, and other eligible costs in accordance with 24 CFR Part 92.207

7. DESCRIBE THRESHOLD FACTORS AND GRANT SIZE LIMITS.

No grants size limits will be applied to proposed housing development projects. For Homebuyer Financial Assistance activities the cap are a minimum of \$1,000 and a maximum of \$45,000 will be available for eligible homebuyers.

8. WHAT ARE THE OUTCOME MEASURES EXPECTED AS A RESULT OF THE METHOD OF DISTRIBUTION?

The following are the HOME Program Outcome Measures:

GRANT FUNDS BY ACTIVITY ALLOCATION FOR PY 2019			
Activity	Allocation	Percentage	Expected Goal
STATE ADMINISTRATION:	\$1,221,967	10.00%	N/A
HOME BUYERS ASSISTANCE:	\$5,000,000	40.92%	111
REHAB OR NEW CONSTRUCTION FOR MULTIFAMILY RENTAL DEVELOPMENT:	\$5,000,000	40.92%	33
REHAB OR NEW CONSTRUCTION BY	\$997,708	8.16%	13

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OWNER (TECHO DORADO):			
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APPENDIX:

CDBG

IV. Additional information for Section AP-30- Method of Distribution

CDBG PROGRAM

1. DESCRIBE THE STATE PROGRAM (CDBG) ADDRESSED BY THE METHOD OF DISTRIBUTION.

The State CDBG allocation for PY 2019 amounts to \$23,715,075.00. This program provides funding for housing, community, and economic development, as well as assistance for special populations across the 51 non-entitlement municipalities of Puerto Rico.

The allocation for non-entitlement municipalities will be equally distributed among the municipalities, with the exception of the islands of Vieques and Culebra, which both will receive an additional 15% above the Equal Allocation Grant. This method follows the distribution established via the enactment of local Law 137-2014, as amended. The following is the proposed allocation:

<i>Allocation for 49 Municipalities</i>	
Administration	\$ 76,209.90
Public Service	\$ 67,243.00
Other Eligible Project (Housing, Community Development, Economic Development, Etc.)	\$ 304,837.00
TOTAL	\$ 448,289.00

<i>Vieques and Culebra</i>	
Administration	\$ 88,181.00
Public Service	\$ 77,806.00
Other Eligible Project (Housing, Community Development, Economic Development, Etc.)	\$ 352,721.00
TOTAL	\$ 518,709.00

<i>PRDOH</i>	
Administration	\$ 711,452

As in previous years, the municipalities will continue to define the specific activities for such funds. Therefore, the ultimate allocation of CDBG funds will be made by non-entitlement municipalities themselves as long as they complete their own citizen and consultation process and comply with federal, state and PRDOH's regulations. Moreover, for the purposes of determining eligibility of each activity, the State CDBG rules and requirements should be observed in full compliance.

PRDOH will evaluate the proposed activities on each proposal on a case-by-case basis. In determining a final amount, PRDOH reserves the right to adjust requested funds, based on review of compliance with the following requirements:

1. Compliance with the State CDBG requirements (Fair Housing and Citizen Participation);
2. Compliance with the College of Engineers and Land Surveyors of Puerto Rico Guidelines, including the project breakdown detailing: cost of material, labor, equipment, insurance, administrative overhead, and other costs related to the project in order to determine reasonable project cost;
3. Inadequate or incomplete description of activities to be developed;
4. Past performance of the non-entitled municipality; and,
5. Timely expenditure of funds.

Municipalities which are not in compliance with Section 108 Loan payments, may be subject to a reduction of their CDBG allocation.

Release of CDBG Funding:

The Department of Housing may condition the release of a proposal, in the following instances:

- Non-compliance with return of funds for questioned costs.
- Non-compliance with the filing, within the indicated term, of the Corrective Action Plan (PAC) for monitoring signals.
- File of the Single Audit, in the Federal Clearing House.

In these instances, the proposal will not be released and the Municipality will not be able to request funds with respect to it, until the situation has been corrected or remedied.

Criteria for recapture and repayment of funds

The non-entitlement municipalities are subjected to PRDOH recapture policy concerning those funds which have not been used for a period of live (5) years or longer.

PRDOH could recapture allocations with neither unexpended nor disbursed balances from program year earlier than 2013. Any funds recaptured under this condition will be reallocated to the existing Emergency Fund.

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Municipalities must prepare proposals in accordance with Circular Memorandum 2013-09 "*Procedimiento Enmendado Para Determinar Elegibilidad De Los Proyectos Bajo la Categoría Del Fondo De Emergencias De CDBG*". Proposals evaluations are subject to the content of the same Circular Memorandum. Municipal Governments can present projects under the Emergency funds for projects that do not exceed \$100,000.

Proposal Requirements

In order to request the 2019 CDBG assistance, non-entitlement municipalities are required to prepare and submit to PRDOH an application that complies with the requirements of this plan. The 2019 CDBG allocation is distributed among the following categories:

Allocation to Municipalities	\$23,003,623
State Administration	\$711,452.00
Total	\$23,715,075

The maximum amount to be provided to the municipalities (without any recaptured amount) is the following:

Maximum allocation per municipality	\$448,289.90
Maximum allocation for Vieques and Culebra	\$518,709.00

Projects and activities presented by Municipalities will need to comply with the established caps of the program (Administration 17% and 15% Public Services (optional)). Each municipality will be required to describe each project to be undertaken during the program and to establish its eligibility. Municipalities are not required to fund administration or public services activities.

Municipalities need to comply with the following citizen participation requirements:

- Certify that followed the Citizen Participation Plan as approved by PRDOH. The application must include a certification signed by the Mayor indicating that it has fully complied with its Citizen Participation Plan. If the Citizen Participation Plan was revised, the Municipality must include its current plan with the application.
- The municipality should celebrate two (2) public hearings; with at least ten days apart from each other. During the first public hearing the Municipality will gather information on housing and community development needs as expressed by the community.
- During the second public hearing the municipality must respond to the needs of the community by describing the proposed project to be included on the proposal to be presented to PRDOH. The description of the project must include how it is consistent with the CDBG eligible categories included on this plan, how the project complies with one of the three CDBG national objectives, the funding allocation, and expected performance measurement.

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The invitation to the two (2) hearings can be included in the same public notice. The notice should be published on a newspaper of general or regional circulation within ten (10) days from the day of the hearing. A ten-day period should be allowed between first and second hearing.

A copy of the public notice must be included with the proposal. The copy of the notice will be printed on a 3.5" x 11" page, with the date of publication and the name of the newspaper clearly visible. The municipality should address, in writing, the efforts made to foster citizen participation with such evidence included.

Fair Housing Certification

As required by 24 CFR 570.904, each municipality must identify and certify the efforts to provide fair housing. The proposal shall include a Statement of Actions to affirmatively foster Fair Housing, certified by the mayor, which includes the actions to be taken by the municipality to assure ongoing compliance with federal fair housing laws.

Proposal evaluation (All dates were adjusted after the allocation date)

The Municipalities are required to submit its 2019 proposal, and all the supporting documentation, by July 15, 2019. If the Municipality fails to provide such documentation, the proposal will not be evaluated and will not receive its 2019-20 allocation. The corresponding allocation will be via de Emergency Funds activity.

National Objectives

The CDBG funds described herein are allocated to assist non-entitlement municipalities in Puerto Rico in order to carry out housing and community development activities that comply with Section 105 of the Housing and Community Development Act of 1974, as amended. Each activity must meet the eligibility requirements, plus the national objectives, in order to benefit low- and moderate-income families, aid in the prevention or elimination of slums or blighted areas and address an urgent need designated as such by the Government of Puerto Rico or the Federal Government.

Consistent with the above, each non-entitlement municipality under the State CDBG Program must be able to prove that activities financed with CDBG funds meet one of the three national objectives as described above. Furthermore, the criteria for determining whether an activity addresses one or more of these objectives are contained in 24 CFR 570.483 (b), (c) or (d).

2. DESCRIBE ALL OF THE CRITERIA THAT WILL BE USED TO SELECT APPLICATIONS AND THE RELATIVE IMPORTANCE OF THESE CRITERIA.

Under Act 137 of 2014 (as amended) the Commonwealth of Puerto Rico established that all non-entitlement municipalities will receive the same amount of CDBG funds, with the exceptions of Vieques and Culebra, which will receive an additional 15%. Thus, under this method of distribution, municipalities will receive the same share of CDBG funds with no need for a competitive round.

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3. IF ONLY SUMMARY CRITERIA WERE DESCRIBED, HOW CAN POTENTIAL APPLICANTS ACCESS APPLICATION MANUALS OR OTHER STATE PUBLICATIONS DESCRIBING THE APPLICATION CRITERIA? (CDBG ONLY)

The Application manuals and other materials will be distributed by the PRDOH.

4. DESCRIBE THE PROCESS FOR AWARDING FUNDS TO STATE RECIPIENTS AND HOW THE STATE WILL MAKE ITS ALLOCATION AVAILABLE TO UNITS OF GENERAL LOCAL GOVERNMENT, AND NON-PROFIT ORGANIZATIONS, INCLUDING COMMUNITY AND FAITH-BASED ORGANIZATIONS. (ESG ONLY)

Not applicable- Please refer to ESG Program

5. IDENTIFY THE METHOD OF SELECTING PROJECT SPONSORS (INCLUDING PROVIDING FULL ACCESS TO GRASSROOTS FAITH BASED AND OTHER COMMUNITY-BASED ORGANIZATIONS). (HOPWA ONLY)

Not Applicable - See HOPWA Section.

6. DESCRIBE HOW RESOURCES WILL BE ALLOCATED AMONG FUNDING CATEGORIES.

The State CDBG allocation for PY 2019 amounts to \$23,715,075 will be distributed among eligible categories of the program.

No more than 20% of the CDBG funds will be allocated for eligible Administrative and Planning Activities (3% by PRDOH and 17% by the Municipalities); up to 15% of the CDBG funds can be allocated for Public Service purposes and the remaining of the funds can be allocated for housing, community development and economic development related activities.

All CDBG eligible activities. Eligible activities under the State CDBG Program are listed on Section 105 (a) of Title I of the Housing and Community Development Act of 1974, as amended. Each activity must meet one of the national objectives as to benefit low and moderate-income persons (24 CFR 570.483 (b)), pursue the elimination of slums and blighted areas (24 CFR 570.483 (c)), or activities designed to address a particular urgency that poses an imminent threat to the health and safety of the community (24 CFR 570.483 (d)). Each activity should correlate with a matrix code, national objective and CDBG citation.

All applications for Program Year 2019 State CDBG funds must establish that no less than 70% of State CDBG funds will benefit LMI persons. Projects which do not meet eligibility requirements under Section 105(a) of Title I of the Housing Development Act of 1974, as amended, will not be considered.

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The following is a description of each CDBG category eligible to obtain funds under this plan. All eligible activities of the CDBG program will be considered for funding. PRDOH will allow non-entitlement municipalities to request funds for any of the eligible activities illustrated in the next section:

COMMUNITY DEVELOPMENT

Community development activities are divided in two Major Categories: (1) Public Facilities and Improvements, and (2) Improvement to the Municipal Infrastructure. All Community Development projects must comply with the following requirements:

- Complete the forms provided by PRDOH
- Provide a detailed cost estimate "breakdown", according to the Information on the Circulars of July 6 and 9 of 2001 and the Informative Circular 2007-23 of November 26, 2007, related to resurfacing projects.
- Certification of substantial control or ownership (deed or lease).
- Certification that the project is located on an eligible block group or census tract (where 51% or more of the population is within the low-income limit).
- Detailed description of the origin and use of other funds.

1. Public Facilities and Improvements

The non-entitlement municipalities may request CDBG funds for public facilities and improvements, including the construction or rehabilitation of:

- Abused and Neglected Children's Facilities: this activity refers to the construction or rehabilitation of buildings that serve as daycare centers, treatment centers, or temporary housing for abused and neglected children.
- Asbestos Removal: this activity refers to the removal of asbestos material or asbestos remaining in order to improve any public facility.
- Centers for the Disabled/Handicapped: this activity refers to the construction or rehabilitation of group homes or centers for the disabled.
- Child Care Centers/Facilities for Children: this activity refers to the construction or rehabilitation of daycare centers and Head Start pre-school centers.
- Facilities for AIDS Patients: this activity refers to the construction or rehabilitation of buildings for treatment or temporary housing for people who are HIV positive or have AIDS.
- Fire Station/Equipment: this activity refers to the construction or rehabilitation of fire stations, including the purchase of fire trucks, ambulances, and rescue equipment.
- Health Facilities: this activity refers to the construction or rehabilitation of physical and mental health facilities.
- Homeless Facilities: this activity refers to the construction, conversion, renovation, or rehabilitation of shelters for the homeless and battered spouses, and including transitional housing and SROs (single room occupancy units) for the homeless.

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- Neighborhood Facilities/Community Centers: this activity refers to the construction or rehabilitation of structures that will be used for social services or for multiple purposes such as recreation, and are mainly designed to serve a neighborhood. Such facilities may include libraries and public schools,
- Parking Facilities: this activity refers to the construction or rehabilitation of off-street parking lots and parking garages.
- Parks, Recreational Facilities: this activity refers to the construction or rehabilitation of an open space area or a facility to be mainly used for recreational purposes.
- Senior centers: this category refers to the construction or rehabilitation of senior citizen centers. This type of facility is described as serving "senior citizens and the disabled".
- Youth Centers/Facilities: this activity refers to the construction or rehabilitation of facilities that will be primarily used to provide day care services for teenage youth (ages 13 to 19), including after-school activities. These include playground and recreational facilities that are part of youth centers/facilities,
- The construction of centers for free-internet access for professional, educational and research purposes.
- The acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements as outlined in Section 105(a)(2) of the Housing and Community Development Act of 1974 (HCDA). i.e. Installation of fixed solar waste collection cans and depositories for the managing of waste in public sites.

2. Improvement to the Municipal Infrastructure

The non-entitlement municipalities may request CDBG funds for improvement of the municipal infrastructure qualified as right of way construction or rehabilitation of:

- Flood and Drainage Facilities: This activity refers to the construction or rehabilitation of flood controls or irrigation projects (e.g., retention ponds or catch basins).
- Sidewalks: this activity refers to the construction or rehabilitation of sidewalks. Sidewalk improvements include the installation of trash receptacles, trees, benches, and lighting.
- Street Improvements: this activity refers to the construction or rehabilitation of street projects that may include street drains, storm drains, curb and gutter work, tunnels, bridges, and the installation of street lights and signs.
- Water/Sewer Improvements: this category refers to the construction or rehabilitation of water and sewer installation, or replacement of water lines, sanitary sewers, storm sewers, or fire hydrants.
- The acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements as outlined in Section 105(a)(2) of the Housing and Community Development Act of 1974 (HCDA). i.e. Installation of solar panels in waste landfills and other waste depositories for the generation of renewable energy.

NON-HOUSING COMMUNITY DEVELOPMENT

1. Public Service

The non-entitlement municipalities could use funds under the category of Public Service to complement any activity that assists homeless persons, including drug and alcohol counseling, meals-on-wheels, daycare, and to provide additional funding to ESG-funded essential services and HOPWA-funded supportive services in their jurisdiction. These include the operating costs of Homeless/AIDS Patients Programs and the cost of operating homeless/AIDS services.

This category is limited to a 15% cap, and includes the following activities:

- Senior services that will be provided to elderly persons (e.g., meals-on-wheels, dial-a-ride, homecare assistance) and services provided for victims of Alzheimer's disease or persons with disabilities, regardless of age.
- Legal aid to low and moderate-income individuals including tenant/landlord counseling provided to help prevent or settle disputes between tenants and landlords, and preparation of affidavits.
- Youth Services for teenagers (ages 13 to 19) that include, for example, recreational services limited to teenagers or a teen counseling program, including transportation services and substance abuse recovery programs, as well as preventive/educational activities.
- Services for battered and abused spouses for programs that serve adults or families.
- Counseling for employment training and placement that increases self-sufficiency. These include literacy, independent living skills, job training, and employment services activities.
- Crime prevention and educational programs.
- Fair housing services (e.g., counseling on housing discrimination) when the non-entitlement municipality indicates that a national objective will be met. In order to request funds for this activity, the municipality should have a Fair Housing Plan approved by PRDOH.
- Child Care Services that benefit children (generally under age 13), including parenting courses.
- Health Services activities include operating neighborhood clinics, post-rape counseling, vermin abatement services (also known as "vector control"), and other activities designed to serve the health needs of residents.
- Daycare or other services exclusively for abused and neglected children.
- Mental Health Services provided by specialized organizations to address the mental health needs of the community.
- Screening for Lead-Based Paint/Lead Hazards Poisoning for activities primarily designed to provide screening for (not removal of) lead-based paint and other lead poisoning hazards in housing units built before 1978 that will be occupied by children under 6 years of age.
- Energy conservation projects Specific requirements for this activity:
 - Complete the forms outlined in PRDOH's RFP
 - It must be a new activity or reflect increased level of service for people of low and moderate income

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- Municipality must submit the Operational Guide for each of these projects,
- Detailed description of the origin and use of other funds.

HOUSING ACTIVITIES

1. Moderate Housing Rehabilitation

The applications for the housing rehabilitation category must clearly indicate how they will eliminate the specific conditions detrimental to the health and safety of the household (this could include households under rent agreements). Municipalities must follow PRDOHs specific application rules and procedures. (It is important to note that under the housing rehabilitation activity, municipalities may submit rehabilitation projects where the works are carried out by municipal crews, and therefore, a substantial proportion of the project is directed to the purchase of construction materials.)

The municipality is expected to be able to start the housing rehabilitation immediately once the date of the release of funds is issued to them by PRDOH, if applicable.

An amount up to \$25,000 (maximum) is the thresholds established for housing rehabilitation activities. Exception of this rule will be evaluated by PRDOH, on a case by case, basis. Each municipality will be required to assure completion of the rehabilitation of every housing unit.

The municipality must follow the Moderate Housing Rehabilitation Guideline adopted by PRDOH, which requires conducting two inspections on the property: one at the filing of the application and a second inspection upon completion of the activity. These two inspections will document (via photographs) the improvements made to the housing unit. 55% of costs is the maximum allocation for materials and 45% for labor.

At the closing of the Program Year, PRDOH should be able to report the following performance measurements:

- Dollars Leveraged per CDBG funds invested;
- Number of households assisted;
- Number of households by income limit;
- Number of units occupied by race, ethnicity, and disability;
- Number of units occupied by elderly households;
- Number of units brought from substandard to standard condition;
- Number of units meeting Energy Star standards;
- Number of units brought into compliance with the lead-safe housing rule;
- Number of units made accessible (compliant with Section 504 for persons with disabilities).

PRDOH will reserve the right to adjust the funds requested for Moderate Housing Rehabilitation if the municipality keeps any unexpended balances from previous program years.

ECONOMIC DEVELOPMENT ACTIVITIES:

1. Public Facility for Business or Commercial Use

Economic development is a priority of the Government of Puerto Rico. The objective of this category is to provide funding for the construction, rehabilitation or installation of publicly-owned property to create commercial space to be used to foster the development of microenterprises as per Section 105(a)(2). Applicants are cautioned to carefully consider their project needs. PRDOH will evaluate project implementation based on the development program submitted by the municipality.

The activity to be developed by the Municipality shall comply with either one of the following:

- The rehabilitated property must create or retain Jobs, of which 51% must go to individuals who, prior to employment in the assisted business, were classified as having low or moderate income (L/M Income Jobs); or
- The limited clientele category is used as a way to qualify specific activities when the person owning or developing the microenterprise is LMI
- An area benefit activity is one that benefits all residents in a particular service area, where at least 51 percent of the residents are LMI persons. If this criterion is used, area of service must be documented.

The Municipality shall select one of those standards in order to document its compliance with the National Objective.

Program income resulting from the rental of commercial spaces in the Public Facility for commercial use is subjected to the applicable CDBG regulations in 24 CFR 570.489(e). PRDOH will issue further compliance guidance on this subject.

2. Microenterprise Assistance Program

The Program is targeted to promote the development of new and existing microenterprises; and to incentivize self-employment among individuals in the jurisdictions covered by non-entitlement municipalities as stated in Section 105(a)(22).

Eligible microenterprise activities include the provision of:

1. Grants to qualified microenterprises.
2. Technical assistance, advice, and business services to owners of microenterprises and persons developing microenterprises;
3. General support to owners of microenterprises and persons developing microenterprises including child care, transportation, counseling and peer support groups The Program is targeted to promote the retention or the development of new and existing microenterprises. To qualify as a microenterprise, the business must be a commercial enterprise that has five (5) or fewer employees, one or more of whom owns the enterprise. Economic activity must be held in the Municipality's jurisdiction.

Proposals of participating municipalities must comply with each of the following basic requirements:

4. Compliance with the State CDBG requirements; and,
5. The financing assistance must promote the startup of new microenterprises as well as retention and expansion of existing microenterprises in non-entitlement municipalities.

3. Special Economic Development Program

This activity has been designed to provide assistance to small businesses via special economic development activities (Section 105(a)(17) & 105(a)(14)). A "small business" is usually defined by the number of employees or overall sales level. For purposes of the CDBG program, small businesses have more than five (5) employees, a business with fewer than 5 employees, including the owner, is designated as a "microenterprise." The CDBG regulation makes reference to Section 3(a) of the Small Business Act of 1958, which establishes specific employment or sales standards for each industry. For most business categories, businesses with 500 or fewer employees are considered small, although in some industry categories business can have up to 1,500 employees and still be considered a small business.

These activities include:

- Acquiring; constructing; reconstructing; rehabilitating or installing commercial or industrial buildings; structures and other real property; equipment and improvements.
- Assisting a private, for-profit business through recoverable grants and technical assistance. The activity to be developed by the Municipality shall comply with either one of the following:
- The rehabilitated property must create or retain jobs, of which 51% must go to individuals who, prior to employment in the assisted business, were classified as having low or moderate income (L/M Income Jobs); or
- An area benefit activity is one that benefits all residents in a particular service area, where at least 51 percent of the residents are LMI persons.

CDBG assistance to a for-profit business under Section 105 (a)(14) - (17) and 24 CFR part 570.203 Special Economic Development triggers the requirements for the optional underwriting guidelines and mandatory Public Benefit standards as set forth in 24 CFR 570.482(f) & (g). States and units of Local General Government are responsible for ensuring that a minimum level of public benefit is obtained when CDBG funds are used for special economic development projects, and public facilities projects undertaken for economic development purposes.

PAYMENT OF NON-FEDERAL SHARE

In compliance with the Housing and Community Development Act and the CDBG regulation, PRDOH will allow Municipalities to use CDBG funds to pay the non-Federal share required in connection with another Federal grant-in-aid program under certain conditions.

Additional Information Annual Action Plan

The use of CDBG funds for this activity is conditioned by the fact that the project to be supported is eligible under the CDBG regulations. All of the CDBG program CAPS (Public Services, Jobs per investment, etc.) and conditions (eligibility, national objectives, etc.) apply to the use of the funds.

PROGRAM ADMINISTRATION AT THE MUNICIPALITY LEVEL

This line item budget covers eligible planning and administration activities approved under each proposal and should be arranged by the title of the account, number of the account, and allocated budget up to the maximum of 17% per grant. If the project is fully completed, the Municipality may transfer remaining funds to the administration activity, but no greater than 17% of the total allocation. The municipalities must use PRDOH's chart of accounts.

EMERGENCY FUND

The activities designed to meet urgent community development need to follow the same criteria established in 24 CFR 570.483 (d). Funds to assist the municipalities in attending sudden emergencies with CDBG funds will be provided with a limit per Municipality of up to \$100,000, depending on the damages quantified per occurrence within the municipal jurisdiction. There is no specific allocation for emergency funds. The emergency fund activity will be available only if a recapture occurs during the PY. The objective of this category is to provide a temporary solution to alleviate urgent problems that occur during the regular grant application process.

Emergency Fund applications must document a serious threat to public health or safety, of recent origin or which recently became urgent. A certification from the Municipal Emergency Management Office should be accompanied with a corroborating and valid certification from the State Emergency and Disaster Management Agency, alternatively a signed Executive Order, indicating the nature and date of such emergency. It is the responsibility of the State to validate the nature of the emergency.

As long as funds are available (only if a recapture is undertaken), a municipality may request emergency funds anytime during the year. Applications under this category are submitted only when an emergency arises and qualifies as an urgent need.

Non-entitlement municipalities are eligible to submit an emergency application that will be evaluated on a case by case basis. Emergencies must be recognized independently of the area of occurrence. Emergencies in non-low and moderate-income areas could be financed up to 30% of the funds available in the Emergency Fund, in compliance with Section 24 CFR 570.483 (d).

The non-entitlement municipality Finance Director will certify that the Treasury of the Municipality does not have any funds available to pay for the emergency work, and no other resources from the State or Federal Government are available to the municipality to attend such emergency.

Applications for emergency funds may be submitted anytime during PY 2019. The Mayor can submit the petition for Emergency Funds no later than fifteen (15) days after the event has occurred, except under extraordinary circumstances or another valid cause, properly filed and accepted by PRDOH as an exception. Then the Municipality will have fifteen (15) additional days to submit a detailed proposal.

Projects must be able to start immediately, and applicants have one hundred eighty (180) days to complete the activity and satisfy the Identified need. Those activities that require federal or state studies, permits, and/or consultation processes with any regulatory agency and cannot be completed within the regulatory period of time, will be evaluated on a case by case basis. If funds are not used in the term provided, they will be recaptured by PRDOH.

If the project is not commenced within a period of 60 days from the date of the registration of the contract with the Comptroller Office, the funds will be subject to a potential recapture by PRDOH.

The application must be properly completed and submitted by the Mayor to PRDOH, either hand-delivered or by certified mail, with return receipt and including the original certifications issued by the State and Municipal Agencies for Emergency Management.

The evaluation process will be conducted by an evaluating committee designated by the agency head. The committee will use the criteria and procedures established by PRDOH for this category and available upon request. The committee may conduct a field inspection of the impacted area to assess the damages claimed in the request. All projects under this category must meet one of the national objectives contained in 24 CFR 570.483 (b) (1) or (d).

As soon as the petition from the affected municipalities is received, the committee will analyze the application for emergency funds that has been received. The evaluation/recommendation will be considered for final decision by the head of the agency or other designated person.

7. DESCRIBE THRESHOLD FACTORS AND GRANT SIZE LIMITS.

Under Act 137 of 2014 (as amended by Law 10, 2017) the Commonwealth of Puerto Rico established that all non-entitlement municipalities will receive the same amount of CDBG funds, with the exceptions of Vieques and Culebra, which will receive an additional 15%. Thus, under this method of distribution municipalities will receive the same share of CDBG funds with no need for a competitive round.

8. WHAT ARE THE OUTCOME MEASURES EXPECTED AS A RESULT OF THE METHOD OF DISTRIBUTION?

The following are the Outcome Measures by Program Activity Category:

Goal Name	Needs Addressed	Goal Outcome Indicator	%
Create Suitable living Environments	Non-housing Community Development-Public Services	555 Persons	12%
Create Suitable Living Environments (B)	Non housing Community Development- P u b l i c Facilities	195,008 Persons	77%
Provide Decent Housing (D)	Housing	242 Household House unit	9%
Expand Economic Opportunity	Non-housing Community Development- Economic Development	Jobs created/retained: 4 Jobs	1%
		Businesses assisted: 12 Businesses Assisted	
Create Suitable Living Environments (C)	Non-housing Community Development -Public improvements	Other: 293Other	1%

APPENDIX:

HOPWA

IV. Additional information for Section AP-30- Method of Distribution

HOPWA PROGRAM

I. DESCRIBE THE STATE PROGRAM (HOPWA) ADDRESSED BY THE METHOD OF DISTRIBUTION.

The Housing Opportunities for Persons with AIDS (HOPWA) Program provides housing assistance and supportive services for low-income persons living with HIV/AIDS and their families, HOPWA funds are received by the Puerto Rico Department of Health to be distributed to Eligible Project Sponsors that include Municipal Governments and Non-Profit Organizations.

Funds for PY 2019 will continue to be administered by the Municipality of San Juan, The Municipality will be responsible for its management, and distribution to sub recipients. The distribution of the funds to potential sub recipients will be conducted using a competitive Request for Proposal process. Due to the law restrictions, administrative funds will not be distributed to sub recipients. The competition will distribute funds for the provision of housing and other activities. If remainder funds are available after distribution, distribution of funds will not require a new competitive process, but will be distributed among organizations and municipalities that previously submitted their proposals.

The availability of the RFP guide was announced during the public hearing (documents were available on February 28, 2019. Proposals were due on March 15, 2019. The Municipality of San Juan will select sub recipients from Municipalities, Faith-Based, and other Community Based Organizations that provide services to the HIV/AIDS populations. Interested sub recipients will submit proposals to be evaluated on a competitive basis, in compliance with the RFP and Application Guidelines.

For the purpose of this Plan the Puerto Rico EMSA will include the 78 municipalities for unobligated funds and the PR-EMSA Municipalities for the HOPWA grant.

2. DESCRIBE ALL OF THE CRITERIA THAT WILL BE USED TO SELECT APPLICATIONS AND THE RELATIVE IMPORTANCE OF THESE CRITERIA

The following evaluations factors will be used to evaluate the proposals presented by potential sub recipients. An evaluation committee selected by the Municipality of San Juan will evaluate the applications with a standard Instrument that will take into consideration: HIV/AIDS population within the proposed service area, level of experience of the proponent party, use of funds history by the proponent party and performance history of the proponent party. All criteria have the same weight in the evaluation process. The maximum value for a proposal is one hundred (100) points

The following table shows the criteria to be used for the evaluation of the proposals:

NON Profit subrecipients

- Transmittal Letter -3 Points
- Description organization - 8 Point
- Financial and Programmatic Background - 4 Point
- Action Plan - 35 Points
- Budget - 36 Points
- Required Documents - 4 Points
- Performance -10 Points
- Total 100

Municipal subrecipients

- Transmittal Letter - 2 Points
- General Information Municipality -3 Points
- Financial and Programmatic Background - 15 Points
- Proposed Project Description - 25 Points
- Budget -35 Points
- Performance -20 Points

Total 100

3. IF ONLY SUMMARY CRITERIA WERE DESCRIBED, HOW CAN POTENTIAL APPLICANTS ACCESS APPLICATION MANUALS OR OTHER STATE PUBLICATIONS DESCRIBING THE APPLICATION CRITERIA? (CDBG ONLY)

Not applicable to the HOPWA Program. (see CDBG section Above)

4. DESCRIBE THE PROCESS FOR AWARDING FUNDS TO STATE RECIPIENTS AND HOW THE STATE WILL MAKE ITS ALLOCATION AVAILABLE TO UNITS OF GENERAL LOCAL GOVERNMENT, AND NON-PROFIT ORGANIZATIONS, INCLUDING COMMUNITY AND FAITH-BASED ORGANIZATIONS. (ESG ONLY)

Not applicable to the HOPWA Program- see ESG section Above.

5. IDENTIFY THE METHOD OF SELECTING PROJECT SPONSORS (INCLUDING PROVIDING FULL ACCESS TO GRASSROOTS FAITH-BASED AND OTHER COMMUNITY-BASED ORGANIZATIONS). (HOPWA ONLY)

For PY 2019 the Municipality of San Juan will accept island-wide applications, including potential sub recipients from the San Juan Eligible Metropolitan Statistical Area (SJ-EMSA), Priority will be given to potential sub recipients that are not included in the SJ-EMSA. Applicants located in the San Juan EMSA that are currently receiving HOPWA funds from the Municipality of San Juan cannot receive State HOPWA funds for the same purpose and uses.

All the applications will be evaluated by the same standards and criteria.

No proposals that combine housing and support services will be accepted during the PY 2019. If the organization wishes to provide support services in a housing project it must submit one proposal for the support service and another for the housing.

Support services eligible costs include:

- Nutritional Services
- Day care
- Case Management
- Mental Health
- Medical services
- Any supportive service combined with housing

All sub-recipients are required to register with Dun and Bradstreet to obtain a DUNS number, if they have not already done so. In addition, they need to be registered on the System for Award Management (SAM)

6. DESCRIBE HOW RESOURCES WILL BE ALLOCATED AMONG FUNDING CATEGORIES.

Activity	Allocation	Percentage
Administration Puerto Rico Department of Health	\$65,055	3%
Administration (City of San Juan)	\$147,241	7%
Tenant Based Rental Assistance	\$725,947	33%

"Delivery Cost TBRA"	\$29,100	1%
Community Residences and + STRMU (Emergency Assistance)	\$780,750	36%
Supportive services and Rent Deposits	\$420,402	19%
Total	\$2,168,495.00	

7. DESCRIBE THRESHOLD FACTORS AND GRANT SIZE UNITS,

No grant size limits are established for the HOPWA Program funds distribution.

8. WHAT ARE THE OUTCOME MEASURES EXPECTED AS A RESULT OF THE METHOD OF DISTRIBUTION?

The following are the HOPWA Program Outcome Measures:

- Short-term rent, mortgage, and utility assistance to prevent homelessness of the Individual or family-75
- Tenant-based rental assistance- 120
- Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds- 100
- Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds -350

APPENDIX:

ESG

ESG Disaster Funding Policy

The Department of the Family seeks to be a strong partner to local geographies affected by natural disasters. In these situations, the DF will leverage all resources under its purview to provide support to vulnerable homeless clients. The ESG funding awarded to Puerto Rico is one of the resources that the DF may use to support homeless people impacted by natural disasters.

In order to provide flexible and meaningful support, the DF reserves the right to focus funding awarded under previous years grants and corresponding eligible component types to the most impacted areas. In these situations, the DF may make targeted grant sub awards to subrecipients that are governments and/or nonprofits. These awards may be used to address direct deficits to existing programs, comply with local preparedness needs and requirements, provide temporary support to expand shelter/program occupancy or fund a new activity such as street outreach or case management that can be utilized to move new and existing clients into permanent housing. The DF may also make strategic awards to renovate shelters damaged by the disaster. All activity that may be funded must still align with regulations that govern the Emergency Solutions Grant and with the local policies and procedures.

The DF will temporarily modify its traditional rating and ranking process to award funding to areas of the Commonwealth experiencing disasters. The modification of the traditional rating and ranking process serves two purposes. First, it acknowledges that areas affected by disasters may not have the bandwidth to put forward applications. Second, it allows funding to be focused on the areas where it is most needed and will have the greatest impact.

Appendix A- Recapture

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Puerto Rico Housing Finance Authority - Recapture Provisions

The affordability restriction running with the deed will ensure that all of the HTF assistance to the homebuyer is recuperated. Recapture provisions will ensure that the property remains the beneficiary's principal residence for the term of the affordability. Thus, in case the recapture restriction is triggered, the PRHFA will recapture the entire amount of the HTF investment (net proceeds available from sale). Net Proceeds are defined as the sales price minus superior loan repayment and any closing costs. The PRHFA will not recapture more that is available from the net proceeds of the sale.

In the case of an investment from the homebuyer, in the form of additional funds for down payment and the amount of mortgage principal repaid, such amount could be recovered by the homebuyer if net proceeds are enough to cover the HTF- assistance. Thus, net proceeds will first cover the HTF assistance, secondly, any initial investments from the homebuyer and finally any surplus will be shared between the PRHFA and the beneficiary. The PRHFA will not considers any additional capital improvements made to the housing unit.

The PRHFA will share any appreciation in the value of the HTF-assisted unit with the homebuyer. Any amount in excess of net proceeds (surplus) will be shared on equal basis between the PJ and the program beneficiary (50% retained by the PJ and 50% to beneficiary). Such surplus will be treated as Program Income. If net proceeds are not enough to cover HTF assistance then the homebuyer will not recuperate their investment.

The affordability restrictions will not run against the developer's subsidy, hence, only direct subsidy is subject to recapture. Direct subsidy is the amount of HTF assistance- including any program income- that enabled the homebuyer to buy the unit (down payment, closing costs, interest subsidies, or other HTF-assistance). The direct subsidy also includes any assistance that reduced the purchase price from fair market value to an affordable price. Recaptured funds will be used in HTF eligible activities.

The HTF-assisted units must meet the affordability requirements for no less than the applicable period specified below, beginning after project completion or occupancy, whichever is last. Particularly, for rehabilitation and construction projects completion will be evidenced by the use and occupancy permit. For rental projects completion will be evidenced when the construction is finished. For homebuyer sales projects completion will be evidenced when the last unit is sold. If the homebuyer transfers the property, either voluntary or involuntarily, during the period of affordability, the PRHFA will recover all the HTF assistance from the net proceeds.

TIME RESTRICTIONS ON AFFORDABILITY LIMITATIONS

HTF Investment per unit	Length of Affordability
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
Over \$40,000	15 years

The aforementioned affordability period requirements are enforced through a written agreement executed by the homebuyer and the PRHFA, and will be enforced via deed restrictions separately recorded, and a soft second mortgage over the property. The time limit for such lien will be determined by the amount of the subsidy granted by the State HTF Program, as shown in the above table.

The PRHFA will only approve refinancing for better rate and terms of the first mortgage, and immediate property repairs or improvements. Such approval requires the expressed written consent of PRHFA. The PRHFA will not approve debt consolidations or 'cash-out' refinance (other than for a nominal cash remainder that may be result from the adjustment of a closing date, etc.). Assisted households wishing to do a cash-out refinance during the affordability period should expect to repay the HTF-assistance.

Description of the Resale Guidelines for the Homebuyer Activity:

Provisions follow the requirements established in 24 CFR (a) (5) (i) to ensure affordability in compliance with 24 CFR 92.254 titled **Qualification as Affordable Housing: homeownership.**

In order to assure the maintenance of the affordable housing stock, the HTF program provides a set affordability periods that relate to the resale of the property. These periods are based on the amount of HTF funds provided for the property, in compliance with the Table below.

TIME RESTRICTIONS ON AFFORDABILITY LIMITATIONS

HTF Investment per unit	Length of Affordability
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
Over \$40,000	15 years

The period of affordability will be based on the total amount of HTF funds invested in the housing, including any program income expended in the unit.

The resale requirements must ensure, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability that the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low-income family and will use the property as its principal residence. The resale requirement must also ensure that the price at resale provides the original HTF-assisted owner a fair return on investment (including, the value of the original down payment, and the amount of mortgage principal repaid) and ensure that the housing will remain affordable to a reasonable range of low-income Homebuyers. The PRHFA will not considers any additional capital improvements made to the housing unit.

The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD. The PRHFA would announce in the restrictive covenants that may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability restrictions shall be revived according to the

original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the housing.

The term of affordability shall be secured in the written agreements executed by the homebuyer and the PRHFA and enforced via deed restrictions separately recorded, and a soft second mortgage over the property. The restrictive deed of trust would be presented at the corresponding office of the Department of Justice Property Register for presentation, qualification and inscription.

The recorded restricted deed of trust would include the following covenants on the land in two instances: in the fee title simple and in the **PRHFA** direct mortgage that will secure the affordability period of the assisted housing.

- (1) The housing must be the principal residence of the family throughout the affordability period established in the recorded deed. The Homebuyer would not rent the dwelling or use it in any other manner than the principal residence of the family.
- (2) The Homebuyer must meet the affordability requirements for not less than the applicable period specified in the previous table, beginning after project completion.
- (3) Refinancing of the first mortgage would be allowed if two of the following conditions are met:
 - (a) That the dwelling unit has been continuously occupied by the Homebuyer;
 - (b) That the funding raised by the mortgage refinancing would be used for **HTF** improvements, approved by the **HTF** Program and that no cash will be used for other means;
 - (c) That the refinancing would improve the current mortgage payment, either lowering the monthly installments, interest rate or maturity term.
- (4) The PRHFA would conduct periodic inspections on the **HTF** assisted housing during the affordability period to verify program compliance.
- (5) Resale of the property should be authorized in advanced by the **PRHFA**, and such offering should be made only to a buyer whose family qualifies as a low-income family and will use the property as its principal residence. The resale price at resale should provide the original **HTF**- assisted owner a fair return on investment. The homebuyer's fair return on investment will be based in the percentage change of Puerto Rico's Consumer Price Index (CPI, as published by the Puerto Rico Department of Labor and Human Resources) over the period of ownership. Capital improvements will be valued based on actual costs of the improvements as documented by receipts. The housing will remain affordable to a reasonable range of low-income Homebuyers.
- (6) The **HTF** equity, other than homeowner's investment and any capital improvement, and any increase in the appraised value of the property should be kept in the property, to help meet the affordability criteria for the new Homebuyer.
- (7) The property must be sold to a homebuyer complying with the following criteria: A price that is affordable to a family at 75 percent 80 percent of the median income of Puerto Rico at the time of

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the transaction that will pay no more in PITI (the sum of loan payments of principal and interest, taxes and insurance) than 28-30 percent of annual (gross) income.

- (8) The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD.
- (9) PRHFA may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the housing.

Appendix B

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UNIFORM PHYSICAL CONDITION STANDARDS FOR MULTIFAMILY HOUSING REHABILITATION

Requirements for Site	
Inspectable Item	Observable Deficiency
Fencing and Gates	Damaged/Falling/Leaning
	Holes
	Missing Sections
Grounds	Erosion/Rutting Areas
	Overgrown/Penetrating Vegetation
	Ponding/Site Drainage
Health & Safety	Air Quality - Sewer Odor Detected
	Air Quality - Propane/Natural Gas/Methane Gas Detected
	Electrical Hazards - Exposed Wires/Open Panels
	Electrical Hazards - Water Leaks on/near Electrical Equipment
	Flammable Materials - Improperly Stored
	Garbage and Debris - Outdoors
	Hazards - Other
	Hazards - Sharp Edges
	Hazards - Tripping
	Infestation - Insects
Mailboxes/Project Signs	Infestation - Rats/Mice/Vermin
	Mailbox Missing/Damaged
	Signs Damaged
Parking Lots/Driveways/Roads	
	Cracks
	Ponding
	Potholes/Loose Material
	Settlement/Heaving
Play Areas and Equipment	Damaged/Broken Equipment
	Deteriorated Play Area Surface
Refuse Disposal	Broken/Damaged Enclosure-Inadequate Outside Storage Space
Retaining Walls	Damaged/Falling/Leaning
Storm Drainage	Damaged/Obstructed
Walkways/Steps	Broken/Missing Hand Railing
	Cracks/Settlement/Heaving
	Spalling/Exposed rebar

Requirements for Building Exterior

Inspectable Item	Observable Deficiency
Doors	Damaged Frames/Threshold/Lintels/Trim
	Damaged Hardware/Locks
	Damaged Surface (Holes/Paint/Rusting/Glass)
	Damaged/Missing Screen/Storm/Security Door
	Deteriorated/Missing Caulking/Seals
	Missing Door
Fire Escapes	Blocked Egress/Ladders
	Visibly Missing Components
Foundations	Cracks/Gaps
	Spalling/Exposed Rebar
Health and Safety	Electrical Hazards - Exposed Wires/Open Panels
	Electrical Hazards - Water Leaks on/near Electrical Equipment
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable
	Emergency Fire Exits - Missing Exit Signs
	Flammable/Combustible Materials - Improperly Stored
	Garbage and Debris - Outdoors
	Hazards - Other
	Hazards - Sharp Edges
	Hazards - Tripping
	Infestation - Insects
	Infestation - Rats/Mice/Vermin
Lighting	Broken Fixtures/Bulbs
Roofs	Damaged Soffits/Fascia
	Damaged Vents
	Damaged/Clogged Drains
	Damaged/Torn Membrane/Missing Ballast
	Missing/Damaged Components from Downspout/Gutter
	Missing/Damaged Shingles
	Ponding
Walls	Cracks/Gaps
	Damaged Chimneys
	Missing/Damaged Caulking/Mortar
	Missing Pieces/Holes/Spalling
	Stained/Peeling/Needs Paint
Windows	Broken/Missing/Cracked Panes
	Damaged Sills/Frames/Lintels/Trim
	Damaged/Missing Screens
	Missing/Deteriorated Caulking/Seals/Glazing Compound
	Peeling/Needs Paint
	Security Bars Prevent Egress

Requirements for Building Systems

Inspectable Item	Observable Deficiency
Domestic Water	Leaking Central Water Supply
	Missing Pressure Relief Valve
	Rust/Corrosion on Heater Chimney
	Water Supply Inoperable
Electrical System	Blocked Access/Improper Storage
	Burnt Breakers
	Evidence of Leaks/Corrosion
	Frayed Wiring
	Missing Breakers/Fuses
	Missing Outlet Covers
Elevators	Not Operable
Emergency Power	Auxiliary Lighting Inoperable (if applicable)
Fire Protection	Missing Sprinkler Head
	Missing/Damaged/Expired Extinguishers
Health & Safety	Air Quality - Mold and/or Mildew Observed
	Air Quality - Propane/Natural Gas/Methane Gas Detected
	Air Quality - Sewer Odor Detected
	Electrical Hazards - Exposed Wires/Open Panels
	Electrical Hazards - Water Leaks on/near Electrical Equipment
	Elevator - Tripping
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable
	Emergency Fire Exits - Missing Exit Signs
	Flammable Materials - Improperly Stored
	Garbage and Debris - Indoors
	Hazards - Other
	Hazards - Sharp Edges
	Hazards - Tripping Hazards
	Infestation - Insects
	Infestation - Rats/Mice/Vermin
HVAC	Boiler/Pump Leaks
	Fuel Supply Leaks
	General Rust/Corrosion
	Misaligned Chimney/Ventilation System
Roof Exhaust System	Roof Exhaust Fan(s) Inoperable
Sanitary System	Broken/Leaking/Clogged Pipes or Drains
	Missing Drain/Cleanout/Manhole Covers

Requirements for Common Areas

Inspectable Item Location	Observable Deficiency
Basement/Garage/Carport	Baluster/Side Railings - Damaged
Closet/Utility/Mechanical	Cabinets - Missing/Damaged
Community Room	Call for Aid - Inoperable
Halls/Corridors/Stairs	Ceiling - Holes/Missing Tiles/Panels/Cracks
Kitchen	Ceiling - Peeling/Needs Paint
Laundry Room	Ceiling - Water Stains/Water Damage/Mold/Mildew
Lobby	Countertops - Missing/Damaged
Office	Dishwasher/Garbage Disposal - Inoperable
Other Community Spaces	Doors - Damaged Frames/Threshold/Lintels/Trim
Patio/Porch/Balcony	Doors - Damaged Hardware/Locks
Restrooms	Doors - Damaged Surface (Holes/Paint/Rust/Glass)
Storage	Doors - Damaged/Missing Screen/Storm/Security Door
	Doors - Deteriorated/Missing Seals (Entry Only)
	Doors - Missing Door
	Dryer Vent - Missing/Damaged/Inoperable
	Electrical - Blocked Access to Electrical Panel
	Electrical - Burnt Breakers
	Electrical - Evidence of Leaks/Corrosion
	Electrical - Frayed Wiring
	Electrical - Missing Breakers
	Electrical - Missing Covers
	Floors - Bulging/Buckling
	Floors - Floor Covering Damaged
	Floors - Missing Floor/Tiles
	Floors - Peeling/Needs Paint
	Floors - Rot/Deteriorated Subfloor
	Floors - Water Stains/Water Damage/Mold/Mildew
	GFI - Inoperable
	Graffiti
	HVAC - Convection/Radiant Heat System Covers Missing/Damaged
	HVAC - General Rust/Corrosion
	HVAC - Inoperable
	HVAC - Misaligned Chimney/Ventilation System
	HVAC - Noisy/Vibrating/Leaking
	Lavatory Sink - Damaged/Missing
	Lighting - Missing/Damaged/Inoperable Fixture
	Mailbox - Missing/Damaged
	Outlets/Switches/Cover Plates - Missing/Broken
	Pedestrian/Wheelchair Ramp
	Plumbing - Clogged Drains
	Plumbing - Leaking Faucet/Pipes
	Range Hood /Exhaust Fans - Excessive Grease/Inoperable
	Range/Stove - Missing/Damaged/Inoperable
	Refrigerator - Damaged/Inoperable
	Restroom Cabinet - Damaged/Missing
	Shower/Tub - Damaged/Missing

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Inspectable Item Location	Observable Deficiency
	Sink - Missing/Damaged
	Smoke Detector - Missing/Inoperable
	Stairs - Broken/Damaged/Missing Steps
	Stairs - Broken/Missing Hand Railing
	Ventilation/Exhaust System - Inoperable
	Walls - Bulging/Buckling
	Walls - Damaged
	Walls - Damaged/Deteriorated Trim
	Walls - Peeling/Needs Paint
	Walls - Water Stains/Water Damage/Mold/Mildew
	Water Closet/Toilet - Damaged/Clogged/Missing
	Windows - Cracked/Broken/Missing Panes
	Windows - Damaged Window Sill
	Windows - Inoperable/Not Lockable
	Windows - Missing/Deteriorated Caulking/Seals/Glazing Compound
	Windows - Peeling/Needs Paint
	Windows - Security Bars Prevent Egress
Health & Safety	Air Quality - Mold and/or Mildew Observed
	Air Quality - Propane/Natural Gas/Methane Gas Detected
	Air Quality - Sewer Odor Detected
	Electrical Hazards - Exposed Wires/Open Panels
	Electrical Hazards - Water Leaks on/near Electrical Equipment
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable
	Emergency Fire Exits - Missing Exit Signs
	Flammable/Combustible Materials - Improperly Stored
	Garbage and Debris - Indoors
	Garbage and Debris - Outdoors
	Hazards - Other
	Hazards - Sharp Edges
	Hazards - Tripping
	Infestation - Insects
	Infestation - Rats/Mice/Vermin
Pools and Related Structures	Fencing - Damaged/Not Intact
Trash Collection Areas	Chutes - Damaged/Missing Components

Requirements for Unit

Inspectable Item	Observable Deficiency
Bathroom	Bathroom Cabinets - Damaged/Missing
	Lavatory Sink - Damaged/Missing
	Plumbing - Clogged Drains, Faucets
	Plumbing - Leaking Faucet/Pipes
	Shower/Tub - Damaged/Missing
	Ventilation/Exhaust System – Absent/Inoperable
	Water Closet/Toilet - Damaged/Clogged/Missing
Call-for-Aid (if applicable)	Inoperable
Ceiling	Bulging/Buckling/Leaking
	Holes/Missing Tiles/Panels/Cracks
	Peeling/Needs Paint
	Water Stains/Water Damage/Mold/Mildew
Doors	Damaged Frames/Threshold/Lintels/Trim
	Damaged Hardware/Locks
	Damaged/Missing Screen/Storm/Security Door
	Damaged Surface - Holes/Paint/Rusting/Glass/Rotting
	Deteriorated/Missing Seals (Entry Only)
	Missing Door
Electrical System	Blocked Access to Electrical Panel
	Burnt Breakers
	Evidence of Leaks/Corrosion
	Frayed Wiring
	GFI - Inoperable
	Missing Breakers/Fuses
	Missing Covers
Floors	Bulging/Buckling
	Floor Covering Damage
	Missing Flooring Tiles
	Peeling/Needs Paint
	Rot/Deteriorated Subfloor
	Water Stains/Water Damage/Mold/Mildew
Health & Safety	Air Quality - Mold and/or Mildew Observed
	Air Quality - Sewer Odor Detected
	Air Quality - Propane/Natural Gas/Methane Gas Detected
	Electrical Hazards - Exposed Wires/Open Panels
	Electrical Hazards - Water Leaks on/near Electrical Equipment
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable
	Emergency Fire Exits - Missing Exit Signs
	Flammable Materials - Improperly Stored
	Garbage and Debris - Indoors
	Garbage and Debris - Outdoors
	Hazards - Other
	Hazards - Sharp Edges
	Hazards - Tripping

Inspectable Item	Observable Deficiency
	Infestation - Insects
	Infestation - Rats/Mice/Vermin
Hot Water Heater	Misaligned Chimney/Ventilation System
	Inoperable Unit/Components
	Leaking Valves/Tanks/Pipes
	Pressure Relief Valve Missing
	Rust/Corrosion
HVAC System	Convection/Radiant Heat System Covers Missing/Damaged
	Inoperable
	Misaligned Chimney/Ventilation System
	Noisy/Vibrating/Leaking
	Rust/Corrosion
Kitchen	Cabinets - Missing/Damaged
	Countertops - Missing/Damaged
	Dishwasher/Garbage Disposal - Inoperable
	Plumbing - Clogged Drains
	Plumbing - Leaking Faucet/Pipes
	Range Hood/Exhaust Fans - Excessive Grease/Inoperable
	Range/Stove - Missing/Damaged/Inoperable
	Refrigerator-Missing/Damaged/Inoperable
	Sink - Damaged/Missing
Laundry Area (Room)	Dryer Vent - Missing/Damaged/Inoperable
Lighting	Missing/Inoperable Fixture
Outlets/Switches	Missing
	Missing/Broken Cover Plates
Patio/Porch/Balcony	Baluster/Side Railings Damaged
Smoke Detector	Missing/Inoperable
Stairs	Broken/Damaged/Missing Steps
	Broken/Missing Hand Railing
Walls	Bulging/Buckling
	Damaged
	Damaged/Deteriorated Trim
	Peeling/Needs Paint
	Water Stains/Water Damage/Mold/Mildew
Windows	Cracked/Broken/Missing Panes
	Damaged Window Sill
	Missing/Deteriorated Caulking/Seals/Glazing Compound
	Inoperable/Not Lockable
	Peeling/Needs Paint
	Security Bars Prevent Egress

Requirements for Site

Inspectable Item	Observable Deficiency
Fencing and Gates	Damaged/Falling/Leaning
	Holes
	Missing Sections
Grounds	Erosion/Rutting Areas
	Overgrown/Penetrating Vegetation
	Ponding/Site Drainage (affecting unit)
Health & Safety	Air Quality - Sewer Odor Detected
	Air Quality - Propane/Natural Gas/Methane Gas Detected
	Electrical Hazards - Exposed Wires/Open Panels
	Electrical Hazards - Water Leaks on/near Electrical Equipment
	Flammable Materials - Improperly Stored
	Garbage and Debris - Outdoors
	Play Equipment - Broken or Damaged
	Hazards - Other (e.g., outbuildings)
	Hazards - Sharp Edges
	Hazards - Tripping
	Infestation - Insects
Mailboxes/Project Signs	Infestation - Rats/Mice/Vermin
	Mailbox Missing/Damaged
Driveways	Signs Damaged
	Cracks
	Potholes/Loose Material
Retaining Walls	Settlement/Heaving
	Damaged/Falling/Leaning
Storm Drainage	Damaged/Obstructed
Walkways/Steps	Broken/Missing Hand Railing
	Cracks/Settlement/Heaving
	Spalling

**UNIFORM PHYSICAL CONDITION STANDARDS FOR SINGLE FAMILY
HOUSING REHABILITATION**

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Annual Action Plan

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Requirements for Building Exterior

Inspectable Item	Observable Deficiency
Doors	Damaged Frames/Threshold/Lintels/Trim
	Damaged Hardware/Locks
	Damaged Surface (Holes/Paint/Rusting/Glass)
	Damaged/Missing Screen/Storm/Security Door
	Deteriorated/Missing Caulking/Seals
	Missing Door
Foundations	Cracks/Gaps
	Spalling/Exposed Rebar
Health and Safety	Electrical Hazards - Exposed Wires/Open Panels
	Electrical Hazards - Water Leaks on/near Electrical Equipment
	Flammable/Combustible Materials - Improperly Stored
	Garbage and Debris - Outdoors
	Hazards - Other
	Hazards - Sharp Edges
	Hazards - Tripping
	Infestation - Insects
Lighting	Infestation - Rats/Mice/Vermin
	Broken Fixtures/Bulbs
Roofs	Damaged Soffits/Fascia
	Damaged Vents
	Damaged/Clogged Drains
	Damaged/Torn Membrane/Missing Ballast
	Missing/Damaged Components from Downspout/Gutter
	Missing/Damaged Shingles
Walls	Ponding
	Cracks/Gaps
	Damaged Chimneys
	Missing/Damaged Caulking/Mortar
	Missing Pieces/Holes/Spalling
Windows	Stained/Peeling/Needs Paint
	Broken/Missing/Cracked Panes
	Damaged Sills/Frames/Lintels/Trim
	Damaged/Missing Screens
	Missing/Deteriorated Caulking/Seals/Glazing Compound
	Peeling/Needs Paint
	Security Bars Prevent Egress

Requirements for Unit	
Inspectable Item	Observable Deficiency
Bathroom	Bathroom Cabinets - Damaged/Missing
	Lavatory Sink - Damaged/Missing
	Plumbing - Clogged Drains
	Plumbing - Leaking Faucet/Pipes
	Shower/Tub - Damaged/Missing
	Ventilation/Exhaust System – Inoperable (If applicable)
	Water Closet/Toilet - Damaged/Clogged/Missing
Ceiling	Bulging/Buckling
	Holes/Missing Tiles/Panels/Cracks
	Peeling/Needs Paint
	Water Stains/Water Damage/Mold/Mildew
Doors	Damaged Frames/Threshold/Lintels/Trim
	Damaged Hardware/Locks
	Damaged/Missing Screen/Storm/Security Door
	Damaged Surface - Holes/Paint/Rusting/Glass
	Deteriorated/Missing Seals (Entry Only)
Electrical System	Missing Door
	Blocked Access to Electrical Panel
	Burnt Breakers
	Evidence of Leaks/Corrosion
	Frayed Wiring
	GFI - Inoperable
	Missing Breakers/Fuses
Floors	Missing Covers
	Bulging/Buckling
	Floor Covering Damage
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	Flammable Materials - Improperly Stored
	Garbage and Debris - Indoors
	Garbage and Debris - Outdoors
	Hazards - Other
	Hazards - Sharp Edges
	Hazards - Tripping
	Infestation - Insects
	Infestation - Rats/Mice/Vermin
Hot Water Heater	Inoperable Unit/Components
	Leaking Valves/Tanks/Pipes

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Inspectable Item	Observable Deficiency
	Pressure Relief Valve Missing
	Rust/Corrosion
HVAC System	Inoperable
	Misaligned Chimney/Ventilation System
	Noisy/Vibrating/Leaking
	Rust/Corrosion
Kitchen	Cabinets - Missing/Damaged
	Countertops - Missing/Damaged
	Dishwasher/Garbage Disposal – Leaking/Inoperable
	Plumbing - Clogged Drains
	Plumbing - Leaking Faucet/Pipes
	Range Hood/Exhaust Fans - Excessive Grease/Inoperable
	Range/Stove - Missing/Damaged/Inoperable
	Refrigerator-Missing/Damaged/Inoperable
	Sink - Damaged/Missing
Laundry Area (Room)	Dryer Vent - Missing/Damaged/Inoperable
Lighting	Missing/Inoperable Fixture
Outlets/Switches	Missing
	Missing/Broken Cover Plates
Patio/Porch/Balcony	Baluster/Side Railings Damaged
Smoke Detector	Missing/Inoperable
Stairs	Broken/Damaged/Missing Steps
	Broken/Missing Hand Railing
Walls	Bulging/Buckling
	Damaged
	Damaged/Deteriorated Trim
	Peeling/Needs Paint
	Water Stains/Water Damage/Mold/Mildew
Windows	Cracked/Broken/Missing Panes
	Damaged/Rotting Window Sill
	Missing/Deteriorated Caulking/Seals/Glazing Compound
	Inoperable/Not Lockable
	Peeling/Needs Paint
	Security Bars Prevent Egress

