



Government of Puerto Rico
Department of Housing

PUBLIC NOTICE

INTENTION TO AMEND THE PUERTO RICO STATE COMMUNITY DEVELOPMENT BLOCK GRANT ACTION PLAN FOR PROGRAM YEAR 2019 TO ADD COMMUNITY DEVELOPMENT BLOCK GRANT – CORONAVIRUS (CDBG-CV) FUNDS

On the basis of 24 CFR 91.505, 24 CFR 91.115(c)(2) and (i), and the flexibilities provided in the CARES Act, the Puerto Rico Department of Housing (**PRDoH**) would like to notify municipalities, citizens and other interested entities, of its intention to amend the PY 2019 State CDBG Action Plan. The purpose of this amendment is to add CDBG-CV funds and present the allocation method.

A copy of this amendment will be available at <https://www.vivienda.pr.gov>.

Citizens, municipalities, and entities interested in providing comments will have 5 calendar days from this publication, until June 10, 2020.

Written comments will be accepted via e-mail at:
cdbg-municipal@vivienda.pr.gov

Comments received after the period designated in this notice will not be considered.

Published today, June 5, 2020.

Approved by the State Election Commission CEE-SA-2020-4649

BACKGROUND

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (**CARES Act**), was signed into law and became Public Law 116-136, to respond to the historically unsurpassed effects of the COVID-19 pandemic.

The CARES Act made available \$5 billion in Community Development Block Grant Coronavirus (**CDBG-CV**) funds, for which the U.S. Department of Housing and Urban Development (**HUD**), has completed two allocations: a first allocation of \$2 billion based on the fiscal year 2020 CDBG formula and a second allocation of \$1 billion to states and territories as defined in 42 U.S.C. 5302(a), based on a formula that considers public health needs, risk of transmission of coronavirus, rate of coronavirus cases, and economic disruption. As a result, the Commonwealth of Puerto Rico received an allocation of **\$14,024,199** to distribute to non-entitlement municipalities as part of the first round and **\$11,613,814.00** to be distributed to entitlement and non-entitlement municipalities, as part of the second round.

The purpose of this document is to amend the CDBG Annual Action Plan for Program Year 2019, to make available these funds to municipalities. The PRDoH will publish additional guidelines on eligible activities and flexibilities, as information becomes available from HUD.

PUBLIC PARTICIPATION

24 CFR 91.505 requires notification to the public when changes substantially amend an Annual Action Plan. Substantial amendments to the consolidated plan are subject to the citizen participation requirement in the grantee's citizen participation plan, that provides a period of no less than 30 days for comments.

In order to expedite actions to respond to COVID-19, and the flexibilities in CARES Act, there must be a reasonable opportunity to comment of at least 5 days. Therefore, citizens, municipalities, and entities interested in commenting on the

amendment will have 5 calendar days from the date of this publication (on June 5, 2020), until June 10, 2020.

Written comments will be accepted at cdbg-municipal@vivienda.pr.gov

On May 21, 2020, the PRDoH conducted a virtual public hearing, to present the proposed method of distribution. Comments were received during the hearing and until May 27, 2020. A summary of the comments and the way in which they were addressed by the PRDoH is included as an attachment.

AMENDMENT

For purposes of distributing both allocations, the PRDoH will be using the formula established in Act No. 137-2014. Thus, funds will be equally allocated to municipalities, except for Vieques and Culebra, where both will receive an additional 15% above the Equal Allocation Grant. PRDoH, as administrator of the CDBG State Program, will keep 3% of both grants for administration.

Distribution	CDBG Original Allocation for Program Year 2019	CDBG-CV Allocation for non-entitlement municipalities (First round of allocations)	CDBG-CV Allocation for entitlement and non-entitlement municipalities (second round of allocations)	Total Allocation for Program Year 2019
TOTAL ALLOCATION	\$23,715,075.00	\$14,024,199.00	\$11,613,814.00	\$49,353,088.00
STATE PLANNING AND ADMINISTRATION	\$711,452.00	\$420,726.00	\$348,414.42	\$1,480,592.42
ALLOCATION TO MUNICIPALITIES FOR ELEGIBLE ACTIVITIES, INCLUDING ADMINISTRATION	\$23,003,623.00	\$13,603,473.00	\$11,265,399.58	\$47,872,495.58

Based on this method of distribution, the CDBG-CV allocation to municipalities will be the following:

	CDBG-CV - I	CDBG-CV - II	Total allocations CDBG I & II
Non-entitlement municipalities (49 municipalities)	\$265,174.91	\$143,874.83	\$409,049.74
Non-entitlement municipalities (Vieques y Culebra)	\$304,951.15	\$165,456.06	\$470,407.21
Entitlement Municipalities (27)	Does not apply	\$143,874.83	\$143,874.83

Funds may be used for CDBG eligible activities, to prevent, prepare or respond to COVID-19, including: public services, economic development, public facilities, and administration. As well, in accordance to the flexibilities provided by the CARES Act, CDBG-CV, funds may be used to cover or reimburse costs already incurred by the State or units of local government, when those costs comply with CDBG and the PRDoH Program requirements and are related to COVID-19. The PRDoH will publish an application package with additional guidance on the use of funds, regulations and flexibilities, no later than 15 days after HUD's approval of this amendment. Municipalities will have 15 days since the publication of the guidelines to submit the proposal.

SUMMARY OF PUBLIC COMMENTS AND PRDoH's RESPONSE (PUBLIC HEARING):

<u>Name/Entity</u>	<u>Comment</u>	<u>Response to comments</u>
Edgar Casanova - Yabucoa	Asked if there are going to be any inconveniences in receiving reimbursements for the expenses incurred in the response to the emergency and if incentives that were paid to municipal employees who work in high risk areas (nurses, paramedics, emergency	In accordance to the flexibilities provided by the CARES Act, the PRDoH will permit CDBG-CV funds to be used to cover or reimburse costs to prevent, prepare for, and respond to coronavirus, as well it will allow for the implementation of other eligible activities. Additional guidance on the eligible uses, will be included in the guidelines that

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	<p>management, municipal police), are eligible for reimbursement.</p> <p>Asked if the acquisition of an ambulance and medical equipment to serve people with COVID is eligible and if a truck to clean the streets and sidewalks is also eligible.</p>	<p>will be published, within 15 days of HUD's approval of this amendment.</p>
Sandra Rosas - Hormigueros	<p>Requested copy of the presentation of the public hearing and asked if the PRDoH will allow for other eligible activities, besides public service and economic development. Also asked about the proposal process, and requested copy of all questions and answers of the Public Hearing.</p>	<p>Copy of the presentation was sent via email, on May 22,2020 and is posted in the PRDoH website at https://www.vivienda.pr.gov/cdbg-estado/ The PRDoH will allow for other eligible uses as included in this amendment. Additional guidance on the eligible uses, will be included in the guidelines that will be published, within 15 days of HUD's approval of this amendment.</p>
Jorge E. Pagán - Municipality of Humacao	<p>Requested a copy of the presentation of the public hearing.</p>	<p>Copy of the presentation was sent via email, on May 22,2020 and is posted in the PRDoH website at https://www.vivienda.pr.gov/cdbg-estado/</p>
Millie Marcano, consultant	<p>Requested a copy of the presentation of the public hearing.</p>	<p>Copy of the presentation was sent via email, on May 22,2020 and is posted in the PRDoH website at https://www.vivienda.pr.gov/cdbg-estado/</p>
José Ortiz - Municipality of Aguas Buenas	<p>Asked what can be reimbursed and what limitations does it have, and what type of services can be contracted through the public service category.</p>	<p>In accordance to the flexibilities provided by the CARES Act, the PRDoH will permit CDBG-CV funds to be used to cover or reimburse costs to prevent, prepare for, and respond to coronavirus. Additional guidance on the eligible uses, will be included in the guidelines that will be published.</p>

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Gil Mercado Nieves, Esq. - Municipality of Naranjito	Asked if the release process will require environmental evaluation, findings processes and contract signature. Presented a concern regarding the number of staff assigned to the Program and the time that the 2019 evaluation process has taken, and how this may also have an impact in the availability of CDBG-CV funds.	The PRDoH is designing an expedited process for proposal submissions and approval. Guidelines will be published within 15 days of HUD's approval of this amendment.
Maribel Rosario - Director of Federal Programs of the Municipality of Ceiba	Asked if the PRDoH will still limit the eligible uses of funds, even when the guidance and regulations allow other eligible uses as long as they are related to COVID-19. She also asked about the possibility of being reimbursed for expenses already incurred during the pandemic in eligible activities, and if municipalities will have administrative funds available.	The PRDoH will allow for other eligible uses as included in this amendment, including the reimbursement of costs incurred by municipalities related to COVID-19. Additional guidance on the eligible uses, will be included in the guidelines that will be published, within 15 days of HUD's approval of this amendment.
Hon. Jesús Márquez Rodríguez, Mayor of Luquillo	Asked if additional staff has been identified to work with this program.	For purposes of providing support and accelerating the processes related to the COVID-19 allocation, the PRDoH will have the collaboration of the staff from the monitoring division.
Ariadna Godreau Aubert, Esq. - Ayuda Legal PR	Asked about the process of submitting the comments and reiterated the recommendation of using the funds for providing rental assistance to low-and moderate-income families. She also urged the State, in order to respond swiftly and consistently, to consider all	Comments were received during the meeting in the chat, and through email within the 5 days within five days of the public hearing. In terms of the recommendation of allowing for the use of funds for providing rental assistance to low-and moderate-income persons, it is an eligible activity under Public Service.

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	funds allocated to Puerto Rico be seen in an integrated manner.	
Jahira Texidor - Maunabo	Requested a copy of the presentation made at the public hearing.	Copy of the presentation was sent via email, on May 22,2020 and is posted in the PRDoH website at https://www.vivienda.pr.gov/cdbg-estado/
Joseph Harrison - Harrison Consulting	Asked for a copy of the amendment and the proposed Amended Plan to submit comments.	Copy of the presentation of the public hearing was provided to Mr. Joseph Harrison on May 21 2020, and it was explained that the amendment was going to be published after the comments period of the public hearing, for five additional days of comments.
Luis A. Tirado García - Director of Housing and Community Development of the Municipality of Carolina	In the case of the se allocation to distribute among Puerto Rico's 78 municipalities (entitlement and non-entitlement), recommends not using the proposed formula, and instead distribute funds based on the population per municipality.	After evaluating various alternatives for the distribution of funds, the PRDoH understands that the proposed method is adequate and that it allows municipalities with less than 50,000 inhabitants, whose opportunities are more limited, to have resources to address the pandemic.
Hon. William Miranda Torres - Mayor of Caguas	Recommends not using the proposed formula, and instead distribute funds based on the population per municipality and the number of COVID-19 positive cases.	After evaluating various alternatives for the distribution of funds, the PRDoH understands that the proposed method is adequate and that it allows municipalities with less than 50,000 inhabitants, whose opportunities are more limited, to have resources to address the pandemic.
Hon. Ángel A. Pérez Otero - Mayor of Guaynabo	In the case of the second allocation to be distributed among Puerto Rico's 78 municipalities (entitlement and non-entitlement), recommends not using the	After evaluating various alternatives for the distribution of funds, the PRDoH understands that the proposed method is adequate and that it allows municipalities with less than 50,000 inhabitants,

Name/Entity	Comment	Response to comments
	proposed formula, and instead to distribute funds based on the population per municipality.	whose opportunities are more limited, to have resources to address the pandemic.
Jorge A. Colón, Director of Federal Programs of the Municipality of Aibonito	Recommends that the formula to calculate the fund allocation include the reality of the impact of Covid-19 in each municipality individually and requested a more specific definition of the eligible activities with examples. As well, he recommended the PRDoH to include as a requirement that for a municipality to submit a proposal, it must certify that all employees have recently taken the test, and establish the specific date from when the expenses are reimbursable, as well as how much budget is for administration and how much for projects.	<p>After evaluating various alternatives for the distribution of funds, the PRDoH understands that the proposed method is adequate and that it allows municipalities with less than 50,000 inhabitants, whose opportunities are more limited, to have resources to address the pandemic.</p> <p>The PRDoH will allow for other eligible uses as included in this amendment, including the reimbursement of costs incurred by municipalities related to COVID-19. Additional guidance on the eligible uses, will be included in the guidelines that will be published, within 15 days of HUD's approval of this amendment.</p>
Iris M. Carrasquillo, MSip Management Management and Consulting Services	Objected to the limitation of the eligible activities to public service and economic development. Asked for the methodology that the Puerto Rico Department of Housing has used to reach a conclusion on the "observed needs". Asks for the PRDoH to establish in the Substantial Amendment that reimbursement of funds will be allowed. Is concerned about the inclusion of economic development activities as this activity has multiple compliance	The PRDoH will allow for other eligible uses as included in this amendment, including the reimbursement of costs incurred by municipalities related to COVID-19. Additional guidance on the eligible uses, will be included in the guidelines that will be published, within 15 days of HUD's approval of this amendment.

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	<p>requirements and assumes that the CDBG program has the personnel to evaluate and approve the propose projects. According to Ms. Carrasquillo, at present, approvals take years to materialize, and urges the PRDoH to permit other eligible activities. As well, Ms. Carrasquillo indicated that the presentation does not address the municipalities' operational expenses and understands that they should receive no less than 15% for operational expenses to be used discretionally within the CDBG Program regulations. Lastly, recommends having a separate contract for this allocation.</p>	
<p>Hon. Lornna J. Soto Villanueva - Mayor of Canóvanas</p>	<p>In the case of the second allocation to distribute among Puerto Rico's 78 municipalities (entitlement and non-entitlement), recommends not to use the proposed formula, and instead to distribute funds based on the population per municipality.</p>	<p>After evaluating various alternatives for the distribution of funds, the PRDoH understands that the proposed method is adequate and that it allows municipalities with less than 50,000 inhabitants, whose opportunities are more limited, to have resources to address the pandemic.</p>
<p>Hon. Ramón L. Rivera Cruz, Mayor of Bayamón</p>	<p>Recommends the method of distribution to be based on the population of each municipality and the number of COVID-19 cases. Recommends to the PRDoH that it distribute the funds immediately for the activities established without the requirement of presenting a</p>	<p>After evaluating various alternatives for the distribution of funds, the PRDoH understands that the proposed method is adequate and that it allows municipalities with less than 50,000 inhabitants, whose opportunities are more limited, to have resources to address the pandemic.</p>

Name/Entity	Comment	Response to comments
	<p>proposal. Urges the PRDoH to consult with the Controller's Office to allow for the reimbursement of costs already incurred by municipalities.</p>	<p>In accordance with the flexibilities provided by the CARES Act, the PRDoH will permit CDBG-CV funds to be used to cover or reimburse costs to prevent, prepare for, and respond to coronavirus. Additional guidance on the eligible uses, will be included in the guidelines that will be published.</p> <p>The PRDoH is designing an expedited process for proposal submissions and approval. Guidelines will be published within 15 days of HUD's approval of this amendment.</p>

SUMMARY OF PUBLIC COMMENTS AND PRD_oH's RESPONSE (AMENDMENT).

To be included after publication.