

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.

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.

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 2021 an application or proposal will include the Basic Threshold Requirements and the additional requirements as outlined originally in the previous JANOFAs efforts.

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. The project location and the targeted population will be key factors in determining the grant size limit.

The Government of Puerto Rico is adopting the maximum HOME/HTF subsidy limits established in CPD Notice 15-03 for the HTF Program. These limits were adopted from Section 234 of Condominium Housing basic mortgage limits. As shown in the following table, limits vary by the number of bedrooms in the unit, and type of structure. The most recent Federal Register on Section 234-Housing Condominium (FR 72107) establishes the following limits:

Bedrooms Non-Elevator Elevator HCP Maximum Per Unit Subsidy (see appendix for table).

It is important to note that San Juan is listed in the High Cost Percentage Exception List with 270%, however it is capped at 240%. The last column is the resulting maximum per unit subsidy. The PRHFA will apply these limits statewide since construction costs do not vary significantly between different geographical areas of the Island. Based on PRHFA these subsidy limits are reasonable taking into account the current construction costs and the experience of the agency with previous projects. Puerto Rico has several well-connected distribution centers which provide a constant pool of construction and building materials throughout the Island. Transportation infrastructure, along with port facilities in the north and south of the Island facilitate this process. Moreover, human resources costs are fairly similar between regions, particularly in construction related activities.

The abovementioned analysis recognizes that there exists fundamental differences between individual projects costs, but variations between municipalities or regions are not significant enough to grant a variation by region in the subsidy limits. The PRHFA understand that HOME limits are appropriate as the initial cap for the amount of HTF funds that will be potentially allocated to units.

See Appendix for additional details. HTF Selection Criteria.

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.

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.

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”.

The Housing Trust Fund (HTF) statute, section 1338(c)(7)(B)(ii), requires housing for homeownership to have an initial purchase price that meets the requirements of section 215(b)(1) of the Cranston-Gonzalez National Affordable Housing Act (HOME statute). The HTF Interim Rule at 24 CFR § 93.305(a), requires that the initial purchase price or after-rehabilitation value of homeownership units assisted with HTF funds meet the definition of modest housing and that the purchase price of HTF assisted single family housing cannot exceed 95 percent of median purchase price for the area for newly constructed or standard housing.

Newly Constructed Housing: The HTF homeownership value limits for newly constructed HTF units is 95 percent of the median purchase price for the area based on Federal Housing Administration (FHA) single family mortgage program data for newly constructed housing.

Nationwide, HUD has established a minimum limit, or floor, based on 95 percent of the U.S. median purchase price for new construction for nonmetropolitan areas. This figure is determined by the U.S. Census Bureau. HUD has used the greater of these two figures as their HTF homeownership value limit for newly constructed housing in each area.

Existing Housing: The HTF homeownership value limit for existing HTF units is 95 percent of the median purchase price for the area based on Federal FHA single family mortgage program data for existing housing and other appropriate data that are available nation-wide for sale of existing housing in standard condition. Nationwide, HUD has established a minimum limit, or floor, based on 95 percent of the state-wide nonmetropolitan area median purchase price using this data. HUD has used the greater of these two figures as their HTF homeownership value limits for existing housing in each area.

The PRHFA will use the limits published by HUD that can be found at:

<https://www.hudexchange.info/resource/4982/housing-trust-fund-homeownership-value-limits/>

The recapture provisions are included as attachment appendix of this Plan.

See Appendix.

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.

The State will not limit beneficiaries and/or give preferences to any segments of the extremely low-income population.

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."

The PRHFA will not refinance existing debt with the HTF funds.

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.

Attachments

PY 2021 Annual Action Plan Puerto Rico

APPENDIX

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Executive Summary

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

2. Summary of the objectives and outcomes identified in the Plan Needs Assessment Overview

The strategic approach and actions to be undertaken by the responsible Commonwealth Agencies can be summarized into three main areas and related activities following the basic goals of Title I of the Housing and Community Development Act of 1974:

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
- Promote the development of special needs projects, which are those that provide supportive service.
- Address the need of substandard housing by supporting construction of rental housing

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.
- Set-aside funds for emergency relief.

Expand Economic Opportunity

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

The specific goals and other summary information is presented in the following table.

The goal of the Housing Trust Fund is to provide decent affordable housing to low-income and very low-income households and individuals.

The specific goals and other summary information for the PY 2021 is presented in the following table.

Goal	Category	Geographic Area	Needs Addressed	Funding	
Provide Decent Housing	Homeless	Statewide	Chronic Homeless	ESG :	\$2,716,835
	Start Year: 2020	End Year: 2024	Outcome: Availability/accessibility	Objective: Provide decent affordable housing	
	Description: Street outreach, supportive services and emergency shelter.				
	Goal Outcome Indicator	Quantity	UoM		
	Homeless Person Overnight Shelter	2,560	Persons Assisted		
Provide Decent Housing (B)	Homeless	Statewide	Homelessness Prevention	ESG :	\$568,227.04
				HOME :	\$0.00
	Start Year: 2020	End Year: 2024	Outcome: Availability/accessibility	Objective: Provide decent affordable housing	
	Description: ESG program: Provide homeless prevention and rapid rehousing assistance. 2000 total HOME program: Provide tenant-based rental/rapid rehousing. 60 total.				
	Goal Outcome Indicator	Quantity	UoM		
	Tenant-based rental assistance / Rapid Rehousing	2,060	Households Assisted		

Provide Decent Housing (C)	Affordable Housing Non-Homeless Special Needs	Statewide	Housing	HOPWA :	\$2,284,366
	Start Year: 2020	End Year: 2024	Outcome: Availability/accessibility	Objective: Provide decent affordable housing	
	Description: Provides housing assistance and supportive services to HIV population.				
	Goal Outcome Indicator	Quantity	UoM		
	HIV/AIDS Housing Operations	400	Household Housing Unit		
	Other	420	Other		
Create Suitable Living Environments	Non-Housing Community Development	CDBG- Non-entitlement communities	Non-housing Community Development- Public improvemt Non-housing Community Development- Public Services	CDBG :	\$2,624,846
	Start Year: 2020	End Year: 2024	Outcome: Availability/accessibility	Objective: Create suitable living environments	
	Description: Social needs (public service).				
	Goal Outcome Indicator	Quantity	UoM		
	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	540	Persons Assisted		

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Create Suitable Living Environments (B)	Non-Housing Community Development	CDBG- Non-entitlement communities	Non-housing Community Development- Public Facilities	CDBG :	\$17,533,731
			Non-housing Community Development- Public Improvement		
	Start Year: 2020	End Year: 2024	Outcome: Availability/accessibility	Objective: Create suitable living environments	
	Description: Community Development (Infrastructure and public facilities) Infrastructure for disaster recovery.				
	Goal Outcome Indicator	Quantity	UoM		
	Other	191,400	Other		
Provide Decent Housing (D)	Affordable Housing	CDBG- Non-entitlement communities	Housing	CDBG :	\$2,147,017
		Statewide		HOME :	\$2,000,000
	Start Year: 2020	End Year: 2024	Outcome: Affordability	Objective: Provide decent affordable housing	
	Description: Rehabilitation of units.				
	Goal Outcome Indicator	Quantity	UoM		
	Homeowner Housing Rehabilitated	15	Household Housing Unit		
	Homeowner Housing Added	20	Household Housing Unit		

Expand Economic Opportunity	Other	CDBG- Non-entitlement communities	Non-housing Community Development- Economic Dev		CDBG :	\$126,878
	Start Year: 2020	End Year: 2024	Outcome: Availability/accessibility		Objective: Create economic opportunities	
	Description: Economic Development.					
	Goal Outcome Indicator	Quantity	UoM			
	Jobs created/retained	6	Jobs			
	Businesses assisted	3	Businesses Assisted			
Emergency Relief	Non-Housing Community Development	CDBG- Non-entitlement communities			CDBG :	\$300,000
	Start Year: 2020	End Year: 2024	Outcome: Availability/accessibility		Objective: Create suitable living environments	
	Description: Emergency Relief.					
	Goal Outcome Indicator	Quantity	UoM			
	Other	300	Other			
Provide Decent Housing (E)	Affordable Housing	Statewide	Housing		HOME :	\$0.00
	Start Year: 2020	End Year: 2024	Outcome: Affordability		Objective: Provide decent affordable housing	
	Description: Down payment and closing costs assistance, direct assistance.					

	Goal Outcome Indicator	Quantity	UoM		
	Homeowner Housing Added	120	Household Housing Unit		
Provide Decent Housing (F)	Affordable Housing		Housing	HOME :	\$3,000,000
				HTF :	\$2,882,297
	Start Year: 2020	End Year: 2024	Outcome: Affordability	Objective: Provide decent affordable housing	
	Description:				
	Rehabilitation and production of rental housing.				
	Goal Outcome Indicator	Quantity	UoM		
	Rental units constructed	22	Household Housing Unit		
	Rental units rehabilitated	22	Household Housing Unit		

Goals

The rationale of the Goals, and activities of the plan was based on the results of the needs assessment, which in general, found the following:

1. The economy of Puerto Rico grew 1.5% in Fiscal Year 2019. This is the first time the local economy reported growth since 2012, when the Island benefited from a close to \$7.0 billion allocation from the American Recovery and Reinvestment Act (ARRA), a post U.S. 2009 Financial Crisis economic stabilization program. Nevertheless, COVID-19 is expected to dampen growth in Fiscal Year 2020 and 2021. Unemployment claims reached 164,049 by the week of August 8th. Although the Government of Puerto Rico does not have official economic projections that account for the impact of the pandemic, there is a consensus among local economist that the economy will show a considerable decline during the third and fourth quarters of Fiscal Year 2020 and the first semester of Fiscal Year 2021. The Bureau of Labor Statistics reported that 117,000 salary jobs were lost by the end of March 2020 (year to year). With the opening of the economy, private employment improved in May and June of 2020, but by the end of the month 76,000 had not been recovered, which amounts to a 11% reduction in contrast to June 2019.

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2. The economy has undergone structural challenges that will continue to limit long term growth prospects. Covid-19 is adding to this challenge, even considering the more than \$5.0 billion that have been allocated to the Government of Puerto Rico from the CARES Act.
3. It is reasonable to assume that COVID-19 will have a disproportionate impact on low and moderate income households, as the industries that are directly impacted by the pandemic are the hospitality, entertainment and retail industries, which have a disproportionate amount of workers earning low wages.
4. Moreover, a wave of inward migration for Puerto Ricans that have lost their jobs in the U.S. is occurring, as alerted the moving industry. This trend will have social consequences and will increase the demand for the safety net. The need for affordable housing, transitional and permanent housing for homeless persons or in risk of, supporting services, job creation and retention initiatives and economic development programs.
5. Mortgage delinquency rates and foreclosures continue to be high in Puerto Rico, which reflects the weak financial situation of consumers and of the effect of the economic situation on the risk of homelessness.
6. The greatest need is among low- and moderate-income households that live in households with one or more severe housing problems: lacks kitchen or complete plumbing, severe overcrowding, severe cost burden, which accounted for 44% of households. More than 56,855 households with incomes up to 100% AMI reported living in a substandard housing, of which 86% (49,080) were low- and moderate-income households.
7. Puerto Rico has experienced a demographic transformation. The elderly population, those 65+, has experience a consistent increase, while persons with ages below 54 years old are declining. The number of children is declining at the fastest rate.
8. Elderly households living alone are those who are more vulnerable given that more than 175,000 have an independent living difficulty, of which 33%, or approximately 58,000, are estimated to be low- and moderate-income households.
9. During the most recent Point in Time Survey conducted in the Island (2019), a total of 2,535 homeless persons were identified, experiencing homelessness on a given night. Persons identified in the count sum a total of 2,321 households, out of which 7.1% were households with at least one adult and one child. In those households without children most persons are over 24 years old (98%), while in the case of households with at least one child, the majority of the household members are under age 18 (56.7%). The 27% are chronically homeless, while 49.5% suffer from chronic substance abuse. Of persons counted, 38.8% were severely mentally ill, 5.2% have been victims of domestic violence, and 6.8% are affected by HIV/AIDS. Data also shows how chronic unsheltered homeless, represent the most significant proportion of the homeless population.
10. In addition to the homeless population, other groups also require support services. These groups include: persons with HIV/AIDS, persons living in poverty, the elderly population, victims of domestic violence, and people with drug addiction problems.
11. Domestic violence constitutes one of the gravest and most complex problems affecting Puerto Rican society. As the Prologue to Law 54 for the Prevention and Intervention with

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Domestic Violence of August 15, 1989 indicates, domestic violence threatens the integrity of the family and its members and constitutes a serious threat to the stability and preservation of civilized coexistence in our society. Puerto Rico police statistics show that the problem of domestic violence has become increasingly complex. The most recent data (2019) shows a total of 6,725 cases of domestic violence.

12. As of July 31, 2020, a total of 50,223 HIV/AIDS cases have been reported in the Island. Out of these cases, 29,811 persons died, representing a fatality rate of 59% Individuals living with HIV/AIDS and their families present a series of needs related to housing and complimentary services.

13. Other needs of special populations include: Shelter and outreach services for homeless population, Chronic homelessness, Substance abuse, Mentally ill, and Victims Domestic Violence, Woman with Children; and prevention and rapid rehousing for persons at risk of becoming homeless.

14. Puerto Rico's socioeconomic condition, particularly its demographic, labor and poverty indicators provides a baseline for determining the needs for public services. Traditionally under the CDBG program local communities can select from the whole array of eligible activities described in CDBG regulations and guidelines. Such services usually target low income population with special needs, such as the elderly in rural communities and disadvantaged youth.

15. Non-entitlement municipalities have many infrastructure needs. Traditionally, most CDBG allocations have addressed infrastructure needs of low income communities.

3. Evaluation of past performance

This Consolidated Annual Performance Report (CAPER), provides an overview of the progress made during PY 2019, the fifth and last year of the Puerto Rico State 2015-2019 Housing and Community Consolidated Plan. During Program Year 2019, the state undertook activities consistent with the approved strategic and annual action Plan, for the following programs: Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Housing Trust Fund (HTF), Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA).

Each of these programs of the Consolidated Plan invested available resources in eligible activities to address the needs of the low- and moderate-income persons with the final goals of:

- increasing the availability, accessibility, and affordability of decent housing,
- create suitable living environments, and
- provide economic opportunities for low- and moderate-income individuals.

Even with the challenges faced by Puerto Rico in the social and economic context, the State has made progress in meeting its 2019 goals and objectives and is moving forward the 5-year goals. The following is a summary of each program performance during program year 2019:

HOPWA Program

The major initiative undertaken during this program year included:

- 1) Completed 1 monitoring Review;
- 2) Provided assistance to eligible families under the following programs:
 - a) Tenant Based Rental Assistance to 133 families;
 - b) Short- Term Rental, Mortgage and Utilities to 45 families;
 - c) Transitional Housing to 95 families and;
 - d) Supportive Services to 813 participants.

As per the service activities undertaken in PY 2019, the HOPWA sub-recipients provided short-term rent, mortgage and/or utility assistance payments, supportive services, Tenant-Based Rental Assistance, and other eligible activities to persons living with HIV/AIDS and their families to prevent homelessness. Considering the PRDOH and the MSJ expenses, the twenty-eight (28) granted sub-recipients contracts expended 57.15% of the funds delegated to undertake the contracted activities by June 30, 2018. HOPWA funds were used to support the following eligible activities:

- **Tenant-Based Rental Assistance (TBRA) Program:** This activity was undertaken by twelve (12) Municipalities. A total of \$756,873.00 was allocated to TBRA, from this total, \$29,111.00 were allocated to delivery costs and \$727,762.00 for direct housing assistance. A total of 133 families benefited from the activity and the total expenses amounted to \$491,960.00, representing 30.41% of the allocated funds and expend a 34.6% of the allocation.
- **Short-Term Rent, Mortgage, and Utilities (STRMU) Assistance Program:** According to data presented by the regional sub-recipients, a total of 45 households were assisted. From the total of assisted households, fifteen (15) households received mortgage assistance payments, twenty-three (23) households received rental assistance payments and seven (7) received utility assistance only. The amount allocated for this category was \$176,005.00.
- **Supportive Services Program:** Services were provided to 908 households as follow:
 - Supportive Services provided by sub-recipients that also delivered HOPWA housing subsidy assistance, served a total of 95 households. Funds allocated for this service amounted to \$335,615.25.
 - Supportive Services provided by sub-recipients that only provided supportive services, served a total of 813 households. The amount of funds allocated in this type of service was \$403,702.62.
- **Transitional Housing:** A total of 95 household were benefitted through twelve (12) organizations funded for this purpose. The amount allocated for these services was \$604,520.00.

ESG Program

ESG Program During Program year 2019, ESG funds were used to conduct street outreach, provide emergency shelter and rapid rehousing opportunities for homeless persons and homeless prevention activities. The largest proportion of funds were focused on providing outreach services and shelter to persons literally homeless. This is due to the characteristics observed in the 2019 PIT Count, which reflected that out of the 2,535 persons identified the day of the count, 75% were unsheltered.

HOME Program

ProgramThe HOME program allocated the funds according to the priorities identified in the Strategic Plan to address the housing needs of low- and moderate-income persons. The program addresses both homeownership and rental needs through homebuyer assistance programs, subsidies to developers of multifamily rental projects, rental assistance programs and homeownership rehabilitation for substandard housing. These approaches address housing affordability issues in Puerto Rico, where the median cost of safe and decent housing is considerably higher than the median income of residents and where a substantial amount of substandard housing is present and located in areas affected by environmental risks.

Housing Trust Fund (HTF)

The Housing Trust Fund (HTF) down payment assistance to homebuyers promote the acquisition of existing affordable housing for homeownership tenure to very and extremely low-income families is encountering challenges. HTF funds are used to subsidized part of the down payment and closing costs to prospective homebuyers in order to reduce the monthly mortgage payments. However, prospected beneficiaries, which are extremely low-income families, are not qualifying for private mortgage loans. The goal was to impact 3 families. Additional efforts are being undertaken to identify families that may qualify for a mortgage loan.

CDBG

CDBG funds were used in accordance to the action plan, and were in its majority directed to address the needs of low- and moderate-income persons (see next table). As stated in the Action Plan, and in accordance with local public policy, funds were distributed to non-entitlement municipalities on an equal basis, through a formula allocation, with the exception of the islands of Vieques and Culebra, that received 15% in additional allocation. In terms of the specific activities, the government's fiscal situation, the lack of access to capital and constrained municipal finances have all contributed to placing most CDBG efforts in housing, public service and infrastructure projects. CDBG funds were used specifically to support the following eligible activities:

- **Public facilities and improvements** - A total of 1,286,882 low and income persons received benefit of community development projects aimed to improve living conditions and infrastructure. A total of \$6,021,015.66 was disbursed for this activity.
- **Public services** – A total of 125,284 low and income persons received benefit to attend special needs population. The total disbursed for this activity was \$1,060,987.58.

- **Housing rehabilitation** – As part of strategy to provide decent housing and suitable living environment to low- and moderate-income persons, 846 were rehabilitated.

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

Summary of comments will be included in the final plan to be submitted to HUD.

•

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

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

HOME:

PRHFA coordinates with other agencies to speed up the permitting processes of projects.

The Authority promotes promptness, uniformity, and coherence among the agencies granting permits.

Section 42 of the Internal Revenue Code:

Provides financing by selling tax credits to United Commonwealth's investors.

The product of the sale contributes to creating and preserving rental housing units.

The Federal Tax Credit Program receives nearly \$8.2 million each year, which generates an investment of approximately \$67.7 million in Puerto Rico's economy.

Tax Credit Program (Act No. 140 of October 4, 2001) (program currently under moratory)

Offers tax credits for investing in new construction or in substantial rehabilitation of housing units for rent to low-income families.

This increases the inventory of social interest housing in the Island.

In addition, it guarantees rent affordability for low income families.

Such credit stimulates the substantial rehabilitation of existing facilities and structures that will help renovate and repopulate the urban centers of our towns.

The local Tax Credit Program is a new \$15 million program managed by the Development and Financing Area.

Interim Loans for Construction

PRHFA offers financing to construct housing projects for sale or rent. The per unit maximum price is established in the Agency's Financing policies and in procedures approved by the Board of Directors.

The Authority will charge a fee for the interim financing of up to 1.5% of the maximum amount approved.

The fee varies depending on the kind of project (new construction or rehabilitation), the per unit sale price, the profit percentage for the developer, whether or not the project is FHA insured, and whether or not the PRHFA will provide a subsidy to buyer families.

The Authority will finance up to 80% of the total development cost (land, site improvement, construction costs, and soft costs).

Direct Loans

To purchase primary residence up to \$150,000.

Act No. 87

Mortgage insurance disbursed by Mortgage Banks.

New Market Tax Credits

The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). In 2011, the PRHFA in collaboration with Citigroup launched "El Fondo de Desarrollo Comunitario", a \$45 million revolving loan program to grant loans to affordable housing developers in the Island.

Subsidy Contracts Administration

The US Department of Housing and Urban Development (HUD) chose the PRHFA to manage the subsidy contracts for all Section 8 projects in Puerto Rico. This program monitors project management to ensure the quality of life of residents and the adequate use of federal funds. In addition, the Authority is responsible of making subsidy payments to the project owner, renovating subsidy contracts for projects, approving and processing rent increases, monitoring that any deficiencies found in the projects during physical inspections are corrected, and carrying out administrative audits of the projects each year.

Loans for Multifamily Rental Housing

The Authority provides interim and permanent financing for the development of rental housing projects.

Private Sources

Private developers must demonstrate their financial capability and resources for developing housing projects that involve construction or rehabilitation of units for both rent and sale. Private funds are required as leverage for the commitment of HOME funds. Interim financing should be clear with the banking institution before the commitment of HOME funds.

Lending institutions contribute to financing affordable housing by providing flexibility on mortgage loans, conventional mortgages, and FHA mortgage insurance.

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It is necessary to point out that permanent financing for HOME assisted Homebuyers may be processed through any qualified mortgage institution. The Homebuyer purchase assistance will be granted directly to low-income families.

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

ESG Disaster Funding Policy

The Department of the Family seeks to be a strong partner to local geographies affected by natural disasters and health emergencies, such as COVID-19. 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.

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.

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