

GOVERNMENT OF PUERTO RICO

STATE CONSOLIDATED ACTION PLAN FOR HOUSING AND
COMMUNITY DEVELOPMENT PROGRAMS

2023 ACTION PLAN DRAFT FOR PUBLIC COMMENTS

APRIL 11, 2023



PLAN CONSOLIDADO



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

GOBIERNO DE
**PUERTO
RICO**



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Executive Summary

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

1. Introduction

The Consolidated Plan of the Commonwealth of Puerto Rico is the five-year housing and community development plan required by the United States Department of Housing and Urban Development (HUD) to guide the distribution of its Community Planning and Development (CPD) formula grant funds. In 2020, the Government of Puerto Rico submitted the plan for the period of 2020-2024. This Annual Action Plan is the official application for the PY 2023 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 PY 2023 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, as established in its action plan. In addition, the PRDOH is responsible for the administration of the PR-State CDBG Program allocation. 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, the PR Health Department is the grantee, and the Municipality of San Juan acts as the program administrator in accordance with 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 on the needs identified as part of the consolidated planning processes and the Government of Puerto Rico public policies on housing and community development. The action plan also includes

updated information on needs, available resources and goals related to disaster recovery allocations, CDGR DR 2017 & CDBG MIT, thereby amending the Consolidated Plan 2020-2024. Specific amendments to the Consolidated Plan are included as an attachment.

2. Summarize the objectives and outcomes identified in the Plan

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.

In terms of CDBG-DR 2017 and CDBG-MIT, During the Strategic Planning Period 2020-2024, the PRDOH will continue revitalizing downtown areas through the City Revitalization Program, providing assistance to homeowners to repair or rebuild their homes, and increasing homeownership rates through the

Homebuyer Assistance Program. PRDOH will also continue to promote economic development opportunities by providing assistance to Small Businesses under the Small Business Financing Program. Through the CDBG-MIT funds the PRDOH will begin to install solar panels in households to promote energy efficiency and stability. As well, launched programs will begin long-term planning and risk mitigation activities.

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 2023 is presented in the following table.

Goal	Category	Geographic Area	Needs Addressed	Funding	
Provide Decent Housing	Homeless	Statewide	Chronic Homeless	ESG:	\$2,889,139
	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:	\$604,265
				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. 36 total.					
Goal Outcome Indicator	Quantity	UoM			
Tenant-based rental assistance / Rapid Rehousing	2,000	Households Assisted			
Provide Decent Housing (C)					
Affordable Housing Non-Homeless Special Needs	Statewide	Housing	HOPWA:	\$2,627,104	
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	442	Household Housing Unit			
Other	465	Other			
Create Suitable Living Environments					
Non-Housing Community Development	CDBG- Non-entitlement communities	Non-housing Community Development- Public improvement	CDBG:	\$2,608,770	
		Non-housing Community Development- Public Services			
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		
Create Suitable Living Environments (B)	Non-Housing Community Development	CDBG- Non-entitlement communities	Non-housing Community Development- Public Facilities Non-housing Community Development- Public improvement	CDBG :	\$17,426,346
	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 Statewide	Housing	CDBG :
Start Year: 2020		End Year: 2024	Outcome: Affordability	Objective: Provide decent affordable housing	HOME :
Description: Rehabilitation of units.					
Goal Outcome Indicator		Quantity	UoM		

	Homeowner Housing Rehabilitated		Household Unit	Housing		
	Homeowner Housing Added	20	Household Unit	Housing		
Expand Economic Opportunity	Other	CDBG-entitlement communities	Non-housing Development-Dev	Community Economic	CDBG :	\$126,101
	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-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:	Objective:		

			Affordability	Provide decent affordable housing
Description: Down payment and closing costs assistance, direct assistance.				
Goal Outcome Indicator	Quantity	UoM		
Homeowner Housing Added	36	Household Unit	Housing	
Provide Decent Housing (F)				
Affordable Housing		Housing	HOME:	\$14,800,052
			HTF:	\$4,064,659
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 rehabilitated	88	HOME - Household Housing Unit		
Rental units constructed or rehabilitated	24	HTF - 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. Puerto Rico's economy experienced a prolonged recession that lasted 16 years and shrank the economy by 22%. This economic performance responded primarily to distortions related to the elimination of the federal tax incentives to multinational corporations in manufacturing, the housing bubble implosion, the bankruptcy of the Commonwealth of Puerto Rico, and, more recently, the impact of natural events (e.g., hurricanes Irma and María, earthquakes in the southwestern region of the island, and more recently, the Covid-19 economic lockdown).
2. Because of the reduction in fixed investment and consumer spending, real GNP fell, on average, 2.0% from 2006-2021. However, the initial disbursement of more than \$10 billion in

- insurance claims payments and FEMA's disbursement of post-hurricane Maria recovery funding reversed this trend. By the fiscal year 2019, real GNP rose 2.1% annually, yet red tape on the disbursement of federal reconstruction funding and the lockdown implemented by the government to curb the spread of COVID-19 early in 2020 affected the economic recovery.
3. In 2021 real GNP growth rose 1.0% annually compared to a 3.2% contraction in the previous year driven by a surge in personal consumption expenditure in durable goods was supported by \$10 billion in income support funding from CARES Act, the gradual reopening of the economy, and the easing of business restriction.
 4. Puerto Rico's economy gradually recovered from the initial setback from the lockdown restrictions imposed by the government in the first quarter of 2020 to curb the spread of Covid-19. So far, Puerto Rico's economic conditions show improvements in key segments.
 5. Labor market conditions continued improving with nonagricultural employment reaching 939,500 in January 2023, above the 925,604 average nonfarm jobs for 2006 and the non-seasonally adjusted unemployment rate reaching an all-time low of 5.9% in January 2023 compared to 9.1% in January 2021 and a 12.1% average in 2006-2021.
 6. The inflation rate (annual growth in the consumer price index) spiraled from 0.1% in January 2021 to 7.2% in June 2022. However, in recent months, it has moderated to 5.8% in February 2023 as some external factors affecting global prices stabilized.
 7. At the consumer spending level, retail sales dropped 1.4% in 2020 but quickly recover in 2021, reaching 36,777 million (i.e., 21.8% YoY). In 2022 retail sales grew at an annual rate of 2% surprising sales in 2021. Moreover, cumulative sales in January 2023 are 3.8% higher when compared to the previous year during the same period.
 8. According to the Index of Economic Activity published by the Puerto Rico Economic Development Bank (EDB), economic activity peaked at 10.3% in June 2021 but slowed to 1.5% in August 2022 and declined by 2.3% during September-November. However, growth in nonfarm economic in the sale of cement stabilized this trend with the economic activity growing at 0.6% annually in December.
 9. The greatest need is among low- and moderate-income households, according to the most recent Comprehensive Housing Affordability Strategy data (CHAS 2015-2019), out of a total of 1,192,655 households in Puerto Rico, 45.3% or 540,300 are considered low- and moderate-income households for having an income below 80% of the HUD adjusted Median Family Income (HAMFI). A total of 219,305 are in the 0-30% HAMFI range, representing close to one fifth of the total households (18.4%).
 10. 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. According to the most recent data from the American Community Survey, 36% of the population is composed of persons 55+. The number of children is declining at the fastest rate.
 11. 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.

12. During the most recent Point in Time Survey conducted in the Island (2022), a total of 2,215 homeless persons were identified, experiencing homelessness on a given night, of which 7.6% were families. Median age of persons counted is 48 years old and the majority are men (75.8%). Almost 8 out of every 10 homeless persons (78%), identified in the count are unsheltered, a proportion that has been increasing during the past years; while 72.3% suffer from chronic substance abuse, have a mental health condition or has a physical condition. Of persons counted, 9.5% have been victims of domestic violence (an increase when compared to 2019 data), and 6.3% have an HIV positive diagnosis, a proportion similar to the one found in 2019.
13. 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.
14. Domestic violence constitutes one of the most serious and complex problems affecting Puerto Rican society. The Office of the Ombudsman for Women in Puerto Rico reported a total of 5,192 incidents of gender violence in 2022, and 2,786 domestic violence incidents, according to the Puerto Rico Police Bureau. Among the data on murders due to gender violence, 15 of the 20 cases in 2022 correspond to women. These data show an increase of five female deaths (15) in 2022 compared to 2019 (10). Similarly, these cases have also registered a continuous growth since 2019, when 11 cases were reported compared to the 20 reported in 2022.
15. 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. As of December of 2021, the total number of people with an HIV diagnosis residing in Puerto Rico was 16,617. This implies that For every 100,000 inhabitants of Puerto Rico, 509 have a HIV positive diagnosis. Over one-third of the people with a positive HIV diagnosis reside in the Metropolitan Region. In 2021 only, 402 cases of HIV infection were diagnosed in adults and adolescents, a crude rate of 12.3 new HIV diagnoses by sex at birth per 100,000 inhabitants.
16. Based on this information, 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.
17. Puerto Rico's socioeconomic condition, particularly its demographic, labor and poverty indicators provide a baseline for determining the needs for public services. This information was complemented by a survey to municipalities, where a total of 28 municipalities participated. According to this survey the priority populations in terms of public services include low- and moderate-income persons, elderly and the homeless population, particularly homeless families and elderly. 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. More recently with the availability of CDBG-CV, municipalities have been

implementing a wide array of activities, including emergency payments for families (rent, mortgage and utilities).

18. non-entitlement municipalities have many infrastructure needs. Those more frequently mentioned in the survey conducted include: roads improvements, illumination of streets and public areas and water sewage systems. In terms of public facilities, facilities for the elderly were mentioned as a top priority.

3. Evaluation of past performance

This Consolidated Annual Performance Report (CAPER) provides an overview of the progress made during PY 2021, the second year of the Puerto Rico State 2020-2024 Housing and Community Consolidated Plan. During Program Year 2021, 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.

Puerto Rico still encounters problems related to the social and economic repercussions of the COVID-19 pandemic. Even with these challenges, the State has made progress in meeting its 2021 goals and objectives and is moving forward the 5-year goals. The following is a summary of each program performance during program year 2021:

HOPWA Program

The major initiative undertaken during this program year included:

- 1) Completed 12 monitoring Reviews;
- 2) Provided assistance to eligible families under the following programs:
 - a) Tenant Based Rental Assistance to 112 families;
 - b) Short- Term Rental, Mortgage and Utilities to 70 families;
 - c) Transitional Housing to 169 families and;
 - d) Supportive Services to 871 participants.

As per the service activities undertaken in PY 2022, 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 PRHFA and the MSJ expenses, the twenty-five (25) granted sub-recipients contracts expended 55.39% of the funds delegated to undertake the contracted activities by June 30, 2022. For

funds allocated of Pre-2020 funds the sub-recipients expended 83.26%. HOPWA funds were used to support the following eligible activities:

- **Tenant-Based Rental Assistance (TBRA) Program:** This activity was undertaken by eleven (11) Municipalities. A total of \$849,040.00 was allocated to TBRA, from this total, \$32,656.00 were allocated to delivery costs and \$816,384.00 for direct housing assistance. A total of 112 families benefited from the activity and the total expenses amounted to \$424,578.87, representing 27.64% of the allocated funds and expend a 50.01% of the allocation.
- **Short-Term Rent, Mortgage, and Utilities (STRMU) Assistance Program:** According to data presented by the regional sub-recipients, a total of 70 households were assisted. From the total of assisted households, fifteen (15) households received mortgage assistance payments, seventeen (17) households received mortgage and utility assistance payments, sixteen (16) households received rental assistance payments, one (1) rental and utility assistance and twenty-one (21) received utility assistance only. The amount allocated for this category was \$258,384.00.
- **Supportive Services Program:** Services were provided to 692 households as follow:
 - Supportive Services provided by sub-recipients that also delivered HOPWA housing subsidy assistance, served a total of 100 households. Funds allocated for this service amounted to \$357,506.00.
 - Supportive Services provided by sub-recipients that only provided supportive services, served a total of 692 households. The amount of funds allocated in this type of service was \$640,645.16.
- **Transitional Housing:** A total of 100 household were benefitted through twelve (12) organizations funded for this purpose. The amount allocated for these services was \$710,238.00.

ESG Program

ESG Program During Program year 2021, 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 2022 PIT Count, which reflected that out of the 2,535 persons identified the day of the count, 78% were unsheltered.

HOME Program

The 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)

Similar to the HOME program, the Housing Trust Fund (HTF) promote an improvement in the quality of life for the people with very or extremely low-income families providing funds for the rehabilitation or new construction of multifamily rental projects, which are encountering challenges to find secure and decent housing.

CDBG

CDBG funds were used in accordance with 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 2,743,002 low and income persons received benefit of community development projects aimed to improve living conditions and infrastructure. A total of \$16,493,404.86 was disbursed for this activity.
- **Public services** – A total of 269,804 low and income persons received benefit to attend special needs population. The total disbursed for this activity was \$3,638,112.60.
- **Housing rehabilitation** – As part of strategy to provide decent housing and suitable living environment to low- and moderate-income persons, 1,408 were rehabilitated. The total disbursed for this activity was \$1,048,430.27.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

The Annual Action Plan is a process that promotes the collaboration of state, municipalities and other key stakeholders associated with housing and community development in Puerto Rico to establish a unified vision for community development activities. This strategic planning process allows citizens to participate in the development of a plan for housing and community development programs. The state's implementation of the plan, as well as the plan itself, will be evaluated based on three objectives: (1) To provide decent housing; (2) provide a suitable living environment; and (3) to expand economic opportunities.

For the preparation of the PY 2023 Annual Action Plan the PRDOH followed its citizen participation plan. The planning process efforts were 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 hearings conducted and to provide

comments on the proposed actions. Information was posted in the PRDOH web page and the consolidated planning agencies.

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

Mailing database: Information about the public hearing was provided to municipalities and non profit organizations through email.

Public Hearing: As required by the regulations the State held a public hearing during the Citizen Participation process of the PY 2022 Annual Action Plan. on the notification of the hearing was posted in *Primera Hora* newspaper on the edition for Friday, February 9, 2023. It invited the general population to participate of the Public Hearing for the CDBG, HOME, ESG, HOPWA and HTF Programs PY 2023 Annual Action Plan. In compliance with the Consolidated Plan regulations, the hearing was 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 expanded the outreach efforts with the objective of increasing the citizen feedback, buy-in and support of the Consolidated Plan activities.

The public hearing was held on February 28, 2023, 9:00 a.m. at the Yolanda Guerrero Community Center, in Guaybano. Information of the public hearing conducted was posted in the PRDoH Web Page.

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

Availability of Public hearing recording.

Public Comment Period: The draft plan was made public on April 11th, 2023. Citizens and interested parties had 30 calendar days from the day of the publication to submit written comments. The draft plan was made available at PRDOH web page for the review. Due to the emergency and the security measures that must be taken in the context of COVID-19, persons having difficulty accessing the Plan through the Internet should had a telephone number available to coordinate an alternative method.

5. Summary of public comments

During the public hearing two persons commented. Comments received including aspects concerning to ESG, HOME and CDBG. Regarding ESG Program the participant made recommendations regarding environmental procedures. One of the comments was directed to HOME program motivating to take into NPOs with experience placing homeless persons in permanent housing, when deciding on funded projects. In terms of CDBG, comments were related to an activity currently being implemented with CDBG-CV, regarding the installation of water cisterns and regarding the period of time available for the

implementation of projects funded with the emergency funds. Both comments were considered and address by the PRDOH. A summary of the comments and the response is included as an attachment.

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

No comments from the public hearing were rejected.

7. Summary

The PY 2023 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 Annual action 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.

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
CDBG Administrator	PUERTO RICO	Puerto Rico Department of Housing (PRDOH)	
HOPWA Administrator	PUERTO RICO	Municipality of San Juan & Department of Health	
HOME Administrator	PUERTO RICO	Puerto Rico Housing Finance Authority (PRHFA)	
ESG Administrator	PUERTO RICO	Puerto Rico Department of Family (PRDF)	
	PUERTO RICO	Puerto Rico Housing Finance Authority (PRHFA)	

Table 1 – Responsible Agencies

Narrative

The lead agency of the 2023 Annual Action Plan is the Puerto Rico Department of Housing. This agency coordinates all efforts towards the development of the housing and community development strategies that the PR-State government included on its five-year Consolidated Plan and executes annually as established in its Action Plan. In addition, PRDOH is responsible for the administration of the PR-State CDBG Program.

In this effort, the PRDOH works in conjunction with three (3) State agencies, responsible of acting 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, the Health Department is the State HOPWA grantee, and the Municipality of San Juan acts as the program administrator in accordance to a collaborative agreement originally 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, Part I of the Law of Housing and Community Development of 1974, as amended, the PRDoH announced the availability of the plan in a general circulation newspaper (see appendix for the announcement). Copies of the Annual Action Plan 2023 were available from the date of its publication on the Internet at <https://www.vivienda.pr.gov/cdbg-estado> on April 11, 2023, for review and submitting comments. Due to the safety measures required in the context of COVID-19, a telephone number was provided to persons with difficulties to access Internet, to make the arrangements for a physical copy (787- 274-2527 extensions 5109 & 5110).

Comments to the plan should be addressed to:

Name: Ms. Aida Gracia

Position: Special Aide to the Secretary, PRDOH

cdbg-municipal@vivienda.pr.gov

Questions regarding consolidated planning may be addressed to:

Ms. Aida Gracia

Special Aide to the Secretary

cdbg-municipal@vivienda.pr.gov

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

1. Introduction

The Puerto Rico Annual Action Plan 2023 integrate the allocation of a variety of Federal funds for projects and activities benefitting low- and moderate-income persons. Applicable funds include those of the State Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Housing Trust Fund (HTF), Housing Opportunities of Persons with Aids (HOPWA) and Emergency Solutions Grant (ESG).

The 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 to municipalities and formal letters sent to stakeholders. Discussions included housing and community development needs, and recommendations on the method of distribution.

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.

The following sections provide a summary of the state's activities to enhance coordination with these stakeholders, as well as mandatory requirements regarding ESG and CoCs in the jurisdiction.

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

Besides complying with the citizen participation and consultation minimum requirements, the PRDoH 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. In this occasion, the PRDOH conducted a survey among municipalities to obtain additional input on housing and community development needs. A total of 28 municipalities participated of the survey. The results of the survey are included as an attachment. As well, the state program worked

in close coordination with CDBG-DR 2017 and MIT staff in order to update information on the needs, resources available and goals associated with these funds.

As well, the administrators of other Programs such as HOPWA director and the ESG Director participate in different multisectoral committees and groups (ex. CoCs, HIV and STDs Public Policy Multisectoral Committee, HIV Integrated Planning Housing Committee), which provide for the coordination with of stakeholders. All state agencies that manage CPD forms are currently participating of the PR State Housing Plan revision, a process led by the PRDOH.

The PR State Consolidated Plan and Action Plan, represents a collective effort from a comprehensive array of State and private organizations. Coordination with all stakeholders was achieved during the public hearing conducted, the survey conducted, consultations 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 Director of ESG Program is represented in both CoCs and in the case of the CoC PR 503, is part of the Board of Directors, which facilitates the integration of ESG into the CoC planning processes. Meetings with both CoCs are held regularly. Similarly, the Department maintains constant communication with the coordinated entry systems and the HMIS 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. In fact, participation in the CES and the HMIS, are threshold requirements for ESG subrecipients. To assure integration and participation of ESG subrecipients, organizations and municipalities will continue requiring participating in CoC's subcommittees of their area and participating of the coordinated entry system.

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 2023 competition, Puerto Rico received a total of \$22,711,802 in Continuum of Care allocated funds for both CoCs. With this funding the homeless strategy will be able to promote community wide 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.

Municipalities are also an important stakeholder related to the goal of eradicating homelessness. Municipalities not on are, some of them recipients and subrecipients of ESG and CoC funding, but they also provide support to other organizations in their outreach and service strategies. As well, municipalities have provided support to ESG-CV subrecipients, serving as responsible entities for purposes of environmental reviews and compliance.

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

In accordance with the regulation at 24 cfr 91.110, 91.300(b); 91.315(l), states, in the consolidated planning process, must consult with Continuums of Care (CoCs) on a variety of topics, including 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 the HMIS.

In order to comply with these provisions and continue strengthening the collaboration and coordination between the ESG Program and the two continuum of care systems in Puerto Rico (PR502 & PR503), the Puerto Rico Department of the Family conducted a survey of the organizations that are part of both entities. The information was collected through a web-based questionnaire, which was sent to all CoC member subrecipients of the Program. ESG Program staff was available to clarify doubts about the instrument.

A total of 10 organizations and municipalities belonging to the CoC answered the survey. Of these, 7 are entities that are part of CoC PR 502 and 3 of PR503. Among the entities, there was participation of the entities that manage the HMIS system and the coordinated entry system in

both CoCs and one of the collaborative applicants (CoC 503). On the other hand, 6 of the participating entities are municipalities and 4 are non-profit organizations report of the consultation process with the results is included as an attachment.

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

Table 2 – Agencies, groups, organizations who participated

	Agency/Group/Organization	PR Department of Housing, Disaster Recovery 2017 Program
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Anti-poverty Strategy Alignment of strategies included in the plan with disaster recovery needs and DR & MIT plans
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	CDBG-DR and MIT programs provided updated information on available resources, needs and goals and objectives of these funds.
1	Agency/Group/Organization	PR Department of Housing
	Agency/Group/Organization Type	Housing PHA Services - Housing Services-Children Services-Elderly Persons Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment Service-Fair Housing Services - Victims Health Agency Child Welfare Agency Other government - State Other government - Local Business Leaders Civic Leaders Business and Civic Leaders

	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?	The agency is part of the inter-agency committee in charge of developing the plan and provided input during the meetings conducted by such committee.
2	Agency/Group/Organization	PR Department of the Family
	Agency/Group/Organization Type	Housing PHA 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 Other government - Local Business and Civic Leaders
	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.
3	Agency/Group/Organization	PR 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 Services-Education Services-Employment Services - Victims Health Agency Other government - State Other government - Local Civic Leaders
	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.

4	Agency/Group/Organization	MUNICIPALITY OF SAN JUAN
	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 Services - Victims Other government - State Other government - Local Civic Leaders
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness 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.
5	Agency/Group/Organization	PUERTO RICO HOUSING FINANCE AUTHORITY
	Agency/Group/Organization Type	Housing Services - Housing Other government - State Other government - Local Business and Civic Leaders
	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.

6	Agency/Group/Organization	FEMA
	Agency/Group/Organization Type	Agency - Emergency Management Other government - Federal
	What section of the Plan was addressed by Consultation?	Emergency management
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.
7	Agency/Group/Organization	Environmental Protection Agency
	Agency/Group/Organization Type	Other government - Federal
	What section of the Plan was addressed by Consultation?	Environmental protection
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.
8	Agency/Group/Organization	US Fish & wildlife Services
	Agency/Group/Organization Type	Other government - Federal
	What section of the Plan was addressed by Consultation?	Ecological services
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.
9	Agency/Group/Organization	US Army Corps of Engineers
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Infrastructure
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.

10	Agency/Group/Organization	Departamento de Recursos Naturales y Ambientales
	Agency/Group/Organization Type	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?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.
11	Agency/Group/Organization	Junta de Calidad Ambiental
	Agency/Group/Organization Type	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?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.
12	Agency/Group/Organization	Oficina de Gerencia de Permisos
	Agency/Group/Organization Type	Other government - State
	What section of the Plan was addressed by Consultation?	Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.
13	Agency/Group/Organization	NEGOCIADO DE MANEJO DE EMERGENCIAS Y ADMINISTRACION DE DESASTRES
	Agency/Group/Organization Type	Agency - Emergency Management Other government - Federal
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.

14	Agency/Group/Organization	Junta de Planificaci3n
	Agency/Group/Organization Type	Other government - State Planning organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Market Analysis Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.
15	Agency/Group/Organization	Asociaci3n de Constructores de PR
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Market Analysis
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.
16	Agency/Group/Organization	Internet Society of Puerto Rico
	Agency/Group/Organization Type	Services - Narrowing the Digital Divide
	What section of the Plan was addressed by Consultation?	Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.
17	Agency/Group/Organization	CLARO DE PUERTO RICO
	Agency/Group/Organization Type	Services - Broadband Internet Service Providers
	What section of the Plan was addressed by Consultation?	Market Analysis Economic Development Infrastructure

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.
18	Agency/Group/Organization	LIBERTY PUERTO RICO
	Agency/Group/Organization Type	Services - Broadband Internet Service Providers
	What section of the Plan was addressed by Consultation?	Public Housing Needs Market Analysis Economic Development Infrastructure
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.
19	Agency/Group/Organization	Optico fiber by Critical Hub Networks
	Agency/Group/Organization Type	Services - Broadband Internet Service Providers
	What section of the Plan was addressed by Consultation?	Market Analysis Economic Development Infrastructure
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.
20	Agency/Group/Organization	Administracion de Vivienda Publica
	Agency/Group/Organization Type	Housing Services - Housing Other government - Local
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Consultation was made via written communication, final input will be included in the plan to be presented to HUD.

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

The Interagency Committee consulted with a wide array of stakeholders, as required by the regulation.

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?
Puerto Rico State Housing Plan	PR Department of Housing	The Consolidated Plan was prepared and developed in accordance with the principles included in the Puerto Rico State Public Policy established by the Office of the Governor.
Puerto Rico Disaster Recovery Action Plan 2017	PR Department of Housing	This Plan was designed for the use of CDBG-DR funds in response to 2017 hurricanes Irma & Maria, (July 29, 2018), as amended. CPD Programs Action Plans include disaster policies and procedures, as well as actions to complement recovery efforts.
Puerto Rico CARES Act Strategic Plan	PR Department of the Treasury	CPD Programs and the flexibilities for their implementation incorporated in the framework of the CARES Act, provide a complementary source of funding to help address the needs and impacts of COVID-19.
CDBG-MIT Action Plan	PR Department of Housing	The CDBG-MIT Action Plan provides a portfolio of programs dedicated to assisting in the recovery and resilient rebuilding of low- and moderate-income households. These grant funds have been allocated to Puerto Rico for implementing activities intended to support mitigation projects that reduce the potential for loss and destruction from future events and complement the existing mitigation programs currently administered by FEMA.

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Action Plan for the 2019-2020 Earthquakes Recovery Response (DR-4473-PR)	PR Departament of Housing	This Action Plan provides a portfolio of programs dedicated to assisting in the recovery of the earthquakes experiences in Puerto Rico in 2019-2020 (major disaster declaration DR-4773-PR). As mentioned in the Action Plan page 10, “as the recovery needs in Puerto Rico increase with each disaster, the need for a coordinated approach between agencies and local governments, as well as the recovery and mitigation programs launched, is ever present”. The availability of these funds, as well as other recurring programs, such as CDBG, ESG, HOME and HOPWA, provide a unique opportunity to address the needs of low- and moderate-income persons in the aftermath of the disasters and strengthen the resilience of communities to future events.

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 Annual Action Plan. Through the consultation process, the PRDOH was able to obtain key programmatic and service data from agencies and service providers (public and private) who 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

The Annual Action Plan is a process that promotes the collaboration of state, municipalities and other key stakeholders associated with housing and community development in Puerto Rico to establish a unified vision for community development activities. This strategic planning process allows citizens to participate in the development of a plan for housing and community development programs. The state's implementation of the plan, as well as the plan itself, will be evaluated based on three objectives: (1) To provide decent housing; (2) provide a suitable living environment; and (3) to expand economic opportunities.

For the preparation of the PY 2023 Annual Action Plan the PRDOH followed its citizen participation plan. The planning process efforts were 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 hearings conducted and to provide comments on the proposed actions. Information was posted in the PRDOH web page and the consolidated planning agencies.

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

Mailing database: Information about the public hearing was provided to municipalities and non profit organizations through email.

Public Hearing: As required by the regulations the State held a public hearing during the Citizen Participation process of the PY 2022 Annual Action Plan. on the notification of the hearing was posted in *Primera Hora* newspaper on the edition for Friday, February 9, 2023. It invited the general population to participate of the Public Hearing for the CDBG, HOME, ESG, HOPWA and HTF Programs PY 2023 Annual Action Plan. In compliance with the Consolidated Plan regulations, the hearing was 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 expanded the outreach efforts with the objective of increasing the citizen feedback, buy-in and support of the Consolidated Plan activities.

The public hearing was held on February 28, 2023, 9:00 a.m. at the Yolanda Guerrero Community Center, in Guaybano. Information of the public hearing conducted was posted in the PRDoH Web Page. During the public hearing two comments were received one regarding ESG Program, and two other programs regarding CDBG. In terms of CDBG comments were related to an activity currently being implemented with CDBG-CV, regarding the installation of water cisterns and regarding the period of time available for

the implementation of projects funded with the emergency funds. Both comments were considered and address by the PRDOH. A summary of the comments and the response is included as an attachment.

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

Availability of Public hearing recording.

Public Comment Period: The draft plan was made public on April 11th, 2023. Citizens and interested parties had 30 calendar days from the day of the publication to submit written comments. The draft plan was made available at PRDOH web page for the review. Due to the emergency and the security measures that must be taken in the context of COVID-19, persons having difficulty accessing the Plan through the Internet should had a telephone number available to coordinate an alternative method.

Expected Resources

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

Introduction

For the PY 2023, HUD allocated to the PR-State a total of \$44,190,054 among all CPD Programs. Specifically, the allocation by programs is: \$22,385,506 for the CDBG Program activities; \$15,712,268 for the HOME Program activities, \$2,267,104 for the HOPWA Program activities, \$3,465,176 for the ESG Program activities and at the time of this publication the PRHFA have not received the information regarding the HTF allocation for 2023, the PRHFA will be using the 2022 allocation \$4,064,659 for the Housing Trust Fund activities (based on the 2022 allocation).

All funds will be allocated to address the affordable housing needs of the low- and moderate-income persons and special needs population, the public services need 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 2023 resources the State estimates that it will have available the following resources Based on IDIS PR01:

- CDBG Previous Year Resources (PR01, available to commit)- \$37,491,107.55
- HOME Previous Years EN Resources (Available to commit)- \$54,608,809.58
- HOPWA Previous Years – \$2,433,960.86
- ESG Previous years (PR01, available to commit) - \$0.00
- HTF Previous Years- \$6,540,489.90

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	22,385,506	258,802.74	37,491,107.55	60,135,416	22,385,506	<p>Funding will be used for housing, community, and economic development activities, as well as assistance for special populations across the 51 non-entitlement municipalities of Puerto Rico.</p> <p>In addition to the allocation from HUD, the Department estimates that it will have \$258,802.74 in program income funds available for use by municipalities that generated such income for eligible CDBG activities, in accordance with the Department's CDBG PI policy</p>
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HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	15,712,268	0	54,608,809.58	70,321,078	15,712,268	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.
HOPWA	public - federal	Permanent housing in facilities Permanent	2,267,104	0	2,433,960.86	5,061,064.86	2,267,104	Funds will be distributed among municipalities and nonprofit

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: \$		
		housing placement Short term or transitional housing facilities STRMU Supportive services TBRA						organizations for the provision of housing assistance and supportive services for low-income persons living with HIV/AIDS.
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	3,465,176	0	0	3,465,176	3,465,176	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	Acquisition Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	4,064,659	0	6,540,489.90	10,605,148.9	4,064,659	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.

Other – CDBG- DR	public - federal	Acquisition, Administration and Planning, Economic Development, Homebuyer Assistance, Homeowner Rehabilitation, Housing, Multifamily Rental New Construction, Multifamily Rental Rehabilitation, Public Improvements, Public Services, Rental Assistance.	2,480,000,000	0	0	2,480,000,000	5,786,800,000	The CDBG-DR Action Plan includes further analysis of damage estimates and contains the strategy to address these needs with the first allocation of \$1.5 billion authorized by Pub. L. 115-56 and announced through 83 FR 5844; the second allocation of \$8.2 billion authorized by Pub. L. 115-123 and announced through 83 FR 40314; and the latest unmet infrastructure needs allocation of \$277 million authorized under Pub. L. 116-20 and announced in 85 FR 4681.
Other – CDBG- MIT	public - federal	Acquisition, Administration and Planning,	289,800,000	0	0	289,800,000	7,932,700,000	Public Law 115-123 made available \$28 billion in Community

		Homeowner Rehabilitation, Housing, Public Improvements.						Development Block Grant – Disaster Recovery (CDBG–DR) funds and directed HUD to allocate no less than \$12 billion for mitigation activities proportional to the amounts that grantees received for qualifying disasters in 2015, 2016, and 2017. That amount was increased to \$15.9 billion after HUD completed an assessment of unmet needs and awarded funding to a total of eighteen (18) grantees through a newly created Community Development Block Grant - Mitigation
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								<p>(CDBG-MIT) Program.</p> <p>Out of all these funds, HUD allocated approximately \$8.2 billion in CDBG-MIT funds to Puerto Rico. The rules for administering these funds are founded in the regulatory framework of HUD's Community Development Block Grant (CDBG) program and further consider the alternative requirements, waivers, and special grant conditions released in 84 FR 45838 and 85 FR 4676. The CDBG-MIT Action Plan contains further analysis of unmet</p>
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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: \$		
								mitigation needs and PRDOH's strategy to address them.

Table 4 - 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

CDBG:

Matching Requirements

Section 24 CFR 570.489 (a)(1) established the responsibility of the Government of the Commonwealth of Puerto Rico to pay with its own resources for all administrative costs incurred in administering the State CDBG Program. Regardless, the state may use CDBG funds to finance such costs in an amount not to exceed \$100,000, plus 50 percent of such costs in excess of \$100,000. The other 50% in excess of \$100,000 will be covered by PRDOH general budget.

Leverage of Federal Funds

The non-entitlement municipalities will provide leverage to their projects in the form of in-kind services and equity from municipal, state, and other federal funds.

ESG

Of the \$3,465,176 expected to be received in ESG funds for the PY 2023, \$3,365,176 will be matched with cash and noncash contributions, in accordance to regulations in the 24 CFR 576.201. To meet this requirement, the Puerto Rico Department of Family requests subrecipients to include evidence of matching contributions as part of the application process. The subrecipients are required to match 100% of their ESG award.

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.

HOME:

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 \$82 millions in Puerto Rico's economy.

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 3% of the line peak amount 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 \$200,000.

Act No. 87

Mortgage insurance disbursed by Mortgage Banks.

Subsidy Contracts Administration

The US Department of Housing and Urban Development (HUD) chose the PRHFA to manage the subsidy contracts for 166 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.

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.

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

Does not apply.

Discussion

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	2020	2024	Homeless	Statewide	Housing Chronic Homeless Homelessness Prevention	ESG: \$2,889,139	Homeless Person Overnight Shelter: 2560 Persons Assisted
2	Provide Decent Housing (B)	2020	2024	Homeless	Statewide	Homelessness Prevention Create and preserve affordable rental housing	ESG: \$604,265	Tenant-based rental assistance / Rapid Rehousing: 2000 Households Assisted
3	Provide Decent Housing (C)	2020	2024	Affordable Housing Non-Homeless Special Needs		Housing	HOPWA: \$2,627,104	HIV/AIDS Housing Operations: 442 Household Housing Unit Other: 465 Other
4	Create Suitable Living Environments	2020	2024	Non-Housing Community Development		Housing	CDBG: \$2,608,770	Public service activities other than Low/Moderate Income Housing Benefit: 540 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	Create Suitable Living Environments (B)	2020	2024	Non-Housing Community Development		Non-housing Community Development- Public Faciliti Non-housing Community Development- Public improvem Non-housing Community Development- Public Services	CDBG: \$17,426,346	Other: 191400 Other
6	Provide Decent Housing (D)	2020	2024	Affordable Housing		Housing Create and preserve affordable rental housing	CDBG: \$2,133,867	Homeowner Housing Added: 20 Household Housing Unit
7	Expand Economic Opportunity	2020	2024	Economic Development		Non-housing Community Development- Economic Dev	CDBG: \$126,101	Jobs created/retained: 6 Jobs Businesses assisted: 3 Businesses Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
8	Emergency Relief	2020	2024	Non-Housing Community Development		Non-housing Community Development- Public Faciliti Non-housing Community Development- Public improvem Non-housing Community Development- Public Services	CDBG: \$300,000	Other: 300 Other
9	Provide Decent Housing (F)	2020	2024	Affordable Housing		Create and preserve affordable rental housing	HOME: \$14,800,052 HTF: \$4,064,659	Rental units constructed: 51 Household Housing Unit Rental units rehabilitated: 51 Household Housing Unit
10	Provide Decent Housing (E)	2020	2024	Affordable Housing		Housing	HOME: \$0	Homeowner Housing Added: 36 Household Housing Unit

Table 5 – Goals Summary

AP-25 Allocation Priorities – 91.320(d)

Introduction:

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

The PY 2023 Annual Action Plan allocation priorities are driven by the information obtained during the Citizen Participation process and consultations. 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, which 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 2023, this adds to \$771,030,22. For the ESG program the Department of the Family will allocate \$242,562.32 for state administrative purposes, \$17,325.88 for subgrantees administration, and \$86,629.40 for HMIS.

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

Funding Allocation Priorities

	Provide Decent Housing (%)	Provide Decent Housing (B) (%)	Provide Decent Housing (C) (%)	Create Suitable Living Enviroments (%)	Create Suitable Living Enviroments (B) (%)	Provide Decent Housing (D) (%)	Expand Economic Opportunity (%)	Emergency Relief (%)	Provide Decent Housing (F) (%)	Provide Decent Housing (E) (%)	Total (%)
CDBG	0	0	0	12	77	9	1	1	0	0	100
HOME	0	15	0	0	0	15	0	0	48	22	100

HOPWA	0	0	100	0	0	0	0	0	0	0	100
ESG	83	17	0	0	0	0	0	0	0	0	100
HTF	0	0	0	0	0	0	0	0	100	0	100
Other – CDBG- DR	0	0	0	0	0	0	0	0	0	0	0
Other CDBG- MIT	0	0	0	0	0	0	0	0	0	0	0

Table 6 – 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 characteristics, 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.

HOME

The needs assessment identified a considerable need for housing rehabilitation, affordable housing for rent and homebuyer assistance programs. The assessment identified that the main needs are associated to substandard housing, cost burden, housing costs and lack of economic opportunities for persons with low educational attainment.

ESG

The distribution of funds will be based on the assessment of homelessness, conducted for the purpose of consolidated planning, and the results of the meetings held with CoCs and their organizations. The specific allocation of funds will prioritize the provision of services to address chronic homelessness and the needs identified in the homelessness assessment, particularly. Priority will be given to Emergency Shelters without restrictions and eligible to use their facilities as stabilization units (24 hour, 7 days a week entrance); Emergency Shelters without restrictions on population, age, and time; Emergency Shelter services; and the expansion of Street Outreach services. In the case of the Prevention and Rapid Re-Housing components, priority will be given to people with mental health conditions; projects addressing women's safety; and Shelter proposals that include the Rapid Re-Housing component. Other services that promote economic and personal self-sufficiency will also be prioritized based on the reasons for homelessness, and the current socioeconomic context.

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 2023.

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.

Distribution Methods

Table 7 - Distribution Methods by State Program

1	State Program Name:	CDBG
	Funding Sources:	CDBG

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The State CDBG allocation for PY 2023 amounts to \$22,385,506. 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. Of these, \$21,313,940.82 will be allocated to non entitlement municipalities; \$671,565.18 will be separated for State Administration and \$300,000 will be allocated for an emergency fund.</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 Act 137-2014 (later incorporated under the Municipal Code of 2020), as amended.</p> <p>The following is the proposed allocation:</p> <p>Allocation for 49 Municipalities Administration \$70,630.99 Public Service \$62,321.46 Other Eligible Project (Housing, Community Development, Economic Development, Etc.) \$282,523.97 TOTAL \$415,476.43</p> <p>Vieques and Culebra Administration \$81,225.64 Public Service \$721,669.68 Other Eligible Project (Housing, Community Development, Economic Development, Etc.) \$324,902.57 TOTAL \$477,797.89</p> <p>PRDOH Planning and Administration \$671,565.18</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 107-2020, as amended (the Municipal Code of 2020) 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>Application Submission</p> <p>Application kits or Request for Proposals will be available 30 days from HUD’s approval of the Plan. The proposals and all its components and supporting documentation will be submitted via e-mail (the e-mail will be available at the Application kits) on or before October 31, 2022, no later than 11:59p.m.</p> <p>Applications for the Emergency Fund may be submitted at any time during Program Year 2023 as long as they comply with the requirements presented on Circular Letter Num. 2013-09 of May 21, 2013, as amended, and any other requirement that applies. Based on the comments received during the public hearing, the PRDOH intends to amend the circular to provide additional time for the execution of certain projects.</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> <p><u>Proposal Requirements</u></p> <p>Submission of a budget breakdown is mandatory as part of the proposals.</p> <p>In determining an appropriate amount, the 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. Reasonability of the budget. 4. Inadequate or incomplete description of activities to be developed. 5. Past performance of the non-entitled municipality (open findings). 6. Timely expenditure of funds <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</p>
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	<p>maximum community development. The optional 15% Public Service Cap is based on the total CDBG State grant.</p> <p>When preparing the proposal’s budget municipalities must comply with the PRDoH policies and procedures on reasonability of administrative costs published in February, 2020.</p> <p>The PRDoH will not approve an administrative budget in those instances where municipalities will be using the funds of their regular allocation for the repayment of a Section 108 Loan Guarantee Program loan only.</p> <p>In those cases where the only activity to be implemented by the municipality is a public service in conjunction with the repayment of a loan under the Section 108 Loan Guarantee Program. The PRDoH will approve up to 25% of the administration maximum allocation allowed in the corresponding Action Plan.</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- 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 2023 amounts to \$22,385,506 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 CBDG 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>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 2023 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>

	Describe threshold factors and grant size limits.	Under Act 107-2020, as amended (Municipal Code of 2020), 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.
	What are the outcome measures expected as a result of the method of distribution?	The expected outcomes measures are included on the appendix section.
2	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 PRDF uses a method of distribution of funds that consists of publishing a Request for Proposals the first year with a competitive evaluation for prospective subrecipients. Funds are distributed according to the level of performance of the subrecipients' projects and availability of HUD funds. On PY 2023, the PRDF will be receiving proposals from active entities.</p> <p>If there are funds available during the Program Year as a result of the recapture process of 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 (see Appendix section).</p> <p>The ESG allocation for Program Year 2023 is \$ 3,465,176. Funding is intended to serve the seventy-eight (78) municipalities across the island within the 10 regions established by the PRDF. The regions established by the PRDF include Mayagüez, Aguadilla, Arecibo, Bayamón, San Juan, Carolina, Caguas, Humacao, Guayama, and Ponce. Non-profit organizations and municipalities that comply with the requirements and evaluation criteria established on this plan will be eligible to receive funds for the categories below.</p> <p>The following is the ESG Program distribution by funding categories:</p> <ul style="list-style-type: none"> • Outreach and Shelter \$ 2,079,105.60 (60.0%) • Prevention \$ 485,124.64 (14.00%) • Rapid Re-Housing \$ 554,428.16 (16.00%) • Data Collection (HMIS) \$ 86,629.40 (2.5%) • Administration \$ 259,888.20 (7.5%) • Total \$ 3,465,176.00 (100%) <p>The Department of the Family may allocate indirect costs to eligible activities.</p> <p>As described in the following sections, proposals will be evaluated according to two set of criteria; (1) compliance criteria for proposal consideration , and (2) criteria for the final granting of funds.</p>
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		Proposals will be received by email on or before July 2023.
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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>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 non-profit entity properly incorporated and in Good Standing, as applicable. • At least three years of experience serving homeless persons or in risk of homelessness. • Have financial management systems that meet the minimum accounting standards. • In the case of shelters, the municipal endorsement is required. • Have the Environmental Assessment, as applicable. • Availability of fund matching (dollar-for-dollar) and its sources. • Experience managing federal funds and financial capacity. • Availability of credit lines or financing mechanisms. • Reasonability of number of homeless persons identified in the geographic region of service • Reasonability of the project-participant’s cost. • The entity has Case Managers and specialized personnel. • No open findings of questioned costs, if applicable. Compliance with Federal Audit Clearing House. <p>Compliance Criteria for Proposal Consideration for second year – Performance and Expenditure Rate – Active Entities</p> <ul style="list-style-type: none"> • In the case of shelters, bed utilization rate of 70% or more • Average stay in Shelter – no more than 90 days • Have spent at least 75% of the recent allocation • Active 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
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	<ul style="list-style-type: none"> • Projects performance according to HMIS: Complies with 50% or more of the performance measurements related to income generation and placement of participants in housing modalities. <p>Criteria for the final granting of funds - <i>Management and Financial Capacity</i></p> <ul style="list-style-type: none"> • Experience managing federal funds • Availability of credit lines or financing mechanisms • Other sources of income
<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 ESG Program- (see CDBG section).</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>Since Program Year 2011, the PRDF uses a distribution method in which an award is granted for a two-year period, subject to an evaluation of the first year’s performance and expenditure rate for allocated funds, and the availability of funds. During PY 2023, eligible organizations and local governments will be initiating their first program year of the two-year cycle. Meanwhile, unused funds available during the Program Year will be distributed according to the needs identified by the PRDF, 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 is the ESG Program distribution by funding categories:</p> <ul style="list-style-type: none"> • Outreach and Shelter \$ 2,079,105.60 (60.0%) • Prevention \$ 485,124.64 (14.00%) • Rapid Re-Housing \$ 554,428.16 (16.00%) • Data Collection (HMIS) \$ 86,629.40 (2.5%) • Administration \$ 259,888.20 (7.5%) • Total \$ 3,465,176.00 (100%) <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>The grant size limits established for the ESG Program funds distribution are:</p> <ul style="list-style-type: none"> • Outreach and Shelter No more than 60.0% • Prevention No limits • Rapid Re-Housing No limits • Data Collection (HMIS) Does not apply • Administration No more than 7.5%

<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
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		<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 • Percentage of people who increased their income from any source • Percentage of people placed in permanent housing <p>RAPID RE-HOUSING (RRH)</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
3	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 \$15,712,268 in HOME funds for PY 2023. All resources will be allocated to provide incentives for meeting the goal of developing and supporting 104 affordable rental and 60 homeownership housing units. This will be achieved primarily through the Rehab or New Construction by Owner, Rehabilitation or New Construction for Multifamily Rental Development. Funds from previous years, may be used to to provide down payment assistance to homebuyers. The distribution of HOME funds for PY 2023 will be as follows. Once the final allocation is received from HUD, the amounts will be adjusted proportionally.</p> <ul style="list-style-type: none"> • Administration \$1,571,227,27 • Rehab or New Construction for Multifamily Rental Dev. \$14,141,040.73 <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 all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>The Puerto Rico Housing Finance Authority (PRHFA) will make the activity of New Construction or Rehabilitation for Rental Housing Development available under the HOME Investment Partnership Program (HOME) FY 2023 Action Plan (AP) through a competitive process. Following previous joint efforts and on-going initiatives, the HOME Program might combine or implement a consolidated application to include CDBG-DR, LIHTC, HTF or other sources of funds or new programs, combining the requirements, 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.</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.</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 is a minimum of \$1,000 and a maximum of \$45,000 will be available for eligible homebuyers. The Director of the Home Program will approve on case by case basis the amount of subsidy needed to acquire or maintain an affordable housing unit.</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"> • Homebuyer Assistance \$0.00 – A total of 36 homebuyers (served with funds available from previous years) • Rehab or New Construction by Owner \$0.00 – A total of 24 housing units (served with funds available from previous years) • Multifamily Rental Dev. \$14,141,040.73 – A total of 80 housing units. • Tenant-Based Rental Assistance (TBRA) - \$0.00 – A total of 24 families (served with funds available from previous years).

4	State Program Name:	Housing Opportunities Persons With AIDS
	Funding Sources:	HOPWA
	Describe the state program addressed by the Method of Distribution.	<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 2023 will continue to be administered by the Municipality of San Juan. The Municipality will be responsible for its management, and distribution to sub recipients. Due to the law restrictions, administrative funds will not be distributed to sub recipients.</p> <p>HOPWA funds may be used for a wide range of services such as housing, social services, program planning, and development costs. These included, but not limited to acquisition, rehabilitation or new construction of housing units; costs for facility operations; rental assistance; and short-term payments to prevent homelessness. HOPWA funds may be used for health care and mental health services, drug dependence treatment, nutritional services, case management, assistance with daily living, and other supportive services. 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>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>

<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 • Project Description - 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
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	<ul style="list-style-type: none"> Total: 100
<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.</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.</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 2023 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>Support services eligible costs include:</p> <ul style="list-style-type: none"> • Nutritional Services • Day care • Case Management • Mental Health • Medical services • Permanent housing costs • 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: 37% • Supportive Services Activities: 20% <p>The final distribution by individual activity is:</p> <ul style="list-style-type: none"> • Administration Salud \$78,813 • Administration San Juan \$178,380 • TBRA \$838,997 • Delivery Cost TBRA \$33,732 • Operation Costs Transitional Housing and STRMU \$973,135 • Supportive Services \$524,047
<p>Describe threshold factors and grant size limits.</p>	<p>No grant size limits are established for the HOPWA Program funds distribution.</p>

	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<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 - 70 Households • Tenant-based rental assistance - 132 Households • Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds - 80 housing units • Transitional short-term housing facilities developed, leased, or operated with HOPWA funds – 160 Households • Supportive Services – 465 Households
5	<p>State Program Name:</p>	<p>Housing Trust Fund</p>
	<p>Funding Sources:</p>	<p>HTF</p>

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>The PRHFA received \$4,064,659 in HTF funds for PY 2022. As the moment of this publication the PRHFA have not received the information regarding the 2023 allocation. Thus, this distribution is based on the 2022 allocation. 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 2023 (based on 2022 allocation):</p> <p>Assigned Budget: \$4,064,659</p> <p>Distribution by Category:</p> <ul style="list-style-type: none"> • State Administration \$406,466 • Multifamily Rental New Construction/Rehabilitation \$3,658,193 <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 2020-2024 Puerto Rico State Housing Plan, the Puerto Rico Housing Finance Authority (PRHFA) 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 that will be published by the PRHFA.</p> <p>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 (competitive process). 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>
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	<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 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 criteria guidelines 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.</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.</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.</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>The HTF Program funds will be distributed in the following categories:</p> <p>Distribution of HTF Funds</p> <ul style="list-style-type: none"> • Multifamily Rental New Construction or Rehabilitation \$3,658,193- 90% • Administration \$406,466- 10% • Total \$4,064,659 -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 2022 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 HTF Program Outcome Measures:</p> <p>Multifamily Rental Dev. \$3,658,193– A total of 22 housing units (including funds from previous years).</p>

Discussion:

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

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.

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 and the use permit obtained. 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, if HOME requirements are met. 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 **PRHFAs** 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 of 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.

HOME PROGRAM

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

2. The **PRHFA** will receive \$15,712,268 in HOME funds for PY 2023. All resources will be allocated to provide incentives for meeting the goal of developing and supporting 104 affordable rental and 60 homeownership housing units. This will be achieved through the Homebuyer Assistance, Rehab or New Construction by Owner, Rehabilitation or New Construction for Multifamily Rental Development and Tenant-Based Rental Assistance (TBRA). 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 from previous years 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 2023 is shown below:

3.

GRANT FUNDS BY ACTIVITY ALLOCATION FOR PY 2023	
Assigned Budget:	\$15,712,268.00
State Administration:	\$1,571,227.27
Homebuyers Assistance:	\$0.00
Rehab or New Construction for Multifamily Rental Development:	\$14,141,040.73
Rehab or New Construction by Owner	\$0.00
Tenant-Based Rental Assistance (TBRA)	\$0.00

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

Following previous joint efforts and on-going initiatives, the Puerto Rico Housing Finance Authority (PRHFA) 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 competitive process the Authority will issue. Following previous joint efforts and on-going initiatives, the HOME Program might combine or implement a consolidated application to include CDBG-DR, LIHTC, HTF or other sources of funds or new programs, combining the requirements, to promote the development of multifamily rental projects.

Outreach for program funds is based on the methodology for open market competition. A notice of available HOME funds 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. As mentioned, at the discretion of the Authority, the announcement could be done in conjunction with other sources of funding or new programs (if available or once 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, \$670,828,935 (2019-2020) in Private Activity Bond Volume Cap-related 4% tax-exempt credits are available. Funds from year 2021 in the amount of \$351,306,340 were requested but are pending as of today.

The public hearing is announced with the publication of the notice of availability of funds, 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 \$14,800,052.00 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 2020-2024 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 and taking into considering the recommendation of the Multifamily Manager, the HOME Program Director will approve 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
<p>Authority's HOME Program application and inspection fees:</p> <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.
<p>2. Application's Agreement and Certification was:</p> <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).
<p>3. Submitted certified copies of the organizational documents of all entities (for example: owner, general partners, sponsors, developer, officers, members, etc.) involved in the project, including:</p>
<p>a) Certificate of Incorporation (in USA and PR, as might apply) for the following entities: Owner, Developer, General Partner/Manager and Sponsor.</p>
<p>b) Articles of Incorporation for the following entities: Owner, Developer, General Partner/Manager and Sponsor.</p>
<p>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).</p>
<p>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.</p>
<p>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.</p>
<p>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.</p>
<p>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</p>

BASIC THRESHOLD REQUIREMENTS
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 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.
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: 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.
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.

BASIC THRESHOLD REQUIREMENTS
Applicant demonstrates readiness to proceed, through submission 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).
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.
FEMA Map (Floodplain Management Act (24 CFR 55, Executive Order 11988) 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.
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.
Certification of consistency filed with the State Coastal Management Program, if required.
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.
Noise Study for any proposed project of new construction, major rehabilitation, or conversion located: <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</p>

BASIC THRESHOLD REQUIREMENTS
Noise Study must comply with the HUD Noise Guidebook. Day/Night Noise Electronic Assessment Tool. (https://www.onecpd.info/resource/313/hud-noise-guidebook/).
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.
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.
Resumes, applicable licenses and contracts with the Development team in place: <ul style="list-style-type: none"> • Architect/Designer • General Contractor • Resident Inspector • 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.
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: <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).

BASIC THRESHOLD REQUIREMENTS
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 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

BASIC THRESHOLD REQUIREMENTS
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.
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.

BASIC THRESHOLD REQUIREMENTS
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 approve which applicants comply with the minimum threshold requirements based on the recommendation of HOME Multifamily area 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.

I Project Location		
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
	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.	
1.2.2	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
	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.	
1.3	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-eight 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 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.	
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
	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 and 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
	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
	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.	
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, 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.	
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.

5. 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)

6. 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.

7. 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.

8. 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: \$0.00 (served with funds available from previous years)

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 Department of Housing. 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 Department of Housing 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

HOME Allocation: \$0.00 (served with funds available from previous years)

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 state and local codes. 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 state and local codes and under the following criteria:

- a. Very Low- and Low-income families with preference to families displaced by natural disasters, for example hurricanes, tropical storms and earthquakes, people over 65 years old and people with special health conditions (debridden).
- 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. Noncompliance 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 residents of Puerto Rico 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: \$14,141,040.73

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, state and local construction codes, among others. 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 PRDOH Section 8 Program.
- This activity significantly boosts the housing construction industry by developing new rental housing Island-wide.

ACTIVITY NAME: TENANT-BASED RENTAL ASSISTANCE (TBRA) (NUEVO COMIENZO)

HOME Allocation: \$0.00 (served with funds available from previous years)

Description: Assistance from 12 to 24 months in rental vouchers with preference to families displaced by victims of domestic violence and natural disasters, for example hurricanes, tropical storms and earthquakes. Rental vouchers may be extended beyond the 24 months period depending on the specific situation of the family assisted and availability of funds.

ACTIVITY NAME: HOME PROGRAM PLANNING AND ADMINISTRATION

HOME Allocation: \$1,571,227.27

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 2021 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

9. 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. The Director of the Home Program will approve on case by case basis the amount of subsidy needed to acquire or maintain an affordable housing unit.

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

The following are the HOME Program Outcome Measures:

- Homebuyer \$0.00 – A total of 36 homebuyers (served with funds available from previous years).
- Rehab or New Construction by Owner \$0.00 – A total of 24 housing units (served with funds available from previous years).
- Multifamily Rental Dev. \$14,141,040.73– A total of 88 housing units.
- Tenant-Based Rental Assistance (TBRA) - \$0.00 – A total of 24 families (served with funds available from previous years).

AP-35 Projects – (Optional)

Introduction:

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

For details on CDBG-DR goals: <https://cdbg-dr.pr.gov/en/action-plan/>.

#	Project Name

Table 8 – Project Information

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

As previously described, the reasons for allocation priorities during the PY 2023 Annual Action Plan are based on the information obtained through 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 face 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.

Estimated Availability of Funds for PY 2023- \$111,927,530

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 2023.
- 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?

No

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 (2017-2021) shows that 98.8% of the statewide population are from hispanic or latino origins and that from this percentage, 96.7% 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 2023 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 (later replaced by the Municipal Code of 2020). 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 proposals and provide funding for projects island-wide.

HOME & HTF

The PRHFA will distribute funds through a competitive process and cannot predict the ultimate geographic distribution of the HOME and HTF funds. The method of distribution does not include an allocation of resources based on geographic areas, so target areas are not earmarked. Yet, the HOME and HTF Program will consider the housing needs for eligible income families in non-metropolitan areas, by taking into account the upcoming new census figures by Municipalities. The merits of the proposal will be evaluated taking into consideration the needs in any particular location. The PRHFA will comply with regulations (24 CFR 92.201 (b) (1)) requiring that resources be allocated in non-metropolitan areas. The final distribution will be based on the criteria established in the method of distribution. Estimation of the Percentage of Funds it Plans to Dedicate to Target Areas.

The HOME allocation for PY 2023 will be distributed to benefit low-income families in compliance with 24 CFR 92.203 (a), that Commonwealths "The HOME program has income targeting requirements for the HOME program and for HOME projects. Therefore, the participating jurisdiction must determine each family is income eligible by determining the family's annual income." This requirement opens the geographical area of the Commonwealth of Puerto Rico's 78 municipalities that could be served with the Commonwealth HOME Program. The PRHFA recognizes that the Municipalities of Aguadilla, Arecibo, Bayamón, Caguas, Carolina, Guaynabo, Mayagüez, Ponce, San Juan, Toa Baja, and Trujillo Alto are local PJs on their own, and that the program could complement any eligible request made from these municipalities in order to further the strategic objectives set forth by the PRHFA. Below is a map with the location of the municipalities designated as local participating jurisdictions for the HOME Program. The map illustrated on the next page shows the location of the non-metropolitan municipalities in the island.

The PRHFA will distribute funds through a competitive process and cannot predict the ultimate geographic distribution of HTF funds. The method of distribution does not include an allocation of resources based

on geographic areas, so target areas are not earmarked. Yet, HTF Program will consider the housing needs for eligible income families in non-metropolitan areas, by taking into account the upcoming new census figures by Municipalities. The merits of the proposal will be evaluated taking into consideration the needs in any particular location. The PRHFA will comply with regulations (24 CFR 92.201 (b) (1)) requiring that resources be allocated in non-metropolitan areas. The final distribution will be based on the criteria established in the method of distribution. Estimation of the Percentage of Funds it Plans to Dedicate to Target Areas.

The HTF allocation for PY 2023 will be distributed to benefit very low and extremely low-income families (see HTF Funding Priorities 91.320(k)(5)(i) for the definition). Section IV of the NOFA Ranking Self-Evaluation establishes a specific priority funding factor for developers or the applicant’s capacity to undertake tax credits/HOME projects. The term “full compliance and successful record” provides sufficient basis to determine the applicant’s capacity to obligate HTF funds and undertake activities in a timely matter.

MUNICIPALITIES DESIGNATED AS PARTICIPATING JURISDICTIONS FOR THE HOME PROGRAM



MUNICIPALITIES DESIGNATED AS NON-METROPOLITAN COUNTIES



ESG

Program funds are distributed through a competitive process. Thus, the ultimate geographic distribution of the assistance cannot be predicted.



Geographic Distribution

Target Area	Percentage of Funds
CoC 502	24
CoC 503	53

HOPWA - the State HOPWA funds will be distributed by the Municipality of San Juan. For this reason, there is a single strategy in the implementation of HOPWA funds. Taking this into consideration, it is necessary to make HOPWA funds available to Municipalities and Nonprofit Organizations located within the 78 municipalities of Puerto Rico. Project sub recipients of the PREMSA will have priority over those located in the San Juan EMSA. Also, potential sub recipients located in the San Juan EMSA, that are currently receiving HOPWA funds from the City of San Juan, cannot receive State HOPWA funds for the same purpose and uses.

The PRDOH cannot predict the ultimate geographic distribution of HOPWA funds. Funds will be distributed using an open competition method. It is expected that 100% of the funds are distributed.

Geographic Distribution

Target Area	Percentage of Funds
CDBG- Non-entitlement communities	51
Statewide	49

Table 9 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

As previously presented in the Annual Action Plan, the projects included for the PY 2023 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 CBDG 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 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 are included in the appendix.

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 2020-2024 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 2023 Annual Action Plan:

One Year Goals for the Number of Households to be Supported	
Homeless	2,560
Non-Homeless	2,000
Special-Needs	442
Total	4,960

Table 10 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	104
The Production of New Units	0
Rehab of Existing Units	24
Acquisition of Existing Units	36
Total	164

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

Discussion:

ESG 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 federal regulations. 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.

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 program's 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 these 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 will allocate funds for homeless prevention and rapid rehousing activities;
- 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.

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 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 current 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, most recently the COVID-19 pandemic, and weak public finances. This scenario has yielded a decade of stagnation, outmigration and debt, which improved after Hurricane María with billions of both private and public reconstruction funds that circulated in the economy. COVID-19 represents another socioeconomic setback. Under these circumstances, the 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 Puerto Rico 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 2022.

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.

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 2022 action plan benefit the public housing residents, among them:

CDBG

Public Services activities

- Security
- Health
- Prevention
- Education
- Energy conservation
- Services to homeless
- Services to veterans

Public Facilities

- Park and recreational facilities
- Parking lots
- Community centers and/or technological
- Facilities for special populations (elderly, people with disabilities, Youth, childcare, homeless, people with HIV / AIDS, battered people)
- Health facilities
- Any other facility eligible according to HUD regulations (see 24 CFR 570.201-570.202).

Infrastructure

- Re-pavement of Municipal roads
- Streets, sidewalks, curbs, walls of containment or gabions
- Water projects (rain systems, sewer or system sanitary and other activities related)
- Efficiency energetic projects or renewable energy
- Water collection systems
- Mitigation projects

Economic development activities

- Assistance to micro-enterprises

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 2022:

- 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 2022, 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 concept that promotes 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 consists of 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 last Point in Time Census (PIT) 2022 there are 2,215 homeless persons in Puerto Rico; seventy-eight percent (78%) are unsheltered, and twelve point four percent (12.4%) are considered chronic homeless. Seventy nine percent (75.8%) of the homeless population are men, while twenty two point two percent (22.2%) are women. Homeless individuals are mainly located within the municipalities of San Juan, Ponce, Arecibo, Caguas, Mayagüez, Guayama, Bayamón, Vega Baja, Guaynabo, Humacao, and Aguadilla. Based on the data from the Puerto Rico Department of the Family, PR Government ESG Grantee will continue supporting the outreach, engagement, intake and initial assessment services to unsheltered persons activities that local governments and nonprofit organizations undertake during the PY 2023. 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 within our subrecipients the need to reduce the number of homeless individuals and families, the ESG program established a standard stipulating that street outreach activities must include the case management component to assure that services are focused not only on satisfying the basic needs, but also on stabilizing the physical and emotional state of individuals and placing them 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 PRDF is very committed on increasing the

number of individuals served under this category and reducing 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 with high demand for these services.

Finally, the PRDF will continue supporting low-barriers emergency shelters, particularly only projects with 70% 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, (Act 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 the last PIT 2022 only twenty-two (22%) of the homeless are sheltered. To increase the number of persons who are placed in emergency shelters, this PY2023 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 seventy (70%) 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 on 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 Current Homelessness Strategy to end chronic homelessness in Puerto Rico includes the following strategies:

- Continued expansion of stakeholders involved in collaborative planning and service development within targeted areas with high prevalence of chronic homeless persons.
- Continued efforts to implement existing, and obtain new, commitments from Mayors to participate in planning processes to end chronic homelessness.
- Development and implementation of specific action steps with state and municipal governments that have established the elimination of chronic homelessness as a priority, outreach, 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 the criminalization of homelessness.
- Continued 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.
- Continue with the implementation of the dedicated HMIS - currently under San Juan's Coalition and the Coalition of Coalitions - for uniform data collection to track populations served through the various systems to permit continuous monitoring of the number and quality of services provided, and outcomes in the homeless served.
- Collaborate with the San Juan's Coalition, the Coalition of Coalitions, and the entities that comprise the CoCs in order to strengthen homelessness data gathering processes, and the

consistency of information provided by organizations.

- Continued identification and work with public and private housing developers to target homeless in the development of permanent supportive housing. The current strategies include primarily work with state and non-profit sectors so that more efforts will be directed to local governments and the for-profit stakeholders to improve housing accessibility and service infrastructures for the chronic homeless.
- Monitoring of the development of formal protocols and the implementation of discharge policies from all child welfare, correctional, health and SA/MH agencies and institutions, as a means of preventing chronic homelessness.
- Promote the expansion of the amount of permanent housing units for homeless persons.

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

The State is committed to provide the necessary assistance to quickly locate homeless individuals and families in permanent housing; and prevent individuals and families from becoming homeless. Based on that goal, funds will be allocated 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 per federal 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.

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.

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	70
Tenant-based rental assistance	132
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	80
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	160
Total	442

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. To address the policies that are considered barriers for affordable housing actions, PR State Government established the Single Business Portal that streamlined the permits

process and create a friendly and effective mechanism that assist in improving the business environment in the Island.

Another factor that the State Government is addressing through the new government vision is the land use policies. Through the creation and implementation of a Strategic Planning Program, the State Government is creating medium and long period plans relating to the land space ordainment within the Island. The State Land Use Plan is under its final revision 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 has established 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 are 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 2023, 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 Action 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 PRDOH 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.

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.

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

- Professional assessment for deteriorated paint in units built before 1978
- Initial and annual HQS inspections

- Disclose information among residents of lead-based paint hazards
- 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 be transitioning to the job market;
- Continue educating regarding other opportunities and programs targeted to address poverty, such as the CDBG-DR Workforce Capacity Program which is intended to help unemployed and underemployed residents find employment commensurate with their job training in skill areas related to recovery efforts.
- 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.

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	\$258,802.74
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:	\$258,802.74

Other CDBG Requirements

1. The amount of urgent need activities	300,000
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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:

N/A. The HOME program will use HUD-acceptable forms of investment described in 24 CFR Section 92.205(b)(1) for grants and loans. No alternative forms of investment will be used.

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** 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** 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 **PRFHA** will determine which type of provision to use with CHDO's. Such determination will be included in the written agreement with the CHDO's.

For more information go to Appendix.

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. An addendum considering ESG-CV, is also included.

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 PRCoC-502 uses a comprehensive coordination of the services available throughout 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 offer services conducive to obtaining housing. The CE is a hybrid since it has an easy-access office with the following hours of operation: Monday through Friday from 8:00AM to 8:00PM,

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 Entrada" is also implemented. The CES uses a comprehensive coordination of the services available throughout 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:

As required by federal regulations, the PR-502 CoC has one chair on its board reserved for representatives of the homeless population, or individuals who have experienced homelessness. In addition, the CoC has a separate committee formed by formerly homeless individuals.

The PR-503 CoC has two chairs for at least two (2) representatives of the homeless population, who are or have experienced homelessness.

5. Describe performance standards for evaluating ESG.

See Appendix for written standards.

**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".

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. 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.

Eligible Applicants: 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).

Please note that it should be at PRHFA's sole discretion to award HTF funds to any Participant (which has requested or not HTF 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.

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".

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. 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. The full explanation of the Method of Distribution of funds to be used during this program year is included in the Appendix Section (HTF Selection Criteria). Also, Section (e) below provides additional requirements for eligible recipients.

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. HTF Selection Criteria.

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".

The PRHFA will distribute funds through a competitive process and cannot predict the ultimate geographic distribution of the HTF funds. The method of distribution does not include an allocation of resources based on geographic areas, so target areas are not earmarked. Yet, the HTF Program will consider the housing needs for eligible income families in non-metropolitan areas, by taking into account the upcoming new

census figures by Municipalities. The merits of the proposal will be evaluated taking into consideration the needs in any particular location. The PRHFA will comply with regulations (24 CFR 92.201 (b)(1)) requiring that resources be allocated in non-metropolitan areas. The final distribution will be based on the criteria established in the method of distribution.

The HTF allocation for PY 2022 will be distributed to benefit very low and extremely low income families (see HTF Funding Priorities 91.320(k)(5)(i) for the definition).

See Appendix [HTF Selection Criteria] for additional geographic considerations in the scoring system.

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".

The PRHFA will consider applications from potential recipients that "have demonstrated experience and capacity to conduct other Tax Credit/HOME projects as evidenced by its ability to: (i) Own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development" (24 CFR 93.2 – Definition). The term "full compliance and successful record" provides sufficient basis to determine the applicants capacity to obligate HTF funds and undertake activities in a timely matter.

Due to the limited amount of HTF funds, is not viable for the HTF allocation to be distributed via a stand-alone funding round. Thus, the State will distribute HTF funds via its regular funding round, which includes other federal funding sources such as HOME, LIHCT, among others. Under the abovementioned funding round, applicants will have to demonstrate with evidence that they have fulfilled the initial basic requirements established in the "Basic Threshold". The PRHFA has created a specific set of requirements that HTF potential applicants must satisfy. Not complying with such requirements causes applicants to be disqualified. If applicants demonstrate fulfillment of basic threshold requirements, then the specific point ranking evaluation criteria will be applied to the proposed projects.

The basic threshold for the HTF establishes that applicant must demonstrate experience. "If proposing to use o of HOME or NHTF Developer, General Partner or Managing Partner must demonstrate successful record and full compliance participating in same capacity in the development of HOME /NHTF projects in Puerto Rico." To validate such assertion the applicant must submit "Relevant project documentation to support experience in particular project." And "Certification issued by the Authority's Audit and Compliance Office, or the Department's Housing Subsidies and Community Development Division, as applicable."

See Appendix [HTF Selection Criteria] for the specifics of the scoring system. (Section IV of the NOFA

Ranking Self-Evaluation).

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”.

Section IV of the scoring method provides additional points for applicants that combine LIHTC or HOME projects that are specifically destined for long-term rental assistance. “If proposing to use only LIHTC or HOME, project demonstrating utilization of the respective LIHTC or HOME program, or in combination with other programs; if proposing to use LIHTC and HOME combined, or in combination with any other federal or state program, project utilization of similar program mix subsidizing development costs, long-term operations or providing long-term rental assistance.” (See above, Section IV Scoring Method)

It is important to note that HTF units will include the 30 year restrictive covenants. These combined multifamily projects will provide for the preservation of affordable rental housing, particularly for extremely low families since HTF units will be required to comply with such income levels. Thus, projects which seek to increase the affordable rental housing stock will be scored favorably. Due to the limited amount of funds under HTF, leveraged funds will be the biggest portion of funds under these multifamily projects.

See Appendix [HTF Selection Criteria] for additional details.

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”.

All projects funded with HTF will be required to comply with a minimum of 30 years affordability restrictions. Additional points are given to projects which provide an affordability period beyond the 30 years. Proponents will be required to sign a Land Use Restrictive Covenant Agreement. (See Section III.4 of the Scoring method)

“If requesting NHTF, a project might earn up to 3 points for extending the term of affordability beyond the extended use period of thirty years” (Section III.4 of the Scoring method)

The specific priority funding factors established for the HTF program are described in Section IV of the NOFA Ranking Self-Evaluation. This section establishes a specific priority funding factor for developers or the applicant’s capacity to undertake tax credit/HOME projects. The following documents will be required to demonstrate the applicant’s capacity to undertake an HTF project:

- Copy of HAP, IRS form 8609 for each project, as applicable.
- Relevant project documentation to support experience in particular project.
- Certification issued by the Authority's Audit and Compliance Office, or the Department's Housing Subsidies and Community Development Division, as applicable. Moreover the NOFA Ranking Self-evaluation scoring system provides additional points for applicants who have financial capacity to undertake projects. Point ranking system requires a certain amount of liquid assets.

The required documents include:

- Compiled or revised financial statements certified by a licensed accountant.
- Sources and Uses

Also, recipients must comply with PRHFA selection requirements as established in the HOME program/LIHTC QAP. Again, it is important to emphasize that entities must demonstrate organizational ability, financial capacity and knowledge of Federal, State and local housing program requirements. Recipient must demonstrate capacity to manage and operate an affordable rental housing program.

See Appendix.

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.

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. HTF Selection Criteria.

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 for details of 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; Capital Needs Assessments (if applicable); and broadband infrastructure (if applicable).

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”.

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.

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.

Appendix section:

HOME Investment Partnership Program (HOME) Reference 24 CFR 91.320(k)(2)

Homebuyer assistance and rehabilitation of owner-occupied single family housing:

Section 215(b) of the National Affordable Housing Act (NAHA) requires that the initial purchase price or after-rehabilitation value of homeownership units assisted with HOME funds not exceed 95 percent of the area median purchase price for single family housing, as determined by HUD. Historically, HUD used the FHA Single Family Mortgage Limit (known as the 203(b) limits) as a surrogate for 95 percent of area median purchase price. However, statutory changes require the 203(b) limits to be set at 125 percent of area median purchase price. Consequently, PRHFA can no longer use the 203(b) limits as the HOME Program homeownership value limits (i.e., initial purchase price or after rehabilitation value).

In Section 92.254(a)(2)(iii) of the Final Rule published on July 24, 2013, HUD established new homeownership value limits for HOME Participating Jurisdictions (PJs). This new Rule was effective August 23, 2013.

Newly Constructed Housing. The new HOME homeownership value limits for newly constructed HOME 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 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 HOME homeownership value limits for newly constructed housing in each area.

Existing Housing. The new HOME homeownership value limits for existing HOME 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 nationwide 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 HOME homeownership value limits for existing housing in each area.

PJ Determined Limits. In lieu of the limits provided by HUD, a PRHFA may determine 95 percent of the median area purchase price for single family housing in the jurisdiction annually in accordance with procedures established at § 92.254(a)(2)(iii).

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

<https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

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

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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.

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 2022 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.

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.

Bedrooms Non-Elevator Elevator HCP Maximum Per Unit Subsidy

Bedrooms	Non-Elevator	Elevator	HCP	Maximum Per Unit Subsidy
0	\$55,474	\$58,378	240%	\$140,107.20
1	\$63,962	\$66,923	240%	\$160,615.20
2	\$77,140	\$81,377	240%	\$195,304.80
3	\$98,742	\$105,276	240%	\$252,662.40
4+	\$110,002	\$115,560	240%	\$277,344.00

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).

This section provides the minimum acceptable standards for existing multi-family household dwelling units rehabilitated in whole or in part with National Housing Trust Fund (HTF) program funds in Puerto Rico. These standards are not intended to reduce or exclude the requirements of any local or state building or housing codes, standards or ordinances that may apply. In the event of any conflicting code(s), the more restrictive code(s) will apply. These standards were designed to assist in achieving consistency for all rehabilitation activities funded with HTF funds. The goal of the Puerto Rico Housing and Finance Authority HTF program is to provide functional, safe, affordable and durable housing that meets the needs of the tenants and communities in which the housing is located. The purpose of the HTF Standards is to ensure that property rehabilitation puts each building in the best possible position to meet this goal over its extended life and that, at a minimum, all health and safety deficiencies are addressed.

The project developer will formally contract licensed architectural and engineering design professionals to provide appropriate professional services for each project. It is the responsibility of each licensed professional to assure that the scope of work is done in accordance with the generally accepted practices in their discipline, as well as designing the project to be in full conformance with all the applicable Federal, State and local codes.

In addition, the architect or engineer will provide contract specifications which stipulate quality standards, materials choices and installation methods and standards. By meeting the various code requirements as a minimum standard, each building rehabilitation project is assured to be brought up to an acceptable level of rehabilitation. Warranties shall be required per the standard construction contracts on all materials, equipment and workmanship.

This Standard ensures that HTF assisted projects are completed in a thorough and workmanlike manner in accordance with industry practice and contractually agreed upon plans and specifications as well as subsequent mutually agreed upon change orders during the construction process. HTF assisted projects and developers will employ best practice industry standards relating to quality assurance to verify all work completed.

I. Health and Safety

If the housing is occupied at the time of rehabilitation, any life-threatening deficiencies must be identified and addressed immediately. These items include:

- 1 Air Quality -Propane/Natural Gas/Methane Gas Detected
- 2 Blocked Egress/Ladders
- 3 Electrical Hazards -Exposed Wires/Open Panels

- 4 Electrical Hazards -Water Leaks on/near Electrical Equipment
- 5 Emergency Fire Exits -Emergency/Fire Exits Blocked/Unusable
- 6 Missing Outlet Covers
- 7 Missing/Damaged/Expired Extinguishers
- 8 Blocked Ventilation System
- 9 Outlets/Switches/Cover Plates -Missing/Broken
- 10 Smoke Detector -Missing/Inoperable
- 11 Windows -Security Bars Prevent Egress

See Appendix B (UPCS) for a list of Inspectable Items and Observable Deficiencies, including the identification of life threatening deficiencies for the property site, building exterior, building systems, common areas, and units.

II. Expected Useful Life (Capital Needs Assessment)

All PRHFA HTF assisted projects and developers will consider the remaining expected useful life of all building components with regard to building long term sustainability and performance. Specifically, each building component with a remaining expected useful life of less than the applicable HTF period of affordability (10, 20 or 30 years, depending on amount of HTF assistance provided) shall be considered for replacement, repair or otherwise updated. Additionally, new building components with an expected useful life of less than the period of affordability shall be considered for future replacement.

A Capital Needs Assessment (CAN) is necessary for all HTF assisted multifamily housing with 26 or more total units that determines the useful life of systems, the long terms physical needs of the project and the work to be performed. Specifications for the assessment are listed below:

1. The industry standard period for CNAs is 20 years; however, project CNAs must be updated every five years during the life of the project to ensure projected capital needs through the HTF affordability period are anticipated and planned for.
 - a. If the projects affordability period is 30 years (\$50,000 or more in assistance provided).The initial CNA will cover years 1-20. The first 5-year update will be done in year 5 and cover years 6
25. The second 5-year update will be done in year 10 and will cover years 11-30.
 - b. If a project's affordability period is 20 years (\$30,000 to \$50,000 in assistance provided). The initial CNA will cover years 1-20. The first 5-year update will be done in year 5 and cover years 6
20. The second 5-year update will be done in year 10 and will cover years 11-20
 - c. If a project's affordability period is 10 years (Under \$30,000 in assistance provided). The initial CNA will cover years 1-10. The first 5-year update will be done in year 5 and cover years 6-10.
- 1 HTF assisted projects and their development teams should ensure that all building components are analyzed in the CNA as part of a comprehensive effort to balance rehabilitation scope and capital planning in a way which maximizes long-term building performance as much as possible within the parameters of both development and projected operational funding available.
- 2 The CNA will take into account any extraordinary circumstances of the prospective occupants of the dwelling (i.e. physical, sensory, developmental disabilities) and reflect a means to address

such circumstances in their inspection and in the preparation of a work write-up/project specifications for that dwelling.

- 3 The CNA report must be prepared by a qualified professional (architect or engineer) who has no financial

interest in the project and no identity of interest with the developer. For purposes of this document, a “qualified professional” is a licensed professional architect or engineer, who can substantiate a minimum of five (5) years’ experience providing CNA reports in accordance with PRHFA standards and who performs the assessment and supplies the PRHFA with their professional opinion of the property’s current overall physical condition. The CNA must include the identification of significant deferred maintenance, existing deficiencies, and material building code violations that affect the property’s use and its structural or mechanical integrity. Furthermore, the CNA must examine and analyze the following building components:

- a. Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, storm drainage, gas and electric utilities and lines.
- b. Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system and drainage.
- c. Interiors, including unit and common area finishes (carpeting, vinyl tile, interior walls, paint condition, etc.), unit kitchen finishes and appliances, unit bathroom finishes and fixtures and common area lobbies and corridors.
- d. Mechanical systems, including plumbing and domestic hot water, Air Conditioning, electrical and fire protection.
- e. Elevators (if applicable).
- f. Provide building life cycle study that lists each building component, the base cost and opinions of probable cost immediately (critical repair item), along with an analysis of the reserves for replacement needed to fund long-term physical needs of the project, accounting for inflation, the existing reserves for replacement balance and the expected useful life of major building systems.

- 1 Provide written cost estimates in order that the PRHFA may and determine that costs are reasonable.
- 2 The assessment will consider the presence of environmental hazards such as asbestos, lead paint and mold on the site. The assessment will include an opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives.
- 3 If the remaining useful life of any component is less than fifty percent (50%) of the expected useful life, immediate rehabilitation will be required unless capitalized. If the remaining useful life of a component is less than the term of the affordability period, the application package must provide for a practical way to finance the future replacement of the component.
 8. The professional preparing the CNA report must:
 - a. The assessment must include a site visit and physical inspection of the interior and exterior of all units and structures, as well as an interview with available on-site property management and maintenance personnel, to inquire about past repairs, improvements and an examination of invoices, contracts or work orders relating to the repairs/improvements over the last twenty-four

(24) months, pending repairs and existing or chronic physical deficiencies. Any information from the interview must be included in the CNA. The assessment must also consider the presence of hazardous materials on the site.

b. Identify physical deficiencies, including critical repair items, immediate physical needs and long

term physical needs. These must include repair items that represent an immediate threat to health and safety and all other significant defects, deficiencies, items of deferred maintenance and material building code violations that would limit the expected useful life of major components or systems.

c. Explain how the project will meet the requirements for accessibility to persons with disabilities. Identify the physical obstacles and describe methods to make the project more accessible and list needed repair items in the rehabilitation plan.

d. Prepare a rehabilitation plan, addressing separately all immediate and long-term physical needs.

e. Work Specifications and Scope of Repairs

f. Work specifications should include enough detail to specify each item to be repaired, the quantity of materials to be used and the exact location of each repair.

g. Repairs needed to correct basic safety, durability, mechanical and efficiency deficiencies.

1 All materials used must meet the Puerto Rico Building Code standard material specifications. All work must be done with skilled craftsmen and accomplished with care.

10. Upon completion of repairs, the contractor will:

a. Remove all construction debris from the site.

b. Clean all floors impacted by the work.

c. Clean all new and existing paint from other finished surfaces including window glass and mirrors.

d. Leave all newly installed items in operating condition.

e. Start all other electrical and mechanical systems.

f. Put all hardware in operating condition.

g. Deliver new keys to homeowners for any newly installed hardware.

III. Major Systems

HTF Rehabilitation assisted projects must comply with the requirements indicated in this document and the State and Local Construction Codes approved under the Commonwealth of Puerto Rico.

1. Site Standards

- a. The HTF assisted project must assure that the site is safe, clean and usable, and designed with details, assemblies and materials to provide ongoing durability without undue future maintenance.
- b. Site design and engineering shall be by a qualified professional.
- c. The access to a building shall be safe, logical, readily identifiable, sheltered from the weather, and meeting the exit requirements to a public way. Pathways of circulation within a building shall also be safe and logical.
- d. Design and systems shall conform to the “Reglamento Conjunto” 2015 and the Puerto Rico Building code, 2011.
- e. Sprinkler water service – Underground water service as required for building sprinkler system shall be in accordance with NFPA 24.
- f. Sewer connections to municipal sewage systems and on-site sewage disposal must have a minimum useful life same as the affordability period.
- g. Means of egress components shall be in conformance with Chapter 10 of the International Building Code
- h. Vehicular access to public way – site design shall conform to local zoning code (“Reglamento Conjunto”) and the “Departamento de Transportación y Obras Públicas” regulations, as well as be sensible in its layout to maximize vehicular and pedestrian safety.
- i. On-site Parking – parking shall be adequate for project type, meet local codes, and be designed to drain well, with a durable appropriate surface material. Handicapped parking shall be provided as required. Designers may utilize the “Reglamento Conjunto” to determine the guidelines in the design.
- j. Pedestrian access and hardscape – In general, paved walkways within the site will be designed to provide sensible pedestrian access from the public way into the site, from parking areas, and provide access to buildings. All walkways should generally conform to applicable codes for width and slopes, and fall protection. Site stairs shall be safe and sound, constructed of durable materials, with proper rise and run, and with code approved railings as required. Accessible routes into buildings shall be provided as required by code.
- k. Site amenities – site amenities may be provided which enhance the livability of the project including playground areas, seating, benches, patio areas, picnic tables, bike racks, grills, and fencing, etc.
- l. Mailboxes -Provision will be made for USPS-approved cluster mailbox units if required by the USPS.
- m. Landscaping – lawns, ground cover, planting beds,

perennial plants, shrubs and trees may be provided to enhance the livability, and to provide a positive aesthetic sense. Planting choices specified should be low maintenance, non-invasive species, of an appropriate size and scale and located, when adjacent to building structures, with regard to their size at maturity.

n. Solid waste collection & storage – if necessary, provision shall be made for the outdoor storage and collection of solid waste and recycling materials in receptacles (dumpsters, wheeled trash cans, totes). Enclosures may be provided and should be accessible as required by code.

o. Site lighting with shielded fixtures may be provided to illuminate parking and pedestrian walkways, and will conform to local zoning code. Energy efficient lighting shall conform to the International Energy Conservation Code of Puerto Rico, 2011.

p. The lot or defined site must be free of debris, garbage or other accumulations of site stored items that create possibilities of infestations. The site should be generally level, well drained and accessible.

q. All exterior property and premises must be maintained in a clean, safe and sanitary condition.

r. Drainage – assure that the grading surrounding the building will slope away from the building and drain properly, without ponding or erosion. Replacement landscaping and grading must direct water away from structures.

s. Fencing and gates must not be damaged; missing sections or has holes per UPCS.

t. Grounds must be erosion and rut free, not overgrown or penetrating vegetation and have functional ponding and site drainage per UPCS.

u. Hazardous and substandard conditions include any condition that threatens the health and or safety of the occupants. Substandard conditions include any condition that threatens, defeats or will lead to the

lack of functional viability of a single feature of a home. These conditions must include but not be limited to:

- i. Accumulated debris, waste or garbage, either in enclosed areas such as storage buildings or in yard areas.
- ii. Environmental conditions such as flooding, mudslides, abnormal air pollution, smoke or dust, gas smells, sewer odor.
- iii. Eroding soil and accumulation of stagnant water
 - iv. Excessive noise, vibration or vehicular traffic.
 - v. Excessive accumulations of trash.

- vi. Excessive weeds or plant growth.
- vii. Fire hazards.
- viii. Deteriorated and/or irreparable outbuildings, sheds, or other structures that are no longer in use or are made unusable by their condition.
- ix. Holes, ditches, exposed meter boxes or other conditions that create a tripping hazard, excluding drainage ditches that are part of a designed drainage system.
- x. Rodents, insects or other infestations.

- xi. Grading that directs water toward any structure.
- xii. Sewer odor. Standing water or depressions that hold water during wet weather, leaking water supply, percolating or leaking sewage.
- xiii. Exposed pipes, railings or other installations creating tripping hazards.
- xiv. Damaged, missing or deteriorated walkways, steps and decks that create tripping hazards or are otherwise unsafe.
- xv. Stairways or steps with four (4) or more risers and without a functional handrail. Stairways, decks, porches, balconies and all appurtenances without proper anchorage or capable of supporting the imposed loads.
- xvi. Handrails and guards in poor condition or not properly fastened or capable of supporting normally imposed loads.
- xvii. All structures in which insects or rodents are found shall be promptly exterminated by approved processes that will not be injurious to human health. After extermination, proper precautions shall be taken to prevent re-infestation.

2. Interior Spaces

- a. Means of egress components shall be in conformance with Chapter 10 of the IBC *“Means of Egress”* and Chapter 7 of NFPA 101, including complete layout of the exits, corridor and stair dimensional requirements and arrangement, doors sizes and swings, door hardware, panic exit devices, door self-closers, interior finishes, walking surfaces, fire separations, stair enclosures, guards and railings, ramps, occupant load calculations, illumination, and signage.
- b. Minimum Space and Use Standards
 - i. The dwelling unit must have a living room, a kitchen area and a bathroom.
 - ii. Dwelling units shall not be occupied above the maximum occupant load of space requirements according to the PRBC 1021.2.
- c. Minimum Standards for Ceilings
 - i. Habitable spaces including hallways, corridors, shall have a ceiling height of no less than eight feet (8’), laundry areas, bathrooms, toilet rooms and kitchens may have a ceiling height of not less than seven feet six inches (7’-6”) according to the PRBC 1208.2, unless the following exceptions:
 - o Where beams or girders are spaced not less than four (4) feet on center and project not more than six (6”) inches below the required ceiling height.

oIf any room in a building has a slope ceiling, the prescribed ceiling height for the room is required at the lower level of the ceiling. Any portion of the room measuring less than five feet (5’) from the finished floor to the ceiling shall not be included in any computation of the minimum area thereof.
- d. Minimum Room Widths

- i. Habitable rooms, other than kitchens, shall not be less than seven feet (7') wide in any plan dimension according to the IBC 1208.1.
- ii. Kitchens shall have a minimum floor area of fifty square feet and shall provide clear passageways of not less than three feet (3') between counter fronts, counter fronts and appliances or counter fronts and walls according to the IBC 1208.1
- iii. All kitchens must have a working refrigerator, cook-top and oven. All equipment must be in proper operating condition.
- iv. The kitchen must have a sink in proper operating condition, with a sink trap and hot and cold running water connected, to an approvable water supply system and an approvable sewer disposal system.
- v. There must be facilities and services for the sanitary disposal of food waste and refuse, including temporary storage facilities where necessary (i.e. garbage cans).
- e. Minimum Standards for Bathrooms
 - i. Each dwelling unit will have a functional and code compliant bathroom in accordance with IBC 1210
 - ii. The bathroom must be located in a separate private room with lockable doors.
 - iii. The bathroom must have a fixed basin in proper operating condition, with a sink trap and hot and cold running water. The kitchen sink cannot be used as the required lavatory or basin.
 - iv. The bathroom must have a tub or shower in proper operating condition with hot and cold running water.
 - v. A flush toilet in proper operating condition is required.
 - vi. The bathtub and or shower may be in the same room as the flush toilet, water closet and lavatory or basin or said bathtub or shower may be in a separate room. The facilities must utilize an approvable water supply system and an approvable waste water disposal system.
- f. Minimum Standards for Bedrooms
 - i. Every bedroom shall have a minimum area of 120 square feet according to the IBC 1208.3.
 - ii. Efficiency Units minimum area is 220 square feet plus 100 square feet for every additional occupant according to the IBC 1208.4.
 - iii. Every bedroom shall have access to at least one (1) water closet and one (1) lavatory without passing through another bedroom. Every bedroom in a dwelling unit shall have access to at least one (1) water closet and lavatory located within one (1) story (floor) from the story in which the bedroom is located.
 - iv. Bedrooms must not constitute the only means of access to other bedrooms or habitable spaces and shall not serve as the only means of egress from other habitable spaces, except when the unit contains fewer than two (2) bedrooms.
- g. Minimum Standards for Living Rooms
 - i. Living rooms shall have a minimum area of 120 square feet
 - h. Storage -adequate clothes closets, pantry and general storage shall be provided.
 - i. Amenity Spaces -provision for laundry facilities, bike storage, trash & recycling, and other utility or common spaces may be made in accordance with the goals of the project program. The project developers are encouraged to consider adding such amenities as may be appropriate to enhance the livability of the housing for the tenants.

3. Structure

- a. A qualified professional shall examine each building's load-bearing structure, and assess its existing condition to determine suitability of continued use.

- b. In general, structure evaluation and design shall be in conformance with IBC Chapter 16 and the American Society of Civil Engineers Minimum Design Loads for Buildings and Other Structures (ASCE 10), 2013.
- c. In most residential rehabilitation projects where there is no change in use, it is not expected that the structure will be brought up to new construction standards. Consideration shall be given if there are any proposed changes in use which would impact the occupancy load.
- d. Deficiencies identified shall be addressed and repairs will be designed and specified as determined necessary to correct such conditions:
 - i. Repairs shall be made to any deteriorated load-bearing structural elements.
 - ii. Reinforce, install supplemental or replace structural members determined not to be adequate for use.
 - iii. The minimum life expectancy of repairs to the structural elements must be same as the affordability period.

4. Foundations

- a. Existing foundations shall be examined by qualified professionals
- b. All foundation walls shall be maintained free from open cracks, broken components or deterioration which may compromise the load bearing structural integrity.
- c. New below-grade structures to conform to Chapter 18 of IBC *"Soils and Foundation"* as appropriate.
- d. All newly installed foundations should be designed and constructed in accordance with the Puerto Rico Building Code.
- e. The minimum life expectancy of repairs to the foundation must be same as the affordability period.
- f. Basement floors
 - i. Mechanical rooms -Provide sound concrete floors with raised housekeeping pads for equipment.
 - ii. Tenant accessed utility spaces (storage, laundry rooms, etc.) – provide sound concrete floors.
 - iii. Where earthen floors are to remain, provide wear layer of peastone (or similar suitable material) over vapor barriers.
- g. Moisture mitigation
 - i. Provide waterproofing or damp proofing as appropriate where possible and as may be required by existing conditions of groundwater and stormwater intrusion into subsurface portions of buildings.
 - ii. Provide vapor barriers covered with a wear layer of peastone over earthen basement or crawl space floors to remain.
 - iii. Ventilation of basements and crawl spaces per IBC, Chapter 1203.

5. Floors

- a. Minimum Floor System Standards
 - i. All flooring must not have any serious defects such as severe bulging or leaning, large

- holes, loose surface materials, severe buckling, missing parts or other serious damage.
- ii. All sub-floors should be solid and continuous, without liberal movement or bounce, free from deterioration.
- iii. All flooring must be free from tripping hazards with a minimum of seams spaced at logical locations, such as doorways and matched to the existing floor.
- iv. All flooring must be sealed and tight at the edges.
- v. All floors shall be covered with water resistant flooring.
- vi. Basement floors should be continuous concrete. If not, certain appliances located in this area will be properly elevated above grade with concrete blocks.
- vii. The minimum life expectancy of repairs to flooring must be same as the affordability period.

6. Walls

a. Minimum Wall System Standards

- i. The minimum life expectancy of repairs to structural walls, interior walls, interior surfaces, exterior surfaces and firewalls, must be same as the affordability period
- ii. All walls including doors and windows should be maintained in good, sanitary condition and free from any serious defects such as severe bulging or leaning, holes, cracks, breaks, loose surface materials, severe buckling, missing parts, rotting materials, chipped, cracked or peeling paint, falling cement plaster or other serious damage.
- iii. Exterior wall surfaces should be free from chipped, cracking or peeling paint. All such loose paint should be properly prepared, primed, properly painted and maintained weatherproof and properly surface coated where required to prevent deterioration.
- iv. Interior wall surfaces, including doors and windows, shall be maintained in good, sanitary condition and free from chipping, cracking or peeling paint with no loose, cracked or falling cement plaster.
- v. All such loose paint should be completely removed and surfaces primed. All primed surfaces should be properly painted.

7. Roofs

a. Minimum Roof Systems Standards

- i. The roof and cap flashings must be structurally sound and weather tight.
- ii. Roof surfaces should be free from defects. No indication of excessive wear or potential failure will be acceptable.
- iii. Roof drainage must be adequate to prevent dampness or deterioration in the walls and interior portion of the structure.
- iv. Roof drains, gutters and downspouts must be in good repair and free from obstructions.
- v. Roof water discharge shall not be directed toward foundations, splash blocks must be included

where necessary.

- vi. The minimum life expectancy of repairs must be same as the affordability period.

8. Windows and Doors

a. Minimum Window and Door Standards

- i. Every window and door must meet egress requirements (IBC Chapter 10) for dimensions, swing and clearances, and be accessibility (ADA) compliant as required.
- ii. Every window, exterior door and basement or cellar hatchway must be substantially tight, water and rodent proof and be kept in a state of maintenance and repair.
- iii. All exterior doors to the outside or to a common public hall must be solid core and be equipped with adequate security locks. All windows accessible from ground level must be lockable.
- iv. Every exterior and interior door, when closed, must fit tightly within its frame.
- v. Every exterior and interior door, door hinge and door latch and/or lock must be maintained in good working condition.
- vi. Every exterior window, door and frame must be constructed and maintained in such a manner as to be weather tight with adequate weather stripping.
- vii. All doors and windows must be capable of providing adequate seal against air infiltration, weather elements, and be determined to be appropriately energy efficient in keeping with the overall energy efficiency strategy of the project.
- viii. Every basement or cellar hatchway must be constructed and maintained as to prevent the entrance of rodents, vermin, rain and surface drainage water into the dwelling or structure.
- ix. Natural ventilation shall be through windows, doors, louvers or other approved openings to the outdoor air. Such openings shall be provided with ready access or shall otherwise be readily controllable by the building occupants.
- x. A kitchen and or bathroom may pass without a window area provided there is a mechanical means of ventilation which is maintained in working order.
 - xi. The requirements for emergency egress from sleeping rooms must be per the Puerto Rico Building Code 1018.1.
 - xii. Every window or other opening to outdoor space which is used or intended to be used for ventilation must likewise be supplied with screens covering the entire window areas required for ventilation. The material used for all such screens (doors and windows) must be not less than sixteen (16) mesh per twenty-five (25) mm and must be properly installed, maintained and repaired to prevent the entrance of flies, mosquitoes or other insects. Half screens on windows may be allowed provided they are properly installed and are bug and insect tight.
- b. Existing doors and windows
 - i. Doors and windows to remain should be examined and determined to be

- suitable for reuse with a minimum remaining useful life the same as affordability period and repaired if necessary
 - ii. Repaired doors and windows shall be tested and modified as necessary to operate properly. Hardware shall be intact and operational, or be replaced with new hardware as required
 - iii. Where existing doors or windows do not meet the standards for egress, condition, and/or energy efficiency deemed appropriate to the project, they shall be replaced by new windows.
- b. New doors and windows
 - i. New doors and windows shall be code compliant, and conform with the IBC Chapter 10 “Means of Egress”, Puerto Rico Building Code 2011, and the International Energy Conservation Code of Puerto Rico, 2011.
 - ii. All doors and windows shall be installed per manufacturer’s installation guidelines and specifications, and shall incorporate appropriate detail, flashings, joint sealers, and air sealing techniques.
 - iii. Replacement of doors (both interior and exterior) and windows must have a minimum life expectancy the same as the affordability period.

9. Electrical

- a. Project electrical design should be done by a licensed electrical engineer, or other qualified professional.
- b. Project electrical must be installed by a licensed electrician
- c. Design shall be comply with Fire Code of Puerto Rico, 2011, the International electrical Code, 2011 and the International Energy Conservation Code of Puerto Rico, 2011 and the National Fire Protection Association codes.
- d. In general, the electrical system should be new throughout a building:
 - i. Where existing service entrances, disconnects, meters, distribution wiring, panels, and devices are proposed to remain, they will be examined and determined to be in good condition, code compliant and have a minimum remaining useful life of the affordability period. The designer, in concert with the electrical inspector, shall examine the system and equipment. Existing components of the electrical system may be reused as appropriate. Substandard or critical non-code compliant components shall be replaced.
- e. Electrical service and metering:
 - i. The service entrance size shall be calculated to handle the proposed electrical loads.
 - ii. Metering and disconnects shall be per code and mounted at approved locations.
- f. Electrical distribution system:
 - i. Lighting and receptacle circuits shall be designed per code.
 - ii. Locations and layout of devices and lighting to be logical and accessibility compliant where required.
 - iii. Provision shall be made for the wiring of dedicated equipment circuits and connections for heating, ventilation equipment/exhaust fans, pumps, appliances, etc.

- g. Developers are encouraged to upgrade to Energy Star® Category.
- h. Site lighting with shielded fixtures may be provided to illuminate parking and pedestrian walkways, and will conform to local zoning.
- i. Emergency and exit lighting/illuminated signage shall be per the NFPA 101, Life Safety Code.
- j. Fire detection and alarms:
 - i. Shall be installed as required by code: NFPA 101, Chapters 9.6, 30.3.4 and/or 31.3.4, and comply with NFPA 72, and NFPA 1.
 - ii. Smoke detectors shall be installed per NFPA 30.3.4.5 and 9.6.2.10.
 - iii. Each dwelling unit must have at least one (1) hard-wired smoke detector, in proper operating condition, on each level of the dwelling unit on the ceiling or wall outside of each separate sleeping area in the immediate vicinity of bedrooms, including basements but excepting crawl spaces and unfinished attics.
 - iv. Smoke detectors must be installed in each room used for sleeping purposes.
 - v. If the dwelling unit is occupied by any hearing impaired person, smoke detectors must have an alarm system, designed for hearing impaired persons as specified in the National Fire Protection Standard.
 - vi. CO detectors shall be installed per Fire Code of Puerto Rico, 2011 and NFPA 101, Chapter 30.3.4.6 and NFPA 720.
 - vii. Where required – system annunciation shall be in accordance with NFPA 1.
 - k. Communication low-voltage wiring – provisions for TV, telephone, internet data, security, and intercoms should be considered and installed as appropriate to the project’s use and livability.
 - l. Optional solar powered photovoltaic panel system may be installed in accordance with the International Energy Conservation Code of Puerto Rico, 2011.

10. Mechanical

- a. All mechanical systems shall be designed by a mechanical engineer or other qualified professional.
- b. All mechanical systems shall meet all applicable codes such as International Plumbing Code of Puerto Rico, 2011, Mechanical Code of Puerto Rico, 2011, Fuel and Gas Code of Puerto Rico, 2011, International Energy Conservation Code of Puerto Rico, 2011, Fire Code of Puerto Rico, 2011, and the National Fire Protection Association codes.
- c. Fire protection
 - i. In general, all buildings assisted with HTF funds shall have fire suppression as required by the Puerto Rico Fire Department with approved sprinkler systems installed as required by NFPA 101
 - ii. System design to conform to applicable NFPA standard 13 or 13R
 - iii. Underground water services for sprinkler system shall meet NFPA 24
 - iv. Provide fire pumps, standpipes, and fire department connection as required per NFPA 13, 14 & 25.
 - v. Where possible, piping for the sprinkler system shall be concealed.
- d. Plumbing
 - i. Where existing components of a system are to be reused, they will be examined and determined to be in good condition, code compliant and with the International Plumbing Code of Puerto Rico, 2011, have a remaining useful life of the applicable affordability period. Critical non-code compliant components shall be replaced.

- ii. All fixtures, piping fittings and equipment shall be lead-free.
- iii. Kitchen fixtures – When existing kitchen fixtures are not in good condition, new sinks and faucets, and associated plumbing shall be installed in each apartment.
- iv. Bath fixtures – When existing bath fixtures are not in good condition, new water saving toilets, tubs and tub surrounds, lavatory sinks, and faucets shall be installed in each apartment.
- v. Three and four-bedroom apartments are encouraged to be designed to include 1½ baths minimum where adequate space is available.
- vi. Provision for laundry rooms or laundry hook-ups may be made per project’s program requirements.
- vii. Provision for other utility plumbing for janitor sinks, floor drains, outdoor faucets, drains for dehumidification systems, etc., may be made as desired or required.
- e. Ventilation
 - i. Indoor air quality will be addressed by the installation of either exhaust only or balanced ventilation systems as required by the Mechanical Code of Puerto Rico, 2011, Fuel and International Energy Conservation Code of Puerto Rico, 2011, Fire Code of Puerto Rico, 2011, and the National Fire Protection Association codes.
 - ii. Air Conditioning systems must be designed per the Mechanical Code of Puerto Rico, 2011 and the International Mechanical Code. Energy Conservation measures are recommended.
 - iii. Dwelling units must have access to natural ventilation. Bedrooms must have the provision for the installation of an air conditioning unit if applicable.
 - iv. Balanced mechanical ventilation systems are encouraged.
 - v. Ventilation controls shall be per applicable codes.
- f. Domestic Hot Water:
 - i. Hot water system shall be designed as required by the Puerto Rico Building Code P2801.
 - ii. Water heating facilities shall be properly installed in accordance with manufacturer’s installation and per code requirements, be maintained and capable of providing an adequate amount of water to be drawn at every required sink, lavatory, bathtub, shower and laundry facility at a temperature of not less than 110 degrees Fahrenheit.
 - iii. The water supply system shall be installed and maintained to provide a supply of water to plumbing fixtures, devices and appliances in sufficient volume and at pressures adequate to enable the fixtures to function properly, safely and free from defects and leaks. Each unit should be equipped with a functioning pressure release valve and temperature release valve.
- g. Water supply and Waste Water
 - i. A potable water supply system shall be installed so as to prevent contamination. Every dwelling unit must have an accessible and properly functioning main shut-off valve with a provision for discharge near the water service entrance point.
 - ii. Supply lines and fittings for every plumbing fixture shall be installed to prevent backflow.
 - iii. All galvanized piping is to be replaced. Deteriorated, rotted, broken or otherwise worn water supply, vent pipes or waste water pipes must be replaced.
 - iv. All deteriorated, blocked, inoperable or leaky equipment shall be repaired or replaced.
 - v. Every dwelling unit must contain a bathtub or shower that is properly connected to both hot and cold running water lines under pressure and must be maintained in working order. Faucets shut off valves and plumbing lines should be maintained free from leaks or drips and should be capable of shutting off completely. New tub and shower valves must have balanced pressure thermostatic valves.
 - vi. Existing plumbing equipment and fixtures and repairs must be inspected for durable condition. Replacement fixtures must have a life expectancy of a minimum of twenty (20) years.
 - vii. Connection to a continuously functioning sanitary wastewater disposal system.

h. Elevators

- i. If a HTF assisted multifamily project has 4 floors or more, a minimum of two elevators must be installed.
- ii. Elevators must be installed per code NFPA 101, Chapter 9.4 and must comply with the International Building Code Chapter 30 *"Elevators and Conveying Systems"* and Chapter 10 *"Means of Egress"* as indicated in the Puerto Rico Building Code, 2011.
- iii. Existing elevators and lifts may be retained if they are appropriate to the use of the building and in serviceable condition with a minimum expected useful life of the affordability period.

11. Furnishing, Fixtures and Appliances

- a. Signage and identification
 - i. Building signage shall be provided. Including building address, apartments' identification, building directory, exits, stairways, common and utility spaces, etc. shall be in conformance with NFPA 101 Life Safety Code, and be accessibility compliant.
 - ii. Exit signage will be provided as required by code and be accessibility (ADA) compliant as required.
- b. Fire protection specialties
 - i. Provide fire extinguishers in buildings, and in apartments as required by Fire Code of Puerto Rico, 2011 and as directed by the Puerto Rico Fire Department.
- c. Equipment
 - i. All new equipment to be ENERGY STAR® rated.
 - ii. Existing equipment to be retained and continued to be used shall be in serviceable condition with a minimum expected lifetime as the affordability period.
 - iii. Equipment shall conform to the International Energy Conservation Code of Puerto Rico, 2011
- d. Toilet accessories
 - i. Each bath will have appropriate accessories such as towel bars, robe hooks, bath tissue holders, etc., installed and securely fastened in place. Accessories shall be located per accessibility requirements (ADA) where necessary.
 - ii. Medicine cabinets and mirrors – install in each apartment bath as appropriate.
- e. Shelving must be durable and cleanable. Include shelving for pantries, linen closets, clothes closets and other storage as appropriate, securely fastened in place.
- f. Kitchen appliances
 - i. Provide new, full-size (30", 4 burner) stove and refrigerator in each apartment.
 - ii. Existing appliances to be reused shall be in good and serviceable condition.
 - iii. Provide other appliances (such as microwaves) as may be appropriate to the project.
 - iv. All appliances in accessible (ADA) apartment units shall be accessibility compliant, and located in an arrangement providing required clear floor spaces.
- g. Laundries may be included where adequate space is available and when appropriate to meet the project goals. Washers and dryers may be provided in laundry rooms or in apartments.
- h. Playground equipment, if applicable, must be safe and code-approved.

- i. Existing Kitchen cabinetry or countertops proposed to remain shall be in good condition with a minimum remaining useful life same as the affordability period.
- j. New Kitchen cabinetry and counters shall be of good quality and be provided with a cleanable sanitary surface material impervious to water such as high pressure laminate (HPL).
- k. Shop fabricated as one piece assembly where possible. Seal field joints.
- l. Installed level and securely fastened to cabinetry
- m. Bath cabinetry and vanity lavatory tops, when used, should be one piece integral bowl with integral backsplash

12. Finishes

a. Interior Finishes

- i. In general, all interior finishes will be new and installed per manufacturer's recommendations and the standards of quality construction per trade practices and associations related to the particular product or trade, and per Chapter 8 of the IBC "*Interior Finishes*" as instructed by the Puerto Rico Building Code, 2011.
- ii. Walls & ceilings -Where existing finishes are proposed to remain, they will be determined to meet the standard of being sound, durable, lead-safe, and have a remaining useful life of no less than the affordability period.
- iii. Flooring -All new flooring materials (resilient flooring, wood flooring, laminate flooring, carpet, and/or ceramic tile) shall be installed over suitable substrates per manufacturer's specs and the trade association practices.
 - iv. Paint -In general, all interior ceiling, wall, and trim surfaces shall receive renewed coatings of paint (or other clear/stain) finishes. Painting shall be done in a workmanlike manner, and in accordance with the manufacturer's recommendations. All painting including preparation of existing surfaces shall be done in a lead-safe manner.
 - v. Acoustical Treatments – Dwelling units separated acoustically using Section 1207 of the IBC as a guideline minimum standard.

b. Exterior Finishes

- i. All exterior finishes must comply with Chapter 14 of the IBC "*Exterior Walls*" as instructed by the Puerto Rico Building Code, 2011.
- ii. Paint
 - o In general, all existing exterior concrete or wood surfaces shall receive new paint coatings, except as appropriate due to the recent application of paint or the sound condition of existing coatings
 - o Examine surfaces and apply paint only to sound acceptable materials and surfaces.
 - o Prepare surfaces properly, removing loose or peeling previous paint.
 - o Paint prep shall be done in accordance with applicable lead safe standards.
 - o Before painting, assure that any moisture issues which may compromise the life expectancy of the paint system are remedied.
 - o Exterior paint systems shall be compatible, and installed in accordance with manufacturers' specifications.
- i. Porches, decks, balconies and steps

- oExisting porches, decks, balconies, steps and railings proposed to remain shall be examined and repaired as necessary. Repair and reconstruction shall be carried out to assure that they will have a continued useful life of the remaining affordability period.
- oInspect structure for soundness and reconstruct any deteriorated members as required.
- oInstall new support piers as may be required.
- oPatch existing decking with matching materials, or install new durable decking.
- oRailings shall be sound and adequately fastened to meet code requirements for structural loading. Repair or replace in-kind as appropriate. Railings shall meet code requirements for height of protective guards, or have supplemental guards installed.
- oSteps shall be safe and sound and meet applicable codes, with railings as necessary.
- oAll balconies and porch elements shall be able to withstand the weather elements to prevent premature deterioration.

12. Construction Materials

Must follow state and local codes related to the construction in Puerto Rico.

IV. Lead Based Paint

All HTF funded projects must conform to all applicable provisions of 24 CFR Part 35 regarding lead-based paint. HTF assisted projects must also conform to all Puerto Rico laws and regulations, as well as EPA requirements regarding lead-based paint, including protection of workers who may be exposed to lead paint during the construction process. Some provisions include:

- 1 All homes constructed before January 1, 1978 will be evaluated for lead based paint hazards. Evaluation will be done by a qualified, certified or licensed person as required under the regulations at 24 CFR 35. A qualified lead based paint inspector or risk assessor is certified or regulated by a state or local health or housing agency or an organization recognized by HUD.
- 2 As required under 24 CFR 35, 24 CFR 570.608, 24 CFR 982.401 all lead based hazards will be identified and reduced through paint stabilization, interim controls or abatement as required.
- 3 Safe work practices will be followed at all times in a manner which insures the health and safety of workers and residents, especially children
- 4 During lead hazard reduction efforts, the work area will be sealed and the family will be protected or relocated as required by the regulations.
- 5 Final Clearance will be achieved on all lead hazard reduction activities as required under the regulations.
6. Applicable Federal Regulations must be employed, such as:
 - a. HUD Lead Safe Housing Rule (Title 24, Part 35) requires various levels of evaluation and treatment of lead paint hazards when federal money is used for rehabilitation of target housing.
 - b. EPA Renovation Repair and Painting Rule (40 CFR Part 745) – Requires contractors conducting renovation, repair or maintenance that disturbs paint in target housing or child occupied facilities to be licensed by EPA and use lead safe work practices to complete the work. Developers must ensure contractors are properly trained and licensed.
 - c. HUD/EPA Disclosure Regulations (Title 24, Part 35, Subpart A) – Requires owners of target housing to disclose all lead paint records and related information to potential buyers and/or tenants.
 - d. OSHA Lead in Construction Rule (29 CFR Part 1926.62) -Proscribes personal protection measures

to be taken when workers are exposed to any lead during construction projects.

V. Accessibility

Housing that is rehabilitated with HTF funds must meet all applicable federal and state regulations regarding accessibility for persons with disabilities. An overview of these requirements is provided below; however, the applicability of these rules is complex and therefore it is recommended that developers seeking HTF funds consult with a qualified design professional.

General Requirements:

- 1 Projects shall meet applicable Federal and Local Regulations and Rules
- 2 The number of accessible apartment units shall be determined by the code requirements
- 3 Projects shall comply with the American's with Disabilities Act (ADA), Title II (for public entities) and Title III (for places of public accommodations) implemented at 24 CFR parts 35 and 36, and 2010 ADA Standard for Accessible Design and attendant Design Guide (DOJ), as applicable
- 4 Projects, if applicable, shall comply with the Fair Housing Act, which states in part that covered multifamily dwellings as defined by HUD's implementing regulations at 24 CFR 100.201 must meet the design requirements at 24 CFR 100.205.
- 5 Projects, if applicable, shall comply with Section 504 of the Rehabilitation Act of 1973 implemented at 24 CFR Part 8.
6. For "substantial" rehabilitation (projects with 15 or more total units and the cost of rehabilitation is 75% or more of the replacement cost):
 - a. At least 5% of the units (1 minimum) must be made fully accessible for persons with mobility impairments based on the Uniform Federal Accessibility Standards (UFAS).
 - b. In addition, at least 2% of the units (1 additional unit minimum) must be made accessible for persons with sensory impairments.
 - c. Common spaces must be made accessible to the greatest extent feasible
- 6 For projects with "less-than-substantial" rehabilitation (anything less than "substantial"), the project must be made accessible to the greatest extent feasible until 5% of the units are physically accessible, and common spaces should be made accessible as much as possible.

VI. Disaster Mitigation

To the extent applicable or relevant, the housing must be improved to mitigate the potential impact of potential disasters (e.g. earthquakes, hurricanes, floods, wildfires, extended power outages) in accordance with state or local codes, ordinances, and requirements, or such other requirements that HUD may establish.

- 1 Projects shall meet FEMA federal regulation, and HUDs' floodplain management requirements at 24 CFR 55, including the 8-Step Floodplain Management Process (when applicable) at 24 CFR 55.20.
- 2 Projects shall meet the Puerto Rico Building Code regulations Section 1613 for Earthquake Loads protection; and the American Society of Civil Engineers Minimum Design Loads for Buildings and Other Structures ASCE 10 Section 9.0.
- 3 Projects shall meet the American Society of Civil Engineers Minimum Design Loads for Buildings and Other Structures ASCE 10 Section 9.13.6.2.3 for Hurricane (Wind Force) protection.

VII. State and Local Codes, Ordinances, and Zoning Requirements.

Eligible Projects must meet all applicable international and local codes, ordinances and requirements. In the absence of state or local building codes, the housing must meet the International Building Code of the International Code Council.

All work shall comply with all applicable international and Puerto Rico local codes, ordinances, regulations and zoning requirements.

Applicable state codes include but are not limited to:

- 1 Reglamento Conjunto para la Evaluación y Expedición de Permisos Relacionados al Desarrollo u uso De Terreno, 2015
- 2 Puerto Rico Building Code, 2011
- 3 International Building Code (IBC), 2015
- 4 Residential Code for One and Two Family Dwellings of Puerto Rico, 2011
- 5 Fire Code of Puerto Rico, 2011
- 6 National Fire Protection Association (NFPA), 2015
- 7 Mechanical Code of Puerto Rico, 2011
- 8 International Plumbing Code of Puerto Rico, 2011
- 9 Fuel and Gas Code of Puerto Rico, 2011
- 10 International Energy Conservation Code of Puerto Rico, 2011
- 11 Existing Puerto Rico Building Code, 2011
- 12 Private Sewage Disposal Code of Puerto Rico, 2011
- 13 American Society of Civil Engineers Minimum Design Loads for Buildings and Other Structures (ASCE 10), 2013.
- 14 Fair Housing Act Design Manual, 1998
- 15 Section 504 of the Rehabilitation Act
- 16 Americans with Disabilities Act Design Standards, 2010
- 17 29 CFR Part 1910 Occupational Safety and Health Administration (OSHA)

Please note that the PRHFA HTF assisted project must demonstrate compliance with all local codes. The HTF Standards are designed to exceed the Uniform Physical Condition Standards (UPCS) and ensure that upon completion the HTF assisted project and units will be decent, safe, sanitary, and in good repair as described in 24 CFR 5.703. See Appendix B (UPCS) for a list of Inspectable Items and Observable Deficiencies, including descriptions of the type and degree of deficiency for each item that any HTF assisted project must address, at a minimum.

VIII. Uniform Physical Condition Standards (UPCS)

Housing assisted with HTF funds and which are placed in service must follow state and local codes which include all inspectable items and inspectable areas specified by the US Department of Housing and Urban Development (HUD) based on the HUD physical inspection procedures, known as the Uniform Physical Condition Standards (UPCS) prescribed by HUD pursuant to 24 CFR Part 5.703. These standards address the major areas of the HUD housing: the site, the building exterior, the building systems, the dwelling units, the common areas, and health and safety considerations. The Uniform Physical Condition Standard (UPCS) responds to inspectable items and observable deficiencies for the site, building exterior, building systems (multifamily housing only), and common areas (multifamily housing only).

All HTF assisted projects must ensure that the housing will be decent, safe, sanitary, and in good repair as described in 24 CFR 5.703. The PRHFA will adopt and create a specific variation of the Uniform Physical

Condition Standard (UPCS) incorporating the specific construction methodologies and materials utilized in Puerto Rico. Each performance requirement has an established acceptability criteria for determining the minimum acceptable conditions. The inspection staff of the PRHFA will be qualified to perform the assessment of the UPCS

Variation and employ “good judgment” when an evaluation criteria may be open for interpretation.

Please refer to the HOME Program Rehabilitation and new Construction Standards, 2015 “*Estándares de rehabilitación y Nueva Construcción, 2015*”, for particular requirements in multifamily housing and the Technical Specifications, 2006 of the HOME Program Rehabilitation and New Construction division for structural and material specifications regarding particular construction methodologies in Puerto Rico.

See appendix B for a complete list of items regarding the Uniform Physical Condition Standard for Multifamily Rehabilitation, and Appendix B for the Uniform Physical Condition Standard for Single Family Rehabilitation.

IX. Energy Efficiency

11. All additions, alterations or renovations shall comply with latest local building and the International Energy Conservation Code of Puerto Rico, 2011
12. Comply with Energy Star standards and above code where feasible and contributing to significant energy savings.
13. If possible, avoid or minimize air-conditioning with natural ventilation or other passive cooling strategy. Ensure that adequate cooling and ventilation is included in all elderly developments.
14. Consider renewable energy sources such as solar thermal collectors, photovoltaics (or pre-wire and provide adequate roof structure so that systems can be added when feasible), using research grants and rebates when possible.

X. Historic Buildings

Any building or structure that is listed in the State or National Register of Historic Places, designated as a historic property under local or state designation law or survey, certified as a contributing resource with a National Register listed or locally designated historic district and is considered a Historic Building by the State Historic Preservation Office; shall be rehabilitated in a manner consistent with the requirements of Section 106 of the National Historic Preservation Act and any imposed guidelines by the Institute of Puerto Rican Culture and the State Historic Preservation Office. It shall comply with Existing Puerto Rico Building Code, 2011 and with NFPA 101, Chapter 43.10.4

Appendix C – Other standards for Housing

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	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

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
Floors	Missing Covers
	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
	Infestation - Rats/Mice/Vermin
Mailboxes/Project Signs	Mailbox Missing/Damaged
	Signs Damaged
Driveways	Cracks
	Potholes/Loose Material
	Settlement/Heaving
Retaining Walls	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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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
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
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)	
	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	
		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	

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 D – AMENDMENT TO THE PUERTO RICO 2020-2024 Consolidated plan (CDBG-DR & CDBG-MIT)

Anticipated Resource:	Other Funding Source:	Expected amount available Year 1:	Amount Expected Available Remainder of Con. Plan:	Narrative Description:	Source:	Uses of funds:
Other (dropdown)	CDBG-DR	\$2,480,000,000	\$5,746,800,000	The CDBG-DR Action Plan includes further analysis of damage estimates and contains the strategy to address these needs with the first allocation of \$1.5 billion authorized by Pub. L. 115-56 and announced through 83 FR 5844; the second allocation of \$8.2 billion authorized by Pub. L. 115-123 and announced through 83 FR 40314; and the latest unmet infrastructure needs allocation of \$277 million authorized under Pub. L. 116-20 and announced in 85 FR 4681.	Public-Federal	Acquisition, Administration and Planning, Economic Development, Homebuyer Assistance, Homeowner Rehabilitation, Housing, Multifamily Rental New Construction, Multifamily Rental Rehabilitation, Public Improvements, Public Services, Rental Assistance.

Anticipated Resource:	Other Funding Source:	Expected amount available Year 1:	Amount Expected Available Remainder of Con. Plan:	Narrative Description:	Source:	Uses of funds:
Other (dropdown)	CDBG-MIT	\$289,800,000	\$7,932,700,000	<p>Public Law 115-123 made available \$28 billion in Community Development Block Grant – Disaster Recovery (CDBG–DR) funds and directed HUD to allocate no less than \$12 billion for mitigation activities proportional to the amounts that grantees received for qualifying disasters in 2015, 2016, and 2017. That amount was increased to \$15.9 billion after HUD completed an assessment of unmet needs and awarded funding to a total of eighteen (18) grantees through a newly created Community Development Block Grant - Mitigation (CDBG-MIT) Program.</p> <p>Out of all these funds, HUD allocated approximately \$8.2 billion in CDBG-MIT funds to Puerto Rico. The rules for administering these funds are founded in the regulatory framework of HUD’s Community Development Block Grant (CDBG) program and further consider</p>	Public-Federal	Acquisition, Administration and Planning, Homeowner Rehabilitation, Housing, Public Improvements.

Anticipated Resource:	Other Funding Source:	Expected amount available Year 1:	Amount Expected Available Remainder of Con. Plan:	Narrative Description:	Source:	Uses of funds:
				the alternative requirements, waivers, and special grant conditions released in 84 FR 45838 and 85 FR 4676. The CDBG-MIT Action Plan contains further analysis of unmet mitigation needs and PRDOH's strategy to address them.		

1. Housing and Homeless Needs Assessment

Grantees should insert language from the “impact and unmet needs assessment” section of their HUD-approved CDBG-DR Action Plan for disaster recovery to integrate into Consolidated Plan comments for this section, or include language from the “mitigation needs assessment” section of their HUD-approved CDBG-MIT Action Plan. As there is extensive information in CDBG-DR or CDBG-MIT Action Plans on recovery or mitigation needs, grantees should include only an abbreviated version of this information related to impact and recovery needs related to housing and homelessness, infrastructure, and economic development on the following screens in the Consolidated Plan template:

- Housing needs – NA-10

1. CDBG-DR

Hurricanes Irma and María fully exposed the fragility in the housing market. The degree of damage caused by the hurricanes was worsened due to the widespread destruction of inadequate housing structures and damage to unoccupied, unmaintained homes. Before Hurricanes Irma and María, the housing market was already facing challenges that were greatly exacerbated after the impact. A reduction in wage base in the economy has reduced the population’s buying power, limiting homeowner mobility, reducing the purchase of higher-value homes, and in many cases creating conditions for foreclosure. With changing economic conditions and evolving household makeup, Puerto Rico had seen little investment in homes valued above \$100,000 and more demand for affordable housing in recent years. An increase in single parent households and decrease in average household income shows a population of declining means. According to ACS 2012-2016 data, Puerto Rican households have a median income of \$19,606, which is significantly lower than the poorest state in mainland US, Mississippi, with a median household income of \$40,528, and almost 60% less than the US median household income of \$55,322.

2. CDBG-MIT

Through an analysis of flood data, PRDOH was able to identify floods as one of the top risks to the housing stock, as well as the location of residents as represented in census data. Of the population in Puerto Rico, approximately eleven percent (11%) live in High-risk areas, approximately thirteen percent (13%) live in Medium High-risk areas and approximately twenty-three percent (23%) of the people live in Medium risk areas. Based on the average number of persons per-home in Puerto Rico, this represents in total roughly 619,000 homes. In addition to risk, populations were also analyzed based on their location within FEMA Special Flood Hazard Areas. After Hurricane María, FEMA developed an Advisory 100-year Special Flood Hazard Area (SFHA) based on inundation resulting from the hurricane. Of the population in Puerto Rico, approximately sixteen percent (16%) reside within the FEMA 100-year Floodplain. That number increases to twenty-two percent (22%) when compared to the FEMA Advisory 100-year Floodplain. Based on the average number of persons per-home in Puerto

Rico, this represents in total roughly 216,055 homes. Through research of flood and landslide risks associated with rain, tropical storm, and hurricane events, and flooding caused by coastal erosion and sea level rise, PRDOH has observed a clear need for relocation of residents in high-risk flood and landslide threatened homes, to remove them from repetitive loss and harm through a buyout or relocation option that provides a swift and effective remedy against continued threat. The Single-Family Program was designed to prioritize mitigation assistance to those households with an immediate threat that are uninhabitable due to damages from recent disaster or hazardous events, are under immediate threat due to damage from recent events, are applicants in the CDBG-DR R3 Program that are seeking mitigation (alternative solutions to relocation in the form of elevation, where feasible), are certified as a Substantially Damaged property under local regulations, and/or are located in a high risk area in Puerto Rico.

- Homeless needs – NA-40

a. CDBG-DR

Puerto Rico faces the potential for increased homelessness as homeowners face mortgage foreclosures, affordable housing continues to be in short supply, and the economy remains in recovery. As mentioned in the CDBG-DR Action Plan Amendment 10, the Puerto Rico Department of the Family completed a four-phase, seven-day study to interview a sample of homeless persons in Puerto Rico published in the “Resumen de Conteo De Personas Sin Hogar, 2017” (Summary Count of Homeless Persons, 2017, in its English translation).¹ According to said Summary, in 2017, a total of 3,501 homeless persons were identified in Puerto Rico, including sheltered and unsheltered, who make up a total of 3,155 households or families. Of this total, 2512 homeless persons were unsheltered. Through the CDBG-DR Programs, housing will be created for the most vulnerable residents, including homeless persons. HUD-certified housing counselors will be employed to guide impacted residents through their recovery. Also, PRDOH has been conducting outreach to residents in impacted multi-family buildings to inform a recovery strategy for rental and multi-family tenants, in addition to the units being created under the Gap to LIHTC Program. For more information about Housing initiatives, refer to the Home Repair, Reconstruction and Relocation Program, the Social-Interest Housing Program, the CDBG Gap to LIHTC Program, and the Affordable Housing component in the City Revitalization Program, as designed in the CDBG-DR Action Plan.

b. CDBG-MIT

Through the Social Interest Housing Mitigation Program under the CDBG-MIT Action Plan, PRDOH intends to expand opportunities for social interest housing to address

¹ See Estudios Técnicos, Inc. Conteo de Personas Sin Hogar 2017. Accessed at: http://www.agencias.pr.gov/agencias/secretariado/ProgramasServicios/Documents/COC_2017/INFORME%20CONTEO2017.pdf.

multiple risks, not just hurricanes. The last two (2) Point in Time Surveys (PIT)² reports from Puerto Rico's Continuum of Care (CoC) Systems counted an estimated homeless population of 3,501 for the year 2017 and 2,535 in 2019. Although homelessness is a complex picture, both reports have consistently shown that a high percentage of this population is not sheltered, with seventy-two percent (72%) of the population identified in 2017 and seventy-five percent (75%) in 2019, proportions that add up to 2,512 and 1,902 people, respectively. Among the factors identified as the main reasons why they are homeless, responses from 2017 and 2019 indicated abuse or problematic use of drugs or alcohol and mental health problems. Additionally, the 2019 report indicates that nine-point one percent (9.1%) of the people surveyed identified Hurricanes Irma or María as a contributing reason for their homelessness and two-point two percent (2.2%) indicated other natural, or human caused disasters as a cause. Another factor consistently mentioned was being a victim of domestic or gender violence with three percent (3%) for 2017, while in 2019 five-point two percent (5.2%) indicated domestic violence or gender violence, sexual assault, or harassment. Regarding the LGBTQ+ homeless population, the 2017 survey reflected a population of three percent (3%), or eighty-nine (89) people who identified as homosexual or bisexual. On the other hand, eight (8) people identified as transgender, all of which were unsheltered. The 2017 PIT counted 118 homeless families, with a total of 218 minors, out of which eighty-six (86) minors were counted as not sheltered (39.5% of all homeless minors). In the 2019 count it was estimated that four-point three percent (4.3%) of the total homeless population was under 18 years old, equaling 109 homeless minors. These conditions result in the populations suffering disproportionately when natural and human-caused disasters occur, deepening physical and social vulnerability. Through the CDBG-MIT Social Interest Housing Program, PRDOH is focused on taking proactive steps towards mitigating the risk of loss of life for those extremely vulnerable populations by providing funding for the rehabilitation and hardening of existing housing structures or new construction of multifamily projects.

- Infrastructure and economic development needs – NA-50

a. CDBG-DR

To understand the impact caused by Hurricanes Irma and María on Puerto Rico's infrastructure, the CDBG-DR Action Plan Amendment 10 and the CDBG-DR Electrical Power System Improvements Action Plan include specific sections to highlight critical infrastructures that were severely damaged after the disaster events. Regarding Puerto Rico's electrical power grid, many assessments were conducted after the hurricanes to understand the immediate and long-term effects of the storms. According to one of these reports, "Hurricane

² Estudios Técnicos, Inc. Censo de Personas Sin Hogar 2017. Accessed at: http://www.agencias.pr.gov/agencias/secretariado/ProgramasServicios/Documents/COC_2017/INFORME%20CONTEO2017.pdf. Censo de Personas sin Hogar 2019. Accessed at: <http://www.agencias.pr.gov/agencias/secretariado/ProgramasServicios/Documents/PRESENTACION%20CONTEO%20PERSONAS%20SIN%20HOGAR%202019.pdf>

María Effects on Puerto Rico Electric Power Infrastructure,” one of Hurricane María’s most significant impacts on Puerto Rico was the electric power outage that initially affected the entire Island. It lasted more than ten (10) months before service was restored to all customers. The grid’s electrical transmission and distribution components suffered worse damage than that observed during other hurricanes that affected the U.S. in the last ten (10) years. Extensive damage and the Island’s mountainous topography were significant factors that contributed to a prolonged restoration process. Due to the high-intensity winds, the renewable energy generation infrastructure assets that suffered the worst damage were the Punta Lima wind farm and the Humacao photovoltaic (PV) plant. Another non-renewable power generation infrastructure, the Cambalache Gas Turbines, was damaged due to flooding. Almost all power transmission lines in the eastern half of the Island were severely damaged, and the electric distribution lines experienced unprecedented devastation.

Damage to power generation facilities from Hurricanes Irma and María was minor compared to other assets; however, it was still significant. Of the two (2) wind farms in Puerto Rico, the Punta Lima wind farm had thirteen (13) wind turbines damaged. The five (5) utility-scale photovoltaic (PV) plants in Isabela, Salinas, and Guayama experienced light to moderate damage, while the PV plant in Loíza was practically undamaged. The PV plant in Humacao suffered some of the most significant damage since it is located near the point where Hurricane María made landfall.

The widespread failure of Puerto Rico’s power grid also had a crippling effect on 69 hospitals from the Island, affecting their operations along with other post-hurricane factors that prevented patients from receiving essential services. Other infrastructures affected by the hurricanes included the Guajataca Dam, which was weakened 19 days after the impact causing the emergency spillway of the dam to eventually collapse, flooding communities, and contaminating the water supply for over 350,000 Puerto Ricans. Additionally, communication disruptions across the Islands complicated response efforts for months. Days after the hurricane, on September 27, 2017, the Federal Communications Commission issued a status report indicating that both (911) centers on the Island were operational, but that 91.1% of the Island’s cell sites were out of service. Every municipality reported that 75% or more of their cell sites were out of service, with 100% of cell sites out of service for 31 of the 78 municipalities.

Many of the federal grant programs that have funded Puerto Rico’s response and will continue to provide for the Island’s long-term recovery, are subject to cost-share requirements. PRDOH primarily intends to focus on meeting the non-federal cost share of FEMA’s Public Assistance (PA), Individual Assistance (IA), and Hazard Mitigation Grant programs (HMGP). However, depending on available funding, PRDOH may also consider the viability of matching the non-federal cost shares of other federal grant-in-aid programs. Such eligible programs include, but are not limited to, those administered by the Federal Highway Administration (FHWA), Federal Transit Administration (FTA), Federal Aviation Administration (FAA), and USACE. Most funding from PRDOH will go towards the PA match program, providing the non-federal share of obligated grants to all of Puerto Rico’s municipalities and government agencies, in addition to many eligible not for profit entities. The Individual Assistance (IA) match

program will specifically only fund the non-federal cost share of the Transitional Sheltering Assistance (TSA) program, in which FEMA paid hotel costs for evacuated Puerto Ricans after María. The TSA match payment will be allocated to the Public Service eligible activity. The HMGP Global Match program will allow Puerto Rico to access approximately \$4 billion in combined funding making the Island more resilient to future events.

Through its PA Program (CDFA Number 97.036), FEMA provides supplemental Federal disaster grant assistance. Assistance is intended for debris removal, emergency protective measures, and the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and the facilities of certain Private Non-Profit (PNP) organizations. The PA Program also encourages protection of these damaged facilities from future events by providing assistance for hazard mitigation measures during the recovery process. FEMA's OpenFEMA Dataset: Public Assistance Funded Projects Details - V195F10F 107 lists all public assistance recipients, designated as Applicants in the data. The dataset also features a list of every funded, individual project, called project worksheets. This dataset currently has substantially more data than it had when original Action Plan data was pulled on September 10, 2018. FEMA has data on permanent category work in the six project areas: Roads and Bridges, Water Control Facilities, Public Buildings, Public Utilities, Recreational or Other, and State Management. This plan identified a total of \$41.6 billion in Public Assistance permanent work (C-G). FEMA's OPEN PA Project information indicates that an **estimated unmet need of nearly \$2.1 billion remains.**

Declining economic conditions in Puerto Rico were also exacerbated by Hurricanes Irma and María. The top five economic sectors with reported losses to SBA due to the hurricanes are:

1. Real Estate Rental and Leasing
2. Arts, Entertainment, and Recreation
3. Other Services (except Public Administration)
4. Retail Trade
5. Health Care and Social Assistance

According to the Bureau of Labor Statistics, as of June 2021, unemployment in Puerto Rico is at 8.1%. In June 2021, there were 853,800 jobs in non-farm industries, compared to the 871,200 jobs in September 2017. In the industry of Leisure and Hospitality, Puerto Rico saw a decline from 80,400 in September 2017 to 78,300 in February 2018 and a further decline to 74,700 in June 2021.

The Puerto Rico Department of Agriculture estimated the Islands suffered a loss of \$780 million in agriculture yields. Crops were decimated by wind and flooding, and mudslides in the mountainous interior took out many of the roads critical to agricultural production. Primary cash crops such as plantain, banana and coffee crops were hit the hardest. The Puerto Rico Department of Agriculture estimated that based on value, 80% of the entire crop in the agriculture sector was wiped out and based on value. A total of 4,200 cows and 2.2 million chickens were lost while 50% of coffee plants were destroyed. According to data from the Puerto Rico Department of Agriculture, based

on eight (8) regional reports, some 3,028 insurance claims and \$1.4 million in disbursements made by the Agricultural Insurance Corporation (CSA), infrastructure damages totaled \$1.8 billion and losses in agricultural production \$182.5 million.

The impact on Puerto Rico's medical products manufacturing industry was felt around the US. The hurricanes' impact on factories and distribution centers located on the Island disrupted local jobs and industry production and caused a ripple effect throughout the mainland US. Hospitals across the country faced a shortage of intravenous (IV) fluids like saline and dextrose which are essentials to everyday treatment. Additionally, public sector services such as mental healthcare, education, legal services, and more, were also greatly affected after the disruption of electrical energy and water services, food and other essential supplies shortages, and vast outmigration from Puerto Rico.

Companies located in and around the impact zone were lowered, if not halted, of their businesses output. Small Business Administration (SBA) business data in conjunction with HUD methods laid out in the Federal Register informs the approach to identify property and content impacts to businesses across Puerto Rico. According to SBA business loan information there were 11,863 applications issued across the Island. Of these, 4,446 applicants had a verified property loss of \$380,171,927 and another 7,417 applicants are either: "in-process", have withdrawn, or were declined for a loan from the program. Previous impacts assessments identified an additional 68,773 issued applications that were issued but not returned to the SBA.

b. CDBG-MIT

Due to the multi-hazard threats that Puerto Rican communities face, the Island needs transformative mitigation projects that not only address facility hardening or retrofits, but more importantly address the reduction of multiple threats to lifeline infrastructure and citizens by mitigating the localized conditions that cause wide-scale destruction and lead to disaster events. The CDBG-MIT Action Plan contains an analysis of Lifeline infrastructure assets that are considered critical lifeline sectors, including facilities for transportation, communication, water and wastewaters, and power. These facilities are most critical because all other infrastructure lifelines depend on them for Puerto Rico's stability and resilience. Critical Lifeline infrastructure assets across the Island were therefore assessed using the four (4) categories of interdependent lifeline assets in the lifelines of Energy, Communications, Transportation, and Food, Water and Shelter. Through the Infrastructure Mitigation Program PRDOH will address mitigation needs by improving the built environment to mitigate hazardous threats. Due to the varying and localized need for mitigation against several hazardous threats, PRDOH does not want to limit projects based on the top risks at the Island-wide level, nor by an assumption of need in a generalized way. The goal of Infrastructure Programs is to strategically identify areas of risk and mitigate the most risk for the greatest amount of people in a cost-effective manner. This is best accomplished through planning, design, and innovation realized through the implementation of public facilities improvement. Projects eligible for funding are intended to serve the needs of the people by allowing for scaled investments that make critical mitigation dollars

accessible to all communities on the Island: municipal, regional, or Island-wide.

In addition to the infrastructure unmet needs associated with said critical lifelines, through the Economic Development Investment Portfolio for Growth – Lifelines Mitigation Program, PRDOH acknowledges that private industry owns a large majority of both critical and secondary infrastructure assets including, but not limited to, communications towers, privately-owned hospitals and other medical facilities, privately-owned transportation infrastructure, modernized energy solutions that harness the natural resources of Puerto Rico, and privately-owned utilities. The Infrastructure Mitigation Program serves to address mitigation needs by improving the built environment in order to mitigate hazardous threats. Lifeline strengthening projects coupled with job creation and long-term economic return offer increased resilience benefits for Puerto Rico. The economic impacts of disaster events create a state of crisis for Puerto Rico, reducing the ability of the Government of Puerto Rico and households to take control of their own recovery and mitigation needs. Puerto Rico’s ability to bounce back after a disaster event is crippled by the lack of available funds at the state, municipal, and household levels. Mitigation in the shape of economic stability forms the foundation upon which the Island can move toward self-reliance for future disaster events. See the CDBG-MIT Action Plan for more information about economic development and infrastructure unmet needs.

2. Housing Market Analysis

Grantees should insert language from the “impact and unmet needs assessment” or “mitigation needs assessment” section of their HUD-approved CDBG-DR or CDBG-MIT Action Plan to integrate in the Housing Market Analysis section of the Consolidated Plan. As there is extensive information in CDBG-DR and CDBG-MIT Action Plans on recovery or mitigation needs, grantees should include only an abbreviated version of this information related to grantee’s analysis of its housing market.

This information can be included by adding a supplemental text box on any of these screens, as appropriate.

-Number of Housing Units – MA 10

a. CDBG-DR:

Single Family Housing - Before the hurricanes, single family housing stock was at 1,555,880 units, with approximately 1.2 million of those homes occupied. According to FEMA IA data, over 1.06 million households, or households representing 88% of total housing units, have applied for disaster assistance.

Multi-Family Housing - According to ACS 2012-2016 data in 2016, there were a total of 1,237,180 housing units in Puerto Rico, of which 31.4 % were occupied by 388,445 renters.

Public Housing - The Puerto Rico Public Housing Authority (PRPHA) is the second largest housing authority in the US, with over 53,000 units across 327 properties. There are also approximately 30,000 households using Housing Choice Vouchers and 18,000 households in project-based Section 8 units. PRPHA reported 15,386 public housing units with initial damage claims of over \$119 million.

b. CDBG-MIT:

Approximately eleven percent (11%) of Puerto Rico’s residents live in high-risk areas, approximately thirteen percent (13%) live in medium high-risk areas and approximately twenty-three percent (23%) of the people live in medium risk areas. Based on the average number of persons per home in Puerto Rico, this represents an estimated 619,000 homes.³

Of the population in Puerto Rico, approximately sixteen percent (16%) reside within the FEMA 100-year Floodplain. That number increases to twenty-two percent (22%) when compared to the FEMA Advisory 100-year Floodplain. Based on the average number of persons per-home in Puerto Rico, this represents in total roughly 216,055 homes.

-Cost of Housing – MA-15

a. CDBG-DR:

With changing economic conditions and evolving household makeup, Puerto Rico had seen little investment in homes valued above \$100,000 and more demand for affordable housing in recent years. Fifty-five (55) % of the occupied housing units in Puerto Rico are valued at less than \$150,000.⁴ By 2017 home prices adjusted to economic conditions and devalued over time, homeowners had been unable to accumulate the capital required to improve their living conditions or accommodate expanding households. According to the Puerto Rico Builders’ Association Study, Puerto Rico saw a 25% drop in property values over the last ten (10) years, from \$219,170 in 2007 to \$164,470 in 2017. Total sales (and by price ranges) reduced to a compounded annual rate of 14.5% between 2004 and 2016. The reduction was stronger in prices of more than \$160,000 per unit at that time.⁵

³ See 2018: ACS 1-Year Estimates.

⁴ See 1-year American Community Survey, 2016, <https://www.census.gov/acs/www/data/data-tables-and-tools/supplemental-tables/>.

⁵ See Puerto Rico Builder’s Association Housing Study, February 2018.

Aging housing stock further contributes to the decrease in property value, eroding residents' wealth and asset accumulation. About 40% of the housing stock was built before 1970, with 31% of homes constructed between 1970 and 1989.

According to the Puerto Rico Builder's Association study, by the year 2017, 56.8% of rented properties rent for less than \$500 a month, representing more than half of the population of renters. Approximately 36.4% of renters paid between \$500 and \$999 in rent per month, while 6.8% paid between \$1,000 to \$3,000 per month. An estimated 53,000 tenant households lived in substandard housing.

b. CDBG-MIT:

In the CDBG-MIT Single-Family Housing Program, based on cost feasibility analysis, the minimum repair/retrofit award amount an applicant may receive is \$15,000. However, the maximum award amounts for housing repair/retrofit in place is \$60,000.00 in construction and/or hard costs per unit. The maximum amount for reconstruction award is \$215,000 in construction and/or hard costs. To properly address the lack of housing market availability across Puerto Rico's regions, the maximum award for relocation is \$200,000.00. Maximum award for reconstruction will be based on unit size determination, up to \$210,000.00 for four (4) bedroom units.

-Condition of Housing – MA-15

a. CDBG-DR:

The degree of damage caused by the hurricanes was worsened due to widespread destruction of inadequate housing structures and damage to unoccupied, unmaintained homes. It has been estimated that anywhere from 45% to 55% of Puerto Rican households have either erected or maintained houses through informal construction, a self-managed method of construction completed without the use of an architect or engineer, proper permits, and often in nonconformance with land-use codes. In many cases, informal construction also occurs without proper real estate title to the land. This type of construction reduces the structural integrity of homes and renders them ineffective to withstand hurricane conditions and other natural environmental conditions.

b. CDBG-MIT:

Many homes in Puerto Rico also face an undeniable risk of immediate threat, defined by FEMA as the threat of additional damage or destruction from an event that can reasonably be expected to occur within five (5) years. The immediate threat is evident in the many homes in Puerto Rico which are uninhabitable or substantially damaged due to recent disaster or hazardous events. These conditions have left many households with not only a formulaic estimation of risk, but an immediate threat.

PRDOH also performed preliminary geospatial analysis utilizing aerial imagery to locate homes impacted by Hurricanes Irma and María that still have a blue tarp as a partial or whole roof. Through survey and outreach efforts under the CDBG-DR Program, PRDOH has confirmed, as of May 2022, approximately 3,646 homes impacted by Hurricanes Irma and María still have blue tarp as a partial or whole roof.

-Needs and Market Analysis Discussion – MA-50

a. CDBG-DR:

Hurricanes Irma and María exacerbated an already challenged housing market. A reduction in wage base in the economy has reduced the population's buying power, limiting homeowner mobility, reducing the purchase of higher-value homes, and in many cases creating conditions for foreclosure. Cost-burdened households face exacerbated challenges in the search for safe, affordable housing. Funds are needed for the repair or reconstruction of aging and fragile structures, informally constructed homes, and homes unlawfully located on public lands or through illegal subdivision. With compounded factors including overcrowding, thousands of financially overburdened households, an aging population, and the out-migration of residents under forty (40), the need for comprehensive recovery is critical.

As identified by the Puerto Rican Planning Society using U.S. Census data, there are an estimated 92,629 vacant housing units in the municipalities of San Juan, Bayamón, Carolina, Ponce, and Mayagüez alone. The availability of these vacant housing units underscores the importance of the housing choice options that HUD-certified housing counselors will coordinate with impacted individuals by ensuring that residents can access existing units. As outlined in the CDBG-DR Action Plan housing program section, rehabilitation and renewal of existing housing units will be a primary course of action for residents who choose to relocate and need new housing.

b. CDBG-MIT:

Through research of flood and landslide risks associated with rain, tropical storm, and hurricane events, and flooding caused by coastal erosion and sea level rise, PRDOH has observed a clear need for relocation of residents in high-risk flood and landslide-threatened homes, to remove them from repetitive loss and harm through a buyout or relocation option that provides a swift and effective remedy against continued threat.

SP-45 GOALS

CDBG-DR: During the Strategic Planning Period, PRDOH will continue revitalizing downtown areas through the City Revitalization Program, providing assistance to homeowners to repair or rebuild their homes, and increasing homeownership rates through the Homebuyer Assistance Program. PRDOH will also continue to promote economic development opportunities by providing assistance to Small Businesses under the Small Business Financing Program.

CDBG-MIT: PRDOH will begin to install solar panels in households to promote energy efficiency and stability. Launched programs will begin long-term planning and risk mitigation activities.

During FY 2023, CDBG-DR funds will be disbursed to prioritize the following activities: Housing, Economic Development Activities, Public Services, Public improvements, Homebuyer Assistance. The estimated disbursement for the next fiscal year is \$2,480,000,000. Links to the CDBG-DR Action Plans:

<https://cdbg-dr.pr.gov/en/download/action-plan-amendment-10-nonsubstantial-effective-on-february-16-2023/>

<https://cdbg-dr.pr.gov/en/power-grid-action-plan/>

CDBG-MIT funds will be disbursed to prioritize Housing activities. The estimated disbursement for the next fiscal year is \$289,800,000. Link to the CDBG-MIT Action Plan:

<https://cdbg-dr.pr.gov/en/download/cdbg-dr-action-plan-amendment-1-substantial-for-the-electrical-systems-enhancements-draft-for-public-comments-from-november-16-to-december-16-2022/>