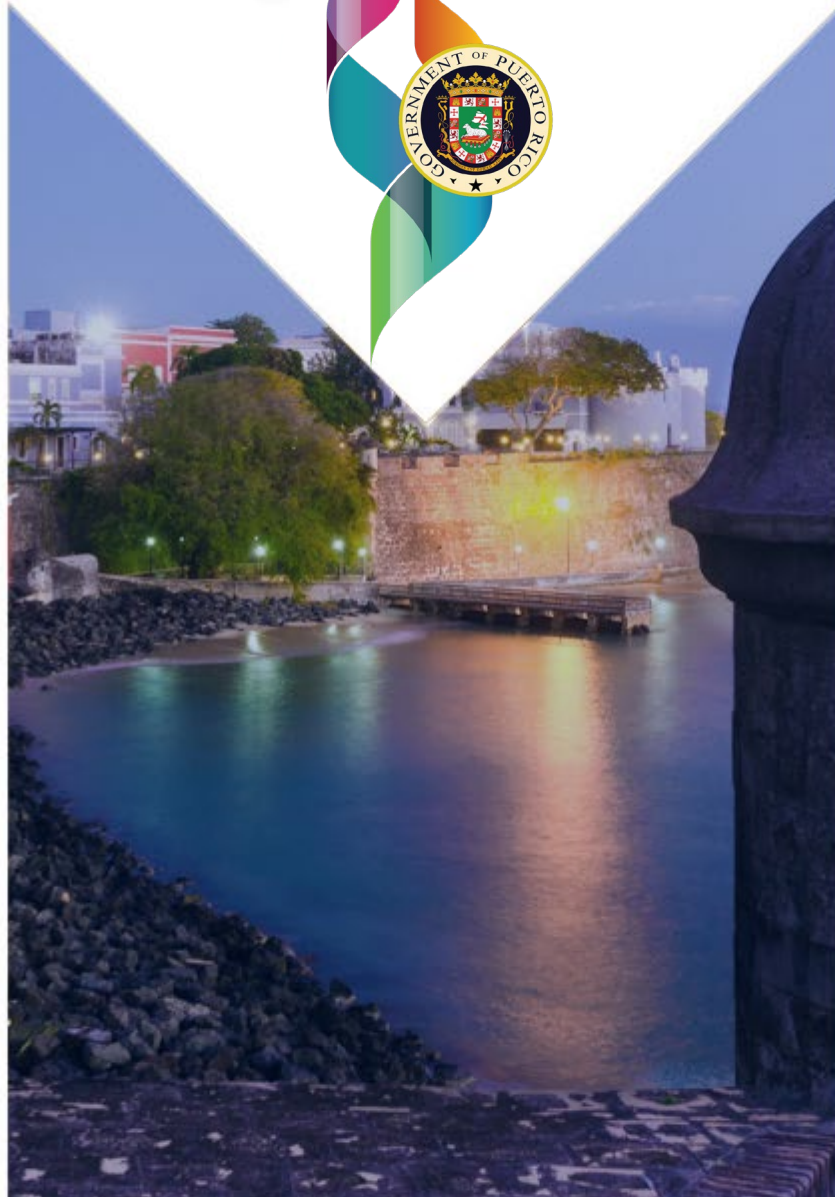


PUERTO RICO

DISASTER RECOVERY ACTION PLAN

FOR THE USE OF CDBG-DR FUNDS IN RESPONSE TO 2017 HURRICANES IRMA AND MARIA



ACTION PLAN

INCORPORATING AMENDMENTS 1-16



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| DATE | SUMMARY OF CHANGES |
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| 11/16/18 | <p>AMENDMENT 1: SUBSTANTIAL AMENDMENT</p> <p>Changes incorporated an additional \$8,220,783,000 in CDBG-DR funds allocated to Puerto Rico through Federal Register Notice Vol. 83, No.157 (Tuesday, August 14, 2018), 83 FR 40314. Changes included amending program scope and budget in some of the original 19 programs from the initial Action Plan, as well as adding eight additional programs for unmet needs. Data in the unmet needs assessment was updated, and consideration of the Puerto Rico 12 and 24-month plan was included.</p> |
| <p>08/15/19</p> <p>Effective: 08/23/19</p> | <p>AMENDMENT 2: NONSUBSTANTIAL AMENDMENT</p> <p>Changes included increased caps for homes in the Home Repair, Reconstruction, or Relocation Program (R3) and clarified priorities. Reallocated \$45 million from Mortgage Catch-Up Program (Program previously not approved by HUD) and \$25 million from Strategic Projects and Commercial Redevelopment Program to the Home Repair, Reconstruction or Relocation (R3) Program and Workforce Training Program under the first allocation. Therefore, the \$70 million reallocation was used to increase the R3 program budget by \$50 million to meet estimated demand and to increase the Workforce Training Program Budget by \$20 million under the first allocation. Changes were also made to clarify the subrecipient agreement hierarchy in Small Business Financing, Tourism & Business Marketing, and the Construction and Commercial Revolving Loan Programs.</p> |
| <p>02/24/2020</p> <p>* Posted again on March 3, 2020, with corrections to mathematical calculations in the Allocation of Funds table on page 109 due to an omission error.</p> | <p>AMENDMENT 3: NON-SUBSTANTIAL AMENDMENT *</p> <p>Modifications in this amendment primarily addressed the redistribution of unallocated funds awarded to Puerto Rico through Federal Registers Notices Vol. 83, No. 28 (Friday, February 9, 2018), 83 FR 5844 and 83 FR 40314, as well as the reallocation of certain program funds for priority housing and multisector programs. These budgetary modifications are tracked in the budget table as well as program profiles for the following changes:</p> <ul style="list-style-type: none"> • The \$145,000,000 previously pending reallocation was allocated across multiple programs. • Funding was reallocated to increase the overall budget for the following programs: <ul style="list-style-type: none"> ○ The Home Repair, Reconstruction, or Relocation Program was increased by \$800 million. ○ CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) was increased by \$13 million. ○ City Revitalization Program was increased by \$23 million. ○ Small Business Financing Program was increased by \$25 million. • Funding was reallocated from the following programs: <ul style="list-style-type: none"> ○ Community Energy and Water Resilience Installations Program. ○ Strategic Projects and Commercial Redevelopment Program. ○ Economic Recovery Planning Program. |

| | <ul style="list-style-type: none">○ Puerto Rico by Design Program.○ RE-GROW PR Urban-Rural Agriculture Program. <p>Programmatic changes included renaming the FEMA Coordination Program to the Non-Federal Match Program. Other programmatic changes established clarity of administrative roles to allow PRDOH to enter directly into agreements with select subrecipients in the administration of grant programs and clarify the types of entities eligible for competitive selection in the administration of projects. Programmatic changes also included technical clarifications regarding Housing and Community Development Act citations, clarification of program objectives, clarification of eligibility criteria, and clarification of priorities in the general areas of Planning, Housing, Economic, and Infrastructure recovery.</p> <p>Additional changes included moving all amendment descriptions in the Executive Summary to the end of the section, as well as minor punctuation and grammar corrections. This amendment also had the following language changes: (1) substituted <i>municipio</i> for municipal and <i>municipios</i> for municipality; (2) addressed grammatical errors replacing Maria for María, island for Island, action plan for Action Plan, federal register for Federal Register, and program for Program, when applicable; (3) updated figure and table citations and numbering; (4) spelled out commonly used acronyms when they appear for the first time; and (5) corrected all references to DMO to the official business name and acronym “Corporation for the Promotion of Puerto Rico as a Destination, Inc., doing business as Discover Puerto Rico (DPR)”.</p> | | | | | | | | | | | | | | | | | | | | |
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| Published for public comment: 03/31/2020 Sent to HUD for approval: 07/09/2020 Approved by HUD: 08/17/2020 | <p>AMENDMENT 4: SUBSTANTIAL AMENDMENT</p> <p>Substantial Amendment 4 incorporated \$277,853,230 in additional CDBG-DR funds allocated to Puerto Rico through Federal Register Notice Vol. 85 No. 17 (Monday, January 27, 2020), 85 FR 4681 for unmet Infrastructure needs.</p> <p>Budgetary changes are shown below in the format recommended by HUD:</p> <table><tr><th>CDBG-DR Activity</th><th>Initial CDBG-DR Budget Amount (Per allocation)</th><th>Proposed Action in this Amendment</th><th>Final CDBG-DR Budget Amount (Per Allocation)</th></tr><tr><td>Non-Federal Match – Allocation 2</td><td>\$900,000,000</td><td>(\$263,960,569)</td><td>\$636,039,431</td></tr><tr><td>Non-Federal Match – Allocation 3</td><td>\$0</td><td>\$263,960,569</td><td>\$263,960,569</td></tr><tr><td>R3 – Allocation 2</td><td>\$2,190,000,000</td><td>\$263,960,569</td><td>\$2,453,960,569</td></tr><tr><td>Rental Assistance – Allocation 2</td><td>\$0</td><td>\$10,000,000</td><td>\$10,000,000</td></tr></table> | CDBG-DR Activity | Initial CDBG-DR Budget Amount (Per allocation) | Proposed Action in this Amendment | Final CDBG-DR Budget Amount (Per Allocation) | Non-Federal Match – Allocation 2 | \$900,000,000 | (\$263,960,569) | \$636,039,431 | Non-Federal Match – Allocation 3 | \$0 | \$263,960,569 | \$263,960,569 | R3 – Allocation 2 | \$2,190,000,000 | \$263,960,569 | \$2,453,960,569 | Rental Assistance – Allocation 2 | \$0 | \$10,000,000 | \$10,000,000 |
| CDBG-DR Activity | Initial CDBG-DR Budget Amount (Per allocation) | Proposed Action in this Amendment | Final CDBG-DR Budget Amount (Per Allocation) | | | | | | | | | | | | | | | | | | |
| Non-Federal Match – Allocation 2 | \$900,000,000 | (\$263,960,569) | \$636,039,431 | | | | | | | | | | | | | | | | | | |
| Non-Federal Match – Allocation 3 | \$0 | \$263,960,569 | \$263,960,569 | | | | | | | | | | | | | | | | | | |
| R3 – Allocation 2 | \$2,190,000,000 | \$263,960,569 | \$2,453,960,569 | | | | | | | | | | | | | | | | | | |
| Rental Assistance – Allocation 2 | \$0 | \$10,000,000 | \$10,000,000 | | | | | | | | | | | | | | | | | | |

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| Program Planning – Allocation 2 | \$249,743,850 | (\$10,000,000) | \$239,743,850 |
| Administration– Allocation 3 | \$0 | \$13,892,662 | \$13,892,662 |

This amendment included a limited update to the unmet needs assessment, as original calculations for hurricane damage and the resultant unmet need remained unchanged. This amendment also acknowledged recovery efforts made to that date, which served to close the gap in the Island’s recovery needs.

Programmatic changes included the clarification of eligibility criteria for the following programs:

- Whole Community Resilience Program
- Agency Planning Initiatives Program
- Social Interest Housing Program
- Small Business Financing Program
- Economic Development Investment Portfolio for Growth Program
- Non-Federal Match Program (previously, the FEMA Coordination Program)
- Critical Infrastructure Resilience Program
- Community Resilience Centers Program
- City Revitalization Program
- Puerto Rico by Design Program

This Substantial Amendment also eliminated the Mortgage Catch-Up Program due to HUD limitations on funding for this activity; eliminated the Economic Recovery Program, as activities for this program are encompassed in other economic recovery and planning efforts; and consolidated the Strategic Projects and Commercial Redevelopment Program under the Economic Development Investment Portfolio for Growth Program.

Additional changes included modifications to the budget table to add a new column for allocation 3 and the relocation of Low and Moderate Income (LMI) goal percentages to program profile pages, the update of table numbering due to the introduction of new content, revisions to a few images that corresponded to text changes within the Plan, the correction of Amendment 3 language to past tense, and other minor grammatical changes.

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| <p>Published for public comment:</p> <p>09/10/2020</p> <p>Sent to HUD for approval:</p> <p>12/04/2020</p> <p>Approved by HUD:</p> <p>02/05/2021</p> | <p>AMENDMENT 5: SUBSTANTIAL AMENDMENT</p> <p>This amendment included the clarification and expansion of the activities for the following programs:</p> <ul style="list-style-type: none"> • Puerto Rico Geospatial Framework Program (previously the Agency Planning Initiatives Program) • Non-Federal Match Program • City Revitalization Program <p>Additional programmatic changes in this amendment included the clarification on eligibility criteria and program description of the following programs:</p> <ul style="list-style-type: none"> • Community Energy and Water Resilience Installations Program • Small Business Financing Program • Small Business Incubators and Accelerators Program • Workforce Training Program • Tourism and Business Marketing Program • Economic Development Investment Portfolio for Growth Program <p>This Substantial Amendment also eliminated the Construction and Commercial Revolving Loan Program (CCRL), Multifamily Reconstruction, Repair, and Resilience Program (Multifamily R3), and Puerto Rico by Design Program; eliminated the Critical Infrastructure Resilience Program but consolidated some activities of this program into the Non-Federal Match Program; and consolidated the Community Resilience Centers Program under the City Revitalization Program.</p> <p>Additional changes included updates to the budget table to reflect the reallocation of funds from the programs being eliminated, revisions to a few images that correspond to text changes within the Plan, the correction of Amendment 4 language to past tense, and other minor grammatical changes.</p> |
| <p>Submitted to HUD:</p> <p>03/08/2021</p> <p>Effective:</p> <p>03/15/2021</p> | <p>AMENDMENT 6: NONSUBSTANTIAL AMENDMENT</p> <p>Modifications in this amendment included the reallocation of funds into the CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) for preservation, rehabilitation, or qualified new construction projects that are part of a comprehensive plan to redevelop, replace, and/or rehabilitate existing Puerto Rico Public Housing Administration's affordable housing inventory. These budgetary modifications are tracked in the budget table as well as in the profiles of the programs.</p> <p>Programmatic changes included the elimination of the rounds in the City Revitalization Program, the assignment of funds for San Juan and Mayagüez municipal governments for the redevelopment of urban areas surrounding the University of Puerto Rico (UPR), Río Piedras and Mayagüez campuses, and to express that the Community Resilience Centers projects will be undertaken by a subrecipient. Main amendments to the Home</p> |

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| | <p>Repair, Reconstruction, or Relocation (R3) Program included in this iteration aim to ease applicant responsibilities after receiving assistance from the Program. These changes included the reduction of the affordability period for reconstruction and relocation activities from fifteen (15) years to five (5) years, the elimination of the Housing Quality Standard (HQS) requirement for existing replacement homes, and the inclusion of clarifying language.</p> <p>Additional changes included the elimination of the table that listed how funding allocations per program sector changed from each iteration of the Action Plan. It has been replaced with a table that shows how funding has been reallocated per program sector in this iteration of the Action Plan.</p> |
| <p>Published for public comments: 08/06/21</p> <p>Sent to HUD for approval: 10/07/2021</p> <p>Approved by HUD: 11/05/2021</p> | <p>AMENDMENT 7: SUBSTANTIAL AMENDMENT</p> <p>The changes included in this substantial amendment were mainly focused on the Housing sector. A new housing program was introduced, the Blue Roof Repair Program, which is meant to provide municipalities with resources to develop single-family housing solutions to make damaged homes with blue roofs (blue tarps) apt for occupancy, through intermediate or long-term assistance. Funds from other programs have been reallocated into the new Blue Roof Repair Program to broaden the housing recovery efforts. Funds from the Home Repair, Reconstruction, or Relocation Program (R3) and the Non-Federal Match Program (NFMP) were reallocated, including the elimination of the Home Resilience and Innovation Competition Program and reallocating program funds into the new program for the housing sector.</p> <p>This iteration of the Action Plan incorporated elevation as an allowable construction activity under the Home Repair, Reconstruction, or Relocation Program (R3), when reasonable. Eligible applicants with homes located in the floodplain which qualify for substantial improvement rehabilitation will be offered elevated reconstruction when reasonable, or relocation when elevated reconstruction is not reasonable. Additionally, R3 Program in this substantial amendment provided homeowners with clear titles whose homes suffered more than \$60,000 in damages the opportunity to relocate by forgoing a reconstruction award and accepting a relocation voucher.</p> <p>Programmatic changes were included for the following programs:</p> <ul style="list-style-type: none"> • Homebuyer Assistance Program (HBA) <ul style="list-style-type: none"> ○ Clarification of the definition of Critical Recovery Workforce (CRW) ○ Increased maximum award ○ Eliminated HQS requirement ○ Updated eligibility criteria for Mortgage Buydown.¹ • Home Repair, Reconstruction, or Relocation Program (R3) <ul style="list-style-type: none"> ○ Included elevation as an allowable construction activity |

¹ NOTE: The Mortgage Buydown portion of the HBA Program was disapproved by HUD.

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| | <ul style="list-style-type: none"> ○ Relocation voucher option for homeowners with clear titles whose homes suffered more than \$60,000 in damages • Small Business Financing Program (SBF) <ul style="list-style-type: none"> ○ Increased maximum award • Community Energy and Water Resilience Installations Program (CEWRI) <ul style="list-style-type: none"> ○ Updated eligibility criteria • Non-Federal Match Program <ul style="list-style-type: none"> ○ Clarification of eligibility criteria • Economic Development Investment Portfolio for Growth Program (IPG) <ul style="list-style-type: none"> ○ Updated Eligibility Criteria ○ Clarified and expanded program priorities • Social Interest Housing Program <ul style="list-style-type: none"> ○ Increased program budget by \$5,000,000 • City Revitalization Program <ul style="list-style-type: none"> ○ Clarification of eligibility criteria <p>Additional changes were introduced to update the Elevation Standards section and the Unmet Needs Assessment. Revisions included minor changes such as language from previous amendments corrected to past tense and other minor grammatical changes.</p> |
| Submitted to HUD: 02/18/2022 Effective: 02/25/2022 | <p>AMENDMENT 8: NONSUBSTANTIAL AMENDMENT</p> <p>This amendment included nonsubstantial updates and clarifying language for the following programs:</p> <ul style="list-style-type: none"> • <u>Small Business Financing Program</u>: clarified that grants may be awarded for equipment; • Re-Grow Program: added the Department of Agriculture as a Subrecipient; • <u>Tourism and Business Marketing</u>: a footnote related to the program's time extension was updated to reflect another waiver currently being requested to HUD to extend the Program timeframe; • <u>Homebuyer Assistance Program</u>: clarified that this program assists applicants seeking mortgage loans; • <u>Housing Counseling</u>: reflected assistance to 100% LMI-Limited Clientele population, as per HUD consultation; • <u>City Revitalization</u>: specified the HOME rent calculation for affordable housing projects; and • <u>Home Repair, Reconstruction, or Relocation Program (R3)</u>: updated the graphic workflow to better represent each step of the application process. |

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| | Revisions introduced in this substantial amendment included minor changes such as language from previous amendments corrected to past tense and other minor grammatical changes. |
| Published for public comments: 09/16/22 Sent to HUD for approval: 12/02/2022 Approved by HUD: 12/30/2022 | <p>AMENDMENT 9: SUBSTANTIAL AMENDMENT</p> <p>This substantial amendment incorporated programmatic changes for the following programs:</p> <ul style="list-style-type: none"> • Blue Roof Repair Program (BRRP) • Homebuyer Assistance (HBA) Program • Social Interest Housing (SIH) Program • Community Energy and Water Resilience Installations (CEWRI) Program • CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) • Home Repair, Reconstruction, or Relocation (R3) Program • Economic Development Investment Portfolio for Growth (IPG) Program • Re-Grow PR Urban-Rural Agriculture (Re-Grow) Program • Small Business Financing (SBF) Program • Workforce Training (WFT) Program • City Revitalization Program <p>The Blue Roof Repair Program changes included an alteration of the program scope to focus on the compilation of data needed to identify the housing structures that remain with blue roofs to assess the unmet needs. As a result of the modification of the program scope, the program was renamed to the Blue Roof <i>Survey</i> Program, its national objective was removed, and the administering entity changed to PRDOH. Due to the program scope change intended for planning, a reallocation from the Blue Roof Survey Program to the Home Repair, Reconstruction, or Relocation Program was reflected on the budget table and program profiles.</p> <p>The HBA Program change removed the restriction on Special Flood Hazard Area, providing more options for participants when selecting a home from the increasingly limited stock in the housing market. Furthermore, the program also removed language referencing the Mortgage Buydown subprogram after receiving HUD denial of the waiver requested to implement this activity.</p> <p>Changes in the SIH Program were intended to clarify that PRDOH will determine affordable rents for housing projects as the lessor of the calculated High HOME rent or the maximum of 30% of annual household income for an LMI household. Additional changes in the SIH Program were intended to address unforeseen conditions and allow the program to evaluate on a case-by-case basis extenuating circumstances that may require assistance above the maximum award.</p> <p>The CEWRI Program updates aimed to clarify that only participants from the CDBG-DR R3 Program will be referred to and served by this Program. Clarifying language was also included in the R3 Program to express relocation applicants may be provided with additional forms of assistance to secure an eligible replacement home.</p> |

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| | <p>The modification in the IPG Program removed the healthcare facilities set aside to target infrastructure improvements for Puerta de Tierra, Bahía Urbana, and Navy Pier, identified pilot projects for economic revitalization. Additional changes to the IPG Program include language clarifying PRDOH will determine whether an applicant is eligible to receive loan forgiveness, as well as an update to the distribution method.</p> <p>The Re-Grow Program national objective was modified to reflect fifty percent (50%) of the LMI goal. Another change to the Re-Grow Program included an update determining that PRDOH will be responsible for the distribution of grants.</p> <p>The WFT Program was also updated to remove a reference to the SPEARS system, which is no longer used as a reporting system.</p> <p>The City Revitalization Program distribution method was updated to clarify that PRDOH will not select a single subrecipient to plan and manage the implementation of the CRC initiative, as the participating municipalities will undertake these responsibilities.</p> <p>This amendment reallocated funds into the CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) from the Non-Federal Match Program to assist in increasing the number of affordable housing units with LIHTC Projects.</p> <p>All budgetary changes are reflected on the budget table as well as the program profiles. Revisions introduced in this amendment included minor changes such as language from previous amendments corrected to past tense and other minor grammatical changes.</p> |
| <p>Submitted to HUD:</p> <p>02/09/2023</p> <p>Effective:</p> <p>02/17/2023</p> | <p>AMENDMENT 10: NONSUBSTANTIAL AMENDMENT</p> <p>The nonsubstantial amendment included the reallocation of funds for the following programs:</p> <ul style="list-style-type: none"> • From Non-Federal Match Program (-\$382.5M) • To Homebuyer Assistance Program (\$200M) • To Small Business Financing Program (\$100M) • To Re-Grow PR Urban-Rural Agriculture Program (\$80M) • To Housing Counseling Program (\$2.5M) <p>This reallocation ensured the programs continued delivering assistance to eligible applicants. All budgetary modifications were tracked in the budget table and program profiles. Revisions introduced in this amendment included minor changes such as language from previous amendments corrected to past tense and other minor grammatical changes.</p> |

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| Submitted to HUD: 05/16/2023 Effective: 05/23/2023 | <p>AMENDMENT 11: NONSUBSTANTIAL AMENDMENT</p> <p>The nonsubstantial amendment reallocated funds from the Tourism and Business Marketing (TBM) Program to the Non-Federal Match (NFM) Program. The purpose of this one change was to reallocate unexpended funds from the TBM Program. The budgetary modifications were tracked in the budget table and program profiles.</p> |
| Submitted to HUD: 07/26/2023 Effective: 08/03/2023 | <p>AMENDMENT 12: NONSUBSTANTIAL AMENDMENT</p> <p>The nonsubstantial amendment was focused on two modifications:</p> <ul style="list-style-type: none"> • the reallocation of \$25 million from general planning into the Community Energy and Water Resilience Installations (CEWRI) Program; and • the reallocation of \$60 million from the Repair, Reconstruction, or Relocation (R3) Program to the CDBG-DR Gap to Low Income Housing Tax Credits (LIHTC) Program. <p>Additional funding was needed to address the increased need for assistance to the R3 relocation applicants now being added to the CEWRI Program's installation pipeline. Additional funding was also needed for the LIHTC Program in order to balance the needs of renters and homeowners in Puerto Rico while increasing the available inventory of affordable housing.</p> |
| Submitted to HUD: 10/02/2023 Effective: 10/09/2023 | <p>AMENDMENT 13: NONSUBSTANTIAL AMENDMENT</p> <p>The nonsubstantial amendment reallocated funds from the following programs:</p> <ul style="list-style-type: none"> • Home Repair, Reconstruction, or Relocation (R3) Program (-\$432.5M) • Social Interest Housing (SIH) Program (\$12.5M) • CDBG-DR Gap to Low Income Housing Tax Credits (LIHTC) Program (\$150M) • Homebuyer Assistance (HBA) Program (\$200M) • Community Energy and Water Resilience Installations (CEWRI) Program (\$70M) <p>The reallocation into the SIH Program allowed Social Interest Housing projects facing increased construction costs in Puerto Rico to move forward with the construction phases. The additional funding provided to the LIHTC Program helped further assist in implementing affordable housing projects for low-to-moderate income communities. Regarding the reallocation for HBA Program, these funds ensured that eligible applicants continued to be provided with homeownership assistance. For the CEWRI Program, the reallocation was essential as the program projections demonstrated the</p> |

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| | <p>need for additional funding to continue offering assistance to the R3 Program participants.</p> <p>Additionally, minor changes to the LIHTC Program were conducted to reflect the increase to the Puerto Rico Public Housing Administration (PRPHA) set-aside as part of the reallocation introduced in the Action Plan Amendment 12.</p> |
| <p>Published for public comment:</p> <p>11/07/2023</p> <p>Submitted to HUD:</p> <p>01/22/2024</p> <p>Effective:</p> <p>03/05/2024</p> | <p>AMENDMENT 14: SUBSTANTIAL AMENDMENT</p> <p>The 14TH Amendment to the CDBG-DR Action Plan (Substantial) included programmatic changes for planning, housing, and economic recovery sectors.</p> <p>The proposed Vacant Properties Recovery (VPR) Program implements planning and code enforcement activities to address the issue of vacant and abandoned properties to convert them into resilience opportunities for Puerto Rico's communities. The program offers capacity building and support to municipalities to reach a resolution in terms of code enforcement. A total of \$3,000,000 was proposed to fund the new VPR Program, which was reallocated from the Program Planning (Internal) and included under Program Funds.</p> <p>PRDOH was included as the administering entity alongside Foundation for Puerto Rico since both entities have a specific role in administering the Whole Community Resilience Planning (WCRP) Program. Language adjustments were included under the WCRP Program Method of Distribution section to clarify that the Subrecipient, Foundation for Puerto Rico (FRP), role within the program is to provide education and technical assistance to eligible applicants.</p> <p>The Home Repair, Reconstruction, or Relocation (R3) Program maximum award for relocation was increased from \$185K to \$200K to cover the increasing costs of the current housing market in Puerto Rico. Additionally, the maximum award for reconstruction was also increased from \$185K to \$215K to be able to finance the increasing construction costs. Language referencing the option to postpone receiving a relocation award under the R3 Program to participate under the Single-Family Mitigation (SFM) Program was removed since R3 Program already provides benefit alternatives such as elevation, when feasible.</p> <p>The eligibility criteria under the Title Clearance (TC) Program were modified to provide assistance to individuals with properties located in a floodplain or floodway or high-risk area, which will help applicants to receive other state or Federal disaster recovery assistance.</p> <p>The Program Accomplishments section under the Small Business Incubators and Accelerators (SBIA) Program was modified to clarify that the program focuses on providing services that will help with the expansion of small businesses. This is being</p> |

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| | <p>achieved by providing access to mentoring services, professional networking, idea-exchange, and hands-on management training, among other services.</p> <p>The maximum award under the Workforce Training (WFT) Program was increased to continue funding workforce trainings programs provided by eligible entities with the capacity and expertise in areas of need for skilled resource recruitment such as the construction sector, and other sectors with the purpose furthering developing Puerto Rico's labor force. Additionally, exceptions to the maximum award may be considered for new or current WFT Program subrecipients that are focused on the construction sector and have demonstrated compliance with capacity and performance measures. The Program Accomplishments under the WFT Program were updated to clarify that the Program provides educational services that help develop the skill sets needed to acquire employment. The Workforce Training Programs section was adjusted for PRDOH to be able to directly select subrecipients to carry out workforce training programs focused on developing skills in the construction sector for the Island's recovery.</p> <p>The financial projections appendices were also updated to reflect the proposed budget changes, as well as the new grant expenditure deadline.²</p> |
| <p>Submitted to HUD:</p> <p>04/11/2024</p> <p>Effective:</p> <p>04/19/2024</p> | <p>AMENDMENT 15: NONSUBSTANTIAL AMENDMENT</p> <p>This nonsubstantial amendment included changes for the following housing, economic development, planning, and infrastructure programs:</p> <p>A total of \$2,000,000 is being was reallocated from the Rental Assistance (RA) Program to the Title Clearance (TC) Program. This change is was intended to reallocate the unexpended funds from the RA Program to the TC Program.</p> <p>Additional funding is being was reallocated to the Non-Federal Match Program (NFMP) from the following programs:</p> <ul style="list-style-type: none"> • Small Business Incubators and Accelerators Program (SBIA): (\$4,000,000) • Investment Portfolio for Growth (IPG) Program: (\$150,000,000) • Re-Grow PR Urban-Rural Agriculture (Re-Grow) Program: (\$9,000,000) • RA Program: (\$3,941,779) • City Revitalization Program (CRP): (\$34,666,280) • Whole Community Resilience Program (WCRP): (\$15,000,000) • Program Planning (Internal): (\$44,937,961) <p>The NFMP identified the need to increase the program's total budget to provide assistance to eligible faith-based organizations (FBOs)³, as well as other cost-share projects that will help the Island's recovery.</p> |

² On October 30, 2023, HUD provided PRDOH with the CDBG-DR grant agreement amendments to extend the expenditure deadlines for the following grants: B-17-DM-72-0001, B-18-DP-72-0001, and B-19-DP-72-0001. The new grant expenditure deadline is December 31, 2029.

³ On April 2, 2024, HUD published the Federal Register Notice Vol. 89, No. 64 (April 2, 2024), 89 FR 22736, which granted a waiver for PRDOH to address the unmet needs of houses of worship through non-federal cost share assistance.

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| | <p>The program description of the Homebuyer Assistance (HBA) Program was also updated to clarify that the program focuses on increasing the number of individuals and families purchasing safe and affordable housing.</p> <p>Furthermore, a minor language adjustment was made under the Home Repair, Reconstruction, or Relocation (R3) Program to correct the maximum award cap for relocation and reflect the change incorporated and approved in the Action Plan Amendment 14.</p> |
| <p>Published for public comment:</p> <p>08/13/2024</p> <p>Submitted to HUD:</p> <p>10/04/2024</p> <p>Effective:</p> <p>10/22/2024</p> | <p>AMENDMENT 16: SUBSTANTIAL AMENDMENT</p> <p>The 16TH Amendment to the CDBG-DR Action Plan (Substantial) includes programmatic changes for housing and economic recovery sectors.</p> <p>In Federal Register Notice Vol. 83, No. 28 (February 9, 2018), 83 FR 5844, HUD indicates that any “HUD-assisted homeowner of a property located in a Special Flood Hazard Area must obtain and maintain flood insurance in the amount and duration prescribed by FEMA’s National Flood Insurance Program.” Recognizing that low-to-moderate income (LMI) families may lack the financial resources to comply with this federal requirement, PRDOH has decided to include flood insurance coverage for the first year of purchase as a new program benefit and allowable cost under the Home Repair, Reconstruction or Relocation (R3) Program. This addition will not only assist LMI households in meeting federal requirements but also enable them to qualify for future disaster relief assistance and other federal housing programs. Section 105 (a) (11) – Relocation Assistance was also added as an eligible activity under the R3 Program to provide relocation payments and assistance for eligible households participating in the program. Furthermore, the Urgent Need (UN) National Objective was also added under the R3 Program to clarify that applicants that were initially determined under the LMI National Objective may be served under the UN National Objective if the UN criteria is satisfied.</p> <p>To enable housing counseling agencies (HCAs) to continue providing their services, the current maximum award and program budget under the Housing Counseling (HC) Program were increased. To this end, \$2,000,000 will be injected to HC from the R3 Program budget. These adjustments ensure that eligible participants have the opportunity to benefit from the program.</p> <p>Language under the CDBG-DR Gap to Low Income Housing Tax Credits (LIHTC) Program was modified to clarify that projects funded through this program must comply with the affordability period outlined in Federal Register Notice Vol. 83, No. 157 (August 14, 2018), 83 FR 40314, and the period required by LIHTC.</p> <p>The Homebuyer Assistance (HBA) Program proposes increasing the Urgent Need (UN) allocation by reducing the LMI budget goal. This adjustment aims to better address the needs of urgent applicants while maintaining a balanced approach to assist LMI program applicants, thereby increasing the number of families and individuals who achieve homeownership across the Island.</p> |

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| | <p>The LMI goal under the Small Business Financing (SBF) Program has been adjusted to reflect the accurate percentage increment from thirty (30%) percent to forty (40%) percent instead of seventy (70%) percent. Due to an involuntary error in the draft version of the amendment published for the 30-day public comment period, an increase to seventy (70%) percent was reflected under the program's LMI goal instead of forty (40%) percent. The error was reported to HUD and was corrected following the federal agency's recommendation. The forty (40%) percent LMI goal proposed reflects the program's current accomplishments, achieved through grants provided to small businesses that have created and expanded employment opportunities for LMI individuals.</p> <p>The Small Business Incubators and Accelerators (SBIA) Program narrative was modified to allow PRDOH to directly select eligible subrecipients that will help execute incubation and/or acceleration programs to continue fostering the growth of small and new businesses in Puerto Rico. Additionally, PRDOH will consider exceptions to the maximum awards for both new and existing subrecipients who have demonstrated compliance with capacity and performance measures. The LMI goal under the SBIA Program has also been increased to more accurately reflect the utilization of program funds in benefiting participants categorized as LMI.</p> <p>The LMI goal under the Re-Grow PR Urban-Rural Agriculture (Re-Grow) Program was increased to reflect how the program has been able to serve LMI participants by enhancing agricultural production and promoting food security.</p> |
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BUDGET REALLOCATION TABLE

The following table illustrates where funds are coming from and where they are moving to in this amendment.⁴

| Program | Previous Budget | Change | Revised Budget |
|---|------------------------|--------|------------------------|
| Planning Total | \$146,050,508 | | \$146,050,508 |
| Whole Community Resilience Planning Program | \$40,000,000 | | \$40,000,000 |
| Puerto Rico Geospatial Framework (Geoframe) | \$50,000,000 | | \$50,000,000 |
| Municipal Recovery Planning Program | \$56,050,508 | | \$56,050,508 |
| Housing Total | \$5,561,838,840 | | \$5,561,838,840 |

⁴ See 83 FR 5844, 5852.

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|---|-------------------------------|----------------------|-------------------------------|
| Home Repair, Reconstruction, or Relocation Program | \$2,922,780,619 | (\$2,000,000) | \$2,920,780,619 |
| Title Clearance Program | \$42,000,000 | | \$42,000,000 |
| Rental Assistance Program | \$14,058,221 | | \$14,058,221 |
| Social Interest Housing Program | \$50,000,000 | | \$50,000,000 |
| Housing Counseling Program | \$20,000,000 | \$2,000,000 | \$22,000,000 |
| CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) | \$1,423,000,000 | | \$1,423,000,000 |
| Community Energy and Water Resilience Installations Program | \$395,000,000 | | \$395,000,000 |
| Homebuyer Assistance Program | \$695,000,000 | | \$695,000,000 |
| <i>Economy Total</i> | <i>\$1,333,546,019</i> | | <i>\$1,333,546,019</i> |
| Small Business Financing Program | \$325,000,000 | | \$325,000,000 |
| Small Business Incubators and Accelerators Program | \$81,000,000 | | \$81,000,000 |
| Workforce Training Program | \$90,000,000 | | \$90,000,000 |
| RE-Grow PR Urban-Rural Agriculture Program | \$163,500,000 | | \$163,500,000 |
| Tourism & Business Marketing Program | \$24,046,019 | | \$24,046,019 |
| Economic Development Investment Portfolio for Growth Program | \$650,000,000 | | \$650,000,000 |
| <i>Infrastructure Total</i> | <i>\$1,130,000,001</i> | | <i>\$1,130,000,001</i> |
| Non-Federal Match Program | \$1,130,000,001 | | \$1,130,000,001 |
| <i>Multi-Sector Total</i> | <i>\$1,263,333,720</i> | | <i>\$1,263,333,720</i> |
| City Revitalization Program | \$1,263,333,720 | | \$1,263,333,720 |
| <i>Program Administration</i> | <i>\$500,290,761</i> | | <i>\$500,290,761</i> |

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|---|--------------------------------|--|---------------------------------|
| <i>Planning Programs (External)</i> | <i>\$146,050,508</i> | | <i>\$146,050,508</i> |
| <i>Program Planning (Internal)*</i> | <i>\$67,755,381</i> | | <i>\$67,755,381*</i> |
| <i>Program Funds**</i> | <i>\$9,291,718,580</i> | | <i>\$9,291,718,580**</i> |
| <i>Total</i> | <i>\$10,005,815,230</i> | | <i>\$10,005,815,230</i> |
| <p><i>* Blue Roof Survey Program's budget is included in Program Planning (Internal).</i></p> <p><i>**The Vacant Property Recovery Program's budget is included in Program Funds for the implementation of the Code Enforcement activity.</i></p> | | | |

EXECUTIVE SUMMARY

In response to Hurricanes María and Irma, Puerto Rico developed a hurricane recovery plan to address the urgent humanitarian needs of its residents in a transformative manner. The plan is based on available funding to recover and rebuild and, just as importantly, to stimulate economic growth in every affected community. This Action Plan is based on a thoughtful, coordinated approach to support the rebirth of the Island.

More so than any other United States (U.S.) recovery in modern times, Puerto Rico cannot simply rebuild damaged homes or repair damaged roads. Every program implemented and every dollar spent, must rebuild families and communities, generate a long-term investment in social capital, fortify the economy, and set the stage for stability and continuity in government modernization and efficiency for decades to come.

The true impact of these hurricanes will not be known for generations. As humanitarian aid continues and structural rebuilding increases, delivering a truly resilient recovery will take time and significant resources. Two (2) months after the hurricanes, in November 2017, Governor Ricardo Rosselló commissioned an initial damage assessment, the Build Back Better report, which identified an estimated \$94 billion in recovery need from fourteen (14) possible funding sources. The Amended Action Plan outlined in the following pages includes further analysis of early damage estimates and informs an initial program designed to address these needs with the first \$1.5 billion authorized by Pub. L. 115-56, as amended by Pub. L. 115-72, announced through 83 FR 5844, the second tranche of \$8.2 billion authorized by Pub. L. 115-123, announced through 83 FR 40314, and the latest unmet infrastructure needs allocation authorized under Pub. L. 116-20, announced in 85 FR 4681. The U.S. Department of Housing and Urban Development (HUD) is the federal oversight agency for the funds, which are administered through the Community Development Block Grant – Disaster Recovery (CDBG-DR) framework overseen by HUD.

The first Action Plan outlined the uses for the approximately \$1.5 billion in CDBG-DR made available by Congress on February 1, 2018. Subsequent amendments encompassed in this iteration of the Action Plan have further allocated an additional \$8.2 billion in a second allocation for the Island, including the additional \$277 million in unmet infrastructure needs. On April 10, 2018, after the initial \$1.5 billion was announced, Congress made available an additional \$18.5 billion in recovery funds, including funds targeted to the electric grid and mitigation activities. The parameters within which the remaining funds may be spent will be outlined in forthcoming federal guidelines, and its proposed uses determined in subsequent action plans.

At the time of submission of the Action Plan Amendment 4 (Substantial) to HUD, Puerto Rico had been assigned three (3) separate allocations of CDBG-DR funding, which in aggregate exceeds \$10 Billion programmed within this Plan. Each allocation is announced in a Federal Register Notice before being incorporated into the Action Plan and its amendments.



Since February 2018, three (3) Federal Register Notices have been published allocating CDBG-DR funds to Puerto Rico for the Island's recovery from the 2017 Hurricanes Irma and María. The Federal Register Notices allocating CDBG-DR funding to Puerto Rico are included below.⁵

| Federal Register Notice (FRN) | Publication Date | Allocation Overview |
|-------------------------------|------------------|--|
| 83 FR 5844 | February 9, 2018 | First Allocation: \$1.5 billion for unmet disaster recovery needs |
| 83 FR 40314 | August 14, 2018 | Second Allocation: Additional \$8.2 billion for unmet disaster recovery needs |
| 85 FR 4681 | January 27, 2020 | Third Allocation: \$277 million for unmet infrastructure recovery needs |

While all allocations outlined in the above table contribute to meeting Puerto Rico's unmet disaster recovery needs, PRDOH must maintain separate accounting records for each allocation. As such, with each budgetary change in the Action Plan, as amended, PRDOH must report to HUD how the budgetary change impacts each of the allocations individually, as well as how the changes impact program budgets. At the time of submission of this Action Plan to HUD, the PRDOH Action Plan has evolved over several iterations from its original version. The next table outlines each iteration of the Action Plan, with the date the Action Plan, original and as amended, became effective. All substantial amendments to the Action Plan are subject to HUD's approval before becoming effective; whereas non-substantial amendments become effective five (5) business days after submission to HUD.⁶

| Action Plan | Effective Date |
|--|-------------------|
| Action Plan (original) | July 29, 2018 |
| Action Plan; amendment 1 (substantial) | November 18, 2018 |
| Action Plan; amendment 2 (nonsubstantial) | August 23, 2019 |
| Action Plan; amendment 3 (nonsubstantial) | February 24, 2020 |
| Action Plan; amendment 4 (substantial) | August 17, 2020 |
| Action Plan; amendment 5 (substantial) | February 5, 2021 |
| Action Plan; amendment 6 (nonsubstantial) | March 15, 2021 |
| Action Plan; amendment 7 (substantial) | November 5, 2021 |
| Action Plan; amendment 8 (nonsubstantial) | February 25, 2022 |
| Action Plan; amendment 9 (substantial) | December 30, 2022 |
| Action Plan; amendment 10 (nonsubstantial) | February 17, 2023 |
| Action Plan; amendment 11 (nonsubstantial) | May 23, 2023 |
| Action Plan; amendment 12 (nonsubstantial) | August 3, 2023 |
| Action Plan; amendment 13 (nonsubstantial) | October 9, 2023 |
| Action Plan; amendment 14 (substantial) | March 5, 2024 |
| Action Plan; amendment 15 (nonsubstantial) | April 19, 2024 |
| Action Plan; amendment 16 (substantial) | October 22, 2024 |

⁵ Puerto Rico's CDBG-DR allocations are governed by additional Federal Register Notices not included in referenced table. Additional notices do not allocate funding and are thus omitted here. Funding amounts in the table are approximate amounts. Exact funding for each allocation is as follows: Allocation 1 (83 FR 5844): \$1,507,179,000; Allocation 2 (83 FR 40314): \$8,220,783,000; Allocation 3 (85 FR 4681): \$277,853,230.

⁶ 83 FR 5844, 5854.

The unmet needs profiled in this Action Plan are based on best available data gathered from federal government sources, the Government of Puerto Rico, and the public. The impacts and unmet needs remain largely unchanged from the hurricane impact data provided as part of substantial Amendment 1 due to the fact that FEMA's original damage estimates have not been revisited as the Individual Assistance Program ended, Public Assistance Program obligations are still underway, and FEMA Hazard Mitigation Assistance support figures remain under evaluation, in accordance with FEMA deadlines.

Public comments submitted to the original Action Plan and through the substantial amendment process are incorporated as part of this professional analysis and report; a testament to the voice of the Puerto Rican people in the mission to rebuild their Island. As additional data is published by entities involved in the Hurricanes María and Irma recovery efforts and/or general U.S. Census Bureau data is updated to reflect a change in population characteristics, the unmet needs profiled in this Action Plan will be updated appropriately.

Through the available data and input from multiple stakeholders, Puerto Rico has structured comprehensive programs eligible under CDBG-DR rules and guidelines to align with unmet needs. The Federal Register 83 FR 5844 required: "...each grantee to primarily consider and address its unmet housing recovery needs." Therefore, as stipulated by HUD and supported by federal data, programs under the \$1.5 billion focused primarily on housing activities and other activities supporting housing recovery. These programs represented just the beginning of the recovery process, meeting a fraction of the Island's needs. They must continue to be built upon over the coming years. The programs funded under the first Action Plan for the initial \$1.5 billion allocation were:

| Initial Action Plan Program Funding by Category | |
|---|------------------------|
| Program Administration | \$75,358,950 |
| Planning Activities & Planning Programs | \$175,250,000 |
| Housing Programs | \$1,011,570,050 |
| Economic Programs | \$145,000,000 |
| Infrastructure Programs | \$ 100,000,000 |
| Total Allocation | \$1,507,179,000 |

However, as the 83 FR 40314 allowed for an expansion of activities, the Action Plan Amendments include comprehensive recovery programs in the areas of Housing, Infrastructure, Economic Recovery, Planning, and Multi-Sector efforts, as shown in the image on the following page. Budget changes to allocate sufficient funding into these programs are described at the end of this Executive Summary.



The Puerto Rico Department of Housing (PRDOH) has been appointed by the Governor of Puerto Rico as the responsible agency for the administration of the CDBG-DR grant program in close collaboration with the Central Office of Recovery, Reconstruction, and Resilience (COR3). PRDOH is committed to the responsible, efficient, and transparent administration of the CDBG-DR funds allocated to the Island. PRDOH has the financial management systems, policies, procedures, and practices necessary to uphold fiscal responsibility as demonstrated to HUD. PRDOH will use procedures, systems, and monitoring strategies that encompass cross-cutting regulatory requirements, including: HUD regulations, civil rights, environmental regulations, labor standards, fair housing law, citizen participation, and record keeping. PRDOH will use these procedures to ensure compliance with Pub. L. 115-56 and Pub. L. 115-123, as amended, and corresponding Federal Register Notices.

COORDINATED APPROACH

The initial Action Plan was coordinated with the strategies outlined in the Fiscal Plan and Recovery Plan even as those plans were being finalized. These key tenets include the use of existing and consolidated governmental agencies as subrecipients in the recovery as a mechanism to strengthen institutional capacity. The federal compliance requirements of federal recovery funding will be leveraged to entrench a culture of transparency in participating institutions and facilitate the modernization of governmental practices and services.

Furthermore, Action Plan Amendment 1 (Substantial), approved by HUD on February 20, 2019, incorporated the Federal Register Notice 83 FR 40314, 40316 requirements to ensure the Action Plan be “reviewed for consistency with the Commonwealth's 12- and 24-month economic and disaster recovery plan required by Section 21210 of Pub. L. 115-123, the Commonwealth's fiscal plan, and CDBG-DR eligibility”. Additionally, PRDOH consulted with affected citizens, stakeholders, local governments, and public housing authorities, and has continued to do so for each substantial amendment. The approved text of Substantial Amendment 1 and all amendments published to date is incorporated into this iteration of the Action Plan and carries through in program coordination and implementation.



FISCAL PLAN FOR PUERTO RICO⁷

As required by Congress, the Governor of Puerto Rico submitted a Fiscal Plan to the Financial Oversight and Management Board (FOMB) of Puerto Rico. The Fiscal Plan provides an overview of the actions, reforms, and fiscal measures that will improve the public and private sectors in Puerto Rico and begin to pave the path to meet the objectives laid out in the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA).

⁷ Link to Plan: <https://www.aafaf.pr.gov/assets/Fiscal-Plan-for-PR-August-20-2018.pdf> - August 20, 2018. An updated draft has been posted on the FOMB website as of October 22, 2018.

The Fiscal Plan includes a series of reforms across four broad sectors to improve the economy's direction and drive growth and prosperity across the Island.

1. Human capital: Promote labor force participation by implementing formal work incentives and benefits, providing workforce development and training, and improving welfare reform.
2. Business: Increase the ease of doing business by reducing the barriers of starting and sustaining business practices such as expediting and simplifying the process of paying taxes, obtaining permits and operational licensing, importing, and transporting goods, and registering properties.
3. Power and Energy: Provide low-cost and reliable energy through various means, including but not limited to a role transformation of the Puerto Rico Electric Power Authority (PREPA) and the foundation of "an independent, expert, and well-funded energy regulator."⁸
4. Infrastructure: Effectively utilize Federal funds to prioritize economically transformative capital investment to implement maintenance and infrastructure policies.

TRANSFORMATION AND INNOVATION IN THE WAKE OF DEVASTATION: AN ECONOMIC AND DISASTER RECOVERY PLAN FOR PUERTO RICO⁹

As required by Pub. L. 115-123, the Governor of Puerto Rico submitted to the United States Congress Puerto Rico's 12 and 24-month economic and disaster recovery plan to outline his vision for the Island. This comprehensive recovery plan aligns with the structure of the National Disaster Recovery Framework and addresses factors identified by Congress in the allocation law. In accordance with Congressional regulation, this plan was certified by the FOMB. This recovery plan is focused on four primary goals:

1. Society: Reduce citizen emigration by repairing human welfare while promoting an educated, healthy, and ultimately sustainable society.
2. Resiliency: Prepare Puerto Rico's individuals, businesses, and communities to better withstand and recover from future disasters by implementing redundant energy systems and improved codes and standards.
3. Economy: Promote and incentivize sustainable economic development and job growth, revitalize urban centers, and minimize the risk of doing business to contribute to a more competitive and prosperous economy and social transformation.
4. Infrastructure: Support all Puerto Rican citizens and industries by rethinking, redesigning, reconstructing, and strengthening the critical infrastructure to become a more modern and resilient system. In turn, providing reliable and affordable energy, water, communications, and transportation to improve emergency preparedness and resiliency.

HUD AND THE CIVIC SECTOR

In addition to a review for consistency with the Fiscal Plan and the Economic and Disaster Recovery Plan (the Recovery Plan), the Relimagina Puerto Rico report and the HUD Housing Damage Assessment and Recovery Strategies report also informed this Substantial Amendment. The reason for the attention to these plans is two-fold; the Relimagina Puerto Rico engagement process has been ongoing and has engaged residents in communities across the Island, while the HUD Housing Damage Assessment and

⁸ Fiscal Plan for Puerto Rico, August 20, 2018, Revision; page 9.

⁹ Link to plan: <https://recovery.pr/documents/pr-transformation-innovation-plan-congressional-submission-080818.pdf>, August 8, 2018.

Recovery Strategies report summarizes Puerto Rico's key issues and challenges, such as Puerto Rico's housing market conditions, unmet needs, and ongoing recovery strategies.



REIMAGINA PUERTO RICO REPORT¹⁰

The Advisory Commission for a Resilient Puerto Rico has developed a series of recommendations on how to use philanthropic and governmental – both local and federal – funding sources to contribute to the reconstruction of Puerto Rico in a way that strengthens the Island physically, economically, and socially, and manages to prepare it to face the challenges of the future. This plan contains recommendations on 6 sectors:

1. **Housing:** Develop a series of strategies that reduce exposure to risks and promote the empowerment of the community by facing the diversity of socioeconomic conditions, types of housing, and tenure in Puerto Rico.
2. **Energy:** Address the energy needs of Puerto Rico through the transformation of electric power infrastructure into an affordable system, reliable and innovative, which at the same time reduces the adverse health impacts on people and the environment.
3. **Natural Infrastructure:** Improve the health and well-being of the people, promote economic development, and reduce exposure to hazards through sustainable use of the natural resources of Puerto Rico.
4. **Economic Development:** Develop a wide variety of economic activities that increase the resilience of Puerto Rico, improve existing capacities and employment opportunities, and reduce inequalities.
5. **Physical Infrastructure:** Develop and maintain infrastructure systems that are accessible, integrated, flexible, and robust enough for them to sustain crucial operations for the well-being of Puerto Ricans.

¹⁰ <https://grupocne.org/reimagina-puerto-rico/>.

6. Health, Education & Social Services: Develop initiatives that guarantee the provision of health, educational and social services to reduce existing and future vulnerabilities, and in turn, chart the path towards greater equity and well-being with more participation of people in its definition and implementation.

HUD DAMAGE ASSESSMENT AND RECOVERY STRATEGIES REPORT¹¹

This report was created through extensive data gathering and strategy development in collaboration with FEMA and other federal partners. The report is meant to guide Puerto Rico toward the successful fulfillment of three primary goals:

Recovery Goal 1: Stabilize homeowner and renter housing market

Recovery Goal 2: Restore housing infrastructure

Recovery Goal 3: Build local capacity to support housing recovery¹²

SPECIAL CONSIDERATIONS OF 83 FR 40314

The Substantial Amendments have been created and continue to be created in accordance with Federal Register Notice 83 FR 40314 and Pub. L. 115-56, both of which have provided clear and specific guidance. PRDOH has continuously gathered data from and collaborated with citizens, island-wide stakeholders, local governments, and public housing authorities to update the impact and needs assessment.

The initial Action Plan has been modified in accordance with extended funding and expanded opportunities as permitted by Federal Register 83 FR 40314. All related changes made in each Action Plan Amendment are distinctly identified with highlighted text to illustrate the differences from previous versions. Changes identified in previous Action Plan Amendments have since been approved and incorporated as non-highlighted text into the current version of the amended Action Plan.

OPPORTUNITY ZONES

Throughout the design and implementation of the programs described in Action Plan Amendment 1 and incorporated into the subsequent versions of the Action Plan, as amended, the Plan acknowledges federally created opportunity zones which provide a viable means to leverage federal funding to help facilitate recovery and economic development, as permitted. The Economic and Disaster Recovery Plan outlines these zones' definitions.

The Opportunity Zones legislation aims to attract investment capital through a unique tax-advantaged opportunity to invest "recognized capital gains" in Qualified Opportunity Zones. Under the Opportunity Zone Program, states nominate low-income communities to be designated as Qualified Opportunity Zones, which are then eligible for the tax benefit. In the case of Puerto Rico, virtually 95% of the Island has been designated a Qualified Opportunity Zone.¹³

Opportunity Zones are designated by the U.S. Department of the Treasury and the Internal Revenue Service and represent a critical opportunity in the rebirth and revitalization of the Island. In alignment with this emphasis in the Economic and Disaster Recovery Plan, the first substantial amendment included support for facilitating the successful deployment of these essential zones to effectively leverage private

¹¹ HUD Housing Damage Assessment and Recovery Strategies Report.

¹² Housing Damage Assessment and Recovery Strategies Report Puerto Rico; page 5.

¹³ Transformation and Innovation in the Wake of Devastation: An Economic and Disaster Recovery Plan for Puerto Rico; page 26.

capital and federal funding to stimulate economic recovery. Consistent with applicable requirements, such support could range from discrete, “stand-alone” projects to broader facilitation of economic development initiatives, including job creation, blight removal, and infrastructure initiatives.

CONSTRUCTION COST VERIFICATION

83 FR 40314 requires grantees to assure “that construction costs are reasonable and consistent with market costs at the time and place of construction.”¹⁴ Cost reasonableness refers to the price a prudent businessperson would pay for an item or service under competitive market conditions, given a reasonable knowledge of the marketplace. “The method and degree of analysis may vary dependent upon the circumstances surrounding a particular project (e.g., project type, risk, costs), but the description must address controls for housing projects involving eight or more units (whether new construction, rehabilitation, or reconstruction), economic revitalization projects (involving, construction, rehabilitation, or reconstruction), and infrastructure projects. HUD may issue guidance to grantees and may require a grantee to verify cost reasonableness from an independent and qualified third-party architect, civil engineer, or construction manager.”

To establish the cost reasonableness of the goods and services under the CDBG-DR program, PRDOH may perform one or more of the following analyses:

- **Comparison of Proposed Costs Received as Part of a Solicitation Process:** For the CDBG-DR program, PRDOH will acquire all goods and services through procurement processes such as micro-purchases, small purchases, sealed bidding, and competitive proposals, among others. Adequate price competition establishes cost reasonableness. This will be the most common technique used to establish cost reasonableness, as Government procurement processes normally attract two or more offers in an independent competition for an award, which establishes current market values.
- **Comparison of Proposed Prices with Prior Solicitation Processes:** During the life cycle of the CDBG-DR grant, PRDOH may procure certain goods or services in multiple instances. PRDOH may also procure goods or services for which similarities exist under other projects not necessarily related to CDBG-DR. Comparing the prices obtained through prior solicitation processes may be used to establish cost reasonableness. Depending on the timing of the prices being compared, adjustments for inflation may be required to compare data in a fair manner.
- **Comparison of Proposed Prices and Historical Contracts:** PRDOH has extensive historical contract data for previous projects performed. This data may be used by PRDOH when procuring goods or services similar in nature to those performed in the past to establish cost reasonableness. Depending on the timing of the prices being compared, adjustments for inflation may be required to compare data in a fair manner.
- **Comparison of Proposed Prices with Independent Cost Estimates:** For the CDBG-DR program, PRDOH will acquire all goods and services through procurement processes such as micro-purchases, small purchases, sealed bidding, and competitive proposals, among others. For all of these, the procedures established by PRDOH require the User Area requesting the services to provide an independent cost estimate of the goods or services to be procured. Comparison of

¹⁴ 83 FR 40314; 40318.

these independent cost estimates with proposed prices may be used to establish cost reasonableness.

- **Comparison of Proposed Prices with Prices Obtained through Market Research:** When a good or service has an established market price, whether locally or in another jurisdiction, the verification of an equal or lower price may be used to establish cost reasonableness. Furthermore, when the market value of a specific good or service is not found, a comparison with a substantially similar good or service may be performed to establish cost reasonableness.

ACTION PLAN AMENDMENTS

On February 1, 2018, HUD allocated approximately \$1.5 billion of funds appropriated by Congress, through Pub. L. 115-56, to Puerto Rico to address the serious unmet recovery needs on the Island. The Federal Register Notice for that allocation was 83 FR 5844, published on February 9, 2018. Puerto Rico submitted the Action Plan outlining the approach for those initial funds to HUD on June 14, 2018. It was approved on July 29, 2018.

On April 10, 2018, HUD allocated an additional \$18.5 billion to further support Puerto Rico's recovery to rebuild communities impacted by Hurricanes María and Irma, and to protect them from major disasters in the future. The funds under this \$18.5 billion allocation could only be accessed after guidelines for their use were published by HUD in Federal Registers and after Puerto Rico submitted Action Plans outlining the use of the funds as established in the respective Registers. Approximately \$8.2 billion of those funds were announced for Puerto Rico and published in HUD program rules on August 14, 2018, in Federal Register Notice 83 FR 40314. The Notice outlined the requirements for the utilization of the \$8.2 billion, as well as the requirements for the Action Plan Substantial Amendment process.

The Federal Registers and Allocations included in the initial Action Plan and incorporated amendments are as follows:

| DISASTER NO. | ALLOCATION UNDER PUB. L. 115-56 (COVERED BY PREVIOUS NOTICE 83 FR 5844): PROGRAMS OUTLINED IN THE INITIAL ACTION PLAN | UNMET NEEDS ALLOCATION UNDER PUB. L. 115-123 (COVERED BY NOTICE 83 FR 40314): PROGRAMS OUTLINED IN ACTION PLAN AMENDMENT 1 (SUBSTANTIAL AMENDMENT) | UNMET NEEDS ALLOCATION UNDER PUB. L. 116-20, \$431,000,000 MADE AVAILABLE TO GRANTEEES THAT RECEIVED FUNDS FOR 2017 DISASTERS OUTLINED IN AMENDMENT 4 (SUBSTANTIAL AMENDMENT) | COMBINED ALLOCATION FOR UNMET NEEDS (PUB. L. 115-56 AND PUB. L. 115-123) TOTAL INCLUDED IN ACTION PLAN AMENDMENT 4 |
|-----------------------|--|---|--|---|
| 4336/ 4339 | \$1,507,179,000 | \$8,220,783,000 | \$277,853,230 | \$10,005,815,230 |

This Action Plan encompasses the approximately \$10 billion allocated through Federal Registers to Puerto Rico, as outlined above. The remaining funds for mitigation activities and the enhancement of the electrical power system were outlined by HUD in separate Federal Register Notices.

ACTION PLAN AMENDMENT 1 (SUBSTANTIAL)

The initial June 14, 2018, Action Plan for the \$1.5 billion centered on addressing urgent housing and socio-economic needs and laying the foundation for the next phase of the long-term recovery. These foundational approaches included:

1. Planning: Develop a roadmap of success for communities, government agencies, residents, and the private sector.
2. Housing: Structure programs to meet the immediate needs of the most vulnerable individuals.
3. Economy: Transform the current economic status by focusing on economic recovery activities.
4. Infrastructure: Allocate a matching fund for approved FEMA and HMGP projects to meet infrastructure needs.

The Substantial Amendment for an additional \$8.2 billion allocated additional funding to the initiatives mentioned above. It also expanded the scope to further benefit the development and implementation of the programs. Several of the initial programs were adjusted by redefining, expanding, and clarifying some of the program activities. Moreover, the remaining available funding was used to create latest programs that correspond to the details of 83 FR 40314, such as “address long-term recovery and restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas... additionally, [PRDOH] may include disaster-related preparedness and mitigation measures...”.

Each program outlined in the amended plan included cross-references to the Course of Action (COA) from the Puerto Rico Recovery Plan with which the activity corresponds. Programs were reviewed for consistency with the Fiscal Plan.

Action Plan Amendment 1 (Substantial Amendment) augmented the budget in the following manner:¹⁵

| | First Allocation | Second Allocation | Total Current Allocation |
|--|------------------|-------------------|--------------------------|
| PLANNING | \$175,250,000 | \$309,743,850 | \$484,993,850 |
| HOUSING | \$1,011,570,050 | \$2,850,000,000 | \$3,861,570,050 |
| ECONOMIC RECOVERY | \$145,000,000 | \$1,375,000,000 | \$1,520,000,000 |
| INFRASTRUCTURE | \$100,000,000 | \$1,375,000,000 | \$1,475,000,000 |
| MULTI-SECTOR | \$0 | \$1,900,000,000 | \$1,900,000,000 |
| <i>*Does not include administration. See complete budget in Program section.</i> | | | |

ACTION PLAN AMENDMENT 2 (NONSUBSTANTIAL)

On August 16, 2019, PRDOH submitted a nonsubstantial amendment of the Action Plan to HUD. The changes included in that nonsubstantial amendment are incorporated into this document, as outlined in the Summary of Changes table at the beginning of this Plan and became effective on August 23, 2019.

¹⁵ 84 FR 4836 published on February 19, 2019, limited the amount of funding available for the Mortgage Catch-Up Program (Housing) and Tourism & Business Marketing Program (Economic Recovery) proposed to HUD with the submittal of the Amendment on November 16, 2018. PRDOH was required by HUD to re-program these \$190 million in a subsequent Action Plan Amendment, which was done in Amendments 2 and 3. <https://www.govinfo.gov/content/pkg/FR-2019-02-19/pdf/2019-02695.pdf>

Action Plan Amendment 2 (Nonsubstantial Amendment) reallocated \$45 million from the Mortgage Catch-Up Program (Program previously not approved by HUD) and \$25 million from Strategic Projects and Commercial Redevelopment Program to the Home Repair, Reconstruction or Relocation (R3) Program and Workforce Training Program under the first allocation (the \$1.5 billion). In summary, the \$70 million reallocation was used to increase the R3 Program budget by \$50 million to meet estimated demand, as well as to increase the Workforce Training Program Budget by \$20 million under the first allocation.

ACTION PLAN AMENDMENT 3 (NONSUBSTANTIAL)

On February 17, 2020, PRDOH submitted a nonsubstantial amendment of the Action Plan to HUD. Modifications in the amendment primarily addressed the redistribution of unallocated funds awarded to Puerto Rico through Federal Registers 83 FR 5844 and 83 FR 40314, as well as the reallocation of certain program funds for priority housing and multisector programs. These budgetary modifications were tracked in the budget table as well as program profiles for the following changes:

- The \$145,000,000 previously pending reallocation was allocated across multiple programs.
- Funding was reallocated to increase the overall budget for the following programs:
 - The Home Repair, Reconstruction, or Relocation Program increased by \$800 million.
 - CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) increased by \$13 million.
 - City Revitalization Program increased by \$23 million.
 - Small Business Financing Program increased by \$25 million.
- Funding was reallocated from the following programs:
 - Community Energy and Water Resilience Installations Program.
 - Strategic Projects and Commercial Redevelopment Program.
 - Economic Recovery Planning Program.
 - Puerto Rico by Design Program.
 - RE-GROW PR Urban-Rural Agriculture Program.

Programmatic changes included the renaming of the FEMA Coordination Program to the Non-Federal Match Program. Other programmatic changes established clarity of administrative roles to allow PRDOH to enter directly into agreements with select subrecipients in the administration of grant programs and clarified the types of entities eligible for competitive selection in the administration of projects. Programmatic changes also included technical clarifications regarding Housing and Community Development Act citations, clarification of program objectives, clarification of eligibility criteria, and clarification of priorities in the general areas of Planning, Housing, Economic, and Infrastructure recovery.

Additional changes included moving all amendment descriptions in the Executive Summary to the end of the section, as well as minor punctuation and grammar corrections. Amendment 3 also included the following language changes: (1) substituted *municipio* for municipal and *municipios* for municipality; (2) addressed grammatical errors replacing Maria for María, island for Island, action plan for Action Plan, federal register for Federal Register, and program for Program, when applicable; (3) updated figure and table citations and numbering; (4) spelled out commonly used acronyms when they appeared for the first time; and (5) corrected all references to DMO to the official business name and acronym “Corporation for the Promotion of Puerto Rico as a Destination, Inc., doing business as Discover Puerto Rico (DPR).”

ACTION PLAN AMENDMENT 4 (SUBSTANTIAL)

The changes included in the 4th substantial amendment incorporated \$277,853,230 in additional CDBG-DR funds allocated to Puerto Rico through Federal Register 85 FR 4681 for unmet Infrastructure needs.

Eligible activities as allowed under the Housing and Community Development Act of 1974 (HCDA), as amended, 42 USC §5305 were clarified and expanded for the following Housing, Economic Development, and Infrastructure programs:

- Whole Community Resilience Program
- Agency Planning Initiatives Program
- Social Interest Housing Program
- Small Business Financing Program
- Economic Development Investment Portfolio for Growth Program
- Non-Federal Match Program (previously the FEMA Coordination Program)
- Critical Infrastructure Resilience Program
- Community Resilience Centers Program
- City Revitalization Program
- Puerto Rico by Design Program

This substantial amendment also eliminated the Mortgage Catch-Up Program due to HUD limitations on funding for this activity; eliminated the Economic Recovery Program as activities for this program were encompassed in other economic recovery and planning efforts; and consolidated the Strategic Projects and Commercial Redevelopment Program under the Economic Development Investment Portfolio for Growth. Additional changes included modifications to the budget table to add a new column for allocation 3 and the relocation of LMI goal percentages to program profile pages, the update of table numbering due to the introduction of new content, revisions to a few images that correspond to text changes within the plan, the correction of Amendment 3 language to past tense, and other minor grammatical changes.

ACTION PLAN AMENDMENT 5 (SUBSTANTIAL)

The changes included in this substantial amendment were mainly focused on streamlining Puerto Rico's CDBG-DR program portfolio, while still addressing identified needs to expedite program delivery.

Eligible activities, as allowed under the HCDA, were clarified, and expanded for the following programs:

- Puerto Rico Geospatial Framework Program (previously the Agency Planning Initiatives Program)
- Non-Federal Match Program
- City Revitalization Program

Puerto Rico Geospatial Framework Program (GeoFrame) objectives and activities were expanded to include the scope proposed by the FOMB. Among the changes to this program were:

- The creation of a comprehensive data system, online portals for mapping and map analyses, and a cohesive set of spatial data infrastructure tools to support all aspects of Puerto Rico's ongoing recovery and resilience.
- To support a comprehensive, cohesive Spatial Data Infrastructure (SDI) for Puerto Rico.

- To compile, collect and create the data necessary to develop a complete, standardized Geographic Information System (GIS) database and mapping portal.
- Give the program a new name that better describes its scope, objectives, and activities.

Non-Federal Match Program was expanded to undertake activities from the Critical Infrastructure Resilience Program. PRDOH has found that the compatibility of these two programs made them ideal candidates for consolidation. By broadening the activities under the Non-Federal Match Program, the administrative burden for entities applying to the new program was reduced, making the implementation of these programs more efficient.

The City Revitalization Program was expanded to allow for the creation of Community Resilience Centers setting aside funds for this specific activity. As the City Revitalization Program has been deployed, consolidating the Community Resilience Centers' activity into the program would expedite the development of Community Resiliency Centers.

This substantial amendment also eliminated the Construction and Commercial Revolving Loan Program (CCRL), Multifamily Reconstruction, Repair, and Resilience Program (Multifamily R3), and Puerto Rico by Design Program. CCRL was initially focused on providing grants and loans to contractors to assist in their capacity building. PRDOH has instead decided to focus the assistance in these two streams of funding: grants under the Small Business Financing Program and loans in Economic Development Portfolio for Growth Program. Additionally, PRDOH has been able to procure Construction Managers with enough capacity to quickly undertake construction activities for disaster recovery sooner than waiting for full implementation of the CCRL program. Funds from CCRL were reallocated into the Workforce Training Program and Small Business Incubators and Accelerators Program.

The LIHTC Program included the construction of affordable new multifamily units. As the LIHTC Program is underway, the Multifamily Reconstruction, Repair, and Resilience Program (Multifamily R3) funds reallocation maximized leverage for quick and efficient program delivery.

Reallocation of funds from the Puerto Rico by Design Program into the Non-Federal Match Program was needed to broaden the possibilities of assistance in the infrastructure sector. Infrastructure is the backbone of a resilient Puerto Rico and the foundation for economic development. As such, the Non-Federal Match Program is one of PRDOH's top priorities in the infrastructure sector.

Additional changes in this amendment included the clarification of eligibility criteria and program description of the following programs:

- Community Energy and Water Resilience Installations Program
- Small Business Financing Program
- Small Business Incubators and Accelerators Program
- Workforce Training Program
- Tourism and Business Marketing Program
- Economic Development Investment Portfolio for Growth Program

ACTION PLAN AMENDMENT 6 (NONSUBSTANTIAL)

Modifications in this amendment were focused on reallocating \$250,000,000 funds into the CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) for preservation, rehabilitation, or qualified new construction projects that are part of a comprehensive plan to redevelop, replace and/or rehabilitate existing Puerto Rico Public Housing Administration's affordable housing inventory. These budgetary modifications are tracked in the budget table as well as in the profiles of the programs.

Programmatic changes included the elimination of the rounds in the City Revitalization Program to expedite program delivery, the assignment of funds for the San Juan and Mayagüez municipal governments for the redevelopment of urban areas surrounding the University of Puerto Rico (UPR), Río Piedras and Mayagüez campuses, and to express that the Community Resilience Centers projects will be undertaken by a subrecipient. Main amendments to the Home Repair, Reconstruction, or Relocation (R3) Program included in this iteration aimed to ease applicant responsibilities after receiving assistance from the Program. These changes included the reduction of the affordability period for reconstruction and relocation activities, from fifteen (15) years to five (5) years, the elimination of the Housing Quality Standard (HQS) requirement for existing replacement homes, and the inclusion of clarifying language.

Additional changes included the elimination of the table that listed how funding allocations per program sector changed from each iteration of the Action Plan. It was replaced with a table that shows how funding has been reallocated per program sector in this iteration of the Action Plan.

ACTION PLAN AMENDMENT 7 (SUBSTANTIAL)

The changes included in Action Plan Amendment 7 (APA7) were mainly focused on the Housing sector. In APA7 PRDOH proposed the addition of a new housing program, the Blue Roof Repair Program. This program is meant to provide municipalities with resources to develop single-family housing solutions sufficient to make damaged homes with blue roofs (blue tarps) apt for occupancy through intermediate or long-term assistance. Funds from other programs were reallocated into the new Blue Roof Repair Program to broaden the housing recovery efforts. Funds from the Home Repair, Reconstruction, or Relocation Program (R3) and the Non-Federal Match Program (NFMP) were reallocated, including the elimination of the Home Resilience and Innovation Competition Program and the reallocation of program funds into the new program for the housing sector.

Another significant modification in this iteration of the Action Plan was the inclusion of elevation as an allowable construction activity under the R3 Program, when reasonable. Eligible applicants with homes located in the floodplain which qualify for substantial improvement rehabilitation will be offered elevated reconstruction when reasonable, or relocation when elevated reconstruction is not reasonable. Additionally, the R3 Program in this substantial amendment provided homeowners with clear titles whose homes suffered more than \$60,000 in damages, the opportunity to relocate by forgoing a reconstruction award and accepting a relocation voucher.

Modifications in this substantial amendment also clarified the definition of Critical Recovery Workforce (CRW) member within the HBA Program and included an increased maximum award. Another program receiving an increase to the maximum award was the Small Business Financing Program (SBF). Programmatic changes also included new or clarifying eligibility criteria for the following programs:

- Community Energy and Water Resilience Installations Program,

- Non-Federal Match Program,
- Economic Development Investment Portfolio for Growth Program,
- Homebuyer Assistance – Mortgage Buydown,
- City Revitalization Program.

Additional changes were introduced to update the Elevation Standards section and the Unmet Needs Assessment.

ACTION PLAN AMENDMENT 8 (NONSUBSTANTIAL)

This amendment included nonsubstantial updates and clarifying language for the following programs:

- Small Business Financing Program,
- Re-Grow Program,
- Tourism and Business Marketing,
- Homebuyer Assistance Program,
- Housing Counseling,
- City Revitalization, and
- Home Repair, Reconstruction, or Relocation Program (R3).

Modifications in the Small Business Financing Program clarified that grants may be awarded for equipment. In the Re-Grow Program, the Department of Agriculture was included as Subrecipient. In the Tourism and Business Marketing Program, a footnote related to the program time extension was updated to reflect the current time-extension waiver as requested to HUD. The Homebuyer Assistance Program was updated to clarify that this program assists applicants seeking mortgage loans. The Housing Counseling Program National Objective was being updated to reflect assistance to 100% LMI-Limited Clientele population, as per HUD consultation. Updates to the City Revitalization Program included specifying the HOME rent calculation for affordable housing projects. For the R3 Program, the graphic workflow was updated to better represent each of the steps.

ACTION PLAN AMENDMENT 9 (SUBSTANTIAL)

The substantial amendment incorporated programmatic changes for housing, economic development, and multisector programs such as the Blue Roof Repair Program (BRRP), Homebuyer Assistance (HBA) Program, Social Interest Housing (SIH) Program, Economic Development Investment Portfolio for Growth (IPG) Program, Community Energy and Water Resilience Installations (CEWRI) Program, CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC), Home Repair, Reconstruction, or Relocation (R3) Program, and more.

The BRRP changes included an alteration to the program scope to focus on the compilation of data needed to identify the housing structures that remain with blue roofs to assess the unmet needs. This modification of the program scope also resulted in the renaming of the program to the Blue Roof *Survey* Program, removal of its national objective and a change in the administering entity to PRDOH. Due to the program scope change intended for planning, a reallocation from the Blue Roof Survey Program to the R3 Program was reflected on the budget table and program profiles.

The HBA Program change removed the restriction on Special Flood Hazard Area to provide more options for participants when selecting a home from the increasingly limited stock in the housing market.

Furthermore, the program also removed language referencing the Mortgage Buydown subprogram after receiving HUD denial of the waiver requested for the implementation of this activity. Changes in the SIH Program were intended to clarify that PRDOH will determine affordable rents for housing projects as the lesser of the calculated High HOME rent or the maximum of 30% of annual household income for an LMI household. Additional changes in the SIH Program were intended to address unforeseen conditions and allow the program to evaluate on a case-by-case basis extenuating circumstances that may require assistance above the maximum award. The CEWRI Program update clarified that only participants from the CDBG-DR R3 Program will be referred to and served by this Program. Clarifying language was also included for the R3 Program to express that relocation applicants may be provided with additional forms of assistance to secure an eligible replacement home.

The modification in the IPG Program removed the healthcare facilities set-aside to target infrastructure improvements for Puerta de Tierra, Bahía Urbana, and Navy Pier identified pilot project for economic revitalization. Additional changes to the IPG Program included language clarifying that PRDOH will determine whether an applicant is eligible to receive loan forgiveness, as well as an update to the distribution method. The Re-Grow Program national objective was modified to reflect a fifty percent (50%) LMI goal. Another change to the Re-Grow Program included an update determining that PRDOH will be responsible for the distribution of grants. The WFT Program was also updated to remove a reference to the SPEARS system, which is no longer used as a reporting system.

The City Revitalization Program distribution method was updated to clarify that PRDOH will not select a single subrecipient to plan and manage the implementation of the CRC initiative, instead the participating municipalities will undertake these responsibilities.

This amendment reallocated funds into the CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) from the Non-Federal Match Program to assist in increasing the number of affordable housing units with LIHTC Projects.

All budgetary changes were reflected on the budget table as well as the program profiles. The revisions introduced in this amendment included minor changes such as language from previous amendments corrected to past tense and other minor grammatical changes.

ACTION PLAN AMENDMENT 10 (NONSUBSTANTIAL)

Modifications in this nonsubstantial amendment included the reallocation of \$382.5M funds from the Non-Federal Match Program to increase the overall budget for the following programs:

- Homebuyer Assistance Program (\$200M)
- Small Business Financing Program (\$100M)
- Re-Grow PR Urban-Rural Agriculture Program (\$80M)
- Housing Counseling Program (\$2.5M)

The reallocation ensured the programs continued delivering assistance to eligible applicants. All budgetary modifications were tracked in the budget table and program profiles. Revisions introduced in this amendment included minor changes such as language from previous amendments corrected to past tense and other minor grammatical changes.

ACTION PLAN AMENDMENT 11 (NONSUBSTANTIAL)

The nonsubstantial amendment reallocated funds from the Tourism and Business Marketing (TBM) Program to Non-Federal Match (NFM) Program. The purpose of this change was to reallocate unexpended funds from the TBM Program. All budgetary modifications were tracked in the budget table and program profiles.

ACTION PLAN AMENDMENT 12 (NONSUBSTANTIAL)

The nonsubstantial amendment was focused on two (2) modifications: the reallocation of \$25 million from general planning into the CEWRI Program and the reallocation of \$60 million from the R3 Program to the LIHTC Program. Additional funding was needed to address the increased need for assistance to the R3 relocation applicants now being added to the program's installation pipeline. Additional funding was also needed for the LIHTC Program in order to balance the needs of renters and homeowners in Puerto Rico while increasing the available inventory of affordable housing.

ACTION PLAN AMENDMENT 13 (NONSUBSTANTIAL)

The nonsubstantial amendment reallocated funds from the following programs:

- Home Repair, Reconstruction, or Relocation (**R3**) Program (-\$432.5M)
- Social Interest Housing (**SIH**) Program (\$12.5M)
- CDBG-DR Gap to Low Income Housing Tax Credits (**LIHTC**) Program (\$150M)
- Homebuyer Assistance (**HBA**) Program (\$200M)
- Community Energy and Water Resilience Installations (**CEWRI**) Program (\$70M)

The reallocation into the SIH Program allowed Social Interest Housing projects facing increased construction costs in Puerto Rico to move forward with the construction phases. The additional funding provided to the LIHTC Program helped further assist in implementing affordable housing projects for low-to-moderate income communities. Regarding the reallocation for the HBA Program, these funds ensured that eligible applicants continued to be provided with homeownership assistance. For the CEWRI Program, this reallocation was essential as the program projections demonstrated the need for additional funding to continue offering assistance to the R3 Program participants.

Additionally, minor changes to the LIHTC Program were conducted to reflect the increase to the Puerto Rico Public Housing Administration (**PRPHA**) set-aside as part of the reallocation introduced in the previous Action Plan Amendment 12.

ACTION PLAN AMENDMENT 14 (SUBSTANTIAL)

The 14TH Amendment to the CDBG-DR Action Plan (Substantial) included programmatic changes for planning, housing, and economic recovery sectors.

The proposed Vacant Properties Recovery (VPR) Program implements planning and code enforcement activities to address the issue of vacant and abandoned properties to convert them into resilience opportunities for Puerto Rico's communities. The program offers capacity building and support to municipalities to reach a resolution in terms of code enforcement. A total of \$3,000,000 is being proposed to fund the new VPR Program, which would be reallocated from the Program Planning (Internal) and included under Program Funds.

PRDOH was included as the administering entity alongside Foundation for Puerto Rico since both entities have a specific role in administering the Whole Community Resilience Planning (WCRP) Program. Language adjustments were included under the WCRP Program Method of Distribution section to clarify that the Subrecipient, Foundation for Puerto Rico (FRP), role within the program is to provide education and technical assistance to eligible applicants.

The Home Repair, Reconstruction or Relocation (R3) Program maximum award for relocation was increased from \$185K to \$200K to cover the increasing costs of the current housing market in Puerto Rico. Additionally, the maximum award for reconstruction was also increased from \$185K to \$215K to be able to finance the increasing construction costs. Language referencing the option to postpone receiving a relocation award under the R3 Program to participate under the Single-Family Mitigation (SFM) Program was removed since R3 Program already provides benefit alternatives such as elevation, when feasible.

The eligibility criteria under the Title Clearance (TC) Program were modified to provide assistance to individuals with properties located in a floodplain or floodway or high-risk area, which will help applicants to receive other state or Federal disaster recovery assistance.

The Program Accomplishments section under the Small Business Incubators and Accelerators (SBIA) Program was modified to clarify that the program focuses on providing services that will help with the expansion of small businesses. This is being achieved by providing access to mentoring services, professional networking, idea-exchange, and hands-on management training, among other services.

The maximum award under the Workforce Training (WFT) Program was increased to continue funding workforce trainings programs provided by eligible entities with the capacity and expertise in areas of need for skilled resource recruitment such as the construction sector, and other sectors with the purpose furthering developing Puerto Rico's labor force. Additionally, exceptions to the maximum award may be considered for new or current WFT Program subrecipients that are focused on the construction sector and have demonstrated compliance with capacity and performance measures. The Program Accomplishments under the WFT Program were also updated to clarify that the Program provides educational services that help develop the skill sets needed to acquire employment. Lastly, the Workforce Training Programs section was adjusted for PRDOH to be able to directly select subrecipients to carry out workforce training programs focused on developing skills in the construction sector for the Island's recovery.

Additionally, the financial projections appendices were updated to reflect the proposed budget changes, as well as the new grant expenditure deadline.¹⁶

ACTION PLAN AMENDMENT 15 (NONSUBSTANTIAL)

This nonsubstantial amendment includes changes for the following housing, economic development, planning and infrastructure programs:

A total of \$2,000,000 is being proposed to be reallocated from the Rental Assistance (RA) Program to the Title Clearance (TC) Program. This change is intended to reallocate the unexpended funds from the RA Program to the TC Program.

¹⁶ On October 30, 2023, HUD provided PRDOH with the CDBG-DR grant agreement amendments to extend the expenditure deadlines for the following grants: B-17-DM-72-0001, B-18-DP-72-0001, and B-19-DP-72-0001. The new grant expenditure deadline is December 31, 2029.

Additional funding is being ~~is being~~ was reallocated to the Non-Federal Match Program (**NFMP**) from the following programs:

- Small Business Incubators and Accelerators Program (**SBIA**): (\$4,000,000)
- Investment Portfolio for Growth (**IPG**) Program: (\$150,000,000)
- Re-Grow PR Urban-Rural Agriculture (**Re-Grow**) Program: (\$9,000,000)
- RA Program: (\$3,941,779)
- City Revitalization Program (**CRP**): (\$34,666,280)
- Whole Community Resilience Program (**WCRP**): (\$15,000,000)
- Program Planning (Internal): (\$44,937,961)

The NFMP identified the need to increase the program’s total budget to provide assistance to eligible faith-based organizations (**FBOs**)¹⁷, as well as other cost-share projects that will help expedite the recovery of the Island.

The program description of the Homebuyer Assistance (**HBA**) Program was also updated to clarify that the program focuses on increasing the number of individuals and families purchasing safe and affordable housing.

Furthermore, a minor language adjustment was made under the Home Repair, Reconstruction, or Relocation (**R3**) Program to reflect the increase in the maximum award cap for relocation, as part of the changes incorporated and approved in the Action Plan Amendment 14.

ACTION PLAN AMENDMENT 16 (SUBSTANTIAL)

The 16TH Amendment to the CDBG-DR Action Plan (Substantial) includes programmatic changes for housing and economic recovery sectors.

In Federal Register Notice Vol. 83, No. 28 (February 9, 2018), 83 FR 5844, HUD indicates that any “HUD-assisted homeowner of a property located in a Special Flood Hazard Area must obtain and maintain flood insurance in the amount and duration prescribed by FEMA’s National Flood Insurance Program.” Recognizing that low-to-moderate income (**LMI**) families may lack the financial resources to comply with this federal requirement, PRDOH has decided to include flood insurance coverage for the first year of purchase as a new program benefit and allowable cost under the Home Repair, Reconstruction or Relocation (**R3**) Program. This addition will not only assist LMI households in meeting federal requirements, but also enable them to qualify for future disaster relief assistance and other federal housing programs. Section 105 (a) (11) – Relocation Assistance was also added as an eligible activity under the R3 Program to provide relocation payments and assistance for eligible households participating in the program. Furthermore, the Urgent Need National Objective was also added under the R3 Program to clarify that applicants that were initially determined under the LMI National Objective may be served under the UN National Objective if the UN criteria is satisfied.

¹⁷ On April 2, 2024, HUD published the Notice 89 FR 22736, which granted a waiver for PRDOH to address the unmet needs of houses of worship through non-federal cost share assistance.

To enable housing counseling agencies (**HCAs**) to continue providing their services, the current maximum award and program budget under the Housing Counseling (**HC**) Program were increased. To this end, \$2,000,000 will be injected to HC from the R3 Program budget. These adjustments ensure that eligible participants have the opportunity to benefit from the program.

Language under the CDBG-DR Gap to Low Income Housing Tax Credits (**LIHTC**) Program was modified to clarify that projects funded through this program must comply with the affordability period outlined in Federal Register Notice Vol. 83, No. 157 (August 14, 2018), 83 FR 40314, and the period required by LIHTC.

The Homebuyer Assistance (**HBA**) Program proposes increasing the UN allocation by reducing the LMI budget goal. This adjustment aims to better address the urgent needs of applicants while maintaining a balanced approach to assist LMI program applicants, thereby increasing the number of families and individuals who achieve homeownership across the Island.

The LMI goal under the Small Business Financing (**SBF**) Program has been adjusted to reflect the accurate percentage increment from thirty (30%) percent to forty (40%) percent instead of seventy (70%) percent. Due to an involuntary error in the draft version of the amendment published for the 30-day public comment period, an increase to seventy (70%) percent was reflected under the program's LMI goal instead of forty (40%) percent. The error was reported to HUD and was corrected following the federal agency's recommendation. The forty (40%) percent LMI goal proposed reflects the program's current accomplishments, achieved through grants provided to small businesses that have created and expanded employment opportunities for LMI individuals.

The Small Business Incubators and Accelerators (**SBIA**) Program narrative was modified to allow PRDOH to directly select eligible subrecipients that will help execute incubation and/or acceleration programs to continue fostering the growth of small and new businesses in Puerto Rico. Additionally, PRDOH will consider exceptions to the maximum awards for both new and existing subrecipients who have demonstrated compliance with capacity and performance measures. The LMI goal under the SBIA Program has also been increased to more accurately reflect the utilization of program funds in benefiting participants categorized as LMI.

The LMI goal under the Re-Grow PR Urban-Rural Agriculture (**Re-Grow**) Program was increased to reflect how the program has been able to serve LMI participants by enhancing agricultural production and promoting food security.





SUMMARY OF HURRICANE IMPACT

The 2017 hurricane season brought insurmountable devastation to Puerto Rico when in the month of September, the Island experienced Category five (5) and four (4) hurricanes, Hurricane Irma, and Hurricane María. Hurricane María was the most devastating natural disaster to hit Puerto Rico since San Felipe made landfall nine decades ago in 1928. Since that time, the population has doubled in size from 1.5 million residents compared to today's population of 3.4 million.

Hurricane Irma made landfall on September 6, 2017, as a Category five (5) hurricane with winds up to 100 miles per hour. The hurricane cut power to an estimated two-thirds of the main Island, leaving communities ravaged. Just two (2) weeks later, Hurricane María made landfall on September 20, 2017, as a Category four (4) hurricane measuring 35 miles in width, making direct impact with the 35-mile-wide island. Hurricane María impacted the entirety of Puerto Rico with recorded winds up to 155 miles an hour, river surges up to 47 feet, massive mudslides, and localized catastrophic flooding reaching up to 38 inches. An estimated 64 lives were immediately lost in the hurricane with over two thousand more lost to secondary conditions caused by lack of power, contaminated water sources, and limited to no access to healthcare services. Today, most of the Island's power has been restored, however, recurring outages are continued due to the ongoing fragility of the grid.

Just two (2) weeks after suffering the effects of Hurricane Irma, Puerto Rico experienced a 100% impact from Hurricane María. The hurricanes compounded damage to the Island and left extremely vulnerable housing structures extensively damaged or completely leveled in almost every municipality.¹⁸

As a U.S. territory located 1,000 miles from the mainland states, the Puerto Rico archipelago is isolated from the continental US and depends heavily on maritime commerce for major resources. Hurricane warnings were issued 37 hours¹⁹ before landfall, but due to the severity of Hurricane María and the trajectory of the hurricane, first responders were unable to preposition relief resources. Relief efforts and immediate aid were delayed up to three days due to the shutdown of significantly damaged seaports and airports.

The geography of the main Island further complicated relief efforts. Stretching 100 miles across and 35 miles north to south, the Island is covered with vastly different terrain: rainforest, deserts, beaches, caves, oceans, and rivers. Puerto Rico has three (3) main physiographic regions: the mountainous interior, which covers approximately 60% of the Island, the coastal lowlands, and the karst area, characterized by underground drainage systems with sinkholes and caves. There are over 50 rivers and 60 watersheds that surged with flood waters when María hit.



According to data gathered by FEMA Individual Assistance (FEMA IA) Program, hurricanes Irma and María caused damage to an estimated 1,138,843²⁰ homes, the collapse or severe obstruction of numerous roads, and loss of power across the entire Island. Post-hurricane conditions have only complicated relief efforts as residents were left without essential services including power and clean water.

¹⁸ From the U.S. Census, "The primary legal divisions of Puerto Rico are termed 'municipios.' For data presentation purposes, the Census Bureau treats a municipio as the equivalent of a county in the United States." https://www2.census.gov/geo/pdfs/reference/guidestloc/pr_gslcg.pdf The term municipality is used to represent "municipio" throughout this plan, however readers should not infer that a municipality is an incorporated place equivalent to a city. Also, for purposes of all maps, Isla de Mona is represented as part of the municipio of Mayagüez for GIS purposes based on municipio-level data.

¹⁹ National Hurricane Center Tropical Cyclone Report, Hurricane Maria, April 10, 2018, https://www.nhc.noaa.gov/data/tcr/AL152017_Maria.pdf.

²⁰ FEMA Individual Assistance data, as of September 2018.

The National Oceanic and Atmospheric Administration (NOAA) recorded Hurricane María winds that reached up to 155 mph in the City of San Juan. Early estimates accurately captured extreme wind and rain threats, and a hurricane trajectory which impacted the Island head-on before proceeding northwest to the mainland US. Puerto Rico sustained hurricane-force winds sweeping at maximum strength, first through the islands of Vieques and Culebra, then the northeast coast before sweeping westward across the main Island.

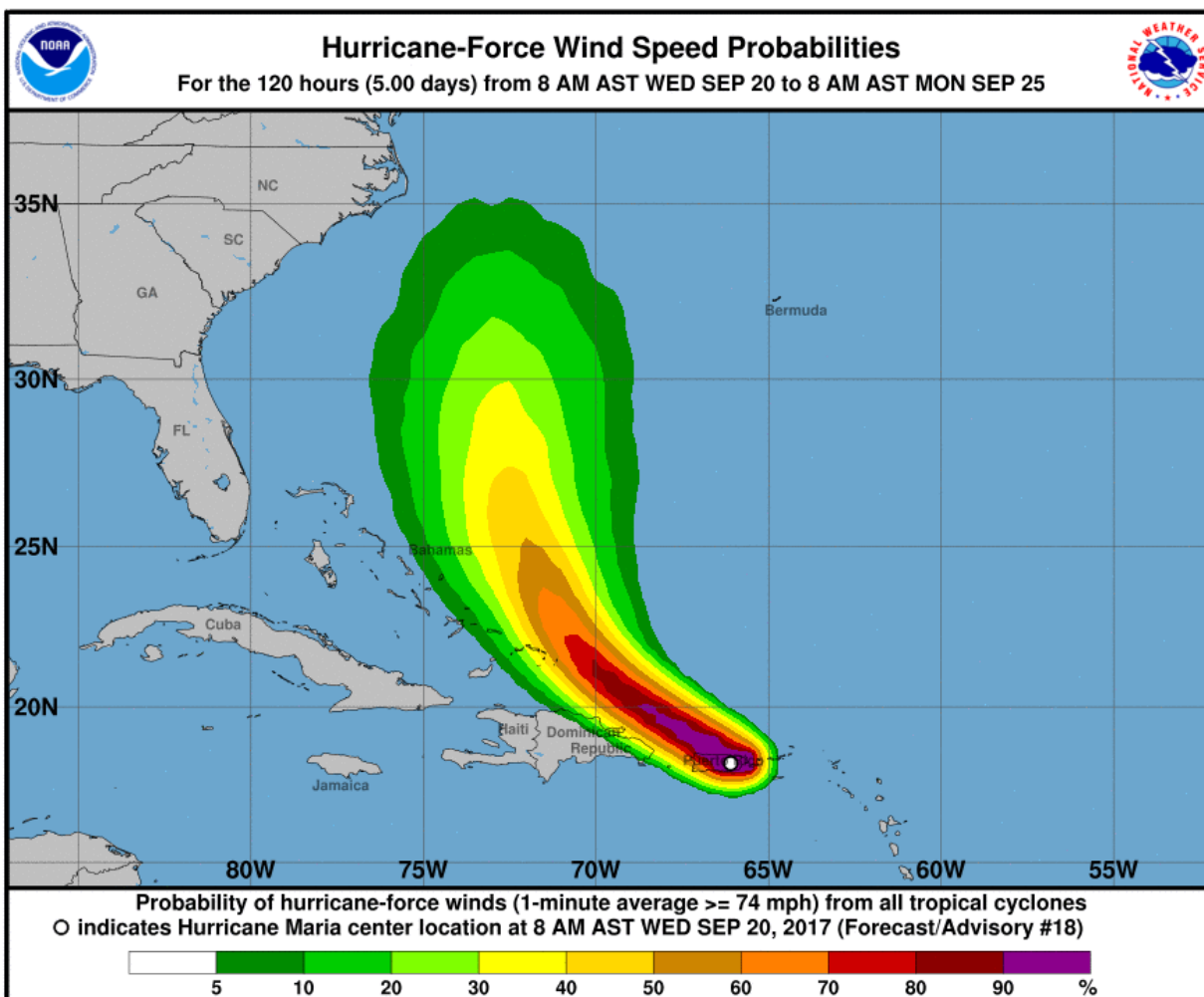


Figure 1. Hurricane María Wind Probabilities, image courtesy of NOAA

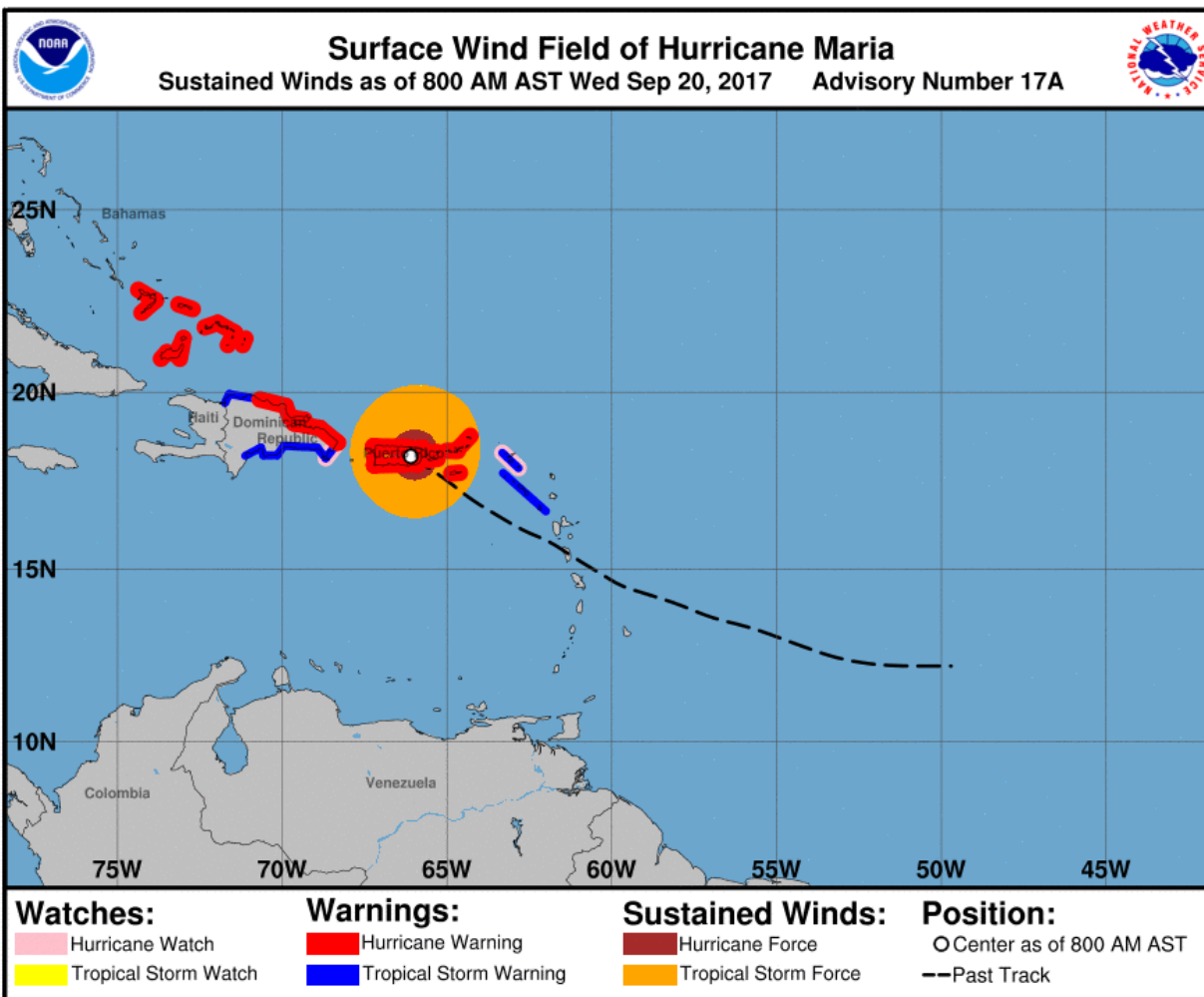


Figure 2. Hurricane María Wind Prediction, image courtesy of NOAA

Hurricane conditions were so extreme, surface observation from NOAA land stations across the Island became overburdened and failed during the hurricane.²¹ Weak homes and buildings collapsed due to the winds and rain; uprooted trees and lashed fragile power lines in every corner of the Island caused a complete blackout.

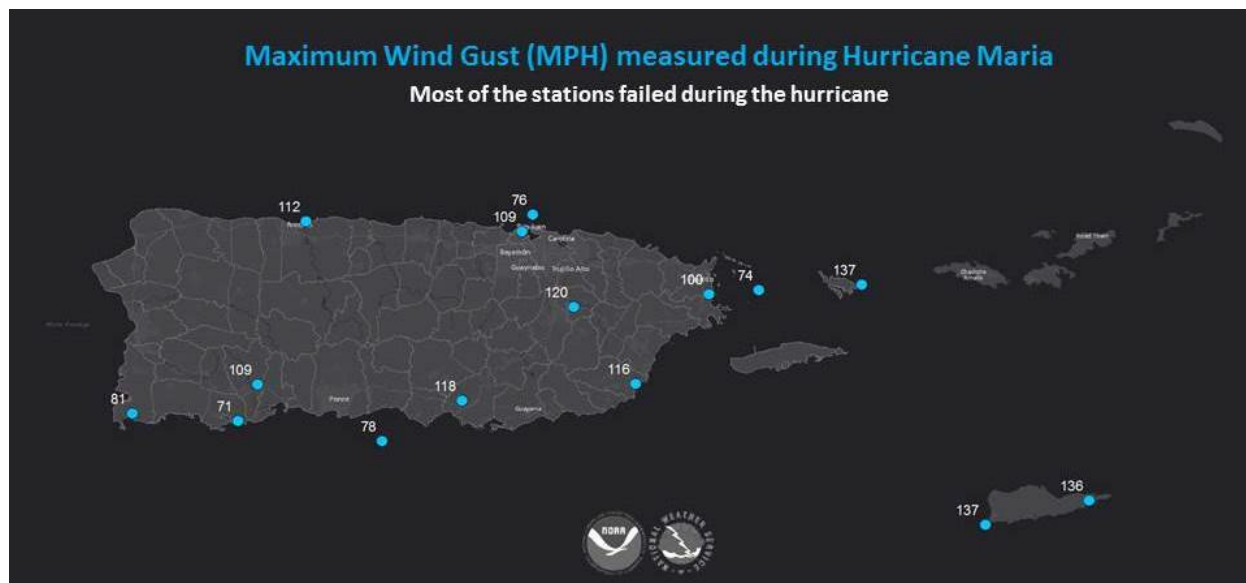


Figure 3. NOAA Image of Hurricane María Maximum Wind Gusts

Severe flooding and mudslides occurred in every interior mountainous region of the Island. Mudslides and sinkholes left communities unrecognizable and, in many cases, inaccessible. Record level flooding washed away cars and homes; it also left inches of threatening, stagnant water in the aftermath. The most significant flooding occurred immediately around the La Plata River,²² located on the northern coast of the Island and continued to build at peak levels around the southern interior of the main Island. The lethal combination of flooding and weakened infrastructure caused a complete failure of the Guajataca Dam which was designed to hold back floodwater from a reservoir located between the municipalities of San Sebastián, Quebradillas, and Isabela.

²¹ National Hurricane Center Tropical Cyclone Report, Hurricane Maria, April 10, 2018, https://www.nhc.noaa.gov/data/tcr/AL152017_Maria.pdf.

²² Id.

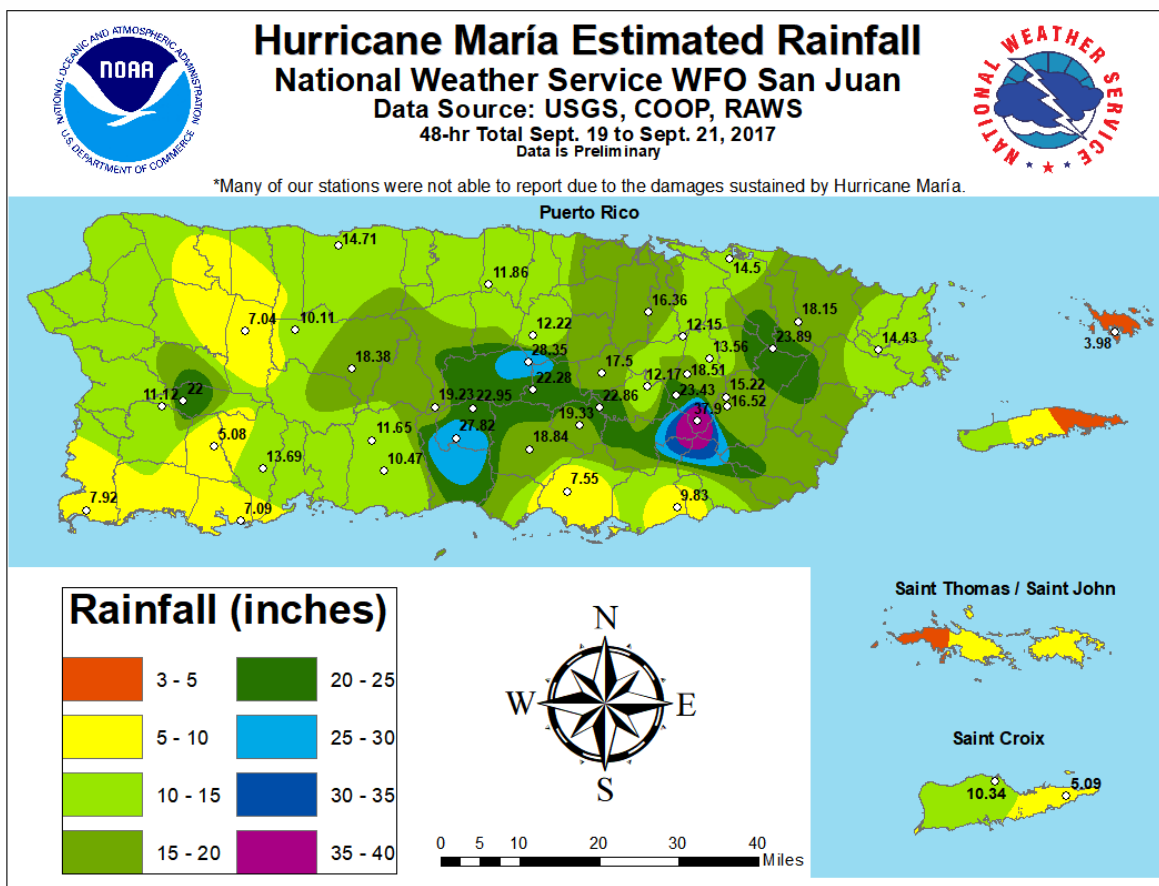


Figure 4. Hurricane María Rainfall, image courtesy of NOAA

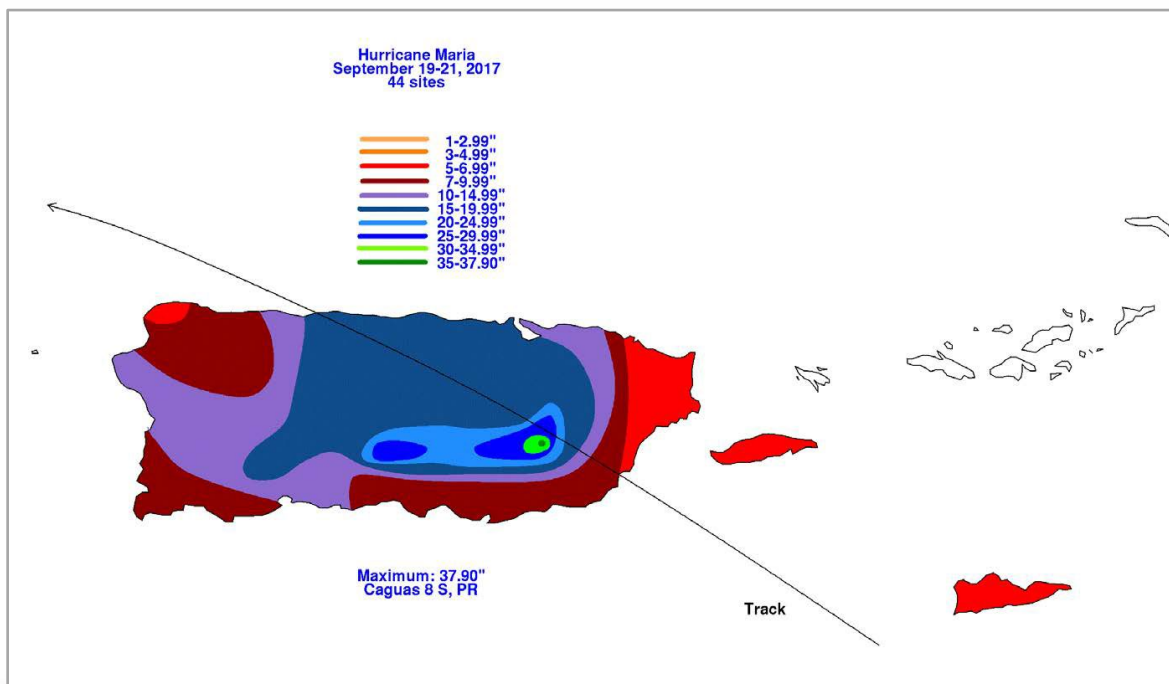


Figure 5. Hurricane total rainfall (inches) from Hurricane María. Figure courtesy of David Roth, NOAA Weather Prediction Center

The National Hurricane Center (NHC) recorded hurricane surge levels that reached maximum inundation²³ at six (6) to nine (9) feet above ground level along the coasts of the Humacao, Naguabo, and Ceiba municipalities. The United States Geological Survey (USGS) data suggests maximum inundation level along the immediate eastern shoreline reached as high as nine (9) feet. Measurements along the southeastern coast reached four (4) to seven (7) feet in the municipalities of Yabucoa, Maunabo, Patillas, and Arroyo. Along the northeastern coast in the municipalities of Ceiba and Fajardo, and much of the southern coast from Ponce eastward, inundation levels reached three (3) to five (5) feet.²⁴

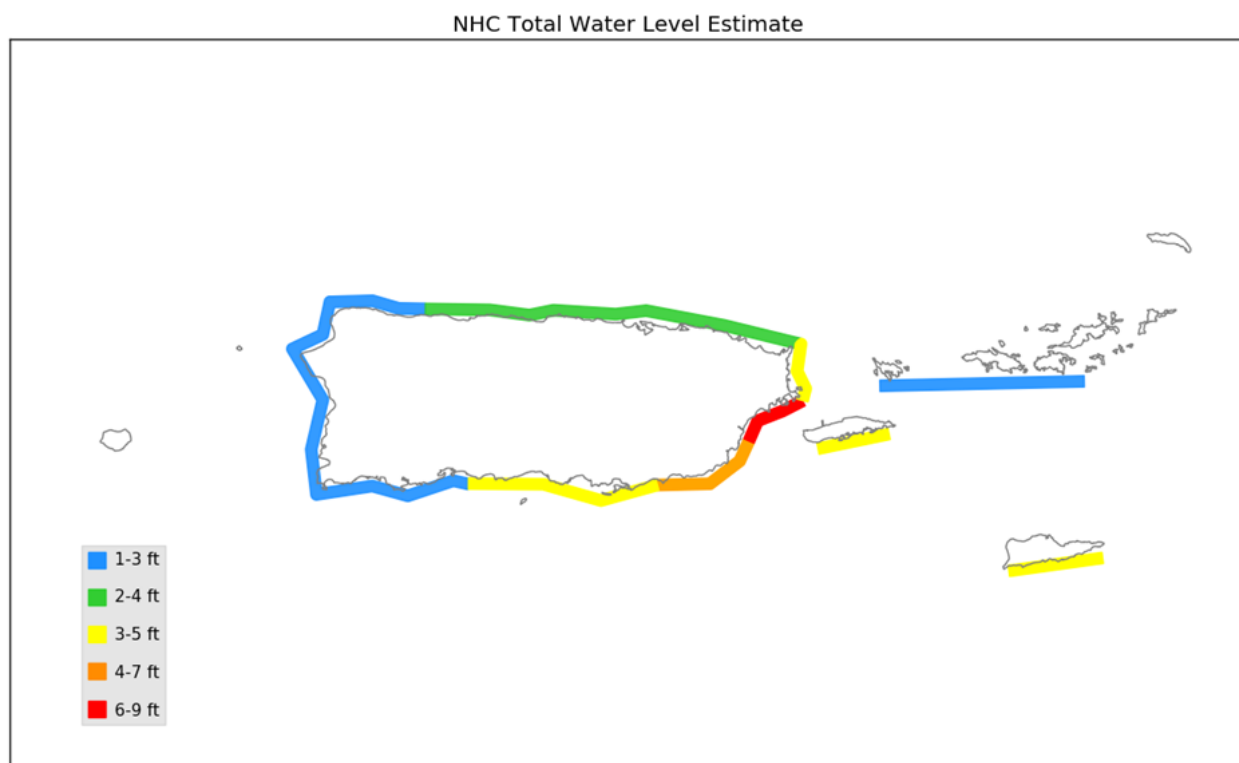


Figure 6. Estimated hurricane surge inundation (feet above ground level) based on an analysis of water level observations along the coasts of Puerto Rico and the U.S. Virgin Islands from Hurricane María. Image courtesy of the National Hurricane Center

²³ Inundation is the total water level that occurs on normally dry ground because of the hurricane tide and is expressed in terms of height above ground level.

²⁴ National Hurricane Center Tropical Cyclone Report, Hurricane María, April 10, 2018, https://www.nhc.noaa.gov/data/tcr/AL152017_Maria.pdf.

PUERTO RICO DISASTER RECOVERY PROGRAM

LEADING A TRANSPARENT AND COORDINATED RECOVERY

Puerto Rico is implementing a whole community approach to recovery. The Puerto Rican administration has established interagency coordination and fiscal oversight to support planning for long-term recovery and reconstruction, and to protect federal investment in the islands. The Central Office of Recovery, Reconstruction, and Resilience (COR3), established by Administrative Bulletin OE-2017-65 under the existing Puerto Rico Public-Private Partnerships Authority (P3), acts as the oversight body through which the Governor's Office ensures compliant use of all disaster recovery grant funding, including, but not limited to: FEMA 428, USDA, and CDBG-DR. The COR3 office maintains an oversight and coordination role across all federal funding streams.

PRDOH retains responsibility before HUD for grant management, implementation, and compliance of CDBG-DR funded programs. Information on funds usage and outcomes is reported to the COR3 for integration into island-wide recovery operations. The COR3 oversees the development of Puerto Rico's Economic and Disaster Recovery Plan, as required by Section 21210 of the Bipartisan Budget Act of 2018, Pub. L. 115-123 (the "Act"). In coordination with the Federal Emergency Management Agency (FEMA), through the appointed Federal Coordinating Officer, COR3 provides updates to Congress on the progress of developing the 12 and 24-month Economic and Disaster Recovery Plans, of which this CDBG-DR Action Plan is a part.

In addition to regular coordination with COR3, PRDOH coordinated with local governments serving the most impacted and distressed areas, federal partners, Puerto Rican agencies, civic organizations, and the public in the development of this Action Plan. This intense coordination has been essential to developing a grounded plan within the strict timelines stipulated by HUD. Noteworthy collaborators on this CDBG-DR Action Plan include: The Governor's Office, COR3, and the Puerto Rico Public Housing Administration (PRPHA).

PRDOH will coordinate closely with COR3 and other agencies throughout the development and implementation of the CDBG-DR recovery strategy.

Building on the work of non-profits and grassroots organizations who have spent months working alongside residents and community leaders has allowed PRDOH to quickly mobilize and inform this plan. The participation of diverse levels of stakeholders at the federal, state, and local levels has provided PRDOH with high-value input based on analyses performed through the lens of each stakeholder sector. The work of these overarching non-profit and civic organizations is even more important since the magnitude of the disaster makes it impossible for PRDOH to coordinate directly with each impacted resident. A full list of participants can be found in the Citizen Participation section of this Action Plan.

WHOLE COMMUNITY APPROACH & INTEGRATED PLANNING

Puerto Rico's devastation has been met with an outpouring of philanthropy, international response, and the assistance of domestic disaster recovery and grant compliance experts and technicians. This community response has provided Puerto Rico with expert insight into a true resiliency-based recovery. Through integrated planning, government reform, public engagement, and a 21st-century approach based on technological innovation, Puerto Rico will leverage its intellectual and physical resources to maximize

federal investment in the Island. Puerto Rico has collaborated with recovery leaders from all sectors to synthesize a multitude of data research, and leverage valuable partnerships for public benefit.

A multitude of civic stakeholders have played key roles in the immediate recovery efforts, including but not limited to the Puerto Rico Community Foundation, the Foundation for Puerto Rico, United for Puerto Rico, and the Puerto Rico Recovery Fund.²⁵ These organizations have channeled philanthropic donations totaling over \$40 million dollars to communities in need in the form of water and supplies, business support, wi-fi connectivity, critical care, and community support. They will continue to play a key role in the long-term rebirth of the Island.

Additionally, the Resilient Puerto Rico Commission, supported by the Rockefeller Foundation, together with the Ford Foundation and Open Society Foundations, has been working with communities to assess the extent of the damage, identify stressors, and envision solutions to address and help strengthen the Island in an equitable, sustainable fashion. This includes partnering with the Network of Puerto Rico Foundations (Red de Fundaciones de Puerto Rico) to aid in the recovery of a network of local non-governmental organizations (NGOs). This partnership supported the initial damage assessment, the Build Back Better report, commissioned by the Governor and submitted to the President in February 2018. Rockefeller has also supported extensive public engagement through an island-wide campaign called Re-Imagina Puerto Rico, designed to solicit resident input through multiple forms of communication.²⁶

From an interagency perspective, COR3 is leading the collaborative development of a 12 and 24-month Economic and Disaster Recovery Plan, due to Congress within 180 days of the Bipartisan Budget Act of 2018, Pub. L. 115-123 (August 2018). In its first and second reports to Congress, COR3 reported noteworthy progress coordinating with FEMA and local stakeholders to develop Planning categories that stem from FEMA's National Disaster Recovery Framework (NDRF) and expanded criteria to twelve (12) priority sectors for a comprehensive Recovery Plan. Working with state sector leads, COR3 is guiding a shared vision for Puerto Rico's future along the following five (5) broad elements: 21st Century Infrastructure, Sustainable Economic Growth, Fiscal Responsibility & Government Efficiency, Partnership with State and Federal Government, and Increased Commerce and Trade.²⁷ These elements are incorporated into the CDBG-DR eligible programs contained within these pages.

PRDOH is part of the Puerto Rico Housing Task Force, which is comprised of government leaders who collaborate and advise in three critical areas: informal and substandard housing solutions, foreclosure prevention and mitigation, and flood zone impact. These subcommittees meet regularly to have in-depth discussion about: the environmental conditions of the land in Puerto Rico, resiliency drivers, policy solutions, and actionable solutions for Puerto Rico's recovery. The work accomplished in these committees was incorporated into the Economic plan developed under COR3 purview and is incorporated into this CDBG-DR Action Plan.

²⁵ More information on each of these organizations can be found at: Puerto Rico Community Foundation <https://www.fcpr.org/que-es-una-fundacion/>, Foundation for Puerto Rico <https://www.foundationforpuertorico.org/>, United for Puerto Rico <https://www.unidosporpuertorico.com/>, and the Puerto Rico Recovery Fund <https://grupocne.org/puerto-rico-recovery-fund/>.

²⁶ Rockefeller, Open Society, and Ford Foundations Announce Efforts to Help Puerto Rico Rebound and Rebuild, November 16, 2017, <https://www.rockefellerfoundation.org/about-us/news-media/rockefeller-open-society-ford-foundations-announce-efforts-help-puerto-rico-rebound-rebuild>.

²⁷ Letter to Congressional Leadership https://recovery.pr/tpbackend_prod/api/document/download/425.

THIRD SECTOR AND CIVIC VISIONS FOR RECOVERY

Referenced within these pages are reports, well-researched studies, and project requests compiled and/or sponsored by non-profit organizations, advocacy groups, municipalities, the private sector, and government agencies. The voice of Puerto Rico and its people are strongly represented in these high-quality research reports and therefore incorporated into this action plan as part of the unmet needs assessment.

Several of the most universally applicable reports include:

CHILD AND YOUTH WELL BEING INDEX, 2018, YOUTH DEVELOPMENT INSTITUTE

The non-profit organization, Youth Development Institute, published the “Child and Youth Well Being Index, 2018” which examines the living conditions of children and youth between the ages of 0 and 21. The organization also published the report “Child Poverty: A Great Abyss for the Puerto Rican Economy,”²⁸ referenced within these pages.

SUMMARY COUNTING OF HOMELESS, 2017, DEPARTMENT OF THE FAMILY

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 Conteo De Personas Sin Hogar, 2017”²⁹ (Summary Count of Homeless Persons, 2017, in its English translation).

HOUSING INDUSTRY SITUATION, PUERTO RICO BUILDER’S ASSOCIATION

The Puerto Rico Builder’s Association, in partnership with Estudios Técnicos Inc., completed a housing study³⁰ to document housing market conditions and formulate public policy recommendations. The study evaluates main indicators of the housing industry and addresses problems Puerto Ricans face in access to housing. Because the preparation of this report coincided with hurricanes Irma and María, the study also recommends mechanisms to address post-hurricane housing challenges.

PROGRESS REPORT ON THE IMPACT OF HURRICANE MARÍA ON THE ECONOMY OF PUERTO RICO

A report prepared by the Puerto Rico Planning Board, which analyzes the economic impact to public services by analyzing physical damage, loss of income, and adjusting for any increases in income since the time of the hurricane. The Puerto Rico Planning Board is responsible for measuring and reporting on economic activity in Puerto Rico.³¹

PUERTO RICO POST-MARIA, 2018, CENTER FOR PUERTO RICAN STUDIES, CITY UNIVERSITY OF NEW YORK

This report explores the measurable impacts of Hurricane María on the Puerto Rican population utilizing data published up to February 2018 and focuses particularly on out-migration. The Center also manages an online clearinghouse to support disaster relief and recovery efforts.³²

²⁸ Child Poverty: A Great Abyss for the Puerto Rican Economy, Youth Development Instituted, included in the appendices.

²⁹ Summary Counting of Homeless, 2017, Department of the Family, included in the appendices.

³⁰ Housing Industry Situation, Puerto Rico Builders’ Association, included in the appendices.

³¹ Economic Report to the Governor 2017, Planning Board of Puerto Rico, included in the appendices.

³² Puerto Rico Post-Maria, Rebuild Puerto Rico Report, City University of New York, Center for Puerto Rican Studies, included in the appendices.

REIMAGINA PUERTO RICO, CITIZEN PARTICIPATION PROJECT, 2018

A report of focus group activities conducted in February and March 2018 involving more than 500 participants engaged through multiple discussion platforms. The project worked with leaders, communities, and experts to create a set of recommendations to help guide recovery so that Puerto Rico becomes stronger and more resilient in the long term.³³

PROJECT REQUESTS COLLECTED THROUGH PUBLIC ENGAGEMENT

Promptly after publication of Federal Register 83 FR 5844, PRDOH conducted public hearings across the Island to solicit input. As of May 2, 2018, a total of 71 municipalities (91% of all municipalities) and 65 other participants submitted written comments. Public hearing information and a history of public response can be found on the PRDOH website <https://recuperacion.pr.gov/en/public-hearings/>. A summary of responses containing funding requests as of May 2, 2018, by recovery area is shown in the chart below. Due to the cumulative size of submitted comments, a full public participation package can be found in a separate published volume that will be submitted to HUD as part of the official record and will reside on the PRDOH public website at <https://recuperacion.pr.gov/en/action-plan/>.

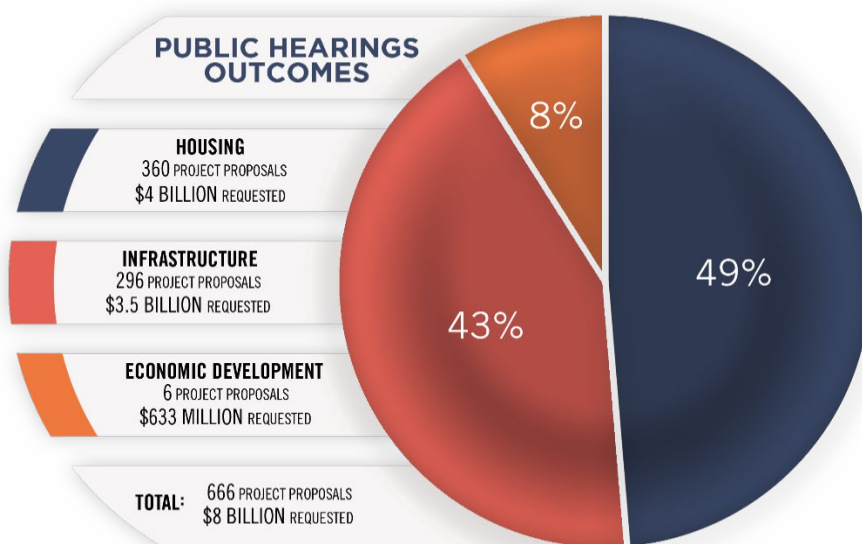


Figure 7. Summary of public hearing outcomes as of 5/2/18. (Subject to change as proposals are amended. Total includes 4 uncategorized projects)

Public respondents submitted project requests in the areas of housing, economic, and infrastructure recovery. At that early stage of recovery, these projects requests were reviewed and considered as part of the overall need and were key components to program design. As these projects were further reviewed for impact tied to the hurricanes, and assessed for final costs for repair, they were considered for inclusion in the community's recovery profile as additional funds became available. The recovery approaches

³³ ReImagina Puerto Rico, Citizen Participation Project 2018, included in the appendices.

proposed throughout the public engagement period are reflected in the following charts and were central to the formation of the program design outlined in this plan.

Housing Projects Proposed



Figure 8. Housing projects proposed through public engagement

Economic Development Projects Proposed

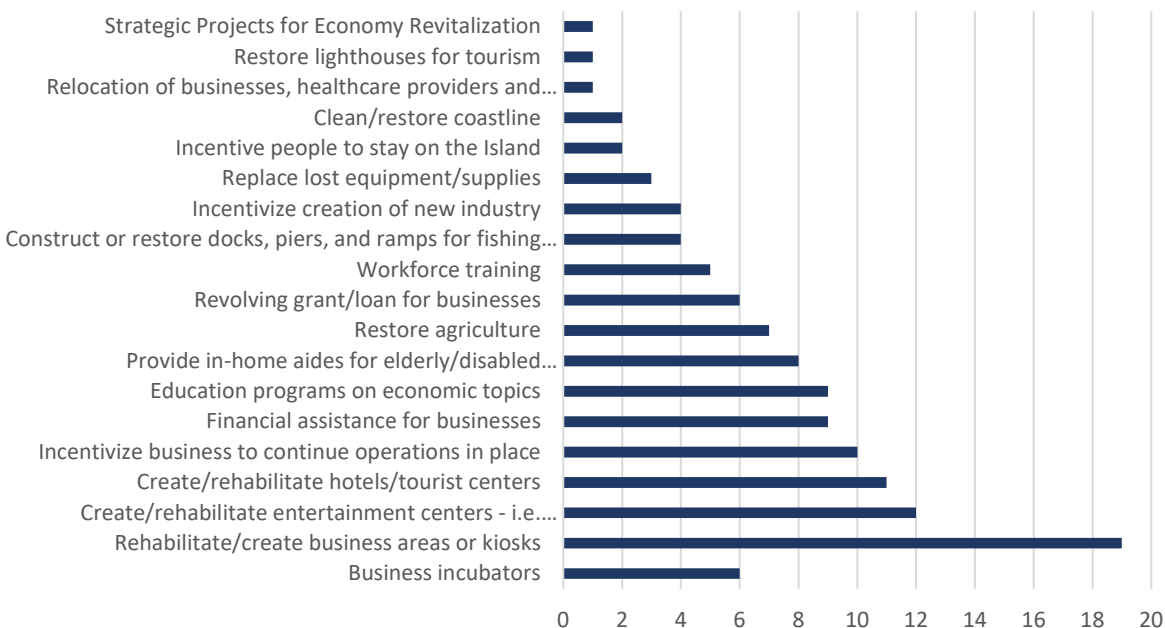


Figure 9. Economic projects proposed through public engagement

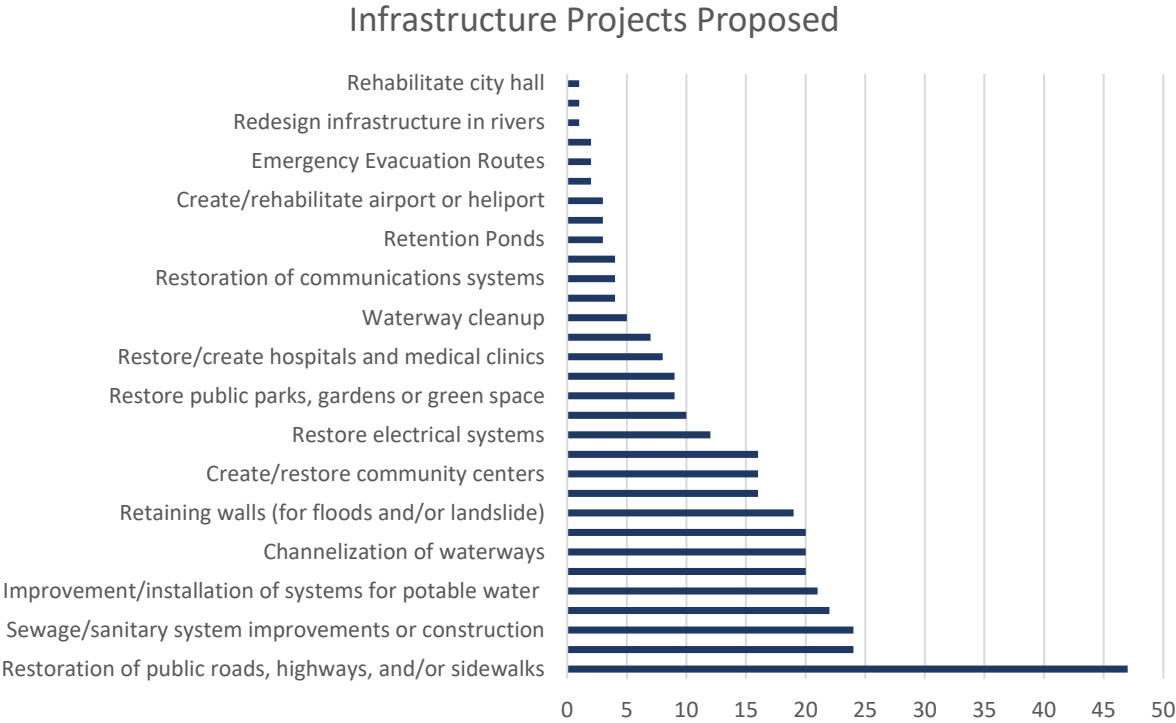


Figure 10. Infrastructure projects proposed through public engagement



COMMUNITY PROFILE: SUMMARY OF IMPACT AND PRESIDENTIALLY DECLARED AREAS

The current recovery effort is for both Hurricanes Irma and María. Thirty-three (33) of the Island's municipalities were declared disaster areas in both hurricanes.

Striking two-weeks before Hurricane María, Hurricane Irma impacted the Island as a Category 5 hurricane leaving over 1 million residents without power. On September 5, 2017, in anticipation of the hurricane's path and severity, Governor Rosselló requested prepositioned aid and approval of FEMA Individual and Public Assistance pending impact of the hurricane. The President responded and issued a disaster declaration on September 10, 2017, for Individual and Public Assistance in the following jurisdictions:³⁴

| Hurricane Irma Designated Individual and Public Assistance (DR-4336) | | |
|--|-------------|--------------|
| Designated Individual Assistance | | |
| Canóvanas | Fajardo | Vega Baja |
| Cataño | Loíza | Vieques |
| Culebra | Luquillo | |
| Dorado | Toa Baja | |
| Designated Public Assistance | | |
| Adjuntas | Culebra | Naguabo |
| Aguas Buenas | Dorado | Orocovis |
| Barranquitas | Guaynabo | Patillas |
| Bayamón | Gurabo | Quebradillas |
| Camuy | Hatillo | Salinas |
| Canóvanas | Jayuya | San Juan |
| Carolina | Juncos | Utuado |
| Cataño | Las Piedras | Vega Baja |
| Ciales | Loíza | Vieques |
| Comerio | Luquillo | Yauco |

Table 1. Hurricane Irma Eligible FEMA Jurisdictions

³⁴ Presidential Disaster Declaration for Hurricane Irma, <https://trumpwhitehouse.archives.gov/briefings-statements/president-donald-j-trump-approves-puerto-rico-disaster-declaration-2/>

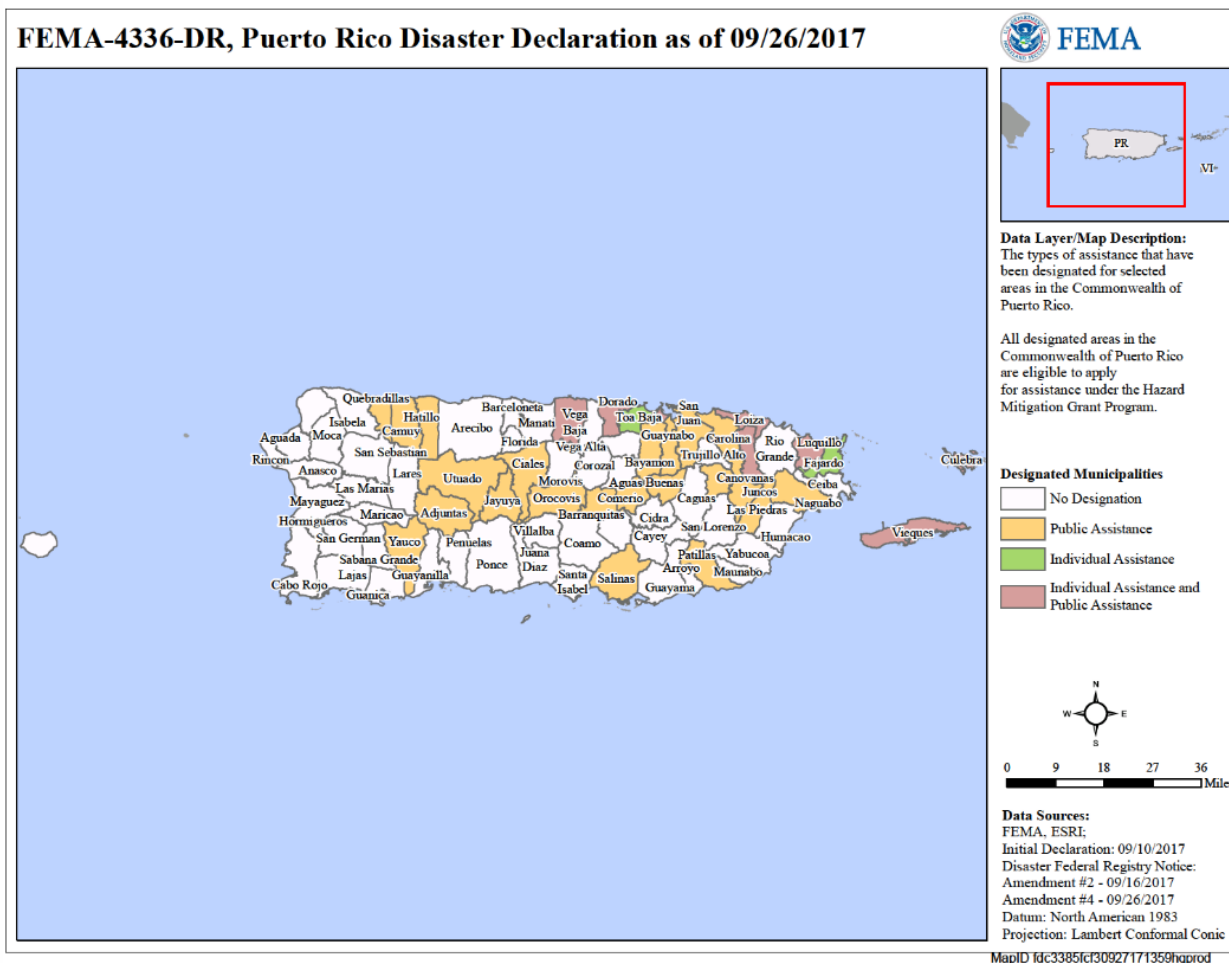


Figure 11. FEMA map of Public and Individual Assistance for Hurricane Irma

On September 20, 2017, the day Hurricane María made impact, Governor Ricardo Rosselló requested an expedited presidential declaration for Individual Assistance and assistance for debris removal and emergency protective measures (Categories A and B), including direct federal assistance under the Public Assistance program for all 78 municipalities and Hazard Mitigation throughout Puerto Rico. The severity, magnitude and trajectory of the hurricane warranted the need for supplemental Federal assistance prior to the completion of joint Federal, State, and local government Preliminary Damage Assessments (PDAs).³⁵

³⁵ https://www.fema.gov/sites/default/files/2020-03/FEMA4339DRPR_Expedited.pdf

| Hurricane María FEMA Individual and Public Assistance (DR-4339) | | |
|---|-------------|---------------|
| Adjuntas | Fajardo | Naguabo |
| Aguada | Florida | Naranjito |
| Aguadilla | Guánica | Orocovis |
| Aguas Buenas | Guayama | Patillas |
| Aibonito | Guayanilla | Peñuelas |
| Añasco | Guaynabo | Ponce |
| Arecibo | Gurabo | Quebradillas |
| Arroyo | Hatillo | Rincón |
| Barceloneta | Hormigueros | Rio Grande |
| Barranquitas | Humacao | Sabana Grande |
| Bayamón | Isabela | Salinas |
| Cabo Rojo | Jayuya | San Germán |
| Caguas | Juana Díaz | San Juan |
| Camuy | Juncos | San Lorenzo |
| Canóvanas | Lajas | San Sebastián |
| Carolina | Lares | Santa Isabel |
| Cataño | Las Marías | Toa Alta |
| Cayey | Las Piedras | Toa Baja |
| Ceiba | Loíza | Trujillo Alto |
| Ciales | Luquillo | Utua |
| Cidra | Manatí | Vega Alta |
| Coamo | Maricao | Vega Baja |
| Comerio | Maunabo | Vieques |
| Corozal | Mayagüez | Villalba |
| Culebra | Moca | Yabucoa |
| Dorado | Morovis | Yauco |

Table 2. Hurricane María Eligible FEMA Jurisdictions

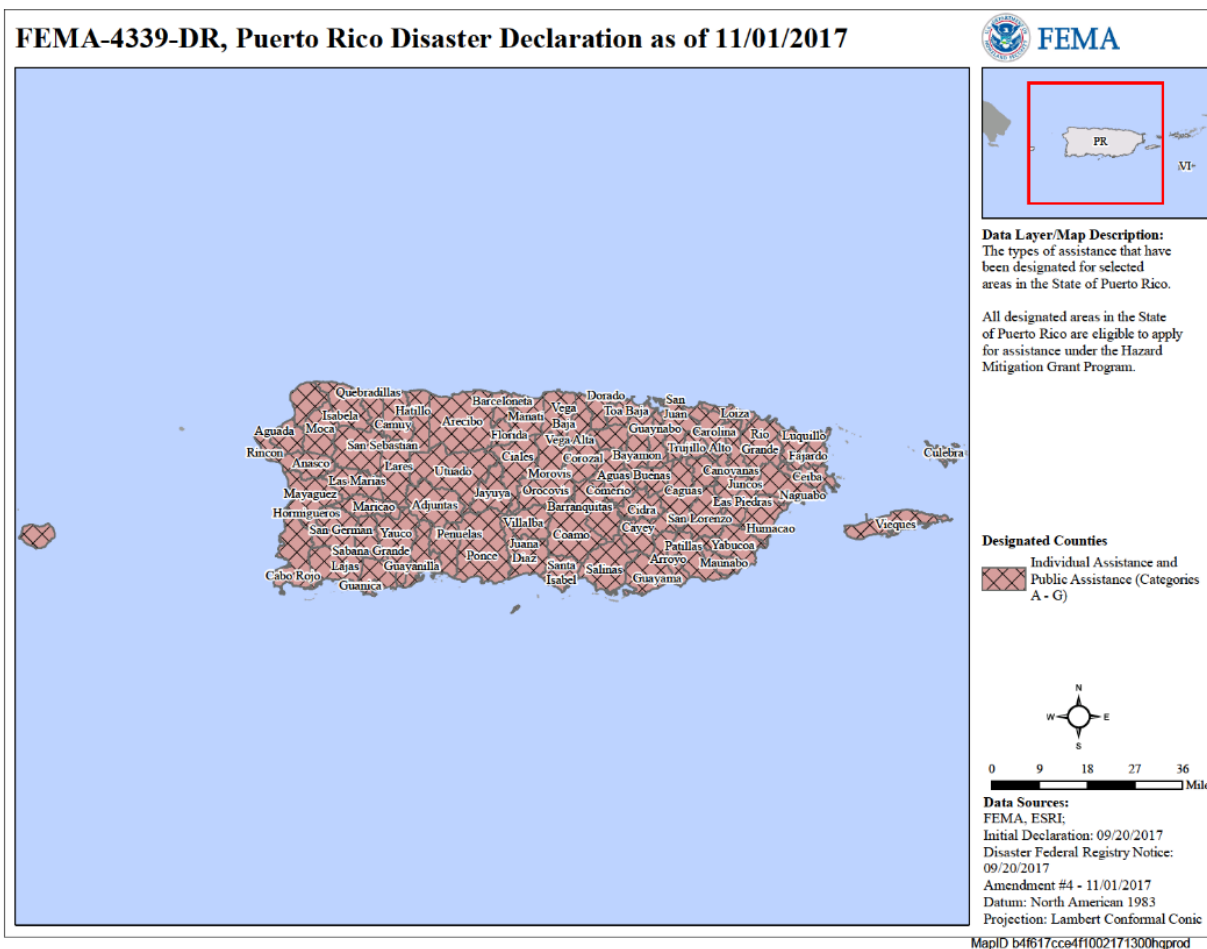


Figure 12. FEMA map of Public and Individual Assistance for Hurricane María

The entirety of the Puerto Rican islands is an impact zone from these two hurricanes, as such recovery needs have exceeded the funding available through FEMA's Disaster Relief Fund (DRF). As a result, Puerto Rico was awarded a special allocation by Congressional Appropriation through HUD in the form of Community Development Block Grants for Disaster Recovery (CDBG-DR).

MOST IMPACTED AND DISTRESSED AREAS

HUD uses the "best available" data to identify and calculate unmet needs for disaster relief, long-term recovery, restoration of infrastructure, and housing and economic revitalization. Based on this assessment, HUD has notified Puerto Rico that it will receive multiple CDBG-DR grants to assist in recovery from both Hurricanes Irma and María.

The first allocation, awarded in the amount of \$1,507,179,000 through HUD grant number B-17-DM-72-0001, required 80% of grant funds to be allocated to HUD-designated most impacted and distressed (MID) jurisdictions. The original 80% MID area covered almost the entirety of the Island and included

communities of vastly distinctive characteristics yet left a small number of zip codes out of the MID designated area. **83 FR 40314 expanded the MID designation to include the entire Island of Puerto Rico.** PRDOH works with local governments to ensure programs serve a variety of recovery needs and provide avenues for community-driven planning. Planning efforts are designed to be equally comprehensive and allow for planning in each disaster-declared area.

BUILDING BACK BETTER

Puerto Rico is committed to building back stronger and more resilient to future hazards. Activities supporting this commitment will not only enhance the quality of construction for life-saving protective measures, but also preserve the integrity of the federal investment contributed by the American people. Puerto Rico's rebirth hinges on sustainable growth yielded by the influx of recovery monies. Through strategic partnership and resiliency planning, Puerto Rico will set the stage for long-term investment and economic return. Implementation of recovery activities will focus on innovation and the perpetual application of mitigation and resilience techniques.

Puerto Rico will implement construction methods that emphasize quality, durability, energy efficiency, sustainability, and mold resistance. All rehabilitation, reconstruction, and new construction will be designed to incorporate principles of sustainability, including water and energy efficiency, resilience, and mitigation against the impact of future shocks and stressors.

Construction performed under the programs will adhere to the Puerto Rico Codes 2018, Regulation No. 9049, as adopted on November 15, 2018.³⁶ Exceptions may be reviewed on a case-by-case basis. Importantly, the Code includes requirements regarding earthquake loads. This is vital as Puerto Rico must build structures resistant to hurricanes and wind, as well as seismic activity. This is consistent with the goal of protecting people and property from harm; emphasizing high quality, durability, energy efficiency, sustainability, and mold resistance; supporting the adoption and enforcement of modern and/or resilient building codes and mitigation of hazard risks, including possible sea level rise, high winds, hurricane surge, and flooding, where appropriate; and implementing and ensuring compliance with the Green Building standards as follows.

The Green Building Standard means that PRDOH will require that all applicable construction meets an industry-recognized standard that has achieved certification under at least one of the following programs: (i) ENERGY STAR (Certified Homes or Multifamily High-Rise), (ii) Enterprise Green Communities, (iii) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), (iv) ICC-700 National Green Building Standard, (v) EPA Indoor AirPlus (ENERGY STAR a prerequisite), (vi) the "Permiso Verde," or (vii) any other equivalent comprehensive green building program acceptable to HUD. PRDOH will identify which Green Building Standard will be used in the program policies and procedures, per HUD requirements.

Where feasible, Puerto Rico will follow best practices such as those provided by the U.S. Department of Energy's Guidelines for Home Energy Professionals. All new construction or substantially rehabilitated structures may require installed appliances to meet ENERGY STAR certification standards at a minimum.

For non-substantially rehabilitated housing structures, Puerto Rico will follow the HUD Community Planning and Development (CPD) Green Building Retrofit Checklist guidelines to the extent they are

³⁶ <http://app.estado.gobierno.pr/ReglamentosOnLine/Reglamentos/9049.pdf>

applicable to the construction methods utilized on the Island. When older or obsolete products are replaced as part of rehabilitation work, Puerto Rico will use products and appliances with ENERGY STAR labels, Water Sense labels, or Federal Energy Management Program (FEMP equivalent) designations. For specific required equipment or materials for which an ENERGY STAR- or Water Sense-labeled or FEMP-designated product does not exist, the requirement to use such products does not apply.

In conducting its impact and unmet needs assessment for this CDBG-DR Action Plan, Puerto Rico has designed program objectives and supporting budgets to consider the additional costs associated with protecting housing and community investments from future disasters through eligible resilience activities.

LEVERAGING OF FUNDS

Federal Register 83 FR 5844 requires that a Disaster Recovery grantee demonstrate use of its own resources.³⁷ However, as outlined in the Build Back Better report, "...the Government of Puerto Rico, its agencies, public corporations, and instrumentalities (the "Government") are currently facing the unprecedented devastation caused by Hurricanes Irma and María. In addition, the Government had embarked on profound fiscal adjustments that limit[ed] the amount of reconstruction funds from its own government sources."³⁸

A generous portion of federal assistance and significant local funding delivered up to this point has largely contributed to life-sustaining efforts and temporary aid as opposed to efforts that contribute to permanent rebuilding. Such assistance allows residents to: power homes and buildings by generator power, shelter in place by replacing roofs with tarps and limited repairs, removing hazardous structural materials from their homes, and providing access to homes and communities through the removal of hazardous debris from roads and pathways.



For permanent, long-term recovery projects funded by CDBG-DR, Puerto Rico has little opportunity to leverage local funding due to the widespread economic hardship and the existing bond debt. This economic hardship and the severity of the damage caused by Hurricane María has been recognized by the federal government in the approval of a higher federal cost share for FEMA Public Assistance Funds, increasing the standard

ceiling of 75% to allow up to 100% federal reimbursement for Category A and B work, and 90% for Categories C through G work. Importantly, the 100% federal coverage for work performed under Categories A and B expired in phases through September 15, 2018, leaving an increased obligation for non-federal matches. The 100% cost share is different for each FEMA category. The Category B complete federal coverage expired on May 18, 2018; Category A on June 17, 2018; the Emergency Power Restoration on August 16, 2018; and STEP (*Tu Hogar Renace*, which falls under Category B) expired on September 15, 2018.

³⁷ Federal Register 83 FR 5844, <https://www.gpo.gov/fdsys/pkg/FR-2018-02-09/pdf/2018-02693.pdf>

³⁸ Build Back Better Puerto Rico, Request for Federal Assistance for Disaster Recovery, November 2017.

However, even within the constraints of limited funding, on March 13, 2018, the Puerto Rican Senate granted \$1 million to each of the 78 municipalities to help cover operational and administrative expenses in the face of the losses caused by the passage of the Hurricanes Irma and María. This \$78 million investment is one of the ways Puerto Rico is putting its own funds toward the recovery. Additionally, Puerto Rico has worked diligently to encourage private-sector and philanthropic involvement. This has resulted in key investments, such as the private-sector contribution of \$100 million from AbbVie pharmaceuticals to strengthen access to health care and housing in Puerto Rico.³⁹

Puerto Rico's recovery funding strategy primarily aligns federal assistance funding, to the greatest extent possible, through complimentary programs to maximize recovery dollars and overcome funding barriers. This includes ensuring programs are funded with the most-restrictive eligible funding sources first, in accordance with their proposed eligible activity, and then moving through the funding stream to the least restrictive. For that reason, and to ensure compliance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) restrictions against duplication of benefit, the initial Action Plan focused on housing and economic recovery, while Puerto Rico worked with FEMA to finalize the program field guidance to participate in alternative procedures for all large project funding for Public Assistance Categories C-G pursuant to section 428 of the Stafford Act.

Puerto Rico had up to twelve (12) months from the time of impact to qualify for FEMA's Hazard Mitigation Assistance program. FEMA approved a Global Match for CDBG-DR projects eligible under FEMA's Hazard Mitigation Grant Program (HMGP). This was a crucial step to maximizing leverage. Opportunities for private and philanthropic sector contributions were also considered during program design to maximize local leverage.

³⁹ <https://philanthropynewsdigest.org/news/abbvie-donates-100-million-for-puerto-rico-hurricane-recovery>

UNMET NEEDS ASSESSMENT

SUMMARY OF IMPACT AND UNMET NEEDS

In compliance with HUD requirements detailed in Federal Registers 83 FR 5844 and 83 FR 40314, Puerto Rico completed an unmet needs analysis to guide this recovery, based on the best available data. The results of this analysis further investigate components of the damage assessed in the Build Back Better report and identify gaps in funding after Small Business Administration (SBA), FEMA, private insurance, and local assistance have been delivered.

The impact and unmet needs outlined in this report reveal a strong need for housing assistance supported by resilience planning and economic opportunity for households. Large-scale infrastructure activities have been captured in the Build Back Better report published in November 2017 and are not re-listed here. Additionally, the 12 -month Economic and Disaster Recovery Plan conducted under FEMA's engagement of the Homeland Security Operational Analysis Center (HSOAC) contains a much broader analysis with greater access to additional data. A full list of data sources and literature analyzed for this unmet need assessment can be found in Appendix B. The unmet needs assessment will also be updated as additional data become available and as part of the Action Plan process for additional CDBG-DR allocations.

The unmet needs calculation below is based primarily on current federal data sources, and is a subset of the larger assessments conducted by Build Back Better and the 12 Month Economic and Disaster Recovery Plan to Congress. Municipalities submitted a great deal of local data, which has been extremely important in informing program design. Local information is available as part of the Public Comment annex to the plan. Federal datasets are used in this portion of the unmet needs assessment to analyze island-wide impact. The Build Back Better report established \$94.4 billion in need, based on an extensive data set across all sectors. Federal Register 83 FR 5844 stated that, for purposes of the initial CDBG-DR Action Plan to HUD:

*"Given the extent of damage to housing in the eligible disaster areas and the very limited data at present regarding unmet infrastructure and economic revitalization needs, this notice requires each grantee to primarily consider and address its unmet housing recovery needs."*⁴⁰

Federal Register 83 FR 40314 expanded the use of funds beyond housing to include economic and infrastructure recovery. Given the unmet housing need surpasses the entire estimated \$19.9 billion CDBG-DR allocation, and outmigration and economic hardship are severe stressors to maintaining housing viability in a manner that is unique to Puerto Rico. As such, compared to other 2017 CDBG-DR grantees, Puerto Rico **must** diversify its approach to economic recovery so families can stay in their homes and on the Island.

The impact summary detailed below is primarily based on FEMA Individual Assistance (FEMA IA), Small Business Administration (SBA), and National Flood Insurance Program (NFIP) impact data estimates. In conjunction with federal agencies, the units of general local government (UGLGs/ municipalities) have a clear sense of unmet needs, as outlined in their public comment (ponencias). They will be consulted throughout and are key leaders in the recovery strategy.

⁴⁰ <https://www.gpo.gov/fdsys/pkg/FR-2018-02-09/pdf/2018-02693.pdf>

| SUMMARY OF IMPACT/SUPPORT | HOUSING | INFRASTRUCTURE | ECONOMY | TOTAL |
|---------------------------------|------------------|------------------|-------------------------------|------------------|
| Amount of Estimated Impact | \$37,680,554,689 | \$46,934,522,421 | \$6,697,986,387 ⁴¹ | \$91,313,063,497 |
| Amount of Funds Available | \$2,876,617,902 | \$42,786,484,681 | \$112,867,572 | \$45,775,970,155 |
| Unmet Needs | \$34,803,936,787 | \$4,148,037,740 | \$6,585,118,815 | \$45,537,093,342 |
| Percent of Total Unmet Needs | 76.43% | 9.11% | 14.46% | |

Table 3. Summary of Unmet Needs by Recovery Category ⁴²

The table above is a subset of unmet needs, in the context of HUD Action Plan requirements, and should be considered as a component of the larger Puerto Rico Recovery Plan assessments.

⁴¹ Federal Register states that crop losses should be captured in damages but should not be included in overall economic unmet needs. Estimated crop losses are \$2.007 billion and estimated support for crops is \$1.4 billion

⁴² As noted in text, does not include all FEMA Public Assistance for permanent work (Categories C-G) since those estimates are currently being developed for the 428 Program, or Energy Grid impacts that are in the billions. The infrastructure impact will become clearer as project worksheets are developed and is expected to be in the billions of dollars, as evidenced by initial estimates.

IMPACT TO DEMOGRAPHICS

SOCIAL VULNERABILITY INDEX (SOVI®) FOR TARGETING PRIORITY UNMET NEED

Identification of the areas across the Island most impacted and most vulnerable to recovery barriers provides a useful lens for targeting program intake in the most impacted and distressed areas. The Social Vulnerability Index⁴³ (SoVI®) is a tool for assessing pre-existing vulnerabilities to environmental hazards. The SoVI® is a comparative metric that facilitates the analysis of differences in social vulnerability at a certain level of geography – in this case the municipality and census tract level. The index, in the version used here, synthesizes a collection of socioeconomic variables, which, with support from research literature, represent a reduction in a community's ability to prepare for, respond to, and recover from hazards.

The Social Vulnerability Index empirically delineates the most socially vulnerable census tracts within each FEMA IA designated municipality. Residents in these high-vulnerability areas generally have a lower ability to adequately prepare for, respond to, and rebound from environmental impacts (such as floods), shocks, and stresses. The following table displays the 27 social characteristics analyzed in the Puerto Rico SoVI analysis.

| SOCIAL VULNERABILITY VARIABLES | MIN | MAX | MEAN |
|--|-------|----------|----------|
| Median age | 17.90 | 61.8 | 40.16 |
| Percent black | 0 | 3 | 0.00 |
| Percent Native American | 0 | 1 | 0.00 |
| Percent Asian | 0 | 6 | 0.00 |
| Percent Hispanic | 75 | 100 | 99 |
| Percent population under 5 years or 65 and over | 0 | 44 | 23 |
| Percent nursing home residents | 0 | 11 | 0 |
| Percent female | 0 | 70 | 52 |
| Percent female headed households | 0 | 66 | 24 |
| Percent unoccupied housing units | 0 | 100 | 21 |
| Percent renters | 0 | 100 | 26 |
| People per unit | 0 | 4.17 | 2.79 |
| Per capita income | \$0 | \$55,810 | \$10,922 |
| Percent speaking English as a second language with limited English proficiency | 28 | 97 | 78 |
| Percent with less than 12th grade education | 0 | 60 | 27 |
| Percent employment in extractive industries | 0 | 50 | 2 |
| Percent employment in service industries | 0 | 59 | 22 |
| Percent of housing units with no car | 0 | 83 | 19 |
| Percent civilian unemployment | 14 | 83 | 51 |
| Percent poverty | 0 | 100 | 46 |

⁴³ Cutter, S. L., Boruff, B. J., & Shirley, W. L. (2003). Social vulnerability to environmental hazards. *Social science quarterly*, 84(2), 242-261.

| SOCIAL VULNERABILITY VARIABLES | MIN | MAX | MEAN |
|--|-------|-----------|-----------|
| Percent mobile homes | 0 | 53 | 0 |
| Percent female participation in labor force | 0 | 100 | 47 |
| Percent Social Security beneficiaries | 0 | 65 | 43 |
| Percent households earning over \$200,000 annually | 0 | 18 | 1 |
| Median gross rent | \$0 | \$1,722 | \$477 |
| Median housing value | \$0 | \$474,900 | \$120,766 |
| Median age | 17.90 | 61.80 | 40.16 |

Table 4. Social Characteristics Utilized in the Puerto Rico SoVI Analysis

Combining social vulnerability information with FEMA damage data provides a standardized, replicable, and pragmatic process pinpointing where scarce resources may result in amplified impact, thus hindering successful disaster recovery. This overlay procedure results in a visualization of loss relative to vulnerability for Puerto Rico, where places with high population such as San Juan, are characterized by a general balancing of impacts due to lower levels of social vulnerability. Conversely, populations residing in the more rural and mountainous regions, although much less heavily populated, are characterized by generally higher levels of social vulnerability. Targeting recovery resources to these most heavily impacted and vulnerable areas may yield high benefits because these areas are currently much less able to bounce back without outside assistance. While there was damage across nearly the entire Island, the impacts (according to an extensive analysis of FEMA Verified Loss Data) in certain areas were concentrated more extensively, especially when compounded with an inability to bounce back (social vulnerability).

PRDOH obtained a list of Individual Assistance (IA) applicants from FEMA and identified those applicants with a FEMA-verified real property (housing) loss. Using FEMA damage data, each applicant with real property losses was pinpointed on a map. These “hot spots” of FEMA verified loss were overlaid on social vulnerability information to identify areas that were both heavily impacted and had a lower capacity to absorb such losses.



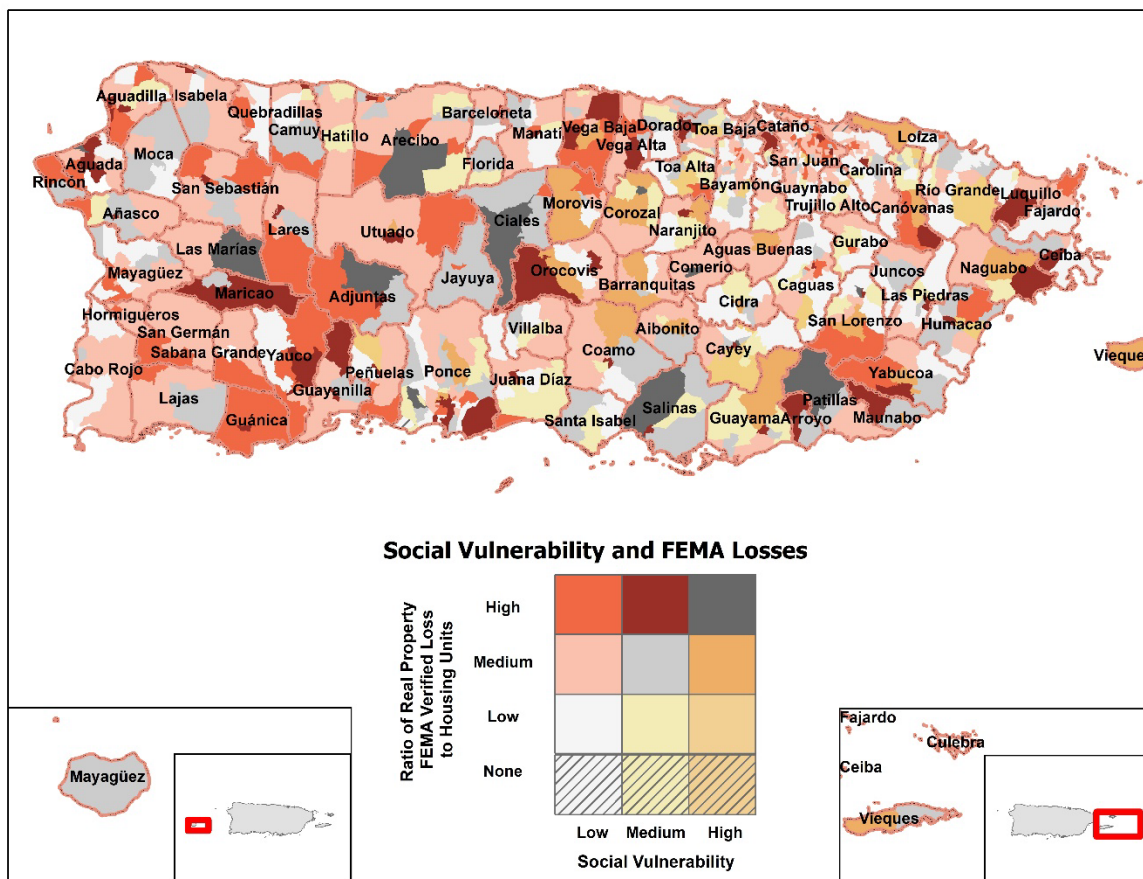


Figure 13. Map of Low to High SoVI communities where FEMA verified-loss applicants are located, in Presidentially Disaster Declared (PDD) area⁴⁴

OUT-MIGRATION AND CHANGES TO THE POPULATION

Before the hurricanes, Puerto Rico had a population of 3,337,177 residents with a median age of 39.4; an age that is almost 2 years older than the US median age of 37.9. When compared to the continental United States, Puerto Rico shows 1.5% less persons 5 years or under, 2.4% less persons 18 years or under, and 3.7% more persons 65 years or older. The number of residents aged 40 and above is expected to further increase as a more than ten-year trend of out-migration reaches a peak post-hurricane demographic shift. This has the potential to accelerate the increase in the portion of the population that is older. The implications of an elderly population, especially those of retirement age, are significant for socio-economic conditions in the post-hurricane environment. Many retirees 65 or older live on a fixed income and face higher medical costs and mobility challenges. Puerto Rico has almost twice as many disabled elderlies than the US. The percentage of residents aged 65 or older with a disability is astoundingly higher in Puerto Rico with 15.30% versus 8.6 % in the US. The retention or recruitment of a youthful workforce has the potential to mitigate this effect by creating a societal balance and bolstering economic growth.

⁴⁴ Mona island is being represented as part of the Mayagüez municipality.

| POPULATION, AGE AND LANGUAGE DEMOGRAPHICS | | |
|---|---------------|-------------|
| COMMUNITY FACT | UNITED STATES | PUERTO RICO |
| Population estimates, July 1, 2019, (V2019) | 328,239,523 | 3,193,694 |
| Persons under 5 years, percent | 6.00% | 3.70% |
| Persons under 18 years, percent | 22.30% | 17.90% |
| Persons 65 years and over, percent | 16.50% | 21.30% |
| Female persons, percent | 50.80% | 52.50% |
| Female persons, percent, April 1, 2010, | 50.80% | 52.10% |
| Veterans. 2015-2019 | 19,230,322 | 76,216 |
| Foreign-born persons, percent, 2015-2019 | 13.60% | 2.70% |
| Language other than English spoken at home, percent of persons aged 5 years+, 2015-2019 | 21.60% | 94.50% |
| With a disability, under age 65 years, percent, 2015-2019 | 8.60% | 14.90% |
| American Community Survey Data 2015-2019 | | |

Table 5. Select Demographic Information, Comparison between US 50 States and Puerto Rico

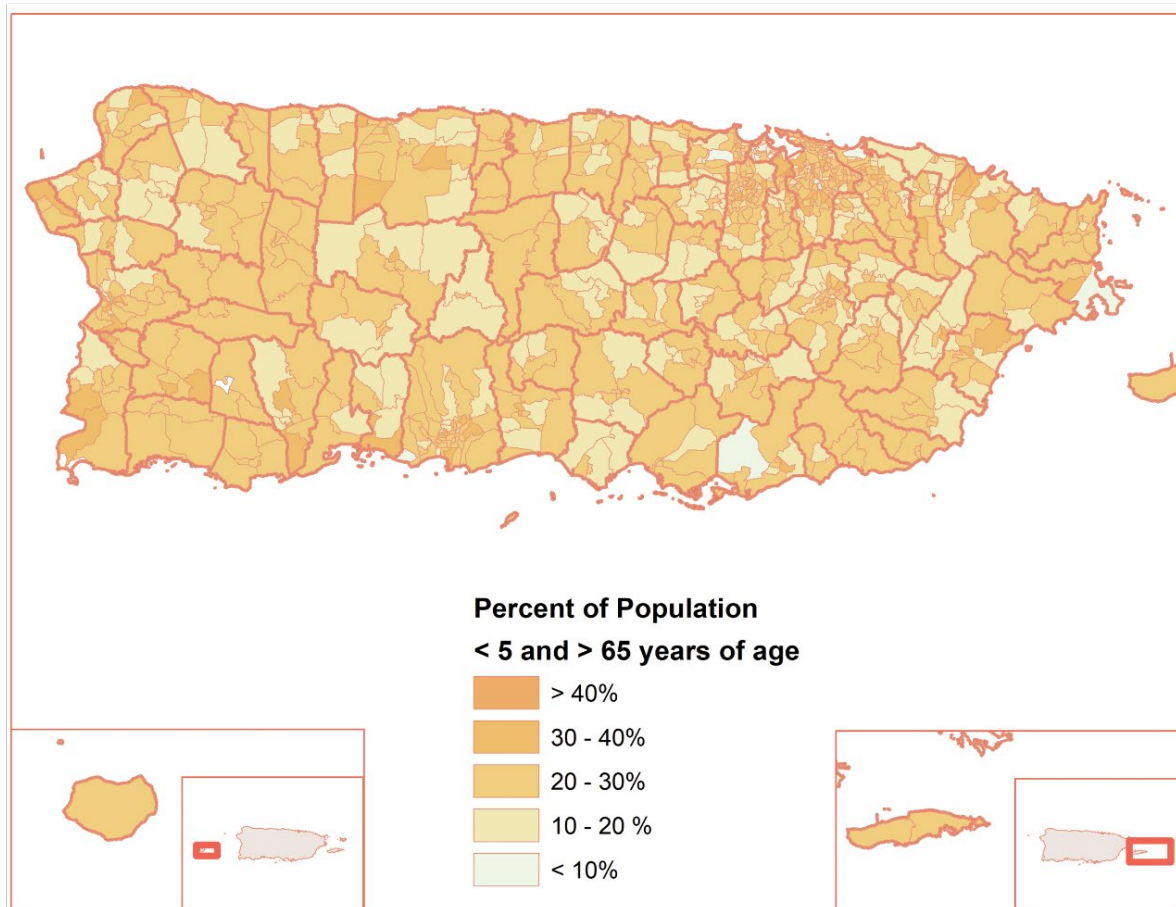


Figure 14. Map of Age Dependent (less than 5 Years or greater than 65 Years old) Population by Census Tract, data source American Community Survey (ACS) 2012 - 2016

Post-hurricane conditions only compound out-migration concerns that have been building in recent years due to changes in the economy. According to U.S. Census Bureau data, Puerto Rico has been experiencing a population decline driven by rippled effects of debt, and recent government bankruptcy since 2004. Residents less vulnerable to recovery barriers are leaving the Island in search of opportunities, adapting to conditions that other cost-burdened, English language limited, elderly or mobility-challenged residents are unable to overcome.

As American citizens, residents of Puerto Rico travel easily off the islands to the mainland U.S. without the need for a passport or visa. With an estimated 5.4 million Puerto Ricans living in the mainland US (approximately two (2) million more than live on the islands), residents of the islands are likely to have family and loved ones to offer them immediate shelter, either temporary or permanent. Understanding these circumstances makes it difficult to pin down an accurate account of true migration at this point, but many indicators help paint a picture.

The Center for Puerto Rican Studies predicted in an October 2017 report that between 114,000 and 213,000 residents will leave the Island annually. By 2019, the Center predicted Puerto Rico could lose up to 470,335 or 14% of the population.⁴⁵ Through continued research on this issue, the Center recently

⁴⁵ Estimates of Post-Hurricane Maria Exodus from Puerto Rico, October 2017, City University of New York, Center for Puerto Rican Studies, https://centropr-archive.hunter.cuny.edu/sites/default/files/RB2017-01-POST-MARIA%20EXODUS_V3.pdf.

published a post-hurricane report estimating as many as 135,592 Puerto Ricans have relocated to the mainland states.

Commercial flights booked in September and October of 2017 show a net of 179,000 flights (outbound travel reduced by inbound) in September and November.⁴⁶ FEMA data shows that a total of 40,013 household members and 19,271 households changed their mailing address to a location in the mainland states since first registering with FEMA. The Center analyzed FEMA data to discover most evacuees, 45%, went to Florida followed by 9% in New York, 8% in Massachusetts, 7% in Pennsylvania, 6% in Connecticut, 4% in New Jersey, 4% in Texas, 3% in Illinois, 1% in Georgia, and 1% in Virginia.

| FLORIDA | NEW YORK | MASSACHUSETTS | PENNSYLVANIA | CONNECTICUT |
|------------|----------|---------------|--------------|-------------|
| 18,013 45% | 3,683 9% | 3,399 8% | 2,954 7% | 2,281 6% |
| NEW JERSEY | TEXAS | ILLINOIS | GEORGIA | VIRGINIA |
| 1,690 4% | 1,361 4% | 1,324 3% | 530 1% | 479 1% |

Figure 15. Statistics from the Center for Puerto Rican Studies

Students of migrated families have left schools in Puerto Rico with empty classrooms. School enrollment data collected between December 1, 2017, and February 22, 2018, indicated that 11,554 Puerto Rican students had enrolled in Florida's school districts, 2,874 in Pennsylvania, 2,556 in Massachusetts, 2,218 in New York, 1,827 in Connecticut, 886 in New Jersey, and 607 in Illinois.⁴⁷ Enrollment on the islands had dropped by 38,700 students in one year (since May 2017) which left schools operating at only 60% capacity. By the summer of 2018, the Puerto Rico Department of Education planned to close 283 of the 1,111 schools and reassign teachers to the remaining 828 schools on the Island as part of a fiscal plan to save \$150 million. Closed school facilities are being repurposed as housing, business, and community facilities.

SOCIAL MOBILITY AND DEMOGRAPHIC INDICATORS

Compared to the US at 87.4 residents per square mile, and based on 2016 estimates, Puerto Rico is densely populated with 1,088.2 residents per square mile.

Extreme poverty has affected the Island for years, creating difficulty in daily life activities such as paying rent, buying food, and paying for transportation. As of 2016, an estimated 43.5%⁴⁸ of Puerto Rican residents were identified as living in poverty, compared to 12.7% in the US. The median household income in Puerto Rico is \$19,606 and as low as \$15,800 in nine municipalities. Wage-earning females earn almost \$3,000 less than males comparatively, with female median income at \$11,262 and male median income at \$14,190.

⁴⁶ Exodus from Puerto Rico, A visual guide, <https://www.cnn.com/2018/02/21/us/puerto-rico-migration-data-invs/index.html>

⁴⁷ Puerto Rico Post-Maria, Rebuild Puerto Rico Report, City University of New York, Center for Puerto Rican Studies, https://centrop-r-archiv-hunter.cuny.edu/sites/default/files/RB2017-01-POST-MARIA%20EXODUS_V3.pdf.

⁴⁸ 2016 U.S. Census American Community Survey

| EDUCATION, ECONOMIC, AND INCOME DEMOGRAPHICS | | |
|---|---------------|-------------|
| COMMUNITY FACT | UNITED STATES | PUERTO RICO |
| High school graduate or higher, percent of persons aged 25 years+, 2015-2019 | 88.00% | 76.5% |
| Bachelor's degree or higher, percent of persons aged 25 years+, 2015-2019 | 32.10% | 25.90% |
| Persons without health insurance, under age 65 years, percent | 9.5% | 9.6% |
| In civilian labor force, total, percent of population age 16 years+, 2015-2019 | 63.00% | 44.40% |
| In civilian labor force, female, percent of population age 16 years+, 2015-2019 | 58.30% | 39.70% |
| Total accommodation and food services sales, 2012 (\$1,000) | 708,138,598 | 4,256,139 |
| Total health care and social assistance receipts/revenue, 2012 (\$1,000) | 2,040,441,203 | 6,098,340 |
| Total manufacturers' shipments, 2012 (\$1,000) | 5,696,729,632 | 76,575,043 |
| Total merchant wholesaler sales, 2012 (\$1,000) | 5,208,023,478 | 20,184,374 |
| Total retail sales, 2012 (\$1,000) | 4,219,821,871 | 24,957,584 |
| Total retail sales per capita, 2012 | \$13,443 | \$6,806 |
| Mean travel time to work (minutes), workers aged 16 years+, 2015-2019 | 26.9 | 29.3 |
| Median household income (in 2019 dollars), 2015-2019 | \$62,843 | \$20,539 |
| Per capita income in past 12 months (in 2019 dollars), 2015-2019 | \$34,103 | \$12,914 |
| Persons in poverty, percent | 10.50% | 43.50% |
| Total employer establishments, 2019 | 7,959,103 | 44,748 |
| Total employment, 2019 | 132,989,428 | 680,204 |
| Total annual payroll, 2019 (\$1,000) | 7,428,553,593 | 18,589,440 |
| Total employment, percent change, 2018-2019 | 1.6% | 2.9% |
| American Community Survey Data 2015- 2019 | | |

Table 6. Select Economic Demographic Information, Comparison of US 50 States to Puerto Rico

Although unemployment increased in the short term after Hurricanes Irma and Maria knocked services offline, obstructed roadway access, and caused structural damage to businesses across the Island, it increased slightly thereafter. Unemployment was at 4.7% in 2016 and, as of July 2022 was reported at 5.9%.⁴⁹ Unemployment today is in flux but showing a slight decrease in recent months.⁵⁰ Monthly unemployment claims filed with the Labor Department have fluctuated anywhere from 1,469 to 7,300 claims a month since María hit.

⁴⁹ Bureau of Labor Statistics, <https://www.bls.gov/eag/eag.pr.htm>

⁵⁰ https://data.bls.gov/timeseries/LASST720000000000004?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true

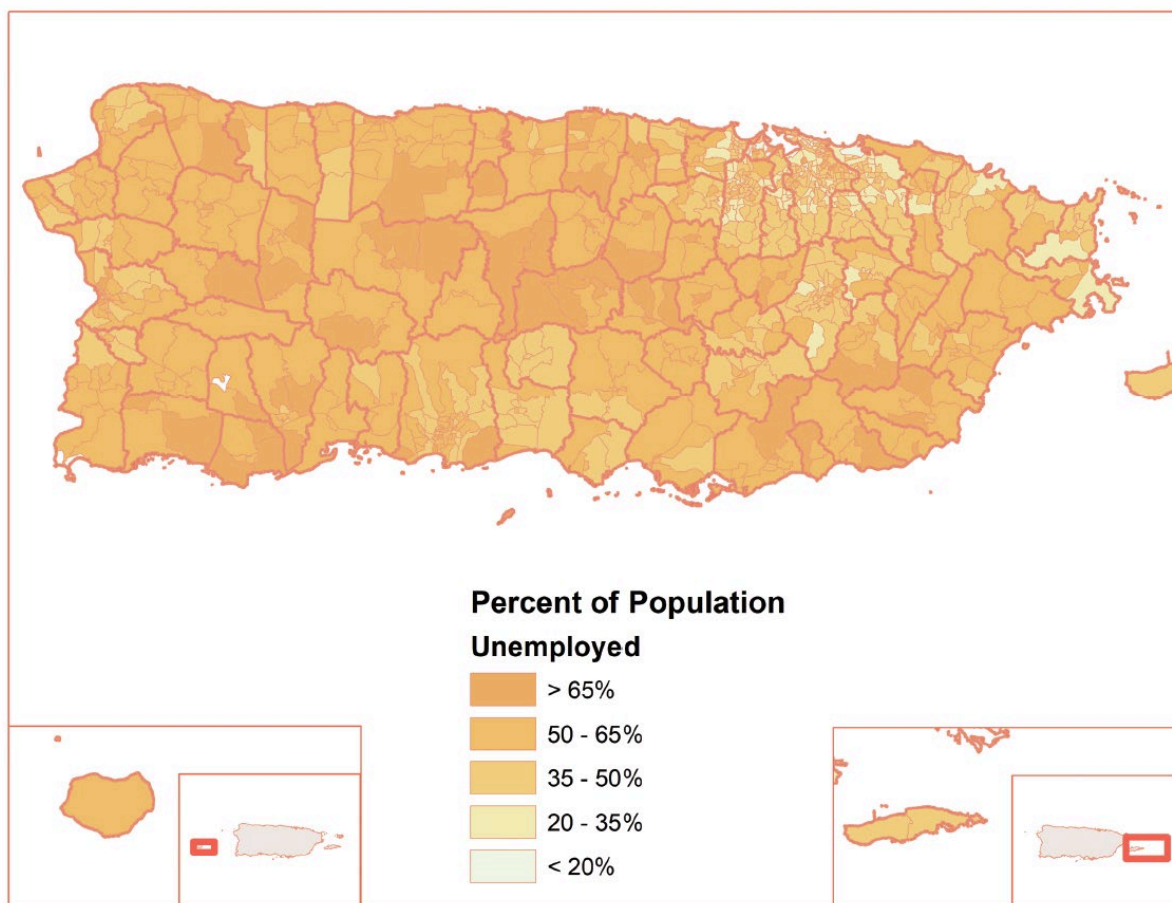


Figure 16. Percent Unemployment by Census Tract, data source ACS 2012-2016

The Median income for Puerto Rican households is half that of the poorest state on the US mainland, Mississippi, and almost 60% less than the US overall. The Highest levels of concentrated poverty are located in more inland areas and the southwestern coast in the following municipalities: Maricao – 64%, Adjuntas – 63%, Guánica – 63%, Comerío – 61%, Ciales – 60%, Barranquitas – 60%, Lajas – 60%, Jayuya – 60%, Las Marías– 59%, and Guayanilla – 59%.

Spanish is the predominant language in Puerto Rico. As a US territory, government business is conducted in both English and Spanish, and English is taught in public and private schools as a second language from first through twelfth grade. Although a large fraction of the population is bilingual, the map on the following page shows Spanish is the primary language spoken across the Island. Programs and recovery assistance will need to address this diversity in language to ensure critical assistance information and recovery guidance reaches residents across the Island, especially those with limited proficiency in the English language.

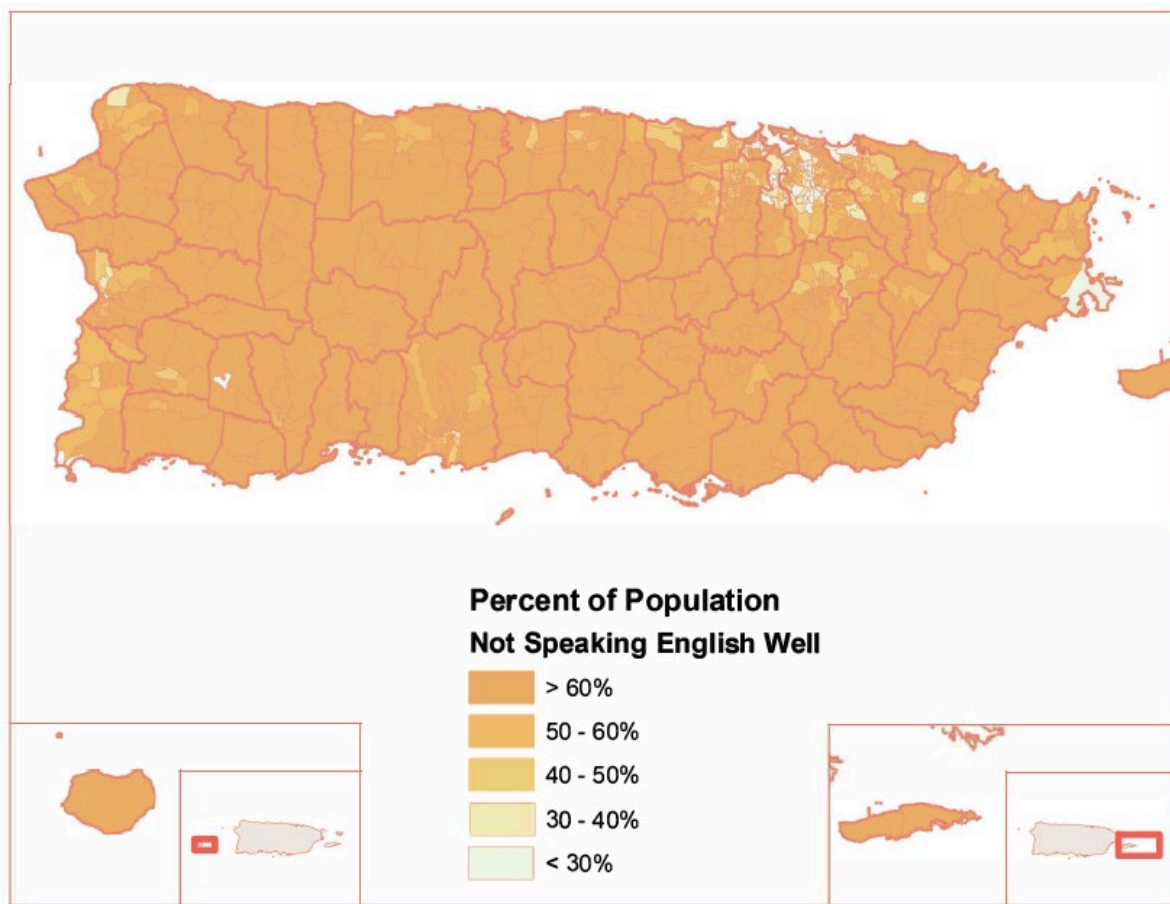


Figure 17. Majority of the Island speaks English in a limited capacity or not at all, source ACS 2012-2016

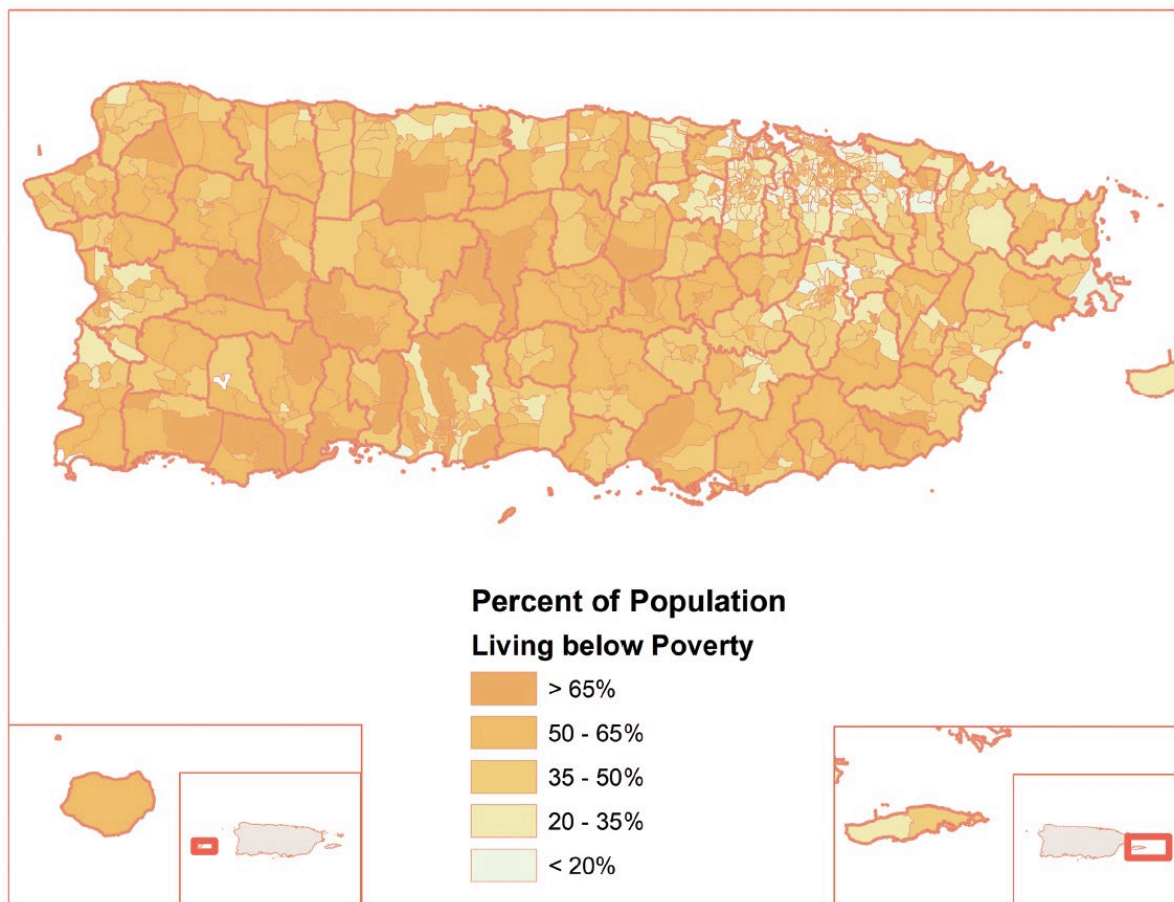


Figure 18. Population living below the poverty line, by census tract, data source ACS 2012-2016

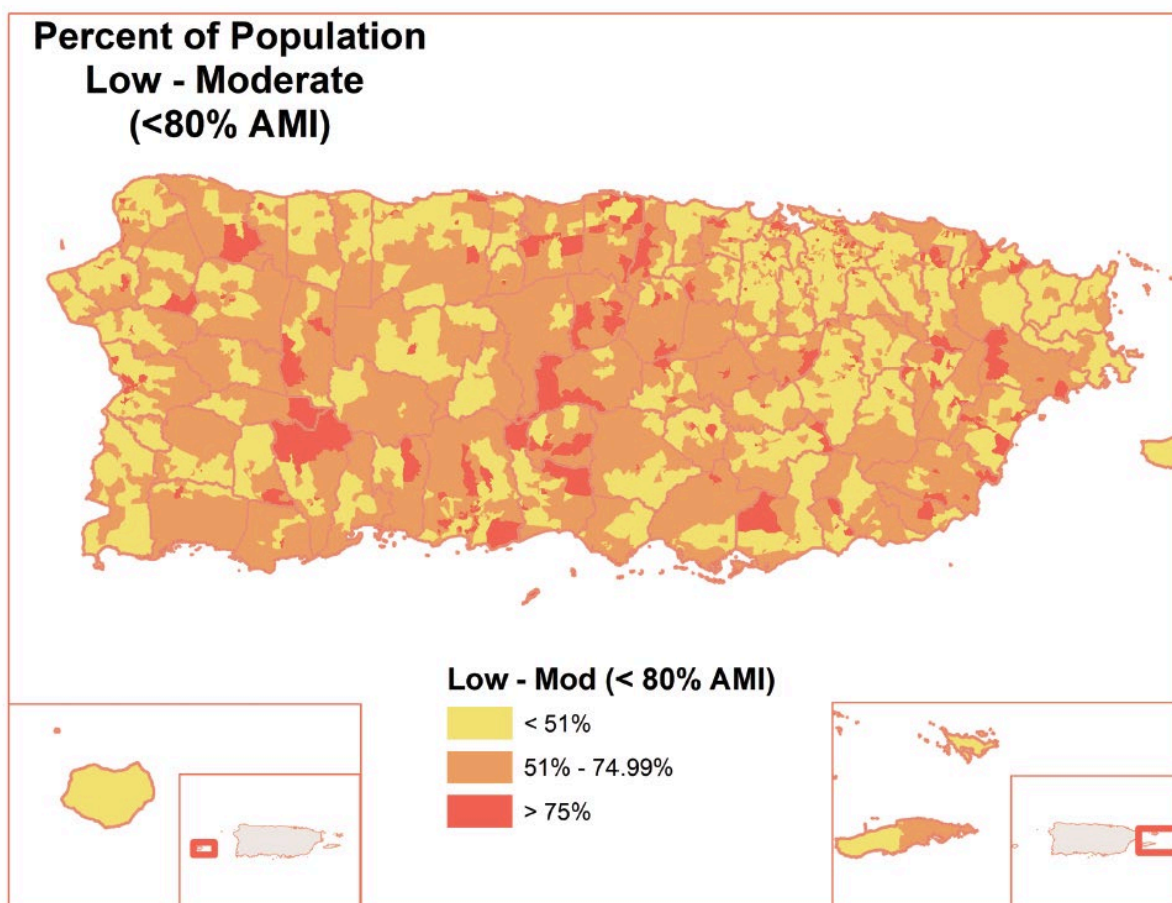


Figure 19. Distribution of Low-to-Moderate Populations, data source ACS 2012-2016

The income levels used to establish LMI status (below 80% of the Area Median Family Income (AMFI) as determined by HUD) are extremely low for Puerto Rico. For example, the 2018 Median Income for the municipality of Arecibo is \$20,600⁵¹ for a family of four. This median income is below the Federal Poverty Level of \$25,100⁵² for a family of the same size. The 80% level used to determine benefit as an LMI household is even lower, at \$20,400. Because a family of four may be below poverty level, but above 80% AMFI, PRDOH has worked with HUD to ensure that income limits are adjusted to ensure access to program services to families in need. Federal Register 83 FR 40314 approved HUD's issuance of adjusted income limits, which have been posted on the HUD website and are also posted on the PRDOH website.

SPECIAL NEEDS POPULATION

Individuals with special needs are another highly vulnerable population to be considered. This category of the population possesses social and/or socio-economic characteristics that cause various difficulties in daily life and require additional or specialized services and accommodations. Such difficulties require Continuum of Care services and, in many cases, specialized medical care to accommodate physical, emotional, behavioral, or disabilities or impairment.

⁵¹ 2022 Current HUD Income Limits for Puerto Rico are attached in the Appendices.

⁵² Poverty level as provided by HUD.

Special needs homeowners with low-to-moderate incomes impacted by the hurricane, as identified in FEMA Individual Assistance data, reside in above-average levels in the ten (10) municipalities depicted below:

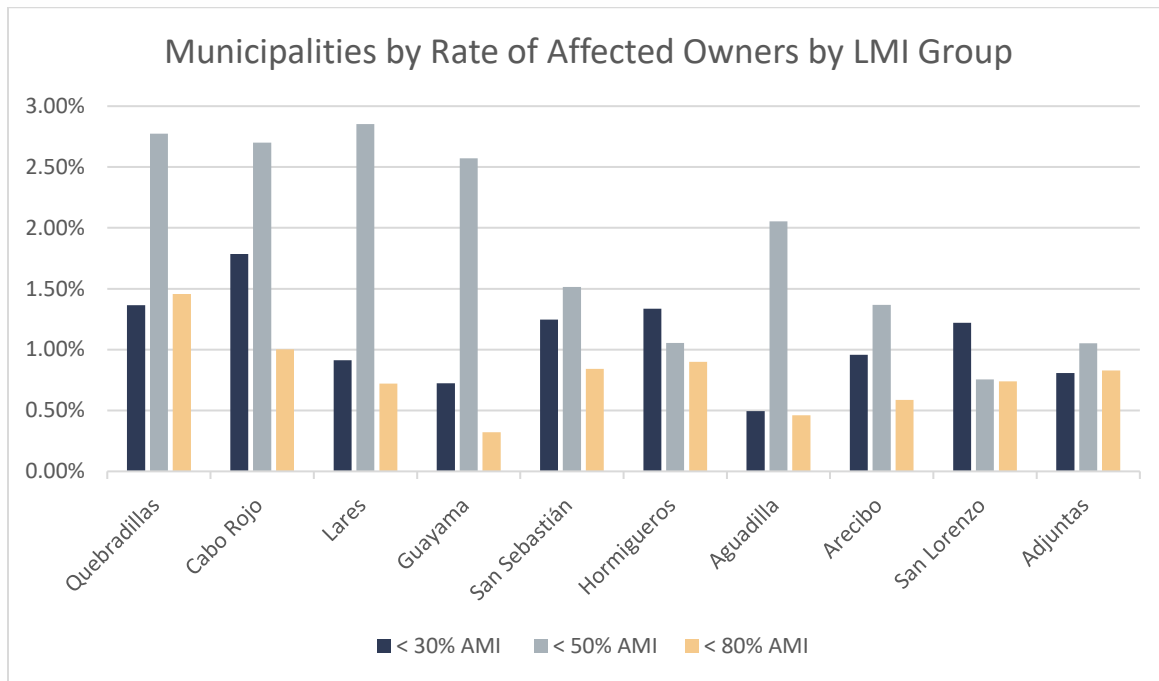


Figure 20. Percent of population with designated Special Need, broken down by income group⁵³

| Municipality | < 30% AMI | < 50% AMI | < 80% AMI |
|---------------|-----------|-----------|-----------|
| Quebradillas | 1.36% | 2.78% | 1.46% |
| Cabo Rojo | 1.79% | 2.70% | 1.00% |
| Lares | 0.91% | 2.85% | 0.72% |
| Guayama | 0.72% | 2.57% | 0.32% |
| San Sebastián | 1.25% | 1.52% | 0.84% |
| Hormigueros | 1.34% | 1.06% | 0.90% |
| Aguadilla | 0.50% | 2.05% | 0.46% |
| Arecibo | 0.96% | 1.37% | 0.59% |
| San Lorenzo | 1.22% | 0.75% | 0.74% |
| Adjuntas | 0.81% | 1.05% | 0.83% |

Table 7. Top 10 municipalities with the highest level of homeowners with designated Special Need, broken down by income category

Similarly, special needs renters with low-to-moderate incomes reside in above-average levels in the following ten (10) municipalities:

⁵³ Data regarding special needs comes from FEMA Information and Data Analysis.

| MUNICIPALITY | < 30% AMI | < 50% AMI | < 80% AMI |
|--------------|--------------|--------------|--------------|
| Vieques | 2.42% | 0.27% | 1.21% |
| Las Marías | 2.06% | 0.77% | 1.03% |
| Corozal | 1.94% | 0.58% | 0.27% |
| Aibonito | 1.80% | 0.42% | 0.55% |
| Juncos | 1.96% | 0.27% | 0.39% |
| Ceiba | 1.20% | 0.95% | 0.43% |
| Comerio | 1.96% | 0.34% | 0.22% |
| Patillas | 1.67% | 0.46% | 0.38% |
| Naranjito | 1.24% | 0.71% | 0.49% |
| Loíza | 1.51% | 0.59% | 0.22% |

Table 8. Top 10 municipalities with the highest level of renters with special needs, broken down by income group

MEDICAID DEPENDENT RESIDENTS

According to ACS 2012-2016 data, 48% of Puerto Rican residents and more than 62% of children received Medicaid benefits in 2016. The Medicaid participation rate is consistent with the high rate of poverty on the Island. Medicaid assistance in Puerto Rico, unlike the 50 states, is provided in the form of a block grant rather than a fixed share of costs. For states, the federal government covers between 50% and 83% of the costs, following an established “Federal Medical Assistance Percentage” (FMAP) based on per capita income in the state. The formula does not apply to territories which have a fixed FMAP rate of 55%, regardless of income. If Puerto Rico’s FMAP were calculated using the same formula as for states, it would be at the maximum level of 83%.⁵⁴

On February 9, 2018, Congress enacted the Bipartisan Budget Act of 2018 with disaster relief provisions that provided \$4.8 billion in additional federal Medicaid funding for Puerto Rico. However, even with the additional one-time funding, there is a significant risk that more residents will become eligible for Medicaid in the coming months, creating additional needs for new funding. If the hurricanes’ impact on the economy is not addressed, increased levels of poverty will generate greater need for assistance.

⁵⁴More Trouble Ahead: Puerto Rico’s Impending Medicaid Crisis, Center for Economic and Policy Research
<https://cepr.net/images/stories/reports/puerto-rico-medicaid-2017-10.pdf>.



CHILD AND YOUTH WELFARE

Child poverty is a grave concern for Puerto Rico that must be addressed as part of the recovery effort. When Hurricanes Irma and María hit, the child poverty rate was already at 56%. Economic challenges brought on by post-hurricane conditions may lead to an increased rate over time. Unless mitigated by impactful recovery programs, child poverty has dangerous implications for the future of Puerto Rico and the whole of American society. Children living in poverty are less likely to complete school, have poorer health with less access to medical services, and tend to keep a low economic status earning lower wages through adulthood.

According to The Youth Development Institute of Puerto Rico, 6 out of every 10 children in Puerto Rico are living in poverty.⁵⁵ This adds a unique layer to the social vulnerabilities Puerto Rican communities face in recovery.

⁵⁵ Child Poverty: A Great Abyss for the Puerto Rican Economy, Instituto Desarrollo Juventud, <https://www.puertoricoreport.com/wp-content/uploads/2018/04/Instituto-Desarrollo-Juventud-Child-Poverty-A-Great-Abyss-for-Puerto-Rican-Economy.pdf>.

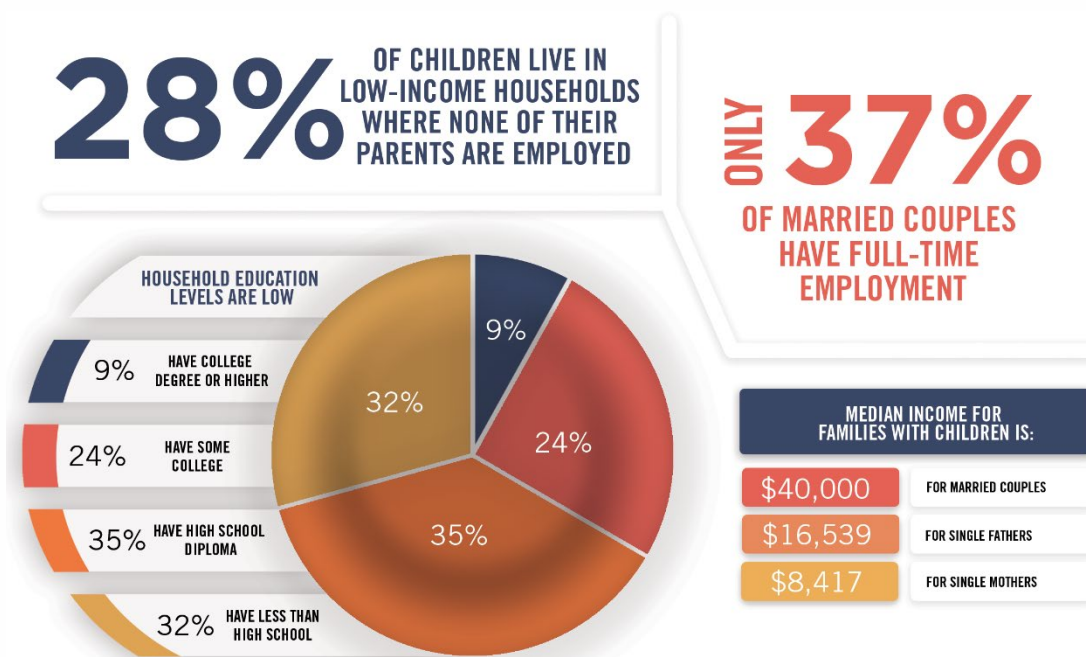


Figure 21. Statistics provided by the Youth Development Institute

HOMELESSNESS

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 the initial phases of recovery.

In 2017, a sample study completed by the Department of the Family recorded 3,501 Puerto Ricans as homeless, with 31% of them being chronically homeless.⁵⁶ The homelessness problem of brings forth more complexity in recovery due to social problems such as substance abuse, mental health disorders, and poor health conditions. An estimated 37% of homeless persons are battling some form of substance addiction to either illicit drugs or alcohol, and 23% are unable to return home due to familial problems. An estimated 15% are homeless due to financial reasons only.

Puerto Rico is eligible for annual formula-based grant funding from HUD for Continuum of Care (CoC) Services to end homelessness and provide critically needed support to local programs that serve individuals and families experiencing homelessness. Funding for these programs has gradually increased over the years. There are two operational jurisdictions managed out of field offices PR-502 (Puerto Rico Balance of Commonwealth CoC) and PR-503 (South-Southeast Puerto Rico CoC). In 2017 reports to HUD, these field offices estimated an annual renewal demand of \$12,658,322 for PR-502 to fund 42 subrecipients in the Commonwealth jurisdiction⁵⁷, and \$5,590,093 for PR-503 to fund 29 subrecipients to serve the South-Southeast jurisdiction.⁵⁸

The HUD Housing Damage Assessment and Recovery Strategies Report states that, citing a 2013 study, “Of the total homeless population – 80% are men, 16% are children, 51.6% are chronically disabled, 45.3%

⁵⁶ Resumen Cuento de Personal Sin Hogar, 2017.

⁵⁷ 2017 Grant Inventory Worksheet – PR-502: Puerto Rico Balance of Commonwealth CoC, <https://www.hudexchange.info/grantees/pr-502/>.

⁵⁸ 2017 Grant Inventory Worksheet – PR-503: South-Southeast Puerto Rico CoC, <https://www.hudexchange.info/grantees/pr-503/>.

suffer from substance abuse, 18.5% are severely mentally ill, 7.9% are victims of domestic violence, 7.4% suffer from HIV/AIDS, and 2.0% served in armed forces. Continuum of Care Providers (CoCs) have expressed a need for “increased transitional and permanent housing for women and children, and emergency shelters for domestic violence victims.”⁵⁹

FEMA Transitional Sheltering Assistance

The FEMA Transitional Sheltering Assistance (TSA) program is a short-term solution which provides housing to survivors as they transition from emergency shelters to longer-term housing solutions. Over 19,000 individuals impacted by Hurricanes Irma and María were sheltered by the TSA program between October 2017 and June 2018. Although many households sheltered by TSA may not have been homeless before the hurricanes, they are at increased risk of becoming homeless if they do not have a long-term housing solution to return to. At the time of the initial Action Plan, approximately 1,928 households remained in hotels, of which 1,332 were in the continental United States, and 596 were in Puerto Rico.⁶⁰ FEMA is offering families transportation assistance to return to Puerto Rico. TSA assistance was scheduled to expire on June 30, 2018, but was extended until September 15, 2018. Households without a long-term housing solution risk becoming displaced or homeless upon expiration of the assistance. As FEMA assistance ends, HUD-funded recovery programs for housing, workforce training and housing counseling will form the next phase of the recovery process. Puerto Rico program offerings will be communicated in coordination between Puerto Rico and Florida leadership teams and other relevant jurisdictions to provide access to information to displaced households.

SOCIAL HOUSING PROGRAMS

Mental care services and services targeted to vulnerable populations, such as domestic violence survivors and people living with HIV/AIDS, will continue to increase in importance as social safety nets are strained.

Puerto Rico receives annual formula-based grants from HUD administered by the Office of Socioeconomic and Community Development (ODSEC, for its Spanish acronym) to address the housing needs of special needs populations. For fiscal year 2017, Puerto Rico received \$44.1 million in community development funds through HUD’s Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA).⁶¹

| PROGRAM | SERVICE | 2017 AWARD |
|---------|---|--------------|
| CDBG | Provides grants to states and localities to provide decent housing and a suitable living environment, and to expand economic opportunities, principally for low- and moderate-income person | \$23,078,405 |
| HOME | Provides grants to states and localities to expand the supply of affordable housing by building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance | \$9,619,282 |

⁵⁹ HUD Housing Damage Assessment and Recovery Strategies Report. Housing RSF. Issued June 29, 2018.

⁶⁰ FEMA provides update on status of Transitional Sheltering Assistance as program deadline nears. June 8, 2018. FEMA Release Number 199.

⁶¹ Puerto Rico Granted Federal Community Development Funds After Hurricane, Caribbean Business, October 16, 2017, <http://caribbeanbusiness.com/federal-funds-assigned-for-community-development-in-puerto-rico/>

| PROGRAM | SERVICE | 2017 AWARD |
|---------|---|--|
| | to low-income people. Since 1992, this program has helped 7,165 participants, and 50% of them have been homebuyers. ⁶² | |
| ESG | Provides grants to states and localities to help people regain stability after experiencing a housing crisis or homelessness. This is completed through street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and Homelessness Management Information System. | Regular: 3,655,787 Extra: \$2,018,250 |
| HOPWA | Provides grants to states, localities, and nonprofit organizations to provide housing assistance and related supportive services for low-income persons living with HIV/AIDS and their families. | \$1,979,243 |

Table 9. 2017 funding for select HUD programs

SPECIAL COMMUNITIES

Certain communities in Puerto Rico with concentrations of poverty, lack of basic infrastructure, unacceptable environmental conditions, poor housing status, and high social stressors are designated by the government of Puerto Rico as “Special Communities.” In March 2001, the Government of Puerto Rico enacted the *Special Communities Integral Development Act* into law to institutionalize efforts to promote a better quality of life and social development in these designated communities. This designation has allowed Puerto Rico to assess dedicated financing and governmental support to these Special Communities and to stimulate the involvement of residents in the improvement and development of their communities.

Today, there are currently 725 Special Communities across the Island, with at least one (1) in every municipality. The more than 208,000 household residents of these communities are important participants of the recovery programs. Large concentrations of special communities are found (as per the map below) in Quebradillas, Hatillo, Yauco, Canóvanas, and Orocovis.

Because of these factors, the needs of Special Communities will be a key component of the Whole Community Resilience Planning program, which is designed to develop comprehensive recovery strategies at the community-level.

⁶² HOME Program Progress Dashboard, cumulative as of 12.31.2017, accessed at https://www.hudexchange.info/resource/reportmanagement/published/HOME_Dash_PJ_AAAA-PR_PR_20171231.pdf.

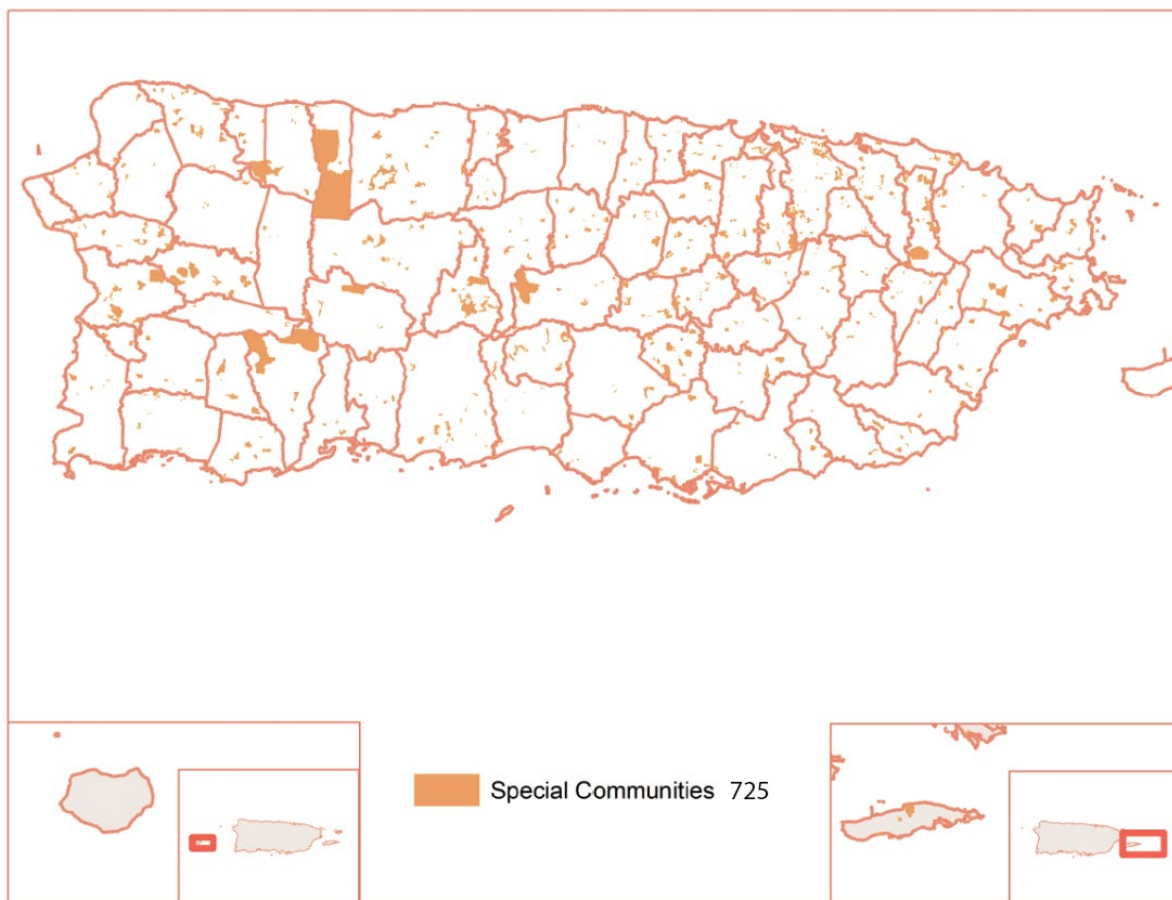


Figure 22. Concentration of Special Communities, data source Puerto Rico Planning Board

HOUSING IMPACT

Hurricanes Irma and María fully exposed the fragility in the housing market. The damage caused by the hurricanes 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%⁶³ 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 non-conformance 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.

Cost-burdened households face exacerbated challenges in the search for safe, affordable housing. There are more than 14,500 tenant households and more than 13,300 owned homes that are overcrowded by one (1) or more persons.⁶⁴ 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.



SINGLE FAMILY HOUSING MARKET

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. With changing economic conditions and evolving household makeup, Puerto Rico has seen little investment in homes

⁶³ Puerto Rico Builder's Association Housing Study, February 2018.

⁶⁴ *Id.*

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.

Social circumstances have a significant impact on market behavior. Younger couples are delaying investment in property while established, elderly heads of household remain the predominant homeowners. Overall, households with small children show a reduction in marriages and an increase in single parent households, predominantly female head of household.

| HOUSING DEMOGRAPHICS | | |
|--|---------------|---------------------------|
| COMMUNITY FACT | UNITED STATES | PUERTO RICO |
| Housing units, July 1, 2019, (V2019) | 139,684,244 | 1,559,505 (2019 Estimate) |
| Owner-occupied housing unit rate, 2015-2019 | 64.00% | 68.10% |
| Median value of owner-occupied housing units, 2015-2019 | \$217,500 | \$111,500 |
| Median selected monthly owner costs -with a mortgage, 2015-2019 | \$1,595 | \$880 |
| Median selected monthly owner costs -without a mortgage, 2015-2019 | \$500 | \$149 |
| Median gross rent, 2015-2019 | \$1,062 | \$478 |
| Households, 2015-2019 | 120,756,048 | 1,192,654 |
| Persons per household, 2015-2019 | 2.62 | 2.75 |
| Living in same house 1 year ago, percent of persons aged 1 year+, 2015-2019 | 85.80% | 92.90% |
| American Community Survey Data 2015- 2019 | | |

Table 10. Select Housing Demographic Information, Comparison of US 50 States to Puerto Rico

Fifty-five (55) % of the occupied housing units in Puerto Rico are valued at less than \$150,000. Before the hurricanes, single family housing stock was at 1,555,880 units, with approximately 1.2 million of those homes occupied.⁶⁵ According to FEMA IA data, over 1.06 million households, or households representing 88% of total housing units, have applied for disaster assistance. 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.⁶⁶

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

⁶⁶ Puerto Rico Builder's Association Housing Study, February 2018.

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.⁶⁷ 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 housing program section later in this plan, rehabilitation and renewal of existing housing units will be a primary course of action for residents who choose to relocate and need new housing.

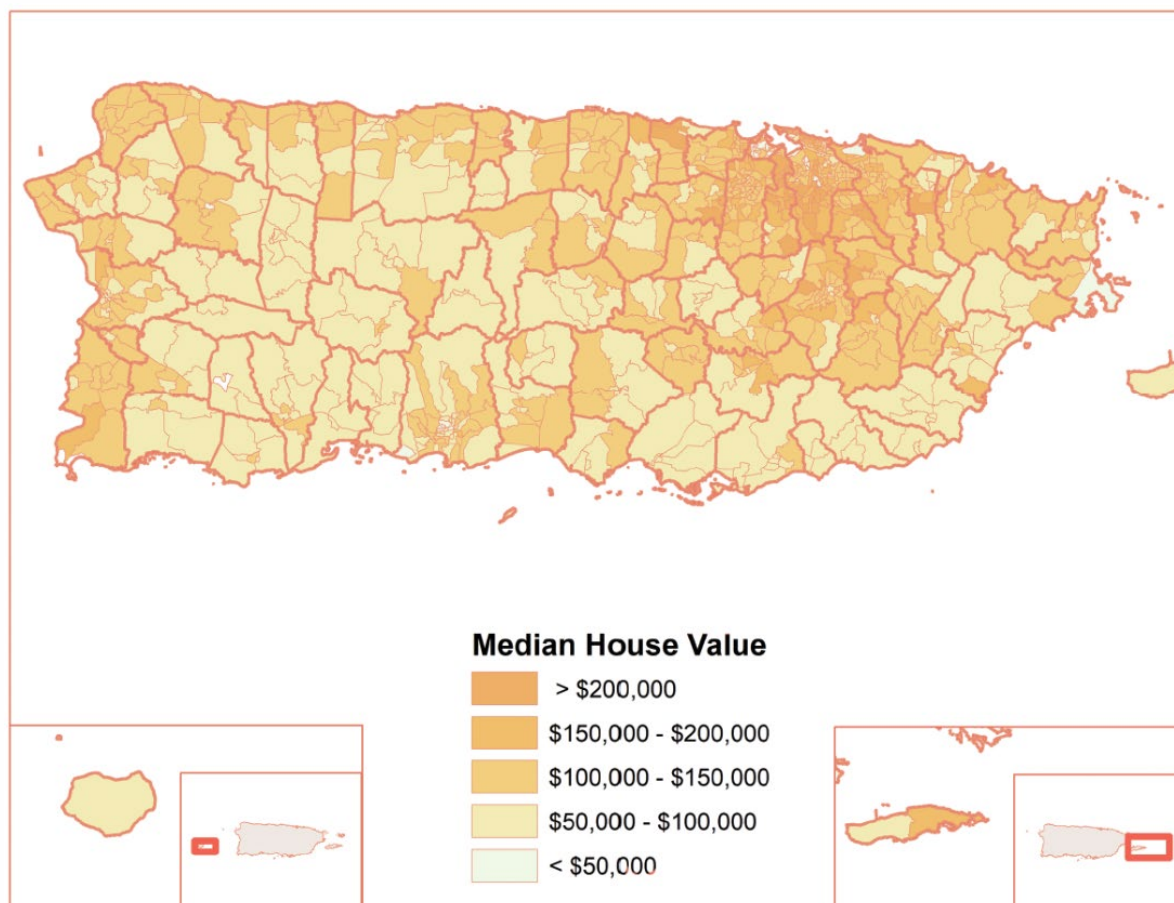


Figure 23. House Median Value, source data from American Community Survey 2012-2016

According to HUD, as of April 30, 2018, there were a total of 116,789 FHA Forward Mortgages, representing \$10,262,381,738 in unpaid balance.⁶⁸ Some debtors, with FHA-insured mortgages in default, who were ineligible for FHA's Loss Mitigation Program have been given an extended moratorium on foreclosure. There is a considerable risk of foreclosure on these properties that will follow the moratorium expiration on August 16, 2018. The delinquent loan count increased from 17,475 on August 31, 2017 (before the hurricanes), to 28,940 on April 30, 2018. This represents a financial exposure of over \$2.6

⁶⁷ Submitted by Puerto Rico Planning Society in public comment, dated May 25, 2018.

⁶⁸ HUD Single-Family FHA Report: Puerto Rico.

billion in delinquent loans in Puerto Rico. This could potentially add to the already aging stock of unoccupied homes with significant deterioration or damage expected to prevent resale.

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.



Figure 24. Housing Unit Tenure, source data from American Community Survey 2012-2016

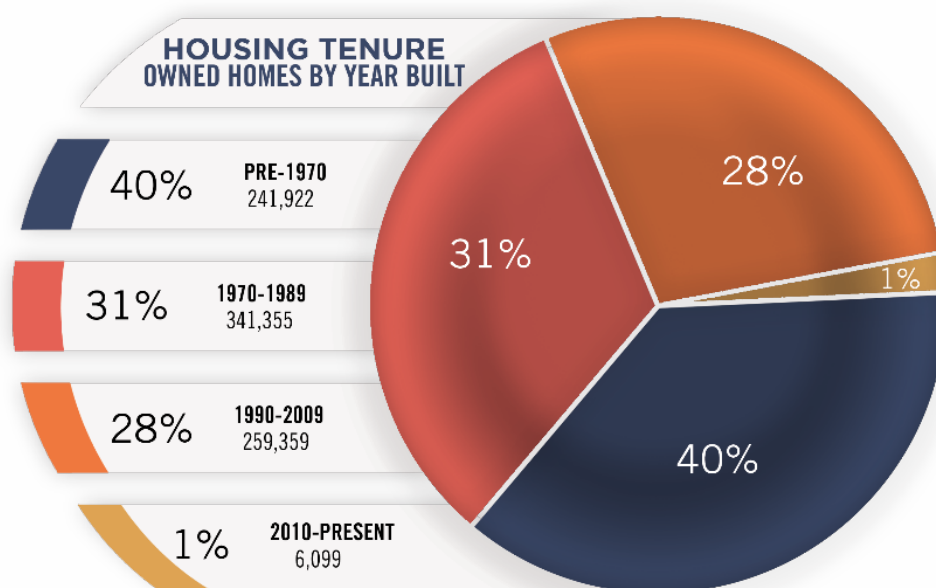


Figure 25. Housing Tenure, source data from American Community Survey 2012-2016

MULTIFAMILY HOUSING MARKET

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.

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.

Although enough rental units may exist, demand for high-quality affordable rental housing has increased with economic challenges. Households may earn income just above the poverty line, disqualifying them from critical assistance, but too little to afford higher quality rental housing options. These households may earn between \$15,000 to \$25,000 in annual income.

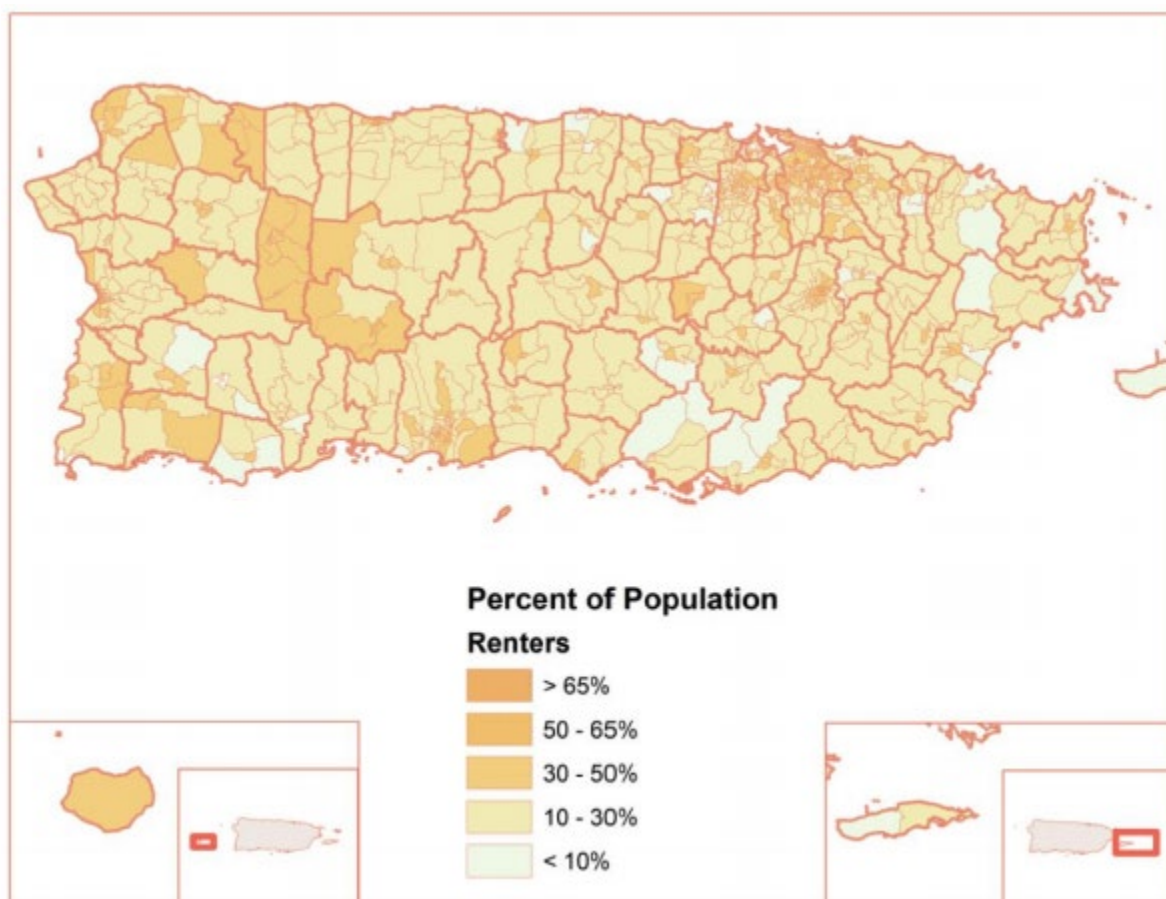


Figure 26. Disbursement of rental population, source data from ACS 2012-2016

A recorded 345,333 renter households applied for FEMA IA assistance because of Hurricanes Irma and María.⁶⁹ The number of units with confirmed damage may increase as assessment of damage and inspections for code compliance post-hurricane continues. In the rental market recovery, there is a strong need to formalize the island-wide rental market reporting and housing standard compliance. Aging buildings impacted by the hurricane will be addressed with a focus on resilience. More than 76% of the Island's rental stock was constructed before 1990.

⁶⁹ FEMA Individual Assistance (FEMA IA) data – FIDA 31621 as of April 2, 2018.

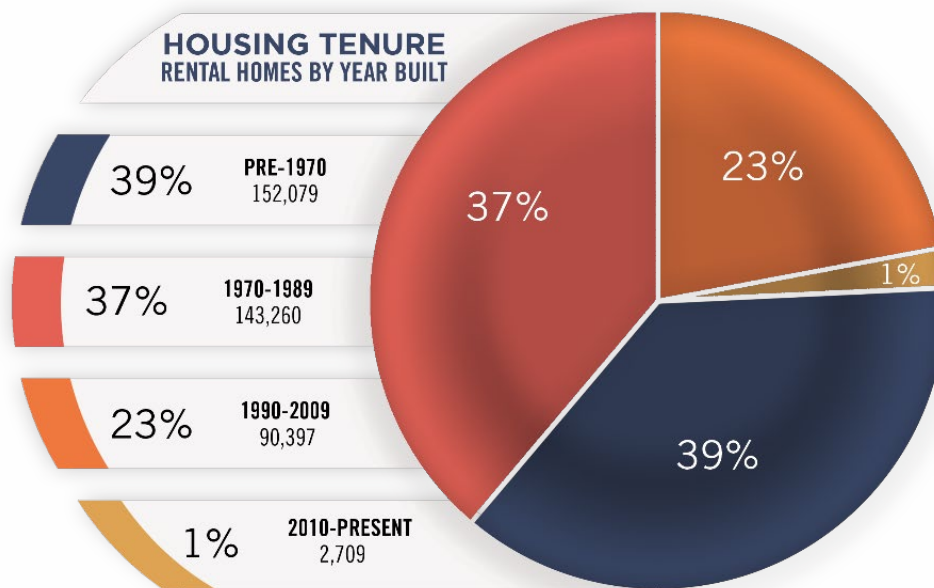


Figure 27. Rental Housing Tenure, source data from American Community Survey 2012- 2016

IMPACT TO PUBLIC HOUSING

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. Full damage assessments are still being completed, and the damage amount is expected to rise. As insurance claims are negotiated with insurers, the number of unmet needs is expected to adjust. As of the date of publication of the initial Action Plan, available FEMA funding for public housing finance requests had not been completed. Until such funding levels can be determined, the accurate unmet need in public housing remains incomplete.

| PUBLIC HOUSING PROJECT TYPE | TOTAL OF DAMAGE CLAIMS | ESTIMATED AMOUNT COVERED BY INSURANCE | REMAINING NEED |
|-----------------------------|------------------------|---------------------------------------|----------------|
| Public Housing | \$100,407,981 | \$59,342,266 | \$41,065,715 |
| State Project | \$1,625,196 | \$1,070,465 | \$554,731 |
| Tax Credit | \$17,294,285 | \$11,096,285 | \$6,198,000 |
| Total | \$119,327,462 | \$71,509,016 | \$47,818,446 |

Preliminary data provided by PRPHA – February 2018

Table 11. Public Housing Unmet Need

Before the hurricanes, there were 25,000 persons on the public housing waiting list and 7,955 (as of June 2014) on the Section 8 waiting list. PRPHA has been implementing mixed-income, mixed finance strategies as part of its Asset Repositioning Strategic Plan to generate high-quality, diversified housing options. The Gladiolas mixed-finance development, which was still being completed at the time of hurricane María, is an example of this new strategy, which incorporates public housing units, Section 8 voucher units, market

rate, and tax-credit units.⁷⁰ Asset repositioning will continue to play a vital role in the recovery process, leading to high-quality diversified housing options for residents across all housing assistance and income categories.

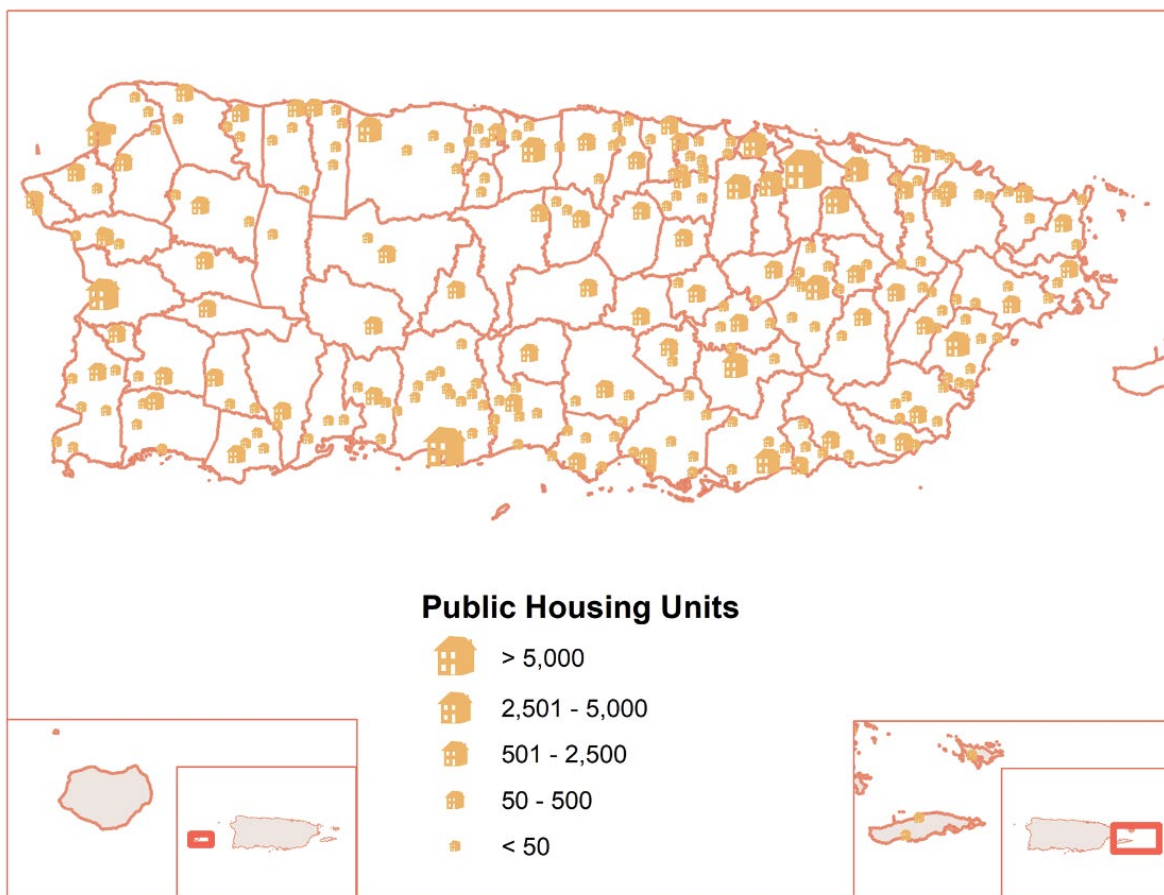


Figure 28. Location of Public Housing Units, data provided by PRPHA

SHELTERS

When María's weather projections became a reality, the government quickly recognized the need to evacuate residents into safety shelters. In the Governor's emergency declaration, Puerto Rico responded to an unprecedented need for hurricane shelter by designating 500 schools and other government buildings as shelters.⁷¹ There were over 15,000 sheltered residents in these designated locations. This included all sectors of the population, including individuals, families with young children, and the elderly.⁷² Several of these government buildings provided much needed refuge from the hurricane but lacked appropriate accommodations such as a kitchen area or shower stalls for longer-term use. PRPHA is responsible for coordinating, inspecting, and monitoring shelter facilities provided by the Puerto Rican

⁷⁰ <https://archives.hud.gov/local/pr-vi/goodstories/2017-06-14.cfm>

⁷¹ Executive Order EO-2017-047, <https://www.fmcsa.dot.gov/sites/fmcsa.dot.gov/files/docs/emergency/83261/declaration-emergency-pr-2017-oe-2017-047.pdf>

⁷² Department of Housing Shelter Report.

Government. The agency, in coordination with FEMA, accommodated an unprecedented number of shelter occupants across the Island.

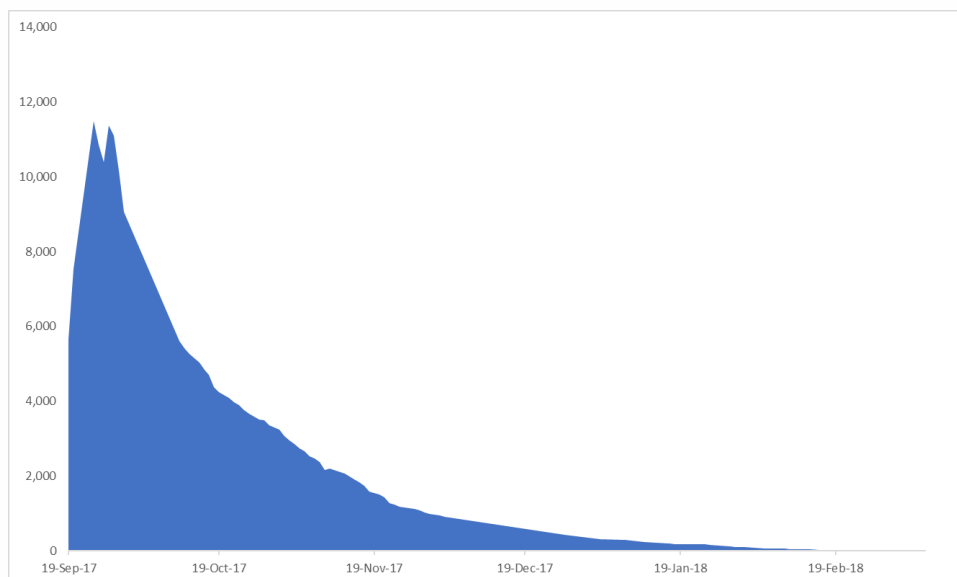


Figure 29. Peak number of shelter occupants in PRDOH shelters

The Government of Puerto Rico worked quickly to place sheltered survivors into transitional living situations more appropriate for daily living. Continuums of Care (CoCs) homeless service providers adapted their existing administrative structure and tools to coordinate a housing placement effort together with the Multi-Agency Shelter Transition Team from FEMA and the PRDOH. CoCs modified their governance charters to create a committee for Emergency Planning and created uniform assessment forms specifically developed for the disaster recovery effort. CoCs trained 72 CoC staff members and deployed 41 housing navigators who utilized the Coordinated Entry (CE) and Homeless Management Information System (HMIS) to assess 406 survivors in 21 shelters. A Housing Inventory Management Tool was created, and over 600 available subsidized housing units were identified, within 9 housing modalities, including public housing, Housing Choice Vouchers, Multifamily, USDA-Rural Development, FEMA Rental Assistance, and locally funded elderly projects.

Households served between January and March 2018 included:

- 177 households with a special needs family member
- 130 households with senior members aged 50 or above
- 5.88% of head of households were Native American
- 14.97% of head of households were African American
- 20.86% of head of households identified as multi-racial

Transition efforts for many families included household content lost in the hurricane. Working extensively with the FEMA Mass Care team, CoCs supported the delivery of over 60 Housing Ready kits to survivors'

new homes. Items in these kits included cots or air mattresses, a gas stove, kitchen utensils, hygiene products, and other first necessity products.⁷³

SOCIAL INTEREST HOUSING

Information submitted by stakeholders in formal written comments by various municipalities and non-governmental organizations provides a glimpse into the need for social interest housing. Proposals submitted by organizations such as Centro Pobre Cristo and the Sociedad Puertorriqueña de Planificación (SPP) speak directly to the housing needs of special needs populations. PRDOH received proposals for social interest housing from Non-Governmental Organizations (NGO) and municipalities in various regions of the Island. These proposals are available in their entirety at <https://recuperacion.pr.gov/en/cdbg-dr/> and <https://recuperacion.pr.gov/en/cdbg-dr/>. The table below identifies a sample of the need for social interest housing as expressed in the proposals received by PRDOH.

| ENTITY | SOCIAL INTEREST GROUP BEING ADDRESSED | ESTIMATED COST | PROJECT | PROPOSED NO. OF BENEFICIARIES /UNITS |
|--|---|----------------|-------------|--------------------------------------|
| Adjuntas | Senior Citizens | \$ | 12,387,000 | 244 |
| Arroyo | Individuals currently in Temporary Shelters | \$ | 6,000,000 | 225 |
| Barceloneta | Senior Citizens | \$ | 36,000,000 | 2459 |
| Ceiba | Senior Citizens | \$ | 81,625,000 | 850 |
| Fajardo | Senior Citizens | \$ | 25,000,000 | 3896 |
| Guaynabo | Senior Citizens | \$ | 30,081,738 | 495 |
| Juncos | Senior Citizens, homeless persons, persons recovering from substance abuse, single mothers, domestic violence survivors | \$ | 22,500,000 | 245 |
| Salinas | Senior Citizens | \$ | 31,300,000 | 2270 |
| San Juan | Senior Citizens, domestic violence survivors | \$ | 101,280,709 | 37020 |
| Toa Baja | Senior Citizens | \$ | 205,300,000 | 7200 |
| Vieques | Senior Citizens | \$ | 17,750,000 | 315 |
| Centro Pobre Cristo para los sin Techo | Homeless persons | \$ | - | 10 |
| Egida Sagrado Corazón de Jesús, Arecibo | Senior Citizens | \$ | 17,000,000 | 120 |
| Fundación Comunitaria de Puerto Rico | Homeless persons, persons with developmental and functional disabilities | \$ | 198,200,000 | 2987 |
| FUNDESCO | Homeless persons | \$ | 231,651 | 100 |
| Lucha contra el SIDA, INC. (LUCHA) | Senior Citizens, homeless persons, people living with HIV/AIDS | \$ | 12,808,822 | 460 |
| Average Price per housing unit for the Sample: | | | | ⁷⁴ \$13,540 |

Table 12. Summary data demonstrating need for social interest housing as expressed in the proposals received by PRDOH

⁷³ "Puerto Rico Disaster Relief Shelter transition initiative: Lessons Learned in Rehousing Disaster Survivors." March 14, 2018. HUD Technical Assistance Providers. Provided by HUD San Juan Regional Office on May 16, 2018.

⁷⁴ This number is an estimate and may include data that mixes units and beneficiaries due to the various formats used in the public comment.

HOUSING TYPOLOGIES

INFORMAL CONSTRUCTION

Socioeconomic challenges have led a high number of residents to construct housing without professional design and in many cases without proper permits, or construction materials not up to housing regulations or codes. Although this type of construction strongly represents the resilience of the Puerto Rican people, it has created a substantial number of housing units unfit to withstand the high wind, rain, and flooding conditions brought by hurricanes. Although there is no reliable public record of these units, it is estimated that more than half of the Islands' housing stock has been erected through "informal construction" or construction completed without the assistance of an engineer or architect or the required permits. Understanding that the realities of island living, and elevated levels of unemployment, have only resulted in an increase in this type of construction, Puerto Rico is committed to incentivizing recovery assistance that will minimize the occurrence of "informal construction," and prevent rebuilding in high-risk flood zones or on public land.

PROPERTY TITLE CONCERNS

High denial rates have left hundreds of thousands without critical assistance and a large unmet housing need.

Due to the extent of undocumented informal construction on unregistered land, reform to the parcel registry is paramount to restructuring the housing market. Parcel registry is important for clarifying ownership and preventing boundary disputes. Informal construction on unregistered land is a concern for all municipalities. The chart below depicts the comparison of known properties with and without title in select municipalities.



Figure 30. Select municipalities' distribution of legal titles and non-legal titles, data provided by PRDOH Planning

HOUSING FUNDS MADE AVAILABLE

FEMA INDIVIDUAL ASSISTANCE (FEMA IA)

According to available data as of July 21, 2021, FEMA received over 1,126,413 registrants, however, reports indicate significant ineligible rates and low payouts, with only 232,429 approved for housing repair or replace assistance.

Owner-occupied single-family homes with repair needs represent the largest group of María impacted properties across Puerto Rico. According to FEMA's most recent dataset,⁷⁵ 343,688 owner-occupied households were estimated to sustain damage across the Island. More than 619,000 owner-applicants to FEMA housing programs resided in a house or a duplex, and another 16,345 resided in other single-family housing types. Upon FEMA inspection, these 297,882 residences had more than \$1.144 billion in real property verified losses.

The map below displays concentrations of real property loss normalized by housing units.

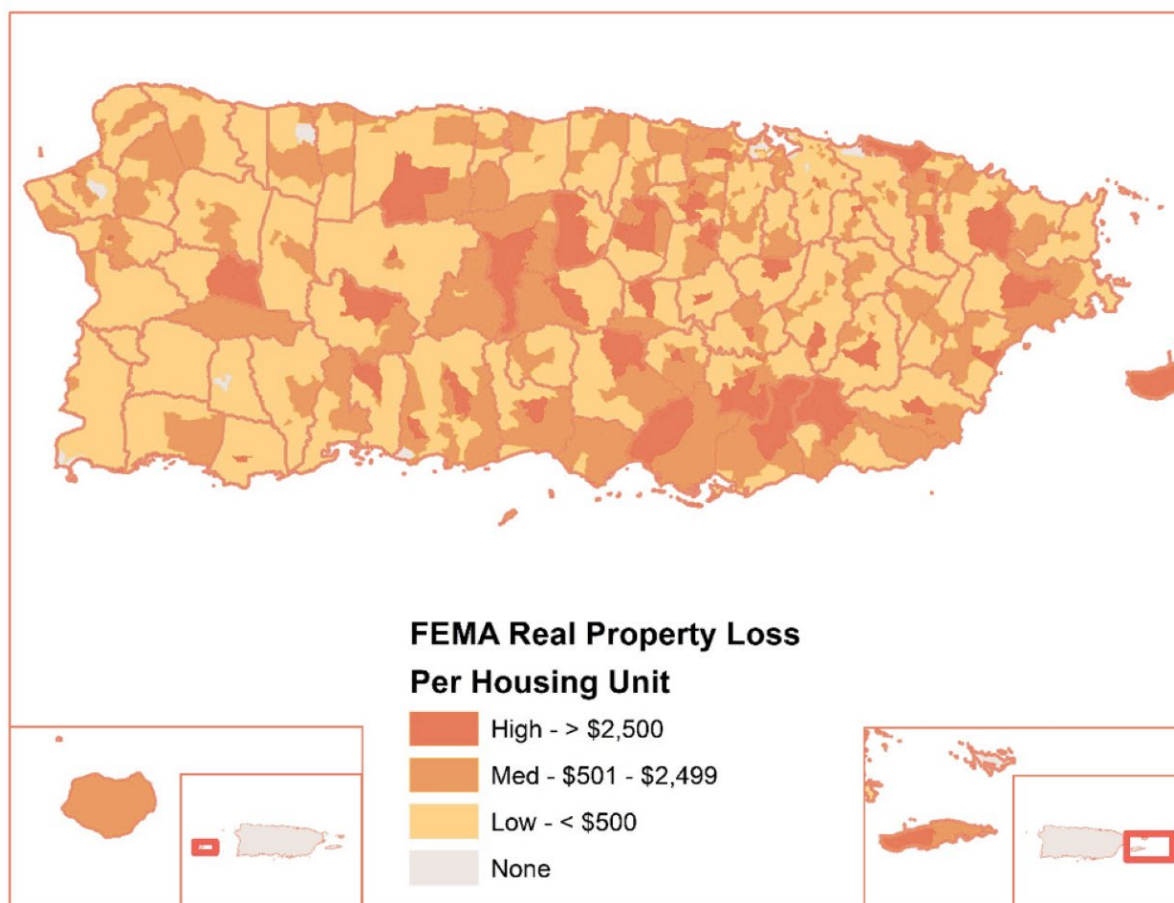


Figure 31. FEMA Real Property Loss

⁷⁵ <https://www.fema.gov/openfema-data-page/individual-assistance-housing-registrants-large-disasters-v1>.

Overall, 787,444 applicants are residing in owner-occupied houses or duplexes, representing 78.6% of the owner-occupied applicant pool. Condo, townhouses, and apartment owners make up 15.6% of the applicant pool for a total of 122,823 owner-occupied condominiums, apartments, and townhouses.

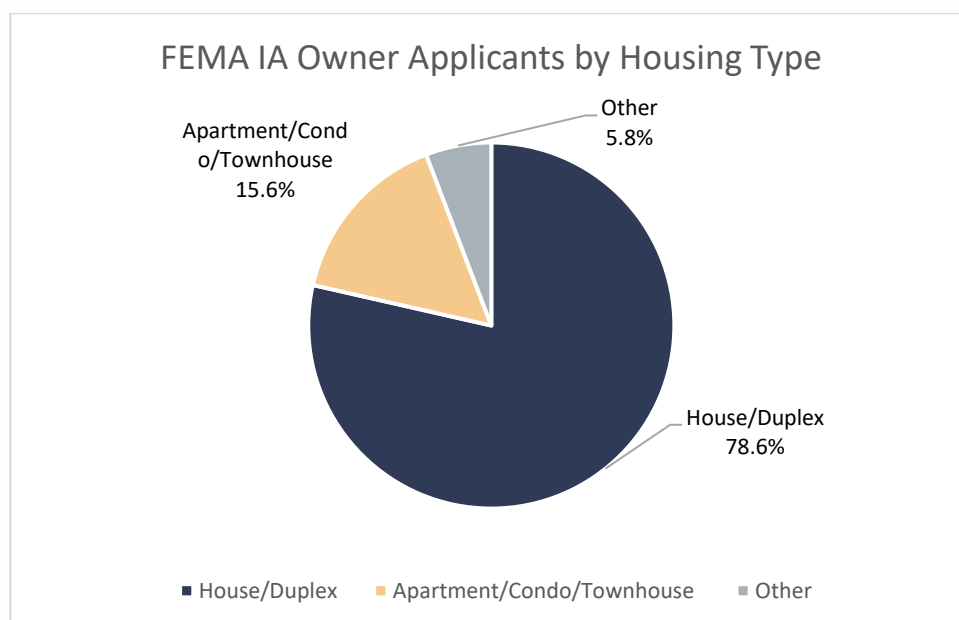


Figure 32. FEMA IA Owner-occupied applicant by Housing Type

When reviewing FEMA Individual Assistance data, specifically considering owner-applicants who are considered Low- or Moderate-Income, 20.4% or 160,724 applicants are elderly (65 or older) and below the 80% Area Median Income. When looking at the same data set, individuals with Access and Functional Needs make up 1.1% of the population, or 8,834 applicants.⁷⁶ The compound effects of being elderly and of limited income make recovery especially challenging for this population. For that reason, PRDOH has chosen to prioritize elderly applicants in several housing recovery programs.

⁷⁶ FEMA Individual Assistance (FEMA IA) data – FIDA 31621 as of April 2, 2018.

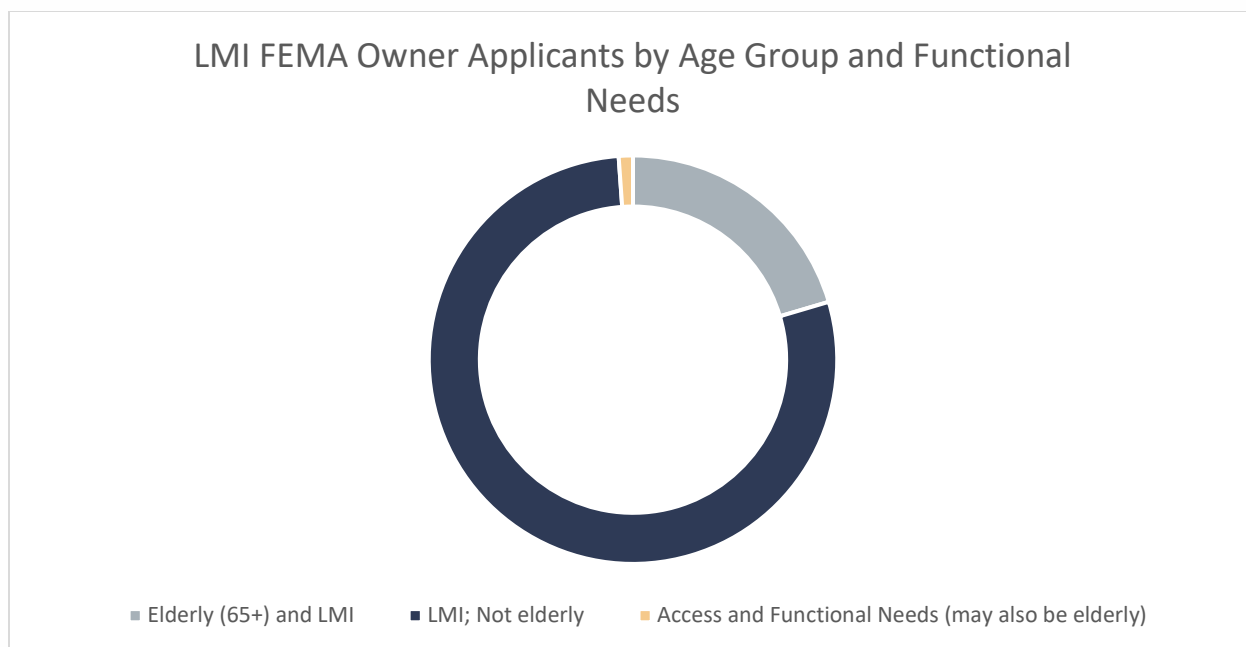


Figure 33. LMI FEMA Owner Applicants by Age Group and Functional Needs

FEMA STEP – TU HOGAR RENACE

PRDOH, FEMA, and the Government of Puerto Rico oversaw the FEMA Sheltering and Temporary Essential Power (STEP) program, known as Tu Hogar Renace (Your Home Reborn, in English), as a first step in the recovery process for thousands of Island residents.

Tu Hogar Renace program was designed to bring property to a safe, functional, and habitable level and limited maximum investment in each property to \$20,000. The program allowed residents to return to their properties and shelter in place until permanent repairs could be made. Improvements included repairs to electric service, roofs, walls and windows, natural gas or propane service, and the removal of debris.

By design and due to FEMA directive, STEP repairs are intended to be temporary. Often, CDBG-DR housing rehabilitation and reconstruction programs built upon the work performed under STEP. Furthermore, STEP does not generally consider Green Building requirements, Energy Star, Code, or Housing Quality Standards, which are HUD expectations for housing activities.

As of September 13, 2018, Tu Hogar Renace had received 216,540 applications and had deemed 122,314 eligible.⁷⁷ The program served residents by conducting temporary repairs in every municipality. Most program activity was concentrated in the following 5 municipalities:

| Bayamón | San Juan | Caguas | Carolina | Humacao |
|---------|----------|--------|----------|---------|
| 5,873 | 5,157 | 4,503 | 4,244 | 3,942 |

Table13. Number of applicants in the Tu Hogar Renace program, provided on program website through interactive map

⁷⁷ Tu Hogar Renace website, accessed on September 13, 2018.

The temporary repairs performed on these homes allowed residents to remain in place, in their own homes and communities while they awaited long-term recovery options. Unlike Texas, where FEMA funds for permanent housing construction (PHC) were made available, FEMA PHC funds had not been made available in Puerto Rico. This left an important funding solution out of the overall recovery process and placed greater demand on the CDBG-DR funds.

FEMA NATIONAL FLOOD INSURANCE PROGRAM (NFIP) AND PRIVATE INSURANCE

In October 2017, FEMA paid \$2.8 billion in NFIP claims for Hurricanes Harvey, Irma and María, of which only \$121,000 was paid to Puerto Rican households. As of November 2019, NFIP paid out \$23.9 million in flood claims to 836 households.⁷⁸ Only 5,675 homeowners had flood insurance when María made landfall, representing a fraction of the population located in FEMA designated flood zones. An overlay of FEMA applicant locations to the current 100-year flood boundary identified 245,586 applicants in the flood zone. This gap in coverage for the population at large contributes to an exponentially high unmet need in the housing sector.

The gap between the number of insured properties and the estimated number of impacted homes in the floodplain is especially important to note given the limitations in the Federal Register for the CDBG-DR recovery funds allocated under this Action Plan. The Register states:

“... a grantee may only provide assistance for the rehabilitation/ reconstruction of a house located in a floodplain if: (a) The homeowner had flood insurance at the time of the qualifying disaster and still has unmet recovery needs; or (b) the household earns less than the greater of 120% AMI or the national median and has unmet recovery needs.”⁷⁹

Impacted applicants at incomes above the specified limits, unless otherwise waived, who did not have flood insurance at the time of the event are not eligible for assistance.

⁷⁸ <https://www.fema.gov/openfema-data-page/fima-nfip-redacted-claims-v1>

⁷⁹ 83 FR 5844, 5865 <https://www.govinfo.gov/content/pkg/FR-2018-02-09/pdf/2018-02693.pdf>

Additionally, 4,556 private flood claims resulted in payments of \$25 million over 2,391 payouts.⁸⁰

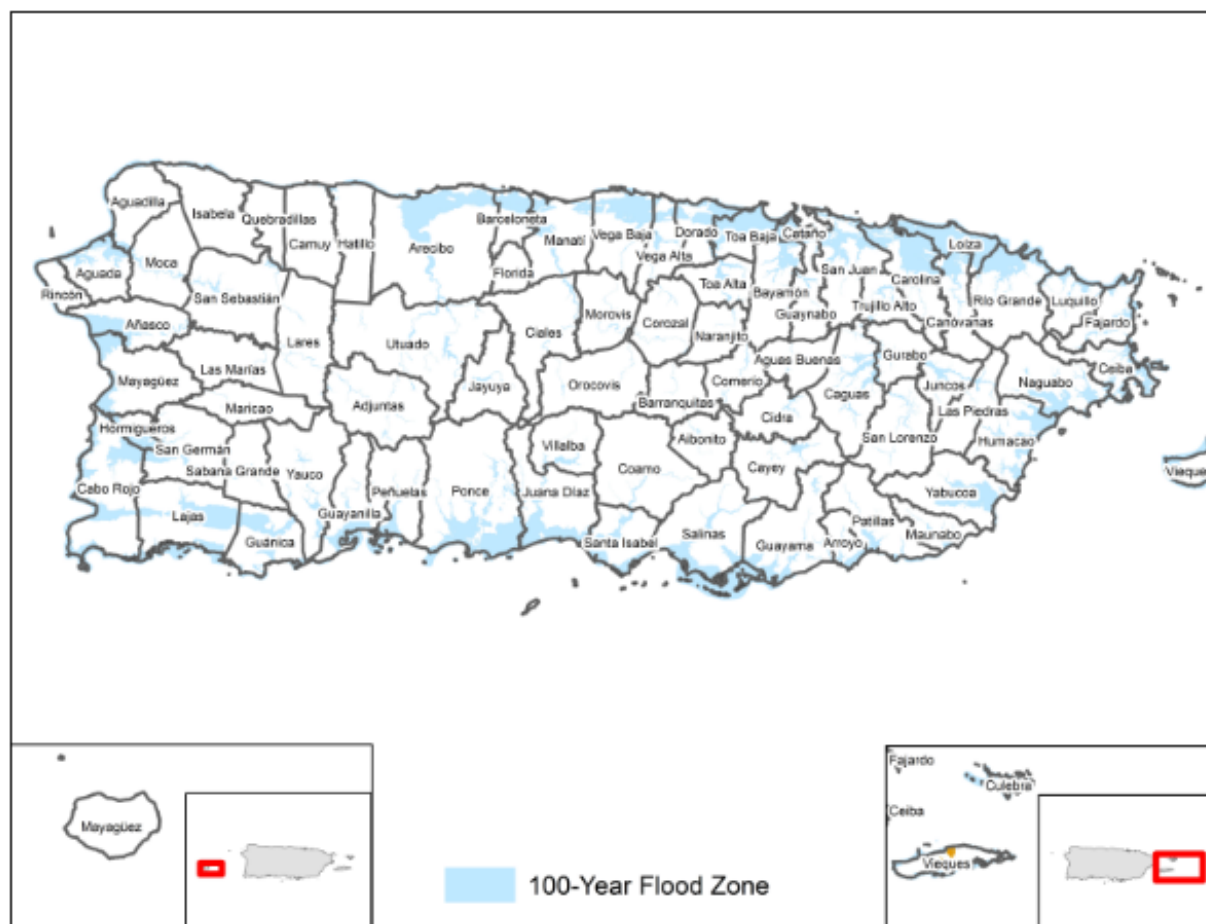


Figure 34. High level view of FEMA 100-year flood advisory zone, 2018⁸¹

⁸⁰ Office of the Commissioner of Insurance for Puerto Rico, claim summary, February 28, 2018.

⁸¹ Mona island is being represented as part of the Mayagüez municipality.

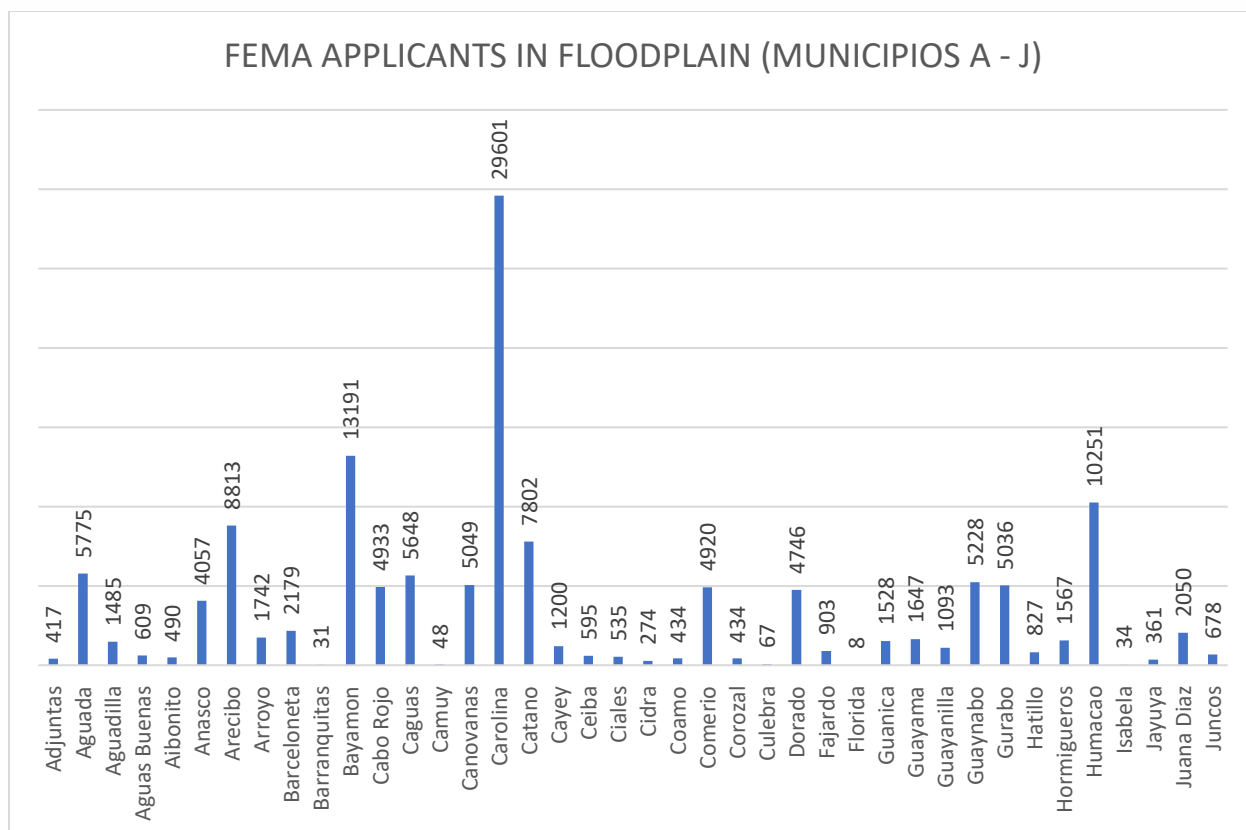


Figure 35. Chart of FEMA IA applicants located in 100-year flood advisory zone by municipality, as identified by overlay on 2018 advisory map – municipalities A through J

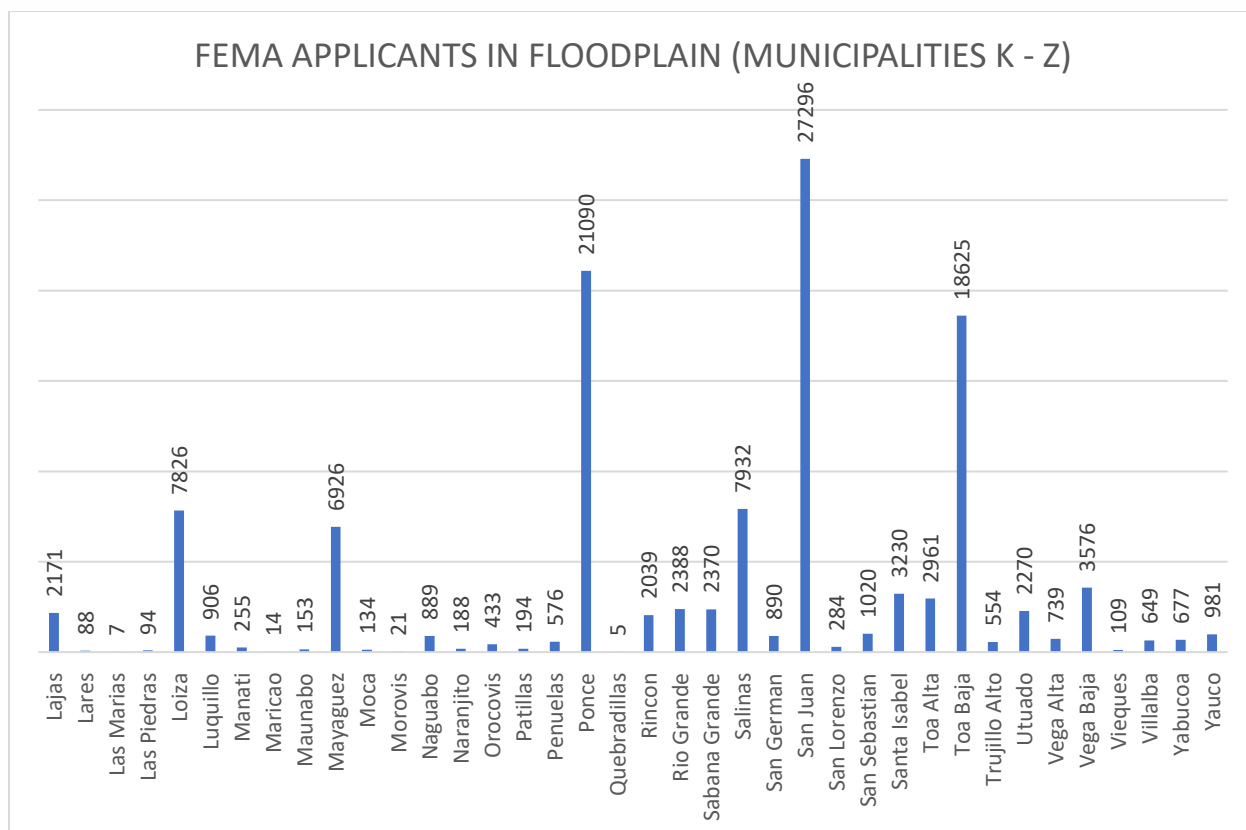


Figure 36. Chart of FEMA IA applicants located in 100-year flood advisory zone by municipality, as identified by overlay on 2018 advisory map – municipalities K through Z

ADDITIONAL MAPS REGARDING FEMA INDIVIDUAL ASSISTANCE DATA

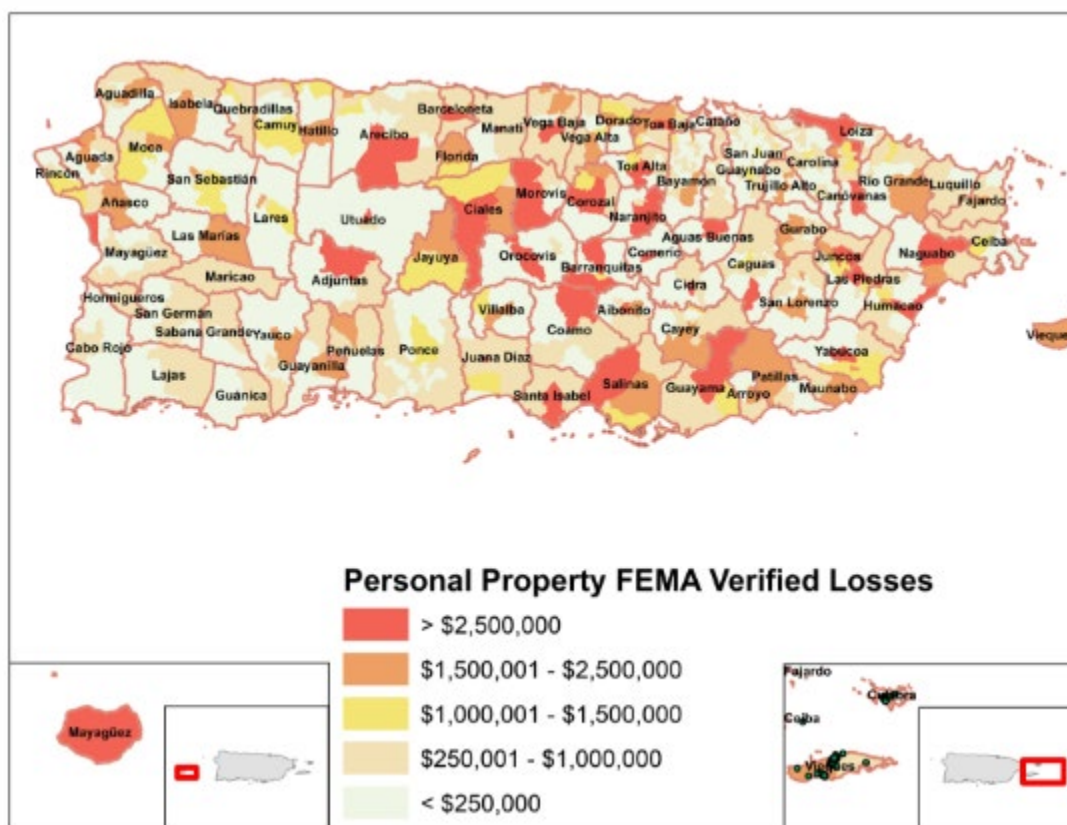


Figure 37. Total FEMA IA Verified Losses^{82 83}

⁸² Mona island is being represented as part of the Mayagüez municipality.

⁸³ Data in the maps represents census tract-level information pertaining to damage and individual assistance. Based on FIDA_31621 ISAA_CDBG_4339 and FIDA_31621 ISAA_CDBG_4336.

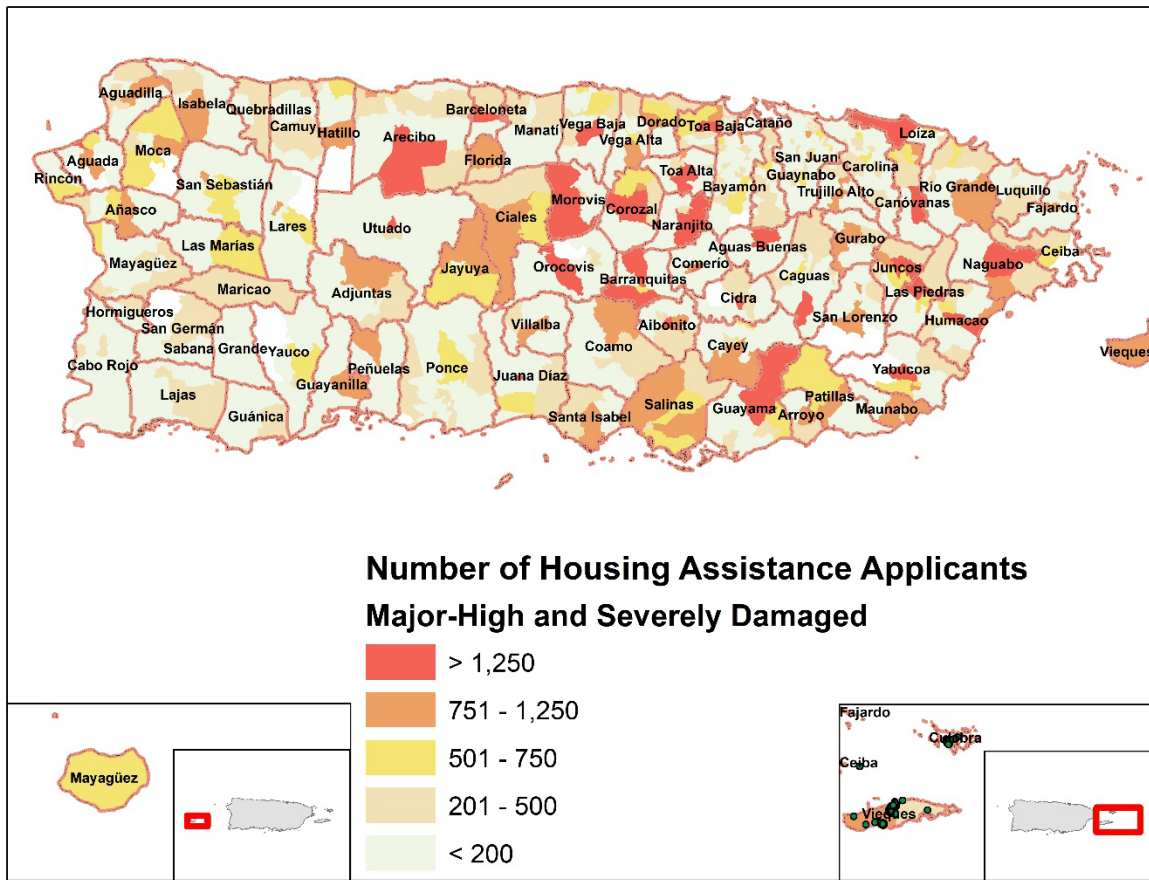


Figure 38. Homes classified as having major-high and severe damage by FEMA^{84 85}

⁸⁴ Mona island is being represented as part of the Mayagüez municipality.

⁸⁵Data in the maps represents census tract-level information pertaining to damage and individual assistance. Based on FIDA_31621_ISAA_CDBG_4339 and FIDA_31621_ISAA_CDBG_4336.

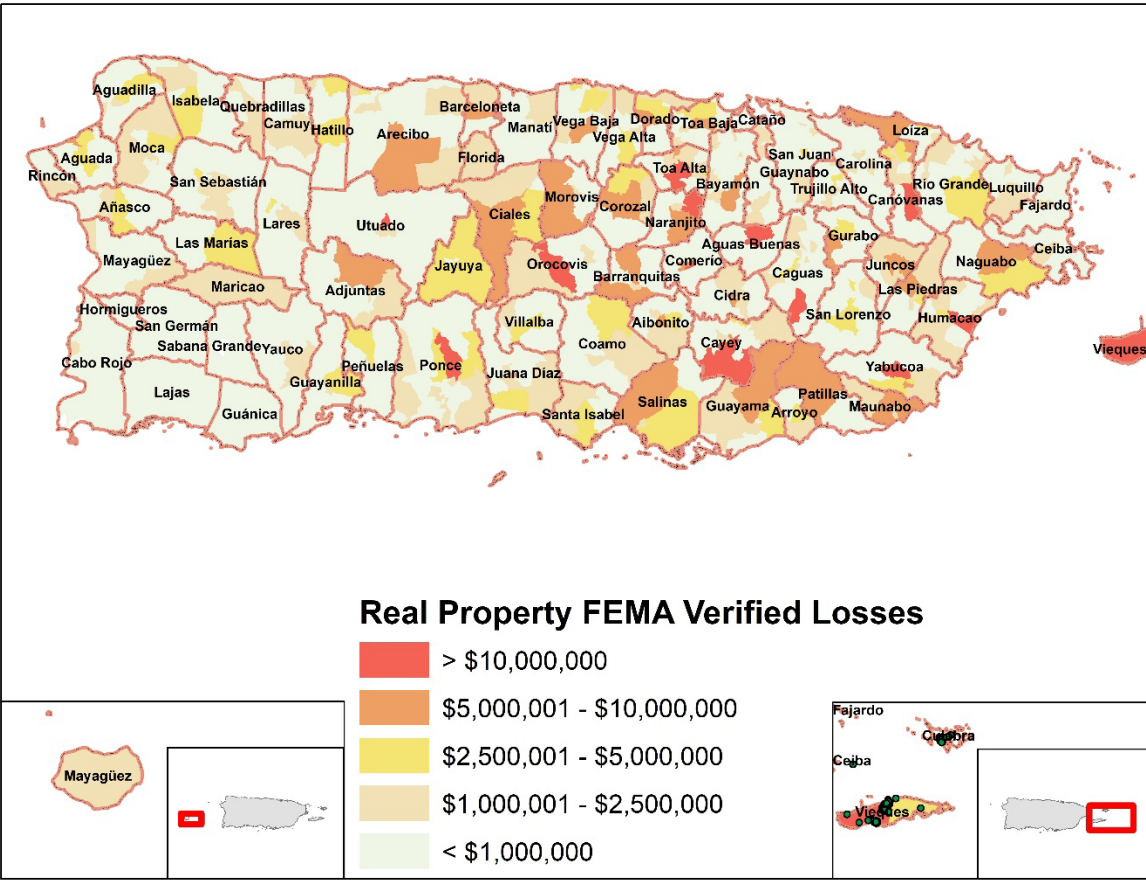


Figure 39. Dollar value of real property FEMA verified Losses^{86, 87}

⁸⁶ Mona island is being represented as part of the Mayagüez municipality.

⁸⁷Data in the maps represents census tract-level information pertaining to damage and individual assistance. Based on FIDA_31621_ISAA_CDBG_4339 and FIDA_31621_ISAA_CDBG_4336.

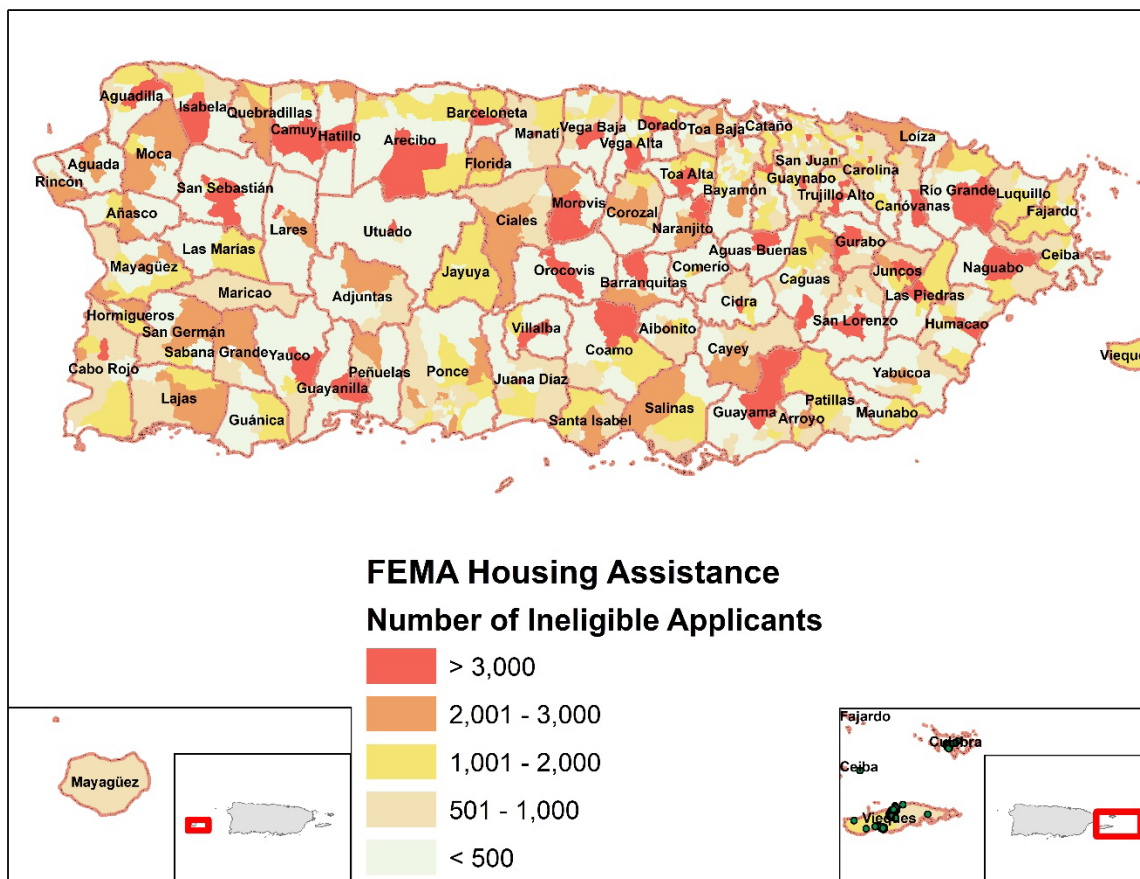


Figure 40. Number of Applicants deemed ineligible for FEMA IA ^{88 89}

HOUSING UNMET NEED

HOUSING IMPACT METHODOLOGY

Denial rates for FEMA Housing Assistance (81%) and the percentage of those applying for but not receiving SBA (61%) have been uniquely high for Puerto Rico. The remaining homeowners who have been unable to secure this or other assistance funding have been left with an overwhelming unmet recovery need. Utilizing the best available data, the current unmet need for housing in Puerto Rico has been calculated by a methodology accounting for the gap between FEMA Verified Loss (FVL) and SBA award. FEMA's Individuals and Households Program provides assistance for repairs and replacements that will make a home "habitable" whereas SBA awards loan funding for the full cost to restore a home.

HUD calculates "unmet housing needs" as the number of housing units with unmet needs times the estimated cost to repair those units minus repair funds already provided. However, because complete data sources are often difficult to obtain after a major disaster event, HUD has stated that empirically justified calculations may be used to determine the average cost to fully repair a home. Generally, this is accomplished "using the average real property damage repair costs determined by the Small Business

⁸⁸ Mona Island is being represented as part of the Mayagüez municipality.

⁸⁹Data in the maps represents census tract-level information pertaining to damage and individual assistance. Based on FIDA_31621_ISAA_CDBG_4339 and FIDA_31621_ISAA_CDBG_4336.

Administration for its disaster loan program for the subset of homes inspected by both SBA and FEMA. Because SBA is inspecting for full repair costs, it is presumed to reflect the full cost to repair the home, which is generally more than the FEMA estimates on the cost to make the home habitable.”⁹⁰

Previously approved impact assessment methodologies have utilized the SBA estimates of damage and repair needs, FEMA IA Housing Assistance data, and National Flood Insurance Program (NFIP) data in combination with each other to triangulate the real need as opposed to relying only on FEMA verified losses alone. Utilizing SBA damage estimates provides a more comprehensive look at recovery than simply looking at FEMA inspected damage. SBA sends “construction specialists” trained to perform a thorough evaluation of repair or replacement costs of damaged structures which returns a more comprehensive recovery estimate than the original estimates from FEMA. Also, further accounting for underrepresentation of impacted populations stemming from FEMA ineligible applicants provides a more accurate picture of overall housing impact across a study area.

Specifically, for Puerto Rico, FEMA loss estimates are lower than SBA estimates for both real property and personal property. The average FEMA real property loss for Irma and María was \$4,506 based on 297,161 applicants with FEMA verified losses. SBA average verified losses per household were valued at \$31,341 based on 67,171 applicants, representing a 6.96 times higher verified loss amount than FEMA. SBA’s median loss value of \$25,118 is 31.9 times higher than FEMA’s value of \$785 for the same group of applicants. SBA’s average verified personal property losses at a value of \$8,989 per household are 5.39 times higher than FEMA’s \$1,667 per household. Furthermore, matching FEMA’s applicant data with SBA’s loan data on FEMA registrant number for more than 122,000 applicants highlighted two other important facts key to identifying unmet housing needs. First, FEMA underestimates the number (count) of housing units with real property losses. Specifically, 25.41% of matching records (disaster victims) had \$0 FEMA real property losses but SBA verified property losses greater than \$0. Second, FEMA underestimates the number (count) of housing units with personal property losses. Specifically, 24.99% of matching records had \$0 FEMA personal property loss but SBA verified contents losses greater than \$0.

For Irma and María, when applying the average verified loss amount (\$31,341) of all SBA applicants with real property losses (67,171) to those who were disqualified or turned down for SBA loan assistance and those for whom a FEMA loss was established pushes the full extent of housing impact caused by Hurricane María to more than \$33.9 billion (before accounting for an increase in rebuilding for resilience or deductions for funds already provided). A few additional considerations are factored in to arrive at a more comprehensive picture for this estimated unmet need. Utilizing the median SBA real property damage amount of \$25,118 accounts for outliers in the SBA data (a few remarkably high and incredibly low damage amounts) driving the average SBA loss up. Applying the median SBA property loss amount of \$25,118 to the total number of SBA applicants who were not approved, in conjunction with HUD estimates of unmet housing needs for those without a determined real property loss, provides a more conservative and realistic view of losses to residential property across the Island. Utilizing the unmet needs values from HUD discussed below, and FEMA data about the number of applicants (more than 1.13 million) results in an unadjusted housing impact of \$34.1 billion. Methods for creating housing impacts and unmet needs are discussed below.

⁹⁰ Federal Register Vol. 78, No. 43 /Tuesday, March 5, 2013. <https://www.govinfo.gov/content/pkg/FR-2013-03-05/pdf/2013-05170.pdf>

Housing impacts for the needs assessment were calculated using SBA data in conjunction with FEMA applicant information. We begin (table 14) by utilizing the known real property (repair) losses from SBA for the 67,171 applicants for which this value is determined (A). Included here is also an estimate (B) of losses for those SBA applicants who were not approved for a disaster loan, SBA verified reconstruction losses (C), and verified manufactured home losses (D). Combined, these SBA derived losses are more than \$3 billion (E).

| ID | LINE ITEM | COUNT | VALUE |
|----|---|---------|------------------|
| A | SBA applicants with a real estate verified loss | 67,171 | \$ 2,105,188,478 |
| B | SBA applicants without a real estate verified Loss (Estimate) | 61,420 | \$ 1,542,747,560 |
| C | SBA Applicants with verified Reconstruction Losses | 1,548 | \$ 212,929,642 |
| D | SBA applicants with verified Manufactured Home Loss | 87 | \$ 3,176,538 |
| E | Total verified loss of FEMA applicants referred to SBA (Estimate) | 130,226 | \$ 3,864,042,218 |

Table 14. SBA Verified Losses

FEMA non-renter (owner or “not specified”) applicants (~ 1,000,000) are not represented by SBA data alone, which requires a more nuanced approach. Here, “not specified” non-renter populations are those who have neither indicated ownership nor renter status when applying for FEMA IA support. First, one can account for SBA’s higher average loss value by multiplying any FEMA verified loss amount by 6.96 to create a more realistic loss estimate. Secondly, loss value cutoffs and rebuild cost estimates established in the Federal Register provide a clearer understanding of losses across the Island.⁹¹

Table 15 shows the breakdown of estimated losses to those not accounted for in SBA’s loan dataset. Rows represent a breakdown of owner losses by HUD classified Minor-Low to Severe damage categories for those owner applicants with FEMA personal property verified losses but without FEMA real property verified losses. Here, FEMA real property and personal property verified losses were first multiplied by 6.96 and 5.39 respectively, to account for underestimates in FEMA derived losses and then classified into updated HUD designated unmet needs categories outlined in the Federal Register.⁹² Owner-occupied housing damage categories were derived by calculating a real property loss category (Table 15) based on each applicant’s real property losses. A similar personal property loss category was created for each applicant based on a different set of criteria (Table 16). The final damage classification for each applicant was calculated as the “max” of these two (real property and personal property) categories. Total damage estimates for each Federal Register specified damage category were derived by multiplying applicants’

⁹¹ <https://www.gpo.gov/fdsys/pkg/FR-2018-02-09/pdf/2018-02693.pdf>

⁹² <https://www.gpo.gov/fdsys/pkg/FR-2018-08-14/pdf/2018-17365.pdf>

counts (by damage category), and HUD provided estimates (Table 18). Here, a straight-line linear model is implemented, producing estimates for Minor-Low and Minor-High categories not provided by HUD.

In Table 17, an estimate of additional potential unmet needs populations (J) was generated by first multiplying the sum total of owner applicants without either a real property or personal property loss (F) and the number of SBA applicants without a FEMA registrant number (I) less those who have applied to SBA (G) by 24.99% (accounting for FEMA's missing real property losses compared to SBA's), adding 24.99% of the remaining homes across the Island (accounting for missing damages for those who did not apply for FEMA Housing Assistance) (H) less the total number of unique FEMA applicants (1,138,843). This potential unmet need applicant count is then multiplied by the median SBA property loss value (\$25,118) and summed with values (A-J) to create an estimated loss for all homeowner applicants (L). Estimated total losses of \$25.8 billion (M) to homeowners are derived by summing this value (L) with losses from SBA data alone (Table 14, Line E).

| DAMAGE CATEGORY | ASSOCIATED REAL PROPERTY LOSSES |
|-----------------|--|
| Minor-Low | Less than \$3,000 of FEMA inspected real property damage. |
| Minor-High | \$3,000 to \$7,999 of FEMA inspected real property damage. |
| Major-Low | \$8,000 to \$14,999 of FEMA inspected real property damage and/or 1 to 4 feet of flooding on the first floor. |
| Major-High | \$15,000 to \$28,800 of FEMA inspected real property damage and/or 4 to 6 feet of flooding on the first floor. |
| Severe | Greater than \$28,800 of FEMA inspected real property damage or determined destroyed and/or 6 or more feet of flooding on the first floor. |

Table 15. Owner-Occupied Real Property Damage Categories and Values

| DAMAGE CATEGORY | OWNER OCCUPIED PERSONAL PROPERTY LOSSES |
|-----------------|---|
| Minor-Low | Less than \$2,500 of FEMA inspected personal property damage. |
| Minor-High | \$2,500 to \$3,499 of FEMA inspected personal property damage. |
| Major-Low | \$3,500 to \$4,999 of FEMA inspected personal property damage or 1 to 4 feet of flooding on the first floor. |
| Major-High | \$5,000 to \$8,999 of FEMA inspected personal property damage or 4 to 6 feet of flooding on the first floor. |
| Severe | Greater than \$9,000 of FEMA inspected personal property damage or determined destroyed and/or 6 or more feet of flooding on the first floor. |

Table 16. Owner-Occupied Personal Property Damage Categories and Values

| ID | LINE ITEM | COUNT | VALUE |
|----|--|---------|------------------|
| A | FEMA "owner" or "non-specified" applicants in HUD Minor-Low damage category | 98,325 | \$ 3,222,598,400 |
| B | FEMA "owner" or "non-specified" applicants in HUD Minor-High damage category | 59,285 | \$ 2,331,738,335 |
| C | FEMA "owner" or "non-specified" applicants in HUD Major-Low damage category | 43,581 | \$ 1,757,316,663 |
| D | FEMA "owner" or "non-specified" applicants in HUD Major-High damage category | 51,503 | \$ 2,874,485,436 |
| E | FEMA "owner" or "non-specified" applicants in HUD Severe damage category | 89,942 | \$ 6,948,199,384 |
| F | Total owner or "not specified" applicants without a FEMA | 450,874 | |

| ID | LINE ITEM | COUNT | VALUE |
|----|--|-----------|-------------------|
| | Verified Loss (Property or Contents) | | |
| G | Total SBA applicants | 130,226 | |
| H | Total Housing Units in Declared Municipalities | 1,571,744 | |
| I | Number (count) of SBA Applicants without a FEMA Registrant ID | 3,656 | |
| J | Potential additional unmet need population | 189,267 | \$ 4,754,008,506 |
| K | Median verified loss | | \$ 25,118 |
| L | Losses of FEMA applicants not represented by SBA data (Estimate) | | \$ 21,988,346,724 |
| M | Total verified loss of all homeowner applicants across FEMA and SBA (Estimate) | | \$ 25,852,388,942 |

Table 17. Estimated Damage to Owner Applicant Dwellings

| Category of Real Property Damage | Count of Owner or “Other” Applicants with FEMA verified Personal Property Losses | Count of Renter Applicants with FEMA verified Personal Property Losses | HUD Provided Estimate of Unmet Need |
|----------------------------------|--|--|-------------------------------------|
| Minor Low | 98,325 | 5,028 | \$33,792 (Estimate) |
| Minor High | 59,285 | 11,871 | \$39,331(Estimate) |
| Major Low | 43,581 | 19,178 | \$40,323 |
| Major High | 51,503 | 28,495 | \$55,812 |
| Severe | 89,942 | 42,053 | \$77,252 |

Table 18. HUD and estimated unmet needs based on personal property derived damage category

A similar method was utilized to capture impacts to affected renter applicants (Table 20). Damage categories for renter occupied units were derived using a similar method applied only to personal property losses (Table 19) because FEMA does not inspect rental units for real property damage, so personal property damage is used as a proxy for unit damage.⁹³ Lines A-E represent a break-down of renter losses by HUD classified Minor-Low to Severe damage levels for those applicants with FEMA personal property verified losses but without FEMA real property verified losses. Here, FEMA personal property verified losses were first multiplied by 5.39 to account for underestimates in losses then classified into HUD designated categories based on Federal Register classifications. Damage estimates were derived by multiplying counts of applicants (by damage category) by HUD provided estimates (Table 20). An estimate of potential unmet needs populations (H) was generated by multiplying the total renter applicants without either personal property loss (F) by 12.95% (accounting for FEMA’s \$0 personal property losses compared to SBA’s > \$0 contents losses) and subtracting a count of SBA applicants who received funds to support rental repair (G). This potential unmet need applicant count is then multiplied by the median SBA property loss value (I) and summed with values (A-E) to create an estimated loss for all home renter applicants (J).

⁹³ Counts of damaged units are likely conservative because applicant level flood depth information was not utilized in this assessment.

| DAMAGE CATEGORY | RENTER OCCUPIED PERSONAL PROPERTY DAMAGE |
|-----------------|---|
| Minor-Low | Less than \$1,000 of FEMA inspected personal property damage. |
| Minor-High | \$1,000 to \$1,999 of FEMA inspected personal property damage. |
| Major-Low | \$2,000 to \$3,499 of FEMA inspected personal property damage or 1 to 4 feet of flooding on the first floor. |
| Major-High | \$3,500 to \$7,499 of FEMA inspected personal property damage or 4 to 6 feet of flooding on the first floor. |
| Severe | Greater than \$7,500 of FEMA inspected personal property damage or determined destroyed and/or 6 or more feet of flooding on the first floor. |

Table 19. Renter-Occupied Personal Property Damage Categories and Values

| ID | LINE ITEM | COUNT | VALUE |
|----|--|---------|------------------|
| A | FEMA “Renter” applicants in HUD <i>Minor-Low</i> damage category (SBA Multiplier) | 5,028 | \$ 169,906,176 |
| B | FEMA “Renter” applicants in HUD <i>Minor-High</i> damage category (SBA Multiplier) | 11,871 | \$ 466,898,301 |
| C | FEMA “Renter” applicants in HUD <i>Major-Low</i> damage category (SBA Multiplier) | 19,178 | \$ 773,314,494 |
| D | FEMA “Renter” applicants in HUD <i>Major-High</i> damage category (SBA Multiplier) | 28,495 | \$ 1,590,362,940 |
| E | FEMA “Renter” applicants in HUD <i>Severe</i> damage category (SBA Multiplier) | 42,053 | \$ 3,248,678,356 |
| F | Total renter applicants without a FEMA Verified Personal Property (Contents) Loss | 238,708 | |
| G | Total SBA business applicants with verified repair, reconstruction, or relocation losses (rental NAICS code) | 1,414 | \$ 86,039,067 |
| H | Potential additional unmet need population | 29,487 | \$ 740,654,466 |
| I | Average verified loss | | \$ 25,118 |
| J | Total verified loss of rental property (Estimated) | | \$ 7,075,853,800 |

Table 20. Estimated Damage to Renter Applicant Dwellings

Next, damages cataloged by other sources outside of SBA and FEMA are accounted for (Table 20). Included here are preliminary public housing damage estimates⁹⁴ (A) provided by Puerto Rico’s Public Housing

⁹⁴ Note: The public housing damage estimates are in the initial phases and are likely to rise as the formal loss assessments are completed.

Administration, insured residential damages (B), and private flood insurance damages (C) from Puerto Rico's Office of the Commissioner of Insurance.

| ID | LINE ITEM | COUNT | VALUE |
|----|--|---------|----------------|
| A | Real estate damage to public housing | 145 | \$ 173,541,248 |
| B | Insured Damage - Domestic and Foreign Residential Property | 179,818 | \$ 850,250,134 |
| C | Insured Damage - Private Flood | 4,556 | \$ 27,535,880 |

Table 21. Other Housing Damages

Totals across all areas reveal total housing losses of at least \$33.9 billion. Accounting for 38% in additional costs associated with necessary resilience measures such as more stringent building codes, cost of compliance measures, elevations, or freeboard requirements increases total damage estimates to over \$36.5 billion (Table 22).⁹⁵ HUD has historically accepted 30% in additional costs to account for resilience measures. Due to the high number of informally built homes in Puerto Rico, the cost of resilience is estimated to be higher than 30%. The HUD memo released on April 10, 2018, outlines the methodology used to make a second allocation of \$18.4 billion for Puerto Rico, which accounts for approximately \$8 billion (or 46% of the unmet needs allocation) dedicated solely to resilience. To account for the estimated higher cost of resilience, the unmet needs assessment uses the median, 38%, between the historically accepted 30% resilience costs and 46% allocated for resilience in the HUD memo. HUD's serious unmet housing needs multipliers consider rebuilding structures to code. Thus, the full 38% resiliency cost is not applied to those damage estimates associated with HUD supplied serious unmet needs multipliers for major-low to severely damaged structures. Rather, it is only applied to damage estimates from SBA and FEMA base datasets.

| | |
|--|--------------------------|
| TOTAL HOUSING VERIFIED LOSS | \$ 33,979,570,004 |
| Accounting for additional resilience costs | \$ 36,517,245,560 |

Table 22. Total Estimated Losses

Accounting for insurance, loans, and other recovery resources (Table 22) depicts the total benefit provided to Puerto Rico to date. Here, more than \$2.6 billion across nine (9) categories spanning federal, state, and local resources have been provided to the Island. Unfortunately, recovery funds provided to date still leave a large unmet housing need of nearly \$34 billion (Table 24). Because the impact of hurricanes Irma and María was felt island-wide, unmet needs data in the following table is calculated at an island-wide level.

⁹⁵ Utilizing HUD's breakdown of resilience/mitigation as a ratio of the total allocation results in a 46% resilience allocation. This may in fact be more in line with needs to bring informal housing up to resilient standards.

| ID | SERVICE | COUNT | VALUE |
|----|---|---------|------------------|
| A | FEMA housing assistance payments | 232,429 | \$ 779,193,534 |
| B | SBA home loan current real estate repair, reconstruction, relocation payments | | \$ 989,687,100 |
| F | SBA business loan payments to landlords | 595 | \$ 21,684,800 |
| G | FEMA NFIP building payments ^{94F96} | 836 | \$ 23,887,565 |
| H | Public housing funds | | \$ 71,509,016 |
| I | Housing Finance Authority | | \$ 9,800,000 |
| J | Insurance Payment (Residential) | 113,021 | \$ 737,515,376 |
| K | Private Insurance Flood Payments | 2,391 | \$ 25,052,095 |
| L | Total benefit (to date) | | \$ 2,658,329,486 |

Table 23. Sources and amounts of recovery funds (to date)

| | |
|--|-------------------------|
| TOTAL UNMET HOUSING NEED TO PRE-HURRICANE STANDARDS | \$31,321,240,518 |
| Accounting for additional resilience costs | \$33,858,916,074 |

Table 24. Unmet Housing need for Puerto Rico

⁹⁶ Since Irma and Maria, NFIP has created an open dataset for all claims. NFIP payment data used in previous assessment was likely inaccurate because the process was ongoing at the time. Source: <https://www.fema.gov/openfema-data-page/fima-nfip-redacted-claims-v1>

CDBG-DR HOUSING ASSISTANCE

The Home Repair, Reconstruction, or Relocation Program (R3 Program)

In July 2019, PRDOH launched the R3 Program as a priority housing assistance program under CDBG-DR. Within the first five (5) months of intake, the R3 Program accepted approximately 27,004 applications resulting in an oversubscription to the program before intake closed on January 7, 2020.⁹⁷

Of the 27,004 applications received, 57% or approximately 15,500 are priority applicants, meaning they are elderly, disabled, or live in homes with considerable damage remaining. As of August 4, 2021, approximately 38.9%, or 10,756 applicants, have been deemed eligible to receive assistance, and intake has been completed for approximately 62.5% of these applications, with those numbers growing each day as existing submissions are reviewed for eligibility.⁹⁸

| Total Applicant Population | Intake Complete | Eligible Applicants Approved |
|----------------------------|-----------------|------------------------------|
| 27,004 | 62.5% | 38.9% |

Table 25. Total Applicant population for R3 Program as of August 4, 2021, and current percent of applications that have completed intake and percent of applications that have been approved for assistance.

The R3 Program began construction on homes in 2020. Construction will continue in the forthcoming years as the Program works towards serving the unmet needs of its growing population of eligible applicants.

Assistance through this program is being implemented to provide relief to citizens impacted by Hurricanes Irma and María who have a demonstrable unmet housing need. The R3 Program provides assistance to single-family structures that may include, but is not limited to:

- Duplexes;
- Manufactured Housing Units (MHU); and
- Detached, stand-alone, stick-built, or concrete residential structures;
- Attached units.

The R3 Program also recognizes the unique housing typologies that exist in Puerto Rico and therefore supports the consideration of other housing structure types such as:

- A structure that was connected to utilities at the time of the disasters.
- A structure fixed to a permanent location.
- Land owned by an applicant on which the structure was located at the time of the hurricanes.

Applicants in the R3 Program are also eligible for housing support services through the Housing Counseling Program and/or Title Clearance Program; two housing programs which are also currently active.

Title Clearance Program

⁹⁷ PRDOH has established a notifications portal for citizens who are interested in participating in the program should it reopen. The number of registrants to the portal continues to grow. Assistance to these individuals is contingent upon additional funding.

⁹⁸ Data as of August 4, 2021.

The Title Clearance Program, launched in September 2019, serves as a valuable resource for applicants to the R3 Programs and other Programs in the CDBG-DR portfolio, as well as households struggling to obtain clear title to their homes. As of September 2022, the Title Clearance Program has received close to 11,588 applications. Of these, 78.6% come from priority applicants who are elderly, occupy government-owned land, have encountered challenges receiving Federal assistance due to lack of a clear property title, or were referred from another program from the Housing portfolio. The Title Clearance Program works closely with the R3 Program to ensure applicants served under R3 may obtain a clear title while receiving assistance. Applicants do not need a clear title to be eligible for R3. Those deemed eligible by providing non-traditional ownership documents are automatically referred to the Title Clearance Program. As of September 2022, approximately 7,411 eligible R3 Program applicants are receiving title clearance services in the Title Clearance Program. The number of R3 Program referrals grows each day as more residents are deemed eligible to receive assistance with non-traditional ownership.

Housing Counseling Program

The Housing Counseling Program is supported by six (6) HUD-Certified Counseling agencies around the Island. Since its launch in September 2019, the Housing Counseling Program has accepted nearly 43,454 applications from individuals who have received or who will receive housing counseling services on several topics like foreclosure prevention, disaster preparedness, or homeownership. The Housing Counseling Program serves as valuable support for vulnerable populations around the island, 75% of applicants are low- or moderate-income individuals. The average annual income for Housing Counseling Program participants is \$19,996.



INFRASTRUCTURE IMPACT

CATASTROPHIC IMPACT TO POWER GRID

Puerto Rico's electrical grid was already in a deteriorated state when the hurricanes hit. Irma caused a power outage for nearly 50% of the Island. Afterwards, María caused a complete loss of power in all 78 municipalities. By 2:00 a.m. on September 20, 2017, Puerto Rico experienced a total blackout. Due to a damaged outage management system, Puerto Rico Electric Power Authority (PREPA) was initially unable to read meters to determine an accurate count of residents without service. Nearly three months later, fiber optic cables were repaired allowing the system to read meters and begin the targeted road to recovery.

Under these conditions, the impact has been staggering. Power restoration has been hampered due to the sheer scale and complexity of the damage. Much of the Island's 2,400 miles of transmission lines, 30,000 miles of distribution lines and 342 substations were severely damaged during the hurricane event.

Before the hurricanes, PREPA was an underfunded public utility in need of an estimated \$4 billion to overhaul its outdated power plants and reduce its reliance on imported oil. In July 2017, PREPA filed for bankruptcy with \$9 billion in debt, according to the Puerto Rico Fiscal Agency and Financial Advisory Authority. In May 2018, the Government of Puerto Rico was in the process of privatizing PREPA in hopes of incentivizing innovation, boosting efficiency, and improving overall services. On June 22, 2020, PREPA and the Puerto Rico Public-Private Partnerships Authority signed an agreement with LUMA Energy, LLC to operate and maintain Puerto Rico's transmission and distribution system.

Power restoration is a combined effort from the U.S. Army Corps of Engineers (USACE), FEMA, PREPA, and the utility industry, which, as of March 21, 2018, have all come together to restore service to 93.4% of PREPA customers, or more than 1,368,864 residents.⁹⁹ The agency estimated full recovery by May 2018. However, setbacks occurred along the way. On April 12, 2018, 870,000 customers lost power when a tree fell on a major power line near the town of Cayey while workers were clearing vegetation. A week later, on April 18, 2018, power was lost to all of Puerto Rico when an excavator repairing 2017 damage from Hurricane María hit a line connecting two major power plants.

IMPACT TO CRITICAL INFRASTRUCTURE

HEALTH CARE SERVICES

The widespread failure of Puerto Rico's power grid had a crippling effect on the Island's 69 hospitals. Weeks after María made an impact, only a handful of hospitals were up and operating on generators, with operations threatened daily due to diesel fuel shortage and disruption in fuel distribution due to damaged roads. Governor Rosselló responded by ordering that all hospitals be placed on a priority list to receive diesel. Under these conditions, few hospitals remained operational, with limited supplies, in many cases with no running water, and few, if any, operating rooms for life-sustaining treatment. Supplemental health care arrived on October 3, 2017, when the U.S. Navy dispatched the USNS Comfort, a Military

⁹⁹ U.S. Army Corps of Engineers, https://www.army.mil/article/202518/fact_sheet_six_months_after_hurricane_the_corps_provides_update_about_historic_power_restoration.

Sealift Command hospital ship with more than 800 personnel and one of the largest trauma facilities in the US.

FEMA facilitated the deployment of more than 4,700 medical personnel within the first six months and cared for over 38,000 survivors in the agency's largest medical response mission ever.¹⁰⁰ Countless volunteers and charitable organizations also provided service.

One U.S.-based non-profit, Direct Relief, reportedly delivered over \$1.8 million in charitable financial assistance and more than 453 tons of supplies. In October alone, the organization transported 76 tons of medicine and medical supplies, which were distributed to more than 20 health centers across Puerto Rico. Days before Christmas, they airlifted another 40 tons of medicine. As of March 2018, Direct Relief had provided charitable assistance to more than 60 hospitals and clinics and delivered more than \$62.6 million in medical aid including medicine, supplies, and services.¹⁰¹

GUAJATACA DAM FAILURE

One of the Island's largest dams, the Guajataca Dam located in Puerto Rico's northwest corner, sustained considerable damage due to Hurricane María's extreme winds, and 15 inches of flooding rain. As a result, it failed 19 days after impact. Guajataca is a 120-foot high hydroelectric dam which holds water from the Guajataca River in the neighborhood of Terranova. The reservoir of the dam lies between the municipalities of Quebradillas, Isabela, and San Sebastián, and was built to hold back 55.3 million cubic yards of water. Weakened by the hurricane, the emergency spillway of the dam eventually collapsed, flooding communities and contaminating the water supply for over 350,000 Puerto Ricans. The government ordered the evacuation of 70,000 residents of Isabela and Quebradillas and surrounding towns.

The U.S. Department of Defense and USACE arrived onsite 4 days after Hurricane María and worked for 20 days to stabilize the dam. The Air Force, Marines, Navy, and Army National Guard, along with the Puerto Rican National Guard joined the Corps to fly in jersey barriers and super sack sandbags to stop the flooding. Long-term plans to repair the dam are underway. For now, the Corps has completed temporary fixes involving the installation of diesel water pumps to draw down the crest waterline at the dam and refill the canal that supplies drinking water to 250,000 residents.¹⁰²

DISRUPTED COMMUNICATIONS

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 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.¹⁰³

¹⁰⁰ Six Months After Maria: Progress Made, Work Continues, March 16, 2018, <https://www.fema.gov/news-release/20200220/six-months-after-maria-progress-made-work-continues>

¹⁰¹ Six Months After Hurricane Maria, 2018 Recovery Continues in Puerto Rico, Direct Relief, <https://www.directrelief.org/2018/03/six-months-after-hurricane-maria-recovery-continues>

¹⁰² Feds Fight to Firm Up Puerto Rico Dam, ENR Southeast, February 26, 2018, <https://www.enr.com/articles/44047-feds-fight-to-firm-up-puerto-rico-dam>

¹⁰³ Communication Status Report for Areas Impacted by Hurricane Maria, September 27, 2017, Federal Communications Commission, https://transition.fcc.gov/Daily_Releases/Daily_Business/2017/db0927/DOC-346943A1.pdf

FEMA PUBLIC ASSISTANCE (PA)

Hurricane Irma Category A and B work totaled \$13,841,551 for the four eligible areas: Canóvanas, Jayuya, San Juan, Yauco, and state-wide as of July 22, 2021. This updated amount shows an increase in both Category A and B projects since the data submitted in the original Action Plan was pulled on September 10, 2018. The table below includes the updated figures.¹⁰⁴

| DR – 4336, HURRICANE IRMA CATEGORY A AND B WORK | | | |
|---|-------------------------|----------------------|----------------------|
| Category Work | Sum of Project Requests | Sum of Federal Share | Required Local Share |
| A – Debris Removal | \$5,621,817 | \$4,762,778 | \$859,039 |
| B – Protective Measures | \$7,682,234 | \$5,760,425 | \$1,921,808 |
| Total | \$13,304,051 | \$10,523,203 | \$2,780,847 |
| *Open FEMA data accessed on 07/22/2021 | | | |

Table 26. Table of obligated dollars for Emergency Work by category for Hurricane Irma

On September 25, 2017, President Trump increased cost sharing to 100% Federal funding for debris removal and emergency protective measures for Hurricane María, including direct Federal assistance for 180 days from the date of the declaration.¹⁰⁵ On November 2, 2017, President Trump increased the federal cost share for all Public Assistance to 90% of the total eligible costs, except for assistance previously approved at 100%.¹⁰⁶

In the six (6) months following Hurricane María, FEMA had obligated \$1.3 billion in Public Assistance, \$147 million of that supporting debris removal (Category A work) and \$1.23 billion supporting emergency protective measures (Category B work). They had delivered 1,969 generators and cleared 6.47 million cubic yards of hazardous debris.¹⁰⁷

Current data for Hurricane María emergency work reveals an increase of \$559,466,451 in Category A projects and an increase of \$3,299,495,027 in Category B projects. Since the data submitted in the original Action Plan was pulled on September 10, 2018, the table below includes the updated figures.

¹⁰⁴ Although new data shows an increase in the funding amount required for emergency work, this category of work is not included as part of the unmet need calculation and does therefore not change the original unmet needs calculation.

¹⁰⁵ President Donald J. Trump Amends Puerto Rico Disaster Declaration, September 25, 2017, <https://trumpwhitehouse.archives.gov/briefings-statements/president-donald-j-trump-amends-puerto-rico-disaster-declaration-2/>

¹⁰⁶ President Donald J. Trump Amends Puerto Rico Disaster Declaration, November 2, 2017 <https://trumpwhitehouse.archives.gov/briefings-statements/president-donald-j-trump-amends-puerto-rico-disaster-declaration/>

¹⁰⁷ Six Months After Maria, March 15, 2018, <https://www.fema.gov/hurricane-maria>

| DR – 4339, HURRICANE MARÍA CATEGORY A AND B WORK | | | |
|--|-------------------------|----------------------|----------------------|
| Category Work | Sum of Project Requests | Sum of Federal Share | Required Local Match |
| A – Debris Removal | \$713,167,490 | \$706,466,451 | \$6,701,039 |
| B – Protective Measures | \$4,608,050,881 | \$4,529,495,027 | \$78,555,854 |
| Total | \$5,321,218,371 | \$5,235,961,478 | \$85,256,893 |
| *Open FEMA data accessed on 07/22/2021 | | | |

Table 27. Table of obligated dollars for Emergency Work by category for Hurricane María

Further information on permanent work for Categories C - G is detailed in the unmet needs section below. On April 12, 2018, the Government of Puerto Rico and FEMA announced agreed upon guidelines for permanent work. FEMA will use 428 Alternative Procedures to develop fixed-cost project estimates in collaboration with Puerto Rico and applicants. FEMA announced it will reimburse up to 90% of the cost share and set a deadline to identify all projects and agree upon all estimates within 18 months.

INFRASTRUCTURE UNMET NEED

ESTIMATING PUBLIC ASSISTANCE

Public Assistance data is slow to materialize as municipalities and government entities work on creating project worksheets, and obligated funds are released incrementally over the life cycle of a project. Through its Public Assistance (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 damaged facilities from future events by providing assistance for hazard mitigation measures during the recovery process. This dataset 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.¹⁰⁸

FEMA's Open FEMADataset: Public Assistance Funded Projects Details - V1¹⁰⁹ 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 an estimated unmet need of nearly \$2.1 billion remains (Table 28).

¹⁰⁸ <https://www.fema.gov/openfema-dataset-public-assistance-funded-projects-details-v1>

¹⁰⁹ Id.

| PUBLIC ASSISTANCE CATEGORY | PROJECT AMOUNT | FEDERAL OBLIGATION | UNMET NEEDS (ESTIMATED CDBG-DR COST SHARE AMOUNT) |
|------------------------------|------------------|--------------------|---|
| C - Roads and Bridges | \$1,316,229,190 | \$1,184,606,272 | \$131,622,918 |
| D - Water Control Facilities | \$18,449,512 | \$16,604,561 | \$1,844,951 |
| E - Public Buildings | \$3,933,816,293 | \$3,540,438,182 | \$393,378,111 |
| F - Public Utilities | \$14,597,670,503 | \$13,137,903,452 | \$1,459,767,051 |
| G - Recreational or Other | \$855,509,231 | \$769,958,309 | \$85,550,922 |
| Total | \$20,721,674,729 | \$18,649,510,776 | \$2,072,163,953 |

Table 28. Table of estimated unmet needs based on Open FEMA data as of 07/22/2021

In light of the fact that FEMA's Public Assistance dataset will not be complete until the projects are underway and (in some instances) finalized, this assessment also utilizes the best available data at the time of writing. In this case, Puerto Rico's Central Office for Recovery, Reconstruction and Resiliency (COR3) included infrastructure impacts across the Island in its original Economic and Disaster Recovery Plan submitted to Congress on August 8, 2018.¹¹⁰ This report to Congress will continue to come into alignment with FEMA's accounting as projects are finalized and represents a more complete picture of Puerto Rico's current infrastructure needs (Table 28-B).

| PUBLIC ASSISTANCE CATEGORY | PROJECT AMOUNT | FEDERAL OBLIGATION | UNMET NEEDS (ESTIMATED CDBG-DR COST SHARE AMOUNT) |
|------------------------------|---------------------|---------------------|---|
| C - Roads and Bridges | \$2,080,720,358.34 | \$1,872,648,322.50 | \$208,072,035.84 |
| D - Water Control Facilities | \$3,566,007,218.71 | \$3,209,406,496.84 | \$356,600,721.87 |
| E - Public Buildings | \$10,982,233,439.80 | \$9,884,010,095.82 | \$1,098,223,343.98 |
| F - Public Utilities | \$23,572,833,924.49 | \$21,215,550,532.04 | \$2,357,283,392.45 |
| G - Recreational or Other | \$1,398,205,058.66 | \$1,258,384,552.79 | \$139,820,505.87 |
| Total | \$41,600,000,000.00 | \$37,440,000,000.00 | \$4,160,000,000.00 |

Table 28-B. Table of estimated unmet needs based on Congressional Submission as of 08/08/2018

¹¹⁰ <https://recovery.pr/documents/pr-transformation-innovation-plan-congressional-submission-080818.pdf>

The following tables breakdown preliminary accounting of FEMA Public Assistance projects for some public assistance categories across Puerto Rico, per the report to Congress.¹¹¹ Breakdowns for Category D – Water Control Facilities and Category F – Public Utilities were still underway at the time the report was published. While this data does not include all projects, it does provide a more robust estimate of infrastructure damage than FEMA’s Open PA datasets. Damages to public assets and infrastructure are still being assessed, and total damage across these project categories is likely to increase throughout the recovery process.

| PUBLIC ASSISTANCE CATEGORY | SUBCATEGORY | PRELIMINARY ESTIMATED PROJECT AMOUNT | UNMET NEEDS (ESTIMATED CDBG-DR COST SHARE AMOUNT) |
|----------------------------|-----------------|--------------------------------------|---|
| C | Bridges | \$219,459,063 | \$21,945,906 |
| | Culverts | \$17,253,071 | \$1,725,307 |
| | Drainage | \$12,422,211 | \$1,242,221 |
| | Landslides | \$42,097,493 | \$4,209,749 |
| | Retaining Walls | \$13,112,334 | \$1,311,233 |
| | Roads | \$1,704,603,411 | \$170,460,341 |
| | Sewer | \$7,591,351 | \$759,135 |
| | Shoulders | \$40,027,125 | \$4,002,712 |
| | Sidewalks | \$17,943,194 | \$1,794,319 |
| | Sign Traffic | \$6,211,106 | \$621,111 |
| | Total | \$2,080,720,359 | \$208,072,034 |

Table 29. FEMA Public Assistance projects for Category A work as included in the Economic and Disaster Recovery Plan submitted to Congress on August 8, 2018

| PUBLIC ASSISTANCE CATEGORY | SUBCATEGORY | PRELIMINARY ESTIMATED PROJECT AMOUNT | UNMET NEEDS (ESTIMATED CDBG-DR COST SHARE AMOUNT) |
|----------------------------|-------------|--------------------------------------|---|
| E | Buildings | \$4,095,341,239 | \$409,534,124 |

¹¹¹ <https://recovery.pr/documents/pr-transformation-innovation-plan-congressional-submission-080818.pdf>.

| | | | |
|--|--|-------------------------|------------------------|
| | City Halls (Non-General Conduct of Government) | \$655,894,495 | \$65,589,450 |
| | Commercial Facilities | \$135,978,127 | \$13,597,813 |
| | Community Service Centers | \$2,447,606,287 | \$244,760,629 |
| | Emergency Management | \$103,983,274 | \$10,398,327 |
| | Equipment | \$255,958,827 | \$25,595,883 |
| | Health Centers | \$199,967,834 | \$19,996,783 |
| | Housing | \$55,990,994 | \$5,599,099 |
| | Library | \$343,944,674 | \$34,394,467 |
| | Museums | \$327,947,248 | \$32,794,725 |
| | Parking | \$71,988,420 | \$7,198,842 |
| | Police Station | \$375,939,528 | \$37,593,953 |
| | Schools | \$1,847,702,786 | \$184,770,279 |
| | Convention Centers | \$63,989,707 | \$6,398,971 |
| | Total | \$10,982,233,440 | \$1,098,223,345 |

Table 30. FEMA Public Assistance projects for Category E work as included in the Economic and Disaster Recovery Plan submitted to Congress on August 8, 2018

| PUBLIC ASSISTANCE CATEGORY | SUBCATEGORY | PRELIMINARY ESTIMATED PROJECT AMOUNT | UNMET NEEDS (ESTIMATED CDBG-DR COST SHARE AMOUNT) |
|----------------------------|-------------------------|--------------------------------------|---|
| G | Cemetery | \$30,430,580 | \$3,043,058 |
| | Parks | \$21,354,793 | \$2,135,479 |
| | Recreational Facilities | \$1,320,260,065 | \$132,026,006 |
| | Transit | \$26,159,621 | \$2,615,962 |
| | Total | \$1,398,205,059 | \$139,820,505 |

Table 31. FEMA Public Assistance projects for Category G work as included in the Economic and Disaster Recovery Plan submitted to Congress on August 8, 2018

This best available data indicates initial Public Assistance Project costs by category across the Island. The impact and unmet needs numbers are likely to change and may increase as project worksheets are completed.



ECONOMIC IMPACT

This recovery brings a unique opportunity to meaningfully improve economic conditions as the Puerto Rican people rebuild in a stronger and more resilient manner. Through critical rebuilding of housing and infrastructure, cross-sectoral activities will bring tangible economic benefits in the form of jobs and the increased value of Island structures and neighborhoods. Economic planning and strategic spending will ensure recovery funds injected into the economy have a lasting impact.

ECONOMIC CONDITIONS

Puerto Rico's declining economic conditions have been exacerbated by the impact of Hurricanes Irma and María. These hurricanes impacted the Island at a time of financial and economic constraint. On June 30, 2016, the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) was signed into law to establish an oversight board and a process for restructuring the Island's debt. In May 2017, Puerto Rico effectively filed the largest-ever federal bankruptcy proceeding by a local government. At the time Puerto Rico filed, unemployment across the Island was at 11%, and much of Wall Street's attention has focused on the creditors who hold some of Puerto Rico's \$74 billion in public debt. As a covered entity under the law, Puerto Rico is required to submit a fiscal plan; the latest version was submitted on August 20, 2018, to the FOMB.¹¹²

IMPACT ON BUSINESS AND EMPLOYMENT

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 essential to everyday treatment. These IV fluids and bags are used in extremely substantial amounts in hospitals and clinics daily to deliver medications and rehydrate patients.

According to American Community Survey data, before the hurricanes, many jobs in the Puerto Rican economy were in education for elementary and secondary schools, restaurants and food service, and hospitals. The most common jobs held before the hurricane were secretaries and administrative assistants, cashiers, and janitorial, and teaching elementary and secondary school. Higher paying jobs were in environmental engineering, physicians and surgeons, architectural and engineering managers, and chemical engineers.

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

¹¹² <https://www.aafaf.pr.gov/assets/Fiscal-Plan-for-PR-August-20-2018.pdf>

| NUMBER OF LOSSES VERIFIED BY SBA | | | | | |
|---|-----------------|--------------|---------------|--------------|-----------------|
| Economic Sector | Building | Furniture | Machinery | Inventory | Total Losses |
| 11 Agriculture, Forestry, Fishing and Hunting | \$5,934,923 | \$79,182 | \$1,260,301 | \$669,789 | \$7,944,195 |
| 21 Mining | \$498,425 | \$6,000 | \$114,645 | \$0 | \$619,070 |
| 22 Utilities | \$243,300 | \$31,517 | \$190,704 | \$32,000 | \$497,521 |
| 23 Construction | \$20,787,808 | \$297,304 | \$3,520,512 | \$333,702 | \$24,939,326 |
| 31-33 Manufacturing | \$23,593,366 | \$1,084,123 | \$22,812,892 | \$5,244,946 | \$52,735,327 |
| 42 Wholesale Trade | \$9,770,684 | \$523,177 | \$3,156,216 | \$4,516,115 | \$17,966,192 |
| 44-45 Retail Trade | \$38,836,285 | \$10,904,887 | \$14,074,010 | \$27,802,464 | \$91,617,646 |
| 48-49 Transportation and Warehousing | \$7,151,931 | \$244,336 | \$1,714,450 | \$71,231 | \$9,181,948 |
| 51 Information | \$1,952,534 | \$211,005 | \$23,200,848 | \$107,200 | \$25,471,587 |
| 52 Finance and Insurance | \$683,315 | \$61,055 | \$335,422 | \$34,000 | \$1,113,792 |
| 53 Real Estate Rental and Leasing | \$313,184,050 | \$5,357,727 | \$9,811,994 | \$799,110 | \$329,152,881 |
| 54 Professional, Scientific, and Technical Services | \$17,488,161 | \$1,546,420 | \$4,112,769 | \$3,900,721 | \$27,048,071 |
| 56 Administrative and Support and Waste Management and Remediation Services | \$1,703,469 | \$157,768 | \$650,619 | \$260,457 | \$2,772,313 |
| 61 Educational Services | \$55,789,248 | \$1,692,818 | \$2,171,967 | \$1,484,599 | \$61,138,632 |
| 62 Health Care and Social Assistance | \$49,148,294 | \$4,208,661 | \$23,397,397 | \$3,789,067 | \$80,543,419 |
| 71 Arts, Entertainment, and Recreation | \$223,858,601 | \$10,004,717 | \$5,310,343 | \$2,392,405 | \$241,566,066 |
| 72 Accommodation and Food Services | \$54,770,811 | \$10,136,152 | \$14,485,282 | \$5,398,437 | \$84,790,682 |
| 81 Other Services (except Public Administration) | \$168,091,431 | \$8,570,395 | \$14,109,727 | \$1,471,394 | \$192,242,947 |
| Unknown | \$19,491,113 | \$656,000 | \$2,215,417 | \$627,547 | \$22,990,077 |
| Grand Total | \$1,012,977,749 | \$55,773,244 | \$146,645,515 | \$58,935,184 | \$1,274,331,692 |

NUMBER OF LOSSES VERIFIED BY SBA

Table 32. SBA Business Losses by Sector

The Puerto Rican economy is adapting to the impact of Hurricane María. 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 2017.¹¹³ 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 true impact of this change will be revealed over time.

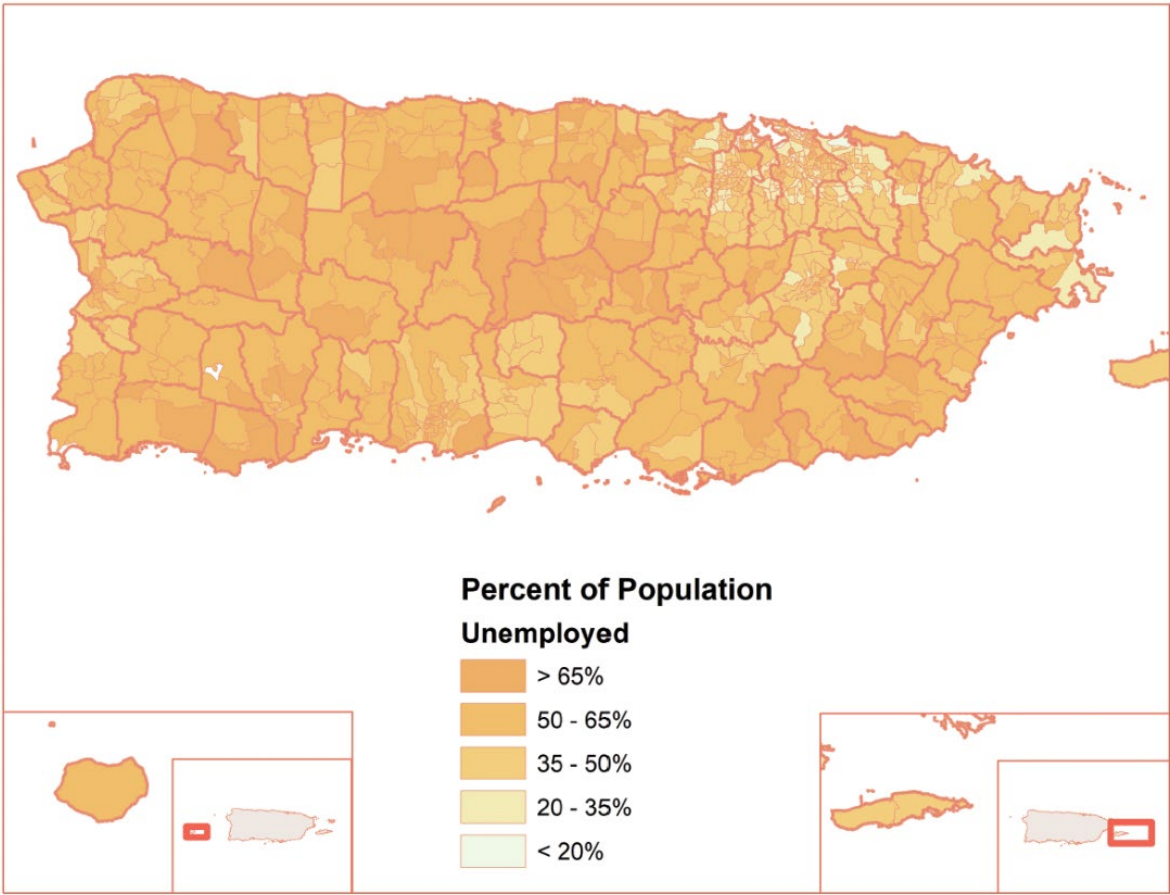


Figure 41. Percent Unemployment by Census Tract, source data ACS 2012 - 2016

IMPACT ON TOURISM

INITIAL REPORTS

Hurricanes Irma and María left most of Puerto Rico without power or water, closed airports, and vacant cruise terminals. A month after the hurricane, CBS News reported that a third of the hotels in Puerto Rico

¹¹³ <https://www.bls.gov/sae/tables/state-news-release/home.htm>.

remained shuttered and beaches were closed for swimming because of possible water contamination.¹¹⁴ Immediately following the hurricane, demand for hotel rooms increased because of the influx of first responders and relief workers. At the beginning of the high season, in December 2017, the Island officially declared itself open for tourism, ready to receive the people and income required to bring back one of the Island's lifeblood sectors. Seven months later, although still in recovery mode, tourism on the Island had increased as relief efforts were winding down.

Although the tourist zones of San Juan had increased over the weeks, and the beach hotels were open in Condado, and Isla Verde, many other insular areas of the Island were still heavily damaged. One such example is the El Yunque National Forest, many parts of which remained closed. Additionally, several major resorts, such as the Ritz-Carlton San Juan, remained shuttered. However, restaurants and bars saw increased patronage, and attractions like El Morro fort and Old San Juan were recovering. In early 2018, the Puerto Rico Tourism Company (PRTC) reported the following post-hurricane metrics:

- **Cruises:** Puerto Rico resumed cruise operations just two and a half weeks after Hurricane María, and by end of June 2018, Puerto Rico was projected to receive 1.04 million passengers. The 2018/2019 cruising season expected 1.7 million passengers and roughly \$250 million in revenue for the economy.
- **Air Access:** The airline industry worked to restore services. Two weeks after Hurricane María, the Luis Muñoz Marín International Airport had 20 daily flights. Capacity successfully rose with a monthly seat volume of 391,000. By July 2018, seat capacity was projected to increase by 81,000 more. **Hotels:** Just two and a half years after María, 122 hotels were operating, which equated to 12,458 available rooms, along with hundreds of Airbnb listings and "paradores" (small, family-run inns). Another 2,670 rooms were expected to be added to the inventory after undergoing renovations, which included the Wyndham Grand Río Mar Puerto Rico Golf & Beach Resort, the Ritz-Carlton Reserve and El San Juan Hotel. Approximately \$1.9 billion was predicted to be injected into new developments and renovations, which contribute to adding roughly 3,831 new jobs.
- **Destination Attractions:** A month after Hurricane María, 22 attractions were open, however, in February 2018, there were more than 120. Additionally, 13 golf courses and 15 casinos opened for recreation, and there were 4,000 operating restaurants. PRTC reports continued commitment from partners who had chosen to keep their big-ticket events in Puerto Rico, like the Ironman which took place on March 18, 2018.¹¹⁵

UPDATED CONCERNS FOR TOURISM INDUSTRY RECOVERY

Although post-María updates provided by the PRTC projected a bright future for Puerto Rico's tourism industry, as of January 2020, Puerto Rico's tourism sector was more fragile and volatile than ever. The Island experienced several tragic events at the end of 2019 and the first quarter of 2020, which proved ruinous for the tourism industry.

¹¹⁴ "It's like a ghost town": Puerto Rico tourism craters in wake of Hurricane Maria, October 24, 2017, <https://www.cbsnews.com/news/puerto-rico-tourism-hurricane-maria/>

¹¹⁵ <https://www.prnewswire.com/news-releases/puerto-rico-announces-major-tourism-milestones-while-hosting-the-largest-and-most-important-regional-tourism-event-300591116.html>

Widely publicized political protests and civil unrest during the summer of 2019 prompted DPR to issue a travel advisory, urging potential visitors to take precautions when visiting the Island. The civil unrest prompted the cancellation of cruise ships docking in Puerto Rico and precipitated travel cancellations with an estimated economic impact of \$2.5 million.¹¹⁶

Damages to the tourism sector were further exacerbated when an earthquake swarm, declared a major disaster on January 16, 2020,¹¹⁷ battered the Island's southern coast and caused tremors felt Island-wide. From December 29, 2019, through January 17, 2020, the Advanced National Seismic System U.S. Geological Survey recorded ten (10) earthquakes with a magnitude of five (5) or larger along the southern coast of Puerto Rico.¹¹⁸ The largest quake occurred on January 7, 2020, with a magnitude of 6.4. Immediately following the January 7, 2020, earthquake, most of Puerto Rico was left without power, and nearly 300,000 residents were without water. The multitude of earthquakes further distressed the tourism industry and impeded the Island's economic recovery. The earthquakes toppled buildings, shuttered businesses, and led to the collapse of Playa Ventana in Guayanilla, one of Puerto Rico's top natural tourist attractions. Seismic events prompted some airlines, like Jet Blue,¹¹⁹ to waive change and cancellation fees for flights to Puerto Rico. The U.S. Geological Survey projected that it would be a minimum of three (3) years (and possibly more than ten (10) years) before the annual probability of a magnitude five (5) or greater aftershock drops below 50% in areas susceptible to aftershock from the magnitude 6.4 quake.¹²⁰ As future aftershocks and seismic activity are expected for years to come, the full impact of the 2019 – 2020 earthquake swarm will not be known for years.

The Island's economy and tourism sector arguably suffered its most crippling blow in the spring of 2020, with a global pandemic,¹²¹ the COVID-19 virus, stopping public life in Puerto Rico and much of the world. Puerto Rico's Governor, Wanda Vázquez Garced, implemented some of the strictest shelter at home policies of any US territory or state. On March 15, 2020, Governor Vázquez Garced issued an executive order to protect the health of the citizens of Puerto Rico and combat the spread of the deadly COVID-19 virus. The executive order mandated the closure of all non-essential businesses in Puerto Rico, imposed a curfew on all citizens, and prohibited all public gatherings.¹²² This moratorium on public life further exacerbated damages to Puerto Rico's tourism industry and economy as business essential to tourism like restaurants, museums, tourist attractions, and even beaches have been closed. Although the long-term impacts of the pandemic on the economic and tourism sectors are not known, as of March 31, 2020, seven (7) hotels have closed, prompting the layoff of approximately 2,500 employees, and restaurants, shopping centers, gyms, recreational attractions, and all non-essential businesses closed, and many Puerto Ricans lost their employment. Puerto Rico's tourism sector will eventually rebound to pre-hurricane levels with the continued recovery of public infrastructure and reopening of resorts and restaurants. Nonetheless, the more time-sensitive issue facing the tourism sector is public perception of the status of the recovery in the most frequently visited areas of the Island. As a result of private investment, these areas typically recover the quickest. Many hotels and resorts function with backup generators and water tanks on hand for when hurricanes strike.

¹¹⁶ <https://www.washingtonpost.com/travel/2019/07/23/what-tourists-should-know-about-traveling-puerto-rico-during-protests/>

¹¹⁷ <https://www.fema.gov/disaster/4473>

¹¹⁸ <https://pubs.usgs.gov/of/2020/1009/ofr20201009.pdf>

¹¹⁹ <https://www.jetblue.com/travel-agents/travel-agent-waiver-codes>

¹²⁰ <https://pubs.usgs.gov/of/2020/1009/ofr20201009.pdf>

¹²¹ <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>

¹²² <https://www.trabajo.pr.gov/docs/Boletines/OE-2023Eng.pdf>

It is imperative for the Island to target outreach efforts and implement a robust marketing campaign to reach potential visitors that may not be aware of the pace of recovery in the tourist areas, such as Old San Juan and Condado. Because so much national media attention has rightly focused on the recovery, many potential tourists may not be aware that the frequently visited attractions and areas of the Island are ready to receive them. Concerted efforts enacted by the Island around tourism marketing that will ensure full recovery of the sector to pre-hurricane levels and prove San Juan worthy of it is ranking on Lonely Planet's 2018 Top 10 Cities to Visit ¹²³, a list published before Irma and María made their historic landfall.

IMPACT ON AGRIBUSINESS

Preliminary figures from 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.

Puerto Rico's Former Secretary of Agriculture, Carlos Flores Ortega, estimated that based on value, 80% of the entire crop in the agriculture sector was wiped out. 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. Insurance claims are not representative of the entire universe of farmers since only some farmers have policies in effect with the CSA. Regional damage reports continued to be updated as field evaluation works progressed to the extent that physical access to the areas allowed. ¹²⁴

| DAMAGES TO THE AGRICULTURE SECTOR AS OF JANUARY 29, 2018 (IN MILLIONS OF DOLLARS) | | | |
|---|--------------------------------------|-----------------|-----------------|
| Region | Damages to Infrastructure and others | Lost Production | Economic Impact |
| Caguas | 371.1 | 33.1 | 404.2 |
| Arecibo | 319.3 | 23.5 | 342.8 |
| Mayagüez | 154.1 | 6.6 | 160.7 |
| San Germán | 196 | 15.6 | 211.6 |
| Ponce | 190.9 | 29.9 | 220.8 |
| Naranjito | 197.2 | 31.2 | 228.4 |
| Utua | 208.9 | 22.1 | 231 |
| Lares | 187.3 | 20.5 | 207.8 |
| Subtotal | \$1,824.8 | \$182.5 | \$2,007.3 |

Source: Puerto Rico Department of Agriculture

Table 33. Agricultural Impact, information from Department of Agriculture

¹²³ Best in Travel 2018, Top Cities, ten cities that are ready for prime travel, Lonely Planet, <https://www.lonelyplanet.com/articles/best-in-travel-2018-top-10-cities>

¹²⁴ Progress Report on the Impact of Hurricane María on the Economy of Puerto Rico, Puerto Rico Planning Board, March 9, 2018.

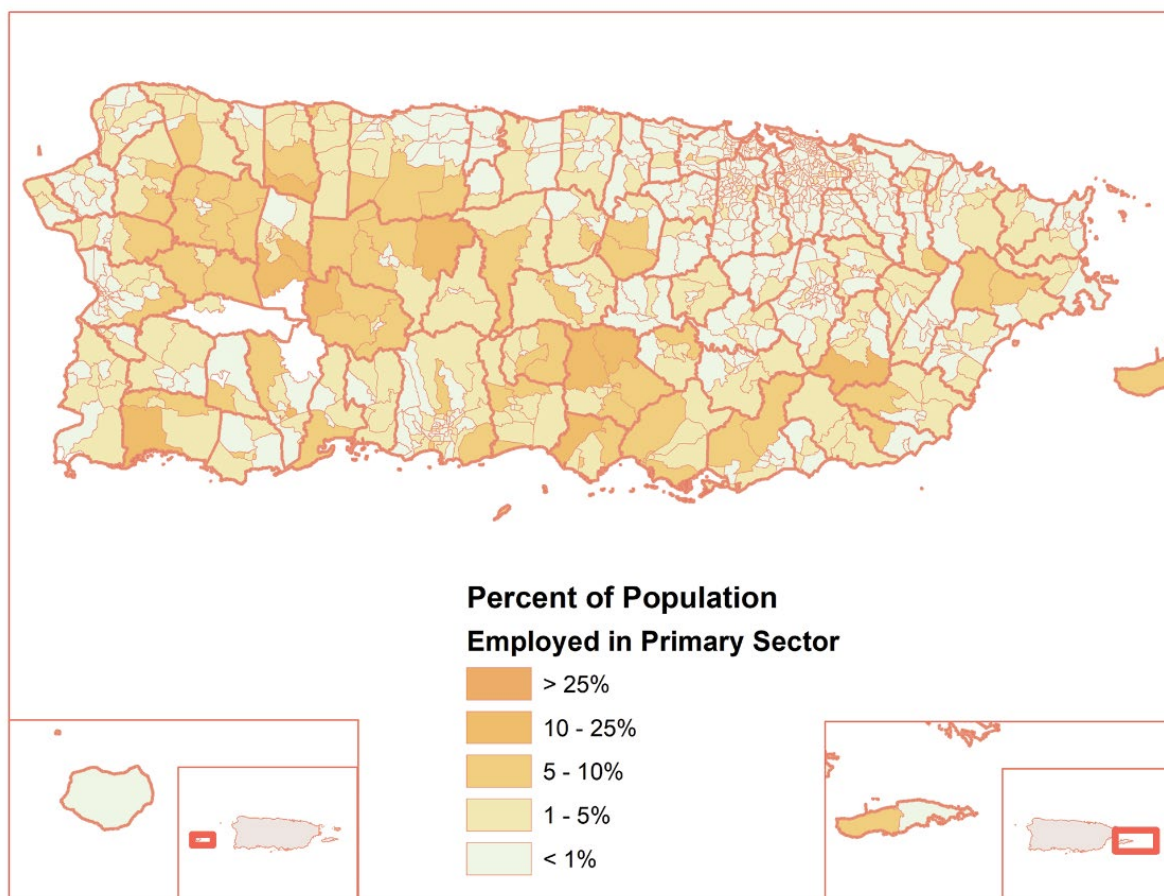


Figure 42. Primary sector (farming, fishing, extractive industry) employment by census tract, source data ACS 2012-2016

IMPACT ON PUBLIC SERVICES

The hurricanes' impact on public services has been immense. This includes impacts to public health, mental health, and existing service providers' ability to provide housing counseling, legal counseling, job training, mental health, and general health services. Puerto Rico's mortality rate increased by 62% right after Hurricane María, from September 20, 2017, to December 31, 2017. The Harvard T. Chan school of Public Health and other institutions stated that "the interruption of medical care was the primary cause of sustained high mortality rates in the months after the hurricane".¹²⁵ The Build Back Better report also stated, "many hospitals and primary care facilities were forced to close, nursing homes were left without power or resources, the social service "safety net" fell apart, and basic resources such as clean and potable water, food and medicine became scarce and turned the emergency on the island into a humanitarian crisis."¹²⁶ Puerto Ricans had to contend with many vulnerabilities before María which placed them at a significant disadvantage when the hurricane hit. Harvard Business Review found that receiving less preventive care such as vaccines, immunizations or cancer screenings contributed to compounding the effects of injuries, illnesses or losses of medical services suffered after hurricane María.¹²⁷ According to the Department of Health and Human Services Office of the Assistant secretary for Planning and

¹²⁵ <https://www.nejm.org/doi/full/10.1056/NEJMSa1803972>

¹²⁶ https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/Build_Back_Better_PR.pdf; page 5

¹²⁷ <https://hbr.org/2018/06/what-hurricane-marias-death-toll-reveals-about-health-care-in-puerto-rico>

Evaluation January 2017 Issue Brief ¹²⁸, Puerto Rico has only one quarter of the number of intensive care unit hospital beds per person compared to the Mainland US and does not have burn unit beds in its hospitals. Puerto Rican health indicators also show a greater need for specific subspecialties and a likelihood to suffer from coronary heart disease, myocardial infarction, asthma, high blood pressure, higher infant mortality rate, and premature birth rate.

The April 2018 Henry J. Kaiser Family Foundation Report: *Healthcare in Puerto Rico and the US Virgin Islands: a six-month checkup after the Storms*, found that, unstable power, especially in remote areas, made management of chronic conditions which require refrigeration of insulin, accessing oxygen, dialysis, and others complicated. There have been significant increases in depression, anxiety, panic attacks, and post-traumatic stress disorder. Puerto Rico's Department of Health crisis hotline received a 246% increase in calls totaling 3,050 from the year prior. After examining a three-month period after María, the hotline had 9,645 calls from people who had thought about attempting suicide which is an increase of 83% from the year prior as well. ¹²⁹

These vulnerabilities, however, are only the first layer for Puerto Rico's health care system issues which faced a mounting \$72 billion debt, federal funding challenges and system reform efforts post María. The Health Resources and Services Administration (HRSA) has deemed 72 of Puerto Rico's 78 municipalities as medically underserved areas and has identified 32 primary care health provider shortage areas. ¹³⁰ Puerto Rico's status as a territory has historically limited its accessibility to the Affordable Care Act benefits. Strapped local community health centers and limited Medicaid funding also complicate these challenges. ¹³¹ According to the Urban Institute research report for the Puerto Rico Health Care Infrastructure Assessment; a shortage of medical professionals such as midlevel providers like physician assistants, nurse practitioners, and specialists exacerbates the need for infrastructure reforms. ¹³²

The Center for Puerto Rican Studies research brief provides insight into the disruption experienced in Puerto Rico's School enrollment and stress to Puerto Rico's Department of Education. School enrollment data show more permanent displacement as parents choose to relocate. Data collected from FEMA, which reflect current mailing address and school enrollment estimates from Florida, Massachusetts, Pennsylvania, New York, Connecticut, New Jersey and Illinois, show that approximately 22,522 students enrolled within school districts in those states. ¹³³ Additional enrollment data for other states such as Texas, Ohio and California was not available at the time of the study which means this estimate could be larger due to the ACS estimates used having been based on random sampling as well. FEMA provided an estimated 40,013 household members and 19,271 households who changed their mailing address since they first registered with FEMA. This data shows that the continued outmigration from Puerto Rico follows previous studies for Millennial Migration from Puerto Rico, however it also shows a notable growth of the 2017 post-María wave. ¹³⁴

In response to this outmigration and funding scarcity to keep the school system running, Puerto Rico announced they would be closing 283 schools due to enrollment drops. Puerto Rico's Department of

¹²⁸ https://aspe.hhs.gov/system/files/pdf/255466/PuertoRico_Assessment.pdf.

¹²⁹ <https://estadisticas.pr/en/inventario-de-estadisticas/estadisticas-de-suicidio>; February 2018

¹³⁰ https://aspe.hhs.gov/system/files/pdf/255466/PuertoRico_Assessment.pdf

¹³¹ <https://hbr.org/2018/06/what-hurricane-marias-death-toll-reveals-about-health-care-in-puerto-rico>.

¹³² https://www.urban.org/sites/default/files/publication/87011/2001050-puerto-rico-health-care-infrastructure-assessment-site-visit-report_1.pdf.

¹³³ <https://centropr.hunter.cuny.edu/sites/default/files/PDF/Schoolenroll-v2-3-3-2018.pdf>

¹³⁴ Id.

Education announced there were 38,700 less students since May 2017 and about 50% of schools are only utilizing 60% of their capacity.¹³⁵ Some of the short-term effects can be quantified in teachers having to find alternate schools and logistics around transporting students to open schools predominantly around the areas of San Juan, Ponce, Mayagüez and Aguadilla.¹³⁶

Data from the US Department of Labor indicates that, in the two-month period after the impact of the hurricanes, there was a significant spike in the number of initial unemployment insurance claims. In 2016 the average number of unemployment insurance claims from October through December 2016 averaged 1,612; comparatively in October 2017 through December 2017 shows an average of 4,993 unemployment insurance claims. This spike in number shows a greater need for public services to help those without work post-María. Creating social safety nets with services such as workforce training, accessibility to capital to stimulate entrepreneurship and counseling services can facilitate areas for overall economic development.

As FEMA Public Assistance and private insurance estimates are finalized, the remaining unmet need for healthcare facilities public services such as prehospital medical care, attention and coordination before, during and after catastrophic events, certification of emergency plans, road maintenance and expansion of safety net services to vulnerable populations in programs such as HOPWA, CoC, Section 8, those with disabilities, elderly, pregnant women, infants and others may be addressed in forthcoming Action Plan amendments as funds become available.

The housing counseling, workforce training, legal service, and social interest housing programs described in the program section of the Action Plan were created to address the needs identified in this plan, and as necessary to complement activities intended to address housing, infrastructure, and economic revitalization. Additionally, specialized service providers with experience working with diverse populations will ensure accessibility to individuals having wide-ranging disabilities including mobility, sensory, developmental, emotional, and other impairments by facilitating an environment where their needs can be addressed.

COMMUNITY DISASTER LOANS

Almost all 78 municipalities across Puerto Rico were affected by Hurricanes Irma and María and suffered substantial loss in tax revenues as individual taxpayers and businesses faced economic hardship in their own recoveries. Without critical tax revenue from property tax, sales tax, income tax, or any other locally imposed tax, municipalities are unable to support essential services for residents.

To address this need, FEMA awarded \$53 million to 12 municipalities in low-interest loans under the Community Disaster Loans (CDL) program which provides operational funding to help local governments that have incurred a significant loss in revenue, due to a major disaster that has or will adversely affect their ability to provide essential municipal services. The following 12 municipalities were reviewed and approved to receive the first iterations of these loans: Bayamón, Caguas, Humacao, Juncos, Ponce, Río Grande, Sabana Grande, Salinas, San Lorenzo, Toa Baja, Trujillo Alto and Yabucoa. These municipalities are each eligible to receive up to a \$5 million loan. An additional 65 municipalities are under review for

¹³⁵ <https://www.nbcnews.com/news/latino/puerto-rico-close-283-schools-amid-sharp-enrollment-drop-after-n863246>.

¹³⁶ Id.

requested assistance to determine eligibility and whether they incurred at least 25% loss of tax revenues in their operational funds.

REPORTED PUBLIC SECTOR IMPACT

The *Junta de Planificación*, known in English as the Planning Board, is at the forefront of the processes and technology to promote, through effective and appropriate tools, the sustainable development of Puerto Rico. The Board compiled an extensive report on the hurricane impact on the Puerto Rico public sector. In its analysis, the Planning Board also considers the Four-Year Investment Program (Programa de Inversiones de Cuatro Años or “PICA”) framework to assess impact in income loss. The Four-Year Investment Program guides public agencies and corporations in the preparation of their respective investment programs and capital improvements. The framework contains a demographic and socioeconomic profile of Puerto Rico, as a whole, and from the regional perspective. It also contains an economic assessment, including analysis of public debt and information on development patterns and priority projects for Puerto Rico.¹³⁷

The Board’s initial impact estimates for public sector agencies, corporations, and municipalities as of February 6, 2018, was estimated at \$5.7 billion. The “Economic Report to the Governor 2017, Planning Board of Puerto Rico” was published March 9, 2018, and is an important document to be considered by public, private and governmental stakeholders. Readers are encouraged to review the document in full on the Board’s website.¹³⁸

The Puerto Rico Planning Board continues to study the economic conditions of the Island and quantify the short and long-term impact of Hurricanes Irma and María. The information on the labor market is being analyzed for short term impact, while variables such as consumption, investment, and trade balance are being analyzed for a long-term macroeconomic picture. The Economic Report to the Governor 2018, include an analysis of short and long-term impact, using statistical demographic, economic indicators, and macroeconomic theory.

Research and actionable planning are strategically divided by the Puerto Rico Planning Board into eleven (11) functional areas. These areas can be seen in the Puerto Rico Planning Board map below.

¹³⁷ Programa de Inversiones de Cuatro Años 2018-2019 A 2021-2022, The Puerto Rico Planning Board, <https://jp.pr.gov/index.php/programa-de-inversiones-a-cuatro-anos/>.

¹³⁸ Id.



Figure 43. Geographic delineation of Planning Board functional areas. Map provided by the Puerto Rico Planning Board.

ECONOMIC UNMET NEED

Economic impact caused by a major disaster event results in immediate loss of services and lowered, if not halted, business output for companies located in and around the impact zone. True impact can be far reaching and continue in short and long-term waves as the local tax base recovers, making it difficult to pinpoint a true dollar amount for impact and recovery need.

The economic impact calculated for this Action Plan is based on current federal data sets only and will be updated as necessary to inform a growth-centric approach to the allocation and administration of HUD CDBG-DR assistance.

Understanding financial effects to livelihoods provides a more comprehensive understanding of recovery needs across the impacted area. Detailed assessments such as the 180-day report to Congress provides a more comprehensive overview of extended losses to businesses including those related to power loss, tourism slowdowns, and detailed models related to fund influx, business incubation, and other economic stimulus programs currently underway.

The focus of the assessment in this Action Plan centers on identifying immediate impacts to businesses (buildings and content) resulting from Irma and María. The SBA makes low-cost disaster loans available to qualified businesses and their services are an important indicator of business impact. 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 information¹³⁹ there were 11,863 applications issued across the Island. Of these, 4,446 had a verified property loss of \$380,171,927 and another 7,417 were either: “in-process”, withdrawn, or declined for a loan from the program. Previous impacts assessments identified an additional 68,773 issued applications

¹³⁹ SBA_DCMS_Business_report_Irma_Maria_LIRA_PR_00029_PR_00031_04_13_2021.

that were not returned to the SBA.¹⁴⁰ However, as of the latest data these applications are no longer being accounted for by SBA. Note, the high percentage of applications that were issued but not returned. Anecdotal evidence suggests that many Puerto Rican small business owners walked away from the SBA process because they feared they simply could not repay a business loan. Other applicants, particularly those who were declined, have seen an increase in advocacy from members of Congress who hope to see higher rates of SBA approvals moving forward.¹⁴¹

| SBA BUSINESS APPLICANT STATUS | COUNT OF APPLICANTS | % IN STATUS |
|-------------------------------|---------------------|-------------|
| Approved | 3,524 | 29.71% |
| Declined | 5,347 | 45.07% |
| In Process | 58 | 0.49% |
| Withdrawn | 2,934 | 24.73% |
| Grand Total | 11,863 | 100% |

Table 34. Status of SBA applicants as of April 13, 2021¹⁴²

The average verified loss for all applicants with SBA verified losses was \$78,052 and the median loss was \$34,109. Utilizing the general methodology put forth for the housing impact and unmet needs enables the identification of impacts and unmet needs for businesses who are not initially accounted for in the available datasets.¹⁴³ Coupling the SBA Business Report with methods put forth by HUD and knowledge about housing impacts provides a robust estimate of actual and probable extended impacts for businesses who did not qualify for loans. The methods utilized in this assessment are outlined here:

First, known losses for those who applied for SBA loans and were visited by SBA inspection teams reveal a total loss (property and contents) of \$474.2 million for roughly 4,010 businesses. Table 35 shows the count and total losses verified by SBA during the inspection process.

| SBA VERIFIED LOSS | COUNT | VALUE |
|---|-------|----------------|
| SBA applicants with a real estate verified loss (Repairs) | 4,135 | \$ 331,531,750 |
| SBA verified reconstruction loss (Rebuild) | 306 | \$ 48,542,601 |
| SBA verified relocation loss (Rebuild Elsewhere) | 5 | \$ 97,576 |

¹⁴⁰ SBA_DCMS_Business_report_Irma_Maria_PR_00029_PR_00031_09_2_2018.

¹⁴¹ <http://newsismybusiness.com/velazquez-rebuild-businesses/>.

¹⁴² SBA_DCMS_Business_report_Irma_Maria_LIRA_PR_00029_PR_00031_04_13_2021. This SBA report did not include “issued” applications. “Issued” applications are those sent out by SBA but not returned by business owners. As such, the overall number of applications decreased but the number approved increased between 2018 and April 2021.

¹⁴³ SBA_DCMS_Business_report_Irma_Maria_PR_00029_PR_00031_03_18_2018

| | | |
|--|-------|----------------|
| Verified furniture loss | 2,474 | \$ 21,082,820 |
| Verified machinery loss | 3,960 | \$ 81,330,530 |
| Verified inventory loss | 1,885 | \$ 26,318,058 |
| Total real estate losses for businesses referred to SBA (Estimate) | | \$ 508,903,335 |

Table 35. Small Business Administration Verified Business Property and Content Loss of All SBA Applicants

Extended loss estimates were established by utilizing HUD's methodology outlined in the Federal Register.¹⁴⁴ Here, businesses were grouped into 1 of 5 categories based on total real property and content losses. For this assessment, real property loss includes verified repair, reconstruction, or relocation costs and content losses include impacts to furniture, machinery, or inventory. Table 36 shows the number of businesses in each of these loss categories as well as the median loss and percentage of total businesses within said category. These median values are utilized in estimating additional unmet need to other businesses.

| HUD Cat | DAMAGE | COUNT | MEDIAN LOSS | PERCENTAGE OF ALL BUSINESSES |
|------------|----------------------|-------|-------------|------------------------------|
| Category 1 | < \$12,000 | 1,483 | \$5,700 | 23.55% |
| Category 2 | \$12,000 - \$29,999 | 1,638 | \$20,138 | 26.02% |
| Category 3 | \$30,000 - \$64,999 | 1,483 | \$43,740 | 23.55% |
| Category 4 | \$65,000 - \$149,999 | 1,048 | \$91,297 | 16.65% |
| Category 5 | >= \$150,000 | 644 | \$260,302 | 10.23% |

Table 36. Federal register method impacted business count

Estimating additional losses to the more than 80,000 businesses across the Island required utilization of SBA data, HUD methods outlined in the Federal Register, and general impact information from FEMA and SBA. The compact size of the Island, the fact that homes and businesses often share the same space, and the track of the hurricanes indicates that impacts to homes and businesses likely occurred in a similar pattern.

Following this logic, an estimate of the percentage of damaged businesses across the Island was created by first multiplying the total number of business applications (88,988) less those for whom real property

¹⁴⁴ <https://www.gpo.gov/fdsys/pkg/FR-2018-02-09/pdf/2018-02693.pdf>

or contents damage was already calculated (6,296), by the percentage of estimated homes damaged by Irma and María (90%),¹⁴⁵ yielding an estimated 74,423 businesses impacted outside of those cataloged by SBA. Multiplying this total number of businesses by the true percentage of all business impacted by category provides an estimate of impacted businesses in each category of impact (Table 37). Utilizing methods established in the Federal Register, multiplying the total number of businesses by the known median loss value resulted in estimated total losses to property and contents for the hurricane impact areas.

| HUD Cat | DAMAGE | COUNT | MEDIAN LOSS | ESTIMATED LOSSES |
|------------|----------------------|--------|-------------|------------------|
| Category 1 | < \$12,000 | 17,527 | \$5,700 | \$99,901,714 |
| Category 2 | \$12,000 - \$29,999 | 19,365 | \$20,138 | \$389,969,643 |
| Category 3 | \$30,000 - \$64,999 | 17,527 | \$43,740 | \$766,614,206 |
| Category 4 | \$65,000 - \$149,999 | 12,391 | \$91,297 | \$1,131,300,339 |
| Category 5 | >= \$150,000 | 7,613 | \$260,302 | \$1,981,802,223 |
| | | | | |

Table 37. Federal register method estimated additional business counts and estimated losses

These losses were combined with known losses from SBA business data to estimate a total initial economic impact to business real property and contents of over \$4.85 billion (Table 38). Accounting for 38% in additional resilience costs on rebuilding damaged structure¹⁴⁶ such as more stringent building codes, cost of compliance measures, elevations, or freeboard requirements increases the total cost of repairs to \$5.8 billion.

| CATEGORY | COUNT | VALUE |
|---------------------------------------|--------|---------------|
| Category 1 Loss (< \$12,000) | 17,527 | \$99,901,714 |
| Category 2 Loss (\$12,000 - \$29,999) | 19,365 | \$389,969,643 |
| Category 3 Loss (\$30,000 - \$65,000) | 17,527 | \$766,614,206 |

¹⁴⁵ <https://emergency.copernicus.eu/mapping/ems/copernicus-ems-monitors-impact-hurricane-maria-dominica>

¹⁴⁶ Estimated costs attributed to buildings vs contents were determined by multiplying a real property loss ratio (.57) and contents loss ratio (.43) by total categorical loss groupings provided by the Federal Register (property + contents). In María and Irma, 57% of these losses were specific to property and 43% were specific to contents. Using this method enables the creation of a more precise resilience cost applied to reconstruction/repair, but not to contents.

| CATEGORY | COUNT | VALUE |
|--|--------|-----------------|
| Category 4 Loss (\$65,000 - \$150,000) | 12,391 | \$1,131,300,339 |
| Category 5 Loss (>\$150,000) | 7,613 | \$1,981,802,223 |
| Sum of estimated losses to property and contents | | \$4,369,588,125 |
| SBA verified loss for all businesses (Estimate) | | \$484,025,199 |
| Total estimated loss for all businesses | | \$4,853,613,324 |
| Total estimated loss for all businesses accounting for additional resilience costs | | \$6,697,986,387 |

Table 38. Estimated Small Business Administration Property and Content Losses

SBA payouts to businesses totaled \$112.8 million for these lines of loss, leaving a potential unmet need of \$4.7 billion or \$6.5 billion when accounting for resilience costs (Table 39).

| CATEGORY | COUNT | VALUE |
|--|-------|------------------|
| SBA repair payments | 1,371 | \$58,454,630 |
| SBA reconstruction payments | 72 | \$5,589,900 |
| SBA relocation payments | 7 | \$363,800 |
| SBA furniture payments | 614 | \$7,301,200 |
| SBA machinery payments | 1,082 | \$31,203,342 |
| SBA inventory payments | 454 | \$9,954,700 |
| Total Benefit | | \$112,867,572 |
| Total remaining unmet need for all businesses (Estimate) | | \$ 4,740,745,725 |
| Remaining unmet need for all businesses accounting for additional resilience costs | | \$ 6,585,118,815 |

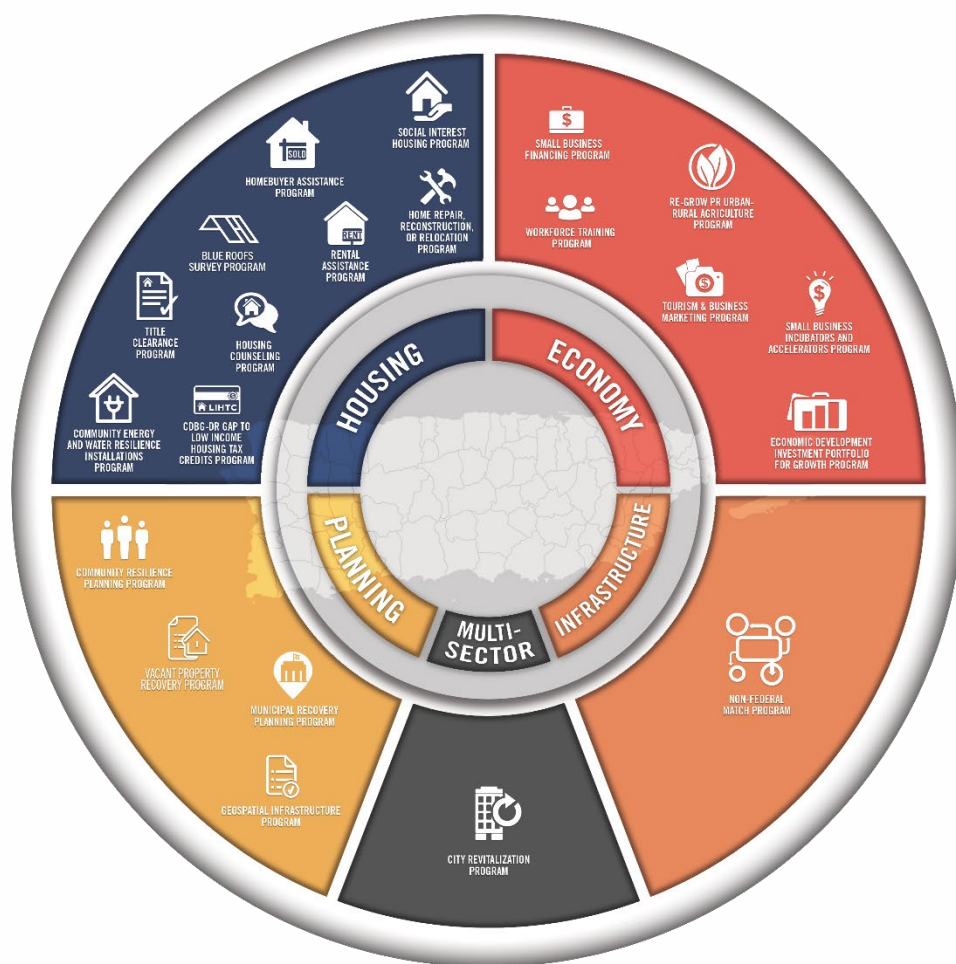
Table 39. SBA business loans and remaining unmet needs

The current federal datasets reflect a smaller portion of economic unmet need when compared to housing unmet need. However, due to the outmigration exacerbated by the hurricanes and the need to strengthen the employment sector to stabilize housing, economic recovery is a significant part of this amended plan. This is also consistent with the Fiscal Plan and the Recovery Plan.

Funding reallocation for Action Plan Amendment 4 generally followed the sector impact breakout informed by the Unmet Needs Assessment conducted for Amendment 1, since the available data did not indicate a material change, the U.S. Census has not released an update, and FEMA Individual Assistance programs are no longer operational.



METHOD OF DISTRIBUTION



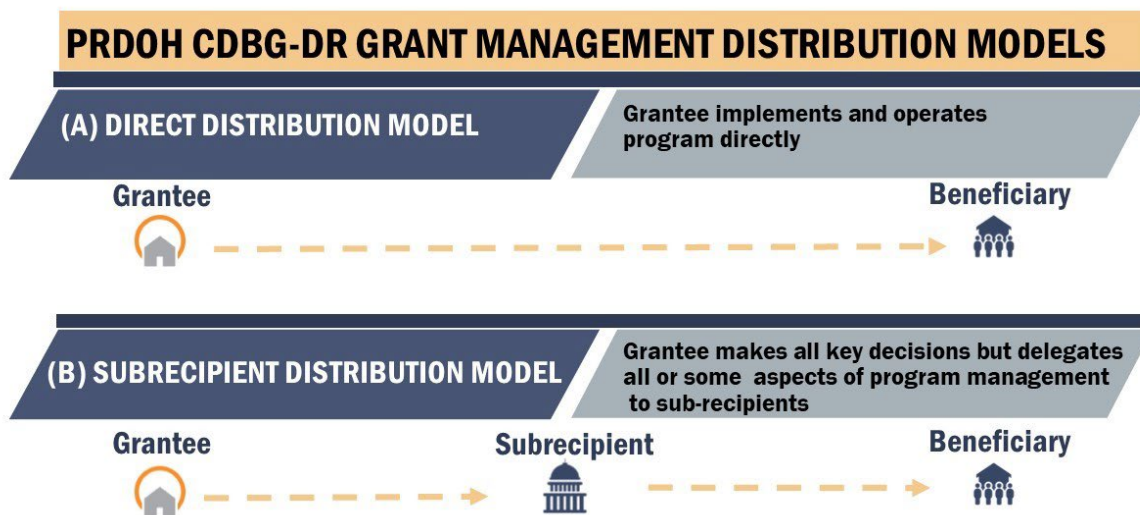
RECOVERY PROGRAMS

Delivering a transparent, people-focused recovery is Puerto Rico's top priority. With these funds, Puerto Rico is investing in a safer, more sustainable society. Programs are designed to protect people and property, rebuild families, strengthen communities, generate long-term investment in social capital, and spur economic development. Programs are categorized by Housing, Planning, Economic Recovery, Infrastructure, and Multi-Sector.

PRDOH will utilize two (2) distribution models for its recovery programs. The housing repair, reconstruction, and relocation program will be administered using Distribution model A. Model B will be used for other programs as outlined in detail within the program descriptions in the following pages. Program design was created using information provided by the municipalities (UGLGs) and other

stakeholders. Municipalities and stakeholders play an active role in many of the programs, including but not limited to housing and planning. Although regional collaboration is highly encouraged, for the purposes of duties and operations conducted under these programs, Partners and/or Subrecipients shall perform work only in their programmatic areas.

Programs will be administered by PRDOH under one of these models:



Grantee

The Government of Puerto Rico is formally the Grantee for the CDBG-DR funds. The Governor designated PRDOH as the grantee for the purposes of administering the program and executing grant agreements with HUD. Therefore, PRDOH will be referred to as the grantee in this Action Plan and in administrative agreements with HUD.

Beneficiary

Beneficiaries are the people to whom assistance, services or benefits are ultimately provided. Eligible beneficiaries are defined for each program in the Action Plan.

Subrecipients

Subrecipients are chosen by the grantee to undertake certain eligible CDBG activities. Subrecipient means a public or private nonprofit agency, authority, organization, or a for-profit entity authorized under 24 C.F.R. § 570.201(o), receiving CDBG funds from the recipient or another subrecipient to undertake activities eligible for such assistance. Subrecipients may include public and private organizations, agencies, including nonprofit and for-profit subrecipients, as applicable for the program established in the Action Plan. For-profits may only be included as subrecipients when assisting with economic development and micro-enterprise activities, unless otherwise waived by HUD. Subrecipients will meet the selection criteria outlined in the Action Plan and/or program guidelines and will:

- Carry out specified programs on behalf of PRDOH
- Comply with all Federal statutes, regulations, and program requirements
- Comply with all terms and conditions of the subrecipient agreement
- Meet all established performance goals

PRDOH is the responsible entity for subrecipient compliance and performance and Environmental Review under 24 C.F.R. § 58. Agreements with subrecipients will comply with 24 C.F.R. § 570.503. Therefore, Subrecipients who fail to meet any of the criteria outlined above, or as specified in their Subrecipient Agreement (SRA), may have their ability to carry out program activities rescinded, in which case, activities would be managed by PRDOH or its designee, or funds redistributed in accordance with the Action Plan.



PROGRAM REQUIREMENTS

CDBG-DR PROGRAM REQUIREMENTS

National Objective

All programs supported by HUD Community Development Block Grant - Disaster Recovery (CDBG-DR) assistance must demonstrate benefit to individuals and communities by meeting one of the program's three National Objectives for all money spent on projects. These are: (1) benefiting low-and moderate-income (LMI) persons, (2) aiding in the prevention or elimination of slums or blight, or (3) meeting a need having urgency (urgent need).

Low- to moderate- income households are defined as households that do not exceed 80% of the median income for their area, as determined by HUD. These income categories are grouped into the following classifications:

- Extremely Low income – has an annual income at 30% or below the area median income
- Very Low income – has an annual income at 31% to 50% of the area median income; and
- Low income – has an annual income at 51% to 80% of the area median income.

The income limit tables for Puerto Rico¹⁴⁷ are included as Appendix G to this plan.

In compliance with the HCDA, and as announced in 83 FR 5844, the primary objective of the HCDA is the "development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income" (42 U.S.C. § 5301 (c)). To carry out this objective, the statute requires that not less than 70% of the aggregate of CDBG program funds be used to support activities benefiting LMI persons. The 70% overall benefit requirement shall remain in effect for this allocation, unless waived pursuant to a request by an individual grantee to authorize a lower overall benefit for its CDBG-DR grant based on a determination by HUD of compelling need for the reduction.

Duplication of Benefit (DOB)

In accordance with the Stafford Act, as amended, Puerto Rico will implement policies and procedures to ensure no individual receives duplication of benefit for the same purpose and/or effect to recover from the hurricanes. Federal law prohibits any person, business concern, or other entity from receiving Federal funds for any part of such loss as to which they have received financial assistance under any other program, from private insurance, charitable assistance, or any other source. Detailed policies and procedures for assessing Duplication of Benefit vary by program and are therefore included in individual program guidelines. The duplication of benefits guidance included in Federal Register Vol. 84, No. 119 (June 20, 2019), 84 FR 28836, updates the duplication of benefits guidance issued in Federal Register Vol. 76, No. 221 (November 16, 2011), 76 FR 71060 for CDBG-DR grants received in response to disasters declared between January 1, 2015, and December 31, 2021. As such, the duplication of benefits policy outlined in the program guidelines follows the guidance issued in 84 FR 28836.

¹⁴⁷ Retrieved from: <https://www.hudexchange.info/resource/5334/cdbg-income-limits/>

Pre-agreement Costs

The provisions of 24 C.F.R. § 570.489 (b) and 570.200 (h) permit a grantee to reimburse itself for otherwise allowable costs incurred by itself or its recipients subgrantees or subrecipients on or after the incident of the covered disaster. The provisions at 24 C.F.R. § 570.200(h) and 570.489(b) apply to grantees reimbursing costs incurred by themselves or its recipients or subrecipients prior to the execution of a grant agreement with HUD. This includes but is not limited to activities supporting program development, action plan development and stakeholder involvement support, and other qualifying eligible costs incurred in response to an eligible disaster covered under Public Law 115-56, as amended.

PRDOH incurred pre-agreement costs and is seeking reimbursement for these costs that are reasonable and allowable under this regulation. PRDOH intends to recover the pre-agreement costs consistent with the authority cited in this section. These costs include salary, employer fringe benefits, and direct operating costs for each employee based on their individual percentage of time spent on the planning of the CDBG-DR program during a pay period. Any cost associated with the disaster recovery efforts will be allocated based on the total time spent on CDBG-DR activities versus other duties for a particular month.

The total cost of the contractors to assist with disaster recovery research and analysis to help PRDOH prepare the unmet needs assessment and action plan and other costs associated with meetings, community outreach, and any other direct costs associated with the Action Plan will be reimbursed by this CDBG-DR grant. Additionally, once contracted, PRDOH may allow the drawdown of pre-agreement costs associated with eligible disaster recovery activities dating back to the date of the disaster(s) for subrecipients and PRDOH with appropriate documentation.

Program Income

Puerto Rico anticipates it may generate program income as part of the activities allowed under this allocation. Should any funds be generated, recovery of funds including program income, refunds, and rebates will be used before drawing down additional CDBG- DR funds. These amounts will be recorded and tracked in the accounting systems and recorded in the HUD Disaster Recovery Grant Reporting (DRGR) system. The DRGR system requires grantees to use program income before drawing additional grant funds and ensures that program income retained will not affect grant draw requests for other subrecipients. Subrecipients will be required to report program income quarterly and will be subject to applicable regulations from PRDOH and HUD directives. Retention of program income will be in compliance with any subgrant agreements.

Minimizing Displacement

PRDOH plans to minimize the displacement of persons or entities and assist persons or entities displaced due to the implementation of CDBG-DR funded project. This is not intended to limit the ability of PRDOH to conduct buyouts or acquisitions for destroyed and extensively damaged units or units in a floodplain. PRDOH will ensure that the assistance and protections afforded to persons or entities under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and Section 104(d) of the HCDA are available. PRDOH plans to exercise the waivers set forth in 83 FR 5844 pertaining to URA and HCDA given its priority to engage in voluntary acquisition and optional relocation activities to avert repeated flood damage and to improve floodplain management. The Residential Anti-displacement and Relocation Assistance Plan (RARAP) will conform to the standards or requirements of 24 C.F.R. § 42.325(a) and (b). Based on the portfolio of programs outlined in the Action Plan, PRDOH plans to minimize displacement by arranging for facilities to house persons who must be relocated temporarily during rehabilitation.

Additionally, HUD Approved Housing Counselors may provide homeowners and tenants with information on assistance available to help them remain in their neighborhood in the face of revitalization pressures.

In addition, HUD requires PRDOH to define “demonstrable hardship” and how it applies to applicants. PRDOH will consider “demonstrable hardship” as exceptions to program policies, including post-assistance affordability requirements for the single-family program, for applicants who demonstrate undue hardship. Applicants in this situation will be reviewed on a case-by-case basis to determine whether assistance is required to alleviate such hardship. Demonstrable hardship may include, but is not limited to, excessive amounts of debt due to a natural disaster, prolonged job loss, substantial reduction to household income, death of a family member, unexpected and extraordinary medical bills, disability, mental health impacts because of the hurricane, etc.

Ineligible Activities

As per the Federal Register 83 FR 5844, the following are ineligible activities:

- i. Properties that served as second homes at the time of the disaster, or following the disaster, are not eligible for rehabilitation assistance or housing incentives. A second home is defined under the Federal Register as a home that is not the owner’s primary residence, a tenant, or any occupant at the time of the hurricane or at the time of application for assistance.
- ii. Rehabilitation/reconstruction of homes located in the floodway;
- iii. Forced mortgage payoff;
- iv. Rehabilitation/reconstruction of a house in which:
 - a. The combined household income is greater than 120% AMI or the national median; and
 - b. The property was in a floodplain at the time of the disaster; and
 - c. The property owner did not maintain flood insurance on the damaged property, even when the property owner was not required to obtain and maintain such insurance.
- v. Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 U.S.C. § 5154(b)) states that no Federal disaster relief assistance made available in a flood disaster area may be used to make a payment (including any loan assistance payment) to a person for “repair, replacement, or restoration” for damage to any personal, residential, or commercial property if that person at any time has received Federal flood disaster assistance that was conditional on the person first having obtained flood insurance under applicable Federal law and the person has subsequently failed to obtain and maintain flood insurance as required under applicable Federal law on such property. The program may not provide disaster assistance for the repair, replacement, or restoration of a property to a person who has failed to meet this requirement.

Given that the HUD Income Limits to establish LMI populations are extremely low in Puerto Rico, PRDOH sought a waiver from HUD regarding assistance prohibitions for households with incomes greater than 120% AMI or at a 120% rate adjusted in accordance with Federal Poverty Levels. HUD approved adjusted income limits, which are posted on the HUD and PRDOH websites. The eligibility criteria for applicable programs will utilize the HUD-approved income limits.

Subrogation Agreement

Program beneficiaries must agree to a limited subrogation of any future awards related to hurricanes Irma and María to ensure compliance with Stafford Act duplication of benefits. Funding award is contingent

upon execution of this agreement. By this agreement, beneficiaries agree to repay any duplicative assistance if other disaster assistance for the same purpose is later received. For example, insurance proceeds received at a later date for the same damage that is being repaired by CDBG-DR would need to be repaid to the program if it is determined to be duplicative.

Performance Schedule

Projections for expenditures and outcomes will be submitted to HUD with the Action Plan and amended as needed throughout the life of the grant.

Application Status

PRDOH and/or potential subrecipients will maintain adequate means of informing applicants on the status of applications for recovery assistance at all phases of all program activities. Multiple standard methods of communication will be provided to ensure applicants receive timely, accurate information regarding their applications. Methods of communication include but are not limited to the Disaster Recovery website, email address, telephone number, postal address, letters, and case managers. PRDOH has established procedures for protecting personally identifiable information (PII) and will require, train, or assist all subrecipients in the implementation of equivalent PII protocols. Safeguards to protect PII will be overseen by managers and directors on an ongoing basis for their respective program areas. Any irregularities will be reported to the compliance officer for resolution.

Application status will also be conveyed in accordance with a program's design. If PRDOH accepts applications from potential subrecipients, information will be communicated via standard communication methods and the assignment of a PRDOH Regional Oversight Manager responsible for a consistent point of contact for effective, timely communication and oversight of each subrecipient.

Language assistance in the form of translation and/or interpretation services will be provided to applicants who lack sufficient ability to read, speak or understand the English or Spanish language. As needed, PRDOH will provide status updates and program materials in accessible formats in accordance with ADA requirements.

Program-based Reconsideration and/or Administrative Review

Applicants may not challenge a federal statutory requirement. However, based on program policy, applicants may contest program determinations. Applicants can submit a Reconsideration Request directly with a program or file an Administrative Review Request with PRDOH. The latter, in accordance with Regulation Number 4953, of August 19, 1993, regulates the Formal Adjudication Process for the PRDOH and its Adjunct Agencies (Regulation 4953).

If an applicant disagrees with any final written response issued by PRDOH, said party may file a Judicial Review petition before the Court of Appeals of Puerto Rico within the timeframe established by law. See Act No. 201-2003, as amended, known as the Judiciary Act of the Commonwealth of Puerto Rico of 2003, 4 LPRA § 24 *et seq.*, and section 4.2 of Act 38-2017, as amended, known as the Uniform Administrative Procedures Act of the Government of Puerto Rico, 3 LPRA § 9672.

If the Applicant fails to file a Reconsideration Request directly with a program, or to contest a determination under the Administrative Adjudicative Procedure with PRDOH, within the time allotted, the inaction will be deemed as an acceptance of the program determination.

As per 83 FR 5844, 5850-5851, homeowners and small business owners may challenge construction work that does not meet the established standards as outlined in this Action Plan and in program specific guidelines. As part of the R3 Program homeowners will be asked to accept the completed scope of work after final inspection of construction work. Work performed by the Construction Managers will be guaranteed as follows:

- Roof waterproofing works will be guaranteed for a minimum of ten (10) years;
- Solar Water Heaters will be guaranteed for a minimum of five (5) years;
- Equipment and Appliance installed will be guaranteed for a minimum of one (1) year or as provided for by the manufacturer (whichever is greater); and
- All other work will be guaranteed for a period of one (1) year.

For the warranty periods established above, the assisted homeowner may require the Construction Manager to correct defects or problems arising from the Construction Manager's work under the contract. Homeowners will be provided documentation pertaining to the home warranty. Documents provided to the applicant will include information regarding what is covered, the length of coverage, and how to submit a claim against the warranty.

Individuals seeking more information regarding this, and other issues may contact PRDOH at:

- Via telephone: (787) 274-2527
- Via email at infoCDBG@vivienda.pr.gov
- Online at <https://recuperacion.pr.gov/en/contact/>
- In writing at:
 Puerto Rico CDBG-DR Program
 P.O. Box 21365
 San Juan, PR 00928-1365

Elevation Standards

Elevation is not a standalone activity in PRDOH programs but shall be included as a resiliency measure for structures receiving assistance through one of the Housing programs and shall only be applied when it is required and feasible to mitigate future flood risk and protect federal investment. PRDOH will apply elevation standards for new construction/reconstruction, repair of substantially damaged structures, or substantial improvements to residential structures in flood hazard areas, such that the lowest floor is at least 2 feet above the 1% annual floodplain elevation, as outlined in the Federal Register. PRDOH will document when elevation, as opposed to alternative strategies, is cost reasonable to promote a community's long-term recovery on a neighborhood or local government level as part of the Whole Community Resilience Planning Program.

The programs as currently designed in the Action Plan are focused on moving families out of harm's way. However, HUD requires a general estimate of elevation to be considered. PRDOH estimates a potential cost not to exceed \$75,000 for the additional costs associated with elevated reconstruction. These costs are identified to be in addition to what reconstruction without elevation would cost. For this estimate, PRDOH considered a concrete model home rebuilt at an elevation of five feet (three feet floodplain elevation plus two feet). Repair with elevation of storm-damaged structures is expected to be limited to

those made of wood and are considered historic.¹⁴⁸ Any other structure that does not meet the two conditions, will not be considered for elevation in repair cases.

Elevation and flood insurance requirements will be put in place for all applicable program assistance to structures in the floodplain.

Fair Housing

With this opportunity to rebuild, Puerto Rico will increase housing opportunities and affirmatively promote housing choices throughout the housing market. Program implementation will be conducted in a manner which will not cause discrimination based on race, color, religion, sex, disability, familial status, or national origin.

PRDOH will use housing counseling programs and whole community resilience programs to build programs informed by housing choice to provide affordable housing. Because planning decisions may affect racial, ethnic, and low-income concentrations, these programs will help provide affordable housing choices in areas that are defined as low-poverty or non-minority¹⁴⁹ where appropriate and in response to natural hazard related impacts. PRDOH will consider the impact of planning decisions on racial, ethnic, and low-income concentrations. This may include utilizing mapping tools and data to identify racially or ethnically concentrated areas of poverty to evaluate possible impacts to those areas to, promote fair housing choices and to foster inclusive communities.

Feasibility and Cost Reasonableness

Puerto Rico will review all projects for feasibility through cost-benefit analysis and/or comparison of construction modification costs to repair and incorporate mitigation measures versus reconstruction to the highest resiliency standard. HUD exempts disaster-damaged units that meet the grantee's definition of "not suitable for rehabilitation" from one-for-one replacement requirements. Before carrying out activities that may be subject to the one-for-one replacement requirements, PRDOH must define "not suitable for rehabilitation" in its Action Plan or in policies/procedures governing those activities. PRDOH will define "not suitable for rehabilitation" in its policies/ procedures.

Procurement procedures pertaining to the acquisition of materials and services will be reviewed for compliance with 2 C.F.R. Part 200 Cost Principles including: necessary costs, cost reasonableness standards, allowable costs, and cost allocability.

Broadband Infrastructure

As per requirements of the Federal Register, any substantial rehabilitation, as defined by 24 C.F.R. § 5.100, or new construction of a building with more than four rental units must include installation of broadband infrastructure, except where it is documented that: (a) The location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible; (b) the cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden; or (c) the structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

¹⁴⁸ Historic refers to those that are listed in, or eligible for listing in the National Register of Historic Places (NR) <https://www.nps.gov/subjects/nationalregister/index.htm>

¹⁴⁹ This language originates in the Federal Register, and is "will promote the availability of affordable housing in low-poverty, nonminority areas where appropriate" <https://www.gpo.gov/fdsys/pkg/FR-2018-02-09/pdf/2018-02693.pdf>

GRANT MANAGEMENT CAPACITY

As the steward of unprecedented federal funds supporting the largest recovery effort Puerto Rico has ever managed, PRDOH has strategically designed and implemented a capacity framework proportional to the grant. The identification and training of key staff considers cross-sectoral work demands, large-scale project management needs, and tiered compliance requirements at the local, commonwealth, and federal levels.

Grant management capacity is maintained through continuous training of key staff throughout the life of the grant, collectively increasing institutional capacity as recovery efforts progress through the phases of the grant cycle. This investment in human and institutional capacity supports the continuity of operations and brings forth the potential for institutional learning that leads to quality standards in services provided.

To ensure capacity is maintained, any change in executive leadership or key staff positions will be routed to HUD for review. Any modification to positions as approved in the Grantee Certifications under the Implementation Plan will result in a formal amendment to said Plan, thus subject to HUD approval. Changes to non-key staff will be an operational function of PRDOH management and reported to HUD in the regular grant reporting cycle only to the extent that such changes impact operations.

PROGRAM BUDGET

The program budget outlines how funds will be spent. PRDOH will comply with the requirement that not less than 70% of the aggregate of CDBG-DR Program funds be used to support activities benefiting low and moderate-income persons, as required by 83 FR 5844, 5855, through its housing programs. The program budget generally aligns with the categories identified in the unmet needs assessment, with the majority of funds designated for use in housing. The HUD-identified most impacted and distressed area encompasses the entire Island.

Any amendments to the Action Plan will take place in conformity with HUD requirements. Non substantial amendments addressing minor administrative changes will be presented to HUD five (5) days prior to being incorporated into the comprehensive Action Plan. Substantial amendments addressing alterations to the Action Plan such as change to program benefit or eligibility criteria, the addition or deletion of an activity, or the allocation or reallocation of more than 10% of grant funds will be publicly posted for no less than thirty (30) days, or as otherwise indicated in the Citizen Participation Plan, to allow public input before finalizing and incorporating into the comprehensive Action Plan. Amendments to this Action Plan will be incorporated into one comprehensive document and tracked chronologically in a version control log.

ALLOCATION OF FUNDS

FIRST ALLOCATION UNDER 83 FR 5844

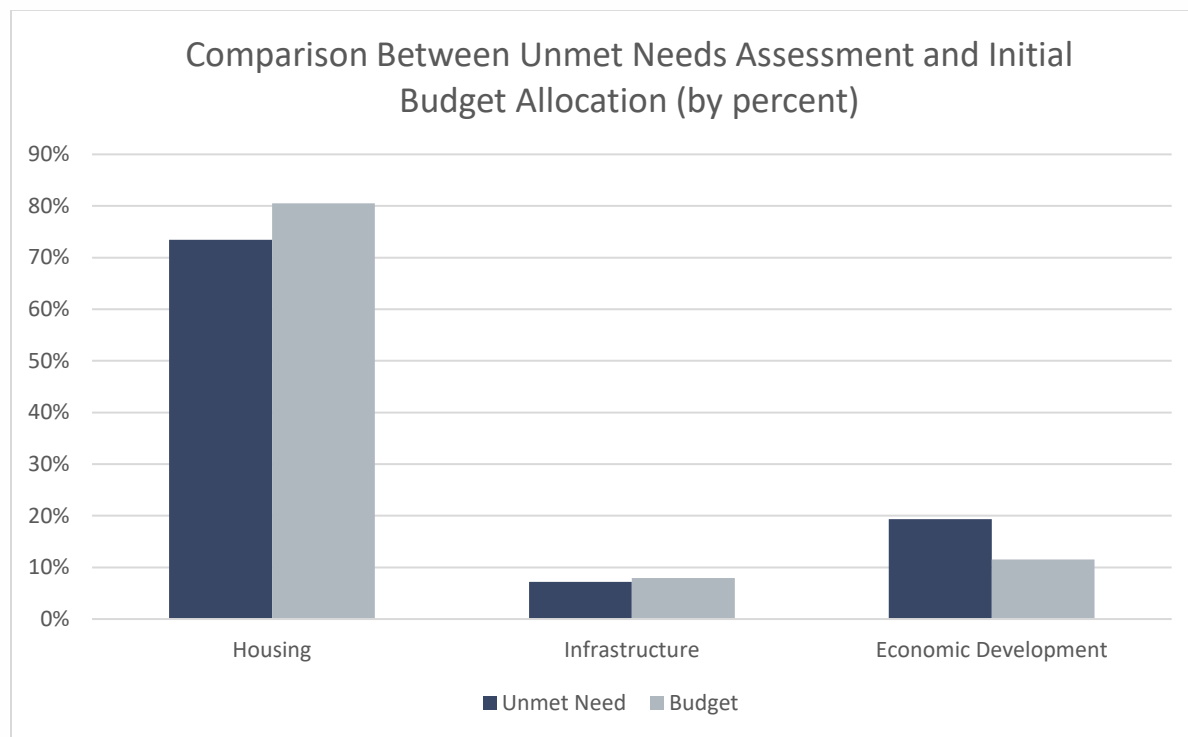


Table 40. Comparison of Unmet Needs to Budget Allocation by percentage

Table 40 compares the percentage of derived unmet need¹⁵⁰ to the percentage of overall program budget¹⁵¹ (excluding planning and administrative costs) dedicated to each of the three fundamental areas for recovery: housing, infrastructure, and economic development. PRDOH used this comparison, along with the mandate that CDBG-DR funding be used to primarily address housing to inform the allocation of funding to each of these general program areas. To further allocate funding within each of these general categories, PRDOH relied on feedback solicited through public engagement from impacted municipalities, organizations, and stakeholders.

PRDOH received 413 project proposals related to housing. Table 41 demonstrates a comparison between the percentage of the housing budget dedicated to each program proposed in the initial Action Plan with the percentage of written project proposals (compared to the total number of housing projects proposed)¹⁵² related to each housing program. Housing project proposals which are not addressed by programs outlined in this Action Plan, demonstrated by the “Other” bar, may be considered under future

¹⁵⁰ See Table 3. Summary of Unmet Needs by Recovery Category

¹⁵¹ See Program Budget

¹⁵² See Figure 8. Housing projects proposed through public engagement.

funding allocations. The chart represents a comparison of activity types only and does not address funding levels or funding requests. Significant unmet financial need remains in most categories.

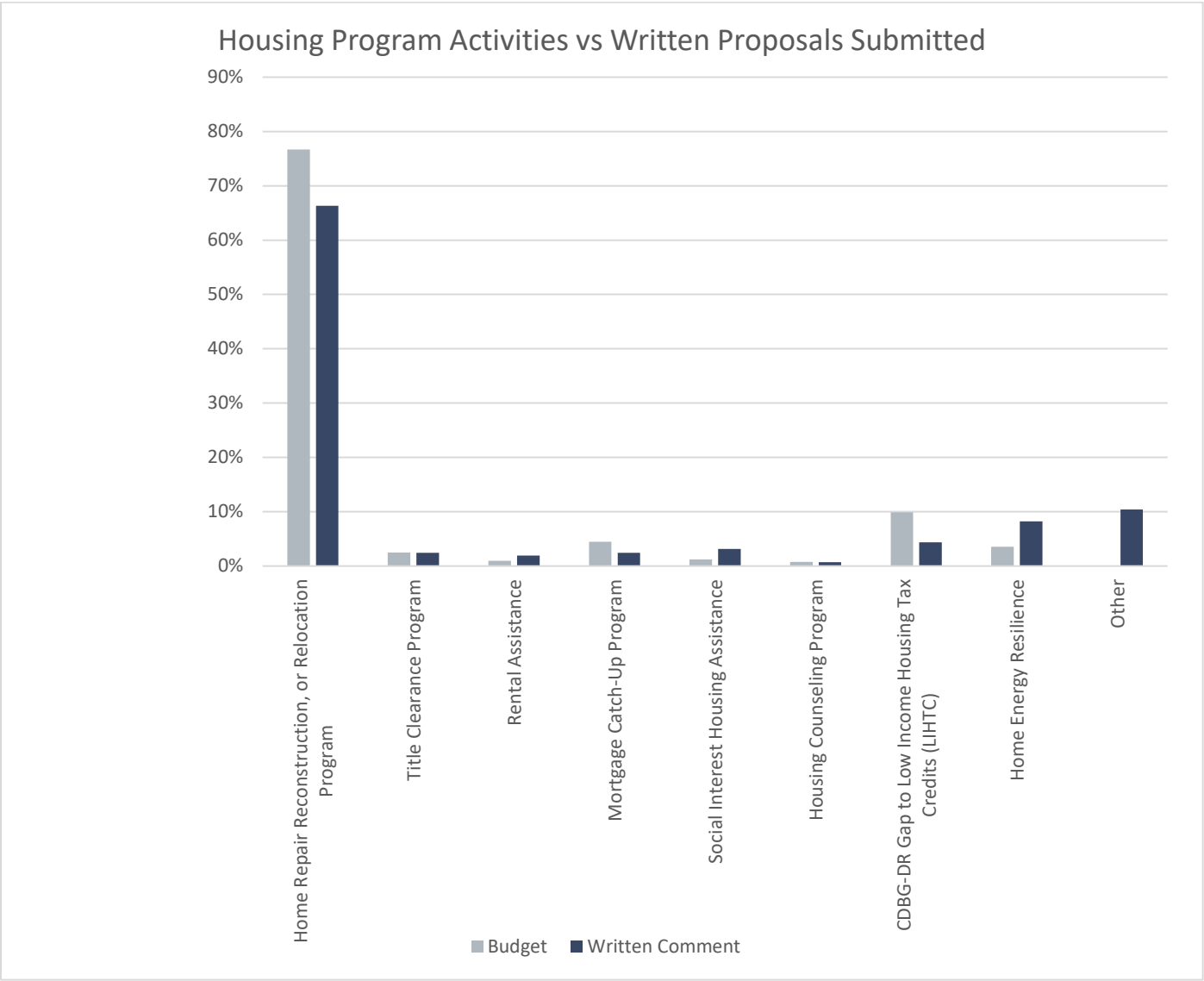


Table 41. Comparison of Housing Program Activities to Written Proposals Submitted¹⁵³

A total of 120 project proposals were submitted for projects related to Economic Development.¹⁵⁴ Table 42 demonstrates a comparison between the percentage of the economic development budget dedicated to each program proposed in the initial Action Plan with the percentage of written project proposals (as compared to the total number of economic development projects proposed) related to each economic development program. As an effort to jumpstart construction and economic activity to expedite recovery

¹⁵³ Home Repair, Reconstruction, or Relocation (R3) program proposals percentage includes the following project proposal categories: “Rehabilitate or reconstruct homes in place”, “Construction of new residential units”, “Acquisition of available or public nuisance properties”, “Demolition of homes in the floodplain” and “Relocation of families out of high-risk areas”
¹⁵⁴ See Figure 9, Economic projects proposed through public engagement.

efforts, PRDOH has chosen to dedicate a higher percentage of the Economic Development budget to programs such as the Small Business Financing Program. Economic Development project proposals not addressed by programs outlined in this Action Plan, demonstrated by the “Other” bar, may be considered under future funding allocations. The chart represents a comparison of activity types only and does not address funding levels or funding requests. Significant unmet financial need remains in most categories.

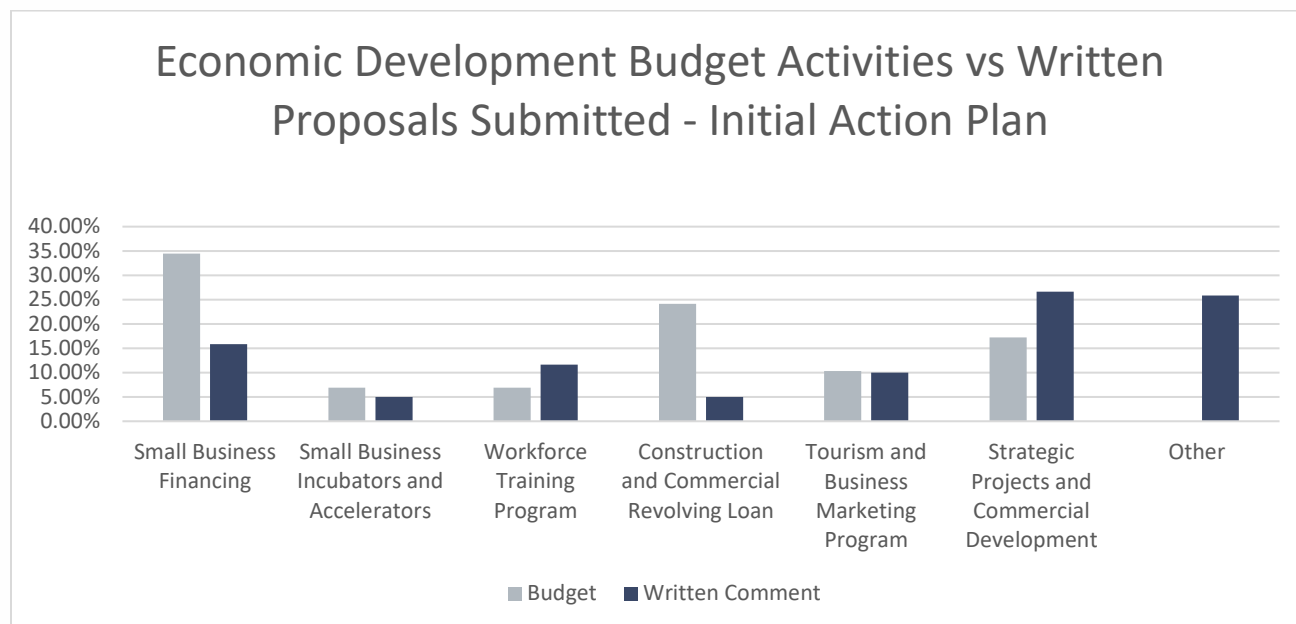


Table 42. Comparison of Economic Development Budget Activities to Written Proposals Submitted ¹⁵⁵

PRDOH received 355 project proposals related to infrastructure. The infrastructure budget outlined in this Action Plan is intended to provide an initial required match funding for approved FEMA Public Assistance (PA) or Hazard Mitigation Grant Program (HMGP) projects. Infrastructure projects approved for funding through FEMA PA or FEMA HMGP may be eligible to receive CDBG-DR match funding. More detail on the types and locations of infrastructure activities will become available as the FEMA Project Worksheets are completed under COR3 oversight. PRDOH will work alongside COR3 to ensure coordination.

SECOND ALLOCATION UNDER 83 FR 40314

Funding from the allocation of \$8.22 billion allocated under 83 FR 40314 was dedicated to augment programs outlined in the submission of the initial Action Plan, as well as to fund programs introduced in the Action Plan 1st Amendment (Substantial). Funding was allocated to 27 programs based on percentages of overall programs budget commensurate with the percent of overall estimated recovery costs associated with Courses of Action (COA) outlined in the 12- and 24-month Economic and Disaster Recovery Plan, which may be addressed under the programs. Each of the programs described in the following section includes a listing of the Courses of Action which may be addressed by the program.

¹⁵⁵ Small Business financing project proposals percentage includes the following project proposal categories: “Incentivize businesses to continue operations in place” and “Financial assistance for businesses”

Tourism and Business Marketing project proposals percentage includes the following project proposal categories: “Create/rehabilitate hotels/tourist centers” and “Restore lighthouses for tourism”

Workforce Training project proposals percentage includes the following project proposal categories: “Education programs on economic topics” and “Workforce training.”

The chart below illustrates a comparison of the percentage of overall estimated recovery costs for COAs associated with programs outlined in this amended Action Plan and the percentage of the program budget associated with Puerto Rico's second allocation of \$8.22 billion.

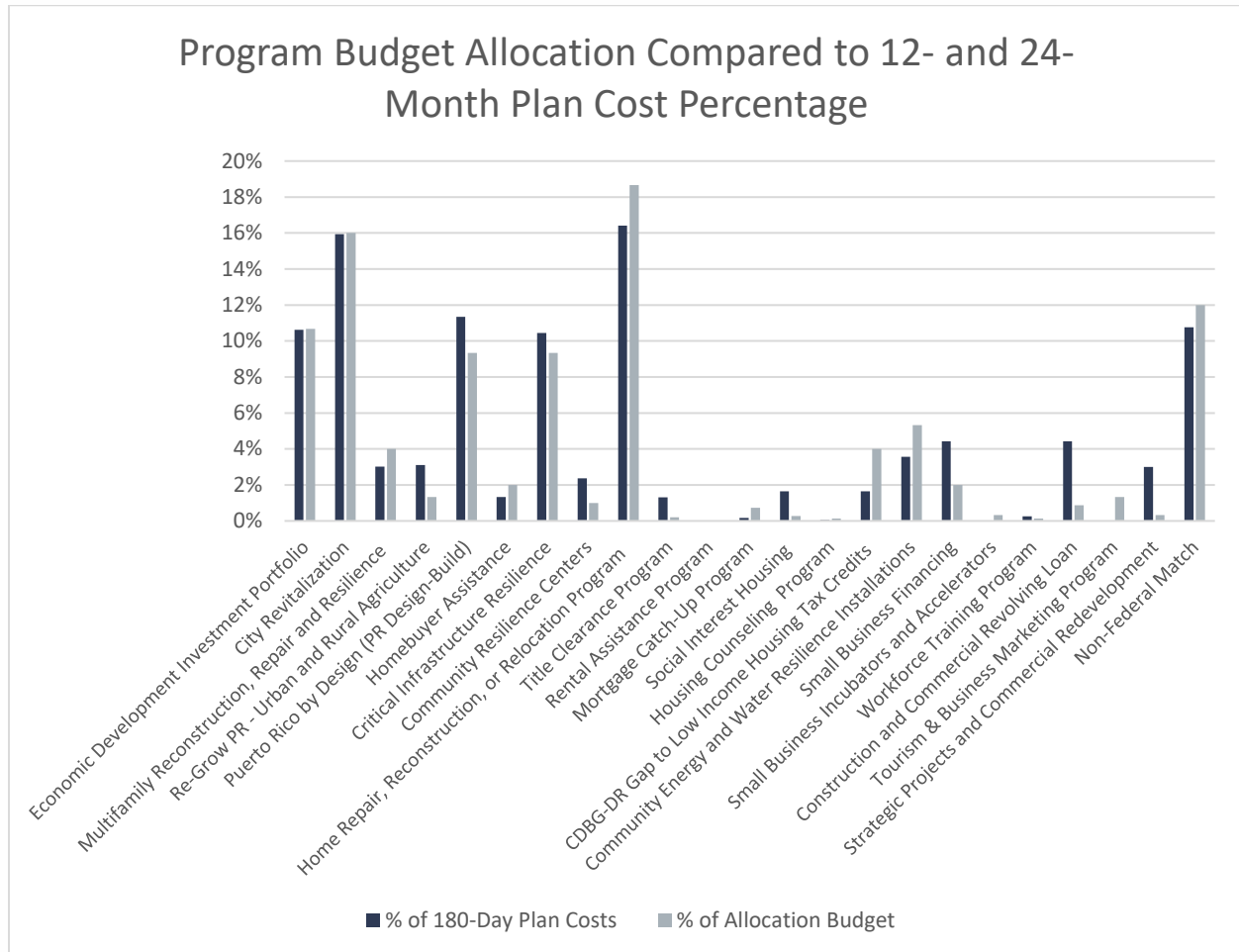


Table 43. Comparison of Program Budget Allocation to 12- and 24-month Plan Cost Percentage ¹⁵⁶

THIRD ALLOCATION FOR UNMET NEEDS UNDER 85 FR 4681

On January 27, 2020, HUD published an allocation of \$277,853,230 in additional CDBG-DR funds for Puerto Rico to address unmet Infrastructure needs through Federal Register 85 FR 4681. This allocation was incorporated in Action Plan Amendment 4 (substantial).

PLAN ALIGNMENT WITHIN PROGRAMS

¹⁵⁶ This comparison only contemplates funding allocated under 83 FR 40314, no funding was reduced for any program allocated under the initial Action Plan, therefore, the initial allocation methodology for those programs remains; additional funding dedicated to these programs is included in this comparison. 83 FR 5844 allows for a maximum of 20% of the total grant to be dedicated to administration (5%) and planning (15%). Funding dedicated to administration and planning are not included in this comparison.

The content within this Amended Action Plan adheres to 83 FR 40314 directive for the Action Plan to be reviewed for consistency with Puerto Rico's 12- and 24-month economic and disaster Recovery Plan, required by Section 21210 of Public Law 115–123, Puerto Rico's Fiscal Plan, and CDBG–DR eligibility. The related courses of action from the Recovery Plan are identified in each of the Planning, Economic Development, Housing, and Infrastructure programs and initiatives presented below.

Additionally, 83 FR 40314 allows the allocation of funds towards unmet economic revitalization and infrastructure needs as a balanced approach to housing, provided that unmet housing needs will be otherwise addressed. Due to the complex impacts related to ensuring the stability of the housing system within the context of an island-wide recovery, as outlined in the HUD Recovery Strategies report, the Recovery Plan, and the Fiscal Plan, sizable investments in infrastructure and economic recovery are allocated to restore the supporting infrastructure that makes housing recovery feasible and sustainable over the long-term. This includes creating employment opportunities for impacted residents that will allow them to stay in their homes and reduce the downward pressure on continued out-migration, as well as infrastructure improvements that make housing investments viable. Housing will continue to be addressed with significant investments from CDBG-DR, as well as maximizing leverage with FEMA and other funds.



| TOTAL ALLOCATION | | LMI GOAL | First Allocation | Second Allocation | Third Allocation | Total Allocation |
|------------------|---|-----------------------|------------------------|---|----------------------|---|
| | | | \$1,507,179,000 | \$8,220,783,000 | \$277,853,230 | \$10,005,815,230 |
| Housing | Home Repair, Reconstruction, or Relocation Program | 95% | \$835,570,050 | \$2,085,210,569 \$2,087,210,569 | | \$2,920,780,619 \$2,922,780,619 |
| | Title Clearance Program | 100% | \$25,000,000 | \$17,000,000 | | \$42,000,000 |
| | Rental Assistance Program | 100% | \$7,820,235 | \$6,237,986 | | \$14,058,221 |
| | Social Interest Housing Program | 100% | \$12,500,000 | \$37,500,000 | | \$50,000,000 |
| | Housing Counseling Program | 100% | \$7,500,000 | \$14,500,000 \$12,500,000 | | \$22,000,000 \$20,000,000 |
| | CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) | 100% | \$113,000,000 | \$1,310,000,000 | | \$1,423,000,000 |
| | Community Energy and Water Resilience Installations Program | 100% | \$0 | \$395,000,000 | | \$395,000,000 |
| | Homebuyer Assistance Program | 55% 70% | \$0 | \$695,000,000 | | \$695,000,000 |
| | Blue Roof Survey Program ¹⁵⁷ | N/A | \$0 | \$5,000,000 | | \$5,000,000 ¹⁵⁸ |
| | HOUSING BUDGET TOTAL | | \$1,001,390,285 | \$4,560,448,555 | | \$5,561,838,840 |
| Economy | Small Business Financing Program | 40% 30% | \$75,000,000 | \$250,000,000 | | \$325,000,000 |
| | Small Business Incubators and Accelerators Program | 50% 30% | \$27,500,000 | \$53,500,000 | | \$81,000,000 |
| | Workforce Training Program | 60% | \$47,500,000 | \$42,500,000 | | \$90,000,000 |
| | RE-GROW PR Urban-Rural Agriculture Program | 60% 50% | \$0 | \$163,500,000 | | \$163,500,000 |
| | Tourism & Business Marketing Program | 0% | \$14,572,553 | \$9,473,466 | | \$24,046,019 |
| | Economic Development Investment Portfolio for Growth Program | 15% | \$0 | \$650,000,000 | | \$650,000,000 |
| | ECONOMIC RECOVERY BUDGET TOTAL | | \$164,572,553 | \$1,168,973,466 | | \$1,333,546,019 |
| Infrastructure | Non-Federal Match Program | 70% | \$110,607,212 | \$755,432,220 | \$263,960,569 | \$1,130,000,001 |
| | INFRASTRUCTURE BUDGET TOTAL | | \$110,607,212 | \$755,432,220 | \$263,960,569 | \$1,130,000,001 |
| Multi-Sector | City Revitalization Program | 70% | \$23,000,000 | \$1,240,333,720 | | \$1,263,333,720 |
| | MULTI-SECTOR BUDGET TOTAL | | \$23,000,000 | \$1,240,333,720 | | \$1,263,333,720 |

¹⁵⁷ The Blue Roof Survey Program budget of \$5,000,000 is reflected in the Program Planning (Internal) portion of the budget.

¹⁵⁸ Id.

| | | | | | | |
|----------|---|-----|----------------------|---------------------|------------|----------------------------|
| Planning | Whole Community Resilience Planning Program | N/A | \$29,500,000 | \$10,500,000 | \$- | \$40,000,000 |
| | Puerto Rico Geospatial Framework (Geoframe) | N/A | \$25,000,000 | \$25,000,000 | \$- | \$50,000,000 |
| | Municipal Recovery Planning Program ¹⁵⁹ | N/A | \$56,050,508 | \$0 | \$0 | \$56,050,508 |
| | The Vacant Property Recovery Program ¹⁶⁰ | 95% | \$3,000,000 | \$0 | \$- | \$3,000,000 ¹⁶¹ |
| | PLANNING PROGRAMS BUDGET TOTAL | | \$110,550,508 | \$35,500,000 | \$- | \$146,050,508 |

| | | | | | | |
|--|--|--|------------------------|------------------------|----------------------|-------------------------|
| | Program Administration | | \$75,358,950 | \$411,039,150 | \$13,892,661 | \$500,290,761 |
| | Planning Programs (External) | | \$110,550,508 | \$35,500,000 | \$0 | \$146,050,508 |
| | Program Planning (Internal) | | \$18,699,492 | \$49,055,889 | \$0 | \$67,755,381 |
| | Program Funds | | \$1,302,570,050 | \$7,725,187,961 | \$263,960,569 | \$9,291,718,580 |
| | Program Funds Pending Allocation in Subsequent Amendment | | \$0 | \$0 | \$0 | \$0 |
| | Total | | \$1,507,179,000 | \$8,220,783,000 | \$277,853,230 | \$10,005,815,230 |

¹⁵⁹ Municipal Recovery Planning Program has been added in this Planning section to provide additional clarity over the funding cap of planning costs.

¹⁶⁰ The Vacant Property Recovery Program budget of \$3,000,000 is reflected in the Program Funds portion of the budget.

¹⁶¹ Id.

PLANNING PROGRAMS

Planning is integral to the overall recovery strategy to ensure preparedness and protection from future events. As Puerto Rico transitions from the response phase to the long-term recovery phase, it is imperative for the Island to commit ample time and resources to proper planning for adequate response to future hurricanes. Because of the many challenges faced due to back-to-back large-scale hurricanes, Puerto Rico is committed to addressing and correcting recovery issues to ensure the health and safety of its residents. Having proper plans in place in advance of disasters ensures that all stakeholders understand their respective responsibilities and have a roadmap for success in undertaking response activities. Because of the geographic location of Puerto Rico, aging infrastructure, and fiscal woes, vulnerabilities exist in addition to demographic challenges that must be addressed now in anticipation of potential future threats. This includes community recovery, reconstruction, and revisioning around holistic community resilience to account for sea level rise and changes in the environment.

Puerto Rico intends to undertake a Whole Community approach to planning following the national dialogue initiated by FEMA around emergency management. As a concept, Whole Community is a means by which residents, emergency management practitioners, organizational and community leaders, and government officials can collectively understand and assess the needs of their respective communities and determine the best ways to organize and strengthen their assets, capacities, and interests. Engaging all stakeholders around the whole community approach will foster collective learning and further dialogue around anticipation of risk and best practices for resilience. Whole Community principles include:

- Understanding meeting the actual needs of the whole community
- Engaging and empowering all parts of the community
- Strengthening what works well in communities on a daily basis.

In addition to the principles, the following six Whole Community strategies represent pathways to action:

- Understand community complexity
- Recognize community capabilities and needs
- Foster relationships with community leaders
- Build and maintain partnerships
- Empower local action
- Leverage and strengthen social infrastructure, networks, and assets.

Puerto Rico also recognizes planning needs related to solving the issue of non-registered construction across the Island. Undertaking an initiative to streamline information across government agencies and map parcel data using GIS technology will ensure that housing is properly accounted for and built to improved standards. Finally, the development of robust economic plans in partnership with the private sector is imperative to realizing an improved Puerto Rican economy for all.¹⁶²

PRDOH may conduct feasibility studies related to major projects such as healthcare and hospital needs and community installations for renewable energy, as a planning activity so long as this does not include the development of design plans/specifications for a specific project, structure, or facility. Evaluating the

¹⁶² Planning activities associated with program design/management of the other funded programs (housing, etc.) are included in a separate budget line item and are not described as a planning “program” below.

feasibility of a project should generally be completed prior to committing CDBG-DR funds to pre-construction or construction-related expenses.

PLANNING COORDINATION PROGRAM

The Puerto Rico Planning Board (Planning Board) initiated the process of developing and adopting the Advisory Base Flood Elevation Maps and adopting the Limit of Moderate Wave Action areas in coordination with FEMA. The Planning Board will also, in coordination with the municipalities, reformat, update, and improve the consistency of municipal Hazard Mitigation Local Plans in Puerto Rico to ensure all 78 municipalities have an approved local plan prior to the obligation of HMGP funds from 4339-DR-PR (Hurricane María) and any other funding event that may occur during the period of approval for the updated plans.

Updates will be completed in compliance with 44 C.F.R. § 201.6, 2 C.F.R. Part 200, and the applicable Hazard Mitigation Assistance Guidance (February 2015). Additionally, the Puerto Rico Permits Management Office is reviewing the Puerto Rico Building Codes to adopt the ICC 2018. COR3 will oversee the review of the State Hazard Mitigation Plan.¹⁶³

MUNICIPAL RECOVERY PLANNING PROGRAM

PRDOH developed guidelines so that municipalities may receive assistance to conduct planning activities. To be eligible, these activities must be necessary, reasonable, allowable, and allocable. Planning activities as defined by HUD include but are not limited to:

- Comprehensive plans
- Community development plans
- Functional plans for housing/land use/economic development
- Mitigation plan or disaster resiliency plan
- Recovery action plans
- Costs associated with creating a plan, including data gathering, studies, analysis, and preparation of plans. Planning activities related to a specific project are Project Costs.

These activities will be administered in conformance with local and federal requirements as part of the program management planning allocation in the Action Plan budget. PRDOH will conduct outreach to the municipalities and provide guidance regarding these activities. These activities are in addition to any actions performed under the Whole Community Resilience Planning Program, which addresses planning for targeted communities. Planning will complement and leverage efforts undertaken as part of the local Hazard Mitigation plan updates coordinated through the COR3.

ISLAND-WIDE AND REGIONAL PLANNING

PRDOH will engage in regional and island-wide planning activities to coordinate the management of civic, geologic, economic, environmental and/or transportation systems.

Puerto Rico's seventy-eight (78) municipal jurisdictions overlay the Island's four mountain ranges, two hundred-plus (200+) rivers, one hundred two (102) watersheds and four (4) geological zones as well as multiple transportation systems, infrastructure impact areas, agricultural communities, special

¹⁶³ Information from the State Hazard Mitigation Officer (SHMO), COR3, July 2, 2018.

communities, and economic centers. Hurricanes María and Irma exacerbated existing concerns within Puerto Rico's diverse Island communities, ecologies, and infrastructure typologies. The effects of these recent hurricanes reiterate the need for comprehensive planning to consider coordinated management of Puerto Rico's resources and assets.

Island-wide and regional planning may result in data gathering and studies related to identified concerns, integrated island-wide or regional plans, environmental plans, economic plans, transportation plans, activities to support capacity building for program continuity, or other coordinated planning activity. These plans or studies will allow communities to develop policy, planning, and management capacity so Puerto Rico may more rationally and effectively determine its needs, set long-term goals and short-term objectives, devise programs and activities to meet goals and objectives, evaluate the progress of such programs in accomplishing the goals and objectives, and carry out management, coordination, and monitoring of activities necessary for effective planning implementation.



| WHOLE COMMUNITY RESILIENCE PLANNING PROGRAM | | |
|---|---|------------------------------|
| PROGRAM TOTAL \$40,000,000 | ADMINISTERING ENTITY PRDOH AND FOUNDATION FOR PUERTO RICO | NATIONAL OBJECTIVE N/A |
| MAX AWARD \$500,000 | START- END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Communities across Puerto Rico were severely impacted by the hurricanes and require long-term resilience planning to ensure recovery solutions are developed to protect life and property from future hazards. Additionally, there is a significant need for outcome-oriented community planning around Puerto Rico's designated Special Communities as discussed in the unmet needs section.

RECOVERY PLAN ALIGNMENT

The Whole Community Resilience Planning Program aligns with the following courses of action from Puerto Rico's Recovery Plan: CIT 16, CPCB 3, CPCB 4, CPCB 6, CPCB 9, HSS 22, and MUN 7.

ELIGIBLE ACTIVITIES

- Section 105 (a) (12) – Planning and Capacity Building
- Section 105 (a) (14) – Activities Carried Out through Nonprofit Development Organizations

PROGRAM PRIORITIES

High-risk communities, which are defined as communities situated in floodways or floodplain, landslide risk areas: and/or areas of concentrated damage.

PROJECT ACCOMPLISHMENTS

The Whole Community Resilience Planning Program will result in comprehensive community recovery plans, the benefit of which will allow communities to develop policy, planning, and management capacity so that they may more rationally and effectively determine their needs, set long-term goals and short-term objectives, devise programs and activities to meet goals and objectives, evaluate the progress of such programs in accomplishing these goals and objectives, and carry out management, coordination, and monitoring of activities necessary for effective planning implementation.

ELIGIBILITY CRITERIA

Eligible applicants include non-governmental or non-profit organizations, local governments, and governmental entities.

METHOD OF DISTRIBUTION

Subrecipient Distribution Model

This program will utilize a Subrecipient Distribution model with the Foundation for Puerto Rico (FPR) as the program subrecipient responsible for specific administering duties for the program. However, the Foundation is not the awardee of the total value of the program budget, but the administering entity of the program in partnership with PRDOH. PRDOH will continue providing oversight and additional management functions and overall programmatic monitoring and compliance oversight.

Subrecipients may include non-governmental or non-profit organizations, local governments, or governmental entities who will be part of the community-driven planning to integrate the needs, desires, and resources of the residents in the reconstruction or relocation solutions.

PROGRAM OBJECTIVE & DESCRIPTION

The Whole Community Resilience Planning Initiative will craft recovery solutions for all communities, including high-risk areas, to increase individual and collective preparedness for future events and ensure greater resiliency at both the community and national levels. A whole community approach ensures shared understanding of community needs and capabilities, greater empowerment, and integration of resources from across the community, and a stronger social infrastructure. High-risk areas may include communities located in full or in part in the floodplain, in landslide risk areas, or other areas with environmental or hazard risk. Further, in addition to these hazard risks, a deeper and more multi-dimensional understanding of community risk and vulnerability (community resilience profile) will be developed.

The Program published a NOFA for identification of eligible Applicants who are willing to engage directly with interested communities in Puerto Rico. The Program Manager will monitor selected Applicants throughout the duration of their contract.

Awarded applicant-subrecipients will work directly with communities to identify community concerns and needs and develop community resilience plans to increase resilience and mitigate risks. Throughout this process, communities will be asked to consider future stressors, environmental integrity, economic diversity and viability, hazard mitigation opportunities, historic preservation, equity and vulnerability, and infrastructure redevelopment or augmentation, as well as other issues they deem important. This process will conclude in a public document which lays out a community profile, community findings, outreach activities/methodology, needs related to disaster mitigation and resilience, best practices, and implementation scenarios for short-, medium-, and long-term projects that the community supports and has prioritized to address its needs in conjunction with other existing planning initiatives.

All information and data collected during the Program will be made available to the public to increase knowledge and resilience on the Island.

Communities, like Caño Martín Peña, are encouraged to submit holistic plans for recovery that include items such as land-use, relocation, acquisition, and resilience measures. Communities may submit plans through an NGO, with assistance from professional planning firms and developers. NGOs may be established or developed to work jointly with communities in developing their approach. Plans should include a cost-benefit analysis to ensure the feasibility of proposed actions and should be as comprehensive as possible to set the stage for next steps. Planning may include a range of items, such as housing innovation, and effective land-use. Regional planning and coordination are highly encouraged, and municipalities are encouraged to examine the needs of special communities. Plans should include consideration of hazard risk as part of their assessment.

PRDOH and the FPR will work collaboratively with relevant governmental entities such as The Puerto Rico Planning Board and key community-based non-profits in the development of program guidelines to ensure consistency and a coordinated approach. FPR is a 501(c)(3) local non-profit organization whose mission is to transform Puerto Rico through social and economic sustainable development. PRDOH recognizes the importance of collaboration and inclusion of the third sector within this program, wherein working with community groups, NGOs, and other non-profits will be instrumental in ensuring the success and outcomes of the Whole Community Resilience Planning Program.



| PUERTO RICO GEOSPATIAL FRAMEWORK (GEOFRAME) PROGRAM | | |
|---|----------------------|--------------------|
| PROGRAM TOTAL | ADMINISTERING ENTITY | NATIONAL OBJECTIVE |
| \$50,000,000 | PRDOH | N/A |
| MAX AWARD | START- END DATE | ELIGIBLE AREA |
| \$50,000,000 | DURATION OF GRANT | PUERTO RICO |

HURRICANE IMPACT

Hurricane María magnified the issue of unregistered housing across the Island. This may include housing without a proper title, permits, plans, inspections, and insurance. Estimates indicate that as much as half of the Island's housing stock has been built on or added on to without proper permits, with many units situated in flood zones or other high-risk areas.

Most informally built housing units are not properly accounted for in critical systems such as the 911 database, property tax records, or GIS maps. The lack of ability to locate these units complicated emergency response efforts immediately following Hurricane María and will continue to impact public safety if unaddressed. With substantial federal investment and a commitment by residents and the government alike, Puerto Rico can build back better and realize a future where homes will be locatable by emergency response personnel, ownership, and parcel registry data.

RECOVERY PLAN ALIGNMENT

The Puerto Rico Geospatial Framework (GeoFrame) Program aligns with the following courses of action from Puerto Rico's Recovery Plan: CPCB 3, ECN 6, HOU 5, HOU 11, HOU 12, MUN 6, and PBD 1.

ELIGIBLE ACTIVITIES

- Section 105(a)(12) – Planning and Capacity Building
- Section 105(a)(14) – Activities Carried Out through Nonprofit Development Organizations
- Section 105(a)(21) – Assistance to Institutions of Higher Education

PROJECT ACCOMPLISHMENTS

- Puerto Rico's Spatial Data Infrastructure (SDI) Strategic Plan
- Integrated GIS Database and Cadaster; interim and final
- Web-based Geoportal
- Geospatial Management Tools, including consolidated geospatial standards, legal and regulatory analysis; data management protocols, SDI Management Protocols, portfolio of technologies, and portfolio of outreach, training, and education.

ELIGIBILITY

PRDOH direct oversight, with support from identified stakeholders and program partners, the Puerto Rico Innovation and Technology Service (PRITS), and Puerto Rico Planning Board.

METHOD OF DISTRIBUTION

Direct Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

The GeoFrame Program responds to numerous data and hazard mitigation needs of Puerto Rico's citizenry, government, non-government organizations, and businesses in the Disaster Impact Areas (DIA) of Hurricanes Irma and María. The objective of this Program consists of consolidating all existing Island geo-spatial data and stakeholder needs within a singular, standardized system—a centralized and open database—resilient to crisis scenarios, fiscal hardship, enabling efficient unobstructed collaboration and data access to municipalities, state agencies and public entities during and after local and whole-island emergencies.

The GeoFrame Program seeks to create a comprehensive data system and database, an online mapping portal, map analyses, and a cohesive set of spatial data infrastructure tools to support all aspects of Puerto Rico's ongoing recovery and resilience. Together, the outcomes of the GeoFrame Program will support a comprehensive, cohesive Spatial Data Infrastructure (SDI) for Puerto Rico. The GeoFrame Program will compile, collect, and create the data necessary to develop a complete, standardized GIS database and mapping portal. The database will include datasets related to structures, parcels, title issues, roads, physical addresses, land use, and hazards in Puerto Rico, among others.

The GeoFrame Program will support the development of a complete and fully accessible SDI – including agency partnerships, cutting-edge software and subject matter experts, collaborative systems and protocols, and a complete cadaster with supporting, redundant geospatial data – to further the goal of a spatially enabled Puerto Rico.

Through collaboration with government agencies, like PRITS and the Puerto Rico Planning Board, as well as universities and the private sector, the GeoFrame Program will be undertaken to build the data sets for real estate properties across the Island to ensure land use is correctly permitted, planned, inspected, insured, and viewable to all municipalities. The objective of this initiative is not to provide real estate title to owners of unregistered properties; however, it will identify which properties lack official records and which structures are informal or unregistered. This will set the stage for proper ownership transfers to take place. Reconstruction must bind land-use planning with updated geographic data to ensure long-term rebuilding efforts leverage federal funds and are implemented in a way that addresses the incidence of informal housing, while enhancing the safety of the Island's residents. The CDBG-DR funds for this activity shall not be duplicative of other funding for the same scope of work, should other funds become available.

The Puerto Rico Planning Board has experience hosting data similar to that generated by this program and may assist PRDOH with the acquisition of parcel data to populate an integrated GIS database. This will assist with clarifying title and ownership records across the Island in conjunction with the Municipal Revenue Collections Center (CRIM, for its Spanish acronym) system already in use. The initiative will lay the foundation to optimize Puerto Rican agencies and municipalities from a planning, land use, and taxing

perspective and ensure that emergency response can better meet public safety standards and interagency efficiency is achieved.

The Planning Board is at the forefront of the processes and technology to promote, through effective and appropriate tools, the sustainable development of Puerto Rico. The Planning Board provides a cybernetic portal, data, economic indicators, statistics, and social indicators which provide a focused lens to guide the economic, physical, and social development goals of the Island. It also contains the plans, laws, and regulations in force regarding the planning processes of Puerto Rico. Likewise, it has a Geographical Information System with a range of information that facilitates the planning of projects at all levels of the Island's socioeconomic development. This use of technology as an effective planning tool ensures that all sectors, public and private, can obtain reliable data and encourage investment in the Island.

The Planning Board provides interactive catalogs of official maps, digital files, geolocators, GIS, planning regulations, territorial plans, land use plans, flood insurance and case filing, among other services. These services and tools position the Planning Board as a uniquely qualified partner to work with PRDOH and PRITS to serve the people of Puerto Rico for development and planning initiatives.

PRITS is fundamental in providing transparency, efficiency, and economic development in Puerto Rico. PRITS is comprised of a cadre of extraordinarily talented digital minds who are in charge of transforming Puerto Rico into a "digital native" government.



| VACANT PROPERTY RECOVERY | | |
|------------------------------|--|---|
| PROGRAM TOTAL \$3,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI, SB 95% LMI GOAL |
| MAX AWARD \$3,000,000 | START- END DATE DURATION OF THE GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

While vacant and abandoned properties have been a pre-existing issue in Puerto Rico before the impact of Hurricanes Irma and María, this situation worsened significantly due to damages caused by the hurricanes to housing, infrastructure, and economic sectors.

The fragility of the housing market was exposed by the hurricanes that caused extensive damage to inadequate structures and unoccupied and unmaintained homes, as mentioned under the Housing Impact section of this Action Plan. Furthermore, recent studies¹⁶⁴ suggest that hurricanes accelerate the property abandonment process, particularly in highly vulnerable areas. Throughout the Municipal Recovery Planning (MRP) Program¹⁶⁵ implementation process under CDBG-DR, municipalities have analyzed and highlighted the correlation between the recent disaster events (including Hurricanes Irma and María) and the exacerbation of the vacant property problem in their jurisdictions. However, most of the Municipalities have not been able to resolve this situation given the high number of vacant or abandoned properties, and the technical processes that are required to address these properties adequately. To establish an effective recovery effort, provision of capacity and expert resources is required to ensure that the communities in Puerto Rico are provided with a proper solution.

The need to identify and address the problem of vacant and abandoned properties¹⁶⁶ while increasing resiliency is of great importance to achieve full community recovery. PRDOH currently has a Vacant Properties Assessment (VPA) initiative, which will provide municipalities with a database containing information on vacant properties within their jurisdictions, and planning reports, among other activities. The initiative was launched in March 2023 and, as of January 31, 2024, had produced more than 21,500 inventoried properties across Puerto Rico with the goal of identifying a minimum of 50,000 properties

¹⁶⁴ Tracking Neighborhood Change in Geographies of Opportunity for Post-Disaster Legacy Cities, A Case Study of San Juan, Puerto Rico (2022), <https://www.lincolnst.edu/publications/working-papers/tracking-neighborhood-change-in-geographies-opportunity-post-disaster> and The Public Health Implications of Abandoned Spaces in Post-Maria Puerto Rico (2022), <https://hazards.colorado.edu/public-health-disaster-research/the-public-health-implications-of-abandoned-spaces-in-post-maria-puerto-rico#:~:text=A%20recent%20study%20of%20the,al.%2C%202022%2C%20p.>

¹⁶⁵ To see published and approved MRP Plans, including the Plan assessments and descriptions of Hurricane Impacts on the housing sector, access the CDBG-DR webpage at: <https://recuperacion.pr.gov/en/municipal-recovery-planning/>.

¹⁶⁶ Tracking Neighborhood Change in Geographies of Opportunity for Post-Disaster Legacy Cities, A Case Study of San Juan, Puerto Rico (2022), <https://www.lincolnst.edu/publications/working-papers/tracking-neighborhood-change-in-geographies-opportunity-post-disaster> and The Public Health Implications of Abandoned Spaces in Post-Maria Puerto Rico (2022), <https://hazards.colorado.edu/public-health-disaster-research/the-public-health-implications-of-abandoned-spaces-in-post-maria-puerto-rico#:~:text=A%20recent%20study%20of%20the,al.%2C%202022%2C%20p.>

across the 78 municipalities once the planning activities are completed. The geospatial information gathered through the VPA efforts will allow PRDOH to analyze and consider the areas with high concentrations of vacancy, abandonment, and/or blight.

| VPA Inventoried Properties until January 2023, by Type of Use Identified | | | |
|---|------------------|------------------------|------------------|
| Residential | Mixed Use | Nonresidential* | Undefined |
| 15,778 | 432 | 1,372 | 3,918 |

*Nonresidential cases include commercial, industrial, and public buildings.

The Puerto Rico Recovery Plan referenced throughout Unmet Needs section of this Action Plan encourages government agencies to engage with municipalities to rehabilitate, redevelop, or demolish abandoned and blighted properties.¹⁶⁷ Since the VPA initiative is focused on gathering and identifying abandoned properties, there still exists a necessity to establish strategies that will revitalize communities affected by these public nuisances.

The *Tracking Neighborhood Change in Geographies of Opportunity for Post-Disaster Legacy Cities, A Case Study of San Juan, Puerto Rico* study, demonstrates how post-disaster impacts have been linked to an increased vacancy rate in communities, which prompts the decline of neighborhoods and hinders their recovery process.¹⁶⁸ The results from the community survey conducted in the *Public Health Implications of Abandoned Spaces in Post-Maria Puerto Rico* report further confirm that citizens have seen an increase in property abandonment as part of the post-disaster effects of Hurricane María. The study also emphasizes how the implementation of code enforcement activities by municipal offices causes property owners to take accountability to restore their properties. However, it also highlights the need for municipalities to obtain additional resources to resolve the issue of vacant and abandoned properties.¹⁶⁹

RECOVERY PLAN ALIGNMENT

The Vacant Property Recovery Program aligns with the following courses of action from the Puerto Rico Recovery Plan: HOU 10, PBD 2, MUN 3, and ECN 13.

ELIGIBLE ACTIVITIES

- Section 105 (a)(3) – Code Enforcement in deteriorated or deteriorating areas in which such enforcement, together with public or private improvements or services to be provided, may be expected to arrest the decline of the area.¹⁷⁰
- Section 105 (a)(12) – Planning and Capacity Building¹⁷¹

¹⁶⁷ Transformation and Innovation in the Wake of Devastation. (p.116) <https://prsciencetrust.org/wp-content/uploads/2019/01/pr-transformation-innovation-plan.pdf>

¹⁶⁸ (2022). Tracking Neighborhood Change in Geographies of Opportunity for Post-Disaster Legacy Cities, A Case Study of San Juan, Puerto Rico. Lincoln Institute of Land Policy. (p.23). <https://www.lincolnst.edu/publications/working-papers/tracking-neighborhood-change-in-geographies-opportunity-post-disaster>

¹⁶⁹ The public health implications of abandoned spaces in Post-Maria Puerto Rico. <https://hazards.colorado.edu/public-health-disaster-research/the-public-health-implications-of-abandoned-spaces-in-post-maria-puerto-rico>

¹⁷⁰ The VPR Program's budget will fund the code enforcement activity entirely.

¹⁷¹ The planning activities considered in the VPR Program description will be implemented and funded through the CDBG-DR Internal Planning budget.

PROJECT ACCOMPLISHMENTS

- Protect the health, safety, and welfare of citizens affected by the negative effects of vacant and abandoned properties.
- Encourage owners and tenants to maintain their responsibilities on properties' conditions and appearance by using the appropriate notification, participation, and declaration processes.
- Revitalize vacant properties, reduce slum and blight conditions in areas (communities) deteriorating, stimulate economic development in the community, and expand the affordable housing stock in a way that may be available for relocation efforts.
- Train and provide technical support to municipalities, including those with recovery plans, to address the management of vacant and abandoned properties. This support may result in initiatives related to best practices, including the creation of affordable housing opportunities aimed at LMI people.

ELIGIBILITY CRITERIA

Eligible applicants include non-governmental organizations, non-profit organizations, and local governments

METHOD OF DISTRIBUTION

Direct and Subrecipient Distribution Model.

PROGRAM OBJECTIVE & DESCRIPTION

The information obtained through the VPA will help PRDOH identify potential nuisance properties or vacant properties that may be reused for affordable housing in the future. Accordingly, the Vacant Properties Recovery (**VPR**) Program represents the next phase in achieving this objective. The Program will provide support to the Municipalities to ensure the abandoned property problem goes beyond its characterization and inventory and is addressed and converted into resilience opportunities for Puerto Rico's communities through the implementation of code enforcement activities, including the identification, notification, and declaration of public nuisances, in accordance with applicable codes and regulations. For this Program, municipal governments will participate as voluntary, active collaborators. Municipalities are essential in driving VPR Program's success within their communities. VPR seeks to provide the Municipalities with additional resources and tools to jointly carry out the corresponding code enforcement processes for vacant and abandoned properties, through the collaboration with a directly selected Subrecipient or through a program vendor. The VPR Program is expected to support, guide, provide best practices and tools, and add staff to collaborate hand-in-hand with local governments in all of the necessary steps to conduct code enforcement activities, from identification and documentation to execution of public nuisance declarations.

This enforcement is expected to trigger activities to be carried out with other public or private funds to arrest the decline of deteriorated areas. The Code Enforcement activities are non-planning activities under Section 105(a)(3) of the HCDA. As per federal guidance, PRDOH may use existing definitions of deteriorated or deteriorating areas as per federal codes¹⁷² or determine other state/local law definitions,

¹⁷² Criteria found at 24 C.F.R. §570.208(b)(1) and 24 C.F.R. §570.483(c)(1) indicates one or more conditions that, if at least twenty-five percent (25%) of the properties within a specific area meet, PRDOH could use to consider an area as deteriorated or deteriorating.

as per prevailing policies and regulations.¹⁷³ Local public nuisance codes and regulations are designed to automatically trigger corrective actions.

Recent studies have documented that once Municipalities have successful contact with property owners through code enforcement efforts, seventy-two percent (72%) responded and addressed code infractions.¹⁷⁴ With the enforcement of these codes and regulations, abandoned properties are expected to be taken care of by either the property owner or the Municipality,¹⁷⁵ arresting the decline in the deteriorating area and returning these housing structures to livable conditions. Municipalities that agree to collaborate with the Program must confirm availability of funding sources to carry out public nuisance remediation processes completely. A process is considered complete when properties are taken care of by the owner or are addressed by the Municipality to remedy the nuisance condition or are acquired as part of the code enforcement. If acquired¹⁷⁶, Municipalities may determine the properties' end-use, which may include its return to the affordable housing stock. PRDOH expects the VPR Program to help reduce blight and abandonment conditions in the deteriorated areas, while also mitigating future deterioration and decline through the combination of code enforcement and planning and capacity building activities.

The VPR Program will execute the following code enforcement activities, including but not limited to:

- Assistance to Municipalities on implementation and/or development of local ordinances, regulations, processes, and other policies necessary to effectively enforce relevant codes to address vacant properties.
- Assistance to municipal staff by adding resources and additional staffing to execute Municipal Code¹⁷⁷ compliance activities, including inspections, notifications, declarations, documentation of all activities, and case management, among other key tasks necessary to enforce public nuisance codes and regulations.

The VPR Program will execute the following planning activities,¹⁷⁸ including but not limited to:

- Assistance in developing and implementing community engagement strategies that bring together multiple stakeholders to address vacant property issues.
- Development of maps and other geospatial products for data analysis.

VPR may also conduct other program administration activities¹⁷⁹ to support code enforcement efforts, including community outreach within the delineated deteriorated areas to educate property owners about the program and other available resources.

¹⁷³ Use of local regulations definitions may include use of "Areas of improvement" zoning, local ordinances, or updated definitions identified through local or state policies.

¹⁷⁴ The Public Health Implications of Abandoned Spaces in Post-Maria Puerto Rico (2022), <https://hazards.colorado.edu/public-health-disaster-research/the-public-health-implications-of-abandoned-spaces-in-post-maria-puerto-rico#:~:text=A%20recent%20study%20of%20the,al.%2C%202022%2C%20p.>

¹⁷⁵ Act No. 107-2020, as amended, 21 LPRA § 7001 *et seq.*, known as the Puerto Rico Municipal Code, provides that Municipalities may perform activities to arrest the declining conditions of the property at the owner's expense if the owner fails to clean or remove the hazardous or detrimental condition.

¹⁷⁶ Municipalities may acquire properties with local funds or other available funding options, which may include federal funding alternatives (e.g. HOME, CDBG, or other federal funding).

¹⁷⁷ Code enforcement activities per Act No. 107-2020, as amended, 21 LPRA § 7001 *et seq.*, known as the Puerto Rico Municipal Code.

¹⁷⁸ The planning activities considered in the VPR Program description will be implemented and funded through the CDBG-DR Internal Planning budget. The VPR Program's budget will fund the code enforcement activity entirely.

¹⁷⁹ Current Program Administration budget can be found in the Action Plan Budget table.

HOUSING PROGRAMS

Understanding that funding was limited in the first CDBG-DR allocation, Puerto Rico structured recovery programs for first-wave implementation that met the immediate housing needs of the most vulnerable populations¹⁸⁰ on the Island by emphasizing housing programs that serve low-to-moderate income households and prioritize elderly persons aged 65 and above.

Units of General Local Government, UGLGs (municipalities) were consulted throughout the development of this plan and remain active participants in the execution of recovery programs. Housing was identified as a critical recovery priority by the municipalities throughout the consultation process, as evidenced in the public comment submitted with the Action Plan. Municipal partnership is a vital part of serving impacted residents across the Island, and includes key functions such as informing program design, leading community outreach to program applicants, serving as a first line of information regarding programs, ensuring housing is conducted in accordance with local land use codes, and maintaining an active role as additional funds become available.

Through these programs, home repair and reconstruction will begin in earnest in a way that does not perpetuate building in high-risk areas. Innovative construction and green building will modernize the housing stock while improving individual assets and household spending power. An increase in housing activity will generate layers of economic stimulus, creating jobs across multiple sectors, employing residents. Strategic revitalization of affordable housing will lead cost burdened LMI households to a fruitful long-term recovery. Applicants to housing recovery programs will have access to housing counseling services, which will provide them with a mechanism to connect with Volunteer Organizations active in Disaster, and other federally funded programs like Housing Opportunities for Persons with AIDS (HOPWA), Continuum of Care (CoC), Section 8 voucher program, and rental subsidy programs. These programs may also address the needs of populations with wide ranging disabilities or a specific need to access information.

Additionally, housing will be created for the most vulnerable of our residents, including the homeless, and HUD-certified housing counselors will be employed to guide impacted residents through their recovery. PRDOH will also conduct 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 LIHTC Program. Public Housing may be addressed with CDBG-DR funds.

ANTI-DISPLACEMENT

All CDBG-DR funded activities will be designed to minimize the occurrence of displacement. Puerto Rico will minimize the displacement of persons or entities and assist persons or entities displaced due to the implementation of CDBG-DR funded projects. This is not intended to limit the ability of Puerto Rico to conduct buyouts or acquisitions for destroyed and extensively damaged units or units in a floodplain.

¹⁸⁰ HUD's definition of Vulnerable Populations is broad: "Vulnerable populations refers to people who are not currently homeless but are extremely vulnerable to becoming homeless – particularly after a disaster-- due to their economic, health, or social circumstances. This might include some senior citizens, people with disabilities, non-English speakers, people with substance use issues, very and extremely low-income people, undocumented workers, and others in precarious economic circumstances," from the HUD Disaster Recovery Homeless Toolkit, <https://www.hudexchange.info/resources/documents/DR-H-Standard-Terms-for-Disaster-Planning-and-Homelessness-Services.pdf>. The term "vulnerable" is used in different contexts throughout this document, as it relates to the issue being examined. Any specific types of vulnerability considered for program purposes are listed in eligibility or priority categories for that particular program.

Puerto Rico will ensure that the assistance and protections afforded to persons or entities under URA and Section 104(d) of the HCDA, are available. The URA provides that a displaced person is eligible to receive a rental assistance payment for a period of 42 months. Given its priority to engage in voluntary acquisition and optional relocation activities to avoid repeated flood damage and improve floodplain management, Puerto Rico accepts the HUD waiver of the Section 104(d) requirements, which assures uniform and equitable treatment by setting the URA and its implementation regulations. Efforts to conduct voluntary buyouts for destroyed and extensively damaged buildings in a floodplain may not be subject to all provisions of the URA requirements. For LMI residents displaced by the CDBG-DR Program, a temporary housing program may be available through the CDBG-DR Program to allow time for new units to be rehabilitated or constructed.

The Whole Community Resilience Planning Program activities outlined in the Planning section will lay the groundwork for the next phase of the housing recovery, building on the initial housing work done in this Action Plan. Locally driven planning will provide opportunities for direct involvement in how communities are rebuilt.



| HOME REPAIR, RECONSTRUCTION, OR RELOCATION PROGRAM | | |
|--|----------------------|--------------------|
| PROGRAM TOTAL | ADMINISTERING ENTITY | NATIONAL OBJECTIVE |
| \$2,920,780,619 | PRDOH | LMI, LMHI, SB, UN |
| \$2,922,780,619 | | 95% LMI GOAL |
| MAX AWARD | START- END DATE | ELIGIBLE AREA |
| \$215K REBUILD | DURATION OF GRANT | PUERTO RICO |
| \$200K RELOCATION | | |
| \$60K REPAIR | | |

HURRICANE IMPACT

Tens of thousands of homes suffered hurricane damage and are still in need of repair. Residents may have applied for FEMA and were ineligible or received insufficient assistance to address repair needs. There may also be residents that suffered damage and did not apply to FEMA. As outlined in the Unmet Needs section, there is an estimated unmet need of over \$30 billion in housing, and a significant need for assistance to the elderly. Priority for the elderly does not preclude assistance to other eligible applicants.

RECOVERY PLAN ALIGNMENT

The Home Repair, Reconstruction, or Relocation Program (R3) aligns with the following courses of action from Puerto Rico's Recovery Plan: HOU 1, HOU 3, HOU 10.

ELIGIBLE ACTIVITIES

- Section 105 (a) (1) – Acquisition of Real Property
- Section 105 (a) (4) – Clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements
- Section 105 (a) (7) – Disposition (through sale, lease, donation, or otherwise) of any real property or its retention for public purposes
- Section 105 (a) (11) – Relocation Assistance
- Section 105 (a) (15) – Assistance to Eligible Entities for Neighborhood Revitalization, Community Economic Development, and Energy Conservation
- Section 105 (a) (24) – Homeownership Assistance
- Section 105 (a) (26) - Lead-based paint hazard evaluation and reduction

PROGRAM PRIORITIES

- Prioritize elderly applicants: Elderly applicants are those aged sixty-five (65) years or older at the time of application. The elderly applicant must be a head of household or co-head of household, as in the case of a married couple, to qualify for prioritization.
- Prioritize disabled applicants: Disabled applicants are those who have at least one household member who is disabled. The disabled household member need not be a head of household or co-head of household to qualify for prioritization.
- Prioritize applicants with significant property damage: At the time of application, if the applicant's home remains significantly damaged, with a blue-roof or destroyed, the applicant may qualify for prioritization.¹⁸¹

PROGRAM ACCOMPLISHMENTS

- Return displaced homeowners
- Reconstruct housing to higher resilience standard
- Revitalize weak and aging housing stock
- Moving households out of unsafe conditions

ELIGIBILITY

- Confirmed damage to property
- Ownership of property structure (alternative methods)
- Must qualify as low or moderate income (below 80% Area Median Family Income) at the moment the application was submitted and initially reviewed for eligibility. Applicants that were initially determined under the LMI National Objective may be served under the UN National Objective if the UN criteria is satisfied.
- Must be an eligible single-family structure
- Must have occupied the property as a primary residence at the time of the hurricane
- To be eligible for reconstruction in place, the property must not be located in a floodway or areas with engineering or extraordinary site conditions which make reconstruction in place not feasible. Applicants located in high-risk areas may be eligible for relocation or rehabilitation.
 - Construction projects in the floodplain which qualify as substantial improvements, as defined in 24 C.F.R. § 55.2, will not be rehabilitated. Eligible applicants with homes in the floodplain which qualify for substantial improvement rehabilitation will be offered elevated reconstruction when reasonable or relocation when elevated reconstruction is not reasonable. Reasonableness will be based on the criteria defined in the Program Guidelines.
- Note: Homeowners who receive assistance through other programs in the CDBG-DR portfolio are not precluded from assistance through the R3 Program. Homeowners meeting eligibility requirements for multiple programs may receive assistance through multiple avenues, deducting assistance for any duplication of benefit.

¹⁸¹ Note: These priorities may be operational for certain time periods as designated in the program guidelines.

METHOD OF DISTRIBUTION

Direct Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

R3 provides assistance to homeowners to repair or rebuild their damaged homes. Reconstruction activity returns otherwise displaced families to their homes in the same community. Homes become eligible for reconstruction when the property estimated cost of repair exceeds \$60,000 as confirmed through program inspection, the property is determined to be substantially damaged by an authority having jurisdiction, or a feasibility inspection determines that reconstruction is required. Homes meeting this damage threshold will be reconstructed to include resilient measures in structural materials. Homes that may not be rebuilt in place due to legal, engineering, or environmental constraints (permitting, extraordinary site conditions, etc.) will not be reconstructed and the homeowner will be provided relocation options. Homes in the floodplain that meet the \$60,000 damage threshold for reconstruction, substantial damage, or substantial improvement (repairs exceeding 50% of the current market value of the structure) as defined in 24 C.F.R. § 55.2 may be reconstructed only when elevation is reasonable based on the criteria defined in Program Guidelines. These eligible homeowners may also be offered relocation options. The Elevation cost is estimated to be \$75,000.

For reconstruction and relocation activities, the homeowner must agree to own the home and use it as their primary residence for a period of 5 years after reconstruction or successful relocation, as secured through a Sworn Grant Agreement in compliance with Rule 35.4 of the Puerto Rico Civil Procedure Rules, 32 LPRA Ap. V, R.35.4 (Entry of Judgement by Confession). Additionally, for relocation activities, the homeowner and PRDOH will execute a Direct Mortgage Deed with the Imposition of Restrictive Covenants, which shall be recorded in the Puerto Rico Property Registry. The latter is a unit of the Puerto Rico Department of Justice. If a homeowner moves, sells, leases, transfers, exchanges, donates, vacates, abandons, or otherwise alienates the property during the affordability period, the amount of benefit that must be repaid will be determined by the straight-line, linear amortization schedule as established by the Program in the Applicant's Grant Agreement.

For repair activities **only**, the ownership and occupancy compliance period will be three (3) years as secured through a Grant Agreement. If a homeowner moves, sells, leases, transfers, exchanges, donates, vacates, abandons, or otherwise alienates the property within the first three (3) years, the entire (100%) amount of the benefit received must be repaid in full to PRDOH. Further information about program award requirements, occupancy and residency periods, ongoing monitoring during compliance periods, and/or applicant responsibilities related to acceptance of an R3 Program award can be found in the R3 Program Guidelines, available at <https://recuperacion.pr.gov/en/resources/policies/program-policies/>.

Ownership & Primary Residency

Applicants must prove not only ownership of property, but primary residency at the time of the hurricane. Secondary or vacation homes are not eligible for assistance through this program. PRDOH will work to reasonably accommodate households with non-traditional documentation validating both ownership and residency. Documentation used to verify a primary residence may include a variety of documentation including, but not limited to, tax returns, homestead exemptions, driver's licenses, and utility bills when used in conjunction with other documents. Applicants may be required to prove primary residency by providing documentation validating occupancy for consecutive weeks and/or months leading up the time of the hurricane. To the extent possible, PRDOH will validate ownership and/or primary residency through

electronic verification utilizing locally or federally maintained registries. After conducting a due-diligence process, the R3 Program may also allow alternative methods for documenting ownership, including an affidavit process. As needed, the Program will refer applicants to the Title Clearance Program for support in obtaining a clear title.

Duplication of Benefit

In accordance with the Stafford Act, as amended, Puerto Rico will implement policies and procedures to ensure no individual receives duplication of benefit for the same purpose and/or effect to recover from the hurricanes. Federal law prohibits any person, business concern, or other entity from receiving federal funds for any part of such loss as to which he has received financial assistance under any other program, from private insurance, charitable assistance, or any other source.

If eligible and awarded, housing assistance award calculations are based on the following factors: damage/scope of project work needed; a review of funding from all sources to ensure no Duplication of Benefits (DOB); and availability of DOB funds, if any, for use in the project. Housing assistance awards will be determined after factoring in the inputs listed above, subtracting any unaccounted-for DOB, and then factoring in the pre-determined program caps that apply to the housing assistance activities to be used.

Applicant awardees must subrogate any additional funds received for damage caused by hurricanes Irma or María back to the housing program. CDBG-DR funds must be funding of last resort, and if additional funds are paid to applicant awardees for the same purpose as the housing assistance award, they receive through PRDOH assistance (i.e., repair or replacement of the damaged structure) after PRDOH has completed the repair/rehabilitation project, those funds must be returned to PRDOH.



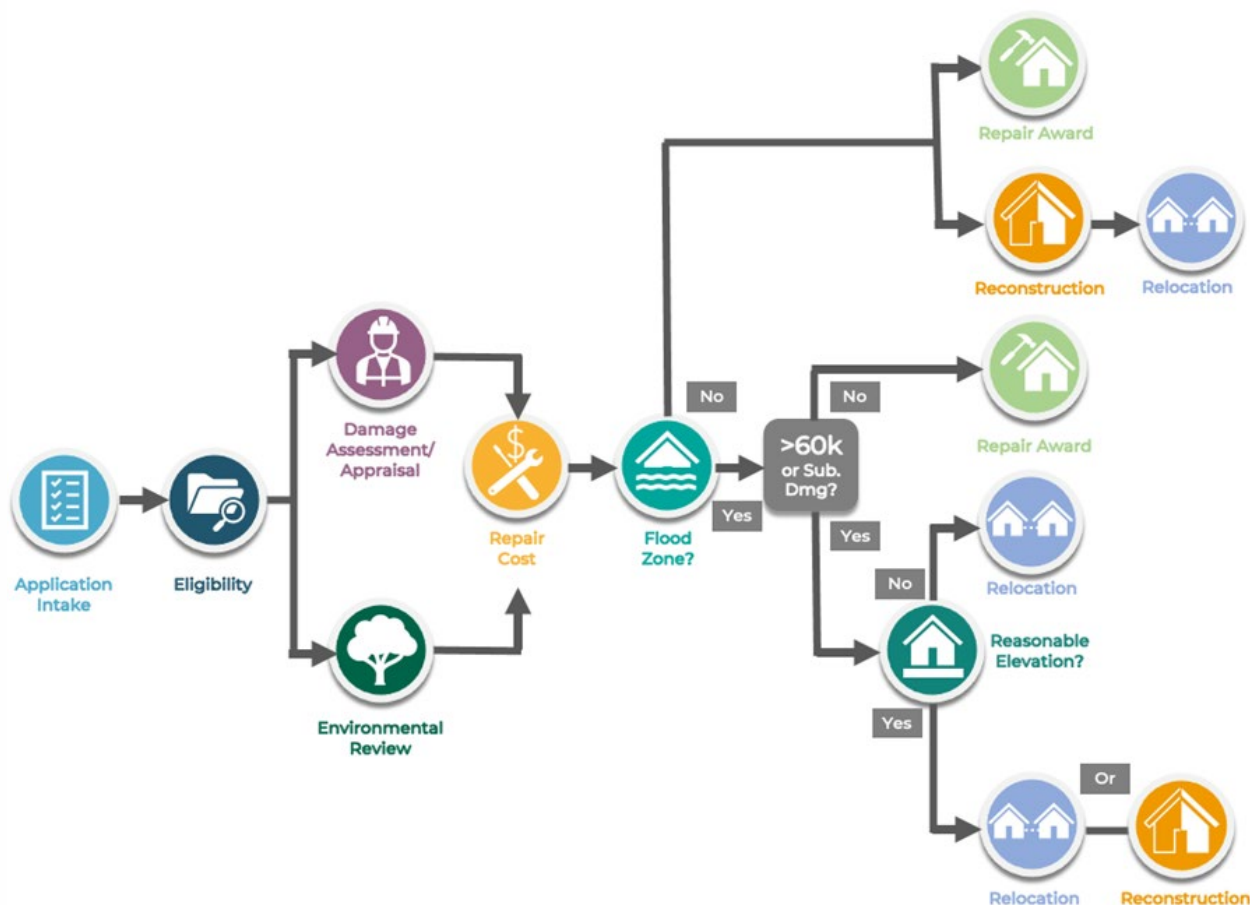


Figure 44: High-Level Overview of Repair, Reconstruction, Relocation Process

Permanent Relocation

R3 provides homeowners with substantially damaged homes located in high-risk areas an opportunity to relocate to a safer location when elevated reconstruction is not reasonable. When it is determined that a homeowner is eligible for relocation, the R3 Program will provide housing counseling services to assist the applicant in making an informed decision regarding housing options available under the relocation program. Additionally, the R3 Program provides homeowners whose homes suffered more than \$60,000 in damages the opportunity to relocate by forgoing a reconstruction award and accepting a relocation voucher.

Relocation allows for the following two options:

Option 1: A housing voucher allows the applicant to select an existing or under-construction home outside a high-risk area. Existing Replacement homes must be located in Puerto Rico and must pass applicable environmental clearance and permit requirements before an applicant awardee may move in. The purchase price will be capped at \$200,000 or a regional cap more appropriate to market availability that does not limit housing choice and must be market reasonable. Purchase of replacement homes is the preferred relocation method and must be explored prior to exercising Option 2. Assistance received under the program is for the purchase of the newly acquired property.

- Option 2: Construction of a program-designed home on a new lot. New lots must be located outside of a high-risk area, including floodplains, and must comply with all applicable environmental regulations. This option may be exercised if no suitable options are available under Option 1. Homeowners who are relocated by the program must agree to occupy the new home as a primary residence for not less than five (5) years, as secured through a Sworn Grant Agreement in compliance with Rule 35.4 of the Puerto Rico Civil Procedure Rules, *supra*, and a Direct Mortgage Deed with Imposition of Restrictive Covenants, which shall be recorded in the Puerto Rico Property Registry.

In cases where the ownership of the hurricane-damaged property cannot be transferred to PRDOH, the Program may consider other alternatives to satisfy the eligible activities. The Program will make a relocation, acquisition, and/or disposition determination on a case-by-case basis as it may not be feasible for the Program to acquire the property from the R3 Program applicant in some scenarios. The R3 Program may, at its discretion, choose to select other eligible end uses for the hurricane-damaged property. More information about eligible activities for relocation and end uses will be available in the Program Guidelines.

HUD-certified housing counselors are available to support R3 Program applicants during the relocation process. If the eligible applicant is unable to identify a suitable existing home to purchase with a voucher, the applicant will be allowed to identify available vacant lots for purchase outside the floodplain, on which a new home would be built by the program. To provide relocation applicants the best opportunity to find and purchase their replacement home successfully, PRDOH may provide additional types of assistance throughout the relocation process to assist in searching, selecting, and securing a replacement home. Limited legal services for applicants participating in the relocation program may be provided on a case-by-case basis.

Program Caps

The maximum award for housing rehabilitation in place is \$60,000 in construction and/or hard costs per unit. The maximum award for relocation is \$200,000. The maximum award for reconstruction is \$215,000 in construction and/or hard costs per unit. In elevation cases, the maximum award is \$215,000 for reconstruction plus the elevation cost (which is estimated to \$75,000). However, additional costs in excess of the caps are permissible and may account for demolition and environmental abatement, unique site-specific costs such as plots of land whose size obligate the construction of a two-story unit or construction of accessways (driveways or walkways) with lengths in excess of minimum setbacks established by regulations, or utility connection costs. Temporary relocation assistance may be available for applicants while program sponsored construction is underway, or on a case-by-case basis as determined by the R3 Program.

For properties located in a Special Flood Hazard Areas, homeowners must obtain and maintain flood insurance in the amount and duration prescribed by FEMA's National Flood Insurance Program, as required in 83 FR 5844, 5865. PRDOH will cover the cost of flood insurance for the first year for beneficiaries on a case-by-case basis, and this expense will be considered an exception to the maximum award amount.

Exceptions to the caps may be considered on a case-by-case basis in accordance with policies and procedures. Exceptions to the caps may also consider necessary accessibility features or historic preservation. PRDOH will work with the Permit Management Office (OGPe, for its Spanish acronym) to establish a streamlined permitting process for the Disaster Recovery Program. If an applicant with a relocation voucher selects a housing unit in a PRDOH housing development, the voucher cap will be waived.¹⁸²

Community Energy and Water Resilience Installations Alignment: all reconstruction, rehabilitation, and relocation projects, when feasible, will be eligible to participate in this program as well. Those additional costs will be reflected and accounted for via the Community Energy and Water Resilience Installations Program and will not be reflected under the award caps mentioned above.

¹⁸² During the Public Comment period for the CDBG-DR Action Plan Amendment 9 (Substantial), citizens brought to PRDOH's attention the need to increase the housing stock available for the LMI population. In consideration of the current situation of limited housing availability, PRDOH revised this language to maximize the opportunity for relocation applicants to find a suitable replacement home.

| TITLE CLEARANCE PROGRAM | | |
|-----------------------------------|-------------------------------------|--|
| PROGRAM TOTAL \$42,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI 100% LMI GOAL |
| MAX AWARD N/A – PUBLIC SERVICE | START-END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Tens of thousands of homes suffered hurricane damage and are still in need of repair. Residents may have applied for FEMA or other recovery assistance and faced challenges due to lack of clear title. FEMA estimates that nearly 60% of the 1.1 million applicants for financial support were found ineligible. Although many factors contributed, one of the main reasons was the applicants' inability to prove ownership of the properties for which they were claiming damages. This overwhelming denial rate has left many without much-needed critical assistance, resulting in a large unmet housing need.

RECOVERY PLAN ALIGNMENT

The Title Clearance Program aligns with the following course of action from Puerto Rico's Recovery Plan: HOU 12.

ELIGIBLE ACTIVITIES

Section 105(a)(8) – Public Service

PROGRAM PRIORITIES

- Prioritize homeowners who have experienced challenges receiving federal assistance due to a lack of clear title.
- Resolve incidence of title issues as identified in the Puerto Rico Geospatial Framework Program.
- Citizens living in properties from PRDOH's portfolio or other governmental agencies to be transferred to PRDOH
- Citizens sixty-five (65) years old or older at the time of application.

PROGRAM ACCOMPLISHMENTS

- Return displaced homeowners who have not been able to repair their homes due to lack of clear title affecting their ability to receive federal assistance.
- Promote long-term self-sustainability
- Establish a consistent process to certify that a homeowner owns and controls a property (land or structure)

- Assist homeowners that lack a clean title of their properties or that are unable to register, under their name, their properties in government records

ELIGIBILITY

- LMI homeowners throughout the declared area are eligible for assistance. Low- or moderate-income households at or below 80% of Area Median Family Income according to HUD Modified Income limits for CDBG-DR Puerto Rico.
- Applicants who are otherwise eligible for assistance for housing reconstruction and relocation or were FEMA ineligible due to lack of documented ownership will be prioritized.
- The property must be the applicant's primary residence.
- The Applicant must have a valid ownership claim over the property.
- Title services may be provided for applicant properties located in the floodplain or floodway; or an area considered high-risk due to engineering, soil, or slope conditions as verified by engineering inspections. This service will allow the applicant to receive benefits from other programs within the CDBG-DR housing portfolio or other state and federal disaster recovery assistance.
- Applicants on properties in the PRDOH land portfolio will be prioritized.

METHOD OF DISTRIBUTION

Direct Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

Limited Legal Services

The goal of the Title Clearance Program is to provide clear title to tens of thousands of homeowners throughout the hurricane-impacted area, resulting in long-term sustainability and security for residents. Applicants who are otherwise eligible for rehabilitation or reconstruction assistance under the housing program and who need remedial and curative title/ownership actions, may be prioritized for limited legal services assistance. During the Intake process, citizens will complete the application by providing all the information and documentation required for this stage. Then, a thorough application and document review will be made to ensure the applicant is eligible for the program. If the applicant is eligible, they will be notified of the next steps and referred for title clearance assistance. Limited legal services to resolve title issues may be performed by one or more attorneys duly licensed and authorized to practice law within the Government of Puerto Rico under rates subject to program approval. Homeowners unable to resolve title issues with the assistance of legal service providers may be recommended for longer-term assistance, separate from the services provided under this program.

The Title Clearance Program will be assisted by qualified external services providers integrated by attorneys, paralegals, case managers, land surveyors, and appraisers responsible for rendering services for the participant to obtain a clean property title. Property damage will not be a requirement for eligibility.

Services to be provided may include, but are not limited to:

- Title investigation
- Land surveys and plans

- Appraisals
- Structural assessments
- Recording fees
- Property Registry Certifications
- Preparation and filing of legal documentation
- Serving summons and notifications
- Presentation of documents in the Property Registry and other governmental agencies
- Filing and handling cases in court

Title services may be provided for applicant properties located in the floodplain, floodway, or landslide risk area for the applicant to receive benefits from other Programs within the PRDOH CDBG-DR Housing Portfolio or other state and federal disaster recovery assistance.

The title clearance assistance provided under this program is a quantifiable increase in the level of service provided by Puerto Rico during the twelve (12) months prior to submission of the Action Plan and is directly impacted by Hurricanes Irma and María.



| SOCIAL INTEREST HOUSING PROGRAM | | |
|---|--------------------------------------|--|
| PROGRAM TOTAL \$50,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI 100% LMI GOAL |
| MAX AWARD \$2,500,000 ¹⁸³ | START- END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Residents with special needs become increasingly more vulnerable to recovery barriers caused by the impact of the hurricane. As a result, additional appropriate supportive housing is needed. As part of the public engagement process, multiple organizations serving vulnerable populations submitted information that was used to inform program design and caps.

RECOVERY PLAN ALIGNMENT

The Social Interest Housing program aligns with the following course of action from Puerto Rico's Recovery Plan: HOU 2.

ELIGIBLE ACTIVITIES

- Section 105 (a) (2) – Public Facilities (except for buildings for the general conduct of government) and Improvements
- Section 105 (a) (4) – Clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements
- Section 105 (a) (5) – Removal of material and architectural barriers
- Section 105 (a) (8) – Supplementary Public Services as a component to place limited clientele (such as homeless persons, etc.) in the housing projects, once completed
- Section 105 (a) (15) – Assistance to Eligible Entities for Neighborhood Revitalization, Community Economic Development, and Energy Conservation

Eligible Projects

- Projects (multi-units) may not exceed \$2,500,000¹⁸⁴. An organization may submit for multiple projects.
- Eligible sites should comply with ADA standards to the most extent feasible.

¹⁸³ The Program may provide assistance above the maximum award on a case-by-case basis if unforeseen conditions or extenuating factors arise after the project is deemed eligible.

¹⁸⁴ Proposed projects will be evaluated to not exceed the \$2,500,000 budget. If unforeseen conditions or additional extenuating factors arise after the project is deemed eligible, the program will evaluate on a case-by-case basis to address those conditions to allow for implementation to continue.

- Eligible sites should be accessible to public transportation, grocery shopping, recreation, socialization, etc.
- Eligible sites should include on-site support services for the special needs' population served or be located near a service facility.

Eligible Subrecipients

- Non-Profit/ Non-Governmental Organizations

METHOD OF DISTRIBUTION

Subrecipient Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

This program creates housing capacity for special needs populations such as: homeless, senior citizens, domestic violence victims, persons with intellectual disability, persons with developmental and/or physical disability, persons living with HIV/AIDS, individuals recovering from addiction, and individuals with other functional or access needs. Residents of social interest housing constructed through this program may have access to housing counseling services, which may connect the resident with support services such as HOPWA, Section 8, or rental subsidy programs. PRDOH will determine affordable rents for housing projects as the lessor of the calculated High HOME rent or the maximum of 30% of annual household income for an LMI household. The goal of the program is addressing the unmet need by creating high-quality, modern, resilient housing solutions for these populations in need.

Non-profit, non-governmental organizations will provide project proposals for social interest housing. PRDOH will evaluate submissions based on cost reasonableness, number of beneficiaries served, project duration, leverage, and shovel readiness. NGOs with projects approved by PRDOH will be responsible for the execution of the project under the guidance of PRDOH. Facilities may be overseen by HUD Continuum of Care Program providers and may supplement Emergency Solutions Grants (ESG) programs for a coordinated impact to:

- Provide essential services to shelter residents;
- Rapid re-housing of homeless individuals and families; and
- Prevention of families and individuals from becoming homeless.

Submissions may include proposals for more than one project. Public services provided as part of a proposed project may not supplant other funds and must be part of a new service or quantifiable increase in the level of a service previously provided.

| HOUSING COUNSELING PROGRAM | | |
|--|--|--|
| PROGRAM TOTAL \$22,000,000 \$20,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI-LC 100% LMI GOAL |
| MAX AWARD \$3,500,000 \$3,000,000 | START-END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Tens of thousands of homes suffered hurricane damage and are still in need of repair. Residents may have applied to FEMA and may not have been eligible, may not have applied, and/or may be in need of additional housing counseling assistance.

RECOVERY PLAN ALIGNMENT

The Housing Counseling Program aligns with the following courses of action from Puerto Rico's Recovery Plan: HOU 3 and HSS 30.

ELIGIBLE ACTIVITIES

- Section 105(a)(8) – Public Services
- Section 105(a)(20) – Housing Counseling Services

PROGRAM ACCOMPLISHMENTS

Housing counseling services will foster resilience through public education and advocacy, especially when delivered in conjunction with other forms of housing assistance.

ELIGIBILITY CRITERIA

- This is a competitive grant program. Applicant entities must be a HUD Approved Housing Counseling Agency (HCA) to provide services under the program.¹⁸⁵
- Organizations should have experience providing services in Puerto Rico.
- Entities may undergo a capacity assessment to confirm they are appropriately staffed to serve their selected area(s) of operation and expected case load.
- All impacted residents may receive counseling services.

¹⁸⁵ Interested organizations are encouraged to review the HUD requirements for becoming a HUD Approved Housing Counseling Agency (HCA) at: <https://www.hudexchange.info/programs/housing-counseling/agency-application/>

METHOD OF DISTRIBUTION

Subrecipient Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

This program provides recovering residents with wrap-around educational services to promote understanding of housing and financial options such as: financial literacy education, homebuyer counseling, credit repair counseling, mitigate default/foreclosure proceedings, etc. Housing Counselors are equipped to connect program participants with resources including, but not limited to, Voluntary Organizations Active in Disaster (VOAD), other federally funded programs like CoC and Section 8, and rental subsidy programs.

PRDOH will work with HUD-approved housing counseling agencies, which are uniquely situated to assist with long-term recovery. HUD extensively regulates them to ensure they are trained, knowledgeable, unbiased, and acting with the best interests of the household. Most of them have worked in the communities for prolonged periods of time, with neighborhood-based staff and board members, and are known and trusted by the residents.

Special training seminar(s) will be held to ensure current and new counselors are well-informed about programs offered under CDBG-DR. The curriculum will cover the scope of available programs and cover eligibility requirements in depth. Additional efforts will be made, as necessary, to hold special training sessions to educate surge staff new to housing counseling services to ensure service providers are appropriately staffed to meet applicant needs.

Counseling services can range from individualized, one-on-one counseling to help homeowners identify and address barriers to permanent, safe, and affordable housing, to advocacy with insurance and mortgage companies, to group education addressing how to remediate mold or how to avoid common frauds. Services are accessible to individuals having wide-ranging disabilities, including mobility, sensory, developmental, emotional, and other impairments through communication standards and or program guidelines that adhere to HUD policies such as ADA compliance and 504. Services may also be provided related to rental counseling.

The maximum award for a single housing counseling entity is ~~\$3,500,000~~ ~~\$3,000,000~~. PRDOH estimates that multiple counseling programs will be implemented. If distinct HUD-certified counseling organizations are unable to provide services, any remaining funds may be made available to one or more of the other contracted counseling providers.

| CDBG-DR GAP TO LOW INCOME HOUSING TAX CREDITS PROGRAM (LIHTC) | | |
|---|--|--|
| PROGRAM TOTAL \$1,423,000,000 | ADMINISTERING ENTITY PUERTO RICO HOUSING FINANCE AUTHORITY (PRHFA) | NATIONAL OBJECTIVE LMI 100% LMI GOAL |
| MAX AWARD VALIDATED GAP | START-END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Thousands of homes suffered damage from Hurricanes Irma and María, and rental properties are no exception. Resilient affordable rental housing is needed. The CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) will increase rental housing stock to address rental housing needs at affordable rents.

RECOVERY PLAN ALIGNMENT

LIHTC aligns with the following course of action from Puerto Rico's Recovery Plan: HOU 2

ELIGIBLE ACTIVITIES

- Section 105(a)(4) – Clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements²⁶
U.S.C. § 42, Low-Income Housing Credit

PROGRAM ACCOMPLISHMENTS

Leveraging Low-Income Housing Tax Credits (LIHTC) serves to extend the impact of CDBG-DR funding while creating much-needed affordable rental housing units.

ELIGIBILITY CRITERIA

The Puerto Rico Housing Finance Authority (PRHFA) will administer the program in partnership with PRDOH.

ELIGIBLE PROJECTS

Projects must be eligible for funding under LIHTC.

METHOD OF DISTRIBUTION

Subrecipient Model

PROGRAM OBJECTIVE & DESCRIPTION

Puerto Rico receives millions of dollars each year in Low-Income Housing Tax Credits (LIHTC) and currently has more than \$1 billion in LIHTC 4% projects available to be leveraged. Additionally, several projects

under the 9% tax-credit program are shovel-ready and awaiting gap financing. PRDOH will provide gap funding, using CDBG-DR funds, for properties being developed with LIHTC, thus maximizing the benefit provided by both federal funding streams.

PRDOH, in partnership with the PRHFA, will select projects for this Program, as proposed by developers qualified to use LIHTC. Projects will be evaluated based on cost reasonableness, developer capacity, number of beneficiaries served, and shovel readiness. The LIHTC program will provide gap funding through grants and/or loans (when needed) to developers with approved projects. Repaid loan funding will be used to fund additional approved LIHTC projects. Any program income generated will be used to fund program activities or administrative costs.

The maximum total award (grant and any necessary loan funding) per project is contingent on proposals already submitted to PRHFA to qualify for the pre-approved 9% tax credit roster. Additional project rosters will be curated by PRHFA. The Program will consist of \$1,423,000,000 for funding multiple projects, and projects will be funded to the extent that funds are available. Each project will include multiple individual housing units. Either 4% or 9% tax credit projects are eligible, as approved by PRHFA.

The PRHFA has participated in the rehabilitation of low-income housing projects throughout the Island using, among others, LIHTC. This program, created in 1986, has been instrumental in the rehabilitation of 19,507 units.

Currently, 851 units are in the pipeline with 9% low-income housing tax credits program and will be completed within 24 months of each project starting. CDBG-DR loans with 9% LIHTC will be leveraged to stretch both funding sources and to create projects that accomplish several goals.

All projects must generate affordable LMI housing in a supply proportional to the area LMI population, and in compliance with HUD Fair Market rent rates for an affordability period. Projects funded through this program must maintain affordable housing in accordance with the 15 or 20 -year affordability period outlined in 83 FR 40314 and comply with, or the affordability period required by LIHTC, whichever is longer. LIHTC rent rates are included as Appendix H to this Action Plan.

Proposed LIHTC projects that include specific targets that consider and correlate to greater city revitalization efforts, opportunity zones, or strategic growth nodes will be weighted more strongly upon evaluation. Further, project proposals incorporating transportation services for the elderly (Égidas) under the second tranche will also be weighted more favorably.

PRDOH may include targeted funds under this LIHTC Program to address affordable housing needs based on data provided by PRPHA regarding potential public housing projects. Considering these facts, PRDOH has set-aside \$310,000,000 from the CDBG-DR allocation for preservation, rehabilitation, or qualified new construction projects that are part of a comprehensive plan to redevelop, replace, and/or rehabilitate existing PRPHA inventory.

| RENTAL ASSISTANCE PROGRAM | | |
|---|-------------------------------------|--|
| PROGRAM TOTAL \$14,058,221 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI 100% LMI GOAL |
| MAX AWARD IN ACCORDANCE WITH PROGRAM GUIDELINES | START-END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Thousands of homes suffered damage from Hurricanes Irma and María, and rental properties were no exception. Additionally, over 517 low-income, elderly households are at immediate risk of displacement from previously affordable rental units. These units were built many years ago under the Act 173 Program¹⁸⁶ and were maintained at affordable rents for extremely low-income residents for many years. However, affordability agreements expired a few months before the hurricanes and were being explored for renewal by PRDOH. A portion of the financing which supported these units was stressed before the hurricane; however, a primary source of funding remained in place as a share of funds generated by the Lottery. Lottery funds were directly impacted by reduced sales after the hurricanes, and the reduction has negatively impacted the availability of funds with which to renew the properties' affordability agreements.

Additionally, many of the properties suffered direct damage, and the owner-operators of these hurricane-

impacted developments have utilized their reserves to cover the cost of diesel and for repair costs not covered by insurance. Shelter evacuees were placed into these units, which served as shelters for the elderly.

ONE OF THE SUGGESTED STRATEGIES LISTED BY THE HUD HOUSING DAMAGE ASSESSMENT AND RECOVERY STRATEGIES REPORT FOR PUERTO RICO FOR HURRICANES IRMA AND MARÍA IS, "ENSURE SUFFICIENT FUNDS TO CONTINUE ASSISTING THE LAW 173 PROJECTS."

Because of these multiple impacts, owners are under pressure to utilize higher rates to maintain the properties. Rental units were seriously damaged or destroyed across the

Island. Affordable rental housing is urgently needed, especially for the elderly, who need rental assistance, even at affordable rents, because of their extremely low incomes. These elderly residents are at

¹⁸⁶ The Act 173 Program was established by Puerto Rico's Act 173 of August 31, 1996, known as the Housing Rental and Improvement Subsidy Program for Low-Income Elderly Persons, who assists low-income elderly households by subsidizing rental housing costs.

immediate risk of becoming homeless because they cannot afford the rent without assistance. One of the Suggested Strategies listed by the HUD Housing Damage Assessment and Recovery Strategies Report for Puerto Rico for Hurricanes Irma and María is, “Ensure sufficient funds to continue assisting the Law 173 projects”.¹⁸⁷

RECOVERY PLAN ALIGNMENT

The Rental Assistance Program aligns with the following courses of action from Puerto Rico’s Recovery Plan: Most closely aligns with HOU 2.

ELIGIBLE ACTIVITIES

- Section 105(a)(8)/24 C.F.R § 570.201(e) - Public Services to prevent homelessness among low-income residents
- Rental assistance to tenants—42 U.S.C. 5305(a)(8); as authorized by a waiver issued in 84 FR 4836, 4845

PROGRAM PRIORITIES

Prioritize very low-income, elderly applicants

PROGRAM ACCOMPLISHMENTS

- Promote housing sustainability
- Preserve the loss of extremely affordable rental units
- Prevent homelessness

ELIGIBILITY CRITERIA

- Households below 50% AMFI¹⁸⁸
- Must rent and occupy the property as a primary residence
- Priority for households below 30% AMFI
- Elderly (60 years or older for this program only)
- Housing units in the Act 173 Properties
- The property owners of the eligible units will apply to PRDOH on behalf of eligible households. Property owners provide the paperwork to PRDOH for approval. Existing tenants will already have applications on file.

METHOD OF DISTRIBUTION

Direct Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

Grant funds provide temporary rental assistance to residents of hurricane-impacted areas (pursuant to Federal Register Notice of allocation) who are experiencing homelessness or are at risk of becoming homeless. Those at risk of homelessness are further described as persons living in unstable or overcrowded housing; those forced to move frequently due to economic hardship; those being evicted from a private dwelling unit and lacking resources or a support network to obtain other housing; living in

¹⁸⁷ HUD Housing Damage Assessment and Recovery Strategies Report. Housing RSF. Issued June 29, 2018. Page 37.

¹⁸⁸ Or adjusted AMFI as permitted by HUD.

a shelter or transitional housing; and other reasons such as those associated with increased risk of homelessness as defined by HUD.¹⁸⁹

- a. It is the responsibility of PRDOH to create the program policies necessary to arrange the disbursement and duration of rental assistance. PRDOH may solicit and obtain income and household composition documentation to determine assistance. The rental assistance will be utilized to reduce the monthly lease payment for a period of up to 24 months and will be used to make up the difference between the amount a household can afford for housing under local rent standards and can include an option to assist tenants with utility costs and security deposits.
- b. Rental Assistance will deliver rental assistance to low- and moderate-income households in need of stabilized housing.
- c. PRDOH will adopt necessary program policies to determine the subsidy that will be made available to the beneficiary, depending on monthly income and household composition.
- d. The maximum rental assistance may not exceed \$400 monthly. It is the responsibility of PRDOH to adopt necessary program policies to arrange the disbursement and duration of the assistance.
- e. Once rental assistance has been granted, it may vary annually if there is a household composition or income change.
- f. PRDOH may solicit and obtain documentation to demonstrate assisted units meet Housing Quality Standards (HQS) and accessibility standards.
- g. After serving all Act 173 Program eligible tenants who apply to the Program during the initial Intake period, remaining funds may be used to assist applicants who meet all other eligibility criteria except being residents of housing units in Act 173 Program housing units.

Funds under this program may not be used to replace funds previously allocated by the General Budget of the Government of Puerto Rico beginning Fiscal Year 2016-2017 to PRDOH to cover the administrative, operational costs, and operating expenses of the program, and will provide service to address need because of the hurricane.

¹⁸⁹ The HUD definition for “At risk of Homelessness” can be found at 24 C.F.R. § 578.3.

| COMMUNITY ENERGY AND WATER RESILIENCE INSTALLATIONS PROGRAM | | |
|---|-------------------------------------|---|
| PROGRAM TOTAL \$395,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI, 100% LMI GOAL |
| MAX AWARD VARIABLE | START-END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

The hurricanes caused widespread, prolonged power outages and water security challenges across the Island, leaving thousands of residents vulnerable to life-threatening conditions for months. As the repair and hardening of the Island's electrical grid will take years to achieve, short, medium, and long-term solutions are needed. Similarly, as potable water supply challenges are being addressed, household or community-scale solutions can provide multiple benefits. The power grid suffered massive hurricane damage and remains fragile, and while most of the Island's population has had power restored, communities remain vulnerable to intermittent power outages. The entire Island suffered another outage on April 18 - 19, 2018 and again in January 2020. The latter was due to the swarm of earthquakes. From December 29, 2019, through January 17, 2020, the Advanced National Seismic System U.S. Geological Survey recorded ten (10) earthquakes with a magnitude five (5) or larger along the southern-west coast of Puerto Rico. The largest quake occurred on January 7, 2020, with a magnitude of 6.4, which left most of the Island without power and nearly 300,000 residents were without water.

RECOVERY PLAN ALIGNMENT

The Community Energy and Water Resilience Installations Program aligns with the following courses of action from Puerto Rico's Recovery Plan: CPCB 4 and WTR 3.

ELIGIBLE ACTIVITIES

- Section 105(a)(4) – Clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements

PROGRAM ACCOMPLISHMENTS

Promote energy efficiency, reliability and renewable resources, and water efficiency and security.

ELIGIBILITY CRITERIA

This program is intended to work with and complement an existing CDBG-DR Program; therefore, the eligible applicants are outlined below:¹⁹⁰

¹⁹⁰ There may be some limitations in cases of rehabilitation. Those limitations will be described in the Programs Guidelines.

- Home Repair, Reconstruction, or Relocation Program (R3 Program):
 - Homeowners receiving assistance and who have received a notice of award under the R3 Program for Rehabilitation, Reconstruction, Relocation or New Construction.

METHOD OF DISTRIBUTION

Direct Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

The island-wide power outages and potable water disruptions because of Hurricane María complicated recovery across the entire spectrum. Businesses closed, critical services were disrupted, and residents were unable to stay in their homes due to a lack of light, cooking facilities, cooling, water heating, and refrigeration. This is especially perilous for families with special needs and medical conditions.

While the Island begins the largest process of transforming the power grid and distribution systems, and addresses vulnerabilities to potable water supplies, residents must receive assurance that they can avoid displacement or threats to health and safety caused by interruptions to power service and potable water.

Homes unprepared for the natural threats on the power grid were left vulnerable in the aftermath of Hurricanes Irma and María. Rebuilding to protect federal investment and sustain recovery efforts requires resilient design and improvements incorporating modern technology for life-sustaining purposes during off-grid events. Energy and water resilience efforts may include installation of photovoltaic systems and battery storage for critical loads and medical needs.

To address the energy and water system vulnerabilities, the Community Energy and Water Resilience Installation Program provides energy and water efficiency and resiliency installation to eligible cases being rehabilitated, reconstructed, relocated, or provided with a new construction under the CDBG-DR R3 Program, without any cost to the applicant. The eligible household units may receive improvements which include the installation of a solar (photovoltaic) system with a battery system for essential plug loads to supply energy in the event of a power outage situation and installation of a water storage system. For the energy resilience installation, the photovoltaic system with battery backup will allow eligible applicants the ability to run critical loads, some household appliances, life-support devices, and permit for shelter-in-place options during outages. In the case of water resilience installations, the storage system will provide households with the ability to store water to be used when there is an interruption in water services. This program will be used as an add-on to or potentially integrated within the applicable CDBG-DR program, such as the R3 Program.

| HOMEBUYER ASSISTANCE PROGRAM | | |
|---|---|--|
| PROGRAM TOTAL \$695,000,000 | ADMINISTERING ENTITY PUERTO RICO HOUSING FINANCE AUTHORITY (PRHFA) | NATIONAL OBJECTIVE LMI, UN 70% 55% LMI GOAL |
| MAX AWARD \$55,000* *SEE PROGRAM CAP SECTION | START-END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Outmigration was a challenge to community sustainability and viability across Puerto Rico before the hurricanes, and following these disasters the problem has only magnified. There are decreasing levels of homeownership across the Island and a growing stock of vacant homes.

RECOVERY PLAN ALIGNMENT

The Homebuyer Assistance Program aligns with the following courses of action from Puerto Rico's Recovery Plan: HOU 8 and HOU 12.

ELIGIBLE ACTIVITIES

- Section 105(a) (24) (24 C.F.R. §570.201(e), §570.201(n))- Home Purchase activities

PROGRAM ACCOMPLISHMENTS

Support community sustainability and viability by increasing the number of families and individuals who become homeowners across the Island. Increases in long-term homeowner residents will contribute to additional positive ripple effects in communities. Supporting critical recovery workforce personnel in homeownership will further incentivize the return or maintenance of a greater population base.

ELIGIBILITY

Homebuyers must meet the following eligibility criteria:

- Low- and Moderate-Income households (below 80% Area Median Family Income (AMFI) or Urgent Need income households (below 120% AMFI)¹⁹¹ and;

¹⁹¹ PRDOH sought and was approved by HUD a waiver to expand homeownership opportunities utilizing FHA insurance to borrowers whose incomes are at or below 120% AMI. Currently, the Code of Federal Regulations (24 C.F.R.) and the Single-Family Policy Handbook 4000.1

- An individual or, in the case of married couples, an individual and their spouse who do not own a home at the time of application for assistance under this Program.
- Household must qualify for a mortgage.
- Commits to utilize their home as the primary residence for a minimum period of five (5) years.

METHOD OF DISTRIBUTION

Subrecipient Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

Outmigration and loss of population base due to disaster creates a negative cycle for communities struggling to recover across the Island. Loss of population base post-disaster is a challenge that impacts communities of all sizes. When residents leave after a disaster and do not return, this creates ripple effects across the community, impacting schools, the economy through closure of businesses, loss of workforce, revenue declines, and reducing public financial capacity to provide services to the community.

Availability of affordable housing options is part of the equation, but the financial stability and resources available to residents to purchase their own homes are also important parameters related to an individual or family's ability to secure long-term options and contributes to long-term community recovery. For individuals and families considering the option to return to their community or move, it is often a consideration of the ability to reestablish a firm foundation, whether to re-root themselves or seek a new opportunity elsewhere.

Under the administration of the PRHFA, this program helps Puerto Ricans acquire homes through various support mechanisms. The HBA Program focuses on increasing the number of families that purchase safe and affordable housing, contributing to the long-term sustainability and viability of the communities across the Island.

This program will seek to target public or private critical recovery workforce sectors, recognizing the importance of **employed** and **documented** workforce members **authorized to**, and **currently exercising** their profession in Puerto Rico including, but not limited to, teachers, healthcare workers and medical personnel, and law enforcement who are either LMI (below 80% AMFI) or Urgent Need (below 120% AMFI). This program understands that these members of the workforce are instrumental in incentivizing the return of other residents to ensure community viability. Sufficient workforce in these critical sectors is vital in creating positive ripple effects across communities, as they provide public safety, emergency support, education for school-age children, and healthcare for families in communities working to recover and rebuild. The program will prioritize eligible households whose resident/s is/are member/s of the Critical Recovery Workforce (CRW), as described in the Program Guidelines.

Documented CRW members include, but are not limited to:

- First responders, medical personnel, teachers (PreK-12), and law enforcement officers, all who are either LMI (below 80% AMFI) or Urgent Need (below 120% AMFI).

(Handbook) limits affordable homeownership programs to borrowers whose income are at or below 115% AMI. The Atlanta Homeownership Center granted an approval of an increase of the standard 115% AMI limit as identified in the Code of Federal Regulations and Handbook so that the PRHFA can provide down payment and closing cost assistance to borrowers who are utilizing FHA mortgage insurance with incomes not to exceed 120% of AMI in purchasing eligible properties in Puerto Rico. This will allow for FHA's AMI limit to match that of HUD's Office of Community Planning and Development's 120% AMI limit which subsequently allows the PRHFA to take advantage of the CDBG-DR funding opportunity.

- Law Enforcement Officers: Employed by a law enforcement agency of Puerto Rico or a unit of general local government; and, in carrying out such employment, are sworn to uphold, and make arrests for violations of, federal, state, or municipal laws.
- Teachers: Employed by a Puerto Rico-accredited public school or private school that provides direct services to students in grades pre-kindergarten through 12.
- Firefighters/Emergency Medical Technicians/Medical Personnel: Employed as a firefighter or emergency medical technician by a fire department or emergency medical services responder unit of Puerto Rico or a unit of general local government. Employed as a medical professional under the Puerto Rico Department of Health definition.

Eligible applicants will be provided with homeownership assistance to assist with the gap between the amounts of the first mortgage the household is able to obtain from a lender and the purchase price of a home. Housing Counseling will help a buyer analyze how much they will likely be able to borrow before the buyer approaches a lender to apply for mortgage qualification or pre-qualification. Before the prospective buyer executes a sales agreement for CDBG-DR assistance, the buyer must complete an Application for Assistance through an authorized representative of the Program. The information obtained in the application will be used – along with verifications – to determine a buyer’s eligibility to purchase a home and to receive CDBG-DR assistance. Before approved buyers begin looking for a home to purchase, they should be pre-qualified for a mortgage loan. This takes the guesswork out of deciding how much for a house a prospective homeowner can afford. Lenders sometimes call this preliminary paperwork a “pre-approval” and will issue a letter stating that a prospective homeowner has been conditionally approved up to a certain amount.

All applicants will be required to attend a housing counseling course about the responsibilities of being a homeowner. HUD-certified Housing Counselors will provide a homeowner course specific to the needs of these applicants. Topics may include but are not limited: understanding the obligations of homeownership; strategies, plans, and budgets to maintain financial success as a homeowner; and understanding of how to maintain a safe living environment.

PRDOH will proactively communicate with realty and lending professionals who work with the general home-buying public. These professionals can identify potentially eligible buyers and refer them for CDBG-DR qualification, effectively expanding program marketing. The real-estate professionals are experienced with the home purchase process and can help guide eligible buyers through that process, ensuring that buyers attain their goals within reasonable times.

ELIGIBLE PROPERTIES

While homebuyers may choose to purchase homes anywhere in Puerto Rico, program participants are encouraged to purchase Real Estate Owned (REO) properties. **Properties cannot be second homes.**

Buyers may select the following unit types:

- Detached Single Family
- Attached Single Family
- Condominium Unit
- Cooperative Unit

Additional Property Requirements are:

- Properties must not be located in a Coastal Barrier Resource area. Properties must be able to be acquired through a valid deed, free and clear of any lien and encumbrance that may affect PRDOH's rights over the property under the Deed of Mortgage and Restrictive Covenants.

PROGRAM CAPS

- The program will provide up to \$45,000 per household in assistance to eligible applicants; or
- Up to \$55,000 per household that contains a qualified Critical Recovery Workforce member as a documented resident.

REDEVELOPMENT INCENTIVE

Program participants may receive an additional \$5,000 in assistance if they purchase a home in a designated urban and/or redevelopment zone as defined in the Program Guidelines.

PRIMARY RESIDENCE REQUIREMENT

At closing, a five-year lien for the amount of CDBG-DR assistance will be filed against the property. The lien will be forgiven at the end of the five-year period upon confirmation the applicant still owns and lives in the house as a primary residence.

Annually, PRDOH, through its Subrecipient, will verify continued occupancy as part of its monitoring and compliance efforts. If an owner does not occupy the unit as their principal residence for the duration of the occupancy period, or is otherwise in non-compliance, PRDOH may recapture the awarded funds on a pro-rata basis.



| BLUE ROOF SURVEY PROGRAM | | |
|----------------------------|----------------------|--------------------|
| PROGRAM TOTAL | ADMINISTERING ENTITY | NATIONAL OBJECTIVE |
| \$5,000,000 ¹⁹² | PRDOH | N/A |
| MAX AWARD | START-END DATE | ELIGIBLE AREA |
| FORMULA-BASED | DURATION OF GRANT | PUERTO RICO |

HURRICANE IMPACT

Thousands of homes received FEMA blue-roofs immediately after Hurricanes Irma and María. The FEMA-funded Operation Blue Roof Program was run in partnership with the USACE. This program issued blue tarps or plastic covering as temporary roofs designed to protect from the elements until the homeowner could make permanent repairs with a qualified professional. In addition, many blue-roof homes were provided more substantial repairs under the FEMA Sheltering and Temporary Essential Power (STEP) program managed by PRDOH.

RECOVERY PLAN ALIGNMENT

The Blue Roof Survey Program aligns with the following courses of action from Puerto Rico's Recovery Plan: HOU 1, HOU 3, and HOU 10.

ELIGIBLE ACTIVITIES

- Section 105(a)(12) – Planning and Capacity Building
- Section 105 (a) (14) – Activities Carried Out through Nonprofit Development Organizations

PROGRAM ACCOMPLISHMENTS

- Identify the number and location of households with remaining blue roofs or severe hurricane damage for referral to other PRDOH single-family programs.

ELIGIBILITY CRITERIA

- PRDOH direct oversight with support from Non-Government Organizations (NGOs)

METHOD OF DISTRIBUTION

Direct Distribution Model

¹⁹² The Blue Roof Survey Program budget of \$5,000,000 is reflected in the Program Planning (Internal) portion of the budget.

PROGRAM OBJECTIVE & DESCRIPTION

The Blue Roof Survey Program was created to quantify the number and location of households in Puerto Rico which remain with blue roofs or the households whose structures had a blue roof at one time and continue to have severe hurricane damage as verified through a field survey. These structures were identified and confirmed through a field site visit in which PRDOH offered the opportunity to receive assistance by directly referring the household to the CDBG-DR Home Repair, Reconstruction, or Relocation Program or CDBG-MIT Single-Family Housing Mitigation Program.

PRDOH carried out and completed the first phase of the Blue Roof Survey Program. This phase consisted of performing a desktop-based analysis using historical and latest satellite imagery software. The territory of Puerto Rico was divided into sectors, each square 1,500 meters on each side, resulting in 4,852 sectors covering the whole island. With the use of high-definition satellite imagery, PRDOH performed an initial analysis to identify structures that have/had a blue roof. Once the structure was identified, the GIS location was captured and recorded on a blue roof feature class layer of the GIS software. Once all structures were identified within a sector, the polygon area's analysis was deemed complete. This process was then completed once PRDOH had analyzed all the sectors.

The second phase of the Blue Roof Survey Program entailed the performance of field surveys to confirm the results of the desktop review. During the site visits, PRDOH gathered information about the desktop review identified structures, and added information from structures not discovered through the desktop review, but found through the field survey, to the database. The information gathered included the material construction type (concrete, wood, metal, mixed material, etc.), the type of structure (single-family home, multi-family home, attached housing, manufactured housing, etc.), and any other physical characteristics of the structure, including the remaining hurricane damage. When possible, the Program conducted an interview with a household occupant to gather pertinent information to understand better how the PRDOH may assist the household.

Currently, PRDOH reviews the information gathered from the desktop review and field survey to determine the best way to assist these households. This may include making a direct referral to the CDBG-DR R3 Program or CDBG-MIT Single-Family Housing Mitigation Program.



ECONOMIC RECOVERY PROGRAMS

The Government of Puerto Rico is taking the opportunity to transform the economic landscape of the Island with clear intention and focusing efforts on post-hurricane recovery economic activities. Economic recovery programs are essential to the long-term success of housing recovery programs because they provide opportunities necessary to ensure homeowners and renters are financially independent and able to care for and maintain their homes. The attraction, retention and return of businesses and jobs is critical to the long-term recovery of the Island. Large-scale rebuilding activities have begun across the Island and will increase in the next few years providing unprecedented opportunities to invigorate the Island's workforce demographic and increase the local labor force while also nurturing and stimulating the small business sector to unleash local creativity, impact their ability to innovate and create an environment for ushering economic sustainability for decades to come. According to a study cited by the HUD Housing Damage Assessment and Recovery Strategies Report for Hurricanes Irma and María, "the Pew Research Center has shown that 79% of out-migration is a result of employment and family/household concerns".¹⁹³

Through programs that enable local Island contractors to participate in recovery projects, and training programs that prepare the workforce for rebuilding efforts, Puerto Rico will match skillsets to the recovery tasks at hand and secure economic opportunities for its people.

Additionally, by awarding small business loan funding and establishing small business incubators, accelerator programs, and workforce training opportunities, the local economy will contribute to the overall long-term recovery of the Island. Finally, undertaking a robust tourism and investment marketing campaign will ensure that lifeline sectors of the Puerto Rican economy substantially recover. Potential visitors and investors will see Puerto Rico as an attractive and unique destination in the Caribbean and a viable option for travel, leisure, and business.

PRDOH will engage in subrecipient agreements with local Puerto Rican entities that operate within the varied areas of the Island's economic sector to bring relevant expertise to the administration of critical economic recovery dollars. The selection of such subrecipients shall be based on an entity's experience, current role within the Island's economy, and its assessed capacity to administer CDBG-DR grant funding. Through these agreements, PRDOH seeks to leverage niche experience in support of a comprehensive recovery effort that leverages the federal investment. Economic recovery programs have been selected and designed to not only drive immediate change in the form of job creation and retention, but to build and strategically grow a sustainable economy.

BUILDING A STRONG ECONOMIC RECOVERY IS ESSENTIAL TO KEEPING FAMILIES AND COMMUNITIES TOGETHER AND PRESERVING INCOME NEEDED TO MAINTAIN HOUSING OPTIONS.

¹⁹³ HUD Housing Damage Assessment and Recovery Strategies Report. Housing RSF. Issued June 29, 2018. Page 14.



The goals of the Economic Recovery programs go beyond bringing new businesses, but also support an economic environment where residents will want to come back to the Island. By improving economic conditions and increasing the number of available jobs, Puerto Rico can minimize the displacement of Puerto Rican residents who have out-migrated and are at risk of permanent resettlement off the Island. Remaining unmet housing needs will continue to be addressed in upcoming allocations.



| SMALL BUSINESS FINANCING PROGRAM | | |
|---|--|--|
| PROGRAM TOTAL \$325,000,000 | ADMINISTERING ENTITY ECONOMIC DEVELOPMENT BANK BDE | NATIONAL OBJECTIVE LMI, UN 30% 40% LMI GOAL |
| MAX AWARD UP TO \$150,000 PER BUSINESS IN GRANTS | START-END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Damage from the hurricanes has impacted and disrupted small businesses as much as it impacted and disrupted housing and infrastructure. Small businesses, including microenterprises, have limited access to critical capital to recover and grow their businesses and create and retain jobs.

RECOVERY PLAN ALIGNMENT

The Small Business Financing Program (SBF) aligns with the following course of action from Puerto Rico's Recovery Plan: ECN 14.

ELIGIBLE ACTIVITIES

- Section 105 (a) (14) – Activities Carried Out through Nonprofit Development Organizations
- Section 105 (a) (15) – Assistance to Eligible Entities for Neighborhood Revitalization, Community Economic Development, and Energy Conservation
- Section 105 (a) (17) – Economic Development Assistance to For-Profit Business
- Section 105 (a) (22) – Microenterprise Assistance

PROGRAM ACCOMPLISHMENTS

- Provide grants to help implement economic recovery and expansion efforts that improve the Puerto Rican economy
- Help retain and expand employment of LMI labor who are Puerto Rican residents
- Job creation and retention through the recovery and growth of businesses damaged and/or disrupted by the hurricanes, and the growth of start-up businesses established after the hurricanes
- Leverage CDBG-DR funds to attract private capital to serve financing needs of small business

ELIGIBILITY CRITERIA

Eligible businesses must:

- Be a Small Business, as defined by PRDOH in the Program Guidelines and in consideration of reported economic conditions in Puerto Rico.
- Business must be located in Puerto Rico and registered to do business in Puerto Rico.
- Business must demonstrate impact by Hurricane Irma or Maria.
- Business must be current on Puerto Rico tax obligations.
- Business must have been in operation at the time of the Hurricane(s) and must have been open on or before September 6, 2017, for Hurricane Irma and on or before September 20, 2017, for Hurricane María and:
 - are still open and operating; or
 - are planning to re-open and operate the same business; or
 - have opened after September 20, 2017, as a different business due to Hurricanes Irma and/or María, but before launch of the SBF Program on March 25, 2020.

METHOD OF DISTRIBUTION

Subrecipient Distribution Model

The Economic Development Bank (“BDE” for its acronym in Spanish) will provide production and compliance management and serve as the underwriter, administrator, and servicer. PRDOH will provide marketing and outreach coordination for SBF.

PROGRAM OBJECTIVE & DESCRIPTION

The SBF Program provides grants to assist with hurricane recovery and business expansion. PRDOH projects that at least 4,500 small businesses will receive assistance under this program. With these Recovery Grants, the SBF Program objective is to provide capital to:

- Expand growth opportunities and economic recovery by addressing the needs of local business for working capital;
- Retain and expand employment of Puerto Rico residents through business expansion; and
- Fortify businesses to expand their ability to work with private banking institutions and other financial entities for future financing needs.

Eligible applicants can apply for a Recovery Grant in coordination with BDE, who will help applicants identify the type and amount of assistance that best serves their unmet business recovery and growth needs. BDE will also offer technical assistance and guidance during the intake and application process.

As a Subrecipient and Program Administrator, BDE will evaluate applications for grants based on:

- CDBG Economic Development underwriting criteria as specified in the CDBG-DR Notice with a focus on demonstrated need, capacity, reasonableness, and intended use of funds.
- CDBG-DR and Puerto Rico compliance requirements.

RECOVERY GRANT

The Recovery Grant will help microenterprises and/or small businesses re-start operations and/or invest in growth opportunities in the wake of the hurricanes by providing grants of no more than \$150,000 for

working capital and equipment.¹⁹⁴ The amount of the grant and timing of draws will be determined by the underwriting process. Some businesses may be required to draw on the grant in increments as business performance benchmarks are completed.

¹⁹⁴ Businesses with need greater than \$150,000 may be assisted via other programs in the CDBG-DR economic recovery portfolio of programs. Please see other economic development opportunities within this Action Plan. Participation in the Small Business Financing Program does not preclude applicants from applying for assistance under other programs.

| SMALL BUSINESS INCUBATORS AND ACCELERATORS PROGRAM | | |
|--|-------------------------------------|---|
| PROGRAM TOTAL \$81,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI, UN, SB 30% 50% LMI GOAL |
| MAX AWARD \$2,500,000 | START-END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Due to the tightening of the financial market, and as a direct impact of the hurricanes, micro, small, new, and start-up businesses need support to participate in the economic rebirth of the Island.

RECOVERY PLAN ALIGNMENT

The Small Business Incubators and Accelerators Program (SBIA) aligns with the following course of action from Puerto Rico's Recovery Plan: ECN 13.

ELIGIBLE ACTIVITIES

- Section 105 (a) (15) – Assistance to eligible Entities for Neighborhood Revitalization, Community Economic Development, and Energy Conservation;
- Section 105 (a) (17) – Economic Development Assistance to Private, For-Profit Entities
- Section 105 (a) (22) – Microenterprise Assistance

PROGRAM ACCOMPLISHMENTS

- The development of micro, small and/or new businesses; and/or
- Expansion of existing micro and/or small businesses

ELIGIBILITY CRITERIA

Eligible entities include:

- Non-profit units of local government, private, governmental, and for-profit organizations to repair existing Small Business Incubators or build new ones.

METHOD OF DISTRIBUTION

Subrecipient Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

Puerto Rico recognizes that a blend of ideas, talent, capital, and a culture of openness and collaboration are all vital to nurturing an innovation ecosystem involving complex interactions among entrepreneurs,

investors, suppliers, universities, government entities, large existing businesses, and a host of supporting actors and organizations.¹⁹⁵ Business incubator and accelerator programs support the growth and success of small and/or new businesses in the early stages of operation by providing initial resources that significantly minimize the risk of small and/or new business failure and speeding up the time it takes to get to market. Business incubators and accelerators will be encouraged to incorporate resilience measures in businesses plans to allow for continuity of business operations in the event of power outages, natural disasters, or other disruptive events. This will provide the added benefit of creating business shelters during future events.

PRDOH will oversee this program and will fund incubator and accelerator activities with units of local government, non-profit organizations, or governmental agencies with proven experience in the implementation of business incubators and accelerators. Through SBIA, small and/or new businesses will gain access to shared office space and supportive operational resources such as office equipment, telecommunication services, technical assistance, and conference space. Daily work in a shared, collaborative office environment provides for ongoing access to mentoring services, professional networking, idea-exchange, and hands-on management training. This will help support small and/or new companies in the early stage of operation.

~~The grant maximum is \$2,500,000; however, it is possible that not all incubators and accelerators will receive the maximum amount.~~ To support Puerto Rico's ongoing economic recovery, PRDOH may directly select eligible subrecipients to conduct incubation and/or acceleration programs, subject to funding availability. Additionally, PRDOH may consider exceptions to the maximum award for new or existing SBIA Program subrecipients that have demonstrated compliance with capacity and performance measures. Funding will be based on incubator/accelerator capacity as ~~proposed~~ outlined in the ~~proposal~~ submittal by invitation. Projects proposed in the floodplain will be evaluated on a case-by-case basis for risk and cost reasonableness and will comply with all applicable requirements. Organizations simply offering shared workspaces for lease or purchase as a private-sector business model, without providing supportive services, are not eligible applicants. Application criteria and program guidelines are published on the CDBG-DR website.

¹⁹⁵ <https://www.brookings.edu/research/accelerating-growth-startup-accelerator-programs-in-the-united-states/>

| WORKFORCE TRAINING PROGRAM | | |
|---|-------------------------------------|---|
| PROGRAM TOTAL \$90,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI, UN 60% LMI GOAL |
| MAX AWARD \$7,000,000 ¹⁹⁶ | START-END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Puerto Rico needs a skilled and agile workforce to meet the challenges and opportunities of:

- hurricane recovery;
- investments in hazard mitigation and resilience and;
- repositioning the economy for sustainable prosperity.

The influx of federal, state, and private investments presents a need and an opportunity to invest in Puerto Rico citizens to build skills and succeed in the revitalized Puerto Rico economy. Investment in workforce training is needed to serve Puerto Rico's citizens who currently reside on the Island and those who moved off the Island but want to return home.

For a successful and sustainable recovery, workforce training must serve the entire Island economy. However, Puerto Rico is experiencing a distinct shortage of skilled labor within the construction and hospitality industries due to hurricane damage and the outmigration of families before and after the hurricanes.

RECOVERY PLAN ALIGNMENT

The Workforce Training Program (WFT) aligns with the following course of action from Puerto Rico's Recovery Plan: ECN 2, ECN 23, ECN 26, CPCB 4, CPCB 12, and MUN 2.

ELIGIBLE ACTIVITIES

- Sections 105 (a) (8) - Provision of public services
- Section 105 (a) (14) - Assistance to public or private nonprofit entities
- Section 105 (a) (15) - Assistance to neighborhood-based nonprofit organizations, local development corporations, and nonprofit organization to Neighborhood Revitalization, Community Economic Development and Energy Conservation
- Section 105 (a) (17) - Economic Development Assistance to Private, For-Profit Entities

¹⁹⁶ Exceptions to the maximum award may be considered for new or current WFT Program subrecipients focused on the construction sector and have demonstrated compliance with capacity and performance measures.

- Section 105 (a) (21) - Assistance to institutions of higher education

PROGRAM PRIORITIES

- Training and employment of Puerto Rico citizens, especially those who earn low and moderate incomes, including youth 18 years or older, unemployed adults, dislocated workers or underemployed.
- Training and employment of Puerto Rico citizens who meet the criteria of a Section 3 Worker or Targeted Section 3 Worker as per 24 C.F.R. Part 75.
- Cultivate and supply homegrown labor force to meet the Island's recovery, resilience and economic expansion needs and opportunities.

PRDOH will work to ensure compliance with federally mandated statutes such as 2 C.F.R. Part 200, Section 3, MWBE, EEO, and the Davis-Bacon Act of 1931 to establish clear pathways for the employment of apprentices.

PROGRAM ACCOMPLISHMENTS

- Create economic opportunities for the unemployed and underemployed through training and certifications that may help the beneficiaries find a job in Puerto Rico.
- Incentivize Puerto Rico citizens to return or stay on the Island, to receive training that helps them find employment.

ELIGIBILITY CRITERIA

Eligible entities include:

- NGO (501(c)(3)) or Not for Profit Entities
- Professional Associations and Trade Associations
- Community Based Development Organizations
- Municipal Governments
- Public Institution of Higher Learning (University)
- Administrative Agency or Department of Government of Puerto Rico (State Agencies)
- For Profit Entities as authorized under 24 C.F.R. § 570.201(o)

The selection criteria were included in the program guidelines and Notice of Funding Availability (NOFA).

METHOD OF DISTRIBUTION

Subrecipient Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

This program will help unemployed and underemployed residents find employment by providing job training in skill areas related to recovery efforts. The WFT Program will work with other local governments and other non-profit entities that may be able to provide training. The training curriculum offered will depend on the industries and areas with the greatest opportunity for growth and greatest need for trained individuals.

WORKFORCE TRAINING PROGRAMS

Units of local government, non-profit organizations, and governmental agencies will be invited to propose workforce training programs under program guidelines as approved by PRDOH. To continue fostering Puerto Rico's construction workforce and depending on funds availability, PRDOH may directly select eligible entities to carry out workforce training programs focused on the construction sector, and may also consider exceptions to the maximum award for new or current WFT Program subrecipients focused on the construction sector and have demonstrated compliance with capacity and performance measures.

PRDOH or its designee will evaluate the potential entities' capacity to administer training, the relationship of training material to job-readiness of participants and cost reasonableness. Selected entities administering training programs could partner with institutions of higher education, workforce investment boards, business groups or trade organizations, labor or community-based organizations and learning facilities. It is suggested that the training curriculum has been developed in collaboration with subject matter experts in the area.

Workforce training programs will be developed in those industry sectors identified in the Puerto Rico Recovery Plan and may support recovery activities offered in the following categorical areas:

- Construction:
 - Inspections and enforcement services for hurricane damage and health and safety codes
 - Construction building trades (site preparation, masonry, framing and carpentry, plumbing, electrical, HVAC, painting, and finish work, etc.)
 - Green building and energy efficiency
 - Renewable energy and Water Purification systems
 - Lead and related hazard control and abatement
 - Weatherization/ Sustainable Retrofitting
 - Green Infrastructure, Hazard Mitigation, and resilience
- Tourism and Hospitality
- Healthcare
- Technology training that supports new generation of digital workforce
- Manufacturing
- Other identified unmet workforce training needs to support Puerto Rico's long-term recovery goals

This program will also consider learning opportunities for other areas of immediate need to enable the current labor force to gain skills and participate in the growing economy. Program design for these initiatives will include sponsors who can facilitate on the job learning or LMI candidates who complete an application to participate in the developed curriculum. The WFT Program may also identify new opportunities to partner with established entities providing meaningful skillset training.



| TOURISM & BUSINESS MARKETING PROGRAM | | |
|--------------------------------------|---|---------------------------|
| PROGRAM TOTAL | ADMINISTERING ENTITY | NATIONAL OBJECTIVE |
| \$24,046,019 | DISCOVER PUERTO RICO/ INVEST PUERTO RICO | UN |
| MAX AWARD | START-END DATE | ELIGIBLE AREA |
| \$25,000,000 | TWO YEARS BEGINNING AT FIRST CDBG-DR DRAW ¹⁹⁷ | PUERTO RICO |

HURRICANE IMPACT

Prior to the hurricane, tourism represented 8% of the Puerto Rico economy. Unfortunately, the prolonged loss of power across the Island and national media reports on the devastation has deterred visitors for the past years, causing significant impact to this sector of the economy. As a result, potential tourists and business investors are unaware of recovery efforts and which areas of the Island are open for business. One of the biggest challenges for the tourism and commercial sectors is communicating to the US and abroad that Puerto Rico is open for business. Though some parts of the Island are still severely damaged, San Juan and other areas have functional infrastructure and can receive tourists. While industries are slowly recovering, the Island needs full-scale tourism and business marketing campaigns to fully rebound from the effects of the hurricane.

RECOVERY PLAN ALIGNMENT

The Tourism & Business Marketing Program (TBM) aligns with the following course of action from Puerto Rico's Recovery Plan: ECN 11.

ELIGIBLE ACTIVITIES

- Section 105 (a)(15) – Assistance to Eligible Entities for to Neighborhood Revitalization, Community Economic Development and Energy Conservation
- Section 105 (a) (17) – Economic Development Assistance to For-Profit Business
- Other Tourism and Business Marketing activities as allowed for in Federal Register 83 FR 40314

PROGRAM ACCOMPLISHMENTS

Continued stabilization or increase in tourism-related revenues and increase in businesses moving to Puerto Rico, generating economic return. Metrics may include video and website views, social media

¹⁹⁷ PRDOH had been granted a 12-month time extension due to COVID-19. PRDOH requested an additional 180-days extension due to prolonged effects of COVID-19 and it was approved by HUD. See Federal Register Vol. 87, No. 28 (February 10, 2022), 87 FR 7862.

engagement, print ad placements, and/or other Return on Marketing Investment key performance indicators.

ELIGIBILITY

The Corporation for the Promotion of Puerto Rico as a Destination, Inc., doing business as DPR, also commonly referred to as DMO, and Invest Puerto Rico (Invest PR) will administer the program in partnership with PRDOH utilizing subrecipient agreements. DPR operates in the market to manage tourism and hospitality industry marketing while Invest PR manages marketing to encourage outside investment in Puerto Rico businesses.

METHOD OF DISTRIBUTION

PRDOH assigned, as a method of distribution, a portion of the \$25 million in Tourism & Business Marketing Program funds to the following subrecipient entities:

- The Corporation for the Promotion of Puerto Rico as a Destination, Inc. doing business as Discover Puerto Rico (DPR), a nonprofit corporation created by law (Act 17-2017) to oversee and manage the tourism marketing activities.
- Invest Puerto Rico (Invest PR), a nonprofit corporation created by law (Act 13-2017) to oversee and manage business marketing activities.

PRDOH executed detailed subrecipient agreements that comply with 2 C.F.R. Part 200 and related CDBG-DR and PR regulations.

The majority of hurricane related business recovery and expansion services focus on marketing and advertising campaigns. In the respective subrecipient agreements with Invest PR and DPR, each subrecipient may provide:

- Schedule of services that will require public procurement of professional service providers, contractors and/or related goods and services to fulfill the mission of the Tourism & Business Marketing Program; and
- If applicable, detailed plan for how Invest PR and DPR will manage their competitive public procurement processes and generate written agreements for contractors and/or professional service providers in compliance with 2 C.F.R. Part 200 and related CDBG-DR and PRDOH procurement and financial management regulations. Any procurement conducted by or for these entities will be done in consideration of HUD guidance issued in 84 FR 40314.¹⁹⁸

PROGRAM OBJECTIVE & DESCRIPTION

Given the impacts of Hurricane María on tourism assets and long-term economic conditions, PRDOH funded subrecipients to develop a comprehensive marketing effort to promote outside the Island that the area is open for business.

Additionally, the TBM Program created and implemented strategies promoting Puerto Rico as an ideal place to do business. This will attract new businesses of external capital that can contribute additional

¹⁹⁸ 84 FR 40314 states the following: "In providing this waiver, HUD advises the Commonwealth to ensure that contracts funded pursuant to this waiver with CDBG-DR funds comply with applicable procurement requirements."

capital to the economy. Marketing Puerto Rico as a pro-business jurisdiction will encourage new external investments, promote economic development, and create new jobs. Efforts will work to prevent tourism and service sector displacement or business failure because of the hurricane impact.

The projected use of funds for marketing and outreach efforts are focused on advertising creation and media placement (television/radio/digital and out-of-home advertising) outside of Puerto Rico, as well as promoting the Island as an ideal place to do business. **No elected officials or political candidates will be featured or included in promotional marketing funded through this program.** Per CDBG regulation, CDBG-DR funds shall not be used to engage in partisan political activities, such as candidate forums.

The increased revenue brought to local economies through tourism will fund jobs that stabilize households through primary, secondary, and tertiary jobs created in communities across the Island.

Puerto Rico requested and received a waiver from HUD for \$15,000,000 for this activity. PRDOH sought and was approved a waiver request to incorporate \$10,000,000 in additional funds allocated in the Substantial Amendment due to the critical importance of creating investment in the Island post-María.¹⁹⁹

KEY PERFORMANCE INDICATORS

Due to the fact that neither tourism or business marketing are a traditional CDBG-DR activity, PRDOH will depend on performance and outcome measurements throughout the life of this waiver program to ensure efforts are continually and appropriately aligned with the Island's economic needs. PRDOH will work closely with DPR and Invest PR to track and analyze the performance and impact of outputs and outcomes (Key Performance Indicators, or KPIs) within their respective scopes of work.

TOURISM MARKETING

DPR will track and report standard and custom KPIs to measure the impacts of tourism marketing efforts with a goal of optimizing the brand health of Tourism in Puerto Rico and increasing the number of visitors to the Island. All KPIs were collaboratively defined between PRDOH and DPR and formalized through the execution of a subrecipient agreement.

BUSINESS MARKETING

Invest PR will track and report standard marketing KPIs to provide specific, numerical marketing metrics and tracking to measure their progress towards increasing the visibility, within marketing channels, of doing business in Puerto Rico by highlighting the unique benefits within the Island and marketing Puerto Rico as a base for business operations and opportunities. All KPIs were collaboratively defined between PRDOH and Invest PR and formalized through the execution of a subrecipient agreement.

¹⁹⁹ PRDOH requested to use up to \$115 million for this activity. 84 FR 4836 published on February 19, 2019, limited the amount of funding currently available for this program to a total of \$25 million.

| ECONOMIC DEVELOPMENT INVESTMENT PORTFOLIO FOR GROWTH PROGRAM | | |
|--|--|---|
| PROGRAM TOTAL \$650,000,000 | ADMINISTERING ENTITY PRDOH AND PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY (PRCCDA) (PILOT PROJECT) | NATIONAL OBJECTIVE LMI, UN, SB 15% LMI GOAL |
| MAX AWARD \$50,000,000 ²⁰⁰ | START- END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Prior to the hurricanes, the economy of Puerto Rico had been experiencing a period of decline involving disinvestment in businesses, business closures, and the outmigration of workers in all sectors. Hurricanes Irma and María compounded these economic challenges significantly and created a new set of serious inhibitors to investment and economic expansion.

RECOVERY PLAN ALIGNMENT

The Economic Development Investment Portfolio for Growth Program aligns with the following courses of action from Puerto Rico's Recovery Plan: CPCB 3, CPCB 4, CPCB 6, ECN 2, ECN 3, ECN 10, ECN 11, ECN 13, ECN 14, ECN 15, ECN 19, ECN 23, ECN 28, ECN 30, HOU 6, HSS 20, HSS 22, HSS 30, MUN 3, MUN 10, MUN 8, NCR 4, NCR 15, NCR 20, PBD 2, PBD 3, TXN 2, TXN 3, TXN 4, TXN 6, TXN 9, TXN 12, and TXN 22.

ELIGIBLE ACTIVITIES

- Section 105 (a) (1) – Acquisition of Real Property
- Section 105 (a) (2) – Public Facilities and Improvements (except for buildings for the general conduct of government)
- Section 105 (a) (3) – Code Enforcement in deteriorated or deteriorating areas in which such enforcement, together with public or private improvements or services to be provided, may be expected to arrest the decline of the area
- Section 105 (a) (4) – Clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements
- Section 105 (a) (5) - Removal of Material and Architectural Barriers
- Section 105 (a) (7) – Disposition of Real Property
- Section 105 (a) (8) – Public Services
- Section 105 (a) (9) – Payment of Non-Federal Share
- Section 105 (a) (11) – Relocation Assistance
- Section 105 (a) (14) – Activities Carried Out through Nonprofit Development Organizations

²⁰⁰ The max award does not apply to the Critical Recovery Projects outlined in the \$200 million set-aside.

- Section 105 (a) (15) – Assistance to Eligible Entities for to Neighborhood Revitalization, Community Economic Development and Energy Conservation
- Section 105 (a) (16) – Energy Use Strategies Related to Development Goals
- Section 105 (a) (17) – Economic Development Assistance to For-Profit Business
- Section 105 (a) (21) – Assistance to Institutions of Higher Education
- Section 105(a)(22) – Microenterprise Assistance
- Other Economic Revitalization activities as allowed for in Federal Register 83 FR 5844

PROGRAM ACCOMPLISHMENTS

Large-scale redevelopment projects that are transformative in nature and create jobs and/or cascading economic impacts. Job creation and retention through the recovery and growth of businesses damaged and/or disrupted by the hurricane(s), and the growth of start-up businesses established after the hurricane(s). They are also key parts of a comprehensive revitalization strategy to enable and nurture strategic growth.

ELIGIBILITY

Eligible applicants will be:

- For-profit businesses,
- Not for profit Organizations,
- Community-based Economic Development Organizations,
- Community Development Financial Institutions,
- Units of general local government (including departments and divisions) (undertaking projects to support economic development projects),
- Government of Puerto Rico Agencies, Authorities, Trusts, and Boards (undertaking projects to support economic development projects); and
- Public-private partnerships as defined by Act 29-2009, as amended by Act 297-2012, Act 26-2013, Act 173-2013, Act 237-2014; Act 1-2017 and Act 95-2017; “Public-Private Partnership Act”.

METHOD OF DISTRIBUTION

Direct and Subrecipient Distribution Model

PRDOH plans to implement this program primarily by using a direct distribution model and will identify potential projects and work with specific entities committed to meeting the Program’s overall recovery goals. Entities selected to participate in the program must agree to prioritize developing recovery and revitalization projects that ensure that the program’s National Objective targets are met with a focus on identifying projects that meet the program LMI spending targets.

PRDOH will identify and prioritize potential CDBG-DR eligible projects that meet National Objectives and possess one or more of the following additional criteria:

- Provide leveraged funding to support private investment to meet unmet economic development needs;
- Support projects that provide essential services and/or job opportunities, particularly for low-to-moderate income residents;

- Assist with the economic revitalization and regional recovery of hurricane-impacted communities by investing in transformative community-based projects;
- Spur long-term job creation, with a focus on creating high valued job opportunities for local residents;
- Meet a recovery objective and create long-term economic opportunities;
- Enable the development of infrastructure projects that facilitate the creation of high impact economic activities, such as: technology operations, science and innovation operations, Research and Development (R&D), amongst others; or
- Complete transformative, large-scale regional revitalization projects that provide benefits to a wide range of Puerto Ricans.

Evaluation criteria will assess the underwriting evaluation and the capacity of the project to meet program objectives and description, as outlined in Program Guidelines. Additional weight may be given to, including but not limited to, projects that:

- Target a sector outlined in the program objectives and description; or
- Spur long-term job creation with a focus on creating high-valued jobs; or
- Generate high impact; or
- Serve the Port of Ponce area.

PROGRAM OBJECTIVE & DESCRIPTION

The program will foster both mixed-use, community-based development, as well as major infrastructure improvements for Puerto Rico. The objective of this program is to develop a series of projects that provide transformative benefits to Puerto Rico, which result in large-scale commercial or industrial development in a broad-ranging category of activities and cover a wide variety of economic development tasks. Projects may result in the creation of public-private partnerships in which CDBG-DR funds are used for the public infrastructure components of projects, while the leveraged funds will be used for economic development activities or additional project costs. This may include, but is not limited to, the development/redevelopment of:

- Commercial developments that create high impact economic activity, such as shipping distribution centers or office buildings, industrial/manufacturing complexes such as factories, industrial parks and R&D laboratories, hotels, and public commercial spaces such as convention centers or parking garages. Commercial developments that do not meet the high-impact definition are also eligible, however, high-impact activities may receive bonus points;
- Mixed-use developments whereby projects will support business opportunities and other economic development in support of housing; and
- Infrastructure development to support large economic revitalization activities. This includes, but is not limited to, transportation facilities (new roads, street rehabilitation, sidewalk improvements, streetlights, parking facilities, streetscape improvements, etc.) and water, sewer, and drainage improvements directly supporting an economic revitalization activity.

The IPG Program will provide loans to awarded participants that may be forgivable. Loans will not exceed forty percent (40%) of a project's total cost to include, among others, the development budget (hard and soft costs), and the issuance cost. However, exceptions may be considered when the project fulfills certain

criteria previously agreed upon. A project that meets specific program goals may be eligible to receive a loan for up to fifty percent (50%) of the total project cost, based on the following criteria:

- Promotes the creation or retention of +300 employees, as described in the program guidelines
- Creates economic activities that generate +50% of their revenue from exports, as described in the program guidelines.

The maximum loan amount is capped at fifty percent (50%) of the total project cost. PRDOH could reassess this threshold once completed with the outreach phase.

Projects must:

- Have a viable and verifiable source of funding for the total costs not covered by the award;
- Amortization of principal balance will not exceed thirty (30) years with a maturity of ten (10) to thirty (30) years;
- Interest rate will not exceed two percent (2%) per annum, determined by the project's cash flow, ability to service debt, and other underwriting considerations;
- Loan will be collateralized. The lien position of the collateral, such as real estate, capital equipment or liens on other property, may be subordinated to senior loans, if applicable;
- No pre-payment penalty; and
- A portion of the loan may be forgiven based upon adherence to agree upon terms and conditions in the program guidelines, including benefits to low-to-moderate income persons, local funding participation, additional job creation, and use of local suppliers.

Applicants must meet the CDBG Underwriting Criteria of 24 C.F.R. § 570.209:

1. That project costs are reasonable;
2. That all other sources of project financing are committed;
3. That CDBG funds are not substituted for non-Federal financial funding or support;
4. That the project is financially feasible;
5. That to the extent practicable, the return on the applicant's equity investment will not be unreasonably high; and
6. That to the extent practicable, CDBG funds are disbursed on a pro rata basis with other finances provided to the project.

These projects will require large levels of financial investment, of which the CDBG-DR portion may range from minor to significant. The projects will have a large community impact, whether in terms of job creation, service to the neighborhood, or renewal of a given area. Depending on the nature of the project, they may involve real estate development, such as the construction of a new facility or the expansion of an existing building. They are expected to involve several types of financing and sources of funds. For example, large-scale projects often have a combination of private lender financing, distinct types of public financing, and business owner cash injections.

This program was established to fund projects that will significantly impact and enable the long-term economic growth and sustainability of the Island. This program has the capacity to be a funding stream for projects determined by the central government to be key drivers for Puerto Rico's new economy and to align with the economic recovery plan. As such, funds will be directed to innovative solutions that are

forward-looking, cost-efficient, and socially transformative. Targeting of new business incentives and existing business expansion will also be components of this program. Additionally, the program expects entities providing key services related to the project will result in the creation of activities that support LMI workers and key strategic growth sectors as outlined in the Recovery Plan and Fiscal Plan.

CRITICAL RECOVERY PROJECTS

To address identified needs, PRDOH will allocate up to \$200 million of the Program allocations to identified pilot projects considered key drivers for infrastructure resilience and economic development; creating housing and economic development opportunities in and around areas of the San Juan Bay. These projects will not only lead to improved health outcomes and revitalized neighborhoods with a high concentration of low-to-moderate income persons, but they will also result in economic growth and employment opportunities in some of Puerto Rico's Opportunity Zones. PRDOH selected the Puerto Rico Convention Center District Authority (PRCCDA) as the subrecipient to manage and oversee the pilot project.

Economic revitalization is also necessary to stem the continued outmigration spurred by Hurricane María and to generate employment and attract external investment. The Puerta de Tierra/ Bahía Urbana/ Navy Pier project is an identified pilot project that may be implemented by PRDOH. The project will meet multiple recovery goals, including being in an area that is characterized as having low-to-moderate income and providing mixed-use along the waterfront. Bound by two Federal properties, the Bahía Urbana project may use CDBG-DR funds as a catalyst to revitalize and transform a 14-acre section adjacent to the San Juan Bay, an area with significant vacant and blighted properties, into a transformative development area. It will create mixed-use public recreational space that will include residential, retail, and commercial uses. Located adjacent to the Convention Center District, the Puerta de Tierra/Bahía Urbana project will create economic development opportunities that will be funded through public-private partnerships, using CDBG-DR and other funding sources to create unique housing, commercial and recreational opportunities for nearby residents, including public housing residents. By creating a modern open green mixed-use area, the project will link key attractions along the San Juan Bay, which stretches from Old San Juan to the Convention Center area, creating jobs for low-and-moderate income persons in these communities.

TRANSPARENCY AND PUBLIC OUTREACH

Public awareness and knowledge about this Program's progress are important to PRDOH. Information on this program is posted at PRDOH website at <https://recuperacion.pr.gov/en/programs/> (English) and <https://recuperacion.pr.gov/programas/> (Spanish). Program guidelines are also available at the PRDOH website.

The Governor of Puerto Rico issued an Executive Order (OE-2021-049) on June 21st, 2021, creating an Evaluation Committee for IPG. The Committee is tasked with the determination of IPG eligible projects, as well as reviewing the Program applications against the Program's eligibility criteria and selecting the award recipients. The Committee is comprised of:

- Secretary of the Puerto Rico Department of Housing (PRDOH);
- Executive Director of Management and Budget of Puerto Rico (OGP);
- Secretary of the Puerto Rico Department of Economic Development and Commerce (DDEC);

- Executive Director of the Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF); and
- Assistant Secretary to the Governor for State Affairs.

After the application phase for this program has closed and projects have been scored, ranked, and selected, PRDOH will post how much funding will be provided to each project along with additional information about the project to the program website.



| RE-GROW PR URBAN-RURAL AGRICULTURE PROGRAM | | |
|--|---|---|
| PROGRAM TOTAL \$163,500,000 | ADMINISTERING ENTITY PRDOH AND PUERTO RICO DEPARTMENT OF AGRICULTURE | NATIONAL OBJECTIVE LMI, UN, SB 50% 60% LMI GOAL |
| MAX AWARD VARIABLE | START-END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

The hurricanes' sustained high winds and intense rainfall decimated agricultural production across the Island. Prior to the Hurricane, 85% of food in Puerto Rico was imported. In rural areas, the loss of crops contributed to enhanced erosion conditions and promoted opportunities for landslides. The hurricanes impacted staple crops such as coffee, plantains, banana, yams, pigeon peas, coconut, and eggplant., which carries economic impacts for successive years due to growth and maturation cycles. Loss of agricultural production in the post-disaster period has highlighted significant food security challenges and supply chain deficiencies in both urban and rural areas, beginning with the ability to maintain businesses and the supporting supply chains industry sectors depends on.

RECOVERY PLAN ALIGNMENT

The RE-GROW PR Urban-Rural Agriculture Program (RE-GROW PR) aligns with the following courses of action from Puerto Rico's Recovery Plan: ECN 9 and ECN 37.

ELIGIBLE ACTIVITIES

- Section 105 (a) (14) – Activities Carried Out through Nonprofit Development Organizations
- Section 105 (a) (15) – Assistance to neighborhood-based nonprofit organizations, local development corporations, and nonprofit organizations
- Section 105 (a) (17) – Economic development assistance that creates or retains jobs
- Section 105 (a) (21) – Assistance to Institutions of Higher Education
- Section 105 (a) (22) – Microenterprise Assistance

PROGRAM ACCOMPLISHMENTS

- Promotes and expands island-wide food security;
- Addresses impacts on damaged agricultural productivity;
- Enhances food quality production, cultural/culinary tourism, and eco-tourism; and
- Enhances social, economic, and environmental resilience.

ELIGIBILITY

Eligible entities are:

1. Small and Medium Agricultural Businesses, which meet the “Small family farm” as defined in the Program Guidelines.
2. Non-governmental organizations engaged in agricultural activities.
3. Units of general local government/ Local and Municipal Governments (including departments and divisions).

METHOD OF DISTRIBUTION

Direct and Subrecipient Distribution Model.

This program will utilize both a direct distribution model with PRDOH and a Subrecipient Distribution model with the Puerto Rico Department of Agriculture (DA, by its Spanish acronym) as the entity responsible for administering the program with PRDOH. DA will be responsible for disbursing grants and providing technical assistance to small and medium agricultural businesses. However, the DA is not the awardee of the total amount of the program budget, but the administering entity of the program. The Program may engage additional subrecipients as needed. PRDOH will serve as the Re-Grow Program’s primary oversight entity, will provide additional management functions and overall programmatic monitoring and compliance oversight, and will also be responsible for the distribution of grants.

PROGRAM OBJECTIVE & DESCRIPTION

RE-GROW PR has two primary aims: 1) Promote and increase food security island-wide, and 2) Enhance and expand agricultural production related to economic revitalization and sustainable development activity.

Given its island status, Puerto Rico has long recognized the food security challenges associated with dependence on imported food products, and certainly experienced a heightened degree of risk during the aftermath of the hurricanes. Historically, Puerto Rico has focused agricultural production on several main crop typologies, and RE-GROW PR will address this food security risk by increasing local production and expanding diversity of agricultural production on the Island.

RE-GROW PR will serve both urban and rural areas and will seek to capitalize on urban in-fill opportunities to install community gardens where vacant lots may exist, or where blighted structures are demolished. Assistance will be provided in the form of grants to eligible entities in accordance with the program guidelines.

RE-GROW PR will work to promote crop diversification and expand production of locally consumed produce, and further meet the needs of expansion in the tourism sector to meet culinary needs of Puerto Rico’s renowned and burgeoning gastronomic sector. Greenhouses may also be viable strategies considered to reduce crop losses in both rural and urban environments, utilizing large-scale formats in rural areas, converted warehouses, or abandoned industrial sites, and roof-top greenhouses in urban areas. Crops to support goals in the tourism sector via culinary arts and eco-tourism needs will also be prioritized, such as growth of key produce and herbs such as cilantro, chives, basil, oregano, avocados, tomatoes, peppers, etc., as well as investments to address impacts to coffee production.

This program represents an opportunity for collaboration between multiple potential partners within the public, academic, and non-governmental sectors. RE-GROW PR focuses on the following potential activities to increase food security and bolster social and economic resilience:

- Urban agriculture - community gardens
- Rural agriculture investments, crop diversification to meet Island food security needs
- Rural and urban greenhouses
- Agricultural cultivation and livestock production to feed into culinary programs and meet culinary tourism demands
- Aquaculture/aquafarming

This program will outline parameters for application and participation, and award caps. Over the long-term, RE-GROW PR will aim to create further economic development opportunities through exports of locally grown produce, livestock, and aquaculture outputs.



INFRASTRUCTURE COORDINATION PROGRAMS

Infrastructure recovery will be a whole community approach, consisting of extensive, multi-billion-dollar, year-long programs. PRDOH is aware of the vital infrastructure needs of communities across the Island, as identified by the municipalities in the public hearings and through their written comment and will continue to work closely with FEMA and the COR3 as project worksheets are developed.

The cost share matching requirements of many of these programs create a financial burden on subrecipients that will dramatically hinder the recovery process without supplemental funding. To substantially reduce this burden, PRDOH intends to leverage CDBG-DR to meet matching fund requirements, both through the implementation of a programmatic “Global Match” concept for FEMA’s Hazard Mitigation Grant Program (HMGP) and a cost share match program for FEMA Public Assistance, Individual Assistance, and other federal grant-in-aid programs.

PRDOH continues to collaborate with COR3 and other stakeholders to determine with greater clarity the amount of CDBG-DR funds needed to meet the cost share match. Although the match requirement for the HMGP program has been determined, projects under the FEMA Public Assistance program are still being scoped, with a deadline of December 2022 for parties to agree on fixed cost estimates. Accordingly, the amount of CDBG-DR funds for the match may be amended as additional projects are obligated and funds become available.

PRDOH will collaborate with the COR3 on strategies for long-term resilience to natural hazards and how infrastructure investments align with other planned Puerto Rican or local capital improvements. This funding coordination may include working with local governments on the construction or rehabilitation of water management systems in flood impacted areas.

MITIGATION & RESILIENCE

PRDOH may combine funding from FEMA’s HMGP with CDBG-DR funds to complete the resilience project. CDBG-DR funding may be used to provide the required 25% funding match for FEMA HMGP projects through a Global Match program. Projects funded by FEMA HMGP must comply with HMGP resilience standards. By working with COR3 to execute dually funded resilience projects, PRDOH will advance long-term resilience to natural hazards and promote adaptation to sea-level rise and other environmental changes by evaluating and selecting potential infrastructure or resilience projects based on guidance outlined in FEMA’s Hazard Mitigation Assistance Guidance.²⁰¹ Projects may be evaluated using the following considerations, as will be determined in program guidelines:

- Technical Feasibility
- Cost effectiveness
- Effects on the environment and cultural resources
- Community support
- Promotion of community resilience
- To what extent the project design reduces vulnerability

²⁰¹ FEMA Hazard Mitigation Assistance Guidance; https://www.fema.gov/sites/default/files/2020-07/fy15_HMA_Guidance.pdf

- To what extent the project includes measures to avoid or minimize adverse impacts to floodplains, wetlands, or other environmental and cultural resources
- Accessibility accommodations for individuals with disabilities and/or access and functional needs

By following the guidance outlined by FEMA's Hazard Mitigation Assistance Guide, PRDOH will fund projects which create long-term resilience to natural disasters and hazards. As part of the funding coordination pursued for infrastructure activities, PRDOH may work with local governments, in conjunction with the COR3, on the construction and/or rehabilitation of hurricane water management systems in flood-impacted areas. Hurricane-water management systems for which HMGP is sought will be evaluated using the above-listed considerations in mind when they are identified.



| NON-FEDERAL MATCH PROGRAM | | |
|----------------------------------|--|---|
| PROGRAM TOTAL \$1,130,000,001 | ADMINISTERING ENTITY PRDOH IN COORDINATION WITH OTHER FEDERAL RECIPIENTS | NATIONAL OBJECTIVE LMI, UN, SB 70% LMI GOAL |
| MAX AWARD \$867,500,000 | START-END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

NON-FEDERAL COST SHARE MATCH

HURRICANE IMPACT

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 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.

RECOVERY PLAN ALIGNMENT

The Non-Federal Match Program aligns with the following courses of action from Puerto Rico's Recovery Plan: ECN 24, PBD 8, PBD 9, TXN 2, TXN 4 TXN 12, WTR 1, and WTR 11.

ELIGIBLE ACTIVITIES

Projects receiving CDBG-DR funding will align with Section 105(a)(9) of the HCDA (non-federal share match) as well as one additional eligible activity as shown below. Planning activities under Section 105(a)(12) will account for activities that lead up to the drawing and determination of the National Objective.

Eligible Activities may include:

- Section 105 (a) (1) – Acquisition of Real Property
- Section 105 (a) (2) – Public Facilities and Improvements
- Section 105 (a) (4) – Clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements
- Section 102 (a) (7) – Disposition of Real Property
- Section 105 (a) (8) - Public Services
- Section 105 (a) (11) – Relocation
- Section 105 (a) (12) – Planning Activities
- Section 105 (a) (13) – Payment of reasonable administrative costs
- Section 105 (a) (14) – Activities Carried Out through Nonprofit Development Organizations
- Section 105 (a) (15) – Assistance to Eligible Entities for Neighborhood Revitalization, Community Economic Development and Energy Conservation
- Section 105 (a) (16) – Energy Use Strategies Related to Development Goals (resiliency)
- Section 105 (a) (17) – Economic Development Assistance to For-Profit Business
- Section 105 (a) (21) – Assistance to Institutions of Higher Education

PROGRAM PRIORITIES

While there are multiple Federal programs that are eligible to have their non-federal share funded by CDBG-DR, given the limited amount of funds currently available, PRDOH has prioritized the program's focus on the following three FEMA grant sources:

- FEMA Public Assistance Program
- FEMA Individual Assistance Program
- FEMA Hazard Mitigation Grant Program

PRDOH will utilize a review process for projects in each program and determine the most strategic alignment of national objectives. Any projects determined to have a service area that provides benefits to LMI individuals will be aligned with this national objective. Other projects will be assigned to the urgent need or slum-and-blight national objectives, as relevant. The Non-Federal Match Program is a reimbursement-based program and will only provide match payments for the actual costs of completed work eligible under each FEMA program's policies, procedures, and regulations. PRDOH will work in coordination with COR3 and eligible applicants to determine program priorities based on the stage of work completion. For the provision of PA match, PRDOH will focus on identifying projects (PWs) that are in LMI areas to maximize funding for this national objective.

PROGRAM ACCOMPLISHMENTS

Leverage CDBG-DR funding to ease non-federal cost share burden of federal disaster recovery programs requiring matching funds. Increase and protect the health and safety of residents across impacted areas.

ELIGIBILITY CRITERIA

The project must meet a national objective and accomplish a CDBG-DR eligible activity as well as all requirements under its native program.

Eligible entities to the Non-Federal Match Program are determined by who has been deemed eligible by FEMA or the Federal Agency acting as the primary source of funding to participate in the specific program. This includes, but is not limited to:

- Government of Puerto Agencies, Authorities, Trusts, and Boards
- Local and Municipal Governments (including departments and divisions)
- Administrative Agency or Department of the Government of Puerto Rico
- Free-standing local and municipal governments (libraries, parks, fire departments, first responder facilities, and wastewater treatment facilities, etc.)
- Public Schools, including School Districts and Charter schools
- Public Universities and Colleges
- Public Hospital and Health Systems
- Nonprofits determined to be eligible by the Federal agency providing the primary source of funding, and for which the non-federal cost share requested surpasses the amount of \$10,000. The term “Nonprofits” includes Private Non-Profits (PNPs) and Non-Governmental Organizations (NGOs).

METHOD OF DISTRIBUTION

Direct and Subrecipient Distribution Model

The Non-Federal Match Program (NFMP) is a central government managed program which utilizes the Subrecipient Distribution Model as needed for specific projects. To achieve the objectives of this program, PRDOH will work with COR3 and applicants who are FEMA program subrecipients to provide their non-federal match. For any match agreements with federal agencies other than FEMA, PRDOH will coordinate directly with that agency and the relevant applicants. Applicants must have been accepted into a Federal agency disaster recovery program and have been determined by the lead Federal agency to have eligible work to participate in this program. PRDOH anticipates the FEMA PA program to focus primarily on using the LMI area-wide benefit and urgent need classification when determining the CDBG-DR National Objective.

For the disbursement of FEMA PA and IA match, PRDOH may utilize either Traditional Match or Flexible Match approaches. The Traditional Match approach entails the provision of the non-federal cost share percentage of each *individual* project found to be eligible. Alternatively, the Flexible Match approach seeks to streamline the cost share match process by selecting specific projects within an overall Project Worksheet (PW) cost for specifically selected projects will be covered 100% by CDBG-DR, up to the total corresponding cost share amount for the entirety of the PW. Similarly, PRDOH may work with other federal agencies to coordinate their required non-federal match.

For the implementation of HMGP projects, PRDOH will leverage a Global Match approach for providing 100% of the project funds for selected projects representing 25% of the COR3 State Hazard Mitigation Office’s (SHMO) final FEMA approved HMGP budget. Based on FEMA’s allocation of approximately 4 billion dollars for HMGP for Hurricanes Irma and María, this 25% match could equal *up to* 1 billion dollars. However, there are two important caveats related to HMGP Global Match. First, PRDOH will only match 25% of the final HMGP amount approved by FEMA, and secondly, the primary program for HMGP Global Match project implementation will be the CDBG-MIT program. The NFMP will be used as a secondary

source of funds should project funding be necessary and eligible for disbursement ahead of CDBG-MIT funding availability.

PROGRAM OBJECTIVE & DESCRIPTION

The purpose of this program is to maximize the benefit from federal grant programs by positioning CDBG-DR as the ideal local match program to other federal funding streams. This approach will relieve the financial burden on municipal governments and other eligible applicants while also providing a targeted means of addressing Puerto Rico's long-term infrastructure resilience needs. Through matching funding provided by other federal agencies, critical infrastructure needs will be addressed, making the island more adaptable to changing conditions and able to withstand and recover rapidly from disruptions caused by future disasters.

At this time, most long-term reconstruction projects are still in the formulation stage. As a result, the exact amount of CDBG-DR funds necessary to meet the full universe of non-federal match requirements is still being assessed. However, the total match required for just the FEMA PA, IA and HMG programs is expected to far exceed the amount currently allocated to this program. Due to this situation, the consolidation of the Critical Infrastructure Program within the Non-Federal Match Program is borne in an effort to streamline the availability of project funding and fill the already identified need for additional funds to cover large infrastructure projects currently being formulated and obligated under both of FEMA's assistance programs, Public Assistance (PA) and Hazard Mitigation Grant Program (HMGP).

A significant financial burden remains even after FEMA agreed to several amendments to the disaster declaration for Hurricane María (DR 4339), covering 100% of the cost share of Category A and B project worksheets. This included 100% overage of debris removal through June 17, 2018, Category B emergency protective measures through May 18, 2018, and funding for the Sheltering and Temporary Emergency Power Pilot Program (STEP), which allowed Puerto Rico to make short-term repairs to over 100,000 homes, through September 15, 2018. While the amount of CDBG-DR funds needed to match the debris removal and temporary work projects is dependent on the final determination value of work performed outside of the 100% cost share period, PRDOH has estimated that for the STEP program alone, the cost share will exceed \$20 million for work performed outside of the 100% FEMA-funded period.



MULTI-SECTOR INITIATIVES PROGRAM

The program in this section is a multi-sector initiative, which incorporates aspects of, or provides benefits in each of the four sectors: economic development and revitalization, infrastructure, planning, and housing. Similarly, this initiative involves a variety of potential subrecipients at different scales, depending on the scope of the initiative.

The over-arching goal of multi-sector initiatives is to engage and implement innovative and transformative long-term recovery solutions for Puerto Rico, in keeping with the Recovery Plan. The multi-sector program offers entry points for all scales of potential projects and subrecipients. Within the City Revitalization Program, municipalities, NGOs, and non-profits are able to present their project concepts to help shape the future vision of their community. This may involve revitalization of community plazas, green infrastructure installations along key corridors prone to street flooding, or façade renewal initiatives in commercial corridors.



| CITY REVITALIZATION PROGRAM | | |
|---|---|--|
| PROGRAM TOTAL \$1,263,333,720 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI, UN, SB 70% LMI GOAL |
| MAX AWARD \$100,000,000 | START- END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Hurricanes Irma and María impacted all seventy-eight (78) municipalities in Puerto Rico, including urban areas and key corridors. Municipal governments lack the financial resources to rebuild or enhance main streets, plazas, and other districts vital to community recovery and revitalization. These downtown areas are key to community and economic recovery and align with goals for reducing outmigration and promoting tourism across the Island. The hurricanes significantly damaged tree canopies in urban and rural areas, which contributes to enhanced erosion conditions and promotes opportunities for landslides. In the short, medium, and long term, loss of tree canopy in urban areas contributes to increased heat Island effect and allows more rainfall to inundate streets and overwhelm hurricane water management infrastructure. Considering the impact that the hurricane surge had along the coast with increased coastal erosion and deposition of millions of cubic feet of sand and dirt that went from beaches and riverbanks into hurricane drainages systems across the Island, recovery of the Island's natural resources and making them more resilient is an important recovery objective for both health and public safety reasons.

In some cases, communities across the Island realized the need to have centralized hubs for receiving resources, critical communications, charging phones and battery-operated equipment, among other functions. These hubs materialized in the form of public buildings, academic institutions, faith-based organizations, or traditional community centers, however, overwhelmingly there was not a recognized location known to communities, nor were these 'pop-up' community resilience centers adequately equipped to serve needs.

RECOVERY PLAN ALIGNMENT

The City Revitalization Program (City Rev) aligns with the following courses of action from Puerto Rico's Recovery Plan: CIT 5, CIT 19, CIT 29, CIT 32, CPCB 4, CPCB 5, and CPCB 10.

ELIGIBLE ACTIVITIES

- Section 105 (a) (1) – Acquisition of Real Property
- Section 105 (a) (2) – Public Facilities and Improvements (except for buildings for the general conduct of government)

- Section 105 (a) (3) – Code Enforcement in deteriorated or deteriorating areas in which such enforcement, together with public or private improvements or services to be provided, may be expected to arrest the decline of the area
- Section 105 (a) (4) – Clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements
- Section 105 (a) (5) – Architectural Barrier Removal
- Section 105 (a) (7) – Disposition of Real Property
- Section 105 (a) (8) – Public Service
- Section 105 (a) (9) – Payment of Non-Federal Share
- Section 105 (a) (11) – Relocation Assistance
- Section 105 (a) (12) – Planning Activities
- Section 105 (a) (14) – Activities Carried Out through Nonprofit Development Organizations
- Section 105 (a) (15) – Assistance to Eligible Entities for Neighborhood Revitalization, Community Economic Development and Energy Conservation
- Section 105 (a) (16) – Energy Use Strategies Related to Development Goals
- Section 105 (a) (17) – Economic Development Assistance to For-Profit Business; Job Creation and Retention
- Section 105 (a) (18) – Housing Rehabilitation
- Section 105 (a) (19) – Technical Assistance to Public or Private Nonprofit Entities
- Section 105 (a) (21) – Assistance to Institutions of Higher Education
- Section 105 (a) (22) – Microenterprise Assistance, Economic Development;

PROGRAM ACCOMPLISHMENTS

Revitalize downtown areas and key corridors, bringing community businesses back on track and encouraging tourism. Support urban and key economic corridors providing incentives to reduce blighted and underutilized housing that can be redeveloped into safe, sanitary, and decent committed affordable housing opportunities. Promotes widespread re-greening (green infrastructure, etc.) efforts across the Island to provide multiple benefits to communities. Prioritizes funding for projects with higher levels of leverage investments. Provide the opportunity to establish Community Resilience Centers (CRC) across Puerto Rico to support communities during disasters with provision of critical functions and increasing social resilience through potential expansion of year-round day-to-day functions.

ELIGIBILITY

Applicants must be one (1) of the following types of entities:

- Unit of General Local Government (Municipal Governments);
- Non-governmental organization (501(c)(3)) or Not for Profit Entities; for example:
 - Faith Based or Community Based Organizations
 - Conservation or Natural Resource Organizations
- Public Schools or Public Institutions of Higher Learning (Universities), to provide public services to the community; Other community-based governmental entities; for example:
 - Public Housing Authorities and/or Public Health Facilities
- Government entities designated to educate, assist, manage and/or operate facilities that provide services to citizens before, during and/or after disaster events will be eligible to request funds as a subrecipient to implement CRC project(s);

- A regional consortium of any of the above.

Additional Eligibility Criteria

- CDBG-DR funds cannot be used for long-term operations and maintenance. Subrecipients must submit an Operations and Maintenance Plan (O&M Plan) for proposed projects to be funded through this program, including daily operations.
- All construction work, repair or new, shall utilize the services of an architect or engineer with a valid professional license to practice in Puerto Rico, to design the facilities and improvements in accordance with PRDOH and FEMA standards, and all applicable local codes and regulations.
- The Project must be within the city boundary, in the designated downtown area, urban area, or key growth corridor.
- Demonstrate tie-back to the disaster.
- Projects must have a CDBG-DR eligible activity.
- Government entity designated to educate, assist, manage and/or operate facilities that provide services to citizens before, during and after disaster events will be eligible to request funds as a subrecipient to implement CRC project(s).
- Subrecipients of Community Resilience Centers must agree to be on a public registry and make the facility available to the public in future disaster events. And will provide year-round maintenance and operations expenses that must be covered through day-to-day operations.
- Proponents of residential projects should clearly demonstrate that they will benefit the LMI objective.
- Proponents of affordable housing projects will be requested to submit additional information to PRDOH for the evaluation of specific parameters required for the development of affordable housing projects.
- Proponents of economic development projects that will be generating revenue from the proposed eligible activity will be required to provide additional information to demonstrate full compliance with applicable federal and state regulations.

METHOD OF DISTRIBUTION

Subrecipient Distribution Model

To best assist and start the community recovery process, PRDOH plans to distribute funding for this Program amongst the 78 municipal governments of Puerto Rico. All 78 subrecipients will have a specified period to submit project concepts to PRDOH that meet program objectives. City Rev funding distribution information will be publicly available and posted to the PRDOH CDBG-DR website.

Program guidelines are posted on the PRDOH CDBG-DR website. PRDOH may allocate and withhold a percentage of the total funding for projects that can be undertaken by eligible entities that are not municipal governments. In situations in which municipal governments do not comply with their funding subrecipient agreements, PRDOH reserves the right to cancel said agreement and carry out an alternate funding distribution process to provide opportunity to eligible entities to submit applications to implement projects eligible under this Program.

PROGRAM OBJECTIVE & DESCRIPTION

This Program establishes a fund for municipalities to enable various critical recovery activities aimed at reinvigorating urban areas and key community corridors to focus investments, reduce sprawl, and create a symbiotic environment to nurture complementary investments from the private sector.

The funding in this Program will allow us to implement integrated and innovative solutions to the problems facing municipalities and their communities. Eligible revitalization projects should correlate to a larger strategy that targets downtown service and business districts or key corridors and supports and aligns with future public and private investments.

Eligible projects include rehabilitation or reconstruction of downtown buildings, public infrastructure improvements, and streetscape improvements such as sidewalks, lighting, parking, façade improvement, and activities to eliminate architectural barriers for people with disabilities. Further, City Rev may fund improvements to public spaces (plazas, town squares), cultural and art installations, community centers, and recreation amenities. This Program will also fund the clearance and demolition of unoccupied substandard structures.

Affordable Housing projects will be evaluated, but potential subrecipients will be required to demonstrate their capacity to manage housing properties and perform preventive maintenance, fiscally and financially manage cash flow and expenditures, and provide as needed referrals and collaborate with other human services entities for the provision of housing wrap-around citizens' services. PRDOH will determine affordable rents for housing projects as the lessor of the calculated High HOME rent or the maximum of 30% of annual household income for an LMI household.

Economic development projects, in which its operation activities will be generating revenue, will be evaluated to validate their compliance based on the entity type and their legal structure from the perspective of applicable laws and regulations at federal and local jurisdictions. Income received from these projects may be subject to HUD requirements for managing program income, and permissible uses will be outlined in Program Guidelines and applicable subrecipient agreements.

City Rev also includes RE-GREEN initiatives and is prioritizing projects that use green infrastructure techniques or restore and replant impacted natural resources. Examples include, among others, green infrastructure installations and standards, including reforestation efforts via non-profit entities such as *Para la Naturaleza*, and waste re-purposing and reduction initiatives. This Program will maintain an option to expand funding of RE-GREEN components under third tranche for mitigation. Municipalities may identify an inventory of substandard structures, follow standard acquisition protocols, and base upon fair market values for properties it desires to turn into green space or use for other eligible purposes, as allowed by this Program.

City Rev has a set-aside of \$100,000,000 to prioritize strategic investments in growth nodes for the redevelopment of urban areas surrounding the University of Puerto Rico (UPR), Río Piedras and Mayagüez campuses to revitalize urban centers. The student body residing and studying in these areas has been significantly strained by the physical and economic impact of the hurricanes. These investments shall not take the place of general conduct of governmental investments in the UPR system but will create the environment for economic regeneration around the UPR to enable students to return to their studies in safe, economically vibrant areas. Funding of projects within the UPR set-aside area will be directly

assigned to San Juan and Mayagüez municipal governments, in coordination with UPR communities and their stakeholders.

A set-aside up to \$75,000,000 will be used to retrofit existing facilities, or entail the construction of new facilities, which will operate and provide year-round services as CRC facilities. CRCs shall provide year-round community gathering spaces where citizens may receive educational materials and information on preparedness and home/community resilience initiatives. In this way, CRCs will enhance social resilience within communities by creating clearly identified and easily accessible gathering spaces and rendezvous locations for residents. CRCs are expected to contain the following components, depending on their day-to-day functioning, and intended use: shower facilities, cooking facilities, refrigeration, device power stations for charging cell phones, back-up generation/ solar panels, water cisterns, sleep space, disability accessibility features, green-building features, pet-friendly spaces and/or wireless internet service. Funding to plan and implement CRC projects will be directly assigned to municipal governments participating as subrecipients. Applications that consider a holistic multi-benefit approach, including colocation with transit-oriented development (TOD), walkability, and support of commercial districts will be prioritized. Applicants are encouraged to present a blended funding approach, with supplemental leverage investments from complementary programs or other funding sources that may strengthen the proposal.

While not required, applicants will be strongly encouraged, in the application process, to provide non-CDBG-DR funding to the project, which may include in-kind contributions, land donations, long-term maintenance and operations, or support from non-profits or civic/community groups, and other measures.

Puerto Rico has had several planning processes occur in the post-María environment and total damage at the municipal level, while not finalized, have become clearer. These municipal level damages and recovery processes resulted in the development of requests for recovery projects. Several proposed projects align with the goals of City Rev, with projects coming from municipalities and other entities. These planning products and summary project ideas have been submitted to PRDOH. These recovery projects in addition to City Rev projects that will be identified through the PRDOH-led municipal planning process will be considered for this Program.

TRANSPARENCY AND PUBLIC OUTREACH

Public awareness and knowledge about this Program's progress are important to PRDOH. The program guidelines, in addition to other critical program information are posted at Program's webpage on <https://recuperacion.pr.gov/en/city-revitalization/>.

CITIZEN PARTICIPATION

A Citizen Participation Plan has been developed in compliance with 24 C.F.R. § 91.115 and applicable HUD requirements to set forth the policies and procedures applicable to citizen participation, intended to maximize the opportunity for citizen involvement in the planning and development of the Puerto Rico CDBG-DR recovery program including but not limited to:

- The amount of assistance expected to be received by impacted communities;
- The range of eligible activities to be undertaken;
- Other Action Plan and program activities.



The goal of the Citizen Participation Plan is to provide all of Puerto Rico's residents with an opportunity to participate in the planning and assessment of the PRDOH's CDBG-DR recovery programs. To facilitate citizen involvement, PRDOH has laid out target actions to encourage participation and allow equal access to information about the program by all citizens, especially those of low and moderate income, those living in slum and blighted areas and in areas identified for recovery through CDBG-DR, and other disadvantaged populations. In addition to citizen involvement, PRDOH encourages the participation of regional and island-wide institutions, such as non-profits, civic groups, the educational community, and professional associations.

PRDOH considered comments received in writing, via email, or expressed in-person at official public hearing events. Additionally, to permit public examination and public accountability, PRDOH will make the above information available to citizens, public agencies, and other interested parties upon request.

The final Action Plan, and public comments compiled into a separate volume, can be found on the PRDOH public website at the following address: <https://recuperacion.pr.gov/en/action-plan/>.

The Citizen Participation Plan is posted as a stand-alone document on the disaster recovery website at: <https://recuperacion.pr.gov/en/citizen-participation/>.

Public Hearings

PRDOH held a series of initial public hearings during Action Plan development to collect early input from citizens impacted by hurricanes Irma and María. Notice of public hearings was published in the local newspaper. The public hearings commenced on Monday, March 5th, 2018, and concluded on Saturday, March 10th, 2018. The schedule of the hearings ran as such:

- I. March 5, 2018 – East and Metropolitan Municipality of Bayamón

- Community Center of Jardines de Caparra
9:00 am – 5:00 pm
- II. March 6, 2018 – Central/ Mountain
Municipality of Cidra
Mayor’s Office 3rd Level, Activities Room
9:00 am – 5:00 pm
- III. March 7, 2018 – Southeast
Municipality of Caguas
Center of Science and Technology 59 Ave., Gautier Benitez, Caguas
9:00 am – 5:00 pm
- IV. March 8, 2018 – West
Municipality of Mayagüez
Yagüez Theatre
9:00 am – 5:00 pm
- V. March 9, 2018 – South
Municipality of Ponce
Añoranza Room 1st Floor Ponce’s Casino
9:00 am – 5:00 pm
- VI. March 10, 2018 – North
Municipality of Arecibo
Manuel Petaca Igüina Coliseum
9:00 am – 5:00 pm

Interpreters were made available at the hearings to assist those participants in need of Spanish, English or sign language medium. The PRDOH accepted all comments and proposals of citizens in writing, orally at the public hearing or sent to the designated email, infocdbg@vivienda.pr.gov. A summary of each comment, coupled with a response by the Department of Housing, is included in the public comment attachment to the plan. All written proposals received are attached in their entirety as appendices to this plan and available for public consumption at <https://recuperacion.pr.gov/en/citizen-participation/proposals/>.

MAYORAL MEETINGS AND MUNICIPAL ENGAGEMENT

Since February 2018, PRDOH has conducted outreach meetings with mayors and other municipal staff to discuss each community’s unmet needs, resulting from Hurricanes Irma and María. PRDOH staff continues to reach out to ensure that all municipalities are expressing their needs. Between February 2018 and publication of the draft Action Plan, PRDOH received written comments from the following sixty-seven (67) municipalities.

Municipal Comment Submitted

- | | | |
|----------------|--------------|----------------|
| • Aguada | • Fajardo | • Orocovis |
| • Aguadilla | • Florida | • Ponce |
| • Aguas Buenas | • Guayama | • Quebradillas |
| • Aibonito | • Guayanilla | • Rincón |

- Añasco
- Arecibo
- Arroyo
- Barranquitas
- Bayamón
- Cabo Rojo
- Caguas
- Camuy
- Canóvanas
- Carolina
- Cataño
- Cayey
- Ceiba
- Ciales
- Cidra
- Coamo
- Comerío
- Corozal
- Dorado
- Guaynabo
- Guánica
- Hormigueros
- Isabela
- Jayuya
- Juana Díaz
- Juncos
- Lajas
- Lares
- Las Marías
- Las Piedras
- Loíza
- Luquillo
- Manatí
- Maricao
- Mayagüez
- Moca
- Morovis
- Naranjito
- Rio Grande
- Sabana Grande
- Salinas
- San Germán
- San Juan
- San Lorenzo
- San Sebastián
- Toa Alta
- Toa Baja
- Trujillo Alto
- Utuado
- Vega Alta
- Vega Baja
- Vieques
- Villalba
- Yabucoa
- Yauco

AGENCY, NGO, AND CITIZEN ENGAGEMENT

In addition to collaboration focused on the municipal level, PRDOH has taken into consideration unmet community needs and input for potential recovery efforts from governmental agencies and non-governmental organizations (NGO), non-profit entities, community organizations and citizens. These agencies and citizens have played an active role in the development of this Action Plan. Many attended and spoke at the various public hearings held across the Island and to date. Between February 2018 and the publication of the draft Action Plan, 63 formal written submissions had been received from organizations and individuals listed in the table below.

Government Agency Comment Submitted

- Municipio de Carolina: Vivienda Desarrollo Comunal
- Universidad de Puerto Rico - Recinto Ponce
- Autoridad de Carreteras de Puerto Rico
- Hon. José "Memo" González
- Hon. Joel Franqui Atilas
- Proyecto Agrícola Comunitario
- Puerto Rico State Office of Public Energy Policy
- Oficina para el Desarrollo Socioeconómico y Comunitario de Puerto Rico
- Municipio de Morovis: Proyectos Adicionales
- Legislatura Municipal de Ponce
- Departamento de Recreación y Deportes
- Municipio de Ponce: Alumbrado Fotovoltaico
- Municipio de Ponce: Agua para el Campo
- Proyecto Barriada Juana Matos, Cataño
- Autoridad para el Financiamiento de la Vivienda de Puerto Rico
- Banco de Desarrollo Económico
- Municipio de Rincón: Proyectos
- BLUE TIDE Initiative, Department of Commerce

Non-Governmental Agency Comment Submitted

- Proyecto Villa Ponce II
- Corporación para el Desarrollo Económico de Trujillo Alto
- Fundación Fondo de Acceso a la Justicia
- Fideicomiso de Vivienda y Desarrollo Humano
- Boys & Girls Club of Puerto Rico
- Proyecto Enlace Caño Martín Peña
- Foundation for Puerto Rico
- Comisión Asesora Para un Puerto Rico Resiliente
- Disaster Housing Recovery Coalition
- Instituto para el Desarrollo Económico y de Vivienda de Puerto Rico Inc.
- Asociación de Constructores de Hogares de Puerto Rico
- Habitat for Humanity
- Sociedad Puertorriqueña de Planificación
- Scuba Dogs Society
- Grupo de Caficultores de la Asociación de Agricultores
- Inundación La Fe, Residentes Juana Díaz
- Comunidad La Yuca Ponce
- Tamandre Travel, LLC
- Sr. Porfidio Nino Román, Barrios de Camuy
- Coalition for Environmentally Responsible Economies (CERES) Environmental Inc.
- Arecibo Development Group
- ALC Legal Services Group
- E&F Development

- Nature Housing Senior Community
- Los Pescadores de la Villa del Ojo de Crash Boat de Aguadilla
- Residentes Calle Robles de Cidra
- Harrison Consulting Group
- American Association of Retired Persons
- Arecibo Development Group, Plan Maestro de Mejoras
- Cambio
- La Perla de Gran Precio
- McCormack, Baron & Salazar: Bayshore Villas
- McCormack, Baron & Salazar: Renaissance Square
- McCormack, Baron & Salazar: JG Benitez Multifamily and Elderly developments
- Colegio de Abogados y Abogadas de Puerto Rico (CAAPR)
- ERS Consulting Group, LLC
- Fernando L. Sumaza & Company Inc
- Fundación Comunitaria de Puerto Rico
- Fundación de Desarrollo Comunal de P.R., Inc. (FUNDESCO)
- LA Design Group: Brisas del Mar
- LA Design Group: Galicia del Mar
- LA Design Group: Palomino Hills
- LA Design Group: Parque Miramonte
- Urbe Apie
- Lucha Contra el SIDA, Inc. (LUCHA)

PRDOH implemented a comprehensive public engagement strategy to encourage engagement during the public comment period for the Action Plan draft. The strategy utilizes various methods for citizen participation as outlined in the HUD Toolkit for Citizen Participationⁱ including:

- Website publications
- Email announcements
- Collaboration with private stakeholders
- Alternative methods of public notice
- Alternative language media targeting
- Local television and radio
- Social media
- Printed flyers

ACTION PLAN COMMENT PERIOD PUBLIC ENGAGEMENT

The original Action Plan was posted for Public Comment from May 10 – May 25, 2018. In anticipation of posting the Action Plan for public comment, PRDOH invited stakeholders to participate in the public comment period and provided instructions regarding how to get involved. Stakeholders were encouraged to share information with the communities they serve. Stakeholders included but were not limited to:

- Municipalities

- Attendees of original public hearings
- Persons who have previously sent emails to the CDBG-DR inbox
- Stakeholders who have given email addresses on meeting sign in sheets
- Persons or entities who have included email addresses in submitted written comment
- Government agencies
- Legislators
- Key NGOs/non-profit entities
- Public Housing Authorities

During the public comment period, PRDOH held community round-table meetings, open to the public in eight locations around the Island. Notice of the roundtables was published in the local newspaper and posted on the web. Sign language interpreters were available at all round-table meetings. The meetings were held in the locations and on dates as follows:

- I. May 15, 2018 - Río Piedras
- II. May 16, 2018 – Loíza
- III. May 17, 2018 – Bayamón
- IV. May 18, 2018 – Isabela
- V. May 21, 2018 – Carolina
- VI. May 22, 2018 – Arecibo
- VII. May 23, 2018 – San Lorenzo
- VIII. May 24, 2018 – Mayagüez

ACTION PLAN AMENDMENT 1 (SUBSTANTIAL) PUBLIC COMMENT PERIOD AND PUBLIC ENGAGEMENT

PRDOH hosted fourteen public hearings during the public comment period associated with the substantial amendment to the Action Plan, from September 21, 2018 – October 21, 2018. Approximately 600 people attended the hearings, which were held in morning and evening sessions and in various locations around the Island, as shown in the table below.

| Date | Location | Time |
|------------------|--------------|------------------------------------|
| October 15, 2018 | Toa Baja | 9:00am – 1:00pm 2:00pm – 8:00pm |
| October 15, 2018 | Guayama | 9:00am – 1:00pm 2:00pm – 8:00pm |
| October 16, 2018 | Barranquitas | 9:00am – 1:00pm 2:00pm – 8:00pm |
| October 16, 2018 | Manatí | 9:00am – 1:00pm 2:00pm – 8:00pm |
| October 17, 2018 | Moca | 9:00am – 1:00pm 2:00pm – 8:00pm |
| October 18, 2018 | Guánica | 9:00am – 1:00pm 2:00pm – 8:00pm |
| October 19, 2018 | Fajardo | 9:00am – 1:00pm 2:00pm – 8:00pm |

During the hearings, the PRDOH Team presented the Action Plan and gave an overview of all twenty-seven (27) programs contemplated in the Substantial Amendment. Attendees at the hearings were given the option to make an oral presentation, deliver hard-copy comments, or complete a hand-written comment form or questionnaire.

The public comment period resulted in a wealth of information exchanged. Over 600 public comments were submitted during the public comment period. Although each proposal may not have been referred to by name in the Action Plan, all submittals have been reviewed carefully by PRDOH and were considered in the development of the plan. All comments submitted or voiced during public hearings are memorialized and responded to within the appendices to the Action Plan.

ACTION PLAN AMENDMENT 4 (SUBSTANTIAL) PUBLIC COMMENT PERIOD

PRDOH posted the Action Plan Amendment 4 (Substantial) to its public website for 60-days of public comment period. The APA4 was originally published for a 30-day comment period on March 31st. However, this period was extended for two more 15-day period for a final public comment date of May 31, 2020.

ACTION PLAN AMENDMENT 5 (SUBSTANTIAL) PUBLIC COMMENT PERIOD

PRDOH posted the Action Plan Amendment 5 (Substantial) to its public website for 30 days of public comment period. The APA5 was available for comments from September 10, 2020, through October 10, 2020.

ACTION PLAN AMENDMENT 7 (SUBSTANTIAL) PUBLIC COMMENT PERIOD

PRDOH posted the Action Plan Amendment 7 (Substantial) to its public website for 30 days of public comment period. The APA7 was available for comments from August 6, 2021, through September 6, 2021.

ACTION PLAN AMENDMENT 9 (SUBSTANTIAL) PUBLIC COMMENT PERIOD

PRDOH posted the Action Plan Amendment 9 (Substantial) to its public website for 45 days of the public comment period. The APA9 was originally published for a 30-day comment period on September 16, 2022. However, this period was extended for an additional 15 days for a final public comment date of October 31, 2022.

ACTION PLAN AMENDMENT 14 (SUBSTANTIAL) PUBLIC COMMENT PERIOD

PRDOH posted the Action Plan Amendment 14 (Substantial) to its public website for 30 days of public comment period. The APA14 was available for comments from November 7, 2023, through December 7, 2023.

ACTION PLAN AMENDMENT 16 (SUBSTANTIAL) PUBLIC COMMENT PERIOD

PRDOH posted the Action Plan Amendment 16 (Substantial) to its public website for 30 days of public comment period. The APA16 was available for comments from August 13, 2024, through September 12, 2024.



ACTION PLAN CERTIFICATIONS

The Government of Puerto Rico makes the following certifications with its Action Plan:

- a. The Puerto Rico Department of Housing certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan in connection with any activity assisted with funding under the CDBG program.
- b. The Puerto Rico Department of Housing certifies its compliance with restrictions on lobbying required by 24 C.F.R. Part 87, together with disclosure forms, if required by Part 87.
- c. The Puerto Rico Department of Housing certifies that the Action Plan for Disaster Recovery is authorized under State and local law (as applicable) and that the Puerto Rico Department of Housing, and any entity or entities designated by the Puerto Rico Department of Housing, possess(es) the legal authority to carry out the program for which it is seeking funding, in accordance with applicable HUD regulations and this Notice. The Puerto Rico Department of Housing certifies that activities to be administered with funds under this Notice are consistent with its Action Plan.
- d. The Puerto Rico Department of Housing certifies that it will comply with the acquisition and relocation requirements of the URA, as amended, and implementing regulations at 49 C.F.R. Part 24, except where waivers or alternative requirements are provided for in this Notice.
- e. The Puerto Rico Department of Housing certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 C.F.R. Part 75.
- f. The Puerto Rico Department of Housing certifies that it is following a detailed citizen participation plan that satisfies the requirements of 24 C.F.R. 91.105 or 91.115, as applicable (except as provided for in notices providing waivers and alternative requirements for this grant). Also, each local government receiving assistance from the Puerto Rico Department of Housing must follow a detailed citizen participation plan that satisfies the requirements of 24 C.F.R. 570.486 (except as provided for in notices providing waivers and alternative requirements for this grant).
- g. The Puerto Rico Department of Housing certifies that it has consulted with affected local governments in counties designated in covered major disaster declarations in the non-entitlement, entitlement, and tribal areas of the State in determining the uses of funds, including method of distribution of funding, or activities carried out directly by the State.
- h. The Puerto Rico Department of Housing certifies that it is complying with each of the following criteria:
 - (1) Funds will be used solely for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas for which the President declared a major disaster in 2017 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974. (42 U.S.C. § 5121 *et seq.*)
 - (2) With respect to activities expected to be assisted with CDBG-DR funds, the Action Plan has been developed to give the maximum feasible priority to activities that will benefit low- and moderate-income families.

(3) The aggregate use of CDBG-DR funds shall principally benefit low- and moderate-income families in a manner that ensures that at least 70 percent of the grant amount is expended for activities that benefit such persons.

(4) The Puerto Rico Department of Housing will not attempt to recover any capital costs of public improvements assisted with CDBG-DR grant funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless: (a) disaster recovery grant funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this title; or (b) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the Puerto Rico Department of Housing certifies to the Secretary that it lacks sufficient CDBG funds (in any form) to comply with the requirements of clause (a).

i. The Puerto Rico Department of Housing certifies that it will conduct and carry out the grant in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d) and the Fair Housing Act (42 U.S.C. §§ 3601–3619) and implementing regulations, and that it will affirmatively further fair housing.

j. The Puerto Rico Department of Housing certifies that it has adopted and is enforcing the following policies. In addition, States receiving a direct award must certify that they will require UGLGs that receive grant funds to certify that they have adopted and are enforcing:

(1) A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and

(2) A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

k. The Puerto Rico Department of Housing certifies that it (and any subrecipient or administering entity) currently has or will develop and maintain the capacity to carry out disaster recovery activities in a timely manner and that the Puerto Rico Department of Housing has reviewed the requirements of this notice. The Puerto Rico Department of Housing certifies to the accuracy of its Public Law 115-56 Financial Management and Grant Compliance certification checklist, or other recent certification submission, if approved by HUD, and related supporting documentation referenced at A.1.a under Section VI and its Implementation Plan and Capacity Assessment and related submission to HUD referenced at A.1.b under Section VI.

l. The Puerto Rico Department of Housing will not use grant funds for any activity in an area identified as flood prone for land use or hazard mitigation planning purposes by the State, local, or tribal government or delineated as a special flood hazard area (or 100-year floodplain) in FEMA's most recent flood advisory maps, unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain, in accordance with Executive Order 11988 and 24 C.F.R. Part 55. The relevant data source for this provision is the State, local and tribal government land use regulations and hazard mitigation plan and the latest issued FEMA data or guidance, which includes advisory data (such as Advisory Base Flood Elevations) or preliminary and final Flood Insurance Rate Maps.

m. The Puerto Rico Department of Housing certifies that its activities concerning lead-based paint will comply with the requirements of 24 C.F.R. part 35, subparts A, B, J, K, and R.

n. The Puerto Rico Department of Housing certifies that it will comply with environmental requirements at 24 C.F.R. Part 58.

o. The Puerto Rico Department of Housing certifies that it will comply with applicable laws.

Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. § 287, 1001 and 31 U.S.C. § 3729.

This checklist is part of the administrative record of the Department's review of a disaster recovery Action Plan submitted pursuant to The Supplemental Appropriations for Disaster Relief Requirements, approved September 8, 2017 (Pub. L. 115–56) and Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (Division B, Subdivision 1 of the Bipartisan Budget Act of 2018), approved February 9, 2018 (Pub. L. 115–123) and the Federal Register Notices published February 9, 2018 (83 FR 5844) and August 14, 2018 (83 FR 40314). In using the checklist, reviewers are reminded that each of the criteria as stated on the checklist is necessarily an abbreviated and generalized summary of the more detailed requirements outlined in the Federal Register Notice for each criterion. Reviewer answers to each question on the checklist must be informed by applying the requirements of each criterion as outlined in the Federal Register Notice to each element of the Action Plan. Use of the checklist does not substitute comparison of the Action Plan submission against the requirements of the applicable Notices and making a determination based on the Standard of Review set forth in 24 CFR 91.500, as augmented by the applicable Notices.

Signature:

William O. Rodríguez Rodríguez, Esq.
Secretary
Puerto Rico Department of Housing

PUBLIC COMMENT

As outlined in PRDOH's Citizen Participation Plan, each new Action Plan or substantial amendment to the Action Plan is posted for public comment. Public comments received during public comment periods for prior versions of the Action Plan have been used to inform development of the Action Plan and its substantial amendments.

Public comment and PRDOH responses to public comment for previous versions of this Plan can be accessed online at the links noted below.

Public comment for initial version of the Action Plan, approved by HUD on July 29, 2019 is labeled as "*Z_3 Public Comment Answers*" and available at: <https://recuperacion.pr.gov/en/download/initial-action-plan-for-cdbg-dr-draft-2/>.

Public comment for the Action Plan Amendment 1 (Substantial), approved by HUD on February 28, 2019, is labeled as "*A Public Comment*" and is available at: <https://recuperacion.pr.gov/en/download/1st-amendment-to-the-cdbg-dr-action-plan-substantial-draft-november-18-2018/>.

Public comment for the Action Plan Amendment 4 (Substantial), approved by HUD on August 17, 2020, is labeled as "*A Public Comments and Responses*" and is available at: <https://recuperacion.pr.gov/en/download/4th-amendment-to-the-cdbg-dr-action-plan-substantial-effective-on-august-17-2020/>.

Public comment for the Action Plan Amendment 5 (Substantial), approved by HUD on February 5, 2021, is labeled as "*A Public Comments and Responses*" and is available at: <https://recuperacion.pr.gov/en/download/5th-amendment-to-the-cdbg-dr-action-plan-substantial-effective-on-february-5-2021/>.

Public comments for the Action Plan Amendment 7 (Substantial), approved by HUD on November 5, 2021, is labeled as "*A Public Comments and Responses*" and is available at: <https://recuperacion.pr.gov/en/download/7th-amendment-to-the-cdbg-dr-action-plan-substantial-effective-on-november-5-2021/>.

Public comments for the Action Plan Amendment 9 (Substantial), approved by HUD on December 30, 2022, is labeled as "*A Public Comments and Responses*" and is available at: <https://recuperacion.pr.gov/en/download/9th-amendment-to-the-cdbg-dr-action-plan-substantial-effective-on-december-30-2022/>.

Public comments for the Action Plan Amendment 14 (Substantial), approved by HUD on March 5, 2024, is labeled as "*A.1 Commentary Responses*" and is available at: <https://recuperacion.pr.gov/en/download/14th-amendment-to-the-cdbg-dr-action-plan-substantial-effective-on-march-5-2024/>.

Public comments for Action Plan Amendment 16 (Substantial) is labeled as "*A.1 Commentary Responses*" and is available at: <https://recuperacion.pr.gov/en/action-plans/action-plan-cdbg-dr/>

As outlined in PRDOH Citizen Participation Plan, each new Action Plan or substantial amendment to the Action Plan is posted for public comment. Public comments received during public comment periods for

prior versions of the Action Plan have been used to inform the development of the Action Plan and its substantial amendments.



APPENDICES

Due to the amount of supplemental material submitted with the Action Plan, including referenced reports, tables and other material, items are compiled as stand-alone appendices to the Action Plan. All appendices are submitted to HUD as part of the Action Plan for approval and may be found on the PRDOH website alongside the Action Plan here: <https://recuperacion.pr.gov/en/action-plan/>.

| APPENDIX | DESCRIPTION |
|--------------------|---|
| A – Public Comment | <p>As outlined in PRDOH’s Citizen Participation Plan, each new Action Plan or substantial amendment to the Action Plan is posted for public comment. Public comment received during public comment periods for prior versions of the Action Plan has been used to inform development of the Action Plan and its substantial amendments.</p> <p>Public comment and PRDOH responses to public comment for previous versions of this Plan can be accessed online at the links noted below.</p> <p>Public comment for initial version of the Action Plan, approved by HUD on July 29, 2019 is labeled as “Z_3 Public Comment Answers” and available at: https://recuperacion.pr.gov/en/download/initial-action-plan-for-cdbg-dr-draft-2/.</p> <p>Public comment for the Action Plan Amendment 1 (Substantial), approved by HUD on February 28, 2019, is labeled as “A Public Comment” and is available at: https://recuperacion.pr.gov/en/download/1st-amendment-to-the-cdbg-dr-action-plan-substantial-draft-november-18-2018/.</p> <p>Public comment for the Action Plan Amendment 4 (Substantial), approved by HUD on August 17, 2020, is labeled as “A Public Comments and Responses” and is available at: https://recuperacion.pr.gov/en/download/4th-amendment-to-the-cdbg-dr-action-plan-substantial-effective-on-august-17-2020/.</p> <p>Public comment for the Action Plan Amendment 5 (Substantial), approved by HUD on February 5, 2021, is labeled as “A Public Comments and Responses” and is available at: https://recuperacion.pr.gov/en/download/5th-amendment-to-the-cdbg-dr-action-plan-substantial-effective-on-february-5-2021/.</p> |

| APPENDIX | DESCRIPTION |
|--|---|
| | <p>Public comments for the Action Plan Amendment 7, (Substantial), approved by HUD on November 5, 2021, is labeled as “A Public Comments and Responses” and is available at: https://recuperacion.pr.gov/en/download/7th-amendment-to-the-cdbg-dr-action-plan-substantial-effective-on-november-5-2021/.</p> <p>Public comments for the Action Plan Amendment 9 (Substantial), approved by HUD on December 30, 2022, is labeled as “A Public Comments and Responses” and is available at: https://recuperacion.pr.gov/en/download/9th-amendment-to-the-cdbg-dr-action-plan-substantial-effective-on-december-30-2022/.</p> <p>Public comments for the Action Plan Amendment 14 (Substantial), approved by HUD on March 5, 2024, is labeled as “A.1 Commentary Responses” and is available at: https://recuperacion.pr.gov/en/download/14th-amendment-to-the-cdbg-dr-action-plan-substantial-effective-on-march-5-2024/.</p> <p>Public comments for the Action Plan Amendment 16 (Substantial), is labeled as “A.1 Commentary Responses” and is available at: https://recuperacion.pr.gov/en/action-plans/action-plan-cdbg-dr/.</p> |
| A.1 – Outreach and Communications Strategy | Report on Outreach and Communications Strategy for the Public Comment period. |
| B - Unmet Needs Data Sources | List of data sources utilized for the unmet needs analysis. |
| C - FEMA Open Data Owners Irma María | FEMA dataset for Hurricanes Irma and María impact on homeowners |
| D - FEMA Open Data Renters Irma María | FEMA dataset for Hurricanes Irma and María impact on renters |
| E - Frequently Used Terms | A glossary of frequently used terms in the Action Plan |
| F - Program Draw Schedule | Schedule of program draw down of funds over time |
| F.1 - Activity Type Projections HUD Template | Projection of program activity by HUD activity type |
| F.2 - CDBG-DR Grantee Outcomes Template | Projection of Program Outcomes |
| G - CDBG-DR Program Income Limits in PR | <p>Current income limits published by HUD for CDBG-DR activity</p> <p>https://www.hudexchange.info/resource/5334/cdbg-income-limits/</p> |
| H - LIHTC Rent Rates | Current income limits and rent maximums for Low Income Housing Tax Credit (LIHTC) Program |

| APPENDIX | DESCRIPTION |
|---|---|
| I - Youth Development institute | Statistics on child poverty rates |
| J - Resumen Conteo de Personas Sin Hogar | A report of the homeless count as of June 30, 2017 |
| K - Housing Industry Situation, Puerto Rico Builders' Association | Puerto Rico Builders' Association report on the Housing Industry Situation, February 28, 2018 |
| L - Progress Report on the Impact of Hurricane María on the Economy of Puerto Rico | Progress Report on the Impact of Hurricane María on the Economy of Puerto Rico, March 9, 2018 |
| M - Puerto Rico Post-María, 2018, Center for Puerto Rican Studies, City University of New York | Report produced by the City University of New York reporting impacts of Hurricane María |
| N - Reimagine Puerto Rico, Citizen Participation Project, 2018 | Reimagine Puerto Rico Citizen Participation effort publication, March 2018 |
| O - Transformation and Innovation in the Wake of Devastation (An Economic and Disaster Recovery Plan for Puerto Rico) | Economic Report produced by COR3 and the Office of the Governor post-María |
| P - Reimagina Puerto Rico Report | Report of Reimagine Puerto Rico Citizen Participation effort, July 31, 2018 |
| Q - HUD Housing Damage Assessment and Recovery Strategies Report | Housing Damage Assessment Report issued on June 29, 2018 |
| R - Commonwealth of Puerto Rico Fiscal Plan | Report prepared by FOMB for Puerto Rico on October 23, 2018 |

