

PUERTO RICO

DISASTER RECOVERY ACTION PLAN

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



ACTION PLAN AMENDMENT FOUR

This document constitutes a **DRAFT DELIVERY** and is subject to HUD approval

DRAFT DELIVERY DATE: July 9, 2020

PLEASE READ FIRST

This document constitutes a DRAFT DELIVERY and is subject to approval by the U.S. Department of Housing and Urban Development (HUD). This Action Plan Amendment Four (Substantial Amendment) was submitted to HUD on July 9, 2020.

Upon this DRAFT DELIVERY date, HUD shall complete its evaluation process and approve or request modifications to this Action Plan Amendment Four (Substantial Amendment) on or before a 45 day-period. If HUD requires modifications, the Puerto Rico Department of Housing will have to submit the revision.

All interested applicants and readers are encouraged to monitor the website for more information about the Action Plan Amendment Four and related documentation.

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| DATE | SUMMARY OF CHANGES |
|--|--|
| 11/16/18 | <p>AMENDMENT 1: SUBSTANTIAL AMENDMENT</p> <p>Changes to incorporate \$8,220,783,000 in additional CDBG-DR funds allocated to Puerto Rico through Federal Register 83 FR 40314. Changes include 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 need. Data in the unmet needs assessment was updated, and consideration of the Puerto Rico 12 and 24-month plan was included. Changes are highlighted in grey, and changes to tables or figures are indicated by a grey box around the visual.</p> |
| 08/15/19 | <p>AMENDMENT 2: NONSUBSTANTIAL AMENDMENT</p> <p>Changes include 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 in order to meet estimated demand, as well as 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>Amendment 2 became effective August 23, 2019.</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 error in omission.</p> | <p>AMENDMENT 3: NONSUBSTANTIAL AMENDMENT *</p> <p>Changes in this Amendment are highlighted in grey within the text. Changes to tables or figures are indicated by a grey box around the visual. Modifications in this amendment primarily address the redistribution of unallocated funds awarded to Puerto Rico through Federal Registers 83 FR 5844 and 83 FR 40314, as well as 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 has been allocated across multiple programs. • Funding has been reallocated to increase the overall budget for the following programs: <ul style="list-style-type: none"> ○ The Home Repair, Reconstruction, or Relocation Program has been increased by \$800 million. ○ CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) has been increased by \$13 million. ○ City Revitalization Program has been increased by \$23 million. ○ Small Business Financing Program has been increased by \$25 million. |

- Funding has been 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 include the renaming of the FEMA Coordination Program to the Non-Federal Match Program. Other programmatic changes establish 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 include 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 include 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 includes the following language changes: (1) substitutes *municipio* for municipal and *municipios* for municipality for; (2) addresses 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) updates figure and table citations and numbering; (4) spells out commonly used acronyms when they appear for the first time; and (5) corrects 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)”.

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Sent to HUD for approval:

07/09/2020

AMENDMENT 4: SUBSTANTIAL AMENDMENT

Substantial Amendment 4 incorporates \$277,853,230 in additional CDBG-DR funds allocated to Puerto Rico through Federal Register 85 FR 4681 for unmet Infrastructure need.

Budgetary changes are shown below in the format recommended by HUD:

| 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 |
| 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 includes a limited update to the unmet needs assessment, as original calculations for hurricane damage and the resultant unmet need remain the same. This amendment also acknowledges recovery efforts made to date that serve to close the gap on the Island’s recovery needs.

Programmatic changes include 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 eliminates the Mortgage Catch Up Program due to HUD limitations on funding for this activity; eliminates the Economic Recovery Program, as activities for this program are encompassed in other economic recovery and planning efforts; and consolidates the Strategic Projects and Commercial Redevelopment Program under the Economic Development Investment Portfolio for Growth Program.

Additional changes include 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.



EXECUTIVE SUMMARY

In response to Hurricanes María and Irma, Puerto Rico has developed a hurricane recovery plan to define how Puerto Rico will address the urgent humanitarian needs of its residents while also developing and implementing a transformative recovery. This recovery is based on the 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 the rebirth of the Island.

More so than any other United States (US) recovery in modern times, Puerto Rico cannot simply rebuild damaged homes, or repave damaged roads. Every program implemented, every dollar spent, must rebuild families and communities, and must also 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.¹ The Amended Action Plan outlined in the following pages includes further analysis of early damage estimates and informs an initial program design to address these needs with the first \$1.5 billion authorized by Pub. L. 115-56, as amended by Pub. L. 115-72, and announced through Federal Register Vol. 83, No. 28 (February 9, 2018), 83 FR 5844, and the second tranche of \$8.2 billion authorized by Pub. L. 115-123 and announced through Federal Register Vol. 83, No. 157 (August 14, 2018), 83 FR 40314, and the latest unmet infrastructure need allocation authorized under Pub. L. 116-20 and announced in Federal Register Vol. 85, No. 17 (January 27, 2020), 85 FR 4681. The U.S. Department of Housing and Urban Development (HUD) is the federal oversight agency for these 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 anticipated in a second allocation for the Island, and now include the additional \$277 million in unmet infrastructure need. 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 this Action Plan, Action Plan Amendment 4 (Substantial) to HUD, Puerto Rico has been assigned three (3) separate allocations of CDBG-DR funding, which aggregate to the total

¹ Build Back Better Puerto Rico, Request for Federal Assistance for Disaster Recovery, November 2017.

A damage assessment completed in November 13, 2017 under the direction of Governor Ricardo Rosselló and funded by three major foundations dedicated to a sustainable and equitable recovery effort in Puerto Rico: Ford Foundation, Open Society, and Rockefeller. The Build Back Better report is a first estimate of recovery need across all sectors and a request for federal resources from 14 identified entities.

approximate \$10.2 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, to promote 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 ².

| Federal Register Notice (FRN) | Publication Date | Allocation Overview |
|------------------------------------|------------------|--|
| FRN Vol. 83, No. 28 (83 FR 5844) | February 9, 2018 | First Allocation: \$1.5 billion for unmet disaster recovery needs |
| FRN Vol. 83, No. 157 (83 FR 40314) | August 14, 2018 | Second Allocation: Additional \$8.2 billion for unmet disaster recovery needs |
| FRN Vol.85, No. 17 (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 as a whole. At the time of submission of this Action Plan to HUD, the PRDOH Action Plan has evolved over five (5) iterations, including the 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.³ Detailed descriptions of the changes in each iteration of the plan are available in "Action Plan Amendments" section below.

| 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) | Pending HUD Approval ⁴ |

The following table shows how funding has been added or subtracted to or from each program sector, from each allocation of funding in each of the five (5) iterations of the PRDOH Action Plan (AP) for Disaster Recovery and its amendments (APA).

² 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.

³ 83 FR 5844, 5854.

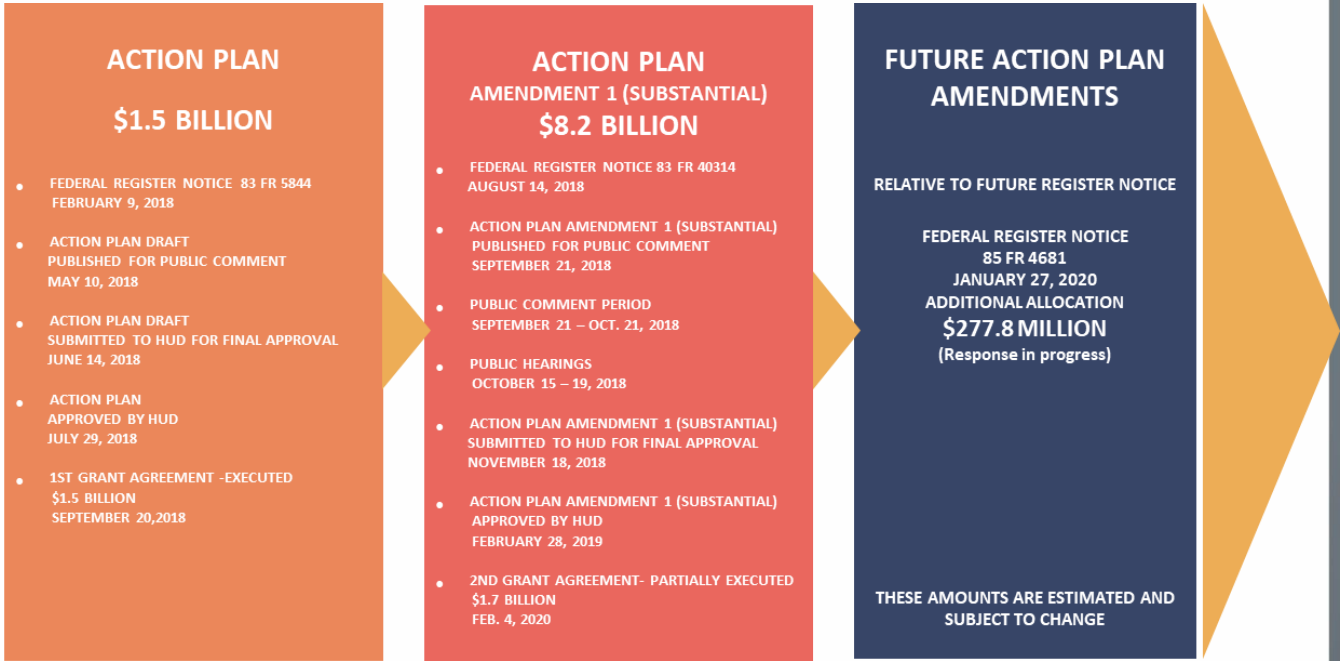
⁴ This table will be updated with effective date and published with the final HUD-approved version of the Action Plan, when available.

| HOUSING | | | | |
|-------------------------------------|------------------------|------------------------|------------------|------------------------|
| | First Allocation | Second Allocation | Third Allocation | Total Allocation |
| [A] Original AP | \$1,011,570,050 | \$0 | \$0 | \$1,011,570,050 |
| [B] Changes in APA 1 | \$0 | \$2,795,000,000 | \$0 | |
| [C] Total APA 1 [A] + [B] | \$1,011,570,050 | \$2,795,000,000 | \$0 | \$3,806,570,050 |
| [D] Changes in APA 2 | \$5,000,000 | \$0 | \$0 | |
| [E] Total APA 2 [C] + [D] | \$1,016,570,050 | \$2,795,000,000 | \$0 | \$3,811,570,050 |
| [F] Changes APA 3 | -\$13,000,000 | \$690,000,000 | \$0 | |
| [G] Total APA 3 [E] + [F] | \$1,003,570,050 | \$3,485,000,000 | \$0 | \$4,488,570,050 |
| [H] Changes in APA 4 | 0 | \$273,960,569 | \$0 | |
| [I] Total in APA 4 [G] + [H] | \$1,003,570,050 | \$3,758,960,569 | \$0 | \$4,762,530,619 |

| ECONOMIC RECOVERY | | | | |
|---|----------------------|------------------------|------------------|------------------------|
| | First Allocation | Second Allocation | Third Allocation | Total Allocation |
| [J] Original AP | \$145,000,000 | \$0 | \$0 | \$145,000,000 |
| [K] Changes in APA 1 | \$0 | \$1,285,000,000 | \$0 | |
| [L] Total APA 1 [J] + [K] | \$145,000,000 | \$1,285,000,000 | \$0 | \$1,430,000,000 |
| [M] Changes in APA 2 | -\$5,000,000 | \$0 | \$0 | |
| [N] Total AP Amendment 2 [L] + [M] | \$140,000,000 | \$1,285,000,000 | \$0 | \$1,425,000,000 |
| [O] Changes in AP Amendment 3 | \$25,000,000 | -\$132,500,000 | \$0 | |
| [P] Total APA 3 [N] + [O] | \$165,000,000 | \$1,152,500,000 | \$0 | \$1,317,500,000 |
| [Q] Changes in APA 4 | \$0 | \$0 | \$0 | |
| [R] Total in APA 4 [P] + [Q] | \$165,000,000 | \$1,152,500,000 | \$0 | \$1,317,500,000 |

| INFRASTRUCTURE | | | | |
|--------------------------------------|----------------------|------------------------|----------------------|------------------------|
| | First Allocation | Second Allocation | Third Allocation | Total Allocation |
| [S] Original AP | \$100,000,000 | \$0 | \$0 | \$100,000,000 |
| [T] Changes in APA 1 | \$0 | \$1,375,000,000 | \$0 | |
| [U] Total APA 1 [S] + [T] | \$100,000,000 | \$1,375,000,000 | \$0 | \$1,475,000,000 |
| [V] Changes in APA 2 | \$0 | \$0 | \$0 | |
| [W] Total APA 2 [U] + [V] | \$100,000,000 | \$1,375,000,000 | \$0 | \$1,475,000,000 |
| [X] Changes in APA 3 | \$0 | \$0 | \$0 | |
| [Y] Total APA 3 [W] + [X] | \$100,000,000 | \$1,375,000,000 | \$0 | \$1,475,000,000 |
| [Z] Changes in APA 4 | \$0 | -\$263,960,569 | \$263,960,569 | |
| [AA] Total in APA 4 [Y] + [Z] | \$100,000,000 | \$1,111,039,432 | \$263,960,569 | \$1,475,000,000 |

| MULTI-SECTOR | | | | |
|---|------------------|-------------------|------------------|------------------|
| | First Allocation | Second Allocation | Third Allocation | Total Allocation |
| [BB] Original AP | \$0 | \$0 | \$0 | \$0 |
| [CC] Changes in APA 1 | \$0 | \$1,900,000,000 | \$0 | |
| [DD] Total APA 1 [BB] + [CC] | \$0 | \$1,900,000,000 | \$0 | \$1,900,000,000 |
| [EE] Changes in APA 2 | \$0 | \$0 | \$0 | |
| [FF] Total APA 2 [DD] + [EE] | \$0 | \$1,900,000,000 | \$0 | \$1,900,000,000 |
| [GG] Changes in APA 3 | \$23,000,000 | -\$400,000,000 | \$0 | |
| [HH] Total APA 3 [FF] + [GG] | \$23,000,000 | \$1,500,000,000 | \$0 | \$1,523,000,000 |
| [II] Changes in APA 4 | \$0 | \$0 | \$0 | |
| [JJ] Total in APA 4 [HH] + [II] | \$23,000,000 | \$1,500,000,000 | \$0 | \$1,523,000,000 |
| PLANNING | | | | |
| | First Allocation | Second Allocation | Third Allocation | Total Allocation |
| [KK] Original Action Plan (AP) | \$73,250,000 | \$0 | \$0 | \$73,250,000 |
| [LL] Changes in APA 1 | \$0 | \$60,000,000 | \$0 | |
| [MM] Total APA 1 [KK] + [LL] | \$73,250,000 | \$60,000,000 | \$0 | \$133,250,000 |
| [NN] Changes in APA 2 | \$0 | \$0 | \$0 | |
| [OO] Total APA 2 [MM] + [NN] | \$73,250,000 | \$60,000,000 | \$0 | \$133,250,000 |
| [PP] Changes in APA 3 | -\$10,000,000 | -\$12,500,000 | \$0 | |
| [QQ] Total APA 3 [OO] + [PP] | \$63,250,000 | \$47,500,000 | \$0 | \$110,750,000 |
| [RR] Changes in APA 4 | \$0 | \$0 | \$0 | |
| [SS] Total in APA 4 [QQ] + [RR] | \$119,300,508 | \$47,500,000 | \$0 | \$166,800,508 |
| <i>*Does not include program administration or general planning. See the full budget in the Allocation of Funds section of this document.</i> | | | | |



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. This substantial Amendment 4 includes a limited update to the unmet needs assessment to incorporate current FEMA Public Assistance data for emergency work categories. The unmet needs otherwise remains largely unchanged from the data provided as part of substantial Amendment 1 due to the fact that no new U.S. Census data has been released, original damage estimates based on FEMA Public Assistance data for permanent work categories remains the same, FEMA Individual Assistance programs are no longer operational, and FEMA Hazard Mitigation figures remain under evaluation through October 2020, in accordance with FEMA deadlines. Furthermore, PRDOH is in the process of conducting a risk-based needs assessment for the separate CDBG-Mitigation allocation that will further inform the CDBG-DR program with regard to the Island’s evolving recovery needs. Once this data is complete, it will be evaluated and considered for the purposes of CDBG-DR, and this Action Plan will be amended to incorporate this data where appropriate.

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 the Island. As additional data is published by entities involved in the Hurricanes María and Irma recovery efforts and/or general US 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 need. 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 how other activities support housing recovery. These programs represent just the beginning of the recovery process, meeting a fraction of the Island’s

need. 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 Amended 2 (Substantial) included 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.



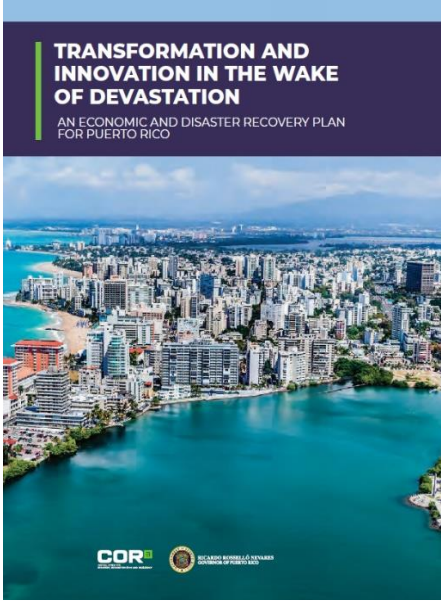
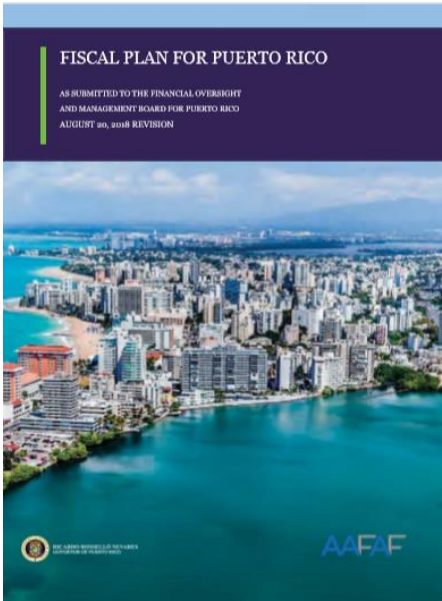


The Puerto Rico Department of Housing (PRDOH) has been appointed by the Governor of Puerto Rico as the responsible agency for the administration of the CDBG-DR grant program in close collaboration with the Central Office of Recovery, Reconstruction and Resilience (COR3). PRDOH is committed to the responsible, 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 designed in sync 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 requirement 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 conducted at that time as it intends to do with every substantial amendment, the affirmed need to consult with affected citizens, stakeholders, local governments, and public housing authorities. The approved text of Substantial Amendment 1 and all amendments published to date is incorporated into this comprehensive Action Plan **Substantial Amendment 4** and carries through in program coordination and implementation.



FISCAL PLAN FOR PUERTO RICO⁵

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).

⁵ Link to Plan: <http://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 direction of the economy 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 the 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 PREPA and the foundation of “an independent, expert, and well-funded energy regulator”.⁶
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 RICO⁷

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 Financial Oversight and Management Board (FOMB). This recovery plan is focused on four primary goals:

1. Society: Reduce citizen emigration by repairing the human welfare while promoting a society that is educated, healthy, and ultimately sustainable.
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 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.

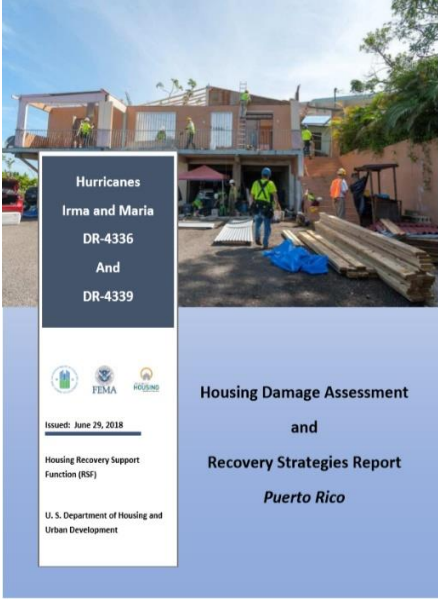
HUD AND THE CIVIC SECTOR

In addition to a review for consistency with the Fiscal Plan and the Economic and Disaster Recovery Plan (the Recovery Plan), the ReImagine 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 ReImagine Puerto Rico engagement process has been ongoing and has

⁶ Fiscal Plan for Puerto Rico, August 20, 2018 Revision; page 9.

⁷ Link to plan: <http://www.p3.pr.gov/assets/pr-transformation-innovation-plan-congressional-submission-080818.pdf> August 8, 2018

engaged residents in communities across the Island, while the HUD Housing Damage Assessment and 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.



REIMAGINE PUERTO RICO REPORT⁸

The Advisory Commission for a Resilient Puerto Rico has developed a series of recommendations on how to use philanthropic, governmental -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 in 6 sectors:

1. **Housing:** Develop a series of strategies that reduce exposure to risks and that promotes 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 of people and the environment.
3. **Natural Infrastructure:** Improve the health and well-being of the people, promote the 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 and improve existing capacities, employment opportunities and reduce inequalities.

⁸http://www.resilientpuertorico.org/wpcontent/uploads/2018/08/RePR_GENERALREPORT_WEB_ENG_08012018.pdf

5. **Physical Infrastructure:** Develop and maintain infrastructure systems that are accessible, integrated, flexible and robust enough for them to be sustain crucial operations for the well-being of Puerto Ricans.
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 REPORT⁹

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 to 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 recovery¹⁰

SPECIAL CONSIDERATIONS OF 83 FR 40314

This Substantial Amendment has been created in accordance with Federal Register Notice 83 FR 40314 and Pub. L. 115-123, which have both 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 Action Plan Amendment 4 are distinctly identified with highlighted text to illustrate the differences from previous versions. Changes identified in Action Plan Amendments 1, 2 and 3 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 that the federally-created opportunity zones provide a viable means to leverage federal funding to help facilitate recovery and economic development, as permitted. The definition of these zones is outlined in the Economic and Disaster Recovery Plan.

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 Zone¹¹.

⁹ HUD Housing Damage Assessment and Recovery Strategies Report

¹⁰ Housing Damage Assessment and Recovery Strategies Report Puerto Rico; page 5.

¹¹ Transformation and Innovation in the Wake of Devastation: An Economic and Disaster Recovery Plan for Puerto Rico; page 26.

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 includes support for facilitating the successful deployment of these essential zones to effectively leverage private 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”.¹² Cost reasonableness is described as the price that 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. Also, PRDOH may procure goods or services for which, under other projects not necessarily related to CDBG-DR, similarities exist. 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 that are 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.

¹² 83 FR 40314; page 40318.

- **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 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. Also, when the market value of a specific good or service is not found, a comparison with a substantially similar good or service may also 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. The Action Plan outlining Puerto Rico's approach for those initial funds was submitted by Puerto Rico to HUD on June 14, 2018 and approved on July 29, 2018.

On April 10, 2018, HUD allocated an additional \$18.5 billion to further support recovery in Puerto Rico and 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 can only be accessed after guidelines for their use are published by HUD in Federal Registers, and after Puerto Rico submits 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 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 THIS AMENDED ACTION PLAN, 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 to date, as outlined above. The remainder of the funds will be outlined by HUD in future Federal Register Notices.

ACTION PLAN AMENDMENT 1 (SUBSTANTIAL AMENDMENT)

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 efforts around recovery economic 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 above-mentioned initiatives and expanded the scope to further benefit the development and implementation of these programs. Several of the initial programs have been adjusted by redefining, expanding, and clarifying some of the program activities. Moreover, the remaining funding available has been used to create new 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 includes cross-references to the Course of Action (COA) from the Puerto Rico Recovery Plan with which the activity corresponds. Programs have also been reviewed for consistency with the Fiscal Plan.



Action Plan Amendment 1 (Substantial Amendment) augmented the budget in the following manner:¹³

| | 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 |

**Does not include administration. See complete budget in Program section.*

ACTION PLAN AMENDMENT 2 (NONSUBSTANTIAL AMENDMENT)

On August 16, 2019, PRDOH submitted to HUD a nonsubstantial amendment to the Action Plan. 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.

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 in order 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 AMENDMENT)

On February 17, 2020, PRDOH submitted to HUD a nonsubstantial amendment to the Action Plan. 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 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 has been increased by \$800 million.
 - CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) has been increased by \$13 million.
 - City Revitalization Program has been increased by \$23 million.
 - Small Business Financing Program has been increased by \$25 million.
- Funding was reallocated from the following programs:

¹³ 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>

- 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 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.

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 for; (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 this substantial amendment incorporate \$277,853,230 in additional CDBG-DR funds allocated to Puerto Rico through Federal Register 85 FR 4681 for unmet Infrastructure need.

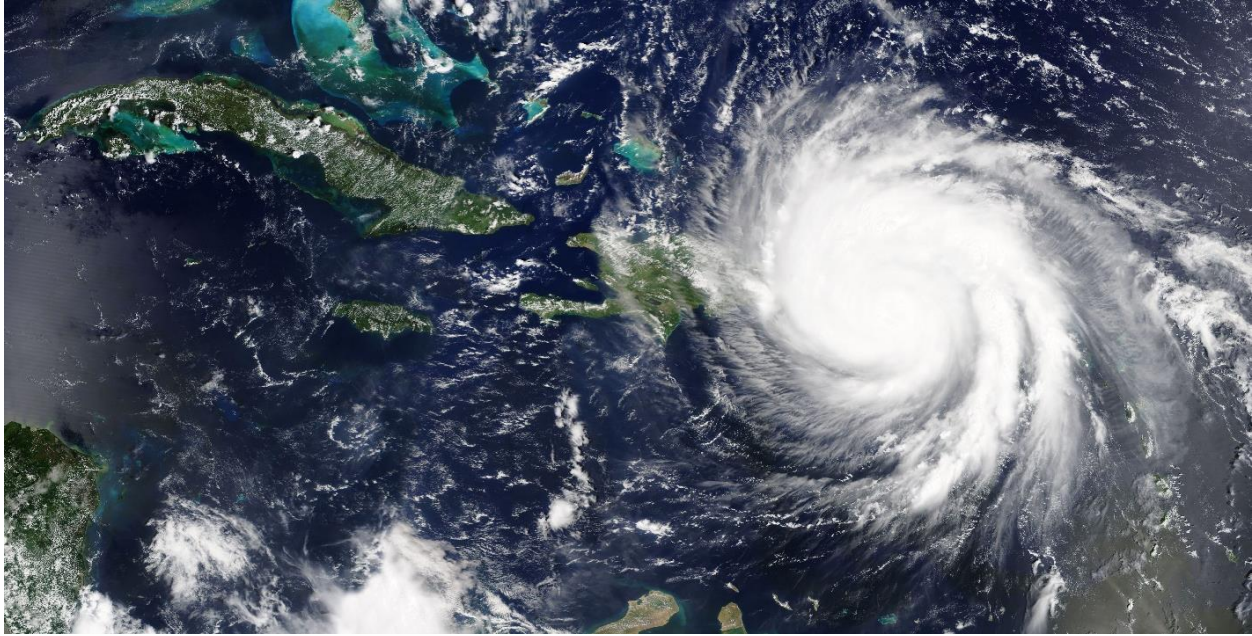
Eligible activities as allowed under the Housing and Community Development Act of 1974 (HCDA), as amended, 42 U.S.C. § 5305 have been clarified and expanded for the following Housing, Economic Development, and Infrastructure programs:

- 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 eliminates the Mortgage Catch Up Program due to HUD limitations on funding for this activity; eliminates the Economic Recovery Program as activities for this program are encompassed in other economic recovery and planning efforts; and consolidates the Strategic Projects

and Commercial Redevelopment Program under the Economic Development Investment Portfolio for Growth. Additional changes include 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.





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, the majority of the Island's power has been restored, however recurring outages are possible due to the ongoing fragility of the grid.

Inundated by back-to-back hurricanes, Puerto Rico experienced 100% impact from Hurricane María just two (2) weeks after surviving regional impact from Hurricane Irma. The subsequent impact of these hurricanes compounded damage to the Island leaving extremely vulnerable housing structures extensively damaged or completely leveled in almost every municipality.¹⁴

¹⁴ 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://www.census.gov/geo/reference/gtc/gtc_pr.html. The term municipality is used to represent "municipio" throughout this plan, however readers should not infer that a municipality is an incorporated place

As a US 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 hours¹⁵ 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 further delayed by 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: rain forest, 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 1,138,843¹⁶ 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 had been left without essential services including power and clean water.

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.

¹⁵ National Hurricane Center Tropical Cyclone Report, Hurricane Maria, April 10, 2018 https://www.nhc.noaa.gov/data/tcr/AL152017_Maria.pdf

¹⁶ 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 to impact 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.

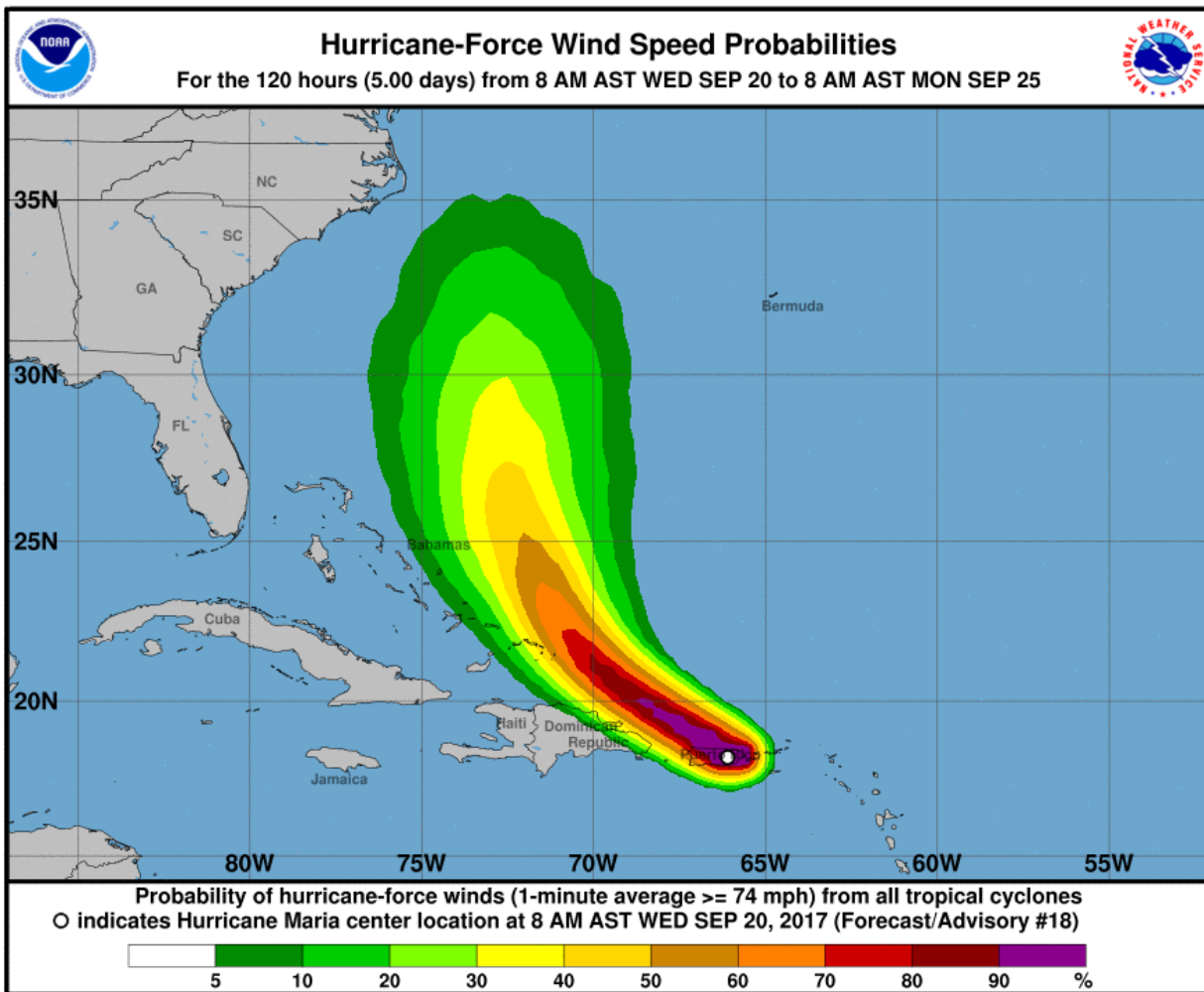


Figure 1. Hurricane María Wind Probabilities, image courtesy of NOAA

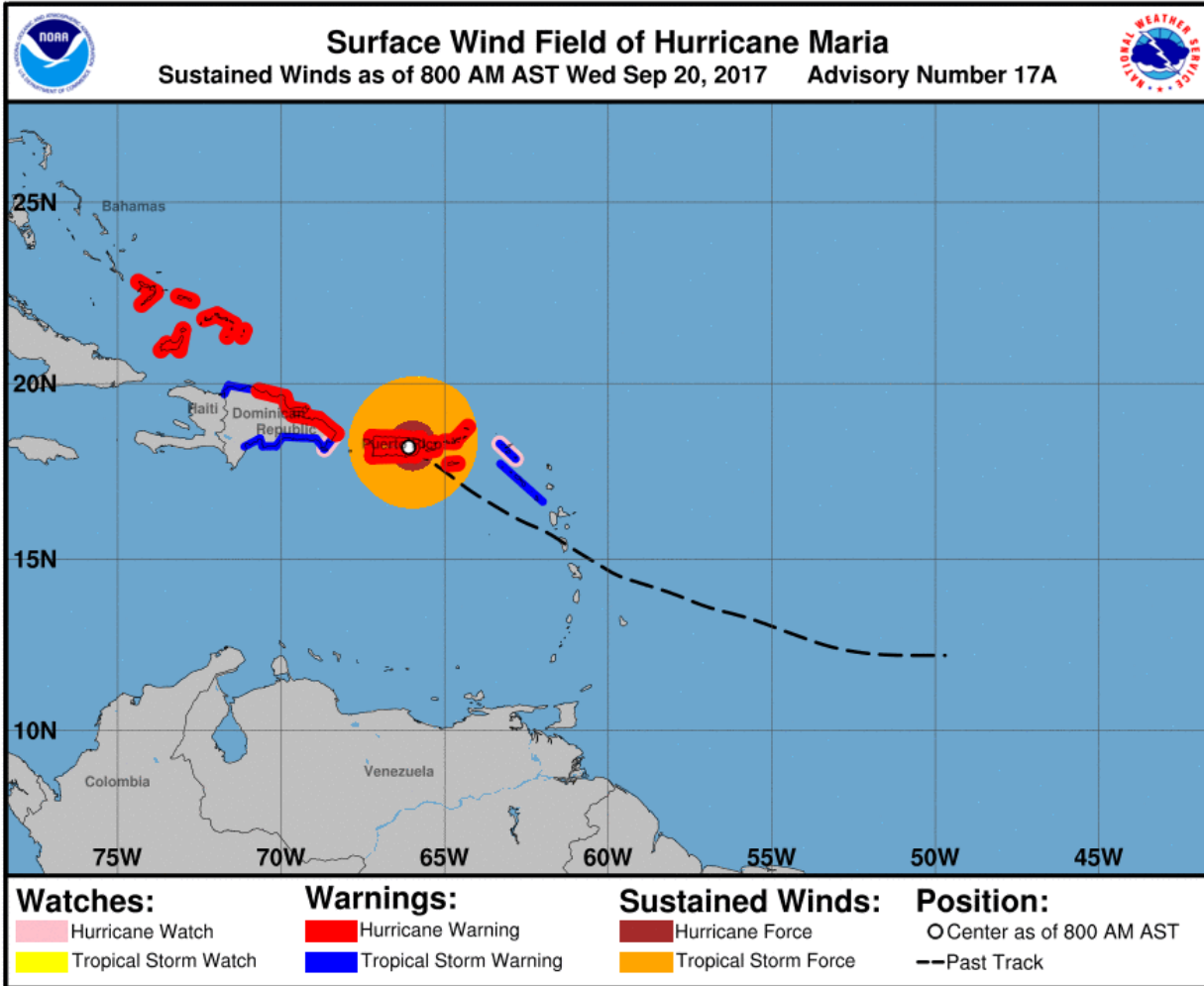


Figure 2. Hurricane María Wind Prediction, image courtesy of NOAA



Hurricane conditions were so extreme, surface observation from NOAA land stations across the Island became overburdened and failed during the hurricane.¹⁷ Wind and rain collapsed weak homes and buildings, uprooted trees, and lashed fragile power lines in every corner of the Island causing a complete blackout.

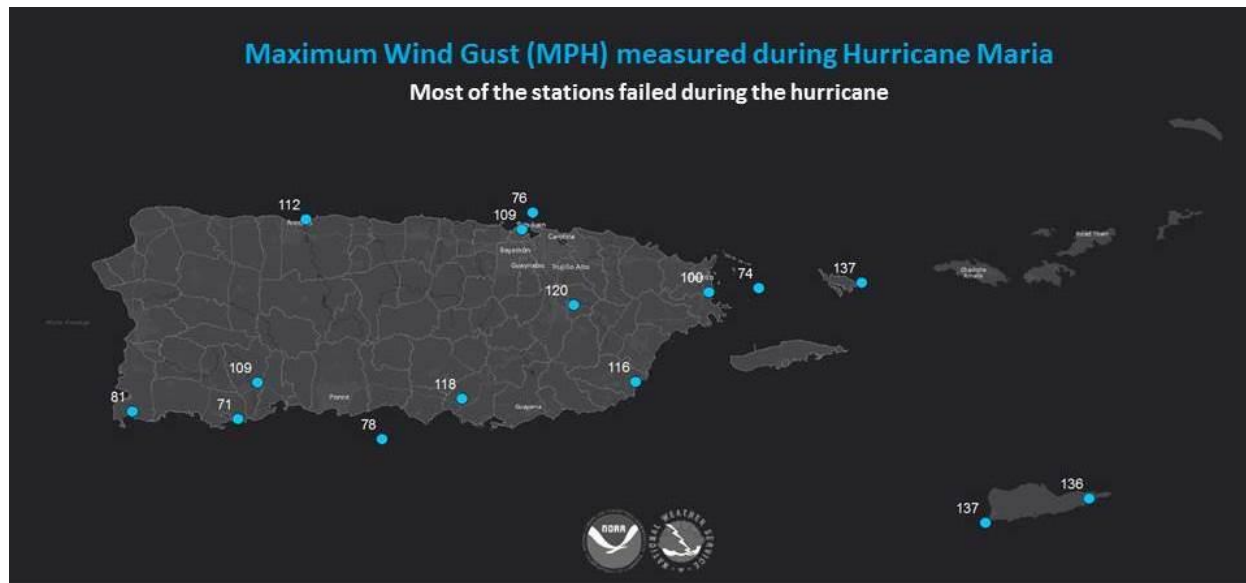


Figure 3. NOAA Image of Hurricane María Maximum Wind Gusts

Severe flooding and mudslides occurred in every interior mountainous region of the Island. Mudslides and sinkholes left communities unrecognizable and, in many cases, inaccessible. Flooding reached record levels washing away cars, homes and leaving inches of threatening, stagnant water in the aftermath. The most significant flooding occurred immediately around the La Plata River¹⁸ 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.

¹⁷ National Hurricane Center Tropical Cyclone Report, Hurricane Maria, April 10, 2018 https://www.nhc.noaa.gov/data/tcr/AL152017_Maria.pdf

¹⁸ National Hurricane Center Tropical Cyclone Report, Hurricane Maria, April 10, 2018 https://www.nhc.noaa.gov/data/tcr/AL152017_Maria.pdf

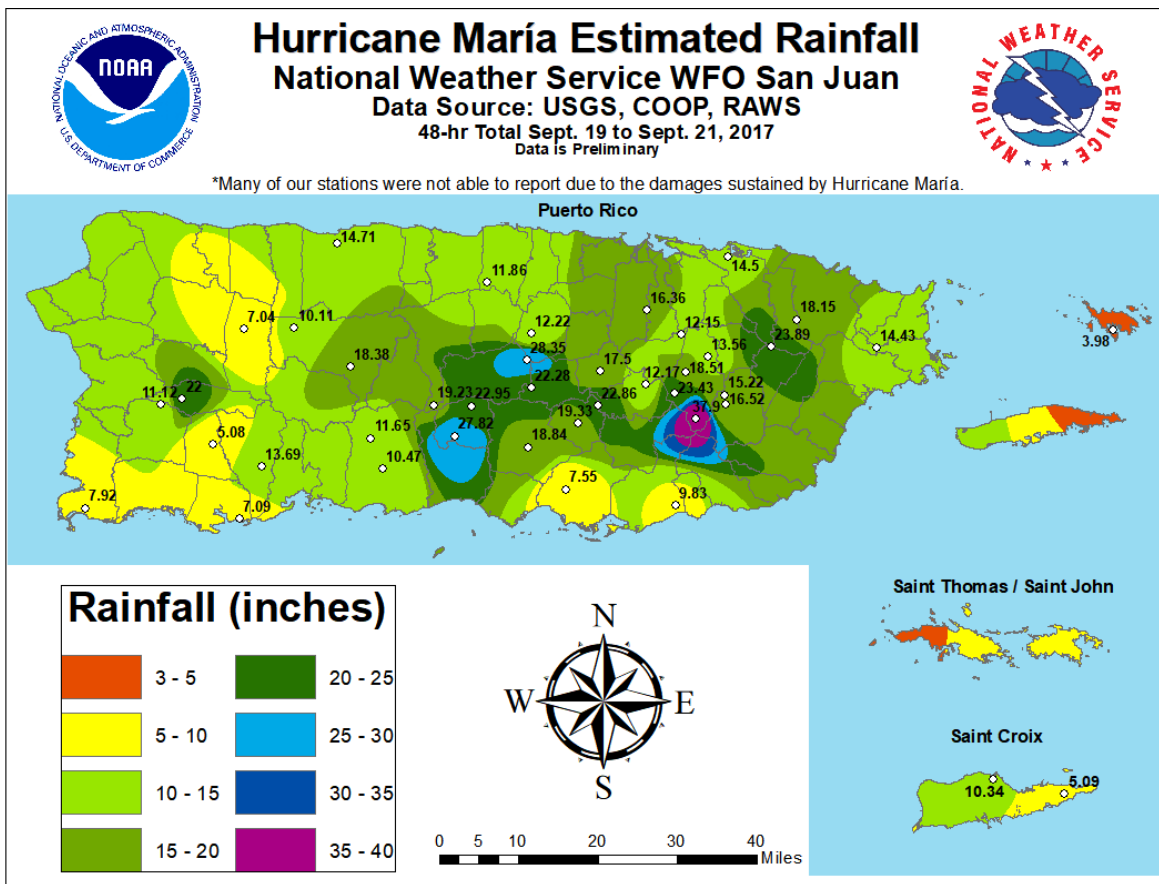


Figure 4. Hurricane María Rainfall, image courtesy of NOAA

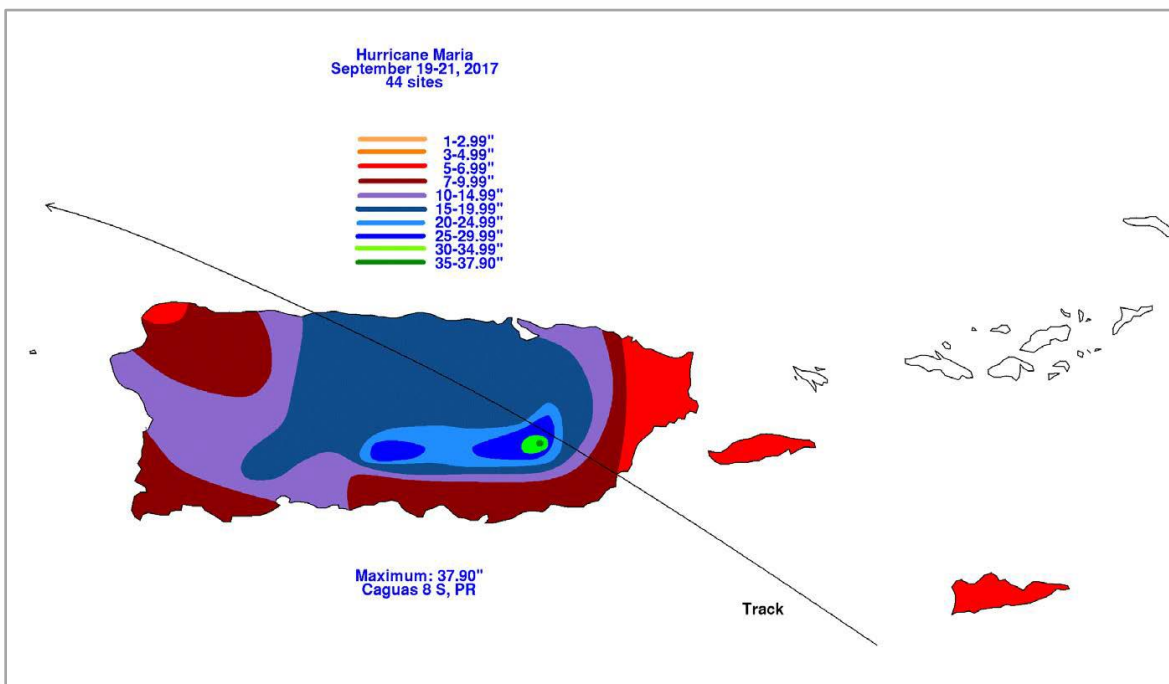


Figure 5. Hurricane total rainfall (inches) from Hurricane María. Figure courtesy of David Roth, NOAA Weather Prediction Center

The National Hurricane Center (NHC) recorded hurricane surge levels that reached maximum inundation¹⁹ at 6 to 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 9 feet. Measurements along the southeastern coast reached 4 to 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.²⁰

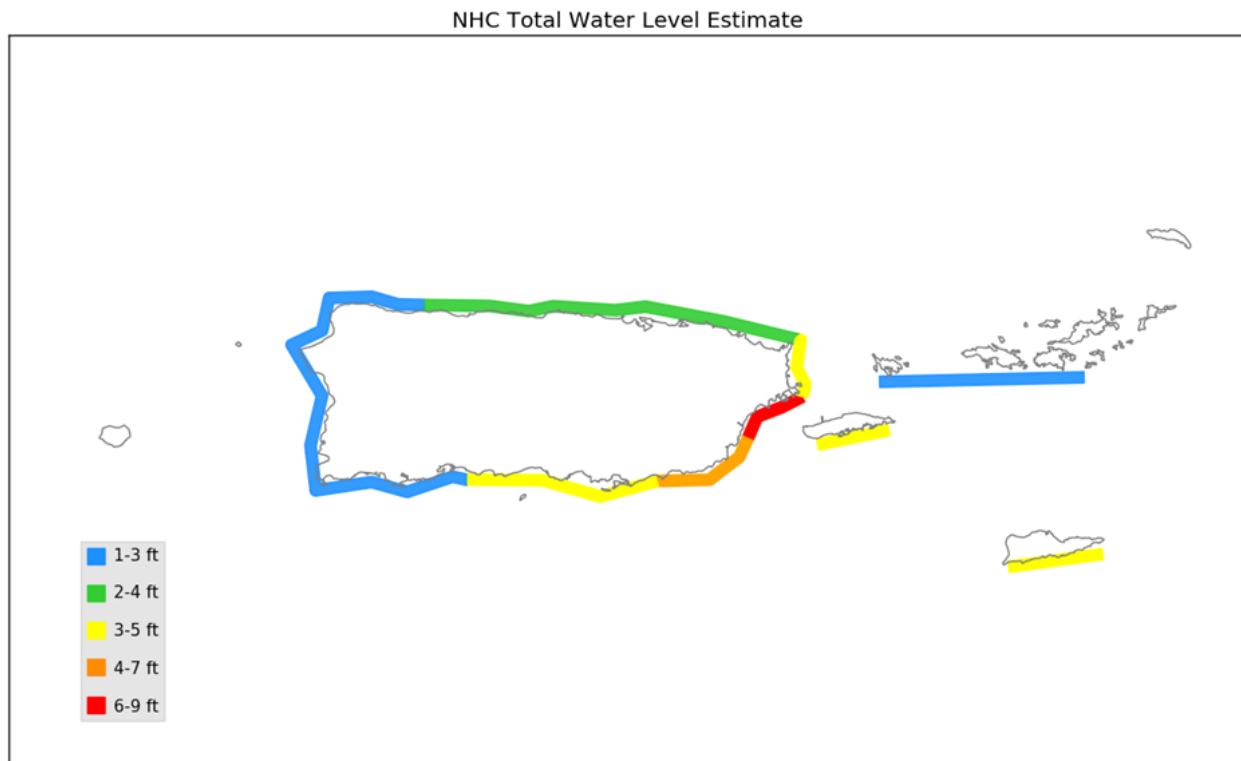


Figure 6. Estimated hurricane surge inundation (feet above ground level) based on an analysis of water level observations along the coasts of Puerto Rico and the U.S. Virgin Islands from Hurricane María. Image courtesy of the National Hurricane Center Hurricane Center

¹⁹ Inundation is the total water level that occurs on normally dry ground as a result of the hurricane tide and is expressed in terms of height above ground level.

²⁰ National Hurricane Center Tropical Cyclone Report, Hurricane Maria, 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 function for the Governor's Office to verify compliance of the 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 programs funded through CDBG-DR. Information on funds usage and outcomes are 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).



GOVERNMENT OF PUERTO RICO
Public Housing Administration

PRDOH will remain in close coordination 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 different 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 working together to synthesize a multitude of data and 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.²¹ 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 Open100% 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 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-Imagine Puerto Rico designed to solicit resident input through multiple forms of communication.²²

From an interagency perspective, COR3 is leading the collaborative development of a 12 and 24-month Economic and Disaster Recovery Plan, due to Congress in 180 days of the Bipartisan Budget Act of 2018, Pub. L. 115-123 (August 2018). In its first and second report to Congress, COR3 reported significant 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.²³ These elements are incorporated into the CDBG-DR eligible programs contained within these pages.

PRDOH is part of the Puerto Rico Housing Task Force comprised of government leaders to collaborate and advise in three critical areas: informal and substandard housing solutions, foreclosure prevention and mitigation, and flood zone impact. These subcommittees meet on a regular basis to discuss in depth environmental conditions on the ground in Puerto Rico, drivers of resilience and policy solutions, and deliver actionable solutions for Puerto Rico's recovery. The work accomplished in these committees was

²¹ 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://www.puertoricorecoveryfund.com/>

²² 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/> <https://www.rockefellerfoundation.org/about-us/news-media/rockefeller-open-society-ford-foundations-announce-efforts-help-puerto-rico-rebound-rebuild/>

²³ Letter to Congressional Leadership <http://www.p3.pr.gov/assets/lettertocongressionalleadership-govrossello.pdf>

incorporated into the Economic plan developed under COR3 purview and is incorporated into this CDBG-DR Action Plan.

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 broadly-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 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,”²⁴ 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”²⁵ (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 study²⁶ 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 Planning Board of Puerto Rico, which analyzes economic impact to public services by analyzing physical damage, loss of income, and making adjustments 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.²⁷

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

This report explores 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.²⁸

²⁴ Child Poverty: A Great Abyss for the Puerto Rican Economy, Youth Development Instituted, included in the appendices.

²⁵ Summary Counting of Homeless, 2017, Department of the Family, included in the appendices.

²⁶ Housing Industry Situation, Puerto Rico Builders’ Association, included in the appendices.

²⁷ Economic Report to the Governor 2017, Planning Board of Puerto Rico, included in the appendices.

²⁸ Puerto Rico Post-Maria, Rebuild Puerto Rico Report, City University of New York, Center for Puerto Rican Studies, included in the appendices.

REIMAGINE 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.²⁹

PROJECT REQUESTS COLLECTED THROUGH PUBLIC ENGAGEMENT

Promptly after Federal Register 83 FR 5844 was published, 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 <http://www.cdbg-dr.pr.gov/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 here on the PRDOH public website: <http://www.cdbg-dr.pr.gov/action-plan/>.

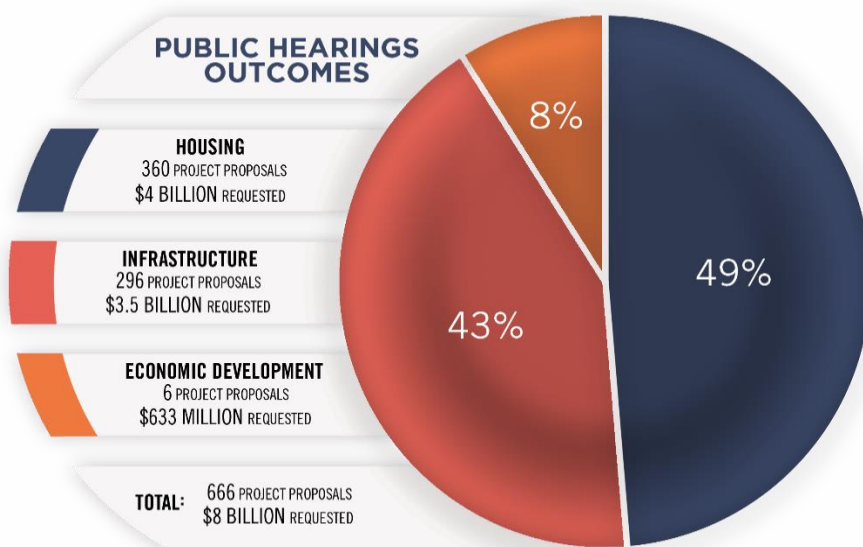


Figure 7. Summary of public hearing outcomes as of 5/2/18. (Subject to change as proposals are amended. Total includes 4 uncategorized projects)

Public respondents submitted project requests in the areas of housing, economic, and infrastructure recovery. At this early stage of recovery, these projects have been reviewed and considered as part of the overall need and were key components of how the programs were designed. As these projects are further reviewed for impact tied to the hurricanes, and assessed for final costs for repair, they will be further considered for inclusion in the community’s recovery profile as additional funds are made available. The

²⁹ ReImagine Puerto Rico, Citizen Participation Project 2018, included in the appendices

recovery approaches 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

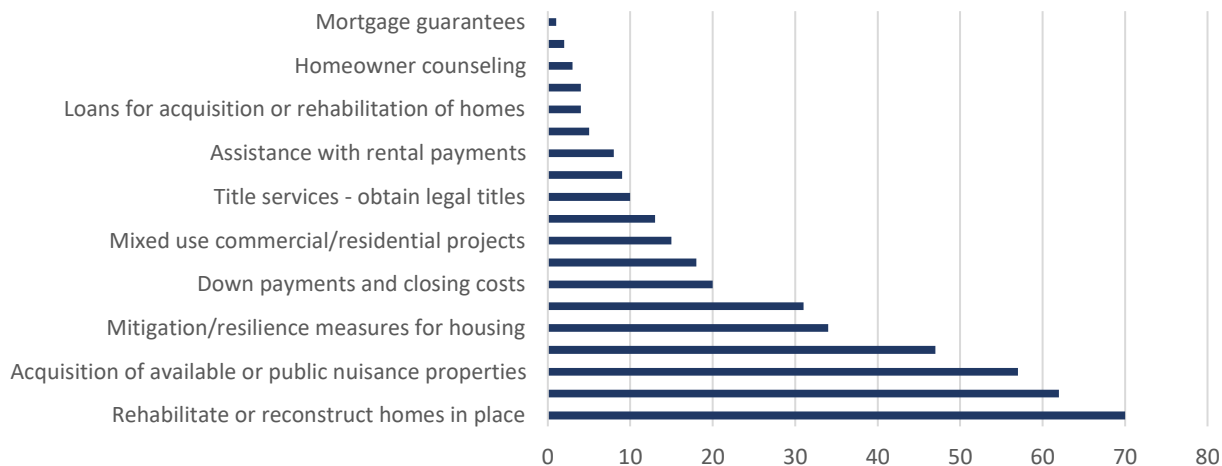


Figure 8. Housing projects proposed through public engagement

Economic Development Projects Proposed

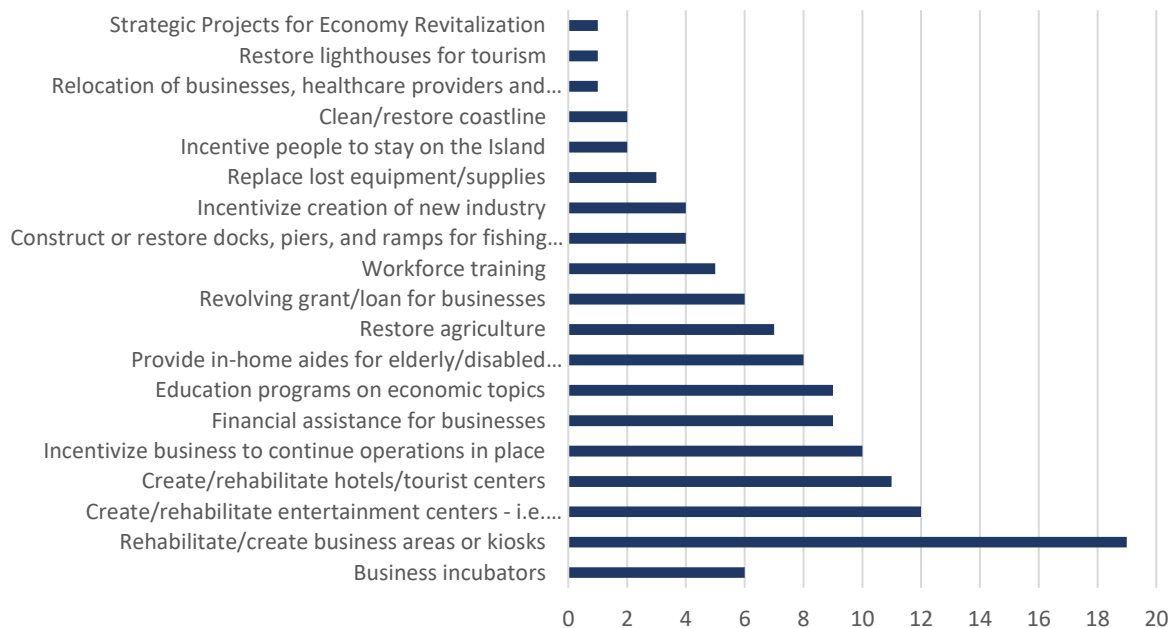


Figure 9. Economic projects proposed through public engagement



Infrastructure Projects Proposed

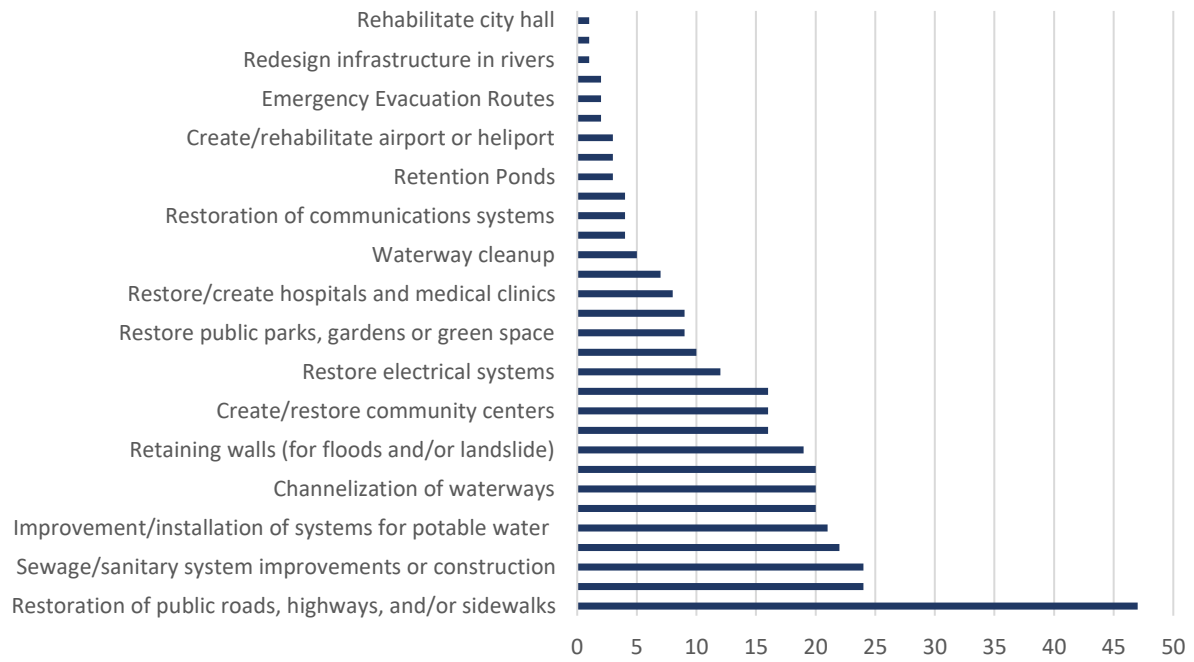


Figure 10. Infrastructure projects proposed through public engagement



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 of these 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:³⁰

| 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 |
| Comerío | Luquillo | Yauco |

Table 1. Hurricane Irma Eligible FEMA Jurisdictions

³⁰ Presidential Disaster Declaration for Hurricane Irma, <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-approves-puerto-rico-disaster-declaration/>

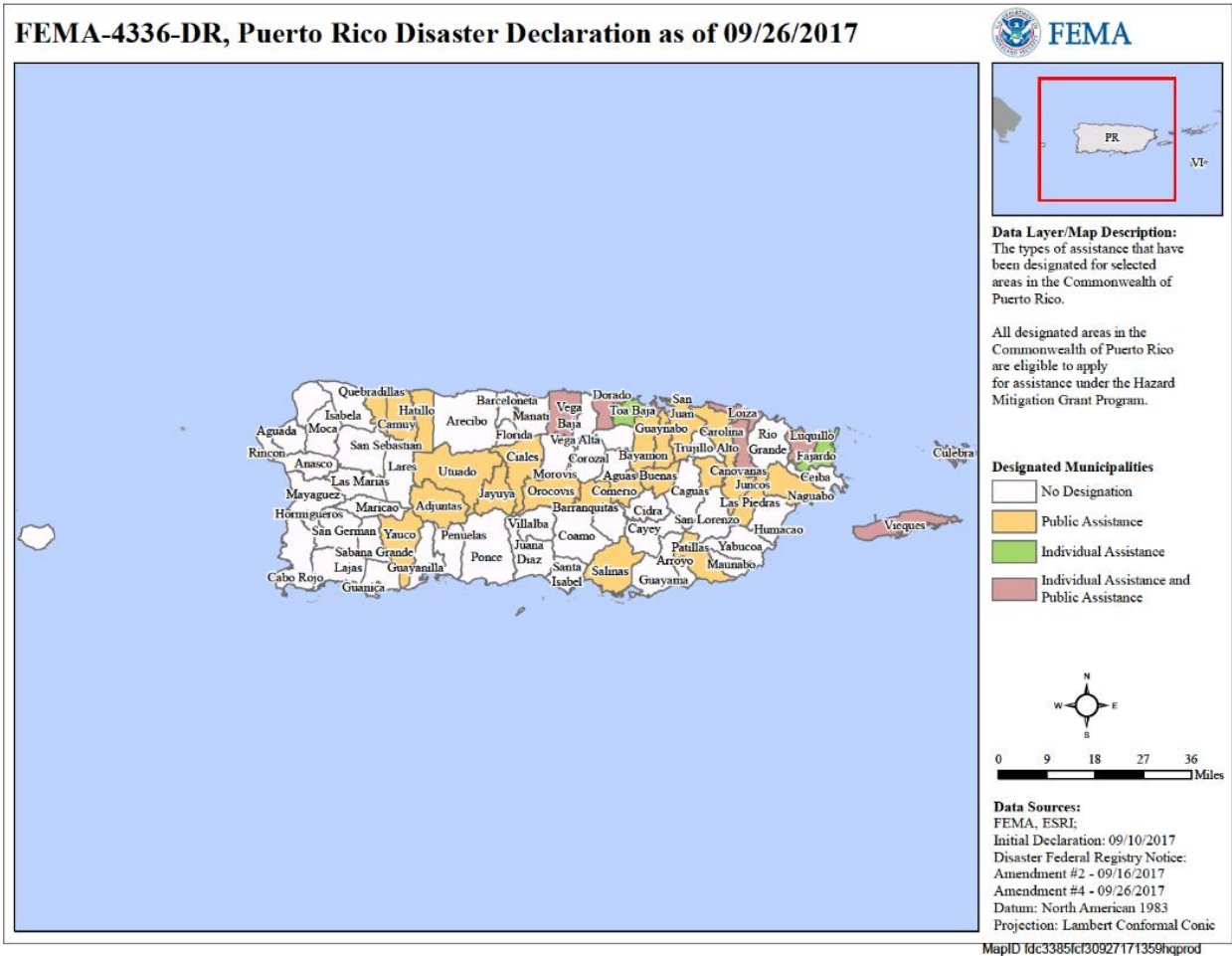


Figure 11. FEMA map of Public and Individual Assistance for Hurricane Irma

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).³¹

³¹ [https://www.fema.gov/media-library-data/1508251490706c45ffe54424cebb6c3e5ae5b4ccd364b/FEMA4339DRPR\(Expedited\).pdf](https://www.fema.gov/media-library-data/1508251490706c45ffe54424cebb6c3e5ae5b4ccd364b/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 |
| Comerío | Maunabo | Vieques |
| Corozal | Mayagüez | Villalba |
| Culebra | Moca | Yabucoa |
| Dorado | Morovis | Yauco |

Table 2. Hurricane María Eligible FEMA Jurisdictions



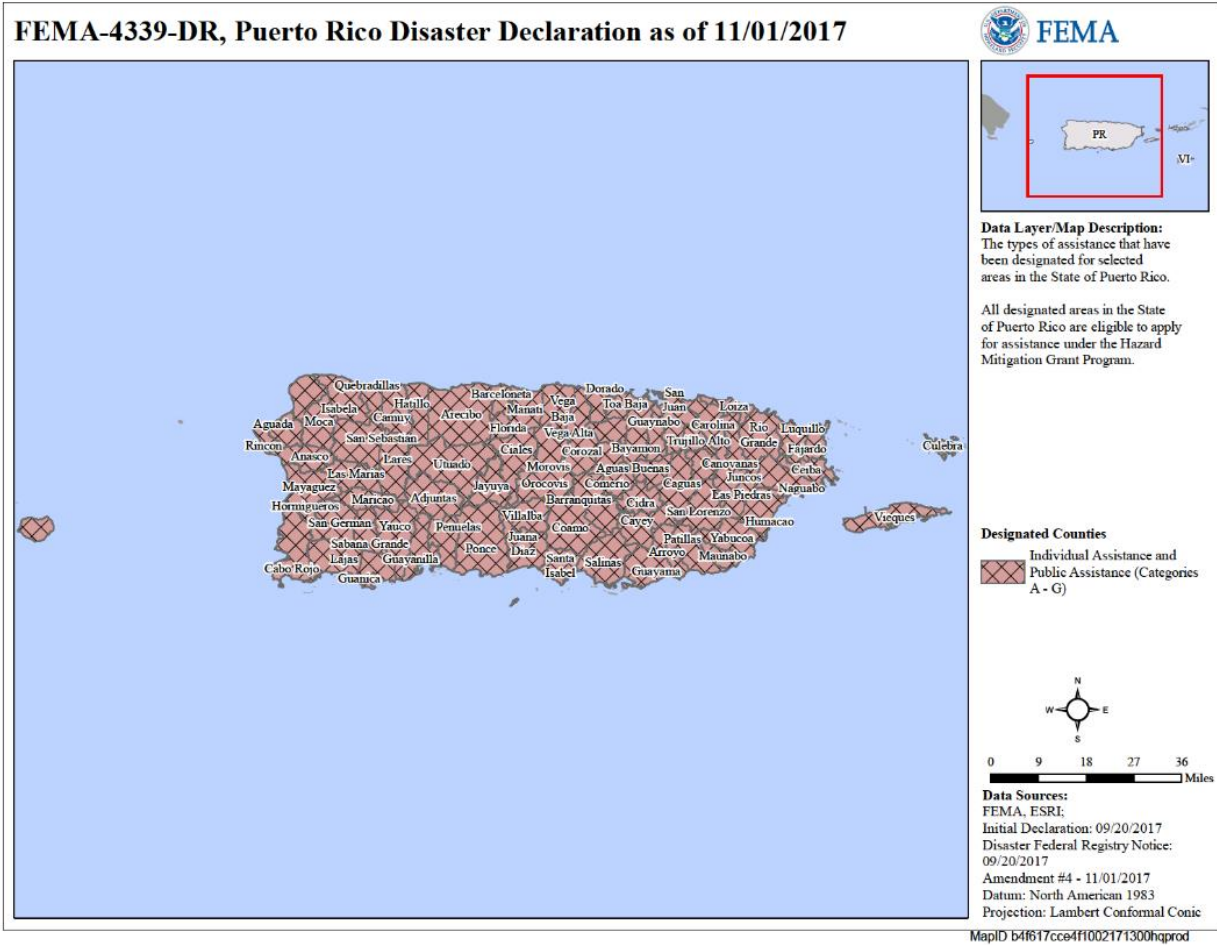


Figure 12. FEMA map of Public and Individual Assistance for Hurricane María

As the entirety of the Puerto Rican islands is an impact zone from these two hurricanes, recovery needs have exceeded funding available through FEMA’s Disaster Relief Fund (DRF), resulting in a special allocation by Congressional Appropriation, awarded through The Department of Housing and Urban Development (HUD) to Puerto Rico 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 different 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 will work 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 of the disaster-declared areas.

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. The rebirth of Puerto Rico 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, 2018.³² 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 that are resilient not only for hurricanes and wind, but for seismic activity as well. 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, as 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. For all new construction or for substantially rehabilitated structures, this may require installed appliances to meet ENERGY STAR certification standards at a minimum.

For nonsubstantially rehabilitated housing structures, Puerto Rico will follow the HUD Community Planning and Development (CPD) Green Building Retrofit Checklist guidelines to the extent they are applicable to the construction methods utilized on the Island. When older or obsolete products are

³² <https://ogpe.pr.gov/freedom/publicSearch/publicDocument>

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.³³ 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 the amount of reconstruction funds from its own government sources."³⁴

A large 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 match. 100% cost share is different for each FEMA category. The Category B complete federal coverage expired 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.

However, even within the constraints of limited funding, on March 13, 2018, the Puerto Rican Senate approved to grant each of the 78 municipalities \$1 million to help cover operational and administrative expenses in the face of the losses caused by the passage of the Hurricanes Irma and María last September. This \$78 million investment is one of the ways Puerto Rico is putting its own funds towards the recovery. Additionally, Puerto Rico has worked diligently to encourage private-sector and philanthropic involvement. This has resulted in key investments, such as the recent private-sector contribution of \$100 million from AbbVie pharmaceuticals to strengthen access to health care and housing in Puerto Rico.³⁵

³³ Federal Register 83 FR 5844, <https://www.gpo.gov/fdsys/pkg/FR-2018-02-09/pdf/2018-02693.pdf>

³⁴ Build Back Better Puerto Rico, Request for Federal Assistance for Disaster Recovery, November 2017.

³⁵ <https://philanthropynewsdigest.org/news/abbvie-donates-100-million-for-puerto-rico-hurricane-recovery>

Puerto Rico’s recovery funding strategy primarily aligns federal assistance funding, to the greatest extent possible, through complimentary programs in order 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 Stafford Act restrictions against duplication of benefit, this Action Plan will focus on housing and economic recovery, while Puerto Rico works 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 has up to twelve (12) months from the time of impact to qualify for FEMA’s Hazard Mitigation Assistance program. FEMA has approved a Global Match for CDBG-DR projects eligible under FEMA’s Hazard Mitigation Grant Program (HMGP). This is an important step to maximizing leverage. Opportunities for private and philanthropic sector contributions will also be considered during program design to maximize local leverage.



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 has completed an unmet needs analysis to guide this recovery, based on 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 becomes 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. The municipalities submitted a great deal of local data, which has been extremely important in informing program design. The 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 be able to analyze impact island-wide. The Build Back Better report established \$94.4 billion in need, based on an extensive data set across all sectors. The February 9, 2018 Federal Register 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.”³⁶

The 83 FR 40314 Notice 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 that outmigration and economic hardship are severe stressors to maintaining housing viability in a manner that is unique to Puerto Rico, as compared to other 2017 CDBG-DR grantees, Puerto Rico **must** diversify its approach to recover the economy so that families can stay in their homes and on the Island.

The impact summary below is primarily related to estimates generated in relation to FEMA Individual Assistance (FEMA IA), Small Business Administration (SBA), and National Flood Insurance Program (NFIP) impact data. 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.

³⁶ <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 | \$36,517,245,560 | \$ 44,993,142,873 | \$5,804,929,161 ³⁷ | \$87,315,317,594 |
| Amount of Funds Available | \$2,648,437,329 | \$ 40,830,960,669 | \$99,873,534 | \$43,579,271,532 |
| Unmet Needs | \$33,868,808,231 | \$ 4,162,182,204 | \$5,705,055,627 | \$43,736,046,063 |
| Percent of Total Unmet Needs | 77.44% | 9.52% | 13.04% | |

Table 3. Summary of Unmet Needs by Recovery Category³⁸

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.

³⁷ 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

³⁸ 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

Identifying those areas most impacted and most vulnerable to recovery barriers across the Island provides a useful lens for targeting program intake in the most impacted and distressed areas. The Social Vulnerability Index³⁹ (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.

Utilizing the Social Vulnerability Index here 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 |

³⁹ 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 in driving 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 benefit 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 was concentrated more extensively, especially when compounded with an inability to bounce back (social vulnerability).

PRDOH obtained from FEMA a list of Individual Assistance (IA) applicants 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.



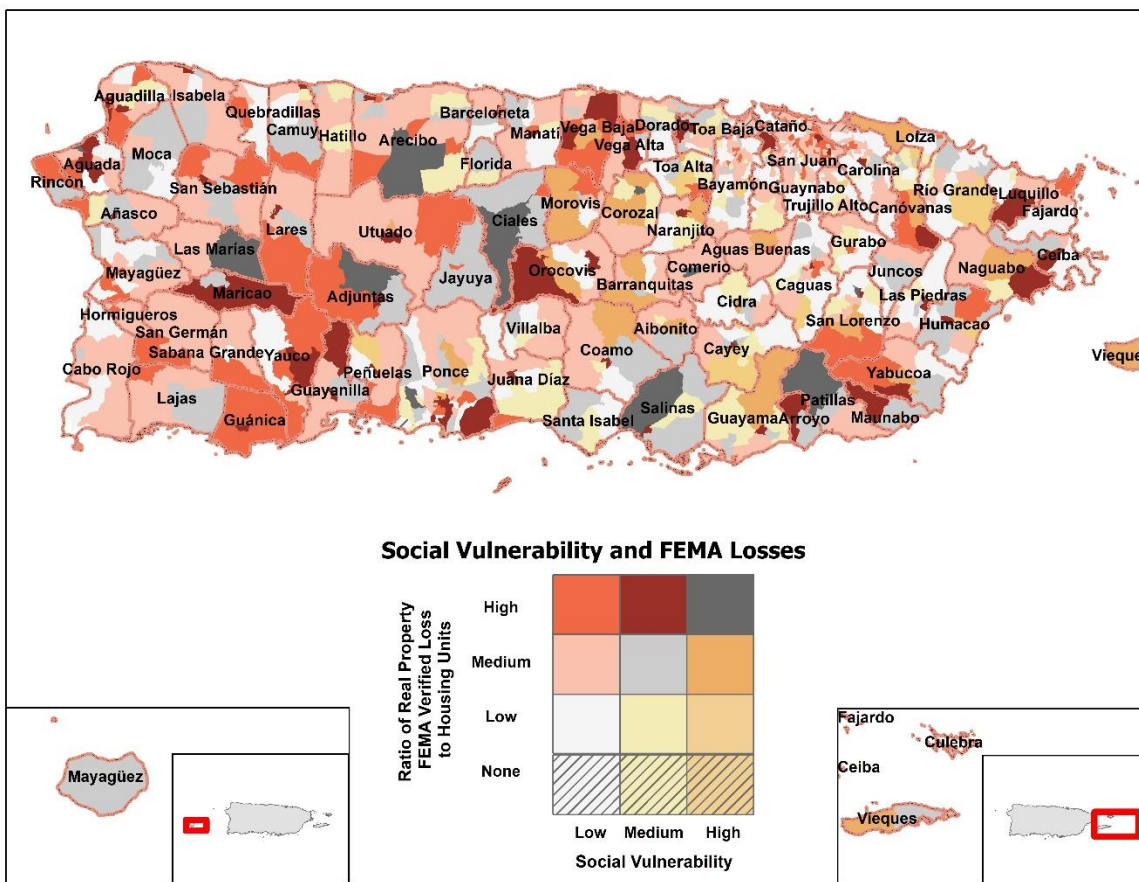


Figure 13. Map of Low to High SoVI communities where FEMA verified-loss applicants are located, in Presidentially Disaster Declared (PDD) area

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 age 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 elderly as the US. The percent of residents age 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.

| POPULATION, AGE AND LANGUAGE DEMOGRAPHICS | | |
|---|----------------------|--------------------|
| COMMUNITY FACT | UNITED STATES | PUERTO RICO |
| Population estimates, July 1, 2017, (V2017) | 325,719,178 | 3,337,177 |
| Persons under 5 years, percent, July 1, 2016, (V2016) | 6.20% | 4.70% |
| Persons under 18 years, percent, July 1, 2016, (V2016) | 22.80% | 20.40% |
| Persons 65 years and over, percent, July 1, 2016, (V2016) | 15.20% | 18.90% |
| Female persons, percent, July 1, 2016, (V2016) | 50.80% | 52.40% |
| Female persons, percent, April 1, 2010 | 50.80% | 52.10% |
| Veterans, 2012-2016 | 19,535,341 | 89,824 |
| Foreign born persons, percent, 2012-2016 | 13.20% | 2.70% |
| Language other than English spoken at home, percent of persons age 5 years+, 2012-2016 | 21.10% | 94.50% |
| With a disability, under age 65 years, percent, 2012-2016 | 8.60% | 15.30% |

American Community Survey Data 2012- 2016

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

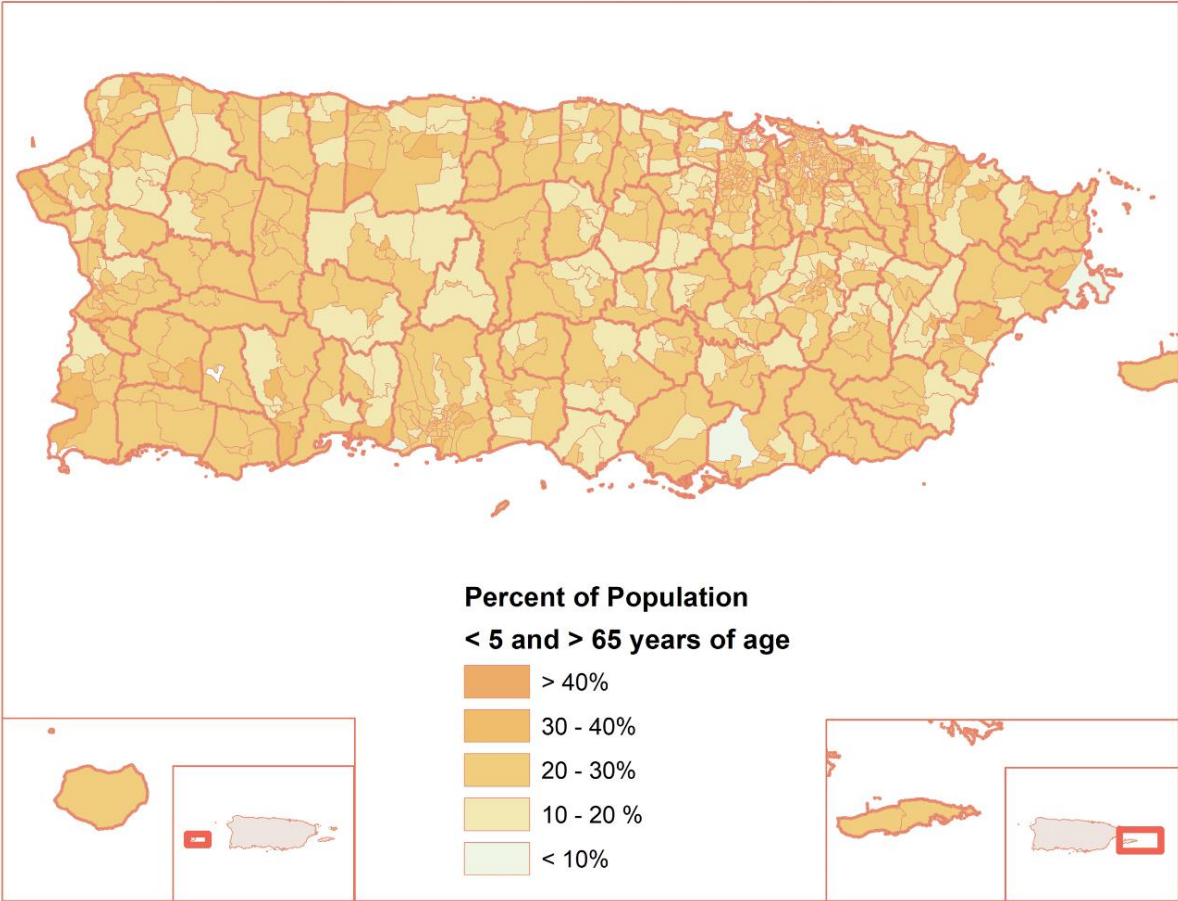


Figure 14. Map of Age Dependent (less than 5 Years or greater than 65 Years old) Population by Census Tract, data source ACS 2012 - 2016

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 since 2004 driven by rippled effects of debt and recent government bankruptcy. Residents less vulnerable to recovery barriers are leaving the Island in search of opportunity, 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 US 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 there are many indicators that 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 predicts Puerto Rico may lose up to 470,335 or 14% of the population.⁴⁰ Through continued research on this issue, the Center recently

⁴⁰ Estimates of Post-Hurricane Maria Exodus from Puerto Rico, October 2017, City University of New York, Center for Puerto Rican Studies, https://centropr.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.⁴¹ 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 the 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 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 indicates that 11,554 Puerto Rican students 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.⁴² Enrollment on the islands has 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 will 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

By 2016 estimates, Puerto Rico is densely populated with 1,088.2 residents per square mile compared to the US at 87.4 residents per square mile.

High 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%⁴³ 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.

⁴¹ Exodus from Puerto Rico, A visual guide, <https://www.cnn.com/2018/02/21/us/puerto-rico-migration-data-invs/index.html>

⁴² Puerto Rico Post-Maria, Rebuild Puerto Rico Report, City University of New York, Center for Puerto Rican Studies, https://centropu.hunter.cuny.edu/sites/default/files/PDF/puerto_rico_post_maria-2018-final.pdf

⁴³ 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 age 25 years+, 2012-2016 | 87.00% | 73.90% |
| Bachelor's degree or higher, percent of persons age 25 years+, 2012-2016 | 30.30% | 24.60% |
| Persons without health insurance, under age 65 years, percent | 10.10% | 6.80% |
| In civilian labor force, total, percent of population age 16 years+, 2012-2016 | 63.10% | 44.80% |
| In civilian labor force, female, percent of population age 16 years+, 2012-2016 | 58.30% | 40.00% |
| 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 age 16 years+, 2012-2016 | 26.1 | 29.5 |
| Median household income (in 2016 dollars), 2012-2016 | \$55,322 | \$19,606 |
| Per capita income in past 12 months (in 2016 dollars), 2012-2016 | \$29,829 | \$11,688 |
| Persons in poverty, percent | 12.70% | 43.50% |
| Total employer establishments, 2015 | 7,663,938 | 43,620 |
| Total employment, 2015 | 124,085,947 | 677,974 |
| Total annual payroll, 2015 (\$1,000) | 6,253,488,252 | 17,315,903 |
| Total employment, percent change, 2014-2015 | 2.50% | -0.50% |
| American Community Survey Data 2012- 2016 | | |

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

Unemployment has increased since the hurricanes knocked services offline, obstructed roadway access, and caused structural damage to businesses across the Island. Unemployment was at 4.7% in 2016 and as of February 2018 has been reported at 10.6%.⁴⁴ Unemployment today is in flux. Monthly unemployment claims filed with the Labor Department have fluctuated anywhere from 1,469 to 7,300 claims a month since María hit.

⁴⁴ Bureau of Labor Statistics, <https://www.bls.gov/eag/eag.pr.htm>

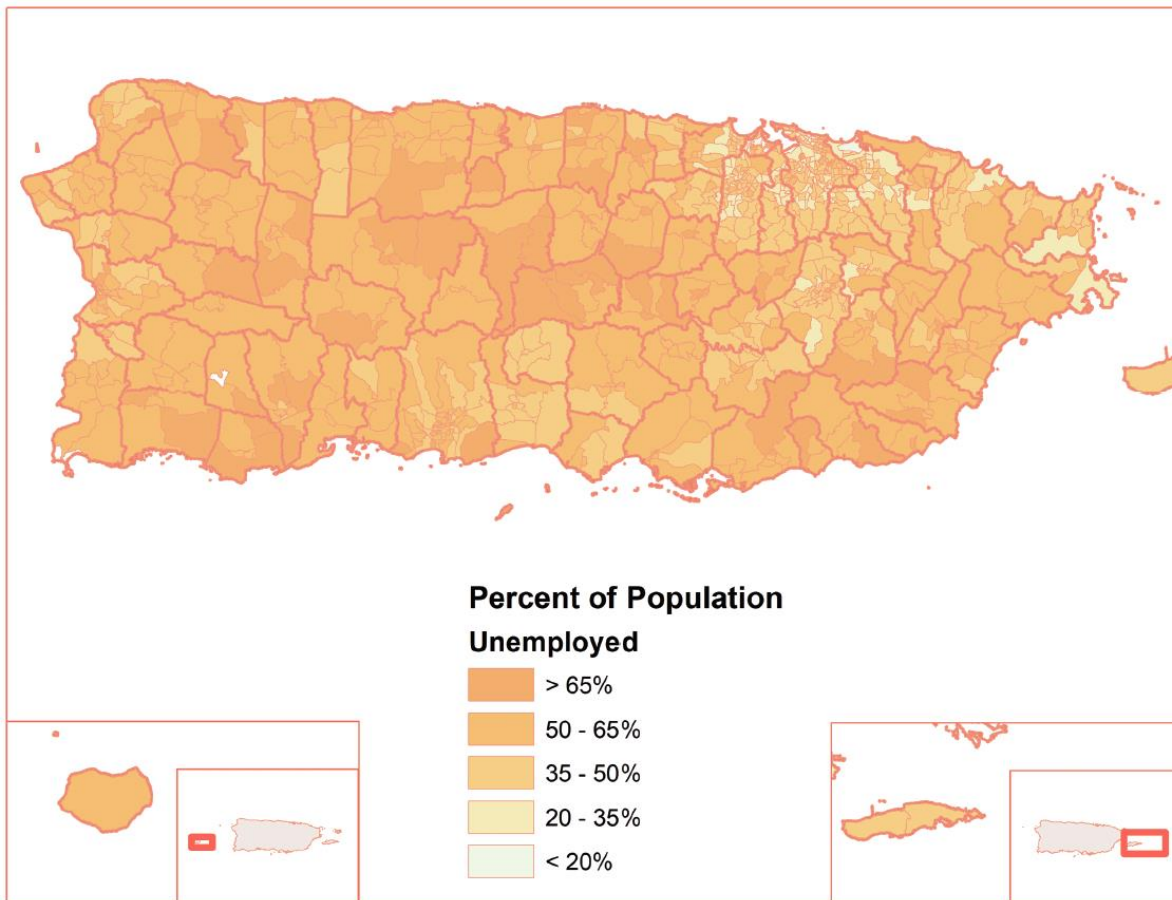


Figure 16. Percent Unemployment by Census Tract, data source ACS 2012-2016

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. 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.



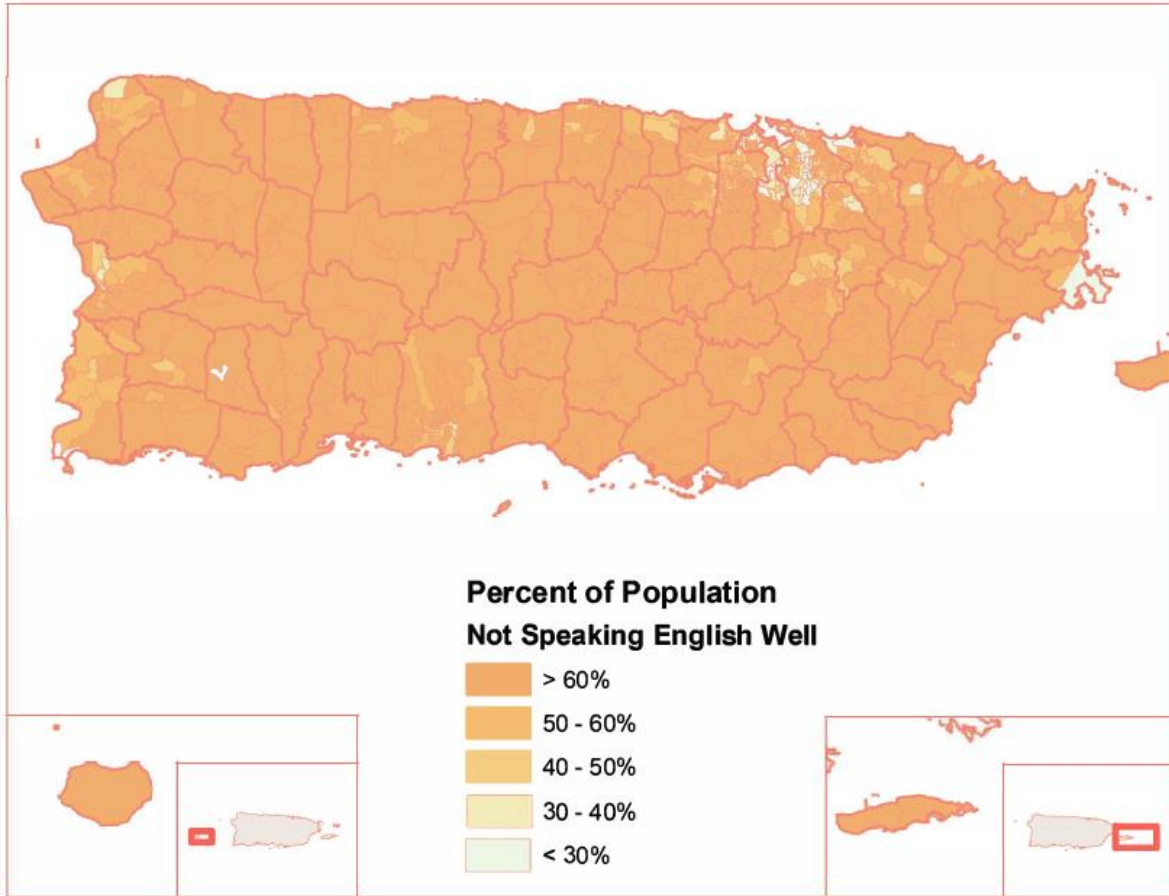


Figure 17. Majority of the Island speaks English in limited capacity or not at all, source ACS 2012-2016

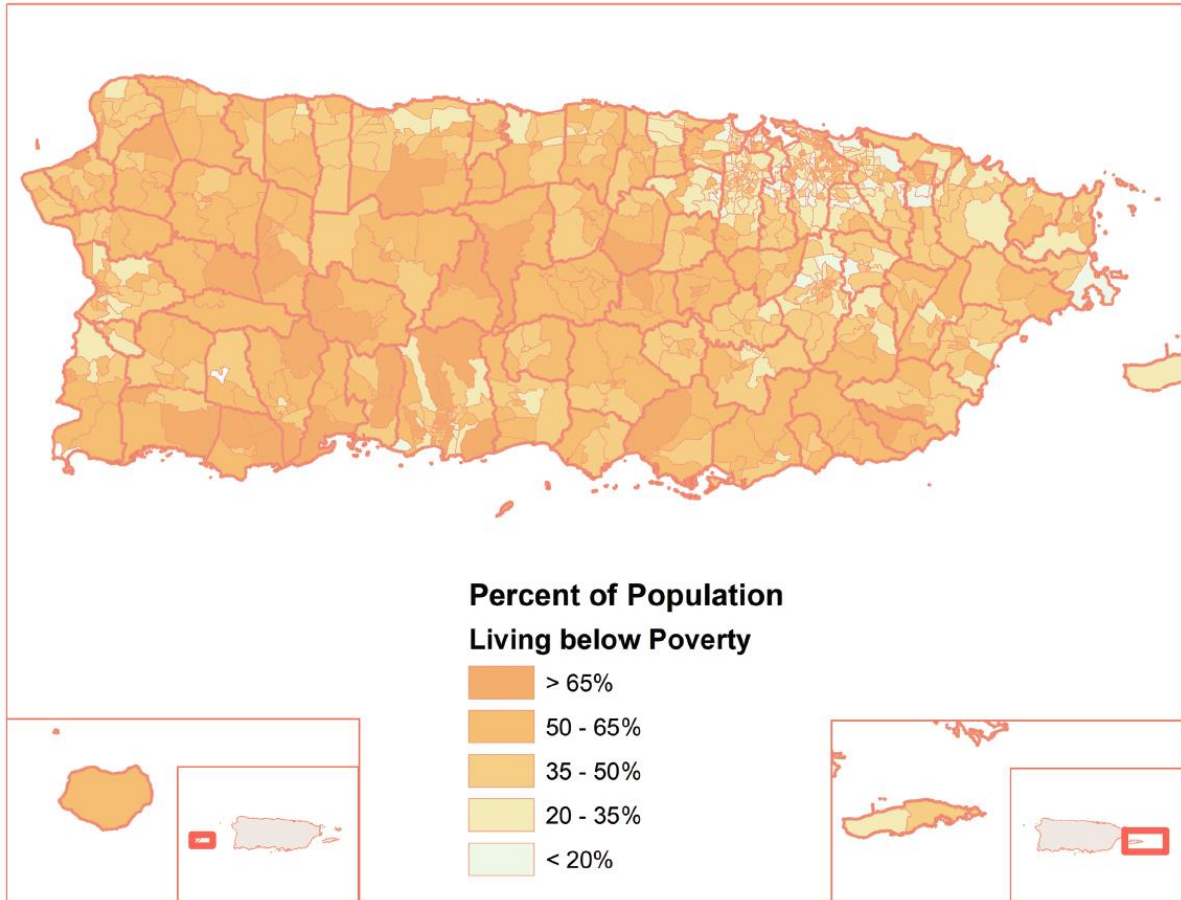


Figure 18. Population living below the poverty line, by census tract, data source ACS 2012-2016



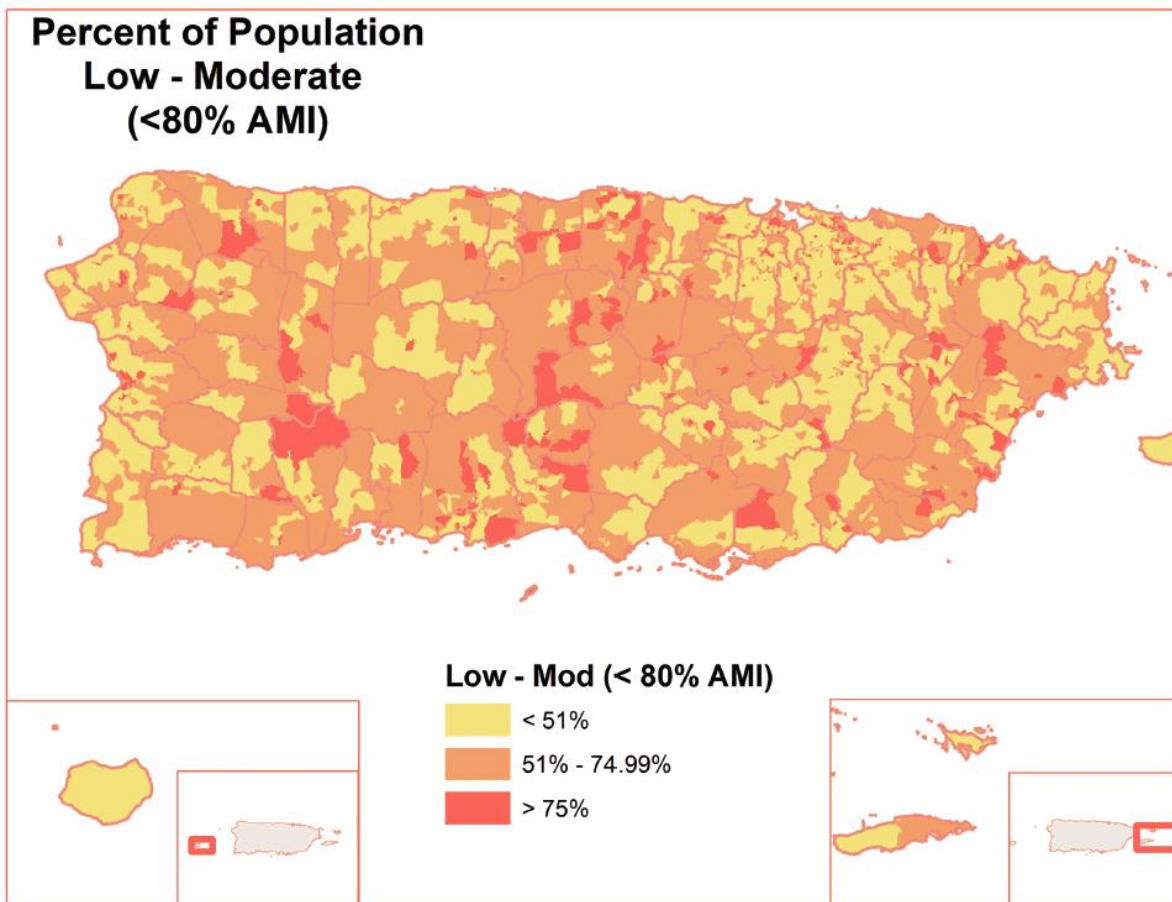


Figure 19. Distribution of Low-to-Moderate Populations, data source ACS 2012-2016

Of importance to note is that the income levels used to establish Low and Moderate Income (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 \$20,600⁴⁵ for a family of four. This median income is below the Federal Poverty Level of \$25,100⁴⁶ 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 as needed to ensure access to program services to families in need. 83 FR 40314 Notice 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

⁴⁵ 2019 HUD Income Limits for Puerto Rico are attached in the Appendices

⁴⁶ Poverty level as provided by HUD

Continuum of Care services and in many cases specialized medical care to accommodate physical, emotional, behavioral, or disabilities or impairment.

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:

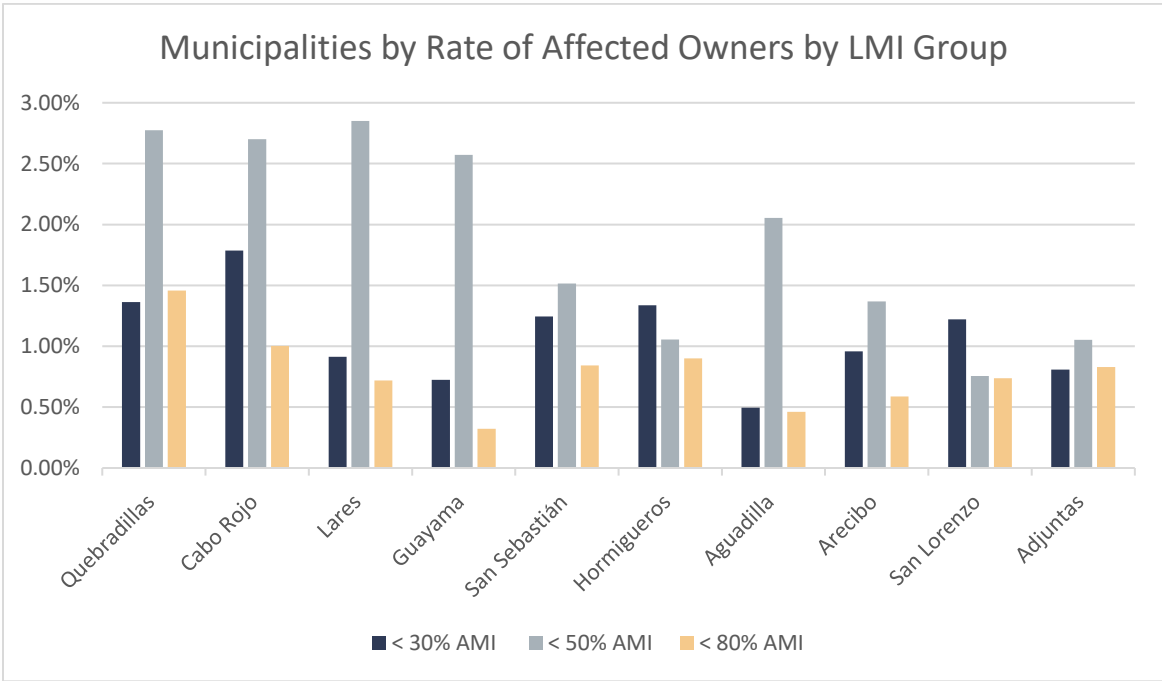


Figure 20. Percent population with designated Special Need, broken down by income group⁴⁷

| 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 highest level of homeowners with designated Special Need, broken down by income category

⁴⁷ Data regarding special needs comes from FEMA Information and Data Analysis.

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

| 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% |
| Comerío | 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 highest level of renters with

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) that is 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%.⁴⁸

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 hurricane impact to the economy is not addressed, increased levels of poverty will generate greater need for assistance.

⁴⁸More Trouble Ahead: Puerto Rico’s Impending Medicaid Crisis, Center for Economic and Policy Research
<http://cepr.net/images/stories/reports/puerto-rico-medicaid-2017-10.pdf>



CHILD AND YOUTH WELFARE

Child poverty is a serious 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%. Increased economic challenges brought on by post-hurricane conditions may lead to an increase in this rate over time. Unless mitigated by impactful recovery programs, child poverty has dangerous implications not only for the future of Puerto Rico, but 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.⁴⁹ This adds a unique layer to the social vulnerabilities Puerto Rican communities face in recovery.

⁴⁹ Child Poverty: A Great Abyss for the Puerto Rican Economy, Instituto Desarrollo Juventud, http://juventudpr.org/wp-content/uploads/pdf/Child_Poverty_in_Puerto_Rico_Infographic.pdf

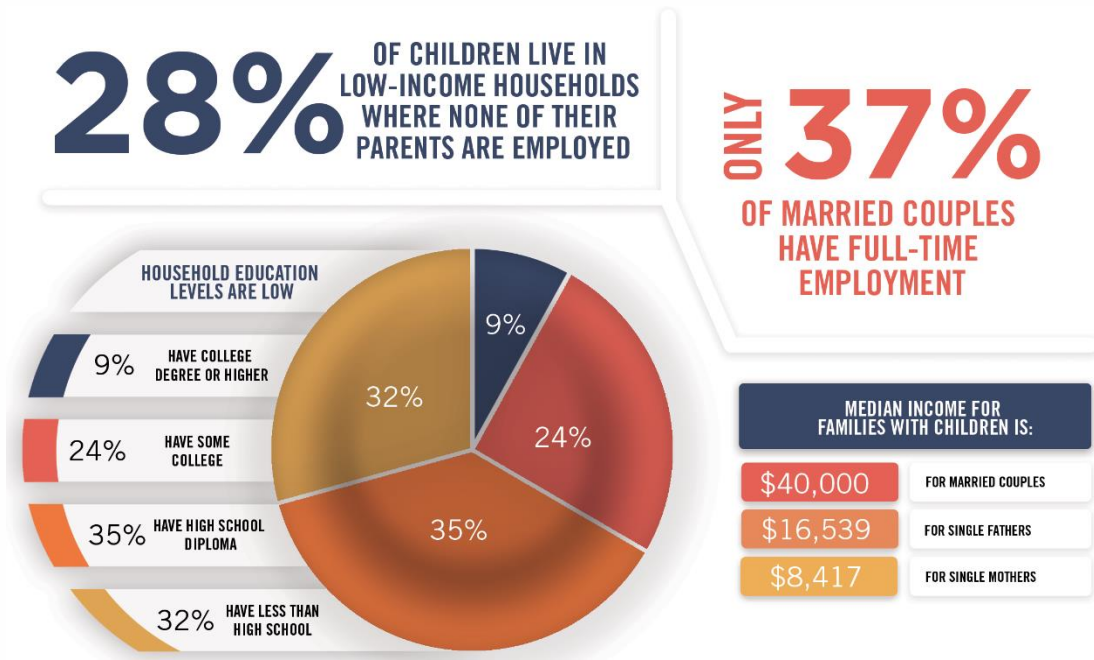


Figure 21. Statistics provided by the Youth Development Institute

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.⁵⁰ The problem of being homeless 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 jurisdiction⁵¹, and \$5,590,093 for PR-503 to fund 29 subrecipients to serve the South-Southeast jurisdiction.⁵²

⁵⁰ Resumen Censo de Personal Sin Hogar, 2017,

http://www2.pr.gov/agencias/secretariado/ProgramasServicios/Documents/COC_2017/RESUMEN_COC_2017.pdf

⁵¹ 2017 Grant Inventory Worksheet – PR-502: Puerto Rico Balance of Commonwealth CoC, <https://www.hudexchange.info/grantees/pr-502/>

⁵² 2017 Grant Inventory Worksheet – PR-503: South-Southeast Puerto Rico CoC, <https://www.hudexchange.info/grantees/pr-503/>

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% 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.”⁵³

FEMA Transitional Sheltering Assistance

The FEMA Transitional Sheltering Assistance (TSA) program is a short-term solution to provide housing to survivors as they transition from emergency shelters to longer-term housing solutions. Over 19,000 individuals impacted by Hurricanes Irma and María had been sheltered by the TSA program between October 2017 and June 2018. Although many of the 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.⁵⁴ 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. While 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 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).⁵⁵

| 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 | \$9,619,282 |

⁵³ HUD Housing Damage Assessment and Recovery Strategies Report. Housing RSF. Issued June 29, 2018.

⁵⁴ FEMA provides update on status of Transitional Sheltering Assistance as program deadline nears. June 8, 2018. FEMA Release Number 199.

⁵⁵ 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 |
|---------|---|--|
| | housing for rent or homeownership or providing direct rental assistance to low-income people. Since 1992, this program has helped 7,165 participants, and 50% of them have been homebuyers. ⁵⁶ | |
| 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 local 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 can be seen (in 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.

⁵⁶ 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

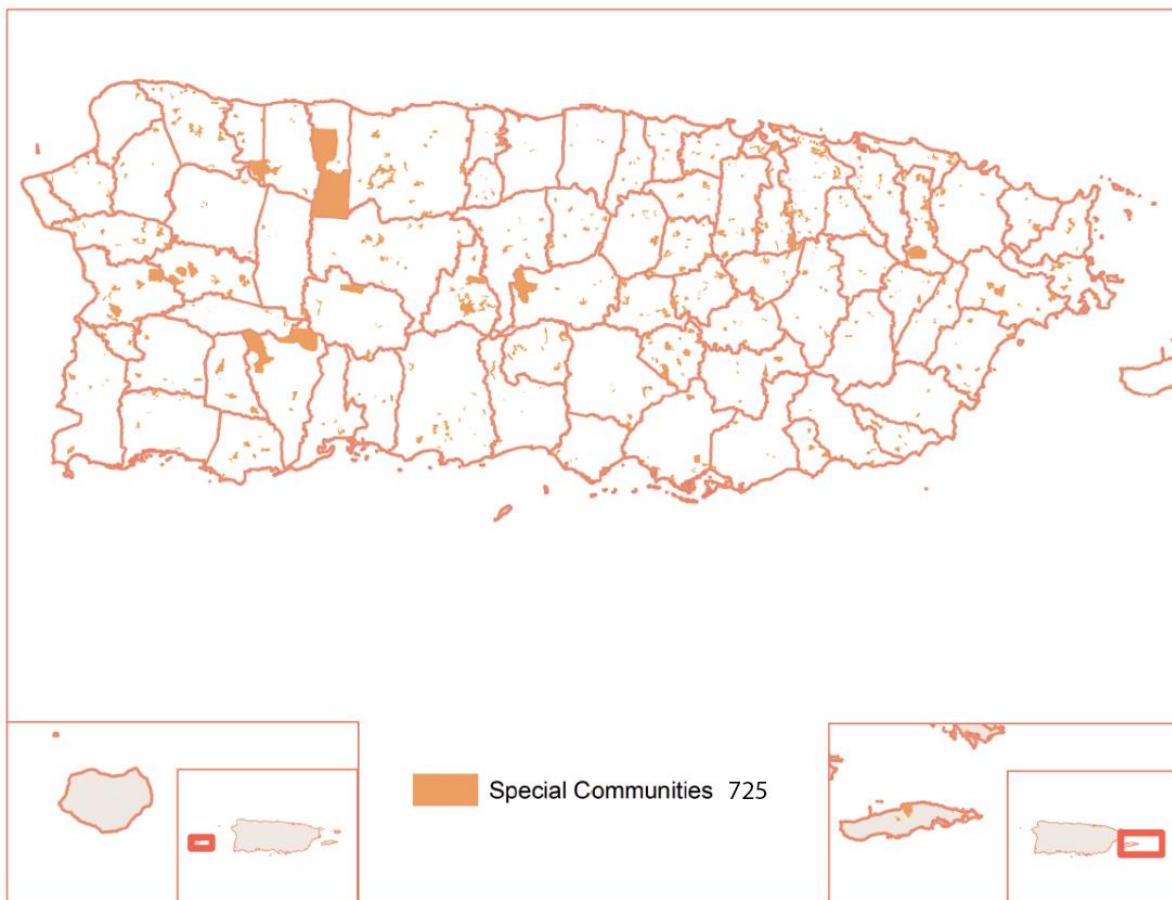


Figure 22. Concentration of Special Communities, data source Puerto Rico Planning Board



HOUSING IMPACT

Fragility in the housing market has come to full exposure as a result of Hurricanes Irma and María. The degree of damage caused by the hurricanes was worsened due to widespread destruction of inadequate housing structures and damage to unoccupied, unmaintained homes. It has been estimated that anywhere from 45% to 55%⁵⁷ 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 title to the land. This type of construction reduces the structural integrity of homes to withstand natural environmental conditions and renders them ineffective to withstand hurricane conditions.

A reality of the market is that 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.⁵⁸ 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 out-migration of residents under forty (40), the need for comprehensive recovery is critical.



SINGLE FAMILY HOUSING MARKET

Hurricanes Irma and María have 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

⁵⁷ Puerto Rico Builder’s Association Housing Study, February 2018
⁵⁸ Puerto Rico Builder’s Association Housing Study, February 2018

economic conditions and evolving household makeup, Puerto Rico has seen little investment in recent years in homes valued above \$100,000, and more demand for affordable housing. 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, 2016, (V2016) | 135,697,926 | 1,571,744 |
| Owner-occupied housing unit rate, 2012-2016 | 63.60% | 68.60% |
| Median value of owner-occupied housing units, 2012-2016 | \$184,700 | \$118,600 |
| Median selected monthly owner costs -with a mortgage, 2012-2016 | \$1,491 | \$887 |
| Median selected monthly owner costs -without a mortgage, 2012-2016 | \$462 | \$154 |
| Median gross rent, 2012-2016 | \$949 | \$460 |
| Households, 2012-2016 | 117,716,237 | 1,237,180 |
| Persons per household, 2012-2016 | 2.64 | 2.82 |
| Living in same house 1 year ago, percent of persons age 1 year+, 2012-2016 | 85.20% | 92.80% |

American Community Survey Data 2012- 2016

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 have a value less than \$150,000. Single family housing stock before the hurricanes was at 1,555,880 units with approximately 1.2 million of those homes occupied.⁵⁹ According to FEMA IA data, over 1.06 million households, or households representing 88% of total housing units, have applied for disaster assistance. As home prices have adjusted to economic conditions and devalued over time, homeowners have 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 has seen 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) have been reduced to a

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

compounded annual rate of 14.5% between 2004 and 2016. The reduction has been stronger in prices of more than \$160,000 per unit.⁶⁰

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.⁶¹ 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 are in need of new housing.

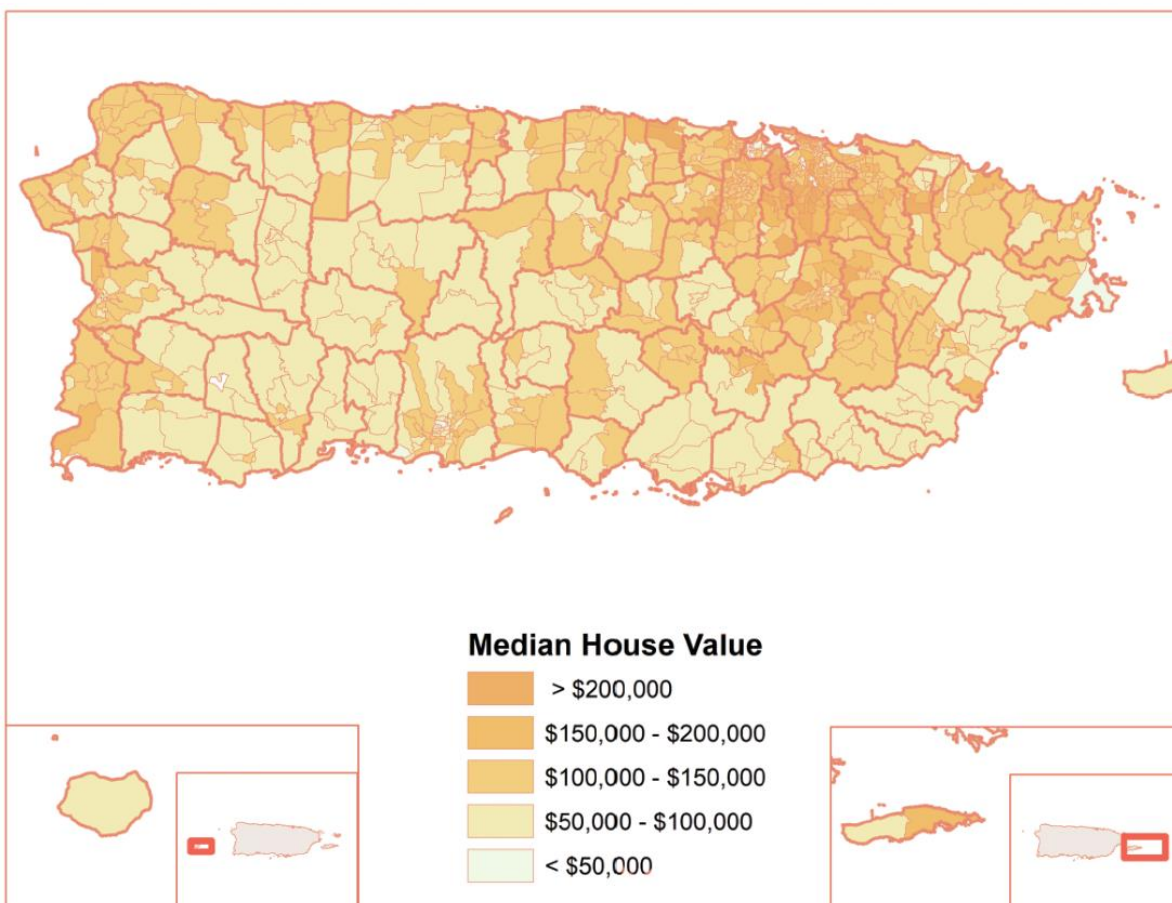


Figure 23. House Median Value, source data from American Community Survey 2012-2016

According to the Department of Housing and Urban Development (HUD), as of April 30, 2018, there were a total of 116,789 FHA Forward Mortgages, representing \$10,262,381,738 in unpaid balance.⁶² 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 high risk of foreclosure on these

⁶⁰ Puerto Rico Builder’s Association Housing Study, February 2018

⁶¹ Submitted by Puerto Rico Planning Society in public comment, dated May 25, 2018

⁶² HUD Single-Family FHA Report: Puerto Rico

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 billion in delinquent loans in Puerto Rico. This could lead to vacated homes adding to the already aging stock of unoccupied homes with significant deterioration or damage that is expected to prevent resale.

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

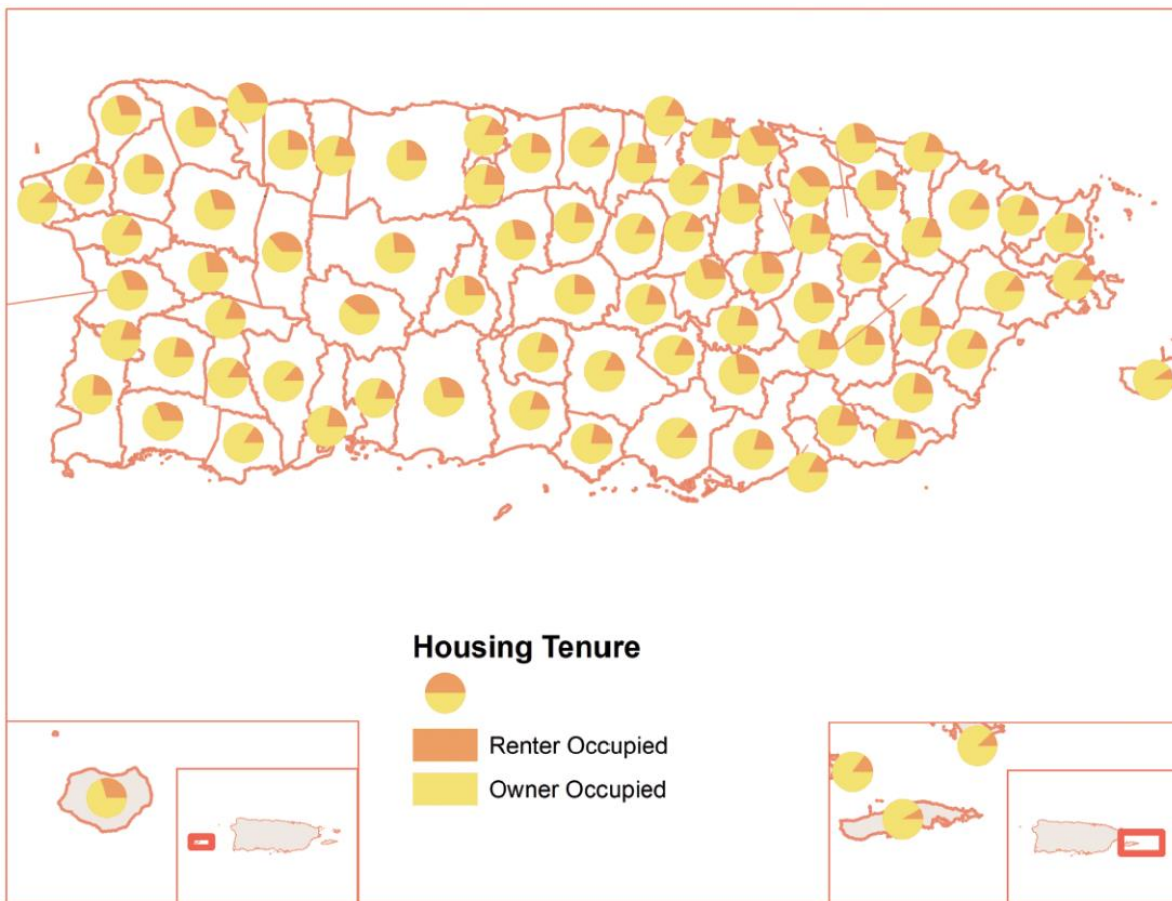


Figure 24. Housing Unit Tenure, source data from American Community Survey 2012-2016



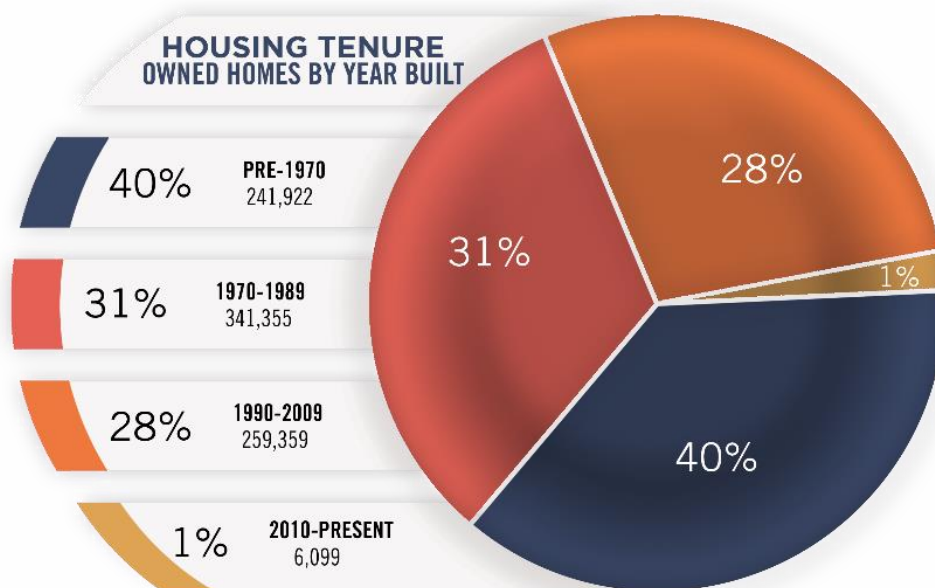


Figure 25. Housing Tenure, source data from American Community Survey 2012-2016

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 in 2016 by 388,445 renters.

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

Although sufficient quantities of 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.



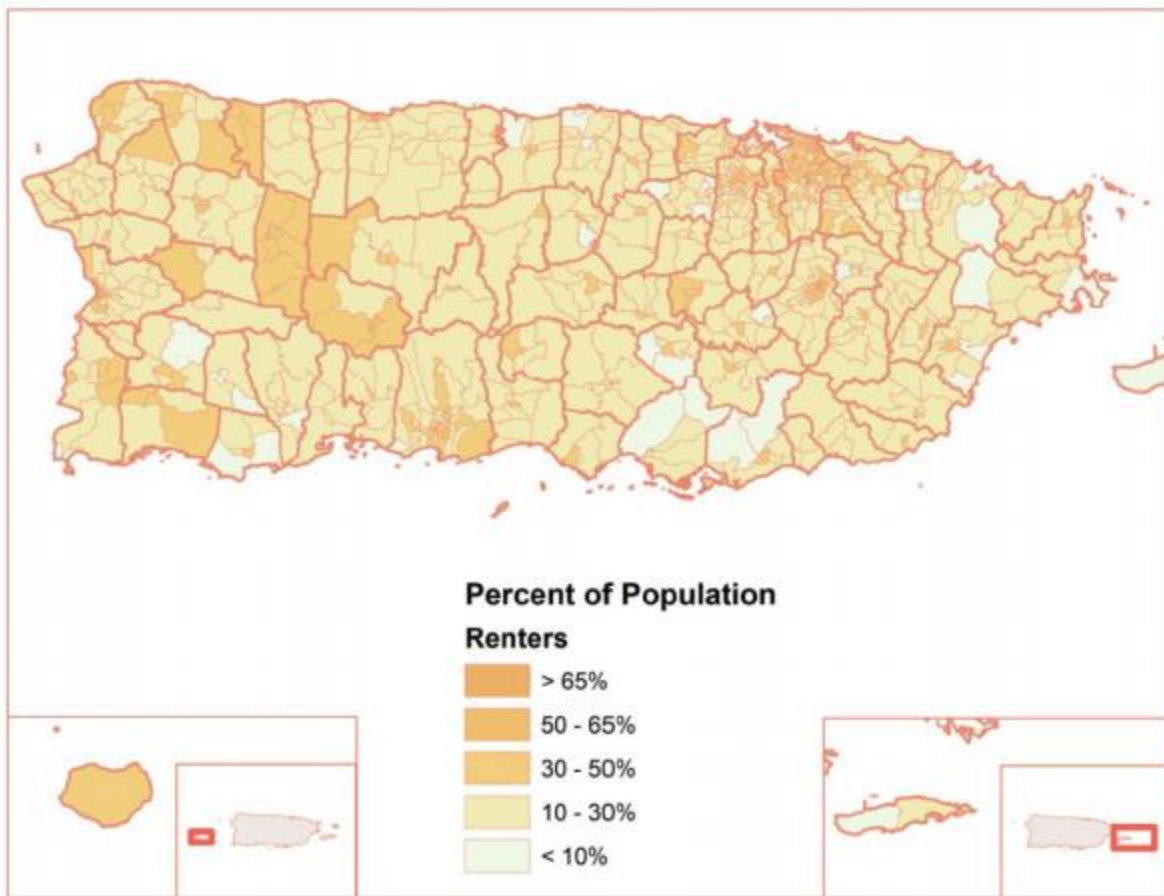


Figure 26. Disbursement of rental population, source data from ACS 2012-2016

A recorded 345,333 renter households applied for FEMA IA assistance as a result of Hurricanes Irma and María.⁶³ This 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 need to be addressed with a focus on resilience. More than 76% of the Island’s rental stock was constructed before 1990.

⁶³ FEMA Individual Assistance (FEMA IA) data – FIDA 31621 as of April 2, 2018

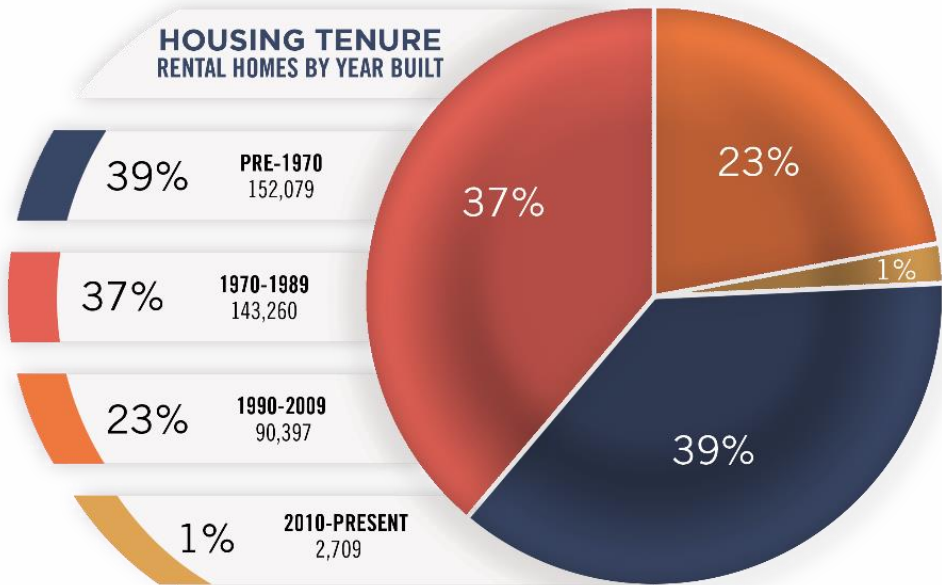


Figure 27. Rental Housing Tenure, source data from American Community Survey 2012- 2016

IMPACT TO PUBLIC HOUSING

The Puerto Rico Public Housing Authority (PRPHA) is the second largest housing authority in the US, with over 53,000 units across 327 properties. There are also approximately 30,000 households using Housing Choice Vouchers and 18,000 households in project-based Section 8 units. The PRPHA reported 15,386 public housing units with damage, with initial damage claims 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 amount of unmet needs is expected to adjust. FEMA available funding for public housing funding requests is under development and will not be complete before the due date of this Action Plan. Until such funding levels can be determined, the accurate unmet need in the area of public housing is 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.⁶⁴ 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.

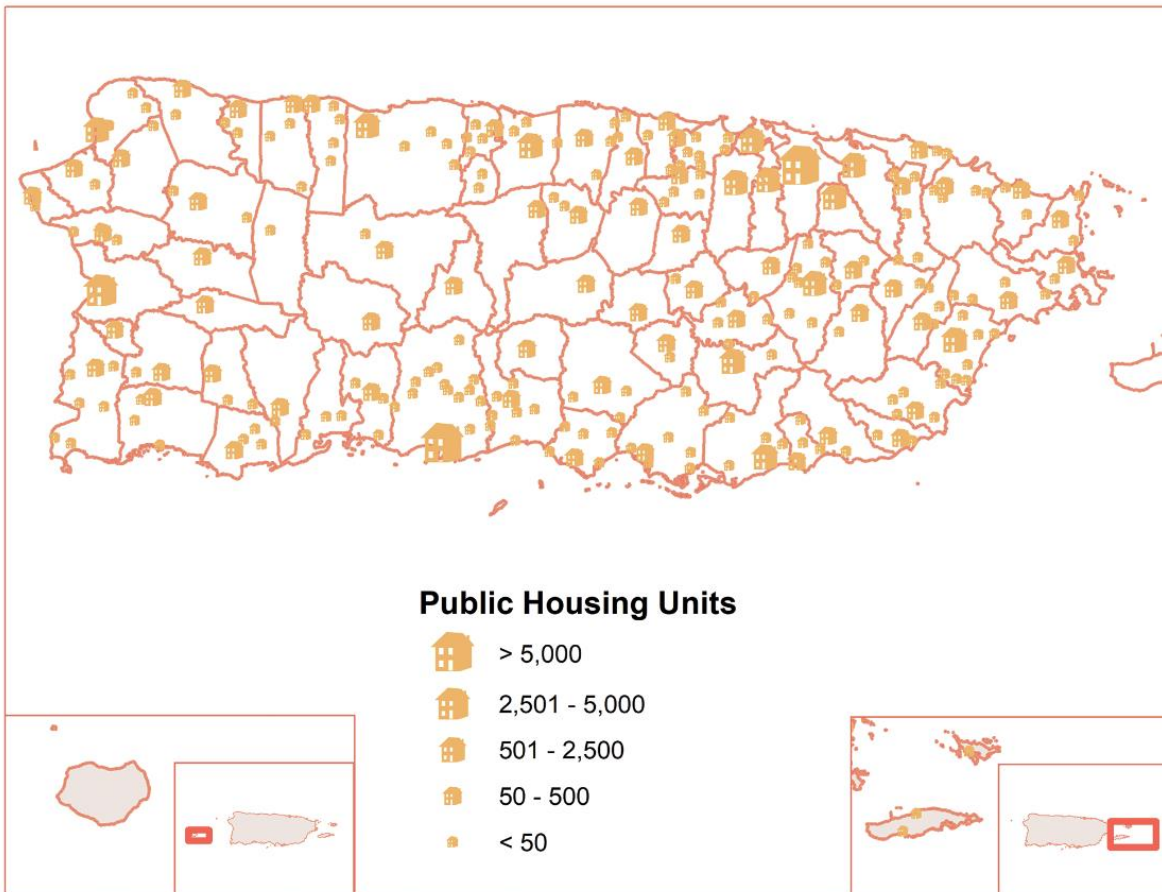


Figure 28. Location of Public Housing Units, data provided by PRPHA

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.⁶⁵ 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.⁶⁶ 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 the coordination, inspection, and monitoring of shelter facilities provided by the Puerto

⁶⁴ https://www.hud.gov/states/puerto_rico_virgin_islands/stories/2017-06-14

⁶⁵ 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>

⁶⁶ Department of Housing Shelter Report

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

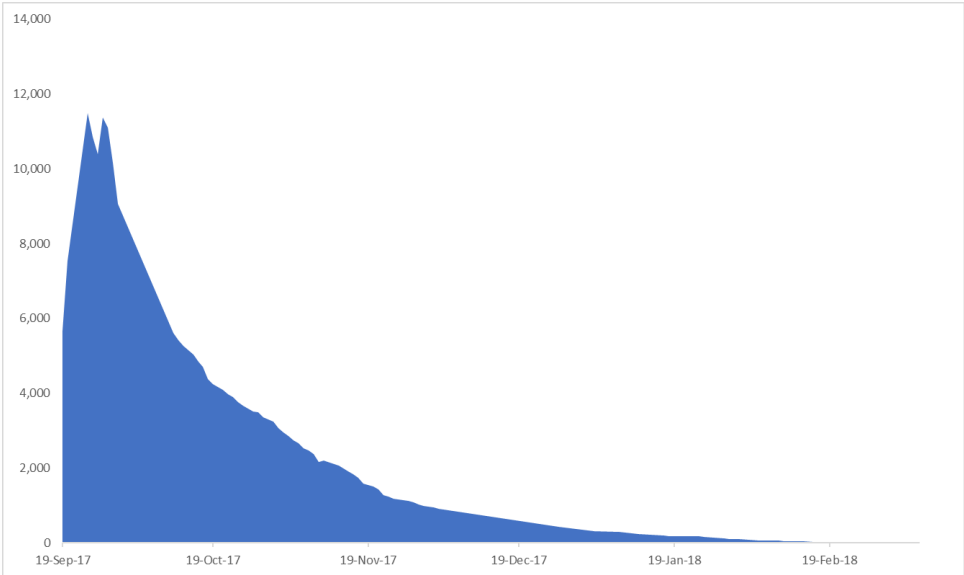


Figure 29. Peak number of shelter occupants in PRDOH shelters

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. The CoCs trained 72 CoC staff 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 age 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 that was lost in the hurricane. Working extensively with the Mass Care team at FEMA the 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.⁶⁷

SOCIAL INTEREST HOUSING

Information submitted by stakeholders in formal written comment 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 need for housing 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 www.cdbg-dr.pr.gov. 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: | ⁶⁸ \$13,540 |

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

⁶⁷ "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.

⁶⁸ 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 permitting or construction materials up to housing regulation or code. Although this type of construction strongly represents the resilience of the Puerto Rican people, it has created a significant 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 requisite permits. Understanding that the realities of island living, and high 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 September 9, 2018, FEMA registered over 1,138,000 applicants, however reports indicate significant ineligible rates and low payouts, with only 216,431 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, 786,756 owner-occupied households were estimated to sustain damage across the Island. More than 618,059 owner-applicants to FEMA housing programs resided in a house or a duplex and another 168,686 resided in other single-family housing types. Upon FEMA inspection, these 786,756 residences had more than \$1.34 billion in real property verified losses.

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

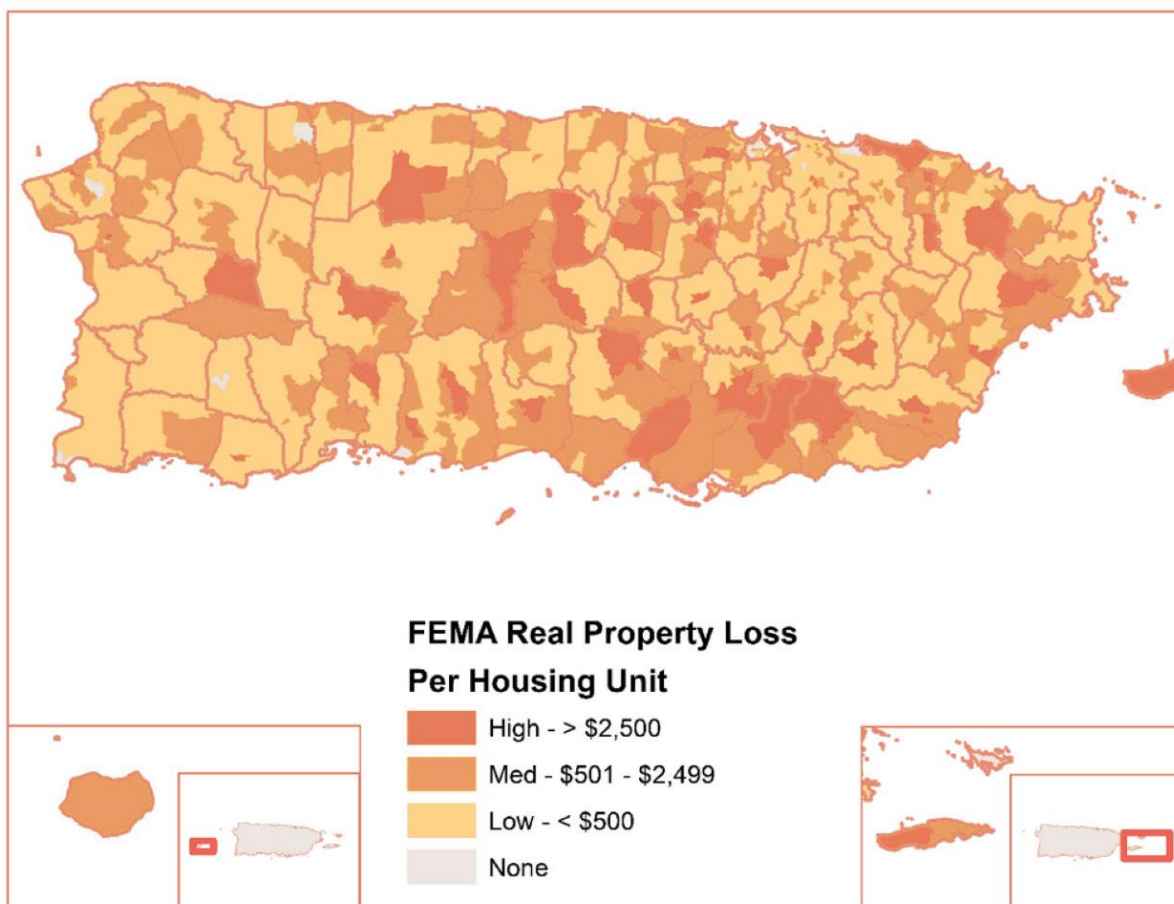


Figure 31. FEMA Real Property Loss

Overall, there are 618,059 applicants residing in owner-occupied houses or duplexes, representing 78% of the owner-occupied applicant pool. Condo, townhouses and apartment owners make up 16% of the applicant pool for a total of 117,359 owner-occupied condominiums, apartments and townhouses.

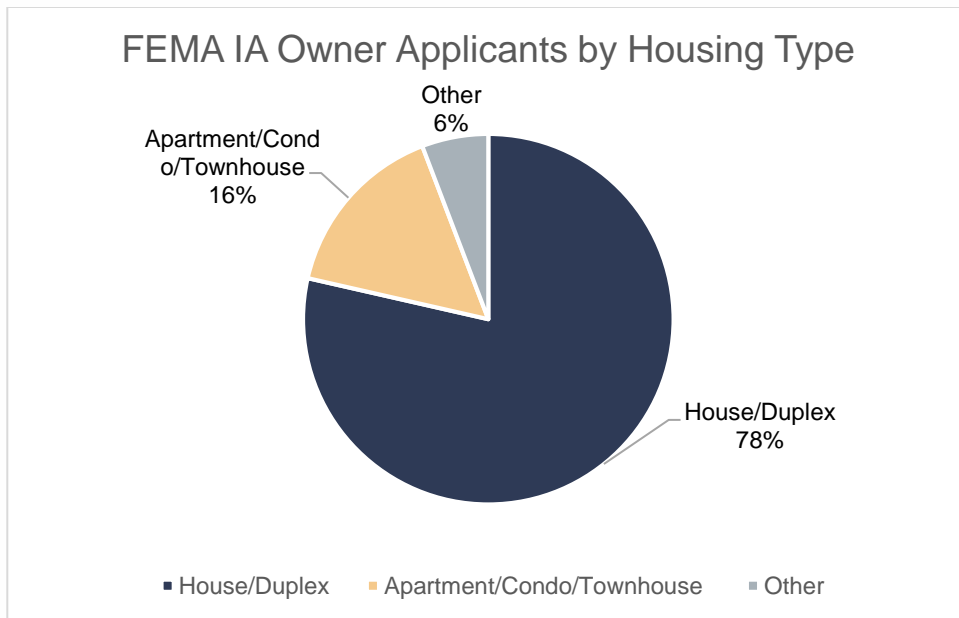


Figure 32. FEMA IA Owner-occupied applicant by Housing Type

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 80% of the 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. The compound effects of being elderly and of limited income make recovery especially challenging for this population. For that reason, PRDOH has chosen to give priority to elderly applicants in several housing recovery programs.

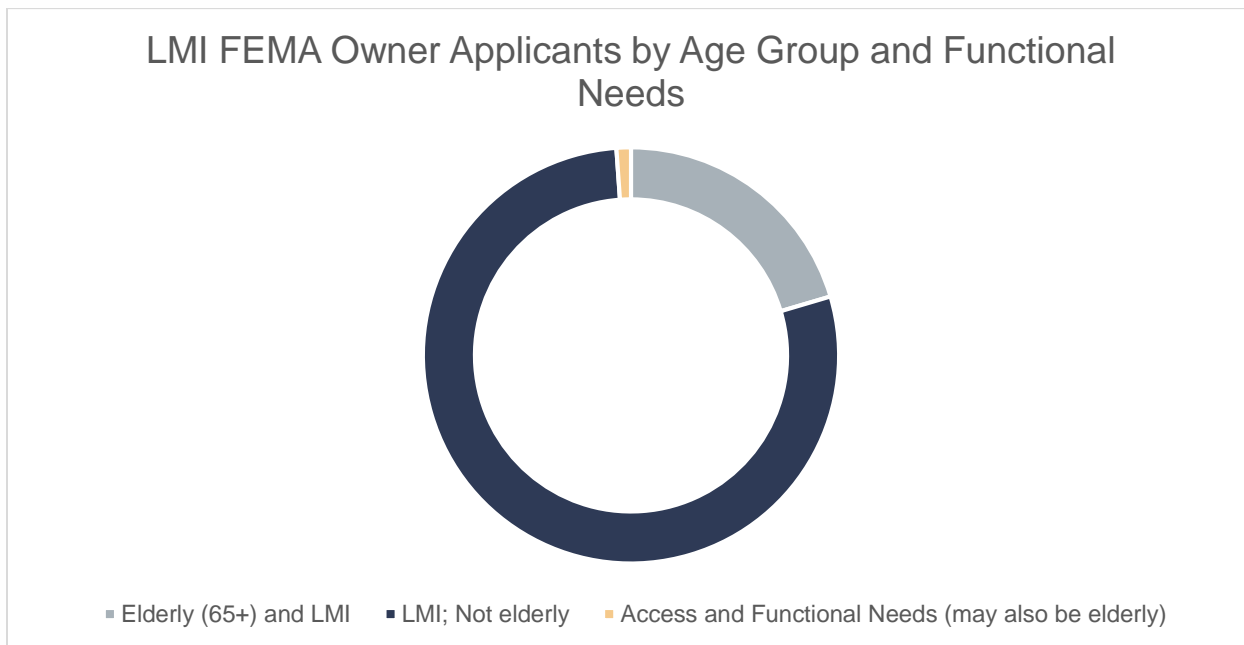


Figure 33. LMI FEMA Owner Applicants by Age Group and Functional Needs

FEMA STEP – TU HOGAR RENACE

PRDOH, FEMA and the Government of Puerto Rico have overseen 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.

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

By design and by FEMA directive, STEP repairs are intended to be temporary. Often, the work performed under STEP is built upon during CDBG-DR housing rehabilitation and reconstruction programs. Furthermore, STEP generally does not 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 has received 216,540 applications and has determined 122,314 eligible.⁶⁹ The program has served residents in every municipality conducting temporary repairs. Most program activity is concentrated in the following 5 municipalities:

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

Table 13. Number of applicants in the Tu Hogar Renace program, provided on program website through interactive map

The temporary repairs performed on these homes will support residents to remain in place, in their own homes and communities while they await long-term recovery options. Importantly, however, FEMA funds for permanent housing construction (PHC) have not been made available in Puerto Rico. This leaves an important funding solution out of the overall recovery and places greater demand on the CDBG-DR funds. FEMA PHC funds were made available in Texas for Hurricane Harvey recovery.

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 and only \$121,000 of that was paid to Puerto Rican households. As of April 25, 2018, NFIP paid out \$17.9 million in flood claims to 413 households. 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:

⁶⁹ Tu Hogar Renace website, accessed on September 13, 2018, <https://tuhogarrenace.com>

“... 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.”

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

Additionally, 4,556 private flood claims resulted in payments of \$25 million over 1,399 payouts.⁷⁰

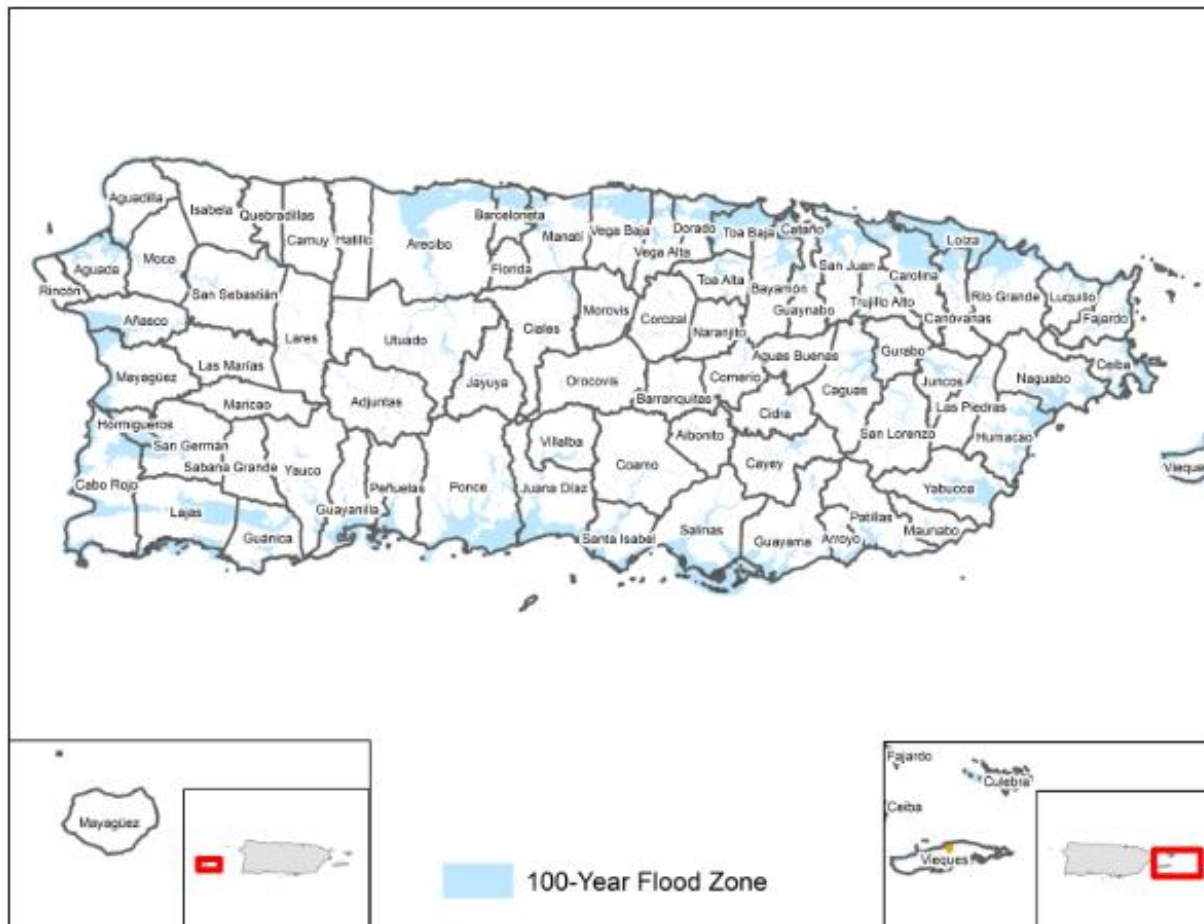


Figure 34. High level view of FEMA 100-year flood advisory zone, 2018

⁷⁰ Office of the Commissioner of Insurance for Puerto Rico, claim summary, February 28, 2018

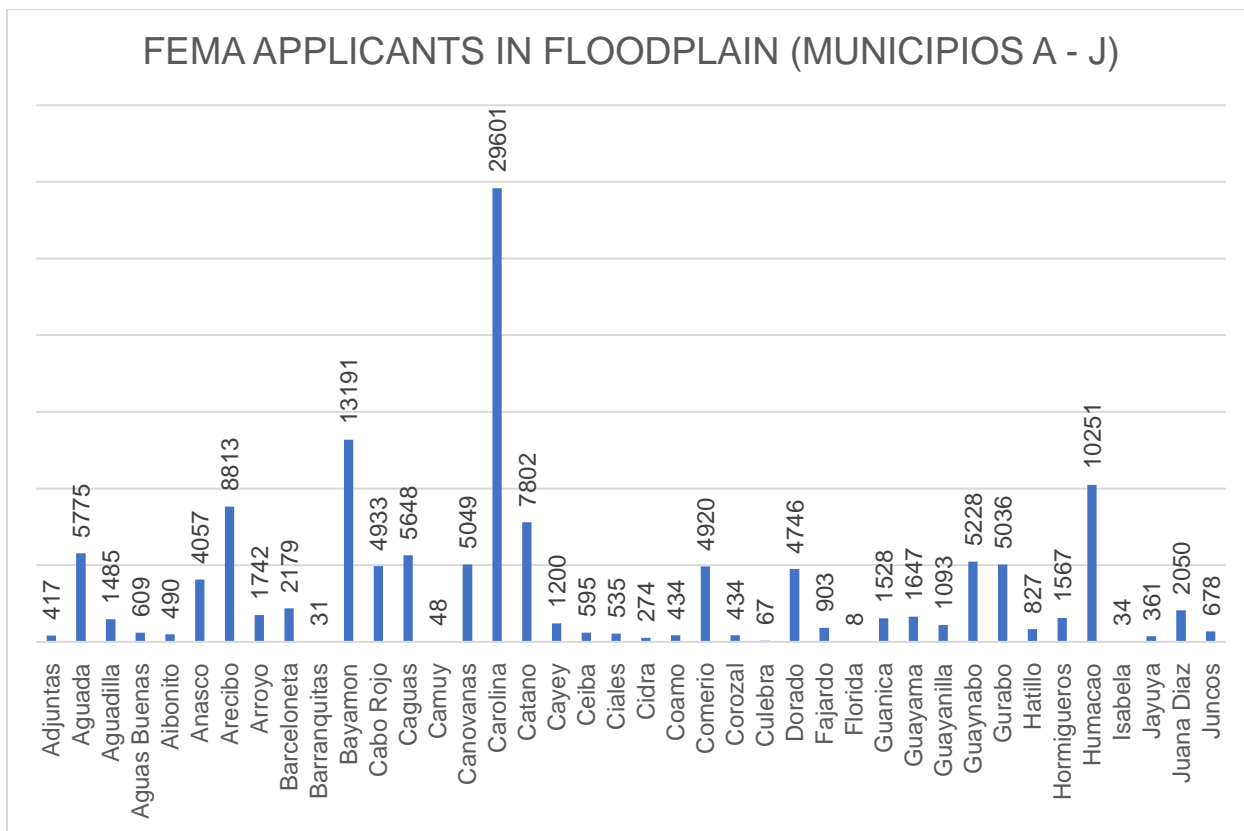


Figure 35. Chart of FEMA IA applicants located in 100-year flood advisory zone by municipality, as identified by overlay on 2018 advisory map – municipalities A through J



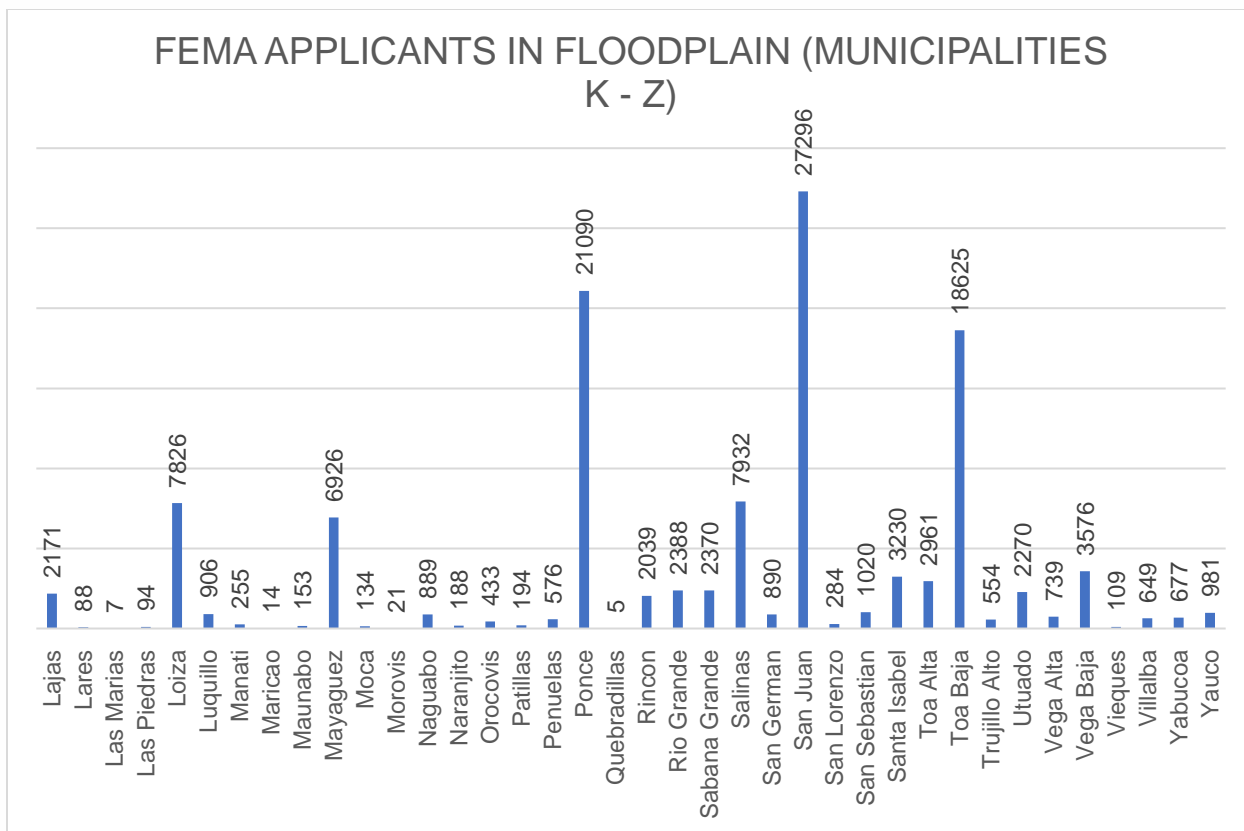


Figure 36. Chart of FEMA IA applicants located in 100-year flood advisory zone by municipality, as identified by overlay on 2018 advisory map – municipalities K through Z



ADDITIONAL MAPS REGARDING FEMA INDIVIDUAL ASSISTANCE DATA

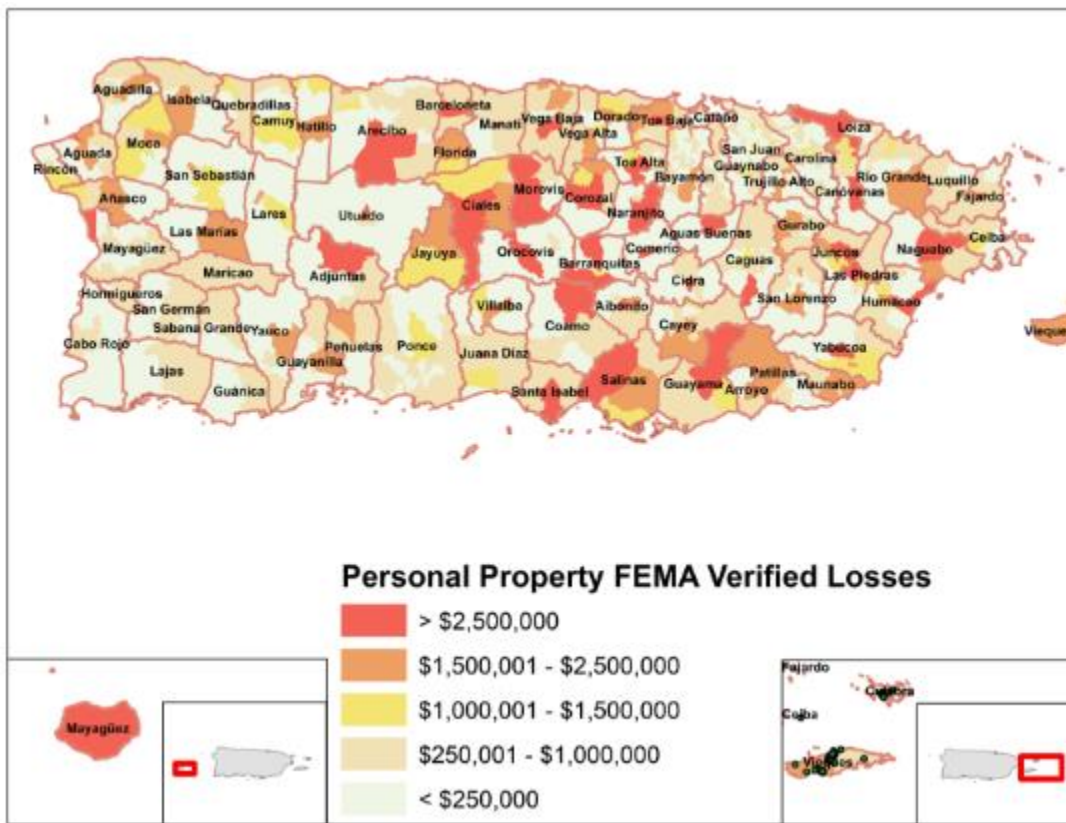


Figure 37. Total FEMA IA Verified Losses⁷¹

71 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.

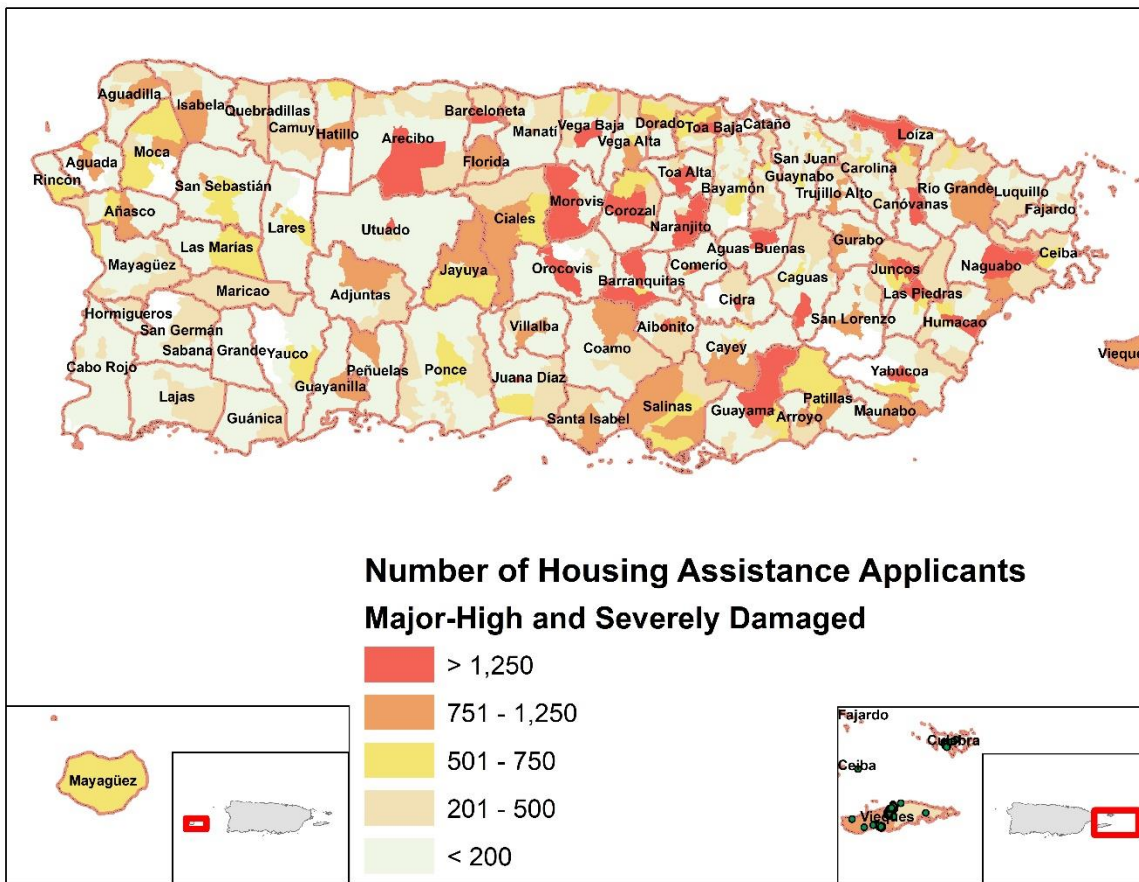


Figure 38. Homes classified as having major-high and severe damage by FEMA⁷²

⁷² 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

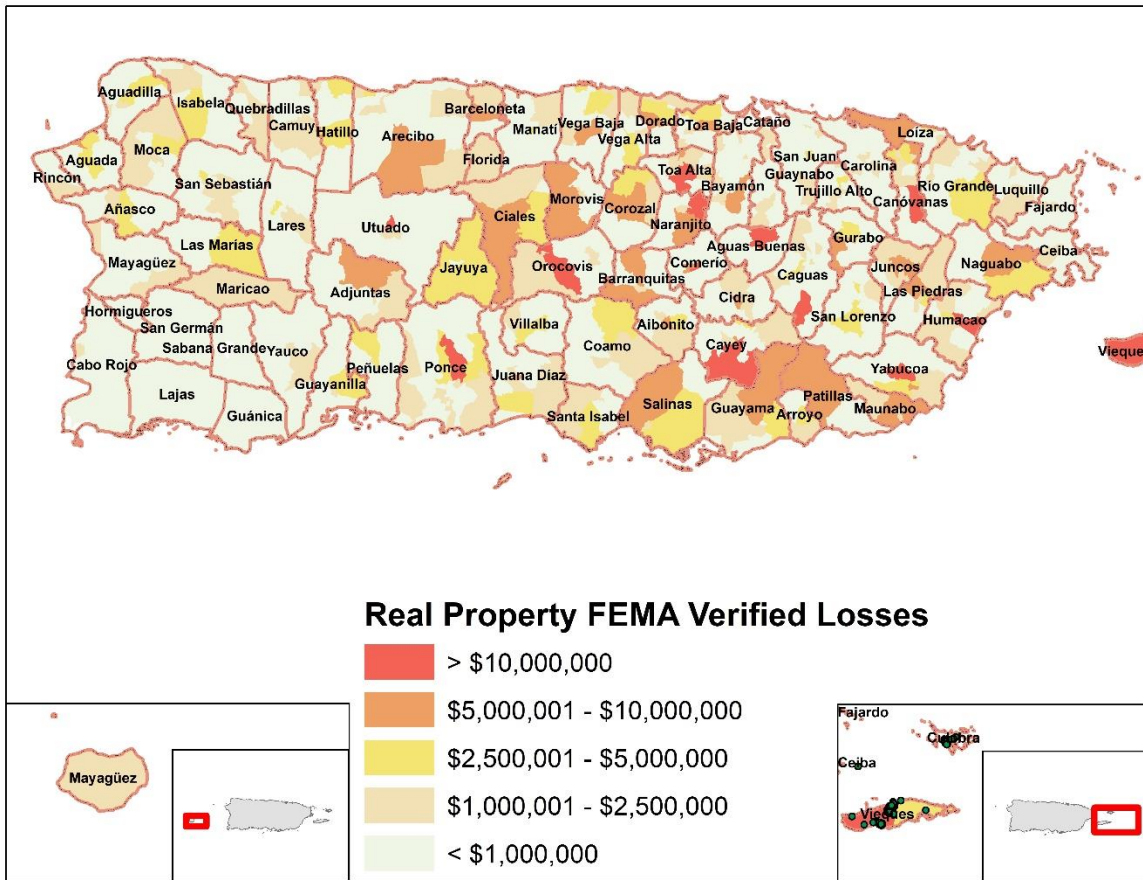


Figure 39. Dollar value of real property FEMA verified Losses⁷³

⁷³ 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

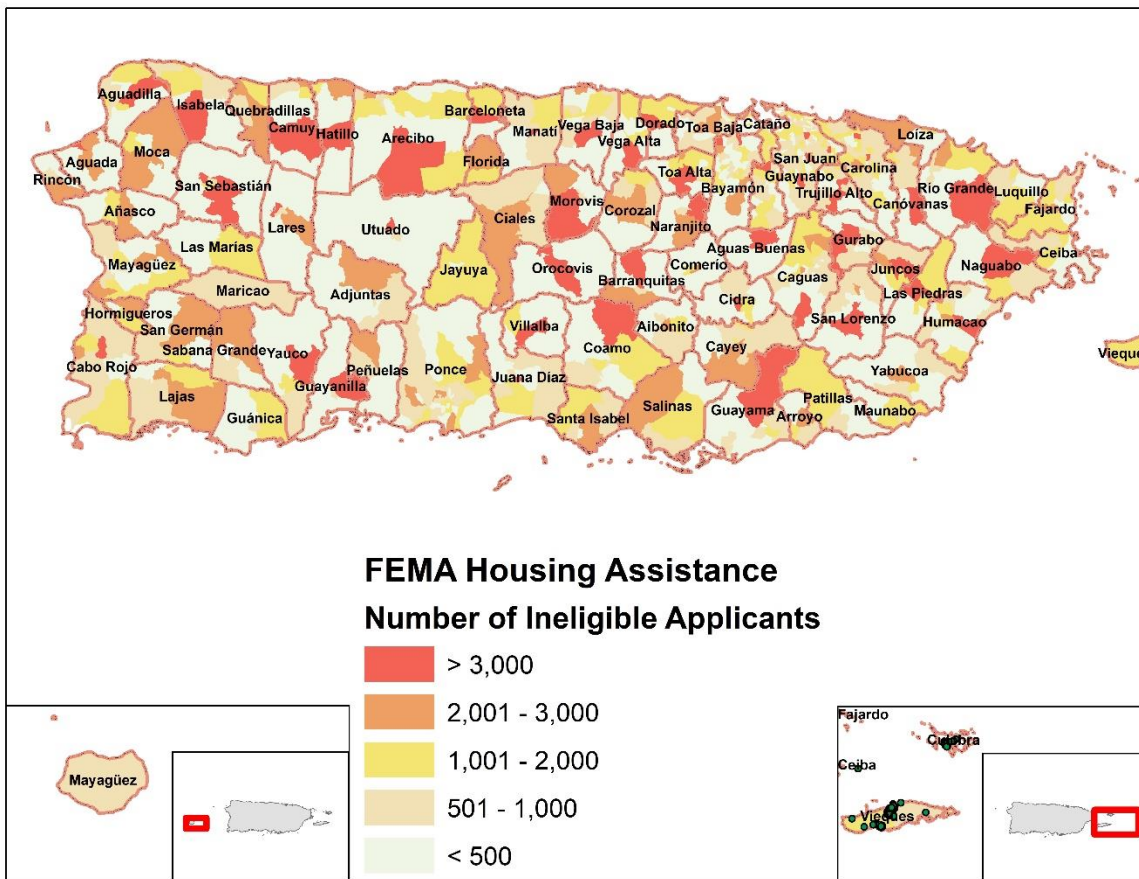


Figure 40. Number of Applicants deemed ineligible for FEMA IA⁷⁴

HOUSING UNMET NEED

HOUSING IMPACT METHODOLOGY

Denial rates for FEMA Housing Assistance (81%) and percent 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 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 by “using the average real property damage repair costs determined by the Small Business

⁷⁴ 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

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”.⁷⁵

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 evaluate a more complete cost of repairing or replacing a damaged structure to each applicant, returning a more comprehensive estimate of recovery than original estimates from FEMA. Also, further accounting for under-representation 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 represent a 6.96 times higher verified loss amount than FEMA. SBA 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 utilized in identifying housing unmet 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 greater than \$0 SBA verified property losses. 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 greater than \$0 SBA verified contents losses.

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 very high and very 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.

⁷⁵ Federal Register Vol. 78, No. 43 /Tuesday, March 5, 2013

Housing impacts for the needs assessment was 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 are 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, that 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, utilizing loss value cutoffs and rebuild cost estimates, established in the Federal Register, can provide a clearer understanding of losses across the Island⁷⁶.

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.⁷⁷ 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 was derived by multiplying counts of

⁷⁶ <https://www.gpo.gov/fdsys/pkg/FR-2018-02-09/pdf/2018-02693.pdf>
⁷⁷ <https://www.gpo.gov/fdsys/pkg/FR-2018-08-14/pdf/2018-17365.pdf>

applicants (by damage category) and HUD provided estimates (Table 16). 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 home owner applicants (L). Estimated total losses of \$25.8 billion (M) to homeowners is 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 | ASSOCIATED REAL 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 |

| ID | LINE ITEM | COUNT | VALUE |
|----|---|-----------|-------------------|
| F | Total owner or "not specified" applicants without a FEMA Verified Loss (Property or Contents) | 450,874 | |
| 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 as above was utilized to capture impacts to affected renter applicants (Table 19). 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.⁷⁸ 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 registry classifications. Damage estimates were derived by multiplying counts of applicants (by damage category) by HUD provided estimates (Table 19). 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).

⁷⁸ Counts of damaged units are likely conservative because applicant level flood depth information was not utilized in this assessment.

| DAMAGE CATEGORY | ASSOCIATED REAL PROPERTY LOSSES |
|-----------------|---|
| 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 estimates⁷⁹ (A) provided by Puerto Rico’s Public

⁷⁹ Note: The public housing damage estimates are in the initial phases and are likely to rise as the formal loss assessments are completed.

Housing 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

Totaling across all areas reveals 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 the total estimate of damages to more than \$36.5 billion (Table 22).⁸⁰ 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, it is estimated that the cost of resilience is higher than 30%. The HUD memo released on April 10, 2018, which outlines the methodology used to make a second allocation of \$18.4 billion for Puerto Rico, 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 estimates of damage associated with HUD supplied serious unmet needs multipliers for major-low to severely damaged structures. Rather, it is only applied to damage estimates originating in 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 11 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 23). 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.

⁸⁰ 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 | 216,431 | \$ 674,159,686 |
| B | SBA home loan current manufactured housing payments | 21 | \$ 616,800 |
| C | SBA home loan current real estate payments | 39,227 | \$ 909,421,788 |
| D | SBA home loan current relocation payments | 105 | \$ 9,944,303 |
| E | SBA home loan current reconstruction payments | 579 | \$ 45,028,692 |
| F | SBA business loan payments to landlords | 595 | \$ 21,684,800 |
| G | FEMA NFIP building payments | 13,149 | \$ 143,704,773 |
| 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) | | \$ 2,648,437,329 |

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

| | |
|---|-------------------------|
| TOTAL UNMET HOUSING NEED TO PRE- HURRICANE STANDARDS | \$31,331,132,675 |
| Accounting for additional resilience costs | \$33,868,808,231 |

Table 24. Unmet Housing need for Puerto Rico



CDBG-DR HOUSING ASSISTANCE

R3 Program

In July of 2019, PRDOH launched the Home Repair, Reconstruction, or Relocation Program (commonly referred to as 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 26,951 applications resulting in an oversubscription to the program before intake closed on January 7, 2019.⁸¹

Of the 26,951 applications received, 64% or approximately 18,500 are priority applicants, meaning they are elderly, disabled, or live in homes with significant damage remaining. As of March 12, 2020, approximately 6,000 or 24% of them have been deemed eligible to receive assistance, and intake has been completed for approximately 46%, with those numbers growing each day as applications are reviewed for eligibility⁸².

| Total Applicant Population | Intake Complete | Eligible Applicants Approved |
|----------------------------|-----------------|------------------------------|
| 26,951 | 46.1% | 24% |

Table 25. Total Applicant population for R3 Program as of March 12 and current percent of applications that have completed intake and percent of applications that have been approved for assistance.

The R3 Program will begin construction on homes on 2020 and construction will continue for the coming years as the Program works toward serving the unmet needs of its growing population of eligible applicants.

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

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

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 hurricane/s.

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.

⁸¹ 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.

⁸² Data as of March 12, 2020.

Title Clearance Program

The Title Clearance Program, which was 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 March 12, 2020, the Title Clearance Program has accepted close to 2,000 applications, with 64% of the applications coming from priority applicants who are elderly, occupy government-owned land, or have encountered challenges receiving Federal assistance due to lack of clear title⁸³. The Title Clearance Program works closely with the R3 Program to ensure applicants served under R3 may clear title while receiving assistance. Applicants do not need a clear title to be eligible for R3 and those deemed eligible by providing non-traditional ownership documents are automatically referred to the Title Clearance Program. As of March 12, 2020, approximately 1,000 eligible R3 Program applicants are receiving title clearance services in the Title Clearance Program⁸⁴. 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) subrecipient HUD-Certified Counseling agencies around the Island. Since its launch in September 2019, the Housing Counseling Program has accepted nearly 1,500 applications who have received or who will receive housing counseling services on various topics like foreclosure prevention, disaster preparedness, or homeownership. The Housing Counseling Program serves as valuable support for vulnerable populations around the island. 93% of those who have applied are low- or moderate-income individuals. The average income for Housing Counseling Program participants is \$12,630 annually⁸⁵.

⁸³ Data as of March 12, 2020.

⁸⁴ Data as of March 12, 2020.

⁸⁵ Data as of March 12, 2020.

INFRASTRUCTURE IMPACT

CATASTROPHIC IMPACT TO POWER GRID

Puerto Rico's electrical grid was already in a state of deterioration when the hurricanes hit. Irma first caused a power outage for nearly 50% of the Island, then María caused a complete loss of power in all 78 municipalities. By 2 a.m. on September 20, 2017, Puerto Rico reached a total blackout. Due to a damaged outage management system, Puerto Rico Electric Power Authority (PREPA) was initially unable to read meters in order to determine an accurate count of residents left 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 in the **hurricane**.

Before the hurricanes, PREPA was already 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. As of May 2018, the Government of Puerto Rico is in the process of privatizing PREPA in hopes of incentivizing innovation, boosting efficiency and improving services for the people.

Power restoration is a combined effort from the U.S. Army Corps of Engineers, FEMA, PREPA and the utility industry which, as of March 21, 2018, have all come together to restore 93.4% of PREPA customers, translating to service for more than 1,368,864 residents.⁸⁶ The agency estimated full recovery by May 2018, but there have been setbacks along the way. On April 12, 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, 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 impact only a handful of hospitals were up and operating on generators, with operations threatened daily due to the shortage of diesel fuel 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 Sealift Command hospital ship with more than 800 personnel and one of the largest trauma facilities in the US.

⁸⁶ 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

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.⁸⁷ 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 the month of October alone the organization transported 76 tons of medicine and medical supplies distributed to more than 20 health centers across Puerto Rico. Days before Christmas they airlifted another 40 tons of medicine. As of March 2018, six months following Hurricane María, 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.⁸⁸

DAM FAILURE

One of the Island's largest dams, the Guajataca Dam located in Puerto Rico's northwest corner, sustained such damage from Hurricane María from extreme winds and 15 inches of flooding rains that it failed 19 days after impact. Guajataca is a hydroelectric dam, 120 feet high, holding 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 in and surrounding the towns of Isabela and Quebradillas.

The U.S. Department of Defense and U.S. Army Corps of Engineers arrived onsite 4 days after Hurricane María and worked for 20 days just 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.⁸⁹

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 that both 911 centers on the Island were operational, but overall, 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.⁹⁰

⁸⁷ Six Months After Maria: Progress Made, Work Continues, March 16, 2018, <https://www.fema.gov/news-release/2018/03/16/six-months-after-maria-progress-made-work-continues>

⁸⁸ 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>

⁸⁹ 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>

⁹⁰ Communication Status Report for Areas Impacted by Hurricane Maria, September 27, 2017, Federal Communications Commission, http://transition.fcc.gov/Daily_Releases/Daily_Business/2017/db0927/DOC-346943A1.pdf

FEMA PUBLIC ASSISTANCE (PA)

Hurricane Irma Category A and B work totaled \$13,214,147 for the four eligible areas; Canóvanas, Jayuya, San Juan, Yauco and state-wide as of February 04, 2020. This updated amount shows a decrease of \$17,375 in Category A projects and an increase of \$2,564,822 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.⁹¹

| 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 | \$5,532,049 | \$4,693,497 | \$838,552 |
| B – Protective Measures | \$7,682,098 | \$5,760,324 | \$1,921,774 |
| Total | \$13,214,147 | \$10,453,821 | \$2,760,326 |

***Open FEMA data accessed on 02/04/2020**

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.⁹² 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%.⁹³

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.⁹⁴

Current data for Hurricane María emergency work reveals an increase of \$95,867,117 in Category A projects and an increase of \$1,789,737,531 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.

⁹¹ 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.

⁹² President Donald J. Trump Amends Puerto Rico Disaster Declaration, September 25, 2017, <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-amends-puerto-rico-disaster-declaration-2/>

⁹³ President Donald J. Trump Amends Puerto Rico Disaster Declaration, November 2, 2017, <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-amends-puerto-rico-disaster-declaration/>

⁹⁴ 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 | \$644,374,127 | \$643,324,688 | \$1,049,439 |
| B – Protective Measures | \$4,623,724,069 | \$4,554,067,884 | \$69,656,185 |
| Total | \$5,268,098,196 | \$5,197,392,573 | \$70,705,623 |
| *Open FEMA data accessed on 02/04/2020 | | | |

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 for debris removal, emergency protective measures, and the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and the facilities of certain Private Non-Profit (PNP) organizations. The PA Program also encourages protection of these damaged facilities from future events by providing assistance for hazard mitigation measures during the recovery process. 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.⁹⁵

Unfortunately, FEMA’s Open FEMA Dataset: Public Assistance Funded Projects Details - V1⁹⁶ currently has only some of the closed-out project data for Category A (Debris Removal) and Category B (Protective Measures), and limited data on projects across permanent category work in the six additional project areas; Roads and Bridges, Water Control Facilities, Public Buildings, Public Utilities, Recreational or Other, and State Management. In light of the fact that FEMA’s Public Assistance dataset will not be complete until the projects are underway and (in some instance) finalized, this needs assessment utilizes the best available data at time of writing. In this case, Puerto Rico’s Central Office for Recovery, Reconstruction and Resiliency (COR3) has included infrastructure impacts across the Island in its original Economic and Disaster Recovery Plan submitted to Congress on August 8, 2018.⁹⁷ This plan identified a total of \$41.6

⁹⁵ <https://www.fema.gov/media-library/assets/documents/28331>

⁹⁶ <https://www.fema.gov/openfema-dataset-public-assistance-funded-projects-details-v1>

⁹⁷ <http://www.p3.pr.gov/assets/pr-transformation-innovation-plan-congressional-submission-080818.pdf>

billion in Public Assistance permanent work (C-G). Applying the recent FEMA approved 90% / 10% cost share, an estimated unmet need of \$4.16 billion remains (Table 28).

| 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 | \$208,072,035.83 |
| 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 |
| | \$41,600,000,000.00 | \$37,440,000,000.00 | \$4,160,000,000.00 |

Table 28. Table of estimated unmet need based on Open FEMA data as of 09/10/18

The following tables show a breakdown of preliminary accounting of FEMA Public Assistance projects for some public assistance categories across Puerto Rico from the aforementioned report to Congress.⁹⁸ 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 damages than FEMA’s Open PA datasets. Damages to public assets and infrastructure are still being assessed and total damages across these project categories is likely to increase throughout the recovery process.

⁹⁸ <http://www.p3.pr.gov/assets/pr-transformation-innovation-plan-congressional-submission-080818.pdf>

| PUBLIC ASSISTANCE CATEGORY | SUB CATEGORY | 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 | SUB CATEGORY | PRELIMINARY ESTIMATED PROJECT AMOUNT | UNMET NEEDS (ESTIMATED CDBG-DR COST SHARE AMOUNT) |
|----------------------------|--|--------------------------------------|---|
| E | Buildings | \$4,095,341,239 | \$409,534,124 |
| | 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 | SUB CATEGORY | 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 need 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 stronger and more resilient. Through critical rebuilding of housing and infrastructure, cross-sectoral activities will bring tangible economic benefit 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 today have a lasting impact.

ECONOMIC CONDITIONS

Declining economic conditions in Puerto Rico have been exacerbated by 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 Financial Oversight and Management Board (FOMB).⁹⁹

IMPACT ON BUSINESS AND EMPLOYMENT

The impact to Puerto Rico's medical products manufacturing industry was felt around the US. When factories and distribution centers located on the Island were impacted by the hurricane it caused a direct impact to local jobs and industry production, and a ripple effect throughout the mainland US. Hospitals across the country were faced with a shortage of intravenous (IV) fluids like saline and dextrose which are essentials to everyday treatment. These IV fluids and bags are used in extremely large amounts in hospitals and clinics daily to deliver medications and rehydrate patients.

According to American Community Survey data, many jobs in the Puerto Rican economy before the hurricanes 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 made to SBA due to the hurricanes are:

1. Real Estate, Rental and Leasing
2. Accommodations and Food Services
3. Health Care and Social Assistance
4. Retail Trade
5. Manufacturing

⁹⁹ <https://juntasupervision.pr.gov/index.php/en/fiscalplan/>

| AMOUNT OF LOSSES VERIFIED BY SBA | | | | | |
|--|----------------------|---------------------|---------------------|---------------------|----------------------|
| Economic Sector | Building | Furniture | Machinery | Inventory | Total Losses |
| Real Estate Rental and Leasing | \$119,766,339 | \$ 2,328,426 | \$ 3,475,149 | \$ 400,876 | \$125,970,790 |
| Other Services (except Public Administration) | \$ 48,600,229 | \$ 1,978,311 | \$ 9,592,367 | \$ 1,142,932 | \$ 61,313,839 |
| Health Care and Social Assistance | \$ 32,440,437 | \$ 2,109,709 | \$10,419,365 | \$ 1,250,544 | \$ 46,220,055 |
| Accommodation and Food Services | \$ 30,228,545 | \$ 4,218,667 | \$ 9,266,365 | \$ 2,306,830 | \$ 46,020,407 |
| Retail Trade | \$ 24,507,331 | \$ 2,849,023 | \$ 5,960,466 | \$ 8,098,717 | \$ 41,415,537 |
| Manufacturing | \$ 16,617,342 | \$ 943,606 | \$12,139,515 | \$ 3,299,825 | \$ 33,000,288 |
| Arts, Entertainment, and Recreation | \$ 15,713,589 | \$ 984,531 | \$ 2,909,161 | \$ 264,705 | \$ 19,871,986 |
| Wholesale Trade | \$ 8,023,175 | \$ 510,828 | \$ 3,879,580 | \$ 4,693,927 | \$ 17,107,510 |
| Educational Services | \$ 14,828,592 | \$ 738,566 | \$ 965,361 | \$ 473,081 | \$ 17,005,600 |
| Professional, Scientific, and Technical Services | \$ 9,461,938 | \$ 1,171,571 | \$ 3,156,353 | \$ 1,361,931 | \$ 15,151,793 |
| Unknown Business Types | \$ 10,962,021 | \$ 485,991 | \$ 1,727,201 | \$ 707,610 | \$ 13,882,823 |
| Construction | \$ 7,873,782 | \$ 204,006 | \$ 2,213,071 | \$ 302,586 | \$ 10,593,445 |
| Information | \$ 1,131,875 | \$ 211,005 | \$ 8,507,402 | \$ 107,200 | \$ 9,957,482 |
| Transportation and Warehousing | \$ 4,929,263 | \$ 167,962 | \$ 1,490,734 | \$ 47,529 | \$ 6,635,488 |
| Agriculture, Forestry, Fishing and Hunting | \$ 4,477,398 | \$ 57,901 | \$ 1,066,868 | \$ 526,191 | \$ 6,128,358 |
| Administrative and Support and Waste Management and Remediation Services | \$ 1,239,639 | \$ 137,838 | \$ 473,044 | \$ 249,457 | \$ 2,099,978 |
| Finance and Insurance | \$ 584,183 | \$ 52,455 | \$ 314,268 | \$ 34,000 | \$ 984,906 |
| Mining | \$ 498,425 | \$ 6,000 | \$ 114,645 | | \$ 619,070 |
| Utilities | \$ 188,470 | \$ 26,827 | \$ 167,494 | \$ 22,000 | \$ 404,791 |
| Grand Total | \$352,072,573 | \$19,183,223 | \$77,838,409 | \$25,289,941 | \$474,384,146 |

Table 32. SBA Business Losses by Sector

Today, the Puerto Rican economy is adapting to the impact of Hurricane María. According to the Bureau of Labor Statistics, as of February 2018, unemployment in Puerto Rico is at 10.6%. In February there were 848,300 jobs in non-farm industries, compared to the 871,200 jobs in September 2017. In the industry of Leisure and Hospitality Puerto Rico saw a decline from 80,400 in September 2017 to 78,300 in February 2018. The true impact of this change will reveal itself over time.

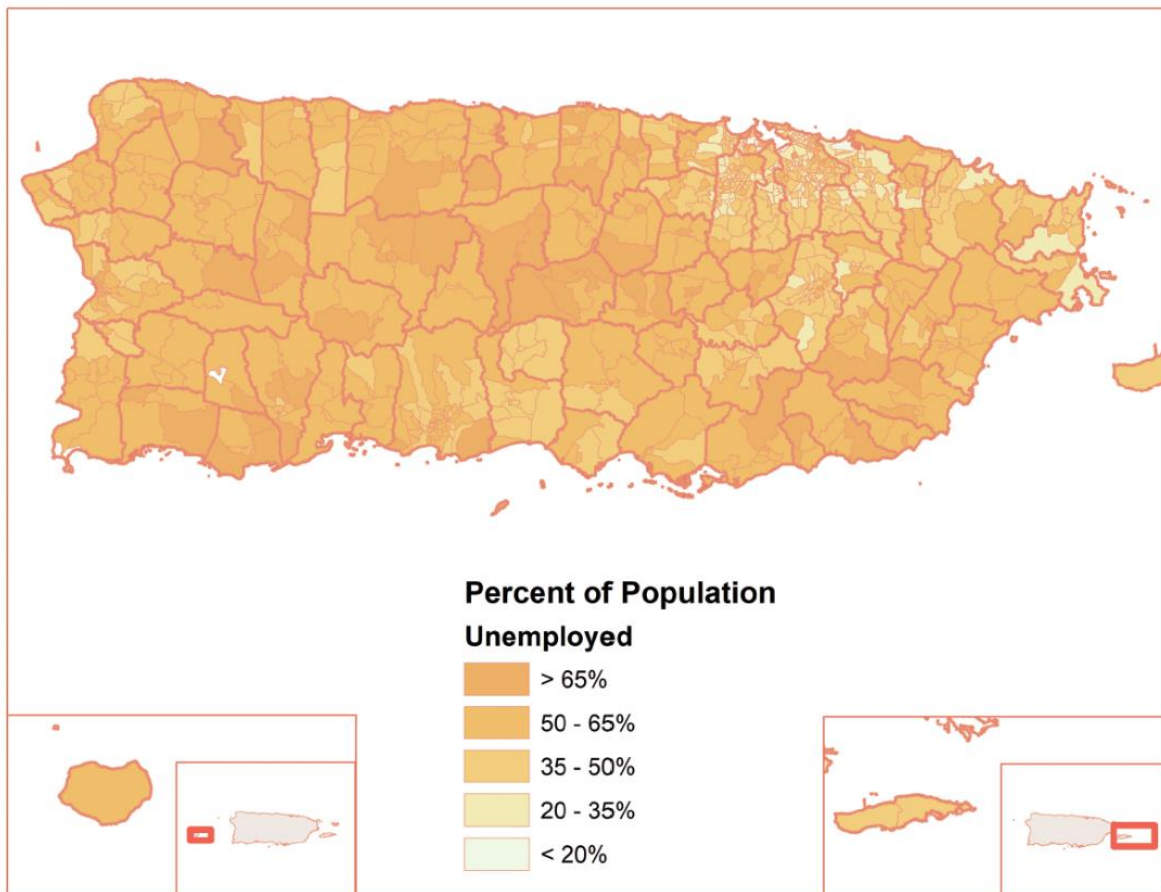


Figure 41. Percent Unemployment by Census Tract, source data ACS 2012 - 2016

IMPACT ON TOURISM

INITIAL REPORTS

Hurricanes Irma and María left almost all of Puerto Rico without power or water, closed airports, and vacant cruise terminals. CBS News reported a month after the hurricane that a third of the hotels in Puerto Rico remained shuttered and beaches were closed for swimming because of possible water contamination.¹⁰⁰ Immediately following the hurricane, demand for hotel rooms increased as a result 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

¹⁰⁰ "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/>

bring back one of the Island's lifeblood sectors. Seven months later, although still in recovery mode, tourism on the Island is increasing as relief efforts wind down.

Although the tourist zones of San Juan have seen increasing numbers as the weeks pass, and the beach hotels are open in Condado and Isla Verde, many other more insular areas of the Island are still heavily damaged. One such example is the El Yunque National Forest, many parts of which still remain closed. Additionally, several major resorts, such as ~~El Conquistador~~ and the Ritz-Carlton San Juan, remain shuttered. However, restaurants and bars are seeing increased patronage, and attractions like El Morro fort and Old San Juan are 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. It was not anticipated that air access would be on par with previous year levels until early summer 2018.
- 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 that 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, 2018.¹⁰¹

UPDATED CONCERNS FOR TOURISM INDUSTRY RECOVERY

Although post-María updates provided by the Puerto Rico Tourism Company projected a bright future for Puerto Rico's tourism industry, as of January 2020, Puerto Rico's tourism sector remains 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.

Widely publicized political protests and civil unrest during the summer of 2019 prompted Discover Puerto Rico to issue a travel advisory urging potential visitors to take precautions when visiting the Island. The

¹⁰¹ <https://www.prnewswire.com/news-releases/puerto-rico-announces-major-tourism-milestones-while-hosting-the-largest-and-most-important-regional-tourism-event-300591116.html>

civil unrest prompted the cancellation of cruise ships docking in Puerto Rico and precipitated travel cancellations with an estimated economic impact of \$2.5 million¹⁰².

Damages to the tourism sector were further exacerbated when an earthquake swarm, which was declared a major disaster on January 16, 2020¹⁰³, 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 five (5) or larger along the southern coast of Puerto Rico¹⁰⁴. 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 Blue¹⁰⁵, to waive change and cancellation fees for flights to Puerto Rico. The U.S. Geological Survey projects that it will 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 quake¹⁰⁶. As future aftershocks and seismic activity is expected for years to come, the full impact of the 2019 – 2020 earthquake swarm will not be known for years.

Puerto Rico's economy and tourism sector arguably suffered its most crippling blow in the spring of 2020, with a global pandemic¹⁰⁷, the COVID-19 virus, putting a halt to 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 12, 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 gatherings¹⁰⁸. 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. At the time of publication of this Action Plan for public comment, the protective measures outlined to in OE-2020-023 are expected to remain in place until April 12, 2020. Although the long-term economic impacts and decline in tourism are not known, as of publication of this Action Plan for public comment, 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 remain closed and many Puerto Ricans have lost employment. People worldwide remain leery to travel for fear of coming in contact with the deadly COVID-19 virus.

With continued recovery of public infrastructure and reopening of resorts and restaurants, Puerto Rico's tourism sector will eventually rebound to pre-hurricane levels. Nonetheless, the more time-sensitive issue facing the tourism sector is public perception of the status of the recovery in the most frequently visited

¹⁰² <https://www.washingtonpost.com/travel/2019/07/23/what-tourists-should-know-about-traveling-puerto-rico-during-protests/>

¹⁰³ <https://www.fema.gov/disaster/4473>

¹⁰⁴ <https://pubs.usgs.gov/of/2020/1009/ofr20201009.pdf>

¹⁰⁵ <https://www.jetblue.com/travel-agents/travel-agent-waiver-codes>

¹⁰⁶ <https://pubs.usgs.gov/of/2020/1009/ofr20201009.pdf>

¹⁰⁷ <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>

¹⁰⁸ <https://www.trabajo.pr.gov/docs/Boletines/OE-2023Eng.pdf>

areas of the Island. As a result of private investment, these are the areas that typically recover the quickest. Many of the hotels and resorts function with backup generators and water tanks on hand for when hurricanes strike.

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. It will be the 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 its ranking on Lonely Planet's 2018 Top 10 Cities to Visit¹⁰⁹, 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 Secretary of Agriculture, Carlos Flores Ortega, estimates that 80% of the entire crop in the agriculture sector was wiped out, and based on value. A total of 4,200 cows and 2.2 million chickens were lost while 50% of coffee plants were destroyed. According to data from the Puerto Rico Department of Agriculture, with eight (8) regional reports, some 3,028 insurance claims and \$1.4 million in disbursements made by the Agricultural Insurance Corporation (CSA), infrastructure damages total \$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 continue to be updated as field evaluation works continue to progress to the extent that physical access to the areas allows.¹¹⁰

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 |
| Utuado | 208.9 | 22.1 | 231 |
| Lares | 187.3 | 20.5 | 207.8 |
| Subtotal | \$1,824.8 | \$182.5 | \$2,007.3 |

¹⁰⁹ Best in Travel 2018, Top Cities, Ten cities that are ready for prime travel, Lonely Planet, <https://www.lonelyplanet.com/best-in-travel/cities>

¹¹⁰ Progress Report on the Impact of Hurricane María on the Economy of Puerto Rico, Puerto Rico Planning Board, March 9, 2018

Source: Puerto Rico Department of Agriculture

Table 33. Agricultural Impact, information from Department of Agriculture

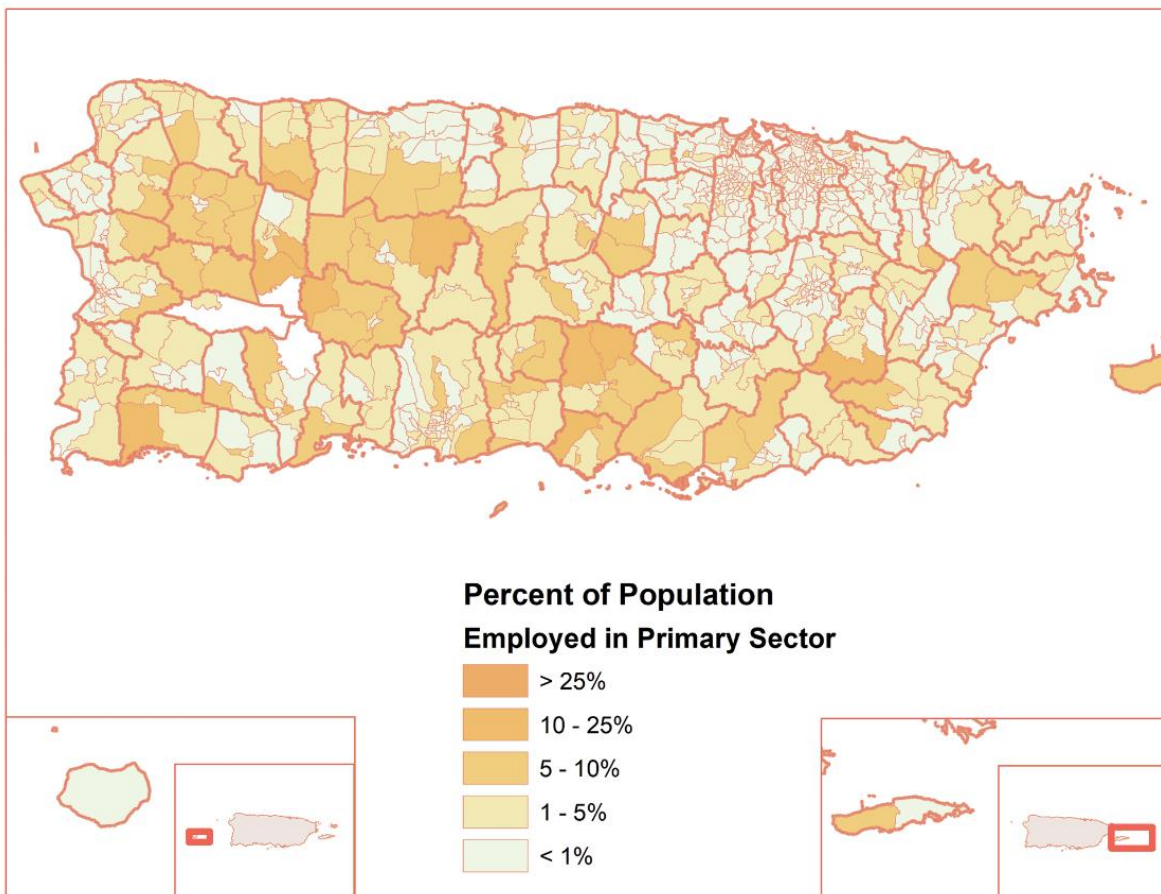


Figure 42. Primary sector (farming, fishing, extractive industry) employment by census tract, source data ACS 2012-2016



IMPACT ON PUBLIC SERVICES

The hurricanes' impact on public services has been immense. This includes impacts to public health, and 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".¹¹¹ 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."¹¹²

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 María.¹¹³ According to the Department of Health and Human Services Office of the Assistant secretary for Planning and Evaluation January 2017 Issue Brief¹¹⁴, 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 such as their likelihood to suffer from coronary heart disease, myocardial infarction, asthma, high blood pressure, higher infant mortality rate, and premature birth rate.

According to 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*, they found that unstable power especially in remote areas are still facing challenges to manage chronic conditions which require refrigeration of insulin, accessing oxygen, dialysis and others. 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.¹¹⁵

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.¹¹⁶ 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

¹¹¹ <https://www.nejm.org/doi/full/10.1056/NEJMsa1803972>

¹¹² https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/Build_Back_Better_PR.pdf; page 5

¹¹³ <https://hbr.org/2018/06/what-hurricane-marias-death-toll-reveals-about-health-care-in-puerto-rico>

¹¹⁴ https://aspe.hhs.gov/system/files/pdf/255466/PuertoRico_Assessment.pdf

¹¹⁵ <http://www.salud.gov.pr/Estadisticas-Registros-y-Publicaciones/Estadisticas%20Suicidio/Febrero%202018.pdf>

¹¹⁶ https://aspe.hhs.gov/system/files/pdf/255466/PuertoRico_Assessment.pdf

challenges.¹¹⁷ 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 exacerbate the needed infrastructure reforms.¹¹⁸

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 can show more permanent displacement as parents may choose to relocate due to their children's enrollment. Data collected from FEMA reflecting 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.¹¹⁹ 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 but also the notable growth of the 2017 post-María wave.¹²⁰

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 Education announced there were 38,700 less students since May 2017 and about 50% of schools are only utilizing 60% of their capacity.¹²¹ 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.¹²²

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 4,993 unemployment insurance claims. This spike in number show there will be 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 play a role in providing 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.

¹¹⁷ <https://hbr.org/2018/06/what-hurricane-marias-death-toll-reveals-about-health-care-in-puerto-rico>.

¹¹⁸ https://www.urban.org/sites/default/files/publication/87011/2001050-puerto-rico-health-care-infratructure-assessment-site-visit-report_1.pdf.

¹¹⁹ <https://centropr.hunter.cuny.edu/sites/default/files/PDF/Schoolenroll-v2-3-3-2018.pdf>.

¹²⁰ <https://centropr.hunter.cuny.edu/sites/default/files/PDF/Schoolenroll-v2-3-3-2018.pdf>.

¹²¹ <https://www.nbcnews.com/news/latino/puerto-rico-close-283-schools-amid-sharp-enrollment-drop-after-n863246>.

¹²² <https://www.nbcnews.com/news/latino/puerto-rico-close-283-schools-amid-sharp-enrollment-drop-after-n863246>.

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 working to facilitate an environment where their needs can be addressed.

COMMUNITY DISASTER LOANS

Almost all 78 municipalities across the islands have suffered impact from Hurricanes Irma and María and have suffered a substantial loss in tax revenue as individual taxpayers and businesses face economic hardship in their own recoveries. Without critical tax revenue from property tax, sales tax, income tax, or any other locally imposed tax, these municipalities are unable to support essential services for local residents.

For this need, FEMA has awarded \$53 million for 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 have been 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. 65 other municipalities are under review for 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 has compiled an extensive report on the hurricane impact to 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, and an economic assessment, including analysis of public debt and information on development patterns and priority projects for Puerto Rico.¹²³

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

¹²³ Programa de Inversiones de Cuatro Años 2018-2019 A 2021-2022, The Puerto Rico Planning Board, <http://jip.pr.gov/Portals/0/Economia/PICA/MARCO%20REFERENCIA%20DEL%20PICA%202018-2019%20a%202021-2022%20final.pdf?ver=2018-04-19-184254-700>.

public, private and governmental stakeholders. Readers are encouraged to review the document in full on the Board’s website.¹²⁴

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. In the short term, 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, will include an analysis of short and long-term impact, using statistical demographic, economic indicators and macroeconomic theory.

Research and actionable planning is 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.



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 forthcoming 180-day report to Congress will provide a more comprehensive overview of extended losses to businesses including those

¹²⁴ Same as footnote above.

related to power loss, tourism slowdowns, and detailed models related to current influxes of funds, business incubation, and other economic stimulus programs currently underway.

The focus of the assessment in this Action Plan centers on identifying those immediate impacts to businesses (buildings and content) resulting from Irma and María. The Small Business Administration (SBA) makes low cost disaster loans available to qualified businesses and their services are an important indicator of business impact. Utilizing 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 information¹²⁵ there were 88,988 applications issued across the Island. Of these, 4,010 applicants had a verified property loss of \$312,990,105 and another 16,840 applicants are either “in-process”, have withdrawn, or were declined for a loan from the program. An additional 68,773 applications were issued but not returned to the SBA (Table 34). 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.¹²⁶

¹²⁵ SBA_DCMS_Business_report_Irma_Maria_PR_00029_PR_00031_09_2_2018.

¹²⁶ <http://newsismybusiness.com/velazquez-rebuild-businesses/>.

| SBA BUSINESS APPLICANT STATUS | COUNT OF APPLICANTS | % IN STATUS |
|-------------------------------|---------------------|-------------|
| Approved | 3,375 | 3.79% |
| Declined | 5,232 | 5.88% |
| In Process | 8,402 | 9.44% |
| Issued | 68,773 | 77.28% |
| Withdrawn | 3,206 | 3.60% |
| Grand Total | 88,988 | 100% |

Table 34. Status of SBA applicants as of September 2, 2018

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 those businesses who are not initially accounted for in the available datasets.¹²⁷ 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) | 4,010 | \$ 312,990,105 |
| SBA verified reconstruction loss (Rebuild) | 295 | \$ 38,849,868 |
| SBA verified relocation loss (Rebuild Elsewhere) | 5 | \$ 97,576 |
| Verified furniture loss | 2,388 | \$ 19,183,223 |
| Verified machinery loss | 3,841 | \$ 77,838,409 |
| Verified inventory loss | 1,838 | \$ 25,289,941 |
| Total real estate losses for businesses referred to SBA (Estimate) | | \$ 474,249,122 |

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

¹²⁷ SBA_DCMS_Business_report_Irma_Maria_PR_00029_PR_00031_03_18_2018

Extended loss estimates were established by utilizing HUD’s methodology outlined in the Federal Register.¹²⁸ Here, businesses are 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 | 1,465 | \$5,676 | 23.93% |
| Category 2 | \$12,000 - \$29,999 | 1,546 | \$19,907 | 25.25% |
| Category 3 | \$30,000 - \$64,999 | 1,489 | \$42,691 | 24.32% |
| Category 4 | \$65,000 - \$149,999 | 1,017 | \$91,290 | 16.61% |
| Category 5 | >= \$150,000 | 605 | \$256,459 | 9.88% |

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 or contents damage was already calculated (6,122), by the percentage of estimated homes damaged by Irma and María (90%)¹²⁹, yielding an estimated 74,579 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.

¹²⁸ <https://www.gpo.gov/fdsys/pkg/FR-2018-02-09/pdf/2018-02693.pdf>

¹²⁹ <http://emergency.copernicus.eu/mapping/ems/copernicus-ems-monitors-impact-hurricane-maria-dominica>

| HUD Cat | DAMAGE | COUNT | MEDIAN LOSS | ESTIMATED LOSSES |
|------------|-------------------------|--------|-------------|------------------|
| Category 1 | < \$12,000 | 17,847 | \$5,676 | \$101,299,572 |
| Category 2 | \$12,000 - \$29,999 | 18,934 | \$19,907 | \$374,928,438 |
| Category 3 | \$30,000 - \$64,999 | 18,139 | \$42,691 | \$774,372,049 |
| Category 4 | \$65,000 - \$149,999 | 12,389 | \$91,292 | \$1,130,991,810 |
| Category 5 | >= \$150,000 | 7,370 | \$256,459 | \$1,890,102,830 |

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 \$4.7 billion (Table 38). Accounting for 38% in additional resilience costs on rebuilding damaged structure¹³⁰ 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) | 17,847 | \$101,299,572 |
| Category 2 Loss (\$12,000 - \$29,999) | 18,934 | \$374,928,438 |
| Category 3 Loss (\$30,000 - \$65,000) | 18,139 | \$774,372,049 |
| Category 4 Loss (\$65,000 - \$150,000) | 12,389 | \$1,130,991,810 |
| Category 5 Loss (>\$150,000) | 7,370 | \$1,890,102,830 |
| Sum of estimated losses to property and contents | | \$ 4,271,694,699 |
| Total verified loss for all businesses (Estimate) | | \$ 4,745,943,821 |

¹³⁰ 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 |
|--|-------|------------------|
| Accounting for additional resilience costs | | \$ 5,804,929,161 |

Table 38. Estimated Small Business Administration Property and Content Losses

SBA payouts to businesses totaled \$99.9 million for these lines of loss, leaving a potential unmet need of \$4.6 billion or \$5.7 billion when accounting for resilience costs (Table 39).

| CATEGORY | COUNT | VALUE |
|--|-------|-------------------------|
| SBA repair payments | 1,289 | \$ 62,089,242 |
| SBA reconstruction payments | 66 | \$ 6,526,000 |
| SBA relocation payments | 5 | \$ 309,200 |
| SBA furniture payments | 642 | \$ 4,505,700 |
| SBA machinery payments | 1,096 | \$ 20,247,292 |
| SBA inventory payments | 459 | \$ 6,196,100 |
| Total Benefit | | \$ 99,873,534 |
| Total verified loss for all businesses (Estimate) | | \$ 4,646,070,287 |
| Accounting for additional resilience costs | | \$ 5,705,055,627 |

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 in order 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 follows the sector impact breakout informed by the Unmet Needs Assessment conducted for Amendment 1, since the available data does 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

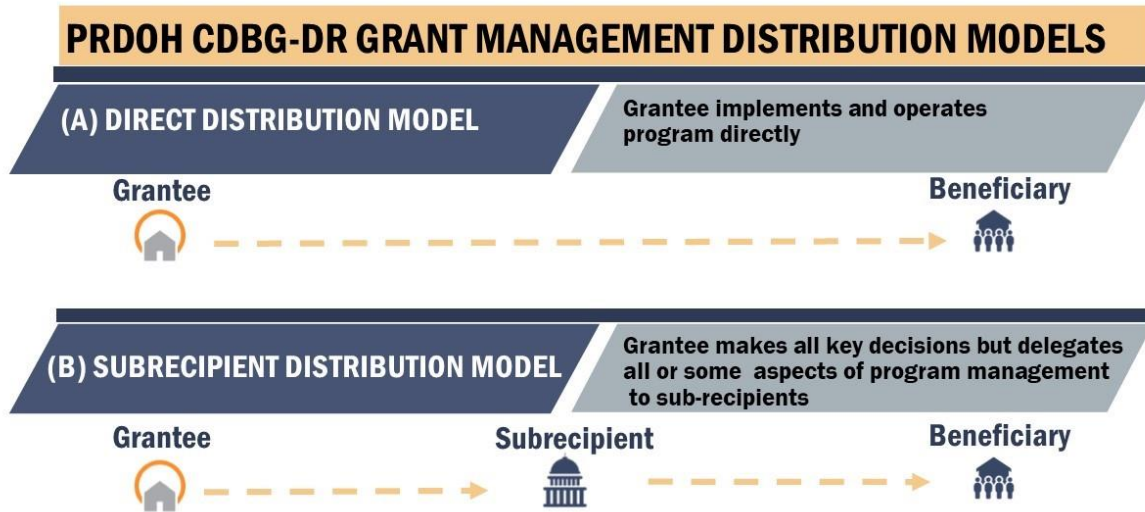


Delivering a transparent, people-focused recovery is Puerto Rico’s top priority. With these funds Puerto Rico is investing in a safer, more sustainable society. Programs are designed to protect people and property, rebuild families, strengthen communities, generate long-term investment in social capital, 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. PRDOH will utilize MOD method A to administer the housing repair, reconstruction, and relocation program. 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 will 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 Sub Recipients 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 has designated PRDOH as the grantee for 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 persons 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, or 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 program 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 particular 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 Rico¹³¹ 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 benefitting low- and moderate-income 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 Robert T. 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. Detailed policies and procedures for assessing Duplication of Benefit vary by program and are therefore included in individual program guidelines.

Pre-agreement Costs

The provisions of 24 C.F.R. § 570.489(b) and 570.200 (h) permits a grantee to reimburse itself for otherwise allowable costs incurred by itself or its recipients sub grantees or sub recipients 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 itself 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

¹³¹ Retrieved from: <https://www.hudexchange.info/resource/5334/cdbg-income-limits/>

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 in 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 the cost for salary, employer fringe benefits, and direct operating cost 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 displacement of persons or entities and assist persons or entities displaced as a result of implementing a project with CDBG-DR funds. 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 Housing and Community Development Act of 1974 (HCDA) are available. PRDOH plans to exercise the waivers set forth in Federal Register Vol. 83, No. 28 (Friday, February 9, 2018) 83 FR 28 pertaining to Uniform Relocation Act (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 as a result of the hurricane, etc.

Ineligible Activities

As per the Federal Register Docket No. FR-6066-N-01, 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 primary residence of the owner, 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 located 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(a)) 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 has 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 Robert T. 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 later is 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 back 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 will be 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 methods of communication as well as 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 will have the opportunity to 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, 5850-51, 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 Home Repair, Reconstruction, or Relocation Program (R3), final inspection of

construction work, homeowners will be asked to accept the completed scope of 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) years 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, 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 <http://www.cdbg-dr.pr.gov/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, 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 of \$44,306.95 for elevating single-family wooden structures, based on the following parameters: For this estimate, PRDOH considered a wooden house of approximately 30' x 35', raised above the lot's elevation, taking into account a flood elevation of approximately 36". A new interior finished floor elevation of 42" was used for calculations. Costs for elevating cement/ cinder block structures are not economically feasible based on the type of construction.

Elevation and flood insurance requirements will be put into 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 choice throughout the housing market. Program implementation will be conducted in a manner which will not cause discrimination on the basis of 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 choice in areas that are defined as low-poverty or non-minority¹³² 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 for the evaluation of possible impacts to those areas as well as to promote fair housing choice 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. § 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.

GRANT MANAGEMENT CAPACITY

As the steward of unprecedented federal funds supporting the largest recovery effort ~~the Island of~~ 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

¹³² This language originates in the 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>

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 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 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. Nonsubstantial 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

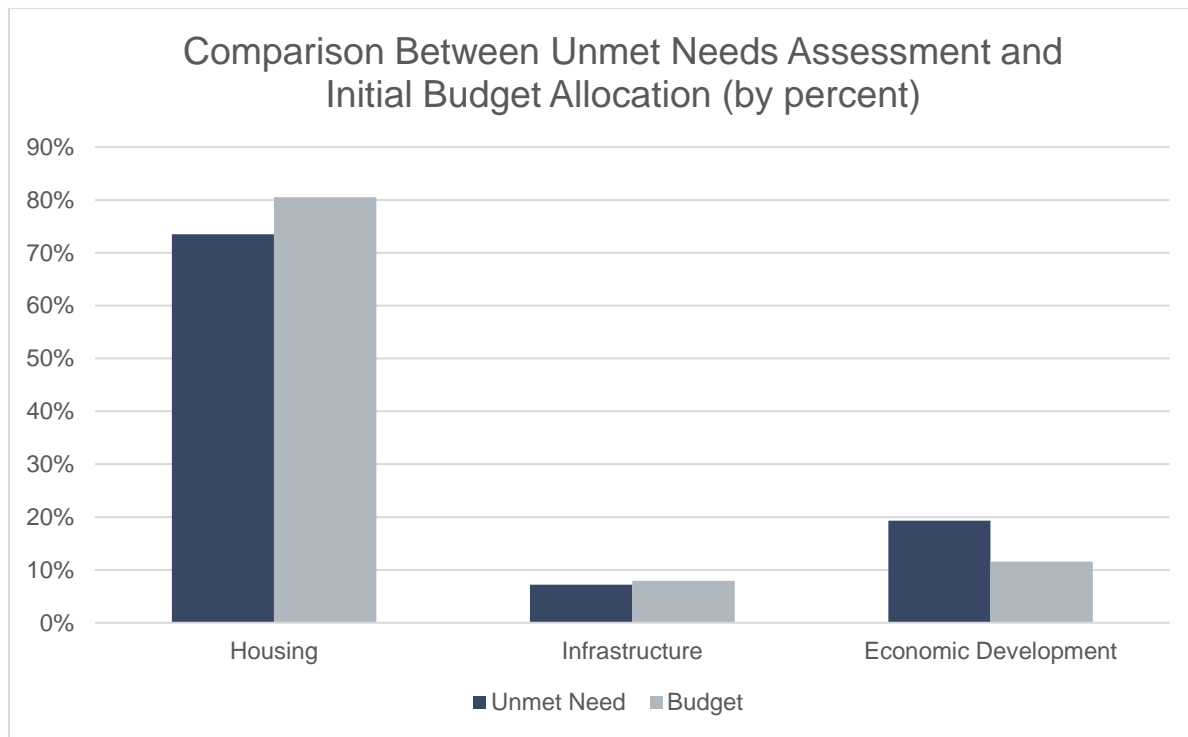


Table 40. Comparison of Unmet Needs to Budget Allocation by percentage

Table 40 compares the percentage of derived unmet need¹³³ to the percentage of overall program budget¹³⁴ (excluding planning and administrative costs) dedicated to each of the three main 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 (as compared to the total number of housing projects proposed)¹³⁵ 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

¹³³ See Table 3. Summary of Unmet Needs by Recovery Category
¹³⁴ See Program Budget
¹³⁵ 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.

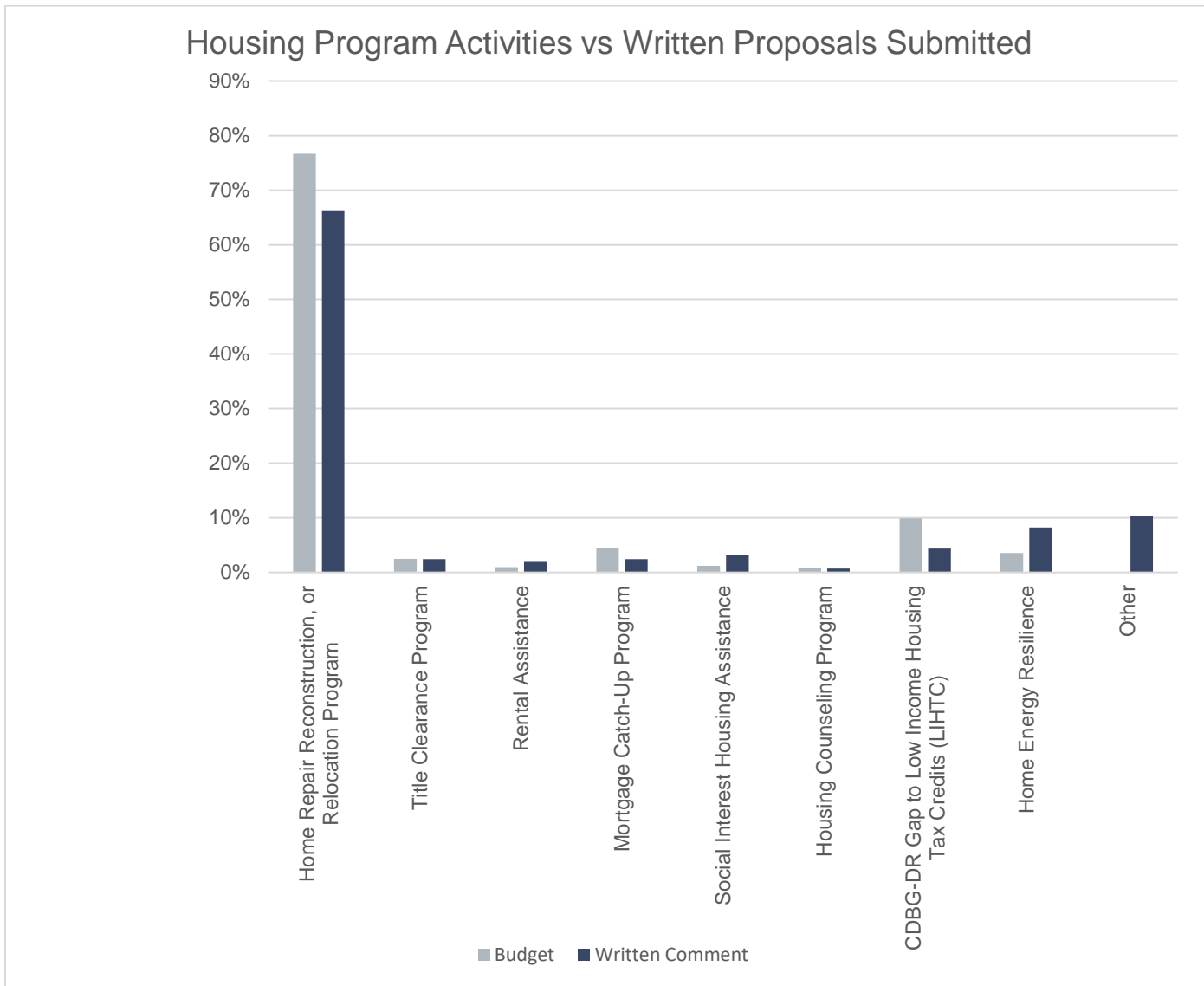


Table 41. Comparison of Housing Program Activities to Written Proposals Submitted¹³⁶

A total of 120 project proposals were submitted for projects related to Economic Development¹³⁷. 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. In an effort to jumpstart construction and economic activity to expedite recovery

¹³⁶ 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”

¹³⁷ See Figure 9, Economic projects proposed through public engagement.

efforts, PRDOH has chosen to dedicate a higher percentage of the Economic Development budget, when compared to the project proposal submissions, to the Small Business Financing and Construction Revolving Loan programs. Economic Development project proposals which are 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.

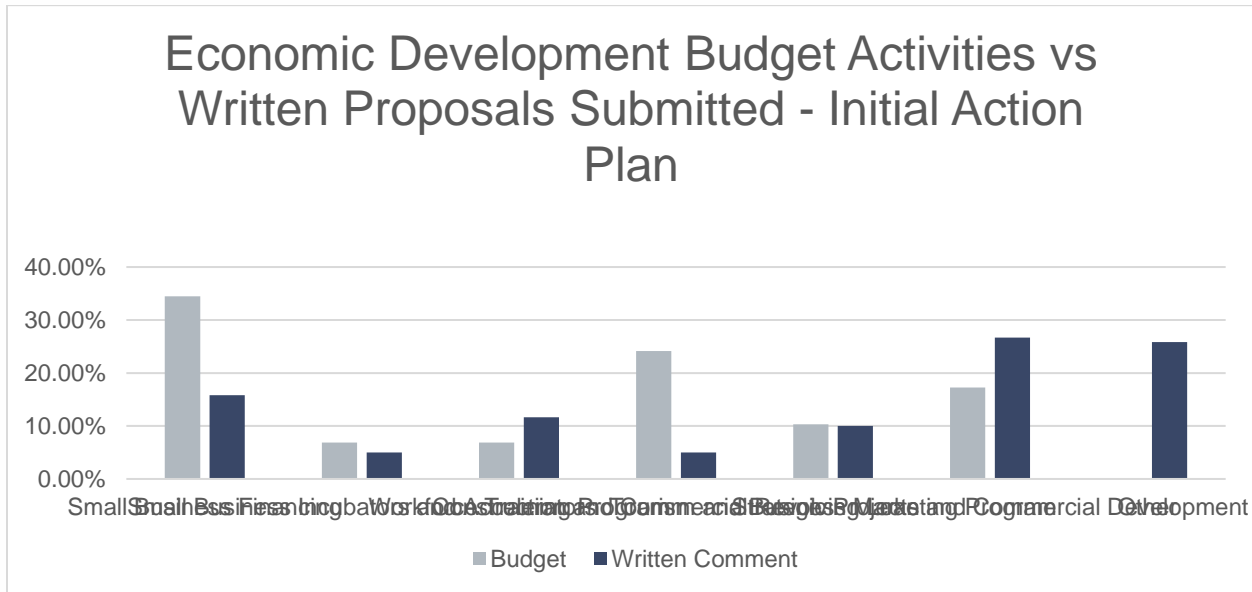


Table 42. Comparison of Economic Development Budget Activities to Written Proposals Submitted¹³⁸

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 proposed that are 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 Notice 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

¹³⁸ 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”.

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.

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.

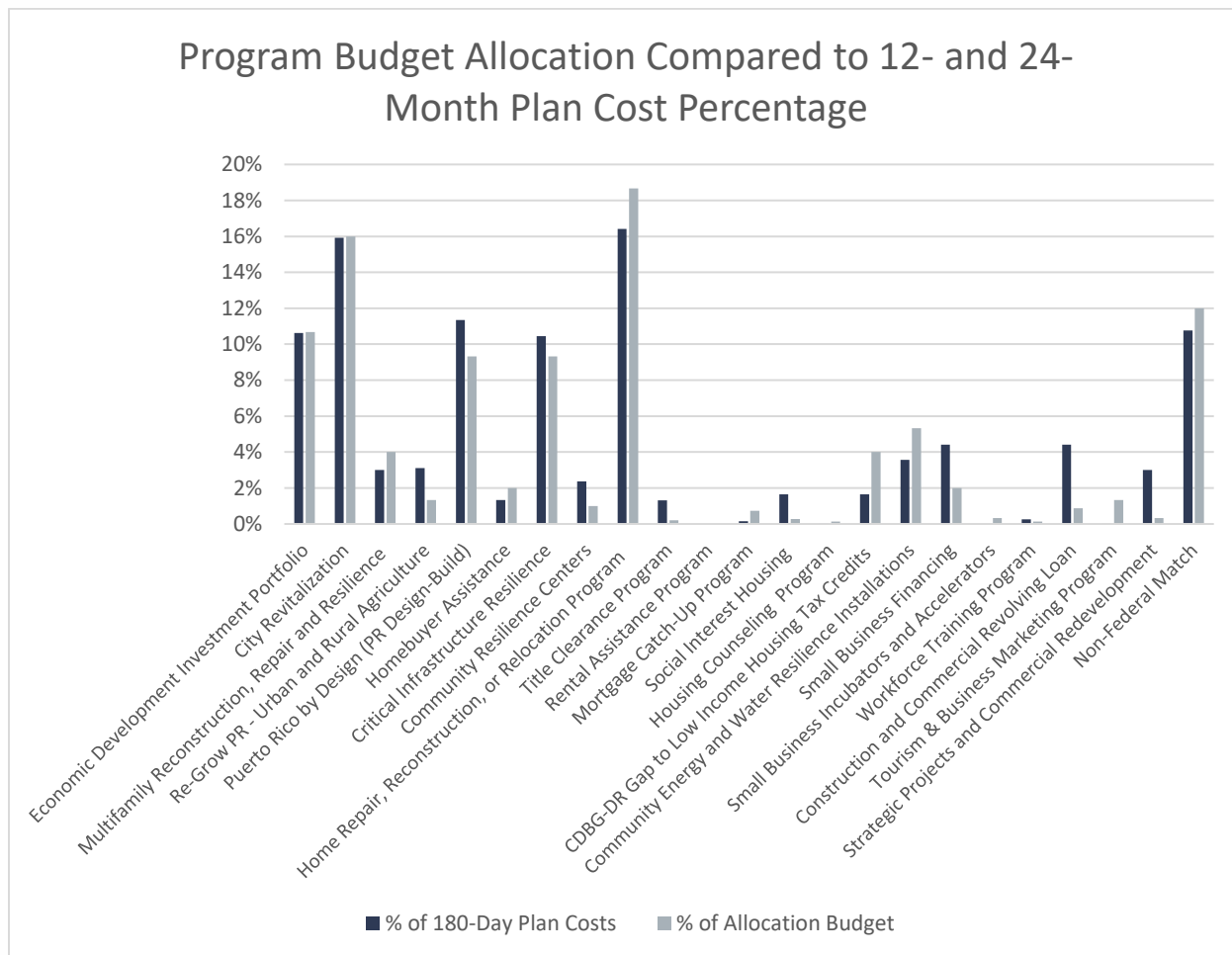


Table 43. Comparison of Program Budget Allocation to 12- and 24-month Plan Cost Percentage¹³⁹

¹³⁹ 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.

THIRD ALLOCATION FOR UNMET NEEDS UNDER 85 FR 4681

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

PLAN ALIGNMENT WITHIN PROGRAMS

The content within this Amended Action Plan adheres to the August 14, 2018 Federal Register Notice, 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. In each of the programs and initiatives presented in Planning, Economic Development, Housing, and Infrastructure, the related courses of action from the Recovery Plan are identified.

Additionally, the 83 FR 40314 Notice allows the allocation of funds towards unmet economic revitalization and infrastructure needs as a balanced approach to housing, provided that unmet housing need 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 in order 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 | | LM 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 | 100% | \$835,570,050 | \$2,453,960,569 | | \$3,289,530,619 |
| | Title Clearance Program | 100% | \$25,000,000 | \$15,000,000 | | \$40,000,000 |
| | Rental Assistance Program | 100% | \$10,000,000 | \$10,000,000 | | \$20,000,000 |
| | Mortgage Catch-Up Program | | \$0 | \$0 ¹⁴⁰ | | \$0 |
| | Social Interest Housing Program (Homeless and Domestic Violence) | 100% | \$12,500,000 | \$20,000,000 | | \$32,500,000 |
| | Housing Counseling Program | 75% | \$7,500,000 | \$10,000,000 | | \$17,500,000 |
| | CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) | 100% | \$113,000,000 | \$300,000,000 | | \$413,000,000 |
| | Community Energy and Water Resilience Installations Program | 100% | \$0 | \$300,000,000 | | \$300,000,000 |
| | Multi-Family Reconstruction, Repair, and Resilience Program | 100% | \$0 | \$300,000,000 | | \$300,000,000 |
| | Homebuyer Assistance Program | 30% | \$0 | \$350,000,000 | | \$350,000,000 |
| | HOUSING BUDGET TOTAL | | \$1,003,570,050 | \$3,758,960,569 | | \$4,762,530,619 |
| Economy | Small Business Financing Program | 30% | \$75,000,000 | \$150,000,000 | | \$225,000,000 |
| | Small Business Incubators and Accelerators Program | 30% | \$10,000,000 | \$25,000,000 | | \$35,000,000 |
| | Workforce Training Program | 60% | \$30,000,000 | \$10,000,000 | | \$40,000,000 |
| | Construction and Commercial Revolving Loan Program | 30% | \$35,000,000 | \$65,000,000 | | \$100,000,000 |
| | RE-GROW PR Urban-Rural Agriculture Program | 70% | \$0 | \$92,500,000 | | \$92,500,000 |
| | Tourism & Business Marketing Program | 0% | \$15,000,000 | \$10,000,000 | | \$25,000,000 |
| | Strategic Projects and Commercial Redevelopment Program | | \$0 | \$0 | | \$0 |
| | Economic Development Investment Portfolio for Growth Program | 15% | \$0 | \$800,000,000 | | \$800,000,000 |
| | ECONOMIC RECOVERY BUDGET TOTAL | | \$165,000,000 | \$1,152,500,000 | | \$1,317,500,000 |

¹⁴⁰ 84 FR 4836 published on February 19, 2019 limited the amount of funding available for this program to \$5 million and altered the program eligibility and activities that may be offered. PRDOH is required by HUD to zero out the funds proposed to Mortgage Catch-Up and re-program these funds in a subsequent Action Plan Amendment. <https://www.govinfo.gov/content/pkg/FR-2019-02-19/pdf/2019-02695.pdf>

| | | | | | | |
|----------------|--|-----|----------------------|------------------------|----------------------|------------------------|
| Infrastructure | Critical Infrastructure Resilience Program | 70% | \$0 | \$400,000,000 | | \$400,000,000 |
| | Community Resilience Centers Program | 70% | \$0 | \$75,000,000 | | \$75,000,000 |
| | Non-Federal Match Program | 70% | \$100,000,000 | \$636,039,432 | \$263,960,569 | \$1,000,000,000 |
| | INFRASTRUCTURE BUDGET TOTAL | | \$100,000,000 | \$1,111,039,432 | \$263,960,569 | \$1,475,000,000 |

| | | | | | | |
|--------------|----------------------------------|-----|---------------------|------------------------|--|------------------------|
| Multi-Sector | City Revitalization Program | 70% | \$23,000,000 | \$1,200,000,000 | | \$1,223,000,000 |
| | Puerto Rico by Design Program | 70% | \$0 | \$300,000,000 | | \$300,000,000 |
| | MULTI-SECTOR BUDGET TOTAL | | \$23,000,000 | \$1,500,000,000 | | \$1,523,000,000 |

| | | | | | | |
|----------|---|-----|----------------------|---------------------|------------|----------------------|
| Planning | Whole Community Resilience Planning Program | N/A | \$37,500,000 | \$17,500,000 | \$- | \$55,000,000 |
| | Agency Planning Initiatives Program (GIS, Planning Integration) | N/A | \$25,000,000 | \$25,000,000 | \$- | \$50,000,000 |
| | Economic Recovery Planning Program | | \$0 | \$0 | \$0 | \$0 |
| | Home Resilience Innovation Competition Program | N/A | \$750,000 | \$5,000,000 | \$- | \$5,750,000 |
| | Municipal Recovery Planning Program ¹⁴¹ | N/A | \$56,050,508 | \$- | \$- | \$56,050,508 |
| | PLANNING PROGRAMS BUDGET TOTAL | | \$119,300,508 | \$47,500,000 | \$- | \$166,800,508 |

| | | | | | | |
|--|--|--|------------------------|------------------------|----------------------|-------------------------|
| | Program Administration | | \$75,358,950 | \$411,039,150 | \$13,892,662 | \$500,290,762 |
| | Planning Programs (External) | | \$119,300,508 | \$47,500,000 | \$- | \$166,800,508 |
| | Program Planning (Internal) | | \$20,949,492 | \$239,743,850 | \$- | \$260,693,342 |
| | Program Funds | | \$1,291,570,050 | \$7,522,500,000 | \$263,960,569 | \$9,078,030,619 |
| | 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 |

¹⁴¹ Municipal Recovery Planning Program has been added in this Planning section to provided additional clarity over the funding cap of planning costs.

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.¹⁴²

PLANNING COORDINATION PROGRAM

The Puerto Rico Planning Board (Planning Board) has initiated the process of developing and adopting the Advisory Base Flood Elevation Maps and adopting the Limit of Moderate Wave Action areas in

¹⁴² 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.

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. § 200, and the applicable Hazard Mitigation Assistance Guidance (February 2015). Additionally, the Puerto Rico Permits Management Office is in the process of reviewing the Puerto Rico Building Codes to adopt the ICC 2018. COR3 will oversee the review of the State Hazard Mitigation Plan.¹⁴³

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 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 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.

¹⁴³ Information from the State Hazard Mitigation Officer (SHMO), COR3, July 2, 2018.

The 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, or other coordinated planning activity. These plans or studies will allow communities to develop policy, planning, and management capacity so that Puerto Rico 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.



| WHOLE COMMUNITY RESILIENCE PLANNING PROGRAM | | |
|---|---|-------------------------------------|
| PROGRAM TOTAL \$55,000,000 | ADMINISTERING ENTITY 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, in particular, 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 the floodway 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

In Phase 2, some communities may receive a planning award of up to \$500,000 per community plan through a competitive application process. The selection criteria for Phase 2 funding will be released in the Program Notice of Funding Availability (NOFA). Eligible applicants under Phase 2 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 administering the program, however the Foundation is not the awardee of the total value of the program budget, but the manager of the program. PRDOH will provide 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 & DESCRIPTION

The Whole Community Resilience Planning Initiative will craft recovery solutions for all communities, including high-risk areas to increase individual and collective preparedness to 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 flood-plain, 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 in Phase 1.

The Program will publish a NOFA for the identification of eligible Applicants who will directly engage with interested communities in Puerto Rico. Selected Applicants will be monitored by the Program Manager throughout the duration of their contract.

Awarded applicant-subrecipients will work directly with communities to identify community concerns and needs, 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 course of the Program will be made available to the public in order to increase knowledge and resilience on the Island.

Communities, like Caño Martín Peña, are encouraged to submit holistic plans for recovery to 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 feasibility of actions proposed and should be as comprehensive as possible to set the stage for next steps. Planning may include a range of items, such as examining structural mitigation measures at either a community or individual house level, 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 a consideration of hazard risk as part of their assessment.

~~PRDOH will be the administering agency with the Foundation for Puerto Rico as the lead implementation subrecipient, and PRDOH and the Foundation will receive the community applications and final plans, as outlined in the forthcoming program guidelines.~~ PRDOH and the Foundation for Puerto Rico 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 recognized the importance of collaboration and inclusion of the third sector and, in particular, within this program wherein working with community groups, NGOs, and other non-profits would be instrumental in ensuring the success and outcomes of Whole Community Resilience Planning Program.



| AGENCY PLANNING INITIATIVES PROGRAM (GIS, PLANNING INTEGRATION) | | |
|---|---|-------------------------------------|
| PROGRAM TOTAL \$50,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE N/A |
| MAX AWARD \$50,000,000 | START- END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Hurricane María magnified the issue of unregistered housing across the Island. This may include housing without proper title, permits, plans, inspections, and insurance. Estimates indicate that as much as half of the Island’s housing stock has been built 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. 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 Agency Planning Initiatives 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

- Development of a uniform parcel registry, address mapping, and GIS database.
- Completing the parcel/ structure-level data sets for all unregistered properties.
- Mapping to identify areas with high incidence of title issues or special populations (elderly, disabled, etc.) for assistance under the Title Clearance Program and other disaster recovery efforts.



ELIGIBILITY

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

METHOD OF DISTRIBUTION

Direct Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

Through collaboration with government agencies, like PRITS and the Puerto Rico Planning Board, as well as universities and the private sector, the Agency Planning Initiatives Program will be undertaken to build the data sets for property across the Island to ensure land use is correctly permitted, planned, inspected, insured, and viewable to the municipalities. The objective of this initiative will not provide title to unregistered properties; however, it will identify which properties do not have title and which structures are informal or unregistered. This will set the stage for proper title transfers to take place. Reconstruction must marry land-use planning together 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 a fundamental step in providing transparency, efficiency, and economic development in Puerto Rico. The PRITS is comprised of a cadre of highly talented digital minds who are in charge of transforming Puerto Rico to a "digital native" government.

| ECONOMIC RECOVERY PLANNING PROGRAM | | |
|------------------------------------|----------------------|--------------------|
| PROGRAM TOTAL | ADMINISTERING ENTITY | NATIONAL OBJECTIVE |
| \$0 | | N/A |
| MAX AWARD | | ELIGIBLE AREA |
| \$0 | | PUERTO RICO |

NOTE: This program has been eliminated as activities encompassed in this program will take place through funding of other Eco Dev programs and planning activities.

HURRICANE IMPACT

Prior to the hurricane, several factors generated perceived barriers to entry in Puerto Rico’s economy. The hurricane accelerated this thinking as the economy was shaken by general infrastructure failures. As outlined in the Unmet Needs section, initial assessments indicate over \$6 billion in unmet economic need.

RECOVERY PLAN ALIGNMENT

The Economic Recovery Planning Program aligns with the following courses of action from Puerto Rico’s Recovery Plan: CPCB 4, CPCB 12, ECN 21, ECN 26, MUN 2, MUN 8, and MUN 11.

ELIGIBLE ACTIVITIES

Planning and Capacity Building (Section 105(a) (12) of the HCDA)

PROJECT ACCOMPLISHMENTS

Creation of comprehensive economic recovery strategies, the benefit of which will allow communities to develop a 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

PRDOH may manage the program directly or may engage subrecipients for all or a portion of the program. Eligible subrecipients may include, but are not limited to:

- The Department of Economic Development and Commerce (DDEC for its Spanish acronym);
- Corporation for the Promotion of Puerto Rico as a Destination, Inc., doing business as Discover Puerto Rico (DPR);¹⁴⁴
- Invest Puerto Rico; and

¹⁴⁴ Corporation for the Promotion of Puerto Rico as a Destination, Inc., doing business as Discover Puerto Rico (DPR), also commonly referred to as DMO.

- Non-profit organizations

METHOD OF DISTRIBUTION

Direct and Subrecipient Partnership Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

PRDOH in partnership with non-profit organizations will lead an overarching plan on through promotion and communication (implement public service delivery, business creation, and public program, PRDOH and its subrecipients will determine priorities, resources, and actions that will guide economic stability and growth. Guiding principles will focus on the well-being of LMI workers and how larger economic planning efforts should enhance future job opportunities and inclusion in a recovering and expanding economy.

NOTE: Funds for the Economic Recovery Planning Program have been reallocated to priority housing activities.

PRDOH and its subrecipients will leverage the planning experience from other successful efforts and draw on relevant stakeholders' experience in the private sector, including but not limited to:

- Pharmaceuticals
- Manufacturing
- Technology
- Construction
- Real Estate
- Agriculture
- Tourism
- Other

By developing and implementing specific, effective economic recovery plans, the Island will demonstrate to commercial entities from around the world the numerous industry opportunities Puerto Rico holds, and will attract critical investment to further grow the economy. Additionally, retention of existing Puerto Rican business is a vital component of the Island's post-disaster recovery. Working in conjunction with the other projects outlined in the Action Plan, strategies aligned with Puerto Rico's economic development plan will be identified and included and designed for implementation.

DDEC and/or DPR will utilize internal expertise for this activity, including work under its Collaboration Agreement with Invest Puerto Rico, which is a non-profit corporation created by law (Act 13-2017) to ensure continuity. Non-profits will be selected utilizing a Notice of Funding Availability (NOFA).

This will expand the Island's business community's capacity to retain and create new, sustainable jobs through economic development activities. Plans may inform and leverage the Economic Development projects for business loans and commercial development.

| HOME RESILIENCE INNOVATION COMPETITION PROGRAM | | |
|--|--|------------------------------|
| PROGRAM TOTAL \$5,750,000 | ADMINISTERING ENTITY UNIVERSITY OF PUERTO RICO AND PRDOH | NATIONAL OBJECTIVE N/A |
| MAX AWARD \$5,750,000 | START- END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Hurricane damage to aging power utility infrastructure caused an island-wide blackout immediately following the hurricanes and has been unstable through recovery efforts.

RECOVERY PLAN ALIGNMENT

The Home Resilience Innovation Competition Program aligns with the following course of action from Puerto Rico’s Recovery Plan: CPCB 10.

ELIGIBLE ACTIVITIES

- Section 105(a) (12) – Planning and Capacity Building
- Section 105(a) (16) – Energy Use Strategies Related to Development Goals
- Section 105(a)(14) – Activities Carried Out through Nonprofit Development Organizations
- Section 105(a)(21) – Assistance to Institutions of Higher Education

PROGRAM ACCOMPLISHMENTS

- The Home Resilience Innovation Competition will develop and build demonstration models based on research and development of innovative approaches to resilience and issue a Puerto Rico Resilience Innovation Guidebook as a result of research, development and testing.
- Health and safety of residents through home energy and water resilience.

ELIGIBILITY

University of Puerto Rico and/or Non-Profit Organizations, Institutions of Higher Education, individuals or groups of individuals.

METHOD OF DISTRIBUTION

Direct and Subrecipient Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

The University of Puerto Rico, as a subrecipient, is responsible for the management and implementation of the Home Resilience Innovation Competition including but not limited to outreach and engagement activities and the evaluation of applications. This role includes overseeing and implementing a

competition for innovative solutions to address home-based renewable energy generation, energy and water storage, and home functions. Home functions may include, but are not limited to appliances for cooking, water heating, refrigeration, lighting, and cooling. The combined solutions will provide residents greater resilience to power and water service interruptions, allowing them to remain in their homes with greater health, safety, and security. Additionally, community-wide resilience measures and innovative home design and construction methods are encouraged to be examined.

Proposed solutions will be evaluated by a multi-disciplinary panel to assess:

- Cost-benefit Analysis
- Length of Lifecycle
- Wattage (if applicable; or alternative measurement)
- Ease of Use
- Product Availability
- Customer Satisfaction

PRDOH and UPR will issue program guidelines outlining the innovation program process. Participants may receive limited funding for their demonstration projects. The most innovative solutions may be utilized as part of the long-term housing recovery mission. The Home Resilience Innovation Program will issue a Puerto Rico Resilience Innovation Guidebook, outlining concrete strategies for implementing the innovations developed as part of the program. The program includes funding to build multiple demonstration model(s) and conducting community outreach.



HOUSING PROGRAMS

Understanding that funding is limited in the first CDBG-DR allocation, Puerto Rico has structured recovery programs for first-wave implementation that meet the immediate housing needs of the most vulnerable populations¹⁴⁵ on the Island by emphasizing housing programs that serve low-to-moderate income households and prioritize elderly persons age 65 and above.

Units of General Local Government, UGLGs (municipalities) have been consulted throughout the development of this plan and will 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 for 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. Additionally, PRDOH will be conducting outreach to residents in impacted multi-family buildings to inform a recovery strategy for rental and multi-family tenants, in addition to the units being created under the LIHTC program. No funding has been committed to public housing at this time as FEMA assistance is still in development and the true unmet need is being assessed. Public Housing may be addressed with HUD's second allocation of CDBG-DR funding.

ANTI-DISPLACEMENT

All CDBG-DR funded activities will be designed to or minimize the occurrence of displacement. Puerto Rico will minimize displacement of persons or entities and assist persons or entities displaced as a result of

¹⁴⁵ 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.

implementing a project with CDBG-DR funds. 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.

Puerto Rico 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 Housing and Community Development Act of 1974 (HCDA), are available. The URA provides that a displaced person is eligible to receive a rental assistance payment that covers 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 previous section will lay the groundwork for the next phase of 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 \$3,289,530,619 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI 100% LMI GOAL |
| MAX AWARD \$185K REBUILD OR RELOCATION \$60K REPAIR | START- END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Tens of thousands of homes suffered hurricane damages and are still in need of repair. Residents may have applied for FEMA and were ineligible or received assistance, but they still face 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)(4) – Housing Construction, Acquisition, Green Building Standards
- Section 105(a) (15) – Assistance to Eligible Entities for to Neighborhood Revitalization, Community Economic Development and Energy Conservation

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 totally destroyed, the applicant may qualify for prioritization.¹⁴⁶

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)
- 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, property must not be located in a floodway, floodplain, 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 relocation assistance.
- Note: Homeowners who receive assistance through other programs in the CDBG-DR portfolio are the Home Resilience Innovation Competition Program are not precluded from assistance through the R3 Program. Homeowners meeting eligibility requirements for multiple both programs may receive assistance through multiple both these, deducting assistance for any duplication of benefit.

METHOD OF DISTRIBUTION

Direct Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

R3 provides assistance to homeowners to repair damaged homes or rebuild substantially damaged homes in place in non-hazard areas. Reconstruction activity returns otherwise displaced families to their homes in their same community. Homes become eligible for reconstruction when the property estimated cost of repair exceeds \$60,000 or 50% of the current value – 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

¹⁴⁶ Note: These priorities may be operational for certain time periods as designated in the program guidelines.

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 threshold for reconstruction, substantial damage, or substantial improvement as defined in 24 C.F.R. § 55.2 will not be reconstructed and eligible homeowners will be offered relocation options.

For reconstruction and relocation activities, the homeowner must agree to own the home and use it as their primary residence for a period of 15 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), and a Direct Mortgage Deed with 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 within the first five (5) years, the entire (100%) amount of the benefit received must be repaid in full to PRDOH. If a homeowner moves, sells, leases, transfers, exchanges, donates, vacates, abandons or otherwise alienates the property after five (5) years, but before completing the 15-year affordability period, the amount of benefit that must be repaid will be determined by the straight-line, linear amortization schedule for the remaining years.

For repair activities **only**, the ownership and occupancy compliance period will be three (3) years as secured through a Sworn Grant Agreement in compliance with the above-mentioned Rule 35.4, *supra*. 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 www.cdbg-dr.pr.gov.

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 clear title.

Duplication of Benefit

In accordance with the Robert T. 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 particular 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.

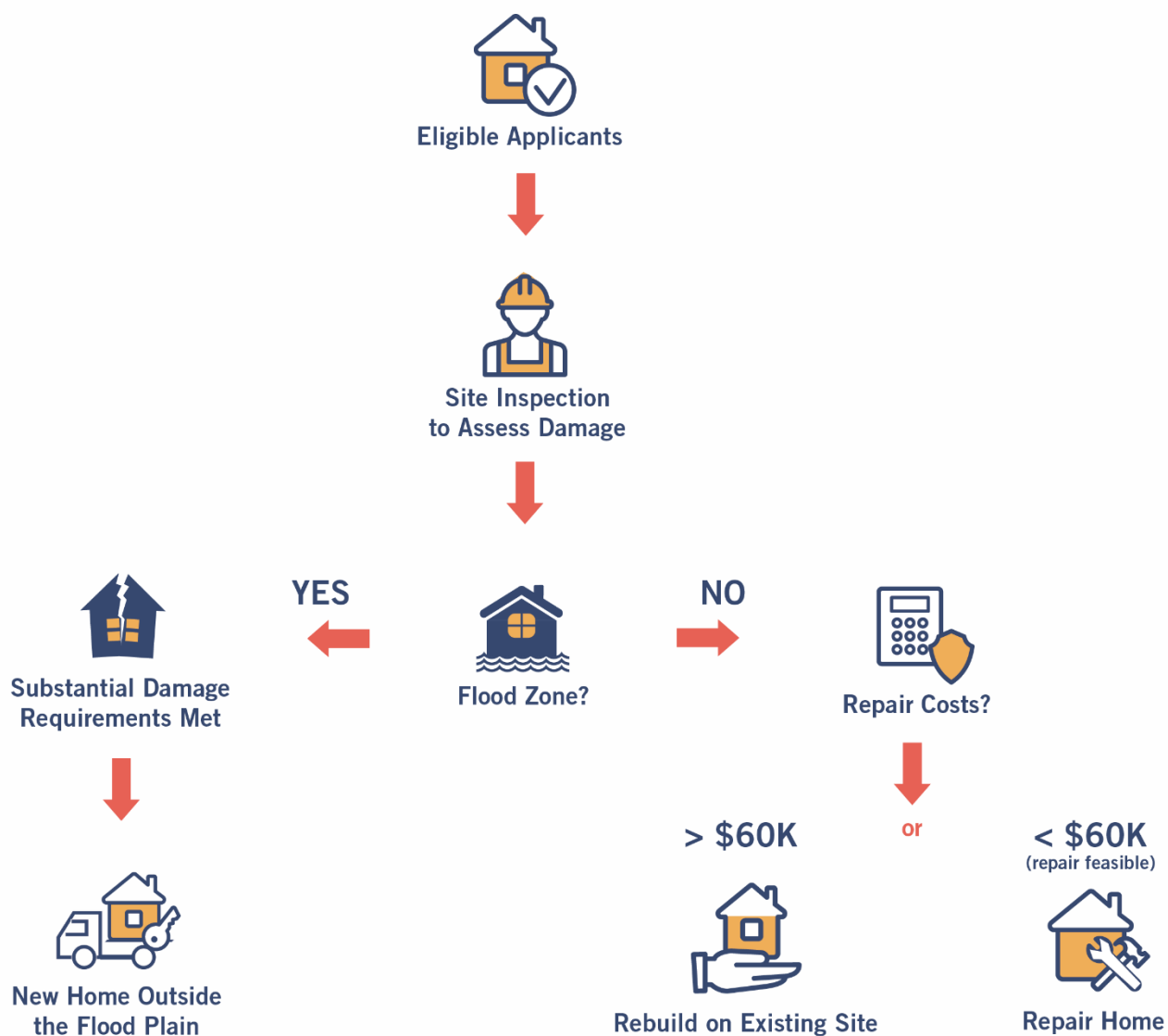


Figure 44: High-Level Overview of Repair, Reconstruction, Relocation Process

Permanent Relocation

R3 provides homeowners with substantially damaged homes located in high risk areas an opportunity to relocate to a safer location. At the time it is determined that a homeowner is eligible for relocation, the homeowner will be provided with housing counseling services to inform the applicant of available housing options and information to assist the applicant in making an informed decision regarding housing options available under the relocation program.

Relocation allows for the following two options:

- Option 1: PRDOH acquisition of the damaged property, coupled with a housing voucher which allows the applicant to select a home outside of a high-risk area. Damaged properties acquired by PRDOH will be demolished and vacant lots will be maintained as green space. Replacement homes will be existing units or units identified on a PRDOH-certified development roster. Units may be bank-foreclosed properties, on a PRDOH certified development roster, a market-listed unit, or a home in a condominium or co-op. Existing homes must be located in Puerto Rico and must meet Housing Quality Standards (HQS), and pass applicable environmental clearance and permit requirements before an applicant awardee may move in.

Aggregate of purchase price and any required improvements will be capped at \$185,000 or a regional cap more appropriate to market availability that does not limit housing choice and must be market reasonable. Purchase of existing homes is the preferred method of relocation and must be explored prior to exercising Option 2. Program funds may be used to make improvements to the chosen, existing property. Assistance received under the program is for the purchase and improvements of the newly acquired property.

- Option 2: PRDOH acquisition of the damaged property, coupled with 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. Damaged properties acquired by PRDOH will be demolished and vacant lots will be maintained as green space. Homeowners who are relocated by the program must agree to occupy the new home as a primary residence for not less than 15 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.

Participants who are awarded relocation, but who do not wish to relocate immediately, may defer accepting the R3 Program award to allow for the participative development of a housing mitigation program under the CDBG-MIT Program. Applicants who opt to defer acceptance of a relocation award from the CDBG-DR R3 Program to participate in a forthcoming housing mitigation program will remain on hold in the CDBG-DR R3 Program until such time as the Housing Mitigation Program is established under CDBG-MIT.

HUD-certified housing counselors are available to support R3 Program applicants during the relocation process. ~~will work with qualified applicants to first identify existing homes available for purchase with use of the program provided housing voucher.~~ If the eligible applicant, ~~under the guidance of a housing counselor,~~ is unable to identify a suitable existing home to purchase with a voucher, the applicant ~~and housing counselor~~ will be allowed to identify available vacant lots for purchase outside the floodplain, on which a new home would be built by the program. Limited legal services for applicants participating in the relocation program may be provided on a case by case basis.

Program Caps

*Note – in Substantial Amendment 1, approved by HUD February 28, 2019, the maximum award caps increased to reflect the increase in costs of construction with respect to labor and materials on the Island. The maximum award for housing rehabilitation in place is \$60,000 in construction and/or hard costs per unit. The maximum award for relocation or reconstruction is \$185,000 in construction and/or hard costs per unit. 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.

Caps for costs associated with relocation are as follows:

- \$30,000 for demolition of the hurricane impacted property
- Up to \$15,000 for the purchase of a new lot outside the floodplain. Purchase price for vacant lots should not exceed the standard single lot size in the community, up to \$15,000.

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.

Community Energy and Water Resilience Installations Alignment: all reconstruction and rehabilitation projects, when feasible, will be eligible to participate in this program as well. Those additional costs will be reflected and accounted for via Community Energy and Water Resilience Installations Program and will not be reflected under the award caps mentioned above.

| TITLE CLEARANCE PROGRAM | | |
|-----------------------------------|--------------------------------------|--|
| PROGRAM TOTAL \$40,000,000 | 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 lack of clear title.
- Resolve incidence of title issues as identified in the Agency Planning GIS 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 that 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 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 that are 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.
- Property must be the applicant's primary residence.
- The Applicant must have a valid ownership claim over the property.
- At this time, title services will not 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. Exceptions will be made if title clearance is necessary for the applicant to receive benefits from other programs within the PRDOH CDBG-DR Housing Portfolio or if the applicant was granted 'right of use' or 'right of enjoyment' over the property by any local laws or regulations.
- 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, therefore resulting in long-term sustainability and security for residents. Applicants who are otherwise eligible for rehabilitation or reconstruction assistance under the housing program 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 that are subject to program approval. Homeowners unable to resolve title issues with the assistance of the legal service providers may be recommended for longer-term assistance, separate and apart from the services provided under this program.

Title Clearance Program will be assisted by qualified external services providers that will be integrated by attorneys, paralegals, case managers, land surveyors, and appraisers, and that will also be responsible for rendering services in order 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 legal documentation
- Serving summons and notifications
- Presentation of documents in Property Registry and other governmental agencies
- Filing and handling cases in court

At this time, title services will not be provided for applicant properties located in the floodplain, floodway, or landslide risk area unless necessary for the applicant to receive benefits from other Programs within the PRDOH CDBG-DR Housing Portfolio. The outcomes of the Whole Community Resilience Planning Program, as adopted into community recovery plans at a later date, will inform the next phases of title clearance assistance for homeowners in those areas.

The title clearance assistance provided under this program is a quantifiable increase in the level of service provided by Puerto Rico during the 12 months prior to submission of the Action Plan and is directly impacted by Hurricanes Irma and María.



| MORTGAGE CATCH-UP PROGRAM | | |
|---------------------------|--|--------------------|
| PROGRAM TOTAL | ADMINISTERING ENTITY | NATIONAL OBJECTIVE |
| \$0 ¹⁴⁷ | NOTE: Activities in the Mortgage Catch-Up program were not approved by HUD. This program has therefore been eliminated from the PRDOH portfolio. | LMI, UN |
| MAX AWARD | | ELIGIBLE AREA |
| \$0 | | PUERTO RICO |

HURRICANE IMPACT

There are an estimated 116,789 households with FHA mortgages alone who currently hold mortgage debt. In the aftermath of the hurricanes, households have been faced with increased living costs and challenges to maintaining household income. HUD has issued an extended mortgage moratorium through August 16, 2018. Upon the expiration of this moratorium, thousands of households are expected to face challenges in paying arrears.

RECOVERY PLAN ALIGNMENT

The Mortgage Catch-Up Program aligns with the following courses of action from Puerto Rico’s Recovery Plan: HOU 8 and HOU 9.

ELIGIBLE ACTIVITIES

Direct Assistance (Section 105(a) (24) of the HCDA)

PROGRAM ACCOMPLISHMENTS

This program will help homeowners to remain in their homes and prevent avoidable foreclosures.

ELIGIBILITY

AFV will administer the program in partnership with PRDOH. Eligible homeowners:

- Must have been current on the mortgage as of September 1, 2017
- Have a mortgage balance less than \$300,000
- Limited to Federally insured mortgages
- Home must be owner occupied
- Mortgage at least 90 days delinquent as of September 6, 2018
- Homeowner must participate in the Housing Counseling Program

¹⁴⁷ 84 FR 4836 published on February 19, 2019 limited the amount of funding available for this program to \$5 million and altered the program eligibility and activities that may be offered. PRDOH is required by HUD to zero out the funds proposed to Mortgage Catch-Up and re-program these funds in a subsequent Action Plan Amendment. <https://www.govinfo.gov/content/pkg/FR-2019-02-19/pdf/2019-02695.pdf>

METHOD OF DISTRIBUTION

Subrecipient Partnership Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

This program will provide mortgage insurance on arrears for up to 12 months on the monthly mortgage statement. The program will be administered by a housing counselor, who will provide guidance. PRDOH has chosen to partner with a housing counselor to administer this program. Program funds will not be used to pay late fees or legal fees, and mortgagees will be encouraged to restructure or modify the terms of the loans to ease repayment in the long term.

NOTE: Activities in the Mortgage Catch-Up program were not approved by HUD. This program has therefore been eliminated from the PRDOH portfolio.

principal, interest, tax, and impact) as indicated in the program. The program will be partnered with a housing counselor for management guidance. PRDOH (its Spanish acronym) to administer this program. Program funds will not be used to pay late fees or legal fees, and mortgagees will be encouraged to restructure or modify the terms of the loans to ease repayment in the long term.

AFV's mission is to promote the development of social interest housing and provide financing facilities, subsidies and incentives so that people can acquire or rent a decent home. The AFV's existing programs provide housing subsidies aimed at promoting the sale of homes, mortgage loans to low and moderate-income citizens, mortgage loans to developers for the construction, improvement, operation and maintenance of housing for sale to low and moderate income families, mortgage loans to developers for the construction, improvement, operation and maintenance of housing for rent to low and moderate income families, arrangement of re-owned properties, and subsidized housing program (Section 8).

Recovering homeowners participating in this program must complete a homeowner's education program designed to promote understanding of housing and financial options such as: financial literacy education, homeowner counseling, credit repair counseling, mitigate default/foreclosure proceedings, etc.

Puerto Rico will work with HUD-approved housing counseling agencies which are uniquely situated to assist with long-term recovery. They are regulated extensively by HUD to ensure they are trained, knowledgeable, unbiased and acting with the best interests of the household. Applicants may also be linked to workforce training or job creation programs to provide a path forward for financial stability.

The maximum award amount under the mortgage catch-up program is \$20,000 or twelve (12) months mortgage payments, whichever is lesser. PRDOH anticipates serving 2,250 homeowners under this program. As specified in 83 FR 5844, CDBG-DR funds may not be used for a forced mortgage payoff.

The Mortgage Catch-Up program is pending HUD approval of a waiver submitted by PRDOH.



| SOCIAL INTEREST HOUSING PROGRAM (HOMELESS AND DOMESTIC VIOLENCE) | | |
|---|---|--|
| PROGRAM TOTAL \$32,500,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI 100% LMI GOAL |
| MAX AWARD \$2,500,000 | 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. Multiple organizations serving vulnerable populations submitted information, as part of the public engagement process 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 and Improvements
- Section 105(a)(4) – Housing Construction, Acquisition, Green Building Standards
- Section 105(a)(5) – Removal of mobility 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 to Neighborhood Revitalization, Community Economic Development and Energy Conservation

Eligible Projects

- Projects (multi-units) may not exceed \$2,500,000. An organization may submit for multiple projects.
- Eligible sites should comply with ADA standards to the most extent feasible.
- Eligible sites should be accessible to public transportation, grocery shopping, recreation and 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. The goal for the program is to create 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 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. Program guidelines regarding the application process will be published on the disaster recovery website subsequent to HUD approval of the Action Plan.

| HOUSING COUNSELING PROGRAM | | |
|-------------------------------|--------------------------------------|---|
| PROGRAM TOTAL \$17,500,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI, UN 75% LMI GOAL |
| MAX AWARD \$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.¹⁴⁸
- 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.

METHOD OF DISTRIBUTION

Subrecipient Distribution Model

¹⁴⁸ 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/>

PROGRAM OBJECTIVE & DESCRIPTION

This program will provide 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 will be equipped to connect program participants with resources including, but not limited to Voluntary Organizations Active in Disaster (VOAD), and other federally funded programs like CoC and Section 8, and rental subsidy programs.

Puerto Rico will work with HUD-approved housing counseling agencies which are uniquely situated to assist with long-term recovery. They are regulated extensively by HUD 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 long 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. 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 scams. Services will be made 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 \$3,000,000. 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. Program guidelines regarding the application process will be published on the disaster recovery website subsequent to HUD approval of the Action Plan.



| CDBG-DR GAP TO LOW INCOME HOUSING TAX CREDITS PROGRAM (LIHTC) | | |
|---|--|--|
| PROGRAM TOTAL \$413,000,000 | ADMINISTERING ENTITY HOUSING FINANCE AUTHORITY (AFV) | 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, rental properties are no exception. Resilient affordable rental housing is needed. The CDBG-DR Gap to Low Income Housing Tax Credits Program (LIHTC) will create 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) – Housing Construction, Acquisition, Green Building Standards
- 42 U.S.C § 5305, 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

AFV 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 dollars, for properties being developed with LIHTC, thus maximizing the benefit provided by both federal funding streams.

PRDOH will partner with the Housing Finance Authority (AFV, for its Spanish acronym), to 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 either 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 AFV to qualify for the pre-approved 9% tax credit roster. Additional project rosters will be curated by AFV. The Program will consist of \$413,000,000 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 AFV.

The AFV has participated in the rehabilitation of low-income housing projects throughout the Island using, among others, LIHTC. This program, established in 1988, has been instrumental in the rehabilitation of 19,507 units.

Currently, 1,533 units are in the pipeline with 9% low income housing tax credits program and will be completed within 24 months of each project start. 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, or the affordability period required by LIHTC, whichever is longer. 2018 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.

| RENTAL ASSISTANCE PROGRAM | | |
|---|---|---|
| PROGRAM TOTAL \$10,000,000 \$20,000,000 | 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 Program¹⁴⁹ in Puerto Rico 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 affordability agreements on the properties.

Additionally, many of the properties suffered direct damage and the owner operators of these hurricane-



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.”

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 shelter for the elderly.

Because of these multiple impacts, owners are under pressure to utilize higher rates in order to maintain the properties. Rental units were seriously damaged or destroyed across the

Island and affordable rental housing is urgently needed, especially for the elderly, who are in need of rental assistance, even at affordable rents, because of their extremely low incomes. These elderly

¹⁴⁹ 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, that assists low-income elderly households by subsidizing rental housing costs.

residents are at immediate risk of becoming homeless because they cannot afford the rents 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”.¹⁵⁰

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)/570.201(e) - Public Services to prevent homelessness among low-income residents¹⁵¹
- Rental assistance to tenants—42 U.S.C. 5305(a)(8); as authorized by a waiver issued in 84 FR 4836

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% AMFI¹⁵²
- 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. Households apply to the property owner, who provides the paperwork to PRDOH for approval. Existing tenants will already have applications on file.

METHOD OF DISTRIBUTION

Direct Distribution Model

¹⁵⁰ HUD Housing Damage Assessment and Recovery Strategies Report. Housing RSF. Issued June 29, 2018. Page 37.

¹⁵¹ PRDOH may seek a waiver to HUD to provide these urgent services should HUD determine that a different eligibility category is needed.

¹⁵² Or adjusted AMFI as permitted by HUD.

PROGRAM OBJECTIVE & DESCRIPTION

Grant funds will 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 a shelter or transitional housing; and other reasons such as those associated with increased risk of homelessness as defined by HUD.¹⁵³

It is the responsibility of PRDOH to create program policies necessary to arrange the disbursement and duration of rental assistance. PRDOH may solicit and obtain documentation related to income and household composition in order to determine assistance. Program guidelines will be issued by PRDOH subsequent to HUD approval of the Action Plan.

- a. 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 in order to arrange the disbursement and duration of the assistance.
- e. Once the rental assistance has been granted, it may vary annually if there is a change in household composition or income.
- f. PRDOH may solicit and obtain documentation related to income and household composition in order to determine the appropriate level of assistance.
- g. PRDOH may solicit and obtain documentation to demonstrate assisted units meet Housing Quality Standards (HQS) and accessibility standards.
- h. 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 beginning Fiscal Year 2016-2017 to the Department of Housing to cover the administrative, operational costs, and operating expenses of the program, and will provide service to address need as a result of the hurricane.

¹⁵³ 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 \$300,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI UN 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, solutions at the household or community scale can provide multiple benefits. The power grid suffered massive hurricane damage and remains fragile, and while the majority 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 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) – Housing Construction, Acquisition, Green Building Standards
- Section 105(a) (15); – Public Facilities and Public Service - 24 C.F.R. § 570.201.¹⁵⁴

PROGRAM PRIORITIES

- Serve communities/residents in areas identified as having electrical grid vulnerabilities
- Serve communities/residents living in areas with water security challenges
- Prioritize low-income, elderly applicants
- Prioritize communities without electrical power

¹⁵⁴ PRDOH has submitted a waiver to HUD regarding this activity; which may result in a revision to the eligible activity classification. The waiver request was submitted to HUD on May 31, 2018.

PROGRAM ACCOMPLISHMENTS

Promote energy efficiency, reliability and renewable resources, and water efficiency and security

ELIGIBILITY CRITERIA

- Households below 80% AMFI prioritized
- Small and mid-sized businesses
- Must currently own or rent and occupy the property as a primary residence
- Priority to the elderly (65 years old or older)
- Priority to residents/communities with high risk energy and water security

METHOD OF DISTRIBUTION

Direct Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

The island-wide power outages and potable water disruptions as a result of Hurricane María have complicated recovery across the entire spectrum. Businesses have closed, critical services have been disrupted, and residents have been unable to stay in their homes because of 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 larger 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.

To address the energy and water system vulnerabilities, a portion of the Community Energy and Water Resilience Installation program will provide energy and water efficiency improvements and any other improvement, to promote energy and water resilience to eligible owned or rented household units, without any cost to the applicant. The eligible household units may receive improvements which include, but are not limited to, refrigerator replacement; electric water heater replacement with solar or gas powered water heater; electric stove with gas powered stove; lighting replacements with LED; water fixture replacement with low flush fixtures; installation of aerators; installation of a small solar (photovoltaic) system with battery system for essential plug loads to supply energy in the event of a power outage situation; installation of a water catchment system; and installation of health and safety measures such as CO2 monitoring alarm.

Priority will be given to the elderly and to households below 80% AMFI. Priority for the elderly does not preclude assistance to other eligible applicants.

A longer-term component of this program will entail energy and water resilience installations. Eligible applicants will have the ability to apply for solar panel systems retrofits for residential structures. This component involves a variable scale solar power retrofit designed to backfeed the structure to provide sufficient power to run critical household appliances and allow for shelter-in-place options during outages. The scale of the solar power system will depend on the size of the household, income, and the ability of the applicant to finance a portion of the system. In the case for water resilience installation, the water catchment system will provide households with the ability to collect and store rainwater to be used for

bathing and/or consumption, if used in concert with a purification filter or system. This program may also be used as an add-on to, or potentially integrated within the R3 program.

HOME ENERGY AND WATER RESILIENCE IMPROVEMENTS

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 to sustain recovery efforts requires resilient design and improvements that incorporate modern technology for life-sustaining purposes during off-grid events. Energy and water resilience efforts may include conducting a home energy evaluation and the promotion of energy efficiency and stability. Resilient design and improvements include things such as the installation of photovoltaic systems, solar generators and battery storage at capacities aligned with household needs, including the consideration of critical medical needs.

COMMUNITY INSTALLATIONS

Community installations of energy production and storage and water catchment systems may be offered in order to complement home-based improvements. Community installations may include larger kilowatt, bimodal systems that can support health, lighting, communication and other backup energy needs of area residents. Community-based systems may also include public microgrids. Community-based water security interventions may be introduced similarly where a greater community need may be met where more localized interventions are less feasible or cost-efficient, and in particular where the community is not part of the island-wide water supply system (e.g. non-PRASA communities). For both energy and water resilience efforts, these installations may be introduced in areas where housing typologies or existing structures cannot accommodate solar panels or water systems, or where a larger scale typology is more cost-efficient to serve the community.

INCENTIVE PROGRAM (GREEN ENERGY FUND)

An incentive program will be offered to enable the installation of renewable energy systems, including storage, which will be interconnected to the actual energy grid. This program is similar in nature but separate from the Green Energy Fund and is available to residents as well as small and mid-size businesses.



| MULTI-FAMILY RECONSTRUCTION, REPAIR, AND RESILIENCE PROGRAM | | |
|---|--------------------------------------|--|
| PROGRAM TOTAL \$300,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI 100% LMI GOAL |
| MAX AWARD VARIABLE | START- END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Multifamily housing units across the Island, both owner-occupied and renter-occupied, sustained extensive damages due to the hurricanes of 2017, and are at risk of contributing to slum and blight conditions without support for recovery. Multifamily housing is a fundamental residential and mixed-use building typology for communities in Puerto Rico, as it helps to reduce or eliminate sprawl potentials and thereby decreases infrastructure demands by consolidating and concentrating population base.

RECOVERY PLAN ALIGNMENT

The Multi-Family Reconstruction, Repair, and Resilience Program aligns with the following courses of action from Puerto Rico's Recovery Plan: HOU 2, HOU 3, HOU 8, and HOU 12.

ELIGIBLE ACTIVITIES

- Section 105(a)(4) – Housing Construction, Acquisition, Green Building Standards
- Section 105(a) (15) – Assistance to Eligible Entities for to Neighborhood Revitalization, Community Economic Development and Energy Conservation

PROGRAM ACCOMPLISHMENTS

Addresses the outstanding need in Puerto Rico for multifamily units impacted by the hurricanes and not addressed through the single-family program. Maintains and increases the availability of affordable multifamily units in communities across Puerto Rico, reducing opportunities for slum and blight and consolidating investments in existing urban footprints. Enhance the resilience of multifamily units in communities across Puerto Rico.

ELIGIBILITY

- Multifamily (including mixed-use) buildings of eight (8) or more units impacted by the disaster
- An assisted structure containing more than two units must have at least 51% of the units occupied by L/M income households.
- Reduces potentials for slum and blight
- Addresses at risk structures with code compliance issues
- Aligns with goals for promoting affordable housing and elderly/retiree housing

METHOD OF DISTRIBUTION

Direct Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

This program will provide funding for necessary expenses related to long-term recovery and restoration of multifamily housing and will increase the availability of affordable housing through strategic investments in multifamily buildings and by supporting code compliance updates in existing buildings.

Funding will be awarded in the form of a grant or loan to qualified applicants who are subject to ongoing monitoring to assure compliance with programmatic requirements, including low-income occupancy affordability periods. The affordability period will be determined based on the number of units and the nature of construction activity, to comply with HUD's 15-year or 20-year affordability period requirements.¹⁵⁵ Properties may go through an underwriting to review the ownership structure, property operations, the sources and uses of funds, and the financial statements of the owner and guarantor (if applicable). The underlying debt and operating expenses of the property may be reviewed to determine if the project is feasible during the affordability period and demonstrates income adequate to cover operating expenses and applicable debt service.

This program will also seek to serve Section 8 and Égida (elderly) communities. New development of multifamily rental properties serving retirees (and potentially others) may also be considered to align with Puerto Rico as a retirement destination and to increase affordable housing options in existing urban footprints or near university centers. PRDOH may work with qualified non-profit organizations, such as Habitat for Humanity, on innovative models for multi-family building repair.

¹⁵⁵ In compliance with 83 FR 40314, PRDOH will apply the following affordability period parameters: a minimum affordability period of fifteen (15) years for the rehabilitation or reconstruction of multi-family rental projects with eight or more units, and a minimum affordability period of twenty (20) years for the new construction of multi-family rental units with five or more units. If a rental project that requires rehabilitation or reconstruction is subject to existing affordability requirements associated with other funding sources, the 15-year affordability period may run concurrently (or overlap) with the affordability requirements associated with such other funding.

| HOMEBUYER ASSISTANCE PROGRAM | | |
|---------------------------------------|--|--|
| PROGRAM TOTAL \$350,000,000 | ADMINISTERING ENTITY PUERTO RICO HOUSING FINANCE AUTHORITY (PRHFA) | NATIONAL OBJECTIVE LMI, UN, SB 30% LMI GOAL |
| MAX AWARD \$40,000 | 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 this 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

Home Purchase activities - Section 105(a) (24) (§570.201(e), §570.201(n))

PROGRAM ACCOMPLISHMENTS

Support community sustainability and viability by increasing homeownership rates in communities 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)¹⁵⁶ OR and;
- First time Homebuyer, as recognized by HUD¹⁵⁷, and defined in the Program Guidelines.

¹⁵⁶ 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 CFR) and the Single-Family Policy Handbook 4000.1 (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 CFR 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.

¹⁵⁷ This Program follows the HUD definition for first-time homebuyer as published at 24 C.F.R. § 93.2 – Definitions.

- Household must qualify for mortgage or have funds to purchase compliant property.
- 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.

This program, under the administration of the Puerto Rico Housing Finance Authority (PRHFA), helps Puerto Ricans purchase homes through a variety of support mechanisms, thereby increasing the level of homeownership in impacted communities and contributing to long-term sustainability and viability of communities across the Island.

This program will seek to target public or private critical recovery workforce sectors, recognizing the importance of first responders including, but not limited to, teachers, healthcare workers and medical personnel, and law enforcement. This program understands that these members of the workforce are instrumental in incentivizing the return of other residents to ensure community viability, and 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).
 - Law Enforcement Officers: Employed full-time by a law enforcement agency of Puerto Rico or a unit of general local government; and, in carrying out such full-time employment, are sworn to uphold, and make arrests for violations of, federal, state, tribal, county, township, or municipal laws.
 - Teachers: Employed as a full-time teacher 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 full-time 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 full-time as a medical professional under definition of the Puerto Rico Department of Health.

Eligible applicants will be provided with financial assistance for closing costs assistance (e.g. Title insurance, mortgage insurance premium, etc.) and down payment assistance and/or 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. ~~No interest or payments are required on this "silent second" mortgage provided that the recipient fulfills the five-year occupancy requirement.~~

Before a prospective buyer is referred to counseling or to execute a sales agreement for CDBG-DR assistance, the buyer must complete an Application for Assistance. 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 guess work 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. Also, the housing counselor will help a buyer to analyze how much he or she will likely be able to borrow using these factors before the buyer approaches a lender to apply for mortgage qualification or pre-qualification.

~~All pre-qualified applicants will be required to attend a receive housing counseling course services to determine which form of housing assistance offers the best option for the household and to educate prospective homebuyers about the responsibilities of being a homeowner. Upon notification of approval of an application for assistance, buyers will be referred to an approved program that offers pre-purchase counseling and education. All homebuyers must also complete 8 hours of homeowner training to be considered eligible.~~ HUD certified Housing Counselors will provide a homeowner course specific to the needs of these applicants. Topics may include but are not limited: to 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 goal 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 and will be provided listings of available REO properties. **Properties cannot be second homes.**

Buyers may select the following unit types:

- Detached Single Family

- Attached Single Family
- Condominium Unit
- Cooperative Unit
- ~~(For Critical Recovery Workforce only): Two-Four Family units (owner & renter units)~~

Additional Property Requirements are:

- Selected properties must meet HUD Housing Quality Standards (HQS) and all applicable local codes.
- Properties must not be located in a Special Flood Hazard Area (SFHA) or Coastal Barrier Resources area.
- ~~Properties that are newly constructed must meet HUD standards in addition to all applicable local codes.~~
- Properties must be able to be acquired with a valid deed that is free and clear of all encumbrances.

PROGRAM CAPS

- The program will provide up to \$25,000 per household in assistance to eligible applicants; or
- Up to \$35,000 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 choose to purchase a home in a designated urban and/or redevelopment zone as defined in the Program Guidelines procedures.

~~Qualified homebuyers for whom the maximum homebuyer award leaves a remaining purchase gap may be considered for assistance above the cap on a case-by-case basis. To request consideration for assistance beyond the program cap, the buyer must have qualified for a mortgage offer for the purchase of a home determined to be reasonable in price based on market valuations by number of bedrooms for family size and demonstrate an additional gap not to exceed \$15,000. The program may fund the additional gap beyond the award cap upon evaluation of the applicant file.~~

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 continue to 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.

Mortgage Buydown for Critical Recovery Workforce who are Existing Homeowners¹⁵⁸

Documented members of Critical Recovery Workforce (CRW/ *Orden Público*) including, but not limited to, first responders, medical personnel, teachers (PreK-12), and law enforcement who are either LMI (below 80% AMFI) or Urgent Need (below 120% AMFI) who are existing homeowners may qualify for mortgage buydown assistance. The CRW member must commit to utilize their home as the primary residence for a minimum of five (5) years. ~~The five-year ownership, residency, and service commitments are the same as for Homebuyer Assistance.~~

PROGRAM CAPS

- The program will provide up to \$35,000 per household for qualified Critical Recovery Workforce members in mortgage buy-down.

Use of Grant Funds: The money provided through the Mortgage Buydown program must be used to assist in the principal buy-down, pay closing costs of refinancing, interest rate buy-down or a combination of the above. In no case can the program be used to provide money directly to the homeowner. ~~Funds may be released on an annual basis for up to five years so long as the applicant remains fully employed in a qualified Critical Recovery Workforce position.~~

¹⁵⁸ **NOTE:** The *Mortgage Buydown for Critical Recovery Workforce* portion of the program can only become operational upon further confirmation from HUD of the eligible activity. PRDOH is coordinating with HUD to achieve this; which may include a waiver request.

ECONOMIC RECOVERY PROGRAMS

Puerto Rico is taking the opportunity to transform the economic landscape of the Island with clear intention and focusing efforts around 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 feel financially independent to be 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".¹⁵⁹

Through programs that enable local Island contractors to participate in recovery projects, and training programs that ready 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, and that potential visitors and investors will continue to see Puerto Rico as an attractive and unique destination in the Caribbean and a viable option for travel, leisure, and business.

BUILDING A STRONG ECONOMIC RECOVERY IS ESSENTIAL TO KEEPING FAMILIES AND COMMUNITIES TOGETHER AND PRESERVING INCOME NEEDED TO MAINTAIN HOUSING OPTIONS.

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.

¹⁵⁹ HUD Housing Damage Assessment and Recovery Strategies Report. Housing RSF. Issued June 29, 2018. Page 14.



One of the goals of the Economic Recovery programs goes beyond bringing new businesses, but also supporting 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.

| CONSTRUCTION AND COMMERCIAL REVOLVING LOAN PROGRAM | | |
|--|--------------------------------------|---|
| PROGRAM TOTAL \$100,000,000 | ADMINISTERING ENTITY BDE PRDOH | NATIONAL OBJECTIVE LMI, UN 30% LMI GOAL |
| MAX AWARD \$1,000,000 | START- END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

Due to the tightening of the financial markets, and as a direct impact of the hurricanes, small and mid-size Puerto Rican contractors have seen sharp reductions in their access to credit as banks seek to mitigate risk, even without a change in the contractor’s performance or repayment history. Because of this, contractors, reflecting a range of specialties and capacity may not have access to financial resources to maintain cash-flow in the first few months of project work before the initial invoicing benchmarks are met and they receive payment from the housing or infrastructure grantee. Contractors that are able to maintain their lines of credit may be constrained by the funding timelines of traditional banks, which can take upwards of 90 days. This places local construction contractors at a disadvantage in a competitive market.

Puerto Rico needs to help build the capacity of contractors in the construction trades, renewable energy and water purification systems who are residents of Puerto Rico to secure and succeed in working on as much of the CDBG-DR and related federally funded construction work as possible. An affordable and accessible source of capital will provide capital for recovery and liquidity to expand their businesses. To manage the risk, the Construction and Commercial Revolving Loan (CCRL) will incorporate a balance of rigorous community economic development lending practices and technical assistance to help borrowers build capacity and succeed within program rules and address the unmet need.

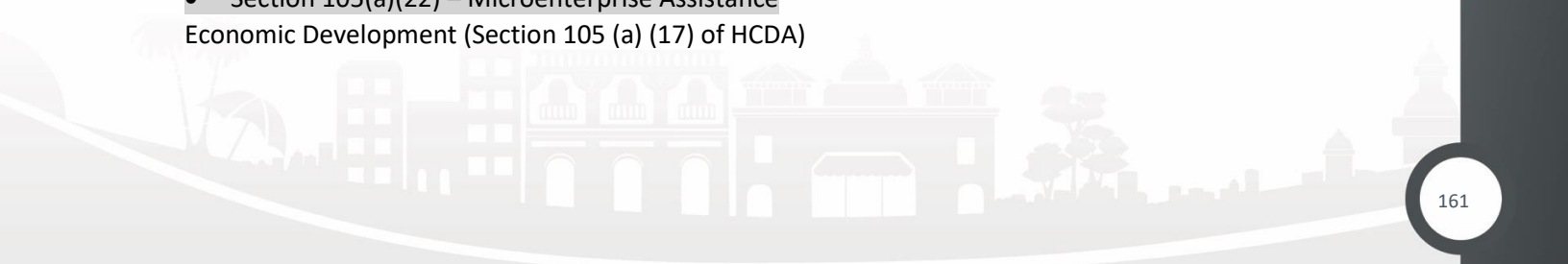
RECOVERY PLAN ALIGNMENT

CCRL 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 to 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

Economic Development (Section 105 (a) (17) of HCDA)



PROGRAM ACCOMPLISHMENTS

- Puerto Rico based general contractors, subcontractors and local labor secure and succeed in implementing substantial disaster recovery related contracts;
- Contractors and subcontractors build capacity and experience to secure a sustainable book of business in the broader Puerto Rican economy and graduate to mainstream business banking relationships; and
- Local labor builds the skills and experience to secure long-term gainful employment in the Puerto Rico economy.

ELIGIBILITY CRITERIA

Eligible businesses must:

- Provide evidence of status as a licensed contractor or subcontractor with demonstrated track record where principals are residents of Puerto Rico;
- ~~Submit a Recovery Plan with performance goals along with evidence of skills, experience, management capacity and a track record of meeting financial obligations; and~~
- Satisfy underwriting criteria for financial and performance capabilities.

METHOD OF DISTRIBUTION

Direct and Subrecipient Distribution Model

~~where the Economic Development Bank (“BDE” for its acronym in Spanish) will provide production and compliance management and serve as the loan underwriter, administrator and servicer. PRDOH and/or the Economic Development and Commerce Department (DDEC, for its Spanish acronym) will provide marketing and outreach coordination for CCRL.~~

PROGRAM OBJECTIVE & DESCRIPTION

The recovery funds serving to rebuild the Island’s housing and infrastructure will serve as a vital injection of funds into the local economy, if properly structured. Providing local contractors access to start-up and mobilization capital will build local reconstruction capacity and maximize the amount of funds recirculated into the Island’s economy. CCRL will provide capital to bridge payments on construction contracts and working capital for business recovery and expansion including items such as staff and/or services to expand grant compliance and financial management capacity. CCRL will have two components:

CAPACITY BUILDING GRANTS

Borrowers can apply for a Capacity Building Grant up to \$100,000 based on need. This grant can be drawn at loan closing to cover costs related to help a contractor be more competitive and to secure and successfully manage new CDBG-DR construction work.

CONSTRUCTION BRIDGE FINANCING AND WORKING CAPITAL

Borrower can be approved for up to a combined amount of \$1,000,000. Lines of credit up to a maximum of \$900,000 will be sized based on the value of construction contracts and the business recovery and expansion plan and will be made available to borrowers demonstrating an ability to repay the loan and meet the underwriting and compliance criteria.

Grant and loan funds shall be released in increments in accordance with the achieved milestones detailed in the contractor's business plan, and as defined in the commitment letter and grant agreement. The combined maximum ~~line of credit grant/loan~~ amount is \$1,000,000 which will be made available to borrowers demonstrating an ability to repay the loan and meet the underwriting and compliance criteria. Compensating factors may be used to assist in determining an applicant's bankability based on flexible underwriting criteria.

In addition to flexible capital, capacity building support will be provided to target contractor borrowers, especially in more rural inland areas on the Island. Many contractors may need Technical Assistance (TA) to learn an expanded range of construction, business and contract management, accounting and reporting skills to meet the requirements of government-funded disaster recovery construction projects. CDBG-DR provides the flexibility to deploy TA to help target contractors grow and sustain their business operations within the discipline and accountability of a lending relationship.



| SMALL BUSINESS FINANCING PROGRAM | | |
|--|---|--|
| PROGRAM TOTAL \$225,000,000 | ADMINISTERING ENTITY BDE | NATIONAL OBJECTIVE LMI, UN 30% LMI GOAL |
| MAX AWARD UP TO \$50,000 PER BUSINESS IN GRANTS \$100,000 PER BUSINESS IN 100% CDBG-DR FINANCED LOANS; | 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 to 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 and loans 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

- Provide technical assistance to help small business graduate to more traditional banking relationships with financial institutions
- Leverage CDBG-DR funds to attract private capital to serve financing needs of small business

ELIGIBILITY CRITERIA

Eligible businesses must:

- Show evidence of status as an existing or start-up business or sole proprietorship that is recovering from hurricane damage and/or business disruption and is registered as Puerto Rico based enterprise where principals are residents of Puerto Rico;
- Be a Small Business, as defined by PRDOH in the Program Guidelines and in consideration of reported economic conditions in Puerto Rico. ~~or~~
- Business must be located in Puerto Rico and registered to do business in Puerto Rico.
- Business must demonstrate being impacted by Hurricane Irma or Maria.
- Business must be current on Puerto Rico tax obligations.
- A Microenterprise, defined as a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise;
- Provide evidence of skills, experience and management capacity and a track record of meeting financial obligations within the context of compensating factors;
- Complete a concise recovery and business growth plan that is reasonable and achievable; and
- Create and/or retain quality employment opportunities, in accordance with the loan agreement, for no less than 1 year.

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 ~~loan~~ underwriter, administrator and servicer. PRDOH and/or DDEC will provide marketing and outreach coordination for SBF.

PROGRAM OBJECTIVE & DESCRIPTION

The SBF Program provides ~~a range of flexible and~~ thoroughly underwritten grant ~~and loan~~ options to assist with hurricane recovery and business expansion. PRDOH projects that at least ~~1,000~~ 4,500 small businesses will receive assistance under this program. Specifically, SBF’s financial options will be composed of the Recovery Grants. ~~Program and Recovery and Expansion Loans, which will include Option A Working Capital Line of Credit and Option B Term Loans for Larger Projects as described below.~~ With these Recovery Grants, the SBF Program objective is to provide capital to:

- Expand growth opportunities and economic recovery by addressing local business needs 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 ~~and Recovery and Expansion Loans~~ 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 offer technical assistance and guidance during the intake and application process as well.

As loan underwriter, administrator and servicer, BDE will underwrite applications for grants ~~and loan programs~~ based on:

- CDBG Economic Development underwriting criteria as specified in the CDBG-DR Notice with a focus on: credit, capacity, collateral, capital and character; and
- CDBG-DR and Puerto Rico compliance requirements.

~~The SBF Program will require and verify that all borrowers pay their employees living wages and adhere to all other federal compliance requirements as needed.~~

~~As part of the SBF Program, a loan option of up to \$250,000 for construction or reconstruction and support of facilities may also be available for specialized medical providers who qualify under Puerto Rican Incentives Act for the Retention and Return of Medical (Act 14 2017) or other critical personnel.~~

~~SBF'S FINANCIAL OPTIONS~~

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 \$50,000 for working capital and non-affixed equipment. The amount of the grant and timing of draws will be determined by the ~~recovery and growth business plan and the~~ underwriting process. Some businesses may be required to draw on the grant in increments as business performance benchmarks are completed. ~~SBF will initiate with the Recovery Grant as initial service offerings.~~

~~RECOVERY AND EXPANSION LOANS: OPTION A AND OPTION B~~

~~Options A and B Loans will be initiated subsequently as the recovery cycle evolves and sufficient eligible applicants express interest.~~

~~—OPTION A: WORKING CAPITAL LOAN~~

~~The Working Capital Loan will provide up to \$100,000 to cover working capital and non-affixed equipment expenses for businesses that can provide evidence of capacity to support short term debt. The amount of the loan will be set based on the underwriting, management capacity and contracts or related evidence of receivables of small business borrowers. The loan will typically have a one (1) year term but may be longer based on the strength of the business and performance.~~

~~Working capital provided to businesses under the Grant and Loan programs may be used for, but not limited to:~~

- ~~Inventory and supplies~~
- ~~Equipment, where no installation is required (subject to CDBG-DR Compliance rules)~~
- ~~Vehicles~~
- ~~Marketing, including staff and services for job estimating and bid proposal writing~~
- ~~Staffing/Payroll~~

- Training and Certifications
- Financial & contract management and reporting
- Rent
- Utilities
- Insurance
- Minor repairs

— OPTION B: TERM LOAN FOR LARGER PROJECTS

The Term Loan for Larger Projects will leverage CDBG-DR funds with private capital for larger loans that can fund working capital, equipment, assets that can be collateralized and acquisition and/or improvement to real estate and related business facilities.

CDBG-DR funds will provide a guarantee or a loan loss reserve of up to 25% of the loan amount. The loan amount and repayment term for each Term Loan will be set based on the useful life of the collateral, the financial feasibility of the project and the capacity of the business. BDE will work to identify sources of capital to fund the Term Loans with the CDBG-DR credit enhancement.

The Term Loan program addresses an unmet need of access to capital for larger projects where private financing sources remain reluctant to lend based on perceived risks of the post-disaster Island economy. The Term Loan is a strategic financing option for businesses that have a clear growth plan and management capacity that will result in expanded employment for Puerto Rico residents.

Term Loan for Larger Projects funds can be used for/ to:

- Acquisition, construction, renovations and/or repairs of land and buildings that will be used for business facilities, operations and production purposes;
- Acquisition and/or leasing of land for business operations and production such as agriculture;
- Construct tenant improvements/finishes;
- Lease space in or purchase an existing building;
- Purchase capital equipment;
- Purchase of Technology, equipment and software;
- Purchase of inventory; and
- Working capital as listed above.

| SMALL BUSINESS INCUBATORS AND ACCELERATORS PROGRAM | | |
|--|--------------------------------------|---|
| PROGRAM TOTAL \$35,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI, UN, SB 30% 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, 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 to 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

- The development of small and/or new businesses; and/or
- Job creation through the growth of small and/or new 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.
- Proposals will be evaluated on the level and quality of services to be provided to the incubator participants, including cost-benefit and resiliency.

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.¹⁶⁰ A business incubator and accelerator program supports 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. Businesses supported under SBIA may be prioritized for assistance under the Small Business Loan Program.

The grant maximum is \$2,500,000; however, it is possible that not all incubators and accelerators will receive the maximum amount. Funding will be based on incubator/ accelerator capacity as proposed in the submittal. 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 will be published on the CDBG-DR website subsequent to HUD approval of the Action Plan.

¹⁶⁰ <https://www.brookings.edu/research/accelerating-growth-startup-accelerator-programs-in-the-united-states/>

| WORKFORCE TRAINING PROGRAM | | |
|-------------------------------|--------------------------------------|---|
| PROGRAM TOTAL \$40,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI, UN 60% LMI GOAL |
| MAX AWARD \$20,000,000 | 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 needs to serve Puerto Rico’s citizens who currently reside on the Island and also those who may have had to move 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, recovery and resilience needs and the outmigration of families before and after the hurricanes.

Puerto Rico currently has no construction apprenticeship programs available that can provide instruction or on-the-job training opportunities in partnership with Puerto Rico’s construction and hospitality industries. Apprenticeships can provide a deeper level of technical and life skills training and financial and logistical support services will help train, coach and employ unemployed and/or underemployed workers so they learn and earn their way to independence and prosperity.

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

- Section 105(a)(17), economic development assistance that creates or retains jobs
- 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, adult unemployed, dislocated workers or underemployed.
- Training and employment of Puerto Rico citizens who meet Section 3 Performance Evaluation and Reporting System (SPEARS) Resident criteria.
- Cultivate and supply homegrown labor force to meet the Island's recovery, resilience and economic expansion needs and opportunities.

PRDOH will work to ensure the compliance of federally mandated statutes such as 2 C.F.R. § 200, Section 3, MWBE, EEO, and the Davis-Bacon Act of 1931 to establish clear pathways for employment of apprentices.

PROGRAM ACCOMPLISHMENTS

- Create economic opportunity for unemployed and underemployed.
- Provide incentives for Puerto Rico citizens to return to the Island, receive training and secure employment.

ELIGIBILITY CRITERIA

Of the funding available, a portion will be administered through units of local government, non-profit organizations, and governmental agencies who will be invited to propose workforce training programs that best serve the needs of the recovery.

The selection criteria will be 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 seek to work with other local government and other non-profit entities that will be able to provide training. Training curriculum offered will depend on the industries and areas with the greatest lack of capacity based on community unmet need.

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.

PRDOH or its designee will evaluate proposed training programs based on the entity's capacity to administer training, relationship of training material to job-readiness of participants and cost reasonableness. Entities interested in administering training programs are encouraged to develop and

administer programs in partnership 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 curriculum be developed in collaboration with subject matter experts in the area.

Workforce training programs and the proposed new Apprenticeships 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 outside of a formal apprenticeship structure. 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 curriculum developed. The WFT Program may also find new opportunities to partner with established entities providing meaningful skillset training that facilitate new job opportunities.

| TOURISM & BUSINESS MARKETING PROGRAM | | |
|--------------------------------------|---|-------------------------------------|
| PROGRAM TOTAL \$25,000,000 | ADMINISTERING ENTITY DESTINATION PUERTO RICO/ INVEST PUERTO RICO | NATIONAL OBJECTIVE UN |
| MAX AWARD \$25,000,000 | START- END DATE TWO YEARS BEGINNING AT FIRST CDBG-DR DRAW ¹⁶¹ | ELIGIBLE AREA 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 some months, 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 badly 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 5844 and 83 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

¹⁶¹ PRDOH has requested a 12-month extension due to COVID-19 and it is pending for approval.

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 Discover Puerto Rico (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 assigns, 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. (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 will execute detailed subrecipient agreements that comply with 2 C.F.R. § 200 and related CDBG-DR and PR regulations. The majority of **hurricane** related business recovery and expansion services will 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. § 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 40314.¹⁶²

PROGRAM OBJECTIVE & DESCRIPTION

Given the impacts of Hurricane María on tourism assets and long-term economic conditions, PRDOH will fund subrecipients to develop a comprehensive marketing effort to promote outside the Island that the area is open for business.

Additionally, Puerto Rico will create and implement strategies promoting Puerto Rico as an ideal place to do business. This will attract new businesses of external capital that can contribute additional capital to the economy. Marketing Puerto Rico as a pro-business jurisdiction will encourage new external

¹⁶² 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."

investments, promote economic development and create new jobs. Efforts will work to prevent tourism and service sector displacement or business failure as a result of the hurricane impact.

The projected use of funds for marketing and outreach efforts will be 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 a waiver request to incorporate additional funds allocated in the Substantial Amendment due to the critical importance of creating investment in the Island post-María.¹⁶³

KEY PERFORMANCE INDICATORS

Due to the fact that tourism and business marketing is not 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 shall be 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 shall be collaboratively defined between PRDOH and Invest PR and formalized through the execution of a subrecipient agreement.

¹⁶³ 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. PRDOH may re-request the additional funds via waiver at a later date.

| STRATEGIC PROJECTS AND COMMERCIAL REDEVELOPMENT PROGRAM | | |
|---|---|--------------------|
| PROGRAM TOTAL | ADMINISTERING ENTITY | NATIONAL OBJECTIVE |
| \$0 | <p>NOTE: The Strategic Projects and Commercial Redevelopment Program has been consolidated under the Economic Development Investment Portfolio for Growth.</p> | LMI, UN, SB |
| MAX AWARD | | ELIGIBLE AREA |
| \$0 | | PUERTO RICO |

HURRICANE IMPACT

Due to the tightening of the financial market on the Island, and as a direct impact of the hurricanes, strategically located commercial districts suffered property damage and loss of business.

RECOVERY PLAN ALIGNMENT

The Strategic Projects and Commercial Redevelopment program aligns with the following course of action from Puerto Rico’s Recovery Plan: HOU 10.

ELIGIBLE ACTIVITIES

Section 101(c), Section 104(b), Section 105(a)(3), Section 105 (a)(5), Section 105(c), Section 105(a)(4), Section 105(a)(14), Section 105(a)(15), Section 105(a)(16), and Section 105(a)(17) of the HCDA

PROGRAM ACCOMPLISHMENTS

- Revitalize areas benefitting low and moderate income people.
- Incentivize entrepreneurship and economic return

ELIGIBILITY CRITERIA

DDEC will administer the program in partnership with PRDOH

- DDEC will develop program guidelines defining eligible subrecipients, which may include eligible private businesses, non-profits, public economic development agencies, and governmental organizations

METHOD OF DISTRIBUTION

Subrecipient Distribution Model

PROGRAM OBJECTIVE & DESCRIPTION

Provide strategic investments for improvements in infrastructure, amenities and commercial real estate properties in targeted commercial districts. Commercial rehabilitation activities are designed to bring commercial structures up to code or improve their facades. If the commercial structure is owned by a private, for-profit entity, the following limitations apply: Rehabilitation is limited to the exterior of the

building and the correction of code violations. Any other improvements are carried out under the special economic development activities category.

Special economic activities provide for the acquiring, constructing, reconstructing, rehabilitating, or installing commercial or industrial buildings, structures, and other real property equipment and improvements, industrial economic development projects, and similar extensions. These are include partnerships with public entities (public entities), that may development activities include partnerships with public entities. Additional economic commercial development investment, including financing of

NOTE: The Strategic Projects and Commercial Redevelopment Program has been consolidated under the Economic Development Investment Portfolio for Growth.

DDEC will also utilize interagency agreements for its Collaboration Agreement with Invest Puerto Rico, which is a non-profit corporation created by law (Act 13-2017) to ensure continuity.



| ECONOMIC DEVELOPMENT INVESTMENT PORTFOLIO FOR GROWTH PROGRAM | | |
|--|---|--|
| PROGRAM TOTAL \$800,000,000 | ADMINISTERING ENTITY PRDOH IN COORDINATION WITH PUERTO RICO PUBLIC PRIVATE PARTNERSHIPS AUTHORITY (P3) | NATIONAL OBJECTIVE LMI, UN, SB 15% LMI GOAL |
| MAX AWARD \$800,000,000 | 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 outmigration of workers in all sectors. Hurricanes Irma and María compounded these economic challenges significantly and created a new set of serious inhibitors to encouraging 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, NCR4, 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
- Section 105(a)(3) – Code Enforcement
- Section 105(a)(4) – Clearance, Rehabilitation, Reconstruction, and Construction of Buildings
- 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
- Section 105(a)(14) – Activities Carried Out through Nonprofit Development Organizations
- 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 nodes and opportunity zones. The program will also seek to maximize and bring private development to projects with a focus on developing projects in opportunity zones that are located across Puerto Rico. These projects are expected to be a mix of large-scale regional infrastructure projects and mixed-use economic development activities that provide housing and business opportunities.

ELIGIBILITY

Eligible applicants will be:

1. Units of general local government/ Local and Municipal Governments (including departments and divisions)
2. Government of Puerto Rico Agencies, Authorities, Trusts and Boards
3. Community-Based Development Organizations and private not-for-profits
4. Non-governmental organization (501(c)(3)) or Not for Profit Entities
5. For-Profit Businesses, as eligible under applicable activity

PRDOH will work with the P3 Authority to identify and prioritize potential CDBG-DR eligible projects that meet National Objectives and possess the following additional criteria:

- Demonstrate significant economic development impact;
- Incorporate leveraged funding; and
- Provide long-term job creation and retention.

METHOD OF DISTRIBUTION

Direct and Subrecipient Distribution Model

PRDOH plans to implement this program primarily by using a Subrecipient distribution model whereby the P3 authority will collaborate with PRDOH by identifying potential projects and PRDOH will work with specific entities that are committed to meeting the overall recovery goals of this program. 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 and have projects located in opportunity zones.

Additional criteria that PRDOH may use to select partners and projects includes but is not limited to:

- Projects will be transformative, larger regional recovery and resilience projects that when complete will provide benefits to a wide range of Puerto Ricans into the future.
- Projects will need to meet a recovery objective and or create long-term economic opportunities for hurricane impacted citizens and businesses.

- Having experience and showing the ability to undertake projects that are regional and multi-jurisdictional in nature.
- Having experience managing and implementing projects that use multiple Federal, state and private funding sources and or the entity can demonstrate that they have staff with in-house skillsets that can assist with implementing projects, ensuring that projects selected for the program can be executed and built within the grant agreement timeframe while achieving some cost efficiencies through the use of in-house expertise.

PRDOH/ P3 will inform partners that they have a specified period of time to submit needed project concepts to PRDOH/ P3 for review in line with program objectives. A list of these projects along with a short description of each project, and the project's recovery objective will be posted to the PRDOH CDBG-DR website. After reviewing the projects, to see if the proposed project meets the Program's recovery objectives, PRDOH/ P3 will inform the selected entities that they have potential projects in the program. PRDOH/P3 will then begin to work with the entity to provide more detail on the proposed project and will provide this information to the public via the PRDOH CDBG-DR website and will initiate public outreach processes identified in the Program's guidelines.

PROGRAM OBJECTIVE & DESCRIPTION

Responding to the varied opportunities that the designation of Opportunity Zones provides across the Island, 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 are concentrated in opportunity zones across Puerto Rico, which result in large-scale commercial or industrial development is a broad-ranging category of activities and that cover a wide variety of economic development tasks. Projects are expected to 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 the economic development activities or additional project costs. This may include, but is not limited to the development/redevelopment of:

- Retail facilities such as shopping centers or stores; commercial facilities such as hotels, shipping distribution centers, or office buildings; Industrial/manufacturing complexes such as factories or industrial parks; and public commercial spaces such as convention centers or parking garages.
- Mixed-use developments in opportunity zones, whereby funds will be used to create housing, business opportunities, and other economic development, with an initial focus on housing stock being made available to low-to-moderate income persons.
- Infrastructure development (such as a new road to a commercial facility) often accompanies these types of large economic development activities. Infrastructure activities, as related to large-scale development projects, are non-housing activities that support improvements to the public capital stock. This includes transportation facilities (street rehabilitation, sidewalk improvements, streetlights, parking facilities, etc.); and water, sewer, and drainage improvements.

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, whether it is the construction of a new facility or the expansion

of an existing building and will be expected to involve various types of financing and sources of funds. For example, large-scale projects often have a combination of private lender financing, various types of public financing, and business owner cash injections.

This program will be established for the funding of 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.

The Public Private Partnerships (P3) will support this effort by cultivating potential projects with a high leverage component and initiatives that have long-term sustainability frameworks that do not solely rely upon CDBG-DR or other public funding streams. Other activities may include economic recovery subordinate loan components. PRDOH and/or P3 may enter into an agreement with BDE and/or Invest PR to provide assistance in the delivery of these programs as necessary. All potential projects will comply with HUD national objectives.

CRITICAL RECOVERY PROJECTS

To address these identified needs, PRDOH will initially allocate up to \$200 million of the Program allocations for identified pilot projects that are considered key drivers for infrastructure resilience and economic development; creating and improving health care facilities that can address the needs of Puerto Ricans before, during and after disasters and revitalizing and 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 that have a high concentration of low-to-moderate income persons, but they will result in economic growth and employment opportunities in some of Puerto Rico's Opportunity Zones.

Hurricane María exposed massive vulnerabilities in the Island's health care infrastructure and resulted in the deaths of thousands of people as a direct and indirect outcome of the hurricane. The *Transformation and Innovation in the Wake of Devastation: An Economic and Disaster Recovery Plan for Puerto Rico* plan states, "The hurricanes exacerbated these challenges by making health and social services harder to obtain and delaying or interrupting care, which contributed to deaths after the hurricanes. Damage to buildings and electrical, water, and communications infrastructure closed medical and social service facilities and affected health and social service agencies' ability to operate."¹⁶⁴ The reconstruction of comprehensive health care facilities is a primary component of recovery. Facilities like the Medical Center of Puerto Rico (Centro Médico) area represent an identified pilot project that may be implemented by the P3/PRDOH. The Comprehensive Cancer Center and specialized facilities continue to be in high demand for a population that is medically underserved. The P3/PRDOH may leverage private investment in comprehensive medical center complexes like the Medical Center of Puerto Rico, the Comprehensive

¹⁶⁴ Link to plan: <http://www.p3.pr.gov/assets/pr-transformation-innovation-plan-congressional-submission-080818.pdf> August 8, 2018; see page 122.

Cancer Center and others by investing in public facilities needed to restore medical center campuses. These may be streets, drainage, lighting, water, and sewer improvements needed to set the stage for private investment, as well as resilience improvements to public and critical facilities themselves, such as those improvements needed to ensure continuity of operations for the provision of health care.

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 the P3/PRDOH. The project will meet multiple recovery goals, including being in an area that is characterized as being 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 use CDBG-DR and other funding to create unique housing, commercial, and recreational opportunities for nearby residents, including public housing residents. It will create economic development opportunities that will be funded through public-private partnerships coordinated by the P3. By creating a modern open green mixed-use area, the project will link key attractions along the San Juan Bay that stretch 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. Further information on this program, including program goals and outcomes, ~~project selection criteria, and scoring process~~ will be posted to the PRDOH website when the program is launched, <http://www.cdbg-dr.pr.gov/en/programs>. PRDOH will also post the program guidelines to the PRDOH website.

Once the ~~Program~~ is announced and projects have been identified as potentially being in the program, PRDOH will provide opportunities for the public to learn about the project, ~~PRDOH/ P3 will hold at least one outreach event in the vicinity of each proposed project area where the proposed project will be discussed and presented~~ so the public can understand project goals and how it will meet a recovery objective of this program. ~~PRDOH may, as a result of the public outreach event, decide to engage in additional outreach activities with the public so that it remains aware of activities surrounding the project.~~

For each project that has been identified as potentially being in the program, PRDOH will provide a series of opportunities for the public and potential respondents to ask questions about the program once it is announced, and the questions and responses that were posed will be posted to the program website. After the application phase for this program has closed and projects have been scored, ranked and specific projects selected, PRDOH will post to the program website how much funding will be provided to each project along with additional information about the project.

| RE-GROW PR URBAN-RURAL AGRICULTURE PROGRAM | | |
|--|---|--|
| PROGRAM TOTAL \$92,500,000 | ADMINISTERING ENTITY PRDOH AND PUERTO RICO SCIENCE, TECHNOLOGY & RESEARCH TRUST. | NATIONAL OBJECTIVE LMI, UN, SB 70% LMI GOAL |
| MAX AWARD VARIABLE | START- END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

The sustained high winds and intense rainfall of the hurricanes decimated agricultural production across the Island. Prior to the Hurricane, 85% of food in Puerto Rico was imported. In rural areas, 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, 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 that industry sector 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 to 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. University of Puerto Rico Mayagüez~~
- ~~2. Department of Agriculture~~
 1. Small and Medium Agricultural Businesses.
 2. Non-governmental organizations engaged in agricultural activities.
 - ~~a. Entities engaged in agricultural, livestock, aquaculture production~~
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 a Subrecipient Distribution model with the Puerto Rico Science, Technology & Research Trust (PRSTRT) as the responsible entity for administering the program with PRDOH. However, the PRSTRT is not the awardee of the total amount of the program budget, but the administering entity of the program. PRDOH will provide additional management functions and overall programmatic monitoring and compliance oversight.

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 of 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 being 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. At the outset, RE-GROW PR aims to focus 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 release a Notice of Funding Availability (NOFA) that~~ 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, years-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 these 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 October 2020 for parties to agree on fixed cost estimates. Accordingly, the amount of CDBG-DR funds for 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 **hurricane** water management systems in flood impacted areas.

MITIGATION & RESILIENCE

PRDOH may combine funding from FEMA’s HMGP with CDBG-DR funds to complete 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.¹⁶⁵ 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

¹⁶⁵ FEMA Hazard Mitigation Guidance; https://www.fema.gov/media-library-data/1424983165449-38f5dfc69c0bd4ea8a161e8bb7b79553/HMA_Guidance_022715_508.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 \$1,000,000,000 | ADMINISTERING ENTITY PRDOH IN COORDINATION WITH OTHER FEDERAL RECIPIENTS | NATIONAL OBJECTIVE LMI, UN, SB 70% LMI GOAL |
| MAX AWARD \$1,000,000,000 | 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 Hazard Mitigation Grant (HMGP) programs. 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 FHWA, FTA, FAA, and U.S. Army Corps of Engineers. 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 primarily fund the non-federal cost share of the Transitional Sheltering Assistance (TSA) program, in which FEMA paid for the costs of hotel stays that evacuated Puerto Ricans needed after María. The TSA match payment will be allocated to the Public Service eligible activity. The HMGP match program will allow Puerto Rico to access approximately \$4 billion in funding that will make 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 draw 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, Rehabilitation, Reconstruction, and Construction of Buildings
- Section 105(a)(8) - Public Services
- Section 105(a)(11) – Relocation
- Section 105(a)(12) – Planning
- 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 benefit to low -to moderate-income (LMI) individuals will be aligned with this national objective. Other projects will be assigned the urgent need or slum-and-bligh national objectives. 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. PRDOH will focus on identifying projects (PWs) that are in LMI areas in order 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.

ELIGIBILITY CRITERIA

The project must meet a national objective and accomplish a CDBG eligible activity as well as all requirements under its native program.

Eligible entities to the Non-Federal Match Program are determined by which have been deemed eligible by FEMA 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)
- 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 by FEMA to be eligible to receive funding

METHOD OF DISTRIBUTION

Direct and Subrecipient Distribution Model

The Non-Federal Match Program is a central government managed program which utilizes the Subrecipient Distribution Model as needed for specific projects. More specifically, PRDOH will work with COR3 and applicants who are in FEMA programs to provide their non-federal match. 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 for 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. Similarly, PRDOH may work with other Federal recipients to coordinate their required non-federal match.

PROGRAM OBJECTIVE & DESCRIPTION

Long-term resilience measures and infrastructure improvements are critical to the ongoing recovery of Puerto Rico. To fortify infrastructure with resilience measures, it will be of the utmost importance to leverage CDBG-DR dollars in conjunction with other funding streams. By combining CDBG-DR funds with those of other federal grant programs, PRDOH will maximize the benefit achieved for the Island and greatly relieve the financial burden on local municipalities and other eligible applicants.

At this time, most long-term reconstruction projects are still undergoing the formulation process. As a result, the exact amount of CDBG-DR funds needed to meet the match requirements is still being assessed. However, the total match required for just the FEMA PA, IA and HMGP programs is expected to far exceed the \$1 billion that is currently allocated to this program, as the match requirement for the HMGP program alone is \$1 billion. A significant financial burden remains even after FEMA agreed to several amendments to the disaster declaration for Hurricane María (DR 4339) and has covered 100% of the cost share of Category A and B project worksheets, including 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 value of work performed outside of the 100% cost-share period, PRDOH has estimated that for the STEP program alone, costs will exceed \$20 million in matching costs required for work performed outside of the 100% FEMA-funded period.

| CRITICAL INFRASTRUCTURE RESILIENCE PROGRAM | | |
|--|---|--|
| PROGRAM TOTAL \$400,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI, UN, SB 70% LMI GOAL |
| MAX AWARD \$150,000,000 | START- END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

The hurricanes impacted already aging and vulnerable critical infrastructure leading to conditions for a humanitarian crisis. The failure of such infrastructure has resulted in a debilitating effect on national security, the economy, public health and safety, and/or local way of life.

RECOVERY PLAN ALIGNMENT

The Critical Infrastructure Resilience Program (CIR) aligns with the following courses of action from Puerto Rico’s Recovery Plan: CIT 12, CIT 21, CIT 29, and CPCB 7.

ELIGIBLE ACTIVITIES

- Section 105(a)(1) – Acquisition of Real Property;
- Section 105(a)(2) – Public Facilities and Improvements
- Section 105(a)(4) – Clearance, Rehabilitation, Reconstruction, and Construction of Buildings;
- Section 105(a)(7) – Disposition of Real Property;
- Section 105(a)(9) – Payment of Non-Federal Share
- Section 105(a)(14) – Activities Carried Out through Nonprofit Development Organizations;
- 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 (resiliency);
- Section 105(a)(17) – Economic Development Assistance to For-Profit Business; and
- Section 105(a)(21) – Assistance to Institutions of Higher Education;

PROGRAM ACCOMPLISHMENTS

Increase and protect the health and safety of residents across the impacted area.

ELIGIBILITY

- Administrative Agency or Department of the Government of Puerto Rico
- Unit of General Local Government (Municipality and other government entities)
- Public Institution of Higher Learning, (with Critical Infrastructure Assets)
- Non-governmental organization (501(c)(3)) or Not for Profit Entity (with Critical

- Infrastructure Asset),
- For-Profit Business (with Critical Infrastructure Asset), and; Additional Eligibility Criteria
- Facility must be defined by FEMA and or the Government of Puerto Rico as being a critical infrastructure asset that can demonstrate a tie to the hurricane.
- Activity is CDBG-DR eligible and addresses one of the sixteen (16) critical infrastructure sectors which includes: chemical; commercial facilities; communications; critical manufacturing; dams; defense industrial base; emergency services; energy; financial services; food and agriculture; government facilities; healthcare and public health; information technology; nuclear reactors, materials, and waste; transportation systems; and water and wastewater systems.
- Year-round maintenance and operations expenses must be covered through day-to-day operations, as CDBG-DR funds will not fund long-term maintenance and operations.
- Facility must be defined by FEMA and/or the Government of Puerto Rico as being a critical infrastructure asset.

METHOD OF DISTRIBUTION

Direct and Subrecipient Distribution Model

PRDOH plans to implement this program primarily using a Subrecipient distribution model whereby entities who have either a Puerto Rican Government and or FEMA-defined Critical Infrastructure asset will be informed that funding will be available to meet the program goals and objectives. CIR has been developed to work closely with the Government of Puerto Rico's HMGP Program, managed by COR3. With PRDOH providing the match for the HMGP Program, using a global match strategy, projects submitted to COR3 through the HMGP Program that also meet the Critical Infrastructure requirements may be transferred to CIR. PRDOH anticipates that due to the nature of these assets and what services these facilities provide to Puerto Ricans, most of the projects will be owned and managed by either a Puerto Rican agency or Municipal government or have a regional focus that either crosses multiple jurisdictions or assists residents in multiple areas.

PRDOH will inform these entities that they have a specified period of time to submit project concepts to PRDOH that meet program objectives through an application process. The Program goals and scoring criteria for the applications will be publicly provided and posted by PRDOH prior to the opening of application period on the PRDOH CDBG-DR website. At the close of the application period, PRDOH will rank and score projects. PRDOH will then inform and work with the selected entities that have projects in the Program. PRDOH, at its discretion, may decide to offer funding in rounds for CIR or may offer one application period. Determination of whether a single round of funding or multiple rounds will be used will be posted publicly prior to the application period opening on the PRDOH CDBG-DR website.

Due to the services that critical infrastructure assets provide the Island's residents and the desired project outcomes for these assets, PRDOH may decide to allocate a portion of these program funds to projects that are Puerto Rican Government-selected. Such recovery projects would be of regional and/or island-wide benefit and would demonstrate that it can increase the resiliency of critical assets so that when future hurricane events occur the asset is less likely to have a failure to function, which would benefit the citizens who rely on the asset.

PROGRAM OBJECTIVE & DESCRIPTION

To realize the full potential of a holistic recovery across the Island, critical infrastructure needs must be addressed in a way that goes beyond what has been done in past efforts. CIR will fund the rebuilding, hardening, and making more resilient of critical infrastructure assets (e.g. roads, bridges, channels, healthcare facilities, etc.) that are located across the Island. In so doing, the Island will be more adaptable to changing conditions, and able to withstand and recover rapidly from disruptions caused by future disasters. This Program will also seek to ensure that resilient infrastructure investments carry multiple community benefits, creating public amenities, reducing hazards, and contributing to economic revitalization.

CIR will make funds available to municipalities, governmental and other eligible entities through a subrecipient model and seeks to coordinate and leverage program funds with other public and private sector investments. Projects will be evaluated to ensure no duplication of benefit across other funding streams occurs. PRDOH intends to use a combination of selected projects that have been determined to be critical for the Island's recovery, meet a recovery objective, are CDBG-DR compliant, and are identified as part of the island-wide planning process. As an output of the planning process, PRDOH, at its discretion, may decide to create an application-based Notice of Funding Availability (NOFA) or will enter into agreements with selected units of government. PRDOH may focus on identifying projects that benefit LMI areas, although projects may also meet other national objectives. CIR further aligns with Puerto Rico's Recovery Plan priorities for short-term priority on critical health and safety needs.

Puerto Rican Government selection will be important as some anticipated that projects in the critical infrastructure program could be eligible for FEMA's approximately \$4 billion HMGP grant program or be otherwise identified as priority projects. Puerto Rico was approved by FEMA for a concept known as global match, whereby projects that meet FEMA and HUD requirements can meet FEMA's cost share requirement. HMGP projects are expected to be primarily managed by the Government of Puerto Rico or its municipalities. With a cost share of nearly one billion dollars, PRDOH believes that outcomes of potential projects in this Program may align with FEMA's HMGP program. If a Puerto Rican Government selected project is pursued, the Government of Puerto Rico will demonstrate how the project makes a critical asset more resilient, how the project benefits the community, or how it is being used to meet Puerto Rico's cost share requirement for the HMGP program.

Note: CIR would contain similarities but not overlap with the Puerto Rico by Design initiative. Puerto Rico by Design would support holistic, multiple benefit, high-impact infrastructure and economic development initiatives through a competitive design process. Projects of this magnitude will likely include assets similar to those eligible under CIR but will emphasize a connection and coordination among those assets. CIR will be more targeted, supporting specific, single-sector critical infrastructure assets, and is not based upon the larger-scale holistic visioning of Puerto Rico by Design.

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 (including details on when the application process will begin, the application materials, project selection criteria and scoring processes), will be posted to the program's webpage on the PRDOH CDBG-DR website, <http://www.cdbg-dr.pr.gov/en/programs/>, prior to the beginning of the application period.

~~PRDOH will hold at least one call in for potential respondents to ask questions about CIR once it is announced, and the questions and responses that were posed will be posted to the program's website.~~ For scored projects, after the application phase for this Program has closed and projects have been scored, ranked and specific projects selected, PRDOH will post to the program's website how much funding will be provided to each project along with additional information about the project.



| COMMUNITY RESILIENCE CENTERS PROGRAM | | |
|--------------------------------------|---|--|
| PROGRAM TOTAL \$75,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI, UN, SB 70% LMI GOAL |
| MAX AWARD \$3,000,000 | START- END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

During the period leading up to the hurricanes, and particularly during the aftermath of the disasters, 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. In some cases, 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. This Program will address these identified needs by creating a series of community resilience centers across Puerto Rico that will be on a public registry and available for future events.

RECOVERY PLAN ALIGNMENT

The Community Resilience Centers Program (CRCs) aligns with the following courses of action from Puerto Rico’s Recovery Plan: CIT 5, CIT 29, CPCB 4, and CPCB 5.

ELIGIBLE ACTIVITIES

- Section 105(a)(1) – Acquisition of Real Property
- Section 105(a)(2) – Public Facilities and Improvements
- Section 105(a)(4) – Clearance, Rehabilitation, Reconstruction, and Construction of Buildings
- Section 105(a)(5) – Architectural Barrier Removal
- Section 105(a)(8) – Public Services
 - Considered provided the proposed activity within the center addresses a PRDOH identified disaster-related impact
- Section 105(a)(9) – Payment of Non-Federal Share
- Section 105(a)(14) – Activities Carried Out through Nonprofit Development Organizations
- Section 105(a)(15) - Eligible nonprofit organizations
- Section 105(a)(21) – Higher Education

PROGRAM ACCOMPLISHMENTS

Creates a known network of clearly identified and registered community resilience centers across the Island 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

- Non-governmental organization (501(c)(3)) or Not for Profit Entities; for example:
 - Faith Based or Community Based Organizations
- Unit of General Local Government (Municipality and other government entities); for example:
 - Municipal Governments, Public Housing Authorities, Public Health Facilities
- Administrative Agency or Department of the Government of Puerto Rico
- Public Institution of Higher Learning (Universities)
- Additional Eligibility Criteria
 - Organization must agree to be on a public registry and make the facility available to the public in future disaster events. Organization or entity whose building or facility will serve as a Community Resilience Center to prepare for and recover from disaster.
 - Organization must agree to provide year-round maintenance and operations expenses that must be covered through day-to-day operations, as CDBG-DR funds will not fund long-term maintenance and operations.
 - Organization must agree to use a licensed architect or engineer who will design the facility to FEMA standards.

METHOD OF DISTRIBUTION

Subrecipient Distribution Model

Subrecipients for the program will be selected via Notice of Funding Availability (NOFA). After the NOFA process has been completed and projects are selected, PRDOH will then enter into subrecipient agreements with entities that have funded projects. PRDOH may focus on identifying projects that benefit LMI areas, although projects may also meet other national objectives. In the unlikely case that not all areas of Puerto Rico pursue this Program, after the NOFA period closes, PRDOH may need to select a project and define a subrecipient so that across Puerto Rico there are community resilience centers. PRDOH's selection of a center may also need to occur if PRDOH determines through the NOFA process that a particular facility or entity would meet the goals of this Program, but the applicant does not have the fiscal capacity to manage the grant. In those cases, PRDOH desires to work with the applicant so that they can implement the grant, or it will determine a suitable subrecipient who can help implement the grant in the area of the proposed project.

PROGRAM OBJECTIVE & DESCRIPTION

During disasters, CRCs increase the resource distribution and short-term sheltering capacity and the support for residents to provide critical services. CRCs also represent a location for year-round community engagement through wrap-around services provided by the hosting entities through day-to-day functions. An example would be a non-profit community center that in its normal daily functioning serves the community, and through its role as an identified CRC serves as a community hub year-round in preparation

and response to disasters. Further, CRCs can act to provide community gathering spaces to 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 will predominantly be established through retrofitting existing facilities, but in some cases may entail the construction of new facilities where additional leveraged funds are incorporated, and a maintenance and operations funding plan is in place. ~~For some communities unable to make improvements to sheltering facilities through FEMA programs, the CRCs Program could build new shelter facilities to provide life-saving harborage during emergency events and serve community needs year-round.~~ Whether retrofitted or constructed, the dual-purpose CRCs will aim to be built to FEMA standards to withstand high winds and provide a safe haven for citizens in impacted areas. Public facilities will require a licensed architect or engineer to design the facilities in accordance with FEMA standards. Facilities must be made available to residents in times of emergency. All CRCs must have a long-term maintenance and operations plan that is determined by PRDOH to be viable.

Centers are expected to contain the following types of 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
- Sleep space
- Disability Accessibility features
- Green-building features
- Pet-friendly spaces
- Wireless internet service

For CRCs that are not incorporated in an existing entity or agency, during non-crisis events CRCs may serve as traditional community centers for public benefit. For example, the CRC may be leased or rented year-round for community organizations or for events, and income generated will be utilized to maintain the operation of the center and shall not be considered program income.

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 ~~including details on when the NOFA process will begin, the application materials, project selection criteria and scoring processes,~~ will be posted to the Program's webpage on the PRDOH CDBG-DR website, <http://www.cdbg-dr.pr.gov/en/programs/> prior to the beginning of the application period.

~~PRDOH will hold at least one call-in for potential respondents to ask questions about CRCs once it is announced, and the questions and responses that were posed will be posted to the program's website.~~ After the application phase for this Program has closed and projects have been scored, ranked and specific

projects selected, PRDOH will post to the program’s website how much funding will be provided to each project along with additional information about the project.



MULTI-SECTOR INITIATIVES PROGRAM

The programs in this section are multi-sector initiatives, in that they incorporate aspects of, or provide benefits in each of the four sectors: economic development and revitalization, infrastructure, planning, and housing. Similarly, these initiatives involve a variety of potential subrecipients at different scales, depending on the scope of the initiative.

The over-arching goal of these multi-sector initiatives is to engage and implement innovative and transformative long-term recovery solutions for Puerto Rico, in keeping with the Recovery Plan. These multi-sector programs offer 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 revitalizing of community plazas, green infrastructure installations along key corridors prone to street flooding, or façade renewal initiatives in commercial corridors. Within Puerto Rico by Design, large-scale high-impact project concepts will be sourced through a competitive design process that will engage best-in-class knowledge from the international design community. These large-scale project concepts will offer holistic visions for strategic growth nodes and opportunity zones across the Island, and the best and most feasible will be implemented.



| CITY REVITALIZATION PROGRAM | | |
|---|---|--|
| PROGRAM TOTAL \$1,223,000,000 | 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 that are 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 also 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 overcome 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.

RECOVERY PLAN ALIGNMENT

The City Revitalization Program (City Rev) aligns with the following courses of action from Puerto Rico's Recovery Plan: CIT 19, CIT 32, CPCB 5, and CPCB 10.

ELIGIBLE ACTIVITIES

- Section 105(a)(1) – Acquisition of Real Property
- Section 105(a)(2) – Public Facilities and Improvements
- Section 105(a)(3) – Code Enforcement
- Section 105(a)(4) – Clearance, Rehabilitation, Reconstruction, and Construction of Buildings
- 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
- 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 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)(18) – Housing Rehabilitation
- Section 105(a)(19) – 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; Job Creation and Retention

PROGRAM ACCOMPLISHMENTS

Revitalize downtown areas and key corridors, bringing community businesses back on track and encouraging tourism. 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.

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 and or Institutions of Higher Learning, to provide public services to the community
- Other community-based governmental entities; for example:
 - Public Housing Authorities and/or Public Health Facilities

Additional Eligibility Criteria

- Municipal governments must agree to take part in the PRDOH led planning process
- Provide for the cost of year-round operations and maintenance (O&M) expenses for projects funded through this program including daily operations. CDBG-DR funds cannot be used for long-term O&M.
- Applications must be approved and sponsored by the relevant governing body, the municipal government.
- Utilize the services of a licensed architect or engineering to design the facilities and improvements in accordance with PRDOH and FEMA standards, and all applicable local codes and regulations.
- Project must be within city boundary, in designated downtown area or key growth corridor
- Demonstrate tie-back to the disaster
- Projects must have a CDBG-DR eligible activity

METHOD OF DISTRIBUTION

Subrecipient Distribution Model

To best assist and start the community recovery process, PRDOH plans to provide three rounds of funding for this Program. Applicants in each round will have a specified period of time to submit project concepts to PRDOH that meet program objectives in each of its phases. City Rev goals and scoring criteria for each phase of the Program will be publicly provided and posted to the PRDOH CDBG-DR website prior to the opening of the application period. At the close of each period, PRDOH will rank and score projects. PRDOH will then inform and work with the selected entities that have projects in each phase of the Program.

The Method of Distribution including how much funding will be provided in each round, in addition to the allocation of program funds for each municipality, and project selection criteria for each phase of this Program will be detailed in the program guidelines and will be 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 units of government.

The funding rounds may follow a staggered approach as follows:

- Round 1: Projects to be selected based on recovery objectives and needs submitted from previous planning efforts by municipal governments and by eligible entities. PRDOH will work with eligible municipalities to determine which project(s) best fits one of the Puerto Rico recovery objectives. The municipal government will implement the projects with oversight from PRDOH.
- Round 2: Will be conducted at the completion of the Municipal Recovery Planning Program (MRP) planning process. Municipalities will be able to select and submit projects for PRDOH to consider from the resulting Individual Municipal Recovery Plan up to their municipal allocation. The municipal government will implement the projects with oversight from PRDOH.
- Round 3: Will be conducted after projects are selected and funded from Round 2. Projects in round 3 will be determined via a competitive NOFA process. After PRDOH scores, ranks and selects projects after the NOFA closes, the municipal governments and other entities will implement the projects with oversight from PRDOH.

PROGRAM OBJECTIVE & DESCRIPTION

This Program establishes a fund for municipalities to enable a variety of critical recovery activities aimed at reinvigorating urban centers and key community corridors to focus investments, reduce sprawl, and create a symbiotic environment to nurture complimentary investments from the private sector.

The funding in this Program will allow municipalities and other eligible entities to implement integrated and innovative solutions to the problems facing 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 the disabled. Further, City Rev may fund improvements to public spaces (plazas, town squares), cultural and art installations, and recreation amenities. This Program will also fund clearance and demolition of unoccupied substandard structures.

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 will be responsible for identifying inventory of substandard structures and evaluating costs, following standard acquisition protocols and based upon fair market values for properties that 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 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.

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. Applicants that bring non-CDBG-DR funds to the project will receive a scoring bonus during the application review. Projects that have non-CDBG-DR funding sources and or promote re-greening will receive additional points during the review process.

Puerto Rico has had a number of planning processes occur in the post-María environment and total damages 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, including details on when the application process will begin, definitions of what the Program considers to be green initiatives, the application materials, project selection criteria and scoring processes, will be posted to the Program's webpage on <http://www.cdbg-dr.pr.gov> prior to the beginning of the application period.

| PUERTO RICO BY DESIGN PROGRAM | | |
|---------------------------------------|---|--|
| PROGRAM TOTAL \$300,000,000 | ADMINISTERING ENTITY PRDOH | NATIONAL OBJECTIVE LMI, UN, SB 70% LMI GOAL |
| MAX AWARD VARIABLE | START- END DATE DURATION OF GRANT | ELIGIBLE AREA PUERTO RICO |

HURRICANE IMPACT

The entirety of the Island sustained widespread damage from the hurricanes with major damages to infrastructure, housing, and commercial sectors in addition to significant environmental degradation. The extent of damage provides the opportunity to re-think large-scale development opportunities across the Island, and to define how strategic regeneration nodes can be constructed to support multiple benefit transformative solutions.

RECOVERY PLAN ALIGNMENT

The Puerto Rico by Design (PR by Design) Program aligns with the following courses of action from Puerto Rico's Recovery Plan: CPCB 10, ECN 15, NCR 20, and TXN 3.

ELIGIBLE ACTIVITIES

- Section 105(a)(1) – Acquisition of Real Property
- Section 105(a)(2) – Public Facilities and Improvements
- Section 105(a)(3) – Code Enforcement
- Section 105(a)(4) – Clearance, Rehabilitation, Reconstruction, and Construction of Buildings
- 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;
- 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
- Section 105(a)(19) – Assistance to Public or Private Nonprofit Entities

- Section 105(a)(20) – Housing Services
- 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

PR by Design is a two-part design and build program: 1) a design competition, (i.e., planning/design phase); and the implementation of the winning design(s) (i.e., build phase). The Program will create a series of innovative and transformative design processes that will allow the Government of Puerto Rico and its municipalities to envision and implement projects across the Island immediately after the competition and in the future. Designs are expected to incorporate and showcase how private developers can leverage and bring private funds to each project.

Following the planning and design phase of the competition, the Program will also allow specific projects to be implemented. Projects are expected to benefit the public, in addition to being focused on infrastructure and economic development initiatives in strategic regeneration nodes and within opportunity zones across the Island. It is expected that the designs to be implemented through the Program will result in major transformations in critical sectors, enabling and ensuring the long-term growth and viability of Puerto Rico, while making residents and communities more resilient.

ELIGIBILITY

Eligibility for PR by Design will be determined by the phase of the project.

- In the initial “planning/design” phase, eligible applicants will be comprised of design teams that have architects, engineers, designers and planners, in addition to other private and not for profit sector professionals. The teams will collaborate and help steer the creation of designs that can be implemented by units of governments, not for profit entities or non-governmental entities. Design teams can either partner with an existing unit of government or not for profit entity, or they can create designs without regard to specific locations. Design teams are expected to have persons that have knowledge about Puerto Rico’s building codes, permitting, procurement, and environmental processes at the Government of Puerto Rico and municipal level.
- In the second “build” phase of the Program, eligible entities will implement the winning design plans. Eligible entities are expected to be comprised of one of the following entities:
 - Unit of General Local Government (Municipality and other government entities)
 - Non-governmental organization (501(c)(3)) or Not for Profit Entity
 - Administrative Agency or Department of the Government of Puerto Rico (In limited circumstances).

METHOD OF DISTRIBUTION

Subrecipient Distribution Model

PRDOH will lead this initiative with the potential support of strategic partners. At the outset, PRDOH will release a ‘call for papers’ from design teams wherein respondents will provide an overview of the strength of their respective team, and the approach they would take in developing a potential project. A

community engagement plan will be a required component of all proposals. Following the design phase of the competition, PRDOH anticipates entering into subrecipient agreements with entities who will implement projects in specific parts of Puerto Rico.

PROGRAM OBJECTIVE & DESCRIPTION

To simultaneously address the holistic damage wrought by the hurricanes, and to capitalize on the unique opportunity to re-think major redevelopment initiatives in strategic areas, Puerto Rico will host an international design-build competition to seek best-in class submissions, from which the best, most feasible, and cost reasonable options will be constructed. The competition will seek to leverage and stimulate investment from private sector interests and demonstrate cost-efficiency and sustainability of large-scale projects. This competition will also compliment and build upon prior PRDOH led planning efforts, including the Municipal Recovery Planning Program, other island-wide planning efforts, and tourism and marketing efforts that recognize Puerto Rico as a destination for vacation, business investment, and for retirees.

PR by Design follows the competitive models developed through past HUD-funded initiatives Rebuild by Design (RBD) and the National Disaster Resilience Competition (NDRC). However, the Program is tailored to the unique risk and opportunities that have been identified on the island of Puerto Rico.

The goal of the competition will be to seek innovative, transformative, high-impact, large-scale projects that will incorporate resilience measures and blend benefits across multiple sectors. While PR by Design will focus on infrastructure and economic development that addresses holistic regeneration of high-density growth nodes and opportunity zones, the goal will be the creation of simultaneous co-benefits or ripple effects in housing and real estate, public amenities, and community connectivity, as a few examples. It is expected that the planning/design phase of the Program will focus on designing projects that not only tie into the public's needs, but that are also critical priorities for the Government of Puerto Rico. The projects will assist in addressing mass transit, mobility, ports, infrastructure, natural resource recovery, and maximization of the economic development potential of the Island's natural resources.

TRANSPARENCY AND PUBLIC OUTREACH

Public engagement, awareness and knowledge about the PR by Design Competition will be important to PRDOH and the Program's success. The program guidelines, in addition to other program information, including details on when the planning/design phase will commence, when the public engagement strategy will begin, application and design materials, project selection criteria and scoring processes, will be posted to the Program's webpage on the PRDOH CDBG-DR website, <http://www.cdbg-dr.pr.gov/> prior to the beginning of the application period.

PRDOH will provide opportunity for potential respondents to ask questions about PR by Design once the planning/design phase of the Program is announced, and the questions and responses that were posed will be posted to the program's website. After the planning/design phase, PRDOH will post to the program's website how much funding will be provided to the build phase and what the applications process will be, along with additional information about the Program.

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. In order 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, in an effort 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: <http://www.cdbg-dr.pr.gov/action-plan/>.

The Citizen Participation Plan is posted as a stand-alone document on the disaster recovery website.

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 were 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 www.cdbg-dr.pr.gov.

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 had received written comments from the following 67 municipalities.

Municipal Comment Submitted

- Aguada
- Aguadilla
- Aguas Buenas
- Aibonito
- Añasco
- Arecibo
- Arroyo
- Barranquitas
- Bayamón
- Cabo Rojo
- Caguas
- Camuy
- Canóvanas
- Carolina
- Cataño
- Cayey
- Ceiba
- Ciales
- Cidra
- Coamo
- Comerío
- Corozal
- Dorado
- Fajardo
- Florida
- Guayama
- Guayanilla
- Guaynabo
- Guánica
- Hormigueros
- Isabela
- Jayuya
- Juana Díaz
- Juncos
- Lajas
- Lares
- Las Marías
- Las Piedras
- Loíza
- Luquillo
- Manatí
- Maricao
- Mayagüez
- Moca
- Morovis
- Naranjito
- Orocovis
- Ponce
- Quebradillas
- Rincón
- 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 at 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 Atilés
- 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 Participation¹ 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 round-tables 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 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 CFR 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 CFR 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 CFR part 135.

f. The Puerto Rico Department of Housing certifies that it is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 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 CFR 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 so as 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 grant 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 CFR 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 CFR part 35, subparts A, B, J, K, and R.

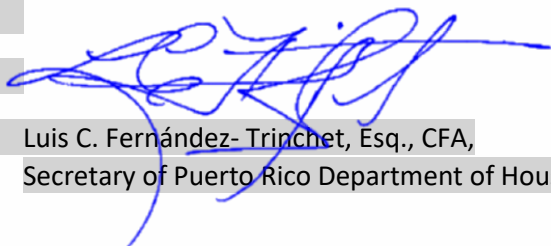
n. The Puerto Rico Department of Housing certifies that it will comply with environmental requirements at 24 CFR Part 58.

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 criterion 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:



Luis C. Fernández- Trinchet, Esq., CFA,
Secretary of 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://www.cdbg-dr.pr.gov/en/download/action-plan-june-14-2018/>

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://www.cdbg-dr.pr.gov/en/download/1ra-enmienda-al-plan-de-accion-enmienda-sustancial-18-de-noviembre-de-2018/>

~~Public comment for this Substantial Amendment 4 is not yet available, as this publication marks the start of the public comment period. All public comments for this substantial amendment will be published as part of the final draft submitted to HUD for approval, which will be after the public comment period concludes.~~

Public comment for the Action Plan Amendment 4 (Substantial), is labeled as “A_ *Public Comments and Responses*” and is available at: <https://www.cdbg-dr.pr.gov/en/download/action-plan-amendment-4-substantial-amendment/>.



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://www.cdbg-dr.pr.gov/en/action-plan/>.

| APPENDIX | DESCRIPTION |
|---------------------------|--|
| <p>A – Public Comment</p> | <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://www.cdbg-dr.pr.gov/en/download/action-plan-june-14-2018/</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://www.cdbg-dr.pr.gov/en/download/1ra-enmienda-al-plan-de-accion-enmienda-sustancial-18-de-noviembre-de-2018/</p> <p>Public comment for this Substantial Amendment 4 is not yet available, as this publication marks the start of the public comment period. All public comments for this substantial amendment will be published as part of the final draft submitted to HUD for approval, which will be after the public comment period concludes.</p> <p>Public comment for the Action Plan Amendment 4 (Substantial), is labeled as “A_Public Comments and Responses” and is available at: https://www.cdbg-dr.pr.gov/en/download/action-plan-amendment-4-substantial-amendment/.</p> |

| APPENDIX | DESCRIPTION |
|---|--|
| A.1 – Outreach and Communications Strategy | Schedule of Outreach and Communications Strategy for the Public Comment period. |
| A.2_Citizen Advisory Committee Question and Answer | Valuable questions and comments to the Action Plan from a special meeting where non-for-profit entities participated as members of the Citizen Advisory Committee. |
| 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 |
| G - CDBG-DR Program Income Limits in PR | Current 2018 income limits published by HUD for CDBG-DR activity https://www.hudexchange.info/resource/5334/cdbg-income-limits/ |
| H - LIHTC Rent Rates | 2018 Current income limits and rent maximums for Low Income Housing Tax Credit (LIHTC) Program |
| 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 |

