



DEPARTMENT OF

HOUSING

GOVERNMENT OF PUERTO RICO



PUERTO RICO

COMMUNITY DEVELOPMENT BLOCK GRANT – MITIGATION

6th AMENDMENT TO THE ACTION PLAN (SUBSTANTIAL)

AMENDMENT DRAFT FOR PUBLIC COMMENTS

30-DAY PUBLIC COMMENT PERIOD

START: APRIL 10, 2026

END: MAY 10, 2026



1. TABLE OF CONTENTS

6TH AMENDMENT TO THE CDBG-MIT ACTION PLAN (SUBSTANTIAL): DRAFT FOR PUBLIC COMMENTS	3
Public Comment Period	3
SUMMARY OF THE SUBSTANTIAL AMENDMENT	1
PROPOSED SUBSTANTIAL AMENDMENT CHANGES	3
PROGRAM BUDGET	3
LEVERAGE FOR LOW-INCOME HOUSING TAX CREDITS PROGRAM - MITIGATION (LIHTC-MIT)	5
APPENDICES	14

6TH AMENDMENT TO THE CDBG-MIT ACTION PLAN (SUBSTANTIAL): DRAFT FOR PUBLIC COMMENTS

Public Comment Period

This document constitutes a draft of the CDBG-MIT Action Plan 6th Amendment (Substantial) for a 30-day public comment period starting from April 10, 2026, to May 10, 2026. This draft is subject to change.

Each substantial amendment to the CDBG-MIT action plan must be published on the Puerto Rico Department of Housing (**PRDOH**) website for a public comment period of no less than thirty (30)¹ calendar days to ensure adequate citizen participation, as required by the United States Department of Housing and Urban Development (**HUD**).

PRDOH will consider comments on this substantial amendment draft before submitting the document to HUD for review. The approved amendment will be posted on PRDOH's website and incorporated into the Action Plan as a whole. This will allow the public and HUD access to PRDOH's entire action plan for viewing as a single document, rather than having to search for and cross-reference its multiple changes.²

The most current version of the CDBG-MIT Action Plan, including all approved amendments, is available in English and Spanish at PRDOH's website at <https://recuperacion.pr.gov/en/action-plans/action-plan-cdbg-mit/> and <https://recuperacion.pr.gov/planes-de-accion/plan-de-accion-cdbg-mit/>. All citizens are encouraged to present their public comments to PRDOH through any of the following methods:

- Via telephone: 1-833-234-CDBG or 1-833-234-2324 (TTY: 787-522-5950)
- Via email at infoCDBG@vivienda.pr.gov
- Online at <https://recuperacion.pr.gov/en/action-plans/action-plan-cdbg-mit/>
- In writing at:

Puerto Rico CDBG-MIT Program
P.O. Box 21365
San Juan, PR 00928-1365

¹ See Federal Register Notice Vol. 84, No. 169 (August 30, 2019), 84 FR 45838, 45850.

² See 84 FR 45838, 45850.

6th Amendment to the CDBG-MIT Action Plan (Substantial)

Public comments related to this substantial amendment will be posted on the CDBG-MIT website, along with the responses provided by PRDOH, as Appendix G and G.1.

SUMMARY OF THE SUBSTANTIAL AMENDMENT

This substantial amendment to the Action Plan includes programmatic changes for the Homebuyer Assistance Mitigation Program as well as the Inclusion of three (3) Covered Projects. A summary of the changes is provided in the table below:

Section	Subsection	Proposed Changes
<i>Housing Sector</i>		
Homebuyer Assistance Mitigation Program (HBA-MIT)	National Objectives	The HBA-MIT Program adjusted the national objectives percentages to 45% for LMI and 55% for UNM. This modification allows the HBA-MIT Program to aid a higher number of households with AMFI between 80% and 120%, while preserving its commitment to LMI households.
Leverage For Low-Income Housing Tax Credits Program - Mitigation (LIHTC-MIT)	Maximum Award	The maximum award section was amended to establish a limit of \$100,000,000 per applicant.
<i>Appendices</i>		
New Covered Project: PR-5 Extension from PR-199 TO PR-167	Appendix R	The proposal includes the construction of an extension to PR-5 State Road. This new segment would complete the PR-5 road linking the existing segment that ends in the intersection with PR-199 (Avenida Las Cumbres) in Bayamón to the other existing PR-5 section that begins near the 14.9 kilometer of State Road PR-167 in Toa Alta. The total cost for this project is \$497,000,000.00.

Section	Subsection	Proposed Changes
New Covered Project: Improvements of Interchanges PR-17 and PR-22 with PR-18	Appendix S	The Improvements of Interchanges PR-22/PR-18 and PR-18/PR-17 is a large-scale transportation infrastructure mitigation project to strengthen the resilience, safety and operational capacity of critical highway corridors within the San Juan Transportation Management Area. These corridors serve as essential lifelines for passenger travel, freight movement, and emergency response across a broad geographical area, as well as provide access to key regional facilities. The total cost for this project is \$220,404,467.00.
New Covered Project: Puerto Green Solid Waste Recycling Facility	Appendix T	The proposed project includes the creation and establishment of an integrated recovery and closed-loop polymer recycling facility within El Coqui Landfill in Humacao. The project is designed to address solid waste management concerns in Puerto Rico. The total cost for this project is \$212,627,830.00.
PR-10 Covered Project	Appendix I Appendix J Appendix K Appendix L	Removal of the PR-10 Covered Project as this project will not be pursued.

PROPOSED SUBSTANTIAL AMENDMENT CHANGES

The following changes are proposed for the 6th Amendment to the CDBG-MIT Action Plan (Substantial). This draft is subject to change.

PROGRAM BUDGET

Program	Budget	% LMI Goal
PLANNING PROGRAMS	\$150,000,000.00	N/A
Risk and Asset Data Collection Program	\$130,000,000.00	N/A
Mitigation and Adaptation Policy Support Program	\$10,000,000.00	N/A
Planning and Capacity Building Program	\$10,000,000.00	N/A
INFRASTRUCTURE PROGRAMS	\$4,291,451,166.00	-
Infrastructure Mitigation Program*	\$2,291,451,166.00	50%
HMGP Match Set-Aside	\$1,000,000,000.00	
Healthcare Facilities Set-Aside	\$1,000,000,000.00	
HOUSING PROGRAMS	\$2,200,896,086.00	
Single-Family Housing Mitigation Program	\$1,600,896,086.00	95%
Social Interest Housing Mitigation Program	\$100,000,000.00	100%
Public Facilities Reconstruction or Rehabilitation for Social Interest Housing Set-Aside	\$15,000,000.00	
Multi-Sector Community Mitigation Program	\$300,000,000.00	51%
Leverage for Low-Income Housing Tax Credits Program-Mitigation	\$100,000,000.00	100%
Homebuyer Assistance Mitigation Program	\$100,000,000.00	45%55%
MULTI-SECTOR SUPPORT PROGRAMS	\$1,203,816,696.00	-
Economic Development Investment Portfolio for Growth Program	\$628,816,696.00	60%
Community Energy and Water Resilience Installations Program	\$500,000,000.00	70%
Farm and Energy Resilience Program	\$75,000,000.00	0%
ADMINISTRATIVE	\$414,264,200.00	N/A
Administrative Budget	\$414,264,200.00	

STATE PLANNING	\$24,855,852.00	N/A
Planning Oversight	\$24,855,852.00	
Total	\$8,285,284,000.00	
<i>*Infrastructure Mitigation Program budget encompasses all project activity eligible under public facilities improvement.</i>		

LMI Goal	Total	% of Total Budget
Programmatic LMI Goal	\$4,801,866,882.00	62.39%

LEVERAGE FOR LOW-INCOME HOUSING TAX CREDITS PROGRAM – MITIGATION (LIHTC-MIT)

RISK-BASED NEED: The Risk Assessment results show the top threatening hazards for Puerto Rico at an island-wide level to be hurricane-force winds, flooding, earthquakes, landslides, and liquefaction. These hazards have prominently manifested in Puerto Rico's recent history, as evidenced by eight (8) emergency and major disaster declarations between 2017 and 2020.³ Annually, the Island braces for tropical storms and hurricanes, which unleash significant rainfall, thus increasing the vulnerability of thousands of rental units to floods and flood-induced landslides.

1	Hurricane Force Winds
2	Flood (100-year)
3	Earthquake
4	Landslide
5	Liquefaction
6	Drought
7	Severe Storm
8	Sea Level Rise (10 ft)
9	Wildfire
10	Human Hazard
11	Fog
12	Lightning
13	Category 5 Storm Surge
14	Tornado
15	Tsunami
16	Wind
17	Hail
18	High Temp

Figure 1 – Ranking of Risks in Puerto Rico

³ Some of these major disaster declarations include: DR-4571-PR declared on November 5, 2020; DR-4560-PR declared on September 9, 2020; EM-3537-PR declared on August 22, 2020; EM-3532-PR declared on July 29, 2020; DR-4473-PR declared on January 16, 2020; EM-3426-PR declared on January 7, 2020; EM-3417-PR declared on August 27, 2019; DR-4339-PR declared on September 20, 2017, among others. Source: https://www.fema.gov/disasters/disaster-declarations?field_dv2_state_territory_tribal_value=PR&field_year_value=All&field_dv2_declaration_type_value=All&field_dv2_incident_type_target_id_selective=All.

o

Puerto Rico has approximately three hundred and ninety thousand (390,000) renter-occupied housing units, making up roughly one-third of all occupied housing units in the Island.⁴ More than seventy-six percent (76%) of the Island's rental stock was constructed before 1990.⁵ The risk assessment for rental housing identifies areas where the highest concentration of renters faces very high or extreme risks of landslides and flooding. A similar analysis was performed to identify renters encountering medium-high to high-risk factors for flooding. Introducing lower-risk housing options in areas with a scarcity of housing alternatives can effectively mitigate risk.

Using census data, the analysis began by determining the total number of rental housing units in each municipality of Puerto Rico. Subsequently, this data was cross-referenced with hex grid data identifying areas at high risk of flooding and landslides in the Action Plan⁶ to estimate the number of rental housing units that are subject to higher levels of risk for flooding and landslides both across Puerto Rico and in each municipality.

Rental Units in Medium to High Flood Risk—Puerto Rico				
Medium	Medium High	High	Total Units in Risk	% Units in Risk
31,049	24,105	55,239	110,393	28.33%

Rental Units in High to Extreme Landslide Risk—Puerto Rico				
High	Very High	Extreme	Total Units in Risk	% Units in Risk
122,960	67,344	14,098	204,402	52.45%

Given the substantial number of units situated in high-risk zones across the Island, the need for a program focused on mitigating these threats to the rental housing stock is evident. Continuing this analysis, municipalities with the highest proportions of their rental housing stock located in areas at the highest risk of flooding and/or landslides were identified. These areas have the fewest rental housing options for their residents, making them prime candidates for targeted assistance aimed at addressing the pressing risk mitigation needs of renters who are disproportionately likely to reside in high-risk areas for flooding and/or landslides.

⁴ American Community Survey, Census 2022, S2502 at <https://data.census.gov/table?q=S2502&g=040XX00US72>.

⁵ Estudios Técnicos, Inc. (Ed.). (2018). Report on the Housing Industry Situation (pp. 5-6). San Juan, PR: Puerto Rico Builder's Association.

⁶ See Figure 12: 100-Year Flood Zone Hazard Areas and Figure 17: Rain Induced Landslide Susceptibility Areas.

Municipalities with more than 50% of rental units in Medium to High Flood Risk Areas

Municipality	Rental Units in Risk	Total Rental Units	% in Medium to High Flood Risk
Cataño	3426	3,481	98.42%
Loíza	2488	2,619	95.00%
Salinas	1464	2,290	63.93%
Ponce	9865	15,995	61.68%
Toa Baja	4844	7,866	61.58%
Carolina	11397	19,033	59.88%
Guánica	976	1,652	59.08%
Añasco	1412	2,402	58.78%
Arroyo	836	1,425	58.67%
Luquillo	1098	2,056	53.40%
Humacao	2264	4,473	50.61%
Mayagüez	6909	13,795	50.08%

Municipalities with more than 50% of rental units in Very High to Extreme Landslide Risk Areas

Municipality	Rental Units in Risk	Total Rental Units	% in Very High to Extreme Risk
Las Marías	699	699	100.00%
Maricao	484	485	99.79%
Comerio	2405	2,411	99.75%
Orocovis	2157	2,167	99.54%
Naranjito	2784	2,799	99.46%
Barranquitas	2921	2,949	99.05%
Aguas Buenas	3058	3,101	98.61%
Ciales	1463	1,534	95.37%
Jayuya	1788	2,011	88.91%
Adjuntas	1422	1,698	83.75%
Corozal	2166	2,608	83.05%
Utua	3355	4,215	79.60%
San Lorenzo	2554	3,831	66.67%
Aibonito	1343	2,026	66.29%
Rincón	1014	1,607	63.10%
Patillas	1221	1,953	62.52%
Lares	2121	3,402	62.35%
Villalba	1091	1,800	60.61%
Cidra	2760	4,677	59.01%
Morovis	1648	2,840	58.03%

The LIHTC-MIT Program will provide funds to qualifying entities that propose projects which incorporate at least one of the mitigation strategies described above and prioritize projects in areas with the lowest proportion of rental housing units outside the highest-risk areas.

A significant portion of the renter population needs housing options capable of mitigating the risks that affect Puerto Rico to the greatest extent possible. Based upon the risks identified in the Risk Assessment of the Action Plan, specifically for housing structures, PRDOH has determined that the Leverage for Low-Income Housing Tax Credits - Mitigation (**LIHTC-MIT**) Program will prioritize mitigating risks presented by **flooding and landslides**. These risks can both be mitigated through strategic site selection, as the risk severity is based heavily on the geographic characteristics of a given area, unlike other risks which are either associated with exceptional natural events. Any assisted housing development, however, must still incorporate building standards and methods which mitigate other risks that threaten structures in Puerto Rico as identified in this Action Plan.

PROGRAM DESCRIPTION: The LIHTC-MIT Program will address the need for safe, quality, resilient, and affordable rental housing in Puerto Rico. Currently, the Puerto Rico LIHTC Program, administered by the Puerto Rico Housing Finance Authority (**PRHFA**), is the federal government's primary policy tool for encouraging the development and rehabilitation of affordable rental housing. The program awards developers with federal income tax credits to offset construction costs in exchange for agreeing to reserve a certain fraction of units that are rent-restricted for lower-income households. Consequently, LIHTC-MIT Program will help expedite the construction and availability of affordable housing units on the Island.

The CDBG-MIT funds will provide up to eighty percent (80%) of the Developer's funding for the construction of affordable rental housing units. The Developer can secure the remaining funds from a construction and/or permanent loan from a private lender or private source, and equity in exchange for tax credits.

LIHTC offers two forms of tax credits: nine percent (9%) and four percent (4%) for new construction/rehabilitation projects that are partially financed with tax-exempt financing. According to the U.S. Internal Revenue Code (**IRC**), the respective applicable tax credit percentages are those that will yield amounts of credit, over a ten (10) year period, which have a present value equal to (i) seventy percent (70%) of the qualified

basis of a new building which is not federal subsidized for the taxable year; and (ii) thirty percent (30%) of the qualified basis of a project of a building not described in the clause (i) of the 26 U.S.C. § 42.⁷ The nine percent (9%) credit is generally reserved for new construction and is intended to deliver up to a seventy percent (70%) subsidy. The four percent (4%) credit covers properties acquired for rehabilitation or for projects funded using tax-exempt bonds and is designed to deliver up to a thirty percent (30%) subsidy.⁸ All projects are expected to begin construction within forty-five (45) to sixty (60) days after the CDBG-MIT Agreement is signed and must maintain affordable housing in accordance with the affordability period required by the LIHTC Program.

Projects funded through the LIHTC-MIT Program will mitigate risk for rental housing by one of the following:

1. Rehabilitation of existing structures to incorporate modern building codes and methods, such as elevations to make the residential structures more resilient against the impacts of natural disasters. This effort may also entail acquiring properties for rehabilitation purposes; and
2. New construction of resilient rental housing options utilizing strategic site selection outside areas where the geography presents localized risks. This initiative may also include the acquisition of properties for new construction.

The LIHTC-MIT Program will additionally incentivize reconverting non-residential (commercial, industrial, etc.), vacant structures located outside of high-risk areas into affordable rental housing.

INTAKE AND PRIORITIZATION: All applications will undergo a preliminary review to determine if they meet the threshold requirements, including the following:

- Compliance with eligible activities
- Compliance with national objectives
- Duplication of Benefits
- Authorization to do business in Puerto Rico
- Feasibility analysis
- Any other requirements established in the Program Guidelines

Projects will be prioritized on the following:

⁷ 26 U.S.C. § 42(b)(1)(B).

⁸ See, <https://sgp.fas.org/crs/misc/RS22389.pdf>.

- Shovel-ready projects
- Projects in areas with the lowest proportion of rental housing units outside the highest risk areas.

DESIGN CONSIDERATIONS: LIHTC-MIT proposals submitted by eligible entities will be evaluated based on the site-specific risks being addressed and the structural and nonstructural measures taken to mitigate such risks. Additional evaluation criteria concerning compliance, innovation, and eco-conscious measures will encompass, but not be restricted to:

- Whether the natural infrastructure is preserved, or other eco-conscious measures are included in project design to minimize the unintended consequences of grey infrastructure and other development. Applicants are encouraged to incorporate innovative nature-based solutions and natural or green infrastructure solutions during project development that reduce the negative impacts on the surrounding human and natural environment. Natural or green infrastructure is defined at 84 FR 45838, 45848 as the integration of natural processes or systems (such as wetlands or land barriers) or engineered systems that mimic natural systems and processes into investments in resilient infrastructure, including, for example, using permeable pavements and amended soils to improve infiltration and pollutant removal.
- Whether the project is accessible to public transportation, grocery shopping, recreation, socialization, etc.
- Whether the project considered innovative design solutions that:
 - Improve the quality of life;
 - Stimulate sustainable growth and development;
 - Improve site accessibility and safety;
 - Preserve historic and cultural resources;
 - Extend the project facility lifespan;
 - Reduce energy consumption;
 - Make use of recycled materials;
 - Make use of local or regional materials;
 - Divert waste from landfills, and
 - Reduce waste during construction.

ELEVATION: As required in 84 FR 45838, 45864, PRDOH will apply elevation standards for rental housing structures located in the 100-year (or one percent (1%) annual

chance) floodplain to require that units elevated, or reconstructed and elevated, raise the lowest floor (including the basement) to at least two (2) feet above the BFE.

Developers requesting elevation of existing structures must be aware that the option for elevation will be contingent upon a feasibility analysis.

QUALITY CONSTRUCTION: PRDOH will require construction methods that emphasize quality, durability, energy efficiency, sustainability, and mold resistance. All rental housing structures must be designed to incorporate principles of sustainability, including water and energy efficiency, resilience, and mitigation against the impact of future shocks and stressors.

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 reconstructed structures, this may include installed appliances to meet ENERGY STAR certification standards at a minimum.

BROADBAND INFRASTRUCTURE REQUIREMENTS: Under 84 FR 45838, 45864, projects that include any substantial rehabilitation or new construction of a building with more than four (4) rental units must include installation of broadband infrastructure.

PRDOH aims to narrow the digital divide in low-income communities served by HUD. Installing unit-based broadband infrastructure in multi-family housing that is newly constructed or substantially rehabilitated with or supported by HUD funding will provide a platform for individuals and families residing in such housing to participate in the digital economy and increase their access to economic opportunities.

Projects are excluded from this requirement only if one (1) of the below exclusions can be documented and validated by PRDOH:

- The location of the new construction or substantial rehabilitation makes installation of broadband infeasible.
- The cost of installing broadband infrastructure would result in a fundamental alteration in nature of the program, or activity, or in an undue financial burden; or
- The structure of housing, to be substantially rehabilitated, makes installation of broadband infrastructure infeasible.

ELIGIBLE ACTIVITIES:

- Section 105(a)(4) – Clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements, including interim assistance; and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately owned properties, and including the renovation of closed school buildings)
- New housing construction, as allowed in Mitigation Federal Register Notice, 84 FR 45838, at 45863.⁹

METHOD OF DISTRIBUTION: Subrecipient Distribution Method through the PRHFA. PRHFA will release a new Qualified Allocation Plan (**QAP**) and a subsequent Notice of Funding Opportunity (**NOFO**) that incorporates LIHTC-MIT criteria.

NATIONAL OBJECTIVE: LMI

ELIGIBLE APPLICANTS:

Eligible projects include rental housing developments that have been awarded or reserved LIHTCs in the applicable QAP. All projects must mitigate a risk-based need identified in the rental housing risk assessment. Therefore, each project must rehabilitate an (1) existing structure into rental housing to mitigate against the impacts of natural disasters, or (2) build new rental housing developments outside areas where the geography presents localized risks.

MAX AWARD: \$100,000,000 per applicant. The maximum award amount will depend on the type of project proposed by the applicant.

Applicants with projects that will convert abandoned non-residential buildings (commercial, industrial, etc.) into affordable housing can receive up to eighty percent (80%) funding of the cost of the project. Applicants rehabilitating existing residential structures or constructing new residential structures for affordable rental housing can receive up to sixty percent (60%) funding of the cost of the project.

⁹ "In addition, 42 U.S.C. 5305(a) and 24 CFR 570.207(b)(3) is waived and alternative requirements adopted to the extent necessary to permit new housing construction that addresses disaster risks identified in the grantee's Mitigation Needs Assessment and to require the following construction standards on structures constructed, reconstructed, or rehabilitated with CDBG-MIT funds as part of activities eligible under 42 U.S.C. 5305(a)", 84 FR 45838, 45863.

ALIGNMENT WITH CDBG-DR PROGRAMS: The LIHTC-MIT Program will continue the work of CDBG-DR's LIHTC Program to spur the development of safe, resilient, and affordable rental housing for the most vulnerable populations across Puerto Rico.

ALIGNMENT WITH ECONOMIC RECOVERY PLAN:

- **HOU 2** Assess, Repair, and Mitigate Damaged Subsidized Rental Housing

APPENDICES

Appendices to the Action Plan can be found on the PRDOH website at: <https://recuperacion.pr.gov/en/action-plans/action-plan-cdbg-mit/> in English; and at <https://recuperacion.pr.gov/planes-de-accion/plan-de-accion-cdbg-mit/> in Spanish. Appendices include:

- Appendix A – Puerto Rico’s Hazard Risk Assessment Report
- Appendix B – Research and Reports Bibliography
- Appendix C – GIS Bibliography
- Appendix D – Proposed Mitigation Project Log (Proyectos Propuestos de Mitigación)
- Appendix E – Stakeholder Engagement Report
- Appendix F – Financial and Outcome Projections HUD Template
- Appendix G – Public comments and PRDOH responses
- Appendix G.1 – Consolidated Public Comments
- Appendix H – Projects from the Governor’s Office
- ~~Appendix I – Table of Beneficiaries from the PR-10 Covered Project~~
- ~~Appendix J – PR-10 Segments II, III, IV & V. Benefit/Cost Analysis (BCA)~~
- ~~Appendix K – Covered Projects Narrative~~
- ~~Appendix L – PR-10 Benefit-Cost Analysis (Cal-B/C Corridor)~~
- Appendix M – South Region Water Supply System Improvements (Bauta)
- Appendix N – Patillas Dam Seismic Retrofit
- Appendix O – New Trauma Center Hospital of Puerto Rico at Centro Médico
- Appendix P – San Juan Bay Pier 1 & Walkway Project
- Appendix Q – Improvements and Rehabilitation of the Rafael Hernandez Airport in Aguadilla
- Appendix R – PR-5 Extension from PR-199 TO PR-167
- Appendix S – PR-17 and PR-22 Interchange Improvements with PR-18
- Appendix T – Puerto Green Solid Waste Recycling Facility