



DEPARTMENT OF
HOUSING



CDBG-DR

Frequently Asked Questions

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PUERTO RICO DEPARTMENT OF HOUSING
CDBG-DR PROGRAM GUIDELINES
FREQUENTLY ASKED QUESTIONS
VERSION CONTROL

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1 Introduction and Purpose

This document is designed to provide simple answers to the most frequently asked questions related to the Community Development Block Grant Disaster Recovery Program (CDBG-DR) and its implementation. Additionally, it provides additional context about finance, acquisition procedures, contracting, subrecipient agreements, policies, federal requirement compliance amongst other topics.

All Subrecipients, Contractors or Applicants should consult additional details about their disaster recovery program with the assigned Point of Contact (POC).

2 General Questions About CDBG-DR

1. What is the CDBG-DR Program?

The Community Development Block Grant (CDBG) is one of the United States Department of Housing and Urban Development's (HUD) most long-lasting neighborhood and community development programs. The CDBG Program supports multiple activities that assist in 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. The CDBG-DR Program is a HUD special assignment of Federal funds, made available when the President of the United States declares a major disaster and there are significant unmet needs for long-term recovery in the most impacted areas. The CDBG framework is utilized in these instances, adding specific rules for disaster recovery grants to form the operational and administrative framework of the CDBG-DR Program.

All CDBG-DR funded activities must clearly address an impact of the disaster for which funding was allocated. Given standard CDBG requirements, this means each activity must: (1) be a CDBG-eligible activity (or be eligible under a waiver or alternative requirement); (2) meet a national objective; and (3) address a direct or indirect impact from the major disaster in a Presidentially-declared county. A disaster-related impact can be addressed through any eligible CDBG-DR activity.

2. Who administers the CDBG-DR Program?

The Puerto Rico Department of Housing (PRDOH) has been designated by the Governor of Puerto Rico as the responsible entity in charge of the administration of the CDBG-DR funds which aim to assist in the Island's long term recovery in the wake of hurricanes Irma and María in 2017 and the earthquakes of 2019 and 2020.

3. How can CDBG-DR funds be used?

To invest in a more secure and resilient society, and to achieve transparent and planned distribution, funds granted through a CDBG-DR are divided into four (4) principal categories:

- Housing
- Planning
- Economic Development
- Infrastructure

4. What are the main objectives of the CDBG-DR Programs?

All programs assisted with CDBG-DR funding provided by HUD must comply with one of the Program's national objectives:

- Benefiting low- and moderate income (LMI) persons
- in the prevention or elimination of slums or blight
- Satisfy an urgent need

5. Can PRDOH use CDBG-DR funds to address the COVID-19 pandemic?

No. The use of these funds for disasters that were not cited in the respective CDBG-DR fund appropriation laws are not permitted. Specifically, CDBG-DR funds can be used only for the purposes of covering unmet housing recovery needs, restoration of infrastructure, economic revitalization, planning, and public services. Specific CDBG-CV funding was allocated for COVID-19 specific recovery.

3 National Objectives

1. Where can I find resources concerning National Objectives?

In addition to the [Program Guidelines](#), national objective information can be found at:

- Housing & Community Development Act of 1974, as amended, 42 U.S.C. § 5301 *et seq.*, in:
 - Section 101(c), 42 U.S.C. § 5301(c).
 - Section 104(b)(3), 42 U.S.C.A. § 5304(b)(3).
 - Section 105(c), 42 U.S.C. § 5305.
- 24 C.F.R. § 570.483 - Criteria for national objectives
- [Federal Register Vol. 83, No. 28, February 9, 2018, 83 FR 5844.](#)
- [Federal Register Vol. 83, No. 157, August 14, 2018, 83 FR 40314.](#)
- [Basically CDBG, Chapter 3: National Objectives.](#)
- [Guide to National Objectives and Eligible Activities for State CDBG Programs, Chapter 3: Meeting a National Objective.](#)

2. Does my Project have to meet a national objective?

Every CDBG-DR funded project (except for administration and planning activities), must perform an eligible activity, have a tie to the disaster, and meet a national objective. An activity that does not meet a national objective is not compliant with HUD CDBG-DR requirements and will be subject to repayment.

3. What are the different national objectives?

The three CDBG national objectives are:

- Benefit to low- and moderate- income (LMI) persons;
- Aid in the prevention or elimination of slums or blight;
- Meet a need having a particular urgency (referred to as urgent need).

There are a few pathways to meet an LMI national objective:

- Area benefit activities (LMA), which benefit all residents in the particular service area of the project, where at least fifty one percent (51%) of the residents are LMI persons;
- Limited Clientele Activities (LMC), where fifty one percent (51%) of the beneficiaries of an activity have to be LMI persons;
- Housing Activities (LMH), which provide or improve permanent residential structures which, upon completion, will be occupied by LMI households, and;
- Job Creation and Retention Activities (LMJ), which create or retain permanent jobs, at least fifty one percent (51 %) of which (computed on a full-time equivalent basis) will be made available to or held by LMI persons.

Likewise, there are a few pathways to meet the Slum and Blight national objective:

- Area basis (SBA), which aid in the prevention or elimination of slums or blight in a designated area;
- Spot basis (SBS), which eliminate specific conditions of blight or physical decay on a spot basis and are not located in a slum or blighted area;
- Urban renewal (SBR), which are located within an Urban Renewal project area or Neighborhood Development Program (NDP) action area that are necessary to complete an Urban Renewal Plan (SBR is not applicable in Puerto Rico).

4. How do I choose which national objective my project will achieve?

Ultimately, PRDOH (with their grant and program managers) will have the final decision on the proper national objective to assign to a particular project. Not every national objective is available to every project. For example, an economic development project would likely use the LMI Job or Area national objectives, and not LMI Housing or Slum and Blight, and a housing project will not use LMI Job Creation. The applicable national objectives differ between programs, so please consult the [applicable program guidelines](#) for more information.

In addition, activities may qualify for more than one national objective category. If an activity meets the LMI benefit national objective, then the best decision for most grantees will be to use the LMI benefit national objective because at least

seventy percent (70%) of non-administrative CDBG-DR expenditures must benefit low- and moderate-income people.

5. Which is the most common national objective?

Activities benefitting low to moderate income persons is the most commonly used national objective, by design. Every disaster funding allocation contains a minimum expenditure requirement that the grantee must meet in LMI projects. In Puerto Rico's case, seventy percent (70%) of all CDBG-DR funding allocations must be spent on projects that benefit low to moderate income persons, so each project is encouraged to meet an LMI national objective if it is possible to do so.

(Please note that 70% referred to above is for Puerto Rico's entire disaster award. Some programs are designed to require less than that percentage, some more. Those programs will manage their national objectives appropriately.)

6. Does every unit of a housing project have to be occupied by an LMI household?

Not for multi-unit projects. In order to meet the housing LMI national objective, structures with one unit must be occupied by an LMI household. If the structure contains two units, at least one unit must be LMI occupied. Structures with three or more units must have at least fifty one percent (51 %) occupied by LMI households.

7. How is LMI Area documented?

An area is considered to meet the test of being LMI if there is a large percentage (51%) of LMI persons residing in the project's service area. Defining that area is crucial to making sure the proper LMI calculations are performed. Considerations should be made about the nature of the activity, the location of the activity, accessibility issues, avoiding overlaps with comparable existing activities, and specific or established boundaries for facilities and public services. The justification of the service area should provide a clear, logical connection between the activity and the selected area. Some are easy to document, such as a municipal park, or a school or police precinct, where the service area is the municipality, school district, and police precinct boundaries. Some projects are less straightforward. Depending on the type of project, a service area might be as small as a few census tracts or as large as multiple cities or municipalities, or even island wide. PRDOH will work with applicants to ensure that the service area used for the LMI calculation is accurate.

Once the service area is determined, the *Public [Mapping Tools for Areas of Benefit Planning](#)* online tool can be used to quickly select service areas, calculate HUD census data, and generate a report summarizing all the necessary information needed for the project file.

Depending on the project, there may be a need to do a manual calculation or perform in-person surveys. The awarded party should request assistance from PRDOH in these instances.

8. How is job creation documented?

For activities that create jobs, there must be documentation indicating that at least fifty one percent (51%) of the jobs will be held by, or made available to, LMI persons. HUD provided a waiver to Puerto Rico to classify jobs as LMI by using the annual wages or salary of the job. HUD considers the person income-qualified if the annual wages or salary of the job is at or under the HUD-established income limit for a one-person family. The intention of this alternative approach was to ease the administrative burden of collecting household income information on a person-by-person basis.

Evidencing job creation using this alternative approach is done by comparing a before and after snapshot of the business' employment. Prior to award, a business will complete a form which captures the employment information and submit related payroll documentation at that time. After a predetermined time, the business will submit an updated form that captures employment information and updated payroll records. The "after" data is compared to the "before" data to calculate the number of new jobs created and how many can be considered LMI. In some instances, the use of this alternative method may not be the most advantageous for the project, in which case the project may consider recording LMI in the traditional fashion.

9. What is the difference between LMI Area and LMI Limited Clientele?

In contrast to the area benefit category, it is not the LMI concentration of the service area of the activity that determines whether the activity will qualify as Limited Clientele or not, but rather the number of LMI persons that directly benefit from the activity.

Limited Clientele activities are designed to provide benefits to a specific group of persons rather than everyone in an area. It may benefit particular persons without regard to their residence, or it may be an activity that provides a benefit to only particular persons within a specific area. Limited clientele projects require income verification or are limited to serve LMI income persons by design. Additionally, some groups of people are presumed to be LMI, such as abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS and migrant farm workers (24 C.F.R. 570.483(b)(2)(ii)(A)).

Economic development projects can also use the Limited Clientele national objective in the following circumstances:

- Projects that assist microenterprises when the person owning or developing the microenterprise is LMI; or
- Activities that provide training and other employment support services when the percentage of persons assisted is less than fifty one percent (51%) LMI may qualify if: the proportion of total cost borne by CDBG is no greater than the proportion of LMI persons assisted; and when the service assists businesses, CDBG is only used in the project to pay for the job training and/or supportive services.

10. Is an official designation necessary for a Slum and Blight project?

To achieve a Slum and Blight area designation, yes. To qualify under this national objective, the area in which the project occurs must be designated by the grant recipient (PRDOH) as Slum and Blight area, and must meet a definition of a slum, blighted, deteriorated, or deteriorating area under State or local law. Additionally, public improvements throughout the area must be in a general state of deterioration, or at least twenty five percent (25%) of the properties throughout the area exhibit physical deterioration, abandonment, chronic turnover, significantly declining property values, or environmental contamination.

Slum and Blight Spot Basis projects are those that eliminate blight conditions outside of a designated Slum and Blight area, so these do not require an official designation. Spot Basis project are limited, though, in their approved activities. Activities under this category are limited to acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, and building rehabilitation activities. Furthermore, rehabilitation is limited to the extent necessary to eliminate a specific condition detrimental to public health and safety.

11. How is Urgent Need met and documented?

The Urgent Need national objective was designed to address emergency conditions. Typically, urgent need qualified activities must meet the following criteria:

- The existing conditions must pose a serious and immediate threat to the health or welfare of the community;
- The existing conditions are of recent origin or recently became urgent (generally, within the past 18 months);
- The grantee is unable to finance the activity on its own; and
- Other sources of funding are not available.

Puerto Rico received a waiver from HUD (83 FR 5844 (12)) which provides a streamlined alternative requirement to document that a project meets an Urgent

Need National Objective. Instead of meeting the above cited criteria, PRDOH must document how each program and/or activity funded under the urgent need national objective responds to a disaster-related impact. For each activity that will meet an urgent need national objective in this manner, PRDOH must reference in its [Action Plan](#) needs assessment, the type, scale, and location of the disaster-related impacts that each program and/or activity is addressing over the course of the applicable deadline for the expenditure of obligated grant funds. 83 FR 5844, 5856.

12. Do all economic projects have to meet the LMI Job Creation national objective?

Although LMI Jobs is a preferred national objective for economic development projects, other national objectives may be used if appropriate based on the type of project, eligible activity, goals of the project, and ease of qualifying under another national objective. It is important to note that if LMI Jobs is not the selected national objective, HUD still requires record keeping of new jobs created for reporting purposes.

4 Procurement Processes

4.1 General

1. What regulations govern subrecipients procurement processes?

Subrecipients' procurement processes are governed by the provisions of the Code of Federal Regulation found at 2 C.F.R. § 200.318 through 2 C.F.R. § 200.327.

2. How does it arise that subrecipients can follow the provisions of 2 C.F.R. §200.318 through 2 C.F.R. §200.327?

Pursuant to PRDOH Secretary's Administrative Orders 21-14, 21-19, 21-20 and 21-27, HUD and PRDOH require Subrecipients to follow their own procurement policies and procedures that conform with the provisions of 2 C.F.R. §§ 200.318 through 200.327. This, is part of PRDOH's efforts to expedite Puerto Rico's disaster recovery process, and to ensure that CDBG-DR funds reach program participants quickly, timely and efficiently.

3. What are the fundamental purposes of the PRDOH Administrative Orders 21-14, 21-19, 21-20 and 21-27?

They release Subrecipients from compliance with the Procurement Manual for the CDBG-DR Program, Regulation No. 9205 and allow procurement processes to be conducted in accordance with 2 C.F.R. § 200.318 - § 200.327.

4. What happens with the procurement processes that were published prior to Administrative Orders 21-14, 21-19, 21-20 y 21-27?

They will continue under the processes established in Regulation 9205.

5. In which provision are the general procurement standards specified?

Refer to 2 C.F.R. § 200.318.

6. In which provision are the requirements for full and open competition specified?

Refer to 2 C.F.R. § 200.319.

7. What situations may be considered to limit competition?

Imposing unreasonable requirements and arbitrary actions; requiring unnecessary experience and excessive bonds; and non-competitive practices, among others. (Refer to 2 C.F.R. § 200.319 and 24 C.F.R. § 570.489(g))

8. Can geographic preferences be imposed/implemented?

The use of state, local, or geographic preferences imposed by law or administratively in evaluation of bids or proposals is prohibited, except:

- Where applicable federal statutes expressly require or encourage geographic preference.
- Services are subject to state licensing.
- In specific cases for architectural and engineering services.

(Refer to 2 C.F.R. § 200.319(c)).

9. When should a procurement process be carried out?

When purchasing or contracting for the purchase of goods and/or services with funds provided by the CDBG-DR Programs.

10. Is it possible to contract directly for professional services?

No. To acquire professional services, a procurement process must be completed prior to awarding a professional services contract. The type of procurement method used in the acquisition of professional services is determined by the monetary value of the procured services.

11. Can a Subrecipient use a prior professional services contract for professional services under the CDBG-DR Program?

No, unless it can be demonstrated that a procurement process was held for that professional service contract in accordance with the requirements of 2 C.F.R. § 200.318 - § 200.327.

12. Can a direct purchase of goods be made?

No. To acquire any type of goods, a procurement process must be carried out and the method of acquisition will depend on the total amount of goods to be acquired.

4.2 Procurement Methods

1. What regulation establishes the methods of procurement to be followed?

Refer to 2 C.F.R. § 200.320.

2. What is the difference between informal and formal procurement methods?

Informal methods are those in which the acquisition of goods and/or services do not exceed \$250,000. These include micro-purchases and small purchases. Formal methods are those in which the acquisition of goods and/or services exceeds \$250,000. These include sealed bids, request for proposals and non-competitive processes, the latter of which does not require advertising.

3. What are the most used procurement methods?

The most used procurement methods are Micro Purchase, Small Purchase, Sealed Bids and Request for Proposals.

4. What is a Micro Purchase?

Procurement of goods and/or services that does not exceed \$10,000. May be awarded without soliciting quotations, if the price is determined to be reasonable based on research, experience, purchase history or other information. 2 C.F.R. § 200.320.

5. Is it possible to make several micro purchases that do not exceed the established amount of \$10,000 but together exceed that amount?

No, this is expressly prohibited and may be considered as a fractioning of the process.

6. What is a Small Purchase?

Procurement of goods and/or services between \$10,001 and \$250,000. It must be distributed equally among qualified suppliers. Price quotations or rates must be obtained from an adequate number of qualified sources. 2 C.F.R. § 200.320.

7. Can several small purchases be made that do not exceed the stated amount of \$250,000 but together exceed that amount?

No, this is expressly prohibited and may be considered as a fractioning of the process.

8. What is a Sealed Bid?

A procurement method in which bids are publicly solicited, and a fixed-price (lump sum or unit price) contract is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. 2 C.F.R. § 200.320.

9. Where are the requirements for a Sealed Auction?

Refer to 2 C.F.R. § 200.320.

10. When should the Requests for Proposals procurement method be used?

When procuring goods or services in excess of \$250,000. This procurement method allows for consideration of technical factors other than price; discussion with offerors on bids submitted; negotiation of other terms and conditions of the contract; review of proposals prior to final selection of the offeror; and withdrawal of a bid at any time up to the time of award. 2 C.F.R. § 200.320.

11. Under what considerations contracts should be awarded under a Requests for Proposals procurement method?

Contract award must be given to the responsible offeror whose proposal is most advantageous to the non-Federal entity, and that represents the best overall value, considering price and other factors, such as technical expertise, experience, quality of proposed personnel and others, set forth in the solicitation and not just the lowest price. 2 C.F.R. § 200.320.

12. What is an independent cost estimate?

An independent review of the cost estimate of the goods or services to be procured, prepared by the Subrecipient, or a third party prior to issuing a request for bids. The independent cost estimate is a confidential document, and its publication may affect full and open competition. 2 C.F.R. § 200.324.

13. Do cost estimates have to be made for all procurement processes?

No. Independent cost estimates are required for all procurement processes over \$250,000. 2 C.F.R. § 200.324. However, it is recommended that the independent cost estimate be completed on all processes as a tool to determine the reasonableness of the cost and justification for the selected acquisition method.

14. How is a proposer's eligibility determined?

Pursuant to 2 C.F.R. § 200.318(h) the Contracting Entity shall verify and document the eligibility of Suppliers/Providers in the following databases:

- System of Award Management (SAM)- Requires Proposer's DUNS Number (<https://www.sam.gov/SAM/>)
- Limited Denial of Participation List (LDP) (https://www.hud.gov/topics/limited_denials_of_participation)

(See also 2 C.F.R. § 200.14 and 2 C.F.R. Subpart E (§§ 180.500)).

15. What does SAM consist of?

All entities participating in a procurement process that use/receive federal funds must be registered in SAM.gov. Vendors submitting quotes for CDBG-DR Programs

are also required to be registered in SAM to be considered. If not already registered, vendors must include evidence of registration when submitting quotes. Registration is free of charge to the supplier. To register, visit: <https://www.sam.gov/SAM> or https://www.federalcontractingpr.com/Register_today.

16. What does LDP consist of?

Limited Denial of Participation (LPD) - excludes a specific person or entity from participating in a specific program or programs, within the geographic jurisdiction of a HUD field office, for a specific period. For verification refer to: https://www.hud.gov/topics/limited_denials_of_participation.

17. Do all suppliers have to register in SAM?

Suppliers are required to be registered in SAM.gov for purchases that are greater than \$25,000. For purchases under \$25,000 it is recommended to be registered in SAM.gov, but not mandatory.

18. When and where should procurement processes be published?

Any procurement process greater than \$250,000 requires public advertising. Publication may be made on the CDBG-DR Program website, on the Subrecipient's website, in a newspaper of general circulation, or any other method required by the Subrecipient's procurement policies and procedures.

19. Suppliers must be summoned on the same day and time to submit their proposals, is this a requirement for sealed bids only?

In any acquisition process, full and open competition must prevail the date and time at which bids may be submitted must be established.

20. If only one quote or proposal is submitted for a procurement method over \$10,000, does the process have to be cancelled and re-solicited? If so, is the cancellation notice sent to the participant or to all invitees?

Except for non-competitive processes, procurement processes must be fully and openly competitive. In a competitive process, if only one quotation or proposal is received, it must be cancelled, and the process re-advertised. Thus, an adequate number of qualified participants is required, as determined by the Subrecipient's policies and procedures. Any cancellation must be adequately notified to all participants and invitees of the process.

21. Where can I obtain additional templates that are suggested for the procurement methods according to the program?

In the Subrecipients Procurement Library. This library has been created by PRDOH so that you can download different procurement templates for your own use. In

this library, you can reference all Administrative Orders related to procurement processes and general document templates. Refer to:

<https://app.smartsheet.com/sheets/v59cja92vffj8pf9jvRvrF6gFvVJrw7GWjf548G1>

22. Can changes be made to the templates generated by the Puerto Rico Department of Housing?

Templates are developed for the purpose of assisting and providing general information to Subrecipients with their procurement processes. They do not address the needs of each Subrecipient. Therefore, these documents must be tailored by the Subrecipient to meet their own business needs. Subrecipient is in no way obligated to use these templates.

23. Where can I obtain general information and templates related to the different aspects of procurement under a CDBG-DR Program in accordance with HUD guidelines?

In 2 C.F.R. §§ 200.318 – 200.327 and HUD's Disaster Recovery Library for Procurement:

<https://www.hudexchange.info/resources/disaster-recovery-library/procurement/#all-resources>.

24. Will the PRDOH CDBG-DR Program assist with the preparation of responses to questions submitted by potential proposers in a procurement process?

The PRDOH CDBG-DR Program will not provide assistance in answering questions submitted by potential proposers. This is the responsibility of the procuring entity.

25. Is it a requirement of the CDBG-DR Program to submit procurement processes documents for review by the PRDOH?

No. However, the PRDOH CDBG-DR Program is available to conduct courtesy reviews of rough drafts for acquisition processes. Courtesy reviews should be sent to: CDBGDR-PROCUREMENT@vivienda.pr.gov.

26. How can I receive technical assistance?

A Procurement Support Request Form must be completed. This form has been created for Subrecipients to request technical assistance or any basic guidance on their procurement processes. The form can be obtained at:

<https://app.smartsheet.com/b/form/701959fb7d584c509227068c2fcb66c4>

27. How are liquidated damages calculated?

There is no formula for calculating liquidated damages, but they must be reasonable. Liquidated damages are intended to encourage contractor compliance with performance requirements; they are not punitive.

28. What are the minimum documents required in a procurement file or record?

It should include solicitation documents; independent cost estimate; justification for the selected procurement method; evaluations, recommendations and determinations made by the procuring entity; advertisements; bids received; and any information considered by the procuring entity.

4.3 Other Sources

1. What are other sources of information that can be used as reference on procurement process matters?

CDBG-DR Procurement (cdbg-dr.pr.gov website)- This section provides different resources to Subrecipients and the public where they can download, for reference, the Procurement Manual, the DUNS and SAM FAQ guide, general information and register to receive notifications on active procurement processes. <https://cdbg-dr.pr.gov/en/cdbg-dr-procurement/>

- **CDBG-DR: Contracts (cdbg-dr.pr.gov website)**- This section provides access to the contracts awarded by the Puerto Rico Department of Housing under the CDBG-DR Program. <https://cdbg-dr.pr.gov/en/contracts-cdbg/>
- **Office of the Comptroller of Puerto Rico** - The contract search engine in the Puerto Rico Comptroller's website can be useful to search for service/goods contracts and use them for guidance or reference. <https://consultacontratos.ocpr.gov.pr/>
- **GSA** - The GSA library can be used as a source to search and reference GSA contract information. <https://www.gsaelibrary.gsa.gov/ElibMain/home.do>

2. What additional sources can I consult when deciding how to make a procurement in compliance with procurement provisions of the C.F.R.?

The Buying Right CDBG-DR and Procurement: A Guide to Recovery: <https://files.hudexchange.info/resources/documents/Buying-Right-CDBG-DR-and-Procurement-A-Guide-to-Recovery.pdf>

5 Contracts and Subrecipient Agreements

1. Who is a Subrecipient?

A Subrecipient is typically a local government or nonprofit organization that independently administers a program on behalf of the grantee. (HUD Policy Guide for Grantees). An entity generally but not limited to non-Federal entities, that receives a grant from a pass-through entity to carry out part of a Federal award; but does not include a person who is a recipient or a beneficiary of that award. A Subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. (2 C.F.R. § 200.1).

2. What is a contract?

A legal instrument by which a recipient or Subrecipient purchases property or services necessary to carry out the project or program under a federal grant. (2 C.F.R. § 200.1).

3. Is a Subrecipient required to meet all three of the National Objectives as defined in 24 C.F.R. § 570.208?

No, they only need to certify that they meet one of the National Objectives according to the activity to be carried out under the program. The National Objectives to be met by the different programs can be found in the Action Plan and in the Program Guidelines.

4. What does the Special Conditions Exhibit consist of?

This exhibit establishes specific requirements and conditions specific to the program under which the parties sign the Subrecipient Agreement, as well as regulates circumstances specific to the program. By signing a Subrecipient Agreement, the Subrecipient agrees to comply with the provisions of the Special Conditions Exhibit. Generally, this exhibit imposes requirements regarding the adoption or updating of policies and training seminars.

5. What is the Capacity Assessment and who conducts it?

The purpose of the Capacity Assessment is to determine the capacity and readiness of a Subrecipient to administer a CDBG-DR funded program. In turn, the Program develops the Special Conditions annex based on the results obtained from the capacity assessment. Currently, these assessments are coordinated by PRDOHCDBG-DR Monitoring Division for the various CDBG-DR programs.

6. I participated in a procurement process of PRDOH and I was chosen. What documents should I prepare for the contract?

None. The contract, as well as its exhibits, will be prepared by the PRDOH CDBG-DR Program Legal Division.

7. What documents should I prepare in view of a Subrecipient Agreement or amendment?

The agreement or amendment will be prepared by PRDOH CDBG-DR Program Legal Division. The Subrecipient is responsible for developing the Key Personnel and Budget attachments. The subrecipient must also provide a copy of the insurance policy required by PRDOH, if applicable. The remaining attachments will be prepared by the Program in coordination with the CDBG-DR Program Legal Division.

8. Do I have to provide any other information in view of a Subrecipient Agreement or amendment?

Yes. The Subrecipient must provide the following:

1. Name of the entity, type of organization and entity address.
2. The entity's DUNS number and employer's social security number.
3. Copy of the corporate resolution authorizing a representative of the entity to sign the agreement or contract on behalf of the entity. If the Subrecipient is a governmental entity, the statute allowing the entity to contract through a representative must be provided.
4. Name, city of residence, occupation, or position within the entity, marital status (single or married), e-mail address and telephone number of the representative.
5. If the entity has a point of contact (POC), provide their name, position within the entity, email and phone.

9. Where can I request a DUNS number?

To obtain a DUNS number, access the following link: www.dnb.com. You must register for a DUNS number, which is free of charge. You will need all of the following information to obtain a DUNS number:

1. Organization Name
2. Address of the organization
3. Name of the CEO or owner of the organization
4. Legal structure of the organization (e.g., corporation, partnership)
5. Year of establishment of the organization
6. Primary type of business
7. Total number of employees (full time and part time)

10. What if the Subrecipient Agreement, or its exhibits, include clauses that are not applicable to my entity, the project, or the Program?

These clauses are deemed not to have been put in place. However, they shall remain within the agreement in accordance with federal and state regulations.

11. Are all the general provisions, of HUD and other statutes, regulations and requirements that PRDOH includes in its agreements, required in Subrecipient Agreements and contracts?

It is highly recommended that the general provisions of HUD and other federal statutes, regulations and PRDOH requirements be included in all Subrecipient Agreements and contracts entered by subrecipients.

12. Will I have the opportunity to review the documents that are part of the Subrecipient Agreement prior to signing?

Yes. After the CDBG-DR Program Legal Division completes a draft of the Subrecipient Agreement and reviewing its attachments, the Legal Division will email you a copy. In this manner, your entity will have the opportunity to review and discuss the Subrecipient Agreement, and its attachments, with the Legal Division.

13. Can I redistribute my line-item budget without having to formally amend the Subrecipient Agreement?

Yes, redistribution between line items in an allocated budget are allowed with prior approval. The Subrecipient may not increase or decrease the total allocated budget without a formal approval and an amendment to the Subrecipient Agreement. The request for redistribution between line items must be made by the person holding the same position as the representative who appeared to sign the Subrecipient Agreement on his or her behalf and must be approved by PRDOH Secretary.

14. Can the Subrecipient assign his or her rights in the Subrecipient Agreement?

No. The Subrecipient may not assign or transfer any interest in the Subrecipient Agreement without the prior written consent of PRDOH.

15. Are fringe benefits included in the hourly rate to be paid to program staff?

Yes, the Subrecipient must discuss the matter with the Program and express that they are including fringe benefits under that person's compensation.

16. Can a person hold more than one position within the program?

Yes, however, it cannot exceed the maximum total of 40 hours worked per week and the positions cannot present a conflict of interest (e.g. Grant Manager with Procurement Manager).

17. Can tasks be added, or changed for a staff position?

Yes, if prior approval is obtained from PRDOH and the corresponding amendment to the Subrecipient Agreement is carried out.

6 Finance

6.1 Configuration of a Supplier's Profile

1. What is VendorCafe?

VendorCafe is a communication tool (web platform) between the PRDOH's CDBG-DR Program and its suppliers. The platform is used to submit documents (insurance, treasury relays, etc.), submit invoices, view budget lines, and monitor the billing process.

2. Who should I contact if I have problems setting up my VendorCafe supplier profile?

Send an e-mail indicating the problem to the following e-mail address:

- To: helpdeskpr@hornellp.com
- Cc: drodriguez@vivienda.pr.gov
- Subject: VendorCafe – Supplier's Name*

*Example: **VendorCafe – ABC Supplies Inc.**

3. Who can complete a supplier's profile in VendorCafe?

A VendorCafe profile can only be completed by the person designated by the supplier as VendorCafe Administrator.

4. Can PRDOH complete the supplier's profile in VendorCafe?

No. The supplier is the only one who can fill a profile in the VendorCafe system.

5. Who appoints the VendorCafe System Administrator?

Either the individual authorized to sign the contract, or their appointee or point of contact, as designated via an agreement (SRA) with the CDBG-DR Program, can be designated as the VendorCafe Administrator.

6. How is PRDOH informed who the Administrator of VendorCafe is?

To inform the CDBG-DR Program, the person authorized to sign contracts or agreements (SRAs) must:

- Complete the **VendorCafe System Authorization** form.
- Send the form to the following email address: drodriguez@vivienda.pr.gov

7. What are the roles or responsibilities of a system administrator in VendorCafe?

The system administrator is responsible for:

- Activating the supplier's VendorCafe account.
- Reviewing or entering information about the supplier.
- Attaching forms and documents necessary to activate the profile.
- Adding or inactivating VendorCafe system users.
- Submitting invoices to the CDBG-DR Program.
- Updating documentation and certification of insurance.

8. Does the VendorCafe system administrator need to be from the IT Department?

No. The VendorCafe Administrator must be someone who can retain the privacy of sensitive company information (bank account information, employers' social security, others) and effectively manage a web-based information system.

9. Can CDBG-DR Program staff log into VendorCafe and access the screens that the supplier sees?

No. The CDBG-DR Program staff cannot see or enter the supplier's screens in VendorCafe.

10. Will the VendorCafe system administrator receive training?

Upon receipt of the name of the VendorCafe Administrator, the VendorCafe support area will be contacting the appropriate person to coordinate a presentation on how to complete their VendorCafe profile.

If you need immediate training, please contact us at the following e-mail:

- To: helpdeskpr@hornellp.com
- Cc: drodriguez@vivienda.pr.gov
- Subject: VendorCafe Training – Supplier's name

11. When will I receive the information to complete the VendorCafe profile?

When the CDBG-DR Program receives the required information from your organization's VendorCafe Administrator, an email will be sent to your administrator providing instructions to complete a profile in VendorCafe. The instructions will provide the necessary forms to complete a profile.

12. Is there a reference document for implementing a supplier profile in VendorCafe?

There are two (2) documents explaining how to complete a supplier profile in VendorCafe:

- Presentation: VendorCafe Configuration
- Manual: CDBG-DR VendorCafe Manual

These documents will be sent to you with instructions on how to complete the profile.

13. What information is required to create a supplier profile in VendorCafe?

To complete the account in VendorCafe, you need the following information:

- Supplier Information: Supplier's official name, address, employer's social security number, telephone number, etc.
- Name and information of people who need access to the system
- The following documents (completed and signed):
 - Form A – New Vendor Request Form
 - Form B – EFT Authorization Form
 - Copy of "Voided" check or bank letter certifying bank account
 - Form C – Authorized Signature Form
- Copy of the current General Liability Certificate of Insurance endorsed in the name of:
 - Puerto Rico Department of Housing
 - U.S. Department of Housing and Urban Development (HUD)
 - Government of Puerto Rico
- Copy of current Worker's Compensation Insurance document

14. Can Form B – EFT Authorization Form be sent without the voided check or the letter from the bank?

No. The EFT account cannot be activated without evidence of a bank account (Voided Check or bank letter).

15. Which functions are authorized on Form C - Authorized Signature Form?

This form will identify the individuals in charge of: Contract Management, Bank Account Management, and Invoice Approval. It is important to ensure that Form C is updated if there are changes in the functions of individuals identified in Form C.

16. Will people be activated in VendorCafe whose role is not identified in Form C - Authorized Signature Form?

No. It is necessary to identify the task of all users who will have access to the VendorCafe system.

17. Can someone in PRDOH upload copies of insurance and documents sent with the contract to the VendorCafe system?

No. The VendorCafe platform is designed to be managed by suppliers, entities and municipalities. Everything submitted can be seen and managed by PRDOH, but PRDOH will not be able to enter the supplier's profile to upload invoices, policies, or any other documents.

18. When submitting the supplier's profile in VendorCafe, is the profile automatically approved?

No. The information submitted through the VendorCafe portal will be reviewed to verify that the documents are completed correctly and that the policy insurances are active and endorsed correctly. If any part is incomplete or incorrect, a message will be sent through VendorCafe so that it can be corrected. Only profiles that meet the registration requirements will be approved.

19. Can invoices be uploaded into VendorCafe if the profile is pending approval?

No. The supplier's profile must be approved to upload invoices.

20. What General Liability information should I upload to VendorCafe?

Only the Certificate of Insurance page should be uploaded to VendorCafe.

6.2 Supplier Maintenance with VendorCafe

1. Who is responsible for uploading the insurance renewals to the VendorCafe system?

The supplier, entity or municipality is responsible for uploading the insurance renewal to the VendorCafe system annually or each time a coverage expires. It is

important that in addition to uploading the document they must update the fields in VendorCafe with the new expiration date.

2. What should I do when someone leaves the company or their task changes?

When someone leaves the company or no longer needs access to VendorCafe, the Administrator must:

- Inactivate the user in VendorCafe.
- Update Form C – Authorized Signature Form.
- Attach Form C in the Documents section of VendorCafe.

When someone changes their task in the company, the VendorCafe Administrator must:

- Verify and update the employee's access in the VendorCafe system.
- Update Form C – Authorized Signature Form.
- Attach Form C in the Documents section of VendorCafe.

6.3 Problems with VendorCafe

1. If I have questions after setting up VendorCafe, where do I submit the question?

VendorCafe has an option called Q&A. This option is a communication tool between the supplier and PRDOH. The system maintains a history of all communications submitted via Q&A. This option should not be used to send documents.

2. Can I attach documents through Q&A communication tool?

No. Any document to be sent to VendorCafe should be attached in the following section:

- **Contracts:** Contracts
- **Insurance Information:** Insurance copy
- **Documents:** Other documents such as Forms, bank information, and other pertinent records.

6.4 Invoicing of Suppliers with VendorCafe

1. What is the benefit of invoicing through VendorCafe?

PRDOH implemented this platform to save travel time for the different entities, municipalities, or companies in the delivery of original documents. It also helps to minimize the use of paper documentation, and with digital signatures, the documents are permissible for the PRDOH. VendorCafe feeds the PRDOH financial system so that all documentation is immediately stored in the financial system.

2. Can a supplier invoice PRDOH CDBG-DR Program without registering in VendorCafe?

No. All CDBG-DR Program's suppliers must be registered in VendorCafe and approved before submitting their invoices through the system. In the event of a natural disaster or other force majeure situation, PRDOH will consider alternate ways to maintain the flow of invoices.

6.5 Cost Principles

1. What are the composition of costs for a CDBG-DR Program award?

The Code of Federal Regulations at 2 C.F.R. § 200.402 defines total costs of a Federal award as the *"sum of the allowable direct and allocable indirect costs less any applicable credits."*

2. What are the basic cost principles?

As outlined in 2 C.F.R. 200 Subpart E, all costs must meet the following criteria:

- **Necessary:** Costs should be necessary and reasonable for the performance of the Federal award and need to be adequately documented. 2 C.F.R. § 200.403.
- **Reasonable:** Costs do not exceed what a prudent person would incur under similar circumstances as demonstrated by the market price for comparable goods and services. 2 C.F.R. § 200.404.
- **Allowable:** Costs must be allowable under CDBG-DR Program rules, regulations and under 2 C.F.R. 200 Subpart E. Some costs such as lobbying, entertainment, and alcohol are not allowed under any circumstances. 2 C.F.R. § 200.403.
- **Allocable:** Costs must be clearly allocated, meaning the cost is assigned to a CDBG eligible activity with a methodology for determining where to attribute cost. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost. 2 C.F.R. § 200.405.

3. What is the difference between direct and indirect costs?

Direct Costs: Costs that are specific, identifiable, and are incurred to provide services or products for a grant award. These costs can be directly assigned to such activities relatively easily with a high degree of accuracy. 2 C.F.R. § 200.413.

Indirect Costs: Costs that **cannot** be identified for a specific grant award, service or activity of an organization, but are incurred, and ultimately support multiple grant awards, services or activities. 2 C.F.R. § 200.413.

Indirect costs generally fall within two (2) categories as per 2 C.F.R. § 200.414:

- 1) **Facilities:** Defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. For example, janitorial services, rent/mortgage (in a shared space), utilities (in a

shared space), security, etc.

- 2) **Administration:** Administration and general expenses such as the director's office, accounting, personnel, and all other types of expenditures not listed specifically under one of the subcategories of "Facilities" (including cross allocations from other pools, where applicable). For example, mailing services, Human Resources, Supplies, Accounting, etc.

4. How can indirect costs be charged to the grant award?

Indirect costs can be charged to the CDBG-DR Program's federal award using one of the following three (3) methods:

- 1) **10% de minimis rate** - If the entity does not have an approved federally recognized indirect cost rate negotiated with a federal cognizant agency (NICRA), the entity may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC).

MTDC is defined as "all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs."

- 2) **Negotiated Indirect Cost Rate Agreement (NICRA)** - A negotiated rate based on identified indirect cost with a Federal cognizant agency. Federal cognizant agency is the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans, or indirect cost proposals developed under this part on behalf of all Federal agencies (2 C.F.R. § 200.1)
- 3) **Cost Allocation Plan** - An allocation plan (not a rate) based on approved methodologies for allocating each cost; for example, rent-based on square footage, HR & Accounting – based on hours worked, among others.

5. What are the common costs included in Subrecipient Agreements (SRAs)?

Generally, costs included in SRAs must be eligible per the program guidelines and could include the following:

- 1) **Staffing** - Salaries of employees for the time devoted to implementing and carrying out the program.

- 2) **Professional Services** - Services contracted to help the entity implement and carry out the program. Services to be procured in accordance with the requirements set forth in 2 C.F.R. §§ 200.318 through 200.327.
- 3) **Other Operating Expenses** – Other expenses such as goods, utilities, outreach materials and program's supplies that can be directly tied to implementing and carrying out the program. Should be procured in accordance with the requirements set forth in 2 C.F.R. §§ 200.318 through §200.327.
- 4) **Indirect Costs** – As explained above.
- 5) **Equipment** - Tangible personal property necessary to implement and carry out the program. Depending on the program, it may include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction, and printing equipment, etc. Should be procured in accordance with the requirements set forth in 2 C.F.R. §§ 200.318 through § 200.327.

6.6 “Subawards”

1. What is a subaward?

A subaward is an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract. 2 C.F.R. § 200.1.

A Subrecipient Agreement (SRA) is the basis for the contractual obligation between PRDOH and the Subrecipient to fund and implement the awarded activity or program as required by 24 C.F.R. § 570.503. The agreement denotes responsibilities attributable to each party, and outlines in exact measure the scope of services provided under the agreement, methods of accountability, and a schedule for payment. Execution of the agreement binds the Subrecipient for a specified period of time (term) and may be revised only upon written authorization from PRDOH. (CDBG-DR Subrecipient Management Policy).

2. Who is a Subrecipient?

A Subrecipient is typically a local government or a nonprofit organization that independently administers a program on behalf of the grant recipient (HUD's Policy Guidance for Grantees). It is an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a

beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. 2 C.F.R. § 200.1.

3. How are subawards considered in the MTDC base for de minimis?

The MTDC base can include costs up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). 2 C.F.R. § 200.1.

6.7 Contracts

1. What is a contract?

A legal instrument by which a recipient or Subrecipient purchases property or services needed to carry out the project or program under a Federal award. 2 C.F.R. § 200.1.

2. Who is a contractor?

An entity that receives a contract as defined above (2 C.F.R. § 200.1) as a result of a procurement process. A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. (HUD's Policy Guidance for Grantees).

3. How are contracts for professional services considered in the MTDC base for de minimis?

Direct Professional Services costs needed to carry out the project or program can be included as part of the MTDC base for use in determining the overall Indirect Costs utilizing the de minimis rate.

6.8 Program Income

1. What is Program Income?

Program Income for a CDBG-DR Program is defined within Federal Register Notice Vol. 83, No. 28 published Friday, February 9, 2018 as gross income generated from the use of CDBG-DR funds, except for net income from the use or rental of real property owned by a State, local government, or Subrecipient thereof, that was constructed or improved with CDBG-DR funds, and received by a State or a subrecipient of a State. When income is generated by an activity that is only partially assisted with CDBG-DR funds, the income shall be prorated to reflect the percentage of CDBG-DR funds used. Refer to the Federal Register Notice Vol. 83, No. 28 published Friday, February 9, 2018, (83 FR 5844) for the full definition.

2. How is Program Income used?

The Subrecipient Agreement states that the Subrecipient shall notify PRDOH, within twenty-four (24) hours of receipt, of any Program Income generated by activities carried out with CDBG-DR Program funds made available under the agreement. All Program Income generated by activities carried out with the CDBG-DR

Program funds must be returned to PRDOH if retention of Program Income is not previously authorized by PRDOH. In such cases, the Subrecipient retains its Program Income for use in program activities under the Subrecipient Agreement so long as the Program Income is substantially disbursed before additional grant funds are drawn from the U.S. Treasury for the same activities.

3. What should a Subrecipient do when Program Income is generated?

The Subrecipient shall notify PRDOH within twenty-four (24) hours of receipt of any Program Income generated by activities carried out with CDBG-DR Program funds made available under their executed Subrecipient Agreement. The timeline for this notification is specified in your SRA. In addition, Program Income received and generated must be tracked and reported on a monthly basis, or when submitting a request for payment, both within the invoice and in the monthly reporting. Along with each invoice package, the Subrecipient shall report program income generated and used during the period being reported.

6.9 Invoicing:

1. How do I Invoice?

Invoices must be uploaded through the VendorCafe platform using the Contracts option.

If the Subrecipient has more than one SRA, they must choose the correct contract number for the program to be billed. The contract number is located in the Invoice form identified as the Yardi Contract Number.

2. What documents should be included with my invoice?

The Subrecipient will receive by email an Invoicing Package in Excel format. This package includes the Invoice Checklist, Invoice form, and Activity Detail forms corresponding to the services specified in the Subrecipient Agreement.

All invoices must include the following documents:

- Invoice Checklist
- Invoice Form
- Activity Detail Form corresponding to the invoiced service
- Certification or evidence of payment
- Supporting documents related to invoiced services
- Monthly Report

When a Subrecipient Agreement has an amendment, the Billing Package will be modified and sent to the Subrecipient accordingly. The new package must be used from the date of approval of the amendment. It is important that the person

signing the billing package is one of the individuals listed on the *Form C- Authorized Signature* form under the Invoice approval task.

If you do not receive the modified package after an amendment is executed, please contact the Invoicing Area to request a modified package or write to drodriguez@vivienda.pr.gov.

3. What will be the frequency of billing?

Exhibit A - Scope of Work 4.2.7 and clause VII (Payment), paragraph B (Request for Reimbursement) of the SRA indicates that reimbursement for work performed will be invoiced monthly.

Subrecipient's request to submit invoices at a frequency different from that set forth in the SRA must be discussed with PRDOH and approval must be obtained.

In cases where an expense remains unbilled for any period, the Subrecipient may also submit another invoice for the unbilled expenses. The request for reimbursement for services rendered may be divided among several invoices, if it is more convenient for the Subrecipient.

For purposes of numbering invoices, the first invoice of the period will end in 001, according to the format established for the name of the invoices. If a second invoice is submitted, it will end in 002 and so on.

4. Do I have any set time to submit my invoice?

There is no deadline for submitting invoices at the contractual level, however, as a best practice and to keep reimbursements up to date, it is suggested that invoices be submitted within the first ten (10) days of the following month. It is important that before submitting an invoice, you have your monthly report approved for the period to be invoiced.

5. What will the invoicing period be?

Services shall be billed within the period when the service was performed or rendered.

The start date and end date should cover the entire period where all services incurred are to be billed. It is suggested that the period from the 1st day of the month to the last day of the month be used.

The first invoice to be submitted must consider the contract approval date to determine the start date of the period. The first invoice date cannot be before the effective date of the contract.

6. Will Timesheets always be required?

If the SRA includes staffing services, Timesheets are required as supporting documents for invoicing tasks performed by staff to implement program.

The Payment Clause, paragraph B of the SRA (Request for Reimbursement) identifies Timesheets as supporting documents for billed services.

All Timesheets must include:

- Name of the employee and position as outlined in the SRA.
- Description of the tasks performed, and hours worked per day:
 - The descriptions must detail the tasks according to the position and description in the agreement;
 - Descriptions of performed tasks must be described in complete sentences and clearly state the tasks performed by the employee each day;
 - A description of any task must sufficient to justify the total number of hours billed;
 - It is suggested to be in English, but it is not mandatory.
- Total hours worked per day and total hours for the invoiced period.
- Employee's signature, supervisor's printed name, supervisor's signature, and date.

7. Can reimbursement be requested for Fringe Benefits?

The Subrecipient may request reimbursement for fringe benefits and employer contributions paid for each employee. These costs will be included in the hourly rate. This hourly rate will comprise the full cost of the employee, i.e., payroll, employer contributions and fringe benefits.

8. How do I calculate fringe benefits and hourly rates?

The Subrecipient must add up all employee related expenses, as described above, and divide by the total working hours for the month. This rate is the one that will be used to bill the hours worked by the employee in the invoice to the program.

It is important to emphasize that the rate must be billed according to the stipulated rate in the SRA.

9. How will leave be paid for holidays, illness, etc.?

Leave pay may be requested in accordance with 2 C.F.R. § 200.431. These payments must be in accordance with the Subrecipient's policies and in proportion to the percentage of time spent by the employee in the program.

10. How will Professional Service invoices be submitted for payment?

Invoices for professional services shall be submitted in accordance with the SRA and the agreement between the Subrecipient and the service provider.

The two (2) most common methods of invoicing professional services are:

- Invoicing per hour worked; the Activity Detail C.5 included in the Invoicing Package shall be used
- Invoicing by deliverables; the Activity Detail C.22 included in the Invoicing Package will be used

11. What are the supporting documents for Professional Services invoices?

The documents to be included with the invoice for the reimbursement of professional services are:

- Self-Certification of the procurement process;
- Copy of the contract between the Subrecipient and the Professional Service provider – this must include the required federal and state clauses;
- Invoice of the service with a description of the works performed; and
- Supporting documents, either of the deliverables or service, if the service charge is hourly, submit a breakdown of the tasks performed by day and total hours per day.

12. What are the supporting documents for Subawards invoices?

The documents to be included in the invoice for the reimbursement of *Subawards* are:

- Copy of the SRA or Memorandum of Understanding (MOU), as applicable, between the Subrecipient and the contracting entity – this must include the required federal and state clauses; and
- Subaward invoice with supporting documents corresponding to the services billed.

13. What are the supporting documents for the invoicing of the acquisition of goods?

The documents to be included in the invoice for the reimbursement of acquisition of goods are:

- Self-Certification of the procurement process;
- Invoice related to the purchased good; and
- Evidence of payment.

14. How to invoice Other Operating Costs?

Other Operating Costs will be billed using the Activity Detail forms sent in the Billing Package corresponding to the cost to be reimbursed. Some examples are: Mileage, Per Diem, Insurance, Rent, among others.

If the operational cost is shared with other programs, the Subrecipient must submit a cost allocation report of the percentage to be billed to the program.

Supporting documents will be in accordance with the invoiced costs and must include, among others, "Self-Certification" of the application acquisition process, invoice of the cost or evidence of the expense, and evidence of payment.

15. Should we submit evidence of payment or a Payment Certification?

The Subrecipient may submit evidence of payments made or a Certification of Payment.

If a Certification of Payment is submitted, it must indicate that all costs billed have been for work performed for the program and have been paid. If employee expenses are included, the certification must also indicate which employer contributions were paid and indicate the period paid. The certification must be on stamped paper (with the logo) and must include invoice number and period.

If the Subrecipient has not yet made payment, the certification will be for work incurred and should indicate that the work will be paid upon receipt of reimbursement from the PRDOH. On future invoices this certification must indicate that work performed on previous invoices for which reimbursement has already been received from PRDOH has been paid.

The Subrecipient must submit evidence of payment such as copies of cancelled checks, payroll reports or accounting reports detailing the total amount invoiced, among others. It is important that this evidence does not contain sensitive information such as social security number, bank account number, etc. If the Subrecipient submits evidence with sensitive information, the invoice will be automatically rejected and must be resubmitted without such information.

16. Will Monthly Reports be required to submit an invoice?

If the Subrecipient Agreement states that a monthly report must be submitted, it must be included in the reimbursement invoice.

The Monthly Report to be included must be the one approved by PRDOH. If the Subrecipient includes an unapproved report, the invoice will be held until the final report is received or, in some cases, the invoice will be rejected until the report is reviewed and approved.

17. Do I need one bank account per program?

No, at a minimum, the Subrecipient must have a bank account for all programs under a Disaster Recovery grant.

The Subrecipient must have filled out Form B (EFT Authorization Form) with the banking information when creating their profile on the VendorCafe portal. In the event that the Subrecipient needs to change the banking account, the Subrecipient must contact PRDOH directly to make the necessary changes.

6.10 Fixed Assets

1. What is considered a fixed asset?

Tangible property with a useful life of more than one (1) year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the grantee for financial statement purposes of \$500.

2. When can I buy fixed assets?

Fixed assets can be acquired if the expense is considered necessary for the delivery of a program activity and there is an approved budget for the expense on the contract or SRA.

3. How should I track my fixed assets?

When acquired, all assets must be given a unique identification number to assure the asset is being properly accounted for and control procedures are in place to safeguard the assets.

4. How do I report on my fixed assets?

At the end of every month, a listing of all fixed assets on hand must be submitted to PRDOH within the first five (5) business days of the following month from which the entity is reporting.

5. What other actions are needed for fixed assets?

- A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two (2) years.
- A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property.
- Adequate maintenance procedures must be developed to keep the property in good condition.

6. Are there any guides available?

Yes, please refer to the *“Accountancy and Tracking of Fixed Assets – Guide for Subrecipient”*.

6.11 “Single Audits”

1. When is a Single Audit required?

As per 2 C.F.R. § 200.501, a non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in all Federal awards must have a single or program-specific audit conducted for that year. Which type of audit is conducted is an option of the non-Federal entity. Single audits must be

conducted in accordance with 2 C.F.R. § 200.514. Program-specific audits must be conducted in accordance with 2 C.F.R. § 200.507.

2. What is a Single Audit Self Certification?

It is a form that must be completed by the Subrecipient at the end of every Fiscal Year to report to PRDOH if the dollar threshold for the requirement of a Single Audit has been met.

3. When is the due date of the Single Audit?

The normal due date for Single Audits is the earlier of thirty (30) calendar days after receipt of the Auditor's report, or nine (9) months after the end of the audit period.

4. What happens if my Single Audit Report has any findings or concerns?

PRDOH will review the Single Audit Report and will communicate with the Subrecipient if any finding or concerns are found and will request the status of the corrective actions taken to address the finding or concern.

5. Can I pay the Single Audit costs with CDBG-DR funding?

Yes, however, the cost must be included as part of your Subrecipient Agreement expenditure, cost will have to be allocated between the multiple sources of funding that will benefit from the Single Audit report and comply with the CDBG-DR procurement processes set forth for subrecipients in 2 C.F.R. §§ 200.318 through § 200.327.

7 Policies and Compliance

1. Where can I find all general policies for the CDBG-DR Program?

All CDBG-DR Program's general policies can be accessed, in English and Spanish, at PRDOH's CDBG-DR Program website at <https://cdbg-dr.pr.gov/en/resources/policies/general-policies/> y <https://cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

2. How frequently are the general policies for the CDBG-DR Program updated?

The policies are updated to the extent that local and/or federal regulations require it; for example, a Federal Notice, an amendment to the Action Plan, or an extension granted by HUD, amongst others reasons.

3. What are the PRDOH CDBG-DR Program general policies?

- (1) Anti-fraud, Waste, Abuse, or Mismanagement Policy
- (2) Personally, Identifiable Information, Confidentiality, and Nondisclosure Policy
- (3) Conflict of Interest Policy
- (4) Citizen Complaints Policy
- (5) Cross-Cutting Guidelines

- (6) Fair Housing and Equal Opportunity (FHEO) Policy for CDBG-DR Programs
- (7) Reasonable Accommodation Policy
- (8) Language Access Plan
- (9) Section 3 Policy
- (10) Minority and Women-Owned Business Enterprise Policy
- (11) Davis Bacon and Related Acts Policy
- (12) Financial Policy
- (13) Program Income Policy
- (14) Duplication of Benefits Policy
- (15) Lobbying Management Policy
- (16) Communications Guide
- (17) Recordkeeping, Management, and Accessibility Policy
- (18) Occupational Safety and Health Policy
- (19) Procurement Manual for the CDBG-DR Program Regulation No. 9205 of August 4, 2020¹
- (20) Contract and Subrecipient Agreement Manual
- (21) Uniform Relocation Assistance Guide & Residential Anti-Displacement and Relocation Assistance

4. Which CDBG-DR general policies should be adopted and implemented by subrecipients?

All aforementioned policies must be adopted and implemented by Subrecipients to ensure compliance with CDBG-DR requirements and applicable standards.

5. How can citizens participate in the planning and development of CDBG-DR Programs?

PRDOH has developed a Citizen Participation Plan in accordance with 24 C.F.R. § 91.115 and the applicable alternative requirements from HUD, which are published in the PRDOH CDBG-DR website, in English and Spanish, at <https://cdbg-dr.pr.gov/en/download/citizen-participation-plan/> and <https://cdbg-dr.pr.gov/download/plan-de-participacion-ciudadana/>. The plan is intended to provide the residents of Puerto Rico the opportunity to comment and participate in the planning and evaluation of PRDOH's CDBG-DR and CDBG-MIT Programs.

¹ Pursuant to PRDOH Secretary's Administrative Orders 21-14, 21-19, 21-20 and 21-27, HUD and PRDOH require Subrecipients to follow their own procurement policies and procedures that conform with the provisions of 2 C.F.R. §§ 200.318 through 200.327.

6. Where can I find the cross-cutting requirements for all CDBG-DR Programs?

The requirements that apply to all CDBG-DR Programs described in the Action Plan and all its subsequent amendments, are detailed in the Cross-Cutting guidelines, published in PRDOH's CDBG-DR website in English and Spanish at: <https://cdbg-dr.pr.gov/en/download/cross-cutting-guidelines/> and <https://cdbg-dr.pr.gov/download/guias-intersectoriales/>.

7. Has PRDOH implemented a privacy policy to manage personal information compiled through the CDBG-DR Program's webpage?

Yes, the Website Privacy Policy can be found under the general policies for the CDBG-DR Programs, published in PRDOH's CDBG-DR website in English and Spanish at: <https://cdbg-dr.pr.gov/en/download/website-privacy-policy/> and <https://cdbg-dr.pr.gov/download/politica-de-privacidad-del-portal/>. This policy details the practices related to collecting information from users that access the portal or that voluntarily share information through it.

8 Section 3

1. What is Section 3?

Section 3 is a provision of the Housing and Urban Development Act of 1968. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government housing assistance, and to business concerns which provide economic opportunities to low- and very low-income persons.

2. What do "Best Efforts" and "to the Greatest Extent Feasible" Mean?

"Best efforts" and "greatest extent feasible" are statutory terms, used in the statute in different contexts. As such, HUD uses both terms to track compliance, and there are many ways to interpret the language. For more information, refer to the Section 3 CDBG-DR Program's webpage at <https://cdbg-dr.pr.gov/en/section-3/recipients/frequently-asked-questions/> (English) and <https://cdbg-dr.pr.gov/seccion-3/recipientes/preguntas-frecuentes/> (Spanish).

3. What does "Section 3 Worker" Mean?

A Section 3 Worker is any worker who currently fits, or when hired within the past five (5) years fit, at least one of the following categories, as documented:

- (a) The worker's income for the previous or annualized calendar year is below the income limit established by HUD;
- (b) The worker is employed by a Section 3 Business Concern (; or

(c) The worker is a YouthBuild² participant.

4. What does “Targeted Section 3 Worker” Mean?

For Housing and Community Development financial assistance, a Targeted Section 3 Worker is defined as:

- (a) A worker employed by a Section 3 Business Concern; or
- (b) A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
 - (1) Living within the Service Area or the neighborhood of the project, as defined in 24 C.F.R. § 75.5; or
 - (2) A YouthBuild participant.

For more information, refer to the Section 3 CDBG-DR webpage at <https://cdbg-dr.pr.gov/en/section-3/recipients/frequently-asked-questions/> (English) and <https://cdbg-dr.pr.gov/seccion-3/recipientes/preguntas-frecuentes/> (Spanish).

5. What does Section 3 Business Concern Mean?

A Section 3 Business Concern is a business that meets at least one of the following criteria, documented within the last six (6)-month period:

- (a) At least fifty one percent (51%) owned and controlled by low- or very low-income persons;
- (b) Over seventy five percent (75%) of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
- (c) A business at least fifty one percent (51%) owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

6. How are low-income and very low-income determined?

Low- and very low-income limits are defined in Section 3(b)(2) of the Housing Act of 1937 and are determined annually by HUD. HUD income limits may be obtained at <https://www.huduser.gov/portal/datasets/il.html>. **Specifically for Puerto Rico, you can locate the income limits here:** <https://www.hudexchange.info/resource/5334/cdbg-income-limits/>

7. What is a Section 3 project?

Section 3 projects are housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing

² YouthBuild is a community-based pre-apprenticeship program that provides job training and educational opportunities for at-risk youth ages 16-24 who have previously dropped out of high school. DOL: <https://www.dol.gov/agencies/eta/youth/youthbuild>.

and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs.

8. Can a non-profit organization be considered a business concern for the purposes of Section 3?

Yes. A non-profit organization can be a business concern. Non-profit organizations must meet the criteria of a Section 3 business concern as defined at 24 C.F.R. § 75.5 in order to receive Section 3 preference.

9. What types of HUD assistance does Section 3 apply to?

Section 3 applies to financial assistance for Public Housing Financial Assistance and for Housing and Community Development Financial Assistance expended for housing rehabilitation, housing construction, or other public construction. CDBG-DR funds are considered Housing and Community Development Financial Assistance.

10. Do Section 3 requirements apply to Section 8 project-based rental assistance contracts?

No. Section 8 project-based voucher or project-based rental assistance housing assistance payment contracts, are not covered by the statute, including properties converted through the Rental Assistance Demonstration (RAD).

11. What is the relationship between Section 3 and Davis Bacon and Related Acts requirements?

Compliance with Section 3 must be achieved consistent with the requirements of 24 C.F.R. Part 75 for the purposes described in Question 1 above.

The Davis-Bacon and Related Acts at 29 C.F.R. Part 5 are a separate requirement pertaining to the payment of prevailing wages to laborers and mechanics on Davis-Bacon covered projects. Certain construction contracts are subject to compliance with the requirement to pay prevailing wages determined under the Davis-Bacon Act, 40 U.S.C. 3141, *et seq.*, and implementing U.S. Department of Labor regulations in 29 C.F.R. Part 5. Additionally, certain HUD-assisted rehabilitation and maintenance activities on public housing projects are subject to compliance with the requirement to pay prevailing wage rates, as determined or adopted by HUD, to laborers and mechanics employed in this work. 24 C.F.R. § 965.101.

12. How can low- and very low-income persons and businesses locate recipient agencies that are required to comply with Section 3 in their area?

To find local recipients' agencies, Section 3 residents or businesses should contact their local HUD office. To find your closest office, visit: <https://www.hud.gov/localoffices>.

13. How can I find Section 3 business concerns in my area?

Contact local recipient agencies to find Section 3 business concerns in your area. Section 3 business concerns that have registered in the Section 3 Business Registry are also available at: <https://portalapps.hud.gov/Sec3BusReg/BRegistry/BRegistryHome>.

14. How should complaints be made?

Complaints alleging failure of compliance with this part may be reported to the HUD's program office responsible for public housing financial assistance or the Section 3 project, or to the local HUD field office. These offices can be found through the HUD website, www.hud.gov/.

9 Minority and Women-Owned Business Enterprise (M/WBE)

1. What is MBE?

MBE is defined as a business which is at least fifty one percent (51%) owned, operated and controlled on a daily basis by one or more (in combination) American citizens that are identified as an ethnic minority group. It is a business that is owned or controlled by one or more individual(s) that are socially and/or economically disadvantaged by historic or chronic economic circumstances, as well as cultural, racial, disability or other similar causes. Such people include, but are not limited to: African Americans, Asian Americans, Hispanic Americans, Native Americans, Hasidic Jews, persons with disabilities, and other individuals who can prove a social and economic disadvantage.

2. What is WBE?

A WBE is a business concern that is at least fifty one percent (51%) owned and controlled by one or more women. Must be U.S. citizens or Legal Resident Aliens; whose business formation and principal place of business are in the U.S. or its territories; and whose management and daily operation is controlled by women.

3. What are the requirements of MBEs and WBEs?

- (1) The owner is required to have operated the business for at least a full year (365 days) either calendar or fiscal.
- (2) The owner is required to have filed a federal business tax return consisting of a full year (365 days) either calendar or fiscal.
- (3) The business must have been continuously operating for at least one year (365 days).

(4) The owner is required to have filed federal business and personal tax returns for the most recently completed tax year.

4. Which are covered contracts?

M/WBE requirements apply to all procurement contracts of \$10,000 or more. M/WBE applies to professional services and construction work.

5. What are the MBE and WBE participation requirements?

The participation requirement is based on the total amount of each individual prime contract awarded by PRDOH. The M/WBE participation requirement is twenty percent (20%); ten percent (10%) for MBE; and ten percent (10%) for WBE.

6. What is a M/WBE utilization plan?

This planning tool will assist all contractors throughout the project lifecycle provide information about how they will be providing contracting opportunities to MWBE businesses on applicable contracts.

The form collects information on those subcontracts and information about those businesses. Recipients and Contractors should complete this form to identify where contracting opportunities will exist for M/WBE businesses.

The Utilization Plan format is available online at <https://cdbg-dr.pr.gov/en/section-3/enterprise-woman-minority-mwbe/utilization-plan/> .

7. Who can be a Certified Minority or Women Owner Business?

Certified Minority or Women Owned Businesses can be those who have filed Applications with the Environmental Protection Agency (EPA) the Office of Small Business Programs (OSBP). Applications can be obtained from EPA OSBP, from regional Disadvantaged Business Enterprise (DBE) Coordinators, and from EPA OSBP's website, <https://cfpub.epa.gov/sbvps/>.

8. How can one locate Minority Business Enterprises?

PRDOH will be compiling lists from various resources to also assist contractors with locating Minority and Women Owned businesses.

The Puerto Rican Minority Supplier Development Council also has a digital catalog that can be accessed at <https://www.prmsdc.org/advertising/html/men146/index.html>.

9. Which are the M/WBE Forms?

M/WBE Utilization Plan	Allows Subrecipients or contractors to identify on how they plan to comply with M/WBE contracting goals.
M/WBE Waiver Form	Allows Subrecipients or contractors to identify how they plan on being in compliance with MWBE contracting goals.

Documentation of Efforts Form	Allows Subrecipients or contractors to identify how they are performing good faith efforts to comply with M/WBE efforts.
Quarterly Reporting Template	Allows Subrecipients and contractors to report on data that PRDOH will be required to reports annually to HUD.

10 Davis Bacon and Related Acts

1. What is a Wage Determination?

A wage determination (WD) is the listing of wage and fringe benefit rates for each classification of laborers and mechanics which the Administrator of the Wage and Hour Division of the U.S. Department of Labor has determined to be prevailing in a given area for a particular type of construction (e.g., building, heavy, highway, or residential).

- **General Wage Determination:** Reflects those rates determined by the Wage and Hour Division to be prevailing in a specific geographic area for the type of construction described.
- **Project Wage Determination:** Issued at the specific request of a contracting agency (using a [Standard Form \(SF\) 308](#)); is applicable to the named project only; and expires 180 calendar days from the date of issuance unless an extension of the expiration date is requested by the agency and approved by the Wage and Hour Division. 48 C.F.R. § 22.404-1(b).
- **Modification to a Wage Determination:** Issued to make current an original wage determination. Where a public contract will be awarded pursuant to a competitive bidding process, a wage modification, the notice of which is either published on the Wage Determination On Line (WDOL) web site at <https://www.dol.gov>; or received by the contracting agency; or published in the Federal Register, less than ten (10) calendar days before the date of bid opening, shall be effective unless the contracting officer finds that there is not reasonable time available before bid opening to notify the prospective bidders. If the contracting officer finds that there is not reasonable time to notify bidders, a written report of the finding shall be placed in the contract file and shall be made available to the Department of Labor upon request. 48 C.F.R. § 22.404-6(b)(1)(ii).

2. How to I subscribe to general wage determinations issued under the Davis-Bacon and Related Acts?

Notices of modifications of wage determinations are published in SAM.gov at <https://sam.gov/content/wage-determinations>.

3. How do I obtain a wage determination for a construction project to be performed at a location not covered by a published determination?

The Federal agency funding or financially assisting the construction project requests a wage determination under the Davis-Bacon Act or any of the related

prevailing wage statutes by submitting a Standard Form (SF) 308 to the following address:

U.S. Department of Labor
Wage and Hour Division
Branch of Construction Wage Determinations
200 Constitution Ave NW
Room S-3014
Washington, DC 20210

Contractors must complete the SF 1444 form and submit to their contracting agency, be that PRDOH or a program subrecipient. This form can be located online: <https://www.gsa.gov/Forms/TrackForm/32870>. For more information on the process, consult the DOL Prevailing Wage Resource Book located at: <https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/Tab7.pdf>.

4. How can apprentices or trainee participate in a DBRA project?

Individuals who meet the following definition may be employed as apprentices on DBRA projects: (i) A person employed and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training, or with a State Apprenticeship Agency recognized by the Bureau, or (ii) A person in the first ninety (90) days of probationary employment as an apprentice in a bona fide apprenticeship program, who is not individually registered in the program, but who has been properly certified to be eligible for probationary employment as an apprentice.

5. What wage rates must be paid to apprentices or trainees?

Information on wage rates paid to apprentices and trainees is not reflected in Davis-Bacon wage determinations. The proper wage rates to be paid to apprentices and trainees are those specified by the particular programs in which they are enrolled, expressed as a percentage of the journeyman rate on the wage determination.

6. If it is believed that the rates on a wage determination are not accurate, can the wage determination be appealed?

Yes. Any interested person be that, a contractor or subrecipient, requesting reconsideration of a wage determination or of a ruling regarding application of a wage determination to a specific construction project should present their request in writing accompanied by supporting data or other pertinent information to the Wage and Hour Division at:

U.S. Department of Labor
Wage and Hour Division
Branch of Construction Wage Determinations

200 Constitution Ave NW
Room S-3014
Washington, DC 20210

7. How can I submit other questions related to DBRA?

You may submit any question related to DBRA utilizing the Frequently Asked Questions Line at <https://www.dol.gov/whd/programs/dbra/dfaqline.htm> or the Frequently Asked Questions Technical Line at: <https://www.dol.gov/whd/programs/dbra/tfaqline.htm>.

11 Uniform Relocation Act (URA Act)

1. What is URA Act?

The URA Act is a federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 U.S.C. § 4601 *et seq.* Establishes the minimum standards among agencies and funding recipients for real property acquisition and relocation assistance for federally funded programs and projects. Enacted to ensure fair and equitable treatment among people whose real property is acquired, or who move as a direct result of projects receiving federal funds.

2. When does the URA Act Apply?

If federal financial assistance is used in any phase of a project where real property is acquired or persons are displaced as a result of an Acquisition, Rehabilitation, or Demolition, the URA Act requirements apply.

3. What is considered Real Property Acquisition?

An acquisition is the transfer of ownership or rights of real property from one legal entity to another.

4. What types of acquisition are used under the URA Act?

- **Voluntary acquisitions** are those that are carried out without threat or use of the right of expropriation and are subject to the acquisition requirements of the URA Act found in 49 C.F.R. § 24.101 (b) (1-5).
- **Involuntary acquisitions** are acquisitions that could be subject to the threat or use of the right of expropriation. These are subject to the requirements established in 49 C.F.R. § 24, Subpart B.³
- A **donation** occurs when a person whose property is to be acquired donates said property or any part of it to the Acquiring Agency, after having been duly

³ The real estate acquisition requirements of Subpart B of the URA Act do not apply to involuntary acquisitions. A voluntary acquisition is not defined as a property for sale or a willing seller.

informed by the agency of his right to receive just compensation for said property.

5. At what point in the process should it be determined which is the acquisition method that applies?

The Acquiring Agency must determine which approach applies to the project **before** starting any acquisition activity, whether it is a Voluntary or Involuntary Acquisition.

6. What is the fair value of the property?

- There is no specific value that will be used for all properties, taking into account that each property is different. In the case of a voluntary acquisition under the URA Act, there is nothing in the regulations that prevents negotiations from generating settlements that are above or even below the Agency's estimate of the property's market value afterwards. If the owner has been informed and all the corresponding requirements have been met.
- Before the beginning of negotiations, the Acquiring Agency must establish a sum that it considers as fair compensation for the acquisition of the property. This amount must not be less than the approved appraisal of the property's fair market value.

7. Does the URA Act apply only to voluntary real estate acquisition?

No, the URA Act applies even if a real property acquisition is involuntary.

8. Can an Agency use eminent domain to acquire real estate?

Yes. If negotiations are unsuccessful, the Acquiring Agency may choose to withdraw or proceed with the expropriation through the court system. Expropriation is the legal process by which the property title is forcibly acquired through the eminent domain process. The Agency must initiate a formal expropriation proceeding and the court will determine just compensation for the property.

9. Should an appraisal be made for all properties being acquired?

An appraisal and verification appraisal are required for all purchases, with the exception of certain donations.

10. Can the URA Act apply to the relocation of an ongoing business?

Yes, they are known as non-residential displaced persons. The URA Act can provide a business with the following options: payment of actual and reasonable moving costs along with related expenses and payment of actual and reasonable reestablishment expenses or a fixed payment in lieu of moving and reestablishment costs.

Other non-residential displaced persons include farm or non-profit organizations who will also be eligible for relocation counseling services and will have the option to choose between receiving actual and reasonable expenses in relation to displacement or a lump sum payment instead.

11. Who is considered a displaced person?

Any person who moves out of a property or moves their belongings from that property as a direct result of acquisition, demolition or rehabilitation for a federally funded project.

12. What rights does a displaced person have?

Displaced persons have the right to receive adequate notifications related to their relocation or displacement, relocation counseling service, referrals to affordable replacement housing, replacement housing payments, and moving expenses.

13. Can tenants be temporarily relocated under the URA Act?

Yes, some projects require occupants to relocate temporarily, until they can return to their property. URA regulations provide minimum requirements and assistance, if applicable, for the temporary relocation of residential and non-residential tenants.

14. What notifications must tenant be given under the URA Act?

- **General Information Notice (GIN):** Informs tenants that the program is providing assistance to support the rehabilitation, reconstruction or demolition of the property they currently occupy and indicates that they may have to move temporarily or permanently to facilitate construction or acquisition.
- **Notice of Non Displacement-No Relocation Required:** This notice informs the tenant they will not be required to move temporarily in order for this project to be completed. It guarantees that the tenant should be able to continue to lease and occupy the unit with no interruptions.
- **Notice of Non Displacement-Temporary Relocation Required:** This notice informs the tenant that they will be required to move temporarily in order for this project to be completed. However, this notice urges the tenant not to move out just yet. This notice also informs the tenant of all eligible expenses that will be covered by the Program for said relocation.
- **30-Day Move-In Notice (Temporary Relocation):** This notice informs tenants that they will have to relocate within 30 days and provides them with a move-in date.
- **90-Day Notice of Move-In (Permanent Relocation):** Households that qualify as "Displaced Persons" and have received a Notice of eligibility are given a

written notice with a minimum of ninety (90) days from the earliest date they may be required to permanently relocate.

- **Notice of Eligibility (NOE):** This notice informs the tenant that they qualify for relocation assistance for temporary or permanent relocation.

15. Is it required to keep a record of the acquisition and displacement activities?

Yes, all programs or subrecipients must maintain records that indicate compliance with the requirements of the URA Act and these will be updated periodically.

12 Environmental Issues

1. Why is an environmental review needed?

HUD requires an environmental review for any expenditures on a CDBG-DR project prior to the use of funding.

2. What is an environmental review?

The environmental review for disaster recovery projects is a review that follows HUD's regulations at 24 C.F.R. Part 58 and can also require compliance with NEPA regulations. The environmental review must identify the project type and what activities will be undertaken. The environmental review is used to determine if those activities could potentially have an adverse effect on the environment or people.

3. Who can complete the environmental review?

Anyone can prepare an environmental review for project activities. However, for some review topics such as Historic Preservation, a specially qualified individual could be needed to complete that portion of the review.

4. Are there different types of environmental reviews?

There are five different types of environmental reviews:

- 1) Exempt
- 2) Categorical Exclusion Not Subject to 24 C.F.R. §58.5
- 3) Categorical Exclusion Subject to 24 C.F.R. §58.5
- 4) Environmental Assessment
- 5) Environmental Impact Statement

5. How do I know which type of environmental review is required?

A Level of Environmental Review Determination form is available and will be provided to you by the CDBG-DR Program, as well as the appropriate template for the environmental review.

6. After completion of the environmental review, when will we be able to receive the grant?

Depending on the level of review, some funding will be immediate. Although, some funds could take up to 45 days to receive. PRDOH will notify you when you have the funding available to use.

13 Subrecipient Agreement Performance Report (SAPR) Portal

1. What is the SAPR portal?

It is the portal created by PRDOH where the progress of implementation activities is monitored and reported, as accorded in the SRA.

2. What is the deadline to submit the reports?

The deadline is the fifth (5th) day for every month (if this day falls on a Saturday, Sunday or holiday, the deadline is transferred to the next allowable day).

3. Can I assign two people from my entity to manage the platform?

No, only one (1) person per SRA may be assigned to manage the platform.

4. How can I obtain access to the SAPR portal?

It is important to validate (especially for Municipalities) with the program the person identified in the portal is the same in charge of completing the report. To obtain access, new users must write an email to: helpdeskpr@home.com.

5. How do I obtain support or additional information to complete the monthly report?

The Subrecipient Management Unit offers trainings about the report, and how to navigate the platform, every third Tuesday of the month. To register, you may use the following link:
<https://app.smartsheet.com/b/form/7115aa1e2f594cc7b3e5f3783b6227a2>.