



DEPARTMENT OF
HOUSING



CDBG-MIT

PROGRAM GUIDELINES

HAZARD MITIGATION GRANT PROGRAM (HMGP)
GLOBAL MATCH SET-ASIDE

July 18, 2022
V.1

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PUERTO RICO DEPARTMENT OF HOUSING
CDBG-MIT PROGRAM GUIDELINES
HAZARD MITIGATION GRANT PROGRAM
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1 Background

In a two-week period in September 2017, hurricanes Irma and María devastated Puerto Rico's mainland and the two (2) island municipalities, resulting in the largest and most logistically complex disaster response and recovery effort in recent U.S. history. Recognizing the devastation caused by both events, Congress appropriated federal recovery funding through the U.S. Department of Housing and Urban Development's (**HUD**) Community Development Block Grant – Disaster Recovery (**CDBG-DR**).

Additionally, on January 27, 2020,¹ HUD announced an award of \$8.285 billion in hazard mitigation funds to minimize future losses from similar hurricane events and other hazards based on Puerto Rico's analysis of risk. On April 19, 2021, the Puerto Rico Community Development Block Grant – Mitigation (**CDBG-MIT**) Action Plan (**the Action Plan**), which included a comprehensive risk and risk-based needs analysis, was approved by HUD. The Action Plan includes a set-aside fund to cover most of the forecasted cost share match required for the Federal Emergency Management Agency (**FEMA**) Hazard Mitigation Grant Program (**HMGP**), corresponding to twenty-five percent (25%). This cost share commitment will ease the local burden of implementing projects that reduce or eliminate long-term risk to people and property posed by future disasters. This set-aside advances the objective of HUD and the Puerto Rico Department of Housing (**PRDOH**) to maximize the impact of available funds by leveraging and coordinating with other Federal programs.

2 Program Guidelines Overview

Program Guidelines set forth the policies and procedures that the Government of Puerto Rico and its agencies will use to implement the HMGP Global Match Strategy (**Global Match Strategy**). This document serves as the program's primary resource for both the Government of Puerto Rico and subapplicants. It details how the program works, eligibility requirements, and funding recipient obligations.

This guidance only addresses the Global Match Strategy, for which Standard Operating Procedures, guidelines and other necessary parameters shall be defined by the PRDOH.

3 Roles and Responsibilities

3.1 Central Office for Recovery, Reconstruction and Resiliency (**COR3**)

In the aftermath of hurricanes Irma and María, the Government of Puerto Rico established the Central Office for Recovery, Reconstruction and Resiliency (**COR3**) on October 23, 2017, via Administrative Bulletin Number OE-2017-65. The COR3 was established to:

¹ Federal Register, Vol. 85, No. 17 (January 27, 2020), 85 FR 4676.

- Identify and procure that all state, federal, and/or private resources are available to all government entities of the Executive Branch (**the Government Entities**);
- Coordinate and channel the recovery and reconstruction efforts of the Government Entities;
- Finance, execute, and effect infrastructure projects related to recovery; and
- Advise the Governor and provide technical assistance and advice to the Government Entities.

COR3 is responsible for developing and implementing robust ethics, compliance, and audit programs to ensure efficient and effective use of available resources and minimize duplication of recovery work. The COR3 Executive Director is also the Governor's Authorized Representative (**GAR**) under the FEMA-State Agreements. This consolidation allows for streamlined direction of Puerto Rico's recovery, as well as centralized decision-making and processes.

3.1.1 COR3 and the FEMA HMGP

The HMGP is under the direction of the COR3, and the State Hazard Mitigation Officer (**SHMO**) is responsible for its implementation.

The SHMO is tasked with reviewing all HMGP subapplications, providing HMGP technical assistance to subapplicants for support application development, and implementing FEMA HMGP projects. The SHMO submits HMGP subapplications to FEMA for award consideration and coordinates FEMA Requests for Information (**RFI**).

Relative to the Global Match Strategy, the SHMO will review the HMGP subapplications and refer viable candidates to PRDOH. PRDOH will then evaluate and determine if candidates meet HUD eligibility requirements. COR3's role in the Global Match Strategy will be to monitor and reconcile the funding needs required to meet the local cost share match through the Global Match Strategy.

The SHMO is also responsible for the completion of the FEMA application process for all HMGP projects. These processes include the completion of the environmental review and a Benefit-Cost Analysis (**BCA**) for submission to FEMA as a part of the application evaluation and approval procedures.

3.2 Puerto Rico Department of Housing (PRDOH) ROLE

PRDOH is designated as the recipient and administrator of all CDBG-DR and CDBG-MIT (**CDBG-DR/MIT**) funds from HUD. PRDOH will work in partnership with COR3/SHMO to coordinate efforts to administer the implementation and programmatic oversight of the projects included under the Global Match Strategy as part of the CDBG-MIT grant.

As the grantee of HUD's funding, PRDOH has the ultimate responsibility to ensure any funding distributed to carry out activities are compliant with HUD specific program

requirements. PRDOH will perform a review on all potential Global Match Strategy project applications referred by COR3/SHMO for compliance with PRDOH policies, procedures, and overall HUD eligibility requirements, prior to the inclusion of each project under the Global Match Strategy.

Once a FEMA HMGP subapplication submitted by the SHMO's office is determined to be eligible for acceptance into the Global Match Strategy process, PRDOH will formulate and submit a corresponding HMGP Global Match application indicating PRDOH as the subapplicant to the SHMO.

4 Definitions and Acronyms

- **100-Year Floodplain:** This term has been replaced by the term 1% annual chance flood.
- **1% Annual Chance Flood:** Also referred to as the base flood, this is the floodplain that would be inundated in the event of a 100-year flood. This term is adopted by the National Flood Insurance Program (**NFIP**) as the basis for mapping, insurance rating, and regulating new construction.
- **Applicant:** An eligible entity that makes a formal application to a federally funded program. FEMA HMGP defines applicant as any Government of Puerto Rico entity, a public corporation, municipality, or an eligible private non-profit organization applying to the program.
- **Benefit-Cost Analysis (BCA):** Benefit-Cost Analysis (**BCA**) is a method that determines the future risk reduction benefits of a hazard mitigation project and compares those benefits to its costs. The result is a Benefit-Cost Ratio (**BCR**). A project is considered cost-effective when the BCR is 1.0 or greater. HMGP applicants and subapplicants must use FEMA-approved methodologies and tools, such as the BCA Toolkit, to demonstrate the cost-effectiveness of their projects.²
- **Closeout:** The process by which the awarding agency or pass-through entity determines that all applicable administrative actions and all required work of the award has been completed and takes actions described to close the award.
- **Coastal High Hazard Areas (V Zones):** The areas subject to high velocity waters, including but not limited to hurricane surge or tsunami inundation areas as designated by the Flood Insurance Rate Map (**FIRM**) under NFIP regulations as Zone V 1-30, VE, or V (V Zones).
- **Community Development Block Grant (CDBG):** A federal grant program administered by HUD which provides grant funds to local and state governments. The CDBG

² FEMA. *Benefit-Cost Analysis*. March 7, 2022. Accessed at: [https://www.fema.gov/grants/guidance-tools/benefit-cost-analysis#:~:text=Benefit%2DCost%20Analysis%20\(BCA\),%2DCost%20Ratio%20\(BCR\).](https://www.fema.gov/grants/guidance-tools/benefit-cost-analysis#:~:text=Benefit%2DCost%20Analysis%20(BCA),%2DCost%20Ratio%20(BCR).)

Program works to ensure decent, affordable housing, to provide services to the most vulnerable in communities, and to create jobs through the expansion and retention of businesses.

- **Community Development Block Grant-Disaster Recovery (CDBG-DR):** Like the CDBG Program, these funds are administered by HUD, but are designated to assist with disaster recovery in areas impacted by presidentially declared disaster events. The grant funds can differ from the traditional CDBG Program by providing greater flexibility to recipients to enact projects, though all projects must comply with HUD requirements.
- **Community Development Block Grant-Mitigation (CDBG-MIT):** HUD administered grant program designed to provide eligible grantees and subgrantees the opportunity to carry out strategic and high-impact activities to mitigate disaster risks and reduce future losses.
- **Covered Project:** An infrastructure project having a total project cost of \$100 million or more, with at least \$50 million of such funding from a CDBG source.
- **Davis-Bacon Wage Requirements:** The Davis Bacon and Related Acts (**DBRA**) requires all contractors and subcontractors performing work on federal construction contracts or federally assisted contracts more than \$2,000 to pay their laborers and mechanics not less than the prevailing wage and fringe benefits for corresponding classes of laborers and mechanics employed on similar projects in the area. The prevailing wage rates and fringe benefits are determined by the Secretary of the U.S. Department of Labor for inclusion in covered contracts.
- **Department of Housing and Urban Development (HUD):** Federal department through which CDBG, CDBG-DR, and CDBG-MIT funds are distributed to recipients.
- **Duplication of Benefits (DOB):** Financial assistance available to or received from another source that is provided for the same purpose as CDBG-MIT funds.
- **Environmental Review:** A permanent set of files containing all documentation pertaining to the environmental review compliance procedures conducted and environmental clearance documents.
- **Environmental and Historic Preservation (EHP):** A condition of Hazard Mitigation Assistance (**HMA**) grants is the requirement to comply with all applicable environmental and historic preservation laws and regulations. Consequently, all HMA grants must undergo an environmental planning and historic preservation (**EHP**) review. This process ensures that federal grant funds are used in a manner consistent with federal laws pertaining to the environment and historic preservation, as well as

consideration of the effects to, and protection and enhancement of, natural and cultural resources.

- **Federal Emergency Management Agency (FEMA):** An agency of the U.S. Department of Homeland Security. The agency's primary purpose is to coordinate the response to a disaster that has occurred in the U.S. and that overwhelms the resources of local and state authorities.
- **Global Match:** A cost share method for the Non-Federal cost share portion of twenty-five percent (25%) required for eligible hazard mitigation measures under the HMGP that contributes not more than seventy-five percent (75%) of the total eligible project costs as per Section 404 of the Stafford Act. When using Global Match, the Non-Federal cost share does not need to be twenty-five percent (25%) for each individual project, rather the Non-Federal cost share for all the Applicants' submitted projects combined must equal twenty-five percent (25%) for the overall portfolio.
- **Governor's Authorized Representative (GAR):** Designated by the Governor of Puerto Rico to represent the Government in activities related to the implementation of the Stafford Act and the ongoing disaster, emergency preparedness, response, recovery, and hazard mitigation activities of the Government of Puerto Rico.
- **Low-to-Moderate Income (LMI):** Low-to-Moderate Income people are those having incomes not more than the 'moderate income' level (80% Area Median Family Income) set by the federal Government for HUD-assisted housing programs. This income standard changes annually and varies by household size, county, and the metropolitan statistical area.
- **Minority and Women-Owned Business Enterprise (M/WBE):** A business that is owned and controlled (minimum of 51% ownership) by a member of a minority group, or women.
- **National Environmental Policy Act (NEPA):** Establishes a broad national framework for protecting the environment. NEPA's basic policy is to assure that all branches of government consider the environment prior to undertaking any major federal action that could significantly affect the environment.
- **National Flood Insurance Program (NFIP):** Created by Congress in 1968 to reduce future flood damage through floodplain management and to provide people with flood insurance through individual agents and insurance companies. FEMA manages the NFIP.
- **Non-federal Entity:** A state, local government, Indian tribe, institution of higher education, or non-profit organization that carries out an award or subaward as a recipient or subrecipient.

- **Period of Performance:** The time during which the non-federal entity may incur new obligations to carry out the work authorized under an award or sub-award. The federal awarding agency or pass-through entity must include start and end dates of the period of performance.
- **Program Income:** Gross income generated by the recipient or subrecipient that is directly generated by a grant or subgrant activity or that is earned as a result of the grant or subgrant during the period of performance. Program income includes, but is not limited to, income from fees and services performed, the use or rental of real or personal property acquired under the grant or subgrant, the sale of commodities or items fabricated under the grant or subgrant, license fees and royalties on patents and copyrights, and principal and interest earned on grant or subgrant funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or in the terms and conditions of the grant or subgrant, program income does not include rebates, credits, discounts, and interest earned on any of these.
- **Project Cost:** The total allowable cost incurred under a grant or subgrant and all required cost sharing and voluntary committed cost sharing, including third-party contributions.
- **Real Property:** Land, including land improvements, structures, and appurtenances thereto, but excluding moveable machinery and equipment.
- **Recipient:** A non-federal legal entity that receives a federal award directly from a federal awarding agency which is accountable for the use of funds to carry out an activity under a federal program. The term recipient does not include subrecipients.
- **Special Flood Hazard Area (SFHA):** Area of identified flood hazard risk where adopted ordinances apply.
- **State Hazard Mitigation Officer (SHMO):** Is the individual designated by the GAR as the responsible individual on all matters related to the HMA for the local Government. Government of Puerto Rico representative appointed to manage and oversee mitigation grant programs.
- **Subaward:** An award provided by a pass-through entity to a subrecipient to carry out part of a federal award received by the pass-through entity. The term 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.

- **Subrecipient:**³ 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 program. The term does not include an individual that is a beneficiary of a federal program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.
- **Unified Federal Review (UFR):** A framework for coordinating federal agency EHP reviews for proposed disaster recovery projects associated with presidentially declared disasters under the Stafford Act. It aims to coordinate Federal environmental and historic preservation reviews to expedite planning and decision-making for disaster recovery projects.
- **Uniform Relocation Act (URA):** A federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their residences, businesses, or farms.

5 What is HMGP Global Match?

Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended (**the Stafford Act**) limits the Federal contribution to eligible hazard mitigation measures under the HMGP to not more than seventy-five percent (75%) of the total eligible project costs.⁴ When using Global Match, the non-Federal cost share does not need to be twenty-five percent (25%) for each individual project, rather the non-Federal cost share for all of the applicants' submitted projects combined must equal twenty-five percent (25%) for the overall portfolio.

The Global Match Strategy increases flexibility for the application of various cost share methods. The Non-Federal cost share can come from a variety of sources, including cash or donated resources for eligible project costs from the applicant, subrecipient, or mitigation recipient. Global match allows the applicant to utilize any cost share match that exceeds the minimum requirement (referred to as overmatch) from certain subawards to alleviate the financial burden on other activities. If an overmatch occurs in a project, a revision of the BCA must require meetings to coordinate and update the analysis. The use of CDBG-MIT funds for HMGP Global Match allows for a lower administrative burden on subrecipients and the state by addressing CDBG-specific requirements under distinct projects and provides an opportunity of meeting the match requirement through fewer projects.

6 Global Match Strategy Goals

³ Changes in Method of Distribution are being considered in Action Plan Amendment 1 (Substantial) which is in process of public comments and is dependent of HUD's Approval.

⁴ FEMA. *Hazard Mitigation Assistance Cost Share Guide*. May 2016. Accessed at: https://www.fema.gov/sites/default/files/2020-08/fema_hma_cost-share-guide.pdf

6.1 Invest in Resiliency

A primary objective of the Global Match Strategy is to invest in the communities' ability to withstand and rapidly recover from disasters, known as resiliency, throughout Puerto Rico. By providing funding specifically for projects that offer increased resilience through the implementation of hazard mitigation measures, Puerto Rico will be able to better address their specific risks and vulnerabilities.

This goal is accomplished by providing concentrated funding for mitigation measures and resiliency projects. The Global Match Strategy works in conjunction and in concert with other available funding streams, to create a holistic approach to increasing resilience across the Island.

6.2 HMGP Goals

The HMGP is authorized by Section 404 of the Stafford Act (42 U.S.C. §5170c). The main purpose of Program is to maximize the implementation of mitigation measures, minimize risks and vulnerabilities, and avoid loss of life and property during future disaster events. Projects may be eligible if they provide long-term, cost-effective hazard mitigation measures to eligible facilities owned by eligible subapplicants, as stipulated in FEMA HMA Guidance on eligible activities.⁵

Because all projects funded by PRDOH under the Global Match Strategy will be used to meet the non-federal cost share requirement for the HMGP, the projects must meet the program goals and requirements for both HMGP and CDBG-MIT.

6.3 CDBG-MIT Program Goals

The CDBG-MIT Program was established in 2018 by Congress to fund mitigation activities for qualifying disasters. This program affords eligible grantees the opportunity to use federal funding to carry out strategic and high-impact activities to mitigate disaster risk and reduce future losses. HUD identified goals are:

- Support data-informed investments, focusing on repetitive loss of property and critical infrastructure;
- Build capacity to comprehensively analyze disaster risks and update hazard mitigation plans;
- Support the adoption of policies that reflect local and regional priorities to produce a long-lasting effect on community risk reduction, including community lifelines and decreasing future disaster costs; and
- Maximize the impact of available funds by encouraging leverage, private-public partnerships, and coordination with other Federal programs.

⁵ FEMA. *Hazard Mitigation Assistance Guidance*. February 27, 2015. Accessed at: https://www.fema.gov/sites/default/files/2020-07/fy15_HMA_Guidance.pdf.

All CDBG-MIT projects must:

- Meet the definition of mitigation activities for HUD;
- Address the current and future risks as identified in the grantees Mitigation Needs Assessment of Most Impacted and Distressed (**MID**) areas;
- Be CDBG eligible activities under Title I of the Housing and Community Development Act (**HCDA**) or otherwise eligible pursuant to a waiver or alternative requirement; and
- Meet a National Objective, including additional criteria for mitigation activities and Covered Projects.

7 Global Match Strategy

By federal statute, HMGP projects require a minimum twenty-five percent (25%) non-federal cost share match. Projects are often implemented and managed at the subrecipient level, meaning that the subrecipient must provide a twenty-five percent (25%) match to meet the non-federal cost share requirement for the grant. It often creates a financial burden for subrecipients and can be an obstacle to successfully using the funds available for mitigation. HUD regulations allow the use of CDBG funding to cover the non-federal funding required.

To ensure the maximum use of all available mitigation dollars, the Government of Puerto Rico will implement a Global Match Strategy for HMGP allocations available under hurricanes Irma and María, and other recent disaster declarations. The Global Match Strategy allows the Government to address non-federal cost share through the funding of HMGP-compliant mitigation projects, using funds other than FEMA HMGP dollars. The value of those projects is then dedicated as the non-federal cost share pool of funding for HMGP projects. Effective utilization of the Global Match Strategy allows the leveraging of federal funds to help communities in Puerto Rico avoid having to commit to the financially burdensome requirement of providing the twenty-five percent (25%) non-federal cost share match. This leverage allows Puerto Rico residents to receive the most significant and most efficient benefit from federal grant funding while rebuilding more resiliently.

For subrecipients, the result is one hundred percent (100%) funding of both COR3 HMGP and the Global Match Strategy HMGP projects transferred to PRDOH, eliminating the need to identify separate non-federal sources of funding for the required cost share. CORE3 HMGP and Global Match Strategy HMGP projects are tracked for compliance with FEMA HMGP requirements and HUD CDBG-MIT requirements for HUD-funded projects, through a partnership between PRDOH and COR3. The partnership between PRDOH and COR3 will share project data access to maintain controls, avoid duplications of efforts, and track/manage each project's progress.

7.1 How Global Match Works?

Essentially, this approach allows for the non-federal share of HMGP funding to be derived from one (1) or more non-federally funded projects that are pooled together to meet the total disaster HMGP grant's match requirement.

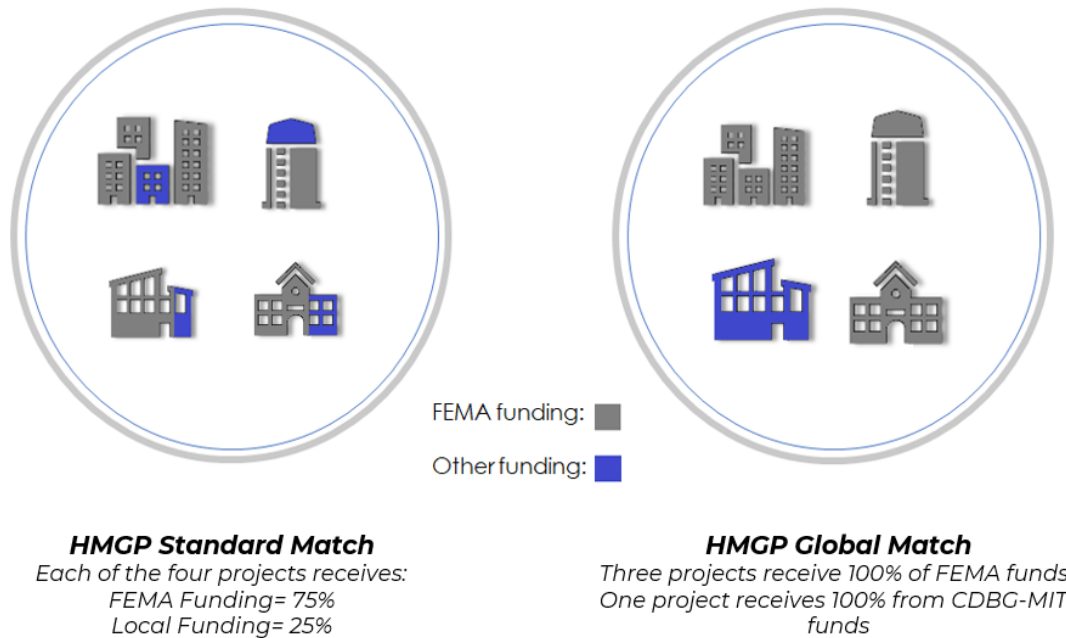


Figure 1 - HMGP Standard Match vs. Global Match methodologies.

Additionally, the Global Match Strategy allows the Government, as the recipient, to utilize any available and eligible cost share that exceeds the minimum match requirement⁶ to alleviate the financial burden on other projects. FEMA's award of Global Match projects creates a "credit" project (that can be drawn from) to absorb the non-federal match required on projects not identified as Global Match projects.

The dual-program approach requires that **all** projects used as Global Match projects meet eligibility and programmatic requirements for both HMGP and CDBG-MIT, as well as any additional eligibility conditions required by the Government of Puerto Rico.

No FEMA HMGP project intended to be submitted as a CDBG-MIT HMGP Global Match project can commence its scope of work until FEMA approval is received and the subsequent Global Match Strategy application is submitted by PRDOH.

⁶ FEMA calls this overmatch.

7.2 Compliance with the Government’s Recovery Plan

All projects funded under the Global Match Strategy must comply with the Government’s Recovery Plan, *Transformation, and Innovation in the Wake of Devastation: An Economic and Disaster Recovery Plan for Puerto Rico (Recovery Plan)*.⁷ This plan, requested by the Bipartisan Budget Act of 2018, requires the Government of Puerto Rico to define priorities, goals, and expected outcomes of the recovery effort for the Island. It was submitted to Congress in August 2018, and the COR3 Strategy Directorate is responsible for its implementation, as well as the disclosure to public of the progress of such implementation every six (6) months.

7.3 Compliance with State and Local Hazard Mitigation Plans

All projects funded under the Global Match Strategy must be compliant with the mitigation goals as stipulated in the *Puerto Rico State Natural Hazard Mitigation Plan* (August 2021) and/or the FEMA-approved local hazard mitigation plans.⁸ The next table provides information about the goals of the *2021 Puerto Rico State Natural Hazard Mitigation Plan*.⁹

Table 1: Goals of the 2021 Puerto Rico State Natural Hazard Mitigation Plan

2021 Puerto Rico State Natural Hazard Mitigation Plan Goals	
Goal 1	Coordinate a process of public participation in the revision and updating of the Plan that includes state agencies, federal agencies, and interest groups, with the aim of integrating the planning efforts of each group into the Plan.
Goal 2	Examine the vulnerability analysis and natural hazard assessment of the territory of Puerto Rico, considering the updated information and available technical and economic resources, to update the mitigation strategy.
Goal 3	Design a mitigation strategy aimed at minimizing the negative impact of identified natural hazards.
Goal 4	Design effective coordination mechanisms to integrate the implementation of mitigation activities by the State and Local governments through a specific strategy.
Goal 5	Review and update the ongoing evaluation process of the Plan.
Goal 6	Reducing the loss of life and property from natural hazards.

⁷ COR3. *Transformation and Innovation in the Wake of Devastation: An Economic and Disaster Recovery Plan for Puerto Rico*. August 8, 2018. Accessed at: <https://recovery.pr/documents/pr-transformation-innovation-plan-congressional-submission-080818.pdf>.

⁸ Refer to the Code of Federal Regulations, 44 C.F.R. Part 201.

⁹ COR3. *2021 Puerto Rico State Natural Hazard Mitigation Plan*, August 13, 2021, p. 35-36. Accessed at: https://recovery.pr.gov/documents/2021%20PR%20State%20Hazard%20Mitigation%20Plan_Aug2021.pdf.

The potential projects will be reviewed against COR3 plans to ensure their eligibility and alignment with Puerto Rico state and local hazard mitigation plans. The projects will ensure the satisfaction of these goals when:

- Addresses one (1) or more hazard(s) and risk(s) identified in each plan;
- Meets one (1) or more of the goals of the *Puerto Rico State Natural Hazard Mitigation Plan*; and
- The action is identified as a viable mitigation measure in the state and/or local hazard mitigation plan.

If necessary, municipalities may make amendments to their local hazard mitigation plans to ensure compliance. The State Hazard Mitigation Office is available to provide more information on the process.

8 Period of Performance

8.1.1 HMGP Period of Performance

As provided in the HMA Guidance Program,¹⁰ Part VI D.4; “the [period of performance] for the HMGP begins with the opening of the application period and ends no later than 36 months from the close of the application period.”

8.1.2 CDBG-MIT Period of Performance

As provided in the CDBG-MIT Grant Agreement executed between HUD and PRDOH, fifty percent (50%) of the CDBG-MIT grant must be expended within six (6) years of the execution date (May 12, 2021). One hundred percent (100%) of the funding must be expended within twelve (12) years of execution of the Grant Agreement. The deadlines may be amended via waiver approved by HUD.

8.1.3 Global Match Period of Performance

All Global Match Strategy project's work must be completed within the period of performance specified under both FEMA and HUD (CDBG-MIT) requirements, as stipulated in the grant agreement between PRDOH and the subrecipient of HUD award. The dates must correspond with the HMGP Period of Performance stipulated in the Global Match project awarded to PRDOH. COR3/SHMO and PRDOH will be in continuous coordination to ensure the completion of projects by the end of period of performance dates of both federal funding sources.

9 HUD National Objective

¹⁰ FEMA. *Hazard Mitigation Assistance Guidance*, February 27, 2015, p. 86. Accessed at: https://www.fema.gov/sites/default/files/2020-04/HMA_Guidance_FY15.pdf.

All projects funded under the Global Match Strategy must meet one (1) or more of the National Objectives of the CDBG-MIT Program, as outlined in Table 2. HUD regulations state that a project is not considered to meet a National Objective until project completion. This means that projects that have studies performed, or design work finalized but do not carry on to project completion will become ineligible from HUD's perspective.

The Global Match Strategy must demonstrate, through the application presented to PRDOH for its consideration, each project (funded one hundred percent (100%) with HUD funds) meets at least one (1) of the National Objectives. Depending on the specific objective(s) the project offers to meet, specific project documentation is required with each application. The minimum documentation requirements are stated in the next table.

Table 2: National Objectives of the CDBG-MIT Program

National Objective	Minimum Requirements
LMI Area	<ul style="list-style-type: none"> Boundaries of the service area. Census data including total persons and percentage of Low and Moderate Income (LMI). Evidence the area is primarily residential. Survey documentation (if applicable).
LMI Limited Clientele	<ul style="list-style-type: none"> Documentation the beneficiaries are or are presumed to be LMI (by category).
Low/Mod Buyout (LMB)	<ul style="list-style-type: none"> When CDBG–MIT funds are used for a buyout award to acquire housing owned by a qualifying LMI household, where the award amount (including optional relocation assistance) is greater than the post-disaster (current) fair market value of that property.
Low/Mod housing incentive (LMHI)	<ul style="list-style-type: none"> When CDBG–MIT funds are used for a housing incentive award, tied to the voluntary buyout or other voluntary acquisition of housing owned by a qualifying LMI household, for which the housing incentive is for the purpose of moving outside of the affected floodplain or to a lower-risk area; or when the housing incentive is to provide or improve residential structures that, upon completion, will be occupied by an LMI household.
Urgent Need Mitigation	<ul style="list-style-type: none"> Addresses the current and future risks as identified in the grantee's Mitigation Needs Assessment of MID areas. Will result in a measurable and verifiable reduction in the risk of loss of life and property.

(Only applies to CDBG-MIT funding)	<ul style="list-style-type: none"> • Demonstrate long-term efficacy and fiscal sustainability. • Demonstrably benefit the MID area.
Additional criteria applicable to all mitigation activities funded with CDBG–MIT funds (V.A.13.a.)	<ul style="list-style-type: none"> • Demonstrate the ability to operate for the useful life of the project. • Be consistent with other mitigation activities.
Additional criteria applicable to Covered Projects CDBG–MIT funds (V.A.13.b.)	<ul style="list-style-type: none"> • To meet a National Objective, all Covered Projects must: <ul style="list-style-type: none"> ○ Demonstrate long-term efficacy and fiscal sustainability. ○ Demonstrably benefit the MID area. The benefits of the Covered Project must outweigh the costs of the Covered Project.

10 Program Eligibility

The Program Guidelines are a combination of the eligibility requirements established by HMGP,¹¹ CDBG-MIT and the Government of Puerto Rico, and provides a single set of eligibility guidance for the Global Match Strategy.

10.1 Eligible Subapplicants

Eligible entities for the HMGP Global Match Strategy are those subapplicants who have been deemed eligible by FEMA to participate in the HMGP.

Eligible entities include:

- Units of general local government/ municipalities (including departments and divisions)
- Government of Puerto Rico agencies, authorities, trusts, and boards
- Community-based development organizations and private non-profits
- Non-governmental organization (501c(3)) or other non-profit entities

All applicants, including municipalities, may be eligible applicants under the HMGP Global Match Strategy. Each applicant must, to receive funding, have a FEMA-approved hazard mitigation plan at the time of project funding. In some cases, if the subrecipient does not have an approved hazard mitigation plan in place at time of approval, a conditional approval can be given. Conditional approval requires an approved

¹¹ Refer to HMA Guidance and the Code of Federal Regulations, 44 C.F.R. § 206.434, and 2 C.F.R. § 200.203.

mitigation plan to be completed within twelve (12) months and restricts the draw-down of federal funding until one is obtained.¹²

10.2 Eligible CDBG-MIT Activity

All projects funded by CDBG-MIT must meet a HUD eligible activity as defined by Section 105(a) of the HCDA, as amended, 42 U.S.C. § 5305. When CDBG-MIT funds are used as match for another federal entity, HUD requires not only the project meets the requirements of the primary federal agency and the non-federal match activity (Section 105(a)(9)) but must also demonstrate the project meets one (1) additional HUD eligible activity. Those activities may include:

- Section 105(a)(1) – Acquisition of Real Property
- Section 105(a)(2) – Public Facilities and Improvements
- Section 105(a)(4) – Clearance, Rehabilitation, Reconstruction, and Construction of Buildings
- Section 105(a)(7) - Disposition of Real Property
- Section 105(a)(8) – Public Services
- Section 105(a)(9) - Payment of Non-Federal Share
- Section 105(a)(11) – Relocation
- Section 105(a)(12) – Planning
- Section 105(a)(13) – Payment of reasonable administrative costs
- Section 105(a)(14) – Activities Carried Out through Nonprofit Development Organizations
- Section 105(a)(15) – Assistance to Eligible Entities for Neighborhood Revitalization, Community Economic Development and Energy Conservation
- Section 105(a)(16) – Energy Use Strategies Related to Development Goals (resiliency)
- Section 105(a)(21) – Assistance to Institutions of Higher Education

Per its program design, CDBG-MIT funded projects must meet other criteria:

- The activity meets the mitigation definition, then:
 - Performance of eligible activities as in list above;
 - No direct beneficiary reimbursement allowed;
 - No assistance to private utilities unless HUD grants waiver; and
 - Economic development activities that prioritize small businesses, as defined by the Small Business Administration at 13 C.F.R. Part 121, are allowed.
- Community Lifelines

¹² 44 C.F.R. Part 201.

- Community Lifelines are defined by FEMA as functions that enable the continuous operation of critical government and business functions and are essential to human health and safety or economic security.¹³
- CDBG-MIT funded projects should benefit one (1) of the FEMA-identified lifelines:
 - Safety and Security
 - Food, Water, and Shelter
 - Health and Medical
 - Energy
 - Communications
 - Transportation
 - Hazardous Materials

10.3 Eligible Project Types

Projects may be hazard mitigation or resiliency projects of any type, so long as they meet all eligibility criteria by both CDBG-MIT and FEMA HMGP (as per current HMA Guidance).¹⁴

Examples of eligible project types include, but are not limited to:

- Property acquisition/demolition
- Property acquisition/relocation
- Structure elevation
- Mitigation reconstruction
- Critical facility protection or hardening
- Dry floodproofing
- Wet floodproofing
- Utility protection/hardening
- Infrastructure retrofits
- Emergency utilities for critical facilities
- Flood risk reduction projects
- Design and construction of safe rooms
- Soil stabilization projects
- Wildfire mitigation projects
- Climate adaptation/resilience projects
- Green Infrastructure
- Installation and purchase of emergency backup power for critical facilities
- Structural Retrofitting of Existing Buildings
- Non-structural Retrofitting of Existing Buildings and Facilities

¹³ Community lifeline information can be accessed online at <https://www.fema.gov/emergency-managers/practitioners/lifelines>. A detailed description of the lifelines is provided in the CDBG-MIT Action Plan, available in English and Spanish at <https://cdbg-dr.pr.gov/en/action-plan/> and <https://cdbg-dr.pr.gov/plan-de-accion/>.

¹⁴ FEMA. *Hazard Mitigation Assistance Guidance*. pp. 32-33.

- Aquifer and Storage Recovery
- Flood Diversion and Storage
- Floodplain and Stream Restoration

10.3.1 Ineligible Project Types

Examples of ineligible project types include (but are not limited to):

- Projects that do not support or further the Government's resilience goal
- Projects that do not provide a solution to a problem
- Projects that are not documented to be cost-effective through a benefit-cost analysis using FEMA BCA methodology
- Studies that do not result in a project
- Projects determined by the Government Authorized Representative (GAR), COR3, or SHMO to be ineligible
- Projects that do not mitigate against risks identified in the CDBG-MIT Action Plan.
- Projects that do not meet a CDBG-MIT National Objective
- Projects that do not meet a CDBG-MIT eligible activity as stipulated by the HCDA and requirements at 84 FR 45838
- Projects may not enlarge a dam or levee beyond the original footprint of the structure that existed prior
- The following activities are ineligible:
 - Assistance for building used for the general government conduct
 - Assistance to privately-owned utilities
 - Operations and maintenance costs cannot be funded with CDBG-MIT or HMGP
 - Projects that address the National Objective to address conditions of slum and blight are not eligible
 - Except as specifically authorized under 2 C.R.F. Part 200, expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance
 - Political activities
 - Purchase of moveable equipment
 - Furniture and personal property
 - Construction equipment
 - Refinancing of debt
 - Religious activities
 - New housing construction

10.3.2 Project Effectiveness

To be eligible under the Global Match Strategy a project must be independent, meaning it solves a problem or reduces/eliminates an identified hazard risk exclusively, of other

projects. The efficacy of the project's hazard mitigation potential cannot rely on or be dependent on the completion of another project or projects.

To determine the effectiveness of a project, SHMO application reviewers will evaluate the actual cause of the damage or risk to be mitigated, and whether the risk will be mitigated to an acceptable level through the project's scope of work. If residual risk remains after project completion, the reviewer will determine if the project mitigates enough damage to justify funding. If additional possibilities for damage are found, or should it be determined that more work will be necessary to eliminate the cause of the damage, the COR3/SHMO will work with FEMA and the subapplicant to either alter the project's scope of work to better achieve the intended benefits or will work with the subapplicant to identify a new project scope to address the hazard/risk.

10.4 Covered Projects

HUD implemented the concept of a Covered Project to enhance the evaluation processes for larger-scale infrastructure projects. A Covered Project is defined as **an infrastructure project having a total project cost of \$100 million or more and including at least \$50 million of CDBG funds** (regardless of source: CDBG-DR, CDBG-National Disaster Resilience (**NDR**), CDBG-MIT, or CDBG). All three (3) conditions must be present for a project to be considered "covered".

Before implementing a Covered Project, the CDBG-MIT Action Plan must complete a substantial amendment process to include a description of the project and the information required for other CDBG-MIT activities (how it meets the definition of a mitigation activity, consistency with the Mitigation Needs Assessment, eligibility under section 105(a) of the HCDA or a waiver or alternative requirement, and National Objective, including additional criteria for mitigation activities). Additionally, the Action Plan must describe how the Covered Project meets additional criteria for National Objectives for Covered Projects, including its consistency with other mitigation activities in the same MID area and demonstrated long-term efficacy and sustainability of the project including its operations and maintenance.

10.5 Other Program Eligibility Requirements

10.5.1 Compliance with the Government's Recovery Plan

All projects considered for funding under the Global Match Strategy must support the goals and objectives of the Recovery Plan. The project narrative for each project's scope of work must detail how the project supports and furthers the objectives of the Government's Recovery Plan.

10.5.2 Geographic Eligibility

All municipalities in Puerto Rico meet the geographic eligibility to apply for program funding.

10.5.3 Cost-Effectiveness

All projects funded under the Global Match must be determined cost-effective, meaning the total costs of undertaking the project and maintaining, it for its useful life, must be less than the benefits the project will provide, in damages avoided or minimized. Project costs, maintenance costs for the useful life of the project, and previous damage costs are all included in a BCA to calculate the benefits the project will provide.

All projects considered for funding under the Global Match Strategy must be documented to be cost-effective using FEMA's Benefit-Cost Toolkit (current version). The Benefit-Cost Ratio (**BCR**) for the project must equal 1.0 or greater to be documented as cost-effective, meaning future benefits of a project exceed their current cost. COR3/SHMO will ensure a project's BCA meets FEMA requirements for cost-effectiveness prior to referring project to PRDOH for Global Match eligibility review. The COR3/SHMO will provide subapplicants with technical assistance to complete and document BCAs, if required and requested.

The Global Match Strategy project shall meet all FEMA requirements. FEMA reviews the documentation provided in support of the subapplication's cost-effectiveness to validate accuracy and credibility of data and ensure appropriate use of the cost-effectiveness methodologies. Only subapplications meeting HMGP cost-effectiveness requirements will be considered eligible. Refer to the HMA Guidance.¹⁵

CDBG-MIT funding requires all projects that meet the Covered Projects definition demonstrate benefits through benefit-cost analysis. HUD guidance found at the Federal Register, 84 FR 45838, 45851, states:

- Grantees and subrecipients may use FEMA-approved methodologies and tools to demonstrate the cost effectiveness of their projects.
- FEMA has developed the BCA Toolkit to facilitate the process of preparing a BCA. Using the BCA Toolkit will ensure that the calculations are prepared in accordance with OMB Circular A-94 and FEMA's standardized methodologies.

Although HUD allows for non-FEMA BCA methodology to be used, projects under the program must comply with both FEMA and HUD requirements. Therefore, projects under the program must utilize FEMA-approved BCA methodology for the demonstration of cost-effectiveness. Additional Benefits Analysis is required by HUD to account for economic development, community development and other social/community benefits or costs of the project due to FEMA BCA methodology does not include a qualitative

¹⁵ FEMA. *Hazard Mitigation Assistance Guidance*. February 27, 2015. Accessed at: https://www.fema.gov/sites/default/files/2020-07/fy15_HMA_Guidance.pdf

narrative which factors in these elements. For additional information, see the PRDOH CDBG-MIT Benefit Cost Analysis Guidelines.¹⁶

10.5.4 Beneficial Impact

All projects considered for funding under the Global Match Strategy must have the potential to reduce loss of life and property over the long-term. The project must be feasible and effective, in the sense that it can be completed in a timely manner using accepted best practices, codes, standards, or techniques. Projects can be considered to have a beneficial impact when determined the project addresses a quantifiable risk to the project area over time and when alternatives to the project can be considered ineligible or costlier, either to the Government or to the community.

To allow for assessment of the beneficial impact of the project, the HMGP applications must contain a history of the hazard(s) to be mitigated that have previously occurred in the project area/municipality. This historic narrative must include:

- The number of previous occurrences of the hazard(s) to be mitigated;
- The recurrence interval(s) of the hazard(s) to be mitigated;
- The estimated dollar amount of damages caused by the hazard(s);
- The estimated number of injuries and/or fatalities caused by the hazard(s); and
- Any other relevant data regarding the risk posed to the area, property, and residents.

The historic narrative will provide the SHMO reviewer an understanding of the need for action in the project area and can be obtained from the local hazard mitigation plan, the *Puerto Rico State Natural Hazard Mitigation Plan*, and various other resources, such as the National Centers for Environmental Information (<https://www.ncdc.noaa.gov/>).

Increasingly, HMGP focuses on distributing grant funding in the benefit of vulnerable populations and disadvantaged communities. Tied to addressing both social and structural risks, beneficial impact is also assessed by reviewing possible alternatives to the proposed project and the costs of no action. Subapplicants must provide both a possible, feasible alternative and a description of the 'no action' alternative in the HMGP project application. Both alternatives will be assessed in the same manner as the proposed project for eligibility, feasibility, and cost-efficiency. The COR3/SHMO reviewer will also assess the long-term costs and/or impacts of allowing the hazard to persist with no mitigation.

Technical assistance from the COR3/SHMO is available on request to help subapplicants determine and document the beneficial impact of the proposed project.

11 Project Intake, Approval, and Implementation

¹⁶ CDBG-MIT Benefit Cost Analysis Guidelines will be published in Action Plan Program webpage.

HMGP Global Match Strategy projects will be selected through joint coordination between PRDOH and SHMO, alongside with the necessary technical assistance and coordination with the involved subapplicants.

The project approval and implementation process will follow this overall procedure:

1. An HMGP application is received and deemed eligible by SHMO and submitted to FEMA for approval.
2. Concurrently, the application is submitted to PRDOH for a preliminary CDBG-specific compliance evaluation.
 - a. If the project is deemed preliminarily compliant, it is placed on a list of potential Global Match projects, pending approval by FEMA.
3. Once approved by FEMA, the HMGP project applications are officially referred to PRDOH as potential Global Match project.
 - a. PRDOH confirms compliance with CDBG-specific eligibility requirements.
4. If confirmed eligible for CDBG-MIT after reviewing the FEMA application package, PRDOH prepares a Global Match application for the project with a \$0 FEMA budget.
 - a. The application is submitted to FEMA and, after reviewed, is officially deemed a Global Match project.
5. PRDOH executes a Subrecipient Agreement (**SRA**) with the entity for the implementation of the project while COR3 executes an agreement with the subrecipient for the project.
6. Concurrently, the Global Match project is included under the Interagency agreement between PRDOH and COR3.
7. Before project commencement, PRDOH and COR3 will coordinate and agree on each agency's responsibilities corresponding to the project scope of work; then inform the subrecipient the responsibilities they must meet to maintain program controls.
8. The project commences as a PRDOH Global Match project under PRDOH and COR3's oversight.
9. As applicable, the subrecipient must meet all Environmental and Historic Preservation (**EHP**) requirements and submit to PRDOH/COR3 for approval before scope of work implementation. Refer to the Unified Federal Review (**UFR**) Process section for additional guidance on interagency review processes.¹⁷
10. During the scope of work implementation, the subrecipient must submit to PRDOH and COR3 quarterly progress reports and maintain a financial file demonstrating compliance with all program requirements.

¹⁷ <https://www.fema.gov/emergency-managers/practitioners/environmental-historic/review>

11. Any request for reimbursement submitted by the subrecipient will be evaluated and approved by PRDOH and COR3 before disbursement.
 - a. PRDOH/COR3 will establish the disbursement methodology.
12. Project monitoring will be implemented according to the scope of work awarded.
 - a. If the project scope of work was approved by phasing, the subrecipient must meet all the requirements requested in the initial phase before beginning the next approved phase.
 - b. Progress reports may be required to be submitted through the Disaster Recovery Solution (**DRS**) system and/or PRDOH's Canopy system.
13. Once the project is completed and all incurred costs are validated and reimbursed, the project is closed out by both PRDOH and COR3 including the Global Match funding reconciliation.

11.1 COR3/SHMO Application Receipt and Eligibility Review

The first step of the Global Match process is for the SHMO to deem a project eligible for HMGP and determine that it is a potential candidate for the Global Match Strategy. SHMO will coordinate directly with PRDOH to find those projects best suited for Global Match from their pool of HMGP applications.

Each subapplication submitted to COR3 will then undergo a preliminary review by SHMO to determine that the application package is complete, and the project is eligible for HMGP funding consideration. Each project subapplication that passes this preliminary review will then move to a full review, where it will be thoroughly reviewed by SHMO for eligibility and cost-effectiveness. In this phase of the subapplication review process, SHMO may issue RFIs to the subrecipient to formulate a clear and concise subapplication to be forwarded to FEMA's Hazard Mitigation Assistance Division.

11.2 PRDOH Application Receipt and Eligibility Review

If SHMO determines the HMGP subapplication meets the programmatic requirements of FEMA HMGP and has potential to meet the requirements of the CDBG-MIT Program, the preliminary subapplication and supporting documentation will be submitted to PRDOH to perform their own preliminary review of the project. Concurrently, SHMO submits the HMGP subapplication to FEMA for review and approval. FEMA evaluates all parts of the subapplication, including the scope of work, period of performance, budget, BCA compliance, EHP initial consults, and maintenance and management costs, among other important sections of the subapplication.

PRDOH will review the HMGP project subapplications received for completeness and compliance with all the following CDBG-MIT programmatic requirements:

- Project applicant is in an eligible entity;

- Project applicant is eligible for CDBG (as HMGP eligibility has already been established by COR3);
- Project is a HUD-eligible activity;
- Project meets a HUD National Objective for CDBG-MIT; and
- PRDOH will utilize a selection process that maximizes the mitigation of risks to life and property through a scoring system that directly ties to the data-based Risk Assessment.

Potential Global Match Strategy projects that are submitted to PRDOH by COR3/SHMO will be prioritized to best achieve timely alignment of funding and consideration of LMI targets. The following criteria will be used to determine whether a project is HMGP funded, or CDBG-MIT funded:

- Location of project;
 - Projects located within a floodplain or floodway may be required to meet additional HUD-specific requirements.
- The project's service area will be analyzed to determine the LMI percentages of the beneficiaries within that area;
- Mitigation benefit to subrecipient and community;
- Project cost and available program funds; and
- Larger or scalable projects will be given preference where possible to limit the number of projects exposed to both HUD CDBG-MIT and FEMA HMGP requirements, helping to reduce the administrative burden on subrecipients.

If PRDOH's preliminary review indicates the project is a candidate under the Global Match Strategy, the subrecipient may be asked to submit **additional** supporting documentation to confirm the eligibility of the project with HUD requirements in order to be considered becoming a one hundred percent (100%) HUD funded, PRDOH managed project.

11.3 Concurrence between PRDOH and COR3

Once PRDOH's preliminary eligibility is completed, PRDOH will inform the SHMO of the evaluation results and incorporates the project on a preliminary Global Match Strategy project list. Meanwhile, FEMA will release the results of their project evaluation and the SHMO communicates the results to PRDOH.

If the identified project is approved by FEMA, and PRDOH confirms the project parameters remain eligible, PRDOH will review and prepare a Global Match application and submit to FEMA.

PRDOH will then execute the corresponding Subrecipient Agreement for the project with the eligible entity, as COR3 will execute the corresponding agreement with the Subrecipient.

NOTE: If the Global Match Strategy project is best implemented under CDBG-MIT and is over \$100 million in project costs out of which \$50 million are provided by CDBG, it will be considered a “covered project” and will require the project to be included in the PRDOH Action Plan and approved by HUD before the project can commence.

11.4 PRDOH Approval and Project Implementation

Once approval of the PRDOH Global Match Strategy project is received from FEMA and COR3, PRDOH will gather all necessary documentation and adopt the FEMA's cost analysis, Environmental Planning and Historic Preservation reviews. PRDOH will also approve the project's scope, execute a Subrecipient Agreement with the subapplicant, notify them of when work can commence and provide the HUD and COR3 required programmatic oversight throughout the life of the project.

11.4.1 Payment Requests

Once the project commences and work progresses, all payment requests for projects may be required to be submitted concurrently through the DRS system to COR3 and through Vendor Café¹⁸ to PRDOH by an authorized representative of the subrecipient. For Global Match Projects, the reimbursement request form (**RRF**, also referred to as a Request for Reimbursement (**RFR**)) should invoice a \$0 dollar amount for COR3/FEMA, while the entirety of the corresponding payment should be submitted to PRDOH using the approved invoicing templates. Payment should be requested in accordance with previously agreed-upon milestones, or at least quarterly and in line with work completion.

Appropriate documentation of the expended funds shall accompany the request for payment “DRS Check List”. At a minimum, this documentation should include a summary of the nature of the payment request with copies of supporting invoices. If cancelled checks are not provided with the reimbursement request, they must be uploaded to the appropriate system within **forty-five (45) days** of payment. The request should clearly identify the individual project number on the RRF when the grant includes multiple projects. Payment may not be processed without a current signed quarterly report on file with PRDOH. Proof of the subrecipient's expenditure will be submitted as supporting documentation, as previously described in this paragraph.

PRDOH will share with COR3 all funding information for visibility of costs incurred and documented to support the management of the Global Match Strategy available funds. COR3 and PRDOH will maintain updated accounting records to confirm final project balances at closeout.

11.4.2 Progress Reporting

All subrecipients are required to complete and submit a quarterly report for each project funded. The reports must be submitted on or before: January 10, April 10, July 10, and

¹⁸ Vendor Café is an online vendor portal integrated to the Yardi cloud-based accounting system used by PRDOH.

October 10, of each year and until the project Scope of Work (**SOW**) is complete and closed. The report for each project must include the following:

- Percentage of SOW completed during the quarter;
- Cumulative percentage of work completed to date;
- Summary of progress made during the quarter;
- Project status;
- Any significant developments, problems, delays, or adverse conditions that may affect the approved project SOW, schedule, and budget;
- Approved project completion date;
- Indication as to whether the project is on schedule (based on the schedule in the approved subapplication), and an explanation for any variances;
- Indication if underruns/overruns are anticipated, with corresponding justification;
- Financial expenditures of all project funds received; and
- Any additional supporting documents to support subrecipient documentation (for example: procurements, contracts, studies, permits and endorsements or field inspection, among others).

Quarterly reports will be reviewed for completeness and accuracy. The report will be reviewed against the SOW and milestones provided in the approved application to determine if project eligible activities are proceeding as scheduled. If it is determined that significant information is missing or information provided is not consistent with project SOW, the subrecipient will be contacted for clarification or follow-up information.

If not included in the quarterly reporting or significant documentation and/or clarification is not provided in a reasonable time period, a monitoring visit will be scheduled to meet with the subrecipient to further discuss project-related issues. PRDOH/COR3 will compile data from these reports to meet their own reporting obligations according to program requirements.

12 Project Closeout

Project closeout is the process by which PRDOH and COR3 determine that the total project costs that have been incurred are eligible if the approved SOW has been completed and all subrecipient responsibilities have been completed in accordance with the terms and conditions of the executed agreement and applicable laws and regulations. In addition, the five percent (5%) management cost evaluation has been made to determine the eligible total amount. A project cannot be closed out until all incurred costs have been presented with all necessary documentation for justification, all activities approved with the SOW have been completed, and the National Objective for CDBG-MIT has been met.

Given that the program provides the Global Match for HMGP projects, project closeout will occur in coordination with COR3 and FEMA. PRDOH will work with COR3 to develop processes that show which funded projects have no future work and that no audit or open issues remain. Since the Global Match Strategy projects will be implemented jointly by PRDOH and COR3, both agencies will determine if all their requirements for a specific project have been completed and if project closeout should occur.

Prior to project closeout, the SHMO and HMGP Global Match team will coordinate a final inspection for compliance. If documentation, inspections, and/or other supporting documentation reveal issues or problems with the performance of the work or documentation of the work, the HMGP Global Match team will collaborate with the subrecipient to correct all noted deficiencies prior to closeout.

Project closeout will begin when:

- The subrecipient completes the approved SOW and requests closeout to commence.
- All project expenses related to the approved budget have been paid on the project by PRDOH/COR3.
- When PRDOH and COR3 have certified that all approved project SOW has been completed and no future work will take place.
- Any responsibilities detailed in an Interagency or Subrecipient Agreement or other binding agreements with PRDOH/COR3, including agreements the subrecipient has with FEMA, have been fulfilled.
- All monitoring or audit findings have been cleared, whether with HUD or FEMA.
- A final inspection has occurred.
- Meeting of all necessary EHP, studies, permits, endorsements, and consultations have been accomplished/completed.

Project closeout consists of:

- A closeout request, with applicable project documents attached, submitted to PRDOH-COR3 for review;
- PRDOH/COR3 review of closeout documents and resolution of any outstanding issues;
- A project closeout letter/memo is placed in the projects file with the Federal Financial Report and final progress report;
- A final HUD quarterly narrative report submitted to reflect the project's status;
- An updated project in HUD's Disaster Recovery Grant Reporting (**DRGR**) system;
- Reconciliation and, when necessary, return of any unused funds to the program via budget amendment;
- PRDOH coordinates the closeout process with COR3;

- When all requirements for a project closeout have been completed COR3/SHMO submits project closeout information to FEMA for approval; and
- COR3/FEMA confirms the five percent (5%) Management Cost Closeout

13 Reporting

Recipients receiving federal award funds must complete a quarterly report in which they provide an overview on the project's progress to date, compliance with job creation/retention (if applicable) and include a summary of the progress expected for the next quarter. Additional compliance reporting, including but not limited to that for Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. §1701u, and Davis Bacon and Related Acts, as amended, 40 U.S.C. §§ 3141-3148, will be maintained in accordance with the reporting requirements under the CDBG-MIT regulations, applicable PRDOH CDBG-MIT policies, and executed agreements. Reporting requirements will be detailed in the executed Subrecipient Agreement and must be submitted on the agreed upon schedule.

14 Monitoring

Monitoring and evaluation of program performance and compliance by recipients of HMGP and CDBG-MIT funds is a requirement of both HUD and FEMA. Monitoring program, statutory and/or regulatory requirements is the responsibility of both PRDOH and COR3. Each agency will adhere to their established and approved monitoring policies and agree to provide information to one another to ensure transparency and access of information.

Recipients of federal dollars are responsible for carrying out their programs to meet program compliance requirements, including monitoring their project administrators, contractors, and subcontractors. When projects are selected and subrecipients execute agreements with PRDOH for this Program, additional information on monitoring requirements will be provided. Subrecipients should refer to the monitoring guidelines of the specific program under which the Global Match Strategy project will be implemented.

COR3, as the grantee of the HMGP funds, has a primary responsibility for project management and accountability of funds as indicated in the Code of Federal Regulations, 44 C.F.R. § 206.438. COR3 will ensure that the subrecipient meets all program and administrative requirements. As such, project monitoring begins after a notice of award is submitted by FEMA to COR3. This notice of award includes an approval letter, an obligation document, and EHP award conditions and/or other conditions. The monitoring has been overseeing the activities related but not limited to SOW implementation, budget incurred cost, and schedule or period in which the activities

included in the approved SOW will be performed. It is the subrecipient's responsibility to meet EHP compliance, and project state and federal law compliance.

To ensure compliance, periodic meetings and inspections should be coordinated at the end of the activities described in the SOW. Oversight should also be provided in the areas of EHP compliance, permits and final design, among others.

15 Procurement

All procurement transactions for work to be funded by CDBG-MIT must be conducted in a manner providing full and open competition and must comply with the procurement requirements of the Federal Emergency Management Agency (**FEMA**). Participants of HMGP Match Set-Aside must provide PRDOH with the necessary records to document they have met the FEMA Procurement requirements, which FEMA may establish and amend from time to time. FEMA procurement standards comply with 2 C.F.R. § 200.318 to 2 C.F.R. § 200. In the event FEMA does not complete a cost and price analysis, the sections of the CDBG-DR Procurement Manual¹⁹ pertinent to the process of such analysis will apply to the HMGP Match Set-Aside.

Objective performances must be ensured, and unfair competitive advantages must be avoided (i.e., a contractor involved in the development of a procurement cannot compete for any such procurement).

16 Environmental Review

Projects funded under the Global Match Strategy must conform to all applicable EHP requirements, laws, and regulations, as detailed in the Code of Federal Regulations, 44 C.F.R. Part 9. These include the National Environmental Policy Act (**NEPA**), as amended, 42 U.S.C. § 4321 *et seq.*; the National Historic Preservation Act (**NHPA**), 54 U.S.C. § 300101 *et seq.*; the Endangered Species Act (**ESA**), as amended, 50 C.F.R. Part 402; Executive Order 11988 (Floodplain Management), Executive Order 11990 (Protection of Wetlands), and Executive Order 12898 (Environmental Justice). This requires that all HMGP project applications identify alternative projects (described in the *Beneficial Impact* subsection) and consider any possible project impacts to the environment.

EHP reviews may be performed by either HUD or FEMA, by previous agreement between SHMO/COR3 and PRDOH. EHP reviews under HUD will be performed by the subrecipient and reviewed by the PRDOH Environmental team. EHP reviews under FEMA will be led by SHMO/COR3. The PRDOH Global Match application submitted to FEMA will not require another EHP review per the UFR agreement outlined below. FEMA's Notice of Award details EHP requirements for each approved project.

¹⁹ Procurement Manual for the CDBG-DR Program, Regulation 9205, is currently under review. The document is available in English and Spanish at: <https://cdbg-dr.pr.gov/en/download/procurement-manual-cdbg-dr-program/> and <https://cdbg-dr.pr.gov/download/manual-de-adquisiciones-programa-cdbg-dr/>.

Additionally, all projects funded must adhere to floodplain management and flood damage prevention requirements, and all projects must be properly permitted and inspected by the authority having jurisdiction.

16.1 Unified Federal Review (UFR) process

In 2013, the Stafford Act was amended to include Section 429, titled *Unified Federal Review*, 42 U.S.C. §5189g. This section establishes an expedited and unified interagency review process to ensure compliance with environmental and historic preservation requirements applicable to disaster recovery projects are met. The process coordinates environmental and historic preservation reviews to expedite planning and decision-making for disaster recovery projects, thereby improving the assistance provided by the federal Government during federally declared disasters.

To establish the UFR process, an Interagency Memorandum of Understanding (**MOU**) was executed by eleven (11) federal departments and agencies in July 2014. This MOU committed the signatories to provide staff and resources to support the UFR process and to establishing an issue elevation process to quickly resolve issues or disputes that arise during project reviews.

Under the UFR, the subapplicant's primary responsibility is to provide information and documentation to funding and permitting agencies about proposed projects and their potential to impact natural and cultural resources. Documentation includes any existing EHP-related documents relevant to each proposed project, which may include EHP-related documentation prepared for past or related projects. Additionally, subrecipients are required to adhere to and implement all applicable conditions and requirements related to funded projects.

The SHMO will provide specific guidance to subapplicants for projects identified for application development, and COR3/SHMO will assume the lead on EHP for projects for which FEMA will perform the EHP review, as agreed between SHMO-COR3 and the Program. For projects under Global Match that require a HUD EHP review, PRDOH will assume the lead on EHP procedures. For these projects, any activity related to the approved SOW cannot begin until FEMA/HUD authorization is granted.

16.2 Elevation and Floodplain Management Requirements for Non-Residential Structures

All projects funded under the Global Match Strategy must adhere to all applicable floodplain management ordinances and requirements.

In a non-federal match program, each project is subject to different federal requirements established by both FEMA and HUD with respect to the elevation of non-residential structures in a floodplain, with the latter having more stringent requirements than the former. Generally, many FEMA funded projects commence soon after a disaster and well

in advance of the availability of CDBG funding. If CDBG funds are intended to be used as match for a FEMA project that is already underway, the alignment of HUD's elevation standards with alternative standards allowed by FEMA²⁰ often proves difficult and may not be cost reasonable to implement mid-stream. To address this, a waiver was granted by HUD to allow PRDOH to apply different elevation and flood proofing requirements based on the criteria described below.

16.2.1 Other Applicable Elevation and Floodplain Standards

Any state or local codes and standards for floodplain management that exceed the applicable requirements, including elevation, setbacks, and cumulative substantial damage requirements, will be followed. Entities in this situation will be required to prove that they have elevated to the appropriate elevation height by providing an elevation certificate.

Projects located within either the VE Zone or the Coastal A Zone are required to adhere to V Zone construction standards.²¹ No projects located within the floodway, as defined by the Advisory Base Flood Elevations (ABFE) maps, will be funded by the Global Match excepting property acquisition/demolition/ or property acquisition/relocation projects.

All projects funded within the SFHA will be required to obtain and maintain flood insurance coverage equal to the amount of federal funding received. For questions related to floodplain management and protection compliance, please contact the SHMO.

17 Acquisition and the Uniform Relocation Act (URA)

Activities and projects undertaken with CDBG–MIT funds are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. §4601 *et seq.*) (**URA**) and section 104(d) of the HCDA (42 U.S.C. §5304(d)) (Section 104(d)).

Projects funded under the Program, which include acquisition activities that result in displacement, must comply with all applicable URA regulations for notifying property owners, businesses, and tenants who may be subject to displacement. Persons and entities qualifying as “displaced persons” may be eligible for relocation assistance benefits, which must be accounted for in project budgets.

As a condition of receiving CDBG-MIT assistance, applicants agree to fully comply with all applicable provisions of the URA and waivers granted by HUD for CDBG-MIT activities

²⁰ FEMA regulations require that new construction and substantially improved buildings in the Special Flood Hazard Area (SFHA) must be elevated or floodproofed to the base flood elevation as defined in 44 C.F.R. § 60.3 and 44 C.F.R. § 9.11(d). Those structures housing “critical actions” as defined in 44 C.F.R. § 9.4 must be elevated or floodproofed to the 500-year flood elevation.

²¹ FEMA. Guidance for Construction and Design in Coastal A Zones. Access at: https://www.fema.gov/pdf/rebuild/mat/coastal_a_zones.pdf.

found at 84 FR 45838, 45859. For more information on how URA regulations apply, please refer to the PRDOH Uniform Relocation Assistance Guide and Residential Anti-Displacement and Relocation Assistance Plan available in English and Spanish at <https://www.cdbg-dr.pr.gov/en/resources/policies/general-policies/> and <https://www.cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

18 Property Management and Disposition

PRDOH will comply with regulations governing property management and distribution of real property, equipment, financial obligations, and return of un-obligated cash post program closeout. Applicable regulations can be found in 24 C.F.R. § 570.502, 24 C.F.R. § 570.505, 2 C.F.R. § 200.310, 2 C.F.R. § 200.343, 2 C.F.R. § 200.344(b), 2 C.F.R. § 200.344(d) and 24 C.F.R. § 570.489(j).

For any real property acquired in whole or in part with CDBG funds in excess of \$25,000.00, the recipient must control the use of the property in accordance with its intended purpose and take good care of it and may not change the use or planned use of the property without proper notification to affected citizens and allowable time for comment by them. If the property is not a building for general government conduct, the use of the property may be changed with citizen approval if it either meets one (1) of the HUD National Objectives. If the recipient changes the use of the property, the recipient may either retain or dispose of the property and reimburse PRDOH the amount of the current fair market value of the property.

Further details on property management and disposition can be found in the Cross-Cutting Guidelines as a Property Management and Disposition Policy posted in English and Spanish at <https://www.cdbg-dr.pr.gov/en/resources/policies/general-policies/> and <https://www.cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

19 Labor Standards

Projects receiving CDBG-MIT funding are required to comply with federal labor standards laws, including Davis-Bacon Act of 1931 and Related Acts (**DBRA**), as amended, 40 U.S.C. §§3141- 3148; Fair Labor Standards Act of 1938 (**FLSA**), as amended, 29 U.S.C. § 201 *et seq.*; Contract Work Hours and Safety Standards Act (**CWHSSA**), 40 U.S.C. § 3701 *et seq.*; Copeland Anti-Kickback Act, 18 U.S.C. § 874. Together, these laws ensure that workers are paid the appropriate prevailing wage rate and are treated fairly by employers receiving CDBG-MIT funding to execute program activities, and employment opportunities are made available to low-income individuals to the greatest extent possible. Each of these laws requires important recordkeeping practices to ensure compliance and allow for accurate and efficient reporting as required by PRDOH.

Policies have been adopted by PRDOH for the CDBG-DR and CDBG-MIT Programs, which it, its subrecipients, and contractors are required to follow and comply with in the

implementation of the CDBG-MIT funded activities. These policies are available in English and Spanish at: <https://cdbg-dr.pr.gov/en/resources/policies/general-policies/> or <https://cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

20 Section 3

All Applicants who receive CDBG-MIT funding are required to comply with HUD regulations at 24 C.F.R. Part 75, commonly referred to as the Section 3 Final Rule. Section 3 ensures that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible and consistent with existing federal, Government of Puerto Rico, and local laws and regulations, be directed to low- and very low-income persons, so that they can take part in recovery activities in proximity to work location. Through the program notification process, technical assistance workshops, and monitoring protocols, PRDOH will communicate and work with applicants to ensure that each project adheres to the Section 3 regulations and HUD's established benchmarks for the percentage of total work hours to be completed by Section 3 Workers and Targeted Section 3 Workers.

The PRDOH Section 3 Policy and all CDBG-DR/MIT general policies are available in English and Spanish at <https://cdbg-dr.pr.gov/en/resources/policies/general-policies/> or <https://cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

21 Debarment and Suspension

Federal regulations restrict entering into awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

A contract award must not be made to parties listed on the government wide exclusions in the System for Award Management (**SAM**). SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order No.12549.

You may access the PRDOH Subrecipient Management Policy and all CDBG-DR/MIT general policies in English and Spanish at <https://www.cdbg-dr.pr.gov/en/resources/policies/general-policies/> and <https://www.cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

22 Civil Rights and Non-Discrimination

The CDBG-MIT Program shall be implemented in a manner that does not deny any individuals the opportunity to participate in, access, or benefit from the Program on a discriminatory basis of any federally or locally designated protected classes. Funded activities shall be designed and implemented in a manner that avoids disproportionate

negative impacts on protected classes of people and vulnerable communities, as well as creates opportunities to address economic inequities facing communities. PRDOH has adopted several policies to which it, its subrecipients, and all contractors must adhere in the design and implementation of the Program and funded projects. All CDBG-DR/MIT general policies are available in English and Spanish on the PRDOH website at <https://www.cdbg-dr.pr.gov/en/resources/policies/general-policies/> and <https://www.cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

22.1 Fair Housing & Equal Opportunity Policy (FHEO Policy)

The FHEO Policy establishes requirements and provides guidance for ensuring that CDBG-MIT programs do not discriminate against protected classes of people. Included in this policy is a summary of all civil rights-related and anti-discrimination laws, which must be complied with, strategies and requirements for the affirmative marketing of programs to potential participants, the handling of discrimination complaints, equal opportunity employment requirements, communication requirements, recordkeeping requirements, and other information critical for ensuring compliant design and implementation of the HMGP Global Match.

The PRDOH Fair Housing and Equal Opportunity Policy and all CDBG-DR/MIT general policies are available in English and Spanish at: <https://www.cdbg-dr.pr.gov/en/resources/policies/general-policies/> and <https://www.cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

22.2 Section 504, Americans with Disabilities Act, and Equal Employment Opportunity

All entities receiving an award from the Program are required to comply with Section 504, Americans with Disabilities Act (ADA), and Equal Employment Opportunity (EEO) requirements in the execution of both infrastructure and job creation or retention activities. Based on the applicant entity type and the project activities, infrastructure, and facilities, as well as employment practices, will need to comply with Section 504 and ADA to be physically accessible to persons with disabilities, and employers must comply with employment requirements under these statutes as well as EEO.

22.3 Reasonable Accommodation Policy

Federally funded programs are required under Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. §794, to make reasonable accommodations and modifications for individuals with disabilities. The purpose of Section 504 is to avoid discrimination and ensure these individuals have an equal opportunity to access and enjoy the benefits of the Program. Requests for accommodations (changes to a rule, policy, practice, or service) and reasonable modifications (structural changes to a building or dwelling) most commonly arise in housing programs. However, Section 504 applies to all federally funded programs and activities.

Any person with disability-related needs may submit a request for accommodation or modification to PRDOH, its subrecipients, or contractors involved in the implementation of CDBG-MIT programs. PRDOH has established the Reasonable Accommodation Policy to guide individuals on how to submit a non-employment related request, and instruct PRDOH employees, subrecipients, and contractors on how to receive and evaluate reasonable accommodation and modification requests. Any employment-related reasonable accommodation request should be directed to the individual's employer.

PRDOH will ensure that every effort is made to meet the disability-related needs of requesting individuals to the maximum extent feasible, so far as providing the requested accommodations or modifications is considered reasonable.

The PRDOH Reasonable Accommodation Policy and all CDBG-DR/MIT general policies are available in English and Spanish at: <https://www.cdbg-dr.pr.gov/en/resources/policies/general-policies/> and <https://www.cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

22.4 Language Access Plan

PRDOH, its subrecipients, and contractors are responsible for complying with the PRDOH Language Access Plan (**LAP**). The purpose of the LAP is to ensure meaningful access to federally assisted programs and activities for persons, who because of national origin are limited in their Spanish or English proficiency. The LAP provides concrete action steps that shall be followed by PRDOH, subrecipients, and contractors to ensure that appropriate language services and translated vital documents are made available to potential and actual Program participants, as well as in outreach activities, in accordance with the LAP.

The PRDOH Language Access Plan and all CDBG-DR/MIT general policies are available in English and Spanish at: <https://www.cdbg-dr.pr.gov/en/resources/policies/general-policies/> and <https://www.cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

23 Minority / Women Owned Business Enterprises (M/WBE)

All entities who receive CDBG funding are required to comply with all CDBG requirements enumerated in 2 C.F.R. § 200.321, known as the Minority and Women Owned Business Enterprise (**M/WBE**) goals. It is required that the non-federal entity takes the necessary steps to ensure that all subrecipients, contractors, subcontractors and/or developer funded in whole or in part with CDBG financial assistance ensure that, when possible, contracts and other economic opportunities are directed to small and minority firms, women-owned businesses, and labor surplus area firms. The Program team will coordinate with the PRDOH M/WBE team to ensure that all contracts are reviewed for compliance.

The PRDOH Minority and Women-Owned Business Enterprise Policy and all CDBG-DR/MIT general policies are available in English and Spanish at: <https://www.cdbg-dr.pr.gov/en/resources/policies/general-policies/> and <https://www.cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

24 Duplication of Benefits

The Stafford Act establishes the requirements for DOB analysis.²² The Stafford Act prohibits any person, business concern, or other entity from receiving Federal funds for any part of such loss as to which they have received financial assistance under any other program, from private insurance, charitable assistance, or any other source. To comply with DOB provisions and the requirement that all costs are necessary and reasonable, PRDOH will ensure that each activity provides assistance to a person or entity only to the extent that the person or entity has a mitigation need that has not been fully met.²³

Grantees must comply with the DOB guidance included in Federal Register Vol. 84, No. 119 (June 20, 2019), 84 FR 28836. DOB requirements on CDBG-DR funds will equally apply to CDBG-MIT funds. The 2019 DOB notice updates the treatment of declined loans where a grantee shall not take into consideration or reduce the amount of assistance provided to an applicant, where such applicant applied for and was approved, but declined assistance from the Small Business Administration (**SBA**), related to disasters that occurred from 2014 to 2017. FEMA, as per recent amendments to the Disaster Recovery Reform Act of 2018 (DRRA), Pub. L. 115-254, advises that a loan is not a duplication of other forms of financial assistance, provided that all federal assistance is used toward a loss suffered, as a result of a major disaster or emergency. The DRRA provisions applies to disasters occurred from 2016 to 2021.

PRDOH must consider disaster recovery aid received by, or available to, Program applicants from any other federal, state, local, or other source and determine if any assistance is duplicative. Potential funding sources include, but are not limited to, FEMA 406, FEMA HMGP, USACE, and CDBG-DR. Any assistance determined to be duplicative, meaning the amount received in excess of the total need for the same purpose, must be deducted from the Program's calculation of the applicant's total need prior to awarding assistance.

Similar to CDBG-DR, order of assistance must be adhered to. PRDOH must verify whether FEMA or USACE funds are available for a funded activity (i.e., the application period is open) or the costs are reimbursable by FEMA or USACE (i.e., the Subrecipient will receive FEMA or USACE assistance to reimburse the costs of the activity) before awarding CDBG-MIT assistance for costs of carrying out the same project.

²² Also, see 42 U.S.C. § 5155.

²³ Federal Register, Vol. 84, No. 169 (August 30, 2019) 84 FR 45838, 45860.

The basic framework for a DOB calculation is:

1. Identify Subrecipient's Total Need
2. Identify Total Assistance Available (insurance, FEMA, SBA, etc.)
3. Identify the "Amount of Exclude as Non-Duplicative" (Amounts used for a different purpose, or same purpose, different allowable use)
4. Identify Total DOB Amount (Total Assistance Minus Non-Duplicative Exclusions)
5. Calculate Maximum Award (Total Need Minus Total DOB Amount)
6. Apply the Program Cap (if applicable)
7. Determine the Final Award (Program Cap = Final Award if Maximum Award is equal to or greater than the Program Cap)

For more information on Duplication of Benefits, please see the PRDOH Duplication of Benefits Policy available in English and Spanish at <https://cdbg-dr.pr.gov/en/download/duplication-of-benefits-policy/> and <https://cdbg-dr.pr.gov/download/politica-sobre-la-duplicacion-de-beneficios/>.

25 General Provisions

25.1 Program Guidelines Scope

The Program Guidelines contained in this document sets forth the policy governing the Program. Program Guidelines are intended to aid and provide program activity guidance in Program implementation and closeout and should not be construed as exhaustive instructions. All Program activities must comply with the policies hereby stated. In addition, all program staff must adhere to established program procedures and all federal and state laws and regulations in effect, as applicable, in the execution of program activities.

PRDOH reserves the faculty to authorize, in its sole discretion, the granting of program benefits to any applicant, only when exceptional circumstances, not contemplated in these, justify it. Such faculty will be exercised on a case-by-case basis in compliance with local, state and federal requirements. PRDOH is in no way obligated to grant the program benefits in said cases.

25.2 Program Guidelines Amendments

PRDOH reserves the right to modify the policies established in the guidelines if the program guidelines, as written, do not reflect the intended policy or cause procedures to be impracticable, among any other circumstances. If an amended version of these Guidelines is approved, the amended version fully supersedes all other previous versions and should be used as the basis for the evaluation of all situations encountered in the implementation and/or continuance of the Program from the date of its issuance, that is, the date that appears on the cover of the Guidelines. Each version of the Program

Guidelines will contain a detailed version control log that outlines any substantive amendment, inclusions and/or changes.

25.3 Extension of Deadlines

The Program could extend deadlines on a case-by-case basis. The Program may decline to extend a deadline if such extension will jeopardize the Program's completion schedule or the schedule of an individual construction project. This extension policy strictly applies to program deadlines or established program terms. Under no circumstance(s) does the faculty to extend deadlines apply to the established terms of time in the Program Guidelines or any applicable federal or state law or regulation.

25.4 Established Periods of Time

Unless otherwise specified, all established periods of time addressed in this, and all CDBG-MIT Program Guidelines will be considered calendar days. On this matter, PRDOH, as grantee, will follow Rule 68.1 of the Rules of Civil Procedure of Puerto Rico, 32 L.P.R.A. Ap. V, R. 68.1.

25.5 Written Notifications

All determinations made by the program will be notified in writing. If an applicant believes any determination was made without being written, the applicant may request that such decision be made in writing and duly substantiated.

25.6 Conflict of Interest

As stated in 84 FR 45838, Federal regulations require that State grantees, in the direct grant administration and means of carrying out eligible activities, be responsible with program administrative requirements, including those established in 24 C.F.R. § 570.489(h) related to conflicts of interest.

Several federal and state conflict of interest laws can govern CDBG-DR/MIT assisted activities. Therefore, PRDOH has enacted the Conflict of Interest and Standards of Conduct Policy (**COI Policy**) in conformity with the following applicable federal and state regulations:

1. HUD conflict of interest regulations, 24 CFR § 570.611;
2. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, § 200.112 and § 200.318 (c)(1);
3. Puerto Rico Department of Housing Organic Act, Act 97 of June 10, 1972, as amended, 3 L.P.R.A. § 441 *et seq.*;
4. The Anti-Corruption Code for the New Puerto Rico, Act No. 2-2018, as amended, 3 L.P.R.A. § 1881 *et seq.*; and
5. The Puerto Rico Government Ethics Act of 2011, Act 1-2012, as amended, 3 L.P.R.A. § 1854 *et seq.*

The COI Policy outlines PRDOH's responsibility, in its role as grantee, to identify, evaluate, disclose, and manage apparent, potential, or actual conflicts of interest related to CDBG-DR/MIT funded projects, activities and/or operations. Said Policy is intended to serve as guidance for the identification of apparent, potential, or actual conflicts of interest in all CDBG-DR/MIT assisted activities and/or operations. In accordance with 24 C.F.R. § 570.489, the COI Policy also includes standards of conduct governing employees engaged in the award or administration of contracts.

As defined in the COI Policy, a conflict of interest is a situation in which any person who is a public servant, employee, agent, consultant, officer, or elected official or appointed official of PRDOH, or of any designated public agencies, or of subrecipients that are receiving funds under the CDBG-MIT Program may obtain a financial or personal interest or benefit that is or could be reasonably incompatible with the public interest, either for themselves, or with those whom they have business, or an organization which employs or is about to employ any of the parties indicated herein, or a member of their family unit during their tenure or for **two (2) years** after.

Such conflicts of interests will not be tolerated by PRDOH. Program officials, their employees, agents and/or designees are subject to state ethic laws and regulations, including, but not limited to Puerto Rico Government Ethics Act of 2011, Act 1-2012, as amended, regarding their conduct in the administration, granting of awards and program activities.

According to the Act, no public servant shall intervene, either directly or indirectly, in any matter in which they have a conflict of interests that may result in their benefit. No public servant shall intervene, directly or indirectly, in any matter in which any member of their family unit, relative, partner or housemate has a conflict of interest that may result in benefit for any of the abovementioned. In the case that any of the relationships have ended during the **two (2) years** preceding the appointment of the public servant, they shall not intervene, either directly or indirectly, in any matter related to them until **two (2) years** have elapsed after their appointment. This prohibition shall remain in effect insofar the beneficial ties with the public servant exist. Once the beneficial ties end, the public servant shall not intervene, either directly or indirectly, in such matter until **two (2) years** have elapsed.

The above conflict of interest statement does not necessarily preclude PRDOH Program officials, their employees, agents and/or designees from receiving assistance from the Program. On a case-by-case basis, PRDOH Program officials, their employees, agents and/or designees may still be eligible to apply and to receive assistance from the Program if the applicant meets all Program eligibility criteria as stated in these guidelines. PRDOH Program officials, their employees, agents and/or designees should disclose their relationship with PRDOH at the time of their application.

The PRDOH COI Policy and all CDBG-DR/MIT general policies are available in English and Spanish at: <https://cdbg-dr.pr.gov/en/resources/policies/general-policies/> and <https://cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

25.7 Citizen Participation

Throughout the duration of the grant, all citizen comments on PRDOH's published Action Plan, any substantial amendments to the Action Plan, performance reports and/or other issues related to the general administration of CDBG- MIT funds, including all programs funded by this grant, are welcomed.

Citizen comments may be submitted through any of the following means:

- **Via phone:** 1-833-234-CDBG or 1-833-234-2324 (TTY: 787-522-5950)
Attention hours Monday through Friday from 8:00am-5:00pm
- **Via email at:** infoCDBG@vivienda.pr.gov
- **Online at:** <https://www.cdbg-dr.pr.gov/en/contact/> (English)
<https://www.cdbg-dr.pr.gov/contact/> (Spanish)
- **In writing at:** Puerto Rico CDBG-DR/MIT Program
P.O. Box 21365
San Juan, PR 00928-1365

The PRDOH Citizen Participation Plan and all CDBG-DR/MIT general policies are available in English and Spanish at: <https://cdbg-dr.pr.gov/en/resources/policies/general-policies/> and <https://cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>. For more information on how to contact PRDOH, please refer to <https://cdbg-dr.pr.gov/cdbg-mit/>.

25.8 Citizen Complaints

As part of addressing Puerto Rico's risk mitigation needs, citizen complaints on any issues related to the general administration of CDBG-MIT funds are welcome throughout the duration of the grant. It is PRDOH's responsibility, as grantee, to ensure that all complaints are dealt with promptly and consistently and at a minimum, to provide a timely, substantive written response to every **written** complaint within **fifteen (15) working days**, where practicable, as a CDBG grant recipient. See 24 C.F.R. § 570.486(a)(7).

Citizens who wish to submit formal complaints related to CDBG-DR/MIT funded activities may do so through any of the following means:

- **Via email at:** LegalCDBG@vivienda.pr.gov

- **Online at:** <https://cdbg-dr.pr.gov/en/complaints/> (English)
<https://cdbg-dr.pr.gov/quejas/> (Spanish)
- **In writing at:** Puerto Rico CDBG-DR/MIT Program
Attn: CDBG-DR/MIT Legal Division-Complaints
P.O. Box 21365
San Juan, PR 00928-1365

Although formal complaints are required to be submitted in writing, complaints may also be received verbally and by other means necessary, as applicable, when PRDOH determines that the citizen's particular circumstances do not allow the complainant to submit a written complaint. However, in these instances, PRDOH shall convert complaints into written form. These alternate methods include, but are not limited to:

- Via telephone: * 1-833-234-CDBG or 1-833-234-2324 (TTY: 787-522-5950)
- In-person at: * PRDOH Headquarters Office or Program-Specific Intake Centers

*Attention hours: Monday – Friday from 8:00 a.m. to 5:00 p.m.²⁴

The PRDOH Citizen Complaints Policy and all CDBG-DR/MIT general policies are available in English and Spanish at: <https://www.cdbg-dr.pr.gov/en/resources/policies/general-policies/> and <https://www.cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

25.9 Anti-Fraud, Waste, Abuse or Mismanagement

PRDOH, as grantee, is committed to the responsible management of CDBG-DR/MIT funds by being a good advocate of the resources while maintaining a comprehensive policy for preventing, detecting, reporting, and rectifying fraud, waste, abuse, or mismanagement.

Pursuant to 84 FR 45838, PRDOH implements adequate measures to detect and prevent fraud, waste, abuse, or mismanagement in all programs administered with CDBG-DR/MIT funds as well as encourages any individual who is aware or suspects any kind of conduct or activity that may be considered an act of fraud, waste, abuse, or mismanagement, regarding the CDBG-DR and CDBG-MIT Programs, to report such acts to the CDBG-DR/MIT Internal Audit Office, directly to the Office of Inspector General (**OIG**) at HUD, or any local or federal law enforcement agency.

The Anti-Fraud, Waste, Abuse, or Mismanagement Policy (**AFWAM Policy**) is established to prevent, detect, and report any acts, or suspected acts, of fraud, waste, abuse, or mismanagement of CDBG-DR/MIT funds. This Policy applies to any allegations or

²⁴ Hours may vary due to COVID-19. PRDOH recommends calling ahead prior to arrival to corroborate.

irregularities, either known or suspected, that could be considered acts of fraud, waste, abuse, or mismanagement, involving any citizen, previous, current, or potential applicant, beneficiary, consultant, contractor, employee, partner, provider, subrecipient, supplier, and/or vendor under the CDBG-DR/MIT.

REPORT FRAUD, WASTE, ABUSE, OR MISMANAGEMENT TO PRDOH CDBG-DR/MIT	
CDBG-DR/MIT Hotline	787-274-2135 (English/Spanish/TTY)
Postal Mail	Puerto Rico Department of Housing CDBG-DR/MIT Internal Audit Office P.O. BOX 21355 San Juan, PR 00928-1355
Email	hotlineCDBG@vivienda.pr.gov
Online	Filling out the AFWAM Submission Form available in English and Spanish at www.cdbg-dr.pr.gov or https://cdbg-dr.pr.gov/app/cdbgdpublic/Fraud
In person	Request a meeting with the Deputy Audit Director of the CDBG-DR/MIT Internal Audit Office located at PRDOH's Headquarters at 606 Barbosa Avenue, Building Juan C. Cordero Davila, Río Piedras, PR 00918.

REPORT FRAUD, WASTE, ABUSE, OR MISMANAGEMENT DIRECTLY TO HUD OIG	
HUD OIG Hotline	1-800-347-3735 (Toll-Free) 787-766-5868 (Spanish)
Postal Mail	HUD Office of Inspector General (OIG) Hotline 451 7th Street SW Washington, D.C. 20410
Email	HOTLINE@hudoig.gov
Online	https://www.hudoig.gov/hotline

The PRDOH AFWAM Policy and all CDBG-DR/MIT general policies are available in English and Spanish at: <https://www.cdbg-dr.pr.gov/en/resources/policies/general-policies/> and <https://www.cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

25.10 Related Laws and Regulations

These guidelines refer as to how the provisions of certain laws apply to the Program. However, other related laws may exist which are not included in these Guidelines. This does not negate or preclude the Program from applying the provisions of those laws, nor an applicant from receiving services, when applicable. Moreover, PRDOH can enact, or may have enacted, regulations that address how the laws mentioned in these guidelines are managed. If there are any discrepancies between these guidelines and the laws

and/or regulations mentioned in them, then the latter will prevail over the guidelines. If at any time the laws and/or the applicable regulations mentioned in these guidelines are amended, the new provisions will apply to the Program without the need to amend these guidelines.

26 Cross- Cutting Guidelines

Some federal and local requirements apply to all programs funded by CDBG-DR/MIT. Cross-Cutting Guidelines cover topics such as: financial management; environmental review; labor standards; acquisition; relocation; civil rights; fair housing; drug free workplace; timely distribution of funds; personally identifiable information; record retention; among others. The requirements described in the above referenced Cross-Cutting Guidelines, apply to all programs described in PRDOH's CDBG-DR Initial Action Plan and its amendments and CDBG-MIT Action Plan and any subsequent amendments.

The PRDOH Cross-Cutting Guidelines and all CDBG-DR/MIT general policies are available in English and Spanish at: <https://www.cdbg-dr.pr.gov/en/resources/policies/general-policies/> and <https://www.cdbg-dr.pr.gov/recursos/politicas/politicas-generales/>.

27 Program Oversight

Nothing contained within these guidelines is intended to limit the role of PRDOH, HUD, and/or corresponding authorities from exercising oversight and monitoring activities of the Program.

28 Severability Clause

If any provision of these guidelines, or the application thereof to any person, partnership, or corporation, or circumstance, is deemed invalid, illegal, or incapable of being enforced to any extent by a competent court, the remainder of these guidelines, and the application of such provisions, will not be affected. All valid applications of these guidelines shall be severed from any applications deemed invalid, leaving the valid applications in full force.

END OF GUIDELINES