CDBG-DR

PROGRAM GUIDELINES

HOME REPAIR, RECONSTRUCTION, OR RELOCATION PROGRAM
(R3 Program)

DEPARTMENT OF
HOUSING
GOVERNMENT OF PUERTO RICO

September 25, 2026
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PUERTO RICO DEPARTMENT OF HOUSING

CDBG-DR PROGRAM GUIDELINES

HOME REPAIR, RECONSTRUCTION, OR RELOCATION PROGRAM

VERSION CONTROL

VERSION NUMBER	DATE REVISED	DESCRIPTION OF REVISIONS
1	**June 14, 2019**	**Original Version**
2	**July 10, 2019**	**Sections 12.1,14, and 21**
3	**July 30, 2019**	**Sections 5, 6.5, 7, 9, 11.1, 12.4, 12.4.9, 12.6, and 20-22**
4	**August 12, 2019**	**Sections 7, 14, and 21-25**
5	**November 21, 2019**	**Extensive edits were made throughout the document.**
6	**June 9, 2020**	**Substantial revisions in Sections 6.1.1, 6.3, 9.1, 9.2, 10, 12.4, 13.4-13.6, 14.5, 19.3, 24.7-24.12. Other minor revisions throughout.**
7	**June 15, 2020**	**Revisions to Section 5.3.**
8	**September 17, 2020**	**Revisions to Sections 33, 5, 6.2, 6.6, 11, 12.3, 12.4, 13.1, 13.3, 13.4, 14.4, 14.9, 14.12, 19, 21, 22, 23, 24 (and subsections). Edits in Program-based Reconsideration, Fair Housing Act, and General Provisions sections.**
9	**March 29, 2021**	**Sections 13.4, 13.6, 17, and 18.**
10	**September 28, 2021**	**Sections 7, 12, 13, 14, and 18.**
11	**February 08, 2022**	**Extensive edits were made throughout the document.**

12	**December 14, 2022**	**Incorporates new Blue Roof Program section, description of additional assistance for relocation applicants as well as edits made throughout the document.**
13	**September 14, 2023**	**Incorporates the Earthquakes and Tropical Storm Isaías section as well as edits to conform the guidelines to this allocation. Other edits were made throughout the document. For convenience and ease of reference, all edits are marked in gray.**
14	**April 16, 2024**	**This version incorporates sections and language related to replacement properties' minimum standards, PRDOH-owned properties and residential developments, and other general revisions. All edits made throughout the document are highlighted in gray.**
15	**September 18, 2024**	**This version incorporates sections and language related to the voluntary withdrawal process for applicants who fail to respond to the pre-award notices. The maximum award per bedroom (2 & 3) under Reconstruction and Relocation Option #2 was also increased. All edits made throughout the document are highlighted in gray.**
16	**December 12, 2024**	**This version incorporates the Urgent Need (UN) National Objective, Section 105(a)(11) eligible activity, and minor edits were made throughout the document. All edits made throughout the document are highlighted in gray.**
17	**May 30, 2025**	**This version incorporates changes to the National Objectives section, increases the relocation voucher's maximum award amount, and includes minor edits throughout the document. All edits**

		made throughout the document are highlighted in gray.
18	**October 27, 2025**	**This version incorporates changes to Section 14.5 to clarify language related to Attached Housing Unit Structures (AHUS); Section 15.4.7 to update the language regarding the description of the relocation option terms; Section 15.4.10 to incorporate language about the units developed by the Department of Housing; and Section 15.6 to include ORA requirements. All revisions are highlighted in gray to facilitate identification and review.**
19	**May 21, 2026**	**This version revises Section 14.1 to clarify that a structure classified as Total Loss/Totally Destroyed shall not require an Estimated Cost Repair for award determination. Additionally, certain terms in the Duplication of Benefits (DOB) section were clarified. This version also adds new Sections 14.4.1 and 17.3 to address relocation cases involving vouchers and to establish the installation of PVS and WSS as a standalone award for relocation households. Also, add relocation cases involving voucher no-responsiveness language to Section 21. All revisions are highlighted in gray to facilitate identification and review.**
20	**September 25, 2026**	**This version incorporates changes to Section 14.9 to update the additional award caps and costs associated with permanent relocation. Section 15.4.9 was revised to establish the process for the Program acquisition and transfer of vacant lots under Relocation Option 2. Also, minor edits were made throughout the document. All revisions are**

highlighted in gray to facilitate identification and review.

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1 Overview

The focus of the Home Repair, Reconstruction, or Relocation Program (**R3 Program** and/or **Program**) is to provide relief for those individuals and families whose households were impacted by Hurricanes Irma and María, the 2019-2020 Earthquakes and Tropical Storm Isaías[1] (**Impacted Areas** and/or **DIA**) and have unmet housing needs to affirmatively further fair housing as required under the Fair Housing Act of 1968, as amended, 42 U.S.C. § 3601 *et seq*. Assistance under this Program will be provided under three (3) primary categories: repair, reconstruction, or relocation. Under the reconstruction alternative, demolition may be an eligible activity, and under the relocation option, acquisition and demolition may also be eligible activities.

2 National Objective

The R3 Program's national objective is to benefit low- and moderate-income (**LMI**) persons whose income is below the 80% Area Median Family Income (**AMFI**) according to the U.S. Department of Housing and Urban Development's (**HUD**'s) Modified Income Limits for Puerto Rico under the Community Development Block Grant- Disaster Recovery (**CDBG-DR**) Program.[2]

Program activities will be evaluated according to one (1) of the following national objectives:

1. Low and Moderate Housing Incentives (**LMHI**): These are activities and incentives that benefit LMI households with the purpose of moving the household outside of the affected floodplain or risk area. These activities are also undertaken for the purpose of providing or improving permanent residential structures that, upon completion, will be occupied by LMI households.[3]
2. Urgent Need (**UN**): PRDOH may also use CDBG–DR funds allocated to meet the UN national objective to address urgent needs in communities facing serious and immediate threats to their health or welfare; the grantee cannot finance

[1] Collectively referred to as "the disasters".
[2] HUD Modified Income Limits change annually. See: https://www.hudexchange.info/resource/5334/cdbg-income-limits/.
[3] 83 FR 5844, 5864.

the necessary activities on their own, and other financial resources are unavailable to meet these needs, pursuant to the waiver and alternative requirement provided by HUD in 83 FR 5844.

- Applicants initially determined under the LMI National Objective may be served under the UN National Objective if their income is between 81-120% Area Median Income.

The R3 Program will direct funds to comply with the national objective that has the purpose of eliminating Slum and Blight on a Spot Basis (**SBS**). These activities eliminate specific conditions of blight or physical decay on a spot basis and are not located in a slum or blighted area. Examples include the acquisition and demolition of dilapidated property.

3 Program Description

The following objectives are provided for the implementation and administration of a successful CDBG-DR single family homeowner program, in keeping with HUD guidelines:

- The primary objective of this Program is to provide decent, safe, and sanitary housing in the Disaster Impacted Areas by carrying out activities designed to resolve unmet housing needs from the impact of the disasters.
- A second objective is to ensure that the housing needs of very low; low, and moderate-income households are assisted with housing recovery support within the communities being served.
- A third objective is to achieve complimentary benefits of community and neighborhood revitalization, promote resiliency, and nurture filled opportunities.

Repair, reconstruction, or relocation assistance may be offered to eligible applicants, based upon the extent of damage and location of the home. Eligible applicants for relocation assistance will receive a Relocation Voucher which allows the applicant to select an existing or under construction home outside of a high-risk area. In some scenarios, when it is feasible for the Program to acquire the property, the applicant may receive a voluntary acquisition offer for the damaged property, coupled with a Relocation Voucher for the purchase of an existing replacement home. If a suitable

replacement option cannot be identified, eligible applicants may receive assistance for the construction of a program-designed home on a new lot, only as a last option.

4 Eligible Use of Funds

This section sets forth the eligible uses of CDBG-DR funds for the Program. Regarding the Hurricanes Irma and María allocation, eligible activities are:

- Section 105(a)(1) of the Housing Community Development Act of 1974 (**HCDA**), as amended, 42 U.S.C. § 5305, authorizes eligible activities that include the acquisition of real property that will be used for public purposes.
- Section 105(a)(4) establishes as an eligible use of funds the "clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation of privately-owned properties, including the renovation of closed school buildings)".
- Section 105(a)(7) establishes as an eligible activity "disposition (through sale, lease donation, or otherwise) of any real property acquired pursuant to this title or its retention for public purposes".
- Section 105(a)(11) establishes as an eligible activity "relocation payments and assistance for displaced individuals".
- Section 105(a)(15) establishes as an eligible activity the assistance to eligible entities for to neighborhood revitalization, community economic development and energy Conservation.
- Section 105(a)(24) allows for the use of funds to provide homeownership assistance, as in "the provision of direct assistance to facilitate and expand homeownership among persons of low and moderate income."
- Section 105(a)(26) establishes as an eligible activity "lead-based paint hazard evaluation and reduction, as defined in Section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992."

Meanwhile, the eligible activities corresponding to the 2019-2020 Earthquakes and Tropical Storm Isaías allocations are:

- Section 105(a)(1) – Acquisition of Real Property;
- Section 105(a)(4) – Clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements;
- Section 105(a)(7) – Disposition of Real Property;
- Section 105(a)(8) - Public Services;
- Section 105(a)(11) – Relocation Payments for displaced individuals;
- Section 105(a)(20) – Housing Counseling Services; and
- Section 105(a)(24) – Homeownership Assistance.

Based on the above, the following are eligible uses of funds for repair, reconstruction, and relocation activities performed by the Program. These activities shall not be interpreted as all-encompassing eligible activities and the list may be subject to further changes.

- Clearance, demolition, and removal of buildings and improvements;
- Remediation of known or suspected environmental contamination, including project-specific environmental assessment costs not otherwise eligible;
- Cost of labor, materials, supplies, and other expenses required for the repairing of property, including repair or replacement of principal fixtures and components of existing structures;
- The purchase and installation of energy efficient stoves, refrigerators, and dishwashers;
- Assistance to private individuals to acquire properties for repair purpose;
- Installation of smoke detectors, dead-bolt locks, and other devices for security purposes;
- Costs required to increase the efficient use of water and improvements to maximize the efficient use of energy in structures through such means as installation of storm windows and doors, and modification or replacement of heating and cooling equipment;
- Costs of connecting residential structures to water distribution lines or local sewer collection lines, or installing wells, septic tanks, septic fields for individual homes;

- Costs to remove material and architectural barriers that restrict the mobility and accessibility of elderly and severely disabled persons to buildings and improvements that are eligible for repair;
- Costs of installation or replacement of landscape materials, sidewalks, and driveways when incidental to other repairs of the property;
- Preserving or restoring properties of historic significance;
- Costs of evaluating and treating lead-based paint in conjunction with other repair activities or as a separate activity;
- Staff costs and related expenses required for outreach efforts for marketing the Program, repair counseling, screening potential applicant households and structures, energy auditing, preparing work specifications, loan underwriting and processing, inspections, and other services related to assisting owners, tenants, contractors, and other entities that are participating or seeking to participate in repair activities;
- Rebuilding of a home in substantially the same manner as the original (deviations are permitted for reasons of safety or otherwise impractical; a reconstructed unit need not contain the same number of rooms as the unit it replaces);
- Acquisition of sites on which buildings will be constructed for use as housing;
- Clearance of toxic contaminants of property to be used for new housing construction;
- Construction of parks for outdoor recreational activities; unimproved, unpaved parking lots; buffer zones; and other uses;
- Acquisition of properties to be dedicated and maintained as open space for the conservation of natural floodplain functions, other ecosystem restoration, wetlands management, and other eligible activities;
- Direct assistance for the purchase of a primary replacement home;
- Subsidize interest rates and mortgage principal amounts for LMI homebuyers;
- Provide 100% of any down payment required from LMI homebuyer;
- Pay reasonable closing costs (normally associated with the purchase of a home) incurred by LMI homebuyers;

- Costs associated with Attached Housing Units (**AHUS**) and shared structural critical components (SSCCs).[4]

The following are ineligible activities for the Program. These activities shall not be interpreted as all-encompassing ineligible activities, and the list may be subject to further changes:

- Creation of a secondary housing unit attached to a primary unit;
- Additions to an existing structure, unless it is necessary to meet housing and building codes or occupancy standards;
- Purchase of tools or equipment or other similar items for the applicants;
- Any work on a luxury home[5];
- Costs of equipment, furnishings, or other personal property not an integral structure fixture, such as a window, an air conditioner unit, or a clothes washer or dryer;
- Costs of secondary structures, such as sheds, detached garages, fences, as a stand-alone activity[6], etc.;
- The value of the homeowner's sweat equity to rehabilitate their property; and
- Any work on a secondary home.

5 Blue Roof Structures

Under the Puerto Rico Action Plan Amendment 7 (Substantial), approved on November 5, 2021, the Puerto Rico Department of Housing (**PRDOH**) created the Blue Roof Repair Program to assist the thousands of structures that have not undergone permanent roof repairs and continue to depend on the use of temporary blue tarps for roof protection.

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[4] To assist a housing unit within an AHUS, the Program may be required to perform improvements to SSCCs, which do not solely reside or reside at all within the applicant's primary residence. There might be situations the Program needs to impact other housing units within an AHUS.

[5] CDBG-DR funds are not intended to support luxury homes. Projects must be modest in design and provide decent, safe, and sanitary housing for LMI households or those with an urgent need. Luxury homes are generally properties distinguished by their unique characteristics, exceptional amenities—such as Jacuzzis and saunas—premium materials, including high-end interior finishes like marble countertops, and other luxury features that exceed standard quality.

[6] Fences ancillary to a repair or reconstruction project and retaining walls used as fences are considered eligible under the R3 Program when impacted by Program construction activities.

PRDOH undertook an island-wide survey to identify the remaining homes with blue roof tarps while recording their geographic coordinates. These structures have been classified by their observed damage level:

1. High Damage
2. Medium Damage - At Risk
3. Medium Damage – Stable
4. Low Damage

PRDOH will assist these households through the R3 Program, since they occupy the structures in the two (2) highest classifications that have the greatest unmet needs.

To achieve this, PRDOH will undertake a new outreach campaign specifically targeting these households and offer them the option to participate in the R3 Program. Households that choose to participate will be evaluated to determine if they meet the requirements to receive assistance through the R3 Program.

6 Earthquakes and Tropical Storm Isaías

Damages in certain areas of Puerto Rico resulting from earthquakes that occurred between 2019 and 2020, and from Tropical Storm Isaías were of sufficient severity and magnitude to authorize major disaster declarations under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5121 *et seq.*, (**Stafford Act**).

Accordingly, HUD granted the following CDBG-DR funding allocations to Puerto Rico:

Federal Register Notice	Disaster	Allocation
Federal Register Vol. 86, No. 3 (January 6, 2021), 86 FR 569	DR-4473-PR (2019-2020 Earthquake Sequence)	$36,424,000
Federal Register Vol. 87, No. 23 (February 3, 2022), 87 FR 6364	DR-4473-PR (2019-2020 Earthquake Sequence); DR-4560-PR (Tropical Storm Isaías)	$184,626,000
	Total allocation:	**$221,050,000**

In 86 FR 569, HUD identified the municipalities of Guánica, Yauco, Guayanilla, and Ponce as the most impacted and distressed (**MID**) areas, which will receive disaster recovery funding for the 2019-2020 seismic sequence. Through 87 FR 6364, HUD designated Guánica, Yauco, Guayanilla, Ponce, Peñuelas, Lajas, and Mayagüez[7] as MID areas. PRDOH will assist the households affected by these disasters through the R3 Program. PRDOH will first address structural repairs,[8] reconstruction, and relocation activities. Depending on funds availability, the Program will provide assistance to any remaining structures located in the aforementioned municipalities requiring non-structural repairs.

Cases where damage or unmet needs cannot be tied to the 2019-2020 seismic sequence, but that have an unmet need, may be referred to the Single-Family Housing Mitigation (**SFM**) Program.

As grantee, PRDOH has selected the Southern Consortium for Management and Administration of Federal Earthquake Damage Funds from January 2020 (**ConSur**, for its Spanish abbreviation) as a subrecipient for the implementation of the R3 Program's portion tied to the seismic sequence. ConSur is a consortium formed by the municipalities of Ponce, Guayanilla, Yauco, Guánica, Lajas, and Peñuelas. With PRDOH assistance, ConSur will manage the distribution of funds within these southern municipalities.

Additionally, PRDOH will provide direct assistance to beneficiaries in the Tropical Storm Isaías impacted area by undertaking an outreach campaign specifically targeting households located in the Municipality of Mayagüez and offering them the option to participate in the R3 Program. Households that choose to participate will be evaluated to determine if they meet the requirements to receive assistance through the R3 Program.

6.1 Mitigation Set-aside

The assessment of risk and unmet needs shows that the earthquake-affected areas remain vulnerable to seismic and other threats, such as liquefaction. There may be

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[7] Pursuant notice 87 FR 6364, funds set aside for Mayagüez (zip code 00680) under the CDBG-DR (Earthquakes Allocation) Action Plan will address unmet recovery needs resulting from Tropical Storm Isaías.

[8] Structural repairs refer to work that addresses the core integrity, safety, and functionality of a home. This includes repairs or replacement of essential components such as the foundation, roof framing, load-bearing walls, and major building systems like electrical, plumbing, and HVAC. Structural repairs are necessary to restore a home's habitability.

homes that were not directly damaged by the earthquakes but are located in the impact area and do not meet current building standards. This situation places homeowners at continued risk because their housing structure may not withstand future disaster events, leading to the risk of loss of life and property damage. Depending on the availability of funds, eligible households whose homes (1) are within a reasonable distance of other earthquake-affected homes[9] and (2) are not code compliant may benefit from seismic risk mitigation measures, such as retrofitting or reconstruction to code.[10]

However, as allowed in 87 FR 6364, 6367, PRDOH will incorporate mitigation measures into the recovery activities performed on earthquake~~s~~-affected homes. PRDOH plans to include Photovoltaic (**PV**) Systems and Water Storage Systems (**WSS**) as mitigation measures with a max award cap of $35,000.

7 Intake

The Intake process for properties damaged by hurricanes Irma and María is currently closed.

The former R3 Program Application process initiated by:

1. Completing an application online in English or Spanish at https://recuperacion.pr.gov/en/r3/ and https://recuperacion.pr.gov/r3/.
2. Visiting any R3 Program Center.
3. Downloading the CDBG-DR Puerto Rico app from the Google Play Store and follow the instructions provided.
4. Calling 1-833-234-2324 to make an appointment.

However, households affected by the 2019-2020 Earthquakes and Tropical Storm Isaías may apply for the R3 Program through the Program Manager. The Intake process for the Program is intended to begin with outreach efforts that will result in a potential applicant's expressed participatory interest. Specific information regarding

[9] Designated areas and specific eligibility criteria will be established prior to the implementation of this mitigation initiative, which will be subject to the availability of funds.

[10] As per 87 FR 6364, 6367, "mitigation activities are defined as those activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship, by lessening the impact of future disasters."

Program main offices and intake centers, among other details, will be available in English and Spanish at https://recuperacion.pr.gov/en/r3/ and https://recuperacion.pr.gov/r3/. Interested households may contact the Program:

1. Calling to 1-833-234-2324; or
2. By email to infoCDBG@vivienda.pr.gov.

Applicants will be required to complete the Program intake process and provide supporting documents for identity validation, damaged property ownership, income verification, duplication of benefits review, and any other required documentation to perform the eligibility review process. All documentation submitted by the applicant must be valid at the time of submission.

Case Managers will be available at R3 Program's main offices, intake centers, in person, by phone, and by email to assist the applicant through the intake process and to answer questions as needed. Sometimes, it may be necessary for Program representatives (ConSur, Program Managers, etc.) to visit the applicant's property to obtain the necessary documentation as well as any authorization. However, most communications with applicants will be standardized to ensure that they receive timely and accurate updates regarding their applications. Communication methods within the Program include, but are not limited to, the CDBG-DR website, telephone, email, and mail correspondence. The Program will document communications and interactions in the PRDOH Grant Management System of Record.

Applicants may submit a question or complaint to the Program at any time, utilizing any of the above options. The Program will promptly address all applicant complaints and document results to improve operations throughout the life of the Program. For further information on this subject, please refer to the Citizen Complaints Policy, available in English and Spanish through the following links: https://recuperacion.pr.gov/en/download/citizen-complaints-policy/ and https://recuperacion.pr.gov/download/politica-sobre-presentacion-de-quejas/. All CDBG-DR Program policies are available in English and Spanish on the PRDOH CDBG-DR website at https://recuperacion.pr.gov/en/resources/policies/ and https://recuperacion.pr.gov/recursos/politicas/.

As part of the program application process, each applicant must sign an Acknowledgements and Consent statement. The Acknowledgements and Consent statement includes the following acknowledgements and authorizations:

- Authorizes the Program to obtain third-party data directly related to determining Program eligibility, Program award amount, and/or compliance with Program requirements;
- Gives the Program access to the damaged property, as needed, to conduct required Program inspections;
- Applicant agrees to cooperate with the Program and not to interfere with the work or inspections, among others;
- Applicant grants subrogation rights to the Program regarding the right to recover any funds to which he or she may be entitled for property damage, among others.

7.1 Applicant Identification

As part of the Program application, all applicants and household members will be required to submit documentation to prove their identity. This documentation may include, but is not limited to, the following:

- Government Issued Photo Identification (Federal or State issued);
- Driver's License;
- Passport;
- Military ID Card;
- Birth Certificate; or
- Certificate of Naturalization or Permanent Resident Card.

Birth certificates may only be used as proof of identification for applicant household members under the age of eighteen (18). Adult applicants or household members must submit a photo ID.

7.2 Applicant Citizenship

Only U.S. citizens, non-citizen nationals, or qualified aliens, as defined in the following chart, are eligible to receive assistance.

Status	Definition
U.S. Citizen	A person born in one of the 50 States, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, or the Northern Mariana Islands; a person born outside of the U.S. to at least one U.S. parent; or a naturalized citizen.
Non-Citizen National	A person born in an outlying possession of the U.S. (e.g. American Samoa or Swain's Island) on or after the date the U.S. acquired the possession, or a person whose parents are U.S. non-citizen nationals. 8 U.S.C.A. § 1408. All U.S. citizens are U.S. nationals; however, not every U.S. national is a U.S. citizen.
Qualified Alien	- Legal permanent resident ("green card" holder) under the Immigration and Nationality Act (INA), 8 U.S.C.A. Chapter 12; - An asylee, refugee, or an alien whose deportation is being withheld; - Alien paroled into the U.S. for at least one year, under the INA; - Alien granted conditional entry, pursuant to section 203(a)(7) of the INA as in effect prior to April 1, 1980; - Cuban/Haitian entrant, as described in section 501(c) and (f) of the Refugee Education Assistance Act of 1980, 8 U.S.C.A. § 1522; - Alien who (or whose child or parent) has been battered or subjected to extreme cruelty in the U.S. and otherwise satisfies the requirements of 8 U.S.C.A. § 1641(c).

If an applicant does not meet any of the above criteria, the household may still apply for and be considered for assistance if:

- Another adult household member meets the citizenship criteria described in the table above; or
- The parent or guardian of a minor child who is a U.S. citizen, non-citizen national, or a qualified alien applies for assistance on behalf of the child, if they live in the

same household. The parent or legal guardian must register as the co-applicant.

As part of the Program application, all applicants must submit documentation to prove their citizenship. This documentation may include, but is not limited to, the following:

- Passport;
- Birth Certificate;
- Certificate of Naturalization;
- Certificate of Citizenship; or
- Permanent Resident Card ("green card").

If the applicant is unable to provide any of the documents listed, the Program will accept on a case by case basis -as proof of citizenship or legal presence- documentation listed in the Interim Guidance on Verification of Citizenship, Qualified Alien Status and Eligibility Under Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (**PRWORA**), published by the United States Department of Justice, Federal Register Vol. 62, No. 221 (November 17, 1997), 62 FR 61344.

Temporary tourist visa holders, foreign students, temporary work visa holders, and habitual residents, such as citizens of the Federated States of Micronesia and the Republic of the Marshall Islands, are ineligible for the Program.

7.3 Program Priorities

7.3.1 Intake Priority Period

7.3.1.1 Hurricanes Irma and María

During the first **ninety (90) days** of the application intake period, the following applicants were given priority:

- Elderly applicants: Elderly applicants are those aged sixty-five (65) years or older at the time of application. The elderly applicant must be a head of household or co-head of household, as in the case of a married couple, to qualify for prioritization.
- Disabled applicants: Disabled applicants are those who have at least one household member who is disabled. The disabled household member need not be a head of household or co-head of household to qualify for prioritization.

- Applicants with significant property damage: At the time of application, if the applicant's home remains significantly damaged, with a blue roof[11] or totally destroyed, the applicant may qualify for prioritization. The R3 Program will use third-party data[12] and/or documentation provided by the Applicant to verify significant property damage for the purpose of prioritization.
  - If significant damage cannot be verified using third party data, the applicant may sign a self-certification of significant damage and provide photographic evidence demonstrating significant damage. Self-certification and supporting photographs are subject to approval by the R3 Program.

Priority applicants who submitted all documents required for eligibility review during **the ninety (90) day** period were reviewed for eligibility prior to reviewing eligibility for non-priority applicants.

Priority for elderly or disabled applicants or those with significant property damage during this time did not preclude non-priority persons from applying during the first **ninety (90) days** of application intake. Non-priority applicants may have applied and submitted documentation required for eligibility review during the priority period. Eligibility review for non-priority applicants who submitted all required documentation during the priority period were reviewed for eligibility after the revision of all priority applications or after the end of the priority period, whichever came first.

7.3.1.2 2019-2020 Earthquake Sequence and Tropical Storm Isaías

During the first **ninety (90) days** of the application intake period, the R3 Program will give priority to the following applicants:

- Applicants with significant property damage: At the time of application, if the applicant's home remains significantly damaged or destroyed, the applicant may qualify for prioritization. The R3 Program will use third-party data[13] and/or documentation provided by the Applicant to verify significant property damage for the purpose of prioritization.

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[11] Blue roof includes any property with partial or the entire roof structure missing.
[12] Third-party data may include data obtained from FEMA, municipalities, and other local agencies to verify damages.
[13] Third-party data may include data obtained from FEMA, municipalities, and other local agencies to verify damages.

- If significant damage cannot be verified using third party data, the applicant may sign a self-certification of significant damage and provide photographic evidence demonstrating significant damage. Self-certification and supporting photographs are subject to approval by the R3 Program.

7.3.2 Prioritization of Vulnerable Applicants

While the original Intake Priority Period added sequencing to the order in which applications were reviewed for eligibility, PRDOH understands that prioritization is warranted in subsequent phases of the Program. It ensures that Applicants with multiple vulnerabilities are provided with full benefit from the Program, in the form of completed repair or reconstruction of the disaster-damaged property or successful voluntary relocation of the Applicant household.

Accordingly, the Program will extend the prioritization of vulnerable Applicants through all program processes. The **prioritization of vulnerable Applicants became effective on date of approval and publication of Version 7 of these Guidelines**. Applications related to hurricanes Irma and María were clustered into one of the following Priority Groups:

- **Priority Group 01:** Applications that comply with the elderly applicant, disabled applicant, and significant property damage.[14] All three (3) conditions must be met for an Application to be considered under this Priority Group.
- **Priority Group 02:** Applications that comply with **(a)** the elderly applicant **and** significant property damage; or **(b)** disabled applicant **and** significant property damage, as defined in the Intake Priority Period section of these Guidelines. If either of the two (2) conditions is met, the Application will be considered under this Priority Group.

[14] Note that for prioritization during intake reviews, eligibility reviews, damage assessments, appraisals of home market value, and/or environmental reviews, significant damage will be determined and verified based on criteria outlined in the Intake Priority Period section. If, during the damage assessment of the disaster-damaged property, it is determined that an Applicant who claimed to have a blue roof or totally destroyed property does **not** have the blue roof or the home does not remain totally destroyed, the application will be adjusted to reflect that the Applicant does **not** have the blue roof, nor the home remains totally destroyed. Similarly, if the damage assessment reveals that an Applicant not previously identified to have a blue roof or totally destroyed property **is in fact with a blue roof or totally destroyed property**, the Applicant may be marked as having a blue roof or totally destroyed property.

- **Priority Group 03:** Applications that only comply with the definition of significant property damage, as stated in the Intake Priority Period section of these Guidelines. If this condition is met, the Application will be considered under this Priority Group.
- **Priority Group 04:** Applications that comply with the elderly applicant and/or disabled applicant definitions, as established in the Intake Priority Period section. If either, the elderly applicant or disabled applicant, condition is met the Application will be considered under this Priority Group.
- **Non-Priority Group:** Applications that do not meet any of the Priority Group definitions outlined herein.

For the 2019-2020 Earthquakes and Tropical Storm Isaías allocations, the Program will adopt **Priority Groups 01**, **02**, and **03**.

The Program will attempt to serve priorities by stages. **Priority Group 01** Applications in a certain stage will be given the opportunity to be served before a **Priority Group 02** Application if the same stage is served, and so forth. The opportunity of prioritization will be applied at all stages of the Program, beginning at intake, and ending at award. All intake reviews, eligibility reviews, damage assessments, appraisals of home market value, environmental reviews, scopes, and awards (including any quality control reviews and any approvals by PRDOH), will be prioritized. The opportunity to be served will be provided in order of Priority Group first. Then, in the order that a specific Application moved from one stage of the process to another. This does not preclude Non-Priority Applications from being served under a certain stage of the process, if an opportunity to be served to a higher priority Application was provided and was not able to be served at that stage.

8 Program Eligibility

Applicants to the Program will be screened for eligibility to ensure compliance with Program requirements. Applicants will be required to provide complete and accurate information regarding their household composition, household income, and other eligibility criteria. Failure to disclose accurate and complete information may affect eligibility and all such instances will be referred to the Program for further action. Applicants may be required to repay administrative fees and other costs to PRDOH if

they are found to have submitted inaccurate or incomplete information to appear to meet eligibility requirements. This includes the forfeiture of a deferred forgivable lien.

Each application will be reviewed for the following eligibility and benefit determination criteria:

- The property remains damaged due to Hurricanes Irma and/or María, as determined by a Program-conducted damage inspection, where applicable;
- Confirmed damage to property due to the earthquakes or due to Tropical Storm Isaías, where applicable;[15] or non-code-compliant structure within radius of other properties with confirmed damage to property due to the earthquakes;[16]
- The property must be an eligible single-family structure.
- The applicant must have occupied the property as a primary residence at the time of the applicable disaster;
- The applicant must have owned or have had a proprietary interest in the disaster-impacted structure at the time of the applicable disaster and after (including alternative methods of verification for informal ownership). In the case of assistance for mitigation measures, the applicant must have a proprietary interest in the structure located near other properties affected by the earthquakes;
- The applicant must qualify as a low- or moderate- income person (below 80% Area Median Family Income) at the moment the application was submitted and initially reviewed for eligibility. In cases where the applicant's or household income increases before receiving assistance but after submitting the Program application and conducting the initial eligibility review, they will still be considered eligible if their income is between 81-120% Area Median Income; [17]
- Duplication of Benefits (See the Duplication of Benefits Policy[18] and the corresponding section of these Guidelines);

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[15] This criterion applies only to households affected by the 2019-2020 Earthquake Sequence and Tropical Storm Isaías.
[16] Designated areas and specific eligibility criteria will be established prior to the implementation of this mitigation initiative, which will be subject to the availability of funds.
[17] This provision is applicable prospectively.
[18] For more information, refer to the Duplication of Benefits Policy available in English and Spanish at https://recuperacion.pr.gov/en/download/duplication-of-benefits-policy/ and https://recuperacion.pr.gov/download/politica-sobre-la-duplicacion-de-beneficios/.

- Non-compliant Federal Emergency Management Agency (**FEMA**) National Flood Insurance Reform Act of 1994 (**NFIRA**) applicants are ineligible for Program assistance.

8.1 Property Type

Only single-family owner-occupied residential units, located in Puerto Rico, will be eligible for the Program. Single-family homes, as defined by HUD, may include one- to four- unit dwellings.[19] Single family units may include, but are not limited to:

- Duplexes;
- Manufactured Housing Units (**MHU**);
- Detached, stand-alone, stick-built, or concrete residential structures;
- Attached units[20].

Other structure types may be considered if the following can be demonstrated by the applicant:

- Structure was connected to utilities at the time of the disaster. Utilities must be in the applicant's name.
- Structure is fixed to a permanent location. Structures that are found to be mobile will be further investigated.
- The applicant owned the land on which the structure was located at the time of the applicable disaster.

Ineligible property types include, but are not limited to travel trailers, campers, houseboats, group homes, and nursing homes.

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[19] 4000.1: FHA Single Family Housing Policy Handbook: https://www.hud.gov/program_offices/housing/sfh.

[20] The Program will assess all eligibility criteria based on a one-to-one relationship between an application and a housing unit, as defined by the US Census Bureau at https://www.census.gov/housing/hvs/definitions.pdf. This also includes the income calculation which shall be based on the occupants of the housing unit for which an application has been received.

Because eligibility criteria are assessed for both the applicant and the property, eligible units in Attached Housing Units (AHUS) are those units which sustained damage from Hurricanes Irma and/or María, the 2019-2020 Earthquakes and Tropical Storm Isaías, and are owned and occupied as a primary residence by an eligible R3 Program applicant. Individual housing units in an AHUS which do not meet all eligibility criteria are not eligible for assistance under the R3 Program, even if the unit is owned by an eligible R3 Program applicant.

Property type may be verified using tax records, federally maintained databases, such as FEMA Individual Assistance (**FEMA IA**) and Small Business Administration (**SBA**) disaster home loan datasets, or through a Program-conducted damage inspection.

8.2 Ownership

In accordance with Regulation No. 9473 of June 16, 2023, known in Spanish as *"Reglamento Conjunto para la Evaluación y Expedición de Permisos Relacionados al Desarrollo, Uso de Terrenos y Operación de Negocios"* of the Puerto Rico Planning Board, or as per current version, any request related to the development and use of land in Puerto Rico, including construction work completed by the R3 Program, must be promoted by the owner(s) of the property to obtain a construction permit.

Therefore, pursuant to Section 2.1.9.5 on Standing, proof of ownership documentation includes:

- House Deed ("Escritura Pública")
- Certification of the Puerto Rico Property Registry ("Certificación Registral")
- Declaration of Heirship ("Declaratoria de Herederos")
  - May include Instance inscription of heirs ("Instancia")
- Title Certification ("Certificación de Título del Departamento de la Vivienda")
- Court Judgment ("Sentencia o Resolución de un Tribunal")
  - Must specify that the Court awards dominion over the property to the Applicant and orders the inscription of the Property to the Puerto Rico Property Registry.

The R3 Program may review other documentation, as accepted by the Permit Management Office (**OGPe**, for its Spanish acronym). These will be considered on a case-by-case basis.

After conducting a due-diligence process, which may include efforts to clarify title, the Program may also allow alternative methods for documenting ownership, including an ownership certification process. As needed, the Program will refer applicants to the Title Clearance Program for support in obtaining clear title.

8.2.1 Alternate Methods for Documenting Ownership

To reasonably accommodate households that lack ownership documentation and evidence of a proprietary interest over the property, applicants must provide alternative documentation and complete an Ownership Certification that includes the

length of time the applicant has lived at the disaster-damaged location, explain the circumstances that prevent standard verification, and certify that one of the following circumstances applies:

- There are no other parties who have the right to claim ownership;
- Any additional parties who have a right to claim ownership have also agreed to participate jointly as a co-applicant in the Program; or
- Any additional parties who have a right to claim ownership cannot be located (after reasonable contact attempts).

Ownership Certifications must be accompanied by alternative forms of ownership documentation that evidence the proprietary interest. Documents that will be considered as evidence of proprietary interest include, but are not limited to:

- Probated Will or Will accompanied with a Certificate of Validity;
- Proof of inheritance;
- Declaratory resolution of heirs;
- Court Order or Judgment granting an ownership interest in the property;
- Divorce Judgment granting an ownership interest in the property;
- Private Contract for Sale: If the applicant purchased the property in a private owner sale the contract must be confirmed as satisfied with additional supporting documentation;
- Evidence of usufruct contract;[21]
- Evidence of 99-year lease;
- Proof that the applicant occupies the land with "right of use or enjoyment" and/or "right of construction" in accordance with applicable laws and regulations;
- Death certificate of the homeowner and birth certificate (to prove that Applicant is an heir of a deceased homeowner);
- Marriage certificate;
- If the owner of the impacted structure died after the date of the applicable disaster[22], the owner's heir(s) may meet ownership requirements if they can

[21] The usufruct contract referenced in this section is one that can be granted by PRDOH. For further details, please refer to the Title Clearance Program Guidelines.

[22] The qualifying disaster date for structures impacted by Hurricanes Irma and/or María, is September 20, 2017. For structures impacted by the earthquakes sequence, the qualifying disaster date is December 28, 2019, and for Tropical Storm Isaías, July 29, 2020.

provide proof of heirship, or a declaratory resolution of heirs, and a death certificate for the deceased owner.[23]

- FEMA correspondence to Applicant demonstrating the Applicant applied for and received FEMA IA (individual assistance) for damaged property address;
- Mortgage payment book or other mortgage documents;
- Real property/Home insurance policy indicating damaged property address;
- Property tax statements, receipts, or tax bill issued by the Municipal Revenue Collection Center (**CRIM**, for its Spanish acronym); and/or
- Other documents will be considered on a case-by-case basis.

Applicants who complete an Ownership Certification to satisfy the ownership requirement will be referred to the Title Clearance Program. For more information, see the Title Clearance Program Guidelines published in English and Spanish at https://recuperacion.pr.gov/en/title-clearance/ and https://recuperacion.pr.gov/autorizacion-de-titulos/.

8.3 Primary Residence

At the time of the applicable disaster, the damaged residence must have been occupied by the owner applicant (or the person who claims ownership) and had to be the applicant's primary residence. Primary residence is defined as the property that is occupied by the applicant for most of the calendar year. Second homes, vacation residences, and seasonal rental properties are not eligible for assistance. Applicants who moved into the damaged property **after** the applicable disaster are not eligible for assistance under this Program.

To the extent possible, PRDOH will validate primary residency through electronic verification utilizing locally or federally maintained registries, such as FEMA IA or SBA disaster home loan databases.

Documentation used to verify primary residence includes, but is not limited to:

- Utility bills addressed to the applicant at the damaged property address showing that services were provided in the month preceding or the month of the disaster (must indicate household utility usage during the pre-applicable disaster time period);

[23] As mentioned, these are ways to meet ownership requirements. However, the heir/s must meet all eligibility criteria to qualify.

- Federal income tax return for the year of the applicable disaster listing the damaged property address;
- Puerto Rico income tax return for the year of the applicable disaster listing the damaged property address;
- FEMA IA award letter to verify the damaged property's physical address;
- SBA Disaster Home Loan award letter for the residence address of the damaged property;
- Driver's license or state-issued ID card showing the address of the damaged property, issued prior to the date of the applicable disaster and expiring after;
- Utility certification addressed to applicant at the address of the damaged property, showing services were active during month preceding or month of the applicable disaster.
- Credit card bill or bank statement sent to the applicant at the address of the damaged property in the month preceding or the month of the applicable disaster;
- Insurance documentation indicating primary residence, such as a homeowner's endorsement;
- Employer's statements, including pay stubs and similar employment documents (must be dated during pre-applicable disaster time period);
- Homestead exemption verified through property tax records (if applicable); [24] and
- Other documentation will be reviewed and considered on a case-by-case basis.

Documents provided to demonstrate primary residency should include the applicant or co-applicant's name, appropriate date demonstrating residence at the time of the applicable disaster, and the address of the damaged property. None of the forms of documentation listed above, by itself, necessarily proves primary residence. The Program will review and assess all available documentation together and determine primary residence based on the applicant's demonstration of consistency across the variety of documentation provided. All applicants to the Program bear the burden of proof for providing consistent evidence to prove primary residency at the time of the disaster.

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[24] See Act No. 195-2011, as amended, known as the Puerto Rico Homestead Exemption Act, 31 LPRA § 1858 *et seq*.

Special Circumstances related to Primary Residence and Ownership:

- Properties held in trust for the benefit of natural persons can be eligible for assistance if at least one of the occupants at the time of the applicable disaster was a current beneficiary of the trust. If the property was not the primary residence for the current beneficiaries or trustee(s), the applicant(s) is(are) not eligible for assistance. The trustee's powers must include the ability to affect the damaged property. If the trustee's powers do not include the ability to affect the damaged property, all beneficiaries with an interest in the damaged property must sign the closing documents along with the trustee.
- Applicants/homeowners who were in the United States military and deployed outside of Puerto Rico at the time of the applicable disaster may qualify for the Program.
- Applicants/homeowners who were temporarily in a nursing home, assisted living, or other medical facility at the time of the applicable disaster may qualify for the Program.
- Applicants/homeowners who were incarcerated and/or residing at a law enforcement facility at the time of the applicable disaster may qualify for the Program.
- If the owner/occupant at the time of the applicable disaster subsequently died, the applicant (heir) may qualify for the Program if evidence is provided that the deceased property owner and the applicant/heir used the home as his/her primary residence at the time of the applicable disaster.
- In cases where the applicant dies after being deemed eligible, but prior to signature of the grant agreement, the applicant's heir/s may qualify for the Program if they were designated as co-applicant/s in the Program Application or as household member/s, and confirm that the disaster-impacted home was their **primary residence at the time of the applicable disaster** and will continue to serve as their primary residence. On a case-by-case basis, the Program may conduct an eligibility review to corroborate that the applicant's heir/s meet the eligibility requirements, including but not limited to demonstrating proprietary interest in the property and confirming that no income verification is required to reflect the changes in household size and income.

- For cases where the applicant dies after signing a grant agreement, PRDOH will determine the best course of action based on the specific circumstances of the case.

8.4 Proof of Damage

Applicants must demonstrate that the damage or destruction to the property was a direct result of the applicable disaster.[25] When possible, the Program will verify damage electronically using third party datasets. Disaster damage may be documented through the following methods:

- FEMA claim letter;
- SBA loan documentation;
- Insurance award letters;
- Insurance settlement and/or evidence of litigation;
- If the above-referenced documentation is not available, an inspection report (complete with photos of the damage and a written assessment of the damage) from a damage assessment conducted by a qualified Program Damage Assessor that certifies that the damage occurred due to the qualifying disaster may be used.

If an applicant was denied assistance by FEMA, assistance through the CDBG-DR Program may still be available. Applicants will not be refused housing assistance solely because FEMA denied assistance.

8.5 Income Verification and Household Size

All applicants must meet LMI limits, which are adjusted for family size. Total annual household gross income, for all household members, must not exceed 80% income limits, as defined by adjusted income limits for Puerto Rico. These income limits apply to all municipalities in Puerto Rico and are amended annually.[26]

8.5.1 Household Size

A household is defined as all persons occupying the same unit, regardless of familial status or relationship to one another. Household members include all persons, including minor children and adults, whose current primary residence is the disaster-

[25] Mitigation activities are not tied to a specific disaster.
[26] HUD Modified Income Limits change annually. See: https://www.hudexchange.info/resource/5334/cdbg-income-limits/.

impacted property or whose primary residence was the disaster-damaged property at the time of the applicable disaster.

8.5.2 Calculating Household Income

Household income shall be calculated based on the adjusted gross income as defined for purposes of reporting under Internal Revenue Service (**IRS**) Form 1040 series for individual Federal annual income tax purposes.[27] When determining the number of household members and annual household income, the following should be taken into consideration:

- Minor children (or unborn children) are considered household members. Earned income of minor children is not considered as part of total annual household income.
- Minor children who are subject to shared custody agreements may be counted as household members if the minor child lives in the residence at least 50% of the time.
- Temporarily absent family members are considered household members and their income is considered in calculation of household income, regardless of how much the temporarily absent family member contributes to the household.
- Paid, non-related, live-in aides, whether paid by the family or through a social service program, are not considered household members. Income of live-in aides is not considered in the calculation of household income. Related persons do not qualify as live-in aides.
- Permanently absent family members, such as a spouse who resides permanently in a nursing home, may be considered a household member, at the discretion of the head of household/program applicant. If the head of household opts to include a permanently absent family member in the household, the income of the permanently absent household member will be counted in the calculation of annual household income. If the head of household chooses not to include the permanently absent family member as part of the household, the income of the permanently absent family member will not be considered in the calculation of annual household income.

[27] See https://www.irs.gov/e-file-providers/definition-of-adjusted-gross-income.

8.5.3 Income Verification Required Documentation

Applicants must provide income documentation for all household members aged eighteen (18) and older at the time of the Program application. Income types and associated documentation required for income verification may include, but are not limited to:

- Wages: Three (3) recent paystubs within the past **three (3) months**, W-2 Forms;
- Retirement/Social Security:
  - Three (3) Monthly Bank Statements (Social Security Benefits & Pension only),
  - Current Social Security Benefits letter (including benefits paid to minors),
  - Current Pension/Retirement Benefit letter (if applicable), or prior year 1099 form, and
  - Current Annuity Payment letter (if applicable), or prior year 1099 form;
- Self-Employment Income:
  - Most recent tax return (1040 or 1040A), W-2 Forms; and/or
  - Current year profit and loss statement;
- Rental Income: Current lease agreements
- Unemployment Benefits: Current benefit letter with gross benefit amount;
- Court Ordered Alimony/Spousal Maintenance: Copy of court order documentation;
- Taxable Interest and Dividends (including amounts received by, or on behalf of minors);
- No Income: Adult household members who receive no income will be required to submit a Certification of No Income. These household members typically include those that are unemployed.

Documentation for other less common types of income will be assessed by the Program based on type of income reported.

8.6 Insurance Coverage

The Program will be supporting the repair and reconstruction of homes outside of the 100-year floodplain. However, in accordance with Federal Register Vol. 83, No. 28 (February 9, 2018), 83 FR 5844, and Federal Register Vol. 87, No. 23 (February 3, 2022), 87 FR 6364, the Program may provide assistance for the repair and/or reconstruction of a house located in a floodplain if: (a) The homeowner had flood insurance at the

time of the disaster and still has unmet recovery needs; or (b) the household earns less than the greater of 120% Area Median Income (**AMI**), or the national median, and has unmet recovery needs. When any home being rehabilitated or reconstructed with federal disaster assistance is located in a Special Flood Hazard Area (**SFHA**), also known as the 100-year floodplain, then flood insurance is required. See Flood Insurance section of these Guidelines and Flood Insurance Requirements of the Cross-Cutting Guidelines available in English and Spanish on the PRDOH website at https://recuperacion.pr.gov/en/resources/policies/ and https://recuperacion.pr.gov/recursos/politicas/.

8.6.1 National Flood Insurance Reform Act (**NFIRA**) Non-Compliance

Applicants found to be non-compliant with the requirements of the National Flood Insurance Reform Act are not eligible for Program assistance. An applicant is FEMA non-compliant if they failed to obtain and maintain flood insurance after receiving federal funding for a previous disaster. Eligibility is verified by reviewing FEMA IA eligibility codes in the federal dataset for the event. Any records with ineligible code "NCOMP - non-compliant with Flood Insurance Requirement" or "NPND - NFIRA - Noncompliance", are FEMA non-compliant applicants, and therefore ineligible for Program assistance. The entire FEMA IA dataset for the applicable disaster will be reviewed for the applicable eligibility code to identify non-compliant households to ensure that no ineligible applicants are served.

8.7 Preliminary Eligibility Determination

All applications will be thoroughly reviewed during the intake and eligibility process to ensure applicants are eligible for the Program prior to receiving assistance. Eligibility determinations will be made on housing assistance applications based on documentation submitted by the applicant and verification of information by third-party sources, including federal databases. These decisions will be made based on applicable statutes, Codes of Federal Regulation, state and local codes and ordinances, local guidelines, and Program Guidelines.

Applicants who are deemed eligible will be sent a Preliminary Eligibility Determination Notification. The correspondence will include a notice informing the applicant that they qualify and a description of the required next steps.

If at any point during the eligibility determination process or throughout any other phase of the R3 Program process, the applicant is determined to be ineligible for the Program, the applicant will be notified via an Ineligibility Determination Notification. The ineligibility notice will notify the applicant of the reason for ineligibility and outline the process to challenge the decision by either a Program-based Reconsideration Request; an Administrative Review Request, and/or Judicial Revision. See the Program-based Reconsideration and/or Administrative Review section of these Guidelines.

9 Duplication of Benefits (DOB)

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (**Stafford Act**), as amended, 42 U.S.C. § 5121 *et seq*., 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. As such, PRDOH must consider disaster recovery aid received by Program applicants from any other federal, state, local or other source, and determine if any assistance is duplicative. Any assistance determined to be duplicative must be deducted from the Program's calculation of the applicant's total need prior to awarding assistance.

To be eligible to receive CDBG-DR funds under the Program and as part of the application process, all Applicants must confirm and provide assurance that efforts will be made to avoid a DOB. PRDOH understands that some structures funded through this Program may also be able to receive other types of Federal funding.

Program controls to prevent DOB include, but are not limited to:

- Certification that the Applicants will notify PRDOH of all potential DOB as part of the information submitted in their applications;
- Verification of specific DOB through various available sources such as FEMA, the Small Business Administration (SBA), insurers, and any other sources of funding and

- Requiring Applicants to authorize PRDOH to contact all potentially duplicative funding sources on their behalf to verify all funding sources received and/or approved;

The applicable DOB guidance included in Federal Register Vol. 84, No. 119 (June 20, 2019), 84 FR 28836, which updates the duplication of benefits guidance issued in Federal Register Vol. 76, No. 221 (November 16, 2011), 76 FR 71060, for CDBG-DR grants received in response to disasters declared between January 1, 2015, and December 31, 2021. As such, the duplication of benefits policy outlined in these Guidelines follows the guidance issued in 84 FR 28836.

Not all assistance received by an applicant is considered a duplication of benefit for housing repair, reconstruction, or relocation. Therefore, there are types of assistance received by an applicant which will not constitute a duplication of benefits for housing repair, reconstruction, or relocation. In accordance with 84 FR 28836, PRDOH may exclude for duplication of benefits purposes assistance that was: (1) provided for a different purpose; (2) provided for the same purpose (eligible activity), but for a different, allowable use (cost); (3) not available to the applicant; (4) a private loan not guaranteed by SBA; or (5) any other asset or line of credit available to the applicant. Each of these categories is further described below. For example, assistance received by an applicant from "Tu Hogar Renace" (FEMA STEP) is assistance received for temporary repairs. Assistance used for different costs of the rehabilitation under "Tu Hogar Renace", which are a different allowable use may be excluded. The R3 Program is authorized to complete work necessary to complete permanent rehabilitation or reconstruction of the home, even if the home received assistance from "Tu Hogar Renace".

Any assistance determined to be duplicative must be deducted from the Program's calculation of the applicant's total award prior to awarding assistance. The Program will reduce applicant awards through a reduced scope of work (award) for non-essential items associated with repair, reconstruction, or relocation, such as appliances that the applicant is able to fund on their own. In some instances, there may be duplication of benefit in excess of the amount which may be reasonably

deducted from the applicant's award via reduced scope of work. In these instances, the applicant is considered to have excess duplication of benefits.

As an exception, the R3 Program may allow applicants to self-certify disaster-related expenses incurred after the applicable disaster up to an amount of $500 with the understanding receipts are often unavailable or misplaced. These expenses are typically related to minor and immediate temporary improvements of the structure for its continued occupancy that are replaced at a later date, as well as the purchase of cleaning and sanitation supplies. This limited self-certification provision applies solely to minor out-of-pocket expenses and does not replace or modify the Program's DOB analysis requirements.

In multiple-disaster scenarios where an applicant's recovery from a prior disaster was not completed before a subsequent disaster and documentation is unavailable due to circumstances beyond the applicant's control, the Program may accept a separate DOB Self-Certification for Multiple Disasters as an alternative evidentiary method. This multiple-disaster self-certification is used exclusively to support the DOB analysis, in accordance with applicable policy and federal requirements. Use of such certification does not eliminate the requirement to identify, evaluate, and account for all assistance received for the same recovery or mitigation purpose, nor does it substitute for the required individualized DOB determination.

Applicants with excess DOB will be notified via a Duplication of Benefits Analysis Results Notice. Applicants must resolve the excess DOB within **thirty (30) days** after the document is sent by providing the Program with a cashier's check for the full amount of the excess DOB. Applicants who cannot resolve the excess DOB within those **thirty (30) days** will not be eligible for assistance under the Program.

Applicants deemed ineligible for failure to resolve excess DOB will be mailed an Ineligibility Determination. The Ineligibility Determination notifies the applicant of the reason for ineligibility and outlines the process to challenge the decision. See the Program-based Reconsideration and/or Administrative Review section of these Guidelines.

For more information, refer to the CDBG-DR/MIT Duplication of Benefits Policy available in English and Spanish at: https://recuperacion.pr.gov/en/download/duplication-of-

benefits-policy/ and https://recuperacion.pr.gov/download/politica-sobre-la-duplicacion-de-beneficios/.

10 Appraisals

An appraisal will be conducted as needed to determine the current market value of the property. Appraisers must be duly licensed and qualified to conduct real estate property appraisals in Puerto Rico. The Program will contact the applicant to schedule the appraisal.

Upon completion of the appraisal, the appraiser must prepare an appraisal report to include:

- A detailed description of the property appraised;
- General market data and comparable properties;
- Separate valuation for structure and land;
- Supporting information for valuation conclusions; and
- Certification of the appraisal, noted by the appraiser's signature.

The appraisal, along with the damage assessment and location of the property, will be used when determining whether an eligible applicant will be offered repair or relocation assistance. See **Program Award Types** section of these Guidelines.

11 Damage Assessments

A damage assessment shall be conducted of each property associated with an application determined to be preliminarily eligible. The damage assessment will be performed by Program Damage Assessors with subject matter experience. In compliance with Act No. 173 of August 12, 1988, as amended, 20 LPRA § 711 *et seq*., known as the "Board of Examiners of Engineers, Architects, Surveyors and Landscape Architects of Puerto Rico Act", damage assessment reports must be certified by a licensed engineer or architect in Puerto Rico.

The Damage Assessment, in addition to documenting actual damages sustained by the dwelling, will also serve to establish the scope of work to be included in the award to the applicant.

Damage Assessors will coordinate the date and time for site inspection to conduct the damage assessment of the property with the applicant. During the site inspection, the Damage Assessor and the applicant, or their authorized representative, shall be present and the existing conditions of the dwelling's site, exterior and interior elements/components, should be determined and documented.

Site elements and conditions to be assessed include, but are not limited to:

- Site restrictions
- Site accessibility;
- Drainage systems;
- Site improvements such as: plantings, fences, lighting, paved areas, stairs, and retaining walls, among others; and,
- Outbuildings, yards, and courts.

Exterior elements and conditions to be assessed include, but are not limited to:

- Foundation walls and piers;
- Exterior wall elements such as: wood elements, siding, shingles, stucco, brick or stone veneers;
- Exterior insulation and finish systems, among others; windows and doors; weather stripping; awnings; decks, porches and balconies; exterior railings and stairs;
- Roof weatherproofing and covering including asphalt shingles, wood shingles or shakes, metal roofing, cement shingles, built-up roofing, single ply membranes, and roll roofing, among others;
- Skylights; gutters and downspouts;
- Parapets and gables;
- Lighting protection;
- Electrical service entry including overhead wires, electric meter, and service entry conductor, among others;
- Water service entry including curb valve, house service main, master shut-off valve, and water meter, among others; and septic tanks.

Interior elements and conditions to be assessed include, but are not limited to:

- Basement and crawl spaces;
- Fungal and insect infestation;
- Thermal insulation;
- Structure, electrical, plumbing, and HVAC systems;
- Walls and ceilings;
- Floors;
- Interior doors;
- Windows;
- Closets;
- Trim and finishes;
- Convenience outlets and lighting;
- HVAC sources;
- Skylights;
- Plumbing;
- Tub and shower enclosures;
- Ceramic tile;
- Counters and cabinets;
- Electrical service;
- Storage spaces;
- Stairs and hallways;
- Smoke detectors;
- Laundries;
- Roof trusses and joist spaces;
- Main panel board;
- Branch circuits;
- Water distribution piping; and
- Equipment such as water heaters, plumbing components, water wells, pumps, gas supply components, and air conditioning units and their components, among others.

Upon completion of the site inspection, the Damage Assessor shall prepare a comprehensive report of the damages and conditions observed. The report should set forth the following:

- The total, and itemized, estimated cost of required repairs to bring the home to its pre-disaster conditions in conformity with applicable codes, specifications, and standards;
- A quantification of the value of repair works already implemented by the applicant using other sources of funds such as FEMA IA, SBA assistance, and insurance proceeds, etc.;
- Evidence of the damages observed during the site inspection;
- Any extraordinary conditions identified during the site inspection (engineering or otherwise) that may not allow the Program to effectively repair the home and therefore may trigger reconstruction or relocation. Examples of such conditions may include, but are not limited to, the failure (beyond repair) of critical structural elements, potential for landslides, potential for the home to be flooded, and any other hazardous conditions of the structure or its site that may put lives at risk;
- A recommended course of action to be taken by the Program (e.g. repair, reconstruction, or relocation); and
- Any other pertinent information documented or observed during the site inspection.

Assistance will be provided to applicants based on the Program's estimate of the cost to repair the home. Due to limitations of funds available for the recovery, the Program will assess applicants' cost of repairs at an economy-grade standard of materials, noted as "Standard Grade." Therefore, it is possible that the Program's assessment of the value of repairs or reconstruction will differ from other assessments that an applicant may have, whether from SBA, NFIP, a private homebuilding contractor, or another third-party entity. The Program will rely solely on its assessment of the cost of repairs. The Program's pricelist is composed of Xactimate® pricing and additional line items of work that may be updated by PRDOH from time to time.

11.1 Work in Place

At the time of damage assessment, it is sometimes discovered that homeowners have begun to repair or reconstruct their homes. During the damage assessment, a work in place (**WIP**) estimate is developed and documented by the Damage Inspector for use in the DOB analysis that compares all assistance (federal and non-federal) received

for the same purpose as CDBG-DR funds vs. WIP value and to ensure accurate calculation of substantial improvement percentage.[28]

The amount of WIP encountered varies widely from minor repairs completed in home, such as replacement of doors and windows, to instances where Applicants have completely demolished the disaster-impacted home and the Applicant initiated reconstruction (**AIR**) of new home.

WIP that is less than AIR will be considered during the program damage assessment and scoping of program sponsored construction. Minor WIP that does not meet program standards may be replaced by the Program. AIR is a subset of all work in place and is discussed in detail in the following sections. WIP is not used to project value at completion or capture the value of remaining work needed to complete the construction project.

11.2 Applicant-Initiated Reconstruction

In some instances, it is discovered that Applicants have demolished the disaster-damaged structure and started a reconstruction of their property prior to program intervention. Generally, AIR has been completed using one of the following two venues: informal construction or formal construction.

11.2.1 Formal Construction

Formal construction is that construction which meets the required permitting and inspection process per the governing construction agency. It can be established that the work performed meets federal, state, and local construction codes and requirements. Proper documentation may include, but is not limited to, a set of approved plans by the local permitting office, as well as a construction permit with all approved progress inspections for work performed.

The Program may complete construction of unfinished AIR that was performed using formal construction methods. Formally constructed AIR, with an estimated cost of completion less than $60,000 may be completed in place. Formally constructed AIR homes with an estimated cost of completion greater than $60,000 will be evaluated

[28] As outlined under the Duplication of Benefits section of these Guidelines, personal Assets or Lines of Credit are not considered duplication of benefits.

on a case-by-case basis for cost reasonableness, cost effectiveness, and construction feasibility. The Program may fund the completion of construction up to the reconstruction award cap (based on household composition), if the evaluation shows that completion of the AIR is cost-reasonable, cost-effective, and feasible. If the AIR cannot be completed, the Program will follow its reconstruction and relocation policies.

11.2.2 Informal Construction

Typically, informally constructed homes lack engineered construction plans approved by a local jurisdiction, applicable permits, or proof of passed progress inspections and can be less secure than those built following established land use, construction codes, and zoning regulations.

AIR that was performed using informal construction methods will not be completed by the Program. Because informal construction of unpermitted homes lacks the documentation to ensure the work has been performed following the applicable federal, state, and local construction codes, the Program is unable to ensure a partially informally constructed home will comply with the requirements of CDBG-DR funding under the R3 Program or that the home will ultimately be safe to occupy. Additionally, the Program may be unable to obtain a certificate of occupancy, register the property and/or record restrictive conditions, if necessary.

For eligible applicants with informal AIR, the Program will follow its reconstruction and relocation policies.

12 Change in Circumstance and Exacerbated Damages

To the extent that damages resulting from the applicable disaster are exacerbated by circumstances beyond the applicant's control before the repair or reconstruction of the disaster-damaged structure is completed, as per 84 FR 28836, the R3 Program may fund the repair or reconstruction of the damaged home.[29]

Long term recovery from disaster is a process, but applicant damages are calculated at points in time. As a result, a subsequent change in an applicant's circumstances

[29] See 84 FR 28836 at https://www.govinfo.gov/content/pkg/FR-2019-06-20/pdf/2019-13147.pdf

can affect the amount of unmet need (damage) an applicant has. Examples of circumstances beyond the applicant's control include, but are not limited to, subsequent disaster, vandalism, or fire.[30]

For example, if an applicant's home was damaged by Hurricanes Irma and/or María and a subsequent earthquake or any other natural disaster exacerbates the original damage before repairs caused by the hurricanes could be completed, the R3 Program may complete the rehabilitation or reconstruction and address the unmet repair need as it currently exists.

However, the R3 Program may not provide assistance for disaster recovery activities that: (1) address a need arising solely from a disaster other than Hurricanes Irma and/or María, the 2019-2020 Earthquakes or Tropical Storm Isaías; or (2) address a need that has been met in full. For example, if a home was unharmed by Hurricanes Irma and/or María, the 2019-2020 Earthquakes or Tropical Storm Isaías, but later suffers damages from a subsequent natural disaster event, the R3 Program cannot provide assistance to repair or reconstruct the structure.

As stated in the R3 Program eligibility criteria, all applicants to the R3 Program must have sustained damage from Hurricanes Irma and/or María, the 2019-2020 Earthquakes, or Tropical Storm Isaías to receive disaster recovery assistance. If exacerbated damage makes it impossible to determine damages from the applicable disaster through a damage inspection, the Program may use third-party

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[30] See section *IV.E. Reassess Unmet Need When Necessary* of the 84 FR 28836

> [...].
>
> A subsequent change in an applicant's circumstances can affect that applicant's remaining unmet need, meaning the need that was not met by CDBG–DR and other sources of assistance. Oftentimes, unmet need does not become apparent until after CDBG–DR assistance has been provided. Examples may include: A subsequent disaster that causes further damage to a partially rehabilitated home or business; an increase in the cost of construction materials; vandalism; contractor fraud; or theft of materials. Unmet need may also change if other resources become available to pay for costs of the activity (such as FEMA or Army Corps), and reduce the need for CDBG–DR.
>
> To the extent that an original disaster recovery need was not fully met or was exacerbated by factors beyond the control of the applicant, the grantee may provide additional CDBG–DR funds to meet the increased unmet need. Grantees must be able to identify and document additional unmet need, for example, by completing a professional inspection to verify the revised estimate of costs to rehabilitate or reconstruct damaged property.
>
> [...].

documentation or datasets, as outlined under the Proof of Damage section of these Guidelines. Prior to addressing exacerbated repair or reconstruction need, the R3 Program must analyze other assistance available to the applicant to ensure prevention of DOB, as described in the Duplication of Benefits section of these guidelines.

13 Environmental Review

Environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. Every project undertaken with Federal funds, and all activities associates with such project, are subject to the provisions of the National Environmental Policy Act of 1969 (**NEPA**), 42 U.S.C. § 4321 et *seq.*, as well as to the HUD environmental review regulations at 24 C.F.R. Part 58 on Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities. Therefore, an environmental review process is required for all awards to be issued under the Program to ensure that the proposed activities do not negatively impact the surrounding environment and that the property itself will not have an adverse environmental or health effect on end users.

Specifically, 24 C.F.R. § 58.22 on limitations on activities pending clearance, prohibits the commitment or spending federal or non-federal funds on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives prior to completion of an environmental review. Environmental clearance must be obtained for each project prior to the commitment of Federal or non-federal funds. A violation of this requirement may jeopardize Federal funding for the Program and disallow all costs that were incurred before completion of the environmental review.

Laws and regulations which contain environmental provisions with which the Program must comply with, include but are not limited to:

- Protection of Historic Properties (36 C.F.R. Part 800);
- Floodplain Management and Protection of Wetlands (24 C.F.R. Part 55, Executive Order 11988 and Executive Order 11990);
- Sections 307 (c) and (d) of the Coastal Zone Management Act of 1972 (**CZMA**), as amended, (16 U.S.C. § 1456);

- Sole Source Aquifers (40 C.F.R. Part 149);
- Interagency Cooperation - Endangered Species Act of 1973, as amended (50 C.F.R. Part 402);
- Section 7 (b)(c) of the Wild and Scenic Rivers Act of 1968 (**WSRA**), as amended, (16 U.S.C. § 1278 - Restrictions on Water Resources Projects);
- Air quality provisions as found in Sections 176 (c) and (d) of the Clean Air Act, as amended, (42 U.S.C. § 7506) and in Title 40 of the Code of Federal Regulations (40 C.F.R. Parts 6, 51, and 93);
- Farmland Protection Policy Act (**FPPA**) (7 U.S.C. § 4201 *et seq.*) and implementing regulations 7 C.F.R. Part 658, of the Agriculture and Food Act of 1981, as amended;
- Environmental Criteria and Standards;
    - Noise Abatement and Control (24 C.F.R. §§ 51.100 - 51.106)
    - Siting of HUD-Assisted Projects Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature (24 C.F.R. §§ 51.200 - 51.208)
    - Siting of HUD Assisted Projects in Runway Clear Zones at Civil Airports and Clear Zones and Accident Potential Zones at Military Airfields (24 C.F.R. §§ 51.300 - 51.305)
- Toxic/Hazardous Materials (24 C.F.R. § 58.5(i)(2)(i)).

All Program awards must have documentation that certifies they comply with NEPA and other environmental requirements. Therefore, all projects shall have an Environmental Review Record (**ERR**) as required by NEPA and related laws. The ERR for the projects shall set forth (a) the existence of negative impacts on a site, (b) the means to mitigate negative impacts, (c) alternatives to the project (if needed), and (d) the rejection of the proposed activities if all other options fail and it becomes the most prudent action to take. For more information on Environmental Review, please refer to the Cross-Cutting Guidelines available in English and Spanish on the PRDOH website at https://recuperacion.pr.gov/en/resources/policies/ and https://recuperacion.pr.gov/recursos/politicas/.

Environmental reviews for this Program will be conducted concurrently with the damage assessment, when feasible and after an applicant's acceptance of a Pre-Award Notice. Environmental reviews must be completed prior to determining Program assistance to be offered to an eligible applicant. On a case-by-case basis,

additional costs may be included in the scope of work associated with repair, reconstruction, or relocation award (e.g. costs associated with abatement of environmental hazards, special considerations for historic preservation, or other environmental considerations).

13.1 Environmental Level of Review

To conduct the appropriate level of environmental review the Program will need to determine the environmental classification of the project. The term "project" may be defined as an activity or group of activities geographically, functionally, or integrally related, regardless of funding source, to be undertaken by the Program in whole or in part to accomplish a specific objective. The three (3) major environmental classifications for projects and their descriptions are as follows.

13.1.1 Exempt Activities

These are activities which, by their nature, are highly unlikely to have any direct impact on the environment. Accordingly, these activities are not subject to most of the procedural requirements of environmental review. If a project is determined to be exempt, the Program must document in writing that the project is exempt and meets the conditions for exemption spelled in 24 C.F.R. § 58.34. In addition to making the written determination of exemption, the Program must also determine whether any of the requirements of 24 C.F.R. § 58.6 are applicable and address as appropriate.

13.1.2 Categorically Excluded Activities

These are activities for which no Environmental Impact Statement or Environmental Assessment and finding of no significant impact under NEPA is required. These activities are divided into those that are and those that are not subject to related laws and authorities at 24 C.F.R. § 58.5.

Examples of categorically excluded activities <u>not</u> subject to related laws and authorities under 24 C.F.R. § 58.5 include: tenant based rental assistance; supportive services; operating costs; economic development activities; activities to assist homebuyers to purchase existing dwelling units or units under construction; and affordable housing predevelopment costs with no physical impact. To complete environmental requirements for categorically excluded activities not subject to 24 C.F.R. § 58.5, the Program must make a finding of categorical exclusion and include

such finding in the Environmental Review Record. When these kinds of activities are undertaken, it is not required to issue a public notice or to submit a request for release of funds. In any case, environmental compliance is required for the items listed in 24 C.F.R. § 58.6.

Examples of categorically excluded activities subject to related laws and authorities under 24 C.F.R. § 58.5 include: acquisition, repair, improvement, reconstruction, or repair of public facilities; special projects directed toward the removal of material and architectural barriers; and repair of buildings and improvements for residential units and non-residential buildings. The Environmental Review Record for these activities must contain a written determination of the finding of a categorical excluded activity subject to 24 C.F.R. § 58.5 including a description of the project, a citation of the application subsection of 24 C.F.R. § 58.35(a), and written documentation as to whether there were any circumstances which required compliance with 24 C.F.R. § 58.5 and § 58.6.

The documentation must support its determinations related to compliance, including correspondence with applicable agencies having jurisdiction. Upon completion there should be one of three (3) environmental findings: (1) the project converts to Exempt (i.e., 24 C.F.R. § 58.34(a)(12)); (2) the project invokes compliance with one or more of the laws and/or authorities and, therefore, requires public notification and approval from HUD; or (3) the unusual circumstances of the project result in a significant environmental impact and, therefore, compliance with NEPA is required. If upon completion it is determined that compliance is required for one or more of the Federal laws and authorities listed in 24 C.F.R. § 58.5, then a public notification known as Notice of Intent to Request Release of Funds must be posted. After a **seven (7) day** comment period, a Request for Release of Funds and Environmental Certification must be prepared. The Environmental Certification certifies the compliance with all environmental review requirements.

13.1.3 Activities Requiring an Environmental Assessment

These are activities which are neither exempt nor categorically excluded and, therefore, will require an Environmental Assessment documenting compliance with NEPA, HUD, and with the environmental requirements of other applicable federal laws.

Once the Environmental Review has been completed and any comments addressed appropriately, the project may be found to not constitute an action that significantly affects the quality of the human environment and, therefore, does not require the preparation of an Environmental Impact Statement; or the project constitutes an action that significantly affects the quality of the human environment and, therefore, requires the preparation of an Environmental Impact Statement. For this Program, any action that would require an Environmental Impact Statement is highly unlikely.

If it is determined that the action does not significantly affect the quality of the environment, then the Program will post a public notice called a Combined/Concurrent Notice of Finding of No Significant Impact (**FONSI**) and Notice of Intent to Request Release of Funds (**NOI/RROF**). The NOI/RROF Environmental Certification must be submitted to HUD no sooner than **fifteen (15) days** after publishing the combined/concurrent notice NOI/RROF and FONSI and HUD will hold the Release of Funds for a **fifteen (15) day** period to allow for public comment on the RROF. If no comments are received during this time, HUD will send a signed Authorization to Use Grant Funds (**AUGF**) and the project may proceed.

13.1.4 Floodplain Management

The R3 Program will use the most current, approved version of FEMA's Flood Insurance Rate Map (**FIRM**) or Preliminary Flood Insurance Rate Map (**PFIRM**) to identify whether a property is located within or outside of the 100-year floodplain. The 100-year floodplain means the floodplain of concern for this part and is the area subject to inundation from a flood having a 1% or greater chance of being equaled or exceeded in any given year.

Applicants whose homes are located in or outside of a floodplain may qualify for repair, reconstruction or relocation. However, in accordance with 83 FR 5844 and 87 FR 6364, the Program may only provide assistance for the repair/reconstruction of a house located in a floodplain if: (a) The homeowner had flood insurance at the time of the disaster and still has unmet recovery needs; <u>or</u> (b) the household earns less than the greater of 120% AMI or the national median and has unmet recovery needs. Floodplain designation will be determined by the site-specific environmental review.

Homes located in a floodplain which qualify for repair that is considered a substantial improvement, as defined in 24 C.F.R. § 55.2, will not be rehabilitated in place. Rather, eligible applicants with homes in a floodplain that require substantial improvement repairs will be offered Program assistance to relocate to a property outside the floodplain or elevated reconstruction.[31]

Substantial improvement is defined as either:

a) Any repair, reconstruction, modernization or improvement of a structure, the cost of which equals or exceeds 50% of the market value of the structure either: 1) Before the improvement or repair is started; or 2) If the structure has been damaged, and is being restored, before the damage occurred[32]; or
b) Any repair, reconstruction, modernization, or improvement of a structure that results in an increase of more than 20% in the number of dwelling units in a residential project or in the average peak number of customers and employees likely to be on-site at any one time for a commercial or industrial project.
    i. Substantial improvement may not be defined to include either:
        a. Any project for improvement of a structure to comply with existing state or local health, sanitary or safety code specifications that is solely necessary to assure safe living conditions, or
        b. Any alteration of a structure listed on the National Register of Historical Places or on a State Inventory of Historic Places.

Structural repairs, reconstruction, or improvements not meeting the definition of substantial improvement are considered "minor improvements".

13.2 Tiered Environmental Review

To streamline the environmental review process and prevent duplication of efforts, the Program will use a tiered approach for environmental compliance. A tiered approach is appropriate when a specific type of activity that will take place in several locations

[31] Elevated Reconstruction: for determining the feasibility of elevated reconstruction, refer to the Elevated Reconstruction Award Option section of these Guidelines.
[32] Current assessed value is used due to the limited availability of island-wide data for pre-disaster(s) values.

will serve the same function and will have the same level of environmental impact regardless of the location where it is to be implemented. The tiered approach has two (2) parts: the broad environmental review that focuses on a targeted geographic area (Tier 1), and the unspecified site review (the exact physical location of the project not presently known) (Tier 2).

The Tier 1 review will address and analyze those environmental impacts related to the proposed action that might occur on a typical site within the geographic area (e.g. floodplain, coastal zone, wetlands, aboveground storage tanks, etc.). The Tier 2 review will identify those environmental impacts that will vary by site and may only be observed when specific project locations are known (e.g., historic preservation, hazardous materials, noise abatement, asbestos removal, etc.).

The components of the Tier 1 review will include all the following:

- A clear statement of all the related activities and funding sources;
- Identification of the targeted geographic area;
- Identification and evaluation of the environmental factors and effects that can be decided upon immediately;
- Publishing and dissemination notice for entire action;
- Submission of a Request for Release of Funds and Certification for the entire action;
- HUD approval of the Tier 1 Review; and
- Documentation of compliance with "Other Requirements" set forth at 24 C.F.R. § 58.6.

The Tier 2 review will include specific written strategies for addressing the environmental effects that can only be determined when specific sites become known (i.e. site acceptability criteria and standards-including mitigation measures, historic preservation, airport clear zones, explosive and flammable operations, toxic/hazardous/radioactive materials, contamination, chemicals, or gases).

Tier 2 reviews will not require notices or approval from HUD, unless it is determined that there are unanticipated impacts or impacts not adequately addressed in the prior tiered review. There must be written documentation of compliance before funds are committed to specific sites. If any project deviates from the tiered review -and the

approved site-specific compliance strategies- then separate environmental reviews must be prepared for those projects.

Tiered reviews for the Program will be valid for up to **five (5) years** unless conditions or circumstances change. To be certain that conditions or circumstances have not changed, the Program will assess the tiered Environmental Review, at least once a year, to ensure the scope of the target area has not changed, the list of activities evaluated for environmental impacts has not changed, and the information contained in the tiered environmental review is still current and relevant to the environmental findings that were made.

Tier I reports for the R3 Program are publicly available in English and Spanish at https://recuperacion.pr.gov/en/resources/environmental/ and https://recuperacion.pr.gov/recursos/ambiental/.

13.3 Lead Hazard Assessments

Lead is a highly toxic metal that may cause a range of health problems, especially in young children. When lead is absorbed into the body, it can cause damage to the brain and other vital organs, such as the kidneys, nerves, and blood. Both inside and outside the home, deteriorated lead paint mixes with household dust and soil and becomes introduced to the home. Children may become lead poisoned by touching or putting lead-contaminated objects in their mouths, eating paint chips found in homes with peeling or flaking lead-based paint, or playing in lead-contaminated soil.

Most of the lead found in homes comes from lead-based paint, which was used in homes built before 1978. When old paint cracks and chips, it creates lead dust. Often, the dust is so small that it cannot even be seen. Lead poisoning is most often caused by swallowing or breathing in lead dust by accident. Lead can also be found in other places within a home. Sometimes lead can be found in water that travels through lead pipes or in soil.

Whenever federal funds, such as CDBG-DR, are used to assist housing built before 1978, steps must be taken to address lead hazards. A lead-based paint hazard is any condition that causes exposure to lead from dust-related hazards, soil-lead hazards, or lead-based paint that is deteriorated, or present in chewable surfaces, friction surfaces, or impact surfaces that would result in adverse human health effects. The

Program will comply with provisions for lead reduction found at 24 C.F.R. Part 35- Lead-Based Paint Poisoning Prevention in Certain Residential Structures.

Lead hazard assessments are on-site investigations to determine the existence, nature, severity, and location of lead-based paint hazards accompanied by a report explaining the results and options for reducing lead-based paint hazards, see 40 C.F.R. § 745.227(d)(11) for report guidelines. All lead hazard assessments for the Program will be performed by Risk Assessors or Lead-Based Paint Inspectors certified by the U.S. Environmental Protection Agency (**EPA**) or the Department of Natural and Environmental Resources (**DRNA**, for its Spanish acronym).

Lead hazard assessments for the Program will cover:

- Identification of the existence, nature, severity, and location of lead-based paint hazards, including soil and dust hazards as well as paint (or documentation that no such hazards have been identified); and
- Description of the options for controlling lead hazards in the event that hazards are found, including interim controls and abatement measures.

The lead hazard assessment process for the Program will begin with the collection of information about the property from the owner using HUD-approved forms. The Risk Assessor or Lead-Based Paint Inspector will use this information to make decisions about the location of the environmental testing within the dwelling of the property.

The lead hazard assessment will entail:

- A visual assessment of the selected dwelling units and common areas; and
- Environmental testing, which includes testing of deteriorated paint and (if needed) other painted surfaces and collection of dust and soil samples.

The Program will pursue the testing of paint with X-ray fluorescence (**XRF**) analyzers but sometimes the collection of paint chip samples may be required. Environmental samples will be sent to a certified laboratory for analysis of lead in paint, dust, or soil, as applicable.

When the lab results or XRF measurements are received, the Risk Assessor or Lead-Based Paint Inspector will review and analyze the data, including visual assessment results, environmental sampling results, among others. The Risk Assessor will then draft

the report identifying lead-based paint hazards and acceptable lead hazard reduction options. Lead hazard reduction options must include abatement of all identified lead hazards.

13.4 Asbestos Surveys

Because of its fiber strength and resistance to heat, asbestos has been used in a variety of building construction materials for insulation and as a fire retardant. Asbestos has also been used in a wide range of manufactured goods, mostly in building materials (roofing shingles, ceiling and floor tiles, paper products, and asbestos cement products), friction products (automobile clutch, brake, and transmission parts), heat-resistant fabrics, packaging, gaskets, and coatings.

Asbestos fibers may be released into the air by the disturbance of asbestos-containing materials during product use, demolition work, building or home maintenance, repair, and remodeling. In general, exposure may occur when asbestos-containing materials are disturbed or damaged in some way to release particles and fibers into the air. Exposure to asbestos increases risks of developing lung diseases.

In general, the greater the exposure to asbestos, the greater the chance of developing harmful health effects. Disease symptoms may take many years to develop following exposure.

The National Emission Standards for Hazardous Air Pollutants (**NESHAP**) regulations under the Clean Air Act specify work practices for asbestos to be followed during demolitions and renovations of all structures, installations, and buildings. The regulations require notification to the pertinent State agency before any demolition, or before any renovations of buildings that could contain a certain threshold amount of asbestos or asbestos-containing material. Therefore, the Program must perform an asbestos survey before conducting any repair or reconstruction work.

An asbestos survey is used to locate and describe asbestos-containing materials in a structure. The Program will conduct comprehensive building asbestos surveys through inspection of the properties. All asbestos surveys for the Program will be performed by Asbestos Inspectors certified by the EPA or the Puerto Rico Department of Natural and Environmental Resources (**DRNA**, for its Spanish acronym). The

asbestos surveys will visually review all suspect asbestos-containing materials associated with the buildings' interior and will collect samples for laboratory analysis.

During the survey process, every effort should be made to collect required samples in the least destructive manner possible. The nature of the asbestos survey will be to determine the location and extent of asbestos-containing materials that may be disturbed during repair or demolition activities. Samples of presumed asbestos-containing materials shall be processed or evaluated by accredited laboratories for testing of asbestos presence in materials. Asbestos content determination shall be performed, as necessary, by utilizing Polarized Light Microscopy, Point Counting, and Transmission Electron Microscopy.

14 Program Award Types

Eligible applicant's properties will undergo the Program's Damage Assessment to determine the most appropriate award type. This determination is based on the following factors:

- Damage/project scope of work needed;
- Current value of the damaged home; and
- Location of damaged property, including location in relation to Special Flood Hazard Area (**SFHA**).

Floodplain determinations will be made based on the flood zone designation of the project site. For floodplain determination purposes, the project site is defined as only the structure or construction area. Typically, the construction area refers to the structure or footprint of the structure (if the structure was totally destroyed) located at the damaged property. The following image provides a graphical representation of the housing assistance award types and determining factors:

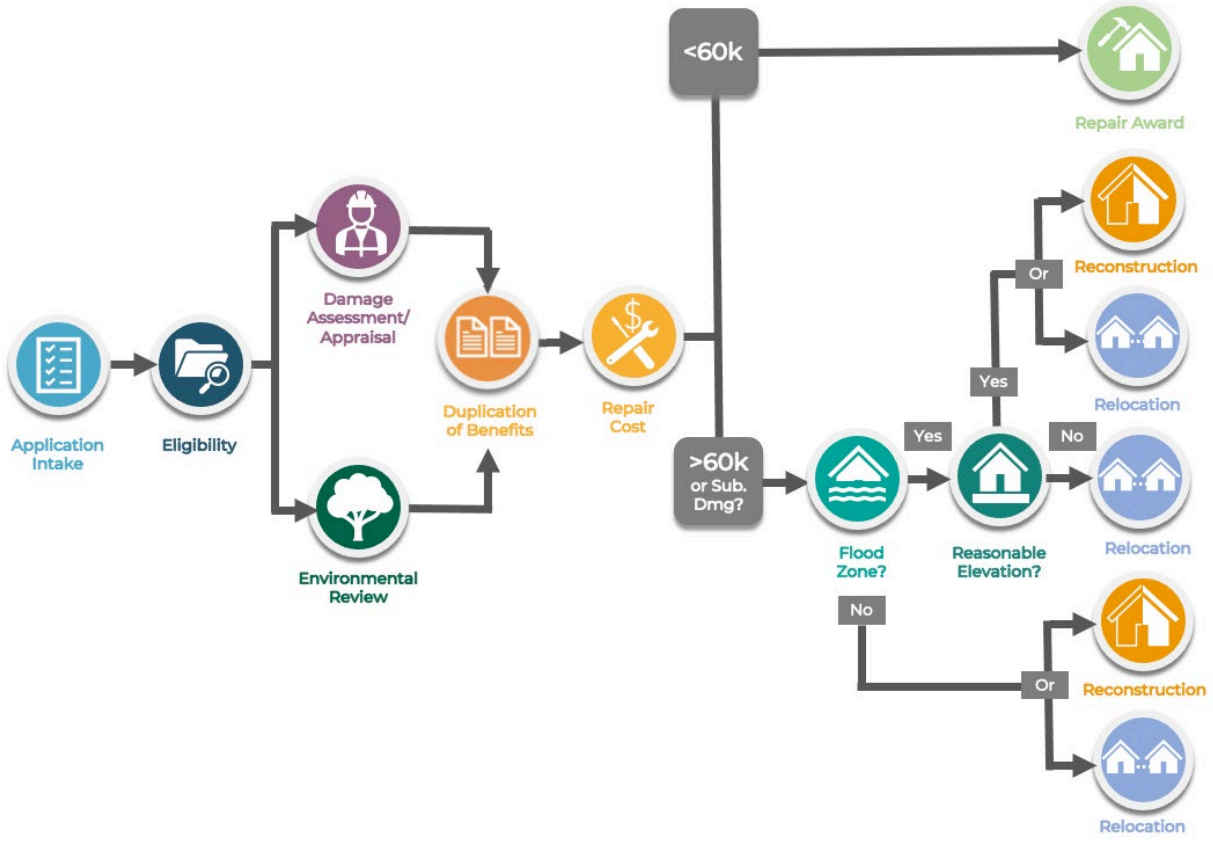

Figure 1: Program Award Types and Determining Factors

14.1 Repair Award

Homes not located in the floodplain with an estimated cost of repair of less than $60,000, will be rehabilitated in place. Homes located in the floodplain with an estimated cost of repair of less than $60,000 or 50% of the current assessed value of the home, whichever is less, will also qualify to be rehabilitated in place. Estimated cost of repair (ECR) will be determined through a Program damage assessment. Any obsolete products replaced as part of the repairs must be replaced with ENERGY STAR®, Water Sense, or other Federal Energy Management Program (FEMP)-designated products or appliances, as per 83 FR 5844 and 87 FR 6364. Homes that cannot be repaired under existing Program caps, due to legal, engineering, or environmental constraints (permitting, extraordinary site conditions, etc.) will be considered not suitable for repair. Eligible applicants with homes deemed not suitable for repair will be offered relocation or reconstruction assistance.

14.1.1 Total Loss / Totally Destroyed Structures

If the Program's Damage Assessment determines that a structure is Total Loss / Totally Destroyed, the structure will not be repaired, and an ECR is not required to determine assistance. A structure is considered Total Loss/Totally Destroyed when the Program's Damage Assessment finds that it is damaged to the point where repairs are not practical or possible. This determination shall be based on documented conditions that may include, but are not limited to: (i) compromised structural integrity; (ii) imminent danger of collapse; (iii) complete failure of critical structural components (including foundation, columns, floor systems, beams, bearing or non-bearing walls, and/or roof components); (iv) only the foundation remaining; or (v) only the floor slab remaining.

In these cases, the Total Loss / Totally Destroyed determination takes priority, and the applicant will be offered Reconstruction or Relocation assistance, as applicable.

14.2 Reconstruction Award

Homes not located in the 100-year floodplain, or other high-risk areas, may be eligible for a reconstruction award of up to $215,000 when the estimated cost of repair is greater than or equal to $60,000, as confirmed through Program inspection, or if a feasibility inspection determines that reconstruction is required. Additionally, the R3 Program may provide homeowners who qualify for a reconstruction award the option to forgo the reconstruction and receive instead a relocation award.

Homes meeting the reconstruction damage threshold will be reconstructed in substantially the same footprint, when feasible, to include resilient measures in structural materials.

Homes that may not be rebuilt in place due to legal, engineering, or environmental constraints (permitting, extraordinary site conditions, etc.) will not be reconstructed and the homeowner will be provided relocation options.

Reconstruction will meet standards in the International Building Code adopted by Puerto Rico and will incorporate Green Building Standard features and resilience measures to the extent possible. Homes reconstructed by the Program will comply

with requirements of an industry recognized Green Building Standard[33] or the Green Permit (known locally as "Permiso Verde")[34] issued by OGPe, as approved by HUD. See Green Building Standards section of these Guidelines.

14.3 Elevated Reconstruction Award Option

If it is deemed reasonable to perform elevated reconstruction within a floodplain, the applicant may be granted a relocation or elevated reconstruction pre-award.

Homes located in the 100-year floodplain become eligible for elevated reconstruction when: 1) the estimated cost of repair is more than $60,000 or 50% of the current assessed value of the home, whichever is less, 2) a relocation award has been declined by the applicant, and 3) the model home will require less than five (5) feet of elevation construction measures, in which case elevated reconstruction is deemed reasonable.

If after meeting the above criteria, the applicant wishes to pursue elevated reconstruction, they must be aware that the pre-award will be subject to further feasibility analysis, which at a minimum may consider the following:

- Whether the elevated design in the event of a disaster, leaves the homeowner vulnerable due to inadequate space to design sufficient evacuation routes, thereby not removing a homeowner from harm's way;
- Whether the property has adequate space for a stair and/or ramp access;
- Whether the cost of elevating the home is equal to or below $75,000;
- Whether or not raising the home transfers flood risk to neighboring households or holds negative environmental impacts for the surrounding area, (this may include site analysis such as a Hydrologic and Hydraulic Study).

If elevation is determined to be infeasible, the property owner will be provided the alternative option of relocation. **Homes located in the floodway will not be eligible for elevation.**

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[33] 83 FR 5844, 5861 and 87 FR 6364, 6372 define Green Building Standard as construction which meets an industry-recognized standard that has achieved certification under one of the following programs: (i) ENERGY STAR®, (ii) Enterprise Green Communities, (iii) LEED, (iv) ICC-700 National Green Building Standard, (v) EPA Indoor AirPlus, or (vi) any other equivalent comprehensive green building program acceptable by HUD.

[34] HUD accepted *Permiso Verde* as an equivalent comprehensive green building program on January 31, 2019.

14.4 Relocation Award

Homes located in the 100-year floodplain or high-risk areas (as identified during the Damage Assessment and environmental review) with an estimated cost of repair greater than $60,000 or 50% of the current assessed value of the home, whichever is less, will qualify for relocation.

In these instances, as a condition of remaining in the Program, eligible homeowners will be offered relocation to a suitable home outside the floodplain or high-risk area using Program assistance. In addition, the R3 Program may offer applicants whose properties suffered damages for more than $60,000, the option of accepting a relocation voucher instead of a reconstruction pre-award.

If the disaster-damaged property does not have any mortgage liens, the Program will acquire the original damaged property and provide the applicant a credit equal to the post-disaster appraised value.[35] In that scenario, the principal balance of the grant agreement will be reduced by an amount equal to the credit given for acquisition of the disaster-damaged property.

If the disaster-damaged property has any mortgage liens whose amount **does not exceed** its post-disaster appraised value, the Program may resolve the outstanding mortgage without affecting the funds that will be available through the relocation voucher. The amount paid for such outstanding mortgage liens will not be credited to the principal balance of the grant agreement.

The post-disaster appraised value of the home will be reduced by any duplication of benefits received by the applicant. However, the reduced amount due to duplication of benefits will not reduce an applicant's available credit below the land value.

In the case that an Applicant has a mortgage lien on the property with an outstanding balance **in excess of** the damaged property's appraised value, the Program may authorize the payment of said excess amount with the funds awarded for the relocation voucher. To offset these costs, PRDOH will make a reduction on the relocation voucher equivalent to the amount paid for the mortgage lien **in excess of**

[35] Current assessed value is used due to the limited availability of island-wide data for pre-disaster values.

the damaged property's appraised value. No amount will be credited to the principal balance of the Grant Agreement. PRDOH may also choose to allow applicants to contribute with other funding sources to offset the reduction in the relocation voucher's value.

These options for applicants with damaged properties with outstanding mortgage liens will only be available for those applicants who are eligible for relocation because their properties are located in the 100-year floodplain or high-risk areas (as identified during the environmental review).

The Program will hold real estate closings with the applicant that may include: 1) title transfer of the original damaged property to PRDOH; and 2) purchase of the replacement property that the applicant will be relocated in. The real estate closings may occur at different times. The Program will provide the seller of the new property with the full sale price and the buyer/applicant will sign a deferred forgivable lien with PRDOH equal to the sale price plus any funds provided for purposes of resolving an outstanding mortgage debt, minus the appraised value of the damaged property after the disaster, if applicable.

To appropriately address Puerto Rico's lack of available housing stock, the Program will provide a maximum funding amount of $200,000 for the replacement property; credit for the applicant's disaster-impacted property shall not increase the provided maximum funding amount over $200,000. The Program will not limit purchase prices for replacement properties. Any additional funds required for the property's acquisition could be secured by the applicant from other eligible funding sources, including a mortgage.

The R3 Program will only provide assistance for the acquisition of vacant or owner-occupied units. Any replacement property selected must either be vacant, or not be occupied by any persons other than the owner or members of the owner's household at the time the property owner or their agent is first contacted by the applicant or their agent. Properties which do not meet this requirement are not eligible to be acquired with R3 Program assistance.

The deferred forgivable lien will require the applicant to own the replacement home and use the home as their primary residence for an affordability period of **five (5)**

years. Applicants may be required to certify their compliance with this requirement on an annual basis during the five (5) years of their compliance period. If a homeowner moves or sells the home within the five (5) years of the compliance period, the amount of benefit that must be repaid will be determined by the straight-line, linear amortization schedule. See Ownership and Occupancy Period Requirements section of these Guidelines.

14.4.1 Relocation Vouchers

In relocation cases where the Program issues a voucher, applicants must follow all voucher terms and requirements set by the Program. This includes showing active efforts to locate a replacement property, such as viewing homes, submitting offers, working with real estate professionals, and, when required, participating in Housing Counseling and other Program services. Applicants must also submit replacement property information and supporting documents on time for Program review.

During the first 180 days after receiving a voucher, applicants must submit at least one (1) replacement property for Program review. During each additional 180-day period, applicants must submit at least two (2) replacement properties for review, even if closing does not occur. PRDOH may grant exceptions to these requirements on a case-by-case basis if circumstances such as market conditions, participant hardship, or other documented factors justify an exception.

After the first 180 days, applicants must continue working with a real estate agent and, when required, participate in Housing Counseling and any other Program required activities. This may include orientations or support services designed to help complete the relocation process in a timely manner.

If an applicant does not meet these requirements, such as failing to submit the required number of replacement properties, not participating in required counseling or orientations, or not completing necessary actions to move forward with relocation, the applicant may be considered non-responsive. In these cases, the Program will document reasonable efforts to obtain the required information or compliance, consistent with Section 21.

14.5 Attached Housing Unit Structures (AHUS)

An attached housing unit is defined as a house, an apartment, a group of rooms, or a single room which includes a kitchen and bathroom area and is occupied or intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants do not live and eat with other persons in the structure, and which have direct access from the outside of the building or through a common hall.[36] A single-unit, detached structure is a residential building consisting of one (1) housing unit.

Eligible applicants may live in structures that are considered single-unit, detached structures or may occupy an individual housing unit within an AHUS. An AHUS is a residential building containing two (2) or more housing units. In those cases where more than one (1) applicant or neighbors in an AHUS are identified, they shall be recorded in the PRDOH Grant Management System of Record, and the Program shall evaluate AHUS concurrently, as they may have an impact and/or affect each other.

The R3 Program will rely upon its damage assessors, appraisers, designers, architects, engineers, and special inspectors to apply their professional judgment in determining the total number of units located on a property.

Assistance may be provided to the housing unit occupied as the primary residence by the eligible applicant. Since the Program only assists primary residences, it will not carry out work or assist any housing unit within an AHUS that was not occupied as a primary residence by the Program applicant. However, as an exception, work may be made when components are critical to the function, integrity, and safety of the applicants' primary residence.

In cases where multiple applicants in an AHUS are identified, they shall be recorded in the PRDOH Grant Management System of Record. The Program shall evaluate these concurrently, as they may impact or affect each other.

14.5.1 Award Considerations for Attached Housing Unit Structures

Award type for a housing unit in an AHUS is determined based on whether the housing unit is located within a designated floodplain or high-risk area, as well as its level of

[36] Based on a "housing unit" as defined by the US Census Bureau: https://www.census.gov/housing/hvs/definitions.pdf

damage, and whether all housing units in the AHUS are owned by a single or multiple ownership entity.

Certain components of an AHUS are critical to the function, integrity, and safety of more than one unit in the property (e.g. columns, beams, load bearing walls, roofs, floors, stairs, etc.). To assist a housing unit within an AHUS, the Program may be required to perform improvements to the shared structural and/or critical components (**SSCCs**), which do not reside solely or at all within the applicant's primary residence. There might be situations when, to provide a safe, sanitary, and secure dwelling, the Program needs to impact other housing units within an AHUS. Since these SSCCs are critical to the function, integrity, and safety of the applicant-owned primary residence, there might be no other way of ensuring overall function, integrity, and safety if the conditions of these SSCCs are not considered and addressed appropriately.

For purposes of determining the award, SSCCs are considered an extraordinary site condition and an exception to the construction/hard costs to the applicable Program Caps. For SSCCs to be eligible for repair by the R3 Program, the SSCC must be critical to the function, integrity, and safety of the applicant's primary residence. SSCCs may include, but are not limited to:

- Structural components (roof, floor slab, columns, beams, party walls, etc.)
- Electrical wiring
- Plumbing (i.e. potable or sanitary systems)
- Access to the entrance of the unit (stairs and/or access ramp)

As a site condition, the maximum award to address SSCCs is determined on a case-by-case basis to account for the diverse scenarios the Program is expected to encounter.

Scenarios for award of eligible applicants with a housing unit in an AHUS are shown, in **Table 1: AHUS Award Scenarios**, below.

Scenario	Repair Award	Reconstruction Award	Relocation Award
Single Ownership entity of the AHUS; located <u>Outside</u> the Floodplain (SO/OF)	▪ $60k rehabilitation cap + SSCCs cost on a case-by-case basis. ▪ Tenants will be offered relocation assistance under URA, as applicable.	▪ Reconstructed unit size based on applicant's household size. ▪ Tenants will be offered relocation assistance under URA, as applicable.	▪ May be allowed for unfeasible site conditions on a case-by-case basis.
Single Ownership entity of the AHUS; located <u>Within</u> the Floodplain (SO/WF)	▪ $60k rehabilitation cap + SSCCs cost on a case- by-case basis when *Substantial Improvement (**SI**) calculation is below 50%. ▪ Tenants will be offered relocation assistance under URA, as applicable.	▪ When deemed reasonable, elevated reconstructed unit size based on applicant's household size. ▪ Tenants will be offered relocation assistance under URA, as applicable.	▪ Entire structure will be demolished. ▪ Tenants will be offered relocation assistance under URA, as applicable.

Scenario	Repair Award	Reconstruction Award	Relocation Award
AHUS not owned by single ownership entity (Multiple Owners); located <u>Outside</u> the Floodplain (MO/OF)	▪ $60k rehabilitation cap + SSCCs cost on a case-by-case basis. ▪ All owners must authorize work and access to properties, as required. ▪ Tenants will be offered relocation assistance under URA, as applicable.	▪ When all owners applied and are eligible for R3 (**MO/OF**). ▪ When reconstruction within the same property is feasible	▪ May be allowed for unfeasible site conditions on a case-by-case basis.
AHUS not owned by single ownership entity (Multiple Owners); located Within the Floodplain (MO/WF)	▪ $60k rehabilitation cap + SSCCs cost on a case-by-case basis when *Substantial Improvement (**SI**) calculation is below 50% for **MO/WF**. ▪ All owners must authorize work and access to properties, as required. ▪ Tenants will be offered relocation assistance under URA, as applicable.	▪ When all owners applied and are eligible for R3 (**MO/OF**). ▪ When elevated reconstruction within the same property is reasonable	▪ Evaluated on a case-by-case basis.

Table 1: AHUS Award Scenarios

The Uniform Relocation Act (**URA**) provisions apply to all assisted AHUS. Any tenants of a housing unit within an AHUS owned by an eligible R3 Program applicant may qualify for relocation assistance under the provisions of the URA, as applicable.[37]

For specific information related to the unique award types described in the following section, please review the Awards and Requirements Section contained herein.

14.5.2 AHUS Single Owner & Outside the Floodplain(SO/OF)

Housing units in an AHUS owned by a single ownership located outside the 100-year floodplain may qualify for a repair or reconstruction award. **Only the housing unit occupied by the eligible applicant as a primary residence may be assisted.** Relocation awards may be considered on a case-by-case basis. Any tenants residing in the AHUS may be eligible for URA assistance, as applicable.[38]

14.5.2.1 Repair Award

A housing unit within an AHUS with an estimated cost of repair of less than $60,000 may be rehabilitated in place. Estimated cost of repair will be determined through a Program damage assessment. The Applicant must be the owner of the eligible housing unit within the AHUS and may need to obtain authorization from any other occupants in the AHUS for access to accommodate construction activities that might be required for SSCCs. Any tenants residing in the AHUS may be eligible for URA assistance, as applicable.[39]

14.5.2.2 Reconstruction Award

A housing unit within an AHUS with an estimated cost of repair greater than $60,000, may qualify for a reconstruction award. The current AHUS will be demolished in its entirety, and a new replacement home will be constructed in place using the "Reconstruction and Relocation Unit Size and Exceptions" section contained herein to determine the size of the reconstructed home. The Applicant-occupied housing unit's

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[37] Refer to the URA and ADP Guide available in English and Spanish on the PRDOH website at https://recuperacion.pr.gov/en/resources/policies/ and https://recuperacion.pr.gov/recursos/politicas/.
[38] Id.
[39] Id.

household will be used to determine the size to be built in its place. Any tenants residing in the AHUS may be eligible for URA assistance, as applicable.[40]

14.5.2.3 Relocation Award

Relocation awards may be considered for eligible applicants with a housing unit in an AHUS outside the floodplain if site conditions or other extenuating circumstances make repair or reconstruction in place unfeasible. The Program will review these cases on a case-by-case basis.

14.5.3 AHUS Single Owner & Within the Floodplain (SO/WF)

An AHUS owned by a single ownership entity located within the 100-year floodplain may qualify for a repair, relocation, or elevated construction award. Eligible applicants residing in an eligible housing unit in an AHUS within the 100-year floodplain or other high-risk areas, that are substantially damaged; require substantial improvement; or the site conditions may pose a risk to the safety of the household, may be offered the option of a relocation or elevated reconstruction award. Any tenants residing in the AHUS may be eligible for URA assistance, as applicable.[41]

14.5.3.1 Repair Award

A housing unit within an AHUS within the 100-year floodplain with an estimated cost of repair that is less than $60,000 or 50% of the current assessed value of the housing unit, whichever is less, will be repaired in place. Estimated cost of repair will be determined through a Program damage assessment or Technical Feasibility Analysis. Applicant must be the owner of the eligible housing unit within the AHUS and may need to obtain authorization from any other occupants in the AHUS for access and construction activities that might be required for SSCCs. Any tenants residing in the AHUS may be eligible for URA assistance, as applicable.[42]

In addition, the Program allows applicants with a traditional title, without mortgage liens, and whose property's estimated cost of repair is more than $60,000, the option of accepting a relocation voucher instead of a reconstruction award.

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[40] Id.
[41] Id.
[42] Id.

14.5.3.2 Elevated Reconstruction Award

A housing unit within an AHUS owned by a single ownership entity with an estimated cost of repair greater than $60,000 and located within the 100-year floodplain, may qualify for an elevated reconstruction award, when feasible. The current AHUS will be demolished in its entirety, and a new replacement home will be constructed in place using the "Reconstruction and Relocation Unit Size and Exceptions" section contained herein to determine the size of the reconstructed home. The Applicant-occupied housing unit's household will be used to determine the unit size to be built in its place. Any tenants residing in the AHUS may be eligible for URA assistance, as applicable[43].

14.5.3.3 Relocation Award

A housing unit within an AHUS within the 100-year floodplain with an estimated cost of repair greater than $60,000 or 50% of the current assessed value of the unit, whichever is less, will be offered a relocation award with the option elevated reconstruction when deemed reasonable. The Applicant-occupied housing unit's household will be used to determine the minimum unit size required place using the "Reconstruction and Relocation Unit Size and Exceptions" section contained herein. The existing, disaster-damaged AHUS will be demolished in its entirety and the disaster-damaged property will be acquired and maintained as described in the Voluntary Acquisition of Disaster-Damaged Property section, contained herein. Any tenants residing in the AHUS may be eligible for URA assistance, as applicable.[44]

In addition, the R3 Program allows applicants with a traditional title, without mortgage liens, and whose properties suffered damages for more than $60,000, the option of accepting a relocation voucher instead of a reconstruction award.

14.5.4 AHUS with Multiple Owners Within or Outside the Floodplain (MO/WF, MO/OF)

A housing unit located outside the floodplain in an AHUS owned by multiple owners may be eligible for a repair, reconstruction, or relocation award. A housing unit located within the floodplain in an AHUS owned by multiple owners may be eligible for a repair, or relocation or an elevated reconstruction award.

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[43] Id.
[44] Id.

Due to the varied circumstances demolition or reconstruction work can entail, and the unique conditions present in the AHUS, reconstruction and relocation awards will be determined on a case-by-case basis.

14.5.4.1 Repair Award

A housing unit located outside the floodplain in an AHUS with an estimated cost of repair of less than $60,000 may be repaired in place. A housing unit located inside the floodplain in an AHUS with an estimated cost of repair of less than $60,000 or 50% of the current assessed value of the unit, whichever is less, will be repaired in place. Estimated cost of repair will be determined through a Program damage assessment. Applicant must be the owner of the eligible housing unit within the AHUS and may need to obtain authorization from any other occupants for access and construction activities that might be required for SSCCs. Any tenants residing in the AHUS may be eligible for URA assistance, as applicable.[45]

14.5.4.2 Reconstruction Award

Reconstruction of housing unit(s) in an AHUS owned by multiple owners may be considered if the AHUS is located outside or within the floodplain. These cases will be evaluated on a case-by-case basis and will consider factors such as: land use, zoning requirements, construction feasibility, lot size and site conditions; configuration of existing AHUS (unit side-by-side, vertically connected, etc.); and cost reasonableness. Any tenants residing in the AHUS may be eligible for URA assistance, as applicable.[46]

14.5.4.3 Relocation Award

A housing unit located in an AHUS within the floodplain or in a high-risk area, with an estimated cost of repair greater than $60,000 or 50% of the current assessed value of the housing unit, whichever is less, or with site conditions that pose a risk to the safety of the household, may be offered a relocation award. Due to the unique circumstances related to demolishing a single housing unit in an AHUS, relocation awards will be considered on a case-by-case basis. Demolition of a single unit in an AHUS may not always be possible.

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[45] Id.
[46] Id.

For an applicant to receive a relocation award, the applicant must agree to transfer ownership of the disaster-damaged property to PRDOH. The existing, damaged structure may be demolished in its entirety and the disaster-damaged property may be acquired and maintained as described in the Voluntary Acquisition of Disaster-Damaged Property section, contained herein. However, demolition of a single unit in an AHUS may not always be possible.

In cases where the disaster-damaged unit cannot be demolished due to its condition of being part of an AHUS, the Program may consider other feasible alternatives to transfer ownership of the disaster-damaged housing unit from the R3 Program applicant to another party. The Program will make a relocation determination on a case-by-case basis as it may not be feasible for the Program to acquire the property from the R3 Program applicant in some scenarios. The R3 Program, at its discretion, may choose to sell the property at market rate with restrictive covenants; donate the property to a non-profit; have the R3 Program applicant relinquish ownership of the property to a current property co-owner; or select other eligible end uses for the disaster-damaged property. Any tenants residing in the AHUS may be eligible for URA assistance, as applicable[47].

The R3 Program will assess situations where the demolition of a single unit within an AHUS is eligible but not feasible without affecting an adjoining unit. If the adjoining unit is co-owned by a party who is not currently participating in the Program, the R3 Program will conduct outreach to the non-participating co-owner. This outreach aims to evaluate whether the co-owner may qualify for assistance under the Program. Based on the specific circumstances of the property and the outcome of the Program's assessment, the co-owner may be deemed eligible for either reconstruction or relocation assistance, in accordance with the Program Guidelines.

Because of the large number of configurations AHUS may have, the R3 Program may elect to consider additional ways to provide assistance. Repair, demolition, or reconstruction in an AHUS may not be practical or might pose a risk to the structural integrity of an adjacent structure. As a result, some applications might not be served.

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[47] Id.

14.6 Reconstruction and Relocation Unit Size and Exceptions

Applicants eligible for relocation or reconstruction assistance will be awarded a reconstructed or replacement home (relocation), based on household size. Applicants will be awarded a unit sized according to the number of bedrooms needed to accommodate the household[48], up to the Program cap of four (4) bedrooms. The following factors will be considered when determining the unit size an applicant qualifies for:

- No more than two (2) persons are required to occupy a bedroom;
- Persons of different generation (i.e. grandparent, parents, and children), adult persons of the opposite sex (other than spouses/couples) and unrelated adults are not required to share a bedroom;
- Adults living as a couple (whether or not legally married) will be required to share a bedroom for size issuance purposes;
- Children of the same sex will be required to share a bedroom for size issuance purposes;
- Duplication of Benefits - Unit size and/or the total number of bedrooms may be reduced to resolve a duplication of benefits.

Sample unit size scenarios for two (2)- through four (4)-bedroom units are outlined below. Other household compositions will be awarded a unit size based on the items outlined above. PRDOH will consider exceptions to the unit size determinations on a case-by-case basis to provide an adequate number of rooms to accommodate the household.

Unit Size	Household Composition
2 bedrooms	• 1 adult or one couple • Adult/couple plus one child • Adult/couple plus two children of the same sex

[48] Circumstances where a household size or composition are expected to change during the time of program-sponsored construction may be considered before the Grant Agreement is executed for unit-size based on anticipated circumstances at the time of construction completion. Circumstance changes are limited to, minor children reaching adult age, birth, adoption, or other gained custody of a child, impending divorce, or separation. For example, if a household expects birth or adoption of a child, the child may be considered as part of the household, even if he/she is not born at the time of award determination.

Unit Size	Household Composition
3 bedrooms	• 1 adult or one couple plus two children of opposite sex • Adult/couple plus three children • Adult/couple plus four children (two boys and two girls)
4 bedrooms	• 1 adult or one couple plus four or five children • 4 or more adults or adult/couples

If the land conditions where the property is located are appropriate, the R3 Program may approve exceptions to the minimum standards to provide assistance to R3 applicants.

To reduce the required time from award to completion as related to reconstruction and relocation with new construction awards, the Program will provide plans and specifications for "model homes" available to applicants. The Program should have available two-, three-, and four-bedroom "model homes." Types of designs for these "model homes" should include:

- **Single-Story or two-story Detached Homes:** Homes for construction in urban or suburban lots with front, rear, and lateral yard space in accordance with zoning regulations. These types of homes must not share walls with adjacent homes (no row house nor twin house configuration). These types of homes shall have two-bedroom, three-bedroom, and four-bedroom options available. Two-story options will be provided only in instances when lot dimensions or zoning regulations require two-story homes.
- **Party-Wall Homes (Single or Two Story):** Homes for urban lots where space is at a premium. These homes are to be built in generally narrow urban lots where the unit lateral walls meet the lot's limit, adjacent to neighboring building walls. Here, lateral yards are impractical. Thus, the availability of natural light and ventilation must be achieved by incorporating creative design solutions such as non-continuous yards or wells. These models must have a rear yard as per zoning regulations, but a front yard may not be required or desirable. These types of homes should have one-bedroom, two-bedroom, three-bedroom, and four-bedroom models available.

All designs of "model homes" will have at least three (3) front façade design alternatives. However, if the home is to be built in a historic district the façade may have to be submitted for further permit requirements. Furthermore, all "model homes" should have options for applicants to choose from such as exterior paint color schemes, cabinets color scheme, floor color schemes, and any other optional component that will not have an impact on costs.

Minimum area for spaces in the model homes will be as follows:

Space	**2-Bedrooms**	**3-Bedrooms**	**4-Bedrooms**
Front Porch	60.0 sq. ft.	60.0 sq. ft.	60.0 sq. ft.
Kitchen	90.0 sq. ft.	90.0 sq. ft.	90.0 sq. ft.
Living / Dining Area	240.0 sq. ft.	240.0 sq. ft.	240.0 sq. ft.
Bedrooms (w/ Closet)	120.0 sq. ft. (at least one) 110.0 sq. ft. (others)	130.0 sq. ft. (at least one) 110.0 sq. ft. (others)	130.0 sq. ft. (at least one) 110.0 sq. ft. (others)
Total Min. Area	800.0 sq. ft.	1,000.0 sq. ft.	1,200.0 sq. ft.

Due to property site conditions, the R3 Program may approve exceptions to the standard minimums to be able to provide assistance to the R3 applicants.

Minimum requirements for "model homes", other than compliance with all applicable codes, are as follows:

- For design development before a site is selected the design of the "model home" shall assume:
    - The current approved requirements for zoning district classification R-I or its equivalent; The lots in which a "model home" will be built are flat and that the ground has adequate bearing capacity for the proposed structure;
- All rooms of the "model home" must have access to natural light and ventilation. Bathrooms may be the only exception to this requirement, although it is desirable to comply with it whenever possible;

- Bathrooms should have showers (no bathtubs);
- All doors must have a minimum 32-inch clear door opening width;
- Kitchens must be open to the dining area;
- Roof waterproofing system must comply with the Building Energy Code and installation must be uplift resistant;
- All homes must incorporate resilient measures, which, at a minimum, must include:
    - Rough-in for photovoltaic cell panels and electricity generator installation;
    - Rough-in for 600-gallon PVC cistern (UV resistant);
    - All "model home" components must resist hurricane-force winds and seismic accelerations as per applicable codes and materials must be waterproof as much as possible;
    - Rough-in for gas stove where gas tanks are placed outside the home, as well as electrical outlet (120-240 volts) for electrical stoves; Primary material of construction for the structure and site will be concrete with local manufactured cement;
    - Manufactured and modular homes may be used.

All "model home" designs should be submitted to the OGPe and obtain preliminary construction permits for designs when no site has been selected ("Aprobación de Planos Seguros").

14.7 Green Building Standards

Comprehensive green building standards improve the lives of residents, support community revitalization, and protect the environment. There are significant social, environmental, financial, and health benefits to incorporating a comprehensive set of green building standards. While some housing Programs may start off with a partial approach to "going green", the greatest benefits accrue from adopting a holistic green building standard that results in resource conservation, healthier living environments, and restored neighborhoods.

The Green Building Standard requirements are followed as stated in 83 FR 5844 and 87 FR 6364, requiring all new construction and replacement of substantially damaged residential buildings to meet the Green Building Standard, by meeting an industry

recognized standard that has achieved certification under at least one of the following Programs:

- ENERGY STAR® (Certified Homes or Multifamily High-Rise);
- Enterprise Green Communities;
- LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development);
- ICC–700 National Green Building Standard;
- EPA Indoor Air Plus (ENERGY STAR® a prerequisite); or
- Any other equivalent comprehensive green building Program acceptable to HUD.

For the repairing of non-substantially damaged residential structures, PRDOH will follow -to the extent they are applicable to the construction methods utilized on the Island- the guidelines specified in the HUD CPD Green Building Retrofit Checklist.[49] When older or obsolete products are replaced as part of repair work, PRDOH will use products and appliances with ENERGY STAR® labels, Water Sense labels, or FEMP equivalent designations. For specific required equipment or materials for which an ENERGY STAR®- or Water Sense- labeled or FEMP-designated product does not exist, the requirement to use such products does not apply.

14.8 Reasonable Accommodations for Accessibility

Additional modifications to increase accessibility for applicants or household members who have access and functional needs are an allowable part of the repair, reconstruction, or relocation assistance provided by the Program. Eligible applicants who have a household member with a disability may submit a Reasonable Accommodation Request (**RAR**) to their case manager to indicate any accessibility accommodations needed to meet their disability-related needs.[50]

Each RAR will be handled and evaluated in accordance with the PRDOH CDBG-DR Reasonable Accommodation Policy. If the RAR is approved, the applicant will be

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[49] See https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-checklist/.

[50] An R3 Program-specific RAR Form can be provided by Program staff to the applicant. A general RAR Form and other methods can also be used and are found, in English and Spanish, on the CDBG-DR website: https://recuperacion.pr.gov/en/fair-housing/reasonable-accommodations/ and https://recuperacion.pr.gov/fair-housing/someter-solicitud-de-acomodo-o-modificacion-razonable/.

provided with accessibility options. The costs associated with reasonable accommodations may be considered in addition to the Program caps and evaluated for cost reasonableness.

The Reasonable Accommodation Policy can be found in English and Spanish on the CDBG-DR website at https://recuperacion.pr.gov/en/fair-housing/policy-documents/ and https://recuperacion.pr.gov/fair-housing/politicas-documentos/.

14.9 Award Caps

The maximum award for housing repair in place is $60,000 in construction and/or hard costs per unit. The maximum award for reconstruction of properties affected by the disasters is $215,000 in construction and/or hard costs. To appropriately address Puerto Rico's lack of available housing stock, the maximum award for relocation is $200,000. The maximum award for reconstruction will be based on the unit size determination, up to $215,000 for reconstruction of a four (4) bedroom home. Award caps by bedroom size are as follows:

Unit Size	Award Cap – Reconstruction	Award Cap – Relocation
Two-Bedrooms	$165,000.00	$200,000.00
Three-Bedrooms	$195,000.00	$200,000.00
Four-Bedrooms	$215,000.00	$200,000.00

Applicants that receive relocation assistance must purchase a property that meets their required unit size. Costs above the Program caps for repair, reconstruction, and permanent relocation awards may be permissible and will be evaluated on a case-by-case basis for items such as: reasonable elevation, environmental abatement and remediation, demolition when required (for reconstruction), utility connection costs, or other unique site-specific costs, when necessary. Exceptions to the caps may also consider necessary accessibility features or historic preservation.

Additional award caps and costs associated only with permanent relocation are as follows:

- Up to $25,000 or the post-disaster Appraisal Value of the damaged property that may be acquired by PRDOH, whichever is higher, for the purchase of a new lot outside the floodplain. Purchase price for vacant lots will not exceed fair market value as established in an appraisal obtained by the Program.

15 Awards and Requirements

The Program will send a Pre-Award Notice to eligible applicants outlining the type and amount of assistance being offered and detailing the next steps. The Pre-Award Notice will include a Next Steps document, a Response to Pre-Award Notice (for applicants to inform if they accept or decline the pre-award offered), and a DOB Analysis Results Notice and Acceptance Form. Applicants who disagree with the type or amount of assistance being offered in the Pre-Award Notice may challenge the determination. See the Program-based Reconsideration and/or Administrative Review section of these Guidelines. In cases where the Applicant does not contest the Pre-Award Notice and fails to submit the completed Response to Pre-Award Notice within the allotted timeframe, the voluntary withdrawal process shall be triggered. See the Voluntary Withdrawal section of these Guidelines.

Program awards will be realized through successful repairing, reconstruction, or relocation. Awards will not be paid directly to Program applicants.

15.1 Ownership and Occupancy Period Requirements

Applicants who are assisted under this Program must agree to own and occupy the assisted home as their primary residence for a predetermined amount of time.

To secure occupancy period requirements for reconstruction and relocation activities, Applicants will be required to sign an Entry of Judgement by Confession as allowed by Rule 35.4 of the Rules of Civil Procedures of Puerto Rico, 32 LPRA Ap. V, R. 35.4. This sworn statement, which authorizes a judgement to be rendered without a trial being held or without a lawsuit having been initiated, will have full effect in the event that the Applicant fails to comply with the required ownership and occupancy period. This Entry must be signed by the Applicant, under oath, and notarized by a notary licensed

in Puerto Rico. Said Entry of Judgement by Confession will expire at the end of the compliance period.

- **Repair:** For repair activities, the homeowner must agree to own and use the home as their primary residence for **three (3) years** calculated from the Final Completion date, according to the terms and conditions as established in Applicant's Grant Agreement. If a homeowner moves or sells the home within **three (3) years**, the entire amount of the benefit received must be repaid in full to PRDOH. There will be no amortization schedule associated with repair.

- **Reconstruction:** For reconstruction activities, the homeowner must agree to own the home and use the home as their primary residence for a period of **five (5) years** after reconstruction, calculated from the Final Completion date, according to the terms and conditions as established in the Applicant's Grant Agreement. The Grant Agreement will be secured through an Entry of Judgement by Confession. Applicants may be required to certify their compliance with this requirement on an annual basis for the **five (5) years** of their compliance period. If a homeowner moves or sells the home within the **five (5) years**, the amount of benefit that must be repaid will be determined by the straight-line, linear amortization schedule for the remaining years.

- **Relocation:** For relocation activities, the homeowner must agree to own the home and use the home as their primary residence for a period of **five (5) years** after relocation as a condition of the Applicant's Grant Agreement and as secured through a deferred forgivable lien on the replacement property. The Grant Agreement will be secured through an Entry of Judgement by Confession. Applicants may be required to certify their compliance with this requirement on an annual basis for the **(5) five years** of their compliance period. If a homeowner moves or sells the home within the **(5) five years**, the amount of benefit that must be repaid will be determined by the straight-line, linear amortization schedule for the remaining years.

The R3 Program may consider forgiving the applicant's obligations during the compliance period and/or releasing the lien of a sold home only in extenuating circumstances and on a case-by-case basis. Examples of extenuating circumstances to be considered by the Program include, but are not limited to, life changing events that may cause an applicant to need a larger, smaller, or different home, such as marriage, divorce, birth, and death, and military deployments or reassignments.

15.2 Pre-Award Conference

Applicants who qualify for assistance will take part in a pre-award conference with the Case Manager. The purpose of the pre-award conference is to ensure all parties agree on the expectations and responsibilities of all parties involved. During the pre-award conference, the following topics will be discussed:

- Expectations;
- Relocation voucher with the preliminary award amount;
- Homeowner move-out date;
- Accessibility options, if applicable;
- Schedule;
- Scope modifications, if applicable;
- Applicant stylistic choices, as available;
- Floorplan selection, as available;
- Site design (depicting the model home location and orientation within the property);
- Grant Agreement and related conditions; and
- Additional required topics, as required.

The Program will make reasonable attempts to accommodate non-traditional meeting venues when required by an applicant's individual circumstances, including applicants that are hospitalized or incarcerated. Non-traditional meeting venues may include home-visits, off-site meetings, virtual meetings, or other arrangements. The applicant must accept the scope of work and sign all required Program documents prior to the Program authorizing the reconstruction or repair work to begin or prior to the start of relocation activities.

15.3 Repair or Reconstruction Award Requirements

Homes that qualify for reconstruction under the Program will be constructed to meet the International Building Code per Puerto Rico regulations. Repair works performed by the Program must also meet local codes, rehabilitation standards, and zoning ordinances. All permits and inspections required by OGPe or the autonomous municipality having jurisdiction must be completed.

Homes qualifying for repair assistance which were constructed prior to 1978 must be evaluated for the presence of lead-based paint. The Program may allow costs of lead-based paint abatement above established award caps on a case-by-case basis. However, if the lead-based paint abatement is determined by a Program inspector or licensed engineer to be unfeasible, the home will be reclassified as a reconstruction award.

15.3.1 Construction Permit Issues

In accordance with Regulation No. 9473 of June 16, 2023, known in Spanish as *"Reglamento Conjunto para la Evaluación y Expedición de Permisos Relacionados al Desarrollo, Uso de Terrenos y Operación de Negocios"* of the Puerto Rico Planning Board, or as per current version, any request related to the development and use of land in Puerto Rico, including construction work completed by the R3 Program, must be promoted by the owner(s) of the property to obtain a construction permit. See Rule 2.1.9 on Filing an Application, Section 2.1.9.5 on Standing.

Applicants who lack the required documents or authorizations for the R3 Program to obtain a construction permit to complete repair or reconstruction work may participate in repair or reconstruction, but construction permitting issues must be addressed prior to the coordination meeting. Those who qualify for a repair or reconstruction award can proceed to construct by completing an Ownership Certification that includes the length of time the applicant has lived at the disaster-damaged location, an explanation of the circumstances that prevent standard ownership verification, and a certification that one of the following circumstances applies:

- There are no other parties who have the right to claim ownership;

- Any additional parties who have a right to claim ownership have also agreed to participate jointly as a co-applicant in the Program;[51] or
- Any additional parties who have a right to claim ownership cannot be located (after reasonable attempts to contact).

The Ownership Certification will satisfy the Standing requirements of Rule 2.1.9.5 of the aforementioned Regulation for OGPe and any Municipality Permit Office whenever permit transactions are related to a repair or reconstruction award under the R3 Program.[52] However, the Ownership Certification, by itself, does not grant ownership nor provides a clear title to applicants. The actual purpose of the Ownership Certification is to satisfy the referred Standing requirement, during permit transactions, for construction permits to move forward without the express consent of the property's co-owners, at that stage of the process.

Therefore, Applicants who lack a clear title will be referred to the Title Clearance Program for assistance. The Title Clearance Program will provide services to applicants, including legal services, as needed and free of charge to assist them in resolving any title issues. Accordingly, those applicants that proceed to permitting by signing an Ownership Certification must continue the process to clear their title through the Title Clearance Program. The Applicant must make all reasonable efforts to cooperate in the process of obtaining a clear title.

However, if at the end of the construction process, the Applicant is unable to obtain a clear title over the disaster-damaged property due to causes entirely attributable to the Applicant, PRDOH may recapture the awarded funds. Those cases of Applicants who signed an Ownership Certification and demonstrated property interest during permit transactions and still cannot obtain a clear title for reasons not attributable to the Applicant will be considered by PRDOH on a case-by-case basis.

15.4 Relocation Award Requirements

The following are requirements for all relocation awards issued under the Program. Applicants who accept a relocation award under the R3 Program are not considered

[51] Co-applicants must also sign the Ownership Certification.

[52] See Article 3 of Act No. 118-2022, "Special law to accelerate the processes to grant property titles under the Department of Housing's Title Clearance Program". https://sutra.oslpr.org/osl/sutra/anejos/139991/ley%20118-2022_.pdf.:

displaced persons, (see 49 C.F.R. § 24.2(a)(9)(ii)(E) or (H)), and as such, are not entitled to relocation assistance benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (**URA**), 42 U.S.C. § 4601 *et seq*. However, tenants on such properties may be eligible for relocation assistance benefits. See URA section of this document for further information, as well as PRDOH's Uniform Relocation Assistance Guide & Residential Anti-Displacement and Relocation Assistance Plan (**URA and ADP Guide**) published in English and Spanish at https://recuperacion.pr.gov/en/resources/policies/ and https://recuperacion.pr.gov/recursos/politicas/.

15.4.1 Liens

In any case that the disaster-damaged property has a mortgage lien whose amount does not exceed its post-disaster appraised value, the Program may resolve the outstanding mortgage without affecting the funds available to the Applicant through the relocation voucher. No amount will be credited to the principal balance of the Grant Agreement.

In the case that an Applicant has a mortgage lien on the disaster-damaged property with an outstanding balance **in excess of** its post-disaster appraised value, the Program may authorize the payment of said excess amount with the funds awarded for the relocation voucher. To offset these costs, PRDOH will make a deduction to the total amount of funds available to the Applicant to purchase the replacement property with the relocation voucher equivalent to the amount paid for the mortgage lien **in excess of** the appraised value of the disaster-damaged property. PRDOH may also choose to allow applicants to contribute with other funding sources to offset the reduction in the value of the relocation voucher.

The Program may allow Applicants in the Relocation pathway, who have liens in the disaster-impacted property, to proceed with the acquisition of the replacement property. For PRDOH to be able to acquire or dispose of the disaster-impacted property, the Title Clearance Program may continue procedures for resolving or satisfying liens after the replacement property is acquired.

15.4.2 Title Issues

Damaged properties may be referred to the Title Clearance Program for assistance in resolving any title issues. However, Applicants with title issues may be awarded a Relocation Voucher. The Program may allow Applicants in the Relocation pathway, who have title issues in respect to the disaster-impacted property, to proceed with the acquisition of the replacement property. To proceed with the acquisition of the replacement property before PRDOH has acquired the disaster-damaged property, the applicant must sign an agreement with the Program through which they commit to ceding title ownership of the disaster-damaged property to PRDOH whenever the title is resolved and cleared, in compliance with the applicable local laws. The applicant must also commit to providing all necessary documents requested as evidence of proprietary interest and assure full cooperation with PRDOH, the CDBG-DR Title Clearance Program and any processes regarding title issues or liens. In this scenario, a restrictive covenant unauthorizing access and redevelopment of the disaster-damaged property will be imposed while title ownership is achieved by PRDOH. For PRDOH to be able to acquire or dispose of the disaster-impacted property, the Title Clearance Program may continue procedures for resolving title issues after the replacement property is acquired.

If an applicant cannot prove ownership of the disaster-damaged property, they may be eligible for homeownership assistance to be provided with a replacement property.

15.4.3 Voluntary Acquisition of Disaster-Impacted Property

Applicants who qualify for a relocation award will receive a Voluntary Acquisition Offer from the R3 Program. Among other things, the offer informs the applicant of the determination of fair market value of the disaster-damaged property and that the acquisition of the property is voluntary.

Acquisitions completed under the R3 Program meet the conditions established at 49 C.F.R. § 24.101(b)(1) which exempt projects from the requirements of 49 C.F.R. Part 24, Subpart B. The following conditions, in accordance with 49 C.F.R. § 24.101(b)(1), apply to all acquisitions completed in conjunction with the provision of replacement housing under the R3 Program:

- No specific site or property needs to be acquired;

- Property to be acquired is not part of an intended, planned, or designated project area where all or substantially all of the property within the area is to be acquired within specific time limits;
- PRDOH will not acquire property if the negotiations fail to reach an amicable agreement, and the owner of such property is so informed in writing; and
- PRDOH will inform the owner in writing of what it believes to be the property's fair market value.

All acquisitions completed under the R3 Program are entirely voluntary and conditional upon the successful provision of replacement housing through one (1) of the relocation options outlined in the Relocation Options section of this document. No property will be acquired through involuntary purchase or condemnation if negotiations for acquisition fail to result in an agreement. Furthermore, PRDOH will not acquire the disaster-impacted property if attempts to secure replacement housing through the R3 Program are not successful. Acquisition of the disaster-damaged property is contingent upon successful real estate closing event for a replacement property purchased through the R3 Program. Owners of properties acquired by PRDOH are not considered displaced persons (see 49 C.F.R § 24.2(a)(9)(ii)(E) or (H)) and, as such, are not entitled to relocation assistance benefits under URA. However, tenants on such properties may be eligible for relocation assistance benefits. See Uniform Relocation Act (URA) section of this document for further information, as well as the URA & ADP Guide published in English and Spanish at https://recuperacion.pr.gov/en/resources/policies/ and https://recuperacion.pr.gov/recursos/politicas/.[53]

15.4.4 Appraisal of Disaster-Impacted Property

Fair market value for disaster-impacted properties which may be acquired by PRDOH through acquisition as part of a relocation award shall be determined via an appraisal.

[53] In cases where the ownership of the damaged property cannot be transferred to PRDOH as stated in these Guidelines, the Program may consider other alternatives to satisfy the eligible activity. The Program will make a relocation determination on a case-by-case basis as it may not be feasible for the Program to acquire the property from the R3 Program applicant in some scenarios. The R3 Program, at its discretion, may choose to select other eligible end uses for the damaged property.

15.4.5 Demolition and Maintenance of Acquired Property

As part of the relocation assistance and to prevent the unauthorized occupation of the structure, the damaged property may be demolished after the applicant moves into the replacement home. At the time of acquisition, on a case-by-case basis, PRDOH will make an initial determination about projected end use for each property acquired. As permitted by 42 U.S.C. § 5305(a)(1), and in accordance with 83 FR 5844 and 87 FR 6364, some uses could be: parks for outdoor recreational activities; wetlands management; nature reserves; cultivation; grazing; camping (except where adequate warning time is not available to allow evacuation); unimproved, unpaved parking lots; buffer zones; and other uses consistent with FEMA guidance for open space acquisition, Hazard Mitigation Assistance, Requirements for Property Acquisition and Relocation for Open Space.

To the extent allowed by HUD and where the final use of the property is known and consistent with the PRDOH approved Action Plan, PRDOH may transfer title or sell properties acquired under the R3 Program to eligible entities, so long as conveyance of the property references and incorporates original deed restrictions. To the extent a property may be used to realize program objectives of other recovery programs, PRDOH will ensure the end use meets both eligibility and national objective requirements as part of its disposition.

15.4.6 Housing Counseling – Homeowner Education

Applicants with a relocation voucher may opt to participate in the Housing Counseling Program wherein they will be offered support for the selection of a new home and offered other support such as financial literacy education; credit repair counseling; support for applicants during property search, selection, and acquisition; and real estate support information. For more information, please refer to Housing Counseling Guidelines, published in English and Spanish at https://recuperacion.pr.gov/en/resources/policies/program-policies/ and https://recuperacion.pr.gov/recursos/politicas/politicas-de-programas/.

The Housing Counseling Program is overseen by HUD-Certified Counseling Agencies. Counselors assigned to applicants participating in relocation should be trained to recognize barriers associated with homeownership for low -and moderate- income

households and advise on solutions for circumstances which may create challenges for a successful relocation. Counselors should have adequate information to provide applicants with the knowledge needed to make an informed decision regarding relocation. HUD-certified Housing Counseling Agencies may assign qualified personnel to applicants with special needs to offer particular assistance on a case-by-case basis.

15.4.7 Relocation Options

Applicants who qualify for relocation will be issued relocation voucher (also potentially used for new construction as a last resort) which allow eligible applicants to pursue one of the two relocation options. Options for relocation include:

Relocation Option 1 A housing voucher which allows the applicant to select an existing or under construction home outside of a high-risk area. Existing Replacement homes and/or under construction homes must be located in Puerto Rico and must pass applicable environmental clearance and permit requirements before an applicant awardee may move in.

Relocation Option 2 includes PRDOH acquisition of the damaged property, coupled with construction of a Program-designed model home on a purchased, vacant lot in Puerto Rico outside of the floodplain. Up to $25,000 or the post-disaster Appraisal Value of the storm-damaged property that may be acquired by PRDOH, whichever is higher, is available to purchase a vacant lot outside the floodplain. Purchase price for vacant lots will not exceed fair market value as established in an appraisal obtained by the Program.

The Program will pay 100% of the purchase price of an approved replacement home, up to the amount of the awarded relocation voucher. The cost to purchase an approved vacant lot is considered additional to the relocation voucher amount. No refund will be issued to an applicant in the event the purchase price of a replacement home or vacant lot is less than the amount of the approved voucher. Replacement homes provided through either relocation option will only be allowable if the home or lot does not require home elevation. Assisted applicants may not be relocated to floodplains or hazard prone areas.

To appropriately address Puerto Rico's lack of available housing stock, the Program will provide a maximum funding amount of $200,000 for the replacement property;

credit for the applicant's disaster-impacted property shall not increase the provided maximum funding amount over $200,000. The Program will not limit purchase prices for replacement properties. Any additional funds required for the acquisition of the property could be secured by the applicant from other funding sources, including a mortgage.

15.4.8 Relocation Option 1: Purchase of an Existing Home

Option 1 will be the default relocation method. The value of the relocation voucher will be commensurate to household composition. Applicants will be given a voucher equal to the reconstruction value of the home with the number of bedrooms needed to accommodate the household. See Reconstruction and Relocation Unit Size and Exceptions section of these Guidelines. Applicants will have **one hundred and eighty (180) days** from the date the voucher was issued to identify a replacement home and be under contract. The Housing Counseling Program may provide applicants with support throughout the relocation process, by assisting in identifying a suitable replacement home, providing homeowner education, and connecting applicants with social services providers in the purchase area considered. Housing counseling services are provided at no cost to the applicant.

The R3 Program will only acquire vacant or owner-occupied units. The replacement property selected must either be vacant or not be occupied by any persons other than the owner or members of the owner's household at the time the property owner or their agent is first contacted by the applicant or their agent. Properties which do not meet this requirement are not eligible to be acquired with R3 Program assistance. Compliance with this requirement should be indicated in the R3 Relocation Property Submission Form submitted by the Applicant to the Program.

15.4.8.1 Timeline

Applicants will initially be allowed **one hundred and eighty (180) days** from the date the Relocation Voucher was issued to identify and select a replacement home. Applicants who have not been able to identify a suitable property within **one hundred eighty (180) days** will be allowed additional time in accordance with the current Program policies. Modifications to policies regarding this matter will be promptly notified by the case managers assigned to each application. Additionally, applicants who have not been able to identify a suitable property within **one hundred and eighty**

(180) days may be allowed to pursue relocation Option 2, only if they provide evidence that no suitable housing options are available. Program Staff will verify that the applicant has taken appropriate action to identify suitable options commensurate to household composition and family needs and work closely with the Housing Counseling Program to ensure sufficient efforts are being made.

15.4.8.2 Minimum Standards for Replacement Properties

One of the Program's purposes is to provide safe, decent, and sanitary dwellings. All relocation replacement properties must comply with these standards. Safe, decent, and sanitary dwellings include but are not limited to those that, in accordance with 25 C.F.R. § 700.55, are:

- Structurally sound, clean, weathertight, in good repair, and has adequate living space and number of rooms;
- Have a habitable sleeping area that is adequately ventilated and sufficient to accommodate the occupants; and
- Have a separate well-lighted and ventilated bathroom, affording privacy to the user, that contains a sink and bathtub or shower stall, adequately connected to hot and cold water, and a flush toilet, all in good working order and properly connected to a sewage drainage system.

The Program has the right to determine whether the property is ineligible on a case-by-case basis if it does not meet these minimum standards, as demonstrated through the property inspection, appraisal report, or initial review. The ineligible replacement property may not be acquired through the Program even if the Applicant is willing or has signed a waiver regarding the safe, decent, and sanitary minimum standards.

15.4.9 Relocation Option 2: Purchase of Vacant Lot and New Home Construction

This option may be exercised only if there are no suitable options available under Option 1. Applicants will be allowed an additional **ninety (90) days** to identify a vacant lot to construct a replacement home on. Vacant lots may be purchased by the Program through use of an approved voucher. In any instance in which the applicant does not own a suitable vacant lot, the Program may acquire an eligible vacant lot for purposes of constructing the replacement home. The vacant lot shall be identified and selected by the applicant, subject to Program review and approval, and the Program

shall be responsible for acquiring the approved lot. The vacant lot will not be conveyed, transferred, or otherwise granted to the applicant until construction of the replacement home has been completed, and any such transfer shall remain subject to applicable Program requirements and closing procedures. Additionally, if the participant dies, voluntarily withdraws from the Program, or becomes ineligible to receive assistance during construction of the replacement home on a lot acquired by the Program, ownership of the lot and the home will remain with the Program until its disposition is determined in accordance with applicable procedures. Once the applicable procedures are completed, the Program may offer the replacement home to another eligible participant who is pending receipt of assistance.

Vacant lots may be owned by the applicant or granted to the applicant through other legal means. Applicants who wish to have a replacement home constructed on a lot not purchased by the Program must demonstrate legal ownership of the property. If an applicant is unable to prove legal ownership of the lot, it will not be an approved site for construction of a replacement home.

Prior to approval, vacant lots must undergo an environmental review. Lots which are not suitable for construction due to legal, zoning, environmental, extraordinary site conditions, or other constraints will not be approved by the Program. Vacant lots must not be located in a floodplain, including areas identified by Flood Insurance Rate Map (**FIRM**), Preliminary Flood Insurance Rate Map (**PFIRM**), and Advisory Base Flood Elevations (**ABFEs**); landslide risk zones; historic districts; coastal zones, wetlands; and/or karst RC/Buffer zones.

If the approved vacant lot is being purchased with Program funds, the lot will undergo a real estate closing event prior to commencement of construction. Once the approved lot is secured, the construction process will follow the same construction process as homes reconstructed in place, except the damaged property will not be demolished until after construction is completed.

15.4.9.1 Timeline

Applicants who are unable to identify a suitable replacement home and unable to identify a suitable vacant lot for construction of a replacement home may request an extension to the **ninety (90) day** timeline allowed for Option 2.

Extension requests will be reviewed by the Program on a case-by-case basis. Applicants who are unable to identify a replacement home or vacant lot within the allowed timeframe -and are not granted an extension- will have their application closed. Applicants who move to closeout as a result of failure to identify a replacement property will be notified and allowed to challenge the decision, if they feel the decision was reached in error. See the Program-based Reconsideration and/or Administrative Review section of these Guidelines.

15.4.10 PRDOH-Owned Properties and Residential Developments

To increase the housing stock of replacement properties available to relocation applicants, PRDOH may make available vacant rehabilitated units from its property portfolio or properties recently acquired and determined to meet safe, decent, and sanitary standards.

Another option may include new housing developments selected by PRDOH in low-risk areas. In the new housing development option, applicants may use their relocation voucher to occupy newly developed housing, purchasing homes that have been rehabilitated or developed by PRDOH, purchasing new homes developed by partners, or any combination of the above. Exceptions to the maximum award amount may apply for relocation applicants who select PRDOH-owned properties or new residential developments.

15.4.10.1 Distribution of PRDOH-developed housing units

New housing units developed by PRDOH Single-Family Housing Development Initiative (**SF-HDI**) will be offered to applicants holding active relocation vouchers under the Program. For each development, PRDOH will generate a list of eligible applicants, prioritized by geographic location, functional area, ORA status, and voucher age.

Applicants will be contacted in order of priority, beginning with an Invitation to an Information Session - Housing Opportunity. The Program will contact the Applicant, who must confirm their participation in the information session no later than **ten (10) days** after the invitation is issued. During the information session, applicants will be able to:

- Learn more about the housing development project.
- Receive information about the criteria and process for selection.
- Explore the amenities of the new homes and community features.

- Find out what steps to take if they decide to proceed with the SF-HDI.

Interested Applicants must sign a Terms of Participation Agreement to participate in the SF-HDI Project and will have **fifteen (15) days** calendar days to submit the Property Preferences Selection Form. Once preferences are received, units will be pre-assigned based on availability and the order of submission. A Property Pre-Assignment Notice and Property Interest Confirmation Form will then be issued, giving Applicants **seven (7) days** to confirm interest in the unit identified by PRDOH. Upon confirmation, the unit will be formally reserved for the household and removed from inventory. When the reserved unit is ready for occupancy, PRDOH will coordinate with the Applicant to complete the relocation closing process. However, if the participant dies, voluntarily withdraws from the Program, or becomes ineligible to receive assistance before completing the closing process, the reserved unit will remain in the Program until its disposition is determined under applicable procedures. Once that process is complete, the housing unit may be offered to another eligible participant pending receipt of assistance.

Applicants who have no interest in participating in the SF-HDI Project will declare their decision through a Statement of No Interest. Once submitted, the Applicant will not be given further consideration for that SF-HDI Project.

If PRDOH has not received the Property Preference Selection Form or the Property Interest Confirmation Form within the required timeframes, the Applicant will be sent a Non-Responsive Notification. As a result, PRDOH will classify the Applicant's participation regarding that SF-HDI Project as "non-responsive", and will not be given further consideration for units within the Project. In those cases, the process will conclude for the Applicant, and the unit will return to the pool of available properties.

15.4.11 Relocation Support

The Housing Counselor may assist the applicant in locating an existing home or vacant lot on which to build a replacement home. The Housing Counselor will also work with the applicant and the R3 Program Case Manager to identify replacement properties that comply with R3 Program Guidelines and fall within the approved purchase amount and unit-size requirements for the applicant. Furthermore, the Housing Counselor should make every effort to only show properties that meet the needs of the applicant's household.

Additionally, to provide relocation applicants the best opportunity to successfully find and purchase their replacement home, PRDOH may provide additional relocation assistance via access to a qualified real estate agent funded by the R3 Program.

The relocation applicant may enter into a private agreement with a qualified real estate agent to assist them in searching, identifying, and selecting the replacement home. When the relocation applicant completes the real estate closing on their replacement home, PRDOH will pay the real estate buyer's agent a pre-approved reasonable fee on behalf of the applicant.

When the applicant selects a replacement property, the Program Manager may assist the applicant in drafting a purchase offer or sales agreement for the seller of the replacement property.

Agreements to purchase a replacement property must be approved by the Program prior to execution. All agreements must include clauses which excuse the applicant from purchasing the property in the event: (1) the seller is unwilling to perform any needed repairs as identified by a Program inspection; (2) if property is determined to be in a Special Flood Hazard Area or Coastal Barrier Resources Area, as determined by a Categorically Excluded (Not Subject to 24 C.F.R. § 58.5) (**CENST**) Environmental Review; (3) the purchase price is above the fair market sale price of the home, as determined by an appraisal or through an analysis of comparable sales. The Program may not purchase replacement property if the contract to purchase the property was executed without proper Program approval.

Before the sales agreement is signed by the applicant and the seller, the applicant must receive approval from the R3 Program. The R3 Program does not provide earnest money or other nonrefundable fees as part of the purchase offer.

15.4.12 Real Estate Closing

Applicants assisted under relocation must complete a real estate closing event. The property closing will be coordinated by the Program and may facilitate the following transactions:

- Transfer of title over the disaster-impacted property to PRDOH; or
- Transfer of replacement home from seller to the applicant; or
- Transfer of the vacant lot from seller to the applicant, as applicable.

The transactions may occur at different times.

If acquisition of the disaster-damaged property is not possible at the moment, the Program will provide the applicant with a relocation voucher, but the applicant must sign an agreement with the Program through which they commit to, if possible, cede title ownership of the disaster-damaged property to PRDOH whenever the title is resolved and cleared. They must also commit to full cooperation with PRDOH, the CDBG-DR Title Clearance Program and any other processes regarding title issues or liens. The agreement may also include a restrictive covenant unauthorizing the applicant from access to the disaster-damaged property after a replacement property has been provided.

Acquisition of real property by PRDOH, including acquisition of property under the R3 Program, is subject to the real property acquisition requirements established in Puerto Rico Executive Order No. 4 of January 20, 2004 (OE-2004-04), as amended. Prior to completing the acquisition of real property, PRDOH must obtain the following documents:

- Survey Plans and/or project plans, such as construction or demolition plans, schematic drawings, blueprints, measures, engineering drawings, among others;
- Property registry certification or title study of the property to be acquired, issued no more than **six (6) months** prior to the acquisition;
- A debt certification issued by the Puerto Rico Department of Treasury, and/or certification of payment agreement, if the person is in debt with the Puerto Rico Department of Treasury;
- Certification of Tax Return filing;
- CRIM Debt Certification for All Concepts, CRIM Values Certification or evidence and certification of debt settlement agreement;
- Name, physical and postal address of all the people with interests in the property;
- Measure Plan
- Purchase and Sale Deed of replacement property;
- Environmental Certification;

- Administrative Order signed by PRDOH's Secretary, authorizing the R3 Program representatives that will appear in the closing event;
- An appraisal report containing a determination of value of the property to be acquired, a description of the property (including area and liens, if any), any structures located on the property, the date of the report, a description of the comparable sales, the appraiser's signature, and any other relevant information for the report to be reliable.[54]

Any debt arising against the Participant's property owed to the Puerto Rico Treasury Department, CRIM, or any other public agency or entity, will not make the Participant ineligible. The Grant Agreement execution will also take place during the closing event. A representative from the Program will attend the closing event to ensure the applicant understands the process. The Program representative will also ensure that all Program required documents associated with the closing are executed and retained for the applicant's Program file.

PRDOH offers professional notary services for all relocation applicants to successfully complete their real estate closing. In the event the applicant chooses not to use the R3 Program's notary services, PRDOH may pay reasonable fees toward the applicant's selected notary on behalf of the applicant.

15.5 Subrogation of Funds

Applicant awardees must subrogate any additional funds received for the same purpose as funds provided by the R3 Program back to the Program. CDBG-DR funding must be funding of last resort. If additional funds are paid to applicant awardees for repair, reconstruction, or replacement of the damaged structure after the R3 Program has completed repair, reconstruction, or replacement of the damaged structure, those funds constitute DOB and therefore must be returned to PRDOH. Applicant awardees will be required to sign a Subrogation Agreement as part of their grant agreement with the Program.

[54] As established in OE-2004-04.

The Program will allow applicants to use additional, non-duplicative funding to purchase a replacement property that exceeds the funds pre-awarded through the Relocation Voucher.

15.5.1 Repayment/Recapture

Instances may arise where an applicant may need to return all or part of the awarded funding to the Program. The Program is responsible for recovering funds considered duplicative, those granted to Applicants who do not meet Program requirements, and funds identified as potential overpayments. All Applicants records will be reviewed and reconciled to ensure compliance with Program requirements and federal guidelines. If an applicant has been identified as receiving a potential overpayment, the Program will document the amount and basis for the repayment in writing via a Repayment Notification.

Once it has been determined that the applicant must return funds to the CDBG-DR grant fund, the applicant must repay their funds in a timely manner. All repayments shall be made in full as one lump sum amount. All funds recovered under this policy will be tracked in the Yardi Voyager system (**Yardi**) and returned to the CDBG-DR account or U.S. Treasury if the CDBG-MIT grant has been closed out.

More detailed information regarding the repayment/recapture process can be found in the CDBG-DR/MIT Recapture of Funds Policy available in English and Spanish at: https://recuperacion.pr.gov/en/download/recapture-of-funds-policy/ and https://recuperacion.pr.gov/download/politica-de-recaptura-de-fondos/.

15.6 Optional Relocation Assistance

PRDOH has chosen to implement an optional relocation assistance policy for the R3 Program under which homeowners may qualify for optional relocation assistance (**ORA**) during program-sponsored activities. Should an eligible R3 Applicant be required to temporarily vacate the damaged property to allow program-sponsored activities to take place, and the Applicant is unable to secure temporary housing, they may qualify for rental, moving, or storage assistance to facilitate their temporary relocation until program-sponsored activities are complete. In limited circumstances, Applicants who choose to relocate to a replacement property through a relocation award may also be eligible for optional relocation assistance.

To qualify for ORA, the applicant must meet all of the following requirements:

1. Have been previously deemed eligible by the Program to receive assistance that requires the applicant to temporarily vacate the damaged property. However, participants eligible for relocation assistance who reside in housing that the Program has determined to be unfit or unsafe for occupancy may also be eligible to receive assistance while identifying a permanent residence.
2. Have exhausted all reasonable efforts to secure temporary housing during the Program-required relocation period but have not found suitable or affordable accommodation.[55] Applicants are required to certify, through the Certification of Reasonable Efforts for Temporary Relocation, that they have exhausted all reasonable options available for securing temporary housing.
3. The applicant and its household have no DOB issues that would prevent the Program from providing relocation assistance.

For more information on this assistance, please review the PRDOH CDBG-DR/MIT Programs Optional Relocation Policy, which can be found, in English and Spanish, on the CDBG-DR website at https://recuperacion.pr.gov/en/download/optional-relocation-assistance-policy/ and https://recuperacion.pr.gov/download/politica-de-asistencia-para-reubicacion-opcional/.

16 Program Repair and Construction Works

Repair, reconstruction, and new construction work for the Program will be implemented using a design-build methodology as the project delivery system. This method delivers projects in which the design and construction services are contracted to a single entity (the, "Construction Manager"). In contrast to normal proceedings for construction (design-bid-build), the design-build methodology relies on a single point of contact to minimize risks related to the project owner and reduce the delivery schedule by overlapping the design phase and construction phase of a project.

[55] Applicants may also choose to participate in the Housing Counseling Program to receive assistance in identifying suitable temporary housing alternatives.

16.1 Construction Managers

The Program will develop and maintain a pool of qualified Construction Managers through Request for Proposals (**RFP**) processes for implementing the demolition, repair, reconstruction, and new construction activities. Construction Managers must have the ability and capacity to meet Program standards and federal requirements. Through qualifications and monitoring processes, the Program will keep a list of Construction Managers who are eligible for project assignments.

16.2 Construction Managers Assignments

The following steps should guide Construction Manager's assignments to projects:

- The Program shall manage a qualified pool of Construction Managers by monitoring financial capacity (based on bonding and financial limitations) and technical capacity. The pool will be reviewed from time to time to, if necessary, make adjustments to the approved capacity of specific Construction Managers. Construction Managers will be responsible for completing designs, acquiring permits, and performing demolition, repair, or reconstruction works for the Program.
- The pool will divide Construction Managers into Levels. Generally, Level 1 Construction Managers will have higher financial and technical capacities while Level 2 Construction Managers will be smaller businesses that can manage fewer units at a time.
- The Program will allocate project assignments to Level 1 Construction Managers and Level 2 Construction Managers based on rank, location, and capacity of the Construction Managers.
- Program Construction Managers are selected based on the following:
    - Their responses to the Program's request for proposals;
    - Willingness to perform reconstruction and repair activities;
    - Location where work is to be performed;
    - Previous housing repairs and construction experience; and
    - Previous experience with local construction standards and standards of design.
- The Program will actively manage the activities of the Construction Managers and will regularly review their responsiveness and performance. Repeated failures from the Construction Managers will result in limited future assignments

or a probation period without receiving additional assignments. Breach of contract clause, which will include penalties, will be included in each Construction Manager contract signed with PRDOH.

- The Program will also monitor Construction Managers for:
    - **Workmanship:** To be quantified by examining the ratio of total failed milestone inspections. The Contractor with the lowest ratio will be assigned a higher weighted factor. The Program will monitor all "rolling" failed inspections within last **thirty (30) days**. Performance may trend upward or downward over a given period of time.
    - **Average Build Time:** Calculated as a measure of the total number of days from the work order assignment to passing a substantial inspection. The Construction Manager with the lowest average of design and build time is assigned a higher weighted factor.
    - **Work in Progress:** A measure of the amount of work the Construction Manager currently has under contract for which a notice to proceed has been issued, but a substantial inspection has not been completed. This value will be compared against initial baseline capacity that is established for the Construction Manager. Less work in progress means a higher capacity to be assigned more projects. The baseline may be adjusted over the life of the project based on actual performance of each Construction Manager.
    - **Customer Service:** This evaluation will be performed using customer surveys to the homeowner and their representatives. The surveys may be used by Construction Managers as an improvement tool for their performance. The survey results will be tabulated and valued to establish a composite score of the customers' satisfaction. These results will be shared and discussed with the corresponding Construction Managers.

PRDOH, at its sole discretion, may determine, remove, implement, and monitor additional performance indicators for Construction Managers throughout the life of the Program.

16.3 Compliance with Codes, Regulations, and Permits

All repair, reconstruction, and new construction works for the Program are required to follow federal, state, and local codes and regulations. Works must also be performed

after the acquisition of required permits and in compliance with other local requirements. Program Staff and Construction Managers shall ensure compliance with all code, regulations, permitting, and other requirements for the repair, reconstruction, and new construction works to be undertaken by the Program.

Codes and regulations required to follow include, but are not limited to:

- Planning and Capacity Building (Section 105(a)(12) of Title I of the Housing and Community Development Act of 1974 (**HCDA**), as amended) (42 U.S.C. § 5305));
- Energy Development Goals (Section 105(a)(16) of the HCDA, *supra*);
- Puerto Rico Building Code, most current version approved;
- International Building Code (**IBC**) and its applicable volumes, most current approved version;
- International Fire Code (**IFC**), most current approved version;
- Americans with Disabilities Act of 1990, as amended (42 U.S.C. § 12101), when required;
- National Fire Protection Association's 101 Life Safety Code, most current approved version;
- National Electrical Code (**NEC**), NFPA 70, most current approved version;
- Most current approved zoning requirements for Puerto Rico;
- Environmental regulations, as applicable to specific projects;
- HUD terms and conditions, as applicable to specific projects.[56]

Permit requirements include, but are not limited to:

- Demolition Permits issued by OGPe;
- Construction Permits issued by OGPe;[57]
- General Consolidated Permits which include Erosion and Sedimentation Control; Permit for Activities Generating Non-Hazardous Solid Waste; Permit for Emission Sources; and Permit for the Removal and Disposition of Lead-Containing Materials, all issued by the Environmental Quality Board through OGPe;

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[56] See, https://www.hud.gov/hud-partners/community-cdbg-dr-regulations.

[57] Please, refer to Executive Order No. 2023-010, issued by the Governor of Puerto Rico, Hon. Pedro R. Pierluisi, on Abril 17, 2023 and Article 3 of Act No. 118-2022, "Special law to accelerate the processes to grant property titles under the Department of Housing's Title Clearance Program". https://sutra.oslpr.org/osl/sutra/anejos/139991/ley%20118-2022_.pdf.

- Local and Federal Environmental Permits, as applicable to specific projects;
- Regulatory Agencies Endorsements including but not limited to, those from the Puerto Rico Electric Power Authority, the Puerto Rico Aqueduct and Sewer Authority, the Puerto Rico Telecommunications Regulatory Board, the State Historic Preservation Office, the *Instituto de Cultura Puertorriqueña*, and the Puerto Rico Department of Transportation and Public Works; and
- Elevation Certificate FF-086-033 issued by FEMA.

Other local requirements for construction works include, but are not limited to:

- Construction Stamps as required in Section 11 of Act No. 319 of May 15, 1938, as amended, known as the law that created the College of Engineers and Surveyors of Puerto Rico (10 LPRA § 741).
- Municipal Code of Puerto Rico, Act. No. 107-2020, as amended, 21 LPRA § 7001 *et seq.*

16.4 Cost Reasonableness

For contracted work, PRDOH will acquire Cost Estimating Services via an RFP process to obtain independent cost estimating services from qualified professionals to establish cost reasonableness of a variety of services to be procured for the implementation of the CBDG-DR funded programs that will be managed by PRDOH. The estimators will generate independent cost estimates for the broad range of CDBG-DR Programs. The estimates will serve as a basis to PRDOH of the costs they will incur in the acquisition of professional services, goods, information technology systems, among others. For information on cost principles, please refer to the Cross-Cutting Guidelines. The Cross-Cutting Guidelines, and all CDBG-DR Program policies, are available in English and Spanish on the PRDOH website at https://recuperacion.pr.gov/en/resources/policies/ and https://recuperacion.pr.gov/recursos/politicas/.

16.5 Cost Effectiveness and Feasibility

In the development of the R3 Program and other programs outlined in the CDBG-DR Action Plan, PRDOH analyzed the cost-effectiveness of each proposed project undertaken to assist a household under any residential rehabilitation or reconstruction program. As such, the R3 Program offers applicants assistance,

depending on the specific circumstances of the eligible property, via repair, reconstruction in place, or voluntary relocation.

Throughout the Program's existence, cost-effectiveness and reasonability continues to be addressed through feasibility analyses which evaluate reasonableness of construction works under extraordinary site conditions. The feasibility analysis considers potential site factors which may impact the project cost and viability, including but not limited to: zoning requirements, historic preservation requirements, constructions specifications, lot size, environmental concerns, site hazards, etc.

Homes inside the floodplain that are initially deemed to qualify for a repair award when costs fall within $12,000 or 20% of the repair award cap, are under 50% of the unit's market value, or are less than $60,000 are subject to undergo a feasibility analysis. This analysis has the purpose of finalizing the reasonability of construction works and consequently, verify the award type determination. Further, homes inside and outside the 100-year floodplain deemed to qualify for a reconstruction award due to extenuating factors such as a low appraisal value are assessed for feasibility and cost-effectiveness prior to making a final award type determination.

This feasibility analysis process is used to ensure that the initially granted award type is indeed the most effective course of assistance, which at times may differ from the preliminary award determination. If the feasibility analysis reveals that reconstruction is the most effective method, a reconstruction award is assigned, or if the feasibility analysis reveals that repair is the most effective method, a repair award is assigned.

16.6 Homeowners Remaining on Property during Construction

The typical procedure and sequence of events when an applicant is provided assistance under the Program is for the homeowner to secure temporary housing away from the site of the damaged property and then vacate the damaged property during the demolition and reconstruction phases of the project. In a limited number of cases, homeowners may be unable to secure suitable temporary housing while their new homes are being constructed.

In some limited circumstances and after exhausting all possible sources of temporary housing, homeowners may be allowed to remain on the property during the rehabilitation activities phase, subject to the prior approval of the assigned

Construction Manager and PRDOH. Homeowners must execute documents demonstrating their agreement for waiver of liability, payment of additional utility connection fees, and, when applicable, the demolition of the damaged structure upon completion of the new structure.

The request to remain on the property during rehabilitation activities must be initiated in writing by the homeowner. A request to remain on the property during rehabilitation activities should be made only after the homeowner has exhausted all possibilities for obtaining temporary housing from family, friends, or community services agencies. The homeowner will attest to his or her inability to obtain temporary housing.

The homeowner must establish a dire need before a request to remain on the property during rehabilitation activities may be granted. The definition of a dire need includes:

- The absence of any family or friends in the area who can house the homeowner during construction;
- The inability for the homeowner to obtain temporary housing assistance from a community services organization, faith-based organization, church, etc.; and
- In the case of handicapped or special needs individuals, the absence of a temporary alternative providing the required accommodations.

The decision to allow a homeowner to remain on the property during rehabilitation activities is vested solely in the Construction Manager or their designee and subject to PRDOH approval. Granting the homeowner's request to remain on the property during rehabilitation activities will be contingent on the following:

- There exists no municipal zoning or other prohibition to the homeowner remaining on the property during rehabilitation activities.
- The Construction Manager agrees to allow the homeowner to remain on the property during rehabilitation activities.
- In cases of reconstruction, the homeowner will be unable to remain in the demolished structure and will need to vacate the premises. As the Program will need to reconstruct the home on its original footprint, it will be necessary for the original home damaged by the applicable disaster to be demolished and cleared, making it uninhabitable. If the parcel of land has other existing dwellings not in the Program, the applicant can agree in writing to stay on the property within one of these dwellings and well away from the construction site.

- In the opinion of the Construction Manager, the lot is of sufficient size to allow the construction of the new home at a safe distance from the original home, or, as applicable, the living area of the home is located at a safe distance from the repair work, such that the repairs can proceed in a safe and expeditious manner.
- The homeowner signs a Hold Harmless Agreement indemnifying the Construction Manager and the Program grantee from any loss or injury sustained while inhabiting the property during rehabilitation activities.

16.7 Repair Work Implementation Requirements

The following are general frameworks for implementation of repair works under the Program.

16.7.1 Scoping

The Program will secure pricing for each project by providing the assigned Construction Manager with the detailed and itemized damage assessment for any home. The Construction Manager will need to review the Scope of Work as detailed in the itemized damage assessment and confirm on-site the reasonableness and completeness of such scope of work. The Construction Manager and Program Staff will perform a scope walk of the home. The scope walk will serve to ensure that all parties agree with the Scope of Work and any modifications required prior to Work Orders being issued to the Construction Manager. The Construction Manager should have available the home's ERR and take into consideration any mitigation and abatement work required to be included in the Scope of Work. The Program will provide the total cost for repair work based on Xactimate® pricing and additional line items of work that may be updated by PRDOH from time to time.

After the Scope of Work is agreed to by all parties, the Program will provide the total repair costs to the Construction Manager based on the Program's unit prices included in each Construction Manager contract signed with PRDOH. The Program will provide the repair costs by means of a Work Order issued to the Construction Manager.[58]

[58] The Program continues to make operational adjustments and therefore some sections directly related to only internal operational processes which do not affect applicants are being removed from the following sections.

Construction Managers are required to conduct the work in compliance with codes, regulations, and permit requirements at the federal, state, and local levels. Work must also be conducted in a workmanship manner always ensuring adherence to construction standards. Upon completion of the repair work, the Construction Manager shall request an inspection by the Program. Refer to the Milestone Inspections section of these Guidelines for further details regarding the inspection requirements.

16.8 Reconstruction Work Implementation Requirements

The following are general frameworks for implementation of reconstruction in-place work under the Program.

16.8.1 Scoping

Reconstruction scoping will be confirmed during the pre-award conference. The applicant will be presented with the "model home" plans and a 3D representation of them. The applicant should have a choice as to what façade, from the minimum of three (3) available options, should be implemented for the project. The applicant should also choose from other available options for finishes such as color schemes.

After the pre-award conference, the Construction Manager and Program Staff shall perform a scope walk of the applicant's current home to ensure that all parties agree with the scope of work for demolition, any pre-demolition activities, to include removal of personal items, and any modifications required prior to a Work Order being issued to the Construction Manager. For such a scope walk the Construction Manager shall have reviewed the home's ERR (including the asbestos survey and lead-based paint inspection results). The results of the ERR and any mitigation and abatement requirements shall be incorporated into the scope of work for demolition. The Program will provide the total cost of demolition and any abatement work based on the Program's unit prices included in each Construction Manager contract signed with PRDOH.

16.8.2 Work Order and Requirements

Construction Managers are required to conduct the work in compliance with code, regulations, and permit requirements at the federal, state, and local levels. Work must also be conducted in a workmanship manner always ensuring adherence to construction standards. During implementation of all stages of reconstruction the

Construction Manager shall request inspections at pre-determined milestones of work completed. Refer to the Milestone Inspections section of these Guidelines for further details regarding the inspection requirements.

16.9 Demolition Work Implementation Requirements

The following are general frameworks for implementation of demolition works under the Program.

16.9.1 Scoping

The assigned Construction Manager and Program Staff shall perform a demolition scope walk of the applicant's disaster-damaged home. The purpose of the scope walk is to ensure that all parties agree with the scope of work for demolition prior to a Work Order being issued to the Contractor. The Program will provide the total cost of demolition and any abatement work based on the Program's unit prices included in each Construction Manager contract signed with PRDOH. The Construction Manager, prior to the scope walk, shall have available the home's ERR (including the asbestos survey and lead-based paint inspection results). Any mitigation and abatement work required by the ERR shall be included in the demolition Scope of Work.

16.9.2 Work Order and Requirements

Construction Managers are required to conduct any work in compliance with code, regulations, and permit requirements at the federal, state, and local levels. Work must also be conducted in a workmanship manner always ensuring adherence to construction standards. During implementation of all stages of construction including demolition, the Construction Manager shall request inspections at pre-determined milestones of work completed. Refer to the Milestone Inspections section of these Guidelines for further details regarding the inspection requirements.

16.10 Relocation – Purchase of Vacant Lot and New Home Construction Implementation Requirements

The following are general frameworks for implementation of relocation work with the purchase of vacant lot of land and the construction of a new home.

16.10.1 Scoping

Immediately upon the applicant selection and Program approval of the vacant lot to be purchased, the assigned Construction Manager and Program Staff shall perform a

demolition scope walk of the applicant's current home. The purpose of the scope walk is to ensure that all parties agree with the scope of work for demolition prior to a Work Order being issued to the Construction Manager. The Program will provide the total cost of demolition work based on the Program's unit prices included in each Construction Manager Contract signed with PRDOH. The Construction Manager, prior to the scope walk shall have available the home's ERR (including the asbestos survey and lead-based paint inspection results). Any abatement work required by the ERR shall be included in the demolition scope of work.

New home construction scoping will be confirmed during a pre-award conference. The applicant will be presented with the "model home" plans and a 3D representation of them. The applicant should have a choice as to what façade, from the minimum of three (3) available options, should be implemented for the project. The applicant should also choose from other available options for finishes such as color schemes. Program Staff and the Construction Manager shall also perform a site visit of the vacant lot purchased for the Construction Manager to make all necessary measurements of the lot for final design and adaptation of the "model home".

16.10.2 Work Order and Requirements

Construction Managers are required to conduct the work in compliance with code, regulations, and permit requirements at the federal, state, and local levels. Work must also be conducted in a workmanship manner always ensuring adherence to construction standards. During implementation of all works the Construction Manager shall request inspections at pre-determined milestones of work completed. Refer to Milestone Inspections section of these Guidelines for further details regarding the inspection requirements.

16.11 Scope Changes

No additional work to those approved under issued Work Orders to Construction Managers should be performed for the Program until a duly approved Scope Change is issued, regardless of whether any cost is involved. Scope Changes must be requested and prepared by the Construction Manager and, if warranted, approved by Program Staff. Any extra work performed by Construction Managers without the Program's approval shall be performed at risk by the Construction Manager. **The**

Program will not issue any payment for unauthorized work which does not have an approved Scope Change.

Scope Changes submitted by Construction Managers for approval shall set forth the type of work and scope to be added or deleted from the Work Order, the additional time (if any) required for the work, a justification for why the work is necessary, and evidence of any conditions identified that resulted in the request for the Scope Change.

Homeowners may not request scope changes unless an unforeseen change in household composition or circumstances necessitate modifications for accessibility. Scope Changes requested by homeowners for anything other than accessibility modifications will not be considered. Homeowner-requested changes for accessibility will be evaluated on a case-by-case basis and must be substantiated by evidence of the need, provided by the homeowner.

16.12 Milestone Inspections

Throughout the demolition, abatement, repair, reconstruction, and new construction processes to be implemented under the Program, milestone inspections of the work performed will be required. Milestone inspections serve the purpose of: (1) evaluating the Construction Managers' progress; (2) confirming that local building codes and Program standards have been satisfactorily met; and (3) confirming that all requirements of the contracts and Work Orders have been met to all parties' satisfaction.

At important milestones during the different projects, milestone inspections shall be requested by the Construction Managers. Milestones are times at which important and significant components of the demolition, abatement, repair, reconstruction, or new construction processes are completed. Milestone inspections also serve the purpose of supporting progress payments to the Construction Managers. No progress payment shall be issued to Construction Managers without the proper execution, to the Program's satisfaction, of a milestone inspection.

All milestone inspections of demolition, abatement, repair, reconstruction, and new construction works shall be performed by licensed professional engineers or architects in Puerto Rico.

16.13 Disbursements

Funds are distributed to Construction Managers when the Construction Managers have submitted an invoice for each project or encompassing multiple projects. Program Staff will submit required documentation. Allowed disbursement periods for each award type shall coincide with passed milestone inspections. Final payments to Construction Managers will require PRDOH acceptance of work performed.

16.14 Warranties and Complaints

The final acceptance of scope of work will be completed as determined by PRDOH. However, as part of the R3 Program final inspection of construction work, homeowners will be asked to accept the completed scope of work.

In cases where the Applicant does not accept the completed scope of work, the Program Manager may declare the Application's construction works as completed, delivered to the Applicant, and in compliance with Program requirements to allow the Application's file to move to closeout. This acceptance is permitted when it has been determined that the Construction Manager met all requirements of the scope of work and all applicable scope changes, if any or the applicants prevents the Program from conducting an inspection of the work completed. This includes workmanship, quality, safety, adherence to Program standards, and any other Program or contractual requirements.

All work performed by the Construction Managers will be guaranteed as follows:

- Roof waterproofing works will be guaranteed for a minimum of ten (10) years;
- Solar Water Heaters will be guaranteed for a minimum of five (5) years;
- Equipment and Appliance installed will be guaranteed for a minimum of one (1) years or as provided for by the manufacturer (whichever is greater);
- Solar PV System Panels (minimum of ten (10) years or as provided for by the manufacturer, whichever is greater);
- Linear Performance Guarantee for the Solar PV Modules (minimum of twenty-five (25) years or as provided for by the manufacturer, whichever is greater);
- Battery Bank and Inverter (minimum of ten (10) years or as provided for by the manufacturer, whichever is greater); and
- Water Storage System (five (5) years or as provided for by the manufacturer, whichever is greater); and

- All other work will be guaranteed for a period of one (1) year.

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

The R3 Program will have designated Case Managers to receive and process warranty and construction complaints. All warranty and construction complaints must be submitted in writing and logged into the Program's system of record for follow up. A reasonable amount of time will be given to correct the problem; however, in no case will such time exceed **two (2) weeks** to respond. Should the Construction Manager fail to correct the problem the assisted homeowner may contact the Program to take any necessary legal resources as prescribed in the Construction Manager's contract.

17 PVS and WSS Design

The R3 Program will offer a standard photovoltaic system (PVS) with battery backup for all single-family homes under the Repair and Reconstruction Awards. The Program will also offer a standard package for the installation of a Water Storage System (WSS). For the Relocation Award, if the residence does not require any additional electrical or plumbing works modifications, the Program will offer the Resilience Installations for Relocated Households (RI) Subprogram, to supply participants with a relocation voucher with the option of a PVS and WSS system for the relocated household.

Additional award caps and costs associated with PVS and WSS are $35,000.00.

17.1 PV Systems

The system should be capable of running critical loads, some household appliances (refrigerators, water pump, etc.), life support devices, and allow the occupants to shelter-in-place during electrical grid outages.

The design shall adhere to the following guidelines:

- A licensed structural engineer must certify that the existing roofs are structurally sound for the installation of the PV System and that the proposed system meets code requirements.
- System layout shall meet local fire department code and any local ordinance requirements for roof access.
- The system shall be directly attached to the roof unless the structural engineer deems the roof incapable of holding the PV system.
- Racking structure needs to be corrosion resistant and meet applicable local building code requirements concerning rain, wind, and earthquake factors.
- All penetrations and structural connections associated with supports and conduit shall be kept to a minimum and shall be waterproof.
- All roof penetrations shall be designed and constructed in collaboration with a roofing professional or manufacturer responsible for the roof and roofing material warranty for the specific site.
- All roof installations and weatherproofing of penetrations shall not compromise the roof warranty.
- For all roof installations under relocation assistance, roof penetrations shall be properly sealed and weatherproofed in accordance with applicable industry standards and specifications for this type of installation. All materials and products to be used must be submitted to the Program for review and approval prior to installation.

The designer for the PV Systems must be a licensed engineer in compliance with Puerto Rico's Act No. 173 of August 12, 1988, as amended, 20 LPRA § 711 *et seq*., known as the "Law of the Board of Examiner of Engineers, Architects, Surveyors and Landscape Architects of Puerto Rico", with the Renewable Solar Energy Installer (Photovoltaic) Certificate from the Public Energy Policy Program (**PEPP**)[59] under the Department of Economic Development and Commerce (**DEDC**). Also, the PV systems installers must be a professional with the Renewable Solar Energy Installer (Photovoltaic) Certificate from the PEPP under the DDEC.

[59] Refer to https://www.desarrollo.pr.gov/programa-de-energia/home.

The Program will offer the following standard package for PV systems and battery storage for single family dwelling units based on the eligible applicant's household energy needs:

- A system minimum of 3 kW DC PV modules with a minimum battery bank voltage of 48V and a required battery bank output of a minimum of 9 kWh with an autonomy of twenty (20) hours; loads also includes one (1) medical life support device. The required battery chemistry is Lithium-Ion.

17.2 Water Storage System

The WSS will be based on the following specifications:

- The water storage tank shall be located on the rooftop of the home, when feasible. If the structural integrity of the house does not support the load of any of the applicable water tank size options, installation in reinforce concrete pad may be provided at ground level.
- If the roof structure allows, the water storage tank shall store a maximum capacity of 500 gallons per household, complete with all its necessary accessories and instrumentation for full functionality of water storage and distribution within the home during a disaster scenario. The designer should define the capacity of the tank according to the household needs.
- The water storage tank shall be connected to the utility's main water line with a water level control valve and backflow preventer designed to prevent backflow from the water storage tank to the utility main water line.
- The water storage tank shall have instrumentation to monitor and control pressure and water level.
- The water storage tank shall be constructed of ultraviolet and corrosion resistant material, approved for potable water, and have the Food and Drug Administration (**FDA**) and the National Safety Foundation (**NSF**) approval.

The designer for the WSS must be a licensed engineer or a licensed architect in compliance with Puerto Rico's Act No. 173.

17.3 Resilience Installations for Relocated Households (RI)

The Program may offer an optional standalone award consisting of the installation of a PVS and WSS to eligible Relocation Households that have completed a relocation transaction under the R3 Program. Participation is voluntary, and the Applicant must submit a written request to participate.

17.3.1 Eligibility

Applicant may be considered for this award only if all the following conditions are met:

- The relocated property is a single-family structure.
- The roof is reinforced concrete construction and is deemed structurally suitable for PVS installation.
- The Property does not have an existing PVS and/or WSS.
- Assistance is allowable based on a DOB analysis.

The Program will conduct an income verification to ensure households remains eligible under the Program thresholds.

17.3.2 Feasibility Assessment

Upon receipt of a written request, the Program will assign a CM to complete a feasibility assessment, which may include:

- Roof structural analysis;
- Property layout, orientation, and available space;
- Utility interconnection compatibility, if applicable.

Only properties determined feasible may proceed to environmental review and award process.

17.3.3 Relocated Property Environmental Review

The Program will complete required Tier 2 environmental reviews in compliance with HUD regulations. When applicable, historic preservation review, and, if needed a consultation with SHPO. Projects will not proceed until all environmental compliance requirements are satisfied.

For more information, please refer to the Environmental Review Section of the Program Guidelines.

17.3.4 Grant Execution and Installation

Upon completion of all required reviews and confirmation that all eligibility requirements have been satisfied:

- The Applicant will participate in a pre-award site visit with the CM and the Installer/Contractor.
- The Program will execute the PVS and WSS Grant Installation Agreement with the Applicant.
- The Program will issue a Notice to Proceed (**NTP**) to the CM.
- The Installation will be performed in accordance with:
    - Program construction management protocols;
    - Applicable federal, state and local laws, codes,
    - Required permits; and
    - Manufacturer specifications.
- A final inspection will be conducted to verify compliance with the approved scope of work and grant agreement prior to project closeout.

18 Special Flood Hazard Areas (SFHA)

Floodplain management of **SFHA** for the R3 Program have been designed and will be accomplished in accordance with 24 C.F.R. Part 55 and 24 C.F.R. § 58.6 (a) and (b).

Floodplain data (most recent maps available) are reviewed to identify whether a project is located within a 100-year floodplain, 500-year floodplain or a Regulatory Floodway. The environmental reviewer must document the flood zone; Flood Insurance Rate Map (**FIRM**) panel number, the Preliminary Flood Insurance Rate Map (**PFIRM**) panel number, and the Advisory Base Flood Elevation (**ABFE**) floodplain designation (**A/AE/AO**) if applicable; as well as the Panel effective dates.

In accordance with 24 C.F.R. § 55.20, PRDOH has completed an eight (8) step analysis of the long- and short-term impacts associated with the continued occupancy of the floodplain and considered whether there were any practicable alternatives to providing CDBG-DR assistance in the floodplain. As the R3 Program project activities are not considered "critical actions", all actions for the program will be allowable within a 500-year floodplain. The award paths chosen were to grant a repair award if the property qualified for minor repair work. If substantial improvement was required, the

applicant would be offered either a relocation pre-award or an elevated reconstruction pre-award to remain in the floodplain, if deemed feasible. Non-substantial damage is defined as damage valued at less than $60,000 or 50% of the current market value of the structure, whichever is lower.

PRDOH will not provide funding for repair, reconstruction, or new construction located in a regulated floodway. Demolition of structures in a regulated floodway will be allowable with the applicant allowed to relocate outside of the floodway/floodplain. In the case of "Coastal High Hazard" areas ("V" or "VE" Zones on the most recent FEMA-issued maps), the property must have adhered to construction standards, methods, and techniques active at the time of original construction to be eligible for funding. Minor improvements are eligible for funding if the structure meets the above requirements. Any construction aside from minor improvements is not allowed for any structure in a Coastal High Hazard zone. Plans must demonstrate the design meets the applicable standards for V zones in FEMA regulations as required by HUD.

19 Flood Insurance

Section 582 of the National Flood Insurance Reform Act of 1994, as amended*, on* Prohibited flood disaster assistance, prohibits flood disaster assistance in certain circumstances. In general, it provides that no Federal disaster relief assistance made available in a flood disaster area may be used to make a payment (including any loan assistance payment) to a person for repair, replacement, or restoration for damage to any personal, residential, or commercial property if that person at any time: (1) has received Federal flood disaster assistance that was conditional on the person first having obtained flood insurance under applicable Federal law and; (2) subsequently failed to obtain and maintain flood insurance as required under applicable Federal law on such property and; (3) whose combined household income is greater than one hundred and 120% AMI or the national median. This means that a grantee may not provide disaster assistance for the repair, replacement, or restoration to a person who has failed to meet these requirements.

Section 582 also implies a responsibility for a grantee that receives CDBG-DR funds or that designates annually appropriated CDBG-DR funds for disaster recovery. That responsibility is to inform property owners receiving disaster assistance that triggers

the flood insurance purchase requirement that they have a statutory responsibility to notify any transferee of the requirement to obtain and maintain flood insurance, and that the transferring owner may be liable if he or she fails to do so.

The requirement of maintaining flood insurance shall apply during the life of the property, regardless of transfer of ownership of such property. See Section 102 of the Flood Disaster Protection Act of 1973, as amended, 42 U.S.C. § 4012a.

20 Voluntary Withdrawal

An Applicant may request to withdraw from the Program at any time before signing the Grant Agreement. Any voluntary withdrawal request filed after **seventy-two (72) hours** of the signature of the Grant Agreement will be evaluated on a case-by-case basis and must be approved by PRDOH. The voluntary withdrawal process will be followed in the event an Applicant requests to withdraw from the Program.

To withdraw, the Applicant will notify the Case Manager in writing their desire to withdraw from the Program, who will then provide a Voluntary Withdrawal Notice to the Applicant. The Program status will be officially updated to withdrawn after **fifteen (15) days** from the date of the Voluntary Withdrawal Notice. Upon completion of the withdrawal request and receipt of the Applicant's signature on any required forms, a Withdrawal Confirmation Notification will be sent to the Applicant notifying that the application status has been updated to "Withdrawn" and the case has been **closed**, so the Applicant will no longer be able to participate in the Program. If the Applicant's withdrawal request is submitted after the signature of the Grant Agreement, it will be evaluated by the Program. Afterwards, the Applicant will be notified that their withdrawal request is approved or denied via the Withdrawal Approval/Denial Notification.

In cases where the Applicant does not contest the Pre-Award Notice or return the completed and signed Response to the Pre-Award Notice within the allotted timeframe, the Voluntary Withdrawal process shall be triggered. Failure to provide the Response to Pre-Award Notice within the established deadline shall be considered the Applicant's voluntary intention to withdraw from the Program. No written request from the Applicant is required for these cases. Once the allotted timeframe to complete

and provide the Response to Pre-Award Notice expires, the Program will send a Voluntary Withdrawal Notice to the Applicant. After **fifteen (15) days** from the Voluntary Withdrawal Notice, the Program will provide the Applicant with a Withdrawal Confirmation Notification notifying that the application status has been updated to "Withdrawn" and the case has been **closed**, so the Applicant will no longer be able to participate in the Program.

21 Non-Responsive Applicants

The program will make reasonable attempts to contact applicants to schedule meetings, collect documentation, or obtain other necessary information. If the program has made **three (3) consecutive unsuccessful attempts** to contact an applicant with no follow up contact from the applicant, the applicant will be sent a Non-Responsive Notice. Contact attempts should be made using different methods of communication and at different times of the day/week. The Non-Responsive Notification provides contact information for the Program, advises the applicant of the next steps in the application process and notifies the applicant that he must contact the program or complete an action within **fourteen (14) days** of the date of the letter. If the applicant fails to contact the program or complete the action within the **fourteen (14) days** allowed, the application will be closed. This also applies to non-responsive applicants who are required to move out temporarily or permanently from the property in order for the Program to start repairs, reconstruction or demolition work and fail to do so in the time required.

This further extends to relocation cases in which an applicant has been issued a relocation voucher that fails to meet the applicable Extension Criteria or phased requirement. In relocation cases where a voucher has been issued, applicants are required to comply with all applicable voucher terms, including extension criteria and ongoing eligibility requirements established by the Program. This includes demonstrating due diligence in the search for a replacement property, maintaining active engagement with Program services, and meeting applicable property submission requirements within each voucher period.

The Program will periodically evaluate applicant compliance with these requirements. Failure to demonstrate compliance with the voucher extension criteria, including

failure to participate in required activities, submit replacement property information, or otherwise substantiate active efforts toward securing a replacement property, may be considered non-responsiveness.

Likewise, after the program makes **three (3) unsuccessful attempts** to collect missing documentation, applicants will be sent a Missing Documents Notification. This notice informs applicants which documents are outstanding and advises the applicant to provide the Program the missing documents within **fourteen (14) days.** Failure to provide the missing documents within the **fourteen (14) day** period may result in closure of the application due to the non-responsiveness of the applicant.

22 Program-Based Reconsideration and/or Administrative Review

Applicants of the Program may contest any determinations or denials based on Program policy. However, an Applicant may not challenge a federal statutory requirement. Applicants have the right to request a Program-based Reconsideration with the Program or request an Administrative Review directly with PRDOH, as stated below. If the Applicant fails to contest a determination within the time allotted, the inaction will be deemed as an acceptance of the determination.

22.1 Program-Based Reconsideration Request

Applicants who wish to contest a Program determination may file a Program-based Reconsideration Request directly with the Program by submitting a written request via electronic or postal mail within **twenty (20) calendar days** from the date a copy of the notice was filed in the record of the agency. Provided that, if the date on which the copy of the notice is filed in the records of the agency differs from the postal or electronic mail date of said notice, the aforementioned **twenty (20) calendar day-term** shall be calculated from the postal or electronic mail date. Notices distributed via electronic communication shall be considered valid. In the event a notification is sent via postal and electronic mail, the notification date will be the one sent beforehand. Program notices will include the electronic and postal information where these will be received, as these may vary.

Applicants who file a Program-based Reconsideration Request are encouraged to provide individual facts or circumstances, as well as supporting documents to justify their petition. In the Reconsideration Request process, the Program will only review facts and information already included in an Applicant's file, unless the Applicant submits new documentation. The Program has the discretion to accept or reject new documentation based upon its relevance to the Program-based Reconsideration Request.

The Program will review and address the Reconsideration Request within **fifteen (15) calendar days** of its receipt. Applicants will be notified of the reconsideration determination via a Reconsideration Request Approved or a Reconsideration Request Denied notification.

Filing a Program-based Reconsideration Request does not substitute, negate, or preclude any legal right that an Applicant has to challenge a determination made by the Program. Therefore, Applicants who believe the initial determination of the Program to be erroneous, may submit, at their discretion, either a Program-based Reconsideration Request or a petition for review of the decision made by the Program by filing an Administrative Review Request at PRDOH in accordance with Regulation Number 9618, of November 21, 2024, which regulates the Formal Adjudicative Procedures for PRDOH and its Adjunct Agencies (**Regulation 9618**).[60]

22.2 Administrative Review Request

If an Applicant disagrees with a Program determination, or with the Reconsideration Request Denial determination, said party may file directly to PRDOH, as grantee, an Administrative Review Request in accordance with the aforementioned Regulation 9618. The Applicant must submit such request, in writing, within **twenty (20) calendar days** from the date a copy of the Program determination or a Reconsideration Request Denial determination notice was filed in the record of the agency. Provided that if the date on which the copy of the notice is filed in the records of the agency

[60] For more details, you can access Regulation 9618 (in Spanish) at: https://docs.pr.gov/files/Vivienda/vivienda.pr.gov/Reglamentos/Administraci%C3%B3n%20de%20Vivienda%20P%C3%BAblica/REGLAMENTO_9618_SOBRE_PROCEDIMIENTOS_ADJUDICATIVOS_FORMALES_DEL_DEPARTAMENTO_DE_LA_VIVIENDA_Y_SUS_AGENCIAS_ADSCRITAS.pdf Effective December 21, 2024.

differs from the postal or electronic mail date, the aforementioned **twenty (20) calendar day-term** shall be calculated from the postal or electronic mail date. Notices distributed via electronic communication shall be considered valid. In the event a notification is sent via postal and electronic mail, the notification date will be the one sent beforehand. The request may be submitted via email to: LegalCDBG@vivienda.pr.gov; via postal mail to: CDBG-DR Legal Division, P.O. Box 21365, San Juan, PR 00928-1365; or in person at PRDOH's Headquarters at: CDBG-DR Legal Division, 606 Barbosa Avenue, Juan C. Cordero Davila Building, Río Piedras, P.R. 00918.

If the Applicant disagrees with any **final** written determination on an Administrative Review Request notified by PRDOH after completing the Administrative Adjudicative Procedure, said party may file a Judicial Review petition before the Court of Appeals of Puerto Rico within **thirty (30) calendar days** after a copy of the notice has been filed. See Act No. 201-2003, as amended, known as the Judiciary Act of the Commonwealth of Puerto Rico of 2003, 4 LPRA § 24 *et seq*., and Section 4.2 of Act 38-2017, as amended, known as the Uniform Administrative Procedures Act of the Government of Puerto Rico, 3 LPRA § 9672.

23 Application Closeout

Upon completion of all demolition, repair, reconstruction, or new construction work, the Program applications shall be closed. This process will begin by ensuring that all work performed has been accepted by the applicant or PRDOH and that everything has been performed in compliance with Program requirements. Acceptance of the work by the homeowner or PRDOH should be established during the final inspection of work performed. R3 Program staff will perform a complete review of the application file to ensure all necessary documentation is present and to ensure that the case is ready for closeout.

General requirements for closeout are as follows:

- All eligibility, damage, and duplication of benefits documentation is found to be in accordance with all requirements of this policy and is found to be sufficient to justify the applicant's participation in the Program.

- All Program forms required throughout the entirety of the application process have been duly completed and executed by the appropriate parties, which may include Program staff, the Construction Manager, and the applicant.
- All funds used for the Program, whether CDBG-DR or received by means of a subrogation of funds, have been properly accounted for and reconciled with payments made to the Construction Managers and any others.
- All payments have been issued to the Construction Managers, including applicable retainages.
- All permits required for demolition and construction work have been properly closed-out with the proper governmental entities.
- Environmental clearance, if required, has been obtained for all demolition, repair, reconstruction, or new construction work performed for the applicant.
- Warranties binder for all components incorporated to the home during the process have been properly delivered to the applicant and evidence of such delivery is part of the file.
- Other requirements for closeout as established in Construction Manager's contract.

Outreach will be made to the applicant, the Construction Manager, or any other party involved in the event that any additional information is necessary to close out the case. Once all quality control review levels have been approved, the participant will receive a Final Notice from the R3 Program and their individual case will be fully closed.

24 Uniform Relocation Act (URA)

As a HUD-assisted program, and in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (**URA**), 42 U.S.C. § 4601 *et seq.*, and section 104(d) of the Housing and Community Development Act of 1992, as amended (**HCDA**), 42 U.S.C. § 5304(d), all programs in the PRDOH CDBG-

DR portfolio, including the R3 Program, are subject to provisions of URA, except where waivers or alternative requirements have been provided by HUD. [61] .

Applicants who must relocate from their disaster-impacted property temporarily for construction activities associated with acceptance of a repair or reconstruction award, and applicants who choose to relocate through a relocation award are not considered displaced persons, (see 49 C.F.R. § 24.2(a)(9)(ii)(E) or (H)) and as such, are not entitled to relocation assistance benefits under URA. However, tenants on such properties are covered by URA regulations and may be eligible for URA relocation assistance benefits.

Applicants may qualify for Optional Relocation Assistance (**ORA**), which is covered further in the Optional Relocation Assistance Policy. For more information, refer to the ORA Policy published in English and Spanish on CDBG-DR website at: https://recuperacion.pr.gov/en/resources/policies/general-policies/ and https://recuperacion.pr.gov/recursos/politicas/politicas-generales/. As a condition of receiving Program assistance, Applicants agree to comply with PRDOH and URA requirements. Applicants:

- Must disclose to PRDOH all occupants of the assisted property, including both household members and tenants who are not a member of the household.
- May not evict or otherwise force any tenants occupying the disaster-damaged property to vacate without first notifying their R3 Case Manager so that required written notifications can be provided to the tenant.
- Are discouraged from allowing new occupants to the property after program eligibility has been established and should first notify their case manager prior to allowing any new occupants.

[61] Disasters waivers related to URA, and Section 104(d) requirements are found in 83 FR 5844, at 5858-5859 (Hurricanes Irma and/or María), 87 FR 6364, 6390-6391, and 87 FR 31636, 31665-31666 (Earthquake and Tropical Storm Isaías). For more information of URA regulations and how apply to the R3 Program, please refer to the URA & ADP Guide published in English and Spanish at https://recuperacion.pr.gov/en/resources/policies/ and https://recuperacion.pr.gov/recursos/politicas/.

- Must coordinate construction or relocation plans with PRDOH and cooperate with R3 Program staff to ensure all tenants receive required URA written notifications and relocation services.

PRDOH's applicant advisory services focus on supporting Applicants in their compliance efforts. For more information on how URA regulations apply to the R3 Program, please refer to the URA and ADP Guide published in English and Spanish at https://recuperacion.pr.gov/en/resources/policies/ and https://recuperacion.pr.gov/recursos/politicas/.

25 Fair Housing Act and Affirmatively Furthering Fair Housing

The Fair Housing Act, 42 U.S.C. §3601 *et seq*., prohibits discrimination in the sale, rental, and financing of housing, and in other housing-related activities on the basis of race, color, religion, sex, familial status[62], national origin or disabilities. The Act requires HUD and its grantees to administer its programs in a manner that affirmatively furthers fair housing.

In compliance with the aforementioned Act, as well as other applicable laws,[63] the R3 Program implementation will be conducted avoiding discrimination and/or discriminatory practices to the extent that no person be excluded from participation in; denied program benefits of; or be subjected to discrimination under any program or activity receiving CDBG-DR funds on the basis of race, color, national origin, religion, sex, age, disability, familial status, sexual orientation (in employment and in HUD-funded or insured housing programs) or marital status (in HUD-funded or insured

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[62] Exceptions exist for housing covered under the Housing for Older Persons Act of 1995, 42 U.S.C. § 3607(b).

[63] Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000(d) et seq.; Title VIII of the Civil Rights Act of 1968, as amended (Fair Housing Act), 42 U.S.C. § 3601 et seq.; Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; Americans with Disabilities Act of 1990 (ADA), as amended, 42 U.S.C. § 12101 et seq.; Section 109 of the Housing and Community Development Act of 1974 (HCDA), as amended, 42 U.S.C. § 5309; Housing for Older Persons Act of 1995 (HOPA), Pub. L. 104-76; Age Discrimination Act of 1975, as amended, 42 U.S.C. § 6101 et seq.; Executive Order No. 11063 (1962), Federal Register, Vol. 27, No. 228 (November 24, 1962), 27 FR 11527; General HUD Program Requirements: Equal Access to HUD-assisted or Insured Housing (24 C.F.R. § 5.106); Act No. 131 of May 13, 1943, 1 LPRA § 13, known as the "Puerto Rico Civil Rights Act" – Discrimination in Public Places, Businesses, Transportation, and Housing; Act No. 238-2004, as amended, 1 LPRA § 512(a), known as the "Bill of Rights of Persons with Disabilities"; Constitution of the Commonwealth of Puerto Rico-1952, 1 LPRA Constitution of the Commonwealth of Puerto Rico; Act. No. 44 of July 2, 1985, as amended, 1 LPRA § 501 et seq., known as the "Act to Prohibit Discrimination Against People with Physical, Mental, or Sensory Impairments"; Act No. 22-2013, Law to Prohibit Discrimination for Sexual Orientation and Gender Identity.

housing programs). Additionally, the R3 Program will ensure that all activities are conducted in a manner that will affirmatively further fair housing.

The Violence Against Women Act (**VAWA**), 34 U.S.C. § 12471 *et seq.*, provides housing protections for survivors of domestic violence, dating violence, sexual assault, and/or stalking[64]. PRDOH will implement and enforce the housing provisions of VAWA consistent with, and in a manner that provides, the same rights and remedies as those provided for in the Fair Housing Act. Therefore, if applicants believe their VAWA rights have been violated, may file a complaint with HUD's Office of Fair Housing and Equal Opportunity (**FHEO**).

For more information, refer to the Fair Housing and Equal Opportunity for CDBG-DR Programs, published along with all other CDBG-DR Program policies, in English and Spanish at https://recuperacion.pr.gov/en/resources/policies/general-policies/and https://recuperacion.pr.gov/recursos/politicas/politicas-generales/.

26 General Provisions

26.1 Program Guidelines Scope

This document sets forth the policy governing the Program. These 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.

However, 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.

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[64] Despite the name of the law, VAWA's protections apply regardless of sex, sexual orientation, or gender identity. *See* 24 C.F.R. § 5.2001.

26.2 Program Guidelines Amendments

PRDOH reserves the right to modify the policies established in these 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 these Guidelines. Each version of the program guidelines will contain a detailed version control log that outlines any substantive amendment, inclusions and/or changes.

26.3 Disaster Impacted Areas

As described in the initial Action Plan, and its amendments, the Government of Puerto Rico will use CDBG-DR funds solely for necessary expenses related to disaster relief, long-term recovery, restoration of housing, infrastructure, and economic revitalization in the impacted and distressed areas in Puerto Rico as identified in disaster declaration numbers DR-4336, 4339, DR-4473 and DR-4560. Through 83 FR 40314, HUD identified that, for Puerto Rico, all components of the Island are considered "most impacted and distressed" areas. Therefore, for Hurricanes Irma and María, these Guidelines apply to all 78 municipalities of Puerto Rico. As per 86 FR 569, the Municipalities of Guánica, Ponce, Yauco, and Guayanilla, were the HUD-identified MID areas. Subsequently, HUD added Peñuelas, Lajas, and Mayaguez to this MID area through 87 FR 6364.

26.4 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 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 these Guidelines or any applicable federal or state law or regulation, or to the terms of times established in these Guidelines to request a Program-based Reconsideration, Administrative Review and/or judicial review.

26.5 Established Periods of Time

Unless otherwise specified, all established periods of time addressed in this and all CDBG-DR 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 LPRA Ap. V, R. 68.1.

26.6 Written Notifications

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

26.7 Conflict of Interest

As stated in 83 FR 5844 and 87 FR 6364, 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 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 C.F.R. § 570.611;
2. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200 at § 200.112 and § 200.318 (c)(1);
3. Puerto Rico Department of Housing Organic Act, Act 97 of June 10, 1972, as amended, 3 LPRA § 441 *et seq.*;
4. The Anti-Corruption Code for the New Puerto Rico, Act No. 2-2018, as amended, 3 LPRA § 1881 *et seq.*; and
5. The Puerto Rico Government Ethics Act of 2011, Act 1-2012, as amended, 3 LPRA § 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 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 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-DR 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 aforementioned 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 abovementioned 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 in so far as 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 COI Policy and all CDBG-DR Program policies are available in English and Spanish on the PRDOH website at https://recuperacion.pr.gov/en/resources/policies/ and https://recuperacion.pr.gov/recursos/politicas/.

26.8 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-DR 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://recuperacion.pr.gov/en/contact-us/contact/ (English)
  https://recuperacion.pr.gov/contactanos/contacto/ (Spanish)

- **In writing at**: Puerto Rico CDBG-DR Program
  P.O. Box 21365
  San Juan, PR 00928-1365

The Citizen Participation Plan and all CDBG-DR Program policies, are available in English and Spanish on the PRDOH website at https://recuperacion.pr.gov/en/citizen-participation/ and https://recuperacion.pr.gov/en/citizen-participation/. For more information on how to contact PRDOH, please refer to https://recuperacion.pr.gov/welcome/index.html.

26.9 Citizen Complaints

As part of addressing Puerto Rico's long-term recovery needs, citizen complaints on any issues related to the general administration of CDBG-DR 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 complaint within **fifteen (15) business days**, where practicable, as a CDBG grant recipient. See 24 C.F.R. § 91.115 (h) and 24 C.F.R. § 570.486(a)(7).

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

- **Via email at:** CDBGResponde@vivienda.pr.gov
- **Online at:** https://recuperacion.pr.gov/en/contact-us/complaints/ (English)
  https://recuperacion.pr.gov/contactanos/quejas/ (Spanish)
- **In writing at:** Puerto Rico CDBG-DR/MIT Program
  Attn: Public and Community Affairs 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 these 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.

The Citizen Complaints Policy and all CDBG-DR Program policies are available in English and Spanish on the PRDOH website at https://recuperacion.pr.gov/en/resources/policies/general-policies/ and https://recuperacion.pr.gov/recursos/politicas/politicas-generales/.

26.10 Anti-Fraud, Waste, Abuse or Mismanagement

PRDOH, as grantee, is committed to the responsible management of CDBG-DR 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 83 FR 40314, PRDOH implements adequate measures to detect and prevent fraud, waste, abuse, or mismanagement in all programs administered with CDBG-DR 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 Program, to report such acts to the CDBG-DR Internal Audit Office, directly to the Office of Inspector General (**OIG**) at HUD, or any local or federal law enforcement agency.

Following a disaster, homeowners and renters are frequently the targets of fraud. Therefore, pursuant to 87 FR 6364, PRDOH will take adequate measures to make 2019-2020 Earthquakes and Tropical Storm Isaías assistance beneficiaries aware of the risks of contractor fraud and other potentially fraudulent activity that can occur in communities recovering from disasters. PRDOH is committed to providing CDBG-DR beneficiaries with information on possible fraudulent activity, how the fraud can be avoided, and what local or state agencies to contact to act and protect the grantee and beneficiary investment. If a CDBG-DR beneficiary experiences contractor or other fraud, they must report the activity to PRDOH immediately. PRDOH will assist the affected CDBG-DR beneficiary and determine if the beneficiary is eligible for additional assistance as a result of the fraudulent activity.

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 funds. This Policy applies to any allegations or 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 Program.

REPORT FRAUD, WASTE, ABUSE, OR MISMANAGEMENT TO PRDOH CDBG-DR	
CDBG-DR Hotline	787-274-2135 (English/Spanish/TTY)
Postal Mail	Puerto Rico Department of Housing CDBG-DR 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 https://recuperacion.pr.gov/app/cdbgdrpublic/Fraud or https://recuperacion.pr.gov/app/cdbgdrpublic/Fraud?culture=es-ES
In person	Request a meeting with the Deputy Audit Director of the CDBG-DR 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 AFWAM Policy and all CDBG-DR Program policies are available in English and Spanish on the PRDOH website at https://recuperacion.pr.gov/en/resources/policies/ and https://recuperacion.pr.gov/recursos/politicas/.

26.11 Related Laws and Regulations

These Guidelines refer 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.

26.12 Cross-Cutting Guidelines

Some federal and local requirements apply to all programs funded by CDBG-DR. These Cross-Cutting Guidelines cover topics such as: financial management; environmental review; labor standards; acquisition; relocation; civil rights; fair housing; 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.

The Cross-Cutting Guidelines and all CDBG-DR Program policies are available in English and Spanish on the PRDOH website at https://recuperacion.pr.gov/en/resources/policies/general-policies/ and https://recuperacion.pr.gov/recursos/politicas/.

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

DEPARTMENT OF

HOUSING

GOVERNMENT OF PUERTO RICO

Program-based Reconsideration Request Form
R3 Program

R3 Program Applicants may submit a Program-based Reconsideration Request when they disagree with any determination based on Program Policy. However, federal statutory requirements may not be challenged. The procedure that must be followed to submit a Program-based Reconsideration Request is detailed below.

You must submit your Program-based Reconsideration Request, in writing, via electronic or postal mail within **twenty (20) calendar days** from the date a copy of the Program determination notice was filed in the record of the agency. Provided, that if the date on which the copy of the notice is filed in the records of the agency differs from the postal or electronic mail date of said notice, the **twenty (20) calendar day-term** shall be calculated from the postal or electronic mail date. Notices distributed via electronic communication shall be considered valid. In the event a notification is sent via postal and electronic mail, the notification date will be the one sent beforehand.

If you do not submit a Program-Based Reconsideration within the allotted time period, such inaction will be deemed as an acceptance of the Program's determination.

Reconsiderations may be denied or approved in whole or in part by the R3 Program after a thorough review of the circumstances and information already included in an Applicant's file unless the Applicant submits new documentation. **Applicants who file a Program-based Reconsideration Request are encouraged to provide individual facts or circumstances, as well as supporting documents to justify their petition**. The R3 Program has the discretion to accept or reject new documentation based upon its relevance to the reconsideration request.

You may file a Program-based Reconsideration Request directly with the Program with [Case Manager Name], your Case Manager, by postal mail at [Case Manager postal mail] or by email at [Case Manager email].

The R3 Program will review and address the Program-based Reconsideration Request within **fifteen (15) days** of its receipt. Applicants will be notified of the Program's determination via a Reconsideration Approved or a Reconsideration Denied Notification.

DEPARTMENT OF

HOUSING

GOVERNMENT OF PUERTO RICO

Program-based Reconsideration Request Form
R3 Program

Application #: [App ID]

Applicant's Name:

Co-Applicant's Name:

Damaged Property Address:

☐ Check this box if your mailing address is different from the address of the damaged property. If so, please provide the postal address.

Select one of the following options for which you are requesting a reconsideration:

☐ Ineligibility Determination

☐ Pre-Award Determination

☐ Voluntary Acquisition Offer

☐ Change in Pre-Award Determination

☐ Denial of Voluntary Withdrawal

☐ Expiration of Term to identify a Replacement Property

☐ Relocation Voucher

☐ Final Inspection of the Property

☐ Duplication of Benefits Determination

☐ Application Closeout

☐ Other, explain: _____

_____

Provide a brief explanation of the basis for the reconsideration request:

If necessary, you may use a blank sheet of paper to further explain your request. You may also include any documents that substantiate or support your request for reconsideration as attachments to this form. Then, send this form and its attachments, if any, to the email or mailing address provided in the notification from which you are requesting a reconsideration.

Applicant's name

Applicant' s Signature

Date

Co-Applicant's Name

Co-Applicant's Signature

Date