



COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY (CDBG-DR)

MEMORANDUM OF UNDERSTANDING (MOU)

BETWEEN THE

PUERTO RICO DEPARTMENT OF HOUSING

AND THE

PUERTO RICO LAND ADMINISTRATION



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THIS MEMORANDUM OF UNDERSTANDING (MOU) is entered into in San Juan, Puerto Rico, this 10 of January, 2023, by and between the **PUERTO RICO DEPARTMENT OF HOUSING (PRDOH)**, a public agency created under Act No. 97 of June 10, 1972, as amended, 3 LPRA § 441, *et seq.*, known as the Department of Housing Governing Act with principal offices at 606 Barbosa Avenue, San Juan, Puerto Rico, represented herein by its Secretary, William O. Rodríguez Rodríguez, attorney, of legal age, single and resident of San Juan Puerto Rico; and the **PUERTO RICO LAND ADMINISTRATION (PRLA)**, a public corporation of the Government of Puerto Rico created under Act 13 of May 16, 1962, as amended, with principal offices at 171 Ave. Carlos Chardón, Suite 101, San Juan, Puerto Rico, represented herein by its Executive Director, Dalcia Lebrón Nieves, of legal age, single, and resident of Trujillo Alto, Puerto Rico, collectively the "**Parties**".

WHEREAS, Puerto Rico is frequently impacted by disasters and extreme weather events, including hurricanes, earthquakes, landslides, and flooding, resulting in severe impacts to the residents of Puerto Rico and the loss of life and property;

WHEREAS, on September 2017, Hurricanes Irma and María made landfall in Puerto Rico causing catastrophic island-wide damage, knocking out power, water, and telecommunications for the entire island and its island municipalities, and damaging homes, businesses, and government facilities, thereby triggering the displacement of thousands of residents of the Island from their homes and jobs;

WHEREAS, under various public laws, the United States Congress allocated to Puerto Rico both Community Development Block Grant - Disaster Recovery (**CDBG-DR**) and Mitigation (**CDBG-MIT**) funds, and subsequently designated the PRDOH as the grantee and administering entity for these funds;

WHEREAS, the PRDOH desires to enter into an MOU with the PRLA to establish the process for the sale of a property owned by PRLA to the "Centro Deambulantes Cristo Pobre, Inc." (**Cristo Pobre** or **Subrecipient**), a non-profit organization and Subrecipient for the Social Interest Housing Program (**SIH Program**) for the development of three housing projects;

NOW, THEREFORE, in consideration of the mutual promises and the terms and conditions set forth herein, the PRDOH and the PRLA agree as follows:

SECTION 1: INTRODUCTION

CDBG-DR is a Federal Program that provides grants to help cities, counties, and States recover from Presidentially declared disasters, especially in low-income areas, subject to the availability of supplemental appropriations. The purpose of the PRDOH CDBG-DR Program is to address the unmet recovery needs of the Government of Puerto Rico after the effects of Hurricanes Irma and María. The

CDBG-DR funds are available for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the "most impacted and distressed" areas resulting from the major disaster declarations.

According to the Action Plan of the CDBG-DR Program, the SIH Program aims to create housing for highly vulnerable populations to ensure accessibility to individuals having wide-ranging socioeconomic, physical, emotional, and other impairments. The SIH Program is overseen by PRDOH and implemented by eligible NGOs, as Subrecipients.

On July 14, 2020, Cristo Pobre responded to a Notice of Funding Availability (**NOFA**), CDBG-DR-NOFA-2020-03 for the SIH Program. Subsequently, on March 5, 2021, PRDOH awarded Cristo Pobre the amount of \$7,444,702.00 for the development of three housing projects under the SIH Program (**Projects**). The Projects presented by Cristo Pobre are the following:

- PR-SIH-00026A – Los Cisnes de Cristo Pobre (\$2,470,858.00)
- PR-SIH-00026B – Los Galeones de Cristo Pobre (\$2,479,893.00)
- PR-SIH-00026C – Los Jazmines de Cristo Pobre (\$2,493,951.00)

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On May 4, 2021, the PRDOH and Cristo Pobre executed the Subrecipient Agreement (**SRA**) contract number 2021-DR0191.

On August 25, 2021, Cristo Pobre presented a request for sale V-2021-08 to the PRLA to acquire a property, numbered #7305-001533 (**Property**), for the development of the abovementioned Projects proposed under the SIH Program, through a purchase and sale. As per PRLAs' usual procedures, prior to the purchase of the Property, Cristo Pobre would have had to enter into a "Development Contract" through which it would have to satisfy certain "Conditions Precedent" in order to proceed with the closing of the transaction. Such Conditions Precedent would have included completing the construction documents of the Projects, obtaining the construction permits, and obtaining the funds for the construction and operation of the project, in order to guarantee that the Property sale is granted for an actual and viable development. However, PRLAs' pre-requirements for the purchase of the Property are not compatible with the procedures established by PRDOH for the use of CDBG-DR funds, since the Subrecipient must own the property to be developed, in order to be granted the funds to perform what the PRLA considers Conditions Precedent.

The PRDOH requested PRLA to allow the acquisition of the Property by Cristo Pobre without the mediation of the Development Contract and the Conditions Precedent and that, instead, said acquisition be carried out observing compliance with the requirements of the CDBG-DR Program and the SIH Program Guidelines. Through the implementation of PRDOH supervision mechanisms for compliance with the SIH Program, PRDOH would be the government entity that would guarantee compliance with the objectives and regulations of PRLA on the purchase transaction with Cristo Pobre, by ensuring the existence and execution of a defined project, backed by the funds awarded by the PRDOH.

On June 1, 2022, through the approval of Resolution 2152, the Board of Directors of the PRLA approved the abovementioned agreements between PRDOH and PRLA.

Therefore, the purpose of this MOU is to establish PRDOHs' commitment to ensuring that Cristo Pobre complies with all the requirements of the SIH Program.

SECTION 2: ROLES

The following parties shall adhere to the agreed-upon and described below activities:

A. PRDOH shall:

1. Ensure that the Subrecipient complies with the requirements of the SIH Program that are equivalent to the Conditions Precedent usually required by PRLA for the purchase and sale of its properties.
2. Periodically provide PRLA progress reports of the Subrecipient's Projects under the SIH Program.
3. Ensure compliance with all terms of this MOU, as well as all local, state, or federal laws, rules, regulations, or guidelines.
4. Ensure that the information, records, and data are shared according to the written direction of the Nominating Authority as identified in this MOU.
5. Provide a Point of Contact (**POC**) person to facilitate communication and data transfer between **PRLA** and **PRDOH**.
6. Diligently notify PRLA of any breach by Cristo Pobre, or of any situation where it is determined that Cristo Pobre will not be able to carry out the Project on the Property, to allow PRLA to take the necessary actions, including recovering the Property if PRDOH requires the recovery of the funds provided for the acquisition of the Property rather than the Property itself.
7. Acknowledge that in any case where PRLA is required to reimburse the funds provided by PRDOH for the acquisition of the Property, such reimbursement will be subject to the recovery of the Property by PRLA.

B. PRLA shall:

1. Allow the acquisition of the Property numbered #7305-001533, by Cristo Pobre, without the mediation of the PRLA's Development Contract and the Conditions Precedent.
2. Allow Cristo Pobre, prior coordination with the PRLA, the entrance to the Property to be able to carry out the environmental studies leading to the execution of the acquisition.
3. Prepare the Deed of Sale including the effective date, sale price, and administrative expenses.
4. Include restrictions in the Deed of Sale related to the use of the Property.
5. Include a Repurchase Agreement (Pacto de Retroventa) that establishes that if PRDOH informs PRLA of any breach by Cristo Pobre, or of any circumstance that requires the recovery of the funds provided for the acquisition of the Property or the development of the Project, or it is determined that the Project will not be completed on the Property, PRLA will have the option of recovering the Property sold by reimbursing PRDOH for the Property sale price.
6. Ensure compliance with all terms of this agreement, as well as all local, state, or federal laws, rules, regulations, or guidelines.

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- 7. Ensure that the information, records, and data are shared according to the written direction of the Nominating Authority as identified in this MOU.
- 8. Provide a POC person to facilitate communication and data transfer between the **PRLA** and the **PRDOH**.

SECTION 3: NOMINATING AUTHORITY

The following officials have been designated by each party as their authorized representatives and, as such, they have the authority to make final decisions related to the use, sharing, or distribution of data to the opposite party, as well as to ensure compliance with the responsibilities of each party under this MOU.

SECTION 4: POC for DATA TRANSFER PROCESS

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PRDOH William O. Rodriguez Rodríguez, Esq. Secretary PRDOH Headquarters: 606 Barbosa Ave. Juan C. Cordero Dávila Building San Juan, PR 00918 787-274-2527 Ext. 6403 wrodriguez@vivienda.pr.gov Postal address: P.O. Box 21365 San Juan, PR 00928-1365	PRLA Dalcia Lebrón Nieves Executive Director PRLA Headquarters: 171 Ave. Carlos Chardón Suite 101 San Juan, PR 00936 787-753-9300 dalcia.lebron@terrenos.pr.gov Postal address: P.O. Box 363767 San Juan, PR 00936-3767
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The following parties shall be designated as the POCs responsible for the communication and facilitation of data transfer. The POC is not responsible for the interpretation of local, state, or federal rules, regulations, or guidelines, nor is the POC authorized to make decisions related to the use, sharing, or distribution of data to the opposite party.

The parties named below are considered POCs until those parties are no longer employed by their respective agencies. Upon termination of an employment contract by any party, the POC for this MOU reverts to the POC's superior until a new POC is determined by the Secretary or Director of the relevant Agency.

PRDOH

Aldo A. Rivera Vázquez, PE
Deputy Director
Housing Division
CDBG-DR Program - PRDOH

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PRLA

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SECTION 5: TERM, TERMINATION, AND AMENDMENT

- A. This MOU will take effect when signed by both Parties and will end on November 4, 2024.
- B. This MOU may only be amended upon written mutual consent of both Parties.
- C. The term of this MOU shall be extended, if during such term Cristo Pobre has not been able to comply with all the requirements for the construction and operation of the Projects and the PRDOH has granted additional time for the development of the Projects under its SRA.

SECTION 6: GENERAL TERMS

- A. Both Parties shall and hereby agree to hold harmless, defend and indemnify the other party and each and all of its successors, affiliates, or assigns, and any of their employees, officers, directors, attorneys, consultants, agents, managers, and affiliates, from and against any and all damages, costs, attorneys' fees, claims, expenses, injuries, property damage, causes of action, violations of law, violations of this MOU, and losses of any form or nature arising from or related to the conduct of the other party in the performance of the efforts called for in this MOU. This indemnity shall expressly include, but is not limited to, the obligation of to indemnify and reimburse for any and all attorneys' fees and other litigation or dispute resolution costs incurred or to be incurred in the enforcement of this MOU.
- B. In the event that the Subrecipient does not comply with the program requirements and the SRA is terminated or if the Subrecipient withdraws from the SIH Program, the PRDOH will notify the PRLA accordingly. Nevertheless, the PRDOH reserves the right to recover the funds from the Subrecipient, including the acquired Property. In this case, PRDOH will notify PRLA and the PRLA will have the right to recover the Property by reimbursing PRDOH strictly for the Property sale price.
- C. This MOU shall be in effect as long as the PRDOH and Subrecepient are promoting the development of the Projects. This MOU may be terminated in whole or in part through mutual written consent of both Parties. The

party interested in terminating this MOU shall provide a thirty (30) calendar day notice specifying the grounds for termination.

- D. The Parties hereby certify that in signing this MOU they are in compliance with Act No. 1-2012, as amended, known as "Puerto Rico Government Ethics Act of 2011", in connection with the possibility of a conflict of interest.
- E. This MOU will not lead to any fiscal impact on the Parties. In addition, both Parties recognize that this MOU does not impose any responsibility to financially compensate the other party under any circumstances. Any disbursement of funds that are deemed necessary to implement the objectives of this MOU will be individually incurred by each one of the Parties and will be their own responsibility to bear.

SECTION 8: SIGNATURE

The signatories below represent that they have the authority to make such commitments on behalf of their respective organizations.

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William O. Rodríguez Rodríguez
William O. Rodríguez Rodríguez (Jan 10, 2023 13:05 AST)

William O. Rodríguez Rodríguez, Esq.
Secretary
606 Barbosa Ave.
San Juan, PR 00918

PRLA

Dalcia Lebrón Nieves
Dalcia Lebrón Nieves (Jan 9, 2023 14:03 AST)

Dalcia Lebrón Nieves
Executive Director
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






MOU PRLA - PRDOH (Cristo Pobre)

Final Audit Report

2023-01-10

Created:	2023-01-09
By:	Radames Comas Segarra (rcomas@vivienda.pr.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAATjo_NftG4Bty1zGjwox-vQN5jl5xA71

"MOU PRLA - PRDOH (Cristo Pobre)" History

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2023-01-09 - 2:06:57 PM GMT
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2023-01-09 - 2:08:08 PM GMT
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2023-01-09 - 2:08:12 PM GMT
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2023-01-09 - 3:10:07 PM GMT
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2023-01-09 - 6:03:24 PM GMT
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2023-01-09 - 6:03:28 PM GMT
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2023-01-10 - 5:04:59 PM GMT
-  Signer w.rodriguez@vivienda.pr.gov entered name at signing as William O. Rodríguez Rodríguez
2023-01-10 - 5:05:34 PM GMT
-  Document e-signed by William O. Rodríguez Rodríguez (w.rodriguez@vivienda.pr.gov)
Signature Date: 2023-01-10 - 5:05:36 PM GMT - Time Source: server
-  Agreement completed.
2023-01-10 - 5:05:36 PM GMT