



DEPARTMENT OF  
**HOUSING**



# CDBG-DR

## PROGRAM GUIDELINES

### TOURISM & BUSINESS MARKETING PROGRAM

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PUERTO RICO DEPARTMENT OF HOUSING  
CDBG-DR PROGRAM GUIDELINES  
**TOURISM & BUSINESS MARKETING PROGRAM**  
VERSION CONTROL

<b>VERSION NUMBER</b>	<b>DATE REVISED</b>	<b>DESCRIPTION OF REVISIONS</b>
1	October 21, 2018	Original Version
1	October 21, 2019	Original Version- Republished on October 31, 2019 as to correct the revision date in this table and to add page headers to the entirety of the document.
2	May 3, 2021	Edits were made throughout the document. Added clarity to program description and requirements, cleaned up formatting and redundancies, and included waiver extension provided in 86 FR 575, as well as the waiver extension provided in 86 FR 569. All edits are marked in gray.

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## 1 Overview

Tourism is a core economic driver for Puerto Rico's economy and provides a valuable source of business revenue, tax revenue and employment. The devastating effects of Hurricanes Irma and María (**Hurricanes**) in 2017 exacerbated the decline of leisure, business, and domestic travel spending. The Hurricanes brought devastating effects to the tourism industry that have yet to be fully quantified. Businesses supported by tourism are still experiencing weakened sales revenue, and many of these jobs have been lost as a result of the hurricanes. Because communities are diverting disposable revenue to physical recovery projects, funding for tourism marketing is scarce and communities face a worsening economic cycle from which the areas cannot recover without the injection of supplemental assistance.

Likewise, the increased revenue brought to local economies through new businesses will provide long term growth to Puerto Rico's economy. The Tourism & Business Marketing Program (**TBM Program** or **Program**) will use Business Marketing Activities as a method to address needs to promote and position Puerto Rico as a pro-business jurisdiction that encourages new external investments.

The projected use of funds for business marketing will be focused on advertising creation and media placement outside of Puerto Rico. Besides strategically promoting the whole Island, the marketing plans will pay attention to Puerto Rico's highly devastated regional business activity that have been unable to recover since the hurricanes. Marketing plans will ensure to promptly address the impact from the hurricanes, considering the rapidly emerging needs of the tourism industry in responding to the COVID-19.

In the Federal Register Vol. 83, No. 28 (August 14, 2018), 83 FR 40314, the United States Department of Housing and Urban Development (**HUD**) granted the Government of Puerto Rico a waiver permitting the use of \$15,000,000 in Community Development Block Grant- Disaster Recovery (**CDBG-DR**) funds for tourism marketing activities to promote travel and to attract new businesses to disaster-impacted areas. This amount was later increased to the current value of \$25,000,000 in the Federal Register Vol. 84, No. 33 (February 19, 2019), 84 FR 4836. This infusion of CDBG-DR resources is necessary to sustain the following unmet tourism marketing and business promotion needs identified in Puerto Rico's prior waiver request: (1) advertising and publicity to correct and update the public perception of Puerto Rico as a tourism destination and location for new business investment; and (2) sales promotion and publicity to update professional planners' perceptions of the destination and its ability to host business events (e.g., conventions, quarterly sales conferences, corporate meetings, association conferences) and new businesses.

## 1.1 Tie Back to the Storm

In Federal Register Vol. 83, No. 157 (August 14, 2018), 83 FR 40314, HUD granted the Government of Puerto Rico a waiver permitting the use of \$15,000,000 in CDBG-DR funds for tourism marketing activities to promote travel and to attract new businesses to disaster-impacted areas. In this notice, HUD recognized the need for the waiver based on Puerto Rico's demonstrated losses as a result of the Hurricanes impact on the tourism sector. Before the Hurricanes, tourism accounted for eight percent (8%) of the Island's economy. One month after the Hurricanes, however, one-third (1/3) of the Island's hotels remained shuttered and beaches remained closed due to possible water contamination. HUD further recognized in this notice that any effort to recover tourism industry assets such as hotels, restaurants, and other local business, especially in insular areas, could go unrecognized without any business marketing available to promote them. Seven (7) months later, HUD funding for tourism and business marketing was increased to the current value of \$25,000,000.<sup>1</sup>

## 1.2 Roles

The Puerto Rico Department of Housing (**PRDOH**), as grantee of the CDBG-DR funds, may engage with partners through subrecipient agreements (**SRAs**) to administer the two core areas of the TBM Program.

- PRDOH may partner with tourism marketing entities to oversee and manage tourism marketing activities. This program area will develop tourism marketing initiatives to help in the recovery of the Puerto Rican tourism ecosystem by supporting economic indicators and investing in the island's tourism as an economic driver.
- PRDOH may partner with business promotion entities to oversee and manage business marketing activities. This program area will target the investment of new businesses with external capital that can contribute to the local economy and economic growth for the Island. Marketing Puerto Rico as a pro-business jurisdiction will encourage new external investments, promote economic development, and create new jobs.

PRDOH, in partnership with the subrecipient organizations, will fund direct marketing activities to develop a comprehensive, island-wide, marketing effort and will serve as the administering entity, providing oversight and support services to both subrecipients. As part of the recovery efforts for the island after the hurricanes, PRDOH will work with the subrecipient organizations to design and implement strategies that elevate the island's unique features and benefits as an ideal destination for tourism and investment.

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<sup>1</sup> See Federal Register Vol. 84, No. 33 (February 19, 2019), 84 FR 4836.

## 2 National Objective

All CDBG-DR-funded activities in the TBM Program will meet the following HUD national objective:

- **Urgent Need** - 24 C.F.R. § 570.483(d), certain requirements of which were waived by Federal Register Notice Vol. 83 No. 28 (February 9, 2018), 83 FR 5844.

CDBG-DR regulations establish that a project is not considered to meet a national objective until it is complete. Marketing efforts must be evaluated to determine eligibility under the urgent need national objective requirements in accordance with HUD standards.

## 3 Program Description

The TBM Program, as outlined in the Action Plan and its amendments, is based on the existing need to communicate that Puerto Rico is open for business and is on a course of growth to re-emerge as a highly competitive destination in the Caribbean relative to its neighbors. Through this Program, Puerto Rico will build tourism and business marketing campaigns to complement the need for increased Tourism Marketing and New Business Marketing across the entire Island.

The subrecipients acknowledge that there are opportunity zones in greater need of marketing to spur economic activity than others and will conduct marketing under the TBM Program accordingly. The TBM Program will create and deliver comprehensive, island-wide tourism and business marketing campaigns to complement the need for local cultivation of small business growth, local employment opportunities with new businesses, and increased tourism throughout Puerto Rico.

As provided by 84 FR 4836, the total allocation for the TBM Program is up to \$25,000,000, subject to change with additional CDBG-DR Action Plan amendments. In accordance with HUD rules, as stipulated in 83 FR 40314 and 86 FR 575, the Program will be implemented on a **three (3) year** timeline beginning from the first draw down of funds.

### 3.1 Opportunity Zones

Per Federal Register Vol. 84, No. 33 (February 19, 2019), 84 FR 4836, the Program is required to coordinate its tourism promotion and business marketing activities with designated Opportunity Zones.<sup>2</sup> Opportunity Zones (OZs) are economically distressed communities nominated by governors and certified by the U.S. Department of the Treasury, many of which have experience a lack of investment for decades. Preferential federal tax treatment can be offered for qualifying investments in these areas that meet the rules established by the Treasury. In Puerto Rico, approximately ninety-eight percent (98%) of

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<sup>2</sup> See <https://opportunityzones.hud.gov/>



the Island's census tracts are designated OZs.

The TBM Program will satisfy that requirement, as the comprehensive, island-wide marketing efforts will include, and benefit, the ninety-eight percent (98%) of the island zones designated as Opportunity Zones.

### **3.2 Tourism Marketing**

In the Tourism Marketing portion of the Program, economic intervention marketing strategies will be put into action to improve the perception of the island's readiness among potential visitors; to help stabilize Puerto Rico's tourism industry, and to help avoid projected (further) decline in its economic activity. The promotion of Puerto Rico as a tourist destination can focus on the different experiences provided throughout the Island such as leisure, sports, adventure, eco-tourism, gastronomy, agriculture, nature, meetings, and conventions, among others.

To stabilize the tourism industry and avoid further decline in economic activity, the subrecipient shall implement targeted marketing activities such as:

#### **Awareness and brand health**

Design, place, monitor and manage digital advertisements designed to update perceptions, improve awareness, and boost brand health of the destination. These advertisements will include optimized search advertising, paid search advertising, digital display ads, digital video advertising and other digital advertising methods, as appropriate.

#### **Broadcasts Advertisements**

Design, place, monitor and manage broadcast advertisements designed to update perceptions, improve awareness, and boost brand health of the destination. These advertisements will include legacy television and/or Over the Top (OTT) television.

#### **Digital Advertisements**

Design, place, monitor and manage digital advertisements designed to update perceptions of professional meeting planners and build interest in Puerto Rico as a meeting and convention destination.

#### **Earned Media Coverage**

Boost awareness, likelihood of visitation and earned media coverage through out-of-home promotion that is designed to reach key audience segments.

#### **Trade Shows and Conferences**

Strategically select and attend industry trade shows and conferences targeting professional planners and travel agents to improve perception, increase awareness and identify business opportunities for Puerto Rico. This will include:

- Industry trade shows;
- Sales missions in key markets of opportunity; and
- Planner familiarization trips.

### **3.3 Business Marketing**

The Business Marketing effort will aim to attract investment spending throughout the island through business marketing initiatives, which will provide long term growth to the economy. Attracting additional external capital through new businesses that can contribute to the local island economy is necessary to ensure economic growth. The TBM Program will use Business Marketing as a method to address needs to promote the entire island as a more pro-business jurisdiction to encourage new external investments. These efforts will work to prevent tourism and service sector displacement or business failure as a result of the Hurricanes impact.

This portion of the Program will correct and update public perception of Puerto Rico as a location for new business investment, to update business investors' perceptions of the destination's abilities, and to sustain the business promotion unmet needs stated in the Federal Register waiver granted to the TBM Program. The subrecipient shall perform tasks such as:

- Create and launch digital media campaigns aligned specifically to marketing events, industry trends, market opportunity training sessions, specialized industry sectors, and targeted investors;
- Create and display advertising in venues such as websites, apps, and social media platforms. Could include banners, images, buttons, and videos, among others;
- Engage in a Direct Marketing advertising strategy to engage highly vetted relocation targets with customized marketing materials;
- Create and place publications in print media where efforts will also be made to ensure both editorial coverage in addition to cost-efficient advertising;
- Create and execute experiential marketing activation in high-traffic areas where the business promotion subrecipient can engage with target demographics;
- Improvement of the website to be used as a main marketing tool with updated content and a new design for the purpose of data capture for leads and/or inquiries;
- Underscore the island's message of resilience throughout all strategies and promotion efforts, considering the COVID-19 pandemic and the resulting global economic challenges.

### **3.4 Key Performance Indicators**

Key Performance Indicators (KPIs) for the respective Tourism and Business Marketing segments of the Program may include qualitative and quantitative measurements of outcomes and output as managed and reported by the subrecipients.

### **Tourism Marketing KPI's**

Key performance indicators for the Tourism Marketing segment of the Program could include, but are not limited to:

- KPI #1: Hotel Lodging Data measured by total booked hotel nights; occupancy rate; Revenue per Available Room (**RevPAR**); and RevPAR index against Caribbean.
- KPI #2: Independent rental lodging data generated by total stays booked; occupancy rate; RevPAR; and RevPAR index against Caribbean.
- KPI #3: Air Arrival Data. Tourist Air Arrival Data into San Juan, Aguadilla and Ponce airports.
- KPI #4: Consumer behavior generated from media and measured by flight searches as well as by lodging searches, bookings and revenue.
- KPI #5: Website performance measured by website sessions, pageviews and referrals.
- KPI #6: Social media performance generated by video views, ad impressions and cost per landing page view.
- KPI #7: Paid media performance measured by display impressions, display cost per engagement, total video impressions Over the Top (**OTT**) completed view rate, Search Engine Marketing Click Through Rate (**SEM CTR**) and Search Engine Marketing Cost Per Click (**SEM CPC**).
- KPI #8: Consumer perception measured by change in interest in visiting Puerto Rico; change in image attributes; and change in competitive position.
- KPI #9: Visitation outside San Juan measured by percentage within reporting periods.
- KPI #10: Length of stay measured by average length of hotel stay by media exposed visitors and average length of rental stay by media exposed visitors.
- KPI #11: Visitor spending measured per person, per day, by media exposed visitors.

### **Business Marketing KPI's**

Key performance indicators for the Business Marketing segment of the Program could include, but are not limited to:

- Number of impressions measured by the number of times a digital or traditional advertisement is viewed.
- Number of leads as measured in the business promotion subrecipient's Customer Relationship Platform.
- Number of impressions generated by earned media that promotes Puerto Rico as a destination for business investment.
- Website content and traffic improvement to communicate Puerto Rico's

investment value proposition to potential investors, measured by the amount of page visitors and amount of time spent on page(s).

- Exposure to the affected regions and municipalities of Puerto Rico across the island measured by implementation distribution.
- Marketing activities will be performed in accordance with best practices that allow the business promotion subrecipient to report against metrics and channel activity, while making informed assessments as to the impact on Puerto Rico's municipalities, capturing geographic data as well as the ever-important sector focus.

## 4 Eligible Use of Funds

### 4.1 Eligible Activities

Eligible activities for this Program, per the Housing and Community Development Act of 1974, as amended, 42 U.S.C. § 5305 (Activities eligible for assistance), are:

- Section 105(a)(15) – Assistance to Eligible Entities for Neighborhood Revitalization, Community Economic Development and Energy Conservation.
- Section 105(a)(17) – Economic Development Assistance to For-Profit Business.
- Other Tourism and Business Marketing activities as allowed for in 83 FR 5844 and 83 FR 40314.

### 4.2 Eligible Costs

As the Government of Puerto Rico is proposing advertising and marketing activities rather than direct assistance to tourism-dependent and other businesses, and because the measures of long-term benefit from the proposed activities must be derived using indirect means, 42 U.S.C. 5305(a) is waived only to the extent necessary to expand the tourism and business marketing eligible activity to permit no more than \$25,000,000 in assistance for tourism and business marketing activities to promote travel and to attract new businesses to disaster-impacted areas. No elected officials or candidates for political office shall appear in tourism or business marketing materials financed with CDBG-DR funds.

As provided in Federal Register Vol. 86 No. 3, January 6, 2021 (86 FR 575), this waiver will expire three (3) years after the first draw of funds allocated under 83 FR 5844, issued on February 8, 2019. The requirements of 83 FR 40314, issued on August 14, 2018, for the Government of Puerto Rico apply to all amounts used for tourism and business marketing.

As required in 83 FR 40314, the TBM Program will not use CDBG-DR tourism or business marketing expenditures to supplant other funds allocated by the Government of Puerto Rico or local governments, designated for tourism and business marketing activities. At any time during the execution of the marketing activities, PRDOH may request the Partners/Subrecipients to submit their internal procedures and documentation to prevent

any supplanting funds issue. Partners/Subrecipients must ensure to maintain ongoing documentation for PRDOH and HUD monitoring purposes which clearly demonstrates that no supplanting of funds already available to the Partners/Subrecipients has occurred with the granted CDBG-DR funds.

In addition, and in alignment with the aforementioned KPI, subrecipients may develop additional metrics to demonstrate the impact of their CDBG-DR tourism and business marketing expenditures.

Activities of the TBM Program shall not support:

- Undue enrichment;
- Unreasonable costs;
- Partisan political activities; and/or
- Candidate forums.

## **5 Program Funding Distribution**

PRDOH assigns, as a method of distribution, a portion of the TBM Program funds to one subrecipient for tourism marketing and a portion to another subrecipient for business marketing. These entities will further distribute Program funds on a competitive basis when marketing activities implementation, sales or rentals are involved.

PRDOH will execute detailed Subrecipient Agreements with each entity under this Program that comply with 2 C.F.R. § 200 and related CDBG-DR and Puerto Rico regulations. Most hurricane-related business recovery and expansion will focus on marketing and advertising campaigns.

Within each Subrecipient Agreement the following must be provided:

- Schedule of services that will require competitive procurement of professional service providers, contractors, and/or related goods and services to fulfill the mission of the Program.
- Detailed Plan or Plans for how the subrecipients will manage their competitive procurement process and generate written agreements for contractors and/or service providers in compliance with 2 C.F.R. § 200 and related CDBG-DR and PRDOH procurement and financial management policies.

## **6 Procurement**

PRDOH intends to enter into subrecipient agreements for entities to administer this Program, who will then procure services through the required procurement methods. PRDOH recognizes that procurement processes for the utilization of CDBG-DR funds must be managed in strict accordance with federal guidelines. PRDOH's procurement processes are in full compliance with federal laws, rules, and regulations, including but not limited

to, 2 C.F.R. part 200, in particular, 2 C.F.R. § 200.317, the Appropriations Act, the Federal Register Notices, and applicable Federal, State and local laws, rules and regulations.

PRDOH, as grantee of the CDBG-DR funds, has determined that procurement processes and policies of the CDBG-DR programs will be governed by the provisions of federal statute 2 CFR § 200.317. It allows PRDOH to follow its procurement policies and procedures as established in 2 CFR § 200.317 and, in turn, allows subrecipients to be subject to the provisions of 2 CFR §200.318 to 2 CFR §200.327.<sup>3</sup>

PRDOH further recognizes, as stated in 83 FR 40314, that in providing similar waivers to other CDBG-DR grantees, HUD has often identified issues in the procurement of tourism and business marketing services with grantees adding CDBG-DR funds to existing tourism and business marketing contracts procured with other sources of funds.

Accordingly, PRDOH requires that subrecipients comply with policies and procedures as required for the responsible expenditure of CDBG-DR funds. Specifically, subrecipients must:

- Maintain records of its acquisition processes that allows PRDOH to effectively carry out the monitoring processes when required.
- Maintain a process throughout the planning, implementation, and measurement of this Program, which meets or exceeds all requirements of transparency and accountability established by PRDOH.

## 7 Program Closeout

Upon completion of all Program activities, the Program shall be closed. This process will begin by ensuring that all invoices presented have been accepted by PRDOH and that everything reflected in the associated Subrecipient Agreements has been executed and performed in compliance with Program requirements. A member of the Program's team will perform a complete review of the Program files to ensure all necessary documentation is present and to ensure that the Program is ready for closeout. General requirements for closeout are as follows:

- All funds used for the Program have been properly accounted for and reconciled;
- All permits, if required, have been properly closed-out with the proper governmental entities;
- Environmental clearance, if required, has been obtained; and
- Other requirements for closeout as established in the grant agreement contract

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<sup>3</sup> OA 21-27 - To enable all subrecipient entities of CDBG-DR funds to use the provisions of 2 CFR 200.318 through 2 CFR 200.327 in their procurement processes in relation to CDBG-DR Programs.

have been completed.

Outreach will be made to any other party involved in the event that any additional information may be necessary for close-out. Once all levels of quality control review are passed, the subrecipients will receive a Program Final Notice.

## 8 Reporting

Compliance will be maintained in accordance with the reporting requirements established by PRDOH and CDBG-DR regulations. Subrecipients and their contractors must provide all information and reports as required under any executed contracts, and demographic data and other information as defined in the section above for Key Performance Indicators and as mandated by HUD.

## 9 Monitoring

According to 24 C.F.R. § 570.501(b), PRDOH, as Grantee, is responsible for ensuring that CDBG-DR funds are used in accordance with all program requirements. The use of CDBG-DR funds by designated public agencies, subrecipients, or contractors does not relieve PRDOH of this responsibility. Therefore, this Program will be subject to PRDOH's Monitoring Plan, Cross Cutting Guidelines and other PRDOH adopted guidelines, policies and procedures as outlined within the SRA between the subrecipients and PRDOH.

## 10 Environmental Review

An 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 associated with such project, are subject to the provisions of the National Environmental Policy Act of 1969 (**NEPA**), 42 U.S.C. §4231 *et seq.*, as well as to the HUD Environmental Review regulations at 24 C.F.R. § 58 on Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities.

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

- Protection of Historic Properties (36 C.F.R. § 800 *et seq.*)
- Floodplain Management and Protection of Wetlands (24 C.F.R. § 55 *et seq.*, Executive Order 11988 of May 24, 1977 and Executive Order 11990 of May 24, 1977)
- 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. § 149 *et seq.*)
- Interagency Cooperation - Endangered Species Act of 1973, as amended (50 C.F.R. § 402 *et seq.*)

- 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.*, 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 §§ 51.300 - 51.305)
- Toxic/Hazardous Materials (24 C.F.R. § 58.5(i)(2)(i))
- Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (Executive Order 12898 of February 16, 1994)

### 10.1 Exempt Activities

The TBM Program has been determined to have a level of environmental review of EXEMPT in accordance with 24 C.F.R. § 58.34 (a). Except for the applicable requirements of 24 C.F.R. § 58.6 (addressed below), PRDOH does not have to undertake any environmental review, consultation or other actions under NEPA and the other provisions of law or authorities in 24 C.F.R. § 58.5 for the activities associated with the TBM Program. The activities and the regulatory citations at 24 C.F.R. § 58.34 (a) that qualify this program for the EXEMPT determination are:

- §58.34 (a)(3) – Administrative and management activities
- §58.34 (a)(4) – Public services that will not have a physical impact or result in any physical changes, including but not limited to services concerned with employment, crime prevention, childcare, health, drug abuse, education, counseling, energy conservation and welfare or recreational needs

The regulations at 24 C.F.R. § 58.6 have also been reviewed for the TBM Program and, as the activities for the program are not location sensitive, it has been determined that the requirements for 24 C.F.R. §58.6 -(1) Flood Insurance (2) Activities in a Coastal Barrier Resource Unit and (3) Activities occurring within an Airport Runway Protection Zone- are in compliance with the applicable regulations.

This Program has also been approved by PRDOH's Certifying Officer as an exempt activity per 24 C.F.R. § 58.34, as accredited in the Certificate of Exemption for HUD Funded



Projects signed on April 25, 2019 and resides in the project file.

## 11 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 it has 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.

In accordance with Federal Register Vol. 84, No. 119 (June 20, 2019), 84 FR 28836, the duplication of benefits guidance issued in Federal Register Vol. 76, No. 221 (November 16, 2011), 76 FR 71060, shall remain as the duplication of benefits guidance in effect for the Program until an approved substantial amendment to the PRDOH Action Plan for Disaster Recovery authorizes implementation of duplication of benefits guidance included in 84 FR 28836.

Tourism and business advertising campaigns are typically ineligible for CDBG-DR and other federal assistance; therefore, there is no anticipated duplication of benefits. PRDOH will include a review in the program procedures to ensure there is none.

## 12 General Provisions

### 12.1 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 guidelines, 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.

### 12.2 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.

### **12.3 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 and 4339. Through the Federal Register Vol. 83, No. 157 (August 14, 2018), 83 FR 40314, HUD identified that, for Puerto Rico, all components of the Island are considered "most impacted and distressed" areas. Therefore, these guidelines apply to all 78 municipalities of Puerto Rico.

### **12.4 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. The aforementioned 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.

### **12.5 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.

### **12.6 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.

### **12.7 Conflict of Interest**

As stated in the Federal Register Vol. 83, No. 28 (February 9, 2018), 83 FR 5844, 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 and 24 C.F.R. §85.36;
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 L.P.R.A. § 441 *et seq.*;
4. The Anti-Corruption Code for the New Puerto Rico, Act No. 2-2018, as amended, 3 L.P.R.A. § 1881 *et seq.*; and
5. The Puerto Rico Government Ethics Act of 2011, Act 1-2012, as amended, 3 L.P.R.A. § 1854 *et seq.*

The COI Policy outlines PRDOH's responsibility, in its role as grantee, to identify, evaluate, disclose, and manage apparent, potential or actual conflicts of interest related to CDBG-DR 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 the 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, in regard to 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 insofar the beneficial ties with the public servant exist. Once the beneficial ties end, the public servant shall not intervene, either directly or indirectly, in such matter until **two (2) years** have elapsed.

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

The COI Policy and all CDBG-DR Program policies are available in English and Spanish on the PRDOH website at <https://www.cdbg-dr.pr.gov/en/resources/policies/> and <https://www.cdbg-dr.pr.gov/recursos/politicas/>.

## 12.8 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](mailto:infoCDBG@vivienda.pr.gov)
- **Online at:** <https://www.cdbg-dr.pr.gov/en/contact/> (English)  
<https://www.cdbg-dr.pr.gov/contact/> (Spanish)
- **In writing at:** Puerto Rico CDBG-DR 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://www.cdbg-dr.pr.gov/en/citizenparticipation/> and <https://www.cdbg-dr.pr.gov/participacion-ciudadana/>. For more information on how to contact PRDOH, please refer to [www.cdbg-dr.pr.gov](http://www.cdbg-dr.pr.gov).

## 12.9 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 **written** complaint within **fifteen (15) calendar days**, where practicable, as a CDBG grant recipient. See 24 C.F.R. § 570.486(a)(7).

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

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

Although formal complaints are required to be submitted in writing, complaints may also be received verbally and by other means necessary, as applicable, when PRDOH determines that the citizen's particular circumstances do not allow the complainant to submit a written complaint. However, in these instances, PRDOH shall convert 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.<sup>4</sup>

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

## 12.10 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

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<sup>4</sup> Hours may vary due to COVID-19. PRDOH recommends calling ahead prior to arrival to corroborate.

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.

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.

<b>REPORT FRAUD, WASTE, ABUSE, OR MISMANAGEMENT TO PRDOH CDBG-DR</b>	
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	<a href="mailto:hotlineCDBG@vivienda.pr.gov">hotlineCDBG@vivienda.pr.gov</a>
Online	Filling out the <b>AFWAM Submission Form</b> available in English and Spanish at <a href="http://www.cdbg-dr.pr.gov">www.cdbg-dr.pr.gov</a> or <a href="https://cdbg-dr.pr.gov/app/cdbgdrrpublic/Fraud">https://cdbg-dr.pr.gov/app/cdbgdrrpublic/Fraud</a>
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.

<b>REPORT FRAUD, WASTE, ABUSE, OR MISMANAGEMENT DIRECTLY TO HUD OIG</b>	
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	<a href="mailto:HOTLINE@hudoig.gov">HOTLINE@hudoig.gov</a>
Online	<a href="https://www.hudoig.gov/hotline">https://www.hudoig.gov/hotline</a>

The AFWAM Policy and all CDBG-DR Program policies are available in English and Spanish on the PRDOH website at <https://www.cdbg-dr.pr.gov/en/resources/policies/> and

<https://www.cdbg-dr.pr.gov/recursos/politicas/>.

### **12.11 Related Laws and Regulations**

These guidelines make reference as to how the provisions of certain laws apply to the Program. However, other related laws may exist which are not included in these Guidelines. This does not negate or preclude the Program from applying the provisions of those laws, nor an applicant from receiving services, when applicable. Moreover, PRDOH can enact, or may have enacted, regulations that address how the laws mentioned in these guidelines are managed. If there are any discrepancies between these guidelines and the laws and/or regulations mentioned in them, then the latter will prevail over the guidelines. If at any time the laws and/or the applicable regulations mentioned in these guidelines are amended, the new provisions will apply to the Program without the need to amend these guidelines.

### **12.12 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://www.cdbgdr.pr.gov/en/resources/policies/> and <https://www.cdbg-dr.pr.gov/recursos/politicas/>.

## **13 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.

## **14 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.**