

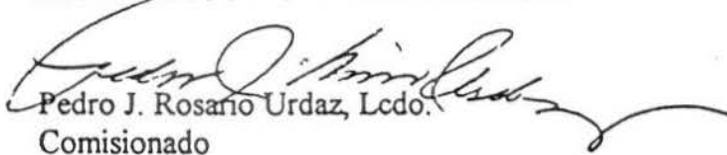
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12 de mayo de 1995

**MEMORANDO CIRCULAR #95-30**

**A TODOS LOS ALCALDES DE LOS  
MUNICIPIOS NON-ENTITLEMENT**

  
Pedro J. Rosario Urdaz, Lcdo.  
Comisionado

**ENTREGA FORMULARIOS PROPUESTA PLAN CONSOLIDADO 1995  
"STATE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM"  
(STATE CDBG PROGRAM) Y ENMIENDAS AL PLAN CONSOLIDADO**

Adjunto formularios de la Propuesta del Plan consolidado 1995 del State CDBG Program.  
Estos formularios incluyen:

- Solicitud de fondos
- Instrucciones
- Normas Aplicables
- Guía Operacional de Rehabilitación de Vivienda 1995

Es importante que su Municipio:

1. Lea y siga las instrucciones que acompañan los formularios. Especial atención deberá tener al describir el impacto de la actividad solicitada (Véase anejos páginas 112 y 113).

**Memorando Circular #95-30**  
**12 de mayo de 1995**  
**Página 2**

2. Fecha límite radicación propuesta

-Entregados personalmente en o antes del  
15 de junio de 1995 a las 4:00 P.M.

-Por correo matasello del  
15 de junio de 1995 en o antes de las 12:00 A.M.

3. Se requiere un original y dos copias de la propuesta

4. Para su conocimiento y acción pertinente se incluyen copias de las páginas 86 - 99, 104, 107, 108, 109, 111 y 118 que sustituyen las 144 - 161, 171, 174, 176, 178, 181 y 195 respectivamente del Plan Consolidado 1995 que sufrieron enmiendas.

Se entregará el Plan Consolidado a la Oficina del Area de HUD el 15 de mayo de 1995. Estos tienen hasta 45 días para revisar y aprobar los mismos, por lo cual podría surgir la posibilidad de ajustar los formularios de la propuesta de haber un cambio significativo como recomendación de la Oficina de Area.

Contamos con su cooperación en cuanto al fiel cumplimiento con la fecha límite para la entrega de propuestas.

De tener alguna duda o si requiere ayuda técnica para la confección de su propuesta, favor comunicarse con la Sra. Yvonne Guerra al 754-1600 ext. 266.

Anejos

## **PART IV: ACTION PLAN/ONE YEAR USE OF FUNDS**

The Commonwealth of Puerto Rico has established July 1, 1995 to June 30, 1996 as the program year for the CPD HUD programs covered by the Consolidated Plan. Detailed information about program objectives, availability and distribution of Funds, Description of Activities, schedule for proposes submission and programs implementation follows:

### **A. HOME INVESTMENT PARTNERSHIP PROGRAM**

#### **DEPARTMENT OF HOUSING OF PUERTO RICO HOME PROGRAM HUD-FY 1995**

##### **SUMMARY**

The Department of Housing of Puerto Rico as the State PJ will administrate the \$10,153,000 of HOME funds allocated to Puerto Rico for FY 1995. The HOME Program, as enacted under Title II of the Cranston-González National Affordable Housing Act (P.L. 101-625 of November 28, 1990), authorizes the use of funds to develop and support affordable rental housing and homeownership affordability for low income families, in ways that are consistent with need identified in the P.R. Consolidated Plan for 1995-1996.

The PR Consolidated Plan 1995-1996 established new priorities for Puerto Rico's HOME Program during July 1, 1995 through June 30, 1996. According to this commitment the Department of Housing will generate one (1) new activity (Owner Occupied Rehabilitation) and continue with those activities programmed under last year Program Description to give continuity to the work on progress.

From the 1995 HOME allocation for Puerto Rico, the Department of Housing will transfer to those eligible units of local government which requested funding (Toa Baja ) the funds required (\$144,000) to cover the difference between the formula allocations and the required \$750,000 threshold limit.

The amount of \$1,522,950 is to be reserved for the Community Housing Development Organizations (CHDO's) which are to undertake a compound of all activities eligible under HOME such as new construction and rental rehabilitation. Also, as part of the 5% PJ HOME allocation for CHDOs Administration, the Department will set aside \$100,000 to help this organization with their operating expenses.

Under the Housing Department's initiative known as "RENACE" a Spanish acronym for Urban Center Renewal, the Department will target HOME monies for the revitalization of houses in the urban center of each non entitlement municipality in Puerto Rico. During these year plans call for moderate and substantial rehabilitation including owner rehab, and rental rehabilitation. Activities will also include new construction by owner and developers. These activities are expected to be carried out by the Puerto Rico Housing Department in a combined effort with other Departments instrumentalities and the private sector. An estimate of 500 families will benefit in about 20 municipalities during the next program-year.

## I. PROPOSED USE OF FUNDS

### A. DESCRIPTION OF MAJOR ACTIVITIES

The HOME funds allocated to the Commonwealth of Puerto Rico for FY 1995 will be distributed and administrated by the Housing Department in the following manner:

1. Reserving \$1,522,950 millions for nonprofit community housing development organization to be selected through an open door process and to be carried out by the HOME Program Office at the Puerto Rico Housing Department. Activities will include projects such as: rental rehabilitation and new construction by developers.

All in accordance with regulations of 24 CFR 92.209.

2. The Department will continue with the local program known as "RENACE" or Urban Center Renewal Program, a holistic planning approach applied to non-entitlement municipalities that receive funds through the Housing Department. RENACE will be carried out as a

combined effort of the private sector, nonprofit organizations and state and local government agencies. The program focuses on the urban center and the peripheral areas of each municipality. The "urban center" meaning all adjacent areas to the central square of the town.

Through a HOME Inventory, important data will be collected on a series of base maps, including information on the conditions of the existing structures and socioeconomic profile of the resident family. According to the present situation and the recommended solution for each family, they will be referred to one of the four basic activities:

1. Owner Rehabilitation
2. Rental Rehabilitation
3. New Construction by Owner
4. New Construction by Developers for Homeownership

HOME funds will be used for improvements on the housing stock of approximately 20 municipalities around the island with an investment of about \$375,000 per town as of approximately \$15,000 per family. All HOME four basic activities will be carried out in this initiative.

As stated in last year Program Description the amount to be granted will be determined based on family income and down payment capabilities (such as in the first time homebuyer activity). A table on family income and down payment capability is already under used by the Puerto Rico Housing Bank and Finance Agency (PRHBFA), and screening provisions are already undertaken to make determination on families income and mortgage payment capabilities.

3. The remaining funds will be set aside for administration purpose in pursuant to the new Reauthorization Bill changes, which notified that effective October 28, 1992 all participating jurisdictions may use an amount of up to ten (10) percent of their FY 1995 allocation for administrative or operating expenses.

The following table illustrates the proposed distribution of HOME funds allocated to the Commonwealth of Puerto Rico for FY 1995.

PROPOSED	TOTAL HOME \$	RENTAL %	OWNER %
-CHDOs	\$1,522,950	50%	50%
-CHDOs	100,000		
-RENACE	7,514,750	50%	50%
Adm. Funds	1,015,300		
TOTAL	10,153,000		

## II. RELATIONSHIP OF HOME PROGRAM TO PUERTO RICO CONSOLIDATED PLAN

The HOME Program proposed by the Commonwealth of Puerto Rico Housing Department is consistent with the Puerto Rico Consolidated Plan for 1995-96. The activities carried out with HOME funds will help Puerto Rico to overcome the housing problems which are identified as priorities in the Consolidated Plan.

### A. HOW TYPE OF ACTIVITIES PROPOSED PROMOTE CONSOLIDATED PLAN OBJECTIVES

The activities proposed for support with HOME funds in Puerto Rico may be classified in four (4) categories:

1. Moderate and substantial rehabilitation for owner occupied unit.
2. Rehabilitation of existing units for rental and homeownership , as well as potential new construction by CHDOs under the conditions established by 24 CFR 92.209; and

3. Assistance, through grants to low income homebuyers, to help them cover down payments and closing costs.
4. Assistance, through grants for new constructions by owner for those low income families with a portion of land of their own property.

#### Urban Center Renewal Program (RENACE).

As mentioned before the Center Renewal is a holistic planning approach applied to non-entitlement municipalities that receive funds through the Housing Department. The program is directed towards the revitalization of the urban center of each municipality. The "town center" meaning all adjacent areas to the central square of the town.

Through the Home Inventory, important data is collected on a series of base maps. Information as to the conditions of the existing structures and the socio-economic profile of the resident family. According to the present situation and the recommended solution for each family, they will be referred to one of four basic activities.

1. Owner Rehabilitation by Home
2. Rental Rehabilitation by Home
3. New Construction by Developer for Homeownership
4. New construction by Owner

State funding, through the Department's "On Site Rehabilitation" program, will be used for public projects: sidewalks, stairways, roads, pocket plazas and/or recreational areas. Additional proposals for funding will be prepared for areas that have special needs, such as, flood zones or landslide prone communities.

Funding from the State Block Grant Program (SBGP), administered by the Office of the Commission of Municipal Affairs (OCMA) will also be used in the rehabilitation of communities in Non-entitlement municipalities. The HOME Program will also sponsor activities and/or projects that served the special needs populations in a combined effort with the Emergency Shelter Grant and the Housing Opportunity

for People with Aids programs.

The coordination of diverse funding will offer the town center as integral improvement plan to be addressed in stages.

#### Main Goals

-Revitalize the urban centers across the island through the promotion of a joint effort of the state and local agencies. Non-profit organizations will be involved in the implementation of this strategy.

-Maintain the maximum number of families and existing structures

-Improve basic public spaces, such as: streets, sidewalks, stairs and recreational areas. Provide rehabilitation of infrastructure (utilities).

-rehabilitate existing residential structures.

-Maximize the use of abandoned structures through rehabilitation of both residential and non-residential structures into adequate low income housing units.

-Introduce New Construction into empty lots to minimize abandoned and unattended territories within the urban center.

-Demolish and remove of hazardous structures to generate new lots for adequate housing units and/or public spaces where possible.

-Legalize the land of families who own their houses, but not the land when not located in hazardous areas.

#### B. CONSISTENCY OF LOCATION OF HOME ACTIVITIES WITH NEEDS

Aside for the "RENACE" project, the exact location of proposed HOME activities has not yet been established. The same factors as those considered in the Puerto Rico Consolidated Plan will be considered in determining the areas in which housing rehabilitation and assistance will take place, i.e. the availability of rehabilitated housing units, identified need for housing for low and moderate income families in the area, capacity of families to acquire a home and make rental payments or payments on a purchased units, and the areas

in which proposals are submitted by approved CHDO's.

It is also expected that the areas in which there are identified current public housing residents with fixed incomes that would permit them to purchase affordable housing from the available market will also determine the areas in which the proposed HOME activities will be located.

The larger urban areas were identified in the Consolidated Plan as those of greatest need . To the extent possible, however, priority will be given to non-entitlement cities in carrying out activities with the allocation of HOME funds with emphasis on those Municipalities which have large public housing sectors, many of whom could become homebuyers. By freeing public housing units; currently unavailable in Puerto Rico, for very low income families, the activities proposed for HOME funds will contribute to one of the primary housing needs identified in the Consolidated Plan, that of housing for those with little or no acquisitive power, while providing incentives for those currently in public housing to become first time homebuyers and enter the private housing market.

#### C. IF HOUSEHOLDS TO BE ASSISTED ARE THOSE IDENTIFIED IN CONSOLIDATED PLAN

The total housing need for all Puerto Rico, that is the total housing units necessary to provide a residence for all households by 1995, is estimated to be 129,503 units. The estimated figure for metropolitan municipalities is 91,114 and for non-metropolitan municipalities it is 38,389 units. For entitlement municipalities the estimated housing need is 46,045 units and for non-entitlements it is 83,458 units. Metropolitan municipalities account for 79% of the 1990 population and 70% of the housing need. Non-metropolitan municipalities account for 21% of the 1990 population and 30% of the housing need.

The households to be assisted with HOME funds are those of low and very low incomes. This is consistent with the households identified in need of housing in the Puerto Rico CHAS. The CHAS indicates that it is vital to maintain the current inventory of low income housing due to the low average income levels in the Island and thus a reduced financial capacity. These families can only assume a mortgage of

\$15,646 with a monthly income of \$600 (page 13 of the CHAS - 1992-1996) Rehabilitation of existing stock is one alternative proposed both in the CHAS and the HOME activities.

First time homebuyers, including those with fixed incomes capable of paying at least \$200 in public housing, are a priority in HOME activities. This is consistent with the need identified in the CHAS to increase the availability of public housing for the very low income and homeless, and to provide incentives through grants and loans to those with reduced financial capacity to purchase a home.

While no specific characteristics of the potential beneficiaries of HOME activities have been include at this time, it is expected that more urban households than rural will benefit, and that a large number of female headed households will be included. Both types of households were identified as in need by the Puerto Rico CHAS.

### III. HOW THE DEPARTMENT OF HOUSING WILL WORK WITH CHDOs

As proposed on HOME-1994 Program Description the Puerto Rico Housing Department, as the authorized PHA, will select CHDOs through an open door process in wish the approach is that the CHDOs brings the project idea and the development proposal to the Department. The nature and timing of projects are primarily at the CHDOs' discretion since the Department does not actively solicit proposals, or return them to the drawing board for more work.

As in the past year the PHA with the help of Puerto Rico Community Foundation will provide technical assistance and capacity building to the CHDO's that will participate in the project to assure their understanding of the regulations applying to the HOME project and the appropriate mechanisms for coordinating the projects with the PHA, compliance with standards of quality, monitoring and reporting requirements.

The CHDOs selected will have the role of developing detailed plans that are in accordance with the open door policy requirements for a specific area; carrying out all of the rehabilitation required to assure compliance with minimum standards of quality of rehabilitated units

established by HUD and the Commonwealth government; directly administering the housing projects, including the certification of eligibility of potential renters in accordance with the PJ and HOME regulations and income eligibility standards, or ensuring the appropriate certification of participants and project administration, either through the PJ, itself, or a adequate sub-contracted entity; and complying with all other regulation and/or standards imposed by the PJ and/or the HOME Program for such rehabilitation of the rental or purchase units.

A total of \$1,522,950 is anticipated to be reserved for funding through CHDOs, this FY-1995 about half for rental rehabilitation and about half for rehabilitation of units for acquisition by first time home-buyers and low income families, including those living in public housing who have fixed incomes and the ability to pay monthly rental or house payments for purchased units.

#### IV. AFFIRMATIVE MARKETING AND MINORITY OUTREACH

In order to assure minority/women business participation in the project, the guidelines established for minimum acceptable outreach under Section 281 of the HOME Act and 24 CFR 92.350 will be followed in the distribution of Home funds allocated to the Commonwealth of Puerto Rico. Puerto Rico will assure that the statement of public policy and commitment to MBE/WBE priority be published in newspaper of widest local circulation. The Commonwealth of Puerto Rico government will carry out a good faith, comprehensive and continuing endeavor to identify, and promote the participation of, minority and women's businesses and to obtain, and sustain, the support of key elected officials of the areas targeted for project development as well as PJ officials covering said areas in identifying and utilizing minority/women's businesses. As previous year the PJ will coordinate with the Small Business Administration of Puerto Rico to identify and maintain an inventory of certified minority and women's business enterprises in Puerto Rico, their capabilities, service, supplies and/or products. The Puerto Rico Housing Department and Housing Bank will also promote contractual opportunities for said business within its distribution of allotted HOME funding.

All solicitation and procurement procedures to be established for HOME funds will be developed in a way that facilitates opportunities for MBEs to

participate as vendors and suppliers of goods and service, with such enterprises having priority in the selection to be made. Also, the technical assistance and capacity building activities to be developed and implemented by the Commonwealth Government in its distribution of HOME funding will include business opportunity-related meeting and conferences for minority and women business organization which express and interest in participating and/or are identified as potential participating organizations by the PJ.

Centralized records with statistical data on the use and participation of MBEs and WBEs as contractors/subcontractors in all of the HOME related program contracting activities for Puerto Rico will be maintained by the Housing Department and Housing Bank. Since all of the business enterprises which will participate in the HOME Program for Puerto Rico are expected to be classified by HUD as Minority (i.e. Hispanic) Business Enterprises, centralized record are to be kept on all contractors/subcontractors in the HOME Program. Emphasis in outreach is to be placed on EBE's.

Affirmative Marketing provisions described under CFR 92.351 will be complied with. The same advertising methods indicated above, will be used for attracting and informing owners and potential tenants about federal housing laws and the participating jurisdiction's affirmative marketing policy. The Equal Opportunity Logotype or slogan will be used in press releases and all other communications as required.

Owners, CHDO's and units of local government participating in the program will be provided with information, posters, logotype or slogan and will be required to display same.

Owners, CHDO's and units of general government will be required to include in their application for participation in the program their planned activities to comply with the requirements set forth in the cited regulation.

Records of all material provided to participants and of press releases and other publicity methods will be kept by the participating jurisdiction.

A supervisory follow up program will be established to monitor participants and assure compliance with ECHO requirements and of their respective plans.

Meetings will be held with participants to discuss failure to comply with

requirements and written notification will be made. Sanctions may be taken including holding of payments and cancellation of contracts in initial negotiations.

## V. OPTIONAL NARRATIVES

### A. FIRST-TIME HOMEBUYER PROVISIONS

Since the Commonwealth of Puerto Rico plan for the distribution of HOME funds includes the intention to help first time homebuyers, the PJ will establish guidelines for resale of properties to ensure;

1. future sales to low income homebuyers;
2. a fair return to the initial owner and
3. terms which assure new PITI for subsequent homebuyer will not exceed 30% of gross annual income for 15 years if rehabilitation and 20 years if new construction.

As stated in the Description of Major Activities portion of the proposal, an activity included within the CHDO's and RENACE's projects, first time homebuyers will be assisted through one-time grants of a maximum of \$15,000.00 to assist with the down payment and closing costs or reduce the loan principal.

To assure that the unit continues to be affordable for subsequent first-time homebuyers, the PJ will make provisions on the Deed of Sale and Promissory Note as follows:

#### a. Subsequent homebuyers:

Resales within the period of affordability will require PJ approval and subsequent homebuyers may be provided by the PJ.

The assisted homebuyer may refer a subsequent homebuyer to the PJ for determination of qualifications and approval, but the applicant must meet Program income limitation criteria.

#### b. Fair return to assisted homebuyer:

The fair return to assisted homebuyers in case of resale within the first five

years of ownership will be calculated by adding his down payment; initial closing expenses; the expenses of resale including fees, penalties for non-maturity payments, if any; the portion of his monthly payments applied to principal; and the current appraised value of the improvements. One hundred percent of the profit less the total amount of fair return will be paid to the PJ through the Puerto Rico Housing Bank and Finances Agency.

This formula will be used provided that the profit allows for the disbursement. Otherwise, the assisted homebuyer will receive up to the amount obtains from the resale.

From the six (6th) year on, the net profit (after reduction of above stated fair return amount) will be reduced at the rate indicated below:

#### REDUCTION OF PROFIT TO BE RETAINED BY HOMEBUYER AT RESALE OF PROPERTY

Year of Resale	Percentage of net profit to be reduced
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1-5----- Cost described above or  
it not covered by resale price,

6-10-----50%

11-15-----25%

16-20-----10%

The percentage will be effective at each anniversary date of the purchase, e.g., property sold between two ranges will be calculated using the previous anniversary date.

c. Assistance to subsequent homebuyers:

The guidelines to be developed by the PJ for the HOME Homeownership Program will provide for approval by the PJ of subsequent homebuyers who meet the income limitation criteria. Applicants may be referred by the

assisted homebuyer who requests approval for resale, from the PJ waiting lists for Section 8 and Public Housing Programs or from the latter low income program participants.

Subsequent homebuyers will be assisted through grants for down payments and closing expenses or, when possible, through the lump sum interest down payment on direct loans granted by the Puerto Rico Housing Bank and Finance Agency.

Funding for economic assistance when needed by subsequent homebuyers will be provided from future HOME Programs or from the resale profit reimbursed to the PJ. This assistance will require a restart of the clock for the long term period of affordability.

d. Other Provisions:

In addition to the resale restrictions to be incorporated in the Conveyance and Sale Deed and Promissory Note, other provisions will be established to guarantee that the units remain affordable for subsequent first time homebuyers.

All provisions will constitute a lien on the buyer and the property only subordinated said lien on behalf of the mortgage executed for the tit acquisition and the betterments to the property. The provisions include the following:

1. A provision restricting refinancing and subsequent mortgages of the property, without the written consent of the PJ.

Refinancing will be limited to betterments without cash out. This restriction is necessary as refinancing with cash out will have the effect of reducing the profit at resale thus violating the purpose of the resale provisions. In addition, a higher monthly payment after refinancing could represent a risk of foreclosure.

2. A requirement that the property will be used as residence of the Buyer and his family and may not be leased or converted to other use such as business without prior consent of the PJ.

3. A provision that the subsequent homebuyer must meet the income limit requirement of the HOME Program Regulations; i.e., the subsequent homebuyer's monthly payments of principal, interest, taxes, and insurance do not exceed 30 percent of the gross income of a family with an income equal to 75 percent of median income for the area, as determined by HUD with adjustments for smaller and larger families.

In the implementation of the Homeownership Program, the Department will comply and will require recipients to comply with the provisions of 24 CFR 92.217 and 254.

A detailed implementation plan will be developed at the time of program approval.

## **B. Emergency Shelters Grants**

### **1. Program Description**

This program provides funds to communities to pay for the renovation, major rehabilitation, or conversion of buildings for use as emergency shelters for the homeless, for shelter operating expenses, for (within limits) "essential services," and for certain activities to prevent homelessness. By covering (among other things) major capital costs associated with shelter for the homeless, this HUD program effectively complements the Federal Emergency Management Agency's emergency food and shelter program (see separate program description in this section), which funds only the non-capital costs of feeding and sheltering the homeless.

For the purpose of this program, "emergency shelter" is defined as any facility (including both overnight shelters and day centers and drop-in centers), the primary purpose of which is to provide temporary or transitional shelter for the homeless in general or for specific populations of the homeless.

grantee/recipient will take the following steps to minimize displacement as a result of a State CDBG assisted project:

1. Make an analysis regarding the occurrence of displacement as part of funding and Project feasibility determinations.
2. Assuring, whenever possible, that residential occupants of buildings to be rehabilitated are offered an opportunity to return.
3. Planning rehabilitation projects to consider the alternative of maintaining the residents while rehabilitation is made to minimize displacement.
4. Following the notifications and advisory services procedures to assure that families do not leave because they are not informed about their rights.

Puerto Rico has determined that a three-year aggregate of 70 percent of the State CDBG allocation will benefit low-income persons.

B. Proposed Use of Funds: Nonentitlement areas

The amount of funds to be distributed among the 62 eligible units of Local Government is \$64,183,060.

Funds will be distributed among four programs which address different needs; Housing Project, Community Development Projects, special Project for public services, Economic Development Project.

The unit of local government must apply for all the programs available in a single request. Funds will be individual grants and will be awarded in amounts proportional with the requirements of the proposed project. In determining appropriate grant amount the State will consider the requirements for each Program. OCAM reserves the right to fund projects at amount less than funds requested in accordance with the evaluation and analysis criteria.

10. Other documents described in the application package

**C. Types of Grants**

The amounts mentioned in this section are only for guidance. They are based on presumed expectancy as to the amount, and quality of the proposals to be received, but they might change.

**1. Housing Project**

Guidance Amount \$26,201,381.00

The Funds available through the Housing Program may be used for distinct activities that promote housing, primarily for the low-income persons; a description of eligible activities can be found in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended; among the eligible activities are:

- Housing Rehabilitation (Rehabilitation or acquisition of low-income housing units).
- Homeownership assistance (subsidize interest rates and mortgage principal amounts for low - and - moderate-income homebuyers, funding the acquisition of low/moderate income housing units that are occupied by the homebuyers, others) The deadline for this activities is on October 1st, 1995)
- Activities in support of new construction housing such as infrastructure and land acquisition.
- Shelters for the Homeless
- Other

State CDBG Housing Programs grants may not be used to fund new housing construction, equipment, furnishings and personal property not an integral part of the structure. Projects must be able to start construction or rehabilitation within six

month from the date of award and the applicant has a maximum of eighteen months to satisfy the need identified, including the six months to start the project.

## 2. Community Development Projects

Guidance Amount \$17,394,880.00

The CDP is made available to assist units of local governments in carrying out significant community facilities and Infrastructure, public facilities and other activities that will meet national objectives. Priority will be with those projects initiated in previous fiscal years and which are to be completed to satisfy the need identified. As a general rule, activities not identified as eligible in section 105(a) of Title I of the Housing and urban Development Act of 1974, as amended, are considered to be ineligible.

Projects of CDP must be able to start, continuation or provision of services within six months from the date of award and applicant has a maximum of eighteen months to complete the activity.

### 2a. Public Services Project

A guidance fund of \$1,871,527 has been established to fund activities focused to address needs related to Public Security in Communities of high criminal incidence; to attend needs of Homeless and special needs population. In general, the eligible public service activities are those which are directed toward improving the community's public services and facilities including but not limited to those areas. Crime prevention, health care, services to Homeless persons, Housing Counseling, Fair Housing activities, drug abuse, education and training. and others activities described at section 105(a) of the Act. Those activities will be designed in accordance to the strategy developed to attend the needs of the special groups.

3. Economic Development Project Guidance Amount  
\$17,467,587

This program is intended to promote the design and implementation of an economic development strategy at the local level; thus, expanding the commercial activity, the revitalization of deteriorated areas, and promoting the creation of new jobs opportunities. The units of local government shall encourage the participation of different sectors of the communities, Public, Private for Profit and non-profit. Throughout this program, economic development undertaken with State CDBG funds must be appropriate to carry out an economic development project. It should be demonstrated that each project has a reasonable expectation of success.

4. Contingency Fund

Guidance Amount \$1,247,685

The state has established a grants to alleviate or resolve primary threats to health or safety that require an immediate solution. Others funds that become available such as those recaptured or remaining during 1995 may be added to the Contingency fund. In the case of remaining funds they will be placed on the Contingency Fund . All projects must meet the national objective. Applications for immediate threats grants may be submitted anytime during the 1995 Program year. The program is to provide a solution to problems of an urgent nature that were not evident at the time of the regular grants application process. Special consideration will be given to the following: The extent to which a serious threat to health or safety is documented, is of recent origin, or which recently become urgent.

Projects must be able to start immediately and applicant has a maximum of 90 days to complete the activity to satisfy the need identified.

Applications receiving scores above the minimum of 50% (90) of the total points will be awarded funding. Any remaining funds will be transferred to the contingency fund.

Applicants are cautioned to carefully consider their needs and to request the minimum amount of State CDBG funds required. It is important to demonstrate the capability to expend the funds in a timely fashion; If this is not provided, OCAM may reduce the grant amount.

Except Projects of the contingency Fund, each project will be rated against all projects addressing the same program category, according to the criteria established. It should be noted that each project within an application will be given a separate impact rating, if each one is clearly designated by the applicant as a separate and distinct project.

In the case of ties at the funding line, OCAM will break ties using the program impact rating in the first option; the second option will be the score on needs factors.

## 2. Selection Criteria

### a. Need Total Points 40

OCAM uses 1990 Census Data to determine the absolute number and the percent of persons in poverty residing within the applicant unit of general local government.

-Need: absolute number of persons in poverty. Individual scores are obtained by dividing local

applicants absolute number of persons in poverty by an applicant and multiplying by 20. (20) Points)

- Need: Percent of Persons in Poverty. Individual scores are obtained by dividing local applicants percentage of persons in poverty by the highest percentage of persons in poverty of an applicant and multiplying by 20. (20 Points)

Based in 1990 Census data.

b. Project Impact Points 100

Points will be awarded taking in consideration the following; not necessarily in that order:

- Extent and seriousness of the identified need.
- Results to be achieved.
- Numbers of beneficiaries, given the type of program.
- Additional actions that may be necessary to fully resolve the need.
- Previous actions taken by the applicant to address the need. The identification of all past actions and activities conducted to reduce, resolve, or avoid the problem; systems failing due to lack of maintenance will be considered within the process of awarding points.
- Whether displacement will be involved and what steps will be taken to minimize displacement and to mitigate its adverse effects or related hardships.
  - Project Feasibility
  - Program Design and administration

In describing Program Impact, information should be

used to describe the extent of the need as the impact of the proposed project. The applicant should use quantitative and measurable documentation (ej. Number of Housing Units). There is information to support feasibility that is important to be included in the application; as an example: Letters of Commitments or endorsement from public agencies.

In evaluating economic development projects, it will be taken in to consideration the commitment of other sources of financing, with the project. Financial analysis; which includes creation and retention of jobs opportunities for low-moderate income persons in the municipality, leverage (if applicable), repayment (if applicable), Program Income, and other benefits that promote the increase of the commercial activity in the unit of local government.

c. Performance: 30 Points

Past administrative performance will be taken in consideration when evaluating the application. It will be an important criteria in assessing the effectiveness of the proposed program. The aspects included in the evaluation of performance will be: Rate of expenditures, Status of Single Audits, and close out of Previous Program, Results of Monitoring and effectiveness in responding to findings in a timely manner.

d. Discretionary Criteria: 10 Points

The status of the Fiscal Mechanized systems designed by OCAM for the units of local government will be considered. The efforts made by the municipalities to implement the systems is important in the development of the administrative fiscal capacity of the applicant.

**E. Units of General Local Government:Responsibilities**

Units of general local governments eligible for assistance under the State CDBG are subject to participation requirements. The nonentitlement municipality must:

Program Income. The use of the Program Income will be established in the close-out agreement between OCAM and the unit of Local Government.

#### **7. REMAINING FUNDS:**

Remaining Funds are funds that are no longer intended to be distributed according to the method of distribution for annual grants. It an amount left over after awarding grants, It could be a small amount that is not sufficient to fully fund and application.

Remaining funds not distributed after the 1995 application cycle may be used for Contingency Fund.

#### **8. Recaptured Funds**

It is OCAM's policy to recapture unobligated CDBG funds from units of local government. This recapture of funds will not affect the completion of projects that are initiated. The recapture of unobligated Funds from FY from 1985 to 1995 will be subject to the following guidelines.

- a. It will review applications for the contingency fund that are still on needs of funds. Recaptured funds will be used to fund the applications evaluated and eligible to receive assistance.

The Exceptions to this policy may be made based on the following considerations.

- The grant recipient's may retain the amount that not exceed the 18% for administrative activities.
- Requests from units of local governments to retain unspent funds must meet State CDBG requirements, and the Final Statement criteria for the year in which the funds were originally awarded.

#### **Monitoring Standards and Procedures**

The monitoring activities described in this section applies to the four formula programs that are part of the Consolidated Plan. The state will conduct monitoring to the applicants to review for compliance with the primary and national objectives