

COMMONWEALTH OF PUERTO RICO

# State Consolidated Plan



for Housing & Community  
Development Programs and  
Action Plan 2011

## 2011 Action Plan

May 17, 2011

*Revised as of June 16, 2011*



Oficina del Comisionado de Asuntos Municipales

Community Development Block Grant (CDBG)



AUTORIDAD PARA EL  
FINANCIAMIENTO DE LA VIVIENDA  
DE PUERTO RICO

10700000,00  
10700000,00  
10700000,00

ESTADO LIBRE ASOCIADO DE PUERTO RICO

Home Investment Partnership (HOME)



Emergency Shelter Grant



Housing Opportunities For Persons With AIDS (HOPWA)





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## FORM 424 - CDBG

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## FORM424 - HOME

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## FORM 424 - ESG

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## FORM 424 - HOPWA

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### **EXECUTIVE SUMMARY FOR THE CDBG PROGRAM [91.320(B)]**

#### **Objectives and Outcomes Identified in the Plan**

The 2011 Annual CDBG Action Plan (2011 AAP) is the second annual plan that updates the strategic plan prepared by the Office of the Commissioner for Municipal Affairs (OCMA). This strategic plan establishes the continuance of the housing and community development goals for the State's CDBG five-year Consolidated Plan (CP-2010-2014), which addresses housing and community development needs for the Commonwealth of Puerto Rico. The purpose of the AAP is to:

- A. Summarize the state's five-year priorities and strategies for housing, community development, and economic development;
- B. Describe how the state proposes to further the five-year priorities and strategies of the Consolidated Plan;
- C. Explain the state's distribution method for the CDBG Program;
- D. List the resources available to the non-entitlement municipalities and to the state for furthering the five-year strategies;
- E. Report on specific items required by the U.S. Department of Housing and Urban Development (HUD), such as lead-based paint actions and removal of barriers to affordable housing; and
- F. Review citizen comments about the 2011 AAP

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The AAP for 2011 summarizes categories and priorities for the distribution of \$43,698,507 in CDBG funds as presented in the following table:

### USE OF CDBG FUNDS FOR PY 2011

Use of Funds (category)	Allocation
Basic Allocation	\$17,955,000
Competitive Round	\$23,132,550
Emergency	\$800,000
Small Business Loan Program	\$500,000
State Administration	\$873,972
Technical Assistance	\$436,985.00
<b>Total</b>	<b>\$43,698,507</b>

Additional funding could be available throughout the program year (PY) from funds recaptured from previous CDBG awards to the non-entitlement municipalities and any funds reallocated by HUD to the state. In order to meet the primary national CDBG objective of developing viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities principally for low-and moderate-income persons (LMI), OCMA has developed the following priorities, strategies, and outcomes.

The Commonwealth of Puerto Rico will fund three priorities in this plan, which summarizes the goals of the five-year Consolidated Plan. The main priorities, strategies, and performance outcomes included in the 2011 AAP are:

1. Housing Priority: To respond to the municipal needs for sound, safe, decent, and appropriate affordable housing as part of balanced, sustainable economic development in the non-entitlement municipalities of Puerto Rico.

#### Strategies:

- Promote housing preservation by improving the quality of the existing affordable housing stock.

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- Promote homeownership among additional households by expanding affordable homeownership opportunities.
- Enhance statewide understanding of fair housing law through outreach and education.

### Performance Outcome:

- Providing Decent Housing covers the wide range of housing activities undertaken with CDBG funds, focusing on homebuyer activity and homeowner rehabilitation. National objective LMH will be related to this outcome.
  - Investing in affordable housing benefits low-income households by preserving the quality of the existing affordable housing stock, assisting additional households in becoming homeowners, and improving the understanding of fair housing laws through outreach and education.
2. Community Development Priority: Strengthen non-entitlement communities through community development improvements and public services, which provide a stable platform for economic development.

### Strategies:

- Assist in developing and financing appropriate public facilities and infrastructure for non-entitlement municipalities that have planned and set priorities for short and long-term development.
- Improve the quality of public services rendered to low-income persons and those with special needs.
- Increase the capacity, efficiency, and efficacy of local planning efforts that result in long-term development.
- Assist in the reconstruction of public infrastructure for non-entitlement municipalities that have been damaged by man-made or natural disasters.

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### Performance Outcome:

- Creating Suitable Living Environments involves activities designed to benefit communities, families, or individuals by addressing issues within their living environment. Such activities target a wide range of issues faced by low- and moderate-income persons, from physical problems with their environment such as poor quality infrastructure and public facilities, to social issues like crime prevention, literacy, or elderly health services. National objectives LMA, LMC, and URG will be related to this objective.
  - Investing in community development benefits low-income persons by developing activities that aim to improve communities and neighborhoods, help them make livable or viable, and eliminate deteriorating conditions.
3. Economic Development Priority: Foster the sustainability of the business and industrial sector, thus assisting in the economic development of the non-entitlement communities and people.

### Strategies:

- Promote the startup of new businesses as well as the retention and expansion of existing businesses in non-entitlement municipalities. This will be achieved through investment of CDBG funds (and any incentive funds and credits).
- Provide entrepreneurial assistance to microenterprises and other small enterprises through investment of CDBG funds.

### Performance Outcome:

- Creating Economic Opportunities applies to activities related to economic development, commercial revitalization, or job creation. National objective LMJ will be related to this objective.
- Investing in economic development benefits low-income persons by providing

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new jobs or retaining existing ones, and by leveraging public and private investments in such projects in order to stimulate community revitalization.

The 2011 AAP details specific objectives and performance measurements to meet the goals outlined in the priorities, strategies, and performance outcomes. In addition, the AAP includes a detailed method of distribution which outlines the state's proposal for distributing funds to address needs.

OCMA has created the "Outcome Performance Measurement System" manual to better measure the accomplishments of activities funded with CDBG. Those activities include: Public Facilities or Infrastructure; Owner Occupied Rehabilitation; Down Payment Assistance; Job Creation; Job Retention; and Business Assistance. An explanation of OCMA's Outcome Performance Measurement System is included in the AAP. Specific outcome statements and indicators are contained in each Priority section of the Plan, as required in HUD's Notice [Docket No. FR-4970-N-02] and per Federal Register 24 CFR Parts 91 and 570 Consolidated Plan Revisions and Updates Final Rule.

The 2011 AAP includes monitoring standards and procedures used by OCMA to ensure that all activities funded by HUD meet statutory and regulatory requirements. Other Actions, which include Underserved Needs, Foster and Maintain Affordable Housing, Remove Barriers to Affordable Housing, Evaluate and Reduce Lead Based Paint Hazards, Reduce the number of Poverty Level Families, Develop an Improved Institutional Structure, Enhance Coordination Between Public and Private Housing and Social Service Agencies, and Fostering Public Housing Resident Initiatives, are described in the 2011 AAP as required by HUD.

### **Evaluation of Past Performance**

OCMA has successfully addressed the priority needs identified in the Consolidated Plan. The State has worked hard to further the primary national CDBG objective of developing viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities mainly for low-and moderate-income persons (LMI).

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The projects selected each year by the state address the priority needs identified in the state's Consolidated Plan. Specific details about the state's past performance on priorities covered by the Consolidated Plan and strategies contained in Annual Plans are available through the state's Consolidated Annual Performance and Evaluation Report (CAPER) submitted to HUD each year. The 2009 CAPER was submitted to HUD on September 28, 2010, and is the most recent report submitted by OCMA. The report contains information regarding significant achievements in meeting the needs of non-entitlement municipalities. OCMA began to utilize its Outcome Performance Measurement System in 2006, which will allow OCMA to better measure the accomplishments of activities funded with CDBG.

Some achievements include:

To pursue the primary statutory CDBG Program objective of developing viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities, the following goals were met during fiscal year 2010:

### Housing

In terms of providing affordable housing, 90 low and moderate income families received assistance for down payment and closing cost under the "Homeownership Program". A total of \$314,963.05 has been granted during this fiscal year.

- In terms of providing decent affordable housing, 560 housing units were rehabilitated. A total of 1,977 low and moderate income households directly benefitted from this.

### Public Services.

In order to improve the quality of public services rendered to low and moderate income persons and those with special needs, we attended multiple activities regarding the creation of suitable living environments.

- A total of 2,052 senior citizens directly benefitted from home care services.

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- A total of 23,291 low and moderate income persons received the benefit for community's services and health care services.
- Three (3) projects were completed to attend crime prevention needs, benefiting 62,325 low and moderate income persons.
- Activities to address educational needs benefited 2,386 children and youth.

### Public Facilities and Improvements

Community development activities for creating suitable living environments are divided in two mayor categories: Public Facilities and Public Improvements to the municipal infrastructure.

- Regarding public facilities, 62 projects were completed for the construction or rehabilitation of parks and recreational areas, neighborhood facilities, youth centers, libraries, cemeteries, and public parking facilities. A total of 233,237 low and moderate income persons benefitted directly.
- Concerning public improvements activities, 89 projects were completed which involved paving gravel streets; solid waste: installing curbs, gutters, and sidewalks; water and sewer lines; and flood and drainage. A total of 386,466 low and moderate income people benefitted directly.

The Summary of Specific Annual Objectives (State Table 3A) is provided in the following table, arranged by Outcome/Objectives, Performance Indicators, and Activity Description.

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**OPTIONAL TABLE 3A- SUMMARY OF SPECIFIC ANNUAL OBJECTIVES**

Specific Obj. #	Outcome/Objective Specific Annual Objective	Performance Indicators	Program Year	Expected Number	Actual Number	Per cent Completed
<b>DH-2 AFFORDABILITY OF DECENT HOUSING</b>						
DH-2.1	Down payment and closing assistance for acquisition and existing housing for low income homeownership. (MC #13)	Direct financial assistance to homebuyers.	2010	50		
			2011	50		
			2012	75		
			2013	75		
			2014	100		
MULTI-YEAR GOAL			350			
DH-2.2	Homeowner rehabilitation of housing units from substandard conditions. (MC# 14)	Owner occupied units rehabilitated.	2010	500		
			2011	550		
			2012	600		
			2013	650		
			2014	700		
MULTI-YEAR GOAL			3,000			
<b>EO-1 AVAILABILITY/ACCESSIBILITY OF ECONOMIC OPPORTUNITY</b>						
EO-1.2	Low/mod limited clientele Microenterprise development (MC # 18C)	People	2010	15		
			2011	20		
			2012	25		
			2013	30		
			2014	35		
MULTI-YEAR GOAL			125			
<b>SL-1 AVAILABILITY/ACCESSIBILITY OF SUITABLE LIVING ENVIRONMENT</b>						
SL-1.1	Senior citizen assisted. (MC# 05A)	People	2010	1,250		
			2011	1,500		
			2012	1,750		
			2013	2,000		
			2014	2,250		
MULTI-YEAR GOAL			8,750			
SL-1.2	Youth services assisted. (MC # 05D)	People	2010	1,500		
			2011	1,750		
			2012	2,000		
			2013	2,250		
			2014	4,500		
MULTI-YEAR GOAL			10,000			

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SL-1.3	Persons assisted with health services. (MC # 05M)	People	2010	250		
			2011	500		
			2012	750		
			2013	1,000		
			2014	1,250		
MULTI-YEAR GOAL			3,750			
SL-1.4	Persons for which access to new or improved senior centers were provided. (MC # 03A)	People	2010	250		
			2011	500		
			2012	750		
			2013	1,000		
			2014	1,250		
MULTI-YEAR GOAL			3,750			
<b>SL-3 SUSTAINABILITY OF SUITABLE LIVING ENVIRONMENT</b>						
SL-3.1	Persons for which access to acquisition of real property were provided. (MC # 01)	Public Facilities	2010	15,000		
			2011	15,000		
			2012	15,000		
			2013	15,000		
			2014	15,000		
MULTI-YEAR GOAL			75,000			
SL-3.2	Persons assisted with general public services. (MC # 05)	Public Services	2010	1,000		
			2011	2,000		
			2012	3,000		
			2013	4,000		
			2014	5,000		
MULTI-YEAR GOAL			15,000			
SL-3.3	Persons assisted with crime awareness services. (MC # 05I)	People	2010	15,000		
			2011	20,000		
			2012	25,000		
			2013	30,000		
			2014	35,000		
MULTI-YEAR GOAL			125,000			
SL-3.4	Persons for which access to a new or improved public facilities and improvements were	People	2010	35,000		
			2011	40,000		
			2012	45,000		

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	provided. (MC # 03)		2013	50,000		
			2014	55,000		
		MULTI-YEAR GOAL		225,000		
SL-3.5	Persons for which access to a new or improved neighborhood facilities were provided. (MC # 03E)	Public Facilities	2010	16,000		
			2011	17,000		
			2012	18,000		
			2013	19,000		
			2014	20,000		
		MULTI-YEAR GOAL		90,000		
SL-3.6	Persons for which access to a new or improved parks and recreational facilities were provided. (MC # 03F)	Public Facilities	2010	125,000		
			2011	150,000		
			2012	175,000		
			2013	200,000		
			2014	225,000		
		MULTI-YEAR GOAL		875,000		
SL-3.7	Persons for which access to new or improved parking facilities were provided. (MC # 03G)	Public Facilities	2010	1,000		
			2011	1,000		
			2012	1,000		
			2013	1,000		
			2014	1,000		
		MULTI-YEAR GOAL		5,000		
SL-3.8	Persons for which access to new or improved solid waste were provided. (MC # 03H )	Public Facilities	2010	25,000		
			2011	25,000		
			2012	25,000		
			2013	25,000		
			2014	25,000		
		MULTI-YEAR GOAL		125,000		
SL-3.9	Persons for which access to new or improved flood drain facilities were provided. (MC # 03I)	People	2010	5,000		
			2011	6,000		
			2012	7,000		
			2013	8,000		
			2014	9,000		
		MULTI-YEAR GOAL		35,000		

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SL-3.10	Persons for which access to new or improved water/sewer facilities were provided. (MC # 03J)	People	2010	5,000		
			2011	6,000		
			2012	7,000		
			2013	8,000		
			2014	9,000		
MULTI-YEAR GOAL			35,000			
SL-3.11	Persons for which access to new or improved street facilities were provided. (MC # 03K)	People	2010	300,000		
			2011	325,000		
			2012	350,000		
			2013	375,000		
			2014	400,000		
MULTI-YEAR GOAL			1,750,000			
SL-3.12	Persons for which access to new or improved sidewalks facilities were provided. (MC # 03L)	People	2010	5,000		
			2011	6,000		
			2012	7,000		
			2013	8,000		
			2014	9,000		
MULTI-YEAR GOAL			35,000			

## EXECUTIVE SUMMARY FOR THE HOME PROGRAM [91.320 (B)]

### Introduction

On February 12<sup>th</sup>, 2010, the Governor of Puerto Rico, Luis G. Fortuño, submitted a letter to HUD regarding his intent to transfer the responsibility for administering the Commonwealth's HOME Investment Partnerships (HOME) Program from the Puerto Rico Department of Housing (PRDH) to the Puerto Rico Housing Financing Authority (PRHFA)<sup>1</sup>.

<sup>1</sup> The Puerto Rico Housing Financing Authority is a wholly owned subsidiary of the Government Development Bank resulting from the merger of the Puerto Rico Housing Bank and Finance Agency, and the Puerto Rico Housing Finance Corporation. The Puerto Rico Housing Corporation was created in 1977 after the Government Development Bank launched an initiative to help stimulate the local housing sector. The Housing Bank and Finance Agency was created in 1961 to provide financing to low-income families to become homeowners. In 2001, the Commonwealth established as a priority the need to restructure all public agencies in charge of offering financing for housing. In addition, the Commonwealth prioritized the need to merge under a single operation the financing services for low-income housing. Effective February 8, 2002, the Housing Finance

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After a period of evaluation, HUD responded on April 7<sup>th</sup> 2010, recognizing PRHFA as an eligible entity to administer the HOME program for the Commonwealth of Puerto Rico. Therefore, since July 1<sup>st</sup>, 2010, HUD has recognized the Puerto Rico Housing Financing Authority as the agency responsible for managing and carrying out the Commonwealth's HOME program. This designation was done to capitalize on PRHFA's vision, structure, functioning, and responsibilities.

The mission of the **PRHFA** is:

- to increase the affordable housing stock in the island,
- to properly administer public housing assets, and
- to provide the needed subsidies in order to allow low and moderate income families and individuals to occupy a sound, safe, and sanitary dwelling that would enhance their quality of life and self-sufficiency.

### Objectives and Outcomes Identified in the Plan

The allocation for HOME Program for Program Year 2011, is \$16,204,732.. The Puerto Rico Housing Finance Administration (**PRHFA**) is the entity responsible, of defining the methods for distributing these funds to the interested municipalities, developers, community housing development organizations (**CHDO**), and individuals throughout the island of Puerto Rico.

The following tables show the affordable housing goals of the HOME Program. These goals are contained in the 2010-14, 5-Year Housing Strategy (**5YHS**), reflecting the expected performance measurement goals targeted by the PRHFA.

The **TABLE** titled **PROPOSED DISTRIBUTION OF FUNDS AND ACCOMPLISHMENTS BY PROGRAM ACTIVITY** shows the funding categories, amounts allocated and average disbursement per housing unit that will be committed through **PY 2011**. With this allocation, the *HOME Program*

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Corporation became the Housing Finance Authority (PRHFA) and the Housing Bank and Finance Agency was dissolved and its powers were transferred to the Housing Finance Authority.

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expects to assist 2,175 households in need of rehabilitating their **HOME**, including prospective homebuyers, renters, and homeowners.

### GRANT FUNDS BY ACTIVITY ALLOCATION FOR PY 2011

<b>Assigned Budget:</b>	<b>\$16,204,732</b>
<b>Distribution by Category:</b>	
<b>State Administration</b>	<b>\$1,620,472</b>
Construction of Housing or Rehabilitation by Community Housing Development Organizations (CHDO)	\$2,430,710
Operational Costs - "CHDO"	\$324,095
Rehabilitation or Construction of Housing for Rent	\$4,659,476
Construction of Housing by Developers for Sale	\$3,077,012
Direct Assistance to Homebuyers	\$3,164,927
Rehabilitation of Housing by Owner	\$928,040
<b>Customers to be served: low-income residents of Puerto Rico's 78 municipalities.</b>	

The performance measures goals for PY 2011 established are shown in the following table.

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## ANNUAL ACTION PLAN - SUMMARY OF SPECIFIC ANNUAL OBJECTIVES

Specific Obj. #	Outcome/Objective Specific Annual Objective	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
<b>DH-2 Affordability of Decent Housing</b>							
2.2.1	Construction of affordable housing units for low income Homeownership	HOME	Homeownership units constructed or acquired with rehabilitation	2010	100	-	0.00%
				2011	100	0	0.00%
		PRIVATE		2012	100	-	0.00%
				2013	100	-	0.00%
		2014		100	-	0.00%	
MULTI-YEAR GOAL				500	0	0.00%	
2.2.2	Down payment and closing cost assistance for the acquisition of existing housing for low income Homeownership	HOME	Direct financial assistance to Homebuyers	2010	100	0	0.00%
				2011	100	0	0.00%
		PRIVATE		2012	100	0	0.00%
				2013	100	-	0.00%
		2014		100	-	0.00%	
MULTI-YEAR GOAL				500	0	0.00%	
2.2.3	Construction or Rehabilitation of affordable housing units for rental occupancy	HOME	Rental units constructed or rehabilitated	2010	150	0	0.00%
				2011	150	0	0.00%
		PRIVATE		2012	150	0	0.00%
				2013	150	-	0.00%
		2014		150	-	0.00%	
MULTI-YEAR GOAL				750	0	0.00%	
2.2.4	CHDO construction of affordable housing units for Homeownership	HOME	Homeownership units constructed or acquired for rehabilitation	2010	21	-	0.00%
				2011	21	-	0.00%
		PRIVATE		2012	21	-	0.00%
				2013	21	-	0.00%
		2014		21	-	0.00%	
MULTI-YEAR GOAL				105	-	0.00%	
2.2.5	CHDO rehabilitation of affordable housing units for rental occupancy	HOME	Rental units constructed	2010	49	-	0.00%
				2011	49	-	0.00%
		PRIVATE		2012	49	-	0.00%
				2013	49	-	0.00%
		2014		49	-	0.00%	
MULTI-YEAR GOAL				245	-	0.00%	
2.2.6	Homeowner rehabilitation of housing units from substandard condition	HOME	Owner occupied units rehabilitated	2010	15	0	0.00%
				2011	15	0	0.00%
		PRIVATE		2012	15	0	0.00%
				2013	15	-	0.00%
		2014		15	-	0.00%	
MULTI-YEAR GOAL				75	0	0.00%	
<b>GRAND TOTAL</b>					<b>2,175</b>	<b>0</b>	<b>00.00%</b>

### Evaluation of Past Performance

Past performance is quoted from the 2009 Annual Community Assessment submitted to HUD on November 22<sup>th</sup>, 2010. The following is a summary of some PRHFA accomplishments.

- HOME funds were used in the production of affordable Homeownership, rental units, and for substantial rehabilitation of owner-occupied single-family housing units. According to the summary of accomplishments, the PRHFA assisted 114 new homebuyers by offering financial support for down payments and closing costs, as well as substantially rehabilitating 13 owner-occupied single family housing units.
- In order to address the increasing demand for rental housing units, the PRHFA changed priorities to focus on producing rental housing. In PY 2009, the PRHFA reported the production of 682 rental housing units. Based on the annual action plan, the PRHFA exceeded its expected outcome in the production of rental housing units.
- The 2009 review disclosed that the PRHFA complies with income targeting requirements. HOME program funds were used to address the housing needs of extremely low, very low, and low income households. One hundred percent of the rental housing units produced were occupied by households at or below 50% of the median income.
- With respect to audits and financial management, the 2010 review found that the PRHFA complies with the single audit requirements. There were no audit findings when the assessment was made.
- During PY 2009, the State HOME Program committed the amount of **\$13,867,611.86**, increasing the overall accumulated rate of commitment from **\$6,613,183.57** in PY 2008.

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The **TABLE: ACCUMULATED PROGRESS THROUGH THE 5 YEAR HOUSING STRATEGY (5YHS) FOR PYS 2005-09** below provides a statistical representation of the accomplishments of the **HOME** Program during PYS 2005-09, in terms of the annual goals established for the fourth year of the **5YHS**.

### ACCUMULATED PROGRESS THROUGH THE 5 YEAR HOUSING STRATEGY FOR PYS 2005-09

Performance Indicators	2005		2006		2007		2008		2009		Total		%
	Exp	Act	Exp	Act									
Homeownership units constructed or acquired with rehabilitation	193	-	175	99	101	-	101	-	78	143	648	242	37%
Direct financial assistance to homebuyers	89	83	75	106	68	156	68	168	120	114	420	627	149%
Rental units constructed	138	80	104	311	157	345	157	481	101	682	657	1,899	289%
Rental units rehabilitated	83	-	48	4	86	-	86	-	50	132	353	136	39%
Owner occupied units rehabilitated	20	5	19	25	19	14	19	14	17	13	94	71	76%
<b>MULTI-YEAR GOAL</b>	<b>523</b>	<b>168</b>	<b>421</b>	<b>545</b>	<b>431</b>	<b>515</b>	<b>431</b>	<b>741</b>	<b>366</b>	<b>1,084</b>	<b>2,172</b>	<b>3,053</b>	<b>141%</b>

The major accomplishment in terms of providing decent and affordable housing is met taking into consideration that the number of rental households to be benefited increased significantly along the number of Homeowner units rehabilitated. For PY 2009, the program exceeded its Multi-Year Goal, due in great part to the amount of rental housing units constructed. In terms of accumulated progress through the **5YHS**, the indicators for direct financial assistance to homebuyers and rental units constructed surpassed goals and expectations, achieving 149% and 289%, respectively. Moreover, taking into account all other indicators and the actual numbers for PY 2009 – and constant PY 2008 expected numbers – the amount of units could have entirely surpassed the **5YHS** Multi-Year Goal, reaching 141%. Construction of new rental

housing is what led to this improvement.

## EXECUTIVE SUMMARY FOR THE ESG PROGRAM

### Description of the Emergency Shelter Grant Program (ESGP)

The Department of the Family (DF) administers the Emergency Shelter Grant Program (ESGP) for the Commonwealth of Puerto Rico. Direct administration of the Program falls under the highest management level in the Department—the Assistant Secretariat of Planning and Informatics (ASPI). The Emergency Shelter Grant Program is designed to be the first step in a continuum of assistance to prevent homelessness and to enable homeless individuals and families to move toward independent living and self-sufficiency. The Program objectives are:

- To increase the number and quality of emergency and transitional shelter facilities for homeless individuals and families;
- To operate shelter facilities and provide essential services; and
- To help prevent homelessness.

The ESG Program may be used for the following major eligible activities categories: (1) Rehabilitation and Conversion of a building to be used as emergency shelter or transitional housing for the homeless; (2) Essential Services, (3) Operating Cost, and (4) Prevention Services. The Puerto Rico Homeless 2009 Point in Time survey indicates that most of the homeless population in Puerto Rico is composed of individuals with the following special characteristics or needs: chronic homelessness, substance abuse problems, severe mental disease, HIV/AIDS, physical and developmental disabilities, domestic violence, and problems associated with the elderly.

The total fund allocation for ESG for Program Year 2011 is 3,128,215. Based in this grant, ESG's funding allocation will be distributed as follows: \$156,410 to support rehabilitation and conversion of shelter facilities, \$938,464, to support essential services for the homeless,

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\$938,467 to support the operation of shelters, \$938,464 to provide homeless prevention services, and \$156,410 for Program Administration.

### Use of Funds

For Program Year (PY) 2009, the amount of \$4,273,610.32 was distributed to 98 non-profit organizations and municipalities; \$3,114,520 from PY 2009 and \$1,159,090.30 in relocated funds from FYs 2001 to 2008. While, for Program Year (PY) 2010, the amount of \$3,300,958 was distributed to 118 non-profit organizations and municipalities; \$3,118,007 from PY 2010 and \$182,951 in relocated funds from FYs 2003 to 2009.

As in previous years, ESG personnel have continued to emphasize the importance of reporting unduplicated numbers of persons served in their progress reports. ESG staff achieves this through workshops, monitoring visits, and individual technical assistance.

The ESG Program followed the goals established in the Department of the Family 4-Year Strategy Plan, reflecting the performance measurements adopted by the agency and the Consolidated Action Plan 2005-2009. Results obtained during 2009, are included in the following table.

#### ANNUAL ACTION PLAN –2009

Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
Availability of decent affordable housing	Organizations that created housing with new/improvement availability for the homeless.	100	Rehabilitation and conversion of buildings for use as emergency shelter or transitional housing for homeless
	Homeless persons given overnight shelter or other emergency housing	5,093	Essential services to address the needs of homeless persons living on the streets, in emergency shelters, or in transitional housing.

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Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
		6,671	Operational costs – expenses incurred by an entity operating a facility for the homeless.
<b>Affordability of decent housing</b>	Households that received emergency financial assistance to prevent homelessness.	968	Prevention activities or programs designed to prevent the incidence of homelessness.

## EVALUATION OF PAST PERFORMANCE

The Department of the Family certifies that it has complied with the goals and objectives established in the Consolidated Plan.

Outcome/Objective Specific Annual Objective	Sources of Funds	Performance Indicators	Fiscal Year	Expected Number	Actual Number	Percent Completed
<b>DH-1 Availability/Accessibility of Decent Housing</b>						
1.1.1 Provide Shelter and non-residential services to an estimated 75,000 homeless persons.	ESG	Homeless Shelter Emergency housing	2005	16,000	16,109	101%
			2006	16,000	12,597	74 %
			2007	16,000	16,029	100 %
			2008	16,000	17,794	105 %
			2009	11,000	11,764	107%
			MULTI-YEAR GOAL	75,000	74,293	99 %
<b>DH-2 Affordability/Decent Housing</b>						
2.1.1 Prevent Homeless to an estimated of 7,000 non-homeless households.	ESG	Homeless prevention	2005	1400	1,330	95 %
			2006	1400	5,606	400 %
			2007	1400	1,482	106 %
			2008	1400	1,421	101 %
			2009	1,400	968	69%
			MULTI-YEAR GOAL	7,000	10,807	154%

The following Table describes by priority group the total individuals/families that benefited from consolidated funded activities during Program Year 2009.

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### TOTAL OF INDIVIDUALS/FAMILIES BY PRIORITY GROUP AND INDIVIDUALS/FAMILIES AT RISK OF BECOMING HOMELESS

PRIORITY GROUPS	2009
Chronically Homeless	7,112
Substance Abuse	2,028
Homeless with HIV /AIDS	203
Victims of Domestic Violence	2,421
<b>Total</b>	<b>11,764</b>

The number of persons served might be duplicated, since one person may fit into more than one category.

### OTHER ACCOMPLISHMENTS

During the last five years, the Department of the Family accomplished several goals towards supporting the homeless population, particularly, the approval of Law Number 130, which creates The Multi Sector Council in Support of Homeless Population (Council). This legislation focuses on homeless' rights, and establishes networks between the State and Legislative branches, municipalities, and the Community and Faith Base Organizations.

Particularly, the most significant achievements of the ESG Program during PYs 2010 and 2009, are the following:

- One hundred and twenty four (124) proposals were submitted in FY 2010, of which 6 were ineligible. A total of 124 projects fulfilled the requirements of the Evaluation Committee and were chosen to receive funds.
- During FY 2010, a total of \$3,300,958 in program funds was distributed to 90 organizations and 28 municipalities for carrying out 118 projects. Of these funds, \$3,118,007 were distributed in 2010 grants, while \$182,951 corresponded to redistributed grants from the years 2003 to 2009.

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- During FY 2009, one hundred and six (106) proposals were submitted, of which 8 were ineligible. A total of 98 projects fulfilled the requirements of the Evaluation Committee and were chosen to receive funds.
- During FY 2009, a total of \$4,273,610.32 in program funds were distributed to 58 organizations and 17 municipalities for carrying out 98 projects. Of these funds, \$3,114,520.00 were distributed in 2009 grants, while \$1,159,090.32 corresponded to redistributed grants from the years 2001, 2003, 2004, 2005, 2006, 2007, and 2008.
- Funds were divided into the following categories of expenses: rehabilitation, renovation, and conversion; essential services; operational costs; prevention; and administration (only for municipalities). These funds benefited homeless persons with special needs, such as chronically homeless individuals, drug users, HIV/AIDS, domestic violence victims, among others.
- A collaborative relationship has been maintained with faith-based and community organizations. Similarly, internal procedures have continued to be revised in order to make funding more accessible to recipients in the shortest amount of time possible. Additionally, technical assistance for both administrative and programmatic aspects has continued to be provided to organizations and municipalities.
- The amount of documents required for the funding proposal was significantly reduced, which resulted in an increase in proposals received compared to previous years.

Additionally, the ASPI implemented the following administrative and internal procedural changes that positively affected the homeless population.

### **Establishing Collaborative Relationships with Community Based Organizations**

The Department of the Family carried out several meetings with representatives from Organizations and Coalitions to get feedback concerning:

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- a. Improving internal procedures to make funds more accessible and agile to the organizations that receive ESG funds.
- b. Strengthening relationships with sub recipients and identifying needs to be served within the communities and municipalities.
- c. Providing ongoing technical assistance in administrative and programmatic matters.

### Reduction of Bureaucracy

As a result of the ongoing revision of processes, new documents have been created or redesigned which facilitate the evaluation of proposals and the assignment of funds. A monitoring and technical assistance area is currently being developed; with the aim to address the needs of those organizations and municipalities facing the most risks.

### Focus on Services

Additional personnel from the Secretariat of Planning is currently supporting the ESG program by making on site visits to identify the needs of the Organizations.

In addition, the Secretariat of Planning revised ESG fiscal and programmatic documents to make them more in tune with federal legislation and regulations and to reduce bureaucracy as well.

Moreover, Department personnel actively participated in activities that support the homeless population, such as the Point In Time Survey.

The ESG Program continued to make significant progress. As a result of the Annual Community Assessment (ACA) for Program Year 2009, the Federal Department of Housing and Urban Development (HUD) determined that the overall performance of the ESG Program needs improvement. Although the Department was able to accomplish its objectives in certain areas, some areas still require improvement.



### EXECUTIVE SUMMARY FOR THE HOPWA PROGRAM [91.320(B)]

The Puerto Rico Department of Health (PRDOH) is the Commonwealth's agency responsible for defining and implementing the AIDS programs and health treatment policies in the Island. Although the Grantee for the "Housing Opportunities for Persons with AIDS" (HOPWA) program is the Puerto Rico Department of Health, the program is administered by the City of San Juan.

The Housing Opportunities for Persons with AIDS (HOPWA) program provides housing assistance and supportive services for low-income persons living with HIV/AIDS and their families. HOPWA funds are received by the Puerto Rico Department of Health to be distributed to Eligible Sponsors that include Municipal Governments and Non Profit Organizations. On June 2010, the Municipality of San Juan and the Puerto Rico Department of Health signed an agreement that designates San Juan as a sponsor of the Commonwealth HOPWA Program.

During program year 2011 proposals will be requested from eligible organizations and municipalities. Proposals will be evaluated using a competitive method and funds will be awarded to the organizations that obtain the highest scores. The Municipality of San Juan will not distribute administrative funding to sub recipients. All funds will be used to provide services and housing activities to the eligible population.

It is expected that previous year resources will be available for distribution (carry over funds from previous years). If they become available they will be distributed according to a competitive method. The Municipality of San Juan will select sub recipients from municipalities, faith-based, and other community based organizations that provide services to these populations.

For the purpose of this Plan, the Puerto Rico EMSA will include the 78 municipalities.

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### Objectives and Outcomes

The Assistant Secretary for Community Planning and Development (CPD), the U.S. Department of Housing and Urban Development notified the Governor of the Commonwealth of Puerto Rico the total fund allocation of \$1,806,368 for Fiscal Year 2011. .

The following is the description of activities to be undertaken during Program Year 2011. All activities are expected to be undertaken during the period of July 1<sup>st</sup>, 2011 to June 30<sup>th</sup>, 2012. However, if by the end of the program year, funds are still available, they will be carried over to the next program year. The following table shows the proposed HOPWA allocation by activity for Program Year 2011:

ACTIVITIES FOR THE HOPWA PROGRAM				
Activity	Program	Description/Location	Proposed Goal	Allocation
<b>Administration</b>	HOPWA	For the grantee administrative costs of the HOPWA program.	N/A	\$54,191
	HOPWA	For the City of San Juan administrative costs of the HOPWA program.	N/A	\$122,652
<b>Housing Activities Sub recipients</b>	HOPWA	To undertake HOPWA eligible housing related activities <sup>2</sup>	500	\$1,106,164
<b>Supportive Services and other eligible activities</b>	HOPWA	To provide grants to be used for supportive services and operational expenses.	500	\$523,361
			<b>Total</b>	<b>\$1,806,368.00</b>

The PRDOH is assigning the 2011 allocation to the Municipality of San Juan, to be distributed to eligible municipal and nonprofit sub recipients. Up to 3% of the grant will be allocated to Puerto Rico Health Department administrative expenses. After the 3% is deducted, the 7% of the remaining balance will be used by the Municipality of San Juan for administrative expenses. The remaining amount will be allocated to sub recipients for eligible activities excluding administrative fees.

<sup>2</sup> Activities related to acquisition, rehabilitation, conversion, lease, and repair of facilities, funded by carry over funds.

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PRDOH has the following objectives:

- Continue to develop strategies and procedures to measure the needs of clients and sub-recipients; Provide capacity building and technical assistance to sub-recipients on budgetary, programmatic, and fiscal aspects;
- Develop monitoring procedures to evaluate the organizations' performance;
- Perform ongoing monitoring activities to evaluate fiscal, program, and clients' provision of services;
- Establish guidelines and procedures to measure the efficiency and effectiveness of the services rendered;
- The PRDOH HOPWA program will sponsor the following services:
  - Housing Assistance Services (Temporary housing, transitional housing with supportive services, and permanent housing);
  - Support Services (Day care, nutrition, health, and psychology and case management).

Activities related to acquisition, rehabilitation, conversion, lease, and repair of facilities, sponsored with carried over funds.

Eligible participants must be HIV/AIDS patients and their relatives who meet the low-income requirements established by HUD for the area where the project is undertaken.

The State HOPWA Program and the Municipality of San Juan have established performance indicators for each category of activity funded for FY 2011. The correlation between the objective and outcome will produce an outcome statement that will allow the PRDOH to report the benefits of the HOPWA Program including the name of the activity, outcome statement, specific indicator, and number of persons who benefited according the description of the activity reported. The model performance measurement system is shown in TABLE II below. This table shows the expected outcomes and objectives pursued during FY 2011.

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## HOPWA EXPECTED OUTCOME FOR PERFORMANCE MEASUREMENT Grantee Name: Department of Health

Availability/Accessibility of Decent Housing (DH-1)							
Specific Objective	Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Completed	
<b>Affordability of Decent Housing (DH-2)</b>							
DH2.1	2.1.1 Temporary Housing: # of HIV/AIDS households receiving TBRA for temporary housing for the purpose of affordability of decent housing.	HOPWA	2010	01 people	30		%
			2011		30		%
			2012		30		%
			2013		30		%
			2014		30		%
	MULTI-YEAR GOAL				150		%
	2.1.2 Treatment Services D&A: # of HIV/AIDS households receiving TBRA for temporary housing for the purpose of affordability of decent housing	HOPWA	2010	01 people	55		%
			2011		55		%
			2012		55		%
			2013		55		%
			2014		55		%
	MULTI-YEAR GOAL				275		%
	2.1.3 Tenant Based Rental Assistance (TBRA): # of HIV/AIDS households receiving TBRA for temporary housing for the purpose of affordability of decent housing	HOPWA	2010	01 people	75		%
2011			75			%	
2012			75			%	
2013			75			%	
2014			75			%	
MULTI-YEAR GOAL				375		%	
2.1.4 Short-Term Rental, Utility & Mortgage Assistance: # of HIV/AIDS households receiving STRUM for the purpose of affordability of decent housing	HOPWA	2010	01 people	120		%	
		2011		120		%	
		2012		120		%	
		2013		120		%	
		2014		120		%	
MULTI-YEAR GOAL				600		%	
<b>Sustainability of Decent Housing (DH-3)</b>							
DH3.1	3.1.1 Hospice: # of HIV/AIDS households receiving intensive care	HOPWA	2010	01 people	30		%
			2011		30		%
			2012		30		%
			2013		30		%
			2014		30		%
	MULTI-YEAR GOAL				150		%
	3.1.2 Chronically Mentally: # of HIV/AIDS households receiving persons with a severe Chronically Mental Health condition for permanent housing for the purpose of affordability of decent housing.	HOPWA	2010	01 people	5		%
			2011		5		%
			2012		5		%
			2013		5		%
2014			5			%	
MULTI-YEAR GOAL				25		%	

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### Evaluation of Past Performance

During Program Year 2009, eight (8) non-profit organizations and seven (7) municipalities were sponsored, some of which carried out more than one project. Funds were allocated on a competitive basis, in accordance with revised guidelines and the newly established housing priority strategy. A total of 469 participants/households benefited during the program year.

The activities funded by the program were: Temporary Housing, Transitional Housing with supportive services, permanent Housing, and supportive services.

Ryan White Part B and C funds were provided to the HIV/AIDS patients for medical care. The four-step system design by the PRDOH quickly responded to patients' needs, focusing HOPWA funds on housing.

## CITIZEN PARTICIPATION [91.320 (B)]

### Description of the Lead Agency

The Office of the Commissioner for Municipal Affairs (OCMA) was created under Chapter XIX of State Act Num. 81 of August 30<sup>th</sup>, 1991, as amended. The office has the responsibility to advise and regulate municipal governments in their autonomous development processes, in order for them to achieve a larger degree of fiscal autonomy within a sound administrative framework.

Appointed by the Governor of Puerto Rico, the Office of the Commissioner of Municipal Affairs is the lead agency responsible for overseeing the development of the Consolidated Plan, the Annual Actions Plans and the significant aspects of the process by which it was developed.

### Other agencies involved in the process

In fulfilling its primary role, the Office of the Commissioner of Municipal Affairs with the tutelage of a private consultant (Estudios Técnicos, Inc.) and through an Interagency Committee constituted by representatives from the Department of The Family, the Department of Health, The Municipality of San Juan, and the Puerto Rico Housing Finance Authority – established direction and supervised the processes of organization, collection and processing of

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information, liaison, coordination and preparation of the Annual Action Plan. Upon establishment of the Interagency Committee, priorities and target dates were set to address each stage of the Consolidated Planning process.

### **Description of the Development of the Plan and Efforts to Broaden Public Participation In compliance with 24 CFR Section 91.325 (b) (2) OCMA:**

The methods and strategies used to broaden public involvement included the following:

**Creation a Web Page** (www.estudios-tecnicos.com), which included links to documents and presentations developed for the Plan.



Citizens and agencies could comment through the Web Page as well as by email [planconsolidado@estudios-tecnicos.com](mailto:planconsolidado@estudios-tecnicos.com). Additionally, people's contact information was registered while viewing the webpage in order to keep them informed of activities and opportunities of public involvement.

**Establishment of an exclusive telephone line** for citizens and agencies to quickly access information and provide input and comments about needs and possible strategies. (787-552-2288).

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**Public Hearing** –On February 15<sup>th</sup>, 2011, the Office of the Commissioner of Municipal Affairs (OCMA) published an invitation to the public hearing in a major newspaper (Primera Hora). (See Exhibit II).

The objective of the hearing was to allow citizens and municipalities to share their opinions about current housing and community development needs. A description of all programs was provided and each Agency presented the initial approach with which it planned to address the identified needs and implement activities. Sign Language services were available, as well as facilities for persons with other disabilities.

**Other efforts** – As in 2010, at the beginning of the project, agencies were asked for contact information of nonprofit organizations, municipalities, and other interest groups. A data bank of organizations, municipalities, and citizens was developed and a reminder of the public hearing was sent through email to encourage public involvement (See Exhibit II). Also, follow up telephone calls were made a couple of days prior to the public hearing.

### **Notice Published For Public Participation**

The State published a Notice of Public Hearing (a copy of which is included in **Exhibit II** of this document) on the February 15<sup>th</sup>, 2011 edition of “Primera Hora” (a newspaper of Island-wide circulation).The notice invited the public and all interested parties to attend the public hearing.

### **Summary of the Citizen Participation and Consultation Process**

The hearing was held at 8:30am on March 3<sup>th</sup>, 2011 in the Department of the Family. One hundred and forty six representatives of the private and non-profit sectors, public agencies, municipal officials, and the general population attended the hearing.

A total of four participants commented during the hearing. After the meeting, citizens and municipalities could provide additional written comments for a period of 30 days (until April 4<sup>th</sup>, 2010). One written comment was received during comments periods, from one of the participants of the public hearing.

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The list of participants and the presentation used in the hearing are included as **Exhibit II**. A summary of comments and responses is included in the following table. A copy of written comments is included in **Exhibit II**.

Name	Entity	Summary of Comments	Agency Response
IVETTE PÉREZ TORO / GLORÍN RUÍZ	Fondita de Jesús	They provided comments to OCAM in relation to the Consolidated Plan, and argued that organizations, particularly community based organizations should have more participation in the planning process, and should also have more information about processes and requirements related to fund access. They also argued that organizations should have information related to remaining fund balances from previous years, and how to access them. Additionally, they wanted more information related to the following subjects: law projects that criminalize homelessness, affordable housing, rental housing, and Federal housing vouchers. Finally, they recommended that not only should it be available physically at OCAM, but also in the webpage. (Pages 57-60 of the transcript).	They should participate in the meetings of both the Multisectoral Council for PSH, as well as the meetings of the Continuum of Care. In these meetings participate representatives of the agencies, municipalities and a number of entities. The meetings can provide citizens with updated information and what is to come out in a near future. Moreover, in the DF's website one can find all the opportunities relating to both programs as well as the remaining balances.

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<p>NORMA VÁZQUEZ</p>	<p>Casa Renuevo de Amor para Ti Mujer</p>	<p>Indicated that HUD approved a \$352,000 proposal for its organization. But, it also needs to complete the fund with a matching of 20%. Ms. Vazquez, understands that there is a commitment by the OCAM so they can access funds through municipalities for the purposes of such pairings, and thus wanted to understand specifically how to access these funds. (Pages 61-67 of the transcript)</p>	
<p>SRA. ÁLIDA RIVERA</p>	<p>Fundación Comunitaria</p>	<p>Ms. Rivera reported on a local effort led by the Puerto Rico Community Foundation, through which they submitted a proposal to HUD as to qualify a local group of professionals to provide technical assistance and capacity building to the municipalities, the grantees and non for profit organizations related to the CDBG, HOME, HOPWA and ESG. (Pages 67-71 of the transcript). Ms. Rivera, also send a written comment.</p>	<p>This initiative could be worked through the Continuum of Care and the DF Community Office, since this is one of their main mission. Moreover, is the direct contact with anything established pertaining this commentary.</p>
<p>IRIS CARRASQUILLO</p>	<p>Abraham Peña Nieves, Mayor of the Municipal Island of Culebra</p>	<p>Mrs. Carraquillo, was interested in knowing whether the data to be used in 2011 proposals, is new data from the Population and Housing Census? She expressed concern about this issue, as using 2000 census data will limit the area which they can apply for funds in just two districts of the municipality. According to Carraquillo, this is also the reality of other municipalities. (Pages 71-73 of the transcript)</p>	<p>Ms. Carrasquillo was informed that data from the 2010 Census is not available. Thus the data that is going to be used for proposals is data from 2000. However, if information becomes available, it will be used.</p>

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### **Additional Efforts of the PRDF to Promote Citizen Participation**

The PRDF met the citizen participation requirement through the Office of the Commissioner of Municipal Affairs (OCAM), which advertised a public hearing in a newspaper of general circulation to provide to participant information about the Action Plans for the ESG, HOME, and HOPWA Programs.

The PR Department of the Family has made special efforts to keep nonprofit organizations properly informed about the availability of funds. An availability of funds/Request for Proposals announcement is published in two Spanish newspapers of wide circulation throughout the Island. The funds applications, as well as the guidelines to prepare the application, were made available to organizations through the Web Page of the PRDF.

For Fiscal Year 2011, the Department of the Family will continue strengthening citizen participation and technical assistance to ESG organizations and municipalities by:

- Providing additional technical assistance for the Request for Proposal 2011.
- Sponsoring workshops to help ESG organizations become self-sufficient and develop good business practices; especially in the financial, management, and reporting systems.
- Providing technical assistance to ESG organizations regarding monitoring, particularly, beneficiary eligibility, performance measurement and progress report.
- Sponsoring cross-training among organizations and community leaders.

The Department of the Family will also continue to evaluate its process to keep making available funds and other program assistance to the ESG recipients in an expeditious way.

### **Notice Published for the Public Availability of the Action Plan**

**Exhibit III includes** a copy of a notice published regarding the availability of the action plan for citizens' review. The notice of availability was published on April 12<sup>th</sup>, 2011 in "Primera Hora," a

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newspaper of general circulation. A 30 day period was provided to comment on the Plan.

### **Summary of citizen comments on the plan, comments that were not accepted, and reasons why they were not accepted**

During the 30-day period one comment was received from Fondita de Jesús. The document received includes comments regarding the four programs and other general aspects of the process. The comment as well as the response from the concerned agencies is included in **Exhibit III**.

### **Notice of Funding Availability**

As of the date of publication of this Plan, the Deputy Assistant Secretary for Community Planning and Development (CPD) of the US Department of Housing and Urban Development (HUD) has not submitted to the Governor of the Commonwealth of Puerto Rico the formal notice on the availability of funds for Program, Year 2011. Thus, the draft of the 2011 Action Plan is based on an estimate published by HUD.

The following table shows the estimated allocation for each program for PY 2011 compared to the previous year:

**Comparative CPD Allocations for PY'S 2010 and 2011**

PROGRAM	2010	2011	CHANGE	%
CDBG	\$52,087,372	\$43,698,507	(\$8,388,865)	-16.10%
HOME	\$18,432,348	\$16,204,732	(\$2,227,616)	-12.09%
ESG	\$3,118,007	\$3,128,215	\$10,208	0.3%
HOPWA	\$1,825,260	\$1,806,368	(\$18,892)	-1.04%



## RESOURCES FOR THE CDBG PROGRAM [91.320 (c)]

### Federal Resources and Program Income Expected To Be Available

The State CDBG allocation for PY 2011 \$43,698,507. The CDBG program provides funding for housing, community, and economic development, as well as assistance for special populations in non-entitlement municipalities in Puerto Rico. CDBG resources will be allocated among the 51 non-entitlement municipalities of the island for housing, community development activities, and public services.

The allocation for non-entitlement municipalities will reach 97% of the 2011 budget, equally distributing 41% of the total grant among all municipalities. Vieques and Culebra will each receive an additional 15% above the Basic Allocation Grant. For these municipalities, the cap limit will also increase by 15% under the Competitive Round. Under this plan, 54% of funds will be made available for competitive grants, to be awarded to non-entitlement municipalities. In addition, OCAM will allocate 2% of the grant for an Emergency Fund, and 1% for economic development activities. Details of the Method of Distribution are presented the table titled Use of Funds for PY 2011.

Another federal resource available to OCMA for distributing funds among non-entitlement municipalities is the Section 108 Loan Guarantee. Under Section 108 of the Housing and Community Development Act of 1974, as amended, 24 CFR Part 540 Sub part M titled “Loan Guarantee” allows OCMA to issue in loan guarantees up to 5 times the amount of the last CDBG allocation to assist non-entitlement municipalities in the physical and economic revitalization of their communities. For PY 2011, the municipalities of Añasco, Barceloneta, Dorado, Camuy, Jayuya, Juncos, Maunabo, and San Lorenzo have a portfolio of \$30,230,260 in Section 108 funds, limiting OCMA’s authority to make new guarantees to approximately \$218,000,000.00.

On November 21, 2007, OCMA approved Circular Num. 2007-11 that allowed non-entitlement municipalities to retain the program income they earned. Section 104(j) of the Act excludes from the definition of Program Income the amount retained by the non-entitlement municipality, which is around \$25,000 per year or less. Therefore, in compliance with federal

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laws and regulations, OCMA does not require non-entitlement municipalities to return income of \$24,999 or less provided that such revenue is counted as miscellaneous revenue. The municipality is free to spend the program income with no further limitations. Nonetheless, OCMA must be informed through quarterly financial reports issued to the agency of the nature and disposition of all revenues collected by the municipality, in order to determine compliance with the Program Income Rule.

~~Program income earned by the municipality after project completion and program close-out, does not need to be reported to OCMA. However, it is recommended that the non-entitlement municipalities use such program income for any eligible CDBG activity.~~

Instructions regarding the reporting and expenditure of program income are posted at: <http://www.gobierno.pr/OCAM/ProgramaCDBG/Cumplimiento/ProgramIncome.htm>. The municipalities are required to send their program income estimates and reports through OCMA's e-mail address, fax or regular mail.

### Redistribution of Recaptured Funds

Non-entitlement municipalities are subject to OCMA policy on recapturing unused funds for longer than five (5) years. OCMA will then allocate such funds among the best municipal performers to be used in CDBG eligible activities.

### Matching Requirements

Section 24 CFR 570.489 (a)(1) established the responsibility of the Government of Puerto Rico to pay with its own resources for all administrative costs incurred in administering the State CDBG Program. Regardless, the state may use CDBG funds to finance such costs in an amount not to exceed \$100,000, plus 50 percent of such costs in excess of \$100,000. The required amount is covered by OCMA's general budget.

### Leverage of Federal Funds

To support the State CDBG Program, the Puerto Rico's Legislature is most likely allocating

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approximately \$1,041,747.00 in the General Budget Resolution to cover the non-federal support that the agency provides to non-entitlement municipalities. This allocation supports the executive office of the Commissioner, legal counsel, budget control, finance, human resources, procurement, auditing, monitoring and information systems.

Non-entitlement municipalities provide leverage to their projects in the form of: in-kind services, equity from municipal, state, and federal funds; and from the Center for the Collection of Municipal Revenues. In some instances, private donations are available to non-entitlement municipalities for the development of municipal facilities or services.

### Leverage of Publicly Owned Land

OCMA does not own any public land for leveraging federal funds. Nevertheless, some activities under the public facilities and services categories realized by the non-entitlement municipalities serve as leverage with the tenure of public land owned either by the municipality or the State.

### Summary of the Specific Annual Objectives

OCMA and HUD are both committed to pursuing the primary statutory objective of the CDBG program: developing viable communities by providing decent housing and a suitable living environment, and by expanding economic opportunities; principally for low- and moderate-income persons. OCMA ensures that at least 70% of its CDBG grant funds finance activities that benefit low- and moderate-income persons over a one-, two-, or three-year time period selected by OCMA.

OCMA achieves this general objective by granting "maximum feasible priority" to activities that benefit low- and moderate-income families or aid in the prevention and elimination of slums or blighted infrastructure. In unique circumstances, states may also use their funds to meet urgent community development needs. A need is considered urgent if it arose in the last 18 months and poses a serious and immediate threat to the welfare of the community.

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The OPTIONAL TABLE 3A- SUMMARY OF SPECIFIC ANNUAL OBJECTIVES for the CDBG Program shows the specific annual objectives for the State CDBG Program. These specific annual objectives are arranged by:

- Outcome/Objective
- Source of Funds
- Performance Indicator
- Program Year
- Expected Numeric goals for PYs 2010 to 2014

The Specific Annual Objectives established for PY 2011 correspond to the second year of OCMA's 5 Year Housing and Community Development Strategy (5YHCDS) for the 2010-2014 Consolidated Plan.

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**TABLE 3A- SUMMARY OF SPECIFIC ANNUAL OBJECTIVES**

Specific Obj. #	Outcome/Objective Specific Annual Objective	Performance Indicators	Program Year	Expected Number	Actual Number	Per cent Completed
<b>DH-2 AFFORDABILITY OF DECENT HOUSING</b>						
DH-2.1	Down payment and closing assistance for acquisition and existing housing for low income homeownership. (MC #13)	Direct financial assistance to homebuyers.	2010	50		
			2011	50		
			2012	75		
			2013	75		
			2014	100		
			MULTI-YEAR GOAL			350
DH-2.2	Homeowner rehabilitation of housing units from substandard conditions. (MC# 14)	Owner occupied units rehabilitated.	2010	500		
			2011	550		
			2012	600		
			2013	650		
			2014	700		
			MULTI-YEAR GOAL			3,000
<b>EO-1 AVAILABILITY/ACCESSIBILITY OF ECONOMIC OPPORTUNITY</b>						
EO-1.2	Low/mod limited clientele Microenterprise development (MC # 18C)	People	2010	15		
			2011	20		
			2012	25		
			2013	30		
			2014	35		
			MULTI-YEAR GOAL			125
<b>SL-1 AVAILABILITY/ACCESSIBILITY OF SUITABLE LIVING ENVIRONMENT</b>						
SL-1.1	Senior citizen assisted. (MC# 05A)	People	2010	1,250		
			2011	1,500		
			2012	1,750		
			2013	2,000		
			2014	2,250		
			MULTI-YEAR GOAL			8,750
SL-1.2	Youth services assisted. (MC # 05D)	People	2010	1,500		
			2011	1,750		
			2012	2,000		
			2013	2,250		
			2014	4,500		
			MULTI-YEAR GOAL			10,000

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Specific Obj. #	Outcome/Objective Specific Annual Objective	Performance Indicators	Program Year	Expected Number	Actual Number	Per cent Completed
SL-1.3	Persons assisted with health services. (MC # 05M)	People	2010	250		
			2011	500		
			2012	750		
			2013	1,000		
			2014	1,250		
MULTI-YEAR GOAL				3,750		
SL-1.4	Persons for which access to new or improved senior centers were provided. (MC # 03A)	People	2010	250		
			2011	500		
			2012	750		
			2013	1,000		
			2014	1,250		
MULTI-YEAR GOAL				3,750		
<b>SL-3 SUSTAINABILITY OF SUITABLE LIVING ENVIRONMENT</b>						
SL-3.1	Persons for which access to acquisition of real property were provided. (MC # 01)	Public Facilities	2010	15,000		
			2011	15,000		
			2012	15,000		
			2013	15,000		
			2014	15,000		
MULTI-YEAR GOAL				75,000		
SL-3.2	Persons assisted with general public services. (MC # 05)	Public Services	2010	1,000		
			2011	2,000		
			2012	3,000		
			2013	4,000		
			2014	5,000		
MULTI-YEAR GOAL				15,000		
SL-3.3	Persons assisted with crime awareness services. (MC # 05I)	People	2010	15,000		
			2011	20,000		
			2012	25,000		
			2013	30,000		
			2014	35,000		
MULTI-YEAR GOAL				125,000		
SL-3.4	Persons for which access to a new	People	2010	35,000		

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Specific Obj. #	Outcome/Objective Specific Annual Objective	Performance Indicators	Program Year	Expected Number	Actual Number	Per cent Completed
	or improved public facilities and improvements were provided. (MC # 03)		2011	40,000		
			2012	45,000		
			2013	50,000		
			2014	55,000		
			MULTI-YEAR GOAL			225,000
SL-3.5	Persons for which access to a new or improved neighborhood facilities were provided. (MC # 03E)	Public Facilities	2010	16,000		
			2011	17,000		
			2012	18,000		
			2013	19,000		
			2014	20,000		
MULTI-YEAR GOAL			90,000			
SL-3.6	Persons for which access to a new or improved parks and recreational facilities were provided. (MC # 03F)	Public Facilities	2010	125,000		
			2011	150,000		
			2012	175,000		
			2013	200,000		
			2014	225,000		
MULTI-YEAR GOAL			875,000			
SL-3.7	Persons for which access to new or improved parking facilities were provided. (MC # 03G)	Public Facilities	2010	1,000		
			2011	1,000		
			2012	1,000		
			2013	1,000		
			2014	1,000		
MULTI-YEAR GOAL			5,000			
SL-3.8	Persons for which access to new or improved solid waste were provided. (MC # 03H )	Public Facilities	2010	25,000		
			2011	25,000		
			2012	25,000		
			2013	25,000		
			2014	25,000		
MULTI-YEAR GOAL			125,000			
SL-3.9	Persons for which access to new or improved flood drain facilities	People	2010	5,000		
			2011	6,000		

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Specific Obj. #	Outcome/Objective Specific Annual Objective	Performance Indicators	Program Year	Expected Number	Actual Number	Per cent Completed
	were provided. (MC # 03I)		2012	7,000		
			2013	8,000		
			2014	9,000		
		MULTI-YEAR GOAL		35,000		
SL-3.10	Persons for which access to new or improved water/sewer facilities were provided. (MC # 03J)	People	2010	5,000		
			2011	6,000		
			2012	7,000		
			2013	8,000		
			2014	9,000		
		MULTI-YEAR GOAL		35,000		
SL-3.11	Persons for which access to new or improved street facilities were provided. (MC # 03K)	People	2010	300,000		
			2011	325,000		
			2012	350,000		
			2013	375,000		
			2014	400,000		
		MULTI-YEAR GOAL		1,750,000		
SL-3.12	Persons for which access to new or improved sidewalks facilities were provided. (MC # 03L)	People	2010	5,000		
			2011	6,000		
			2012	7,000		
			2013	8,000		
			2014	9,000		
		MULTI-YEAR GOAL		35,000		

## RESOURCES FOR THE HOME PROGRAM [91.320 (c)]

### Federal resources including program income and recapture funds

The PRHFA will receive \$16,204,732 in HOME funds for PY 2011, based on HUD allocation estimates.

All resources will be allocated to provide incentives for meeting the goal of developing and supporting 35 affordable rental and homeownership housing units. This will be achieved

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through the acquisition (including assistance to Homebuyers), new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities. This includes real property acquisition, site improvements, conversion, demolition, and other expenses such as financing costs and relocation expenses of displaced persons, families, businesses, or organizations. Funds will also be allocated to finance reasonable administrative and planning costs; and to pay for the operating expenses of community housing development organizations (CHDO). Housing must be permanent or transitional and serve both low and very low-income families. The distribution of **HOME** funds for PY 2011 is shown below. The category distribution followed the distribution mention in the Executive Summary.

### GRANT FUNDS BY ACTIVITY ALLOCATION FOR PY 2011

<b>Assigned Budget:</b>	<b>\$16,204,732</b>
<b>Distribution by Category:</b>	
State Administration	\$1,620,472
Construction of Housing or Rehabilitation by Community Housing Development Organizations (CHDO)	\$2,430,710
Operational Costs - "CHDO"	\$324,095
Rehabilitation or Construction of Housing for Rent	\$4,659,476
Construction of Housing by Developers for Sale	\$3,077,012
Direct Assistance to Homebuyers	\$3,164,927
Rehabilitation of Housing by Owner	\$928,040
<b>Customers to be served: low-income residents of Puerto Rico's 78 municipalities.</b>	

Program income is the gross income received by the PJ, sub recipient, or Commonwealth recipient. This is directly generated from the use of **HOME** Program funds, and must be expended in eligible activities before additional **HOME** funds are drawn down. The **PRHFA** will allocate program income, recapture, and repayment funds for any activity on line before requesting any draws from the letter of credit.

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The State HOME Program will comply with federal regulations pursuant to 24 CFR Part 92.503, which specifies that:

- Program income received must be deposited in the **HOME** Investment Trust Fund account, unless the State HOME Program permits the recipient or sub recipient to retain and use the program income for another **HOME** projects. A written agreement will be required in such cases.
- The PI collected will be allocated as a reserve account for the activity draws.
- Other specific considerations will be taken regarding **HOME** Program requirements:
  - Upon termination of a Written Agreement, the future program income or the one available at the time must be returned to the PJ.

The PJ will maintain records that identify the source and use of funds, including program income.

### Non Federal Public Sources

The **PRHFA** will commit nonfederal public sources allocated under the Assistant Secretariat for Assisted Housing and Community Development. The Secretariat administers the following programs under Commonwealth appropriations:

- Personal Savings Accounts for Individual Development, (Commonwealth Act. Num. 170 of December 4th, 2001); and
- The Community Services and Special Projects Program, created under Act Num. 211 of September 30th, 1995.
- Capital improvement is financed with the \$1,500,000 Commonwealth Special Funds that are approved by the Commonwealth Legislature.

### Non Federal Financing Available for Affordable Housing

In 2001, the Commonwealth of Puerto Rico prioritized the need to restructure the public agencies offering financing for housing in Puerto Rico, and particularly the need to merge under a single operation the financing services for low-income housing. This merger was achieved through Act No. 103 of August 11<sup>th</sup>, 2001, as amended.

The Act dissolved the Puerto Rico Housing Bank and Finance Agency (HB) and transferred all of its power, faculties, and obligations to the Puerto Rico Housing Finance Corporation. The name of the agency became the Puerto Rico Housing Financing Authority (PRHFA), which continues to operate as a Government Development Bank for Puerto Rico subsidiary.

In July 1<sup>st</sup>, 2010, the **HOME** program was transferred to the Puerto Rico Housing Financing Authority (PRHFA) from the PRDH. The PRHFA handles various housing programs, and had leveraged funds from other programs including the following:

#### Strategic Goals

- One of the primary goals of the Puerto Rico Housing Finance Authority (PRHFA or the Authority) is to address the need for adequate housing as a matter of social justice. Conscious of the fact that demand far exceeds supply, the Government's 5 yr Housing Strategy has proposed to construct or rehabilitate 50,000 housing units for low and moderate income families within a four-year period.
- Rehabilitating urban centers is another priority for the Authority, and it plans to repopulate the centers by developing housing projects, communal areas, parks, and recreational facilities.
- In addition, the PRHA aims to develop new financing mechanisms to increase the supply of available housing units.

#### Subsidy Program for Social Interest Housing - Act 124

Act No. 124 of December 10<sup>th</sup>, 1993, as amended, created a new subsidy program for low

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income housing.

- The Department of Housing of the Commonwealth of Puerto Rico and PRHFA approves the Rules and Regulations for the Program.
- The subsidy applies to new construction of refurbished projects undertaken by private developers.
- PRHFA grants a subsidy directly to eligible buyers, up to a maximum of 2% of the selling price, to be applied to the down payment and to a subsidy for the monthly payments, depending on income or family composition.
- Financing is provided by private banks.
- The selling price may be up to \$145,000. The maximum depends on the project's location. PRHFA performs the pre-evaluations for projects that apply to the Program.
- PRHFA coordinates with other agencies to speed up the permitting processes of projects.
- The Authority promotes promptness, uniformity, and coherence among the agencies granting permits.

### Section 42 of the Internal Revenue Code:

- Provides financing by selling tax credits to United Commonwealths investors.
- The product of the sale contributes to creating and preserving rental housing units.
- The Federal Tax Credit Program receives nearly \$8.2 million each year, which generates an investment of approximately \$67.7 million in Puerto Rico's economy.

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### Tax Credit Program (Act No. 140 of October 4, 2001)

- Offers tax credits for investing in new construction or in substantial rehabilitation of housing units for rent to low-income families.
  - This increases the inventory of social interest housing in the Island.
  - In addition, it guarantees rent affordability for low income families.
  - Such credit stimulates the substantial rehabilitation of existing facilities and structures that will help renovate and repopulate the urban centers of our towns.
- The local Tax Credit Program is a new \$15 million program managed by the Development and Financing Area.

### Interim Loans for Construction

- PRHFA offers financing to construct housing projects for sale. The per unit price is established in the Agency's Financing policies and in procedures approved by the Board of Directors.
- The Authority will charge a fee for the interim financing of up to 1.5% of the maximum amount approved.
- The fee varies depending on the kind of project (new construction or rehabilitation), the per unit sale price, the profit percentage for the developer, whether or not the project is FHA insured, and whether or not the PRHFA will provide a subsidy to buyer families.
- The Authority will finance up to 80% of the total development cost (land, site improvement, construction costs, and soft costs).

### Direct Loans

- To purchase primary residence up to \$150,000.

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### Mi Nuevo Hogar

- Loan Closing expenses are partially or totally subsidized by this program if the applicant qualifies.

### Act No. 87

- Mortgage insurance disbursed by Mortgage Banks.

## Subsidy Housing Administration

### Subsidy Contracts Administration

The US Department of Housing and Urban Development (HUD) chose the PRHFA to manage the subsidy contracts for all Section 8 projects in Puerto Rico. This program monitors project management to ensure the quality of life of residents and the adequate use of federal funds.

In addition, the Authority is responsible of making subsidy payments to the project owner, renovating subsidy contracts for projects, approving and processing rent increases, monitoring that any deficiencies found in the projects during physical inspections are corrected, and carrying out administrative audits of the projects each year.

### Loans for Multifamily Rental Housing

- The Authority provides interim and permanent financing for the development of rental housing projects.

## Private Sources

Private developers must demonstrate their financial capability and resources for developing housing projects that involve construction or rehabilitation of units for both rent and sale. Private funds are required as leverage for the commitment of **HOME** funds. Interim financing should be clear with the banking institution before the commitment of **HOME** funds.

Lending institutions contribute to financing affordable housing by providing flexibility on mortgage loans, conventional mortgages, and FHA mortgage insurance.

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It is necessary to point out that permanent financing for **HOME** assisted Homebuyers may be processed through any qualified mortgage institution. The Homebuyer purchase assistance will be granted directly to low-income families.

### Summary of the Specific Annual Objectives

The **PRHFA** is committed to promote and increase Homeownership among low and very low-income families. Nonetheless, rental housing development will be supported given the current housing market and needs. Thus, the **PRHA**, and consequently the PRHFA, will encourage and support the construction of affordable rental housing to assist low-income families in obtaining decent, safe, sanitary, and affordable rental housing. This objective will be achieved through the acquisition, rehabilitation, and new construction of homeownership housing; and through the rehabilitation and construction of rental housing. Efforts to attain this goal will also entail strengthening public-private partnerships between Federal and Commonwealth agencies, community housing development organizations, private developers, financial institutions, and local governments.

Throughout PY 2011, the HOME Program expects to assist 2,175 households with the allocated HOME funds, as presented in OPTIONAL TABLE 3A- SUMMARY OF SPECIFIC ANNUAL OBJECTIVES shown below. This is the HUD template that shows specific annual objectives arranged by Outcome/Objective, Source of Funds, Performance Indicator, Program Year, and Expected Numbers for PYs 2010-2014.

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**OPTIONAL TABLE 3A- SUMMARY OF SPECIFIC ANNUAL OBJECTIVES- HOME**

Specific Obj. #	Outcome/Objective Specific Annual Objective	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
<b>DH-2 Affordability of Decent Housing</b>							
2.2.1	Construction of affordable housing units for low income Homeownership	HOME	Homeownership units constructed or acquired with rehabilitation	2010	100	-	0.00%
				2011	100	0	0.00%
		PRIVATE		2012	100	-	0.00%
				2013	100	-	0.00%
		2014		100	-	0.00%	
MULTI-YEAR GOAL				500	0	0.00%	
2.2.2	Down payment and closing cost assistance for the acquisition of existing housing for low income Homeownership	HOME	Direct financial assistance to Homebuyers	2010	100	0	0.00%
				2011	100	0	0.00%
		PRIVATE		2012	100	0	0.00%
				2013	100	-	0.00%
		2014		100	-	0.00%	
MULTI-YEAR GOAL				500	0	0.00%	
2.2.3	Construction or Rehabilitation of affordable housing units for rental occupancy	HOME	Rental units constructed or rehabilitated	2010	150	0	0.00%
				2011	150	0	0.00%
		PRIVATE		2012	150	0	0.00%
				2013	150	-	0.00%
		2014		150	-	0.00%	
MULTI-YEAR GOAL				750	0	0.00%	

**OPTIONAL TABLE 3A- SUMMARY OF SPECIFIC ANNUAL OBJECTIVES**

Specific Obj. #	Outcome/Objective Specific Annual Objective	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
<b>DH-2 Affordability of Decent Housing</b>							
2.2.4	CHDO construction of affordable housing units for Homeownership	HOME	Homeownership units constructed or acquired for rehabilitation	2010	21	-	0.00%
				2011	21	-	0.00%
		PRIVATE		2012	21	-	0.00%
				2013	21	-	0.00%
		2014		21	-	0.00%	
MULTI-YEAR GOAL				105	-	0.00%	
2.2.5	CHDO rehabilitation of affordable housing units for rental occupancy	HOME	Rental units constructed	2010	49	-	0.00%
				2011	49	-	0.00%
		PRIVATE		2012	49	-	0.00%
				2013	49	-	0.00%
		2014		49	-	0.00%	
MULTI-YEAR GOAL				245	-	0.00%	
2.2.6	Homeowner rehabilitation of housing units from substandard condition	HOME	Owner occupied units rehabilitated	2010	15	0	0.00%
				2011	15	0	0.00%
		PRIVATE		2012	15	0	0.00%
				2013	15	-	0.00%
		2014		15	-	0.00%	
MULTI-YEAR GOAL				75	0	0.00%	
<b>GRAND TOTAL</b>					<b>2,175</b>	<b>0</b>	<b>00.00%</b>

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### RESOURCES FOR THE ESG PROGRAM [91.320 (D)]

The Deputy Assistant Secretary for Community Planning and Development (CPD) of the US Department of Housing and Urban Development (HUD) announced an allocation of \$3,128,215 funds for ESG for Program Year 2011.

During 2011, PRDF will make available to Organizations and Municipalities any funds identified later in the fiscal year. This allocation will be administered by the PRDF, which is the State Executive Department responsible for the planning and administration of these funds, and the distribution of the funds to non-profit organizations and municipalities which provide services to the homeless population in Puerto Rico. The Program estimates it will serve **11,000 homeless** and allocate and reallocate the funds, to approximately **118 Organizations and Municipalities** for the activities of Rehabilitation, Renovation and Conversion, Essential Services, Operational Cost, Prevention of Homelessness, and the administrative costs of the Program.

#### ESTIMATED DISTRIBUTION BY PROGRAM ACTIVITIES

<i>ACTIVITY</i>	<i>ALLOCATION FUNDS</i>
	<b>2011</b>
Rehabilitation, Renovation and Conversion	\$156,410
Essential Services	\$938,464
Operational Cost	\$938,467
Prevention	\$938,464
Administrative Cost*	\$156,410
<b>TOTAL</b>	<b>\$3,128,215</b>

\*One (1%) percent of the administrative costs will be available to distribute to award Municipalities.

#### FEDERAL AND STATE RESOURCES

The Puerto Rico Balance of State Continuum of Care and the South/Southeast Puerto Rico CoC are the two federal recognized CoCs in Puerto Rico. While both CoCs collaborate extensively on

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the annual homeless Point-in-Time count, advocacy and other activities, each CoC is responsible for applying separately for HUD McKinney-Vento Homeless Assistance (Supportive Housing and Shelter Plus Care Programs) on a yearly basis through their respective lead agencies. During this program year the following additional McKinney-Vento Homeless Assistance funds will be available to provide services to the homeless population:

### Puerto Rico – Continuum of Care (CoC) Awards (2010)

CoC No.	CoC Name	Sponsor Name	Program	Amount
PR-502	Puerto Rico Balance of Commonwealth CoC	Albergue El Paraiso, Corp.	SHPR	\$283,970
PR-502	Puerto Rico Balance of Commonwealth CoC	CASA PROTEGIDA JULIA DE BURGOS, INC.	SHPR	\$405,460
PR-502	Puerto Rico Balance of Commonwealth CoC	Coalicion de Apoyo Continuo a Personas sin Hogar en San Juan	SHPR	\$516,705
PR-502	Puerto Rico Balance of Commonwealth CoC	Coalition Of Guaynabo	SHPR	\$202,491
PR-502	Puerto Rico Balance of Commonwealth CoC	Corp. La Fondita de Jesus	SHPR	\$657,039
PR-502	Puerto Rico Balance of Commonwealth CoC	Corp. La Fondita de Jesus	SHPR	\$463,000
PR-502	Puerto Rico Balance of Commonwealth CoC	Estancia Corazón, Inc.	SHPR	\$288,179
PR-502	Puerto Rico Balance of Commonwealth CoC	Hogar del Buen Pastor, Inc.	SHPR	\$237,609
PR-502	Puerto Rico Balance of Commonwealth CoC	La Perla de Gran Precio	SHPR	\$118,738
PR-502	Puerto Rico Balance of Commonwealth CoC	La Perla de Gran Precio	SHPR	\$145,637
PR-502	Puerto Rico Balance of Commonwealth CoC	Lucha Contra el SIDA, Inc.	SHP	\$882,000
PR-502	Puerto Rico Balance of Commonwealth CoC	Lucha Contra el SIDA, Inc.	SHPR	\$77,086
PR-502	Puerto Rico Balance of Commonwealth CoC	Lucha Contra el SIDA, Inc.	SHPR	\$180,963
PR-502	Puerto Rico Balance of Commonwealth CoC	Mental Health & Anti-Addiction Services Adm.	SHPR	\$1,978,515
PR-502	Puerto Rico Balance of Commonwealth CoC	Municipality of Carolina	SHPR	\$308,569
PR-502	Puerto Rico Balance of Commonwealth CoC	MUNICIPALITY OF NARANJITO	SHP	\$423,396
PR-502	Puerto Rico Balance of Commonwealth CoC	MUNICIPALITY OF NARANJITO	SHPR	\$88,816

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CoC No.	CoC Name	Sponsor Name	Program	Amount
PR-502	Puerto Rico Balance of Commonwealth CoC	Municipality of San Juan	SHPR	\$314,286
PR-502	Puerto Rico Balance of Commonwealth CoC	Municipality Of San Juan-Family & Community Department	S+C	\$974,700
PR-502	Puerto Rico Balance of Commonwealth CoC	Municipality Of San Juan-Family & Community Department	S+CR	\$477,084
PR-502	Puerto Rico Balance of Commonwealth CoC	Municipality Of San Juan-Family & Community Department	SHP	\$282,043
PR-502	Puerto Rico Balance of Commonwealth CoC	Municipality Of San Juan-Family & Community Department	SHPR	\$298,510
PR-502	Puerto Rico Balance of Commonwealth CoC	Municipality Of San Juan-Family & Community Department	SHPR	\$330,939
PR-502	Puerto Rico Balance of Commonwealth CoC	Municipality Of San Juan-Family & Community Department	SHPR	\$300,354
PR-502	Puerto Rico Balance of Commonwealth CoC	Municipality of Toa Baja	SHP	\$430,532
PR-502	Puerto Rico Balance of Commonwealth CoC	Municipality of Vega Alta	SHP	\$425,560
PR-502	Puerto Rico Balance of Commonwealth CoC	Municipality of Vega Baja	SHPR	\$153,417
PR-502	Puerto Rico Balance of Commonwealth CoC	Municipality of Vega Baja	SHPR	\$240,219
PR-502	Puerto Rico Balance of Commonwealth CoC	Programa Guara Bi,Inc.	SHP	\$597,450
PR-503	South/Southeast Puerto Rico CoC	Alianza Municipal de Servicios Integrados, Inc.	SHP	\$780,625
PR-503	South/Southeast Puerto Rico CoC	Centro de Ayuda al Menestero, Inc.	SHP	\$379,956
PR-503	South/Southeast Puerto Rico CoC	Centro Deambulantes Cristo Pobre, Inc.,	SHP	\$1,437,855
PR-503	South/Southeast Puerto Rico CoC	Centro Deambulantes Cristo Pobre, Inc.,	SHPR	\$188,188
PR-503	South/Southeast Puerto Rico CoC	Coalicion de Coaliciones Pro Personas Sin Hogar de PR, Inc.	SHP	\$2,061,050
PR-503	South/Southeast Puerto Rico CoC	CORDA DE PR, INC.	SHP	\$483,546
PR-503	South/Southeast Puerto Rico CoC	Corporacion Milagros del Amor	SHPR	\$201,122
PR-503	South/Southeast Puerto Rico CoC	COSSMA, INC.	SHPR	\$148,137
PR-503	South/Southeast Puerto Rico CoC	Estancia Corazon, Inc.	SHPR	\$197,803
PR-503	South/Southeast Puerto Rico CoC	Estancia Corazón, Inc.	SHPR	\$99,855
PR-503	South/Southeast Puerto Rico CoC	Estancia Corazon, Inc.	SHPR	\$232,745
PR-503	South/Southeast Puerto Rico CoC	Fundacion de Desarrollo Comunal de P.R., Inc "FUNDESCO"	SHPR	\$154,795
PR-503	South/Southeast Puerto Rico CoC	Fundacion de Desarrollo Comunal de P.R., Inc "FUNDESCO"	SHPR	\$135,477
PR-503	South/Southeast Puerto Rico CoC	Fundacion de Desarrollo Comunal de P.R., Inc "FUNDESCO"	SHPR	\$221,244
PR-503	South/Southeast Puerto Rico CoC	Hogar Luz de Vida, Inc.	SHP	\$784,650
PR-503	South/Southeast Puerto Rico CoC	HOGAR NUEVA MUJER SANTA MARIA DE LA MERCED, INC.	SHP	\$688,548
PR-503	South/Southeast Puerto Rico CoC	Hogar Resurreccion,Inc.	SHPR	\$207,650
PR-503	South/Southeast Puerto Rico CoC	INSTITUTO PRE-VOCACIONAL E INDUSTRIAL DE PUERTO RICO, INC.	SHPR	\$149,964

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CoC No.	CoC Name	Sponsor Name	Program	Amount
PR-503	South/Southeast Puerto Rico CoC	La Tierra Prometida, Inc.	SHPR	\$267,578
PR-503	South/Southeast Puerto Rico CoC	Lucha Contra el SIDA, Inc.	SHPR	\$575,880
PR-503	South/Southeast Puerto Rico CoC	Municipality Autonomous of Ponce	S+C	\$726,000
PR-503	South/Southeast Puerto Rico CoC	Municipality of Cayey	S+CR	\$220,320
PR-503	South/Southeast Puerto Rico CoC	Municipality of Mayagüez	S+C	\$611,520
PR-503	South/Southeast Puerto Rico CoC	Municipality of Yauco	S+C	\$157,920
PR-503	South/Southeast Puerto Rico CoC	Municipality of Yauco	SHP	\$1,029,150
PR-503	South/Southeast Puerto Rico CoC	Municipio Autonomo de Guayama	S+C	\$460,800
PR-503	South/Southeast Puerto Rico CoC	Municipio de Humacao	S+C	\$389,100
PR-503	South/Southeast Puerto Rico CoC	Programa Guara Bi, Inc.	SHP	\$594,112
<b>Total:</b>				<b>\$25,668,857</b>

The Department of Family receives other federal and state resources (FY 2011) and will receive an amount of **\$ 2,658,973,050**.

from the Federal Department of Agriculture (USDA), Department of Health and Human Services (HHS), and from the Department of Labor (DOL). These funds will finance services such as Nutritional Assistance (NAP), Soup Kitchen, Temporary Assistance to Needy Families (TANF), Services to the Families, Child Support, Child Care, and others. These Programs provide support services for the homeless in the transitional phase. Furthermore, the Government of Puerto Rico assigned funds to expand services and to comply with the Program's matching fund requirements. The following table provides details:

### OTHER FEDERAL AND STATE RESOURCES (FY-2010)\*

PROGRAM	FEDERAL	STATE	TOTAL	DESCRIPTION
<b>Nutritional Assistance Program (PAN Spanish Eponymous)</b>	\$1,744,605,000	\$50,273,000	\$1,794,878,000	Provides supplemental income to families in need in order to address their nutritional needs.

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PROGRAM	FEDERAL	STATE	TOTAL	DESCRIPTION
Nutritional Assistance Program (PAN Spanish Eponymous)-ARRA	\$255,963,000	\$0	\$255,963,000	Funds of the American Recovery and Reinvestment Act of 2009 to provide supplemental income to needy families in need.
Temporary Assistance to Needy Families (TANF)	\$80,974,079	\$48,779,000	\$129,753,000	Provides economic assistance to none and low income persons and families to help them fulfill basics needs.
Social and Economic Rehabilitation of the Family (PRES, Spanish Eponymous )	\$	\$4,952,000	\$4,952,000	Helps poor families become self sufficient.
Services to the Families and Children	\$75,164,000	\$181,138,000	\$256,302,000	Provides care and protection to children for their constructive development. Also, provide support to individuals and families who offer social work services and intervention in child adoption, abuse, domestic violence and

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PROGRAM	FEDERAL	STATE	TOTAL	DESCRIPTION
				care and protect the elderly and the disabled. Furthermore, to work in community development, emphasizing prevention.
Services to the Families and Children - ARRA	\$		Budget: Oct.1, 2008 thru Sept. 30, 2010	Funds of the American Recovery and Reinvestment Act of 2009 to provide support to individuals and families
Child Support	\$20,758,000	\$10,907,000*	\$31,665,000	To ensure that the father and mother provide alimony to their child.
Elderly Support	\$0	\$236,000	\$236,000	Ensures that people aged 60 years or more that are in need of sustenance or livelihood obtain alimony from their legally responsible direct descendants.  Establishes alimony orders by the administrative procedures of mediation

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PROGRAM	FEDERAL	STATE	TOTAL	DESCRIPTION
				<p>or court proceedings.</p> <p>Locates descendants whose whereabouts are unknown and require them to comply with their obligation to provide sustenance to their relatives</p>
Child Care	\$33,762,591	\$8,270,000	\$42,032,591	<p>To assist low- income families with child care in order to:</p> <ol style="list-style-type: none"> <li>1. Promotes parental choices that empower working parents to make their own decisions on the type of child care that best suits their needs;</li> <li>2. Provides consumer education information to help parents make informed choices about child care;</li> <li>3. Provides child care to parents trying to achieve independence from public assistance.</li> </ol>
Head Start	\$124,110,234	\$2,181,225	\$126,291,459	Head Start and Early

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PROGRAM	FEDERAL	STATE	TOTAL	DESCRIPTION
				Head Start are comprehensive child development programs that serve children from birth to age 5, as well as pregnant women and their families. They are child-focused programs that aim to improve school readiness of young children in low-income families.
<b>Disability Determination</b>	\$16,900,000	\$0	\$16,900,000.	Determines the eligibility of handicapped persons who request Social Security benefits.
<b>TOTAL</b>	<b>\$2,352,236,904.</b>	<b>\$306,736,225.</b>	<b>\$2,658,973,050.</b>	

\* According with the State Office of Management and Budget web page

There are other state funds that the DF currently receives and will continue to receive. An estimated **\$6,479,000** will be allocated to the DF from the Legislature of the Commonwealth of Puerto Rico. These funds will be donated to nonprofit organization that provides services to needy persons and families, as well as protection to abused children and homeless people.



**TABLE OTHER STATE RESOURCES**

PROGRAM	AMOUNT	DESCRIPTION
Legislative Award	\$6,229,000	To delegate funds to nonprofit organizations that provide services to needy persons, families, and the homeless; as well as protection to abused children, the elderly, and disabled people.
The Multi Sector Council in Support of Homeless Population	\$250,000	For staff and consultants to guide effective planning processes of the Council in order to eliminate chronic homelessness. For the preparation of the CoC application.
<b>TOTAL</b>	<b>\$6,479,000</b>	

## MATCHING FUNDS

Each organization that receives ESG funds must match dollar-to-dollar the funding provided with funds from other public or private sources. Recipients may use any of the following in calculating the amount of matching funds provided:

- Cash;
- The value or fair rental value of any donated material or building;
- The value of any lease on a building;
- Any salary paid to staff to carry out the program of the recipient; and

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- The value of the time and services contributed by volunteers to carry out the program of the recipient, calculated at the current minimum wage rate. Volunteers providing professional services such as medical or legal services are valued at the reasonable and customary rate in the community.

### RESOURCES FOR THE HOPWA PROGRAM [91.320 (c)]

#### Federal Resources and program income expected to be available

HOPWA allocation for FY 2011 is \$1,806,368. The HOPWA program will provide funding for permanent housing, temporary housing, transitional housing, and supportive services to persons with HIV/AIDS, and other eligible activities.

In addition, approximately \$1,082,435.37 from previous years' funds (2000 to 2009), will be available for distribution by the Municipality of San Juan among sub recipients.

No program income is expected to be collected by either the City of San Juan. No matching requirement is needed by the HOPWA program.

#### Other Resources

The PRDOH receives federal funds from the Ryan White Programs State Part B and Part C. These programs fund a vast array of services to the HIV/AIDS population in Puerto Rico, providing complementary services to all HIV patients in the Island.

### ACTIVITIES FOR THE CDBG PROGRAM [91.320 (d)]

#### Description of the Method for Distributing Funds to Local Governments

CDBG funds are allocated to assist non-entitlement municipalities in Puerto Rico in carrying out housing and community development activities that comply with Section 105 of the Housing and Community Development Act of 1974, as amended. Each activity must meet the eligibility requirements of Section 105 of the Act, plus the national objectives, in order to give maximum

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feasible priority to activities which will carry out the national objectives to benefit to low and moderate income families or aid in the prevention or elimination of slums or blight areas. The projected use of funds may also include activities certified by the Commonwealth of Puerto Rico as designed to meet other particularly urgent community development needs. In such a case, existing conditions would pose a serious and immediate threat to the welfare of the community, and other financial resources would not be available to meet such needs. Consistent with the above, each non-entitlement municipality under the State CDBG Program must be able to prove that activities financed with CDBG funds meet one of the three national objectives as contained in its certification. The criteria for determining whether an activity addresses one or more of these objectives are contained in 24 CFR 570.483 (b), (c) or (d).

The following table shows the distribution of CDBG funds by category:

### USE OF CDBG FUNDS FOR PY 2011

Use of Funds (category)	Allocation
Basic Allocation	\$17,955,000
Competitive Round	\$23,132,550
Emergency	\$800,000
Small Business Loan Program	\$500,000
State Administration	\$873,972
Technical Assistance	\$436,985
Total	\$43,698,507

In order to request CDBG assistance, non-entitlement municipalities are required to send to OCMA, one application under the Basic Grant and another application for the Competitive Round, following the established procedures. Separate applications for the Redistribution of Recaptured Funds and the Small Business Loan Program should be submitted as well.

### Eligible Activities and National Objectives

Eligible activities under the State CDBG Program are listed in Section 105 (a) of Title I of the Housing and Community Development Act of 1974, as amended. Each activity must meet one of the national objectives: benefit low and moderate income persons (24 CFR 570.483 (b)),

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elimination of slums and blight areas (24 CFR 570.483 (c)), or activities designed to address a particular urgency that poses an imminent threat to the health and safety of the community (24 CFR 570.483 (d)). Each activity should correlate with a matrix code, national objective and CDBG citation.

All applications for PY 2011 State CDBG funds must establish that no less than 70% of State CDBG funds will benefit LMI persons. Projects which do not meet eligibility requirements under Section 105(a) of Title I of the Housing Development Act of 1974, as amended, will not be considered.

### Application Submission

Application kits for the Basic Grant, Competitive Round and Small Business Loan Program will be available beginning May 13<sup>th</sup>, 2011, except the Redistribution of Recaptured Funds, which will be available on July 22<sup>nd</sup>, 2011, at OCMA, in the Federal Programs Area on the sixth floor. An original application must be submitted for each, signed with blue ink. Copies of the documents must be presented in digital form in a compact disc (CD) in WORD format without password protection, no later than June 13<sup>th</sup>, 2011, for Basic Allocation. For the Competitive Round, the proposals will be submitted on or before June 30<sup>th</sup>, 2011. On the other hand, the Small Business Loan Program will be presented to OCMA on November 2<sup>ND</sup>, 2011 and the Redistribution of the Recaptured Funds which will be presented on August 19<sup>th</sup>, 2011. The four (4) proposals will be submitted at 4:15 pm on both dates, as indicated. All proposals are also encouraged to be submitted on the PROFE (Electronic Federal Programs) for all the programs (for Competitive Round, please the Overall General Performance Criteria).

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Events	Dates
Availability of Application kits for the Basic Grant, Competitive Round and Small Business Loan Program	May 13 <sup>th</sup> , 2011
Availability of Application for Redistribution of Recaptured Funds	July 22 <sup>nd</sup> , 2011
Submission of Proposals for the Basic Grant	June 13 <sup>th</sup> , 2011
Submission of Proposals for the Competitive Grant	June 30 <sup>th</sup> , 2011
Submission of Proposals for Small Business Loan Program	November 2 <sup>ND</sup> , 2011
Submission of Proposals for Redistribution of the Recaptured Funds	August 19 <sup>th</sup> , 2011

If an application is hand delivered, it must be received and logged at:

Office of the Commissioner of Municipal Affairs  
MCS Plaza, 6th Floor  
255 Ponce de Leon Avenue  
Hato Rey, PR 00936-8167

If the application is mailed, it should be postmarked by June 13, 2011 or August 19, whichever the case is, with return receipt service.

Applications for the Emergency Fund may be submitted at any time during PY 2011 as long as they comply with the requirements presented in Circular Letter Num. 2009-23 of December 1, 2009, and any other requirement that applies.

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### Program Certifications

The following certifications must be signed with blue ink and either mailed or hand delivered, as mentioned above.

Execution of the STATE CERTIFICATIONS providing for:

- Affirmatively Further Fair Housing
- Anti-displacement and Relocation Plan
- Drug Free Workplace
- Anti-Lobbying
- Authority of State
- Consistency with plan, and
- Section 3

Execution of the Specific CDBG Certifications providing for:

- Citizen Participation
- Consultation with Local Governments
- Local Needs Identification
- Use of Funds
- Excessive Force
- Compliance with Anti-discrimination laws
- Compliance with Special State Laws

These model certifications will be provided by OCMA as a template to be filled and signed by the Mayor.

### Mandatory Requirements

#### Citizen Participation Requirements and Responsibilities for Non-Entitlement Municipalities

The non-entitlement municipalities eligible for assistance under the State CDBG Program for PY 2011, are subject to the citizen participation requirements. These requirements are mandatory and include the following items:

- Must have followed the citizen participation plan as approved by OCMA.
- With the application, the municipality will submit a certification stating that it has fully complied with its citizen participation plan. It will also submit a copy of the plan if the last plan filed with OCMA has been amended.
- The municipality should celebrate two (2) public hearings

The first public hearing will gather the housing and communities needs expressed by the community.

The second public hearing will be the municipality's response to the pressing needs of the community. In this hearing, the municipality must present a completed inventory of housing and community development needs organized by eligible categories, compliance with national objectives, priority needs, specific objective, funding priority, and expected performance measurement.

The notice of both public hearings should be published in the same notice. **The notice should be published not less than 10 days before the date of the first hearing and the second hearing should take place not less than 10 days from the date of the first hearing.**

Activities selected and presented in both hearings must comply with Title I of the Housing and Community Development Act of 1974, as amended; and with all applicable laws and regulations concerning the CDBG Program administered by OCMA.

As part of the application, the municipality must submit a reduced, 8.5" by 11" full page copy of

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the notice of public hearing, with the date of publication and newspaper name clearly visible. The municipality should address in writing the efforts made to further citizen participation with the evidence presented. Copy of the transcripts for both hearings must be submitted as well.

### Fair Housing Certification

In order to comply with the efforts to provide fair housing in each municipality, the mayor should send to OCMA a Statement of Actions to Affirmatively Further Fair Housing, which includes the actions taken by the non-entitlement municipality to **assure ongoing compliance** with federal fair housing laws, **as required by** 24 CFR Part 570.904. Some possible actions to affirmatively further fair housing include:

- Development and implementation of a public information campaign that includes publicizing the municipality's counseling and referral services, collecting and distributing fair housing literature to relevant organizations and individuals in the community, and/or performing other public relations activities designed to inform the community about this issue.
- Organization of a fair housing committee to oversee the fair housing program and to advise about the community's housing and development programs.
- Forming voluntary partnerships with public and private organizations, locally and/or regionally, to promote fair housing choices and affirmative marketing plans.
- Design and perform other actions to promote fair housing.

### Projects by Administration

Each non-entitlement municipality will be able to conduct projects using their own personnel (brigades) or contracting a third party. In the cases, where the municipality decides to use their own personnel, the cost of labor should not exceed forty-five (45%) percent of the total cost of such project.

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### Rationale for the Allocation Priorities

Act Num. 50 of January 13, 2004 and Act Num. 144 of September 29, 2010 provided the rationale for allocating CDBG Basic Grant in terms of a maximum cap of \$350,000 or 0.83% of the amount allocation for the municipalities, whichever is greater. This amount will be equally distributed among the non-entitlement municipalities, including a 15% mark-up to the municipalities of Vieques and Culebra. The State distributes the remaining balance of the CDBG allocation in compliance with the priorities established by the HUD national objectives on a Competitive Round, including a 15% mark-up to the municipalities of Vieques and Culebra as well.

#### **Basic Grant - \$17,955,000**

A total of \$17,955,000 will be equally distributed between the 51 non-entitlement municipalities, limited to an allocation of \$350,000 for each. An additional 15% will be awarded for the municipalities of Vieques and Culebra.

All municipalities must submit an application to access the State Basic Funds OCMA will then review the applications to verify that the activities planned by the municipalities are eligible for the funds requested. If a non-eligible activity is submitted under the basic grant application, OCMA will allow the municipality to review the application and re-submit a new, eligible activity. This concession is permitted only for the Basic Grant. The following table presents the established limits of the application for the Basic Grant.

#### CAPS FOR CDBG ALLOCATION UNDER THE BASIC GRANT

Category	Non-Entitlement Allocation	Vieques and Culebra Allocation
Public Service	\$52,500	\$60,375
Any Eligible Activity	\$234,500	\$269,675
Administration	\$63,000	\$72,450
<b>Total</b>	<b>\$350,000</b>	<b>\$402,500</b>

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Under the Basic Grant, OCMA will allow non-entitlement municipalities to request funds for any eligible activity, with the following limitations:

- Purchase real estate for the construction of any eligible activity; unless the municipality documents that they have a detailed plan for the construction of a project no longer than two (2) years from the date of the award agreement between OCMA and the municipality. Otherwise, OCMA will have the right to disallow from further competitive allocations.
- Closure of sanitary landfill facility and/or purchase of heavy equipment to be used at the sanitary landfill, only if it is in operation.

If the municipality does not include the Public Service category (\$52,500 and \$60,375 for Vieques and Culebra, respectively), this amount may be allocated to any other eligible category, for a total amount of \$287,000 for the non-entitlement municipalities and \$330,050 for Vieques and Culebra. This option includes funding for housing rehabilitation.

### **Competitive Round - \$23,132,550**

The amount of **\$23,132,550** has been allocated for the Competitive Round. Funding under each category will be limited to the established cap under each category. An additional 15% will be added to established cap for the municipalities of Vieques and Culebra. Unallocated funds in any category will be reassigned to eligible Community Development Category.

The following table shows the distribution of funds for the Competitive Funds, the established caps, and the maximum amount to be approved under each category:

## CAPS FOR CDBG ALLOCATION UNDER THE COMPETITIVE ROUND

Category	Non-Entitlement Allocation	Vieques and Culebra Allocation
Community Development	\$275,000	\$317,000
Housing	\$63,000	\$72,000
Public Service	\$67,400	\$78,225
Administration	\$45,500	\$52,000
<b>Total</b>	<b>\$450,900</b>	<b>\$519,225</b>

*\* If the municipality does not include projects under the Public Service and/or housing categories, these amounts may be allocated to the Community Development category.*

If a municipality fails to indicate the category of a proposed project or indicates more than one category, OCMA will determine the category to be selected according to the project description. The municipality will abide by this determination.

Under the Competitive Grant, OCMA will allow non-entitlement municipalities to request funds for any eligible activity, with the following limitations:

- Purchase real estate for the construction of any eligible activity; unless the municipality documents that they have a detailed plan for the construction of a project no longer than two (2) years from the date of the award agreement between OCMA and the municipality. Otherwise, OCMA will have the right to disallow from further competitive allocations.
- Closure of sanitary landfill facility and/or purchase of heavy equipment to be used at the sanitary landfill, only if it is in operation.

Submission of the budget breakdown is mandatory as required in OCMA's Memorandum dated July 6, 2001. For the pavement of municipal roads, the municipality should use the instructions provided in the Informative Circular 2007-23 of November 26, 2007.

In determining the appropriate amount, OCMA reserves the right to eliminate or approve less

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funds than requested based on the following review requirements:

- Compliance with the State CDBG requirements.
- Compliance with the College of Engineers and Land Surveyors of Puerto Rico Guidelines, including the project breakdown detailing: cost of material, labor, equipment, insurance, administrative overhead, and other costs related to the project in order to determine reasonable project cost.
- Past performance of the non-entitlement municipality.
- Project's previous balance.
- Timely expenditure of funds.
- Inadequate or incomplete description of activities to be developed.
- For projects that generate program income and create employment, a feasibility exercise should be presented.

The following is the order of priorities to be funded by the State, as determined through its consultation and citizen participation process: community development, housing, public service, and administration.

### Community Development

Community development is the first priority under the Competitive Category established by the State. For PY 2011, the State CDBG Allocation is in the amount of \$14,109,000 a Grant Limit per Municipality of \$275,000 and \$317,000 for Vieques and Culebra (if funds from other categories are not requested). Community development activities are divided in two mayor categories: Public Facilities and Improvements, and Improvement to the Municipal Infrastructure.

#### A. Public Facilities and Improvements

Non-entitlement municipalities may request CDBG funds for public facilities and improvements,

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including the construction or rehabilitation of:

- **Abused and Neglected Children's Facilities:** this activity refers to the construction or rehabilitation of buildings that serve as daycare centers, treatment centers, or temporary housing for abused and neglected children.
- **Asbestos Removal:** this activity refers to the improvement of any public facility to remove asbestos material.
- **Centers for the Disabled/Handicapped:** this activity refers to the construction or rehabilitation of group homes or centers for the disabled.
- **Child Care Centers/Facilities for Children:** this activity refers to the construction or rehabilitation of daycare centers and Head Start pre-school centers.
- **Facilities for AIDS Patients:** this activity refers to the construction or rehabilitation of buildings for treatment or temporary housing for people who are HIV positive or have AIDS.
- **Fire Station/Equipment:** this activity refers to the construction or rehabilitation of fire stations, including the purchase of fire trucks, ambulances, and rescue equipment.
- **Health Facilities:** this activity refers to the construction or rehabilitation of physical and mental health facilities.
- **Homeless Facilities:** this activity refers to the construction, conversion, renovation, or rehabilitation of shelters for the homeless and battered spouses, and including transitional housing and SROs (single room occupancy units) for the homeless.
- **Neighborhood Facilities/Community Centers:** this activity refers to the construction or rehabilitation of structures that will be used for social services

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or for multiple purposes such as recreation, and are mainly designed to serve a neighborhood. Such facilities may include libraries and public schools.

- **Parking Facilities:** this activity refers to the construction or rehabilitation of off-street parking lots and parking garages.
- **Parks, Recreational Facilities:** this activity refers to the construction or rehabilitation of an open space area or a facility to be mainly used for recreational purposes.
- **Senior centers:** this category refers to the construction or rehabilitation of senior citizen centers. This type of facility is described as serving "senior citizens and the disabled".
- **Youth Centers/Facilities:** this activity refers to the construction or rehabilitation of facilities that will be primarily used to provide day care services for teenage youth (ages 13 to 19), including after school activities. This includes playground and recreational facilities that are part of youth centers/facilities.

### **B. Improvement to the Municipal Infrastructure**

Non-entitlement municipalities may request CDBG funds for improvement of the municipal infrastructure qualified as right of way construction or rehabilitation of:

- **Flood and Drainage Facilities:** This activity refers to the construction or rehabilitation of flood controls or irrigation projects (e.g., retention ponds or catch basins).
- **Sidewalks:** this activity refers to the construction or rehabilitation of sidewalks. Sidewalk improvements include the installation of trash receptacles, trees, benches, and lighting.

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- Street Improvements: this activity refers to the construction or rehabilitation of street projects that may include street drains, storm drains, curb and gutter work, tunnels, bridges, and the installation of street lights and signs.
- Water/Sewer Improvements: this category refers to the construction or rehabilitation of water and sewer installation, or replacement of water lines, sanitary sewers, storm sewers, or fire hydrants.
- Use of solar panels in waste landfills and depositories for the generation of renewable energy.

### Housing

Housing is the second priority under the Competitive Category established by the State. Two activities will be assisted under this category: rehabilitation materials grant for moderate housing rehabilitation and moderate housing rehabilitation. For PY 2011, the State CDBG Allocation is in the amount of \$3,231,000 and \$63,000 is allocated as the cap limit which goes up to \$72,000 for Vieques and Culebra.

#### Moderate Housing Rehabilitation

The applications for the housing rehabilitation category must clearly indicate how they will eliminate the specific conditions detrimental to the health and safety of the household.

The municipality is expected to be able to start the housing rehabilitation immediately once the date of the release of funds is issued to them. The applicant will have a maximum of 18 months to complete the workload of the housing rehabilitation in their schedule.

Each non-entitlement municipality will be able to conduct this activity with their own personnel (up to 45% of the total project cost towards labor costs), with a third party or leave the rehabilitation on the owner of the property. A \$3,001 minimum and \$15,000 maximum are the thresholds established for housing rehabilitation activities. Exception of this rule will be evaluated by OCMA on a case by case basis. Each municipality will be required to assure

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completion of the rehabilitation of every housing unit.

The municipality should follow the Moderate Housing Rehabilitation Guideline adopted by OCMA, which requires conducting two inspections on the property: one at the filing of the application and a second inspection upon completion of the activity. These two inspections will document the improvements made to the housing unit.

At the closing of the PY, OCMA should be able to report the following performance measurements:

- Dollars Leveraged per CDBG funds invested
- Number of households assisted
- Number of households by income limit
- Number of units occupied by race, ethnicity, and disability
- Number of units occupied by elderly households
- Number of units brought from substandard to standard condition
- Number of units meeting Energy Star standards
- Number of units brought into compliance with the lead-safe housing rule
- Number of units made accessible (compliant with Section 504 for persons with disabilities)

OCMA will reserve the right to adjust the funds requested for Moderate Housing Rehabilitation if the municipality keeps any unexpended balances from previous program years.

### Rehabilitation Materials Grant

Municipalities will be allowed to grant up to \$3,000 per housing unit to low-to-moderate income households in order to carry out rehabilitation activities. The same purposes, objectives, and time frames as the moderate housing rehabilitation category apply to all

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applications under this activity. Although the Municipality will not be required to provide labor, it will be required to assure completion of the rehabilitation of every housing unit.

### Homeownership Assistance

During PY 2011, no allocation will be made to the Activity of Homeownership. However, there are \$500,000 available from uncommitted funds from PY 2010<sup>3</sup>.

This activity has been targeted to identify low-income families that have been discouraged from becoming homeowners because they do not have savings for down-payment and closing costs, but could pay an affordable monthly mortgage if given the opportunity to buy their own home. These homemakers need assistance to enter the housing market, and to understand the financing structure and the underwriting policies of the market. Many potential homebuyers don't have the access or sufficient knowledge to take full advantage of Federal assistance offered for homeownership. Therefore, funding for the homeownership activity is specifically intended to provide assistance to families pursuing homeownership in a non-entitlement municipality.

Funds will provide direct assistance for 50% of the down-payment and closing costs to facilitate homeownership. The municipality will determine at its discretion the amount to be granted to each qualified family, up to a maximum of \$5,000.

The use of funds under this category is limited to low and moderate income families.

CDBG funding may be applied in combination with other applicable federal/or state funding. There is no prohibition against using other federal, local, and state subsidized financing or Section 8 homeownership voucher in conjunction with this grant.

To be eligible for assistance, the non-entitlement municipality must participate in the competitive process described in the section Activities for the CDBG program.

The municipalities must determine eligibility in compliance with homeownership and CDBG regulations. In addition, each non-entitlement municipality will be responsible for providing

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<sup>3</sup> Refer to <http://www.ocam.gobierno.pr/> for the text of the amendment.

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technical assistance, maintaining documentation in files, and keeping OCMA's Homeownership Coordinator informed until cases are closed. OCMA will examine compliance in order to approve the release of funds.

Once awarded, non-entitlement municipalities must distribute funds according to the applicable requirements discussed and applicable laws and regulations.

At the closing of the PY, OCMA should be able to report the following performance measurements:

- Dollars Leveraged per CDBG funds invested
- Number of households by income limit
- Number of units occupied by race, ethnicity, and disability
- Number of homebuyer household receiving assistance
- Number of those served who are first-time homebuyers
- Of first-time homebuyers, the number of households receiving housing counseling
- Number of households receiving down-payment assistance and/or closing cost assistance

### Public Service

Public service is the third priority under the Competitive Category. For PY 2011, the State CDBG Allocation is in the amount of \$3,459,050 and \$67,400 allocated as the cap limit which goes up to \$78,225 for Vieques and Culebra.

Non-entitlement municipalities could use their public service funds to complement any activity that assists homeless persons, including drug and alcohol counseling, meals-on-wheels, daycare, and to provide additional funding to ESG-funded essential services and HOPWA-funded supportive services in their jurisdiction. This includes the operating costs of

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Homeless/AIDS Patients Programs and the cost of operating homeless/AIDS services.

Public service is limited to the 15% statutory cap, and includes the following activities:

- Senior services that will be provided to elderly persons (e.g., meals-on-wheels, dial-a-ride, homecare assistance) and services provided for victims of Alzheimer's disease or persons with disabilities, regardless of age.
- Legal aid to low- and moderate-income persons including tenant/landlord counseling provided to help prevent or settle disputes between tenants and landlords, and preparation of affidavits.
- Youth Services for teenagers (ages 13 to 19) that include, for example, recreational services limited to teenagers or a teen counseling program, including transportation services and substance abuse recovery programs, as well as preventive/educational activities.
- Services for battered and abused spouses for programs that serve adults or families.
- Counseling for employment training and placement that increases self-sufficiency. This includes literacy, independent living skills, job training, and employment services activities.
- Crime prevention and educational programs.
- Fair housing services (e.g., counseling on housing discrimination) when the non-entitlement municipality indicates that a national objective will be met. In order to request funds for this activity, the municipality should have a Fair Housing Plan approved by OCMA.
- Child Care Services that benefit children (generally under age 13), including parenting classes.

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- Health Services activities include operating neighborhood clinics, post-rape counseling, vermin abatement services (also known as "vector control"), and other activities designed to serve the health needs of residents.
- Daycare or other services exclusively for abused and neglected children.
- Mental Health Services provided by specialized organizations to address the mental health needs of the community.
- Screening for Lead-Based Paint/Lead Hazards Poisoning for activities primarily designed to provide screening for (not removal of) lead-based paint and other lead poisoning hazards in housing units built before 1978 that will be occupied by children under 6 years of age.
- Centers for free internet access for professional, educational and research purposes.
- Installation of fixed solar waste collection cans and depositories for the managing of waste in public sites.

All activities must be designed in compliance with the strategy developed by the municipality that will meet the needs of low and moderate income persons, addressing their special needs and ensuring maximum community development.

### **Program Administration (Non-entitlement Municipalities)**

This line item budget covers administrative expenses for the activities approved under the Competitive Round, arranged by title of the account, number of the account, and allocated budget. For PY 2011, the State CDBG allocation is in the amount of \$2,333,500 with a grant limit of \$45,500 per municipality which goes up to \$52,000 for Vieques and Culebra.

If the municipality is not in compliance with OMB-A-133 Circular, administrative funds may be withheld.

### Economic Development

Economic development is a priority of the Commonwealth of Puerto Rico. The Office of the Commissioner of Municipal Affairs (OCMA) established a Microenterprise Loan Program. An amount of \$500,000 will be allocated non-entitlement municipalities to create independent revolving loan funds to promote the startup of new businesses, the retention and expansion of existing businesses and to provide entrepreneurial assistance to micro enterprises in non-entitlement municipalities. Program Income guidelines will included in a Revolving Loan Program Manual that will be published by OCMA during the month of July 2011.

Program income guidelines will be included in a Revolving Loan Program Manual that will be published by OCMA during the month of July, 2011. The Revolving Loan Program is targeted to promote the retention or the development of new, small, and privately-owned businesses; and to incentivize self-employment among low-income individuals in the jurisdictions covered by non-entitlement municipalities. The Revolving Loan Fund will be used to retain or create privately owned microenterprise and self-employment for low and moderate income persons in the jurisdictions covered by non-entitlement municipalities. The term and conditions of the loans are the following:

Financing amount: Between \$5,000 and \$20,000, depending on the funding proposal and the evaluation of the financial institution evaluating the loan.

Clients' age: 21 years or older

Percent to be financed: 100% of the total cost of the project, including equipment, improvements, capital for operations, and reasonable closing costs. (Refer to CDBG regulations and OMB Circular A-87 Requirements for specific guidance). Reasonable Costs are (1) Costs that do not exceed that which would be incurred by a prudent person;(2) Generally recognized as ordinary and necessary; (3) Controlled by factors such as sound business practices and arm's length bargaining [i.e., no conflicts of interest]; (4)Costs at market prices for comparable goods or services.

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Interest rate: Prime rate plus 1.50% for loans awarded from the Revolving Loan Fund. The interest rate will be fixed at closing.

Term: The term will be no less than 3 years and no more than 5 years.

Collateral: The equipment to be purchased or acquired through financing.

Guarantee: The funds to be disbursed in the loans come from the independent Revolving Loan Fund to established by participating municipalities and OCMA.

Moratorium: Principal for the first six (6) months after formalizing the loan's closing.

Closing Costs: These costs will be included in the financing, but they must be reasonable.

### Other requirements

- Clients must be referred by non-entitlement municipalities to qualify for these funds following the procedure outlined below.
- Bad credit history or lack of credit history will not be an obstacle to receive a loan from these funds, with the caveat that the client must justify said credit history or lack thereof.
- A system of payment coupons will be used.
- The business must be established in one of the non-entitlement municipalities.
- Program income generated from the revolving loan must be used for the same activity before drawing down additional funds for that activity. Program income rules defined by OCMA (Circular 2007-17) and the relevant written agreements with municipalities will apply accordingly.

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### **Other circulars that apply to Revolving Loan Funds OMB include Circular A-133 (Compliance Requirements) and A-123 (Management Accountability and Control). Emergency Fund**

This is the last priority of the Government of Puerto Rico. Applications under this category are submitted only when an emergency arises and qualifies as an urgent need.

The activities designed to meet urgent community development need to follow the same criteria established in 24 CFR 570.483 (d). Funds to assist the municipalities in attending sudden emergencies with CDBG funds will be provided with **\$800,000**. The grant limit per Municipality is made on a case by case basis up to \$100,000, depending on the damages quantified per occurrence within the municipal jurisdiction. The objective of this category is to provide a temporary solution to alleviate urgent problems that occur during the regular grant application process.

Special consideration will be given to those Emergency Fund applications that present a documented, serious threat to public health or safety, of recent origin or which recently became urgent. A certification from the Municipal Emergency Management Office should be accompanied with a corroborating and valid certification from the State Emergency and Disaster Management Agency, indicating the nature and date of such emergency. It is the responsibility of the State to validate the nature of the emergency.

Non-entitlement municipalities are eligible to submit an emergency application that will be evaluated on a case by case basis. Emergencies must be recognized independently of the area of occurrence. Emergencies in non-low and moderate income areas could be financed up to 30% of the funds available in the Emergency Fund, in compliance with Section 24 CFR 570.483 (d).

The non-entitlement municipality Finance Director will certify that the Treasury of the Municipality does not have any funds available to pay for the emergency work, and no other resources from the State or Federal Government are available to the municipality to attend such emergency.

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Applications for emergency funds may be submitted anytime during PY 2011. The Mayor can submit the petition for Emergency Funds no later than fifteen (15) days after the event has occurred, except under extraordinary circumstances or another valid cause, properly filed and accepted by OCMA as an exception.

Projects must be able to start immediately, and applicants have one hundred eighty (180) days to complete the activity and satisfy the identified need. Those activities that require federal or state studies, permits, and/or consultation processes with any regulatory agency and cannot be completed within the regulatory period of time, will be evaluated on a case by case basis. If funds are not used in the term provided, they will be recaptured by OCMA.

If the project is not commenced within a period of 60 days from the date of the registration of the contract with the Comptroller Office, the funds will be recaptured by OCMA.

The application must be properly completed and submitted by the Mayor to the Commissioner, either hand delivered or by certified mail, with return receipt and including the original certifications issued by the State and Municipal Agencies for Emergency Management.

The evaluation process will be conducted by an evaluating committee designated by the Commissioner. The members of the Evaluating Committee for the Emergencies Proposal (CEPE) are: the Deputy Commissioner for Administration, the Deputy Commissioner for Federal Funds, the Deputy Commissioner for Regulations and Monitoring, and the Consulting Engineer. The committee will use the criteria and procedures established by OCMA for this category, and they are available upon request. The committee may conduct a field inspection of the impacted area to assess the damages claimed in the request. All projects under this category must meet one of the national objectives contained in 24 CFR 570.483 (b) (1) or (d).

As soon as the petition from the affected municipalities is received, the committee will analyze the application for emergency funds that has been received. The evaluation/recommendation will be considered for final decision by the Commissioner or other designated person.

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### State Administration

The amount of **\$873,972** (2% of the CDBG grant) will be allocated for the State program administration. The expenditure of the first \$100,000 could be disbursed without any matching requirement, allowing the state to match no less than \$773,972 from State Funds based on the current estimates.

#### Technical Assistance

OCMA will use up to 1.0% of its grant—the amount of \$436,985— to provide technical assistance to non-entitlement municipalities for carrying out housing and community development activities in compliance with the Set Aside HCDA Section 106 (d) (5), referenced in CPD Notice 99-09. OCMA will use these funds to offer the annual seminar on planning and administration of the State CDBG Program to the non-entitlement municipalities, and to offer specialized technical assistance to the non-entitlement municipalities.

### The Evaluation of Proposals

The applications submitted under the Competitive Round and other competitive programs will be evaluated by an in-house committee appointed by the Commissioner or Deputy Commissioner for Federal Programs, a month before the date of commencement of the evaluation process. The Consultant Engineer provides technical assistance to the committee. Once the determination is made, the application will proceed with the following steps.

Step 1. The consultant engineer will determine cost reasonability using the guidelines of the College of Engineers and Surveyors and the budget breakdown detailing the cost of materials, labor, equipment, insurance, project administration cost, and any other relevant matters related to the project.

Step 2. The Evaluation Committee will follow the outlined selection criteria to rate the applications submitted. After rating is completed, the evaluation will be reviewed and discussed by the committee to ensure uniformity. The committee will then prepare a listing of project applications that will receive further consideration.

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Upon completion of Step 2, the evaluating committee will assess compliance with the parameters established in the Plan. The Committee will review the rating determinations, pursuant to step 2, for each application listed for consideration.

Finally, the Committee will rank, by category, the rated applications and rank them according to the obtained percentile. Applicants are cautioned to carefully consider their project needs, and to request the minimum amount of State CDBG funds required. OCMA will evaluate the capacity of the applicant to spend the funds requested. OCMA may reduce or eliminate the grant amount in proportion to the amount the municipality is estimated capable to spend based on past performance, reasonable cost analysis, time expenditure, and feasibility of the project.

Each project contained in the application will be given a separate rating as part of the selection criteria. In case of ties at the funding level, the sequential order of the rating will not be affected, OCMA will break the tie by adding to their scores, the overall performance score in the evaluation. The result will be combined with the funds requested to determine the factor of overall performance. The combined points obtained, is equivalent to fifty percent of the multiplying factor and the amount requested is equivalent to the other fifty percent. The factor shall be multiplied by the amount of funds available at the time of breaking the tie to get the amount for each municipality.

### **The Evaluation Criteria for General Overall Performance**

The first criterion to be evaluated is the overall performance of the municipality. Past and present administrative performance will be taken into consideration when evaluating the application. It will be an important criterion in assessing the effectiveness of the municipality to carry out the proposed activities. In case of a tie, the remaining balance will be distributed according to the proportion of the amount requested.

Under the General Overall Performance, the municipality could obtain maximum of 110 points. No minimum grade has been established for this review.

### **OVERALL GENERAL PERFORMANCE OF THE MUNICIPALITY**

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Criteria	Description	Maximum Points
Expenditure Rate	The municipality reached up to 1.5 on the timeliness ratio by May 2011	10
	The municipality reached up to 2.5 on the timeliness ratio by May 2011	3
	The municipality went over 2.5 on the timeliness ratio by May 2011	0

Maximum points to be awarded under expenditure rate factor are points 10.

Criteria	Description	Maximum Points
Increase in the Expenditure Rate	The municipality expended 50% more than July 2010 as of May 2011	10
	The municipality expended 25% more than July 2010 as of May 2011	3
	The municipality expended lower than 25% than July 2010 as of May 2011	0

Maximum points to be awarded under the increase in expenditure rate factor are 10 points.

Criteria	Description	Maximum Points
Quarterly Financial Reports (QFR)	All 4 QFRs were presented on time during the Jan-Dec 2010 period.	12
	3 QFRs were presented on time during the Jan-Dec 2010 period.	9
	2 QFRs were presented on time during the Jan-Dec 2010 period.	6
	1 QFR were presented on time during the Jan-Dec 2010 period.	3
	Bonus Point awarded if the Municipality presented the QFR from Jan-March 2011 no later than April 30, 2011.	5
	Not submitted at least one QFR to OCMA from Jan-Dec 2010	0

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The maximum points that will be awarded under the Quarterly Financial Reports factor are 17 points, including the bonus points.

Criteria	Description	Maximum Points
Presentation of the Single Audit Report (SAR)	SAR FYE 09 was presented and filed with OCMA, on or before, March 31, 2011 and no findings made.	15
	Corrective Action Plan (CAP) for the findings raised in the SAR has been presented	5
	Bonus points awarded if 50% of the findings made in the SAR have been cleared in the CAP.	3
	The municipality did not present the SAR to OCMA on or before March 31, 2011.	0

The maximum points that will be awarded under the Presentation of the Single Audit Report (SAR) factor are 10 points, including the bonus points.

Criteria	Description	Maximum Points
Close Out of Program Years	The municipality closed 5 or more PYs since PY-2003	10
	The municipality closed 3 or 4 PYs since PY 2003.	5
	The municipality closed 1 or 2 PYs since PY 2003.	3
	The municipality did not close any PYs since PY 2003.	0

It is assumed that the years prior to PY 2003 are closed; you will lose one point for each year not closed by the PY 2003.

The maximum points that will be awarded under Close Out of Program Years factor are 10 points.

Criteria	Description	Maximum Points
Monitoring Reports	OCMA found no findings in the last monitoring activity performed to the municipality.	15
	The Corrective Action Plan (CAP) for the	5

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	findings raised in the Monitoring Report was presented within a 30 day time period.	
	Bonus points awarded if 50% of the findings made for the Monitoring Report in the CAP were cleared by OCMA.	5
	The municipality did not meet any of the above criteria.	0

The maximum points that will be awarded under the Monitoring Reports factor are 10 points, including bonus points.

Criteria	Description	Maximum Points
Program Income Reports	The municipality presented the corresponding estimate for all Program income reports for PY 2010-2011 no later than July 31, 2010.	5
	The municipality presented the maximum of 3 quarterly PIRs for PY 2010-2011 on time.	3
	The municipality presented 2 quarterly PIRs for PY 2010-2011 on time.	2
	The municipality presented 1 quarterly PIR for PY 2010-2011 on time.	1
	The municipality did not present the estimate PIR and Not submitted at least one quarterly PIR for PY 2010-2011.	0

The maximum points that will be awarded under the Program Income Reports factor are 8 points.

Criteria	Description	Maximum Points
Citizen Participation	The Mayor presented the certificate of compliance with the Citizen Participation Plan	3
	The Municipality published the dates of the two public hearings with at least ten days in advance prior to the celebration of the first one	3
	The Municipality gave at least a ten-day period between the first and second public hearing.	2
	The Municipality submitted the minutes and the attendance sheets for both public hearings	2

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The maximum points that will be awarded under Citizen Participation factor are 10 points.

Criteria	Description	Maximum Points
Fair Housing	The Mayor certified the efforts realized towards compliance with the Fair Housing laws and regulations	5

The maximum points that will be awarded under the Fair Housing factor are 5 points.

Criteria	Description	Maximum Points
PROFE	Bonus Points if the Municipality submitted the proposal for the 2011 CDBG funds through the "PROFE" System	10

The maximum points that will be awarded under the "PROFE" System are 10 points.

### Community Development

Under the Community Development Category, which includes activities related to public facilities and the municipal infrastructure, the following criteria would be used to evaluate the weighted competitiveness of the application. Any application under this category could obtain a maximum grade of 70 points. No bonus points are awarded for this category.

#### COMMUNITY DEVELOPMENT ACTIVITIES INCLUDING PUBLIC FACILITIES AND MUNICIPAL INFRASTRUCTURE

Criteria	Description	Maximum Points
Previous Balance	Municipalities' balance in the same funded project is less than 100% of the amount requested	10
	Municipalities' balance in the same funded project is less than 200% of the amount requested	5

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	Municipalities' balance in the same funded project is less than 250% of the amount requested	0
	Municipalities' balance in the same funded project is greater than 250% of the amount requested	Disqualified

The maximum points that will be awarded under the Previous Balance factor are 10.

Criteria	Description	Maximum Points
Needs Assessment	Submission of the needs assessment presented in the public hearing and the analysis made to assist community development needs. Please refer to the citizen participation requirements in the other part of this plan.	10
	No analysis submitted	0

The maximum points that will be awarded under the Needs Assessment factor are 10.

Criteria	Description	Maximum Points
Evidence of Site Control	Owned by the municipality, certified by the Finance Director or the Mayor.	10
	Infrastructure projects that do not require registration (e.g. municipal roads, bridges, etc.) in the "Centro de Recaudaciones de Ingresos Municipales" (CRIM), certified by the Finance Director or the Mayor.	10
	Owned by other public agency, certified by a lease agreement.	5
	No certificate of title submitted by the Director of Finance or the Mayor	0

The maximum points that will be awarded under Evidence of Site Control factor are 10 points.

Criteria	Description	Maximum Points
Environmental Compliance	Submitted evidence of environmental regulatory endorsements	10

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	Submitted evidence of environmental regulatory consultations	5
	No endorsements or consultations submitted	0

The maximum points that will be awarded under Environmental Endorsements effort are 10 points.

Criteria	Description	Maximum Points
Direct Benefit Analysis	Does the project benefit more than 90% of LMI persons?	10
	Does the project benefit more than 80% of LMI persons?	8
	Does the project benefit more than 70% of LMI persons?	6
	Does the project benefit more than 60% of LMI persons?	4
	Does the project benefit more than 51% of LMI persons?	2

The maximum points that will be awarded under the Direct Benefit Analysis factor are 10 points.

Criteria	Description	Maximum Points
Cost Reasonability	Detailed cost estimate submitted	10
	Lump Sum cost estimate submitted	5
	No cost estimate submitted	Disqualified

The maximum points that will be awarded under the Cost Reasonability factor are 10 points.

Criteria	Description	Maximum Points
Source of Funds Commitments	Total development costs of the project are leveraged over the rate of 100% Non CDBG/CDBG funds.	10
	Total development costs of the project are leveraged in the rate of 100% Non	8

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	CDBG/CDBG funds.	
	Total development costs of the project are leveraged in the rate of 50% to 99% Non CDBG/CDBG funds.	6
	Total development costs of the project are leveraged in the rate of 25% to 49% Non CDBG/CDBG funds.	4
	Total development costs of the project are leveraged in the rate of 1% to 24% Non CDBG/CDBG funds.	2
	CDBG Funds Only	0

The maximum points that will be awarded under the Source of Funds Commitments factor are 10 points.

### HOUSING ACTIVITIES

Under the Economic Assistance for Housing Rehabilitation Category, the following criteria will be used to evaluate the weighted competitiveness of the application. Any application under this category could obtain a maximum grade of 50 points

Criteria	Description	Maximum Points
<b>Previous Balance</b>	Municipalities' balance in the same funded project is less than 100% of the amount requested	10
	Municipalities' balance in the same funded project is less than 200% of the amount requested	5
	Municipalities' balance in the same funded project is less than 250% of the amount requested	0
	Municipalities' balance in the same funded project is greater than 250% of the amount requested	Disqualified

The maximum points that will be awarded under the Previous Balance factor are 10 points.

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Criteria	Description	Maximum Points
Housing Needs	Submission of the housing needs presented in the public hearing and the analysis made to assist the homeowner's needs.	10
	No analysis submitted.	0

The maximum points that will be awarded under the Housing Needs factor are 10 points.

Criteria	Description	Maximum Points
Environmental Compliance	Submitted evidence of environmental regulatory endorsements	10
	Submitted evidence of environmental regulatory consultations	5
	No endorsements or consultations submitted	0

The maximum points that will be awarded under Environmental Endorsements effort are 10 points.

Criteria	Description	Maximum Points
Source of Funds Commitments	Total development costs of the project are leveraged over the rate of 100% Non CDBG/CDBG funds.	10
	Total development costs of the project are leveraged in the rate of 100% Non CDBG/CDBG funds.	8
	Total development costs of the project are leveraged in the rate of 50% to 99% Non CDBG/CDBG funds.	6
	Total development costs of the project are leveraged in the rate of 25% to 49% Non CDBG/CDBG funds.	4
	Total development costs of the project are leveraged in the rate of 1% to 24% Non CDBG/CDBG funds.	2
	CDBG Funds Only	0

The maximum points that will be awarded under the Source of Funds Commitments factor are 10 points.

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Criteria	Description	Maximum Points
Homeowner Economic Assistance for Housing Rehabilitation Manual	Submission of Economic Assistance for Housing Rehabilitation Manual	10
	No submission of the Economic Assistance for Housing Rehabilitation Manual	0

The maximum points that will be awarded under the Homeowner Economic Assistance for Housing Rehabilitation Manual factor are 10 points.

### PUBLIC SERVICE ACTIVITIES

Under the Public Services Category the following criteria will be used to evaluate the weighted competitiveness of the application. Any application under the public service category could obtain a maximum grade of 75 points.

Criteria	Description	Maximum Points
Previous Balance	Municipalities' balance in the same funded project is less than 100% of the amount requested	10
	Municipalities' balance in the same funded project is less than 200% of the amount requested	5
	Municipalities' balance in the same funded project is less than 250% of the amount requested	0
	Municipalities' balance in the same funded project is greater than 250% of the amount requested	Disqualified

The maximum points that will be awarded under the Previous Balance factor are 10.

Criteria	Description	Maximum Points
Needs Assessment	Submission of the needs assessment presented in the public hearing and the analysis made to assist the public service	10

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	need.	
	No analysis submitted.	0

The maximum points that will be awarded under the Need Assessment factor are 10 points.

Criteria	Description	Maximum Points
Level of Service	Increase in the level of service	10
	New Service	10

The maximum points that will be awarded under the Level of Service factor are 10 points.

Criteria	Description	Maximum Points
Type of project	Essential services for the disabled.	25
	Essential services for the elderly.	25
	Essential services for the homeless.	20
	Essential youth services	15
	Housing counseling services	10
	Any other public services	6

The maximum points that will be awarded under the Type of Project factor are 25 points.

Criteria	Description	Maximum Points
Source of Funds Commitments	Total development costs of the project are leveraged over the rate of 100% Non CDBG/CDBG funds.	10
	Total development costs of the project are leveraged in the rate of 100% Non CDBG/CDBG funds.	8
	Total development costs of the project are leveraged in the rate of 50% to 99% Non CDBG/CDBG funds.	6
	Total development costs of the project are leveraged in the rate of 25% to 49% Non CDBG/CDBG funds.	4
	Total development costs of the project are leveraged in the rate of 1% to 24% Non CDBG/CDBG funds.	2

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	CDBG Funds Only	0
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The maximum points that will be awarded under the Source of Funds Commitments factor are 10 points.

Criteria	Description	Maximum Points
Operational Manual for the Activity	Submission of the Operating Manual	10
	No submission of the Operating Manual	0

The maximum points that will be awarded under the Homeowner Operational Manual for the activity factor are 10 points.

### REDISTRIBUTION OF RECAPTURED FUNDS

In order to increase the spending rate and the timeliness use of CDBG funds, OCMA has identified and exercise the recapturing of such funds. Various sources of recaptured funds include: unutilized funds associated to completed projects, ineffective programs, unused program income, non-compliant projects, or by any other justification allowed by applicable rules and procedures. Therefore, in order to expedite the expenditure of CDBG funds, OCMA will reallocate approximately \$1,913,189 of such funds in the manner described below and not to exceed \$150,000 per municipality.

#### The Evaluation Process

The applications submitted to compete for these funds will be evaluated by an in-house committee appointed by the Commissioner or Deputy Commissioner for Federal Programs. Non-entitlement municipalities are subject to OCMA policy on recapturing unused funds. OCMA will then reallocate such funds among some of the non-entitlement municipalities towards eligible CDBG activities.

Applications will be evaluated through the following process:

Step 1. The Evaluation Committee will assess the compliance of proposals with CDBG regulations and proposal guidelines.

Step 2. The committee will then prepare a list of proposals that will receive further consideration.

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Step 3. The Committee will review the proposal following the Overall General Performance Criteria, on page 97. The proposals will be graded and discussed by the committee to ensure uniformity.

Step 4: The Committee will rank the proposals based on the points obtained.

Step 5: In case of a tie and insufficient funds to satisfy tied proposals, the remaining funds will be allocated among tied municipalities at a pro-rata share based on the funds requested in the proposals.

Applicants are cautioned to carefully consider their needs and to request the minimum amount of State CDBG funds required.

OCMA reserves the right to include in the final contract guidelines to recapture funds from municipalities that do not comply with their implementation plan.

Municipalities will be granted 6 months to use these funds. OCMA will evaluate project implementation based on the development program submitted by the municipality.

### Other Evaluation Criteria

The following criteria will be used to evaluate the weighted competitiveness of the application under this competition. Any application under this category could obtain a maximum grade of 135 points when the score of the Overall General Performance Criteria is added.

Criteria	Description	Maximum Points
<b>Complete Disbursement of Funds</b>	Municipality disbursed all the funds up to PY 2007 on or before June 30 <sup>th</sup> , 2011	20
	Municipality disbursed all the funds up to PY 2006 on or before June 30 <sup>th</sup> , 2011	10
	Bonus Points if the Municipality disbursed all the funds up to PY 2005 and before, by March 18 <sup>th</sup> , 2010	5
	Bonus Points if the Municipality disbursed all the funds up to PY 2005 and before, by December 15 <sup>th</sup> , 2010	3

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The maximum points that will be awarded under the Complete Disbursement of Funds factor are 25.

### ECONOMIC DEVELOPMENT

#### The Evaluation Process

The applications submitted to compete for these funds will be evaluated by an in-house committee appointed by the Commissioner or Deputy Commissioner for Federal Programs. Applications will be evaluated through the following process:

Step 1. The Evaluation Committee will assess the compliance of proposals with CDBG regulations and proposal guidelines. The committee will then prepare a list of proposals that will receive further consideration.

Step 2. The Committee will review the proposal following the evaluating criteria discussed below. Proposal will be graded and discussed by the committee to ensure uniformity.

Step 3: The Committee will rank the proposals based on the points obtained.

Step 4: The Committee will then distribute the funds requested in the proposal following the rank obtained by the proposals until funds are fully allocated. The maximum allocation will be \$50,000 per municipality.

Step 5: In case of a tie and insufficient funds to satisfy tied proposals, the remaining funds will be allocated among tied municipalities at a pro-rata share based on the funds requested in the proposals.

Applicants are cautioned to carefully consider their needs and to request the minimum amount of State CDBG funds required.

OCMA reserves the right to include in the final contract guidelines to recapture funds from municipalities that do not comply with their implementation plan. Municipalities are required

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to include in the proposal the rate at which they will refer eligible participants to the loan procedure.

Municipalities will be granted 12 months to use the funds associated to the loan program. OCMA will evaluate project implementation based on the development program submitted by the municipality. Municipalities must use the funds based on the following schedule:

1. 40% of the budget within the initial 6 months; and
2. 100% within a 12 month period from the approval of the proposal.

OCMA will recapture unused funds at closing of months six (6) and twelve (12).

Recapture funds may be distributed to municipalities showing good performance and a need for additional funds to support their activity. These will be distributed based on a first-come first-serve basis. Municipalities must submit new proposals following the applicable guidelines and must have granted the loans according to the above expenditure schedule. OCMA will commence funds reallocation at the closing of each period.

Proposals of participating municipalities must comply with each of the following basic requirements.

- Compliance with the State CDBG requirements;
- The loans must promote the startup of new businesses as well as retention and expansion of existing businesses in non-entitlement municipalities;
- The loans must be granted to low and moderate income persons (Limited Clientele Standard applicable to Microenterprise Assistance [(105(a)(22)]).

Proposal will be evaluated taking into consideration the following criteria.

- Needs Assessment
- Unemployment rate in the municipality
- Evidence of property ownership or long term lease of a public facility, if applicable
- Overall General Performance Criteria (see above)

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- Other Evaluation Criteria

### Other Evaluation Criteria

The following criteria would be used to evaluate the weighted competitiveness of the application under this activity. Any application under this category could obtain a maximum grade of (50 + 110) 160 points when added to the Overall General Performance Criteria. No bonus points are awarded for this category.

#### Small Business Loan Program

Criteria	Description	Maximum Points
Needs Assessment	Submission of a brief discussion business and employment indicators in the municipality and any other material that may reflect the need to foster the development of microenterprises.	15
	No analysis submitted	0

**The maximum points that will be awarded under the Need Assessment factor are 15.**

Criteria	Description	Maximum Points
Implementation capacity	Evidence that the municipality has a proposed business development program. Municipalities must have at a minimum the following: (1) a collaborating agreement with a financial institution which will evaluate the feasibility of the businesses, underwrite and process the loans; (2) a business development entity which will provide technical support to participants; (3) an official responsible of coordinating and implementing the program; (4) and a marketing plan.	15
	No-evidence that the municipality has or will developed a business development program to support the business development, having the minimum requirements mentioned.	0

**The maximum points that will be awarded for implementation capacity are 15 points.**

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Criteria	Description	Maximum Points
Evidence of a public property to be used as location for assisted microenterprises	Owned by the municipality, certified by the Finance Director.	10
	Owned by other public agency, certified by a lease agreement.	5

The points will be awarded as bonus. The maximum points that will be awarded will be 10 points.

Criteria	Description	Maximum Points
Unemployment Rate of the Municipality	Top 10 Non-entitlement municipalities	10
	Top 15 Non-entitlement municipalities	5
	Top 20 Non-entitlement municipalities	2

The points will be awarded as bonus. The maximum points that will be awarded will be 10 points.

### Obligations of the Municipality

The municipality must state in its proposal that it will conduct the following process:

1. The municipality will evaluate the prospective client in order to determine if he or she qualifies as a low or moderate income person.
2. If so, the municipality refers him or her to an entrepreneurship course to receive training at an approved facility. In these courses, the client prepares a business plan as well as the basic documentation for the funding request.
3. Once these two requirements are completed, the municipality grants the person a Certificate of Eligibility that allows him or her to request funding. The Municipality must determine if a Certificate of Eligibility will be issued to a client seeking a loan according to the parameters established by the Community Development Block Grant. The Director of Federal Programs shall sign the Certificate of Eligibility.

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4. The municipality will send a copy of a participant's Certificate of Eligibility to OCMA.
5. The documents and request are then referred to the participating financial institution by the Municipality, which then evaluates the financing proposal, according to the terms and conditions discussed above. If the loan is approved, the participating financial institution will inform the Municipality to request funding for the loan (up to a maximum of \$20,000).
6. Once the loan is approved, The Municipality notifies OCMA and attaches the bank's letter of loan approval. The approved loan amount will then be deposited in a municipal account created in the participating bank for the purposes of the program. Further details of the payment process will be provided by OCMA during the process of completing the agreement between OCMA and the participating municipality.
7. Once disbursed, loan repayments will be deposited the Program's account at the participating financial institution selected by the municipality. These funds, which will be considered Program Income, will be reused by the municipality to provide further loans. On the other hand, OCMA will recapture the funds from non-performing non-entitlement municipalities participating in the program. Further details relating the Program Income will be provided by OCMA in the Program's Manual to be published in July of this year. ~~reallocate the funds to Non-Entitlement Municipalities through the Consolidated Action Plan process. Further details relating to program income will provided by OCMA in the Program's Manual to be published in July.~~

Each non-entitlement municipality will be responsible for maintaining documentation or other evidence filed in case of monitoring by OCMA or any other federal or state agencies.

### Participating Financial Institution Responsibilities

1. Receive the prospective clients' proposal, along with the Certificate of Eligibility and evidence of the courses given by the Credit Counseling Entity.
2. Evaluate and examine the financing proposal according to the parameters and

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guarantees agreed upon between the participating financial institution and OCMA regarding the establishment of the revolving fund (see terms of the loan).

3. Prepare a letter approving or denying the loan.
4. Service the loan
5. Prepare quarterly reports for OCMA.

### Process Description

#### Process Summary:

- The participant wishing to obtain a loan for the purposes described above shall visit the non-entitlement municipality to obtain a Certificate of Eligibility under the guidelines set forth by the Community Development Block Grant. The Certificate of Eligibility must be signed by the Director of Federal Programs of the municipality. The Certificate of Eligibility only certifies that the participant or the project qualify to receive the loan, and does not guarantee approval of the loan. The interested client must attend a training or preparatory course (to be determined) and shall prepare a loan request proposal. Afterwards, he or she must send the loan proposal to the participating bank, along with the Certificate of Eligibility and evidence of the persons' participation in the training or preparatory course.

#### Recommended process in the participating financial institution

- Once the request arrives at the participating financial institution, the proposal will be examined to determine if it is complete and, if so, will then be evaluated. The participating financial institution will send a letter approving or denying the client's request. If the loan is approved, the participating financial institution will inform the municipality that it should request the money to be granted as part of the loan, and then the participating financial institution will proceed to the closing and servicing of the clients' loan – i.e. origination, closing, collection, etc.



### The Process in OCMA and the municipalities

- The non-entitlement municipality and OCMA will evaluate the prospective client in order to determine whether to issue a Certificate of Eligibility under the guidelines set forth by the Community Development Block Grant. If and when the loan is approved, the participating financial institution will refer the approval of the loan to the municipality, which will request the total amount of money to be disbursed as part of the loan.

### The client's procedures

#### A – Participant's requirement

1 – Interest in owning a business and being self-employed.

2 – Visit the Office of Federal Programs of his/hers municipality to be qualified as a low-income person and obtain a Certificate of Eligibility, according to the guidelines set forth by the Community Development Block Grant. The Certificate of Eligibility only certifies that the participant or the project qualify to receive the loan, and does not guarantee that the loan will be approved. The loan request will be examined by the participating financial institution.

3 – Participate in a preparatory course given by the Credit Counseling Entity and prepare a financing proposal for the participating financial institution, according to the parameters and agreements set forth in this document. The proposal should include:

- a. Properly completed and signed financing proposal.
- b. Business plan
- c. Revenue and expenditure projections
- d. Estimates of the costs of buying equipment or undergoing improvements
- e. Breakdown of working capital

4 – Send loan request proposal to the participating financial institution, along with the Certificate of Eligibility and evidence of his/her participation in the preparatory courses

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in entrepreneurship. These documents will be examined and evaluated by the participating financial institution.

### Technical Assistance

OCMA provides ongoing technical assistance on specific assessed needs to all municipalities if requested prior to the application deadline.

### Unsolicited Information

Under no circumstances will OCMA accept unsolicited information regarding the applications submitted after the application deadline. Prior to the application approval, OCMA will notify applicants in writing of any technical deficiency that needs to be corrected in the applications that would in no ways change the outcome of the rating process.

## ACTIVITIES FOR THE HOME PROGRAM [91.320 (D)]

### Description of the Method to Distribute HOME Funds

The State **HOME** Program has developed and implemented a uniform solicitation and contracting procedure to ensure equal participation of minority groups, small businesses, housing developers, CHDOs, the municipalities, and any other professionals interested in the development of affordable housing.

Outreach for program funds is based on the methodology for open market competition. A notice is published in a general circulation newspaper announcing the availability of **HOME** Program funds, and any interested party may submit an application to finance their project. This process assures equal participation of any party in the affordable housing business.

A start up technical assistance conference is announced with the publication of the Notice of Funding Availability (NOFA), inviting all interested parties to attend the conference in order to learn in advance about the requirements established to access program funds. Once the technical assistance is provided, the proponents submit their applications in a competitive

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method, ensuring the fair and unbiased contracting procedure that allows a foremost opportunity of open competition and the absence of conflicts of interests. Because the method of distribution of the State **HOME** Program runs as a competitive process, the PJ cannot predict the geographic distribution of the assistance. The CHDOs would be submitting applications at any time and will be evaluated by phases. Phase I covers pre-development applications and Phase II covers applications for acquisition and construction. Approval of Phase I do not warrant authority to continue into Phase II.

As presented earlier, the State **HOME** Program will allocate the amount of **\$16,204,732** for the eligible activities established in the **5YHS**. These priorities were determined based on needs identified by the Interagency Committee, and the consultation to local governments, non-for-profit organizations, for-profit organizations, and the general public. Additional details are provided in the 2010-2014 Consolidated Plan. The method for distributing **HOME** funds to local governments, developers, CHDOs, minority groups, and small businesses will be through the submittal of an application. Since the State PJ manages the **HOME** Program, subrecipients will not be administering **HOME** funds.

The applications for housing construction and rehabilitation must benefit low and very low-income families. The subsidy requested should be enough, without exceeding the maximum per unit subsidy standards adopted by the State **HOME** Program. This will allow income eligible families to meet the eligibility requirements pursuant to 24 CFR Part 92.203. For rental projects, the proposal should allow renters to be eligible, through compliance of 24 CFR 92.216; and for Homeownership housing, the proposal should allow prospective homeowners to be eligible in compliance of 24 CFR 92.217, among other Federal requirements and the State **HOME** Program criteria.

The State **HOME** Program evaluates applications to **HOME** funds based on specific rating factors. Those factors include local considerations and State **HOME** Program's criteria, such as:

- Completed Application Form;
- Project Characteristics;

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- Project owners/developer characteristics;
- Financing characteristics;
- Special needs;
- Additional criteria for rental housing projects;

### Project Evaluation and Selection

To be considered for an allocation of HOME Funds, the applicant must submit a complete application with the following information and documents to demonstrate readiness to proceed.

- a. Evidence of site control.
- b. Permits and endorsement: Land Use Consultation (Consulta de Ubicación) approved by the Puerto Rico Planning Board (Junta de Planificación); and/or Preliminary Development (Desarrollo Preliminar) approved by the Regulations & Permits Administration (ARPE by its Spanish acronym) or a Municipality, as the case may be a Construction Permit.
- c. Schematic drawings and outlined specifications.
- d. Letters from financing sources specifying terms of available financing.
- e. Cost breakdown certified by the proposed general contractor or architect/designer.
- f. Pro-forma financial statements certified by the proposed management agent, if applicable.
- g. Field Studies: Soil Survey, Archeological/Ecologic Field Study, Hydraulic/Hydrologic Study, Environmental assessments.

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- h. Comprehensive market study report, by a party unaffiliated with the developer, of the low-income housing needs in the area to be served.
- i. Affirmative Marketing Plan.
- j. Appraisal report of site and property.
- k. Evidence of other Federal, State, or Local subsidies received or expected to be received for the development and operation of the project.

The initial basic qualifications will be made when the developers submit the documents. If the project does not meet the requirements, the applications will not be received. Only those applications that meet all such initial qualifications applicable to them would be further considered for the Point Ranking System. Those applications that meet all such initial qualifications will have 30 days to correct deficiencies. Afterwards, the application will be eliminated from competition should the applicant fail to provide the requested information or correct the noted deficiencies.

### **Point Ranking System**

#### **1. Overview**

The Authority will consider qualified applications for HOME Funds after a project satisfies all basic factors, using the Point Ranking System established hereinafter. The Authority will use the selection criteria stated below for ranking projects eligible for the allocation of HOME Funds. The project can accumulate a total of 315 points on the Point Ranking System. The project must accumulate a minimum of 75 points to be entitled to an allocation of HOME Funds. The results of the evaluation and ranking will be at the sole discretion of the Authority and will not be subject to challenge or appeal.

#### **2. Point Scoring**

##### **a. Project Characteristics (up to 60 points)**

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- i. Up to 40 points: construction of the project will begin as soon as an allocation of Home Funds is made. Readiness to begin construction will be evidenced with:

40 points: Construction Permit or Notification of Approval of the Construction Permit, issued and approved by ARPE or Municipality

25 points: Urbanization Permit issued and approved by ARPE or Municipality,

15 points: Preliminary Development, issued and approved by ARPE or Municipality

10 points: Land Use Consultation (Consulta de Ubicación), issued and approved by the Puerto Rico Planning Board

- ii. 5 points: Project emphasizes its energy efficiency, by promoting ENERGY STAR standards as defined by HUD.

- iii. 15 points: Project will acquire and rehabilitate existing vacant structures owned or financed by a government authority to add units to the affordable housing inventory.

### b. Project Owner/Developer Characteristics (up to 95 points)

- i. 20 points: Project Owner/Developer can demonstrate successful past experience in the development of affordable housing affordable projects in Puerto Rico.

- ii. 50 points: Owner/Developer evidences strong financial strength under commercial financing scrutiny.

- iii. 25 points: Project Owner/Developer is a CHDO.

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LESS than 20 points: Sponsor, owner, developer, Ming Agent, or consultant has defaulted PRHFA.

### c. Financing Characteristics (up to 60 points)

- i. Up to 15 points: Project with a financing firm commitment (Interim and/or Permanent) from the Authority or any other financial institution.
- ii. Up to 45 points: Project meets the PRHFA underwriting requirements.

### d. Special Housing Needs Projects (up to 40 points)

- i. 40 points: Tenant Population with Special Housing Needs Projects developed to give priority and to assist special needs families through a written plan included in the application, to provide supportive services to heads of family that are victims of domestic violence, elderly, disabled, HIV patients, or homeless (an endorsement letter from the authority that provides supportive services to the targeted special population must be included).

### e. Additional Criteria for Rental Housing Projects ( up to 55 points):

- i. 15 points: Project will acquire, rehabilitate, and preserve low-income rental housing which might otherwise be converted from low-income tenancy, including Section 8 projects with expiring contracts.
- ii. 15 points: Project with reservation or allocation of Low Income Housing Tax Credit.
- iii. 25 points: Executed rental subsidy agreement, such as: Section 8 or Law 173.

Management agent can demonstrate successful prior experience in the management of HOME projects. Points will be awarded for projects based on the experience of the management agent in maintaining compliance with HOME units in Puerto Rico during the past 10 years.



### Funds to be distributed among Program Categories

The information that follows presents a description of the Commonwealth **HOME** Program activities and the criteria used for the distribution of funds addressing the priority needs, specific objectives, and performance measurements mentioned above. The minimum investment required by **HOME** activity is \$1,000 per unit.

1. **Activity Name:** Construction of Affordable Housing for Homeownership (Homebuyer New-Construction)

**HOME Allocation:** \$3,077,012

**Description:** **HOME** funds will be used to provide cash incentives to developers in order to reduce financing expenses in their construction loan. Housing construction will be carried out in compliance with sections 24 CFR 92.205 (eligible activities), 92.206 (eligible project costs), 24 CFR 92.251, **HOME** Program property standards, and State construction requirements. Eligible project cost will be evaluated by the **HOME** staff. . Affordable housing is defined following HUD's accepted definition of affordability, generally understood as a household to pay no more than 30 percent of its annual income on housing.

Sale price on these units will be authorized of up to \$110,000 for single family units, \$125,000 for multifamily units, and \$130,000 for downtown units throughout the island, with the exemption of the municipalities of Bayamón, Culebra, Guaynabo, San Juan, and Vieques. These municipalities could pursue units at \$145,000 in the downtown area, in compliance with Act of the Legislature Num. 42 of July 23<sup>rd</sup>, 2009.

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Nevertheless, the authorized sale price is still within the FHA mortgage insurance limit established in 24 CFR 92.254 (a) (2) (iii) (Single Family Mortgage Limits under Section 203(b) of the National Housing Act (12 U.S.C. 1709(b))).

The amount of the subsidy to be awarded is presented by municipality in **EXHIBIT IV**, within their corresponding Metropolitan Statistical Area. These subsidy levels are based on a previous study developed by the Department of Housing. The subsidy analysis takes into account housing values and income limits.

The households benefited by this activity will receive a discount in the sale price equivalent to the average share of **HOME** funds invested per unit built. The beneficiary will execute a lien through covenants running with the property and deed restrictions for the affordable period, calculated as the amount of **HOME** funds invested in the unit. The **HOME** share will be secured in compliance with section 24 CFR 92.254 (affordability terms). Family eligibility will comply with sections 24 CFR 92.203 (income determination) and 24 CFR 92.217 (income targeting: Homeownership).

It is expected that for PY 2010, 100 new affordable units will be contracted for low-income families' Homeownership. This activity significantly boosts the housing construction industry by developing new affordable subdivisions Island-wide.

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2. **Activity Name:** Construction and Rehabilitation of Rental Housing for Very Low Income Tenants

**HOME Allocation:** \$4,659,476

**Description:** **HOME** funds will be used to provide a direct grant to developers in order to reduce financing expenses in the construction loan.

The rental construction, rehabilitation, or conversion will be carried out in compliance with sections 24 CFR 92.205 (eligible activities), 92.206 (eligible project costs), 24 CFR 92.251, **HOME** Program property standards, and Commonwealth construction requirements. Eligible project costs will be evaluated by the **HOME** staff, with the Reasonable Cost Certification issued by the **HOME** Program.

The amount of the subsidy to be awarded will be granted after the subsidy layering analysis is done to the project in compliance with 24 CFR 92.250 (b).

For rental housing, 90 percent of the occupants of **HOME**-assisted rental units must have incomes that are 60 percent or less of the area median; and 20 percent of the units in each rental housing project of five or more units must be occupied by tenant families with incomes at or below 50 percent of median income.

Enforcement of the affordability period, rent and occupancy requirements will be secured through covenants running with the property and deed restrictions. Covenants and deed restrictions may be

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suspended upon transfer by foreclosure or deed-in-lieu of foreclosure.

Every **HOME**-assisted unit is subject to rent limits designed to help make rents affordable to low income households. These maximum rents are referred to as “**HOME Rents**.”

The **PRHFA** will annually announce the maximum monthly rents approved by HUD, as well as disclose the utilities allowances for **HOME**-assisted rental projects.

There are two **HOME** rents applicable to the **HOME** program:

**High HOME Rents:** Maximum **HOME** rents are the lesser of: the Section 8 Fair Market Rents (FMRs) (or area-wide exception rents) for existing housing; OR thirty (30) percent of the adjusted income of a family whose annual income equals 65 percent of median income.

**Low HOME Rents:** For properties with five or more **HOME** assisted units, at least 20 percent of **HOME**-assisted units must have rents which are no greater than:

Thirty (30) percent of the tenant’s monthly adjusted income, or thirty (30) percent of the annual income of a family, whose income equals 50 % of median income (Low **HOME** Rent), or if a project has a Federal or Commonwealth project-based rental subsidy and the tenant pays no more than 30 percent of his or her adjusted income toward rent, the maximum rent may be

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the rent allowable under the project-based rental subsidy program.

Rental developers are advised that the payment standard applicable to the **HOME** Program is the High or Low **HOME** rent established by HUD for the market areas defined in Puerto Rico. The payment standard includes the utilities that should be paid by the landlord. In case the tenant pays any of these utilities, the contract rent executed by the tenant should discount the amount paid for such utilities. The **HOME** Program will use the utilities adopted by the PRHFA Section 8 Program.

For PY 2010, it is expected that 150 units for rental occupancy will be contracted for very low-income families. This activity significantly boosts the housing construction industry by developing new rental housing Island-wide.

**3. Activity Name:** Acquisition of Existing Housing for Low Income Homeownership (Homebuyer)

**HOME Allocation:** \$3,164,927

**Description:** The scope of this activity is to promote the acquisition of existing affordable housing for homeownership tenure, for increasing the supply of safe, sound, and sanitary dwellings available to low income families, and for improving their quality of life.

**HOME** funds will be used to subsidize part of the down payment and closing costs for prospective Homebuyers, in order to reduce the monthly mortgage payments. The

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dwelling should meet property standards set forth in 24 CFR 92.251; and the Homebuyer should meet income targeting requirements set forth in sections 24 CFR 92.203 (income determination) and 24 CFR 92.217 (income targeting: Homeownership).

Permanent financing would be secured through private banking or through the Puerto Rico Housing Finance Authority after obtaining an average subsidy per family of \$35,000. The subsidy limits for this activity are presented in **EXHIBIT V**. The value of units will be based on the appraisal value.

On this basis, the State **HOME** Program will be able to consider the approval of individual homebuyer activity with a sale price up to \$110,000 for single family units, \$125,000 for multifamily units, and \$130,000 for downtown units throughout the island; with the exemption of the municipalities of Bayamón, Culebra, Guaynabo, San Juan, and Vieques that could pursue units at \$145,000 in the downtown area in compliance with Act of the Legislature Num. 42 of July 23, 2009.

Nevertheless, the amount of the subsidy to be awarded could be higher if the subsidy layering analysis done to the family in compliance with 24 CFR 92.250 (b) justifies a higher subsidy than the amount established in **EXHIBIT V**.

The new sale price limits apply to new and existing rehabilitated housing units under the affordability

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criteria established by government initiatives, both locally and federally assisted.

In order to qualify as a homebuyer, the applicant should meet the criteria mentioned below.

1. To qualify as a low income family in the municipality where he/she is interested in purchasing the housing unit. Eligible families will be those allowed by the pertaining regulation. Income eligibility will be determined using the Section 8 requirements and supplementary information, such as the IRS-1040 Tax Return model for individuals will also be considered.

2. To look into the housing market the options to buy and request a sale offering from the owner-seller.

3. To request a Good Faith Estimate from a mortgage bank, calculating the equity available for down-payment, the amount of **HOME** funds needed for down-payment and closing costs, and the monthly mortgage payments including principal, interest, taxes, and insurance. It is important that the Good Faith Estimate considers the amount of **HOME** funds needed to supplement the equity available from the Homebuyer for down-payment and closing costs of the purchase.

4. To obtain the final eligibility and underwriting analysis from the Commonwealth **HOME** Program, in order to obtain the final program commitment.

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The homebuyer will execute a lien through covenants running with the property and deed restrictions for the affordable period, calculated for funds invested in the unit. The share will be secured in compliance with section 24 CFR 92.254 (affordability terms).

**HOME** assistance could be matched as well for those families interested in purchasing a house with any other state, federal, or municipal subsidy.

It is expected that 100 new low-income Homeowners will be assisted during PY 2010.

4. **Activity Name:**

**Homeowner Rehabilitation**

**HOME Allocation:**

\$928,040

**Description:** The scope of this activity is to promote the rehabilitation of a substandard Homeowner unit, or the replacement of such unit if it is unsound or represents an environmental hazard, in compliance with the housing rehabilitation standards. This would maintain the existing housing stock for Homeownership tenure, increase the supply of safe, sound, and sanitary dwellings available to low and very-low income families, and help them improve their quality of life. In order to meet the activity objective, the Commonwealth **HOME** Program will receive applications that comply with the Housing Rehabilitation Standards and adhere to the following criteria:

**Note:** No single criteria is considered as a standalone eligible activity



### Very Low and Low income families

1. In the case of minor or specialty repair if they are required to bring units up to applicable codes and standards and comply with minimum investment thresholds per HOME-assisted unit in a project;
2. Moderate and substantial rehabilitation, which include rehabilitating all items that do not meet code or may involve substantial repairs throughout the home in order to bring it up to code and to improve the overall livability and functionality of the unit, given that subsidy limits established by Home are not exceeded (221 (d) (3).
3. Noncompliance of Section 8- Housing Quality Standards;
4. Structural deterioration of the dwelling, for instance: current rehabilitation will exceed 25% but not 75% of the replacement cost of the unit;
5. Architectural barrier removal for persons with physical impediments that need reasonable accommodation;
6. Construction of additional bedrooms to clear overcrowding.

Very Low and Low-income families will receive a grant from the Commonwealth **HOME** Program depending of the number of bedrooms for the rehabilitation of the dwelling

Any additional cost beyond the subsidy limit needed to complete the rehabilitation of the **HOME** would be

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obtained from a construction loan. An exception to this rule will be awarded to handicapped and elderly heads of households if they are not in the position to assume repayment of a construction loan.

Subsidy limits and exceptions will be granted based on the number of bedrooms, in accordance with the following schedule:

# of Brs.	Maximum Subsidy from \$1,000 up to	
	Ground Level	In Columns - Section 221(d)(3)
1	56,350	62,350
2	67,850	75,850
3	74,175	83,175
4	79,350	89,350

In order to qualify for this activity, homeowners should comply with income eligibility as set forth in sections 24 CFR 92.203 (income determination) and 24 CFR 92.217 (income targeting: homeownership).

The homeowner will execute a lien through covenants running with the property and deed restrictions for the affordable period, calculated in the amount equivalent of **HOME** funds invested in the unit, and paid in full at the end of the affordability period.

The HOME Program has adopted an affordability period on projects assisted with HOME funds in order to ensure that HOME investments yield affordable housing over the long term. The applicable affordability period for homebuyer and rental rehabilitation activities are summarized on the following table:

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AVERAGE PER-UNIT HOME	MINIMUM AFFORDABILITY PERIOD
<\$15,000	5 years
\$15,000 - \$40,000	10 years
>\$40,000	15 years

Construction or rehabilitation will be carried out in compliance with sections 24 CFR 92.205 (eligible activities), 92.206 (eligible project costs), 24 CFR 92.251, **HOME** Program property standards, and Commonwealth construction code requirements.

The incentive or subsidy for the construction/rehabilitation activity will assist 15 homeowners at an approximate average cost of \$70,400.

5. **Activity Name:** **Development of Affordable Housing through the Participation of the Community Housing Development Organizations**

**HOME Allocation:** \$2,430,710

**Description:** To promote the construction of affordable housing for Homeownership tenure and rental occupancy, increasing the supply of safe, sound, and sanitary dwellings available to low and very-low income families, to help them improve their quality of life.

24 CFR Part 92.300 establishes that participating jurisdictions must reserve not less than 15% of the **HOME** Program allocation for investment in nonprofit

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housing organizations that benefit low and very low income families.

Community Housing Development Organizations (CHDO's) are not-for-profit community based entities established to develop, acquire, administer, or sponsor housing for persons of low and very low income with the assistance of **HOME** funds. The Commonwealth **HOME** Program must certify new organizations as a CHDO, and annually recertify existing CHDOs. Prior to committing funds, the Commonwealth **HOME** Program will assure that the entity meets the criteria pursuant to 24 CFR Part 92.2.

Emphasis is given to HUD requirements such as legal status under the Commonwealth's Commonwealth Department, composition of the Board of Directors, organizational mission, administrative capacity, and experience are the major areas to be evaluated before certifying or recertifying an organization as a CHDO.

**HOME** Program funds will be granted for acquisition and/or rehabilitation of housing, new construction, and project pre-development loans; among other eligible costs. CHDO activities and projects costs will meet the 24 CFR Parts 92.205 and 92.206; and local and federal property standards and construction codes, as established in the 24 CFR Part 92.251.

All families benefited by **HOME** funds must comply with income requirements as Commonwealth on the 24 CFR

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Parts 92.203 and 92.254, and Part 92.252 regarding rental-housing qualifications.

It is expected that 70 very low and low-income families will benefit from the CHDO activity.

6. **Activity Name:** **CHDO operating expenses**
- HOME Allocation:** \$324,095
- Description:** **HOME** funds allocated for operating expenses of Community Housing Development Organizations will follow the instructions provided in “Guía Operacional de los CHDO’s” revised annually. It is expected to assist 2 new certified CHDOs.

CHDOs can apply for up to \$50,000 or 50% of their operating budget, whichever is lower.

For projects under construction, the developer fee will be recognized as a credit for operating expenses in lieu of CHDO funds.

7. **Activity Name:** **HOME Program Planning and Administration**
- HOME Allocation:** \$1,620,472
- Description:** The scope of this activity is to provide the framework to support planning and administrative roles exclusively for the **HOME** Program.

10% of the total allocation of **HOME** Program funds for PY 2010 will be used to cover reasonable administrative and planning costs for general management and

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coordination of the program, and other eligible costs in accordance with 24 CFR Part 92.207.

Use of Funds	Available Funding	% of Total HOME Allocation
Construction of Affordable Housing for Homeownership (Homebuyer New-Construction)	3,077,012	19%
Construction and Rehabilitation of Rental Housing for Very Low Income Tenants	4,659,476	29%
Acquisition of Existing Housing for Low Income Homeownership	3,164,927	20%
Homeowner Rehabilitation	928,040	6%
CHDO Project Funds Set Aside (15% of PY 2008) **	\$2,430,710	15%
CHDO Operating Expenses Set Aside	\$324,095	2%
Program Planning and Administration (10% of PY 2010) *	\$1,620,472	10%
Total PY 2010 HOME Allocation	\$16,204,732	100%

### Description of Areas of Minority Concentration

No areas of minority concentration have been identified; since 95.1% of the ethnic group is considered Puerto Rican, followed by a 2.8% considered other Hispanic or Latino for a total of 98.9%.

In terms of race, 80.5% of the censuses population in Puerto Rico identified as White, 8% as Black or African American, and 6.8% as some other race.

### Reasons for the allocation priorities and geographic areas of the State

The PRHFA distributes funds through a competitive process and cannot predict the ultimate geographic distribution of the assistance.

## ACTIVITIES FOR THE ESG PROGRAM [91.320 (D)]

### Description of the Method of Distribution

#### METHOD OF DISTRIBUTION

##### 1. Public Announcement of Funds Availability/RFP Process

The PR Department of the Family has made special efforts to keep the non-profit organizations informed and properly oriented regarding the availability of funds. An availability of funds/Request for Proposals announcement is published in two Spanish newspapers of wide circulation throughout the Island. Also, on PY 2010, the DF informed the PR Homeless Coalitions of the availability of funds so that they could communicate the information to their members.

Grant funds will be considered obligated once the award letter has been sent to the

recipient. The recipient will be required to sign a contract detailing the sub-recipient's requirements and responsibilities. In the event the Department determines a sponsor to be unable to spend all grant monies by the contractual deadline, funds may be recaptured and redistributed to a recipient that will be able to spend the funds on eligible activities in a timely manner. Any recipient having funds recaptured by Department of the Family during a grant cycle will have the same amount reduced from any ESG funds awarded to that applicant on the following grant period.





Depending on the time remaining for the expenditure of the grant funds, the Department will determine the method of redistribution. It may announce the availability of funds through a newspaper's advertisement, through the Web Page of the PRDF or distribute the funds preparing a new or amended contract with a different recipient who has a proven track record of responsibly managing grant funds.

### **a. Application Requirements**

An application kit is distributed to new and inactive municipalities and/or non-profit organizations interested in applying. Guidelines with detailed instructions and relevant information pertaining to ESG Program regulations— including definition of eligible activities as well as general basic requirements to be completed by applicants— is included in the kit. These general requirements include:

- 1) A questionnaire pertaining to the organization's qualifications, history, and services rendered to the homeless.
- 2) A detailed summary of funds requested and sources of other funds received by the organization.
- 3) A detailed narrative description of the project/proposal.
- 4) Other requirements such as those, which are specific to continuation projects or new applicants, are also contained in the application kit.
- 5) Applicants to be considered for funding must address one or more of the following ESG program objectives/priorities for Puerto Rico: the homeless; addicts; HIV infected population; domestic violence victims; families; and the elderly.

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The funds applications, as well as the guidelines to prepare the application, are also made available to organizations through the Web Page of the PRDF.

### ALLOCATION PRIORITIES AND GEOGRAPHIC DISTRIBUTION

The PRDF has been evaluating and analyzing data from the Point in Time Surveys. It is important to notice that the different Censuses show similar findings. For instance, 2007 & 2009 Surveys showed that most homeless are chronic and living on the streets, have a special need and are not receiving services that promote independent living and self-sufficiency. This data along with the input from representatives from Coalitions lead our efforts for Program Year 2011.

#### Consolidated Plan Priorities

Based in the guiding principles and strategies described in the 2010-2014 Consolidated Plan, the following objectives have been established to guide the distribution and use of funds under ESG:

- Support projects that will expand or improve existing facilities for the homeless
- Help coordinate efforts by different organizations within geographic areas to fill gaps in facilities and services identified in the Continuum of Care Plan
- Support projects that use ESG funds to complement the use of other public and private funds and resources, and to help improve services to the homeless.
- Fund projects that address severe shortages in services to the homeless and have clearly defined methods to measure the outcomes of such services.
- Support projects that best assist persons in moving through the Continuum of Care toward independent living
- Support projects that will carry out homeless prevention activities
- Support projects in jurisdictions where comprehensive support and ancillary services are available and accessible to homeless individuals
- Support projects that can be completed in a timely manner, with measurable outcomes, within budget, and in compliance with all applicable federal and state

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requirements.

For Program Year 2011, the Department of the Family is determined that projects with the following characteristics will be considered priorities:

- Projects that provide services to the chronically homeless
- Emergency and transitional shelter facilities
- Services for underserved populations
- Services for a special needs population currently without services in the community
- Programs that promote activities to generate income for the participants
- The Organization has a Transitional or Permanent housing program

These priorities are not in ranking order. Projects with the above mentioned characteristics will have additional points in the criteria evaluation form.

Funds covered under the PY 2011 Action Plan are stated for island-wide availability. The Program does not have any geographic distribution requirement. Since funds are distributed through a competitive process, the ultimate geographic distribution cannot be estimated.

### Description of areas of minority concentration

No areas of minority concentration have been identified as 95% of the ethnic group is considered Puerto Rican followed by a 2.8% as other Hispanic or Latino for 98.9%.

In terms of race 80.5% of the censured population in Puerto Rico identified themselves as White, 8% as Black or African American and 6.8% as some other race.

#### **a. Evaluation Of Proposals (Proposal Review and Project Selection)**

Selection of the homeless projects for funding is one of the most crucial activities ASPI performs. Each year, ESG funds awarded to the Government of Puerto Rico are

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distributed through a competitive Request for Proposals (RFP) process to local public and private organizations and municipalities that serve homeless population.

A Request for Proposal (RFP) Evaluation Committee, designated by the Secretary of the Department of the Family, evaluates proposals. The evaluation criteria are based on priorities established for the current year and the requirements of the laws and regulations governing the ESG Program. Recommendations based on performance evaluation, is provided to the ESGP Evaluation Committee by personnel of the ASPI, which have the responsibility of administering the fund and monitoring recipients. These recommendations pertain to the administrative capacity and quality of services rendered by the applicants.

All proposals are reviewed and evaluated by the ASPI and Committee. ASPI coordinators reviewed the proposed projects for initial eligibility. Proposals are not considered based on the following items: - The applicant owes money to the state or federal government.

- Disallowed costs have resulted from an ASPI review or audit.
- The applicant has an open ESG grant from previous programs years or an earlier year.
- The application does not include required certifications.

All proposals are evaluated and scored by an evaluation committee appointed by the PRDF Secretary. The amount of funds allocated will be based on the evaluation points and the final determination of the Committee regarding the capacity of administration and services rendered by the organization/municipalities. Please refer to the Evaluation Criteria Format in the next page.



## FUNDS TO BE DISTRIBUTED AMONG PROGRAM CATEGORIES

The information below presents a description of ESG Program activities and an estimated distribution of funds to address priority needs, specific objectives, and performance measurements considering the operation of the Program for the last three years. The final allocation of funds depends on the total entities that present a Request for Proposal for a specific year for ESG funds and eligibility is determined by the Evaluation Committee.

1. **Activity Name:** Renovation, Rehabilitation or conversion of building for use as emergency shelter or transitional housing for the homeless

ESG Allocation: \$ 156,410

Description: **Major rehabilitation** means rehabilitation costs in excess of 75 percent of the value of the building before rehabilitation.

**Conversion** means a change in the use of a building to an emergency shelter for the homeless, where the cost of conversion and any rehabilitation costs exceed 75 percent of the value of the building after conversion.

**Renovation** means rehabilitation that involves costs of 75 percent or less of the value of the building before renovation.

Each recipient shall certify that, it will:

- a. In the case of assistance involving major rehabilitation or conversion, maintain any building for which assistance is used under this part as a shelter for homeless individuals and families for no less than a 10-year period; or

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- b. in the case of assistance involving rehabilitation (other than major rehabilitation or conversion), maintain any building for which assistance is used under this part as a shelter for homeless individuals and families for no less than a 3-year period.

It is expected that 3 organizations create housing with new / improved availability for 100 homeless individuals stabilized due to access to overnight shelter or other emergency housing support for the purpose of providing decent suitable living environments.

**2. Activity Name:**

Essential Services

ESG Allocation:

\$938,464

Description:

ESG funds can be used to provide essential services to address the needs of homeless persons living on the street, in emergency shelters, or in transitional housing. Essential services can address the immediate needs of the homeless, and can help enable homeless persons to become more independent and to secure permanent housing. In addition, essential services for homeless persons may be funded for day shelters or soup kitchens that serve predominantly homeless persons. Finally, services provided by shelters or day shelters that address the needs of persons residing on the street may be funded by ESG.

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Essential services include services concerned with employment, health, drug abuse, and education, and may include (but are not limited to):

1. Assistance in obtaining permanent housing;
2. Medical and psychological counseling and supervision;
3. Employment counseling;
4. Nutritional counseling;
5. Substance abuse treatment and counseling;
6. Assistance in obtaining other Federal, State, and local assistance including mental health benefits; employment counseling; medical assistance; Veteran's benefits; and income support assistance such as supplemental Security Income benefits, Aid to Families with Dependent Children, General Assistance, and Food Stamps;
7. Other services such as child care, transportation, job placement and training; and
8. Staff salaries necessary to provide the above services.

The provision of essential services, including services concerned with employment, health, drug abuse, or education, is limited if:

- such services have not been provided by the local government during any part of the immediately

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preceding 12-month period; or the use of assistance would complement those services; and

- not more than 30 percent of the aggregate amount of all assistance to a State or local government is used for activities under this activity.

It is expected that 29 organizations create housing with new / improve availability for 8,698 homeless individuals stabilized due to access to overnight shelter or other emergency housing support, for the purpose of providing decent suitable living environments.

### 3. Activity Name:

#### Operational Costs

ESG Allocation:

\$938,467

Description:

The term "operating costs" means expenses incurred by an entity operating a facility for the homeless with respect to:

- the administration, maintenance, repair, and security of such housing; and
- utilities, fuels, furnishings, and equipment for such housing.

Legislation and regulations specify various eligible operating costs related to the provision of emergency and transitional housing.

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### Eligible Activities

- Payment for shelter maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food, and furnishings. Staff salaries (including fringe benefits) paid under the operating costs category are limited to 10 percent of the grant. Maintenance and security personnel salary costs are not subject to the 10 percent standard. For example, a grantee receiving a \$75,000 ESG grant would be able to pay only \$7,500 (or 10 percent of that amount) for operational staff costs.

It is expected that 42 organizations create housing with new / improved availability for 5,443 homeless stabilized due to access to overnight shelter or other emergency housing support, for the purpose of providing decent suitable living environments.

4. Activity Name:	Prevention
ESG Allocation:	\$938,464
Description:	Homeless prevention means activities or programs designed to prevent homelessness, including (but not limited to): <ol style="list-style-type: none"><li>1. Short-term subsidies to defray rent and utility arrears for families that have received eviction or utility termination notices;</li><li>2. Security deposits or first month's rent to permit a homeless family to move into its own apartment;</li></ol>

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3. Mediation programs for landlord-tenant disputes;
4. Legal services programs for the representation of indigent tenants in eviction proceedings;
5. Payments to prevent foreclosure on a home; and
6. Other innovative programs and activities designed to prevent the incidence of homelessness.

Ineligible homeless prevention costs include:

- Housing/services to homeless persons
- Direct payments to individuals
- Long-term assistance beyond several months
- Application for Federal Funds or Unprogrammed Funds

It is expected that 24 organizations provide decent affordable housing to 3,360 non-homeless households.

9.	<b>Activity Name:</b>	<b>ESG Planning and Administration</b>
	ESG Allocation:	\$156,410
	Description:	The legislation and regulations provide that up to five (5) percent of a grantee's funds may be spent administering the grant. It also establishes that a percent of those administrative costs shall be shared with Municipalities. The Department will share one percentage of the administrative costs of the ESG with awarded Municipalities. Eligible administrative costs include staff

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to operate the program, preparation of progress reports, audits, and monitoring of recipients.

Ineligible administrative costs include:

- Preparation of the Consolidated Plan and other application submissions
- Conferences or training in professional fields, such as accounting and financial management
- Salary of organization's executive director (except to the extent involved in carrying out eligible administrative functions)

## ACTIVITIES FOR THE HOPWA PROGRAM [91.320 (D)]

### Description of the Method of Distribution

*Description of the method used for distributing funds to local governments and nonprofit organizations to carry out activities undertaken by the state, using funds that are expected to be received under formula allocations (and related program income) and other HUD assistance during the program year*

The Housing Opportunities for Persons with AIDS (HOPWA) Program provides housing assistance and supportive services for low-income persons living with HIV/AIDS and their families. HOPWA funds are received by the Puerto Rico Department of Health to be distributed to Eligible Project Sponsors that include Municipal Governments and Non Profit Organizations.

For the 2011-2012 Program Year HOPWA funds will be transferred to the Municipality of San Juan for its distribution to sub recipients. The City of San Juan will use a Request For Proposal method. The funds to be distributed are for the execution of the activities. The City of San Juan will not distribute administrative funding to sub recipients. All funds must be used to provide services and housing activities to eligible population.

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The RFP will be announced using a Public Notice published in a newspaper of Island wide circulation. The RFP competition will open from April 14, 2011 and proposals will be due on May 14, 2011. The City of San Juan will select sub recipients from municipalities, faith-based, and other community based organizations that provide services to the HIV/AIDS populations. Interested sub recipients (municipal and non profits), will submit proposals to be evaluated on a competitive basis, in compliance with the RFP and Application Guidelines.

If funds are available after the initial allocation (including previous year funding) of resources they will be distributed according to the method selected by the City of San Juan that can include noncompetitive methods.

For the purpose of this Plan the Puerto Rico EMSA will include the 78 municipalities.

### Evaluation of Grant Applications

The following evaluations factors will be used to evaluate the proposals presented by potential sub recipients. An evaluation committee selected by the Municipality of San Juan will evaluate the applications with a standard instrument to assure uniformity and impartiality. The maximum value for this criterion is one hundred (100) points. The following table shows the criteria to be used for the evaluation of the proposals:

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Non Profit Sub recipients		Municipal Sub recipients	
Criteria	Maximum Points	Criteria	Maximum Points
Transmittal Letter	3	Transmittal Letter	2
Description organization	6	General Information Municipality	2
Financial and Programmatic Background	6	Description of the Municipality Capacity	25
Past Performances	10	Financial and Programmatic Background	6
Services to be provided	10	Proposed Project Description	20
Needs Analysis	18	Action Plan	20
Action Plan	25	Budget	25
Budget	20		
Required Documents	2		
Total	100		100

### Acquisition, rehabilitation, conversion, lease and repair of properties activity

As it was mentioned earlier in this document, funds for previous years balances will be used to sponsor acquisition, rehabilitation, conversion, lease and repair of properties activities. These will be allocated through a competitive basis to organizations of the PR EMSA that comply with the RFP and Application Guidelines.

However, there could be exceptions for this competitive method. If an organization has already been granted funds from a local, state or federal governmental agency and needs complementary or matching funds, will not have to comply with this ordinary process. The organization may submit an application that includes:

- amount requested,
- letter of approval,
- proposal submitted to the other agency, and
- purpose of the project for which funding is requested.

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The application will be evaluated in an expedite manner, independent of the competitive process.

### Acceptance of proposals

For FY 2011 the Municipality of San Juan will accept island-wide applications, including potential sub recipients from the San Juan Eligible Metropolitan Statistical Area (EMSA). Priority will be given to potential sub recipients that are not included in the SJEMSA . Potential sub recipients located in the San Juan EMSA that are currently receiving HOPWA funds from the Municipality of San Juan cannot receive State HOPWA funds for the same purpose and uses.

Nevertheless, the eligible applications from the PREMSA will receive a preference code that will assure priority funding after the application is evaluated. All the applications will be evaluated by the same standards and criteria.

### DUNS Number and Central Contractor Registration

All sub-grantees are required to register with Dun and Bradstreet to obtain a DUNS number, if they have not already done so. In addition they must obtain certification from the Central Contractor Registration (CCR). The CCR is the primary registrant database for the U.S. Federal Government. CCR collects, validates, stores, and disseminates data in support of agency acquisition missions, including Federal agency contract and assistance awards. Both current and potential federal government registrants are required to register in CCR in order to be awarded contracts by the federal government. Registrants must update or renew their registration at least once per year to maintain an active status.

### Activities

The 2011-12 HOPWA funds will be focused on direct housing assistance to those most in need and supportive services for the HOPWA eligible individuals. Applicants are strongly encouraged to partner with other service providers (both public and private) to coordinate client services and fully leverage the available resources in the particular service area.

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The organizations whose proposals have been funded will be notified through certified mail. Also, they will be informed of the documents required by the Municipality of San Juan. Contracts will be granted to project sub recipients when all required documents have been submitted.

For FY 2011, HOPWA funds will be allocated in three major categories, as follows:

ACTIVITIES FOR THE HOPWA PROGRAM				
Activity	Program	Description/Location	Proposed Goal	Allocation
<b>Administration</b>	HOPWA	For the grantee administrative costs of the HOPWA program.	N/A	\$54,191
	HOPWA	For the City of San Juan administrative costs of the HOPWA program.	N/A	\$122,652
<b>Housing Activities Sub recipients</b>	HOPWA	To undertake HOPWA eligible housing related activities <sup>4</sup>	500	\$1,106,164
<b>Supportive Services and other eligible activities</b>	HOPWA	To provide grants to be used for supportive services and operational expenses.	500	\$523,361
			Total	\$1,806,368.00

### HOPWA Activity #1- HOPWA Program Administration

HOPWA funds are allocated for eligible administrative and planning costs including but not limited to expenditures for salaries, wages and related costs of Grantee and sub grantee staff, consultants and other persons responsible for the HOPWA Program administration.

HOPWA ACTIVITY #1- HOPWA PROGRAM ADMINISTRATION	
<b>Allocation</b>	\$176,843 \$54,191 PRDOH \$122,652 City of San Juan
<b>Consolidated Plan Objective:</b>	N/A
<b>Expected Accomplishment:</b>	N/A
<b>Timeframe for completion</b>	July 1, 2011- June 30, 2012

No administrative funds will be distributed to sub recipients due to the fact that they will receive delivery costs for the undertaking of the eligible activities. The HOPWA program regulations define eligible administrative costs as “costs for general management, oversight,

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coordination, evaluation, and reporting on eligible activities. Such costs do not include costs directly related to carrying out eligible activities, since those costs are eligible as part of the activity delivery costs of such activities.”

### HOPWA Activity #2-Housing Activities

A total of \$1,106,164 of HOPWA funds will be allocated to undertake eligible housing related activities including Tenant based rental assistance, Temporary Housing, Transitional Housing, Permanent Housing, Short Term Rent Utilities Mortgage and other eligible housing activities permitted by the regulation. This activity is available for Municipal and Non Profit sub recipients. Activities related to acquisition, rehabilitation, conversion, lease and repair of facilities, with will sponsored with carried over funds.

HOPWA ACTIVITY #2- HOUSING ACTIVITIES	
Allocation:	\$1,106,164
Consolidated Plan Objective:	DH2.1
Expected Accomplishment:	500 households or individuals
Timeframe for completion:	July 1, 2011- June 30, 2012

The following are examples of the principal housing activities that can be undertaken with the HOPWA funds:

- **Tenant-based rental assistance (TBRA)** is a rental subsidy used to help participants obtain permanent housing in the private rental housing market that meets housing quality standards and is rent reasonable. Eligible costs include rent (not mortgage payments) and utility costs. Working much like the Section 8 Housing Choice Voucher Program, HOPWA tenant-based assistance pays the difference between the Fair Market Rent or “reasonable rent” and the tenant’s portion of the rent. With TBRA, the HOPWA project sponsor makes rental payments directly to property owners. The HOPWA subsidy covers a portion of the full rent; the tenant also pays a portion based on their adjusted income or gross income. The HOPWA TBRA program subsidy payment is the

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difference between the contract rent charged for an approved unit and the tenant rent payment.

- **Short-term Rent, Mortgage, and Utility (STRMU) Assistance** is time-limited housing assistance designed to prevent homelessness and increase housing stability for clients with an emergency need. Used in connection with other HOPWA activities and other local, state and federal resources, STRMU can lead to long-term solutions to housing problems for participants receiving this time-limited housing assistance. Project sponsors may provide assistance for a period of up to 21 weeks in any 52-week program year period (July 1, 2011-July 30th, 2012). The amount of assistance varies per client depending on funds available, tenant need, and program guidelines. STRMU is intended for clients with an emergency need and not intended to provide regular monthly relief to households in situations that are not financially manageable under normal circumstances. If a household is living in a unit that is not normally affordable for them, then access to long-term rental assistance (HOPWA or other) would be a better solution than STRMU assistance.
- **Transitional housing** –this category comprises housing services to HIV population with special needs which are provided in conjunction with supportive services. It includes hospice care, alcohol and drug abuse treatment services, and temporary housing, among others.

### HOPWA Activity #3-Supportive Services and other eligible activities

Under this activity grants will be provided to nonprofit organizations for the provision of supportive services. Supportive services are important tools in helping program participants to stabilize their living situations and help address care needs of persons living with HIV infection.

In general, the emphasis of HOPWA programs should be on housing assistance rather than supportive services. No more than 35 percent of the total grant may be utilized for supportive services (Note: Permanent housing placement costs are included in the 35 percent cap). Services provided with HOPWA funds should focus on supporting the housing stability of program participants. All supportive service expenses for this HOPWA program must be

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documented as being last resort – that is, all other resources for supportive services must be exhausted prior to using HOPWA funds for supportive services.

The following are eligible expenses under HOPWA Supportive Services. If funds are allocated to these activities they need to be reported in HOPWA year-end performance reports.

- Adult day care and personal assistance
- Alcohol and drug abuse services (ambulatory)
- Case management/advocacy/coordination of benefits
- Child care
- Education
- Employment assistance and training for persons with HIV/AIDS
- Health and medical services (with restrictions listed below)
- Legal services
- Life skills management
- Nutritional services (including meals)
- Mental health services
- Outreach
- Transportation
- Assistance in gaining access to local, State, and Federal government benefits and services

However, despite this flexibility of services, HUD has limitations on what is considered to be eligible services. Sub recipients will need to adequately track supportive service activities, document related expenditures, and adhere to these limitations. Some HOPWA-funded supportive services can be provided to income-eligible persons with HIV and AIDS and their family members; others are restricted to HIV clients. As an example, HOPWA regulations establish that health services may only be provided to “individuals with acquired immunodeficiency syndrome or related diseases and not to family members”.

Any supportive service, including health services, should be provided as a last resort. The sponsor should document reasonable efforts to qualify recipients for other programs that might

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pay for supportive services in the client's Individual Housing Service Plans that demonstrate project sponsors are conducting required on-going assessments of the housing assistance and supportive services.

The flexibility of this range of eligible HOPWA supportive services under this activity can be a challenge given the limited amount of funds available to support these services. This flexibility helps project sponsors adapt their projects to local needs and gaps in services, but the project sponsor needs to understand the limits of this flexibility. HOPWA emphasizes the importance of housing assistance; but it also provides supportive services in combination with these activities. Some supporting services are restricted to the housing services (such as medical care to hospice activity). Others such as nutritional services may be provided independently. However, the sponsor needs to clarify the nature and scope of the supportive service that will be offered as part of the housing stabilization plan through their HOPWA project.

Sub recipients must report at the end of the year the following:

- The number of eligible households that received the specific service;
- The amount the sponsor spent on the specific category; and
- The value of other non-HOPWA funds brought into the project (leveraged) for this activity.

A total of \$523,361 is allocated to this activity. This activity is available only to nonprofit organizations.

<b>HOPWA ACTIVITY #3- SUPPORTIVE SERVICES AND OTHER ELIGIBLE ACTIVITIES</b>	
<b>Allocation</b>	\$523,361
<b>Consolidated Plan Objective:</b>	DH3.1
<b>Expected Accomplishment:</b>	500 persons
<b>Timeframe for completion</b>	July 1, 2011- June 30, 2012

Please refer to Table 2-B Consolidated Plan Listing of Projects HUD Table 3C

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### **Reasons for the allocation priorities, how the proposed distribution of funds will address the priority needs and specific objectives described in the consolidated plan**

HOPWA is a program that provides assistance to HIV/AIDS patients to overcome housing issues they may have, while they deal with their health condition. The provision of permanent or transitory housing (with supportive services or short term occupancy in a shelter) is an opportunity to overcome the housing problems that may affect their quality of life.

### **Obstacles to addressing underserved needs**

The primary obstacle to meeting underserved needs of low-income and HIV/AIDS patients continue to be lack of funds and resources.

The PRDOH / City of San Juan will continue to support non-profit agencies, providers and special needs groups in their goal to meet the underserved HIV/AIDS patients in the Government of Puerto Rico. Staff will provide technical assistance to project sub recipients in the pursuit of Federal, State, and other funding sources. In addition the inclusion of the Municipality of San Juan will allow rapid allocation of resources to nonprofit and municipalities of Puerto Rico. San Juan and the PRDOH will work together in creating a public policy that will have the effect of improving the quality of life of HIV/AIDS persons and their families.

### **Reasons for the allocation priorities and geographic areas of the State**

Funds for HOPWA projects are awarded to eligible entities and Municipalities through a competitive funding process. All HOPWA sub recipients will be selected through a competitive process coordinated by a committee. This committee will evaluate the merit of each proposal and the need of the geographic area and population to be served. The HOPWA application and review process will ensure that all sub recipients are eligible along with their proposed activities.

### **Housing Plan and Assessments**

During this program year the City of San Juan will enforce the preparation of Clients Housing Plans and Assessments. These documents assist in ensuring that participants achieve great housing stability by receiving HOPWA assistance. The HOPWA regulation establishes that the grantee must ensure that each sub recipient agrees to “conduct an ongoing assessment of the

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housing assistance and supportive services required by the participants in the program.” The housing assessment process includes gathering participant information about current finances, past rental history, behavioral history, and other service needs. The housing assessment is the foundation for the development of individualized housing and service plans. The sponsor should assess housing and supportive service needs at the point of intake or application and create plans for housing stability. The sponsor should update these plans at least annually. All program participant files must contain an individualized housing assessment and housing and service plan with evidence of annual updates and ongoing progress.

### Confidentiality Policy

As required by 24 CFR 745.440 all “project sponsors shall agree to ensure the confidentiality of the name of any individual assisted under this part and any other information regarding individuals receiving assistance.” It is the policy of the State that project sub recipients must adopt policies that a minimum, address:

- How staff will gather, record, and store confidential information;
- The consent process for the release of confidential information;
- Protocols for responding to breaches of confidentiality;
- Standards contained in relevant state and federal laws, including HIPAA compliance (if applicable) and HIV confidentiality statutes; and,
- Privacy standards related to data collection and use of participant information for program reporting, such as HMIS.

It is also important that the sub recipient not use any identifying information that could compromise a participant’s confidentiality regarding the HOPWA program.



## OUTCOMES FOR THE CDBG PROGRAM [91.320 (E)]

### Outcome Measures

The Performance Measurement System established by OCMA is organized around the four types of activities funded with the State CDBG program. These are:

- Housing;
- Economic development;
- Public services; and
- Public facilities.

The outcome statement is constructed using the objectives and outcomes recommended by HUD in the several documents issued to this effect.

For instance, the selected objectives are:

*Creating Suitable Living Environments* relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment. This objective relates to activities intended to address a wide range of issues faced by low- and moderate-income persons; from physical problems with their environment, such as poor quality infrastructure and public facilities, to social issues such as crime prevention, literacy, or elderly health services. National objectives LMA, LMC, and URG will be related to this objective.

*Providing Decent Housing* covers the wide range of housing activities undertaken with CDBG funds, focusing on homebuyer activity and homeowner rehabilitation. National objective LMH will relate to this objective.

*Creating Economic Opportunities* applies to activities related to economic development, commercial revitalization, or job creation. National objective ~~LMJ~~-LMC will relate to this objective.

The outcomes selected to complete the statement are:

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**Availability/Accessibility** applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low- and moderate-income people, including persons with disabilities. This will address the basic daily needs of low- and moderate-income people where they live.

**Affordability** applies to activities that provide affordability in a variety of ways to low- and moderate-income people by lowering the cost, improving the quality, or increasing the affordability of a product or service that benefits a low-income household.

**Sustainability** applies to activities that aim to improve communities or neighborhoods, helping to make them livable or viable by benefiting low-and moderate- income people, or by removing or eliminating slums or blighted areas through multiple activities or services that sustain communities and neighborhoods.

In order to collect quantifiable data, the non-entitlement municipalities are responsible for reporting to OCMA the accomplishments and benefits measured from their activities, according to the instructions outlined in this plan. The expected performance measurements will be incorporated in the project profile (Table 3-C) that will be filed with their basic and competitive allocations applications. The final performance measurement would be reported at their performance report. Table 3-C will be a formal exhibit incorporated in the contract, in order to assure quality data control. Entry in IDIS would be the responsibility of OCMA personnel.

To complete the OCMA performance measurement system, OCMA selected the indicators mentioned below. These are:

- Direct financial assistance to homebuyers;
- Owner occupied units rehabilitated;
- Public services; and
- Public facilities and infrastructure.

The correlation of the objective and outcome will produce an outcome statement that will allow

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OCMA to report the benefits of the State CDBG Program; including the type of activity, outcome statement, specific indicator, and activity classification by matrix codes, according to the description of the reported activity.

The chart shown in the figure below demonstrates the relationship of the performance measurement system within the method of distribution of the CDBG Program, which is activated once the Notice of Fund Availability is announced to the Governor of Puerto Rico.

### PMS FLOWCHART FOR THE CDBG PROGRAM

<b>Funds Available CDBG</b>	<b>Distribution of Funds</b>	<b>Housing</b>	Report PMS on Rehabilitated Units	Report PMS on Homeowner Characteristics
			Report PMS on Acquired units	Report PMS on Homebuyer Characteristics
		<b>Economic Development</b>	Report PMS on business assisted	Report PMS on job placement characteristics
		<b>Community Development</b>	Public facilities	Report PMS on persons assisted
			Public services	Report PMS on persons assisted

**Table 3C (Annual Action Plan)**

Through PY 2011, the State CDBG Program expects to assist 617,870 persons with the CDBG funds allocated, as presented in the next table. The following is Table 3C, the HUD template that shows the ANNUAL ACTION PLAN PLANNED PROJECT RESULTS arranged by Outcomes and Objectives, Performance Indicators, Expected Number, and Activity Description.

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Annual Action Plan Planned Project Results			
Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
DH-2 Affordability of Decent Housing	Direct financial assistance to homebuyers	50	13 Direct homeownership assistance
DH-2 Affordability of Decent Housing	Owner occupied units rehabilitated	550	14 A Single family rehabilitation
EO-1 Availability/Accessibility of Economic Opportunities	People	20	18C Micro enterprise assistance
SL-3 Sustainability of Suitable Living Environment	Public Facilities	15,000	01 Acquisition of real property
	People	40,000	03 Public facilities and improvement
	Public Facilities	17,000	03E Neighborhood facilities
	Public Facilities	150,000	03F Parks and recreational facilities
	Public Facilities	1,000	03G Parking facilities
	Public Facilities	25,000	03H Solid waste disposal
	People	6,000	03I Flood drain facilities
	People	6,000	03J Water and sewer facilities
	People	325,000	03K Street improvements
	People	6,000	03L Sidewalks
		2,000	05 General public service
		20,000	05I Crime awareness
SL-1 Availability/Accessibility of Suitable Living Environment	People	1,500	05A Senior citizens assistance
	People	1,750	05D Youth services
	People	500	05M Health services
	Public Facilities	500	03A Senior center

\*Use one of 9 outcome/objective categories

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	Availability/Accessibility	Affordability	Sustainability
<b>Decent Housing</b>	DH-1	DH-2	DH-3
<b>Suitable Living Environment</b>	SL-1	SL-2	SL-3
<b>Economic Opportunity</b>	EO-1	EO-2	EO-3

### Expenditure Limits

Sections 105 (a) (8) and (12) of Title I of the Housing and Community Development Act of 1974, as amended, establish the public service cap and the planning and administrative cap for the State CDBG Program. The statewide cap for public service is 15%, and the statewide cap for planning and administration is 20%

### Administrative Cap for the CDBG Program

The following table provides the analysis of the compliance with Section 105 (a) (12) on the 20% cap limit for administrative expenses, both for the State and the non-entitlement municipalities.

#### ADMINISTRATIVE CAP FOR THE CDBG PROGRAM

ADMINISTRATIVE SERVICES	AUTHORIZED	ADM-CAP
2011 Grant	\$43,698,507	\$8,739
CAP LIMITATION		20.0%

### Public Service Cap for CDBG Program

The following table provides the analysis for the compliance with Section 105 (a) (8) on the 15% cap limit for public services for the non-entitlement municipalities.



### PUBLIC SERVICE CAP FOR THE CDBG PROGRAM

PUBLIC SERVICES	AUTHORIZED	PS-CAP
2011 Grant	\$43,697,581	\$6,554,637
CAP LIMITATION		15.0%

### OUTCOMES FOR THE HOME PROGRAM [91.320 (E)]

The measures of the Commonwealth **HOME** program performance system (PMS) are incorporated into the method of distribution established in the 5 YHS.

This means that for any activity funded through any category in the method of distribution (e.g., CHDO activity, Homebuyer activity, rental housing, and Homeowner activity) the performance data is collected regardless of the type of project that is awarded funds.

The system recognizes that activities may be undertaken for different purposes but achieve the same type of results. With this system, the **HOME** Program can specify the types of outcomes that could be anticipated for any activity based on budget constrictions.

The indicators used by the **HOME** PMS are based on data collected from the contracts awarded by project or activity, focused on the performance indicators set in IDIS. The use of a single standardized set of data, regardless of the size of the project, means that the **HOME** program could report to HUD in the same language, “rolling up” the results from Puerto Rico to the many other participating jurisdictions from across the country into a set of overall national results by program.

The **HOME** program will incorporate the PMS into the PRHFA HOME System. This system is a Management, Accountability, and Reporting Tool that allows the **HOME** Program staff to enter data on project management and accounting. Analysis is still needed to evaluate the expected performance.

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The application could provide reports on: type of project, project status, physical address, name of the municipality the project is located, postal address, name of the participant receiving **HOME** assistance, matrix code, number of units developed, number of **HOME** assisted units, affordability period, IDIS activity number, size of household, gender of the head of household, budget allocated to the project, funds disbursed, obligated funds, funds available to draw, and family income limit, etc. Also, the application allows program staff to make any modifications to process and produce any kind of reports needed with the data entered in PRHFA HOME Systems.

The reporting capability of PRHFA HOME Systems allow Program Staff to allocate and review budget decisions, trace funds disbursement, review the housing production and program benefits comparing the annual goals established by project category, and follow up program compliance such as the **HOME** Program requirements, as per obligation for the disbursement of funds.

HUD's **TABLE 3C ANNUAL ACTION PLAN PLANNED PROJECT RESULTS** is presented below, arranged by Outcomes and Objectives, Performance Indicators, Expected Number, and Activity Description.

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**Table 3C (Optional)**

**Annual Action Plan  
Planned Project Results**

Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
DH-2 Affordability of Decent Housing	Homeownership units constructed or acquired with rehabilitation	100	Construction of affordable housing units for low income Homeownership
DH-2 Affordability of Decent Housing	Direct financial assistance to Homebuyers	100	Down payment and closing cost assistance for the acquisition of existing housing for low income Homeownership
DH-2 Affordability of Decent Housing	Rental units constructed or rehabilitated	150	Rehabilitation of affordable housing units for rental occupancy Construction
DH-2 Affordability of Decent Housing	Homeownership units constructed or acquired for rehabilitation	21	CHDO construction of affordable housing units for Homeownership
DH-2 Affordability of Decent Housing	Rental units constructed	49	CHDO rehabilitation of affordable housing units for rental occupancy
DH-2 Affordability of Decent Housing	Owner occupied units rehabilitated	15	Homeowner rehabilitation of housing units from substandard condition
<b>*Use one of 9 outcome/objective categories</b>			
	<b>Availability/Accessibility</b>	<b>Affordability</b>	<b>Sustainability</b>
<b>Decent Housing</b>	DH-1	DH-2	DH-3
<b>Suitable Living Environment</b>	SL-1	SL-2	SL-3
<b>Economic Opportunity</b>	EO-1	EO-2	EO-3

The chart shown below demonstrates the relationship of the performance measurement system with the method of distribution of the **HOME** Program, which is activated once the Notice of Fund Availability is announced to the Governor of Puerto Rico.

**PERFORMANCE MEASUREMENT SYSTEM FOR**

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## AFFORDABLE HOUSING UNDER THE PRDH HOME PROGRAM

NOTICE OF HOME FUNDS AVAILABLE TO THE PRDH	DISTRIBUTION OF FUNDS	UNITS UNDER CONTRACT: REPORT PERFORMANCE MEASUREMENTS ON HOUSING UNITS CHARACTERISTICS FOR HOMEOWNER REHABILITATION, SALE AND RENTAL OCCUPANCY	STILL IN CONSTRUCTION	HOMEOWNED UNITS REHABILITATED	REPORT PERFORMANCE MEASUREMENTS ON HOMEOWNER CHARACTERISTICS
			HOUSING UNITS COMPLETED	SOLD	REPORT PERFORMANCE MEASUREMENTS ON HOMEBUYER CHARACTERISTICS
				VACANT	FOR SALE
				RENTED	REPORT PERFORMANCE MEASUREMENTS ON TENANT CHARACTERISTICS
				VACANT	FOR RENT

PATHWAYS APPLY FOR PRIVATE DEVELOPERS, CHDOS AND INDIVIDUALS

PATHWAY FOR HOMEOWNER REHABILITATION

PATHWAY FOR SALE HOUSING

PATHWAY FOR RENTAL HOUSING

## OUTCOMES FOR THE ESG PROGRAM [91.320 (E)]

### STATEMENT OF SPECIFIC ANNUAL OBJECTIVES

The DF is committed with ESG objectives of increasing the number and quality of the emergency shelter and transitional housing for homeless individuals and families, operating these facilities, and providing essential services to help prevent homelessness.

On Program Year 2011, the ESG Program expects to serve **17,601 homeless individuals** with the ESG funds allocated and reallocated to approximately **87 Organizations and Municipalities**. The next table is a HUD template that shows the specific annual objectives arranged by:

- Outcome/Objective

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- Source of Funds
- Performance Indicator
- Program Year
- Expected Numbers for years 2010-2014
- Actual Numbers for FY 2009, and
- Percentage Completed for 2009.

These are the Specific Annual Objectives established for PY 2011, corresponding to the second of the DF 5YHS for the 2010-2014 Consolidated Plan.

**OPTIONAL TABLE 3A- SUMMARY OF SPECIFIC ANNUAL OBJECTIVES**

Specific Obj. #	Outcome/Objective Specific Annual Objective	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
<b>DH-1</b>	<b>Availability/Accessibility of Decent Housing</b>						
	1.1.1 Provide Shelter and non residential services to an estimated of 11,000 homeless persons.	ESG	Homeless Shelter Emergency housing	2010	11,000		0.00%
				2011	11,000		0.00%
DH-1.1				2012	11,000		0.00%
				2013	11,000		0.00%
				2014	11,000		0.00%
			MULTI-YEAR GOAL			55,000	
<b>DH-2</b>	<b>Affordability/Decent Housing</b>						
	2.1.1 Prevent Homeless to an estimated of 1,400 non-homeless households. ESG		Homeless prevention	2010	1400		0.00%
				2011	1400		0.00%
DH-2.1				2012	1400		0.00%
				2013	1400		0.00%
				2014	1400		0.00%
			MULTI-YEAR GOAL			7,000	

## OUTCOME MEASURES

The next table, titled **OPTIONAL TABLE 3C -SUMMARY OF SPECIFIC ANNUAL OBJECTIVES**, is a HUD template that shows the specific annual objectives arranged by:

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OPTIONAL TABLE 3C- ANNUAL ACTION PLAN PLANNED PROJECT  
RESULTS

Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
Availability of decent affordable housing	Organizations that created housing with new/improvement availability for the homeless.	100	Rehabilitation and conversion of building for use as emergency shelter or transitional housing for the homeless
	Homeless persons given overnight shelter or other emergency housing	8,698	Essential services to address the needs of homeless persons living on the street, in emergency shelters, or in transitional housing.
		5,443	Operating costs - expenses incurred by an entity operating a facility for the homeless.
Affordability of decent housing	Households that received emergency financial assistance to prevent homelessness.	1,400	Prevention activities or programs designed to prevent the incidence of homelessness.

### The Performance Measurement System for the ESG Program

The measures of the State ESG Program Performance Measurement System (PMS) was designed in 2003 according with Section 6.2 of the ESG Desk Guide, and the performance indicators set in IDIS. It is a quarterly report that entities with ESG funds allocated by the DF are compelled to submit to the Department as part of the requirements for receiving the funds. This condition is incorporated in the contract awarded to delegate the funds.

The structure of the performance data report includes a daily and a monthly form that covers the outputs that the entities summarize in the quarter periods report. At the end of the Program Year, the performance of the entities is evaluated according to the RSP as well as to the program as a whole.

The management of the data is done manually, and covers the outputs stated in the following table as well as the fields required by IDIS. These fields are: Project Title, Activity Name, Purpose of the Project, Project Description, Purpose of the Activity, and Services Provided.

The reporting capability of the system allows the Program to allocate funds according to the performance of the entities; as well as to review the annual goals, estimate the use of ESG funds according to the certainty of the reported data, and follow up program compliance. This information is also used by the Multisector Council in the preparation of the Balance of State (BoS) Exhibit 1 for the Continuum of Care, as well as for other purposes. We will also be coordinating with the HMIS's administrators (Coalition of Coalitions and San Juan's Coalition) to receive quarterly data reports of the Performance Measurements informed by the organizations and municipalities of the population they served.

The Program is developing an automated ACCESS database application to facilitate the gathering of data provided by the ESG entities. We are also coordinating with the organizations that will be incorporating into the Homeless Information System (HMIS) the data required in the PMS of the ESGP. This action will simplify the process of performance indicators data collection to the ESG entities.

The next table shows data on the Performance Evaluation Report for the ESG Program.

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## SUMMARY OF PERFORMANCE MEASUREMENT FOR AVAILABILITY AND AFFORDABILITY OF DECENT HOUSING OF ESG PROGRAM

PLANNED WORK		INTENDED RESULTS		
INPUT	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
<p><b>\$42,753.77</b> Total draw funds. (includes carry over)</p>	<p>Rehabilitation and conversion of building for use as emergency shelter or transitional housing for homeless</p>	<p><b>RESIDENTIAL</b> (Emergency or Transitional Shelter)            ___adults served            ___children served            ___individual households unaccompanied 18 years old and over by sex            ___family households with children headed by single 18 years old and over by sex            ___family households with children headed by single under 18 years old and over by sex            ___family households with children headed by two parents 18 years old and over by sex            ___family households with children headed by two parents under 18 years old and over by sex            ___family households with no children</p>	<p>3 shelters and services available and accessible to the homeless.</p>	<p>3 organizations created housing available and accessible to the homeless for the purpose of providing decent suitable living environments.</p>
		<p>Subpopulation            ___persons chronically homeless            ___persons severely mentally ill            ___chronic substance abuse            ___persons with other disability            ___veterans            ___persons with HIV/AIDS            ___victims of domestic violence            ___elderly</p> <p>Type of shelter            ___persons housed in barracks            ___persons housed in group/large house            ___persons housed in scattered site apartment            ___persons housed in single family detached house            ___persons housed in single room occupancy            ___persons housed in mobile home/trailer            ___persons housed in hotel/motel            ___other</p>		
		<p>Racial/Ethnic Characteristics            ___persons Hispanics            ___persons non-Hispanics</p> <p><b>NON-RESIDENTIAL</b>            ___adults and children served</p>		

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PLANNED WORK		INTENDED RESULTS		
		Racial/Ethnic Characteristics ___persons Hispanics ___persons non-Hispanics		
\$301,482.33 Total draw (includes carry over)	Essential services to address the needs of homeless persons living on the street, in emergency shelter or in transitional housing.	<b>RESIDENTIAL</b> (Emergency or Transitional Shelter) ___adults served ___children served ___individual households unaccompanied 18 years old and over by sex ___family households with children headed by single 18 years old and over by sex ___family households with children headed by single under 18 years old and over by sex ___family households with children headed by two parents 18 years old and over by sex ___family households with children headed by two parents under 18 years old and over by sex ___family households with no children	30 shelters and services available and accessible to the homeless.	30 organizations create housing available and accessible to the homeless for the purpose of provide decent suitable living environments.
		Subpopulation ___persons chronically homeless ___persons severely mentally ill ___chronic substance abuse ___persons with other disabilities ___veterans ___persons with HIV/AIDS ___victims of domestic violence ___elderly  Type of shelter ___persons housed in barracks ___persons housed in group/large house ___persons housed in scattered site apartment ___persons housed in single family detached house ___persons housed in single room occupancy ___persons housed in mobile home/trailer ___persons housed in hotel/motel ___other		
		Racial/Ethnic Characteristics ___persons Hispanics ___persons non-Hispanics  <b>NON-RESIDENTIAL</b> ___adults and children served		

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PLANNED WORK		INTENDED RESULTS		
		Racial/Ethnic Characteristics  ___persons Hispanics ___persons non-Hispanics		
\$212,622 Total draw funds (includes carry over funds)	Operational costs – expenses incurred by an entity operating a facility for the homeless.	<b>RESIDENTIAL</b> (Emergency or Transitional Shelter) ___adults served ___children served ___individual households unaccompanied 18 years old and over by sex ___family households with children headed by single 18 years old and over by sex ___family households with children headed by single under 18 years old and over by sex ___family households with children headed by two parents 18 years old and over by sex ___family households with children headed by two parents under 18 years old and over by sex ___family households with no children	46 shelters and services available and accessible to the homeless.	46 organizations created housing available and accessible to the homeless for the purpose of providing decent suitable living environments.
		Subpopulation ___persons chronically homeless ___persons severely mentally ill ___chronic substance abuse ___persons with other disability ___veterans ___persons with HIV/AIDS ___victims of domestic violence ___elderly  Type of shelter ___persons housed in barracks ___persons housed in group/large house ___persons housed in scattered site apartment ___persons housed in single family detached house ___persons housed in single room occupancy ___persons housed in mobile home/trailer ___persons housed in hotel/motel ___other		
		Racial/Ethnic Characteristics  ___persons Hispanics ___persons non-Hispanics  <b>NON-RESIDENTIAL</b> ___adults and children served		

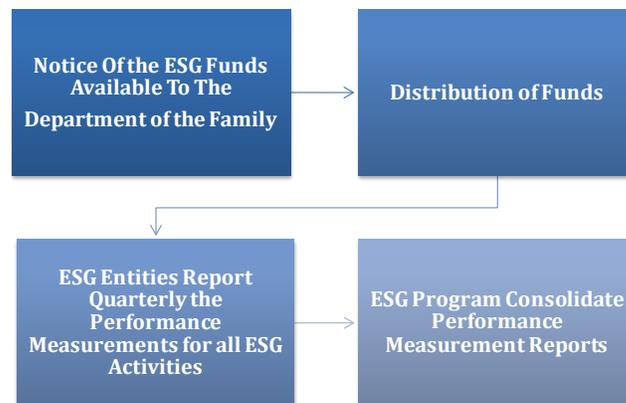
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PLANNED WORK		INTENDED RESULTS		
		Racial/Ethnic Characteristics ___persons Hispanics ___persons non-Hispanics		
\$253,985.70 total draw (includes carry over funds)	Prevention activities or program designed to prevent the incidence of homelessness.	<b>NON-RESIDENTIAL</b> 3,360 adults and children served  Racial/Ethnic Characteristics ___persons Hispanics ___persons non-Hispanics	\$436,032 provided for affordability to non-homeless households through rent/mortgage, utility assistance and 1 <sup>st</sup> month rent/security deposit assistance and landlord/tenant mediation/legal services.	16 organizations created decent affordable housing to non-homeless households.

The following figure demonstrates the relationship between the performance measurement system and the method of distribution of the ESG Program, which is activated once the Notice of Funds Availability is announced to the Governor of Puerto Rico.

## PERFORMANCE MEASUREMENT FOR AVAILABILITY AND AFFORDABILITY OF DECENT HOUSING OF ESG PROGRAM



## OUTCOMES FOR THE HOPWA PROGRAM [91.320(E)]

### Summary of the Annual Objectives to Achieve During the Forthcoming Program Year for the HOPWA Program: TABLE 3A

Throughout FY 2011, the State HOPWA Program expects to assist approximately 500 individuals with HIV/AIDS. The **Table 3-A** shows the revised Annual Action Plan planned

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projects' results arranged by Outcomes and Objectives, Performance Indicators, Expected Number, and Activity Description.

This table is a HUD template that shows the specific annual objectives arranged by outcome/objective, Source of Funds, Performance Indicators, Program Year, and Expected Number for FYs 2010 to 2014.

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## OPTIONAL TABLE 3A- SUMMARY OF SPECIFIC ANNUAL OBJECTIVES-HOPWA

Availability/Accessibility of Decent Housing (DH-1)							
Specific Objective	Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Completed	
<b>Affordability of Decent Housing (DH-2)</b>							
DH2.1	2.1.1 Temporary Housing: # of HIV/AIDS households receiving TBRA for temporary housing for the purpose of affordability of decent housing.	HOPWA	2010	01 people	30		%
			2011		30		%
			2012		30		%
			2013		30		%
			2014		30		%
			MULTI-YEAR GOAL		150		%
	2.1.2 Treatment Services D&A: # of HIV/AIDS households receiving TBRA for temporary housing for the purpose of affordability of decent housing	HOPWA	2010	01 people	55		%
			2011		55		%
			2012		55		%
			2013		55		%
			2014		55		%
			MULTI-YEAR GOAL		275		%
	2.1.3 Tenant Based Rental Assistance (TBRA): # of HIV/AIDS households receiving TBRA for temporary housing for the purpose of affordability of decent housing	HOPWA	2010	01 people	75		%
			2011		75		%
			2012		75		%
			2013		75		%
2014			75			%	
MULTI-YEAR GOAL			375			%	
2.1.4 Short-Term Rental, Utility & Mortgage Assistance: # of HIV/AIDS households receiving STRUM for the purpose of affordability of decent housing	HOPWA	2010	01 people	120		%	
		2011		120		%	
		2012		120		%	
		2013		120		%	
		2014		120		%	
		MULTI-YEAR GOAL		600		%	
<b>Sustainability of Decent Housing (DH-3)</b>							
DH3.1	3.1.1 Hospice: # of HIV/AIDS households receiving intensive care	HOPWA	2010	01 people	30		%
			2011		30		%
			2012		30		%
			2013		30		%
			2014		30		%
			MULTI-YEAR GOAL		150		%
	3.1.2 Chronically Mentally: # of HIV/AIDS households receiving persons with a severe Chronically Mental Health condition for permanent housing for the purpose of affordability of decent housing.	HOPWA	2010	01 people	5		%
			2011		5		%
			2012		5		%
			2013		5		%
MULTI-YEAR GOAL		25		%			

### The Performance Measurement System for the HOPWA Program

The Performance Measurement System (PMS) established by the PRDOH is organized around the housing activity and the support services that could be funded with the State HOPWA program. The outcome statement is constructed using the objectives and outcomes recommended by HUD on June 15<sup>th</sup>, 2006 in the several documents posted in the Internet issued to this effect.

For instance, the decent housing objective is selected because it covers three housing activities that are undertaken with HOPWA funds, focusing on the affordability of short term, transitional, and permanent housing with or without supportive services to the patients of HIV/AIDS.

There are **two** outcomes selected to complete the housing statement. These are:

**Affordability:** This applies to activities that provide housing affordability in terms of Accessibility for occupancy to low income patients living with HIV/AIDS, in order to increase their opportunity to reach the goal to occupy a sound, safe, and sanitary dwelling.

**Sustainability:** Which applies to the support activities that make services, housing, or shelter available or accessible to low income patients with HIV/AIDS; including persons with disabilities and the homeless, making their basic daily needs available and accessible where they live.

In order to collect the quantifiable data, the community based organizations are responsible to report to the PRDOH the accomplishments and benefits measured from their activities, according to the instructions outlined in this plan. The expected performance measurements will be incorporated in the project profile (Table 3-C) that will be filed with their funding applications; and again, the final performance measurement would be reported at their performance report. Table 3-C will be a formal exhibit incorporated in the contract in order to assure quality data control. Entry in IDIS would be the responsibility of PRDOH personnel.

To complete the performance measurement system, the PRDOH selected the indicators

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mentioned below. These are: Tenant based rental assistance, homeless prevention, and public services. The related activities are shown in TABLE I in page 7. In addition, the following data should be provided by the faith based and community organizations and collected by the PRDOH staff, to be reported in the Integrated Disbursement and Information System. (IDIS)

### Tenant Based Rental Assistance (TBRA)

- Total number of persons receiving TBRA, broken down by:
  - The number of other family members.
  - Number of persons receiving assistance by age, gender, race, and ethnicity.
  - Number of households receiving assistance by income category.
  - Prior living situation of households.
  - Number of households exiting the program, by destination or life event.

### Transitional housing services

- Total number of persons receiving THS, broken down by:
  - Number of persons receiving assistance by age, gender, race, and ethnicity.
  - Number of persons receiving assistance by income category.
  - Prior living situation of persons.
  - Number of persons exiting the program, by destination or life event.

### Short Term Rental Mortgage Utilities (STRMU)

- Total number of households receiving STRMU assistance, broken down by:
  - The number that received mortgage assistance.

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- The number that received assistance in the prior reporting year; and
  - The number that received assistance in the two prior reporting years.
- Total number of persons receiving STRMU assistance, broken down by:
  - The number of persons with HIV/AIDS; and
  - The number of other family members.
- Number of persons receiving assistance by gender, age, race, and ethnicity for primary owner and family member.
- Number of households receiving HOPWA assistance by income category.
- Prior living situation of household.
- Number of households exiting the program, by destination or life event.
- Total STRMU expenditures.

### Supportive Services

- The number of persons receiving support services in coordination with housing assistance, broken down by:
  - The number of persons with HIV/AIDS; and
  - The number of other family members.
- The number of persons receiving supportive services only, broken down by:
  - The number of persons with HIV/AIDS; and
  - The number of other family members.

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- The amount expended on each service activity.
- The number of persons placed in jobs through supportive service expenditures (e.g., case management, employment assistance).

### Permanent Housing Placement

- Total number of households receiving housing placement assistance.
- Total housing placement expenditures.
- Number of households receiving housing information services.
- Total expenditures.

The correlation of the objective and outcome will produce an outcome statement that will allow the PRDOH to report the benefits of the State HOPWA Program; including the type of activity, outcome statement, specific indicator, and activity classification.

The chart below demonstrates the relationship between the performance measurement system and the method of distribution of the HOPWA Program, which is activated once the Notice of Fund Availability is announced to the Governor of Puerto Rico.

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## PERFORMANCE MEASUREMENT REPORTING SYSTEM

DISTRIBUTION OF FUNDS	ORGANIZATIONS	HOUSING	REPORT PMS ON TEMPORARY HOUSING UNITS	REPORT PMS ON PERSONS WITH HIV/AIDS CHARACTERISTICS
	UNDER CONTRACT: REPORT PERFORMANCE MEASUREMENTS ON EXPECTED BENEFITS		REPORT PMS ON TRANSITIONAL HOUSING UNITS	
			REPORT PMS ON PERMANENT HOUSING UNITS	
		SUPPORTIVE SERVICES	REPORT PMS ON EXPECTED SUPPORTIVE SERVICES	

**PLANNING STAGE APPLIES TO ALL FAITH BASED AND COMMUNITY ORGANIZATIONS**  
**PATHWAY FOR HOUSING ACTIVITIES**  
**PATHWAY FOR SUPPORTIVE SERVICES**  
**REPORTING STAGE APPLIES TO THE MUNICIPALITIES THE FAITH BASED AND COMMUNITY ORGANIZATIONS**

### Expenditure Limits

The table below provides the analysis for compliance with the HOPWA limitation on the 10% cap limit for administrative expenses, 3% for the State and 7% for the project sponsors.

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### ADMINISTRATIVE CAP FOR THE HOPWA PROGRAM

ADMINISTRATION	AUTHORIZED	ADM-CAP
<b>2010 Grant</b>	\$1,825,260	100.00%
	\$ 54,757.80	
<b>State Administration</b>		3.00%
	\$ 127,768.20	
<b>SJ Administration*</b>		7.00%
	\$ 182,526.00	
<b>Total Obligation</b>		10.00%
<b>CAP LIMITATION</b>	\$ 54,757.80	3.00%

The state HOPWA Program allocated the amount of \$54,757.80 for the state administrative expenses, equivalent to a 3% allocation; and \$ 127,768.20 for the Municipality of San Juan, equivalent to a 7% allocation, for a 10% allocation for administration.

## GEOGRAPHIC DISTRIBUTION FOR THE CDBG PROGRAM [91.220(F)]

### Statement Concerning that CDBG Funds Are Distributed Through a Competitive Process

OCMA distributes the CDBG funds through a competitive process throughout the 51 non-entitlement municipalities ultimately leaving the decision to allocate them to the mayors. The ultimate geographic distribution of the CDBG funds is made by the non-entitlement municipalities once they complete their own citizen and consultation process.

### Estimate of the Percentage of Funds it Plans to Dedicate to Target Areas

The following figure presents the location of the 51 non-entitlement municipalities of Puerto Rico that we could classify as targeted areas within the non-entitlement municipalities. Census 2000 caused the migration of the municipalities of Cabo Rojo, Guayama, Isabela, San Sebastian,

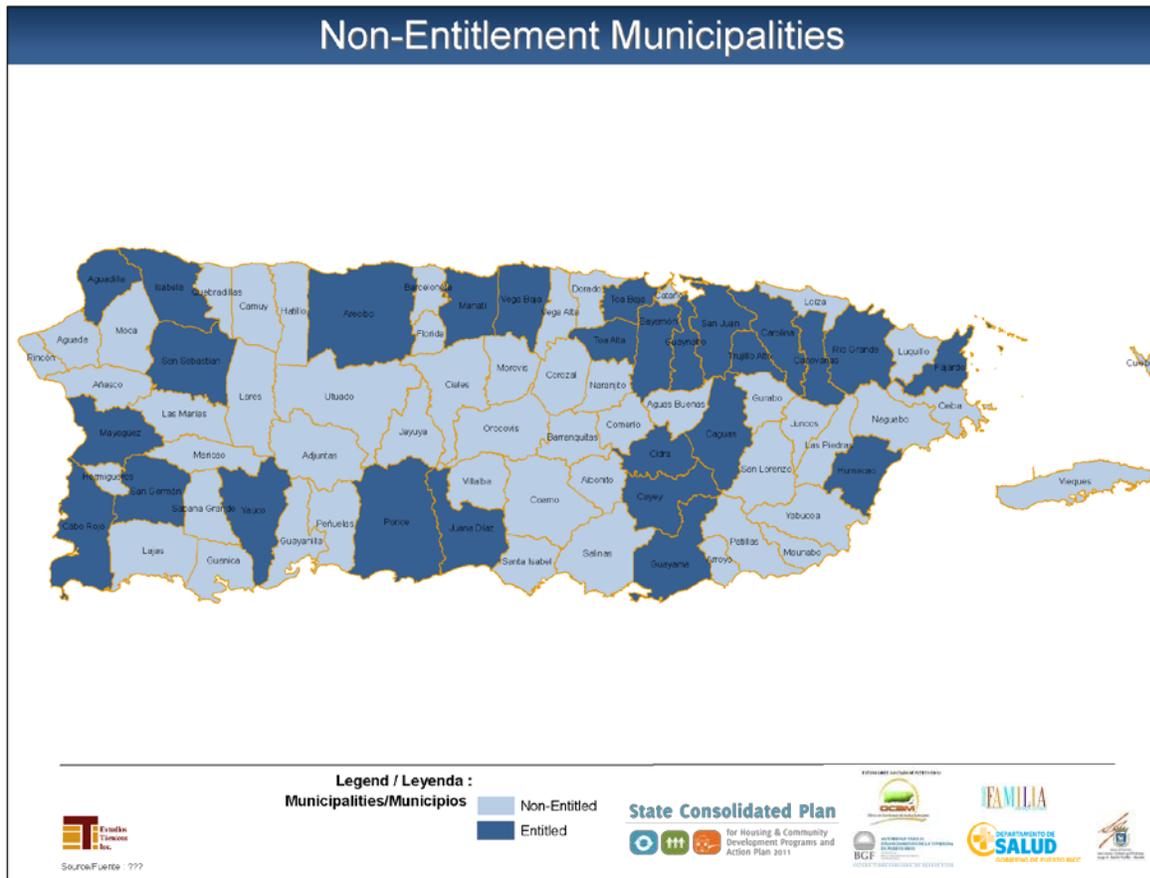
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San Germán, and Yauco into the CDBG Entitlement Program, leaving 51 municipalities within the current non-entitlement program.

### NON-ENTITLEMENT MUNICIPALITIES AS TARGETED AREAS



For PY 2011, \$17,955,000 will be distributed among the 51 non-entitlement municipalities, with \$350,000 distributed as the basic allocation and \$23,068,630 through the Competitive Round, accounting for 94% of the CDBG funds allocated for PY 2011. State Act Num. 50, approved on January 30, 2004 allows a 15% markup to funds allocated to the offshore municipalities of Vieques and Culebra.

The mayors of the non-entitlement municipalities certify to OCMA that no less than 70% of the

funds allocated to their municipalities would be expended in activities that benefit low-income persons, as area benefit activities, low moderate clientele, low moderate housing, or low moderate jobs. Nevertheless, the remaining 30% could be used for the elimination of slum and blight and the solution of sudden urgent needs that affect the health and safety of a particular community.

### GEOGRAPHIC DISTRIBUTION FOR THE HOME PROGRAM [91.220 (F)]

#### Statement Concerning that HOME Funds are distributed through a Competitive Process

The PRHFA will distribute funds through a competitive process and cannot predict the ultimate geographic distribution of the HOME funds. The method of distribution does not include an allocation of resources based on geographic areas, so target areas are not earmarked. Yet, the HOME Program will consider the housing needs for eligible income families in non-metropolitan areas, by taking into account the upcoming new census figures by Municipalities. The merits of the proposal will be evaluated taking into consideration the needs in any particular location. The PRHFA will comply with regulations requiring that resources be allocated in non-metropolitan areas. Estimation of the Percentage of Funds it Plans to Dedicate to Target Areas

The HOME allocation for PY 2011 will be distributed to benefit low income families in compliance with 24 CFR 92.203 (a), that Commonwealths *“The HOME program has income targeting requirements for the HOME program and for HOME projects. Therefore, the participating jurisdiction must determine each family is income eligible by determining the family’s annual income.”* This requirement opens the geographical area of the Commonwealth of Puerto Rico’s 78 municipalities that could be served with the Commonwealth HOME Program. The PRHFA recognizes that the Municipalities of Aguadilla, Arecibo, Bayamón, Caguas, Carolina, Guaynabo, Mayagüez, Ponce, San Juan, Toa Baja, and Trujillo Alto are local PJs on their own, and that the program could complement any eligible request made from these

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municipalities in order to further the strategic objectives set forth by the PRHFA. Below is a map with the location of the municipalities designated as local participating jurisdictions for the HOME Program. The map illustrated on the next page shows the location of the non-metropolitan municipalities in the island.

## MUNICIPALITIES DESIGNATED AS PARTICIPATING JURISDICTIONS FOR THE HOME PROGRAM



## MUNICIPALITIES DESIGNATED AS NON-METROPOLITAN COUNTIES





### GEOGRAPHIC DISTRIBUTION FOR THE ESG PROGRAM [91.220 (F)]

#### Allocation Priorities and Geographic Distribution

ESG program funds area distributed through a competitive process. Thus the ultimate geographic distribution of the assistance cannot be predicted.

For the last two years, the Department of the Family has been promoting and encouraging participation of recipients in different activities. Many changes resulted from meetings where representatives of the Organizations raised the needs and concerns of the homeless population. Also, the Department has been evaluating and analyzing data from the Point in Time Surveys and other sources of information. It is highly important to notice that, although both Surveys utilized different methodologies, they both raised similar results. For instance, the 2009 Survey showed that most homeless persons are chronically homeless and living on the streets, have a special need, and are not receiving services that promote independent living and self sufficiency. This data, along with the input from representatives from Coalitions, leads our efforts for Program Year 2011.

### GEOGRAPHIC DISTRIBUTION FOR THE HOPWA PROGRAM [91.220(F)]

HOPWA funds will be available for municipalities and faith based and community organizations located in the 78 municipalities of Puerto Rico. As explained in other sections of this document project sub recipients of the PREMSA will have priority over those located in the San Juan EMSA. **Also, potential sub recipients located in the San Juan EMSA that are currently receiving HOPWA funds from the City of San Juan cannot receive State HOPWA funds for the same purpose and uses.**

The PRDOH cannot predict the ultimate geographic distribution of HOPWA funds As it was mentioned before, in order to facilitate HOPWA transition, ordinary grants for 2011, will be assigned through a noncompetitive process based on previous years' grants and performance. Carried over funds will be distributed through open competition. If funds are available after the

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initial allocation (including previous year funding) of resources they will be distributed according to the method selected by the City of San Juan that can include noncompetitive methods.

### **AFFORDABLE HOUSING [91.320(G)]**

#### **One-Year Goals for the Number of Homeless, Non-homeless, and Special Needs Households**

The five years Housing and Community Development Strategy for the CDBG program proposes the homeowner rehabilitation and homebuyer assistance of 3,209 sound, safe and affordable housing units to be provided to low income households; thus increasing the housing stock in Puerto Rico at an annual average rate of 71.6 units. The CDBG Program expects to contribute to this goal with an average annual increase of 11.1 units.

#### **One-year Goals for the Number of Households to be Provided Affordable Housing Units through Activities that Provide Rental Assistance for Production of New Units and Rehabilitation of Existing Units**

The housing category provides for the non-entitlement municipalities to assist landlords to bring into HQS the units occupied by low income tenants. No such funding has been requested under the housing category for activities that will provide rental assistance for the production of new units and the rehabilitation of existing units.

#### **Table 3B (Annual Housing Completion Goals)**

The annual affordable housing goals for PY 2011 are established in the following table. This table is a template provided by HUD known as Table 3B.

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Optional Table 3B  
STATE ANNUAL HOUSING COMPLETION GOALS

Grantee Name: Program Year:	Expected Annual Number of Units To Be Completed	Actual Annual Number of Units Completed	RESOURCES USED DURING THE PERIOD			
			CDBG	HOME	ESG	HOPWA
<b>ANNUAL AFFORDABLE RENTAL HOUSING GOALS (SEC. 215)</b>						
Acquisition of existing units			<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Production of new units	150		<input type="checkbox"/>	X		<input type="checkbox"/>
Rehabilitation of existing units	49		<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
Rental Assistance			<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
<b>Total Sec. 215 Affordable Rental</b>	199		<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
<b>ANNUAL AFFORDABLE OWNER HOUSING GOALS (SEC. 215)</b>						
Acquisition of existing units			<input type="checkbox"/>	<input type="checkbox"/>		
Production of new units	121		<input type="checkbox"/>	X		
Rehabilitation of existing units	515		X	X		
Homebuyer Assistance	150		<input type="checkbox"/>	X		<input type="checkbox"/>
<b>Total Sec. 215 Affordable Owner</b>	786		X	X	<input type="checkbox"/>	<input type="checkbox"/>
<b>ANNUAL AFFORDABLE HOUSING GOALS (SEC. 215)</b>						
Acquisition of existing units			<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Production of new units	271		<input type="checkbox"/>	X		<input type="checkbox"/>
Rehabilitation of existing units	564		X	X	<input type="checkbox"/>	<input type="checkbox"/>
Homebuyer Assistance	150		X	X		<input type="checkbox"/>
<b>Total Sec. 215 Affordable Housing</b>	985		X	X	<input type="checkbox"/>	<input type="checkbox"/>
<b>ANNUAL AFFORDABLE HOUSING GOALS (SEC.215)</b>						
Homeless households	5,443		<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
...Non-homeless households	1,400		<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
...Special needs households			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>ANNUAL HOUSING GOALS</b>						
Annual Rental Housing Goal	199		<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>
Annual Owner Housing Goal	786		X	X	<input type="checkbox"/>	<input type="checkbox"/>
<b>Total Annual Housing Goal</b>	985		X	X	<input type="checkbox"/>	<input type="checkbox"/>

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The table below shows the annual goals for the number of HIV/AIDS household patients to be provided affordable housing through the HOPWA Program.

ONE YEAR GOALS FOR HIV/AIDS AFFORDABLE HOUSING

Affordable Housing	Activities	Goals
Permanent Housing	STRUM	120
Permanent Housing	TBRA	75
Permanent Housing	CHRONOCALLY MENTALLY	5
Transitional Housing	HOSPICE	30
Transitional Housing	Rx DRUG & ALCOHOL	55
Temporary Housing	SHELTER	30

The only stated housing goal is rental assistance through the tenant based rental program. To this end, the participating municipalities will follow the TBRA-Manual adopted by the program. For FY 2011, 75 HIV/AIDS patients are expected to be severed.

~~HOMELESS SUPPORTING HOUSING ACTIVITIES FOR THE HOMELESS AND OTHER SPECIAL NEEDS INDIVIDUALS ON THE CDBG PROGRAM 91.30(H) HOMELESS AND OTHER SPECIAL NEEDS ACTIVITIES FOR THE CDBG PROGRAM [91-320(H)]~~

~~Activities for Emergency Shelter, Transitional Housing Programs to Assist In the Transition to Permanent Housing, and Independent Living for the Homeless~~

~~No activities for emergency shelter, transitional housing programs to assist in the transition to~~

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~~permanent housing, or independent living for the homeless have been established in the State CDBG method of distribution.~~

### ~~Homeless Prevention Activities~~

~~No homeless prevention activities have been established in the State CDBG method of distribution under public services.~~

### Supportive Housing Activities for non-Homeless Persons

As it was mentioned in a previous section Non-entitlement municipalities may request CDBG funds for the construction, conversion, renovation, or rehabilitation of shelters for the homeless and battered spouses, and including transitional housing and SROs (single room occupancy units) for the homeless.

### **Specific Actions to End Chronic Homelessness**

Homelessness is an issue managed by non-entitlement municipalities as best as they can afford. ESG funding in Puerto Rico is provided to the PR Department of the Family and 10 entitlement municipalities. Several of the non-entitlement municipalities have direct access to the ESG state funds.

For the fifth year in a row, OCMA is awarding a priority ranking, as shown in the TABLE below. This ranking is awarded to the municipalities that ask for funding under the Competitive Round to provide services for the homeless and HIV/AIDS patients and allow applications for improvement of buildings that could be converted or rehabilitated as emergency shelters under the Competitive Round and the Basic Grant Allocation.



### POINTS AWARD UNDER PUBLIC SERVICE CATEGORY

Criteria	Description	Maximum Points
Type of Project	Essential services for the homeless/HIV AIDS patients.	10
	Housing Counseling Services	8
	Any other public services	6

In PY 2008, none of the non-entitlement municipalities submitted a proposal requesting funds for the rehabilitation of an emergency shelter, and to provide for providing any public service to attend the needs of the homeless population.

According to the 2009 homeless count as released by the PR Department of the Family, there are a total of 3,430 homeless persons in Puerto Rico. Of those, a total of 2,695 are considered chronically homeless.

## HOMELESS AND OTHER SPECIAL NEEDS ACTIVITIES FOR THE HOME PROGRAM [91.320 (H)]

### Activities for Addressing Emergency Shelter and Transitional Housing Needs

As discussed in the 2010-2014 Consolidated Plan, throughout the years the problem of homelessness has worsened in Puerto Rico both in terms of magnitude and complexity. The difficult socioeconomic situation that the Island has experienced in recent years directly impacts this population. The majority of homeless persons (73.1%) are chronically homeless. A high proportion of homeless individuals confront also other problems, such as drug or alcohol abuse, for example (63.7% and 25.9% respectively). One of every five suffers from a mental health condition (23.4%) and one out of every ten (9.9%) is affected by HIV/AIDS, while 33.9% have a chronic health condition or some kind of handicap.

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The profile of the homeless population is also changing over time. When comparing several years of data, the amount of elderly homeless, victims of domestic violence, veterans, and immigrants has noticeably increased.

The Continuum of Care: Homeless Population and Subpopulations Chart, shows how more than half of the homeless population identified in the 2009 PIT (53%), were unsheltered. This data, as well as other sources of information consulted during the need assessment conducted for the preparation of the Consolidated Plan, points out to the need of emergency and transitional shelters.

Housing, by definition of 24 CFR 92.2 of the **HOME** Program, does not include emergency shelters (including shelters for disaster victims) or facilities such as nursing **HOMEs**, convalescent **HOMEs**, hospitals, residential treatment facilities, correctional facilities, and student dormitories. It does, however, include manufactured housing and manufactured housing lots, permanent housing for disabled Homeless persons, transitional housing, single-room occupancy housing, and group **HOMEs**. Housing also includes elder cottage housing opportunity (ECHO) units that are small, free-standing, barrier-free, energy-efficient, removable, and designed to be installed adjacent to existing single-family dwellings.

On this basis, the **HOME** Program cannot fund any project designated as an emergency shelter. On the other hand, funding allocation for transitional (rental) housing has been made through the development of single-room projects throughout the Island, sponsored mainly by nonprofits and some private developers.

### **Activities to Help the Transition of Homeless Persons to Permanent Housing and Independent Living**

Some of the planned actions included in the action plan are working with community organizations, local governments, and high-level officials of the Commonwealth of Puerto Rico to establish a timeframe in order to coordinate the priorities and needs that will allocate **HOME** funds for the construction of permanent housing. This is to increase the inventory and quality of housing and the supportive services needed to benefit Homeless families with children to make

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the transition into independent living. To this end, the Commonwealth **HOME** Program has provided funding for the construction of single room rental occupancy projects for the chronically homeless. For instance, El Edén project is expected to provide single room rent housing, for homeless and chronically homeless. The need for this type of housing has been identified in the municipalities of Arecibo, Cataño, Ponce, Comerío, Caguas, San Juan, Loíza, Aguadilla, Bayamón, Río Grande, Juncos, Cidra, Carolina, and Guayama.

### Homelessness Prevention Activities

The **PRHFA** is an active member of the Interagency Public Policy Homeless Council, and plays an active role in the development of the Commonwealth's policy regarding Homelessness. The interagency committee created as a result of the Commonwealth's efforts to address Homelessness among families with children also include: the Governor's Office, PR Department of the Family, Office of the Commissioner for Municipal Affairs, PR Department of Health, Commonwealth Mental Health Administration, Head Start, Veterans Services Administration, PR Department of Labor, Commonwealth-level Homeless Services Administrators-Continuum-of-Care, Advocacy organizations, the PR Department of Education, among other private interests.

The goals of the Homeless Policy Committee are:

1. To increase political will, interagency collaboration, and advocacy.
2. To enhance systems and program capacity and integration.
3. To develop a strong planning, research, and evaluation infrastructure.

No executive role in Homeless prevention is taken by the Commonwealth **HOME** Program other than an advisory role in the interagency committee.

### Activities to Address Special Needs of Non Homeless Persons

As pointed out in the Consolidated Plan, there are other groups in addition to homeless that require housing and supportive services. These groups include: persons with HIV/AIDS,

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persons living in poverty, the elderly population, victims of domestic violence, and people with drug addiction problems.

The **PRHFA** participates in meetings with the Developmental Deficiencies Council and Mental Health Council, among others, and have an active role in the processes of evaluation, planning, and service delivery to these groups. On the other hand, the Commonwealth **HOME** Program provides **HOME** funds to CHDOs and developers for the construction and rehabilitation of affordable housing to sell or rent for the benefit of the elderly and of persons with disabilities.

The Commonwealth **HOME** Program encourages and sponsors the development of projects to assist the special needs of the population. Among the priorities established in the program are to provide preference to persons with disabilities and to elderly individuals, taking into consideration the special needs of this type of population; such as social and medical services in the vicinity, and especially their housing needs.

**PRHFA** public policy focuses on the goal of preventing an individual with disabilities or special needs— for the only reason of said limitation— from being discriminated against, denied benefits, or excluded from any program or activity receiving federal and/or local funds. Accessibility in the design, construction, rehabilitation, and removal of architectural and communications barriers will be guaranteed in all activities developed by the **HOME** Program.

In addition, the **PRFHA** is aware that elderly individuals are more predisposed to rent than to acquire a house. To that effect, the Commonwealth **HOME** Program will allocate 5% of the funding for rental activity to the construction of single room occupancy projects for the special need population. In addition, special attention is given to solicitants with a family member with physical or mental disabilities that applies for rehabilitation or new construction, in order to properly address their needs for a reasonable accommodation.

The **PRFHA** and the Commonwealth **HOME** Program guarantee that all projects developed with **HOME** funds comply with Federal regulations, ensuring the special needs population accessibility for:

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- For rental projects with four (4) or more assisted housing units, the Commonwealth **HOME** Program assures that 5% or more dwellings will be accessible to individuals with mobility impairments, and 2% for persons with sensory disabilities.
- The Commonwealth **HOME** Program gives special attention to assure that owners of projects will provide information regarding the availability of accessible housing units in order to reach individuals with disabilities. This requirement is stipulated in the contract agreements.

During PY 2011, the Commonwealth **HOME** Program will continue to assist special needs persons (mostly elderly citizens), among others, by providing rental housing.

### HOMELESS AND OTHER SPECIAL NEEDS ACTIVITIES FOR THE ESG PROGRAM [91 .320(H)]

#### Current Chronic Homelessness Strategy

Most strategies and action steps implemented by the PRMC are directed to unsheltered chronic homeless persons and families. Progress was made in the past years in promoting both transitional and permanent housing for the homeless, as well as employment, health, mental health, and other services directed to assisting homeless persons to become self sufficient. A growing number of stakeholder entities collaborated with the PRMC in the planning of strategies to end chronic homelessness in Puerto Rico, including top government officials, foundations, CBOs, FBOs and private organizations.

The Current Homelessness Strategy of the PRMC to end chronic homelessness in Puerto Rico includes strategies directed towards persons who are currently homeless, as well as those in risk of becoming homeless. These include:

- Continued expansion of stakeholders involved in collaborative planning and service development within targeted areas with high prevalence of chronic homeless persons, in full compliance with PR Law 130.

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- Continued efforts to implement existing, and obtain new, commitments from Mayors to participate in 10-year planning processes to end chronic homeless
- Development and implementation of specific action steps with state and municipal governments that have established the elimination of chronic homelessness as a priority, such as supportive housing development, providing homeless family's public housing in municipalities that administer their own public housing projects, providing vouchers for permanent housing in those municipalities that administer voucher programs, coordinating supportive services to promote retention in permanent and supportive housing, including the development of mini-enterprises for homeless self-employment, etc.
- Implementation of specific action steps to improve access to services, reduce stigma and combat the criminalization of homelessness, based on the awareness that has been developed in policy and decision-makers, resulting in policy changes to reduce the time for elimination of criminal records, give priority to homeless populations applying for mainstream services, and others.
- Continued education and advocacy to increase the number of public and private funding sources for housing and supportive services for chronic homeless, emphasizing those with SA/MH conditions.
- Increased capacity building of municipal government representatives to partner with community based organizations in the development, financing and delivery of services to chronic homeless.
- Continued emphasis on continuing education to professionals working with homeless individuals to improve sensitivity and humane treatment as well as the level of intensity and quality of services needed by the chronic homeless to achieve their recovery and promote self-sufficiency over time, including the inclusion of curricular content related to homelessness in pre-service training of Police Cadets and in courses of public and private intermediate and high schools.

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- Continue with the implementation of the dedicated HMIS - currently under San Juan's Coalition and the Coalition of Coalitions - for uniform data collection to track populations served through the various systems to permit continuous monitoring of the number and quality of services provided, and outcomes in the homeless served.
- Collaborate with the San Juan's Coalition, the Coalition of Coalitions, and the entities that comprise the CoC in order to strengthen homelessness data gathering processes, and the consistency of information provided by organizations.
- Continued identification and work with public and private housing developers to target homeless in the development of permanent supportive housing. The current strategies include primarily work with state and non-profit sectors so that more efforts will be directed to local governments and the for-profit stakeholders to improve housing accessibility and service infrastructures for the chronic homeless.
- Monitoring of the development of formal protocols and the implementation of discharge policies from all child welfare, correctional, health and SA/MH agencies and institutions, as a means of preventing chronic homelessness.
- Promotion of continual outreach to homeless populations, especially youth, to promote their admission to mainstream and dedicated services as early as possible to prevent chronic homelessness.
- Continued participation of the Multisector Council Board members in national forums to keep abreast of best practices, research findings and funding trends.
- Continued planning and implementation of awareness building and outreach activities, including the Solidarity Day with the Homeless annually.

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- Continued emphasis on education of legislators and elected officials on issues of homelessness to promote legislation that promotes the welfare of homeless populations and the prevention of homelessness.
- Continuation promotion and collaborative efforts to increase federal, state, local and private investment and funding allotments to programs benefiting the chronic homeless populations.
- Exert leadership in the “Continuum of Care” in order to prevent homelessness by developing stable, low cost housing units; and by providing greater training and employment opportunities for people at risk of becoming homeless.
- Create and advertising and promotional campaign (printed media, radio and direct communications at shopping centers and other places) that targets population groups at risk of losing their home, living in disadvantaged communities, or who have suffered from a sudden loss of income to orientate them about the types of services offered by the agency and how to apply for them.
- Use of other written communications strategies, aimed at municipalities and other government agencies, to inform them about DF programs that serve people at risk of losing their homes.
- Promote the expansion of the amount of permanent housing units for homeless persons.
- Inform population groups at risk of becoming homeless about the creation, development, and financing sources available for them to establish microenterprises in their communities in order to achieve self-sufficiency.

To comply with HUD requirement, the Puerto Rico Multisector Council participated in the Puerto Rico Point-in Time Count of Homeless in coordination with the PR Homeless Coalitions which took place on January 29, 2009, and which is to be carried out every two years in

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accordance with HUD requirements to assess changing statistics on the number and needs of homeless populations.

### **HOMELESS AND OTHER SPECIAL NEEDS ACTIVITIES FOR THE HOPWA PROGRAM [91 .320(H)]**

HOPWA is an active component of the Continuum of Care (CoC) System. The goal of the CoC is to support the development of a coordinated system for homeless assistance and the prevention of homelessness. The PR Department of the Family is the lead agency in the planning and administration of the CoC strategy in Puerto Rico.

#### **Other programs proposed for emergency shelter, transitional housing programs to assist in the transition to permanent housing and independent living**

The PRDOH will support any initiative started by any project sponsor including the municipalities to look for federal or state funding toward the provision of emergency shelters, transitional housing programs that will assist in the transition to permanent housing and independent living.

#### **Homeless prevention activities**

The HOPWA Program provides emergency financial assistance (short term mortgage, rental and utilities payment assistance) to prevent homelessness. Participants can solicit assistance in paying some or all of these eligible expenses when they are in arrears in order to eliminate the threat of homelessness of the HIV/AIDS patient.

STRMU assistance is “needs-based” and intended to benefit clients who are temporarily unable to meet their monthly housing and utility expenses due to unexpected situations. STRMU assistance should be consistent with an assessment of the family’s housing or utility needs and connected to the establishment of a related individual housing service plan to address those ongoing needs.

HIV/AIDS patients are eligible for STRMU assistance if they are low-income, current residents

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and at risks of homelessness. Financial assistance regarding mortgage or rent will not exceed the cap of the 5-month limit (21 weeks) in calendar or program year non-consecutive assistance.

### **Supportive housing activities undertaken to address the priority housing needs of persons who are not homeless (elderly, frail elderly, persons with disabilities, persons with alcohol or other substance abuse problems)**

The PRDOH is funding two activities providing supportive housing activities, under the transitional housing category:

Institutional Hospice is a service directed to persons living with HIV/AIDS who are terminally ill and who need intensive care for a limited period of time. This service includes, as its core components, the provision of meals, bedroom, case management, nursing, nutritional evaluation, medical assistance, and nutritional supplements.

Drugs and Alcohol Abuse Treatment is a service provided to HIV/AIDS patients who are introduced to treatment to reduce or eliminate the abuse of these substances. The treatment will be provided in an inpatient health service setting for a limited period of time that could not exceed two years for each patient. The following core components are the provision of meals, bedroom, case management, nursing, mental health assistance, and addiction counseling.

### **Specific action steps to end chronic homelessness identified**

Patients with HIV may be in high risk to become homeless due to their medical condition, which prevents them of maintaining an active role in society. The HOPWA Action Plan is a component of the State CoC System, that organizes and delivers housing and supportive services to meet the specific needs of patients with HIV. Through the CoC, homeless patients can move to stable housing and maximum self-sufficiency, by receiving relevant services including, health and mental care.. Thus, the homeless HOPWA strategy can meet the specific actions to provide housing assistance to the chronic homeless.



### **BARRIERS TO AFFORDABLE HOUSING FOR THE CDBG PROGRAM [91.320(i)]**

As explained in the Consolidated Plan, the key barrier to affordable housing in Puerto Rico is the cost of housing relative to the income level of Puerto Rico. From this standpoint, the Island suffers a serious affordability issue, as shown by the Housing Affordability Index<sup>5</sup> and other sources of information. Given the current housing situation, housing price reductions have increased affordability. However, in lower priced segments having little inventory levels, housing prices are not expected to have dropped.

From a demand standpoint, affordability is closely related to employment and income issues. Notwithstanding, a number of local policies present obstacles to affordable housing development, maintenance, and rehabilitation. These have been identified through years of citizen participation processes, and confirmed in the Consolidated Plan process. The following list summarized the findings:

- Zoning regulations and permitting processes;
- Building codes;
- Municipal construction-related taxes; and
- Property taxes.

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<sup>5</sup> The HAI is a composite index consisting of the median family income, the effective Fedunds rate, plus the conventional 30-year mortgage loans rate. It attempts to compare the median price of housing sold in the market for new construction housing in Puerto Rico, with the median family income needed to sustain the cost of ownership. If the Index is 100 or above, then housing is considered accessible as the median family income suffices to cover the median cost of housing. The median family income is insufficient in the case of measures less than 100, suggesting a market with poor access to housing.

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Other obstacles, not necessarily related to public policy but worth noting and relevant for the Plan, include the following:

- **Lack of capital:** Homebuyers lack enough capital to afford down payments and closing costs;
- **High cost of utilities:** The high cost of utilities in Puerto Rico reduces the income available in households for mortgage payments.
- **Ignorance of available programs;**
- **Financing limitations:** Lack of financing programs for consumers having credit issues.
- **Complexity of mortgage lending:** Low literacy rates and problems understanding the complex issues of mortgage lending lead individuals to avoid the process.
- **Cost of land:** Lack of suitable and affordable land.
- **The lack of one-stop housing service centers:** To comply with many requirements of affordable housing programs, people have to visit different offices. This affects low-income individuals with poor access to transportation, and imposes a burden on disabled or elderly individuals.

The CDBG Homeownership Initiative that started in PY 2004 targets low-income persons that have been discouraged from the opportunity to own their home feeling excluded from the housing market because they do not have the savings to pay for the down payment and closing cost of a house purchase. The Program has been assigned \$500,000 from PY 2010 to continue providing the much needed assistance.

During program year 2010 a total of \$19.6 million were distributed under the Neighborhood Stabilization Program. Although these funds are considered 2008 funds they were allocated

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during program year 2009. These funds were first used to purchase foreclosed units, rehabilitate them and sell them to low, moderate, and middle income families. The State expects to make available a total of 117 units for low moderate- and middle-income households through NSP Activity #2. All funds have been assigned and all sub-grantees will continue to develop the program.

### **BARRIERS TO AFFORDABLE HOUSING FOR THE HOME PROGRAM [91.320(I)]**

#### **Actions to Remove Barriers to Affordable Housing**

The **PRHFA** has taken the following steps to minimize barriers to provide affordable housing to underserved citizens:

- The **PRHFA** established a Customer Service Center for the delivery of counseling and assistance to applicants for the housing programs provided by the agency. Before filing an application, the solicitant receive from a trained counselor; advise on the type of assistance that he/she might be eligible. At the Center, the solicitants could file any request for assistance for: Direct Loan Program, **HOME** Program, Section 8, Downpayment Assistance, Mortgage Insurance Program, “Programa Mi Nuevo Hogar” for assistance to closing cost, Interest Subsidy, among other related services. Also, referred the applicants for the Puerto Rico Department of Housing to obtained information for other housing programs available (Comunidades Especiales, Law 173 Elderly Rental Assitance, Public Housing, On-Site Rehabilitation and Domestic Violence Victims Program).

The citizens are allowed to complete their applications electronically; therefore, a permanent record is available for follow-up and status.

The **PRHFA** programs could be accessed on the Internet at [www.afv.gobierno.pr](http://www.afv.gobierno.pr)

- The **PRHFA** will coordinate with the pertinent agencies the identification of infrastructure deficiencies and plans and/or possibilities to improve said

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deficiencies to determine projects viability and be able to provide practical alternative of development future projects.

- Act of the Legislature Num. 42 of July 23, 2009 allows a higher sale price on new develop up to \$110,000 for single family units, \$125,000 for multifamily units and \$130,000 for downtown units throughout the island with the exemption of the municipalities of Bayamón, Culebra, Guaynabo, San Juan and Vieques that could pursue units at \$145,000 in the downtown area, Culebra, Guaynabo, San Juan and Vieques.
- The high costs of housing development in Puerto Rico, the non-availability of decent and safe houses for low and moderate income have been determining factors for the State **HOME** Program.
- The **PRHFA** uses the parameter allowed by the **HOME** Program regulations and subsidizes units that do not exceed 95% of the value of FHA, according to the need of the specific area. The limits established by Act 124 fall below the FHA mortgage limits.
- Through the on-going Community Impact activities the **PRHFA** provides information about its services and other governmental agencies regarding their programs, and fill applications to citizens around the Island with housing and other needs.
- Housing fairs
- Collaborative work with the Department of Housing' regional offices.
- Per to per counseling at the PRHFA offices.



### **BARRIERS TO AFFORDABLE HOUSING FOR THE HOPWA PROGRAM [91.320(i)]**

In order to meet housing needs and to reduce housing barriers for PLWHA, the PRDOH HOPWA program will take into consideration the following several components, which include:

- The creation of a continuum of housing and service options that addresses the diverse range of persons living with HIV/AIDS needing assistance, including their families, drug and alcohol abusers seeking treatment, and persons of different ethnic and culture backgrounds. This continuum care will provide for a linkages system whereas non-profit organizations sponsored projects will be linked with other Commonwealth government agencies and municipalities to offer other housing and services options;
- Encouraging the HOPWA clients to live “normal” lives, while still meeting health and other service needs, in order to continue their productivity in job settings;
- The provision of services or adequate home care avoids unnecessary and costly stays in acute care settings, thus improving the cost effectiveness of services;
- The promotion of a stable home environment to the clients with complex drug therapies and potential side effects from their treatments. Providing flexibility in the provision of services to accommodate the fluctuating needs of the clients to promote a stable home. Home stability is critically important for these persons because it is a vital part of their physical and mental health care.
- Efforts will continue to assure that housing for these clients provides as much control over their environment as possible. Most clients are independent individuals that want to care for themselves for as long as they can. The challenge is to provide housing that meets the physical needs of the individuals, yet promoting and facilitating independent living.

As life expectancy of persons living with HIV/AIDS continues to increase and new cases are diagnosed, appropriate housing becomes scarcer. New and innovative ways have to be explored

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and tested to increase the supply of housing for these clients including adapting and rehabilitating current facilities, including private homes where they already live, to meet their needs.

### **OTHER ACTIONS FOR THE CDBG PROGRAM [91.320(J)]**

#### **Address Obstacles to Meeting Underserved Needs**

OCMA is committed to meet the primary objective of the CDBG program expending no less than 70% of the funds in activities to assist low and moderate income persons, including the underserved needs.

The method of distribution for the Competitive Round provides 25 points to any public service activities that serve disabled individuals as an effort to meet the underserved needs.

#### **Foster and Maintain Affordable Housing Including the Coordination of Low-Income Housing Tax Credits with the Development of Affordable Housing**

The mayor action carried out to foster and maintain affordable housing is the rehabilitation of the housing stock throughout the non-entitlement municipalities. The housing activity is the second priority established by the State. OCMA has modified the program rules to assist the municipalities in the prompt rehabilitation of the housing stock. The modified rules provide for the elimination of specific conditions necessary to eliminate specific conditions detrimental to the health and safety of the household; the need to invest no less of \$3,001 up to \$15,000 for the purchase of construction material or materiel necessary for the rehabilitation of the dwelling. Exception for this rule will be evaluated on a case by case basis by OCMA; the authorization to commit up to 45% of the unobligated funds to pay for the construction brigade payroll and compliance of the Housing Rehabilitation Guideline adopted by OCMA. In addition, a category allowing building materials grants of up to \$3,000 per housing unit will be available to municipalities in order to further said objectives.

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No CDBG funds are to be used for low-income housing tax credit into the development of affordable housing.

### Evaluate and Reduce Lead Based Paint Hazards

All CDBG funded housing acquisition and rehabilitation, of pre-1978 units should meet the provisions established in Attachment 24-1 of HUD Manual 6509.2 REV. 5. The new HUD requirements are listed below:

Lead-based Paint Compliance for Housing Acquisition	
Acquisition, Leasing, Support Services, or Operation	<ul style="list-style-type: none"> <li>• Provision of pamphlet.</li> <li>• Visual assessment</li> <li>• Option of paint testing and notice to occupants of evaluation.</li> <li>• Paint stabilization.</li> <li>• Ongoing LBP maintenance</li> </ul>
Lead-based Paint Compliance for Housing Rehabilitation	
For all Properties	<ul style="list-style-type: none"> <li>• Provision of pamphlet.</li> <li>• Paint testing of surfaces to be disturbed, or presumed LBP. Notice to occupants of evaluation for paint testing or presumption.</li> <li>• Lead safe work practices during rehabilitation and lead hazard reduction.</li> <li>• Ongoing LBP maintenance if HOME.</li> </ul>
Properties receiving less than or equal to \$15,000 per unit federal rehabilitation assistance	<ul style="list-style-type: none"> <li>• Safe work practices during rehabilitation. Repaired disturbed paint.</li> <li>• Clearance of the worksite.</li> </ul>
Properties receiving more than \$3,001 and up to \$15,000 per unit	<ul style="list-style-type: none"> <li>• Risk assessment.</li> <li>• Interim controls.</li> <li>• Notice to occupants of lead hazard reduction including clearance.</li> </ul>
Properties receiving more than \$15,000 per unit	<ul style="list-style-type: none"> <li>• Risk assessment.</li> <li>• Abatement of LBP.</li> <li>• Notice to occupants of lead hazard reduction including clearance.</li> </ul>

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OCMA will provide guidance on the lead based paint compliance requirements assuring that all the non-entitlement rehabilitation manuals filed in the agency, includes the actions the municipalities will take on this issue.

### Reduce the Number of Poverty Level Families

The actions pursued by OCMA to reduce the number of poverty level families at the non-entitlement municipalities is to promote economic development activities assisted with CDBG funds and the Loan Guarantee funds provided by Section 108 of the Housing and Community Development Act of 1974 as amended.

OCMA is pursuing the strategy of Governor Luis Fortuño that includes the following:

- The establishment of permit reform that will make it much easier and secure to open a business in Puerto Rico thus creating jobs opportunities for poverty level families.
- The promotion of public-private partnerships
- A two-year \$500 million of investment through the local (criollo) stimulus plan, of which 36% is driven toward small- and midsize-business stimulus (\$180 million); \$94.5 million toward consumer relief, especially to retirees and Social Security recipients; and \$15.5 million to government for retraining and updating the permit process. The most significant part of the program provides \$210.5 million for capital-improvement projects.
- Reducing the taxes of low and moderate income persons
- Channeling the \$5 billion of the federal assistance include in the American Recovery and Reinvestment Act.

The goals of the Governor's reconstruction plan are threefold: stabilize Puerto Rico's fiscal situation, safeguard the island's credit rating and rebuild the local economy. With these actions, the state will be injecting more than \$7.5 billion into the economy over the next two years,

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balance the budget, continue producing savings and cut expenses in a way that safeguards Puerto Rico's credit.

### **Develop Institutional Structure**

OCMA has been successful carrying out several actions to develop the institutional structure of the program. As the motto says, OCMA is “*la mano amiga de los municipios*”, and this true for both, the entitlement and non-entitlement municipalities in the Island. OCMA has been receiving new responsibilities oriented to municipalize state services. For instance, the Código de Orden Público has been moved from the Commonwealth Police Department to OCMA, in order to refocus the program not as a police action effort, but as a community police action, close to the communities served by the municipal police departments.

The institutional structure has been successful at the federal and state level. On the state level, OCMA is the lead agency for the consolidated planning for the four community planning and development programs funded by HUD and a firsthand resource for the non-profit sector.

### **Enhance Coordination between Public and Private Housing and Social Service Agencies**

No actions have been address with CDBG funds to enhance coordination between public and private housing and social service agencies. Please see the statements made on this issue from the other state agencies.

### **Address the Needs of Public Housing (including providing financial or other assistance to troubled public housing agencies)**

No actions have been address with CDBG funds to assist the needs of public housing, including financial or other assistance for any troubled public housing agencies in the Island. Please see the statements made on this issue from the other state agencies.

### **Encouragement of Public Housing Residents to Become More Involved in Management and Participate in Homeownership**

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No actions have been address with CDBG funds to encourage public housing residents to become more involved in the management of their housing projects and to participate in the homeownership opportunities offered to them. Please see the statements made on this issue from the other state agencies.

### OTHER ACTIONS FOR THE HOME PROGRAM 91.320 (J)

A number of actions will be undertaken by the Commonwealth during the next year to implement the strategic plan. These are mentioned below.

#### Address Obstacles to Meeting Underserved Needs

The main obstacles to meeting underserved needs are policy and administrative issues that are affecting the development of affordable housing and program implementation in Puerto Rico. The main action to be undertaken to address these obstacles is to collaborate in the development of the Housing and Economic development Comprehensive Plan. Governor Fortuño constituted The Puerto Rico Housing Task Force as part of an agreement between The U.S. Department of Housing and Urban Development (HUD) and the Commonwealth of Puerto Rico. Such Task Force will continue to develop and implement a comprehensive market-based housing plan on the Island. HUD will also provide Puerto Rico with significant training and technical assistance while the Commonwealth designs and implements a far-reaching housing strategy to better serve its citizens. The aim is to integrate the HOME Program, along with others in both the public and private sectors, into a comprehensive and effective housing and community development plan.

In addition, the Commonwealth **HOME** Program will ensure that **HOME** rules regarding affordability period will be observed, as stipulated at 24CFR 92.252 (e) for rental housing and 92.254 for Homeownership. The assisted properties will remain affordable and available for low-income families. Restrictions to sale during the affordability period will be included in deeds or agreements. Resale provisions will be used to assure that the assisted housing unit

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remains affordable even if it will be acquired by another family (it must be low-income). Adequate controls are in place to enforce **HOME** resale or recapture provisions.

The **HOME**-assisted units must meet the affordability requirements for no less the applicable period specified in the below, beginning after project completion or occupancy, whichever is last. It is also related to the resale of the property. It will be applied depending on the type of project was assisted.

### TIME RESTRICTIONS ON AFFORDABILITY LIMITATIONS

HOME Investment per unit	Length of Affordability
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
Over \$40,000	15 years
New Construction of rental housing	20 years

The aforementioned affordability period requirements are enforced through a deed restriction and covenant running with the land that would be registered at the Department of Justice Property Register. The time limit for such lien will be determined by the amount of the subsidy granted by the Commonwealth HOME Program, as shown in the above table.

As mentioned before, to reduce costs and foster affordable housing, the State HOME Program will continue to leverage HOME Program funds for rental projects that are eligible for Low Income Housing Tax Credits (LIHTC). Preference will be given to projects located in hard to develop areas, per data from Census 2000.

One of the primary goals of the PRHFA is to handle the need for adequate rental housing, as a matter of social justice for extremely and very low-income tenants.

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Aware of the fact that the demand for low-income housing is greater than the offered by the market, the PRHFA develops new financing mechanisms to increase the offer of available rental housing units. To this end, the Authority manages two programs:

### Section 42 of the Internal Revenue Code

This program provides:

- Financing through the sale of tax credits to United Commonwealths investors.
- The product of the sale contributes to create and preserve rental-housing units.
- The Federal Housing Tax Credit Program receives each year nearly \$8.2 million, which generates an investment of approximately \$67.7 million in Puerto Rico's economy.

These objectives are compatible with the objectives set forward by the State **HOME** Program.

In addition, the **PRDH** provide Section 8 Project-Based Rental Assistance, and Act No. 173 – Elderly Rental Assistance that will be use on **HOME** funded projects to support and maintain affordable rental projects for low-income families and elderly citizens.

### Evaluate and Reduce Lead Based Paint Hazards

The PRHFA will implement a pro-active approach to reduce lead-based- paint hazards in residential projects across the Island, such as:

- Visual assessment for deteriorated paint in units built before 1978
- Initial and annual HQS inspections
- Data collection from residents and governmental health and environmental agencies to detect or identify the existing or possible risks
- Disclose information among residents of lead-based paint hazards
- Stabilization, removal and disposal of dangerous material

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The State HOME Program has contracted companies to provide technical assistance for the evaluations, visual assessment, HQS inspections and paint testing (when necessary) for the housing units that will be rehabilitated with **HOME** funds in order to comply with lead-based paint requirements and other applicable federal environmental laws and regulations.

Housing providers funded through HUD provide decent, safe, and sanitary housing to their residents. Part of this responsibility is to protect these residents, particularly children under age six, from the health risks of lead-based paint. Public Housing Authorities (PHAs) and landlords protect these families by complying with HUD's lead-based paint regulations.

With respect to the Housing Choice Voucher Program (HCVP), the Lead Safe Housing Rule (LSHR) applies only to units constructed prior to 1978 occupied (or intended to be occupied) by a child under age six, the common areas servicing those units and exterior painted surfaces associated with those units and common areas. The Lead Disclosure Rule (LDR) applies to disclosure of lead-based paint and lead-based paint hazards in most housing constructed prior to 1978 ("target housing") at sale or lease, whether or not they are or will be occupied by a child, and whether it is federally assisted or not.

Target Housing is generally, housing constructed before 1978. Housing for the elderly, and housing for persons with disabilities, are not target housing, unless a child under 6 years old resides or is expected to reside in that housing, in which case, the housing is target housing. All zero-bedroom dwellings are not target housing. In jurisdictions which banned the sale or use of lead-based paint before 1978, HUD may use an earlier date for determining target housing. Refer to Lead Compliance Toolkit, Housing Choice Voucher Program , HUD's Lead-Based Paint Regulations(24 CFR Part 35).

The State HOME Program requires that before the ratification of a contract for housing sale or lease, Sellers and landlords must:

1. Give an EPA-approved information pamphlet on identifying and controlling lead-based paint hazards ("Protect Your Family From Lead In Your **HOME**" pamphlet)

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2. Disclose any known information concerning lead-based paint or lead-based paint hazards. The seller or landlord must also disclose information such as the location of the lead-based paint and/or lead-based paint hazards, and the condition of the painted surfaces
3. Provide any records and reports on lead-based paint and/or lead-based paint hazards which are available to the seller or landlord (for multi-unit buildings, this requirement includes records and reports concerning common areas and other units, when such information was obtained as a result of a building-wide evaluation)
4. Include an attachment to the contract or lease (or language inserted in the lease itself) which includes a Lead Warning and confirms that the seller or landlord has complied with all notification requirements. This attachment is to be provided in the same language used in the rest of the contract. Sellers or landlords, and agents, as well as Homebuyers or tenants, must sign and date the attachment.
5. Sellers must provide Homebuyers a 10-day period to conduct a paint inspection or risk assessment for lead-based paint or lead-based paint hazards. Parties may mutually agree, in writing, to lengthen or shorten the time period for inspection. Homebuyers may waive this inspection opportunity.

As part of the actions for PY 2010, The PRHFA will conduct a review off its processes and procedures previously described.

### **Reduce the Number of Poverty Level Families**

Although, the factors over which the Commonwealth of Puerto Rico has direct influence are few, an effort to address the needs of impoverished people, through a unified approach to reduce the number of poverty level families in Puerto Rico is its primary goal. The stability and support of those currently in need will help reduce further socio-economic deterioration for those in

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poverty.

Six basic strategies will continue in this action plan:

1. To coordinate and direct Commonwealth and Federal resources toward a unified strategy for community and economic development to enhance the health, safety, and economic vitality of our communities and neighborhoods. The recently created Task Force Created
2. To assist private and community groups in the capitalization funding for the development of permanent housing for the Homeless poor and supportive housing for the chronic Homeless.
3. To provide housing funds to preserve existing residential neighborhoods and existing housing within a framework of neighborhood revitalization and community development.
5. Support enhanced efforts to ensure Homeownership for low income families, increasing the number of affordable housing built and supported living opportunities for people with disabilities.
6. Maintain effective Commonwealth-wide housing and community development policies and programs in partnership with the private sector, community groups, Federal and municipal governments' island wide.

### Develop Institutional Structure

The **PRDH** is identified as the "first point of contact" for the institutional structure. This role is supported by its designation by the Commonwealth's Legislature to serve as the Commonwealth's lead coordinating housing agency. The mayor achievement towards this vision was refocused on November 16, 2005, when the Housing Secretary signed Administrative Order OA HD 05.29 creating the Assistant Secretariat for Assisted Housing and Community Development. Under this Secretariat falls the following assisted housing programs:

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- The Housing Choice Voucher Program, (24 CFR, Part 982);
- The Assisted Rental Payment and Rental Rehabilitation Program for Low Income Elderly, (Commonwealth Act Num. 173 of August 31<sup>st</sup>. 1996);
- Personal Savings Accounts for Individual Development, (Commonwealth Act. Num. 170 of December 4<sup>th</sup>. 2001).

In addition the Community Services and Special Projects Program created under Act Num. 211 of September 30<sup>th</sup>. 1995 and the Council for Public Housing Community Action created by Executive Order of the Governor (OE-2002-31) are transferred to the new Secretariat with the responsibility to canalized those services that will continue to guide the social and economical development of the residents living in the public housing communities.

In July 2010 The Puerto Rico Housing Finance Authority (PRHFA) became the State Agency for the HOME program. The PRFHA currently manages a number of federally and locally sponsored housing programs, associated to rental and homeownership programs. It also has the capacity to coordinate with private, non-profit and public agencies activities and actions that facilitate program planning and implementation. Currently the PRFHA has a close working relationship with CHDOS, Municipalities, non-profit and for profit developers and the financial industry. Finally, it manages other Federal and Local housing programs, which has allowed PRFHA to implement a strategy to leverage funds among programs.

The PRDH, as the Commonwealth's agency responsible of housing policy, and the PRFHA, for its role with the HOME and other programs, will share responsibilities for and collaborate in intergovernmental coordination and cooperation between the Commonwealth's agencies and the federal government in its efforts to produce and preserve affordable housing within the Island, pursuing the goals and objectives for preserving the supply of affordable housing and promoting community development activities. Both agencies are part of the Housing Task Force.



### Enhance Coordination between Public and Private Housing and Social Service Agencies

With this new perspective, the **PRHFA** will continue to conduct and foster open participation, including supportive assistance, with the goal of facilitating meaningful involvement. It will work to increase participation at all levels, especially among extremely low and very-low income groups, as well as those traditionally under-represented, involving organizations, which represent need populations across the Island.

The **PRHFA** recognizes the importance of partnering or collaborating with other agencies to help serve its housing needs. Non-profit organizations play an important role in the provision of affordable housing, supportive housing and social services, and economic development activities. Local organizations, with direct public contact, have a clear view and understanding of the **PRHFA's** housing and human services needs. Such organizations are an essential part of the institutional structure, and typically serve in one or more of the following capacities:

- They are eligible to receive public and private funds or resources targeted at serving need populations,
- They are legally restricted or structured by organizational charter to serve lower income or specific needs population,
- They are identified by regulation, program or otherwise allowed to undertake certain governmental programs serving need populations or,
- They are daily contact with, represent or advocate on behalf of certain populations in need.

Private sector participants in the preservation or development of the **PRHFA's** housing delivery system include segments from the financial institutions, builders/developers, foundations, and realtor fields. Local financial institutions provide construction financing, low interest rehabilitation loans, mortgage financing and loan servicing, while builders/developers are active in participating in affordable housing projects. Many private businesses and

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organizations are involved or support the efforts of public agencies to provide human services and opportunities throughout the Island. Based on the needs and objectives developed in the 5 Year Housing Strategy, the **PRHFA** is prepared to support applications for assistance by other entities, which serve to accomplish the goals set forth in the **5YHS**.

Coordination strategies are provided in the context of primary, secondary, and tertiary levels of program or project service delivery. The **PRHFA** will pursue and support efforts to develop municipal and regional partnerships, in addition to collaboration with private and non-profit development corporations. The collective efforts of all parties will ensure that available resources are allocated to priority activities. The institutional structure, through which the **PRHFA** proposes to accomplish its Housing Strategy goals, is organized in three groups of service providers. These groups are referred to as primary, secondary, and tertiary service partners. This stratification illustrates the degree to which various service providers may be associated with the implementation of the **PRHFA 5YHS**.

**PRIMARY Service Partners (P):** Include **PRHFA**, the housing agencies of the **PRDH**, and any other agency or element associated at this level.

**SECONDARY Service Partners (S):** Include public, private or non-profit agencies, which although not attached to the organizational structure of the **PRHFA**, may participate in or provide services related to the implementation of various **5YHS** elements or related activities.

**TERTIARY Service Partners (T):** Include local public or privately- funded agencies, federal government agencies and departments or other partners, and with common but broader missions than that of the **PRHFA**. They may provide funding, capacity building, advocate services or related resources that support the **PRHFA** in its

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implementation of various Housing Strategy elements or activities.

Non-profits, specifically the community housing development organizations has been creating a large network of capable non-profit housing providers, and the **PRHFA** is interested in effecting coordination among these providers, the faith-based organizations and the local government.

Through these types of working partnerships, the **PRHFA** can ensure that available resources are used to their fullest potential.

No exception is the private sector. They are a key element in the planning, financing, construction and marketing of affordable housing. They are partners in the continuous discussion of the most pressing needs of the community.

### Address the Needs of Public Housing

The State **HOME** Program does not provide financial assistance to any troubled public housing agency in Puerto Rico.

## OTHER ACTIONS FOR THE ESG PROGRAM [91.320(J)]

### Actions to Evaluate and Reduce Lead Based Paint Hazards

The Department of the Family will require to the ESG organizations that provided housing or other services regularly frequented by children less than 6 years old age a certification that the property where they provide the services to the homeless is free of lead-base hazard from a qualified professional. Also, we will encourage the recipients to use ESG funds for testing and for abatement procedures.

### Actions to Reduce the Number of Poverty Level Families

The DF will continue enforcing its Mission Statement which establishes it is the Department's mission "to facilitate the empowerment and self-sufficiency of the persons, families and the

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communities; promoting their strengthening sensibly, and respectful of their needs and aspirations for development and peace”.

To reach this mission, the reduction of the number of poverty level families in Puerto Rico is a primary goal of the Department of the Family. The programs described in Table XVIII are implemented island-wide to help reduce further socio-economic deterioration for those in poverty.

### **OTHER ACTIONS FOR THE HOPWA PROGRAM [91.320(J)]**

#### **To Foster and maintain affordable housing (including the coordination of Low-Income Housing Tax Credits with the development of affordable housing)**

The strategy to foster and maintain affordable housing is to maintain the TBRA activity that is currently administered by local governments. In addition using previous year funds the City of San Juan will provide grants to nonprofit and municipalities for the acquisition and/or rehabilitation of building to be used for housing.

#### **To Evaluate and reduce lead based paint hazards**

The HOPWA program requires to the municipalities participating in the tenant based rental assistance program and the community based organizations that provide housing services to the patients with HIV/AIDS to:

Provide notification of a written notice to occupants informing them of lead hazard evaluation or reduction activities. This notice will be provided to tenant’s occupants advising about the potential presence and hazards of lead-based paint. Notification is achieved through the distribution of the EPA/HUD/CPSC lead based paint hazard information pamphlet. All property owners must disclose available information about the presence of lead-based paint and provide prospective tenants with existing documentation on known lead-based paint hazards in the dwelling unit.

In addition visual inspections must be performed on properties constructed prior to 1978 to

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identify defective paint surfaces. The assessment will include the evaluation of interior and exterior painted surfaces to identify specific conditions that contribute to lead-based paint hazards. A certified risk assessor or Housing Quality Standards (HQS) inspector trained in visual assessment will perform the assessment. They will recommend if a Paint Testing is needed at the property.

### **Reduce the number of poverty level families**

The PRDOH strategy to reduce the number of families living under poverty level, whose householder is an HIV/AIDS patient, is to provide housing and supportive services diminish the risk of financial constrains for the family members. The HOPWA plan covers all the housing venues that and HIV clients might need to attain in order to focus in their medical treatment, and thus improve their quality of life.

### **Enhance coordination between public and private housing and social service agencies**

Through the years, State HOPWA program has dedicated efforts to enhance coordination between public and private housing and social service agencies. A statutory requirement of the program is to clearly establish the eligibility criteria to award funding to community-based organizations. Non-profit organizations play a critical role in the provision of public services initiatives in several ways:

- They perform advocacy work on behalf of the patients with HIV/AIDS supporting their housing needs;
- They are involved in the community and are knowledgeable about the services needed participating in designing and implementing programs that respond to the patients' needs;

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- They often provide the development expertise and technical assistance needed to bring projects to fruition, and also conduct the monitoring and/or certifications necessary at a project's completion; and
- They provide the social/community service components as a complementary network to the State programs.
- Non-profit organizations have a long, positive history of cooperation with the municipal and state agencies. The State HOPWA program seeks to expand opportunities for nonprofit organizations, particularly newer organizations, to engage now in housing development for the HIV/AIDS patients. This is an alternative to promote an affordable rental housing market.

### **Address the needs of public housing (including providing financial or other assistance to troubled public housing agencies)**

No HOPWA funds are committed to address the needs of public housing.

### **Encourage public housing residents to become more involved in management and participate in homeownership**

No HOPWA funds are committed to encourage public housing residents to become more involved in management and participation in homeownership.

## **PROGRAM SPECIFIC REQUIREMENTS FOR CDBG PROGRAM [91.320 (K)]**

### **Application of Guaranteed Loan Funds under 24 CFR Part 570, subpart M**

Loan Guarantees (LGA) under Section 108 of Title I of the Housing and Community Development Act of 1974, as amended, is not subject to the method of distribution of funds as set forth for the CDBG program. Section 910, of the National Affordable Housing Act of 1991 (NAHA), as amended, extended the Section 108 Loan Guarantee program to non-entitlement

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communities nationwide. As required in Section 104(a) of the Act, we are including the guidelines, regarding OCMA determination to assist non-entitlement municipalities, in applying for guaranteed loan fund under 24CFR Subpart M.

### Estimated Availability of Funds for PY 2011 - \$218,000,000

Section 108 provides the State CDBG Program with an additional source of financing, to meet housing and community development needs for the non-entitlement municipalities. The Act allows HUD to issue government bonds that would guaranteed up to five times the current CDBG allocation to OCMA. To secure the loans issued, OCMA must ensure that any State CDBG funds that are pledged for a particular non-entitlement municipality does not affect prospective CDBG allocations for the remaining non-entitlement municipalities. To avoid payment default, OCMA requires the municipal administration to present other collaterals, besides the required by HUD, in order to secure the re-payment of the loan. If OCMA deems necessary a Memorandum of Collaboration could be executed with any governmental financing agencies, such as the Governmental Development Bank for Puerto Rico (GDB) and EDBPR. Further consultation could be made with the Tourism Company, the Industrial Development Corporation, the Puerto Rico Economic Development Administration and any other agency that could review the applications to determine risks factors. Specific requirements of feasibility, business plan and other supporting documents are required to make the financial assessment of the project in order to assure OCMA the feasibility of the project.

Section 108 funds should be requested for mayor public facilities improvement and economic development, and among the eligible activities, those listed in Section 105(a) of the Housing and Community Development Act, of 1974 as amended. For the purposes of determining eligibility, the State CDBG rules and requirements should be observed in full compliance.

### **Application Requirements**

The first requirement prior to the submission of a LGA application is the transmittal of a letter of intention to submit a 108 LGA Application to OCMA. The State CDBG Section 108 Program Specialist will receive the letter of intent and commence the administrative requirement review

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first. Once the administrative review is completed, the non-entitlement municipality will be authorized to submit an application for Section 108 Loan Guarantee. Applications for the Section 108 Loan Guarantee Program may be submitted throughout PY 2011.

The non-entitlement municipalities should comply first with the following administrative requirements, in order to receive the authorization to submit an application for participation in the LGA program.

- Status of the monitoring reports. The municipality with open monitoring reports will not be able to present a 108 application.
- Must have closed up to the 2007 PY.
- Timely presentation of the single audit report.

Once the administrative requirements are cleared, the Section 108 Program Specialist would prepare for the Commissioner, the letter of invitation to the applicant, to submit the LGA application. In such letter, the applicant would be advised to fulfill the following requirements.

The application must meet the State LGA Program requirements. In addition, the following information must be provided:

- A statement of policy which will describe the project concept, timetable and source of funds. For economic development activities, that are based in its own revenue for the repayment of the loan, a feasibility study is mandatory, in order to evaluate its cash flow for repayment of the loan.
- Estimated project schedule, indicating the point in which the Section 108 financing will be needed to be in place.
- Financial information and cash flow projections to allow assessment of the repayment capacity and project feasibility.
- Documentation of the methodology to assess benefits to low-income persons.

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- Evidence of the municipal legislature resolution authorizing the submission of the LGA application.
- Certification that the environmental review record for the project is underway.
- Execution of the LGA certifications required by HUD.
- The community development objectives the applicant proposes to pursue with the guaranteed loan funds, as stated in the State Consolidated Plan.
- The activities the applicant proposes to carry out with the guaranteed loan funds. Each activity must be described in sufficient detail, including the specific provision under which it is eligible and the national objective to be met: to benefit low moderate-income persons or aid in the elimination or prevention of slums and blight, or meet other community development needs having a particular urgency.
- The amount of guaranteed loan funds expected to be used, and location, to allow citizens to determine the degree to which they will be affected. The proposed application must indicate which activities are expected to generate program income. The application must also describe where citizens may obtain additional information about proposed activities.

The applicant should describe the proposed collaterals that would secure the Section 108 loan.

Collaterals might be:

- A first or second lien on the real estate assisted with 108 funds;
- A lien on machinery or equipment;
- The pledge of an income stream;
- A pledge of future tax increments.

The pledge of municipal revenues from property taxes (CRIM) and any other municipal taxes (Patents) as a guarantee pursuant to the contract between the municipality and OCMA.

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OCMA may require as instructed by HUD, any additional collaterals and repayment guarantees on a case-by-case basis.

### Loan Default Consequences

Repayment from the CDBG Basic Grant allocation will be considered as an event of default and will be authorized as an emergency disbursement in case the municipality was unable to wire to JP Morgan the scheduled 108 payment.

In the event of default OCMA may choose to recover the indebted amount from any of the collaterals awarded to the municipality or from any other available state or federal municipal funds under the custody of the Office.

## PROGRAM SPECIFIC REQUIREMENTS FOR HOME PROGRAM [91.320 (K)]

### Description of Other Forms of Investment

In compliance with 24 CFR 92.205 (b) (1), the **PRHFA** will use other forms of investment allowed by the pertaining **HOME** Program regulation, when appropriate. Other forms of investment include, but are not limited to, the award of a grant to provide incentives to develop and support affordable rental housing and Homeownership affordability through the acquisition (including assistance to Homebuyers), new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, and other expenses, including financing costs, relocation expenses of any displaced persons, families, businesses, or organizations.

In addition **HOME** funds will be use to provide payment of reasonable administrative and planning costs; and to provide for the payment of operating expenses of community housing development organizations.

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### Refinancing Guidelines to Refinance Existing Debt Secured by Multifamily Housing that is being rehabilitated with HOME Funds

No State **HOME** funds will be used to refinance existing debt secured by multifamily housing that is being rehabilitated with **HOME** funds.

### Description of the Resale Guidelines for the Homebuyer Activity

The **PRHFA** adopted the Resale Option as established in 24 CFR (a) (5) (ii) to ensure affordability in compliance with 24 CFR 92.254 titled Qualification as Affordable Housing: homeownership. For many potential Homebuyers, the biggest barrier to Homeownership is the down payment and closing costs. While they may have a steady income that would allow them to make monthly payments, they do not have the means to save for the upfront costs of purchasing a **HOME**. In these cases, **HOME** funds can be provided to create an affordable stock of housing for any prospective low income Homebuyer.

In order to assure the maintenance of the affordable housing stock, the **HOME** program does set affordability periods that relate to the resale of the property. These periods are based on the amount of **HOME** funds provided for the property, in compliance with the Table below.

#### TIME RESTRICTIONS ON AFFORDABILITY LIMITATIONS

HOME Investment per unit	Length of Affordability
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
Over \$40,000	15 years
New Construction of rental housing	20 years

The mechanics that provide the affordability is the direct subsidy of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise subsidizes the purchase (e.g., down payment or closing cost assistance) that the Homebuyer

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received directly from the **PRHFA** or indirectly from the housing developer, as a pass-through to the Homebuyer. (A grant awarded to a developer to reduce construction costs of the dwelling unit.)

The resale requirements must ensure, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability that the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low-income family and will use the property as its principal residence. The resale requirement must also ensure that the price at resale provides the original **HOME**-assisted owner a fair return on investment (including, but not limited to, the value of the original down payment, the amount of mortgage principal repaid, homeowner's investment and the value of any improvements installed at the seller's expense) and ensure that the housing will remain affordable to a reasonable range of low-income Homebuyers. The period of affordability is based on the total amount of **HOME** funds invested in the housing.

The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD. The **PRHFA** would announce in the restrictive covenants that may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the housing.

The term of affordability shall be secured with a recorded restrictive deed of trust that would be presented at the corresponding office of the Department of Justice Property Register for presentation, qualification and inscription.

The recorded restricted deed of trust would include the following covenants on the land in two instances: in the fee title simple and in the **PRHFA** direct mortgage that will secure the affordability period of the assisted housing.

- (1) The housing must be the principal residence of the family throughout the affordability

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- period established in the recorded deed. The Homebuyer would not rent the dwelling or use it in any other manner than the principal residence of the family.
- (2) The Homebuyer must meet the affordability requirements for not less than the applicable period specified in the previous table, beginning after project completion.
  - (3) Refinancing of the first mortgage would be allowed if two of the following conditions are met:
    - (a) That the dwelling unit has been continuously occupied by the Homebuyer;
    - (b) That the funding raised by the mortgage refinancing would be use for **HOME** improvements, approved by the **HOME** Program and that no cash will be use for other means;
    - (c) That the refinancing would improve the current mortgage payment, either lowering the monthly installments, interest rate or maturity term.
  - (4) The PRHFA would conduct periodic inspections on the **HOME** assisted housing during the affordability period to verify program compliance.
  - (5) Resale of the property should be authorized in advanced by the **PRHFA**, and such offering should be made only to a buyer whose family qualifies as a low-income family and will use the property as its principal residence. The resale price at resale should provide the original **HOME**-assisted owner a fair return on investment (including the Homeowner's investment and any capital improvement) and ensure that the housing will remain affordable to a reasonable range of low-income Homebuyers.
  - (6) The **HOME** equity, other than homeowner's investment and any capital improvement, and any increase in the appraised value of the property should be kept in the property, to help meet the affordability criteria for the new Homebuyer.
  - (7) The property must be sold to a homebuyer complying with the following criteria: A price that is affordable to a family at 75 percent 80 percent of the median income of

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Puerto Rico at the time of the transaction that will pay no more in PITI (the sum of loan payments of principal and interest, taxes and insurance) than 33 percent of annual (gross) income.

- (8) The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD.
- (9) PRHFA may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the housing.

### Description of the Local Market Conditions that led to Use the of HOME Funds for the TBRA Program

No State **HOME** funds will be used to provide tenant based rental assistance.

### Description of the Policy and Procedures it will Follow to Affirmatively Market Housing Containing Five or More HOME-Assisted Units

The State **HOME** Program complies with the Affirmative Fair Housing Plan guidelines for rental projects Island-wide.

The **PRHFA**'s policy request to rental and planned development project owners to not discriminate against any person on the grounds of race, color, national origin, religion, sex, handicap, or familial status, under any project or activity funded, in whole or in part, with **HOME** or any other housing funds.

As such, the State **HOME** Program is committed to take measures to ensure non-discriminatory treatment, outreach, and access to program resources. As part of the federal requirements, all recipients or sub recipients must adopt affirmative marketing procedures for all housing

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projects with five (5) or more assisted units. As will be described in the Marketing Plan, the HOME Program will implement an integrated communication strategy focused on the different stakeholders related to fair housing. Some of the communication channels and tactics that will be used include:

- Participation in local housing forums;
- Community outreach activities and participation in community meeting;
- Use of mass media communication via a publicity strategy, which includes: press releases, interviews with the press, and providing information to regional newspapers and professional and nonprofit organizations.

The State **HOME** Program by applying the fair housing requirements is affirmatively further fair housing by:

- Promoting fair housing choices for all citizens,
- Providing opportunities for housing assistance, for qualified persons regardless of race or color, sex religion, disability, familial status and national origin,
- Promoting housing that is structurally accessible and usable by all persons, including persons with disabilities,
- Fostering compliance with nondiscrimination provisions of the Fair Housing Act and other rules and regulations by providing technical assistance and training to all **HOME** Program recipients,
- Monitoring housing owners, contractors, developers, and sub recipients to ensure continued compliance with fair housing regulations.
- The State **HOME** Program will require that owners of projects, with a minimum of five (5) units receiving **HOME** funds assistance must comply with the following requirements:

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- The owner must display the Equal Housing Opportunity logo and the fair housing poster in an area visible to the public.
- All sub recipients, developers; owners shall follow procedures and inform the public, potential tenants, Homebuyers of Equal Housing Opportunity.
- If **HOME** assisted units are advertised during the period of affordability, the logo of Equal Housing Opportunity must be in the advertisement as shown in figure below.

### EQUAL HOUSING LOGO



- The owner or sub recipient must demonstrate compliance with Fair Housing requirements and will maintain information of the race, gender, and ethnicity of applicants and participants.
- Applicants for **HOME** Program funds for the development or rehabilitation of housing units for sale or rent must submit a marketing plan to attract prospective Homebuyers or tenants regardless of religion, gender, disability or other characteristic and form HUD 935.2- Affirmative Fair Housing Marketing Plan

The Affirmative Marketing Plan includes the following actions:

- Use of minority-owned media as part of the marketing efforts,
- English language other than Spanish should be used where necessary,

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- Methods of informing the public and potential beneficiaries about fair housing laws. The advertisement message should be easily understood by target groups in the area, and should not imply restrictions for any specific group,
- Maintenance of records to evidence actions taken to affirmatively market **HOME**-assisted units and to assess marketing effectiveness, and
- Methods to respond to complaints and remedial steps to resolve situations, among other relevant actions. (HUD-903 Housing Discrimination Complaint).
- The developers, owners or other sub recipients of **HOME** funds may well use form HUD-903 to file and respond to beneficiaries' housing discrimination complaints.
- The following laws and regulations are to be complied with, as a means to achieve fair housing, equal access and equal opportunities:
  - Section 504 of the Rehabilitation Act of 1973
  - Architectural Barriers Act of 1968
  - Section 119 of the Rehabilitation, Comprehensive Services and Developmental Disabilities of 1978
  - Americans with Disabilities Act of 1990
  - Fair Housing Act
  - Davis Bacon and related acts
  - Equal Employment Opportunity, Executive Order 11246
  - Women's Business Enterprise: Executive Orders 11625, 12432 and 12138
  - Section 3 of the Housing and Urban Development Act of 1968



### **Actions Taken to Establish and Oversee a Minority Outreach Program within its Jurisdiction to Ensure Inclusion, to the Maximum Extent Possible, of Minority and Women, and Entities Owned By Minorities / Women**

The Commonwealth's **HOME** Program has taken measures to ensure inclusion, to the maximum extent possible, of minority and women, and entities owned by minorities/women through non-discriminatory treatment, outreach and access to program resources. It has developed contracting procedures to guarantee a fair treatment and participation in contract or subcontract processes. This applies to employment and contracting, as well as to marketing and selection of program participants.

The **PRHFA** promotes businesses opportunities to ensure a competitive and objective procedure for contracting by developing informational materials regarding activities and requirements of the program, publishing the requests for proposals and qualifications in a general circulation newspaper, developing an evaluation procedure and designating a proposal evaluation committee that assures objectivity and equal participation in the selection process, among other initiatives.

### **PROGRAM SPECIFIC REQUIREMENTS FOR ESG PROGRAM [91.320 (K) (4)]**

The PRDF has made special efforts to keep the non-profit organizations informed and properly oriented regarding the availability of funds. An availability of funds/Request for Proposals announcement is published in two Spanish newspapers of wide circulation throughout the Island. Also, on PY 2011 the DF will communicate to the PR Homeless Coalitions the availability of the funds with the purpose that they communicated the information to theirs members.

### **Discharge Policy**

The Department of the Family will be reviewing procedures of discharge policy through the "Concilio Multisectorial" created by Act Num. 130 approved in November 2007.

### **PROGRAM SPECIFIC REQUIREMENTS FOR THE HOPWA PROGRAM [91.320 (κ) (4)]**

#### **Description of the method for selecting project sub recipients (including providing full access to grassroots faith-based and other community organizations)**

For the 2011-2012 Program Year HOPWA funds will be transferred to the Municipality of San Juan for its distribution to sub recipients. The City of San Juan will use a Request For Proposal method. The funds to be distributed are for the execution of the activities the City of San Juan will not distribute administrative funding to sub recipients. All funds must be used to provide services and housing activities to eligible population.

The RFP will be announced using a Public Notice published in a newspaper of Island wide circulation. The RFP competition will open from April 14, 2011 and proposals will be due on May 14, 2011. The City of San Juan will select sub recipients from municipalities, faith-based, and other community based organizations that provide services to the HIV/AIDS populations. Interested sub recipients (municipal and nonprofits), will submit proposals to be evaluated on a competitive basis, in compliance with the RFP and Application Guidelines.

If funds are available after the initial allocation (including previous year funding) of resources they will be distributed according to the method selected by the City of San Juan that can include noncompetitive methods.

For the purpose of this Plan the Puerto Rico EMSA will include the 78 municipalities.

#### **Evaluation of Grant Applications**

The following evaluations factors will be used to evaluate the proposals presented by potential sub recipients. An evaluation committee selected by the Municipality of San Juan will evaluate the applications with a standard instrument to assure uniformity and impartiality. The maximum value for this criterion is one hundred (100) points. The following table shows the criteria to be used for the evaluation of the proposals:

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Non Profit Sub recipients		Municipal Sub recipients	
Criteria	Maximum Points	Criteria	Maximum Points
Transmittal Letter	3	Transmittal Letter	2
Description organization	6	General Information Municipality	2
Financial and Programmatic Background	6	Description of the Municipality Capacity	25
Past Performances	10	Financial and Programmatic Background	6
Services to be provided	10	Proposed Project Description	20
Needs Analysis	18	Action Plan	20
Action Plan	25	Budget	25
Budget	20		
Required Documents	2		
Total	100		100

### Acquisition, rehabilitation, conversion, lease and repair of properties activity

As it was mentioned earlier in this document, funds for previous years balances will be used to sponsor acquisition, rehabilitation, conversion, lease and repair of properties activities. These will be allocated through a competitive basis to organizations of the PR EMSA that comply with the RFP and Application Guidelines.

However, there could be exceptions for this competitive method. If an organization has already been granted funds from a local, state or federal governmental agency and needs complementary or matching funds, will not have to comply with this ordinary process. The organization may submit an application that includes:

- amount requested,
- letter of approval,
- proposal submitted to the other agency, and
- purpose of the project for which funding is requested.

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The application will be evaluated in an expedite manner, independent of the competitive process.

### Acceptance of proposals

For FY 2011 the Municipality of San Juan will accept island-wide applications, including potential sub recipients from the San Juan Eligible Metropolitan Statistical Area (EMSA). Priority will be given to potential sub recipients that are not included in the SJEMSA . Potential sub recipients located in the San Juan EMSA that are currently receiving HOPWA funds from the Municipality of San Juan cannot receive State HOPWA funds for the same purpose and uses.

Nevertheless, the eligible applications from the PREMSA will receive a preference code that will assure priority funding after the application is evaluated. All the applications will be evaluated by the same standards and criteria.

### DUNS Number and Central Contractor Registration

All sub-grantees are required to register with Dun and Bradstreet to obtain a DUNS number, if they have not already done so. In addition the must obtain certification from the Central Contractor Registration (CCR). The CCR is the primary registrant database for the U.S. Federal Government. CCR collects, validates, stores, and disseminates data in support of agency acquisition missions, including Federal agency contract and assistance awards. Both current and potential federal government registrants are required to register in CCR in order to be awarded contracts by the federal government. Registrants must update or renew their registration at least once per year to maintain an active status.



### MONITORING FOR THE CDBG PROGRAM (91.330)

#### Standards and Procedures to Monitor Activities Carried Out In Furtherance of the Plan

For PY 2011 OCMA established standards and procedures that would use to monitor activities carried out in the 2011 Action Plan. The standards established considered six important elements. These are:

##### Risk Analysis

The risk analysis is undertaken at the end of the PY to evaluate the performance carried out by the non-entitlement municipalities. The statistics lifted provide an scenario on their performance, thus ranking such performance as: High Risk, Medium Risk and Low Risk.

##### Calendar

OCMA prepares an annual calendar on the type of monitoring that they will perform according the data provided by the Risk Analysis. High Risk municipalities will be scheduled for field monitoring reviews, while Medium Risk are scheduled for field or desk review, depending on their ranking. Low Risk municipalities are schedule for desk review,

##### Desk Review

This is the standard use for Low Risk and those Medium Risk municipalities that their actions could be monitor through telephone inquiries. Any request for documentation could be transmitted through mail, fax, e-mail or personally. With this technique OCMA expects to clear the task in agenda without any complication.

##### Field Review

This is the standard use for High Risk and those Medium Risk municipalities that their actions warrant a field visit. The monitoring official is in the field verifying

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documentation on any project or activity, interviewing municipal officials and contractors if needed. Findings made are presented to the Assistant Commissioner before the preparation of the monitoring report.

### Preparation of the Monitoring Report

The Monitoring Report is prepared 30 days after the exit conference. In this conference an explanation of the issues worked and findings made is presented to the mayor. The report mentions the concerns, question costs and disallowed costs, if any, were found during the field visit. The municipality has 30 days to clear any recommendation made by the Commissioner of Municipal Affairs.

### Follow up and Closing Report

Follow up reports are made every 30 days. The closing of the monitoring report should not take more than 180 days from the date of the issuance of the monitoring report. Disallowed costs within the \$100,000 should be repaid to HUD, immediately. OCMA could entertain proposals for repayment plans for disallowed costs over \$100,000, considering the municipality draws a first installment of 50% of the disallowed costs.

Finally, the local HUD Field Office, the CPD Division in San Juan, will review any formal report issued by the Independent Public Accountant (IPA) and the Comptroller's Office, requesting prompt corrective action if it is the case. The HUD Field Office may conduct its own monitoring reviews and may request the participation of the HUD's Office of the Inspector General, to assist them in any specialized auditing review.

### **Actions Taken to Monitor Its Performance in Meeting Its Goals and Objectives Set Forth in its Consolidated Plan**

The Commonwealth understands that monitoring the Consolidated Plan and the annual activities must be carried out regularly to ensure that statutory and regulatory requirements are met and that, where appropriate, information submitted to HUD is correct and complete. To ensure that the State's CDBG, HOME, ESG and HOPWA programs further Consolidated Plan

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goals, the CDBG Office incorporates the Consolidated Plan's strategies, objectives, and activities into its work plan. The Municipality will measure its achievement of Consolidated Plan goals by the same standards used to evaluate all programs and activities. Compliance with goals and objectives are evaluated during the preparation of the CAPER.

### **Actions Being Taken To Insure Compliance with Program Requirements Including Requirements Involving the Timeliness of Expenditures**

OCMA announce that 95 percent of the funds allocated to the non-entitlement municipalities are committed within the 12 months period after signing the current grant agreement with HUD, and the funds are fully obligated and announced to the non-entitlement municipalities within 15 months of the state signing its current grant agreement with HUD. This action could be verified with IDIS report CO4PR01.

In order to improve timely expenditure OCMA keep a monthly track on the expenditure rate of the non-entitlement municipalities. Every month OCMA publish in the website the monthly timeliness rate of the non-entitlement municipalities to ensure compliance with the requirement of timely expenditure of the CDBG Program funds.

### **Actions It Will Use To Ensure Long-Term Compliance with Housing Codes**

Housing codes are enforced following the Housing Rehabilitation Guideline adopted by OCMA. The non-entitlement municipalities conduct two inspections on the property: at the filing of the application and a second inspection at the termination of the activity. These two inspections document the improvements made to the housing unit, ensuring long-term compliance with housing codes

### **Actions to Be Taken To Monitor Its Sub recipients**

It is the policy of OCMA to operate the State CDBG Program on its own, so, there will not be any sub recipients to monitor for the PY.

### MONITORING FOR THE HOME PROGRAM (91.230)

PRHFA carry out the HOME program compliance through an ongoing process involving continuous communication and evaluation. Monitoring activities are performed according to the regulations established on the Code of Federal Regulation (CFR) Title 24 Part 92 for the HOME Investment Partnership Program. Monitoring responsibilities are exercised by the State through The Office of Audit and Compliance (OAC) at PRHFA. The OAC asserts its monitoring duties through a dual process. This consists of *compliance enforcement* by education, technical assistance through training and support and *compliance reviews* involving constant system/files reviews, on-site visits and inspections. Also, the OAC is evaluating the procedures required to monitor that internal controls and reporting have been implemented to ensure compliance with HOME Investment Partnerships Program Goals and regulations.

The PRHFA also has selected an external contractor to assist the OAC in the monitoring of certain properties which were already participating in the program when the HOME program was assigned to the Authority. This contractor would help the Authority by gathering all the compliance information of these properties and/or participants while the OAC coordinate and establish all the internal procedures to follow up compliance on those properties.

In addition, outside controls will be incorporated into the procedures, as required by the Single Audit Act and the associated local rules and procedures. The Single Audit Act of 1984 (Public Law 98-502) was passed by Congress to improve auditing and management for federal funds provided to state and local governments. The director of the Office of Management and Budget (OMB), a federal agency, is responsible for dictating policies, procedures, and guidelines to carry out the act. These policies, procedures, and guidelines are contained in OMB Circular No. A-133. This circular establishes uniform audit requirements for non-Federal entities that administer Federal awards and implements the Single Audit Act Amendments of 1996, which were signed into law on July 5, 1996 (Public Law 104-156) Audits of States, Local Governments, and Non-Profit Organizations “. Circular No. A-133 and the act require the following annually.

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1. An audit of the state or local government's (entity's) general-purpose or basic financial statements made in accordance with generally accepted government auditing standards covering financial and compliance audits
2. Tests of internal accounting and other control systems to provide reasonable assurance that the entity is managing federal-assisted programs in compliance with applicable laws, regulations, and the specific provisions of contracts or grants.

An Independent Auditors' Report on both Compliance and Internal Control and on Financial Reporting will be conducted in accordance with government auditing standards. The Audit will be presented to the Director of the PRHFA at the term of the nine month time requirement and to HUD's CPD Division in hard copy and an electronic copy to the National Single Audit Clearinghouse.

Another outside control is provided by the Commonwealth's Comptroller's Office. Comptroller's auditors perform comprehensive reviews of the fiscal operations of the PRHFA issuing a full report on the findings found. It is not unusual that the Comptroller's auditors request guidance to HUD officials on any issue raise on a federal finding.

Finally, the local HUD Field Office, the Community Planning and Development Division in San Juan, that will review any formal report issued by the IPA and the Comptroller's Office, requesting prompt corrective action if it is the case. The HUD Field Office may conduct its own monitoring reviews and may request the participation of the HUD's Office of the Inspector General, to assist them in any specialized auditing review.

Compliance will be evaluated taking into consideration three main areas:

1. Homeowner Occupancy
2. Project Development
3. Rental Projects

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### Homeowner Occupancy:

Home funds can be provided in the form of a grant to lower the monthly mortgage payments. To monitor compliance with this process we will review:

- Owner Income Limit- The homebuyer and his family must qualify as a low income family
- Owner Occupancy-The unit must be the principal residence.
- Property type- Must be a single-family housing, should be a modest housing as established in CFR 92.254 (2) (i) (ii) (iii)
- Property Standards- Unit must meet all local code/regulations. ARPE and HQS regulations must be met.
- Special conditions- Homebuyer must be explained and must acknowledge and understand conditions and restraint on HOME ownership programs such as, Periods of affordability, Resale and Recapture, and additional conditions as they may apply.

Homeowner rehabilitation units will be monitored as well. For all cases, the files should include written rehabilitation standards for the project in addition to the budget, certifications, agreements and periodic inspections. A sample of 10% the homebuyer activity will be monitored as per owner occupancy and affordability compliance. A sample of 10% the homeowner rehabilitation will be monitored as per owner occupancy and affordability compliance.

Every 5 years a monitoring review will be performed on the restrictive covenant on the property bought by a low income family. This review can either be performed at the property itself, or can be performed through documentation evidence, that will confirm that the assisted HOME unit is been occupied by the person/family that executed the promissory note.

It is prohibited to sell, lease, donate, or execute a permutation of the property without previous consent and authorization from PRHFA. If the beneficiary fails to comply with the requirements, he is compelled to reimburse the *total*/HOME funds assigned.

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### Project Development

During the construction phase the HOME Program requires progress reports, and a submission of any topic that may disclose anticipated or current problems on the construction progress. Eligible cost will be monitored regarding the HOME expenditures through the development of the project.

As a means of compliance with the timeliness, expenditures and complete the process as per established by both parts, a monthly fiscal review report has been established. Through this report we can evaluate the expenses, disbursements and tendencies related to the HOME program, looking forward to meet the 5 year expenditure threshold. To ensure long term compliance with Housing codes, on-site inspections will be conducted during all activities, related to the HOME program housing, including home buying, rehabilitation and rental activities.

### Rental Projects

To verify compliance with property standards, and to assert the information provided by owners, on tenants incomes, rents and other HOME requirements and regulations during the projects period of affordability, HOME requires on-site inspections according to the number of Home units in a project. A 20% of the HOME assisted units in a project will be reviewed through random sampling. PRHFA can review additional units up until the 100% of them is deemed necessary. Property Standards apply to common areas, and the building's exterior, not only to the HOME units, any deficiencies or noncompliance must be addressed and corrected on the established time.

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Following is the monitoring schedule for Program Year 2010 –2011:

### SCHEDULE OF RENTAL PROJECT MONITORING

Projects	Month	Projects	Month
1	Apr-11	2	June-11
2	May-11		

PRHFA is preparing a Compliance Manual that will provide the standards and procedures to monitor the Action Plan Activities set forth by HUD in CFR Title 24 Part 92 for the HOME Investment Partnership Program. This manual will work as a guide that owners can use, and its compliance will be asserted on the on-site reviews.

The Monitoring Plan will address sub-recipient monitoring. The requirements for sub-recipient monitoring are contained in 31 USC 7502 (f) (2) (B) (Single Audit Act Amendments of 1996 (Pub. L. 104-156)), OMB Circular A-133 (§\_\_.225 and (§\_\_.400 (d)), OMB Circular A-110 (§\_\_.51 (a)), Federal awarding agency program regulations, and the terms and conditions of an award.

### MONITORING FOR THE ESG PROGRAM (91.230)

The Puerto Rico Department of the Family has the responsibility of providing technical assistance required regarding the application process. As stated before, an Information/Guidance/Workshop/Conference takes place at the Department for all applicants.

It is the Department's responsibility to assure that the entities' comply with ESG Program statutory and regulatory requirements and to enhance management capacity and the use of funds effectively to assist the homeless or at risk to become homeless individuals and families.

The PR Department of the Family completed the deposing of the ESG Monitoring Guide. The guide was completed on November, 2010 and implemented in February 2011. The monitoring process to ensure the compliance will consist of:

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- Identification of organizations and municipalities in greater risk (those that obtain a score of 13 or more points in a risk evaluation)
- On-site visits as an opportunity to identify needs, measure a recipient's performance and provide technical assistance;
- Tracking system of the grant awards, activities and performance measurement;
- A technical assistance tracking system of monitoring aspects.
- Review the uses of funds to determine that non-profit agencies conform to the requirement of 24 CFR Part 576 and other federal regulation.

### Risk Evaluation for Projects Subsidized with ESG Funds

Questions to evaluate the risk of projects subsidized with ESG funds have been formulated to establish the level of risk of such projects and to determine which projects require on-site monitoring

Risk Evaluation Factors	Responses with points	Points	Evaluation
Funds Provided	Less than \$10,00	1	
	Over \$10,000	2	
Findings from previous audits	Yes	1	
Number of findings in previous audits	2 or more	1	
Date of latest on-site monitoring	Over two years	1	
Changes in key personnel: executive director, project director and/or supervisor, fiscal agent, service personnel, and other personnel directly related to the project	Yes	1	
Relatives working on project	Yes	2	

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Significant purchases with funds	Yes	2	
Remaining funds from previous allocations	Yes	1	
Problems with reimbursement requests	Yes	2	
Problems with programmatic progress reports	Yes	1	
Problems with evidence ...	Yes	2	
Has a record or an open grant that was supposed to be closed by the evaluation date	Yes	2	
Currently is or will be in the process of recovering money	Yes	2	
Noncompliance with payment schedule	Yes	2	
Number of people serviced per proposal was smaller	Yes	2	
Adverse publicity/complaints		1	
		Total Risk Points	

Mark (✓) Result of Risk Evaluation

Low risk (less than 6 points)

Moderate Risk (6-12 points)

High Risk (13 points or more)

Each subrecipient will be reviewed and point will be awarded in accordance with the above table. Subrecipient will be ranked in accordance with the points awarded from high to low. Those subrecipients with total scores above 13 points will be considered high risk and will be monitored by the staff of the PRDF. In-depth on site monitoring must be completed for high-risk grantees.

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Those subrecipients with a score of 6 to 12 points will be considered moderate risk. Limited monitoring may be performed for medium-and low-risk grantees selected for monitoring on-site or remotely. Remote monitoring will be used to monitor medium-and low-risk grantees to validate the soundness of the rating criteria as well as possibly obtain early warnings of potentially serious problems.

### Monitoring Schedule

It is the intention of the Department to conduct approximately 10 on site monitoring reviews. The monitoring schedule will be developed during the first quarter of program year 2011. On site monitoring review are expected to be undertaken during January-June 2012 period. The top three funded subgrantees will be monitored. The remaining 7 will be selected in accordance with the risk analysis.

Historically and average of 100 subgrantees receive ESG funding every year. The Department of the Family will perform desk reviews for all subgrantee. The desk review includes the following:

- Review of reimbursement requests;
- Expenditure documentation
- WebCash balances (bank statements)
- Expenditure timeliness

To monitor timeliness the desk review officer evaluates the expenditure ratio of each subgrantee. Every month the Department monitor spending against budget to ensure that there is regularity of expenditure and that the project is operating to plan. Any budget variations is evaluated and if needed modified. To monitor expenditure ration the Department uses IDIS PR02 report. Warning letters are submitted to subrecipients who are not spending according to plan and to those that will not comply with the term of the agreement (1 year). If necessary and

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justified the expenditure period can be extended. If the agreement expires and the funds were not used they will be reallocated in accordance with the requirement of the ESG program.

Desk reviews will be performed on a daily basis and at each organization receiving ESG funds will be monitored using this method.

### **MONITORING FOR THE HOPWA PROGRAM (91.230)**

#### **Standards and procedures that will be used to monitor activities carried out in compliance of the plan**

The Monitoring of the HOPWA funded activities will be undertaken by the City of San Juan. All of the organizations (Municipal and Non Profit) undertaking HOPWA activities will be monitored for compliance. A monitoring schedule (Monitoring Plan) will be prepared during the first quarter of the program year identifying the organizations and the areas to be monitored. The Monitoring tools will be developed according to the activities undertaken by each organization but focusing on:

- Performance and Report Timeliness
- Clients Housing Assessments
- Clients Housing Plans
- Cost Allocation and the use of Time-Sheets

In addition to the subrecipient monitoring reviews the Puerto Rico Department of Health will monitor the City of San Juan to evaluate contract compliance.

#### **Actions to be taken by the State to monitor its performance in meeting its goals and objectives set forth in its Consolidated Plan and steps/actions being taken to insure compliance with program requirements**

- 1) The PRDHTH will monitor the terms and conditions of the contract with the Project Sponsor, assisting in the administration of the HOPWA funding. This

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includes: compliance with the timeframe of the agreement, rate of expenditures, eligibility of expenses, and implementation of eligible activities under the HOPWA Program. In addition, this includes ensuring that HOPWA funds are distributed in an unbiased, equitable, and consistent manner.

- 2) All subrecipients will be monitored by the City of San Juan or its contractors to evaluate the proposed goals included in the agreements and the actual delivery and performance.
- 3) Contractors from the municipality of San Juan will visit the projects in order to ensure service provision according to the contracts, support documentation of reports, presented, clients housing assessments, clients housing plans, cost allocation and the use of time-sheets.
- 4) Project sub recipients receiving HOPWA funding will be required to submit quarterly reports in electronic format, including statistical information that will be entered maintained electronically to be included in the CAPER.

### **Steps/actions taken to insure compliance with program requirements, including requirements involving the timeliness of expenditures**

In order to assure that funding for the activities are expended in a timely manner, the contracts executed by the PRDHTH and the Municipality of San Juan will have a 24 month timeframe for the liquidation of the contract. Progress reports will be submitted in a quarterly manner along with the invoices for HOPWA reimbursement. Compliance with this requirement will be monitored by the finance division of the Hosing Department of the City of San Juan.

### **Steps/actions to ensure long-term compliance with housing codes, including any actions or on-site inspections it plans to undertake during the program year**

The municipality as provider of the HOPWA tenant based rental assistance includes a dwelling inspection to recertify compliance of the housing unit with the Section 8 housing quality

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standards. This inspection is certified by the Municipal Program Coordinator every time a recertification or new admission voucher is issued. In addition subrecipients are required to inspect the housing units for compliance with the HQS.

In addition, a property standard inspection is conducted by HOPWA staff to the housing type facilities that serve as shelter and transitional housing for the HIV/AIDS patients. This inspection is conducted prior to the execution of the contract with the project sponsor.

### **Actions taken by the State to monitor its sub recipients**

The PRDHTH will monitor the execution of the agreement with the City of San Juan. A new monitoring handbook will be adopted during program year 2011. The monitoring handbook will be based on the term and condition of the agreement with the City. The same agreement requires the monitoring of all HOPWA subrecipients.

### **Monitoring Standards to be used by the City of San Juan**

The HOPWA program recognizes and fulfills the monitoring requirements of the regulations. All sub recipients are monitored by program staff. Monitoring activities are conducted in accordance with OMB regulations, and the HUD regulations for each program, and include the following:

- Explanation of grant contract requirement and deadlines for all grantees;
- Field visits to monitor work in progress and completed projects;
- Telephone or office conference assistance to grantees;
- Detailed explanation of ways to improve grant administration; and
- Suspension of grant activities where warranted.

Monitoring activities for the HOPWA program include:

- Financial Management
- Project Development/administration
- Quarterly Fiscal Reports
- Compliance with law and regulations of Acquisition and relocation, Environmental Review, Labor Standards, Civil Rights, Procurement, Section 504, etc.

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- Close out programs
- Rate of Expenditure
- Use of program income
- Compliance with single audits

The municipality will follow its Monitoring Plan to evaluate and assure compliance with all the applicable regulations. In addition, the HOPWA program will evaluate accomplishments towards goals of the Consolidated Plan. The monitoring review conducted by the municipality includes the following:

- Perform desk reviews for all open year grant projects funded under the HOPWA program
- Rank recipients using the risk assessment forms
- Determine monitoring needs and priorities and evaluate resources
- Prepare monitoring schedule
- Pre-Monitoring preparation for on-site review
- On-site monitoring
- Prepare monitoring reports
- Preliminary reports
- Final Reports

The HOPWA Program has developed monitoring guidelines tailored to HOPWA objectives and requirements. The established work plan requires monitoring reviews of the recipients at least once annually and to concentrate monitoring reviews on the initial phase of the project sponsor's operations to detect and correct problems at the outset and to identify potential lack of adequate performance. Additionally, other ongoing processes that involve periodic written communications, frequent telephone and fax communication, meetings, and analysis of financial and programmatic report, is conducted on an almost daily basis. Those projects deemed to require one or more annual reviews, as well as those that frequently demand technical assistance will be selected. Progress reports will be used as the basis for selection of projects to be monitored.

In addition the Municipality will monitor HOPWA funds Commitment and disbursement deadlines to assure compliance with applicable regulations. To monitor this area the municipality will use the IDIS systems and reports.