



CDBG-DR

PROGRAM GUIDELINES

SOCIAL INTEREST HOUSING PROGRAM

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1 Overview

Overwhelmed by back-to-back hurricanes, Puerto Rico experienced impact across the Island from Hurricane María just two weeks after surviving regional impact from Hurricane Irma. The combined impact of these hurricanes compounded damage leaving vulnerable housing structures extensively damaged throughout the Island.

The devastation to various communities has interrupted the daily life of the residents of Puerto Rico. While in the process to restore vital basic services to the overall residents, highly vulnerable populations must be considered. These populations possess social and/or socio-economic characteristics that cause various difficulties in daily life and require additional or specialized services and accommodations.

The Community Development Block Grant-Disaster Recovery (**CDBG-DR**) Social Interest Housing Program (**SIH Program** or **Program**) creates housing for highly vulnerable populations such as, but not limited to: homeless, senior citizens, domestic violence victims, persons with intellectual disability, persons with developmental and/ or physical disability, persons living with HIV/AIDS, individuals recovering from addiction and individuals with other functional or access needs. The goal for the program is to address the unmet need by creating high-quality, modern, resilient housing solutions for these populations.

Information submitted by stakeholders in formal written comment during the Action Plan public comment period, including various municipalities and nongovernmental organizations, provided a glimpse into the need for social interest housing. Proposals submitted by these organizations speak directly to the need for housing special needs populations¹ and informed the design of the Program.

The Program will be implemented by non-profit, non-governmental organizations (**NGO**), who are specialized service providers with experience working with vulnerable populations. The collaboration with NGOs will ensure accessibility of services and facilities to individuals having wide-ranging disabilities including mobility, sensory, developmental, emotional, and other impairments.

The Social Interest Housing Program is targeted to the construction or rehabilitation of housing solutions, as later defined in these guidelines, with the expectation that eligible NGO applicants will provide the majority of support services as part of their separately funded service delivery. Some client services related to the initial use of funded housing, such as establishing initial occupants, may be considered an activity delivery cost.

¹ These proposals are available at https://www.cdbg-dr.pr.gov/wp-content/uploads/2018/06/Z_4-Summary-of-Written-Proposals.pdf.

2 Definitions

- **Americans with Disability Act (ADA):** civil rights law that prohibits discrimination against individuals with disabilities in all areas of public life, including jobs, schools, transportation, and all public and private places that are open to the general public.
- **Area Median Family Income (AMFI):** the median household income adjusted by family size for a given area.
- **Award:** the CDBG-DR SIH allocation provided to those NGOs chosen via the competitive NOFA process.
- **Beds Dedicated to Chronically Homeless Individuals and Families:** A permanent supportive housing bed that is dedicated specifically for use by chronically homeless individuals and families within a geographic area.
- **Broadband infrastructure:** cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure –including wireless infrastructure– as long as the installation results in broadband infrastructure in each dwelling unit meeting the Federal Communications Commission's (**FCC**) definition in effect at the time the pre-construction estimates are generated. The FCC defines broadband speeds as 25 Megabits per second (Mbps) download, 3 Mbps upload, and this standard was adopted by HUD for certain construction activities in Federal Register Vol. 81, No. 244 (December 20, 2016), 81 FR 92626.
- **Community Development Block Grant – Disaster Recovery (CDBG-DR):** the HUD funding stream that is allocated to eligible disaster recovery entities via congressional appropriations.
- **Continuum of Care (CoC):** HUD Program that is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.
- **Cost reasonableness:** construction costs that are deemed reasonable and consistent with market costs at the time and place of construction in compliance with Federal Register Volume 83, No. 157 (August 14, 2018), 83 FR 40318.
- **Emergency Solutions Grants (ESG):** HUD formula grant program providing funding to eligible jurisdictions addressing the needs of homeless people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness

- **Low to Moderate Income (LMI):** low to moderate income persons are those having incomes not more than eighty percent (80%) of Area Median Family Income set by HUD assisted Housing Programs. This income standard changes from year to year and varies based on household size and geography. HUD has calculated adjusted income limits for Puerto Rico upon which an LMI determination is based.
- **Notice of Funding Availability (NOFA):** the process used by PRDOH to solicit and select proposals for the SIH program.
- **Permanent Housing:** a component of the HUD Continuum of Care (**CoC**) Program that is defined as community-based housing without a designated length of stay and includes both permanent supportive housing and rapid rehousing.
- **Puerto Rico Action Plan:** defines how the CDBG-DR funding allocation by HUD will be utilized in order to meet the humanitarian needs of the Island's residents through the implementation of a transformative recovery program. The Action Plan provides an analysis of the first damage calculation and reports on the programs that will meet needs of housing, planning, economic recovery and infrastructure. See <http://www.cdbg-dr.pr.gov/en/action-plan/>.
- **Puerto Rico Department of Housing (PRDOH):** has been designated as the grantee responsible for administering the CDBG-DR funds allocated to Puerto Rico for the recovery from disasters caused by Hurricanes Irma and María of 2017.
- **Subrecipients:** non-Federal entities that receive a subaward from a pass-through entity to carry out part of a Federal program.
- **Subrecipient Agreement:** contract entered between PRDOH and awarded NGO to administer and implement the SIH Program.
- **Transitional Housing:** Housing where all participants have signed a lease or occupancy agreement, the purpose of which is to facilitate the movement of homeless individuals and families into permanent housing within **twenty-four (24) months** or such longer period as HUD determines necessary.
- **United States Department of Housing and Urban Development (HUD):** is the principal federal agency responsible for programs concerned with serving unmet housing needs, enforcing fair housing, and promoting community development.
- **Voluntary Compliance Agreement (VCA):** voluntary and full settlement of a disputed complaint, under the Fair Housing Act, between HUD and a public agency, PRHFA, PRDOH [Conciliation Agreement and Voluntary Compliance Agreement between HUD and Alicea Cruz, Wanda I. (Complainant) and Égida Vistas del Rio-Yaritzá Mateo Alvarado, Admn., María Collazo, Social Worker, PRDOH and PRHFA (Respondents) of July 21, 2016]; and PRPHA [Voluntary Compliance Agreement Between HUD and Puerto Rico Public Housing Administration of September 29, 2016]. Requires compliance with the Fair Housing

Act, Section 504, and the ADA through specified corrective and remedial actions to be taken within a stated period of time.

3 National Objective

The national objective of this Program is to benefit to Low- and Moderate-Income (**LMI**) persons (below eighty percent (80%) Area Median Family Income (**AMFI**) according to the HUD Modified Income Limits for CDBG-DR Puerto Rico²), through the Limited Clientele (**LC**) LMI sub-category.

To qualify under the LC subcategory, activities funded under this Program must meet one or more of the follow criteria³:

1. Exclusively benefit a clientele who are generally presumed by HUD to be principally LMI persons. The following groups are currently presumed by HUD to be comprised principally of LMI persons:
 - Abused children;
 - Elderly persons;
 - Battered spouses;
 - Homeless persons;
 - Adults meeting Bureau of Census' definition of severely disabled adults;
 - Illiterate adults;
 - Persons living with AIDS; and
 - Migrant Farm workers.
2. Collect information on family size and income so it is evident that at least fifty-one percent (51%) of the clientele are persons whose family income does not exceed the LMI limit.
3. Be of such nature in such location that is may be reasonably concluded that the activity's clientele will primarily be LMI persons.

In circumstances where LC cannot be documented, Benefit to LMI housing may be allowed. To achieve the LMI national objective using the LMI Housing subcategory, housing projects be permanent as defined by HUD⁴ and those containing more than two (2) units must have at least fifty-one percent (51%) of the units occupied by LMI individuals or households.

4 Program Description

The Program will be overseen by the Puerto Rico Department of Housing (**PRDOH**) and implemented by eligible NGOs as subrecipients who respond to a Notice of Funding Availability (**NOFA**) with a viable project proposal.

² [2019 HUD Modified Income Limits](#); these limits change annually.

³ [HUD Guide to National Objectives and Eligible Activities for State CDBG Programs; Chapter 3: Meeting a National Objective](#); 24 C.F.R. § 570.483

⁴ [24 C.F.R. § 578.3](#)

The objectives of the Program are the following:

- Provide funding to applicants who are committed to providing Social Interest Housing and working with diverse populations to ensure accessibility of individuals having wide-ranging of socioeconomic, physical, emotional and other impairments.
- Provide funding to applicants to expand existing housing to increase the number of vulnerable persons served and/or bring existing housing to decent, safe, and sanitary conditions and in compliance with applicable State and local government construction codes and health and safety standards in disaster impacted areas.

The total allocation for the SIH Program and maximum award amounts are listed in the CDBG-DR Action Plan, as amended⁵ and are subject to change with amendments and funding availability. Organizations may submit for multiple projects through unique submissions to the Notice of Funding Availability described in the Application Process section of these Guidelines. It is possible that not all NGOs will receive the maximum amount upon award.

Funding through the Program will be based on organizational qualifications and identification of the vulnerable populations to be served as submitted in proposals. Eligible NGOs must demonstrate financial capacity to fund operations during the Program and are expected to have a viable sustainability plan for operations after CDBG-DR funds are expended. Proposals are encouraged to consider complimentary funding streams in their proposal designs, as CDBG-DR funds can only be used on costs defined in these Guidelines and within the NOFA.

4.1 Roles

Puerto Rico Department of Housing (PRDOH)

- PRDOH will be the administering entity for the SIH Program. In this role, PRDOH will administer NOFA processes to solicit and select proposals. PRDOH will execute subrecipient agreements with selected entities and monitor performance throughout the grant. Prior to executing a Subrecipient Agreement (**SRA**), PRDOH will evaluate each selected NGO's capacity to effectively manage the funds through a capacity assessment. The SRA may include specific terms and conditions which reflect PRDOH's capacity assessment of the entity.

Subrecipients

⁵ [CDBG-DR Action Plan](#)

- Subrecipients⁶ are non-Federal entities that receive a subaward from a pass-through entity to carry out part of a Federal program. In the SIH Program, subrecipients are non-profit entities that work with vulnerable populations in Puerto Rico, respond to the NOFA with a viable proposal, are selected by the Program to receive an award, and execute a SRA with PRDOH. Subrecipients will be responsible for program implementation under PRDOH's guidance and instruction. Subrecipients will be required to comply with all PRDOH and CDBG-DR regulations, policies and procedures including milestone reporting requirements to execute all program components effectively. As each awarded entity and project is unique, each awarded subrecipient will be specifically bound to the responsibilities outlined in its Subrecipient Agreement with PRDOH.

5 Eligible Use of Funds

SIH Program funding must be used as outlined in these program guidelines, the Action Plan as amended, NOFA, and executed SRA's. All program-funded projects must meet one of the HUD national objectives listed in these Guidelines and meet the eligible activity requirements of this section. Entities must also meet the requirements in the Program Eligibility section of these Guidelines.

5.1 Eligible Activities

The following activities are eligible for funding by the SIH Program:

- The acquisition, construction, reconstruction, or installation of public works, facilities, and site or other improvements, **HCDA** Section 105(a)(2);
- Clearance, demolition, removal, reconstruction, and rehabilitation of buildings and improvements, (Section 105(a)(4) of HCDA);
- Building modifications to create accessibility accommodations for persons with disabilities (Section 105(a)(5) of HCDA);
- Assistance to nonprofits organized under state or local law to carry out community development activities which address the development needs of the community in question, (Section 105(a)(15) of HCDA);
- Supplementary public services a component to place limited clientele in the funded projects once completed, (Section 105(a)(8) of HCDA);
 - When applicable, client services related to the initial use of funded housing may be considered an activity delivery cost as those costs support the documentation of the national objective.
- Soft costs incurred in support of eligible new housing construction activities;
- Clearance of environmental contamination from sites to be used for renovation and reconstruction projects;
- Staff costs and related expenses required for management of contractors procured for project, outreach efforts for marketing the Program, screening

⁶ [2 C.F.R. 200.93](#)- Subrecipient

potential applicant households and structures, and other eligible services related to completion of the Program;

- New Construction of housing as part of a commercial structure (mixed-use);
 - The costs clearly attributable to the commercial portion of the project are ineligible under this program;
- Site improvements to public owned land to enable the property to be used for the new construction of housing, provided the improvements are undertaken while the property is still in public ownership;
- Costs of permanent fixtures and furnishings for the facility⁷.

Facilities may be overseen by HUD Continuum of Care Program (**CoC**) providers and may supplement Emergency Solutions Grants (**ESG**) programs for a coordinated impact to:

- Provide essential services to shelter residents;
- Rapid re-housing of homeless individuals and families;
- Prevention of families and individuals from becoming homeless.

To outline the distinction between CoC activities and activities funded under this program, a description of CoC eligible activities and Social Interest Housing eligible activities can be found in the Continuum of Care Program section of these Guidelines.

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

- Operating and maintenance costs associated with day-to-day functions of the NGO not associated with the approved social interest housing project⁸;
- Support service only activities;
- Rental assistance.

5.2 Eligible Projects

Social Interest Housing Program applicants with projects approved by PRDOH will be responsible for execution of the project under the guidance of PRDOH. Eligible new construction and rehabilitation project sites:

- Must be located in Puerto Rico;

⁷ Costs to purchase equipment, as defined in 2 C.F.R. 200.33 must be purchased, maintained and disposed of according to definitions of equipment, found at 2 C.F.R. 200.313 Equipment and Capital Expenditures. Purchases of this nature must also be supported to demonstrate that the cost of purchase are necessary and reasonable for the performance of the goals of the Social Interest Housing Program.

⁸ 24 C.F.R. 570.207(b)(2) limits the use of CDBG funds for expenses associated with repairing, operating or maintaining public facilities, improvements and services. Certain exceptions can be made, and are made under the Eligible Activities section of these Guidelines.

- Must comply with accessibility requirements of the Fair Housing Act, as well as ADA standards to the extent feasible for those sites considered non-substantial repair⁹;
- Must comply with standards¹⁰ specific to Critical Action Facilities¹¹ if applicable.
- Should be accessible to public transportation, grocery shopping, recreation and socialization, etc.;
- Should include on-site support services for the special needs population served or be located near a service facility.

Funded projects meeting the LMI national objective using the Limited Clientele subcategory must comply with their intended use for a minimum of **ten (10) years**. Funded projects that meet the LMI national objective under the LMI housing subcategory must maintain a minimum affordability period of **fifteen (15) years** for rehabilitation or reconstruction of multi-family rental projects with eight or more units and **twenty (20) years** for new construction of multi-family rental projects with five or more units¹².

Social Interest Housing proposals may include the new construction or rehabilitation for the following property types:

- Single Family housing
- Two-unit structures
- Multi-unit rental property
- Group homes
- Other properties or special needs housing as needed by population served

Property site requirements may vary depending on the population that the property is designed to serve, including but not limited to:

- Projects for Survivors of Domestic Violence: Project that is dedicated to survivors of domestic violence, dating violence, sexual assault, or stalking¹³. Puerto Rico standards for safety and security provided by the Puerto Rico Women's Advocate Office shall be adhered to for Projects for Survivors of Domestic Violence.
- Beds Dedicated to Chronically Homeless Individuals and Families: A permanent supportive housing bed that is dedicated specifically for use by chronically homeless individuals and families within a geographic area. When a program participant exits the project, the bed must be filled by another chronically homeless participant unless there are no chronically homeless persons located within the geographic area. This concept only applies to permanent supportive housing projects.
- Transitional Housing: Housing where all program participants have signed a lease or occupancy agreement, the purpose of which is to facilitate the movement of

⁹ [HUD Accessibility Requirements for Buildings.](#)

¹⁰ [24 C.F.R. § 55.20 - Decision making process.](#)

¹¹ [24 C.F.R. § 55.2 – Terminology \(3\)\(i\) Critical Action.](#)

¹² [Federal Register Volume 83, Number 157; 83 FR 40314](#)

¹³ [24 C.F.R. 578.3](#) - Definitions

homeless individuals and families into permanent housing within **twenty-four (24) months** or such longer period as HUD determines necessary. The program participant must have a lease or occupancy agreement for a term of at least one month that ends in **twenty-four (24) months** and cannot be extended.¹⁴

- **Permanent Housing:** Community-based housing without a designated length of stay, and includes both permanent supportive housing and rapid rehousing. To be permanent housing, the program participant must be the tenant on a lease for a term of at least one year, which is renewable for terms that are a minimum of one month long and is terminable only for cause¹⁵.

6 Program Eligibility

Applicants to the Program must meet the entity and proposal eligibility requirements established within these guidelines,

6.1 Eligible Entities

Eligible entities for the SIH Program are NGOs. This Program's aim is to fund entities working in Puerto Rico that may have been affected by the hurricanes or that were born from a need that was realized after the hurricanes. The SIH Program will support the Island's NGOs who currently work with vulnerable populations in Puerto Rico. Eligible Applicants will need to provide proof of non-profit status via merchant registration, certificate of incorporation or organization tax return..

6.2 Baseline Eligibility Requirements

All proposals submitted to PRDOH, via the established NOFA process, must meet the following baseline requirements to receive CDBG-DR funding:

- Meet the required HUD National Objective of this Program;
- Seeks funding for CDBG-DR eligible activities;
- Applicant is authorized to work in Puerto Rico;
- Applicant currently works with vulnerable populations in Puerto Rico;
- Project is related to long-term disaster recovery, that includes the rehabilitation or new construction of housing, from impacts of the covered disaster;
 - The U.S. Department of Housing and Urban Development (HUD) requires that all CDBG-DR programs have a tie to the Hurricanes. With every municipal government in Puerto Rico being determined by the HUD Federal Register Vol. 83, No. 28 (February 9, 2018), 83 FR 5844 to be a "most impacted and distressed," funding is available to all communities across Puerto Rico. In accordance with 83 FR 5844, "All CDBG-DR funded activities must clearly address an impact of the disaster for which funding was allocated."

¹⁴ [24 C.F.R. § 578.3](#) - Definitions

¹⁵ [24 CFR § 578.3](#) - Definitions

- Applicant must demonstrate the financial resources to ensure on-going operation, maintenance, and sustainability plan for facilities and services therein;
- Applicant must demonstrate the ability, capacity, skill and other necessary resources to perform the work or provide the services required.

7 Application Process

Eligible entities that wish to submit a proposal in response to the competitive NOFA process will need to follow the steps outlined below and submit all required documents.

1. The NOFA will be posted for a minimum of **sixty (60) days**;
2. After NOFA response period has closed, PRDOH will evaluate each Application received based on scoring criteria identified in the NOFA;
3. After the Applications have been evaluated and selected, PRDOH will inform all Applicants of their evaluation results and work with the selected Applicants to begin the post-selection process outlined in NOFA;
4. PRDOH will execute a subrecipient agreement (**SRA**) with each selected program Applicant.

PRDOH will inform the public that a NOFA to participate in the SIH Program is open for applications. Upon formally announcing the Program, PRDOH will post the NOFA to the PRDOH website and other locations per the approved outreach plan.

Criteria for scoring the NOFA proposals will capture the following:

- Identification of needs for the currently serviced vulnerable population via data; this may include a waitlist for services
- A proposed solution to identified needs that includes the need for renovation or new construction of housing. All proposals must include:
 - Location such as a specific neighborhood, site or building;
 - Number of units required to achieve proposed solution; and
 - Number of beneficiaries to be served.
- Capacity of the NGO to carry out project proposal
- Current financial structure of NGO including ability to pay for operating costs and other non-funded costs associate with the project

Further guidance on specifics related to Application requirements will be provided within the published NOFA. PRDOH will, at its discretion, determine the final items to be provided in the NOFA which will include additional information, criteria, and considerations for proposal selection. When the NOFA is released and published, it will be posted to the PRDOH website.

8 Construction Requirements

PRDOH will issue a Request for Qualifications (**RFQ**) to identify a pool of qualified construction professionals who may be contracted by awarded subrecipient entities through a Request for Proposals (**RFP**). Subrecipients may propose to hire staff internally

or procure service providers to assist in the development of construction plans, construction oversight, and other related items.

Funded applicants must ensure that all repair, reconstruction, and new construction work for the Program is in compliance with all federal, state, and local codes and regulations including but not limited to the following:

- Works must be performed only after the acquisition of required permits and in compliance with other local requirements;
- New construction will abide by all local design and architectural standards;
- New construction units built must meet requirements under the Americans with Disabilities Act and comply with the Voluntary Compliance Agreement between the Puerto Rico Public Housing Authority and HUD. Rehabilitated units must meet these requirements to the greatest extent feasible;
- Compliance with the HUD Minimum Property Standards;
- Policy-planning-management capacity activities (Section 105(a)(12) of Title I of the Housing and Community Development Act of 1974 (HCDA), as amended) (42 U.S.C. § 5305);
- Energy Development Goals (Section 105(a)(16) of the HCDA, supra);
- Puerto Rico Building Code, most current version approved;
 - Including Puerto Rico standards for safety and security provided by the Puerto Rico Women's Advocate Office for Projects for Survivors of Domestic Violence¹⁶.
- Americans with Disabilities Act of 1990, as amended (42 U.S.C. § 12101), when required;
- Most current approved zoning requirements for Puerto Rico;
- Environmental regulations, as applicable to specific projects; and
- HUD terms and conditions, as applicable to specific projects.¹⁷

Permit requirements include, but are not limited to:

- Construction and Demolition Permits issued by OGPe;
- General Consolidated Permits which include Erosion and Sedimentation Control; Permit for Activities Generating Non-Hazardous Solid Waste; Permit for Emission Sources; and Permit for the Removal and Disposition of Lead-Containing Materials, all issued by the Environmental Quality Board through OGPe;
- Local and Federal Environmental Permits, as applicable to specific projects; and
- Regulatory Agencies Endorsements including but not limited to, those from the Puerto Rico Electric Power Authority, the Puerto Rico Aqueduct and Sewer Authority, the Puerto Rico Telecommunications Regulatory Board, the State

¹⁶ Act No. 20-2001, as amended 1 L.P.R.A. § 311 *et seq.*, known as "Puerto Rico Women's Advocate Office Act.

¹⁷ <https://www.hudexchange.info/resources/documents/CDBG-DR-Resources-Summary.pdf>

Historic Preservation Office, the Instituto de Cultura Puertorriqueña, and the Puerto Rico Department of Transportation and Public Works.

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

- Construction Stamps as required in Section 11 of Act No. 319 of May 15, 1938, an amended, known as the “Law that created the College of Engineers and Surveyors of Puerto Rico”, 20 LPRA § 741.
- Act No. 83-1991 as amended, 21 LPRA § 5803 *et seq.*, known as the “Municipal Property Tax Act of 1991”.

Under no circumstances should financial commitments be made, or construction work be started prior to a program obtaining an environmental clearance approved by the program.

8.1 Voluntary Compliance Agreement (VCA)

Pursuant to the Conciliation Agreement and Voluntary Compliance Agreement filed on July 21, 2016, all SIH Program construction projects must comply with the following accessibility requirements:

- Twelve percent (12%) of the total ground floor and/or elevator-serviced unit inventory must be made fully mobility-accessible under the 2010 ADA Standards and, wherever applicable the Uniform Federal Accessibility Standards (UFAS).
- Three percent (3%) of the total unit inventory must be made sensory-accessible under the 2010 ADA Standards and, wherever applicable, the Uniform Federal Accessibility Standards (UFAS).

Prior to commencing construction, the following must be provided to the PRDOH ADA-designated employee:

- Preliminary drawings of the proposed new construction and/or rehabilitation including a site plan, building elevations, and unit floor plans must be provided. The project architect shall certify that the development will comply with the accessibility requirements of the FHA and, wherever applicable the 2010 ADA standards and UFAS.
- Proof of professional liability insurance covering the project's architect for an amount not less than ten percent (10%) of the estimated construction cost, in case of negligence.
- Proof of performance or surety bond for no less than fifty percent (50%) of the construction contract.
- A signed certification from a qualified architect and/or engineer retained for the accessibility inspection of the new construction and/or project rehabilitation must be provided as verification that covered units and project common areas comply with the structural accessibility mandates of the FHA and, wherever applicable, the 2010 ADA standards and UFAS.

Pursuant to the regulatory requirements of 24 C.F.R. § 8.53(a) and 28 C.F.R. § 35.107(a), all Management Agents who employ fifteen (15) or more individuals shall designate a Section 504/ADA Coordinator. These coordinators are responsible for the performance of 504/ADA-related responsibilities, including providing prompt and equitable resolution of disability discrimination complaints and handling VCA-related obligations. This requirement shall be realized by including a clause in all contracts with contractors and/or subcontractors requiring them to, as minimum meet the ADA Coordinator in the following two instances: prior to executing contracted activities and when contracted activities are nearing ninety percent (90%) completion.

8.2 Inspection of Construction Projects

All projects undertaken for the Program are required to be inspected by a licensed professional engineer or architect in compliance with Act 173-1988, as amended, 20 LPRR §711, *et seq.*, known as "Board of Examiners of Engineers, Architects, Surveyor and Landscape Architects of Puerto Rico Act." The project inspector will serve the purpose of: (i) evaluating the overall progress of construction works; (ii) confirming that local building codes and Program standards are being met; and (iii) confirming that all requirements of the contracts have been met by the contractors implementing the construction works.

8.3 Implementation of Green Building Standards/ Green Building Retrofit Checklist

As required by 83 FR 5844, and amended by 84 FR 4836, all new construction of residential buildings and all replacement of substantially damaged residential buildings must comply with a HUD-approved Green Building Standards. Therefore, SIH projects that meet criteria for new construction or replacement of substantially damaged buildings are required to comply with an industry-recognized standard and achieve certification under at least one of the following programs:

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

The subrecipient must identify, for each project file, which Green Building Standard will be used, along with a checklist or other documentation demonstrating the elements of the chosen standard have been followed. Also, the subrecipient shall provide any supporting documentation as deemed necessary or requested by PRDOH during the process of the application evaluation and throughout the duration of the project.

As required by 83 FR 5844, for the rehabilitation of non-substantially damaged residential building projects, subrecipient shall adhere to the guidelines specified in the HUD Community Planning and Development (**CPD**) Green Building Retrofit Checklist¹⁸, as applicable, to the rehabilitation work undertaken, including the use of mold-resistant products when replacing surfaces such as drywall. When rehabilitation work includes replacing older or obsolete products, the rehabilitation must use ENERGY STAR® -labeled, Water Sense-labeled, or Federal Energy Management Program (FEMP)-designated products and appliances.

8.4 Broadband Infrastructure Requirements

Under 83 FR 5844, projects are required to include installation of broadband infrastructure at the time of new construction or substantial rehabilitation for multifamily rental housing that is funded or supported by HUD.

PRDOH aims to narrow the digital divide in low-income communities served by HUD. Installing unit-based broadband infrastructure in multifamily rental housing that is newly constructed or substantially rehabilitated with or supported by HUD funding will provide a platform for individuals and families residing in such housing to participate in the digital economy and increase their access to economic opportunities.

Projects are excluded from this requirement only if one of the below exclusions can be documented and validated by PRDOH:

- the location of the new construction or substantial rehabilitation makes installation of broadband infeasible;
- the cost of installing broadband infrastructure would result in a fundamental alteration in nature of its program, or activity, or in an undue financial burden; or
- the structure of housing, to be substantially rehabilitated, makes installation of broadband infrastructure infeasible.

While Projects are only required to include one form of broadband infrastructure, it is recommended to install more than one form as this will promote competition among service providers on quality and price for residents.

8.5 Cost Reasonableness

Only construction costs that are deemed reasonable and consistent with market costs at the time and place of construction in compliance with Federal Register Volume 83, No. 157 (August 14, 2018), 83 FR 40318, are allowable under the SIH Program. All projects will be reviewed by an independent, qualified party to establish cost reasonableness of items proposed as part of project submissions. As outlined in 2 C.F.R § 200.404, a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred

¹⁸ <https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-checklist/> NOTE: PRDOH requested waivers to this Checklist based on climate and type of construction. HUD approved this waiver request in a letter to PRDOH dated February 20, 2020.

by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

9 Environmental Requirements

Environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. Every project undertaken with federal funds, and all activities associated with such project, are subject to the provisions of the National Environmental Policy Act of 1969 (NEPA), as well as to the HUD environmental review regulations at 24 C.F.R. Part 58. Therefore, an environmental review process is required for all awards to be issued under the Program to ensure that the proposed activities do not negatively impact the surrounding environment and that the property itself will not have an adverse environmental or health effect on end users. 24 C.F.R. § 58.22 prohibits the commitment or spending federal or non-federal funds on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives prior to completion of an environmental review. Environmental clearance must be obtained for each project prior to the commitment of federal or non-federal funds. A violation of this requirement may jeopardize federal funding for the Program and disallow all costs that were incurred before completion of the environmental review.

Laws and regulations which contain environmental provisions with which the Program must be in compliance include:

- Historic Preservation (36 C.F.R. § 800)
- Floodplain Management (24 C.F.R. § 55, Executive Order 11988)
- Wetlands Protection (Executive Order 11990)
- Coastal Zone Management Act (16 U.S.C. §1456)
- Sole Source Aquifers (40 C.F.R. Subpart A and Subpart B.)
- Endangered Species Act (50 C.F.R. § 402)
- Wild and Scenic Rivers Act (16 U.S.C. § 1271 *et seq.*)
- Air Quality (42 U.S.C. § 7506 (Clean Air Act, Sections 176 (c) and (d)), 40 C.F.R. § 6, 51, 93)
- Farmland Protection Policy Act (7 C.F.R. § 658)
- Environmental Justice (Executive Order 12898)
- Noise Abatement and Control (24 C.F.R. § 51B)
- Toxic/Hazardous Materials (24 C.F.R. § 58.5(i)(2))
- HUD Environmental Standards (24 C.F.R. § Subpart C)
- Airport Clear Zones and Accident Potential Zones (24 C.F.R. Subpart D)

All Program awards must have documentation they follow NEPA and other environmental requirements. Therefore, all projects shall have an Environmental Review Record (**ERR**) as required by NEPA and related laws. The ERR for the projects shall set forth (a) the existence of **negative** impacts on a site, (b) the means to mitigate negative impacts, (c) alternatives to the project (if needed), and (d) the rejection of the proposed activities if all other options fail and it becomes the most prudent action to take.

9.1 Environmental Level of Review

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

9.2 Exempt Activities

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

9.2.1 Categorically Excluded Activities

These are activities for which no Environmental Assessment and finding of no significant impact under NEPA is required. These activities are divided into those are and those that are not subject to related laws and authorities at 24 C.F.R. § 58.35.

Examples of categorically excluded activities not subject to related laws and authorities under 24 C.F.R. § 58.35 include tenant based rental assistance, supportive services, operating costs, economic development activities, activities to assist homebuyers to purchase existing dwelling units or units under construction, and affordable housing predevelopment costs with no physical impact. To complete environmental requirements for categorically excluded activities not subject to 24 C.F.R. § 58.35 the Program must make a finding of categorical exclusion and include such finding in the Environmental Review Record. When these kinds of activities are undertaken it is not required to issue a public notice or to submit a request for release of funds.

Examples of categorically excluded activities subject to related laws and authorities under 24 C.F.R. § 58.35 include acquisition, repair, improvement, reconstruction, or rehabilitation of public facilities; special projects directed toward the removal of material and architectural barriers; and rehabilitation of buildings and improvements for residential units and non-residential buildings. The Environmental Review Record for these activities must contain a written determination of the finding of a categorical excluded activity subject to 24 C.F.R. § 58.35 including a description of the project, a citation of the application subsection of 24 C.F.R. § 58.35(a), and written documentation as to whether there were any circumstances which required compliance with 24 C.F.R. § 58.5. The documentation must support its determinations related to compliance including correspondence with applicable agencies having jurisdiction. Upon completion there should be one of three environmental findings: (1) the project converts to Exempt (i.e. 24

C.F.R. § 58.34(a)(12)); (2) the project invokes compliance with one or more of the laws and/or authorities and, therefore, requires public notification and approval from HUD; or (3) the unusual circumstances of the project result in a significant environmental impact and, therefore, compliance with NEPA is required. If upon completion it is determined that compliance is required for one or more of the Federal laws and authorities listed in 24 C.F.R. § 58.5, then a public notification known as Notice of Intent to Request Release of Funds must be posted (24 C.F.R § 58.70). After a seven-day comment period, a Request for Release of Funds and Environmental Certification must be prepared. The Environmental Certification certifies the compliance with all environmental review requirements.

9.3 Activities Requiring an Environmental Assessment

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

If it is determined that the action does not significantly affect the quality of the environment, then the Program will need to post a public notice called a Combined/Concurrent Notice of Finding of No Significant Impact and Notice of Intent to Request Release of Funds (**NOI/RROF**). The NOI/RROF Environmental Certification must be submitted to HUD no sooner than **fifteen (15) days** after publishing the combined/concurrent notice and HUD will hold the Release of Funds for a **fifteen (15)-day period** to allow for public comment (24 C.F.R. § 58.45). If no comments are received during this time, HUD will send a signed Release of Funds and the project may proceed.

9.4 Lead-Based Poisoning Prevention Act

To successfully fulfill the requirements in the Environmental Review, funded projects must be compliant with the Lead-Based Poisoning Prevention Act (42 U.S.C. § 4821-4846) and all regulations and procedures stipulated by the Government of Puerto Rico and any amendments thereof.

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

A lead-based paint assessment will be conducted by a licensed lead-based paint assessor on those buildings that were built before 1978 but are eligible for rehabilitation. In addition, the Program requires that a visual assessment be performed for all developments post-1978.

9.5 Asbestos Surveys

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

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

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

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

An asbestos survey is used to locate and describe asbestos-containing materials in a structure. The Program will conduct comprehensive building asbestos surveys through inspection of the properties. All asbestos surveys for the Program will be performed by Asbestos Inspectors certified by EPA or the Puerto Rico **JCA** (for its Spanish acronym). The asbestos surveys will visually review all suspect asbestos-containing materials associated with the buildings' interior and will collect samples for laboratory analysis.

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

9.6 Flood Insurance Program Requirements

Projects located in a Special Flood Hazard Area (**SFHA**) (also known as the 100-year floodplain) that receive assistance under CDBG-DR must obtain and maintain flood insurance in the amount and duration prescribed by FEMA's National Flood Insurance

Program. Section 102(1) of the Flood Disaster Protection Act of 1973, 42 U.S.C. § 4012(a) mandates the purchase of flood insurance protection for any HUD-assisted property within a Special Flood Hazard Area.

Section 582 of the National Flood Insurance Reform Act of 1994, as amended, *supra*, on Prohibited flood disaster assistance, implies a responsibility for a grantee that receives CDBG-DR funds or that designates annually appropriated CDBG-DR funds for disaster recovery. That responsibility is to inform property owners receiving disaster assistance that triggers the flood insurance purchase requirement that they have a statutory responsibility to notify any transferee of the requirement to obtain and maintain flood insurance, and that the transferring owner may be liable if he or she fails to do so.

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

10 Duplication of Benefits (DOB)

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), as amended, 42 U.S.C. §5155 *et seq.*, prohibits any person, business concern, or other entity from receiving Federal funds for any part of such loss as to which he/she has received financial assistance under any other program, from private insurance, charitable assistance, or any other source. As such, PRDOH must consider disaster recovery aid received by Program applicants from any other federal, state, local or other source and determine if any assistance is duplicative. Any assistance determined to be duplicative must be deducted from the Program's calculation of the applicant's total need prior to awarding assistance. Duplication of benefits (**DOB**) occurs when financial assistance is received from another source that is provided for the same purpose as the CDBG-DR funds. PRDOH will perform a DOB analysis for each funded project.

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

To be eligible to receive CDBG-DR funds under the Program and as part of the application process, all applicants must confirm and provide assurance that efforts will be made to avoid a "duplication of benefits." PRDOH understands and expects that for some projects funded through this Program that other Federal forms of funding may be possible and that for each project, PRDOH will need to work with funded entities to determine and address issues surrounding duplication of benefits (DOB). As part of the application process, applicants will be required to allow PRDOH to work with **COR3, FEMA,**

SBA, NFIP, USACE, and other entities to address DOB issues. Through the life of the grant, PRDOH will work with funded entities to address DOB.

Applicants will be required to provide support documentation, including award letters, decline letters and other documentation supporting the amount, sources and uses of funding received/declined to assist in the completion of the project that was provided in the recovery from the covered disaster. PRDOH may contact other funders and agencies directly to confirm the information submitted by an applicant. When possible, PRDOH will electronically verify disaster recovery assistance received through federally and locally maintained datasets, such as FEMA IA, NFIP, and SBA disaster loan datasets. Any assistance determined to be duplicative must be deducted from the Program's calculation of the applicant's total need prior to awarding assistance.

10.1 HUD Continuum of Care Program

CDBG-DR funds must not duplicate or supplant funds provided by the HUD Continuum of Care (CoC) Program¹⁹. This section applies to those entities that currently receive CoC funding in Puerto Rico²⁰, adhering to the program components and uses of assistance outlined in 24 C.F.R § 578.37²¹. The Program will provide funding for the construction or rehabilitation of the housing units as outlined within these guidelines, and potentially some portion of supportive services, but not supportive services only. The funding of supportive services is not required and should be funded by the CoC or other funding services to the extent feasible.

11 Uniform Relocation Act

As a HUD-assisted program, the SIH Program must be administered in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (**URA**), 42 U.S.C. § 4601 *et seq.*, the government wide implementing regulations found at 49 C.F.R. part 24; and Section 104(d) of the Housing and Community Development Act of 1974 (HCDA), except where waivers or alternative requirements have been provided by HUD, 24 C.F.R. § 42 (c). The primary purpose of these laws and regulations is to provide uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects.

All programs in the PRDOH CDBG-DR portfolio, including this Program, are subject to URA regulations. For more information on how URA regulations apply, please refer to the URA Guidelines found at www.cdbg-dr.pr.gov .

If a project involves an existing transitional housing or permanent housing project that is assisted under Title IV of the McKinney-Vento Act,²² then the requirements under 24 C.F.R. § 578.83 regarding displacement, relocation, and acquisition apply. Under this section, a

¹⁹ See [HUD Continuum of Care Program](#).

²⁰ See [Fiscal Year 2019 CoC program funds in Puerto Rico](#).

²¹ See [24 CFR § 578.37 - Program components and uses of assistance](#).

²² See [McKinney-Vento Homeless Assistance Act of 1987, as amended, 42 U.S.C. ch. 119 § 11301 et seq.](#)

“project” means any activity or series of activities assisted with CoC funds received or anticipated in any phase of an undertaking. No project may require any CoC program participant to relocate temporarily if they cannot be offered a decent, safe, and sanitary unit in the same building or complex upon project completion under reasonable terms and conditions. Other requirements and conditions may apply under § 578.83, as well.

12 Procurement

The Uniform Guidance procurement requirements (2 C.F.R. § Part 200, Subpart D) went into effect on July 1, 2018. These requirements are applicable to CDBG-DR funded projects. These policies and procedures ensure that Federal dollars are spent fairly and encourage open competition at the best level of service and price. These requirements are to be adhered to by all parties participating in the procurement.

Standards for procurement of supplies, equipment, construction, engineering, architectural, consulting, and other professional services are outlined in the Procurement Manual and Contractual Requirements for CDBG-DR, available at www.cdbg-dr.pr.gov. PRDOH and all subrecipients must follow these standards to ensure goods and services are procured efficiently, at a fair price, and in compliance with all applicable Federal and Commonwealth laws and executive orders.

Further guidance on specifics related to procurement will be included in the executed subrecipient agreements with program participants.

13 Change Orders to Contracts

If a subrecipient lacks the resources needed to complete Program work, it may submit a request to acquire additional necessary resources within the program maximum award. Change orders may include but are not limited to explanations of type of work and scope to be added or deleted from the contract, the additional time (if any) required for the work, a justification for why the work is necessary, and evidence of any conditions identified that resulted in the request. Change order requests with justification for the need of additional resources must be submitted by the NGO and may be approved by Program Staff on a case-by case basis. PRDOH will evaluate all change order requests to determine whether additional resources are necessary and reasonable in order for the NGO to complete the project. Without prior authorization, any work performed outside of the approved scope of work by means of a change order, could not be reimbursable under CDBG-DR and is performed at risk. NGOs shall be responsible for all costs incurred due to activities performed beyond the approved scope of work or beyond the approved resource level without prior authorization by PRDOH through a duly authorized change order.

14 Program Closeout

Program closeout is the process by which PRDOH determines that the program has been successfully completed. A program is deemed complete upon final review and/or

inspection by PRDOH and, when applicable, the submission of proof that all agreed upon performance indicators have been reported as well as performance milestones met.

General requirements for closeout are as follows:

- All milestones have been met and deliverables submitted, and each in accordance with all requirements of this Program;
- All Program forms and reports required throughout the entirety of program processes have been duly completed and executed by the appropriate parties;
- All CDBG-DR funds used have been properly accounted for and reconciled with payments made to the subrecipients;
- All payments have been issued to subrecipients;
- All permits required for construction work have been properly closed-out with the pertinent governmental entities;
- Other requirements for closeout as established in subrecipient contracts have been met.

Outreach will be made to the subrecipients if any additional information is necessary to close-out the program. Once all levels of quality control review are passed, the subrecipients will receive a CDBG-DR Final Notice, and their individual contracts will be placed in a closeout complete status.

15 General Provisions

15.1 Program Guidelines Scope

This document sets forth the policy governing the Program. These program guidelines are intended to aid and provide program activity guidance in Program implementation and closeout and should not be construed as exhaustive instructions. All Program activities must comply with the policies hereby stated. In addition, all program staff must adhere to established program procedures and all federal and state laws and regulations in effect, as applicable, in the execution of program activities.

However, the PRDOH reserves the faculty to authorize, in its sole discretion, the granting of Program benefits to any Applicant, only when exceptional circumstances, not contemplated in these guidelines, justify it. Such faculty will be exercised on a case by case basis in compliance with local, state and federal requirements. PRDOH is in no way obligated to grant the Program benefits in said cases.

15.2 Program Guidelines Amendments

PRDOH reserves the right to modify the policies established in these guidelines if the program guidelines, as written, do not reflect the intended policy or cause procedures to be impracticable, among any other circumstances. If an amended version of these guidelines is approved, the amended version fully supersedes all other previous versions and should be used as the basis for the evaluation of all situations encountered in the implementation and/or continuance of the Program from the date of its issuance, that

is, the date that appears on the cover of these guidelines. Each version of the program guidelines will contain a detailed version control log that outlines any substantive amendment, inclusions and/or changes.

15.3 Disaster Impacted Areas

As described in the initial Action Plan, and its amendments, the Government of Puerto Rico will use CDBG-DR funds solely for necessary expenses related to disaster relief, long-term recovery, restoration of housing, infrastructure, and economic revitalization in the impacted and distressed areas in Puerto Rico as identified in disaster declaration numbers DR-4336 and 4339. Through the Federal Register Vol. 83, No. 157 (August 14, 2018), 83 FR 40314, HUD identified that, for Puerto Rico, all components of the Island are considered "most impacted and distressed" areas. Therefore, these guidelines apply to all 78 municipalities of Puerto Rico.

15.4 Extension of Deadlines

The Program could extend deadlines on a case-by-case basis. The Program may decline to extend a deadline if such extension will jeopardize the Program's completion schedule or the schedule of an individual construction project. The aforementioned strictly applies to program deadlines or established program terms. Under no circumstance(s) does the faculty to extend deadlines apply to the established terms of time in any applicable federal or state law or regulation, or to the terms of times established in these guidelines to request a Program-based Reconsideration, administrative review and/or judicial review.

15.5 Established Periods of Time

Unless otherwise specified, all established periods of time addressed in this and all CDBG-DR Program Guidelines will be considered calendar days. On this matter, PRDOH, as grantee, will follow Rule 68.1 of the Rules of Civil Procedure of Puerto Rico, 32 LPRA Ap. V, R. 68.1.

15.6 Written Notifications

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

15.7 Conflict of Interest

As stated in the Federal Register Vol. 83, No. 28 (February 9, 2018), 83 FR 5844, Federal regulations require that State grantees, in the direct Grant administration and means of carrying out eligible activities, be responsible with program administrative requirements, including those established in 24 C.F.R. §570.489(h) related to conflicts of interest.

Several federal and state conflict of interest laws can govern CDBG-DR assisted activities. Therefore, PRDOH has enacted the Conflict of Interest Policy and Standards of Conduct in conformity with the following applicable federal and state regulations:

1. HUD conflict of interest regulations, 24 C.F.R. §570.611 and 24 C.F.R. §85.36;
2. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. §200 at §200.112 and §200.318 (c)(1);
3. Puerto Rico Department of Housing Organic Act, Act 97 of June 10, 1972, as amended;
4. The Anti-Corruption Code for the New Puerto Rico, Act 2-2018, as amended; and
5. The Puerto Rico Government Ethics Office Organic Act, Act 1-2012, as amended.

The Conflict of Interest Policy and Standards of Conduct outlines PRDOH's responsibility, in its role as grantee, to identify, evaluate, disclose and manage apparent, potential or actual conflicts of interest related to CDBG-DR funded projects, activities and/or operations. Said Policy is intended to serve as guidance for the identification of apparent, potential or actual conflicts of interest in all CDBG-DR assisted activities and/or operations. In accordance with 24 C.F.R. § 570.489, the Conflict of Interest Policy and Standards of Conduct also includes standards of conduct governing employees engaged in the award or administration of contracts.

As defined in the Conflict of Interest Policy and Standards of Conduct, a conflict of interest is a situation in which any person who is a public servant, employee, agent, consultant, officer, or elected official or appointed official of the PRDOH, or of any designated public agencies, or of subrecipients that are receiving funds under the CDBG-DR Program may obtain a financial or personal interest or benefit that is or could be reasonably incompatible with the public interest, either for themselves, or with those whom they have business, or an organization which employs or is about to employ any of the parties indicated herein, or a member of their family unit during their tenure or for two (2) years after.

Such conflicts of interests will not be tolerated by PRDOH. The PRDOH, Program officials, their employees, agents and/or designees are subject to state ethic laws and regulations, including, but not limited to the Puerto Rico Government Ethics Office Organic Act, Act 1-2012, as amended, in regard to their conduct in the administration, granting of awards and program activities.

According to the aforementioned Act, no public servant shall intervene, either directly or indirectly, in any matter in which they have a conflict of interests that may result in his/her benefit. No public servant shall intervene, directly or indirectly, in any matter in which any member of his/her family unit, relative, partner or housemate has a conflict of interest that may result in benefit for any of the abovementioned. In the case that any of

the abovementioned relationships has ended during the two (2) years preceding the appointment of the public servant, he/she shall not intervene, either directly or indirectly, in any matter related to them until two (2) years have elapsed after his/her appointment. This prohibition shall remain in effect insofar the beneficial ties with the public servant exist. Once the beneficial ties end, the public servant shall not intervene, either directly or indirectly, in such matter until two (2) years have elapsed.

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

The Conflict of Interest Policy is posted as a standalone document at www.cdbg-dr.pr.gov.

15.8 Citizen Participation

Throughout the duration of the grant, all citizen comments on PRDOH's published Action Plan, any substantial amendments to the Action Plan, performance reports and/or other issues related to the general administration of CDBG-DR funds, including all programs funded by this grant, are welcomed.

The Citizen Participation Plan is posted as a standalone document at www.cdbg-dr.pr.gov.

15.9 Citizen Complaints

Citizens who wish to voice a complaint related to PRDOH's published Action Plan, any substantial amendments to the Action Plan, performance reports, or other issues related to CDBG-DR funded activities may do so through any of the following methods:

- **E-mail:** infoCDBG@vivienda.pr.gov
- **Online:** www.cdbg-dr.pr.gov, via the Contact Form available in the "Citizen Participation" – Contact Section of the website
- **Postal mail:**
Puerto Rico CDBG-DR Program
P.O. Box 21365
San Juan, PR 00928-1365

15.10 Fraud, Waste, Abuse or Mismanagement

PRDOH, as grantee, is committed to the responsible management of CDBG-DR funds by being a good advocate of the resources while maintaining a comprehensive policy for preventing, detecting, reporting and rectifying fraud, waste, abuse, or mismanagement.

Pursuant to 83 FR 40314, PRDOH implements adequate measures to detect and prevent fraud, waste, abuse, or mismanagement in all programs administered with CDBG-DR funds as well as encourages any individual who is aware or suspects any kind of conduct or activity that may be considered an act of fraud, waste, abuse, or mismanagement, regarding the CDBG-DR Program, to report such acts to the CDBG-DR Internal Audit Office, directly to the Office of Inspector General (**OIG**) at HUD, or any local or federal law enforcement agency.

The Anti-Fraud, Waste, Abuse, or Mismanagement Policy (**AFWAM Policy**) is established to prevent, detect and report any acts, or suspected acts, of fraud, waste, abuse, or mismanagement of CDBG-DR funds. This Policy applies to any allegations or irregularities, either known or suspected, that could be considered acts of fraud, waste, abuse, or mismanagement, involving any citizen, previous, current or potential applicant, beneficiary, consultant, contractor, employee, partner, provider, subrecipient, supplier, and/or vendor under the CDGB-DR Program.

REPORT FRAUD, WASTE, ABUSE, OR MISMANAGEMENT TO PRDOH CDBG-DR	
CDBG-DR Hotline	787-274-2135 (English/Spanish/TTY)
Postal Mail	Puerto Rico Department of Housing CDBG-DR Internal Audit Office P.O. BOX 21355 San Juan, PR 00928-1355
Email	hotlineCDBG@vivienda.pr.gov
Internet	www.cdbg-dr.pr.gov
In person	Request a meeting with the Deputy Audit Director of the CDBG-DR Internal Audit Office located at PRDOH's Headquarters at 606 Barbosa Avenue, Building Juan C. Cordero Davila, Río Piedras, PR 00918.

REPORT FRAUD, WASTE, ABUSE, OR MISMANAGEMENT DIRECTLY TO HUD OIG	
HUD OIG Hotline	1-800-347-3735 (Toll-Free) 787-766-5868 (Spanish)
Postal Mail	HUD Office of Inspector General (OIG) Hotline 451 7th Street SW Washington, D.C. 20410
Email	HOTLINE@hudoig.gov
Internet	https://www.hudoig.gov/hotline

The AFWAM Policy is posted as a standalone document at www.cdbg-dr.pr.gov.

15.11 Related Laws and Regulations

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

15.12 Cross-Cutting Guidelines

Some federal and local requirements apply to all programs funded by CDBG-DR. These Cross-Cutting Guidelines cover topics such as: financial management; environmental review; labor standards; acquisition; relocation; fair housing; among others. The requirements described in the above referenced Cross-Cutting Guidelines, apply to all programs described in PRDOH's CDBG-DR Initial Action Plan and its amendments.

For more information, please refer to the Cross-Cutting Guidelines, which are posted as a standalone document at www.cdbg-dr.pr.gov.

16 Program Oversight

Nothing contained within these guidelines is intended to limit the role of PRDOH, HUD, and/or corresponding authorities from exercising oversight and monitoring activities of the Program.

17 Severability Clause

If any provision of these guidelines, or the application thereof to any person, partnership, or corporation, or circumstance, is deemed invalid, illegal, or incapable of being enforced to any extent by a competent court, the remainder of these guidelines, and the application of such provisions, will not be affected. All valid applications of these guidelines shall be severed from any applications deemed invalid, leaving the valid applications in full force.

END OF GUIDELINES.