



Housing Trust Fund
Allocation Plan
2016
Puerto Rico



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I. GENERAL INFORMATION

HTF Allocation Plan

The Housing Trust Fund (HTF) Interim Rule (24 CFR Part 93) made the consolidated plan regulations at 24 CFR Part 91 applicable to the HTF. As a result, an HTF grantee (i.e., a State) must include HTF in its citizen participation plan (§ 91.115), strategic plan (§ 91.315), and annual action plan (§ 91.320). In addition, the State must submit to HUD for review and approval an HTF allocation plan with its annual action plan (§ 91.320(k)(5)). Also, as required in § 91.10, the HTF program must be administered by the State on the same program year it established for all grant programs covered by the consolidated plan.

The HTF allocation plan is an annual submission to HUD that describes how the State will distribute the HTF funds, including how it will use the funds to address its priority housing needs. The allocation plan also describes what activities may be undertaken with HTF funds and how recipients and projects will be selected.

II.GRANTEE INFORMATION

State: Puerto Rico

FY 2016 HTF Allocation Amount: \$326,054.00

Distribution of HTF funds

Activity	\$	%
Rental housing construction	\$293,449	90%
Administration	\$32,605	10%
Total	\$326,054	

III.CONSOLIDATED PLAN REQUIREMENTS

Citizen Participation Plan

The consolidated plan regulation at § 91.115 requires the State to include HTF in its citizen participation plan. For the purposes of HTF, the State is required to make the following information available to the public:

- the amount of HTF assistance the State expects to receive,
- the range of activities the State may undertake, including the estimated amount that will benefit extremely low-income households, and
- the State’s plans to minimize displacement of persons and to assist any persons displaced.

Consolidated Plan Screen(s) revised

The following screen in the eCon Planning Suite consolidated plan template in IDIS are revised to include HTF.

□ES-05 / AP-05 Executive Summary: § 91.320(b)- *The Executive Summary includes seven narratives: (1) Introduction; (2) Summary of Objectives and Outcomes; (3) Evaluation of Past Performance; (4) Summary of the Citizen Participation and Consultation Process; (5) Summary of Public Comments; (6) Summary of Comments Not Accepted; (7) Summary.*

Introduction

The Annual Action Plan of the Commonwealth of Puerto Rico is the housing and community development plan required by the United States Department of Housing and Urban Development (HUD) to guide the distribution of its annual Community Planning and Development (CPD) formula grant funds.

HUD resources addressed by the Annual Action Plan include the state's Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA) and the Housing Trust Fund (HTF) programs.

The Office of the Commissioner of Municipal Affairs, created by Act No. 81-1991, as amended, is the lead agency appointed by the Governor of the Commonwealth of Puerto Rico to oversee the development of the consolidated plan and its related processes. The OCMA also administers the Community Development Block Grant Program (CBDG) for non-entitlement municipalities. Other agencies currently responsible for the administration of Programs are:

- The Puerto Rico Department of the Family, which administers the Emergency Solutions Grant Program (ESG);
- The Puerto Rico Department of Health, which administers the Housing Opportunities for Persons with AIDS Program (HOPWA) in conjunction with the Municipality of San Juan; and
- The Puerto Rico Housing Finance Authority, which administers the HOME Investment Partnerships Program (HOME) and the Housing Trust Fund program (HTF).

The *Annual Action Plan* addresses the community needs of the State Jurisdiction in the context of the goals and objectives of Title I of the Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, as amended. Based on the needs assessment, which required the undertaking of a research and consultation process, the State developed the set of goals, strategies and activities to be undertaken during Program Year 2016.

Summarize the objectives and outcomes identified in the Plan

The goal of the Housing Trust Fund is to provide decent affordable housing to low-income and very low income households and individuals.

Provide Decent Housing

- Address the need of substandard housing by supporting construction of rental housing

Evaluation of past performance

The HTF is not included in this section of the Consolidated Plan. Past performance cannot be evaluated as part of this Consolidated Plan.

Summary of Citizen Participation Process and consultation process

Public comments and consultation will be included in this document following the 30-day comment period.

Summary of Public Comments

Public comments and consultation will be included in this document following the 30-day comment period.

Summary of Comments Not Accepted

Public comments and consultation will be included in this document following the 30-day comment period.

Summary

Public comments and consultation will be included in this document following the 30-day comment period.

PR-15 Citizen Participation: § 91.115 and § 91.300(c)- *revise this screen to provide a summary of the citizen participation efforts made for HTF, including efforts to broaden public participation, a summary of citizen comments or views on the plan, and a written explanation of comments not accepted and the reasons why these comments were not accepted.*

Summary of citizen participation process/Efforts made to broaden citizen participation

The method implemented in order to broaden public involvement in the Substantial amendment to incorporate the HTF Program is:

Access to information and publishing of the Consolidated Plan amendments- The specific parts amended to the Five-Year Consolidated Plan and the Action Plan became available to the general public on October 14, 2016 in PRHFA's webpage. <http://www.afv.gobierno.pr/>

Summary of citizen participation process will be included in this document following the 30-day comment period.

IV. STRATEGIC PLAN REQUIREMENTS

*The State must amend the affordable housing section of the strategic plan to include specific objectives that describe proposed accomplishments the State hopes to achieve and must specify the number of extremely low-income families to which the State will provide affordable housing to (homeownership- § 93.302; rental- § 93.304) over a specific period of time. The State can complete this requirement by including HTF on the **SP-45 Goals screen**.*

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
11	Provide Decent Housing (G)	2015	2019	Affordable Housing		Housing	HOME: \$26,653,795 HTF: \$1,304,216	Rental units constructed: 2,508 Household Housing Unit

Table 1 – Goals Summary

□SP-10 Geographic Priorities: § 91.315(a)(1)- revise this screen to discuss how investments are allocated geographically.

HOME and HTF

The PRHFA will distribute funds through a competitive process and cannot predict the ultimate geographic distribution of the HOME and HTF 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 and HTF 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 (24 CFR 92.201 (b) (1)) requiring that resources be allocated in non-metropolitan areas. The final distribution will be based on the criteria established in the method of distribution. Estimation of the Percentage of Funds it Plans to Dedicate to Target Areas.

The HTF allocation for PY 2016 will be distributed to benefit very low and extremely low income families (see HTF Funding Priorities 91.320(k)(5)(i) for the definition).

□SP-25 Priority Needs: § 91.315(a)(2)- revise this screen to indicate the general priorities for allocating investment of available resources among different needs.

Table 2 – Priority Needs Summary

1	Priority Need Name	Create and preserve Affordable Rental Housing
	Priority Level	High
	Population	Extremely Low Very Low Elderly Other Special Needs
	Geographic Areas Affected	
	Associated Goals	Provide Decent Housing (G)
	Description	<ul style="list-style-type: none"> • Address de need of substandard housing by the construction and rehabilitation of rental housing
	Basis for Relative Priority	Puerto Rico State Housing Plan, Community Participation, Consultations, needs assessment results and Program Performance.

□SP-30 Influence of Market Conditions: § 93.315(b)- revise this screen to describe how the characteristics of the housing market influenced the State's decisions regarding allocation priorities among the types of housing assistance.

Affordable Housing Type	Market Characteristics that will influence the use of funds available for housing type
New Unit Production	The excess inventory of housing in the Island and foreclosures do not support the production of new units for homeownership. However, there is a need for rental projects for low income persons, in particular elderly households, young couples and female headed households. The second greatest need in the Island is cost burden housing problems.
Rehabilitation	The greatest need is among low and moderate income households that live in substandard housing.
Acquisition, including preservation	The state will not acquire properties nor allocate funding for the preservation of affordable housing. Market conditions and budgetary constraints do not support assuming the risk associated to this activity. Moreover, regarding expiring contracts under Section 8, it is unlikely that developers will reposition their projects for the non-subsidized market.

Table 3 – Influence of Market Conditions

□SP-35 Anticipated Resources: § 91.315(a)(4); § 91.320(c)(1) and (2)- revise this screen to identify the federal, state, local, and private resources expected to be available to the State to address priority needs and specific objectives identified in the strategic plan.

Housing Trust Fund program annual allocation for 2016 is \$326,054, PRHFA estimates to receive approximately \$326,054 or more through PY 2019.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Housing Trust Fund (HTF)	public - federal	Admin and Planning Multifamily rental new construction Multifamily rental rehab	\$326,054	0	0	\$326,054	\$1,304,216	Funds will be allocated to provide incentives for meeting developing and supporting affordable rental housing units. This will be achieved through new construction or rehabilitation of non-luxury housing with suitable amenities for rent.

□SP-45 Goals: § 91.315(a)(4) and § 91.315 (b)(2)- revise this screen to summarize the State’s priorities and the specific goals it intends to initiate and/or complete within the term of the strategic plan. The State must also ensure its five year goals include any accomplishments due to HTF funds and must also enter the number of extremely low-income families to which the State will provide assistance with its HTF funds.

Description: The Goal Outcome indicator includes the 5 years rental units for the HOME program but the HTF goal only reflects the numbers for 4 years (2016-2019) because the first allocation for HTF is received in PY 2016. For the first year HTF the 90% of the allocation will be used for rental housing and 10% for administrations costs, no homebuyer activities will be performed in PY 2016.

A total of 8 units will be constructed with the HTF allocation through the period of 2016-2019 for the rental activity.

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
11	Provide Decent Housing (G)	2015	2019	Affordable Housing		Housing	HOME: \$26,653,795 HTF: \$1,304,216	Rental units constructed: 2508 Household Housing Unit

Table 4 – Goals Summary

V. ANNUAL ACTION PLAN REQUIREMENTS

The State must include HTF in its annual action plan or amend the plan to include HTF information as required in § 93.320(k)(5). The action plan must include an HTF allocation plan that describes the distribution of HTF funds, and establishes the application requirements and selection criteria of applications submitted by eligible recipients that meet the State’s priority housing needs.

AP-15 Expected Resources: § 91.320(c)(1) and (2)- revise this screen to provide a concise summary of the federal resources expected to be available. The HTF resources added to the **SP-35 Anticipated Resources** screen will carry over to this screen.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	23,621,984	0	0	23,621,984	73,624,776	Funding will be used for housing, community, and economic development activities, as well as assistance for special populations across the 51 non-entitlement municipalities of Puerto Rico

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	8,911,175	0	0	8,911,175	23,878,539	Funds will be allocated to provide incentives for meeting developing and supporting affordable rental and homeownership housing units. This will be achieved through new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities for rent and sale projects (funding for sale projects will be for CHDO's - set aside only).
Housing Trust Fund (HTF)	public - federal	Admin and Planning Multifamily rental new construction Multifamily rental rehab	\$326,054	0	0	\$326,054	\$1,304,216	Funds will be allocated to provide incentives for meeting developing and supporting affordable rental housing units. This will be achieved through new construction or rehabilitation of non-luxury housing with suitable amenities for rent.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	1,821,603	0	0	1,821,603	5,375,665	Funds will be distributed among municipalities and nonprofit organizations for the provision of housing assistance and supportive services for low-income persons living with HIV/AIDS
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	3,838,845	0	172,658	4,011,503	12,542,695	Funds will be used primarily for, Outreach, Emergency, Shelter activities, and secondly to Homelessness Prevention, Rapid Re-housing

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Other	public - federal	Acquisition Admin and Planning Homeowner rehab Housing New construction for ownership Other	1,538,471	0	0	1,538,471	10,671,207	These funds are expected to alleviate the needs associated with the disaster, activities are targeted towards infrastructure, housing and affordable rental housing.

Table 5 - Expected Resources – Priority Table

AP-20 Annual Goals and Objectives: § 91.320(c)(3) and (e)- revise this screen to summarize the specific goals the State intends to initiate and/or complete within the term of the program year. Any HTF related goals and objectives entered on the **SP-45 Goals** screen will carry over to this screen.

The PRHFA expects to receive the HTF funding by late 2016 or at the beginning of 2017, therefore the 2 units constructed may be funded during a 12 month period after receiving the allocation.

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
11	Provide Decent Housing (G)	2015	2019	Affordable Housing		Housing	HOME: \$5,792,264 HTF: \$326,054	Rental units constructed: 502 Household Housing Unit

Table 6 – Goals Summary

AP-25 Allocation Priorities: § 91.320(d)- revise this screen to describe the reasons for the State's allocation priorities and how the proposed distribution of funds will address the priority needs and goals of the strategic plan.

Funding Allocation Priorities

	Provide Decent Housing (%)	Provide Decent Housing (B) (%)	Provide Decent Housing (C) (%)	Create Suitable Living Environments (%)	Create Suitable Living Environments (B) (%)	Provide Decent Housing (D) (%)	Expand Economic Opportunity (%)	Provide Decent Housing (E) (%)	Create Suitable Living Environments (C) (%)	Provide Decent Housing (F) (%)	Provide Decent Housing (G) (%)	Provide Decent Housing (H) (%)	Total (%)
CDBG	15	0	0	80	0	0	5	0	0	0	0	0	100
HOME	100	0	0	0	0	0	0	0	0	0	0	0	100
HTF											100		100
HOPWA	100	0	0	0	0	0	0	0	0	0	0	0	100
ESG	100	0	0	0	0	0	0	0	0	0	0	0	100
Other CDBG-DR	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 7 – Funding Allocation Priorities

□AP-30 Method of Distribution: § 91.320(d) and (k5)- revise this screen to include a description of its method(s) for distribution for the “Other – Housing Trust Fund” selection based on the entry made on the **SP-35 Anticipated Resources** screen.

Describe the state program addressed by the Method of Distribution.

Description of the Method to Distribute HOME and HTF Funds for Construction and Rehabilitation of Rental Housing

As part of the joint efforts and on-going initiatives that relate to the 2014-2018 Puerto Rico State Housing Plan, the Puerto Rico Housing Finance Authority (Authority) will make available the Housing Trust Fund Activities of Rental Housing along the HOME Investment Partnership Program (HOME) Action Plan (AP) a component of the forthcoming Joint Agency Notice of Funding Availability (JANOFA) that the Puerto Rico Department of Housing (DOH) and the Authority will jointly issue. The JANOFA intends to leverage other DOH funds from multiple sources (e.g., Section 8 Project Based Voucher Program (PBV), and Act 173's Elderly Rent Subsidy Program (Act 173)) under joint selection and underwriting criteria compatible with the AP and the Low-Income Housing Tax Credit's (LIHTC) Qualified Allocation Plan (QAP) in order to maximize the use of public and private funds channeled to affordable rental projects meeting the housing needs and goals established in the State Housing Plan. Nonetheless, any representation and/or guideline contained in the JANOFA will not be intended to, nor it statutorily could, modify or supersede the Authority's responsibility to comply with Housing Trust Funds requirements and HOME requirements. Under the JANOFA the HTF and HOME Program might implement a consolidated application for the HTF, HOME, LIHTC, Act 173, which will combine the requirements of the programs to promote the development of multifamily rental projects.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.

A Committee will be designated to implement the evaluation and selection of projects under the JANOFA. Applications requesting **HOME and HTF** funds will be evaluated based on joint rating factors. Those factors include local considerations and State **HOME and HTF** Program's criteria, such as:

project location; project characteristics; housing needs characteristics; project developer characteristics; financing characteristics; and supportive services.

Describe how resources will be allocated among funding categories.

The HTF resources will be allocated for particular projects that serve HTF tenant population, these could include special needs population.

Describe threshold factors and grant size limits.

PRHFA will use 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 92.203. For rental projects, the proposal should allow renters to be eligible, through compliance of 24 CFR 92.216. For the PY 2016 an application or proposal will include the Basic Threshold Requirements and the additional requirements as outlined in the JANOFA.

The initial basic qualifications will be evaluated by the JANOFA Committee. If the project does not meet requirements for completeness, the applications will not be received. If received, only those applications that meet the joint basic threshold requirements and qualifications would be further considered for evaluation under joint the Point Ranking System.

The project location and the targeted population will be key factors in determining the grant size limit.

AP-50 Geographic Distribution: § 91.320(f)- revise this screen to describe the geographic areas of the state in which it will direct assistance during the ensuing program year and provide rationale for its priorities in allocating investment geographically.

HOME and Housing Trust Fund

The PRHFA will distribute funds through a competitive process and cannot predict the ultimate geographic distribution of the HOME and HTF 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 and HTF 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 HTF allocation for PY 2016 will be distributed to benefit very low and extremely low income families (see HTF Funding Priorities 91.320(k)(5)(i) for the definition).

AP-55 Affordable Housing: § 91.320(g)- revise this screen to specify goals for the number of homeless, non-homeless, and special needs households to be provided affordable housing within the program year.

One Year Goals for the Number of Households to be Supported	
Homeless	1,880
Non-Homeless	2,001
Special-Needs	751
Total	4,630

Table 8 - One Year Goals for Affordable Housing by Support Requirement

AP-65 Homeless and Other Special Needs Activities: § 91.320(h)- revise this screen to describe how HTF will help to address the State's one-year goals and actions for reducing and ending homelessness, if applicable.

The State is committed to provide the necessary assistance to quickly locate homeless individuals and families in permanent housing; and prevent individuals and families to become homeless. Based on that goal, the State will allocate funds for homeless prevention and rapid rehousing activities. NPOs and municipalities may use ESG funds to provide housing relocation and stabilization services and short- and/or medium-term rental

assistance necessary to prevent an individual or family from moving into an emergency shelter or another place allowed by the regulation. ESG funds may also be used to provide housing relocation and stabilization services and short-and/or medium-term rental assistance as necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing.

The HTF program is for very low income and extremely low income population, because of the population assisted it is possible to assist homeless individuals or at risk of homelessness.

□AP-75 Barriers to Affordable Housing: *§ 91.320(i)- revise this screen to describe how HTF will help with any actions the State's will take during the next year to reduce barriers to affordable housing, if applicable.*

The State Housing Plan Implementation Committee is in the process of identifying policy changes that would promote affordable housing. The efforts of this group will be initially executed through a new Unified NOFA which provide incentives to ameliorate the negative effects of public policies that serve as barriers to affordable housing. i.e. by leveraging public land and targeting developmental costs, the NOFA could serve as a tool to remove the negative externalities of other public policies.

Discussion

The Commonwealth of Puerto Rico recognizes that certain policies and regulations represent a barrier to affordable housing. To remove or ameliorate the negative of this policies and issues the Commonwealth will undertake the following actions:

- The Puerto Rico Planning Board, who's director is a member of the Housing Plan Implementation Committee (HIPC), is classifying urban land with adequate zoning and infrastructure to expedite housing development. This will benefit affordable housing developers by reducing the time and effort required to obtain building permits and reduce off-site cost requirements.
- The above initiative will also support planning efforts associated to infrastructure investments.
- To reduce land cost or any negative risks on land cost associated to land policy, as part of Housing Plan's actions, the Department of Housing is actively working with municipalities identifying land apt for affordable housing development that may be contributed under different favorable terms to reduce the development cost or capital requirements.
- To promote affordable housing development in urban areas that satisfy the needs of targeted populations, the PRHFA under the leadership of the Department of Housing is reviewing is Qualified Allocation Plan to favor projects that support Housing

Plan's policies and actions.

- Related to the above, the Commonwealth is implementing a Unified NOFA strategy which is design to promote Housing Plan's policies.
- To increase the capacity of CHDOs and private housing development, the PRHFA has collaborated since 2013-14 with HUD local office and HUD consultants in training initiatives. Also the PRHFA is actively providing technical support to these organizations.
- Also, OCMA is developed the *Centro de Innovación Social* (Center of Social Innovation) to provide technical assistance to municipalities.

□AP-85 Other Actions: § 91.320(j)- *revise this screen to describe how HTF will help with any actions the State will take during the next year to carry out the following strategies outlined in the consolidated plan:*

Foster and maintain affordable housing

The main action of the Commonwealth is the use of a mechanism of a Unified NOFA. This strategy seeks leveraging expertise with funds and resources available for housing and community development from different programs to support the policies of the State Housing Plan.

The state will use HOME funds particularly through homebuyer assistance programs and single family rehab to foster and maintain affordable housing. Moreover, the state plans to use HOME funds to leverage other state projects which will increase the affordable housing inventory. The use of HOME resale and recapture provisions will support the affordability of such projects in the long-run.

In addition to the HOME funds, the PRHFA will use HTF funds for multifamily rental construction and rehab to maintain and provide affordable housing.

Additionally CDGB housing activities (Rehab, CDBG-DR Affordable rental housing, NSP) will serve to maintain the affordable housing stock in Puerto Rico.

Evaluate and reduce lead-based paint hazards

The PRHFA have a pro-active approach to reduce lead-based- paint hazards in residential projects across the Island, such as:

- Professional assessment for deteriorated paint in units built before 1978

- Initial and annual HQS inspections
- Disclose information among residents of lead-based paint hazards
- Stabilization, removal and disposal of dangerous material

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 and the HTF program requires that before the ratification of a contract for housing sale or lease, Sellers and landlords must:

Give an EPA-approved information pamphlet on identifying and controlling lead-based paint hazards ("Protect Your Family From Lead In Your HOME" pamphlet)

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

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)

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.

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 2016, The PRHFA will conduct a review off its processes and procedures previously described.

All CDBG funded housing acquisition and rehabilitation, of pre-1978 units, will meet HUD's Lead-Based Paint Regulations. OCAM has recently developed new monitoring guides for CDBG-DR which establishes a new process for lead-based paint hazard evaluations. Moreover, OCAM internal CDBG guidelines will follow the procedures established for CDBG-DR housing activities.

OCAM 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

Due to the prevailing poverty rate in the state, the government has several programs which are targeted to eradicating poverty. The state will promote suitable living environments, particularly affordable housing, and coordination with non for profit organizations to promote the elimination of homelessness.

The policy of the Commonwealth of Puerto Rico is to eradicate poverty among the current generation, particularly infant and youth poverty, within 20 years. To achieve this goal the Commonwealth outlined the following actions:

1. Work closely with the “Oficina de la Coordinadora General para el Financiamiento Económico y la Autogestión (OFSA)” to reactivate Special Communities Administrative Council (Consejo Asesor de Comunidades Especiales) to support public involvement initiatives and improved communication between the Commonwealth and disadvantage communities.
2. Promote self-employed and business development initiatives to reduce unemployment to 10%.

3. Promote gender equality through different measures
4. Improve access to higher education by subsidizing the cost of the local college entrance exam, an initiative that benefits over 27,000 high school students and over 1,000 inmate population.
5. Increase access to health services by leveraging Medicare, Medicaid and local funds. Over 150,000 low income people benefited from this initiative.
6. Support the Community Microenterprises Program, a program which promotes economic development in disadvantage communities.

Develop institutional structure

The Housing Plan Implementation committee is the main mechanism to develop the institutional structure currently in place to coordinate the development and implementation of the Consolidated Plan. HPIC's structure - as previously described- facilitates the implementation of legal, regulatory or program solutions associated to the following: infrastructure, land policies, building regulations, municipal needs, administrative procedures and technical issues associated to relevant programs. Its structure supports a comprehensive approach to problem solution.

Moreover, it is important to maintain a year-long interagency committee focused on the development of the State Consolidated Plan and designate an active participant in the State Housing Plan Implementation Committee. Such participant will provide cohesiveness between specific housing policies and other community development initiatives.

Under CDBG, to expedite funding allocation and expenditure, the Commonwealth of Puerto Rico assigned by Law an equal amount of CDBG funds to non-entitlement municipalities, except for Vieques and Culebra that are granted 15% in additional funding. Based on their local knowledge, these units of local government decide the activities they want to support. OCMA's new policy is also a strategy to shift scarce municipal human and administrative resources from proposal writing activities to program implementation and compliance. Moreover, this action will allow OCAM personnel to dedicate more time to technical assistance and oversight activities.

Enhance coordination

Under the leadership of the HPIC, the process of designing and implementing the Unified NOFA provides a mechanism to coordinate actions between key stakeholders associated to affordable housing and economic development. Currently, the Department of Housing, Public Housing Administration, OCMA, the Puerto Rico Planning Board, municipalities, among other agencies, are actively participating in the process. Meanwhile, during its public participation process, other public and private housing and social service agencies will have

the opportunity to provide feedback and suggestions on the proposed mechanism.

No specific actions have been planned to enhance coordination between public and private housing and social service agencies with CDBG funds. However, in the process of developing the Action Plan, the agency reached out potential stakeholders- particularly those from the Non for profit sector- to promote their participation on the public hearings, and other processes related to Public Participation. Moreover, since municipalities provide several public service activities with CDBG funds, they coordinate with local non for profit service providers to deliver such services.

In addition, the State must identify obstacles to meeting underserved needs and propose actions to overcome those obstacles using HTF funds, if applicable.

The main obstacles to meeting underserved needs are policy, administrative and fiscal issues that are affecting the development of affordable housing and program implementation in Puerto Rico. The main action that has been undertaken to address these obstacles is the development of the State Housing Plan and the establishment of the Housing Plan Implementation Committee (HPIC), as part of an agreement between The U.S. Department of Housing and Urban Development (HUD) and the Commonwealth of Puerto Rico. The HPIC will implement a Unified NOFA structured to channel funds to projects and initiatives which address the plan objectives. For example, the Unified NOFA is : promoting affordable housing development near areas with the following characteristics: job centers; rehabilitated streets which support multi-modal transportation and pedestrians; services for the elderly and other special needs population, such as health centers, pharmacies, supportive services and other key services for low-income individuals; and public facilities. Also, to address housing development costs and funding limitations, the Unified NOFA is targeting state and municipal land.

The Commonwealth is also taking tax measures to support affordable housing programs. For example, in 2014 the Commonwealth imposed a 2% special tax on Money Transmitting Business on money transmission processed or completed electronically or by check, fund Law 173 "Housing Rental and Improvement Subsidy Program for Low-Income Elderly Persons".

Regarding CDBG, some of the most urgent needs of non-entitlement communities are infrastructure, housing rehabilitation and economic development. To expedite funding allocation and expenditure, the Commonwealth of Puerto Rico assigned by Law an equal amount of CDBG funds to non-entitlement municipalities, except for Vieques and Culebra that are granted 15% in additional funding. Based on their local knowledge, these units of local government decide the activities they want to support. OCMA's new policy is also a strategy to shift scarce municipal human and administrative resources from proposal writing activities to program implementation and compliance. Moreover, this action will allow OCAM personnel to dedicate more time to technical assistance and oversight activities.

HTF Funding Priorities-§ 91.320(k)(5)(i)

The State is responsible for distributing HTF funds throughout the State according to its housing priority needs. In addition to revising the **AP- 30 Method of Distribution** screen in IDIS, the State must respond to the following questions.

1. Will the State distribute HTF funds through grants to subgrantees? If yes, describe the method for distributing HTF funds through grants to subgrantees and how the State will make those funds available to units of general local governments. If no, state N/A. Please attach response if you need additional space.

N/A

2. Will the State distribute HTF funds by selecting applications submitted by eligible recipients? If yes, describe the eligibility requirements for applicants as defined in §93.2-definition of recipient. If no, state N/A. Please attach response if you need additional space.

Yes.

The PRHFA will consider applications from potential recipients that “have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to:

- (i) Own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development” (24 CFR 93.2 – Definition)

Also, recipients must comply with PRHFA selection requirements as established in the HOME program. Entities must demonstrate organizational ability, financial capacity and knowledge of Federal, State and local housing program requirements. Recipient must demonstrate capacity to manage and operate an affordable rental housing program.

3. Will the State distribute HTF funds by selecting application submitted by eligible recipients? If yes, describe all the criteria that will be used to select applications and the relative importance of these criteria. At a minimum, as required in §91.320(k)(5)(i), the selection criteria must include:

Yes

– *Priority based upon geographic diversity*

The method of distribution does not include an allocation of resources based on geographic areas, so target areas are not earmarked. Yet, the HOME and HTF 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 (24 CFR 92.201 (b)(1)) requiring that resources be allocated in non-

metropolitan areas. The final distribution will be based on the criteria established in the method of distribution.

Applicant's ability to obligate HTF funds. Applicant's ability to undertake eligible activities in a timely manner. For rental housing, the extent to which the project has Federal, State or local project-based rental assistance so rents are affordable to extremely low-income families. For rental housing, the duration of the units' affordability period. The merits of the application in meeting the State's priority housing needs (please describe). The extent to which application makes use of non-federal funding sources. Other.

Describe the state program addressed by the Method of Distribution.

Description of the Method to Distribute HOME and HTF Funds for Construction and Rehabilitation of Rental Housing

As part of the joint efforts and on-going initiatives that relate to the 2014-2018 Puerto Rico State Housing Plan, the Puerto Rico Housing Finance Authority (Authority) will make available the Housing Trust Fund Activities of Rental Housing along the HOME Investment Partnership Program (HOME) Action Plan (AP) a component of the forthcoming Joint Agency Notice of Funding Availability (JANOFA) that the Puerto Rico Department of Housing (DOH) and the Authority will jointly issue. The JANOFA intends to leverage other DOH funds from multiple sources (e.g., Section 8 Project Based Voucher Program (PBV), and Act 173's Elderly Rent Subsidy Program (Act 173)) under joint selection and underwriting criteria compatible with the AP and the Low-Income Housing Tax Credit's (LIHTC) Qualified Allocation Plan (QAP) in order to maximize the use of public and private funds channeled to affordable rental projects meeting the housing needs and goals established in the State Housing Plan. Nonetheless, any representation and/or guideline contained in the JANOFA will not be intended to, nor it statutorily could, modify or supersede the Authority's responsibility to comply with Housing Trust Funds requirements and HOME requirements. Under the JANOFA the HTF and HOME Program might implement a consolidated application for the HTF, HOME, LIHTC, Act 173, which will combine the requirements of the programs to promote the development of multifamily rental projects.

Describe all of the criteria that will be used to select applications and the relative importance of these criteria.

A Committee will be designated to implement the evaluation and selection of projects under the JANOFA. Applications requesting **HOME and HTF** funds will be evaluated based on joint rating factors. Those factors include local considerations and State **HOME and HTF** Program's criteria, such as:

project location; project characteristics; housing needs characteristics; project developer characteristics; financing characteristics; and supportive services.

Describe how resources will be allocated among funding categories.

The HTF resources will be allocated for particular projects that serve HTF tenant population, these could include special needs population.

Describe threshold factors and grant size limits.

PRHFA will use 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 92.203. For rental projects, the proposal should allow renters to be eligible, through compliance of 24 CFR 92.216. For the PY 2016 an application or proposal will include the Basic Threshold Requirements and the additional requirements as outlined in the JANOFA.

The initial basic qualifications will be evaluated by the JANOFA Committee. If the project does not meet requirements for completeness, the applications will not be received. If received, only those applications that meet the joint basic threshold requirements and qualifications would be further considered for evaluation under joint the Point Ranking System.

The project location and the targeted population will be key factors in determining the grant size limit.

Recipient Application Requirements- § 91.320(k)(5)(ii)

- 1. Will the State require that all recipient applications contain a description of the eligible activities to be conducted with HTF funds as required in § 93.200- Eligible activities?*

Yes

PRHFA will require information from participant following the basic and supplemental threshold requirements. Also a complete description of the project including resources, scope, uses of funds and other operation information.

- 2. Will the State require that each eligible recipient certify that housing assisted with HTF funds will comply with HTF requirements?*

Yes

Performance Goals and Benchmarks- § 91.320(k)(5)(iii)

The plan must include performance goals and benchmarks against which the State will measure its progress, consistent with the State's goals established at § 91.315(b)(2). To comply with this requirement, the State will include HTF housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens in the eCon Planning Suite consolidated plan template in IDIS.

See SP-45 & AP-20 from the original Consolidated and Annual Action Plan.

VI. OTHER REQUIREMENTS

Maximum Per-unit Development Subsidy Amount- § 91.320(k)(5) and § 91.320(a)

The State must establish its own maximum limitations on the total amount of HTF funds that can be invested per-unit for development of non-luxury housing. The limits must be reasonable, based on actual costs, and adjusted for the number of bedrooms and geographic location of the project. The State may choose to develop its own limits or adopt limits used in other federal programs such as HOME or Low-Income Housing Tax Credit and must submit them with its HTF allocation plan. The State must submit a description of how the HTF maximum per-unit development subsidy amounts were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements.

The Housing Trust Fund program will follow the maximum per unit subsidy standards adopted by the State HOME Program.

Rehabilitation Standards - § 91.320(k)(5)(iv) and § 93.301(b)

If the State intends to use its HTF funds for housing being rehabilitated, it must establish rehabilitation standards that all HTF-assisted housing undergoing rehabilitation must meet at the time of project completion in accordance with § 93.301(b). The standards must provide enough details on what work is required, how that work should be performed and what materials should be used. The State's standards may refer to applicable codes or may establish requirements that exceed the minimum requirements of the codes. At a minimum, the rehabilitation standards must address:

- Health and safety;*
- Major systems;*
- Lead-Based Paint;*
- Accessibility;*
- Disaster Mitigation;*
- State and local Codes, Ordinances, and Zoning Requirements; and*
- Inspectable Areas and Observable Deficiencies from HUD's Uniform Physical Condition Standards identified by HUD as applicable to HTF-assisted housing.*

Indicate below if the State will use HTF funds for rehabilitation of housing.

The HTF will follow the State HOME Program HQS requirements. In the past PRHFA 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).

Moreover, the criteria in the competitive process requires several site and project characteristics which guarantee that Housing Quality Standards are met.

Resale and/or Recapture Provisions- § 91.320(k)(5)(v) and § 93.304(f)

If the State intends to use HTF funds to assist first-time homebuyers, it must set forth the guidelines for resale or recapture and obtain HUD specific, written approval, as required in §93.304(f). Approval of the consolidated plan or annual action plan under § 91.500 or the failure to disapprove the consolidated plan or annual action plan does not satisfy the requirement for specific HUD approval for resale or recapture guidelines.

N/A. The PRHFA will not use HTF funds for homebuyer activities.

HTF Affordable Homeownership Limits- § 91.320(k)(5)(vi) and § 93.305

HTF funds may only be invested for the provision of modest housing for homeownership. This means the housing has a purchase price for the type of single family housing that does not exceed 95 percent of the median purchase price for the area for newly constructed or standard housing. If the State plans to use HTF funds for homebuyer assistance, and does not use the HTF affordable homeownership limits established by HUD, it must determine 95 percent of the median purchase price for single family housing for designated areas across the State. If the State will determine its own affordable homeownership limits, it must determine the limits using the methodology described in § 93.305(a)(2).

N/A. The PRHFA will not use HTF funds for homebuyer activities.

State Limited Beneficiaries or Preferences- § 91.320(k)(5)(vii)

The State may limit the beneficiaries or give preferences to a particular segment of the extremely low-income population only if described in the action plan. Any limitation or preference must not violate non-discrimination requirements at § 93.350 and the State must not limit or give preferences to students. The State may also allow rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3), only if such limitation or preference is described in the action plan.

Indicate below if the State will limit beneficiaries or give preferences to a particular segment of the extremely low-income population.

The State will not limit beneficiaries and/or give preferences to any segments of the extremely low-income population.

Refinancing of Existing Debt- § 91.320(k)(5)(viii) and § 93.201(b)

If the State will use HTF funds for refinancing of existing debt, it must establish refinancing guidelines and include them in its consolidated plan. The State's refinancing guidelines must describe the conditions under which it will refinance existing debt. At a minimum, the guidelines must demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. Refinancing of existing debt is only eligible if it is necessary to reduce the overall housing costs and to make the housing more affordable.

The PRHFA will not refinance existing debt with the HTF funds.