

Section		Public Comment	# of comments	PRHFA Notes and Decisions	Suggested Edits
1	GENERAL	There should be an open and continuous channel of communication with PRHFA throughout the entire application process. These transactions are highly complex, and the time allotted to reviewing the QAP was insufficient for a thorough analysis. Additionally, issues may arise during the application process that require timely and direct communication with PRHFA to ensure successful resolution and progress. Mixed-income developments foster more vibrant, inclusive communities and help prevent segregation. They also allow individuals who no longer qualify for programs like LIHTC to remain in their neighborhoods. This is especially relevant in Puerto Rico, where income limits are so low that many working families are excluded from these programs. We recommend that the QAP include provisions to support mixed-income developments and award additional points to projects that incorporate market-rate units. Construction costs are rising exponentially, and by the time an application is awarded, it becomes increasingly difficult to maintain a feasible deal. We strongly recommend that PRHFA consider allocating additional tax credits or supplemental funding to projects when construction costs increase after the application date—provided the increase is due to market conditions or other circumstances beyond the applicant’s control. “With so many units across the Island in elevated risk areas, the need for a program that focuses on mitigating the risks threatening the rental housing stock is clear. Continuing this analysis, individual municipalities have been identified which have the greatest proportion of their rental housing stock in the highest risk areas for flooding and/or landslides. These municipalities (shown in the tables below) contain the fewest rental housing options available for their citizens, and targeting assistance to them can help to address the risk mitigation needs of renters who are most likely to live in a high-risk area for flooding and/or landslides.” The narrative highlights municipalities with a high proportion of rental housing stock in elevated risk areas. However, the point ranking section does not appear to reflect this prioritization. Consider awarding additional points—perhaps 3—to projects located in these municipalities, to better align with the stated goals of risk mitigation.	1	Since this is a competitive process we cannot have open communication with applicants, it might be interpreted as an unfair advantage to other participants. The priorities of this QAP are those of PR's public policy on housing, as presented in the Plan Estatal de Vivienda 2025-2030. Mix-income projects were not included. Its done on a case by case basis. Ok: comment accepted; we added a new Ranking criteria, I.1.5	

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2	Forward	Available Funding - As per the 2025 QAP Draft, the PRHFA expects to allocate the following grants for the new construction and rehabilitation of affordable rental projects throughout the island: i. CDBG LIHTC MIT - \$83,797,630 ii. HOME PROGRAM - \$10,492,002 iii. HOUSING TRUST FUND - \$619,615 TOTAL: \$94,909,247 - Comment: Given the strong demand for affordable rental housing in Puerto Rico, this amount is insufficient to produce a sizeable inventory of units covering different geographic areas and unit types. - Comment: Given the state of the market for LIHTC credits and the substantial increase in construction inflation since 2020, this \$94.9 million allocation would only be sufficient to allocate 2 to 3 projects of moderate size (i.e. 150 units each).	1	These are the funds assigned to PRHFA.	
3	3.1	Priorities identified in the Public Policy of Puerto Rico Consider revising the inclusion of “Youth” as a special population, unless categorially defined as unaccompanied or homeless youth. Although SNAPS and HUD do not have an accurate estimate of homeless youth, they concur in defining “Youth Homelessness” all persons age 18-24 and without a head of household older than 24. This group does not include youth who are living with family members who are older than 24 years old. This group also combines the old “unaccompanied youth” category with persons 18-24, and young families where parents are 24 or younger. • In addition, the Youth, and Single-parent households’ special populations do not violate the Full-time Student Status for LIHTC. The aim to promote housing for young families cannot jeopardize the programs requirements. • Consider revising wording for “Persons with HIV-Positive Diagnosis” with “Persons with HIV/AIDS”	1	Comment accepted, reviewed and edited	In the context of the social and economic situation that Puerto Rico has faced, there are population groups whose condition and needs have been accentuated, which also implies changes in the nature and needs linked to housing. Those special needs population groups are: • Elderly • Single-parent households with children under 18 years of age • Youth headed households (between 18–24-years-old) • Homeless people • Persons with HIV/AIDS • Persons with disabilities
4	3.2	Priorities identified in the Puerto Rico Disaster Recovery Action Plan On page 4-5 of the QAP, it states the following: “With so many units across the Island in elevated risk areas, the need for a program that focuses on mitigating the risks threatening the rental housing stock is clear. Continuing this analysis, individual municipalities have been identified which have the greatest proportion of their rental housing stock in the highest risk areas for flooding and/or landslides. These municipalities (shown in the tables below) contain the fewest rental housing options available for their citizens, and targeting assistance to them can help to address the risk mitigation needs of renters who are most likely to live in a high risk area for flooding and/or landslides.” The narrative highlights municipalities with a high proportion of rental housing stock in elevated risk areas. However, the point ranking section does not appear to reflect this prioritization. Consider awarding additional points—perhaps 3—to projects located in these municipalities, to better align with the stated goals of risk mitigation.	1	Ok: comment accepted; we added a new Ranking criteria, I.1.5	I.1.5 The project is located in areas with the lowest proportion of rental housing units outside the highest risk areas, as defined in the Disaster Recovery Action Plan (2pts)
5	4.1	Project Size Limitations a. This proposed requirement establishes a one hundred and ten (110) unit ceiling for developments. If we consider the recent increases to the operating costs, the long-term financial parameters and reserves that are required by investors, private banks and the Authority, we can conclude that higher project unit counts will be essential to ascertain the financial feasibility of the project during its compliance period, given that some of the costs are easier to dilute in projects with higher number of units. If the limitations included in this article are maintained, a new precedent could be established that will provide fewer opportunities to rehabilitate existing projects or construct new projects with more than one hundred and ten (110) units.	9	The updated parameter is: no more than 125 units.	Forward: Therefore, during the 2025 allocation cycle all projects must have no more than one hundred twenty-five (125) units.

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6		b. We consider that this unit limitation should be increased to a ceiling of at least one hundred and thirty (130) units.			4.1 Therefore, during the 2025 allocation cycle all projects must have no more than one hundred and twenty-five (125) units.
		a. On the lower end of the 60-unit threshold, there are existing multifamily projects in Puerto Rico with HAP contracts with less than 60 units that also participate in the LIHTC program to ensure their preservation. Setting this minimum unit count contradicts the Preferred Housing Need Characteristic, which aims to preserve the existing stock of affordable housing according to section in item 5.4.1.2 on page 32. b. We understand that for new projects without lease assistant payment contacts such as HAP and others, 60 units or less might be unfeasible; but it is not fair for existing projects that need to be rehabilitated. LIHTC is a very valuable instrument in rehabilitating existing units that have depreciated during the years and are in need of an extensive rehabilitation. If this is implanted, those projects will not have this program available for their rehabilitation and will not be able to provide a decent, safe and sanitary dwelling unit for their residents. Therefore, we strongly suggest that this limitation in existing projects be eliminated. c. On the higher end, up to 110 units, we urge consideration of the property's feasibility in terms of operating costs and the limited or nonexistent availability of project-based rental assistance for multifamily developments. To ensure long-term operational sustainability, the optimal unit count is approximately 140–150 units. d. Construction costs for affordable housing projects are significantly higher than average due to numerous requirements imposed by the federal government, HUD, and the IRS. The correct number of units in a project helps reduce the per-unit cost through economies of scale. If the government’s mission is to maximize the number of affordable housing units, given the high demand in Puerto Rico, then imposing a cap on unit count is counterproductive. Such limitations not only drive up per-unit costs but also reduce the total number of units that can be delivered to meet this critical need. e. Unit’s limitations may conflict with CDBG-MIT guidelines and threshold. CDBG-MIT program guidelines leverage for Low Income Housing Tax Credits Programs dated November 18, 2024 state: “For Substantial Rehabilitation, total development cost must not exceed \$734.04 per square foot of living area. For New Construction, total development costs must not exceed \$616 per square foot of living area”.		The updated parameter is: no more than 125 units. The Department of Housing (DOH) reviewed the CDBG threshold and stands by it, the parameter was not changed.	
7		<i>Comment:</i> One of the QAP’s main priorities is Disaster Recovery and Risk Mitigation. Puerto Rico has 390,000 rental housing units, almost 130,000 of those occupied. More than 14,500 tenant households are overcrowded, 110,393 are in high flood risk areas, and 204,402 are in high to extreme landslide risk areas. More than 76% of the Island’s rental stock predates 1990. Yet despite these alarming figures, the QAP proposes funding allocations that appear modest relative to the need. The plan references two different annual LIHTC allocation figures: \$19,412,813 and \$23,467,038—a discrepancy of over \$4 million—and mentions additional funding streams (CDBG-MIT, HOME, HTF). Even at the higher figure, and based on conservative underwriting assumptions, fewer than 600 dwelling units can realistically be built or rehabilitated—an amount that falls far short of addressing Puerto Rico’s housing crisis.			

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		The upper limit on project size translates to five developments in a single round, grossly insufficient relative to need. Even when considering the extant forward commitments (likely from the 2020 and 2022 rounds), the resulting unit creation significantly understates production potential. The 2023 NCSHA recommended Practices in Housing Credit Administration confirms that Congress did not intend to impose limits on project size or development cost. PRHFA should embrace a strategy capable of producing up to 5,000 units in a single competitive round, nearly ten times current output projections, leveraging Puerto Rico’s urgent needs into an ambitious but achievable deployment strategy. Projects require significant fixed costs (legal, accounting, syndication, environmental review, etc.) regardless of their sizes. Spreading costs over a larger number of units improves efficiency, reduces per-unit development costs, creates a more stable underwriting profile, and leverages LIHTC more efficiently. Arbitrary limitations on would undermine economies of scale and make deals more expensive to finance, if at all, especially in PR with the extremely low rent levels. Equity investors and lenders prefer larger and diversified projects since operating risk spreads over more units (vacancy, turnover, maintenance, insurance). Congress designed LIHTC to maximize affordable housing production, not to constrain it by random limits. Additionally, a one-size-fits-all limit would unfairly restrict certain communities from addressing their scale of housing need. Many projects integrate cultural, commercial, or community facilities. These are often only viable in larger projects, where costs can be spread across more units. Recommendation: Eliminate project size limits. The focus should be on market demand, project feasibility, and long-term affordability, not whimsical restrictions on the number of units. Larger projects (100+ units) are necessary to generate economies of scale, improve efficiency, and attract investor and lender confidence. A one-size-fits-all project size curtailment directly undermines Congress’s intent in establishing the LIHTC program, which is to maximize production. Recommendation: Reconsider the exclusion of municipalities with the highest proportion of high-risk rental housing. These municipalities are precisely where families need relocation options most urgently. The QAP should instead prioritize addressing the largest concentrations of risk.		The updated parameter is: no more than 125 units. Agreed, the ranking criteria I.1.5 was added.	
8		En la sección dedicada a disponibilidad de fondos (“Available Funding”), se establece que durante este ciclo los proyectos no deberán exceder de 110 unidades. Sin embargo, en la sección sobre adjudicación de puntos (“Criterion I.1.3 - The zone of influence around an Urban Train Station, as defined under Section 3(e) of Law 74-1965, as amended.”), se adjudican 2 puntos a proyectos ubicados en dicha zona, cuando la ley y reglamento vigente no permite proyectos con menos de 120 unidades. Por las razones que expondremos en adelante, entendemos que el área específica denominada “Zona de Influencia” del Tren Urbano, se debe aumentar el número de unidades de vivienda a un máximo de 150 unidades.... La ACT estableció la siguiente condición restrictiva en cierto Acuerdo de Desarrollo suscrito en octubre del 2004, que se hizo extensivo a todo comprador subsiguiente por la escritura de compraventa:			

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		“1.1 Surviving Covenant. Grantee covenants and agrees to be bound by the following covenants, which is intended to operate as a covenant running with the land from the closing Date (the “Surviving Covenant”). <u>The Premises shall be used in perpetuity for high density residential housing.</u> For purposes hereof, “high density” shall mean the number of housing units per square meter of the Premises, all of which results in <u>no less than 120 housing units</u> at the Premises in the aggregate, all of which shall consist entirely or primarily of apartments containing more than one bedroom.” Énfasis suplido. Además, los costos de los terrenos en la “Zona de Influencia” del Tren Urbano, por su ubicación estratégica han incrementado significativamente, por lo cual un desarrollo de unidades de vivienda del mínimo de 120 unidades según requerido por la ACT en el 2004, hoy día no permitiría la construcción de un proyecto de interés social, pues no sería viable económicamente. Por los fundamentos antes expuestos, se solicita que el QAP 2025 sea enmendado y establezcan una excepción para la “Zona de Influencia” del Tren Urbano de un máximo de 150 unidades.		The updated parameter is: no more than 125 units.	
		Project Size Limitations – Financial and Operational Impact The proposed unit cap of 110 units and minimum of 60 units presents significant challenges: - Higher Unit Ceiling Needed: Given rising operating costs and investor reserve requirements, larger developments (ideally 130–150 units) are more financially viable. Larger projects benefit from economies of scale, reducing per-unit costs and improving long-term sustainability. -Limiting Larger Projects: Maintaining the 110-unit cap restricts the ability to rehabilitate or construct larger multifamily developments, which are essential to meet Puerto Rico’s affordable housing demand. Minimum Unit Threshold – Preservation Concerns -Conflict with Preservation Goals: The 60-unit minimum excludes smaller existing multifamily projects, particularly those with HAP contracts, from LIHTC eligibility. This contradicts the stated goal of preserving affordable housing stock (see Section 5.4.1.2, page 32). -Rehabilitation Needs: Many older properties with fewer than 60 units require substantial rehabilitation. Excluding them from LIHTC support undermines efforts to provide safe, decent, and sanitary housing for current residents. Broader Policy Implications - Feasibility and Assistance Gaps: With limited availability of projectbased rental assistance, larger unit counts (140–150 units) are often necessary to ensure operational feasibility. - Federal Compliance and Cost Efficiency: Federal requirements (HUD, IRS) increase construction costs. Larger projects help dilute these costs. Imposing arbitrary unit caps is counterproductive to the government’s mission of maximizing affordable housing delivery. - Potential Conflict with CDBG-MIT Guidelines: The unit limitations may conflict with CDBG-MIT thresholds, which set maximum development costs per square foot (e.g., \$734.04 for rehabilitation, \$616 for new construction). These guidelines support larger projects to meet costefficiency standards.		The DOH reviewed the CDBG threshold and stands by it, the parameter was not changed.	

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10		Recommendations - Increase the unit ceiling to at least 130 units, with flexibility for up to 150 units based on feasibility. - Eliminate the 60-unit minimumfor existing projects, especially those with HAP contracts or preservation needs. -Align LIHTC criteria with federal and local program guidelines		The updated parameter is: no more than 125 units.	
		New QAP Language: “Therefore, during the 2025 allocation cycle all projects must have at least sixty (60) qualified low-income units, but no more than one hundred and ten (110).” -Comments: Limiting number of units below one hundred and ten (110) affects operational feasibility of all rental projects due to recent increases such as labor, compliance, accounting and property hazard insurance costs, among others. -Investors view low density projects as riskier and more volatile for projecting cash flows from operations thus affecting pricing and availability of capital. -Construction cost inflation, which has become a worldwide sticky problem, cannot be mitigated through economies of scale at such low-density numbers.		The updated parameter is: no more than 125 units.	
		Límites de tamaño de proyectos (Sección 4.1). El tope propuesto de 110 unidades y el mínimo de 60 unidades plantea limitaciones que afectan la viabilidad financiera y operacional de los proyectos, especialmente en el contexto actual de aumentos sostenidos en costos como el mantenimiento, primas de seguros, servicios de seguridad, energía eléctrica y otros gastos recurrentes. Recomendamos eliminar el requisito mínimo de 60 unidades en proyectos de preservación, particularmente aquellos con contratos HAP, y aumentar el límite máximo a 200 unidades, o eliminarlo por completo. Esto permitiría lograr economías de escala que viabilicen la operación sostenible de los desarrollos, facilitando su permanencia a largo plazo y garantizando una mejor relación entre ingresos y costos fijos, sin comprometer la calidad del servicio ni la estabilidad de la comunidad residente.		The updated parameter is: no more than 125 units.	
		1. Unit Size Limitation (60–110 units) (Section 4.1) We recognize the Authority’s intent to establish parameters that encourage the development of more projects. However, we are concerned that this limitation could exclude strategic preservation initiatives. We request clarification on whether the restriction applies only to CDBGMIT and/or 9% competitive projects, or if it also extends to 4% bond-financed projects. Our recommendations are as follows: a. Increase the maximum allowable project size to 150 units. b. Exempt 4% bond-financed projects (including those requesting CDBG-MIT) from this limitation. c. Establish a waiver process to allow PRHFA to evaluate projects on a case-by-case basis. d. Permit applications for 9% credits up to 110 units while allowing additional units to be financed through other sources.		The updated parameter is: no more than 125 units.	
13		Consider eliminating the unit bracket. Although, the number of units alone in a project doesn’t necessarily determine the project’s feasibility, it is well known in the industry that a project in Puerto Rico with 60 units is not feasible, as it can lack the ability to generate sufficient revenues to cover operating costs and meet the credit requirements. In addition, the unit bracket also limits the interest of investors/syndicators in projects that may not be financially feasible. Moreover, many existing low-income developments in Puerto Rico have more than 110 units in need of preservation. Preserving affordable housing in Puerto Rico is a must and crucial action, for continued safe, decent and affordable housing availability for low-income and special needs populations. The continued occupancy of these units will not represent a challenge for the government.		The updated parameter is: no more than 125 units.	

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14	4.2.2	Basis Boost Policy	Basis Boost Policy (Section 4.2.2) The draft QAP allows 9% projects located in disaster-declared areas to receive a 30% basis boost. However, the provision does not establish a reference period to determine the validity of such designations. This raises the question: are municipalities declared disaster areas following Hurricane María in 2017 still eligible, or should the declaration be understood to require a more recent designation?	1	Section was edited for clarity . All 9% projects will receive the 30% basis boost. 4% Projects have to be QCD and/or DDA to receive basis boost.	4.2.2 Outside of a QCT, DDA, or the previous designations, any project the Authority determines needs a basis boost to be economically feasible will receive the thirty percent (30%) allowed. The Authority will determine during the underwriting process if a State-designated basis boost is required for financial feasibility.
15	5.1.1	Initial Submission – Basic Threshold Qualifications	Municipality Endorsement: Eliminate the requirement for municipal endorsement. The IRS does not mandate, nor should agencies bestow, veto power to local officials over Housing Credit developments. Notification with opportunity to comment is sufficient. Both the GAO and NCSHA have warned that such endorsements raise fair housing concerns.	1	Comment not accepted; Since many municipalities are Autonomous Municipalities they are the entity issuing construction and use permits and therefore, will always have the final word on this matter.	
16	5.1.1.11; 5.1.5.7; 5.1.5.9	Firm Commitment of Subsidies and Financing	4. Firm Commitment of Subsidies and Financing (Sections 5.1.1.11, 5.1.5.7, and 5.1.5.9) Some government subsidy sources (including USDA) and financial institutions may not be willing to issue firm commitment letters until a reservation of tax credits is received. We recommend that letters of intent be provided with the application, followed by firm commitment letters to finalize the tax credit allocation.	1	Ok, comment accepted.	Copies of the contracts, firm commitment letters or letters of intent
17	5.1.2.4	Audited Financial Statements	Some legal entities may be special purpose entities that may not have begun operations with respect to the subject property, even if they were created more than six (6) months of the application. We recommend that these entities submit a CPA certification of a special purpose entity that has not begun operations and most recent interim statements.	1	Ok, comment accepted.	within 12 months
18	5.1.2.8 & 5.1.2.9	Identity of Interest Disclosures	Separate this requirement from the “conflict of interest” section. Identity of interest is not illegal and should not be conflated with misconduct. Developers already disclose identity of interest arrangements in the standard application, and the current formatting unnecessarily stigmatizes common and permissible structures.	1	Ok, comment accepted. Identity of Interest is now under section 5.1.2.11.	
19	5.1.2.11	Compliance Disclosure Form	1. Unbalanced Competition: a. This requirement applies only to owners and developers with previous participation in the program; therefore, it establishes more requirements to entities with previous experience than those with no experience at all. This unfair requirement promotes the creation of new entities directed by persons with no experience in the industry. Including this requirement in the “Basic Minimum Threshold” (“BMT”) may prevent an experienced developer from competing, while leaving the door open for unexperienced new developers. The developer characteristics should only be evaluated in Section IV. of the “Point Ranking System” (“PRS”), not in the BMT.	5	PARTIALLY AGREE, some comments were incorporated.	

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		b. The requirement for submission of a Compliance Disclosure Form (Exhibit HH) identifying compliance findings that are pending or have been issued and resolved in the prior five (5) calendar years, also creates an unbalanced competition for those developers with previous experience. Developers with no previous experience would have an advantage over those with previous experience that have a higher exposure in those audits, inspections and/or reviews. 2. Excessive Documentation that leads to biased conclusions: a. Projects participating in various programs are subject to several audits during the year. For example, a project that is financed by Rural Development, that receives HUD subsidy from the Section 8 Program, and also participates in the LIHTC and HOME programs, would be subjected to the following audits, inspections and/or reviews: i. RD Physical inspection; ii. HUD NSPIRE inspection; iii. HUD Management and Occupancy Review; iv. LIHTC Monitoring Review; v. LIHTC Physical Inspection; vi. HOME Compliance Review; vii. HOME HQS Inspection; viii. PRHFA Asset Management Review This may represent more than fifteen (15) audits in five (5) years, depending on the frequency of each audit. In our case, having previous experience with sixteen (16) projects, this total would exceed one hundred (100) audits, inspections and/or reviews. The mere task of summarizing all these reviews and inspections would represent a voluminous report that could lead to biased conclusions. An unbiased decision-making process should weigh all evidence and perspectives equally to reach a fair conclusion, promoting neutrality and fairness to avoid any favoritism or prejudice, considering all sides without preconceived notions. b. Additionally, the evaluation criteria does not take into consideration that various projects in Puerto Rico’s subsidized rental portfolio were built prior to 1980 and are more susceptible to structural deficiencies related to standard wear and tear. The only possibility to bring these older projects up to code and compliance is by including them in the LIHTC rounds. The restrictions incorporated in this article of the QAP draft precisely contradict the priorities outlined in the Authority’s Action Plan and the strategic goals. Therefore, if a developer has older projects in their portfolio there will be an unfair competition when being evaluated with other developers that have no experience. c. The Exhibit HH should consider only pending items from the previous inspection, as of the date of the submission (if any), and should be evaluated as part of the PRS, not in the BMT 3. Subjective and unconclusive evaluation criteria: a. As stated in the QAP draft, the Authority would have the prerogative to reject an application on a BMT basis or allow it to proceed to the PRS in spite of open or past compliance findings. This is a very open and subjective argument that impairs the ability of developers to reach a conclusion about whether they should submit a proposal or not. Open competition should permit all the proponents to have an equal opportunity. b. In cases where the Authority determines to reject an application solely on a BMT basis, the proponent wouldn’t be given the opportunity to even be evaluated after spending a considerable amount of time, effort and funds submitting the proposal. c. Please refer to comments on Article 5.1.4 and 11.1.2 below for additional comments related to the costs of the proposal. d. The developer characteristics should be evaluated as part of the PRS not the BMT.		Amended to 3 years. Applications that propose to bring an existing project up to code and compliance will be accepted. The reasons for a rejection during BTR are clearly stated in the QAP.	5.1.2.12. The owner and developer—and their shareholders, directors, officers, partners, and members, as applicable—with previous participation in the program, or any other low-income housing program, must submit a Compliance Disclosure Form (Exhibit HH) identifying compliance findings which are pending (i.e., open and/or unresolved) in the prior three (3) calendar years. Also, the Authority will allow an application if proposes the rehabilitation of an existing project that will bring it up to code and compliance.

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20		We recognize the importance of verifying compliance for developers and owners participating in the upcoming QAP cycle, particularly those participants whose prior experience has been primarily in other jurisdictions. However, considering the potential administrative burden on both developers and agency evaluators, especially for those with established experience in Puerto Rico, we recommend the following alternatives for demonstrating compliance: a. Submission of letters from relevant agencies certifying compliance with all program requirements; b. An attested certification from the owner stating that all properties under their control are, and have been, in full compliance; or c. Submission of compliance information for the current year (2025) only, rather than for the past five years. In cases where no inspections or audits were conducted during the year, an attested certification stating this must be provided.		These documents can be submitted as attachments to the Exhibit HH Amended to 3 years of open/unresolved findings.	
21		1. Unbalanced Competition The current requirement for the Compliance Disclosure Form (Exhibit HH) disproportionately affects developers with prior program participation: -It imposes additional requirements on experienced developers while exempting new entities, creating an unfair advantage for those with no track record. - This may inadvertently encourage the formation of new entities led by individuals with no industry experience, undermining program integrity. - Including this requirement in the Basic Minimum Threshold (BMT) could disqualify seasoned developers, while allowing inexperienced ones to proceed unchallenged. - Recommendation: Developer compliance history should be evaluated exclusively in Section IV of the Point Ranking System (PRS), not in the BMT. 2. Excessive Documentation Leading to Biased Conclusions Developers with multiple projects across various programs are subject to frequent audits and inspections, including: - RD Physical Inspections - HUD NSPIRE Inspections -HUD Management & Occupancy Reviews - LIHTC Monitoring & Physical Inspections - HOME Compliance Reviews & HQS Inspections -PRHFA Asset Management Reviews This can result in 15+ audits over five years, especially for developers with larger portfolios. Summarizing all findings into a single report may: - Lead to biased or misleading conclusions, especially when minor or resolved issues are treated equally with significant findings. - Overburden applicants and distort the evaluation process.		See above	

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		Additionally: - Many subsidized rental properties in Puerto Rico were built prior to 1980, making them more prone to structural deficiencies due to age. -These older projects are critical candidates for LIHTC rehabilitation, yet the current criteria penalize developers with such portfolios. - This contradicts the Authority’s Action Plan and strategic goals focused on preservation and rehabilitation. Recommendation: - Exhibit HH should only include pending compliance items as of the submission date. - Evaluation of compliance history should be part of the PRS, not the BMT, to ensure fairness and context-sensitive assessment. 3. Subjective and Unclear Evaluation Criteria The QAP draft grants the Authority broad discretion to: - Reject applications at the BMT stage based on open or past compliance findings. -Allow others to proceed to PRS despite similar findings. This creates a subjective and unpredictable environment, discouraging developers from applying due to uncertainty and risk of rejection after significant investment of time and resources. Recommendations: -Ensure transparent and objective criteria for evaluating compliance history. -Allow all applicants to be evaluated under the PRS, with compliance findings weighed appropriately. - Refer to Articles 5.1.4 and 11.1.2 for additional concerns regarding proposal costs. -Reaffirm that developer characteristics should be assessed under the PRS, not the BMT.			
		Compliance Disclosure Form (Exhibit HH): Comments to this exhibit are limited as document was not provided for review. Please provide copy of document to review and analyze the magnitude of the information to be collected and the disparity it can represent for developers with multiple projects. Under such section, REAC inspections resulting in a score of less than 80 are to be disclosed. The PRHFA shall reconsider eliminating this requirement or modify it, due to the following: 1. An overall score below 60 results in a “substandard” designation or a failing score. Scores between 60-90 are “standard performers.” 2. More than disclosing a failing score, which can penalize the applicant, the PRHFA shall use the same to determine the extreme need to preserve the project. Section 5.1.2.11 - “In the case of properties overseen by the Authority, sponsors and other required parties must prepare a summary of all reportable compliance issues for Puerto Rican properties for review by the Federal Funds Compliance Office……” Consider revising wording as the term “Puerto Rican properties” is used incorrectly.		See comments above Ok, comment accepted. Ok, reviewed and corrected	• Any REAC inspections resulting in a score of less than 60

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23		Section 5.1.2.11 – “At its discretion, however, the Authority may allow an application to proceed to the Point Ranking System in spite of open or past compliance findings…….” Although it’s at the PRHFA’s discretion, reconsider projects that have mayor deficiencies in their project. Not correcting such deficiencies can result in a vacant project and in turn, a challenge for the government having to provide a replacement unit for the families. It at best the project be preserved and continue to provide safe, decent and affordable housing. Owner do not want to leave the projects at stake, but the lack of on-time payments - for example, Law 173 subsidy – challenges the daily operation and maintenance of a project, and without the necessary funds corrective actions may take longer.		See comments above	
		The requirement to disclose compliance findings across all jurisdictions for the past five years imposes a significant administrative burden on national developers, potentially placing them at a disadvantage compared to local entities. While we support measures that strengthen compliance, we recommend balancing this requirement to ensure equity. Specifically, we recommend that compliance disclosure requests to be limited to projects in Puerto Rico, so as not to create unnecessary barriers for national organizations that bring critical technical expertise and financial resources to the island.		See comments above	
24	5.1.3	Development Team	1	The duties of the Accessibility Coordinator are disclosed on Annex F (Oversight & Quality Assurances Program – Accessibility Standards). They will work with both, new construction and rehabilitation projects.	5.1.3 The development team in place (architect/designer, general contractor, construction manager, resident inspector, management agent, accessibility coordinator (their duties and responsibilities are disclosed on Annex F-Oversight & Quality Assurances Program – Accessibility Standards) , consultant’s development team (identified on Page 22 of the Application)) should demonstrate their qualifications by submission of:
25	5.1.3.2	Contracts or executed commitment letters of each applicable party	2	Ok, reviewed and corrected	
26				Ok, reviewed and corrected	
27	5.1.3.4	General Contractor/Errors & Omissions	3	Ok, reviewed and corrected	5.1.3.4 Note: In addition to the application requirements above, in advance of closing, PRHFA will require proof of performance or surety bond for one hundred percent (100%) of the construction contract.

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28		This section references errors and omissions (E&O), which are typically covered under professional liability insurance rather than payment & performance bonds. It may be helpful to remove the E&O reference from this section to avoid confusion and ensure alignment with standard insurance practices.		Ok, reviewed and corrected	
29		5.1.3.4. – “The general contractor shall also provide:..... Consider revising or eliminating “or another amount determined by the Authority”. Surety bond companies provide a penal sum, should the general contractor default. For payment and performance bonds, this penal sum is typically set at 100% of the contract price, acting as the upper limit of the surety's financial obligation for the project.		Ok, reviewed and corrected	
30	5.1.4	Readiness to Proceed: 1. Excessive costs to submit an application: a. The requirements of readiness to proceed involve the performance of several tasks and the hiring of several professionals that involves a significant amount of costs: i. Land Costs; ii. Architectural Drawings; iii. SHPO related costs; iv. Noise Study; v. Soil Study; vi. Archeological study; vii. Hydraulic/Hydrologic; viii. Phase I; ix. Market Study; x. Capital Needs Assessment; xi. Accessibility Inspector certifications; xii. Appraisal; xiii. Survey; xiv. Permits b. Due to the significant increases in costs, and the reduction in the price the investors are willing to pay for the credits, there is a significant financing gap in the transactions that causes that each year fewer projects are able to obtain credits in the LIHTC cycles due to the limitation of funds, decreasing the probabilities of being awarded, even when complying with all the requirements. A clear example of this situation was evidenced in the previous NOFA cycle of 2022, where out of several proponents (not including set-asides) only one (1) was awarded with LIHTC. c. We recommend that some of these requirements be eliminated in the application phase and requested later upon a conditional pre-approval for projects that were selected. In this way, the burden of cost to submit a proposal is alleviated for unawarded proponents. d. Please refer to comments on Article 11.1.2 for other application submission costs.	3	Comment not accepted	
31		Excessive Financial Burden The current "Readiness to Proceed" requirements impose a substantial financial burden on applicants, often ranging from \$300,000 to \$1 million per project in Puerto Rico. These costs stem from mandatory pre-application tasks and professional services, including but not limited to: Land acquisition; Architectural drawings; SHPO-related assessments; Environmental studies (Noise, Soil, Archeological, Hydraulic/Hydrologic, Phase I); Market Study; Capital Needs Assessment; Accessibility certifications; Appraisal and Survey; Permitting This upfront investment is required without any guarantee of funding , making it a high-risk proposition for developers. Reduced Access and Equity The financial strain disproportionately affects local entities and smaller organizations , limiting their ability to compete with larger firms that have access to substantial capital and assets. This undermines equitable access to LIHTC awards and may discourage local investment. Diminished Award Probability Despite fulfilling all requirements, many applicants are not awarded credits due to limited funding and reduced investor pricing. For example, in the 2022 NOFA cycle , only one non-set-aside applicant received LIHTC, highlighting the inefficiency and inequity of the current system.		Comment not accepted	

Section		Public Comment	# of comments	PRHFA Notes and Decisions	Suggested Edits
		Recommendation for Reform To alleviate this burden and promote broader participation: - Eliminate certain requirements during the initial application phase. -Defer costly studies and certifications until after conditional preapproval. - Retain only Section II.7 (additional points) and Section VII.1 (tiebreaking criteria) related to construction readiness. - This approach would reduce sunk costs for unawarded applicants and encourage more diverse participation.			
32		Carga Financiera Etapa Solicitud (Sección 5.1.4). Los requisitos de “Readiness to Proceed” implican inversiones significativas antes de saber si un proyecto será adjudicado (terrenos, estudios ambientales, tasaciones, diseños, etc.), lo que genera un riesgo desproporcionado para desarrolladores locales. Proponemos permitir que ciertos estudios y certificaciones se entreguen luego de la aprobación condicional. Mantener solo los criterios estrictamente necesarios para demostrar viabilidad inicial.		Comment not accepted	
33	5.1.4.8	SHPO	1	Ok, reviewed and corrected	5.1.4.8 Pursuant to Section 106-36 CFR Part 800, evidence of State Historic Preservation Office's (SHPO) Technical Assistance. The technical assistance letter shall indicate that there are no historic properties or that no adverse effect on historic properties is associated with the undertaking, or the agreed-to measures if such adverse effect is determined. Applicants may file SHPO documentation already obtained through other funding applications. Nevertheless, it will also be submitted to SHPO for an updated review.
34	5.1.4.15; 5.1.4.16; 5.1.5.6	Field Studies; Comprehensive Market Report and Appraisal Report	3	Ok, comment accepted.	within one year
35		Sections 5.1.4.15 and 5.1.4.16 and 5.1.5.6 Allowing Appraisals, Market Studies, and Phase I reports to be updated within one year of the application deadline (instead of six months) could better reflect industry standards and reduce cost burden of having to update it multiple times prior to application submittal. Given the time required to close awarded projects, these documents are often updated regardless.		Ok, comment accepted.	
36		Validez de Tasaciones y Estudios (Secciones 5.1.4.15, 5.1.4.16, 5.1.5.6). Solicitamos que la validez de tasaciones, estudios de mercado y reportes ambientales sea de doce (12) meses, en lugar de seis (6), en armonía con las prácticas de la industria.		Ok, comment accepted.	

	Section		Public Comment	# of comments	PRHFA Notes and Decisions	Suggested Edits
37	5.1.4.17	Capital Needs Assessment Report	We respectfully request clarification regarding the requirement for the Accessibility Inspector to verify the Capital Needs Assessment (CNA) Report. - The QAP draft appears to require this verification only for rehabilitation projects. - However, the Basic Threshold Checklist (BT.075) lists this requirement for all projects, including new construction. If the Accessibility Inspector is already required to verify the architectural plans, it seems redundant to also require verification of the CNA Report— particularly for new construction projects where accessibility compliance is typically addressed through design documentation. Recommendation: Please confirm whether this requirement applies exclusively to rehabilitation projects and consider revising BT.075 to reflect this distinction. This would help avoid unnecessary duplication and reduce administrative burden for applicants.	2	The Accessibility Coordinator must review all plans (New constr and Rehab) and CNAs. The duties of the Accessibility Coordinator are disclosed on Annex F (Oversight & Quality Assurances Program – Accessibility Standards). They will work with both, new construction and rehabilitation projects.	
38	5.1.4.17		Please check requirement to have the accessibility inspector verify the CNA Report and/or architectural plans. It seems that the QAP draft only requires accessibility inspectors to verify rehabilitation projects. However, in the Basic Threshold Checklist BT.075, the requirement is requested for all projects. If the accessibility inspector must verify the architectural plans, it seems redundant to have them verify the CNA Report as well.		See above	
39	5.2.2	Allowable Costs and Expenses	For the purpose of this calculation, development costs include all budgeted costs except costs associated with the acquisition portion, land, and developer fees and costs assigned to the rehabilitation (overhead, profit, real estate attorney, consultant, and any other identified party). And Item 5.2.2.3 Identity of Interest Limitations that states: When an identity-of-interest exists between the Developer, Owner, and General Contractor the combined total of the general requirements, contractor's profit and overhead, consultant's fee, real estate attorney's fee, developer's fee, and developer's overhead will be limited to 20% of TDC. Please clarify the definition of consultant's fee?	2	Ok, reviewed and added the requested definition.	5.2.2.1. The consultants are professionals advising the Developer in matters other than architectural, engineering, accounting, legal, environmental consulting, and construction management which are reimbursable through LIHTC. Consultant fees paid by the syndicator are also excluded.
40			We respectfully request clarification regarding the definition of “consultant's fee” as referenced in the following sections of the QAP draft: - Allowable Costs and Expenses: This section excludes certain costs from the development cost calculation, including acquisition, land, developer fees, and costs assigned to rehabilitation—specifically overhead, profit, real estate attorney, consultant, and other identified parties. When an identity-of-interest exists between the Developer, Owner, and General Contractor, the combined total of general requirements, contractor's profit and overhead, consultant's fee, real estate attorney's fee, developer's fee, and developer's overhead is limited to 20% of Total Development Cost (TDC).		See above Comment not accepted	

Section		Public Comment	# of comments	PRHFA Notes and Decisions	Suggested Edits
		Given the potential impact on cost calculations and compliance, we request a clear definition of “consultant’s fee”, including: - Which types of consultants are included (e.g., development consultants, financial advisors, accessibility consultants, environmental consultants)? - Whether third-party consultants with no identity-of-interest are subject to the same limitations. - How fees for consultants performing specialized tasks (e.g., CNA preparation, market studies) are treated under this provision. A precise definition will help ensure consistent interpretation and compliance across all applications.		Ok, reviewed and added the requested definition.	5.2.2.1. The consultants are professionals advising the Developer in matters other than architectural, engineering, accounting, legal, environmental consulting, and construction management which are reimbursable through LIHTC. Consultant fees paid by the syndicator are also excluded.
41	5.2.2.3 Developer Fee/Identity of Interest (IOI) Limitations	1. Decrease in Developer Fee Percentages a. In rehabilitation developments, regardless of whether there is an IOI or not between seller and buyer, the risk that the Developer assumes during the complex rehabilitation transaction is just as burdensome. b. We recommend that for rehabilitations with IOI the Authority should maintain the same percentage as when there is a rehabilitation with no IOI: fifteen percent (15%).	5	Comment not accepted	
42		Item 5.2.2.3 Identity of interest limitations states: “An identity-of-interest between the seller and buyer of real estate, on rehabilitation developments, results in a developer fee limitation as follows: The Developer Fee for the acquisition portion will be limited to 3% of the acquisition costs (not including land) or a minimum of \$10,000. The developer fee for the rehabilitation portion of a project will be limited to 10% of development costs”. As part of the Agency ongoing efforts to preserve the existing affordable housing, we urge the agency to reconsider the developer fee limitations. While we understand that the intention to maximize the use of funds to impact more units and projects, this may unintentionally undermine the goals that LIHTC program is designed to achieved and incentive. a. This limitation directly impacts the preservation of high performing existing owners, developers and management teams with proven track records which will be that are effectively penalized for seeking to maintain their properties in safe, decent and sanitary condition according to the most recent codes resulting in disincentivizing reinvestments. Long-standing developers and managers with successful track are often the best positioned to preserve aging properties, which is one of the agency’s goals. b. Preservation and rehabilitations of existing affordable housing involves substantial challenges, such as units occupy during renovations, tenant’s relocations, working around to existing systems, and often requires complex financing; requiring expertise to be able to be done. c. Much deals might require a deferred developer fee due to financial constraints and the need to cover non-eligible cost such as tenant reserves, environmental remediation, unforeseen conditions, changes in codes and legal compliance. This adds an additional financial burden serving as a further penalty for experiences developer working to preserve affordable housing. d. Rehabilitation projects construction has risks of unforeseen conditions. e. It is a contradiction to the agency’s proposed plan to preserve existing affordable units.		Comment not accepted	
43		Identity of Interest Limitations: Eliminate this section HUD and the IRS address reasonableness and identity of interest does not change the fact that a project will fall within those caps; an additional penalty would be redundant and inequitable. Developer fees compensate for the complexity, risk, and predevelopment costs inherent in LIHTC transactions.		Comment not accepted	

Section		Public Comment	# of comments	PRHFA Notes and Decisions	Suggested Edits
		Developers assume financing risk, execution risk, reputational risk, and opportunity costs regardless of identity of interest. A reduced fee would undermine financial sustainability, discourage vertical integration, and deter investors who expect to see a standard fee included in underwriting. Consistency in developer compensation is particularly critical in Puerto Rico, where investor appetite is already fragile due to programmatic delays and inconsistencies. A reduced fee can signal weakness or unusual deal structure, complicating underwriting. Keeping the standard fee preserves consistency across the LIHTC market, important for investor confidence, especially in PR when many investors are reluctant to invest in the Island’s opportunities because of tardiness and inconsistencies when trying to promote financially viable affordable projects. Reducing fees would discourage vertical integration when mission-driven organizations handle multiple roles to ensure quality and long-term affordability. Instead of penalizing efficiency, policy should reward organizations that align development, ownership, and long-term stewardship.			
		1. Developer Fee Reductions in Rehabilitation Projects The current QAP draft imposes reduced developer fee limits on rehabilitation projects where an identity-of-interest (IOI) exists between the seller and buyer. Specifically: - Acquisition Portion: Developer fee limited to 3% of acquisition costs (excluding land), or a minimum of \$10,000. -Rehabilitation Portion: Developer fee limited to 10% of development costs. This reduction is challenging for several reasons: - Equal Risk Regardless of IOI: Rehabilitation projects carry substantial risks and complexities—regardless of IOI status. Developers face challenges such as tenant relocation, working around existing systems, and navigating complex financing structures. These risks are not diminished by the presence of an IOI. -Recommendation: Maintain a consistent developer fee of 15% for the rehabilitation portion, whether or not an IOI exists. 2. Impact on Preservation Goals The fee limitation undermines the Authority’s stated goal of preserving existing affordable housing: - Experienced Developers Penalized: Long-standing developers with proven track records are best positioned to preserve aging properties. Penalizing them for IOI relationships discourages reinvestment and contradicts the agency’s preservation objectives. -Older Properties Require Expertise: Many affordable housing units in Puerto Rico were built decades ago and require extensive rehabilitation. These projects demand specialized knowledge and carry higher risks, which should be reflected in fair compensation. 3. Financial Constraints and Deferred Fees Rehabilitation deals often face tight financial constraints, requiring developers to defer portions of their fees to cover: - Non-eligible costs such as tenant reserves, environmental remediation, code compliance, and unforeseen conditions. - These deferred fees represent an additional financial burden and further disincentivize experienced developers from pursuing preservation projects.		Comment not accepted	

Section		Public Comment	# of comments	PRHFA Notes and Decisions	Suggested Edits
		4. Construction Risk Rehabilitation projects inherently carry greater construction risks, including: -Unforeseen structural issues -Code changes during construction -Environmental hazards These risks justify maintaining a higher developer fee to ensure project viability and developer participation. 5. Policy Contradiction The current fee limitations directly contradict the agency’s proposed plan to preserve existing affordable housing. Reducing incentives for experienced developers to reinvest in aging properties undermines the long-term sustainability of Puerto Rico’s affordable housing stock.			
45		Honorarios y Limitaciones de “identity of interest” (Sección 5.2.2.3). Reconocemos la intención de la AFV al establecer límites a los honorarios en situaciones de identity-of-interest. Sin embargo, el tope del 20% del Total Development Cost (TDC) resulta cada vez más restrictivo ante el incremento sustancial en los costos de servicios profesionales y técnicos especializados. Los proyectos de vivienda en Puerto Rico requieren hoy más que nunca de equipos multidisciplinarios – consultores ambientales, asesores financieros, expertos en accesibilidad, ingenieros especializados, arquitectos, entre otros – cuyos honorarios han aumentado considerablemente por factores inflacionarios y de mercado. Proponemos que la Autoridad aumente el límite del TDC aplicable en casos de identity-of-interest a un rango más realista de 25%–30%, o en su defecto, que se establezca un mecanismo de ajuste periódico vinculado a índices inflacionarios y de costos de servicios profesionales en Puerto Rico. Esto permitiría preservar la transparencia y control de gastos, al tiempo que se asegura la sostenibilidad financiera de los proyectos.		Comment not accepted	
46	5.2.3.5	Required Reserves	6	Partially agree	•Other Reserves: o If other reserve account is included, evidence, together with its terms and conditions, from the entity requiring such reserve must be filed. HOME/HTF or CDBG-MIT funds cannot be used for project’s reserves. The use of interest income earned on any type of reserve fund, or the release of any type of reserve funds will be considered a source of revenue for a project only on a case-by-case basis and subject to financial feasibility.
47		Clarification Request: Treatment of Feasibility Reserve Funds The following sentence in the QAP draft— “Neither interest income earned on any type of reserve fund nor the release of any type of reserve funds will be considered as a source of revenue for a project.” —appears to limit the use of feasibility reserve funds, which are increasingly necessary to support project viability. 1. Industry Practice and Financial Reality Recent LIHTC transactions have required the use of feasibility reserves to meet investor underwriting requirements, particularly when projects are restricted to LIHTC rents only. These reserves are becoming more common as a tool to bridge operating deficits and ensure financial feasibility.		Partially agree	

Section		Public Comment	# of comments	PRHFA Notes and Decisions	Suggested Edits
		2. Supporting Smaller Projects As PRHFA seeks to encourage the development of smaller projects by limiting the maximum number of units per development, feasibility reserves offer a practical solution to support their financial sustainability. These reserves: - Typically range from \$1.5–\$3 million, or approximately \$14,000–\$27,000 per unit (including interest income). - Are significantly more cost-effective than constructing new units, which can exceed \$500,000 per unit. Recommendation We respectfully request that the Authority reconsider the blanket exclusion of reserve fund income and releases as sources of revenue. Specifically: - Allow feasibility reserves to be recognized as part of the financial structure when necessary to meet underwriting requirements. -Permit interest income from such reserves to be considered in the operating budget, especially when used to support long-term viability. This adjustment would align with industry standards and support the development of financially feasible, mission-aligned affordable housing projects.			
48		Reservas y Flujos de Efectivo (Secciones 5.2.3.5 y 5.2.3.7). La disposición que establece que “ni los ingresos por intereses generados en fondos de reserva, ni la liberación de dichos fondos, serán considerados como fuente de ingresos del proyecto” limita el reconocimiento de un instrumento crítico para la viabilidad financiera: las reservas de factibilidad. Estas reservas, hoy ampliamente utilizadas en transacciones LIHTC, son frecuentemente requeridas por los inversionistas como parte del proceso de underwriting, especialmente en proyectos que operan exclusivamente bajo límites de renta LIHTC. Su propósito principal es mitigar déficits operacionales y asegurar la sostenibilidad del proyecto a largo plazo. Esto cobra mayor relevancia en un contexto donde se promueve el desarrollo de proyectos de menor escala, para los cuales estas reservas ofrecen una herramienta financiera eficaz, con montos que típicamente oscilan entre \$1.5 y \$3 millones (aproximadamente \$14,000–\$27,000 por unidad), significativamente inferiores al costo de construcción de nuevas unidades.		Partially agree	
49		Recomendamos que se permita reconocer las reservas de factibilidad como parte integral de la estructura financiera del proyecto cuando sean necesarias para cumplir con los requisitos de los inversionistas, y que se autorice el uso de los ingresos por intereses generados por estas reservas dentro del presupuesto operativo, cuando estén dirigidos a apoyar la viabilidad a largo plazo. Recomendamos permitir que se reconozcan como parte de la estructura financiera del proyecto y que el límite de flujo neto de efectivo del 10% se interprete como un promedio a largo plazo en vez de año por año.		Partially agree	
50		Some financial institutions may require Operating Reserve and Replacement Reserve funding greater than the amounts listed. We recommend that the Authority use the greater of the amounts listed in Section 5.2.3.5 or the amounts listed in the financing letters of intent in its review.		Partially agree	
51		Replacement Reserve: What is the amount per unit for new construction and rehabilitation projects that have partial project-based assistance?		Ok, reviewed and edited	• Replacement Reserve, minimum requirement: - o Projects with 100% project-based assistance: \$250 per unit per year - o All other projects: \$300 per unit per year - o If a higher amount is presented, evidence from the entity requesting said Replacement Reserve must be filed.

Section		Public Comment	# of comments	PRHFA Notes and Decisions	Suggested Edits
52	5.2.3.7	Profit and Return on Operations			
		Clarification Request: Net Cash Flow Cap Interpretation We respectfully request clarification regarding the interpretation of the following provision: “The project’s net cash flow over operating expenses shall not exceed 10%.” Specifically, we ask whether this 10% cap applies as an annual average over the full 30-year operational period, rather than as a fixed limit in any single year. Rationale -Under current underwriting assumptions—3% annual growth in revenues and 3.5% annual growth in operating expenses—a project that complies with the 10% cap in its first year may become financially unviable in later years. - If the cap is interpreted as a year-by-year limit, it could restrict the ability of projects to maintain financial sustainability over time, especially in the absence of rental assistance or other subsidies. Recommendation We suggest clarifying that the 10% cap is intended to apply as a long-term average over the life of the project, rather than as a strict annual limit. This would: -Align with standard financial modeling practices. -Allow for realistic cash flow projections that reflect the natural evolution of operating costs and revenues. -Support long-term project viability without compromising affordability.	4	Ok, reviewed and edited: maximum of 10% per year. The requirement applies for the 30 years and the maximum allowed is 10% per year. A higher percentage could be interpreted as (1) the project can afford a permanent loan, (2) does not need additional reserves/lower reserves; or (3) needs less grants/subsidy PRHFA uses HUD's FR-5417-N-01 Guidelines for Subsidy Layering Review of July 9, 2010.	5.2.3.7 A project’s net cash flow per year , after the payments of operational expenses, replacement reserve and any permanent loan, cannot exceed 10% of the project’s operating expenses, depending on each project’s circumstances.
53				See above	
54				See above	
55				See above	
56	5.4.1	Project Evaluation and Selection-Description			
		“Description -Subject to compliance with the minimum 30 points, the Authority may fund a lower scoring project if necessary to meet any Set-Aside category contemplated in this 2025- QAP.” Confirm any other set-aside categories, apart from Nonprofit Set-Aside. • As a competitive process, the PRHFA shall reconsider to evaluate all projects equally and all shall comply with the minimum 30 points scoring.	1	Ok, reviewed and the statement was eliminated.	

Section		Public Comment	# of comments	PRHFA Notes and Decisions	Suggested Edits
57	5.4.2	Point Scoring Criteria			
		Commentary:	1	Ok, reviewed and criteria VII.2 was eliminated.	
58			1	Comment not accepted	
59	I.1	Project Location	1	Reviewed and our tabulation, after the amenemendments mentioned in this	
60	I.2.1	Project Location/Amenities	2	Comment not accepted	
61				Comment not accepted	
62	I.2.2		4	Reviewed and edited: projects with 50% or more units per special population will qualify	I.1.2 Targeted. Projects with 50% or more units targeted to the following special needs populations and located within 500 meters of the following amenities will be awarded a point for each one, up to 2 points.

	Section		Public Comment	# of comments	PRHFA Notes and Decisions	Suggested Edits
63			Section I.2.2 – Sponsors may target various special needs population such as elderly, families and youth in one single project. Please confirm that the project would be provided up to 2 points for meeting any two of the amenities described under this section.		See above	
64			• Consider revising “public park” for “Public Park, Recreation Center, or Green Space” • Consider revising “public or licensed elementary, middle, or high school” for “Education Facility (includes K-12 schools, university, vocational school, community college)” • Confirm if “public transit terminal” includes a bus-stop, urban train station, maritime transport and trolley system.		Agree, reviewed and edited as suggested.	Public park or Recreation Center (must incorporate a passive non-sports area). Education Facility (includes K-12 schools, university, vocational school, community college). Public transit terminal (Autoridad Metropolitana de Autobuses, Urban Train Station, Maritime Transport or any other municipal transportation system).
65			Criterios de Puntuación – Proyectos Dirigidos a Poblaciones con Necesidad. Recomendamos aumentar los puntos por proximidad a servicios para fomentar proyectos integrados a la comunidad. Incluir incentivos para desarrollos de ingresos mixtos, que promueven comunidades inclusivas y reducen la segregación socioeconómica.		See above	
66	II.4.1	Site Characteristics – Mobility	Projects that improve off-site mobility should be fully recognized. We recommend that the points listed under the second and third items be available whether or not they are required by a competent authority as an off-site improvement.	1	Comment not accepted. PRHFA's policy is not to award points for compliance with laws/regulations or agency requirements.	
67	II.5.1	Unit Mix	Recommendation: Scoring for Unit Mix Based on Current Demand Recent demographic trends show a decline in average household size, resulting in reduced demand for larger units, such as three-bedroom apartments. Promoting larger units is increasingly misaligned with current market realities. We recommend that the QAP include point incentives for one-bedroom units to better reflect evolving housing needs and support developments that align with actual demand. This adjustment would: -Encourage more efficient use of space and resources. -Support housing options for single individuals, elderly residents, and small households. - Align scoring criteria with current demographic and market trends.	1	Comment not accepted; to be considered for future QAPs	
68	II.5.3	Building Amenities	Proposed Revisions to Laundry and Security Amenities Criteria a. Washer/Dryer Hookups Eligibility - To broaden eligibility, remove the term “single-family” from the statement: “Units that provide washer/dryer hookups qualify for 1 point.” This change allows apartment units with in-unit hookups to also qualify. b. Common Laundry Facilities Requirement - Revise the laundry requirement to: “Common laundry facilities must include at least one washer-dryer pair per 15 units that do not have in-unit washer/dryer hookups.” This ensures adequate access to laundry services for residents without in-unit amenities. c. Security Guard Provision Update - Replace the requirement for a night shift security guard with a virtual security guard, reflecting the increasing use of remote monitoring due to cost and feasibility concerns: “A virtual security guard system may be used in place of an on-site night shift security guard.”	4	Comments accepted	Common laundry facilities must include at least one washer-dryer pair per 15 units that do not have in-unit washer/dryer hookups. Virtual security guard system

Section		Public Comment	# of comments	PRHFA Notes and Decisions	Suggested Edits
69		Section II.5.3. – Consider the following changes to clarify language and improve amenities provided: a. Eliminating the word "single-family" from “Single-family units provide washer/dryer hookups” would allow apartment units with these features to also qualify for 1 point. b. Suggest revising the laundry requirement to: Common laundry(ies) equipped with at least a washer-dryer pair per 15 units that do not have washer/dryer hookups. c. Replacing night shift security guard with virtual security guard since it has become unfeasible to pay for a security guard on site.		Comments accepted	Units provide Washer/Dryer hookups.
70		Criterios de Puntuación – Facilidades de Edificio (II.5.3). Se recomienda que los puntos por washer/dryer hookups no se limiten a unidades unifamiliares, sino que también apliquen a apartamentos con lavandería en la unidad. Esto amplía la elegibilidad y permite reconocer proyectos que ofrecen mayor conveniencia a los residentes .		Comments accepted	
71		•Consider revising “trash chute” for “trash chute or a dedicated onsite recycling area” • Consider revising “Night Shift Security Guard” – due to increase in costs, many existing projects with night shift guard struggle and have moved to hybrid security (virtual and present security), and others 100% virtual.		Comments accepted	Trash chutes (for mid- or high-rise facilities) or dedicated onsite recycling area
72	II.6	Gap Financing Efficiency vs. Leverage: The QAP both rewards and penalizes the use of gap financing. Since LIHTC equity alone does not cover total costs, projects almost always require layered financing. Tie-breaking criteria that prefer “plain vanilla” structures ignore the reality of Puerto Rico’s capital markets, where layering is not only common but essential.	2	Ok, reviewed and edited. This tie breaker criteria was eliminated.	
73		The text implies that FHLBNY is a gap financing source that should be “curbed,” but is not a source that will be covered by the NOFA. We recommend clarification that FHLBNY funds are not included in Gap Funds Requested.		Comment not accepted. This criteria is not exclusive for the funds under PRHFA'S NOFA.	
74	II.7	Construction Readiness: Apply the same requirements to both multifamily and single-family developments. Developers already assume immense predevelopment risk, investing heavily in land control, architectural design, engineering studies, legal structuring, environmental reviews, and community engagement without any assurances of success. This risk is especially acute in the current round, where funding options are scarce and QAP scoring does not adequately reflect the realities of timing across capital programs. The mismatch between front-loaded development expenses and the uncertainty of credit awards creates a barrier to entry, discouraging otherwise qualified sponsors and reducing the diversity of participants in the LIHTC program. By not accounting for these risks, the QAP framework further limits housing production, as only sponsors with significant balance sheets can afford to compete, leaving smaller community-based organizations at a disadvantage.	3	Comment not accepted; to be considered for future QAPs	
75		Criterios de Puntuación – “Construction Readiness”. Recomendamos que el QAP 2025 adopte un esquema que reconozca las distintas etapas de la permisología mediante una escala de puntuación diferenciada. Este enfoque permite medir con mayor precisión el grado de avance de los proyectos en el proceso de aprobación, tomando en consideración el progreso alcanzado en las gestiones regulatorias. Un sistema de puntuación parcial proveería un mecanismo objetivo para reconocer el progreso real de los proyectos, evitando que únicamente aquellos con permisos finales obtengan puntuación en este renglón, aun cuando otros ya hayan logrado etapas significativas dentro del proceso de evaluación gubernamental.		Comment not accepted; to be considered for future QAPs	

Section		Public Comment	# of comments	PRHFA Notes and Decisions	Suggested Edits
76		Confirm if “Construction Readiness” is a project characteristic.		Yes, Section II is Project Characteristics and construction readiness is II.7	
77	III.1	Income Targeting	2	Comment accepted; criteria was eliminated.	
78		Section III.1 – Consider eliminating this section that provides additional points to projects targeting 50% of AMI or less. Low HUD income limits are hurting projects in Puerto Rico, revisiting this criterion could help broaden access and improve project viability.		Comment accepted; criteria was eliminated.	
79	III.2	Targeted Units	3	Reviewed and updated	if requesting Tax Credits, at least 75% of total project units set aside for one or more targeted group during the length of the extended use period. 3Pts if requesting Tax Credits, at least 50% of total project units set aside for one or more targeted group during the length of the extended use period. 2Pts if requesting Tax Credits, at least 25% of total project units set aside for one targeted group during the length of the extended use period.1pt
80		Section III.2 Targeted Units – In line with comment to Section I.2.2 above, some projects may target more than one special population. Please clarify that points could be awarded to these projects with broader inclusion goals.		Reviewed and updated	
81		Prior to any amendment to the draft 2025 QAP. The identified special needs population groups are: 1. Elderly 2. Single-parent households with children under 18 years of age 3. Youth (between 18–24-years-old) 4. homeless people 5. Persons with HIV-Positive Diagnosis 6. Persons with disabilities Veterans and assisted living are not part of the special population groups.		The special needs populations are the ones identified in the State Housing Plan 2025-2030	
82	III.3	Preservation Preference	1	Comment not accepted; to be considered for future QAPs	

Section		Public Comment	# of comments	PRHFA Notes and Decisions	Suggested Edits
		In addition, we recommend that the QAP award additional points to projects preserving USDA Section 515 properties with Section 521 project-based rental assistance. Many states have adopted similar carve-outs with success, effectively channeling resources toward the preservation of deeply affordable housing. Puerto Rico’s USDA portfolio is a valuable and irreplaceable resource, and prioritizing its preservation is essential to safeguarding long-term affordability for low-income households.		Partially agreed, 2nd criteria under III. 3 is now 2Pts (before was 1pt). PRHFA will favor the preservation of any and all rental subsidy.	
83	IV.1	Project Developer Characteristics Define “adequate” financial strength. Consider revising developer’s successful record to include those that only have one development and further evaluate consistent financial stability and full compliance throughout operations starting in the 5th year. 6 or more developments in service for more than 5 years - 8pts 4-5 developments in service for more than 5 years - 6pts 2-3 developments in service for more than 5 years - 4pts 1 development in service for more than 5 years - 2pts	2	Reviewed and the line was eliminated Agreed, the category was added for 1 point	1 development in service for more than 5 years-1pt
84		VOANS is concerned with the scoring criterion that favors developers with experience exclusively in Puerto Rico. When read together with the nationwide disclosure requirements in Section 5.1.2.11, this could be interpreted as limiting participation by national organizations. This approach appears inconsistent with Puerto Rico’s public policy objectives, including those set forth in the Act 60 Incentives Code, which promotes sustainable economic development by encouraging external investment and participation. As currently written, the criterion disadvantages national organizations like VOANS, despite our extensive track record developing affordable housing across the United States, our successful acquisition of multifamily portfolios in Puerto Rico, and our active management of more than 17 properties on the island. VOANS has demonstrated capacity to deliver complex projects under federal compliance and oversight standards in more than 40 states. VOANS recommends the following: a. Broaden the criterion to include operational experience in Puerto Rico as well as development experience. b. Otherwise, expand eligibility to recognize relevant experience in other U.S. jurisdictions, not only in Puerto Rico. We respectfully urge PRHFA to broaden this criterion. As currently stated, it creates a barrier, limits competition, and reduces the potential quality and scale of proposals. The revised wording should ensure a level playing field and encourage the participation of organizations with high levels of technical and financial capacity.		Agreed, language was revised for clarity (Reference to PR was eliminated)	
85	V.4	Fiinancing with PRHFA Recommendation to Reassess Point Allocation for Projects Seeking Authority Financing The current criterion awards up to 3 points to projects applying for financing through the Authority. While this may incentivize use of the Authority’s programs, it risks positioning the Authority as a competitor to other financial institutions rather than as a facilitator of broader economic development on the island. Reconsidering this approach could help ensure a more balanced and inclusive financing landscape that prioritizes impact over institutional preference.	2	Comment not accepted	
86		As part of the financing application with the PRHFA a “certification provided by the management agent” is a required document. Clarify such document.		Reviewed, requirement was deleted	

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8.1	Schedule of Application for 2025 Cycle	Recommendation to Publish 2025 Application Schedule We recommend that the agency release the full 2025 application schedule as early as possible to support project planning and timely compliance. A suggested timeline is as follows: <table><tr><th>Event</th><th>Date</th></tr><tr><td>2025-QAP Draft Available for Public Comments</td><td>August 15, 2025</td></tr><tr><td>2025-QAP Public Hearing</td><td>August 29, 2025</td></tr><tr><td>2025-QAP Written Comments Deadline</td><td>September 5, 2025</td></tr><tr><td>Application Opening Date (after Governor’s Approval and NOFA Release)</td><td>October 10, 2025</td></tr><tr><td>Advance Section 106 Review Submission Deadline</td><td>TBD</td></tr><tr><td>Application Closing Date</td><td>February 10, 2026</td></tr><tr><td>10% Cost Certification</td><td>TBD</td></tr></table> Providing this schedule in advance will help stakeholders align their development timelines and ensure compliance with key regulatory milestones.	Event	Date	2025-QAP Draft Available for Public Comments	August 15, 2025	2025-QAP Public Hearing	August 29, 2025	2025-QAP Written Comments Deadline	September 5, 2025	Application Opening Date (after Governor’s Approval and NOFA Release)	October 10, 2025	Advance Section 106 Review Submission Deadline	TBD	Application Closing Date	February 10, 2026	10% Cost Certification	TBD	2	The 2025 Application Schedule was determined by PRHFA and DOH.	Please refer to final 2025-QAP
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		Calendario de Radicación de Solicitudes. Recomendamos que la Autoridad publique el calendario oficial de radicación y evaluación de propuestas con antelación suficiente, de manera que los proponentes puedan alinear sus cronogramas de desarrollo y cumplir con los requisitos regulatorios establecidos. En particular, sugerimos que la fecha límite de entrega de propuestas para la próxima ronda se establezca el 27 de febrero de 2026, lo que permitiría a los desarrolladores planificar con mayor certeza la preparación de estudios, permisos y demás requisitos técnicos.																			
11.1.2	Tax Credit Application Fee	1. Excessive costs to submit an application: a. A Tax Credit Application Fee of 2.25% is significantly high for a proposal where the proponent doesn’t have any certainty of getting approved, considering the high level of competitiveness and the limitation of available funds. The construction costs have increased significantly and the resulting LIHTCs that are needed are much higher than what was needed in prior years, increasing the amount of the fees accordingly. For example, a project requesting \$5M in annual credits should pay \$112,500 in fees, that in combination with other costs related to the proposal would make the submission of these proposals totally unfeasible. Even if half of the amount may be returned if the project is not awarded, the entire amount is payable upon submission. b. We recommend that a minimum fee of a half percent (0.5%) be required upon the submission of the application and the rest of the fee should be paid at closing if the proposal is awarded to alleviate the excessive burden for unawarded proponents. c. An additional alternative that we recommend would be the reimbursement of 90% of the application fees instead of only 50%.	4	Partially agreed, the LIHTC's fee structure was reviewed and updated	11.1.2. Tax Credit-Application Fee: 1.50% of annual Tax Credit amount requested application fee. This is a non-transferable fee, which shall be submitted along with the application. Nonprofit participants might pay 1% at submission of application and the balance within 60 days of the initial submission. The application fee will be waived, up to the amount previously paid, to previous participants that are re-applying for the same project that did not receive a LIHTC reservation during the previous NOFA. Upon written request, the Authority may return of half of the fee paid if the project passed the Basic Threshold Review and Point Ranking but was not awarded a reservation of credits. 11.1.3. Tax Credit-Reservation Fee: 0.50% the annual Tax Credit reservation should be paid upon acceptance of the Reservation Award. This fee will not be adjusted if the final Tax Credit amount is reduced or the Tax Credits are returned or unused.																

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90		Tax Credit Application Fee – Concerns and Recommendations 1. Excessive Upfront Cost The current Tax Credit Application Fee of 2.25%–2.5% is significantly high, especially considering: - Applicants have no guarantee of award, given the competitive nature of the program and limited funding availability. - Rising construction costs have increased the amount of LIHTCs needed, which in turn raises the fee. For example, a project requesting \$5 million in annual credits would pay \$112,500–\$125,000 in application fees—before knowing if the proposal will be approved. Even though 50% of the fee may be reimbursed if the project is not awarded, the full amount is due upon submission, creating a substantial financial barrier. 2. Recommendation: Staged Payment Structure To alleviate the burden on unawarded proponents, we recommend: - Requiring a minimum fee of 0.5% upon submission of the application. - Requiring the remaining balance of the fee only at closing, if the proposal is awarded. This approach would reduce upfront costs while maintaining the Authority’s ability to collect full fees from awarded projects. 3. Recommendation: Increased Reimbursement We also recommend increasing the reimbursement rate for unawarded applications from 50% to 90%, recognizing the significant effort and cost involved in preparing a complete proposal.		See above	
91		QAP Section 11.1.2. – Tax Credit Application Fee: - New QAP Language: “Two and a quarter percent (2.25%) of annual amount requested application fee.” - Comment: This application fee is more in line with a 4% LIHTC round like the one issued by the PRHFA in 2020. As published in the 2025 Draft QAP, this time around the round is more geared towards the 9% credit type. Since the 9% credit produces an annual credit amount substantially larger than its 4% counterpart, we respectfully request lowering the applicable fee percentage to a more reasonable amount (i.e. 1.50% of annual credits requested).		See above	
92		Tarifas de Solicitud (Sección 11.1.2). El costo de 2.25–2.5% de los créditos solicitados es excesivo como requisito inicial. Recomendamos implementar un pago escalonado, con un mínimo de 0.5% al momento de radicar y el balance solo al cierre, si el proyecto es favorecido.		See above	
93	Others:	Ensuring Local Developer Participation Puerto Rico must protect against the unintended consequence of crowding out local developers. Large, offisland entities often have stronger capitalization and can dominate application rounds, but they do not necessarily provide the long-term, community-based stewardship Puerto Rico needs. Recommendation: Introduce scoring incentives or set-asides for projects led by Puerto Rican developers, or for partnerships where local developers hold a meaningful equity stake (at least 51%). This ensures LIHTC resources strengthen the local development ecosystem and circulate within Puerto Rico’s economy.	1	Comment not accepted	

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94	CDBG-MIT Program Guidelines	CDBG-MIT Program Guidelines leverage LIHTC program dated November 2024, page 21, item 10 Cost reasonableness state as threshold: For Substantial Rehabilitation, total development cost must not exceed \$734.04 per square foot of living area, and for new construction \$616. a. We would like the agency to provide information on how this computation was achieved. b. We strongly recommend that an exhaustive evaluation of each development be made, for those that cannot comply with this request. Also, incorporate the guides to do so. c. There are properties that fully align with housing programs requirements and have a significant impact within their communities, yet are in need of preservation funding and could be adversely affected by this threshold.	3	The DOH reviewed the CDBG threshold and stands by it, the parameter was not changed.	
95		Section 10 –Cost Reasonableness: - Guidelines Language: “For New Construction, total development cost must not exceed \$616.00 per square foot of living area”. - Comments: This figure presents the following issues: - o Does not incorporate project type differences (i.e. apartment buildings vs. single-family detached home). - o It was not calculated using a representative data set. - o This has not been adjusted by inflation in the past 2- or 3-year period, which has been above historic trends and forecasted to continue increasing. - o Discriminates against projects meeting public policy driven Housing Characteristics criteria stated in the Point Ranking System which favor projects developed in urban areas.		See above	
96		2. Integration of CDBG-MIT Funds We request clarification on how CDBG-MIT funds will be paired. Will they be available to pair with both 4% and 9% projects? We also ask the Authority to specify its policy in this regard: a. Will CDBG-MIT be prioritized for pairing with 9% projects in order to stretch the availability of CDBG-MIT? b. Or will pairing be promoted with 4% projects, thereby increasing the availability of competitive 9% credits?		Is for both and will be prioritize according to ranking. Although 4% TC does not require ranking the allocation of CDBG-MIT, regardless type of TC, will be subject to ranking.	

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97	4% LIHTC	Market stakeholders have expressed concerns about Puerto Rico’s ability to underwrite and support transactions under the 4% credit program. We respectfully request that the Authority consider the following: a. Confirm support for 4% projects under the 2025 QAP. b. Confirm capacity and infrastructure are in place—including bond availability and the active participation of underwriters and other market actors—to ensure these projects can move forward. c. Confirm willingness to consider portfolio pooling under a 4% LIHTC structure, provided financial feasibility is demonstrated. d. Streamline threshold requirements for 4% LIHTC applications that are preservation only projects, with simple scopes of work focused on basic capital needs and that do not seek competitive funding sources such as CDBG-MIT, HOME, or HTF. To lower predevelopment costs, we recommend the following reduced requirements: i. waive the need for permits at the time of application. ii. Require drawings at only 30% completion, rather than full or advanced design, at the time of application. iii. Require only essential Third-Party Reports at application, such as Capital Needs Assessments, Phase 1, and Appraisal. Allowing phased submission of other due diligence items after a conditional commitment has been extended; and also accepting preliminary reports at application, with final versions due prior to closing; iv. Establishing a simplified application form specifically for 4% projects; v. Issue conditional commitment letters for 4% projects which will provide confidence to move forward with additional investments, reports, studies required to satisfy the remaining conditions for bond issuance and closing. This approach would reduce upfront costs and make the 4% program more feasible for preservation transactions.	1	PRFHA has closed 18 deals (4%-LIHTC+Tax Exempt Debt+CDBG-DR/HOME/HTF funds) since 2022. LIHTC 4% is part of every QAP and can be requested outside of allocation cycles. As long as feasible deals are presented the PRHFA will work with developers/sponsors to complete these transactions. Nevertheless, due to the complexities of the construction industry in PR we cannot recommend the streamline of QAP requirements, as suggested. Its our experience that any waiver can, and have, stall transactions for months/yrs or ended up cancelled. This is standard procedure in PRHFA.	
98	Federal Home Loan Bank Preference	We recommend awarding points to projects that have secured a Federal Home Loan Bank of New York (FHLB-NY) Affordable Housing Program Grant. Including this preference would send a strong signal that Puerto Rico values and welcomes the FHLB’s participation, while also encouraging developers to leverage these competitive funds. This approach would maximize available resources for affordable housing and demonstrate alignment between local priorities and FHLB support.	1	Comment not accepted	

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99	Maximum Number of Projects and Tax Credits	We request clarification on whether the 2025 QAP establishes a maximum number of projects, or max allocation of tax credits either per project or per sponsor.	1	The 2025-QAP does not have a maximum number of Tax Credits per project nor a maximum number of projects per developer/sponsor.	
100	Frequency of QAP Cycles	Currently, QAP cycles occur every three to four years, creating long periods of uncertainty. Increasing the frequency of cycles to every year, which is the practice in many states, would allow developers to plan more effectively, strengthen project readiness, and respond more quickly to preservation needs.	1	The availability of Gap Funding has being the deciding factor for the regularity of the allocation cycles. PRHFA does not control the availability of those funds.	