



PUERTO RICO HOUSING  
FINANCE AUTHORITY

**PRHFA**

GOVERNMENT OF PUERTO RICO



# ***HOME/HTF Basic Threshold / Point Ranking Evaluations & Underwriting and Subsidy Layering Guidelines***

## **HOME/HTF Multifamily Rental Projects**

Puerto Rico Housing Finance Authority  
638 Aldebarán St., Altamira  
San Juan, PR 00920



EQUAL HOUSING  
OPPORTUNITY

These Policies and Procedures supersede any previously adopted Policies.

## Contents

I. Puerto Rico Housing Finance Authority (PRHFA)	
A. General Information	4
II. HOME/ HTF Basic Threshold Evaluation, Point Ranking Evaluation, Underwriting and Subsidy Layering Guidelines	
A. Applicability	4
B. HOME /HTF Application Process	5
1. Announcement and Application	5
2. Basic Threshold and Point Ranking Evaluation	5
3. Selection and Notification (Conditional)	6
4. Review and Subsidy Layering	6
5. Recommendation for Assistance	6
6. Written Agreement and Commitment of Source/IDIS Certification	6
C. Initial Submission Basic Threshold Qualifications	7
1. Application	7
2. Applicant	7
3. Development Team	12
4. Readiness to Proceed	13
5. Financial and Operational Feasibility	20
6. Development Budget & Pro Forma Assumptions Review	21
7. Underwriting Parameters	24
8. Underwriting and Financial Feasibility Analysis	27
D. Point Ranking Evaluation	27
1. Criteria	28

RAB

E. HOME/HTF Allocation of Funds	43
1. Notification & Reviews	43
F. Others	44
1. Environmental Review Requirements	44
2. Accessibility Requirements	45
3. Fees	46



## I. Puerto Rico Housing Finance Authority (PRHFA)

### A. General Information

The Puerto Rico Housing Finance Authority (**Authority** or **PRHFA**) administers the HOME Investment Partnerships Program (**HOME**) and the National Housing Trust Program (**HTF**) for the Government of Puerto Rico. It has the responsibility to define the methods for distributing these funds to the municipalities, developers, community housing development organizations (**CHDO**), and individuals throughout Puerto Rico.

## II. HOME/HTF Application Process, Basic Threshold Evaluation, Point Ranking Evaluation, Underwriting and Subsidy Layering Guidelines

### A. Applicability

The HOME/HTF Application Process, Basic Threshold Evaluation, Point Ranking Evaluation, Underwriting and Subsidy Layering Guidelines (24 CFR §92.250 & 24 CFR§92.300(b) are applicable to all rental projects developed in whole or in part with HOME/HTF assistance. For projects which are only partially funded by HOME/HTF, the PJ must assess the financial viability of the entire project, not just the HOME-assisted units, according to the applicable guidelines of each program.

These guidelines are also applicable to HOME/HTF-assisted projects which seek to develop units in scattered sites or within a designated subdivision or target area. The regulations at 24 CFR §92.2 define a HOME “project” (definition also use for HTF) as a site or sites together with any building under common ownership, management, financing and assisted as a single undertaking. The project includes all the activities associated with the site and building.

For purposes of the HOME/HTF Programs, underwriting involves the analysis of project assumptions and risks to determine if the public investment is reasonable and the project can be expected to meet all applicable programs requirements, during the period of affordability.

Subsidy layering is a component of the project’s underwriting, which involves assessing whether the proposed level of HOME/HTF assistance is appropriate given the level of project investment by other financing sources. These guidelines cover both the HOME/HTF underwriting requirements and the subsidy layering analysis, which form the basis for the detailed evaluation of the prudent investment of HOME/HTF funds.



## B. HOME/HTF Application Process

PRHFA activity of New Construction and Rehabilitation of Rental Housing units/projects under the HOME/HTF programs will fulfill the following application process:

1. **Announcement and application** – HOME/HTF will publish in a general circulation newspaper the amount of funds to be released and the proposal submission deadline. The announcement could be made jointly with other funding programs according to PRHFA's Annual Plan.
  - a. Interested applicants could obtain the HOME/HTF programs information and application forms according to the instructions established in the Notification of Funds Availability (NOFA).
  - b. Please note that it should be at the sole discretion of PRHFA to award HOME/HTF funds to any participant (which has requested or not HOME/HTF funds), based, among other things, on the merits of the project, available funds, specific needs of the cycle in order to promote the construction/rehabilitation of low-income housing affordable projects.
  - c. The proponents submit their applications according to the method and deadline established.
2. **Basic Threshold and Point Ranking Evaluations** - PRHFA will verify the completeness of the application according to the threshold requirements and evaluation of provided documents. HOME/HTF Program will not accept incomplete applications. The Authority retains the sole and absolute right to determine that an application is substantially incomplete and ineligible for further review. The Authority may choose to allow for the immediate correction of minor/immaterial defects in an application. Should the Authority choose to allow correction, applicants will be given a pre-defined 5-day cure period (excluding weekends and legal holidays) from the time of the Authority notification to cure defects within their application. If the Authority allows an applicant to cure minor defects, that does not constitute approval or acceptance of the application and is not an assurance that the application, upon further review, will be deemed acceptable. The items that will be considered as "curable" are:
  - a. The applicant may provide a required signature that has been omitted unless the application was deemed substantially incomplete by the Authority; and
  - b. The applicant may provide missing pages of incomplete documents.

The Authority shall notify the applicant of any curable defects it discovers by telephone and/or by electronic mail (e-mail). If an applicant fails to respond to the Authority's notification of curable defects within the 5-day cure period, or if an applicant's is non-responsive to the question asked, a negative conclusion shall be drawn. Failure to respond to an item in a cure notification will result in the denial of the points in the category or the application may be deemed to not meet threshold.

Complete applications will be reviewed for compliance with the basic threshold requirements and evaluated under the point ranking system. PRHFA evaluates applicant's self-evaluation, adjusts the points, accordingly, establishes final points for the application and ranks the projects with higher points to least scored points.

The Self-Point Ranking form will be included as part of the application package.

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3. **Selection and Notification (Conditional)** – PRFHA will evaluate the projects according to their specifications, available funds, and their best use. A written notice will be sent to all proponents indicating whether they were selected or not, the results of the threshold evaluation and the score assigned to their proposals. The notification will not confirm the assistance amount and **MUST** be considered **conditional** in nature and pending the determinations of the underwriting and subsidy layering, among other reviews of the project.
  4. **Reviews and Subsidy Layering** –HOME/HTF will review the applicant's capacity and experience, regulatory compliance history, the market needs assessment, the project's feasibility, and alignment of each proposal with PRHFA goals and housing strategy.

Also, HOME/HTF will complete a subsidy layering review of the funds expected for the construction of the project and to ensure that the proposed construction costs are reasonable and eligible under each program involved. Also, it will evaluate that the expected operational revenue and expenses are reasonable and within the prescribed standards.

5. **Recommendations for Assistance** - HOME/HTF will recommend projects for assistance after the underwriting and subsidy layering review is complete. If PRFHA recommends the project for HOME/HTF Assistance, PRFHA will send a written notification to each applicant indicating the award and the necessary steps to formalize the written agreement.
6. **Written agreement and commitment of source/IDIS Certification** - A written agreement between the OWNER entity- and PRHFA HOME/HTF will be executed. The agreement will describe all the requirements of the HOME/HTF programs that owner must comply. After its execution, and as soon as the agreement is received from PRHFA's legal division, HOME/HTF sets up the activity in the *Integrated Disbursement and Information System (IDIS)*, certifies the evaluation and commits the funds to IDIS.

To enter all project specifics in IDIS, Home/HTF Program must certify that it has conducted an underwriting review, assessed the developer/owner capacity and fiscal soundness, examined neighborhood market conditions to ensure adequate need for the project, among other requirements

PRHFA may commit HOME/HTF funds to a new construction or rehabilitation project once:

- a. all necessary financing is secured;
- b. a budget and production schedule is established;
- c. underwriting and subsidy layering review is completed;
- d. construction is expected to start within 12 months;
- e. submittal of commitment letters, copy of partnership/operating agreement with cash contributions, and any other documents HOME/HTF may reasonable required.

## C. Initial Submission: Basic Threshold Qualifications

1. **Application**--The project must demonstrate it is or will be a qualified residential rental project with the basic income and rent restrictions of HOME & HTF FUNDS, as evidenced by the following:
  - a. NOFA Application, duly completed, signed by an authorized officer, sealed, certified and notarized.
  - b. Corporate resolution certifying that the person who signed the application is a duly authorized officer of the applicant, authorized to sign the application.
  - c. Application Checklists: Basic Threshold, Point Ranking, Subsidy Layering Review, and Site Selection Standards, when applicable.
  - d. Applicant's transmittal letter and payment of Application fees
  - e. Designer's Preliminary Certification
  - f. Written unqualified endorsement from the Mayor or Authorized Representative of the Municipality where the project will be located.
  - g. Sworn statement from Applicant as to federal, state, or local subsidies received or expected to be received for the development and operation of the project.

Copies of the contracts or firm commitment letters of the federal, state, or local subsidies received or expected to be received for the development and operation of the project, as applicable, must be provided with the Application.

2. **Applicant**--The owner, managing member, sponsors and their members must demonstrate their qualifications by submission of:
  - An organizational chart of the ownership structure of the development identifying the Owner, Developer, General Partner/Manager, and/or Sponsor, along with any other related entity. The chart must show the percentage of participation of each entity.
  - Names, addresses, telephone numbers, and email address of officers, members, directors, principal stockholders, or managing partner(s) of the following entities: Owner, Developer, General Partner/Manager, and Sponsor (entities identified on page 1 of the Application).
  - Organizational documents of the Owner, Developer, General Partner/Manager, and/or Sponsor, along with any other related entity, including:
    - a. Articles of incorporation, by-laws, and internal rules;
    - b. Partnership/Operating Agreements;
    - c. Certificates of incorporation (from U.S. states and Puerto Rico, as applicable);
    - d. Certificates of Authorization to do Business in Puerto Rico for each foreign company;



- e. Good Standing Certificates (from U.S. states and Puerto Rico, as applicable);
  - f. IRS Form SS-4 (application for Employer Identification Number) or other evidence of the taxpayer identification number for all entities specified in the previous item.
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- Audited Financial Statements (applicable to all legal entities) of the Developer, General Partners, Managing Members, Owners, and Sponsors of each entity. Submit a copy of the most recent audited financial statements. If these were issued more than one year ago from the date of filing the application, you must also submit interim financial statements for the six-month period preceding submittal of the application. If an entity was created within six (6) months of the application, submit a CPA certification of a new entity and most recent interim statements.
  - Compiled or Revised Financial Statements (only applicable to natural persons) of the shareholders, directors, principals, officers, members, and partners of the owner, developer, managing member, and general partner. Submit a copy of the most recent compiled financial statements. If these were issued more than one year ago from the date of filing the application, you must also submit interim financial statements for the six-month period preceding submittal of the application. This requirement does not apply to applicants requesting Tax Credits under the nonprofit set-aside.
  - As a minimum, the combined net worth of all legal entities and natural persons involved in the ownership structure of the project (excluding actual or future limited partners and/or Tax Credit equity providers) must be equal to or greater than one million dollars (\$1,000,000.00).
  - No minimum net worth amount will be required for nonprofit owner/developer proponents if compliance with nonprofit status requirements.
  - Sworn statement (affidavit) by owner, developer, and their shareholders, directors, officers, and partners, as applicable, attesting that they are not and have not been involved in any conflict of interest (in fact or appearance) in any way (either personally or in any other juridical capacity) with the Authority or any of its affiliates or their employees, officers, or agents participating in any capacity in the procurement, selection, award, or administration of a contract or agreement supported under the HOME/HTF Programs or the NOFA; nor with any contractors that have developed or participated in drafting specifications, requirements, statements of work, and invitations for bids or requests for proposals.
  - All previous participants must also have evidence via sworn statement that they are not and have not been involved in any conflict of interest (in fact or appearance) in any way (either personally or in any other juridical capacity) with the Authority, employees, officers, or agents participating in any capacity in the procurement, selection, award, or administration of a contract or agreement supported under the HOME/HTF Programs or the NOFA. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization

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which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the Authority must neither solicit nor accept gratuities, favors, or anything of monetary value from proponents, awardees, contractors, or parties to subcontracts. To ensure objective consultant performance and eliminate unfair competitive advantage, contractors that develop or participate in drafting specifications, requirements, statements of work, and invitations for bids or requests for proposals must be excluded from competing in any capacity for such procurements. Any conflict of interest will immediately disqualify the applicant from any participation in the Authority programs.

The Applicant will be required to disclose to PRHFA whether an identity-of-interest exists between or among the parties participating in the development and operation of the project. This disclosure shall be made when the Application is filed and at certain other times during the development and operation of the project.

The identity-of-interest definition that PRHFA will follow is the one provided by HUD's Management Agent Handbook 4381.5):

"An identity-of-interest relationship exists if any officer, director, board member, or authorized agent of any development of any development team member (consultant, general contractor, attorney, management agent, seller of the land, etc.):

- a. Is also an officer, director, board member or authorized agent of any other development team member;
  - b. Has any financial interest in any other development team member's firm or corporation;
  - c. Is a business partner of an officer, director, board member or authorized agent of any other development team member;
  - d. Has a family relationship through blood, marriage or adoption with an officer, director, board member, or authorized agent of any other development team member; or
  - e. Advances any funds or items of value to the sponsor/borrower."
- The Applicants (owner, developer and their shareholders, directors, officers, partners, and members, as applicable), must demonstrate via sworn statement (affidavit) that they have not been involved in any way (either personally or as shareholders, directors, officers, members or partners of a corporation, partnership, limited liability company, or other form of business organization or joint venture) in any other project for which the Authority has provided any financing and/or grant (as lender, conduit, custodian of funds, or otherwise) in which a default notice under the terms and conditions of the applicable financing documents has been issued and not cured.

- 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 identifying compliance findings which are pending (i.e., open and/or unresolved) or have been issued and resolved in the prior five (5) calendar years.

This includes but is not limited to findings, monitoring concerns, and/or corrective actions of the following types:

- a. Issuances of Form 8823 from the IRS;
- b. Any REAC inspections resulting in a score of less than 80;
- c. Related to receipt of capital, operating, or rent subsidies from programs including but not limited to LIHTC, HOME, HTF, HOME-ARP, CDBG, TCAP, Section 1602, PR Law 173, PR Law 77, any form of commonwealth, state, or federally funded project-based rental assistance (including but not limited to Project Based Section 8, Project-Based Vouchers, USDA Rent Assistance, project-based VASH vouchers, Section 202, and/or Section 811);
- d. Issued by the Authority, HUD, USDA, DOH, any Puerto Rican municipality, any Puerto Rican housing authorities, or other similar bodies; and/or
- e. Issued by other non-Puerto Rican state or local governments, housing authorities, state LIHTC allocators and/or housing finance agencies, or other similar agencies responsible for oversight of sponsors' properties outside of Puerto Rico.

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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. The Authority will review the summary for accuracy and completeness.

In the case of other properties, including those outside of Puerto Rico, the submission must provide contact information for the public agency issuing any disclosed compliance issues. The Authority reserves the right to contact any such agency to seek further information on the nature and status of any disclosed compliance issues.

The Compliance Disclosure Form must concisely identify the date of issuance, nature of any finding, date and description of resolution or, as applicable, current status of any unresolved findings.

The Authority reserves the right to reject, on a threshold basis, applications from sponsors or other related entities or individuals with:

- a. Open, unresolved findings where the responsible party has not, to the satisfaction of PRHFA or another similar public agency issuing the finding, demonstrated good faith and timely progress toward resolution or correction.
- b. A history or pattern of serious compliance failures that extend over multiple projects or an extended period and/or appear to be systemic.
- c. Findings or performance issues deemed by the Authority to be of a serious and substantial nature including but not limited to civil rights violations; widespread or particularly dangerous property deficiencies; financial mismanagement or malfeasance; substantial delays in or failure to complete recent projects within required timeframes; or failure to comply with labor standards, relocation requirements, or other similar requirements in the development of recent projects; and/or
- d. Unpaid fees due to the Authority, including but not limited to annual compliance fees on prior projects. 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. In general, where findings are minor, isolated, or primarily administrative in nature, the Authority expects to allow applications to proceed to the scoring process. Examples could include minor physical deficiencies not presenting serious life safety conditions which are recent but likely to be addressed in a timely fashion; isolated administrative errors in income determinations, rent calculations, or the like; minor delays in reporting which can be expected to be resolved in a timely fashion.

In such cases, selection for funding, for either LIHTC or gap funding resources administered by the Authority, may be conditioned on correction of any or all outstanding findings prior to issuance of a reservation, preliminary award, or the like. In the case of gap financing, the Authority may further condition the issuance of an award on other mitigating factors such as responsible parties attending relevant training, engaging additional consultants or professionals acceptable to the Authority with expertise appropriate to the identified concerns, or the imposition of other special conditions in any funding agreement or loan documents.

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- Pursuant to Act 237-2004, as amended, 3 LPRA § 8611, et seq., known as Establishment of Uniform Parameters in the Process of Contracting Professional and Consulting Services for Puerto Rico Government Agencies and Entities; Act No. 1-2012, as amended, 3 LPRA § 1854, et seq., known as the Puerto Rico Government Ethics Code of 2011; and/or Act No. 2-2018, 3 LPRA § 1881 et seq., known as the Anti-Corruption Code for the New Puerto Rico, Applicants will be required to certify that no officer, agent, or employee of the Government of Puerto Rico, or its Government Entities and Instrumentalities, has a monetary interest in the Application or has participated in contract negotiations on behalf of the Government of Puerto Rico; that the Application is made in good faith without fraud, collusion, or connection of any kind with any other Applicants; that the Applicant is competing solely on its own behalf without connection with, or obligation to, any undisclosed person or firm; and that the Applicant has not been convicted or plead guilty in a state or federal court or any other jurisdiction of the United States of America, of the crimes described in Act 2-2018. For compliance with this mandatory requirement, the Applicant shall submit the following forms with the Application:

- a. Non-Conflict of Interest Certification (See NOFA Forms)
- b. Non-Conflict of Interest on Existing or Pending Contracts Certification (See NOFA Forms)
- c. Limited Denial of Participation Affidavit (See NOFA Forms)
- d. Certification Regarding Debarment Suspension, Ineligibility, and Voluntary Exclusion duly completed and notarized (See NOFA Forms)
- e. Sworn Statement Under Act 2-2018 (See NOFA Forms)
- f. Anti-Lobbying Certification (See NOFA Forms)
- g. Authorization for Background and Financial Information (See NOFA Forms)
- h. Entity Prior Performance Certification (See NOFA Forms)
- i. Certification of No Benefits Received (See NOFA Forms)

All documents authorized by a Notary Public outside of Puerto Rico's jurisdiction shall be authenticated and include an official certificate or apostille from the Secretary of State, County Clerk, or corresponding entity of the State government.

3. **Development Team**-- The development team in place (architect/designer, general contractor, construction manager, resident inspector, management agent, accessibility coordinator, consultant's development team (identified on Page 22 of the Application)) should demonstrate their qualifications by submission of:

- Resume of each applicable party indicating qualifications, address, telephone number, and references to specific projects evidencing experience with projects similar to the proposed development.
- Contracts or executed commitment letters of each applicable party.
- Copies of the professional Puerto Rico license of the Registered Architects (RA) or Professional Engineers (PE), of each applicable party.

- The general contractor shall also provide:
  - Certification of Registry of Building Contractors issued by the Department of Consumer Affairs (DACO, by its Spanish acronym).
  - Proof of their bondable capacity issued by an insurance company and present the fully paid bonds at closing.

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, or another amount determined by the Authority. Such coverage must include errors and/or omissions.

- The project's designer shall also provide proof of professional liability insurance covering the Project's designer/architect for an amount not less than ten percent (10%) of the estimated construction cost, in case of negligence.

Note: In addition to the application requirements above, in advance of closing, PRHFA will require proof that such insurance coverage includes negligent acts, errors, and/or omissions.

4. **Readiness to Proceed**--Applicants must evidence readiness to proceed with the construction of the project as demonstrated by submission of:

- Project timeline for project activities, including specific benchmarks, assembly of the development team, completion of plans and specifications, financial approvals, municipal approvals, construction permits, start and completion dates, and estimated placed-in-service and lease-up dates.
- Percentage of construction completion certified by project construction manager and lending institution inspector (both reports required), where a project is already under construction.
- Unexpired evidence of site control. This may be in the form of: (a) a current deed evidencing fee simple ownership; (b) a lease agreement with a term of not less than the period set forth in the extended low-income housing commitment executed by and between the Developer and the Authority, as it appears in the Developer's Application; (c) a contract of sale; (d) a lease option with a term of not less than the period set forth in the extended low-income housing commitment executed by and between the Developer and the Authority, as it appears in the Developer's Application; and (e) an option to purchase agreement, among others.
- Architectural drawings of the proposed new construction and/or rehabilitation, including, but not limited to, site plan, building elevations, and unit floor plans.
- The designated architect/designer, duly licensed in Puerto Rico, and accessibility coordinator shall certify that the development will comply with the Oversight & Quality Assurance Program-Accessibility Standards Manual (see NOFA Forms), pursuant to the Conciliation Agreements and Voluntary Compliance Agreements (collectively, VCA), dated July 21, 2016 and April 26, 2021 respectively, among others that might apply; by the submission of:



The Accessibility Standards checklists provided on the Oversight & Quality Assurance Program-Accessibility Standards duly completed, certified, and signed by the project's designer/architect and proposed Accessibility Coordinator (as defined and required by the Oversight & Quality Assurance Program-Accessibility Standards Manual (See NOFA Forms):

1. Appendix A: ADA Accessibility Verification Checklist (See NOFA Forms)
2. Appendix B: Fair Housing Act Accessibility Checklist (See NOFA Forms)
3. Appendix C: Uniform Federal Accessibility Standards (See NOFA Forms)

These checklists must be supported with initial evaluation and comments on preliminary drawings/plans indicating which part of the design PRHFA can find in compliance with the applicable requirements.

- Zoning Certification, prepared by project's designer, stating that the proposed/current use of the property is permitted under applicable zoning and land use laws and regulations, and that the applicable zoning authority is not aware of any zoning or land use violations with respect to the property (See NOFA Forms).
- Recommendations of infrastructure issued by the Puerto Rico Permits Management Office (OGPe, by its Spanish acronym).
- 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.

The Authority will collect and review the completeness of the documentation required from Applicants, before submitting it to SHPO (pursuant to the existing Acuerdo Interagencial between PRHFA and SHPO).

- Wetland Inventory Map from the US Fish and Wildlife Service (USFWS) demonstrating project's location outside of any wetland or a Wetland Preliminary Jurisdictional Determination from the Corps of Engineers indicating that the project does not affect a wetland.
- Project location must be identified in the National Flood Insurance Program Map (FEMA Map) to demonstrate compliance with the Floodplain Management Act - 24 CFR 55, Executive Order 11988. The project must be located outside the 100-year floodplain, coastal high hazard areas and if the project is located inside the 100-year floodplain, FEMA's approval letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR) must be submitted.
- Project location must be identified in the USFWS map to demonstrate compliance with the Coastal Barrier Resources Act (CBRA) 24 CFR §58.6(b). Federal assistance may not be used in the CBRA system.

- Pursuant to Sections 307(c) and (d) of the Coastal Zone Management Act, Certification of Consistency filed with the State Coastal Management Program, if required.



- Pursuant to the Endangered Species Act - 50 CFR 402, technical assistance or final determination letter issued by the U.S. Fish & Wildlife Service of the Department of the Interior; it must indicate that the project does not affect endangered species.
- Any project located within 1,000 feet of a major noise source, road, or highway, 3,000 feet of a railroad, or 5 miles of a civil airport, must provide a Noise Study pursuant to the requirements set forth in the American National Standard Method for the Physical Measurement for Sound. Resulting noise level must comply with the acceptable level of 65 decibels established in 24 CFR 51.100 - Noise Abatement and Control.
- Field studies, including:
  1. Soil survey, if project is for new construction or substantial rehabilitation requiring addition or expansion to structures.
  2. Archeological, (a) if required by the SHPO pursuant to its review under Section 106 or by the Institute of Puerto Rican Culture (ICP, by its Spanish acronym) or (b) a copy of the recommendation issued by the ICP as part of the construction permit consultancy process evidencing that the study is not required.
  3. Hydraulic/Hydrologic, if the project meets the conditions established under the Puerto Rico Department of Natural and Environmental Resources' (DRNA, by its Spanish acronym) Administrative Order No. 2013-12, or a certification issued by a PE attesting that the study is not required.
  4. Phase I environmental site assessment report and/or any other applicable environmental report (updated within six (6) months of the application). Any other report must comply with ASTM E 1527-21 or any updated version as ASTM promulgates, which meets the requirements of EPA's AAI regulations.
- Comprehensive market study report (updated within six (6) months of the application) performed by a provider unaffiliated with the developer, of the low-income housing needs in the area to be served. The market study should at least include:
  - A statement of the competence of the market study provider, detailing education and experience of primary author and including statement of non-interest.
  - A description of the proposed site and neighborhood, including physical attributes of the site, surrounding land uses, and proximity to community amenities or neighborhood features including shopping, healthcare, schools, and transportation.
  - A map and photos of the subject site and surroundings showing location of community services.

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- An overview of local economic conditions, including employment by sector, list of major employers, labor force employment and unemployment trends over the past 5-10 years.
- A description of the proposed development, detailing proposed unit mix (number of bedrooms, bathrooms, square footage, proposed rents, AMI level, utility allowances, and any utilities included in rent), proposed unit features and community amenities, and target population including age restrictions and/or special needs populations.
- Demographic analysis of the number of households in the market area that are part of the target market (i.e., family, senior, etc.), income-eligible, and can afford to pay the rent, including a projected household base at placed-in-service date.
- Geographic definition and analysis of the market area, including description of methodology used to define market area and map of market area including proposed site.
- Analysis of household sizes and types in the market area—including households by tenure, income, and persons per household—and quantifying the pool of eligible tenants in terms of household size, age, income, and other relevant factors. This is important as not all residents of the market area are potential or likely tenants or buyers of a given project.
- A description of comparable developments in the market area, including any rental concessions these developments presently offer.
- A description of rent levels and vacancy rates of comparable properties in the market area, segmented by property type (market-rate, HOME/HTF) and with rents adjusted to account for utility differences and concessions or other incentives. Such description should include all existing HOME/HTF developments in the primary market area, any planned additions to rental stock, including recently approved HOME/HTF developments, and certify that the proposed HOME/HTF units will not have a negative impact on any existing HOME/HTF project in the market area.
- Expected market absorption of the proposed rental housing, including capture/penetration rate analysis of target populations. The study must evaluate the effective demand and the capture rate, usually expressed as a percentage (the project's units divided by the applicant pool). The capture rate is the percentage of likely eligible and interested households living within a reasonable distance from the project site who will probably need to rent units within the area. Also, the study must provide the expected market absorption rate of the proposed rental housing by the target population. The maximum absorption rate should be 10%.
- A description of the effect on the market area, including the impact on HOME/HTF and other existing affordable rental housing.

- A statement on how the proposed project would address housing needs experienced as part of the Hurricanes Irma and María, Storm Isaias, Earthquakes of 2019 & 2020, and any other major disaster, as declared by the President of the United States, and how they would benefit the community in the situation of a natural disaster.
- A statement indicating that the development of new housing units will not have a negative impact on the occupancy and operations of existing rental projects (Tax Credit, HOME, HTF, among others) in the proposed project's municipality and market area.
- THE AUTHORITY WILL CONSIDER THE MARKET STUDY, THE MARKET, MARKETABILITY FACTORS, AND ANY ADDITIONAL INFORMATION AVAILABLE TO DETERMINE IF AN ACCEPTABLE MARKET EXISTS FOR THE PROPOSED DEVELOPMENT. THE AUTHORITY WILL NOT BE BOUND BY THE CONCLUSIONS OR RECOMMENDATIONS OF THE MARKET REPORT AND RESERVES THE RIGHT TO DISQUALIFY ANY APPLICANT IN THE COMPETITION IF IT DETERMINES THAT AN ACCEPTABLE MARKET DOES NOT EXIST.
- For rehabilitation and acquisition/rehabilitation projects, a comprehensive Capital Needs Assessment (CNA) report that a competent RA or PE, duly licensed in Puerto Rico, prepares, including an opinion of proposed construction budget. The assessment should examine and analyze, among other things:
  1. site;
  2. structural systems (roof, bearing walls and columns, foundations);
  3. plumbing systems;
  4. electrical systems;
  5. fire protection systems;
  6. building envelope and insulation;
  7. interiors (including units and common areas); and
  8. mechanical systems.

The CNA must be accompanied by a certification from a qualified RA or PE, retained for the accessibility inspection and duly licensed in Puerto Rico, to verify the CNA Report, particularly that covered units and project common areas will comply with the structural accessibility mandates of the FHAct and, wherever applicable, the ADA standards and UFAS.
- Affirmative Fair Housing Marketing Plan (See NOFA Forms) completed and signed by an authorized representative.
- Written tenant selection procedures.
- Documentation regarding implementation of building standards. As required by Federal Register Vol. 83, No. 28 (February 09, 2018), 83FR5844 and amended by Federal Notice Vol. 84 No. 33 (February 19, 2019), 84FR4836, all new construction of residential buildings and all replacement of substantially damaged residential buildings must comply with a HUD-approved Green Building Standard. PRHFA has extended this requirement to every applicant under this NOFA. (See NOFA Forms).

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- Therefore, Applicants that meet criteria for new construction or replacement of substantially damaged buildings are required to obtain a minimum of one of the listed certifications:
  1. ENERGY STAR® (Certified Homes or Multifamily High-Rise);
  2. Enterprise Green Communities;
  3. Leadership in Energy and Environmental Design (LEED) (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development);
  4. ICC–700 National Green Building Standard;
  5. Environmental Protection Agency (EPA) Indoor Air Plus (ENERGY STAR® a prerequisite); or
  6. Any other equivalent comprehensive green building Program acceptable to HUD (such as the Permiso Verde issued by the applicable permits office).

The Applicant shall provide the following documentation to demonstrate compliance:

1. Project narrative, plans, and specifications (updated) with the Green Building Standard requirements. Description of the design parameters, strategies, and the implementation process to ensure compliance with the selected Standard(s), including statement of the project's overall green development goals and expected intended outcomes of addressing those goals.
2. Notification of which Green Building Standard(s) is/are being pursued.
3. Certification of Compliance stating that the project complies with the selected Standard(s).
4. A checklist, or other suitable documentation, which demonstrates adherence to the selected Standard(s).
5. Notification of the person/team in charge of the implementation of the Green Building Standard(s) at the project.
6. For those cases pursuing the Permiso Verde, submit the following:
  - A valid pre-qualification certification from OGPe (Certificado de Pre-Cualificación de Proyecto Verde-OGPe).
  - Notification of the Green Design Guides under Permiso Verde that will be pursued.
  - After registering the Project with the organization or entity in charge of providing the certification of the project from the selected Green Building Standard, evidence of such application or registration.

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- Supporting documentation as deemed necessary or requested by the Authority during the process of the application evaluation and throughout the duration of the project.
- For rehabilitation of non-substantially damaged structures, Developers shall adhere to the guidelines specified in the HUD Community Planning and Development (CPD) Green Building Retrofit Checklist, to the extent applicable, for the rehabilitation work undertaken, including the use of mold resistant products when replacing surfaces such as drywall (see NOFA Forms). When rehabilitation work includes replacing older or obsolete products, the Developer must use ENERGY STAR®-labeled, Water Sense-labeled, or Federal Energy Management Program (FEMP)-designated products and appliances.

The Applicant shall provide the following documentation to demonstrate compliance:

1. Project narrative, plans and specifications updated with the HUD CPD Green Building Retrofit Checklist requirements. Describe the design parameters, strategies, and the implementation process to ensure compliance with such Checklist. Include statement of the projects overall green development goals and expected intended outcomes of addressing those goals.
  2. Certification of Compliance certifying that the project complies with the HUD CPD Green Building Retrofit Checklist.
  3. Provide the HUD CPD Green Building Retrofit Checklist with the project's implementation measures.
  4. Notification of the Person/Team in charge of the implementation of the HUD CPD Checklist requirements at the Project.
  5. Supporting documentation as deemed necessary or requested by the Authority during the process of the application evaluation and throughout the duration of the project.
- Broadband Infrastructure Requirements, under Federal Register Vol. 83, No. 28 (February 09, 2018), 83 FR 5844. Projects are required to include installation of broadband infrastructure in the project plans and specifications, at the time of new construction or substantial rehabilitation, for multifamily rental housing that is funded or supported by HUD and/or HOME/HTF funds. PRHFA has extended this requirement to every applicant under this NOFA. The project's designer/engineer must certify compliance with this requirement.

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Projects are excluded from this requirement only if one of the below exclusions can be documented by the project's designer:

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

The Authority will verify the compliance with the broadband requirements and/or exclusions as part of the Technical Review, which is required as a prerequisite to any reservation and/or award.

• **Accessibility Requirements:**

Pursuant the VCAs, all Applicants must comply with the following accessibility requirements:

1. Twelve percent (12%) of the total ground floor and/or elevator-serviced units' inventory must be made fully mobility-accessible and scattered under the ADA standards and, wherever applicable, the UFAS and
2. Three percent (3%) of the units' inventory must be made sensory-accessible and scattered under the ADA standards and, wherever applicable, the UFAS.

**5. Financial and Operational Feasibility--** The Applicant must demonstrate the financial and operational feasibility of the proposed project through the submittal of:

- Proposed detail of sources and uses of funds schedule.
- Schedule of monthly cash flow during construction period, including capital contributions.
- Schedule of projected income and expenses during operation certified by the proposed management agent.
- Pro forma with income and expense cash flow, (a) for a 20-year period if only requesting HOME, HTF or CDBG-MIT for new construction (term for rehabilitations will vary depending on the funding per unit) or (b) a 30-year or any other more restrictive compliance period, showing:
  1. a feasible operation;
  2. preparation according to the applicable program underwriting standards;
  3. all sources and income, including commercial, residential, and ancillary income; vacancy adjustment; Tax Credit equity, CDBG-MIT funds, HOME, HTF funds, other governmental subsidies or contributions, private equity, and permanent financing that (based on the established parameters) a project would be eligible to receive;



4. all uses and expenses, including partnership distributions, debt service, non-cash expenses such as depreciation and amortization of fees and principal; reserves—all of which must be certified by the proposed management agent.
- Construction costs breakdown, that substantially conforms with form HUD 2328 (form not required), certified by the proposed general contractor or project designer.
  - Appraisal report of site(s) and structure(s) prepared by a licensed appraiser unaffiliated with the Developer, the development, or any other entity involved with the Project, and approved by the Authority, within six months of the application.
  - Projects with permanent financing other than the Authority's will need a letter of intent from the relevant financial institution. Applicants must submit a firm commitment letter. This letter should detail:
    1. amount and term of the loan,
    2. fixed interest rate,
    3. non-recourse nature of the loan,
    4. amortization period,
    5. pre-payment penalties, and
    6. collateral requirements.

All projects applying for HOME/HTF funds and debt financing from the Authority must present the loan application to the Authority on or prior to the HOME/HTF application's submittal.

- Letter of intent from syndicator or direct investor evidencing available private equity and indicating the credit price.
- A commitment letter indicating available funding issued by the Rural Development Housing Service of the US Department of Agriculture (RD) for projects that are financed or sponsored by that entity.
- Written justification for exceeding any of the safe harbor parameters for general contractor fees but in no circumstance, in excess of the maximum allowable aggregate amount.
- Statement with the terms of the deferred developer fee, including whether it will be used to fund the operating reserve and to be repaid from cash flow. Such statement shall confirm compliance with the terms of the Operating Reserve.
- Written evidence for projects claiming and/or receiving (or not) tax exemptions (e.g., property tax waivers, rental income exemptions).

## 6. Development Budget and Pro Forma Assumptions Review

The Authority will evaluate the proposed sources and uses of funds detailed schedule and cash flow to ensure that all costs set forth for the project are reasonable and conform to the Authority's underwriting parameters. The Authority will use its parameters and resulting metrics to review project feasibility, determine need, and allocate Tax Credits and gap financing.

To address any potential duplication of benefits, the federal funds agreements will include provisions requiring repayment of any assistance later received for the same purpose as the federal funds. If a DOB is identified, PRHFA will recapture funds to the extent by which they are in excess of the need and duplicative of other assistance received by the Project for the same purpose. The recapture method and timeframe will be consistent with 2 CFR Part 200 or other applicable cost principles. Complete recapture provisions will be included in the federal grant agreement.

Projects claiming and/or receiving (or not) tax exemptions (e.g., property tax waivers, rental income exemptions) must present written evidence. Projects requiring funds other than a Tax Credit allocation must conform to the corresponding subsidy layering review to determine the appropriate level of funding under each program

- Developer Fee-- The Developer Fee includes the developer's overhead, profit, and consultants, and all other fees paid in connection with the project for services that would ordinarily be performed by a developer. The Applicant must submit a copy of each consultant contract that itemizes the services to be performed by such consultant and the fees to be charged for each service or group of services.

1. Developer Fees for new construction projects will be restricted to fifteen (15%) of the development cost estimate.

For purposes of this calculation, development costs include all budgeted costs except the land and developer fees and costs (overhead, profit, real estate attorney, consultant, and any other identified party).

2. For rehabilitation projects, the Developer Fee will be limited as follows:

- The Developer Fee for the acquisition portion will be limited to 4% of the acquisition costs (not including land) or a minimum of \$15,000.
- The Developer Fee for the rehabilitation portion will be restricted to fifteen (15%) of the development cost estimate.

For purposes 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).

3. If there is an identity-of-interest, the Developer Fees will be subject to the limitations stated on Identity-of Interest Limitations below.

- General Contractor Maximum Charges

1. Builder's Profit: Six percent (6%) of construction contract amount
2. Builder's Overhead: Two percent (2%) of construction contract amount
3. General Conditions: Six percent (6%) of construction contract amount

The total allowed percentages for Overhead, Profit, and General Conditions are based on hard construction costs. The maximum combined costs shall not exceed fourteen percent (14%) of the hard construction costs stated on the AIA construction contract.

- Identity-of-Interest Limitations- PRHFA will impose restrictions on the amount of certain fees in the following identity-of-interest situations:

1. An identity-of-interest between the seller and buyer of real estate, on rehabilitation developments, results in a developer fee limitation as follows:
  - o 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.
  - o The developer fee for the rehabilitation portion of a project will be limited to a percentage of development costs as follows:

Project Size	Maximum Developer Fee
First 75 Units	13%
Units 76 and over	6%

For purposes of this calculation, the rehabilitation portion includes all budgeted costs except the acquisition portion, land, and developer fees assigned to the rehabilitation portion (overhead, profit, real estate attorney, consultant, and any other identified party), as defined by HUD's Management Agent Handbook (4381.5) cited above.

2. When an identity-of-interest exists between the Developer, Owner, and General Contractor, the following limitations will be applied:
  - o For projects with 50 units or less, 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 25% of TDC.
  - o For projects over 51 units, 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.

Notwithstanding the foregoing, the Authority reserves the right, in its sole discretion, to adjust the timing of payment of the Developer's Fee at any time to achieve or maintain a project's feasibility and long-term viability.



3. Per-Unit Minimums- Rehabilitation expenditures during any twenty-four (24) month period will be the greater of:
- Twenty percent (20%) of the adjusted basis of the building being rehabilitated or
  - \$6,000 per low-income unit in the building (qualified basis attributable to such expenditures divided by the number of low-income units), plus the inflation adjustment factor as per applicable laws and regulations.
4. Per-Unit Cost Review- The Authority may appoint an independent consultant to validate the construction or rehabilitation costs in projects that passed the basic threshold requirements. The consultant may evaluate:
- the site, including demolition, earthwork, drainage, pavement, curbs, sidewalks, parking, landscaping, water, sewer, storm drainage, gas and electric utilities and lines;
  - structural, plumbing, electrical, fire protection, and vertical transportation systems;
  - building envelope, thermal insulation, and air infiltration control systems;
  - interiors, including units, common area finishes, and disabled persons accessibility improvements;
  - energy efficiency and green technologies;
  - construction methods, value engineering assumptions, cost index factors and sources and documentation of itemized costs submitted; and
  - construction insurance and general and special conditions.
5. Acquisition Costs- The acquisition price will be limited to the lesser of the sale price or the appraised value of the land and the property. If the seller is a municipal and/or governmental seller any rehabilitation costs already incurred on properties not yet placed in service and properly certified will be considered part of the acquisition price.
6. Operating Expenses- The Authority will consider the reasonableness of the development and operational costs of the project as an additional factor in determining the proper amount of HOME/HTF funds.

## 7. Underwriting Parameters

- Vacancy Rate:
  1. 5% for projects with project-based rental assistance
  2. 7% in all other projects

- Income and Reserve for Replacement: 3% annual growth in rents, other income, and reserve for replacement.
- Operating Expenses: 3.5% annual growth
- Debt Service Coverage Ratio (DSCR). PRHFA requires a minimum 1.15x DSCR, and a maximum 1.45x DSCR for projects with Section 8 rental assistance, for the term of the permanent debt financing. In this case, DSCR represents the proportion of the development's net operating income (operating income less operating expenses and reserve payments) to foreclosable, currently amortizing debt service obligations.
- Required Reserves
  1. Rent-up Reserve. Shall be reasonable based upon projected rent-up time according to market and target population, but in no event less than \$250 per unit.
  2. Operating Reserve. Shall be four (4) months of: (a) projected operating expenses, (b) debt service, and (c) replacement reserve payment. This reserve must be maintained throughout the term of the Tax Credit extended use period.

Deferring the developer's fees of the project can allow the project owner to fund the operating reserve. In that case, the developer's deferred fee can only be repaid from cash flow and after all required replacement reserve deposits are made. Such fee will be projected to be repaid within 10 years and must meet the IRS standards. A statement with the terms of the deferred fee must be included.

### 3. Replacement Reserve

- New construction with 100% project-based assistance: \$250 per unit per year
- New construction, without rental subsidy, and rehabilitation: \$300 per unit per year

**Neither interest income earned on any type of reserve funds, nor the release of any type of reserve funds will be considered as a source of revenue for a project.**

- Project-Based Rental Assistance

The Authority will underwrite the rents according to HOME/HTF limits except for projects that intend to use project-based rental assistance (e.g., Section 8, or any other rental assistance), which will be underwritten as per applicable regulations, provided written, valid, and unexpired evidence is submitted (e.g., award letter indicating gross rents approved for the project, notice of anticipated RAD Rent, or executed rental subsidy agreement).

These limits are based on annual HUD data. If Section 8 HAP contracts, or relevant legislation, allows rents above those limits, a project may be credited for the additional revenue based on such higher rents.

- Profit and Return on Operations

A project's net cash flow, 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.

- Equity Pricing

The Authority will use the price submitted by owners through a letter of intent/commitment from the investor/syndicator confirming the financial assumptions of the purchase.

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- E. Record and Notification

The Authority will issue a notice, when there are changes in the award HOME/HTF funds, amendments to the pro forma financial statements and changes to development costs, operating expenses, reserves, and underwriting assumptions.

- F. Cure Period

The Authority retains the sole and absolute right to determine that an application is substantially incomplete and ineligible for further review. The Authority may choose to allow for the immediate correction of minor/immaterial defects in an application. Should the Authority choose to allow correction, Applicants will be given a pre-defined 5-working day cure period (which excludes weekends and legal holidays) from the time of the Authority notification to cure defects with their application. If the Authority allows an applicant to cure minor defects, that does not constitute approval or acceptance of the application and is not an assurance that the application, upon further review, will be deemed acceptable. Items considered curable are as follows:

1. The applicant may provide a required signature that has been omitted, unless the application was deemed substantially incomplete by the Authority.
2. The applicant may provide missing pages of incomplete documents.

The Authority shall notify the Applicant of any curable defects it discovers by telephone and/or by electronic mail (e-mail). If an Applicant fails to respond to the Authority's notification of curable defects within the 5-working day cure



period, or if an Applicant's response is non-responsive to the question asked, a negative conclusion shall be drawn. Failure to respond to an item in a cure notification will result in the denial of the points in the category, or the application may be deemed to not meet threshold requirements.

## **8. Underwriting and Financial Feasibility Analysis**

### **A. Pro Forma Statements**

Pro forma statements will be prepared by the Authority based on the analysis described above, which will include recommended sources and uses of funds, as well as projected operating income for the term of affordability. These will include the amount of HOME/HTF Funds that a project would be eligible to receive, subject to the Point Ranking System, as well as the amount of permanent financing based on the established parameters, governmental subsidies, capital contributions, and funds from Authority's programs or other programs.

The Authority reserves the right, in its sole discretion, to vary the above-described methodology and all HOME/HTF funds allocation methodology and criteria in order to comply with the federal requirement or any state law requirements.

### **D. Point Ranking Evaluation**

The Authority will consider qualified applications for HOME/HTF Fund, after a project satisfies all basic factors, using the Point Ranking System established hereinafter.

A project can accumulate a total of 100 points in the Point Ranking System. All projects seeking an allocation of HOME/ HTF Funds must accumulate a minimum of 30 points to be entitled of the funds. The Authority anticipates reserving HOME/HTF Funds for projects scoring highest under the project selection criteria.

PRHFA reserves the right not to reserve or allocate HOME/HTF Funds to any applicant, regardless of that applicant's point ranking, if the Authority determines, in its sole and absolute discretion, that: a reservation or allocation for such Applicant or project does not further the purpose and goals of the public policy of Puerto Rico Government, the Applicant's proposed project is not financially viable; or there is not a substantial likelihood that the project will be able to meet the requirements of programs in a timely manner. The information that might be weighed to make such determination includes, but is not limited to, comments of officials of local governmental jurisdictions, the market appropriateness of the project and market information from sources other than the submitted market study, and the prior experience of the Sponsor or its representatives with projects.

Every Sponsor, developer, owner, or consultant must attest to the correctness of the information provided as a condition to rank the project's application according to the Point Ranking System. Failure to uphold the information submitted or the representation made to support the application's evaluation and ranking throughout the allocation process will result in a finding of noncompliance and limited participation in further rounds for every person, developer, owner, or consultant that participates in the project's application. The Authority might pursue any other available or enforceable remedies under federal or state laws, regulations, or any applicable professional code of ethics.

A. Criterias- Applications will be evaluated according to the following additional criteria:

1. Preferred Project Location

- Urban area defined as Central Urban Area by the Planning Board's Reglamento de la Infraestructura en el Espacio Público (See NOFA Forms); or Urban Center designated by the Department of Transportation and Public Works or adopted under an Urban Center Area Plan (See NOFA Forms); or a state-designated Historical Zone or federally designated Historical District

The portion of a census tract outside an urban area, as defined above, that has a designated below poverty line rate.

- The zone of influence around an Urban Train Station, as defined under Section 3(e) of Law 74-1965, as amended
- Proximity to desirable amenities and avoidance of undesirable amenities

2. Preferred Project Characteristics

- Redevelopment of an infill site or an expropriated site pursuant to a nuisance abatement process, or that is incorporated into a scattered-site project
- Substantial rehabilitation of a state designated historic property, federally designated historic place, or a contributing resource to a federally designated Historic District
- Adaptive reuse of an existing non-industrial/commercial property.
- Improvements aimed at facilitating the mobility of its residents and public transportation

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- Development that strengthens and improves the neighborhood's general urban character
- Unit-mix preferring 2 or more-bedroom units in a project targeted for families
- Provision of building amenities benefiting all units
- Capacity to effectively curb costs while complying with applicable standards, threshold requirements, and minimum scoring
- Construction readiness

### 3. Preferred Housing Needs Characteristics

- Developments where at least half of the units in the project are targeted for very low-income households
- Developments that set-aside the applicable percentage of units for the special population categories identified in the Puerto Rico State Housing Plan (See NOFA Forms)
- Preservation projects that seek to maintain the stock of affordable rental housing
- Extended term of affordability beyond the extended use period of thirty (30) years
- Developments proposed to be converted to tenant homeownership
- Inclusion in any waiting list of a public housing agency (PHA)

### 4. Developer Characteristics

- Previous successful participation developing and operating Tax Credit projects
- Adequate financial strength

### 5. Preferred Financing Characteristics

- Leveraging capital funding from public sources other than those being managed by the Authority, PRDOH, or Municipalities
- Leveraging of local government capital funding through cash contributions, land donated or discounted, site or off-site improvements, grants, or municipal construction tax abatement which is granted to the project and is not available under a local or state statute of general application
- Operational cost efficiency per project size
- Projects with financing from the Authority

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6. Supportive Services to Special Tenant Populations as defined in the Puerto Rico Housing State Plan (See NOFA Forms)

- o Projects that sustain a level of funding for the provision of supportive services

7. Other Priorities as Described in the Point Scoring Criteria below:

Section	Criterion	HOME/HTF Self-Ranking		
		Max Score	Score	Self Score
<b>I.</b>	<b>Project Location</b>	<b>20</b>		
<b>I.1.</b>	<b>Location.</b> A project might be awarded <b>up to 15 points</b> if located within one of the following areas:	<b>12</b>		
<b>I.1.1.</b>	Urban area defined as: Central Urban Area in the Planning Board's <i>Reglamento de la Infraestructura en el Espacio Público</i> ; or Urban Center designated by the Department of Transportation and Public Works or adopted under an Urban Center Area Plan; or a state-designated Historical Zone or federally designated Historical District. See Annex Q of the Application Package for Reference Maps.		<b>3</b>	
	Documentation required: Certification of location by a licensed land surveyor, physical address and coordinates. Any project property straddling the limit of the designated urban area will be considered as located within.			
<b>I.1.2.</b>	The portion of a census tract outside an urban area, that has a rate of:		<b>3</b>	
	20% or less below poverty line.		<b>2</b>	
	more than 20% and less than 30% below poverty line.		<b>1</b>	
	more than 30% and less than 40% below poverty line.			
	Documentation required: Certification of location by a licensed land surveyor. Any project property straddling the limit of the census tract will be considered as located within.			
	Documentation required: Census tract number; census tracts "% Below Poverty Line" as per the Federal Financial Institutions Examination Council's (FFIEC) 2015 Census Report. (Application, page 1).			
<b>I.1.3</b>	The zone of influence around an Urban Train Station, as defined under section 3(e) of Law 74-1965, as amended.		<b>2</b>	

RAB

	Documentation required: Certification of location by a licensed land surveyor, physical address and coordinates. Any project property straddling the limit of the zone of influence will be considered as located within.		
I.1.4	Project either (a) is located outside an area where “the geography presents localized risks” or, (b) if located in such an area, involves rehabilitation of an “existing structure into rental housing to mitigate against the impacts of natural disasters,” both as described in the draft LIHTC-MIT Program Guidelines (Annex P).	4	
	Documentation required: Verification of location consistent with (a) using the Puerto Rico Hazard and Risks Dashboard (Puerto Rico CDBGDR (pr.gov)) or verification of rehabilitation consistent with (b) in the form of a signed certification from a qualified licensed registered architect and/or professional engineer. Such certification must identify the specific threats affecting the site and describe in detail the design features intended to mitigate risks associated with those threats (e.g., floodproofing, wind proofing, earthquake retrofit, landslide control).		
I.2.	<b>Desirable Activities</b>	8	
I.2.1.	<b>General.</b> Projects located within 1,500 meters of the following amenities will be awarded a point each, <b>up to 6 points:</b>	6	
	Town square of an urban center.	1	
	Public park (must incorporate a passive non-sports area).	1	
	Traditional town market ( <i>plaza de mercado</i> ).	1	
	Public or licensed elementary, middle or high school.	1	
	Shopping center (100,000 square feet or more of net commercial space; no other listed use is eligible if located within the shopping mall).	1	
	Grocery store or supermarket with meat, produce and dairy.	1	
	Hospital, diagnostic and treatment center (CDT) or federally qualified health center (see <a href="http://www.hrsa.gov">www.hrsa.gov</a> ).	1	
	Pharmacy.	1	
	Federal post office.	1	
	Public transit terminal (bus, <i>carros públicos</i> ).	1	
	Documentation required: Map certified by a licensed land surveyor attesting to location of the facilities and the distance along a walkable public pathway or roadway between the project's main pedestrian entrance and the closest point of a town square or park facility or a public entrance to any target facility (in case of a shopping mall, to the commercial concourse or a big box-type facility entrance). If close to more than one installation belonging to the same type, only one point will be awarded. In case of a scattered-site project, distance will have to be certified from the nearest point of the closest building in the project.		
	Amenities must also be referenced by the market study.		

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1.2.2.	<b>Targeted.</b> Projects targeted to the following special needs populations located within 500 meters of the following amenities will be awarded a point for each one, <b>up to 2 points.</b>	<b>2</b>		
	<b><u>Elderly household:</u></b>			
	Physician or dental office.	<b>1</b>		
	Civic center or voluntary work facility.	<b>1</b>		
	Specific documentation required: Name and physical address of facilities.			
	Documentation required: Map certified by a licensed land surveyor attesting to location of facilities and distance along a walkable public pathway or a roadway between the project's main pedestrian entrance and the public entrance to any target facility. If close to more than one installation belonging to the same type, only one point will be awarded. In case of a scattered-site project, distance will have to be certified from the nearest point of the closest building in the project.			
	Amenities must also be referenced by the market study.			
	<b><u>Single headed household:</u></b>	<b>1</b>		
	Grocery store with WIC contract.	<b>1</b>		
	Licensed or chartered childcare facility.			
	Specific documentation required: name and physical address of facilities.			
	Specific documentation required: Evidence of inclusion in the WIC Vendor Registry published at <a href="https://wic.pr.gov/#/comercios">https://wic.pr.gov/#/comercios</a>			
	Specific documentation required: Childcare facility charter issued by ACUDEN.			
	Documentation required: Map certified by a licensed land surveyor attesting to location of facilities and distance along a walkable public pathway or a roadway between the project's main pedestrian entrance and the public entrance to any target facility. If close to more than one installation belonging to the same type, only one point will be awarded. In case of a scattered-site project, distance will have to be certified from the nearest point of the closest building in the project.			
	Amenities must also be referenced by the market study.			
	<b><u>Households headed by Youth (ages 18 to 24):</u></b>			
	Public transit terminal ( <i>Autoridad Metropolitana de Autobuses</i> , Urban Train Station, Maritime Transport or any other municipal transportation system).	<b>1</b>		
	Post-secondary education centers (public or private universities, colleges, community colleges, and/or vocational schools).	<b>1</b>		
	Documentation required: Name and physical address of facilities.			



	Documentation required: Map certified by a licensed land surveyor attesting to location of facilities and distance along a walkable public pathway or a roadway between the project's main pedestrian entrance and the public entrance to any target facility. If close to more than one installation belonging to the same type, only one point will be awarded. In case of a scattered-site project, distance will have to be certified from the nearest point of the closest building in the project.		
	Amenities must also be referenced by the market study.		
	<b><u>Homeless (as defined under HEARTH Act):</u></b>		
	WIOA training center.	1	
	ASSMCA licensed public or private institution for the ambulatory treatment of mental disabilities, drug addiction or substance dependency.	1	
	Specific documentation required: Name and physical address of facilities.		
	Specific documentation required: Authorization for WIOA training center issued by Local Workforce Development Area.		
	Specific documentation required: Copy of license issued by ASSMCA.		
	Documentation required: Map certified by a licensed land surveyor attesting to location of facilities and distance along a walkable public pathway or a roadway between the project's main pedestrian entrance and the public entrance to any target facility. If close to more than one installation belonging to the same type, only one point will be awarded. In case of a scattered-site project, distance will have to be certified from the nearest point of the closest building in the project.		
	Amenities must also be referenced by the market study.		
	<b><u>Persons with HIV/AIDS:</u></b>		
	Participant of a Housing Opportunities for Persons with AIDS (HOPWA)-Supportive Services Program	2	
	Documentation required: Agreement with HOPWA-Subrecipient		
	Amenities must also be referenced by the market study.		
<b>1.3.</b>	<b>Undesirable Activities.</b> Even if compliant with required environmental review, projects <b>will be discounted</b> one point for each one of the listed undesirable activities, up to a maximum of 5 points, if located:	0	
<b>1.3.1.</b>	Within one-eight mile of a:		
	Junkyard.	-1	
	Landfill or dumpsite.	-1	
	Industrial site.	-1	
	Airport.	-1	
	Wastewater treatment plant.	-1	
<b>1.3.2.</b>	Adjoining a property which is or contains a:	-1	
	Gas station.	-1	

	Auto repair, paint, or tire repair shop.		-1	
	Woodworking shop.		-1	
	Unabated nuisance, as declared by a Municipality.		-1	
	Documentation required: Map prepared by a licensed land surveyor certifying due diligence by identifying any of the listed nuisances within the established distance measured along the shortest straight line between the project lot and the nuisance property. In case of a scattered-site project, the distance will have to be certified from the closest point of the project's lot closest to the identified nuisance. <b><u>Every applicant must file the Map prepared by a licensed land surveyor certifying due diligence and indicating that none of the listed nuisances surround the project.</u></b>			
<b>II.</b>	<b>Project Characteristics</b>	<b>43</b>		
II.1.	<b>Infill or nuisance.</b> Projects will be awarded one point if proposed to develop an infill site or expropriated as part of a nuisance abatement process; and one additional point, <b>up to 2 points</b> , for each non-contiguous infill site or expropriated as part of a nuisance abatement process that is incorporated into a scattered-site project, located within an area with a radius no larger than one-quarter mile. An infill site shall be defined as a site that is bound on all except one of its sides, or two of its sides in case of a corner-type property, by adjoining built-up properties, and that has immediate access to existing public infrastructure of roads, water, sewer, and power.	<b>2</b>	<b>1-2</b>	
	Documentation required: Aerial photograph for each infill site showing properties.			
	Documentation required: Cadastral number(s) (Application, page 1).			
	Documentation required: Nuisance abatement completed by Municipality supported by property deed and certification provided by Municipality.			
II.2.	<b>Historic property.</b> A substantial rehabilitation project site is located in or incorporates a state designated historic property, federally designated historic place, or a contributing resource to a federally designated Historic District will be awarded <b>3 points</b> .	<b>3</b>	<b>3</b>	
	Documentation required: Act citation or Planning Board's Resolution number and date in case of state designated properties; listing in the National Register of Historic Places in case of federally designated properties; or State Historic Preservation Office's (SHPO) certification of contributing resource.			
II.3.	<b>Adaptive reuse.</b> The residential use is an adaptive reuse of an existing non-residential property (refers to the process of reusing an old site or building for a purpose other than which it was built or designed for; does not apply if the existing structure will be demolished) will be awarded <b>5 points</b> .	<b>5</b>	<b>5</b>	

RAB

	Documentation required: Appraisal certifying present land use of the property.		
<b>II.4.</b>	<b>Site Characteristics.</b>	<b>6</b>	
<b>II.4.1.</b>	<b>Mobility.</b> Projects (or the totality of the building sites, in the case of a scattered-site project), that incorporate improvements aimed at facilitating the mobility of its residents and promoting public transportation will be awarded <b>up to 3 points</b> , as follows:	<b>3</b>	
	The project provides an accessible and dedicated pedestrian network within the project site to connect the building(s) main pedestrian entrance(s) with egress points on all property sides adjoining a public street.	<b>1</b>	
	Documentation required: Site plan certified by the project's designer identifying the proposed improvements.		
	Provided it is not required by a competent authority as an off-site improvement, the project includes the construction or rehabilitation of all non-conforming sidewalks in the perimeter of the project site adjoining a public roadway, in compliance with applicable accessibility standards and local codes.	<b>1</b>	
	Documentation required: A separate plan drawing certified by the project's designer identifying any segments of the existing pedestrian pathways requiring accessibility improvements or in need of repair, and proposed improvements or new construction required to comply with applicable accessibility standards and local codes.		
	Documentation required: Approval from Municipality and competent transit authority, if applicable.		
	Documentation required: Letter from competent authority attesting the improvement is not a required off-site.		
	Provided it is not required by a competent authority as an off-site improvement, the project includes the construction or rehabilitation of transit pull-offs or public transit stops and required signage in any point of the roadway perimeter of the project site; or the provision or improvement of the sidewalks, crosswalks, refuge islands, and required signage to connect an off-site existing public transit stop with the project site, in compliance with applicable accessibility standards and local codes.	<b>1</b>	
	Documentation required: A separate plan drawing certified by the project's designer identifying any segments of the existing pedestrian pathways requiring accessibility improvements or in need of repair, and proposed improvements or new construction required to comply with applicable accessibility standards and local codes.		
	Documentation required: Approval from Municipality and competent transit authority, if applicable.		
	Documentation required: Letter from competent authority attesting the improvement is not a required off-site.		

RAB



II.4.2.	<b>Urban Considerations.</b> A proposed development that strengthens and improves the neighborhood's general urban character may be awarded one point for each one of the following criteria, <b>up to 3 points</b> , as follows:	<b>3</b>		
	The project achieves the maximum allowable gross floor area, housing density and/or height under applicable code provisions.		<b>1</b>	
	Documentation required: Table with applicable code provisions, maximum parameters and project parameters certified by the project's designer.			
	The parking spaces and service areas are screened from any public sidewalk or roadway by green hedges, fences or walls with a void-to-solid area ratio of 1 or less.		<b>1</b>	
	Documentation required: Site plan and elevation details certified by the project's designer identifying visual barriers and certifying compliance.			
	The building(s) main entrance(s) open(s) to the sidewalk of an adjoining public roadway.		<b>1</b>	
	Documentation required: Site plan certified by the project's designer showing the location of the building's main entrance(s).			
<b>II.5.</b>	<b>Building Characteristics.</b>	<b>10</b>		
II.5.1.	<b>Unit Mix.</b> Projects might earn <b>up to 2 points</b> for a unit mix preferring 2 or more bedroom units as follows:	<b>2</b>		
	75% or more 2 or more bedroom units		<b>2</b>	
	50% or more 2 or more bedroom units		<b>1</b>	
	Documentation required: Floor plans certified by the project's designer.			
	Documentation required: Project pro-forma.			
II.5.3.	<b>Building Amenities.</b> Projects will be awarded one point, <b>up to 8 points</b> , for each one of the following building or unit features benefiting all units and, if applicable, not required by code or a permit authority:	<b>8</b>		
	Centrally located courtyard or patio with an area of no less than 30 sq. ft. per unit directly accessible from the main entrance(s) of the building(s).		<b>1</b>	
	Community or meeting center with and area of no less than 15 sq. ft. per unit, with kitchen and public bathrooms.		<b>1</b>	
	Open balcony in each unit with an area of no less than 24 sq. ft.		<b>1</b>	
	Equipped exercise room(s) with an area or aggregate area of no less than 300 sq. ft.		<b>1</b>	
	Common laundry(ies) equipped with at least a washer-dryer pair per 15 units.		<b>1</b>	
	Equipped playground outdoor area with visual control from the main entrance.		<b>1</b>	
	Night shift security guard.		<b>1</b>	

RAB

	Trash chutes (for mid- or high-rise facilities).		1	
	Storm windows or shutters in all units.		1	
	Units with 3 or more bedrooms have 2 bathrooms.		1	
	Single family units provide Washer/Dryer hookups.		1	
	Single family units provide Carport ( <i>marquesina</i> ).		1	
	Ceiling fans for all bedrooms and living room areas.		1	
	Documentation required: Floor plans and elevations certified by the project's designer showing designated spaces, equipment, and/or floor area.			
	Documentation required: Designer's Preliminary Opinion Letter (Annex J of the Application Package, model of certification), specifying compliance with applicable design criteria.			
II.6.	<p><b>Gap Financing Efficiency.</b> Projects that demonstrate the capacity to efficiently curb gap financing sources (CDBG-DR, HOME, HTF, FHLBNY, among others) relative total development costs. While complying with applicable standards, threshold requirements and minimum scoring, might earn <b>up to 10 points</b>. The efficiency will be measured by the following ratio:</p> <ul style="list-style-type: none"> <li>· Total Development Cost (TDC),</li> <li>· Minus Gap Financing requested (GPR),</li> <li>· Divided by the TDC,</li> <li>· Times 10 [number of max points that a project can receive for this criterion], rounded to four (4) decimal points.</li> </ul> <p>The result of the above computation equals the points earned by the project: <b>(TDC-GPR/TDC)*10=Points Earned</b></p>	10		
	Documentation required: Project Development Costs (Application, pages 11 and 12).		10	
	If the Gap Financing is provided by an entity, other than PRHFA, copies of the commitment letter/agreement for such financing)			
	Documentation required: Sources and Uses (Application, page 15).			
II.7.	<p><b>Construction Readiness. Up to 10 points</b> if requesting only Tax Credits, will be awarded if the project has one of the following:</p>	7		
	Multi-Family Development: Unexpired Notification of approval of the construction permit.		7	
	Single-housing Development: Urbanization permit or notification of approval of the urbanization permit, and approved Plano Seguro.		7	
	Documentation required: Document issued by OGPe or Autonomous Municipality.			
III.	<b>Housing Needs Characteristics</b>	10		

III.1.	<b>Income Targeting.</b> A project might earn <b>2 points</b> if at least 50% of the units in the project are targeted for households with incomes at 50% AMI.	<b>2</b>	<b>2</b>	
	Documentation required: Proposed covenant provision for income targeting included in letter of intent to sign Land Use Restrictive Covenant Agreement (in substantially the same form as Annex K of the Application Package).			
	Documentation required: Tenant selection procedures.			
III.2.	<b>Targeted Units.</b> A project will be awarded <b>up to 3 points</b> if it sets-aside the applicable percentage of units for any of the following special populations categories identified in the Puerto Rico State Housing Plan (Exhibit FF): elderly, single-parent households, families headed by youth (18-24 years old), homeless and persons with HIV/AIDS. Other special populations that will be awarded these points are veterans and assisted living. As follows:	<b>3</b>		
	if requesting Tax Credits, at least <b>75%</b> of total project units set aside for the targeted group during the length of the extended use period.		<b>3</b>	
	if requesting Tax Credits, at least <b>50%</b> of total project units set aside for the targeted group during the length of the extended use period.		<b>2</b>	
	if requesting Tax Credits, at least <b>25%</b> of total project units set aside for the targeted group during the length of the extended use period.		<b>1</b>	
	Documentation required: Proposed covenant provision for income targeting included in letter of intent to sign Land Use Restrictive Covenant Agreement (in substantially the same form as Annex K of the Application Package) and recording the targeted set-aside for the length of the affordability period.			
	Documentation required: If requesting CDGB-DR, Affirmative Fair Housing Marketing Plan (similar to Annex S of the Application Package).			
	Documentation required: if requesting only Tax Credits, tenant selection procedures.			
III.3.	<b>Preservation.</b> To strengthen the Public Policy of Puerto Rico that seeks to maintain the stock of affordable rental housing a substantial rehabilitation project that meets the threshold expenditure level established under IRC 42(c)(3)(A)(ii), might earn <b>up to 3 points</b> if:	<b>3</b>		
	The project curbs the risk of loss due to physical condition by replacing more than one major building component, which includes roof, bearing wall, floor or foundation structures; plumbing system; electrical system; fire prevention and safety system; vertical transportation; or building envelope.		<b>2</b>	

RAB



RAB

	Documentation required: Comprehensive capital needs assessment certified by an architect or civil engineer, duly licensed in Puerto Rico, including the identification of the condition of major building systems and the extent of required code compliance retrofitting.			
	The project curbs a significant risk for market conversion of the Tax Credit or otherwise rent-assisted property; or preserves a comparable level of existing project-based rental subsidies that will expire within two years of the application date.		1	
	Documentation required: Housing market study must demonstrate the capacity of the project to compete for market rate tenants; copy of existing HAP, if applicable.			
III.4.	<b>Term.</b> If requesting Tax Credits, a project might earn <b>up to 2 points</b> for extending the term of affordability beyond the extended use period of thirty years for:			
	At least 10 more years.			
	At least 5 more years.			
	Documentation required: Letter of intent to extend the initial 15-year period of compliance with the Tax Credits program's income and rent restriction requirements for a minimum of 15 additional years and sign the Land Use Restrictive Covenant Agreement (in substantially the same form as Annex K of the Application Package).			
	Documentation required: Project pro-forma.			
III.5.	<b>Homeownership Conversion.</b> If requesting Tax Credits, a project will be awarded 1 point if proposed to be converted to tenant homeownership ( <i>right of first refusal</i> ) for the residents after the compliance period expires.	1	1	
	Documentation required: Letter of intent to sign the Land Use Restrictive Covenant Agreement (in substantially the same form as Annex K of the Application Package, and reflecting a right of first refusal granted to the residents.			
	Documentation required: Syndication documents with conversion provisions.			
	Documentation required: Detailed plan with projections on maintenance, reserves, homeownership training, continued affordability, sales price calculation, lease and purchase agreements, and any other relevant information to demonstrate compliance with applicable regulations.			
III.6.	<b>Public Housing Agency (PHA) Waiting Lists.</b> If requesting Tax Credits, any project included in any waiting list of a public housing agency (PHA) might earn <b>1 point</b> .	1	1	

	Documentation required: Referral agreement with the correspondent PHA to include the project in any listing of public housing opportunities where households with tenant-based subsidies are welcomed and where the project's owner or management agent agrees to actively seek referrals from the public housing authority to apply for units at the project. Also, Annex S, specifying in item 8 that "the owners will rent the units of the project to eligible families referred by the PHA from its waiting list or from their own waiting list if the PHA cannot provide adequate candidates, as determined and requested on the PHA's Administrative Plan".		
<b>IV.</b>	<b>Project Developer Characteristics</b>	<b>8</b>	
IV.1.	<b>Experience.</b> Developer, General Partner or Managing Partner can demonstrate successful record and full compliance participating in same capacity in the development of Tax Credits projects, or other low-income housing programs, in Puerto Rico. <b>Up to 8 points</b> shall be awarded based on the number of Low Income Housing Tax Credit Properties successfully developed by the general partner, managing member and/or developer that have maintained financial stability and full compliance throughout operations:		
	5 or more developments in service for more than 3 years	<b>8</b>	
	5 or more developments in service for less than 3 years	<b>6</b>	
	2-4 developments in service for more than 3 years	<b>4</b>	
	2-4 developments in service for less than 3 years	<b>2</b>	
	Documentation required: duly completed Compliance Disclosure form (Exhibit II) showing history of the projects for which are requesting points		
	Documentation required: Copy of HAP, IRS form 8609 for each project, as applicable.		
	Documentation required: Audited financial statements, for the years in service, of the projects for which are requesting points		
	Documentation required: for developments in service for more than 3 years a Certification from a certified public accountant that the projects for which it is requesting points has maintained a positive operating cash flow from typical residential income for the year in which each development's last financial statement has been prepared and have funded reserves in accordance with the partnership agreement and any applicable loan documents		
<b>V.</b>	<b>Financing Characteristics</b>	<b>16</b>	
V.1.	<b>Funds Leveraging.</b> The leveraging of capital funding from public grants or non-financing sources, other than those being managed by the Authority, PRDOH or the Municipalities is encouraged by awarding a project <b>up to 2 points</b> as follows:	<b>2</b>	
	At least 15% of the total development cost covered by other sources of public funding.	<b>2</b>	

RAB

	At least 10% of the total development cost covered by other sources of public funding.		1	
	Documentation required: Sources and Uses (Application, page 15).			
	Documentation required: Binding commitment, agreement, or award documentation.			
V.2.	<b>Local Government Funding. Up to 3 points</b> are awarded to projects that leverage local government capital funding through cash contributions, land donated or discounted, site or off-site improvements, grants, or a municipal construction tax abatement which is granted to the project and is not available under a local or state statute of general application, with a total value of:	3		
	At least 5% of the total development cost.		3	
	At least 3% of the total development cost.		2	
	At least 1% of the total development cost.		1	
	Documentation required: Sources and Uses (Application, page 15).			
	Documentation required: Binding commitment, agreement or award documentation.			
	Document required: If applicable Ordinance, Resolution or Bid supporting property transaction.			
	Document required: Evidence of site control by Owner: earnest money agreement, option or closing statement for land and/or buildings, title, deed, or leasehold agreement, or equivalent for Municipal land transaction.			
	Document required: If applicable, documentation supporting construction tax abatement (Ordinance and/or Resolution).			
V.3.	<b>Local Government Land/Building.</b> Projects which have which have bought, or optioned to buy, land for redevelopment owned by PRDOH, PRPHA, Municipality or other instrumentality of the Government of Puerto Rico will be awarded <b>3 points</b> .	3	3	
	Documentation required: Copy of long-term lease agreement, deed, or letter of commitment.			
	Document required: If applicable Ordinance, Resolution or Bid supporting property transaction.			
	Document required: Evidence of site control by Owner: earnest money agreement, option or closing statement for land and/or buildings, title, deed, or leasehold agreement, or equivalent for Municipal land transaction.			
V.4.	Projects applying for financing with the Authority will be awarded <b>up to 3 points</b> .	3		
	Interim and Permanent Financing		3	
	Interim or Permanent Financing		2	

RAB



	Documentation required: PRHFA loan application		
V.5.	<b>Intermediary Costs.</b> A project might be awarded up to five (5) points if it meets the corresponding intermediary costs requirement. Intermediary costs are third-party service costs related to the project development, such as architectural, engineering, accounting, legal, environmental consulting, and construction management among others. Calculate your total using the following formula: Intermediary costs divided by Total Development Costs = Intermediary % (rounded to the nearest tenth):	5	
	0.0% to 5.00%	5	
	5.01% to 10.00%	3	
	10.01% to 15.00%	1	
	Documentation Required: worksheet with calculations		
	Documentation required: Project Development Costs (Application pages 11, 12 and 13)		
VI.	<b>Supportive Services</b>	3	
VI.1.	<b>Supportive Services.</b> To advance the Public Policy of Puerto Rico to increase the provision supporting services by integrating agencies that provide these services and coordinate their actions to support permanent housing for populations with special needs, any project might earn <b>up to 3 points</b> for sustaining a funding allocation for the provision of supportive services of the type: 1) authorized under a federally subsidized program and that could be funded with resources obtained directly as a grantee in competitive or demonstrative grants, or as a recipient of rental or operational assistance (i.e. CoC, VASH, GPD, SSVF, Veteran Per Diem, CDBG, 811, 202, HOPWA, FSS Program, etc.), or indirectly as sub-grantee or provider, or by contracting the services of a sub-grantee or provider, of any state or municipally managed program (i.e.: ADFAN's CSGB, VRA's Independent Living, ASSMCA's Homeless and Chronic Mental Health, ADFAN's Adult and Person with Disabilities Services, Medicaid's Home and Community-Based Service Waivers, among other); or 2) contracted for a certified Assisted Living facility authorized under Act 244-2003, as follows:		
	Up to 5% of the project's annual operational cost for the length of the compliance period of affordability.	3	
	Up to 3% of the project's annual operational cost for the length of the compliance period of affordability.	2	
	Up to 1% of the project's annual operational cost for the length of the compliance period of affordability.	1	
	Documentation required: evidence of supportive services allocated to the project by the corresponding agency such as a commitment letter, binding commitment, award letter, agreement and/or contract.		
	Documentation required: Project pro-forma.		

RAB

	Documentation required: Letter of intent to sign the Land Use Restrictive Covenant Agreement (in substantially the same form as Annex K of the Application Package), and specifying operational budget commitment for supportive services.			
	<b>Total Score</b>	<b>100</b>	<b>100</b>	<b>0</b>
	<b>Minimum Required Score</b>	<b>30</b>		
<b>VII.</b>	<b>Tie-Breaking Criteria, listed in order of importance</b>			
VII.1.	Will favor the project that is the readiest to proceed.			
VII.2.	Will favor the project with lowest total development costs per unit.			
VII.3.	Will favor the project that is located in a Municipality with the longer elapsed period without Tax Credit allocation.			

## E. HOME/HTF Allocation

### 1. Notifications & Reviews

Following the Point Ranking System calculation, projects will be ranked in descending order, most points to least points. The Authority anticipates reserving HOME/HTF Funds for those projects scoring highest under the Point Scoring Criteria. The Authority anticipates reserving HOME/HTF Funds for projects in the list, starting with the highest scoring project, and continuing down the rankings.

THE RANKING UNDER THE PROJECT SELECTION CRITERIA DOES NOT VEST AN APPLICANT OR PROJECT WITH ANY RIGHT TO THE ALLOCATION OF HOME/HTF Funds.

PRHFA will notify each applicant of an initial reservation of HOME/HTF, or lack thereof. The Executive Director of the Authority will sign the letter awarding, or denying, reservation of HOME/HTF Funds. For successful applicants, the initial reservation letter will specify the preliminary amount of HOME/HTF funds, any additional information and documentation required to adjust said amount to established parameters, and the date by which to submit to the Authority such information and documentation necessary to receive the final allocation. The Initial Reservation Letter will also include:

1. Itemization of adjustments to costs, income, expenses, and underwriting assumptions made to the application.
2. Any deficiency in sources of funds for the project based on the information submitted with the application, and a reasonable time to present additional sources of funds already committed to cover such deficiency, subject to cancellation of the Initial Reservation Letter.

An applicant adversely affected by a decision of the Authority denying reservation of HOME/HTF funds may submit a written petition for reconsideration to the Executive Director of the Authority within ten (10) calendar days after the notification by mail of the letter denying the application. A copy of the petition for reconsideration must be filed with the HOME/HTF Programs Departments.

The Authority shall consider the petition for reconsideration within ten (10) calendar days of filing. If the Authority decides upon the merits of the petition for reconsideration, the term to petition for judicial review shall commence as of the date of the notification by mail of the final determination. If the Authority takes no action with respect to the petition for reconsideration within ten (10) calendar days of filing, the petition for reconsideration shall be deemed to have been denied outright and the term for judicial review shall commence to run as of that date.

An applicant adversely affected by a decision of the Authority denying allocation of HOME/HTF funds may present a petition for review before the Court of Appeals within ten (10) calendar days after the notification by mail of the letter denying the application, or within ten (10) calendar days after the expiration of the term provided to the Authority to consider the petition for reconsideration.

The filing of a petition for reconsideration or a petition for judicial review shall not stay the Authority's allocation of HOME/HTF Funds to successful applicants. If an applicant who petitions for review obtains a final order or judicial decree that modifies the decision of the Authority, so that the application is worthy of an allocation of HOME/HTF Program, the Authority shall provide the applicant with a allocation of HOME/HTF Funds from the next available allocation round, whether in the current year or a subsequent year.

The reconsideration and judicial review procedure provided herein shall be the exclusive proceeding to review the merits of a decision of the Authority regarding the reservation or allocation of HOME/HTF Funds.

Other regulations regarding formal or informal adjudicatory proceedings before the Authority are not applicable to HOME/HTF allocation decisions.

## **F. Others**

### **1. Environmental Review Requirements**

Environmental Review (ER) is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. Every project undertaken with federal funds, and all activities associated with such projects, are subject to the provisions of the National Environmental Policy Act of 1969 (NEPA), as well as



the HUD environmental review regulations in 24 CFR Part 58 on Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities.

Applications under other federal programs (e.g., CDBG-MIT, HOME, and HTF) will be subject to a level of environmental determination for project activity. This review and determination (based on project Application) will be required prior to the development of any program Agreement (e.g., CDBG-MIT, HOME, and HTF). The ER (based upon that level of environmental determination) will then be required prior to receiving funding.

No work may start on a proposed project before the ER process is completed, even if that work is being done using non-HUD funds. All program recipients must comply with all applicable Federal, State, and local environmental laws and regulations. A violation of this requirement may jeopardize federal funding to a project and disallow all costs that were incurred before the completion of the Environmental Review.

## 2. Accessibility Requirements

The Authority will verify the project applications for compliance with accessibility requirements as part of the Technical Review, which is required as a prerequisite to any reservation and/or award. The Authority will also cause the Applicant to comply with:

- a. Davis-Bacon and related acts (40 USC. §§ 276a-276a-7)
- b. Contract Work Hours and Safety Standards Act (40 USC §§ 327-333)
- c. Copeland (Anti-Kickback) Act (18 USC § 874/40 USC § 276c)
- d. Fair Labor Standards Act of 1938, as amended (29 USC § 201, et seq.)
- e. Section 3 of the Housing and Urban Development Act of 1968, as amended (12 USC §1701u)

Every project that receives a HOME/HTF allocation will have the drawings and Accessibility Standards checklists reviewed and validated by PRHFA's NAC. The NAC's findings and recommendations must be addressed and incorporated in the project's drawings prior to construction.

During construction, the developer/owner must certify compliance with the Accessibility Standards on a monthly basis. A final certification of compliance regarding Accessibility Standards must be completed prior to project delivery.

After construction/rehabilitation is completed, the developer/owner must provide:

1. Proof of training certifications. The Project's Team staff shall complete, at a minimum, eight (8) hours of disability-related training annually.
2. Proof of on-site accessibility survey conducted by NAC.
3. Proof of NAC final verification and certification of compliance.

Further, the Authority shall comply and cause all its employees, including contractors, sub-contractors, project owners, and management agents, to comply with PRHFA's Civil Rights and Fair Housing Compliance Policy and all applicable measures provided for in the VCA.

### 3. Fees

#### a. Application Package

- The application package costs \$100 (includes the Tax Credit Program, HOME & HTF Program)

#### b. Application-Related Fees

##### ○ HOME/HTF Program Application Fees

- CHDO's: \$0.00
- One-half of 1% (0.50%) of requested amount, with a minimum payment of two thousand and five hundred dollars (\$2,500) and a maximum of ten thousand dollars (\$10,000). This fee is non-refundable and non-transferable.

#### c. Monitoring/Asset Management Fee

- Projects with HOME/HTF grants will be charged fifty dollars (\$50) per HOME unit during the HOME compliance period. This charge is due and payable by January 31st of each year.

The Authority may revise the above fees as necessary to ensure they cover the Authority's processing expenses and compliance monitoring.

#### d. Penalties and Other Fees

If a Sponsor, Owner, Developer, or Consultant has a past due fee (regardless of the type) in a previous project, the Authority will not reserve credits for the new project until the account is paid in full.

In any litigation, arbitration, or other proceeding arising from, as a result of, or pursuant to the 2025-QAP and/or the resulting HOME/HTF Funds allocation cycle, selection process, or award determination under any participating program, or any other proceeding arising from or as a result of or pursuant to any noncompliance during the construction and/or operation of a project, when the Authority appears as a party, intervener, or amicus curiae, the sponsor and/or owner and/or developer shall reimburse the Authority reasonable attorney's fees, costs, and expenses incurred, regardless of which party initiated the litigation, arbitration, or other proceeding.

IN WITNESS WHEREOF, I have hereunto set my hand in San Juan, Puerto Rico, this 31<sup>st</sup> day of December, 2025.



**Ricardo Álvarez Barreto**  
**Executive Director**  
**Puerto Rico Housing Finance Authority**

