REBUILD PUERTO RICO:
A Guide to Federal Policy and Advocacy

CENTRO PB2018-02 | OCTOBER 2018
Centro Tools for Advocates

The Center for Puerto Rican Studies launched Rebuild Puerto Rico as an online information clearinghouse for the stateside Puerto Rican community and other allies to support disaster relief and recovery efforts. There is a need to connect Puerto Rico’s civic sector with Puerto Ricans in the diaspora that want to contribute in the rebuilding phase of Puerto Rico. As part of these efforts Centro has created a series of online tools available to advocates and other professionals engaged with recovery and rebuilding efforts in Puerto Rico.

Data Hub

Through two interactive maps find information related to pre and post-Hurricane Maria conditions in Puerto Rico and the Puerto Rican solidarity movement in the United States.

Exchange

Find information about collaboration opportunities or request for support from organizations that are working on the rebuilding of Puerto Rico.

Directory

Connect with people and organizations that provide a service or work with the Puerto Rican community stateside and in Puerto Rico.
Puerto Rico is in a unique position as a beneficiary of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act, 1974), the law that structures federal natural disaster assistance for state and territories. As explained in this report, disaster support often requires multiple and special appropriations from Congress and the funding allocated for this purpose goes to a multiplicity of local and federal agencies that include Federal Emergency Management Agency (FEMA), the Department of Housing and Urban Development (HUD), and many others. Funding includes short-term assistance, disaster recovery efforts, and multiple assistance programs to individuals, businesses and government agencies. A substantial portion of the initial assistance to states and localities is channeled through FEMA, but other agencies play a critical role for long-term recovery.

Puerto Rico, like all other states and territories affected by natural disasters, competes for funding that has not been earmarked for specific jurisdictions. As explained in more detail in the report, qualifying for funding depends on numerous factors. In part this is a technical issue where jurisdictions have to demonstrate assessments of damages. In part it is a political issue where Congress must legislate inclusion of coverage of specific needs in regular or supplemental appropriations. Supplemental appropriations have been necessary for allocating earmarked disaster relief funds to state, local, and tribal governments.

For these reasons, lobbying and advocacy efforts are complex, often involving FEMA, HUD, and other agency managers and staff participation in structuring program coverage for specific communities or mobilizing elected officials to support appropriations targeting specific programs or jurisdictions. This insider/outside interplay requires collaborations among actors in different roles in the policy process and implicit or explicit coordination of strategies between various external stakeholders, in short, an advocacy coalition.

For discussion purposes, an advocacy coalition is a group of people that engage in the policy process with the goal of translating shared beliefs into action. In this case, we refer to a group of people seeking to support the rebuilding process in Puerto Rico through engagement and social action. Such a coalition, which in many respects already exists incipiently both on the island and in the diaspora, involves individuals and organizations from a variety of sectors, such as elected officials, local and federal agencies’ staff, interest group leaders, academics, researchers, and others. These stakeholders share a belief system, formally or informally coordinate advocacy activities, and develop communication vehicles to affect other collaborators strategies and influence public opinion.

To the extent that stakeholders harmonize common goals and strategies, they can influence legislative action, policy implementation, and affect the policy process. Information sharing among stakeholders is critical for affecting expert and public opinion and the policy process successfully. Advocacy coalitions develop information hubs for sharing scientific knowledge, analysis of legislation and agencies guidelines governing policy implementation, and newsletters and other vehicles influencing public opinion.

This report provides an overview of federal disaster relief policy, dissects the recovery process and the role of federal assistance, and discusses possible entry points for advocacy efforts. The impact of Hurricane Maria will be felt for decades, and long-term recovery and rebuilding efforts in Puerto Rico are expected to take years. In this report, the role federal funding plays in disaster relief efforts will be discussed, from congressional appropriation to final distribution to local governments and/or non-profits. As of today, supplemental appropriations for disaster relief add up to a total of $136.1 billion. Besides funding already earmarked, many of these funds can be further allocated to Puerto Rico relief efforts. Strong advocates are needed at various entry points in this recovery process: from the congressional level, where recovery funds are appropriated, to agencies that establish
the primary use of these funds and disbursement criteria, to the local project level. Advocacy must form an integral part in the rebuilding process in order to ensure that policies and practices are improving conditions for those affected by Hurricane Maria.

Ironically, the devastation caused by Hurricanes Irma and Maria has opened a window of opportunity not just for recovery from the catastrophe and rebuilding a more resilient infrastructure, but also for sustainable economic development. Recovery funding, especially when combined with funding from other federal programs, could provide the foundation to rebuild Puerto Rico in a more equitable and resilient fashion. The history of how Puerto Rico takes advantage of this window of opportunity brought about by recent catastrophic events is been written in an unfolding present.

The impact of federal funding designated through disaster relief and emergency assistance largely depends on the targeting of these funds to projects that rebuild a more resilient economic and social infrastructure. Federal disaster recovery funds are just part of what is potentially available to rebuild Puerto Rico’s economy, infrastructure, and civic capacity. In this guide, a wide range of federal programs are introduced to those who examine the topic for the first time, and it also serves as a reference to those who are broadening their understanding of how to support civic sector initiatives. Financing through available federal programs include a wide range of mechanisms, such as tax credits, the emission of bonds, loan guarantees, grants, and other incentives that, with a few notable exceptions, are currently underutilized in Puerto Rico.

These programs were successfully combined with recovery funding to restore economic development in other jurisdictions such as New Orleans after Hurricane Katrina or New York and New Jersey after Hurricane Sandy. One important lesson from the recovery process in New Orleans and East Coast states affected by catastrophic hurricanes was the design of governing bodies that promoted broad participation and more equitable outcomes.

One of the most important challenges that Puerto Rico faces in its recovery is the relative lack of effective civic capacity to take advantage of these federal programs — in other words, organizations with the sufficient human and capital resources to develop the projects, invest resources in the application process, or connect to the development networks needed to overcome the often insurmountable barriers of a very specialized local and federal procurement process. Building local capacity for undertaking social purpose economic development — fostering human and capital resources for the development of projects with the ultimate goal of a social purpose — is an urgent and imperative task.

In this context, it is imperative that the rebuilding of Puerto Rico is undertaken, encouraged, and embraced by a wide range of civic sector actors including businesses, cooperatives, nonprofit organizations, religious and educational institutions, and municipalities. It is precisely these stakeholders in conjunction to those making decisions about the allocation of federal resources that can forge an advocacy coalition in support of participation, transparency, equity, and accountability — all elements of good government. In essence the core goal of a broad coalition to rebuild Puerto Rico is simply effective, collaborative governance. We hope that this Guide to Federal Policy for Puerto Rico contributes to such a necessary, reachable and noble goal.
Section I: Background

On September 20, 2017, Hurricane Maria struck Puerto Rico as a Category 4 storm, with sustained winds blowing at 145 mph and peaking at 155 mph as it made landfall. The northwest trajectory of the storm assured that the entire island would be affected. The subsequent devastation and prolonged recovery period has made Hurricane Maria the worst natural disaster in Puerto Rico's recent history, with an official death toll estimate of 2,975 and damages hovering $100 billion.

The strong winds and rainfall knocked down electric power generation, the electricity delivery grid, and roadways and bridges throughout the island. Heavy rainfall occurred throughout the territory, peaking at 37.9 in (962.7 mm) in Caguas, according to the National Weather Service. Puerto Rico experienced widespread flooding with waist-deep water levels in some areas. Storm surge and flash flooding trapped thousands of residents and caused at least eight deaths in Toa Baja alone. Strong winds destroyed homes and caused massive devastation. Catastrophic hurricane conditions were followed by equally devastating post-disaster conditions.

As of May 11, 2018, FEMA reported a total of 357,492 damaged homes caused by Hurricane Maria; 94 percent of these damaged homes belonged to homeowners and 6 percent were home renters. Overall, about 23 percent of the island’s housing stock was affected by Hurricane 4 Maria. By February 14, 1.1 million households had applied for disaster aid from the Federal Emergency Management Agency (FEMA).

The storm devastated Puerto Rico at a particularly difficult time. The Government of Puerto Rico was facing a fiscal crisis with more than $74 billion in public debt and over $50 billion in pension liabilities, while the island had also been experiencing more than a decade of economic stagnation. The index of economic indicators published by the Government Development Bank following the storm indicated up to a 20 percent decline in economic output in the months following Hurricane Maria. Researchers from the Climate Impact Lab described the storm as a 1-in-3,000 event, which is reflected in the severity of the potential long-term economic impact. They estimated the impact of Hurricane Maria using an econometric model that took into account the costs of cyclones over the past 60 years and applied it to the pre-storm economic conditions in Puerto Rico. According to their findings, “[Hurricane] Maria could lower Puerto Rican incomes by 21 percent over the next 15 years — a cumulative $180 billion in lost economic output.”

The Puerto Rico Fiscal Agency and Financial Advisory Authority’s Treasury Single Account (“TSA”) FY 2018 Cash Flow report shows an increase in sales tax collections in recent months. This has allowed Puerto Rico to reduce almost all of the deficit in sales tax collections relative to the pre-Maria baseline. Regardless, the Government of Puerto Rico’s sales tax estimates are still higher than the amount it will collect in FY2018, leaving revenues slightly under what the budget assumed. However, short-term recovery is to be expected due to the influx of recovery funds and personnel. Puerto Rico’s long-term economic growth prospects are still being debated. Projections in the Revised New Fiscal Plan from June 2018 show nominal GDP growth (not adjusted for inflation) decreasing after FY18 until FY28 with a slow rise after, overall averaging out to 2.7%. Recent economic estimates from Moody’s Analytics project that Puerto Rico’s economy will contract in a range of 17 to 19.6 percent from early 2019 to late 2028. So while short-term disaster recovery funds are essential in recovery and reconstruction efforts, long term planning, sustainability, and commitment to change is needed to ensure long term recovery is achieved.

Section II: Federal Policy for Disaster Relief

The Stafford Act (PL 93-288) establishes a process for federal assistance to states and territories, including Puerto Rico, in case of a major disaster. When the President of the United States approved a major disaster declaration for Puerto Rico, several sources of funding became available to both assist the government of the island and the individuals affected by the disaster. No agency is solely responsible. Instead, a government-wide plan exists to help coordinate and provide assistance. The Federal Emergency Management Agency (FEMA), in coordination with various agencies, oversees many of the federal disaster recovery efforts and assistance programs.

Many of these federal assistance programs, overseen by FEMA but in coordination with various agencies, fall under three broad categories:

- **Public Assistance.** This is FEMA's largest funded program. Administered through grants to the local government, it helps communities pay for debris removal and repairs to public infrastructure, such as public buildings, roads, bridges, and utilities.

- **Individual Assistance.** This is direct aid for individuals affected by the disaster. It includes things such as housing for displaced people, grants to provide for needs not covered by insurance, crisis counseling, and disaster unemployment assistance.

- **Hazard Mitigation.** This grant program funds measures to improve resiliency and lessen the effects of a future disaster. Mitigation funding is a fraction of the amount spent on the other two categories.

A fourth category, Operations and Support, encompasses direct costs incurred or reimbursed by FEMA to other agencies for disaster relief operational costs.

Funding for FEMA activities is separated into two categories: base funding and major declarations. Base funding is the smaller of the two and is used to fund ordinary FEMA operations and routine events. Funding for major declarations is much more substantial; for FY2017, that appropriation consisted of $6.7 billion. That amount is based on previous disaster relief spending from the past decade. However, regular appropriations are rarely enough to fund a major disaster. When dealing with major disasters, FEMA's Disaster Relief Fund (DRF) is regularly given additional funding by Congress through supplemental appropriations. Supplemental appropriations enacted to address major disasters in 2017 added $26 billion to the Disaster Relief Fund alone. These funds were also disbursed to those also affected by other natural disaster such as Florida, Texas, and California.

Federal Funding and Congressional Appropriations

The federal government separates funding for its various functions in a process they refer to as appropriations. An appropriation is a bill that sets aside money to specific departments, agencies, and programs of the federal

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*See “National Response Plan” and “National Disaster Recovery Framework.”*
government. Regular appropriations bills provide most of the funding to maintain government functions and programs for the fiscal year. Supplemental appropriations bills provide additional appropriations to become available during a fiscal year.\(^5\) Supplemental appropriations have served as the primary vehicle for allocating disaster relief funds to state, local, and tribal governments in order to help them repair, rebuild, and recover from catastrophic incidents. For this reason, many lobbying and advocacy efforts after a disaster consist of ensuring that lawmakers provide adequate funding toward disaster recovery efforts.

Currently, there are several major disasters in the U.S. that require federal assistance. Three appropriations have occurred in the last year that has provided funding for disaster relief efforts in Puerto Rico and other areas affected by major disasters in 2017. As of today, disaster supplemental appropriations add up to a grand total of $136.1 billion.\(^6\) However, it is important to note that appropriations for disaster relief are not just limited to Puerto Rico but encompass other disaster relief efforts in Texas, California, Florida, and the U.S. Virgin Islands or are allocated directly to operating accounts and federal agencies located in these areas. Approximately $115 billion of these appropriated funds could be allocated to Puerto Rico or directly aid disaster victims and local governments. Currently, more than $30 billion of those funds are in some way earmarked or have been distributed to Puerto Rico. Many of these funds can be further allocated to Puerto Rico relief efforts.

The Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (PL 115-56) was signed into law September 8, 2017. The initial purpose of this bill was to fund disaster relief efforts for Hurricanes Harvey and Irma. However, while appropriations were made prior to Hurricane Maria, funds from this bill were available to Puerto Rico after a major disaster was declared on the island on September 21, 2017. The bill included $7.4 billion to FEMA’s Disaster Relief Fund, which funds most of FEMA’s direct aid programs and emergency operations. It allocated $7.4 billion to the U.S. Department of Housing and Urban Development’s Community Development Block Grant-Disaster Recovery. On February 1, 2018, HUD awarded Puerto Rico $1.5 billion from this allocation.

Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (PL 115-72), the second disaster relief package, granted up to $1.27 billion in additional funding for Puerto Rico’s Nutritional Assistance Program to meet disaster related needs. The bill also provided $16 billion to National Flood Insurance Program. However, due to Puerto Rico’s low participation in the program, only $121,000 was awarded to policyholders on the island. Additional funds were granted to FEMA’s Disaster Relief Fund ($13.59 billion) and up to $4.9 billion of those funds served as the primary vehicle for allocating disaster relief funds to state, local, and tribal governments in order to help them repair, rebuild, and recover from catastrophic incidents. For this reason, many lobbying and advocacy efforts after a disaster consist of ensuring that lawmakers provide adequate funding toward disaster recovery efforts.

Understanding the Disaster Relief and Emergency Management Process

Response

Short-Term Disaster Relief begins hours after the disaster and can continue for days following the disaster. In Puerto Rico this stage lasted weeks. Activities conducted during this stage include: rescue missions, mass care/sheltering, clearing primary transportation routes, establishing emergency and temporary medical care distributing food and water, and providing alternate power sources for essential services.

Disaster Recovery: Weeks to Months. This serves as an intermediate stage to begin facilitating long-term recovery in the area. It is important to stabilize the situation in order to minimize negative economic impact to both the local government and the community. Activities conducted during this stage include:

- restoring downed power lines, removing debris, providing interim housing, reestablishing businesses, giving temporary employment for those unemployed by disasters, and the start of repairing and restoring damaged infrastructure.

Recovery

Long-Term Recovery and Rebuilding: Months to Years. This is when rebuilding and economic recovery take place. Activities conducted during this stage include: developing permanent housing, increasing housing resiliency, addressing the debt, revitalizing the vulnerable power grid, rebuilding businesses, implementing economic revitalizations strategies, and implementing mitigation strategies.

were made available as an account transfer for Community Development Loans.

The latest disaster supplemental was signed into law by the President on February 9, 2018. The bill provided up to $89.4 billion in new allocations for disaster relief efforts. The bill had funds allocated specifically for Puerto Rico and the U.S. Virgin Islands, something that was lacking in previous appropriations. This third supplemental included $4.8 billion to fund Puerto Rico’s Medicaid program for two years, $2 billion for electric power restoration, and $9 billion for housing and infrastructure projects. The bill also allocated $28 billion to the Community Development Block Grant, a program managed by the U.S. Department of Housing and Urban Development (HUD). From these funds $11 billion was specifically allocated by law to be used by territories affected by Hurricane Maria. Those $11 billion were further earmarked with $2 billion being assigned to power grid restoration for Puerto Rico and the U.S. Virgin Islands. Other funds earmarked for Puerto Rico and the U.S. Virgin Islands included $14 million for USDA’s Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and $4.8 billion in Medicaid funding for the next two years.

A large portion of funds appropriated, such as the $23.5 billion to FEMA’s Disaster Relief Fund, are further assigned to projects by the department or agency it is allocated to.

Role of Federal Departments and Agencies

Funds that are appropriated by Congress are then assigned to different federal agencies that further allocate the funds and set requirements for disbursement. For example, the Department of Labor coordinates with FEMA to offer unemployment benefits following a major disaster. Disaster Unemployment Assistance (DUA) is funded through FEMA’s Disaster Relief Fund. Following an appropriation, the funds are transferred to the Department of Labor (DOL) and then distributed by DOL to the affected state or territory’s unemployment agency. The local unemployment agency serves as the guarantee, they can then further set program criteria before disbursing funds to sub-guarantees or recipients.

Federal Emergency Management Agency

Individuals and Households Program

This program assists individuals and households whose property has been damaged or destroyed and whose losses have not been covered by insurance. As of September 10, 2018, FEMA reports a total of $1.4 billion approved. This includes $798 million for housing assistance and another $608 million for other needs assistance.

Financial Housing Assistance

- **Temporary Housing**: Financial assistance in order to rent a place to live, or to obtain a government-provided housing unit.
- **Repair**: Grants for homeowners to repair uninsured damages to their primary residence caused by the disaster in order to make the damaged home safe, sanitary, and functional.

Figure 2. Appropriation to Distribution of Funds

Source: FEMA
• Replacement: Financial assistance to help homeowners with the cost of replacing their destroyed homes.

Direct Housing Assistance
• Direct Lease Housing Program provides qualifying families with up to 18 months of direct rental payments for housing from the date of disaster declaration.
• Multifamily Lease and Repair allows for the repair or improvement of existing multi-family housing that FEMA can utilize as a temporary housing resource for eligible applicants.
• Permanent Housing Construction. Sometimes FEMA will fund construction of a new home. This can also be used to conduct home repairs under certain conditions.

Other Needs Assistance
• Financial assistance for other disaster related expenses and serious needs. This includes personal property, transportation, funeral assistance, medical assistance and any other categories deemed eligible by FEMA.

Public Assistance
FEMA provides assistance to state, territorial, Indian tribal, local governments and qualifying non-profits through the Public Assistance Program (PA). Through this program, FEMA provides supplemental disaster grant assistance for debris removal, emergency protective measures, hazard mitigation, and the restoration of disaster-damaged, publicly owned facilities. The Stafford Act establishes how FEMA must provide assistance under the PA program. Additionally, federal regulations establish strict eligibility requirements, cost principles, and audit requirements for federal awards. If a PA project fails to comply with any of these federal regulations or requirements FEMA may disallow all or part of the cost of the project.

On October 30, 2017, the Commonwealth of Puerto Rico elected to participate in alternative procedures for all large project funding for Public Assistance (PA) Categories C-G for permanent work following Hurricane Maria. FEMA published the new Public Assistance Alternative Procedures (Section 428) for Hurricane Maria recovery work in Puerto Rico in April 2018. These new procedures will regulate how permanent work shall be conducted as part of the PA program in Puerto Rico. Some of the regulations established as a result of participating in the alternate procedures consist of:

1. Puerto Rico must establish a local grant oversight authority.
2. Large project funding for Public Assistance Categories C-G must be obligated by FEMA only through alternative under section 428 of the Stafford Act, including third-party independent expert validation of estimates for projects exceeding a threshold to be established by FEMA.
3. Hazard Mitigation grant funding available under section 404 of the Stafford Act must be prioritized toward protecting federal investments in Puerto Rico’s public infrastructure.

Aside from the Government of Puerto Rico, certain non-profits are eligible to receive grants through the PA program. Eligible private non-profit organizations that provide critical services can apply directly for a grant. All other non-profit organizations must first apply for a small business loan from the Small Business Administration (SBA) first. Eligible nonprofit organizations are required to apply for FEMA Public Assistance through the Governor’s Authorized Representative in the “Oficina de Gerencia y Presupuesto” (OGP).

Numbers released by FEMA before the one year anniversary of Hurricane Maria show a total of $3.2 billion obligated with 596 project worksheets. However, funds obligated do not necessary correspond to dollars disbursed as adjustments to obligations can occur. As of September 12, 2018 more than $3.7 billion has been obligated since Hurricane Maria according to open federal data.

FEMA Categories of Work

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<tr>
<th>Emergency Work</th>
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<tbody>
<tr>
<td>A. Debris Removal</td>
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<td>B. Emergency Protective Measures</td>
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<tr>
<th>Permanent Work</th>
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<td>C. Roads/Bridges</td>
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<th>E. Buildings/Equipment</th>
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<tr>
<td>F. Utilities</td>
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<td>G. Parks, recreational, and other facilities</td>
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10 See Title 44 of the Code of Federal Regulations (CFR) Section 206.432(b), https://www.ecfr.gov/cgi-bin/textidx?SID=5f2138289f407ddcb64cfdf4173c2cd&mc=true&node=se44.1.206_1432&rgn=div8
Types of Awards and Funding

**Project Grants**
Funds are awarded by federal departments or agencies that have control over the requirements and application criteria. Federal administrators have a higher degree of control over who is awarded the grant. Potential recipients must apply to the designated federal agency for funding, usually through a competitive process.

Applicants compete against other potential recipients who also meet the program’s specified eligibility criteria for funds for narrowly specified purposes. Funding is usually tied to detailed administrative conditions, planning standards, fiscal management, and performance goals.

**Blocks Grants**
The federal government uses these to provide state and local governments a specified amount of funding to assist them in addressing broad purposes, such as community development, social services, public health, or law enforcement. Although legislation and funding authorities generally detail the grants intended use and program parameters, state and local governments are typically provided a greater amount of flexibility in the use of the funds and are required to meet fewer administrative requirements than other types of grants.

**Formula Grant**
Awards to potential recipients are calculated through formulas. The quantity of aid recipients receive, as long as they qualify for assistance under stipulations on the program, is strictly calculated using a predetermined formula. In this case, the formula itself is likely to have political significance.

**Direct Payments**
Financial assistance from the federal government provided directly to individuals and private entities to encourage or subsidize a particular activity. Funding is usually reliant on continuing to meet certain program eligibility requirements.

**Direct Loans**
Loans provided by the federal government to individuals, business, state and local governments. It consists of the lending of federal funds for a specific period of time, with a reasonable expectation of repayment, which may include interest. Recipients may be subject to eligibility criteria defined by the lending agency that was awarded the funds.

**Hazard Mitigation Assistance- Grant Program**
This program seeks to reduce or eliminate long-term risk to people and property caused by disasters. Hazard Mitigation Grant Program (HMGP) funds become available at the request of a state or territory’s governor. The amount of HMGP funding available to the applicant is based on the estimated total federal assistance, subject a sliding scale formula outlined in Title 44 of the Code of Federal Regulations. The formula provides for up to 15 percent of the first $2 billion of estimated aggregate amounts of disaster assistance, up to 10 percent for amounts between $2 billion and $10 billion, and up to 7.5 percent for amounts between $10 billion and $35.333 billion. For states with Enhanced Mitigation Plans, the eligible assistance is up to 20 percent for estimated aggregate amounts of disaster assistance not to exceed $35.333 billion.

Puerto Rico has not received FEMA approval of an enhanced state mitigation plan, which would make them eligible to receive increased funds under the HMGP. In order to receive FEMA approval of an enhanced plan, a state must demonstrate that it has developed a comprehensive mitigation program and is capable of managing increased funding to achieve its mitigation goals. The Puerto Rico Planning Board issued a request for proposal (known as a “RFP”) for updates to up to 78 Local Hazard Mitigation Plans in Puerto Rico. The RFP established a due date for proposals of September 20, 2018 with selection occurring on October 4, 2018.

Final calculations regarding the amount of funds Puerto Rico will receive for Hazard Mitigation Assistance are still pending as Public Assistance funds are still being awarded.

**U.S. Department of the Treasury**
Distribution of the $4.9 billion in loans allocated for Community Development Loans in the second supplemental appropriation falls under the jurisdiction of the Treasury Department. The loans were intended for the Government of Puerto Rico, due to its apparent

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liquidity problem after Hurricane Maria. The bill included a provision enabling the Department of Homeland Security and the Treasury Department to decide to forgive all or part of the loan, which is usual for Community Development Loans. However, while the U.S. Virgin Islands has used the loan, Puerto Rico’s access to the loan was delayed by the U.S. Department of Treasury over disagreements on Puerto Rico’s cash balances. After several months of delay the U.S. Treasury stated its intent to provide a loan to Puerto Rico only if the territory’s cash balance dropped below $800 million. Then on February 20, 2018, the U.S. Treasury reduced the amount of the proposed loan by more than half, to $2.06 billion. In a news conference on March 22, 2018, Governor Ricardo Rossello and U.S. Treasury Secretary Steven Mnuchin said an agreement was reached and the island can access the funds as needed until March 2020, once cash balance dwindles below $1.1 billion.

**United States Department of Housing and Urban Development (HUD)**

Community Development Block Grant-Disaster Recovery

The Department of Housing and Urban Development (HUD) can provide flexible grants to help affected areas recover from presidentially declared disasters, particularly low-income areas. Unlike many other programs available as part of federal disaster assistance, annual appropriation does not generally occur for CDBG-DR. The grant is usually funded through supplemental appropriations following a disaster.\(^1\) Funding for the Community Development Block Grant (CDBG-DR) Program is an important step in helping fund recovery, since CDBG-DR assistance may fund a broad range of recovery activities. The first grant, awarded in the amount of $1.5 billion, requires 80 percent of funds to be used for areas designated by HUD as the most impacted and distressed jurisdictions. HUD Designated Most Impacted and Distressed (MID) Areas cover almost the entirety of the island. The Government of Puerto Rico released its draft Action Plan on May 10 for this first CDBG-DR grant, open for public comment. The Action Plan states that the funds will focus on housing and economic recovery while Puerto Rico works with FEMA to finalize the program field guidance to participate in FEMA’s Public Assistance alternative procedures for all large project funding.

Similarly, because Puerto Rico has up to 12 months from the time of impact to qualify for FEMA’s Hazard Mitigation Assistance program, the Government of Puerto Rico has decided that CDBG projects which could be otherwise eligible under FEMA’s Hazard Mitigation Grant Program (HMGP), such as buyout and demolition, will be tracked and applied to a FEMA Global Match, if allowed. Puerto Rico and FEMA still need to address the island’s eligibility for Hazard Mitigation Assistance (HMA) funding. Funding for mitigation activities through the HMA program is awarded for up to 15 percent of the value of Category C-G project requests.

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*Figure 3: Community Development Block Grant-Disaster Recovery Process*
The submission period for public comments to the CDBG-DR Action Plan ended on May 25, 2018. The Final Action Plan was submitted to HUD by June 14, 2018, which was approved. This process shall be take place for the other CDBG-DR funds awarded to Puerto Rico.

A coalition led by the National Low Income Housing Coalition, which includes several Puerto Rican and national groups called the Disaster Housing Recovery Coalition (DHRC), sent a letter to HUD Secretary Ben Carson and Puerto Rico Department of Housing Secretary Fernando Gil-Enseñat, requesting an increase in public input and participation. Secretary Gil-Enseñat responded with a letter identifying efforts his agency has taken to include public comments. He stated that additional time for public comment would not be sought, as it would further delay recovery efforts. Public hearings, an action plan, and a public comment period will also occur for the next CDBG-DR award.

An amendment to the action plan occurred on September 21, 2018 corresponding to the allocation of $8.2 billion CDBG-DR funds for Puerto Rico, as established by federal appropriations.

The 19 programs included in the Action Plan that was approved by HUD remain largely unchanged with some changes made to program budgets. Eight additional programs were added for “unmet needs”. These are:

- City Revitalization Program
- RE-GROW PR Urban- Rural Agriculture
- Multifamily Reconstruction, Repair & Resilience Program
- Economic Development Portfolio for Growth
- Homebuyer Assistance Program
- Critical Infrastructure Resilience Program
- Community Resilience Centers
- Puerto Rico by Design

This draft action plan will be available for public comment for 30 days ending on October 21, 2018. Public hearings are scheduled within this period occurring from October 15 to 19 in the municipalities of Toa Baja, Guayama, Barranquitas, Manatí, Moca, Guánica and Fajardo.

Disaster Housing Assistance Program (DHAP)

On May 15, five months after Governor Rossello’s initial request, FEMA denied a request to activate HUD’s Disaster Housing Assistance Program (DHAP) for survivors of Hurricane Maria. FEMA cited high operations costs and the availability of other housing programs and CDBG-DR funds as a reason for denying the request. DHAP, funded by FEMA and administered by HUD, provides longer-term housing assistance and case management services to help low income disaster survivors rebuild their lives.

The DHAP program was created in response to emergency response failures associated with the response to Hurricane Katrina. It has been successfully implemented to assist survivors of Hurricanes Katrina, Rita, Gustav, and Ike, as well as Superstorm Sandy. DHAP is administered through HUD’s existing network of local Public Housing Agencies (PHAs).

DHAP provides displaced households with temporary rental assistance, covering the cost difference between what a family can afford to pay and their rent, capped at a reasonable amount. Over several months, families are required to pay a greater share of their rent to encourage and help prepare them to assume full responsibility for their housing costs at the end of the program.

FEMA must enter into an interagency agreement (IAA) with HUD in order to activate DHAP. In light of FEMA’s refusal to do so Congress could include language in its next disaster supplemental appropriation bill directing FEMA to enter into an IAA with HUD or directly appropriate funds to the DHAP program.

Role of Local Government

State, territorial, and local governments are the first line of emergency response during a disaster. Recovery following a disaster is similarly incumbent on the local government’s ability to prioritize needs and appropriately direct and manage funds and/or available programs. The Government of Puerto Rico must now prioritize and decide how to best deploy federal, private sector, and philanthropic resources that will now be available to help rebuild communities in need. A large part of this is reliant on creating a transparent system with appropriate levels of oversight and accountability.

Congress has already expressed concerns over the management of funds. Even disbursement of a $4.9 billion federal loan for disaster relief has exacted tight scrutiny by the Treasury Department. The perception of local fiscal mismanagement was reinforced after Hurricane Maria when a $300 million contract was extended to Whitefish, a small firm with only two employees at the time, and subsequently canceled after a public outcry and the subject of an active investigation. This perception of local fiscal mismanagement
and corruption permeates members of Congress’s understanding of the situation in Puerto Rico and affects the policy decision process. In a hearing of the House Committee on Natural Resources committee, Chairman Rob Bishop (R-Utah) asserted that the government of Puerto Rico had a “credibility gap,” referring to near the $95 billion request for hurricane-recovery funding and the need for accountability in the disbursement of federal assistance.

In addition to allocating funds for disaster relief efforts the aid package also established certain oversight and transparency provisions. The law established that the Government of Puerto Rico, in coordination with relevant federal agencies and the Federal Oversight and Management Board established by PROMESA, needs to establish 12- and 24-month recovery plans (Section 1208). This economic and recovery plan must be endorsed by the Oversight Board and requires monthly reports be available to Congress. As the long recovery and rebuilding process begins, oversight and transparency will become increasingly important. Appropriations and access to further funds will occur as the island’s disaster relief efforts move toward rebuilding and resilience, which can take years.

Accountability and transparency were important factors during Hurricane Katrina and Superstorm Sandy recovery efforts. Following the devastations caused by Hurricane Katrina, Governor Kathleen Babineaux Blanco created the Louisiana Recovery Authority (LRA), a planning and coordinating body tasked with one of the most extensive rebuilding efforts in the U.S. Appointed by the governor and confirmed by the Senate, the organization’s 33-member body was charged with securing funding for the recovery, coordinating across jurisdictions, supporting community recovery and resurgence, ensuring integrity and effectiveness, and planning for the rebuilding of Louisiana.

Superstorm Sandy transparency initiatives occurred at both the federal and state levels. The Recovery Accountability and Transparency Board was a non-partisan, non-political agency of the federal government, which oversaw spending under the American Recovery and Reinvestment Act of 2009. In 2013, the board was additionally tasked with overseeing federal spending on Superstorm Sandy recovery. The board was chaired by the Secretary of Housing and Urban Development, with the Task Force consisting of members from 27 different federal executive branch agencies and White House offices. State initiatives after Superstorm Sandy include NJ Department of Community Affairs’ “ReNew Jersey Stronger” and New York Rising, the Governor’s Office of Storm Recovery (GOSR).

In order to manage reconstruction efforts, the governor of Puerto Rico created the Central Recovery and Reconstruction Office of Puerto Rico (CRRO), a division of the Puerto Rico Public Private Partnerships Authority. This small office is responsible for general oversight of rebuilding projects in Puerto Rico, a monumental task. Focus on oversight and transparency must play an important role in the distribution and the awarding of these upcoming federal funds. It is still unclear if the CRRO, in conjunction with Puerto Rico’s Fiscal Agency and Financial Advisory Authority and the Oversight Board, will effectively implement and manage the necessary oversight, transparency, and accountability measures necessary to rebuild Puerto Rico effectively.

Recovery and reconstruction efforts following Hurricane Katrina utilized a strategy of “piggybacking” federal programs and state programs to increase efficiency and synergies. This includes utilizing disaster related funds with non-disaster federal programs and other state programs to maximize positive community impact. The CDBG-LIHTC “Piggyback” Program utilized by Louisiana is an example of this strategy. This program combined Community Development Block Grant funds with Gulf Opportunity Zone Low Income Housing Tax Credits (which will be discussed in the next section) to close the financing gap and leverage approximately $1.1 billion in tax credit equity.

Rebuilding and reconstructions efforts in Puerto Rico entail a massive scope of work beyond anything experienced by the island in recent decades. The expected flow of federal disaster assistance presents an opportunity to rebuild in a more resilient manner and begin the process of moving towards not only recovering from a natural disaster but to further economic recovery. However, this process must include community participation, strong advocacy efforts and a push towards a more transparent and inclusive process.
Section III: Non-Disaster Federal Programs for Economic

Federal funding sources for recovery and reconstruction exist outside of traditional disaster assistance. Several programs that exist outside of disaster assistance can be used to complement or aid individuals, families, non-profits, small business and communities recover. Utilizing all possible federal, local, international, civil sector, and community resources in an integrated and participative manner is essential in achieving stability and mitigating the impact further natural disaster can have on the most fragile sectors in Puerto Rico.

Housing

According to the New York Times, there are 425,000 home-loan borrowers in Puerto Rico and roughly a quarter of those mortgages are guaranteed against default by the US Department of Housing and Urban Development (HUD).13 HUD’s Federal Housing Administration provides mortgage guarantees to financial institutions that lower the risk to the lending institution when making a loan to higher risk individuals. The lenders bear less risk because FHA will pay a claim to the lender in the event of a homeowner’s default. This allows prospective homeowners to can qualify for a loan that they might not otherwise be able to get.

The number of consumer banks in Puerto Rico has dropped by half over the last decade with larger banks shrinking. This has left much of the field to local institutions and credit unions.

HUD-Federal Housing Administration (FHA)

Basic Home Mortgage Loan 203(b)

FHA’s Basic Home Mortgage Loan program provides mortgage insurance to individuals so they can purchase or refinance a principal residence. Like most FHA mortgage insurance programs, this program provides lenders with protection against losses as the result of homeowners defaulting on their mortgage loans. Homeowners must pay for mortgage insurance if they put down less than 20 percent on a down payment. For most mortgage borrowers, the FHA requires only 3.5 percent of the home’s purchase price as a down payment.

All FHA loans require the borrower to pay two mortgage insurance premiums:

- **Upfront premium:** 1.75 percent of the loan amount, paid when the borrower gets the loan. The premium can be rolled into the financed loan amount.
- **Annual premium:** 0.45 percent to 1.05 percent, depending on the loan term (15 years vs. 30 years), the loan amount and the initial loan-to-value ratio, or LTV. This premium amount is divided by 12 and paid monthly.

For more information:
https://www.hud.gov/program_offices/housing/sfh/ins/sfh203b

Mortgage Insurance for Disaster Victims Section 203(h)

Insures mortgages made by qualified lending institutions to victims of declared major disasters who have lost their homes and are in the process of rebuilding or buying another home. Individuals are eligible for this program if their homes are located in an area that was designated by the President as a disaster area and if their homes were destroyed or damaged to such an extent that reconstruction or replacement is necessary.

Down payments are not required but closing costs and prepaid expenses must be paid by the borrower in cash, through premium pricing, or by the seller (subject to a 6 percent limitation). FHA mortgage insurance is paid by borrowers in an upfront and annual premium similar to the 203(b) loan. The borrower’s application for mortgage insurance must be submitted to the lender within one year of the President’s declaration of the disaster.

For more information:
https://www.hud.gov/program_offices/housing/sfh/ins/203h-dft

203(k) Rehab Mortgage Insurance

Section 203(k) insurance enables homebuyers and homeowners to finance the rehabilitation of their existing home or to simultaneously finance the purchase (or refinancing) of a house and the cost of its rehabilitation through a single mortgage.

The program insures mortgages covering the purchase or refinancing and rehabilitation of a home that is at least a year old. A portion of the loan proceeds is used to pay the seller, or, if a refinance, to pay off the existing mortgage, and the remaining funds are placed in an escrow account and released as rehabilitation is completed.

The cost of the rehabilitation must be at least $5,000. However, the total value of the property must still fall

within the FHA mortgage limit for the area. The value of the property is determined by either (1) the value of the property before rehabilitation plus the cost of rehabilitation, or (2) 110 percent of the appraised value of the property after rehabilitation, whichever is less. FHA mortgage insurance is paid by borrowers in an upfront and annual premium similar to the 203(b) loan.

For more information: https://www.hud.gov/program_offices/housing/sfh/203k

USDA Rural Development - Rural Housing Service

The USDA’s Office of Rural Development offers similar programs to the FHA to designated rural areas. USDA loans typically have more favorable terms but have stricter eligibility requirements. Currently 10,861 homes receive subsidized mortgage payments through USDA’s Single Family Housing programs with 27,680 participating in the Single Family Housing Guaranteed Loans program.

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family Housing (subsidized payment mortgages)</td>
<td>10861</td>
</tr>
<tr>
<td>Single Family Housing Guaranteed Loans</td>
<td>27680</td>
</tr>
</tbody>
</table>

Figure 4: USDA Rural Development Single Family Units
Source: HUD Damage Recovery Strategies

Single Family Housing Repair Loans & Grants

Also known as the Section 504 Home Repair program, this provides loans to very-low-income homeowners to repair, improve or modernize their homes or grants to elderly very-low-income homeowners to remove health and safety hazards. While loans may be used to repair, improve or modernize homes or remove health and safety hazards, grants are only awarded to remove health and safety hazards.

In order to qualify, the homeowner must occupy the house, be unable to obtain affordable credit elsewhere, and have a family income below 50 percent of the area median income. For grants, borrowers must be age 62 or older and not be able to afford repayment on a repair loan.

- Maximum loan is $20,000
- Maximum grant is $7,500
- Loans up to 20 year terms, fixed 1 percent interest rate
- Loan interest rate is fixed at 1 percent
- Full title service is required for loans of $7,500 or more

For more information: https://www.rd.usda.gov/programs-services/single-family-housing-repair-loans-grants
https://www.rd.usda.gov/pr

Single Family Housing Direct Home Loans

Also known as the Section 502 Direct Loan Program, this program assists low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas by providing payment assistance. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. Applicants must have an adjusted income that is at or below the low-income limit for the area where they wish to buy a house and they must demonstrate a willingness and ability to repay debt. Applicants must be without decent, safe and sanitary housing.

For more information: https://www.rd.usda.gov/programs-services/single-family-housing-direct-home-loans
https://www.rd.usda.gov/pr

Single Family Housing Guaranteed Loan Program

This program assists approved lenders in providing low- and moderate-income households the opportunity to own adequate, modest, decent, safe and sanitary dwellings as their primary residence in eligible rural areas. Eligible applicants may build, rehabilitate, improve or relocate a dwelling in an eligible rural area. The program provides a 90 percent loan note guarantee to approved lenders in order to reduce the risk of extending 100 percent loans to eligible rural homebuyers.

For more information: https://www.rd.usda.gov/programs-services/single-family-housing-guaranteed-loan-program
https://www.rd.usda.gov/pr

However, many of these programs fail to address the affordable housing situation in Puerto Rico. According to data from the Puerto Rico Office of the Commissioner of Financial Institutions, in August 2017 90+ day residential mortgage delinquency was around 6 percent, a number that by January 18 had risen to 15 percent, with a peak of 18 percent in October and December 2017. From September 2017 through January 2018, post-Hurricane Maria, the number of residential properties in the process of foreclosure decreased slightly from 13,436 to 12,962. Several federal agencies, including USDA and FHA, imposed moratoriums on foreclosures and after the hurricane.

However, the spike in 90 day delinquent mortgages illustrates a likely increase in future foreclosures. Now that these protections are expiring many homeowners who have fallen behind on payments may face foreclosures and other legal actions. The New York Times estimates that nearly 300 new foreclosure actions have been filed over the last four months in federal court in San Juan and in local courts across the island.\textsuperscript{15} However, even under these dire housing market conditions, home values have not decreased enough to be accessible to low- and moderate-income earners.\textsuperscript{16}

**Financing Affordable Housing and Urban Development**

The 2014-2018 Puerto Rico State Housing Plan outlined the need for more affordable housing for the elderly, disabled, special needs, and underserved communities.\textsuperscript{17}

<table>
<thead>
<tr>
<th>Program</th>
<th>Total Individuals</th>
<th>% very low income</th>
<th>Occupancy Rate %</th>
<th>Average Months on waiting list</th>
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</thead>
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<tr>
<td>Supportive Housing for the Elderly (Section 202)</td>
<td>977</td>
<td>91</td>
<td>96%</td>
<td></td>
</tr>
<tr>
<td>Public Housing</td>
<td>53477</td>
<td>92</td>
<td>89%</td>
<td>36</td>
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<tr>
<td>Housing Choice Vouchers</td>
<td>32761</td>
<td>96</td>
<td>127%</td>
<td>8</td>
</tr>
<tr>
<td>Mod Rehab</td>
<td>2020</td>
<td>86</td>
<td>97%</td>
<td>No Data</td>
</tr>
<tr>
<td>Project Based Section</td>
<td>38885</td>
<td>85</td>
<td>96%</td>
<td>No Data</td>
</tr>
<tr>
<td>202/PRAC</td>
<td>965</td>
<td>90</td>
<td>95%</td>
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</tr>
<tr>
<td>811/PRAC</td>
<td>145</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Figure 5: HUD Subsidized Housing in Puerto Rico

**Community Development Block Grant and HOME Program**

The Community Development Block Grant (CDBG) program is a flexible program that provides local governments and communities with funding to address a wide range of community development needs. The CDBG Entitlement Program, which differs from its disaster recovery counterpart (CDBG-DR), provides annual grants on a formula basis to cities or municipalities. These grants are used to develop communities and expand economic opportunities, principally for low- and moderate-income individuals.

Another HUD affordable housing program commonly used in conjunction with the CDBG program is the Home Investment Partnerships Program (HOME). This program provides formula grants to states (or territories in this case) and localities, often in partnership with local nonprofit groups, to fund a wide range of activities related to affordable housing for low- and very low-income peoples. Federal regulations\textsuperscript{18} require that jurisdictions that receives funds must provide 25 cents on their own for every HOME dollar used.\textsuperscript{19} Investments from state and funds, such as funds granted through the CDBG program, do not qualify. Eligible sources of a match for HOME funds include do not necessarily have to be cash but can also include donated materials, labor or property, cost of supported services provided to families living in HOME units and many other activities. Additionally, the HOME federal statute provides for a reduction of the matching contribution requirement under three conditions: 1. fiscal distress; 2. severe fiscal distress; and 3. for Presidentially-declared major disasters covered under the Stafford Act.\textsuperscript{20}

\textsuperscript{16} See Jennifer Hinojosa and Edwin Meléndez “The Housing Crisis in Puerto Rico and the Impact of Hurricane Maria” https://centropr.hunter.cuny.edu/sites/default/files/data_briefs/HousingPuertoRico.pdf for more information on housing market conditions prior and post Hurricane Maria
\textsuperscript{17} http://www.vivienda.pr.gov/docs/Puerto%20Rico%20State%20Housing%20Plan%20Fiscal%20Years%202014-2018_%20Departamento%20de%20Vivienda.pdf
\textsuperscript{18} 24 CFR 92.218
\textsuperscript{19} HOME Investment Partnerships Program, Homes and Communities: Community Planning and Development, US Department of Housing and Urban Development https://www.hudexchange.info/programs/home/
\textsuperscript{20} 24 CFR 92.222
matching contribution reductions were awarded to several municipalities in Puerto Rico for fiscal year 2017 due to fiscal distress.

**Low Income Housing Tax Credits**

The HOME program is often used with another federal incentive for affordable housing titled Low Income Housing Tax Credits (LIHTC). The Low Income Housing Tax Credit (LIHTC) program is one of the largest sources of new affordable housing in the United States. The program is administered by the Internal Revenue Service (IRS), a bureau of the Department of the Treasury. The LIHTC program does not directly provide housing subsidies.

Instead, the program provides tax incentives to encourage private developers to create affordable housing projects. Tax credits are provided to state or territory based on its population and are distributed to the territory’s designated tax credit allocating agency, which in Puerto Rico’s case is the Puerto Rico Housing Finance Authority (PRHFA). Then PRHFA distributes the tax credits based on Puerto Rico’s affordable housing needs, based on established program requirements from the federal government. This process is done through a Qualified Allocation Plan (QAP).

In 2016, PRHFA announced a Notice of Funding Availability (NOFA) in which they estimated the annual

### Table: HUD Community Planning and Development Allocations -FY2018

<table>
<thead>
<tr>
<th>Name</th>
<th>CDBG18</th>
<th>HOME18</th>
<th>ESG18</th>
<th>HOPWA18</th>
<th>HTF18</th>
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<tr>
<td>Aguadilla Municipio</td>
<td>$851,893</td>
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<td>$2,655,387</td>
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<tr>
<td>Yauco Municipio</td>
<td>$595,598</td>
<td>$0</td>
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<tr>
<td>Puerto Rico Nonentitlement</td>
<td>$24,363,783</td>
<td>$13,798,286</td>
<td>$3,572,861</td>
<td>$2,034,912</td>
<td>$1,253,357</td>
</tr>
</tbody>
</table>

Figure 7: HUD Community Planning and Development Allocations -FY2018

Source: HUD, https://www.hud.gov/program_offices/comm_planning/about/budget/budget18
LIHTC available for 2018 and 2019. This allocation totaled $15,377,656 with set-asides of $1,632,866 for Nonprofit, $7,500,000 for Public Housing Administration and $6,244,790 for "other projects." However, it was announced on November 28, 2016 that this cycle of funding was canceled due to the impending transition to a new administration and an increase in the availability of credits for 2020. A new NOFA was announced the following day with a total estimated annual allocation for 2018, 2019, and 2020 of $16,038,934 with set-asides of $2,353,698 for nonprofit and 13,685,035 for other projects. Projects that participated in the original set aside for public housing were not canceled.

Developers build the housing and agree to rent units at an affordable rent below market price. This is referred to as “set-aside requirements”. Housing developers have a choice of two use restrictions:

- More than 20 percent of the units occupied by tenants at less than 50 percent Area Median Income, or
- More than 40 percent of the units occupied by tenants at less than 60 percent Area Median Income

PRHFA give preference to projects with more stringent set-asides. These developments must comply with eligibility requirements for a minimum compliance period of 15 years and an extended use period of an additional 15 years. On March 23, 2018, Congress passed a law adding optional income averaging to the LIHTC program. This allows LIHTC developers to serve households with incomes up to 80 percent of the Area Median Income (AMI), as long as 40 percent or more of the units are rent-restricted and occupied by tenants with incomes that do not exceed an assigned income limit, which may range from 20 percent of AMI up to 80 percent AMI. The rent for a unit must not exceed 30 percent of the assigned income limit. The National Low Income Housing Coalition warns that LIHTC rents at 70 or 80 percent of AMI could exceed voucher payment standards, creating a loophole for owners to reject voucher tenants for these units. They recommend, advocates encourage PRHFA to establish a policy in their QAP that assumes that for underwriting and financing purposes all LIHTC units accept vouchers.

While these tax credit subsidies provide a moderate level of affordability through restrictions on rent, many units are further subsidized through additional sources of federal funding. Financing raised from LIHTC may not be sufficient to provide all of the capital required by the housing project to provide affordable units for low-income families. In this case, HOME funds can often be used to finance some of these gaps. However, when combining these two funding sources, the projects must comply with the strict requirements of both these programs.

---

**Figure 8: FY17 HOME Match Reduction in Puerto Rico**

*Source: U.S. Department of Housing of Urban Development (CPD/OTAM/SDED)*

<table>
<thead>
<tr>
<th>Participating Jurisdiction</th>
<th>% of Persons in Poverty (≥19.925%)</th>
<th>Per Capita Income (&lt;$21,268)</th>
<th>% Income Growth (&lt;2.75%)</th>
<th>Match Reductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aguadilla Municipio</td>
<td>49.1%</td>
<td>$10,297</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Arecibo Municipio</td>
<td>49.6%</td>
<td>$9,461</td>
<td>0.0%</td>
<td>100%</td>
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<tr>
<td>Bayamon Municipio</td>
<td>35.6%</td>
<td>$13,068</td>
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<td>100%</td>
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<td>Caguas Municipio</td>
<td>38.0%</td>
<td>$13,486</td>
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<td>100%</td>
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<td>Carolina Municipio</td>
<td>30.5%</td>
<td>$15,185</td>
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<td>100%</td>
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<td>Guaynabo Municipio</td>
<td>26.9%</td>
<td>$23,166</td>
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<td>50%</td>
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<td>$9,930</td>
<td>0.0%</td>
<td>100%</td>
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<td>Ponce Municipio</td>
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<td>San Juan Municipio</td>
<td>42.3%</td>
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<td>Puerto Rico</td>
<td>49.5%</td>
<td>$9,388</td>
<td>0.0%</td>
<td>100%</td>
</tr>
</tbody>
</table>


23 Puerto Rico Housing and Finance Authority “Compliance Monitoring Plan: Low Income Housing Tax Credit Program” July 2016 p.3


<table>
<thead>
<tr>
<th>Year Placed In Service</th>
<th>Project Name</th>
<th>Municipality</th>
<th>Total Low-Income Units</th>
<th>Total Units</th>
<th>Sponsor Type</th>
<th>Home Investment Partnership Funds</th>
<th>CDBG Funds</th>
<th>Annual LIHTC Allocation Amount</th>
<th>Rent/Income Ceiling for Low Income Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>CAGUAS COURTARD COMM. HOUSING</td>
<td>CAGUAS</td>
<td>94</td>
<td>94</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$2,255,381</td>
<td>60%</td>
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<tr>
<td>2012</td>
<td>CASA VERDE RENTAL HOUSING</td>
<td>RIO GRANDE</td>
<td>108</td>
<td>108</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$2,504,229</td>
<td>60%</td>
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<tr>
<td>2012</td>
<td>EGIDA METROPOLITANA</td>
<td>SAN JUAN</td>
<td>120</td>
<td>120</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$2,271,434</td>
<td>60%</td>
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<tr>
<td>2012</td>
<td>SAN ANGEL RENTAL HOUSING PROJECT</td>
<td>TRUJILLO ALTO</td>
<td>82</td>
<td>89</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$1,679,269</td>
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<tr>
<td>2012</td>
<td>SANTAMERICA</td>
<td>COTO LAUREL</td>
<td>195</td>
<td>195</td>
<td>Non-Profit</td>
<td>No</td>
<td>No</td>
<td>$3,363,177</td>
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<tr>
<td>2012</td>
<td>EL CORAL PUBLIC HOUSING 1</td>
<td>CAROLINA</td>
<td>100</td>
<td>100</td>
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<td>No</td>
<td>No</td>
<td>$832,450</td>
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<td>2012</td>
<td>JARD. DE MONTELLANOS PUB. HOUSING 1</td>
<td>CAYEY</td>
<td>130</td>
<td>130</td>
<td>Non-Profit</td>
<td>No</td>
<td>No</td>
<td>$1,461,690</td>
<td>60%</td>
</tr>
<tr>
<td>2012</td>
<td>JARD. DE ORIENTE PUBLIC HOUSING 1</td>
<td>HUMACAO</td>
<td>88</td>
<td>88</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$696,874</td>
<td>60%</td>
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<tr>
<td>2012</td>
<td>LAGOS DE BLASINA PUBLIC HOUSING 1</td>
<td>CAROLINA</td>
<td>176</td>
<td>176</td>
<td>Non-Profit</td>
<td>No</td>
<td>No</td>
<td>$1,303,016</td>
<td>60%</td>
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<tr>
<td>2012</td>
<td>LOS MIRTOS PUBLIC HOUSING 1</td>
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<td>192</td>
<td>192</td>
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<td>No</td>
<td>$1,514,728</td>
<td>60%</td>
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<tr>
<td>2013</td>
<td>EGIDA DE LA AMPPR MAUNABO</td>
<td>MAUNABO</td>
<td>116</td>
<td>116</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$592,781</td>
<td>60%</td>
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<tr>
<td>2013</td>
<td>PLAZA BARCELONA ELDERLY APPTS</td>
<td>MAYAGUEZ</td>
<td>98</td>
<td>98</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$1,573,418</td>
<td>60%</td>
</tr>
<tr>
<td>2013</td>
<td>FRANCIS VILLAGE ELDERLY APPTS</td>
<td>ANASCO</td>
<td>75</td>
<td>75</td>
<td>Non-Profit</td>
<td>No</td>
<td>No</td>
<td>$869,099</td>
<td>60%</td>
</tr>
<tr>
<td>2013</td>
<td>THE GOLDEN RESIDENCES FLORAL PARK</td>
<td>SAN JUAN</td>
<td>160</td>
<td>160</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$2,358,029</td>
<td>60%</td>
</tr>
<tr>
<td>2013</td>
<td>VISTAS DEL MAR ELDERLY</td>
<td>ARECIBO</td>
<td>88</td>
<td>88</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$1,149,383</td>
<td>60%</td>
</tr>
<tr>
<td>2014</td>
<td>HATILLO DEL CORAZON</td>
<td>HATILLO</td>
<td>63</td>
<td>64</td>
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<td>No</td>
<td>No</td>
<td>$484,482</td>
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<td>2014</td>
<td>METROPOLIS APPTS</td>
<td>SAN JUAN</td>
<td>185</td>
<td>185</td>
<td>For-Profit</td>
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<td>No</td>
<td>$4,312,841</td>
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<tr>
<td>2014</td>
<td>PORTAL DE SAN GERMAN</td>
<td>SAN GERMAN</td>
<td>56</td>
<td>56</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$1,235,699</td>
<td>60%</td>
</tr>
<tr>
<td>2014</td>
<td>SANTA MARIA APPTS</td>
<td>SAN GERMAN</td>
<td>85</td>
<td>86</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$561,609</td>
<td>60%</td>
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<tr>
<td>2014</td>
<td>VILLA MIRAMAR</td>
<td>PONCE</td>
<td>95</td>
<td>96</td>
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<td>No</td>
<td>No</td>
<td>$791,940</td>
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<tr>
<td>2015</td>
<td>BALSEIRO ELDERLY</td>
<td>SAN JUAN</td>
<td>0</td>
<td>74</td>
<td>For-Profit</td>
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<td>No</td>
<td>$1,101,290</td>
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</tr>
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<td>2015</td>
<td>GURABO ELDERLY</td>
<td>GURABO</td>
<td>0</td>
<td>86</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$1,396,302</td>
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</tr>
<tr>
<td>2015</td>
<td>MONTBLANC GARDENS</td>
<td>YAUCO</td>
<td>128</td>
<td>128</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$845,588</td>
<td>60%</td>
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<tr>
<td>2015</td>
<td>PLAZA APARTMENTS</td>
<td>COAMO</td>
<td>60</td>
<td>60</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$865,573</td>
<td>60%</td>
</tr>
<tr>
<td>2015</td>
<td>PLAZA GRAN VICTORIA</td>
<td>SAN JUAN</td>
<td>98</td>
<td>98</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$1,435,386</td>
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<td>2015</td>
<td>VIEWPOINT AT DOMENECH</td>
<td>SAN JUAN</td>
<td>0</td>
<td>120</td>
<td>For-Profit</td>
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<td>No</td>
<td>$1,873,148</td>
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<td>2015</td>
<td>LUCERO DEL ALBA</td>
<td>CAGUAS</td>
<td>50</td>
<td>50</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$971,380</td>
<td>50%</td>
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<tr>
<td>2016</td>
<td>EGIDA HACIENDA EL JIBARITO</td>
<td>SAN SEBASTIAN</td>
<td>0</td>
<td>0</td>
<td>For-Profit</td>
<td>No</td>
<td>No</td>
<td>$1,936,883</td>
<td>60%</td>
</tr>
</tbody>
</table>

Figure 9: LIHTC Projects in PR from 2012-2016
Source: HUD, LIHTC DATA
https://www.huduser.gov/portal/datasets/lihtc.html#data
Two types of tax credits are available: 9 percent which are usually awarded through a competitive process. A 9 percent tax credit can raise around 70 percent of the cost of a development but are limited in number and only a finite amount can be issued by the state or territory. The 4 percent credit is less competitive but not as lucrative. It raises approximately 30 percent of the cost of a development. This credit is often combined with other sources of financing to close the gap.

The developers who have been awarded the credits sell the credits to investors for cash equity. In return the investors use the tax credit to lower their federal tax liability. These tax credits are not sold dollar for dollar but can be priced as lower or in some cases as high as $1.25 per $1 of housing tax credit, depending on market demand. This is due to the value added to these credits due to the Community Reinvestment Act (CRA). The CRA requires that financial institutions lend to low-income communities within their geographic area. Banks can receive positive CRA credit for investing in LIHTC.

Projects in CRA “Hot” areas, typically urban areas, command higher prices while CRA locations in smaller rural communities or areas that do not fall within the CRA geographic area major commercial banks command much lower prices. This made attracting equity more difficult for development project in Puerto Rico. As a response to the widespread devastation of Hurricane Maria, the Federal Deposit Insurance Corporation (FDIC) determined that community development activities in Puerto Rico, regardless of institutions’ assessment areas, may receive CRA consideration.

PRHFA is responsible for monitoring all LIHTC projects in Puerto Rico. Every year, HUD publishes the income limits applicable to properties funded with LIHTC. PRHFA then uses information published by HUD to calculate maximum rents and income limits for Puerto Rico LIHTC projects. The Government of Puerto Rico has allocated 18,894 LIHTC units from 1988 to 2017.

Newer LIHTC developments in Puerto Rico have adopted a mixed-income housing development model. These housing developments such as Las Gladiolas, now “Renaissance Square,” and Puerta de Tierra, now “Bayshore Villas”— consist of public housing, section 8, LIHTC, and market rate units. Renaissance Square has a total of 140 units with a total of 56 units assigned to public housing and the rest consisting of subsidized section 8 and LIHTC units and market rate units.

Some jurisdictions have previously leveraged the LIHTC with disaster funds allocated to HUD as part of the CDBG-DR program. For example, Louisiana used the LIHTC following Hurricane Katrina to leverage around $1.1 billion in tax credit equity to support the creation of 8,448 new units, 63 percent of which were considered affordable.

**New Markets Tax Credit**

Another credit used to incentivize investment in low-income communities is the New Markets Tax Credit (NMTC). The program incentivizes community development through the use of tax credits to attract private investment to qualified low-income communities. The U.S. Department of Treasury competitively allocates tax credit authority to Community Development Entities (CDE). CDEs are financial intermediaries that make loans or investments that have received tax credit authority from the Treasury Department’s Community Development Financial Institutions (CDFI). Banks, developers, and local governments can qualify to become CDEs. NMTC investors receive a tax credit against their federal income tax in exchange for making an equity investments in a CDE. The credit totals 39 percent of the original investment amount and can be claimed over a period of seven years. Ninety-one percent of Puerto Rico’s census tracts are NMTC eligible, and 44 percent of those are also designated “Hot Zones.” However, the program is not heavily utilized in Puerto Rico. Prior to 2016, NMTC investment in Puerto Rico totaled around $110 million, approximately 3 percent of total NMTC investments.

**Rural Development**

Rural areas face different economic and community development issues than low-income urban communities. Rural communities are often affected by geographic isolation, low-density settlement, and limited investment activity from the private sector. In order to address this, the U.S. Department of Agriculture offers several programs to facilitate and fund development of rural areas.

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28 http://www.afv.pr.gov/desarrolladores-avf/#3


30 http://www.cbofinancial.com/success_stories/puerto_rico.html

USDA Rural Development Programs

**Community Facilities Guaranteed Loan Program**
This program provides loan guarantees to eligible private lenders to help build essential community facilities in rural areas. An essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community in a primarily rural area, and does not include private, commercial or business undertakings.

**For more information:**
https://www.rd.usda.gov/programs-services/community-facilities-guaranteed-loan-program

**Community Facilities Direct Loan and Grant Program**
This program provides affordable funding to develop essential community facilities in rural areas. An essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community in a primarily rural area, and does not include private, commercial or business undertakings.

**For more information:**
https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program

**Community Facilities Relending Program**
Loans to eligible lenders (re-lenders) that will in turn re-loan those funds to applicants for essential community facilities. These programs provide loans for essential community infrastructure, so that people who live and work in rural areas can enjoy the same basic quality of life and services as those in urban and metropolitan areas.

**For more information:**
https://www.rd.usda.gov/programs-services/community-facilities-relending-program

**Intermediary Relending Program**
Provides 1 percent low-interest loans to local intermediaries that re-lend to businesses to improve economic conditions and create jobs in rural communities.

**For more information:**
https://www.rd.usda.gov/programs-services/intermediary-relending-program

**Multi-Family Housing Loan Guarantees**
The program works with qualified private-sector lenders to provide financing to qualified borrowers to increase the supply of affordable rental housing for low- and moderate-income individuals and families in eligible rural areas and towns.

**For more information:**

**Rural Cooperative Development Grants**
The Rural Cooperative Development Grant program helps improve the economic condition of rural areas by helping individuals and businesses start, expand or improve rural cooperatives and other mutually-owned businesses through Cooperative Development Centers. Grants are awarded through a national competition.

**For more information:**
https://www.rd.usda.gov/programs-services/rural-cooperative-development-grant-program

**Small Business & Economic Development**

**Opportunity Zones**
“Qualified Opportunity Zones” are areas in which the average income is lower than 80% of the state’s median income and are areas that must have at least a 20% poverty rate. Qualified opportunity funds will be determined by the CDIF in a process similar to allocation of New Markets Tax Credits to Community Development Entities. Investor in these funds are offered deferred short and long capital gains taxes due upon sale. If the investment is maintained for five years, the taxpayer will receive a step-up in tax basis equal to 10 percent of the original gain. If the investment is maintained in the fund for seven years, the taxpayer will receive an additional five percent step-up in tax basis. Investments maintained for 10 years will allow for an exclusion of all capital gains from post-acquisition gain on the investment in the fund to be excluded from gross income. For an investment maintained longer than 10 years, the taxpayer can elect the basis in the investment to be equal to the fair market value of the investment. The Bipartisan Budget Act of 2018 included provisions to certify every low-income community in Puerto Rico as a qualified Opportunity Zone.

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<table>
<thead>
<tr>
<th>Program</th>
<th>Number of Properties</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multifamily Housing</td>
<td>92</td>
<td>5284</td>
</tr>
<tr>
<td>Elderly Rental Housing</td>
<td>4</td>
<td>87</td>
</tr>
</tbody>
</table>

*Figure 10. USDA Rural Development Multi-Family Units*  
*Source: HUD Damage Recovery Strategies*
Historically Underutilized Business Zones, known as HUBZones, are zones designated by the government as impoverished or underutilized. The HUBZone program, run by the Small Business Administration, allows small businesses to obtain government contracts without the “full and open competition” normally required. It also gives preferential consideration to those businesses in full and open competition. In the summer of 2016, more than 82% of Puerto Rico was declared HUBZone; this includes all the municipalities of Adjuntas, Coamo, Culebra, Jayuya, Las Marias, Maricao, Salinas, Santa Isabel, Utuado and Vieques and significant sectors of the other municipalities.

Small businesses in these areas are eligible to participate in the HUBZone program. This HUBZone program makes the business eligible to compete for set-aside contracts. Additionally, HUBZone-certified businesses also get a 10 percent price evaluation preference in full and open contract competitions. In addition to qualifying as a small business located in a HUBZone, participants must have at least 35 percent of its employees live in a HUBZone to be certified by the Small Business Administration as a HUB-Zone-certified business.

However, this program has been misused with the Congressional Task Force on Economic Growth in Puerto Rico expressing concerns in its official report. The Task Force found that on a per capita basis, the total dollar value of federal contracts performed in Puerto Rico is less than in any U.S. jurisdiction other than American Samoa. Additionally, 6 out of 10 federal contracts performed in Puerto Rico are awarded to firms outside of Puerto Rico rather than local businesses.32

Section IV: Entry Points for Advocacy

The influx of disaster relief funds and the complexity of rebuilding efforts requires a strong push from advocates to ensure the needs of those most vulnerable are addressed. In this process issues such as oversight, transparency and increasing resiliency should be heavily prioritized. Strong advocates are needed at various entry points in this recovery process: from the congressional level, where recovery funds are appropriated, to agencies that establish the primary use of these funds and disbursement criteria, to the local project level. Advocacy must form an integral part in the rebuilding process in order to ensure that policies and practices are improving conditions for those affected by Hurricane Maria. Due to the inherently complex nature of disaster recovery, further complicated by Puerto Rico’s political context, lobbying and advocacy efforts take on an important role in achieving policy changes. These efforts are complex, often involving Cabinet-level departments, federal agencies, the Government of Puerto Rico, municipalities, community organizations, private investors, elected officials, and other stakeholders.

This complex policy environment requires a high degree of collaboration between actors seeking to influence policy, from the macro-policy level down to the project implementation and monitoring and evaluation levels. Sabatier and Jenkins-Smith presented the concept of the “Advocacy Coalition Framework” in 1988 to explain the policy process and the role technical information plays in shaping it. The framework has evolved throughout the years but the main idea remains. This is the notion that policymaking is structured by networks of actors that want to translate their beliefs into policy; and to succeed they seek allies, share resources, and align their strategies. These networks are essentially “advocacy coalitions”. For the purpose of this report, an advocacy coalition is defined as group of people that engage in the policy process with the goal of translating shared beliefs into action. We are more specifically referring to the group of people that are involved, wish to be involved, or otherwise support the rebuilding process in Puerto Rico through engagement and/or social action. These actors are already organizing, either through formal or informal channels, and have been vital to relief efforts both on and off the island.

The Puerto Rican diaspora has united and demonstrated its great sense of community. Since the very beginning of this crisis, the diaspora has moved to help with supply drives, fundraisers, and the coordination of other events to help the island. Naturally, organizations such as the National Puerto Rican Coalition, UnidosUS, Centro, Hispanic Federation, 32BJ SEIU, ASPIRA, and others have covered the Puerto Rican community and promoted unite and specific policy issues. In Florida, a coalition named (“Coordinadora de Apoyo, Solidaridad y Ayuda”), was created by 14 Hispanic, mostly Puerto Rican organizations, to assist in the collection of supplies and coordinate any other effort for the benefit of Puerto Rico. Similar efforts occurred in Connecticut, New Jersey, Pennsylvania and elsewhere. Local organizations in Puerto Rico have become the first line of defense after the hurricane and have been integral to maintaining oversight on disaster efforts and advocating so those most vulnerable can be heard. The Centro de Periodismo Investigativo were the first to report on the possibility of a much higher death count caused by Hurricane Maria. The Sociedad Puertorriqueña de Planificación has been working diligently on the use of CDBG-DR funds and ensuring they are being appropriately allocated. Many other organizations have similarly been engaged in rebuilding Puerto Rico.

Many of these stakeholders share a common vision or belief and can work together to harmonize common goals and strategies to influence legislative action, policy implementation, public opinion, and ultimately move towards the common goal of rebuilding a more resilient Puerto Rico. There are various entry point for advocates who wish to influence reconstruction efforts in Puerto Rico and other relief efforts for displaced Puerto Ricans. These entry points are found in a broad array of policy areas and levels. However, each entry point offers an opportunity to be an accelerator of change and consequently affect the lives of those most affected.

Diaspora Engagement with Displaced Families

As discussed previously, Congress plays a large role in disaster recovery due to their oversight capabilities and control over budgetary measures. Supplemental appropriation and regular appropriations have a huge impact on how quickly a jurisdiction can recover from a major disaster.

The large Puerto Rican diaspora and the new influx of Puerto Ricans to swing states can however, become advocates for those on the island who lack a voice and exert pressure on their respective members of Congress. Additionally, as recovery efforts have moved from short term disaster relief and collection drives many displaced Puerto Ricans are met with a diminishing amount of support. The limited amount of Federal assistance currently available for Puerto Rican residents displaced by Hurricane Maria has not only affected displaced families, but it has placed a greater strain on non-profits and local governments. Many organizations are struggling to fill the void left by diminishing federal and state relief efforts.

New York

After Hurricane Maria, the City of New York launched an emergency service center at the Julia De Burgos Performance and Arts Center in East Harlem. The center shut down on February 9, 2018, and many families that have relocated to the New York City area do not know who to turn to for help. Several non-profit groups have emerged to help support displaced residents and make sure their needs are met. In the Bronx, the working group, the Bronx Coalition Supporting Hurricane Maria Evacuees, was formed to sustain a safety-net for Hurricane Maria evacuees. The New York Disaster Inter-faith Services (NYDIS) and National Voluntary Organizations Active in Disaster (VOA) have been similarly support efforts to provide relief and information to evacuees. Diaspora for Puerto Rico is working with NYDIS, VOAD, Bronx Coalition, the Salvation Army, Latino Justice, and other organizations to help Puerto Rican evacuees in the state. They are helping connect individuals and families with organizations that can provide help or information. Many of these groups are also focusing on increasing visibility and advocacy efforts so elected officials are aware of their situation and can increase help from the local and state government.
Connecticut
At Governor Malloy’s direction, the Government of Connecticut has tried to work the disaster as if it was its own. However, since the homes are not in Connecticut, the focus has been on individual assistance, which has involved disaster case management to displaced households in need. The state has various working groups such as the Disaster Case Management Working Group, Housing Working Group, and the Hurricane Relief Support Planning Group.

Case management at state level is being coordinated by the Salvation Army, Catholic Charities, and local community action agencies, based mostly on referrals from 211. Municipalities and community organizations have also played a large role in assisting displaced families and advocating for additional resources. The Connecticut Chapter of the National Puerto Rican Agenda organized a rally on February 28, 2018, on the steps of the Connecticut state capitol calling lawmakers to support funding for Puerto Rican families displaced by Hurricane Maria.

Florida
The Government of Florida established a multi-agency resource center, the Orlando Multi-Agency Resource Center (MARC), which offered services to those impacted by Hurricane Maria. The center closed on March 30, 2018. According to the State Emergency Response Team (SERT), 34,000 individuals impacted by Maria were served at the MARC. Those with unmet needs are encouraged to contact 2-1-1 United Way or local public housing agencies for assistance. Community and faith-based organizations continue to provide assistance to displaced Puerto Ricans in the area.

Housing

Issue: FEMA Regulations & Policy
Housing continues to be an issue as recovery efforts move from relief to reconstruction efforts. Many Puerto Ricans have denied assistance by FEMA because they lacked deeds to their homes. About 60 percent of applicants are denied Individual Assistance under IHP, mostly due to lack of ownership documentation. This comes out to around 335,748 denied applications, each likely representing multiple individuals. Many families who were initially denied assistance subsequently appealed this decision. Reports estimate that FEMA has denied or not answered around 79 percent of the appeals.

FEMA provides a list of documentation required to certify that a residence if owner-occupied, however, in the Individuals & Households Program Unified Guidance it states the availability of document exceptions. The guidance states that “FEMA may accept a written statement from the applicant indicating how long they lived in the disaster-damaged residence prior to the Presidential disaster declaration, and an explanation of the circumstances that prevent standard ownership verification (e.g., insular areas, islands, tribal lands). This is appears to occur on a case by case basis and creates room for inconsistencies. Due to the substantial amount of denials and appeals, FEMA should establish ownership requirements and procedures tailored to Puerto Rico and local housing practices.

Issue: Insufficient affordable housing
Federal disaster funds can be used in conjunction with existing programs to increase affordable housing on the island. Additionally, several options exist outside of currently available programs. For example, after Hurricane Katrina extra “disaster credits” under the Housing Credit program were granted as part of the “Go Zone bill”. Several bills that have already been introduced in Congress that include disaster credits. First, H.R. 3679, the National Disaster Tax Relief Act of 2017 (Rep. Tom Reed, R-NY-23), introduced into the House Ways and Means Committee, includes a measure to increase the State housing credit ceiling for states damaged by disaster. Second, H.R. 4172, the Give A HAND Act (Rep. Richard Neal, D-MA-1), also introduced into House Ways and Means Committee, includes a measure to raise the state housing credit ceiling. Neither bill has left committee.

34 https://www.nbcnews.com/storyline/puerto-rico-crisis/fema-has-either-denied-or-not-approved-most-appealshousing-n891716
35 44 C.F.R. §206.111
36 FEMA, Individuals & Households Program Unified Guidance (September 2016) P.18
37 See 44 C.F.R. § 206.117(b)(1)(i)(B)
Issue: Displaced Puerto Ricans in the Mainland US
As previously stated, many displaced Puerto Ricans living in the mainland are facing diminishing amounts of support. A limited amount of federal assistance is currently available for Puerto Rican residents displaced by Hurricane Maria now residing in the mainland. This has placed a greater strain on non-profits and local governments. This is particularly true of housing assistance to these displaced families, many of which are still relying on the TSA program. Displaced individuals must move towards longer term housing solutions. An option is rental assistance. However, FEMA bases the amount of assistance granted under this program on the Department of Housing and Urban Development (HUD) fair market rent (FMR) for the county within the declared disaster area where the primary residence is located.37 This has created an issue with families who have relocated from Puerto Rico to higher cost of living areas. However, while FEMA determines rental assistance by referencing HUD’s FMR, FEMA’s rental assistance is not required to be identical to HUD’s FMR. Federal courts upheld FEMA’s broad discretion in calculating what FMR it will use in affected localities in Watson v. FEMA.38

A program that hasn’t been activated for Puerto Rico is the DHAP program. The program was used after Hurricane Katrina to provide displaced households with temporary rental assistance, covering the cost difference between what a family can afford to pay and their rent, capped at a reasonable amount. Over several months, families are required to pay a greater share of their rent to encourage and help prepare them to assume full responsibility for their housing costs at the end of the program.

Issue: Increasing Energy Infrastructure Resiliency
Puerto Rico Electric and Power Authority’s infrastructure is still very fragile and power outages are common. Governor Rosselló has stated his intent of beginning the process of privatizing PREPA. It is imperative that Puerto Rico not only fix what its current system redesign the grid and implement a more sustainable system.

An oversight hearing was held by the House Committee on Natural Resources on July 25, 2018 labeled “Management Crisis at the Puerto Rico Electric Power Authority and Implications for Recovery”. During this hearing Rep. Tom McClintock (R-CA) pushed back on the idea of increasing renewable energy sources over conventional electricity generation, labeling conventional methods as much less expensive. This assertion lacks any regional perspective and assumes that what is true in the continental US applies to the island of Puerto Rico. This point was reiterated by Assistant Energy Secretary Bruce Walker, Department of Energy, in his response. He stated that Puerto Rico’s cost per kilowatt is extremely high and because of this the cost effectiveness of wind and solar becomes economical. All of the fossil fuels used in power plants need to be imported, tacking on additional costs. Furthermore, the geography of the island heavily affects the costs of distribution. Most power plants are located in the south while a lot of demand is concentrated on the north and the metro area. This means high-voltage transmission lines currently have to cross the mountainous center of the island.39 These sort of discussions are necessary to insure policies and practices are crafted with a Puerto Rico specific context in mind.

Health
Long before Hurricane Maria hit Puerto Rico, the health system of the U.S. territory was struggling from lack of resources and doctors necessary to provide services. In the last decade the number of doctors in Puerto Rico has dropped from 14,000 to 9,000, an exodus hastened by Hurricane Maria.40 This is especially true of many specialist on the island, meaning patients have to travel long distances and experience long waits in order to see a specialist.

Issue: Outmigration of Doctors
Issue: Access to Healthcare in Rural Communities

Education
According to Puerto Rico’s Department of Education preliminary student enrollment numbers, 313,724 students matriculated in pre-kindergarten to 12th grade public schools in the 2018-2019 academic school year. This represents a -2 percent loss from February 2018, 6 months after Hurricane Maria struck the Island. In the last decade school enrollment has continued to decrease with an overall decrease between 2007-2008 and 2018-2019 academic school years of -40 percent, from 526,565 to 313,724 students.

Student enrollment declines can be a result of migration, lower fertility rates, and population loss in general. A total of 265 public schools or 24% are now closed with 855

40 https://www.pbs.org/newshour/show/sick-puerto-ricans-are-facing-long-waits-to-see-the-doctor
schools remaining open in the 2018-2019 academic year. The majority of school closures were disproportionately located in the island’s rural areas (65%) relative to urban areas (35%). Efforts must be made sure that the needs of rural communities are met, particularly as these areas were the most affected during the storm but are historically less likely to receive the majority of recovery funds.

**Issue: School closures in isolated communities**

**Agriculture and Rural Development**

The agriculture sector of Puerto Rico is one of the most affected by Hurricane Maria. According to unofficial numbers, 80% of crops were lost. In addition, food was scarce for days. Food shortage resulted from the difficulties that private companies in the supply chain and government encountered in the ports and airports.

**Issue: Food Storage**

**Issue: Rebuilding the Agricultural Sector**

**Economic Development**

Establishing a sustainable economic development model for Puerto Rico is necessary in insuring not only short-term disaster recovery is met but that the island is better able to respond to future disasters and is less susceptible to “shocks” of this nature. Economic development will serve as an accelerator and improve other sectors. Policies prior and after the storm hinder economic development, particularly for local small businesses, who represent the majority of business establishments on the island.

As a recent report from the Center for a New Economy (CNE) highlighted, most federal contracts awarded for recovery have been to non-local companies. While more than $5 billion dollars have been awarded as part of recovery efforts in Puerto Rico between Sept. 20, 2017 and Aug. 22, 2018, only $500 million represents contracts granted to Puerto Rico-based firms. Federal policy directly states that preference should be given to local firms when awarding emergency response contracts.

**Accountability**

**Issue: Transparency of Federal Funds & Process of Awarding Contracts**

It is important for groups in Puerto Rico and stateside United States to make the local and federal government accountable during the rebuilding process. The federal government has approved billions of dollars for Puerto Rico, giving an opportunity to rebuild better many sectors that have been struggling for years. It is important that the funds appropriated by Congress goes to Puerto Rico and that Puerto Rico's government manages the funds adequately. It is fundamental to have transparency over the process and mechanism that makes the government accountable during the whole process. Agency participation in structuring program coverage for specific communities or mobilizing elected officials to support appropriations targeting specific programs or jurisdictions.

**Conclusion**

This list of issues and entry points is not all encompassing and does not represent the plethora of issues that many residents of Puerto Rico face. Finding a focus area and then engaging with the community and technical experts is crucial in understanding emerging issues and trends. This will allow advocates to effectively narrow down a problem, find partners to collaborate with, work on solutions and move towards change. Rebuilding Puerto Rico will be a long-term and difficult process that must include multiple stakeholders from various levels of the policymaking and implementation process in order to ensure that efforts lead to a more resilient future.

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Rebuild Puerto Rico

Hurricane Maria, a devastating Category 4 hurricane, caused billions of dollars in damages to Puerto Rico and left 3.4 million island residents without power, potable water, and telecommunications. Recovery is estimated to take years. Centro has launched Rebuild Puerto Rico, an online information clearinghouse for the stateside Puerto Rican community and other allies to support disaster relief and recovery efforts. A Puerto Rico Recovery & Reconstruction newsletter highlighting new content on the online platform will be issued weekly and as needed.