



GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

December 8, 2022

Raúl M. Grijalva  
Chair  
Committee on Natural Resources  
U.S. House of Representatives  
Washington, DC 20515

Via e-mail: [ivan.robles@mail.house.gov](mailto:ivan.robles@mail.house.gov)

**RE: PRDOH's Responses to Questions for the Record**

Greetings Chairman Grijalva and Members of the House Committee.

We acknowledge receipt of your letter dated November 30, 2022, and are grateful to know that our testimony during the oversight hearing on Puerto Rico's Post-Disaster Reconstruction and Power Grid Development was beneficial for this Committee and its Members. The Government of Puerto Rico is committed to assisting Congress in their recovery efforts under Community Development Block Grant for Disaster Recovery and Mitigation (**CDBG-DR** and **CDBG-MIT**) allocations.

As requested, enclosed for the final hearing record are our responses to the additional questions submitted by members of the Committee. Feel free to submit any further questions or requests that this Committee may deem necessary to help address the needs of the people of Puerto.

The Puerto Rico Department of Housing (**PRDOH**) looks forward to ongoing federal support as we continue to execute the goals of the CDBG-DR and CDBG-MIT Programs.

Sincerely,

  
William O. Rodríguez Rodríguez, Esq.  
Secretary  
Puerto Rico Department of Housing

Enclosure: Responses to Questions for The Record



## ANSWERS TO QUESTIONS FROM DEMOCRATIC COMMITTEE MEMBERS

### I. Questions from Rep. Nydia M. Velázquez

---

#### Question:

1. Since 2020, your agency has had available \$1.29 billion dollars under the City Revitalization Program meant to enhance resiliency in urban centers and key corridors, such as the pathways destroyed after Hurricane Fiona. However, only **2 of the 327** projects under this program have started. How much out of the allocated funding do these two projects represent and what is your strategy to ensure that all of them are started?

#### Response:

The City Revitalization Program (**CRP**) has an allocation of \$1.29 billion, from which \$1.07 billion have been obligated. The two projects that have started the construction phase represent \$4.7 million (0.6%) of the current project funds for the CRP program, as described in **Table 1-Budget Distribution by Projects Phase**.

While as of November 23, 2022, two of the 320 eligible projects had started construction, another 94 projects are active in the design and procurement phase. Different strategies have been implemented to ensure that projects start under the CRP Program. The Puerto Rico Department of Housing (**PRDOH**) has contracted three Program Managers (**PMs**) to provide dedicated hands-on support to the municipalities for a wide range of needs. PM support includes:

- Provide technical assistance to Municipalities in the implementation of public policy of the CRP program
- Provide support to Municipalities in the identification of eligible projects
- Provide support to Municipalities in the preparation and development of project scope
- Provide support to Municipalities in the preparation of cost estimates and project implementation itinerary
- Provide assistance in the preparation of scope and cost documents for the contracting of professional services
- Provide assistance in processes related to the acquisition of properties in compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (**URA**)
- Provide assistance in the review or preparation of environmental evaluation documents (Environmental Review)
- Provide assistance in the preparation of Underwriting documents for affordable housing and economic development projects
- Provide assistance in the preparation of scope and cost documents for the contracting of construction services
- Prepare monthly reports

ENERGY PROGRAMS  
PRDOH RESPONSES TO QUESTIONS FOR THE RECORD  
FROM THE COMMITTEE ON NATURAL RESOURCES

DEPARTMENT OF  
**HOUSING**



- Provide assistance to PRDOH in the review of payroll invoices and professional services presented by the Municipalities

PRDOH is also actively working with municipalities to identify projects which meet key compliance requirements. We have been in constant communication with different local and federal agencies to accelerate the processing of permits and endorsements required for the projects to begin construction.

Currently, there are 320 eligible projects amongst the Subrecipients. The status of these projects is distributed as follows:

**Table 1-Budget Distribution by Projects Phase**

	Approved	Design	Bid	Construction	Total
Quantity of Projects per Status	224	91	3	2	320
Estimated Cost per Status (\$millions)	\$455,331	\$263,485	\$18,703	\$4,786	\$742,304*

\*Total amount does not include program management and contingency costs.

As Table 1 shows, a total of 224 projects are in the approved phase. Projects in this status are being actively evaluated by Municipalities for the procurement of design services to move to the next phase. Projects in the approved phase need to comply with different requirements, such as URA requirements, underwriting, etc., before being ready for the procurement of design services. The 224 approved projects, which have a cost estimate of approximately \$455 million, are planned to be under design contracts next year with the goal to start construction by 2024. The statuses of the projects may vary depending on their complexity. Currently, Municipalities are working on identifying and evaluating 42 additional projects with an estimated cost of \$108 million.

CRP expects that the 91 projects that are under the design phase will soon move to the bid phase. As a result, potentially 94 (the projects in design and bid) projects will be in process to start construction or bid during 2023, for approximately \$281 million.

The detailed distribution of CDBG-DR funds related to eligible projects, according to their status of development in the CRP Program by the 78 Municipalities, are shown in Table 2 below:

**Table 2-Eligible Projects Program Budget Distribution by Municipality**

Subrecipient	App	Des	Bid	Con
Adjuntas	\$7.517	-	-	-
Aguada	\$3.062	\$8.146	-	
Aguadilla	\$2.332	\$6.323		
Aguas Buenas	\$5.483			
Aibonito	\$1.700	\$5.151		\$1.472

Subrecipient	App	Des	Bid	Con
Fajardo	\$9.795			
Florida	\$7.899			
Guánica		\$7.612		
Guayama	\$12.050			
Guayanilla	\$7.685			

Subrecipient	App	Des	Bid	Con
Naguabo	\$0.750	\$6.056		
Naranjito	\$9.648			
Orocovis	\$9.104			
Patillas	\$2.000	\$5.420		
Peñuelas	\$6.453			

ENERGY PROGRAMS  
PRDOH RESPONSES TO QUESTIONS FOR THE RECORD  
FROM THE COMMITTEE ON NATURAL RESOURCES

DEPARTMENT OF  
**HOUSING**



Subrecipient	App	Des	Bid	Con
Añasco	\$9.434			
Arecibo	\$8.605	\$2.340		
Arroyo		\$7.214		
Barceloneta	\$3.447	\$5.495		
Barranquitas	\$7.711			
Bayamón	\$1.080	\$2.679		
Cabo Rojo	\$7.117	\$7.073		
Caguas		\$22.332		
Camuy	\$1.754	\$6.535		
Canóvanas	\$11.195			
Carolina			\$15.991	
Cataño		\$10.189		
Cayey	\$2.464	\$3.720		
Ceiba	\$2.000	\$5.903		
Ciales	\$9.150			
Cidra		\$7.304		
Coamo		\$7.454		
Comerio	\$6.741			
Corozal	\$7.862			
Culebra	\$9.208			
Dorado	\$5.082	\$3.371		

Subrecipient	App	Des	Bid	Con
Guaynabo	\$10.333			
Gurabo	\$9.050			
Hatillo		\$9.013		
Hormigueros		\$6.599	\$0.312	
Humacao	\$2.000	\$6.177		
Isabela	\$6.718	\$1.678		
Jayuya	\$3.308	\$4.206		
Juana Díaz	\$7.396			
Juncos	\$9.474			
Lajas	\$7.500			
Lares	\$3.800	\$2.678		
Las Marías	\$3.480	\$4.512		
Las Piedras	\$5.000		\$2.400	
Loíza	\$8.145			
Luquillo	\$6.252			
Manatí	\$8.791			
Maricao	\$3.832	\$3.189		
Maunabo	\$6.000			
Mayagüez	\$9.002	\$8.470		
Moca	\$9.756			
Morovis	\$8.123			

Subrecipient	App	Des	Bid	Con
Ponce		\$16.586		
Quebradillas	\$2.350	\$3.246		
Rincón	\$4.999	\$3.317		
Río Grande	\$12.852			
Sabana Grande	\$1.400	\$6.709		
Salinas	\$6.916	\$3.763		
San Germán	\$4.598	\$1.456		
San Juan	\$38.861	\$10.743		\$3.314
San Lorenzo		\$6.245		
San Sebastián	\$5.506	\$4.916		
Santa Isabel	\$4.950	\$2.102		
Toa Alta	\$6.590	\$3.117		
Toa Baja	\$10.728			
Trujillo Alto	\$7.981	\$3.261		
Utua	\$1.650	\$7.846		
Vega Alta	\$5.449	\$4.390		
Vega Baja	\$14.081			
Vieques	\$10.336			
Villalba	\$3.500	\$1.666		
Yabucoa		\$7.284		
Yauco	\$6.297			

\*App: Approved Projects, Des: Projects in Design phase, Bid: Projects in Construction Bid phase, Con: Projects in Construction phase, \$ Millions

**Question:**

*Follow-up:* Can you mention what percentage of the funds have been obligated and disbursed to subrecipients?

**Response:** As of November 23, 2022, the CRP Program has obligated 83% (\$1 billion) of the \$1.29 billion budget and 1.3% (\$16.7 million) has been disbursed to subrecipients.

**Question:**

- The Puerto Rico Department of Housing received a \$1.9 billion CDBG-DR allocation to improve the electrical power system. In the department's Energy Action Plan, you established that 80% of the Electrical Power Reliability and Resilience Program (known as "ER2") budget will go to distributed energy and microgrids. Can you precise how many renewable energy projects the agency is intending to fund under ER2?

ENERGY PROGRAMS  
PRDOH RESPONSES TO QUESTIONS FOR THE RECORD  
FROM THE COMMITTEE ON NATURAL RESOURCES

DEPARTMENT OF  
**HOUSING**



**Response:** At this moment, we are unable to provide a specific number of renewable energy projects that may be funded under the ER2 Program since each project may vary by size and scale. However, the Program's objective is to promote the maximum integration of renewable energy across the portfolio. Specifically, microgrids funded under the ER2 Program are required to foster renewable energy integration and community-level resilience.

**Question:**

3. What metrics will your department use to measure the impact of these projects on Puerto Rico's goal of achieving 100% of renewable energy by 2050?

**Response:** The U.S. Department of Energy (**DOE**) and the National Labs (National Renewable Energy Laboratory (**NREL**) and Sandia National Laboratories) are key stakeholders in the ER2 Program. They have been embedded in the development and selection process of the strategic projects for the Program, which ensures alignment with the PR100 Study and its path to Puerto Rico's clean energy future. Additionally, the PRDOH is part of the Steering Committee for the PR100 Study. We will continue to work with DOE and the National Labs to establish appropriate metrics and accompanying data sources to measure project impact.

**Question:**

4. How has HUD's revision of the Energy Action Plan progressed since January 2022?

**Response:** On January 24, 2022, PRDOH submitted the Action Plan for HUD review and approval of two programs: 1) The Energy Grid Rehabilitation and Reconstruction (ER1) Cost Share program, and 2) the Electrical Power Reliability and Resilience (ER2) program. On March 25, 2022, HUD partially approved the Energy Action Plan, only for the ER2 Program. For ER1 Program approval, HUD required PRDOH to "assess how the use of the CDBG-DR funds and its planning decisions will impact vulnerable populations, protected classes under fair housing and civil rights laws, and underserved communities that were economically distressed prior to the disaster." PRDOH worked with HUD to determine how the required analysis could be applied to the context of energy-grid-level repairs under the ER1 program and began stakeholder meetings with HUD and participants of the cost-share program to begin the required analysis.

On October 7, 2022, PRDOH submitted a working draft of Appendix H.1 of the CDBG-DR Electrical Power System Improvements Action Plan for HUD's courtesy review. The purpose of the Appendix H.1 was to provide detailed analysis, budgets, maps and methodology regarding how the ER1 program will consider vulnerable populations, as requested by HUD in its partial approval letter dated March 25, 2022. The approach considered guidance received from HUD in collaborative work sessions with HUD and LUMA Energy.

On October 26, 2022, PRDOH received feedback from HUD stating that the appendix achieved what was required for ER1 Program Approval. PRDOH included the feedback that was provided by the HUD Office of Fair Housing and Equal Opportunity (**FHEO**) and prepared it for web posting as part of the first substantial amendment to the Electrical System Enhancements Action Plan (**APA1**) for a 30-day public comment period as required by HUD. The APA1 was published on November 15, 2022 and is currently under the 30-day public comment period that ends on December 16, 2022. PRDOH will submit to HUD the revised APA1 once the public



comment period ends and comments are duly considered. HUD will then have a 60-day review period for approval.

**Question:**

5. There has been a dramatic surge in housing prices in Puerto Rico. The sale of homes saw an increase of 30.2% in 2021, the highest since 2011 according to the Puerto Rico Office of the Commissioner of Financial Institutions. The increase results in the highest housing prices in more than a decade. Many experts attribute this increase in mortgage prices and rents to an increase of wealthy investors lured in by Puerto Rico's generous local tax exemptions, the shortage of affordable housing, and the rising of an unrestrained short-term rental industry. How does your government intend to ensure the residents of Puerto Rico can stay in the place they've always called home?

**Response:** PRDOH has implemented programs and initiatives to make housing affordable to the citizens of Puerto Rico. A Program that aids to expand on affordable rentals is CDBG-DR Gap to Low Income Housing Tax Credit Program (**LIHTC**). A total of 851 affordable rental units will be made available across the island by the end of 2023, and an additional 2,000 units are expected to be made available through this Program. Another program that aids homebuyers to acquire a home and stay in Puerto Rico, especially in these times of high-interest rates, is the Homebuyer Assistance Program (**HBA**). Eligible homebuyers can obtain an award of up to \$60,000 for household members that are Critical Recovery Workforce, towards a down payment and closing costs of a new home purchase. More than 4,300 households have benefited from the HBA program thus far.

Seeing the big demand on housing and its related increases in costs, PRDOH is also in the design and initial implementation steps of two (2) distinct, yet related, initiatives to ensure the residents of Puerto Rico can stay in the place they've always called home. The first initiative is the Alternate Reasonable Sale Price Approach for New Construction Single-Family Housing Units. This initiative aims to solve the problem of current construction costs versus appraised value at the end of construction for independent home builders. PRDOH will establish reasonable cost for purchase prior to construction and guarantee the purchase price to the home builder if the unit is selected by a CDBG-DR or CDBG-MIT Applicant with a relocation voucher. The second, more aggressive initiative is, the Single-Family Housing Community Developments Initiative. Through this initiative the PRDOH is planning to purchase 1,000+ single-family homes distributed across the island. PRDOH will make these units available for purchase or relocation assistance at affordable prices to impacted households.

## II. Questions from Rep. Leger Fernandez

---

**Question:**

1. What would you recommend Congress do to improve the Robert T. Stafford Disaster Relief and Emergency Assistance Act, or other relevant statutes, to enhance FEMA's and the federal government's response, more broadly, to the disasters Puerto Rico experienced, as well as future disasters?

**Response:** With natural disasters becoming ever more frequent, it is imperative to rethink the way the Robert T. Stafford Disaster Relief and Emergency Assistance Act (**Stafford Act**) and other relevant statutes are being implemented. There are certain ways in which the Federal Government can streamline its disaster recovery response to expedite recovery measures. From Puerto Rico's experience with recent disasters, FEMA assistance



under permanent works categories require a cost-share amount that in most cases exceeds the amount Puerto Rico is able to match without funding available from other sources. Puerto Rico seeks 100% Federal Share for permanent works to effectively launch disaster recovery projects. Alternatively, a true Global Match approach for non-federal cost-share would ease the administrative burden resulting from undertaking individual 10% non-federal match projects. Although impactful, many of these projects may not be of a scale that justifies the administrative burden to undertake them individually. It is simply not cost-effective nor reasonable.

Federal disaster recovery assistance is typically tied to the response to a specific disaster event, prompted by Presidential and Congressional actions. Another measure to swiftly deliver assistance funds to the citizens in immediate post-disaster need is to allow grantees to provide federal disaster assistance interchangeably among disaster allocations and not necessarily tied to specific disaster events. This is particularly important for low- to moderate-income families who experience damages to their homes or even displacement. These households cannot afford to wait for the appropriation cycle and subsequent allocation process to see their homes rebuilt, repaired or their families relocated out of harm's way. For the same reasons, states must be able to provide rental assistance to these displaced families even before the federal funding for the applicable disaster is made available through the ordinary processes.

Additionally, the application of federal statutes and regulations require the grantees to perform an evaluation of the availability of other sources of funding to ensure disaster recovery assistance is not duplicative. This evaluation entails entering into individual data sharing agreements with FEMA, HUD, and SBA, among other federal agencies, to obtain the necessary data to avoid duplication of benefits (**DOB**). Although HUD and FEMA are moving towards some data-sharing agreements, the Federal Government and grantees would greatly benefit from a unified federal assistance database where data from across all federal agencies related to disaster recovery assistance and beneficiaries can be stored and shared, streamlining the required DOB analysis. This would translate to a reduced risk of providing duplicative assistance while targeting the population most in need of disaster recovery assistance at the early stages after a disaster event.

### III. Questions from Rep. Westerman

---

**Question:**

1. How much of the C[DB]G funds have you been able to distribute for Hurricane Maria recovery? What have been your challenges in distributing funds?

**Response:** As of November 30, 2022, PRDOH has disbursed \$1.3 billion not only to rebuild damaged homes, help small business or repave damaged roads, but to rebuild families and communities and create a long-term investment in the Island's capital, strengthen the economy and set the foundations to modernize and improve infrastructure for decades to come. There are \$5.8 billion obligated funds for these efforts and \$3.2 billion in process to be obligated.

Regarding challenges in disbursing these funds, the CDBG-DR Second Grant Agreement significantly altered the dynamic of PRDOH's progress by including detailed conditions that needed to be met prior to PRDOH gaining access to the full allocation of funds. PRDOH had designed the program budgets, launch schedules, procurements, contract executions, and program performance and implementation with access to the full \$8.2



billion allocation in mind. These roadblocks included in the Second Grant Agreement, which imposed a tranche funding mechanism that required several levels of approval (by Financial Oversight and Management Board (**FOMB**) and the federal Fiscal Monitor) and a 12-month process to request additional funds, slowed the process of disbursing funds for impactful programs such as the Homebuyer Assistance (**HBA**) Program and the CDBG-DR Gap to Low Income Housing Tax Credits Program (**LIHTC**), as well as affected program delivery, and increased administrative burden and expenditures.

After grant restrictions were lifted in May 2021, and PRDOH was able to receive access to most of the funding budgeted in the CDBG-DR Action Plan, the disbursement of funds accelerated and allowed PRDOH to directly serve the people of Puerto Rico through the implementation of these disaster recovery programs. HUD has even reclassified Puerto Rico's expenditure rate from "slow spender" prior to the restriction removal to "on pace" as of its January 2022 expenditure report.

However, additional external barriers and challenges in the procurement processes, limited housing market, continued disaster events, and more, have delayed the timely disbursement of funds. The LIHTC Program, which focuses on promoting the construction or rehabilitation of homes for families and elderly people, was behind schedule due to negotiations with lenders, and the need for additional resources to perform technical feasibility studies and cost evaluation of all construction hard costs, and to perform other related duties for the program. The HBA Program applicants encountered many challenges when selecting a home, specifically with the high housing prices due to the current market conditions and the limited stock of properties available and eligible under the CDBG-DR requirements. The continued disasters events such as 2019-2020 Earthquakes, and Tropical Storm Isaias, have produced additional difficulties which PRDOH has been committed to resolve in benefit the people of Puerto Rico.

On March 21, 2022, in consideration of these challenges, PRDOH submitted to HUD a Grant Expenditure Deadline Extension Request for grants B-I7-DM-72-0001 and B-18-DP-72-0001. PRDOH provided HUD with data on how the constraints of the labor market, including contractors, developers, services, and materials, among other external issues, have been detrimental to the CDBG-DR program timelines. PRDOH anticipated that, without an extension, it was going to be difficult to engage more contractors and subrecipients in the recovery efforts. On April 19, 2022, HUD denied the extension requested stating that an extension, four years prior to the expenditure deadline, was too premature.

On November 30, 2022, PRDOH submitted, on behalf of Municipalities, Subrecipients, and other stakeholders a 2nd Request for Extension of CDBG-DR Grant Expenditure Deadline (B-I7- DM-72-0001, B-18-DP-72-0001, and B-19-DP-72-0001). The letter, among other things, explained that the current Grant Expenditure deadline of September 20, 2026, is causing a chilling effect in potential contractors who decide not to offer in procurements in fear that the delivery of extremely complex construction projects may extend beyond the expenditure deadline, causing them to be unable to recover incurred costs and expenses.

**Question:**

2. Thinking about the work of the Puerto Rico Department of Housing after Hurricane Maria and then more recently after Fiona, what does your department need to improve, in areas including, but not limited to:



distribution of funds, technical support, navigators that can help claimants, review of claims to prevent waste, fraud, and abuse? What plan is in place for COR3 to review their systems and work towards improvement?

**Response:** PRDOH has implemented multiple initiatives to expedite the disbursement of funds. PRDOH intentionally continues working on minimizing the timeframe for invoice processing for Programs and Subrecipients to continue executing Disaster Recovery activities steadily. PRDOH has also provided financial trainings and technical assistance to Subrecipients which have proven to be efficient to the overall disbursement process.

Project underwriting and selection processes have been improved to expedite program implementation, which will in turn increase the distribution of funds. Program design has been aligned with input from subrecipients and stakeholders to ensure Programs' success and fulfill communities and participant's unmet recovery needs. We have implemented policies and procedures to constantly evaluate program design, considering all available options and assess effectiveness to recalibrate the program approach and priorities as needed.

PRDOH recognizes that there are still opportunity areas and is constantly revising its policies and procedures accordingly. Lessons learned from the experience gathered through these years of disaster recovery efforts show that program success is partially dependent on the proactive collaboration between the federal awarding agency and the grantee. The extent of the grants PRDOH manages to recover from unprecedented disasters such as Irma and Maria presents complexities that require dedicated support from the awarding agency that provides oversight, yet flexibility to implement recovery initiatives in an accelerated manner while alleviating the inherent complexity of a program of this nature. PRDOH continues to foster its relationship with HUD to reduce administrative barriers and to obtain HUD's responsive, consequential, and efficient guidance.

**Question:**

3. What was the pace of recovery efforts of the Department of Housing, after Hurricane Fiona and how that compared to the response after previous disasters? What did you see that was better than what has happened in the past?

**Response:** PRDOH has yet to receive an allocation to address the damages caused by Hurricane Fiona. Nevertheless, we are confident that the experiences and lessons learned in the administration of CDBG-DR funds in Puerto Rico by PRDOH and HUD will carry forward to current and future disaster recovery allocations allowing for a more streamlined process to expedite disaster recovery assistance.

#### **IV. Questions from Rep. Jenniffer Gonzalez-Colon (PR)**

---

**Questions:**

1. Secretary Rodríguez, in your written statement you discussed the need to streamline processes and simplify bureaucracy. You brought the example of the low- and moderate-income (LMI) requirement. As you explain, HUD is currently requiring the Puerto Rico Department of Housing to establish—by budget line item and to the

ENERGY PROGRAMS  
PRDOH RESPONSES TO QUESTIONS FOR THE RECORD  
FROM THE COMMITTEE ON NATURAL RESOURCES

DEPARTMENT OF  
**HOUSING**



smallest area possible—how each individual project under your agency’s energy programs will benefit specific low- and moderate-income (LMI) populations. You argue that this is a redundant administrative process given the Island’s overall high-poverty makeup.

2. Has the Puerto Rico Department of Housing requested HUD a waiver or that electrical projects that benefit the electrical system be recognized as meeting the low- and moderate-income requirement? If so, what has been the agency’s response?

**Response:** PRDOH has proposed HUD to allow an island-wide benefit for the purpose of the LMI national objective while advancing the recovery, improvement, and enhancement of the Puerto Rico Energy Grid. HUD has previously granted this area-wide benefit approach for the State of Maine, to allow the state to use its entire grant to assist private utilities with uninsured service restoration.<sup>1</sup> In the context of a 2006 allocation for the State of Mississippi but referring to the previously mentioned situation with the State of Maine, at 71 FR 62372 HUD stated that “Logically, a utility grid or service area cannot be restored for one income group alone, and this type of disaster affects everyone in an area, regardless of income. There [is] no practical methodology in this example for allocating costs among income groups.”

The Adjusted LMI Data for Puerto Rico results in 77% of the local population being considered LMI, and 93% of the overall population residing in LMI census tracts, resulting in a high likelihood that projects that improve the Puerto Rico Energy Grid, which is mostly interconnected across the whole island, will meet the LMI Area Benefit (**LMA**) national objective. An island-wide benefit for purposes of LMI National Objective would greatly reduce the time spent documenting projects to the smallest extent feasible thereby speeding up our ability to fund energy projects to be carried out by public and private utilities in Puerto Rico. Requirements that PRDOH demonstrate how each individual project will benefit LMI communities to the smallest level would only delay the rehabilitation, improvement, and enhancement of the already fragile and at-risk electrical grid and serve no statutory purpose since almost the entirety of Puerto Rico is LMI and the grid serves the Island as a whole.

PRDOH reiterated its request during a technical assistance (**TA**) session held on October 28, 2021. However, HUD directed PRDOH to make every effort to go the smallest level practicable for area benefit for LMI. HUD also expressed that PRDOH would have to properly justify on a case-by-case basis a request for Puerto Rico to be considered as LMI island-wide. HUD has continued to direct PRDOH to the smallest-unit geography approach, as demonstrated by their letter of partial approval of the Energy Action Plan dated March 25, 2022, where they state that for the Energy Grid Rehabilitation and Reconstruction (**ER1**) Cost-Share Program, “PRDOH must indicate whether its proposed programs and projects under this activity will provide electrical power system improvements to communities with concentrations of vulnerable populations, including low-income rural areas, racially and ethnically concentrated areas as well as concentrated areas of poverty.”

**Questions:**

3. Recent press reports have indicated concern about deadlines for use of CDBG-DR funds allocated during the aftermath of Hurricane Maria. It is my understanding that, by law, these funds are to be available until expended.

---

<sup>1</sup> Federal Register Notice, Vol. 71, No. 205 (October 24, 2006), 71 FR 62372, 62373.

ENERGY PROGRAMS  
PRDOH RESPONSES TO QUESTIONS FOR THE RECORD  
FROM THE COMMITTEE ON NATURAL RESOURCES

DEPARTMENT OF  
**HOUSING**



4. Could you please clarify if this is a deadline set by HUD through cooperative agreements for the distinct CDBG-DR programs currently available for Island Residents? How can we help make sure you retain the funds until they are fully spent?

**Response:** The period of performance for each allocation is established by HUD first in the applicable Federal Register notices, and then in each grant agreement. For the CDBG-DR grants, the period of performance began on September 20, 2018, and ends on September 20, 2026. All funds must be expended before the period of performance end date as established by HUD in the grant agreements. See below a table with the current CDBG-DR and CDBG-MIT allocations being managed by PRDOH and their corresponding periods of performance:

FEDERAL REGISTER (FR)	ALLOCATION	GRANT NUMBER	PERIOD OF PERFORMANCE
83 FR 5844	\$1.5B CDBG-DR First Allocation	<u>B-17-DM-72-0001</u>	09/20/2018 – 09/20/2026
83 FR 40314	\$8.2B CDBG-DR Second Allocation	<u>B-18-DP-72-0001</u>	09/20/2018 – 09/20/2026
85 FR 4681	\$277M CDBG-DR Infra Unmet Needs	<u>B-19-DP-72-0001</u>	07/7/2021 – 07/7/2027
85 FR 4676	\$8.2B CDBG-MIT	<u>B-18-DP-72-0002</u>	05/12/2021 – 05/12/2033
86 FR 32681	\$1.9B CDBG-DR Energy	<u>B-18-DE-72-0001</u>	08/5/2022 – 08/5/2028
86 FR 569	\$36.4M CDBG-DR Earthquakes	<u>B-19-DF-72-0001</u>	01/5/2022 – 01/5/2028

Considering the delays experienced during the first stages of the grants’ lifecycles, which were detrimental to most of the CDBG-DR program timelines, on March 21, 2022, PRDOH submitted a grant expenditure extension request to HUD. PRDOH explained that, without an extension, funds not expended by the deadline would be subject to recapture or return to the federal government, projects could remain unfinished, and recovery needs unmet. A more realistic expenditure projection is necessary to facilitate and help engage more contractors, subrecipients, and the public for the recovery efforts to be implemented effectively. This request was denied by HUD on April 19, 2022.

On November 30, 2022, PRDOH renewed its grant expenditure extension request to HUD. PRDOH relayed the concerns of the Puerto Rico Mayors Federation and the Puerto Rico Mayors Association, in representation of the 78 Municipalities of Puerto Rico, about the numerous procurements for construction services that had no bid process or were without competition due to lack of offerors, as well as difficulty in hiring due to lack of professional services and skilled labor. The Puerto Rico Mayors also expressed concerns regarding the grant expenditure deadline which, taking into consideration the complexity of projects, raises their risk profile due to potential disallowed costs if the projects are not completed within the performance period.

An expenditure deadline extension is not extraordinary, as they have been granted in the past to other grantees like Texas, New York State, and New York City, allowing them to exceed their original expenditure deadlines that have aged as long as 14 years.<sup>2</sup> Additionally, the billions of dollars for Hurricane Katrina recovery were

<sup>2</sup> These are 14 years (\$3.1B, B-08-DI-48-0001), 8 years (\$4.4B, B-13-DS-36-0001), and 8 years (\$4.2B, B-13-MS-36-0001), respectively

ENERGY PROGRAMS  
PRDOH RESPONSES TO QUESTIONS FOR THE RECORD  
FROM THE COMMITTEE ON NATURAL RESOURCES

DEPARTMENT OF  
**HOUSING**



unrestrained, as “...the Appropriations Act for these grants directs that these funds be available until expended...”.<sup>3</sup> An expenditure deadline extension is necessary to ensure that funds are adequately and completely spent in order to deliver an impactful and efficient recovery for Puerto Rico.

---

<sup>3</sup> Federal Register Vol. 71, No. 29 (February 13, 2006), 71 FR 7671.