



## **PUERTO RICO EMERGENCY SOLUTIONS GRANT PROGRAM**

### **Substantial Amendment Program years 2013-2017**

#### **BACKGROUND**

The Emergency Solutions Grant Program (ESG), is a federal fund assigned by formula to US jurisdictions under the "Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009" (HEARTH Act). With the enactment of said Act, the original program ("Emergency Shelter Grant"), which was adopted under Subtitle B of Title IV of the "McKinney-Vento Homeless Assistance Act" of 1987, was amended.

The Puerto Rico ESG State Program aims to provide decent and affordable housing options and an adequate environment for individuals and families who are homeless or at risk of homelessness, as defined in the regulation. The recipient of the state allocation in Puerto Rico is the Department of the Family (PRDF), who distributes the funds among eligible entities (municipalities and non for profit organizations). The program provides funding to: (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters; (4) provide essential services to shelter residents, (5) rapidly re-house homeless individuals and families, and (6) prevent families/individuals from becoming homeless.

Annually, each jurisdiction has to develop an Action Plan which provides a summary of the actions, activities, and programs that will take place during the following program year to address the priority needs and specific objectives identified by the Consolidated Plan (Strategic Plan).

The purpose of this amendment is to distribute unallocated funds from Program year 2017 and funds from surpluses and recaptures from program years 2013 and 2016 based on priority needs. Such funds should be used for the provision of prevention and rapid rehousing services, aimed at meeting the needs that have emerged as a result of hurricanes Irma and María. The funds will be distributed through a competitive process, between municipalities and non-profit organizations based on the criteria described in this amendment.



## PROPOSED AMMENDMENT

The PRDF plans to distribute a total of \$1,105,928.40 funds, corresponding to the following program years:

2013	2014	2015	2016	2017	Total a distribuir
\$ 17,118.60	\$ 101,655.47	\$ 5,730.82	\$ 1,839.84	\$ 979,583.67	\$ 1,105,928.40

According to the proposed amendment, Program Funds should be used for the following activities, to assist individuals and families affected by hurricane Irma and María who have registered with the Federal Emergency Management Agency (FEMA):

Activity	Description	Target populations
<b>Rapid Re-housing</b>	Housing relocation and stabilization services and short-and/or medium-term rental assistance as necessary to help individuals or families move as quickly as possible into permanent housing and achieve stability in that housing. Assistance generally consist of short-term and medium-term rental assistance, rental arrears, rental application fees, security deposits, advance payment of last month's rent, utility deposits and payments, moving costs, housing search and placement, housing stability case management, mediation, legal services, and credit repair. 24 CFR 576.104, 576.105, & 576.106.	<ul style="list-style-type: none"><li>• Literally Homeless Persons (emergency shelters or on the street or places not suitable for living)</li><li>• Fleeing/Attempting to Flee Violence</li></ul>
<b>Homeless prevention services</b>	Housing relocation and stabilization services and/or short- and/or medium-term rental assistance necessary to <u>prevent</u> the individual or family from moving into an emergency shelter or another place not intended for human Component services and assistance generally consist of short-term and medium-term rental assistance, rental arrears, rental application fees, security deposits, advance payment of last month's rent, utility deposits and payments, moving costs, housing search and placement, housing stability case management, mediation, legal services, and credit repair. 24 CFR 576.103, 576.105, and 576.106.	<ul style="list-style-type: none"><li>• Individuals and families at risk or imminent risk of losing their home, and who lack the resources and support networks to obtain other permanent housing;</li><li>• Homeless Under Other Federal Statutes; or</li><li>• Fleeing/Attempting to Flee Violence; and</li><li>• have an annual income below 30% of median family income for the area</li></ul>
<b>HMIS</b>	Funds for certain Homeless Management Information System (HMIS) and comparable database costs, as specified at 24 CFR 576.107.	N/A

The PRDF proposes to distribute the funds according to a method based on the following criteria:



Definitions		
Criteria for Initial screening <sup>1</sup>		Maximum Points
<b>Proposed activity</b>	The entity is proposing a project of prevention and / or rapid re-housing.	N/A
<b>Fiscal and Management Capacity</b>	The project has management and finance systems that comply with minimum accounting standards (measured through the single audit, financial statements or external audit, as applicable).	
<b>Experience</b>	The Municipality or NPO has offered services to the homeless population or at risk of homelessness, at least one (1) year before requesting funds.	
<b>Questioned costs</b>	If it is an ESG sub-recipient, it cannot have open findings related to recaptured funds.	
<b>Matching funds</b>	The entity provides evidence of the resources to match ESG, through the form "Certification of Matching of Funds".	
<b>Case management</b>	The entity provides evidence of having or the intention of recruiting staff for case management, through the form of "Description of Staff".	
Criteria for determining the award		
<b>Housing need based on sheltered persons</b>	<p>Number of persons sheltered as a result of Hurricanes Irma and María in the municipalities served by the entity.</p> <p>The score will be awarded with respect to the following percentiles:</p> <ul style="list-style-type: none"> <li>• Percentile 1 – 35 points</li> <li>• Percentile 2 – 30 points</li> <li>• Percentile 3 – 25 points</li> <li>• Percentile 4 – 10 points</li> <li>• Percentile 5 – 5 points</li> </ul> <p>This criterion will be evaluated based on information provided by the Puerto Rico Department of Housing.</p>	35 points
<b>Conditions of vulnerability (See map included as an attachment)</b>	<p>The entity will identify the municipality(s) where the services will be provided.</p> <p>The indicator will consist of four variables:</p> <ul style="list-style-type: none"> <li>• Percentage of land at risk of landslides</li> <li>• Percentage of land at risk of flooding</li> <li>• Rate of homeless persons per 10,000 inhabitants, based on the results of the Point in Time Survey, 2017</li> <li>• Percentage of houses in the lowest quintile of housing value</li> </ul> <p>Based on these four variables, a list will be created in descending order, where the first municipalities will represent the greatest need. The score will be awarded with respect to the following percentiles:</p> <ul style="list-style-type: none"> <li>• Percentile 1 – 10 points</li> <li>• Percentile 2 – 8 points</li> <li>• Percentile 3 – 6 points</li> <li>• Percentile 4 – 4 points</li> <li>• Percentile 5 – 2 points</li> </ul>	10 points

<sup>1</sup> The entities that submit proposals, but do not comply with the criteria for initial screening, will not be considered.



	In the cases of entities that provide services to more than one municipality, they must indicate the three main ones. The average score of the three municipalities will be the basis of the score.	
<b>Special populations</b>	The entity plans to provide services to one or more of the following special populations: <ul style="list-style-type: none"><li>• Families and/or elderly (7 points)</li><li>• Youth between 18 and 24 years old (4 points)</li><li>• Veterans (4 points)</li></ul>	15 points
<b>Experience managing ESG Funds</b>	The entity has a satisfactory experience <sup>2</sup> managing ESG Funds (10 points) The entity has experience managing ESG Funds (5 points) The entity has no experience managing ESG Funds (0 points)	10 points
<b>Total score</b>	<b>70 points</b>	

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<sup>2</sup> An entity with satisfactory experience is one that does not have findings regarding questioned funds, has a satisfactory expenditure rate and complies with programmatic requirements.



The final allocation will depend on the criteria mentioned above, the number of participants and the funds available for distribution.

Municipalities and Non for profit organizations interested in receiving the funds, should present a proposal no later than December 1, 2017. Instructions for submitting the proposal will be available on November 20, 2017.

This method of distribution applies only to the funds identified in this amendment. Other funds available during the Program Year, will be distributed according to the policy established in the ESG corresponding Action Plan.

## Public Participation

According to Federal Regulation, 24 CFR 91.115 (c)(2), and the State Public Participation Plan, notification to the public is required regarding changes that substantially amend an Annual Action Plan. Substantial amendments for purposes of ESG include the following:

- Change in the Distribution Method of the funds
- Change of more than 50% in the budget of an activity

A regulatory waiver granted by the Department of Housing and Urban Development (HUD) to help communities to accelerate their recovery from Hurricanes Irma and Maria, provides for seven days from the publication of a notice to submit comments to an amendment.

This amendment was first published on November 10, 2017, and citizens had until November 17, to submit comments. As of November 17, 2017 the PRDF had not received comments and proceeded to publish the final amendment. Even though no comments were received by then, the PRDF made changes in the weight of the different criteria, as new information became available from the Puerto Rico Department of Housing regarding persons sheltered as a result of hurricanes Irma and María. Due to a technical problem, it was not until November 20, that a comment sent on November 17 by the Municipality of Caguas was received. In its comment, the Municipality of Caguas made recommendations regarding the method of distribution. The concerns of the Municipality are included as follows:

Vulnerability	
Summary of comments received from the Municipality of Caguas	Response from the Puerto Rico Department of Family
<ul style="list-style-type: none"><li>• The Municipality understands that the criterion of vulnerability is not based on the need that emerged as a result of Hurricane María, but to the condition previous to the disaster, and that the assumption that there is not official data of damages per municipality is incorrect. In its comment, the municipality suggest to use data that has been generated by FEMA.</li></ul>	The information of the Federal Emergency Management Agency (FEMA) that the Municipality mentions in its communication presents partial data that FEMA has been compiling. Therefore, the data does not represent the total of damages caused by Hurricane Maria. As an example, the FEMA database reflects nearly 800,000 filed applications (owners & renters) and only 1.6% have been inspected for



	<p>estimates of actual damages. That is, the information at this time cannot be used as a final source to estimate damages by municipality since the number of cases for which damage information is available is not substantial.</p> <p>Regarding the use of a vulnerability index (as one of the components of the distribution method), it is necessary to look at it in the framework of the socioeconomic situation of Puerto Rico which presents a context of high levels of intra-regional inequality. This means that within the same region there may be municipalities with substantially higher income levels than neighboring municipalities. With this in mind, the fact that the hurricane affected a particular geographic area does not mean that people suffered the same damage or in the same magnitude.</p> <p>Those municipalities with higher income levels will typically have a greater degree of resilience due to having better properties or formal systems of insurance and contingencies. This contrasts with a municipality that may have suffered the hurricane at a lower intensity, but has a high number of vulnerable communities. To the extent that these communities do not have secure properties or formal insurance and contingency systems, a disaster of lesser intensity causes severe damages in their communities. That is why the concept of vulnerability is so important for the development of a method of distribution of funds, which is aimed at both people who have been homeless, and those at risk of homelessness.</p> <p>Nonetheless, the PRDF decided to reduce the number of points assigned to this criterion, in relation to other criteria, as new information became.</p>
<ul style="list-style-type: none"><li>• The Municipality indicates that the method of distribution does not uses official data from the PR Department of Housing.</li></ul>	<p>This recommendation was addressed.</p> <p>It should be noted that the criterion of persons in shelters was already included in the original amendment, under the component titled "Housing need based on sheltered persons". Moreover, the revised amendment that was published for the second time on November 20, contemplated the use of data from the Puerto Rico Department of Housing available at this time, as a reference to evaluate the criterion.</p> <p>In addition, the weight of this criterion was changed to give a higher priority to entities that will serve municipalities with a high number of persons in shelters.</p>



<ul style="list-style-type: none"><li>• The Municipality indicated that the amendment does not include an explanation of the weight of the different variables used to develop the index of vulnerability.</li></ul>	<p>All the variables have the same weight. The index is composed of four variables that measure vulnerability:</p> <ul style="list-style-type: none"><li>• percent of the municipality susceptible to flooding (FEMA),</li><li>• percent of municipality susceptible to landslides (Monroe),</li><li>• percent of total properties in the municipality with a property value of less than \$ 80,000 (Census of Census of Population and Housing), and</li><li>• homeless persons for every 10,000 residents in the municipality (2017 PIT).</li></ul> <p>It is a standard in the academia and the industry that when physical or environmental variables and socioeconomic variables are combined, their weights always comprise an equidistant distribution. These variables were standardized (<i>z-value</i>) and aggregated in an index with a scale adjusted in its base from 1 to 10.</p>
Special Populations	
<b>Summary of comments received from the Municipality of Caguas</b>	<b>Response from the Puerto Rico Department of Family</b>
<ul style="list-style-type: none"><li>• The Municipality argues that the amendment does not include the source for evaluating the criterion of special populations.</li></ul>	The criterion of special populations will be evaluated based on the information provided by the proponent in the application for funds.