

HUD Approves Amended Action Plan with \$8.2 billion in CDBG-DR for Puerto Rico

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An McV Recovery Financing Practice Team Alert

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The U.S. Department of Housing and Urban Development (“HUD”) approved the Puerto Rico Amended Action Plan (the “Action Plan”) allocating \$8.2 billion of Community Development Block Grant-Disaster Recovery (“CDBG-DR”) funds to assist the Island in the recovery process arising from Hurricanes Irma and Maria. The CDBG-DR funds will address unmet housing, economic revitalization, and infrastructure needs.

HUD has stated that the unprecedented investment is subject to strict conditions and additional financial controls, including enhanced monitoring of expenditures and other measures to assure that the disaster recovery funds are spent properly.

The \$8.2 billion, the largest grant made by HUD for the recovery after a disaster, will add to the \$1.5 billion in CDBG-DR made available by the United States Congress (“Congress”) on February 1, 2018. In the aggregate, Congress through HUD, as the federal oversight agency for these funds, have authorized Puerto Rico to receive approximately \$20 billion in CDBG-DR funds. The Government of Puerto Rico has yet to define the use of approximately \$10.3 billion remaining in CDBG-DR funds. This last tranche contains approximately \$2 billion allocated by Congress to be used provide enhanced or improved electrical power systems and related energy initiatives.

According to the Action Plan, following are the proposed uses of the CDBG-DR funds:

CDBG-DR funds can be utilized by state and local governments, non-profit organizations, citizens and businesses. The Action Plan contains programs that will assist in the development of housing projects, retail and commercial facilities, industrial/manufacturing complexes, business incubators and accelerators, revitalization of urban centers and many other initiatives. More details of the specific programs included in the Action Plan can be found in <http://www.cdbg-dr.pr.gov>.

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The Recovery Financing Practice Team of McConnell Valdés can assist clients looking for opportunities under the CDBG-DR programs contained in the Action Plan, as well as with the Opportunity Zones initiative.

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