

Puerto Rico Receives Unprecedented Assignment of \$18.4 Billion of CDBG-DR Program Funds to Address Hurricanes Irma and María Catastrophic Damages

The U.S. Department of Housing and Urban Development ("HUD") on April 11, 2018 announced a historic award of \$28 billion dollars for funds directed to supporting long-term disaster recovery in several states, including Puerto Rico. Of the record-setting amount being assigned by Congress through the approval of the "Bipartisan Budget Act of 2018" (Public Law 115-123), the total amount of \$18,438,414,000 has been set aside for disaster recovery and mitigation activities in Puerto Rico.

The funds will be provided through HUD's Community Development Block Grant-Disaster Recovery Program ("CDBG-DR") to address seriously damaged housing, businesses and infrastructure around the Island of Puerto Rico, after the significant devastation caused as a result of Hurricanes Irma and María which struck Puerto Rico during the latter part of 2017.

CDBG-DR grants were developed to support recovery activities covering different areas such as housing redevelopment and rebuilding, business assistance through working capital, economic revitalization and infrastructure repair. HUD is expected to issue administrative guidelines shortly for use of the funds by grantees using available funds to address long-term recovery needs.

Of the total assignment awarded to Puerto Rico, the amount of \$10,153,130,000 represents an assignment specifically targeted by Congress to address remaining unmet needs resulting from damages caused by these two recent hurricanes occurring in 2017, with close to \$2 billion specifically aimed at repairing and upgrading the electrical grid and providing enhanced or improved power systems. The remaining \$8,285,284,000 have been assigned to Puerto Rico to support further mitigation activities for presidentially declared disasters from 2015 to 2017.



Congress has provided that 33% of the assignment targeted to address unmet needs during 2017 from both hurricanes should be delivered within 60 days from the approval of the "Bipartisan Budget Act of 2018" signed into law on February 9, 2018. Furthermore, Congress provided that no less than 100% of the assignment of funds must be allocated by no later than December 1, 2018.

Among other requirements, the HUD Secretary will need to certify that Puerto Rico and other grantees have proficient financial controls and procurement processes, including adequate procedures to avoid duplication of benefits, as a condition to receiving a grant. Moreover, all funds will need to be utilized by Puerto Rico pursuant to an HUD-approved plan detailing the proposed use of funds, eligibility criteria and the manner in which funds will address long-term recovery and restoration of infrastructure and housing, economic revitalization, and mitigation in the most impacted and distressed areas.

Should your company have any questions with respect to the aforementioned, you may contact the attorneys at Vidal, Nieves & Bauzá, LLC.

Pedro I. Vidal-Cordero
pvidal@vnblegal.com • 787.413.8883

Pedro J. Nieves-Miranda
pnieves@vnblegal.com • 787.413.8881

Arline V. Bauzá-Figueroa
abauza@vnblegal.com • 787.413.8884

Cristina E. Moscoso-D'Abate
cmoscoso@vnblegal.com • 787.625.0882

Joserrlando Emmanuelli
jemmanuelli@vnblegal.com • 787.413.8880

Vidal, Nieves & Bauzá
info@vnblegal.com

T. +1 787.413.8880
F. +1 787.625.0889

www.vnblegal.com

P.O. Box 366219 San Juan, Puerto Rico 00936-6219
B7 Tabonuco Street, Suite 1108, Guaynabo, Puerto Rico 00968



[linkedin.com/company/vnblegal](https://www.linkedin.com/company/vnblegal)



[Facebook.com/vnblegal](https://www.facebook.com/vnblegal)



[Twitter.com/@vnblegal](https://twitter.com/vnblegal)