



prtaskforce@mail.house.gov

September 2th, 2016

Congressional Task Force on
Economic Growth in Puerto Rico
U.S. Congress
Washington, DC

The Puerto Rico Builders Association is ready to respond, through the present statement, to the request of the Task Force, to submit ideas in order to restore economic growth, create meaningful and well-paying Jobs, stop out migration, and have an efficient and low cost energy. Our central recommendations to the Task Force, are the following:

1. Creating the proper and necessary conditions to increase the availability and access to federal funding geared towards housing and urban development in critical areas for our population.
2. Stimulating local industry of manufacture and services, by creating the conditions for equal access to federal procurement, through set asides that allow companies in Puerto Rico to effectively compete at the national level.
3. Creating the adequate institutional framework for Puerto Rico to resolve its high energy cost condition.

Enclosed with this communication, you can find our detailed proposals in each of the aforementioned major topics. Here we provide a general summary of these recommendations.

1. Housing and Urban Development

We propose to look at the universe of units already in use and in affordable housing projects to establish a baseline as to the appropriate rent level required to meet administration and debt service and provide for a methodology for an automatic increase in the Fair Market Rent, to cover future increases in the utility allowance, tax duties and several other costs.

On the other hand, we recommend to establish a temporary waiver for Puerto Rico, for a period of five (5) years, under which Puerto Rico is allowed to receive federal funding for nursing homes, assisted-living and other elderly-related projects, without the requirement of a state or local pairing.

At the same time, concerning the **Community Development Block Grant Program, also known as CDBG**, we propose a serious consideration and evaluation to the central idea that non-government organizations, including non-for profit entities, should be given the role of receiving and administering this funds, instead of the state or municipal governments.

Regarding the New Markets Tax Credits and Low income Housing Tax Credits, we suggest the Federal Government should give special consideration to the possibility of allowing the re-appropriation for Puerto Rico, of federal funds

unused by other jurisdictions during previous tax credits allocations under this program.

Additionally, the federal government should create a special classification for Puerto Rico, allowing a high-priority consideration, in the federal funding allocation of non-entitlement and competitive federal funds for housing needs and other development activities.

2. Procurement access and set aside

Our main proposal is to lift or modify the existing federal restriction limiting purchases of the federal government to firms located in the continental U.S. (CONUS) and consider Puerto Rico, currently excluded due to CONUS restrictions, as an eligible location, and thus increase its purchases from locally owned firms in Puerto Rico that meet SBA criteria. This measure could apply to all other territories. Besides, we recommend an amendment to the Federal Acquisition Regulations in order to provide the framework for improved access to federal procurement by Puerto Rico firms that qualify under the SBA Final Rule and other sections of legislation related to the operation of the SBA. Specifically, we propose a set aside for Puerto Rico based manufacturing and service activities, directly addressing the need to strengthen locally owned firms through improved access to federal procurements.

3. Energy Initiatives

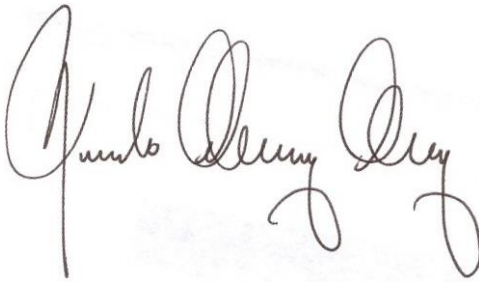
We strongly believe the best mechanism for addressing Puerto Rico's electric sector hurdles and constraints, while at the same time stimulating private investment and competition, is to formalize jurisdiction of the Federal Energy Regulatory Commission's (FERC) over the Puerto Rico electric sector. In order to facilitate the implementation of widely known competitive policies and avoid the legal challenges and associated government bureaucracy inherent to the Puerto Rico Electricity Power Authority (PREPA), Congress must enact legislation to accomplish this task.

In light of this, subjecting Puerto Rico's electricity generation to the same regulation FERC provides for other markets in the United States, and other recommendations herein will help foster the goals we have set forward for an urgent and credible energy reform in Puerto Rico. The above can be achieved by incorporating an amendment to USC Title 16 for FERC's authority clarifying its oversight of electricity generated in Puerto Rico and to USC Title 26 for incentives on Renewable Energy.

The Puerto Rico Builders Association proposals can be implemented with minor changes in federal programs, legislation and regulations and can provide the needed stimulus for renewed economic growth. We are available to meet with the Task Force and further discuss them and provide additional data concerning each one of our proposals. In that sense, our organization will be available to work with the Task Force in advancing Puerto Rico's economic development in the following months, when it will be preparing its final report.

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Sincerely,

A handwritten signature in dark ink, appearing to read "Ricardo Alvarez-Diaz". The signature is fluid and cursive, with the first name "Ricardo" being the most prominent part.

Ricardo Alvarez-Diaz
President
Puerto Rico Builders Association