



CRITICAL PROJECT REPORT

Viewpoint at Roosevelt

Prepared by:

The Revitalization Coordinator for the FOMB, in
collaboration with the Governor of Puerto Rico and
Commonwealth Agencies

May 1st, 2018

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1.0 EXECUTIVE SUMMARY

Project Sponsor Information:

Company Name: **ViewPoint at the Park LLC**

Tax ID: **47-4917623**

Business Mailing Address: **PO BOX 194020, San Juan, PR 00919**

Proposed Project Location: **Alhambra Street, corner Sevilla Street, Hato Rey Central Ward (Ponce de Leon Ave. & Roosevelt Ave.), San Juan PR 00917**

The Revitalization Coordinator **recommends** that the Financial Oversight and Management Board (FOMB) for Puerto Rico designate Viewpoint at Roosevelt as a **Critical Project**.

Post Hurricane Maria, the public housing situation in Puerto Rico continues to be challenging. Several hundred thousand units have been damaged, and demand for public housing continues to be very high. This project will help alleviate part of this need, by developing low cost housing close to urban centers and public transportation (Tren Urbano).

The Viewpoint Project has initial construction permits, meets all land use criteria (Commonwealth and Municipal), and is practically "shovel ready." Although the project depends heavily on federal grants and loans, it does not rely on PR tax incentives, which yields a positive benefit for little tax cost from the Commonwealth.

The project is not a large source of employment (although it will create dozens of jobs) but is considered critical due to the impact on public housing IAW Puerto Rico's Ley 76, as amended.

2.0 CRITICAL PROJECTS PROCESS

2.1 PROMESA

The Financial Oversight and Management Board for Puerto Rico ("FOMB") was established by the Puerto Rico Oversight, Management, and Economic Stability Act, Pub. Law 114-187 ("PROMESA"). PROMESA was enacted to address the economic crisis in Puerto Rico and to provide Puerto Rico with the tools it needs to restructure its debts and embark on a path to economic recovery.

2.2 Title V Critical Project Process

Section 503 of Title V authorizes project proponent (*Sponsor*) to submit applications to the *Revitalization Coordinator* for consideration for designation as a *Critical Project*. Section 501(2) of Title V defines a *Critical Project* as one that is intimately related to addressing an emergency whose approval, consideration, permitting and implementation shall be expedited and streamlined according to the statutory process provided by Puerto Rico Act 76 of 2000 (Act 76), or otherwise adopted pursuant to Title V. As discussed below, Act 76 is a Puerto Rico law that establishes a process by which Puerto Rico agencies may expedite review and permitting of works and projects that are related to or respond to a declared emergency as defined by the act. According to Section 501 of the Title V, *emergency* means any event or grave problem of deterioration in the physical infrastructure for the rendering of essential services to the people, or that endangers the life, public health, or safety of the population or of a sensitive ecosystem, or as otherwise defined by Act 76. This shall include problems in the physical infrastructure for energy, water, sewer, solid waste, highways or roads, ports, telecommunications, and other similar infrastructure.

Section 503(a)(1) provides a number of criteria pursuant to which proposed *Critical Projects* are evaluated, including the impact the project would have on an emergency; the availability of funds to implement the project; the cost of the project (including the cost to the government of Puerto Rico); environmental and economic benefits provided by the project; the current status of the project; and additional criteria related to energy production and conservation that the *Revitalization Coordinator* deems appropriate.

Pursuant to Section 503(a)(3), *Puerto Rico Agencies* that receive a proposed *Critical Project* submission from the *Revitalization Coordinator* are required to set forth an *Expedited Permitting Process* (the "EPP"). This EPP must be filed with the *Revitalization Coordinator*. Failure to do so would trigger a requirement that the *Revitalization Coordinator* consult with the Governor of Puerto Rico to develop such a process for the *Puerto Rico Agency*. The section further instructs the *Revitalization Coordinator* to require the relevant *Puerto Rico Agencies* to implement that *Expedited Permitting Process*. In addition, Section 503(a)(3) provides that *Critical Projects* shall be prioritized to the maximum extent possible in each *Puerto Rico Agency* regardless of any agreements transferring or delegating permitting authority.

With respect to the Critical Project determination, Section 503(b) would require the *Revitalization Coordinator* to consult with the *Puerto Rico Agencies* and develop a *Critical Project Report* that includes an assessment of how well the project meets the criteria for a *Critical Project* and a recommendation from the Governor regarding the *Critical Project* designation, as well as findings from the Puerto Rico Planning Board (PRPB) regarding land use and/or from the Puerto Rico Energy Commission regarding an approved Integrated Resources Plan, where applicable. Once the *Critical Project Report* is completed, the public would be given a period to submit comments, and the *Revitalization Coordinator* would have a period thereafter to respond to public comments. The *Revitalization Coordinator* would then submit the *Critical Project Report* to the FOMB. The FOMB is required to act regarding the proposed project designation. An approval by the FOMB would classify the project as a *Critical Project*, while a vote of disapproval must be accompanied by a statement to the *Revitalization Coordinator* explaining the reasons for disapproval. The final determination of the FOMB shall be made available to the public.

2.3 Act 76

Act 76 was enacted to exempt the agencies, public corporations, and government instrumentalities involved in the processing of permits, endorsements, consultations and/or certifications that may be related to projects that arise as a result of states of emergency declared by Executive Orders of the Governor of Puerto Rico or the President of the United States of America, from compliance with the terms, conditions and procedures established in Puerto Rico's laws and regulations governing permitting matters. It also empowers Puerto Rico's Governor to promulgate, amend, revoke regulations and orders, and rescind or resolve agreements, contracts, or any part of them during the state of emergency and enables the different government agencies for the expedited processing of the procedures established in laws and regulations related to the processing of permits, endorsements, consultations and/or certifications.

2.4 Executive Orders Issued by the Governor of Puerto Rico

On January 2nd, 2017, the Governor of Puerto Rico issued Executive Order No. OA-2017-003 (EO-003) declaring a state of emergency regarding Puerto Rico's infrastructure, and therefore, directing the use of the expedited processes provided by Act 76, for the development of projects promoting new and improved infrastructure for the services provided to the Puerto Rico residents and for the economic development of all the island. EO-003 includes, but is not limited to, the following categories of projects: energy; aqueduct and sewer; ports and transportation; solid waste management; construction and improvements of schools and public facilities, hospitals; improvement of abandoned structures and zones; revitalization of urban centers; systems to handle security and public health emergencies; and telecommunication facilities. EO-003 has been extended and, is currently in force, through the issuance of Executive Order No. OA-2017-038 and Executive Order No. OA-2018-002.

3.0 DESCRIPTION OF PROPOSED PROJECT

View Point at the Park LLC (the "Sponsor") proposes the development, construction, and operation of ViewPoint at Roosevelt, a designated transit oriented multifamily rental housing project (the "Project"). The Project will be located at Alhambra Street, corner Sevilla Street in the Hato Rey Central Ward (Ponce de León Ave. & Roosevelt Ave.), San Juan PR 00917.

The Project consists of a thirteen (13) stories building with a total of one hundred and thirty (130) apartment units, each with two (2) bedrooms and 1 bathroom. Parking facilities consists of one hundred and forty-three (143) parking spaces of which one hundred and thirty-four (134) will be dedicated spaces for residents and nine (9) for handicapped. All units will be available for low-income families following the Federal Low Income Housing Tax Credits Program (LIHTC) rent and income requirements. The Project will have a total gross construction area of one hundred and eighty-two thousand (182,000) square feet.

The Project will be located within the San Juan's financial district, specifically in a high-density area within one hundred and ninety-five (195) meters of the Puerto Rico Tren Urbano's Roosevelt Station. The Tren Urbano is an approximately 10.7-mile automated rapid transit system that serves the municipalities of San Juan, Guaynabo and Bayamón. The Project immediate neighborhood is a mix comprised of residential, commercial, and office uses. The Project's location will provide the residents with safe, inexpensive, accessible and reliable means of travel and commuting by using public transportation to access hospitals, doctors' offices, child care, schools, places of worship, senior centers, groceries stores, shopping malls and entertainment with good access to surrounding roads. In addition, the Project is strategically located within the Tren Urbano's *Radius Influence Zone*, a zone defined as the geographic area within five hundred meters (500) from the property boundaries of Tren Urbano station facilities.

In addition, the Project's site is part of the Tren Urbano's Joint Development Program (TUJDP), which is sponsored by the Federal Transit Administration (FTA) and implemented by the Puerto Rico Highway and Transportation Authority (PRHTA), as a program to promote the development of transit-oriented developments. The principal objectives of the TUJDP, which are fulfilled with the development of the Project, are:

- (a) Reinforcement of Transit Ridership - Successful joint development projects will generate additional passenger ridership and increase the numbers for both the Tren Urbano and the feeder bus lines which serve the impacted stations while enhancing the sense of activity, community and security in the station and surrounding areas.

- (b) Promotion of Transit Oriented Development - The PRHTA attempts to fully demonstrate the viability of transit-oriented developments from a financial and urban standpoint. A transit-oriented development is characterized by a relatively dense concentration of development in the immediate station area; a pedestrian environment that is safe, highly interconnected, and rich in amenities and services; parking requirements are significantly lower than those in non-transit locations; and, a mix of urban use that promotes activity during the evenings and weekends as well as during normal business hours.

- (c) Creation of Jobs - The economic activity within this area aims to develop construction jobs in all the approved projects and, permanent jobs in those projects with non-residential use.

- (d) Identifying and Building Revenue Sources - The PRHTA expects to receive land disposition proceeds which reflect over time the highest and best transit-oriented use of each joint development parcel subject to the goals outlined above and to any applicable federal requirement.

The Project was submitted and awarded funds by participating in the Puerto Rico *Notice of Funding Availability Competition* (NOFA-2016), held by the Puerto Rico Housing Finance Authority (PRHFA). In the NOFA Competition processes the best scoring projects are awarded a portion of the Low-Income Housing Tax Credits (LIHTC) assigned yearly to all fifty (50) states and territories by the Federal Housing and Urban Development Agency (HUD) and the Internal Revenue Service (IRS) in an effort to promote the construction of projects addressing housing needs of low income families.

4.0 EVALUATION OF PROJECT IMPACT ON EMERGENCY

4.1 Description of Emergency

4.1.1 Emergency Pursuant to Title V of Promesa

An *emergency* means any event or grave problem of deterioration in the physical infrastructure for the rendering of essential services to the people, or that endangers the life, public health, or safety of the population or of a sensitive ecosystem, or as otherwise defined by Act 76. This shall include problems in the physical infrastructure for energy, water, sewer, solid waste, highways or roads, ports, telecommunications, and other similar infrastructure, such as transportation systems.

4.1.2 Governor's Declaration of Emergency

The Governor's declaration of Emergency pursuant to Act 76 (through EO-003, as extended and amended) includes, amongst others: projects promoting the economic development of all the island, the revitalization of urban centers, and improving transportation systems.

4.2 Project's Impact on the Emergency

As discussed in this report, the Project addresses an emergency situation, as recognized in the Title V of PROMESA and Act 76, to the extent that it: (a) provides affordable and safe homes for low income families in Puerto Rico that suffered a significant adverse effect or loss due to Hurricane María; (b) promotes the revitalization of an urban center, specifically in the dense, urban mixed use area of the San Juan's financial district; (c) creates an opportunity to maximize the use of the Tren Urbano (existing transportation system), by increasing and reinforcing its ridership and promoting a transit-oriented development; and (d) promotes the economic development and job creation through private investment in construction and buildings management operations.

Prior to the devastation caused to housing infrastructure in Puerto Rico by Hurricane Maria on September 20th, 2017, there was a critical need for affordable housing in the San Juan area, estimated at 12,784 units.

Hurricane María, with 155 mph winds, was the worst disaster ever to affect the island of Puerto Rico.. The Federal Emergency Management Agency (FEMA) has called it the largest federal response to a disaster in American history. The Governor has stated that Hurricane María completely destroyed 87,094 homes, with another 385,703 sustaining major damage. The need for the development of affordable places to live in Puerto Rico, like the Project, has increased dramatically in the aftermath of Hurricane María.

After Hurricane Maria, the number of Puerto Rican citizens whose homes were affected is of such a magnitude that the need for new affordable and safe housing is imperative. The Project will address

the deterioration of the physical infrastructure as identified herein to fill the gap by providing one hundred and thirty (130) safe and affordable housing units, as previously described. In addition, the Project, due to its location fulfills Act 76's and EO-003's goal of revitalizing an urban center, by fostering the mix usage (commercial/residential) of real estate properties located within or nearby the San Juan's financial district. The Project also addresses a transportation infrastructure need to the extent it supports the Tren Urbano. The Government of Puerto Rico has recognized, to run efficiently, the Tren Urbano must increase its ridership. The Project, located within one hundred and ninety-five (195) meters of the Tren Urbano's Roosevelt Station, creates an additional opportunity to increase and reinforce the Tren Urbano ridership and promote a transit-oriented development in a dense mixed used (commercial/residential) area.

Finally, and consistent with Governor's express goal established in EO-003, the Project promotes the economic development of Puerto Rico by encouraging private investment and job creation in all its phases (development/construction/operation).

5.0 COST OF THE PROPOSED PROJECT

5.1 Estimated Cost of the Proposed Project

The total cost necessary to complete and maintain the project is **\$24,215,839.00**.

The uses of these funds are as follows:

A. Purchase of Land & Buildings	\$1,962,194
B. Site Work	\$240,000
C. Construction Costs	\$15,730,000
D. Professional Fees	\$955,000
E. Interim Costs	\$1,816,114
F. Permanent Financing	\$49,736
G. Soft Costs	\$333,487
H. Syndication Costs	\$25,000
I. Developer Fees	\$2,725,000 (Development Fee ¹ 12.25%)
J. Project Reserves	\$379,308
 Approximate Total Uses of Funds	 \$24,215,839

¹A "development fee," also referred to as "developer fee," is money earned by a person or entity for managing the development process for another principal. A commercial real estate developer may charge a client to manage the real estate development process as a service. The fee may be calculated as a percentage of the total development cost.

6.0 PROPOSED PROJECT FINANCING

The Project's total development cost is estimated at \$24,215,839. The Project has already been awarded \$26,226,470 in Federal Low Income Housing Tax Credits (LIHTC) and \$881,044 in Home Funds. The Project does not require other funds from the Government of Puerto Rico or the Federal government for its development, construction or operation.

6.1 Available Capital from Sponsor

The developer of the project will make an equity contribution of **\$645,014** by deferring from its profit and guarantying the completion of the Project.

6.2 Available Funds from Private Financial Institutions

The Project will receive permanent financing in the amount of **\$1,140,000** from Banco Popular de Puerto Rico with a 30-year amortization and a 20-year term. The Project will also receive construction financing from Banco Popular in the amount of approximately **\$12,000,000** with a maximum repayment period of 29 months. There is a projected fixed interest rate of 7.25%.

This amounts to a Total of Funds from Private Financial Institutions of **\$13,140,000**.

6.3 Available Funds from Puerto Rico Government

There are no expected funds from the Puerto Rico Government.

6.4 Available Funds from Federal Government

The Project has already been awarded **\$26,226,470** in Federal Low Income Housing Tax Credits (LIHTC). These LIHTC will be allocated on a yearly basis for eleven years starting January 1, 2020. Any decision to delay the commencement date of the Housing Credit period beyond 2020 is subject to Red Stone Equity Partner LLC's consent. In addition, any decision to commence the Housing Credit period prior to January 1, 2020 is subject to Red Stone's consent.

Red Stone will acquire the LIHTC at a pricing factor of \$0.80 for a total of **\$20,979,078**, which takes into account the assumption of 100% residential depreciation taken over 27.5 years.

The Project will also receive HOME funds in the amount of **\$881,044**. To commit the funds, ViewPoint at the Park LLC must comply with the requirements of the HOME Program regulations.

This amounts to a Total of Funds from the Federal Government of **\$27,107,514**.

7.0 ENVIRONMENTAL BENEFITS PROVIDED BY THE PROPOSED PROJECT

7.1 Project's Expected Environmental Impacts

The environmental impacts of the Project were evaluated in accordance with existing local laws and regulations by the relevant Puerto Rico Agencies, which concluded that it does not have a significant adverse effect to the human environment

One of the environmental impacts that ViewPoint will have in Puerto Rico is the relocation of flood zone residents. ViewPoint will also participate in "Energy Conservation" through the use of renewable energy (photovoltaic system), and "Energy Star Certified" appliances and fixtures. This project will have water conservation through "Water Sense Labeled" plumbing fixtures, as well as CO₂ emission reduction impact through its location and proximity to the Tren Urbano station for mass transportation.

8.0 ECONOMIC BENEFITS PROVIDED BY THE PROPOSED PROJECT

8.1 Description

There are several economic benefits provided by the proposed Project. The first is the creation of jobs. During the construction phase and operation phases, 270 direct jobs are expected to be created. Another source of economic benefits for this Project is being part of the Tren Urbano's Joint Development Program (TUJDP). The TUJDP promotes the development of transit-oriented developments. This program will reinforce transit ridership of the Tren Urbano with the nearby Low-Income Housing at ViewPoint at Roosevelt.

8.2 Jobs Creation

8.2.1 Direct Jobs Created During Construction Phase

Based on the Project's total investment (approximately \$24,700,000), it is expected that two hundred and sixty (260) jobs be created during the construction phase.

8.2.2 Direct Jobs Created During Operational Phase

Once the Project becomes fully operational, ten (10) permanent jobs will be created.

8.2.3 Other Jobs

Indirect and induced jobs during construction are estimated at three hundred and twenty (329), according to multipliers published by the Puerto Rico Planning Board.

8.2.4 Jobs Expected to be Held by Residents of Puerto Rico

All the jobs created by the Project are expected to be held by Puerto Rico residents.

8.3 Economic Impact of the Proposed Project

8.3.1 Economic Impact Due to the Construction of the Proposed Project

The process of developing and constructing new housing generates substantial local economic activity, including new income, jobs and additional revenue for local governments. There is a stimulus that flows through the local economy multiple times as construction supplies are purchased, construction workers spend their paychecks at local supermarkets, restaurants and other retailers, which is turned by more inventory, and so on. That is, an initial stimulus triggers a chain of spending.

8.3.2 Economic Impact During the Proposed Project Regular Operational Phase

Economic impact during operational phase includes generation of local economic activity by the new tenants of Viewpoint and the 10 permanent workers. Another economic impact is the additional transit ridership for the Tren Urbano.

8.3.3 Summary of Proposed Project Economic Impact

The impact of an economic event is the total of direct effects and indirect effects as mentioned above.

8.4 Benefit/Cost Analysis of the Proposed Project

There is no cost to the Government of Puerto Rico for this Project.

Prior to stating the benefits of the Project, there are several assumptions made:

- The 260 direct jobs created during the construction phase have an average salary of \$20,000 per year.
- The ten permanent jobs created during the operational phase will have an average salary of \$20,000 per year.
- The individuals from the 270 jobs will spend 30% of their paychecks in wants that will contribute to Sales Tax income for the Government of Puerto Rico.
- People using the Tren Urbano will spend daily \$2.25 (\$1.12 for daily trips each) on average.

Based on these assumptions, the estimated benefits for this Project are:

1. \$179,400 on Sales Tax per year during construction.
2. \$6,900 on Sales Tax per year during operation.
3. \$364,000 on Personal Income Taxes per year (7% of \$20,000 for 260 people) during construction.
4. \$14,000 on Personal Income Taxes per year (7% of \$20,000 for 10 people) during operation.
5. If 260 of the residents use the Tren Urbano daily at an average price of \$2.25, the Tren Urbano will collect \$213,525 on additional ridership.

That is a total of approximately **\$543,400** per year during construction, and a total of approximately **\$234,425** per year during operation. Note that the salary estimate is low, thus in practice, Sales and Personal Tax income for the Government may be expected to be higher.

Since there is no cost to the Government, the Benefit/Cost Ratio is beneficial to the Government.

9.0 STATUS OF THE PROJECT

9.1 Project's Design and Development Status

The Project's design and development stages have been completed.

9.2 Project's Permitting Status

The Project has completed all relevant and applicable environmental assessments and procedures and is fully entitled with all major permits necessary to begin construction. Project still need to secure certain relevant permits, authorizations and endorsements, which have been made part of the *Expedited Permitting Plan for ViewPoint at Roosevelt* developed by the Revitalization Coordinator in consultation with the Puerto Rico Agencies and the Governor, a copy of which is attached in Appendix B.

9.3 Project's Financing Status

The Project is fully financed.

9.4 Schedule of Project's Implementation

Upon definitive financing closing, Sponsor may commence construction in thirty (30) days and will have a construction period of twenty-one (21) months. Upon definitive closing of financing, the Sponsor will begin to generate economic activity during its construction stage and will continue to do so until the Project is placed in service, twenty-one (21) months later, when the economic benefits associated with the operational stage of the Project will begin to have an impact.

10.0 PLANNING BOARD DETERMINATION

On January 31st, 2018, the Project submittal was notified to the Puerto Rico Planning Board (PRPB) for its evaluation and opinion pursuant to Section 503(b)(1)(C) of the Title V of PROMESA. The Project has obtained a location consult and construction permits from the Municipality of San Juan, to which the Planning Board has delegated land use permitting authority.

11.0 GOVERNOR RECOMMENDATION

The Project submittal was notified to the Governor of Puerto Rico for its evaluation and recommendation pursuant to Section 503(b)(1)(B) of the Title V of PROMESA. The Governor evaluated the proposed project and recommended its designation as a *Critical Project*. Attached as Appendix A is the Governor's Recommendation issued on April 26, 2018.

12.0 REVITALIZATION COORDINATOR OVERVIEW

12.1 Revitalization Coordinator Recommendation

The Project attends critical infrastructure emergency by directly addressing public housing needs in the aftermath of Hurricane María. The Project aims to provide safe, healthy and adequate housing for 130 families. There is no doubt that the public housing sector has been significantly impacted thereafter and, thus, the Project certainly addresses a public housing need. The Project is expected to create approximately 260 direct jobs during construction and once becomes fully operational 10 permanent jobs will be created.

If the project abides by the current permitting regulations and existing Puerto Rico laws and regulations, it will not have an undue impact on the environment.

12.2 Qualifications of the Revitalization Coordinator's Recommendation

The *Revitalization Coordinator* recommends the Project for designation as a *Critical Project*, recognizing that such designation only allows the Sponsor to secure for the Project the benefits that such designation affords in accordance with the Title V and clarifying that such designation:

- (a) entitles the Sponsor to an expedited permitting process for the procurement of the Project's permits, authorizations and/or endorsement but does not guarantee the approval thereof;
- (b) does not waive the Sponsor of his duty to demonstrate that he has obtained the required authorization from the Project's site legal owner to file any required submission to secure permits, authorizations, endorsements, comments and/or recommendations.

13.0 RELEVANT PERMITTING AGENCIES

13.1 Relevant Puerto Rico Permitting Agencies

The following agencies have been identified as relevant Puerto Rico Agencies:

- Permits Office of the Municipality of San Juan, Puerto Rico
- Puerto Rico Permits Management Office (PRPMO)
- Puerto Rico Natural and Environmental Resources Department (PRNERD)
- Puerto Rico Environmental Quality Board (PREQB)
- Puerto Rico Solid Waste Authority (PRSWA)
- Institute of Puerto Rican Culture (IPRC)
- Commonwealth of Puerto Rico State Historic Preservation Office (PR-SHPO)
- Puerto Rico Electric Power Authority (PREPA)
- Puerto Rico Aqueduct and Sewer Authority (PRASA)
- Puerto Rico Highway Administration (PRHA)
- Puerto Rico Telecommunications Regulatory Board (PRTRB)
- Puerto Rico Housing Department (PRHD)
- Puerto Rico Department of Education (PRDE)
- Puerto Rico Transportation and Public Works Department (PRTPWD)
- Puerto Rico Health Department (PRHD)
- Puerto Rico Fire Department (PRFD).

13.2 Relevant Federal Permitting Agencies

The following agencies have been identified as relevant Federal permitting agencies: The United States Fish and Wildlife Services (USFWS).

14.0 EXPEDITED PERMITTING PLAN

The Project is fully entitled with all major permits necessary to start construction. However, an Expedited Permit Plan (*Expedited Permitting Plan for ViewPoint at Roosevelt*), for other required permits, endorsements and/or authorizations has been developed by the Revitalization Coordinator in consultation with the Puerto Rico Agencies and the Governor, a copy of which is attached in Appendix B.

APPENDIX

Appendix A: Governor's Recommendation



GOVERNOR OF PUERTO RICO
Ricardo Rosselló Nevares

VIA EMAIL

April 26, 2018

Noel Zamot
Revitalization Coordinator
Fiscal Oversight and Management Board

**RECOMMENDATIONS IN ACCORDANCE WITH SECTION 503 (3)(B) OF
PROMESA FOR THE “VIEWPOINT AT ROOSEVELT” PROJECT**

Dear Mr. Zamot:

In accordance with Section 503 (3)(b) of PROMESA you have requested our comments for the project identified as “*Viewpoint at Roosevelt*”.

On April 6, 2018 additional information was provided regarding the Viewpoint at Roosevelt project. Considering the information submitted, I hereby present our comments for the Viewpoint at Roosevelt project:

- Project ID 105: Viewpoint at Roosevelt

On September 21, 2016, a construction permit was issued for the project, as well as favorable recommendations from infrastructure agencies. Even though the project has most of the permits needed for its development, there are still some permits and/or authorizations required for its final approval.

Due to the emergency and devastation caused by hurricane María, there is a need for low income housing in Puerto Rico thus making the abovementioned project a candidate to be deemed as critical under the Title V of PROMESA.

RICARDO ROSSELLÓ NEVARES
GOVERNOR

OFFICE OF THE GOVERNOR
LA FORTALEZA

Once again, we look forward to continue working with you in identifying projects that are both compliant with PROMESA and that will promote the much needed economic development for our Island.

Sincerely,



Ricardo Rosselló Nevares

Appendix B: Expedited Permitting Plan for ViewPoint at Roosevelt



ID 105 VIEWPOINT AT ROOSEVELT

GEOGRAPHIC LOCATION Alhambra Street, corner Sevilla Street, Hato Rey Central Ward (Ponce de Leon Ave. & Roosevelt Ave.), San Juan PR 00917
Cadastral Number: 063-031-083-18

PROJECT DESCRIPTION View Point at Roosevelt (VPR) is a designated transit oriented multifamily rental housing development project consisting of thirteen stories and a total of 130 apartment units, each with two bedrooms and one bathroom. Parking facilities will consist of 143 parking spaces of which 134 are dedicated spaces for residents and nine for handicapped, according to the ADA requirements. All units will be available for low-income families following the Low Income Housing Tax Credits (LIHTC) rent and income requirements (Household income equivalent to 50%-60% of the median income for Primary Market Area). VPR will have a total gross construction area of 182,000 sq. /ft. VPR is located in the heart of the San Juan's Financial District, a high-density area within a 195 meters of Tren Urbano's Roosevelt Station. In addition, the VPR project site is part of the Tren Urbano's Joint Development Program (TUJDP), which is promoted by the Federal Transit Administration (FTA) and implemented by the Puerto Rico Highway and Transportation Authority (PRHTA), as a program to promote the development of transit oriented developments. The principal objectives of the TUJDP. VPR will reinforce transit ridership and the promotion of transit-oriented development. This unparalleled location will provide our residents with safe, inexpensive, accessible and reliable means of travel and commuting by using public transportation to access hospitals and doctors' offices, child care, schools, places of worship, senior centers, groceries stores, shopping malls and entertainment with good access to surrounding roads. The site's immediate neighborhood is a mix comprised of residential, commercial and office use. VPR is strategically located within the Tren Urbano Radius Influence Zone, a zone defined as the geographic area within five hundred meters (500) from the property boundaries of Tren Urbano Station facilities.

PERMIT PROCESS STEPS The permit process for this project encompasses ten key (10) steps.¹

REQUIRED PERMITS, CERTIFICATIONS AND AUTHORIZATIONS

Step 1 – Final Drawing and Design Approval

The infrastructure agencies, including the applicable Health, Environmental and Fire Department agencies, must approve final drawings for the completion of the required

¹ **Note:** The time allotted to evaluate and issue a permit decision considers OGPe and/or any relevant agency's internal processes and does not account for proponent's time to respond to OGPe and/or the relevant agencies reasonable requests for information, clarification and/or procurement of necessary documents. Furthermore, any revision to an OGPe and/or a relevant agency final determination, as the case may be, shall be in accordance with the timeline and procedure established in Act 76 of May 5, 2000, as amended.

Any law, regulation and/or procedure that is enacted, adopted, amended, modified or substituted by the Government of Puerto Rico, the Federal Government or any relevant agency which application results in an even more beneficial expedited permitting process to the proponent, will be applied, immediately upon proponent's request.

Municipality of San Juan construction permit, which a Conditional Approval has already been obtained. Upon proponent's filing of the infrastructure recommendations, the Office of Permits Management (OGPe) and infrastructure agencies shall have a period not to exceed five (5) days for its determination.

Step 2 – Recycling Plan Endorsement

After the OGPe construction permit is issued, an endorsement to the Recycling Plan for the Project is required by the Solid Waste Management Authority. This process authorizes the recycling plan during the construction phase. A five (5) day period is allocated to this endorsement.

Step 3 – Endorsement to the Mitigation Plan to the Tree Cutting, Pruning and Planting Activities

For every project that may require tree cutting and pruning external to the proposed project site, a mitigation plan will be required to consider the planting of trees or other activities included in Chapter 47 (Tree Cutting, Pruning and Planting) of the Planning Board Joint Regulation². This mitigation plan requires the Puerto Rico Department of Natural and Environmental Resources' (PRDNER's) endorsement or approval to allow for the actions to be executed. A design plan of the proposed mitigation activities must be submitted. The PRDNER will issue its determination on the mitigation plan within a ten (10) day period.

Step 4 – Endorsement to the Mitigation Plan to the Wildlife Act

For every project that may affect the wildlife, as established in Act 251 of August 15, 1999, and the respective PRDNER Regulation, a mitigation plan will be required to address any possible impacts to the wildlife and the habitat. This mitigation plan requires the PRDNER's endorsement or approval to allow for the actions to be executed. A design plan of any of the proposed mitigation activities must be submitted, in addition to the Habitat Certification stated in Step 6. The PRDNER will issue its determination on the mitigation plan within a ten (10) day period.

Step 5 – Unique Operational Incidental Permit

After the OGPe Construction Permit is issued, the next step is to obtain a Unique Operational Incidental Permit. This is a consolidated permit that includes various activities related to the contractor's works; such as the Tree Cutting, Pruning, Transplanting and Planting Permit; the Consolidated General Permit that regulates the fugitive air emission for construction, the erosion control measures and the solid waste generation and disposal; Incidental Extraction Permit to cover earth movement; and any other applicable permits as described in the Joint Regulations. A five (5) day period is allocated to this permit.

Step 6 – Air Emissions Construction Permit (PFE Construction)

After a construction permit is issued, the Puerto Rico Environmental Quality Board (PREQB) requires under the Air Emission Regulation³, that any project should obtain

² Planning Board Joint Permits Regulation for Construction Works and Land Uses of November 30, 2010 (Regulation No. 7951), as amended.

³ Environmental Quality Board Regulation for the Control of Atmospheric Pollution of August 28, 1995 (Regulation No. 5300), as amended.

a construction permit before installing equipment that generates air emissions. As such, emission calculations will have to be filed with the permit request. A ten (10) day period is determined for this permit.⁴

Step 7 – Final Infrastructure Certification

After the construction phase is completed, the proponent is required to file a final Infrastructure Recommendation that will allow for agencies, such as Puerto Rico Power and Electric Authority (PREPA) and Puerto Rico Aqueduct and Sewer Authority (PRASA) to accept the infrastructure connections included in the construction. This procedure requires submittal of detailed final project plans certified by a licensed architect or engineer. A five (5) day period is allocated for this permit.

Step 8 – Air Emission Operation Permit (PFE Operation)

After a PFE construction permit is issued, the PFE Operation Permit can be requested at the PREQB to allow the commencement of operations and the use of the equipment. A five (5) day period is determined for this permit.

Step 9 – Health and Fire Department Endorsements

After the construction phase is completed, and before the issuance of a Use Permit, an Environmental Health Certification (CSA) and a Fire Prevention Certification (CPI) are required to obtain a Use Permit. These certifications are required to assure the project compliance with health regulations and with the Puerto Rico Fire Code. A five (5) day period is allocated for these endorsements by OGPe.

Step 10 – Use Permit

All previously discussed permits from Steps 1 through 9, are required for the projects construction phase. After construction is completed, a Use Permit must be issued. This permit is the final process required to allow for the project operation to commence. Once project construction is completed, the proponent must submit to the agency the inspection reports and a certification from the designated inspector that the project was constructed according with plans submitted in the Use Permit, specifications and codes. The infrastructure final authorizations in Step 7 and the Health and Fire Department endorsements in Step 9 are required. A five (5) day period is allocated (see footnote below).

This Expedited Permit Plan does not include additional permit requirements not included within this schedule. If any other permit is determined applicable for this specific case, a prioritized and accelerated schedule will be applied following similar timelines as established in this expedited permit schedule.

⁴ This PFE Construction Permit excludes Clean Air Act Title V Permits (Major Emission Sources), PSD non-applicability determination, and federally enforceable state operating air emission permits (Minor Synthetic Sources).