



## FOR IMMEDIATE RELEASE

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### **The Puerto Rico Housing Finance Authority's Homebuyer Assistance Program Positively Impacted Participants but May Not Have Distributed Disaster Recovery Funds Equitably**

WASHINGTON DC— Today, the U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) issued an audit report examining the Puerto Rico Housing Finance Authority's (PRHFA) Homebuyer Assistance Program (HBA). The HBA program was developed by the Puerto Rico Department of Housing (PRDOH) to incentivize families to stay in Puerto Rico after Hurricanes Irma and Maria by providing eligible applicants with closing costs and downpayment assistance for the purchase of a primary residence to increase home ownership rates. HUD awarded \$495 million in disaster recovery and mitigation funds to PRDOH for the HBA program, and PRHFA administers it as PRDOH's subrecipient.

HUD OIG found that by July 21, 2023, the HBA program had assisted more than 6,700 families and that HBA participants were mostly satisfied with the program, stating that it had a significant impact on their lives by helping them obtain a safe and stable home. Additionally, PRHFA was on track to achieve its goals for applications received, reviewed, and approved per month. HUD OIG also identified that PRDOH was challenged in measuring one of its critical program objectives, which is measuring the HBA program's impact on home ownership rates. This challenge exists because the home ownership data PRHFA used are influenced by many factors other than the HBA program.

The audit also found that PRHFA could better ensure equitable distribution among its participants. PRHFA did not have clear and consistent income criteria for determining financial award eligibility, and PRHFA's underwriting did not follow HBA program guidelines. Further, PRHFA allowed lending institutions to determine the amount granted to each participant, resulting in some participants with similar financial conditions receiving substantially different award amounts. For all 67 cases reviewed, PRHFA could not show how it calculated financial assistance award amounts.

HUD OIG's recommendations include steps PRDOH and PRHFA can take to better ensure that it maximizes program outcomes and demonstrate that the award amounts HBA participants receive are accurate and fair.

"The Homebuyer Assistance Program was created to provide assistance to low- and moderate- income families in Puerto Rico to help them recover and rebuild their communities after the devastation and loss following the aftermath of Hurricanes Irma and Maria," said Inspector General Rae Oliver Davis. "By implementing the recommendations in this report, the Puerto Rico Department of Housing and the Puerto Rico Housing Finance Authority can enhance its process for determining and awarding disaster recovery funds equitably to eligible program participants."

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