



NATIONAL CALL TO ACTION REPORT

Submitted by:
PUERTO RICO
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Recently, in a letter from Jorge Rivera-Jiménez, Secretary of the Department of Housing of the Commonwealth of Puerto Rico, to HUD Secretary Alphonso Jackson, the Housing Department accepted HUD's invitation to take part in the "*America's Affordable Communities*" initiative.

As part of the Commonwealth government's initiative to meet its goal of 50,000 housing units developed or rehabilitated by December of 2008, several studies have revealed the importance of promoting the development of affordable housing. In order to do this, the government of Puerto Rico, along with several groups in the private sector, has engaged in an in-depth study of the factors that limit or slow the development of this type of housing. Among these factors are:

- regulations that establish the requirements for housing development;
- access to adequate financing for developers and for the families who make use of the housing units;
- the price of land and the construction costs;
- the process involved in evaluating and granting permits.

To develop mitigating strategies, the Puerto Rico Housing Department created a taskforce to examine the regulatory aspects, the permits process, facilities for financing, and other factors that bear on the cost of developing affordable housing. The taskforce is to submit recommendations to the Secretary of Housing and the Governor of Puerto Rico for modifications to regulations and processes and for the development of new mechanisms to stimulate and facilitate the development of housing accessible to all population groups and families. The taskforce is made up of members from the private sector and public agencies that are related in various ways to the housing-development industry.

Some of the barriers to developing and providing accessible housing that have been identified so far by the taskforce are outlined below.

One of the taskforce's main conclusions is that the term "accessible housing" needs to be better defined, and in addition that it needs to be distinguished from the concept of "social-interest housing." As part of this definition, it is important to identify and provide an operational definition for the concept of "workforce housing." This last type of housing is intended for those families whose incomes exceed the limits set for subsidy programs but are not high enough to purchase a home on the regular market.

Among the problems identified by the taskforce as limiting the development of accessible housing is the slowness and rigidity in the processing and issuance of building permits. In order to reduce the negative impact of this barrier, it is proposed that a permanent taskforce be created that will give priority to processing permits for affordable-housing projects. Currently, the Commonwealth government has implemented a pilot project whose purpose is to evaluate existing processes for project underwriting and issuing of permits. The objective of this effort is to implement a system for evaluating and approving projects that will be agile, efficient, and effective. The taskforce studying the barriers to the development of accessible housing is working closely with the team charged with designing and implementing the pilot project.

The increase in construction costs is another of the problems that has been identified. The group recommends that special treatment in income and property taxes, excise taxes and other type of levies (municipal and central government) be given for the development of affordable housing projects. In addition, it has been determined that a clear policy needs to be developed as to the infrastructure required for affordable housing projects and the development impact fees imposed on these projects.

Furthermore, in order to increase inventory and stimulate the development of accessible housing, it is proposed that the government establish a methodology and the information systems needed for informing developers and the public in general as to the resources and programs currently existing for developing affordable housing. It is also recommended that a representative group be maintained in order to give periodical workshops and lectures aimed at developers in order to orient them as to the process for securing permits and for applying for incentives and subsidies from the array of state and federal programs.

The taskforce will be submitting its final report, containing the findings and recommendations from its commission, to the Secretary of Housing and the Governor of Puerto Rico by the end of February 2008.