



We build strength, stability, self-reliance and shelter.

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U.S. Department of Housing and Urban Development
235 Federico Costa Street-Suite 200
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San Juan, Puerto Rico 00918

Habitat for Humanity appreciates the opportunity to submit testimony on Puerto Rico's Community Development Block Grant Disaster Recovery (CDBG-DR) Action Plan. Habitat shares Puerto Rico's goal of achieving a full housing recovery and preparing for future disasters, and the CDBG-DR program is an important tool for reaching that goal.

Habitat's vision is a world where everyone has a decent place to live. Anchored by the conviction that decent and affordable housing place families on a path of new opportunity and increased stability and self-reliance, Habitat has helped more than 13.2 million people improve their housing conditions through home construction, rehabilitation and repairs, housing finance, housing support services and technical assistance. In our deep understanding of housing, Habitat also serves as a voice for people by establishing title and ownership to land and advocating for better laws and systems. Habitat's federated network includes more than 1,300 independent affiliates serving in communities throughout the United States.

Disaster preparedness, response, and mitigation have long been priorities for Habitat in our mission to build safe homes and resilient communities. Habitat for Humanity has been responding to disasters nationwide over its 40-year history, but especially since Hurricane Katrina, the organization has effectively organized and implemented multiple large-scale recovery efforts to address the affordable housing challenges that face low-income families following a major disaster. Habitat's efforts have assisted hundreds of families to secure decent, affordable housing again after their homes were damaged or destroyed. Our collective disaster recovery work includes both a short-term response and long-term recovery effort over many years that supports the housing needs of impacted families through activities such as immediate clean-up, community-wide assessments, family support, new construction, and rehabs and repairs.

Habitat has launched a multi-year recovery effort in Puerto Rico. The first phase of our response last fall entailed assembling and distributing 2,000 shelter repair kits containing supplies and tools, and 2,000 solar kits containing a solar lantern and panel, to help families make preliminary home repairs to improve their shelter conditions. In partnership with Save the Children, Habitat distributed shelter repair kits in Caguas, Guayama, Salinas, Patilla, Santa Isabel, Coamo, Arroyo and Orocovis. Habitat is currently scaling up our team and operations, and developing a long-term housing recovery program that will work to address the many legal issues, tenure challenges, mitigation needs, and other challenges facing the island.

Puerto Rico needs a robust federal response to adequately address the thousands of homes that are now uninhabitable. Low-income families will be faced with the greatest challenges to rebuild because they lack the resources to repair their homes, thus making CDBG-DR critical in helping families and communities get back on their feet.

Before Habitat outlines our specific CDBG-DR recommendations, we want to call attention to the wide array



of complex legal, construction, and educational related challenges facing Puerto Rico that must be addressed now for CDBG-DR to be implemented successfully. Mitigating these issues is critical to the ability of Habitat and others seeking to assist Puerto Rican families in achieving affordable and safe housing.

These issues and challenges include:

Raise the base line on construction: A substantial amount of construction in Puerto Rico is done informally, with family, friends, and individuals who act as contractors after a few years of learning building skills by working in the construction trades. As a result, the level of understanding of simple yet critical building techniques, such as roof connection and proper reinforced concrete, is eroding as this tradition of building by less skilled laborers continues. Funding should support raising the standard of building practices, with education in techniques that bring those working in the informal sector to the standards set by the current building code. Among the proven educational tools and processes are simple manuals written for low literacy users, capacity building for low-level tradesmen, vocational education, and on-the-job technical assistance.

Building permits: Building permits must be attained before beginning construction, and with the current limited capacity of local municipalities and wide-scale need, there is a long delay to obtain these permits. Habitat encourages the Puerto Rican government to consider a way of expediting building permits through actions such as allowing organizations doing reconstruction to receive a “blanket permit” instead of applying for each construction intervention.

Liability: Architects and contractors currently trying to assist with reconstruction are constrained by potential liability where the precise quality of the existing construction is likely to be unknown. Habitat recommends policy changes that allow the use of waivers and reduces liability for non-profit organizations and contractors who are performing reconstruction and repairs. These policy changes might include extension of *Good Samaritan* laws and exemptions from liability for non-profit organizations and their personnel, architects, engineers and contractors acting in good faith.

Land tenure—The tenure uncertainty and de facto informality in tenure issues, particularly in rural areas and informal settlements, have limited the opportunities to bring housing support to families in need. Habitat recommends creating sufficient flexibility in documentation and other requirements to allow security of tenure (right to the surface- “*usufructo*” - vs. legal tenure) to be used as criteria for assistance; supporting tenure research and the production of guidelines and manuals to clarify the process for beneficiaries, organizations, and entities working in the reconstruction efforts, as well as municipalities; funding legal assistance to families trying to get a clear title document; and supporting legislation which reduces the current onerous number of steps required to achieve security of tenure.

Material shortages: There are material shortages and supply chain issues on the island that need to be addressed so that the large-scale recovery efforts can occur. There should be economic measures considered that will tackle the inflation that is already being seen within the construction industry.

Utilize existing plans and studies: There are significant studies and plans in Puerto Rico that address most of the issues that the commonwealth now faces in rebuilding. Habitat recommends utilizing existing plans rather than devoting resources to recreate them. This will both accelerate processes that could delay implementation of programs addressing urgent needs, and save funds for reconstruction and building.



- **Programas Planes de Accion Comunitaria (San Juan)** –“rehabilitación en su sitio” 2000 to 2004; focus on informal settlements (approximately 55 settlements were analyzed)
- **Comunidades Especiales** – 2000 to 2004; focus on informal settlements in PR; 666 communities identified in total (lacking infrastructure/services and housing needs)
- **Rehabilitación de Centros Urbanos** – 28 urban centers were selected for rehabilitation plans and proposals (we know some were implemented).
- Other specific proposals from different universities or organizations for specific municipalities.

The **Centro para Puerto Rico** has existing urban plans from Comunicades Especiales and Rehabilitación de Centros Urbanos

Mitigation strategies: Risk mitigation and preparedness strategies need to be tackled at a regional scale. For example, drainage systems may affect several adjacent municipalities. Habitat recommends facilitating and encouraging regional scale planning strategies allowing coordination between municipalities. This may require a regional body with the legal authority to mediate and coordinate between the various municipalities when larger housing and risk mitigation projects are essential to reducing vulnerability.

The following recommendations outline the main areas that Habitat encourages the Commonwealth of Puerto Rico to consider when structuring its CDBG-DR program. These recommendations would maximize the ability of Habitat to effectively respond to the housing devastation caused by Hurricanes Irma and Maria.

Fund a standardized damage and needs assessments

Needs assessment data has been difficult to find in Puerto Rico. If it exists, the data quality varies substantially, and must be assembled from different sources, which follow different standards and methodologies.

Recommendation: Allow CDBG-DR funds to be used for assessment on damage, tenure aspects and needs assessments, including services and infrastructure, vacant land and structures, as well as economic development opportunities. This will be of great benefit to the municipalities, particularly the ones who have been unable to conduct damage and needs assessment, and will be a complement to the municipalities who already have damage assessment information. In addition, it is recommended that the CDGB-DR funds have the flexibility to be used on assessments directly.

Provide assistance to renters and homeowners

While Habitat encourages sufficient assistance for homeowners with critical home repair needs, the needs of renters must not be overlooked. Renters compose of close to 30% of the Puerto Rican population, which includes younger families, lower income families, and more vulnerable populations who have not had the opportunity to purchase or build their homes. In addition, many renters have lost all their possessions as a result of the hurricane, and are struggling to find a new home.

Recommendation: CDBG-DR funds should adequately support the housing needs of both renters and homeowners. For the rental population, Habitat recommends that enough funding support the repairs of rental units and increases the rental housing supply, and takes into account that renters could be possible



beneficiaries when they have lost their home. In addition, CDBG-DR funding should include incentives and options for renters to transition into homeownership opportunities – such as rent to own.

Recognize the needs and costs surrounding building codes

A very small percent of homes in Puerto Rico are built to the current legal building code. Therefore the majority of homes need complex repairs that follow Puerto Rican code to become safe and adequate housing. These repairs will be costly and there will be an affordability gap between the building costs and what families, especially those that are low-income, can afford.

Recommendation: Adequate funding within the CDBG-DR program should be allotted to finance the multifaceted repairs of the thousands of homes currently not aligned with the legal building codes, so that families can return to a healthier, safer home that's mitigated against future disasters.

Address decaying urban cores

Puerto Rican cities and municipalities have urban areas that have been, or are beginning to be, abandoned. As the storms created significant damage to older structures in urban centers, there is an increased reluctance to rebuild in the urban core, and default to easier and less expensive greenfield development outside of urban areas.

Recommendation: Support focused policy initiatives to incentivize and streamline processes that will boost reconstruction of mixed-use community in the urban cores. Pay particular attention to the facilitation of the processes required to use abandoned buildings and repurpose others, and prioritize CDBG-DR funding for these types of rebuilding projects.

Facilitate the use of blighted buildings and homes

There are over 250,000 abandoned structures in Puerto Rico. Many of these are abandoned buildings, schools, and housing, classified as "*estorbos públicos*" (blighted properties) or *CRIM* delinquencies (tax delinquencies).

Recommendation: CDBG-DR funds should be used for the rapid development of mechanisms, strategies, and policies to encourage municipalities to utilize abandoned buildings and facilitate the transfer, acquisition, and utilization of the latter as well as vacant land (urban infill).

Allow multiple typologies and solutions for housing

Only allowing one type of housing structure per one lot can be limiting when seeing the realities of family compositions in Puerto Rico. The needs of families evolve over time therefore incremental housing models should be supported. These models can provide a habitable core that is set up to allow an expansion as the family acquires the means to expand. Regulations allowing Accessory Dwelling Units (ADUs) are being encouraged in the United States as a means to increase the rental unit supply, as well as encourage aging in place strategies.



Recommendation: Ensure programs and policies encourage multiple models of housing such as a single family, duplex, row home, or three story multifamily housing. The multiplicity of models should not only be relevant in the architecture but in the financial support and mechanisms, as well as tenure options. In addition, incremental housing models should be taken into account for credit options to allow flexibility in tenure that enables the initial core home of a family to become a duplex as the family expands their home for an additional family member.

Maintain the current requirement that 70% of CDBG-DR investments serve people with low and moderate incomes.

The CDBG-DR program is one of the primary tools used by the federal government to help the lowest income families in communities recover after a disaster. The program specifically designates that 70% of all funding must be allocated to low- and moderate-income people. It is imperative that this percentage remains, and that a majority of CDBG-DR funding stays focused on repairing and rehabbing the housing of the most vulnerable populations, who will struggle the most to fix their homes because they have the least accessible resources. In addition, particular attention should be paid to the aging population in Puerto Rico who are in need of new strategies to secure housing with supportive services and amenities.

Recommendation: Habitat recommends that CDBG-DR funding ensures that the recovery needs of low-income people and communities are not overlooked, with a particular attention to the aging population, and that federal resources are spent in the most effective and targeted ways to address the greatest needs. In addition, the funds should support mixed-age developments, as well as aging in place models such as Accessory Dwelling Units (ADUs), to facilitate caretaking and allow families to be together.

Streamline and ease the burden of environmental review requirements.

Every project supported with CDBG-DR funds requires environmental clearance. This can be cumbersome for sub-grantees especially if they have to work with multiple firms doing assessments.

Recommendation: The government of Puerto Rico should take over this responsibility and hire an engineering firm to complete the environment reviews for every CDBG-DR project. By overseeing all reviews, the State will ease the burden and confusion of multiple entities doing the reviews, and the process will be streamlined and run more smoothly.

Provide a precise definition of directly and indirectly affected people.

It is important to clearly define what circumstances qualify a resident to be directly or indirectly impacted by a disaster. Both declarations are eligible for funding, but in particular, indirect impact has been poorly outlined and is too narrow. Indirectly impacted residents include those persons who experienced adverse economic impacts from a disaster. In the past, this definition has been too specific with the inclusion of qualifications that are often difficult to document, and limit the number of marginalized people that can be assisted within the recovery efforts.

Recommendation: A clearer, more flexible definition of what indirectly impacted residents means should be provided to guide sub-grantees, including exactly what type of documentation is required in each case. In



addition, the requirement to provide conclusive documentation of flood impact, whether direct or indirect, might preclude impacted persons from receiving help, and should be re-considered as a required element to receive assistance supported by CDBG-DR.

For example, we have come across the following two examples in Habitat's operations: a grandparent who was supported by someone who lost their job because the store closed down due to the Hurricane Maria in a place like Humacoa (where over half of the retail have still not reopened), so now has no support; and a grandparent who now has 6 more people living in their house that they have to feed. We would like to see both of these indirectly impacted examples receive support.

Habitat looks forward to working with Puerto Rico to achieve the most rapid, efficient, and effective housing recovery effort possible. Thank you for considering these comments.

Sincerely,

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