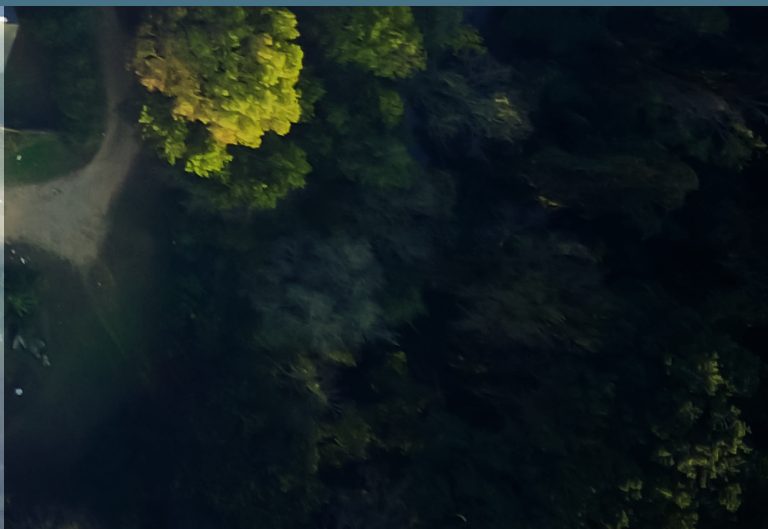


Tackling Vacancy and Abandonment: Strategies and Impacts after the Great Recession



This article is excerpted from *Tackling Vacancy and Abandonment: Strategies and Impacts after the Great Recession*, a new edited volume from the **Center for Community Progress** and the **Federal Reserve Banks of Atlanta and Cleveland**.

The views expressed here are those of the editors and individual authors and are not necessarily those of the Center for Community Progress, Federal Reserve Banks, the Federal Reserve System, or the authors' affiliated organizations.

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People without Homes, Homes without People: Abandoned Properties as Opportunities for Affordable Housing in the Post-Disaster Reconstruction Environment

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Introduction

On September 6, 2017, Hurricane Irma left half of Puerto Rico without power and thousands of people staying in emergency shelters (FEMA, 2017). Only two weeks later, on September 20, 2017, Hurricane Maria touched ground, causing an archipelago-wide blackout. Maria's death toll is estimated to be between 3,000 and 4,600 persons, with most of the indirect deaths attributed to the lack of electricity for people with chronic conditions (Fink, 2018; Kishore, et al. 2018). The 2017 storms caused a combined \$180 billion in damage (RAND Corporation, 2018), making Puerto Rico one of the most expensive federal recovery efforts in U.S. history (FEMA, 2017).

Around 360,000 housing units in Puerto Rico were severely affected by Hurricane Maria, and 70,000 were destroyed (FEMA, 2018). It is estimated that reconstruction will cost about \$33 million (Puerto Rico Department of Housing, 2020). Under the first federal allocation of \$1.5 billion in Community Development Block Grants-Disaster Recovery (CDBG-DR), about \$1 billion was allocated for new construction, rehabilitation, or reconstruction of housing for rent, homeownership, or direct rental assistance to low-income individuals and families (Puerto Rico Department of Housing, 2020).

Since the hurricanes, property values have decreased by about 10 percent (Center for Puerto Rican Studies,

2018). However, the housing crisis in Puerto Rico already existed, and Hurricane Maria only exacerbated it. In 2016, there were 334,564 vacant housing units,¹ and of those, 257,798 were nonrecreational vacant, a category that includes those that are not on the market or abandoned or that require repair. The result was that 3 out of 10 homes were either vacant or abandoned (U.S. Department of Housing and Urban Development, 2017; Hinojosa and Meléndez, 2018).

Compared to the United States, Puerto Rico has the highest number of overall vacancy (29 percent) followed by Maine (28 percent) and Vermont (27 percent) of houses that are not for sale or rent, including seasonal

homes (American Community Survey, 2019b). This is more than double the 2005 home vacancy rate of 12.9 percent for all homes in Puerto Rico (American Community Survey, 2005). The increase in vacancy and abandonment is attributed to the economic and foreclosure crisis, which began in Puerto Rico in 2006, much earlier than the 2008 onset in the U.S., and caused massive outmigration (Center for Puerto Rican Studies, 2018). Furthermore, those individuals and families who stayed have suffered a reduction in income due to deindustrialization (Birson, Borges, and Ampaabeng, 2013). In the 10 years from 2006 to 2016, 850,611 individuals left the island (American Community Survey, 2006). And between 2017 and 2018, Puerto Rico lost 142,024 people, doubling the number of the previous year, because of Hurricanes Irma and Maria (American Community Survey, 2018b). Although it can be presumed that the number of vacant homes has increased drastically since the hurricanes, recent research on the matter is scant.

Yet, most urban centers are the perfect place for redevelopment. First, there are environmental benefits from the perspective of sustainability if concrete structures can be preserved, and no new energy is required to construct a new building (Jackson, 2005). Second, according to Puerto Rico's Action Plan for using CDBG-DR funds, these centers tend to be far from flood zones² and are ideal for rebuilding to increase resiliency, given that hurricanes are a frequent natural phenomenon in the region. Third, these vacant and abandoned structures only contribute to blight and further deter any economic development in the central city, be it residential or commercial. Finally, blight also affects safety and the quality of life (Accordino and Johnson, 2000).

All that being said, these vacant and abandoned buildings could provide housing options if they were rehabilitated. To the naked eye, it seems that these vacant and abandoned buildings are an excellent opportunity to develop affordable housing in dense urban areas that are close to transportation and amenities (García, 2018a). Still, experience has proven that it is very hard to access these buildings without state intervention and the enforcement of tax collection and housing codes or, in some cases, the use of eminent domain. Furthermore, many properties in Puerto Rico are excluded from the housing market because of title or estate issues.

This article will outline some of the laws in Puerto Rico dealing with blighted properties and nuisance abatement to show that there is no efficient or coherent course of action for developers to acquire these properties. This study looked specifically at the legislative and procedural land-use obstacles at the local and state levels. The

presentation will first provide a macro perspective of abandonment and then offer case studies of places where property could be rehabbed into affordable housing.

The research method employed is participatory action research (PAR). Dr. Ivis García spent six months helping an affordable housing developer from Chicago find properties in Puerto Rico. In the quest to find properties, Garcia created an inventory of possible buildings to be redeveloped and investigated their legal standing. She also contacted the agencies involved in the case, including the Municipal Revenues Collection Center (or CRIM in its Spanish acronym, Puerto Rico's property tax collection agency); the Permit Management Office (the central agency that also oversees land use); the Commonwealth Housing Department; the Public Nuisance Department of San Juan; and the mayor's office in Guayama, to better understand how the properties could be acquired for redevelopment. Luis Gallardo, a lawyer, is a long-term advocate in Puerto Rico around issues of property rights, vacancy, and abandonment. He founded the Center for Habitat Reconstruction, a nonprofit whose mission is to empower communities to gain custody of underutilized structures for affordable housing and community development.

First, in the literature review, we will discuss the housing conditions before and after the storms, the Puerto Rican crisis of vacancy and abandonment, and local policies that address the issue along with how vacant homes have been considered in recovery plans, and the response of the federal and local government. Second, we will outline the procedures undertaken to collect empirical evidence via PAR. Third, we present the relevant themes based on field notes and conversations. Finally, in the discussion and conclusion, we provide recommendations to address vacancy and abandonment and policy practices to develop affordable housing for households affected by climate change.

Literature Review

In this literature review, we investigate four topics using academic journal articles, government reports, blogs, news articles, websites of local research organizations, theses, white papers, statutory law texts, webinars, video conferences, and advocacy pieces to provide some background on Puerto Rico's recovery as well as to help the reader understand the findings section. The literature review first discusses housing conditions before and after the storms. Second, it provides an overview of the Puerto Rican abandonment crisis and local policies implemented to address the issue. Third, a connection is made between vacancy and abandonment, with recovery plans that try to address disaster victims' shelter needs but primarily deal with vulnerable populations.

The fourth and final section provides a synopsis of federal and local government response to reconstruction by possibly rehabilitating vacant properties.

Housing status before and after the storms

Nearly 68 percent of the housing in Puerto Rico is detached single-family homes (American Community Survey, 2019a). Half of those are what Puerto Rico's Planning Code has defined as "informal," meaning (1) the occupants do not have a formal deed for the property, (2) the homes were built without a construction permit or adherence to local building codes, and (3) the homes are sited on flood plains or landslides not fit for construction (Junta de Planificación de Puerto Rico, 1982). FEMA maps show that 250,000 homes, 20 percent of all homes affected by the 2017 hurricanes, lie within 100-year flood zones and qualify for CDBG-DR funds (Puerto Rico Department of Housing, 2020).

There are about 1.5 million homes in Puerto Rico, and, of these, the storms severely damaged 360,000 (FEMA, 2018; Hinojosa and Meléndez, 2018). Meanwhile, in its 2016 five-year estimates, the American Community Survey estimated that 16 percent of Puerto Rico's non-recreational housing units were vacant (Hinojosa and Meléndez, 2018). Vacancy could be attributed directly to the government of Puerto Rico having to declare bankruptcy in 2006 because of a debt of more than \$70 billion. In response, the U.S. Congress passed the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) (U.S. Code tit. 48, § 2101 2016; García, 2021). This law established a Financial Oversight and Management Board, which required the governor to produce a report on how the debt would be paid through a yearly fiscal plan (Puerto Rico Fiscal Agency and Financial Advisory Authority, 2018). The board could recommend changes to the plan, as well as approve or veto it, as well as any Commonwealth statute that it deemed as fiscally unsound.

Because of fiscal austerity, outmigration was already a challenge in Puerto Rico before Hurricanes Irma and Maria and, more recently, the 6.4 magnitude earthquake on January 7, 2020. These disasters caused more population flight and have contributed to the growing number of vacant and abandoned units (Hinojosa, Roman, and Meléndez, 2018; Hay, 2020). The Puerto Rican Planning Society estimates that there are 92,629 vacant housing units in five municipalities alone: San Juan, Bayamón, Carolina, Ponce, and Mayagüez (Puerto Rico Housing Authority, 2020). However, actual public nuisance declarations are very low and even nonexistent in most municipalities. It is estimated that in San Juan alone, less than 1 percent of these vacant units are declared public nuisances (Municipality of San Juan, 2016).

The crisis of abandonment and local policies

It is well understood by evidence coming from major U.S. cities such as Cleveland, Baltimore, Philadelphia, St. Louis, and Detroit, among others, that vacancy and abandonment increase blight and further disinvestment in the overall community because homeowners do not want to or cannot invest in repairs (Eastern Pennsylvania Organizing Project and the Temple University Center for Public Policy). In urban ecological terms, housing disinvestment causes neighborhood decline to spiral as more and more people leave and more homes become uninhabited (Baer and Williamson, 1988; García, 2019a), thereby leaving fewer "eyes on the street," to use Jane Jacobs' conceptualization of fewer people watching out for neighborhood safety and its relationship to vandalism and a rise in crime (Jacobs, 1992; Cui and Walsh, 2015; Branas, et al. 2018).

From lead paint to the physical hazards associated with a structure's age and lack of maintenance, abandoned units are an environmental health hazard and safety concern to the general public (Gomez, 2015; Cohen, 2001). Many of them could be categorized as brownfields, previously used commercial and industrial properties with known or suspected contaminants (Litt, Tran, and Burke, 2002). Abandonment also becomes a legal and financial liability for cities because it consumes resources such as police and fire departments and zoning enforcement and tax collection agencies (Alexander and Powell, 2011).

Primary homes in Puerto Rico valued under \$150,000 have also long enjoyed a property tax exemption per Act 83, known as the Municipal Property Tax Act, effectively allowing owners of these homes to not pay any property tax (PR Laws tit. 21, § 5001, 1993). More than 71 percent of homes in Puerto Rico are valued at this amount or less (American Community Survey, 2018a). When these homes become vacant or are abandoned by their owners, and unless the CRIM pro-actively revoked said tax exemptions, they rarely accumulate debt. This creates challenges for local governments hoping to acquire or dispose of these properties through tax sales.

Previous research has demonstrated that the laws and regulations associated with obtaining vacant property for redevelopment can contribute to the problem because of increased bureaucracy, paperwork, or high transaction costs for redevelopment (Friedman, 2003). This means that government action is often needed to create market incentives to redevelop abandoned properties, especially for low-income housing (Marburger, 2009; Mallach, 2006; Hackworth, 2014). However, public intervention's effectiveness or ineffectiveness varies significantly between and across cities and states

(Hackworth, 2014). This is further exacerbated in Puerto Rico, since many homes lack a clear title and thus are not accessible on the market.

To respond to these issues related to abandoned property, in 2016, the Municipality of San Juan decided to review its public nuisance procedures. As part of this initiative, the municipality's Office of Planning and Territorial Ordinance, in conjunction with the Office of Permits, prepared an "Inventory of Properties Declared as Public Nuisances" (Municipality of San Juan, 2016). The inventory was meant to serve as a tool for improving documentation and transparency in the planning process. The report included only 106 properties out of possibly more than 40,000 (about 1 out of every 40), clearly demonstrating the traditional difficulties that municipalities have had in addressing the problem. Furthermore, a flurry of bills seeking to address the issue were submitted in the Puerto Rican legislature.

These numbers also demonstrate the failure of previous legislation to address the issue. In 1988 the current Act 148, "Special Act for the Rehabilitation of Santurce," was established and created a Redevelopment District with associated funding and a working group composed of some stakeholders, including the Planning Board, the Municipality of San Juan, the police, the Department of Transportation and Public Works, and the Department of Housing, among other agencies (PR Laws tit. 23, § 226, 1998). Act 75, "Special Law for the Rehabilitation of Río Piedras," established the Río Piedras Development Trust (or FDRP in its Spanish abbreviation) to redevelop vacant properties for affordable housing, businesses, and nonprofit purposes (PR Laws tit. 23, § 7008a, 1995).

A historical review and analysis of additional laws from among those in the Civil Code of 1889 associated with public nuisance and vacant properties demonstrate that these laws have failed because they have not been enforced, have contradicted each other, or often acted as patchworks in the absence of a comprehensive approach (Gallardo, 2018). One of the most recent laws outlined by Gallardo (2018) are Act 31, "Act to Restore the Communities of Puerto Rico" (PR Laws tit. 21, § 995, 2012), and Act 96, "Act for the Management of Public Nuisances and the Urban Reconstruction of Santurce and Río Piedras," (PR Laws tit. 21, § 898, 2012), which are geared toward two specific communities of San Juan (see the table).

Act 31 allows all municipalities to lease or obtain ownership of vacant properties to inherit or condemn them or sell them at auction; to turn abatement costs into liens; and to promote eminent domain for nuisance properties. Nevertheless, the act provides few new tools, since

many of its provisions were already present in previous legislation. Likewise, Act 96 gives the Commonwealth Land Administration of San Juan the power to use eminent domain to transfer one or multiple properties to any person or corporation willing to invest and boost economic activity in Santurce and Río Piedras. Both of these laws seek to repair, demolish, clean, expropriate, and transfer ownership of abandoned structures and plots; the difference is that Act 31 gives these powers to any municipality and Act 96 gives these powers to the Land Administration but only within Santurce and Río Piedras, San Juan.

According to its preamble, Act 96 was approved because of the Municipality of San Juan's failure to implement Act 31. Another critical difference is that while the law applies to all Puerto Rican cities, Act 31 states that one person or corporation can acquire only one property; San Juan's law, Act 96, does not have this stipulation. Furthermore, Act 157, dubbed through popular advocacy as *Todos Somos Herederos* (or *We are all heirs*), allows local governments to inherit public nuisance properties that heirs do not want or to claim the properties and pass them along to nonprofit organizations (PR Laws tit. 31, § 2691, 2016). Gallardo, who has done extensive analysis of all of these laws and is the co-director of the Center for Habitat Reconstruction, advocates for "aggressive and consolidated policies to address the issue of abandoned spaces," since "the key is in simplification, community empowerment, and citizen participation" (Gallardo, 2020b).

In August 2020, the Legislative Assembly of Puerto Rico passed Act 107-2020 "Puerto Rico Municipal Code," a systematic and updated compilation of all municipal legislation, including the management of nuisance properties (Código Municipal de Puerto Rico, 2020). Said code includes an enabling mechanism for municipalities to create community land banks (Moscoso, 2021). The municipal code itself and the texts of both Act 31 and Act 222 contain contradictions, incoherencies, and even parallel processes for declaring a property a public nuisance (Gallardo, 2020a).

Vacant homes and recovery plans

The majority of those affected by Hurricane Maria already had vulnerabilities before the disaster—they were older adults, and low-income or female-headed households—which raises the question of equity in recovery planning (Talbot, et al. 2020). Given that about 1.1 million homes were damaged and about 300,000 were declared uninhabitable, some officials and other stakeholders have started to look at how vacant property might be rehabbed to house disaster victims (Hinojosa and Meléndez, 2018; García, 2019b). Furthermore, in

2019 a total of 30,000 families still had blue tarps on their homes (Agrelo, 2019). It is in light of this that the action plan discusses the importance of the rehabilitation and renewal of existing housing as a way of relocating disaster victims:

The availability of these vacant housing units underscores the importance of the housing choice options that HUD-certified housing counselors will coordinate with impacted individuals by ensuring that residents can access existing units. As outlined in the housing program section later in this plan, rehabilitation and renewal of existing housing units will be a primary course of action for residents who choose to relocate and require new housing (Puerto Rico Housing Authority, 2020, p. 43).

The action plan does not directly allocate funding specifically for the reuse of abandoned and public nuisance properties. However, it includes several programs that could do so, including the City Revitalization and the Home Repair, Reconstruction, or Relocation programs. The only direct strategy to house those who lost their homes or lived in flood zones mentioned in the action plan is under the Homebuyer Assistance Program, for which \$350 million was allocated (p. 150). Although the plan claims to prioritize vacant units, its relocation efforts are structured to give families vouchers to purchase a home on the private market. With so many of these homes unavailable for purchase due to title-related issues, the plan is mute on what legal strategies, if any, will be incorporated to access this frozen housing stock.

The Center for a New Economy, a Puerto Rican policy and planning-based think tank, has discussed the possibility of using vacant properties to house people displaced by different disasters, including the most recent pandemic. The federal Housing Choice Voucher Program, for example, has been suggested as one way to do so (Santiago-Bartolomei, 2020). Despite a large number of damaged and ruined properties, many of these homes may still pass home inspections or require only minor repairs (Santiago-Bartolomei, 2020; Gallardo, 2020b).

The Governor's Plan, also known as the RAND Plan or the Plan for Transformation, in response to Hurricane Maria, states that "the Government of Puerto Rico agencies will partner with the municipalities to rehabilitate, redevelop, or demolish abandoned and blighted properties" (RAND Corporation, 2018, p. 116). Assessing and renovating vacant and blighted properties require creating an inventory to identify vacant properties along with implementing rehabilitation or demolition programs, an

undertaking that has been estimated to cost \$2 billion coming from various funding sources, including CDBG-DR, the FEMA Hazard Mitigation Grant Program, the Department of the Interior, the private sector, and nongovernment sources (RAND Corporation, 2018). Likewise, the Plan for Transformation does not lay out strategies that will be used to assist municipalities in declaring these properties as public nuisances, the first step for any demolition or acquisition.

Opportunity zones, federal, and local government response

With federal funding, the government of Puerto Rico is at a critical moment to be able to redevelop vacant properties. In 2018, Congress allocated \$19.9 billion in CDBG-DR funding. A total of \$9.7 billion has been approved thus far, and funds are now trickling through to municipalities, nonprofits, and private corporations. In 2017 98 percent of Puerto Rico was declared an opportunity zone (OZ); this has garnered investors' interest, while low-income communities are afraid of displacement and gentrification (Gallardo, 2020c). On May 14, 2019, the Hispanic Housing Development Corporation (HHDC) attended an OZ conference in San Juan titled "Puerto Rico: A Paradise of Opportunities." At this conference, the governor and others discussed the allocation of \$400 million in CDBG-DR funds, possibly for housing in the form of low-interest loans that could be paired with OZ investments (Rosselló Nevárez, et al. 2019). They also discussed speeding up the permit approval process, lowering the time to 20 days instead of the average 165 days (World Bank, 2017). The Land Bank Administration and the Department of Housing had also identified more than 700 vacant properties that could be offered to developers.

Despite this, Puerto Rico's OZ statutes and regulations lack safeguards that prioritize affordable housing, community development, and citizen participation, raising concerns from certain sectors (Cintrón Arbasetti, 2019). Like many other advocates across the nation (Ferrer and Donlin, 2019), Ariadna Godreau Aubert from Ayuda Legal and David Carrasquillo from the Hispanic Federation have spoken about how OZs could ultimately result in the displacement of low-income individuals, especially those who live in coastal and other desirable areas (Godreau Aubert and Carrasquillo, 2019). Although OZs could be used for affordable housing and community-driven venture programs, we know of only a handful of successful case studies (Local Initiatives Support Corporation, 2019).

Offering technical assistance, Enterprise Community Partners, a U.S. intermediary, held a series of talks with community-focused advocates such as Red de Funda-

ciones, the Hispanic Federation, Oxfam-Puerto Rico, and Planners for Puerto Rico, among others, to try to understand the “good, the bad, and the ugly” of opportunity zones. Attendees at these talks were also interested in knowing what role philanthropy could play, how or if communities in Puerto Rico could take advantage of OZ options, and how to make sure that state and local governments advanced the true intent of the policy, which is “to promote economic growth and revitalization in disinvested parts of America for the benefit of existing low-income communities” (Minjee, 2019).

Unfortunately, “the Opportunity Zone framework at a federal and local level fails to establish things like preferences for fair market or affordable housing, hiring for local residents, protections for communities at-risk of displacement, or citizen participation” (Gallardo, 2020c). This departs from our belief that listening to what communities need and want is essential to guide future development.

Methodological Approach: Participatory Action Research

For more than a decade, Ivis García, the first author of this article, has engaged with the Puerto Rican Agenda in Chicago—a collective of about 200 Puerto Rican leaders in Humboldt Park, where most Puerto Ricans are concentrated—and has become the co-chair of this organization as well as the co-chair of the Housing Committee. The Hispanic Housing Development Corporation (HHDC) is part of the Puerto Rican Agenda. In 2017, García became involved with “3R’s for Puerto Rico: Rescue, Relief, Rebuild,” a fundraising campaign of the Puerto Rican Agenda to provide emergency aid. This campaign involved several trips to Puerto Rico and several development projects such as restoring housing and public structures, including schools, childcare centers, and parks.

In July 2018, García moved to Puerto Rico, where she spent the next year and, as a volunteer, coordinated some of these efforts. The HHDC wanted to establish a new branch in Puerto Rico, so García agreed, on a volunteer basis, to find possible avenues for development. During that year, she met many advocates—most of them lawyers, planners, architects, government employees working as emergency managers, engineers, etc.—at various community meetings, tours, events, and conferences. During these meetings, she learned about organizations and people engaged in advocating for the redevelopment of vacant properties, including the Center for Habitat Reconstruction, Casa Taft 169 in the Machuchal neighborhood in Santurce, and the Center for Urban, Community, and Business Action of Río Piedras (CAUCE).

Through these interactions, García met Luis Gallardo, the second author of this article, who is co-director and founder of the Center for Habitat Reconstruction, a San Juan-based nonprofit dedicated to promoting the conversion of vacant and abandoned properties into affordable housing or using them for other community development purposes. Gallardo, along with Marina Moscoso, was instrumental in the creation of a civic center called Casa Taft 169. The building had been abandoned for 40 years until residents organized to occupy it (Moscoso, 2016). Moscoso researched how legal loopholes regarding succession law perpetuate abandoned properties, leading to the “Todos Somos Herederos” (We are all heirs) advocacy campaign to approve Act 157.

This qualitative research uses community engagement methods, primarily participatory action research (PAR) (García, 2018b; Bergold and Thomas, 2012; Barber, 2004) and employs an asset-based community development (ABCD) framework with diversity, equity, and inclusion in mind (García, 2020; Kretzmann and McKnight, 1993; Apaliyah, et al. 2012). PAR and ABCD often rely on this kind of more ethnographic data, including field notes, formal and informal conversations, and long and short interviews (Bergold and Thomas, 2012; Singer et al. 2011).

The recorded conversations were automatically transcribed by an online software called Sonix.ai. These transcriptions, along with field notes, were coded for main themes using Atlas.ti, a qualitative research software. The themes themselves were identified through conversations with stakeholders. In disaster recovery research work, it is essential that the stories and opinions presented be “honored and valued as a source of information for policymakers” (Saadian, et al. 2020, p. 6). This article’s primary purpose is to provide a picture of what stakeholders are doing to advocate and create change.

The main question is: Can vacant and abandoned properties become opportunities for affordable housing projects in the post-Maria reconstruction environment? This article looks at the state of vacant housing in Puerto Rico and how the lack of taking advantage of abandoned infrastructure is crippling the territory’s recovery. Furthermore, the article seeks to provide a picture of the reasons why redeveloping abandoned housing is essential.

In the end, we hope to contribute to a conversation about how to facilitate the development of affordable housing that can be of assistance for families affected by Hurricane Maria. This case study also hopes to contribute to the work that affordable housing developers such as the HHDC are conducting in Puerto Rico as well as the work

of civic and community organizations, academics, and other organizations coordinating housing advocacy in the context of disaster planning and recovery. The ultimate goal is to provide recommendations for decision makers to continue the archipelago's long road to recovery.

Findings

This section is divided into two parts: (1) case studies and areas visited during the HHDC trip to Puerto Rico in May 2019, and (2) the benefits, barriers, and recommendations pertaining to the redevelopment of abandoned properties as discussed by various stakeholders before, during, and after this trip. The next section describes the development conditions in Guayama; Ponce; Comerío; and San Juan, including Puerta de Tierra, Old San Juan, Río Piedras, Machuchal, and Juan Ponce de Leon Avenue, as they pertain to the redevelopment of abandoned properties. Much of the information in the case studies comes from an unpublished report to the board of the HHDC (Roldán, et al. 2019).

Case studies: Areas visited

Guayama

The Municipality of Guayama is in southeast Puerto Rico. This small town's population declined by 8 percent from 2000 to 2018, dropping from 45,416 to 41,706 (American Community Survey, 2018b). The downtown area has lost the most population rather than the coastal and mountainous areas, which are more prone to flooding. The HHDC met with Mayor Eduardo Cintrón, who expressed a desire to attract new residents to the downtown area. City staff estimated that about 20 percent of all structures in the city core were vacant. The municipality is very well organized. It has an inventory of properties that it does not own but are for sale or abandoned, and the municipality knows the owner. Mayor Cintrón, along with his staff, showed the HHDC about 30 small vacant lots that the municipality purchased as single-family homes that were then demolished. The mayor discussed the possibility of offering the lots at no cost to the HHDC in lieu of building infill single-family detached homes for homebuyers. Even though this was a fantastic offer, the HHDC prefers to do large-scale rental developments. It is hard to develop scatter-site properties and obtain the necessary finance for single-family homes. The HHDC specializes in obtaining low-income housing tax credits, although it has rehabbed single-family homes for rent and sale in the past.

Ponce

In the Municipality of Ponce, the HHDC met with the executive director of Ponce Neighborhood Housing Services, Elizabeth Colón, who focuses on homebuyer programs, financial counseling, foreclosure prevention,

low-interest purchase and rehab loans, painting campaigns, and the cleaning of lots and other community spaces. She showed the HHDC a former multistory jail that had burned and which the municipality was selling for \$200,000. The HHDC thought that the space could be converted into 12 apartments. However, months after the HHDC's visit, the mayor of Ponce found another buyer for this property, which will be converted into a hotel.

San Juan

Municipality of San Juan planner David Carrasquillo shared with the HHDC an inventory that he helped create: 30 public nuisance properties that were available through the municipality for rent or sale (Municipality of San Juan, 2016). This inventory of properties for sale or rent is minimal and represents only a fraction of the municipality's more extensive list of 107 properties. The American Community Survey 2014-2018 estimates that there were 46,097 vacant and abandoned units in San Juan (American Community Survey, 2018c). The HHDC toured several properties that could be developed into affordable housing.

Puerta Tierra, Old San Juan

Based on the inventory of abandoned properties for sale and rent, the HHDC also looked into properties in Puerta de Tierra and Old San Juan. The area right now has mixed-income housing. San Juan is looking into revitalizing the area, which has significant vacant and abandoned properties, by creating a transformative development known as Bahía Urbana. The site is expected to have mixed-use public recreational space that will include residential, retail, and commercial uses. Located adjacent to the Convention Center District, the Bahía Urbana project is expected to use CDBG-DR and other funding to create unique housing, commercial, and recreational opportunities for nearby affordable and public housing residents (Puerto Rico Department of Housing, 2020). One of the properties the HHDC looked at was Calle del Tren Esquina Valdes in the Puerta de Tierra neighborhood; this is a 56,000-square-foot mostly vacant parcel with a large and dilapidated three-story abandoned concrete structure off to the side.

Río Piedras

Río Piedras is an area in San Juan mostly known for being home to the University of Puerto Rico (UPR). A train line was built in 2004, resulting in the closure of many businesses. The business displacement caused by construction of the train line, paired with the construction of malls outside the city, destroyed Paseo de Diego, a once-bustling pedestrian mall in Río Piedras' heart. The HHDC met with Ruben Ramos and Orlando Ríos, residents who lead the Resident Association of Santa Rita and the Santa Rita Historic District Organizing

Committee. The team also met with Mercedes Rivera, executive director, and Dr. Angel Pérez, collaborator, of the Center for Urban, Community, and Business Action of Río Piedras (CAUCE), a UPR office dedicated to the redevelopment of Río Piedras.

CAUCE works closely with the Río Piedras Community Board, a highly organized group of eight communities. Act 75 was later amended by Act 39 (PR Laws tit. 23, § 7008a, 2018), creating the structure for the redevelopment of Río Piedras, including the establishment of (1) the Community Board, (2) an Advisory Group for the Development of Río Piedras (a technical assistance group), and (3) the Río Piedras Development Trust (a nonprofit development corporation).

The Río Piedras Development Trust is working with Banco Popular to obtain an inventory of foreclosed properties that the Trust could buy at auction. In 2019, the Trust went through an extensive participatory process to create a report with a long-term “Quality of Life Plan” for the various communities of Río Piedras (Pollock et al., 2019). In 2020, Mayor Yulín Cruz transferred city-owned vacant properties to the organization to make this plan a reality. In addition to Act 39, CDBG-DR contains a set-aside of \$100 million to prioritize strategic investments in growth nodes for the redevelopment of the urban area in support of the UPR Río Piedras and Mayagüez campuses (Puerto Rico Housing Authority, 2020). During 2020, the HHDC continued conversations with the executive director of the Development Trust.

Machuchal, Santurce

In Machuchal, a gentrifying area in Santurce, San Juan, the HHDC met with the founders and leaders of a group of residents who became “professional occupiers” by rescuing and renovating a home in 2013 into a civic center, Casa Taft 169 (Moscoso, 2016). The home had no heirs to claim it and accrued approximately \$280,000 in unpaid property taxes. The HHDC met at Casa Taft 169, viewed the community-created inventory of abandoned properties, and toured several vacant properties in the area. Perhaps the most exciting site is an abandoned mall with seven different structures, including a two-acre vacant lot. The Presbyterian Community Hospital purchased this block before Puerto Rico’s Great Recession, thinking it would build a post-acute-care facility. However, at that time, they could not find the financing.

Avenida Ponce de Leon, Santurce

Another site the HHDC looked at in Santurce was 1308 Ponce de Leon Avenue, a two-acre property that takes up the entire block. There are multiple structures in a former Department of Health facility. The site is located on

a significant thoroughfare, near entertainment, restaurants, and other businesses.

Comerio

The Municipality of Comerío is about 45 minutes from San Juan in the mountainous region. There are not that many opportunities for development in Comerío as 93 percent is zoned as open space, and only 7 percent of the entire municipality is zoned as residential, commercial, or industrial, according to Mayor Josian Santiago. The mayor and his staff showed the HHDC housing near Río de la Plata and Río Hondo in the flood zone areas. The municipality had identified 350 families who qualified for CDBG-DR buyouts and the relocation program. City staff identified a vacant city-owned two-and-a-half-acre site in a safe area that could be developed for affordable housing for at least 250 families that might choose to be relocated.

Benefits, barriers, and stakeholder advice moving forward

Benefits

The phrase “people without homes and homes without people” or “neither people without a roof, nor homes without people” was heard repeatedly from directors of nonprofit organizations, activists, and advocates in personal conversations, written material, conferences, webinars, and even graffiti. As a director of a nonprofit organization explained, “Many advocates in the Island are looking into the possibility of relocating families to existing properties that are vacant.” A planner said, “There are hundreds of thousands of homes waiting to be inhabited. Meanwhile, you have people with blue tarps, homeless, or doubling up with other family members.”

Another planner said, “Most of the housing stock in Puerto Rico was built before the 80s, and with their lead paint, many of these properties could qualify as brown-fields and are a health hazard.³ Rehabilitating them and cleaning them up is a public health concern that should be emphasized.” An architect said, “We can reduce our carbon footprint substantially if we rehab these properties. A benefit for sure is that we, as a nation, become more sustainable.” Meanwhile, another architect said, “We need to save properties of historical value.” Another local planner added:

Entire neighborhoods are waiting to be repopulated. There is block after block of empty homes. No lights at night, no people either. No wonder that crime has risen in some of these places. It’s scary for people. Some sites are even contaminated or are truly dangerous; so it is urgent to act from a planning and redevelopment perspective, now, when we have a unique opportunity.

A local community leader, who also owns a small real estate and contracting company, noted, “Puerto Rico has been suffering from decline, and we need economic development. Rehabilitating these homes will reduce blight and invest in our economy by creating employment in the construction sector and attracting much needed external investment.” A large affordable housing developer for older adults offered the following insights:

New construction in Puerto Rico is tough. First, you cannot find licensed contractors. They are very scarce, and you need them if your project gets federal funding. Then, the permitting process is prolonged due to all the bureaucracy. Here it is not like in the U.S.; you have to own the property that you are hoping to get a construction permit for. New construction is very expensive precisely because of the time it takes. Often it takes years⁴ to obtain just the permit. That doesn’t include construction! The government stands in the way, even of affordable housing developers.

Because of these constraints, architects, planners, and engineers have proposed relocating families that have lost their homes to existing properties to speed up the process. For example, a civil engineer said, “It is argued that the cost per unit would be significantly lower because of the depressed real estate in the island, compared to new construction, which is more expensive.” A local architect who has built affordable and public housing added, “Used housing is always cheaper per square foot. You can get more house for the money.”

Barriers

A Centro de Recaudaciones de Ingresos Municipales (CRIM) tax collection⁵ employee shared the following while the HHDC was visiting his office to inquire about a property: “One of the issues is how the CRIM appraises properties, based on construction cost and not the price of comparable properties in the area. There are so many abandoned properties in part because taxes are too high compared with the actual value.” A business owner in Santurce who inherited an abandoned property from a neighbor and rehabilitated it into a restaurant said, “Many buildings are abandoned because of inheritance. Someone dies, and her or his kids do not want the property. They just stop paying taxes!”

A community leader protested in frustration: “You see a lot of vacant properties and say to yourself, ‘there is a lot we could do with these!’ But in reality, most of these properties are not available because there is no way to acquire them.” Another resident leader observed, “Many properties are abandoned, but the municipality has not gotten around to adding them to their public nuisance

list. There is no way to dispose of them even if they have been abandoned for 30 years; they owe more than their value in taxes, and there are no heirs.” A tax collection manager for CRIM confirmed the issue: “There is no staff or the funds necessary to put this property up for auction.” Data are the main barrier because of the same issue of not enough staff or funding. A government employee working for the San Juan Property Registry added to the conversation about not having data available:

There is some digitization, but for the most part, we rely on books. When you go to the property registry, you find limited information, plus you need the owner’s name to search. In other words, this is useful to you only if you are the new owner, and you need to register a home that you purchased. Plus, most properties are not registered anyway, so there is no way to know who the owner is and track them down.

A planner summed up what he thought was the main barrier associated with the redevelopment of vacant property: “The rehabilitation of abandoned and repossessed properties is a great idea in theory, but there are a lot of regulatory issues associated with buying abandoned property. Most importantly, it would require the government to acquire the properties.” Another urban planner said, “There are several ways for the municipality to acquire property through expropriation or by inheriting it because there are no heirs.” Referring to properties in Santurce and Río Piedras, San Juan, a lawyer said, “An issue that citizens have comes when trying to figure out the route they would like to take. On the one hand, Law 96, through the Land Administration, allows a citizen, nonprofit, or business to pay the municipality 110 percent of the value of a formal appraisal; so the municipality starts the eminent domain process. On the other hand, Law 31 allows the same thing, but the agent is the municipality as opposed to the Land Administration.”

Another lawyer explained that the process is a confusing and very long one for community groups, nonprofits, and businesses. But it is also because it is “a long and complicated legal process for municipalities themselves, and this is why they often decide to do nothing at all.” A municipal legislator further explains:

Many laws are created, but they cannot do anything. They are on the books, but they are not in effect; so they are not implemented. One of Puerto Rico’s issues is that laws are created under one administration, and then when the political party that is in power changes, they appoint new people. Those new people want to change everything

again, or they do not know something works, so they just ignore it, like it doesn't exist.

An executive director of a community development corporation expressed her frustration in dealing with the Office of Public Nuisance, the Land Administration, and the Office of Urbanism in San Juan: "People working in government, even those who are supposedly in charge of these programs, do not know what is happening. You call and write, and they do not get back to you; they completely ignore you!" An academic added, "You can have three governmental organizations that are supposed to be working in collaboration. But the right hand is not talking to the left hand, right? A concerted effort is needed but is not taking place." Another planner attributed it to the "lack of funds." At the same time, another said that "the bigger issue is that many municipalities, but especially the Municipality of San Juan, are simply not interested." The issue of transparency came up often. As someone said, "Unfortunately we are dealing with an administration that is not very transparent."

Stakeholder advice moving forward

A local architect who has built affordable housing, including public housing, added to the conversation about which changes would be needed to tackle the vacant property issue: "As a policy, we need to decide if reconstruction dollars will be mostly used to build new or renovate existing housing. This has to be policy." A lawyer noted, "We need to establish an expedited process through which municipal governments may expropriate those properties that have been declared public nuisances so that they can be reused with a public purpose for the benefit of communities."

A planner emphasizes the importance of cataloging, "What we first need is some kind of inventory. We do not even have that." Another planner added, "There is no complete inventory of abandoned public properties even though legislation passed in 2016 at the state level requires it. So we need compliance." A planner added, "I asked CRIM for data, and they deny it. We simply need more transparency." Another community leader agrees: "I think we need transparency. A developer from outside goes and talks to the mayor. They get the building that we were asking about for years. So it is about friendships and deals." "I would like to see laws like that from 'Todos Somos Herederos' actually working so that community groups can get the buildings and do something for the benefit of the community," a community leader said.

Discussion and Conclusions

Puerto Rico's ability to recover from Hurricanes Irma and Maria and more recent disasters like the 2020 earthquake and a pandemic has resulted in unemploy-

ment and, thus, foreclosure and eviction. Many citizens depend on the state and local government to provide affordable housing. As understood by the main recovery plans guiding decision making for the next 10 years, abandoned properties can fill the gap between housing demand and the supply shortage (Puerto Rico Housing Authority, 2020; RAND Corporation, 2018). As other researchers have previously identified, many of the abandoned homes are up to code and could immediately house a family in need (Santiago-Bartolomei, 2020; Gallardo, 2020b). Meanwhile, other properties do require rehab work and, more than anything, a clear path toward acquisition.

According to the case studies presented, some of the most desirable development opportunities that the HHDC found were those in San Juan's municipality. San Juan is ideal for development because of its population density and its proximity to employment and other amenities. However, the development team was not able to find straightforward development opportunities. As described in the previous literature, developers are often looking for properties they can buy instead of going through a lengthy bureaucratic process. Furthermore, another issue with many of the properties that the HHDC saw is that they would have to be developed as scattered sites, which are good for single-family homes, but not attractive to nonprofit developers that specialize in low-income housing tax credits and are looking for larger sites that could accommodate multifamily rental or senior housing. However, the HHDC has developed new single-family homes and has rehabbed previously foreclosed properties; so this issue is minimal compared to the inability to purchase abandoned property.

For decades the government has tried several policies that have proved to be ineffective. As Gallardo (2018) proposes, the numerous laws that address public nuisance and vacancy issues need to be redesigned so that they are streamlined and easier to implement and do not contradict each other. A planner reacted to this article's central question: Can abandoned properties become opportunities for affordable housing projects in the post-Maria reconstruction environment? To that question, he responded, "To achieve change, we need certain stakeholders to take up the challenge, a true understanding of the issue, economic resources, and that the appropriate information is accessible."

Federal funding is dedicated to housing that could potentially be used by nonprofit organizations like the HHDC, Casa Taft 169, and the Río Piedras Redevelopment Trust. Federal funding needs to be committed to creating an inventory of abandoned properties and assessing ownership, tax delinquency, and condition

of the properties, among other factors. Although the action plan for using funds from CDBG-DR indicates that priority will be given to vacant properties when relocating any families affected by Hurricanes Irma and María, as mentioned previously, there is no strategy to address the issue. The current legal framework mostly delegates the declaration and mitigation of public nuisances to the municipalities, although these entities have largely lagged in the rollout of nuisance abatement programs.

The economic, fiscal, social, and environmental challenges that the archipelago faces force us to identify and provide new ways and practices that promote citizen, community-based, and nonprofit organizations that want to rehabilitate abandoned and public nuisance properties. But we need public participation and capacity building for local government, nonprofits, and community groups. The capacity building among these stakeholders would include providing information about various data sources, laws, and financial resources available to obtain and rehabilitate vacant and abandoned properties. In particular, in the asset-based community development spirit, the HHDC is interested in developing affordable housing in partnership with community groups and local nonprofits to transfer development knowledge to community resident leadership. This will allow these organizations to serve their communities efficiently in terms of recovery so that in the future there are no “people without homes and homes without people.”

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Luis Gallardo is executive director of the Center for Habitat Reconstruction, a Puerto Rico-based nonprofit dedicated to promoting the conversion of vacant and abandoned properties for affordable housing, resiliency, and community development. Gallardo has ample experience as a consultant for nonprofits, community-based organizations, and city governments on issues of property rights, nuisance abatement, and municipal law. He has a particular interest in tenure security, community participation, and blight control. In recent years, he has published “Public Nuisances in Puerto Rico” in

the University of Puerto Rico Law Journal and “Promoting Public Sector Sustainability through Participation” as part of the textbook Succession Planning. Gallardo holds a master of public administration degree with a concentration in city management from Valdosta State University, Georgia, and a juris doctor from the University of Puerto Rico, Río Piedras.

Endnotes

¹The American Community Survey includes vacant units for rent, units rented but not occupied, units for sale, units sold but not occupied, and seasonal, recreational, or occasional use homes (e.g., vacation homes or homes for migrant workers as well as other vacant properties). This article is concerned primarily with the nonrecreational subset.

²Some urban centers, perhaps most notably Toa Baja, are in flood zones.

³In 1978 the federal government banned the residential use of lead-based paint containing 600 ppm or more of lead (U.S. Department of Housing).

⁴The average is 165 days, but potentially complex and large projects could take longer (World Bank, 2017).

⁵Municipal Revenues Collection Center (or CRIM in its Spanish acronym) is Puerto Rico's property tax collection agency.

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Acknowledgments

The authors would like to thank Marina Moscoso for reviewing this article, offering her technical expertise, and collaborating in the action research portion of this project. Dr. Ivis Garcia would also like to thank Hipolito Roldán, executive director, and Steve Porras, vice president for development, at Hispanic Housing, as well as Federico Del Monte, president of the Society for Puerto Rican Planning, and José López, executive director of the Puerto Rican Cultural Center, for their partnership.

Table. Vacant and Abandoned Property Laws in Puerto Rico

Law	Year	Law	Enforcing Entity	Description
Special Act for the Rehabilitation of Santurce	1988	148	Municipality of San Juan	Established and created a Redevelopment District with associated funding and a working group composed of some stakeholders, including the Planning Board, the Municipality of San Juan, the police, the Department of Transportation and Public Works, the Department of Housing, among other agencies.
Special Act for the Rehabilitation of Río Piedras	1995	75	Municipality of San Juan	This law created Fideicomiso para el Desarrollo de Río Piedras (FDRP) and it transfers abandoned municipal property (land and buildings) to FDRP to be redeveloped for affordable housing, businesses, and nonprofit purposes.
Act to Restore the Communities of Puerto Rico	2012	31	All Municipalities	Allows municipalities to lease or to obtain ownership, inherit, condemn, auction, turn abatement costs into liens, and promote the creation of community land banks of public nuisance properties. Under this law, one person or corporation can only acquire one property.
We are all heirs	2016	157	Government of Puerto Rico	This law amended Puerto Rico's Civil Code of 1889 to allow municipalities to inherit properties declared public nuisances because their owners have died. If no one inherits a property, the law allows local governments to claim the property and transfer it to a person or a corporation, including a nonprofit.
Act for the Management of Public Nuisances and the Urban Reconstruction of Santurce and Río Piedras	2017	96	Municipality of San Juan's Land Administration	Gives power to Puerto Rico's Land Administration of San Juan to use eminent domain to transfer one or multiple properties to any person or corporation willing to invest and boost economic activity in Santurce and Río Piedras.
Código Municipal de Puerto Rico	2020	107	All Municipalities	A systematic and updated compilation of all municipal legislation, including the management of abandoned properties. Recognizes via state legislation the power of municipalities to create community land banks.

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Acknowledgments

The publication team would like to acknowledge the following individuals, whose expertise, support, and insight were critical to the development and completion of this volume: Ann Carpenter of the Atlanta Fed's Community and Economic Development Department; the Atlanta Fed's Public Affairs Department; and Justin Godard, Kathy J. Guillaume-Delemer, Nia Bolden, Danielle Lewinski, Payton A. Heins, and Janell O'Keefe of the Center for Community Progress.

About the Center for Community Progress

The mission of Center for Community Progress is to foster strong, equitable communities where vacant, abandoned, and deteriorated properties are transformed into assets for neighbors and neighborhoods. Founded in 2010, Community Progress is the leading national, nonprofit resource for urban, suburban, and rural communities seeking to address the full cycle of property revitalization. The organization fulfills its mission by nurturing strong leadership and supporting systemic reforms. Community Progress works to ensure that public, private, and community leaders have the knowledge and capacity to create and sustain change. It also works to ensure that all communities have the policies, tools, and

resources they need to support the effective, equitable reuse of vacant, abandoned, and deteriorated properties.

About the Federal Reserve System

The Federal Reserve System (the Fed) is made up of 12 Reserve Banks that, together with the Board of Governors in Washington, DC, serves as the central bank of the United States. As the US central bank, the Federal Reserve conducts monetary policy, promotes financial stability, provides payment services to financial institutions, supervises banks, and promotes community and economic development.

About the Federal Reserve Bank of Atlanta

The Federal Reserve Bank of Atlanta sits in the Federal Reserve's Sixth District and covers all of Georgia, Florida, and Alabama and portions of Louisiana, Mississippi, and Tennessee. The Atlanta Fed's Community and Economic Development Department supports the Federal Reserve's mandate of stable prices and maximum employment by working to improve the economic mobility and resilience of people and places for a healthy economy. To do this, we conduct research and create data tools to uncover the barriers to and opportunities for improved economic mobility as well as to make the data easily accessible for community and organization planning and decision-making. We engage stakeholders to help organizations and communities understand relevant issues and undertake cross-sector solutions. And we track and elevate issues facing the lower-income resident of the Southeast.

About the Federal Reserve Bank of Cleveland

The Federal Reserve Bank of Cleveland, the Federal Reserve's Fourth District, covers all of Ohio, western Pennsylvania, eastern Kentucky, and the northern panhandle of West Virginia. The Cleveland Fed's community development team promotes the economic resilience and mobility of low- and moderate-income people and communities throughout the Fourth District. We conduct research and engage with stakeholders on issues affecting access to credit, quality jobs, education, small business, and housing with the goal of increasing economic opportunity and helping people and communities thrive.



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