

U.S. Department of Housing and Urban Development's Puerto Rico and US Virgin Islands Virtual Philanthropic Roundtable

Date: Wednesday, August 25, 2021 Time: 10:00 – 12:00 PM EST

Hispanic Federation - Charlotte Gossett Navarro, Puerto Rico Chief Director

Context

It has been almost four years since Hurricane Maria impacted Puerto Rico. It was an unprecedented emergency that neither the federal nor local government could manage. The disaster made visible Puerto Rico's unique economic, social, political, and environmental vulnerabilities. Since Maria, Puerto Rico has also experienced devastating earthquakes and suffers ongoing crisis because of continued energy insecurity, tropical storms, flooding, austerity, and the global pandemic, among other challenges.

The response by the federal government was hampered from the outset by a lack of familiarity and sensitivity to cultural norms, our local government and institution structures, a unique legal framework, and language barriers. This lack of cultural and language competence coupled with opaque processes, political interference by the previous administration, and unique bureaucratic barriers imposed on Puerto Rico, has undermined recovery efforts by HUD and other federal agencies.

Hispanic Federation's Impact in Puerto Rico's recovery

As a 30 year old, non-profit, grantmaking organization with the mission to empower and advance Hispanic communities, families, and institutions, immediately after Hurricane Maria, Hispanic Federation started one of the largest private relief efforts on the island and soon after decided to establish permanent operations in Puerto Rico. Through this effort, Hispanic Federation has raised and invested more than \$42 million in private funding into the recovery of the island. With those funds, we have supported more than 130 local organizations and initiatives in areas such as: community and economic development, renewable energy, housing, agriculture, small business support, health and mental health, and education. Additionally, we led the largest private census count effort in Puerto Rico. We have and continue to uplift Puerto Rico as a top priority within our work and the philanthropic sector as a whole.

Examples of our successful collaborations with the philanthropic and non-profit sector include installations of large solar energy systems in multiple Federal Qualified Health Centers, including Puerto Rico's first industrial microgrid at the health center in Loiza. This, to ensure continuity of healthcare that will save lives during blackouts and future disasters. Our solar energy initiatives have also included dozens of community centers, but uniquely we have prioritized fishing villages and other food hubs to ensure food and economic security for these micro entrepreneurs and their communities and to serve as energy

oasis during an emergency. These investments proved their value after the 2020 earthquakes when Puerto Rico lost power for days and yet these spaces continued to serve their communities. Our work has also supported more than 1,500 smallholder farmers with technical assistance, training, and distributed over 1.6 million coffee seedlings towards our goal of 2 million. Additionally, with less than \$3 million, and under 3 years, our collaboration with 12 local nonprofits resulted in repairs to 381 homes around island. These repairs consisted primarily of reconstructing roofs, but included replacements of windows, doors, and in a few cases full home reconstructions. This number may sound small, however, in November 2020, the previous secretary of the PR Housing Department informed that after more than three years since Hurricane Maria, only 231 homes had been repaired or reconstructed through their program.

The success and impact our efforts have achieved can be attributed to an approach that prioritizes multisector collaborations, including with many philanthropic partners on this call, a holistic and decentralized vision in our strategies, and above all, listening to the voices on the ground of the over 130 non-profit organizations and community groups we have worked with. They deeply understand the problems and have clear visions for solutions. Non-profit and philanthropic groups at their best have the knowledge, sensitivity, flexibility, nimbleness, innovation, and urgency to address community challenges in ways that government institutions simply cannot. Government collaboration with our sectors is an essential best practice to an effective, speedy, and sustainable recovery.

However, the spirit and effective practice of collaboration with local community and philanthropic organizations has been lacking from recovery and it shows in the results.

In May 2021, three and a half years after Hurricane Maria, it was estimated that 18,000 homes and families were still living under blue tarps, and only 34 of those homes were repaired or reconstructed under the Puerto Rico Housing Department's CDBG-DR Repair, Reconstruction or Relocation Program (R3 Program).¹ This number does not include the homes in need of repair or reconstruction that do not have a blue tarp. As of August 23, 2021, only 1,500 houses had been repaired or reconstructed by the R3 Program. These numbers give us a clear view on how much more needs to be done to truly help the people and achieve a fair and sustainable recovery in the island.

CDBG-DR/MIT Recommendations

In March 2021, as the new federal and Puerto Rico administrations began, only \$3.2 billion from the \$20 billion CDBG funds had been obligated, and only \$219 million had been spent.² Recovery has been hampered in Puerto Rico by the previous federal administrations politicized response and harms have been compounded. The federal government has an obligation to assess what harms were caused and work to mitigate them.

¹RS 76, Partial Report, June 28, 2021.

² Center for New Economy (CNE), Taking Stock of Puerto Rico's Reconstruction Process, May 27, 2021 <https://grupocne.org/2021/05/27/taking-stock-of-puerto-ricos-reconstruction-process/#hud-cdbg-dr>

To start, we recommend that HUD review its internal policies and procedures to ensure that future efforts needed to assist victims of natural disasters and are not interfered with or affected by politics.

Although HUD has made progress in approving projects, it should, in coordination with the Government of Puerto Rico, identify and assess risks to the recovery in the same way that the [GAO did](#) for FEMA recovery issues, and identify potential actions to manage the risks for the remainder of Puerto Rico's recovery.

For example, the Puerto Rico government was, in many instances, unable to quickly stand up and administer recovery programs for a variety of reasons. HUD and other federal agencies provided funding without the necessary technical assistance, capacity building or accompaniment needed. This was especially concerning given Puerto Rico's government has faced diminishing capacity due to major agency cutbacks as a result of imposed austerity measures and has lost much of its experienced human capital.

We recognize President Biden's stated commitment to Puerto Rico's recovery, and how the new HUD administration has eliminated some of the bureaucratic barriers unfairly imposed by the previous administration to the funds. For example, the elimination of the federal financial monitor in April 2021.³ Also, the recent reactivation of the White House Puerto Rico Working Group is an important step to ensure interagency coordination of resources and technical assistance. The Working Group must immediately engage with Congress and Puerto Rico stakeholders, including community-based organizations that work directly with the people most impacted to ensure disaster relief and other federal funds, including those intended for COVID relief and rebuilding the energy grid, are distributed in a timely, effective, and equitable manner.⁴

In addition, we want to recognize the work of the new Secretary of the Puerto Rico Housing Department, William Rodríguez Rodríguez, on improving the relationship with HUD, improving the agency's transparency efforts with the creation of the CDBG-DR Transparency Portal, as well as its reactivation of the Citizen Advisory Committee in May 2021, and the recently announced Ruta CDBG-DR activities.

That said, there are still many opportunities to improve the implementation of the CDBG-DR and MIT programs for a faster, sustainable, and just recovery.

HUD and Vivienda need to create programs that recognize and respond to Puerto Rico's unique realities, vulnerabilities, and legal framework. The formula for a successful recovery cannot be the same

³ Vivienda anuncia eliminación de restricciones al acuerdo de subvención de fondos CDBG-DR, <https://www.metro.pr/pr/noticias/2021/04/18/vivienda-anuncia-eliminacion-restricciones-al-acuerdo-subvencion-fondos-cdbg-dr.html>

⁴ Hispanic Federation Welcomes Inaugural Meeting of Biden White House Working Group on Puerto Rico, July 23, 2021 https://hispanicfederation.org/media/press_releases/hispanic_federation_welcomes_inaugural_meeting_of_biden_white_house_working_group_on_puerto_rico_as_a_sign_of_much_needed_support_to_come/

as in the states. HUD must provide guidance and support to the PR Housing Department to identify permissible ways to adapt and apply federal policies so that they effectively respond to Puerto Rico's local context.

In addition, HUD and the PR Housing Department must significantly and meaningfully improve their transparency and public participation mechanisms. For example, the Citizen Advisory Committee (CAC), which is one of the few spaces created for community groups, philanthropy, and other stakeholders to participate and provide feedback, is not yet fully active nor effective. Although it was reactivated on May 26, 2021, it still needs to democratically define its working structure and, as of today, there has been no other meeting or working agenda set on our calendars. On June 10, 2021, Hispanic Federation submitted recommendations to the Puerto Rico Department of Housing on how to improve CAC guidelines⁵.

Meanwhile, CDBG-DR and MIT decision making processes are moving forward without any effective participatory mechanisms. This lack of effective participation in programs and guidelines has resulted in public controversies, multiple guideline amendments, and even legislative investigations to address the ineffectiveness of programs, such as the R3 Program and Regrow.

Communities know their needs best and are the first to come to the aid of their members after a natural disaster. Consequently, their knowledge and input are crucial for establishing priorities, objectives, and guidelines in developing a recovery plan. At the same time, it is imperative to empower and integrate communities into the program planning and development processes from the beginning, so that the investment of public funds can have long-term sustainability.

Both HUD and Vivienda are responsible for identifying and using the best outreach and communication mechanisms to meaningfully involve the people in decision-making processes in a timely manner. HUD should be providing best practices to Vivienda on how collaboration and participation can be improved.

Additionally, while the creation of the R3 Program Transparency Portal was an important improvement, greater public access to accurate, timely, critical data is still needed. On July 20, 2020, Hispanic Federation submitted a comprehensive list of R3 program data we believe should be public however the data available on the portal is limited and a follow up request on June 15, 2021.^{6,7} For example, Hispanic

⁵ Hispanic Federation recommendations for the Citizen Advisory Committee guidelines, June 10, 2021
<https://static1.squarespace.com/static/59f7665face864ca55987eab/t/6129034e436b5246f5259cc8/1630077774503/Hispanic+Federation+Cometarios+y+recomendaciones+a+la+Gui%CC%81a+Operativa+del+Comite%CC%81+de+Asesori%CC%81a+Ciudadana+CDBG+10+jun+2021.pdf>

⁶ Solicitud de publicación de información sobre viviendas trabajadas mensualmente bajo el Programa R3 , July 20, 2020
https://static1.squarespace.com/static/59f7665face864ca55987eab/t/5f5f8c5106e6471d0fb49d25/1600097361859/2020_7_20+Hispanic+Federation-Solicitud+de+publicacio%CC%81n+de+viviendas+trabajadas+mensulmente+bajo+el+Programa+R3+.pdf

⁷ Hispanic Federation request for update of critical R3 data, June 15, 2021
<https://static1.squarespace.com/static/59f7665face864ca55987eab/t/6129047bdc888e44757156c0/16300780752>

Federation and other organizations have requested on various occasions that the PR Housing Department publish the best available data regarding the current blue tarp status by municipality in the R3 Program Transparency Portal. The official response of the department has been no. The data we shared in today's comments was only made available through a legislative investigation into the issue. This data is essential to prepare for future disasters and to facilitate collaboration among multiple sectors in the recovery and should be public.

Hispanic Federation has submitted comments and recommendations on the first CDBG-DR Action Plan, and its fourth and fifth substantial amendments^{8,9} as well as on the CDBG-MIT Action Plan¹⁰ to improve transparency, participation, and execution.

Our main recommendations to HUD and the PR Housing Department are summarized in the following:

- **Unmet needs/damage assessment:** Currently, ALL of Puerto Rico was designated as a “most impacted and distressed area.” However, when everybody matters, nobody matters. This designation makes invisible the sectors of Puerto Rico that were most disproportionately impacted.
 - **Ask:** Therefore, we request that HUD and the PR Housing Department incorporate a community-scale damage assessment into the Action Plans that will effectively identify the most impacted areas. FEMA should also publish their Individual Assistance Program data in a community-scale format as well as the data collected by their case managers. Together, this data should be used for effective program design to achieve an equitable distribution of recovery funds. When published, this information can also be used by philanthropy and the non-profit sector to effectively target our efforts.
- **Proof of ownership requirements’ flexibilization:** Puerto Rico property law is different from those in the United States, and there is a historic issue of informal housing, especially in the most vulnerable communities. Many people lack a title or formal deed for their homes. This reality has

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⁸ Comentarios de Hispanic Federation a la Cuarta Enmienda Sustancial al Plan de Acción para el uso de los fondos CDBG-DR, May 20, 2020

https://static1.squarespace.com/static/59f7665face864ca55987eab/t/5f5f8c25defc28548d2c8087/1600097317435/2020_5_29+Hispanic+Federation_Comentarios+a+Cuarta+Enmienda+del+Plan+de+Accio%CC%81n+CDBG-DR.pdf

⁹ Comentarios de Hispanic Federation a la Quinta Enmienda Sustancial al Plan de Acción para el uso de los fondos CDBG-DR, October 10, 2020

https://static1.squarespace.com/static/59f7665face864ca55987eab/t/5fa4783eda0afa531d644064/1604614206654/Hispanic+Federation_Comentarios_5ta+Enmienda+Sustancial+Plan+de+Accio%CC%81n+CDBG-DR_10+octubre+2020.pdf

¹⁰ Hispanic Federation comments to the CDBG-MIT Action Plan (English translation), November 20, 2020

https://static1.squarespace.com/static/59f7665face864ca55987eab/t/612902c9bd462a5ff3b127d1/1630077641628/Hispanic+Federation_Comments+to+CDBG-MIT+Action+Plan_Nov_20_2020.pdf

consistently been one of the main barriers for people to access much-needed federal emergency and recovery funds.¹¹

Currently, many of the Puerto Rico CDBG-DR and MIT programs continue to create barriers to access by requiring titles or deeds. When pushed to make these requirements more flexible, Vivienda often cites federal policy as the reason they cannot.

However, on July 2021, after years of efforts by local nonprofits, such as Ayuda Legal, HUD finally publicly clarified that CDBG-DR funds do not have a federal requirement of “proof of ownership” and that any decision about requiring applicants to submit proof of ownership is up to the grantee (Vivienda). Also, HUD clarified that if a grantee **CHOOSES** to follow the HUD recommendation to require proof of ownership, there are several ways ownership can be documented **that does not involve a deed or title**.

Ask: Therefore, HUD and the PR Housing Department should work together to make ownership requirement as intentionally and explicitly flexible as possible, in response to Puerto Rico’s tenancy realities. Both agencies must ensure that the aid is available to those who need it the most.

- **Eliminate reimbursement and matching funds requirements:** Most non-profits in Puerto Rico are small by US standards and lack the financial capacity and cash flow required to participate in CDBG-DR or MIT programs with reimbursement mechanisms and or matching fund requirements.

We have already heard several concerns raised by community organizations who cannot participate in the currently open Whole Community Resilience Planning Program due to its reimbursement funding structure.

- **Ask:** Therefore, we ask HUD and PR Housing Department to waive reimbursement and matching funds requirements for local nonprofit organizations in order to facilitate maximum participation of local non-profit organizations.
- **Address gaps and alignment between planning and project implementation:** It is concerning how project based and infrastructure programs are being decided and implemented without even starting to implement planning programs, such as the Whole Community Resiliency Planning Program. The PR Housing Department recognized that “...planning efforts such as the Whole Community Resilience Planning Program (WCRP) and the Municipal Recovery Planning Program (MRP) are valuable tools for communities and for identifying potential mitigation projects and activities.” Inconsistently, there is no public policy adopted to guarantee the timely use of said

¹¹ Florido, Adrián, “Unable to Prove They Own Their Homes, Puerto Ricans Denied FEMA Help”, National Public Radio, March 20, 2018, <https://www.npr.org/2018/03/20/595240841/unable-to-prove-they-own-their-homes-puerto-ricansdenied-fema-help>

valuable planning tools within the CDBG-DR and MIT programs. Also, there is a need to ensure that all planning process will be participatory.

- **Ask:** Adopt public policies that will ensure participatory planning and the timely implementation of all planning programs in order to support the project implementation processes within the CDBG-DR and MIT Action Plans.
- **Mitigation before displacement:** The PR Department of Housing estimates that more than 200,000 homes in Puerto Rico are located within 100-year flood plains. Within the CDBG-MIT Action Plan, there is the Housing Mitigation Program, designed to offer single-family home mitigation alternatives to applicants, including R3 Program applicants, that live in said floodplains. Those R3 applicants in floodplains who do not qualify for single-family mitigation will be ineligible for reconstruction under the program. Their only remaining options under the program will be to relocate or remain in their damaged home without assistance. This could result in the displacement of thousands of families from their communities.

However, as previously mentioned, the CDBG-DR and MIT Action Plans both include planning and infrastructure programs that could ultimately implement community-level flood mitigation projects. These successful projects would then allow families to safely remain in their communities.

- **Ask:** Individuals and communities should know all their potential mitigation alternatives before having to relocate. Single-home mitigation alternatives are not enough. Vivienda must provide technical assistance and participatory planning to evaluate community-level mitigation alternatives. Always, ensuring people's safety and their right to decide where they want to live.
- **Address Puerto Rico's energy vulnerabilities:** During Hurricane Maria Puerto Rico's energy system collapsed completely and left many communities without power for more than a year. Puerto Rico Electric Power Authority's (PREPA) heavy reliance on a centralized fossil fuel grid created a high-risk scenario that neither the federal nor local government could manage after the disaster. Therefore, creating a resilient, decentralized energy system in Puerto Rico is not just about climate – it is literally a matter of life and death.

Puerto Rico is in a perfect position to transform itself from an outdated, centralized, fossil fuels dependent energy system, to a future-proof, bottom-up, resilient grid, fully based on renewable energy, primarily solar and energy storage, at the distribution scale. Studies have shown the benefits of rooftop solar with storage to create resiliency, lower costs for low and moderate income (LMI) consumers, and to ultimately save lives. We have seen an increase in the installation of solar systems in Puerto Rico, but the high cost of said systems is creating greater inequity for LMI families that cannot afford it.

- **Ask:** We ask HUD and the PR Housing Department to install rooftop solar energy systems in LMI homes and communities, prioritizing the most vulnerable, such as those last reconnected after Hurricane Maria, homes where there are life or death electrical needs, such as medical equipment, and in community centers that serve as shelters during emergencies.
- **Support small farms in the context of Puerto Rico:** Under the federal definition, a small farm is defined as one with annual gross income up to \$350,000. However, in Puerto Rico 75 percent of small farmers annual income is estimated at less than \$10,000. The average farmer is 59 years old, and most do not have effective access to internet. These unique local context considerations were not considered sufficiently in the design of the ReGrow program intended to aid the recovery of the agriculture sector. As a result, our small-scale farmers and fishers faced significant barriers to entry. For example, the application was only available online.

In March 2021, the Hispanic Federation made telephone surveys to 140 small-scale farmers that participated in our coffee program. Of these, (81%) reported they had not applied to the Regrow program and of those (73%) specified it was because they did not know about it. Others reported not having requested due to lack of documents or lack of internet access, among other reasons. Given that the funding was designed to be first-come first-served, farmers who make up the majority of the sector and who could most benefit from the assistance are at risk of losing out.

- **Ask:** The program must eliminate structural barriers to better respond to the realities of the agriculture sector in Puerto Rico. Promoting the recovery of small farmers who represent 75% of the sector is crucial to develop a resilient and sustainable agro-system and improve food security.

Conclusion

We hope that HUD and the PR Housing Department will take these recommendations to promote the effective use of the CDBG disaster recovery and mitigation funds. HUD must assume a much more present role in capacity building, technical assistance, compliance, and clarifying policies for the local context.

Puerto Rico has a historic opportunity to achieve a fair and sustainable recovery for its current and future generations. Hispanic Federation reiterates our ongoing commitment to collaborate with the public agencies, philanthropic and nonprofit organizations, communities, and other stakeholders who together have and can continue to contribute to a successful, sustainable, and just recovery.

Thank you for the opportunity to share today.