

Puerto Rico Housing and Community Development Industry's Capacity for Disaster Recovery

Main goals of this mixed-methods case study of disaster policy implementation are:

1. An assessment of the capacity of the nonprofit sector to participate in recovery,
2. Determine barriers hindering nonprofit sector participation in recovery programs.
 - Exclusionary federal and local recovery funding policy; and,
 - Scarcity of professionals with community development skills and experience with reconstruction programs.
3. What can be done?

Puerto Rico has suffered the compounded effects of multiple disasters since the devastating impacts of Hurricanes Irma and Maria in September 2017.

Recent disasters have revealed serious vulnerabilities in Puerto Rico's:

- preparedness planning,
- institutional response capacity and coordination,
- resource management at various levels of implementation,
- data availability, and
- the lack of suitable and accessible mechanisms to support adequate local community engagement.

Today I will focus on two key barriers:

1. Exclusionary federal and local recovery funding policy; and,
2. Scarcity of professionals with community development skills and experience with reconstruction programs.

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CDBG-DR Spending Data from the Puerto Rico Department of Housing (PRDOH):

- \$112 total spent as of 9/30/20 (includes administration costs) of the \$3.2 billion obligated and 19.9 billion allocated to programs
- \$723 million Program Contracts to private sector
- \$680 million Agreements with Subrecipients
 - Government of Puerto Rico agencies
 - Municipalities, and
 - Nonprofit organizations

CDBG-DR Action Plan was approved in early 2018,

By the end of 2020, the PRDOH has awarded \$723 million of contracts to the private sector, and \$680 million to government agencies and municipalities, and to the nonprofit sector.

Though at first sight it seems as a fifty-fifty split, a closer look reveals the unequal distribution within these program obligations.

Table 3 CDBG-DR Program Contracts Procured by the Puerto Rico Department of Housing (PRDOH)

	<u>Contractors</u>	<u>Total Amount</u>	
R3 Total		644,916,123	89.2%
	R3 Foreign Corporations	414,916,123	57.4%
	R3 Domestic Corporations	230,000,000	31.8%
Other Programs: Foreign Corp.		33,237,766	4.6%
Other Programs: Domestic Corp.		44,978,503	6.2%
	Total	723,132,393	100.0%

• Sources: Puerto Rico Department of Housing, CDBG-DR Program. Accessed from: <https://www.cdbg-dr.pr.gov/en/contracts/>, and Puerto Rico Department of State, Registry of Corporations and Entities. Accessed from: <https://prcorpiling.f1hst.com/CorporationSearch.aspx>.

Of the \$723 million PRDOH’s CDBG-DR contracts to the private sector for the Home Repair, Reconstruction or Relocation program, 63% went to Foreign Corporations and 38% to local corporations. This program provides assistance for the repair or reconstruction of single-family homes damaged by hurricanes Irma and/or Maria.

Table 4 Puerto Rico Department of Housing Agreements with CDBG-DR Subrecipients (2018 to 2020)

Name of Partner / Subrecipient	Total	%
Agencies	555,975,628	81.8%
Central Office for Recovery, Reconstruction and Resiliency (COR3)	89,783,000	
Department of Economic Development and Commerce (DDEC)	85,000,000	
Economic Development Bank for Puerto Rico (EDBPR)	25,000,000	
Puerto Rico Housing Financing Authority (AFV)	356,192,628	
Municipalities	37,607,088	5.5%
(a) 5 Mun. Receiving \$1m to \$1.5m	9,391,398	
(b) 14 Mun. Receiving \$1m to \$1.5	18,072,645	
(c) 39 Mun. Receiving \$283,045 to \$164,400	8,994,645	
(d) 17 Mun. 69,600 to 34,800	1,148,400	

• Sources: Puerto Rico Department of Housing, CDBG-DR Program. Accessed 10-6-20 from: <https://cdbg-dr.pr.gov/en/>.

PRDOH’s CDBG-DR program subrecipients agreements also reveal a skewed allocation, with the lion share of funding allocated to central government agencies and a paltry portion to municipalities.

81.8% of subrecipient agreements are allocated to date to central government agencies, and municipalities are earmarked to receive 5.5 percent.

Table 4 Puerto Rico Department of Housing Agreements with CDBG-DR Subrecipients (2018 to 2020) Cont.

Name of Partner / Subrecipient	Total	%
Government-Sponsored Nonprofit	13,755,000	2.0%
Discover Puerto Rico (e)	8,000,000	
Invest Puerto Rico (f)	5,755,000	
Nonprofit	86,096,619	12.7%
Foundation for Puerto Rico (FPR)	37,500,000	
Puerto Rico Science, Research And Technology Trust	30,472,000	
(g) 6 CDCs Receiving Housing Counseling Program Funding	4,369,619	
Total	679,679,335	100.0%

Sources: Puerto Rico Department of Housing, CDBG-DR Program. Accessed 10-6-20 from: <https://cdbg-dr.pr.gov/en/>.

Nonprofits were allocated 14.7 percent of subrecipient agreements.

Considering both contracts and agreements totaling \$1.4 billion, \$723 million (or 52%) are allocated to the private sector (of which two-thirds are assigned to foreign corporations), central government agencies are earmarked to receive \$556 million (40%), non-government-affiliated nonprofit organizations are earmarked to receive \$86 million (6%), and municipalities \$38 million (2.7%).

Despite this grim picture of CDBG-DR allocations supporting program activities implemented by nonprofit organizations and municipalities, it is important to consider that the CDBG-DR programs implementation are in their initial phases, and that a second key long-term recovery program, the CDBG-MIT, its action plan is still in the approval stage.

The question is, what factors can lead to a policy framework more inclusive of nonprofit organizations and municipalities when the bulk of federal disaster funding remains to be allocated?

Levels of proficiency used in the survey of community development professionals for the implementation of post-disaster recovery for Puerto Rico:

- Minimal or none.
- Basic. Familiarity with the competency.
- Intermediate. In addition to basic, have some practical experience on the subject, and may apply competency supervised by someone more experienced.
- Advanced. In addition to intermediate, have worked extensively in the field, supervising others.

One of the critical barriers for increase participation of the nonprofit and municipal sectors participation in disaster recovery is that there are too few professionals with experience in federal economic recovery programs.

To ascertain this question, we conducted a survey of the levels of proficiency among professionals in the community development industry for the implementation of post-disaster recovery.

The survey established four levels of proficiency, from minimal to advanced, corresponding to the level of understanding and experience in key competencies for implementing recovery programs.

Community development professionals' skills for the implementation of post-disaster planning for economic recovery for Puerto Rico:

	Min./ none	Basic	Inter.	Adv.
Community Planning	28.0%	35.8%	19.3%	16.9%
Social Entrepreneurship and Social Reconstruction	39.2%	37.1%	11.9%	11.9%
Municipal and Regional Economic development	47.5%	36.2%	10.7%	5.5%
Community and Municipal Plans	34.5%	32.2%	19.7%	13.6%

Survey of professional skills for post-disaster recovery for Puerto Rico. Center for Puerto Rican Studies, Hunter College, CUNY (2019)

A core finding from the survey of professional skills is that, even though self-selection of survey respondents biased results toward the most educated and experienced, there are significant gaps in knowledge to undertake effectively planning and economic development projects in the context of federal programs devoted to reconstruction. Survey participants were highly educated, reflecting a bias toward organizational leaders.

The survey asked respondents to assess their level of knowledge in a range of competencies that were categorized into four areas encompassing corresponding competencies:

- Community Planning (8 competencies)
- Social Entrepreneurship and Economic Reconstruction (6)
- Municipal and Regional Economic Development (6), and
- Community and Municipality Master Plans. (7)

In general, 73% of respondents identified their competencies in these fore areas of disaster recovery skills as none or basic; while only 12% of respondents indicated an advanced level of competencies. The silver lining of these findings is that there is a group of professionals that are overseeing programs and implementing recovery projects and can serve as peer-mentors to others in the industry.

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In collaboration with the Institute for Social Entrepreneurship and Community Action (Instituto de Desarrollo Empresarial y Acción Comunitaria, IDEA-Común), Centro developed a sequence of competency-based modules to train community planning and economic recovery professionals who are facing a new and challenging context. All of the presenters in today's panel, along with others not present today, are instructors of these courses.

These courses evolved into a continuing education certification that is offered in partnership with DECEO, of the UPR, Arecibo. We are still in the beta phase for many of these courses and you can go to our website to fill an application to serve as a reviewer. The website offers a description of the courses, the instructors' bios, and other requirements for the certification.

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Overall Conclusions

Nonprofit sector participation in recovery is contingent on:

- Reforming public policy;
- Capacity building for intermediaries and Community Development Corporations (CDCs);
- Encouraging and supporting intra-industry partnerships and collaborations, and;
- Providing professional development for economic recovery.

Based on this assessment, I conclude that the potential of nonprofit organizations to contribute to post disaster recovery in Puerto Rico is contingent on:

- Reforming public policy
- Building community development industry capacity, and
- Providing professional development for economic recovery.

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Recommendations

- Enact inclusionary policies to support decentralization and municipal, nonprofit developers and CDCs participation.
- Development of a low-cost, high-risk predevelopment fund to support nonprofits and CDCs.
- Support professional development for economic recovery.
- Strengthening community development intermediaries to provide technical assistance to nonprofits organizations and developers, particularly CDFIs to support housing financing and development.

Though I offer more details in the journal article, recommendations include:

1. Enactment of local inclusionary policy reforms consistent with federal disaster recovery programs to support decentralization and municipal participation, and nonprofit developers and CDCs participation.
2. Development of a low-cost, high-risk predevelopment fund to support existing CDCs with experience in housing and other community development activities. In addition to subsidizing predevelopment
3. Development of supports for non-profits to become CDCs through professional development for current staff on housing and community economic development, for understanding federal funding for economic recovery, and for partnerships with established CDCs or other intermediaries for implementing projects.
4. Development of professional training for post disaster economic recovery that will be delivered as comprehensive continuing education courses, via online or other structured seminars.
5. Strengthening community development intermediaries to provide technical assistance to nonprofit organizations and developers. In particular, Puerto Rico needs a specialized Community Development Financial Institution (CDFI) for housing, financing, and development. Here is an area where the coops can play a critical role for reconstruction.

Thank you!

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