

(H. B. 1470)
(Conference)

(No. 1-2024)

(Approved January 10, 2024)

AN ACT

To amend Sections 2 and 12, add a new Section 13, and renumber current Section 13 as Section 14 of Act No. 47 of June 26, 1987, as amended, known as the “Public and Private Sector Copartnership for the New Housing Operation,” in order to place price caps on single-family and multi-family housing; amend Sections 6060.05 of Act No. 60-2019, as amended, known as the “Puerto Rico Incentives Code,” to set a new cap on the sales price of properties under the Housing Market Boost Program; establish the duty to conform regulations and request the revision of the income limits for the homebuyer assistance program; direct the launching of educational campaigns on the homebuyer assistance program together with the municipalities; require reporting; and for other related purposes.

STATEMENT OF MOTIVES

Act No. 47 of June 26, 1987, as amended, known as the “Public and Private Sector Copartnership for the New Housing Operation,” was enacted to help low- and moderate-income families and individuals achieve homeownership or rent adequate housing and promote the development of affordable housing projects. For such purposes, said Act provided a tax exemption on income derived from the sale or rental of affordable housing, property tax exemptions as well as the requirements for availing oneself of such exemptions, among other incentives and exemptions.

Act No. 47, *supra*, was amended on several occasions to increase the cap on housing sales prices to conform them to the reality of the housing market and encourage the private sector to build affordable housing while providing a reasonable profit margin. Furthermore, Act No. 66-2010, incorporated an automatic

formula which determined the price caps for affordable housing based on the purchasing power of the potential buyer.

It is well known that the price of construction materials increased by approximately twenty percent (20%) over the past two years, thus affecting the total costs of construction, thereby affecting permits and excise taxes which are based on the final cost of the projects. Many families have felt the effects of the upward trend in the cost of living and the lack of availability of affordable housing. The foregoing coupled with the Federal Reserve's determination to increase interest rates to curb the historic inflation pose an additional burden on families wishing to access adequate housing.

The purpose of this Act is to conform the provisions of Act No. 47, *supra*, to Puerto Rico's reality and allow more families to access affordable housing. Therefore, the formula currently used is hereby eliminated and a cap system for the sales prices of affordable housing is established.

Finally, Act No. 60-2019, as amended, known as the "Puerto Rico Incentives Code," is hereby amended to place a new cap on the sales price of properties under the Housing Market Boost Program, originally created by Act No. 216-2011, as amended, known as the "Housing Market Boost Program's Transition Act," in order to incentivize and reactivate the construction of affordable housing projects for Puerto Rican families.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Section 2 of Act No. 47 of June 26, 1987, as amended, is hereby amended to read as follows:

"Section 2.- Definitions

For the purposes of this Act, the following terms shall have the meaning expressed hereinbelow:

(a) ...

(b) ...

(c) ...

(d) ...

(e) ...

(f) ...

(g) Middle Class Housing.- Means any housing unit whose total sales price exceeds the affordable housing price limit, as it varies from time to time, but does not exceed eighty percent (80%) of the Federal Housing Administration (FHA) insurable limit for the area.

(h) Affordable Housing.- Means, in the event of a sale, those units whose maximum sales price does not exceed the amounts listed below, as the case may be:

(1) Affordable housing located on rural tracts in low-population-density municipalities. - Up to one hundred seventy thousand dollars (\$170,000).

(2) Affordable housing located on urban tracts other than urban centers in low-population-density municipalities. - Up to one hundred seventy-five thousand dollars (\$175,000).

(3) Affordable housing located in urban centers in lower-population-density municipalities. - Up to one hundred eighty thousand dollars (\$180,000).

(4) Affordable housing located on urban tract in higher-population-density municipalities. - Up to one hundred ninety thousand dollars (\$190,000).
single-family housing located on urban tracts in high population density municipalities. – Up to [sic]

Administrative Adjustment Mechanism:

The Department of Housing may grant regular dispensations of up to twenty-five percent (25%) to adjust the maximum sales price of any affordable or middle-class housing project. The Department shall state the specific grounds for objectively

justifying the variation. The justification shall include as annexes the documents, facts and elements supporting the determination.

The specifications and prices for basic affordable housing units shall be prescribed by regulations in accordance with this Act. In the case of multi-family housing projects for rental, “affordable housing” means a simple multi-level structure, in rows, with pedestrian access, intended as housing for middle-, moderate-, and low-income families, when promoted or developed by the private sector, the Department of Housing, or its operational entities. Also, those developed by the Department of Housing or private businesses for middle-, moderate- or low-income families when such families benefit directly or indirectly from state or federal government assistance programs.

(i) Housing Unit.- Means any structure fit for family living that meets the construction requirements for adequate housing, and the construction or rehabilitation of which shall have all endorsements, approvals, and permits required by the applicable laws and regulations.”

Sections 2.- A new Section 13 is hereby added to Act No. 47 of June 26, 1987, as amended, to read as follows:

“Section 13.- Income limits and maximum costs for affordable housing, as defined in this Act, may be revised, every three (3) years, at the request of the Secretary of the Department of Housing and subject to the provisions of this Act.”

Section 3.- Current Section 13 is hereby renumbered as Section 14 of Act No. 47 of June 26, 1987, as amended.

Section 4.- Section 6060.05 of Act No. 60-2019, as amended, is hereby amended to read as follows:

“Section 6060.05.- Housing Market Boost Program’s Transition Act

(a) ...

(b) ...

(c) The benefits provided under the Housing Market Boost Program, originally created by Act No. 2016-2011[sic], as amended, known as the ‘Housing Market Boost Program’s Transition Act,’ shall not be applicable nor recognized when the claimer, acquirer, owner, buyer, or applicant for the benefit is, in turn, a beneficiary of the incentives provided under Section 2022.1 of this Code for properties acquired for a purchase price exceeding the 150% of the Federal Housing Administration’s (FHA) limit applicable to the municipality where the unit is located.

Section 5.- The Department of Housing and other concerned government entities shall adjust or adopt regulations as are necessary or take the appropriate administrative action to comply with the provisions of this Act.

In addition, it is hereby provided that within 30 days from the approval of this Act, the Secretary of the Department of Housing shall submit an urgent request to the U.S. Department of Housing to revise the income limits established by said federal agency for the homebuyer assistance program applicable to the jurisdiction of Puerto Rico, so that a higher number of families and individuals may qualify for said program. This request for revision shall be submitted annually to adjust the program to the housing reality and needs of Puerto Rico’s population.

In turn, the Department of Housing and the Housing Finance Authority, in conjunction with the Mayors of the 78 municipalities of Puerto Rico shall launch campaigns in an effort to actively advertise and promote homebuyer assistance programs. This shall include broad and effective education to potential homebuyers regarding the different homebuyer assistance tools available, such as downpayment and closing costs assistance, interest rate subsidy, as well as any other available and applicable tool to facilitate homeownership, for families and citizens, in the process of purchasing and financing a housing unit and obtaining those incentives or benefits once the unit is acquired.

Within two years from the effective date of this Act, the Department of Housing shall submit to the Legislative Assembly a Report based on the implementation of this Act and the results achieved. Said report shall include recommendations on any additional changes to this Act or additional legislation that may be necessary to make the financing, development, construction, sale, and purchase of housing feasible for low- or moderate-income families and individuals aspiring to acquire affordable housing, as well as middle-income housing. Likewise, it shall inform the Legislative Assembly whether the caps should be modified to adjust to the price level once the economic recession that has caused the increase in the prices of construction materials end.

Section 6.- This Act shall take effect upon its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 1-2024 (H. B. 1470) (Conference)** of the **6th Regular Session** of the **19th Legislative Assembly of Puerto Rico**:

AN ACT to amend Sections 2 and 12, add a new Section 13, and renumber current Section 13 as Section 14 of Act No. 47 of June 26, 1987, as amended, known as the “Public and Private Sector Copartnership for the New Housing Operation,” in order to place price caps on single-family and multi-family housing; amend Sections 6060.05 of Act No. 60-2019, as amended, known as the “Puerto Rico Incentives Code,” to set a new cap on the sales price of properties under the Housing Market Boost Program; establish the duty to conform regulations and request the revision of the income limits for the homebuyer assistance program; direct the launching of educational campaigns on the homebuyer assistance program together with the municipalities; require reporting; and for other related purposes.

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, on this 25th day of September, 2024.

Jonathan E. Pérez Cora, Esq.
Director