

CONSTRUCTION

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Santurce's Cerra Street being rehabilitated

Once-thriving area to be turned into low-cost housing for elderly; federal tax credit program being used

By CARMEN T. CASELLAS

Dilapidated Cerra Street will be rehabilitated thanks to an innovative approach where property owners will sell tax credits. The tax credit program is open only to corporations, limited partnerships or individuals filing federal income tax returns and is administered locally by the Puerto Rico Housing Finance Corp. These federal tax credits will be sold by qualified developers, in this case mainly the Cerra Street Property Owners and Merchants Association Inc., said Idalia S. Rivera Morales, the group's legal counsel. "We are in the program's qualification process," she added.

Cerra Street runs north-south from Ponce de Leon Avenue, past Fernandez Juncos Avenue, to Palmas Street, where it turns into one of Santurce's seediest sectors.

"The federal tax program is used to foster low-income housing developments, including those for the elderly. It has been used several times in Puerto Rico for subsidized housing developments such as Las Camelias," said Enid Rivera, director of Puerto Rico Housing Finance Authority's (PRHFA) housing development and loan processing division. PRHFA is a division of the Government Development Bank.

Developers plan to turn Cerra Street's blighted southern end, once one of San Juan's main gateways to the island's interior, into a residential neighborhood for the elderly. Up the street, at the corner of Fernandez Juncos Avenue, they plan to foster establishment of small businesses and community meeting places anchored by the Rafael Cordero Plaza.

The development's first phase is expected to cost \$3.2 million.

Besides funds generated by sale of tax credits, money for development is expected to come from several state and federal sources.

A \$244,000 Housing and Urban Development (HUD) Community Development Block Grant will be used to fully rehabilitate Cordero Plaza. A \$50,000 grant from the Puerto Rico Legislature will fund infrastructure improvements such as sidewalk repairs and lighting. And a \$14,000 San Juan Citizens Participation Grant was used already to partly pay for a master plan including architectural, socioeconomic and financial studies.

The property owners' association hired Frank X. Moya Architects, a firm with offices in Trenton, N.J. and more recently in San Juan, to perform a feasibility study and master plan for the \$3.2 million street and infrastructure renovation.

Moya's office specializes in urban redevelopment projects such as conversion of abandoned turn-of-the-century textile mills into subsidized apartments for the elderly. The firm also offers resident groups and developers consultation services for obtaining federal and state grants and to qualify for tax credits.



"The key to the Cerra Street development is a proposal combining several buildings which, upon renovation, will be used for subsidized housing," Moya said. "And to make plans economically feasible, some innovative approaches must be taken."

Renovation of Cerra Street's buildings will begin three blocks south of Fernandez Juncos Avenue. Four buildings, including the Cerra family's original Italian-style residence to which two new floors will be added, and a building across the street now housing a belt factory, will be combined into one development project. "The project requires a high degree of cooperation among owners," Moya said.

Cooperation entails covenants entered into between two building owners to share construction costs for a common elevator shaft servicing two four-story buildings, and to provide shared parking.

"Elevators are needed for the elderly, but if the cost is split between two owners, it is economically feasible," Moya said. "We must show permitting agencies such as ARPE [Permits and Regulations Authority] that there are innovative ways to improve a blighted area such as Cerra Street."

According to federal guidelines, to qualify for tax credits, at least 40% of the 52 units in the four-building project must be rented to tenants with qualifying income at or below 60% of the area's median income. That amount has yet to be determined.

The street's northern Ponce de Leon Avenue end, in contrast to its slum-like southern component, has several large businesses such as a Walgreen's pharmacy and several music recording studios and distributors, including La Gran Discoteca, Distribuidora Aponte and Distribuidora Nacional. Developers want these enterprises' support. "Development of Cerra Street is more than the initiative of only one group," Moya said. "It has to be backed by all those who live or work there since the benefits will touch everyone."

Developers plan to capitalize on what they term "Puerto Rico's recording mecca at Cerra's northern end" to build a music pavilion where concerts and artists' launchings will be held. This pavilion would be located at the street's northern corner with Ponce de Leon Avenue.

"It is all part of providing a sense of place and identity to the neighborhood," Moya said. ■