



Coamo, Puerto Rico - DCTA Engagement Spotlight

DCTA investments are bringing new life to Coamo, Puerto Rico!



In October of 2019, the Municipality of Coamo in the Commonwealth of Puerto Rico requested technical assistance (TA) through the Department of Housing and Urban Development's (HUD) Distressed Cities and Persistent Poverty Technical Assistance (DCTA) Program. The Municipality of Coamo requested HUD TA to assist with economic revitalization, affordable housing development, and disaster recovery and resilience.

To learn more about the DCTA Program, visit https://www.hud.gov/program_offices/comm_planning/cpdta/dcta.

The Municipality of Coamo is a town founded in 1579 in the south-central region of Puerto Rico. Coamo is famous for its thermal springs, the Coamo Thermal Baths, once described by natives of Ponce de León as the fountain of youth. The town is a trading center for machinery, aircraft radio components, machines, and clothing. The surrounding areas produce corn, mangos, oranges, and plantains.



Coamo is made up of 11 barrios (wards/districts) with a population of approximately 34,670 residents in 2020. The population of Coamo decreased by about 14% between the 2010 and 2020 Census.ⁱ Some of this emigration occurred after Hurricanes Irma and Maria devastated Puerto Rico in 2017. After Hurricane Maria, FEMA's Individuals and Households Program (IHP) dataⁱⁱ estimated 261 rental units in Coamo had moderate to severe damage, and 54 owner-occupied homes in Coamo had more than \$30,000 worth of damage. A number of commercial buildings were also severely damaged.

To determine the needs of the municipality, the DCTA provider, Local Initiatives Support Corporation (LISC), conducted a capacity needs assessment (CNA) to direct the scope of subsequent TA. The CNA revealed that declining post-disaster revenues due to a loss of residents made it challenging to provide essential services. The CNA helped reveal auditing and financial management issues that could be corrected to maximize federal and Commonwealth funding, and ways in which Coamo could improve operations and partnerships to its economic development and housing goals.

In 2018, the Municipality applied for more than \$21 million in Community Development Block Grant-Disaster Recovery (CDBG-DR) funding from the Puerto Rico Department of Housing (PRDOH). Grants began to support recovery planning, infrastructure, and several housing and commercial building projects, including those described below. With direct TA provided by the DCTA program, Coamo staff began to build capacity for effectively managing this substantial increase in federal recovery funds and meeting compliance requirements.

The LISC TA team worked with Coamo staff to review and improve financial management policies and procedures to improve federal grant compliance, including requirements of the CDBG-DR program. In addition, financial management tools and templates were developed by TA team experts who then conducted cohort training sessions with Coamo and three other PR municipalities on the effective use of the tools and templates in order to maximize federal revenues. These tools and templates will help Coamo maximize the revenue and reduce administrative costs.



To date, Coamo has received \$10.4 million in CDBG-DR funding through PRDOH's "City Revitalization Program." This funding is providing support for the rehabilitation and reconstruction of seven residential and commercial buildings and landmarks in Coamo's historic center (*casco urbano*). The TA team assisted Coamo staff with analyzing current conditions and planning strategies to complete an 18-unit affordable, HOPE VI Main Street for-sale housing project. While eight of the units have been completed, many buyers do not qualify due to their income and the small loan sizes needed. TA identified financing options to mitigate these barriers and affirmatively market the houses more broadly to identify buyers that meet the program income limits and are able to get a mortgage loan.

To further help Coamo rebuild its housing stock, the DCTA team guided staff in developing an affordable housing strategy framework. The framework lays out Coamo's guiding principles for affordable housing development and provides an extensive set of guidelines and questions to consider in the development of a comprehensive housing strategy. The framework helped guide Coamo staff in their discussions with PRDOH about the development and marketing of the CDBG-DR-funded City Revitalization Program housing projects.

In addition to housing, economic development objectives began to take shape with the benefit of direct TA. Recommendations and guidance for the downtown revitalization program were provided to enhance the planned National Main Street Center assessment. The TA team helped organize a facilitated focus group meeting to determine the level of interest in forming a downtown business association that would promote the downtown district, as well as share ideas, collaborate on events, and seek technical assistance and funding to help businesses located in the downtown area. Many of the business owners are native to Coamo and remember a historically bustling business center. Although the focus group was comprised of only four small business representatives, participants are heartened by the Mayor's efforts in revitalizing the *casco urbano* (*urban center*) and agreed that more businesses would be interested in a collaborative and comprehensive effort to regain the bustling business center of the past.



The Municipality of Coamo has long supported local businesses. For example, Coamo provides the following types of assistance to help existing and new businesses.

- Tools and support to help businesses gain recognition from Brands of Puerto Rico, a branding effort for island products and promotional events,
- Business Incentive Grants of up to \$10,000 for new businesses,
- Administration of a CDBG-funded small business loan or grant program, and
- Maintenance of data on available commercial spaces and vacant spaces ready for reinvestment and rehabilitation, with methods for connecting new businesses and entrepreneurs with these spaces at a more affordable rental rate.

In support of microenterprises, the TA enabled the municipality to set up a Kiva loan and mentorship program with Causa Local, a local Kiva trustee. Kiva offers micro-lending options entrepreneurs that may not fit a traditional or commercial loan situation. Causa Local will be able to make character-based 24- to 36-month loans up to \$15,000 and provide technical assistance and mentoring for microenterprises. Click [here](#) for more information about Causa Local Kiva loans.

The TA team assisted the municipality with building staff capacity in a number of ways. This included retraining an existing staff person from Human Resources to Workforce Management, providing guidance on working with partners through procurement and memoranda of understanding, and introducing Coamo to potential partner nonprofits. With this expanded capacity, Coamo is better equipped to pursue their economic and housing development goals.

The results of the TA experience for Coamo have been very positive. Coamo's Federal Grants Director, Hector Rodriguez, said "*the municipality would like to thank the HUD DCTA Program. Through the program, we have established methods and strategies at the financial level, such as the application of marginal benefits in federal programs, at the economic development level by directing us in new ideas and efforts for the development of existing and new projects, and in the identification of external economic resources that benefit the municipality, citizens, and entrepreneurs.*" With this assistance, the Municipality of Coamo is on an upward trajectory of growth with enthusiasm about the future.

ⁱ U.S. Census Bureau, retrieved 7/18/22: [U.S. Census Bureau QuickFacts: Coamo Municipio, Puerto Rico](#)

ⁱⁱ FEMA, Enterprise & Coordination Information Management, Housing Assistance Program Data, 2/20/20