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prevented egg recall

US AND WORLD PAGE 10

# Housing marathon

House approves bills to help home buyers

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Daily Sun/Humberto Trías  
Fortuno's economic team, from left to right, María Sánchez Bras, George Joyner, José Pérez Riera, Juan Puig, Carlos García and Luis Rivera, endorsed the Housing stimulus package during a Senate hearing on the measure.

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# Officials participate during House debate

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The Senate and House started working on Gov. Luis Fortuño's much discussed housing initiative Tuesday and, so far, the project has received a rousing approval by government agencies and market economists alike.

The Senate was the first to start work on the measure, which would create the Law for the Housing Market Stimulus Package.

For nearly five hours the Committee, which is chaired by New Progressive Party Sen. Larry Seilhamer, heard the testimony of the heads of the Housing and Treasury Departments, the director of Office for Budget and Management, the head of the Economic Bank and president of the Department of Economic and Commercial Development.

Also testifying were the president of the Governmental Development Bank, the director of the Center for Municipal Tax Revenue Collection, the head of the Consumer Affairs Department and the director of the Property Register.

"This is an urgent measure that needs to be treated as such. There are 19,000 new units pending for sale. If we take into consideration that the market has sold 833 units in the first quarter of 2010, and project that total, only 3,500 total homes would be sold this year. That's a dramatic and historical drop off," José Pérez Riera, the DECD president said during his opening remarks.

Data provided by several economists stated that during 2008 and with the help of Law 197, which granted up to \$25,000 to each individual looking to buy a home, sales of new houses reached 9,000. The trend has gone downward since then. In 2008 new home sales hit an all-time low of approximately 5,000.

But that total paled in comparison to what the market is experimenting so far this year where only 1,700 units had been sold in the first six months. If the current state continues, economist project only 3,000 to 3,100 sold units for the entire year.

DECD projects a windfall of \$425,165 for the general fund in 2011 due to the expected economic activity relating to the implementation of the stimulus. By 2012, the date provided by the institutions projects a downfall of -\$21,303,333.00.

The situation improved by 2013 with a projection of surplus of \$51,603,417. The total impact of the program was calculated at \$30,725,248 for the first three years.

## Concerns arise

Although Fortuño's proposal has met with approval from most quarters there are some concerns regarding the effect of the measure in the overall budget structure.

Reassuring the senators that funds projected to go to the Legal Assistance Society



Lersy Boria and Luis Rivera

Daily Sun/Humberto Trias

will not be jeopardized by the enabling of stimulus package, Treasury Secretary Juan C. Puig told the commission provisions had been worked out to assure that the expected loss of \$2.6 million in stamps and cancellation, which are part of the Society's budget, will be allocated from another source.

"The governor has made clear and precise instructions which are for us (Treasury) to guarantee the funding for the Society. We will enable other stamps and cancellation programs to direct a part of their funds to the Society so the institution will keep its current budgetary profile," Puig said.

Another concern expressed by Seilhamer deals directly with the revenue the municipalities are projected to lose.

According to Carlos García, the president of the Developmental Bank, the municipalities will actually see an increase in revenue due to the implementation of the stimulus package.

"Each municipality will receive a one and a half percent from each new sale according to the parameters stated in the Sale and Municipal Use Tax. As of today, they are receiving nothing because the market has not moved. This will be a welcomed increase to their funds," García said.

According to him, once the projected seven thousand new units are sold the general fund will be by \$636,000, plus an amount, not yet calculated, originated from economic activities due to the sale process.

For CMTRC sub-director, Gustavo Freyre, the situation is not as 'rosy' as García paints it.

"If this measure is approved as it is, the buyers of new homes would not pay property tax until year five of their mortgages. That means that the total amount exempt from tax collection is 60 percent more than the \$636,000 projected by the DECD, the director said.

Meanwhile, the Consumer Affairs Depart-

ment is preparing an orientation manual that details how to access funds from the stimulus package as well as to file complaints regarding possible mismanagement of the law by private institutions.

"This bill will help the consumers. But we have to remain vigilant on any possible misuse of the stimulus package from private organizations. Our department had the expertise and experience to craft and addend any existing manual that deals with the sale of properties in Puerto Rico," Lersy Boria said in representation of the Department sub-secretary, Carmen Salgado.

Meanwhile, in the House of Representative the situation was similar as industry leaders listed the benefits of the law and the possible detriments of not implementing the full spectrum of Gov. Fortuño housing stimulus package.

"I reiterate our commitment with this far reaching and almost historical incentive package. This measure will halt the declining status of the housing market and will in fact, help us reverse the declining trend in the short run," Hans Moll, president of the Home Builders Association said.

The same position was assumed by the Mortgage Bankers Association president, José Torres who stated that without the full implementation of the measure, it would take four years to finish with the current inventory of new homes.

"The project attends one of the most pressing areas of our economy and one which historical has been a catalyst for overall growth. Without this package we will see a declining market for at least 48 more months," he said.

The House Urbanism and Infrastructure Commission Chairman, Rep. Antonio Silva, probed Torres and former Bankers Association president, Arturo Carrión, on how the stimulus will help, not only the new housing market, but the current home owners.

"Let me put this way, if nothing is done soon, the situation will deteriorate even further. We need a stimulus now. To your question, the lowering of the inventory will raise the value of existing homes and according to the incentive package, the owner will benefit from any sale or refinancing of that property, specially with an increase in value," said Carrión.

## Late session produces results

On Monday the Senate finally added the drug buprenorphine to the list of medical remedies for the treatment of drug addiction.

Buprenorphine is a semi-synthetic opioid used to treat addiction. It is also the most commonly used mechanism to counteract the effects of drug addiction in the United States.

Members of the NPP majority as well as the Popular Democratic Party (PDP) applauded the measure which was crafted by House Speaker, Jennifer González.

"This is an immense move forward in our society. I thank Speaker González for the vision she displayed in getting this much needed bill passed through the House," PDP Sen. Eduardo Bhatia said.

The bill was sponsored in the senate by the body's Vice-President, Margarita Nolasco, who called the piece "an important tool that for the first time acknowledges the fact that drug addiction is a medical problem more than it's a crime-relating issue."

Despite opposition from several PDP sens. including José Dalmau and Alejandro García Padilla, the senate passed House Bill 1900 which asked for the derogation of the Permanent Commission Dealing with Possible Changes to the Civil Code.

"I know that our Code is one of the best pieces of law ever written, but its 80 years old and like old institutions, it needs retooling. There a new family structure and new contract obligations that were not contemplating on the original Code. That's why I'm opposed," said García Padilla.

Bhatia expressed concerns regarding the abundance of new contractual data that the current Code does not cover. "It's a document that needs a refinement to the 21st century. When it was conceived back in 1930, many of the problems we now face were not even contemplated."

Hoping to save one of the last bioluminescent water bodies on the island, the senate passed Bill 226 which paves the way for the eventual conservation of the Puerto Mosquito Bay in Vieques.

The bill orders the creation of a Consortium which will oversee, along with the Planning Board, the Department of Natural Resources and the newly created Lands Management Office; the identification of possible man-made threat to the body.