

A master land use plan to be ready by January 2014

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Almost a decade in the making, Puerto Rico's Land Use Plan is now scheduled for completion by January 2014



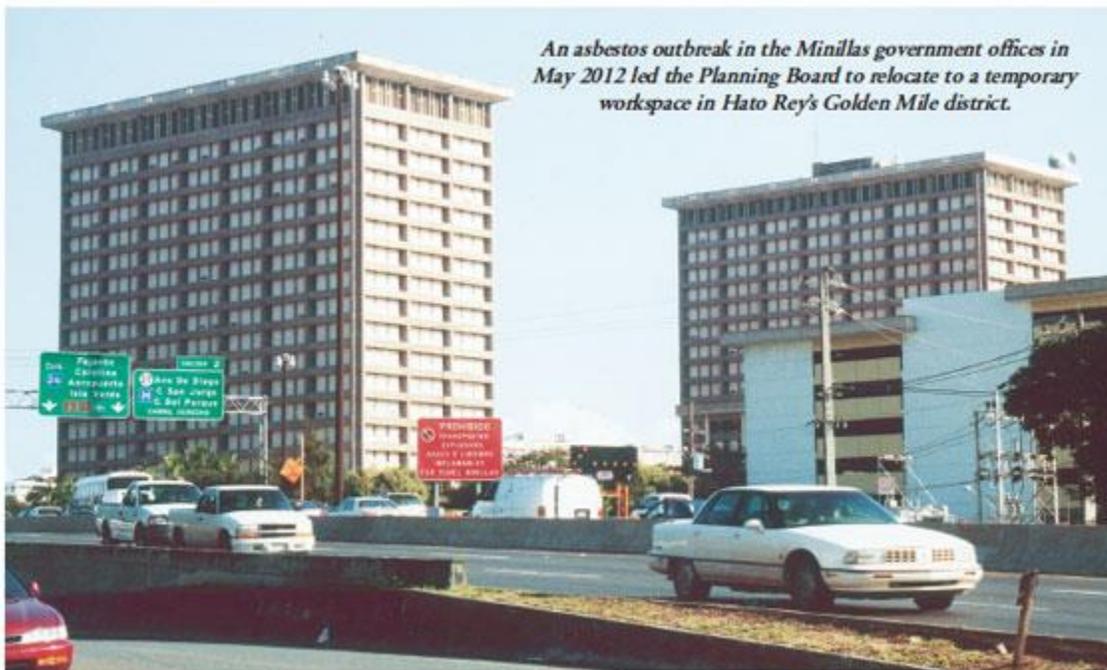
The Puerto Rico Land Use Plan, a long-delayed master blueprint designed to guide all future development, zoning and land conservation efforts on the island for the foreseeable future, is scheduled to reach a final version by January 2014, Puerto Rico Planning Board President-designate Luis García-Pelatti told CARIBBEAN BUSINESS.

A 90-day period of public hearings between August and October would precede the proposed final draft of the plan, during which time various business sectors and the public at large will have a preliminary draft to read and submit comments through the Planning Board website.

Contrary to previous preliminary versions of the plan, the final draft is intended to be much leaner, with a page-count just shy of 200. The proposed draft would also do away with the concept of 11 regional plans set forth by the last concentrated effort to draft a plan, dubbed Tu Plan (Your Plan) by the previous administration under Gov. Luis Fortuño.

Instead, the draft under García- Pelatti would be all-encompassing, without necessarily getting bogged down with too much information or overwhelm the reader with superfluous details. Among other things, the plan would set forth the strategies needed to develop proper industrial parks, for instance, in which the availability of infrastructure services would be just as important as strategic location. This way, cases such as the Higuillar Industrial Park in Dorado, in which a lack of reliable electrical services prompted the exit of a large pharmaceutical company years ago, wouldn't occur.

When completed, the draft would represent the culmination of efforts that have taken almost a decade since being first proposed in 2004. Along the way, the plan's preparation has languished under the authority of various government administrations and been fraught with rewrites, backtracking, missed deadlines, and back-and- forth arguments by developers, environmentalists, mayors, planners and
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ers.



The vision as to what the plan should represent has changed over time as well. At one point, the plan was intended to classify every piece of land in Puerto Rico as an area suitable for conservation or development into residential, commercial or industrial zones, and whether the jurisdiction of such-and-such area fell to the state government or municipalities. The latter issue has previously been a main point of contention, as previous drafts of the plan frequently contradicted municipal land use plans, also known as planes de

ordenamiento territorial, regarding the classification of certain lands. In many cases, decisions as to the intended use of certain areas were also based on outdated information regarding flooding and ecological sensitivity, among other issues.

The Planning Board is also working on a plan focused on protecting Puerto Rico's karst region in the northern part of the island, an ecologically sensitive area comprising soluble rock and featuring a rich network of underground aquifers and caves. By court mandate, the board is slated to render a final draft of the plan by Nov. 13.

The work doesn't end there. On García-Pelatti's schedule is also the zoning of lands that surround the various Urban Train (*Tren Urbano*) stations in the San Juan metro area, which total some 600,000 square meters of terrain, as well as finishing a number of pending municipal plans. An overhaul in the process of gathering and analyzing key economic statistics is also in the pipeline, with the goal of delivering such statistical information on a quarterly basis and in a timely manner.

In this last regard, the Planning Board is aiming to recover some of its lost sheen, prestige-wise. At one time, the board was the be-all and end-all in the gathering and analysis of statistical information. Yet in recent years, other government entities, such as the Government Development Bank (GDB), have taken a more active role in Puerto Rico's economic development policies, and along the way started publishing their own statistics. Nowadays, the Planning Board, while not necessarily a fringe player in Puerto Rico's economic landscape, is no longer the star player.

Bearing such goals in mind and the desire for the Planning Board to recover the all-important place it once had, García-Pelatti has set forth an ambitious path for the agency. It is certain to be an uphill battle, particularly since board employees aren't currently able to set foot in their own offices at the Minillas Government Center in the Santurce area of San Juan. The office complex is currently off-limits after an asbestos contamination outbreak last May prompted the Environmental Protection Agency to close the north building until cleanup is completed. However, this fact seemingly hasn't deterred García-Pelatti, who has an extensive background as an urban planner and economist, from pushing his agenda forward. Ahead are his views on the Planning Board's mission.

CB: You have stepped into your role as president-designate at a crucial period for the Planning Board...

In May, it will be one year since the board and other agencies were evacuated from the Minillas buildings in Santurce. I didn't live through that experience, but many on the board did. People left work on a Friday to enjoy the weekend and when they came back Monday, they found they couldn't get inside. Many people still have some of their personal belongings there.

When I arrived here, I was shocked by the working conditions. At the beginning, [Planning Board departments] were spread throughout various floors and of late, we have been able to consolidate in only

a couple of floors. Everything you see here, we had to borrow from someone. Right now, I can't spend anything [regarding working materials] because once we go back [to Minillas], everything is going to be there: our computers, desks, everything.

This has affected every aspect of our operations. The team in charge of economic projections, for example, begged me not to move them from their original offices because doing so would have delayed their work further. People [in the agency] were really affected, on top of which an election year always brings uncertainty to the whole process.

It's possible I'm going to be able to move half [the Planning Board workforce] back to Minillas in May. However, in my particular case, it's possible it could take three or four additional months for me to go back. At one point, I'll be here [in the Hato Rey sector of San Juan], while human resources, IT [information technology], finance and other departments will be in Minillas.

CB: Besides from the logistics issues associated with having a temporary workspace, what other challenges have you found within the Planning Board?

One of the biggest challenges I've faced is that the board has lost a lot [of its importance]. It's not just a matter of bringing the board back to how it worked in the past; the board also has to respond to the dynamics and needs of the present.

However, it is necessary to bring back two aspects. The first is the capacity to effectively guide Puerto Rico in terms of its land use. Related to this mission is for the board to assume its role as a coordinator of agencies involved in infrastructure. There's always been this discrepancy between places in which development occurs and places in which there is the available infrastructure to do so.

Second, the board must properly assume its responsibility in gathering, working out statistics and rendering projections. In terms of preparing and releasing the annual government budget, we are responsible for making those projections public.

We want to produce better, timelier statistics and simply make them a reflection of reality, be it positive or negative. Granted, there are things we haven't measured well; it will take us time to revise such faulty methods. If I have a reliable piece of data, I can react to it accordingly [from a public policy perspective]. Once I have information that points to cement sales going down, for example, it will allow me to know whether certain sectors, such as construction in this case, are recovering or not. Those numbers are



One of the most important tasks facing the Planning Board is the effective gathering of statistics showing the real state of the economy and publishing in a timely manner, preferably each quarter, García-Pellati said.

a more immediate indicator than other kinds of data, such as housing sales.

My objective would be to publish statistics on a quarterly basis. It's a very typical practice in any state on the U.S. mainland or in any other country.

CB: Is your goal regarding statistical information related to any different databases within the board that you are trying to consolidate?

Exactly. We are underway in conducting such an exercise to work better and quicker. Right now, we have various processes that consume many [staff]-hours in terms of data management. To solve this, we are looking to hire outside resources that may allow us to become much quicker in this regard. This would allow us to cut down on the time we need to render any economic projections.

CB: What is your overall vision for the Land Use Plan?

We aren't planning to reinvent the wheel; there has been work done already. The only big difference between what I've seen beforehand and what we want to accomplish is the different regional plans [present in the previous Tu Plan draft].

I believe the end result of a land use plan must be an overall strategy for Puerto Rico. I don't want to criticize too much, but it seemed the previous plan appeared to be a sum total of 78 different proposals. Moreover, the plan shouldn't comprise 11 regional plans that you have to read to get a sense of everything.

The key is to have a single strategic document, like I've seen in other countries. Some of those are just 165 pages long, with well-designed graphical elements. That way, you only read what you want to read and not have a surplus of information.

The main document can be complemented by addenda detailing information, such as demand projections or information related to climate change. Such information shouldn't overwhelm the reader with all the details about climate change and its effects, for example. In just one page, we can detail our strategy regarding climate change; that would be sufficient. You don't need the whole history or 300 pages of models for the message to come across.

CB: What is your timeframe for preparing such a draft?

One year. My strategy is to take six months to prepare a document that would be a compilation. The main work we have before us is almost journalistic in nature, essentially gathering everything that's present in the existing draft and turning it into a much simpler document.

The most complex part of the work is coordinating with infrastructure [agencies], because I'm working with a government administration that has just come in and is still working out its respective public policies.

Another goal would be to carry out a broad participatory process between August and October, making the document available to everyone in an easy-to-read form. Most people will feel compelled to actually read the whole document instead of just skimming through it, because in a 165-page document, the important stuff is in about 110 pages. I think we have the capability to pull that off.

We are also trying to make the participatory process as open as possible. Usually things [like public hearings] take 30 days; I want to make it last 90 days because it's a sufficiently important issue. This way, people won't have to rush to submit comments on the draft within a 30-day period. After public hearings, the public will have two more months to submit comments and for the board to consider all the opinions.

In November, we will then begin to prepare a final version that hopefully will be ready by January 2014.

CB: In terms of development, what would be the plan's guiding principles?

First, the plan will include guidelines for tourism development. Currently, most of our tourism activity is concentrated in the San Juan metro area and the northeast region, where the big hotels are.

However, there is also great potential attraction for the beaches in the island's western region, and in that zone, only small hotels are present. At first, it may seem there's a lack of sufficiently large hotels there, but in reality, this may be a good strategy. Lots of small hotels generate plenty of economic activity.

Some people have asked how to take a Conquistador-type resort hotel [in Fajardo] to the west, but perhaps you don't need the Conquistador there. The idea would be to keep fostering that kind of development in terms of tourism lodging, like what is being done in Rincón.

The plan also has to determine where the great industrial corridors are and how best to develop them further. Apart from the San Juan metro area, there's the pharmaceutical industry corridor in Manatí; the corridor that starts in Juncos, and a corridor that has particular potential in the Guayama area, but is a bit hidden. All those three zones are well-served in terms of electric and water infrastructure.

The infrastructure issue is very important, and perhaps not such a 'no-brainer' as some may believe. In fact, the opposite may be the case. For example, near Dorado, across the commercial district and to the left of the highway, there's a parcel of land called Higuillar, which has been owned by Pridco [Puerto Rico Industrial Development Co.] since the 1990s. Today, 23 years later, Higuillar is still not fully used because even though from a strategic point of view it's not a bad place, the area hasn't had reliable water and electricity services.

In 2003, a big manufacturing facility was going to be established there and Puerto Rico was in the running alongside Singapore and other countries. During that period, there was an expansion boom in pharmaceutical companies, such as Amgen and Abbott. To make a long story short, we lost our bid for the manufacturing plant. Although the locale was perfect for the [pharmaceutical company], Prepa [Puerto Rico Electric Power Authority] said that to supply reliable electricity to that plant and the other eight lots

surrounding it, the company would have to foot the bill for an [electric substation] that would have cost \$35 million. The company refused and stopped the plans to establish here. Such is the kind of situation we are trying to prevent through the drafting of the plan.

I want to touch on another related issue. For about a decade, companies that wanted to set up distribution centers for their products have opened locations at some point between San Juan, specifically its southern part, and Caguas. This area is the main communications nexus in Puerto Rico. However, the government has done nothing in terms of a concrete strategy, by recognizing the importance of such a nexus area as the island's main distribution center. We must focus on these things.

CB: You talked about a "broad, participatory process" that will precede the drafting of the final version of the plan. Didn't that happen already with Tu Plan?

No. Of the 11 regional plans, only three preliminary drafts went to public hearings. The resulting master document was put up online at the same instant that [outgoing board President Rubén Flores Marzán] sat down to testify before the government transition committee at the end of November. As soon as he sat down, the document appeared on the board's website. Since then, only a handful of people have seen it.

To tell you the truth, I haven't read all 11 plans. I read one of them in detail and I evaluated the three preliminary drafts that went to public hearings. They essentially amounted to a recompilation of projects and data, most of which were more directly related to municipal plans, rather than an overall strategy. Various projects were proposed, some of them interesting, but ultimately small-scale in focus.



For example, any projects I would propose if I were San Juan mayor would represent a set of projects that would satisfy certain needs for the municipality. But if I were to look at the whole metro area, I would choose other projects proposed by other municipalities. I would then go

through a trimming process, after which only the most important projects would remain. If instead I look

at the whole island, such projects related to the metro area would perhaps amount to just one or two. A land use plan isn't the addition of 78 municipal plans. Although municipal plans are important, they aren't the sum of their parts.

CB: Regarding the development of lands around the Urban Train stations, which total some 600,000 square meters of lots, what will be your focus?

At one point, I was working on planning proposals about this topic in particular, meaning lands around Urban Train stations. I thought of employing mixed-use zoning, as has been done in cities like Austin, Texas, even though our zoning arrangements aren't currently the best. Regulations on the island are [deficient] as well, lacking many key elements, such as being pedestrian-friendly. We should learn from certain jurisdictions.

Another thing is, for example, look at the areas here in Hato Rey that are close to Urban Train stations. Here alone, there are four big lots. If you look at the lot near the Universidad Politécnica, between Luis Muñoz Rivera and Ponce de León avenues, even if you fixed that lot up for sale, no one would buy it because it's just too big. Banks, for one, are finding it very difficult nowadays to lend money. Developers, who years ago were used to pushing projects ahead without putting anything down, now have to put in 20% to 30% of the cost. Nobody moves if the developers don't take a risk. The developers may ask the agency that owns the land, like the GDB for example, to lower the price. The GDB won't be able to do that, but it will be able to offer a payment plan or reach a long-term lease agreement.

CB: Could you elaborate on what we need to change in terms of regulations?

Our regulations must be clearer. Until now, all proponents, even those with expert-level knowledge, always have some kind of point they're not 100% clear about, from those who want a solar panel project to those who want to turn a residential development into a commercial one. There have been people doing this for 40 years and they still need clarification on certain aspects. I want to clear up such processes.

We have to update many regulations because, for example, there are rules that dictate manufacturing plants can't exceed a certain height. Is there a real reason for that? In Hato Rey, all the buildings can only reach the maximum height imposed by the Federal Aviation Administration, with stricter measures imposed in areas near residential zones. Why don't we follow those rules?

Cities like Miami and New York have prepared regulatory frameworks that are easy to understand. It's not that we're going to copy their regulations, but we want to learn from them and apply what works here.

We have fallen behind the times in terms of regulations, and that is part of the reason the permits process is so slow. We're always worried about permits, and with good reason. But if we have good planning behind any future development efforts, the permits process would be much faster.

In addition, the need to carry out a consultation process would be significantly reduced. We've reached a point in which every project needs a consultation. Such an event should only apply under extraordinary circumstances.

Proper zoning would make things much easier for small and midsize businesses as well. It wouldn't take [an entrepreneur] a year or more to get the necessary permits to set up a business establishment. If the plan is good enough, it will state which areas are suitable for commercial purposes, and it will simply be a matter of setting up businesses in those areas, generating plenty of economic activity in the process.

CB: Where would incentives for the construction industry come in?

In terms of the construction industry, the projects that would be built will be properties for rental and social-interest housing, which would be accompanied by rental vouchers and other federal incentives. We could also offer packages regarding, for instance, housing for seniors, of which there is plenty of demand, and such packages can be accompanied with federal incentives.

That said, the economic situation isn't easy. Reviving incentives related to Law 212 [aimed at revitalizing urban centers] would be very difficult because of the impact they would have on the government's current fiscal situation.

Some people in the business community have become accustomed to incentives, but we simply don't have the capacity to give out incentives anymore. It has become almost a custom. The government must be clear in stating: "We can support you, but you have to take part of the risk, and the government can't find itself on the losing end." We can't afford that anymore.

CB: Regarding agriculturally sensitive areas, the previous administration decided many such lands would be better used as sources of renewable energy. Will there be a change in direction in this sense? We have been working with the Agriculture Department on setting up a clear public policy in that regard. For example, some strategies on wind power leave room for agricultural activity. However, solar panels are a



The Planning Board president-designate said he was open to the idea of using closed-up landfills as sites in which to install solar panels.



García-Pelatti feels strongly about developing the 600,000 square meters or so of vacant lots that currently surround Urban Train stations.

different story. We have to determine whether any solar panel projects can be set up in places where the land wouldn't lose its agricultural value. Although the optimum place for solar panels is a flat area, in some instances developers have been able to place panels in areas with an incline.

Solar panel projects are also relatively flexible in terms of the locations they can be set up. This isn't so with wind power, and many of the places where they have set up wind turbines in Puerto Rico haven't even been the best ones, in terms of optimal wind energy input.

CB: There has been talk of using old landfills for setting up solar panels. Is there anything else that could be done in these places?

That's a great idea. I worked with the municipality of Juncos at one time, and after its landfill closed, this sort of hilly area was left. I think you could turn the land into a sort of park where people can go up the summit and sightsee, and the slope beneath could be covered in solar panels. We can also follow Europe's example, especially in the San Juan metro area, where windows in buildings can do double duty as solar panels.

CB: What are your goals regarding the plan covering the island's karst region?

There's a separate plan for the karst region and all the areas related to it. I'm not setting the pace on that particular plan; the court does. Various citizens were tired of the board's lack of progress and took the agency to court. I've had to go to the court on various occasions already in my capacity as board president.

The advantage regarding the karst plan is that we have to finish it by November. The court has ordered a public hearing on the karst plan before June 30, and Gov. Alejandro García Padilla must approve it before Nov. 13. The plan affects 34 municipalities. It's a blessing in disguise actually, because in November, many areas that will be covered by the plan will already be planned for, in a manner of speaking.

CB: What about other preservation areas on the island?

The designation of the Southern Agricultural Valley is in the pipeline, from Ponce to Guayama. The preservation of the Añasco Valley is also pending [in the Legislature].

Regarding the Northeast Ecological Corridor [NEC], former Gov. Fortuño signed Law 126 in August 2012, [which established the conservation of 1,957 acres in the NEC, or about two-thirds of the corridor's original designation.] This would have forced me to make some changes [to the proposed land use plan for the region.] However, I discovered there's now a bill to amend that law [CB March 14], so I essentially stopped working on the project until the amendments come to pass and then we'll close the plan related to the NEC.

Before the plan is done, I would first need to complete about four or five municipal land use plans, as well as the plans for the NEC, the karst region and agricultural lands. Out of the 78 municipalities in Puerto

Rico, 24 municipal plans haven't been finished yet. It's a lot of work, but by the end of this year, we could have a very complete strategy for Puerto Rico.

CARIBBEAN BUSINESS Senior Reporter John Marino contributed to this story.