

# Rain, flooding and Puerto Nuevo

During the past few days, an inordinate amount of rain paralyzed the San Juan metropolitan area. In a little over two hours, the main thoroughfares of San Juan were blanketed by terrified drivers and stalled cars. Fortunately, there were no fatalities.

This column details the beginning of the construction of Puerto Nuevo, one of the culprits of the flooding problems we face today. By understanding the decisions which lead to overtaxing a poorly designed infrastructure, we might be able to learn from our past mistakes and avoid them in the future. This is yet another example that we CAN learn from history if we dedicate the required time and resources to study and preserve it.

On August 19, 1947, during a visit to Washington, Rafael Buscaglia, president of the Development Bank, submitted Leonard D. Long plan's for the urbanization of Puerto Nuevo to the FHA. They were approved by the Agency "in principle" and by the government of Puerto Rico. The meeting with the FHA culminated in an agreement with Long to build 10,000 houses, which would begin before March, 30 1948. The Board of Directors of the Development Bank was willing to consider proposals from other investors interested in the construction of these homes, but Long's was the only proposal received.

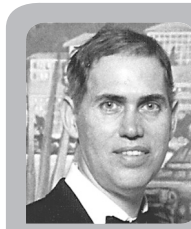
Accordingly, the Development Bank acted as the mortgager, and financed the construction of these

houses through a revolving fund of \$4 million.

Leonard D. Long figured government subsidies would be required to ensure that the houses were sold at the reduced price of \$4,000. To accomplish this, Long managed to convince local authorities to ignore certain requirements. The Planning Board accepted the minimum sizes of lots and blocks and the reduced width of the streets and sidewalks. The Health Department and the Fire Department agreed to reductions in the depth of the footings and roof height.

Moreover, Long earned subsidies from the Water and Sewer Authority. Interestingly, these affordable housing constructions, built with private capital, required the support of the insular government to cover some contractor expenses, allowing him to limit his risk and extract additional profits. In the case of the urbanization of Puerto Nuevo, it was argued that because of the importance of the project and the housing needs on the island, these concessions were essential, for they were approved by Governor Jesús T. Piñero himself.

The agreement between the Development Bank and Long was very favorable to the entrepreneur, as it stipulated that the bank had to facilitate FHA Title II or Title VI mortgages, or both, and also buy all the mortgages guaranteed by the Veterans Administration under Section 505 (a) of the Servicemen's Readjustment Act of 1944, also known as the G.I. Bill.



José L. Bolívar  
Commentary

Long spent more than \$1 million on the purchase of 700 acres that would house the 10,000 homes in Puerto Nuevo. He invested another \$1 million in construction equipment and machinery that promised to do the job faster. The Bank was responsible for opening a revolving fund for the Long Construction Company for \$4 million at an interest rate of 4 percent. This revolving fund was used to pay for construction expenses.

Long established a home mortgage company, Mortgage Echo Corp., in the heart of the urbanization to provide financing services. Monthly payments for these houses averaged \$25. The plan was for this project to have a population of 50,000 and that it provide direct employment to 3,000 workers with a weekly payroll of \$40,000. As demand for these homes increased, it was estimated that the project would employ 10,000 workers.

Considering the high unemployment on the island, and the few opportunities available for work, this project placed Long as one of the

most powerful people in Puerto Rico.

The houses proposed for the development of Puerto Nuevo, were built "on land adjacent to mangroves, grasslands and near the suburbs of Martín Peña Channel." They would be built of reinforced concrete, have two bedrooms, a living room, a bathroom, and a kitchen. The average lot size was 252 square meters. The design of Puerto Nuevo maintained a similar pattern with that of housing developments designed by Clarence Pery in the U.S. during the 1920s. The structures of the houses were simple and austere.

The walls, thanks to the aluminum *formaletas* or framework used and patented by Long, were not plastered outside or inside. The cement floor was polished. Bathroom equipment consisted only of a sink and a toilet. Electrical installations are minimized and the ceiling height was reduced to eight feet to save materials. Regarding the design of streets, they were narrower than those required by the Planning Board. The sizes of lots and of the blocks were also less than those stated in the Planning Board regulations.

According to the brochure that was distributed as propaganda, this design allowed each family to "make amendments or additions to the mass-produced home."

With the exception of aluminum and "other factory work, all the raw material for this gigantic housing project came from Puerto Rico. For

example, Puerto Rico Clay Products — a government factory — supplied the bathroom and kitchen units

The first inhabitants of Puerto Nuevo, many of whom were veterans of World War II, found that the houses were in a swamp surrounded by red mud. It was not uncommon to find cows and horses alongside the construction. Streets were unpaved. There was no lighting, sidewalks, schools, churches, doctors, shops, or public transportation.

The absence of public transport motivated many of the inhabitants of Puerto Nuevo to buy their first car. Initially, people thought that Mr. Long was working for the municipality, but he made it clear that he was a private entrepreneur. Because Puerto Nuevo houses suffered cracks, people protested, but Mr. Long told them that if they did not want the houses, he would buy them. As a result, people stopped protesting.

Long was able to sell his houses, generate a huge margin on the sale of each house, and contribute to the constant flooding problems in the area for generations to come.

*José L. Bolívar holds a doctorate in history and is completing a book on the economic impact of World War II on Puerto Rico, which is scheduled to be published this year by the University of Puerto Rico Press. He may be reached at jbolivarpr@prtc.net.*

## VOICES

### Banks the real villains

Last night I saw The Italian Job on TV. In it some clever fellows who burglarize a bank for \$35M in gold ingots eventually live happily ever after. Used to be that bank robbers were the villains. Even Superman knew that. Guess you can hardly see banks as good guys these days. How about Hugo Chávez as superhero?

*Nathan Arbuckle  
from Santurce on Nov. 17*

### Misplaced authority

Over WOSO Radio Speak Out, the celebrated Judge Toruellas was bragging all the marijuana offenders he'd thrown the book at. Then a caller pointed out that pot is neither addictive nor harmful, unlike booze and tobacco. His Honor then pled ignorance of the "pharmacology of marijuana." Then, like a spiteful child, he snickered that the caller was "obviously an expert," he meant a pothead.

Then another caller asked about the causes of narcotics use. To my astonishment, he answered it was a matter perhaps of peer pressure. While any Sociology 101 textbook tells you in the first chapter that rather it's a reflection of socioeconomics, it's the poor who do heavy drugs to occupy the psychic emptiness that belonging to a squalid underclass means, not to forget local public-school noneduca-

tion.

How can a man — mired in such ignorance on the subject — be deciding drug jurisprudence?

*Joaquín Serrano  
from Condado on Nov. 17*

### Political contamination inherent in a mixed economy

The Governor's Economic Council is not a good idea because it is based on a "new" mixed economy, which means "new" more of the same.

In the "old" mixed economies, markets were subordinates of the state. The "new" mixed economy looks instead for a synergy between public and private sectors, utilizing the dynamism of markets but with the "public interest" in mind.

But there is no such entity as "the public," which is nothing more than a number of individuals. From the legal point of view it means that any claimed or implied conflict of the "public interest" with private interest means that the interests of some men are to be sacrificed for the interests and wishes of others.

From the legislative point of view "public interests" cannot be used as a guide to make legislation without creating at the same time, and at the other side of this con-

fused spectrum, all kind of lobbies and pressure groups, each with a "specialist" in Keynesian monetary economy.

Executive Order 2009-44 creates a group of seven wise men in macroeconomics who will convince the government that capital is a homogenous fund which reproduces on its own, that saving is not important, that production costs are objective, real and predetermined, that historical costs of production tend to determine market prices, among others.

A mixed economy is a mixture of capitalism and statism, of freedom and controls. As such it creates a civil war of pressure groups looting and devouring one another. Being "new" or "old."

*Luis A. Feliciano, MD  
from San Juan on Nov. 17*

### Censorship under capitalism

President Obama enjoyed full freedom of speech while in China. Only that the media were less than forthcoming. Radio and TV didn't carry him live, just reported the parts they chose of what he said. The online/printed press was likewise reticent. The Chinese have learned a lot from us.

*Jackson Winters  
from Isla Verde on Nov. 17*

These remarks do not necessarily represent the views of the Daily Sun.