



NATIONAL LOW INCOME
HOUSING COALITION

THE GAP

ASSESSING THE
AFFORDABILITY AND
AVAILABILITY OF
RENTAL HOUSING IN
PUERTO RICO

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INTRODUCTION

Across the United States, the private market alone fails to meet the housing needs of the lowest-income renters, and insufficient federal housing assistance fails to make up for it. Puerto Rico is no different, but its territorial status and economic conditions create unique housing challenges. The island has experienced significant hardships in the past twenty years, including chronic recessions spanning over a decade, a fiscal crisis, steep cuts to public spending, and several disasters. Finding full-time employment is difficult due to weak economic conditions, leading to high rates of unemployment and poverty. Decades of outmigration and multiple climate-related disasters have also left the island with large numbers of vacant and physically inadequate homes. The result is that too few homes are affordable and available to Puerto Rican renters with the lowest incomes.

Each year, the National Low Income Housing Coalition's (NLIHC's) *The Gap Report* measures the affordability and availability of rental housing for various income groups nationwide. However, previous *Gap Report* analysis has not included Puerto Rico, as it is not covered by the American Community Survey (ACS). Here, we extend NLIHC's analyses to Puerto Rico for the first time using 2023 Puerto Rican Community Survey (PRCS) data.

Key findings include:

- Puerto Rico has a shortage of 54,915 homes affordable and available for renters with extremely low incomes. Only 66 homes are affordable and available for every 100 renter households¹ with extremely low incomes.
- Renters with extremely low incomes account for 68% of all renters experiencing cost burdens and 86% of renters experiencing severe cost burdens.
- Renter householders² with extremely low incomes are more likely than other renter householders to be seniors, have a disability, be in school, or be single-adult caregivers.

- Dominicans and South Americans are significantly more likely to be renters with extremely low incomes and are, therefore, more likely to experience housing challenges than other ethnic groups.
- The San Juan metropolitan area, where more than 60% of Puerto Rico's renters reside, has only 65 affordable and available homes for every 100 renter households with extremely low incomes.



¹ Throughout this publication, renter and renter households are used interchangeably to refer to renter households.

² Household refers to the heads of household and, if applicable, their spouses.

BACKGROUND

Like the mainland, Puerto Rico has an affordability gap for extremely low-income renters that cannot be solved without subsidy. However, Puerto Rico faces additional barriers to meeting the housing needs of its residents. As a U.S. territory, Puerto Rico is subject to extensive federal oversight, limiting its autonomy and ability to effectively respond to crises. Even though Puerto Ricans have been U.S. citizens since 1917 and pay most federal taxes, the island does not receive equitable federal funding. Unlike states, Puerto Rico receives social program funding mainly through fixed block grants rather than formulas, leaving essential programs, such as SNAP and Medicaid, chronically underfunded (Solomon, 2019). Trade restrictions also add strain—the “Jones Act” requires goods shipped between Puerto Rico and the mainland to travel on U.S. owned and operated vessels, raising consumer costs by more than \$1 billion annually and delaying supplies during emergencies (De Jesús & Rodriguez, 2021). These policies prolong periods of economic distress and housing instability by making it more expensive to build or rehabilitate housing and limiting the support available for residents experiencing financial hardship.

Federal policy changes have also weakened incomes and employment, undermining Puerto Rico’s economy. The expiration of Section 936 tax incentives in 2006 triggered mass layoffs in manufacturing, widespread business closures, and the onset of a historic recession that lasted more than a decade (Caraballo-Cueto, 2021). The economic decline worsened government spending deficits, culminating in the government defaulting on debts in 2015. In response, Congress passed the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) in 2016, establishing a fiscal oversight board that prioritized debt repayment through austerity. The board’s measures cut public sector jobs, reduced funding for social programs, and privatized parts of the energy grid, while utility costs continued to rise (Renta et al., 2021). These income shocks, coupled with chronically high unemployment, have left many households unable to earn enough to afford a modest rental home even when one is available.

The combined impact of recession and austerity has been devastating for low-income Puerto Rican households. By 2023, nearly 40% of residents lived below the poverty line, the unemployment rate was 9.2%, and income inequality was worse than any U.S. state (U.S. Census Bureau, 2024a, 2024b, 2024c). The island has been described as experiencing structural unemployment, as even during favorable economic conditions there are not enough jobs to support the workforce. The lack of employment opportunities, coupled with declining public services, has driven decades of outmigration, shrinking the island’s workforce and tax base while compounding its economic instability (García, 2021). This leaves low-income renters especially vulnerable to housing insecurity, as full-time work is difficult to obtain and weakened social safety nets are ill-equipped to respond to the scale of need.

Low-income renters’ challenges extend beyond economic precarity, as Puerto Rico’s housing supply faces systemic challenges. The island’s vacancy rate was nearly 21% as of 2023, which soared after Hurricanes Irma and Maria struck the island in 2017 (García & Gallardo, 2021). Together these storms caused \$180 billion in damage and disproportionately impacted renters, who were more likely to live in structurally vulnerable homes (Ma & Smith, 2020). Recovery was hampered by widespread informal housing ownership arrangements and restrictive federal aid processes, leaving many homes unrepaired for years (Lamba-Nieves & Santiago-Bartolomei, 2022). At the same time, the growth of short-term rentals has limited the supply of housing available for long-term residents, contributing to rent increases in some areas (Santiago-Bartolomei et al., 2022). Santiago-Bartolomei et al. (2022) observed, for example, that, in the San Juan metropolitan area, a 10% increase in the density of short-term rentals in a given neighborhood led to an average 7% increase in the median rent the following year. In some coastal municipalities, such as Culebra, short-term rentals can account for up to one third of all housing units. Act 60, which allows U.S. investors to avoid income and capital gains taxes if they establish residency in Puerto Rico by purchasing property, has only compounded the supply problem for local residents (Mojica, 2025).

Even when homes are inexpensive, high unemployment and chronically low wages leave many households unable to afford them, while vacant or deteriorated homes reduce the stock that could otherwise be rented. ”

Prolonged economic distress and a housing supply with lingering habitability issues have made it difficult for extremely low-income Puerto Ricans to access stable, affordable housing. Even when homes are inexpensive, high unemployment and chronically low wages leave many households unable to afford them, while vacant or deteriorated homes reduce the stock that could otherwise be rented. The result is a structural gap in which many homes remain inaccessible to renters with the lowest incomes.



THE AFFORDABILITY AND AVAILABILITY OF RENTAL HOUSING BY INCOME

Puerto Rico is unique in how the U.S. Department of Housing and Urban Development (HUD) applies income limits for its programs in the territory. Unlike the mainland, renter households with incomes at or below 50% of area median income (AMI) are considered extremely low-income (Table 1).³ Given Puerto Rico’s significantly lower household incomes compared to the mainland, HUD increased the extremely low-income threshold from 30% to 50% of AMI in 2023 to increase the number of households eligible for targeted assistance (HUD, 2024). In 2023, Puerto Rico’s median family income was \$32,091, a third of the national median of \$96,401. Puerto Rico has 162,902 renter households with extremely low incomes, accounting for over 40% of all renter households on the island.

Table 1. Income Definitions in Puerto Rico

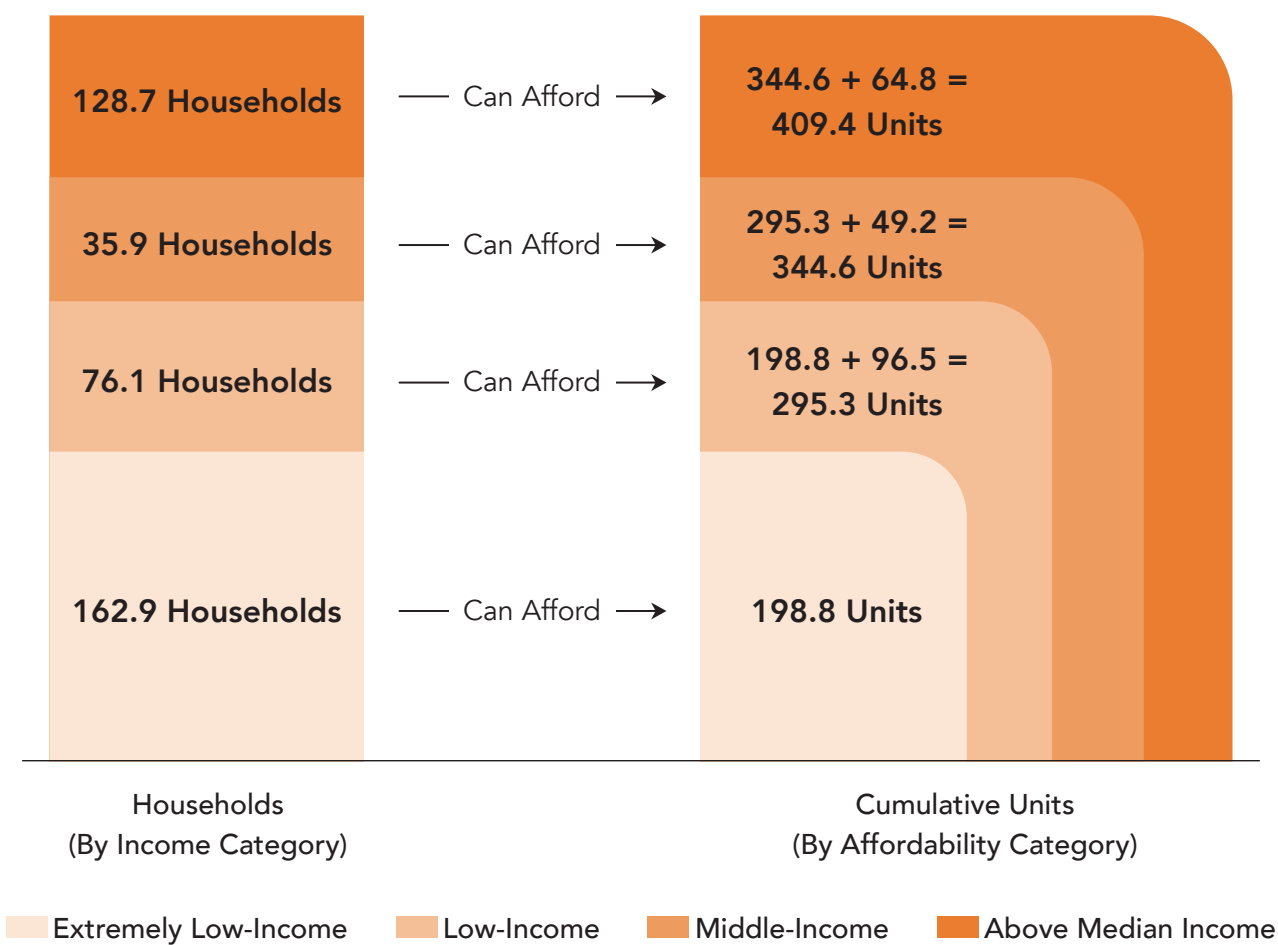
EXTREMELY LOW-INCOME	Household income at or below 50% of AMI
LOW-INCOME	Household income between 51% and 80% of AMI
MIDDLE-INCOME	Household income between 81% and 100% of AMI

³Typically, HUD defines extremely low-income households as those with incomes at or below the poverty guideline or 30% of AMI, whichever is higher, and very low-income households as those with incomes between 31% and 50% of AMI. Effectively, very low-income is not a distinct income category in Puerto Rico.

Using HUD’s definition of affordability, which assumes households should spend no more than 30% of their income on housing costs, Puerto Rico has 198,813 rental homes affordable to its 162,902 extremely low-income renter households (Figure 1).⁴ This indicates a surplus of 35,911 rental homes affordable to the lowest-income renters. The surplus of affordable rental homes increases

for higher income groups. For example, the 76,074 low-income households, whose incomes are between 51% and 80% of AMI, can afford the 198,813 homes affordable to extremely low-income renters plus an additional 49,535 homes affordable to households with incomes between 51% and 80% of AMI (Figure 1).

Figure 1: Rental Units and Renters in Puerto Rico, Matched by Affordability and Income Categories, 2023 (in Thousands)



Source: 2023 PRCS PUMS.

⁴NLIHC excludes rental homes that lack complete kitchens and plumbing in estimates of affordable home counts.

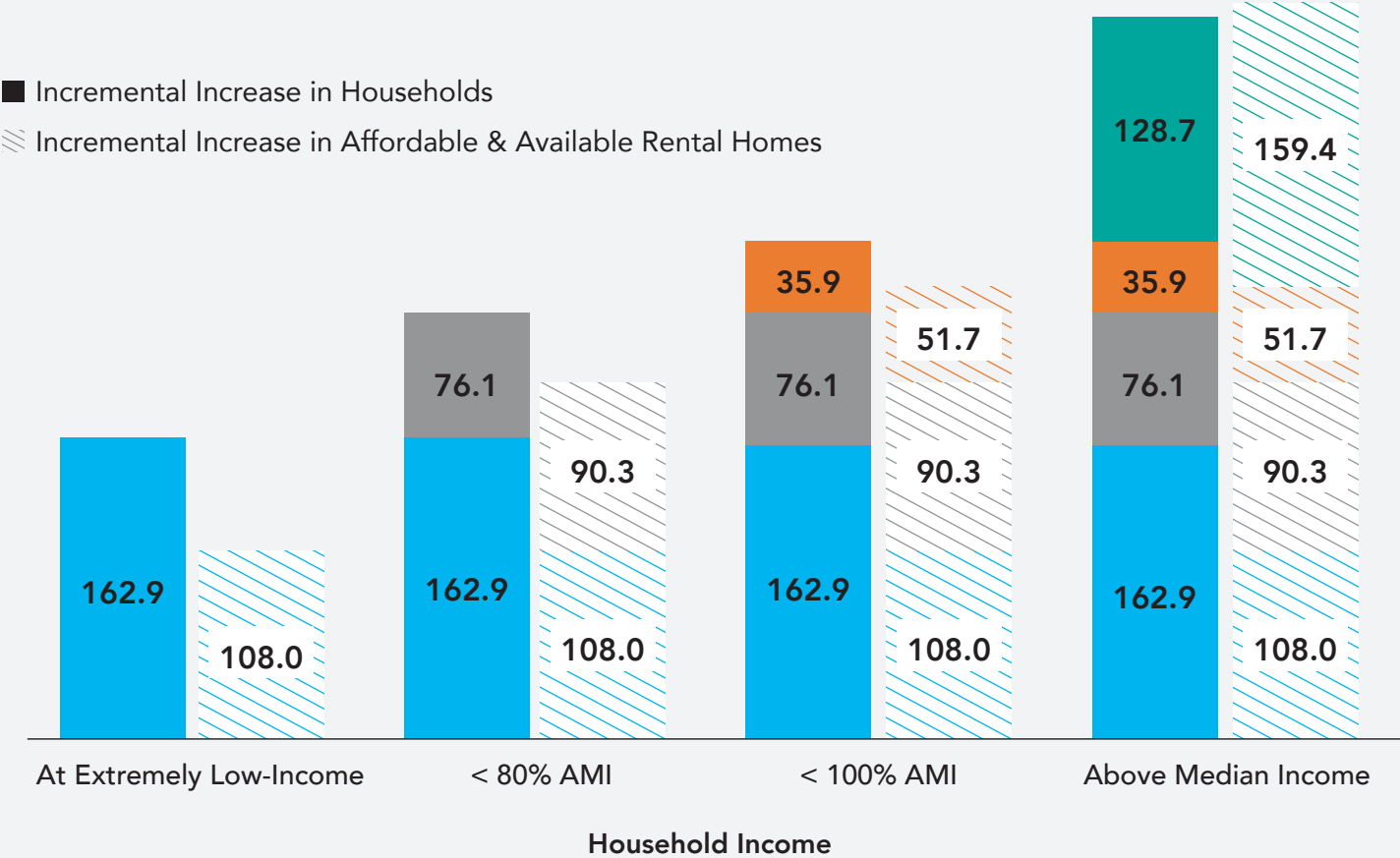
The surplus of affordable homes for extremely low-income renters, however, becomes a deficit when we also consider their availability. In the private market, households can occupy homes that cost less than 30% of their income, and when higher-income households occupy rental homes that are affordable to lower-income households, those homes are unavailable to lower-income households. Rental homes are both affordable and available if they are affordable to households with incomes below the defined income level and are currently vacant or occupied by a household with income below the defined income level.

Extremely low-income renters must compete with all higher-income households in Puerto Rico for the rental homes affordable to them in the private market. Of the 198,813 rental homes affordable to extremely low-income renters, 90,826 are occupied by households with higher incomes. This leaves 107,987 affordable and available homes for Puerto Rico’s 162,902 extremely low-income households, resulting in a shortage of 54,915 rental

homes affordable and available to them (Figure 2 and Table 2). Approximately 66 rental homes are affordable and available for every 100 of the lowest-income renter households. The shortage of affordable and available rental homes for higher income households can be explained by this shortage for extremely low-income renters.

The cumulative shortage of affordable and available rental homes improves higher up the income ladder. Moving up the income ladder to include all renter households with incomes at or below 80% of AMI adds 76,074 renter households with incomes between 51% and 80% of AMI and an additional 90,337 homes that are affordable and available (Figure 2), decreasing the cumulative shortage of affordable and available rental homes for all renter households with incomes at or below 80% of AMI to 40,652 (Table 2). Approximately 83 rental homes are affordable and available for every 100 renter households with incomes at or below 80% of AMI.

Figure 2: Renter Households and Affordable & Available Rental Homes, 2023 (in Thousands)



Source: 2023 PRCS PUMS.

Table 2. Affordable & Available Rental Homes by Household Income

RENTER HOUSEHOLD INCOME	Surplus/Deficit of Affordable and Available Homes	Affordable and Available Homes per 100 Households
AT OR BELOW 50% OF AMI	-54,915	66
AT OR BELOW 80% OF AMI	-40,652	83
AT OR BELOW 100% OF AMI	-24,838	91
ALL RENTERS	5,788	101

Source: 2023 PRCS PUMS.

Moving further up the income ladder to include all renter households with incomes below the median or 100% of AMI adds 35,854 renter households with incomes between 81% of 100% of AMI and 51,668 affordable and available rental homes. Therefore, the cumulative shortage of affordable and available rental homes for all renters with incomes at or below 100% of AMI is 24,838. Approximately 91 rental homes are affordable and available for every 100 renters with incomes at or below 100% of AMI.

The physical quality of rental housing in Puerto Rico is a significant concern. Approximately 19,700 rental homes lack complete kitchens and plumbing, accounting for 4.6% of the current rental stock.⁵ Approximately half of these inadequate units are vacant, while the other half are

occupied. Nearly 5,200 of these units, or more than one-quarter, are occupied by extremely low-income renters who likely have limited housing options. Another 2,100, or roughly 10%, are occupied by low-income renter households with incomes between 51% and 80% of AMI. The significant share of rental homes with incomplete plumbing and kitchens demonstrates the habitability component of Puerto Rico's housing shortage, in which a large number of existing homes are unfit for tenants. In reality, the actual share of housing that is inadequate may be even higher given the PRCS includes only two quality-related questions that focus on complete plumbing and kitchen, both of which could be found in homes that are nonetheless inadequate for other reasons.



⁵This share is more than double that of homes with incomplete kitchens or plumbing in the states.

The lack of affordable homes, cuts to government supports, and the pervasive difficulty of finding full-time, stable employment in Puerto Rico leaves many extremely low-income renters in a state of chronic financial distress. ”

COST BURDEN

The shortage of affordable and available rental homes, especially for those with extremely low incomes, means a significant share of renters in Puerto Rico must spend more than 30% of their income on rent. Households spending more than 30% of their income on housing are considered housing cost burdened, while those spending more than 50% are considered severely cost burdened. Severe housing cost burdens can force households to cut back on other essentials like healthcare, food, or education. At the same time, government programs that help provide these necessities to low-income households are experiencing reductions in funding (Renta et al., 2021). The lack of affordable homes, cuts to government supports, and the pervasive difficulty of finding full-time, stable employment in Puerto Rico leaves many extremely low-income renters in a state of chronic financial distress.

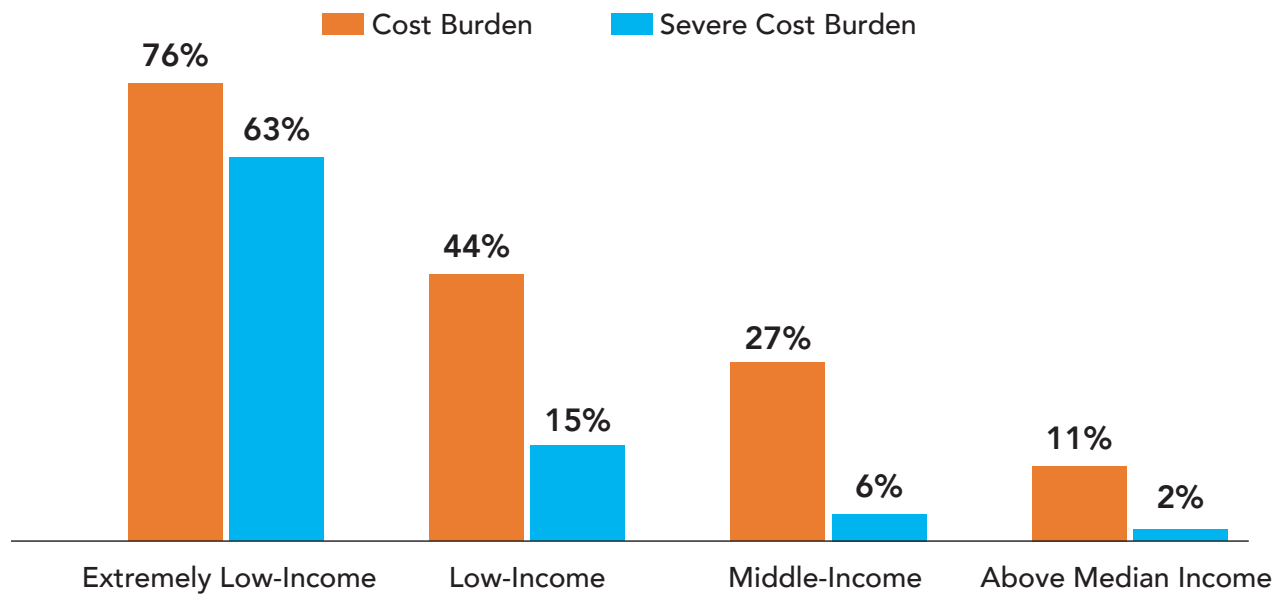
In Puerto Rico, 45% of renter households experience cost burdens, while 30% experience severe cost burdens. Cost burdens are most concentrated among extremely low-income renters. More than three-quarters (76%) of extremely low-income renters are housing cost burdened and 63% are severely cost burdened (Figure 3). Extremely low-income renters account for 68% of all cost burdened and 86% of all severely cost-burdened renters in Puerto Rico (Figure 4).

Forty-four percent of low-income renter households, with incomes between 51% and 80% of AMI, are housing cost burdened and 15% are severely cost burdened. Collectively, extremely low-income and low-income renters account for 87% of all cost burdened and 95% of all severely cost-burdened renters (Figure 4).

The prevalence of cost burdens and severe cost burdens is much lower among renters with incomes above 80% of AMI. Twenty-seven percent of middle-income renter households, whose incomes are between 81% and 100% of AMI, are cost burdened and 6% are severely cost burdened. Extremely low-income renters are at least 10 times more likely than middle-income renters to be severely cost burdened.

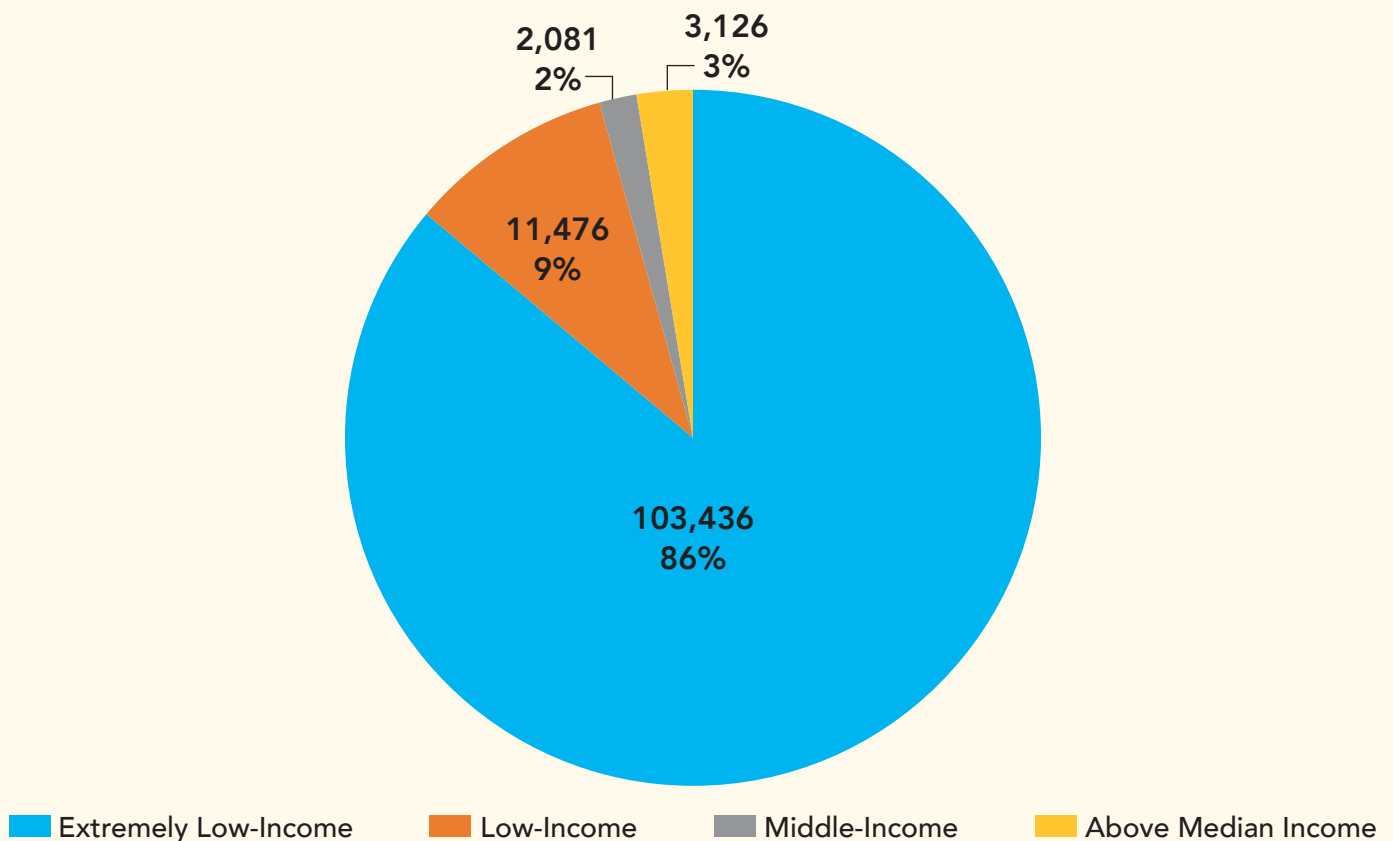


Figure 3: Renter Households with Housing Cost Burdens by Income, 2023



Source: 2023 PRCS PUMS.

Figure 4: Income Distribution of Severely Cost-Burdened Renters, 2023



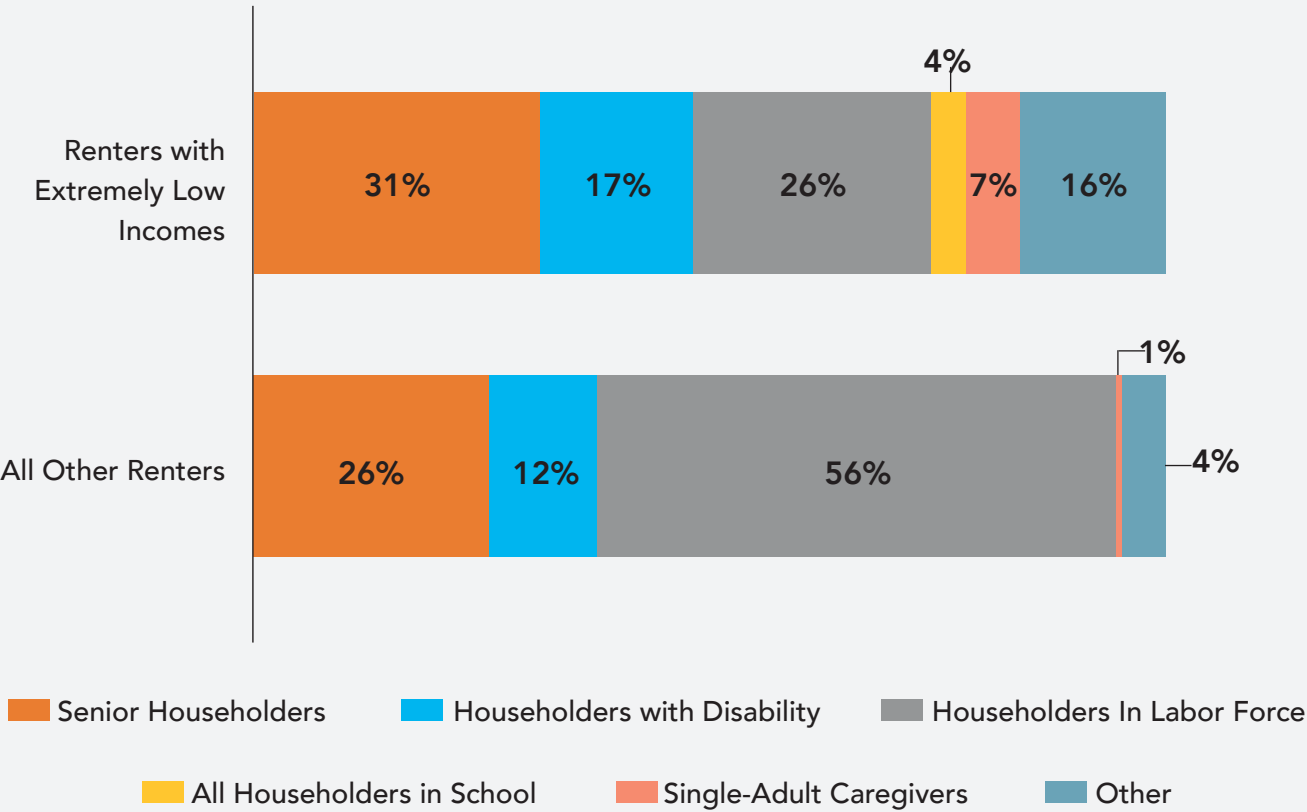
Source: 2023 PRCS PUMS.

WHO ARE EXTREMELY LOW-INCOME RENTERS?

Extremely low-income renter householders are more likely to be seniors, people with disabilities, and single-adult caregivers than other renters (Figure 5). Forty-eight percent of extremely low-income renter householders are seniors or have disabilities, compared to 38% of other renter householders. Seniors may be especially vulnerable to the detrimental impacts of increasing housing costs due to pension reforms that have eliminated cost-of-living adjustments (Oversight Hearing on PROMESA, 2025). This means every year moving forward, pension payments will cover less of a household’s daily needs, increasing the already acute risk of housing cost burden.



Figure 5: Householders Type by Income



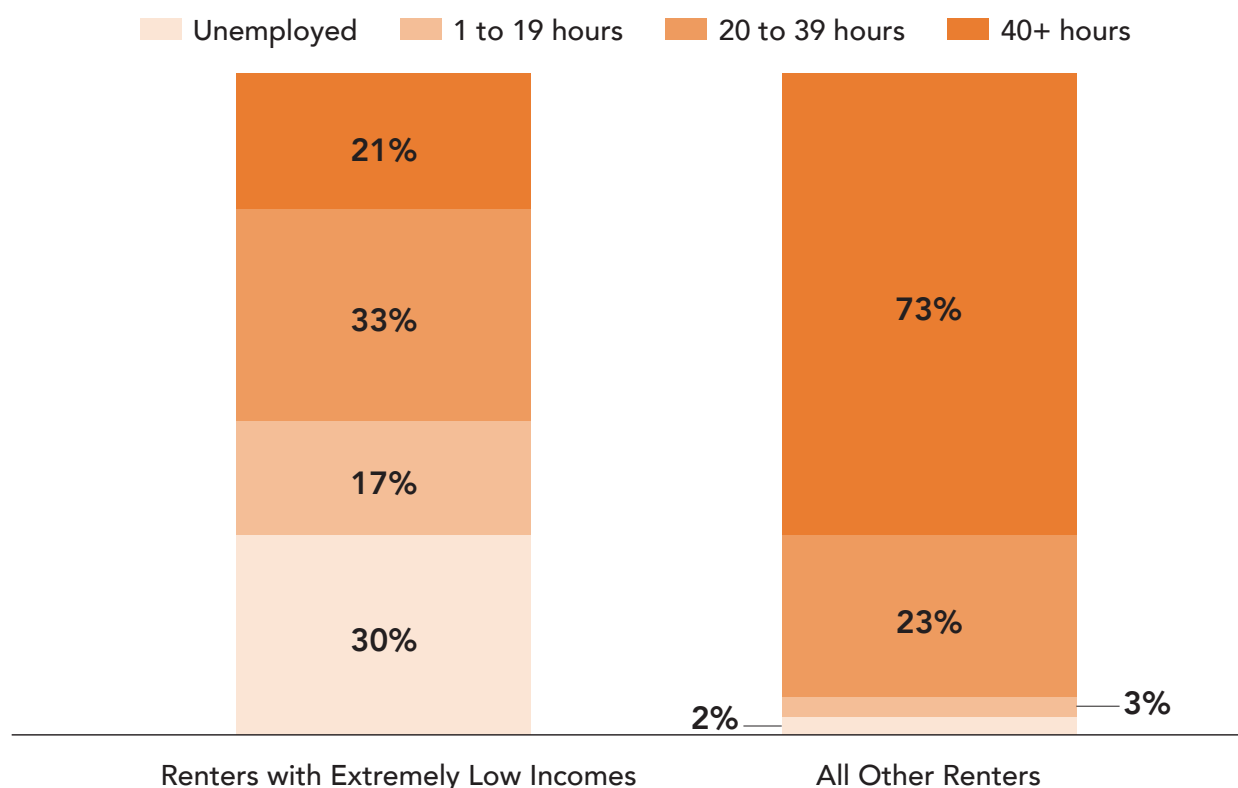
Source: 2023 PRCS PUMS.

Note: Mutually exclusive categories are applied in the following order: senior, disabled, in the labor force, enrolled in school, single-adult caregiver of a child under 7 or of a household member with a disability, and other. ‘Senior’ refers to a renter or renter’s spouse (if applicable) who is at least 62 years old. ‘Disabled’ applies when both the renter and spouse (if applicable) are under 62 and at least one has a disability. ‘Other’ includes householders not classified in the previous categories.

Given that many extremely low-income renter householders are seniors or people with disabilities or have other life circumstances such as school or caring for other family members, only one-third of extremely low-income renter households, including seniors and people

with disabilities, have at least one householder in the labor force. Among them, 21% work full time. Thirty percent of extremely low-income renter households in the labor force are unemployed, compared to just 2% of other renters and 3% of homeowners (Figure 6).

Figure 6: Weekly Householder(s)' Hours Worked by Income



Source: 2023 PRCS PUMS.

Unlike the rest of the U.S., where full-time wages fail to afford a modest rental home, a full-time worker making minimum wage in Puerto Rico would be able to afford a one-bedroom home at Fair Market Rent without being cost-burdened (NLIHC, 2025). The minimum wage in Puerto Rico is \$10.50 an hour, meaning a minimum wage worker would have to work 39 hours a week to afford a one-bedroom home and 44 hours a week for a two-bedroom home. However, many Puerto Rican renters struggle to afford these comparatively affordable homes, because they aren't able to obtain full-time employment.

Many extremely low-income renters manage multiple time-consuming obligations like work, school, or caregiving at once. Seventeen percent of extremely low-income renters are single-adult caregivers of a young child or of a household member with a disability, and of them one

in five work more than 20 hours a week. Six percent of Puerto Rican extremely low-income renter householders are enrolled in school and 22% work more than 20 hours a week. College students in Puerto Rico have been hit especially hard by reductions in education funding after the debt crisis, as college tuition for public institutions has risen sharply (Redden, 2019). The persistent lack of parity in funding for basic federal programs, such as Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP) and Medicaid, further compounds these difficulties and leaves many families without adequate support. Taken together, these characteristics illustrate how Puerto Rico's weak labor market and social safety nets intersect to limit extremely low-income renters' capacity to secure stable, affordable housing.

RACE AND ETHNICITY

The U.S. Census Bureau's categories for race aren't ideal measures in Puerto Rico. Informally, Puerto Ricans use a continuum model of race based on skin color, hair texture, and facial features, meaning a category like "white" encompasses more than European ancestry (Allen, 2016). One's nationality is often used rather than a racial category, with people identifying with their place of birth.

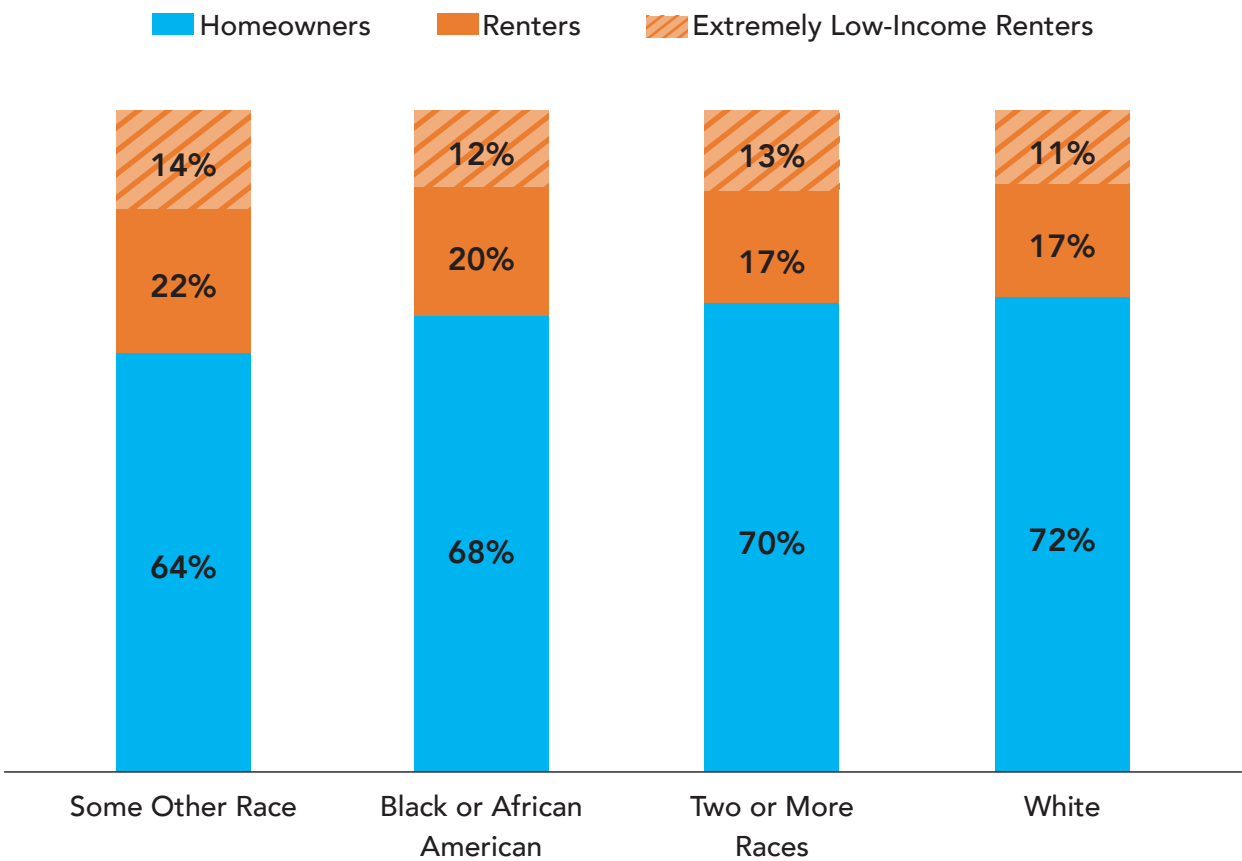
The Census Bureau began excluding race and ethnicity questions from Puerto Rico's census in 1960 and didn't reintroduce them until 2000. Afterwards, the Bureau held focus groups with Puerto Rico's residents on the appropriateness of its race and ethnicity questions. Puerto Ricans reported that the options for race were too narrow and the ethnicity question was confusing, as many considered asking both questions redundant. The different conceptualizations of race led over 80% of Puerto Ricans on the island to select white alone as their race, nearly twice the rate of Puerto Ricans on the mainland (Lloréns, Quijano, & Godreau, 2017).

Over time, Puerto Rican responses to Census questions on race have shifted away from white alone toward "some other race" or multiple races, while respondents also identify as Hispanic or Latino (The Associated Press, 2021; Viera, 2023). In the 2023 PRCS, 99% of respondents identified as Hispanic or Latino. In response to the race question in 2023, 31% of respondents identified as some other race, 40% as two or more races, and just 23% as white alone.

Putting aside the flaws inherent to the Census Bureau's measures of race and ethnicity in a Puerto Rican context, households who identified as white alone were more likely than other households to own their home and were the least likely to be extremely low-income renters (Figure 7). Households who identified as Black, multiracial, or as "some other race" were somewhat more likely to be extremely low-income renters. Households who identified as "some other race" were the least likely to be homeowners. The "some other race" category is vague, but there has been an increase in the share of the U.S. Hispanic population, and Puerto Ricans in particular, who identify with this category (The Associated Press, 2021; Viera, 2023; Wang, 2021). In Puerto Rico, this category may capture those who feel unrepresented by the other racial categories either alone or in combination, making it notable that they are more likely than Black, white, and multiracial households to be extremely low-income renters.



Figure 7: Race of Households by Tenure



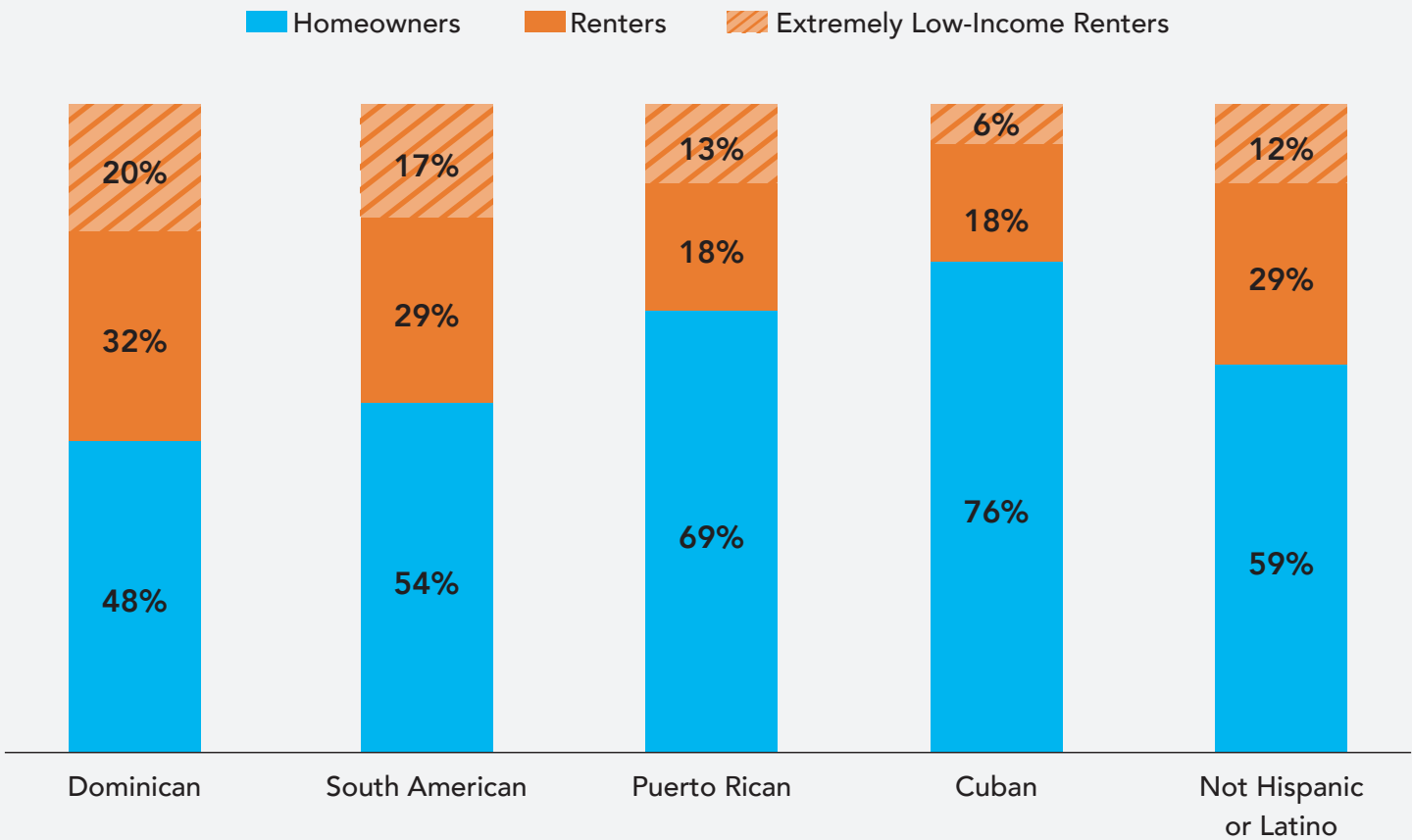
Source: 2023 ACS PUMS.
Note: Native Hawaiians, Pacific Islanders, and Asians are excluded due to small sample sizes.



Since nearly all Puerto Ricans (99%) identify as Hispanic or Latino, we also examined tenure and extremely low-income renter status by households' Hispanic or Latino origin (Figure 8). Dominican and South American households are more likely than Puerto Rican and Cuban households to be extremely low-income renters. Twenty percent of Dominican households are extremely low-income renters compared to 6% of Cuban households. The stark disparities in tenure and income between these two largest non-Puerto Rican ethnic groups on the island reflects the differences in how each group has been treated and perceived historically. Thousands from both countries immigrated to Puerto Rico throughout the 20th century, fleeing bouts of domestic instability. However, Cuban migrants often had more resources and were eligible for U.S. citizenship, while Dominicans came in larger numbers, sometimes illegally, and often with fewer resources.

Dominicans in Puerto Rico are subject to a range of racist and classist stereotypes (Duany, 2006; Allen, 2016). This stigmatization of Dominicans contributes to a wide array of disparate outcomes, including lower incomes, lower educational attainment, and higher food insecurity relative to the Puerto Rican-born population (Tamez et al., 2018). Stigma also regulates where Dominicans live, largely concentrated in low-income neighborhoods around San Juan that have older, less valuable homes and significantly lower homeownership rates. This stigma also has impacted housing perceptions—a San Juan study found a majority of residents believed their home value would decrease if Dominicans moved to their neighborhood, and this was the only racial or ethnic group to elicit that response (Díaz-Garayúa, 2016). The collective consequences of housing stigma and employment discrimination make it difficult for Dominicans living in Puerto Rico to access safe, affordable homes.

Figure 8: Ethnicity of Households by Tenure



Source: 2023 PRCS PUMS.

SAN JUAN METRO

Puerto Rico’s renter population is largely concentrated in one metro area, the San Juan–Bayamón–Caguas metropolitan statistical area (MSA). More than 60% of all renter households and extremely low-income renter households are located within the San Juan MSA. This is unsurprising given the economic importance of San Juan as the territory’s capital and as the source of a majority of the island’s employment. In fact, based on an average across the first five months of 2025, over 70% of non-farm employment in Puerto Rico occurred in the San Juan MSA (U.S. Bureau of Labor Statistics, 2025). The MSA also had a lower unemployment rate at 4.3% than the island overall, which averaged 5.5% over the same 5-month period.

Similar to Puerto Rico as a whole, roughly 40% of renters in the San Juan MSA have extremely low incomes, totaling 100,776 households. They face a shortage of 34,881 affordable and available rental homes (Table 3). This shortage means only 65 rental homes are affordable and available for every 100 extremely low-income renter households in the San Juan MSA. The cumulative shortage of affordable and available rental homes improves higher up the income ladder. The cumulative shortage shrinks to 26,545 affordable and available rental homes for all renter households with incomes at or below 80% of AMI, and the cumulative shortage disappears at 100% of AMI. These numbers indicate that the shortages of affordable and available rental homes can be attributed to the shortage for extremely low-income renters.



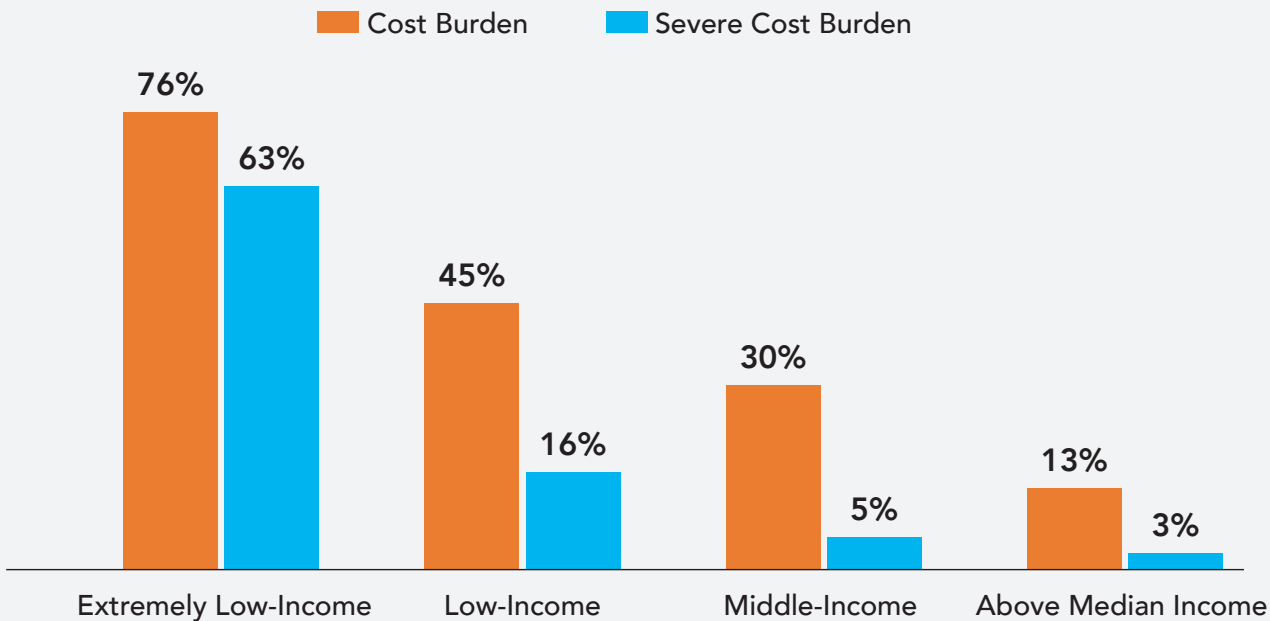
Table 3. Supply of Affordable & Available Rental Homes by Household Income in San Juan MSA		
RENTER HOUSEHOLD INCOME	Surplus/Deficit of Affordable & Available Homes	Affordable & Available Homes per 100 Households
AT OR BELOW 50% OF AMI	-34,881	65
AT OR BELOW 80% OF AMI	-26,545	82
AT OR BELOW 100% OF AMI	3,696	102
ALL RENTERS	2,892	101

Source: 2023 PRCS PUMS.

More than three quarters of extremely low-income renters in the San Juan metro experience cost burden and 63% experience severe cost burden due to the significant shortage of affordable and available rental homes (Figure 9). Extremely low-income renters face significantly higher rates of cost burden and severe cost burden than other

renters. Forty-five percent of low-income renters are cost-burdened and 16% are severely cost-burdened, and 30% of middle-income renters are cost-burdened and 5% are severely cost-burdened.

Figure 9: Renter Households with Housing Cost Burdens by Income, San Juan MSA, 2023



Source: 2023 PRCS PUMS.



Public Housing is Puerto Rico's largest source of subsidized affordable housing, funding or partly funding more than 48,000 homes. ”

FEDERALLY ASSISTED HOUSING STOCK

Currently, more than 87,000 rental homes across nearly 700 properties on the island actively receive federal subsidies. Public Housing is Puerto Rico's largest source of subsidized affordable housing, funding or partly funding more than 48,000 homes. The Low-Income Housing Tax Credit (LIHTC) is the second most common program, assisting 18,627 homes, followed by Section 8 Project Based Rental Assistance (PBRA) with 14,787. Thirteen percent of assisted homes, or 11,472, receive more than one source of funding.

Subsidized rental homes face three main types of risk, jeopardizing their continued affordability and habitability: exit, depreciation, and appropriations risk. Exit risk is the potential for a program's affordability restrictions to end, either due to expiration or termination, which could result in subsidized or restricted rents converting to market-rate rents. Certain programs, like LIHTC, are more vulnerable to exit risk, as the program has embedded affordability expiration periods. Depreciation risk involves the long-term decline of a property's physical or financial state, resulting in uninhabitable conditions for tenants. Appropriations risk can arise if congressional funding allocations fall short of the required amount to continue supporting programs, an issue nearly all of Puerto Rico's social programs experience. All three of these risks are present with the territory's assisted housing stock, making it important to understand the extent of properties facing these risks.

Real Estate Assessment Center (REAC) scores, which are assigned to properties based on their physical conditions, can be used to approximate depreciation risk. The largest limitation with REAC scores is that they are only available for homes funded through public housing and HUD multifamily programs. Of the 47,061 public housing homes with available REAC scores, nearly 12% or 5,513 received a failing score on their most recent assessment. Among the 14,561 Section 8 PBRA homes with REAC scores, 3% or just under 500 homes received failing scores.

In terms of exit risk, 2,812 federally assisted homes in Puerto Rico have affordability restrictions that will expire in the next five years. Among homes expiring within five years, the majority are solely subsidized by the Section 8 PBRA program, totaling nearly 1,600 homes. Another 435 of the homes facing exit risk in the next five years are assisted through the LIHTC program, while the remainder are funded by other HUD or USDA programs. Collectively, nearly one in ten assisted homes face depreciation risk or exit risk within the next five years.

One known exit risk factor is ownership by a for-profit entity (NLIHC & PAHRC, 2024). For-profit owners account for over 26,000 or 30% of all federally assisted homes in Puerto Rico. This is far lower than the mainland U.S., where 51% of homes are owned by for-profit entities (NLIHC & PAHRC, 2024). In part due to the large number of Public Housing homes, public entities own 47,993 or 55% of Puerto Rico's federally assisted homes. Another 12% are owned by non-profit owners, while the remaining 3% have either mixed ownership or ownership data are missing from our data. Even though for-profit ownership of assisted homes is less common in Puerto Rico than the U.S., the potential for federally assisted housing to reposition to market-rate housing remains a concern.

Another important source of housing assistance in Puerto Rico is Housing Choice Vouchers (HCV). As of 2024, Puerto Rico had 33,944 housing vouchers, 84% of which were utilized (HUD, n.d.). The financial support HCVs provide to households with low incomes makes the program a crucial component of the assisted housing stock. Unfortunately, the program continually faces appropriations risk, as federal funding for the HCV program is often at risk of budget cuts each year. Even when the HCV program receives increases in appropriations, the increases need to keep pace with inflation to guarantee a loss of vouchers doesn't occur.

CONCLUSION

Puerto Rico faces a significant shortage of affordable and available rental homes for its lowest-income renters who, in turn, face severe and pervasive housing cost burdens. Extremely low-income renters face an affordability gap that cannot be solved without extensive investment in housing assistance.

To address the housing affordability challenges faced by the lowest-income renters, significant investments in federal housing programs are required. First, given the far-reaching scope of unemployment and low incomes, additional investment in rental assistance, like the HCV program, is needed. In addition to the direct financial support vouchers provide for households with low incomes, the HCV program also provides a source of income to private landlords, potentially incentivizing them to maintain or even renovate their properties.

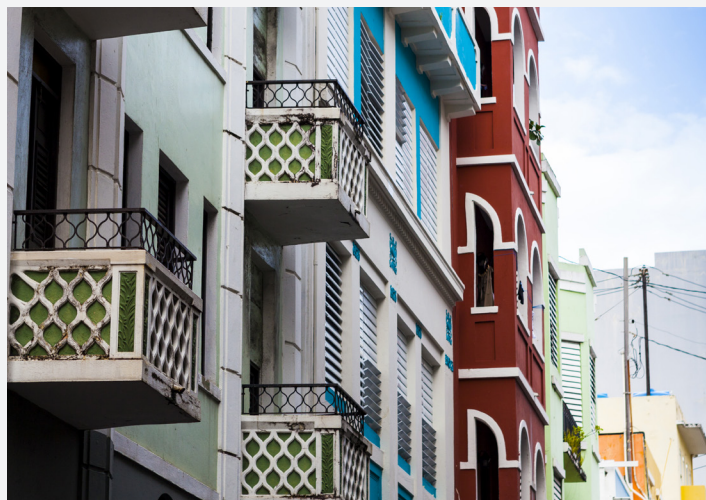
The preservation challenges documented in this report indicate investments are also needed to preserve the physical quality and affordability of Puerto Rico's existing federally assisted housing stock. Given that the majority of the island's assisted housing stock is public housing, greater capital investments are vital to improving and maintaining the physical quality of the public housing stock and mitigating depreciation risk.

Puerto Rico also suffered from a slow rollout of disaster housing assistance in the wake of Hurricanes Irma and Maria as well as the 2020 earthquakes, which likely contributed to longer-term challenges with displacement and physically inadequate housing. Given the increasing frequency and intensity of climate-related disasters, the federal government must provide equitable funding for housing and disaster recovery, ensuring funds are disbursed without the bureaucratic delays that have historically hampered recovery. One effort that would improve the administration of housing assistance after disasters would be permanently establishing the HUD-administered Community Development Block Grant - Disaster Recovery (CDBG-DR) Program through the bipartisan "Reforming Disaster Recovery Act." This act would ensure that critically needed long term recovery funds for housing repair, renovation, and replacement quickly reach impacted areas and help survivors return and remain in their communities following disasters.

Much like the mainland U.S., Puerto Rico faces an acute shortage of rental homes affordable and available to the lowest-income renters. The private market alone is unable to meet the housing needs of these renters and inadequate funding for federal housing assistance falls far too short. At the same time, Puerto Rico faces its own unique set of hardships with its limited political autonomy as a territory, continuing economic crises, and mounting climate-related disasters. These hardships have only exacerbated the housing affordability challenges that stem from the limitations of the private market. Significant investments in federal housing assistance and reforms to disaster housing recovery policy would go a long way to address the housing challenges documented in this report.

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