



## EXECUTIVE SUMMARY

### Political advocacy of the first Urban Land LAB

*“Financing mechanisms and instruments of land re-use and densification for housing purposes”*

In the last decades, varying political and academic instances have been promoting compact cities, as a way towards socio-spatial inclusion, sustainable territorial and economic development, and good governance. In these matters, access to land, secure tenure and adequate housing play a fundamental role, by defining the patterns of urban growth and people’s access to systems of opportunities, goods and services. Although there are innovative initiatives promoted by civil society in different regions and cities, they generally lack the private sector's interest to achieve impact, scale and influence public policy.

In Latin America, the Urban Development Institute CENCA in Peru and Habitat for Humanity (HFH) Argentina lead interesting proposals that aim at developing compact and equitable cities, by promoting land re-use and densification on the one hand, and adequate housing access in different locations and tenure options on the other hand. With the double goal of closing the proposals’ financial gap and leveraging synergies, Habitat for Humanity International/Regional Office for Latin America and the Caribbean (HFHI/LAC) designed a new multi-actor space for knowledge sharing and creation, focused on transforming these initiatives into viable, scalable and sustainable models, in the framework of the Solid Ground Global Campaign.

The first Urban Land LAB "Financing mechanisms and instruments of land re-use and densification for housing purposes"<sup>1</sup> convened international experts, government representatives, the banking and

<sup>1</sup> Organized in the framework and thanks to the support of the HFHI Solid Ground Global Campaign, through the Urban Group of Land Instruments LAC, which is part of UN-HABITAT / Global Land Tool Network (GLTN), the HFHI Office of Government Relations in Washington DC and Cities Alliance.

construction sectors as well as civil society during two days in Buenos Aires, Argentina, from March 14 to 15, 2017.

This document summarizes the main findings of the ‘Political advocacy of the first Urban Land LAB’ Report, which analyzes the LAB’s contributions to the models of Peru and Argentina, based on the discussion of international experiences, the acceleration of synergies towards political impact, and the analysis of financing instruments and mechanisms, taking into account the regional, national and local contexts, and the challenges and opportunities for change.

PERUVIAN AND ARGENTINIAN MODELS SUMMARY				
	Peruvian model		Argentinian model	
<b>Title</b>	Social housing program in height as a strategy to reduce the occupation of slopes and risk areas in Lima, Peru		Recycling urban homes for fair rent in Buenos Aires, Argentina	
<b>Problematic</b>	Informal development on high-risk slopes without access to urban goods and services while there are legalized and served neighborhoods in flat areas with potential for housing densification, mostly unfinished.		Poor access of low-income and/or informal households to formal rent (including with demonstrated payment capacity) while there is a large number of vacant apartments in Buenos Aires that need rehabilitation.	
<b>Objectives</b>	<ol style="list-style-type: none"> <li>Promote a multifamily social housing program with different tenure options in the flat urban area.</li> <li>Develop a pilot project of social housing of apartments in individual urban properties in the flat area of José Carlos Mariátegui.</li> </ol>		<ol style="list-style-type: none"> <li>Offer social and financial guarantee to owners to rent to vulnerable households (300 homes in 3 years).</li> <li>Recycle 300 vacant spaces in the city.</li> <li>Influence a public policy that facilitates access to adequate rental housing for vulnerable households (1000 households in 3 years).</li> </ol>	
<b>Initial intervention model</b>	The owners (poor households with unfinished housing) provide the plot and receive in exchange a finished apartment and a commercial premise (or another apartment) to complete the plot’s value. The builder develops the project through demand-side subsidies for low-income households.		The owners give up their property to an operator (HFHA) for four years, who assumes the rehabilitation through a credit that is paid back with the rent to vulnerable population. After the period of four years, the owner recovers a rehabilitated apartment he can continue to rent to the tenant who demonstrated his ability to pay.	
<b>Financial closure</b>	<i>Contributions (per house)</i>	<i>USD \$</i>	<i>Contributions</i>	<i>USD \$</i>
	Techo Propio subsidy	9,696	Government credit line with public banks	500.000
	Green subsidy	1,515	Government of Buenos Aires	200.000
	Beneficiary’s savings	1,515	Donation from constructors	100.000
	Beneficiary’s credit 20 years	15,415	<i>Total</i>	<i>800.000</i>
	<i>Total</i>	<i>28.142</i>		
<b>Preliminary results</b>	<ul style="list-style-type: none"> <li>✓ Political will of the Ministry of Housing.</li> <li>✓ Market survey of the José Carlos Mariátegui area with an initial urban and architectural proposal.</li> <li>✓ Detailed costs with financial closure.</li> </ul>		<ul style="list-style-type: none"> <li>✓ Database of trained households living in precarious rental housing.</li> <li>✓ A rehabilitated urban space with eight apartments rented to vulnerable families.</li> <li>✓ Local policy "Rent Is Possible".</li> </ul>	

## Contributions of the LAB to the formulation of the Peruvian and Argentinian models

SUMMARY INFORMATION OF THE FIRST LAB	
<b>Participants</b>	
International experts	<ul style="list-style-type: none"> <li>▪ Robin Rajack, Inter-American Development Bank (IADB), United States</li> <li>▪ João Whitaker, former secretary of housing of São Paulo, University of São Paulo, Brazil</li> <li>▪ Diego Restrepo, former director of the Social Housing and Habitat Institute of Medellin (ISVIMED), Colombia</li> </ul>
Public sector	<ul style="list-style-type: none"> <li>▪ Ministry of Housing, Construction and Sanitation of Peru</li> <li>▪ Undersecretary of Urban Development and Housing of the Ministry of the Interior of Argentina</li> <li>▪ City Bank of Buenos Aires</li> </ul>
Private sector	<ul style="list-style-type: none"> <li>▪ Construction companies in Argentina</li> </ul>
Civil society	<ul style="list-style-type: none"> <li>▪ HFHI/LAC, Argentina and Bolivia</li> <li>▪ Urban Development Institute CENCA (Peru)</li> <li>▪ Civil Association for Equality and Justice (ACIJ)</li> </ul>
<b>Main activities</b>	
Regional contextualization	<ul style="list-style-type: none"> <li>▪ Challenges and opportunities for densification and social renting in Latin America, Robin Rajack.</li> </ul>
Lessons learned and best practices in Latin-American cities	<ul style="list-style-type: none"> <li>▪ Lessons learned to finance land re-use and densification for housing in Medellin, Colombia, Diego Restrepo.</li> <li>▪ Financing housing policy in São Paulo, Brazil, João Whitaker.</li> </ul>
Presentation of the Peruvian and Argentinian models	<ul style="list-style-type: none"> <li>▪ Recycling urban homes for fair rent in Buenos Aires, Argentina.</li> <li>▪ Social housing program in height as a strategy to reduce the occupation of slopes and risk areas in Lima, Peru.</li> </ul>
Technical assistance round tables	<ul style="list-style-type: none"> <li>▪ Analysis of stakeholders (roles, incentives, risks and mitigation mechanisms) through a guiding matrix.</li> <li>▪ Discussion of financial, fiscal, legal, urban planning and land management instruments.</li> <li>▪ Socialization and discussion of progress and next steps forward.</li> </ul>
Assessment	<ul style="list-style-type: none"> <li>▪ Participatory evaluation of the methodology.</li> </ul>
Social event	<ul style="list-style-type: none"> <li>▪ Book launch "Fair Rentals, Urban Solutions for Buenos Aires" in IADB.</li> </ul>



**Recycling urban homes for fair rent in Buenos Aires, Argentina.** The participants identified different intervention lines and focused on a first phase based on private funding (in-kind donations from the construction sector and investment fund structuring). Vulnerable population credit scenarios were evaluated with the City Bank (public) for later phases and impact on public policy. On the other hand, the participants raised instruments to generate trust among owners and prevent perverse effects such as speculation and gentrification (guarantees, tax incentives, rental legal framework, rent control, urban value capture). The next step consists in carrying out a market survey in a prioritized area where a pilot intervention may be developed to validate the intervention model.



### **Social housing program in height as a strategy to reduce the occupation of slopes and risk areas in Lima, Peru.**

The group deepened the analysis of the intervention model by proposing a zonal urban operator to lead the technical, legal, financial and social feasibility and achieve economies of scale. The participants detailed the 'step by step' of a pilot intervention that could be replicated to become a public policy. The team thoroughly assessed risks, possible overcharges, and instruments aimed at achieving financial closure, improving efficiency and minimizing speculation (land readjustment, 0% utility for builders, tax incentives, trust, horizontal property). The next step is to design and

implement the pilot, initiating the social management process from the first stage.

### **Key recommendations and lessons learned**

- The need to frame the models within a long-term public policy and territorial planning to counteract perverse effects such as speculation, gentrification or densification without quality of life. This also requires adjusting the fiscal and legal frameworks (specifically with respect to the owners' participation in projects and repossession rules) towards a more equitable distribution of costs and benefits.
- The importance of analyzing the stakeholders' interests, risks and possible mitigation mechanisms in detail, and involving them from the formulation phase. Particularly, the beneficiaries' payment capacity, risks of non-payment and delays due to licensing procedures should be thoroughly assessed.
- The fundamental role of social management to dismantle resistance and generate confidence in the program, operators and the State, through comprehensive social support processes sustained over time. Sustainable funding of this item must be guaranteed.

### **Conclusions**

In conclusion, the LAB initiated an ambitious transition process: from ideas to pilot projects, from pilots to intervention models, and from models to public policies. The following main conclusions stand out:

- Fostering rental social housing and urban densification may be one single agenda in the promotion of more equitable cities.
- Civil society and the private sector can play a much more proactive role in managing and implementing innovative and affordable housing initiatives with demonstrative effects that drive changes in public policy.
- In addition to ensuring an efficient, fair and transparent regulatory framework, such proposals represent an opportunity for State action in urban land planning, management and financing within the framework of a long-term strategic vision, with significant financial and political returns for governments and citizens.



"We left with more questions than answers but that was the idea" María Luisa Zanelli, Advocacy/Partnership Outreach Manager, HFHI/LAC. Monitoring, deepening the analysis of scenarios with the different stakeholders, developing pilots and disseminating results in the region will contribute to close gaps in this continuous search for adequate housing and the right to the city for all citizens.



Participants of the Buenos Aires LAB, 2017