

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Local housing solutions and private sector involvement: Korean experience for LAC cities
▪ TC Number:	RG-T3059
▪ Team Leader/Members:	Blanco Blanco, Andres Guillermo, Team Leader; Lee, Hyuna; Avila, Francy Dianela; Razu Aznar, David; Joubert, Marion; Marin Muller, Erick Mathias; Volpe, Federica; Aguilar Blandon, Maria Alejandra (CSD/HUD); Hobbs, Jason Anthony (HUD/CDR); Cambor, Roberto Andres (HUD/CPR) and Betina Hennig (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	December 4 <sup>th</sup> , 2017
▪ Beneficiary:	Brazil, Mexico, Panama, Paraguay
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$450,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	Housing and Urban Development Division
▪ Unit of Disbursement Responsibility:	Climate Change and Sustainable Development Sector
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Environmental sustainability

### II. Objective and Justification

- 2.1 The objective of this Technical Cooperation (TC) is to propose housing interventions at the local level that consider the provision of well-located land with urban services and engage the private sector through partnerships. Policy implications will be drawn from a diagnosis of land management tools and shelter problems of low-income housing in Metropolitan areas. Additionally, sharing Korean development experiences such as supplying decent and affordable housing, and realizing housing welfare with Latin America and Caribbean (LAC) countries will contribute to reduce poverty in the long term and foster inclusive and sustainable cities.
- 2.2 Housing is a key determinant to everyone's life and access to adequate housing is recognized as a universal human right (HUD SFD 2016). The importance of housing and its role to foster sustainable development is now reflected also through the commitments adopted by the international community (SDGs 2015, Habitat III 2016). In a situation of rapid global urbanization, LAC is the most urbanized developing region. In this context, one of the major challenge for LAC is the lack of proper housing - 37 percent of households in LAC suffers housing deficit (IDB 2014) and almost 8% of the regional GDP is needed to solve this problem (IDB 2012). In view of this, it is important to explore policy options, financial mechanisms, and to diversify the housing solutions that rely exclusively on national public funded programs for on homeownership. The IDB is leading this effort with several studies, and has relied on international experiences, draw

lessons and adapt them to the context of LAC. The South Korean case offers important lessons regarding the importance of provision of land with adequate services and the engagement with the private sector for housing development, including rental. Given the successful results achieved of Korea, the IDB, through its Housing and Urban Development (HUD) division, has started a fruitful relation with Korea. One of these efforts was carried out through the TC RG-T2581 "Lessons from Korea: Policy Recommendations for Rental Housing in Latin America." The three main points that came out from this TC RG-T2581 are: (i) in LAC, land policies are established and implemented at the local level, therefore a regional/municipal based approach is necessary rather than working with central government in LAC region; (ii) promoting urban regeneration within the existing urban framework is more adequate in to increase rental housing supply than massive new town developments; (iii) governments in LAC have limited funds and are insufficient to meet the housing demands for low-income groups, therefore it is necessary to explore different fiscal mechanisms to finance housing encouraging the participation of the private sector, including Public Private Partnerships (PPPs). Given the conclusions of the RG-T2581, this new TC will build upon these recommendations and incorporate a multi-sectorial vision by focusing on local housing solutions and land development of well-located serviced areas, considering the urban habitat, public services, transportation systems, public and recreational space. The cities identified for this TC are Sao Paulo (Brazil), Guadalajara (Mexico), Asuncion (Paraguay), and Panama City (Panama). The targeted countries demonstrated political will and a set of criteria for site characteristics such as low density with potential for densification (i.e. already existing infrastructure of networks and of basic services), existing real estate availability in the densification area, vacant housing, and identified target population.

### **III. Description of Activities and Outputs**

- 3.1 This TC is composed of four (4) components and will accompany Sao Paulo (Brazil), Guadalajara (Mexico), Asuncion (Paraguay), and Panama City (Panama) in exploring local housing solutions on well-located serviced area based on the lessons from the Korean experience.
- 3.2 **Component I: Review on Korean case.** One working paper on Korean development experiences based on Joint Redevelopment Program (JRP) and its financial methodology will examine the institutional and governance structure, planning instruments, management practices, instruments of land use, private sector roles, and participatory mechanisms for urban renewal.
- 3.3 **Component II: Diagnostic study on four targeted areas.** By pursuing three-dimensional investigation -- national, city and site level -- the environment, opportunities, challenges, and deficits in targeted sites in cities will be considered to carry out programs for urban regeneration. Besides, the work will consider social mix method, economic self-sufficiency, and phased-development process to reflect current needs.
- 3.4 **Component III: Pilot Project Design.** The vision and development concepts of each site will be drawn. Indicators and sectoral plans including tailored land use plans, residential neighborhoods plans, mixed-use development methods and needed facilities, housing supply plans, and relocation plans for existing residence will be identified. The financial and operational plans will be included based on reviewing the financial feasibility, profitability, and budget sharing between public and private sectors.

- 3.5 **Component IV: Dissemination of lessons learned.** Kick off and final workshops held in LAC (preferably in a beneficiary country), targeting public officers and people from related private sector, and policy brief completed.

#### IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Total Funding
Review on Korean case	US\$30,000.00	US\$30,000.00
Diagnostic study on four targeted areas	US\$150,000.00	US\$150,000.00
Pilot Project Design	US\$210,000.00	US\$210,000.00
Dissemination of lessons learned	US\$60,000.00	US\$60,000.00

#### V. Executing Agency and Execution Structure

- 5.1 The Bank will be the executing agency given that the activities to be financed with this TC will cover multiple countries and institutions in LAC. The Housing and Urban Development Division (CSD/HUD) has substantial experience in providing technical assistance and knowledge to cities, particularly in the areas of housing, urban planning, and sustainability and will be responsible for the technical supervision and administration of this TC. Prior to the initiation of any project activities in any of the beneficiary countries, the project team will obtain a non-objection letter from the corresponding official entity in each country.
- 5.2 The Bank will contract individual consultants in accordance with the guidelines set out in the AM-650. The procurement process for consulting firms of intellectual nature follows the Bank's new Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-1) and related Operational Guidelines (OP-1155-4) which went into effect on January 1, 2017. Non-consulting services will be in accordance with Bank's current procurement policies and procedures. Contracting of logistic services and procurement of goods will be done in accordance with policy GN-2303-20.

#### VI. Project Risks and Issues

- 6.1 The main risk of this TC is that LAC countries and Korea have different contexts, social and economic circumstances, cultures, and institutional systems, so there might be challenges to adapting Korea's experiences to LAC countries. To develop policy recommendations that are more applicable to the target countries, the TC will count on considerable intensive consultations with each government especially in the Component 2 as well as to prioritize their main issues. The team will establish the result through an interactive and consultative process for all activities mentioned above. Other possible risk of this TC is the limited capacity of the Ministries of Urban Development and Housing of the target countries. To mitigate this risk, the team of this TC will coordinate closely with government officials to discuss the applicability of Korea's cases and hire local consultants to facilitate the communication. The TC will also designate an internal working group to facilitate the coordination of participants. Another risk includes the lack of primary data, which will be mitigated by coordinating with local consultants and using secondary data and a literature review of previous studies.

#### VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".