

TECHNICAL COOPERATION ABSTRACT

I. BASIC PROJECT DATA

- Country/Region: Colombia, Mexico, Ecuador, Costa Rica, Dominican Republic, Guatemala, and Peru
- TC Name: Lessons from Korea: Policy Recommendations for Rental Housing in Latin America
- TC Number: RG-T2581
- Team Leader/Members: Andrés Blanco (IFD/FMM), Team Leader; Javier León, Soyoung Lee and Maria Perrier (IFD/FMM).
- Taxonomy: Research and Dissemination (R&D)
- Date of TC Abstract: December, 2014
- Beneficiary: Colombia, Mexico, Ecuador, Costa Rica, Dominican Republic, Guatemala, and Peru
- Executing Agency and contact name: Inter-American Development Bank through the Fiscal and Municipal Management Division (IFD/FMM)
- IDB Funding Requested: Korea Public Capacity Building Fund for Economic Development (KPC) US\$ 450,000
- Disbursement period: 18 months
- Required start date: March, 2015
- Types of consultants: Firms and individual consultants
- Prepared by Unit: Fiscal and Municipal Management Division (FMM)
- Unit of Disbursement Responsibility: Institutions for Development (IFD)
- Included in Country Strategy: Yes
- TC included in CPD: Yes
- GCI-9 Sector Priority: Reduce poverty and inequality.

II. OBJECTIVE AND JUSTIFICATION

- 2.1 The objective of this Technical Cooperation (TC) is to analyze challenges related to housing environment that many Latin American and Caribbean (LAC) countries are facing, and to disseminate Korea's experiences on public rental housing policies aimed at promoting them in LAC.
- 2.2 This TC also aims to develop a practical guidance on public rental housing (diagnostics, identifying issues, and recommendations) for government officials and housing practitioners to implement policies and measures on rental housing in the selected countries, learning from Korea's best practices and mistakes.
- 2.3 **Justification.** Housing deficit is one of the most urgent problems in many countries in LAC. This situation will remain, as urban population and the number of households is increasing due to the rapid urbanization and emergence of single and nuclear families. The qualitative deficit is also considerable who suffer from overcrowding or lack of basic services or tenure

security of their land and housing¹. This affects the poorest quintile more, since they cannot afford the high cost of homes and access to financing. Low-income households rely on informal housing instead, and most of them are usually located in peripheral areas and low-quality housing. This leads to the formation of slums or ghettos later on.

- 2.4 Rental housing can be one of the primary alternatives for low-income households in LAC countries². It can provide better quality of housing, which has good services, proper infrastructure, and concrete materials, and can be located closer to city center. Rental housing also can secure the land and housing tenure freeing residents from the evacuation. Lastly, it can be a good system to households that need housing only for temporarily such as singles, students, and other temporary residents.

III. DESCRIPTION OF ACTIVITIES AND OUTPUTS

- 3.1 **Component I: Diagnostic Study (US\$115,000)**. This aims to analyze the current environment and challenges of the housing segment of the poor population in the selected countries. The major focus areas to diagnose are major housing issues/challenges, current housing policies for low-income households, ongoing or planned rental housing projects, housing subsidy system for low-income households, legal system, financial structuring and models, and agencies to implement housing policies, etc. This will conduct in collaboration with government agencies. The execution agency may travel and have a meeting with government agencies and site surveys in the targeted countries.
- 3.2 **Component II: Review of Korea's Cases (US\$45,000)**. This aims to stockpile various rental housing policy experiences in Korea, mainly those that can be applicable to LAC countries.
- 3.3 **Component III: Recommendations (US\$75,000)**. Based on the diagnostic study and Korea's case review study, a specific set of recommendations for rental housing policy in the targeted country will be developed. This will be a practical guidance for government officials and housing practitioners to implement policies on public rental housing and will include general considerations about the design, sequence of implementation, costs, and institutional framework needed for the implementation.
- 3.4 **Component IV: Capacity Building Program (US\$115,000)**. This will be held to learn and experience best practices applied to Korea. The selected government officials, public agencies, and the Bank's staff will take lectures and conduct site visits in Korea.
- 3.5 **Component V: Knowledge Dissemination through a Workshop (US\$80,000)**. The dissemination workshop will be held in a targeted country or the Bank's Headquarters, with the objective to present the results of consultancy to government officials and Bank's staff and adjust them according to the feedback received.

¹ [Urban Development and Housing Sector Framework Document.](#)

² [Rental Housing Wanted, Policy Options for Latin America and the Caribbean, IDB, 2014.](#)

3.6 Additionally, there will be other expenses for contingencies and monitoring/evaluation (US\$20,000).

IV. BUDGET

4.1 The budget for this TC will be US\$450,000 ([See detailed budget](#)).

Activity/Component	Total Funding (US\$)
Component I: Diagnostic Study	115,000
Component II: Review of Korea's Cases	45,000
Component III: List of Recommendations	75,000
Component IV: Capacity Building Program	115,000
Component V: Knowledge Dissemination Workshop	80,000
Contingencies	5,000
Monitoring and Evaluation	15,000
Total	450,000

V. EXECUTING AGENCY AND EXECUTION STRUCTURE

5.1 The Bank through the Fiscal and Municipal Management Division (FMM), will be responsible for executing this TC. FMM has substantial experience in providing technical assistance to cities and technical knowledge, particularly in the areas of fiscal sustainability, institutional strengthening, housing, and urban planning. The Bank will be responsible for the contracting of consultancies and will carry out the selection and hiring of the consulting services in accordance with Bank procedures.

VI. PROJECT RISKS AND ISSUES

6.1 There are no anticipated risks to operate this TC.

VII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

7.1 No adverse environmental impact is expected from this TC. This operation is classified as Category C.