



Peru

Our work

At the Terwilliger Center for Innovation in Shelter of Habitat for Humanity in Peru, we believe that innovation is critical to solving gaps in the affordable housing market, especially in rapidly growing urban cities.

housing products and services, working with 39 housing ecosystem partners (hardware stores, suppliers, developers, construction companies, and financial institutions).

Our working areas

In Peru, to close the housing deficit, an annual budget of \$2,000 MM is required for housing subsidies, however, the housing subsidy program receives approximately \$300 MM every year. To leverage the untapped potential in the affordable housing markets, the Terwilliger Center pioneers new models to strengthen:



Incremental construction practices
Influencing behaviors of companies, consumers, and construction workers



Housing finance systems
Housing finance providers & regulators expanding into low-income



Entrepreneurship & innovation
Startups poised for growth & investment

Our Impact

Since 2018, we have impacted 154,970 families and 24,200 construction workers mobilizing more than 930 million dollars as a result of the sale of more inclusive

Market mismatch

Every year, more than 143,000 new homes are built in the country- 143,000 are produced informally and without professional advice. The value of a new home versus the purchasing power of the household triggers owner-driven construction. Families handle many risks with little information, concentrating on prices. Materials are usually more expensive (logistic and distribution costs). Almost all homes need repairs at the structural level (re-work and retrofitting). Although masons have the trust of the family, they do not guarantee quality and require tailored training to deliver quality building services to households. As the house has no building license, it does not become an asset. TECHO PROPIO government program subsidizes the construction of a "standard model" of 30m2. Between 2008 and 2018, 246,506 homes have been built. However, with time, most of them have expanded informally. Home loans are less competitive and more challenging to access. Households finance home improvements with consumer loans.



2019 - Chorrillos, Lima. Peru: Due to lack of information and professional advice, it is very common to see that houses in peripheral areas of the city use tires as part of their foundations. Photography: Fernando Ocampo

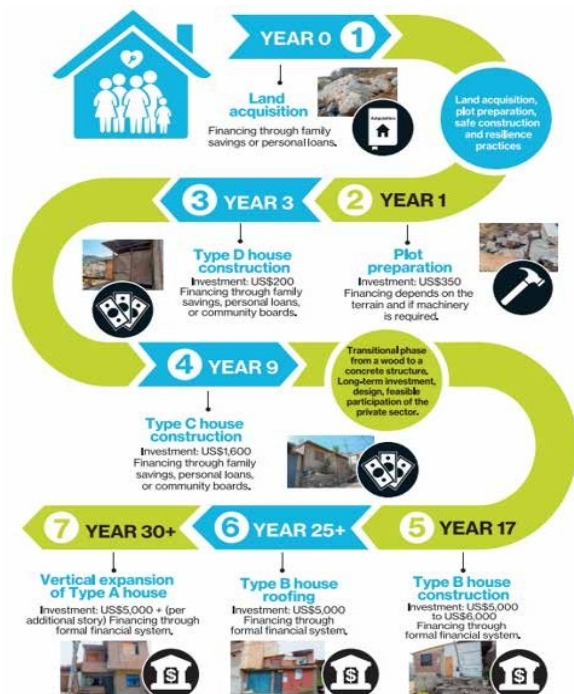
An endless process

In the last 20 years, Peruvian cities have expanded by 39% (93% of which has been informal), widening the gaps in urban inequality and social vulnerability (GRADE, 2020).

In Peru, 68.9% of the total homes are not built by certified professionals- leaving approx. 12.8 million Peruvians (40% of the Peruvian population) living in homes of uncertain quality. The construction process can take up to 3 decades. It might be difficult to imagine that building a house can take 30 years, but for low-income families, it is perceived as a normal occurrence and represents the completion of one of their main lifetime achievement. It could even be considered that owner-driven construction does not necessarily end since, as the decades progress, families grow, and additional floors are added to host new members.

Do you want to know more? Download it here:

https://www.ctivperu.org/wp-content/uploads/2019/03/ENG_informe_viviendabdp_SJL.pdf



The Housing Market System

The Terwilliger Center solves critical housing market challenges by combining best practices of design and systems thinking to address gaps in the system.



The GC strides for more mature and adaptive market systems oriented to end customer value, that includes a range of material and practice innovations that low-income households can afford while delivering improved housing outcomes. We saw the opportunity to generate a business for construction companies, with high returns, so that families have better alternatives to build their homes with quality.



2021 - Mala, Lima, Peru: "A well-planned house is built here." Photography: Fernando Ocampo

Habitat's Terwilliger Center has worked with 100+ companies around the world and 70+ startups on their business models and strategies in the affordable housing market using a human-centered, systems approach. An example of this work is our Guardian Constructor (GC) program.



2021 - Mala, Lima, Peru: a safe, well built and properly registered with the National Office of Real Estate Ownership. Photography: Fernando Ocampo

Through a network of construction SMEs, we wanted to find a more proactive business strategy that connects more directly with end consumers, improving their ability to both influence them, as well as to better capture their interests directly. Additionally, GC works with the broader housing ecosystem such as suppliers, hardware stores, architect and design firms, and financial institutions to put down market housing products and services in a different way.



Making the world a better home

There is a huge opportunity to create value for more inclusive housing markets, leading to better quality and more resilient homes for homebuilders. Private and public sectors can bring innovative approaches to address the housing and livelihood needs of households. Together, we identify opportunities ideating and testing powerful and scalable business models.

An example of our work in Peru is “La Mezcladora”. Promoted by UTEC Ventures, La Mezcladora is the first Construction and Real Estate Innovation Hub in Latin America to solve the most pressing challenges in the construction and real estate industry.

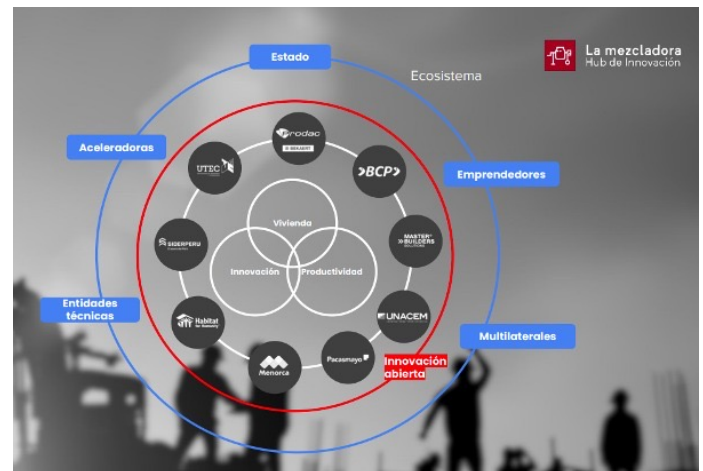
In its first edition, 21 start-ups and 7 corporate partners work together to understand and promote solutions to solve housing design, mass production, and access to finance challenges for homebuilders in the construction sector.

MiBolsillo is the first personal financial coach app that helps organize finances and promote access to financial services for the unbanked. MiBolsillo and TCIS are field-testing the model in partnership with Menorca Investments.



2022 – Lima- MiBolsillo presentation founders. La Mezcladora HUB

70% of the families in Peru builds and renovates their homes incrementally. Our aim is to achieve inclusive growth via engaging informal and underserved markets. Together, we change the way mass retail strategies operate to build business models that incorporate informal sector into via laborers, distributors, hardware stores, and homebuilders or renovators.



For TCIS expanding the stock of high-quality, affordable, and resilient housing is an opportunity for innovation, entrepreneurship, and investment to facilitate low-income households a decent place to call home.

If you want more information, visit our website www.ctivperu.org or find us on LinkedIn as Terwilliger Center for Innovation in Shelter.