



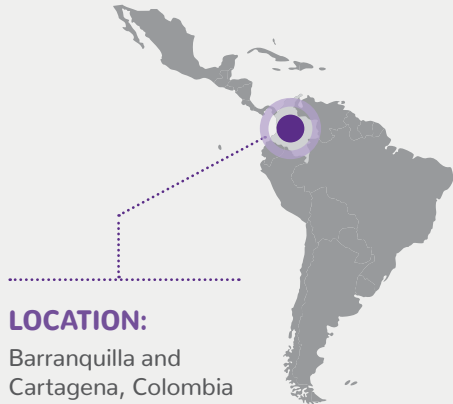
# Fundación Santo Domingo

develops social housing macro-projects

By means of a comprehensive territorial development model, **Fundación Santo Domingo** supports housing macro-projects in two Colombian cities. Their goal is to boost territorial opportunities and bring together urban, community, and economic development to improve the quality of life of resident families.

# Fundación Santo Domingo

develops social housing macro-projects



## LOCATION:

Barranquilla and Cartagena, Colombia



## MAIN PARTNERS:

- National government (housing subsidies, investment in facilities)
- Local governments (housing subsidies, training, social work)



## SECTOR:

Housing



## TYPE OF INVESTOR/ SILO:

Foundation



## FINAL BENEFICIARIES:

Low-income families



## SDGS ADDRESSED:



## MOTIVATION/PROBLEM TO TACKLE:

Provide access to decent housing with the necessary social infrastructure, empower grassroots organizations, and provide economic development opportunities to vulnerable families and/or families living in poverty.



## NON-FINANCIAL SUPPORT OFFERED:

- Financial management
- Operations



## DURATION:

2008  
–now



## TYPE OF FINANCING:

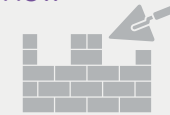
Debt, donations, and hybrid financing.

## RESOURCES INVESTED OR DONATED:

USD 55.5 million

Approximately.

## IMPACT:



More than  
**6500**  
housing **units built.**



**6311**  
**homes delivered** to  
people living in poverty.

**2682**  
homes under **development.**

**17** **urban facilities**  
built.

**276** **jobs created and 55 social business**  
strengthened.



**25,000** **current**  
**residents** of the macro-projects - with a  
total potential to reach 200,000.



## BACKGROUND AND CONTEXT

During the first decade of the 21st century, housing issues started taking on more importance in Colombia. According to a study conducted by Universidad del Rosario (Bogotá), population growth in 2007 significantly surpassed the growth of new housing production, with only 56% of families owning a home.

This issue is not isolated from poverty and informal work. According to the same research, 77% of families that did not own a home had incomes below four monthly minimum wages – which is equivalent to approximately USD 1026 – and 66.2% of said families were in the informal sector. For them, social housing subsidies is their only option to become homeowners.<sup>1</sup>

In this context, the National Development Plan 2006–2010 added National Social Interest Macro-Projects (MISNs) to the comprehensive city programs, under the leadership of the Ministry of Housing, Environment, and Territorial Development (Minvivienda). The purpose of MISNs was to increase the supply of developed land for the implementation of social housing programs (VIS) and priority housing programs (VIP). This program was also included in the National Development Plan 2010–2014.

Cartagena and Barranquilla were two of the priority cities for the execution of the MISNs. In both cases, a main partner was chosen as the project manager: Fundación Santo Domingo (FSD), belonging to the Santo Domingo family – owner of Valorem, one of the most important business groups of Colombia. The development of the Ciudad del Bicentenario (Cartagena) and Villas de San Pablo (Barranquilla) macro-projects started under their leadership.

The foundation had previous experience working with housing projects at the end of the 20th century, supporting the construction of the Ciudadela Metropolitana (Barranquilla) housing development. Based on this knowledge, and in order to go beyond the goal of providing access to housing set out by the Ministry of Housing, the foundation has developed both macro-projects under a comprehensive

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<sup>1</sup> Universidad del Rosario, (2007) Déficit de vivienda en Colombia, Universidad, Ciencia y Desarrollo, Tomo 2. Bogotá. Accessed at: <https://www.urosario.edu.co/Universidad-Ciencia-Desarrollo/ur/Fasciculos-Anteriores/Tomo-II-2007/Fasciculo-11/ur/Deficit-de-vivienda-en-Colombia/>

territorial development model which promotes – besides housing – the construction of infrastructure that allows to strengthen the social fabric (schools, libraries, clinics, and parks, among others). It has also supported grassroots organizations around the community and created business and economic opportunities for residents.



## DESCRIPTION

Fundación Santo Domingo’s (FSD) purpose is to contribute to the Colombian population’s well-being and to fight inequality. It does that through four strategic lines of action: Education, Environment, Health, and Territorial Development. For the first three lines of action, it works as a second-tier organization, financing nationally third parties which demonstrate expertise in the lines of actions. For the last line of action, the foundation focuses on the Caribbean region of Colombia and on developing the macro-projects.

The Territorial Development line is intended to provide vulnerable groups in Barranquilla, Cartagena, and Isla de Barú with opportunities for comprehensive life projects. For the first two, the housing macro-projects aim to provide access to decent housing,<sup>1</sup> guarantee social infrastructure, empower grassroots organizations, and provide economic development opportunities.

In their governing structure, MISNs have a fiduciary account,<sup>2</sup> that is to say, a fund in which one or several public or private entities deposit goods and resources to be administered by a manager, who will execute the funds according to the established purpose. In the case of the Villas de San Pablo and Ciudad del Bicentenario fiduciaries, the foundation contributed the land, while the local and national governments contributed resources to assign housing subsidies to the final beneficiaries.



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<sup>2</sup> For the Ciudad del Bicentenario Territorial Manager (Dolly González): “Decent housing refers to housing with enough square footage for a decent rest and meeting area for an average family, which may also have close social facilities and services to complement and improve their quality of life, with the potential for personal and intellectual growth.”

<sup>3</sup> Decree 410 of the Code of Commerce: “a legal business by which a person, known as trustor or settlor, transfers specified property to another person, known as trustee, who commits to administer or alienate said property to achieve an end determined by the constituent party, for the benefit of the latter or a third party, known as beneficiary.”

Strategic decision-making is made by a committee that meets at least once every six months, composed of Minvivienda, FSD, and the respective local Mayor's office.

In this public-private partnership, each member of the fiduciary has specific roles. Besides being the main promoter, the National Government – which leads Minvivienda – determines the regulatory guidelines for land use. It also allocates housing subsidies, contributes resources to build macro-project social facilities (schools, cultural centers, sports facilities, among others), and ensures access to basic public utilities.

The Mayors' district office is in charge of financing and developing infrastructure for some roads and facilities, allocating district subsidies to vulnerable groups, and directly purchasing homes to be delivered to families free of charge. Additionally, they facilitate housing construction, guide the creation of community action committees (*juntas de acción comunal*),<sup>4</sup> and support the development of certain internal projects, as well as their operation.<sup>5</sup>

For its part, FSD comprehensively manages both projects. It also plans and designs the territory to implement a comprehensive vision and brings together public and private actors in order to attract investments that increase the benefits and services. It has also made most of the investments in urbanization, which are key to the comprehensive development of the territory.

Several companies also make investments for the development of specific projects, both for housing and business, services, and social facilities in the macro-projects.

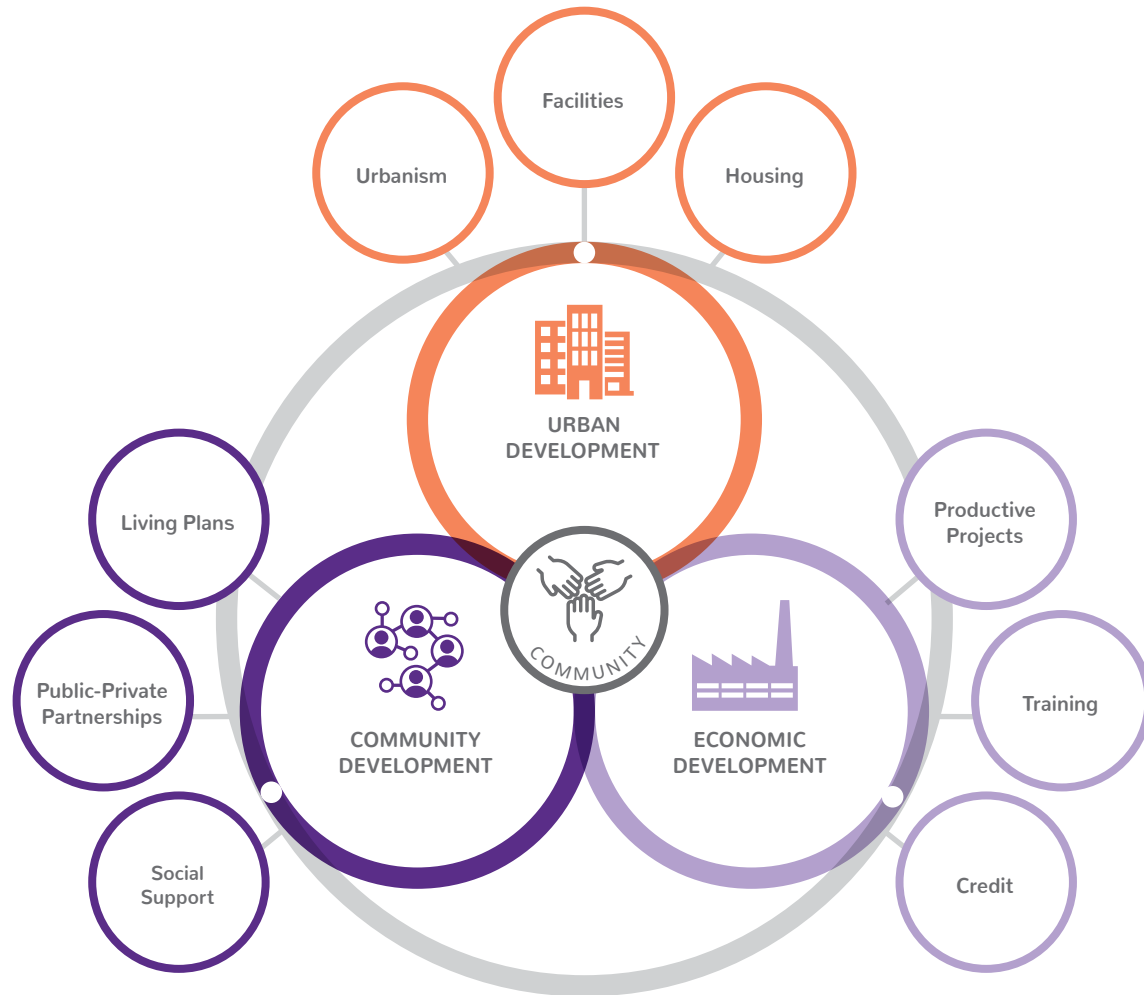


## IMPLEMENTATION

The territorial development model used in the macro-projects has three components: urban, economic, and community development. The first one is the main financial driver of the project in general.

<sup>4</sup> Social, civic, and community organizations; they are solidary, non-for-profit, private, autonomous, with legal identity and their own capital, and focus on the development of local communities in *barrios* and *veredas* (small urban and rural areas).

<sup>5</sup> Guido, Adolfo (2014) Caso de estudio: Macroproyecto de interés social nacional, una mirada a Ciudad del Bicentenario. Departamento de Ingeniería Civil, Universidad de Los Andes, 31. Available at: <https://repositorio.uniandes.edu.co/bitstream/handle/1992/16039/u685983.pdf?sequence=1>



Source: Fundación Santo Domingo.

The foundation acts as a real-estate developer, whether on its own or in partnership with other developers such as Constructora Bolívar, Coninsa Ramon H, and Prodesa. Said partnerships have allowed to strengthen the innovation of the model by means of the expertise and knowledge that these organizations contribute.

Unlike other housing developments in this country, MISNs promote the construction and supply of facilities such as schools, kindergartens, clinics, sports facilities, and libraries to facilitate the creation of social fabric in the communities and provide a rich supply of city services to the inhabitants. The proposal is that MISNs become small cities where people have access to everything they require for a good quality of life.

For the economic development component, the foundation works to create formal job opportunities and social businesses by means of microcredits and the acceleration of social and productive projects. It mainly focuses on fashion and clothing, pharmacies, hair salons, shops, hardware stores, and restaurants. There are also employment and training programs for tailored work, community employability in certain construction projects and productive projects for land use while their urban development is enabled.

The third component (community development), focuses on activities, projects, and programs to constantly support residents, in order to strengthen grassroots organizations and the social fabric in these developments.



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**Tailored Finance**

The trusts by means of which macro-project resources are administered work as management and execution instruments that allow to have transparency in terms of administration and delivery. They also allow each party to contribute and honor their specific responsibilities and commitments. FSD makes most of the investments and recovers them with the development of housing and commercial spaces in the lots. Private urban developers also make investments and get back a return through housing sales.

To finance the land purchase, urban planning, urban construction (roads, sidewalks, utilities, etc.), construction of social facilities, housing, and other infrastructure, MISNs attract different types of investments (traditional, public, and impact) that allow to leverage the development model.

Public agencies make investments without monetary return in three main categories:

- 1... **Urbanization costs:** District governments invest in urban planning works that benefit not only the population of the macro-projects, but also neighboring populations (main roads, rainwater canals, etc.).
- 2... **Public facilities:** The National Government and local governments contribute resources for building schools, Comprehensive Development Centers (CDI), and clinics.
- 3... **Housing subsidies:** Both the National Government and local governments contribute resources for subsidy allocation to final beneficiaries. Initially, contributions were made directly to the MISN trusts, from which they were later allocated. Currently, subsidies are directly allocated to home buyers (99% of the families have received some kind of subsidy).

Private agencies make investments with a monetary return in three main categories:

- 1... Land purchase, maintenance, and regularization. These areas are covered by the foundation.
- 2... Land adaptation and urban charges: Made directly by the project's Management.
- 3... Development and construction of real-estate projects: Made by construction companies, real-estate investment funds, and in some cases by the foundation itself.

Those who invest in items 1 and 2 recoup their investment along with profit inasmuch as the urbanized land is sold for the developments mentioned in item 3. Investors who choose item 3 receive profit through the commercialization of the different real-estate products for end customers. Their income can come from sales, lease, or concession models, among others.

Other sources of income are derived from FSD's microfinance line, through which loans are offered with special rates and conditions for the development of local micro-enterprises, bolstering the sustainable growth of their businesses and the creation of income and jobs for MISN residents.

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Work is also done to structure productive projects in the macro-projects' undeveloped areas, so as to create economic and social value in the communities and boost the associative work models.

All the profit earned by the foundation through MISNs is reinvested in social and community work for resident families.

### **Non-financial Support**

Before executing the housing macro-projects, FSD supported public policy conceptualization around individuals participating in the development of public policy. In addition, it acts as an articulator of the different stakeholders involved, and is responsible for project planning, execution and follow-up.

Non-financial support has essentially focused on the community development component, financed by means of surplus derived from operations in Financing and Business Development, and Urban and Real-Estate Development.

The teams that work on this component have offices inside the macro-projects. This makes it easier to follow up and support the consolidation of grassroots organizations and community networks that lead local development by themselves.

In order to achieve the above, the teams develop different activities that fall under the following efforts:

- a Living Plans:** By means of this mapping exercise, a deep characterization of residents is carried out. This allows the foundation to identify their needs and interests in order to make the construction of resident-led networks and initiatives easier.
- b Local public policy advocacy:** The community team supports the articulation of residents and public agencies. Under this framework, the Local Development Plans are developed in a participative manner. These are guiding documents for activities and projects to work for the needs of the community, aligned with the cities' District Development Plans.



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- c Workshops and training:** Activities to strengthen management and leadership skills among grassroots organizations, as well as to transfer soft skills for work, aimed at connecting the residents' capacities and work experience to the needs of private companies. Cultural and recreational activities are also organized for children and adolescents, as well as health sessions and brigades.

There are also two essential programs to support the families. The first one is the outreach and support program that each family receives upon arrival at the territory—particularly relevant for the more vulnerable groups. This program starts before the families arrive. The goal is that they know where they are in the context of the territory and that they introduce themselves and connect with other families. It also aims to help them know and execute the Development Plan that they built and develop capacities to become self-sustainable.

The second program is Proyectarse, which provides tools for income generation for individuals and families through employability, entrepreneurship, and business strengthening. It is a volunteer program open for all the macro-project residents. As of 2020, 1931 people have enrolled in the program. 641 people have been trained in social skills, and 608 people have received tailored business training. Besides, Proyectarse has created more than 890 jobs, and more than 180 companies have joined.



## RESULTS

Measuring results and impact is one of the aspects that the foundation needs to improve, mainly because many actions are performed at the same time, which implies a complex monitoring and measurement system that has taken a back seat in light of the strengthening of the intervention model.

Macro-projects have benefited around 6500 families (approximately 24,400 people) through decent housing solutions and adequate urban conditions. Investments have been attracted for the construction of 17 facilities, which makes macro-projects areas with a richer supply of social public infrastructure for the benefit of residents and nearby communities.

As of early 2020, 6506 homes had been built, 6311 had been delivered, and 2682 were under development.<sup>6</sup>

As an added value, there is guaranteed access to basic services superior to what cities provide on average, considering that social housing and priority housing are usually built in remote peripheral zones where there is less connection with the city and the services that it provides. The socio - economic survey conducted in the macro - projects showed that 71% of respondents (heads of households) in VSP and 67% in Ciudad Bicentenario consider that their current living conditions are good or very good. Moreover, 63% of VSP respondents - and 60% in Ciudad Bicentenario - consider that they live better compared to the place in which they grew up.

This is also clearly reflected on the effective public space index, which is 4.1 m<sup>2</sup> per resident in Villas de San Pablo, while it is only 1.2 m<sup>2</sup> per inhabitant in Barranquilla. In Cartagena, the index is 4.45 m<sup>2</sup> per inhabitant, compared to 6 m<sup>2</sup> in Ciudad del Bicentenario.

As for the economic development component, the number of jobs created (276) and business units strengthened by means of loans (55 social businesses) is measured, among other indicators. Regarding the community development component, performance in education is monitored (children and youth supported in schools), as is security (perceived safety), among others.<sup>7</sup>

The Master Plan for Ciudad del Bicentenario is a comprehensive territorial development proposal that seeks to ensure territorial development while respecting the environment and providing effective and efficient solutions for housing, urban planning, and facilities construction. The master plan was built on four development approaches: social, environmental sustainability, productive, and real-estate 2.0.

The **social approach** prioritizes housing and the areas for public facilities such as libraries and recreational, sports, and cultural spaces, among others. The **environmental sustainability approach** promotes good practices for the comprehensive management of decentralized infrastructure, looking for efficiency in the natural resources cycle. It also prioritizes looking after valuable natural areas and creating quality green public areas.



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<sup>6</sup> Fundación Santo Domingo (2019) Informe de Gestión. Available at: <https://www.fundacionsantodomingo.org/somos/informes-de-gestion/>.

<sup>7</sup> Ibid

The **productive approach** aims to prioritize non-residential spaces that allow the development of industry and business projects that result in employment opportunities. It also seeks to develop larger homes that allow to perform low-impact productive activities.

An efficient use of land is ensured through the “real-estate 2.0” approach, striking a balance between the need for VIP/VIS and other uses and products.



## LEARNINGS AND PERSPECTIVES

*“We have some know-how and plenty of ‘how not’ related to making this type of interventions.”*  
Juan Diego Céspedes, Director of Urban and Property Development, Fundación Santo Domingo.

The construction of the Comprehensive Territorial Development Model has been a complex, long process that has produced learnings in three areas: real-estate development, environmental, and community development.

As for real-estate development, after reflecting on the fact that this was not the foundation’s area of expertise, the decision was made to partner with companies that have extensive experience in the field, which has allowed to build homes in half the time. In two years, they will complete half the number of homes that were developed in 10 years.

Regarding the environment, the possibility to structure the urban plan in a more environmentally friendly way is acknowledged. This can be seen in the progress made by the environmental component of the Ciudad del Bicentenario Master Plan, which prioritizes the construction of green areas, the restoration and conservation of local fauna and flora, and the construction of sustainable urban sewerage systems. It is also believed that other investment mechanisms could be used; for example, mechanisms through which private parties would operate the construction of public infrastructure.



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The community development component has posed several challenges, inasmuch as support to residents has been very broad. Accordingly, it would be best to apply a simpler model and thus have more specific scopes and approaches, as trying to improve the population's quality of life and well-being from so many fronts has made it difficult to advance aspects such as impact measurement.

Lastly, considering the crisis derived from Covid-19, it is worth mentioning that the foundation has provided essential support, both within the macro-projects and the Caribbean region and the country. So far, FSD has committed COP 100 billion<sup>8</sup> (approximately USD 26 million) to food security, health, well-being, and coexistence. While it has tackled the crisis based on a traditional-philanthropy approach thus far—as this is an assistance stage – it has also worked on a mitigation and economic recovery stage.

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<sup>8</sup> Up until now, not all these funds have been donated. However, they are already earmarked to contribute to tackle the COVID-19 crisis.