

## Rural Habitability Programme, Chile

'Programa de Habitabilidad Rural' is a government-led programme for housing construction, improvement and/or expansion in rural and remote areas (with less than 5.000 inhabitants). It focuses on respecting regional and cultural differences in the design and materials chosen.



**Submitting organisation:** National Ministry for Housing

**Type of organisation:** National Government

**Key elements of the project:**

- **A Localized Approach**

*The main focus of the project is on respecting local climate, materials, cultural issues and traditions in each development.*

- **Productive Use of the Home**

*Most solutions include a 'productive space' in the home – for animal keeping, weaving, storage, etc.*

- **A Wide Range of Solutions**

*The programme includes the construction of new homes, renovations and improvements, and extension. A self-build component is also an option, which includes training and technical support.*

### What inspires us ...

This project provides a good example of how a government can effectively reach remote populations and provide regionally relevant and high-quality housing, as opposed to the more common one-size-fits all responses. It also adapts housing to the local environment and the cultural and productive use of the homes, understanding homes as more than a physical space.



## Introduction

The **Rural Habitability Programme** (*Programa de Habitabilidad Rural*) aims to improve the living conditions of families in rural and remote areas – with less than 5,000 inhabitants – of Chile. It aims to improve housing conditions by offering subsidies and technical support for housing construction, improvement, renovation or extension, and public infrastructure. Interventions recognise the unique characteristics of rural and isolated areas and pay attention to the particular needs of the families that reside in them.

The programme was designed to address the challenge of housing inequality throughout the country, which particularly affects rural and isolated areas. To date, the programme has built or improved more than 10,000 homes, having a direct impact on more than 40,000 residents.

## Organisation Implementing the Project

The programme was submitted by the National Ministry of Housing and Urbanism of Chile (MINVU). MINVU's mission is to guarantee the right to the city and to decent and adequate housing. It is increasing the role of the State through territorial planning and management that considers the participation of communities, delivering timely, quality, sustainable, relevant, and safe housing and urban solutions for people, with a gender perspective and a focus on marginalised groups. Within MINVU, the programme is implemented by the Housing Policy Division, which creates national policy for urban and rural housing and construction in the country.

## Context

The programme operates within the framework of the housing policy promoted by MINVU. It was created in 2015, is regulated by the Supreme Decree N°10 of 2015, and has been in operation since 2016. Throughout the years, the programme has been modified and adjusted for each annual open call for applications.

The National Survey of the Ministry of Social Development and Family (2017) estimated a quantitative deficit of 42,000 new homes - considering irrecoverable housing, people living with relatives, and overcrowding. The qualitative deficit was estimated as 323,000 homes, considering housing requiring improvements or recovery, expansion, material conservation, or access to basic services.

In 2022, the Emergency Housing Plan was created to address Chile's housing crisis. It aims to reduce the country's housing deficit by granting MINVU regulatory and management tools to address the crisis and create fairer and more inclusive territories. The Plan has a goal of creating 260,000 homes by December 2025. The Rural Habitability Programme is part of this wider Plan.



The housing deficit in rural areas is dynamic due to changes in rural-urban and urban-rural migration. It is also affected by the climate crisis, which is generating areas where it is not practical to build housing and invest public resources, because of high levels of risk due to floods and tectonic faults, among others. However, the programme is committed to reducing the housing deficit in the country and ensuring that households in rural territories have housing that meets adequate living conditions.

### **Project Description**

A key feature of the programme is that it recognises the unique cultural and geographical characteristics of the remote territories where it operates and of those who reside in them.

The programme is delivered through a subsidy in various ways:

- construction of new housing on land already owned by beneficiaries.
- construction of new housing in a housing complex (including the acquisition of land, up to 160 homes)
- housing improvement and extension (including surroundings); and
- community infrastructure.

In addition to the subsidy, technical assistance is provided throughout the process, from submitting the plans to managing contractors. Self-construction is also an option for beneficiaries, who receive additional training and technical assistance.

The programme was created in March 2015 and started operating in September 2016, and is ongoing. It has built or improved 10,148 homes to date (May 2023). Of these, 4,580 are new homes, while 5,568 existing homes have been improved or expanded. The programme does not have an end term, as it is tied to the housing deficit of the country.

### **Aims and Objectives**

The programme was established to focus on isolated communities, seeking to incorporate housing solutions that respect the characteristics and way of life in different territories, for example, climate, access to basic services, economic activities, local architecture and materials, among others. It prioritises people who live in inadequate housing conditions in rural or urban communities of less than 5,000 inhabitants. It aims to highlight and value the existence of rural communities, which provide food, agriculture, livestock, and other resources for the general population.



The main beneficiaries of the project are residents of rural and remote areas. There is no limit on the maximum income per person or per household to apply to the Rural Habitability Programme. However, the most vulnerable households are given priority and awarded higher grants for the renovation/construction of their homes. The Ministry of Social Development and Family, carries out a multidimensional evaluation, which considers the type of existing housing, number of properties, years and level of schooling, and income, among other factors, to determine the level of vulnerability.

The programme's goal is to build and renovate 11,298 homes by December 2025. In 2022 there was a quantitative leap in terms of new housing developments, with 25% compared to 2021 and 45% in housing improvements.

## Key Features

The programme is structured in the following stages:

1. Organisation of demand: this is carried out by rural management (government) entities who group families interested in applying for a housing subsidy from the programme.
2. MINVU makes one or two calls each year for rural management entities to present their projects. There are national and regional calls, as well as thematic ones – for new housing, for housing improvement, etc.
3. Project development: the rural management entities support residents to develop the project and present the application for funding during the call for applications. Housing solutions must include the following spaces: two bedrooms, kitchen, bathroom and living-dining room. It is also possible to add a third bedroom and / or a complementary storage or workspace.
4. MINVU is responsible for evaluating the applications and selecting those who qualify. Qualifying applicants are awarded a housing subsidy that is valid for 21 months.
5. Start of the works: the rural management entities provide support with the required permits and the project execution, technical and legal advice.
6. Verification and technical inspection. Residents can move in.

Both the prioritisation of beneficiaries and the amount of subsidy awarded are determined by a scoring system that defines the vulnerability of residents.

- Those in the most isolated territories are given highest priority and receive the most resources. Priority is given according to the size and structure of the household, housing vulnerability, time of the application, savings, etc. The isolation variable is also incorporated, with higher scores for high or critical isolation.



- The amount of subsidy varies depending on the socioeconomic qualification of the applicant, with those within the lower 40% of the classification not required to contribute to the project from their own savings, for example.

### **National spread and diversity**

The programme aims to reach all regions of the country.

- At the regional level, MINVU representatives are summoned to weekly radio broadcasts, where the programme and its progress are explained, and live consultations are held. Radio is the main means of disseminating information in rural Chile.
- In addition, the Information Offices of the regional housing services, conduct week or biweekly meetings in which they inform the Housing Committees about the different housing programmes to which they can apply, including the Rural Habitability Programme.
- The programme works with the Housing Offices of the Municipalities, especially in the most rural communes, to share information about the programme and understand the needs of the families who attend these offices.
- On a smaller scale, operations and face-to-face meetings are held with communities in areas where the programme has had the least impact, for example, in the north of the country. In these instances, households are visited individually, and documentation and guidance are provided to residents.

### **Working with others**

Within the framework of the Housing Emergency Plan, special importance was given to coordination between different government departments involved in the development of housing projects to speed up processing times and improve their efficacy. The programme works with other ministries such as Agriculture, Social Development, Infrastructure and Health, sharing information about residents' needs, access to land, water, etc.

At the local level, MINVU works with the Municipalities as they are the closest authority to the families and understand their needs. Part of the programme's territorial strategy involves regular meetings with Municipalities, visits on the ground, and participation in activities linked to the Association of Rural Municipalities in dissemination and training work.



To improve the execution of the programme, collaborative work has been developed with: the Chilean Chamber of Construction (through working groups at national and regional level); universities and study centres; and professional associations (to promote the incorporation of independent technical and professional teams as technical assistance for the programme).

## Innovation

It is not common to see a government-led initiative that is so comprehensive and provides different solutions: a new home, the possibility of expanding and improving existing housing and including a complementary space linked to the household's economic activity. In addition to this, it is possible to enhance community infrastructure, for example, through construction of a care or recreation centre, craft workshop, or exhibition area for locally produced goods, among others.

Within the programme there is an 'assisted self-construction' option where residents can, through local labour or themselves, build their own home, becoming a source of employment for the community. If opting for this, beneficiaries receive the subsidy for purchasing materials and funds are available to pay for labour. Residents opting to self-build must attend training delivered by rural management entities. In these cases, the rural management entities and an external assessor are involved in developing, submitting and supervising the construction project.

The programme gives families the option of building a complementary space that promotes the economic activity of the family and / or community, such as a weaving workshop, woodshed, or a storage warehouse among others.

The programme has delivered housing solutions in the most remote regions of the country, including islands and extremely isolated areas. Work is currently underway to allocate additional money for island territories – Rapa Nui (Easter Island), Juan Fernández Archipelago, Cape Horn – to solve the difficulties of transporting people and materials. Two pioneering initiatives are currently being developed by MINVU. The first consists of a special call for applications from indigenous communities, with an investment of \$17,800,000,000 CLP (\$22,339,000 USD) to build 360 homes. For this initiative, the programme will work with technical teams from the indigenous communities themselves to ensure the relevance of housing solutions and community spaces. The second initiative consists of a call for applications with a gender focus. This will benefit women-led household in rural areas who are in a situation of high social vulnerability.

## Funding

The programme is public and most of its funding comes from the National Government.

In 2023, the annual budget for the programme is \$126,854,338,000 CLP (\$159,202,194 USD) – which represents 6% of the total budget for MINVU. This year, part of this annual budget will be reallocated to address the housing emergency in communities affected by destructive wildfires in the regions of Ñuble, Biobío and Araucanía.

The cost of the housing solutions is covered by different components:

- 1) savings of the applicants (adults over the age of 60 and those with the highest vulnerability are exempt from contributing from their savings)
- 2) the basic subsidy
- 3) complementary subsidies (also from the National State budget)
- 4) contributions from third parties - credit entities or other public bodies, such as regional government or similar.

Residents' financial contributions are determined by the economic classification of the household and the type of housing solution they are applying for. For example, those within the 41% to 60% income bracket are required to make a contribution of 10 'Unidades de Fomento' (UF – Inflation Indexed Currency Unit). Each UF is about \$35,700 CLP (\$45 USD), so in this case the contribution required would amount to \$357,000 CLP (\$450 USD). The average amount of subsidy delivered to build a home is \$49,840,000 CLP (\$62,500 USD).

## Impact

### Financial

The main financial impact on beneficiaries is the opportunity to obtain a home without debt. In turn, families can apply for a complementary space to ease the household's work and enhance their sources of income, for example, to store food or keep animals.

Household income is taken into account when determining vulnerability and how projects are financed. To reduce inequality, greater amounts are granted to families with higher vulnerability indexes. For example, applicants who are in the lowest 40% income bracket are not required to make any financial contribution to the project themselves. Contributions for less vulnerable families are calculated based on income and vulnerability.

### Social

- The programme aims to reduce social and economic inequalities and the thousands of new or renovated homes it has provided to date have benefitted communities throughout Chile – from the north, where there are a large number of indigenous peoples and immigrants, to the traditional agricultural regions of central and southern Chile, and the southernmost areas, such as Patagonia and Tierra del Fuego.



- The project tackles the issue of overcrowding in rural homes by allowing up to two bedrooms to be added to the base house (which has two bedrooms), allowing larger families to access a four-bedroom home.
- Residents' quality of life is improved, and community bonds are strengthened, by the construction of housing complexes which adhere to standards for public space, roads and recreation areas.
- The project includes interventions that impact the entire community, such as the improvement of green areas, public spaces, community centres, and multi-sport courts, among others. These are implemented on public land and their design takes into account local characteristics, including climate, geography, materials and culture. Twenty such initiatives are currently in development throughout Chile, in extreme locations such as the Colchane in the Chilean Altiplano, Monte Patria in Elqui Valley, Melipeuco in Araucanía and Torres del Paine in Patagonia.
- The project operates against a backdrop of historical disputes with indigenous Mapuche communities around access to land and resources. To overcome potential conflicts, the Ministry of Social Development and Family, through its National Indigenous Development Corporation (CONADI), set up a Land and Water Fund to finance the acquisition of land and water rights by Indigenous persons or communities. The project relies on this fund to avoid such conflict, both in the use of land and resources (such as the sourcing of wood for construction).
- The programme focuses on the most vulnerable groups and, later this year, will call for applications from indigenous communities and women-led households to reduce the gap these groups face in accessing benefits.

### **Environmental**

- The programme promotes alternative sanitation solutions and energy supply, including an additional base subsidy for the inclusion of photovoltaic and solar thermal systems.
- Water scarcity is a very relevant issue in Chile. The programme aims to encourage the reuse of grey water, which will be implemented once the proposed water reuse system is approved by the corresponding authority (expected in the short term).

- Through the housing improvement component, families are granted added funds for the removal of roofs containing asbestos, and its replacement by other materials.
- Thermal efficiency of homes is increased, in accordance with the [Energy Efficiency Standard 2018](#), reducing the amount of energy required to heat or cool the house, which in turn lowers CO2 emissions.
- Some projects have incorporated a device ('termocañon') in their wood stoves, which uses the heat of the gas evacuation cannon to heat water.
- Photovoltaic systems and solar thermal systems have been used in some projects to generate electricity and heat water using solar energy.

## Learning, evaluation, and recognition

### Learning

- One of the main difficulties of the programme is the distances and geographical dispersion of the beneficiaries. This requires the executing actors to put considerable effort into the project's logistics.
- Another difficulty has been the financing of projects in very isolated communities (in some cases it takes about five hours of travel from urban centres to reach the site). This situation has been resolved by the multiplier factors of subsidies, which increase in relation to the level of isolation of the locality – from very low, low, medium, high, very high and critical isolation.
- The Covid-19 pandemic resulted in an increase in the cost of materials and labour. To overcome this, new legislation allows the amount of subsidy for projects to be increased by up to 20% for improvements and expansion of existing housing, and up to 12% for new housing construction.
- At the end of 2021, the low execution of subsidies was identified as an issue. This is because the application and allocation of subsidies was being carried out before the project was developed, which created a backlog of assigned subsidies for people who had not been able to have a design approved for its subsequent execution. To address this situation, a Critical Portfolio Management Plan was created in 2022 identifying critical



points in the programme. One of the most important was the financing of pending projects. The variation in the market value meant that the amount assigned three or more years ago failed to finance the projects at present. To overcome this, amounts of subsidies greater than those established in the legislation are granted in the call for applications to new housing.

### **Evaluation**

There is no independent report or evaluation of the project.

During the development of the Critical Portfolio Management Plan in 2022, the programme was evaluated in its entirety, establishing its main difficulties and achievements. The following six areas of action were identified:

1. Positioning of the programme in the different regions where it operates.
2. Capacity of the rural management entities to develop projects.
3. Number of construction companies and labour.
4. Financing of the projects.
5. Access to drinking water.
6. Links with basic service companies.

As of December 2022 (10 months after the implementation of this plan), 5,834 projects have been developed and approved, equivalent to 31% of the total Critical Portfolio (1,768 new homes and 4,066 improvement of existing homes).

### **Recognition**

The programme is frequently featured on the radio to increase its reach in remote areas. There have been several mentions of the programme in Chilean media.

## **Transfer and future plans**

### **Transfer**

The principle of recognising the unique characteristics of each region is replicable at international level. To generate these types of exchanges, the programme has taken part in the Forum of Ministers and Maximum Authorities of Housing and Urbanism of Latin America and the Caribbean (MINURVI), an entity of coordination and intergovernmental cooperation in the area of sustainable development of human settlements.



#### **Future plans**

The project has identified the use of prefabricated materials as a way in which the programme can develop in the short term. Building with prefabricated elements will help to provide optimal solutions in terms of quality and relevance in the shortest possible time. To achieve this, the programme is currently working with different companies nationwide.

#### **World Habitat Reflections**

This programme highlights the responsibility of the State to reach the most remote places in the country, giving people in challenging circumstances the possibility to improve their housing conditions without the need to leave their community or way of life. There is a strong tradition of supporting urban settlements as a way of solving housing needs, which is based on the rural-urban migration in search of a better quality of life. This programme approaches the issue from a different angle and could be an inspiration for other governments in the region and beyond.