Guardian Constructor: Incremental Housing Construction in Peru

Submitted By: Terwilliger Center for Innovation in Shelter, Habitat for Humanity International



Organization Profile

Organization Name: Full Building and La Firme

Organization Type: Private sector

Website: https://www.ctivperu.org/bienvenido-guardian-constructor/

Practice Details

Country(ies): Peru

City(ies): Metropolitan Lima, Piura, Chiclayo, Arequipa, Cusco

Start Year: 2020 **Ongoing:** Yes **End Year:** N/A

Main Adequate Housing Components:



Housing Thematic Areas:



Relevant SDGs:



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Problem & Context

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). Cities in Peru build at least 143,000 new homes per year, but the formal sector only builds 43,000 homes. The rest are built informally and incrementally. This context results in unsafe housing, with precarious materials and exposure to seismic and environmental risks. Policy gaps contributing to the problem include insufficient regulation and specific programs that recognize and support incremental construction, weak coordination between the State and the private sector, and the absence of incentives from housing ecosystem actors to promote safe, sustainable solutions adapted to the reality of the construction experience of vulnerable families in urban peripheries.

Solution Developed

Guardian Constructor addresses the challenges incremental housing by creating hubs ("Full Building" and "Casa La Firme") that connect families, construction companies, suppliers, and financial institutions in a formal service network tailored to household needs. Its goal is to ensure safe, quality housing by reducing risks, costs, and time through embedded services like design, legal and technical assistance, financing, and after-sale support. The model integrates previously disconnected actors into a multi-stakeholder ecosystem, mobilizing nearly US$21M, building trust with 9,400 families, and generating scalable, inclusive business models nationwide.

Implementation

1) The business model development began with research with families that build incrementally to understand their construction practices. By identifying root problems in the process, the first prototype was co-designed with civil associations, construction companies, and tested with families that had previously acquired land plots from Menorca, a real estate developer. This process followed several iterations, ending in building complete homes and de-risking financial access with government subsidies. Today, the model continues to iterate with microfinance institutions, to scale nonstructural solutions.

2) Construction companies, civil associations, micro finance institutions, and real estate developers are orchestrated through the two commercial hubs, reducing supply chain friction and organizing demand as part of Guardian Constructor's value chain.

3) Timeline: The Guardian Constructor timeline starts in 2020 with a cooperation agreement and pilot testing with families. In 2021, an integrated model was co-designed, partnerships extended, and digital and in-person solutions advanced, adding new allies and systems. From 2022–2024, a commercial hub strengthened the model, and by 2025 a second hub will segment demand by territory.

4) The process required Memorandums of Understanding among partners. The Terwilliger Center invested financial, staff, and material resources, and established the first commercial hub (Full Building).

Enablers & Obstacles

1) The main enablers were the evidence generated by the Terwilliger Center, which identified financing and quality barriers, providing technical support and legitimacy, and the participation of families, who validated prototypes and contributed inputs to iterate the solution in real contexts.

Multi-stakeholder collaboration connected supply and demand in a fragmented market, and the commercial hub (Full Building) became key by concentrating services, financing, and providers in a single platform.

Finally, the use of technology and data strengthened customer acquisition and demand management, while partnerships with financial institutions supported the early stages of scalability through digital innovation in subsidies and loans.

2) Obstacles: market fragmentation, families' distrust, and limited financial articulation. They were overcome through technical evidence, community validation, demand management data, and multi-actor alliances.

Results & Impact

1)In the Fiscal year 2025, Guardian Constructor reached 21.256 households through information sharing initiatives and there were 3.497 households that report that they are aware of where to purchase the products and services. As part of the qualitative results, we share a link with the testimonies of Erika Estrella and Jorge de la Cruz who share their experiences.

2) Guardian Constructor transforms the way low-income households build their homes, shifting from an unsafe, informal, and costly process to one that is more efficient, affordable, and sustainable, with direct impacts on the assets, health, and quality of life of millions of families.

3) Incremental housing construction in Peru generates annual cost overruns of USD 5.613 billion, of which 83% fall on families. These are driven by construction inefficiencies, illnesses linked to precarious housing, and excessive payments for basic services. A family that builds progressively invests on average USD 61,449, almost double the cost of a formal house, perpetuating poverty and inequality. At the community level, informal expansion accounts for 93% of urban growth over the past 20 years, straining services and increasing vulnerabilities. Environmentally, it contributes to the loss of green areas and USD 230 million in annual GHG emissions. Assisted construction models can reverse this scenario, reducing annual cost overruns by up to USD 3.867 billion, while improving health, productivity, and urban sustainability.

Replication & Scale Up

Guardian Constructor began its testing phase in the district of Mala, Peru, through the Full Building commercial hub and in partnership with the urban developer Menorca, which has lots sold to families in the area. From this starting point, the initiative expanded its offering to regions such as Lambayeque and Piura. In 2025, with the addition of a second commercial hub, La Firme, and the continued alliance with Menorca, the decision was made to scale Guardian Constructor to a national level.

Secure investments to expand hubs, strengthen demand management, and cover replication costs impact capital and credit adapted products.

Consolidate agreements with developers, suppliers, financiers, and local governments while fostering a learning community.

Scaling requires standardizing processes, tech for client profiling, real-time monitoring of user experience and impact and data to refine the value proposition and attracting partners.

Policy Uptake

This housing practice has informed or been partially integrated into policy discussions, strategies, or pilot-level policy instruments.

Public advocacy is in its early phase, but they have already influenced policy. The Ministry of Housing formally recognized incremental housing through Legislative Decree No. 1675, aligning regulations with families' needs and capacities. This change could benefit 2.9 million households (14.5 million people) in urban Peru, where around 70% of homes are built incrementally. Though still at pilot stage, the recognition shows the mode's growing role in shaping national housing strategies.

Lessons & Takeaways

Stronger focus on financial products from the start. Families' access to credit tailored to incremental housing needs was initially limited. In hindsight, a deeper early engagement with financial institutions and fintech's could have expanded affordability and adoption faster.

User experience and communication. Initial pilots taught us that families often undervalued technical assistance. We would place greater emphasis on awareness campaigns and co-design processes to ensure families not only access services but also recognize their long-term value.