

San José, Costa Rica:

Mixed Ownership Companies for Sustainable Development



THE CHALLENGE

In San José, long-standing urban sprawl has intensified housing and densification needs. Municipal budgets cannot easily absorb these costs. The city needed to **attract private resources** and expertise, particularly for sustainable building, mobility projects, and repopulation of the city centre.



HOW IT WORKS

The Built Environment and Infrastructure company (SPEM SJ) was established in 2020 by the city and San José 2020, a consortium of local companies with a track-record in the construction sector.

SPEM SJ was the first mixed-ownership company in Costa Rica with 51% owned by the city government. Its projects however were temporarily put on hold until budget approval technicalities could be resolved. These stemmed from the limited legal framework for mixed ownership companies. The National Audit Office requested that SPEM SJ's budget be approved within the public budget process since they planned to use public funds.

San José subsequently established a second mixed-ownership company called

Model: Public-Private Partnerships

San José is using **mixed ownership companies** to drive sustainable urban development and create **legal frameworks** that facilitate these partnerships.



“Technological City”, to create an innovation district in the city centre to densify and enable more sustainable mobility. This company is using only private financing and will likely bring in public resources once the legal issues are settled.



LESSONS

Where mixed ownership companies are evolving, legal frameworks may lack precision. Cities will need to **test regulatory dynamics**, or as in the case of San José, explore **phased financing**.

Cities can also use the establishment of these companies to propel the creation, or strength, enabling laws and processes.