

# **PHILIPPINE DEVELOPMENT PLAN**

## **CHAPTER 5 Accelerating Infrastructure Development**

### **Housing**

#### **Assessment, Issues and Challenges**

The National Urban Development and Housing Framework (NUDHF) 2009-2016 finds the housing problem to be serious and is a largely urban phenomenon. The magnitude of housing need, defined as the housing backlog plus new households, is enormous and is estimated to reach about 5.8 million housing units in 2016 (Chapter on Social Development). In Metro Manila, the total backlog has been projected to reach 496,928 housing units. Innovative and high-density housing strategies are required if the housing deficit is to be effectively addressed.

Beyond the public sector providing housing and the auxiliary services, new approaches are needed in the face of continuing rural-urban migration that is bound to exacerbate the housing problem. The affordability of and access to government housing programs by the poor will also continue to pose a major challenge in the near future.

The housing problem is evident in the proliferation of slums and informal settlements in the urban areas. Recent estimates show that more than a third of urban populations are slum dwellers. In Metro Manila there were about 581,059 informal settlers (data from HUDCC as of July 26, 2010). These communities are characterized by unsanitary conditions, congestion, and limited access to basic urban services (e.g., health centers, schools, waste disposal, safe water supply). Resettlement and relocation programs have been implemented but have attained limited success in providing employment, livelihood opportunities, and adequate services to many of the relocatees.

Government has allocated less than 1.0 percent of the total government expenditures for the housing sector in recent years, or less than one-tenth of a percent of GDP on the average. This makes Philippine public spending on housing one of the lowest in Asia. (Habito, 2009).

The role of government in providing access to housing opportunities and services must be clarified. In the last four decades, government response to

the housing problem has failed to rectify the fundamental issues of providing shelter, especially for the poor.

### **Strategic Plan and Focus**

The housing sector is guided by the theme: *Gaganda ang buhay kung may bahay at hanap-buhay* (Life will improve with housing and livelihood.) The vision is to provide a holistic framework of a home and eventually a harmonious community through provision of housing infrastructure, integration of basic services, and implementation of appropriate housing/construction standards. It targets the provision of some 1.47 million housing units for the Plan period 2011- 2016.

To address the housing needs and gaps in basic services, especially for the poor and marginalized:

- a. Accelerate mass housing programs with alternative housing technologies, schemes and approaches to ensure decent and affordable homes. In relation to this, the following will also be undertaken:
  - Employ labor-intensive method in the implementation of housing projects wherever feasible to generate employment in the beneficiary communities;
  - Develop and implement the appropriate standards in the construction of the housing units to incorporate DRRM and CCA;
  - Explore vertical expansion in the construction of housing units taking into consideration the basic geographical location, soil quality and other environmental considerations; and
  - Explore the use of indigenous and recyclable materials as environment-friendly alternatives to reduce cost in building houses.
- b. Integrate basic infrastructure support to resettlement sites and emerging regional sustainable communities, such as provision of potable water, safe and sufficient electricity, access roads to the nearest commercial centers, and ICT, among others;
- b. Ensure that all government infrastructure projects integrate the relocation and resettlement requirements of affected families into their plans and costing in collaboration with other concerned agencies;
- c. Develop a financing framework for relocation and resettlement, including workable PPP schemes for socialized housing development; and

- d. Support LGUs efforts to develop a system of land inventory to better identify areas for urban growth and planned areas for human settlements through their Comprehensive Land Use Plans (CLUPs).

## **CHAPTER 8**

### **Social Development**

#### **Housing and Urban Development**

##### **Assessment and Challenges**

With an enormous total housing need of 3.7 million as of 2010, a total of 812,463 housing and shelter security units (i.e., house and/or lot) were provided from 2004 to 2010.

Indirect housing assistance, such as provision of retail and developmental guaranties, issuance of licenses-to-sell, and assistance in comprehensive land use planning, delivered mixed accomplishments. Against a target of 115,556 retail and developmental guaranties, the Home Guaranty Corporation (HGC) only guaranteed a total of 62,418 housing loans (54.01%). However, the Housing and Land Use Regulatory Board (HLURB) issued a total of 767,872 licenses-to sell, indicating a robust construction and completion of housing units. The HLURB also provided assistance to 419 LGUs in updating and formulating their Comprehensive Land Use Plans (CLUPs) against a target of 432 LGUs (Table 8.4).

The government provided housing tenure assistance through the following reform measures: (a) loan interest-rate reductions that brought down the lowest socialized housing package to 3 percent per annum; (b) extension of payment terms for all housing loans from 25 up to 30 years; (c) reduction of loan requirements from 15 to eight; and (d) reduction of loan processing time from three months to seven working days for developer accounts with buy-back guarantee, and 30 days for retail and developer accounts without buy-back guarantee.

The housing sector, however, confronts the following key challenges:

### **Meeting the enormous housing need and demand**

Total housing need, which includes housing backlog and housing for new households, is estimated to reach about 5.8 million units by 2016 (Table 8.5).

The National Urban Development and Housing Framework (NUDHF) 2009-2016 indicates that Regions 3, 4B and NCR account for about half of the total housing need.

### **Rapid growth of informal households and settlements**

Informal settlements have grown by leaps and bounds. In Metro Manila, households in informal settlements increased by more than 81 percent between 2000 and 2006. With rural urban migration expected to continue, and six out of ten Filipinos living in urban areas, addressing the housing problem must be embedded within a larger urban development framework for environmental sustainability. While the MDGs on access to safe drinking water and sanitary toilets have already been achieved, land use and green technology for housing construction have can be tackled only within an action plan for climate change adaptation including disaster risk management.

### **Strained basic shelter, and urban services and fiscal constraints**

The phenomenon of urban slums and informal settlements have been characterized by unsanitary conditions, congestion and limited access to basic urban services, like health centers, schools, waste disposal and safe water supply. While the housing sector is expected to contribute in attaining the MDG target on improving the lives of at least 100 million slum dwellers worldwide by 2020, the formulation of the National Slum Upgrading Strategy and the setting of national targets for urban renewal and slum upgrading efforts should allow a more systematic and detailed assessment of the Philippines' contribution to the global goal in the coming years.

The annual public expenditure for housing in the Philippines, which is approximately less than 1 percent of the total government expenditures, accounts for less than 0.1 percent of GDP, which is one of the lowest in Asia (Habito, 2009). The limited budget, unclear compliance of the provision of the Urban Development and Housing Act (i.e., allocation of at least 20 percent of total project cost in every housing development for socialized housing finance), and reliance to the social insurance system to finance

housing needs effectively limit the access of the poor to housing assistance. Government shelter strategies are focused on increasing housing production either by direct provision of housing units/loans or by giving incentives to developers who cater mainly to the formal sector and the middle/ high-income households. These approaches do not address the fundamental issues of land supply constraints and financing weak institutional mechanisms in housing construction and the financial environment, and unclear focus on poverty reduction (Ballesteros, 2010).

The HGC must be strengthened through equity infusion from the government to establish a stronger guaranty system that will encourage the funding of socialized and low cost housing projects by the private sector and housing developers. Funds for housing can be secured and sustained, only if there is a viable system of guarantees for both the government and private financial institutions that cater to the funding requirements of housing production and end-user financing. The HGC can guaranty loans granted by financial institutions and developers for housing up to 20 times its net worth.

Table 8.3. Direct Housing Accomplishments

Program (in households assisted)	Agency	Year							
		2004	2005	2006	2007	2008	2009	2010	Total
Direct Housing Provision									
1. NHA Housing Production	NHA	20,180	39,786	37,601	41,528	47,112	29,413	23,276	238,896
Resettlement		11,760	16,960	15,390	28,655	36,830	22,044	18,740	150,379
Slum Upgrading		1,395	4,136	1,338	3,707	6,231	2,187	2,068	21,062
Sites and Services		2,036	1,192	2,061	4,036	1,361	1,463	1,142	13,291
Core Housing		2,871	1,033	927	721	41	456	572	6,621
Medium-Rise Housing		0	0	105	60	0	0	0	165
Other Housing Assistance		2,118	16,465	17,780	4,349	2,649	3,263	754	47,378
2. Community Mortgage Program (CMP)	SHFC	14,129	14,199	13,783	11,819	9,169	10,022	7,109	80,230
3. Retail and Developmental Financing		44,614	39,138	33,427	48,020	62,846	75,328	118,785	422,158
End-User Financing	HDMF	39,562	37,175	33,066	47,367	62,507	74,973	56,696	351,346
GFIs End-User Financing									
	LBP	78	37	65	103	186	281	243	993
	SSS	187	91	47	37	62	74	50	548
	DBP	66	0	0	220	16	0	11,300	11,602
	GSIS	4,721	1,835	249	293	75	0	50,496	57,669
4. Provision of Secure Tenure									
Proclamations	HUDCC	44,248	11,784	15,082	51,668	6,504	5,286	100	134,672
Total Direct Housing Provision		123,171	104,907	99,893	153,035	125,631	120,049	149,270	875,956

Source: HUDCC

**Table 8.4. Indirect Housing Accomplishments**

Program (in households assisted)	Agency	Year							Total
		2004	2005	2006	2007	2008	2009	2010	
Indirect Housing Provision									
1. Home Guaranty Corporation									
Retail Guaranty	HGC	5,493		12,356	16,282	15,680	12,089	11,897	55,948
Developmental Guaranty		157		32	5,217	925	311	17	6,470
Securization								24,678	
2. Housing and Land Use Regulatory Board									
License To Sell	HLURB	167,229		187,001	172,967	220,756	200,124	174,025	767,872
CLUP Assistance (LGUs)		104		106	102	104	103	110	419

Source: HUDCC

**Table 8.5. Total Housing Need, 2011-2016**

Region	Year						Total
	2011	2012	2013	2014	2015	2016	
Philippines	1,380,537	1,173,456	997,438	847,822	720,649	612,552	5,732,454
NCR	418,328	355,579	302,242	256,906	218,370	185,614	1,737,039
CAR	10,035	8,530	7,250	6,163	5,238	4,453	41,669
I – Ilocos	48,323	41,075	34,913	29,676	25,225	21,441	200,653
II – Cagayan Valley	29,582	25,145	21,373	18,167	15,442	13,126	122,834
III – Central Luzon	112,675	95,774	81,408	69,197	58,817	49,994	467,865
IV-A – CALABARZON	158,723	134,915	114,677	97,476	82,854	70,426	659,071
IV-B – MIMAROPA	27,696	23,542	20,010	17,009	14,457	12,289	115,003
V – Bicol	66,307	56,361	47,907	40,721	34,613	29,421	275,329
VI – Western Visayas	90,111	76,594	65,105	55,339	47,039	39,983	374,171
VII – Central Visayas	78,934	67,094	57,030	48,475	41,204	35,023	327,761
VIII – Eastern Visayas	44,759	38,045	32,338	27,488	23,364	19,860	185,854
IX – Zamboanga Peninsula	30,199	25,669	21,819	18,546	15,764	13,399	125,396
X – Northern Mindanao	54,446	46,279	39,337	33,437	28,421	24,158	226,078
XI – Davao	67,911	57,724	49,066	41,706	35,450	30,132	281,989
XII – SOCCSKARGEN	47,291	40,197	34,168	29,043	24,686	20,983	196,368
XIII – CARAGA	38,025	32,321	27,473	23,352	19,849	16,872	157,893
ARMM	57,191	48,612	41,320	35,122	29,854	25,376	237,476

Source: HUDCC

**Table 8.6. Proportion of Households in Informal Settlements**

	2000	2006	Growth (%)
All Households			
Philippines	3.60	3.80	5.55
Urban	3.48	5.65	62.35
Metro Manila	5.30	9.60	81.13

Sources: FIES, NSO

## Housing and Urban Development Target

The housing sector targets the provision of 1.47 million units of direct housing assistance from 2011 to 2016. This target for direct and indirect housing provision is identified in Table 8.10.

Table 8.10. Housing Targets by Program/Agency

	Program (in households assisted)	Baseline 2010	Year					Total	
			2011	2012	2013	2014	2015		2016
I. Direct Housing Provision	1. NHA Housing Production	20,003	70,000	70,000	70,000	72,000	73,000	75,000	430,000
	Resettlement	18,740	42,000	46,000	58,000	58,000	58,000	70,000	332,000
	Slum Upgrading	2,068	20,000	10,000	10,000	10,000	10,000	--	60,000
	Sites and Services	1,142	--	--	--	--	--	--	--
	Local Housing	--	8,000	12,000	--	--	--	--	20,000
	Core Housing	572	--	1,000	1,000	2,000	3,000	3,000	10,000
	Medium-Rise Housing	--	--	1,000	1,000	2,000	2,000	2,000	8,000
	2. SHFC Community Mortgage Program	7,109	20,000	25,000	30,000	40,000	40,000	40,000	195,000
	3. Retail & Developmental Financing	120,465	100,000	150,000	150,000	150,000	150,000	150,000	850,000
	HDMF End-User Financing	56,696	100,000	150,000	150,000	150,000	150,000	150,000	850,000
	GFIs End-User Financing	63,769							
	LBP	243							
	SSS	50							
	DBP	11,300							
	GSIS	50,496							
Total Direct Housing Provision	147,577	190,000	245,000	250,000	262,000	263,000	265,000	1,475,000	
II. Indirect Housing Provision	1. HGC		50,500	57,065	64,484	72,866	82,339	93,044	420,298
	Retail Guaranty	15,709							
	Development Guaranty	17							
	Securitization	24,678							
	2. HLURB								
	License to Sell	174,025	166,500	167,000	167,500	166,800	168,500	169,000	1,005,300
	CLUP Assistance (LGUs)	110	125	125	130	130	135	135	780
	3. NHMFC								
	Purchase of Mortgages		930	820	2,433	2,267	3,267	2,838	12,555
	4. HUDCC								
Pre-Proclamations		5,000	5,000	5,000	5,000	5,000	5,000	30,000	

Source: HUDCC

Table 8.14. Urban Asset Reform Targets

Program (in households assisted)	Baseline 2010	Year					Total	
		2011	2012	2013	2014	2015		2016
Provision of Secure Tenure								
1. SHFC Community Mortgage Program (CMP)	7,109	20,000	25,000	30,000	40,000	40,000	40,000	195,000
2. HUDCC Pre-Proclamations		5,000	5,000	5,000	5,000	5,000	5,000	30,000

Source: HUDCC

The global MDG on ensuring environmental sustainability aims to achieve significant improvement in the lives of at least 100 million slum dwellers worldwide by 2020. This will guide the plans and programs on urban renewal

or slum upgrading, which is a key component of the socialized housing program. The identification and development of new relocation/resettlement sites for the marginalized and vulnerable sectors will be adopted, and program targets will likewise be set. The National Slum Upgrading Strategy that will be formulated will identify the national targets for the programs addressing the needs of slum dwellers.

## **Strategies**

### **Housing and Urban Development**

To rapidly address the housing problem, particularly the proliferation of slums and informal settlements, the government shall formulate a National Slum Upgrading Strategy that will set the targets for slum upgrading programs. Expanded slum upgrading, onsite upgrading or in city resettlement shall be pursued as strategies by government and stakeholders.

Government shall pursue the following reforms to scale up and sustain slum upgrading: (a) supporting other forms or modalities of security of tenure such as usufruct and lease rights; (b) developing PPPs for onsite upgrading and resettlement; (c) stimulating housing micro finance for end-user financing; and (d) strengthening community partnerships and stakeholderhood through capacity development. Through the PPPs, urban renewal shall also be promoted for sustainable urban development, to ensure balanced provision of revitalized infrastructure that would support social sectors, including socialized housing.

LGUs shall lead the efforts in shelter planning, since housing and human settlements will be localized in terms of identifying solutions and programming. Thus, LGUs shall develop a land inventory system to identify areas for urban growth and planned areas for human settlements through their Comprehensive Land Use Plans (CLUPs).

Building capacity for effective urban planning systems, data management, and disaster risk management especially among the LGUs shall be established . The following policies and strategies shall be pursued:

### ***Housing***

1. Create alternative funds and mobilize resources, to spur housing production through the revival of the SSS, GSIS and GFIs' contribution in the housing sector pool; reinstate the entitlements of the housing sector under the Comprehensive and Integrated Shelter Finance Act



- (RA 7835); involve rural banks, cooperatives and microfinance institutions in implementing a housing micro-finance program, catering to the marginalized sector and rural homebuyers; and develop an effective and viable secondary mortgage market and rationalization of the guarantee system;
2. Build strong partnerships with LGUs to accelerate housing production through land use and local shelter planning, land inventory and creation of Local Housing Boards (LHB); re-channel development funds to LGUs for housing projects for their constituents; and set aside lands for socialized housing in accordance with the Urban Development and Housing Act (RA 7279);
  3. Engage NGOs (e.g., *Gawad Kalinga*, Habitat for Humanity, ABS-CBN Foundation) and the private sector in building and scaling up socialized housing projects;
  4. Promote the use of “green” technology and materials in housing construction and in building “disaster resilient homes”; and
  5. Develop a strong, cohesive and responsive shelter team (e.g., key shelter agencies and stakeholders) to bring significant changes and institutional reforms, including simplifying loan application processing for development and homebuyer’s loans, and reducing red tape in the issuance of land titles and housing and development permits, at the national and local levels; and ensure transparency and good governance in the housing sector

### ***Urban Development***

1. Formulate an action plan implementing the National Urban Development and Housing Framework (NUDHF) 2009-2016, to achieve urban competitiveness and sustainability, housing affordability, poverty alleviation, and effective and performance-oriented governance through a participatory process; and
2. Prioritize slum improvement under a policy of maximum retention and minimum dislocation; and vigorously implement the National Slum Upgrading Strategy through a National Slum Improvement Action Plan for 2011-2016 that comprise specific targets, programs and activities to provide secured tenure to urban informal settlers, especially those in danger areas.

## **Legislative Agenda**

### ***Creation of the Department of Housing and Urban Development (DHUD)***

This seeks to ensure an adequate and coherent institutional framework for a holistic management of the housing and urban development sector.

### ***Balanced Housing Requirement for Condominium Projects***

This seeks to require developers of proposed condominium projects to develop socialized housing projects (costing at least 20 percent of the projects) as compliance with the 20 percent balanced housing requirement for subdivisions, per Section 18 of the Urban Development and Housing Act or RA 7279.

### ***Establishment of Local Housing Boards***

This seeks to create Local Housing Boards in every city and municipality that shall serve as the focal unit in the delivery of housing services, local shelter planning and disposition of underutilized assets of shelter agencies and national government.

### ***National Land Use Act (NALUA)***

This seeks to establish a national land use framework that will define the indicative priorities for land utilization and allocation. NALUA shall integrate efforts, monitor developments related to land use, and evolve policies, regulations and directions of land use planning processes.

The NALUA mandates the formulation of national planning and zoning guidelines and standards, to guide LGUs in the formulation of their CLUPs and enactment of zoning ordinances.

### ***Comprehensive and Integrated Shelter Finance Act (CISFA) II***

This seeks to enact the continuation of CISFA or RA 7835, to increase budget appropriation for the socialized housing program of the government, and significantly increase the provision of housing and tenure security to poor informal settlers, and in order to attain the MDGs.