

# **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<br>(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<br>(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<br>(in households assisted) | Baseline<br>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<br>(in households assisted)      | Baseline<br>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.