

Vol. X No.13 July 15, 2004

Housing Sector

PROVIDING A DECENT HOME FOR ALL

Flor Pogado, 45, is a computer operator for a government agency and her husband holds a blue-collar job in Saudi Arabia. For 18 years, their family of three lived with Flor's relatives. But two years ago, through a government housing program, the Pogados were able to finally get a place of their own—a 35-square-meter row house in Cavite to be paid for 20 years at PhP1,423.00 a month.

Flor is one of the 283,000 low-salaried employees who were given housing loans by government financial institutions from January 2001 to December 2003. They are part of the 776,996 households who have been provided shelter recently from January 2001 to March 2004 reported by the Housing and Urban Development Coordinating Council (HUDCC).

Shelter security comprises providing security of land tenure and socialized housing to the landless and homeless urban poor families and low-cost/economic housing units for low-salaried workers.

The annual target for socialized housing or those costing below PhP225,000, the government's priority program, was 220,000 units. Against this target, accomplishment rates were 94.52 percent, 54.09 percent and 38.54 percent for 2001, 2002 and 2003, respectively. The total target was 1.2 million households, of which 320,00 were classified under the economic/low-cost package costing PhP225,000 to PhP2 million per unit. (See table)



Government Policies and Programs

The administration of Gloria Macapagal-Arroyo instituted several policy and regulatory reforms to address the country's chronic housing problems.

Loan ceilings of different housing packages were adjusted to make housing available and affordable to low-salaried employees.

The interest rates for the Home Development Mutual Fund's (HDMF) retail lending program were also reduced to 6-12 percent from 9-16 percent depending on the housing package acquired. The packages range from PhP150,000 to PhP2 million. Buyers have cut down their monthly amortizations by as much as one-fourth. Borrowers of PhP500,000 or less from the HDMF or Pag-Ibig Fund also no longer have to pay equity because it increased the loan-collateral ratio for accounts under the buy-back agreement with developers.

To address the housing needs of overseas Filipino workers, the Pag-Ibig Overseas Program or POP was implemented, which has extended more than PhP690 million to 1,465 persons.

For the informal sector, the loan ceiling of the Community Mortgage Program (CMP) was increased from PhP100,000 to PhP120,000 in Metro Manila and other highly urbanized areas and from PhP85,000 to PhP100,000 in other areas. Housing agencies also

Table 1
Target Households and Accomplishments

Housing Package	Target Households 2001-2004	Actual Accomplishments				Total
		2001	2002	2003	2004*	
Socialized	800,000	207,940	118,987	84,716	65,163	476,806
- Informal		200,976	111,898	72,825	62,281	447,980
- Formal		6,964	7,089	11,891	2,882	28,872
Economic/ Low Cost	320,000	54,447	74,306	114,507	56,930	300,190
TOTAL	1,200,000	262,387	193,293	199,223	122,093	776,996

Source: HUDCC

* Figure as of March 2004 only.

worked with non-governmental agencies such as the Gawad Kalinga of the Couples for Christ, Gawad Kapatiran and the Habitat for Humanity to help provide dwelling units to the informal settler families.

To augment funds, the HUDCC floated bonds that generated PhP8.56 billion and undertook efforts to make existing housing mortgages liquid.

In a press conference, National Economic and Development Authority Director-General Romulo L. Neri said that the government also streamlined the housing permit process, now requiring only 45 signatures from 200 through Executive Order 45. It further relaxed the requirements for issuing registration certificates and licenses to sell and granted agriculture and agrarian resources eligibility for housing loans. The Presidential Commission for the Urban Poor was also designated as sole clearing-house for demolitions and evictions, Neri said.

What Didn't Work?

The January 2001-March 2004 figures show that the housing sector was unable to meet its targets of providing shelter security. A reason for the underachievement was the non-release of funds to finance the housing programs for the poor, the HUDCC said.

Other bottlenecks included:

- slow and delayed submission of documents by concerned agencies to proclaim lands as public;
- legal problems in accessing land for Presidential proclamations; and
- limited enforcement of the 1992 Urban Development and Housing Act that requires developers to allot 20 percent of total subdivision cost to develop an area for socialized housing.



Gawad Kalinga Housing Project in Quezon City

References:

- U.P. Public Lecture on "Housing and Urban Development" by HUDCC Secretary Amado Bagatsing, Feb. 27, 2004
- SDS Assessment Report in Housing

The demand for housing continues to increase as the Philippines rapidly urbanizes, noted the HUDCC. Urbanization rate is estimated at 52 percent while population growth rate is 2.36 percent per year. The government is having difficulty in addressing the growing housing demand due to limited means and most public programs tend to produce shelter packages that the poor cannot afford.

In her new term, the HUDCC said President Arroyo should prioritize the following programs to expand the government's limited resources:

- Increase the role of private financial institutions in financing housing through credit and market interest rates;
- Operationalize the Social Housing Finance Corporation as a joint public-private entity;
- Redesign the subsidy mechanisms to increase transparency and efficiency by phasing out interest rate subsidies; and
- Create a viable and sustainable source of housing finance by establishing an active and liquid secondary mortgage market with investors, including insurance companies, pension funds and social security agencies.

The HUDCC added the government should also focus on improving production of houses and prioritizing institutional reforms. One initiative is to create a Department of Housing and Urban Development to strengthen the sector's institutional framework.

Meanwhile, the Arroyo administration will continue implementing programs such as the CMP to assist families of informal settlers by providing funds for land acquisition, site development, house construction and home improvement, through loans payable over a maximum period of 25 years at an annual interest of six percent.

Neri added that resettlement of informal settler families along the North and South Rails' right of way will be prioritized when construction is undertaken. The North and South Rail project will reactivate and modernize the rail transport system and facilitate transportation and development in Central and Northern Luzon.

Other undertakings include:

- building medium/high rise condominium building projects in Metro Manila and highly urbanized cities under the Pag-Ibig Fund;
- intensifying post proclamation activities particularly titling of proclaimed lands; and
- institutionalizing housing for the Armed Forces of the Philippines and Philippine National Police personnel that will benefit the families of some 71, 941 military and police personnel. ■