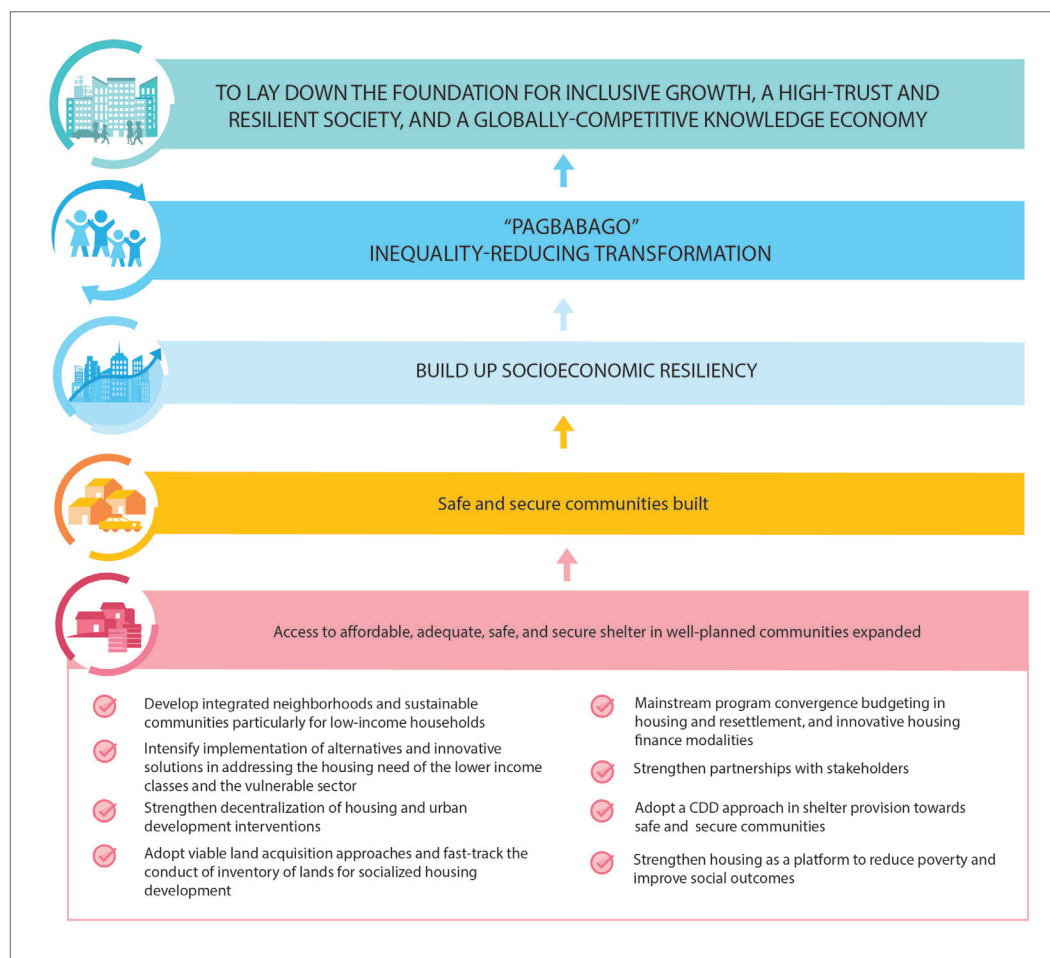


# 12 Building Safe and Secure Communities

# Building Safe and Secure Communities

The housing sector agencies of the government completed 86,185 socialized and about 55,483 low-cost housing units in 2017. However, recurring challenges such as (a) low budget utilization; (b) mismatch in housing demand and supply; and (c) threats of natural and human-induced disasters persisted. Hence, the need to implement strategies, such as (a) adopting frameworks for sustainable communities; (b) implementing initiatives to address operational issues on government housing projects; (c) implementing housing reforms; and (d) strengthening partnerships among stakeholders to improve responsiveness in shelter provision during natural and human-induced disasters (See Figure 12.1).

**Figure 12.1 Strategic Framework to Build Safe and Secure Communities**



# Accomplishments

The country's total projected housing need for the period 2017-2022 stands at 6.57 million. In 2017 alone, the actual housing need reached 1.02 million. Nevertheless, the key shelter agencies (KSAs) targeted to assist only 262,153 households – which is only 26 percent of the total housing need. This low target is due to the sector's need to improve its budget utilization rate to gain better government support through an increased budget appropriation in the succeeding years. It may be noted that, historically, budget obligation for housing and community development has always been less than 1 percent of the total expenditure (See Table 12.1).

**Table 12.1. Sectoral Distribution of Public Expenditure As Share of Total Expenditures, 2015-2017**

SECTOR	2015	2016	2017
Education	14.48%	14.86%	17.30%
Health	6.33%	6.27%	5.68%
Social Security, Welfare and Employment	5.55%	4.57%	3.73%
Housing and Community Development	0.02%	0.03%	0.02%
Others	3.87%	3.73%	4.64%

Source: Department of Budget and Management - Budget of Expenditures and Sources of Financing 2017 and 2018

Notwithstanding the conservative target, Table 12.2 shows that the KSAs delivered only 54 percent (142,444 households assisted) in 2017. Of the said accomplishment, the National Housing Authority (NHA) Housing Production Program contributed 39 percent (55,393 households), the Social Housing and Finance Corporation (SHFC) Community Driven Housing Program, 4 percent (6,087 households), and the Home Development Mutual Fund's (HDMF/Pag-IBIG) Retail and Development Financing, 57 percent (80,964 households). It is worth mentioning that Pag-IBIG exceeded its 2017 target partly due to improved processes, such as the shortening of processing time for housing loan applications from 27 to 20 days and reducing the number of requirements from 14 to 7 documents. In addition, the agency's Affordable Housing Program further lowered its interest rate from 4.5 percent to 3 percent and accommodated minimum wage earners with gross monthly incomes not exceeding ₱15,000. Since the program's effectivity in May 2017, 788 housing units worth ₱281 million were acquired by qualified borrowers at the new rate.

**Table 12.2 National Shelter Program Direct Housing Assistance Targets and Accomplishments, 2017  
(in households assisted)**

PROGRAM	AGENCY	2017 TARGET	ACCOMPLISHMENT
<b>A. NHA Housing Production</b>	<b>NHA</b>	<b>152,715</b>	<b>82,883</b>
1. Resettlement for Informal Settler Families		28,700	9,165
2. AFP/PNP Housing Program		7,000	2,271
3. Settlements Upgrading		1,000	437
4. Housing Assistance Program For Calamity Victims		116,015	71,010
- Permanent Housing		115,515	43,520
- HOMA		500	27,490
Total NHA Without HOMA		152,215	55,393
<b>B. Community Driven Housing Program</b>	<b>SHFC</b>	<b>39,254</b>	<b>6,087</b>
5. Community Mortgage Program (CMP)		25,515	5,491
6. High Density Housing Program (HDHP)		13,739	596
<b>C. Retail &amp; Development Financing (Total)</b>	<b>HDMF*</b>	<b>70,684</b>	<b>80,964</b>
1. End-User Financing		70,684	80,964
a. Socialized Housing (SH)		20,461	24,705
b. Low-Cost Housing (LC)		48,779	55,483
c. Medium Cost (MC)		1,006	501
d. Open Market (OM)		438	275
<b>Total Direct Housing Provision (Excluding HOMA)</b>		<b>262,153</b>	<b>142,444</b>

Source: HUDCC and KSAs

Table 12.3 shows that all programs on indirect housing provision have exceeded their 2017 target to support housing supply. The only exception is Home Guaranty Corporation's (HGC) New Guaranty Enrollments where only 17,415 guarantees of the targeted 33,647 were issued. In terms of licenses to sell that protect homebuyers from fraudulent practices, the Housing and Land Use Regulatory Board (HLURB) was able to issue 274,545 licenses and assisted 225 local government units (LGUs) in formulating/updating their Comprehensive Land Use Plans (CLUPs) in 2017. Meanwhile, to increase liquidity in the housing market, the National Home Mortgage Finance Corporation (NHMFC) purchased 5,046 housing loans under the Housing Loan Receivables Purchase Program (HLRPP), wherein the purchased loans are reissued for sale or traded in the secondary mortgage market through securitization.

**Table 12.3 Indirect Housing Assistance Targets and Accomplishments, 2017**

PROGRAM	AGENCY	2017 TARGET	ACCOMPLISHMENT
<b>I. New Guaranty Enrollments</b>	<b>HGC*</b>	<b>33,647</b>	<b>17,415</b>
A. Socialized Housing		1,739	399
1. Socialized Housing Loans		1,679	196
2. Small Housing Loans		60	203
B. Low-cost Housing		23,511	11,884
C. Medium-cost Housing		5,038	2,506
D. Open Housing		3,359	2,626
<b>II. License to Sell</b>	<b>HLURB</b>	<b>218,918</b>	<b>274,545</b>
<b>III. LGUs provided Comprehensive Land Use Plan (CLUP) Assistance</b>	<b>HLURB</b>	<b>130</b>	<b>225</b>
<b>IV. Housing Loan Receivables Purchase Program (HLRPP)</b>	<b>NHMFC</b>	<b>3,500</b>	<b>5,046</b>

Source: HGC, HLURB, and NHMFC

\*Accomplishments only for 1<sup>st</sup> to 3<sup>rd</sup> quarters of 2017

## Moving Forward

As a way forward, the housing sector aims to address the immediate challenges that limited its performance for 2017. These problems may be attributed to recurring factors that have challenged the sector over the years, such as: (a) low budget utilization of shelter agencies; (b) mismatch in housing demand and supply; and (c) threats of natural and human-induced disasters.

First, the 2017 appropriated budget of ₱15.3 billion for the housing sector was lower than the ₱33.3 billion in 2016 and will further decline to only ₱4.7 billion in 2018. In terms of budget utilization, NHA has only disbursed 15 percent of its 2017 budget, while NHMFC and SHFC disbursed below 5 percent of their budgets in the same year. This performance of the sector further points to the need to improve its budget utilization prior to obtaining increased resource allocation.

Second, the mismatch between housing demand and supply remains, particularly for government-led housing projects. On the demand side, it was earlier mentioned that there is still a considerable housing need of 1.02 million<sup>1</sup> and only a fifth of which has been targeted to receive assistance through direct housing provision. While the National Shelter Program targets low-income families, housing packages also remain costly for them. For example, the Housing and Urban Development Coordinating Council (HUDCC) reported that based on the 2015 Family Income and Expenditure Survey, families in the lowest income decile cannot afford the Community Mortgage Program package with the least cost of ₱1,725 monthly amortization. On the supply side, a number of housing units remain unoccupied or unawarded because of livability concerns that overlooked the needs of the targeted beneficiaries. With increased prices, developers are also challenged to provide decent housing at low prices. Relatedly, there is also a need to address the lack of community facilities in some government housing projects which may have hindered targeted beneficiaries from occupying the housing units. Meanwhile, relative to the reconstruction projects in disaster-stricken areas, concerns were raised on the snail-paced construction of housing units primarily due to lack of suitable sites, titling problems, and difficulty in securing approvals, among others.

<sup>1</sup> Comprised of annual housing need and backlog distributed equally for the six year planning period, including households in unacceptable housing; doubled-up households in acceptable housing units among others.

Furthermore, with the inevitable effects of natural and human-made disasters, the need for more resilient housing becomes even urgent. It is noted that apart from its regular programs, NHA has likewise provided housing construction materials to build a total of 9,086 units for Typhoon *Lawin* and fire victims in 2017. Meanwhile, right after the conflict between government forces and the militant Maute group in Marawi, 533 transitory shelter units were already provided in 2017, but rehabilitation efforts still require permanent housing for the 2,747 affected families.

**Table 12.4 Planned Strategies of Key Shelter Agencies to Build Safe and Secure Communities**

CHALLENGES	PLANNED STRATEGIES
<b>Low budget utilization rate</b>	<b>Implement reforms needed</b> <ul style="list-style-type: none"> <li>Facilitate the downloading of funds to LGUs with capability/track record in the implementation of housing projects under the Yolanda Permanent Housing and Resettlement Assistance to LGUs.</li> <li>Creation of additional Bids and Awards Committee to hasten bidding for mass housing development.</li> <li>Implement BALAI strategies such as: (a) accelerating housing production at 250,000 units for 2018; (b) implementing anti-red tape initiatives; and (c) developing synergy among KSAs, among others.</li> </ul>
<b>Mismatch in housing demand and supply</b>	<b>Adopt frameworks for sustainable communities</b> <ul style="list-style-type: none"> <li>Adopt the National Urban Development and Housing Framework 2017-2022 and National Resettlement Policy Framework.</li> </ul> <b>Address operational issues in government housing</b> <ul style="list-style-type: none"> <li>Implement the Joint Senate and House resolution on distributing unoccupied and unawarded housing units to other qualified beneficiaries.</li> <li>Support the construction and maintenance of community facilities in resettlement sites (e.g., live cases, additional budget for maintenance of resettlement sites).</li> <li>Coordinate more closely with LGUs in post-disaster reconstruction efforts.</li> <li>Update housing standards according to needs of beneficiaries (e.g., wider space for AFP/PNP Housing).</li> </ul> <b>Implement alternative and innovative solutions in addressing the housing needs of lower income and vulnerable groups</b> <ul style="list-style-type: none"> <li>Study the viability of direct housing subsidy and public rental schemes.</li> <li>Support the expansion of access to housing finance through the HGC's Expanded Socialized Housing Program which aims to encourage private funders to finance socialized housing and the NHMFC's Socialized Housing Loan Take-Out of Receivables (SHeLTeR) Program which provides a liquidity mechanism for socialized housing originators.</li> </ul>
<b>Inevitable effects of natural and human-made disasters</b>	<b>Strengthen partnerships among stakeholders to improve responsiveness in shelter provision during natural and human-induced disasters</b> <ul style="list-style-type: none"> <li>Formulate the Comprehensive Resilient Housing and Sustainable Human Settlements Framework.</li> </ul>

# Recommendations

*Table 12.5 Supplemental Strategies to Build Safe and Secure Communities*

CHALLENGES	RECOMMENDED STRATEGIES
<b>Low budget utilization rate</b>	<b>Facilitate improved monitoring</b> <ul style="list-style-type: none"> <li>Require KSAs to report on communities resettled and housing units occupied in addition to the current reporting on units built only. A closer and more regular monitoring of progress, from housing construction to occupancy, is in order.</li> </ul>
<b>Mismatch in housing demand and supply</b>	<b>Address operational issues in government housing</b> <ul style="list-style-type: none"> <li>Pursue a national policy on idle lands, including the completion of cadastral surveys.</li> <li>HDMF to explore allowing the increase in regular payment contributions from members that can add to the equity down payments, especially for homebuyers.</li> <li>Develop alternative solutions such as the housing voucher system.</li> <li>Study the feasibility of using idle government lands for vertical housing.</li> <li>Strengthen monitoring of the Balanced Housing requirement (i.e., RA 10884 or the Balanced Housing Development Program Amendments).</li> </ul> <b>Promote new housing solutions</b> <ul style="list-style-type: none"> <li>Encourage KSAs to improve their housing standards based on the needs of their targeted beneficiaries.</li> <li>Promote and adopt green building technology.</li> </ul>
<b>Inevitable effects of natural and human-made disasters</b>	<ul style="list-style-type: none"> <li>Complete the drafting of the Guidelines on the Provision of a Rights-Based and Gender-Responsive Temporary Shelters for Families Affected by Disasters and Armed Conflict.</li> <li>Complete CLUPs accounting for risks and mitigating measures.</li> </ul>

