

12 Building Safe and Secure Communities

BUILDING SAFE AND SECURE COMMUNITIES

The housing sector appears upbeat with strategic policy and program reform measures, such as the legislation creating the Department of Human Settlements and Urban Development to serve as the primary government entity for dealing with pertinent issues and concerns. This responds to the challenge of providing decent and affordable security of tenure for Filipino families amid the confluence of structural, institutional, resource, and environmental factors. To address the bottlenecks in housing supply, regulatory weaknesses in housing finance, and perennial data gaps, the sector rolled out its platform for strengthening partnerships for the Building Affordable, Livable, Adequate, and Inclusive (BALAI) Filipino communities.

Assessment

Table 12.1 National Shelter Program Direct Housing Assistance Targets and Accomplishments, 2018 (in households assisted)

PROGRAM	AGENCY	TARGETS	ACCOMPLISHMENTS*
A. Housing Production^a	NHA	124,874	26,170
Resettlement for ISFs		38,011	5,724
AFP/PNP Housing Program		8,807	631
Settlements Upgrading		1,664	248
Housing Assistance Program for Calamity Victims		73,621	19,567
Permanent Housing		73,621	18,326
HOMA		-	1,241
Others (Vertical Development, Employee's Housing)		2,771	-
Total NHA Without HOMA		124,874	24,929
B. Community-Driven Housing Program	SHFC	49,254	13,901
Community Mortgage Program (CMP)		32,015	13,433
High Density Housing Program (HDHP)		17,239	468
C. Retail and Development Financing	HDMF/Pag-IBIG Fund	77,406	70,561
End-User Financing		77,406	70,561
Socialized Housing (SH)		21,217	21,389
Low-Cost Housing (LC)		54,569	48,369
Medium Cost (MC)		1,160	490
Open Market (OM)		460	313
Total Socialized Housing^b		195,345	60,219
Total Direct Housing Provision (Excluding HOMA)^c		251,534	109,391

Source: HUDCC, NHA, SHFC and HDMF

Notes: *Accomplishments only cover for Q1 to Q3 2018 except for SHFC, which covered January to December 2018.

^a In housing units only

^b Excludes low-cost, medium-cost and open market housing

^c Sum of Housing Production, Community Driven Housing Program, and Retail and Development Financing

The country's total housing needs reached 1.034 million in 2018, majority of which are for upgrading of unacceptable housing such as informal settlements, dilapidated, and doubled-up units¹. Despite targeting to assist only 251,534² households or 24 percent of needs, the government failed to reach even half of its target by Q3 2018 through its direct housing programs. Specifically, the 109,391 units provided were through the Home Development Mutual Fund's (HDMF or Pag-IBIG Fund) End-User Financing (70,561 or 68%), National Housing Authority's (NHA) Housing Production programs (24,929 units or 25%) and Social Housing Finance Corporation's (SHFC) Community-Driven Development (13,901 units or 12.7%). Similar to its performance in 2017, only Pag-IBIG Fund is on-track with its projected annual outputs.

Construction of temporary shelters under the *Bangon Marawi* Comprehensive Rehabilitation and Recovery Program started in Q4 2017 to facilitate the transfer of affected families living in evacuation centers. As of November 22, 2018, a total of 1,052 housing units have been completed and turned over to the beneficiaries out of the targeted 4,552 housing units. As part of the Task Force *Bangon Marawi*'s activities to address issues on overlapping land claims in Marawi City, it also conducted a social cartography activity through the *Kambisita* Program where displaced families participated in the enumeration and mapping of individual lots during their brief visit to their homes in the most affected areas.

Table 12.2 Indirect Housing Assistance Targets and Accomplishments, 2018

PROGRAM	AGENCY	TARGETS	ACCOMPLISHMENTS
A. New Guaranty Enrollments	HGC	35,001	36,894
i. Socialized Housing*		1,817	121
ii. Low-cost Housing		24,451	31,881
iii. Medium-cost Housing		5,240	3,582
iv. Open Housing		3,493	1,310
B. License to Sell	HLURB	219,168	204,344
C. LGUs provided Comprehensive Land Use Plan (CLUP) Assistance	HLURB	120	239
D. Housing Loan Receivable Purchase Program**	NHMFC	3,400	379

Source: HUDCC, HGC, HLURB, and NHMFC

Notes: *Socialized Housing Loans and Small Housing Loans

**NHMFC Accomplishment as of November 30, 2018

Shelter agencies providing indirect housing assistance performed better, with three of the four programs already exceeding 50 percent of their targets by Q3 2018: Home Guaranty Corporation's (HGC) New Guaranty Enrollments, majority coming from low- and medium-cost housing; Housing and Land Use Regulatory Board's (HLURB) Licenses to Sell (LTS); and its CLUP Assistance to local government units (LGUs). Guaranties issued for socialized housing loans, however, decreased further from its delivery rate of 23 percent in 2017 to only 7 percent in 2018. National Home Mortgage Finance Corporation's (NHMFC) Housing Loan Receivables Purchase Program (HLRPP) also fell short with only 379 loan receivables (11%) of the 3,400 target.

Overall, total socialized housing provided in 2018 reached 60,219 units, while low-cost housing stands at 48,369 units. These translate to a low 5.82 percent and 4.68 percent of housing needs for socialized and low-cost housing, respectively. Even with the addition of 35,321 units³ facilitated by socialized housing

¹ This estimate excludes the remaining 119,709 units (46%) of the 2017 housing sector target, which were not accomplished.

² Compared with the Philippine Development Plan 2017-2022 indicative targets, NHA reduced its estimates by 36 percent and 38 percent in 2017 and 2018, respectively.

³ HLURB reports that of the 204,344 LTS issued, 18,270 units are for Socialized Housing and 17,051 units are through Private Developers' compliance to Republic Act No. 10884 or the Balanced Housing Development Program Amendments Act.

developers and other private developers' compliance to the Balanced Housing Requirement in 2018, these are not enough to reach at least 20 percent of the 1.034 million housing needs for 2018.

Table 12.3 Accomplishments versus Targets in Building Safe and Secure Communities

INDICATOR	BASELINE VALUE (YEAR)	ANNUAL PLAN TARGETS		ACCOMPLISHMENTS	
		2017	2018	2017	2018
Proportion of socialized housing targets met to housing needs improved (%)	8.60 (2016)	16.92	17.91	5.97	5.82
Proportion of low-cost housing targets met to housing needs improved (%)	5.27 (2016)	4.79	5.03	3.36	4.68

Source: KSAs and NEDA Staff Calculations

The Department of Budget and Management (DBM) reported that the low absorptive capacity of key shelter agencies (KSAs) continues to be a primary reason for the decline in the budget allocation for the housing sector from PHP11.7 billion in 2017 to PHP6.1 billion in 2018. This translates to only 0.2 percent of the total budget and a further decrease is expected in 2019 at PHP5.5 billion.

Table 12.4 Housing Sector Budget (in billion PHP)

	2017	2018	2019 (PROPOSED)
Housing and Community Amenities	11.7	6.1	5.5
Percent to Total Budget	0.35%	0.2%	0.2%

Source: 2017 and 2018 People's Budget and 2019 Proposed People's Budget (DBM)

Expenditures for housing development and provision of community amenities such as potable water supply and street lighting

Given the limited allocation, the sector needs to focus its efforts in addressing the following challenges to move forward with its planned targets in the next two years: bottlenecks in housing production; regulatory weaknesses in housing finance; and data gaps in housing.

Bottlenecks in housing production. NHA cited internal and external factors for its low accomplishment in 2018, which delayed housing construction.⁴ Internal factors included issues related to: a) activities of developers (insufficient manpower and resources, slow implementation, and delayed/non-compliance with Notice of Award requirements); b) resettlement site conditions (presence of informal settler families [ISFs], boundary disputes, need for additional land development); and c) other issues, such as limited budget for LGU implementation and targeting errors.

On the other hand, external factors pointed to: a) LGU functions (refusal of local officials to continue remaining works, slow delivery of materials, slow processing of documentary requirements), b) land availability and related disputes, c) illegal entrants, and d) inclement weather. Similar issues were also reported in the 2017 Commission on Audit (COA) Report.

⁴ NHA as the sole housing production agency and accountable for 50 percent of the Direct Housing Provision targets

Table 12.5 Factors Affecting the Completion of NHA Housing Projects

COA FINDINGS*	SOURCE
<ul style="list-style-type: none"> • Delay in the release of funds • Lack of suitable sites for housing construction • Lack of materials/manpower/equipment resulting in some contractors incurring negative slippages of at least 15 percent** • Delayed issuance of permits, licenses, clearances, and other documentary requirements 	<p>2017 Annual Audit Report on the NHA - Observations and Recommendations</p> <p>Item 6, p. 57; Item 14, pp. 75-81</p>

*Various NHA Programs (Resettlement Program for ISFs in Metro Manila, AFP/PNP/BJMP/BFP Program and Housing Projects for Calamity Victims)

** A violation of Item III.A.2.a of Government Procurement Policy Board (GPPB) Resolution No. 018-2004 which can lead to contract termination

More worrying is the fact that only 17,081 units (13.7%) of the targeted 124,874 units were awarded to beneficiaries, majority of which were from the Resettlement Program. COA findings in 2017 noted the lack of adequate basic facilities, incomplete structural components, and other construction defects as some of the reasons for the low occupancy of NHA housing units. Also, regular NHA personnel are deployed in projects for calamity victims during disasters, causing delayed operations in other on-going projects. Given these recurring problems, the NHA is often on “catch-up mode” to address construction delays of the previous year’s targets, subsequently adding to the annual housing backlog. Findings also indicate that either the agency’s current structure is incapable of coping with the demand or its current housing policies are not the optimal solutions given prevailing conditions (e.g., rapid urbanization, climate change, and human-induced conflicts).

Regulatory weaknesses in housing finance. Complex government processes and demand-supply problems of housing financing products led to the limited outputs of SHFC, HGC, and NHMFC in 2018. For SHFC, delays in the issuance of land classification, geohazard clearance, and zoning ordinance from the Department of Agrarian Reform, Department of Environment and Natural Resources, and LGU *Sanggunian*, respectively, hampered the timely processing of CMP loan applications. Similarly, HGC attributed the slowdown in socialized housing guaranties to the decreased issuance of development permits by HLURB due to more stringent processing, following the discovery of developers making multiple claims under the Balanced Housing Requirement.⁵

Meanwhile, NHMFC cited that in 2018, housing inventories of originators⁶ enrolled in the program were still in the pre-development and selling phase of their housing projects, hence there were lower HLRPP take-outs. This also reflects the infancy of the secondary mortgage market in the country despite the passage of the Securitization Act in 2004. Volumes of mortgages remain small with mostly government-controlled banks or finance corporations providing securitization services.

Data gaps in housing. The lack of valid and reliable housing data remains a challenge and addressing this can fast-track the adoption of needed policy reforms. For instance, there remains a need for a centralized database of all government housing beneficiaries. Absence of this system has led to either delays in turnovers or errors in the awarding of units. KSAs also have a limited platform in monitoring the private sector’s contribution to the housing market. While Republic Act 10884 mandates private developer compliance to the Balanced Housing Requirements, HLURB’s current monitoring system can be strengthened to facilitate timely and complete reporting. Absence of proper accounting can lead to miscalculations of the country’s unmet socialized housing needs, and subsequently, misguided policy interventions.

⁵ NHA projects also claimed by private developers

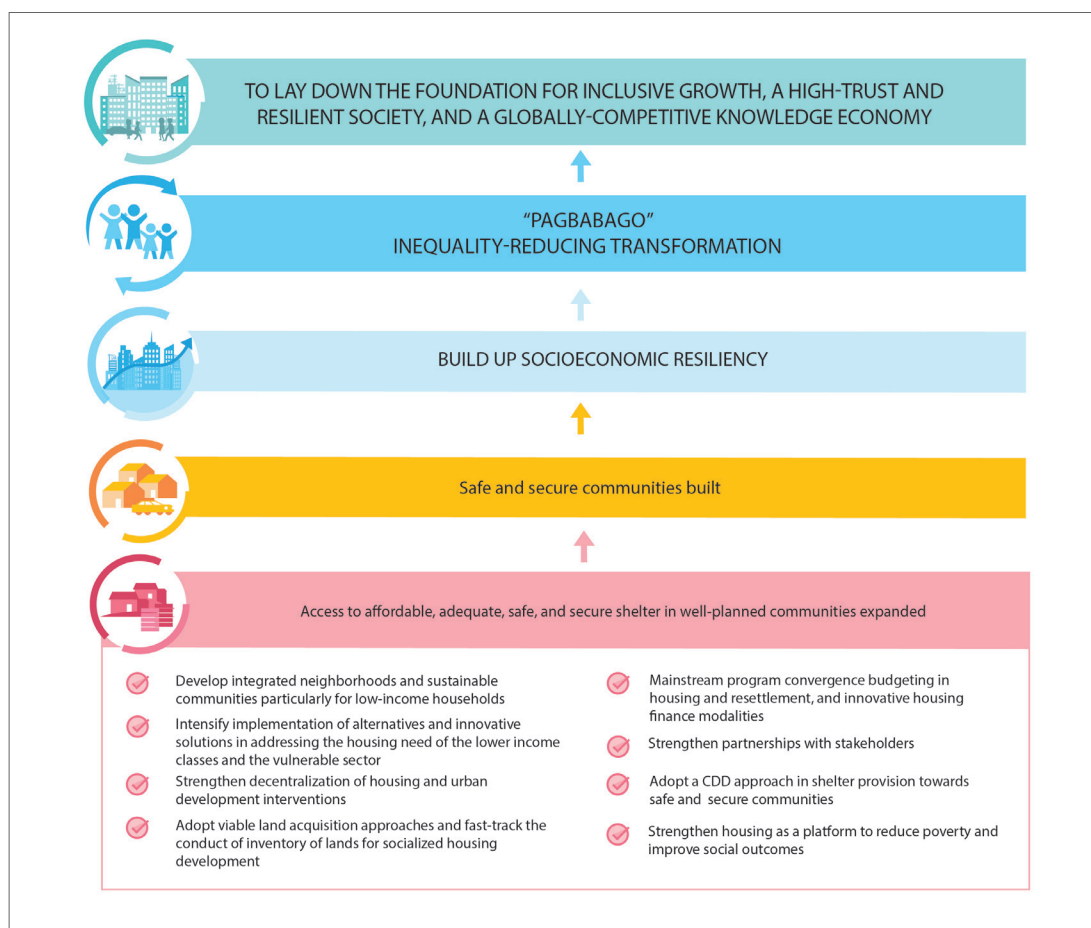
⁶ Non-government organizations, cooperatives, microfinance institutions, national government agencies, private corporations, and LGUs involved or would like to be involved in providing a housing program for their employees, constituents, or members

Lastly, operational and standard definitions of key housing terms such as *affordable cost*, *danger areas*, *housing needs*, and *ISFs* are critical to the approval and implementation of needed regulations. Said activities include the regular review of the housing price ceilings, estimation of housing needs, and identification of beneficiaries for proposed direct consumer subsidies through public rental housing and issuance of housing vouchers, once developed and implemented.

Moving Forward

An opportunity for the sector is the enactment⁷ of the Department of Human Settlements and Urban Development Act, which consolidates the Housing and Urban Development Coordinating Council (HUDCC) and HLURB, making it the primary government entity for managing housing, human settlements, and urban development through planning, policy-making, regulation, coordination, and monitoring. The law also reconstitutes the HLURB into the Human Settlements Adjudication Commission to resolve cases within the said areas. Other pertinent sections of the Act include the: a) development and maintenance of a shelter and urban development monitoring information system with datasets on idle lands, housing stocks, and beneficiary list; b) creation of a National Human Settlements Board; c) establishment of Housing One-Stop Processing Centers; and d) identification and designation of lands for housing and urban and rural development.

Figure 12.1 Strategic Framework to Build Safe and Secure Communities



⁷ RA 11201 has been signed into law by the President on February 14, 2019.

On bottlenecks in housing production. Short-term solutions include the implementation of NHA policies approved in 2018 that aim to fast-track bidding and processing of documentary requirements needed for construction. These include the NHA Memorandum Circular No. 2018-030 or the Updated Guidelines for the Implementation of the Resettlement Assistance Program for Local Government Units and creation of the Regional Offices Bids and Awards Committees or Infrastructure/Goods and Services. The National Economic and Development Authority will also develop a framework in ensuring the restoration of income and livelihood opportunities in resettlement sites.

To increase its output efficiency, UP PLANADES⁸ recommends NHA to capacitate homeowners' associations on estate management so that NHA can focus on housing production instead. NHA can also hire additional personnel for deployment during periods of disaster to ensure the continuity of regular operations. Improving the livability of shelter projects can also be initiated through the completion of the review of standards and guidelines under *Batas Pambansa* 220.⁹

On regulatory weaknesses in housing finance. An immediate strategy is to conduct a Regulatory Impact Assessment of the operations related to subsidized state-sponsored housing institutions such as the NHA, Pag-IBIG Fund, HGC, NHMFC, and SHFC.¹⁰ This also follows from the Department of Finance's discussion that instead of producer subsidies (e.g., VAT exemption), targeted consumer subsidies in the form of vouchers, cash, or lower borrowing terms can better help the poor avail of housing, and are more cost-effective and better targeted than the current system, which has substantial leakages. Partner institutions can be consulted on the feasibility of granting consumer subsidies instead (i.e., public rental and housing voucher system) for socialized housing.

On data gaps in housing. More collaborative partnerships can also provide venues to improve the statistical database for the housing sector. With HUDCC as lead, KSAs can tap the private sector (e.g., socialized housing developers) and the academe in their discussions on addressing data gaps, particularly in strengthening the reporting of balanced housing requirements. Another area that can be looked into is the shifting towards innovative housing solutions, such as compliance with the Green Building Code Technology, adoption of Accreditation of Innovative Technologies for Housing (AITECH) solutions, and expanding the Countryside Housing Initiative, among others. In addition, pursuing the activities stipulated under the Philippine Statistical Development Plan 2018-2023 on formulating the operational definitions of *informal settlers* and other housing terms can complement these regular consultations. Approval of a related bill in Congress can also further policy interventions, as well as the monitoring and evaluation of the sector's programs.

Monitoring systems can also be improved through the adoption of *Occupancy Rate*, *Completion Rate of Community Facilities*, and *Communities Resettled* as indicators in the PDP Results Matrices; implementation of HLURB MC No. 09. s. 2018 on the monitoring of the Balanced Housing Requirements; and rolling out of the BALAI Seal of Compliance for developers meeting socialized housing standards. Including these indicators can better assess if government has helped low-income households and ISFs gain access to safe and secure shelter.

⁸ 2018. *Impact Assessment of the National Shelter Program*.

⁹ An Act Authorizing the Ministry of Human Settlements to Establish and Promulgate Different Levels of Standards and Technical Requirements for Economic and Socialized Housing Projects in Urban and Rural Areas from those Provided Under Presidential Decrees Numbered 957, 1216, 1096, and 1185.

¹⁰ Discussed in the 2016 Housing Policy Paper on Closing the Gap In Affordable Housing In The Philippines: Policy Paper For The National Summit On Housing And Urban Development. World Bank with Australian Aid and Congress of the Philippines