

Civil Society Monitoring of the Medium Term Philippine Development Plan (MTPDP)¹

Assessment of the Housing Performance of the Macapagal-Arroyo Administration (2004-2006)

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I. The First GMA Administration (2001-2004)

During the first three years of President Macapagal-Arroyo's presidency, the government made bold moves to address the most pressing issue of the urban poor – the lack of secure land tenure. Most noteworthy of these were two major initiatives -- the issuance of presidential land proclamations and the creation of the Social Housing Finance Corporation. The President declared a number of government-owned lands open for disposition to their urban poor occupants. These executive issuances created a momentum for the redirection of government policy towards the provision of tenure security as a priority over the production of housing.

Unfortunately this momentum has not been sustained. The same holds true for the creation of the Social Housing Finance Corporation as a subsidiary of the National Home Mortgage Finance Corporation. While the establishment of a separate agency to handle the Community Mortgage Program (CMP) held the promise of upscaling the successful lending program and developing new subsidy schemes targeted at the poorest households, these expectations have yet to be realized.

II. The Present GMA Administration (2004-2006)

A. Housing Need and Housing Targets

In 2004, President Arroyo inaugurated a new term as President. In the same year, her administration came up with a new Medium Term Philippine Development Plan (MTPDP) which projected the housing need to grow to about 3.7 million units from 2005-2010. The bulk of this consists of the housing need of new households. (see Table 2)

¹ The Civil Society Monitoring of the MTPDP is a continuing effort of the Caucus of Development NGO Networks (CODE-NGO) with other civil society organizations; for this assessment, CODE-NGO worked with the Citizens for ConCon (C4CC), Foundation for the Philippine Environment (FPE), Institute on Church and Social Issues (ICSI) People's Campaign for Agrarian Reform Network (AR Now!), Dr. Cielito F. Habito, Dr. Edsel L. Beja, Jr. and Mr. Roy Cabonegro.

Table 1. Housing Need Per Year, 2005-2010

Annual Backlog	Cumulative Backlog and New Households						
	2005	2006	2007	2008	2009	2010	Total
195,133	597,362	608,370	619,708	631,389	643,422	655,821	3,756,072

Source: MTPDP (2005-2010)

Table 2. Housing Need by Category, 2005-2010

Category	Total
Housing Backlog	984,466
Doubled-Up Housing	387,315
Replacement/Informal Settlers	588,853
Homeless	8,298
Substandard (needs Upgrading)	186,334
New Households	2,585,272
Total	3,756,072

Source: MTPD (2005-2010)

Region IV, the NCR and Region III have the highest housing need. This is understandable since NCR is the center of economic activity in the country and is home to about 15% of the national population and Regions IV and III are right next to it and are expected to receive its spill over. (see Table 3)

Table 3. Housing Need per Region, 2005-2010

Region	No. of Units
NCR	496,928
CAR	40,416
I	156,626
II	111,094
III	461,368
IV	828,248
V	173,855
VI	226,455
VII	290,616
VIII	115,252
IX	135,717
X	117,668
XI	263,952
XII	111,847
ARMM	147,574
CARAGA	78,456
Total	3,756,072

Source: MTPDP (2005-2010)

The target number of housing units to be provided within the period 2005-2010 is only 1,145,668 (see Table 4). This means that by the end of the same period we will still have a shortage of 2,610,404 housing units if we rely only on the government to meet the housing need.

The bulk of the target number of housing units is in the category of socialized housing (68%).²

Table 4. Housing Targets by Agency and Program, 2005-2010

Socialized Housing	780,191
NHA-Resettlement	117,000
NHA-Others	177,100
NHMFC/SHFC (CMP)	98,025
HDMF (Pag-IBIG)	152,411
HUDCC (Presidential Proclamations)	210,000
GSIS/DBP	25,555
Low-Cost Housing	365,282
NHA-MRB	76,800
HDMF	219,739
GSIS/SSS	68,743
Medium-Cost (GSIS)	195
Total	1,145,668

Source: MTPDP, 2005-2010

A. Land Proclamations

MTPDP Target: Give security of tenure to 35,000 families annually from 2005-2010

The Good News

From 2001 to 2003, the president issued a total of 56 proclamations covering more than 22,000 hectares and which stood to benefit 203,720 families. Her goal for that period was to give security of tenure to 150,000 families annually through presidential proclamations.

The good news is that as of March 2006, the number of proclamations has increased to 91 covering 228,548 families.³

Table 5. Actual Number of Families Given Tenure Through Presidential Proclamations per Year (2001-2006)

Year	Target Number of Families	Actual No. of Families Covered	No. Awarded with CELA
2001	75,000**	94,000	5,500
2002	150,000	85,685	1,986
2003	150,000	14,430	2,533
2004	150,000	28,153	782
2005	35,000	280*	3,513 (Jan 2005-March 2006)
2006 (as of March 31)	35,000	6,000*	
Total	670,000	228,548	14,314

² Socialized housing is defined as a unit of housing which costs no more than P300,000.

³ As of June 2006, 3 more proclamations were signed increasing the total to 94 (see Table 6) but we do not have the details for the latest 3 proclamations.

Note: Data for 2001-2004 was derived from “Summary of Signed Presidential Issuances As of 07 February 2005”, PCUP files. Data for 2005 and 2006 are from HUDCC files dated March 31, 2006 covering 91 sites. Some of the proclamations in the said file do not specify the number of families benefited by them.

*Data for 2006 on Actual Number of Families Covered is only for Presidential Proclamation 1027 (PP 1027). The other two proclamations as of March 2006 do not specify the number of families to be benefited. It must also be noted that PP 1027 is an amendment of PP 595 and PP 391, the number of families covered by which have already been counted or included in the figures for 2004 and 2003 respectively. Thus, the figure for 2006 *may* involve some double counting. The data of Ric Domingo, Sector al Representative-OIC of the National Urban Poor Sectoral Council (NUPSC) on the other hand, show that there were 1,001 and 6,565 families benefited by the proclamations for 2005 and 2006 respectively.

** Since she made the promise in July 2001 when half of the year has passed, then we have to divide her target of 150,000 families by two.

Most of the proclaimed sites are in the NCR and Region IV which as we noted earlier also have the highest housing need in the country.(see Table 6)

**Table 6. Number of Presidential Proclamations per Region
(as of June 2006)**

Region	Number of Presidential Proclamations
NCR	35
CAR	7
I	0
II	0
III	5
IV	14
V	3
VI	7
VII	7
VIII	2
IX	5
X	0
XI	3
XII	2
ARMM	0
CARAGA	2
E.O. 48 (Luzon, PNR Non-Core Properties)	1
E.O. 98 (Mindanao, SPDA)	1
Total	94

Source: HUDCC

The Bad News: very few proclamations and reduction of targets

The bad news is that, of the 91 proclaimed sites, only 4 were proclaimed in 2005 and only 3 so far for 2006 or a total of 7 proclamations in the last two years covering 6,280 households⁴. Four (4) proposed proclamations covering 77 hectares for 2,412 families are pending in the Office of the President for review and signature of the president⁵.

Sixty-four (64) possible sites for proclamations covering 1,813 hectares for 45, 304 households are still being processed for issuance. However, out of these, 13 were already archived or denied due to opposition from the PNP and the military which had proprietary claims on these lands.⁶

⁴ As of June 2006, there have been 6 proclamations for the year 2006, or a total of 10 in the last two years. Thus Table 6 shows a total of 94 proclamations. However, we do not have the details about how many families or hectares were covered by the additional 3 proclamations.

⁵ This is also as of March 2006 according to Ric Domingo, Sector al Representative-OIC of the National Urban Poor Sectoral Council (NUPSC)

⁶ This is also as of March 2006 according to Ric Domingo, Sector al Representative-OIC of the National Urban Poor Sectoral Council (NUPSC).

Also, the annual target of 150,000 has since been reduced to 35,000 per year beginning 2005 or 210,000 for the period 2005-2010 as outlined in the MTPDP.

There is no explanation given for the decrease in the number of both the targets and the issued proclamations. But many believe that the promise of the President on her first SONA was mainly a political statement meant to appease the urban poor groups which staged the so-called EDSA 3 by marching to Malacañang. That is why for the next three years, several presidential proclamations setting aside government land for housing were made. Another possible reason is that those initial proclamations were the easiest to make. Now that they have exhausted the easy-to-proclaim lands, it is inevitable that the issuance of proclamations would slow down. The challenge is to get the remaining difficult-to-proclaim sites processed fast and find new sites to be proclaimed.

Low Actual Disposition

The other bad news is that of the 242,719 households covered by the issued proclamations, only 14,314 were given Certificates of Entitlement for Lot Allocation (CELA). The CELA certifies that a qualified household has been assured of a lot allocation in the proclaimed sites. Of the CELAs distributed so far, only 3,513 were awarded in 2005 and 2006. An additional 21,261 CELAs are pending for awarding as of June 2006.

Thus, only about 5.8% of the families have CELA and only an additional 8.6% can expect to be awarded their CELA soon, leaving 85.6% still virtually insecure. So if actual disposition of land to the beneficiary families is to be used as the indicator for the goal of providing security of tenure, the Presidential Proclamations program would get a low rating.

One reason for the slow disposition of the proclaimed lands given by the head of the “Post-Proclamation” group is the lack of funds for the subdivision of lots and post-proclamation activities, many of which are being shouldered by the beneficiary families. Some groups however, believe that the families should not be made to bear such burden.

Another reason cited by the same official is the disorganization of the beneficiary families themselves. Moreover, there is sometimes a lack of agreement between the communities and local officials about post-proclamation site development plans and policies.

C. Relocation and Resettlement

Targets: 22,900 families to be relocated in 2005 and 21,100 in 2006 in a just and humane manner.

There is a perception based on past, and partly on current, relocation projects that off-city resettlement remains a major policy/ strategy of the government. Off-city resettlement is detrimental to the poor because of its adverse effects on the relocated families’ economic and social well-being. Unavoidably, such strategy will entail taking families away from their sources of income and social support. For the children, off-city resettlement will involve interruption of their schooling (*see Boxes 1 and 2 below*).

The Housing and Urban Development Coordinating Council officials, however, insist that in-city relocation is the current policy and that this is clearly shown in the case of the Northrail and Southrail Relocation Projects. In these projects, the families living along the railroad tracks in Valenzuela were relocated within Valenzuela and those in the Bulacan municipalities and cities were likewise relocated within their respective localities. There were more families given in-city/in-town relocation compared to those relocated outside their city of origin. Housing officials say that they only resort to off-city relocation when it is impossible to find land within the city as in the case of the families in Manila and Makati who were relocated to Cabuyao in Laguna.

According to the MTPDP for 2005-2010, of the total 780,191 socialized housing to be provided by all agencies, 117,100 will involve resettlement (15%). This is 39.8% of the National Housing Authority's total target of 294,200 units.

Table 7. Number of Families to be Resettled Annually, 2005-2010 (MTPDP)

2005	2006	2007	2008	2009	2010	Total
22,900	21,100	19,900	19,000	17,700	16,500	117,100

Source: MTPDP (2005-2010)

But NHA data show a much higher number of families (133,043) to be resettled (*see table 8*). Based on NHA data, as of June 2006, 85,677 families still need to be relocated between now and 2010. That's about 64% of the total targeted number of families to be relocated between 2005-2010. That NHA has moved 36% of its target in two years suggests that it can readily meet its six-year target.

Box 1. Mini-case Study of the Northrail Relocation Project

Northrail Relocation Project (NRP)

In her state of the Nation Address in July 2005, President Gloria Macapagal-Arroyo announced that to decongest Metro Manila, road and rail transport projects that will allow people to work in Metro Manila while living in nearby provinces will be pursued. Thus, the Northrail project which will connect Metro Manila to the North and the Southrail project which will connect it to the South were born.

The two projects however, involve the relocation of tens of thousands of families who live along the railroad tracks that will be rehabilitated. HUDCC is spearheading the relocation of families and is trying to do a more participatory process in its approach. Of the estimated 38,000 families to be relocated due to the Northrail Project 19, 000 have been relocated.

The NRP, unlike previous relocation projects, can be commended for the following:

1. Localization of the operations by mobilizing the local governments
2. Emphasis on voluntary relocation
3. Good partnership between the government and POs especially in Balagtas, Bulacan.
4. Adoption of the in-town and in-city relocation policy being pushed by the mayors
5. Multi-stakeholder participation in the local inter-agency committees (LIACs)
6. Attention to post-relocation development

However, the sheer number of people to be relocated and the operational capacity of HUDCC resulted in many operational problems in achieving the goals of the NRP such as the provision of security of tenure, improved living conditions and livelihood to the affected families.

First, in several cases, the families were relocated before the sites were fully developed. The process of consulting the people on their preferred relocation sites should have taken at least a year before the actual movement of families to enable the developers to complete the construction of facilities in the sites.

Second, granting that the people agreed to the principle of “incremental development” adopted by the government, minimum standards should have been adopted to ensure the habitability of the sites. In many sites, basic services and facilities like water, electricity, paved roads, drainage and septic tanks were either not present, inadequate or of poor quality. In the case of electricity, NHA officials explained that they could not energize the electrical lines until 70% of the houses are occupied as required by MERALCO.

Third, the manner by which entitlements were distributed was also called into question as distribution was temporarily suspended in some areas for unknown reasons, thereby inviting rumors of corruption.

Fourth, the skills survey which was conducted to guide the government in creating livelihood program for the relocated families should have been conducted before the actual relocation so that livelihood assistance could have been readied, thereby minimizing the adverse economic affects of their relocation.

Finally, even though the POs and NGOs were allowed to participate, their participation was somewhat limited.

Box 2. Mini-case Study of the Southrail Relocation Project

Southrail Relocation Project (SRP)

The Southrail Relocation Project was projected to involve about 43,000 families. Of this, about 4,000 from the Makati, Manila segment of the Southrail and about 2,000 from the Cabuyao segment have been relocated as of June 2006 to Cabuyao in Laguna, 30 kilometers away from Makati.

According to the Urban Poor Associates (UPA), a non-governmental organization working with the urban poor, the resettlement site in Cabuyao was and still is “not ready for habitation” as it lacks potable water, adequate power supply, schools and clinics. Each house, for example, can only use one light bulb and electricity is only available from 6:00 PM to 6:00 AM.

And of course, there was no livelihood which is the most important need of the people. The relocated families say that their incomes drastically went down after relocation.

According to their report, the people did not really “voluntarily” relocate themselves as claimed by the government because they were in fact, threatened that unless they leave immediately, they would forfeit their lots in the relocation site. They were also asked to sign waivers renouncing their rights and absolving the government of any obligations later on.

In the SRP, each family is given a 40 sq.m. lot and a tent which they can use for ten days during which time they are expected to construct a house. The lot and house construction adds up to a 150,000 loan which the family is expected to amortize in 30 years. Most families, according to UPA, are unable to finish the construction in ten days. Moreover, many spend the loaned amount on food and other immediate needs instead.

NHA officials explained that they have a choice of building their houses ten days before their relocation to ensure that they will have houses ready for occupation at the relocation site when they move in. This was the option taken by most of the families in Manila. They also have the option of building their houses upon relocation in which case they are given tents as temporary shelter while they build their houses. They can use the tents until they have built a house that is ready for occupation.

As for the livelihood program, they explained that they cannot start with it yet until the families have somehow settled down. They pointed out that the some of the families in fact were able to make a living out of the relocation project.

They also said that to make sure that the schoolchildren don’t miss classes, they timed the relocation for the summer vacation. However, there were some delays and so other families have to be moved out after classes started in June but they did ask the schools in the receiving municipality to extend the registration period to accommodate the relocated schoolchildren.

Also, regarding the problem of potable water, the same officials claim that the water from the shallow wells which they built has been tested and approved for drinking but they will have to boil it first.

As for the clinics, they do have one but it is not fully operational yet.

Table 8. Housing Sector Priority Relocation Program (MTPDP and NHA data)

	a) Number of Families to be	b) Number of Families to be	c) Number of Families <i>Actually</i>	Number of Families Left
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Program	Relocated According to the MTPDP	Relocated According to the NHA	Relocated as of June 2006 according to NHA	to be Relocated (b-c)
North Rail Relocation Program	37,850	38,588	22,318	16,270
Phase 1 Section 1	19,953			
Caloocan North		8,158 (“Metro Manila Segment”)	8,158	0
Malabon				
Valenzuela				
Bulacan (Meycauayan to Malolos)		14,160 (“Bulacan Segment”)	14,160	0
Phase 1 Section 2	17,627			
Calumpit, Bulacan				
San Fernando		16,270 (“Pampanga Segment”)	0	16,270
Clark, Angeles				
South Rail Relocation Program	42,929	50,013	6,753	43,260
Caloocan South		33,480 (“Metro Manila Segment”)	4,252	29,228
Manila				
Makati				
Taguig				
Parañaque				
Muntinlupa				
Laguna		16,533 (“Laguna Segment”)	2,501	14,032
Pasig River Rehabilitation Program	6,802	10,827	6,095 (but only 802 between Jan 2005-June 2006)	4,732
Esteros Program	21,047	26,120	5,073 (but only 106 between Jan 2005-June 2006)	21,047
Other Government Infrastructure Projects (not in the MTPDP)		7,495	7,127 (but only 370 between Jan 2005-June 2006)	368
Total	108,358 ⁷	133,043⁸	47,366	85,677

Source: MTPDP (2005-2010) and NHA

D. Demolition

⁷ This figure does not match the figures for the Total Number of Families to be resettled from 2005-2010 (117, 100) because it does not include the small pockets of families to be resettled by the LGUs with assistance from the NHA.

⁸ This is the planning figure used by NHA. It is larger than the actual number of families determined from the census it conducted in order to allow for an additional number who may not have been included in the census but may also need to be relocated. It is also higher than MTPDP figures because it includes families who were already relocated before 1995 when the MTPDP was made.

The first term of Arroyo (2001-2004) saw a decline in the number of demolitions because of the moratorium that the President ordered, the land proclamations, and increasing CMP enrollment. The only dark spot during the period were the demolitions done by the MMDA and some LGUs in 2003.

The last two years however, saw a marked increase in demolitions and evictions again mainly because of the Northrail and Southrail projects. There were also demolitions done by the MMDA for the clearing of roads and *esteros*. The DPWH and local governments also carried out demolitions.

Data from the PCUP show an increase in the number of Certificates of Compliance (COCs) it issued during the period 2004-2006 when compared to the 2003 figures.

Table 9. Certificates of Compliance Issued, 2003-2006

Year	COCs issued	Families affected	No. of violations
2003	32	1600	
2004	50	4156	120
2005	62	3154	80
2006 (1st Q)	32	1239	
Total	176	10,149	

Source: PCUP

In 2004, 341 demolition and eviction-related cases with on-going social preparation activities were monitored while 120 demolition/eviction cases with violations were reported.

In 2005, 233 demolition and eviction-related cases with on-going social preparation activities were monitored while 80 demolition cases with violations were reported.

The decrease in the number of violations reported could be due to the promulgation of the executive order (EO 152) designating PCUP as the clearing house for all demolitions and evictions. Nevertheless, it is significant that the number of violations remains high. PCUP has complained that some agencies, notably MMDA and some LGUs, totally disregard the requirement of securing a COC from PCUP. While EO 152 has increased compliance with UDHA in regard to informal settler evictions, it has not completely protected the poor against unscrupulous and abusive government agencies engaged in squatter evictions.

Box 3 below illustrates the extent and manner of demolitions that occurred in Metro Manila in 2005 and 2006 as monitored by one NGO eviction watchdog, the Urban Poor Associates.

Box 3. Demolitions in Metro Manila

Metro Manila Demolitions

Location	No. of Demolitions	Families Evicted	Land-owner	Ordered by	Relocated Families	Families given financial assistance	Violent demolitions
Makati		3,000	Govt	PNR	3000	P50,000 house construction on loan	Voluntary demolition
Taguig	3	231	Govt	MMDA			
QC	4	766	Govt (3) Private (1)	MMDA (1) UP (1) Court (1) LGU (1)	320		Violent (1)
Manila	3	390	Govt (3)	LGU (2) MMDA (1)	58		
Parañaque	1	204	Private (1)	Court (1)			Violent (1)
Total							

Between October 2005 to April 2006, 4,591 families or 22,955 persons were evicted in Metro Manila. The Urban Poor Associates was able to monitor two demolitions out of the 11 which turned violent after policemen fired their guns and threatened the residents. In the first case, the community had stayed for decades on the land which they thought was owned by the national government. They felt aggrieved because they were suddenly informed that a real estate company owned it and got the court to issue an order to evict them. In the second case, the policemen and demolition crew conducted the demolition operation in a violent manner. Of the 1591 non-PNR evicted families, only 378 or 23.75 percent were given relocation and only 588 or 36.95 percent got financial assistance.

Source: Urban Poor Associates

E. Community Mortgage Program (CMP)

The MTPDP targets for CMP are as follows:

Table 10. Number of Families to be given Security of Tenure through CMP

2005	2006	2007	2008	2009	2010	Total
15,360	15,860	15,625	16,510	16,750	17,920	98,025

As of May 2006, the total value of CMP still in process was P2.712 billion representing a total of 52,721 households in 480 urban poor sites all over the country.⁹

Table 11. Yearly Summary of Projects Taken Out, 1989-2006

Year	Number of Communities	MTPDP Targets	SONA Targets	Number of Households	Value (in million PhP)
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⁹ 12 projects were taken out in June but more applications came in so it cannot be determined yet what the present backlog is

	Served CMP	by		Served CMP	by
1989	16			3,199	62,442,738.22
1990	83			12,440	235,696,386.55
1991	43			5,772	121,000,800.35
1992	48			4,923	129,882,537.49
1993	107			10,139	241,950,097.35
1994	93			11,690	283,474,318.44
1995	84			9,290	285,724,295.85
1996	92			10,192	308,406,579.04
1997	115			14,591	497,300,485.59
1998	88			10,844	385,470,640.06
1999	42			6,286	209,191,621.20
2000	37			6,088	196,458,622.37
2001	73			9,457	346,842,660.01
2002	97			12,331	484,575,900.61
2003	109			14,026	615,279,086.64
2004	105			14,129	594,519,329.79
2005	111	15,360	10,000	12,709	622,073,532.57
2006 (as of June 2006)	55	15,860	10,000	6,783	348,384,146.13

Source: SHFC

The output for 2004 (14,129) was slightly higher than that of 2003 (14,026). There were no specific targets for CMP in previous years because total targets were set for the provision of secure tenure by all socialized housing programs combined.

The output for 2005 did not reach the MTPDP target of 15,860 households. However, in terms of their 2005 SONA commitments, NHMFC reports an accomplishment rate of 142.10% for the 14,210 households that had their CMP applications taken out vis-à-vis the target of 10,000 households¹⁰. The agency downgraded its targets from more than 15,000 to 10,000 based on the expected annual allocation of 500 million and an average unit cost of assistance of 50,000 pesos.

Based on this reduced target, its accomplishment rate for the first half of 2006 is 135.66 percent, having taken out loans benefiting 6,783 households.

NHMFC officials also pointed out that the July 2005 to June 2006 output which coincided with the start of the operation of the SHFC shows an output of 16,203 households which is the highest annual output ever. In terms of the total loan value, the same period posted 833.04 million which is also the highest amount ever. The same officials attribute this to the operationalization of the SHFC which gave the SHFC staff more time to concentrate on the CMP.

G. Social Housing Finance Corporation (SHFC)

¹⁰ The figure of 14,210 families for 2005 includes the additional 1,500 families which the SHFC estimated to be the number of families benefited by the 100 million pesos which they loaned to the National Housing Authority as "Financing Financing" for the Northrail Project. Strictly speaking, these are not beneficiaries of the Community Mortgage Program although CMP funds were used. Thus, they are excluded from the figures of Table 11 of this paper. Still, this reduced figures of 12,709 families, the SHFC was able to hit its target of 10,000 families for 2005.

Target: Propose legislation that will operationalize the Social Housing Finance Corporation

Good News: SHFC Operationalized

In the “Action Plan” for housing of the MTPDP, one of the legislative agenda intended to “promote sustainable sources of housing finance” was the crafting of a legislation that will operationalize the Social Housing Finance Corporation (SHFC) as the primary institution responsible for addressing the housing needs of the bottom 30 percent poor households.

The good news is that SHFC which was created by virtue of Executive Order 272 has been operationalized after its registration with the Securities and Exchange Commission (SEC) in September of 2005. It also had its first board meeting the month after. Also, the private sector representatives endorsed by the CMP Congress, a federation of CMP originator groups nationwide, were appointed the same month and attended the inaugural board meeting.

As a private SEC-registered corporation, it now enjoys a certain flexibility in its operations such as in the sourcing of funds for its programs. However, the agency wants to have the present Trust Agreement with NHMFC amended in order to allow the new corporation to increase its capitalization and be able to securitize government properties suitable for social housing and increase its funds for lending

Bad News: A mini-NHMFC?

Despite the operationalization of the SHFC, the bad news is that the agency is perceived by some groups like the CMP Congress to be no different from the National Home Mortgage Finance Corporation (NHMFC) in terms of how it works.

Firstly, these groups lament that SHFC needs to adopt a more developmental and pro-poor framework to be able to reach more poor people. In other words, it should not see itself primarily as a finance corporation but as the new arm of government designed to provide housing to those who are deemed “un-creditworthy” by formal lending institutions like the NHMFC.

Secondly, they also suggest that it must address the totality of the need of the urban poor for housing. In other words, it must go beyond CMP and Abot Kaya Pabahay Program and explore other products or programs to reach a broader segment of the poor in need of housing assistance.

Thirdly, they suggest that new sources of financing other than budgetary allocations be developed. To respond to this need which is also acknowledged by the SHFC management, it is proposed that the Trust Agreement with NHMFC be amended to convert the funds held in trust by NHMFC in SHFC into an equity investment, which will then allow SHFC to make use of the income generated out of these funds.

Finally, the NGOs want CMP to scale up its operations given the huge backlog. In order to do this, a major reorganization must be undertaken to enable the agency to create the necessary programs and corresponding units, hire additional people with the proper orientation and develop new products capable of reaching those poor families for whom CMP and Abot-Kaya are not well suited.

The perceived unwillingness or inability of the SHFC to adopt a more developmental mindset is one of the reasons why two of the three private representatives appointed by the president to the board of directors of SHFC resigned.¹¹

In answer to all this, an NHMFC official who led the transition team that oversaw the operationalization of SHFC said that SHFC must be allowed to evolve. According to her, considering that the SHFC was inaugurated only in October 2005, it seems too early to assess its accomplishments.

She also said that the SHFC is currently in the process of hiring officers and rank-and-file staff. They are trying to get a mix of NHMFC old-timers who know the CMP process very well and new staff who can inject “new blood” into the agency and come up with innovative programs.

She also suggested that the private representatives of CMP originators should have stayed so that they could influence the thinking of the other board members and help educate the SHFC staff. She said that they, including the president, are not only open to expanding the services of SHFC through new programs but are thinking about such possibilities themselves.

Openness to Localization and other Programs

The SHFC management is now studying possibilities of localization where funds will be coursed wholesale to LGUs which in turn will lend to their constituent communities. This scheme had been proposed and is being actively advocated by CMP NGOs, particularly the Congress of CMP Originators. Sympathetic mayors like Naga Mayor Jesse Robredo and Cebu Mayor Tommy Osmena have expressed their interest in trying the new arrangement.

This scheme, developed together with the remaining private representative in the Board of Directors of SHFC has been presented to the Board which has expressed its agreement to it. In fact, a product manual is now being developed and piloting of the scheme in several LGUs is being planned.

Controversial 2006 Budget of SHFC

It is lamented by groups of CMP originators that in spite of the huge CMP backlog of 52,721 households (as of May 2006), only 600 million out of the projected available fund of 1.7 billion was set aside for CMP¹². At an estimated cost of 50,000 per unit/lot/family, the fund set aside is projected to benefit only around 12,000 families. Also, only 103 million was set aside for the

¹¹ The two representatives who resigned were Ms. Ana Oliveros and Mr. Teodoro Katigbak. The other reason for their resignation was the insistence of the SHFC Board that they resign their respective jobs as heads of originator organizations to avoid any conflict of interest since the Board is the one that approves CMP loan applications. The two representatives explained that it is precisely by virtue of their positions or involvement in originator groups that they were appointed by the president. The office of the Solicitor-General has issued an opinion suggesting that there is indeed a conflict of interest and thus, the two representatives cannot sit on the Board without resigning from their positions in their NGOs.

¹² The projected fund of 1.7 Billion pesos for 2006 is based on the annual allocation for CMP under the Comprehensive and Integrated Shelter Finance Act (CISFA) enacted in 1995. But the CISFA-mandated appropriations have never been given. NHMFC has been receiving only 500 million annual budgetary allocation. It used to set targets based on the CISFA committed amounts but the agency has stopped the practice and is now basing its targets on the expected GAA releases and reflows from collections

Abot-Kaya Pabahay Program (an interest subsidy program for low-salaried workers). Meanwhile, 670 million was set aside for investment in government securities.

NHMFC and SHFC officials explain that investing the funds is only a matter of wise cash management. First of all, they set aside only 600 million for CMP because this is the amount they expected to get from the General Appropriations Act (500 million) and from their own collections (100 million). Moreover, the operations team which processes the CMP applications has the capacity to process only so many applications, the value of which they estimate to amount to only 600 million pesos this year. In other words, they only matched their targets with the most likely disbursements from the DBM and the capacity of the SHFC operations team. They also reason out that the funds to be invested can be made available anytime should more funds be needed for lending.

H. Output of Pag-IBIG

Of the housing agencies, HDMF (Pag-ibig) stands out as the one that has consistently performed very well both in terms of delivering the target output and the quality of its services.

Pag-ibig has been able to hit its targets. In our previous assessment, we noted the dramatic improvement in its output for socialized and low-cost housing units which covered 162, 195 households and amounted to Php36.2 Billion (covering the year 2001 to the first half of 2004).

For the second half of 2004 up to the second half of 2006, the number of units is about 87,000 with a total value of about 32 billion. But it must be noted that this covers only a two-year period compared to the last assessment which covered three and a half years and excludes the institutional loans output.

For 2005, Pag-ibig was able to hit and even surpass its MTPDP targets by about two thousand units. The targets cover both individual loans and institutional loans. (*see Table 12*).

Table 12. Pag-ibig Targets and Output

Year	Target Number of Units	Total Actual Output	Actual Output broken down into Individual loans + Institutional loans	Loan Value of Actual Output (in billion pesos)
2001		25,947	16,194 + 9,753	3.82 + 1.70
2002		35,869	19,125 + 16,744	5.40 + 3.55
2003		46,499	29,035 + 17,464	9.32 + 2.70
2004		56,550	39,562 + 16,988	14.79 + 3.72
2005	44,716	46,718	37,175 + 9,543	15.29 + 2.28
2006 (Jan-May)	50,529	12,767	12,767 + ???	6.07 + ???
Estimated Total for Jul 2004 - June 2006		87,000		32.0 Billion

Source: Pag-IBIG, Corporate Planning Office

IV. Gaps

Given the abovementioned outputs of the government's social housing programs vis-a-vis the targets set in the MTPDP, a number of gaps, both in the targets and in their respective performance indicators, are worth noting.

First is the fact that the MTPDP targets for the period 2005-2010 cover only 30% of the projected housing need for the same period. While the housing need (housing backlog plus new households) is growing at an average of 626,000 units annually, the combined targets of the government's housing programs reach only 190,900 units a year.

This assumes that the balance will be taken care of by the private sector. However, since a larger percentage of the housing need is accounted for by low-income families, the private sector is not likely to be able to meet this need. Obviously, the current MTPDP targets, even if fully accomplished will still leave a big housing backlog by 2010. The targets may cover the present backlog but not the housing need of new households, leaving a projected backlog of over 2 million by 2010.

Second, some reported accomplishments are based on flawed indicators such as the issuance of land proclamations which does not actually translate into real tenure security or actual improvement in housing conditions. The more meaningful indicator should be the issuance of certificates of entitlement, or better yet, lot awards to individual families which would confer on their recipients legally binding and enforceable use rights, and therefore tenure security.

Third, some accomplishments do not necessarily reflect an overall improvement in the well-being of the targeted poor families. Some particularly vulnerable families may even be left worse-off as a result of the housing intervention. An example is off-city resettlement. While tenure security is given to the beneficiaries and housing conditions may be greatly improved, the consequent loss of jobs and increase in transportation costs could reduce the net incomes available to families to pay for basic needs like food, education and health care. In such a situation, what is reported as an accomplishment could actually have a negative impact on poverty.

V. Overall Assessment

The MTPDP targets have been set to conform to the existing capabilities and expected level of resources of the housing agencies rather than to meet the housing backlog. The Community Mortgage Program, for instance, according to its own officials, is capable of producing more output given a bigger budget. Yet SHFC had to downgrade CMP's yearly targets to adjust to its projected budgetary appropriations. The presidential proclamations which have the biggest potential of providing housing security to large numbers of urban poor families face a similar constraint.

Comparing outputs in relation to targets, the foregoing discussion shows that the targets of the programs that have the biggest impact on the housing backlog were not met. The presidential proclamations showed the weakest performance despite the drastically reduced targets. NHA's resettlement programs are performing reasonably well in quantitative terms, although as noted

above, there are problems attendant to relocation that could have a detrimental impact on poverty. The CMP's performance is relatively good vis-à-vis its targets but the level of its output is quite low (averaging less than 14,000 units a year in the last four years) to have a significant impact on the housing need. Pag-ibig's performance, averaging about 43,000 units a year, is commendable but at this annual rate, it will still fall short of its target of 372,150 units for the six-year period 2005-2010. Moreover, socialized housing constitutes a smaller proportion of its lending portfolio.

The distribution of the targets and the accomplishments seems to indicate a bias for NCR. This could be justified by the fact that the NCR, together with Regions III and IV, make up a sizeable proportion of the total housing need. Nevertheless, the NCR seems to receive a disproportionately large share of the services of the housing agencies, particularly in terms of resettlement and the presidential proclamations.

The poor performance of the government's socialized housing program can be attributed to a number of factors.

One is the lack of decisive action on the part of HUDCC in pushing the disposition of lands which had been proclaimed and the absence of a budget to enable the concerned agencies to proceed with the disposition of the proclaimed lands. The disposition of the proclaimed lands is stalled either by the reluctance of the administrators of the lands to relinquish their rights over these lands or the lack of resources to undertake the necessary activities (e.g. surveys to delineate individual lots, social preparation and community consultations). The NHA, which is the designated administrator of 42 out of the 94 proclaimed sites attributes the slow progress of the disposition of the proclaimed lands to the absence of a budget.

The fact that there were fewer new proclamations in the past two years compared to the first three years of PGMA's presidency indicates the waning resolve of the political leadership in meeting the needs and expectations of the urban poor. The urban poor were perceived to be a serious threat to the then newly installed Arroyo government in 2001. In the earlier years, the *en banc* meetings of the National Anti-Poverty Commission which were chaired by the President were an effective venue for putting pressure on the government agencies which owned lands to agree to the proclamation of these lands for social housing. In these meetings, the President also sometimes gave instructions to the concerned officials to address the problems being encountered in the proclaimed sites, which then facilitated the resolution of these problems. After she began her second term, the President has not convened the NAPC *en banc* because the majority of sectoral representatives had not been appointed by her. This is seen as another indication that the President is losing interest in responding to the issues of the basic sectors.

In the area of housing finance, the low output of the CMP is attributed to the limited budgetary support given to the program. SHFC officials claim that given their present personnel, the agency can increase its output to 16,000 units a year. Still this level of output is not very high. NGOs have complained that the SHFC has available funds which it is investing to earn income for the agency instead of making them available for loans. On the other hand, SHFC claims that the other side of the low output is the originators' and community associations' slow compliance with requirements.

Given these realities, it seems clear that both the demand and supply sides are experiencing problems which limit the ability of CMP to increase its output. What is needed is for SHFC to

develop new subsidy programs, new forms of assistance and lending schemes to reach poor families with different needs and capacities. It also needs to decentralize its operations.

As far as socialized housing is concerned, there has been more vigorous emphasis on resettlement because of the need to push certain flagship infrastructure projects such as the North and South Rail. While the numbers yield an impressive record in being able to move so many families within a short period, the relocation has not been adequately supported with the necessary basic services in the resettlement sites.

VI. Recommendations

In light of the above observations, the following recommendations are presented:

1. Formulate appropriate targets to progressively reduce the housing backlog. More specifically, the targets of CMP, the presidential proclamations, and slum upgrading can be increased by at least 100 percent.
2. Issue the Implementing rules and regulations for the disposition of the proclaimed sites and allocate a reasonable budget for the National Housing Authority to proceed with the disposition of the lands under its administration.
3. With respect to resettlement:
 - Program resettlement requirements in advance and ensure adequate funding for basic services, not just for site development and housing.
 - Standardize the entitlements of families who are resettled and set minimum standards and criteria for resettlement sites to ensure their readiness to accept relocated families.
 - The national government to extend emergency assistance to host LGUs of resettled communities to help them cope with the increased demand for services coming from their new constituents.
 - The National Economic Development Authority (NEDA) to make sure that all infrastructure projects submit a resettlement plan and budget before approving these projects.
4. Pursue the decentralization of shelter provision by:
 - Capacitating LGUs by extending financial and technical assistance in connection with shelter planning, housing finance, slum upgrading and resettlement
 - Setting up Local Housing Boards
 - Setting up city-based/local housing funds which can be accessed by poor communities for housing and other basic needs
6. Capacitate the SHFC and implement policy and institutional reforms to enable it to devise responsive and effective programs, structures and policies to accomplish what it is intended to do (i.e. diversify its products, expand its target clientele and increase its output)

Interviews

- **Ric Domingo, NAPC-NUPSC**
- **Ana Oliveros, CMP Congress**
- **Wennie Jaudian, Manager, Corporate Planning, Pag-IBIG**
- **Mrs. Daisy Dulay, NHMFC/SHFC**
- **Ms. Jacqueline Constantino, Manager, Services Management Office, SHFC**

Roundtable Discussion (July 18, 2006, CCS Conference Room, Ateneo)

- **NHA**
- **HUDCC**
- **SHFC**
- **NHMFC**
- **Pag-ibig**