

Alternative Housing Tenure Solution in Urban Areas

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Map of the Philippines

1 Shelter Situation Analysis

1.1 Basic General Data

Geography and Administration

The Philippines is centrally located in the South East, an archipelago of some 7,107 islands, grouped into three major islands such as Luzon, Visayas, and Mindanano. There are some sixteen regions in the country with Metro Manila as the center of government. It is classified as one of 58 lower-middle income economies by the World Bank and the 72nd largest country in terms of its land area. Under a democratic government, it is headed by the President. There are three (3) co-equal branches of government such as the legislative made up of the Upper and Lower House, the judiciary, and the executive branch.

Demography and Health

The country's total population based on the 2000 census is 76.50 Million, projected to become 100 Million in 14 years, and is expected to double to 136 Million by year 2025, which makes the Philippines the 14th largest country in the world in terms of population size.¹ In Southeast Asia, it is the second largest next to Indonesia. National population growth rate had decreased over the last 20 years

¹ www.census.gov.ph/data /press release/2002

from 2.71% to 2.36 %, and is expected to decline.² However, the absence of a progressive population control program will inevitably cause the delay in the projections made by the government. The National Statistics Office had estimated that at the end of 2007, the population will reach 89 Million.

The country has an average density of 225 persons per square kilometer in 2000, an increase of 12% from 1995. Metro Manila continues to have the highest density with 15,617 persons per square kilometer up from its 1990 density of 14,865. This density is six times greater than that of Cebu City, the premier city in the Visayas. When compared with other cities in the Asian region in terms of density, Manila ranked third after Seoul, Korea and Jakarta, Indonesia.

The three most prominent ethnic groups are the Tagalogs at 28.2%, Cebuano at 13%, and Ilocano at 9%, with the rest of 49.8% spread out among the other ethnic groups such as the Bisaya/Binisaya, Hiligaynon/Ilonggo, Bikol, Waray. Below are some fast facts :

	Description
Land Area in sq.km	300,000
Climate	Tropical/Temperate (Wet and Dry)
Population (2006)	87.86 Million
Growth Rate (2000-2005)	2.36%
Sex/Age Structure	In age brackets 4-6Millions: 0-4, 5-9, 10-14,15-19, 20-24
Migration	1 Million OFW's
Urban Population (2005)	62.4%
Fertility (2000-2005)	3.2%
Life Expectancy (2000-05)	70 years projected to 71.20 by 2010
Child Mortality (1995-00)	36% projected to 25% by 2010
Household Composition	NCR – 5 ; Country Level – 4.2
GNP/capita (2005)	5.7%
Poverty Index (2003)	24.7% of HH, 30.4% of Population
Annual Per Capita Threshold (2003)	US\$ 266.70 (Php46.00 to \$1.00) Php12,267.00

² NEDA National Land Use Framework Plan

Annual Family Income/Expenditure/Savings (2003)	US\$ 3,214.95 (Php46.00 to \$1.00) US\$ 2,688.92 US\$ 525.86
Labor Force (2007)	36.4 Million, with 38% women
Unemployment (2005)	7.8%, with 2.4% employment growth from 2005-06
Public Expenditure (as a% of GDP from 1998-2000)	Debt Service : 10.9%, Health : 1.6%, Education: 4.26%, Housing : 1.3%, Military : 1%

Economy

The country's Gross National Product (GNP) and Gross Domestic Product have grown from Php453 Billion and Php454 Billion in 1975 to Php1 Billion and Php955 Billion in 1998 respectively. For the GNP, this translates to an annual growth rate of 3.3%. In per capita terms however, this represents an increase from Php10,600 to Php13,236.00. GDP and GNP adjusted in 1991 and have been on an upward trend. Expansion peaked in 1996 with a real growth rate of 7.2% for the GNP and 5.8% for the GDP. The growth momentum was sustained to 1997 when the real GNP and GDP expanded by 5.30% and 5.20% respectively, despite the Asian financial crisis in July 1997. From 1995 to 2000, NCR has maintained its economic dominance over the rest of the country accounting for about 31% of GDP.³

The World Bank Group in its April 2007⁴ report reveals the following :

	2000	2005	2006
GNI, Atlas method	80.3 Billion	107.2 Billion	120.2 Billion
GNI per capita, (current US\$)	1,060.0	98.4 Billion	1,420
GDP (current US\$)	75.9 Billio	98.40 Billion	116.9 Billion
GDP growth (annual %)	6.0	5.0	5.4

³ Neda, National Land Use Framework Plan

1.2 Shelter Related Fact and Figures

Access to Shelter

Taking off from the Millenium Development Goals of poverty reduction , the government had set out to the task of fighting poverty . President Arroyo had stated that ***“The basic task of our Medium-Term Philippine Development Plan for 2004-2010 is to fight poverty and build prosperity for the greatest number of Filipino people”***.⁵

Under this plan , the present administration had enumerated five main categories on how to address this. Under the first category, “ Economic Growth and Job Generation”, housing was placed as one of the key components, having a 16.60 multiplier effect on industries. The housing need up to 2010 is estimated to be 3.76 Million⁶, more than half of which is concentrated in Southern Luzon, Metro Manila and Central Luzon. The 10-point agenda of the present administration also aims to decongest Metro Manila. The government thru the National Shelter Program had delivered some 493,000 housing units for the period 2001-2004, or 50% of the target poor households. The estimated number of informal settler families in the country is estimated at 1.40 Million, 51% of which are in Metro Manila. Recent relocation activities for the North and South Rail Linkage Project had reduced the number to half a million. Given the population growth rate of 2.36% per year and the influx of families from the provinces to Metro Manila, it is quite impossible for the government to meet the total housing need. It only commits to deliver 1.20 Million housing assistance/units for the period 2004-2010, in partnership with the private sector. Middle to high income housing is provided by private developers and builders.

For all income groups, access to end buyer’s financing is available through any of the following institutions; the Home Development Mutual Fund or Pag-Ibig Fund, private banks, in house financing schemes for subsidy programs of the NHA, micro-financing for housing repair/improvement or donations from NGO’s.

⁴ World Development Indicators database, April 2007

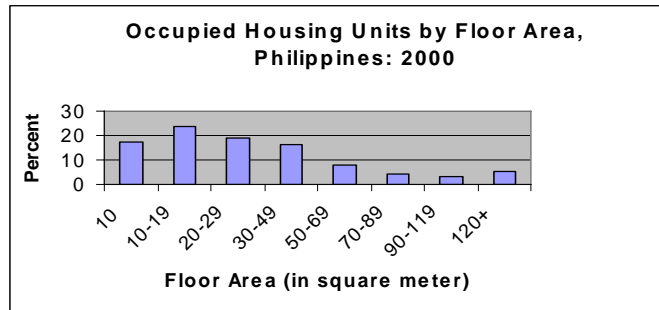
⁵ Neda, Medium Term Development Plan 2004-2010

⁶ Neda, HUDCC Figures 2004-2010 MTDP

Occupancy⁷

Occupied housing units showed that 71.12 % of the total housing stock is either owned or amortized, with 10.1% being rented, others being used with consent of owners, while others are unreported.

Floor area per person based on 2000 NSO Figures



- Of the total occupied housing units, 23.45% had a floor area ranging from 10 to 19 square meters.
- 17.52% had less than 10 square meters and 16.56% from 30-49 square meters.
- The proportion of housing units with a floor area from 90-119 was 3.21%.
- Occupied housing units had a median floor area of 29.63 square meters.
- The largest percentage of families in the lowest 40% income stratum were living in housing units with a floor area of 10 to 29 sq. meters (41.7%)

Tenure of households

Every Filipino's dream is to have a house and lot which they can call their own. The legal system of owning real estate property is based on the Torrens Title Act, which is absolute ownership of title, including the ownership of ancestral titles of the indigenous peoples. Some other tenure arrangements such as rental, leasehold, usufruct or free use of land are seen as inferior forms of securing tenure over a period of time since they are not perceived as permanent arrangements. Real property owners can and may at the end of agreements demand full possession of the land or house. Rental of housing units or lots remain largely with the private sector, for all income levels. Even at the informal settlements, enterprising illegal occupants rent units to new settlers coming from the provinces. Public rental housing remain the responsibility of the national government on account of the high maintenance costs of the walk-up buildings. NHA had constructed some 11,000 walk-up units with 3,737 units constructed under the CISFA funds, most of which are under lease contracts, and are now subject for conversion to sale. Local government units are not so keen on developing their own housing projects because of the heavy capital investments required. They would rather spend their money on delivering social services, i.e for health and education.

Housing affordability ratio

⁷ www.census.gov.ph/data press release/2002

Based on NHA formula, the monthly amortization should at least be five times or 20% of the family income to be able to pay for it. In reality, not all of the 20% is devoted to the monthly amortization payments but also to the cost of electricity, water, transportation and gas tanks/fuel for the stoves. To date the minimum daily wage of an ordinary wage earner is Php350.00 pesos or roughly US\$7.95 per person per day. The total monthly gross earnings will be US\$174.90 per person based on a 22-working day period. This is 20.77 times the average cost of core house and lot package, with minimal specifications in a resettlement housing project of NHA at US\$3,636.40 and will translate to a monthly amortization of U.S. \$21.80 or 12.46% of his gross monthly income. However, for the maximum loanable amount of Php300,000.00 (US\$ 6,521.75) for socialized housing, this will mean a monthly amortization of US\$39.10 over a 30 year period. It will translate to the monthly income requirement of US\$195.50 to afford housing. Without government subsidy and appropriate intervention, there is no way they could afford housing.

Building materials

Building materials abound in the Philippines, whether locally made or imported. The most common materials used are concrete hollow blocks with steel reinforcements, and galvanized iron roofing materials. Other materials maybe acceptable but are unaffordable. New technologies offered are perceived either as expensive or not durable. The difficulty encountered most of the time is the acceptability by the project beneficiaries. High end housing clients are more open to use non-traditional materials and technologies that have been tested on a wide scale locally or abroad. The Housing and Urban Development Coordinating Council (HUDCC) has a program for the accreditation of new materials, technology and systems prior to their usage in all government projects. The NHA acts as its technical evaluator. The Department of Science and Technology (DOST) also evaluates new construction materials and other inventions. Although accreditation had been institutionalized, the use of new materials is not done on a wide scale, particularly for the socialized housing. Not even NHA uses them. It may also be attributed to the lack of a progressive information campaign to promote them to address the issue of acceptability.

Access to and cost of Basic Services/Infrastructure

The 2003 National Demographic and Health Survey⁸ reveals access to basic facilities as follows :

Facilities	Urban Household (%)	Rural Household (%)	Total %
1. Electricity - with	92	59.8	76.6

⁸ 2003 National Demographic and Health Surveys (NDHS)

-without	8	40.2	23.4
total	100	100	100
2. Source of Drinking Water			
Piped into d.u	50.9	16.0	34.4
Piped into Yard	4.8	5.9	5.3
Public tap	11.1	15.2	13.1
Protected Well	18.6	35.3	26.6
Others (undev.spring, rivers, rainwater,peddler, bottled,etc.)	13.8	18.5	20.6
Total	100	100	100
3. Sanitation			
Flush Toilet			
- own	76.7	53.6	65.7
- shared	15.9	10.7	13.4
Close Pit	1.5	10.7	5.9
Others/No toilet	5.9	25.1	15.0
Total	100	100	100

In Annual Poverty Indicators Survey, at least 8 out of 10 families meet the Minimum Basic Needs (MBN) for survival, which is measured in terms of access to safe drinking water, presence of electricity, and the use of sanitary toilets.⁹ However, in the most recent Social Weather Station survey, Filipinos rated themselves poorer in 2007 than they were in 2006, for the same period.

1.3 Housing Policy

Over the years, housing policy in the Philippines has evolved from being purely state driven to the community initiated approach. In the 70's, government had taken on the role of direct provider and segmented the housing market, with government taking on the responsibility for socialized housing. The private sector was given the

role of providing housing for the middle and high income groups. In the 80's, the joint venture scheme was introduced to encourage the private sector participation in socialized housing projects. In the 90's, several pieces of legislation were passed in to change the role of central government from being provider to the steering and facilitating role. The Local Government Code of 1991 decentralized and delineated the roles and responsibilities as well as defined the relationship between central and local governments. Most of the functions of the national agencies were devolved to the local government units, especially those that involve direct services to the people. The Urban Development and Housing Act of 1992 laid out the plans and programs, defined the parameters for shelter delivery and opened up incentives to participating private sector in public housing. It recognized the need for participatory development wherein communities directly participate in planning, formulation of beneficiary selection criteria, and screening of applicants. Another law that provided impetus to the housing industry was the Comprehensive and Integrated Shelter Finance Act (CISFA) of 1994. The law provided for the appropriation of funds for the National Shelter Program (NSP) by requiring a certain percentage of the proceeds of the sale of the military bases for the NSP. On account of the passage of the CISFA, funds are appropriated for the construction of the Medium Rise Housing Projects and the Local Housing Program of NHA.

It was also in the 90's that the community participation was further enhanced because of the introduction of the Community Mortgage Program or CMP. The financing program is under the National Home Mortgage and Finance Corporation. Beneficiaries directly apply for financing to acquire their presently occupied lots for as long as the land owners are willing to sell. The second phase of the financing involves the development of the site and the third phase for the housing construction. The second and third phases are approved by the financing institution if the community had proven their credit worthiness for the first phase. Like NHA, most of the local government units act as the originators of the program. They provide the technical and loan documentation for the project for a minimal fee.

Community participation and the protection of rights of the urban poor is very active in the Philippines because of the democratic system. People are used to bringing their issues to government through organized efforts. Recent developments

⁹ 2004 Annual Poverty Indicators Survey (APIS) (Preliminary Results)

in the housing sector include the further lowering of interest rates on the monthly payments of housing loans to a minimum of 6% for a maximum period of 30 years, the proclamation of government lands for socialized housing, the relocation and resettlement program of the North and South Rail Linkage Project, integration of the programs of the NHA and the Metro Manila Development Authority for the esteros, creeks and danger areas, and the application of the housing credits as an alternative compliance to the 20% balanced housing required of high income housing developers.

1.4 Actors in Shelter Delivery and their Roles

Executive Order No.90 dated December 17, 1986 issued by President Corazon Aquino placed all the shelter agencies under the umbrella organization of the Housing and Urban Development Coordinating Council (HUDCC). It was mandated to be the over-all policy making agency with control over the five (5) shelter agencies such as the Housing Guaranty Corporation (for appraisal and bonds floatation) , National Home Mortgage Finance Corporation (provides funding for CMP, and secondary mortgages which is under study), Home Mutual Development Fund (Pag-Ibig) (provides for end buyers' financing for the low and middle income group), Housing Land Use Regulatory Board (provides land use planning guidelines and development permits for condominiums) and the National Housing Authority (addresses the housing needs of the lowest 30% of the income group as the production arm). A recent addition to the five key shelter agencies is the Social Housing Finance Corporation, a subsidiary of the NHMFC.

Another actor in government is the Department of Natural Resources and Environment (DENR) which is sometimes designated as administrator of government lands for disposition to actual occupants. Though it has the same objective of providing security of tenure, its policies on land valuation and pricing differ from the shelter agencies which causes disparity.

Other actors come from the private sector, like the developers, contractors, non-government organizations, professional organizations, inventors and suppliers. Two of the most notable NGO's now active in housing are the Gawad Kalinga (GK) and Habitat Philippines. Both advocate for change through values formation, and the provision of shelter to qualified families, with the end in view of poverty reduction/alleviation. These two organizations are able to bring down the cost of

housing construction , at least 15% lower than what the state could provide, through sweat equity program and lower indirect costs considering that they are donor driven and non-profit organizations. GK had expanded its campaign in the international arena and had become very successful mostly with Filipinos working and staying abroad, who had entrusted GK with their contributions to build communities in the Philippines. It has even come up with a full length movie entitled “Paraiso: Tatlong Kwento”, showcasing the improvements on the lives of the people it had touched through its housing program¹⁰. A study by the University of the Philippines , College of Economics, indicated a marked increase on the self esteem of the beneficiaries after the GK community had been established in Payatas, Quezon City.¹¹ This would be replicated in many parts of the country with some NHA administered projects. There are now some thirteen sites both in Bagong Silang Resettlement Project and in Tala, Kalookan City, wherein partnerships with the NHA as the land owner/administrator, the Hansens/ Bagong Silang Community Associations and GK were forged.. Today there are some 780 hansenites and other communities who are proud owners of new GK homes.

The housing need is so big that there is truly a need for cooperation, co-optation and more openness on the part of government to learn from other players and their best practices.

1.5 Shelter Design

Physical Planning/Land Use

Housing planning and development in the Philippines is guided by the National Building Code of the Philippines, together with the other codes like Structural, Electrical, Sanitary and Fire Code. It is also guided by the local zoning ordinances passed by specific local governing bodies. For the low-income and socialized housing development, “Batas Pambansa 220” was formulated which defined the minimum planning standards and requirements. Land use planning guidelines was formulated by the HLURB to guide planners and local executives in the crafting of the comprehensive land use plans or CLUP of each city or municipality. While planning parameters are very well established, the governing bodies that implement them are quite confusing. For one, in view of the passage of the Local Government Code, the CLUP’s are now subject to the approval of Municipal/City/Provincial Councils whose members are all elected officials. Not all of whom are qualified to perform such reviews. The DENR, a national agency, is in charge of the granting of the Environmental Clearance Certificate or the ECC that covers all the proposed

¹⁰ Patricia Reyes, The Philippine Star, February 25, 2007

¹¹ Speech By Antonio Meloto, Ateneo De Davao, 2007, Philippine Daily Inquirer

subdivision and housing development with an area of one (1) hectare and above. The ECC is a pre-requisite of the development permit which is also secured from the local government units. Suffice it to say that before any development is issued a permit, it will take at least six months to do it. The timeframe is not so much the problem but those who are implementing the rules who can become subjective, and therefore prone to corruption. One thing that can save the project is when all the requirements have been followed so that it can stand scrutiny by anybody.

Shelter Quality

Batas Pambansa 220 sets the guidelines for the implementation of the socialized housing in the Philippines. It sets the minimum lot size at 32 square meters, with a floor area of 18 to 24 square meters.¹² It is a far cry from what our ancestors had in mind when they designed wide spaces, with sunlight and ventilation, and privacy for women and children. The quality of housing had evolved not so much of a choice but rather a necessity, given the economic conditions of the Filipino family. The situation is further aggravated by the rising cost of lands available for housing, and the spiralling cost of construction. In most NHA resettlement housing projects outside of the metropolis, the cost of raw land is approximately 10% to 15% of the total project cost, while it could rise up to 50% for in-city projects. Over the last ten years, prices of land had increased by almost 30% per year if one were to look at the Bureau of Internal Revenue's books on zonal valuation within city.¹³

Provision of social lots during the 70's were much bigger at 90 square meters. This was trimmed down to 60 square meters and then to 48 square meters, to 32 square meters now. The townhouse concept had become the uniform "rowhouses" having the same design and features. No longer is there any uniqueness but rather a sort of a factory of small houses that does not allow for any improvement except maybe on the type of paint to use and the type of furniture that one will use, which is limited given the unit size. However, the resettlement sites are a great improvement of their present living conditions along the railways, the creeks, under bridges, which pose great danger to their lives. For the slum upgrading sites, lot sizes could even be smaller than 24 square meters. When this happens, NHA requests for exemption from the HLURB under the "variance" category of BP 220. This option is preferred by the communities rather than suffer economic dislocation if they are resettled outside the city centers.

Function

As to functionality, the core house is a multi-purpose area, with the provision of one toilet and bath and kitchen. At daytime, it is used for recreational and eating purposes, at nighttime, for sleeping. Although there is no required ratio for the saleable and non-saleable areas for the socialized housing projects, BP 220 specifies the areas for recreational and community facilities based on the generated densities of housing projects. In this way even if plots are quite small, the spaces for interaction and community centers are well provided for. Day care and health centers are designated within the centers. For the high end housing, the 70% saleable and 30% non-saleable is strictly followed.¹⁴

¹² Batas Pambansa 220, Guidelines for Socialized Housing Development

¹³ Bureau of Internal Revenue RMO No. 33-2002

¹⁴ National Building Code of the Philippines

Social Inclusion and Gender Issues

Participation and the protection of rights of the urban poor is very much active in the Philippines. The Philippine Commission for the Urban Poor or PCUP had been established to look at their various concerns including housing. Likewise all of the local government units have their own Urban Poor Affairs Office (UPAO) wherein some officers themselves are urban poor dwellers. Prior to the resettlement and relocation of informal settler families is undertaken, a Certificate of Compliance is secured by the concerned agency (like NHA) from the PCUP which makes sure that all pertinent preparations such as readiness of the sites, educational facilities and safe transportation are provided. People's organizations and NGO's play an important role in ensuring that concerns are properly ventilated and addressed.

There are certain laws also that provide for the special needs of the "differently abled", solo parents and minority cultures. Women are allowed to participate in political discussions, and even end up as leaders in most communities.

2 Organisation

The National Housing Authority is the sole government agency mandated to address the housing needs of the lowest 30% of the income bracket. It has five (5) Area Management Offices under the operations group, spread out in all the regions of the country. As a government corporation, it is expected to recover its capital investments from the various programs for the poor who cannot really afford to pay their dues. While the NHA can derive its cost operating expenditures from its collection, it still gets a big portion of its budget from the National Budget approved every year by Congress under the General Appropriations Act. It is somehow ironic that income from its sales and collection is expected to fund project development and other capital investment, given the type of clientele. In line with this expectation, the corporation has identified and segmented its subsidy projects as well its income generating projects. Commercial and institutional uses are integrated into the planning of big estates that serve the latter purpose. Being in existence for the last 32 years, many agencies look up to NHA for its track record and expertise in the housing sector. It has built and delivered 701,000 housing lots/units benefiting 3.50 Million households in its existence¹⁵. Annual average production accomplishment ranges from 30,000 to 50,000, depending on the availability of funds and resources.

¹⁵ NHA Corporate Planning Office Report on Completions, 2006

The corporation has some 1,600 personnel all over the country, wherein 30% of the said personnel are deployed in Metro Manila. NHA continues to be at the forefront of housing in the government sector. However it also has an ageing population with an average age of employees at 45 years old, thus there is a need to employ younger people who can be trained. The transfer of technology and expertise should also be undertaken in coordination with the academe to promote the practice of architecture and other professions in socialized housing. Today, NHA's program on empowerment include the capability building of local government units, our communities thru the community-initiated approach on land acquisition and development, and partnerships with GK and the MMDA. Slowly, the attitude of NHA personnel being the only provider is changing into a government enabler thereby encouraging co-optation with other players in the industry.

3 Shelter Problem

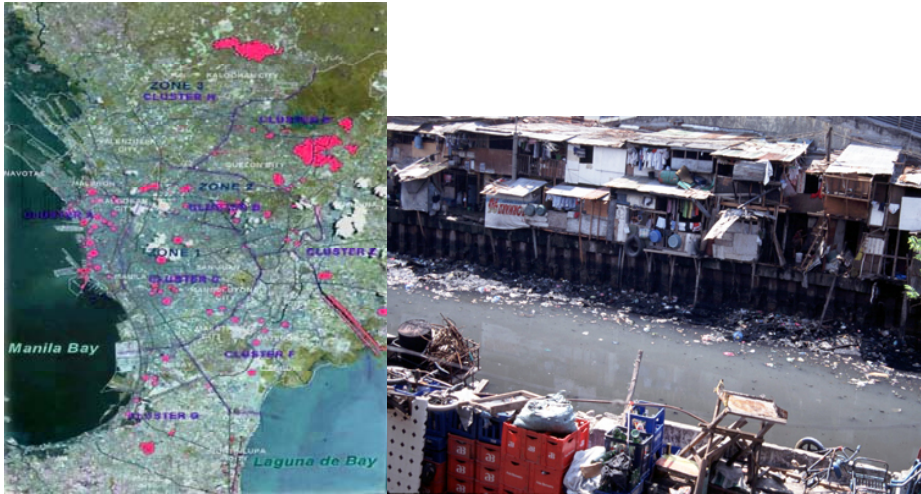
The challenge to provide decent and affordable housing continues to be the most formidable task of the shelter agencies. The difficulty in accessing land for the low-income housing vis-a vis urban growth remains unmatched by appropriate mechanisms to ensure the release of adequate supply of housing at affordable prices. According to the United Nations, "By 2007, the world's population will be predominantly urban for the first time in human history"¹⁶. It illustrates that urban growth will continue and therefore government as the lead policy maker should pay attention. Metro Manila now has an estimated population of 13 Million based on MMDA estimates, with 498,000 informal settlers living in slums and or danger areas. Below is the table for reference.

CLASSIFICATION	NO. OF HOUSEHOLDS As of July 2007*	%
TOTAL NCR	498,018	
BY AREA	498,018	100%
A. DANGER AREAS	87,132	17.50%
B. AREAS EARMARKED FOR GOV'T. INFRA.	30,576	6.14%
C. GOVERNMENT-OWNED LANDS	156,678	31.46%

¹⁶ Task Force : Improving the Lives of Slum Dwellers, A Home in the City, Earthscan, 2005

D. PRIVATELY-OWNED LANDS	199,834	40.13%
E. OTHER AREAS	21,494	4.32%
F. APDs	2,304	0.46%

- Unofficial estimates gathered by the NHA and MMDA from LGU's as of July 2007.
- Photo below left shows the Actual Satellite Map of Metro Manila with Informal Settlements in pink clusters ¹⁷



- Photo above -right shows an example of an estero/creek easements occupied by shanties (courtesy of HUDCC)

In reaction to the clamor of communities and some low-income groups like government employees, the government took on a more liberal view on its idle but occupied properties and declared most of them for socialized housing. As of December 2006 (HUDCC Report), there are 100 Presidential Proclamations which declared sites all over the country , with 46 of them under NHA's administration , 20 of them in Metro Manila.¹⁸ The declarations were welcomed by the communities who had been living on the sites for more than 30 years. Some problems that surfaced after the proclamation are the following : a) long and tedious process and the issuance of clearances by involved agencies, b) confusion in the identification of the administrators, c) interference of interest groups and political figures in the process, d) unclear guidelines in the disposition procedures including land valuation of the properties, e) technical problems related to boundaries and zoning regulations and the inapplicability of some provisions of BP 220 as to lot sizes, f) perceptions on

¹⁷ Cynthia Arce, Urban Informalities, Urban Asset Reform Office of the President, 2007

¹⁸ Mars Sarmiento, HUDCC Report on Proclaimed Sites, July 2007

tenure security by the beneficiaries, g) funding requirement to implement the program.¹⁹

In view of the foregoing, a sustainable housing development program for the proclaimed sites must be formulated by the stakeholders. In line with this, the HUDCC and the Asian Development Bank embarked on a joint undertaking under the Technical Assistance 4686 (Philippines) entitled “ Land Acquisition and Resettlement”(LAR). NHA as one of the members of the Technical Working Group and as part of the government experts and enablers of the housing program, took the lead in the crafting of the proposed road map for the proclaimed sites. There were six (6) key result areas that were enumerated:

1. Social Cohesion and Integration of the beneficiaries
2. Income Generation to sustain living conditions of the families
3. Physical Planning and Environment (with regard to the application of spatial considerations in planning occupied sites)
4. Land Valuation and Pricing of Lots for more affordable programs
5. Alternative Housing Tenure Solutions
6. Provision of Social, Recreational and Health Services

4 Proposal for Change and Improvement

In reference to the TWG-ADB/HUDCC TA 4686, and based on the NHA mandate and my personal experience, there are four (4) major aspects where NHA can make a big contribution on. These are in the areas of social cohesion and integration, physical planning and environmental protection, alternative tenurial / disposition schemes and in the land valuation and the pricing policy. As the Program Manager of the NCR Area Management Office of the NHA, I can influence certain policy decisions as I act as the technical assistant of the Group Manager of the department. The proclaimed government sites fall under two categories, one is the presently-occupied sites by informal settlers, and the other is the vacant but undeveloped sites. I have initially identified the National Bilibid Prison (NBP) Resettlement Housing Project, an undeveloped government property as my area for change and

¹⁹ TWG, Land Acquisition and Resettlement Workshop Results, 2007

improvement. Management has directed that the disposition scheme for this project will be through the usufruct²⁰ arrangement. For information, the NBP site is an in-city resettlement housing project within the 416 hectare reservation site originally intended for the prison facilities in Muntinlupa City, southern part of Metro Manila. A Master Development Plan for the site has been approved by the HUDCC, and Under Presidential Proclamation (PP) No. 234 dated 15 August 2002, as amended by PP No. 335 dated 27 February 2003, the 50-hectare portion of the National Bilibid Prison Reservation, was segregated for mixed-use development and placed under the administration of the National Housing Authority. Pursuant to the instructions of President Gloria Macapagal Arroyo during the launching of the NSLP on January 16, 2006, the 50-hectare NBP site was identified for socialized housing development to benefit qualified affected families of the NSLP-Muntinlupa segment, as originally provided for in PP 234. The project is in support to the North and South Rail Linkage Project of the Philippine National Railways, wherein NHA was tapped as the lead implementing agency in the clearing of the PNR right of ways from informal settlers. Social preparation and consultation with the project beneficiaries is being conducted to prepare them for life in the resettlement site. There are around 10,000 censused families who have been given several options for relocation that include the in-city resettlement in NBP, financial assistance for them to go back to the provinces, the off-city resettlement housing (3,000 families) in Cavite or Laguna, South of Manila.

At present, the project implementation is underway , and will generate approximately 7,035 social lots targeted for completion by the end of December 2007. Housing construction is also on-going by other contractors chosen for the work. The alternative mode of disposition selected for the in-city resettlement project is thru the usufruct. As a background, usufruct, in general, grants an individual or an entity a right to enjoy the property of another with the obligation of preserving its form and substance, unless the title constituting it or the law otherwise provides. The usufruct scheme is presently being adopted by NHA in some of its institutional lands with private organizations rendering social

²⁰ The Civil Code of the Philippines defines usufruct as , “ allowing the usufructuary to enjoy nearly

services to the community. Another form of tenure, the leasehold agreement is likewise implemented in most of the tenement and medium rise housing projects, wherein, the lot is under lease and the units are for sale. There has never been a usufruct contract adopted on a wide scale for house and lot packages before for the NBP Resettlement Project. The proposal poses several issues and potential problems as well as strengths and opportunities. To illustrate, a table is presented below :

Issue	Strengths	Weaknesses	Opportunities	Threats
1.Ownership and Security of Tenure	1.1 Government does not lose ownership of the land 1.2 Grant of security of tenure will result to increased confidence and self respect of the communities	1. The proposal was not based on a clear criteria why it is being adopted	1. May lead to an improvement in the legal system of registration of housing rights	1. Transfer of rights among beneficiaries will become easier and widespread; vulnerable to housing syndicates
2.Acceptability and Affordability By the Benficiaries	2. Meets the affordability on the short term and does not cause off-site relocation	2. In the long term may further create social segregation due to the limitations of the contract.	2. If successful,may accelerate housing deliveries to the marginalized in urban centers at a lesser price.	2. Resistance to the scheme due to the cultural factor, preference to ownership of land. Will result to unsecure feelings of beneficiaries.

all rights of ownership except the right to have legal title and to alienate and dispose”.

3. Administrative Concerns	3.An innovation Which may lead to a change in policy direction.	3.1 Tedious Process of awarding; needs more social preparation 3.2 Maybe subject to internal corruption by administrators' staff because of the new scheme	3.More opportunities for coordination and discussion with other administrators lgu's, denr, hudc	3. May become an operational nightmare if future administration will decide to dispose thru sale
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The proposed usufruct contract has been drafted by the NHA management and legal advisers, with little consultation with project beneficiaries. However, the scheme had been devised to make the project affordable to the intended beneficiaries along the railways. Lot prices within the project vicinity ranges from US \$227.30 to US\$ 323.86 (Ayala Land Subdivision Projects) per square meter, while the BIR's Zonal Valuation is US\$ 43.18 per square meter. Had the cost of the land been valued in the development cost, the project will no longer be feasible for the low-income group.

The salient features of the contract²¹ are the following :

1.Property in Usufruct

Identifies the specific lot allocated to the awardee/beneficiary in the resettlement site.

2.Period of Usufruct

This Agreement over the subject property shall be valid for a period of fifty (50) years reckoned from the notarization date of this instrument, unless prior cancellation is made by the former arising from any violation(s) on the herein restrictions.

3.Rights and Obligations of the Parties

3.1 The NHA as Administrator shall:

- a.Grant and allow usufructuary rights over the subject property.
- b.Act as Administrator of subject resettlement site and implement necessary programs and actions on project's maintenance and development.
- c.Perform other necessary obligation as authorized by laws.

3.2 The Awardee/Usufructuary shall:

- a. Take possession, utilize, take care and continuously occupy the property in usufruct exclusively for residential purpose of his declared household;
- b. Abide by the rules and regulations on occupancy, on the construction of dwelling unit and on other restrictions to be promulgated by the administrator for purposes of project maintenance and uniformity;
- c. Undertake the required payments of loans based on the terms and conditions specified in the loan agreements.
- d. Shoulder the taxes, assessments and other fees in case these obligations were levied upon the homelot and/or upon the improvements thereon effective from the year of its enforcement;
- e. Introduce the necessary repair and improvement in accordance with plans and specifications approved by the City Engineer as endorsed by administrator.
- f. Perform other necessary obligations as may be authorized by the administrator.

4. Other Terms and Conditions include :

- 4.1 The herein granted usufructuary right shall not be transferable to other parties except in cases of hereditary succession.
- 4.2 All permanent improvements introduced by the beneficiary on the property in usufruct shall be considered as attachment and as part of the concerned homelot, in the event cancellation of usufructuary right was enforced by the administrator arising from any violation(s) on the restrictions hereto provided.
- 4.3 Any condonation that may or shall be made by the administrator with respect to any violation of the terms and conditions of this Agreement shall in no case be interpreted as relinquishment of any rights of the administrator
- 4.4 This Agreement shall be binding upon the qualified heir, executor, administrator, or successor-in-interest of the respective parties hereto.
- 4.5 In case of dispute and/or litigation arising from this Agreement, the venue of actions shall be in the proper courts of Quezon City, Metro Manila to the exclusion of other courts.

The contract is silent on the aspect of mortgage on the property and is very strict in terms of succession rights. Although as pointed out in the matrix, the project is made affordable on the short term it limits action on the part of the awardee/beneficiary in

²¹ Approved Usufruct Contract by NHA, 2007

many areas. Some areas that are vague are : a) the grant of a permit to mortgage, b) the possibility of acquiring the property should the awardees afford the selling price, c) what happens to the beneficiaries' dependents after the period of the usufruct, and d) the exclusive use of the property for residential purposes that limits the economic activities of the occupants. Since the contract form has been approved, my area for change will include further study of the contract and the inclusion of the provisions that were not considered. The contract seems to be too safe on the part of government. It is therefore incumbent upon us who will be directly supervising the project to entertain discussions with the project managers and awardees on how to address this.

Under the United Nations Millenium Project, target 11 on “substantially improving the lives of at least 100 million slum dwellers, (while providing adequate alternatives to new slum formation), the challenge is two-fold. To improve the lives of existing slum dwellers and planning adequate alternatives for future growth. Meeting this challenge requires a plan for security of tenure, affordable access to land , basic services and housing finance”.²²

While the NHA together with HUDCC embarked on this new concept under the secure tenure program, there are still provisions that seem to be inappropriate to the Filipino culture, which may become unacceptable to the clients themselves. Pro-poor mechanisms while in place are not always followed by the administrators who are always at the upperhand of the bargain. A saying goes that “he who holds the purse, prevails”. Being in government should not mean that way. But rather empowering the poor towards a better quality of life should be the basis of all actions and not the speed by which one delivers the services. The chance for an alternative housing solution should not be wasted by coming up with very inflexible arrangements that do not suit the Filipino household who is the core of shelter security. “Both legal security and perceived security must be present (for upgrading) to be meaningful. There is often a disconnect between the legal status of individuals and households and their perception of it.”²³ Although the NBP Resettlement Housing Project is not an upgrading project, I believe that perception is very important especially for the marginalized. UN Habitat for example has the Legal

²² Task Force : Improving the Lives of Slum Dwellers, A Home in the City, Earthscan, 2005

²³ Ibid

Institutional Framework Index (LIFI) that intends to monitor and measure security of tenure, vis –a-vis four different issues such as legal framework, set of rules, impact of rules on resident experience, and the global commonalities. Further to this, “different interests must be balanced against one another when dealing with buildings, infrastructure and installations”²⁴. Moreso, I believe when dealing with one’s security of tenure.

Annex: Action Plan

My action plan though focused on the aspect on security of tenure would also include other areas for change that involve other proclaimed sites within Metro Manila. With the goal of having a mutually acceptable housing program both for administrators and beneficiaries alike, I have identified two (2) objectives, the first one dealing with an enhanced policy guidelines on the adoption of the various modes of disposition, and the second one will deal with an improved guidelines on planning and reblocking of occupied government sites. There will be some activities that will be done on the short as well as on the long term.

- a. On the short term, proposed changes in the usufruct contract of NBP Project and the reblocking guidelines , and ;
- b. On the long term, the formulation of a criteria for the use and adoption of alternative tenure arrangements such as usufruct, lease or rental in Metro Manila, and possibly their inclusion in the disposition and pricing policy of my organization.

²⁴ A Swedish Strategy for Sustainable Development, Economic, Social and Environmental

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