

The Urban Development and Housing Act (UDHA) of 1992

A Philippine Housing Framework

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Abstract

This paper seeks to analyze the UDHA 1992, which is an act that was formulated to provide for a comprehensive and continuing urban development and housing program. This analysis will look at three aspects of the Act's implementing mechanisms. The first aspect covers the actors, which include both government and non-government entities. The government side involves mainly the country's five housing agencies, which are the National Housing Authority, the National Home Mortgage Finance Corporation, the Home Insurance Guaranty Corporation, the Housing and Land Use Regulatory Board and the umbrella organization, which is the Housing and Urban Development Coordinating Council. The non-government entities comprise mainly of the developers, professionals and the project beneficiaries. The second aspect covers the strategies that are aimed at making urban lands more accessible to the underprivileged, strengthening partnerships between the public and private sectors, stimulating economic growth and development in the countryside and expanding the involvement of local governments and communities in decision-making processes. The third aspect will touch on the products or the tangible outputs of the program. Based on the various projects that were implemented from 1992 under the provisions of UDHA 1992, some of the objectives and strategies stated in the Act need rethinking. Some projects also reveal discrepancies between how these statements were written and how they were actually carried out. Now that the new political administration is in the process of formulating new planning frameworks for the housing sector, the lead players in this undertaking can take off from the lessons learned from the completed projects.

Introduction

Philippine President Joseph Estrada has recently signed Executive Order No.159 declaring mass housing as a centerpiece program of his administration and constituting the Presidential Commission for Mass Housing. In the light of this new EO, which will involve basically the same key actors that implemented the various projects under UDHA 1992, there is a need to critically look at the effectivity of the latter in addressing the housing problems in the Philippines. The same lead players will formulate the overall framework for housing for the medium and long terms. It would, therefore, be useful to look back and find out which components of the UDHA are to be strengthened and which ones need rethinking.

The house production rate from 1993 to 1998 shows that the housing sector did not perform too badly against the set targets. But did the targets reflect the actual demand for housing? The fact that the housing backlog in 1992, when the act was formulated, was two million units and that at present, eight years thereafter, has doubled to four million (NEDA 1999:6), should prompt policymakers to come up with innovative strategies that will allow the housing sector to increase its house delivery rate. Furthermore, the figures do not reflect whether the quality criteria have been met. Are these units actually occupied? Are the users satisfied with them?

The following table sums up the production levels for the various projects implemented by all key housing agencies. (HUDCC and OSHDP 1999:Annex I)

Table 1. The National Shelter Program 1993-1998

| | Actual as of September 1998 | Target up to December 1998 | % to Target |
|--|-----------------------------|----------------------------|-------------|
| Total house production in number of households | 623,053 ¹ | 889,504 | 70.04 |
| Total house production in million pesos | 138,866 | 184,260 | 75.36 |

Of the total house production of 623,053 units, 281,443 units or 45.17% of total correspond to the units that fall under the socialized housing category.

This paper is written from the viewpoint of an academician. The writer has been with a government housing agency for seven years and has managed a private architectural firm for five years. Having been exposed to the strengths and weaknesses of both the public and private sectors and now being in the neutral position of the academe, hopefully, can provide an effective standpoint for merging various perspectives on the housing situation in the Philippines.

Highlights of the UDHA

Objectives

The Urban Development and Housing Act was formulated to achieve the following objectives :

- 1 To uplift the conditions of the underprivileged and homeless citizens in urban areas and in resettlement areas by making available to them decent housing at affordable cost, basic services, and employment opportunities.²
- 2 To provide for the rational use and development of urban land in order to bring about the following : a) equitable utilization of residential lands in urban and urbanizable areas b) optimization of the use and productivity of land and urban resources c) development of urban areas conducive to commercial and industrial activities d) reduction in urban dysfunctions e) access to land and housing by the underprivileged and homeless.
- 3 To adopt workable policies to regulate and direct urban growth and expansion towards a dispersed urban net and more balanced urban-rural interdependence.
- 4 To provide for an equitable land tenure system that shall guarantee security of tenure to program beneficiaries.
- 5 To encourage more effective people's participation in the urban development process.
- 6 To improve the capability of local government units.

¹ Total Philippine population as of September 1, 1995 was 68,614,162. Of this total, 9,454,040 correspond to the population of the National Capital Region (NCR). This region covers the 17 cities and municipalities of Metropolitan Manila. Still a significant part of the rest of the total population live in urban areas outside the NCR.

² Poverty incidence in 1997 was recorded at 32.1% for the whole country, 18.5% in urban areas and 44.4% in rural areas. Basis for this is the poverty threshold defined as the monthly income required to satisfy 100% of nutritional requirements and other needs of a family of six. (NHA 2000)

Strategies

To achieve the abovestated objectives, the act sought to promote the following strategies for land acquisition, balanced housing, private sector participation, consultation and rural development.

- 1 Strategies for land acquisition that called for varying degrees of government intervention included: community mortgage, land swapping, land consolidation, land banking, joint venture agreements and expropriation.
- 2 The act aimed at balanced housing by requiring developers to allot twenty percent (20%) of the area of their projects for socialized housing.
- 3 To fully tap the private sector in producing socialized housing, incentives in the form of simplifying accreditation and financing procedures were extended. Socialized housing developers were also granted exemptions from certain types of taxes.
- 4 UDHA also espoused consultation and community participation.
- 5 A related strategy had to do with stimulating economic growth and promoting socio-economic development in the countryside.

Actors

It identified the main actors with the following main functions to perform under the National Shelter Program.

- 1 The key housing agencies :
 - The Housing and Urban Development Coordinating Council (HUDCC) as the lead housing agency to undertake planning and to provide technical assistance.
 - The National Housing Authority (NHA) tasked to augment and enhance local governments' capabilities in the provision of housing benefits to their constituents.
 - The Home Insurance Guaranty Corporation (HIGC) whose responsibility was to design an appropriate guarantee scheme to encourage financial institutions to go into direct lending for housing.
 - The Housing and Land Use Regulatory Board (HLURB) assigned to develop a comprehensive plan for urban and urbanizable areas, and to review existing town and land use plans and housing programs.
 - The National Home Mortgage Finance Corporation (NHMFC) assigned to administer the Community Mortgage Program.
- 2 The local government units (LGUs) were tasked with the preparation of the comprehensive land use plans for their localities.
- 3 The National Economic Development Authority (NEDA) which should provide the data and information for forward planning.
- 4 The private sector, non-government organizations who will be granted incentives to invest their resources in socialized housing
- 5 The project beneficiaries who should be involved in the house provision programs.

Design

The intended products of the UDHA were rationally sited settlements that had livelihood components and basic services including viable transport systems. These housing units should be affordable and reflective of the users needs and preferences. The act also encouraged the use of indigenous materials and alternative technologies.

Critique

The following sections shall assess the effectivity of the Act by looking at the many housing projects which were completed based on its various provisions. The housing projects to be cited were financed through the Social Housing Development Loan Program (SHDLP) – the lending window for private developers, local governments and non-governmental organizations; the Unified Home Lending Program (UHLP) – a system for pooling pension funds and making them available for long-term buyers' loans; and the Community Mortgage Program (CMP) – a three-stage lending program for lot purchase, site development and house construction by informal settlers. These programs were carried out with varying levels of involvement by the five housing agencies. The parameters to be used for evaluating the projects are quality criteria taken from a multi-disciplinary and multi-sectoral perspectives.

The Accomplishments and Shortfalls

Undoubtedly, the UDHA was able, to a certain extent, mobilize both the public and private housing sectors in the desired direction. From January 1993 to September 1998, the National Shelter Program (NSP) that was implemented within the framework defined by the UDHA 1992 provided 1,357,025 housing units to 623,053 households. On a specific program basis, the NSP registered the following accomplishments:

Table No. 2 NSP Accomplishments by Specific Program

| Specific Programs | Total (number of Households) | Target (to December 1998) |
|----------------------------|-------------------------------------|----------------------------------|
| Resettlement | 61,430 | 174,581 |
| Community Mortgage Program | 67,022 | 140,807 |
| Direct Housing Provision | 376,950 | 506,060 |
| UHLP Assisted | 197,663 | 377,853 |
| HDMF Regular Programs | 154,037 | 120,511 |
| Special Projects | 25,250 | 7,696 |
| Indirect Housing Provision | | |
| HIGC Retail Guaranty | 117,651 | 68,056 |
| Total | 623,053 | 889,504 |

A total of 2,010 million pesos have been expended for the Community Mortgage Program that brought 67,022 households from the informal sector to folds of formal communities. (HUDCC and OSHDP 1999:Annex I) Several hectares of unproductive land in the rural areas are now sites of residential developments that support industrial growth outside Metropolitan Manila. Various resettlement sites provided refuge for victims of floods and volcanic eruptions.

On the institutional aspects, more than 230,795 hectares of land have been identified as suitable for socialized housing. This figure includes 31,211 hectares of idle government lands. Meanwhile, the HLURB assisted a total of 144 LGUs in land use planning and zoning, which led to the formulation of 32 Comprehensive Land Use Plans and Zoning Ordinances. (HUDCC and OSHDP 1999:2)

Both the quantity and the quality of the products, however, leave much to be aspired for. The housing sector can make a step forward by acknowledging and rectifying the problems experienced related to the strategies, actors and the designs promoted by the UDHA. Some of these problems are due to ambiguous definitions especially of the target end users. Others are traceable to a bias against urbanization. House production was also very much constrained by weak institutional linkages within and between the public and private sectors. How the benefits of government policies on housing can be expanded and how limited resources can be stretched are the rationale for the following analyses.

The Strategies

In some sense, the UDHA strategies have their merits, for the fact that they are basically founded on the belief that government can be an enabler by opting for indirect, rather than direct intervention. However, these strategies also have setbacks that are due to flawed concepts of who the poor people really are, what a community is and what the private sector needs. The ways by which the strategies were actually carried out reflect the questionable way they dealt with the issues of affordability, land speculation and urbanization.

The first set of strategies that have to do with **land acquisition** were carried out through neatly packaged housing and land reform programs that offhand seemed simple and ideal. But the fact that a piece of land cannot be valued solely in terms of square meters calls for a business-minded public sector that can deal with this finite and limited resource. A piece of land's present and future values are determined by both its inherent and external features. The inherent features include area, shape, soil type, geological features. The other features are location, adjacent settings and possible developments within its vicinity. A comprehensive inventory of land with all these information has yet to be developed at the local level. Right now, all of these would have to be identified at a micro-level. This means that an entity, usually a private one, interested in buying and eventually developing it will spend its own resources to collect all relevant information. The generation of these data entails specialized knowledge and oftentimes huge costs, which local governments usually do not have. The employee profiles of local governments would rarely comprise of economists, who would have the intellectual and instinctive capacities to simulate probable scenarios and present investment alternatives based on reliable visions of the future. Land banking, which is a system of purchasing land based on potential values, is very much dependent on vision formulation. Poor projections left some local governments with properties that needed more than ten years to be suitable for housing developments.

And when an LGU is successful in purchasing land, what follows is a here-and-now approach. Capacities for determining the best use of the assets are oftentimes lacking. For example, the Community Mortgage Program grants land access to squatter communities already occupying the property. On one hand, it is a laudable way of responding to a very clear and immediate need for housing. On the other hand, however, it could deprive a bigger sphere of community of other development options that could have wider and long-term impacts.

Conceived to promote **people's participation**, the Community Mortgage Program also takes off from the fact that a community is a homogeneous entity and therefore, easy to deal with. But all too often, it can be divided into factions with conflicting principles. This reality exists on top of the individual needs and preferences that understandably need to be factored in. Serious internal conflicts can render a good housing program totally futile. Power structures within a community can also mislead planning authorities, who are after the general sentiments of the group that they are consulting with. A few assertive and articulate people might falsely represent the silent majority. Even the word majority can be a ticklish issue when promoting a participatory process. Consulting more people does not always result to the best design solutions. Genuine consultation of whatever form has not been pursued as reflected by a lot of unsold and unoccupied housing units. Senate Housing Committee Chair Rodolfo Biazon reported in 1999 that government financing institutions had invested in 11,000 to 75,000 units which remained unoccupied. (<http://www.Inquirer.net> 1999) Active forms of consultation, where the beneficiaries would actually be on the planning table from the project conceptualization stage, have been very rare. The more popular type of consultation was in the form of surveys and random interviews of low income earners to find out their needs, preferences and willingness to pay. This process is normally carried out using random sampling as in the case of the Socialized Housing Development Loan Program of the NHMFC. On another level, developers would apply lessons learned from previous projects. Very rarely, though, would real estate development companies, as well as government agencies, have Research and Development units. Designs that are not responsive to the needs of the target beneficiaries are multiplied many times over, since developers usually work with prototypes that are replicated by the thousands.

The **balanced housing strategy** that sought to ensure the generation of socialized housing along with the production of upscale housing is again laudable, but rather

simplicistic. First of all, the strategy can go against the market forces of supply and demand. There are areas in the country that demand more housing for the high and middle class households, while there are locations where the developers would yield higher returns on their investments from purely socialized housing. Furthermore, the strategy oftentimes did not produce integrated communities where low and high income households are both physically and socially interwoven. For most cases, the eighty percent would be in one part of the city while the corresponding twenty percent would be some kilometers away. In some projects, they are adjacent to each other but the boundary between them can easily be demarcated. They end up appearing as two separate projects. In the latter case, the twenty percent would be in the least attractive areas of the property, e.g. steep portions or areas with no views. Low-income households who could not afford to own cars are in the rear portions of the land and, therefore, had to walk several meters to reach the main road where public transportation were available. The wealthy car owners, on the other hand, had their lots right next to the main roads.

The strategy did not result to the intended effective system of cross-subsidy where losses incurred in the twenty percent development can be recouped in the other eighty percent. There was always the understandable need for developers to realize profits from the first phase (within the 20%). A significant percentage of developers in the Philippines are small to medium scale firms who are after a fast rate of turnover of units and cannot wait for more than four years to recover their investments. This financial objective is even enhanced by government lending systems that require full cost recovery to ensure development loan repayment within a single project phase. The lack of subsidies, on top of the need to produce house and lot packages that may be sold at not more than P180,000, resulted to downscaled and downgraded units that are not immediately livable. This strategy also looks at housing units as mere physical shelters rather than total living abodes. It is not tied up with any policy that has to do with provision of community facilities/amenities and economic opportunities that cater to both the 20% and 80% households. One cannot expect families from the extreme ends of the income ladder to mingle together in a golf course or an exclusive clubhouse.

The **urbanization issue** was not properly addressed by the UDHA. While pressures increased within Metropolitan Manila as manifested by the spontaneous growth of squatter settlements, a lot of the socialized housing projects have been dispersed in the regions.

Table 2. Shelter Performance in Selected Regions 1993-1997(HUDCC and OSHDP 1999:Annex IV)

| Region | No. of Households Assisted | 1997 Urban Poor Population | % Share to Total Urban Poor Population |
|--------|----------------------------|----------------------------|--|
| NCR | 70,104 | 985,669 | 12.68 |
| III | 21,121 | 736,581 | 9.47 |
| IV | 58,886 | 984,186 | 12.66 |
| X | 21,858 | 711,576 | 9.15 |
| Others | 37,706 | 4,356,716 | 56.04 |
| Total | 209,675 | 7,774,728 | 100 |

While rural development clearly needed to be promoted, pro-urban strategies should have also been given due attention. UDHA strategies and the project guidelines formulated under them did not reflect recognition of the city as a prime generator of national wealth. Moreover, the fact that the city is able to function as such because of the concentration of people, capital, infrastructure and other resources, is not adequately acknowledged. The objective of government has largely been geared towards deconcentration. UDHA strategies, in particular, encourage dispersal of resources. The imposition, for instance, of the P180,000 selling price ceiling for house and lot packages in urban areas almost immediately discouraged private firms from developing housing projects in cities where the price of land alone will already eat up a substantial portion, if not all of the prescribed price ceiling.

Very important economic zones in Metropolitan Manila, such as the Port Area, is proliferated with squatter colonies. Neither the Philippine Ports Authority nor the City Government of Manila, has plans laid out for this area despite the fact that most of the workforce of the communities have the port as their economic base. Clearly,

these illegal occupants are providing for themselves what government cannot provide to keep the port facilities running at reasonable cost.

The very lengthy and extremely tedious process of land use conversion have inhibited developers from developing housing sites that would have supported industries in urbanizable lands. In some areas of the Provinces of Pampanga and Pangasinan, which are located in the Central Philippines (known as the agricultural central plains of Luzon), a parcel of lot surrounded by commercial activities can take more than a year to be converted from an agricultural to commercial or residential land.

Infill development has largely been undertaken by the private sector and catered mainly to the high-income group. The central business districts of Makati and Pasig are dotted with high-rise condominiums that are within very comfortable walking or driving distances from commercial centers and business establishments. Similar developments that cater to the low-income group, who needed to be close to the work opportunities in the central parts of the city, have not been pursued. Company secretaries, car drivers, janitors and other minimum wage earners would be living in Antipolo, Laguna, Las Pinas other peripheral areas. These workers had to allot a substantial portion of their meagre incomes for transportation cost while the managers, presidents, and company owners would be in Forbes Park, Dasmariñas Village, White Plains and other exclusive subdivisions located a few meters away from the heart of the CBDs.

The value of **systematized research and development** components in various housing projects have not been given emphasis by the UDHA. There were no investments on studies that will create new bodies of knowledge necessary for policy-makers to constantly reassess their charted directions. Hence, mistakes are not readily identified and, therefore, unrectified and worse, repeated.

Reliable databases of completed and ongoing projects were practically not available. If at all available, they were often not updated and can, therefore, not be used for decision-making.

The Actors

UDHA effectively complements Executive Order 90 signed in 1986 to clearly delineate the roles of the participants in the National Shelter Program. As written, each key and support agencies had its own part to play. In practice, however, this was not the case.

The **Housing and Urban Development Coordinating Council (HUDCC)** hardly acted as the umbrella organization. It had planning capacities but lacked implementing powers. It did not operate as a department in the same manner as other service sectors did. In the national budget, it does not appear as one of the major items. It is lumped together with other sectors such as health, education and social welfare. HUDCC failed to function as a one-stop-shop where all the basic information regarding the functions and programs of the other housing agencies may be gathered. People inquiring or processing documents would normally be tossed from one agency to another. Considering that all six housing agencies are dispersed in two cities, this apparent lack of coordination ultimately discourage the private sector from dealing with government agencies.

Under the Socialized Housing Development Program (SHDLP) initially implemented by the NHMFC, a developer who wished to apply for development loan had to undergo a complex procedure whereby his credit worthiness and the viability of the proposed project were tested, often repeatedly. The applicant dealt with at least 6 government agencies and some private ones and are were made to undergo at least 45 major activities. The private developer was first prequalified in terms of legal, financial and technical capabilities. After a site clearance had been issued, a go signal was given for the preparation of the requirements for the full-blown market, technical and financial evaluation of the proposed project. Under ideal conditions, the entire process starting from project conceptualization to initial loan release entailed more than 200 days to complete. The applicant, throughout the process was required to prepare 70 types of documents, which needed to be reproduced in specified quantities. (Ramos 1992:22-23)

Not all of the **six housing agencies** operated according to their legal mandates as outlined in Executive Order 90 and as directed by UDHA. Furthermore, the Home Development Mutual Fund (HDMF) was not identified as a key actor in UDHA. In

the late 1980s, both the NHMFC and HDMF opened lending windows called the SHDLP, which sought to give two-year loans to developers and 25-year loans to individual beneficiaries. HDMF, which was supposed to contribute to the NHMFC's pool of funds along with the Social Security System and the Government Service Insurance System, effectively, competed with the NHMFC.

The different housing agencies functioned almost independently of each other in the sense that the decisions made by one had to go through a strict process of scrutiny of another, at the developer's expense. For example, a development plan that was already covered by a development permit issued by the HLURB, which is the housing sector's regulatory arm, will not be automatically accepted by NHMFC or HDMF. The evaluation process that it underwent in HLURB were repeated by the funding agencies. Common facilities such as deepwell systems and access roads that had to be turned over by the developer to the local government for maintenance were sometimes not accepted. The process of turnover and acceptance entailed several local council hearings where the soundness of the designs of the facilities was intensely questioned.

The organizational structures of the six housing agencies were top-heavy. The ratio of officers to rank and file employees was 1:5. This set up requires items to be decided on to pass through several layers of decision-makers and signatories.

Project beneficiaries were mostly individuals who were either not assertive enough or lacked the proper venue to voice out what they needed. Homeowner's Associations were often formed to oversee the maintenance of common facilities. Most of the time, however, common facilities such as the communal water system were replaced with individual tanks at the member's individual expense. These associations would have been in the best position to collectively come up with feedbacks that will enable the developer to produce better settlements in the future. Such systematic feedback system, however, rarely existed.

In the mid-1990s, government imposed the mandatory salary deduction system that limited the access to housing only to the formally employed. The main rationale for this system was the poor collection rate that went as low as 30%. This low rate may be interpreted in several manners. Firstly, it possibly reflected the misaligned attitude of the beneficiaries towards public housing provision. These households who were consistently in arrears possibly perceived government as the supposed giver of houses. The perception could well be due to the non-participation of the beneficiaries in the planning process. Secondly, the low collection rate possibly demonstrated a defective system of ascertaining affordability. Despite the stringent system of screening beneficiaries based on their submitted Income Tax Returns and employment data, some of those branded as qualified turn out to be truly incapable of paying the monthly amortizations. In October 1999, the NHMFC published a list, for bidding, of 4,000 low-cost housing units located in the cities of Davao and Zamboanga and in Davao del Norte Province, belonging to alleged delinquent buyers. Some of these buyers claimed that they could not pay because they either lost their jobs or were earning less than before. Still others claimed that they were intentionally holding their payments due to some defects in the house structures. (<http://www.Inquirer.net> 1999)

The imposition of the mandatory salary deduction system did little to solve the problem on collection. While it effectively blocked the informal income earners' access to formal housing. Many developers would claim that this category of beneficiaries are even more diligent in paying their monthly dues.

Enacted almost simultaneously and parallel with the UDHA was the Local Government Code of 1991. UDHA objectives that had to do with **local government units** sought to: devolve the responsibility of delivering basic services from central to local governments; devolve the enforcement of certain regulatory and licensing powers; increase internal revenue allotment at the local level; expand taxing powers; expand LGU structures through the creation of mandatory and optional positions in the local bureaucracy. (DILG 1991) To some extent the LGUs have been able to formulate and carry out plans as exhibited by some housing projects that were completed through joint venture agreements with private developers. One such project is the Manresa Housing Project in Quezon City. In a lot more cases, however, LGUs end up with unimplementable plans due to either lack of capacity or lack of funds.

Some local government units, which were required by the UDHA to prepare comprehensive land use plans for their localities did so as tasked. Most of these

LGUs commissioned this responsibility to private planning firms which had the human and material resources required for the task. These planning firms involved the LGU officials and staff as well as some selected constituents. Since the period for which the planning teams laid out plans span ten to twenty years, the impacts of these comprehensive plans have yet to be felt.

The processing of development permits were devolved from the HLURB, which is a central government agency, to the local governments in early 1990s. It took some time for the LGUs to absorb this function because they lacked the capacity in terms of number and competence. In not so few cases, evaluating plans provided opportunities for corrupt public officials to enrich themselves. Developers had to add hidden costs such as padded processing fees to the building and development costs. The total cost is then passed on to the end user.

Private developers of a very wide size range poured in their capitals and provided the technical expertise for the development of thousands of socialized housing. These developers organized under one or more of the three major housing and real estate organizations namely, the Chamber of Real Estate Builders Association (CREBA), the Subdivision and Housing Developers Association (SHDA) and the Organization of Socialized Housing Developers of the Philippines (OSHDP). While some of these developers undertook housing projects with a long-term outlook, a lot more just joined the bandwagon during the peak in real estate business from 1990 to 1995, prepared to venture into unrelated businesses in the event of an economic slowdown. This short-term and purely profit-motivated outlook manifested in the quality of the products that offered instant return on investment. The ease of entry to and exit from the construction industry did not breed a culture of research and product development. Little effort has been taken to assess past performance and past products to upgrade quality of housing.

Some developers also exploited the government's housing programs which offered very low cost of money. There have been proven cases of development loans being diverted to other business ventures. The loan is repaid sometimes even ahead of the loan maturity date because substantial income is earned from non-housing projects. This practice generally resulted to substandard construction and delays in project implementation. Government agencies, which often lacked the manpower to closely monitor projects can conduct, at best, surface inspection. This allows private developers to get away with downscaled materials, such as smaller reinforcing steel bars, which can no longer be inspected after concrete has been poured.

Still others saw the government housing programs as a good way out of the comprehensive agrarian reform program (CARP). To delay the process of farmlands being subjected to CARP that seeks to distribute plots to the farmers, landowner-developers will apply for development loans with no real intention of undertaking housing projects.

Non-governmental organizations (NGOs) or cause-oriented groups have also contributed a sizeable number of units to the housing stock of the country since 1992. A good example of an NGO-initiated project is the Peace Village in Antipolo City. This project of Marian Housing Foundation provided serviced house and lot units to victims of calamities such as fires and floods. It is one of the few projects whose actual occupants are made up of the intended beneficiaries. While Peace Village illustrates effective NGO intervention in housing provision, there are cases also when these supposedly non-profit oriented groups earn the same level of income as the private developers do, while being granted many concessions and incentives for being NGOs.

The need for **advocacy groups such as professional organizations** to participate in the house provision process beyond the bounds of professional work was not stated or implied in the UDHA. These groups which have the capability to collectively come up with and express a stand on certain issues were most of the time silent. These civic groups that are in the position to influence decision-makers and the public were not capitalized on by the Act. For more than a decade, housing projects that go against very basic design principles related to health, safety, culture and aesthetics have proliferated both within and outside the metropolitan areas. No strong voice has yet come up to call for a turning point in this regard. One probable reason is that the same articulate professionals are themselves businessmen, contractors or developers whose main motivation is profit that could be earned in the short term.

Some designs turn out to be subjects of sensational news headlines due to the number of lives they claim. Examples of these are structures that caught fire and were later found to have no fire exits. The public's interest to rectify the situation die as soon as media people stop making news out of the issue. Design advocacy groups who are supposed to keep the fire burning, so to speak, are not as visible as they should necessarily be.

The Design

Designs of houses are supposed to be the end product of the complex process of merging various and oftentimes competing interests. The fact that housing is a result of a comprehensive approach is not well appreciated as manifested by the box-like, inhuman character of the typical socialized housing unit. The products that can be presently seen still speak of the uni-dimensional and extremely technical approach that see the house as merely a physical structure.

Design standards prescribed by the various building and planning laws are problematic. The application of the concepts of ergonomics and anthropometrics to low-cost housing have been very much oriented to the physical realm. Minimum dimensions of house components are largely taken from the measurements of the users while layouting of functional zones are based on very rational analyses of sequential movements, oftentimes based on western models. The allotment of space, however, goes beyond these very visible factors. Other considerations such the the Filipinos' unique perception of private and public spaces, the concept of a nuclear family and how members relate with each other, and many other intangible cultural considerations have been left out in the design process.

Filipinos are known for their hospitality and this trait translates physically into relatively spacious living and entertainment areas that often extends to the front or back lawns. Opportunities for expansions that could encroach on these exterior areas oftentimes require substantial cost because of concrete walls that had to be knocked down. The Filipino way of cooking also almost always demands both a clean and a dirty kitchen that are physically accessible to each other. The typical low cost housing project lacks provisions for this additional functional area. Extended families which are very common in Philippine society also is not taken into account. The following photograph shows how the façade of a medium-rise housing project has been turned into "banggeras". A banggera is a protruding counter that is a feature of a typical nipa hut or a vernacular Filipino house. It is used for washing and drying kitchen and dining utensils.



Photo 1: Personalized façade of a medium-rise low-cost housing project in Metro Manila

The government sector made an effort to allow **innovative materials** to penetrate the construction material market with the creation of the Accreditation of Innovative Technologies (AITECH). It is an adhoc organization comprised of representatives of the six housing agencies. For a while, the organization existed and was able to approve as many as fifty new construction materials and methods. Despite the

institution of this system though, the percentage of the innovative technologies to the total number presently in the market is still negligible. One reason is that while these new technologies are technically allowed, their applications have been mostly in the category of a “one shot deal”. They get to be used for one or two projects, but are rarely absorbed by the rest of the potential market mainly due to the lack of modular coordination. Many of these innovations do not allow connections with components and systems completed with the conventional materials and methods. Also, these innovations would usually require technical training that local labor is not quick or possible to engage in. Furthermore modifications in the design regulatory frameworks that were necessary to accommodate new technologies and alternative methods and materials did not ensue. The National Building Code of the Philippines have a lot of provisions that are biased against new materials and systems.

There has also been a great deal of **mismatch between units and beneficiaries**. As stated in Medium-Term Philippine Development Plan for Shelter 1999-2004, there has been substantial leakage of pension funds to the non-poor households. This could be due to the rational but oftentimes unreliable procedure for screening housing loan applicants. The income tax return is a document that can easily be manipulated to satisfy the criteria of the lending agencies. It also does not speak of buyers’ integrity and credit-worthiness. Government agencies are also often good in formulating policies but lack the capacity to enforce these policies. At best, these agencies can conduct random inspections to ascertain whether the occupants are the intended beneficiaries of the project. Since the regular conduct of these inspections is unrealistic, some units are rented out or sold to middle class households after they have been awarded to the beneficiaries.

Cost reduction and engineering parameters have largely been the basis for coming up with the final form of the housing units. The 180,000 selling price ceiling for socialized housing has put a lot of pressure on developers who then sought ways to manipulate all variables that affected the direct cost of a project, i.e., size, finish, labor, equipment and other production inputs. Not much focus, however, was given on the equally, if not more, prohibitive costs of the “hidden costs” of housing units. These costs are attributable to firstly, the processing costs that are entailed for complying with government requirements, e.g., building and development permits, loan application, occupancy permits and other documentary requirements. Hidden costs are also accountable to the cost of “under the table deals” between private developers and government officials and staff. The former would willingly pay for these deals to save on an even more costly resource which is time.

The P180,000 selling price ceiling oftentimes existed only on paper. It simply becomes the basis of the buyers’ loans but are not reflective of the actual cash layout on the part of the buyers. Project beneficiaries were often required to pour in equity of as much as P60,000 although this figure did not appear officially on government records. On top of this, the beneficiaries also had to spend another P50,000 to 75,000 for completing the units.

Common Facilities especially centralized deepwell systems were almost always not useful. Individual units often ended up with their own deepwell systems because of the unreliability of the common one. Open spaces, playgrounds and community facilities were hardly ever used because of the distance to most of the blocks and sometimes for security reasons. Some public spaces lack the quality of defensible spaces and do not allow for informal surveillance.

The complicated control mechanisms implemented by various government agencies did not always result to products that meet quality criteria related to safety. Cherry Hills Subdivision in Antipolo City, for instance, is a project that was supposed to have undergone all quality checks beginning from the issuance of the locational clearance, building and development permits to the evaluation procedures of funders and stakeholders. The fact that the site, being quarried land and one time sea bed made it very prone to liquefaction and landslides. In 1999, some 400 houses crumbled after heavy rains caused the land underneath to slide while the cut slopes toppled over the lower parts of the area. Geological factors were obviously overlooked not just in this particular development but in the many other residential subdivisions just adjacent to it. Cherry Hills sits in the middle of a dense residential area built on sloping grounds.



Photo 2: Cherry Hills Subdivision in Antipolo City

Another project that sacrifices safety is the government's Home along the Railways Project.



Photo 3: Home along the railways project in Metro Manila

Local context did not always translate into design elements that are identifiably Filipino. Many of the housing projects in the past decade have been intentionally marketed as having been inspired by American, French or Mediterranean Architecture. This practice resulted to “dishonest” use of materials because the use of real clay tiles or wooden shingles for the roofs or the use of natural stone or wood panels for the walls would have jacked up construction cost. These materials also did not fit local climatic conditions. But the fact that these designs actually sold means that the buying public need to be educated on this issue.

Maintenance concerns became afterthoughts rather than prime considerations in the design process. To meet the selling price ceiling, developers normally opted for macadam roads that are initially cheap but in the long-run expensive due to heavier maintenance requirements. This type of road surface is easily washed out by heavy rains which are a constant reality in the country. Maintenance costs even of the housing units were not factored in as a component of house cost that necessarily had to be shouldered by the buyers. This is one reason why the buyers end up either incapable of paying the monthly amortizations of the cost of the house or opting not to maintain the units.

As far as **location** is concerned, a lot of the completed projects were reasonably sited. Many projects have been implemented in the fast industrializing provinces of Cavite, Laguna, Batangas, Rizal and Quezon. These provinces make up the growth center called the CALABARZON. However, the location of housing projects, especially of resettlement projects, have also posed problems that caused beneficiaries to return to their squatter shanties. For instance, the resettlement project for the victims of the eruption of Mt. Pinatubo is located in a remote and hilly part of Subic, Zambales. Interviews conducted with the beneficiaries revealed much dissatisfaction with the project that required them to spend much of their incomes on transportation.

Conclusions

To a limited extent, the objectives of the Urban Development and Housing Act have been met through the defined strategies. Within this framework, a total of 623,053 housing units were built. These housing units were mostly serviced with water, power, drainage and roadway systems. The country undeniably benefited from the multiplier effects of these projects as they generated employment during implementation and supported business and industries after they were completed. The projects also rendered productive, the otherwise idle lands, by providing venues for community interaction. The Act also was, to some extent, successful in stimulating economic growth in the countryside by creating permanent bases for skilled labor and captive market for commerce. Policies related to land opened up possibilities for land ownership to people who would never have had access to land without government intervention. Varying degrees of people's participation have been explored which resulted to the satisfaction of many of the project beneficiaries. Local government units have been able to absorb what previously were functions of the central government. The non-patriarchal role of the government was evident in the projects that were implemented via joint venture agreements with the private sector. Incentives like tax reductions or exemptions and very low interest rates did encourage the private sector to go into socialized rather than into purely open market housing.

The actors involved played their parts as called for by the Act. The key housing agencies institutionalized systems for planning, regulating, financing, producing and guaranteeing housing projects. Non-governmental organizations along with private developers supported government efforts. The designs for both infrastructure and houses generally served the basic needs of the project. Most of the projects are now sites of thriving communities that have been integrated into the existing urban and rural physical and cultural fabrics.

However, there is no such thing as a perfect policy framework that can be expected to yield all the intended results. The foregoing critique point out specific areas where modifications, additions and deletions can be introduced. A significant number of the completed projects took off from a hazy definition of the words "poor" or "underprivileged". Another ambiguous term used in the Act is "decent" housing that has a lot of implications on the formulation of design standards or norms.

The value of cities and urbanization has certainly been overlooked by the Act. Housing projects were thus implemented detached from macro-policies related to economics and the issue of urbanization. Genuine people involvement have been very limited. Attempts to factor in people's needs and desires have mostly been on the level of consultation. And lastly, local governments can further be empowered to enable them to carry out their plans.

Recommendations

This section will discuss how the objectives of a planning framework could be restated, how the roles of the actors may be realigned, how strategies can be improved, and how designs can be more responsive to the users.

A housing framework's objectives must include quantitative as well as **qualitative standards**. It is not enough for government to meet a certain number of houses to be built each year. How these units meet the needs of the beneficiaries is

an equally important parameter against which the housing framework will later be assessed. It has been noted that there had been many affordable yet unsold and unoccupied socialized housing units both in the urban and rural settings.

Considering the limited resources available for low-cost housing, some strategies geared at **upgrading these already built units** must be formulated. Repackaging these units to suit another market will increase the housing stock without investing as much as when new units have to be built. Government should formulate strategies that flow with rather than against **market forces**. The balanced housing strategy distorts the market and, therefore, goes against the private developers' efficiency targets. Building houses for the poor should be done through packages of incentives rather than through imposed ratio requirements. The process of providing low-cost units must be carried out in accordance with the real concept of **socialized housing**. This concept allows the offsetting of incomes yielded from the sale of low-priced and very high-priced units. Since the latter are supposed to subsidize the former, full-cost recovery on the low-priced units need not be strictly required. The question of who should be subsidized and who should subsidize can be addressed only with a very clear definition of who the poor and underprivileged are. Income tax returns are objective tools but are manipulable and can be unreliable in the long-term. The informal income earners also are not necessarily comprised of the poor. There are many operators of relatively successful businesses that are not formally registered with the Bureau of Internal Revenue. Housing is an essential component of an urban area. Planning for this sector, therefore, cannot be detached from **urbanization policies**. Alongside the government's intent to promote growth in the regions, the merits of concentration of resources in the city centers should be considered. Policies geared towards decentralization need to be balanced with the need to provide housing settlements that will support the commercial and industrial activities in the highly urbanized areas. Relative to this, housing agencies need to undertake projects geared at infill development and redevelopment of economic centers such as seaport communities. Attempts to address the issue of urbanization would have to consider the impacts of the development of housing settlements on the land market. The fact that the projected housing need for urban and urbanizable areas up to year 2004 is 2.5 million units poses a lot of pressure on urban land. Design solutions that take into account the scarcity of urban land suitable for housing should be thought out.

To effectively realize the abovementioned recommendations, the actors' roles must be clearly defined. The **key housing agencies** must be coordinated and the HUDCC should truly be on top of all of their planning and implementation activities. These housing agencies must also take a close look at their organizational structures and ensure that decision-making is allowed to flow down to the rank-and-file employees. A more flat structure is recommended over the highly vertical one that results to very lengthy procedures which discourage private developers. A housing framework should also give emphasis on **local government** capacity building. The local government provisions must be enforced alongside efforts to improve the technical competence of the LGU staff. Trainings related to land assessment, project evaluation and project monitoring should be conducted to improve judgment capacities at the local level. Systems adopted by LGUs for identifying projects and for processing permits should be transparent to lessen the opportunities for corruption. LGUs should also be able to choose between quick fixes and long-term solutions. **The private developers'** operations must be guided by defined company missions and visions. This long-term view should ultimately make these businessmen realize that being consistently identified with products of good quality ultimately redounds to financial gains. Cost-cutting by downgrading need not always be the way to produce more units and to consequently earn more. **Project beneficiaries** are not to be seen as the receiving end of the entire process of house provision. They can participate not just passively but through genuine partnership with the designers and the builders. Planners who are administering this partnership must realize the heterogeneity of actively participating communities in terms of principles, needs and wants. The community, on the other hand, must realize their valuable role in an effective feedback mechanism that is presently lacking in the housing industry. A system that enables developers to take off from the strengths and weaknesses of their past projects will result to constant upgrading of products. The role of **advocacy groups and professional organizations** in the improvement of the quality of life through housing should be highlighted. These

groups must actively voice out their stands on issues that have to do with the built environment. The government, on the other hand, must provide the venue for this exercise of expression.

Ensuring the responsiveness of designs to the users needs requires a strong emphasis on **research and development**. A culture of research has yet to be cultivated both in the government and the private sectors. Investing some amount for studies on behavior, culture or new materials would eventually translate to highly marketable and environmentally sound housing settlements. The conduct of post-occupancy evaluation on completed housing projects will bring to fore issues and lessons from which future projects can take off. Research undertakings can also be directed to the existing design norms or regulations. The National Building Code needs to be revised primarily to incorporate new materials and systems of construction.

Reliable and at the same time reasonable **mechanisms for control** have to be in place. Systems for accrediting private developers and non-governmental organizations who would be availing of public funds at very low interest rates must be both technically capable and conscious of their societal responsibilities. Project beneficiaries, on the other hand, should be credit-worthy and must fully disclose all information required by the lending institutions. Non-conventional procedures that are simple but reliable must be adopted. Casual interviews, observation or immersion can take the place of documents like tax returns and employment certificates that are unreliable anyway. Random inspections to ensure proper match between units and buyers can become components of post-occupancy evaluation.

Designs can be more responsive if they are developed within parameters that evolve from the **local context**. Designers should be open to accommodate the influx of new technology but must also be critical enough to make the necessary adjustments for these new materials and systems to work in the local setting. Related to this end, the **public must also be educated** to enable them to wisely choose for themselves the products that will suit their needs. They have to be aware that foreign-inspired concepts will not necessarily improve their life. They should also be made to understand that maintenance costs are part and parcel of the cost of the house and lot that they are buying. The cost implications of project location must also be factored into the decision-making process.

The foregoing recommendations reflect the need for some of the provisions of the Urban Development and Housing Act to be redirected. Necessarily, the formulation of housing guidelines within the framework set by Executive Order No. 159 would have to take off from the lessons learned from UDHA 1992.

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