

The Private Developers' Response to the Urban Development and Housing Supply of Metropolitan Manila¹

An analysis of housing licenses issued to private land developers from 1990 to 2000

Norman D. Mangawang

M.Sc. Urban Planning, B.S. Architecture
Manager, Planning & Design, Anscor Land, Incorporated

Introduction

Urbanization in Asia has been characterized as one of the more rapidly increasing rates in the world. With more than a billion people living in cities and towns, the continent has the largest urban population in the world. The transformation however is not without the problems commonly associated with rapid urbanization; i.e. air pollution, traffic congestion, inadequate utilities and infrastructure, and dysfunctional land use patterns. With local authorities and government agencies beset with financial difficulties in the delivery of urban development programs for the low-income groups, the private sector has been tapped to participate in the production of low cost housing units in urban areas. The Philippines provides an example of this process.

Problem Definition

In the 80s, the Philippine Government dealt with the housing problem by assuming its role as *provider*. It took the lead in delivering housing units, resettlement sites, livelihood programs, and other forms of subsidies to the low-income bracket. At the onset of the 90s, central government started to espouse the role of *enabler*. It recognized the inherent advantages of devolving itself of certain executive functions, among them the provision of housing and services, which the local government units (LGU) themselves can effectively deliver.² It likewise shifted its role to a *facilitator* wherein private sector was tapped to assume a more active role in provision of basic services through a package of incentives. At some point, governments in developing countries have resorted to massive privatisation schemes since the private sector was perceived to be more efficient, better equipped and financially capable in service provision (water provision, solid waste management, electricity, sewerage, etc.).

¹ Metropolitan Manila is also known as Metro Manila, the Metropolis, or the National Capital Region (NCR).

² Habitat Agenda. Istanbul Declaration on Human Settlements. June 1996

Other than basic services, the provision of housing for the low-income groups was a problem that can be addressed by the private sector, specifically the land developers. The focus of this paper is to analyze how they have responded to urban development and housing supply in Metropolitan Manila, using Licenses To Sell (LTS) housing units as an indicator.

Motivation for the Choice of Study

First, as head of planning and design department of a private land development company, implementing a residential project that is highly responsive to market demand is an important criteria for project selection and prioritisation. This ability is most desired after the collapse of the real estate industry in Southeast Asia in 1997, which was preceded by the devaluation of the Thai baht.

Second, private developers have often been described as being profit-oriented in their approach to the housing problem. Because of this perception, their involvement in housing projects has been focused on income brackets that have greater disposable incomes. Government as an *enabler*, has passed laws that entice and compel private land developers to do their share in housing provision for the low-income groups. How the private land developers perform their social task will be interesting to see.

Third, the interplay of urban land development patterns and market forces in the context of developing land for the best and optimal uses often marginalize the low income groups in the open market (OM). Where housing projects are located in the metropolitan fabric will reveal a lot on the land use spatial patterns of the city.

Method of Study

Data of housing projects from 1990 to 2000 have been collected from the Housing and Land Use Regulatory Board (HLURB), the sole regulatory agency which grants licenses to private developers to sell their products in the market, while ensuring that these projects comply with government-imposed and established standards. It will be noteworthy to see what types of projects³ private sector has undertaken within Metropolitan Manila. In addition, other factors like the quantity of units built, the land area covered, and the general locations of these projects will illustrate the private sector's response to urbanization in terms of housing types.

While an analysis of the housing products will provide insights on how the private sector has responded, it is equally important to consider that land and housing development projects are generally governed by the approved land use plans and zoning ordinances of each municipality and city that comprises Metropolitan Manila. Private developers will generally comply with these plans and ordinances making them the most effective tools in defining "desired" urban development vis-à-vis the "uncontrollable" market forces.

³ Condominiums, open market, economic, socialized, slum improvement and resettlement programs, community mortgage programs, industrial or commercial subdivisions.

Background

From 2001 to 2004, the housing backlog for the Philippines will be at 2.1 million housing units. In addition, there is an estimated need of approximately 1.5 million units in the next four years that amounts to a total housing need of 3.6 million housing units.⁴ Of this volume, 2.2 million or 60% will be housing for low-income families.

To comply with this enormous requirement, the national government and its concerned agencies prepared in 1986 the National Shelter Program (NSP), a comprehensive strategy that provides the population, especially the lowest thirty percent (30%) with adequate housing facilities through affordable housing packages.

To achieve this objective, an umbrella organization, the Housing and Urban Development Coordinating Council (HUDCC) was created primarily to “coordinate” the functions of the multifarious key government housing and finance agencies and encourage greater private sector participation in low cost housing and finance. Under the set-up, key housing agencies, funding agencies, support agencies, and the private sector were mobilized in order to satisfy the housing needs of the country estimated to be at 350,000 units per year.

Metropolitan Manila

The enormity of the problem is evident in Metropolitan Manila, home to 9.9 million people. Of this figure, twenty percent (20%) is urban poor population. Having a land area of only 636 square kilometres or 0.2 percent of the country's total land area, Metropolitan Manila remains the country's most densely populated region with 15,617 persons occupying a square kilometre of land. With an average urban population growth rate of 2.36%, urban development activities in Metropolitan Manila will undoubtedly be in the provision of housing.

Of the 3.6 million projected housing needs of the country, 984,908 units or 27% will be in Metropolitan Manila. From 2001 to 2004, the housing backlog for the area is estimated at 767,213 units bringing the total housing need (including new households) to 1,424,893 units in four years. Thus, there is a strong demand for developers to construct houses.

Urban Land Development & Housing

Anticipating future land uses is a challenge that municipal/city planning officers and private land developers view with much vested interests. From the government side, the desire for a rational pattern of urban development will accrue to higher land values, efficient utilities, better access, and functional and complementing land uses. Planning officers and the municipal or city council, who approve land use plans, will attempt to predict land use patterns that reflect the future land use pattern. Developers will try to maximize whatever potential uses the land will offer. These “potentials” are governed by the approved land use plan and zoning ordinances of the city. Whether these plans are truly reflective of the market potential is always a tricky issue. Developers who fail to read the market properly end up with projects that are not taken up by the public.

⁴ Housing and Urban Development Coordinating Council, 2000

Land Use Plans vs. Urban Land Market Trends

On the matter of land use plans, private developers will normally conform to the land use plans of the municipality if they are planned rationally. When plans do not reflect the potential land uses and its market values, then market forces take over and dictate the land uses.

Developers and landowners resort to spot-zoning techniques wherein an exemption from the prescribed land use is requested to the city council for a different but (usually) more intensive use. The proponent may present the proposed project and its merits deliberated upon by the city council members. If approved, a council resolution is passed allowing the developer to fulfil the requirements for developing the property. LGU issues temporary use permits (TUP) to allow for non-conforming uses. Such piecemeal approach to development has a snowball effect on land prices and land uses. The project, which was granted a clearance, becomes a precedent for other landowners and developers to replicate.

The Urban Development and Housing Act (UDHA) of 1992

In the Philippines, the Urban Development and Housing Act (UDHA), which was passed by Congress in 1992, declares it the policy of the State to undertake, in cooperation with the private sector, a comprehensive and continuing urban development and housing program. For its underlying objectives, the UDHA program aims to provide housing through rational use of the land and adopt policies to regulate urban growth.⁵

In the same Act, *socialized housing*⁶ shall be operationalized with the private sector through the *balanced socialized housing program* (BSHP). Under this program, developers of proposed subdivision projects shall be required to develop an area for socialized housing equivalent to at least twenty (20%) percent of the total subdivision area, or total subdivision cost, at the option of the developer, within the same city or municipality. These areas shall be in accordance with the standards set by the HLURB, the regulatory body for all land subdivision projects.

Furthermore, to encourage greater private sector participation in socialized housing, the UDHA provided incentives for participating private developers. These include simplification of qualification requirements, creation of one-stop offices to process documents, simplification of financing procedures, and exemption from payment of certain taxes.⁷

For a more comprehensive approach to socialized housing projects, the UDHA outlines the relevant fields of study to consider. These include the promotion of indigenous housing materials and new technologies, transport systems, ecological balance, population analysis,

⁵ Urban Development and Housing Act (1992), Article I, Section 2.

⁶ Refers to housing programs and projects covering houses and lots or homelots only undertaken by the Government or the private sector for the underprivileged and homeless citizens.

⁷ Exemption from the payment of project-related income taxes, capital gains tax on raw lands used for the project, value-added tax from the project contractor concerned, transfer tax for both raw and completed projects, and donor's tax for lands certified by LGU to have been donated for socialized housing purposes (UDHA).

and urban-rural interdependence. In reality though, there are no implementing rules to incorporate these studies in site selection.

The creation of a national framework for urban development and housing is a laudable provision of the UDHA. The Act compels LGUs, on a national scale, to focus on the problems of housing and urban development. The land use plans, which become the outputs of each LGU, will allow them to plan urban development rationally on the basis of housing. Private developers shall refer to these plans and embark on land development projects on that basis.

Housing and Urban Development

The objective of the UDHA is to institutionalize housing provision for the low-income groups through rational urban development. The inventory, acquisition, and disposition of land for socialized housing, which the UDHA prescribes as a basis for urban development, is rather simplistic in approach. Not all of these lands are easily acquired since many are owned by the national government and other line agencies that have their own programs on the use of the land. The process of land acquisition is a very tedious one. LGUs must therefore assemble these lands and properly identify them before the private developers venture into the low cost housing production.

Urban development is also a very dynamic and complex process. Housing provision alone does not determine urban development but a host of other equally important land uses like industries, commercial and retail uses, and employment centers. LGUs must view urban development in more holistic perspective if it has to be sustainable.

There are other prerequisites for a sustainable urban land development. Archer (1987) proposes that sustainable urban land development can be achieved by providing infrastructure, finance, and assembling land for urban development that greatly improve municipal land management. Urban infrastructure and services should take place at the municipal level where local needs are apparent. (UN ESCAP)

Balanced Socialized Housing Program (BSHP): Boon or Bane?

Another highlight of the UDHA is the BSHP, which compels all developers to allocate financial or physical resources for socialized housing. Proponents of the law describe this, as a welcome corrective to the shelter needs of the poor. Opponents counter that this requirement would discourage investors and developers from the industry. Instead of compelling developers of middle and high income subdivisions, who lack the expertise in low income housing development, the incentive system for socialized housing developers should be further strengthened.

The Chamber of Real Estate Owners and Builders Association (CREBA), an umbrella organization of building and land developers has offered alternatives to this provision. Among the suggestions were: that government bonds may be purchased instead, the proceeds of which are intended for social housing projects, that taxes collected for housing be pooled and allocated solely for social housing funding and development; and that the 20 percent requirement be imposed on real estate and housing development that depends on government funding sources (Tario, 1992).

Nevertheless, the UDHA presently allows developers to avail of credits⁸ from socialized housing developers equivalent to 20% of the project cost. For projects in Metropolitan Manila, the BSHP may be located at the surrounding provinces (i.e. Laguna, Batangas, Cavite and Rizal).

While the financial resources are important, participation in the outright production of low-income houses is the thrust of the UDHA strategy. The objective is to increase the housing stock of low-income housing units. It is for this reason that UDHA has introduced incentives to developers who venture into low income-housing production. It is the developer's expertise in construction that is given importance rather than the financial contribution.

Actors

Urban land and building development in Metropolitan Manila proceeds through tedious and bureaucratic permit process that ensure the compliance of the private land developer to each stage of land and building development, to the procedural rules and regulations, and design standards of the LGU and line agencies involved. There are three (3) actors responsible for urban land development and housing in Metropolitan Manila:

1. The Local Government Units,
2. The National Line Agencies, and
3. The Private Land and Building Developers

Local Government Units

The LGU, through its city or municipal planning offices in Metropolitan Manila, provide the framework of urban land development and housing provision, from which the private land and building developers respond to. The land use plans are prepared and further described through the zoning ordinances, which are approved by the city/municipal council. Zoning ordinances define the allowed and prohibited uses over specific locations. To operationalize the CLUP and ZO, the LGU has set up a regulatory framework that developers must conform to.

Initially in the process of land subdivision approvals, the LGU inspects the subdivision plans of developer. Allocation ratios between saleable and non-saleable portions are inspected by the LGU ensuring that the ratios are within what is legally allowed. In this subject, land subdivision and development standards should conform to two (2) decrees namely the Subdivision and Condominium Buyers Protective Decree (PD 957), and the Rules and Standards for Economic and Socialized Housing Projects (BP220). The former is meant for open market products while the latter is for socialized and economic housing (low-income). If the plan complies with the minimum standards of subdivisions and lot layout requirements, a subdivision permit is granted to the developer

After approving the land subdivision plan, the LGU requires the developer to present land development plans that include site layout

⁸ Each credit may be bought from a socialized housing developer at the current market rate of PHP 8,000 (US\$ 157 per unit)

and site engineering plans. If the plans conform to the standards, the LGU stamps their approval and issues the Locational Clearance (LC) and Development Permit (DP). The former ensures that the project is located in its proper zone, while the latter ensures that land development plans are satisfactory. Prior to this, the LGU also requires the developer to present the Environmental Compliance Certificate (ECC) from the Department of Environment and Natural Resources (DENR) as a prerequisite to issuance of LC and DP.

The serviced plots may then be sold to the market, or developers may further proceed with the building construction over these plots and sell the same plots, together with the structure, at a higher price. In this case, the LGU shall issue a Building Permit (BP) after the developers present the preliminary building plans that satisfy the requirements of the National Building Code (NBC) and fire safety provisions. At the end of construction of the building, the LGU issues a Building Occupancy Permit (BOP) to the developer, which certifies the readiness of the structure for its intended use.

Highly Bureaucratic and Regulatory Process

As can be seen in the descriptive roles of the LGU, urban development is a highly regulated process where permits are issued in a procedural manner. Each phase of urban land development has a corresponding control process which developers have to comply with before proceeding to the next phase

The decentralized planning approach, as espoused in the LGC, has also resulted in added roles that LGUs will have to address. There are only three (3) major permits that the LGU issues. These are the locational clearance, development permit, and the building permit. However, the length of time to obtain these permits vary from twenty to seventy days. In addition, these permits are not sequential since there are other permits required from other line agencies before one can proceed to the next.

National Line Agencies

There are other government agencies involved in the land and building development process. These are the line agencies whose functions have not been devolved to the LGU but whose approvals are necessary before land and building development may proceed. These agencies are concerned with issues on the environment and land conversion from agricultural to urban uses.

Distinct from the LGU requirements, the Department of Environment and Natural Resources (DENR) has made it a policy to ensure that projects are not harmful to the environment. It has required developers to prepare an Environmental Impact Assessment (EIA) study of the project that will demonstrate environmental soundness of a project including mitigation measures to be undertaken by the proponent during and after the project. Depending on the complexity of the project and the site conditions, the DENR will either require a less stringent and Initial Environmental Examination (IEE), or a more comprehensive Environmental Impact Statement (EIS). The latter is a more expensive study. However since the entire Metropolis has been declared an Environmentally Critical Area (ECA), all developers are required to prepare an EIS. An Environmental Clearance Certificate

(ECC) is issued when the project adequately addresses all environmental concerns of the DENR.

Infrastructure agencies are also important actors in the urban development process. Their timely provision of utilities and transport access is necessary for urban land development to commence. Programs however are disparate and numerous, and usually independent of each other. These government line agencies are public works (roads, bridges, and civil works), communications, water, and power.

Lastly, before the product is to be sold to the open market, the developer applies for License To Sell (LTS) from the HLURB, which ensures that the final product satisfies the plans as submitted and impresses upon the developer its liability to deliver the same to the open market. This step formalizes the entry of the product to the supply of housing in Metropolitan Manila.

Regulatory and Enabler

Like the LGU, the roles of the line agencies are largely regulatory in nature. The most stringent compliance procedure is the EIA study and ECC issuance from the DENR, which can be as long as five months, depending on the complexity of a project. The process of public consultation for the more complex projects as required in the EIA procedure is often long and chaotic for most developers if not 'properly managed'.

The most influential contribution however of line agencies in enabling urban development is in the timely provision of infrastructure (roads, power, water, and utilities). More often, private developers assume this role by installing the required infrastructure, even beyond the project site in order to service the plots or houses. These costs are then passed on to the buyers thereby resulting to higher cost of units. In a study on land development in the Philippines, one of the findings is the relatively high cost of transforming land from raw into serviced plots. Compared to Asian neighbors, the Philippines has the highest land development multiplier.⁹ Developers factor in the costs incurred and pass them on to the end users. Ultimately, this raises the cost of the final product. In Metropolitan Manila, the land development multiplier (6.7) is 1.5 times higher than in Kuala Lumpur, three times higher than in Jakarta (2.2) Bangkok (2.6), Tokyo (2.0), and Melbourne (2.2), and six times higher than in Hong Kong (1.2) and Singapore (1.3). (Ballesteros, 2001).

Governments, recognizing their financial and technical limitations, have deregulated some of these utilities thereby allowing private sector to venture in service provision through build-operate-transfer schemes of some sort. This market approach of '*user-pay*' principle has proved to be beneficial to the public, hence efficient services in telecommunications, water, and road maintenance.¹⁰ Private sector participation in service provision is another form of contribution to urban development.

⁹ The average ratio of the median price of serviced land to the median price of raw undeveloped land

¹⁰ Telecommunications services have been deregulated and water services have been privatised. South Express Tollway was built through BOT arrangement.

Private Land & Building Developers

The private land and building developers are the actual “molders” of urban development. They translate the land use plans from its two-dimensional formats to actual concrete plans and structures. Governed by the regulatory framework of the LGUs and line agencies, developers subdivide the land, convert land into plots, provide the site with utilities, erect the structures, and eventually advertise and sell these products to the public.

Prior to physical development of raw land, developers, however, undertake more complex roles. Because of their huge investments and capital outlays in land and building development, developers conduct extensive market analyses and pre-feasibility studies before deciding to embark on urban development projects.

From project conceptualization, preliminary designs, feasibility studies, financial analyses, project scheduling, project management, advertising and selling strategies, developers have a stronger grasp of the market. Its network of architects, designers, land use planners, engineering consultants, project management consultants, and all other related professions combine to bring out the “best” plan and designs for its targeted users.

In the absence of government’s ability to make land readily available for urban development, developers are also land assemblers. Vast tracts of land may be assembled to be developed in the future as part of a master plan or simply kept for speculative investments.

Private Developers’ Response to Urban Development

Product Types

In Metropolitan Manila, there were 917 (100%) projects by developers from 1990 to 2000. In this period, the condominiums for residential, commercial, and mixed uses accounted for almost half (49.4%) of the products in the market. Land and housing projects for middle to high income market account for thirty-six percent (36.4%). These products are also referred to as Open Market projects.¹¹ They generally cater to the middle and high-income families and have more stringent design standards. Products for low-income families account for 11.4 percent of the total volume. (*Chart 1*) These projects conform to lower and more liberal standards as described in *Batas Pambansa 220* (BP 220).¹² Community Mortgage Programs (CMP) and Slums Improvement and Resettlement (SIR) programs account for one percent of the total. The remaining balance consists of industrial subdivisions and memorial parks.

There is a skewed preference of developers for condominium and open market products underscoring the notion that housing has become an affordability issue for most developers and buyers. Developers will cater to the middle-income demands more than the

¹¹ Open market products refer to land and housing developments that conform to design standards of the Subdivision and Condominium Buyers Protective Decree (PD 957) on roads, drainage, sewerage, and water systems.

¹² These products conform to the Rules and Standards for Socialized Housing Projects (BP 220), which describe design and land development standards for low cost developments.

low-income. Incentives have minimal effect in encouraging developers to engage in low-income housing.

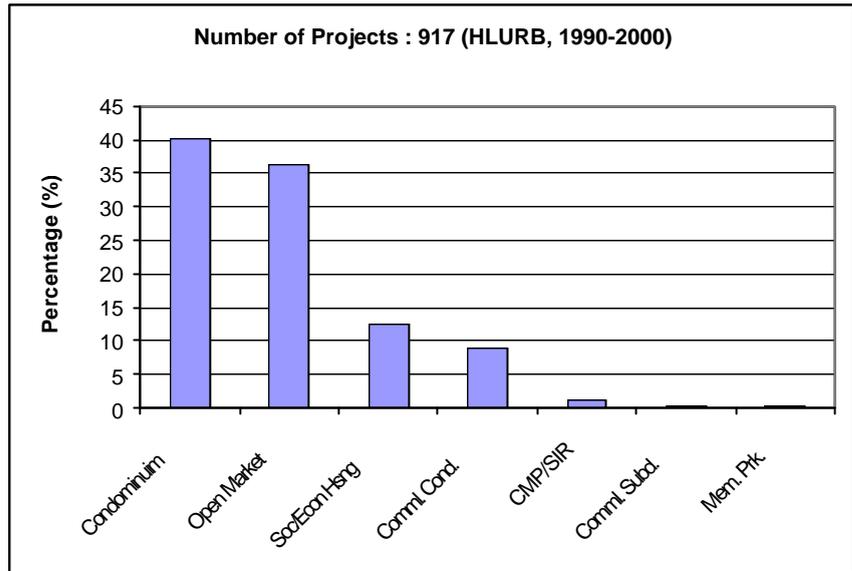


Chart 1: Number of Projects

Project Locations

Project locations in Metropolitan Manila show a strong preference in Quezon City where 29.7% of all urban projects are situated. The second preference is in Makati City (13.1%) where the Central Business District (CBD) is located. Because of the high cost of land in the area and the CBD's inherent qualities (better services and utilities, scale of economies) projects in Makati are predominantly high-density condominiums. The third preference is Manila (12.4%); these 3 are the preferred locations of 55.2% of all urban development projects in Metropolitan Manila. (Chart 2)

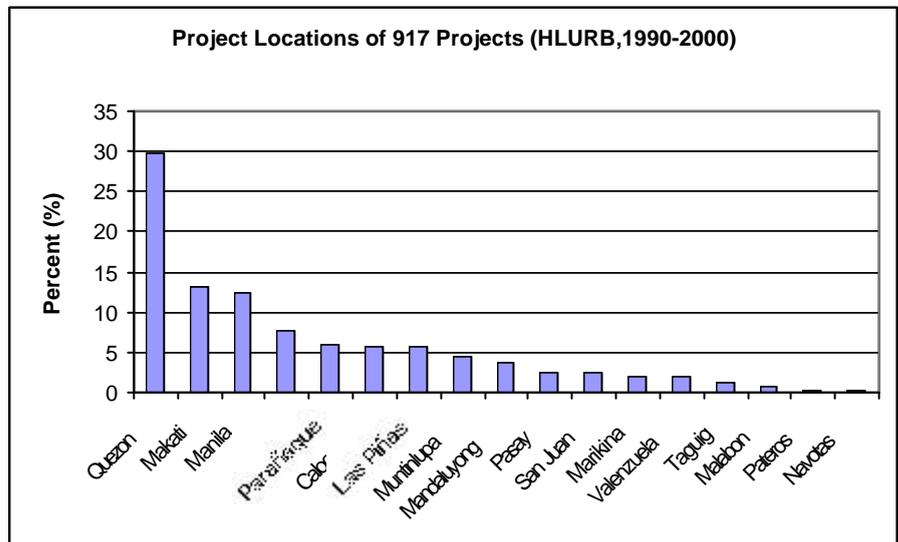


Chart 2: Project Locations

Locations of residential projects indicate expected patterns. Quezon City is the most preferred site for at least 40% of total OM projects, 35% of all EH, and 25% of residential condominiums. (Chart 3) This can be attributed to its comparatively large land area and its residential character. The two cities of Makati and Manila are the sites of 40% of condominium projects, being the country's CBD site and the political

center respectively. Low-income subdivisions are scattered in various fringe municipalities.

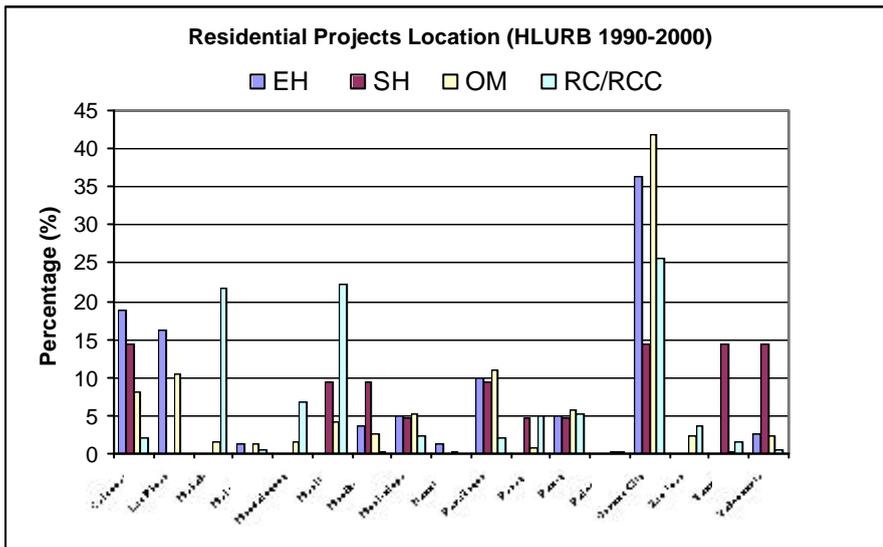


Chart 3: Residential Projects Locations

In terms of land areas for urban development in Metropolitan Manila, 1,393 (100%) hectares of land were developed for different uses in the same period. Fifty-three percent were developed for OM, while 24.8% were allocated for socialized and economic housing projects. This means that most housing projects for low-income families are still land-based subdivision projects despite the relatively higher cost of land. (Chart 4)

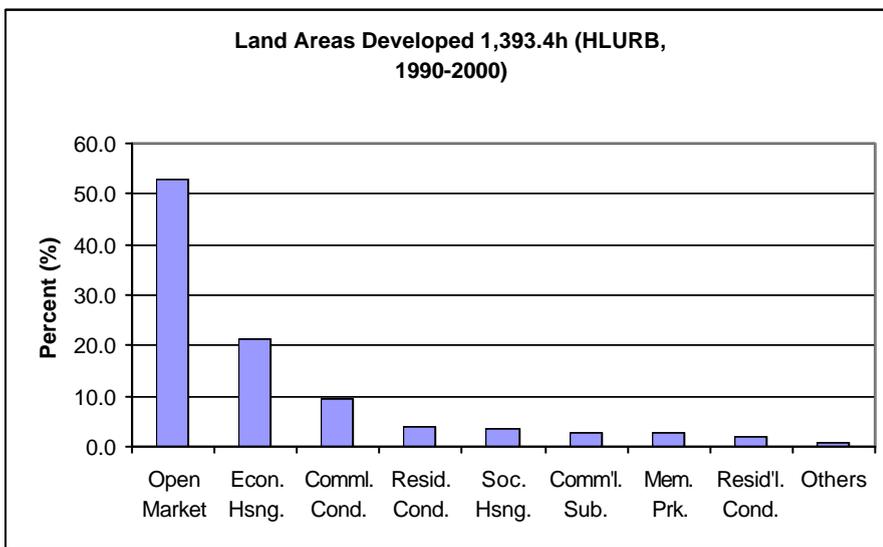


Chart 4: Land Areas Developed

Units Produced

In terms of units delivered, there were 132,870 (100%) units produced in the same period. Thirty-five percent are condominium products, 31.3% are OM, and 28.5% are low-income units. The rest are commercial subdivisions and condominiums. (Chart 5)

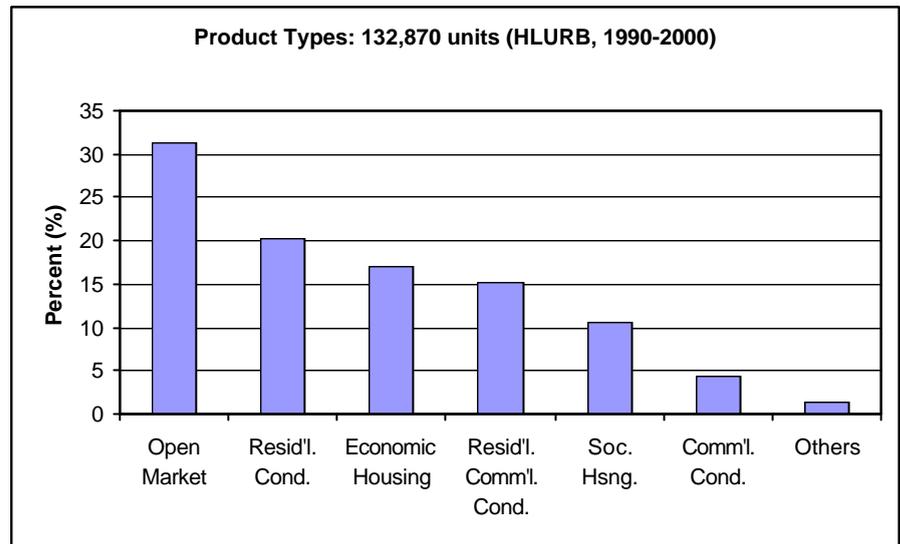


Chart 5: Product Types

Urban Land Market Cycles

An analysis of the licenses issued to private developers to sell serviced plots and housing units in Metropolitan Manila shows that most of the urban development activities (land and building development) peaked in 1996. Urban development activities proceeded slowly in 1991 from less than ten projects and surged to about 100 projects in 1992. In 1995, projects more than doubled at 240 projects, until it peaked at around 260 projects in 1996. In 1997, the number of projects plummeted to less than ten.

Planners must realize that urban development activities are highly influenced by the physical market cycles of real estate. Mueller (1999) describes real estate as “unique because it takes a long time to create the supply needed to meet new demand, if it is not forecast far enough in advance.” He further explains that “in a competitive capitalistic market, developers must speculate and start the process of planning development or building new products earlier than the actual demand materializes to edge out other developers who also want a share of the market. In the absence of collusion, developers easily overshoot the demand. Suppliers are always trying to move toward equilibrium, but often overshoot the mark”. Exacerbating the situation was the financial meltdown. The Southeast Asian real estate crisis in 1997 may be viewed in the same light as what Mueller had described. The local conditions in Manila also show the same pattern when licenses to sell peaked in 1997 and bottomed out in 1998. This shows that developers are more responsive, yet remain vulnerable to fluctuations of market demands. The aftermath was a slowdown, almost to a halt, of all building construction.

Design

From a planning perspective, the radial and circumferential road network of the city largely governs urban development of Metropolitan Manila. This layout is characterized by more concentrated growth at the center (its historic origin), and less intense urban development at the fringe areas. The city has continued to develop along transport lines, which are defined by radial roads (R1, R2, R3,

R4, R5, R6, R7, R8, R9, and R10) and circumferential roads (C1, C2, C3, C4, C5). (Figure 2)



Figure 2: Metropolitan Manila Road Network (source: Metro Manila Urban Transport Integration Study)

This type of road network development however will require an efficient transport system to move people in both radial and circumferential directions. Furthermore, the exclusionary type of zoning and city planning which was modelled from the Americans underscored the importance of transport linkages between the residential portions to employment centers. Expectedly, developers undertake more vertical developments near the city center (office and residential condominiums) and horizontal developments near the fringe areas (land subdivision projects).

From the building design aspect, private developers provide the market with a wide variety of building types and land subdivision projects to choose from. As with the regulatory framework, the minimum designs of the structures and the layout are controlled by the NBC, PD957, and BP220. (Table 1)

Building designs and site layouts for middle and high-income groups generally fall under the OM and condominium categories. Designs for low-income groups fall under the economic and socialized

housing category. The CMP is a site resettlement or building-upgrading program for the homeless.

Table 1: Housing Products

Product Types	Min. Flr. Area (m ²)	Min. Lot Area (m ²)	Description
Economic Housing	22	72 m ² (single detached) 54 m ² (single attached) 35 m ² (rowhouse)	Refers to housing units with a maximum selling price of \$2,941 to \$7,353; no set ratio between saleable and non-saleable land; densities range from 150 to >225 units/h
Socialized Housing	18		Selling price of units should be <\$2,941
Open Market	Varies	100m ² (single detached); 75m ² (single attached); and 50m ² (rowhouse)	Design standards for road widths, materials, and planting strips. Road hierarchy is required. Lots require minimum frontages. Levels of utilities are required
Residential Condominium	18	No land ownership, but ownership of unit and common spaces. Requires parking areas, access roads, and elevators if >5 storeys	
Commercial Condominium	-		
Community Mortgage Program	A mortgage finance program of the NHMFC* which assists legally organized associations of underprivileged and homeless citizens to purchase and develop a tract of land under the concept of community ownership		
Commercial Subdivision	A land subdivision project where plots are to be used for commercial uses		

*NHMFC: National Home Mortgage Finance Corporation

Analysis

Metropolitan Manila continues to retain its primacy among the rest of the cities in the Philippines. With continuing population growth and a radial structure that highlights centrality, urban development has proceeded into more intensive developments. As in most Southeast Asian cities, efforts to contain growth to more manageable levels have failed leading planners to coin the term '*megacities*' to describe them. Developers have contributed to the city's further intensification with the development of higher density structures.

In effect, there is an enormous preference of developers to construct OM products and residential condominiums. Designs in these categories are more profitable to undertake as compared to other groups. Other than profitability, the cost of land and its scarcity also bear upon the developers to maximize densities in a given land. This means producing as much units as possible.

Increasing densities, however, will require a design output that will lessen the congested character of the community, if it is to be palatable for the middle and high-income groups. In Manila, there has been strong acceptability of townhouse units, which allow for higher densities in an urban setting. Even in fringe areas experiencing urbanization, subdivisions originally designed for single-detached units are now being converted into townhouse developments. These structures are better versions of the older apartments that rely on an access road servicing the interior of smaller apartment lots. Similarly, townhouse units occupy the entire lot frontage with 2 to 3 meter setbacks in the front and the rear. Unlike the apartments, however, townhouses are designed with more suburban qualities in city center setting. Given the land areas for OM projects and number of units

produced, density is at 56 units/hectare, a very dense figure for the mid- and hi-income levels. The residential condominium market, which is primarily mid- and hi-income market, is extremely dense at 709 units/hectare. It is a design solution for the more expensive yet limited land areas in the city center, such as the CBD.

For the low-income housing sector, developers have higher densities to achieve more units. Economic Housing projects, which have higher cost, have an average density of 75.8 units/hectare. The Socialized Housing projects, which cater to the lower income groups, have an average density of 293 units/hectare. These are typical densities for low-income projects. Designs for housing in Metropolitan Manila will adapt to higher densities in the future. Multiple-use designs will be adopted as these facilitate easy access to services. (Table 2)

Table 2: Calculated Densities of Projects in Metropolitan Manila (1990-2000)

Project Types	Density (units/hectare)
Resid'l. Comml. Cond.	709.2
Resid'l. Cond.	465.2
Socialized Hsng.	292.5
Economic Housing	75.8
Open Market	56.3
Comm'l. Cond.	42.8

Conclusions and Recommendations

Urban development of Metropolitan Manila has continued to intensify to unprecedented levels further highlighting its primacy. From 1990 to 2000, private developers engaged in the construction of open market products and condominium units in the cities of Quezon, Makati, and Manila, where most of the projects were located. Low-income housing projects were relatively fewer and located in the fringe municipalities of the metropolis. Majority of the land developed for residential projects were allocated for the open market, thereby marginalizing the low-income projects. This has resulted to low-income settlements that are physically dense, with almost 300 dwellings per hectare.

Land and building developments are generally market-based activities and reflect the cyclical nature of real estate markets, as a result of developers' attempt to achieve equilibrium. As such, these activities are governed by a highly regulatory framework and permit process of the LGU and line agencies, thereby safeguarding and protecting the integrity of the land use plan. As a corrective, however, developers lobby for revisions in the land use plan through the city council.

The UDHA, as a framework for urban development is operationalized by the land use plans of each component city/municipality, which, in turn, are tasked to allocate land for socialized housing. Comparing the enormous housing backlog with the number of low-income housing units produced by the private developers, UDHA has fallen short of its quantitative objective.

In order to address urban development and housing for low income groups, mechanisms for land assembly and allocation must be coordinated among the line agencies and LGUs, especially those in the urban fringe areas, where land is cheaper and access is ensured. In

addition, developers must not only be active in housing provision, but more so, in infrastructure and utility provision in the fringe areas. Lastly, an integrative approach between LGUs and developers must be put in place to ensure that the social concerns of the LGUs and the profitability concerns of low income housing developers are sufficiently addressed.

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List of Abbreviations

BP 220	<i>Batas Pambansa</i> 220: Rules and Standards for Socialized Housing Projects
CBD	Central Business District
CDP	Comprehensive Development Plan
CLUP	Comprehensive Land Use Plan
CMP	Community Mortgage Program
CREBA	Chamber of Real Estate Owners and Building Association
DENR	Department of Environment and Natural Resources
DP	Development Permit
ECA	Environmentally Critical Area
ECC	Environmental Clearance Certificate
EH	Economic Housing
EIA	Environmental Impact Assessment
EIS	Environmental Impact Statement
HLURB	Housing and Land Use Regulatory Board
HUDCC	Housing and Urban Development Coordinating Council
IEE	Initial Environmental Examination
LC	Locational Clearance
LGC	Local Government Code
LGU	Local Government Unit
LTS	License To Sell
MMUTIS	Metro Manila Urban Transport Integration Study
NBC	National Building Code
NCR	National Capital Region
NSP	National Shelter Program
OM	Open Market
PD 957	Presidential Decree 957: Subdivision and Condominium Buyers Protective Decree
RC	Residential Condominium
RCC	Residential Commercial Condominium
SIR	Slum Improvement and Resettlement
TUP	Temporary Use Permit
UDHA	Urban Development and Housing Act
UN ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
ZO	Zoning Ordinance