



**SUBDIVISION AND
HOUSING
DEVELOPERS
ASSOCIATION, INC.**

Housing Development — The Philippine Experience

Mr. Noel S. Gonzales

National President

Subdivision and Housing Developers Association, Inc.

HOUSING NEED PROJECTION, 2001-2004

CATEGORY	TOTAL
HOUSING BACKLOG	1,872,747
-Doubled-Up	610,618
-Replacement/Informal Settlers	1,255,382
-Homeless	6,747
Substandard (Upgrading)	214,155
New Households	1,550,802
Total	3,637,704

REGIONAL DISTRIBUTION OF PROJECTED HOUSING NEED, 2001-2004

REGION	Housing Need (Units)	%
Philippines	3,637,704	100.00
National Capital Region	984,908	27.08
Region IV	690,755	18.99
Region III	361,334	9.93
Luzon Regions I, II, V and CAR	383,845	10.55
Visayas Regions VI to VIII	517,886	14.24
Mindanao Regions IX to XII, ARMM and CARAGA	698,975	19.21

Factors that contribute to Housing Shortage

a. High Population Growth Rate

- Population as of May 2000 = 75.6 Million
- Annual National Growth Rate based on 2000 Census on Population = 2.3%
- Annual Urban Growth Rate = 5.10%
- Urban Population = 52%, 2010=60%
- Average annual growth in households = 250,000HH

b. Proliferation of Squatter Colonies

- Population of Informal Settler Families nationwide = 1.225 M HH
- Population of Informal Settler Families in MM =716,165 HH

c. Spiraling Cost of Land and Construction Materials

- Average Growth Rate in the Average Weighted Price of Land in MM from 1986 to 1995 = 37%



Factors Contributing to the Country's Housing Shortage

d. Low Level of Housing Production

- **Total Housing Production from 1987-2000 = 1,189,730 units**
- **Average Housing Production from 1987-2000 = 91,518 units**
- **% of Annual Housing Production to the Annual Housing Need = $91,518 \text{ units} / 909,250 \text{ units} = 10.06\%$**
- **% Average Annual Housing Production to Projected Annual Household Growth = $91,518 / 250,000 = 36.61\%$**

e. Existence of Unoccupied Housing Units

- **100,000 units nationwide**

• Limited Financing

g. Low affordability level of target beneficiaries

GOVERNMENT APPROPRIATION TO HOUSING 1993-2000(In Million Pesos)

YEAR	NATIONAL BUDGET (A) (In Billion Pesos)	APPROPRIATION TO HOUSING (B) (In Billion Pesos)	PERCENTAGE (%) B/A
1993	209,437.00	0.849	0.41
1994	322,685.00	1.384	0.43
1995	387,398.00	2.065	0.53
1996	394,855.20	1.167	0.30
1997	433,817.54	1.973	0.46
1998	546,743.82	2.940	0.54
1999	579,481.00	1.712	0.30
2000	419,493.00	5.854	1.40
2001	339,500.00	2.754	0.82

**CONTRIBUTION OF SSS, GSIS AND HDMF TO THE UHLP
NOVEMBER 1987 TO APRIL 1995 = 8 YEARS**

FUNDERS	CONTRIBUTION (BILLION)	PERCENTAGE (%)
SSS	30.06	71.39
GSIS	6.52	15.46
HDMF	5.54	13.15
TOTAL	42.12	100.00

AVERAGE ANNUAL CONTRIBUTION = P 5.27 B

VII. LOW AFFORDABILITY LEVEL OF TARGET BENEFICIARIES

INCOME DISTRIBUTION AND FINANCING SCHEMES

Income Class (P)	Cumulative % age of Population	Ave. Annual Income (P)	Ave. Annual Housing Expend (P)	Housing Delivery Mechanism	Financing Scheme
< 10,000	0.50%	7,902	799	Informal Market	Informal Credit/ Self-financing
10,000 - 19,999	3.9%	16,107	1,536	Informal Market	Informal Credit/ Self-financing
20,000 - 29,999	11.9%	25,330	2,091	Informal Market	Informal Credit/ Self-financing
30000 - 39,999	22.3%	35,063	2,864	Informal/formal market	Informal Credit/ Self-financing/CMP
40000 - 49,999	32.3%	44,881	3,863	Informal/formal market	Informal Credit/ Self-financing/CMP
50,000 - 59,999	40.5%	54,854	4,971	Informal/formal market	Informal Credit/ Self-financing/CMP
60,000 - 79,999	53.4%	69,492	6,822	Formal Market	Private formal lenders GSIS/SSS/HDMF
80,000 - 89,999	62.3%	89,429	9,435	Formal Market	Private formal lenders GSIS/SSS/HDMF
100,000 - 149,999	76.9%	122,409	15,194	Formal Market	Private formal lenders GSIS/SSS/HDMF
150,000 - 249,000	90.0%	191,141	22,208	Formal Market	Private formal lenders GSIS/SSS/HDMF
250,000 - 499,999	97.5%	330,041	51,937	Formal Market	Private formal lenders GSIS/SSS/HDMF
500,000 and over	100.0%	996,047	134,273	Formal Market	Private formal lenders GSIS/SSS/HDMF

HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL

GOVERNMENT SECTOR

KEY FINANCE AGENCIES

SSS

HDMF

GSIS

KEY HOUSING AGENCIES

NHMFC

NHA

HLURB

HGC

SUPPORT AGENCIES

NEDA

DOF

DPWH

DBM

PMS

DBP

MMDA

PRIVATE SECTOR

REPRESENTATIVES FROM:

❖ DEVELOPERS (SHDA)

❖ BANKERS

❖ CONTRACTORS

❖ PROFESSIONAL

❖ LOW-INCOME BENEFICIARIES

FUNCTIONS OF THE COUNCIL

- **Formulate national goals and strategies**
- **Supervise key shelter agencies**
- **Monitor, review and evaluate sector target**
- **Encourage private sector and evaluate sector target**
- **Advocate for necessary legislation on housing and urban development**
- **Ensure equitable distribution of housing benefits in the geographic regions nationwide**

I. Adopted the Multi-Window Lending System

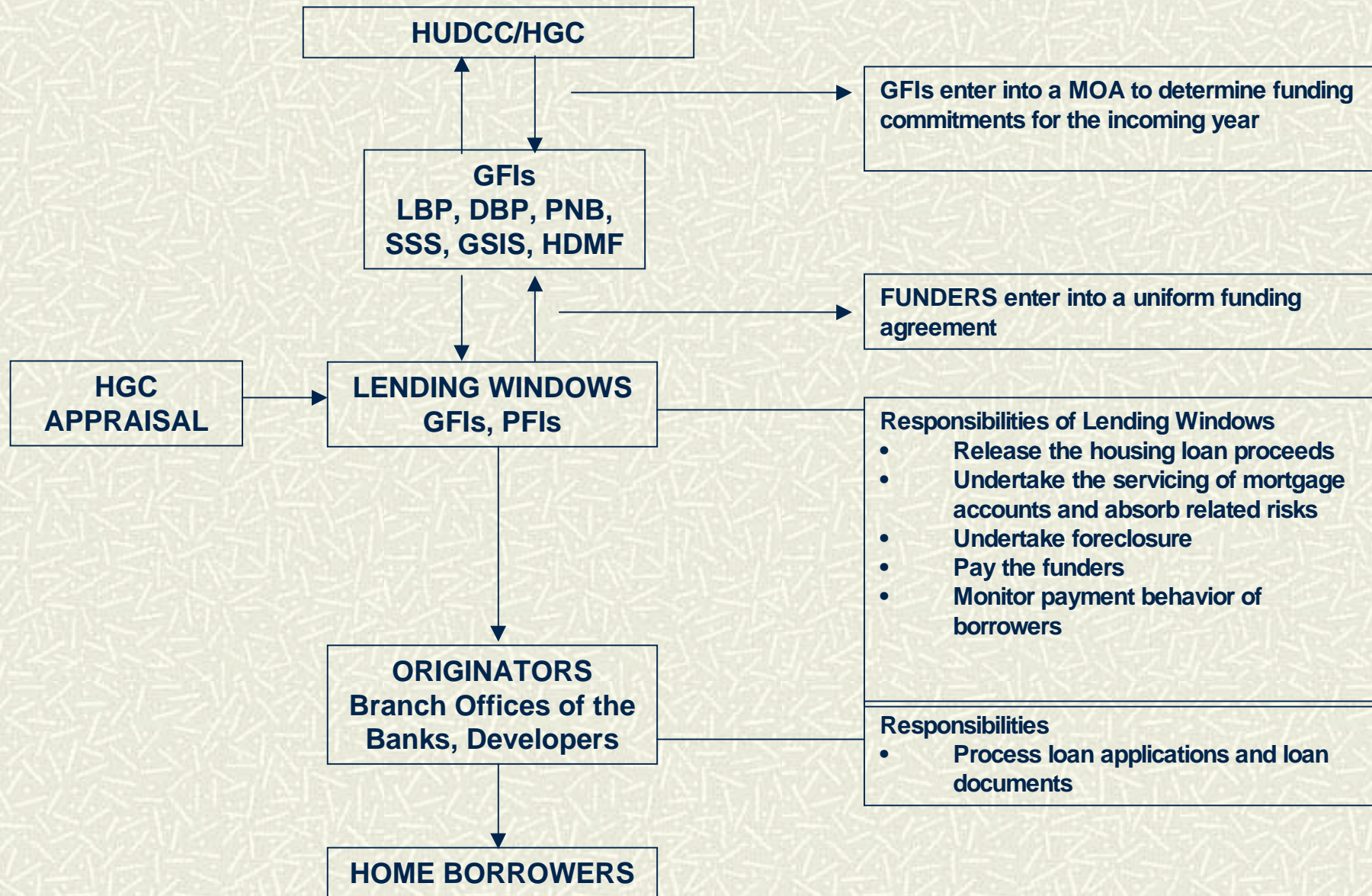
Objective

- To harness the resources and expertise of the private financial institutions in order to enhance the housing program's sustainability and service a greater number of borrowers

Implemented an improved version of the Multi-Window Lending Scheme (MWLS)

- Infused initial funding of P 40 Billion from LBP, DBP, SSS, GSIS, and HDMF to be augmented by private sector
- Provided risk-sharing by instituting contract-to-sell scheme with buy-back provision over a 2 year seasoning period
- Supported private sector initiative to set up a guaranty fund for back-up cash flow guaranty for funders
- Rationalized and optimized use of guaranty system as a credit enhancement measure
- Identified target sectors where lending institutions will specialize
- Several lending windows

STRUCTURE OF THE MULTI-WINDOW LENDING SYSTEM



FUNDING COMMITMENTS AND UTILIZATION UNDER MULTI-WINDOW LENDING SYSTEM

2000- September 2001

FUNDER	CLIENTS	Commitment (PhP Billion)	Loan Ceiling (PhP Billion)	Loan Terms			UTILIZATION
				Up to PhP 180,000	PhP 180,000- PhP 500,000	PhP 500,000- PhP 5 Million	
HDMF	Fund Members	10.0	2.00	9%	12%- 16%	Market	8,602.25
GSIS	Government Employees	6.0	4.0	9%	12%- 16%	Market	191.54
SSS	Private Employees, trade unions, OFWs	9.0	0.50	9%	13%	Market	204.77
LBP	LGU Employees, Cooperative members, private developers, select line agencies	6.0	5.00	9%	13%	Market	453.36
DBP, Private Banks	Developers, LGUs	6.0	5.00	12%	Market	Market	1,940.05
TOTAL		37.0	21.50				11,391.97

Shelter Security Units Generated = 59,706

LOAN PACKAGES

- **Socialized** - P 180,000 and below at 9% interest per annum
- **Low-cost** - Above P 180,000 but not more than P 500,000 (above P 180,000 to P250,000 —12% and above P250,000 to P 500,000 — 16%)
- **Middle** - Above P 500,000 to P 2M — market rate
- **High** - Above P 2.0M to P 5.0 M — market rate

INITIATIVES IN HOUSING FINANCE

LIQUIDITY TO DEVELOPERS

- **Flotation of P 4.0 Billion worth of Bond by HDMF**
- **Issuance of P 10 Billion worth of Socialized Housing Bond**
- **Issuance of P 1.5 B CMP Bond**
- **Issuance of P 5-10 Billion UHLP Mortgage Backed Securities**



INITIATIVES IN HOUSING FINANCE

MARKET SPECIALIZATION TO ADDRESS THE REQUIREMENTS OF SPECIFIC TARGET GROUPS

- A. **HDMF —Members of AFP and PNP , Private Employees and other HDMF members**
- B. **GSIS —School Teachers and other Government Employees**
- C. **SSS —Trade Union Members, OFWs and other Private Sector Workers**
- D. **DBP —Developers and LGUs**
- E. **LBP —LGUs, Cooperatives and Organized Group of Informal Settlers**

ENACTMENT INTO LAW OF HOME GUARANTY ACT OF 2000

- 1 Increased capitalization from
PhP 2.5 Billion to PhP 50 Billion**
- 2 Prioritized Socialized and Low-cost
Housing (40% socialized, 30% low-
cost and 30% middle and high-end)**

MAJOR CONCERNS

- Adoption of land banking program and an overall framework on urban development
- Evolution of a sustainable financing for housing and creation of a conducive environment for private financial institutions to participate in mortgage financing
- Rationalization and simplification of regulations, procedures and requirements for housing permit processes (SHDA initiative, Executive Order No. 45)
- Strengthening and expansion of private sector participation in housing and urban development activities
- Identification and adoption of innovative technologies for housing construction



INITIATIVES ON FINANCE, REGULATIONS, PRODUCTION AND LEGISLATION

- **PURSUED THE OPENING OF SPECIAL LENDING WINDOW FOR THE INFORMAL SECTOR AND PROVISION OF TRANSPARENT AND ON BUDGET SUBSIDY**
- **ADDRESSED CUMBERSOME PROCESS FOR HOUSING LOAN APPLICATIONS**
- **SIMPLIFIED PROCEDURES AND REQUIREMENTS FOR HOUSING PERMIT PROCESSES (SHDA INITIATIVES, E.O. 45)**
- **LIBERALIZED REGULATIONS AND STANDARDS UNDER BP 220 AND PD 957 FOR SUBDIVISIONS AND HOUSING PROJECTS**
- **REVIVED THE PAG-IBIG CITY PROGRAM**



INITIATIVES ON FINANCE, REGULATIONS, PRODUCTION AND LEGISLATION

- **INTRODUCED JOINT VENTURE PROGRAM FOR THE CONSTRUCTION OF MEDIUM RISE BUILDING (MRB) IN KEY URBAN CENTERS**
- **ADOPTED IN-CITY AND NEAR CITY SETTLEMENT AND RELOCATION**
- **CUT DOWN THE REQUIREMENTS FOR COMMUNITY MORTGAGE PROGRAM FROM 56 TO 23**
- **FAST TRACK PROCESSING OF PUBLIC LAND FOR SOCIALIZED HOUSING**
- **PROMOTED THE USE OF INNOVATIVE TECHNOLOGIES AND MATERIALS**
- **PURSUED THE ENACTMENT INTO LAW OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**



POLICY DIRECTIONS

A. Adopting Market Driven but Socially Relevant Housing Program

The Housing Sector will:

- Allow market forces to determine the quantities of housing units to be produced, the pricing of these units and their location
- Give emphasis on the demand as the impetus for production

B. Promoting Private Sector-Led and Government Supported Program

The Housing Sector will:

- Provide standards and facilitate processes for the private sector to participate
- Support decentralization and devolution in terms of detailed planning and implementation

STRATEGIES

ACCELERATING THE PROVISION OF SECURITY TENURE FOR THE INFORMAL SECTOR

- **Prioritize the provision of security of land tenure to those occupying danger areas, right of way of government infrastructure projects and those in threat of demolition**
- **Pursue regularization of informal settlers families occupying public lands**
- **Open a new lending window for end user financing to cater to the non-formal sector**
- **Ensure proper targeting to effect a more equitable distribution of housing assistance for the informal sector**
- **Develop a rational resettlement policy to ensure availability of livelihood opportunities, basic services and ancillary facilities in resettlement sites.**



STRATEGIES...

MAKING HOUSING LOANS AVAILABLE FOR LOW SALARIED MEMBERS OF THE FORMAL SECTOR

- **Make housing loan accessible at affordable rates**
- **Provide developmental financing to developers who requires financial assistance**
- **Provide sectoral and institutional housing projects, e.g. PNP/AFP housing program, teachers housing program, OFW and workers÷housing program, etc.**



STRATEGIES...

CREATING A SUSTAINABLE HOUSING FINANCE

- **Pursue financial reforms to make housing finance sustainable (e.g. review of MWLS)**
- **Review interest rates structure in the light of Executive Order No. 138**
- **Improve the provision of amortization support subsidy with the view to prevent financial loss and enhance affordability of beneficiaries**
- **Pursue and adopt innovative financial schemes to augment funds for housing**
- **Formulate policy and institutional framework for the development of a sustainable Secondary Mortgage Institution (SMI)**
- **Strengthen credit guaranty system of the HGC as an enhancer in the development of the SMI**



STRATEGIES...

REDUCED RED TAPE IN HOUSING PERMIT PROCESS AND HOUSING LOAN APPLICATION

- **Cut at least by half the number of days, processes and requirements attendant to the processing and approval of housing loan applications and issuance of housing permits**

PROMOTING THE PRODUCTION OF GOOD QUALITY BUT AFFORDABLE HOUSING

- **Pursue the development of housing and subdivision standards to make these more realistic and easier to enforce**
- **Adopt standards for cost, design and materials of housing components**
- **Promote the development of housing technologies that can bring down the cost of housing**



STRATEGIES...

STRENGTHENING THE SHELTER DELIVERY SYSTEM AND ACCELERATING THE LOCALIZATION OF HOUSING AND URBAN DEVELOPMENT EFFORTS

- **Pursue the creation of the Department of Housing and Urban Development**
- **Localize housing development initiatives through land use planning and management**
- **Pursue geographical tie-ups with infrastructure agencies to cater to the needs of industrial/commercial centers**
- **Provide technical assistance to the LGUs in the preparation/updating of their CLUPS**

GOVERNMENT HOUSING PROGRAM TARGET, 2001-2004

Provision of shelter security units to 1,200,000 households with a total funding requirements of P 215.16 billion. The target adopts a 73-27 ratio in favor of socialized housing.



BRIGHT PROSPECTS

In general, prospects remain positive and bright for the residential property sub-sector within the next 5 years. Propelled by the housing need projected to be around 3.6 million units and a huge housing demand estimated at around 1.7 to 2.0 million units, the sector is expected to continue as a major sector pump-priming the economy. There is a renewed commitment on the part of the private sector to participate and assist government in addressing the housing need and ultimately to provide decent and affordable housing to all Filipino families