

Shelter from the Storm

PC-AAA-859

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DIRECTIONS FOR STRENGTHENING NATIONAL GOVERNMENT
LOCAL GOVERNMENT RELATIONS IN THE HOUSING SECTOR



ASIAN INSTITUTE OF MANAGEMENT • FORD FOUNDATION

SHELTER FROM THE STORM
Directions for Strengthening
National Government – Local Government
Relations in the Housing Sector

Asian Institute of Management

1999

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PUBLISHED IN MAKATI CITY, METROPOLITAN MANILA, THE PHILIPPINES. COVER ARTWORK BY
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Preface

Most of the studies undertaken since the implementation of the Local Government Code of 1991 (Republic Act 7160)¹ largely overlooked the relations between the national and local governments. These initiatives focused on the absorptive capacity of the local government units (LGUs) to implement devolved functions, capacity building for local officials, and participation of civil society in local governance. The relationship between the national government and the LGUs, a crucial factor for the effectiveness and sustainability of local governance, has not been adequately studied. The role of national government agencies (NGAs) and the necessary changes they have to undergo as a result of devolution have also not been really looked into.

Though the Code addressed devolution and decentralization comprehensively and ambitiously, it, however, did not spell out the role that the national government line agencies should perform in a devolved and decentralizing political system. Thus, there is a need to redefine the role and the function of national government line agencies in the context of a devolved political system. There is also a need to help these agencies transform themselves from frontline service providers to organizations that develop national policy guidelines, monitor performance, and extend technical support to LGUs. Specifically, these agencies must be able to shift their focus from directing development efforts to one of absorbing and integrating local programs into national development policies.

To complement this transformation, various modes of partnership between LGUs and national government agencies (NGAs) have to be explored towards a more ef-

¹Republic Act 7160 was signed on October 10, 1991 and became effective on January 1, 1992.

fective implementation of the devolved functions. The partnership between NGAs and LGUs also require changes in the way LGUs implement the devolved programs and the way they relate to NGAs.

Among the few studies that looked into the role of the national government and its relationship with the local governments in the devolution process are the annual Rapid Field Appraisals (RFAs) of the Governance and Local Democracy Project (GOLD) of USAID² and the assessment of the implementation of the Local Government Code of 1991 written by Alex Brilliantes.³ Brilliantes identified the following as among the factors that hampered the smooth implementation of the Code: the lack of guidelines to the LGUs from the NGAs in operationalizing devolution; and, the continuing need to define and clarify inter-governmental relations, i.e. national-local and local-local.

Among his recommendations for a smoother and a more effective implementation of the Code are the following: (a) Clarifying inter-governmental relationships (i.e. national-national; national-local; and local-local); (b) Continuing support from the national government agencies, particularly in the areas of provision of technical assistance to LGUs, capability-building and training, ongoing dialogues and exchange of information; and (c) Continuing orientation for national agency officials to effect a continuing paradigm shift among national officials with regard to the frontline local governance and to avoid "unfunded mandates".

The first four Rapid Field Appraisals (RFAs) observed that "NGAs lag behind in terms of initiatives and ways of adapting to the demands of the decentralized system of government, and did little beyond the devolution required by law".⁴ The fifth (1995) and the sixth RFA (1996) observed that NGAs had not "pro-actively pursued new roles after devolution was accomplished." The 7th RFA (1997) identified the reluctance of the NGAs to devise methods to provide technical assistance to LGUs

²The 1st four RFAs (1992-1994) were undertaken under the Local Development Assistance Project of the USAID. The succeeding RFAs (5th to 8th RFAs, 1995-1998) were conducted under the GOLD Project of the USAID. The RFAs assess the pace and direction of the decentralization process from the local perspective by broadly identifying the trends in the decentralization process and the factors that constrain these trends.

³ *Historical Developments of Philippine Local Governments: Five-Year Assessment of the Implementation of the Local Government Code.* (Unpublished Paper, 1997).

⁴*Synopsis of Findings from the Four Rapid Appraisal of Decentralization, 1992-1994.* Associates in Rural Development, Inc. USAID and the Local Development Assistance Program, 1994.

pursuing locally defined priorities and the lack of involvement of LGUs in planning and managing national programs as among the constraints to further decentralized democratic development.

The transformation required of NGAs and the need for partnerships between NGAs and LGUs become more imperative in view of the policy changes taking place in grains production and agricultural planning and implementation, coastal resource management (CRM), community based forest management (CBFM) and socialized housing. These four program areas are the focus of this study. The trend of these policy reforms is to further devolve, strengthen, and institutionalize the decentralization and devolution process started by the Local Government Code. These policy changes will be discussed in more detail in the succeeding chapters of this report.

Consistent with these policy reforms, there are efforts within the national government, as observed in the eighth RFA (1998), to engage LGUs in new ways. One such effort is the Department of Agriculture's move to do a bottom-up planning process and to propose a co-financing scheme to finance provincial food security programs. Another is the emphasis on the role of LGUs as one of the two main strategies of the present administration in providing socialized housing.

THE PROJECT

A. Objectives.

The present study proposes to examine national and local government relations in the context of specific devolved program areas. In so doing, the study hopes to generate recommendations that will address concerns specific to a program area. Thus, this study uses the case study approach to look at the implementation of these program areas at the provincial level. The study also hopes to outline recommendations that will address devolution and decentralization in general.

Aside from focusing on specific program areas, the study also puts a strong emphasis on building a strong constituency that will help advocate and push for policy reforms towards strengthening national - local government relations. A strong constituency for policy reform creates a more supportive regulatory and policy environments for local governments. Thus, consultations and meetings with various stakeholders were done throughout the project cycle.

The three core activities of this project are participatory policy research, advocacy and constituency building, and documentation and publication. The *general objectives* of this study are:

- To determine what changes in policy and organizational structure are necessary to create more effective partnerships between the national and local governments;
- To gain commitments from national government agencies where they believe policy and organizational changes are feasible through the participatory approach involving all stakeholders; and
- To design follow-through activities to strengthen the constituent base that can advocate for the implementation of these reforms.

The *specific objectives* of the study are the following:

- To formulate a policy research agenda on national and local government relations within the context of decentralization through broad consultations with various stakeholders;
- To produce research papers, including case studies, addressing the issues identified in the policy research agenda;
- To formulate recommendations for policy reforms based on the findings of the research.

B. Program Areas.

The four program areas of this study were chosen after a review of the literature and consultations with various stakeholders. These are grains production, community-based forest management (CBFM), coastal resource management (CRM), and socialized housing. These four programs were also chosen due to their tremendous impact on the quality of life of the basic sectors, such as the indigenous peoples, upland dwellers, fisherfolk, farmers and the urban poor.

In addition, the implementation of these programs represents varying modes of devolution. In the case of the Department of Agriculture (DA), the agency responsible for grains production and agricultural development, its devolution is “partial”. Meaning, though its extension services were devolved to LGUs, it is still mainly responsible for the entire planning, financing and execution of agricultural development. In the case of the Department of Environment and Natural Resources (DENR), the devolution of forest management functions to LGUs are “under the supervision and control of the DENR.” For housing, the municipal LGUs have direct mandates to undertake socialized housing, with assistance from relevant national government agencies.

The implications, if any, of these varying modes of decentralization on the implementation of the devolved functions will be discussed in the succeeding chapters of this report.

C. Case Study Areas.

The case studies focused on the province and treated it as a political (and not a geographical) unit. Among others, the research looked at how the province manages, and, in certain cases, implements the different devolved programs and its relationship with the national government in managing and implementing these programs. The case studies also studied at least one municipality within the province to highlight the municipal LGU–provincial LGU relationship in the management and implementation of these programs.

Based on the consultations with the different stakeholders and the review of related literature, the Project Team initially came up with six provinces as possible sites for the case studies: Cotabato, Negros Occidental, Batangas, Bohol, Nueva Vizcaya, and Quezon. Initial socio-economic data, including data on activities of the province on the four program areas, were gathered to help the Project Team determine the final three provinces for the case studies. For the case studies on socialized housing, the Housing and Urban Development Coordinating Council (HUDCC) recommended Bacolod City and San Fernando City in La Union. HUDCC used the following criteria in coming up with these two cities:

- the need for socialized housing

- mayor is either a first- or a last-termer
- cooperative and reliable HUDCC Regional Office personnel
- presence of POs/NGOs who can participate in setting up the mechanisms to address the housing problem.

The Project Team applied the following criteria in choosing the final three provinces for the case studies:

- the willingness of the local chief executive to participate in the project
- the presence of two or more of the project's four program areas
- the presence of innovation or success stories at the local level, and
- the lack of written material on the site.

The Project Team also took into consideration the representation of the three major regions (Luzon, Visayas, Mindanao) in choosing the sites. The final three provinces for the case studies are Quezon (CRM and CBFM), Negros Occidental (grains production, CRM and CBFM) and Cotabato (grains production and CBFM). For socialized housing, the Project Team took the recommendation of Secretary David of HUDCC to study San Fernando City and Bacolod City.

After selecting the study sites, the Project Team met with individuals and research outfits that could possibly undertake the case studies for the project. One of the requirements was the relative familiarity of the case writer with the province as well as with the program focus. For Negros Occidental, the case study writer is Quidan-KAISAHAN, an NGO based in Bacolod City, represented by its executive director Mr. Teodorico Peña. The case study writer for Cotabato is Mr. Gerardo Bulatao, a senior consultant of the Institute of Politics and Governance (IPG). For Quezon, the case study writer is Mr. Adrian S. Cristobal Jr., a former consultant of the Local Government Academy and chairperson of the Board of IPG.

D. Thematic Papers.

As background materials for the case study writers, the Project Team commissioned individuals to write thematic or state of the art papers. These thematic papers give the macro perspective on the program areas in the Philippines and the role of local governments in implementing these programs. The the-

matic writers are Professor Antonio La Viña, former undersecretary of the DENR, for CBFM; Dr. Fermin Adriano, professor of agricultural economics at UP Los Baños, for grains production; Mr. Alfredo Isidro, former Director of the Fisheries Sector Program of the DA, for CRM; and Anna Marie Karaos, associate director of the Institute of Church and Social Issues, for socialized housing.

E. Consultations

As mentioned earlier, the study emphasizes the building of a constituency that will push for policy recommendations toward strengthening national-local government relations. Thus, consultations with the partner agencies, LGUs and other stakeholders were undertaken throughout the project cycle. The study's culminating activity is a national consultation that will bring together top policymakers and stakeholders for each sector. The national consultations had three objectives, namely: (a) to share major conclusions and recommendations of the project with the top policy makers and major stockholders for each sector; (b) to consult the stakeholders on the viability of the recommendations and explore follow-up activities; and (c) to heighten the need for greater synergy between national and local governments, in particular program areas, and in governance as a whole.

1. *With partner government agencies.* After determining the program areas that will be studied, the Project Team held meetings with Undersecretary Domingo Panganiban, Undersecretary Cesar Drilon and Secretary William Dar of DA, Undersecretary Ramon Paje, Undersecretary Elmer Mercado and Secretary Cerriles of DENR, and Secretary-General Joey Mendoza and Secretary Karina David of HUDCC to discuss the project and explore possible cooperation between the Project and these government agencies. Securing the cooperation and involvement of these national government agencies is crucial to the Project which, among others, aims to institutionalize recommendations on program, policy and structural reforms in the four program areas. These meetings were also significant in helping ensure that the focus of this policy project is consistent with the policy directions of these agencies.

During the course of the research for the case studies, the Project Team and the case study writers met with mid-level and top officials of these agencies to present the findings and recommendations at the local level. Members of the Project Team, in the writing of the final main report, also met with regional officials of these agen-

cies in order to understand the perspective at the regional level.

2. *With LGU officials.* After determining the sites for the case studies, the Project Team also met with the governors of the three provinces and the mayors of the two cities to discuss the project and explore possible cooperation between and among the LGUs, the Asian Institute of Management through the Project Team, and the NGAs. Also discussed during these meetings were the proposed tripartite Memorandum of Understanding (MOU) for the project.

The Sanggunian (legislative bodies) of the 3 provinces and the 2 cities approved the terms of the MOU between the months of September and October 1998. The LGU chief executives and the secretaries (or the regional directors in the case of DENR) finally signed the MOU in November 1998.

The Project Team, together with the case study writers, also held exit meetings with the governors and the mayors to discuss the findings and recommendations of the case studies. Also taken up during these meetings are possible follow-through activities that will implement these recommendations.

3. *With other stakeholders.* The local research teams held consultations with the local officials and other stakeholders during the course of their field research. In certain cases, case study writers held local consultations to present the findings and recommendations of the case studies. In some cases, representatives from national government agencies attended these final local consultations. The Project Team also held meetings with individuals involved in the four program areas, as well as with other stakeholders in decentralization and devolution.

F. Research Design.

The design for the case studies broadly identifies the mandates of the LGUs on the four program areas based on present laws and policy guidelines. The design also gives the case study writers enough flexibility to further determine the focus of their case studies, depending on what the LGUs want or plan to do in a certain program area and other realities on the ground. For example, the case study on grains production in Cotabato focuses on marketing, instead of production of grains, since the province is a net exporter of rice and corn. In the case of Toboso, Negros Occidental, the case study on grains production focuses on the municipality's attempt to shift from sugarcane to grains because its grains production is insufficient

to meet the demand of its population. In general, the project seeks to answer the following:

- What mechanisms and structures need to be put in place at both the local and national levels to improve the delivery of basic services to the people?
- How can NGAs help provincial LGUs do planning and implementation better?
- How can LGUs mobilize more national government resources for implementation of projects by local governments?
- What program, policy, and institutional reforms are needed to strengthen national government – local government relations and to create more effective partnerships between them?

In answering these questions, the case studies:

- Identified the mandate of the LGUs in each program area;
- Determined what the LGUs plan to do to improve its implementation;
- Documented its implementation;
- Identified and analyzed the gaps and constraints to its implementation; and
- Outlined policy recommendations towards strengthening national-local government relations for a better implementation of the devolved program areas.

The editors

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Acknowledgments

The making of any publication involves many people; but in this particular project, we not only involved the high and the mighty, but also the lowly and the voiceless, in the rural and urban communities. They are the people whom we would like to acknowledge first of all – the many fisherfolk, upland settlers, urban poor associations and farmers whose plight and concerns serve as the driving force of this study.

We started this project with an idea in mind – examining the relationship of the national and local governments in specific areas of devolution, and we chose the Department of Agriculture (DA), the Department of Environment and Natural Resources (DENR), and the Housing and Urban Development Coordinating Council (HUDCC) as our partner agencies. We acknowledge the warm support given by Secretaries William Dar, Antonio Cerilles, and HUDCC Chairperson Karina David. We also note the support given by Secretary Edgardo Angara towards the end of the project, especially in the national consultation on grains production and coastal resource management.

In the DA, we would like to thank Undersecretary Domingo Panganiban, and Undersecretary Cesar Drilon, and also, Director Eliseo Ponce of the Bureau of Agricultural Research, who provided numerous valuable insights in the DA operations. Likewise, Director Rudy Guieb of the Regional Operations was very helpful in understanding the nature of the bottom-up planning process for food security. We also met with then BFAR Director Arsenio Camacho, and also Mr. Marco Carreon, who is the project manager of the FRMP.

Assistant Secretary Carolina Z. Mangawang of the DILG gave us a walk-tour of the intricacies of food security planning, and the difficulties of

inter-agency coordination, between the DA, DILG and the Leagues of Provinces.

For the DENR, we constantly plagued Director Romeo Acosta and Mr. Joey Austria for information regarding CBFM. We also would like to thank Undersecretary Ramon Paje and then Undersecretary Elmer Mercado for their inputs.

At the HUDCC, we got valuable information from Ms. Toby Monsod, then Deputy Secretary General, Atty. Jose Mendoza, then Secretary General and Ms. Anna Gonzales, then also the Deputy Secretary General.

We would also like to acknowledge the unstinting support we received from the following local chief executives: Mayor Oscar Verdeflor of Bacolod City, Gov. Rafael Coscolluela of Negros Occidental, Governor Emmanuel Piñol of North Cotabato, Governor Wilfrido Enverga of Quezon, and Mayor Mary Jane Ortega of the City of San Fernando. We have really appreciated their concern and enthusiasm for the study we have undertaken, and have participated generously in formulating the recommendations and follow-up activities in this project.

Also, we would like to thank the project staff who spent many hours in trying to make our appointments work, the consultations fruitful and all the other myriad details that truly make a project a success. Without them, we would be totally helpless. Specifically, we would like to acknowledge Ms. Asia Canieso, Ms. Glenda Tabut and Mr. Esteban Vejerano.

Finally, we would like to express our gratitude to the Ford Foundation, for their invaluable financial assistance to the project. In particular, we would like to thank Suzanne Siskel and Gary Hawes, who also offered their advice at critical stages of this undertaking.

The Editors

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■ STRENGTHENING NATIONAL – LOCAL ■ GOVERNMENT RELATIONS IN THE HOUSING SECTOR: A SYNOPSIS

HECTOR D. SOLIMAN

The right to decent and affordable housing is guaranteed in the United Nation's Convention on Economic, Social and Cultural Rights, to which the Philippines is a signatory. However, despite state guarantees on decent housing, the situation on homelessness is still a grave and pressing problem for Philippine society. The Ramos administration estimates the total housing need for the period 1993-1998 at 3.72 million housing units. The Ramos administration however only targeted 1.2 million households, or 30% of the total housing backlog. (Karaos, p.2) The Estrada administration on the other hand, projects the housing demand for the period 1998-2004 to be 3.34 million housing units, and is planning to assist a total of 1.15 million households only, or roughly 50%.

As part of the current administration's thrust to alleviate poverty, socialized housing for the poor will be the priority. "The present government aims to effect an 80-20% resource distribution between socialized and economic housing, a reversal of previous trends which showed the upper income groups capturing the bigger share of up to 82% of total government spending on housing." (Karaos, p.2)

The huge backlog in housing demand requires gargantuan efforts from various sectors of society precisely to address this need. The Urban Development and Housing Act (UDHA) has placed a large burden of this problem on local government units. The first two very critical steps in socialized housing, the identification of suitable sites, and the census of urban poor beneficiaries, is lodged with the local government units. And definitely

the national government does not have the reach or all the resources to fill in the housing demand. Some sort of creative partnership with local government units has to be forged, in order to fully operationalize the mandate of this administration to accomplish even half of the projected housing demand up to the year 2004.

The object of this synopsis is to summarize the findings of the two case studies done by Ms Henedina Abad in San Fernando, and Quidan-Kaisahan, a local NGO, in Bacolod City. The framework paper on socialized housing and local government, prepared by Ms Anna Marie Karaos also supports the case studies. Finally, the conclusions and recommendations of the national project team are presented, for purposes of policy reform. A draft administrative order, which revitalizes the regional shelter and urban development committee and cements the interface with local housing boards, is attached for consideration of the HUDCC.

MAJOR FINDINGS OF THE CASE STUDIES

Both the San Fernando and Bacolod case studies acknowledge the increasing demand for socialized housing. In Bacolod, there are an estimated 35,620 squatters in 1999. For San Fernando, the estimate is around 1,174 families in 1998. Both case studies have acknowledged the increasing trend in the rise of informal settlers without security of land tenure, due to the constant migration from the rural areas, and the lack of housing facilities for the poor.

Aside from the informal sector, there are also the low-income families that could not afford decent housing. In Bacolod, as of 1990, the total housing backlog estimated by the National Statistics Office was 47,737 households. In San Fernando, the estimated potential beneficiaries for the government housing program (both economic and socialized housing) are 1,427.

Faced with a major challenge in housing, the local government units have responded in various ways. The Bacolod Housing Authority was created in 1972, and in the same year initiated the Mansilingan Relocation and Rehabilitation Program. The City of San Fernando has prioritized housing as a major concern, and has already created a local housing board, where the regional housing agencies are represented. Despite the laudable efforts of both local government units, there are still major problems

and constraints that remain, which need to be addressed for a total solution to the housing problem.

MAJOR PROBLEMS AND CONSTRAINTS

A. Lack of an Approved Shelter Plan and the Need to Update Existing Land Use Plans.

Bacolod City has yet to come up with a comprehensive shelter plan that will serve as a blue print for anticipating housing demand and making a strategic response to the need. For San Fernando, the current case study could be the starting point for a comprehensive shelter strategy for the city. In both cases, the city needs to update and refine its comprehensive land use plan, in order to direct attention of investors and developers to the proposed areas of priority development.

B. Strengthening the Local Housing Bureaucracy, in Coordination with National and Regional Housing Agencies.

The strengthening of the local housing bureaucracy in the case of Bacolod implies the integration of the different committees and task forces into a coherent and unified group that could push the housing agenda forward. Aside from this, the local housing bureaucracy has to be linked to the regional housing agencies, so that they may avail of their expertise and resources in an optimal fashion.

In the case of San Fernando, strengthening of the local housing board would imply gaining more experience in the actual conduct of housing projects, and testing the newly gained relationship with the regional housing agencies. San Fernando has the benefit of a unified housing structure at the local level, and a fresh start that was primed by this particular project, unlike in Bacolod, where different housing mechanisms at the local level have been existing since 1972. Therefore, there is a need for greater coordination and integration.

Both cities are badly in need of technical assistance from the housing agencies in making their shelter plans, comprehensive land use plans, and choosing the best shelter strategy for their area, given their natural endowments and other resources available.

C. Lack of Financial Resources to Sustain Housing Projects.

The lack of funds is a perennial problem for local governments, as they have to make very hard choices on where to put their limited resources. Abad has estimated that in the case of San Fernando, the cost of land acquisition and land development alone, without the houses, is already P39 million, which is about 43% of the total income of the city for 1997. This would only service the projected 1,4271 potential housing beneficiaries for 1999. If we include the cost of housing, the figure becomes staggering.

For Bacolod, only about P6 million out of its P503 million budget for 1999 has been allotted for housing. This definitely could not embark on a major housing project, or even qualify for a major land banking activity. Again the problem of prioritization, since most of the funding in the case of Bacolod has gone to general services, health, education and economic enterprises.

Lack of funds could be seen in two ways: the lack of funds to establish viable housing projects, and also to sustain existing resettlement projects through alternative livelihood programs.

MAJOR RECOMMENDATIONS OF THE STUDY

The sincerity and eagerness of the local chief executives in attending to their housing needs could not be questioned. However, eagerness sadly does not translate to results, and such eagerness should be matched with resources and management skills, to be able to build the houses, and sustain them over time. In order to enhance the relationship of the national and local governments, and maximize their corresponding skills and potentials, we recommend the following:

A. Provision of Technical Assistance by National Housing Agencies to Local Governments in the Areas of Comprehensive Land Use Planning and Shelter Planning.

The foundation of a solid shelter plan is a comprehensive land use plan. Such a plan will indicate which areas are earmarked for residential use or expansion. The formulation of a land use plan is oftentimes set aside by local government officials due to lack of expertise, and the numerous conflicts it might engender among differ-

ent landowners who have diverse interests. Moreover, it is a tedious process that does not produce quick, concrete results, not like farm-to-market roads, multipurpose pavements, or housing projects.

However, the formulation of a land use plan is an essential prerequisite for long term investment planning, which is necessary for housing development. The worst thing that could happen is for a developer to build houses on one lot, only to find out after a year that his neighbor is a factory that emits smoke and irritating noise. Housing developers and investors could be more convinced to invest their hard earned money if they are sure that the area is earmarked for housing purposes.

The other area for technical assistance is shelter planning. One aspect of shelter planning is anticipating the demand for housing in the community, and identification of strategies to meet housing demand. The plan should also including a financing plan, whether the money will be raised through internal taxation, national grants, congressional grants or others. The other aspect of shelter planning is mitigation measures to reduce the influx of informal settlers, like surveillance and monitoring systems, balik-probinsya approaches and rural resettlement programs, in coordination with DAR, DENR and other agencies.

B. Strengthen and Focus the Local Housing Bureaucracy, with the Participation of Regional Housing Agencies.

An appropriate mechanism at the level of the city has to be established that will coordinate all housing-related concerns, and also maximize the resources and expertise of the regional housing agencies. For the City of San Fernando, they created a local housing board, which is chaired by the mayor herself. The initiative is exemplary, because of the participation of the people's organizations, the NGOs and also a representative of the NHA. The executive order creating the city housing board (EO 17-98) however, could be further improved with the enumeration of the powers and functions of the board, and their terms of office.

For the City of Bacolod, the Bacolod Housing Authority (BHA) was created in 1972. The design of the BHA is more local in nature, without representation from the national housing agencies. The members of the authority include among others, the local chief of police, the city health officer, and the public works supervisor. The BHA also does not have any representative from "civil society", although they

have a private sector representative. This type of organization is to be expected, considering that the authority was created in 1972.

The local housing board of San Fernando is quite young, having been created only in October of 1998. Therefore, its mettle has still to be tested over a period of time, when they actually work on housing projects, and go through the entire gamut of planning, financing, building and maintaining the project. For Bacolod, the problem is not the absence of an appropriate local housing bureaucracy. It appears that there are two implementing arms of the local government, the Bacolod Housing Authority and the Bacolod Task Force on Housing and Urban Development. A reading of the functions of both groups would indicate some overlap, especially in the conduct of resettlement and relocation projects. Although the chairperson of the Bacolod Housing Authority is a member of the task force, in practice, it would make more sense to integrate housing initiatives at the local level, in order to maximize scarce resources and to give a solid direction to the housing efforts.

There are existing legislative proposals that require local government units to establish local housing boards (i.e., HB 3728, Rep. Ariel Zartiga, SB 1171, Sen. Biazon, and SB 659, Sen. Gregorio Honasan). A detailed analysis of these proposals reveals the following features:

(1) Representation in the board is fairly broad. The chairperson is the mayor, and the members are key persons in the local government structure, like the city engineer and the city planning coordinator. The board also includes the people's organizations (urban poor associations) and their support groups (NGOs). In some bills, the private sector (CREBA) is represented.

(2) Most of the proposed functions of local housing boards are already lodged with the local government units, and therefore do not add any new dimension except that there is a group that is constantly attending to these concerns. Examples of these are monitoring the 20% balanced housing provision of UDHA, preparation of local shelter plans, assisting in the preparation of comprehensive land use plans, monitoring the housing program of the city and the like.

(3) There are certain proposals that emphasize the role of cities and municipalities in land use and development regulation, e.g., approval of preliminary and final subdivision schemes, and also resolution of protests on development permits.

The legislative proposal is not really a prerequisite for the establishment of a housing board. The local housing board could be created through a local ordinance

passed by the sanggunian. However, under the principles of administrative law, this board could not perform such functions and responsibilities that are not currently lodged with either the local chief executive or the local government unit.

Also, I doubt whether a one-size-fits-all approach is useful for local government units. In the end, what might be achieved through this bill is another structure that is meaningless to local government units (who don't see the need for it) or a duplication of existing and viable local housing boards that have already been established by creative local chief executives through their own steam.

There are two issues that need further elaboration and study, with respect to the creation of local housing boards. The first is the issue of representation of civil society actors (people's organizations and NGOs). How will they be selected? Who will select them? What is their tenure? The second pertains to the representation of national government agencies with the local housing board. In the absence of a law, the HUDCC has to formalize the participation of the national shelter agencies in the local housing mechanisms, including the local housing boards. If the regionalization efforts of the HUDCC are fully implemented, then the HUDCC Regional Director could be the representative and focal point, or the chair of the Regional Shelter and Urban Development Inter-agency Coordinating Committee. A draft administrative order on this point is attached for consideration.

C. Increase the Funding Base for Local Housing Projects.

A common problem for local chief executives is sourcing money for housing projects. The Bacolod experience has shown that existing levels of funding are not sufficient to push the housing agenda to its desired heights. Diverting existing resources to housing might also jeopardize the other local programs, like health, education, enterprise development and the like.

The urgent need is to infuse fresh funds from various sources in order to finance the development of housing projects. These possible sources are as follows:

(1) Housing Assistance Fund for LGUs. The HUDCC could allot a certain percentage of its annual budget to support local government initiatives on socialized housing. The support could cover technical assistance, feasibility studies, land use planning, and actual construction and maintenance of socialized housing projects.

The appropriations act should not only allot a certain percentage or lump sum for local government housing projects, but also enable the HUDCC to draw up the appropriate access criteria for the LGUs, in order that they may avail of the funds.

(2) Increasing Local Revenues. Generating local financial resources is always possible, but oftentimes fraught with danger. Because of the short term of each local chief executive, the willingness to make long term investments that go beyond the political term is seriously circumscribed. Only the bold are willing to go this route, whether it would require the flotation of municipal bonds, increasing real property taxes, or other revenue measures. However, this would require very serious study of financial viability, and also strengthening the city or municipality in terms of the administrative capability to administer such projects.

CONCLUSIONS

The synergy between the national and local government units offers tremendous potential in pushing the housing agenda forward, most specially in helping the urban poor communities achieve decent housing. The current administration and the leadership of the housing sector are very much committed to the empowerment of the local governments for socialized housing. We believe that this confluence of positive factors could set the stage for substantial impact in the housing sector, and go a long way in alleviating poverty in the urban areas.



DRAFT ADMINISTRATIVE ORDER NO. _____
Series of 1999

SUBJECT: DESIGNATING THE CHAIRPERSON OF THE REGIONAL SHELTER AND URBAN DEVELOPMENT INTER-AGENCY COORDINATING COMMITTEE (RSUD-IACC) AS THE REPRESENTATIVE OF THE HOUSING SHELTER AGENCIES IN THE LOCAL HOUSING BOARDS

PREFATORY STATEMENT

One of the principal means for facilitating the development of the housing sector at the local level is the creation of local housing boards. The local housing boards was not one of the specialized bodies created under the Local Government Code of 1991 (RA 7160) and currently there are several legislative proposals both at the House of Representatives and the Senate to institutionalize these bodies.

In general, the local housing board is envisioned to formulate, develop, implement and monitor policies at the LGU level regarding housing, resettlement, eviction of squatters, and other similar concerns. The local housing board shall also serve as the focal point for coordination between the local government unit and the national housing agencies. In the absence of any specific law, the local housing boards are created under the general legislative power of the local government units, in order to facilitate and integrate related housing functions and responsibilities in one body.

The Urban Development and Housing Act of 1992 has enlarged the responsibility of the local government units in the provision of housing, land use planning and resettlement. Sec. 39 of the UDHA provides:

Role of Local Government Units. The local government units shall be charged with the implementation of this act, in their respective localities, in coordination with the Housing and Urban Development Coordinating Council, the national housing agencies, the Presidential Commission for the Urban Poor, the private sector, and other non-government organizations.

They shall prepare a comprehensive land use plan for their respective localities in accordance with the provisions of this Act.

In turn, the national government agencies are directed to provide assistance to the local government units. Sec. 40 of the UDHA provides:

xxx (a) The Housing and Urban Development Coordinating Council shall, through the key housing agencies, provide local government units with necessary support, such as:

A. Formulation of standards and guidelines as well as providing technical support in the preparation of town and land use plans;

B. In coordination with the National Economic and Development Authority and the National Statistics Office, provide data and information for forward planning by the local government units in their areas, particularly on projections as to the population and development trends in their localities and the corresponding investment programs needed to provide types and levels of infrastructure, utilities, services and land use patterns; and

C. Assistance in obtaining funds and other resources needed in the urban development and housing programs in their areas of responsibility.

(b) The National Housing Authority, upon request of the local government units, shall provide technical and other forms of assistance in the implementation of their respective urban development and housing programs with the objective of augmenting and enhancing local government capabilities in the provision of housing benefits to their constituents.”

The increased role of the LGUs in housing provision demands a greater national-local government synergy, which will maximize the resources at both levels. This administrative order is being promulgated in order to attain greater coordination and efficiency, among HUDCC, its member agencies, and the local government units, in the fulfillment of the mandate of the UDHA and other related legislation.

POLICY STATEMENTS

1. The Housing and Urban Development Coordinating Council (HUDCC) and its member housing agencies enumerated under Executive Order No. 90 series of 1986, fully recognize the critical role of the local government units in the provision of housing for its constituents, and also the mandate of the na-

tional government agencies to provide technical and other forms of assistance to the local government units.

2. The HUDCC respects the autonomy of the local government units in the creation of local housing mechanisms and bodies, including local housing boards, that shall be principally in charge of policy development, implementation, monitoring and evaluation, in the area of housing, land use planning, resettlement and the like.

3. The HUDCC, in order to fulfill its mandate for the local government units more effectively, is strengthening the regional offices of the national housing agencies, under the aegis of the Regional Shelter and Urban Development Inter-agency Coordinating Committees (RSUD-IACC), created under Executive Order No. 1, series of 1993.

4. The RSUD-IACC is designated as the principal coordinating body with all interested local government units, which are engaged in housing programs and projects within their respective areas of jurisdiction. All heads of the regional shelter agencies are enjoined to give their full support and cooperation to all local government units that are in need of housing assistance.

5. The Chairperson of the RSUD-IACC is hereby designated as the permanent representative of the HUDCC in any and all local housing mechanisms, including local housing boards, that may be created by municipal or city mayors, to take charge of their housing concerns. In addition, the RSUD-IACC shall also elect from among themselves a Vice-Chairperson, who shall be the permanent alternate representative of the HUDCC to the local housing boards.

OPERATIONAL PROCEDURES

1. The RSUD-IACC, in accordance with Exec. Order No.1, s. 1993, shall designate the Chairperson who shall serve for a period of one year. In addition, the RSUD-IACC shall also elect a Vice-Chairperson from among themselves, whose terms shall be co-terminus with that of the Chairperson.

2. The Chairperson shall inform each city mayor, and the mayors of urbanizing municipalities within their jurisdiction about his or her designation as the Chair of the RSUD-IACC, and also provide a copy of this administrative order for their information. If and when necessary, the RSUD-IACC Chair shall provide a briefing for the local chief executives on

the housing situation and the programs/ funding sources of the national government.

3. The Chair of the RSUD-IACC shall prepare a training program for the entire membership of the council, that shall enable each member agency to address the needs of local government units in their housing mandate. The proposed training programs shall be reviewed and approved by the Office of Chairperson, HUDCC.

4. The RSUD-IACC Chair shall include all pertinent activities of the regional council in their quarterly and annual reports to the HUDCC Central Office.

_____, 1999, Makati, Metro Manila

(name and signature)

Chairperson

SOCIALIZED HOUSING AND LOCAL GOVERNMENT: A THEMATIC PAPER

ANNA MARIE A. KARAOS

Of the social services government is expected to provide, housing has lagged behind both in terms of the level of government spending devoted to its provision and the consistency of government policy and programs. Unlike health and education, for which a basic minimum level of provision has been maintained and access to which has relatively been democratized, government housing policy has varied considerably. It has depended on the amount of resources at the disposal of housing agencies, the pressure brought on by different interest groups and the orientation and policy preferences of housing bureaucrats. The resulting picture has been a patchwork of housing programs implemented over the years that has had little impact on improving the housing conditions of the poor.

The overall trend toward decentralization in governance presents a new context in which government housing policy will be redefined. While some general policy orientations have been firmly established by past administrations, the fiscal constraints faced by the present government, as well as the enhanced powers of local governments, offer new opportunities for reconceptualizing housing programs, financing schemes and modes of partnerships with non-governmental entities and the private sector.

Within this new context, the relationship between the national government and local governments assumes a special significance in the light of the issue of government's capacity for housing delivery. Housing provision, unlike education and health, has been highly concentrated in national government agencies and there exists a weak bureaucratic infrastructure at the local level, if at all, specifically designed for housing delivery. Again, to push the comparison

with health and education, there is no institutionalized mechanism to facilitate the intervention by local governments in housing provision.

THE MACRO VIEW ON HOUSING

The National Shelter Program under the Ramos administration was based on an estimated total housing need of 3.72 million housing units for the period 1993-1998. Of this number, which includes the upgrading and repair of substandard and dilapidated dwelling structures, relocation and new housing for doubled up households, 873,000 units comprised the backlog at the start of the administration, and 2,853,000 units comprised future housing needs. Based on this estimate, the Ramos government targeted the provision of housing assistance to 1.2 million households, or 30% of the total housing backlog, barely 50% higher than the backlog at the start of the Ramos administration.

The projected housing need for the period 1998 to 2004 is estimated at 3.34 million units, of which 1.12 million represents the current housing backlog and 2.22 represents projected household growth.¹ Urban and urbanizing areas are expected to take up a bigger share of the growth in housing demand compared to rural areas at a ratio of 3:1. Thus, the housing demand in urban areas is estimated to reach around 1.67 million within the present planning period.

A. Housing Targets of the Estrada Administration.

The present administration is targeting to assist a total of 1.15 million households, of which 941,630 will be social housing units for households belonging to the poorest 30% and the rest are economic housing. The present government aims to effect an 80-20% resource distribution between socialized and economic housing, a reversal of previous trends which showed the upper income groups capturing the bigger share of up to 82% of total government spending on housing.

For the 1998-2004 planning period, the total resource requirement of the National Shelter Program is P227 billion. Of this amount the government plans to

¹Housing and Urban Development Coordinating Council, Draft Philippine Report to the UN Commission on Economic, Social and Cultural Rights re: Right to Adequate Housing, 1998.

devote as much as 74%, or P169.5 billion, to socialized housing. Economic housing will receive only 26% of total resources or P58.42 billion.

Not all of this amount will be coming from budgetary sources. Economic housing assistance comes mostly in the form of housing loans extended to homebuyers through the government's home lending programs (formerly the Unified Home Lending Program). Socialized housing assistance is mostly financed from budgetary sources and channeled through programs such as the Community Mortgage Program, the Abot-Kaya Pabahay Program, medium-rise housing and resettlement. The various government-assisted housing programs will be explained in greater detail in the subsequent section.

The Housing and Urban Development Coordinating Council (HUDCC) has formulated an eight-point policy thrust emphasizing the following:

- (1) A resource shift in favor of socialized housing;
- (2) The development of housing projects that will induce economic activities, rather than simply as a welfare-providing service;
- (3) A clear separation between housing finance and housing subsidy by clearly delineating subsidized programs and making sure that these benefit the bottom 30%;
- (4) Regional growth poles, township planning and the equitable regional distribution of housing assistance;
- (5) Maintenance of ecological balance;
- (6) People-centered and aided self-help housing approaches;
- (7) Multisectoral participation by more actively involving NGOs, the private sector and LGUs; and,
- (8) Rationalization of the shelter agencies' operations by clarifying, strengthening and enforcing adherence to their mandated functions.

The above policies are intended to improve the capacity of government's housing agencies, improve the efficiency and targeting of the government's housing programs and mobilize the resources necessary to meet established targets.

A major strategy identified by the Estrada administration to achieve these objectives is developing and strengthening a secondary mortgage market to attract private sector funds into the housing finance system. The National Home Mortgage Finance Corporation (NHMFC), the agency tasked with promoting the development of a secondary mortgage market had basically failed to function as a secondary mortgage finance institution. It is supposed to catalyze the trading of mortgages by buying and selling mortgages originated by private commercial banks. But because the present lending programs have failed to generate good quality mortgages and lending rates have been maintained at below market levels, home lending has not become an attractive investment option to private lending institutions. Consequently, the development of a secondary mortgage market has been seriously hampered.

The housing budget for 1999 has been reduced considerably. Initial estimates by HUDCC indicate that the housing budget as a proportion of the entire national budget will be 0.3%, down from an average of around 1% during the previous administration. A copy of the expenditure program for housing is in the annex.

B. Housing Finance and the Enabling Strategy.

President Aquino inherited a bankrupt and heavily indebted government when she came to power in 1986. Thus, despite its populist tendencies, the Aquino government needed to redefine its social policies according to its fiscal capacity. Moreover, in other parts of the world, governments were adopting privatization and liberalization policies, gradually withdrawing from the direct provision of services. This trend became evident in the Philippine housing sector when the government officially adopted in 1986 an "enabling" approach to housing. Instead of being a direct producer of housing, particularly low-income housing, the government put emphasis on assisting in the development of a well-functioning housing market. On the production side, it meant giving assistance to producers of housing by providing mortgage and development financing, and on the consumption side, helping home seekers acquire financing for the purchase of land and housing. In adopting an enabling approach, the government aimed to develop a housing market with empowered producers and consumers, with an explicit bias for low-income housing.

The main instrument for bringing this about was housing finance. But because budgetary sources were severely constrained, the government turned to the government-managed pension funds for funding. The Government Service Insurance System (GSIS), Social Security System (SSS) and the Home Development Mutual Fund (HDMF) were directed to set aside a certain percentage of their investment funds for home lending under the Unified Home Lending Program (UHLP). Thus, these institutions were no longer allowed to operate their own home lending windows. Home lending became centralized under the management of the National Home Mortgage Finance Corporation (NHMFC), with the funds being contributed by GSIS, SSS and HDMF. GSIS, SSS and HDMF members applied for housing loans under the UHLP with the NHMFC. Cross-subsidization was effected with the adoption of three levels of interest rates corresponding to different loan packages, with the lowest package being charged an interest rate of 9% per annum.

For non-members of SSS, GSIS and HDMF, the government established the Community Mortgage Program (CMP) in 1987. The CMP lends to community associations for the purchase of a lot, site development and/or house construction at a subsidized fixed interest rate of 6% per annum. The loans are individualized at some later stage. The CMP is also administered by the NHMFC.

By the time the Ramos government took over in 1992, the housing finance system began to show signs of distress. The three financing institutions became increasingly reluctant to contribute funds to the UHLP because of the low repayment of UHLP loans. In 1993, the World Bank, which had been providing the funds to CMP stopped doing so, forcing the CMP to rely on the three government institutions for its funding. Understandably, the situation put tremendous financial strain on the three funding agencies.

In 1994 HUDCC and NHMFC succeeded in having Congress enact the Comprehensive and Integrated Shelter Finance Act (CISFA). CISFA provided for a yearly budgetary appropriation for five years beginning in 1995 for the key government housing programs, namely resettlement, CMP, Abot-Kaya Pabahay and medium-rise housing. Significantly, it also provided for the recapitalization of the NHMFC, from P500 million to P5.5 billion, and the Housing Insurance Guaranty Corporation (HIGC), from P1 billion to P2.5 billion. The recapitalization of the two finance institutions was meant to increase their ability to harness private sector funds for home lending and production.

The CISFA, however, failed to deliver the much-needed relief to the housing finance system. The budget appropriations stipulated in the law for the CMP remained unfunded for the most part. The recapitalization of NHMFC also failed to save the agency from its inevitable collapse.

By 1995 the NHMFC had accumulated P7 billion in unpaid mortgages owed to private developers. After the developers threatened to stop production, President Ramos ordered HDMF to bail out NHMFC. HDMF did as it was told, a move that would eventually create difficulties later on for the corporation.

Because of the funders' refusal to continue contributing funds to the NHMFC-managed lending program, the UHLP was abandoned in 1996 in favor of a multi-window lending system. However, the financial troubles of NHMFC and the entire housing finance system had grown so deep-seated that this attempt to restructure the system had practically no chance of operating under conditions which could make it even *minimally viable*.

By the second half of 1998, SSS and GSIS were no longer providing funds for home lending. HDMF had significantly slowed down its lending operations, with queuing taking longer and longer. Obviously, the mismanagement, faulty design and policies of the UHLP have caused the collapse of the entire housing finance system, threatening to bring down with it even the well-managed funds such as the HDME. This is the reason why the new government is reexamining its policy on home lending rates and the form and sourcing of government subsidies.

As far as housing finance is concerned, the present government wants subsidies to take the form of a one-time capital grant, instead of interest rate subsidies, and to be sourced from the national budget. Capital grants, it is argued, are more transparent and could easily be budgeted unlike interest subsidies. A consequence of this policy change is that interest rates will be allowed to follow market levels, which is considered more favorable to attracting private sector funds into the housing finance system.

C. Strategies to Meet Housing Demand.

The policy framework of the government's housing program is defined by the Urban Development and Housing Act of 1992 (UDHA). The UDHA provides a more or less comprehensive and systematic approach to the provision of hous-

ing to the urban poor by mandating the allocation of land for socialized housing and the implementation of socialized housing projects by local governments. Each administration, however, must define its strategy for implementing the UDHA mandates.

Production has taken a back seat since 1986, with less emphasis being placed on programs such as on-site upgrading and public housing. The emphasis on housing finance remains under the present government. A more specific objective is to increase private sector involvement in housing finance and production through the development of stronger primary and secondary mortgage markets. This will be complemented with the adoption of a system of capital grant subsidy to replace the interest rate subsidy schemes of the socialized housing programs under the previous administrations.

There is no doubt that a healthy housing finance system is a prerequisite for greater private sector participation in housing. The production of housing by private developers, as well as by NGOs and communities engaged in self-built housing, is very dependent on government-provided financing.

Another important strategy to be pursued by the present government is to give LGUs a more active role in shelter provision. The present government is adopting a conscious policy of assisting local governments in developing land use and housing programs and implementing the Urban Development and Housing Act (UDHA). Although LGU mandates in the area of housing are vast, these are largely unattended due to the numerous pressures on and inadequate resources of LGUs. HUDCC hopes to upgrade the technical capability of LGUs in township planning, resettlement, land use and UDHA implementation. The focus on housing finance and the emphasis on the role of local governments, thus constitute the main housing strategy of the Estrada administration.

GOVERNMENT PROGRAMS AND AGENCIES IN THE HOUSING SECTOR

A. Housing Programs.

According to official policy pronouncements, the National Shelter Program (NSP) is specifically intended to serve the needs of the poorest 30% of the country's population. In reality, however, the various programs of the NSP cater to a much varied clientele. Below we describe each of these programs.

(1) Resettlement.

Of all the housing programs and policies, resettlement is the oldest, having been consistently implemented by the Philippine government since the 1960s. Resettlement sites are developed by the government, usually by the National Housing Authority, and serviced homelots are allocated to families who are either displaced by infrastructure projects or natural calamities or moved from danger areas and other public places. Some resettlement programs include a core house, community amenities and capital for livelihood. Resettled families pay a monthly amortization between P200 to P800 for a 30-40 square meter lot. Lot sizes in areas outside Metro Manila are sometimes bigger.

(2) Community Mortgage Program.

The CMP is a home financing program specifically intended for the urban poor and those who, because they do not have regular employment, are not members of SSS, GSIS, or Pag-ibig. To qualify for a CMP loan, borrowers must organize themselves into a community association, which will then apply for a loan with NHMFC. The loan can be used to purchase a lot, whether on-site or off-site, from a willing landowner. The maximum loan per individual borrower is P60,000 for the purchase of a developed lot, and P80,000 for a house and lot. Interest rates are subsidized and are fixed at 6% for 25 years.

At present, there is a long queue for loan take-outs and the issuance of purchase commitment lines (PCLs). There was a big increase in PCLs issued in 1998, such that the outstanding "deficit" (i.e. CMP budget for 1999 minus the value of PCLs issued as of 1998) now stands at P1.9B. What this implies is that prospective CMP borrowers will have to be prepared for a long wait before they can take out a loan.

Furthermore, the HUDCC has imposed a new guideline that no PCLs will be issued if not backed by actually available funds. In the past, the practice has apparently been to issue PCLs simply on the basis of compliance with loan requirements. What has happened was that the pipeline became clogged with numerous projects which have already been given PCLs and Letters of Guaranty (LOG), but which could not be taken-out because funds were not available. HUDCC in effect will be stricter in issuing PCLs so that once a PCL is issued, loan take-out can take place within a short period of time.

A variant of the CMP is a program being implemented by the National Housing Authority known as the Magbalikatan Para sa Maunlad na Pabahay (MMP), introduced in 1997. It is a modified version of the CMP being administered directly by NHA and financed from internally generated funds. The program also gives out loans to community associations but for a shorter term and a higher interest rate than that offered by the CMP. Interest rate is at 2%, with loan terms of 5, 10 or 15 years. The loan ceiling is also set at P60,000 per individual borrower, or 90% of total acquisition cost of the land.

(3) HDMF/Pag-Ibig Programs.

a. *Expanded Housing Loan Program (EHLA)*. Pag-ibig members may avail themselves of any of the following loan packages from HDMF: up to P150,000 at 9% interest p.a., over P150,000 up to P225,000 at 12% interest p.a., over P225,000 up to P375,000 at 16% interest p.a., and over P375,000 up to P500,000 at 17% interest p.a. The loan may be used to purchase a residential lot (the lowest loan package only), the purchase of a lot and construction of a new dwelling unit, the purchase of a newly-constructed residential unit, home improvement or refinancing of an existing loan and redemption of foreclosed property.

b. *Group Land Acquisition and Development (GLAD)*. The GLAD has basically the same program design as the CMP after which it was patterned, except that it is open only to Pag-ibig members. The total loan extended to the community association or employee group is the aggregate of the amounts extended to the individual members. The maximum loan entitlement per individual borrower is 46 times the fund salary for employees with employee counterpart and 36 times the fund salary for those without employee counterpart. All loans are payable within 25 years. At present, negotiations are ongoing to transfer the management of the GLAD program to another agency or a HUDCC-accredited non-government organization. Funds for the program will continue to be provided by HDMF.

(4) Indirect Housing Programs.

Various housing agencies offer indirect housing assistance to lending institutions, private developers, and local government units in the form of guaranties and development loans.

a. *HIGC Guaranty Programs.* Guaranty programs of the HIGC are intended to encourage private and government lenders to extend housing loans. The HIGC offers two kinds of guaranty: a) retail guaranty, which is extended to individual residential mortgages underwritten by private or government lending institutions to finance the purchase by home buyers of housing units; and b) developmental guaranty, which is extended to private lending institutions accredited to process developmental loans. Lenders of developmental loans are granted automatic insurance coverage upon enrollment of the loan with HIGC.

b. *Municipal Pabahay Bonds.* The HIGC has another guaranty fund intended to provide guaranty cover to Municipal Pabahay Bonds floated by local government units. With this guaranty facility, LGUs can float bonds as a means of generating resources for their housing programs and projects. The guaranty fund insures the face value of the bonds and the interest up to 8.5%. The bond is an instrument of indebtedness by the LGU backed up by a pool of real estate properties issued by the LGU and conveyed by a trustee. The proceeds of the issues are used for the development and or/disposition of the property.

c. *Developmental Loan Program.* Developmental loans at lower-than-market interest rates used to be extended by HDMF to private developers for the development of housing projects and/or construction of housing units. The financing assistance is extended to developers, landowners, NGOs, LGUs and other government agencies. A maximum loan of P15 million per project phase per site is allowed at any one time. Interest rates are based on the price of the generated housing packages starting at a low of 11% per annum for a loan of P150,000 up to a high of 17% for a P375,000 to P500,000 loan package.

Unfortunately, financial constraints have forced HDMF to temporarily suspend its developmental loan program. HDMF was ordered to bail out the NHMFC in 1996 and to assume the latter's obligations to private developers amounting to P7 billion. This development has lowered the collection efficiency of HDMF so that now the agency prefers to do only retail lending, i.e. lending to end-users. Consequently, HDMF is not anymore lending to developers.

d. *Local Government Housing Loan Program.* Administered by HDMF, the program provides financial assistance at affordable terms to LGUs to implement housing projects in their localities. A maximum amount of P20 million per project phase per site is made available to an LGU at any one time. The loan, however, must be paid over a maximum period of 24 months from the

date of the initial loan release. The proceeds of the loan can be used for the acquisition and development of raw land for a housing project, site development and/or the construction of housing units on a developed project site. Management of this program will transfer to the NHA, although funds will continue to come from HDMF.

e. *Abot-Kaya Pabahay Program.* The Abot-Kaya Pabahay Fund was created in 1989 to provide assistance to low-income homebuyers in the form of interest subsidy on the monthly amortization of a housing loan for the first five years. The Fund also provides developmental financing, interest shortfall subsidy and cash flow guaranty to financial institutions extending socialized housing loans. The status of these programs, however, is not very clear because of the present financial troubles of the NHMFC, the agency managing the Abot-Kaya Pabahay Fund.

Furthermore, there are pending bills seeking to amend the Abot-Kaya law, specifically increasing the income qualification for borrowers. Over the years since its establishment, the program has been relatively underutilized, with very few applicants compared to programs catering to a similar clientele such as the CMP.

f. *Local Government Housing (PAF-2) and Local Government Pabahay/District Housing (CISFA).* NHA administers two financing windows for housing that are open specifically to LGUs. Financial assistance of up to P1.5 million is provided to local governments through the NHA for the implementation of housing and resettlement projects drawing from the Poverty Alleviation Fund (PAF-2). Congresspersons are also allocated P1.1 million for projects in their districts as provided for under the CISFA. Availment of both these program has been low, according to the NHA. NHA guidelines require LGUs to have a local housing board to qualify for assistance under these programs.

B. Government Housing Agencies.

The highest policy-making body on matters related to housing is the Housing and Urban Development Coordinating Council (HUDCC). The HUDCC is headed by a Chair and has 19 members composed of the heads of the four key housing agencies, the heads of the three funding institutions and six representatives of the private sector. The sectors represented in the Council are the ur-

ban poor, real estate developers, bankers, brokers, professionals and other low-income housing beneficiaries. The key housing agencies under the direct supervision of the HUDCC are the following:

(1) National Housing Authority (NHA), which is charged with the production of housing for poor and other low-income groups; its programs include resettlement, slum upgrading, joint ventures in completed housing projects, medium-rise housing projects and the MMP.

(2) Housing and Land Use Regulatory Board (HLURB), which is the sole regulatory agency for housing and land development charged with ensuring that subdivision and housing projects observe legally-prescribed standards;

(3) National Home Mortgage Finance Corporation (NHMFC), which used to administer the Unified Home Lending Program, presently continues to administer the CMP; with the drying up of funds for homelending, it is now concentrating on collecting payments on UHLP loans;

(4) Home Insurance Guaranty Corporation (HIGC), which provides guaranty and credit insurance to developers and lending institutions for the purpose of mobilizing private sector funds for housing; the HIGC is presently also involved in the development of resettlement projects and medium-rise housing.

THE URBAN POOR: BENEFICIARIES OF THE GOVERNMENT'S SOCIALIZED HOUSING PROGRAM.

Although the National Shelter Program explicitly prioritizes housing provision for the poorest 30% of the population, government housing assistance since the Aquino administration has given relatively less emphasis, at least in terms of resources, to this particular target group. The government's embracing an enabling approach to housing has meant that the private sector was basically relied upon to produce housing, with the government providing financing and other incentives. The way the housing market works, the poorest 30% have very little purchasing power to access market-produced housing. Consequently, the enabling approach has inadvertently discriminated against the poor.

Government housing assistance is generally divided into two categories: socialized housing and non-socialized or economic housing. Socialized housing is defined under the Urban Development and Housing Act as housing that costs below the upper limit of the lowest loan package of the UHLP, which in 1992 was P150,000.

This ceiling has subsequently been adjusted to P180,000 for Metro Manila and highly urbanized cities.

The two major programs that specifically target this population are resettlement and the Community Mortgage Program (CMP). Resettlement is provided to those living in so-called danger areas, public places and sites of infrastructure projects. The CMP, on the other hand, can be on-site or off-site. A third program, Medium-Rise Housing (MRH) has increasingly been promoted by the national and some local governments. The new administration has stated its resolve to push this housing approach in highly urbanized areas.

Slum upgrading, which gained widespread use in the seventies during the Marcos era, has for all intents and purposes been abandoned by government. Despite its advantages in terms of minimizing displacement, problems related to land acquisition, coupled with its high cost and poor cost recovery, have forced the government to abandon this approach. At present, the CMP has taken its place as an on-site development program for existing urban poor communities. The CMP, however, has proven to be a poor substitute to slum upgrading because of its relatively small reach and coverage. On the positive side, repayment on CMP projects is much better than on slum upgrading projects.

The UDHA was the first law to recognize the urban poor as a specific target group of the government's housing program. The law refers to this group as "homeless and underprivileged" which it defines as "individuals and families residing in urban and urbanizable areas whose income or combined household income falls within the poverty threshold as defined by the National Economic Development Authority and who do not own housing facilities. This shall include those who live in makeshift dwelling units and do not enjoy security of tenure" (Sec.3).

Under the UDHA all those who qualify as potential beneficiaries of the government's housing program according to the above definition must register with their local governments in a city-wide beneficiary registration. The first such registration was conducted in 1994. This registration is supposed to be updated periodically. The registration is intended to give local governments a base figure of the urban poor population in their localities for purposes of planning their land use and housing programs.

Presently available statistics on the urban poor are estimates which suffer from two basic inadequacies: one, a lack of consensus and clarity of who constitute the urban poor and two, the absence of an honest-to-goodness census and mapping of

urban poor communities. Nevertheless, there has been some convergence in the estimates that have been used by different groups, allowing us to use these estimates as a reasonably valid approximation of the urban poor population.

The nationwide urban poor population is placed at roughly 30% of the total urban population in the country. The proportion is believed to be higher in Metro Manila where it is between 40 and 50%. The total urban population of the country is around 35 million, which makes the urban poor population around 10 million. This figure would translate to roughly 1.7 million urban poor households scattered among the country's cities and urban municipalities.

One basic difficulty in arriving at an estimate of the urban poor population is the problem of using the income criterion as against the security-of-housing-tenure criterion as the basis for identifying the target group. Using the income criterion (i.e., families living in urban areas with incomes below the poverty threshold as defined by the National Economic Development Authority) would deflate our figures, while using the criterion of no security of housing tenure would inflate them. In Metro Manila, for instance, while the poverty incidence was only at 16.7% in 1991, the squatter population was placed at roughly 40%.

One study based on a survey of Metro Manila and surrounding areas has revealed that the median income of households with no legal tenure was 20% higher than the official poverty line.² Our present estimates indicate that as many as half the people living in slum and squatter communities are not poor based on the income criterion. Their incomes may fall above the poverty threshold but high land and housing costs in the formal market do not enable them to acquire legal housing given their relatively low incomes.

What is clear from the numerous studies on urban housing in the country is that there is a large segment of the urban population belonging to the low and middle income strata that cannot be served by housing produced by the formal market. Even the government's home financing programs are unable to help them in situations where land costs are extremely high. In places where land costs are low to moderate, home financing assistance could be an effective way of helping this group.

²Based on a survey of 3,000 households undertaken as part of the 1992 UNCHS/World Bank Housing Indicators Study and UNDP/HUDCC, "Formulation and Implementation of Housing Policies for the Lowest Income Groups Project," cited in *The World Bank, A Strategy to Fight Poverty*, 1995.

For purposes of this discussion, we employ a broader definition of the urban poor to include not only those with incomes below the poverty line (as defined by UDHA) but also those without security of housing tenure whose incomes do not enable them to secure housing in the formal market. This would constitute around 80-90% of those living in slum and squatter communities.

Some common characteristics of this group are worth noting. A good number (around 20% to 25%) are employed in the formal sector and have regular incomes, but the majority have irregular incomes and work in the informal sector. Access to livelihood is the most important concern of this group, which determines their locational preferences as far as residence is concerned.

This is a relatively well educated group. A community survey conducted in an urban poor settlement in Quezon City based on 1,826 respondents³ showed that among those beyond school age, 58% of the household members of those interviewed were high school graduates, 17% graduated from college, and 3% successfully completed vocational schooling. Of those of school age, majority, or 76%, attend school. The completion rate, however, is low.

ROLE OF LOCAL GOVERNMENT IN HOUSING PROVISION

The Estrada government has adopted a policy thrust emphasizing the role of local governments in housing provision. Concretely, this implies that the government is planning to extend considerably greater technical and financial assistance to LGUs to enable them to effectively exercise their mandates under the UDHA. The UDHA accords to local governments a very important role in the provision of housing services. Its role goes beyond the production and disposition of housing assistance and includes the more fundamental aspects of housing provision such as land use planning, land banking, resource generation, and zoning.

A. Planning for a Local Socialized Housing Program.

UDHA details the responsibilities of local governments, which relate particularly to the planning of socialized housing programs. The first step is the

³The survey was conducted by the nongovernment organization, HASIK (which stands for Harnessing Self-reliant Initiatives and Knowledge), in the Commonwealth-National Government Center area located in District 2 of Quezon City, where the majority of the city's urban poor is found.

conduct of an inventory of lands within the LGU's jurisdiction for the purpose of identifying possible socialized housing sites. Then the LGUs are required to undertake a city- or municipal-wide registration of potential beneficiaries to determine the number of qualified "homeless and underprivileged" families needing housing assistance. After the inventory and beneficiary registration, the LGUs are supposed to identify and designate socialized housing sites within their city/municipality according to the guidelines set by the HLURB as part of the implementing rules and regulations of UDHA. The final step is for the LGU to set up a socialized housing program for the disposition of homelots and/or housing units to qualified beneficiaries.

The steps prescribed by UDHA appear straightforward but implementation has been a big problem for most, if not all, LGUs. The two biggest problems encountered are generating and/or sourcing funds to finance a socialized housing program and acquiring the socialized housing sites. Potential sites are either government- or privately-owned.

Privately-owned lands are expensive to acquire even when landowners are willing to dispose of them especially when they are occupied by informal settlers. Existing laws require the government to pay private landowners the market value of their lands. Depending on the location of privately owned lands, the demand for commercial space often takes precedence over residential use. Most cities do not have very strict zoning or land use rules, allowing private landowners to dispose of zoned residential lots for commercial purposes. In such a situation, land prices tend to rise very steeply.

As far as government lands are concerned, UDHA states that these should be prioritized for acquisition for socialized housing (Section 9, RA 7279) and government lands which have not been used for the last ten years for the purpose for which they have been reserved should be turned over to the NHA for possible disposition to qualified beneficiaries (Section 8, RA 7279). These provisions notwithstanding, LGUs have generally found themselves without any power to compel government agencies owning lands to give up these lands in favor of socialized housing.

The planning framework of most local governments also does not lend itself easily to providing adequate lands for socialized housing. Most LGUs tend to be more concerned with developing commercial areas and freeing up or acquiring lands for commercial purposes rather than for housing. This is understandable considering that urban LGUs are under immense pressure to increase revenues and

expand their tax base to cope with the increasing demand for services and infrastructure due to a fast growing urban population.

B. Relocation of Urban Poor Settlers.

Most local governments find that they are forced to confront the problem of housing only when there is an inevitable demolition or relocation either from a danger zone or from an infrastructure project site. Under these conditions, finding a suitable relocation site becomes the most common problem, especially if the LGU has not done any land banking. Because local government resources are extremely limited, LGUs tend to depend on the national government for the provision of relocation sites. Filling in this need has traditionally been the role of the NHA, and occasionally by the Department of Public Works and Highways.

In the case of relocation, the failure to involve the LGU of the receiving community in the planning of a relocation project has often resulted in the government's failure to provide the requisite services to relocated communities. LGUs that receive relocatees frequently complain that the urban poor are dumped in their localities while they are not given any additional resources by the national government to provide the necessary services to the newly-established communities. Because relocation projects are not integrated into the city or municipal plans of LGUs, especially if the relocation is done by the national government, receiving LGUs are unable to cope with the added responsibility of servicing the new communities, which could sometimes be as big as several thousands of families.

C. Land Use Planning.

City/town planning and the concomitant task of land use planning are a critical mandate of LGUs as far as housing provision is concerned (section 39, RA 7279). In practice, the creation of adequate business districts assumes a high priority when LGUs do city planning. The planning of transportation networks is also a prominent concern. The planning and zoning of residential areas and particularly socialized housing sites has not been accorded as much importance. Moreover, in some cases, existing zoning laws are easily altered to accommodate business prospects without regard to environmental and equity

considerations. The zoning of socialized housing sites, parks, green spaces and solid waste disposal sites has been a neglected aspect of city/municipal planning in general.

The zoning of socialized housing sites and land banking for socialized housing are key activities which LGUs need to more seriously undertake as part of their responsibilities in housing provision. However, this particular activity has not been given much emphasis by LGUs.

D. Financing.

Financing is another key issue that affects the LGU's ability to respond to the housing situation. While there are national home financing and guaranty programs that LGUs can avail of, such as the CMP and HIGC guaranty programs, these have proven to be quite limited. The CMP, for example, is now experiencing severe funding constraints such that loan take-outs are expected to be slower.

Bond flotation by LGUs has been encouraged by the national government in the past. The HIGC has a program providing guaranty to municipal bonds. The experiences of Cebu, Victorias and Puerta Princesa LGUs in this respect have often been cited as models of this type of financing arrangement. This particular guaranty program needs to be further strengthened to support LGU efforts to source housing funds from the private sector.

E. 20% Balanced Housing Provision of UDHA.

A second means by which LGUs can tap the private sector for housing funds is through the UDHA provision requiring private housing developers to set aside 20% of their project cost or project area for socialized housing (Section 18). Private developers are required to undertake socialized housing projects in the form of participation in the CMP, joint venture projects with NHA or LGU, slum upgrading or development of a new settlement or housing project, before they can be given a development permit by the local government for a new subdivision project.

Under the law, the LGU, specifically the sanggunian, ascertains compliance with this UDHA provision before a development permit is issued. Thus, it is the responsibility of the LGU to compel private developers to produce a so-

cialized housing component for any new project they undertake. In other words, no developer can get a permit without showing proof of compliance with this UDHA provision.

It has been the experience, however, that in practice, LGUs do not have the resources to actually check the compliance of private developers, especially if the developer puts up the socialized housing project in an adjacent province or adjacent region. In other words, developers may decide to locate their socialized housing project outside the city or municipality where the main project is located. This is allowed by the UDHA's implementing guidelines.

The LGUs, however, can exert influence on or attempt to persuade private developers to locate their socialized housing projects in the same city or municipality to help ease the housing shortage there. LGUs can give developers incentives such as easier access to road networks and basic community facilities to encourage them to put up their socialized housing project within the same LGU. LGUs have not sufficiently used this particular UDHA provision to their full advantage such that a lot of private sector capacity for socialized housing production has been left untapped. Joint venture projects between private developers and LGUs for socialized housing production can also be explored in consonance with this UDHA provision.

F. Socialized Housing Tax.

Another potential source of funds, which LGUs are however reluctant to make use of, is the imposition of a socialized housing tax. UDHA gives LGUs the authority to levy a socialized housing tax of one-half percent (0.5%) of the assessed value of land in excess of fifty thousand pesos (P50,000), the proceeds of which would be used to finance the LGUs' housing program. It is understandable that LGUs do not resort to this means of raising revenue as any new tax is politically unpopular. However, it is something worth exploring because there is good legal basis provided by the UDHA for the imposition of such a tax should an LGU decide to do it.

G. Local Housing Boards.

A final issue that local governments have to address is ensuring the sustainability of the local government's housing interventions. Bills have been filed in both the House of Representatives and the Senate proposing the establishment of local hous-

ing boards which will ensure the continuity and integration of the LGU's housing program. The housing boards will also provide representation to the urban poor and the private sector in the formulation of local housing policies and programs.

At present, a few LGUs have already established their local housing boards, even without benefit of a national legislation. These boards have functioned as advisory bodies recommending housing policies and programs to the LGU. They are an important mechanism for constituency-building and for ensuring that housing programs are formulated in accordance with the needs of the communities intended to be served.

ISSUES AND CONCERNS IN THE SOCIALIZED HOUSING SECTOR

A. Lack of Funds.

The biggest issue today in the socialized housing sector is that of ensuring adequate funding for the government's socialized housing programs. As mentioned above, the government has relied in the past on both budgetary and non-budgetary sources (i.e. GSIS, SSS and HDMF pension funds) to finance government housing programs. With the drying up of non-budgetary sources, the government will be increasing its dependence on the national budget to sustain its housing programs.

National government spending in housing, however, is not expected to increase very much, despite the pronouncements of the present government about prioritizing housing. In fact the housing budget is only 0.3% of the 1999 national budget, a substantial decrease from the average of 1.9% during the Ramos administration.

The CMP, in particular, is suffering from a severe budgetary shortfall. Data released by HUDCC reveal that the entire 1999 budget for CMP is just about enough to clear the projects presently in the pipeline. The amount is even lower than the CMP budget for the previous year. Loan take-outs for 1999 can only be given to projects with purchase commitment lines (PCLs) issued as of 1998. This means that new loans can expect to be taken out in 2000 at the earliest unless new funds could be made available to the CMP.

What this suggests is that the budget is really an inadequate source of funds for the CMP. The housing sector will be lobbying for the release of the remainder of the

CISFA-allocated funds totaling P10 billion. But the ability of the national treasury to supply this amount is uncertain.

The financing issue also raises the question of how the national government can assist LGUs in funding their housing projects. The opening of a special LGU lending window can be looked into to supplement current programs that give guaranty to municipal bonds floated by LGUs.

B. Cost Recovery.

A related issue to financing is ensuring sufficient cost recovery for socialized housing projects. The capacity of the national government to continue funding its housing programs hinges on the adequacy of the funds that flow back into the housing finance system. The national government can be expected to support local government housing initiatives that can guarantee a high degree of cost recovery. It will be noted that the collapse of the UHLP, the main lending program of the government for housing, was precisely due to poor collection efficiency.

In this light, social preparation is an indispensable ingredient of any housing program. NGO initiated programs have emphasized pre-savings by community associations as a prerequisite for accessing financing assistance. It is assumed that having made substantial prior investments in a project would make borrowers more committed to fulfilling their loan obligations. Good community organizing is also important to make sure that borrowers are well acquainted with the procedures and requirements of a program and the implications of defaulting on a loan.

C. Resettlement.

Aside from the CMP, the other major socialized housing program of the government is resettlement. Because of the virtual closure of the Unified Home Lending Program, which has a socialized housing component (home financing loans of less than P180,000), CMP and resettlement are just about the only remaining programs catering to low-income households.

Resettlement is a crucial, but often contentious, housing approach. The pitfalls of resettlement, especially the off-city type, are already well-documented. The biggest problem associated with off-city resettlement is the loss of livelihood and access to economic opportunities, a factor that normally forces many resettled families or

their members to return to squatting again in the city. The absence of basic services and the huge expense required for transportation are also common problems which resettled families must bear, making their quality of life definitely much worse in the resettlement area.

The need to develop new approaches to resettlement is a key issue in housing. Because livelihood is a key concern, the development of resettlement sites as part of a larger township planning project is recommended. Local governments in urbanizing areas are also encouraged to undertake landbanking in anticipation of future need for homesites for urban poor settlers who many need to be relocated as the demand for commercial space grows in central business districts. The planning of resettlement sites cannot be separated from the overall land use planning of an LGU.

D. Private Sector Participation.

The role and extent of participation of the private sector in the housing sector is another key issue, especially in the light of the government's limited capacity for financing socialized housing. The HUDCC has made the creation of a viable private sector-led housing finance system a principal goal of policy-making under this administration. It hopes to achieve this through the development of a functioning secondary mortgage market, where private commercial banks will originate mortgages that can then be sold to secondary mortgage institutions. The presence of a secondary mortgage market would encourage greater private sector investment in housing since capital need not be tied up with long-term mortgages. Crucial to this strategy is ensuring good quality mortgages, which can be done through appropriate lending policies and strict credit investigation.

The secondary mortgage market, however, is probably less useful to socialized housing for which loan amounts are generally low and interest rates are presently subsidized. HUDCC is planning to implement a major change in the subsidy system by doing away with interest subsidies and changing the form of subsidy to a one-time capital grant, which will be given to qualified urban poor borrowers. The advantage of the lump-sum subsidy is that it is transparent and can easily be budgeted. If this is implemented, even socialized housing loans will be charged market-based interest rates, which would make them attractive

for trading in the secondary mortgage market, especially if repayment rates for such types of loans are kept reasonably high. It is worth noting that low-income housing loans like CMP have a much higher repayment rate compared to the bigger loan packages such as those previously made available through the UHLP.

E. Land Use vis-a-vis Government's Regulatory Role.

The need for financing has grown markedly in recent years mainly because of soaring land prices. Because land values have skyrocketed, while average incomes have declined in real terms, acquiring land for housing has increasingly become unaffordable to a great number of urban dwellers.

Because market conditions generally tend to price the urban poor out of the land market, regulating land use and access becomes important. Once it is acknowledged that market forces cannot be allowed to completely dictate who gets to use land and for what purpose, a regulatory role for government is justified. The use of local governments' zoning and taxing powers emerges as a key instrument in the exercise of this regulatory function. UDHA provides a good legal basis for strategic interventions such as the imposition of the socialized housing tax and zoning socialized housing sites. These measures, if used judiciously, can make more land available for urban poor housing.

The question remains whether local governments can muster political support for these, often, unpopular measures.

F. Medium and High-rise Housing.

The introduction of medium-rise buildings (MRBs) as a housing approach has initially been strongly opposed by urban poor communities. The opposition is typically based on reasons having to do with size, design and cost. Most urban poor families require their housing to make room for extensions, which MRBs generally do not provide for. The cost of an MRB unit also tends to be high. Some MRB designs are prone to security hazards (e.g. long corridors) and do not allow for convenient access to common spaces. Finally, the absence of established rules and collective responsibility in the maintenance and upkeep of MRBs has often been a major factor for the deterioration of MRBs.

MRBs, on the other hand provide a good housing alternative in situations where well-situated land is scarce and expensive. When urban poor workers want to maintain access to sources of employment, they are more predisposed to accepting medium-rise housing as an alternative to off-city relocation.

However, there are quite a number of problems associated with this housing approach, aside from those already cited above. Foremost among them is estate management. Normally, residents are organized into a homeowners association, which will take charge of maintaining and managing the project and the building. Past experience however has shown that responsibilities with respect to building management are not clearly defined.

This is also true of tenurial rules. It is expected that there would be legally binding contracts that state the resident's rights and responsibilities as tenants or amortizing owners of MRB units. In a research done by the Manila-based Urban Research Consortium, it was found out that none of the six MRB projects considered in the study had clear rules for establishing ownership rights, nor did the tenants have in their possession any contracts or proofs of ownership or tenure. This partly explains the reluctance to pay or amortize. Consequently, repayment rates are poor, and maintenance of the buildings suffers. LGUs considering MRBs as a housing approach must look into the costs and mechanics of estate management to ensure an efficient maintenance of such projects.

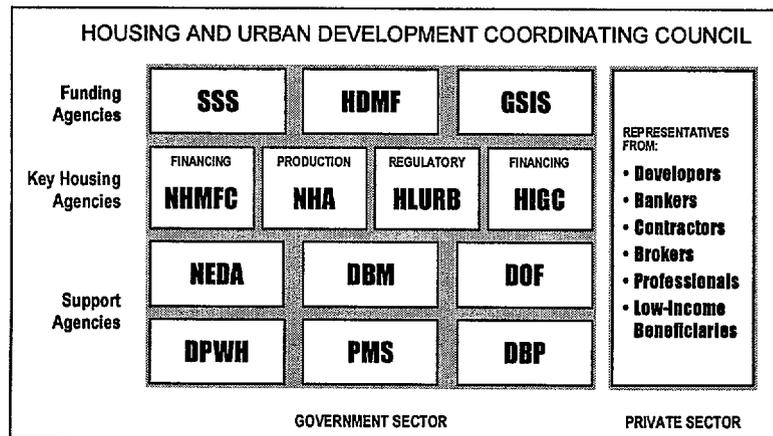


Annex A
BUDGET OF THE HOUSING SECTOR FOR YEAR 1999

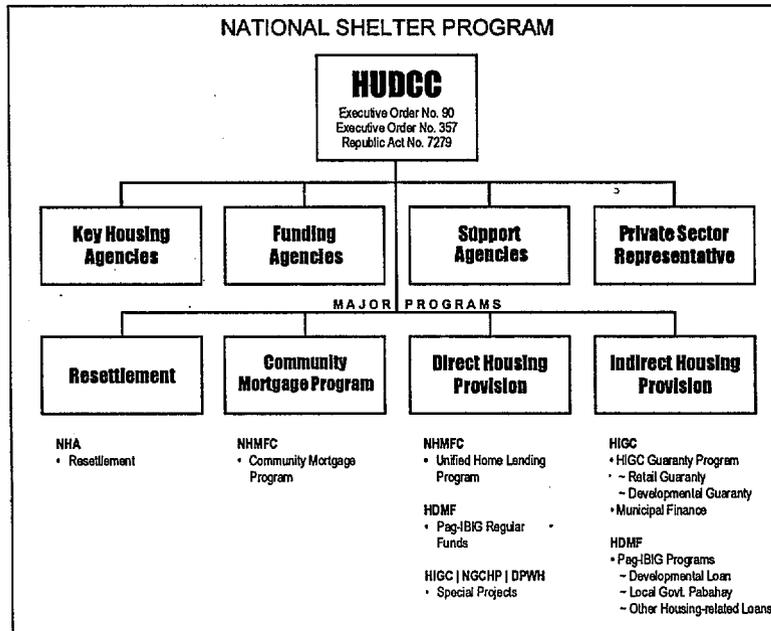
Agency/Program	Amount (PhP)
HUDCC	40,779,000
HLRB	126,185,000
NHA	734,000,000
* Resettlement Program	534,000,000
* Local Housing Program	200,000,000
HIGC	158,000,000
* Credit Insurance & Mortgage Guarantee Operations	158,000,000
NHMFC	684,954,000
* Community Mortgage Program	492,954,000
* Equity Investment in Various Housing Programs	192,000,000
Total	1,744,668,000

Source: National Expenditure Program, Fiscal Year 1999.

Annex B



Annex C



■ STRENGTHENING NATIONAL—LOCAL ■ GOVERNMENT RELATIONSHIPS: THE CASE OF THE HOUSING PROGRAM OF BACOLOD CITY, NEGROS OCCIDENTAL

QUIDAN-KAISAHAN OF NEGROS OCCIDENTAL, INC.

The 1987 Constitution mandates the State to undertake a continuing program on urban land reform and housing. It specifies that decent housing at affordable costs and basic services should be provided to the growing number of under-privileged and homeless citizens. This mandate is supported by national laws, particularly the Urban Development and Housing Act (UDHA) of 1992 (Republic Act 7279) and the Comprehensive and Integrated Shelter Financing Act or CISFA of 1994 (RA 7835).

The Local Government Code of 1991 (RA 7160), which took effect on the 1st of January 1992, also provides a legal basis for the transfer of powers, authorities, responsibilities, and resources from national to local government units (LGUs). This decentralization program has four components, namely: devolution or transfer of responsibilities for the provision of basic services and facilities, transfer of regulatory functions, improved national government-LGU relations, and institutionalized relations between LGU and nongovernment organizations (NGOs) or the private sector. Because of the expected difficulties in implementing these reforms at the local level, and in this case on the improvement of national government-LGU relations, the Ford Foundation provided a research grant to the Asian Institute of Management (AIM) to identify opportunities for empowering LGUs in their devolved functions and the most appropriate modes of support by national government agencies.

This report summarizes the findings of the research study on the socialized housing development program of Bacolod City. The study inquired into the LGU's efforts and initiatives in coming up with strategies and schemes in order to serve

much of its urban poor population. This also lists the problems and difficulties it has encountered in carrying out its mandate.

OBJECTIVES AND METHODS OF THE STUDY

The study is an action-oriented policy research. It has three objectives. First is to examine the role of national government agencies in the devolution of function to the LGUs. Second is to help initiate a concrete project on the ground (e.g., an actual socialized housing project). And third is to utilize this actual project to draw up policy recommendations toward strengthening the relationship of the national government and LGUs.

A. Choosing the Program Focus and Study Site.

Unlike other social services, housing service "has lagged behind both in terms of the level of government spending devoted to its provision and the consistency of government policies and programs . . . the resulting picture has been a patchwork of housing programs implemented over the years that has had little impact on improving the housing conditions of the poor."¹ The same study reveals that "the overall trend toward decentralization in governance presents a new context in which government housing policy will be redefined. . . within this new context, the relationship between the national government and local governments assumes a special significance in the light of the issue of government's capacity for housing delivery." It is in this circumstance that this study has chosen housing as the program focus.

As regards the study site, Bacolod City, Negros Occidental, was selected for two reasons. One was the willingness of the local chief executive to participate in this project. And two was the presence of innovation or success stories at the local level that could become a model for others.

B. Fieldwork Procedure.

The study employed field interview of key informants and focus-group discussion (FGD) as the major data-gathering techniques. Secondary information was

¹Anna Marie A. Karaos, *Thematic Paper on Socialized Housing and Local Government*, 1999.

also utilized. Information was culled from various records of the City Planning Development Officer (CPDO), including the 1997-1998 Socio-Economic Profile of Bacolod City, the City's 1997 Annual Report, and other records kept by the different offices such as the Bacolod Housing Authority (BHA) and the Sangguniang Panlungsod members, e.g., resolutions.

The consultation meeting held on March 9, 1999 with the LGU's officials and implementors of the city's housing program, the national shelter agencies and non-government organizations concerned with housing and urban poor issues also provided valuable inputs to the research study.

C. The Research Setting.

Bacolod is the capital city of Negros Occidental. It is considered the province's seat of administration and decision making, the center of trade, commerce, industry, and education as well as of facilities and services. During the past several years, it has become the center of investments in Negros Occidental and a favorite convention center outside Manila. It is also referred to as the "city of smiles."

(1) *Natural and Physical Characteristics.* Bacolod City is strategically located at the center of Negros Occidental. It is ideally situated on a flat to slightly sloping area that extends toward the sea. It is geographically found on the north-western coast of the province. Several cities and municipalities form Bacolod City's boundaries and demarcation lines, namely: Talisay City on the northwest, Silay City and Victorias City on the northeast, Murcia on the east and southeast, Bago City on the southwest, and the Guimaras Strait on the west. It is accessible by air through the Bacolod Airport, about 4 kilometers from the city center and by sea through the ports of Banago, the Reclamation Area and the port of Pulupandan. The latter is about 36 kilometers from the city proper.

Four big rivers traverse Bacolod City namely: Lupit, Magsungay, Ngalan, and Sum-ag Rivers. These rivers and its tributaries originate from several mountains particularly located in Silay and Murcia and passing several barangays in the city before emptying into the Guimaras Strait. The rivers also serve as major outlets for the city's drainage system. These are also sources of construction materials such as sand and other cover materials.

Different types and qualities of soil cover the entire city of Bacolod. Those found in the flat to slightly sloping areas are particularly suitable for primary crops such as

sugarcane, rice, coconut, and a variety of vegetables. Those near the sea are suited for aquamarine culture.

Bacolod has two pronounced seasons: the rainy and the dry. The rainy season usually starts from the later part of May to November but extend on some occasions to December and January of the following year. Heavy rains are observed in August and September. The dry season, in turn, starts from February to April and the early part of May. December through February is the coolest months of the city with April as the hottest month.

(2) *Area and Land Use.* Bacolod City has a total land area of 16,269.83 hectares. This includes the 124-hectare reclamation area. About 530 hectares (3%) comprise straits, rivers, and creeks. The majority of its land area is still devoted to agriculture (44%). It is expected, however, that this would decrease over time due to industrialization and the city's rapid growth rate. Residential use (28%) ranks second to agricultural use. The rest are utilized for institutional, commercial and industrial purposes (see Table 1).

Table 1
Land use distribution in Bacolod City

Use	Hectare (%)
Agricultural	7,118.00 (44)
Residential	4,593.00 (28)
Institutional	2,688.00 (16)
Commercial	735.85 (5)
Roads/rivers	608.00 (4)
Industrial	403.00 (2)
Reclamation	123.98 (1)
TOTAL	16,269.83 (100)

Early legislators initiated to put direction and to plan well for the future growth of the city. In January 1957, the City Council of Bacolod passed and approved the zoning ordinance of the city (City Ordinance No. 140, series of 1957) as stipulated by the National Planning Commission by virtue of Executive Order No. 98, series of

1946 and No. 367, series of 1950, respectively. This was the first zoning ordinance ever passed by the city council. This ordinance, however, simply regulated land use and did not include the zoning of the city. Nonetheless, in 1966 the city council revised its Zoning Ordinance (Ordinance No. 859, series of 1966) in accordance with the plans prepared by the City Planning Board. The ordinance mandated the sectioning of the city into residential, commercial, as well as light to heavy industrial zones. The zoning, however, was microscopic and included areas in the city proper and some major roads. This legislation zoned roughly about 12-15% of the city's total land area.

In 1977, the City Council again tried to amend the previous zoning ordinance. And finally in 1998, the City Council passed and approved the city's Comprehensive Zoning Ordinance (Ordinance No. 216 series of 1998) pursuant to the provisions of the Local Government Code of 1991. The ordinance has three objectives. First, to guide, control and regulate the future growth and development of the city in accordance with its Comprehensive Development and Land Use Plan. Second, to protect the character and stability of residential, commercial, and other land uses within the locality and promote an orderly and beneficial development of the city. And, third, to protect the health and promote safety, peace, comfort and general welfare of the inhabitants in the locality.

The above legislation is an indication that the city officials have initiated in putting development in its right place as they have visualized. City records pertaining to land use suggest that, indeed, if left unrestrained, the city's future development would be difficult to control. Table 2 compares the city's land uses over certain periods of time. It sets a trend of a growing population; an increasing demand for commercial, industrial, and institutional areas; and a diminishing space for agricultural use. Moreover, it is noted that there is an increase in the area being utilized for roads suggesting the addition of arteries in the city in consonance with the increased area devoted for residential use particularly subdivisions. There is an estimated 328 subdivisions in the city.

A reclamation project launched in March 1995 hopes to provide more space for the commercial and industrial zones of the city. This includes port development and reclamation in 13 years and 9 months. As of 1998, a total of 124 hectares has been reclaimed. It is expected to reclaim up to 250 hectares.

Table 2
Comparative uses of Bacolod City's land from 1980 to 1995

Land Use	1980 (in ha)	1990 (in ha)	1995 (in ha)
Residential	3,165.64	3,312.57	4,593.00
Commercial	259.55	552.00	735.85
Industrial	28.92	82.82	403.00
Institutional	375.70	788.00	2,688.00
Agricultural	11,805.75	10,836.16	7,118.00
Roads/Rivers	539.27	574.28	608.00
Reclaimed Area	—	—	123.98
TOTAL	16,145.83	16,145.83	16,269.83

Table 3
Trend of population growth of Bacolod City

Year	Population	Increase (%)
1948	101,432	—
1960	119,315	17,883 (18)
1970	187,300	67,985 (57)
1980	262,415	75,115 (40)
1990	364,180	101,765 (39)
1995	402,345	38,165 (10)

(3) *Population.* A census undertaken by the National Statistics Office (NSO) in 1995 placed Bacolod City's population at 402,345 indicating a 10% increase in population compared to the 1990 population count of 364,180. It has a population density of 24.73 individuals per hectare. The household count reached 78,195, about 18% higher than the 1990 census of 66,424 households. The average household size in 1995 is 5.1 persons per household indicating a decrease in size compared to the 1990 census of 5.5. Table 3 presents the trend of population growth of the city from 1948 to 1995.

Bacolod City has 620 puroks distributed in 61 barangays. Forty-one of these barangays are categorized urban while the remaining 20 are considered rural.

The 1990 and 1995 censuses revealed that three barangays near the city center are densely populated. These are Barangays Villamonte, Taculing, and Singcang. Barangays Felisa and Montevista situated in the outskirts of the city have the least population.

(4) *Education.* As of 1997, Bacolod's population has a high literacy rate: 90% for elementary and 88% for the secondary level. A total of 112 schools cater to the educational needs of the population; a majority is elementary (70) and secondary (31). There are 11 colleges and universities in the city.

(5) *Economy.* Being the center of governance, Bacolod City is the seat of decision-making of the province. It is also the province's center of trade, business, and industry. It was declared a chartered city on October 19, 1938 under Commonwealth Act No. 404 and was classified a highly urbanized city in 1984.

The city's labor force comprises those aged between 15 to 64 years old. As of 1990, about 237,849 individuals belong to this age category accounting for 59% of the city's total population. Of this group, 130,817 (55%) are gainfully employed while 107,032 (45%) are unemployed and economically inactive. This indicates a high occurrence of unemployment as well as a high poverty incidence in the city.

As the center of business, agricultural products from neighboring towns and cities are being brought to the city for trading to consumers. Because of its diminishing agricultural land and rapid population growth, it could not meet the demand for food by its population. The majority of these agricultural and farm products come from neighboring towns and cities and even Guimaras, Iloilo, and Cebu. The remaining farm producing barangays of the city are Granada, Felisa, Sum-ag, and Alangilan with the latter producing the most.

Bacolod has rich fishing ground near Guimaras. Several barangays like Banago, Magsungay, Villa Esperanza, Pahanocoy, and Punta Taytay have been identified as fishing communities. However, the city's fishing grounds, e.g., shorelines, rivers, and creeks are also facing serious problems due to pollution and environmental degradation.

ROLE OF THE LOCAL GOVERNMENT UNIT IN HOUSING

As presented earlier, several legislations provide legal mandates to LGUs in undertaking continuing programs to provide housing service particularly for the

urban poor. The recent trend toward decentralization as specified by the Local Government Code offers new avenues to reach this goal. The current administration of Bacolod City, for example, envisions a better community for its people than it is now. It desires to achieve the following visions: an honest and responsive city hall; better health care and education services; more housing for the homeless; a peaceful and drug-free community; a sustainable environment management program; more investor-friendly infrastructure; a new government center; and, an outer circumferential avenue.²

As regards its objectives, the present administration has the following:

- To provide efficient delivery of basic services to the people of Bacolod by streamlining City Hall's operations and administrative capabilities;
- To help ease the pain of poverty by providing genuine Social Services to the people of Bacolod primarily directed toward health and sanitation, housing, and education;
- To pump-prime the economy to cushion the impact of economic crisis;
- To achieve sustainable infrastructure development that enhances the velocity of money and establish symbiotic relationship among business, labor and government, and;
- To provide housing facilities to a greater number, thus, paving the way for construction of major arteries connecting the existing barangays of Bacolod City.³

The issue on how to achieve these visions and objectives lies on the will of the city's chief executive and its council. The realization of these dreams, however, also depends on the availability of resources as well as the creativity of the city officials in finding means to look for such resources. Based on the city's records, the fund requirements in order to implement the different programs and projects of the city has been increasing. This is suggestive of the city's ca-

² Indicated in the *1999 Annual Development Plan of Bacolod City*.

³ *Ibid.*

pability to look for resources in order to meet the needs and resolve the problems of its population. Funds were usually taken from its regular Internal Revenue Allotment (IRA) and other sources such as the business tax and other tax revenues, operating and miscellaneous revenues, interest income, real property tax, and other income and receipts from economic enterprises. Records also indicate the national government's increasing support to the city's programs and projects. Following the implementation of the Local Government Code in 1992, for example, the city has received an annual mean average of Internal Revenue Allotment (IRA) of P216.5 million (Table 4).

Table 4
Comparative IRA allocations of Bacolod City (1992-1999, in million pesos)

Year	IRA	Annual Budget
1992	92.70	320.90
1993	172.40	275.00
1994	205.40	293.00
1995	213.50	372.80
1996	229.50	386.00
1997	261.54	445.00
1998	284.00	500.39
1999	284.00	503.58

Table 5, in turn, shows that the city of Bacolod has a total budget of P503.58 million for 1999. It has distributed its budget to three major categories namely: general services, social services, and economic services. The general services program emerged to have received the biggest allocation (239.1 million or 47% of the budget). The social services program ranked second with an allocation of Ph135.6 million or 27% of the total budget. Under this program, only Ph6.0 million was allocated for the city's housing and relocation program, a mere 4% of the social services program budget. This comprises only 1% of the city's total budget. This is reflective of the city's priorities in relation to providing housing services.

Table 5
Allocation of 1999 funds by sectoral program

Program	Budget (in million pesos)	Percentage
<i>General Services</i>	<i>239.1</i>	<i>47%</i>
General Administration	172	72
Government Finances	54	23
Adjudication	13	5
<i>Social Services</i>	<i>135.6</i>	<i>27%</i>
Health and Sanitation	85	63
Social Development	41	30
Education	90	7
<i>Economic Services</i>	<i>128.9</i>	<i>26%</i>
Economic Development	112	87
Economic Enterprise	16	12
GRAND TOTAL	503.6	100%

Table 6
Prioritized projects of Bacolod City for 1999

Project ID No.	Name of Project
01	Housing and Development Project
02	Solid Waste Management
03	Construction of Slaughterhouse
04	Construction of Integrated Bus and Jeepney Terminal for Southbound and Northbound Commuters
05	Road and Bridge Project (Outer Circumferential Road)

A. Priority Programs and Projects.

In line with the city's aspirations to realize its visions and objectives, the City Planning and Development Office (CPDO) reported five priority projects for 1999. The hope is that these projects will better serve the city's

population (see Table 6).⁴ It should be noted that housing has been recognized by the Verdeflor administration a priority program. Labeled as the Bacolod Southeast Integrated Shelter Development Project (BASIS), the present mayor visualizes in implementing this project to eventually meet the requirements of a growing and increasing population in Bacolod City. It plans to construct and establish a well-planned community on a 263-hectare area. The site is located on the southeast part of City Hall and is accessible through the Carlos Hilado Memorial Road. It has an estimated project cost of Ph920.5 million.

BASIS primarily focuses on the administration's housing program, which would involve high, medium and low-cost housing facilities for the middle- and low-income earners of the city. It has the following project components:

- Land Banking for housing for high-end, medium, and socialized housing program for city residents;
- Commercial and business centers for small, medium, and large scale entrepreneurs;
- Open space for recreational facilities that would also serve as a buffer zone to the infrastructures;
- Market complex for province-wide marketing of agriculture and non-agriculture products;
- Industrial centers for production of globally-competitive, export quality products using indigenous raw materials from the island;
- Planned drainage system to meet the demands of an increasing population, and;
- One-stop government center that will house all local and national government-institutions.

⁴ Contained in the list of priority projects under Mayor Oscar Verdeflor's administration.

The 263-hectare lot will hold the 100-hectare proposed government center. It also includes the 70-hectare socialized housing project that would be able to generate 14,000 50-square meter home lots. The squatters and other urban poor families of the city are the target beneficiaries of the project. The rest of the 100-hectare area will be utilized for industrial and commercial centers.

Another 79.0 hectares will be allotted for roads and open spaces. The remaining 84.0 hectares will be used for land banking. This area will be exclusively developed for high-end residential, commercial, sports and recreation and other amenities. This concept will be able to subsidize the cost of land and improvement costs of the area intended for low-income beneficiaries.⁵

B. Bacolod City's Existing Housing Programs.

As mentioned earlier, the city's 1999 budget for housing comprises 1% of its total budget. The trend in the previous administrations appears the same considering that the bulk of the budget are often utilized for infrastructure and other priority programs. Nonetheless, it is worth noting that the city government of Bacolod has continuously made efforts related to the provision of housing facilities for the city's under-privileged and homeless citizens and, thereby, improving their land tenure status.

The history of Bacolod's Housing Program could be traced back in 1972. The launching of this program was primarily in consonance with Letter of Instruction No. 19 issued by then President Ferdinand Marcos, who ordered the removal of illegal constructions on esteros and waterways and the finding of a solution to the country's growing squatter problem.

In line with the above mandate and with the city's priority program during that time, on October 30, 1972, the City Council of Bacolod City enacted Resolution No. 4017 authorizing the city mayor to organize the Bacolod Housing Authority (BHA). On the following day (31 October 1972), then city mayor Carlos P. Benares created the BHA through an executive order issued on 31 October 1972. With this declaration, BHA spearheaded the implementation of the housing projects of the city. More-

⁵ Mayor Verdeflor proclaimed the BASIS Development Project as Bacolod City's Shelter Plan. It should be noted, however, that as of March 9, 1999 the plan has not been presented to the Sanggunian Panglungsod for deliberation and approval. The mayor believes that he can access funds from the national government for this, even without passing through his council, as a result of this study.

over, in 1989, the city council authorized BHA to act as the originator or the lead agency in implementing the city's Community Mortgage Program (CMP). This made BHA the first originator that had take-outs in Western Visayas. In that same year, the city mayor created the Urban Poor Affairs Office (UPAO) and merged this with BHA to further intensify efforts to solve the urban problem of the city. In 1994, the Sangguniang Panlungsod approved additional budget for BHA to further augment its manpower and provide more resources in order to address the increasing housing needs of the urban poor. BHA has the following legal mandates:

- To study on a continuing basis the housing problems of the city and to provide solutions to the problems;
- To plan, develop, and pursue a housing project with the aid of the Government Service Insurance System (GSIS) and other agencies to help local employees and their immediate families and citizens;
- To implement Presidential Decrees, General Orders, Letters of Instructions, Laws and Regulations on housing particularly, Letter of Instruction No. 19 which pertains to the removal and relocation of squatters staying in public lands, esteros, or private lands devoted to public use;
- To enjoin the public, city and government employees to cooperate, participate and collaborate in the implementation of the Bacolod Housing Authority's projects;
- To make representation with the national agencies of the government for the purpose of obtaining technical or commodity assistance from local or foreign sources, lending institutions, and others; and,
- To promote and organize housing cooperatives.

C. Magnitude of Bacolod's Housing Problem.

Bacolod City has been the point of migration for many people from other parts of the province. Often, the main reason for this migration is to find better job oppor-

tunities in the city that became rampant during the collapse of the sugar industry in the 1980s. In addition to this, the in-migration problem was also due to the massive military operations in the upland municipalities of the province particularly during the height of the armed conflict between the military and the New People's Army. Because of this, a large influx of people came to the city causing the majority of these migrants to establish dwelling units on private and public lands and also along shorelines, creeks, riverbanks, and canals of city streets.

These circumstances appear to have contributed to the increased incidence of squatting in the city in addition to its rapid growth. The 1990 census, for example, showed an increase of 101,765 in the city's population over the 1980 census. This is the highest population increase recorded by the National Statistics Office (NSO) over a ten-year period (see Table 7). The NSO reported that the increase in the population also increased the housing backlog of the city to 47,737 households. This housing backlog accounts for 72% of the total households in the city during that time. In 1995, however, the Bacolod Housing Authority (BHA) initiated the master listing of squatters in the city as mandated in Republic Act 7279. This activity listed a total of 39,921 squatters representing slightly more than half (51%) of the total household count (78,195 households).⁶

Table 7
Comparative population and household growth of Bacolod City

Year	Population	Increase (in %)	Household
1948	101,432	—	—
1960	119,315	18	—
1970	187,300	57	—
1980	262,415	40	—
1990	364,180	39	66,424
1995	402,345	10	78,195

⁶It is argued that Bacolod City's total number of squatters (39,921) is understated. Many believe that the listing of potential beneficiaries for socialized housing was not carefully done and has, therefore, overlooked other target beneficiaries.

BHA reported that about 35% (13,972) of the squatters are found in the city center particularly along shorelines/coastal areas of urban barangay. The other 65% (25,948) reside in the rural barangay. BHA also reported that as of 1997, the figure decreased to 35,926 indicating that it was able to provide housing to about 10% of the existing squatters in the city. By 1999, the City Planning and Development Coordinator (MPDC) reported a further decrease of the squatter households (35,620). The poverty incidence among the squatters is high; about 85% of them are categorized poor and very poor.

As earlier noted, most squatters live along shorelines, open canals, the riverbanks, on the sides of creeks and private or public lots. These are often referred to as "squatter colonies" and are particularly found in Barangay Banago, Singcang, Punta Taytay, Bata, Barangay 1 to 3, 6, 8 to 14, Barangay 16, and Barangay Magsungay. The Reclamation area is also fast becoming the point of interest for many squatters.

As expected, living conditions of the squatters are very poor particularly in terms of health and sanitation. The majority of these households do not have proper waste disposal facilities especially toilets. Many of the squatter colonies also lack basic services and facilities such as water and electricity.

D. Programs and Services to Address the Housing Problem.

In line with the national government's policy declarations, the National Shelter Program (NSP) intends to serve the housing needs of the poorest 30% of the country's population. The majority of these poorest 30% usually belong to the informal sector or the unemployed. At the local level, it appears, however, that the various housing programs of the city served a variety of clients. Many of these belonged to the employed sector.

As mandated in Section 10 of UDHA, a local government unit can acquire lands for its housing programs through several means. These include community mortgage, land swapping, land assembly or consolidation, land banking, donation to the government, joint venture agreement, purchase, and expropriation. The priorities in the acquisition of land, in turn, as directed by Section 9 of UDHA are:

- those owned by the government or its subdivisions, instrumentalities, or agencies, including government owned or controlled corporations and their subsidiaries;

- on-site development;
- alienable lands of the public domain;
- unregistered or abandoned and idle lands;
- those within the declared areas for development, zonal improvement site, and slum improvement of and resettlement sites;
- Bagong Lipunan improvement sites and services or BLISS sites, and,
- privately owned lands.

Moreover, UDHA specifies the intended beneficiaries for the socialized housing. Article 5, Section 16 dictates that in order to be qualified to become a beneficiary, the following considerations must be met. These are the following: (a) must be a Filipino citizen, (b) must be under-privileged and homeless, (c) must not own any real property whether in the urban or rural areas, and (d) must not be a professional squatter or a member of squatting syndicates.

This section describes the different programs being implemented by Bacolod Housing Authority in order to provide security of tenure to its target beneficiaries.

(1) *Relocation and Resettlement Projects*. This is the oldest program being implemented by BHA. This project comprises the existing relocation and resettlement sites located in Barangay Handumanan. This was started in 1972 and was originally named the Mansilingan Relocation and Rehabilitation Program (MRRP) and the Mansilingan Sites and Services Project (MSSP). These two resettlement sites were merged with the Handumanan Relocation project. MRRP comprised Phase I while MSSP became Phase II of the Handumanan project respectively. Starting with a 16.4 ha land, the Handumanan Relocation site was allocated to some 500 households. As of 1999, the project has expanded to an aggregate area of 95.4 ha and a total of seven phases. The site includes open spaces and other services.

A total of about 3,853 households benefited from this project with an approximate population of 9,624. The majority of the beneficiaries here are the squatters of the seaside barangay of the city, the burned communities at Lopez-Jaena-Galo Streets, the families of Purok Tapulanga, and Barangay Singcang Airport. Phase V and VI-A

of the relocation site were allotted to the displaced households of the Bacolod Airport as the Air Transportation Office declared their residential areas as hazardous to aircraft traffic.

Basic facilities and services provided for the newly relocated population include water, light roads and drainage, market, parks and playgrounds, cemetery, schools and churches, day care centers, sports area like basketball courts and a barangay hall. An orphanage run by American missionaries is also found on the site. The St. Ezekiel Health Center operated by the University of Negros Occidental-Recoletos intended for the homeowners of a nearby subdivision also service the Handumanan residents.

Another project intended for the relocation of squatters in the city is the Fortune Town Relocation Site. Fortune Town has a total area of 45 ha. Only 5.9 ha, however, were allocated for relocation site. The remaining area was allocated for the socialized housing program, the employees' housing, open spaces and facilities. The relocation site was awarded to 655 squatter households. Between 1995 to 1997, the households who were presented with the lots in Fortune Town represents almost 5% (1,800) of the total registered potential beneficiaries.

(2) *Community Mortgage Program (CMP)*. BHA reported that beneficiaries of this program reached a little more than 3% (1,385) of the 1995 squatter count. BHA, as originator of the program, provides technical assistance to the association. Processing of papers takes about one to one and a half years.

A variant of the CMP is the Intensified Community Mortgage Program (ICMP). Because of the tedious process of land acquisition and ownership encountered by the beneficiaries through the CMP, the ICMP is visualized to bypass these experiences. This strategy involves several schemes in acquiring land wherein the beneficiaries owns land in a shortened period of time. This scheme, started in mid-1995, has provided housing to some 278 households by the end of 1997. This comprises about 0.6% of the total potential beneficiaries recorded in 1995.

Several features stress the uniqueness of this strategy. Among others, it offers minimum displacement and maximum retention of structures compared to the relocation and off-site CMP programs. Moreover, the ICMP scheme also provides ownership of the land between 3-5 years of payment. Land titling is done soon after full payment of the land. In addition, the potential beneficiaries are determined by the association itself enabling the members to make decisions for their own welfare. The following strategies are employed in this program:

a. Direct Purchase. This is either a group or individual scheme employed to acquire a parcel of land. The association, usually with the technical assistance of BHA, negotiates with the landowner for the acquisition of land. In case there is a need to put up funds for an initial payment with the landowner, the association raises the amount from the land's intended buyers. The remaining amount is usually paid in accordance with the terms and conditions stipulated in the Memorandum of Agreement signed by both parties. The beneficiaries then undertake physical development and may seek local support from the Barangay or City Council.

b. Land Banking. In this strategy, the local government unit takes an active part in the acquisition of the land for socialized housing. The situation usually entails the target beneficiaries to form an association that spearheads in raising funds, usually 10-20% of the total price, which will then be used to purchase the land. The government unit provides the remaining 80-90% of the cost. The beneficiaries repay their loan with the local government unit as indicated in the Memorandum of Agreement.

c. Bridge/Interim Financing. In this scheme, the local government unit is responsible in purchasing the land. Intent to sell will then be issued by the government unit in favor of the community association. The latter will seek funding from financial institutions in order to purchase the land for their housing.

(3) *Low Cost Socialized Housing*. This is a house and lot package project intended for local, provincial, and national employees who do not own lots in the city. A Technical Working Team determines the beneficiaries for this program. The team is composed of representatives from the local government unit, the National Housing Authority, and the Developer. The assignment of lots is done through a public raffle. Beneficiaries of this program represent about 532 of the 1995 backlog.

E. Support Structures and Mechanisms.

Aside from the BHA, the city government of Bacolod has put in place several structures and mechanisms in order to push for the development of its housing program. These include the Urban Development and Housing Task Force, the CPDO, and the regular committee in the City Council (the Housing, Urban Development and Resettlements Committee). The City Development Council particularly the Social Development Committee identified as an avenue to address, among others, the housing problems of the city also plays an important role in this endeavor.

(1) *The Urban Development and Housing Task Force*. Created by virtue of Executive Order No. 03 series of 1998 under the administration of Mayor Oscar Verdeflor, the Urban Development and Housing Task Force has the following functions;

- Conduct inventories of all lands and improvement within the city;
- Identify lands for socialized housing and resettlement area for immediate and future needs of the under-privileged and homeless;
- Identify for approval of appropriate government entity of government lands for disposition;
- Recommend expropriation of idle lands for disposition or use by the government for immediate needs of the under-privileged and homeless;
- Formulate alternative schemes for disposition of lands to the beneficiaries with respect to the lands within the locality;
- Recommend to the city mayor for appropriate action of concerned line department/offices the implementation of resettlement and relocation with basic services and facilities, in cases of persons living in danger areas, and other public places such as sidewalks, playground, parks and riverbanks, and;
- Coordinate with appropriate local and national government agencies in the prevention of illegal dwelling units or structures.

(2) *The City Planning and Development Office (CPDO)*. The local government code mandates this office, headed by the city planning and development coordinator (CPDC) to formulate integrated economic, social, physical, and other development plans and policies for consideration of the local development council. It has also the responsibility to monitor and evaluate the implementation of different development programs, projects, and activities in the city in accordance with the approved comprehensive land use and development plan. With regard to housing, the CPDO in coordination with existing structures and mechanisms works closely in

the formulation of a comprehensive land use development plan and relevant sectoral plans of which the shelter plan is one of them.

(3) *The Housing, Urban Development and Resettlements Committee*. This is a regular committee of the City Council that enacts housing-related laws to support the housing program of the city particularly in terms of funds and budgets.

PROBLEMS AND CONSTRAINTS

A. Absence of an Approved Shelter Plan.

Although several programs concerning housing were pursued to meet the housing needs of the urban poor, it emerged that the city has not come up with an approved sectoral plan on shelter that forms part of its comprehensive development plan. While the present administration has started to put in writing what the city mayor visualizes for the city's housing program, his vision remains unshared. The city mayor has not presented his housing plan to the Sangguniang Panlungsod because he is suspicious that someone might sabotage it. The constant altercation and disagreement with his council members because of political as well as apolitical reasons also hindered the city from addressing this issue properly.

The absence of a shelter plan is also reflective of the previous and present administrations' failure to come up with a scheme that would ensure proactive means of providing housing service particularly to its urban poor. Several factors could be attributed to this, such as the lack of direction provided by the city's chief executive and the lack of technical expertise on the part of the CPDO and other key actors that would undertake the formulation of the Shelter Plan.

B. Dispersed Efforts of Various Structures within the LGU.

The city government installed several structures and mechanisms in order to oversee the implementation of its housing programs and projects. Among these are the BHA, the Committee on Housing, Urban Development and Resettlements Committee, and the Bacolod Task Force on Housing and Urban Development.

While BHA emerged to be in low spirits because of the city mayor's disregard of the office, particularly by transferring the remaining construction tasks in the resettlement projects in Handumanan to the City Engineers' Office just recently, de-

moralization has gone high in this agency. The city mayor's move to replace the OIC-program officer with his choice candidate has been a source of disharmony between them. The idea of replacing the BHA head with the mayor's choice candidate, however, was opposed by the Sanggunian Panlalawigan.

Local political analysts maintained that this agency is being used as a political arm particularly because of its mass-based clientele. They mentioned that getting political alliances from this office ensures victory for a political aspirant. The friction between BHA's OIC-program officer and the mayor also seems to be politically motivated; the former having political affiliations with a rival party. It was mentioned, though, that the OIC-program officer lacks the capability to provide a clear view of direction to BHA and needs to be more open and creative in promoting and enhancing the staff's capabilities.

On the one hand, the City Development Council (CDC) has put low priority to the housing program as indicated in the previous fund allocations for housing. In 1997, for example, only 13% of the funds allocated for the social services sector was set aside to support the housing program of the City. Fund support for housing further decreased in 1998 having received an allocation of 11%.

The Bacolod Task Force on Housing and Urban Development, on the other hand, also seems to undertake its function independently. Although, the former chairperson (who was delegated by the mayor to the position but later resigned) verbalized that they met twice every month, it appears that the other task force members do not take part as perceived. It could, therefore, be articulated that the city's efforts have not been consolidated because of a weak point of convergence.

C. Lack of Support to Resettled Families.

The resettlement program of the city (together with CMP and ICMP) emerges as the only program servicing the low-income and under-privileged households. Particularly in the off-site resettlement, several problems were associated with this namely: the loss of livelihood and access to economic opportunities to the beneficiaries. This appears to be a big factor that forces many resettled families and their household members to return to squatting in the city. Another issue is the absence of basic services particularly at the beginning and the huge ex-

pense required for transportation by the resettled families in undertaking their economic activities. The resettlement areas are usually located far from the city center while a majority of the resettled families have their livelihoods in the city center.

D. Poor Collection and Recovery of Funds.

The LGU's capacity to continue providing funds for its housing programs depends on its efficiency to collect and recover what has been spent for such program. Because of this inability to collect payments from its target beneficiaries, there is inadequacy of funds that flow back into the city's coffers. This problem is observed both among program beneficiaries who are fixed income earners as well as the non-fixed income earners. Poor recovery of funds, however, emerged to be higher among fixed income earners than the non-fixed income earners.

E. Widespread Selling of Rights.

This is a rampant problem being experienced by the city government particularly among program beneficiaries of off-site relocation program. Because households are often dislocated and moved away from their sources of livelihood, they often sell their lots and move back to the city center so they could be closer to their economic sources. Moreover, this could be related to the LGU's lack of support in terms of economic opportunities to the families after they are relocated.

F. Lack of Funds to Support Housing Programs Intended for the Non-salaried Urban Poor.

A big issue that needs to be addressed is the insufficiency of funds to support low-cost housing for the urban poor, e.g. CMP. The city of Bacolod mainly relied on the national budget and its IRA to pursue its housing program. The CMP, in particular, is suffering from an intense budgetary insufficiency. Considering the huge number of squatters found in the city, it appears that the LGU has put low priority to the provision of housing service to the non-salaried urban poor.

RECOMMENDATIONS

The following seem the most appropriate measures needed by the Bacolod City LGU in carrying out its mandate. The recommendations are the results of a consultative meeting held with the local government unit's officials and implementors of the city's housing program, representatives of the national shelter agencies and non-government agencies and organizations who are concerned with housing and urban poor issues.

A. Encourage the formulation of Bacolod City's Shelter Plan.

The formulation of a Shelter Plan that would properly direct the LGU in addressing the housing needs of its population particularly its urban poor should be strongly advocated. Several other issues, though, should be considered –

- the technical capability of the CPDO and other key actors in preparing the Shelter Plan;
- the reliability of the data to be used in coming up with the plan, that is, whether to use census data or to undertake the collection of needed data for validity;
- the need to create a team/body that would spearhead in formulating the plan to make it participatory in nature and institutionalizing this; and,
- maximize the use of existing mechanisms and structures to formulate the plan.

On the point of creating a team that would take part in providing inputs for the Shelter Plan to make it more participatory, the issue on having members from the NGO sector who are deeply involved in urban poor issues as well as the urban poor organizations should not be discounted.

B. Strengthen Collaboration of Key Actors.

The existence of several structures and mechanisms in the LGU should be maximized fully. These structures should get their acts together and establish a strong

point of convergence in order to reach a common goal. The convergence point could be lodged in one of the structures that already exists and other agencies should integrate and coordinate with this structure in order to complement and supplement each other's work. The formulation of a special body in the city development council should also be pursued. This body should be able to lobby for a bigger share of the needed funds to put priority on the housing needs and concerns of the city's urban poor.

C. Increase Fund Allocation Particularly for Schemes (such as CMP)
Intended for the Urban Poor.

This situation entails LGUs to be more creative in finding fund sources in order to push for its socialized housing program. It is recommended that the city should not only be concerned with the collection of taxes but should have an entrepreneurial spirit in raising funds to support the housing program. Individual differences as well as politically motivated interests should be set aside particularly in the part of the mayor and his council so that this problem could be addressed to properly.

D. Increase Support to Resettled Families.

The need to provide alternative livelihood assistance to the resettled families is of great importance. A scheme that should be able to address this concern should be devised by the LGU so that the problem of selling of rights could be addressed properly. Community organizing is also an important aspect that should be strengthened in order to educate the housing clientele. Moreover, it is recommended that value formation should be included as part of the module to resettled beneficiaries.

The needed support for the resettled families could also be generated from previous investments of the LGU. But the LGU has to come up with stricter policies in order to control selling of rights and impose sanctions to violators. Although, this problem has been recognized to be existing and being practiced by many beneficiaries, the city has not come up with measures in order to control this and impose sanctions on violators.



ADDENDUM

MEETING OF MR. ERNESTO D. GARILAO WITH BACOLOD CITY MAYOR OSCAR VERDEFLOL 8 JUNE 1999, BACOLOD CITY HALL

Mr. Garilao informed Mayor Verdeflor about the plans to make funds available from the Housing and Urban Development Coordinating Council (HUDCC) for year 2000. Mr. Garilao added that a certain percentage of the funds would be allotted for LGU-led socialized housing programs and projects. He maintained, however, that in order to avail of the funds, the LGU would have to meet a number of requirements such as forming a Local Housing Board, updating the Local Land Use Plan, and formulating the Local Shelter Plan.

Mr. Garilao noted that a plus factor for Bacolod City is the Bacolod Housing Authority (BHA) which is not found in other LGUs. He stressed the importance of creating the Local Housing Board that would be the policy-making body of the city's housing programs. He also advised the City Mayor to study the possibility of having the BHA as its implementing arm. He enumerated some examples of the possible functions of the housing board such as overseeing land use validation, formulating housing policies, and assisting in accessing funds for the city's housing programs. He further informed the mayor about the proposed bills on the creation of Local Housing Boards.

Mr. Garilao proposed that the Local Housing Board be created through participatory means, by involving local NGOs involved in housing, urban poor organizations, housing agencies, and other stakeholders. Mr. Garilao also told the city mayor that the regional housing agencies, e.g. HUDCC and HLURB, could provide technical assistance particularly concerning the abovementioned tasks that the city should undertake.

Regarding the Shelter Plan, the City Mayor presented his Bacolod Southeast Integrated Shelter (BASIS) Development Project. Mr. Garilao suggested that BASIS could be reinforced to become the city's Shelter Plan. The mayor agreed to this.

As of end-July 1999, the BHA has spearheaded several activities in meeting the requirements that would allow them to access funds from HUDCC allocated for LGU-led housing programs. Under the new leadership of Ms. Josephine Segundino, BHA has undertaken the following action:

A. Formation of the Local Housing Board.

The BHA has begun contacting local NGOs involved in housing, such as the San Sebastian Community Urban and Development Foundation (SASCUL-DEF) and the Negros Economic Development Foundation (NEDF) as well as urban poor organizations and other stakeholders. The BHA officer-in-charge said that she ultimately aims to create the Local Housing Board for Bacolod City. However, other efforts are in progress, e.g. an action to separate and form a sub-sector on housing from the Social Sector Committee within the City Development Council (CDC).

This decision was reached on 14 July 1999 in a meeting attended by the BHA officer-in-charge with the Social Sector Committee. This effort could create a venue for focused deliberations on housing concerns. The meeting agreed on the following: (1) identifying the danger zones/areas within Bacolod; (2) coming up with a cost recovery plan for the city's relocation sites; and, (3) identifying the potential membership to the sub-sector committee. Another meeting to discuss these issues was set on August 4, 1999.

B. Updating the Local Land Use Plan.

During the consultation meeting with Mr. Garilao, Mayor Verdeflor acknowledged that the city's Land Use Plan is obsolete and needs to be updated. Right now, the city is in the process of reviewing the Land Use Plan. An advanced copy has been sent to the regional Housing and Land Use Regulatory Board (HLURB) for review and comment to provide direction to the city government. The LGU is also in the process of correcting the Shelter Plan based on earlier comments made by the HLURB.

C. Formulating the Local Shelter Plan.

The BHA-OIC acknowledges the weakness of the BHA staff in shelter planning. There is a need, therefore, to upgrade the staff's skills on this. To strengthen this weakness, BHA has already asked support from the regional HUDCC office to provide technical assistance in terms of shelter planning. A HUDCC staff has already visited BHA to identify points that should be strengthened. Training is initially set in late August or early September 1999. The BHA is also in the pro-

cess of reviewing the data needed for the Shelter Plan. BHA hopes to undertake the formulation of the Shelter Plan soon after the training.

D. Other Activities Pursued by the LGU.

The city government of Bacolod is determined to pursue land banking. Right now, six lots are being offered to the city government and is being evaluated for suitability to land banking. The city government is considering the acquisition of two sites: one would be intended for socialized housing, and the other for a government center. As of this update, evaluation of the sites is being undertaken and negotiations are ongoing.

Right now, it appears that Bacolod City is trying hard to improve the delivery of its housing services to its population. The city mayor has found a knowledgeable and capable person who can provide direction to the BHA. She is also open-minded. It is unfortunate, however, that right now there is a move for recall of Mayor Verdeflor and the Bacolod City Council has not acted on the appointment of the BHA-OIC.

STRENGTHENING THE NATIONAL GOVERNMENT-LOCAL GOVERNMENT RELATIONSHIP: A CASE STUDY ON SOCIALIZED HOUSING IN SAN FERNANDO CITY, LA UNION

HENEDINA RAZON-ABAD

The enactment of the 1991 Local Government Code radically transformed the nature of the relationship between local government units and national government agencies. Under a regime of decentralization and devolution, LGUs are given more power and responsibilities in the administration and delivery of basic services. National government, on the other hand, continues to be responsible for setting policy directions and standards and in providing technical assistance to LGUs. This interplay of roles and functions between the national and local assumes special significance in the provision for housing.

On the national level, laws have been enacted and government agencies created to respond to the increasing need for decent housing for the country's poor and homeless. The Urban Development and Housing Act (UDHA) or RA 7279, for example, was enacted into law on March 24, 1992. Acclaimed by both urban poor groups and advocates as an important milestone in the promotion of the rights of the urban poor, UDHA subsequently became the legal framework governing programs and policies on the urban poor and the provision of socialized housing. Consistent with the principles of devolution of power and decentralization of service delivery functions of government, UDHA charged the local government units as implementors of socialized housing programs. Policymakers envisioned that LGU participation would facilitate the implementation of the law.

However, results from more than five years of UDHA implementation are not encouraging. The national government remains saddled with a housing backlog of 1.1 million housing units. Only 320 cities and municipalities or 60% of the targeted 532 LGUs have completed their beneficiary listing while only 40% of the 217 cities

and municipalities have identified social housing sites.¹ Various factors have been cited which deter the success of these interventions, such as lack of funds, inadequate institutional and technical capacity, and incoherent policies.

The complexity of providing shelter for the poor has proven to be a formidable task for local government officials. Many local chief execu-

Matrix 1
Specific Functions of LGU and HUDCC under the UDHA

Local Government Units	HUDCC
<ul style="list-style-type: none"> • Inventory of lands and improvements thereon with respect to their communities/localities to include: <ul style="list-style-type: none"> * Residential Lands * Government-owned lands * Unregistered or abandoned and idle lands * Other lands • In coordination with HLURB, NHA, NAMRIA and LMB, identify lands for socialized housing • Conduct registration of beneficiaries for socialized housing • In coordination with NHA, identify temporary relocation sites for those affected by demolition • Prepare a comprehensive land use plan for their respective localities in coordination with this Act. 	<ul style="list-style-type: none"> • Formulation of standards and guidelines as well as provision of technical support in the preparation of town and land use plan • Provision of data and information for forward planning by the LGU, e.g. population, projections, development trends • Preparation of the National Urban Development and Housing Act • Preparation and dissemination of the implementing rules and regulations of the Act • Design of a system for the registration of program beneficiaries and implementation monitoring • Assistance to LGUs in obtaining funds and other resources needed in program implementation

Source: Urban Development and Housing Act.

¹Ana Ravago-Oliveros, *Socialized Housing Under the Urban Development and Housing Act of 1992*, Ateneo School of Government: LGU Capacity Building for UDHA Implementation, 1998 (unpublished).

tives showed varying degrees of success despite good intentions. Because of the financial, technical and political requirements of the task, national government and local governments should complement and coordinate efforts to provide shelter to the underprivileged and the homeless. Providing security of land tenure for the underprivileged and homeless, after all, is an essential requirement for progress and national development. When poor families need not worry about eviction and the security of their homes they become more focused and economically productive.

A. Objectives and Output.

This case study is one of five designed to produce policy recommendations to improve the coordination between local government and national government in the delivery of services. Particularly, through this case study on a socialized housing project of the City of San Fernando, the research hopes to accomplish the following:

- Identify and analyze enabling factors and constraints of both the local government unit and the national housing agencies in effectively responding to the housing needs of the urban poor;
- Identify various options to respond to the housing needs of the urban poor despite constraints;
- Propose a strategy and action plan to respond to the problem of "housing for the urban poor" in a systematic and sustainable manner.

The output of this research is a set of policy recommendations on how to improve and strengthen coordination and collaboration between local government units and national government agencies, particularly in providing housing for the urban poor. These recommendations, hopefully, will be pursued in meeting the housing needs of the urban poor, such as the poor in the City of San Fernando, La Union and in improving national government and local government relationships in policy and program development and implementation.

B. Methodology.

The case study includes the following: (1) assessment of the housing needs of the City of San Fernando; (2) analysis of the technical, financial, institutional and political requirements to effectively respond to the demand for housing, both on the short-term and the long-term; (3) examination of the capability of the city government to meet these requirements; and (4) presentation of recommendations to improve synergy between national and local governments.

The research involved conduct of surveys and key informant interviews and the gathering of secondary data from government agencies. Principal researchers worked closely with the officials and staff of the City Government of San Fernando, particularly with the Office of the Mayor and the City Planning and Development Office.

The study's insights and conclusions are limited by the lack of updated data and information. The quantitative data presented, particularly those pertaining to income are estimates and projections based on 1990 or 1995 government statistics. Information on income given by the respondents to the housing survey should be viewed with the caveat that there is always a tendency to understate income.

THE CITY OF SAN FERNANDO, LA UNION

San Fernando, the capital town of the Province of La Union, is located about 270 kilometers north-northwest of Manila. With 59 barangays covering a total land area of 10,272 hectares, it stretches along the shores of Lingayen Gulf and the San Fernando Bay in the west and bounded in the east by Baguio and Naguilian town, in the north by San Juan and in the south by Bauang. Because of its proximity to the growth centers of Region 1 and its well-developed infrastructure, including an international seaport, airport and good road network, San Fernando was designated as the administrative capital of the region.

Aside from being the site of all regional offices of national government agencies, the city prides itself as the region's center for health, education, finance, commerce and trade. The city is also emerging as the transportation center of the North. Although the city's land area is only 7% of La Union, the city supports more than 15% of the province's population. On March 20, 1998, San Fernando, which serves as both the urban center and administrative capital of La Union, became a component city with the ratification through a plebiscite of RA 8509. Based on existing

land uses the city is still predominantly agricultural. Its urbanization is primarily driven by its location as a regional center and transportation network.

About one-fourth of the total land area is within the 0-18% slope including a coastal plain while one-third of its land areas is over the 30% slope. The eastern interior of San Fernando is formed mainly by a narrow trend of hills and mountain running north to south. Of its 59 barangays, 24 are purely lowland, 15 are predominantly upland, while 20 are coastal. Alienable and disposable lands cover around 92% of the total land area while the remaining 8% are public forestland.

With various economic development programs being undertaken in the region, such as the Northwestern Luzon Growth Quadrangle Development Program and the Poro Point Special and Economic Free Port Zone, the city government is gearing the city toward playing a strategic role in the development of the region. Under the leadership of Mayor Mary Jane Ortega, the city government identified the following as its priority action areas for the next six years:

- urban environmental measure;
- human resource development and capacity building; and;
- shelter and housing.

Because of the dynamism of the new city government, San Fernando has been selected as a partner of various urban development and renewal programs of both multilateral and bilateral programs, such as the World Bank and the Canadian International Development Agency.²

HUMAN RESOURCES

A. Population.

Based on the 1995 Census, San Fernando has a total population of 91,943 belonging to 18,469 households with an average of five members per household. From 1960 to 1995, population growth decreased considerably from 3.9% (1960-1970)

²*Urban Development Strategies for the City of San Fernando, La Union: 1998-2003*, Office of the Mayor, 1999

Table 1
Existing Land Use, San Fernando City, La Union

Land Use Categories	Area (Has.)
Agriculture	8921.40
Swampy Land	201
Forest	896
Residential	380.79
Commercial	32.61
Industrial	51.7
Institutional	255.40

Source: Office of the City Assessor.

Table 2
Population of San Fernando City, La Union (1960-1995)

Census Year	Population	Annual % Change	No. of Persons/Km ²
1960	37,836		333
1970	52,597	3.900	477
1975	61,166	3.260	560
1980	68,410	2.370	630
1990	84,949	2.420	795
1995	91,943	1.590	860

Source: *Provincial Physical Framework Plan*, Province of La Union, 1997.

Table 3
La Union Province, Literacy Rate, 1995

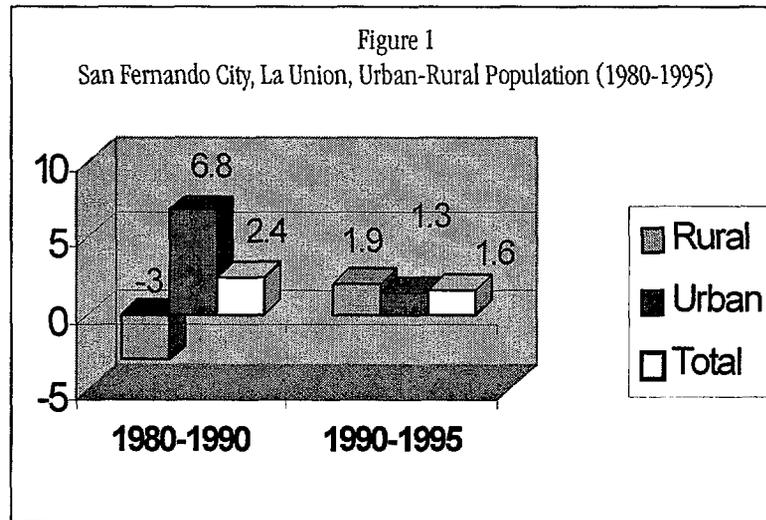
	Both Sexes	Male	Female
San Fernando	99.05	99.37	98.74
Bacnotan	97.61	98.24	96.63
Bauang	98.68	99.00	98.36
San Juan	98.16	98.71	97.63
La Union	97.74	98.24	97.20

Source: Environmental Scanning of La Union, 1998.

Table 4
San Fernando City, La Union, Distribution of Gainful Workers

Type of Employment	% to Total Labor Force
1. Farmers, forestry workers and fishermen	41
2. Elementary occupations	17
3. Craftsmen and related workers	11
4. Service workers	7
5. Professionals	6
6. Plant and machine operators	6
7. Clerks	5
8. Government workers	2
9. Technicians	1

Source: *City Strategic Development Plan*, 1998, City of San Fernando, La Union.



Source: *Provincial Physical Development Framework*, La Union, 1997.

to its present rate of 1.59% (1990-1995). The city's population density is 860 persons per square kilometer.

B. Urban-Rural Population Distribution.

The expansion of the urban population, which is concentrated in the poblacion, increased by 13% from 1980 to 1995, with urban population accounting for 51.18% of the total population in 1995 compared to only 38.36% in 1980. However, the pace of urbanization of the population slowed down to an average of 1.37% for the period 1990-1995 compared to a 6.8% growth during the period 1980-1990. The slow tempo of urbanization, which is the difference between the rate of growth of the urban population and the rate of growth of the rural population show that the urbanization of the city is mainly caused by the concentration of people within the poblacion. This implies that the core activity of the city remains largely agricultural.

D. Migration Trends.

Being a regional center, San Fernando had a migration rate of 53.13 persons per 1,000 population – aged five years and above. In-migrants coming from the other provinces comprised 2.9% of the total population while the in-migrants coming from the municipalities within the province was recorded only at 1.21%

E. Literacy Rate.

San Fernando enjoys the position of having the highest literacy rate, 99.05%, in the entire province. This gives the city an edge over the other municipalities in the province in attracting development investments.

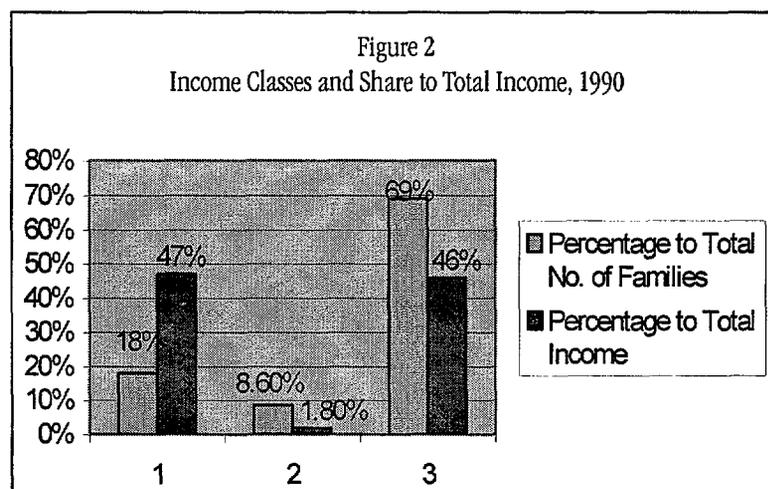
F. Employment.

Since San Fernando is a regional and administrative center, the city enjoys a high employment rate of 95 per cent or 28,360 individuals gainfully employed out of a labor force of 29,937. Males (64%) dominate the labor force. There are more men employed than women, while there are more unemployed women than men. Of those employed, 41% are in the agricultural sector, and 59% are in various non-

agricultural activities. The data reveals that despite the increasing urbanization and commercialization of the city, agriculture continues to absorb a large percentage of the labor force.

ECONOMIC ACTIVITY

A. Income and Expenditure Levels.



Source: Computed from NCSO Income Data, 1990.

Income data for 1990 shows that 18% of the families living in the city controls almost half of the total income while the lowest 10% accounts for a 1.8% share of the total income. The remaining 69% of families shares 46% of the total income.

B. Agriculture and Fishery.

Agricultural land accounts for 3,895 hectares (36%) of the total land area. However, demand of urbanization is leading to a decrease in the land area used for agriculture. Palay, which is produced in 40.17% of San Fernando's total agricultural land, remains a major agricultural crop of the city. Other major crops pro-

duced, such as tobacco, fruits, vegetables and rootcrops are grown in the remaining 59.83%.³

The China Sea provides rich fishing grounds for San Fernando. Fishing is the main income source for 14 coastal barangays. Tuna, mackerel, parrotfish, slip mouth, big-eyed scud, flying fish, round scud, grouper and siganid are common in the areas. The city's 1,944 MT fish production in 1996 was around 13% of the province's total production. Of the total catch, 56% was attributed to commercial fishing and 40% from aquaculture. However, small fisherfolk families have been complaining of decreasing yield. They blame the presence of commercial fishers, increasing number of small fisherfolk and the use of illegal fishing methods, such as dynamite fishing. Despite San Fernando's access to the China Sea, it experienced a fish production deficit in 1996. According to the provincial agricultural office, total fish production that year failed to meet San Fernando's total consumption needs by 13%.

C. Business Establishments.

A total of 4,850 business establishments are registered in San Fernando (3% manufacturing sector, 72% service sector). The city accounts for the highest number of business establishments in the industry and service sectors in La Union.⁴

DEMAND FOR HOUSING

A. Factors Affecting Increasing Shelter Needs.

(1) *Increasing Population.* Based on the 1995 census, the total number of households is 18,469 with an average of five members per household. By the year 2006, the city is projected to increase its total number of households 21,973 households (a 17.15% increase). Using 1990 housing statistics as basis, the city has a total of 15,379 housing units as against 16,206 households, a backlog of 5.4% or 807 doubled-up households. This backlog increased to 8% in 1995 with a total of 1,490 expected number of doubled-up households. In 1998, with 17,798 housing units against 19,360 households, the housing backlog in-

³Municipal Development Framework Plan of San Fernando, La Union. 1997.

⁴Ibid.

Table 6
Population Growth and No. of Households (HH), 1995-2012

	1995	1996	1997	1998
Population ^a	91,943	93,409	94,889	96,413
No. of HH ^a	18,469	18,756	19,054	19,360
Expected No. of Standard Dwellings ^b	16,979	17,242	17,516	17,798
Expected No. of Doubled-up HH ^c	1,490	1,514	1,538	1,562

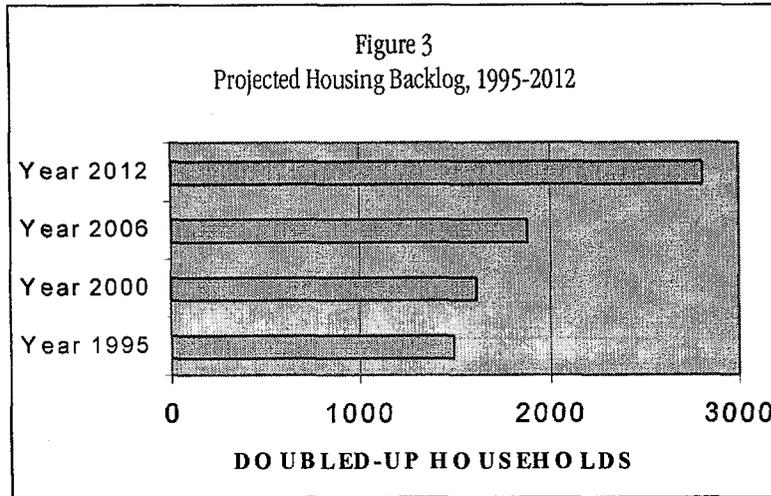
	1999	2000	2006	2012
Population ^a	97,591	99,513	109,424	120,287
No. of HH ^a	19,669	19,983	21,973	24,148
Expected No. of Standard Dwellings ^b	18,082	18,370	20,087	21,964
Expected No. of Doubled-up HH ^c	1,587	1,613	1,886	2,184

^aPopulation and Number of Households for period 1999-2006 are projections based on a 1.59% growth rate. ^bSource of data: *City Development Plan, 1998-2002*, City Planning and Development Office, San Fernando City. ^cNCSO, 1990 and 1995.

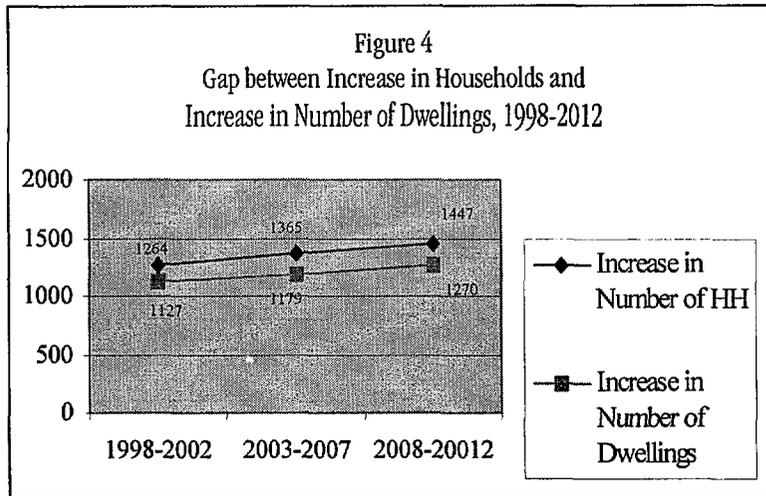
Table 7
San Fernando City, La Union, Total Housing Need by Housing Conditions
(1998-2012)

Component	Total Housing Need	Units to be Constructed/ Repaired per Year
Doubled-Up	1,587	105
Growth	4,106	273
Upgrading	4,612	307
Homeless	1,147 ^a	77 ^b
Total	11,452	762

Source of data: Projections based on *1990 Census on Population and Housing*, NCSO. ^aBased on Inventory of Slum Dwellers. ^bTotal number of homeless families divided by 5 years.



Source of data: Projections based on *1990 Census on Population and Housing*, NCSO.



Source of data: Projections based on *1990 Census on Population and Housing*, NCSO.

creased to 1,587 (8.7% increase). By the year 2012, the housing backlog is expected to increase by 50% if no substantive interventions are done to improve the rate of increase in the number of dwelling units.

Figure 4 shows the inability of housing construction to keep pace with the growing population based on projections for the period 1998-2012 using 1990 data on housing. Assuming that population growth rate continues at 1.59%, the total number of new housing units needed to address the demands of the city's population is estimated at 4,106 units for the next 15 years.

Addressing both the housing backlog and the increasing population require the construction of 378 units annually for the next fifteen years. There is, however, also the need to upgrade existing dwelling units. The 1990 NCSO statistics on Housing and Population showed that 21% of the total housing stock needs structural improvements. Based on this data, it is estimated that 762 housing units need to be constructed and upgraded every year for the next 15 years.

It is important to note that the estimates provided in this study are based on a decelerated population growth rate. The cityhood of San Fernando and the development projects both in the provincial and city master plans, including the proposed Poro Point Special Economic Zone will definitely increase population growth at a much higher and faster rate.

(2) Social Impact of the Poro Point Special Economic and Freeport Zone. On July 29, 1993 through Presidential Proclamation No. 216, the Ramos Administration created and designated the area covered by the Wallace Air Station and the adjacent areas in Poro Point as the Poro Point Special Economic and Freeport Zone (PSEFZ) to catalyze and accelerate economic development in Region 1. As envisioned in the Master Plan, the PPSEFZ will propel the city of San Fernando into a dynamic and vigorous "growth center" of Northern Luzon through establishment of the mixed-light, industrial, commercial and tourism estate.

The proposed projects for the estate are the following: tourism complex and regional business center; marina; export processing zone; agribusiness processing and distribution complex; and, land, sea and air transportation network. The centerpiece of the Poro Point Special Economic Zone is the development of the Port of San Fernando into a world-class Freeport. The port is the only operational port in the entire region and is approximately 3 kilometers from the town proper of San Fernando. If this plan materializes, it is expected to bring more tourist cruises and agro-industrial cargo. All of these

developments will drastically increase migration and will immensely impact on the city's resources, utilities and services.

Initially, the development plan is projected to generate approximately 2,000 construction jobs and 14,000 permanent job once the development is completed. However, it would also entail social costs, such as probable dislocation of fisherfolk communities.⁵ The city government should begin to factor the implementation of the proposed special economic zone in their planning since San Fernando will definitely bear the costs as well as enjoy the benefits from the projects.

(3) *Pockets of Slum Settlements on Private Property and Danger Zones.* An inventory of slum settlements in November 1998 indicated a total of 1,174 families in 12 barangays. Table 7 shows that 41% of the slum dwellers are concentrated in salvage zones in four coastal barangays: Poro, Ilocanos Sur, Ilocanos Norte and Catbangan. Forty-seven percent live along the old railroad tracks and the old Philippine National Railway Station. The rest are scattered in different barangays.⁶ Most of these families have lived in these areas since the 1970s. Previous local government administrations allowed the proliferation of informal settlers partly for political expediency. Allowing them to stay where they are meant getting their support during elections. However, natural disasters, climate changes, and the impending implementation of the PPSEFZ compel the local government to attend to their need for decent housing.

a. Slum Dwellers Living Dangerously within the Salvage Zones.

The informal settlements along the coastal area are spread out in 8 barangays. However, major settlements are in four coastal barangays: Ilocanos Sur, Ilocanos Norte, Poro and Catbangan. These settlements are not new since most of the settlers have been living in these areas without security of tenure for the past 20 years. Living in salvage zones compound their lack of security. Recent strong typhoons that

⁵A planned reclamation site east of San Fernando Bay will affect 300 fisherfolk families living in the proposed area. Recognizing this, the Poro Point Economic Zone Development Master Plan clearly states that affected families shall be properly compensated and assisted in terms of finding occupation elsewhere to achieve earnings equal or better to their conditions without the project.

⁶This figure changed several times during the course of the study. The first count of urban settlers was 1,157. However census conducted by the barangay captains and community studies done by the Department of Social Welfare and Development yielded a lower number.

visited the country forced the families to evacuate temporarily and seek shelter elsewhere. The city government temporarily housed the displaced families in the Barangay Hall or the school. Despite the warnings issued to them by the city government not to rebuild houses because of the hazards posed by high tides and strong typhoons, the families did not heed the call and instead returned to the area.

(i) *Ilocanos Sur*. There are 167 households with 194 families living within the salvage zone of Ilocanos Sur. Sixty-four percent of the family heads are engaged in fishing and vending which are the main activities in the barangay. The rest are either engaged in construction work, handicraft, and dressmaking or are employed by the government.

Fifty-seven percent of the families have lived within the salvage zone for more than 10 years. Eight percent of the families have lived there since birth while the

Table 8
No. of Informal Settler Families without Security of Land Tenure
as of 30 November 1998

Barangays	— Number of Urban Poor —			Total
	Salvage Zone	PNR	Pvt. Property	
1. Poro	114	151		265
2. Ilocanos Sur	194			194
3. Ilocanos Norte	25			25
4. Catbangan	124	274	106	504
5. Carlatan	3			3
6. Lingsat	4			4
7. Pagudpud	10			10
8. Tanqui		65		65
9. Biday		10		10
10. Madayegdeg		46		46
11. Barangay I			12	12
12. San Agustin	36			36
Total	510	546	118	1,174

Source of data: Inventory conducted by the City Planning and Development Office, City of San Fernando, 1998.

rest are migrants from other barangays and neighboring municipalities like Bauang, Agoo, Aringay and Sto. Tomas in search of better fishing grounds or other sources of livelihood.

Seventy-two percent of the families own their houses, most of which (81%) are made of either wood or other light materials. There are also those who rent, share or are simply care-takers of houses owned by relatives.

Sixteen percent of the families earn an average monthly income of P6,672 while 81% of the community earns an average monthly income of P2,250. The average level of income in the community is P3,724. A common complaint among the fisherfolk households is the decreasing volume of their catch. The lack of alternative sources of livelihood aggravates the economic worries of the families. Their lack of decent shelter is a constant source of fear, however, they seemed relentless in staying in the area because "the sea is where they get livelihood".

The community remains unorganized despite some common identified problems, such as insufficient income, poor drainage system in the area, malnutrition, alcoholism and drug abuse. There have been numerous attempts by both NGOs and government agencies to organize the community into a cooperative or association for more gainful unified action. However all attempts failed. Households seek help from their kin rather than their neighbors.

(ii) *Ilocamos Norte*. There are 25 households with 25 families living within the salvage zone of the barangay. The average number of members per household is 5. Sixty-four percent of the families derive their livelihood principally from fishing and vending. The rest are either construction workers, tricycle drivers and mechanics.

Eighty percent of the families have lived in the area for more than twenty years. Twenty-eight percent of the families have lived there since birth while the rest come from other barangays of the City or from neighboring municipalities like Bauang, Aringay, Sto. Tomas and Bangar.

All the families own their houses, which are made of light or salvaged materials. Most of the houses are extensions of the houses in the titled land adjacent to the salvage zone. Owners of these titled lands are relatives of the slum dwellers.

Twenty-six percent of the households earn a monthly income of more than P5,000 while 12% earn P5,000. The majority earns P3,500 or less. Residents feel that their income is insufficient to meet their needs. There are no current alternative sources of livelihood nor are the residents equipped with other skills aside from their present jobs.

The residents are not organized into cooperatives or association. Residents prefer to solve problems by themselves. They dream of "owning a place of their own which of course should be near the sea."

(iii) *Other Fishing Communities — San Agustin and Pagudpud.* The community living in Pagudpud is a small informal settlement consisting of 25 households with a total of 42 families. Seventy percent of household heads consists of fisherfolk and the rest, of carpenters. The households earn an average monthly income of P4,240. Forty percent of the households earn more than P4,000 a month; the rest have monthly incomes of as low as P1,000.

The slum settlement in San Agustin is composed of 33 households with 36 families and a total population of 164 individuals. Seventy-two percent of the households derived their income from fishing, either as fishermen and/or fish vendors with an average monthly income of P4,000. The rest of the household heads are laborer and employees. Forty-eight percent of the households earns more than P4,000 while 27% earns less.

Eighty-one percent of the household heads are residents of the area for more than 10 years while the rest have only been in the area less than five years.

b. Old "Riles" Settlement of Madayegdeg.

When the Philippine National Railway stopped its operations in La Union in the late 1970s, individuals began to build shanties along the railroad tracks. Madayegdeg is one of the four barangays where both permanent and semi-permanent types of houses were constructed. There are 35 households with 46 families in Madayegdeg. On the average, each family has four members.

The settlers began to build their houses along the "riles" because of the relative proximity of the area to their place of work. The cost of renting a house, which is beyond their capacity prompted them to squat in the PNR property. Household heads hold a variety of jobs as vendors, tricycle drivers, and construction workers. Sixteen percent of household heads are vendors, 22% are drivers and the rest are auto mechanics, security guards and construction workers. The average monthly income of Madayegdeg households along the riles is P4,000. Thirty percent earn more than the average monthly income while 36% earn less.⁷

⁷The highest monthly income is P11,000 and the lowest is P1,000.

Like the slum settlements in Ilocanos Sur and Norte, the “riles” community in Madayegdeg is old. Seventy percent of the household heads have been in the area for more than 20 years while the rest have been residents of the community for less than 10 years.

(2) *Housing Demand from Government Employees and Other Sectors.* When Mayor Mary Jane Ortega decided to make “housing” a priority of the city government, one of her initial target beneficiaries are the employees of the city government, teachers, members of the Philippine National Police (PNP), and members of the local media in need of housing.

Table 9 presents the results of a survey conducted among the intended beneficiaries. A total of 433 individuals expressed their desire to avail of housing units. Of those who wanted to avail, 58% do not own any house and lot, 15% own houses but not the lots, 9% own lots but not the houses, and 16% own a house and lot. A total of 253 families are “homeless”, meaning they do not own a house or a lot.

Based on income levels, majority of the prospective beneficiaries from the government and other sectors are in the P5,000 to P9,999 income bracket. Table 11 presents a summary of the income levels.

Based on the statistics generated through the surveys, the city government needs to produce a total of 1,427 housing units to meet the housing needs of families currently living in informal settlements, city government employees, teachers, members of media and the local police as shown in Table 13. This is assuming that the survey has covered all the city government officials, teachers, members of media and Philippine National Police who have no house and lot.

Table 9
Income Level of Slum Dwellers

Barangay	Average Income
Ilocanos Norte	P 3,500
Ilocanos Sur	P 3,724
San Agustin	P 4,000
Pagudpud	P 4,240
Madayegdeg	P 4,000

Source of data: *Housing Survey*, 1999. Barangay Profile, CPDO, San Fernando, La Union, 1999.

Table 10
No. of City Government Employees, Teachers, Members of Media & PNP
Interested to Avail, Ownership of House & Lot, Type of Housing

Beneficiary	Interested to Avail	— O w n e r s h i p —			
		w/House & Lot	Lot Only	w/House	w/o House & Lot
City Employees	214	54	23	36	101
Teachers	124	12	11	22	79
Media	71	3	4	6	58
PNP	24	3		5	16
Total	433	71	42	67	253

Source of data: *Housing Survey*, 1998.

Table 11
Income Levels of City Government Employees, Teachers & Media, PNP

Income Level	—City Govt.—		—Teachers—		—Media—		—PNP—	
	% to Total	Ave. Income	% to Total	Ave. Income	% to Total	Ave. Income	% to Total	Ave. Income
2,000-4,999	18	4,423	1	4,228	19	4,309		
5,000-9,999	47	7,554	44	9,076	42	6,103	85	6,543
10,000-14,999	15	12,260	22	12,691	20	12,299	15	11,900
15,000-19,999	12	16,087	13	17,562	6	15,750		
20,000-29,999	3	23,778	6	23,367	3	22,500		
30,000-39,999	2	35,409	1	31,500	6	32,250		

Source of data: *Survey on Housing*, 1999. Average Income represents average household income.

Table 12
Total No. of Economic and Socialized Housing Units: without House and Lot

Beneficiary	Economic	Socialized	Total
City Employees	69	32	101
Teachers	50	29	79
Media	31	27	58
PNP	12	3	15
Total	162	91	253

Source of data: *Survey on Housing*, 1999.

Table.13
Total No. of Potential Beneficiaries of the City Government's Housing Project

Beneficiary	Economic	Socialized	Total
Slum Settlements in Salvage Zone		510	510
PNR Slum Dwellers		546	546
Slum Dwellers in Private Property		118	118
City Government Employees	69	32	101
Teachers	50	29	79
Media	31	27	58
PNP	12	3	15
Total 162	1,265	1,427	

Source of data: *Survey on Housing*, 1999.

Table 14
Land Requirement for Housing:1998-2003 (in Hectares)

Year	- Projected Number of HHs -			- Land Requirement -		
	Urban	Rural	Total	Urban	Rural	Total
1998	9,968	9,392	19,360	142.40	208.17	351.11
1999	10,127	9,564	19,669	144.67	212.53	357.20
2000	10,289	9,694	19,983	146.98	215.42	362.40
2006	11,314	10,659	21,973	161.62	236.86	398.48
2012	12,440	11,658	24,148	177.71	259.06	436.77

Source of data: *Five Year Development Plan of San Fernando, La Union: 1998-2003*. ^aA hectare of land could yield 70 units of 100 sq. meters per unit. ^bA hectare of land could yield 45 units of 150 sq. meters per unit.

Table 15
Total Land Requirements for City Government Housing Project (in Hectares)

Beneficiaries	Economic	Socialized	Total
1. Slum Settlements in Salvage Zones		5.10	5.10
2. City Employees, Teachers, Media, PNP	3.6	.91	4.51
3. PNR Settlements		5.46	5.46
4. Slum Dwellers in Private Property		1.18	1.18
Total Land Requirement	3.6	12.65	16.25

Hectarage for economic housing estimated from NHA standards --- 45 units per hectare with 100 sq. meters per unit. Hectarage for socialized housing based on NHA standard of 100 units per hectare with 70 sq. meters per unit. Source of data: *Survey on Housing*, 1999.

RESOURCE REQUIREMENTS FOR HOUSING

A. Land Requirement.

(1) *For Projected Number of Households.* Assuming that each household has its own single unit and a lot area of 100 sq. meters or urban and 150 square meters for rural, the total land area needed by the year 2012 is approximately 437 hectares.

(2) *For the City Government Housing Project.* The city government needs to locate suitable sites and acquire lands for socialized and economic housing. Using figures generated from the survey, the government needs to acquire at least 16.25 hectares of land to address housing needs of the slum dwellers as well as the city government employees, teachers, members of media and the local PNP.

(3) *Financial Requirements for Housing.*

a. *Land Acquisition.* The city needs to generate at least P16.25 million to meet the cost of land intended for the slum dwellers and city government employees, including teachers, members of media and the PNP (Table 16). Since land suitable for fisherfolk families should be near the sea, total amount needed for land acquisition could be considerably higher because these lands are more expensive compared to lands located elsewhere.

b. *Land Development.* Using the NHA standard cost of P1.4 million per hectare for land development, which includes roads, drainage, site preparation and earth works, the city needs to generate P22.75 million for site preparation, earth works, and road and drainage system construction.

The total financial requirements for land acquisition and land development for housing is P39 million (Table 18). This is 43% of the total income of the city for

Table 16
Total Amount Needed for Land Acquisition (in Pesos)

	Economic Housing	Socialized Housing	Total
Slum Settlements in Salvage Zone		5,100,000	5,100,000
City Government, Teachers, Media & PNP	3,600,000	910,000	4,510,000
PNR Slum Dwellers		5,460,000	5,460,000
Slum Dwellers in Private Property		1,180,000	1,180,000
Total	3,600,000	12,650,000	16,250,000

Amounts estimated at P100 per square meter.

Table 17
Total Cost of Land Development

Beneficiary	Cost
Salvage Zone	7,140,000
City Government, Teachers, Media and PNP	6,314,000
PNR	7,644,000
Private Property	1,652,000
Total Cost of Land Development	22,750,000

Table 18
Total Cost of Land Acquisition and Land Development

Component	Cost
Land Acquisition	P16,250,000
Land Development	P22,750,000
Total	P39,000,000

Table 19
Level of Affordability of Intended Beneficiaries

-City Government-		-Teachers-		-Media-		-PNP-	
4,423	1,105	4,228	1,268	4,309	1,077	6,543	1,635
7,554	1,888	9,076	2,269	6,103	1,525	11,900	2,975
12,260	3,065	12,691		12,299	3,074		
18%		1%		61%			

*Assuming a loan of P150,000 with a monthly amortization of P1850 for the first year.

1997, which is P89.326 million.⁸ If the cost of house production is included the figures become staggering. For example, the production of 1,265 socialized housing units, priced at P80,000 per unit, would amount to P101.20 million, which is equivalent to 75% of the city's IRA for 1999, which is P135.7 million.

The issue of adequate funding is not limited to the supply side of producing housing units. Another important question is the issue of affordability: can beneficiaries afford the cost. Table 19 shows the level of affordability of the city government employees, teachers, media persons and members of the PNP. Assuming that households with monthly income of P5,000 and above use 25% of their total income on housing, majority of the teachers and city government employees would only be able to afford a Pag-IBIG loan of P150, 000 under the new Modified Guidelines for the PAG-IBIG Expanded Housing Loan Program.⁹ However, media persons and members of the local police would have to settle for a lesser amount. Fisherfolk communities and slum dwellers along the railroad tracks are the most vulnerable groups. They do not have a stable source of income and probably are not members of Pag-IBIG. The local government with the assistance of the national government needs to devise a scheme to subsidize them.

(4) *Technical, Institutional and Political Requirements.*

a. Ability to develop coherent and comprehensive urban development policies and strategies that balance growth and equity. Providing housing for the poor should be done within the context of a well-defined urban development policy translated into a comprehensive development plan. The plan should embody both economic growth and equity goals and should address the issue of adequacy and efficiency of basic public utilities and services and proper allocation and location of land for the different land users. One of the essential tools of good development planning is a land use plan that identifies the strategic use of the community's land resources for economic growth and development. It is a useful tool for directing and locating development investments and ensuring the adequacy and responsiveness of public utilities and services.

The review of the 1985 land use plan began in 1997 and is still awaiting approval from the Sanggunian. The department responsible for this undertaking is the City Planning and Development Office. The existing land use map of the city, as

⁸ *Regional Development Plan: 1998-2003*, National Economic Development Authority, 1998.

⁹ Under the new guidelines, a P150,000 loan requires a monthly amortization of P1,850.

most LGUs, needs improvement to be a useful development planning tool. Much of what is reflected is the present utilization of the land rather than its future usage. The inability of the LGU to design strategic land use maps could be attributed to the following: inadequate information; lack of technical skills on land use mapping; inadequate skills in strategic planning; and short time frame of LGU executives due to political considerations.

The local government also needs technical assistance in enhancing their knowledge on various models of urban development in the Philippines, including lessons learned from past experiences to ensure that mistakes are not repeated.

b. Ability to mobilize and generate resources to subsidize housing projects for the poor. The issue of funding raises the question of where and how the needed financial resources for housing projects will be generated. Under the National Shelter Program, the government has four programs that are largely subsidized and intended for land development and production of housing units. Some of the current programs are summarized in Matrix 2.

Most of the housing financial mechanisms of the national government have inadequate funds. The city government should be able raise funds for housing so as not to be dependent on national government. The local government should also begin to explore other innovative ways of raising funds for housing, such as bond flotation and joint venture with NGOs and corporations. Flotation of bonds has been utilized by cities and municipalities such as Victorias in Negros Occidental, Puerto Princesa in Palawan and Legaspi in Bicol. The guarantee of HIGC was critical in the success of these housing projects. It allayed the fears of investors about the uncertainty of LGU projects.

One major issue in the allocation of resources for socialized housing that needs to be resolved is defining the appropriate level of budgetary support to subsidize housing and identifying the beneficiaries of such subsidy. Under the current policy framework provided by the national government, the local government needs to contend with the imperfections resulting from existing fund transfer mechanisms.¹⁰ Poor households are at risk of being disenfranchised from accessing PAG-IBIG loans even with subsidized interest rates. Many families in slum settlements get their livelihood from fishing and other informal economic activities with no job security.

¹⁰Gilbert Llanto, "Housing Subsidies: A Closer Look at the Issues," *Policy Notes*, Philippine Institute for Development Studies (September 1996).

Matrix 2
Current Housing Assistance Programs

– NATIONAL HOUSING AUTHORITY –

Program	Purpose of Loan	Features	Beneficiaries
Resettlement Program: NHA Administered	Land acquisition and development	Program is a subsidized program; minimal fees charged to cover administrative costs	Low-income families displaced from sites earmarked for government infrastructure projects and those occupying danger areas
Local Government Pabahay Program	Site development with housing component	Joint undertaking of the LGU and NHA with land as the LGU's primary contribution. NHA provides fund to cover cost of land development. LGUs recover the project cost from the beneficiaries.	Low-income families
Community Land Acquisition Support Program	Land acquisition	Mobilization of community resources in resolving land tenure issues and site development through slum upgrading, community mortgage program	Poorest section of the community
Direct Development Loan Program	Developmental financing	Provides financial assistance at lower interest rates and easier terms to developers/Project proponents for the development of housing projects	LGUs, private developers, NGOs and other related government agencies

Cont'd next page

– HOME INSURANCE GUARANTEE CORP. –

Program	Purpose of Loan	Features	Beneficiaries
Cooperative Housing Program	Interim funding for land acquisition, site development and housing construction	Provides technical and financial assistance to cooperative housing associations	Housing cooperatives
Pabahay Municipal Bond	Municipal financing –housing and livelihood	Enables LGUs to float municipal bonds as a means of generating funds for housing or housing-related programs	

– NATL. HOME MORTGAGE FINANCING CORP. –

Program	Purpose of Loan	Features	Beneficiaries
Unified Home Lending Program	End-user Financing	For purchase of residential lots, of lots and construction of dwelling units, of newly constructed units or existing units foreclosed by the government or for construction of a new house	SSS, GSIS and PAG-IBIG members
Community Mortgage Program	Land acquisition	Covers two types: on site, where land occupied by squatters is purchased by the concerned community formally organized into an association, subdivided and sold to occupants; and off-site, where a parcel of vacant land is purchased by a community association, subdivided and sold to members	Slum dwellers and residents of blighted areas

Source: LGU Capacity-Building Program on the Urban Housing Development Act, Ateneo School of Government. *Policy Notes: Housing Subsidies*, Philippine Institute for Development Studies.

Therefore, they have very little savings and may not be seen as creditworthy. It is also possible that since most of the slum dwellers are part of the informal sector — they are not members of PAG-IBIG. Therefore, it is imperative for the local government to provide subsidies for the poor. The subsidy, however, should not exclude the need for equity on the part of the beneficiaries. The city government needs to set-up a mechanism to ensure good targeting and efficient management of subsidized housing programs.

c. Efficient and technically-equipped bureaucracy. The responsibilities of LGUs in providing mass housing for its constituencies require a competent and efficient bureaucracy. Oftentimes, there is a need to create an organizational infrastructure whose main focus will be the development and implementation of a housing program. Current practice, which lodge such activities in the city planning and development office with approximately 5-6 staff, is not realistic. The CPDO oftentimes, is burdened with numerous assignments. This limits its focus and energies devoted for planning and implementing housing programs.

There are other options for the city in organizing its activities in addressing the housing need of its constituents. A number of cities, such as Bacolod, Puerto Prinsesa and Marikina have put up separate department, the City Housing Office, tasked with implementing the low cost housing programs of their cities. The City Housing Office of Puerto Prinsesa, for example is responsible for the following: identifying communities residing along the city's foreshore bay area and other squatter settlements; identifying relocation sites in accordance with the law; census-listing and tagging of structures in depressed areas; preparation of feasibility studies for proposed housing projects; beneficiary selection and awarding; preparation of repayment scheme; and, undertaking livelihood assistance. Other cities put up an Urban Poor Affairs Office and still others organize a Local Housing Board that works very closely with its City Planning and Development Office.

Whether the major responsibility of the housing program is lodged with the planning and development office or a newly created housing office, other departments of the LGU need to get involved and given specific housing functions. An example of the task breakdown is given in Matrix 3.

d. Multi-stakeholder participation in the planning and implementation of programs. Providing decent housing for the public is a concern not only of the government but also of the community. Community participation should be sought in the deliberation of issues, design and implementation of programs. Organization and

education programs should be undertaken with the beneficiaries from the slum settlements to allow their meaningful participation in housing projects.

Most LGUs have institutionalized stakeholder-participation by creating local housing boards, composed of representatives from the LGUs, the private sector and community-beneficiaries. Although there is no law that mandates its creation, LGUs have taken the initiative to organize their boards in the implementation of local housing programs. The city government has recognized its own Local Housing Board tasked with assisting the LGU in formulating its housing policies and programs. Its representation from civil society groups needs to be strengthened and its functions well defined.

Matrix 3
Task Breakdown

Department	Function
City Mayor	Exercises general supervision
Assessor's Office	Issues the no-landholding certificate which certifies that the intended beneficiary does not previously own any land
Engineer's Office	Locates suitable sites and conducts the necessary geological surveys
Legal Office	Executes Contract of Agreement regarding the sale/installment of the lot
Treasurer's Office	Collects the daily amortization
Office of Registry of Deeds	Transfers the Certificate of Title to the paid lots
Social Welfare and Development Office	Provides livelihood and assists home-dwellers in accessing resources
Health Office	Monitors cleanliness, sanitation and over-all health condition of the residents
Department of Education, Culture and Sports	Teaches non-formal education
NGO or Regional DTI/TESDA	Assists in the skills development and enterprise development

Source: Partially based on the Case Study of "Lote Para sa Mahihirap" Program of San Carlos City, Negros Occidental.

TOWARD A LOCAL SHELTER PROGRAM FOR THE CITY

A. Initiatives of the City Government.

With the recognition that to guarantee good and sound urban development requires addressing the housing concerns of its constituents, the city government of San Fernando has embarked on a Housing Program.

The signing of the Memorandum of Understanding between the City Government of San Fernando and the Housing and Urban Development Coordinating Council of November 27, 1998 to undertake this case study provided the opportunity and the impetus for the city to systematically address the housing problem in the city.

Through the leadership of Mayor Mary Jane Ortega, the following steps have been taken:

- Creation of the Housing Board
- Inventory of slum dwellers
- Housing survey on intended beneficiaries
- Identification of possible sites for the housing project
- Meeting with Housing Agencies in the region to understand their specific functions and seek assistance
- Allocation of P3 million from its IRA to acquire land for housing project
- Networking and linkaging with various donor agencies to assist in the urban development of the city

The efforts of the city mayor and the city government are laudable. They effectively address the immediate demands for housing. The level of financing involved is way beyond its present funding capability. Recognizing these constraints, the city government decided to prioritize its housing projects with the end view of meeting the housing needs of its constituencies and producing results within the present term of office of its local government officials.

B. Steps toward a Responsive Housing Program for the City.

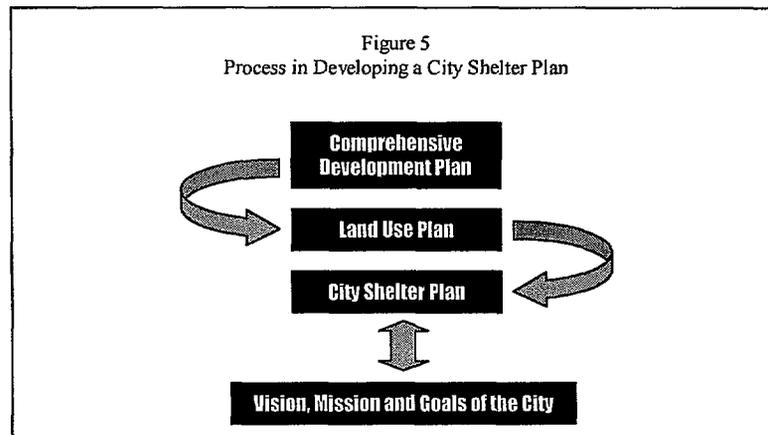
The city government needs to take the following steps to develop and implement its housing plan:

(1) *Formulate a Clear-cut Housing Policy.* With the anticipated rapid urbanization that is expected to accompany the various economic development projects lined-up for San Fernando, the city government should formulate policies to ensure that the resultant progress from these projects will promote a better quality of life of the people.

The city should take advantage of its current state of urbanization where urbanizing is still occurring at a slower pace by carefully planning the direction and mode of urban development it wants the city to pursue. With the leadership of Mayor Ortega, the city government could access the resources and expertise in carefully planning its urban development strategy

With squatting and homelessness still within manageable levels, the city government should begin to take steps to address the problem. On the short-term, policies should be put in place to contain squatting and homelessness by improving the living conditions of the slum dwellers and preventing the growth of slum settlements. In the long-term, the local government should poise itself to systematically work towards more sustaining and enduring solutions to ensure that the fruits of progress are equitably shared by all sectors of the community. The housing policy of the city should address the shelter needs of the low-income families — providing them with security of land tenure and adequate and affordable housing.

The city government should be actively involved in the implementation of the Poro Point Special Economic Zone, particularly in policy and program de-



cisions. Since the project is within its geographical boundaries and political jurisdiction, the city will directly bear the social costs as well as enjoy the benefits from the project.

(2) *Strengthen Local Housing Board.* The local housing board includes the Mayor, Chairman of the Infrastructure, Utility and Public Improvement Committee of the City Council, City Engineer, Representative of the People's Organizations, Representative of the NGOs, Representative of the National Housing Authority and the City Administrator. The Board is tasked to assist the city government in developing, implementing and monitoring policies on the "provision for housing and resettlement areas and on the observance of the right of the underprivileged and homeless to a just and humane eviction and resettlement."

The functions of the Local Housing Board should be well defined. Is it a consultative or a planning and monitoring body? Its membership should also be clarified. Who are its members and how are they selected?

The Housing Board could be a good venue for local and national agencies to work together. Regional offices of housing agencies should be active members of the housing board. Their access to information, skills and resources would significantly enhance the LGUs ability to adequately respond to housing needs of their constituencies.

(3) *Embark on a Two-Pronged Approach for Developing and Implementing a Comprehensive Shelter Plan for the City.* Due to financial constraints, the city could not embark on a comprehensive housing project that could respond to the housing needs of the informal settlers as well as the other sectors of the community. Through the assistance of this project, the city government led by Mayor Ortega studied closely the needs of existing informal settlements and the city government employees, teachers, members of media and the local police.

Recognizing the fact that families squat on government and privately owned land to be near their source of livelihood, several factors constrain the city government to prioritize the resettlement of fisherfolk families. First constraint is the unavailability of affordable land suitable for resettling fisherfolk families. The present zonal value of land along the coastal areas ranges from P 1,625 to P2,500. Acquiring these lands for housing fisherfolk families would jack up the cost of housing and make it less affordable to the fisherfolk families. Secondly, resettling the fisherfolk families in areas away from the coastal area is at this stage counter-productive. Equipped primarily with skills as fisherfolk, the pri-

mary source of livelihood is the sea. Undoubtedly, once resettled the families would return to their former settlements near the coast. Thirdly, inadequacy of funds limits the city government's ability to subsidize the project. Because of these factors, the city government needs to embark on a two-pronged approach to housing. This would involve the following:

a. Implement short-term remedial measures to improve living conditions of the fisherfolk in the danger zones and the slum dwellers in privately-owned lots. The initiatives that could be undertaken are:

- Develop alternative sources of income for fisherfolk families and other slum dwellers while improving the city government's ability to provide affordable and decent housing for them.
- Embark on community activities to educate and organize settlers to work together and solve community issues.
- Engage the community in protecting and rehabilitating the aquatic resources of the city
- Organize the slum dwellers occupying privately-owned lots and study the feasibility of implementing a community mortgage program with them.

b. Pilot a housing project that is do-able considering the present constraints that could serve as a model and venue to build the local government's capability to implement a comprehensive housing program. It is critical that local government use resources efficiently by providing subsidies only to those who really need them. There is a need to define a clear set of criteria and establish a mechanism to effectively identify intended and actual beneficiaries. One thing that the government must seek to prevent is for the subsidies to be enjoyed by people or groups, which are not really the intended beneficiaries.

(4) Strengthen Technical and Institutional Capacities of the City Government in Collaboration with National Housing Agencies. The city government should enjoin national housing agencies to assist the LGU's internal capacity building and fulfill the tasks mandated to LGUs by the Local Government Code and UDHA.

National and local government agencies should take a proactive stance in collaborating with each other. In 1993, HUDCC in collaboration with the city's Planning and Development Office, drafted a Local Shelter Program. This program has yet to be carried out. Following are some of the steps that could be undertaken:

- Technical assistance from HLURB for land use mapping should not be limited to training on the HLURB guidelines. LGUs need assistance in completing the land use map of the city, including the identification and designation of socialized housing zones
- Technical assistance from NHA in accessing innovations in housing technology to enhance the capability of the city in providing housing at affordable costs.
- Technical assistance from NHA, PAG-IBIG and HIGC in exploring options for accessing funds for the pilot project.
- The regional HUDCC should also ensure that regional housing agencies are not simply reactive but more proactive to housing needs. Updating LGUs on current housing programs and their respective guidelines is a good way to start a proactive relationship.

(5) *Establish Fund for Local Housing.* The city should seriously study different approaches to generate and build up a fund for local housing. There are two sources of funds: The first are tax-based measures, including the implementation of Section 43 of UDHA, which provides for the collection of a socialized housing tax by LGUs. The second source are funding innovations such as joint ventures or bond flotations with cost-recovery mechanisms whose earnings are set aside for housing projects.



■ NOTES ON THE NATIONAL CONSULTATION ■ ON SOCIALIZED HOUSING

I. BACKGROUND AND RATIONALE

The study "Strengthening the National Government - Local Government Relationship through Participatory Policy Analysis" emphasizes the building of a constituency that will push for policy recommendations toward strengthening national - local government relations. A strong constituency for policy reform creates a more supportive regulatory and policy environment for local governments. Thus, consultations with the partner agencies, local government units, and other stakeholders were undertaken throughout the project cycle. Further, the study's culminating activity is a national consultation that will bring together top policymakers and stakeholders for each sector. The objectives of the national consultation are:

1. To share the major conclusions and recommendations of the project with the top policy makers and major stakeholders for each sector;
2. To consult the stakeholders on the viability of the recommendations and explore follow-up activities; and
3. To heighten the need for greater synergy between national and local governments, in particular program areas, and in governance as a whole.

The project's first national consultation was on socialized housing held on August 20, 1999 at the AIM Conference Center in Makati. The project will have two

more consultations: one for agriculture, which will cover grains production and coastal resource management; and another for community-based forest management.

II. PARTICIPANTS

Participants to the national consultation consisted of representatives from the Housing and Urban Development Coordinating Council (HUDCC), the non-government sector, the Asian Institute of Management (AIM) and Ford Foundation, and the members of the Project Team. The mayors of the cities of San Fernando and Bacolod, the project's case study areas for socialized housing, were also present. The President and Secretary-General of the League of Cities were also invited to the consultation. However, no representative from the League of Cities was able to make it to the consultation. Following is the list of participants to the consultation:

Government

1. Toby Melissa Monsod, Secretary-General Housing and Urban Development Coordinating Council (HUDCC)
2. Mary Jane Ortega, Mayor, San Fernando City, La Union
3. Oscar Verdeflor, Mayor, Bacolod City
4. Hermilando Mandanas, Governor, Province of Batangas Represented by Col. Manuel Moje

Non-Government Organizations

5. Annie De Leon, Program Coordinator, Urban Poor Colloquium and Project Pabahay, Partnership of Philippine Support Agencies (PHILSSA)
6. Rey Teves, Executive Director, Technical Assistance Center for the Development of Rural and Urban Poor (TACDRUP)

AIM and Ford Foundation

7. Gary Hawes, Program Officer, Ford Foundation

8. Jesus Gallegos, Dean, AIM
9. Felipe Alfonso, AIM
10. Victor Tan, Associate Dean, Center for Development Management, AIM

Project Team

11. Ernesto D. Garilao, Project Coordinator
12. Hector D. Soliman, Deputy Project Coordinator
12. Adrian S. Cristobal Jr., Senior Consultant
13. Asia G. Canieso, Researcher
14. Teody Peña, Executive Director, Quidan-Kaisahan, Case Study Writer for Bacolod City, represented by Rutcheli Dilig, Quidan-Kaisahan
15. Henedina Abad, Executive Director, Ateneo School of Government, Case Study Writer for San Fernando City

Special Guest

16. Anna Marie Karaos, Deputy Executive Director, Institute for Church and Social Issues, Thematic Writer for Socialized Housing

III. PROCEEDINGS

The consultation started with welcome remarks from Prof. Gallegos, followed by a brief introduction of each participant. Prof. Garilao gave the overview and context of the project. Atty. Soliman then presented the major findings and recommendations of the study on socialized housing. The two case study writers were on hand to answer questions pertaining to their findings and recommendations at the local level. Atty. Cristobal served as the facilitator for the consultation. (Attached is the program of activities for the consultation.) After the presentation, a discussion followed. Below are the main points made during the discussion.

Manuel Moje. Col. Moje observed that many beneficiaries generally consider government housing as a service, rather than a profit-making project, provided by the government to its people. Thus, problems with amortization and repayments by

the beneficiaries arise, aggravating the problem of lack of funds for socialized housing projects. He emphasized the need for a more effective collection of beneficiaries' amortization, and the involvement of the private sector in the provision of socialized housing.

Toby Monsod. Ms. Monsod made a distinction between mortgage financing and non-mortgage financing for housing projects, saying that the two types of financing require different strategies and considerations. Mortgage financing covers individual homeownership that is cost-recoverable and requires fewer subsidies. Non-mortgage financing, on the other hand, faces bigger funding problems and is thus less attractive to the private sector. She said that HUDCC sees a bigger role for the government in non-mortgage financing.

Ms. Monsod also emphasized that housing is an integrated problem; thus, a sectoral approach is not feasible. This observation becomes more imperative in light of the policy and resource shift in HUDCC to prioritize the bottom 30% of the population.

Ernie Garilao. Prof. Garilao focused the discussion on the role of LGUs in socialized housing. Under the UDHA, LGUs are mandated to do socialized housing. He posed the question: "can LGUs in fact address the urban problem in their respective cities and municipalities?"

LGUs must be rational in their approach to socialized housing. It must take into account the urban poor population in their area of jurisdiction and the interventions necessary to address the housing problem. It must also determine its priority in terms of beneficiaries and types of housing to be undertaken (e.g. whether economic or socialized housing), its own resources, and other resources it can access from other sources. In short, LGUs must be able to break down the huge and complex problem of providing socialized housing into manageable parts as the first step in addressing the problem.

Related questions then arise: Since amortization of beneficiaries is very low in government housing programs, should government then go into housing? What are the different financing schemes available to LGUs?

Prof. Garilao highlighted the finding of the study that LGUs need technical assistance particularly in shelter planning, land use planning, and resource mobilization.

Manuel Moje. He observed that HUDCC has the organization in place to address the entire gamut of housing problems and needs of LGUs. He opined that the problem has more to do with implementation rather than lack of policy. He also shared to the group that the Development Bank of the Philippines (DBP) has funds available for LGUs, but require the latter to pledge their IRA as a guarantee for the loan/funds.

Toby Monsod. Ms. Monsod raised the question of how to involve the private sector in LGU mortgage/private financing without [them] losing money. With the private sector in mortgage financing, the LGU can then concentrate on non-mortgage financing for socialized housing. In formulating strategies for socialized housing, LGUs must remember that different strategies and funding schemes are required for mortgage and non-mortgage financing.

Rey Teves. Mr. Teves made an exception to the general statement that the urban poor, or the beneficiaries of socialized housing programs, do not pay amortization. He opined that the social costs of focusing on economic housing, at the expense of socialized housing, will eventually challenge its advantages.

Jing Karaos. Ms. Karaos added that the experience of the Community Mortgage Program (CMP) shows that urban poor beneficiaries do pay their amortization. What is imperative for the success (i.e., higher amortization payments) of a housing program is the social preparation of the beneficiaries.

Toby Monsod. She opined that CMP is not exactly mortgage financing since there is a 2-3 year interim period before beneficiaries start paying their amortization. She agreed that government should expand CMP, and shared that this is in fact what HUDCC is doing. HUDCC is currently piloting the decentralization of CMP in Regions VI and VII. The policy question in CMP is when to "individualize" the lots since this is not a requirement under the program.

Ernie Garilao. Prof. Garilao asked how HUDCC plans to operationalize the PhP 7 Billion (part of the PhP 21 Billion) fund for LGU-led housing initiatives. Sec. David mentioned this to the Project Team in one of their meetings. He also raised the related question of how LGUs can access this fund, or what are the access requirements for such funds. Prof. Garilao emphasized that if LGUs know that there is

a fund available, and the requirements to access such funds, LGUs will undertake socialized housing projects.

Toby Monsod. Ms. Monsod said Congress has yet to release the PhP21-Billion fund since it still has no appropriate budget cover. However, she added that both the National Housing Authority (NHA) and PAG-IBIG have programs and funds available for LGUs. She said that these programs have hardly any takers from the LGUs.

She also reiterated her earlier point that socialized housing projects through mortgage financing have less funding requirements. She also added that for such housing projects, the government is not the only source of funds for LGUs.

Ernie Garilao. Since the PhP 21 Billion is not yet available, Mr. Garilao asked Ms. Monsod what funds and programs with appropriate budget cover from HUDCC and other housing agencies are available to LGUs. He also asked about the requirements in order for LGUs to access these funds.

Mr. Garilao emphasized that it is important to have these two issues joined, with LGUs being informed about it, to enable [the LGUs] to fulfill their mandate under the UDHA.

Toby Monsod. The NHA has programs that they undertake jointly with LGUs, with the aim of decentralizing the program. Most of the time, however, such joint programs have no follow through activities. Thus, the program becomes a one-shot deal with LGUs. She proposes that a study be undertaken to check the policies and design of this program.

As to the funding requirements of LGUs, she again reiterated the need to make a distinction between mortgage and non-mortgage financing. She added that LGU funds should be limited only to socialized housing. LGUs can tap the private sector and other thrift banks for economic housing.

Oscar Verdeflor. Mayor Verdeflor noted that beneficiaries have problems with high amortization payments. Thus, in his proposed Bacolod Southeast Integrated Shelter (BASIS) Development Project, beneficiaries are only going to pay P600. amortization per month.

Gary Hawes. Mr. Hawes opined that the private sector has more funds for socialized housing. He proposed that the limited government funds be used to

encourage private sector participation in socialized housing, such as imposing lower interest rates. A partnership between the government and the private sector is imperative, and therefore has to be developed, in the provision of socialized housing. He also added that the public sector should be the one to undertake site development.

Ernie Garilao. Though Prof. Garilao agreed with Mr. Hawes, he observed that most LGUs are not yet ready to have a partnership with the private sector. In the first place, LGUs do not have adequate resources. In the second place, housing projects take time and costs are too high. Thus, most LGUs do not undertake housing projects.

The provision of technical assistance to LGUs will hopefully start [them] into their journey towards socialized housing. Once the LGUs have the capacity to plan and implement a housing project, only then can they sit down with the private sector for a possible partnership with them. An LGU with a shelter program will enable it to explore options with the national government and other partners.

Dina Abad. Ms. Abad asked Toby Monsod about the incentives available to LGUs to encourage and enable them to do socialized housing. She also asked how HUDCC can help LGUs implement their own housing strategy.

Toby Monsod. Ms. Monsod referred to the recommendations of the present research to answer the question of how HUDCC can help LGUs implement their own housing strategy. She said that HUDCC agrees with the study's recommendation to strengthen Regional Shelter and Urban Development Inter-Agency Coordinating Committee (RSUD-IACC) to enable them to address the housing needs and concerns of the LGUs, including the provision of technical assistance, within the region. She shared that HUDCC has begun doing this, by piloting the decentralization of the CMP as proposed by the RSUDs. RSUDs in pilot regions will take the lead in implementing CMP in their region.

She highlighted possible problem areas for this recommendation: (1) the different and uneven capabilities of the various RSUD teams, and (2) the fact that there is a varied number of cities or urbanized municipalities within regional teams.

Mary Jane Ortega. Mayor Ortega shared the difficulties faced by an LGU that wants to do a housing program. The two immediate questions faced by the LGU are:

(1) how to go about formulating a housing strategy, and (2) how to access funds sources like the NHA and congressional allocations.

She said that the technical assistance provided by the case study to the city enabled it to, among others: (1) identify beneficiaries for both economic and socialized housing, (2) formulate their housing strategy, and (3) set up their Local Housing Board. Because of the case study, San Fernando City became more aware of the programs and funds that they can access.

As found in the case study, the following are the doable activities for San Fernando City in the short term:

- Provision of economic housing;
- Land banking. The LGU has already set aside 5% of its IRA for this activity for 1999 (for year 2000, the budget for landbanking will be 15% of the city's IRA); and,
- Upgrading of the livelihood of the fisherfolk, one of the identified beneficiaries of the city's housing program, with funds/assistance from TESDA.

Jing Karaos. Ms. Karaos told the group about NHA funds available to LGUs: (1) PAF-2, which provides P1.5 M for each LGU, and (2) CISFA Housing Assistance for each congressional district. She emphasized that these kinds of information must be made available to LGUs, including how LGUs can access such funds.

Hector Soliman. Atty. Soliman emphasized the importance of informing LGUs about these kinds of information. He suggested that RSUDs be used as a mechanism to address the fluid status of policy. The RSUD can serve, among others, as an "information window" for LGUs regarding housing policies, funds available to them, and programs of the various housing agencies.

Toby Monsod. Ms. Monsod said that HUDCC will study and implement an NHA-LGU window that can provide information to LGUs. She also told the group that HUDCC will strengthen its RSUDs, and implement the proposed administrative order, which designates the chairperson of the (RSUD-IACC), as the representative of the housing shelter agencies in the local housing boards.

Gary Hawes. Mr. Hawes asked the two mayors what other technical assistance they need to enable them to undertake socialized housing.

IV. RESPONSES

Mary Jane Ortega. Mayor Ortega shared to the group the concrete actions, with assistance from the present project, taken by their Local Housing Board:

- Identified and determined the number of beneficiaries for both socialized and economic housing,
- Undertook site upgrading, and
- Landbanking.

The City needs assistance in the following:

- Accessing the NHA Development Fund
- Following up the funds from TESDA amounting to P78,000.
- Accessing funds from the DTI-TLRC for a fish cage project for the fisherfolk
- Providing infrastructure (i.e. road) for socialized housing projects
- Land use planning (EPZA has no provision for housing for its Poro Point Development Project.)
- For HUDCC to make representations with PNR to set aside a portion of their land in San Fernando City for the fisherfolk beneficiaries.

Oscar Verdeflor. Mayor Verdeflor told the group that his administration had undertaken some on-site development, and had been able to get a donated six-hectare land for its BASIS project. He also said that the city is now actively collecting amortization payments since out of 4.5 M collectibles, only 1.5M has been collected from the beneficiaries of its Handuman Project (relocation project).

He also said that the city needs the assistance of HUDCC in the design of its BASIS project to reduce costs of building houses.

Toby Monsod. Ms. Monsod said that HUDCC agrees with all the recommendations of the study. On the proposed AO, she made the following observations and recommendations:

- Take into account that the regional staff is thin; thus, the proposed AO must be piloted first in certain regions
- For HUDCC to undertake the retooling of its regional staff
- Include in the proposed AO the creation of an information window for LGUs on

housing, which shall include information on services available from the different housing agencies, land use policies, and programs of and funds from the housing agencies

V. CLOSING REMARKS

Ernie Garilao. Mr. Garilao observed that regional bureaucracies generally do not provide assistance until the assistance has been specifically defined. Thus, it is necessary that there is transparency as to what is available to the LGUs and their respective access requirements. Also, the LGUs must be provided technical assistance and policy support so that they are able to implement their mandate to implement a housing project.

He also said that there is a need to empower LGUs so that they become an assertive constituency for housing. If LGUs become empowered and assertive, they become a political constituency that can push for reforms in the sector.



Notes on Contributors

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