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Microfinance Approach to Housing: The Community Mortgage Program

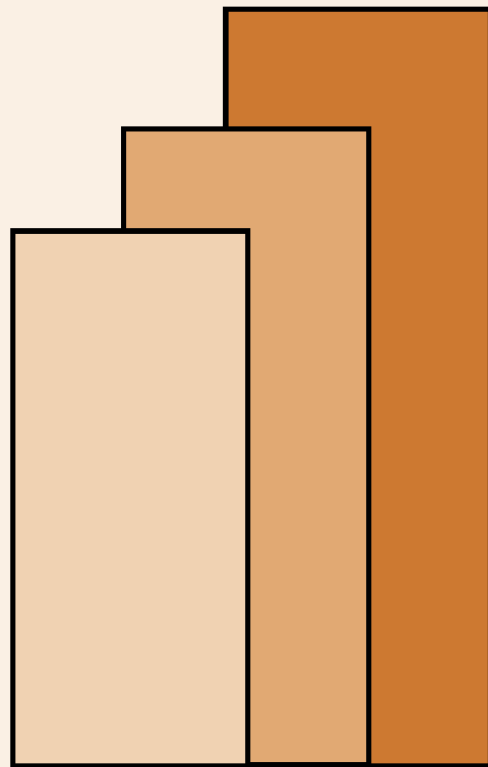
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MICROFINANCE APPROACH TO HOUSING: THE CMP

ABSTRACT

The paper provides an assessment of the Community Mortgage Program as a government-housing program for households belonging to the lowest income deciles. The assessment was carried out using the case study approach. Four CMP communities in Quezon City, Rizal and Quezon Province were selected as case study areas. The study identified three major problems facing CMP: low collection rate, NHMFC's slow processing of papers and funding requirements. Institutional changes have been recommended in the paper to make the CMP a more efficient and effective housing program. The feasibility of linking the CMP to the formal sector (e.g. banking sector) was likewise assessed. The paper observes that the present set-up, where the government provides low-income households with loans for housing while the banks grant higher income households with housing loans, remains to be the optimal one. The household data gathered by the study was used to estimate a housing demand function for low-income households. The results obtained in the paper conform to those observed in other studies of housing demand.

Keywords: urban poor housing, Community Mortgage Program, microfinance for housing

MICROFINANCE APPROACH TO HOUSING: THE COMMUNITY MORTGAGE PROGRAM

Final Report

Faith Christian Q. Cacnio

I. INTRODUCTION

Housing and land tenure security are among the primary concerns of urban poor families. Although the lack of decent housing is not exclusively an urban area issue, the pressure of this problem is more on the urban poor than on their counterparts in the rural areas. The proportion of urban population living in squatter areas has increased rapidly over the years due mainly to rural-urban migration. Indiscriminate land conversion has left many farmers and farmhands with smaller lands to till. Thus, compelling them to seek for other means of living in urban areas.

The exodus of rural folks in urban areas together with the very high price of land and the lack in affordable housing has led even the non-poor to live in informal settlements. For instance, in Metro Manila, around 30 percent live in slum and squatter areas even though only 15 percent are classified as poor. It is foreseen that this problem will worsen in coming years given the high rate of urbanization that the Philippines is experiencing.

The government recognizes the fact that having a decent shelter contributes to a healthier and more educated population. Housing has an important implication on the poor's access to basic services as well as on their ability to invest in human capital. As such the government has instituted community based housing programs to address the problem of housing and land tenure security. Among these were the Community Mortgage Program (CMP), the Group Land Acquisition and Development (GLAD), the Community Land Acquisition Support Program (CLASP) and recently, the Land Tenure Acquisition Program (LTAP). These programs have the attractive feature of providing a means for illegal tenants to have more secured land tenure and therefore have a land where they can build their homes. Government housing agencies, as well as local government units and NGOs, act as the facilitators in the transaction between the landowner and the tenants. The government sees land tenure security as the first step towards ownership of decent shelter for these poor households.

Of the three aforementioned housing programs, CMP remains to be the most availed of by informal settlers who want to have access to lot and legal titles. In the period 1993-1998, CMP accounted for an estimated 60 percent of "completed units of assistance" targeted by the National Shelter Program. The program is envisioned as the primary scheme for housing delivery for the marginalized sectors. The CMP was started in 1988 with the objective of providing assistance to both the landowner and the illegal settlers. Households are called upon to organize themselves into a community that will be the main entity who will transact with the owner of the land. Benefits accrue to both parties under this scheme – the illegal tenants get land tenure security while the landowner earn from the sale of his/her idle land.

The CMP is a form of microfinance practice in the housing sector. Microfinance of housing is a nascent but highly promising practice that has began to take root in many developing countries. In this paper, the term microfinance approach to housing refers to the extending of small loans to low income households for the acquisition of lots as well as for the construction of new basic core units and for self-help home improvement and expansion. This study on *Microfinance Approach To Housing: The Community Mortgage Program*, provides an assessment of the CMP not only as a government housing program but also as a microfinance practice in the country. The other two objectives of this research are given below.

A. OBJECTIVES OF THE STUDY

The study aims to accomplish the following:

1. assess the importance of the Community Mortgage Program (CMP) in the provision of housing to the poor
2. estimate a demand function for low-income households
3. determine the feasibility of linking this housing program with the formal sector.

B. APPROACH AND METHODOLOGY

This paper is divided into three parts. The first is an assessment of the impact of the CMP as a means of delivering housing services to the poor.

The second part of the paper carries an in-depth analysis of selected communities in three areas in Luzon. The choices were: NCR, Rizal and Quezon Province. These three were selected based on the total number of household beneficiaries in the area and the presence of other microfinance programs for housing in the locality. In each of these areas, a sample CMP community was chosen for a household survey. The sample CMP community was selected based on the mean number of beneficiaries of all CMP projects in their respective areas.

Using the data obtained from the three surveyed CMP communities, the study likewise estimated a demand function for low-income households.

The third section dwells into the possibility of linking the CMP with the formal sector. Interviews were conducted not only with households but also with banks, NGOs and LGUs providing housing services and loans. This is to get a more holistic assessment of the CMP.

C. SURVEY OF RELATED LITERATURE

Microfinance refers to the loans and savings facilities that microfinance institutions such as rural banks, credit cooperatives, credit-granting nongovernmental organizations (NGOs) extend to small-scale borrowers (Llanto, 2001). Studies on microfinance have shown that the practice can be successful in attaining its twin goals of poverty alleviation through credit provision for low-income families while ensuring sustainability through high repayment of loans. The experience of some Latin American countries with microfinance provides real-world support to this finding (see Llanto, 2001

for the discussion). The concept of microfinance has been applied to different areas, including the housing sector.

Many families, particularly those belonging to the low-income bracket, find it difficult to acquire decent housing due to the huge difference between their household incomes and the cost of land and housing construction. Their access to government financing programs is also limited because of the lack in collateral to back-up their loans. Given these, the question then becomes, what alternatives are open to these families?

Informal financing schemes have gained importance in a market where some sectors are rationed out of the formal credit system due to lack of collateral and credibility to repay loans. Nongovernmental organizations (NGOs), cooperatives and credit unions have been particularly active in this undertaking and they have shown success in generating and mobilizing funds (Rebullida, 1993). Some people have used credit unions for housing purposes, whether for repair or for acquisition (Lamberte and Balbosa, 1988:13; Lamberte and Bunda, 1988).

A study made by Rebullida and Reyes (1993) showed how cooperatives and nongovernment and community based organizations have greatly contributed to the acquisition of land and housing units for a number of families. A conclusion that can be derived from this paper is that when people are organized as a group they are better able to achieve their objectives.

The organization of people into a group is one of the defining features of the CMP. The program calls for the organization of tenants into a community association that will be the main entity that will transact with the landowner for the acquisition of land. Formed as a group, families have better chances of tapping financing for their housing needs.

In 1993, Dr. Mario Lamberte and three other consultants released a two-volume report entitled "Assessment of the Community Mortgage Program." The report included a thorough discussion of the CMP, performance targets and financial analysis of the CMP, its subsidy and affordability and expanded CMP case studies.

Among the problems of the CMP that were identified in the report were:

- CMP output, which is heavily concentrated in Metro Manila and Central and Southern Luzon, is insignificant when set against the large demand for housing.
- The program's focus had been on land acquisition and tenure regularization and there was very little on the improvement of services or housing.
- Weak management of the CMP has greatly contributed to the slow processing of documents and paying landowners; no effective monitoring system in existence.
- The CMP does not have any long-term funding source.
- Collection rates are below those needed to sustain the program.
- There are too many unsatisfactory originators.

In order to address the aforementioned problems, the authors came up with the following recommendations:

- Revitalizing the CMP as a financially sound and sustainable program.
- Modifying the CMP to more adequately reflect its original concept.
- Strengthening the accreditation process for originators and encourage their continued involvement in the program after take out.
- Retaining the CMP under the NHMFC until it can stand as a separate entity, decentralizing program activities and introducing more effective monitoring process.
- Promoting the CMP as the main government housing program for the urban poor.

Furthermore, the report included the following as part of its key findings:

- There is a pressing and immediate need to attract funds and make them available to the urban poor.
- To meet the demand for housing, subsidies must be reduced.
- The price of credit is not the main issue as potential beneficiaries are willing to pay more for its availability.

An ICSI paper, which assessed the performance of the CMP during a three-year period (1993-1995) observed that of all the government housing programs, the CMP had the lowest cost per unit of assistance and had a higher repayment rate than the UHLP (Karaos, 1996). Despite these however, the paper noted that the policy changes that pertains to the CMP adopted by the NHMFC after 1992 further slowed down CMP delivery rather than facilitate it.

Recently, a review of the performance and policies of the CMP was undertaken by the HUDCC. Identified as a main problem is the length of time it takes to complete the take-out process. To address this, a proposal was made for an express lane to facilitate the processing of CMP projects.

II. THE COMMUNITY MORTGAGE PROGRAM

I. An Overview of the CMP

The National Home Mortgage Finance Corporation (NHMFC) launched the Community Mortgage Program (CMP) in August 1988 to increase homeownership among the lowest income sector of society and to ensure that the landless urban poor have land tenure security. A component of the Unified Home Lending Program (UHLP), the CMP was designed as a low-income home financing that allows an undivided tract of land to be acquired by several beneficiaries through community mortgage. This gives the tenants of blighted areas or areas for priority development, who have been occupying their lots prior to February 25, 1986, the chance to become owners of these lands thru CMP. A crucial requirement is the willingness of the owners of these properties to put them up for sale.

There are two kinds of project under the CMP: the off-site projects and the on-site ones. The on-site projects allow the illegal settlers to formalize their claim to the land they occupy by buying it from the owner through community mortgage. On the other end, the off-site projects entail the relocation of the tenants to another area.

A. Concerned Agencies

A CMP project is a joint undertaking among different agencies involved in the housing sector. The NHMFC is the main funding agency of the CMP. It takes the lead in the processing of the mortgages of the community associations and is the government housing agency that “takes-out” a CMP project.

The National Housing Authority (NHA), Home Insurance Guarantee Corporation (HIGC), NGOs and local government units act as originators for the CMP projects. As originators, their main task is to provide the community association with the necessary technical and legal assistance as it goes through the stages of the CMP process. For their services, the NHMFC pays the originators P500 per household borrower. After a project is taken-out, the originator continues to monitor the performance of the community particularly on its loan collection efficiency.

Community associations/organizations (CA) are the main implementers of the CMP. They are involved in the collection and remittance of their member’s monthly loan amortization and in the enforcement of sanctions or punishment for recalcitrant families.

B. Loan Terms of CMP

Loan packages under this program are not only for lot acquisition but also for home improvement and construction. The loanable amount that can be availed of by the beneficiaries under the CMP are:

- P30,000 per undeveloped lot at 6 percent interest,
- P45,000 per developed lot at 6 percent interest and
- P80,000 per house and lot at 6 percent.

The loan is payable monthly with a maximum term of 25 years.

There are three stages in the implementation of the CMP: the first stage involves the release of funds for land acquisition while second stage loans can be made for site development including upgrading water supply, drainage, sanitation and other infrastructure services. For housing improvements or construction, individual beneficiaries can avail of the third stage loans. However, the main bulk of the CMP loan applications are of the first stage. Loan applications for the second and third stage have been insignificant to date. Given this, the CMP has been focused more on loan applications for the first phase and generally limited itself to on-site (upgrading) project.

C. CMP Process

- a. Tenants/beneficiaries organize into a community association, cooperative or condominium corporation which entity shall borrow and own initially the mortgage of the land.
- b. CA registers with the appropriate government agencies such as the Home Insurance and Guaranty Corporation (HIGC), or the Cooperative Development Authority (CDA), National Housing Authority and as such accredited by the Presidential Commission for the Urban Poor (PCUP).

- c. Landowner and CA negotiates for the purchase of the site; project originator often facilitates the transaction between the two parties.
- d. Originator applies to the NHMFC for the processing of a Purchase Commitment Line (PCL) once agreement is reached between landowner and CA
- e. NHMFC processes and issues the Letter of Guaranty (LOG) to the landowner for payment of the land. With the LOG, the landowner executes a Deed of Absolute Sale of the land to the CA and transfers the title in their name.
- f. NHMFC releases payment of land to landowner.
- g. CA can further avail of site development loans if desired.
- h. CA begins collection of monthly amortizations and association fees; enforcement of sanctions and substitution in case of defaulting members.
- i. Depending on the community's collection efficiency rate, CA can apply for the individualization of the land title within one year from the date of land acquisition.
- j. Community loan is individualized with the transfer of ownership of plots to the individual beneficiaries through a Deed of Sale.

D. CMP Funding

From 1988 until 1994, the CMP obtained its capital funding from short-term loans from three government supported savings and loan funds: the HDMF, SSS and GSIS. This kind of funding arrangement was intended to be but temporary, as these loans were to be refinanced from the World Bank's Shelter Sector Loan to the Philippines. However, the CMP did not receive any funding from the World Bank because of the low collection efficiency of NHMFC. While CMP achieved a collection efficiency target that is within those prescribed by World Bank, funding was never released due to the poor performance of the UHLP under the NHMFC. Hence, from 1995 to 2002, CMP was to receive budgetary allocations from the Comprehensive and Integrated Shelter Financing Act (CISFA) funds. For this period, the government has committed a total of P12.8 billion for a CMP fund to ensure that the program has the necessary funding and support.

II. CMP PERFORMANCE

The Community Mortgage Program has been hailed as one of the more successful housing programs of the government. The program's ability to deliver housing services to the marginalized sector has often been cited by project implementers and beneficiaries. The performance of the CMP over the years is discussed below in four different aspects.

a) Beneficiary Reach Effectiveness

From 1989 to August 2001, the CMP has developed 883 community projects that benefited 110,632 families at a total cost of P3.14 billion. The projects were distributed amongst 14 of the 15 regions of the country. Two regions accounted for over 60 percent of the total number of CMP projects. These were NCR and Southern Luzon's with a 47 percent and 15 percent share respectively. Only CAR did not have any CMP project.

The NHMFC Board has approved 91 CMP projects with a total mortgage value of P403.18 million for take-out. A total of 11,853 beneficiaries stand to benefit from these projects. (see Appendix 1 for summary of CMP yearly take-out)

Table 1: CMP IMPACT AND VALUE

As of August 2001

| PROJECT/ACTIVITIES | NO. OF PROJECTS | NO. OF BENEFICIARIES | MORTGAGE VALUE (in million pesos) |
|---|------------------------|-----------------------------|--|
| Pipeline Projects | | | |
| - Applications for Purchase Commitment Line/Accreditation | 140 | 23,544 | 1,184.92 |
| - CMP projects with PCL for delivery | 35 | 2,916 | 127.53 |
| - In-process for take-out by LE/ME | 97 | 10,540 | 410.34 |
| CMP projects approved for payment/take-out by the NHMFC Board | 91 | 11,853 | 403.18 |
| CMP projects taken-out/paid (from 1989 to August 2001) | 883 | 110,632 | 3,144.02 |
| TOTAL | 1,246 | 159,485 | 5,269.99 |

Source: *CMPTF Secretariat*

National Home Mortgage Finance Corporation (NHMFC)

Currently there are 100 CMP originators listed with the NHMFC. From the program's inception until 2000, NGOs had the most number of originated CMP projects at 291 with a total loan value of P1.121 million. Government housing agencies, HIGC and NHA, were able to originate 195 CMP projects with a total loan value of P623.76 million. Local government units (LGUs) were also active originators as they accounted for 181 projects with a total loan value of P445.35 million.

Amongst the originators, NHA originated the most number of CMP projects at 134. This is in keeping with its mandate of "focusing its efforts in providing housing to the lowest 30 percent of the urban income-earners."

As compared to other housing programs implemented by the government, CMP has assisted the greatest number of families in the shortest period of time with the smallest loan fund utilization.

b) Cost Effectiveness

According to the NHMFC, the average loan amount availed under CMP from 1989 to 2000 is P28,039 per beneficiary. The amount is but 15 percent of the average loan amount per beneficiary of the other government housing programs. Moreover, CMP's average monthly amortization of P185.00 easily makes it the most cost-effective government program to allow land access for the poor.

Table 2: GOVERNMENT HOUSING PROGRAM 2000: AVERAGE LOAN SIZE

| Government Housing Program | Average Loan (in pesos) |
|-----------------------------------|--------------------------------|
| CMP | 28,000 |
| NHA-administered resettlement | 75,000 |
| GLAD | 77,414 |
| HDMF-UHLP | 140,090 |
| HDMF-EHLP | 161,610 |
| Special Projects | 176,980 |
| Retail home lending | 180,000 and above |

Source: National Congress of CMP originators, August 2000.

c) Government Housing Loans and Collection Efficiency

The CMP accounted for 6.7 percent of the housing loan portfolio of the NHMFC between the period 1987-2001. Among the housing programs of the NHMFC, the UHLP had the biggest loan share at P42.12 billion or 93 percent of the total loan portfolio of the housing agency from 1987-1997. However, the lending operation under the UHLP was stopped in 1996. (see Appendix 2 for NHMFC housing loan portfolio)

Between 1993-1998, statistics reveal that CMP performed better than the UHLP and other social housing programs, including those under NHA in terms of collection efficiency rate (CER). The CER is computed as a cumulative percentage of total loan collection over total billing, excluding penalty charges.

The CMP's average during the period stood at 76.92 percent compared to the 63.35 percent average of the UHLP.

Table 3
COLLECTION EFFICIENCY RATE, 1993-1998
(in percent)

| PROGRAMS | Average Collection Rate | | | | | | Average 1993-1998 |
|-----------------|--------------------------------|-------|-------|-------|-------|-------|--------------------------|
| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | |
| UHLP | 65.30 | 62.53 | 62.60 | 62.62 | 63.34 | 61.68 | 63.35 |
| CMP | 69.30 | 72.64 | 83.41 | 81.40 | 77.34 | 77.43 | 76.92 |

Source: Housing and Urban Development Coordinating Council

The lowest annual CER was in 1993 (69.3 percent) and the highest was in 1995 (83.4 percent). The CMP collection efficiency rate (CER) as of June 2001 was 71.87 percent. This figure is lower than the one posted in December 2000 at 72.04 percent but higher than the 67.9 percent of December 1999.

Among the originators, government housing agencies performed better than NGOs and LGUs. Government agencies posted a CER of 79.82 percent in 2000 compared to 64.78 percent and 74.36 percent of NGOs and LGUs respectively.

d) Pipeline Projects

As of August 2001, the NHMFC has been processing a total of 272 projects with an estimated mortgage value of P1.72 million and a total number of 37,000 household beneficiaries. Of the 272 projects, 97 are in the process of being taken-out while 35 have PCLs for delivery. The remaining 140 projects await the approval of their application for PCL.

All new CMP projects are limited to on-site projects. All off-site projects are put under study either for a new loan window or for consideration as NHA relocation projects. An "express lane" has been set-up where new on-site projects are being processed.

B. CMP: ISSUES AND PROBLEMS

Although CMP is considered a successful project, previous studies and researches done on it have pointed out some shortcomings that beg attention and reforms. These critical problems include: shortage of necessary funds from the government, slow processing of the projects that can hinder the flow of available funds and release of payments to landowners and deteriorating collection efficiency rate.

a) Funding Requirements

Under the CISFA of 1994, the National Shelter Program (NSP) was given an allocation of P38.5 billion to: a) ensure a sustained funding for the program; b) increase the capitalization of the NHMFC; and c) increase the annual appropriation for the Social Housing Funds from P500 million to P1.1 billion. However, of the allocated P38.5 billion, actual releases for 1995-1998 amounted to only P7.8 billion or a mere 19.5 percent. The CMP, which is a component of the NSP, was given an allocation of P2.9 billion for the same period but the actual releases for the program amounted to only P1.5 billion (see Appendix 3 for CISFA breakdown).

The huge shortfall has been attributed to a number of reasons including: a) revenue declines from the four identified fund sources: Philippine Amusement and Gaming Corporation, the Philippine Charity Sweepstakes, Bases Conversion and Development Authority and the Development Authority and Public Estates Authority; b) the non-automatic allocation of funds to shelter agencies even if the sources have already been identified; c) the present rediscounting rules which do not qualify low-cost housing; and d) non-inclusion of socialized housing in the law on the use of the Agri-Agra funds.

From 1999-2002, the CISFA's allocation for the CMP amounts to P9.880 billion. Many are in doubt that this amount will equal the actual releases for the program during the said period.

b) Slow Processing of CMP Projects

Another critical unresolved problem faced by CMP is the excessive centralization of the procedures at the NHMFC head office in Manila, particularly the allocation, processing and approval of projects. Presently, the only tasks that are being performed by the regional offices of the NHMFC include the background inspections and investigations and site investigations of potential CMP projects. This set-up has caused the delay in the processing of projects and the payments of landowners. Originators and CAs complain that a project has to wait years before it is taken-out. Currently, a backlog of more than two years exists in the processing of some project take-outs.

Given this problem, an Express Lane Facility for the take-out of CMP projects has been set-up. Under this system, LGUs are encouraged to fast-track projects that have an intention-to-sell by the landowner, even if there are documents that are still to be completed. The submission of key documents such as the Lease Purchase Agreement between the community association and the individual beneficiary, the certificate of employment and proof of income, the approved sub-division plan and the official master list of beneficiaries may be deferred for a year in order to speed up program enrolment and take-out.

However, some originators claim that the Express Lane Facility is far from accomplishing its objectives. It is said that only in an ideal setting will the Express Lane be able to perform its purpose of fast-tracking CMP processing. For now, originators and community associations still have to go through the long and tedious process of the CMP.

c) Collection Efficiency Rate

The CMP is guided by an 85 percent collection efficiency standard that is often not met in many projects. Proposals on how to boost collection have been made which include: door-to-door visits to pressure recalcitrant members into paying their dues, mandating "oaths of repayment," using disciplinary measures such as threat of eviction and having LGUs strictly enforce the demolition of houses of recalcitrant members. The effectiveness of these measures has been left in doubt particularly in some communities where the main reason why members cannot meet their monthly dues is their lack of a steady source of income and where community unity acts as a strong deterrent for the enforcement of disciplinary actions.

In this section of the paper, an overview of the CMP was given. The program's objectives and implementing guidelines were discussed. Likewise, the CMP's performance over the years was briefly assessed using data gathered from the different implementing agencies of the program. Three critical problems identified with the program were cited and discussed.

From a macro perspective, the next section of the paper will take the CMP to the household level. Here, the paper will present case studies of four CMP communities in

three different areas. Results of the household survey made on these communities as well as excerpts of interviews conducted with CAs and originators will also be included. Using the data gathered from the survey, an estimate of housing demand will be made.

III. HOUSEHOLD SURVEY OF FOUR SELECTED CMP COMMUNITIES

The study “Microfinance Approach to Housing: The CMP,” conducted four household survey in four selected CMP communities in Quezon City, Rizal and Quezon Province. The three areas were selected based on the criterion of total number of beneficiaries. Quezon City has the most number of CMP beneficiaries in NCR at 7,694. In Region IV, Rizal has the most number of CMP beneficiaries totaling 6,768 followed by Quezon Province at 4,016.

From the three areas, four CMP communities were chosen. These were: Humanity Residents Homeowners Association in Bagong Silangan, Quezon City, Muzon Kapatiran Homeowners Association in Taytay, Rizal, Dael Homeowners Association in Dalahican, Quezon Province and Flores Greenhills Homeowners Association in Lucena City. The mean number of beneficiaries in each area was determined and used as the basis for the selection of the four communities.

A total of 292 households were surveyed during a one and a half month survey period. Most of these households were original beneficiaries of the program while a number were renters and new owners.

Interviews were also conducted with the CA officers of the communities as well as with their respective originators. This is to get a better understanding of the CMP at a community and household level.

I. BACKGROUND OF THE FOUR CMP COMMUNITIES

A. Humanity Residents Association CMP

| | |
|----------------------------|-----------------------------------|
| PROJECT NAME | : Humanity Residents Association |
| LOCATION | : Bagong Silangan, Quezon City |
| TYPE OF PROJECT | : on -site |
| ORIGINATOR | : LGU – Quezon City |
| TOTAL TAKE-OUT | : P 1,865,160 |
| DATE OF TAKE-OUT | : March 1990 |
| NO. OF BENEFICIARIES | : 130 households |
| COLLECTION EFFICIENCY RATE | : 113.80% (as of June 2001) |
| TOTAL AMOUNT PAID | : P1,927,107.30 (as of June 2001) |

The formation of a formal association among the residents of Humanity came about when they found themselves facing eviction and demolition notices from the owner of the land that they squatted on in Project 6, Quezon City. The community association then sought the assistance of the city government of Quezon City in finding a suitable relocation site for them. A site was eventually found in Brgy. Bagong Silangan, Quezon City. Having registered themselves as a CA, the community entered the CMP of the government. With the city government of Quezon City as their originator, the Humanity HOA project was taken out on March 1990 with a total take-out loan of P1,865,160. The project had a total of 130 beneficiaries.

As soon as the site was made available to them, the residents immediately transferred their makeshift houses from Project 6 into their new area.

According to an interview with the People's Bureau of the city government of Quezon City which handles the city's housing projects, an initial problem encountered by Humanity is the lack of funds for the needed re-propping of the site which is located in a low area. It was not until 1991 that the city government came up with the needed funding to have the site re-propped. To further develop the area, the city government formed a tie-up with the Mondragon Foundation. The Foundation supplied the association with the needed materials for the construction of roads and alleys while the residents provided the sweat equity. Moreover, as part of the commitment of the Foundation to help the residents of Humanity, they initiated livelihood projects and skills development programs. However, these programs did not really prosper in the area because of the residents' lack of interest in the kind of livelihood projects that were being implemented.

In the household questionnaire of the study, respondents were asked about the things that they like most about their neighborhood. Respondents in Humanity often cited the good relationship that exists among the residents and the active and good community association that they have. Having known each other since their Project 6 days, the relationship among the residents of Humanity is near kinship. The residents are united as one and they easily cooperate with the projects that are being implemented by their CA.

The community association of Humanity holds regular meetings to discuss the developments, projects or problems in their community. Collection problems remain to be the main concern with the CA of Humanity. Some households have difficulty in meeting their monthly financial obligations. The main reason given for this delinquency is the lack of a steady stream of income or employment of these families. Despite this, the collection rate of Humanity stood at a high 113.80 percent as of June 2001. The CA officers attribute this to the fact that the pending individualization of their titles had become a great come-on for their members to pay in full their loan amounts. Members are also encouraged to pay more than their monthly due whenever they have excess money to shorten the length of their amortization.

Substitution of a member is a means by which the CA deals with households that can no longer pay their monthly amortization. CA officers pointed out that often, in such cases, the household takes the initiative to inform the CA of its intention of leaving the area. The CA would then find a replacement household from its shortlist of applicants. They do background checks on the potential replacement, including criminal records and employment status. Humanity residents are adamant that they would not have anyone with a shady character in their community.

The CA of Humanity as well as its residents is proud of the developments that have taken place in their community in less than a decade. From a relocation site with dirt roads and an uneven, low area, they were able to transform it into a housing site with fully concretize roads and alleys, electric and telephone lines. And it is not only their site which undertook major developments but the quality of dwelling units in the area as well. The makeshift houses brought by the residents from Project 6 where replaced by fully

concrete ones. Some households were able to add extensions and floors to the original structure of their housing unit.

Indeed, the CA and residents of Humanity are one in saying that they have come a long way from the squatter's area that they have resided in Project 6.

B. Muzon Kapatiran Homeowners Association CMP

| | |
|----------------------------|--|
| PROJECT NAME | : Muzon Kapatiran Homeowners Association, Inc. |
| LOCATION | : Brgy. Muzon, Taytay, Rizal |
| TYPE OF PROJECT | : on -site |
| ORIGINATOR | : NHA |
| TOTAL TAKE-OUT | : P 1,882,400 |
| DATE OF TAKE-OUT | : March 1992 |
| NO. OF BENEFICIARIES | : 112 households |
| COLLECTION EFFICIENCY RATE | : 111.10% (as of June 2001) |
| TOTAL AMOUNT PAID | : P1,536,605.56 (as of June 2001) |

In September 1989, Hon. Francisco Sumulong, then Congressman of the 1st District of Rizal, endorsed the Muzon Kapatiran Homeowners Association, Inc. to the Bagong Nayon II Project Office of the NHA for assistance in acquiring the land that they were occupying in Brgy. Muzon, Taytay, Rizal.

In response to the endorsement, the Bagong Nayon II Project Office readily conducted an orientation of the Community Mortgage Program among the members of the association. The members were informed of the government's housing program and how they can avail of it.

After verifying the registration of the land, the community association got in touch with Ms. Co Beng Hui, the landowner, for the purchase of the 10,180 square meter property. With regular coordination and meetings with the landowner and concerned housing agencies, the community association was able to buy the 9,412 square meters more or less at P200/sq.m. The CA need not pay for the remaining 768 square meters as the landowner donated it to the local government of Taytay as access road or right of way.

A contract/agreement to buy and sell between the owner Ms. Co Beng Hui and the then president of the community association, Jesozimo Equalada was signed on May 16, 1990 with Congressman F. Sumulong, Mayor Godofredo Valera of Taytay and the residents of the area as witnesses.

In a decade, the area has undergone many improvements and developments. A site development plan was drawn up and was approved by the HLURB. The plan put to order the delineation of the residents' lots and the construction of roads and pathways. Through the help of the local government of Taytay, the association of Muzon Kapatiran was able to have their roads and alleys fully concretized. Together with the development of the site was the upgrading of the housing units in the area. According to the residents there, it used to be that the type of housing units that can be found in their area were makeshift or wooden ones. But now, the predominant type of housing units is

concrete. Some dwelling units even have a second or a third floor. It is not only in the physical aspect that the community experienced developments. The residents' standard of living and their incomes have become better over the years. The community of Muzon Kapatiran is the site of many home-based businesses such as figurine making and painting, sandal/shoes making and garments sewing that have a wide market. The problem of the owners is that they don't have enough capital to invest to meet the production demands of their market. The community association wants to address this problem by establishing a cooperative in the area to furnish their residents who are engage in small scale businesses with the needed funds.

The CA of Muzon Kapatiran has had their lots parcelized and their titles individualized. Its members, who have paid their loan amounts in full with the NHMFC, already holds the title to their lots.

Before reaching the stage where they are now, Muzon Kapatiran HOA first went through a lot of problems. According to NHA, the project's originator, the community was almost foreclosed some years before due to its low collection rate. CA officers ascribed this to the dissenting opinion among residents about the ownership of the land that they are occupying. There is a faction that contests the legality of Ms. Co Beng Hui's claim to ownership of the land. They cite this as their main reason for not paying their monthly amortization. Then there are residents who simply doubt the Community Mortgage Program itself. These households are not convinced that the program will allow them to own the lot that they are living on.

As the area was about to be foreclosed, the CA officers of Muzon Kapatiran together with the staff and manager of NHA Bagong Nayon Field Office, conducted a series of meetings trying to convince the members to cooperate by paying their monthly obligations. They went to the houses of the recalcitrant members explaining the program to them and asking them to meet their dues. To cover for the shortfall in collection funds, the CA organized fund-raising activities. Their efforts paid off when they were able to increase their collection rate. As of June 2001, Muzon Kapatiran registered a CER of 111.10 percent. As for members who maintained a hard stance of not paying, the CA took legal actions against them. When the study's survey team went to the site, the CA officers showed them the remnants of the housing units that they had demolished. These, they say is a way of disciplining their members. And to show those who doubt the program that the CMP is for real, they set a meeting where the released titles of some of their residents were shown for all to see.

The CA of Muzon Kapatiran keeps a shortlist of potential new beneficiaries for substitution. Family members or relatives of their community members get the top priority in substitution cases, followed by renters who have been in the community for a number of years and then outsiders with good backgrounds.

Currently, the community association has some projects in its pipeline. These includes the construction of a playground in a vacant lot for their children, the installation of NAWASA water lines in the area and the individualization of their electric meter.

C. Dael Homeowner's Association CMP

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| PROJECT NAME | : Dael Homeowners Association, Inc. |
| LOCATION | : Purok 5, Brgy. Dalahican, Lucena City |
| TYPE OF PROJECT | : on -site |
| ORIGINATOR | : HGC |
| TOTAL TAKE-OUT | : P4,680,004.15 |
| DATE OF TAKE-OUT | : September 1999 |
| NO. OF BENEFICIARIES | : 143 |
| COLLECTION EFFICIENCY RATE | : 43% (as of July 2001) |
| TOTAL AMOUNT PAID | : P285,714.07 |

Situated 5 kilometers from the city proper of Lucena and 1.5 kilometers from the Dalahican Fishing Port, the Dael HOA CMP is one of the urban poor housing projects undertaken by the government in Lucena City. Most of the 143 beneficiaries earn their living as fishermen, market vendors, construction workers and drivers. Some are employed in the formal sector as private or government employees.

A quick look into the history of the area will reveal that as early as the 60's, some families have began to settle in the area of Dael. These families bought the rights of their lots from the Buklurang Pilipino, otherwise known as the PIADECO, a land syndicate operating in Quezon Province. As the number of families living in the area increased, the community deemed it better to organize themselves into an urban poor association that can qualify for the CMP of the government to secure their land tenure. With the HGC as their originator, the Dael HOA obtained all the necessary documents to enter the said housing program. CA officers traced the original owner of the land that they have been occupying. Land registration revealed that Carlos J. Dael and Teresita Dael Las own the property. After some negotiations with the landowners, the CA of Dael acquired the 10,951 sq.m. land at P450/sq.m.

HGC facilitated the application of the Dael HOA to the CMP. The agency conducted background investigation of each of the beneficiary households, prepared the housing site plan as required by the HLURB and gave the members of the association an orientation of the program.

In September 1999, the Dael Homeowners Association CMP was taken out from NHMFC. The maximum loan granted of a beneficiary was P45,000 while the minimum loan amount was P19,737,20.

Currently, there are 120 families living on the site in Dael. They occupy 100 housing units more or less that are made-up of concrete, wooden, mixed and indigenous materials. Since it's take-out in 1999, Dael has undertaken a couple of site developments and improvements. Roads and alleys have been constructed in the area albeit it is only their main road that has been concretized. And recently, through the help of the local government of Lucena City, the community built a health center in their area. They are now looking for funding for the construction of a multi-purpose hall where they can hold regular CA meetings.

The water supply is an often-cited problem of the community. Though there are dwelling units in the area that have their own NAWASA connection, many of the housing

units in Dael are yet to have their own. Another concern is the lack of a proper drainage system in the site. This deficiency greatly contributes to the area's main problem of flooding. Bounded by a river at the back and in one side, the community perpetually suffers from floods during the rainy season as well as during high tides. The flooding problem can get so severe that some households find themselves fleeing to higher areas during strong typhoons.

It is not only development and area problems that the community association of Dael must address. There is also the problem of low collection among its members. According to HGC, as of July this year, the collection efficiency rate of Dael HOA stands at 43 percent, a figure that is way below the 80 percent set by the NHMFC. The HGC, as originator of the project, made extensive efforts to increase Dael's collection rate. Staff at the HGC would accompany CA officers when they go from house-to-house, collecting monthly fees. But despite of this practice, the CA cannot go beyond a 50 percent collection rate. When asked about this, the officers of the CA gave two main reasons for the low collection rate. First, they said, many of the households in the area rely on fishing for their income. Income from fishing, they say, is not stable and it depends on the season. During the lean months of the year, they barely can provide their families with their everyday needs much more pay for the amortization of their lots. The second reason cited by the CA officers is the recalcitrant members in the area. There are 11 families in Dael that opted not to join the association and the CMP. They claim that the Dael family is not the real owners of the land and that the CMP is a hoax. These families continue to occupy lots in Dael but they are not paying any amortization for these. The CA of Dael has already filed a legal suit against them; asking that they be evicted from the site.

The low collection rate of Dael HOA is a constant source of insecurity among the members of the community who are updated in payment. They fear that the area might be foreclosed and they be evicted. To allay such concerns, the CA has requested the NHMFC to allow them to apply for the individualization of their titles. The NHMFC, in a letter to HGC, granted the CA's request. The CA is now into the process of meeting all the requirements for the individualization of their titles.

At present, the officers of the CA are looking into the possibility of finding funding to establish some livelihood programs in the area. This they say will lessen the dependence of their members to fishing as their main source of income. And hopefully, this will also address the problem of low collection rate of the community.

D. Flores Greenhills Homeowners' Association, Inc. CMP

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| PROJECT NAME | : Flores Greenhills Homeowners' Association, Inc. |
| LOCATION | : Brgy. Marketview, Lucena City |
| TYPE OF PROJECT | : on -site |
| ORIGINATOR | : HGC |
| TOTAL TAKE-OUT | : P8,276,182.39 |
| DATE OF TAKE-OUT | : July 1997 |
| NO. OF BENEFICIARIES | : 328 |
| COLLECTION EFFICIENCY RATE | : 49.58% (as of May 2001) |
| TOTAL AMOUNT PAID | : P1,249,394.87 |

The Flores Greenhills HOA CMP is the largest CMP project in Quezon in terms of number of beneficiaries. Formerly known as the Samahang Maralita HOA, Inc., it has a total of 328 beneficiaries settled in Phase I, II and III of the area. Most of its residents are market vendors, private employees, construction workers and drivers. Some are employed in the government sector.

The community at Flores Greenhills began to exist in the early 60's, when some families started to build their housing units in the area. Wanting to own the lot that they were occupying, the community of Flores Greenhills entered the CMP of the government. With the HGC as their originator, the CA of Flores Greenhills acquired the 18,904 sq.m. property from its owner Mildred Flores Piad. On July 1997, the community was taken out from the NHMFC with a total take out loan of P8,276,182.39.

Over the years, the Flores Greenhills has undertaken many site improvements and developments. Electric, water and telephone lines have been installed in the area. The roads and alleys in the site have been fully concretized. A drainage system has been constructed as well as a basketball court for their children. Most of the 300 housing units in the area are now made of concrete and strong building materials. An added attraction of the site is its nearness to the city proper. Located 1.2 kilometers from the central business district of Lucena City, the site is an ideal place to live in given its accessibility.

CA officers were asked what are the problems that their community face these days and they gave three.

First, as of June 2001, the collection efficiency of the CA has gone below the required level under the CMP program resulting to only 47.3 percent collection efficiency rate. Despite the assistance provided by the HGC staff to the CA (e.g. going with them when they go on their collection rounds), they continue to post the same level of collection efficiency. This is attributed to the obstinate stance of many members of not paying their monthly amortization. These people question the CMP as a government housing program for low income families. They do not believe that they will eventually gain ownership of the lot they occupy if they comply with their monthly financial obligation. No matter how hard the HGC staff explains the program to them, they maintain their stand and refuse to pay their dues.

The second problem faced by the CA is the huge penalty charges on their land tax. The community has not been paying their land tax since they acquired the property and this nonpayment has amounted to a huge amount of penalty that they have to cover. Payment of their land tax and penalty charges is a requirement for the individualization of their titles. The CA says that they don't have the necessary funds to pay for their penalties.

The uncooperative attitude of the members is the biggest problem that the CA of Flores Greenhills has to solve. Whenever the CA sets a meeting to explain the program or to discuss important issues, only a few members bother to come. And those who come are often members who are up-to-date in their payment; of whom the CA has no issue to settle with. The CA laments the lack of unity among their members as a major difficulty in improving the collection efficiency of their community. They are contemplating on taking legal actions against the recalcitrants in their community but they worry about the financial burden that they would have to shoulder if they do. For

now they resort to persuasive talks with these people to make them comply with the regulations of the CA and the program.

Currently, the CA is busy preparing all the needed documents for the individualization of their titles. And this includes settling their land tax penalties.

II. SURVEY REPORT

A total of 292 households were surveyed by the study in the four CMP communities mentioned above in a month and a half period. This figure is broken down as follows: Humanity Residents HOA (97 respondents); Muzon Kapatiran HOA (95 respondents); Dael HOA (53 respondents); and Flores Greenhills HOA (47 respondents). The study intended to survey 300 households but fell short of this target. The shortfall was due to the fact that some of the beneficiaries are still not residing in the site and that some of the families living there were not in the area during the time of the survey.

A. Survey Questionnaire

The survey questionnaire used in the study was divided in seven parts:

- ii) Characteristics of the Household – this part of the questionnaire asked about the characteristics of the household head and his/her spouse. The household's expenditures and income and mobility over the years were also asked.
- iii) Structural Characteristics of the Dwelling Unit – questions were asked about the structure of the dwelling unit and its facilities. Respondents were also asked about the things that they like and dislike about their housing units and their preference over owning their own house or renting.
- iv) Neighborhood Characteristics – respondents were asked about the changes that have occurred in their neighborhood in recent years. They were likewise asked to cite the things that they like and dislike most about their neighborhood.
- v) Housing Value – the expectations of the owner/beneficiaries as to the value of their dwelling units and lots in coming years were asked in this part of the questionnaire.
- vi) Housing Plans and Financing – the questionnaire inquired about the respondents' plans for upgrading/renovations in their dwelling units and how they intend to finance these changes.
- vii) Interviewer Observation of Structural and Neighborhood Characteristics – a subjective view of the interviewer regarding the structural characteristics of the housing unit of the respondent as well as of the neighborhood.

B. Results of the Survey

1. Characteristics of Households

The average household size in the four communities was 5. Among the communities, Muzon Kapatiran reported the highest incidence of doubling up in the dwelling units. Of the 95 households surveyed, 27 were doubling up with as many as four other households in one dwelling unit. In cases of doubling up, the usual type of household is intergenerational/extended or households with grandparents or grandchildren and other relatives of the head or spouse.

The questionnaire was able to generate a profile of the household heads and their spouses. In terms of educational attainment, the head of the household and their spouses are often high school graduates. Some have reached the tertiary level but only a handful earned their degrees. Most of the household heads are either self-employed (e.g. tending their own sari-sari stores or engaging in small time business), construction laborers, jeepney and pedicab drivers or as in the case of Dael HOA, fishermen and fishing port workers.

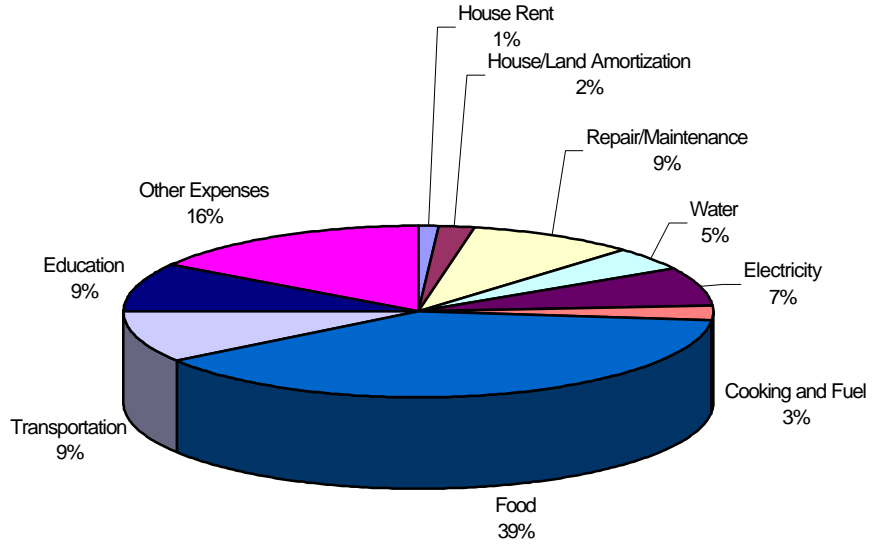
A few of the surveyed households have ownership of another housing unit aside from the one that have been awarded to them. These house and lots are located in their place of origin and were usually part of their inheritance from their parents.

Aside from the renters and new beneficiaries, the families in the four communities could trace their history in the area from the time their site began to exist. It is not unusual for neighbors to have been together for decades and thus are very familiar with each other.

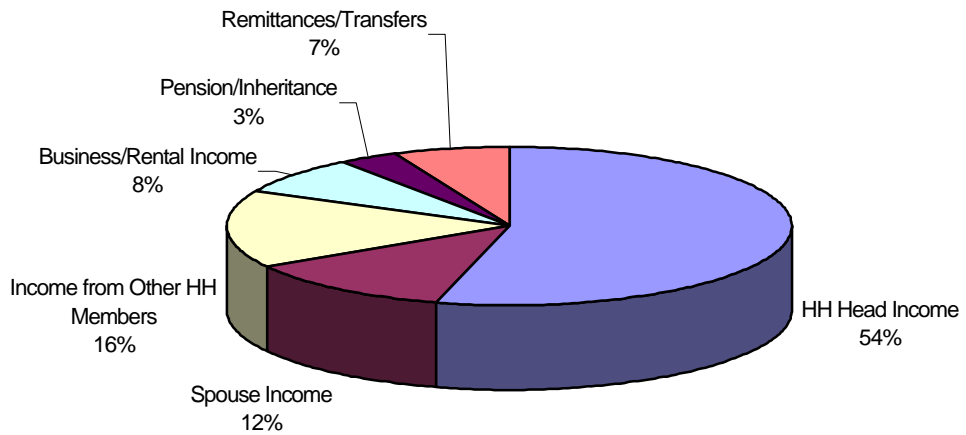
A section of the questionnaire dealt with the expenditure and income patterns of the households. The average annual total expenditure of the households in the four communities was P101,291. Of the four, Muzon Kapatiran HOA has the highest average annual total expenditure at P108,555 or an average monthly expenditure of P9,046.25. Humanity Residents HOA came in next with an average monthly expenditure of P8,896 or P106,756 annually. Average expenditure on food accounts for 39 percent of the household's total budget. The second biggest chunk of the household's average expenditure goes to clothing, medical, personal and hygienic care and other incidental expenses at 16 percent. Their housing amortization on average takes 1.9 percent of their monthly total expenditure. Water and electricity bills, on average, eat up 12 percent of the total budget of the household. Households in the four CMP communities have higher spending for their water needs compared to other communities because they have to buy their water from water stations or private pumps as individual NAWASA lines are yet to be installed in their respective areas. (see Appendix 4 for summary of descriptive statistics)

Looking on the other side, the annual average total income of the surveyed households was P129,824.70 with their average monthly income being P10,818.72 (see Appendix 5 for no. of households in each income decile). The annual average income figure is 9 times higher than the poverty threshold of the country which stands at P13,916 per annum for a family of 6. Humanity Residents HOA had the highest monthly and annual average income at P12,832 and P153,986 respectively. On the other end, Dael HOA posted the lowest average annual total income at P100,365 and P8,364/mo.

PROPORTION OF HOUSEHOLD EXPENDITURE



PROPORTION OF HOUSEHOLD INCOME



The poverty thresholds for NCR and Southern Luzon are P18,001 and P13,764 per annum which are 8.5 and 7.3 times lower than the average annual incomes reported in the communities in these areas respectively. Household heads, on average, contributed 54 percent of the household's average total income while their spouses supplied 12 percent of it. The other members of the household on average put in 16 percent of the household's average total income. Many households in the four surveyed communities are engaged in small-scale business and the income they earned from these contributes 8 percent of their total income. Only a small proportion of households received income from pensions, transfers from relatives living within the country or remittances from family members working abroad. Even fewer are households that have received inheritance from their families (see Appendix 6 for summary of sectoral employment of household heads).

On average, the total expenditure of households is lower than their total income. The discrepancy translates to savings for the households. Humanity Residents HOA, among the communities, has the highest savings rate at 30.67 percent. However, if the data on households will be disaggregated, it will be observed that many households have budget deficits – higher total expenditure than total income. This observation has two important implications for the study. One points to the limitation of the questionnaire in capturing the household's real total income and expenditure. There are factors that affect their income and their expenditure that are not being reflected in the survey questionnaire. These may be transitory changes in their income and expenditure pattern. The other implication is on the existence of a notable income disparity among the members of the community. Individual data on households will show that some families have incomes that are twice or even three times that of other families in the same area. Often, this is the case for families with businesses or family members working as OFWs.

Television sets, electric fans and radio cassettes are considered as necessities when it comes to ownership of durable goods. Almost all of the households surveyed own at least one of these appliances. Some have refrigerators and telephone lines. A few of the households have their own air conditioners and vehicles.

2. Structural Characteristics of the Dwelling Unit

From the time they were “taken-out,” the four communities underwent major site development and improvements. The lots allocated to each beneficiary has been clearly delineated and proportioned. Being secured about their tenure in the lots they occupy, households began to improve on their housing structures. From makeshift houses, households had their units concretized and furnished. Those who have the means even had their dwelling units expanded to include another floor. However, there are still some households who live in units made of weak building materials.

A common problem among these communities is their water supply. Although each has access to electricity and telephone service, the same cannot be said for water. Communities like Humanity Residents HOA and Muzon Kapatiran are currently having water pipes lain down in their area. Some residents in Dael HOA and Flores Greenhills HOA have their own individual dwelling unit water connection but for many they have to get their water supply from private pumps or water stations.

Except for a few respondents who expressed dissatisfaction with their dwelling units, all of the surveyed households said that they are satisfied with their housing units. Asked about the things that they like most about their dwelling unit, the surveyed households are one in saying that the fact that they can claim ownership of their house and lot is the thing that they like most about it. They also said that they find their units comfortable and secure. Moreover, households with few members found their houses spacious.

Leaking roofs and dilapidated housing structure topped the list of the things that they dislike most about their dwelling units.

Following World Bank definition, the study computed housing quality indicators for the four surveyed CMP communities. For CMP households, the floor area per person is 11 sq. m while the average number of persons occupying a room is 2.33. The doubling up of many households in a dwelling unit in these communities is reflected in the indicator for households per dwelling unit which stood at 1.41. Among the household beneficiaries, 14.73 percent have moved their place of residence in the past three years. On average, the household head takes 33 minutes to journey to his place of work. (see Appendix 7 for housing quality indicators)

Given the choice between renting or owning their own house, all of the respondents preferred the latter. The most often cited reason for this is that with ownership, the household need not think about the payment of rent, which can take up a large share of the household budget given the high cost of renting now. Furthermore, they said that when a household owns the house and lot, they feel more secure about their children's future as there is something that they can pass on to them as inheritance. Eviction worries are also eliminated when one owns the house that they are living in. Some answered that they prefer owning their dwelling unit because it gives them a permanent place to live in and that they have more freedom in the upgrading or improvement of these.

3. Neighborhood Characteristics

When asked about the changes that have occurred in their communities, the respondents often cited the construction and pavement of roads, pathways or alleyways. They would recall the early days of their area when all they have are uneven dirt roads that can become muddy and slippery during the rainy season. Humanity Residents HOA and Muzon Kapatiran HOA have fully concretized pathways and roads courtesy of the sponsors like private foundations or their local governments. The two communities in Quezon Province are still in the process of soliciting funds for the concretization of their remaining roads and alleyways. Except for Muzon Kapatiran, the three other communities have their own basketball court, multi-purpose hall and health center as in the case of Dael HOA.

However the most obvious change in the sites is the improvements made on the housing units. From makeshift houses to fully concretized ones, the households in the four areas continue to make changes in their units. According to respondents, it is not only in physical terms did their communities changed but the incomes and standard of living of their neighbors likewise improved over the years.

When asked about what they like most about their neighborhoods, the foremost answers were: the community's peaceful surroundings, quiet environment and secured areas. Familiarity with their neighbors and good relationship with them is another oft-cited characteristic of their neighborhood that they value the most. Having lived together in the area for long periods of time, the relationship that exists among neighbors is near kinship and many are bonded together by the "kumpare" and "kumare" system. Others like their neighborhood because of its good location and accessibility. It is worth noting that the four communities included in the survey are all located in strategic areas. They are near the central business districts of their localities and there are no problems with regards to transport and access to them.

Among the things that they dislike most about their communities, the respondents cited the weekly drinking sprees of some residents. They, however, emphasized that no brawls ensue from the drinking sessions. Some criticized their neighbors for improper disposal of garbage. Others complained about dogs that are allowed to roam freely in the area. They scavenge garbage cans and defecate everywhere. Residents say that these are but minor problems in their community. In general, the surveyed respondents expressed satisfaction with their neighborhood. However, in the case of Flores Greenhills HOA, the community expressed worry over the use of illegal drugs among some of its young people. According to residents, their area has become prone to petty crimes perpetuated by these wayward youths. The problem with illegal drugs and crimes is a big challenge to the leadership of the CA of Flores Greenhills HOA.

4. Housing Value

Taking into consideration factors like construction materials used, size of the lot and floor area of the house and site location, the surveyed households provided the study with their own valuation of their dwelling units and lots. The households' valuation of the selling price of their housing units ranged from P250,000 to as much as P1.5 million. Households in Dael HOA gave the lowest valuation for their lots and dwelling units while the surveyed residents in Muzon Kapatiran and Humanity Residents gave the highest valuation. This observation reflects the land pricing differences in areas situated in highly urbanized areas and urbanizing ones. The same trend can be seen from the rental side as residents from Dael HOA and Flores Greenhills in Lucena City are willing to accept lower rents than those in Humanity Residents HOA in Quezon City and in Muzon Kapatiran HOA in Taytay, Rizal for the same kind of dwelling unit. Residents of the two communities in Quezon Province likewise do not expect the values of their lands to increase significantly over the years; contrary to the expectations of households in the other two housing sites.

5. Housing Plans and Financing

Most of the surveyed households have plans of upgrading their housing units once they come up with the necessary funds. Many of them want to add a second floor to their dwelling unit to maximize the small space that they have. Other households are planning to have their housing units fully concretized. Some units are in need of major renovations in the roofing, ceiling, walls and flooring of the house. When the enumerators asked where they would get the funds for their desired housing changes, the household respondents said that they intend to use personal funds to finance these.

They are not keen on availing any housing loans because they worry about the interest payment.

II. ORIGINATORS' AND COMMUNITY ASSOCIATIONS' ASSESSMENT OF THE CMP

Households were not the only ones interviewed in the study. Originating agencies of CMP and community associations were also asked for their assessment of the CMP, as a housing program of the government for the poor. The insights gained from these interviews are valuable information as the interviewees are the ones who are directly involved in the implementation of the program. The originators and CA officers put forward some recommendations and suggestion on how to make the CMP a more effective housing program.

The CMP is replete with implementation problems that need to be addressed.

1) NHMFC's slow processing of papers

Originators complain that it takes a long time before a CMP project is taken out. Though there is now a CMP express lane, they say that it still can't resolve the slow processing of papers. The express lane they claim is premised on the situation of having all the needed papers at once. And often this is not the case. It still takes about 2-3 years before a CMP project is taken out. Evaluators at NHMFC can be too strict in evaluating the papers submitted by originators and CAs; giving much emphasis on trivial matters. One originator interviewed by the study cited a case where the NHMFC put their agency in stitches with an imposed requirement. The originating agency knew that it had already submitted all the necessary papers and was only awaiting the take-out of the project when the personnel in charge at NHMFC told them that they are lacking a document. The originator was told to submit a copy of the original land zone document of the project area. Even when told that the original land zoning paper is no longer available (the reason why the originator submitted the updated version), the NHMFC remained insistent on its demand for it. The NHMFC would later accept the updated copy of the document, after much delay on the take-out of the project.

Another complaint of community associations and members is the slow release of their titles when they have paid in full their loan amount. A CA officer said that it can take six months after they paid in full before their land titles are released. The CAs payments are often not properly reflected in their account with the NHMFC as it takes some time before the agency updates their records. CA officers who go to the NHMFC point out the lack of employees manning the CMP collection division. Perhaps, they recommend, the NHMFC should have more trained employees in the collection division to handle the processing of the accounts of CMP communities.

A third complaint of CAs on NHMFC concerns the computation formula they apply on penalties and arrearages. CAs say that it is not properly explained to them and that they get lost with how the formula works with their accounts.

2) Low collection rate among CMP beneficiaries

Aside from the economic side of it (e.g. lack of employment and steady income), community associations and originators say that the beneficiaries' attitude towards the

program is another main reason for the low collection rate of CMP. Many households do not pay their monthly obligations, not because they do not have the capacity to pay but because they simply do not want to pay. Recalcitrant households think and believe that the government has the obligation to provide them with free housing. Given their line of thinking, since the CMP is a government housing program, they therefore need not pay their monthly amortization. CA officers and originators say that this wrong notion perpetuates among their members because of the lack of legal action against recalcitrants. Few CAs are able to serve out demolition and eviction notices to their recalcitrant members to discipline them. For one, they first have to go through court proceedings to legally be able to do so. Legal fees are to be shouldered by the CA and many do not have the resources for this. Then there is the risk of souring relationship among long-time neighbors and friends. The “kumpare” and “kumare” system among Filipinos is a difficult bond to break even if it is for the good of a whole community. CAs suggest that the government should be the one to take legal actions against the recalcitrant members. However as originators complain, the government has been taking a soft stand against these non-paying community members. The government is yet to foreclose an area despite the very low collection rate of many. The CMP guidelines that have been set are rarely followed when it comes to foreclosure, substitution of members and eviction. This part of the CMP can get highly politicized as some originators would assert.

Community association and originators are one is saying that low collection rate among CMP projects will persist as long as the government does not take disciplinary actions against recalcitrant members.

In connection with loan collection, originators recommend that the monitoring of the loan collection of a CMP community be transferred to the NHMFC. Two supporting arguments are given for this suggestion. First, the NHMFC should have more incentive than originators in ensuring the repayment of CMP loans, as it is the main lending agency. Furthermore between the originating agencies and the NHMFC, it is the latter that benefits from the interest payments made on the loans of CMP projects. As originators, they charge an origination fee of P500 per household. The collected amount can hardly compensate them for the pre/post-take out duties assigned to them. Second, originators say that CMP origination is only one of the tasks mandated to them as housing agencies. Loan collection monitoring alone ties them to a CMP project for 25 years, the CMP loan term.

But despite the above-mentioned concerns and problems of the CMP, it is a successful government housing program for the poor

Originators and community associations alike agree that the Community Mortgage Program of the government is a successful housing program for low-income family despite the many problems and issues that plague it. The program is able to attain its objectives of providing squatters land tenure security and decent housing sites. The CMP gives low-income families the opportunity to have ownership of their lot and housing unit. Monthly amortizations have been tailored to meet the paying capacity of the intended beneficiaries. And despite some leakages, the CMP is able to reach its target beneficiaries. While it is true that there are cases of beneficiaries selling their lots to others, most of the beneficiaries hold on to their awarded lots. They consider these lots as part of their children’s inheritance. Moreover, when beneficiaries are awarded their lots, they begin to save and make improvements on their dwelling units.

IV. ESTIMATION OF HOUSING DEMAND FOR LOW-INCOME FAMILIES

Information on the effect of the price of housing and income on households' demand for housing is important on the formulation of policies in the housing sector. However, the current literature on housing in the Philippines has a dearth of studies on housing demand and its estimation. The limitation set by the lack of needed data and the inherent difficulties in qualifying the different variables affecting the demand for housing has constrained researchers from focusing mainly on this area. Few attempts have been made to assuage the existing gap in housing literature.

Using the survey data gathered from the four CMP communities, the study would estimate a housing demand function for low-income households. The exercise is aimed at getting a better understanding of the effect of income and housing price changes in the housing demand behavior of households belonging to the low-income deciles.

A. The Analytic Model

Existing empirical and theoretical studies on housing demand use several factors as determinants of the demand for housing. The main factors are household incomes/expenditures and prices. Also included are demographic variables like household head age, marital status, family size, sex of household head and tenurial status.

Previous empirical studies done on housing demand have yielded diverging estimates of the responsiveness of the demand for housing to changes in price and income. The wide margin in estimates in these studies is traced to the differing representation of variables in the analytic models used. Over the years, the econometric studies on housing demand have greatly expanded particularly in developing countries. Such development spawned studies with better analytic models in terms of model specification, definition of variables and data utilization. Stylized facts regarding housing demand have also emerged based on the analysis provided in these studies.

Extensive work on housing demand has been made in developed countries, most notably in the United States and Great Britain. In the Philippines, the first attempt to estimate housing demand was that of Angeles (1985). Malpezzi and Mayo (1987) also came up with estimates of housing demand using data from a household survey done in Metro Manila in 1984. Using data from the Family Incomes and Expenditures Survey (FIES), Llanto and Geron (2001) generated their demand estimates using a simple demand model that omitted price variable. Ballesteros (2001) extended the analysis of the preceding models to include demand by different categories of households for specific housing attributes as well as locational variations in demand.

The analytic model used in this study is based on the "complete" model as developed in the paper of Malpezzi and Mayo (1987). The equation is defined as:

$$\ln \text{housexp} = a + b_1(\text{Intotex}) + b_2 (\text{Inlandval}) + b_3 (\text{Inage}) + b_4 (\text{hhmstat}) + b_5(\text{hhsex}) \\ + b_6(\text{noofchil}) + b_7(\text{tenure}) \quad (\text{eq. 1})$$

where: *hausexp* is expenditure on housing/ imputed rent + maintenance and repair
totexp is the total expenditure of the household
landval is expected land value
age is age of the household head
hhmstat is the marital status of the household head
hhsex is the gender of the household head
noofchil is the no of children in the household
tenure is the tenurial status of the household

Studies on the consumption behavior of individuals have shown that permanent income is the relevant variable considered by individuals when making consumption decisions. Total expenditure is used as the proxy variable for permanent income. The effect of income on housing demand is expected to be positive. An increase in income will lead to higher demand for housing.

Another important variable affecting demand for housing is the price of housing. Housing is classified as a normal good hence the predicted relationship between the price of housing and the demand for it is negative. Higher prices of housing will lead to a decrease in the demand for it. Of the variables used in housing demand estimation, it is the price variable that proves to be the source of serious problems and difficulties. At the theoretical level, the measure to be used should reflect the price of the flow of services derived from a given stock of housing (Angeles, 1985). However, such services are not quantifiable and so different measure of the price of housing services is applied in studies of housing demand. Ingram (1984) pointed out two sources of difficulty in the price variable: a) measuring the variation in the unit price of housing given that housing is multidimensional with different attributes attached to a single purchase, and b) households are faced with a schedule of prices. Different authors have used different measures of the unit price of housing. Some use an index of construction cost. Others use the rental prices, land and housing values. There are authors who estimate housing prices using the hedonic estimation method. The hedonic equation used in this study is as follows:

$$\ln \text{hausexp} = a + \sum b_i X_i + u \quad (\text{eq. 2})$$

- X1 = type of toilet facilities
- X2 = floor area of the dwelling unit
- X3 = type of flooring
- X4 = foundation of the structure
- X5 = no. of floors in the dwelling unit
- X6 = total no. of rooms in the dwelling unit

Under the hedonic estimation method, the variations in the price of housing are largely dependent on the differences in the type of housing within a given area. (See Appendix 8 for price of housing estimates on the different types of housing in the four CMP areas.)

It has to be noted that the prices derived are based on rent values that include both price and quantity. Muth (1971) has devised a means to untangle the price and quantity in the model. The methodology assumes a two-input homogeneous production function for housing, where the price of one input (land) varies over the sample while the

price of the other input (structure) is held fixed. Muth shows that the expenditure function can be written as:

$$\ln \text{housexp} = a + k_L (1 + E_p) \ln p_L + E_y (\text{Intotex}) + \text{XB}, \quad (\text{eq.3})$$

where: k_L is the share of land in housing,
 E_p is the price elasticity
 E_y is the elasticity of income
 XB are the other variables defined before (eq.1) and their coefficients

Using the surveyed households' estimates of land values, land prices are estimated for each observation based on a regression of land prices on several location-specific variables. From the estimated land prices and house values, an estimated of land shares (k_L) can be obtained.

To convert the coefficient of the log of estimated land price from the expenditure function into price elasticity, the equation used is:

$$E_p = b/k_L - 1$$

where: b is the estimated coefficient. In our sample, k_L is on average 44 percent while k_s , the share of structure in housing, is on average 56 percent.

B. Regression Results

The estimate for income elasticity is given by the coefficient of the natural log of total household expenditure. From Table 4, it can be seen that income elasticity is positive and less than one, indicating an inelastic demand for housing among low-income households. The result supports the assertion made in the preceding discussion about the relationship between income and demand for housing. (See Appendix 9 for complete table of regression results.)

Table 4: REGRESSION RESULTS

| Independent Variables | Coefficients | t-statistics |
|-------------------------|--------------|--------------|
| constant | -4.8458 | -3.485 |
| Intotex | 0.9943 | 10.423 |
| Inlandval | 0.1065 | 1.796 |
| Inage | 0.5804 | 2.926 |
| hhmstat | 0.0056 | 0.038 |
| hhsex | 0.3339 | 1.588 |
| noofchil | -0.0111 | -1.646 |
| tenure | -0.2630 | -1.401 |
| Adjusted R ² | 0.4196 | |
| N | 262 | |

dependent variable: Inhousexp

The price elasticity estimate was derived using Muth's methodology. Based on the computations made, price elasticity is -0.75. Negative price elasticity means that when price of housing increases, the demand for housing decreases.

The socio-demographic variables included in the demand equation seem to validate the findings of other studies as to their behavior. The age of the household head is positive and statistically significant. The indication here is that as individuals get older, the higher will be their demand for housing. Two reasons can be offered to explain this observation. Firstly, in labor theories, older individuals are expected to have better incomes and higher savings than younger ones. Hence they could afford more to invest in highly cost housing units or durable goods. Secondly, older individuals, specifically those who are married and with children, tend to make more investment for the future than younger individuals. Housing units and properties are seen as important inheritance for their children. However, the observed relationship between age and demand for housing holds true until a certain threshold age that once reached, the individual's housing demand starts to decline. Marital status likewise has a positive effect on demand for housing signifying the fact that married people have higher desire for housing than single ones. This is consistent with the second explanation given above. The negative coefficient in the variable number of children indicates that the more children there are in the family, the lower will be the households' demand for housing. The explanation given for this is that given limited budgets, larger households' housing consumption is crowded out by food consumption. The tenurial variable shows that renters have a more inelastic demand for housing than do owners.

The regression results derived in this study agree with the analyses made by other studies made on housing demand of households in the Philippines (see Malpezzi and Mayo, 1987 and Ballesteros, 2001). It would be interesting to extend the analytical model used in this study to include the non-poor households to form a comparative assessment of the two groups of housing consumers.

V. ASSESSING THE FEASIBILITY OF LINKING THE CMP TO THE FORMAL SECTOR

The feasibility of linking an informal housing scheme like the CMP to the formal sector (i.e. banking sector) is an interesting proposition not only because it will give the CMP a larger resource base to utilize and tap but also because it will decrease the program's dependence on government funding in undertaking its projects. The CMP will have greater latitude in carrying out its objectives and it can serve more beneficiaries.

To be able to assess if such a feasibility exists, the study conducted interviews and surveys with three banks: the LandBank of the Philippines (LBP), the Bank of the Philippine Islands (BPI) and the Rural Bank of Cainta (RBC). The aforementioned banks were chosen as samples for the different types of banks that cater to the housing sector.

The CMP is the main socialized housing program of the government for families belonging to the bottom 30 percent of the population. Its requirements have been tailor made for these households. Membership to the GSIS, HDMF or SSS is not a mandatory requirement for potential beneficiaries and the loan terms have been suited to their income levels. Under the CMP, beneficiaries can avail a maximum loan amount of: P30,000 per undeveloped lot at 6 percent interest; P45,000 per developed lot at 6

percent interest and P80,000 per house and lot at 6 percent. The loan is payable monthly with a maximum term of 25 years. The average monthly payment for a CMP beneficiary is P185.

Contrast this to the loan terms of the LBP, BPI and RBC. All banks extend housing loans with compliance to the regulations set by the Bangko Sentral ng Pilipinas (BSP). More or less, their housing loan terms are the same with the difference stemming from customer service and interest rates charged. Borrowers are required to provide documents that can be used to evaluate their capacity to pay for the monthly amortization of their loan. Membership to the SSS, GSIS or HDMF is an eligibility requirement and so is regular/permanent employment in the public or private sector. For self-employed individuals, their business should have been in operation for at least two years and they do not have any negative credit findings or court cases.

As the government bank, the LBP has primarily been tasked to provide housing loans to employees of line agencies and LGUs. Currently, they have earmarked P6 billion of their loan budget for housing and development loans. This figure represents 8 percent of their loan portfolio. Of the P6 billion, 20 percent has been set aside for socialized housing. The LBP engages in retail lending as well as in lending thru cooperatives and rural banks. Their socialized housing program grants a minimum loan of P80,000 and a maximum loan of P180,000 with a maximum loan term of 30 years provided that the borrower is not more than 65 or 70 years of age upon the maturity of the loan. The loan has a 9 percent per annum interest; a slightly subsidized loan rate. On their part, the BPI gives out a house and lot loan package as well as loans for the purchase of condo units, townhouses or vacant lots. They also have loans for house repairs and upgrading. The maximum amount of their housing loan is 70 percent of the appraised value of the house to be constructed and 60 percent of the appraised value if it is a vacant lot. Their maximum term of the loan is 20 years. The RBC provides loans for house and lot packages with a maximum loan term of 5 years at market interest rates.

Aside from retail lending, the three banks also extend development loans to developers of housing sites. For LBP, part of the P6 billion housing and development loans is for housing developers. The RBC gives one-year loans to developers of housing sites.

BPI and LBP has ready computations for the monthly amortizations of their housing loans that they give to their clients. The BPI computations yielded a monthly amortization of P1,316 for every P100,000 loan at 20 years to pay. If the loan term is 10 years, the monthly payment increases to P1,613. The LBP have an affordability estimates for their P180,000 socialized housing loan for every loan term that they offer. LBP even have a minimum income requirement per monthly amortization level. For a 30 year loan term, monthly amortization is P1,714.32 with a minimum income requirement of P5,714. Monthly payment increases to P1,885.51 if loan term is 20 years and minimum income requirement gets higher at P6,285. If the borrower opts to pay in 10 years, the monthly amortization becomes P2,546.16 with a corresponding minimum income requirement of P13,342.

LBP ESTIMATED AFFORDABILITY MATRIX

At 9% Interest Rate

| Amount of Loan | Term of Loan | Total Amortization incl MRI, HGC & FIRE | Min. Income Requirement |
|----------------|--------------|---|-------------------------|
| P180,000 | 30 yrs | P1,714.32 | P5,714 |
| | 25 yrs | P1,776.55 | P5,922 |
| | 20 yrs | P1,885.51 | P6,285 |
| | 15 yrs | P2,091.68 | P6,972 |
| | 10 yrs | P2,546.16 | P8,847 |
| | 5 yrs | P4,002.50 | P13,342 |

To ensure that they do not lose on the loan in case the borrower defaults on his/her payment, the banks ask collateral for every loan that they give out. These can be in the form of titled properties, assignment of contract to sell in favor of the bank, or Real Estate Mortgage in favor of the bank on the individual Transfer Certificate of Title (TCT/CCT). Banks are strict when it comes to this requirement, as this is their means of securing their interest in every loan they issue.

For these banks, the usual problem they face in giving housing loans to their clients is non-repayment of loans or at times delayed payments. To address this problem, banks ask the borrowers to issue post-dated checks to cover for their monthly amortization. And if they have a deposit account with the bank, their monthly payment is automatically debited from it. In the case of the RBC, they do follow-ups with their clients on a continued basis and they even visit them in their places. Foreclosure is the last alternative employed by the banks when their borrowers are no longer able to pay their dues.

Although the three banks agree that the banking sector is an important institution in the provision of housing for many families, they expressed doubts as to the feasibility of linking a housing program like the CMP to the formal sector. For one, they say, the eligibility of the beneficiaries of the CMP as borrowers come under question. Banks require that their borrowers be permanent or regular employees or at least have a regular fixed income is self-employed. On the contrary, most beneficiaries of CMP are employed in the informal sector and have incomes that are irregular and non-permanent. Income instability is also cited factor among interviewed CMP households why they are not keen on obtaining housing loans from banks for housing construction or house repairs. The main worry of these households is the high interest payments that they have to make on the loans they availed of. Compared to the CMP that has an average monthly amortization of P185, banks' housing loans have an average monthly amortization of P1,500. The latter figure is 800 percent of the former and most poor households cannot afford to shell out this amount monthly for their housing.

Another point raised by the banks is on the requirement of collateral. In the case of CMP project, banks will process the housing loan as individual loans for each of the beneficiaries and collateral will be required of each of them. The beneficiaries cannot assign the contract to sell of the land they are purchasing to the bank because it is named to the association and not to them individually. In case that the bank agreed to process the loan as a community loan and further agreed to accept the community lot as the collateral, problems may eventually crop up for the beneficiaries. Even if there are

beneficiaries who can pay the full amount of the loan, they may not have the incentive to do so because they know that the bank will not release their land title for individualization until the whole amount of the community loan is paid. Some beneficiaries may find this a source of insecurity, as they have to wait the whole term of the loan before they can have the title to their lots. The bigger problem, however, will be with the presence of recalcitrant members in the community. Banks are not lenient when it comes to loan collection. While the government housing financing agencies may be understanding of the plight of poor families, why they cannot afford to make their monthly payments on time, banks may not. For one, they are accountable to their depositors for the money that they lend out. Second, low collection efficiency rate reflects poorly on a bank's loan management capability. Banks are swift to take legal actions against recalcitrant borrowers. Most often the course of action they take is foreclosure of the property. If the bank forecloses the area, all beneficiaries, including those who are up-to-date in their payment will suffer the consequences.

Linking the CMP to the formal sector will give the program greater latitude in carrying out its objectives. It can serve a broader number of beneficiaries and areas. However, as has been pointed out in the preceding discussion, such a move yields some difficulties and concerns that cannot be overlooked. Banks have an established set of rules and regulations they follow in their loan operations that is not compatible with the general design of the CMP. If the government tries to reconcile these with the housing program, it may prove a difficult task. Based on the interviews made on banks, it is clear that the banking sector is not about to bend any of its requirements to accommodate a government housing program.

In light of this, it is recommended that the government maintain the current status of loan provision in the housing sector. The government should take care of financing the housing for the poor or low-income groups as it is the only institution that can efficiently and effectively carry out this task. The banking sector on the other end will be at hand to provide the middle-high income classes with their housing funding needs as well as the developers of housing sites. This arrangement will prove to be the optimal one for the entire housing sector.

VI. CONCLUDING REMARKS

Amongst all housing programs of the government, the CMP boasts of having reached the most number of beneficiaries in a relatively short span of time and at the lowest cost. The government has reasons enough to hail it as its most successful housing program for low-income families. However, its effectiveness as a housing program is mitigated by a number of problems that has persistently hounded the CMP since the early stages of its implementation. Albeit the government has adopted some measures to solve some of the CMP problems (e.g. express lane), they are yet to fully address the issues and concerns of the CMP.

The CMP is called upon to undertake some institutional changes to make its housing delivery more efficient and effective. The pre/post take-out tasking among the different housing agencies involved in the CMP process has to be reviewed. The recommendation that the NHMFC assume the lead in the monitoring of the CMP loan collection should be given a consideration. The originators can contribute more to the program if they are allowed to concentrate on their pre-take-out tasks of assisting communities in the CMP process. Their post take-out duties should focus more on

providing legal and technical assistance to the communities in cases that they find themselves in a quandary.

The government must also review its policies regarding legal actions taken against recalcitrant members. Originators and CAs have already voiced out the need for the government to take a firm stand on disciplining the non-paying beneficiaries of the program. CAs alone cannot undertake legal actions against their recalcitrant members due to financial as well as personal constraints. There is a need for the government to step in. It will take some political will on the government's part to do this, but the originating housing agencies and CAs believe that it can be done.

Using the survey data gathered from the four CMP communities, the study estimated a housing demand function for low-income households. The results tend to support the prevailing analyses in housing demand literature regarding the relationship of the variables used. Income elasticity was found to be positive and less than one, indicating inelasticity of demand for housing. Higher income results in an increase in demand for housing. On the other side, price elasticity was negative and less than one. When price of housing increases, the demand for it declines. Estimates of income and price elasticities of housing demand are very useful in the formulation of policies on low-cost housing and subsidies.

The feasibility of linking the CMP to the formal sector was assessed in the latter part of the paper. Based on interviews conducted with three local banks, the current arrangement in loan provision in the housing sector proves to be the optimal arrangement. Institutional practices in the banking sector hinder the adoption of the CMP in their housing loan clientele. The government should be the main lending agency for housing programs like the CMP which is aimed for the marginalized sector of society whereas the banking sector lends out to households belonging to the middle and higher income classes.

Owning a lot and a dwelling unit remains to be one of the top priorities of many households. Even if it is a small lot and a bare housing unit, households do not mind as long as it is their own. And this is what the CMP provides low-income families – the chance to have their own lot and housing unit in the long term.

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APPENDIX 1

| NATIONAL HOME MORTGAGE FINANCE CORPORATION | | | | | |
|--|--------------|----------------|---------------------------|----------------------|-------------------------|
| COMMUNITY MORTGAGE PROGRAM | | | | | |
| SUMMARY OF YEARLY TAKE-OUT | | | | | |
| as of December 2000 | | | | | |
| YEAR | NO. OF PROJ. | NO. OF BENEF. | MORTGAGE VALUE (in pesos) | | TOTAL MORTGAGE VALUE |
| | | | LOT ACQUISITION | SITE DEVELOPMENT | |
| 1989 | 16 | 3,199 | 59,403,519.00 | 3,039,219.22 | 62,442,738.22 |
| 1990 | 83 | 12,440 | 232,292,736.62 | 5,081,403.60 | 237,374,140.22 |
| 1991 | 43 | 5,772 | 117,625,627.34 | 1,697,419.34 | 119,323,046.68 |
| 1992 | 48 | 4,923 | 119,212,463.67 | 10,670,073.82 | 129,882,537.49 |
| 1993 | 107 | 10,139 | 233,622,946.41 | 7,606,165.26 | 241,229,111.67 |
| 1994 | 93 | 11,690 | 271,911,375.04 | 11,917,183.00 | 283,828,558.04 |
| 1995 | 84 | 9,290 | 281,836,540.42 | 675,977.63 | 282,512,518.05 |
| 1996 | 92 | 10,192 | 311,524,857.48 | 460,245.44 | 311,985,102.92 |
| 1997 | 115 | 14,591 | 491,023,396.82 | 4,300,183.60 | 495,323,580.42 |
| 1998 | 90 | 11,102 | 394,380,225.27 | 1,615,107.17 | 395,995,332.44 |
| 1999 | 42 | 6,286 | 199,281,341.89 | 5,587,397.88 | 204,868,739.77 |
| 2000 | 37 | 6,088 | 196,678,622.37 | 2,614,400.00 | 199,293,022.37 |
| TOTAL | 850 | 105,712 | 2,908,793,652.33 | 55,264,775.96 | 2,964,058,428.29 |
| Source: National Home Mortgage Finance Corporation | | | | | |

APPENDIX 2

**NATIONAL HOME MORTGAGE FINANCE CORPORATION
ACTUAL ACCOMPLISHMENTS
1987-2001**

| PROGRAM | 1987-1997 TOTAL | 1998 | 1999 | 2000 | Jan-June 2001 | TOTAL |
|----------------|----------------------------|-------------|-------------|-------------|--------------------------|--------------|
|----------------|----------------------------|-------------|-------------|-------------|--------------------------|--------------|

**UNIFIED HOME LENDING
PROGRAM (UHLP)**

| | | | | | | |
|----------------------------|-----------|---|---|---|---|-----------|
| PCLs Granted in (PM) | 50,641.00 | - | - | - | - | 50,641.00 |
| No. of Originators | 348 | - | - | - | - | 348.00 |
| Amt. of Mortgage Taken-Out | - | - | - | - | - | - |
| Peso Value (in PM) | 42,122.27 | - | - | - | - | 42,122.27 |
| No. of Units | 220,171 | - | - | - | - | 220,171 |
| No. of Beneficiaries | 254,586 | - | - | - | - | 254,586 |

**COMMUNITY MORTGAGE
PROGRAM**

| | | | | | | |
|---------------------------------|----------|----------|---------|--------|--------|----------|
| PCLs Granted in (PM) | 4,853.93 | 1,089.25 | - | - | - | 5,943.18 |
| No. of Originators | 845 | 147 | - | - | - | 992 |
| Amt. of Mortgage Taken-Out (PM) | 2,163.91 | 387.45 | 204.868 | 199.29 | 155.36 | 3,110.88 |
| No. of Beneficiaries | 82,236 | 10,844 | 6,286 | 6,088 | 4,269 | 109,723 |
| No. of Projects | 681 | 88 | 42 | 37 | 25 | 873 |

**SOCIAL HOUSING DEVELOPMENTAL
LOAN PROGRAM (SHDLP)**

| | | | | | | |
|--|----------|-----|---|---|---|----------|
| PCLs Granted (Approve,PM) | 1,023.99 | - | - | - | - | 1,023.99 |
| No. of Projects | 141 | - | - | - | - | 141 |
| Amt. of Loan Approved for Disbursement | 1,094.30 | - | - | - | - | 1,094.30 |
| No. of Proj Granted Financial Assistance | 84 | - | - | - | - | 84 |
| No. of Plot Production (Unit) | 37,249 | - | - | - | - | 37,249 |
| Amt. of Developmental Loans Released | 970.67 | - | - | - | - | 970.67 |
| No. of Plot Production (Unit) | 20,841 | 320 | - | - | - | 21,161 |

**ABOT KAYA PABAHAY
FUND (AKPF)**

| | | | | | | |
|---|--------|--------|-------|-------|------|--------|
| Amount of Amortization Support Granted | 5.032 | 14.480 | 19.94 | 10.02 | 0.21 | 49.68 |
| No. of Beneficiaries | 582 | 1,008 | 1,272 | 616 | 13 | 3,491 |
| Amt. of Development Loans Released (PM) | 190.51 | 120.9 | 7.50 | 0 | 0 | 318.91 |
| No. of Projects Granted Development Loans | 17 | 4 | - | 0 | 0 | 21 |
| No. of Units | 7,360 | 2,790 | - | - | - | 10,150 |

APPENDIX 3

| CISFA RELEASES PER SHELTER AGENCY | | | | | | | | | | | | |
|--|------------------|------------------|-----------------|-----------------|-----------------|-----------------|----------------|---------------|---------------|---------------|---------------|----------------|
| 1995-1998 | | | | | | | | | | | | |
| As of December 1998 | | | | | | | | | | | | |
| (in million pesos) | | | | | | | | | | | | |
| BY SHELTER AGENCY | 1995-2002 Total | CISFA Funding | GAA | CISFA Releases | | Utilization | Number | PERCENTAGE | | | | |
| | CISFA Funding | Allocation | Appropriations | (1995-1998) | | (1995-1998) | | of | | | | |
| | Allocation | (1995-1998) | (1995-1998) | SARO | NCA | | Households | NCA to | NCA to | NCA to | Utilization | Utilization |
| | | (a) | (b) | (c) | (d) | (e) | | CISFA | GAA | SARO | to SARO | to NCA |
| | | | | | | | | (d/a) | (d/b) | (d/c) | (e/c) | (e/d) |
| 1. NHMFC | 21,780.00 | 10,200.00 | 6,206.50 | 5,008.75 | 3,190.64 | 3,135.53 | 55.277 | 31.28% | 51.41% | 63.70% | 62.60% | 98.27% |
| Abot-Kaya Pabahay | | | | | | | | | | | | |
| Program | 1,500.00 | 1,300.00 | 400.00 | 380.00 | 380.00 | 359.40 | 10,084 | 29.23% | 95.00% | 100.00% | 94.58% | 94.58% |
| - Developmental Loans | 500.00 | 500.00 | 200.00 | 190.00 | 190.00 | 342.80 | 8,840 | 38.00% | 95.00% | 100.00% | 180.42% | 180.42% |
| - Amortization Support | 1000.00 | 800.00 | 200.00 | 190.00 | 190.00 | 16.60 | 1,244 | 23.75% | 95.00% | 100.00% | 8.74% | 8.74% |
| Community Mortgage | | | | | | | | | | | | |
| Program1 | 12,780.00 | 2,900.00 | 2,901.00 | 1,758.25 | 1,522.14 | 1,487.63 | 45,193 | 52.49% | 52.47% | 86.57% | 84.61% | 97.73% |
| Interest/Liquidity Subsidy | 2,500.00 | 1,300.00 | - | - | - | - | - | - | - | - | - | - |
| Recapitalization2 | 5,000.00 | 4,700.00 | 2,905.50 | 2,870.50 | 1,288.50 | 1,288.50 | - | 27.41% | 44.35% | 44.89% | 44.89% | 100.00% |
| 2. HIGC | 3,000.00 | 2,700.00 | 2,179.50 | 1,273.75 | 1,183.01 | 1,183.01 | 274,191 | 43.82% | 54.28% | 95.58% | 95.58% | 100.00% |
| Recapitalization3 | 1,500.00 | 1,500.00 | 1,379.50 | 862.75 | 808.01 | 808.01 | 243,607 | 53.87% | 58.57% | 93.66% | 93.66% | 100.00% |
| Cash Flow Guaranty | | | | | | | | | | | | |
| System | 1,500.00 | 1,200.00 | 800.00 | 375.00 | 375.00 | 375.00 | 30,584 | 31.25% | 46.88% | 100.00% | 100.00% | 100.00% |

| | | | | | | | | | | | | |
|-----------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|----------------|---------------|---------------|---------------|---------------|----------------|
| 3. NHA | 13,742.00 | 7,507.00 | 3,582.07 | 4,346.67 | 3,220.57 | 3,472.87 | 52,866 | 42.90% | 89.81% | 74.09% | 79.90% | 107.83% |
| Resettlement | 5,200.00 | 2,800.00 | 1,794.27 | 3,028.50 | 2,546.99 | 2,424.83 | 47,346 | 90.96% | 141.95% | 84.10% | 80.07% | 95.20% |
| Cost Recoverable | | | | | | | | | | | | |
| Program | 2,542.00 | 1,007.00 | 583.80 | 467.87 | 102.97 | 463.98 | 3,060 | 10.23% | 17.64% | 22.01% | 99.17% | 450.60% |
| Local Housing Program | 3,000.00 | 1,800.00 | 450 | 227.21 | 225.00 | - | - | 12.50% | 50.00% | 99.03% | - | - |
| Medium Rise Housing | | | | | | | | | | | | |
| Program | 3,000.00 | 1,900.00 | 754.00 | 623.10 | 345.60 | 584.07 | 2,460 | 18.19% | 45.84% | 55.46% | 93.74% | 169.00% |
| TOTAL | 38,522.00 | 20,407.00 | 11,968.07 | 10,593.17 | 7,594.22 | 7,791.42 | 382,334 | 37.21% | 63.45% | 71.69% | 73.55% | 102.60% |

APPENDIX 4

MICROFINANCE SURVEY DATA: DESCRIPTIVE STATISTICS

Humanity Residents HOA (97 respondents)

Muzon Kapatiran HOA (95 respondents)

Dael HOA (53 respondents)

Flores Greenhills HOA (47 respondents)

| | TOTAL | Humanity | Muzon | Dael | Flores |
|--------------------------------------|---------------------------------|-------------------------|-----------------------|-----------------------|----------------------|
| Ave. HH size | 5.43 | 5.3 | 5.68 | 5.17 | 5.49 |
| Ave. no. of people in house | 6.63 | 6.18 | 8.07 | 5.64 | 5.74 |
| Ave. TOTEX | P8,441/mo P101,291/yr | P8,896 P106,756 | P9,046.25 P108,555 | P7,354 P88,250 | P7,503 P90,034 |
| Ave. Loan Amort. (land) | P162.77/mo P1,953.24/yr | P192 P2301 | P95 P1,143 | P224 P2,689 | P170 P2,045 |
| Ave. water bills | P417.51/mo P5010.14/yr | P301 P3,610 | P640.42 P7,685 | P278 P3331 | P367 P4,410 |
| Ave. elec. bills | P664.24/mo P7970.91/yr | P663 P7,955 | P792 P9,509 | P578 P6,938 | P505 P6,059 |
| Ave. cooking fuel | P356.27/mo P4275.24/yr | P366 P4,390 | P399 P4,788 | P263 P3,158 | P355 P4,263 |
| Ave. food expenses | P3,542.03/mo P42,504.36/yr | P3,721 P44,647 | P3,585 P43,020 | P3,175 P38,103 | P3,500 P42,003 |
| Ave. transport | P865.21/mo P10,382.49/yr | P1,276 P15,307 | P755 P9,055 | P326 P3,917 | P849 P10,193 |
| Ave. educ expenses | P846.68/mo P10,160.19/yr | P1,001 P12,006 | P658 P7,900 | P939 P11,271 | P805 P9,666 |
| Ave. other expenses | P1,454.81/mo P17,457.66/yr | P1,448 P17,381 | P1,834 P22,009 | P843 P10,114 | P1,391 P16,698 |
| Ave TOTINC | P10,818.72/mo P129,824.70/yr | P12,832 P153,986 | P11,004 P132,045 | P8,364 P100,365 | P9,057 P108,690 |
| Ave. HH Head Income | P6,471.33/mo P77,655.92/yr | P9,757 P117,083 | P5,356 P64,272 | P4,479 P53,743 | P4,192 P50,303 |
| Ave. Spouse income | P1,450.86/mo P17,410.27/yr | P1,697 P20,369 | P1,928 P23,141 | P413 P4,958 | P1,147 P13,762 |
| Ave. income of other HH members | P1,927.71/mo P23,132.55/yr | P1,432 P17,186 | P2,703 P32,437 | P1,932 P23,185 | P1,378 P16,540 |
| Ave. business/rent income | P940.47/mo P11,285.65/yr | P1,626.72 P10,088.67 | P908.38 P10,900.58 | P840.39 P10,084.67 | P1,326 P15,906 |
| Ave. remittance/transfer income | P814/mo P9,770/yr | P1,179.72 P14,156.66 | P909.47 P10,913.68 | P118.07 P1,416.89 | P574.55 P6,894.55 |
| Ave. income from pension/inheritance | P384/mo P4,604/yr | P259.20 3,110.35 | P152.63 P1,831.58 | P997.41 P11,968.89 | P500 P6,000 |

APPENDIX 5

| INCOME DECILE | NO. OF HOUSEHOLDS |
|----------------------|--------------------------|
| below P10,000 | 172 |
| P10,000- 20,000 | 91 |
| P21,000-30,000 | 21 |
| P31,000-40,000 | 6 |
| P41,000-50,000 | 1 |
| TOTAL | 292 |

APPENDIX 6

SECTORAL EMPLOYMENT OF HOUSEHOLD HEADS

| | CMP | CMP, GLAD, LTAP |
|-------------------|------------|------------------------|
| Formal Sector | 112 | 316 |
| Non-Formal Sector | 149 | 489 |
| Unemployed | 31 | 87 |

APPENDIX 7

HOUSING QUALITY INDICATORS

| | CMP | CMP, GLAD, LTAP |
|--------------------------------------|------------|------------------------|
| Floor Area Per Person (sq.m.) | 11.00 | 7.5 |
| Persons Per Room | 2.33 | 3.5 |
| Households Per Dwelling Unit | 1.41 | 1.31 |
| Journey to Work (ave. time in mins.) | 33 | 55 |
| Residential Mobility* | 14.73 | 22.2 |

* households who have changed their place of residence in the past 3 years

APPENDIX 8

ESTIMATION OF UNIT PRICE OF HOUSING

Using the Hedonic estimation method, the study generated a schedule of housing prices for different types of housing units. Below is a summary of the estimated housing values and the housing attributes attached to them:

HEDONIC PRICE ESTIMATES

| HOUSING VALUE (P) | TYPE OF TOILET FACILITIES | TOTAL INTERIOR SPACE (sq.m.) | TYPE OF FLOORING | FOUNDATION OF STRUCTURE | NO. OF FLOORS | NO. OF ROOMS |
|-------------------|---------------------------|------------------------------|------------------|-------------------------|---------------|--------------|
| 15-19 | Open Pit | 15-20 | Rough Cement | Concrete | 1 | 0 |
| 20-30 | Bucket Flush | 20-30 | Rough Cement | Concrete | 1 | 1-2 |
| 31-40 | Bucket Flush | 40-55 | Rough Cement | Concrete | 1-2 | 2 |
| 41-50 | Bucket Flush | 50-65 | Rough Cement | Concrete | 1-2 | 2-3 |
| 51-60 | Bucket Flush | 75-85 | Rough Cement | Concrete | 1-2 | 2-3 |
| 61-69 | Bucket Flush | 90-110 | Rough Cement | Concrete | 1-2 | 2-3 |
| 70-80 | Bucket Flush | 115-125 | Rough Cement | Concrete | 1-2 | 2-3 |

From the table, it can be observed that as the size of the total interior space of the dwelling unit becomes larger, the higher is the housing value attached to it. Aside from total interior space, the variations in housing values can be traced to the no. of floors and no. of rooms in the dwelling unit. In terms of the general structure of the housing unit, the data reveals that this is the same across the sample.

APPENDIX 9

REGRESSION RESULTS

Number of obs = 193
 F(7, 185) = 20.83
 Prob > F = 0.0000
 R-squared = 0.4408
 Adj R-squared = 0.4196
 Root MSE = .69188

| Source | SS | df | MS |
|----------|------------|-----|------------|
| Model | 69.7993997 | 7 | 9.97134282 |
| Residual | 88.5584376 | 185 | .478694257 |
| Total | 158.357837 | 192 | .824780403 |

| Inhausexp | Coef. | Std. Err. | T | P> t | [95% Conf. Interval] | |
|-----------|-----------|-----------|--------|-------|----------------------|----------|
| Intotex | .994337 | .095396 | 10.423 | 0.000 | .8061331 | 1.182541 |
| Inage | .5803527 | .198358 | 2.926 | 0.004 | .1790182 | .9716871 |
| Inxlanva | .1064617 | .0592647 | 1.796 | 0.074 | -.0104598 | .2233832 |
| hhmstat | .0055793 | .145791 | 0.038 | 0.970 | -.2820474 | .293206 |
| hhsex | .3339076 | .2102251 | 1.588 | 0.114 | -.0808391 | .7486543 |
| noofchil | -.0111236 | .0067574 | -1.646 | 0.101 | -.0244551 | .0022078 |
| hhcode | -.2629818 | .1877588 | -1.401 | 0.163 | -.6334055 | .107442 |
| constant | -4.845784 | 1.390342 | -3.485 | 0.001 | -7.588749 | -2.10282 |