

# **HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL**



## **HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL**

- I. STRUCTURE OF THE HOUSING SECTOR**
- II. HOUSING SITUATION**
- III. FACTORS CONTRIBUTING TO HOUSING SHORTAGE**
- IV. NEW POLICY DIRECTIONS**
- V. HOUSING TARGETS**
- VI. INITIATIVES IN HOUSING**
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- VII. PENDING ISSUES**
- VIII. OVERSEAS DEVELOPMENT ASSISTANCE**



# HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL

(E.O. 90, S. 1987)

## GOVERNMENT SECTOR

### KEY FINANCE AGENCIES

SSS                      HDMF                      GSIS

### KEY HOUSING AGENCIES

NHMFC      NHA      HLURB      HGC

### SUPPORT AGENCIES

NEDA                      DOF                      DPWH

DBM                      PMS                      DBP

MMDA

## PRIVATE SECTOR

### REPRESENTATIVES FROM:

- ❖ DEVELOPERS
- ❖ BANKERS
- ❖ CONTRACTORS
- ❖ PROFESSIONAL
- ❖ LOW-INCOME BENEFICIARIES

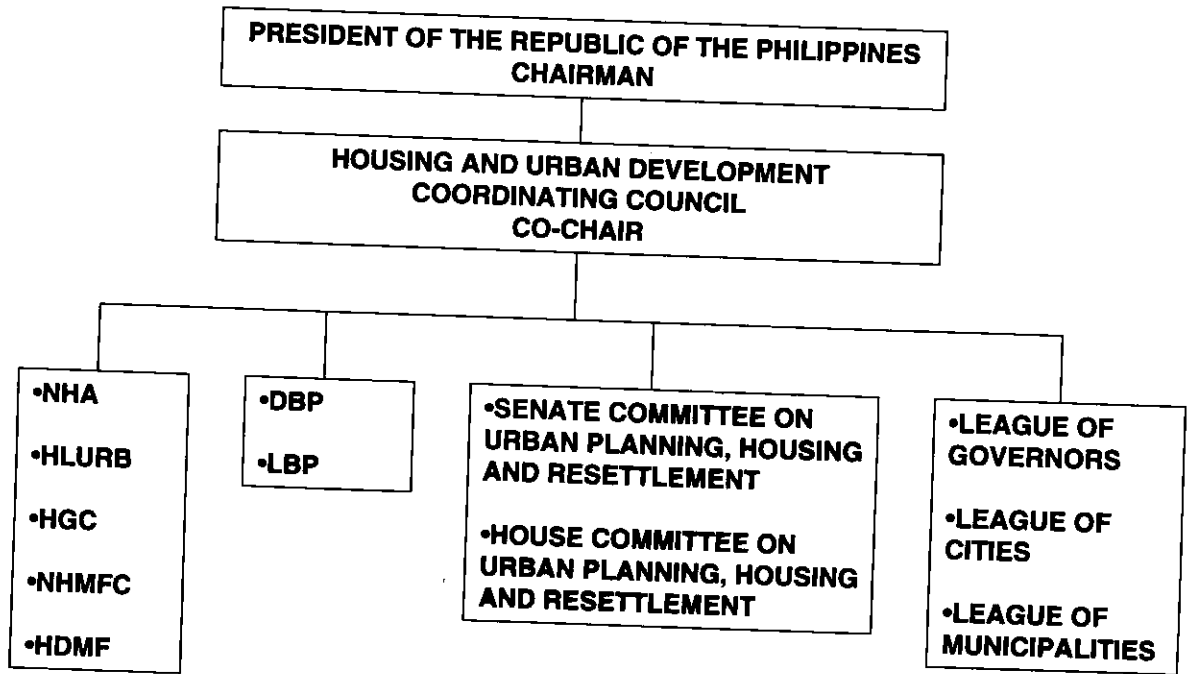
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## FUNCTIONS OF THE COUNCIL

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

# PRESIDENTIAL COMMISSION FOR MASS HOUSING

(E. O. 159, S. 1999)



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## PROJECTED HOUSING NEED

COMPONENTS	UNITS	VALUES (In Billion Pesos)	ANNUAL	
			UNITS	VALUES (In Billion Pesos)
A. Housing Backlog	1,126,203	225.24	187,701	P 37.54
B. Future Need	2,223,739	444.75	370,623	74.12
C. Upgrading Need	12,407	2.48	2,068	0.41
<b>TOTAL</b>	<b>3,362,349</b>	<b>672.47</b>	<b>560,392</b>	<b>P 112.07</b>

Average Unit Cost: P 200,000

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# **Factors Contributing to the Country's Housing Shortage**

## **I. High Population Growth Rate**

- **Population as of May 2000 = 75.33 Million**
- **Annual National Growth Rate based on 2000 Census on Population = 2.02**
- **Annual Urban Growth Rate = 5.10%**
- **Urban Population = 52%**
- **Average annual growth in households = 250,000HH/year**

## **II. Proliferation of Squatter Colonies**

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

## **III. Spiraling Cost of Land and Construction Materials**

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

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# **Factors Contributing to the Country's Housing Shortage**

## **IV. Low Level of Housing Production**

- **Total Housing Production from 1987-2000 = 1,198,730 units**
- **Average Housing Production from 1987-2000 = 91,518 units**
- **% of Annual Housing Production to the Annual Housing Need =  $91,518 \text{ units} / 560,000 \text{ units} = 16.34\%$**
- **% Average Annual Housing Production to Projected Annual Household Growth =  $91,518 / 250,000 = 36.61\%$**

## **V. Existence of Unoccupied Housing Units**

- **100,000 units nationwide**

## **VI. Limited Financing**

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

<b>YEAR</b>	<b>NATIONAL BUDGET (A) (In Billion Pesos)</b>	<b>APPROPRIATION TO HOUSING (B) (In Billion Pesos)</b>	<b>PERCENTAGE (%) B/A</b>
1993	209,437.00	0.849	0.41
1994	322,685.00	1.384	0.43
1995	387,398.00	2.065	0.53
1996	394,855.20	1.167	0.30
1997	433,817.54	1.973	0.46
1998	546,743.82	2.940	0.54
1999	579,481.00	1.712	0.30
2000	668,094.14	4.623	0.70

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

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

**AVERAGE ANNUAL CONTRIBUTION = P 5.27 B**

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# Multi-Window Lending System

## Objective

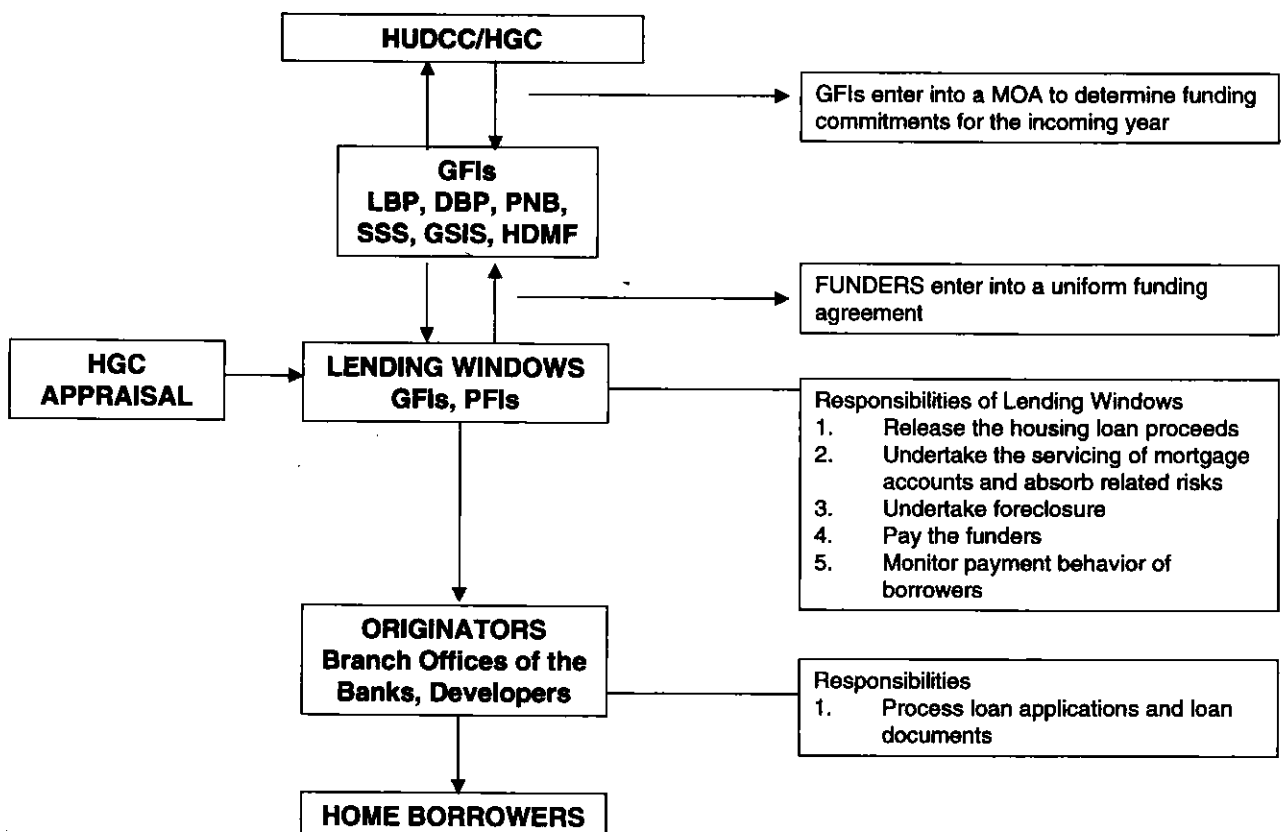
- **Harness the resources and expertise of the private financial institutions in order to enhance the housing program's sustainability and service a greater number of borrowers**

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

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

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# Multi-Window Lending System



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# LOAN PACKAGES

On March 13, 2000, the HUDCC Council approved the adoption of the following loan packages:

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

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## AMORTIZATION SUPPORT SUBSIDY

### LEVEL A

Eligible borrower with a gross family income not exceeding P 8,000 per month, who shall be granted loans not exceeding an amount twenty percent (20%) lower than the socialized housing package, shall be entitled to the following amortization support during the first five years of the loan amortization period

AMORTIZATION PERIOD	AMORTIZATION SUPPORT
Months 1 to 12	35%
Months 13 to 24	30%
Months 25 to 36	25%
Months 37 to 48	20%
Months 49 to 60	15%

# AMORTIZATION SUPPORT SUBSIDY

## LEVEL B

Eligible borrower with a gross family income not exceeding P 10,000 per month, who shall be granted loans of over the maximum loanable amount under the lowest/socialized loan package, shall be entitled to the following amortization support for the first five years of the loan amortization period

AMORTIZATION PERIOD	AMORTIZATION SUPPORT
Months 1 to 24	25%
Months 25 to 36	20%
Months 37 to 48	14%
Months 49 to 60	7%

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## POLICY DIRECTIONS

Housing programs shall now depart from unfavorable past practices. Our program shall be:

- **Market oriented**
- **Demand driven**
- **Private sector led**
- **Decentralized and deregulated**
- **Sustainable**

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# **HOUSING TARGETS**

**Providing shelter security to 350,000 homeless households annually**

- **A house and lot package**
- **A house only**
- **Or lot only**
- **Infuse P 90 Billion annually into the housing sector**

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## **TWO PRONGED PROGRAM**

### **I. Private Sector Led Program –**

**will cater to the housing needs of the formal sector, (i.e. members of SSS, GSIS and Pag-IBIG) through the mobilization of funds under the Multi-Window Lending System**

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# **Initiatives in Housing Finance: Providing Foundation for the Housing Sector**

## **A. Mobilization of funds for housing**

- **Adopted the modified Multi-Window Lending System**
- **Adopted the market specialization**
- **Adopted a buy-back provision**
- **Supported the establishment of a private sector Guaranty Fund**

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# **Initiatives in Housing Finance: Providing Foundation for the Housing Sector**

- **Provided liquidity to developers**
- **Floated P 4 Billion Pag-IBIG bonds**
- **Obtained Presidential authority to float P 10 Billion socialized housing bonds**
- **Obtained Presidential authority to issue P 10 Billion mortgage backed securities**
- **Pursued the establishment of a Secondary Mortgage Market**
  - Important provisions:**
    - **transfer of assets and collateral from the seller to the special purpose vehicle shall be exempt from documentary stamp tax and value added tax**
    - **Subsequent transfers of securities issued by the SPV after the original issuance shall be exempted from the documentary stamp tax**
    - **The SPV shall not be classified as a bank or quasi-bank under the provision of the new Central Bank Act, General Banking Act, and National Internal Revenue Code of 1997**
    - **Securities shall not be categorized as deposit substitutes and shall not be subject to gross receipts tax or any other tax imposed in lieu of the GRT**

# Initiatives in Enhancing Access to Housing

## Stimulated interest in housing

- **Implemented aggressive marketing campaign to target sectors**  
PNP, AFP, and other government employees, Private sector employees, members of unions, members of cooperatives, local government units, OFWs, security guards, household help, tricycle drivers
- **Adopted institutional approach to take advantage of economies of scale in processing housing loans**
- **Disposition of unoccupied housing units “as is where is”**

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# Initiatives in Enhancing Access to Housing

## Made housing units desirable

- **Sets standards for cost design and site suitability**
- **Adopted comprehensive approach to relocation of informal settlers**
- **Obtained Presidential authority to issue P 10 Billion mortgage backed securities**

## Made housing units affordable

- **Reduced interest rate of 9% in a manner that will not affect the market system**
- **Extended amortization period from 25 to 30 years**
- **Adopted graduated amortization scheme**
- **Provided alternative modes of acquiring shelter security (CMP, rental housing)**

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# **Initiatives in Improving Systems and Processes in the Housing Sector**

## **Worked for the reduction of red tape**

- **Worked for the issuance of EO which reduced the number of months to acquire housing permits from a 1,395 days in the past to 183 days at present**
- **Obtained Presidential approval in principle for automatic conversion of land classified as residential provided such classification has been approved by HLURB**

**Revised development standards so that these standards will be more realistic and easier to enforce**

**Set up a system to regularly monitor operations**

**Implemented reforms to clean-up books of shelter agencies and strengthen their financial position**

**Worked for the development of a housing website**

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## **TWO PRONGED PROGRAM**

### **II. Government Sector Led Program**

**Will cater to housing needs of the informal sector by utilizing funds from the GAA**

#### **Initiatives under the Government Sector-Led Program**

- **Accelerated the provision of land tenure and shelter security**
- **Revitalized the Community Mortgage Program**
- **Accelerated the implementation of government initiated turnkey projects**
- **Implemented innovative financing schemes for government led housing programs**

## **PENDING ISSUES**

### **Problems encountered that are beyond our control:**

- **Budgetary support from government for housing programs of the informal sector is not sufficient to cover their housing need.**
- **Private banks and other lending institution have become hesitant in providing development financing for private developers due to poor credit rating of most developers as a result of the Asian financial crisis**
- **GFIs have suspended its approval of loans for developers with past due accounts in view of a Presidential directive issued on 15 August 2000**
- **Problems relative our plans to generate funds through bond flotation**

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## **HOUSING FINANCE FOR SHELTER DEVELOPMENT**

**ELIGIBLE PARTICIPANTS: FAMILIES IN DPUCP NEW SITES AND SERVICES PROJECTS WHO CAN DEMONSTRATE ABILITY TO PAY FOR THE LOAN**

**LOAN AVAILMENT RATE ESTIMATED AT 25%**

**AVERAGE LOAN SIZE: PHP 50,000**

**LOAN MATURITY: 25 YEARS**

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# PROJECT IMPLEMENTATION ARRANGEMENTS

