

Title: Two Local Gov'ts Embark on Low-cost Housing Scheme

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Gina Caylo is one of many who want to have a place to own. But even as she combines the meager salary with that of her husband's, the monthly income is not enough to invest in houses offered by real estate companies.

In response, two local government units in Metro Manila have housing ownership programs for the lower-income bracket.

The cities of Muntinlupa and Taguig have been implementing the Strategic Private Sector partnerships for Urban Poverty Reduction (STEP-UP) in partnership with the Philippine Business for Social Progress (PBSP) and the Asian Development Bank (ADB).

For Taguig Mayor Sigfrido Tinga, implementing the concept of socialized housing does not always entail letting go of government land.

In Pinagsama Village, Western Bicutan, for instance, the local government set up a three-storey condominium buildings with the assistance of the Habitat for Humanity.

"We have introduced the concept of usufruct. While those who live here may not own the land, at least they can own the units at very cheap rates. It's usually the cost of the land which increases the price of a property," Mr. Tinga said.

In phase I, 60 families own 36-square meter (m²) units. All units have the basic amenities and each unit costs [PhP200,000](#). Only those who have been residents of Taguig for five years were considered for the housing project and each applicant were screened based on their capacity to pay.

"Monthly amortization for each unit is at [PhP1,500](#) per month for 15 years. I think this amount is a breakthrough," Mr. Tinga said.

STEP-UP, with Habitat for Humanity, extended loans totaling [PhP180,000](#). Each recipient shouldered [PhP20,000](#) of the total unit cost as counterpart fund.

The Forward Taguig Neighborhood Association, Inc., of which Ms. Caylo is president, collects the monthly amortization of the 60 recipients. The amount collected are then transmitted to PBSP and Habitat.

"So far, repayment rate is at 100%. People here know that the amount the pay is far below the rent they use to pay for a one-bedroom apartment," she said.

DIFFERENT TACK

Meanwhile, the concept of socialized housing takes on a different tack in Muntinlupa.

In Barangay Bayanan, for example, the local government assisted 63 families belonging to the Tining ng Nagkakaisa Homeowners Association in purchasing the lot area on which they have been squatting on.

"We negotiated with the private landowner and we were able to purchase the lot area for [PhP4.27 million](#) in 2001," Mayor Jaime R. Fresnedi said.

The money that initially came from the local government was used to buy the lot area measuring 2,600 m² in Barangay Bayanan. Each of the 63 families was allocated 32 m².

The Muntinlupa government was able to recoup the amount it has advanced to the residents in Barangay Bayanan after the loan was transferred to the National Home Mortgage Finance Corp. (NHMFC). The residents will pay a monthly amortization of PhP411 to the NHMFC for 25 years.

"Repayment rate has been very good," Mr. Fresnedi said, noting that the residents rarely default even as most of the residents are daily wage earners.

The PBSP extended a loan of PhP470,000 to 33 households to construct and rehabilitate the houses of residents in Bayanan.

"Another project worth PhP790,000 was approved for the same homeowners association that will benefit an additional 28 household members," PBSP director for operations Eden Garde said.

The concept of "incremental construction" is being encouraged by PBSP in Bayanan.

"We tell them they should borrow only the amount which they believe they can pay. Some initially borrow only [PhP5,000](#) to buy construction materials," Ms. Garde said.

The loan is channeled through the homeowners association, which also collects the amortization.

RISING TO THE CHALLENGE

PBSP and ADB launched STEP-UP to help reduce poverty in 23 depressed communities in nine cities and municipalities in Metro Manila.

ADB extended a grant of \$3.6 million from the Japan Fund for Poverty Reduction for the program in November 2002.

The total cost for STEP-UP is estimated at \$6.93 million. Aside from the ADB grant, costs will be shouldered by the PBSP, the beneficiaries and the local government units. The project will run until November 2005.

Ms. Garde said that aside from Muntinlupa and Taguig, beneficiary communities were also identified in Caloocan, Malabon, Mandaluyong, Manila, Marikina, Quezon, and Pasig cities.

"We are looking at expanding the program to other cities. We hope we could secure the necessary funding for this," she said.

PSBP estimates that there are around 3.4 million informal settlers concentrated mostly in Metro Manila.

Most of these informal settlers trooped to the city from the province to improve their lot. The unmanaged migration to urban areas resulted to slum settlements, pollution problems, unemployment and deficient basic services.

Aside from the housing component, STEP-UP also has a livelihood component to upgrade the skills of the residents in beneficiary communities.

Different technologies on meat processing, decorative candle making, vegetable production and fish culture, taho (soy) making, cupcake and juice making and packing.

Skills training on reflexology, aroma therapy, masonry, electrical, plumbing, painting, carpentry, as well as basic cosmetology were also introduced.

The livelihood component was introduced in partnership with government agencies and business institutions which include the Department of Science and Technology, Don Bosco Technical Institute, Boysen Paints, Artliz Enterprise and Spash Foundation Inc.

STEP-UP also partnered with Monark Foundation for the scholarship of 13 out-of-school youth on automotive and heavy equipment courses.