

## **Assessment of Housing for the Urban Poor in the Four Local Government Units in Southern Mindanao, Philippines**

**Isidoro R. Malaque III**

Department of Humanities, College of Humanities and Social Sciences  
University of the Philippines in Mindanao, Davao City, Philippines, e-mail: irmalaque@yahoo.com

**Theresalina K. Gonzaga**

Department of Civil Engineering, College of Engineering  
University of Mindanao, Davao City, Philippines, e-mail: trkg\_um@yahoo.com

**Emma A. Viloan**

Research and Development Center  
University of the Immaculate Concepcion, Davao City, Philippines, e-mail: emz\_vilz@yahoo.com

**Rommel D. Arcega**

Master of Arts in Urban and Regional Planning, School of Management  
University of the Philippines in Mindanao, Davao City, Philippines, e-mail: debauchery00@yahoo.com

**Key words:** housing, shelter, urban poor, Southern Mindanao, Philippines

### **Abstract**

Shelter for the urban poor is always a problem in the process of urbanization in developing countries. The objective of this paper is to assess the demand and provision of urban poor housing in the four local government units in Southern Mindanao, Philippines. Home lot ownerships were accessed through government shelter programs, while houses were provided by the urban poor themselves and through the assistance of NGOs. Even if gaps between need and delivery are unavoidable in every shelter programs, but the participatory approach of this research contributed positively to the approaches in local housing policies. The evolution of slum into a more permanent urban fabric was illustrated, and this must be further understood for a more feasible shelter program.

## **1 Introduction**

The global trend of poverty in urban areas is expressed through sprawling slums and informal settlements [1]. At the start of the third millennium, 47 percent of the world's population lived in urban areas. It is expected to increase to 56 percent within the next two decades, and 94 percent of this increase will occur in developing countries [2]. Today, an estimated 30 percent of the urban population in Davao City, and a similar significant proportion in the cities of Samal and Panabo, and the municipality of Sta. Cruz, live in informal settlements, many of which are located in dangerous areas. The extensive squatting activities on these four local government units in Southern Mindanao, Philippines stem mainly from earlier waves of migration in the 1980s and 1990s, which is continuing up to the present. The process of urbanization has already stretched beyond the capability of the local government units to manage efficiently, especially in the provision of shelter for the urban poor.

The aim of this paper is to assess the demand and provision of housing for the lower income sectors in the four local government units in Southern Mindanao, Philippines to better guide shelter programs. Specifically it sought to: 1) assess the present shelter provision, 2) determine needs and identify gaps in the delivery, and 3) involve the stakeholders in the process to confirm the direction and quality of the research, and the sustainability of the outcomes.

## **2 Shelter provision for the urban poor**

### **2.1 Provision by national government**

Informal settlers access home lot ownership through the Community Mortgage Program (CMP) of the National Home Mortgage and Finance Corporation (NHMFC). This project can be undertaken by an on-site acquisition of an already inhabited lot by the informal settlers, or an off-site relocation. An on-site acquisition is possible if the landowner is willing to enter into negotiation with the community organization. An example of this in Davao City is the Cabacan Bucana United Purok Homeowners Association, Inc. Phase II (CABUPHOA-II), which has 279 member beneficiaries located in Barangay 76-A, Bucana, Davao City. The originator of the project is the Mindanao Land Foundation. The land was originally registered under the name of Jesusita Villa-Abrille et al. with a total land area of 26,171 square meters (sq. m.). The selling price was 300 Philippine pesos per sq. m. Lot sizes vary from 17 sq. m. to over 300 sq. m. Being an on-site project, the lot area awarded depends on the lot area already settled.

The Super Island Homeowners Association, Inc. (SIHAI) was a pioneering CMP project in the Island Garden City of Samal, which was also originated by Mindanao Land Foundation. Most of the members could not afford to pay the equity, so the community organization welcomes outsiders to join them, making the project heterogeneous. SIHAI was finalized as a name during the reorganization that survived only 30% of its original members. At present, the NHMFC still hasn't released payment to the landowner for lot acquisition because of the hold order, but the association made partial payment directly to the landowner through a collection from the members. Lot size is uniform at 100 sq. m. each for the 192 beneficiaries. Out of this total number of beneficiaries, 144 are through application to CMP, while 48 will pay the landowner directly.

In Panabo City, the Panabo Homesettlers Association, Inc. in Purok Cabbage, Gredu is a CMP project that served 48 beneficiaries in total land area of 7,134 sq. m. Lot acquisition amounted to 1.097 million Philippine pesos in March 1991. During a key informant interview, a beneficiary claimed that

he was paying a monthly amortization of 151 Philippine pesos. The acquisition of his lot with an area of 79 sq. m. cost him 20 000 Philippine pesos, but he later sold it at 150 000 Philippine pesos including the house that he constructed. An off-site CMP project can be implemented if the landowner is not willing to enter into negotiation with the informal settlers, or in cases where the land is not suitable for social housing.

In the Island Garden City of Samal, the Villarica-Garcia Homeowners Association, Inc. was a CMP project intended for those who would be evicted from the coastal zone and were willing to be relocated. The city government intervened in this project because of their experience in SIHAI. To lift the initial burden on the beneficiaries, the city government assisted the 10% equity for lot acquisition. This was loaned through bridge financing. In addition, the city government provided relocation assistance of five thousand Philippine pesos per beneficiary, payable within three years without interest. Lot size is uniform at 70 sq. m. each and at present, slots are not yet fully occupied.

## **2.2 Provision by local government units**

The local government units, depending on their responses to the demands of the urban poor have various approaches in implementing programs to provide social housing. It may be in a form of lot acquisition, assistance in site development, and the provision of basic urban services. The city government of Davao has prominent projects such as relocation sites and slum improvements. Examples of them are the Panacan Relocation Area, Tibungco Relocation Area, and Mintal Relocation Area [3]. Panacan Relocation Area was developed in 1977 to absorb 665 household beneficiaries whose homes had been affected by fire in the downtown area. Total land area is 0.11 square kilometers (sq. km.), and it is located within an industrial zone 13 kilometers (km.) away from the city center. Tibungco Relocation Area was developed in 1991 to accommodate 1,322 household beneficiaries. These were squatters who had been affected by the establishment of new infrastructure projects in the city, for example, the airport. Total land area is 0.20 sq. km., and it is located 18 km. from the city center. Mintal Relocation Area was developed to accommodate illegal occupants of private and public lands who wished to be resettled. It aimed to accommodate approximately 1,700 household beneficiaries. Total land area is 0.39 sq. km., and it is located 14 km. from the city center. In 1991, the Municipality of Sta. Cruz was able to acquire the Townsite Relocation Area of approximately 14.3 hectares through congressional initiative assistance. Site development was financed by the National Housing Authority (NHA). Average lot size is 200 sq. m., slightly larger than those in the economic housing area. At present, about 20% are occupied because of the inadequate water supply. Low occupancy rate is the principal reason why the NHA did not continue to develop the second phase. Furthermore, it was found out that plenty of beneficiaries in the area are not actually landless or homeless. They availed the program for speculative purposes.

## **2.3 Provision by the urban poor themselves**

Since most of the social shelter projects by the national and local governments provided only lots, houses were predominantly constructed by the inhabitants themselves. This proves the ingenuity of the urban poor to provide their own shelter. In a focus group discussion in the Municipality of Sta. Cruz, participants claimed that informal settlers can construct their own house within their purchasing power, and on an incremental basis. They were open to the reality that they could not afford a house and lot package. What they need is a piece of lot where they can construct their house phase by phase. This is true in all the urban poor shelter projects in the four study areas. The majority of focus group discussions claimed that house design varies depending on the budget, family size, and lot area available for the construction of the dwelling unit. Construction materials also vary from concrete, steel, wood, plywood, and locally made materials such as bamboo and palm leaf products.

## **2.4 Provision by non-government organizations**

Non-Government Organizations (NGOs) were active in assisting the urban poor in the provision of housing structures. Out of the four local government units in which this study was conducted, the Municipality of Sta. Cruz has the greatest number of housing structures provided by Habitat for Humanity because its Davao del Sur Office is located in this municipality. However, because the organization had extra money, they extended their operations to the cities of Davao, Samal, and Panabo. Since this NGO has no funds for lot acquisition, housing structures were constructed for the beneficiaries of the national and local government programs where lots had been provided. Many of the projects in Sitio Padada, Barangay Coronon and the Townsite Relocation Area were successfully constructed and are presently inhabited. Standard floor area is 30 sq. m. but in some instances where the lot is smaller, the floor area is adjusted to 28 sq. m. Roofing is made up of galvanized iron sheets with steel trusses. Exterior walls were made up of concrete interlocking blocks, compressed earth blocks, or hollow blocks whichever was more feasible in the locality. Flooring is concrete but without interior partitions, except in the toilet and bathroom. Even if finishing was not provided, necessary plumbing utilities in the kitchen, toilet and bathroom were installed. In a key informant interview, it was found out that the NGO will loan to the beneficiary an amount of 60 000 Philippine pesos to include the material cost and labor for one skilled worker and one construction assistant. Since this is not enough to cover the whole labor cost, volunteers were organized to provide the additional labor, with the assistance of the beneficiary as the home partner. According to the key resource person, the loaned amount is payable in 15 years without interest, but with inflationary rate adjustments so that the same quality will be constructed in the future.

In a newly developed relocation site in Matina, Pangil in Davao City, 14 beneficiaries were awarded with a house under Gawad Kalinga. In the same site, there are already constructed houses waiting to be distributed to qualified beneficiaries by a raffle to identify location. By sweat equity, the Gawad Kalinga provided houses to the beneficiaries, with lots acquired through CMP and from the city government. This means that prospective beneficiaries will provide labor in the construction of houses, and when they can accomplish minimum requirements, they will qualify for the raffle. This NGO is involved beyond the provision of physical structure because there are others aspects that are integrated into their programs. Some of these include spiritual direction, value formation, and community organization by the Couples for Christ, which is an active church organization. In Gawad Kalinga housing projects, no property walls between houses were constructed to avoid barriers and improve better neighborhood relationships. Cultivation of edible gardens was encouraged as a form of urban agriculture.

## **3 Gaps between demand and delivery**

### **3.1 Gaps in the implementation of housing laws and regulation**

Over the years since CMP was implemented, the number of documentary requirements have been reduced from 56 to 23. However, originators still think that some of the requirements may be waived and complied with after the take-out to reduce processing time, and lessen financial investments of the urban poor beneficiaries. In January 2004, Executive Order 272 created the Social Housing Finance Corporation, which transferred the CMP from NHMFC to the newly created agency. Recent movement of CMP projects in the pipeline has been very slow, and most are even affected by the hold order because of the transition period. Other reasons for poor implementation of the program are the

poor relationship between the implementing agencies and originators, and the restructuring of implementation guidelines.

More than a decade since the Republic Act (RA) 7279, which is also known as the Urban Development and Housing Act of 1992, was passed and implemented, many local government units have not implemented most of the basic responsibilities mandated by the act. Problem tree analyses conducted during workshops and focus group discussions proved the inadequacy of the information campaign on this housing law. Barangay captains in the Island Garden City of Samal claimed that they first heard of RA 7279 in August 2004 when it was presented to them by a representative from the Presidential Commission for the Urban Poor, within the period that this research was conducted. It was found out that reasons for poor implementation varied: some local government units lack political will, capability, and financial resources to implement the act. Tables 1 and 2 show the budget of the local government units for housing, which show that housing program has less priority in the budget allocation. Panabo City generated additional resources from congressional initiative sourced from the national government. In the Island Garden City of Samal, housing budget is shown as part of the economic and infrastructure sector which covers only a certain percentage of the whole annual budget.

Table 1: Housing Program Budget in Panabo City

Year	Budgetary Amount (in Philippine pesos)	Source	Percentage (%) (of the whole annual budget)
1998	2,000,000.00	Local government unit	2.00
	3,000,000.00	Congressional initiative	
2000	2,000,000.00	Congressional initiative	
2002	121,000.00	Local government unit	---
2003	2,000,000.00	Local government unit	1.00
	2,100,000.00	Congressional initiative	

Table 2: Economic and Infrastructure Sector and Housing Program Budget in the Island Garden City of Samal

Year	Budget for Housing within the Economic and Infrastructure Sector (Source: Local government unit)		
	Housing Program	Economic and Infrastructure Sector	
	Budgetary Amount (in Philippine pesos)	Budgetary Amount (in Philippine pesos)	Percentage (%) (of the whole annual budget)
1999	900,000.00	22,918,901.00	3.90
2001	3,499,144.00	37,061,674.60	9.40
2002	800,000.00	33,447,854.40	2.40
2003	1,850,000.00	37,380,084.00	4.90
2004	2,000,000.00	29,830,476.00	6.70
2005	980,000.00	39,036,490.00	2.50

There is also an absence of an agency that will focus on the implementation of housing programs. Although the Housing and Urban Development Coordinating Council was tasked to coordinate all government finance, construction, and regulatory housing agencies, as well as the local government units; concerned organizations do not have well coordinated policies. Housing laws and regulations should be more facilitative, instead of hindering social housing delivery. Batas Pambansa 220 or the Rules and Standards for Economic and Socialized Housing Projects, and the Presidential Decree 957 or The Subdivision and Condominium Buyers' Protective Decree are already obsolete. Their implementation of social housing projects whether at community or individual beneficiary level hinders development of self-help and incremental housing delivery.

### 3.2 Gaps in housing market, finance and affordability

Programs on the provision of shelter for the urban poor mostly did not meet the needs and preferences of the beneficiaries. In terms of price, what is available is beyond the financial capacity of the urban poor to pay equity and monthly amortization. Tables 3 and 4 show the income of sample informal settlements in Davao City and Panabo City. Poverty incidences have reached 79 percent and 84 percent respectively based on the Regional per Capita Poverty Threshold in 2003 of 11,276 Philippine pesos. If the monthly income of household beneficiaries below the poverty threshold is to be considered, and with an estimated 80 percent of household income spent on food alone, only 744 Philippine pesos and 714 Philippine pesos per month is left for basic needs other than food (in the identified informal settlements in Davao City and Panabo City respectively). In addition, social housing products provide home lot sizes that are larger than those in the economic housing areas, and are thus unaffordable for the urban poor.

Table 3: Informal Settlers' Income in Sasa Creek, Davao City

Average Monthly Household Income (in Philippine pesos)	Average Annual per Capita Income (in Philippine pesos)	Percentage (%)
3,719.31	9,145.84	79
8,206.25	16,578.25	17
13,166.00	29,257.78	3
21,306.67	54,749.47	1

Table 4: Informal Settlers' Income in Cagangohan, Panabo City

Average Monthly Household Income (in Philippine pesos)	Average Annual per Capita Income (in Philippine pesos)	Percentage (%)
3,568.21	10,333.68	84
9,142.31	22,819.21	12
14,650.00	29,300.00	3
18,000.00	61,714.29	1

Most of the off-site resettlement areas are located outside the urban centers. However, the movement of people is from rural to urban, mainly due to more livelihood prospects in urban areas. The following are some of the reasons why people prefer to stay in the urban center: 1) proximity to facilities such as public markets, church and entertainment, 2) proximity to government offices where they can easily access government subsidies and offers, 3) accessibility to transportation facilities, and 4) high security in terms of peace and order. Adding the issue of inadequacy of information dissemination and inefficiency in the processing of documents that can be accomplished at a minimum of two years, existing social housing programs are not marketable to the urban poor. Informal settlement or squatting therefore becomes an alternative.

## 4 Impacts of stakeholders' participation

The whole project was conducted within the principles of participatory research approach. Access to secondary data and to the respondents in the study areas was well coordinated because of the participation of the representatives from the various local government units. Aside from these, the research project also provided impacts related to local housing policies. In Davao City, there is an on-going plan to separate the housing office from the city planning division. In the Island Garden City of Samal, inclusion of ideas into the housing code is being considered, such as no allocation of title, providing smaller lot sizes, and providing transit location for the relocatees while constructing the

relocation sites. Furthermore, a pilot project is also being considered. In Panabo City, with the recent activation of the City Housing Board, the board approved a pilot project integrating issuance of certificates of occupancy in lieu of title allocation, and distributing smaller home lot sizes for a minimal monthly rental fee of 50 Philippine pesos. This may not provide the urban poor with absolute ownership of property but will provide an opportunity for them to live in an urban center where they can access livelihood. In the Municipality of Sta. Cruz, during a key informant interview, the municipal mayor accepted that housing is a population development issue, and not an engineering one. However, due to budgetary constraints the municipal resettlement office is now placed under the engineering division.

## **5 Discussion**

In developed countries, rental housing is the alternative to homeownership, but in developing countries such as the Philippines, illegal settlement is a more common housing alternative[4]. There are numerous shelter agencies at the national government level, and local housing offices at the local government level, but delivery of social housing for the urban poor is still inefficient and ineffective. Available social housing products that include home lots have sizes even larger than in economic housing. Once the housing structure is included, this became more unaffordable for the urban poor beneficiaries. Local governments provided relocation sites in their respective units, but since some of them were located away from the city center, some beneficiaries were hesitant to avail the program. Even if beneficiaries made use of the provision at the beginning, some later sold it to interested individuals due to an economic crisis or an intention to settle again in the inner urban area. These reasons therefore triggered the unending cycle of squatting, relocating, squatting again, and then waiting for another social housing program to avail.

People can access informal settlements in any of the following three ways: 1) informal rental agreements either with the landowner or a caregiver, 2) purchase of land-use rights, and 3) through encroachment on marginal areas such as foreshore, riverbanks, or pavements [5]. Squatters use many strategies to stay on captured land. In considering where to squat, they select land from which eviction seems less likely, and once they occupy it, they must continue physically to hold it. They then negotiate with landowners and lobby politicians so they can remain on the captured land or can exchange their current site for another [6]. Once they obtain improvements from the government or reach an agreement with the landowner, the settlement becomes more permanent. This scenario is also true in the four local government units in which this study was conducted. To qualify for an on-site land acquisition under CMP, at least 70 percent of the members of the community organization who is going to apply, should have been settled in the area. This means that these urban poor people were originally squatters on government or private lands, and they can access home lot ownership through CMP and similar local government units' programs. CMP is supposed to assist in lot acquisition with site development and housing structures, but due to budget limitation and so that more beneficiaries will be served, it only assists in the acquisition of lots for social housing. However, depending on the initiative of the community organization to lobby politicians, sites will be developed phase by phase, and urban services provided. Even if in the beginning, informal settlers simply construct their houses with inferior materials, because of the economic advantage of being in an urban area, they can later improve their dwelling by replacing construction materials with higher quality ones such as concrete for the walls and galvanized iron sheets for the roofs. This makes a former slum area into a more permanent urban fabric through the process of time. Because this form of development is unplanned, this is viewed in a negative sense. If an on-site acquisition is not the best option, the urban poor community can be relocated off-site where site and services are already planned and developed for a better urban environment.

## 6 Conclusion

Shelter provision includes the elements of land and the house structure. Government provision, which is supposed to include both, predominantly only provides the land for social housing. This is due to budgetary constraints, and the intention that government shelter programs will thereby benefit more people. However, this could already be a good start in shelter provision because it was proven that the urban poor can construct their own house within their capacity in an incremental way. Furthermore, there are NGOs assisting in the construction of houses. The implementation of rules, regulations and financial schemes were based on a very rationalistic house and lot package that is, the majority of the time, unaffordable for the urban poor beneficiaries. Therefore, they must be redirected towards an incremental approach in shelter provision, because there are consequences that cannot be forecasted rationally in an unstable economic situation. A participatory approach which was started by this research should be adopted in planning for the housing sector. Furthermore, the ecological evolution of a slum should be well understood and considered. This can help formulate a more feasible shelter program in an incremental way, which is more applicable in an economic situation of a developing country.

### Acknowledgements

This paper and the data presented were collected from a more comprehensive housing research project. This is an acknowledgement to the Philippine Center for Population and Development as the key funding agency; the collaborating universities: University of the Philippines in Mindanao, University of Mindanao and University of the Immaculate Conception; the participating local government units: Davao City, Island Garden City of Samal, Panabo City and Municipality of Sta. Cruz; and Rhea Lamorena and Mirrel Manguio for their individual contribution to the project.

Special acknowledgement to Napoleon Concepcion, Robert Summers, Geffren Bernardo, Gina Santos, Ana Leah Zapanta, Erlymar Corseles, Elenita Gian, Romeo Abarquez, and Rex Maximales, their names cannot be presented at the first page because of space limitation, but their individual contribution is considered as equivalent to co-authors of this paper.

### References

- [1] UN HABITAT. Cities without slums. *World Urban Forum*, Nairobi, 2002.
- [2] "World Population Prospects: The 1999 Revision". United Nations, New York as cited in Reference 1.
- [3] Ibarra, J. M. G. B., Tanimura, H., Asikhia, M. O., Toshimori, A., and Kim, J. Stated Residential Preference of Squatters and Resettlers in Davao City Philippines. *J. Archit. Plann. Environ. Eng.* AIJ No. 563 (2003), pp 117-124.
- [4] Ballesteros, M. M. Demand on housing in metropolitan cities of the Philippines. *NAST 25<sup>th</sup> Annual Scientific Meeting*, Manila, 2003.
- [5] Thirkell, A. J. Players in Urban Informal Land Market; Who Win? Who Loses? A Case Study of Cebu City. *Environment and Urbanization*, Vol 8/2 (1996), pp 71-90.
- [6] Ferguson, B. The Environmental Impacts and Public Cost of Unguided Informal Settlements; The Case of Montego Bay. *Environment and Urbanization*. Vol. 8/2 (1996), pp 171-193.