
Urban Development, Urban Land Use Planning and the Dilemma of Housing for the Urban Poor

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Abstract

The history of urban development, land use planning and housing of the Third World cities remains in stark contrast with those of the rich and developed countries although both share a common thread. Pseudo-urbanization aptly describes development of poorer, former colonial cities where fundamental and structural economic systems are weak and superficial. In such an environment, clashing political and economic interests prevent freer access to land by the masses and the urban poor.

Proper land use planning allows governments to efficiently direct the timing and magnitude of public capital investments thereby setting the pace of economic growth and development. On the other hand, ideally, private sector interests in a dynamic marketplace of free enterprise and price mechanism subsequently are able to deliver a land and housing market accessible to most people. In the case of Metro-Manila, a long colonial history bred a feudal land system covering much of agricultural and urban lands, which perpetuated a monopolistic tendency in land ownership. The control, supply and use of much of the urban areas of the city were in the hands of a few, and urban planning if there was any was but a de-facto corporate-driven or property-led process that favored select private interests. It is in urban housing where the greatest inequality stares everyone in the eye.

The urban land use dichotomy of Metro-Manila consists of formal and informal land use elements interspersed with one another. One is formal, planned and legal whilst the other is extralegal, unregulated, informal and self-appropriated as in slums and squatter areas. The first critical step to address this problem is to recognize that the informal sector is a large source of untapped capital that needs to be brought into the mainstream of economic activity. This can make wealth generation possible for the urban poor once some form of acceptable property rights over their assets is established. This presumes that access to urban lands by the informal sector is made feasible through a system of documented ownership and protection from speculative pressures of land prices.

Interventionist land use planning can break this wedge and integrate disparate land use activities. Dilapidation and urban decay are as much a result of competing interests of the favored few versus the disadvantaged masses. There are existing policies and laws that can be tapped as well as bureaucracies that can be reconfigured to support an activist program of urban development without need of dividing society and fomenting unrest. Eliminating artificial land scarcity and opening access to land to all under a regime of unrestricted economic opportunities for all are key to having a just and humane city.

Overview

Today the cities of developing and underdeveloped countries are by default assimilated into a finely interlocked global network - a world system that is characterized by economic interdependence. In their struggle to cope with the pressures of urbanization and population growth, domestic measures remain grossly inadequate in addressing the multitude of problems confronting the city. The 'small world' view from the standpoint of globalization views the present development conditions of a typical Third World city as the consequence of influences imposed by the imperatives of higher order economies rather than by their own local priorities.ⁱ In all of economic, social and political spheres, these external factors continue to prevail over the nature and degree of the Third World city's development in none too subtle ways.

Former Asian colonial cities in particular find themselves trapped in the system. Deliberately established as primate cities in colonial times, urbanization was characterized by dependency - as capital, technology, values and institutions were transplanted to hasten and enhance the role of the city as a supplier of raw materials and labor to the western world.ⁱⁱ These cities nevertheless developed and urbanized in form and structure seemingly common today but sans the same process of industrialization and societal transformation experienced in developed countries. Referred to as 'pseudo-urbanization', the physical manifestations of urbanization synonymous to progress and development are evident; however, the cities' progressive character remains superficial and lacks a fundamental economic basis.ⁱⁱⁱ The problems brought about by escalating rural-to-urban migration are just one of many that urban planners continue to grapple with in Third World cities. In order to effect meaningful change, this situation must be dramatically altered.

The most glaring area of concern is housing the increasingly large number of the urban population who are poor. Enticed by that "golden pot at the end of the rainbow" dream, it is in the city that many believe the impossible can happen. It is in the city that clashing interests converge and in the quest for housing or the barest of shelter, the less privileged ultimately find themselves cast among the socially segregated sector of society. Lack of means and access to affordable land drive the urban poor to illegally settle on any available unsecured property, open public land or vacant residual areas sometimes under the bridges or along the banks of rivers and esteros. Where would this long-standing and worsening situation lead to in the coming decades of urban development in Third World cities?

Urban Land Use Planning

As the internationalization of cities occurs, the more important city building becomes. The process becomes akin to nation building itself. It is not uncommon for countries to be more popularly known by the kind of cities they create - the city has become the nation in microcosm. It is the window through which other nations look into in understanding a country's society and its people.

Hence, the struggle for progress and development is fought in the city's trenches by ordinary people in general, by government and by the private sector prompted by common as well as conflicting objectives to further each other's interests. Consequently, in an economic environment of limited means, the need for judicious planning and efficient allocation of resources become more critical, but oftentimes this is lost in the arena of political governance.

It is in the urban land use planning of a city that a physical framework is designed to allow policies of urban growth and development to take root and bear fruit. The location, magnitude and timing of public capital investments in urban areas create the favorable economic environment in which private capital investments come into play. The spatial planning of land uses and the archetypal system of zoning and development controls define which locations get designated for particular uses i.e., - for housing, commerce, industry, recreation and leisure, and institutions. In real terms however, what takes place is the planning and allocation of revenue and non-revenue types of land uses in urban areas. The non-revenue land uses consisting of roads and infrastructure provide the backbone that supports and enables revenue land uses to render their economic function efficiently. In this exercise, urban planning takes on an institutional character and plays a critical role in public governance where resource allocation and strategic growth policies are established to address the needs of a highly urbanizing city.

Land use planning, however, can be a "zero-sum game;" the gain of one is the loss of another. Land is a limited resource not only in terms of area, size or availability but likewise in terms of land capability, threshold costs of development, accessibility and value. Land use planning is both value enhancing and value minimizing when land is classified into varying centrality thereby assigning relative importance and value vis-à-vis one another. Typically, land values shift as uses are assigned or re-classified from one location to another.^{iv} Moreover investments in public infrastructure heighten the contrasting emphasis or development bias among areas as they are brought upon locations of certain preference. In theory, a rational and objective assessment of priorities will dictate a strategic plan that will address the problems of the city for the common good of all and the greater need of the many. But the nature of Third World cities and the transnationalization of its societies amidst an environment fraught with uncertainty and economic dependency make this notion increasingly difficult to follow.

The Price Mechanism and Urban Land

In the absence of urban planning where a city's growth is unregulated, urban areas adapt in accordance with the changing conditions of the marketplace where the dynamics of supply and demand predominate. As in the production of goods and services when demand is high for a certain product and supply is limited, the price of the product increases until such time that production increases the supply and an equilibrium is reached leading to price stability.^v The reverse is true; when there is an oversupply amid limited demand, prices go down until supply is regulated and matching of supply and demand is achieved guaranteeing stable pricing. Theoretically the system makes for efficiency.

Users, owners, occupiers and renters of land or buildings locate themselves and their enterprises based on their economic ability to pay for the location whether by purchase or through leases. Land and buildings become commodities themselves supplied by the property sector and bid for in the manner and price at which a willing buyer is willing to pay and a willing seller is willing to sell. When the returns of an enterprise can pay for higher "rent" by moving to a certain location, other land and buildings will be attracted to move away from existing uses. In no time adjacent land and buildings will be converted to accommodate similar uses. On the other hand if an enterprise producing a low-profit commodity can no longer afford to pay for the "rent" in a particular location, other lesser uses will be able to attract the land away from this use. In this manner, urban areas develop and change in accordance with urban society's requirements. This "rent paying ability" shapes the land use make-up of the city. The price mechanism is also self-correcting, as in heavily congested areas where increasing operating costs may decrease profitability prompting an enterprise to move away to a new and cheaper location thereby decongesting the former as more businesses follow suit.^{vi}

So does it follow then that the adaptability and efficiency of the price mechanism can by itself lend to self-regulation without need of land use planning given its inherent self-correcting characteristics?

Not in a market characterized by imperfections. Businesses compete with one another and the market rewards those that are efficient, innovative, creative, price-sensitive and reliable but can also be unmerciful to those that are inefficient. But in reality the market can be manipulated and major limitations of the price mechanism are conditions that lead to private monopoly - conditions which are prevalent in developing and underdeveloped countries where anti-monopoly protection ranks lowest among its priorities.^{vii}

Land when classified favorably into restricted or allowable uses either by decree or by natural market forces can be an extremely valuable asset. It is a form of capital that can be traded, mortgaged, pledged, assigned, securitized and

developed, in the end creating wealth for individuals, corporations, cities and nations. The “uses” of land are in fact economic units having activities that generate a continuous stream of revenues or benefits which can multiply over an undetermined period of time depending on how skillful land is parlayed and managed. And the ones who exercise primary control over the use, supply or availability of land stand to gain the most benefit.

Urban land therefore is a precious commodity. In a capitalist society, land ownership or the right to own a property is a basic human right guaranteed by a nation’s constitution or laws. Every individual competes with one another in the exercise of this right not only to fulfill a need but also to engage in commercial endeavors for personal profit. In this quest, the ensuing urbanization is transforming cities into settlements without fixed boundaries as the demand for land and ownership results to urban sprawl, succumbing to the tremendous pressure of high population growth and so-called modernization. Others would refer to this type of urbanization as the “peasantization” of cities wherein rural folks constitute the majority of urban dwellers^{viii} where one finds both the city’s internal birth rate and increasing level of rural migrant population accounting for the highly alarming degree of population density. Population growth in these cities are many times over the rates of urban centers in developed countries and the trend remains unchanged particularly in the major cities of Asia and Africa. Furthermore, the primate nature of these cities reinforces their role as magnets attracting rural migrants in search of opportunities and material wealth. The city has obligingly played the good host to new migrants with the evolution of a highly effective structure of social kinship and family relationship in the low-income urban communities. This has allowed an easy, transitional absorption of migrants into the community by providing some kind of natural social safety net. The population inflows end up in accessible low-cost or “free” land in the urban area and are integrated into the housing morphology through extralegal or informal means. Consequently the outcome is an amalgam of formal and informal facets of land uses often characterized by conflicting social structures.

In Metro Manila’s case, the majority of the migrants are poor coming from the more depressed regions of the country populating the many “poverty spots” of the metropolis.^{ix} It is in the slum and squatter areas of Metro Manila where the new migrants settle compounding the enormity of the city’s land use, social and environmental problems.

Monopolistic Tendencies in Land Ownership

In most modern capitalist societies land is either privately or publicly owned. In a country like the Philippines, understanding how public lands were conveyed into private hands will explain the present patterns and dynamics of Manila’s urban development. Post-colonial cities like Manila

entered the era of democratization and independence with the vestiges of a colonial past still in place. Unable to shed off dependency (as they were made to be so) the nation was continually subjected to more powerful economic influences even in today’s run up to modernization. During the colonial period, private ownership of land in many instances was largely the result of patronage and influence. Selective award and distribution of vast tracts of land to a few favored individuals or families by virtue of their closeness to power, wealth and position in society was common practice. Spanish authorities through prevailing modes of land transfers, gubernatorial decrees and grants awarded thousands of hectares to certain families, religious orders and institutions. As a consequence, by the turn of the century in the country’s modern history, so much land belonged to few private individuals while the majority of the people remained landless.

In the past, before there was government, people who cultivated and made land productive considered themselves “owners” or stewards of land.^x Reference to ancestral ownership is common and often invoked in times of land claims or disputes. When government was established, all untitled lands came to be regarded as public domain thereby making them the property of the state.^{xi} The process of transferring land into private ownership was institutionalized with government determining who gets what, where and how large. In the Philippines, these lands and those inherited from the landed families ultimately became the most prime real estate in what is known today as Metropolitan Manila. The same can be said for the country’s many secondary cities and agricultural communities. On one hand, the rest of the people who have lived and worked on the land for generations and were unable to secure titles to “their land” either because of ignorance, lack of privilege, or awareness of the process were labeled squatters.^{xii}

Land is imbued with natural qualities and characteristics unique to itself that make it valuable or less desirable. If the qualities are positive, it retains certain competitive advantages over others giving it the edge to stand above the market. And if further public capital investments are poured in these areas, its potential future value increases. The improvements and the combination of superior location and size of land holdings by a few have made property development a virtual monopoly in many post-colonial cities. This aberration led some countries to aggressively implement a national land reform policy of distribution to correct the iniquity in land ownership so pervasive in both urban and rural areas. There were measured successes in some countries like Taiwan and Japan but in the Philippines, the land reform program focused more on agricultural land which nonetheless encountered powerful opposition from entrenched interests which prevented its successful implementation despite many years of running.

Traditionally the landowners or “capitalists” have conducted their businesses more as landlords relying more on the speculative gains of real estate and rental income to generate wealth rather than engage in manufacturing and

industrial activities. From a feudalistic agricultural tradition, the landowners have evolved into becoming major players in real estate development given their substantial ownership of land both in the metropolis and in outlying areas. These lands were converted from agricultural to commercial, residential and industrial uses prior to land reform, and even today despite the present Comprehensive Agrarian Reform Program (CARP), conversions are possible because of loopholes in the program. Anticipating huge capital gains and appreciation, the owners capitalized on their position of political influence to make government undertake public infrastructure projects like roads, drainage, water supply, power, sewerage and communications in or around properties they own.

Onto present times, urban planning and the development of the city have virtually become a de-facto 'corporate-driven' initiative or 'property-led' development catering mainly to select private interests. Because of the monopolistic structure of land ownership and distribution, the chasm between private and public interests in urban development has greatly widened with government grossly unable to do anything much about it.

Urban Land Use Dichotomy – The Case of Metropolitan Manila

Apart from taking up most of the city's land area, housing among all land uses is probably the most important and the most difficult to plan. The other land uses and building forms like commercial business districts, office towers, shopping malls and retail centers, high-rise condominium towers and apartment complexes, hotel/leisure facilities, public buildings, and gated-upscale residential communities are never lacking in planning. In fact it is in these areas where most private and public financial resources are devoted. The city is pockmarked with property projects from small to large-scale undertakings defining mostly its pattern of growth and development. The only recognizable urban planning is in fact "private planning" identifiable with property-led, enterprise-driven, corporate-dominated projects on significantly large privately owned land. Any semblance of public planning is lost in the archaic system of municipal zoning and building ordinances which are perennially manipulated to accommodate political and business interests.

Formal and Informal Land Use Elements

These typical building forms and land uses can be classified as the *formal* elements of an urban area where planning comes into play in many ways - master planning, comprehensive land use planning, architectural planning and design, economic planning and feasibility studies to name a few. The other forms constitute the *informal* elements which include the slums, the squatter colonies or

settlements, the dilapidated sections of the city and the many illegally constructed housing neighborhoods found in disparate locations where planning is virtually non-existent.

The *formal* is governed by a legal framework and set of rules generally accepted by those who work within the system while the *informal* is characterized by a free-for-all, "do what you want" type of site and building occupation outside the legal system. Metro-Manila is a mosaic of these many forms better understood in the context of the *formal* and *informal* dichotomy of land use elements. Both forms coexist in the city and this duality has been in place for years and will continue to be in the years to come. The economy of the *formal* sector depends so much on cheap labor and services provided by the workers of the *informal* sector. Formal establishments and households employ low-level office staff, messengers, janitors, drivers, helpers, gardeners and many others who live around the area. Even with this realization, urban planning and development appear more like puny individual efforts loosely put together by cities and towns of Metropolitan Manila which focus principally on the *formal* elements of the metropolis.

The *informal* sector where planning is more critically needed is viewed not as an integral element of the city and is given less importance than the *formal* sector because it is a non-tax paying sector and a fiscal burden. Being extralegal, the common perception to right the wrong is to bring these areas into the fold of the existing structure of ordinances, controls, rules of private ownership, private contracts and public laws. Therefore, to resolve the issue of squatting in informal settlements the rule of law upholding the right to private property becomes the basis of a solution that eventually comes down to a policy of demolition and relocation.

No urban plans, in whatever format cities and towns produce, have yet directly approached planning the *informal* dimension of the city head on. It would appear that since these elements do not conform to acceptable standards of physical development and are beyond any form of control, they are outside the scope of planning. While the *formal* dimension takes the path of guided development being in the mainstream, the *informal* dimension takes on an opposite but parallel direction with its own set of informal rules and "standards." Ultimately regarded as unacceptable land uses, physically sub-standard and of questionable legal tenure, these elements are branded as blighted areas. And where most areas are illegally occupied - eviction, relocation and demolition are just a matter of time.

The Value of the Informal Land Use Sector

It is estimated that 30 to 40 percent of Metro Manila's residents live in squatter or slum areas.^{xiii} A 1980 National Housing Authority study reported that there were 1.65 million people living in 415 colonies representing about 26% of the city's population. One third of the population

including non-squatters were classified as slum dwellers.^{xiv} There is good reason to believe that these numbers have risen in recent times.

In 1995, Metro Manila's population was placed at 9,545,000 and growing at a yearly rate of about 3 percent. However, other research indicates that the growth rate of squatter population in the nineteen eighties have actually reached a high of 12 percent.^{xv} More recently in the year 2000, the national capital region's population was estimated to be close to 10 million. Studies made on land-use change also show that from 1986 to 1996, Metro Manila's transformable land calculated at 36.2 percent in 1986 was developed to accommodate the increasing population in the same period. The remaining half of transformable land will most likely be developed in the next ten years particularly if the residual agricultural and forestlands are converted into commercial use.^{xvi}

Picture this against the land ownership structure of Metro Manila. A 1983 empirical study reports a highly uneven distribution where 44 percent or almost half of the land in the metropolis is owned by only a few families.^{xvii} Almost the entire city of Makati was once privately held by a single family group or conglomerate while in Mandaluyong, a small city in Metro Manila, some 46 owners privately own about 650 hectares. In 1992, a study made by realtors found out that about 2,000 hectares of empty urban land are in the hands of government.^{xviii} Much of this available public land is in the hands of government agencies - departments, boards, bureaus, municipalities, schools, government corporations, etc.^{xix}

Whereas the private landowners expectedly will exploit the highest and best use of their land for maximum gain, government is expected to put foremost above all the social interests of the people in the management and disposition of the nation's public wealth. But on the contrary, large-scale privatization projects of public lands are no different from private real estate developments where success is measured in terms of highest financial returns for no other purpose but to generate funds, fill the government coffers and plug the nation's recurring budget deficit. It is no wonder that land scarcity facing housing for the urban poor is regarded by many as more an artificial problem caused by certain groups in government and private business.^{xx}

In Hernando de Soto's book "The Mystery of Capital," he laments the inability of governments in many Third World and developing countries to convert into useful economic assets the "dead capital" accumulated by the informal sector of society. This "dead capital" is characterized by the unfixed nature of assets comprising it - the hundreds of thousands of mixed quality dwellings in slums and squatter areas. In this case ownership is difficult to trace or connect to someone in the absence of documents and set of rules or legal basis governing its usage. Their potential economic attributes are not organized and no surplus value can be obtained because multiple transactions are not possible compared to normal property transactions.^{xxi}

In the Philippines, he estimates that there are about U\$ 133 billion worth of untitled real estate assets or "dead capital" outside the system, roughly four times the capitalization of 216 domestic companies in the Philippine Stock Exchange (PSE) at the end of 1997 and seven times the savings and time deposits in the local banking sector as of October 1998. It is also nine times the capital of state-owned companies at the end of 1998 and fourteen times the amount of foreign direct investments (FDI) between 1973 and 1998.^{xxii} This real estate is made up of urban properties in the informal and previously formal areas of Metro Manila and non-alienable, titled and untitled alienable/disposable lands in rural areas.

These are assets held but not legally owned not counting the value of micro-businesses and footloose enterprises that abound in such areas. This wealth is a potential source of surplus capital waiting to be tapped.

In short, while on the surface the *informal* sector appears of no material worth, it in fact represents a huge amount of local capital outside the mainstream of the regular economy. Housing together with related bazaar-type of businesses make up a good portion of this untapped resource. It is a strong base upon which a sustainable housing policy can be developed once this sector is given representation and accepted as an integral part of the urban environment.

Housing the Urban Poor – An Urban Development Dilemma

The problem of housing the urban poor is part of a much bigger problem - the question of what government and society should do with the informal sector. Urban poor communities are generally slum and squatter areas established illegally on private or public lands. The prevailing dominant policy of government over the past decades until the present revolves around a program of squatter relocation and slum improvement. To date, implementation of this policy has intensified the growing rift between social classes as contrasting interests pit the "haves" against the "have-nots" in the struggle to own their small "place" in the community.

This problem is characterized by the following situation:

- There is limited access to land as available urban lands are expensive, privately owned and not earmarked for such uses.
- Public lands in various government institutions are subject to certain types of uses, inaccessible and kept under self-serving bureaucratic control and restricted modes of disposition.
- The legal process and documentary requirements in obtaining land titles are long-winded, costly and highly complex for ordinary citizens to understand and appreciate.
- Access to jobs remains as the principal reason for illegal housing and continued growth of informal settlements. And jobs of whatever kind are found in the city.

- Low incomes deny the informal dwellers access to open market housing relegating them to locate in informal settlements.
- Laws against squatting technically classify informal settlements as illegal giving them a status of impermanence, thereby subject to future eviction, demolition and relocation.
- There are insufficient jobs in the rural areas to attract migrants to return to the countryside removing the efficacy of any “balik-probinsya” (return to province) program of relocation.
- Housing policies focus more on numbers – on housing units built versus estimated housing backlog or demand rather than on the structural flaws of the system.
- There is no recognition of the informal sector as a “permanent” land use of equal importance as the other formal land uses in a city.
- Private interests look upon the informal sector as a value minimizing land use thereby rejecting any concept of its long-term presence and proximity to high-value private properties.
- Private developers have virtual monopoly over the supply of developable urban lands.
- Housing programs are “projects” oriented – mostly as opportunities for showcasing political accomplishments and public relations forays.
- Socialized and low-cost housing projects of private developers are in distant locations and expensive if price is examined in terms of gross profit margins they generate.
- Financing schemes that are in place are modeled after traditional real estate loan programs – of no relevance to households who are considered non-bankable or creditworthy. With no fixed monthly income they will fail credit evaluation and cannot comply with a structured amortization schedule.

In surveys and studies conducted among selected urban poor communities, all of the respondents are aware of the possibility that anytime in the future they will be evicted and their houses demolished. Yet most of them have lived in these communities for several years as squatters. But in this informal community there is really no “free squatting” for having the right to occupy a site and build a dwelling means paying “rent” to some party that controls the rights over the illegal occupation of the property. It could be the head professional squatter, a local official, a police authority or a syndicate member.^{xxiii} Hence there are money flows, capital movements albeit in small individual amounts but large in the aggregate. Some of these lands are privately owned and may be in dispute or under adverse claims by multiple parties explaining the poor security of the area. However most of the occupied properties are government owned land in the possession of various agencies either poorly

supervised or managed thereby making them susceptible to squatting.

Access to Land

The scarcity of land in the marketplace for socialized and low-cost housing in urban areas is artificially created by large private landowners and or by “big business.” Two dominant groups control the large supply of developable private land in Metro Manila. The first group is composed of the “old landlords” of Philippine society, the Hispanic “landed” families and “old-rich” elites who seem to possess an inexhaustible supply of land in the metropolis. The second group is a newer breed of wealthy ethnic Filipino-Chinese traders turned capitalists who have made enormous cash profits in trading and later in manufacturing. These traders knew all too well the value of land positioning and went around buying thousands of hectares of land at low prices from farmers who knew no better. The lands were later consolidated both for speculative and development purposes. These two groups have become the captains of big business who have since diversified into other interests such as banking and financial services, manufacturing, property, media, telecommunications, power, information technology and other allied businesses. With their financial muscle and political clout, the metropolis has become a captured real estate market – a playing field for the few big players (even if the few secondary tiers are added) who have divided the market among themselves.

A third group plays an equally important role whenever public lands are included in the inventory and supply of undeveloped real property. Government as the single largest landowner is today a significant player. A country like Singapore and the Hongkong SAR similarly hold substantial land supply and are able to harness this advantage for the benefit of their local economy. Whenever price instability and speculation by domestic developers threaten their property markets, these governments can release additional lands to the market at price points that will ensure stability of pricing.

In the Philippines, the valuable public lands, i.e., military camps or bases, government centers, state schools, other institutional lands, etc. - strategically located in the metropolis constitute the principal assets of government. A good part of this is included in an on-going asset privatization program nationwide. But these lands are being privatized principally to generate revenues to meet budget shortfalls through direct sale or joint ventures with big private developers. Except for some few hectares however, no significant amount of public land has been conveyed for major projects dedicated to housing the urban poor. The Bases Conversion Development Authority (BCDA) manages the development and oversees the disposition (if mandated) of former military lands under its control. The Public Estates Authority (PEA), recently abolished by a presidential executive order due to charges of graft and corruption, was

tasked to manage reclamation and development of reclaimed public lands. These offices are in effect property development entities in their own right controlling thousands of hectares of valuable urban land pursuing mixed-commercial, industrial and high-end residential projects in Metro Manila and environs.

In the metropolis therefore, no land is available at all for urban poor housing. No urban land can be purchased at below market prices for low cost and socialized urban housing projects. And if there is one for sale, it could well be under water as in the case of the town of Malabon, which purchased an inundated site under a community mortgage program (CMP) for the relocation of squatters living along railway lines. The high cost of land in Metro Manila excludes such housing as a viable option - a project of such nature makes no financial sense. With the exception of a few CMP projects, which have managed to acquire small sites, access to land in the metropolis is like shooting for the moon.

Ultimately the easy way for government is to relocate where land is cheap and affordable, where units can be built and sold at prices it considers "socialized" or "low-cost". These sites are usually found outside Metro Manila with some as far as 40 to 60 kilometers away, hardly accessible because of poor transportation facilities. This approach has been widely used by past and present administrations despite indications that it has led the housing program nowhere.

Approaches to the Dilemma

In a paper by Elizabeth Wood, "Housing Design: A Social Theory," she suggests a new approach to the dilemma of urban development and a slower but sounder approach to human development.

"Wherever it is necessary for the larger purposes of urban development that slum areas have to be cleared, the initial approach should be an intensive investment in the economic development of the people....What this approach seeks is to put together four fundamental urban programs: urban planning (which designs the plans and land uses specifically for the displaced persons and industries); small-scale industrial expansion (to provide the major job source); vocational training for specific jobs as a preliminary to relocation and a job; and the improvement and elimination of slums with minimum hardship to people."^{xxiv}

In the end the report contends that social development requires that opportunities for economic advancement be present and that investments in health, education and housing alone cannot suffice. And that the foregoing approach may or may not work for all people and

"if not, the conclusion will of necessity be that many slums cannot, perhaps, be cleared for the indefinite future and that there are people who are better housed, in the broad sense, in slums than in distant places which have no economic meaning for them."^{xxv}

Given this position slum improvement becomes part of an urban poor housing policy and whether this should be taken as a permanent or interim measure comes into question. Permanent or otherwise, on its own, the plan can offer no long-term benefit that will correct the structural flaws of the land ownership system and the property market. The lack of tenure remains and segregation continues. The informal sector will always operate outside the system because of lack of access to instruments of the regular economy. The assets of the urban poor will remain trapped, valuable only within the informal sector's own economic circle of self-imposed social contracts and controls with no upside in terms of raising the value of savings by creating surplus.

In a commentary by Anna Marie A. Karaos of the Institute on Church and Social Issues, she writes:

"When one considers the government's track record not just in instituting policy reforms but also in implementing pro-poor programs, one is confronted with the multitude of reasons why projects aimed at improving the delivery of basic services to the poor fail to move.... In the urban sector...the Macapagal administration...has undertaken measures toward the distribution of government-owned lands to urban poor informal dwellers. In Metro Manila, where about a third of the country's urban poor resides, thousands of families now await the implementation of a program that would legalize their tenure and install or upgrade community infrastructure and services as a result of proclamations. But after the proclamations were issued, little more has happened to the communities....

Meanwhile, there are some programs for the urban poor that have either received Official Development Assistance (ODA) or are being considered for ODA funding, that have not moved over the past year....One is a 15-year program which involves assisting Metro Manila local governments to plan and implement urban development interventions for slum eradication and upgrading....A second project involves providing loans to local governments of cities across the country, in partnership with communities and NGOs, for site development and provision of secure tenure for poor informal settlers. It will also establish microcredit facilities which the urban poor can access to finance site development, house improvement and microenterprise development....

The NGOs and communities which have lobbied for the land proclamations and have been closely monitoring government programs...are actually in the dark as to why projects such as those supported by the ADB have moved so slowly."^{xxvi}

The initiatives are clearly emanating from sectors most affected and they are taking the lead to prod government into action. These groups are aware that securing land, security of tenure or ownership, basic services and infrastructure, finance and organization, and employment opportunities are factors crucial to any program. However,

even if all these factors fall into place, what remains lacking is a transformable system of property rights aided by an urban planning and land use design framework that can address the specifics of managing land uses and development of informal settlements. What is critical is the removal of roadblocks and barriers that prevent urban land management in equalizing the biases of the land market to meet the problem of housing and address land access for the urban poor.

Interventionist Land Use Planning – A Paradigm Shift

The enabling laws of the state that allow the individual's exercise of his right to property and society's pursuit of economic well-being are the pillars of its stability and prosperity. The same laws have been supplanted by informal social contracts and relationships among people in the informal communities – in the squatter and slum areas particularly, where simple transactions characterize the basic and quickest manner of doing business or gaining access to a dwelling. Food stalls, *sari-sari* stores, hair salons, tailoring shops, and numerous types of microenterprises can be found outside or inside the dwellings producing marginal but added incomes for the residents. These small enterprises are put up very quickly unhampered by rules requiring business registrations, permits and licenses.

In the same context, in far-flung and remote islands and provinces of the country, the concept of formal laws are not understood and in the eyes of the tribal settlers they are non-existent. What prevails are the customs, traditions and beliefs which for hundreds of years have dictated their rules of conduct, rights over property, commerce and social inter-relationships. There is seldom a lawyer or notary public in the remote foothills of areas like in Maguindanao who can perform the legal steps necessary for land transfers or transactions among rural folks. But the informal contracts and transactions continue nevertheless.

In the urban areas where informal settlements abound, much of the same system prevails, regardless of proximity to government linkages and institutions. Perhaps in resolving the dilemma of housing for the urban poor, a convergence of the formal and informal legal systems supported by interventionist land use planning and control in urban development can overcome the barriers brought about by present societal structures and vested interest groups.

Alternative Policies and Micro-Strategies

The following policies, micro-strategies and measures are composite alternatives, which can be woven into a concrete program of housing for the urban poor:

1. Adopt a legal policy framework that will accept informal settlements as a natural part of a developing

country's land use, to be planned together with all the formal land uses in the city without diminished importance.

2. Map out, survey and carve out urban lands from government-owned land inventories occupied or not by informal settlers and proclaim these areas as informal housing land uses/districts.
3. Assign for all urban lands under the program a nominal land value disengaging it from current market land values of properties in the area. In short, take the land out of the prevailing speculative land/property market but do not make land awards a dole-out.
4. Create "transition-buffer" land uses between the informal and existing formal land uses to contain a sharp drop in property values.
5. Codify informal uses and community practices in informal settlements into practical covenants and restrictions to be adopted by mandatory home associations as their rules and regulations.
6. Regulate secondary sales and transfers of housing not to prevent capital gain but to eliminate speculative trading and profiteering. Set the land cost component of housing in accordance with the assigned notional value without a profit margin.
7. Establish an autonomous quasi-government authority to take charge of urban poor housing in the same manner (conceptually) the Philippine Export Zone Authority (PEZA) was constituted. The declared informal areas can be classified as "Affordable Housing Ecozones (AHE)" where a package of incentives (tax exemptions and the like), benefits and special rules and guidelines for development are included to fill the gaps and deficiencies of existing instruments and institutions in the housing delivery system.
8. Adopt policies such as right of first refusal to buy back units put on the block in the secondary market by house owners. Provide minimum rates or exemptions for sales transfer taxes, documentary stamps and capital gains.
9. Require a portion of the land assets under the estimated Php 600 billion NPA (Non-Performing Assets of the commercial banking system) which will be transferred to SPVs (Special Purpose Vehicle) or companies under the SPV Act to be assigned as lands for urban poor housing AHEs.
Take note that the tax perks to be enjoyed by these companies on account of their failures in bank lending include among others exemptions from payment of documentary stamps in the transfer of NPA to SPV, capital gains tax, creditable withholding tax and value-added tax (VAT).
10. Integrate with housing job-creating opportunities in the AHE. Enhance the existing mixed-use character of the informal land uses by developing standards and practical performance criteria derived from informal

business practices to allow microenterprises in the neighborhoods.

11. Simplify and shorten the process of obtaining land ownership rights, titling, transfers, awards, sale and purchase and trading of land and property in the AHEs. Integrate and cut the steps in titling a property by folding into one unit, for the program, responsibilities of the Register of Deeds, Land Management Bureau and Land Registration Authority, Bureau of Lands, Department of Agriculture, Department of Environment and Natural Resources, and the Department of Agrarian Reform.
12. Require all real estate developers in compliance with the Urban Development and Housing Act of 1992 (RA 7279) to locate and develop the prescribed 20 percent low-income housing requirement in AHEs without exception.
13. Simplify sales documentation, transfer of rights, leasing, mortgage procedures and all other legal representational tools that will transform the informal assets into functional, valuable and transferable capital.
14. Design a rational and progressive taxation system that will capture tax revenues otherwise paid to 3rd party mediators by microenterprises for recycling into community development projects.

The alternatives recognize most importantly that the urban poor themselves will become a good part of the solution to the housing problem. That they have the capacity to pay as long as the system takes cognizance of the irregularity of their income inflows; that the "dead capital" they own are treated as real assets of determinable value; that provided informal social contracts can be transformed into a legal framework that will protect their property rights, the urban poor can be brought into the mainstream of capitalistic activities where they can contribute and share in the benefits of economic gain. But the opportunity must first be opened and access to land is the first big step forward.

The rest of the proposed measures are attempts to unravel an overly complicated urban development condition. Meeting the crux of the problem head on and mustering the political will to forge a long-term solution is the principal challenge to government and its leadership.

The technical planning and urban design issues are addressable, interesting as well as significant. A move towards this planning direction will open up large communities formerly inaccessible and unresponsive to urban design and planning. It will generate alternative concepts, ideas and designs that are better attuned to the social and economic parameters prevailing in these communities. It will allow urban development to embrace all the elements of land use and arrest the monopolistic interests in the market that retard integration. Design relevance will become one with community planning and development.

The metropolis in developing countries can emulate but cannot duplicate the picturesque and modern cities of the developed countries in an instance. These modern cities had their own long years of bitter struggles with urban development and housing the underprivileged. In the final analysis the greater the opportunities there are for all classes, the greater the chances for success.

Endnotes

ⁱ David Herbert, Colin Thomas, *Cities in Space City as Place*, (John Wiley & Sons, 1997), p. 47.

ⁱⁱ *Ibid.*, p. 47.

ⁱⁱⁱ *Ibid.*

^{iv} William Lean, *Economics of Land Use Planning: Urban and Regional*, (The Estates Gazette Limited, London, 1969), p. 72.

^v *Ibid.*, pp. 5-6.

^{vi} *Ibid.*, p. 7.

^{vii} *Ibid.*, pp. 8-9.

^{viii} David Herbert, Colin Thomas, *Cities in Space City as Place*, (John Wiley & Sons, 1997), p.52.

^{ix} Toru Nakanishi, *Migration and Environmental Issues in Economic Development – Metro Manila: In Search of a Sustainable Future*, Tatsuo Ohmachi, Emerlinda Roman/Editors, (University of the Philippines Press, 2002), p. 63.

^x Randolph David, *Nation, Self and Citizenship*, (Department of Sociology, College of Social Sciences and Philosophy, University of the Philippines, 2002), p.163.

^{xi} *Ibid.*

^{xii} *Ibid.*

^{xiii} Yoshiyuki Osakaya, *Housing Policies and Development in Asian Cities: Singapore, Hongkong, Bangkok and Metro Manila, Metro Manila: In Search of a Sustainable Future*, Tatsuo Ohmachi, Emerlinda Roman/Editors, (University of the Philippines Press, 2002), p. 55.

^{xiv} Erhard Berner, *Defending a Place in the City*, (Ateneo de Manila University, 1997), p. 21.

^{xv} Ibid., p. 22.

^{xvi} Yoshiyuki Osakaya, *Housing Policies and Development in Asian Cities: Singapore, Hongkong, Bangkok and Metro Manila: In Search of a Sustainable Future*, Tatsuo Ohmachi, Emerlinda Roman/Editors, (University of the Philippines Press, 2002), p.55.

^{xvii} Erhard Berner, *Defending a Place in the City*, (Ateneo University Press, 1997), p. 21.

^{xviii} Ibid., p. 5.

^{xix} Randolph David, *Nation, Self and Citizenship*, (Department of Sociology, College of Social Sciences and Philosophy, University of the Philippines, 2002), p. 163.

^{xx} Erhard Berner, *Defending a Place in the City*, (Ateneo University Press, 1997), p. 5.

^{xxi} Hernando de Soto, *The Mystery of Capital*, (Basic Books, 2000), p. 32.

^{xxii} Ibid., p. 34.

^{xxiii} Erhard Berner, *Defending a Place in the City*, (Ateneo University Press, 1997), p. 69.

^{xxiv} Elizabeth Wood, *Housing Design: Social Theory/Human Identity in the Urban Environment* edited by Gwenn Bell and Jacqueline Tyrwhitt, (Penguin Books, 1972), p.338.

^{xxv} Ibid., p. 338.

^{xxvi} Anna Marie Karaos, *Commentary/Philippine Daily Inquirer*, January 22, 2003.

^{xxvi} David Herbert, Colin Thomas, *Cities in Space City as Place*, (John Wiley & Sons, 1997), p. 47.

^{xxvi} Ibid., p. 47.

^{xxvi} Ibid.

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