

Community Mortgage Program: A Case Study of the ALCOP Homeowners Association, Inc.

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Introduction

The housing problem in the country is manifested in various forms—the proliferation of informal housing arrangements (e.g. squatting, ownership of structure without lease, poor quality of dwelling and infrastructure services); the growth of room letting, which create enormous congestion; unregulated housing and zoning; and land use conflicts.

The Philippines is one of the countries with a very high level of urbanization in Southeast Asia. By 1990, half of the country has become nearly urban, representing an urbanization level second only to Malaysia among the developing countries in the region. But compared to South Korea, Malaysia and Thailand, the Philippines' per capita income rate has not been impressive. The combined effect of a high urbanization rate and low per capita income has unavoidably led to growing poverty in the urban centers. Poverty incidence in urban areas has increased steadily over the past two decades.

Although it is generally believed that only the urban poor live in slum and squatter settlements, the shortage of affordable housing

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sites is forcing more and more of their non-poor counterparts into these informal settlements. Compared to other countries having more or less the same level of per capita income, the Philippines has the most number people living in squatter colonies.

There are two (2) explanations for this situation—overurbanization and a poor supply of low-cost housing units. Overurbanization as a phenomenon refers to a stage where a higher degree of urbanization exists relative to the rates warranted by their degrees of industrialization. In our case there is a mismatch between high degree of urbanization and low degree of industrialization. Rapid urbanization tends to produce a higher demand for housing, usually outstripping the supply of available housing units.

The poor supply of reasonably priced units, on the other hand, also aggravates the housing problem. This situation can be explained by the problems in the real estate and financial markets. Land market has been inefficient because land administration and management is weak in such aspects as legal and regulatory framework and land administration infrastructure. Land administration infrastructure is also inadequate. Information about land ownership, location boundaries, actual land uses, and land values cannot be provided systematically. Thus, sale and transfer of rights, issuance of required development permits and licenses, and land tax collection are constrained by bureaucratic inefficiencies and political maneuverings.

Government Housing Programs

In line with the constitutional mandate to undertake a continuing program of urban land reform and housing—which will make available at affordable cost decent housing and basic services to the underprivileged and homeless citizens in the urban centers and resettlement areas—several strategies have been adopted by the government. Until 1972, this kind of housing program was handled solely by the National Housing Authority (NHA). With the establishment of the Ministry of Human Settlements (MHS), this undertaking was expanded and rationalized into a National Shelter Program. The Human Settlements Development Corporation (HSDC), National Home Mortgage Finance Corporation (NHMFC) and Home Development Mutual Fund (HDMF or Pag-ibig), to name a few, were established under the umbrella of MHS.

To sustain the program, Republic Act No. 6846, otherwise known as the Social Housing Support Fund Act of 1990, as amended by Republic Act No. 7835 or the Comprehensive and Integrated Shelter Financing Act of 1994, created the *Abot-Kaya Pabahay* Fund (AKPF) "to enhance the affordability of low-cost housing by low-income families..." This law designated NHMFC as administrator of AKPF

In 1992, Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992, adopted the Community Mortgage Program (CMP) as a component of the National Shelter Program to assist legally-organized associations of underprivileged and homeless citizens "to purchase and develop a tract of land and to own lots they occupy or where they choose to relocate to, under the concept of community ownership." The law also designated the NHMFC as administrator of the CMP.

The Community Mortgage Program is both a technical and financing program to provide socialized housing to poor the informal settlers. The technical component is the community organizing and credit preparation wherein communities are made eligible for the credit assistance component. This component is the preparatory work undertaken with communities by originators which are mostly non-government organizations, local governments, key shelter agencies, and the NHA. Once the community is ready as an association and as an eligible borrower, they can apply for credit financing and amortize for a maximum repayment period of 25 years. Individual household members pay their monthly amortization to the homeowners association, which in turn remits them to the Social Housing Finance Corporation (SHFC).

Certain requirements are necessary. For project accreditation, aside from the application the requirements are: (1) originator's information sheet; (2) project basic information sheet; (3) landowner's intent to sell; (4) Housing Land and Use Regulatory Board (HLRUB) zoning classification certificate; (5) preliminary approval and locational clearance; (6) subdivision plan; (7) lot plan; (8) vicinity map; and (9) present titles and two back titles. For the homeowners association the requirements are: (1) HLRUB registration and incorporation; (2) Home Owners Association (HOA) Board resolution; (3) master list of beneficiaries and current address; and (4) Memorandum of Agreement.

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The following are some of the community-based tenurial programs of NHA:

1. Grants In-Aid for Housing (GIAFH). Here, technical assistance is expanded to community/homeowners associations (C/HA). The NHA receives funding support from external sources or accepts land donations for and in their behalf and administers the fund/land according to the intent of the funder/donor based on the agreed terms and conditions provided in a Memorandum of Agreement. Technical assistance takes the form of project evaluation, documentation, implementation as receiver/administrator, and monitoring.
2. Land Tenure Assistance Program (LTAP). Assistance is extended for land acquisition using corporate or other NHA funds for a pre-identified community association-beneficiary. The maximum financial Assistance is P60,000.00 per member-household beneficiary payable in two to ten years at very low interest rates based on the capability of the member-household. The C/HA must shell out the equivalent of 10% of the total land price as equity contribution.
3. Community Land Acquisition Support Program (CLASP). A C/HA, which has financial capability to directly purchase a land it occupies or choose to be resettled in, is given technical assistance. The landowner's willingness and agreement to be paid on installment basis is crucial under this scheme. For non-NHA properties, conditions for purchase are subject to agreement by the parties concerned. For NHA properties on the other hand, the C/HA will pay the equivalent of 10% of the agreed price as equity and the balance payable in two to ten years depending on its capability.

The Actors

The actors are government agencies, a private corporation and a homeowners association.

ALMEDA COLLANTES PEREZ (ALCOP) HOMEOWNERS ASSOCIATION, INC. First organized as Nagkakaisang Mamamayan sa Barrio

Tambakan ng Sta. Ana (NAMBATSA) by residents of the area for the purpose of promoting common concerns. The organization was eventually renamed and registered with the Housing and Land Use Regulatory Board on March 4, 2001. As stated in its Constitution, its objectives are: to construct, manage, maintain and operate adequate facilities and services for its members; to initiate and organize socio-cultural projects and activities which will awaken community consciousness and belongingness; and to promote, enhance and foster the development and improvement of the quality of the life of the members through livelihood projects and other economic activities.

ALMEDA, INCORPORATED. It is a corporation owned by the Almeda family of Batangas. Founded by the late Ponciano Laurel Almeda, a businessman and real estate developer who had a keen eye for prime real properties, it was registered with the Securities and Exchange Commission on February 3, 1966. As stated in its Articles of Incorporation, its primary purpose is "(T)o purchase, acquire, hold, convey, lease, let, mortgage, encumber and otherwise deal with such property, real, personal and mixed in any part in the Philippines or any other country, provided that this corporation will not engage in subdivision business." The incorporation papers were amended in 1984 to allow it to engage in the subdivision business.

NATIONAL HOME MORTGAGE FINANCE CORPORATION. The NHMFC is the primary government home mortgage institution. Its initial function is to operate a viable home market by utilizing long-term funds principally provided by the Social Security System, the Government Service Insurance System, and the Home Development Mutual Fund to purchase mortgages originated by both public and private institutions.

Specifically, it is empowered to purchase, acquire, sell, discount, refinance, or otherwise deal in home mortgages; to borrow funds from domestic or foreign private or public financial institutions as may be from time to time be required for its operations and to issue bonds, promissory notes, debentures, and other debt instruments in local and foreign currency; to own, lease, purchase or otherwise acquire, sell or otherwise dispose of property, real or personal, as may be necessary and appropriate for the conduct of its functions.

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SOCIAL HOUSING FINANCE CORPORATION. A wholly-owned subsidiary of the National Home Mortgage Finance Corporation, it was established by Executive Order 272 on January 20, 2004. The corporation absorbed the powers and functions of NHMFC relative to the “administration, management and development of the Community Mortgage Program (CMP) and the *Abot Kaya Pabahay* Fund Program (amortization support program and developmental program), as well as other social housing functions of NHMFC ...”

NATIONAL HOUSING AUTHORITY. The National Housing Authority is the sole national agency mandated to engage in housing production for low income families. It traces its roots to the People’s Homesite Corporation (PHC)—the first government housing agency established in October, 1938 — and the National Housing Commission (NHC) which was created seven years later on September 17, 1945. The two agencies, the PHC and the NHC, were eventually merged on October 4, 1947 into the People’s Homesite and Housing Corporation (PHHC).

Eventually, on October 15, 1975, NHA was organized as a government-owned and controlled corporation by virtue of Presidential Decree 757 on July 31, 1975. Other housing agencies were abolished by the said Decree. The NHA took over and integrated the functions of the abolished agencies—the PHHC and the six other housing agencies.

The NHA has the following corporate objectives: (1) To provide and maintain adequate housing for the greatest possible number of people; (2) To undertake housing development, resettlement or other activities that would enhance the provision of housing to every Filipino; (3) To harness and promote private participation in housing ventures in terms of capital expenditures, land, expertise, financing and other facilities for sustained growth of the housing industry.

The Project

The area is located in the boundary of the cities of Makati and Manila, in the Sta. Ana, Manila district. The project which covered 160 residents living in poorly-built structures originally consisted of eight residential lots and a road lot with a total area of 6,065.30 square meters. This project is the subject of Transfer Certificate of Title (TCT) Nos. 98649, 98650, 98651, 98653, 98654, 98655, 98656, 98657 and 124621.

Eventually, however, the area sold to the homeowners was only 4,552.30 square meters. The following explains why it was significantly reduced.

At the outset, it must be stated that three (3) lots were sold by the landowner prior to the sale to the homeowners association. 575 sq. m. were sold to Mr. and Mrs. Leandro Collantes, 634 sq. m. to the Pecayo Family and 613 sq. m. to Dr. and Mrs. Maximo Perez. Mr. Collantes and Dr. Perez later executed Special Powers of Attorney designating Marlon P. Almeda as their attorney-in-fact and authorizing him to represent them in the sale of the property. The lot sold to the Pecayo family was not included in the project from the beginning because the family could not be located and, hence, no legal action could be instituted. All the buyers were relatives of the landowner except for the Pecayo family.

The first to go was Lot No. 2-B-1, covered by TCT No. 98649, measuring 879 square meters. This resulted from the offer for sale by Marlon P. Almeda, one of Don Ponciano Laurel Almeda's heirs, to the homeowners association thru the National Housing Authority on May 19, 2000. This referred to the Almeda property located in Oro B Street, Brgy. 770, Sta. Ana, Manila.

Initially, the move of the homeowners was to constitute Ad Hoc Committees, composed of representatives from four (4) associations interested in the area, namely: Damayang Magkakapit-bahay sa Paninirahan (DAMPA) 770, Inc. represented by Silvestre Orpilla, Palayan Neighborhood Association represented by Mario Co, Solis Suriguenos of the Philippines represented by Diokson Donoso, and Nagkakaisang Mamamayan sa Barrio Tambakan ng Sta. Ana (NAMBATSA) represented by Pelagia Dalumpines.

It was agreed that the first activities to be done were land research, identification of beneficiaries, and determination of boundaries. This was funded by the beneficiaries themselves with financial support from former Congressman Joey Hizon of the 5th district of Manila. However, upon completion of the survey three of the mentioned organizations announced that they would like the subject property be expropriated by the City of Manila. NAMBATSA, on the other hand, upon consultation with its members wanted to acquire the property through the Community Mortgage Program of NHMFC. With this development, NHA, the originator of the project, recommended the exclusion of Lot No. 2-B-1 from the project.

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Next to go was Lot No. 1, Block 8, occupying 249 square meters of the approved subdivision plan. This was formerly part of Lot No. 2-B-6, covered by TCT No.98656.

The culprit was the Geodetic Engineer who assumed that the width of the proposed Zobel Roxas Extension was only 20 meters. It turned out to be 30 meters and, hence, a discrepancy of ten square meters. The Zobel Roxas Extension has eaten up 186 sq. m., while the remaining area measuring 63.78 sq. m. has been subdivided into seven 6.10 sq. m. lots, two 6.77 sq. m. lots, and one 7.54 sq. m. lot, and offered for rent to interested residents. Needless to say, the area has been excluded from the subdivision.

The last to be excluded was the 186 sq. m. area near Lot No. 2-B-1. The case here is similar to what happened in the adjacent lot. Residents were not so cooperative and did not want to pay such obligations as equity, monthly amortization, mortgage redemption insurance, etc. They argued that, contrary to what the homeowners association has decided to pursue, what they wanted was expropriation which would not bind them to these obligations. Hence, the area was excluded from the project.

In other words, the total area covered by the project was reduced to only 4,552.30 sq. m. of land.

Profile of Residents

A survey was conducted to establish the profile of the residents in the subdivision in terms of age, gender, marital status, work, salary, academic qualification, and family composition. The purpose was to determine if the characteristics typical of squatter families are also present among the subject families. We sent out 160 survey forms representing the total number of families in the entire subdivision but we were able to recover only ninety accomplished questionnaires. Because of the difficulty in making follow-throughs and gathering the questionnaires back, it was decided that the returned surveys would suffice.

Of the total number of respondents acting as heads of families, males comprise 54% while females make up 46%.

Table 1. Classification of Residents by Gender

Gender	Total	Percentage
Male	48	54%
Female	<u>42</u>	<u>46%</u>
Total	90	100%

Eighty-two percent are married while the rest are single. Of those who are single, most are single parents, separated, widows or widowers. The explanation why there are more female heads of families is simple. Either they are working mothers and breadwinners of the family, or they are keepers of funds or the most reliable fund dispensers. It is also possible that their husbands are working abroad.

Table 2. Classification of Residents by Marital Status

Marital Status	Total	Percentage
Married	73	82%
Single	<u>17</u>	<u>18%</u>
Total	90	100%

There are three (3) age brackets that have almost similar distributions. Those aged between 30 – 39 years old make up 25%. Those who belong to bracket 40 – 49 have 35%, while those who have been included in the 50 – 59 age bracket comprise 30%. Surprisingly, only 8% belong to the 20 – 29 age range. This hints at an aging population. Related data show that 32% of children are from less than 1 to 9 years old, 26% belong to the 10 – 14 range, and 20% belong to the 15 - 19 group.

Table 3. Classification of Residents by Age Brackets

Age Bracket	Total	Percentage
20 – 29	7	8%
30 – 39	22	25%
40 – 49	32	35%
50 – 59	28	30%
? 60	1	2%
Total	90	100%

Eighty percent of the residents originated from the province. They come from the Mindanao provinces of Agusan del Norte, Surigao Sur, Davao; Visayan provinces of Samar, Negros Oriental, Negros Occidental, Leyte, Cagayan de Oro, Capiz; and Luzon provinces of Mindoro, Tarlac, Camarines Sur, Pangasinan, Cagayan Valley. At first, they said they had to stay with relatives or former townmates. The usual explanation for migrating to Manila is the prevailing poverty and lack of job opportunities in the rural areas. The residents explained that the lure of the city made them decide to come, only to find out that what they expected did not exist. What met them were menial and low-paying jobs they were forced to accept for lack of any better choice.

Squatter families are typically big. A household would normally have more than four children on the average. Families of such size comprise about 40% of the total number of families. Those with only three children make up 24%. Those with an average of two children constitute 15%, while families with a single child represent 11%. Those without kids make up only 12%. Interestingly, those with three children or less were either newlywed couples or young and growing families.

In terms of academic preparation, 34% are high school graduates while 26% are high school undergraduates. Surprisingly, however, college graduates make up as high as 18%. A high school diploma is now a minimum requirement to, at least, land a decent employment. Even applicants for security guards, for instance, are required to possess high school diplomas before they are given training and certificates for employment. Many of those

who possess college degrees did not finish their courses in well-established educational institutions and had difficulty securing well-paying jobs. They graduated either from provincial colleges or run-of-the-mill schools, or from not-so-well-known technical-vocational training centers.

Table 4. Classification of Residents by Academic Qualification

Academic Qualification	Total	Percentage
Elementary Undergrad.	3	4%
Elementary Graduate	7	8%
High School Undergrad.	24	26%
High School Graduate	31	34%
College Undergraduate	9	10%
College Graduate	<u>16</u>	<u>18%</u>
Total	90	100%

The workforce is composed mostly of casual laborers which constitute 30%, followed by the self-employed with 21% and office workers with 16%. Drivers, security guards/escorts and factory workers comprise 11%, 6% and 6%, respectively. The laborers are engaged in the construction industry while the self-employed are occupied in such activities as sari-sari store operation, buy and sell, preparation of cooked foods and *kakanin*, etc. Some are ambulant vendors selling cigarettes and candies. The office workers are mostly into clerical jobs, messenger services, janitorial services, handymen, etc. Construction workers, on the other hand, are engaged in manual labor. In other words, those who are self-employed belong to the informal sector while the office workers are employed in low-paying jobs.

Table 5. Classification of Residents by Type of Work

Type of Work	Total	Percentage
Laborer	28	30%
Self-Employed	20	21%
Office Worker	15	16%
Driver	10	11%
Factory Worker	5	6%
S. Guard/Escort	5	6%
Mechanic	3	4%
Cook	2	3%
Electrician	<u>2</u>	<u>3%</u>
Total	90	100%

Those working as laborers, drivers, factory workers, and mechanics, comprise 74% and are daily wage earners. Their wages vary from as low as P200.00 per day to as high as P500.00 depending on their skills. Skilled workers such as carpenters, electricians, cooks, etc. receive relatively higher pay than ordinary unskilled laborers. Of these workers, 14% receive salaries of between P8,000.00 to P8,999.00 a month while 10% receive P9,000.00 to P9,999.00 a month. Those employed abroad get more than P12,000.00 a month.

Table 6. Classification of Residents by Monthly Salary

Salary Per Month	Total	Percentage
Daily wage earner	59	65%
P 8,000 – P 8,999	12	14%
P 9,000 – P 9,999	9	10%
P 10,000 – P 10,999	0	–
P 11,000 – 11,999	0	–
P 12,000 – above	<u>10</u>	<u>11%</u>
Total	90	100%

Problems and Issues

There are at least three major issues that confronted the subdivision: legal, technical and financial. Legal pertains to the status of the subdivision. Technical refers to the problems in determining the extent of the property, subdivision planning and re-blocking. Financial, meanwhile, is about the problems in fund sourcing and low collection. The first two problems have been solved while the third is still an ongoing concern.

The legal problem pertains to the status of the property, specifically its contested ownership. The property was purchased by Ponciano L. Almeda in 1966 and was subdivided into nine (9) lots, including a road lot. After the subdivision survey plan was approved by the Land Registration Commission on August 17, 1967, three parcels were sold to Leandro Collantes, Maximo Perez and Dominador Pecayo in 1969.

In 1976, the area was invaded by squatters and placed under the Area for Priority Development (APD) No. 21. This meant that no eviction can be done against illegal occupants as provided for in Presidential Decree No 2016. Thereafter, the population of squatters proliferated. Subsequently, the National Housing Authority offered to buy the property with the threat that if the owner refused it will be expropriated. Thus, from only 43 squatter families in 1984 through the years hundreds of squatters flocked and built their illegal structures in the area.

The owner refused to sell the property and requested the NHA to exclude it from APD No. 21. Almeda expressed his desire to develop the property as soon as possible in accordance with the guidelines and policies promulgated by the Human Settlements Regulatory Commission. He even solicited the assistance of General Fabian Ver, then Chief of Staff of the Armed Forces of the Philippines, who who endorsed Almeda's plan. He also sought Antonio Leviste's help in clearing the area of squatters.

On April 3, 1995, City Ordinance No. 7882 was passed authorizing the negotiation to expropriate parcels of land as belonging to APD No. 21 which included the Almeda properties, especially those covered by TCT Nos. 98657, 98656, 98655, 98651, 98650 and 98649. The ordinance appropriated P10,000,000.00 for this purpose.

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On May 18, 2000, it was suggested that a compromise agreement be initiated with the Almeda, Inc. management to solve the impasse. NHA was offered the property for sale under the Community Mortgage Program at a zonal valuation rate of P3,300.00 per sq. m. The homeowners association refused initially but when the offer was lowered to P2,900.00 per sq. m. upon the intervention of Cong Hizon the deal was closed.

The City Legal Officer of Manila, Atty. Mechor R. Monsod, informed ALCOP on July 4, 2003 that the City of Manila was in the process of initiating expropriation proceedings against the homeowners association's occupied property which happened to be the Almeda property in Sta. Ana. It was not until the latter part of 2003 that the status of the Almeda property was clarified and decided once and for all with the signing of a Memorandum of Agreement stipulating, among others, that ALCOP would buy the property with the NHA as originator and with the conformity of NHMFC.

The second problem is technical and involves conducting relocation survey to determine the external boundaries, preparation of the survey plan to determine how many lots can be generated, and re-blocking.

The first item pertains to the exact location of the Almeda property in Sta. Ana. There is no question as to the boundaries of the Almeda property. The problem is to find out which barangay Lot 2-B-1 belongs. The lot is being claimed by the adjoining barangay, Barangay 775. The barangay chairman claims that the lot has always been part of their barangay since the subdivision of the area and when the barangays were first created. Based on the master plan of the district of Sta. Ana and the relocation survey done by the geodetic engineer who surveyed the Almeda property, however, Lot 2-B-1 appears to be part of Barangay 770. This fueled the controversy between the two barangays and later on, the exclusion of Lot 2-B-1 from ALCOP.

The second issue is the preparation of the survey plan. How many blocks must be established? How many alleys must be created? How many 10-meter lots should be generated? How many 20-meter lots should be made?

As planned, there were nine blocks, each having nine to 45 lots, 12 alleys and one road lot which will serve as the main entrance to the subdivision. Of the total number of lots generated, 24 were 10-square meter lots, 65 were 20-square meter lots and

the remaining lots were between 11 sq. m. to 39 sq. m. Families with regular incomes or with family members working abroad were given bigger lots.

There was initially opposition to re-blocking since many lots were affected—some lots had to be relocated, some had to be resized and some had to be reshaped. Unfortunately, not all residents could be accommodated.

After the residents had meetings and the process and guidelines for selecting the beneficiaries had been explained to all interested parties the controversy settled down peacefully.

The financial problems pertain to fund generation and low collection. As mentioned, 74% of the workers are daily wage earners receiving a daily wage of P200 to P500. They have no permanent employment and, therefore, no regular source of income. Monthly amortizations, which accounts to between 40% to 50% of total collection range, on the average, from as low as P287.97 for a 10-square meter lot to as high as P548.24 for a 39-square meter lot. The maximum loanable amount of per beneficiary is P80,000. The monthly amortization includes the principal plus the mortgage redemption insurance.

Prior to the release of the first installment in 2005, ALCOP requested for cash advance amounting to P370,225.72. Although it was a difficult decision to make. Given the poor track record and capacity to pay of the newly organized homeowners association, the Almeda, Inc. management accommodated the request because the first installment of the loan would not be released unless such obligations as mortgage redemption insurance, two months advance amortizations, among others, had been complied with. Thus, the initial installment of P4,661,421.87 was released on November, 2005. The money was used to pay the corporation's long standing obligations.

Then again, on November 29, 2006, ALCOP borrowed P392,641.62 from the corporation for the release of the balance of the loan. This has been allocated to cover payments of realty tax, transfer tax, registration of the Deed of Sale, registration of Real Estate Mortgage, documentary stamps and other miscellaneous expenses. ALCOP promised to pay within six months from the date of signing of the undertaking. There are still problems in the release of the remaining balance, such as the full payment of the estate tax, so the cash advance requested has only been partially spent.

Both loans have not been paid yet.

Several reasons have been cited for the low collection. On the program level, the penalties for delinquency are weak. Penalties are charged by NHMFC on payments overdue from community/homeowners associations. In most cases, however, these are condoned. Communities are supposed to be subjected to the same sort of treatment expected of a delinquent mortgagee—reminders or notice, then offers of assistance, threatening letters, and finally, foreclosure. The inability of NHMFC to foreclose accounts has been considered a major weakness of the CMP.

Furthermore, there are no penalties given to originators of community loan. CMP works under a scheme of partner association whereby NGOs, LGUs and government agencies, i.e. NHA, assist the community for the legal origination of mortgage. While the originators are expected to nurture and monitor the community, their role in loan collection has not been defined. This is particularly true in the two cases of non-payment cited earlier.

Reasons for low collection in CMP programs have also been traced to institutional weaknesses at the community level. Weak enforcement of penalties by community/homeowners organizations has also resulted in poor collection. Members who are delinquent in their loans are not sanctioned. This inability to collect from delinquent beneficiaries and evict them can cause discontents within the group and serves as a disincentive for other members to pay their financial obligations.

Recommendations

These are proposed recommendations on the CMP, as a housing program, in general, and on its problem of low collection, in particular.

1. There is a need to develop local mechanisms that will retail the socio-technical, financing and maintenance requirements of projects at the city and community levels. This option is localization. On a selective basis, this option can be initiated with few local governments together with some NGOs which have demonstrated capacity to work together and have managed successfully many CMP and resettlement projects in their respective communities.

2. Government should proceed with more certainty on LGU authority in housing delivery, not only because of the legal mandate but because the spatial dimension of housing makes LGUs more efficient providers. Resource constraints or technical capability should not hinder the decision to devolve housing functions. These constraints do not bear on any efficiency issue.
3. Local governments must move quickly in allocating lands for the urban poor. The identification of socialized housing sites must be accomplished immediately. Technical and financial assistance must be extended to local governments to enable them to plan and implement appropriate socialized housing projects.
4. For the CMP to be programmatic, funds availability should be regularized. Moreover, once regularized, the funds must be leveraged against other funds so that effective availability can be matched against other projects in the pipeline. One significant area for leveraging is with local government funds matched with CMP funds to address the local housing backlog. After all, the local government has the primary mandate to address the local housing backlog.
5. Focused targeting is important to ensure that the government's limited resources are maximized to benefit the largest number of urban poor residents in need of housing assistance. Cost efficient programs such as the CMP, which specifically target urban poor communities must be strengthened and given priority in the allocation and use of housing funds.
6. Since there is problem on fund sourcing and low collection in the CMP, there is a need to examine the collection system in order to establish areas of weaknesses, such as those mentioned above. The procedure must be strictly enforced, as many of the residents are proposing, to impress upon the delinquent beneficiaries that the homeowners association representing the residents' in good standing as well as the NHMFC, are serious in what they are doing. Some residents are even saying that a successful case of eviction will set a good example and sow fear among delinquent members in the subdivision. Cases must be filed and followed-up diligently. Foreclosure as a form

of conviction should be executed at once and dramatically. This way, religious payment of financial obligation as a value would be inculcated among the residents.

7. There is also a need to scrutinize the data given by the applicants in relation to their nature of work and the salary or wage they receive. This aspect should be analyzed objectively as it determines their paying capacity. A daily wage earner with an irregular source of income is less stable compared to a regular or permanent employee. Between the two, the latter must be given priority in the selection of beneficiaries. This must be strictly implemented. Humanitarian consideration should be put aside if the CMP is to be financially sustainable.
8. To look for other alternatives is also necessary. There is no need to differentiate between poverty and lack of access to finance. Rather than enforcing a mass housing market with public guarantees and subsidies, it may be more realistic to consider different financial technologies for various income groups. There is a need, for instance, to focus more on microfinance mortgage lending, employer-based housing, and cooperative-based mortgage finance. A rental housing reform program should be pursued.

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