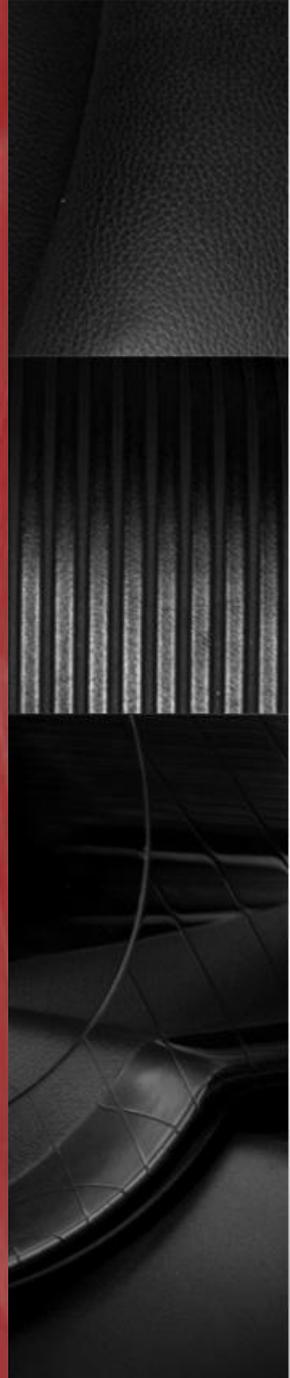
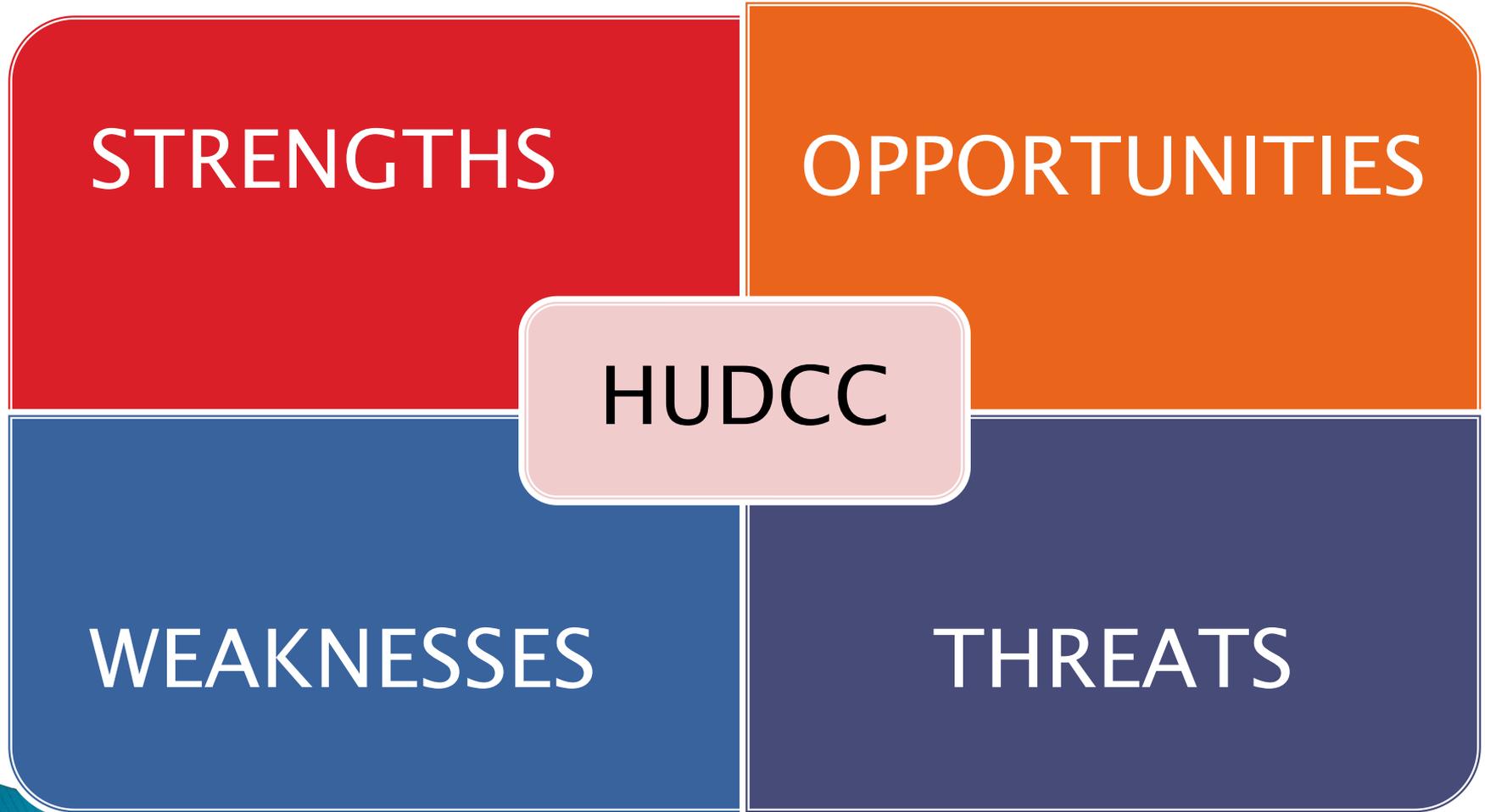


# **HOUSING SECTOR SWOT ANALYSIS**

**Presented by:  
Dir. Zaki A. Abanes  
Housing and Urban Development Coordinating  
Council**



# THE PHILIPPINE HOUSING SECTOR: SWOT ANALYSIS



# SECTOR AND POLICIES

## STRENGTHS

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• NATIONAL SHELTER PROGRAM, HOUSING AND URBAN DEVELOPMENT FRAMEWORK AND URBAN POLICY AGENDA ARE IN PLACE .</li></ul>  | <p>COMPLETED THE FORMULATION OF THE FOLLOWING:</p> <ul style="list-style-type: none"><li>PHILIPPINE DEVELOPMENT PLAN ON SHELTER 2011-2016</li><li>NATIONAL URBAN DEVELOPMENT AND HOUSING FRAMEWORK (NUDHF)</li><li>NATIONAL INFORMAL SETTLEMENTS UPGRADING STRATEGIES (NISUS)</li><li>NATIONAL URBAN POLICY AGENDA (NUPA)</li></ul> |
| <ul style="list-style-type: none"><li>• ENABLING LEGISLATIONS WERE ENACTED SUPPORTING THE DEVOLUTION OF GOVERNANCE AND CONTINUED PROVISION OF DECENT AND AFFORDABLE HOUSING AND SUSTAINED FUNDING FOR PRO-POOR HOUSING.</li></ul> | <p>ENACTED INTO LAWS THE FOLLOWING:</p> <ul style="list-style-type: none"><li>RA 7279 – URBAN DEVELOPMENT AND HOUSING ACT</li><li>RA 7160 – LOCAL GOVERNMENT CODE</li><li>RA 7835 – COMPREHENSIVE AND INTEGRATED SHELTER FINANCE ACT</li><li>RA 9679 – STRENGTHENING PAG-IBIG FUND</li></ul>  |

# SECTOR AND POLICIES

## STRENGTHS

<ul style="list-style-type: none"><li>• <b>MAINSTREAMING OF CLIMATE CHANGE ADAPTATION (CCA) AND DISASTER RISK REDUCTION MANAGEMENT (DRRM) IN THE NATIONAL AND LOCAL PLANS</b></li></ul>	<b>MAINSTREAMED CCA AND DRRM IN THE CLUP AND LSP</b>
<ul style="list-style-type: none"><li>• <b>ADOPTION OF CITYWIDE APPROACH TO ADDRESS ISF'S HOUSING</b></li></ul>	<b>ADOPTED THE CITYWIDE APPROACH TO COME-UP WITH A PROGRAMMATIC, DECENTRALIZED AND PARTICIPATORY MANNER IN THE DELIVERY OF HOUSING SERVICES.</b>

# SECTOR AND POLICIES

## WEAKNESSES

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• <b>SHORTAGE OF AFFORDABLE NEW LOW-INCOME HOUSING IN THE MARKET PARTICULARLY IN URBAN AREAS</b></li></ul> | <ul style="list-style-type: none"><li>• <b>AVERAGE ANNUAL HOUSING PRODUCTION – 100,000 UNITS</b></li><li>• <b>AVERAGE ANNUAL HOUSING NEED – 900,000</b></li></ul>                  |
| <ul style="list-style-type: none"><li>• <b>OVER REGULATED ENVIRONMENT FOR HOUSING AND URBAN DEVELOPMENT</b></li></ul>                            | <ul style="list-style-type: none"><li>• <b>INEFFICIENT LAND MANAGEMENT POLICY</b></li><li>• <b>DELAYS IN OBTAINING NECESSARY CLEARANCES, CERTIFICATIONS AND LICENSES</b></li></ul> |

# SECTOR AND POLICIES

## WEAKNESSES

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• <b>INEFFECTIVE URBAN PLANNING AND LAND MANAGEMENT SYSTEMS</b></li></ul> | <ul style="list-style-type: none"><li>• <b>UNPLANNED URBAN GROWTH</b></li><li>• <b>POOR ENFORCEMENT OF LAND USE PLANNING AND ZONING REGULATIONS</b></li><li>• <b>URBAN SPRAWL</b></li><li>• <b>ENCROACHMENT ON ENVIRONMENTALLY CRITICAL AREAS</b></li></ul> |
| <ul style="list-style-type: none"><li>• <b>LACK OF AVAILABLE LAND FOR RESIDENTIAL PURPOSE</b></li></ul>         | <ul style="list-style-type: none"><li>• <b>ONLY 4% OF THE ESTIMATED TOTAL LAND AREA IN THE COUNTRY OR 0.54 MILLION HECTARES ARE ALIENABLE AND DISPOSABLE</b></li></ul>  |

# SECTOR AND POLICIES

## OPPORTUNITIES

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• GROWING HOUSING NEED</li></ul>   | <ul style="list-style-type: none"><li>• 5.56 MILLION UNITS BY END OF 2016</li></ul>  |
| <ul style="list-style-type: none"><li>• GLOBALIZATION AND URBAN-LED GROWTH TO DRIVE THE NATIONAL ECONOMY</li></ul> | <ul style="list-style-type: none"><li>• GROWTH IN THE PHILIPPINES HAS BEEN ROBUST FOLLOWING A 7.2% GROWTH IN 2013 AND 6.1% IN 2014.</li><li>• PHILIPPINES IS LIKELY TO SUSTAIN ITS GROWTH WELL UP TO 2020 AND THE PROPERTY SECTOR WILL CONTINUE TO BE THE BIGGEST BENEFACTOR</li></ul> |
| <ul style="list-style-type: none"><li>• CONSIDERABLE POTENTIAL FOR SELF-HELP APPROACHES</li></ul>                  | <ul style="list-style-type: none"><li>• LONG HISTORY OF COMMUNITY AND NGO INVOLVEMENT IN DEVELOPMENT</li><li>• PEOPLE'S PLAN</li></ul>   |
| <ul style="list-style-type: none"><li>• ENTHUSIASM OF LOCAL EXECUTIVES FOR IMPROVEMENT OF SERVICES</li></ul>       | <ul style="list-style-type: none"><li>• IMPLEMENTATION OF INNOVATIVE PROGRAMS BY SOME AGGRESSIVE LOCAL ADMINISTRATORS</li><li>• MANAGING URBAN AREAS AS CENTERS OF ECONOMIC GROWTH</li></ul>   |
| <ul style="list-style-type: none"><li>• BUILD ON GOVERNMENT'S ROLE AS AN ENABLER IN THE HOUSING SECTOR</li></ul>   | <ul style="list-style-type: none"><li>• GUIDING DEVELOPMENT AND PROVIDING RESOURCES.</li></ul>   |

# SECTOR AND POLICIES

## THREATS

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• <b>RAPID RATE OF URBANIZATION WITH INCREASING CONCENTRATION OF MIGRATION TO A FEW MAJOR URBAN AREAS</b></li></ul> | <ul style="list-style-type: none"><li>• <b>RAPID DETERIORATION OF URBAN ENVIRONMENT</b></li><li>• <b>INCREASING INCIDENCE OF POVERTY</b></li><li>• <b>SOCIO ECONOMIC INEQUALITIES</b></li></ul> |
| <ul style="list-style-type: none"><li>• <b>GROWTH IN THE PHILIPPINE ECONOMY HAS NOT SIGNIFICANTLY REDUCED POVERTY</b></li></ul>                           | <ul style="list-style-type: none"><li>• <b>DESPITE ECONOMIC GAINS, PHILIPPINE GOVERNMENT IS UNLIKELY TO MEET ITS 2016 MDG TARGET ON POVERTY REDUCTION OF 16.6%.</b></li></ul>                   |
| <ul style="list-style-type: none"><li>• <b>INEFFECTIVE IMPLEMENTATION OF HOUSING AND URBAN DEVELOPMENT POLICIES AND PROGRAMS</b></li></ul>                | <ul style="list-style-type: none"><li>• <b>MANY POLICIES ARE NEVER ENACTED</b></li><li>• <b>REGULATIONS ARE NOT ENFORCED E.G. 20% BALANCED HOUSING</b></li></ul>                                |
| <ul style="list-style-type: none"><li>• <b>ADVERSE IMPACT OF CLIMATE CHANGE</b></li></ul>   | <ul style="list-style-type: none"><li>• <b>FOR THE LAST FIVE YEARS, 1.8 MILLION HOUSING UNITS WERE PARTIALLY AND TOTALLY DAMAGED.</b></li></ul>   |

# INSTITUTIONS

## STRENGTHS

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• LONG ESTABLISHED AND EXPERIENCED HOUSING AGENCIES WITH CLEAR MANDATES</li></ul> | <ul style="list-style-type: none"><li>• BASIC INSTITUTIONAL STRUCTURE FOR HOUSING AND URBAN DEVELOPMENT IS IN PLACE (E.O. 90)</li></ul>                                     |
| <ul style="list-style-type: none"><li>• BASIC SECTOR COORDINATING MECHANISM IS IN PLACE</li></ul>                       | <p>PLATFORMS FOR DISCUSSION ALREADY IN PLACE:</p> <ul style="list-style-type: none"><li>• HOUSING POLICY WORKING COMMITTEE</li><li>• LOCAL INTER-AGENCY COMMITTEE</li></ul> |

# INSTITUTIONS

## WEAKNESSES

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• WEAK COORDINATIVE MANDATE OF HUDCC WITH RESPECT TO DEPARTMENTS AND AGENCIES OUTSIDE THE IMMEDIATE DEPARTMENTAL STRUCTURE</li></ul>                                | <ul style="list-style-type: none"><li>• EVIDENT PARTICULARLY IN URBAN DEVELOPMENT PLANNING, REGULATION AND PRODUCTION</li><li>• THE SCOPE AND DEPTH OF HUDCC'S ROLE IN TERMS OF LEVEL OF AUTHORITY, FUNCTIONAL RESPONSIBILITY AND ACCOUNTABILITY HAS NEITHER BEEN CLEARLY DEFINED NOR ARTICULATED UNDER EXISTING LAWS.</li></ul> |
| <ul style="list-style-type: none"><li>• UNCLEAR RELATIONSHIP OF HUDCC WITH LGUS</li></ul>   | <ul style="list-style-type: none"><li>• POLICY AND OPERATIONAL RELATIONSHIP OF HUDCC WITH THE LGUS NOT CLEARLY DEFINED</li></ul>   |
| <ul style="list-style-type: none"><li>• INADEQUATE NATIONAL AND LOCAL GOVERNMENTS CAPACITY TO MANAGE URBAN DEVELOPMENT, IMPLEMENT DEVELOPMENT PROGRAMS AND PROJECTS AND PROVIDE URBAN SERVICES.</li></ul> | <ul style="list-style-type: none"><li>• LACK OF CAPACITY OF LGUS TO FULLY ASSUME DEVOLVED FUNCTIONS EITHER DUE TO LACK OF FUNDS OR CAPACITY</li><li>• LACK OF CAPACITY OF HUDCC ON URBAN DEVELOPMENT</li></ul>   |
| <ul style="list-style-type: none"><li>• OVERLAPPING FUNCTIONS OF AGENCIES</li></ul>   | <ul style="list-style-type: none"><li>• DUPLICATION OF FUNCTIONS BETWEEN GOVERNMENT DEPARTMENTS</li></ul>  |

# INSTITUTIONS

## OPPORTUNITIES

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• INCREASED PARTICIPATION OF PRIVATE SECTOR IN THE PROVISION, DELIVERY AND FINANCING OF HOUSING AND URBAN SERVICES</li></ul> | <ul style="list-style-type: none"><li>• HARNESSING PRIVATE SECTOR FULL POTENTIAL IN FINANCING AND PRODUCING HOUSING.</li></ul>   |
| <ul style="list-style-type: none"><li>• FURTHER EMPHASIS IN NATIONAL GOVERNMENT POLICY TOWARDS DECENTRALIZATION AND DEVOLUTION</li></ul>                           | <ul style="list-style-type: none"><li>• INFUSION OF MORE AUTHORITY, RESPONSIBILITY AND ACCOUNTABILITY TO LGUS</li></ul>          |
| <ul style="list-style-type: none"><li>• COMMUNITY AND CIVIL SOCIETY PARTICIPATION IN HOUSING AND URBAN DEVELOPMENT</li></ul>                                       | <ul style="list-style-type: none"><li>• ENCOURAGING IN SYSTEMATIC MANNER, CSO PARTICIPATION IN ADDRESSING HOMELESSNESS</li></ul> |

# INSTITUTIONS

## THREATS

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• <b>NON ENACTMENT INTO LAWS OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND NATIONAL LAND USE ACT.</b></li></ul> | <ul style="list-style-type: none"><li>• <b>FAILURE TO ENACT THESE LAWS WOULD MEAN THAT THE HUDCC WOULD REMAIN AS A MERE COORDINATING BODY ON HOUSING AND URBAN DEVELOPMENT AND NON RATIONALIZATION OF LAND ALLOCATION, UTILIZATION, MANAGEMENT AND DEVELOPMENT.</b></li></ul> |
| <ul style="list-style-type: none"><li>• <b>FAILURE OF THE NATIONAL GOVERNMENT TO SUPPORT TRUE DEVOLUTION TO THE LOCAL AUTHORITIES.</b></li></ul>               | <ul style="list-style-type: none"><li>• <b>DESPITE THE PASSAGE OF THE LOCAL GOVERNMENT CODE, FULL SUPPORT FOR DEVOLUTION IS NOT FORTHCOMING</b></li></ul>   |

# FINANCE

## STRENGTHS

- **MODEL SOCIAL HOUSING PROGRAM IN PLACE**

- **ENABLING LAWS SUPPORTING THE DEVELOPMENT OF VIABLE AND SUSTAINABLE SOURCES OF FUNDS FOR HOUSING ALREADY ENACTED INTO LAWS: SECURITIZATION ACT, REIT**

- **NATIONAL SAVINGS SYSTEM FOR HOUSING IN PLACE IN THE FORM OF PROVIDENT FUND**

- **LOCAL GOVERNMENTS GIVEN INCREASED POWER TO RAISE RESOURCES**

- **INCENTIVES TO ENCOURAGE MAXIMUM PRIVATE SECTOR PARTICIPATION IN LOW-COST HOUSING ALREADY IN PLACE.**

- **COMMUNITY MORTGAGE PROGRAM**

**PROMOTION AND DEVELOPMENT OF CAPITAL MARKET AS A RESULT OF THE ENACTMENT OF THE FOLLOWING LAWS:**

- **SECURITIZATION ACT**
- **REAL ESTATE INVESTMENT TRUST ACT**

- **HOME DEVELOPMENT MUTUAL FUND-MANDATORY SAVINGS SCHEME FOR HOUSING OF PUBLIC AND PRIVATE SECTOR EMPLOYEES**

- **TRANSFER OF POWERS TO LGUS TO ACCESS THE CREDIT MARKET THROUGH LOANS AND ISSUANCE OF MUNICIPAL BONDS.**

- **REDUCTION AND SIMPLIFICATION OF QUALIFICATION AND ACCREDITATION REQUIREMENTS**
- **CREATION OF ONE STOP OFFICES**
- **SIMPLIFICATION OF FINANCING PROCEDURES**
- **TAX INCENTIVES**

# FINANCE

## WEAKNESSES

<ul style="list-style-type: none"><li>• LIMITED RESOURCES FOR HOUSING</li></ul>	<ul style="list-style-type: none"><li>• GOVERNMENT ALLOCATION FOR HOUSING ONLY ACCOUNTS TO LESS THAN 1% OF NATIONAL BUDGET</li></ul>
<ul style="list-style-type: none"><li>• NON-SUSTAINABLE SOCIAL HOUSING FINANCE SYSTEM</li></ul>	<ul style="list-style-type: none"><li>• PRIMARY SOURCE OF FUNDS FOR GOVERNMENT SOCIALIZED HOUSING PROGRAM IS THRU THE GAA</li><li>• MORTGAGE INSTRUMENT FOR SOCIALIZED HOUSING IS NOT ATTRACTIVE ON ACCOUNT OF FIXED AND BELOW MARKET RETURNS, LOW COLLECTION RATES, ETC.</li></ul>
<ul style="list-style-type: none"><li>• PREVIOUS INSOLVENCY OF THE LOW-MIDDLE INCOME HOUSING FINANCE SYSTEM</li></ul>	<ul style="list-style-type: none"><li>• INSOLVENCY AND RECAPITALIZATION OF HOUSING AGENCIES.</li></ul>
<ul style="list-style-type: none"><li>• INSUFFICIENT LOCAL RESOURCE GENERATION BY THE LOCAL GOVERNMENT</li></ul>	<ul style="list-style-type: none"><li>• LOCAL REVENUES OF THE CITIES AND MUNICIPALITIES ARE SMALL RELATIVE TO THE CENTRAL TRANSFERS RECEIVED THROUGH IRA</li></ul>
<ul style="list-style-type: none"><li>• LOW-LEVELS OF COST RECOVERY FOR HOUSING</li></ul>	<ul style="list-style-type: none"><li>• NHA'S CER RANGES FROM 30-35%</li><li>• SHFC'S CER ON THE AVERAGE RANGES FROM 62-72%.</li></ul>

# FINANCE

## WEAKNESSES

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• <b>HIGH INVENTORY OF NON-PERFORMING LOANS (NPL)</b></li></ul>    | <ul style="list-style-type: none"><li>• <b>NPL OF THE HOUSING AGENCIES TOTALED TO 316,000 UNITS OF THE 1.1 MILLION OUTSTANDING LOANS</b></li></ul>                |
| <ul style="list-style-type: none"><li>• <b>LOW AFFORDABILITY LEVEL OF TARGET BENEFICIARIES</b></li></ul> | <ul style="list-style-type: none"><li>• <b>BASED ON 2009 FIES, ONLY ABOUT 12.8% OF TOTAL FAMILY INCOME CAN BE ALLOCATED FOR HOUSE RENT/RENTAL VALUE</b></li></ul> |

# FINANCE

## OPPORTUNITIES

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• <b>GREATER PARTICIPATION OF THE BANKING AND FINANCIAL SECTOR IN HOUSING AND URBAN DEVELOPMENT</b></li></ul> | <ul style="list-style-type: none"><li>• <b>BASED ON THE REPORT OF BSP, RESIDENTIAL REAL ESTATE LOANS OF COMMERCIAL BANKS HAVE BEEN INCREASING SINCE 2010 – FROM P92.2 B IN 2010 TO P247 BILLION IN JUNE 2015.</b></li></ul>  |
| <ul style="list-style-type: none"><li>• <b>REFORM OF THE HOUSING SUBSIDY SYSTEM</b></li></ul>   | <ul style="list-style-type: none"><li>• <b>THERE IS A MOVE TO A MORE APPROPRIATE TARGETING SUBSIDIES TO SEPARATE THEM FROM TRANSACTIONS IN THE HOUSING FINANCE MARKET.</b></li></ul>   |
| <ul style="list-style-type: none"><li>• <b>DEVELOPMENT OF AN ACTIVE AND LIQUID SECONDARY MORTGAGE MARKET</b></li></ul>                              | <ul style="list-style-type: none"><li>• <b>THERE IS A CLAMOR FOR A MAJOR STRENGTHENING OF THE PRIMARY MORTGAGE MARKET TO MAKE MORTGAGE INSTRUMENT MORE ATTRACTIVE TO INVESTORS.</b></li><li>• <b>NHMFC CHARTER AMENDMENTS INCREASING ITS CAPITALIZATION TO P50.0 BILLION</b></li></ul> |

# FINANCE

## OPPORTUNITIES

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• IMPROVED ENVIRONMENT FOR LGUS TO RAISE AND BORROW FUNDS FOR HOUSING AND URBAN DEVELOPMENT</li></ul> | <ul style="list-style-type: none"><li>• DEVELOPMENT OF A LOCAL GOVERNMENT CREDIT RATING AND LOAN GUARANTEE SYSTEM WILL ENCOURAGE BETTER ACCESS TO THE CREDIT MARKETS</li></ul>  |
| <ul style="list-style-type: none"><li>• MULTIPLIER EFFECT OF HOUSING AND EMPLOYMENT GENERATION</li></ul>                                    | <ul style="list-style-type: none"><li>• MULTIPLIER EFFECT OF HOUSING – 1.92 TIMES</li><li>• EMPLOYMENT GENERATION – THE CONSTRUCTION OF ONE LOW-COST HOUSING UNIT, PROVIDES EMPLOYMENT TO 8 CONSTRUCTION WORKERS.</li></ul> |

# FINANCE

## THREATS

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• <b>BSP ISSUANCE SETTING A CAP TO REAL ESTATE LOANS OF LOCAL BANKS AT 60 PERCENT OF THEIR COLLATERAL VALUES, DOWN FROM THE AVERAGE OF 80 PERCENT AT PRESENT.</b></li></ul> | <ul style="list-style-type: none"><li>• <b>REQUIRES HIGHER EQUITY FROM HOME BORROWERS</b></li></ul>  |
| <ul style="list-style-type: none"><li>• <b>GOVERNMENT'S INABILITY TO PROVIDE NATIONAL SUBSIDIES TO THE HOUSING PROGRAM</b></li></ul>  | <ul style="list-style-type: none"><li>• <b>LACK AND IRREGULARITY OF RELEASES OF FUNDS NEEDED TO SUPPORT SUBSIDIES IN THE HOUSING SECTOR CAN JEOPARDIZE THE IMPLEMENTATION OF HOUSING PROGRAMS AND PROJECTS.</b></li></ul>                            |
| <ul style="list-style-type: none"><li>• <b>LIMITED PARTICIPATION OF THE FORMAL PRIVATE SECTOR IN THE SOCIAL HOUSING SECTOR.</b></li></ul>   | <ul style="list-style-type: none"><li>• <b>LITTLE INTEREST OF PRIVATE DEVELOPERS AND BANKS TO PARTICIPATE IN THE SOCIAL HOUSING SECTOR DUE TO LOW-RETURN IN INVESTMENTS.</b></li></ul>   |
| <ul style="list-style-type: none"><li>• <b>STRINGENT REQUIREMENTS OF UTILITY COMPANIES.</b></li></ul>   | <ul style="list-style-type: none"><li>• <b>THE DISTRIBUTION SERVICES AND OPEN ACCESS RULES OBLIGATES DEVELOPERS TO ADVANCE THE AMOUNT NEEDED TO COVER THE EXPENSES OF EXTENDING ELECTRICAL LINES AND INSTALLING ADDITIONAL FACILITIES.</b></li></ul> |

**THANK YOU!**

