



# Is Housing Affordable in the Philippines?

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Insights by:

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November 10, 2022

Presented to:



Given the Crucial role of the private sector in housing provision, how can it help to provide **decent and affordable housing for all**; specially the low- income households?

- The government has pegged the price ceiling of housing packages in the country; socialized housing or those addressed for the lower income groups of the population – is priced at **P480K** while that of economic housing- for the middle class – is priced at P1.7M; recently adjusted to **P2.5M**
- The private sector has continuously worked and assisted the government in the provision of housing; Historically producing on the average some 200K units annually; some 60-65 percent are socialized housing
- The private sector has to continuously work in synergy with the government in the provision of housing under the National Shelter Program;

Given the Crucial role of the private sector in housing provision, how can it help to provide **decent and affordable housing for all**; specially the low- income households?

- Innovative programs that will involve the National and Local government units, the private sector and the communities themselves have to be explored and implemented
- Rental Housing and similar initiatives can be explored, this will immediately address the security of tenure concerns, and at the same time respond to the affordability of homebuyers
- Vertical Housing and affordable housing walk ups, utilizing new technologies and construction methodologies, sustainable, greens and resilient approaches, which take into consideration mobility and access to work areas of the residents can be implemented

Given the Crucial role of the private sector in housing provision, how can it help to provide **decent and affordable housing for all**; specially the low- income households?

- Subsidies from the government; in particular – **land** wherein houses for the low-income groups will be built – is important; this will tremendously enhance affordability and accessibility of the lower income groups; sweat equity from beneficiaries and determination of proper subsidy is important consideration
- Community preparations and post-project management and property management are equally important areas to consider

# What Financing schemes can be strengthened and introduced?

- **Rental Housing and rent to own schemes** can be explored; as affordability an income increases families can move from flats or units which suit their affordability
- This will allow flexibility for the government in planning and designing specific projects and most specially in the use of the land and the adoption of new strategies and programs
- **Membership to the Pag-Ibig fund** or HDMF of prospective beneficiaries, to enhance their formal access to home-financing
- Success stories on **cooperative housing** can be explored and replicated; Financial literacy and innovative collection schemes can be adopted to ensure higher repayments and replication for future projects
- Pooling of resources and actions of the government, from funding sources – IRA, additional taxes for revenues which can be utilized for housing; guarantees to ensure participation of other private financial institutions and the private sector

# What are your **projections** for the Post Pandemic Housing Markets

- The pandemic has made people realize the importance and the need for quality and better housing facilities. Thus, there's a renewed greater interest of everyone for quality housing
- Despite of the current challenges in the Philippine Housing Industry, there remains a bright prospect for the sector for the following reasons:
  - The government policies and institutions are in place; Creation of the Department of Human Settlements and Urban Development (DHSUD), 3 years – from creation; SHDA has advocated for the creation of DHSUD;
  - The Government Financial Institution, the Home Development Mutual Fund (HDMF) has announced the availability of some P110 Billion pesos for 2022 for home-end buyers and members of the fund;

# What are your **projections** for the Post Pandemic Housing Markets

- The huge housing backlog and demand for quality housing; specially after the pandemic; To date, housing backlog is placed at 6.5 million dwelling units which will be addressed by both the government and the private sector;
- The strong private sector participation in the government's efforts to address the country's housing need; the presence of SHDA and its strong regional membership;
- The OFWs – strong market for the developers along with the government employees and the general increasing population and urbanization trend;
- The new technologies and innovations in housing construction as well as front and back-end support to housing operations enhancing effectiveness and efficiencies.

# Initiatives of the Government and the Private Sector to address the housing backlog:

1. The Government – **DHSUD** Secretary Acuzar, has recently announced an ambitious plan to create **one million housing every year** for the next 6 years to address the 6.5 million housing backlog;
2. The government and the private sector have been drawing up plans and **road map** for the sector;
3. SHDA has just been invited to a consultation meeting on the preparation of the Housing and Social Development sectors Plan for 2022- 2028 as part of the **Philippine Development Plan** for the period;
4. The **Local Government Units** are much involved in carrying out their respective housing initiatives in coordination with the DHSUD and national Government;
5. Government from both the executive and the legislative sector are drawing out initiatives to fund the requirements of the sector;



# What do you think of Business Models such as Public Private Partnerships for Housing Constructions Projects to Address the Housing Backlog?

- Public-Private sector partnerships in housing construction projects are inevitable to make headways in addressing the housing backlog
- Important factors are:
  - subsidies; access to land- will be ideal if provided by the government utilizing idle and unused lands of the government;
  - Sources of Financing and template for implementation; and the identification of roles and responsibilities;
  - Mobility; access to transportation; basic facilities and services; livelihood and economic opportunities; skills and job trainings of family heads; financial literacy; post-project management and property management
  - Involvement of the community beneficiaries from the conceptualization of the programs up the implementation and management

# ON KEY ISSUES AND RECOMMENDATIONS

- The **determination of real and most accurate housing affordability** is very important in laying out the policies and programs to address the housing need and housing demand; and this is somehow shown in the residual methodology as discussed in the paper of Dr Marife Ballesteros; Tatum Ramos, and Jenica Ancheta
- Cost of Land and other major inputs to housing production; i.e. construction materials and labor; permitting process; are important considerations for the government and the private sector to watch to enhance affordability of housing interventions
- A more active role of the government in the **implementation** of Public Housing Programs to address the requirements of the informal sector and those who do not have access to formal financing is important
- **Determination of right subsidy** and specific sources for sustainability of the programs are vital

# ON KEY ISSUES AND RECOMMENDATIONS

- While I agree that there is a need for some financial regulations and intervention from the government in the areas of implementation of idle tax; financial regulations to address speculative activities; caution is in order as this might result to further price distortions and eventually increase cost of housing and adversely affect affordability
- **Property valuation processes and methodologies** have to be revisited and reviewed
- There is also a need to **reexamine and revisit RA 7279 and the Balanced housing requirements provisions**. Moreover, the current alternative compliance to this requirement has to be reviewed to ensure that the real intent of the law- that is to ensure there is production and supply of affordable and socialized housing is achieved.
- Provision of affordable and sustainable housing should be approached in an integrative manner as the sector cuts across all other important sectors, women, children, security, health, employment, productivity and overall growth and development.

# THANK YOU!



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