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An assessment of the community mortgage programs of the social housing finance corporation

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An Assessment of the Community Mortgage Programs of the Social Housing Finance Corporation

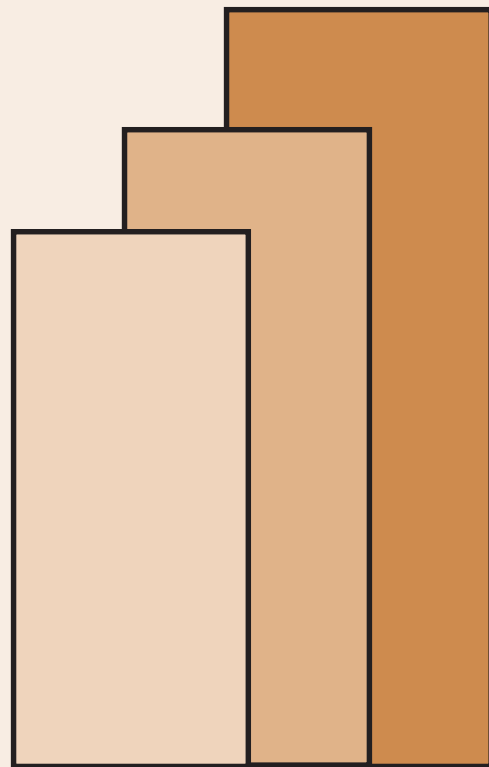
*Marife M. Ballesteros, Tatum Ramos
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An Assessment of the Community Mortgage Programs of the Social Housing Finance Corporation

Marife Ballesteros, Tatum Ramos, and Jasmine Magtibay

Discussion Paper

September 2015

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List of Acronyms

AMVACA	Alyansa ng mga Mamamayan ng Valenzuela Housing Cooperative
BARRA	Back of Rubber World Residents' Association
BI	Background Investigation
BIR	Bureau of Internal Revenue
BOD	Board of Directors
CA	Community Association
CAR	Cordillera Administrative Region
CCT	Condominium Certificate Title
CDA	Cooperative Development Authority
CDA	Citywide Development Approach
CER	Collection Efficiency Rate
CLIFF	Community Led Infrastructure Finance Facility
CMP	Community Mortgage Program
CMP-M	Community Mortgage Program Mobilizer
COA	Commission on Audit
CODI	Community Organizations Development Institute
CreCom	Credit Committee
CSO	Civil Society Organization
CSU	Community Support Unit
DILG	Department of Interior and Local Government
DPWH	Department of Public Works and Highways
DSWD	Department of Social Welfare and Development
ExeCom	Executive Committee
FAPI	Fire and Allied Perils Insurance
FCD	Finance and Controllership Department
FDUP	Foundation for the Development of the Urban Poor
FGD	Focus Group Discussion
GAA	General Appropriations Act
GDP	Gross Domestic Product
GE	Geodetic Engineer
GO	Government Organization
GSIS	Government Service Insurance System
HDH Program	High Density Housing Program
HDMF	Home Development Mutual Fund
HGC	Home Guaranty Corporation
HLURB	Housing and Land Use Regulatory Board
HOA	Homeowners' Association
HUC	Highly Urbanized City
HUDCC	Housing and Urban Development Coordinating Council
IRR	Implementing Rules and Regulations
IRRP	In-House Remedial Restructuring Program

ISF	Informal Settler Family
KII	Key Informant Interview
LCMP	Localized Community Mortgage Program
LED	Loan Examination Department
LGU	Local Government Unit
LOG	Letter of Guaranty
LPA	Lease Purchase Agreement
MB	Member Beneficiary
MDA	Market Data Approach
MEC	Marginal Efficiency of Capital
MED	Mortgage Examination Department
MOA	Memorandum of Agreement
MRI	Mortgage Redemption Insurance
NGA	National Government Agency
NGO	Non-Governmental Organization
NHA	National Housing Authority
NHMFC	National Home Mortgage Finance Corporation
NHMFC	National Housing Mortgage Finance Corporation
OCL	Omnibus Commitment Line
PADCO	Planning and Development Collaborative International, Inc.
PAEMD	Project Accreditation Evaluation and Monitoring Department
Pag-IBIG	Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industriya at Gobyerno
PCUP	Presidential Commission on Urban Poor
PID	Project Individualization Department
PO	People's Organization
PPP	Purchasing Power Parity
RA	Republic Act
RD	Register of Deeds
SEC	Securities and Exchange Commission
SHFC	Social Housing Finance Corporation
SPA	Special Power of Attorney
SSS	Social Security System
TCT	Transfer Certificate Title
TIN	Tax Identification Number
TSD	Technical Services Department
UDHA	Urban Development Housing Act
UHLP	Unified Home Lending Program
UN-HABITAT	United Nations Human Settlements Programme
UPPAF	University of the Philippines Public Administration Research and Extension Services Foundation, Inc.

Abstract

The Community Mortgage Program (CMP) is a financing scheme that enables organized residents of slums to borrow for land purchase and housing development. It is already considered to be the most innovative and responsive government housing program in the Philippines. Nevertheless, the CMP has yet a number of weaknesses that have not been given much attention in the years of program implementation. These issues pertain to program targeting, service delivery and organization. This study aims to review the current processes and overall performance of CMP including its variants – the localized CMP and the High Density Housing Program (HDHF). It also provides recommendations on how the identified problems can be addressed.

Keywords: housing, informal settlers, community loan mortgage

An Assessment of the Community Mortgage Programs of the Social Housing Finance Corporation

I. Introduction

The Community Mortgage Program (CMP) is a financing scheme that enables informal settler associations to borrow for land purchase and housing development. The program, which was established in 1988, was initially administered by the National Home Mortgage Finance Corporation (NHMFC), but is now managed by the Social Housing Finance Corporation (SHFC), a wholly-owned subsidiary of the NHMFC.¹ Nevertheless, the CMP still performs the same mandate; it grants long-term mortgage loans to organized informal settler families (ISFs).

The CMP is considered to be the most innovative and responsive government housing program in the Philippines. It is the most availed program by ISFs and is most receptive to the housing needs of the low-income group in the country (UN-HABITAT, 2009; UN-HABITAT, 2011; and Porio et al., 2004). Moreover, the CMP shows higher collection efficiency rates compared to other government programs extending loans for socialized housing.

These positive reviews of the program notwithstanding, the CMP's reach has remained limited. The program has not scaled up over the years and is currently at a standstill at the level of land acquisition. The expected benefits from land ownership such as an increase in housing investment, an increase in municipal revenues, and the growth of a dynamic land and housing market have remained ambiguous. Some CMP communities have not improved their site services and have remained in blighted condition.

In recent years, the SHFC has introduced improvements to the program. One improvement is the Localized Community Mortgage Program (LCMP), a modified version of the CMP that intends to increase the resources available for shelter by requiring the active participation of local government units (LGUs) in the CMP through fund contribution and management of housing projects in the locality.

Another current innovation is the High Density Housing Program (HDHP) which offers higher density housing intended to address the high cost of land in cities and provide a comprehensive development of sites and services. The regular CMP has been applied primarily to horizontal development, whereby individual households initially acquire lots for housing and incrementally access financing for site development and housing improvement. Under the HDHP, the community may or may not acquire the lot; individualized ownership is in the form of condominium rights instead of lot titles. Ultimately, these HDHP provides an opportunity to test a CMP scheme for high density developments.

¹ In 2004, President Gloria Macapagal Arroyo signed Executive Order No. 272 (EO 272), creating the SHFC, a wholly-owned subsidiary of the NHMFC. When the SHFC became fully operational in 2006, the role of managing the CMP was transferred to the agency (SHFC, 2013).

There are several studies which have already assessed the CMP strategy but are short in assessing the efficiency of program service delivery, organization and outputs. This study aims to fill in the gaps of earlier studies and includes a review of the improvements that have been recently introduced, such as the localized CMP and the High Density Housing (HDH) Program.

Part II of this paper provides the methodology and data sources. Part III discusses the role of CMP in an environment of rising population in informal settlements. Part IV describes the CMP strategy and loan processes. Part V presents the LCMP and the HDHP strategy, focusing on the added features to the CMP strategy. Part VI assesses the CMP performance using key efficiency indicators. Part VII concludes the discussion and makes recommendations.

II. Methodology and Data Sources

This study is an assessment of SHFC's implementation of the Community Mortgage Program (CMP) and its variants thereof in terms of:

- (1) Service delivery – The study looked at the approach used in targeting the beneficiaries and the outputs resulting from the process; and the timeline in the loan process including the stages of selection, preparation of documents, and assistance to the capacity building activities of the communities.
- (2) Program organization – The study assessed the internal workings of the different stakeholders. This part of the assessment tackled the sufficiency of the functions performed, efficiency of the organizational structure, coordination with other agencies, and program sustainability.
- (3) Variations – Variations in the approach of assistance and outputs across time, space, and type of mobilizer is also reviewed.
- (4) Feedback or perception of the beneficiaries – The study considered the feedback or perception of the beneficiaries and other stakeholders on service delivery and benefits of project.

The study applied a quantitative and qualitative approach in the analysis. The evaluation mainly relies on primary data generated and monitored by the SHFC. The qualitative review, on the other hand, involved a selection process of projects with certain outcomes. It seeks to establish the “soft” characteristics of the projects including:

- (1) social capital variables such as those measured by the continuity of CA leadership and transition
- (2) technical variables such as reblocking occurrences and presence of solidly built properties
- (3) social variables such as the number of occupants who belong to the master list, and level of wealth as measured by the quality of housing construction and community services.

Key informant interviews (KIIs) were conducted with SHFC officials who are directly involved in the CMP, along with implementing partners such as LGUs. A focus group discussion (FGD) was conducted among top CMP NGO mobilizers which have a large number of taken-out projects. Site visits were also conducted in some areas with existing CMP projects. The areas were ranked

according to the number of projects. The top two were then selected, namely NCR with 1,173 projects and Rizal (Antipolo City) with 120. From NCR, three cities were selected: Quezon City, Marikina City and Parañaque City. Parañaque is the lone city in the NCR in which the LGU does not participate as CMP mobilizer; Quezon City holds the largest number of ISFs; and Marikina City has the highest number of CAs with good collection performance (CERs).

One good-performing CA and one low-performing CA were selected from the four cities of Antipolo, Quezon, Marikina, and Parañaque using the following criteria (see Annex 1 for sites and CAs selected):

(1) Loan take-out date

The loan take-out date of the CA is from the year 2000 to 2006. This ensures that the CA has already existed for at least eight years, such that most of the socioeconomic impacts should already be felt by the members of the association.

(2) Number of ISFs

The CAs were selected from HOAs with membership of at least 100 but not exceeding 300 members. The average CA size of the selected CMP projects is 200.

(3) Collection Efficiency Rate

The CAs were ranked according to their CER performances from January to December 2014. High-performing CAs with CER of at least 85% were selected for from each area. Likewise, low-performing CA with CER below 60% were also selected from each area except in Marikina City which did not have CAs (taken out between 2000 and 2006) with CERs below 85%.²

Focus group discussions (FGDs) were conducted among the CA members of the selected sites. A minimum group of ten non-officer member-beneficiaries was pooled from each of visited sites. Beneficiaries were asked questions on how they received the program and how they perceived the project outcomes.

Site visits and FGDs were also conducted in some projects under the LCMP and the HDHP. Additionally, data was gathered from key officials who are directly involved in these recent programs. For the LCMP projects, the SHFC LCMP Unit recommended to visit Silay City which became an accredited LCMP partner-LGU in 2011. The team then selected the project with the highest and the lowest CER; these are Fisherman's Village Zone II and St. Francis of Assisi I HOA, respectively. For the HDHP projects, the team selected two on-going projects that have been funded based on the community's action plan or the *people's plan*. These projects are Alyansa ng mga Mamamayan ng Valenzuela Housing Cooperative (AMVACA) and Ernestville HOA, Inc. in Quezon City.³

The findings of the research team from the FGDs, KIIs, and quantitative information were consolidated and used in formulating recommendations for the improvement of the CMP.

² CER of 85% is estimated as the level of recovery needed for SHFC to sustain operations.

³ HDHP sites under the People's Plan are still under construction.

III. The Pervasiveness of Informal Settlements in the Philippines and the Role of the Community Mortgage Program

Poverty and the lack of affordable housing - whether rental or for purchase - have caused the proliferation of informal forms of housing settlements, a feature that is common in cities of many developing countries where the formal housing market failed to meet the housing demand of low income groups arising from urbanization.

In the Philippines, the problem has become pervasive. The magnitude of informal settler families in the country has been growing at 7.2% annually between 1991 and 2012 based on Family Income and Expenditure Survey (FIES) estimates (see Table 1). Growth rate is highest in NCR, Zamboanga Peninsula, CALABARZON and Central Visayas, which are also the highly urbanized areas or regions exhibiting fast pace of urbanization. The Cordillera Administrative Region (CAR) exhibited growth of 40% annually in the same period; while the proportion of informal settler families in CAR represents only 0.1% of the total, this growth is alarming.

It is also important to note that the FIES captures only one aspect of informal settlers, which is the “illegal occupant” mainly defined as occupancy without consent of owners. It does not include the homeless; and families that settle in danger areas (under the bridge, waterways, road easements, etc.), in dilapidated/abandoned buildings or marginal housing units, and in public lands that are being rented out by non-owners.⁴

A special survey of informal settler families by the NHA, LGUs, and DPWH reported over 1.5 million informal settler families in the Philippines as of 2011. The bulk or about 40% of ISFs reside in the National Capital Region (NCR). Of the 584,425 ISFs in Metro Manila, 48% are in privately owned lands, 27% in government owned land, 18% in danger areas (waterways, bridges, etc.), 4% in government infrastructure, and 3.5% in APDs or identified urban land reform zones (see Table 2).⁵ About 40% of ISFs are in the administrative area of Quezon City, which covers the largest land area among cities in NCR (see Table 3).

Mobilizing urban land for social housing development is a major lever to the supply of affordable housing. The CMP has provided a mechanism to unlock land for the informal settler families by way of a housing fund specifically for workers in the informal economy. The traditional financial system is designed primarily for wage earners in the formal labor market. It is inaccessible to the informal settlers who are not members of the GSIS, SSS and PAG-IBIG.

⁴ The FIES, by design, is a household-based survey; it does not cover homeless families. Marginal housing units are those units classified as other housing units that are usually makeshift and cannot be identified, described and classified by the enumerators.

⁵ APDs are urban land reform areas earmarked for socialized housing use. These areas are to be prioritized for acquisition, zonal improvement or slum upgrading; eviction of occupant families are prohibited. The legal basis for APDs are PD 1517, PD 1810 (1978), PD2016 (1986), and RA 7279 or UDHA.

The legal basis for the CMP is found in Section 31, Article VIII of R.A. 7279, which states that the primary objective of the CMP is *to assist residents of blighted or depressed areas to own the lots they occupy, or where they choose to relocate to, and eventually improve their neighbourhood and homes to the extent of their affordability.*⁶ In other words, the program gives residents of informal settler families the opportunity to acquire ownership of the land occupied and legitimize the settlements. Section 31, Article VIII of R.A. 7279 also makes known the expectation that the CMP will pave the way for the improvement of the homes and the community itself.

The program leans on the theory behind property rights. Secure property rights carry with it a mechanism in which persons are motivated to utilize their resources productively. It increases investment incentives (Besley and Ghatak 2010; Briones 2004). Owning and improving land rights leads to gaining freedom from eviction, access to loans by gaining collateral, or the ability to transfer the land. Consequently, there would be an increase in investment. Besley and Ghatak (2010) proved the theory in an empirical study showing a strong correlation between ownership of agricultural land and investment in farm-related activities in Ghana. Field (2005), in an attempt to add to the literature, examined the feasibility of the theory in the urban squatter neighborhoods of Peru. Her study reveals that, in the sample, tenure security has had a positive correlation with residential investment.

Empirical evidence on the huge positive impacts on the poor of “legal” ownership, however, is nuanced. For instance, studies on property rights reforms, specifically title ownership, have failed to find much response in terms of credit supply (The Economist 2006 as cited in Conning & Deb, 2007). Conning & Deb (2007) have enumerated some of the explanations to this phenomenon such as Brasselle, Gaspart, and Platteau’s explanation in their 2002 study that in some contexts, the reforms only formalized the informal property rights arrangements which had already provided security of tenure; and the explanation that reforms could impose limitations on transferability, a feature sought after by creditors.

Conning and Deb (2007) also state that *de jure* rights may be quite strong and may provide a sense of security even in the absence of formal titles or ownership. In fact, Payne et al. (2007) mention that in Peru, amnesty laws in favor of informal settlements increased the likelihood that the squatters invest in their houses and build relationships with companies providing services. The study noted that the informal settler families felt secure enough to invest in their homes even without owning the titles to the land they occupied.

In the Philippines, “rights by occupancy” is somehow also recognized. For instance, RA 7279 discourages eviction or demolition, and enumerates only a few cases in which such activities may be undertaken:

- (a) when persons or entities occupy danger areas such as esteros, railroad tracks, garbage dumps, riverbanks, shorelines, waterways, and other public places such as sidewalks, roads, parks, and playgrounds;
- (b) when government infrastructure projects with available funding are about to be implemented; or

⁶ “blighted and depressed areas” are also known as slums.

(c) when there is a court order for eviction and demolition.

Earlier laws such as PD 1517 (1978), PD 1810 (1978), and PD 2016 (1986) identified urban land reform zones and consequently regulated land pricing, provided for tax exemption, and prohibited eviction of sitting occupants. Although these laws were considered part of the Martial Law period, they have not yet been repealed. These laws are in fact strengthened by RA 7279 or UDHA which required all LGUs to identify socialized housing sites in their Comprehensive Land Use Plans (CLUPS).⁷

Despite the seemingly opposing empirical results, acquiring legal property rights on land is still beneficial to informal settlers in the long run. With legal rights, the community is shielded from professional squatters who extract rents for protection against eviction. It enables families to build their wealth and to develop their community in a more orderly and efficient manner. It also gives the community legitimacy to access or demand public services from the government.

The CMP also plays a major role in the urban land market by providing a mechanism for landowners to liquidate “dead” assets through the sale of property to the community. This arrangement was not possible prior to CMP specifically for large informal settlements since the housing finance market, including the HDMF, is not attuned to lending to associations and to workers in the informal economy.

The CMP, by legitimizing land ownership and providing a strategy for clearing land markets, addresses some of the constraints to unlocking land for socialized housing development. The program also benefits the poor and other lower-income households since these households usually find shelter in informal settlements either as structure owners or renters.

IV. CMP Service Delivery, Organization and Loan Process

A. CMP Loan Package and Phases

The CMP fund is accessed through the community, *i.e.*, the informal settler families who will avail of a loan would have to form a **community association (CA)**, also known as a homeowners’ association (HOA). The HOA serves as the legal entity that will undertake the agreements of the community with the landowner, the SHFC, and other stakeholders.⁸ Title to the land is in the name of the association; a mortgage agreement is made between the HOA (represented by its officers) and the SHFC. Individualization of the title and unitization of the loan mortgages is undertaken at a later stage.

Accessed to the CMP fund is also designed to support the incremental process of housing development, starting with the purchase of land, and followed by site development and housing improvement. Financing thus is implemented in phases. The CMP sets a ceiling on the loan amount

⁷ Compliance among LGUs to this UDHA provision, however, is low.

⁸ HOAs are registered with the HLURB which is the agency task to regulate HOAs. The maximum number of members per HOA is 200 households and the CMP adopted this ceiling in 2000.

per borrower or per family by phase (see Box 1).⁹ For loan acquisition the maximum loan amount is P100,000. This amount may not fully cover the total cost of land in urban areas specifically highly urbanized cities such as Metro Manila. In such cases, the community provides equity for the portion not covered by the loan. It is also important to note that the loan amount approved may also be lower than the maximum loan amount due to lower appraisal value of land by SHFC. The rule is that the approved loanable amount of CA is the lowest among the appraised value, the selling price, and the maximum loanable amount. If this amount is lower than the selling price, the CA would need to provide for equity before the loan can be processed.

How does the community raise this equity? The community requires member-households to save. Households have different ways of raising this equity; either from earnings or borrowing from friends or relatives. The community may augment savings through community projects or donations by wealthier households but these schemes are rarely done. SHFC does not monitor how this equity is raised. It is also not involved in the negotiation on land prices between the community and landowners. SHFC only ensures that the required equity has been paid by the community to the landowner.

The downside of this arrangement is that poor households tend to be excluded from the program because they are unable to raise the equity or they may be forced to borrow, resulting in accumulated debts that is beyond their capacity to pay. The level of equity varies across projects. We used prices for lots acquired in Metro Manila to illustrate the equity implications. Table 4 shows that 84% of CMP acquired lands in Metro Manila are within the price range of P1,500 to less than P4,000 per square meter, but there are 39 CAs that acquired lands at prices between P4,000 and P11,500 per square meter. Using a sample of taken out projects in Metro Manila, we estimated the equity per project based on the difference between the selling price of landowner and the approved loanable amount for lot purchased.¹⁰ We divided the difference with the number of households per CA to estimate the equity per household. Table 5 shows that about 14% of CAs paid no additional equity, which either means that the selling price and appraised value of property are similar or that the loanable amount approved is higher than the selling price. The latter implication raises concerns of possible abuse in the utilization of program funds. On the other hand, more than one-third of the CAs have to pay equity per household of P20,000 or more (highest is P80,000) due to the higher cost of land compared to the approved loanable amount.

The CMP loan bears a 6% interest per annum and is payable over a maximum period of 25 years in equal monthly amortizations. Amortization of the CMP loan starts within 30 days after the takeout. The 6% interest rate is not considered subsidized rate given that the prevailing interest rates in the market is low. However, the 6% rate is still a subsidized rate since the cost of program administration has not been considered. This rate is also fixed for 30 years and has not changed since 1989 when market interest rates were at 12 to 21%.

⁹ This is the CMP loan package updated in August 2014.

¹⁰ The estimates were based on NCR CMP projects with complete values. Of the 949 CMP projects in Metro Manila with price data, only 239 projects had complete information on selling price, land area, and loanable amount after combining land price dataset with accomplishment report by CA.

Box 1. *Loan Ceiling and Maximum Amortization by Phase* ¹¹

Purpose	Maximum Loan Amount	Monthly Amortization
Lot Acquisition	₱100,000.00	₱685.30
Site Development	₱30,000.00	₱205.59
Housing Materials	₱120,000.00	₱834.60
Loan Package	₱250,000.00	₱1,725.49

Funding for site development covers community infrastructure services. Examples are the paving of footpaths and the installation of piped water. House improvements, such as the addition of storey, improvement of structures, and expansion of space, comprise the third phase of financing. Operationally, financing for Phases 2 and 3 is availed of after lot acquisition. The CAs must be able to offer a collateral first (which is the lot) before the SHFC agrees to release other loans. However, a community can apply for loan at one time for the three stages subject to the total loan limit of P250,000. The provision of a complete package, i.e. lot + site development + housing, is dependent on affordability to member-beneficiaries of the CA. The non-poor thus are not disqualified from access to the fund as long as they are residents of the informal settlements community or are legitimate members of the HOA.¹²

B. Targeting of CMP Beneficiaries

The SHFC sets a target number of CMP beneficiaries to assist every year; this number is based on the urban poor population which the agency expects to increase annually. The SHFC, however, does not actively target specific informal settlements or identify CAs; the program is demand-driven. Any CA member or officer can approach the CMP mobilizer or a CMP mobilizer can introduce the program to the CA. The mobilizers thus play a key role in targeting CMP communities. SHFC depends on the list of projects committed by the mobilizers for CMP financing. Since 2012, the mobilizers submit this list for budget preparation.

The mobilizers usually commit only those CAs ready to take on a community loan; community readiness defined in terms of CA cohesiveness; CA with existing purchased agreements with landowner; CAs that can potentially raise equity; and a property that is not subject to multiple claimants. Community readiness could be tied to member households' financial capacity thus, the CAs that have priority access to the program are not necessarily the poorest communities (or communities consisting mostly of poor households).

¹¹ Maximum loan amounts available to community associations located in Highly Urbanized Cities (HUCs) used to be higher than those in other areas. This distinction has recently been scrapped by the SHFC. Furthermore, the amounts have increased over the years.

¹² Only those "double-awardee" or families that are beneficiaries of other housing program or of CMP are disqualified. SHFC maintains its own alpha list of beneficiaries and also considers the alphalist of other housing agencies which is administered by HUDCC for possible double awards with other housing programs.

The targeting mechanism and the limited role of SHFC in targeting communities open an opportunity to exclude the poor or include the non-poor/non-resident households of informal settlements as beneficiaries of the program. CMP allows the community to apply for purchase of the land currently occupied (On-site projects) or to purchase land in another location (Off-site projects). For on-site projects, the SHFC requires that the community must have occupancy of at least 85%, and at least 85% of those occupants must have been residing at the site for at least five years. For off-site projects, the SHFC imposes a homogeneity requirement wherein at least 30% of the members must have come from informal or low-income inhabitants of the same city, and the group has been formally organized a year before with the members having common characteristics. The homogeneity of the CAs must be concretized in an LGU certificate which shall be submitted to the SHFC. The homogeneity and residency requirements are intended to safeguard the program from communities that may spontaneously organized to access the loan fund. But since the program also provides that 15% of CA members in on-site projects and 70% in off-site projects can be non-resident households, there is high probability of inclusion of households specifically in off-site projects that are not the target beneficiaries of CMP.¹³

Not all informal settler families are poor; poverty incidence among ISFs is only about 5% in the NCR and 20% in the entire country based on the 2012 poverty threshold. But many families in informal settlements are vulnerable. Estimate of families that are near poor (i.e. those families that tend to move in and out of the poverty threshold) shows that about 30% of ISFs are vulnerable; 13% in Metro Manila (see Table 6). This group of households should be given priority in the program.

C. The Mobilizers of the Community Mortgage Program

The CMP operates through mobilizers which act as the intermediary between the CAs and the SHFC. As of March 2015, there are 75 CMP mobilizers. The different types of CMP mobilizers (CMP-Ms) are LGUs; non-governmental organizations (NGOs); and national government agencies, bureaus, and corporations. So far, among government agencies, only the NHA is active in mobilizing CAs for the CMP.¹⁴ Table 7 shows the distribution of taken-out projects by mobilizer. It shows that the NGOs have the highest percentage of projects taken out at 54%; LGUs come second at 33%; while government corporations have the smallest percentage at 14%.

The SHFC requires that the mobilizers be (1) registered with the appropriate government agencies; (2) with two years of experience in community development and organizing work; (3) with sufficient financial and physical resources; (4) with a clear organizational structure; and (5) majority of the officers and staff must have had a CMP training course with SHFC or with its accredited institutions. But in the case of LGUs and other government organizations (GOs), automatic accreditation may be applied as long as they have a department or unit to handle the projects and that majority of the staff had a training course (SHFC Corporate Circular No. 12-021, Series of 2012).

¹³ Recent CMP monitoring reports do not categorized accomplishments by type of site. Past records show that between 1994 and 2007, there are about 117 CAs with off-site projects or 10% of total CMP projects.

¹⁴ Housing Guarantee Corporation or HGC was also one of the CMP mobilizers but has discontinued doing so in 2002.

LGU mobilizers operate only within their administrative area. On the other hand, NGO CMP mobilizers operate within the regions where their offices are located. NCR-based NGOs can operate within NCR and nearby provinces such as CALABARZON and Central Luzon. They have to establish satellite offices should they wish to undertake CMP projects in Visayas or Mindanao.

The SHFC regularly updates a list of all the active CMP mobilizers and their corresponding CERs.¹⁵ This list is provided to CAs directly going to the agency in the interest of enrolling in the program. On the other hand, some CAs have chosen accredited mobilizers through referrals. There are also cases where CAs refer other associations of the same barangay alliance to mobilizers. The CMP process starts with the build-up of the relationship between a CA and a mobilizer. This relationship is formalized upon the issuance of a letter of intent to sell by the landowner and an offer to buy by the CA. The mobilizer should not be perceived or act as the broker of landowner.

Mobilizers have the duty to help the communities in the CMP process. One of their roles early on in the application process is to create a profile of the CA and its members, as well as of the site of the project being applied. The mobilizers must also provide information to the CAs on how the CMP works so that the members would be more knowledgeable and prepared for the succeeding steps and requirements. Some mobilizers go the extra mile by providing trainings on the reading of titles and subdivision plans to further equip the members of the associations. All in all, the CMP mobilizers ensure the cohesiveness of the CAs and help build the capacity of the association to undergo the various stages of the program. The duration of activities related to the social preparation of the CAs depends on the mobilizer. For instance, social preparation activities by Makawili Jay C Foundation, Inc. take two months, while that of the FDUP last for three to six months. For LGUs, social preparation is focused on providing information of CMP requirements and process. Often, LGUs rely on CA officers to build up community and prepare them for the CMP.

Mobilizers are paid service fee by the SHFC for these activities for each project that have been taken out. A CA mobilizer's service fee for an on-site project is 2% of the loan amount or ₱1,000.00 per MB, whichever is higher. For an off-site project, the service fee is 2% of the loan amount or ₱1,500.00 per MB, whichever is higher.¹⁶ Furthermore, the mobilizers also get an additional one-time post-take out service fee of ₱200.00 per MB as determined every year within a required holding period of five years, provided that the CER of the CA has not been less than 85% (SHFC Corporate Circular No. 12-021, Series of 2012). The post take out service fee serves as an incentive to the mobilizer to provide community development services at least within two to five years after loan take-out. By practice, however, the activities of mobilizers after post take-out are limited to meetings with officers. In the case of LGU mobilizers, the CA officers are the ones visiting the local office. Dissension within the community is beyond the capacity of mobilizers specifically NGOs to resolve. More often, CAs seek the intervention of the LGU officials.

The mobilizers may also collect a processing fee from the CAs for their assistance in the preparation and submission of the documents required by the SHFC, community organizing, and

¹⁵ Updating of the list depends on when reports on CERs of CMP-Ms are released. The list enumerates all the active mobilizers, regardless of the level of their respective CERs. It excludes mobilizers which have not been submitting or delivering projects for at least three years.

¹⁶ On-site projects refer to purchase of lot currently occupied by the CA. In off-site projects, the CA, which consist of families

conduct of educational activities. The amount of the fee shall not exceed 2% of the loan entitlement per member. LGU mobilizers seldom collect additional fees and consider this activity part of public service. Despite this advantage, NGOs are still chosen as mobilizer by many communities because they offer other services. The delivery of outputs can also be faster since they are focused on the completion of the loan process. On the other hand, LGUs have other concerns and may have other housing programs, aside from CMP, to implement. So far, there is no apparent conflict between NGO and LGU mobilizers. They complement each other in areas where LGUs are also mobilizers. In areas where LGUs are not active mobilizers, NGOs fill in the gap.

The incentive scheme in CMP makes the mobilizer an agent for both SHFC and the community. The service fees provided by SHFC encourage the mobilizers to increase their efficiency and exert efforts to take out projects. Since the fee is paid after loan approval, the risk of mobilizers taking the money but abandoning the CA is remote. The scheme also ensures that mobilizers make an initial assessment of the communities and commit only those which are feasible for CMP since they have to make initial investment for CA capacity building and loan documentation. However, there is not enough incentive for the mobilizers to undertake additional capacity building activities after post take-out.

On the other hand, the CA (as principal) is subject to the risk of mobilizers running away with the money collected from the community. There are mobilizers which make additional collections from the member households for their own keeping. The scheme has attracted syndicates which present themselves as mobilizers to CMP-aspiring communities.

D. Loan Approval Process

The CMP process flow is shown in Figure 1. The basic documents that are required in the application for CMP financing are listed in the Citizen's Charter of the SHFC (see Box 2). These requirements and qualifications may vary depending on the situation as explained in the succeeding discussions.

The SHFC officially receives and registers loan applications based on the completeness of the documents. From the receipt of the requirements for the loan application, the SHFC practices due diligence for not more than 120 working days (SHFC, 2011). The agency conducts an investigation and a review of the submitted requirements. There are four major evaluations which are simultaneously done by the SHFC departments under the Loan Processing Group; these are: (1) background investigation; (2) loan examination; (3) mortgage examination, and (4) technical examination.

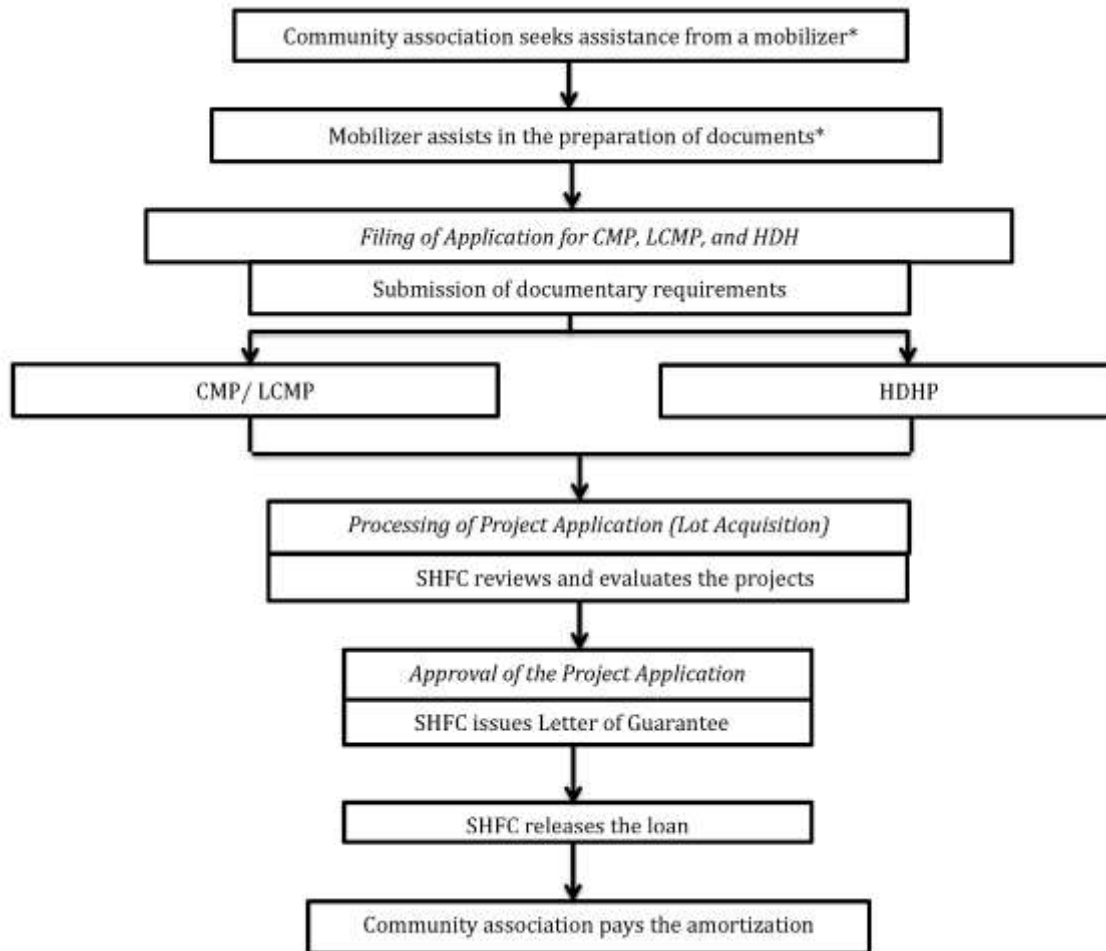


Figure 1. Process Flow of the CMP, LCMP, and HDHP

Note. Adapted from the Citizen’s Charter of SHFC

* For the HDHP, SHFC-accredited Civil Society Organizations and/or LGUs assist the CAs.

Box 2. Requirements for the Issuance of the Letter of Guaranty (LOG)

1. Community Profile
2. HLURB Certified Copy of the Certificate of Registration, Articles of Incorporation, By-Laws, Current General Information Sheet of the Community Association (CA)
3. Memorandum of Agreement between CA and CMP-Mobilizer
4. Masterlist of Beneficiaries with Loan Apportionment (e-copy)
5. Notarized Memorandum of Agreement between the landowner and CA or Letter of Intent to Sell from the landowner and Letter of Intent to Buy of the CA
6. Lot Plan with Technical Descriptions of the proposed CMP site, duly signed by a licensed Geodetic Engineer (G.E.)
7. Vicinity Map showing the name of the roads leading to the site and the landmarks (must show the Socio economic facilities/establishments within 2 to 5-km radius and distances from the proposed CMP site)
8. Schematic Subdivision Plan duly signed by a licensed G.E. (must show the area per lot, the excluded lots, if any and other information pertaining to the site's physical features which may affect the collateral value)
9. Topographic Map if the site has sloping terrain
10. Latest RD Certified copy of Present Title; Latest RD Certified copy of 1st Back Title; Latest RD Certified copy of 2nd Back Title
11. Latest Tax Declaration showing RESIDENTIAL classification
12. Zoning Certification
13. Proof of CA savings equivalent to three (3) months amortization and one (1) year Mortgage Redemption Insurance (MRI) premium (both savings and MRI must be deposited in favor of SHFC prior to LOG)
14. Notarized Proof of Payment of Equity (if any)
15. Notarized Lease Purchase Agreement (LPA)
16. Locational Plan of lot sold to CA
17. Notarized Board Resolution/Secretary's Certificate issued by the CA to its representative
18. Updated Real Property Tax Clearance
19. Updated Special Power of Attorney (SPA) for Individual Landowner or Secretary's Certificate if the Landowner is a Corporation
20. SEC Certified Copy of Incorporation papers and updated GIS if the landowner is a Corporation
21. Two (2) Valid Government issued IDs of the Individual landowner/s and/or authorized representative duly certified by the CMP-M. If the landowner is a Corporation. IDs of the representative and Corporate Secretary should be submitted
22. TIN ID of Individual landowner
23. BIR Certificate of Registration of Landowner – Corporation
24. Real Estate Mortgage (REM)

Source: Annex "C", Citizen's Charter of the SHFC

Background Investigation (BI)

The background investigation (BI) is done by the Project Accreditation Evaluation and Monitoring Department (PAEMD) through general assemblies, individual interviews and house-to-house validations. The goal of the BI is to validate the information about the CA and its member-beneficiaries.

The CAs must be able to show that they have a legal personality to borrow from the SHFC; this is proven by the Articles of Incorporation and By-laws, an updated general information sheet, and a certified copy of the Certificate of Registration with the HLURB.

The SHFC (2011) also requires that each member-beneficiary (a) is a Filipino citizen of legal age but not more than 60 years old upon loan release; (b) has certified under oath that he has not been a recipient of any CMP loan and has not participated in other government housing programs; (c) does not own or co-own real property and is not a professional squatter as defined in RA 7279; and (d) is a structure owner, a renter or a sharer at the site.

The PAEMD also collects other basic information on the members such as the following: that the MB has the capacity or affordability to borrow; that the member is a resident in the locality based on proof of identification; and that the member is not a “double awardee”. However, there is no in-depth profiling and socioeconomic study done to separate the ISFs which do not need financing or can borrow from the formal sources. Income assessment is based on self-reported income, which means that “richer” families tend to underreport income while poorer households tend to overestimate income to qualify for a loan and for the program. This raises concern on CMP targeting and its implications on the effectiveness of the program.¹⁷

The collected basic information is included in the master list of the MBs which is likewise reviewed during the BI, along with information on loan apportionment. The master list with loan apportionment is a complete listing of the MBs making up the CA. It also indicates the lot area, selling price, share in loan, and equity to be paid; such information would not be available unless the Technical Services Department (TSD) has already computed the appraisal value and has finalized the loan value. In other words, the PAEMD relies on the output of the TSD for the completion of its own evaluation.

During the BI, the PAEMD also reviews the MOA between the CAs and their respective MBs, as well as the notarized MOA between these associations and the respective landowners. The latter is likewise reviewed in the Loan and Mortgage Examination. Having the same requirement for each evaluation conducted by the Loan Processing Group raises the question of efficiency – whether having different departments review the same document is the best setup.

Another requirement which is reviewed not only in the BI is the schematic subdivision plan. The schematic subdivision plan provides details on the site itself, including the proposed demarcations of the lots. Such a requirement is essential during the BI since it contains details that would give the agency an idea of how the project should be handled. In recent years, LGUs which are also mobilizers have required an approved subdivision plan from the CAs instead of just a schematic one. Some NGOs participating in the CMP have also recommended that approved subdivision plans be required as part of the approval process to lessen the problems on reblocking and implementation of the approved subdivision plan in the future. The SHFC, however, has been flexible with this requirement; in some cases still approving projects on “as is where is” basis.

¹⁷ There are anecdotal reports that if majority of members are poor or with very low-income, the SHFC tends to delay the approval process and archive these applications.

Loan Examination

The loan examination conducted by the Loan Examination Department (LED) is done to ensure that the CAs and their members are willing and capable to secure tenure of the site. The Lease Purchase Agreement (LPA) submitted by the CAs is reviewed by the LED in checking the commitment of the members as an association to the application of the project. The LED also checks the proof of the CAs of their savings which must be equivalent to three months of amortization and one year of the mortgage redemption insurance (MRI). It must be noted that before the take-out, the CAs must be able to submit to the LED a proof of their cash deposit to compensate for future delinquencies, if any. Finally, similar to the BI, the LED also takes a look at the master list, the MOA between the CA and the landowner, and the schematic subdivision plan.

Mortgage Examination

The mortgage examination is conducted by the Mortgage Examination Department (MED). The critical documents reviewed in this stage include those required for the exemption from the Capital Gains Tax collected by the Bureau of the Internal Revenue (BIR). Some CAs and mobilizers have been complaining that it takes a long time to get a BIR tax exemption; they usually have to wait for a year before the release. One notable reason is that for every project, a ruling on the exemption is still required. In other words, the projects do not automatically get the exemption upon receipt of the documents by the BIR; it still goes through a review process at the BIR.

The MED also reviews the latest certified copy of the present title and a certified copy of the first to second back title which are examined in the evaluation of the original title. Indeed, the SHFC must do a thorough examination of the original title; however, requiring a certified copy of the 1st to 2nd back titles is no longer necessary as long as the present title is clean and free from encumbrances as checked in the Register of Deeds (RD).

In the case of land owned by corporations, there are additional requirements that the MED looks at such as the BIR Certificate of Registration of the Corporation, notarized Secretary's Certificate or Board Resolution issued by the Corporation, certified copy of Incorporation of Papers from the Securities and Exchange Commission (SEC), and two valid and signed IDs of the secretary or representative of the corporation. In the case of the landowner being represented, an updated Special Power of Attorney (SPA) is required by the MED to prove that the representative has the legal capacity to sign the documents to effect the sale of the property.

Technical Examination

The technical examination is conducted by the Technical Services Department (TSD). Technical examination is deemed to be the longest process in the functions of the Loan Processing Group since it is concern with the technical aspects of both the title and the site where the lot is situated.

One of the activities undertaken by the TSD is title validation. The required documents related to this process are the latest certified copy of the present title and the certified copy of the first to second back title. It must be noted, however, that having a clean title is not the only

requirement that the TSD has set; not all sites with clean titles are feasible for the CMP. The SHFC (2011) enumerates the other site qualifications for the program:

1. The land is not classified as agricultural;
2. The land is not within environmentally-constrained/ hazardous or high-risk areas as certified by the DENR and the concerned local government unit;
3. The land has a road right of way or an access road lot to a city, municipal or barangay road; and
4. The landowner should have the legal capacity to sell or transfer the subject property for loan collateral under the CMP.

There are only a few site qualifications but complying with them is actually very difficult for the stakeholders. The SHFC explains that the CMP projects are not prime lots but mostly marginal lots that can be hazardous. It is also possible that portions of the lot are not buildable. The agency takes full responsibility of checking site suitability this task requires expertise that usually cannot be provided by mobilizers. Although mobilizers are encouraged to do site inspection, they usually do not submit reports on the site hazards.

The TSD conducts an ocular inspection of the proposed project site. It looks into the physical features of the site, the location, accessibility, land use type, mode of transportation of the inhabitants, and the vicinity. In addition, the TSD reviews supporting documents such as the schematic subdivision plan, the lot plan with technical descriptions and signature of the geodetic engineer (GE), a zoning certification, and a vicinity map. There are instances where the surveyor hired by the CAs to prepare some of the documents required by the TSD is fraudulent and not really capable of doing such. This was experienced by Tabing-Ilog Nangka HOA, Inc. The association eventually had to change their lot plan with technical descriptions because there were problems with the one made by their previous surveyor; each of the beneficiaries had to pay an additional ₱300.00 to hire a new surveyor. Problems like this, delay the CMP process since most of the stages are connected to each other. In other words, having an issue in one of the requirements affects the other stages in the loan process.

The documents which have recently been mentioned are also essential to another function of the TSD – the appraisal. The SHFC now provides a maximum loan package of ₱250,000.00 with the monthly amortization of ₱1,725.49. As mentioned earlier, there is a maximum loan amount depending on the purpose. For instance, for lot acquisition loans, the appraisal of the TSD must not exceed ₱100,000.00 per beneficiary.

In the appraisal, the TSD uses the market data approach (MDA) in which the appraised value is derived by looking at the recent market values of similar properties and then adjusting these values in terms of location, time, and physical features to eliminate the differences of the comparables to the property being appraised. If the comparable properties have features which do not appear in the subject property, the value of those features are subtracted from the market value of the former. On the other hand, if the comparable properties lack some features which are present in the subject, then the value of the features are added to the market value of the former.

The TSD compares the market value of the subject property to three comparable properties. The SHFC appraisal value is the lower value between the average of the adjusted market values of

the three properties and the average market values provided by at least three banks. Additionally, the SHFC requires that the selling price would not be more than 20% of the appraisal value of the agency. There are some mobilizers and CAs which think that the appraisal values computed by the SHFC are too low. Table 8 indeed shows that out of the 1,832 appraised projects by the TSD as of April 6, 2015, which already have both an appraised value and selling price, 46% (851 projects) have a higher selling price than the appraised value. The selling price of the 851 projects is higher than the appraised value by amounts greater than ₱0.00 but less than ₱3,500.00 (per m²). The data, however, also show that there are projects in which the selling price is less than the appraised value; this actually comprises 50% (922 projects) of the projects in the TSD databank. The selling price of the 922 projects is lower than the appraised value by amounts greater than ₱0.00 but less than ₱8,000.00 (per m²). The latter finding dismisses claims that SHFC appraisals of lots are always lower than the corresponding selling prices. Overall, SHFC has an objective approach in appraising and setting the loan value. This price should be used by the CAs as their benchmark and renegotiate with landowners since landowners' pricing maybe motivated by higher gain.

The duration of the pre-takeout processes depends on the situation of the CA. There are instances where the CAs cannot submit a complete set of documents, or have complex and problematic cases. The SHFC does not reject loan application; instead, the agency sets alternative compliances and in the meantime, receives the loan application.

The SHFC Approval Committees

All the projects go through the three committees of the SHFC: (1) the Credit Committee (CreCom), (2) the Executive Committee (ExeCom), and (3) the Board of Directors (BOD). Both the CreCom and the ExeCom are recommending committees, while the BOD is an approving committee. The CreCom is composed of the SHFC president, executive vice president, and Loan Processing Group vice presidents. The group assesses whether the projects have complied with the guidelines of the agency. It can either pass on the projects to the ExeCom already or impose additional requirements to the CA. If the CreCom chooses to take the former action, the ExeCom already initiates its review. The ExeCom is composed of selected members of the BOD; it checks the activities undertaken by the Loan Processing Group and conducts an initial examination of the projects in behalf of the BOD. The ExeCom also then makes a choice between elevating the projects to the BOD level or setting more conditions to the CA; choosing the former will make the BOD initiate its decision-making process. The decision of the Board on whether to approve projects is based on the recommendations of the ExeCom; supposedly, the BOD no longer reviews specific details. However, Ferido (2015) pointed out that the committee still delves into the issues already discussed by the ExeCom, and still issues requirements to be complied by the CAs. This creates inefficiency in the process as all discussions on the issues must have already been finished upon elevation of the project by the ExeCom to the CreCom.

Applications with adverse findings on site suitability, titles, land ownership and CA membership are archived. On the other hand, approved projects are given a Letter of Guaranty (LOG) attesting that the agency would pay the negotiated amount. The landowner, for his part, executes a Deed of Absolute Sale and authorizes the issuance of a Transfer Certificate of Title (TCT).

E. The Take-out Stage

The next step is the loan release. The SHFC releases the proceeds of the loan to the landowner either in full or in partial payment. The full release of the loan is conditional to the submission of requirements. The necessary documents for full release are: (a) loan agreement; (b) Real Estate Mortgage; (c) Promissory Note; (d) signed Letter of Guarantee; (e) Annotated Title in the name of the HOA/Cooperative; and (f) Tax declaration in the name of the HOA/Cooperative. Otherwise, the SHFC will make partial payments. The initial payment would be 50% of the loan amount, and the final payment would be another 50%. Upon the release of the loan, even in the case of a partial payment, the project will already be considered as *taken out*.

This partial release of loan proceeds as payment for lot has discouraged landowners to participate in the program. Thus, some CAs negotiate for direct purchase to landowner with the LGU or NGO mobilizer as mediator. This arrangement has worked well for smaller-sized areas or communities with less than 20 households. It also works for CAs that are mainly composed of wealthier households because the scheme implies that the member households have to generate savings within a short period (compared to the 30-year loan tenure of CMP).

Overall, the loan application process can be tedious. In the experience of some mobilizers, six months is already fast for a partial takeout (50% loan release), while full takeout would usually require at least a year and a half. Some NGO mobilizers can provide bridge financing for selected CA specifically if landowner is not willing to wait but this type of arrangement is not yet fully appreciated by the SHFC.

For its part, SHFC has made major changes to hasten the CMP process. It has reduce the number of requirements; it has created an Express Lane; and recently SHFC has offered an accommodation mortgage scheme, whereby the landowner can be fully paid upon loan approval with only the cost of capital gains withheld pending approval of capital gains tax exemption from the BIR.

V. Review of Other Community Mortgage Programs of the SHFC

A. Localized Community Mortgage Program

The LCMP is a modified version of the CMP created in 2007 to institutionalize a co-sharing arrangement with LGUs for CMP implementation. The SHFC employs a more decentralized approach in the LCMP compared with the regular CMP. The new program requires more participation and cooperation from the LGUs. As co-partners, the LGUs act as satellite branch of the SHFC.

In particular, the LCMP has the following objectives (Corporate Circular No. LCMP-002 dated October 24, 2011, Amended Implementing Guidelines for the Localized Community Mortgage Program):

- (1) Extend financial support to priority socialized housing projects based on actual housing need in the locality;

- (2) Facilitate the development and empowerment of local housing stakeholders to actively participate and work together for a more focused reduction of housing backlog in their areas; and
- (3) Effectively leverage and align national and local social housing funds to increase resources available for shelter and make homeownership within reach to a great number of families in partner-LGUs with substantial housing backlog.

The enumerated objectives of the LCMP are noteworthy. First, it helps capacitate the LGUs and fulfill its housing mandate under the Local Government Code of 1991 and the Urban Development Housing Act of 1992. Second, the provision of a counterpart fund by LGUs leverages SHFC's funds to enable CMP to serve more ISFs. Third, the transfer of pre-takeout role to the LGUs speeds up the service delivery.

The roles and responsibilities of SHFC and LGUs under the LCMP are defined in terms of fund contribution and project delivery.¹⁸ In terms of fund contribution, the SHFC lends 75% of the cost of projects in first to fourth class cities, and 90% of the cost of projects in fifth to sixth class cities and all municipalities.¹⁹ The LGUs, for their part, must settle the remaining equity through cash financing for the purchase of the lot, site development, or a grant of LGU-owned land for the project. SHFC also grants the qualified Partner-LGU an Omnibus Commitment Line (OCL) not larger than ₱50,000,000.00 and based on the LGU-identified community or social housing project.

In terms of program implementation or delivery of projects, the LGUs perform the following functions:²⁰

- Accreditation of Non-Governmental Organizations (NGOs)/ Private Organizations (POs) as CMP Mobilizers;
- Assist SHFC in pre-take out activities such as Background Investigation of Community Association/s (CAs), Site Inspection and Appraisal of Project(s); Loan examination and Mortgage examination
- Assist in the collection of monthly amortization payments through the distribution of billing and demand letters. The LGUs get 1/6 of the interest collected from the CA after an issuance of post-audit clearances provided that the CER of the corresponding project reaches 90% to 100% and that the LGU assisted in the collection campaign of SHFC.
- Provide a performance warranty which is equivalent to six months of the amortization payment of the CAs.
- Assist the CAs in the settlement of advance payment equivalent to three months of the amortization before the SHFC loan is released.

Aside from the LGUs performing pre-takeout functions and collection services they are also expected to inject livelihood projects to LCMP communities and provide other social services support since these households are the constituents of the locality.

¹⁸ Provinces are also eligible to participate in the LCMP projects as long as there is a joint venture undertaking between them and their corresponding municipalities or cities.

¹⁹ The project cost, unlike in the regular CMP, includes the capital gains tax

²⁰ The roles of LGUs and SHFC are provided in Corporate Circular No. LCMP-002 (2011, p.3)

On the other hand, the primary role of SHFC is that of a financial partner. SHFC's specific functions on project implementation are:²¹

- Conducting trainings, orientations, and seminars for the partner-LGUs
- Validation of the loan evaluation activities of LGU. In practice, SHFC and LGU jointly undertake pre-take out functions (e.g. BI, loan examination, mortgage examination and technical examination) but over time, these pre-take functions will be delegated to LGUs
- Issuance of the Letter of Guaranty (LOG) on approved loans and release of its share of the funds
- Post audit of the project and the loan documents within 120 working days from the release of the take-out proceeds
- Process refund of the performance warranty deposit of the partner-LGU after the issuance of post-audit clearances
- Background investigation on the occupancy of the beneficiaries and validation of the LGU appraisal on the project

Overall, LCMP is beneficial to the SHFC because the agency is able to leverage funds but reduce its portfolio risk by transferring part of that risk to LGUs. On the other hand, while LGUs indeed should be concerned with housing needs of their constituents, they are not keen on taking on this risk and this concern is borne out of the experience of many LGUs of poor cost recovery on public housing projects.

The lukewarm reception of LGUs in the program is evident on the lack of LGU participation under LCMP. Since the implementation of the LCMP in 2007, only 9 LGUs participated (Table 9). In Metro Manila, none of the city LGUs have participated in the LCMP although almost all LGUs in the city are CMP mobilizers. Many LGUs would rather implement their own program should they have funds for housing or remain as CMP-mobilizers.

B. High Density Housing Program

The High Density Housing Program (HDHP) is a pilot program administered by the SHFC with a P20 Billion funding under the ISF Housing Program of government.²² The program is intended to test the feasibility of a community mortgage loan on high density development where sites and services are made part of the loan. This implies a higher loan ceiling and one-time approval process of loan instead of incremental phases.

The HDHP loan package may either be for: (1) building construction only; (2) lot acquisition and building construction; or (3) lot acquisition, building construction, and site development.²³ The a loan ceiling for each beneficiary is ₱450,000.00, inclusive of land acquisition, building construction,

²¹ Based on Corporate Circular No. LCMP-002 (2011, pp.2-3),

²² The ISF Housing Program is a program of the Aquino administration (20011-2016) that is targeted to informal settlers in danger zones. The program gives priority to Metro Manila and to in-city resettlement. The program is allocated a budget of P10 billion yearly or a total of P50 billion for five years.

²³ Building construction may be availed only if the land has been donated, leased to or bound by a usufruct agreement with the CA (SHFC Corporate Circular No. 13-026, Series of 2013).

and site development with an interest payment of 4.5% per annum and payable up to 30 years.²⁴ In addition, the loanable amount to be approved will be whichever is the lowest amount among: (a) the sum of the loan entitlement of the CA MBs; (b) the project cost; or (c) the appraisal value of the property (Section 5, Corporate Circular HDH No. 14-002).

The HDHP uses a graduated amortization scheme with a 10% yearly graduated increase until the eleventh year where subsequent amounts of monthly payments will already be constant. The total monthly amortization is inclusive of insurance coverage: (a) mortgage redemption insurance (MRI); and (b) fire and allied perils insurance (FAPI). Both the MRI and the FAPI premiums for the first year must be paid in advance by the beneficiaries, while the subsequent payments shall be made monthly.²⁵ Table 10 illustrates the monthly amortization to be paid by the beneficiary. This amortization is twice the CMP loan amortization. Moreover, while CMP loans have fixed amortization for 30 years; the amortization of HDHP loans has graduated increases of 10% yearly until the 11th year. By the 11th year, monthly amortization would have reach P3,000 or five times the CMP loan amortization. The graduated amortization is based on assumption of improve incomes of beneficiaries. However, while incomes may improve, maintenance cost of housing will increase; the expenditure pattern of families is also expected to change (e.g. expenditure on schooling and other basic needs increases as children grow older).

HDH Program implements two schemes: (1) HDH based on a *People's Plan*; (2) HDH Refinancing.

HDHP People's Plan

The HDHP with a *People's Plan* scheme has two phases; land acquisition being Phase I while site development and building construction make up Phase II.²⁶ There are alternative modes of ownership of the lot and the building that are made available to address affordability issues. In cases when the property would not be affordable to a significant number of beneficiaries, the SHFC acquires the land as its asset to be utilized for socialized housing for HDHP beneficiaries. The SHFC has also the option to co-own the lots and the buildings, and rent these to the families (Corporate Circular No. 13-026). Additionally, the HDHP offers a rent-to-own scheme where after five years, the beneficiaries will either have to enter a Contract to Sell with the SHFC or move out (Corporate Circular No. 13-026). This type of arrangement is similar to NHA in-city resettlement projects.²⁷

HDHP *People's Plan* adopts the CMP strategy whereby ISFs organize themselves into community associations. The CAs identify the beneficiaries, undertake a community profiling survey,

²⁴ HUDCC Resolution No.1 (Series of 2013, dated October 16, 2013) increased the loan ceiling from ₱400,000.00 to ₱450,000.00.

²⁵ The CAs have a one-month grace period for the first monthly amortization payment (Corporate Circular No. 13-026, Series of 2013). If the loan package is for building construction only, the amortization payment of the CAs starts two months after their issuance of the Certificate of Completion and Acceptance of the building (Corporate Circular HDH No. 14-002)

²⁶ Phase I of the HDHP must be completed first before the commencement of Phase II but the loan approval process is done simultaneously as documents are provided.

²⁷ The CAs inform the SHFC of the tenurial arrangement that they would like to institute on the project (Section 7, Corporate Circular HDH No. 14-002).

and mobilize community resources (Corporate Circular No. 13-026, Series of 2013: High Density Housing Project Guidelines). Section 6 of the Corporate Circular HDH No. 14-001, Series of 2013 (Implementing Rules and Regulations [IRRs] for High Density Housing [HDH] Program Land Acquisition Loan) states that (1) the CAs must be registered with the HLURB or the CDA and those with track records must be in good standing; (2) their projects must appear to be manageable; and (3) they must have a clearly defined project management structure. In addition, they must have organizational plans which would come in handy during the repayment period.

The HDHP People's Plan scheme is also open to CAs that are registered owners of a lot, are using the land through usufruct, or have acquired a lot (e.g. through direct purchase or loan). These CAs are eligible for the building construction and/or site development loans as long as they complied with the requirements.²⁸ This means that the HDHP funds can also be utilized for site development and housing in CMP-acquired lots.

HDHP like CMP works through a mobilizer specifically the CSOs, which are the NGOs and people's organizations (POs). The mobilizer assists the CAs in community organizing and loan documentation phase, including in the construction phase, and the post-occupancy phase. Section 4 of the Corporate Circular HDH No. 14-004, Series of 2014 (Implementing Rules and Regulations for the Accreditation of SHFC Civil Society Organization (CSO) Partners for the High Density Housing (HDH) Program) states that the CSOs are tasked to help build the governance structure of the CAs, help prepare the technical, legal and financial requirements, help develop the technical capacities of the CAs, help improve the socioeconomic status of the beneficiaries, and prepare the loan documents. Additionally, the CSOs assist the CAs in developing the *People's Plan*. They will conduct technical workshops for the designing of the house and for site development planning (Section 4, Corporate Circular HDH NO. 14-004). For these activities, the CSOs are paid a service fee; the amount is equivalent to whichever is higher between 2% of the land acquisition cost and ₱1,500.00 per CA member.

Other key partners in the HDHP are contractors or developers which will provide the technical expertise and undertake construction. The CAs, with the help of the CSOs, select their contractors. The CAs can hire two or more contractors when the project covers at least 500 housing units (Section 8, Corporate Circular HDH No. 14-002).²⁹ These contractors are assessed by the SHFC according to organizational structure, technical expertise, managerial capability, delivery capability and experience, and financial stability. Contractors of the HDHP are paid from the loan proceeds based on the negotiated price of their contracts.

The contractors or developers are required to issue a certification that the plans, designs, and specifications of the respective CAs are in accord with relevant laws, ordinances, and regulations (Section 11, Corporate Circular HDH NO. 14-002). Contractors that participate in the HDHP are usually "social" contractors who are willing to take on lower profits for social projects. They are also willing to make initial investments to start the project. This has been the experience of the Alyansa

²⁸ Section 3 of Corporate Circular HDH NO. 14-002, Series of 2014 (Implementing Rules and Regulations (IRRs) for Building Construction and Site Development Loans for High Density Housing (HDH) Program

²⁹ Membership of above 200 households is allowed for housing cooperatives

ng mga Mamamayan ng Valenzuela Housing Cooperative (AMVACA) and Ernestville HOA, Inc. whose contractors have agreed to start the construction even when no payment had been given yet.³⁰

In particular, the Department of Interior and Local Government (DILG) is given a specific role in HDHP as the oversight agency for the ISF Housing Program. The DILG evaluates the plan conceptualized by the CAs with the assistance of the CSOs. The DILG also submits to the SHFC the masterlist of members who are eligible and may avail of loan assistance through the HDHP.³¹ The involvement of the DILG is to ensure better targeting of beneficiaries; that the beneficiaries of the program have a legitimate need for government housing and are residents of danger areas. The SHFC, for its part, looks at the DILG masterlist, review the list based on its alpha list of beneficiaries including those of other government housing programs to check for double availment, *i.e.*, whether there are CA members who are already beneficiaries of other housing programs.

The application process of HDHP projects takes a longer time given the additional permits and licenses that need to be provided. HDHP project goes through similar pre-take-out functions- background investigation, mortgage examination, loan examination and technical evaluation. SHFC checks the affordability of the projects to the member-beneficiaries. It makes a collateral appraisal with the guide of general approaches, practices, and principles, as well as the CMP Appraisal Methodology Manual.³² The HDHP thus faces similar issues with the CMP. These issues include those concerning SHFC such as the repeated submission of requirements, the slow loan application process, the low appraisals of properties; and issues on titles such as encumbrances and defective technical description (see Box 3). Since the HDH scheme involves delivery of completed housing, concerns on disaster resilience, availability of utilities, cashflow, and affordability are likely to be magnified.

Box 3. Issues Encountered in the Implementation of HDH Program and Proposed Recommendations

	Issues	Recommendations
REGISTRATION AND PEOPLE'S PLANNING	Issues on slow registration/accreditation process:	Dialogue with LGUs to stress that these projects are more their concern than the national level (use Metro Manila Council as a venue- SHFC to be invited)
	LGUs (letter of support); HLURB (Registration of CAs) CDA	

³⁰ Communities may also seek the services of academe-based technical experts (engineers, architectural graduates) in the subdivision/housing planning and design.

³¹ The Masterlist of ISF is based on census of ISFs in major waterways areas conducted by DILG in cooperation with MMDA and Metro Manila LGUs.

³² This is the CMP Manual approved by the SHFC Board of Directors on July 27, 2006 (Section 5, Corporate Circular HDH No. 14-001, Series of 2013).

	<p>DILG (Certification)</p> <p>Issues on CSOs and CAs</p> <p>Affordability of beneficiaries</p> <p>Lack of technical knowledge</p> <p>Different in culture (acceptance to living in MRBs)</p> <p>Knowing roles and responsibilities</p> <p>Issues with land owner</p> <p>Slow negotiations with landowner</p> <p>Issues with recalcitrant and syndicates</p> <p>Issue with processing fee</p>	<p>Ensure CSO and CAs coordination with LGUs in activities related to the project (On letter of support)</p> <ul style="list-style-type: none"> - Define focal persons and specific timelines <p>Determine/define timeline/turnaround time for registration and accreditation (1 week turn around time for HLURB registration)</p> <p>Development of a general subsidy program/framework</p> <p>Develop a community builders program/systems</p> <p>SHFC and LGUs provide technical and legal assistance for CAs and CSOs</p> <p>SHFC to intervene and provide support during negotiation process on the land</p> <p>Promote community led processes (community planning and participatory activities)</p> <p>SHFC to intervene and provide support during negotiation process on the land</p> <p>Promote community led processes (community planning and participatory activities)</p>
<p>DILG CERTIFICATION AND SHFC ACCEPTANCE OF APPLICATION</p>	<p>Issues</p>	<p>Recommendations</p>
	<p>Issues related to SHFC</p> <p>Repeated submission of requirements</p> <p>Slow and low appraisals</p>	<p>Lessen “piece meal findings”</p> <p>Define timelines for appraisals (2 weeks)</p> <p>Regular weekly meetings with project officers</p>
	<p>Issues related to Government</p> <p>LGUs</p> <ul style="list-style-type: none"> - Uncooperative due to clashes in political boundaries and political parties 	<p>Develop and provide adequate incentives for LGUs and NGAs to participate in the program</p>

	<ul style="list-style-type: none"> - Provision of utilities and services - CLUP not updated <p>NGA owned lands are not readily accessible and negotiable</p> <p>Issues related to land owner related issues</p> <p>Payment of real property tax</p> <p>Issues related to payment of taxes and documentary requirements</p> <p>Capital gains tax and transfer tax exemption</p> <p>Estate tax</p> <p>Donation tax</p> <p>EJS</p> <p>Issues on the Title</p> <p>Encumbrances</p> <p>Defective technical descriptions</p> <p>Issues on high cost of land (private and government)</p> <p>Issues on RRWW</p> <p>Issues on reclassification/conversion</p> <p>Issues on accommodation for cooperatives</p>	<p>Encourage one-stop shops in LGUs</p> <p>Notify concerned agencies on exemption for capital gains tax</p> <p>Develop institutional arrangements with BIR to fast track requirements (Existing)</p> <p>Inquire with Central Bank (BSP)/PDIC if they have a database on land appraisals. If they have, use this as basis for appraisals.</p> <p>DAR provided legal support to CAs and CSOs</p> <p>Develop pro forma templates on loan agreements for HOAs and Coops</p>
ISSUES ON CONSTRUCTION	Issues	Recommendations
	Issues on quality of the constructed building, general post occupancy safety and DRRM	<p>Capacity building for monitoring of project (implemented by CSOs-SHFC to provide incentives for this)</p> <p>Follow design specs (focusing on stability and construction)</p> <p>Prescribe maximum number of units per contractor (ex. 500 units)</p> <p>Do not allow 2 or more contractors to work on small projects</p>
	<p>Issues on utilities and services</p> <p>Issues on permits and finalization of design</p>	<p>Use innovative technologies rather than conventional/traditional method</p> <p>Hold consultations/dialogues with utilities and service provider</p>

	Issues on availability of funds (cash flow) Issues on weather	Encourage LGU to subsidize fees for permits for HDH projects (their equity) Centralize approvals of permits according to the BP 220
ESTATE MANAGEMENT AND COLLECTIONS	Issues	Recommendations
	Issues on estate management Formulation and implementation of rules Use and maintenance of common spaces Collection of monthly dues Security Sanitation	Conduct capacity building and community education activities (ex. property management and community settlements workshops)
	Issues on individualization and selling of rights to the units Issues on livelihood Issues on collection of amortization Issues on Insurance	Strict monitoring on collection Allow CA selection on company to provide MRI

Source: Information provided by the Social Housing Finance Corporation based on the HDHP Budget Consultation conducted last February 2015.

The Ernestville HOA I and Alyansa ng mga Mamamayan ng Valenzuela Housing Cooperative (AMVACA) Projects are among the first HDH People’s Plan projects taken out.³³ From these initial projects, it was relayed that the processing of the documentary requirements took them three years because of issues on land, building design and permits, and local government support on the project (Interview with AMVACA officers). The officers of Ernestville HOA, Inc. also relayed their experience of waiting for also two years before getting an approval of the other Phases of the program. They mentioned that they were made to submit requirements in “installments.” The slow pace has been very discouraging that some of the original beneficiaries have already decided to leave the program.

³³ Ernestville HOA I is composed of around 212 families who have mostly originated from Barangay Gulod, Novaliches, Quezon City. Meanwhile, AMVACA is composed of around 1,440 families who have mostly originated from Valenzuela City.

Despite these experiences of AMVACA and Ernestville HOA, Inc., the member beneficiaries are optimistic about the HDHP. In particular, the AMVACA Project is being showcased as the HDHP model for *People's Plan*. On the other hand, Ernestville HOA displays the resilience of community associations in completing their housing projects despite initial setbacks and with limited political support. Boxes 4 and 5 give an overview of these projects.

Box 4. Ernestville HOA, Inc.



The Ernestville Home Owners Association (HOA), Inc. Project in Novaliches, Quezon City is intended for 212 informal settler families living along Tullahan River.

The members of the HOA were organized by the Gulod Urban Poor Alliance (GUPA) and were assisted by their chosen mobilizer-Foundation for the Development of the Urban Poor (FDUP). The group effort resulted in the approval of the construction of two buildings as pilot project with each housing unit having a floor area of 26 square meters. The housing project has a lot area of 4,869 square meters and is composed of twelve (12) two-storey buildings.

The site development was undertaken using the savings of the HOA and supported by the local government of Quezon City.

Box 5. *Alyansa ng mga Mamamayan ng Valenzuela Housing Cooperative*



The Alyansa ng mga Mamamayan sa Valenzuela at Caloocan (AMVACA) Housing Project is a 4.2 hectare condominium style being built for 1,440 members of the Housing Cooperative. The members of the cooperative are mostly from informal settlements along the danger zones of Tullahan River in Valenzuela. The group applied for a loan under the High Density Housing (HDH) program of SHFC and was approved on December 2013. The loan is payable at a maximum term of 30 years with an interest of 4.5% per annually.

The AMVACA Housing Cooperative adopted a community-driven housing strategy in planning for their relocation. The members, with the help of their mobilizer Kilos Maralita, are very hands-on in the project. They were involved in identifying the relocation site, choosing the land developer, planning the design of the housing buildings and monitoring the construction process. Aside from the construction of cluster of 30 buildings at three storeys each, commercial areas including wet and dry markets, daycare center, and clubhouse will also be put up in the community.



HDHP Refinancing Scheme

Another scheme under the HDHP is refinancing. Refinanced HDH projects are multi-storey buildings which have been built using LGU funds. The LGU takes the lead in the development of projects by assuming the role of both the developer and landowner. As developer and owner, the LGU provides the development funds, undertakes the subdivision planning and design and selects the beneficiaries of its housing projects. Upon the completion of development and transfer of beneficiaries to the housing units, the LGU turns around to leverage its funds by using HDMF or SHFC take-out mechanism for end-user financing. SHFC allocates portion of the HDHP funds for this refinancing strategy.

The HDHP partnership between LGUs and SHFC is also viewed as a public-private sector partnership for socialized housing. Corporate Circular HDH No. 14-003 states that LGUs shall become HDHP Partners and shall create a department or unit that will specifically handle the respective projects. As HDHP partners, the LGUs are tasked to be in direct assistance to the communities in capacity building, preparation of documents, and collection of monthly amortization. Meanwhile, the CAs of the HDHP projects for refinancing must be in partnership with the LGUs and apply for a loan.

Corporate Circular HDH No. 14-003 further provides that the property or housing projects entered into the HDHP must comply with the following:

- (1) The title/s must be registered under the name of the LGU
- (2) The land is classified as residential;
- (3) The title/s should be free from liens or encumbrances;
- (4) The project must comply with the standards set by BP 220 and other applicable laws, rules and regulations;
- (5) The project must have secured the necessary permits, licenses and clearances from the appropriate government agencies; and
- (6) The building/s must be complete and ready for occupancy by the ISFs

The properties involved in the program maybe paid by the SHFC to the LGU (landowner and developer of the property) through two schemes. One scheme is a staggered payment wherein 50% is released provided that the buildings are 100% occupied and initial requirements for loan processing have been submitted to SHFC (see Annex 2 for list of requirements). The remaining payment will be released if the title has been transferred from the LGU to the name of the CA and the rest of the required documents have been submitted. The other payment scheme is where the LGU will be paid in full all at once. This scheme applies to LGUs which have already submitted all the requirements and have issued a warranty of undertaking to comply with their obligations including the necessary repairs of the structure of the property.

The initial projects under the HDH refinancing scheme are projects financed and developed by the local government of Quezon City. In particular, the Bistekville Project of the City is considered best practice model for ISF HDHP and LGU social housing. The housing subdivision concept is based on a mixed income subdivision that caters to both middle and low income sectors. The housing subdivision design moves away from the “one-size-fits all” scheme of public housing projects to a housing design that considers different affordability levels. Single detached and townhouses are

available for middle income households while 3 to 4 storey multi-level housing are available for the lower income level. An estate manager hired by the LGU Quezon City is also assigned to the area and supported by NGOs which capacitates communities within the subdivision on professional approach to estate management (see Box 6 for Bistekville details). The Bistekville Project has been replicated by the City and currently, there are four similar subdivisions under construction and in patnership with SHFC's HDHP.

Box 6. *Bistekville Projects under the HDHP*



Bistekville-2 (photo from LGU-QC)

Bistekville projects under the HDHP are refinanced projects of the local government unit of Quezon City. The projects are intended for ISFs in Quezon City, especially those which had been living in waterways and danger areas. Bistekville-1, financed with the SHFC and Pag-IBIG Fund, is located in Barangay Payatas, Quezon City. It is a 15,651 square meter-lot with 334 housing units, 144 of which are allocated for the ISFs which had lived along waterways. Bistekville-2, also financed with the SHFC and Pag-IBIG Fund, is located in Barangay Kaligayahan, Quezon City. It is a 48,876 square meter-lot with 1,078 housing units, 375 of which are allocated to ISFs which had lived along waterways. Bistekville-4 is a project financed solely by the SHFC and is located in Barangay Culiati, Quezon City. It is a 9,200 square meter-lot with 266 housing units.

Table 11 shows the list of projects on the pipeline for the HDH People's Plan and Refinancing scheme (see details in Annex 3 and 4). The key features of SHFC programs- CMP, LCMP and HDHP are summarized to provide an overview of similarities and differences across programs (see Table12).

Overall, HDHP has not made significant improvements over CMP program design. Targeting has improved with the involvement of another agency, the DILG in providing the Masterlist of beneficiaries and in the approval of member substitutions to be made by the CA. HDHP also addresses the land constraints and urban sprawl problem in Metro Manila and ensures better housing community subdivision since implementation of subdivision plans and provision of basic infrastructure services are made part of the loan. Moreover, HDHP opened an opportunity for greater participation and commitment of LGUs in local housing definitely a better arrangement than LCMP.

On the other hand, in terms of loan processing, there is not much improvement; the loan approval process in effect has been lengthened due to additional requirements on construction and building. Another issue is that of affordability. With the higher loan amount, some families will not be able to afford ownership of the unit. There could also be welfare cases whereby rental arrangements may not also be feasible. The HDHP forces SHFC to consider a subsidy program to beneficiaries, which at present is not available under the CMP and LCMP programs.

VI. Key Indicators of the Community Mortgage Program Performance

This section discusses mainly the outputs of the CMP since the HDHP is a newly implemented program. The CMP has been in existence for the past 25 years providing important milestones of program accomplishments.

A. Coverage

As of December 2014, there are 2,403 CMP projects extending loan assistance to 271,660 ISFs. There was a slow start in the beginning of the program with only 16 projects taken out in 1989 (see Table 13). This is expected as the key stakeholders of the program had yet to familiarize themselves with the processes. Over time, the number of taken-out projects has definitely grown. However, disregarding the pilot years of 1989 to 1993 shows that the number has not significantly improved. Figures 2a and 2b separate the years in which the CMP had been managed by the NHMFC and by the SHFC. These figures show that although the SHFC has generally taken out more projects than the NHMFC, the growth has been almost constant as well.

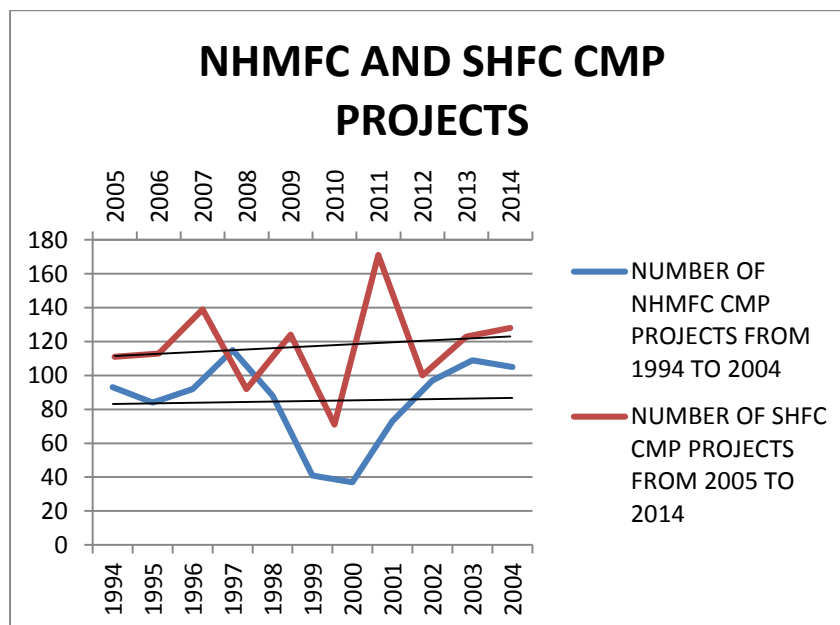


Figure 2a. Number of CMP Projects from 1994 to 2014

Note. Adapted from the Social Housing Finance Corporation database

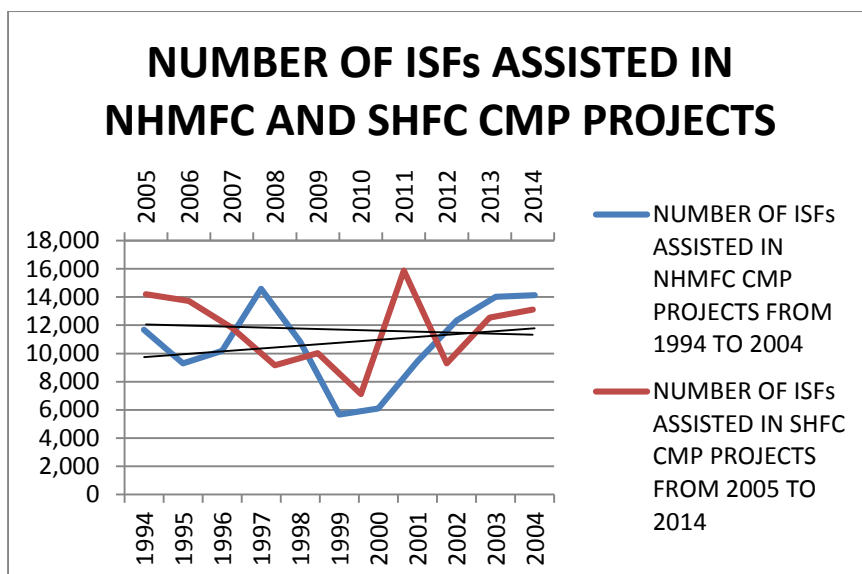


Figure 2b. Number of ISFs Assisted in NHMFC and SHFC CMP Projects
Note. Adapted from the Social Housing Finance Corporation database

The trend in the number of projects indicates that the pace of the SHFC loan application process has not improved much during the period in review. Complaints about the long processing time have been raised by both mobilizers and community associations. While the entire loan approval process of the SHFC is programmed to be completed within a period of 6 months, actual processing time takes more than one year. SHFC does not monitor projects based on a timeline, making it difficult to track the actual progress before take-out. It can be noted, however, that in recent years, the accomplishment of previously committed projects has been quite low. In 2013, only 33 out of 134 committed projects for takeout have been accomplished (see Table 14). Meanwhile, in 2014, only 42 out of the 146 committed projects for takeout were accomplished.³⁴

Analysis of the CMP process indicates that the SHFC does not disapprove loan applications but archive those which have technical, mortgage or loan deficiencies. The number of projects archived is not available, but the request for additional documents by the SHFC shows that the process can be tedious. There is a total of 56 possible alternative compliances from the 31 to 35 basic requirements in the pre-takeout process (see Table 15).³⁵

Upon review of the list provided by Ferido in his 2015 paper on the CMP, the additional documents are essential in order to establish the feasibility of the projects (see Table 16). However, some CMP mobilizers and CAs have complained about the SHFC issuing these requirements in “installments.” They relayed their experiences on going back and forth to SHFC in complying with the additional requirements set by the agency. In addition, some of interviewed CAs and MBs have mentioned cases wherein documents have sufficed for the approval of a project but have been rejected by the Loan Processing Group in another very similar project. In other words, the SHFC has been flexible with its requirements for some, but not for other projects.

³⁴ SHFC, nevertheless, notes that the take-out performances have already improved as compared to those in the previous years.

³⁵ These numbers are inclusive of the number of similar documents required by the Loan Processing Group.

The bottlenecks in CMP loan processing can be classified into land constraints (including site constraints); tax related constraints (e.g. BIR capital gains tax) and Community related constraints. Land constraints include those related to extrajudicial settlement; existence of liens, encumbrances and lis pendens; existence of prior mortgage to property; landowners being dissolved corporations; etc. These issues have resulted in the archiving of 47% of the active applications (LGI 2015). On the other hand, site constraints consist of issues relating to technical aspects of sites (e.g. land use, building code, and geohazard and climate change resiliency). Some CMP sites are marginal areas subject to landslides or liquefaction and due diligence is required in these cases. These concerns can bloat the requirements, and delay the approval process or even result in the archiving of the application.

The tax related constraints pertain to the approval process of the BIR in tax exemption privileges for properties utilized for socialized housing. In the case of CMP, landowners are exempt from payment of capital gains tax but the BIR does not provide automatic exemption but requires each project to apply for the exemption.³⁶ Despite SHFC's representation on this issue, the BIR has yet to come up with decision on the matter.

On the community related constraints, the issues pertain to readiness of the community to undertake CMP. During the loan processing stage, recalcitrant households may create factions in the community. Trust on community officers can also break down.

In general, these constraints are external to SHFC and ignoring these issues can have adverse implications on SHFC's loan portfolio. In other words, these issues can put SHFC's loan portfolio at risk and have adverse impact on program outputs. Thus, SHFC needs to find the balance between increasing outputs and program sustainability.

CMP projects are 98% land acquisition loans. Data shows that there are very few loan take-outs for site development and house construction, and this low availment is persistent throughout the existence of the CMP. For site development, there were only 46 applications from January 1989 to December 2014, involving only 26 CAs (1.1% of those which applied for lot acquisition) (see Table 17). In the meantime, there were only 12 loan applications for house construction in the same timeline, involving only 980 families of four CAs (0.2% of those which applied for lot acquisition) (see Table 17).³⁷ The slow pace of the loan application process has been referred to as one of the reasons why CAs are not enrolling in the other CMP stages. Communal loan could be a disincentive at these stages but there could be other reasons such as affordability to MBs, low repayment performance and internal conflicts in HOAs.

In terms of regional distribution of the CMP coverage, the National Capital Region (NCR) has the highest number of projects with a total of 1,173 or 49% of total projects approved (see Table 18). The region with the lowest number of projects is the Ilocos Region (Region I), having only two CAs. Furthermore, provincial distribution also provides that the NCR, Rizal, Cebu, Davao del Sur, and Quezon are the areas with the most number of projects (see Table 18). The high concentration of

³⁶ According to BIR, the reason for individual approval is that not all CMP projects can be considered housing for the poor, underprivileged or marginal groups. BIR based the tax exemption on the situation of beneficiaries while housing agencies consider the housing price.

³⁷ Some of the loan applications for site development and house construction involve the same CAs having different loan take-out dates because the loans are released in tranches.

the CMP projects in the NCR has raised the concern of some. However, this concern is unnecessary. The coverage by region shows that the program has been targeted to areas with high level of ISFs. There are also efforts from the SHFC to address ISF issues outside NCR through the LCMP which is targeted to LGUs outside Metro Manila. Recent statistics also reveal that in 2013 alone, 71% (11,443) of the ISFs covered by the program were from areas outside Metro Manila, and 4,149 (36.3%) of these families were from the poorest provinces (SHFC, 2013).

Distribution of CMP taken-out projects by size reveals that their sizes range from very small numbers to extremely large ones (see Table 19). As of December 2014, 838 (35.8%) out of the 2,403 CAs have less than or equal to 50 members; 1,161 CAs (48.3%) have at least 51 to at most 200 MBs; while 382 CAs (16%) have more than 200 MBs. The size of CA has implications on manageability and efficiency of communities but apparently, the SHFC has not given it much attention, specifically in the early years of the program. In latter years, the SHFC has adopted the ceiling of 200 households per community based on HLURB ruling on HOA membership limitation. Larger groups whose sizes are greater than 200 must establish a cooperative as per requirement of the HLURB.

While maximum limits have been set, it is surprising that SHFC accepts applications from HOAs with only 10 members or less. This size group represents 5% (124 projects) of the total projects taken out. Combined with CAs with group size of 11 to 20, the number increased to 376 projects or 16% of all the CMP projects. CAs with small sizes would probably be easy to process and therefore increase the outputs of SHFC, but servicing this size category defeats the essence of a community mortgage program. Small-sized CAs could directly negotiate with the landowners for direct purchase or with LGUs for financial support as have been done in several cases. The CMP would have greater impact if efforts are focused on CAs with higher number of beneficiaries.

B. Individualization of Community Title

Individualization of titles is an important feature of the CMP. It implies that the specified lots of each member beneficiary have been titled and the transfer of property rights to individual households can be undertaken. It also ensures that the community loan can be unitized to allow for individualized loans thus each member household can directly transact with the SHFC on loan payment without requiring a letter of authorization from the CA officials. A fully paid member is already qualified to have the title of his lot transferred in his name even if not all the members of the CA have similarly completed their amortizations. It has been argued that with individualization, repayment performance improves (Dumas, 2015)

An important feature of individualization is the existence of an approved subdivision plan, which is a necessary condition for the subdivision of title. An approved subdivision plan implies that open spaces and roads within the subdivision have been clearly delineated and that the individual lot sizes and location have been defined. Approved subdivision plans follow BP 220 which defines the minimum standards for space allocation, road size, and easement for socialized housing development. The rationale of these regulations is to avoid haphazard developments, and allow for ease of movement of people and vehicles in and out of the subdivision.

The subdivision plan thus is a basic requirement for site development. Without the approved plan, the provision of basic services is curtailed, causing these CMP subdivisions to remain as slums. LGUs cannot take responsibility on subdivision roads and basic infrastructures unless these roads

and open spaces are clearly defined and are turned over to them. In general, CMP projects are taken out on an “as is where is” policy where alterations and definite indications of open spaces and roads are not required; subdivision planning is intended to be corrected at a later stage. The extent of individualization of CMP projects thus can reveal the level of physical improvements. It is also an indicator of community cohesiveness since subdivision planning may result in reduction of area currently occupied due to road widening or transfer of some houses in a different area of the subdivision. This requires the community to work together to allow for subdivision improvement.

As of March 18, 2015, 753 (31.3%) of the 2,403 taken-out projects from 1989 to 2014 have passed at least the first stage of individualization (see Table 20). Stage 1 of individualization is the subdivision of title, and a critical requirement is the approved subdivision plan of the CAs. In other words, the 753 CAs already have approved subdivision plans. Nevertheless, Table 20 also shows that there are projects taken out from the early years of the program (ex. 1990s), which are still not individualized. The SHFC pointed out that some CAs do not even attempt to apply for individualization because of internal problems such as when (1) there are factions within the CAs; (2) the elected officers are inactive, making transactions difficult and even impossible for the MBs; and (3) there are several recalcitrant households. Another reason for delays in individualization is the lack of CA funds to pay for a surveyor. Some MBs consider the fees to be too costly.

The reasons for non-individualization do not only include CA-related issues. Some mobilizers point out that the SHFC does not encourage individualization at the outset since the agency will eventually have to take on the task of collecting the amortizations directly from the MBs which implies higher operational cost for the agency.

C. Beneficiary Substitution

Substitution involves the transfer of rights and membership of the original MB to a new member. Titles in the name of the CAs could only be transferred to the members registered in the CMP loan portfolio; therefore, those eligible to get their lot titles in addition to original member-beneficiaries are only the substitutes whose names are in the records of the SHFC. It must be noted that the names of substitutes are only listed in the records of the SHFC upon the approval of the CA officials and the agency.

Data show that as of April 30, 2015, there is a total of 15,082 SHFC-approved substitutions out of the 271,660 CMP beneficiaries since the take-out year of 1994 (see Table 21). Although the accounts make up only a small percentage of the total number of beneficiaries, it is important to understand why these cases even exist and what their implications are.

There are three major cases of substitution: (1) execution of waiver of rights (2) default in payment, and (3) assumption of obligation.³⁸

³⁸ There are other cases of substitution as seen in Annex 5. “Denial of MRI claim” is a situation where the MBs are denied of MRI because of old age. “Substitution of lots” is a case wherein the MBs settled in the wrong lot and the SHFC just allowed an exchange through lot swapping; it must be noted that no beneficiary leaves the community in such a situation. “Generated lots” may result from reblocking wherein the property is divided again, giving rise to some changes in the lot sizes. The PID, however, notes that some of the categories found in

One case of substitution is when an MB waives his rights to the lot. It is a question as to why original CA beneficiaries would voluntarily give up their rights to the lots when the expectation is that they would take advantage of the opportunities that the CMP offers. There are a lot of factors that may have led to their decision; but if most of these people left the community only to transfer to less convenient settlements or to squat in another area, then this puts negative implications on the program and its benefits to the poor.

Another case is substituting original MBs who have defaulted in payment. There is no immediate eviction in such cases. Substitution is an action that may be taken by the CAs to those who have not paid their monthly amortizations for at least three consecutive months. The CAs send at least three demand letters to the MBs who are not paying, while the MBs are allotted not less than fifteen days for each demand letter to update their accounts. If the MBs still do not update their accounts, a Notice of Termination will be issued and they will be informed that their LPAs with the respective CAs will be rescinded. The officers would inform the SHFC about the developments. At this point, the MBs can still appeal the termination of their accounts to the SHFC. The agency may grant this appeal; consequently, the MBs would have to update their payments and pay the penalties.³⁹ On the other hand, if there is no response from the MBs, the SHFC would already proceed with the substitution.

The third major case for substitution is the assumption of obligation. An assumption of obligation usually occurs when the original MB has died. In such a situation, a living descendant who is willing to continue the amortizations may do so and become the substitute. Otherwise, other individuals may apply to become the substitute.

Although substitution has positive effects on repayment as will be discussed in the next section, it also has negative implications. Ideally, people who really are in need of shelter could get assistance through the CMP. However, they may actually be the ones defaulting in payments and getting substituted in the program. This may indeed be the underlying situation based on anecdotal evidence on the type of house constructions in some CMP sites. Additionally, a notable requirement in the approval of substitution for all cases is the updated or full payment of loan. The SHFC requires that all accounts must first be updated. In other words, those applying to become the substitutes must pay the arrears of the original MBs, if any. The problem here is that the urban poor who are the target beneficiaries of the CMP may not be able to afford to make such payments. Consequently, the substitutes may not necessarily be comprised of the target beneficiaries of the program.

D. Collection Performance

In terms of overall collection performance, the CMP is relatively doing well. Albeit the annual corporate CER from 1989 to 2009 at the CA level and the CER from 2010 to 2014 at the MB level show that the program may not be considered as financially sustainable yet, its achievement in terms of finance is still widely recognized (see Table 22).⁴⁰ The CER of 1,030 (43.5%) out of the 2,367 CAs in the records of the FCD are in the range of 100% to 150% as of March 31, 2015, covering the

the records are very similar to each other. For instance, there is not much difference between the categories “death of MB” and “assumption of obligation,” and between the categories of “violation” and “ejectment.”

³⁹ Defaulters must pay an extra 1/15 of 1% of the amount due for each day of delay.

⁴⁰ Cacnio (2009) said that from 1994 to 2009, the CER has not reached at least 85% to make the program financially sustainable.

period of January 1989 to February 2015 (see Table 23). At this point, it is important to establish the factors significantly affecting the CER to ensure the continuity of the program in the long run.

Dumas (2015) reveals the factors which affects the CER of CMP projects based on sample beneficiaries from June 1994 to September 2012.⁴¹ He found out that the CER is (a) reduced by 15 to 25% in off-site projects; (b) has a negative correlation with the size of the project; (c) significantly increases along with equity contributions; (d) does not have a significant correlation with the type of CMP mobilizer; (e) has a strong and positive correlation with the economic cycle; (f) has had a positive impact from the substitution of beneficiaries; and (g) is seemingly increased by title individualization.

However, overall project CER does not tell the entire story. For instance, beneficiary substitution may displace the poor from the program; thus, substitution should be applied with caution. Similarly, capacity of households to provide equity may imply that the poor may not be able to participate in the program. Moreover, high CER of CAs does not mean that all or most of the beneficiaries are updated with their payments. There are cases wherein the CER of a CA is only high because there are members who have already made full payments of their loan. Case in point, out of all CAs with high CERs, only four are fully paid in the records of the Finance and Controllorship Department (FCD) as of March 31, 2015, covering the period of January 1989 to February 2015 (see Table 24).

A review of the ageing of accounts at the MB level as of February 2015 shows that only 26% of the MB accounts are current while 52% are past due; the balance of 23% are accounts that were restructured, under litigation, or for remedial action (see Table 25). Of the past due accounts, 61% are in arrears for three years or more. These accounts can already be considered as dormant.

A high CER also does not ensure that the CA is free from recalcitrant or that individualization after loan take-out will improve CERs. This is apparent in the case of Sitio Fatima Kawayanan Parenthood HOA, Inc. It had a CER of 85.2% from January to December 2014 and has 30 out of 146 beneficiaries with individualized titles already. Only few of the 30 beneficiaries have updated payments and the CA is faced with increasing number of recalcitrant households. The President of Sitio Fatima Kawayanan Parenthood HOA, Inc. emphasized that while the HOA has already gone through Stage I of the Individualization process, the association is still having problems with regard to the group of recalcitrants because most of these recalcitrants have not left the lots despite losing the ejection case filed against them. The number of recalcitrants has also grown over the years since they have been persuading other MBs not to pay the amortizations anymore.

In the case of the LCMP, six of the eight participating LGUs show good collection performance. The six LGUs recorded 90% to more than 200% CERs which is above the 90 to 100% requirement for them to obtain the monetary incentives of their collection services. The LGUs with low collection performance are Mati City and Cadiz City which have the CERs of 51.25% and 60.28%, respectively (CERs as of September 2014) (see Table 26). This collection performance is reflected on the CA level where more than 50% of CAs under LCMP reported CERs of 100% or higher while only 3

⁴¹ A SHFC data base from June 1994 to September 2012 was used by Victor Dumas of the World Bank Group. It includes data on amortization payments of 15,575 individual beneficiaries in 130 projects and aggregated amortization payments of nearly 1,800 projects.

CAs have CERs below 50% (see Table 27). The LGUs share in funding and the risks could be a key factor in the good collection performance. However, like CMP sites under the regular program, good CERs does not necessarily translate to transformation of CAs. Based on two LCMP sites in Silay City, the study team noted similar issues faced by CAs after post take-out. While one of the sites visited has been transformed (e.g. Fisherman’s Village), the other CMP site (e.g. St Francis Assissi) is faced with internal problems and distrust between members and officers, which is hindering community transformation.

In recent years, the SHFC has been more proactive in dealing with dormant accounts. The SHFC has been exerting efforts in keeping some projects active. The agency created the Remedial Group which is envisioned to revive dormant CMP projects. Still in its pilot years, the group has already discovered the main reasons for the inactivity of the CAs: (1) the officers of the association are not performing their duties, (2) the officers are not trusted by the MBs (3) elections are no longer being conducted, (3) the members do not have a broad knowledge on the CMP, (4) the presence of syndicates trying to create problems in the CMP projects, and (5) the presence of recalcitrants.

The projects selected by the Remedial Group are CAs with three years of arrears. There was a total of 117 projects endorsed to the group and this number was narrowed down to 60. The Remedial Group prioritized the projects with the highest loan amounts. Other qualifications are that at least 80% of the original number of MBs would be participating in the revival of the projects.⁴² The “revival” of these communities required SHFC to invest time and resources for community development for at least two years.

The remedial action of SHFC so far has been positive. From 2010 to 2014, the Remedial Group of the SHFC has already rehabilitated 60 projects and has collected ₱55,485,681.27 out of the total loan value of ₱269,861,793.32 (see Table 28). According to the Remedial Group, the CERs of these projects greatly increased after rehabilitation. This action shows that building social capital in CMP communities at the onset is key to program sustainability and success. SHFC’s involvement in community development at pre-take out stage is thus critical. It should not be done at post take-out when accounts have already become problematic.

The CAs also think that the decision on how to deal with recalcitrants must be handled by SHFC and not the CA or the mobilizer. The CAs do not have the capacity to go through legal process of eviction, which is a task that should performed by government.

E. Community Transformative Scorecard

The transformative scorecard is a qualitative measure of a community’s transformation or transformability based on indicators of the Physical, Socio-cultural, Economic, Environmental, and Institutional aspects of the community.⁴³ Each indicator consists of several dimensions that are rated

⁴² But the SHFC has been flexible with this qualification; they actually consider projects with at least 50% CER. Replacing the original members who will not be joining the projects anymore will go through the same legal process as that in the normal cases of substitution.

⁴³ This tool was developed through the collaborative efforts of the following agencies: (1) School of Government, Ateneo University; (2) Institute of Educational Institution; (3) Transformative Urban Resettlements in Metro Manila; and (4) Informal Cities Dialogue.

based on self or community assessment. For each dimension a maximum score of ten (10) is assigned; one (1) being the lowest, and ten (10) being the highest score.

For this study, the Physical, Social and Institutional indicators were used to assess the level of transformability of the CMP and LCMP selected sites. The dimensions used for Physical Environment indicators are: (1) availability of electric power and potable water, (2) availability of drainage system for surface water, (3) waste collection and disposal, (4) efficient movement of people and vehicles in the community, (5) unobstructed pathways and link of community roads to arterial roads. The dimensions for social and institutional indicators are: (1) neighborliness; (2) safety within the community; (3) governance of HOA in terms of transparency, conduct of election, and presence of community organizations; and (4) level of LGU support to the community.⁴⁴

The selected CMP projects are those that have been existing for about ten years such that improvements and social effects should already be felt or observed by the members of the association.⁴⁵ The scoring was done by at least 10 non-officer member-beneficiaries. All scores were added to get the average score for each dimension. The result of this exercise is presented in Table 29.

Of the eight CMP and LCMP sites which were selected, four sites can be considered transformed communities given the total score of 8 to 10. These communities mentioned major improvements of their physical environment, mobility and community governance post-takeout.

Communities with scores of 6 to 7 are not yet fully transformed. There is yet a need to improve on the physical environment (e.g. surface drainage) and mobility within the community. Community governance is also shaky with beginnings of discontent reflected in the scores.

The two sites with scores of 5 and below are the communities that have low transformability despite land regularization. In these two communities, a common problem observed is the absence of a road right-of-way. Both communities are accessible only by foot. Comparatively, Sitio Fatima Kawayanan Parenthood HOA, Inc. is just a few meters away from the local road; while Villa Paraiso HOA, Inc. is several meters away from the main road, and the pathway to the site is narrow, wet due to surface water, gets flooded during heavy rains, and electricity and water are supplied through bulk meter. Electric supply is cut off to the community whenever some households do not pay their electric bills.

Villa Paraiso also has the lowest CER (29%) among the visited sites. The relatively low CER of Lunduyan HOA, Inc. is due to unresolved issues on the land, *i.e.*, the land is a forestland, making it unalienable, and that the land is on top of a fault line; the unresolved land issues are also the reasons for the absence of subdivision plan. Basic services such as electricity and water, nevertheless, are available because of the proximity of the HOA to the arterial road.

The site visit also noted that the CA may have an approved subdivision plan and subdivided titles but have not been fully transformed. This is because the approved subdivision plan is not

⁴⁴ Annex 6 consists of photos of the selected sites. Likewise, it includes photos of HDHP sites visited by the research team.

⁴⁵ LCMP sites visited are relatively new (as all LCMP projects are). Fisherman's Village Zone II and St. Francis of Assisi I HOA, Inc. were both taken out in 2013.

necessarily implemented after post take-out. Thus, the implementation of approved subdivision plan at the onset or prior to loan take-out should be a necessary requirement.

It is important to note that improvements and developments of the physical structure of the communities are mainly funded through grants, *i.e.*, donations from LGUs and elected officials. The CAs legal ownership of land has encouraged the inflow of public funds in these communities which in effect can be considered as government subsidy under CMP. However, LGU support is also tied to subdivision planning of CAs (*i.e.* roads can't be paved if development within the community is haphazard) and community cohesion.

F. Cost of Program Administration

Government subsidy to the SHFC is utilized mainly to capitalize its loan fund. Corporate operations are funded from income generated on loans, savings, fees, and other services. About 50% of the income generated are from interest income on loans. Based on SHFC financial projections, the current portfolio level and CER of 85% can sustain the operations of the agency. However, this financial standing is at risk given that more than 50% of the ageing individual loan accounts are past due. In the long term, the SHFC has to increase its level of operation and to ensure that the current corporate CER is sustained.

Assessment of SHFC operational expenses on the CMP for the past five years (period of 2010 to 2014) shows an average cost of ₱0.47 per peso of loan generated (see Table 30). In terms of accounts, the SHFC spends an average of about ₱27,700.00 to service the lot acquisition loans of each borrower or CA.

On the other hand, the Home Development Mutual Fund (HDMF) cost per peso of loan is at ₱0.33 for the period in review. It must be noted, however, that the HDMF deals with individual borrowers and mainly finances completed socialized housing units; consequently, it has the advantage of having bigger loans per borrower.

VII. Conclusions and Recommendations

The Community Mortgage Program remains a relevant program for informal settler families in the country. However, the program has been slow to respond to the demand it created and has to be improved in terms of service delivery and program organization.

In particular, the service delivery mechanisms of the program tend to exclude the poor from participation. First, the cost of land in the city is increasing and the maximum limit on loanable amount per household implies that equity contribution is needed. The poor households may not be able to raise the required equity and exclude themselves from the community. Second, the program allows for entry of non-resident households in community associations for both on-site and off-site communities. In on-site projects 15% of CA members can be non-residents of the community. While in off-site projects, 70% of CA members can be households that lived elsewhere. Since the decision to include/exclude households is made primarily by CA officers, there is a high probability of inclusion of households specifically in off-site projects that are not the target

beneficiaries of CMP. Third, SHFC also gives the responsibility to the CA to substitute beneficiaries based on non-payment of amortizations, waivers, etc. Substitution has contributed to the improvement of CERs of CMP projects and has helped prevent foreclosure through litigation process. However, the poor may actually be the ones defaulting in payments and getting substituted in the program. Moreover, substitution requires the “new” member to update the loan and pay the arrearages; it is unlikely that poor household can provide these funds.

The potential leakage from the above CMP processes require SHFC to be proactive in targeting communities and households and to implement a subsidy mechanism that will protect the poor and near-poor from being dislodged from the program. In general, the SHFC has been passive in targeting potential communities for the CMP; the agency mainly relies on mobilizers. Given the limited funds of the SHFC, the agency should prioritize communities wherein the CMP can bring major impacts (e.g. poorer/congested settlements, large ISF settlements). Land regularization of small-sized settlements (e.g. 20 households or less) should be addressed by alternative modes of land acquisition such as direct purchase. Moreover, SHFC has to consider an income based subsidy strategy that will ensure that the poor and vulnerable households are not put at a disadvantage.

The slow loan approval process of CMP remains an issue against the program. The constraints are noted in general to be outside the control of the SHFC such as land issues on ownership and site feasibility; tax exemption implementation and community readiness. However, SHFC can provide its own interventions such as: One, accreditation of mobilizers to include aside from CER record, the mobilizers accomplishment in terms of percentage of committed projects taken out and the timeline in which committed projects are applied and taken out. These indicators reflect the ability and experience of mobilizers in dealing with land constraint issues and the BIR. Two, SHFC to select mobilizers with capacity in community development and in strengthening social capital in communities. Third, ensure that community development is undertaken prior to loan take-out. SHFC must have clear guidelines or actions on recalcitrant households and not rely entirely on the CA to resolve this issue. SHFC benefits in the long run since these interventions tend to reduce the probability of faction within the group. SHFC’s intervention should not only come in when accounts have become problematic.

The slow loan processing is reflected in the outputs of SHFC. Between 1994 and 2014, the growth in the number of projects and beneficiaries showed no significant change; the annual number of beneficiaries and projects practically did not change over time. This has raised concern on the absorptive capacity of the agency. However, it should be noted that the low take out of loans is not entirely due to the loan process but that SHFC needs to maintain a level of portfolio risk to ensure program sustainability. Thus, since SHFC does not reject applications; it can requests additional requirements that will place the “riskier” applications on archived status (or prioritize less risky accounts such as small size CA of less than 20 households).

Although CMP’s collection performance is still better than other socialized housing programs of government, an examination of individual accounts show that only about 25% of the member beneficiary accounts are current. More than 50% of the ageing individual accounts are past due, while the rest are either under litigation, remedial action, or restructured. Considering that CMP is the main loan product of SHFC and that the agency’s operations are sustained primarily by interest income from loans, the sustainability of the program is at risk.

The CMP has addressed only one aspect of adequate shelter, *i.e.*, lot acquisition. The expected transformation of CMP communities into safe and habitable communities does not apply to all CMP projects. The average effects cannot be ascertained in this study since we mainly relied on case studies and key informant interviews. Nevertheless, it can already be said that the focus of the program on security of tenure has created difficulties in physical improvement of sites in the later stage. Some CMP projects have been approved without having road right-of-way and approved subdivision plans. Although these situations can be mitigated in the next phase, flexibility in such requirements has been counterproductive. Eventual provision of road right-of-way can take a long time or may not happen at all, which create perceptions of program failure among member-beneficiaries. Meanwhile, assessments by some LGUs reported the difficulty in undertaking and implementing subdivision plans in many CMP sites after land regularization because of the refusal of some members to have a reblocking (which usually leads to a reduction on the occupied space or a transfer to another lot). Over time, factions in the communities arise and the community leadership is weakened; consequently, the capacity to undertake subdivision improvements is compromised. While the SHFC has recognized this problem, the agency has yet to strictly implement this requirement and act on the issue.

The expansion of the CMP to other community-based programs such as the HDHP is a welcome development. The CMP does not have to be confined only to horizontal and incremental housing development. The HDHP, which is currently on pilot stage, is ideal in highly urbanized cities that are congested. However, the issue of affordability will be magnified in the HDH Program since the loan includes the full cost of housing (*i.e.* land, site development, housing construction). Many households may not be able to afford a loan and like the regular CMP, HDHP would tend to exclude the poor households from participation. Moreover, the HDH strategy needs to be backed up by professional estate management to prevent the deterioration of the projects into vertical slums. In particular, the LGU refinancing scheme under HDHP seems to be a promising strategy that can address the issues of targeting, site improvement and estate management. This scheme maybe a better strategy than LCMP to encourage participation/commitment of LGUs specifically in highly urbanized cities.

Overall, CMP addresses a market failure in housing finance for community based housing. Formal financial institutions including the HDMF are not yet attuned to HOAs or housing cooperatives as borrowers of housing loans. SHFC can therefore play the role of a development partner instead of a traditional lender by developing mechanisms/strategies that will eventually link community mortgage to the formal housing finance market. In particular, a recent World Bank Technical Assistance on SHFC has recommended specific actions for SHFC's development role which includes a city-wide approach to targeting CMP communities; funding support for community development; and facilitation in technical aspects of land and housing development.

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SITE VISITS

Silay City (April 14 to 15, 2015):

Fisherman's Village Zone II (FGD with some MBs)

Location: Silay-Mambulac Road, Brgy. Mambulac, Silay City

Mobilizer: LGU - Silay City

No. of ISFs Assisted: 60

Total Loan Amount (Php): 1,767,779.53

Take-out Date: February 28, 2013

CER (as of September 2014): 229.02%

St. Francis of Assisi I HOA (FGD with some MBs)

Location: Sitio Berano, Brgy. Llantad, Silay City, Negros Occidental

Mobilizer: LGU - Silay City

No. of ISFs Assisted: 185

Total Loan Amount (Php): 6,505,847.98

Take-out Date: October 31, 2013

CER (as of September 2014): 72.53%

Antipolo City (April 21, 2015):

VELS Home HOA, Inc. (FGD with some MBs)

Location: Sitio Biong, Brgy. San Luis, Antipolo City

Mobilizer: LGU - Antipolo City

No. of ISFs Assisted: 268

Total Loan Amount (Php): 6,793,355.4

Take-out Date: December 29, 2005

CER (latest 12 months, January to December 2014): 169.0773%

Valenzuela City (April 29, 2015):

Alyansa ng mga Mamamayan ng Valenzuela Housing Cooperative (FGD with officers and some MBs)

Location: Sitio La Mesa, Brgy. Ugong, Valenzuela City

CSO: Kilos Maralita

No. of ISFs Assisted: 1,440

Board Approval Date: December 27, 2013

Quezon City (April 29, 2015):

Ernestville HOA I (FGD with officers and some MBs)

Location: Nenita Extension, Barangay Gulod, Novaliches, Quezon City

CSO: Foundation for the Development of the Urban Poor

(FDUP)

No. of ISFs Assisted: 212

Board Approval Date: February 28, 2013

Marikina City (April 30, 2015):

Tabing-Ilog Nangka HOA, Inc. (FGD with some MBs)

Location: Brgy. Parang, Marikina City

Mobilizer: Foundation for the Development of the Urban Poor (FDUP)

No. of ISFs Assisted: 198

Total Loan Amount (Php): 9,956,838.67

Take-out Date: April 19, 2002

CER (latest 12 months, January to December 2014): 117.7648%

Quezon City (May 4, 2015):

Lunduyan HOA, Inc. (FGD with some MBs)

Location: Sitio Lunduyan, Talanay, Batasan Hills, Quezon City

Mobilizer: LGU - Quezon City

No. of ISFs Assisted: 199

Total Loan Amount (Php): 12,665,654

Take-out Date: December 19, 2005

CER (latest 12 months, January to December 2014): 66.5771%

Virgilio Delos Santos HOA, Inc. (FGD with some MBs)

Location: Purok 4 B Luzon Ave., Congressional Road, Brgy. Culiati, Tandang Sora,

Q.C.

Mobilizer: LGU - Quezon City

No. of ISFs Assisted: 201

Total Loan Amount (Php): 15,496,920

Take-out Date: September 20, 2006

CER (latest 12 months, January to December 2014): 93.6219%

Parañaque City (May 5, 2015):

Sitio Fatima Kawayanan Parenthood HOA, Inc. (FGD with some MBs)

Location: Brgy. Marcelo Green, Parañaque

Mobilizer: Holy Ground Philippines Foundation, Inc.

No. of ISFs Assisted: 147

Total Loan Amount (Php): 4,317,490.5

Take-out Date: December 9, 2002

CER (latest 12 months, January to December 2014): 85.221%

Villa Paraiso HOA, Inc. (KII with HOA president of Carrion Property)

Location: Villa Paraiso, Brgy. Sun Valley, Parañaque City

Mobilizer: Palanyag Leadership Institute for Development Foundation, Inc. (PLID)

No. of ISFs Assisted: 190

Total Loan Amount (Php): 7,440,750

Take-out Date: May 19, 2004

CER (latest 12 months, January to December 2014): 63.8217%

Tables

Table 1

Growth and Distribution of Informal Settler Families (ISFs) from 1991 to 2012

Region	Number of ISFs in 1991	ISF Distribution by Region in 1991 (%)	Number of ISFs in 2012	ISF Distribution by Region in 2012 (%)	Annual Percentage Growth Rate, 1991-2012 (%)
NCR - National Capital Region	65,865	23.4%	286,366	40.5%	15.9%
CAR - Cordillera Administrative Region	81	0.0%	776	0.1%	40.8%
Region I - Ilocos	6,534	2.3%	8,813	1.2%	1.7%
Region II - Cagayan Valley	10,234	3.6%	8,492	1.2%	-0.8%
Region III - Central Luzon	20,129	7.2%	27,184	3.8%	1.7%
Region IVA - CALABARZON	21,514	7.7%	77,049	10.9%	12.3%
Region IVB - MIMAROPA	4,444	1.6%	7,778	1.1%	3.6%
Region V - Bicol	17,612	6.3%	26,956	3.8%	2.5%
Region VI - Western Visayas	45,750	16.3%	43,217	6.1%	-0.3%
Region VII - Central Visayas	12,057	4.3%	66,546	9.4%	21.5%
Region VIII - Eastern Visayas	17,892	6.4%	40,512	5.7%	6.0%
Region IX - Zamboanga Peninsula	4,936	1.8%	27,513	3.9%	21.8%
Region X - Northern Mindanao	10,101	3.6%	10,946	1.5%	0.4%
Region XI - Davao	16,383	5.8%	12,691	1.8%	-1.1%
Region XII - SOCCSKSARGEN	8,261	2.9%	28,739	4.1%	11.8%
Region XIII - Caraga	14,262	5.1%	20,634	2.9%	2.1%
ARMM - Autonomous Region in Muslim Mindanao	4,948	1.8%	13,046	1.8%	7.8%
Philippines	281,000	100%	707,258	100%	7.2%

Source: Basic data is the Family Income and Expenditure Survey (FIES), National Statistics Office

*Informal Settler Families have the tenure status of "rent-free without consent of owner," which in the FIES is the sum of those with tenure status of "own house, rent-free lot without consent of owner" and "rent-free house and lot without consent of owner."

*1985 to 2009 values are estimates of PIDS-ESD Team

*2012 values are estimates of the research team

Table 2

Type of Land Occupied by Informal Settler Families in the Philippines and in Metro Manila in 2011

Type of Area	Philippines		Metro Manila	
	No. of ISFs	Percent to total ISFs	No. of ISFs	Percent to Total ISF
Private lands / properties	378,517	25.2%	279,966	47.9%
Government owned lands	265,361	17.7%	158,647	27.1%
Danger areas	767,502	51.1%	104,219	17.8%
Government infrastructure project areas	52,797	3.5%	21,132	3.6%
Other areas	38,159	2.5%	20,461	3.5%
TOTAL	1,502,336	100%	584,425	100%

Source: National Housing Authority; Department of Public Works and Highways, local government units

Table 3

Informal Settler Families in Metro Manila: By City

City/Municipality	No. of ISFs	ISF Distribution by City/Municipality (%)
Quezon City	232,181	39.7%
Caloocan City	79,280	13.6%
Pasay City	34,450	5.9%
Manila City	30,913	5.3%
Paranaque City	28,539	4.9%
Malabon City	27,203	4.7%
Mandaluyong City	23,847	4.1%
Valenzuela City	21,404	3.7%
Muntinlupa City	20,712	3.5%
Taguig City	19,458	3.3%
San Juan City	14,857	2.5%
Las Pinas City	14,107	2.4%
Navotas City	11,052	1.9%
Marikina City	10,114	1.7%
Makati City	10,106	1.7%
Pasig City	4,173	0.7%
Municipality of Pateros	2,029	0.3%
Total	584,425	100%

Source: National Housing Authority; Department of Public Works and Highways, local government units

Table 4

Price Range of Selling Price and Appraised Value of CMP Projects in NCR

Price Range (per square meter)	Number of Projects with Selling Prices Within the Range	%	Number of Projects with Appraised Values Within the Range	%
Below 500	0	0.0%	1	0.1%
At least 500 but less than 1000	44	4.6%	23	2.4%
At least 1,000 but less than 1,500	74	7.8%	90	9.5%
At least 1,500 but less than 2,000	221	23.3%	178	18.8%
At least 2,000 but less than 2,500	299	31.5%	375	39.5%
At least 2,500 but less than 3,000	168	17.7%	182	19.2%
At least 3,000 but less than 3,500	77	8.1%	53	5.6%
At least 3,500 but less than 4,000	27	2.8%	21	2.2%
At least 4,000 but less than 11,500	39	4.1%	26	2.7%
Total	949	100%	949	100%

Source: Data adapted from the Social Housing Finance Corporation database (TSD databank dated as of April 6, 2015)

Notes.

*Adjusted selling prices and re-appraised values within the date of coverage have been taken into account

*Only added items which have both a selling price and an appraised value in the original SHFC database

*Removed items with selling prices that differ in the two or all of the following documents: Project Basic Information Sheet, Intent to Sell, MOA

*For items with different selling prices for lots along the road and those in the interior, those with higher amounts are the ones subtracted from the corresponding appraised values

Table 5

Equity To Be Paid By CA Members in NCR

Equity To Be Paid By Each Member	Number of CAs	Percentage to Total
0	33	13.8%
More than 0 to less than 5,000	49	20.5%
5,000 to less than 10,000	31	13.0%
10,000 to less than 15,000	32	13.4%
15,000 to less than 20,000	18	7.5%
20,000 to less than 25,000	27	11.3%
25,000 to less than 30,000	8	3.3%
30,000 to less than 35,000	9	3.8%
35,000 to less than 40,000	5	2.1%
40,000 to less than 45,000	3	1.3%
45,000 to less than 50,000	6	2.5%
50,000 to less than 55,000	2	0.8%
55,000 to less than 60,000	3	1.3%
60,000 to less than 65,000	2	0.8%
65,000 to less than 70,000	2	0.8%
70,000 to less than 75,000	0	0.0%
75,000 to less than 80,000	1	0.4%
80,000 to less than 85,000	1	0.4%
85,000 to less than 90,000	1	0.4%
90,000 to less than 95,000	0	0.0%
95,000 to less than 100,000	0	0.0%
100,000 and more	6	2.5%
TOTAL	239	100%

Source: Data adapted from the Social Housing Finance Corporation database (selling price and size of CMP area from TSD databank dated as of April 6, 2015; total loan amount for land acquisition and number of MBs from main database--CMP Taken-out Projects as of December 2014)

Notes.

*Equity = Selling Price - Total Loan Amount for Land Acquisition

*Adjusted selling prices within the date of coverage of TSD databank have been taken into account

*Only added items which both have a selling price and a size of CMP area indicated in the TSD databank

*Removed items with selling prices that differ in the two or all of the following documents: Project Basic Information Sheet, Intent to Sell, MOA

*For items with different selling prices for lots along the road and those in the interior, those with higher amounts are the ones subtracted from the total loan amount (land acquisition)

Table 6

Poverty Incidence on Informal Settler Families in 2012

	Total Number of ISFs	Number of ISFs Below the Poverty Threshold	Percentage of ISFs Below the Poverty Threshold	Number of ISFs Below the Near-Poor Income Threshold	Percentage of ISFs Below the Near-Poor Income Threshold
Philippines	707,258	139,335	19.7%	217,365	30.7%
NCR	286,366	15,062	5.3%	38,057	13.3%

Source(s): Basic data from the Family Income Expenditure Survey of 2012

Notes. *The 2012 per capita poverty threshold is Php 18,935.00 for the Philippines and Php 20,344.00 for NCR alone. 2012 per capita poverty threshold from the National Statistical Coordination Board (NSCB). Retrieved from: http://www.nscb.gov.ph/secstat/d_income.asp

*The ratio near-poor income threshold/total poverty threshold (RAT) of 1.28, as computed by Paqueo et al. (2014), was multiplied to the poverty threshold to determine the near-poor income threshold.

*The computed near-poor income threshold is Php 24,236.80 for the Philippines and Php 26,040.32 for NCR alone.

Table 7

Performance of CMP Projects by Type of Mobilizer

Type of Mobilizer	Total Number of Projects	Distribution of Projects Per Mobilizer (%)*	W/ Individual Transfer Certificate of Title (TCT)	Distribution of Projects with Individual TCT (%)**	Items in Litigation/ Foreclosure Accounts	Distribution of Items in Litigation/ Foreclosure Accounts (%)***
Government Corporation	284	13.6%	117	41.2%	35	12.3%
Local Government Units	680	32.6%	161	23.7%	23	3.4%
Non-Government Organizations	1,121	53.8%	254	22.7%	84	7.5%
Total	2,085	100%	532	25.5%	142	6.8%

Note. Data adapted from the SHFC Collection Efficiency Report (per Corporate Circular CMP no. 003) per mobilizer as of January 31, 2015

*Distribution of projects per mobilizer = Number of projects per mobilizer/ Total number of projects of all mobilizers

**Distribution of projects with individual TCT = Number of projects with individual TCT per mobilizer/ Total number of projects per mobilizer

***Distribution of items in litigation/foreclosure accounts = Number of items in litigation or foreclosure accounts per mobilizer/ Total number of projects per mobilizer

Notes from the Collection Efficiency Report.

The CER report used is as of January 31, 2015; the SHFC indicated in the document that it is subject to adjustment, if there is any, due to unrecorded/ unreconciled payments.

It was further noted in the report that payments made thru check will be posted to the loan ledgers only after 3 days clearing period, and that the Roxas City Urban Poor Federation, Inc. requested the exclusion of Lagubang HOA, Inc. in the computation of the CER.

Table 8

Differences in the Selling Price and SHFC-Appraised Value of Land

RANGE OF DIFFERENCES BETWEEN SELLING PRICE AND APPRAISED VALUE (SELLING PRICE - APPRAISED VALUE), PHP PER M²	NUMBER OF PROJECTS	PERCENTAGE TO TOTAL
Greater than -8000 and at most -7500	1	0.1%
Greater than -7500 and at most -7000	0	0.0%
Greater than -7000 and at most -6500	0	0.0%
Greater than -6500 and at most -6000	0	0.0%
Greater than -6000 and at most -5500	1	0.1%
Greater than -5500 and at most -5000	2	0.1%
Greater than -5000 and at most -4500	0	0.0%
Greater than -4500 and at most -4000	0	0.0%
Greater than -4000 and at most -3500	1	0.1%
Greater than -3500 and at most -3000	3	0.2%
Greater than -3000 and at most -2500	3	0.2%
Greater than -2500 and at most -2000	5	0.3%
Greater than -2000 and at most -1500	13	0.7%
Greater than -1500 and at most -1000	48	2.6%
Greater than -1000 and at most -500	148	8.1%
Greater than -500 but less than 0	696	38.0%
Subtotal (Projects where the selling price is less than the appraised value)	921	50.3%
0	60	3.3%
Subtotal (Projects where the selling price is equal to the appraised value)	60	3.3%
Greater than 0 but less than 500	657	35.9%
at least 500 but less than 1000	142	7.8%
at least 1000 but less than 1500	37	2.0%
at least 1500 but less than 2000	11	0.6%
at least 2000 but less than 2500	1	0.1%
at least 2500 but less than 3000	2	0.1%
at least 3000 but less than 3500	1	0.1%
Subtotal (Projects where the selling price is greater than the appraised value)	851	46.5%
GRAND TOTAL	1832	100%

Source: Data adapted from the Social Housing Finance Corporation database (TSD databank dated as of April 6, 2015)

Notes.

*Differences between selling price and appraised value = Selling price - Appraised value

*Adjusted selling prices and re-appraised values within the date of coverage have been taken into account

*Only added items which have both a selling price and an appraised value in the original SHFC database

*Removed items with selling prices that differ in the two or all of the following documents: Project Basic Information Sheet, Intent to Sell, MOA

*For items with different selling prices for lots along the road and those in the interior, those with higher amounts are the ones subtracted from the corresponding appraised values

Table 9

*Partner-LGUs in the LCMP
as of December 2014*

Partner-LGUs	Number of CMP Projects
LGU - Cadiz City	2
LGU - Island Garden	2
LGU - Los Baños	1
LGU - Mati City	5
LGU - Naga City	4
LGU - Panabo	3
LGU - Puerto Princesa City	1
LGU - Silay City	6
LGU - Talisay City	4
Total	28

Note. Data adapted from the Social Housing Finance Corporation database.

Table 10

HDHP Amortization Scheme

GRADUATED AMORTIZATION SCHEME				
LOAN (PHP)		450,000.00		
INTEREST		4.50%		
TERM (Years)		30		
GRADUATED INCREASE		10.00%		
YEAR	MONTHLY AMORTIZATION	MRI (Monthly)	FIRE INSURANCE (Monthly)*	TOTAL MONTHLY AMORTIZATION
1	1,097.24	184.50	30.60	1,312.34
2	1,206.97	184.50	30.60	1,422.07
3	1,327.66	184.50	30.60	1,542.76
4	1,460.43	184.50	30.60	1,675.53
5	1,606.47	184.50	30.60	1,821.57
6	1,767.12	184.50	30.60	1,982.22
7	1,943.83	184.50	30.60	2,158.93
8	2,138.21	184.50	30.60	2,353.31
9	2,352.04	184.50	30.60	2,567.14
10	2,587.24	184.50	30.60	2,802.34
11 - 30	2,845.96	184.50	30.60	3,061.06

Source. Taken from SHFC presentation (July 15, 2014).

Table 11

HDHP Board-Approved Projects as of February 24, 2015

	People's Plan	Number of ISFs	Refinancing	Number of ISFs
Taken-out Projects	9	5,534	2	114
Pipeline Projects	5	3,509	5	212

Notes. LGU partner in all refinanced projects: LGU-QC

Table 12

Comparative Features of Community Mortgage Programs of the Social Housing Finance Corporation

	Community Mortgage Program	Localized Community Mortgage Program	High Density Housing Program
Main Pre-Takeout Role	Social Housing Finance Corporation	Local Government Unit	Social Housing Finance Corporation
Mobilizers	(1) Local government units; (2) non-governmental organizations; and (3) national government agencies, bureaus and corporations	Non-governmental organizations/ Private organizations/ Local government units	Civil Society Organizations
Target Beneficiaries	Urban poor communities	Urban poor communities of the partner-LGUs	Communities positioned along waterways and living in danger areas
Site Location	(1) On-Site or (2) Off-Site	(1) On-Site or (2) Off-Site	(1) In-City, (2) Near City, or (3) Off-Site
Loan Types	(1) Land Acquisition, (2) Site Development, and (3) Home Construction	(1) Land Acquisition, (2) Site Development, and (3) Home Construction	(1) Building Construction only, (2) Lot Acquisition and Building Construction, or (3) Lot Acquisition, Building Construction, and Site Development
Maximum Total Loan Amount	₱250,000.00	₱250,000.00	₱450,000.00
Loan Release	Full or Partial	Full or Partial	Full or Partial
Interest Rate	6% interest rate per annum	6% interest rate per annum	4.5% interest rate per annum
Repayment Period	25 years	25 years	30 years

Table 13

Summary of Taken-out Projects from 1989 to 2014

Year	Number of Projects	Number of Informal Settler Families Assisted	Total Loan Amount, PHP
1989	16	3,199	62,442,738.22
1990	83	12,440	235,696,386.55
1991	43	5,772	121,000,800.35
1992	48	4,923	129,882,537.49
1993	107	10,139	241,950,097.35
1994	93	11,690	283,474,318.44
1995	84	9,290	285,724,295.85
1996	92	10,192	308,406,579.04
1997	115	14,591	497,300,485.59
1998	88	10,844	385,470,640.06
1999	41	5,668	209,191,621.20
2000	37	6,088	196,458,622.37
2001	73	9,457	347,533,897.01
2002	97	12,331	485,471,922.56
2003	109	14,026	616,574,774.18
2004	105	14,129	595,523,598.86
2005	111	12,699	623,443,144.76
2006	113	13,733	737,393,754.86
2007	139	11,819	625,882,842.49
2008	92	9,169	513,001,904.70
2009	124	10,021	561,109,408.82
2010	71	7,121	396,746,006.56
2011	171	15,875	982,052,458.49
2012	100	9,287	548,695,240.29
2013	123	12,537	765,529,416.16
2014	128	13,120	817,152,250.66
TOTAL	2,403	270,160	11,573,109,742.91

Note. Data adapted from the Social Housing Finance Corporation database.

*Removed Bridge Financing items from the original data

*NHMFC managed the CMP from 1989 to 2004

*In 2005, SHFC became fully operational and managed the CMP

Table 14

Comparison of Committed Projects, 2013 and 2014

	2013			2014		
	<i>Commitment</i>	<i>Actual Performance (January to December)</i>	<i>Accomplishment (%)</i>	<i>Commitment</i>	<i>Actual Performance (January to December)</i>	<i>Accomplishment (%)</i>
New Applications						
Number of Projects	155	30	19%	53	17	32%
Number of Informal Settler Families Assisted	20,814	3,738	18%	7,097	2,140	30%
Loan Mortgage Value in Pesos	1.06B	220.69M	21%	514.17M	182.89M	36%
Pipeline Projects						
Number of Projects	134	33	25%	146	42	29%
Number of Informal Settler Families Assisted	16602	3,646	22%	16366	4,202	26%
Loan Mortgage Value in Pesos	1.21B	421.57M	35%	1.28B	297.39M	23%

Note. Data adapted from the SHFC powerpoint presentation during the budget consultation held in February 2015 with Community Mortgage Program mobilizers of NCR

*During budget consultations, the SHFC instructs the mobilizers to classify their committed projects as "new applications" or projects for take-out ("pipeline projects"). "New applications" are those that the mobilizers project to submit based on provided parameters by the SHFC. "Pipeline projects" are the projects that are currently being processed for take-out by the SHFC, excluding those which have been archived.

Table 15

Basic Requirements and Alternative Compliances Submitted During Application and Evaluation

Activity		Number of Basic Requirements	Number of Possible Alternative Compliances
Loan Application		2	
Evaluation	Background Investigation (BI)	6 – 7*	1
	Technical Examination- Site Inspection and Appraisal(TE)	6	29
	Loan Examination (LE)	6	5
	Mortgage Examination (ME)	11- 14**	21
Total (A)		31-35	56
Similar Requirements (B)		8***	3***
Total (A-B)		23-27	53

Source: Data taken from Ferido, M. (2015). *A study on mapping-out Community Mortgage Program loan requirements: Examining the CMP loan requirements vis-à-vis SHFC's Evaluation and Approval Process.*

Notes. * 6 basic requirements if onsite/ 7 basic requirements if offsite

** 11 basic requirements if individual landowner/ 14 basic requirements if is a corporation

*** Some activities request similar documents (ex. BI, LE and ME require Notarized MOA between CA and Landowner)

Table 16

General Reasons for Alternative Compliances by Activity during Simultaneous Evaluation

Activity	Conditions why Alternative Compliances are Required	Reasons for the Alternative Compliances
Background Investigation	<ul style="list-style-type: none"> • Submission of MOA on sale is not possible 	Serves as proof or reference on agreed terms of the sale
Loan Examination	<ul style="list-style-type: none"> • Submission of MOA on sale is not possible • Selling price is higher than loan entitlement or appraisal 	Serves as proof or reference on: <ul style="list-style-type: none"> • agreed terms of the sale; and • whether CA has paid or willing to pay the equity.
Technical Examination	<ul style="list-style-type: none"> • No RROW or Access Road • Need to clear structures not in accordance with subdivision plan within the CMP property (ex. structures in easements, road lots and house lots) • Need to define actual CMP area (in cases of excluded lots or project site is within a larger tract of land) • Discrepancy in the technical description on the title and subdivision plan • The whole or a portion of the CMP area is in a danger area (natural or manmade) 	Serve to obligate CA to clear structures, do further community upgrading or disaster mitigating measures Serves as proof or reference on: <ul style="list-style-type: none"> • existence of RROW/access road; • suitability of land for housing • determining actual CMP area; and • existence of community based DRRM plan and measures.
Mortgage Examination	<ul style="list-style-type: none"> • Land owner has died • Submission of MOA on sale is not possible • Title has been burned or missing • Title has annotations (DAR, Lis Pendens and Mortgage) • Verification of SPA 	Serves as proof and reference on: <ul style="list-style-type: none"> • willingness of heirs to sell the land to CA; • agreed terms of the sale; • authenticity and accuracy of the title/s; • whether the annotations that encumber the sale are canceled; and • legality of the representative of CA and Landowner to transact in the sale of the property.

Source. Data taken from Ferido, M. (2015). *A study on mapping-out Community Mortgage Program loan requirements: Examining*

Table 17

Regional Distribution of Projects for Site Development and House Construction from January 1989 to December 2014

Region	Site Development			House Construction		
	Total Loan Amount, PHP	Number of Involved CAs	Percentage of CMP CAs Involved in Site Development Stage	Total Loan Amount, PHP	Number of Informal Settler Families Assisted	Percentage of CMP Beneficiaries Involved in House Construction Stage
NCR	8,863,175.59	8	0.7%	11,760,000.00	294	0.3%
CAR	0.00	0	0.0%	0	0	0.0%
I	0.00	0	0.0%	0	0	0.0%
II	293,599.25	1	2.2%	0	0	0.0%
III	24,901,347.76	7	5.5%	5,944,752.00	259	1.0%
IV-A	37,789,273.48	4	1.3%	17,080,000.00	427	0.9%
IV-B	0.00	0	0.0%	0	0	0.0%
V	1,891,991.93	3	7.3%	0	0	0.0%
VI	0.00	0	0.0%	0	0	0.0%
VII	0.00	0	0.0%	0	0	0.0%
VIII	0.00	0	0.0%	0	0	0.0%
IX	1,253,422.54	2	3.8%	0	0	0.0%
X	0.00	0	0.0%	0	0	0.0%
XI	0.00	0	0.0%	0	0	0.0%
XII	900,000.00	1	2.0%	0	0	0.0%
CARAGA	0.00	0	0.0%	0	0	0.0%
ARMM	0.00	0	0.0%	0	0	0.0%
TOTAL	75,892,810.55	26	1.1%	34,784,752.00	980	0.4%

Note. Data adapted from the Social Housing Finance Corporation database.

*Percentage of total CMP CAs involved in site development stage = Number of involved CAs per Region/Total Number of CMP CAs per Region

*Percentage of total CMP Beneficiaries involved in house construction stage = Number of ISFs Assisted per Region/Total Number of ISFs Assisted per Region

*Some of the loan applications for site development involve the same CAs having different loan take-out dates.

Table 18

Regional Distribution of Community Mortgage Program Projects

Region	Provinces	Number of Projects	Regional Distribution of Projects (%)	Average Loan of CAs per Region, PHP	Number of Informal Settler Families Assisted	Regional Distribution of Projects (%)	Average Loan of MBs per Region, PHP	Total Loan Amount, PHP
NCR		1,173	48.8%	4,463,635.16	98,319	36.4%	52,453.38	5,069,510,083.05
CAR		5	0.2%	7,129,151.85	692	0.3%	51,511.21	35,645,759.27
1		2	0.1%	8,850,000.00	258	0.1%	68,604.65	17,700,000.00
2		45	1.9%	8,143,442.32	8,302	3.1%	44,140.56	366,748,503.48
3		127	5.3%	5,929,156.60	24,756	9.2%	30,416.99	784,262,994.41
4-A		316	13.2%	5,775,418.93	47,888	17.7%	38,110.43	1,883,136,270.29
4-B		79	3.3%	6,103,888.44	10,783	4.0%	44,719.20	482,561,827.78
5		41	1.7%	5,964,575.06	7,310	2.7%	33,453.84	247,005,902.28
6		159	6.6%	4,373,733.08	16,038	5.9%	43,360.99	695,688,995.56
7		118	4.9%	3,450,014.16	8,746	3.2%	46,547.18	408,452,780.49
8		19	0.8%	6,972,020.78	3,070	1.1%	43,149.31	132,905,719.27
9		53	2.2%	4,938,522.08	7,792	2.9%	33,591.08	263,690,072.72
10		52	2.2%	5,393,763.81	7,484	2.8%	37,476.71	281,411,393.65
11		139	5.8%	4,222,668.03	18,533	6.9%	31,670.58	588,223,405.27
12		51	2.1%	4,894,294.72	7,404	2.7%	33,712.73	250,509,030.78
ARMM		4	0.2%	2,821,180.88	548	0.2%	20,592.56	11,284,723.50
CARAGA		20	0.8%	2,718,614.06	2,237	0.8%	24,305.89	54,372,281.11
GRAND TOTAL		2,403	100%		270,160	100%		11,573,109,742.91

Note. Data adapted from the Social Housing Finance Corporation database.

*Removed Bridge Financing items from the original data

*Regional Distribution of Projects = Number of Projects in the Region/ Total Number of Projects

*Regional Distribution of ISFs Assisted = Number of ISFs Assisted in the Region/ Total Number of ISFs Assisted

Table 19

Distribution of CAs by Size of Membership Under the NHMFC (1994-2004) and the SHFC (2005-2014)

SIZE OF COMMUNITY ASSOCIATION	NHMFC (1994 to 2004)		SHFC (2005 to 2014)		NHMFC and SHFC (1994 to 2014)	
	NUMBER OF CAs	DISTRIBUTION BY NUMBER OF CAs (%)	NUMBER OF CAs	DISTRIBUTION BY NUMBER OF CAs (%)	NUMBER OF CAs	DISTRIBUTION BY NUMBER OF CAs (%)
At Most 10 MBs	47	5.0%	67	5.7%	124	5.2%
11 to 20 MBs	96	10.3%	129	11.0%	252	10.5%
21 to 30 MBs	81	8.7%	99	8.4%	214	8.9%
31 to 50 MBs	85	9.1%	146	12.5%	270	11.2%
51 to 100 MBs	188	20.1%	241	20.6%	497	20.7%
101 to 200 MBs	223	23.9%	370	31.6%	664	27.6%
Greater than 200 MBs	214	22.9%	120	10.2%	382	15.9%
TOTAL	934	100%	1,172	100%	2,403	100%

Source: Data adapted from the Social Housing Finance Corporation database.

*Removed Bridge Financing items from the original data

*Project Distribution by Number of Projects = Number of Projects for the Given Range/ Total Number of Projects

Table 20

*CMP Individualized Projects as of March 18, 2015**

Year	Number of Individualized Projects	Total Number of Taken-Out Projects	Individualized Projects to Total Projects Taken-out (%)
1989	12	16	75.0%
1990	49	83	59.0%
1991	28	43	65.1%
1992	26	48	54.2%
1993	68	107	63.6%
1994	59	93	63.4%
1995	43	84	51.2%
1996	47	92	51.1%
1997	42	115	36.5%
1998	33	88	37.5%
1999	18	41	43.9%
2000	14	37	37.8%
2001	32	73	43.8%
2002	33	97	34.0%
2003	37	109	33.9%
2004	37	105	35.2%
2005	25	111	22.5%
2006	36	113	31.9%
2007	34	139	24.5%
2008	12	92	13.0%
2009	28	124	22.6%
2010	11	71	15.5%
2011	20	171	11.7%
2012	8	100	8.0%
2013	1	123	0.8%
2014	0	128	0.0%
TOTAL	753	2,403	31.3%

Note. Data adapted from the Social Housing Finance Corporation database.

* Individualized projects are either projects with subdivided mother titles/individualized titles only or combined individualized title and unitized loans

**Number of Individualized Projects include both the NHMFC and SHFC accounts

Table 21

Approved Substitutions of Take-out Years 1994 to Present as of April 30, 2015

Region	Approved Substitutions Per Region	Total Number of MBs	Approved Substitutions to Total MBs (%)
NCR	8636	99,819	8.7%
CAR	53	692	7.7%
I	104	258	40.3%
II	973	8,302	11.7%
III	678	24,756	2.7%
IV-A	1988	47,888	4.2%
IV-B	548	10,783	5.1%
V	537	7,310	7.3%
VI	460	16,038	2.9%
VII	228	8,746	2.6%
VIII	80	3,070	2.6%
IX	184	7,792	2.4%
X	47	7,484	0.6%
XI	279	18,533	1.5%
XII	225	7,290	3.1%
CARAGA	62	2,237	2.8%
ARMM	0	662	0.0%
TOTAL	15,082	271,660	5.6%

Note. Data adapted from the Social Housing Finance Corporation database

Table 22

Annual Corporate Collection Efficiency Rating as of January 31, 2015

CA Level	Collection	Billing	CER
1989	1,401,478.00	1,737,479.00	80.66%
1990	6,820,625.00	10,863,939.00	62.78%
1991	14,189,396.00	20,807,611.00	68.19%
1992	19,505,066.00	30,134,560.00	64.73%
1993	30,103,859.00	45,238,311.00	66.55%
1994	49,828,934.00	65,837,808.00	75.68%
1995	61,838,399.00	86,538,968.00	71.46%
1996	72,453,406.00	106,789,461.00	67.85%
1997	91,054,624.00	139,248,511.00	65.39%
1998	124,869,775.00	180,427,400.00	69.21%
1999	115,255,406.00	194,918,394.00	59.13%
2000	136,887,966.00	211,835,900.00	64.62%
2001	158,738,053.00	229,956,996.00	69.03%
2002	170,374,025.00	264,098,463.00	64.51%
2003	193,873,724.00	302,800,326.00	64.03%
2004	236,450,849.00	351,206,179.00	67.33%
2005	223,632,857.00	392,964,243.00	56.91%
2006	312,078,845.00	448,469,570.00	69.59%
2007	241,276,552.00	518,634,260.00	46.52%
2008	319,193,404.00	569,624,916.00	56.04%
2009	430,858,511.00	610,038,805.00	70.63%
MB Level	Collection	Billing	CER
2010	412,450,589.00	651,797,598.00	63.28%

2011	570,838,796.00	663,444,746.00	86.04%
2012	519,574,708.00	702,090,761.00	74.00%
2013	509,972,810.00	665,742,664.00	76.60%
2014	624,677,234.00	740,493,952.00	84.36%

Source: Data taken from the Social Housing Finance Corporation database

Notes.

*Corporate CER is recorded at the CA Level from 1989 to 2009, and at the MB Level from 2010 to 2014. The SHFC shifted the recording of collection to the MB Level to present more accurate data.

*CER Formula:

1) 1989 to 2006 CER = Collection/ Billing

where: Total collections include principal, interest, advances, insurance, arrearages PLUS Penalties while billings include principal, interest and insurance (current billing only).

2) 2007 to 2009 CER = Collection/ Billing

where: Total collections include principal, interest, advances, insurance, arrearages LESS Penalties while billings include principal, interest and insurance (current billing only).

3) 2010 to 2014 CER = Collection/ Billing

where: Total collections include principal, interest, advances, insurance, arrearages LESS Penalties while billings include principal, interest and insurance (current billing only).

Table 23

Distribution of Number of CAs per CER Range

CER Range	Number of CAs	Distribution of CAs Per CER Range (%)
Below 50	314	13.3%
50 - 84	440	18.6%
85 - 99	415	17.5%
100 - 150	1,030	43.5%
Greater than 150	168	7.1%
TOTAL CAs	2,367	100%

Note. Data adapted from the Social Housing Finance Corporation database

*Data is as of March 31, 2015, covering the period of January 1989 to February 2015

Table 24

Fully Paid Member-Beneficiaries and Community Associations per Region

Region	Total CA	Total MB	Number of Fully Paid MBs	Number of Fully Paid CAs
I	3	407	18	0
II	44	8,153	624	0
III	120	20,222	1,977	0
IV-A	308	45,490	5,953	1
IV-B	82	11,863	1,558	0
IX	53	7,879	785	0
NCR	1,177	98,509	19,036	1
V	39	7,206	408	0
VI	156	15,868	919	0
VII	104	7,299	1,542	2
VIII	19	3,134	290	0
X	52	7,615	831	0
XI	135	18,122	2,492	0
XII	46	7,069	649	0
XIII	19	2,070	671	0
ARMM	5	411	61	0
CAR	5	692	89	0
TOTAL	2,367	262,009	37,903	4

Source. Data taken from the Social Housing Finance Corporation database

*Data is as of March 31, 2015, covering the period of January 1989 to February 2015

Table 25

Ageing of Accounts (MB Level) as of February 2015

Ageing Accounts	Number of MBs	Percentage in Terms of Type of Ageing	Total Arrearages	Percentage in Terms of Amount of Arrearages
<i>Current Accounts</i>				
0	40,643	17.5%	0.00	0.0%
>0-3	19,118	8.2%	15,696,044.59	0.2%
	59,761	25.8%	15,696,044.59	0.2%
<i>Past Due Accounts</i>				
>3-6 months	9,273	4.0%	78,910,678.80	0.9%
>6-12	11,792	5.1%	61,078,084.60	0.7%
>12-24	15,190	6.5%	107,022,847.17	1.2%
>24-36	10,844	4.7%	133,036,290.40	1.5%
	47,099	20.3%	380,047,900.97	4.4%
<i>Past Due Accounts</i>				
>36-60 months	15,492	6.7%	306,692,788.72	3.5%
>60-UP	57,346	24.7%	3,617,758,206.56	41.7%
	72,838	31.4%	3,924,450,995.28	45.2%
Total Past Due	119,937	51.7%	4,304,498,896.25	49.6%
<i>Remedial Accounts</i>				
REM	27,485	11.8%	2,635,370,029.37	30.4%
	27,485	11.8%	2,635,370,029.37	30.4%
<i>Items in Litigation</i>				
FCL	4,945	2.1%	674,234,312.99	7.8%
	4,945	2.1%	674,234,312.99	7.8%
<i>Restructured Accounts</i>				
RES	16,366	7.1%	933,191,075.20	10.7%
	16,366	7.1%	933,191,075.20	10.7%
<i>One Year Updating</i>				
1UP	3,587	1.5%	118,498,371.98	1.4%
	3,587	1.5%	118,498,371.98	1.4%
Grand Total	232,081	100%	8,681,488,730.38	100%

Note. Data adapted from the Social Housing Finance Corporation database

*Data does not include fully paid accounts

*Percentage in Terms of Type of Ageing = Number of MBs Involved per Type of Ageing/Grand Total of Number of MBs with Ageing Accounts

*Percentage in Terms of Amount of Arrearages = Total Arrearages of MBs Involved per Type of Ageing/Grand Total Arrearages

Table 26

Collection Efficiency Rates of LGU-Partners with Taken-out Projects as of December 31, 2014

LGU	CER
LGU - Mati City	51.25
LGU - Cadiz City	60.28
LGU - Puerto Princesa City	99.49
LGU - Naga City	114.59
LGU - Talisay City	130.26
LGU - Silay City	131.49
LGU - Panabo	152.14
LGU - Island Garden City of Samal	237.01

Source: Data taken from the Social Housing Finance Corporation database

*CER as of September 2014

Table 27

Distribution of Number of LCMP CAs per CER Range (CER as of September 2014)

CER RANGE	NO. OF CAs
No CER yet	4
Below 50	3
50 - 84	4
85 - 99	2
100 - 150	11
Greater than 150	4
TOTAL CAs	28

Note. Data adapted from the Social Housing Finance Corporation database

* The data covers all taken-out projects as of December 31, 2014, which explains why there are CAs without CERs yet.

*The highest CER as of September 2014 is at 372%, while the lowest is at 34%.

Table 28

Summary Report on Remedial Activities

YEAR	NUMBER OF PROJECTS/ HOA ACCOUNTS REHABILITATED*	LOAN VALUE, PHP	TOTAL AMOUNT OF COLLECTIONS, PHP
2010	17	61,901,253.64	1,716,741.31
2011	16	96,770,299.75	11,719,724.30
2012	16	71,864,134.78	13,929,443.92
2013	7	19,897,716.87	12,570,841.93
2014	4	19,428,388.28	15,548,929.81
TOTAL	60	269,861,793.32	55,485,681.27

Note. Data taken from the Social Housing Finance Corporation database.

Notes provided by the SHFC.

These HOAs' rehabilitations are on-going and awaiting approval of the In-House Remedial Restructuring Program (IRRP) by the Management.

Table 29

Community Transformation of Selected Sites

Community Transformability Indicators	Antipolo City, Rizal	Marikina City	Quezon City		Parañaque City		Silay City, Negros Occidental	
	VELS HOA	Tabing-Ilog, Nangka HOA	Lunduyan HOA, Inc.	Virgilio Delos Santos HOA, Inc.	Sitio Fatima Kawayanan Parenthood HOA, Inc.	Villa Paraiso HOA, Inc.	Fisherman's Village Zone II	St. Francis of Assisi HOA
Physical Environment	9.79	9.17	7.58	9.33	5.78	3.11	7.51	6.28
Mobility and Access	8.82	8.11	6.58	8.63	4.35	1.00	8.18	6.83
Social Network and Safenets	9.09	8.55	7.41	9.11	5.19	5.00	7.95	6.50
Community Governance	8.11	8.44	6.78	9.27	5.39	-	8.15	6.25
LGU/Institutional Integration	4.45	7.78	5.58	9.53	5.62	1.33	8.27	6.67
TOTAL	8.50	8.53	6.96	9.17	5.32	2.74	7.97	6.43
QUALITATIVE SCORING	Good	Good	Satisfactory	Good	Poor	Poor	Good	Satisfactory

Source: Based on the answers provided by the beneficiaries in the scorecard (translated to Filipino) during the focus group discussions

*See Annex 7 for the average scores on all transformability indicator items included in the scorecard

Notes:

	CMP Sites
	LCMP Sites

CER of Silay City Sites: As of September 2014

Villa Paraiso HOA- Scoring based on the assessment of observers

Subtotal of Group Indicator computed as: Total Score/Number of Responses

Transformability indicators:

Physical environment: availability of electric power and potable water, drainage system, and waste and collection disposal

Mobility and access: efficiency in movement of people in the community, and unobstructed pathways and connection of the community to local roads

Social network and safenets: neighborliness, and safety within the community

Community governance: election, transparency and feedback from HOA officers, opportunity to give comments on the performance of the HOA officers, and presence of community activities (ex. youth and women organization)

LGU/Institutional Integration: LGU support on the community

Qualitative Scoring: 8-10 = Good; 6-7: Satisfactory; 5 below = Poor

Table 30

Comparative Cost Ratios (Cost per Loan Granted)

	CMP	HDMF
2010	0.55	0.28
2011	0.27	0.34
2012	0.65	0.28
2013	0.43	0.41
2014	0.43	0.33
<i>Average</i>	<i>0.47</i>	<i>0.33</i>

Note. Computation based on data from SHFC Annual Reports and HDMF Financial Report, Annual Audit Reports and Accomplishment Reports

Additional Notes.

Computation of Cost Ratios
SHFC: Total Corporation Cost/ Total Amount of Approved Loan (CMP)

HDMF: Total Expenses/Total Amount of Housing Loans Granted

(see Annex 8 for the actual computation)

Annexes

Annex 1

CMP Projects for Site Visits

City	Project	Performance	Collection Efficiency Rate (%)	Mobilizer	Take-out Date
Antipolo City	Vels Home HOA, Inc.	High	169.0773	LGU - Antipolo City	12/29/05
	N/A*				
Quezon City	Virgilio Delos Santos HOA, Inc.	High	93.6219	LGU - Quezon City	09/20/06
	Lunduyan HOA, Inc.	High	66.5771	LGU - Quezon City	12/19/05
Marikina City	Tabing-Ilog Nangka HOA, Inc.	High	117.7648	Foundation for the Development of the Urban Poor (FDUP)	04/19/02
	N/A**				
Parañaque City	Sitio Fatima Kawayanan Parenthood HOA, Inc.	High	85.221	Holy Ground Philippines Foundation, Inc.	12/09/02
	Villa Paraiso HOA, Inc.	Low	63.8217	Palanyag Leadership Institute for Development Foundation, Inc. (PLID)	05/19/04

Notes. Data adapted from the Social Housing Finance Corporation.

*The selected low-performing CA in Antipolo City could not be located; thus, the team conducted a site visit and FGD only in one site for that particular city.

** The lowest CER in the criteria-based group of CAs in Marikina City is 91.01%; thus, no low-performing CA was selected for this city.

Annex 2

Sections 2 and 3, Annex "A", Corporate Circular HDH NO. 14-003, Series of 2014

II. Staggered Payment

A. First 50%

1. Notarized Loan Agreement
2. Notarized Real Estate Mortgage
3. Promissory Note
4. SHFC Letter of Guaranty with signed Conforme
5. Landowner's Original Duplicate Copy
6. Notarized Deed of Absolute Sale
7. Notarized Deed of Assignment between the Community Association (CA) and Landowner
8. Latest Tax Declaration and Clearance
9. Latest General Information Sheet of CA
10. Latest General Information Sheet of Corporate Landowner
11. Landowner's Letter-Request for 50% Release of Loan
12. Two (2) valide Government Issued IDs of the Landowner/s and CA's representative/s
13. Certificate of Completion and Acceptance by community association
14. LGU's Warranty Undertaking stating that it will comply with their obligations under the IRR and for necessary repairs of the structure of the subject property/ies

B. Final (50%)

1. Registry of Deeds (RD) certified copy of Real Estate Management (REM)
2. Original Duplicate Copy of Title in the name of the CA with annotation of REM
3. Tax declaration in the name of the CA
4. Collection Agreement
5. Lease/Purchase Agreement

III. Full Takeout

1. Notarized Loan Agreement
2. Promissory Note
3. SHFC Letter of Guaranty with signed Conforme
4. Original Duplicate Copy of Title in the name of the CA
5. RD certified copy of notarized Deed of Absolute Sale
6. Notarized Deed of Assignment between the Community Association (CA) and Landowner
7. Latest Tax Declaration and Clearance
8. Latest General Information Sheet of CA
9. Latest General Information Sheet for Corporate Landowner
10. Two (2) valid Government Issued IDs of the Landowner/s and the CA's representative/s
11. RD certified copy of REM
12. Tax Declaration in the name of the CA
13. Letter-request for full release of loan
14. Certificate of Completion and Occupancy by community association
15. LGU's Warranty Undertaking stating that it will comply with their obligations under the IRR and for the necessary repairs of the structure of the subject property/ies

*SHFC reserves the right ot require additional requirement/s if deemed necessary

**SHFC shall obtain all certified true copy of titles from RD by viture of LRA & HDMF arrangement

Annex 3

HDH Taken-Out Projects as of February 24, 2015

Per Relocation Area	NAME OF PROJECT	CSO PARTNER	RELOCATION	ORIGIN-BARANGAYS	WATERWAYS	Estimated # OF ISF	Board Approval
Quezon City	Ernestville HOAI	FDUP	Barangay Gulod, Novaliches, Quezon City	Barangay Gulod, Novaliches, Quezon City	Tullahan River	212	28-Feb-13
	Goldmine Interior Homeowner's Association	CUPS	Barangay Nagkaisang Nayon	Barangay Nagkaisang Nayon	Tullahan River	104	21-Oct-13
	Bistekville 1-Block 5 HOAI	LGU QC	Barangay Payatas, Q.C.	Bagong Silangan, Quezon City	Calamiong Creek/San Mateo	36	19-Dec-13
	Bistek Ville 2-Block 2 HOAI	LGU QC	Barangay Kaligayahan	Brgy Sta. Lucia, San Bartolome, Dona Imelda, Brgy Gulod	Tullahan River and San Juan River	78	31-Mar-14
	PASCUALER Ville HOA	HICER	Brgy Gulod, San Bartolome	San Bartolome, Q.C.	Tullahan River	994	31-Jul-14
Pasay City	Corrainai	KM	Pasay City	Pasay City	Tripa de Galina & Maricaban Creek	109	26-May-14
	St. Hannibal HOAI	SHEC	Pasay City	Pasay City	Tripa de Galina & Maricaban Creek	65	25-Jun-14
Valenzuela City	Alayansa ng Mamayan ng Valenzuela at Caloocan	KM	Valenzuela City	Valenzuela City	Tullahan River	1,440	27-Dec-13

Parañaque City	Umalpas	KM	Paranaque City	Pasay City	Tripa de Galina & Maricaban Creek	884	25-Jun-14
Naic Cavite	South Morning View	SHARE Foundation	Naic, Cavite	Talon II, IV, V, Pamplona III, Las Pinas City	Las Pinas-Zapote River & Tributaries (Tartar, Almirante & Pasong Cobra Creek)	1,180	31-Jul-14
San Jose Del Monte, Bulacan	ALPAS	KM	San Jose, Del Monte, Bulacan	Caloocan City	Marilao River	546	25-Jun-14

Note. Data adapted from the Social Housing Finance Corporation database

HDH Pipeline Projects as of February 24, 2015

Per Relocation Area	NAME OF PROJECT	CSO PARTNER	RELOCATION	ORIGIN-BARANGAYS	WATERWAYS	Estimated # OF ISF	Board Approval
Quezon City	Bistekville 1-Mabuhay West Kamias HOAI	LGU QC	Barangay Payatas, Q.C.	West Kamias, Quezon City	Diliman Creek	42	19-Dec-14
	Bistekville 2, Bldg. D	LGU QC	Brgy. Commonwealth, Q.C.	Brgy. Kaligayahan, Q.C.	Tullahan River	24	29-Sep-14
	Bistekville 2, Blk 6	QC LGU	Nova Proper, Sta. Lucia, Gulod	Brgy. Kaligayahan	Tullahan, San Juan River	69	26-Nov-14
	Bistekville 2, Blk 16	QC LGU	Dona Imelda, Kaligayahan	Brgy. Kaligayahan	Tullahan, San Juan River	63	26-Nov-14
	Bistekville 1, Blk.12	QC LGU	Block 12, Bistekville I, Brgy Payatas, Q.C	Bagong Silangan, Quezon City	Calamiong Creek/ Marikina Creek	14	12-Dec-14
Caloocan City	Genesis Ville HOAI	SHARE Foundation	Brgy 175, Caloocan City	Q.C./ Caloocan	Tullahan/ Marilao River	720	29-Sep-14
	Blue Meadows HOAI	CUPS	Brgy 175, Caloocan City	Brgy 175, Caloocan City	Alat River, Villa Crystal	496	26-Jan-15
	Hopeville Phase 2 HOAI	HICER	Caloocan	Brgy. Gulod, Q.C.	Tullahan River	399	26-Jan-15

	AMC	KM	Caloocan City	Caloocan	Tullahan River & its tributaries + NPC Line	390	26-Nov-14
San Jose Del Monte, Bulacan	Responsableng Samahang Pampamayanan Village	KM	Gaya-Gaya, SJDM, Bulacan	Q.C.	Tullahan River	1504	12-Dec-14

Notes. Data adapted from the Social Housing Finance Corporation database

*These are projects that are already Board-approved but not yet taken-out.

Approved Substitutions of Take-out Years 1994 to Present as of April 30, 2015

Region	Total Number of Projects	Total Number of Beneficiaries	Nature of Substitution											As of March	For the month of April	Total to Date	
			Waiver		Default		Assumption of Obligation		Others								
				Restructuring		Restructuring		Restructuring	Denial of MRI Claim	Death of MB	Ejectment	Violation	Substitution of Lots				Generated Lot
NCR	538	53965	5676	1043	1209	541	14	22	10	5	5	9	60	42	8616	20	8636
CAR	3	307	47	0	6	0	0	0	0	0	0	0	0	0	53	0	53
I	2	258	41	56	7	0	0	0	0	0	0	0	0	0	104	0	104
II	28	5145	282	98	147	444	0	0	0	0	0	0	0	2	973	0	973
III	33	6581	528	50	95	1	1	1	0	1	0	0	1	0	677	1	678
IV-A	128	19447	1262	242	341	130	5	2	0	0	1	3	2	0	1984	4	1988
IV-B	23	3232	414	44	86	0	4	0	0	0	0	0	0	0	548	0	548
V	17	3334	362	92	81	0	0	0	2	0	0	0	0	0	537	0	537
VI	45	5122	397	2	46	0	0	0	2	3	0	1	6	3	458	2	460
VII	33	2842	189	9	23	6	0	0	0	0	0	1	0	0	224	4	228
VIII	7	1459	37	3	25	15	0	0	0	0	0	0	0	0	80	0	80
IX	12	1717	177	0	4	0	0	0	0	1	0	0	2	0	184	0	184
X	8	993	24	0	21	0	0	0	1	0	0	0	0	1	47	0	47
XI	23	2835	159	15	103	0	0	0	1	0	0	0	0	1	279	0	279
XII	15	2605	102	23	79	21	0	0	0	0	0	0	0	0	223	2	225
CARAGA	4	692	58	0	4	0	0	0	0	0	0	0	0	0	62	0	62
ARMM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	919	110534	9755	1677	2277	1158	24	25	16	10	6	14	71	49	15049	33	15082

Note. Data adapted from the Social Housing Finance Corporation database

Annex 6

Photos of the Visited Sites⁴⁶

1) CMP Sites



Vels Home HOA, Inc., Antipolo City



Pagkakaisang Maralita ng Antipolo HOA, Inc., Antipolo City

⁴⁶ All photos were taken by the research team except that of the Lunduyan HOA, Inc., which was provided by the HOA.



Tabing-Ilog Nangka HOA, Inc., Marikina City



Lunduyan HOA, Inc., Quezon City



Virgilio Delos Santos HOA, Inc., Quezon City



Virgilio Delos Santos HOA, Inc., Quezon City



Sitio Fatima Kayawanan Parenthood HOA, Inc., Parañaque City



Villa Paraiso HOA, Inc., Parañaque City



Villa Paraiso HOA, Inc. (Carrion Property), Parañaque City

2) LCMP Sites



Fisherman's Village Zone II, Silay City



St. Francis of Assisi I HOA, Silay City

Annex 7

Community Transformation of Selected Sites

Community Transformability Indicators	Description	Antipolo City, Rizal	Marikina City	Quezon City		Parañaque City		Silay City, Negros Occidental	
		VELS HOA	Tabing-Ilog, Nangka HOA	Lunduyan HOA, Inc.	Virgilio Delos Santos HOA, Inc.	Sitio Fatima Kawayanan Parenthood HOA, Inc.	Villa Paraiso HOA, Inc.	Fisherman's Village Zone II	St. Francis of Assisi HOA
Physical Environment	Availability of Electric power and potable water	10.00	10.00	9.33	9.94	6.29	4.00	9.27	7.00
	Drainage system	9.45	7.50	7.58	9.13	4.14	2.67	6.00	3.42
	Waste collection and disposal	9.91	10.00	5.83	8.93	6.92	2.67	7.27	8.42
<i>Subtotal</i>		9.79	9.17	7.58	9.33	5.78	3.11	7.51	6.28
Mobility and Access	Efficient movement of people in the community	8.00	7.89	6.17	8.25	4.56	1.00	8.07	7.17
	Unobstructed pathways; connection of community to local roads)	9.64	8.33	7.00	9.00	4.14	1.00	8.29	6.50
<i>Subtotal</i>		8.82	8.11	6.58	8.63	4.35	1.00	8.18	6.83
Social Network and Safenets	Neighborliness	9.09	8.22	8.00	9.00	5.54	6.00	8.33	6.50
	Safety within community	9.09	8.88	6.82	9.21	4.83	4.00	7.57	6.50
<i>Subtotal</i>		9.09	8.55	7.41	9.11	5.19	5.00	7.95	6.50
Community Governance	Election	8.70	8.75	6.89	9.21	4.50		7.62	6.08
	Transparency and feedback from HOA officers	9.00	8.67	7.33	9.25	5.36		8.50	6.58
	Opportunity to give comments on the performance of the HOA officers	8.73	8.78	7.00	9.13	5.62		8.29	6.33
	Presence of community activities, youth and women organization	6.00	7.56	5.91	9.50	6.07		8.20	6.00
<i>Subtotal</i>		8.11	8.44	6.78	9.27	5.39	-	8.15	6.25
LGU/Institutional Integration	LGU support on the community	4.45	7.78	5.58	9.53	5.62	1.33	8.27	6.67

<i>Subtotal</i>		4.45	7.78	5.58	9.53	5.62	1.33	8.27	6.67
TOTAL		8.50	8.53	6.96	9.17	5.32	2.74	7.97	6.43
Subdivision Plan		Approved	Approved	no approved subdivision plan yet (inferred)	Approved	Approved	no approved subdivision plan	Approved	Approved
Individualization of Titles		Individualized, but SHFC has not released all titles	Not Individualized	Not Individualized	Not Individualized	Individualized but SHFC has not released the titles	Not Individualized	Not Individualized	Not Individualized
Road right-of-way		✓	✓	✓	✓	x	x	✓	✓
Collection Efficiency Ratio % (Latest 12 Months, Jan-Dec 2014)		169.0773	117.7648	66.5771	93.6219	85.221	29.3002	229.02	72.5

Source: Based on the answers provided by the beneficiaries in the scorecard (translated to Filipino) during the focus group discussions

Notes:

	CMP Sites
	LCMP Sites

CER of Silay City Sites: As of September 2014

Villa Paraiso HOA- Scoring based on the assessment of observers

Subtotal of Group Indicator computed as: Total Score/Number of Respondents

Annex 8

Computation for Cost Ratios

SHFC Total Corporation Cost to CMP Approved Loans and Beneficiaries Assisted, 2010-2014					
	2010	2011	2012	2013	2014
Total Cost	217,783,926	267,295,777	357,342,544	326,337,833	350,988,932
Total Loan Amount (PhP)	396,746,007	982,052,458	548,695,240	765,529,416	817,152,251
Number of Beneficiaries Assisted (Families)	7,121	15,875	9,287	12,537	13,120
Total Cost/Value of Approved Loan	0.55	0.27	0.65	0.43	0.43
Total Cost/Number of Beneficiaries Assisted	30,583.33	16,837.53	38,477.72	26,029.98	26,752.21
HDMF Total Corporation and Housing Loans Granted, 2010-2014					
Total Expenses	11,294,095,000	12,837,777,000	12,002,034,000	14,071,000,000	13,713,000,000
Housing Loans Granted	40,803,930,000	38,269,060,000	42,791,520,000	34,000,000,000	40,600,000,000
Total Expenses/Loan Granted	0.28	0.34	0.28	0.41	0.33

Source(s):

SHFC (CMP)

Data on Cost-Statement of Income and Expenses; *2011 Data-Unaudited; Source: 2011 Annual Report

Data on Loan Amount and Beneficiaries- Social Housing Finance Corporation Database

HDMF

Data on Expenses- HDMF Annual Audit Reports

Data on Housing Loans Granted- HDMF Accomplishment Report/ Corporate Planning Department