

Social Inclusion and Housing: Evidence from the Philippines

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Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

Social Inclusion Defined

- Social inclusion is the process of improving the ability, opportunity and dignity of people disadvantaged on the basis of their identity to take part in society (World Bank, Institute for Development, 2015)

Research Objectives

- What is the nature of social exclusion in housing?
- What are the outcomes of housing policies promoting social inclusion?
- What are the challenges?
- What are the policies/processes to address challenges?

Rationale of Housing focus

- One of the biggest challenges associated with urbanization is that it has not kept pace with the housing needs of those living in cities and those migrating to the cities
- More than thirty percent of world's urban population are either living in poor housing conditions in slums or are homeless (UN Habitat 2010)
- In the Philippines over one million families are informal settlers; highly urbanized cities have high percentage of families in informal settlements
- Lack of decent housing contributes to social exclusion

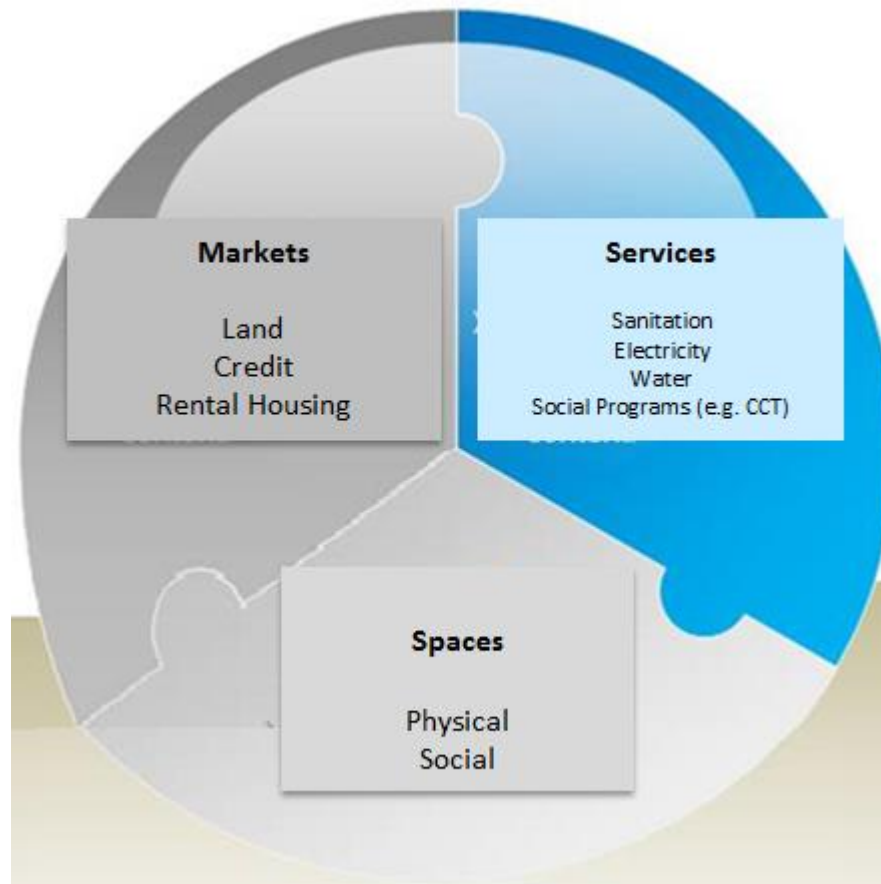
Number and Growth of Informal Settler Families (ISFs)

Families occupying informal settlements, Philippines 2011

	Philippines	Metro Manila (MegaCity)
Total Number of Informal Settlement Families (ISF)	1,502,336	584,425
Annual Growth Rate (1991-2012)	7.2	15.9

Source: National Housing Authority and local government units enumeration of number of ISFs
Authors' estimate on growth of ISFs based on FIES data.

Areas of Exclusion in Philippine Housing



Living Condition of ISFs along waterways *

Area Occupied	Dwelling condition (No of persons per room/structure) *	Type of Toilet Facility that the ISF has or uses (% of ISF)					All
		Own water- sealed (flush or pour/flush)	Own non- water sealed	Shared toilet	Public toilet	No toilet (wrap and throw, etc.)	
San Juan River	7.6	42.2	7.5	34.8	3.5	11.9	100
Tullahan River	5.7	60.6	12.5	21.1	0.4	5.3	100
Estero Tripa de Gallina	9.7	33.4	15.8	24	3.1	23.7	100
Estero de Maypajo	8.4	40.8	16.5	24.6	0.4	17.6	100
Estero de Sunog Apog	7.8	27.2	14.3	26.8	4.9	26.8	100
Maricaban Creek	8.1	42.1	10.9	25.3	3.7	18.0	100
Pasig River	10.4	37.3	9.4	42.5	2.9	7.8	100
Manggahan Floodway	5.9	71.0	6.5	20.7	0.2	1.6	100
All	7.4	49.2	10.8	26.3	2.1	11.6	100

Source: Basic data is from special survey of 6,000 ISFs along waterways, AUSAID UP PLANADES, 2014

Note:

* Authors' estimate based on a room/structure size of 12 sqm ; structures may have no rooms

* One of every five ISFs resides along waterways in Metro Manila (NHA & MMDA data)

Living Condition of ISFs along waterways

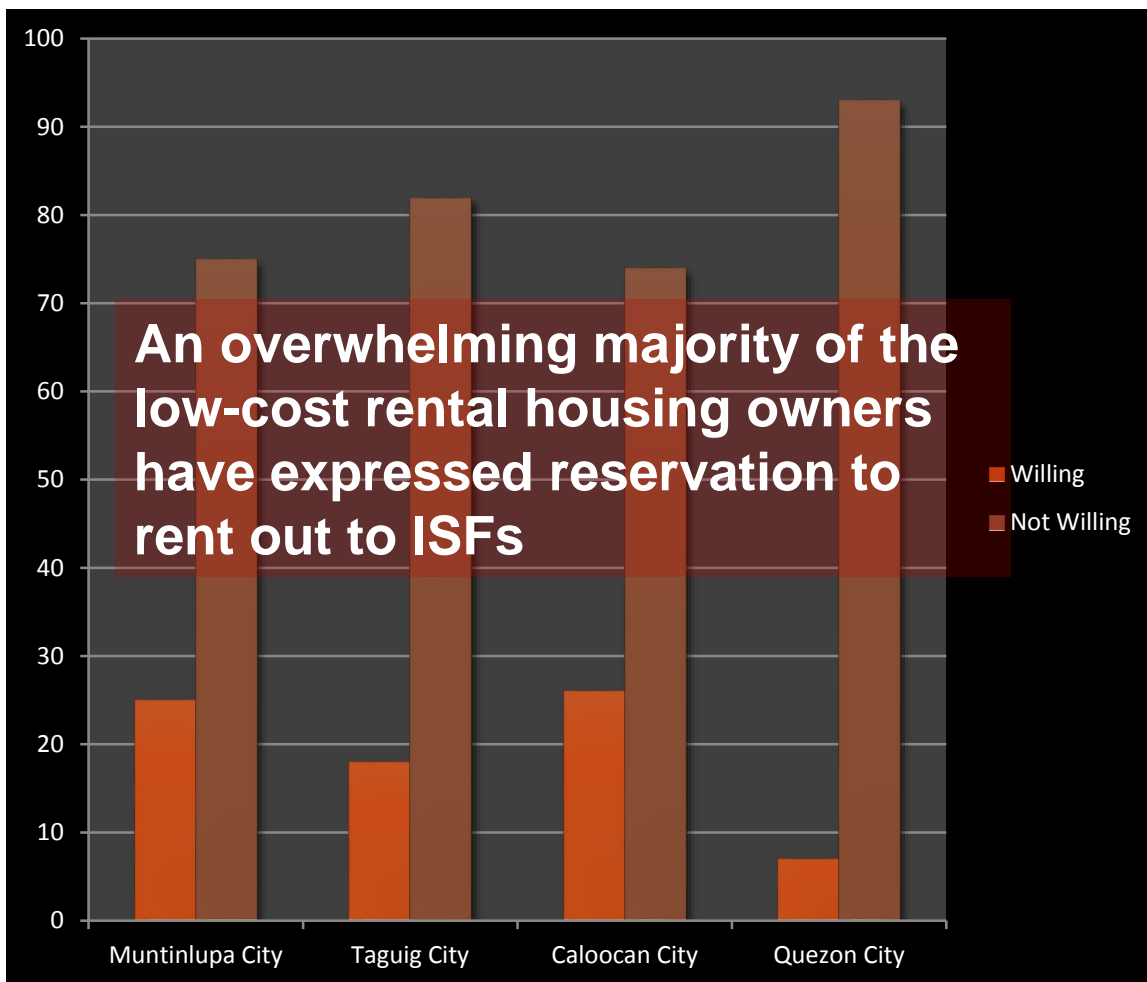
Primary Source of Water and Power

(in Percent of ISFs)

Primary Source of Water for Domestic Use	San Juan	Tullahan River	Estero Gripa de Gallina	Estero de Maypajo	Estero de Sunog Apog	Maricaban Creek	Pasig River	Manggahan Floodway	All
Piped connection	83.4	90.6	78.4	80.1	87.0	74.0	90.9	95.3	86.0
Public/street faucet	6.9	2.4	7.7	4.4	8.5	6.1	3.5	1.9	4.7
Deep or shallow well	0.3	3.1	1.7	12.9	3.1	4.1	0.2	0.4	2.2
Spring/river/pond/stream	0.1	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.1
Rain	0.0	0.1	0.0	0.0	0.0	0.0	0.2	0.0	0.0
Water vendors	9.3	3.8	12.3	2.6	1.3	15.6	5.1	2.5	7.1
Total	100	100	100	100	100	100	100	100	100
Source of Power for Lighting and Appliances									
Own connection w/ MERALCO or individual	33.3	44.5	16.0	29.3	14.3	39.9	19.7	52.3	35.3
Shared connection w/ MERALCO or group	49.4	40.6	54.8	50.0	61.2	46.8	60.9	43.3	48.6
No connection w/ MERALCO at all	17.3	14.9	29.2	20.7	24.6	13.3	19.4	4.4	16.0
Total	100	100	100	100	100	100	100	100	100

Source: Basic data is from special survey of ISFs in waterways, AUSAID UP PLANADES

Willingness of private land owners to rent out to ISFs



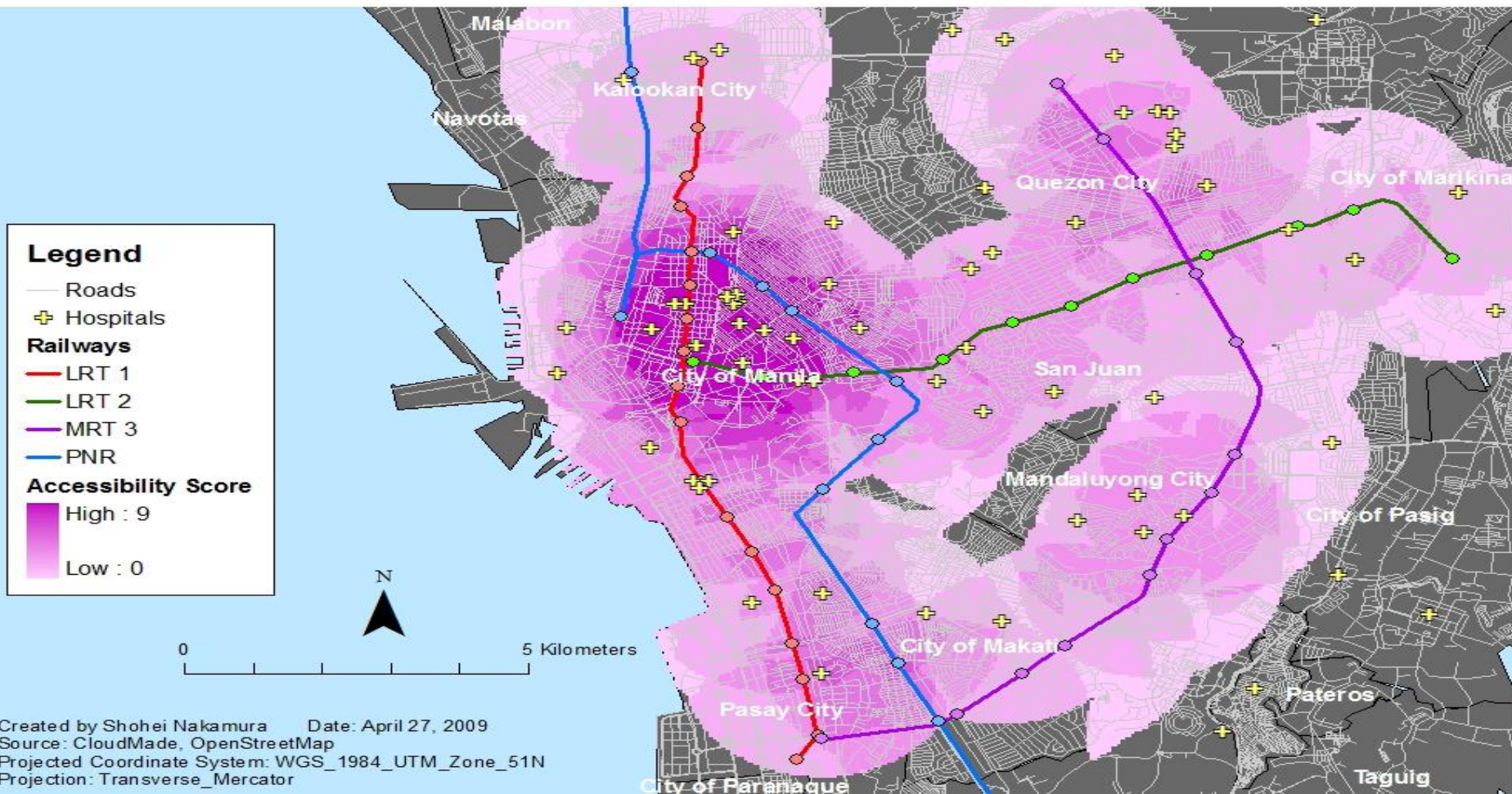
Key reasons:

- **Pronounced concern over the ability of ISFs to make timely rental payments, and ability to sustain it, because most land owners think ISFs lack stable employment**
- **Rental owners have no means to do background check, suggest that a proposed rental subsidy be accompanied by a livelihood component**

Source: WB Survey of Private Low Cost Rental Housing Supply for ISFs in Metro Manila

Spatial Accessibility Analysis with Railways and Hospitals in Metro Manila

- Huge agglomerations of informal settlements are observed in the poverty areas of the City.
- Transport and social services are mostly available anywhere in the center of Metro Manila but their service areas do not cover areas with agglomeration of informal settlements (e.g. Navotas, Malabon)

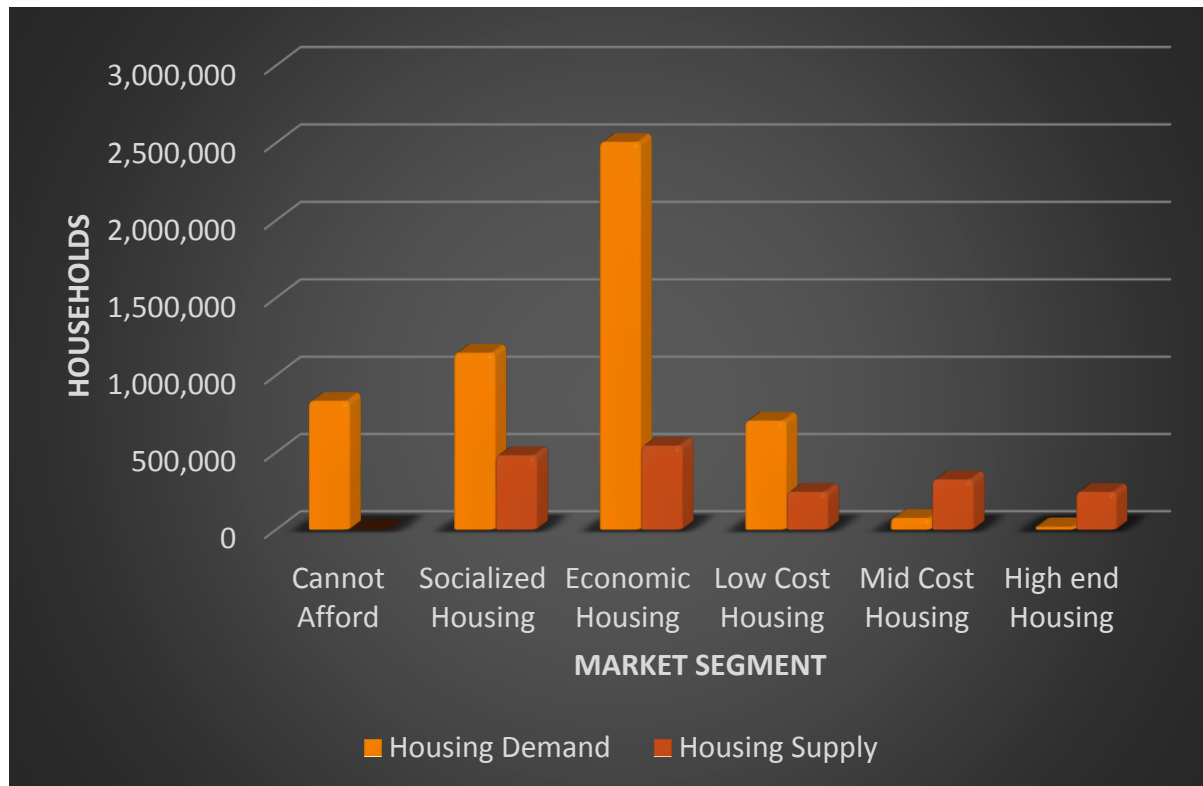


Government response to social inclusion problems on ISFs

- *Community mortgage program or CMP*
 - a financing window created in 1988 and funded by government for land purchase and/or housing development of registered groups of ISFs
 - provides a mechanism for land tenure regularization; primarily targeted to ISFs occupying lands not considered danger areas
- *In-City Resettlement housing*
 - Targeted to ISFs occupying waterways and other danger areas and lands for government infra
 - Types: in-city, near-city, off-city. Pending bill in Congress (HB5144) to adopt mainly on-site, in-city and near-city (i.e., adjacent city) for resettlement is gaining support
- *Balanced housing development requirement*
 - Require developers of residential subdivisions to develop an area for socialized housing equivalent to 20% of the total subdivision area or total subdivision cost.

- Balanced Housing Approach have no significant impact in the supply of housing in the market

Housing Demand and Supply, 2001-2011



Source: Based on data from Housing Industry roadmap (SHDA; 2013)

Public Provision of Housing

- Evidence of transformation of on-site CMP communities
- Evidence of welfare enhancing effects of in-city resettlement



Community Transformation of CMP Sites

Community Transformability Indicators	Antipolo City, Rizal	Marikina City	Quezon City	Parañaque City		Silay City, Negros Occidental	
	VELS HOA	Tabing-Ilog, Nangka HOA	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	9.33	5.78	3.11	7.51	5.28
Mobility and Access	8.82	8.11	8.63	4.35	1.00	8.18	6.83
Social Network and Safety net	9.09	8.55	9.11	5.19	5.00	7.95	6.50
Community Governance	8.11	8.44	9.27	5.39	-	8.15	6.05
LGU/Institutional Integration	4.45	7.78	9.53	5.62	1.33	8.27	6.67
Overall Score	8.50	8.53	9.17	5.32	2.74	7.97	6.00
Qualitative Score	Good	Good	Good	Poor	Poor	Good	Satisfactory

Transformability indicators

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

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

Social network and safety nets: neighborliness, and safety within the community.

Community governance: regular election, transparency and feedback from HOA officers, presence of community activities (ex. youth and women organization).

LGU/Institutional Integration: LGU support on the community

❖ *Welfare analysis of Families Resettled In-city and Off-City (based on small sample analysis) **

➤ Evaluation Strategy

Treatment	Comparison
Off City (OF)	Not resettled (NR)
In City (IC)	Not resettled (NR)

$$\begin{aligned}\text{Resettlement Impact} &= \rho (\text{OC-NR}) + (1 - \rho) (\text{IC-NR}) \\ &= \text{OC} - \text{IC}\end{aligned}$$

➤ Estimation Procedure

- Used **propensity matching to come up with comparable households.**
- **Psmatch2** implements propensity score matching methods to adjust for pre-treatment observable differences between a group of treated and a group of untreated.
- Sample size = **163 Matched Households**

➤ Data

- Survey of affected families of Typhoon Ondoy after one year in relocation sites
- Source: Social Impact Monitoring (SIM) study funded by WB

Results of Propensity Matching

Variable	OFF-CITY	IN-CITY	Difference (OFFCITY-INCITY)	p value	
Average Monthly Household Income	7456.4586	10602.9494	-3146.4908	0.000	***
Average Household Expenditure	5882.0586	9972.5556	-4090.4971	0.000	***
Average Household Savings	1574.4000	630.3937	944.0063	0.224	n.s
Average Household Expenditure-Food	3336.4924	5064.2564	-1727.7641	0.000	***
Average Household Expenditure-Transportation	709.2988	793.3841	-84.0852	0.530	n.s
Average Household Expenditure-Water	206.4023	332.3209	-125.9186	0.000	***
Average Household Expenditure-Electricity	387.6078	705.6084	-318.0006	0.000	***
Average Household Expenditure-Medicine	202.2216	125.1561	77.0655	0.324	n.s
Proportion of HH Members (ages 6 to 22) going to school	0.2758	0.3482	-0.0724	0.038	**
Proportion of Employed Household Member	0.3716	0.3312	0.0403	0.185	n.S
Proportion of Men Household Member Employed	0.4728	0.5537	-0.0808	0.158	n.S
Proportion of Women Household Member Employed	0.3415	0.2248	0.1167	0.028	**

** Adjusted for cost of living differences using CPI

Main Findings

- ❑ Off city relocation distances people from livelihood; pushes people to poverty. Significantly lower income for families in off-city sites
- ❑ Reduce expenditure on basic needs (food, water, electricity) in off-city resettlement. Implies deepening food insecurity and limited access to basic services (e.g. lack of water and power connections in off-city sites)
- ❑ Significantly lower proportion of school age members going to school despite construction of community schools in off-city sites
- ❑ No significant difference in proportion of employed household but significantly more women employed

Key Challenges

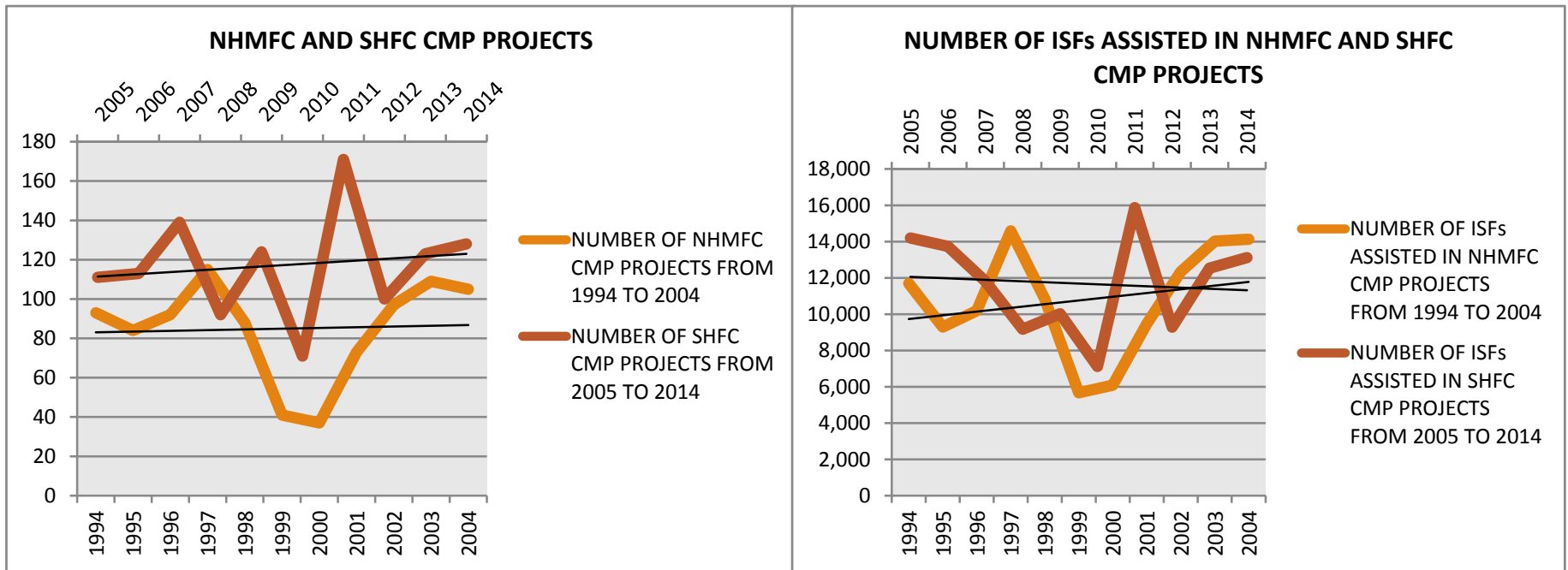
- Regulatory failure of balanced housing approach
 - Compliance does not necessarily translate to “new” socialized housing units (e.g. provision of social facilities, investment in securities)
 - Compliance is allowed elsewhere in the country; developer may choose to locate in remote , off-city locations
 - Diminishing value specifically in cities because it does not apply to condominium developments

Key challenges (2)

- CMP and other in city resettlements fulfill a public policy goal but limited participation of the private sector (market failure)
 - Effects are not felt city-wide; CMP has not scaled up
 - Transformation of communities does not happen to all communities due to flaws in program implementation; urban blight remains a problem
 - The program needs to be improved; adjustments needed in loan processing, guiding subdivision planning of communities and strengthening community associations to build up social capital in the long term
- ISF In-city program hindered by problems on land constraints and affordability issues

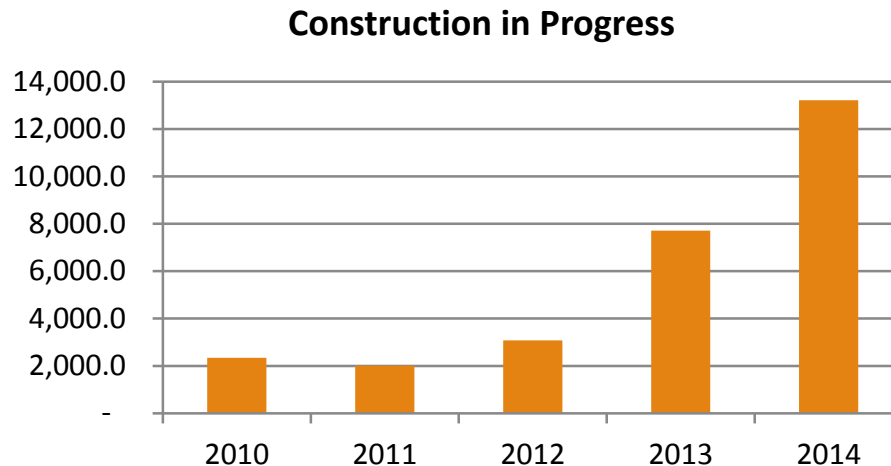
Limited outreach of CMP

- Growth in number of projects and beneficiaries have not been significant in the last two decades



Traditional Source of Funding Government Socialized Housing Programs

- NHA's Construction in Progress growth in 2013-2014 mainly fueled by the National Government's Cash Subsidy of P25B



Conclusions/Recommendations

- There is a need to address the housing problem of poor urban households, which contributes to social exclusion, in a broader perspective.
- Government has to make land and housing markets work with appropriate public interventions
- Areas for government intervention
 - Adopt effective land taxation policies to prevent speculative land markets
 - Improve land information and administration to reduce land use conflicts
 - Guide urban development that is planned based on inclusive and sustainable cities.
 - Implement land pooling and land readjustment mechanisms to secure urban lands for infrastructure and at the same time address the issue of congested slums.
 - Transit-oriented development to create new land for housing and industry.
 - Efficient housing tenure mix.



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