INFORMAL SETTLEMENTS are a glaring manifestation of poverty and inequality amid the growth and prosperity brought by urbanization, the spatial concentration of diverse populations and economic activities. Meeting the housing need of informal settlers, who make up a significant proportion of the urban population, has been and remains a daunting task and challenge for the government and the private housing market.

This issue of the Intersect Quick Facts provides a broad picture of urbanization in the Philippines and of how informal settlements have been a defining feature of this significant and irreversible demographic trend. It describes briefly the government’s approaches in responding to the housing needs of informal settlers, and presents innovative solutions by non-government actors that allow the poor to take full advantage of laws that guarantee their right to adequate housing.

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HOUSING THE POOR
THE CHALLENGE OF URBANIZATION

URBANIZATION IN THE PHILIPPINES

In 2010, 45.3% or 41.9 million of the 92.3 million Filipinos lived in urban areas.

By 2050, 56.3% of the total population will live in urban areas.

Urban economies in agglomerations like Metro Manila drive the rapid urbanization in the Philippines, and contribute 80% of the country’s gross domestic product (GDP).

In 2016, the National Capital Region (NCR) accounted for 36.6% of the GDP, followed by the urbanizing regions adjacent to it: CALABARZON (Cavite, Laguna, Batangas, Rizal, and Quezon) with 16.8% and Central Luzon with 9.5%.

POVERTY INCIDENCE AMONG INDIVIDUALS RESIDING IN URBAN AREAS

The Autonomous Region in Muslim Mindanao (ARMM) has the highest proportion of poor people among its urban population.

By 2050, 56.3% of the total population will live in urban areas.

NOTE: AT CONSTANT 2000 PRICES; PSA 2017

NOTE: ESTIMATES FOR THE CORDILLERA AUTONOMOUS REGION (CAR) AND REGION II (CAGAYAN VALLEY) WERE EXCLUDED DUE TO VERY LOW LEVEL OF PRECISION. PSA 2017b.
There are 145 CITIES in the Philippines, 33 of which are "highly urbanized cities", i.e., with a minimum population of 200,000 and with the latest annual income of at least Php 50 million.

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Located in the so-called typhoon belt of the Pacific and along the "Ring of Fire," the Philippines is particularly vulnerable to natural hazards. Because of their large populations, cities are most at risk of disasters. Poor urban planning and management worsens the situation.

7 of the 25 coastal cities around the world susceptible to a one-meter sea level rise are in the Philippines: Butuan, Davao, Iloilo, Caloocan, Malabon, Manila, and Taguig (ADB 2017, De Vera 2017).
The lack of affordable housing options, especially for low-income families, has resulted in the growth of heavily populated informal settlements. Informal settlers are generally those who occupy lands without the consent of the property owner (Reyes et al. 2012, 15). In recent years, however, the term has been applied to those in danger areas (e.g., along riverbanks, railways, under the bridge) and areas earmarked for government infrastructure projects or for other uses excluding human habitation (e.g., protected areas, except for indigenous peoples).

Not all informal settlers are income-poor. Those who are earning relatively higher income than the rest in their community live in informal settlements because affordable alternatives near their places of work are few (Ballesteros 2010, 8). Many thus opt to endure poor living conditions—overcrowded neighborhoods, substandard housing, inadequate access to safe water and basic sanitation, and high exposure to natural and human induced hazards—because the cost of land and housing in cities is simply prohibitive.

**GOVERNMENT’S RESPONSE TO HOUSING THE POOR AND INFORMAL SETTLEMENTS**

The 1987 Constitution guarantees people’s right to housing, but does not mention providing housing for free.

“The State shall, by law, and for the common good, undertake, in cooperation with the private sector, a continuing program of urban land reform and housing which will make available at affordable cost decent housing and basic services to underprivileged and homeless citizens in urban centers and resettlement areas.”

**ARTICLE XIII, SECTION 9**

Republic Act 7279 or the Urban Development and Housing Act of 1992 (UDHA) mandates local governments to undertake shelter planning, designate social housing sites, and formulate and implement social housing programs for the “poor and underprivileged.”

The national government, for its part, is tasked to formulate the national urban development and housing framework and regulate housing and settlements. National shelter agencies provide support to local governments for site development and house construction (i.e., National Housing Authority or NHA) and financing (i.e., Social Housing Finance Corporation or SHFC).

**GOVERNMENT ADDRESSES THE HOUSING NEED OF LOW-INCOME INFORMAL SETTLEMENTS USING THREE APPROACHES.**

**OFF-CITY RELOCATION**

Resettlement is offered mainly to low-income families in “danger areas” and sites of government infrastructure projects. The NHA is the shelter agency in charge of developing resettlement sites. Most of these large-scale housing projects are located in areas outside the city and far from work and livelihood opportunities, educational institutions, and public hospitals.

A household makes graduated payments for a house and lot, starting at a subsidized amount of ₱200 per month in the first four years, increasing incrementally to up to ₱330 per month. Awardees have up to 30 years to pay for their house and lot.

**ON-SITE UPGRADE**

The Community Mortgage Program (CMP) of SHFC lends to legally organized communities up to ₱100,000 per household to purchase the land they have been occupying from a willing owner. The community association can also borrow ₱30,000 for site development and ₱20,000 for house construction per household. The group loan is paid monthly for up to 25 years and carries an interest rate of 6% per annum.

Presidential proclamations grant informal settlers a chance to acquire government-owned lands that have not been used for the purpose for which they were acquired or allocated. Families in proclaimed sites do not enjoy security of tenure until they receive their Certificate of Entitlement for Lot Award (CELA).

**OFF-SITE, IN-CITY HOUSING**

The CMP also offers loans for community associations to buy a piece of land in an entirely new site where the members intend to relocate, but such projects are very few.

NHA has been constructing low-rise housing for informal settlers but many of these are in bad shape after a few years. SHFC implements the High-Density Housing Program which lends to community associations for constructing multistory housing.

Some local governments implement housing projects usually in partnership with non-government organizations such as Gawad Kalinga and Habitat for Humanity. Some local governments such as Quezon City have their social housing projects refinanced by the SHFC.
Non-government actors (e.g., civil society organizations and universities) and organized poor communities engage national government (on laws and policies) and local governments (on city shelter plans and housing projects) to push for in-city relocation of informal settler families. "People's plans", referring to community-initiated housing processes long advocated by NGOs and people's organizations, have gradually been recognized by government shelter agencies as an effective and viable approach to providing housing to informal settler families. City-wide shelter planning and slum upgrading initiatives have been piloted in cities with the support of international development organizations such as the World Bank and UN-Habitat.

For this in-city housing project for at least 600 Yolanda-affected families adopts the "people's plan" approach which emphasizes meaningful participation of families in almost all the steps of project implementation—from conceptualization, design, and planning to actual construction and post-occupation management of the community. The implementer, a consortium of NGOs and Church organizations called FRANCESCO, leveraged resources from various sources such as international NGOs (for land acquisition, temporary shelters, settlement, livelihood) and government (development permits).

ERNESTVILLE
BARANGAY GULOD, QUEZON CITY
The project was initiated by 212 families affected by Tropical Storm Ondoy in 2009 and organized themselves to look for a safer place where to transfer within the barangay. To pay for the land fully and construct its houses, the association accessed loan from the SHFC through the High-Density Housing Program. The Quezon City government provided P7.7 million to cover the installation of a drainage system, concreting of pavements, and construction of retaining wall.

POPE FRANCIS VILLAGE
BARANGAY 99 (DIIT), TACLOBAN CITY
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