

## Ensuring inclusivity, resilience, and affordability of housing for low-income and informal settler families in the Philippines



### Introduction

According to the [UN-Habitat Philippines Country Report 2023](#), there is a backlog of 6.5 million housing units in the country. An estimated 3.7 million informal settler families are directly impacted by this deficit. Urban migration, a rising number of informal settlements, armed conflict, systemic inequity, and climate change are some of the main drivers that contribute to the growing housing need. The backlog is further worsened by declining housing production brought about by tedious bureaucratic regulatory and approving process, high reliance on private sector investment, and inadequate budget allocation for housing.

The UN-Habitat report also estimates that the total housing backlog can reach around 22 million by 2040, if left unaddressed. To help solve this problem, in 2022, the national government launched a new flagship housing program, Pambansang Pabahay para sa Pilipino (National Housing Program for Filipinos), or [4PH Program](#), that aims to build 1 million houses annually for the next six years. In its current iteration, the 4PH Program is not a complete housing solution. As it is still in its nascent stage, there is an opportunity to enhance the program's design in collaboration with other stakeholders such as the private sector, academe and civil society.

### Philippines' Multi-stakeholder Housing Forum

Habitat for Humanity Philippines organized a forum that brought together different stakeholders to discuss housing and urban development issues and policy recommendations focusing on:

1. Enhancing participatory governance in the Philippine government's national housing program, or [4PH Program](#);
2. Making climate- and disaster-resilient housing affordable; and
3. Improving urban resilience, housing, and the quality of urban spaces.

Representatives from the national and local government units, private sector, academe, civil society organizations and community associations exchanged insights, discussed people-centered solutions, and recommended multi-modal approaches to address the identified issues.

Habitat for Humanity Philippines, through the conduct of dialogues and consultations with other stakeholders, developed this policy brief that summarizes the top housing issues and priority recommendations for consideration by the national government and local governments. Habitat Philippines seeks to provide decent, resilient and affordable homes for every Filipino family and ensure that no one and no place is left behind.

## Recommended solutions



### **Improve inclusive governance through participation and capacity-building of informal settler families, communities and affected families**

Demand-driven and people-centered approaches should be embedded in the Philippine government's national housing program, or 4PH. The active engagement of informal settler families and community organizations and their partner civil society organizations will help address the mismatch of housing projects with the needs of informal settler families and low-income families.

Community organizing and capacity-building activities on estate management, people's planning, livelihood and social protection programs, green housing technologies, participation in local shelter planning and post-disaster shelter recovery planning, and representation in the local housing boards are crucial to inclusive and sustainable housing programs.

The people's planning process including monitoring and evaluation should be mainstreamed so that 4PH and other housing programs are driven by the community and based on their context, need, and ability to pay. Informal settler families should be empowered to contribute to evidence-based decision-making at the local level by deepening their understanding of the issues, strengthening their capacities, and intensifying their participation in housing discussions.

## Top issues in housing and urban development

- 1. Mismatch between housing projects and needs of informal settler families and low-income families**  
The government's flagship housing project, 4PH, focuses only on the construction of vertical (condominium-type) housing units that do not meet the needs and capacity to pay of all informal settler families and low-income households. The use of single-house design of high-rise condominium also disregards the preference of families, especially in rural areas, to own a house and lot or subdivision-type housing. The mismatch is mainly due to a lack of participation by informal settler families, affected communities, and urban poor organizations in planning, implementing, and monitoring housing projects and programs. While these families lack the skills and resources to take part in these processes, it should not hinder their participation.
- 2. Insufficient government funding and capacity to meet current housing gap**  
Government investment for 4PH only covers interest subsidies for housing loans. Without capital investment for construction by the national government, the program is heavily reliant on private sector financing and full repayment from informal settler families and low-income families. The onus is on local government units, or LGUs, to identify land and take the lead in planning, implementing, and managing the 4PH housing project. Even with the Mandanas-Garcia ruling that strengthens fiscal decentralization, many LGUs still face financial constraints, and have low capacity to plan and implement their own housing projects. Moreover, many LGUs did not incorporate vertical housing in their local shelter plans as it is not suitable and culturally acceptable to their constituents.

## Recommended solutions



### **Conduct data-gathering and policy research to aid housing and urban development programs**

There should be market segmentation or assessment of the specific housing needs of different socio-economic groups. Developing a feasibility study on the 4PH repayment schemes and subsidies can help policymakers deepen their understanding of the unaffordability issue, enabling them to make informed decisions on program design. Other important data include baseline studies that profile communities and their specific needs; minimum standards for affordability in green, resilient and adequate housing; risk assessments in potential housing project sites; and environmental impact assessments, among others. Through research, the planning and implementation of housing interventions will be data-driven and meet the communities' needs.



### **Make access to affordable financing available for informal settler and low-income families**

Apart from focusing on new house construction, supporting incremental construction, upgrading informal settlements, which can include site development and providing access to basic services, and land banking should also be given equal attention to cater to varying housing needs of low-income and informal settler families. Affordable housing microfinance must be accessible and configured to different housing modalities. Subsidies should be provided based on the capacity of low-income and informal settler groups to pay. Furthermore, to lower the cost of socialized housing, government agencies like the Department of Human Settlements & Urban Development, Bureau of Internal Revenue, and the local government units must work together to streamline the application of tax incentives for socialized housing projects. At the same time, private sector investment in affordable, green, resilient construction must be strengthened through incentive schemes.

## Top issues in housing and urban development

### **3. Lack of affordable housing for low-income and informal settler families**

Barring the land and site development cost, the projected construction cost of a 4PH program is at 1.1 million Philippine pesos (about US\$20,000) for a 22-square-meter condominium unit. Even with the interest subsidy, the projected monthly repayment of 3,500 pesos (over US\$60) is still high for most low-income and informal settler families, as the civil society organizations supporting urban poor communities have argued.

Moreover, the management and maintenance of high-rise buildings will be very costly for the families targeted under this project. If the affordability issue is not addressed, many low-income and informal settler families will not be able to benefit from the program. This may lead to more unoccupied or abandoned housing units while not necessarily addressing the issues of homelessness and inadequate housing faced by millions of Filipino families.

### **4. Inadequate access to livelihood opportunities and basic services**

Some resettlement projects are in areas that are far from livelihood opportunities and basic services like schools, hospitals and/or other social infrastructures. Others have limited and no access to clean water, sanitation, and electricity affecting habitability and the quality of life of resettled families. Although meant to improve the living conditions of low-income and informal-settler families, the unsuitably planned resettlements create financial difficulty and promote poverty and inequity.

## Recommended solutions



### Provide a variety of housing modalities to suit different needs

Housing intervention should not be limited to vertical development only. It should promote various modalities to meet the housing requirements of low-income and informal settler communities. Proper assessment of family housing needs and the capacity to pay can only be identified through data-gathering and participation of target families in the planning and conceptualization of housing interventions. The government must consider and promote viable options for affordable and inclusive housing, not only focusing on homeownership, but also including rental housing, support for incremental development and settlements upgrading.



### Integrate climate-adaptive resettlement standards

With climate change being a reality compounded by the increasing frequency and intensity of disasters, climate-adaptive resettlement should be standardized and integrated in all housing projects. In a country most prone to disasters, resilient construction will not only protect housing investments, but also prevent the loss of life and mitigate catastrophic economic losses. Therefore, the government must identify minimum standards to be applied across various housing and resettlement plans to institutionalize climate-adaptive construction.

## Top issues in housing and urban development



### 5. Environmental hazards in informal settlements and urban housing projects

Many informal settler families live in areas prone to hazards such as flooding, landslides, and fires, among others. Every time disasters such as typhoons strike, informal settler families and low-income families must relocate to safety, only to return and rebuild their homes with substandard materials. This is partly driven by the unaffordability of climate-resilient materials for construction as well as a lack of understanding when it comes to systems and technologies for green, resilient-building. Another major barrier to building resilience is a lack of assessments that adequately consider the potential impact of existing hazards to the communities in the sites where urban housing projects are implemented.

