

## **Low-Cost Housing for the Urban Poor**

*(A Case Study of Low-Income Housing Project of Freedom to Build, Inc., in the Philippines)*

### **Summary:**

Freedom to Build, Inc. (F to B) is a non-stock and non-profit corporation, which was established in 1976 to make some contribution to the housing needs of the poor. It was founded by a former Jesuit priest, Mr. William J. Keyes who arrived in Philippines in 1956.

F to B believes that poorer people, if provided with a supportive environment, can help themselves and play a major role in the design, construction and management of their housing. Therefore, a variety of self-help strategies are undertaken.

Also, the cost of housing can be reduced if some of the elements of construction, which are within the capacity of the poor, are left to self-help energies of the poor themselves.

F to B has been implementing low-cost housing projects in several places in and around Metro Manila, for instance in Cavite, Marikina, Kalookan and Bulacan. The projects aim to provide homeownership to the urban poor and, through homeownership, to provide a higher degree of security and an overall improvement in the "quality of life" of the families involved.

F to B uses the following strategies to keep the house prices down: finding inexpensive land on the urban fringes; accessing low cost infrastructure; high efficiency in management, assembly line type construction, starter or core housing strategies, availing of government development and mortgage funding.

F to B was able to provide homeownership for 5,000 poor and low-income families and has 17,000 additional families on its waiting list.

In recent survey, 79% of the original 542 housing units built in Marikina in the early 80's are still occupied by the original owners in spite of the fact that the value of the houses, owing to the project's prime location, has risen by over 500%.

In 1993, F to B was awarded the Yasuda Kasai Prize by the Japan Housing Association for its contribution to the improvement of housing conditions in Metro Manila.

### **Project Initiator**

- Freedom to Build, Inc. (F to B) (NGO) – to handle all aspects of design, project development, housing construction, social interaction and community organising with the beneficiaries

### **Main Actors, Their Roles and Nature of Co-operation**

The following actors were involved in the De La Costa Projects:

- SELAVIP (Latin American and Asian Low Income Housing Service) (NGO) – to provide information on various worldwide social housing approaches and some initial starter capital.
- MISEREOR (German Catholic Charity) (NGO) – to provide initial working capital.
- Private Sector Sites and Services Project Office (National Government) – to provide loans as an additional source of working capital and infrastructure assistance.
- Ateneo de Manila University – to donate a five hectare site for the first De La Costa Project.
- National Home Mortgage Finance Corp. (NHMFC) (National Government) – to provide mortgages funding for the project beneficiaries.

### **Characterisation of the Problem**

The Philippine government acknowledges a housing shortage of approximately four million families or almost one-third of the nation. The problem, of course, is most acute in Manila and for the poor who resort to squatting or other forms of inadequate shelter.

Homeownership in Manila, for the most part, is only available to families above the 70<sup>th</sup> percentile. The price of land, the cost of finance, the time-consuming delays of bureaucratic procedures and a pattern of low/inadequate wages - all these push house prices far beyond the means of the majority.

In the 1960's, the Philippines Government began regular demolition of squatter communities and relocating the evicted families to distant resettlement sites outside the city. This "on again/off again" approach has continued over the years resulting in a variety of ex-squatter resettlement areas outside the city.

Additionally, some of the squatter areas of the poor have received the preferential response of on-site upgrading, instead of distant relocation.

But the problem continues because of the national economic imbalance and poor families continuing search for shelter in the wider urban environment. At the same time, there have been a number of government medium rise housing projects that, at least partially, alleviate the problem.

Private sector interventions are partially through low-income housing projects, such as those of F to B, but more dominantly through private sector coordination with the government's Community Mortgage Programme.

### **Process of Project Implementation and Management**

F to B initiated the Horacio De la Costa Low-Income Housing Project in the early 80's. Initial project beneficiaries were urban squatters who had invaded the campus of the Ateneo de Manila University. The squatters, mostly, were employed in a nearby textile mill with family income at approximately the 40<sup>th</sup> percentile.

The project provided a starter or expandable house which buyers financed through government mortgage.

Subsequent projects, more or less, followed the same pattern: modest lot sizes of 60 m<sup>2</sup> / an initial expandable core house/ a pedestrian oriented development plan/ adequate open space for sports and playground use/ an adequate Community Centre for religious services and community gatherings etc.

F to B offers one starter house for P180,000, which is affordable for the lower income families. The basic design of the starter house units is a 20 m<sup>2</sup> unit on 65 m<sup>2</sup>, which can be extended to 40 m<sup>2</sup> on ground level or up to 70 m<sup>2</sup> on two floors. The starter houses contain only the basic facilities such as water, electricity, toilet and kitchen area, a roof, doors and windows. People are free to put internal partitions and do painting and plastering.

F to B, as the name infers, gives freedom for people to take over the continuing building of their starter house. F to B creates the basics of the house and, after that, people are free to take over. F to B does not have job creation projects, since the people usually work in Manila. For better quality control and cost efficiency, F to B manufactures some of its basic building materials.

F to B believes that the social development of the poor is as important as the construction of their houses. They undertake the formation of a community Homeowners Association that is responsible for security, streetlights, garbage collection, social events and so on; trees and flowers are planted; livelihood activities are encouraged as well as the formation of indigenous savings clubs; technical construction assistance is also provided. F to B not only provides homeownership to families, but also hopes to achieve fuller legal acceptance of this approach.

### **The Advocacy Points of F to B**

- To a great extent, poor people have the capacity to house themselves.
- Owner-built houses are cheaper compared to high-technology standardisation and industrial mass-produced approaches.
- Housing is highly symbolic and social housing can be financially feasible. Government and private sector developers can and should undertake more social housing.
- Some land must be made available to the poor.
- High and Medium rise tenements are less culturally acceptable in the Philippines
- Housing is essential for full human development. Housing may be seen as something physical; but it also provides a sense of stability, a sense of security and confidence.
- Homeownership with individual title is the strongest and best means to protect Filipino's right to the sanctity and privacy of a family abode.

The above factors were first articulated in 'The First National Low Income Housing Consultation' organised by F to B in 1979. Out of the Seminar, the Private Sector Low Income Housing Association (PRISLIHA) was born. PRISLIHA is an association representing private-sector groups and NGOs committed to address the housing problems for the poor.

### **Strategies Used**

- Land acquisition.
- Governmental authority.
- Gathering adequate finance.
- Contacting with potential buyers through seminars and training.
- Developing the infrastructure and building the original 'core' houses.
- Assisting the establishment of Homeowners Association as well as other ongoing relationship with the community.

### **Key Successes and Lessons Learnt**

- A demonstration of a legally authorised approach to homeownership for the poor, of well-built stable houses located in pleasant environment and adequately accessible to urban employment
- Government/private sector collaboration
- Community involvement from the beginning
- Emphasis on client affordability
- High density low rise structure
- Primary emphasis on quantitative output of low cost housing with consequent disinterest in cross-subsidy strategies
- Adoption of specialised standards for low-income housing
- Pedestrian-oriented land design
- Interaction between professional and self-help construction

- Preference for simplifies, user friendly, technologies
- Emphasis on titled ownership for all participants

### **Difficulties Faced in the Project**

- Ambiguities of the government policies which had not earlier handled private sector participation in sites and services project before and the limited capital resources for mortgages caused the sequencing of projects to move slowly
- Long, complicated and enervating process of negotiating with the governments for project approval and for access to mortgage funding.
- Time for community organising activities is inadequate considering that homeowners held urban-based jobs and have very limited leisure time. This creates difficulties for Homeowners Association to function and to help people organised for various community activities.

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