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2307 PEDRO GIL, STA. ANA  
P.O. BOX 3169, MANILA  
PHILIPPINES

TELEPHONE: 58-48-28 • 59-76-41  
59-41-76 • 59-76-14

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## HOUSING THE URBAN POOR

by

William J. Keyes, S.J.

- \* Probably in no area of the development process of Third World nations are the economic and social imbalances between rich and poor more glaring than in housing.
- \* Through several development decades, the Philippines, like other nations, experiences an annual deterioration of its housing situation so that the gap between the number of families in need and available housing stock grows wider each year.
- \* *It is now established that the national backlog is pushing towards three million units and the estimated annual need approaches 400,000 units.*
- \* The situation is especially critical for low income families. Government projects, a drop in the bucket proportionate to national need, generally do not reach the poor. At the same time, the private sector concentrates its energies and capital on the small well-to-do minority representing at most 16% of the population.
- \* There is a curious polarity between what could be called the conventional approach to housing and the unconventional. The conventional for most people is the only recognized approach.
- \* Land is purchased at prevailing market prices and developed into subdivisions. Houses are designed by professionals and constructed of strong materials. Then the house is turned over to the occupant, who starts paying for it in monthly installments extending over twenty years or more.
- \* This approach is presumed by architects, builders and financiers. It is protected and supported by the current legal structures. Yet, it is explicitly this approach that leaves the majority of the nation deprived of a basic human and family need: housing.
- \* The unconventional approach comprises anything and everything that seeks solutions outside the above rigid framework.
- \* Prior to development and urbanization, a family head could gather unmanufactured materials, and invite neighbors and relatives to help him construct a house that was adequate for his family needs.
- \* But urbanization pressures sent land values up, insisted on manufactured materials, imposed regulations and assigned only a passive role to the owner-occupant.
- \* *It is as if those who set these standards explain to the homeless millions that in a few more generations, they just might get a house. But in the meanwhile, they should be patient, not get in the way of "development", and above all, they should not try to solve their own problem.*
- \* The unconventional mind-set wonders whether by going backwards toward historically earlier approaches, solutions to a glaring modern problem can be more rapidly accomplished.
- \* The problem with the conventional is not that the house is inferior, but simply that it is too expensive, when viewed in proportion to the national problem.
- \* *The United Nations estimates that a wage earner's house should not cost more than two and one half year's income, that monthly payments should not exceed 20% of his salary.*

\* With 80% of the population earning less than P5,000 annually, housing solutions must be made available costing less than P12,000 with monthly payments not exceeding P85.

\* There is nothing available at that price and under those terms. A competent SSS official recently estimated that the "low cost" house of today would cost P55,000.

\* Nor can solutions be achieved by wide-scale government subsidies. The costs are beyond the capacity of the national economy. Four hundred thousand units at P55,000 would cost a staggering P22 billion!

\* Even with lowered unit costs, the economy itself could not absorb the burden. The Philippines regularly spends about P2 billion a year on housing — 2% of the Gross National Product. Shifting to a P22 billion expenditure would seriously disrupt the economy as a whole.

\* It is not a question of subsidy or non-subsidy — but of total economic capacity of the nation. Socialized housing must be paid for by some entity — even if not by the occupant. The gap between the capacity to pay of the majority of the population, and the minimum costs of houses measuring up to legal conventional standards, is too great.

\* The pieces do not fit—so that continued pursuit of the conventional approach can at best lead to partial solutions which tend to hide the still unresolved problem.

\* Governments around the world, overwhelmed by the enormity of the housing problem, tend to ignore or evade it, or pretend they have solved it with a smattering of highly subsidized and highly publicized projects that assist only a handful. Meanwhile, low income groups, urban squatters in particular, operating illegally and using unconventional techniques, have built more human dwellings than the combined contribution of government and the private sector.

\* They have built without access to finance, with limited skills, and working under the continuous threat of demolition and eviction. Yet they have built millions of housing units judged by the owner-occupant as at least adequate for the needs of the family.

\* It is curious that while governments admit their incapacity to resolve the housing problem and tend to throw up their hands in despair, they simultaneously pursue squatter demolition policies instead of recognizing the economic accomplishment of these harassed people.

\* Recognizing the inherent limitations of the conventional approach, the Institute of Philippine Culture of the Ateneo de Manila University undertook a study of various squatter communities in the Greater Manila area. The aim of the study was to explore the unconventional; to see how the poor manage to house themselves in the face of such adversity.

\* The purpose was not to extol or glamorize the squatters but to learn from them.

\* Urbanization represents the greatest migration of peoples in the history of the world. Urbanization plus population increase create a demand for more human dwellings in the next few decades than the total present housing stock of the nation. Whether this need will be met or frustrated depends greatly on the capacity of the nation to adjust to more realistic standards. It was hoped that the urban squatter, imitating more primitive housing techniques, could lend insight into a problem that more educated people have failed to solve.

\* Some of the major findings of the I.P.C. study are the following:

1. The poor, generally, have no access to finance and have very little experience with it.

While the professional class automatically conceives of housing finance in terms of long-term amortization and mortgaging, such concepts are foreign to the poor who build their houses by stages, investing a few hundred pesos at a time, using money they either save or borrow on an informal or personal basis.

Adjusting to the poor therefore, is not simply a matter of lowering interest rates and down payments and of using such techniques as so-called "balloon" payments. The basic concept of such financing is psychologically unfeasible. Projects that presume that the poor can handle long-term finance at all are liable to fail.

2. The poor tend to economize by a variety of tactics that they have found workable in the city.

Very few families use all new materials. Their materials are scavenged from fire or construction sites or are purchased second-hand, at low costs. They include such items as second-hand galvanized iron sheets, flattened cans, discarded beer cases and rusty nails. The poor make extensive use of recycling.

Also, very few depend on hired labor. They make house-building a social occasion, inviting neighbors and relatives who are served food and drink as the only reward for their labor.

3. While a few have had direct contact with government agencies in relation to house construction, there is a general apathy regarding home improvement. The cause is land tenure instability or other forms of perceived or actual government restrictions. Families who had no plans for the future improvement of their houses expressed fear of eviction as the reason.

4. Despite the above, the squatter house is in a constant state of being built as materials and savings become available or as necessity dictates.

During the past year alone, thirteen of the 51 families interviewed made changes in the house structure — this despite a specific government prohibition in the Tondo Foreshore against such improvements while area upgrading is in process. House improvement is frequently related to enhancing family income by building an extra room or storey to be rented out. Improvement is also made out of the necessity to repair damage or replace dilapidated parts.

The personal testimony of some of the squatter homeowners is perhaps more revealing than the summary statements above. Excerpts of interviews are presented here, abridge and translated from the original Tagalog.

#### Filomeno Ramos

I was born in Kalibo, Aklan, and came to Manila in 1952 to look for a job after my father died so I could help my mother, brothers, and sisters. I have lived in this house for more than 20 years now. We moved here and built the house using wood that we had picked up or was given to us. Piece by piece we were able to nail things together, to form a house. At first we had only one room and through the years we added on more. I did not buy most of the materials. But I have invested a lot of effort and sweat on it. If it doesn't look like much, to me it represents plenty.

This "land" was part of the sea before. We filled it up until it became solid, and on the land that we made, we built the house. I consider this land really mine because we "made" this land ourselves. I wouldn't want to leave this place because it is near the place where I work. I really have no plans of moving elsewhere.

The house is not really finished yet. Building it is an on-going activity. I work on it myself. I paused only recently because my saw was stolen. They say carpenters are expensive, so I haven't hired any. I requested help only in putting up the posts. Some friends came and helped with the work. For their help, I gave them soft drinks and biscuits.

#### Rolando Formoso

I came to Manila with my wife in 1962, to look for a job. At first, we rented a room in my uncle's house in Sampaloc for P15 a month. We later moved into a rented house in Tondo. Shortly after we had moved to Tondo, the government decided to relocate squatters from the area to Sapang Palay. I found Sapang Palay too far, so we moved in with my friend — my kumpare—in Caloocan.

After I was able to save a little money, I moved my family back to Tondo. When we returned to Tondo we found that houses have been rebuilt in the area again. I bought a shack made of old discarded beer cases for P130. When my employer gave me some old planks, I decided to sell the old house and to start building another. From then on we have been expanding the house whenever we could buy or find materials. I myself carried most of the materials used for expanding our house.

I like the idea of having my own house, though it may not be pretty. I don't have to worry about paying rent. I don't like to have payment obligations because I do not receive regular pay. I have been planning to improve my house but the government forbids it. The neighborhood association tells us that we should wait since it is negotiating with the government to give us the land. I don't know if they'll succeed. We just wait. We do not know where they'll move us next.

But as for me, I would like to stay near the sea, which is our source of livelihood. Of all the places that I've lived in I like this place best because it is near the sea and the market.

If money were available for borrowing, I would certainly borrow, provided the repayment scheme is reasonable. I would want to build a house, a boat and fish traps, and I would set aside an amount to serve as capital for my wife's market stall.

#### THE 'SITES AND SERVICES' APPROACH

\* The personal testimonies above should alert economic planners to the realization that the pursuit of "development" has closed off an area of substantial economic potential — the innate human desire of a man to decently house his family.

\* All the above could be interpreted as idealistic and nostalgic but without practical application in a modern urban context. Such is not the case. Other Third World countries have begun to adopt a "Sites and Services" approach to their housing problem.

- \* The "Sites and Services" approach helps bring costs into line with potential by capitalizing on and encouraging the personal initiative of the home-owner. It is the approach now very much recommended by the World Bank and by other international agencies.
  - \* *In a "Sites and Services" project, land is leveled and provided with drainage, water distribution — not necessarily to each homesite — sewerage, and electricity. Adequate schools are built and also a health clinic. The area chosen must be within reach of major markets and adequate job opportunities.*
  - \* A second-best alternative would be provision for adequate and inexpensive transportation.
  - \* Usually, there is no provision for housing, but they take advantage of savings already made in squatter housing. There should be, however, technical and financial assistance for house improvement.
  - \* Sometimes, core housing is provided. Most important would be security of tenure, a guarantee that the site is permanent, that there will be no further relocation, once further improvements are added or neighboring land values rise.
  - \* *The approach also places stress on the need for a viable, strong people's organization, capable of handling finance or generating self-help enthusiasm, and of resolving the numerous practical and social problems of the area. The organization of the poor, sometimes looked on with suspicion, is almost an essential ingredient to success.*
  - \* "Sites and Services" is not presented as a revolutionary substitute for conventional financial and legal standards. Rather, it recognizes that these standards are beyond the reach of more than one-half of the population who must still be provided for.
  - \* It is not an ideal solution. There are negative trade-offs in less than ideal land use in comparison to high-rise solutions. There is also some contribution to urban sprawl. Nevertheless, any other solution is unfeasible, considering the dimensions of the problem.
  - \* "Sites and Services" has not yet been tried in the Philippines. The Tondo Foreshore will represent the first substantial attempt.
  - \* *Existing government resettlement areas should not be considered "Sites and Services" projects because their inception was motivated more by a desire to rid the city of its poor than to actually provide for them.*
  - \* The services that should have predated transfer, in most cases, were added only years after the projects were opened. Initial conditions were so bad that 40% of the original "beneficiaries" filtered back into the city out of economic desperation, only to be thus branded as "affluent" or "professional" squatters.
  - \* "Sites and Services" should be a positive program with government interfering in a highly speculative land market and using eminent domain legal powers to buy up idle tracts of land close to the city.
  - \* Tens of thousands of homesites could be provided. The awardees would be attracted by the positive benefits of being given a chance to own a piece of land and build a house proportionate to one's own economic capacity and timing.
  - \* It is not only the desperately poor who are presently deprived of housing but the industrial working class who, by their labor, contribute as much as they can to society but still can not afford a house.
  - \* In the fifties, the People's Homesite and Housing Corporation — PHHC — turned parts of Quezon City into projects. Since the houses were also provided, the awardees were mostly middle-income families. Such an approach should be repeated, but this time with the government staying out of the construction business and providing only basic urban services.
- ## CONCLUSION
- \* The future of Asian cities will be determined by the standard adopted for housing and the basic urban services of water, electricity, education and health care.
  - \* In the future, Manila will rival in size the major metropolitan areas of the developed world. Its population will be as large as New York, London or Paris.
  - \* Yet, the economic resources available to build the city are shoestring in contrast to the wealth of these developed nations. It is a city where poor men live. The majority are poor.
  - \* *Policies that tend to ignore this fact and presume that conventional housing is within the economic capacity of all can not be pursued without oppression of the poor.*
  - \* Policies that tend to hide the poor, or drive them out of the city, or ignore their existence, are clearly unjust and tend to emanate from a mentality that only the well-to do own the city and have a right to it.
  - \* *Government should make it easier for the poor to live in the city, to live respectable though modest human lives, to belong and contribute to the city which has also become their home.*