

Squatting and Slum Dwelling in Metropolitan Manila

SPECIAL COMMITTEE REPORT*

*Office of the President
Manila*

The Problem

Squatting and slum dwelling are twin aspects of the housing problem. They are indications that the supply of houses has been greatly outrun by the growth of households. Squatting and slum dwelling, however, cannot be solved merely by making houses available. For the two are only symptoms of greater economic, social and political problems that go with urbanization.

Based on the most recent data available, there are about 127,852 squatter families (767,112 persons) and 55,907 families (335,442 persons) living in slum conditions in Metropolitan Manila,¹ a total of 183,759 families or 1,102,554 persons. (See Table 1.) In Manila alone there are 35,329 squatter families and 47,107 slum dweller families, or a total of 80,436 families. (See Table 2.)

* This paper was prepared by a Special Committee created under the Office of the President to study the problem of squatters and slum dwelling in Metropolitan Manila. The Committee is headed by Esteban Bernido, General Manager of the People's Homesite and Housing Corporation (PHHC) and Presidential Assistant on Housing and Resettlement and the members are Dr. Aprodicio A. Laquian, Felix D. Abesamis, Sylvia P. Montes, Jose D. Narcelles, Vicente T. Paterno, and Tomas Testa, Jr.

¹ Metropolitan Manila, in this report, is defined as the built-up area (conurbation) with the City of Manila as its core and with the following other local units included: the cities of Caloocan, Quezon and Pasay and the towns of Malabon, Navotas, San Juan, Mandaluyong, Marikina, Makati, Cainta, Pasig, Taguig, Parañaque and Las Piñas, in Rizal province.

A distinction must be made between squatting and slum dwelling if these problems are to be effectively solved. Squatting is primarily a legal concept and involves the occupancy of a piece of land or building without the permission of the owner. As a violation of property rights, it is punishable under our laws. Slum dwelling, on the other hand, is more of a socio-economic concept. It is living in homes that are so dilapidated and congested that the condition poses a health, fire, vice and crime hazard not only to those who live in the slums but to the whole urban community as well. In Metropolitan Manila, squatting and slum dwelling usually occur together, that is, slums are usually squatter areas and vice versa. There are some notable exceptions, however. Thus, in Magsaysay Village, Tondo, many squatter homes are built of strong materials. Slums in Malate and Pasay are usually peopled by home-owners who pay rent to private landowners and who, therefore, cannot be technically called squatters.

The problems of squatting and slum dwelling are usually closely related to other problems:

1. The presence of slums and squatter areas is generally related to the incidence and type of crimes found in a place. Thus, the district of Tondo, which has 57.5 per cent of Manila's squatters and slum dwell-

(1) 25 per cent re-invested in the business (at the discretion of the Board to increase or decrease this).

(2) Of the remainder, 80 per cent to be distributed to the work-

ers as dividends, 15 per cent to the landowners, 1.5 per cent to the Administrator, 1 per cent to the Chief Farmer, 1 per cent to the Sociologist, and the remaining 1.5 per cent to the Farm Assistants.

ers had 35.8 per cent of reported crime victims in 1965.² Tondo also

has the highest percentage of "crime against persons" cases among the districts of Manila.

² City of Manila and National Science Development Board, *Manila: Its Needs and Resources*. (Manila: Manila Social Welfare Department, 1967), Ch. IX.

- Big and costly fires usually originate from slum and squatter areas. This

Table No. 1
Estimated Number of Squatters and Slum Dwellers
in Metropolitan Manila, 1968 (Families)

Location	Squatters	%	Slum Dwellers	%	Total	%
Manila	35,329	27.6	45,107	80.7	80,436	43.8
Malabon	9,000	7.1	—	—	9,000	4.9
Navotas	4,000	3.1	—	—	4,000	2.2
Caloocan	21,650	16.9	2,350	4.2	24,000	13.1
Quezon City	31,297	24.5	1,450	2.6	32,747	17.8
Mandaluyong	15,250	11.9	6,000	10.7	21,250	11.7
San Juan	3,384	2.7	—	—	3,384	1.8
Marikina	456	.4	—	—	456	.2
Pasig	196	.2	—	—	196	.1
Taguig	200	.2	—	—	200	.1
Cainta	80	.0	—	—	80	.0
Makati	971	.8	200	.4	1,171	.6
Pasay	1,939	1.5	800	1.4	2,739	1.5
Parañaque	3,600	2.7	—	—	3,600	1.9
Las Piñas	500	.4	—	—	500	.3
METROPOLITAN						
MANILA	127,852	100.0	55,907	100.0	183,759	100.0

Table No. 2
Estimated Number of Squatters and Slum Dwellers
in the City of Manila, 1968 (Families)

Location	Squatters	%	Slum Dwellers	%	Total	%
Ermita	475	1.4	—	—	475	.6
Malate	206	.6	2,810	6.2	3,016	3.7
Intramuros	73	.2	—	—	73	.1
Paco	610	1.7	950	2.1	1,560	1.9
Sta. Ana	1,279	4.0	4,162	9.2	5,559	6.9
Pandacan	2,370	6.7	307	.7	2,677	3.3
Sampaloc	7,400	20.9	5,514	12.2	12,914	16.1
San Miguel	166	.5	320	.7	486	.6
Sta Cruz	750	2.1	3,325	7.4	4,075	5.1
Quiapo	100	.3	291	.6	391	.5
San Nicolas	—	—	1,803	4.0	1,803	2.0
Binondo	900	2.5	210	.5	1,110	1.7
Tondo	20,882	59.1	25,415	56.4	46,297	57.5
TOTAL FOR						
MANILA	35,329	100.0	45,107	100.0	80,436	100.0

is shown by the Pasay and Binondo fires.

3. The incidence and type of diseases are usually related to slum and squatter areas. The predominance of respiratory diseases and gastro-intestinal diseases is closely linked to the presence of slum and squatter areas.
4. Breakdown in morals and socially accepted behavior is related to the presence of slums and squatter areas. Thus, crimes against chastity and crimes against morals and order are highest in areas that have slums and squatter areas.
5. Low property values, and the concomitant low income from real property taxes are also related to slums and squatter areas.

Aside from these specific problems related to slums and squatters, there are others, more difficult to assess and quantify. The physical disorganization of the slum, though a frequent subject of paintings, jars the aesthetic sensibilities of many people. Squatting as a way of life, when tolerated and even encouraged for political and selfish ends by government officials contributes to the incidence of more serious crimes. And the personal and social disorganization brought about by life in the slums may be hard to document but is nevertheless a growing threat.

The Present Situation: Geographical Distribution

While the whole Metropolitan Manila area is faced with the problems of squatters and slum dwellers, the situation is specially grave in the City of Manila itself, Quezon City and Caloocan City. These cities have 43.8%, 17.8%, and 13.1% of the total squatter and slum population of the metropolitan area respectively.

In Manila, the biggest problem is in Tondo, where an estimated 46,297 of the city's 80,436 households that make up the total squatter and slum population are concentrated. The biggest squatter-slum colonies are found in Barrio Magsaysay, Barrio Magdaragat, the railroad tracks from Tayuman to Barrio Obrero and the notorious Isla Puting Bato. The physical conditions in Tondo are especially bad. Many squatters live along the district's many esteros (Canal de la Reina, Estero de Vitas, Estero de San Lazaro, Estero Sunog Apog, Fishermen's Wharf, etc.). The streets in the district are small, winding and narrow, with numerous pockets (looban) not accessible to motorized vehicles.

Squatters and slum dwellers congregate in the Tondo district because there are job opportunities there for unskilled and uneducated people. North Harbor employs many stevedores and laborers. Divisoria and other markets in the area provide livelihood to many *kargadores* and small vendors. The thousands of factories and little shops also provide job opportunities. The district's proximity to the Sta. Cruz and Quiapo downtown sections, coupled with the cheapness of jeepney transportation, also encourages many poor people who live off the commercial bustle of downtown (sidewalk vendors, scavengers, watch-your-car boys) to live in Tondo.³

The squatters and slum problem in Manila is also bad in the district of Sampaloc, (12,914 squatter and slum families) a lower to lower-middle class community also made attractive by its proximity to the downtown area. In Sampaloc, squatters are mostly concentrated along the

³ For more on Tondo squatters, see Aprodicio A. Laquian, *Slums Are For People: The Barrio Magsaysay Pilot Project in Urban Community Development* (Manila: College of Public Administration, UP, 1968).

railroad tracks right-of-way and in the low-lying formerly swampy areas (kangkungan), just off Balic-Balic. There are also squatter colonies along Dimasalang and Dapitan streets and along G. Tuazon. Smaller colonies of about 800 families each are found along Dapitan to España and from España to Lealtad.

The difficulty with Sampaloc is that there is little by way of an economic base to support communities of low income people. Aside from the markets and some small commercial establishments, Sampaloc has little to offer. It is primarily a residential community serving the downtown section.

The third area in Manila troubled by slum dwellers and squatters is the Fourth District, with 13,360 squatters and slum families located around Sta. Ana, Pandacan, Paco, Intramuros, Malate and Ermita. Slums and squatters in this area are the outcome of the fact that Manila south of the Pasig was the most devastated section during the Second World War. The availability of public lands (Fabie Estate, the railroad tracks), big private estates, and marginal lands formerly devoted to agriculture and to fishponds has also attracted squatters and slums dwellers.

The district of Pandacan has the highest concentration of squatters in the Fourth District (2,370 families). Pandacan is an industrial area, with almost all of the oil depots and the main gas company plants located there. As such, it has attracted both skilled and unskilled workers, who naturally want to live close to their jobs. Combining squatters and slum dwellers, however, Sta. Ana, especially that sector known as San Andres Bukid has the largest concentration (about 5,559 families). The low and formerly flooded portions of San Andres (along Esguerra and Dago-

noy streets) have invited squatters and slum dwellers. The presence of markets in the area and the easy transportation between San Andres and South Harbor, combine to make the place a favorite for low income people.

Among the suburban cities and towns, Quezon City has the worst squatter (not slum) problem. The biggest headache of city and national officials is the Quezon Memorial Park site, especially areas along E. de los Santos Avenue, North Triangle, Elliptical Avenue, Quezon Boulevard and the UP campus. The park site contains close to 4,000 squatter families. Though they are widely distributed throughout the large park, the squatters have managed to discourage developments in the area.

One problem with Quezon City squatters is the fact that they are well organized and therefore, an important political bloc that local politicians have to contend with. The capital city, however, does not have the types of industries and commercial concerns that would warrant the concentration of low income communities. Most of the Quezon City squatters are agricultural persons who make out a marginal living from the often rocky and infertile soil. Some of them were also "builder squatters," people who worked on the many construction projects in the city, built shanties for their families, and then stayed put even after the construction work was done. No doubt, the undeveloped public and private lands in the city also contributed a great deal to the coming of squatters. Many of the squatters in the park site contend that they were encouraged to stay in Quezon City by signs put up by the Government a long time ago inviting them to "Come and Plant in the Capital City." Now that they have contributed their share in the development of the

city, they claim they are being driven away.

As an old community swallowed up by the urban sprawl, the City of Caloocan has the third worst squatter and slum problem in Metropolitan Manila (about 24,000 families). The largest single concentration of squatters in the place is Bagong Barrio, followed closely by public property owned by the Manila Railroad Company.

The older sections of Caloocan have deteriorated very fast as more and more migrants concentrated in them. The many small shops and trades in the city attract people of the low income variety. In addition, the presence of large tracts of public lands and private estates temptingly beckons to squatters. Many of the barrios of Caloocan that have been transformed into subdivisions are plagued by squatters. The presence of squatters and slum dwellers, in turn, has greatly affected the peace and order situation in the city.

To sum up, therefore, there are many reasons why certain areas in Greater Manila attract squatters and slum dwellers. These reasons include the following:

1. Proximity to sources of employment that depend on unskilled labor and which give low pay;
2. Availability of undeveloped or unused public lands or large private estates;
3. Availability of poor or marginal lands not suitable for other development, such as swampy areas, reclaimed land, estero sides and others;
4. In the case of slum dwellers, they are usually attracted to private lands where the owners are willing to receive low rents because the land is marginal or the owners do not want to invest money into developmental purposes. Slums also grow

up in public lands where there are no control measures because of lack of concern or even corruption.

It is seen from the reasons enumerated above that there is some logic in the distribution of squatters and slum dwellers in the Metropolitan Manila map. Squatters and slum dwellers are not just randomly distributed all over the place. Their concentration is influenced by employment, political and other factors. It is extremely important that such logic be kept in mind in the preparation of a program to solve the squatter and slum dwelling problem in Metropolitan Manila.

The Present Situation: Social Background Characteristics

Pending tabulation and analysis of the complete survey results of squatters and slum dwellers in Metropolitan Manila being done through the cooperative efforts of the Social Welfare Administration, Peoples Homesite and Housing Corporation, Presidential Assistant on Housing, Presidential Arm on Community Development, the City of Manila, and other national and local government units, secondary data obtained from previous studies have been used in this report.⁴ Such studies, although conducted in various squatter and slum communities, show an amazing comparability of findings.

⁴ These studies include: (1) Complete survey of Barrio Magsaysay, Tondo, 2,625 families, conducted by PACD in March, 1966; (2) Complete survey of squatter families on Broadway, Quezon City, 203 families, done by the UP through the Manila Complex Study, March, 1967; (3) Complete survey of slum families in Tramo, Pasay City, 295 families, conducted by the Asian Social Institute, January, 1967; (4) Sample survey of Manila residents, 731 households, conducted by the Manila Department of Social Welfare and National Science Development Board, April, 1965; and a (5) Complete survey of Quezon City Park squatters, 3,045 families, conducted by the Social Welfare Administration and the PHHC, March, 1966.

Some of the more important characteristics of squatters and slum dwellers are the following:

1. The average family income of squatters and slum dwellers is between ₱100 to ₱149 per month. About 51.3 per cent of squatter and slum families earn less than ₱150 and about 14.8 per cent claim having no income or income that is so variable one cannot depend on it.
2. The average size of squatter and slum dwelling household is between five and six members. The degree of dependency is high, with 70 per cent of household members below 18 years of age. About 32 per cent of dependent members are below school age, while 11 per cent of those of school age are out of school.
3. Doubling up in squatter and slum houses is quite frequent. More than 30 per cent of houses in squatter and slum areas have more than one family residing in them. Home ownership, however, is quite high, with 67 per cent of families owning their houses and only about 26 per cent renting (others are even rent free).
4. Utilities are greatly lacking with water and roads being the most serious problems, followed closely by police and firefighting facilities. Barely a quarter of squatter and slum dweller households have toilets and garbage collection is almost non-existent. Only electricity is adequately provided, with about 70 per cent of households using electric lights and 42 per cent using radios.
5. Squatters and slum dwellers are very organized, with more than 65 per cent of household heads being members of at least one organization. This joining provides not only a sense of community identity but political power as well.
6. Most of the squatter and slum dwelling families are migrants from the rural areas, with only about 7 per cent being originally from Metro-

politan Manila. About a quarter of squatters and slum dwellers are from Central Luzon, 20 per cent from Western Visayas and 17 per cent from Eastern Visayas. Other regions where they come from are Northern Luzon, 14 per cent, and the Bicol region, 13 per cent.

7. The most important reason given for going to Metropolitan Manila was to improve means of livelihood. Most important reason for staying in the squatter area was "no other place to go to" and "closeness to job." More than three-fourth of squatters and slum dwellers are unwilling to leave their area. They are almost unanimous in looking up to the government for help.

The findings from the five studies mentioned above provide the baseline data which the complete survey of squatters and slum dwellers currently being done in Metropolitan Manila will supplement. As soon as more updated information is obtained, a concrete program for solving the squatter and slum dwelling program will be prepared.

Even with the tentative information currently available, however, specific proposals can already be made to solve the squatter and slum dwelling problem.

The Present Situation: Governmental Efforts

The Government's efforts to solve the problem of squatting and slum dwelling have been characterized by sporadic campaigns and programs more or less related to specific crisis situations. In the absence of a definite policy and program touching on such aspects as the legality of squatting and slum dwelling, urban development, population allocation, public investments and credit for housing purposes, there have been independent and uncoordinated efforts on the part of many

agencies. The result has been organizational confusion marked by overlapping of functions, repetition of efforts, passing the buck and other undesirable bureaucratic practices including corruption.

The primary agency charged with coordinating housing and urban development in the Philippines is the Presidential Assistant on Housing and Resettlement Agency, created in 1964. The Agency, however, has a small staff, only two of which are technicians. While the Presidential Assistant has cabinet rank, he is also saddled with too many administrative and political details because he is also the Chairman and General Manager of the People's Homesite and Housing Corporation. Though the PAH was created to coordinate the actions of agencies involved in housing, a combination of lack of personnel, funds and political factors has made it ineffective.

The Government's main housing agency is the People's Homesite and Housing Corporation, authorized by law to acquire land, build houses, manage housing projects, clear slums, relocate squatters and do research on housing and slum rehabilitation. Since its creation in 1947, however, the PHHC has built only 12,000 dwelling units in 17 projects, 11 of which are in the Greater Manila area. It has not built any dwelling unit during the past five years.

The PHHC's troubles may be traced to specific pressures that result in legislation detrimental to the Agency's operations. Thus, Republic Act 3818 passed in 1963, provided for the outright sale of PHHC homes, with rental payments being considered as payments to the purchase price of units. This alone, resulted in a P15 million loss to the PHHC. The landholdings of the PHHC have also been slowly depleted by special housing projects for government employees, veterans,

newspapermen, etc. Finally, even landholdings of the Agency outside the Greater Manila area have been occupied by squatters or used as relocation sites for squatters. When coupled with specific political pressures for accommodations, patronage and other demands, these problems of the PHHC conspire to make the Agency ineffective.

Another agency created in 1956 to help improve housing is the Home Financing Commission. The Commission has the power to insure loans up to P25,500 for individual mortgages, with only a one per cent insurance premium. As of now, however, the volume of HFC-financed mortgages amounts to only P62 million. The main problem is the interest rate for loans insured by it, which is only 6 per cent. Because the market interest rate is about 12 per cent or more, very few people avail of the funds of the HFC. In fact, of the P5 million starting fund of the HFC, P2 million is still available.

Aside from these three main agencies, there are others which are primarily or peripherally connected with housing, squatter and slum programs. Among these are the Social Security System, the Government Service Insurance System, the Social Welfare Administration, National Planning Commission, Presidential Arm on Community Development, Development Bank of the Philippines, regional authorities, and of course, the autonomous local governments. The local autonomy law gave local governments complete jurisdiction over planning. While some of the local units have responded positively to this responsibility, many have totally neglected this function.

All in all, the Government's activities in the housing, slum and squatter improvement fields have been ineffective and

insufficient. The proliferation of responsibility among national and local units, coupled with the lack of a central agency with the necessary powers, finances and leadership have been the reasons behind this. There is also a crying need for a definite housing policy and an integrated program that would face up the problem once and for all.

Recommendations

One serious mistake of previous plans and programs to meet the squatter and slum dwelling problem was in treating this as primarily involving housing. If having a roof over one's head is the only concern, the problem would be easy to solve. Unfortunately, the problem is much more complex. It is closely tied up with such factors as employment, journey to work, land values, ability to pay and

others. As such, a housing program must be seen in the total light of comprehensive urban development for it affects, and is affected by, the other factors that make for rational urban development.

Low Cost Housing

It is obvious that a low cost housing program is called for if the squatting and slum dwelling problem is to be solved. When coupled with a program of relocation, redevelopment, community development and other schemes, low cost housing has a better chance to succeed.

Housing policy must depend on the characteristics of the people it serves. One of the most important factors to be considered is the income of the housing clients. The type of housing scheme to be introduced, therefore, may be guided by the following considerations:

<i>Type of Scheme</i>	<i>Monthly Income Of Clients</i>	<i>Per Cent of Clients to be Served</i>
1. Government provides social housing practically free; people have little or no capacity to pay	Below P100	25.6
2. People pay rental on government houses built on government land to amortize construction and operation costs. Rents from P10-50 monthly	P100-299	63.5
3. People buy government houses built on government land on 10-30 year repayment plan at 6 per cent interest	P300-399	6.4
4. People construct houses on government land, with loans from government lending institutions at 6 per cent interest	P400-499	2.0
5. People construct homes on private land, with loans from public or private credit institutions	P500 and above	2.5

For the government, the biggest problem involves squatters and slum dwellers with income less than P100 per month which make up more than a quarter of the slum and squatter population (about 45,939 families). To set up social housing for these people with no hope of ever recouping

the government's investment is a great financial burden. At the lowest rate of P5,000 per dwelling unit, this will already entail a cost of about P229,695,000.00, a sum the government can ill afford.

It is imperative, therefore, that to meet this serious problem, a combination of

schemes should be used. Thus, those among the bottom income squatters and slum dwellers who have agricultural skills may be encouraged to return to the farm or to migrate as members of agricultural colonies to open up new lands. Others may be relocated to semi-urban lands around metropolitan fringes to go into vegetable gardening, poultry raising or cottage industries, under the government's Food Production Program. Purely social housing should only be provided for the handicapped and the destitute over which society really has an obligation.

For the 115,768 families who are squatters and slum dwellers in Metropolitan Manila who can afford to pay from P10 to P50 per month for housing, various types of low-cost housing ranging from row houses to seven-storey tenements may be built. The location of such low cost houses, however, must be planned in close coordination with such factors as transportation, employment needs, social amenities and upward economic opportunities. Thus, Tondo, Marikina, Navotas and the Fourth District of Manila should have high priority as locations for such housing because of the factors mentioned above.

For families with capacity to pay, the government must provide the climate for encouraging the private sector to enter the housing field. Aside from such schemes as credit for housing, mortgage insurance, savings and loans associations and the like, the government must also make sure that it will not directly compete with the private sector in programs that can be served effectively by commercial ventures.

Urban Community Development

Much as the government would want to provide low housing or relocate urban squatters and slum dwellers, the expense

of pursuing these programs effectively is too much for it to shoulder. Financial realities, therefore, call for a program of urban community development.

As envisioned, urban CD involves toleration of squatters and slum conditions for specific periods of time. Instead of ignoring the squatter and slum problem, the government, through community development workers, should organize the people and ask them to improve their conditions through aided self-help. Under this scheme, the government provides basic infrastructures and amenities such as roads, water, medical help, schools, fire-fighting equipment and others. The people, in turn, contribute their labor or even funds, in whatever construction or cooperative efforts are needed for the community.

Sociological studies have shown that squatter and slum communities are usually well organized. The sense of identity among such people is strong. Thus, cooperative efforts such as the *ronda*, community fiesta, pooling of funds and labor resources are quite common. This human resource should be fully tapped by the government for taking care of slum and squatter problems with the main efforts of the people themselves. To this end, the Community Welfare Services program of the Social Welfare Administration as well as the Urban Community Development efforts of the PACD should be expanded and their coverage enlarged to include slum and squatter communities in urban areas. This uniquely human approach to solving basically human problems should be tried to avail of its advantages.

Resettlement and Urban Dispersal

About 93 per cent of squatters and slum dwellers are migrants from the rural areas. Of these, 16 per cent arrived from 1946-1955, 14 per cent came to Metro-

politan Manila from 1956 to 1960 while 28 per cent came between 1961 and 1965. The increasing rate of migration may be seen in the fact that 9 per cent of squatters migrated to Metropolitan Manila in the two years of 1966 and 1967.

The pattern of migration indicates that squatters and slum dwellers first passed through a secondary urban area (e.g., Cebu, Iloilo, Legazpi, Davao) before going to Manila. This two step migration is of tremendous significance in relocation projects because it explains the reluctance of squatters and slum dwellers to go back where they came from.

For squatters and slum dwellers who moved to Metropolitan Manila during the past two years, and who presumably still have rural attitudes and skills, a program of resettlement and relocation may be recommended. However, to avoid "loss of face" which may occur if these people will be asked to return to their hometowns, they may be resettled in other rural areas either as homesteaders or members of agricultural settler colonies. Relocation may be made more palatable by the government offering free transportation, credit, farm implements and other forms of assistance. An informational campaign to make such programs more appealing to squatters and slum dwellers may be made by the SWA, PACD, and other agencies.

Past experience has shown, however, that programs for encouraging urban squatters and slum dwellers to return to the rural areas have not been too successful. A supplementary program of encouraging such people to locate in secondary urban areas or at the fringes of the metropolis is therefore needed. At the personal level, this may require the expansion of the program envisioned by the Central Institute for the Training and Rehabilitation

of Urban Squatters (CITRUS). By training squatters and slum dwellers in new skills that may be useful in urban life, they may be encouraged to move to other areas where such skills would be needed.

At a broader level, dispersal of people to other urban centers may be done by the conscious development of other urbanizing centers so that they will serve as "counter magnets" to Metropolitan Manila. This program may be pursued through the following means: (1) the allocation of public investment in infrastructures and production facilities to other urban centers; (2) the planning of development regions around urban growth points; (3) the encouragement of private business and chambers of commerce in their efforts to drum up support for the development of their areas; and (4) the intensification of government operations and development efforts in secondary urban centers. Such a conscious policy of resource allocation and urban dispersal will bring about many advantages. Its most lasting benefit, moreover, is the achievement of balanced growth over the whole country, instead of the present concentration in Metropolitan Manila.

Relocation

There is a need to take a hard second look at the Government's program of relocating squatters and slum dwellers to such places as Sapang Palay, San Pedro Tuna-san and Carmona. More than 55 per cent of the people relocated to Sapang Palay have moved out of the area. Those who remain are trying to eke out a miserable life, with able-bodied males working in Metropolitan Manila and going home only on weekends. Others have built ghost houses only for speculative purposes, with no real intentions of ever occupying them.

A relocation program is not a simple operation that involves bodily transferring people from the slums to the relocation area. If it is to succeed, the following must be assured first: (1) a means of livelihood in the relocation area which is just as good as the one originally enjoyed by the squatter or slum dweller; (2) if there is no immediate means of livelihood, a cheap and convenient transportation system between a person's job and his new home; (3) adequate facilities such as roads, water, medical services, waste disposal and others; and (4) provisions for new housing. The failure of past relocation schemes may be traced to a lack of some, if not all, of the above.

To assure that future relocation projects are done properly, a standard operating procedure should be devised that would include the following steps: (1) complete survey of persons to be relocated, noting down all personal and social background information that may aid the planners to the project; (2) survey, planning and preparation of the relocation site; (3) provision of basic facilities and amenities before transfer of human beings; (4) specific allocation of lots to families so that the latter would know exactly where they will set up their new homes; (5) clarification of the terms of relocation, such as whether families can hope to own the land and under what manner of payment; (6) assistance during the actual period of relocation in terms of transportation, core housing, food rations; and (7) continued follow up of the progress of people in the relocation site, including programs for community organization, technical assistance and eventually, local governments.

Relocating people in a hurry because of political convenience or other reasons does not really solve the slum and squat-

ter problem. It only postpones the actual solution, with the possibility that the problem would be compounded because of the failure to come up with real solutions. The lack of regard and respect for the plight of human beings that has characterized relocation projects in the past also serves to add fuel to an already heated issue. In a matter as explosive as the squatter and slum problem, the country cannot afford half measures.

Role of Private Industry

Governmental efforts alone will not be able to solve the squatter and slum problem. In the Philippines, only 1 per cent of houses are built by the government. Another 20 per cent are financed by the government but the remaining 79 per cent of houses are privately built and privately financed. Yet, taking the country as a whole, 70 per cent of the Philippine population cannot afford to build their own homes nor have enough collaterals to avail of government credit.

Some 2.5 per cent of squatters and slum dwellers in Metropolitan Manila or about 45,939 families have incomes of ₱500 per month or more. When added to the middle and high income level persons in the urban population, this is quite a rich market for housing. Proof of the profitability of housing is the proliferation of subdivision and land development companies in the metropolitan area. What is practically left untouched, however, is the venture of private industry into low-cost housing. Here, it would be unrealistic to expect that this will come about until major revisions are made in governmental programs and policies.

Low Cost Homes—the Government's encouragement of low-cost homes that cost from ₱5,000 to ₱10,000 each as typi-

fied by Eternit homes or the Bancom design is laudable but it should be analyzed further. For the main problem in housing today is not the house itself but the land. Uncontrolled land use, speculation, unrealistic tax rates and other factors have combined to send land values soaring in Manila and suburbs. On the average, land to house and improvement cost ratios are about 60:40. Constructing low cost houses on expensive land, therefore, will make his situation worse. It is only logical to expect that when land values are extremely high, optimal use of land requires building upward and not horizontal expansion which only leads to undesirable urban sprawl.

Home Loan Banks — At present, about 79 per cent of all housing construction in the Philippines is financed privately. However, credit facilities for housing are very inadequate. Housing has a low priority as far as public and private lending institutions are concerned. The GSIS, SSS, DBP and PNB require big collaterals or a high capacity to pay for housing loans. Such loans, therefore, go to people who need it least because they have enough money to avail of commercial bank loans. The middle income person does not have ready access to credit for housing. Interest rates in private banks are generally higher than the legal 12 per cent while public funds at 6 per cent are in scarce supply.

The government should set up Home Loan Banks, with public funds made available solely for housing. Even if such funds are lent at 12 per cent interest, if no collateral is required, people will still borrow. If such home loans are properly administered, there are indications that they will help in increasing the stock of housing in the Philippines.

Mortgage Insurance — Private capital in the Philippines is often not devoted to low-cost housing because there are many ventures where the returns to capital are higher. One way of encouraging private capital to go into housing, therefore, is by reducing the risk through mortgage insurance. This was the main idea behind the Home Financing Commission. This Agency insures house mortgages at the minimal cost of 1 per cent added to the interest of the loan.

Unfortunately, the HFC has not been able to function effectively because it still insists on using 6 per cent as the interest rate on housing loans, a rate in force in 1956 when the Agency was created. Since the current interest rate on housing loans in the open market is about 12 per cent or more, no entrepreneur is willing to have mortgage insured if his interest rate is reduced to 6 per cent. The charter of the HFC, therefore, should be revised to enable it to raise its interest rates closer to the current rates.

Savings and Loans Associations — Another way of encouraging private capital to accumulate so that it could be used for housing is by setting up savings and loans associations. Unfortunately, in the Philippines, savings and loans associations find it more lucrative to grant short term commercial loans, to be repaid from six months to one year. Under these terms, very few people would be able to devote funds from the associations to housing. If the savings and loans associations would be of help to the housing industry, some basic changes in their concept and operations must be introduced.

Cooperative and Condominium Housing — Since housing, like other production ventures, benefits from standardization and economies of scale, a group of persons pool-

ing their resources together stand a better chance of solving their problem than just one person. Cooperative housing, therefore, is another way of encouraging private initiative in setting up low-cost housing. A group of persons in a cooperative may buy land together and build their homes much cheaply. The condominium law allows such cooperatives to be composed of individuals with private shares in an existing building. Unfortunately, in the Philippines, the benefits from cooperative and/or condominium housing are not too well appreciated yet. Lack of mutual trust and an understandable fear for something novel get in the way of improved housing through these methods.

Housing for Employees — Factories and industrial plants requiring unskilled or cheap labor must be urged by the government to provide low-cost housing for their employees. The advantages to the firm of this arrangement are many. Not only can tardiness and absenteeism be avoided because of the closeness between home and working place; the cost of housing as a fringe benefit may actually be shifted forward to consumers or backward to the workers in terms of lower wages.

Unfortunately, the high unemployment rate in the country prevents the full implementation of a scheme like this. Where there are many workers eager to work without low-cost housing provided nearby, the company has no real economic reason to go into the additional expense needed by housing. It is often much cheaper to provide shuttle transportation for employees or to give transportation allowances.

Housing Policy — In general, there can be no better scheme than the government can introduce than for it to issue a definite policy on housing. The changeable attitude of the government toward all

aspects of housing (unrealistic interest rates, toleration of squatters and slum dwellers, granting of concessions to vested interests and groups in public housing, direct competition with private builders) often discourages the private sector from really doing its best in trying to solve the housing problem. The lack of policy is further highlighted by the absence of a definite government agency in charge of housing and urban development. With the private sector having to contend with almost two dozen agencies when it goes into housing, it cannot be blamed for its reluctance.

Institutional Changes in Government

The present government institutions charged with the housing function are in a state of confusion and disarray, with overlapping in jurisdictions and non-coverage of many vital functions. If a comprehensive national housing program is to succeed, it must effect some basic institutional changes in the government.

A Central Housing Agency — At present, aside from the PHHC, there are other government agencies directly or peripherally concerned with the housing function. Among these are the Presidential Assistant on Housing, Social Welfare Administration, National Planning Commission, Government Service Insurance System, Social Security System, Development Bank of the Philippines, CITRUS, the National Committee for Multi-Storey Tenements, and others. The confusion that can arise from a proliferation of so many agencies is typified in the case of Sapang Palay where no less than 19 public and private agencies were involved.

There is an urgent need for the consolidation of so many agencies and a clarification of their functions. The proposal

for the creation of a Department of Housing and Urban Development merits closer attention. As proposed by the bill, there is really a need for the housing function to be elevated to higher status in the Philippine government. By centralizing this function in a single department headed by an official of Cabinet rank, the present confused state of affairs may be improved.

Revision of Priorities—With the government's major success in rice and roads, it is high time that the third basic necessity of roof should be given higher priority. The slum and squatter situation has already been allowed to deteriorate while other seemingly more urgent matters were looked after. The more than a million squatters and slum dwellers in Metropolitan Manila provide ample evidence that meeting the problem cannot be postponed any longer.

Giving housing higher priority should bring about major changes in the credit facilities extended by public lending institutions. It should result in increased public expenditures for housing. The Philippine Government is one of the very few entities around the world that does not provide a regular appropriation for low-cost housing. Finally, a revision in priorities should clarify the government's policy towards land.

In other countries, public policy encourages the purchase of land by the government because of the fact that planning and development is much easier and

rational when the decision makers are dealing with publicly-owned land. In the Philippines, however, we have embarked on a policy of selling public urban lands to finance land reform and other rural-based functions. The decision to sell Plaza Militar and some parts of Fort Bonifacio to finance the land bank is contrary to international trends in urban development and city planning.

While the government is disposing of public urban lands by sale, lease or even outright grants to such vested interests like the press, civic organization and groups of employees with their own housing projects, it refuses to set up regulatory actions that would curb the widespread abuses of private landowners. Everyone recognizes that a punitive tax on idle lands will not only increase government income but will discourage speculation as well. It is also admitted that zoning codes, building regulations, minimum standards and modular coordination are all beneficial in the long run. However, too strong an adherence to the spirit of free enterprise, political opportunism, and plain disregard for the general welfare all combine to prevent the government from exercising its full influence for the common good. The squatter and slum dwelling problem is only a symptom of the wider and deeper ills that beset the country. It can be solved only by major changes in our society and the revision of certain highly held institutions and beliefs.