

**PHINMA Property Holdings Corporation:
Improving the lives of informal settlers by
providing affordable and decent homes**



BCtA Commitment

In 2014, PHINMA Property Holdings Corporation (PHINMA Properties) joined the Business Call to Action (BCtA) with its Bistekville II Socialized Housing Project located in Barangay Kaligayahan, Novaliches, Quezon City, the first in-city and on-site relocation of informal settler families in the Philippines. The project has been completed with 1,101 socialized housing units in the same 4.8-hectare land these families have occupied for the past 30 years.

PHINMA Properties aims to develop 5,225 more socialized housing units by 2017 within and around Metro Manila; 2,208 of these units will be completed by the end of 2016.



In Short

The Philippines faces a housing backlog of 3.9 million units. In 2011, the National Housing Authority had estimated that there were 584,000 informal settler families in Metro Manila alone, of which about 222,000 families lived in Quezon City. Informal settlers are defined as households that live on a lot with a self-constructed house without the landowner’s consent.

In order to provide affordable and decent housing for Filipino informal settlers, PHINMA Properties has taken the initiative to partner with the Quezon City government in launching a public-private partnership through the Bistekville II project. Together, they address the multi-faceted challenges informal settlers face, including the poor construction of shanties, the local government’s

“PHINMA Properties is fully committed to building communities. We are delighted that the houses we build evolve into communities whose residents live together harmoniously.”

Willie J. Uy, recently retired President and CEO, PHINMA Properties

inability to collect taxes from them, difficulties maintaining peace and order in these areas, and landowners’ inability to utilize the economic value of their informally-occupied lands.

To-date, 575 families who were previously informal settlers have moved into new homes. Some local government employees were also able to find permanent housing in Bistekville II.



Link to SDGs

- 3** Good health and well-being
- 10** Reduced inequalities
- 11** Sustainable cities and communities

Key company facts

Country of headquarters:

Philippines

Founded:

1987

Number of employees:

344

Annual turnover:

US\$23 million (2014)

The role of the government

Bistekville II engages the government in many ways. According to Quezon City's Housing Community Development and Resettlement Department, the local government acquired the land for the project and allocated US\$2.1 million to subsidize the development of Bistekville II, which included land development, the opening of a right-of-way, financial assistance to informal settlers, the construction of a retaining wall and multipurpose hall, an improved drainage system, and expenses on permits and licenses.

How it works

In the past, there were constant conflicts between landowners and the informal settlers who occupied their land. With PHINMA Properties' innovative program, owners of informally-occupied land are able to unlock their property's value while on-site socialized housing for the informal settlers is developed. Bistekville II is a public-private partnership that includes the Quezon City local government, PHINMA Properties as the land and housing developer, the landowner, and Pag-IBIG Fund and Social Housing Finance Corporation as financing institutions.

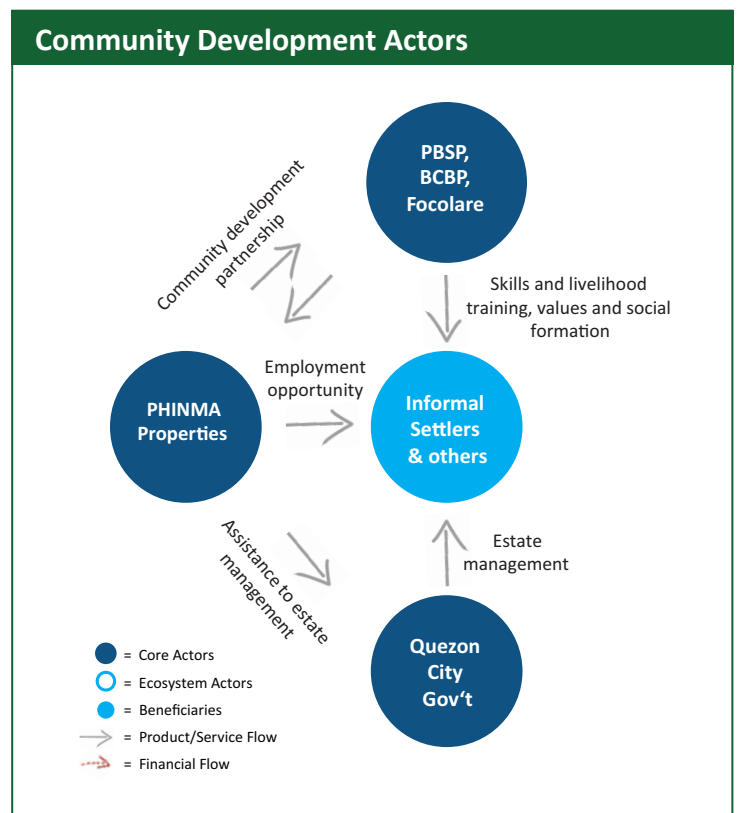
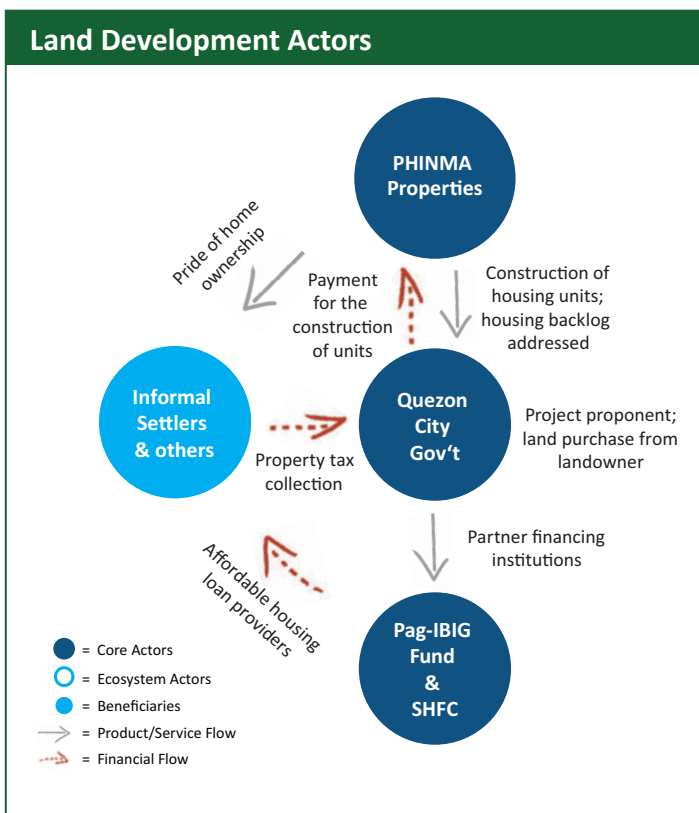
PHINMA Properties' building technology is backed by triple-ISO certifications for Quality, Safety, and Environment. The "cast-in-place" reinforced concrete construction technology significantly reduces the cost of constructing housing units by minimizing construction time, reducing manpower costs,

controlling quality, and eliminating third-party contractors while delivering a strong and sound structure.

Qualified informal settlers within Quezon City who earn an average of US\$314 per month can purchase new homes with affordable loans from partner financial service providers. These loans can be repaid in monthly installments as low as US\$21 payable in 30 years.

While it is common practice for some developers to leave the scene after the units are turned-over to buyers, PHINMA Properties continues on to build sustainable communities. For this reason, the company has partnered with the Quezon City local government for estate management and with community-based organizations for livelihood training and community-building initiatives.

PHINMA Properties' Inclusive Business Model – Bistekville II



What are the Results?

Business results

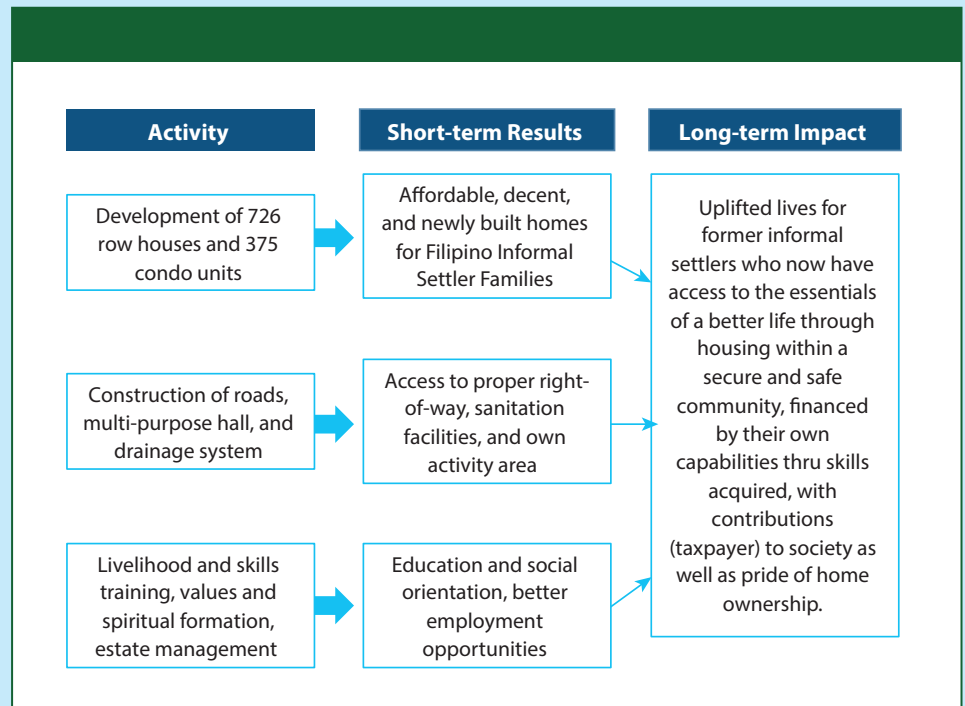
This first of its kind in-city and on-site relocation project for informal settler families initially targeted the construction of 1,078 mixed-housing units. In December 2014, PHINMA Properties completed Bistekville II with an additional 23 row house units, for a total of 1,101 socialized housing units. With an estimated US\$2.3 million in revenue, Bistekville II has demonstrated that affordable, high-quality housing can be made available to families living at the bottom of the economic pyramid – improving lives through support from many different sectors.

While granting PHINMA Properties a modest profit, Bistekville II has made a significant impact on addressing the housing backlog in the Philippines – a proud achievement and innovation of the company that can be replicated in other areas where large informal settlements exist.

PHINMA Properties is Metro Manila's leading private developer actively involved in inclusive housing development, with over 1,700 units completed since 2012. When the company's current projects are completed, a total of 2,208 affordable and decent socialized housing units will benefit more of its less fortunate countrymen.

Innovations

that improve lives



Development results

The continued expansion of informal settlements in Metro Manila and other urban areas of the Philippines has remained a persistent problem for many decades. In the past, the government's solution was to transfer these households to resettlement sites located outside of urban areas. However, instead of aiding the informal settlers, this relocation incurred additional costs resulting from longer commutes to work and school. In addition, the homes provided were only shells, without sewage facilities or toilets, and settler families needed to pay for any improvements.

In addition to poverty, informal settler communities experience issues with safety, criminality, flooding, poor sanitation, fire incidence, and absence of basic services. Through Bistekville II, this public-private partnership initiated by PHINMA Properties has helped 575 previously informal settlers fulfil their dreams of owning a well-constructed new home. In addition, the land on which Bistekville II is built has no history of flooding and is more than

10-km away from the nearest fault line. This is a much safer location than many informal settlements, which are located in areas prone to flooding and earthquake damage.

In Bistekville II, skills and livelihood training build capacity and empower community members to pay-off their housing loans. Since the residents' land tenure is now formalized, the local government can collect property taxes and utility companies can provide services. As a result, the then informally-occupied land has been transformed into a wholesome community. In addition, the skills training provided to community members has created a new skilled workforce for a more productive citizenry.

Importantly, formerly informal settlers now have pride of ownership of their own homes. Home ownership has raised their social status from that of "squatters" to formal residents of a community. Together with its parent company, PHINMA Properties aims to continue improving the lives of Filipinos – especially those who struggle to afford basic shelter.

Key issues and solutions

Enabling beneficiary families to achieve home ownership requires viable financing solutions. The current financing schemes provided by Bistekville II's partner financial institutions have strict requirements for loan approval, limiting informal settlers' access to housing loans since they lack proof of income (e.g. payroll slips). As a result, just 247 loan applications were submitted and 186 units were occupied in 2015. To tackle this challenge, PHINMA Properties created a cooperative that helped informal settlers establish a credit history with a track record of just three months. Informal settler families have also been provided with opportunities to join the "Back-to-Province" program, in which the local government grants a one-time financial assistance.

Another challenge was that some informal settlers resisted leaving the area to make way for construction. Although PHINMA Properties provided temporary housing, some families remained uncooperative. In addition, some large informal settler families complained that the new housing units were only ideal for small families and requested design improvements. Therefore, instead of achieving its target of finishing construction in one year, the project was completed over three years.

To address these concerns, the local government created a special task force to ensure social inclusion, education,

adequate relocation, and community development. PHINMA Properties also formed a council of stakeholders to address the informal settlers' needs and build a sustainable community.

PHINMA Properties encountered some bureaucratic obstacles in securing permits and licenses. Government agencies did not process quickly as initially agreed, causing delays in construction. To mitigate this issue, PHINMA Properties established a unique department dedicated to socialized housing project implementation for easy identification of gaps and decision-making.



Future plans

As a result of Bistekville II's success, other local governments have expressed interest in replicating the project in their locale. Discussions have already taken place with Malabon City, other areas of Quezon City, and Cavite province. It is hoped that more local governments will partner with PHINMA Properties, whose proprietary construction methods allow the company to construct high-quality homes at a low cost.



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