

Statistics for Housing Policy

Housing statistics are critical for the creation of policies which are in line with the country's development goals.

Under AmBisyon Natin 2040, Filipino families are envisioned to live in comfortable homes with secure tenure and the necessary amenities.

This paper aims to present the data gaps in the generation of statistics which are used for the estimation of housing demand and supply and how it impacts housing policy and overall industry growth.

I. INTRODUCTION

In 2011, then Board of Investments (BOI) Managing Head Adrian Cristobal challenged the Subdivision and Housing Developers Association, Inc. (SHDA) to produce a roadmap for the housing industry, which will serve as a tool for public and private sector collaboration, planning and coordination by providing the following:

1. A clear status of the housing need of the country
2. The current production capacity of the housing industry
3. The economic impact of housing
4. Factors that affect housing supply: affordability, policy, and regulatory environment

SHDA partnered with the Center for Research and Communication Foundation, Inc. (CRC) in formulating the said roadmap. This roadmap was further enhanced in 2014 through the assistance of the United States Agency for International Development (USAID) Advancing Philippine Competitiveness (COMPETE) Project as requested by the Department of Trade and Industry (DTI).

In 2016, this roadmap was updated to focus on the impact of housing activities on the economy.

Below are the key SHDA Roadmap Objectives:

1. Increase housing production
 - a. 1 million houses by 2016
 - b. 2 million houses by 2022
 - c. 7 million houses by 2030
2. Implement a comprehensive housing subsidy program for target segments to enhance affordability
3. Generate and mobilize funds for end-user financing
4. Improve the housing regulatory environment.

Since the realization of the roadmap target of 1 million homes in 2016, the industry is confronted with the following new challenges:

1. Changes in BOI's Annual Investment Priorities Plan for 2017 to 2020
 - a. Removal of income tax holiday incentives for residential projects in Metro Manila;
 - b. Decrease of price ceiling from PHP 3,000,000 to PHP 2,000,000;
2. Implementation of RA 10884 (Balanced Housing Development Program Amendments)
 - a. Requirement of proof of compliance with socialized housing compliance prior to issuance of License to Sell (5% of total project area or cost for vertical projects, 15% of total project area or cost for horizontal projects);

- b. Centralized approval of accreditation of socialized housing compliance projects to the Office of the Housing and Land Use Regulatory Board (HLURB) Chief Executive Officer;
3. Increase in the required minimum floor areas and lot areas that accompanied the adjustment in the price ceiling for socialized housing;
4. Approval of Tax Reform for Acceleration and Inclusion Act (TRAIN), which lowers the Value-Added Tax exemption for housing projects from PHP 3,199,200 to PHP 2,000,000 by 2021
5. Surge in zonal values of land and cost of construction materials
6. Continuous decline of share of housing in the national budget
7. On-and-Off Threats of Moratorium on Land Use Conversion with the Department of Agrarian Reform

These challenges manifested in 2018 into a 25% drop in residential units based on issued Licenses to Sell compared to its all-time highest production of 244,823 units in 2017.

There is a need to update and improve on the existing housing demand and supply estimates, which will guide public and private sector stakeholders in reformulating the strategies needed to sustain the growth of the housing industry.

This paper outlines the data gaps in the generation of statistics which are used for the creation of frameworks used for the estimation of housing demand and supply and how it impacts housing policy.

II. Estimation of Housing Demand

The Statistical Research and Training Center (SRTC), in collaboration with the Housing and Urban Development Coordinating Council (HUDCC), created a national framework which was used to estimate the housing backlog and housing needs of the country.¹

Under this framework, accumulated housing needs are estimated using information on occupied housing units, construction materials of walls and roofs, type of housing structures and tenure status. Future needs, on the other hand, are projected based on population growth. These are taken from Population and Housing Statistics generated by the Philippine Statistics Authority.

This framework, however, lacks segmentation based on Housing Classification set by the Housing and Land Use Regulatory Board (HLURB) as shown in the table below:

HLURB Classification per BP 220 and PD 957	Current Price Ceiling
Socialized Housing ²	
Horizontal Development	PHP 480,000 to PHP 580,000
Vertical Development	PHP 600,000 to PHP 750,000
Economic Housing	Above PHP 450,000 to PHP 1,700,000
Medium Cost Housing	Above PHP 1,700,000 to PHP 4,000,000
Open Market	Above PHP 4,000,000

¹ See Marquez, N. R. et al. (2010). Improvised National Framework on Housing Needs and Housing Needs Estimation, 11th National Convention on Statistics, Mandaluyong City, October 4-5, 2010.

² HLURB Board Resolution No. 973 and 974 Series of 2018 set minimum technical standards for specific price ceilings for all socialized housing unit types.

There is a need to project housing demand based on the existing market segments as this takes into account the capacity to pay of households. This will also allow the industry to match housing supply and determine at which segments housing supply is at a surplus or a deficit. This will better guide government in crafting strategies that will not only cater to the needs of the bottom 10% of the population. If policies will focus on income deciles, the middle-class, which is often grouped with the top five percent of the population, will be indirectly penalized and will suffer the most as it pays the most taxes but enjoys the least of government assistance.

In order to project housing demand based on existing market segments, CRC used the Family Income Expenditure Survey (FIES) to match the capacity to pay of households with the required annual household income needed to avail of housing loans per segment. As set by the government, the annual amortization should not be greater than 30% of the annual income of a household.

Below is the 2016-2030 estimated regional breakdown of housing demand in units:

Region	Cannot Afford	Soc	Eco	Low	Mid	High	Total
NCR	21,782	73,836	470,814	179,244	28,861	3,730	778,266
CAR	17,151	22,321	46,401	12,642	1,292	257	100,064
1 - Ilocos Region	54,991	83,671	131,355	21,634	2,860	231	294,743
2 - Cagayan Valley	37,011	64,241	87,500	15,416	1,546	-	205,715
3 - Central Luzon	64,649	126,653	363,368	73,380	6,546	1,930	636,526
4 - A - CALARBARZON	86,748	156,615	453,059	107,947	14,841	3,164	822,374
4 - B - MIMAROPA	47,739	50,982	59,247	10,704	1,338	222	170,231
5 - Bicol Region	91,715	105,858	98,096	13,401	1,498	270	310,839
6 - Western Visayas	116,655	121,249	146,545	38,929	3,828	799	428,006
7 - Central Visayas	112,184	93,038	170,820	40,185	4,260	322	420,810
8 - Eastern Visayas	90,948	72,278	58,139	16,965	2,049	237	240,617
9 - Zamboanga Peninsula	72,049	63,135	56,600	12,573	1,385	132	205,873
10 - Northern Mindanao	85,698	68,401	83,305	19,419	3,472	145	260,441
11 - Davao	66,959	79,534	117,378	21,162	2,365	135	287,533
12 - SOCCSKSARGEN	91,906	75,012	79,708	15,506	1,328	118	263,577
13 - CARAGA	39,895	68,547	37,280	2,834	91	-	148,646
ARMM	36,906	43,809	50,104	9,875	1,145	74	141,913
TOTAL	1,134,986	1,369,181	2,509,718	611,815	78,705	11,767	5,716,172

Based on this table, the demand for economic housing is almost equivalent to the demand for socialized housing and the cannot afford segment combined.

Excluding the demand for the cannot-afford segment, the housing industry needs to produce an average of 305,412 units per year in order to address the housing demand up to 2030.

The estimation above can be further improved by taking into consideration the following:

1. Estimation of housing need at the provincial level, and if possible, at the municipal level

While the census on population covers data at the provincial level, the FIES, which is the basis of SHDA and CRC in projecting housing demand, is only at the regional level.

The recent passage of RA 11315 or the Community-Based Monitoring System Act will enable government to generate and validate household data at the municipal level. This will allow government to generate updated and disaggregated data necessary in targeting beneficiaries, conduct more comprehensive poverty analysis and needs prioritization, design appropriate policies and interventions, and monitor impact over time.

2. Changes in price ceiling per segment

Section 15 (b) of RA 8763 or the Home Guaranty Corporation Act of 2000, states that the respective ceilings for socialized, low-cost, medium-cost, and open housing shall be jointly determined by the HUDCC and the National Economic Development Authority (NEDA); provided that at any time, but not more often than once every two years, such ceilings may be reviewed or revised to conform to prevailing economic conditions.

The long term projection of housing demand should also assume changes in price ceilings across segments. This can be projected using growth rates of the Consumer Price Index (CPI) and the Construction Materials Wholesale Price Index (CMWPI).

3. Comparison of projected new households vis-à-vis actual households based on PSA Census and projected mean annual family income per decile vis-à-vis actual PSA FIES updates

In order to further refine the existing framework for projecting household need, previous projections of new households should be compared to actual households based on the PSA census.

There is a challenge for statisticians to come up with models that can link other variables to income growth and household growth across deciles and regions in order to further improve our growth forecasts.

Estimation of Housing Supply

HLURB License to Sell Statistics provide the total number of residential units for the socialized and economic housing segments and groups housing units under the low-cost, mid-end and high-end markets together. It does not include information on floor areas and values. Ideally, residential construction statistics generated by the PSA can supply this. Residential construction statistics, however, are grouped according to construction type and not by market segment product.

It should also be noted that the PSA reported number of apartments and residential condominiums is not based on actual number of residential units but the number of issued building permits.

With the aggressive increase in the values of the components of housing production (land and construction materials), there is now a need to analyze yearly construction values adjusted for inflation. Existing reported value of reported residential construction is based on current prices only.

In the absence of market segmentation of residential construction statistics and License to Sell Statistics (for the low-cost to high-end segments), the reported residential units under PD 957 are allocated as follows: 30% for low-cost housing, 30% for high-end housing and 40% for mid-end housing. This assumption was based on the number of registered residential units with the BOI from 2003 to 2010 which was at 34%.

While PSA data is generated at the provincial level, HLURB statistics are at the regional level, with select regions grouped together (e.g. Rizal with ENCR and Western and Eastern Visayas with Central Visayas).

Unit Production Per Segment (2011 to 2015)

	2011	2012	2013	2014	2015	Total
Socialized	6,044	12,122	15,143	16,876	30,786	80,971
Economic	74,845	98,553	94,166	90,709	82,074	440,347
Low-Cost	26,846	76,621	57,849	54,459	50,305	266,080
Mid-Cost	35,799	63,149	47,480	44,656	41,250	232,335
High-End	26,846	13,792	10,413	9,803	9,055	69,908
Total	170,379	264,237	225,051	216,503	213,470	1,089,640

It is recommended for the PSA and the HLURB to forge a partnership that will enhance the data gathering and analysis generation of actual industry data.