BACKGROUND

- Philippines is one of fastest urbanizing countries in the world
- Urban population is estimated at 53% of total population of 88 million in 2007
- MTPDP targets 1,145,668 HHs to be provided housing assistance
- Of this target, 68% is for socialized housing
RESPONSE PROGRAMS

- Community Mortgage Program (CMP)
- Strategic Private Sector Partnerships for Poverty Reduction (STEP-UP)
- Integrated Approaches to Poverty Reduction at the Neighborhood Level – a Cities without Slums Initiative (IMPACT)
- Development of Poor Urban Communities Sector Project (DPUCSP)

WHY LEND TO HOAs?

HOAs are organizations primarily composed of:

- Homeowners and lot buyers of subdivision projects
- Awardees, lessees and occupants in private or government housing projects
- Informal settlers who are future beneficiaries of ownerships rights over land they lease or occupy.
HOAs are eligible to avail of DPUCSP financing, provided that:

- Borrowing authorized under by-laws
- Meet applicable eligibility criteria
- Land ownership or secure tenure is available
- HOAs follow good banking practices

MILESTONES

- Dec. 20, 2006, ADB approved HOAs’ eligibility for financing under DPUCSP
- Aug. 14, 2007, DBP approved HOA Lending Guidelines as proposed by UN HABITAT – IMPACT Project
- Acknowledgement of HOAs’ capacity as partners in pursuing the vision of “Cities without Slums.”
DPUCSP: OVERVIEW

SITE DEVELOPMENT AND DISTRIBUTION OF SECURE TENURE

HOA Individual Members

LENDS

RELENDS

REMITS

PAYS

SHELTER FINANCE PROVISION thru MFIs

CAPACITY BUILDING AND PROJECT IMPLEMENTATION SUPPORT

HOA LENDING DIAGRAM

DBP

HOA

RELEND S

PAYS

HoA Individual Members

Extends Guarantee (IRA or other revenue)
**Specifications**

**ELIGIBLE BORROWER**
Homeowners’ Associations

**ELIGIBLE PROJECTS**
Site Development & Distribution of Secure Tenure
- Upgrading of existing slums
- Development of new sites
Shelter Finance:
- Housing loans
- Home Improvement Loans

**LOANABLE AMOUNT**

- **Housing Construction:**
  - P300,000
- **Home Improvement:**
  - P150,000

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**Repayment Period**

<table>
<thead>
<tr>
<th></th>
<th>Repayment Terms</th>
<th>Grace Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Devt</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Housing Const</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Home Impv</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>
**HOA Equity**

- Capital subsidies from LGU and other institutions, i.e. site development costs, land conveyance supported by council resolution, usufruct agreement
- Land, if already fully paid by HOA
- Verifiable / quantifiable “sweat equity” that may be infused during construction, issued by the borrower translated into person days issued by the HOA President

**MINIMUM OF 10% OF THE TOTAL PROJECT COST**

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**Minimum Requirements for HoAs to Qualify under DBP- DPUCSP**

**ORGANIZATIONAL MANAGEMENT**

<table>
<thead>
<tr>
<th>FOCUS</th>
<th>MINIMUM EXPECTATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered with the HLURB</td>
<td>Defined and written VMGO and Strategies</td>
</tr>
<tr>
<td>Defined Organizational Structure and Functions</td>
<td>Installed Administrative Policies and Procedures (secretariat and records management, simple operating systems)</td>
</tr>
</tbody>
</table>
## Organizational Management

<table>
<thead>
<tr>
<th>FOCUS</th>
<th>MINIMUM EXPECTATIONS</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>No adverse credit background on HOA and Key officers</td>
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<tr>
<td></td>
<td>Functioning Leadership and Active Membership (holds regular elections, with complete list of members, conducts officers/GA meetings regularly)</td>
</tr>
<tr>
<td></td>
<td>Preferably with established linkages (with LGU, NGOs, and business sector) signified through MOAs/MOUs</td>
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</tbody>
</table>

## Financial Management

<table>
<thead>
<tr>
<th>FOCUS</th>
<th>MINIMUM EXPECTATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Installed basic Financial Management Systems (record keeping, reporting)</td>
</tr>
<tr>
<td></td>
<td>Defined Financial Audit and Control system</td>
</tr>
<tr>
<td></td>
<td>Presence of CBU and Credit scheme (implemented at least 3-months)</td>
</tr>
<tr>
<td>FOCUS</td>
<td>MINIMUM EXPECTATIONS</td>
</tr>
<tr>
<td>---------------------</td>
<td>--------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>PROJECT MANAGEMENT</td>
<td>With GA-approved Project Policies and Procedures</td>
</tr>
<tr>
<td></td>
<td>Formed Committees with defined functions</td>
</tr>
<tr>
<td>ESTATE MANAGEMENT</td>
<td>With secure tenure (either owned by the LGU/NGO partner and being amortized by the HOA, or directly acquired by the HOA either thru CMP or other means)</td>
</tr>
<tr>
<td></td>
<td>With awareness of laws (i.e. CMP, UDHA, BP 220) and other related ordinances</td>
</tr>
<tr>
<td></td>
<td>With draft HOA rules/policies on property management and maintenance for GA approval</td>
</tr>
</tbody>
</table>

**PERCEIVED GAPS**

**CAPABILITIES FOR:**

- Organizational Management
- Financial Management
- Project Management
- Estate Management
OBJECTIVE OF CapB TRUST FUND

To strengthen the HOAs as viable conduits of development funds and as managers of their own community projects

SCHEME 1: CapB Trust Fund

ERSO (seed fund and leverage fund)

CapB Trust Fund
“Trustee Bank”

Implementing Agency
- Management of Program
- Generate and Process Proposals
- Monitor CapB projects

Project Implementation Committee
- Approval of projects
- Sets direction of program
- Monitoring of Trustee Bank

HOAs

Other Donor Communities
- EU
- AECID, etc

Other Investors:
> 20% Balance Housing Compliance
> NGOs,
> Corporate Foundations, HoAs

Project Proponents
SCHEME 2: Project Prep & CapB Loan Fund

ERSO (seed fund and leverage fund)

Project Prep/ CapB Loan Fund “Trustee Bank”

NOTES:
• PPF and CapB Loan Fund maybe lent interest free for a 3-year maturity period.
• Admin expenses will be from interest earned from the Fund while on deposit.

Implementing Agency
- Management of Program
- Generate and Process Proposals
- Releases & Collects Loans
- Monitor CapB projects

Project Implementation Committee
- Approval of projects
- Sets direction of program
- Monitoring of Trustee Bank

Project Proponents
HOAs

HOA LENDING DIAGRAM WITH ERSO ASSISTANCE

TA ASSISTANCE
- Tap Balance Housing Law as funding mech.
- Where & how directed subsidies of LGUs may be applied.

TA/ENDOWMENT
Project Preparation Fund
- Organizational Mgt
- Financial Mgt
- Project Mgt
- Estate Management