

Philippines: *Crafting Specific Policies for Housing Cooperatives*

By CHF International

Project Summary

In the Philippines, a complex and conflicting system for regulating housing construction and operation has dampened the development of housing cooperatives despite the passage of a general cooperative law that has promoted cooperative development in other sectors. The response of the cooperative movement in advocating for a series of amendments and clarifications of existing laws shows the value of incremental and context-specific approaches to legal reform efforts.

The Need for Change

In the first 14 years after the passage of the Cooperative Code and the establishment of the Cooperative Development Authority in 1990, the number of registered cooperatives increased by 700 percent to nearly 30,000 registered and operating cooperative organizations. But the vast majority of cooperatives operate in the agricultural sector. Philippine cooperatives in the service sector comprise under three percent of all registered cooperatives.

The Cooperative Code mentions housing as one of the activities that a service coopera-

tive may engage in, and therefore there is no legal barrier to the formation of housing cooperatives. Indeed, the first housing cooperatives in the Philippines date to the 1970s, before the passage of the Cooperative Code. In the 1990s, an acute housing crisis led governmental housing agencies and foreign development organizations to increase investments in cooperative housing projects and other housing reforms.

Since the late 1990s, the promotion of cooperative housing projects has been a primary goal of the government and international development organizations. The complexity of the regulatory framework for forming and operating cooperative housing, however, was a key barrier to cooperative growth in the housing sector.

There are five national government offices with responsibilities for housing-related regulation, in addition to the regulatory responsibilities of many local agencies. To further complicate matters, each agency operates independently, requiring lengthy documentation before permits are issued and development activity can proceed.

Another key barrier to the growth of the cooperative housing sector was the lack of low-cost capital for development projects. In 2001, the state-owned Land Bank set up a loan fund of ten million dollars exclusively for cooperative housing development. But the Land Bank was slow to approve applications to cooperatives seeking assistance from the fund.

Reform Process

Beginning in 2003, a group of stakeholders within the local cooperative movement, including the National Confederation of Coop-



eratives, SLU-SVP Housing Cooperative, Tuy Market Vendors, Community Multi-Purpose Cooperative, and Basud Development Cooperative, created an informal coalition to identify and address policy barriers to cooperative housing development. The coalition held meetings, consultations, and policy forums to identify, discuss, and propose concrete solutions to reform government policies on cooperative housing.

The policy forums were particularly effective at promoting legal and regulatory changes. The success of these forums was in part due to the participation of key government agencies involved in housing, as well as representatives of selected legislatures. The policy forums developed a set of specific housing policy recommendations that were published in a leading newspaper and presented to government agencies and the Philippine Congress.

Outcome

One of the key recommendations that grew from the policy forums was to streamline and restructure the various document requirements for cooperative housing projects through the creation of a one-stop shop for all housing-related permits. Cooperative housing supporters also advocated for including cooperative housing projects within various exemptions and tax privileges granted to socialized or public housing.

The cooperative movement drafted and advocated for specific amendments to the national Cooperative Code and other housing legislation. A key suggestion was for the addition of a special housing section to the Cooperative Code. The proposed section defines housing cooperatives in two classifications depending on the ownership structure of the housing units. The first type of housing cooperative allows individual ownership of housing

units and cooperative ownership only of common areas, while the second type maintains cooperative ownership of all housing units, including the common areas.

The changes in the Cooperative Code would also include giving preferential treatment to cooperatives seeking state funding and technical assistance for social housing. For example, housing cooperatives would be given preferential rights to acquire or lease idle government lands and buildings earmarked for housing development. Housing agencies and government financial institutions would also finance housing projects with interest rates and terms that are favorable to cooperatives.

Lessons Learned

In the Philippines, cooperative development organizations found that the many layers of overlapping legal and regulatory requirements posed a barrier to cooperative development. Rather than increase confusion and complexity with a separate cooperative housing law, the coalition developed a strategy of advocating for small amendments in existing statutes that clarify and simplify the regulatory burdens for cooperative housing projects.

The cooperative movement in the Philippines is continuing to work toward addressing the funding needs of cooperatives. Government and social activists are finding an increasing need for a cooperative housing sector for low-income people as deregulation and fiscal austerity programs are decreasing the supply of government resources for public housing projects. At the same time, low-income cooperative housing projects cannot develop and survive without some form of financial assistance. ■

For more information, please contact Rachel Blum, CHF International, at (301) 587-4700.