

MINUTES OF THE CONSULTATION WITH CMP ORIGINATORS

January 24, 2008, 1:00 P.M. to 5:00 P.M.

PHILEXIM Multi-Purpose Hall, 3rd Floor Citibank Center
8741 Paseo de Roxas, Salcedo Village, Makati City

I. Preliminary Matters

The meeting commenced at 1:23 P.M. with the singing of the National Anthem followed by an opening prayer led by Ms. Lourdes P. Panaligan.

Executive Vice President Eduardo T. Manicio delivered his welcome remarks by emphasizing the importance of continuing the efforts to strengthen the partnership between the Social Housing Finance Corporation (SHFC) and the originators. Such partnership, he said, will continue to be strong in years ahead.

For the meeting's overview, Vice President Rodolfo R. Santos, Jr. informed the body that the objective of the consultation is to gather feedback/comments on operational issues which need to be addressed for an effective implementation of the Community Mortgage Program (CMP). VP Santos also reiterated the call of EVP Manicio to continue strengthening the partnership between SHFC and the originators.

VP Santos then presented and explained the agenda of the consultation. He informed the body that the consultation will tackle the proposed recommendations made by the SHFC Policy Committee on the occupancy requirement and the number of beneficiaries a CMP project can have. VP Santos emphasized that the comments raised on these proposed policy recommendations will be relayed to the SHFC Board of Directors meeting scheduled on January 30, 2008.

On the issue of the minutes of the previous SHFC consultation with CMP originators, Ms. Anna Oliveros of the Federation for the Development of the Urban Poor suggested that the SHFC secretariat also note the comments and suggestions made by the originators. She explained that the minutes did not quite capture the comments and suggestions made in the previous meeting. Ms. Oliveros also suggested that the originators be given the opportunity to attend the SHFC Policy Committee, which frequently meets, so that they can already relay their concerns on policies being deliberated.

In response to this, VP Santos instructed the SHFC secretariat to note the comments and suggestions made by originators and reflect them in the minutes of the SHFC consultations with CMP originators. Regarding the accommodation of originators in the SHFC Policy Committee meetings, VP Santos informed the body that the SHFC management will find a way to undertake this suggestion.

On a related matter, Mr. Ed Madamba of the Local Government Unit of Quezon City also suggested that the copy of the agenda and minutes be issued prior to the consultation meeting so that invitees can consult their constituents on the issues to be tackled.

Given this, VP Santos informed the body that the minutes of SHFC consultations with originators will be uploaded to the SHFC website prior to the conduct of a meeting.

II. Main Agenda

A. Presentation of Proposed CMP Policy Shifts

Mr. Florencio R. Carandang, Jr. presented the two proposed CMP Policy shifts. Regarding the occupancy requirement for project accreditation, Mr. Carandang informed the body that the proposal is as follows: the project take-out amount will be based on the actual number of occupants at the time of accreditation. Similarly, 80 percent of the project's occupants should have resided in the area for at least five years and that a maximum of 20 percent of the project occupants should have stayed in the area for at least one year.

On the proposed policy shift on the number of beneficiaries a project should have, Mr. Carandang informed the body that the proposed policy are as follows: (a) the minimum number is 20 beneficiaries to be consistent with the standards for mass housing projects; and (b) the maximum number is 150 in accordance with management theory literature on effective organizational structure.

Open Forum

Ms. Oliveros inquired if the SHFC will allow to accredit projects if the occupancy rate is only 10% or 20% and whether such proposed policy shift will cover both on-site and off-site projects.

VP Santos responded that the policy will cover only on-site projects. VP Santos further explained that with this policy, a landowner will not be paid 100% of the total value of his/her land in case the actual number of occupants is only 80% at the time of accreditation.

EVP Manicio also clarified that CMP projects with 10 to 20 percent occupancy may theoretically be taken out as long as it is consistent with the minimum number of beneficiaries a CMP project can have. EVP Manicio informed the body that the minimum number proposed is between 20 to 30 beneficiaries.

Mr. Alexander Bernadette of the Caloocan City LGU noted that the proposal is not realistic and will definitely affect the sharers of the projects since they would not be classified as occupants. Mr. Bernadette then suggested that SHFC to construct housing units in Caloocan City and offer them for rental purposes similar to the activities made by the Home Development Mutual Fund (PAG-IBIG). Mr. Bernadette further noted that, with this proposed policy shift, the SHFC would be veering away from its mandate of providing shelter security to the underprivileged. Moreover, Mr. Bernadette voiced his concern that the SHFC Board of Directors may not know the exact dynamics of the CMP in the field.

Mr. Bernadette likewise inquired whether the proposed policy shifts are meant to address the collection activities of the SHFC.

Mr. Madamba supported Mr. Bernadette's observation and noted that the new policy will deprive beneficiaries of low cost housing projects since it will limit the amount of loan a community association can avail of. He also emphasized that this proposed policy may not be consistent with Republic Act 7279 because it tends to amend the law on squatting. Mr. Madamba reiterated that under the law the people have the right to avail of the CMP.

On a related matter, Ms. Perla Muring commented that the proposed policy shift on occupancy requirement will only benefit the professional squatters in the area since they are the ones who have resided in the area for more than five years.

The representative from Las Pinas commented that the proposed policy of an 80 percent of the occupants residing in the area implies that SHFC will now be looking at the number of a project's occupants rather than the value of the project.

Responding to these comments, VP Santos again explained that the general reason for this proposed policy shift is for the SHFC to pay the landowner the actual area being occupied.

VP Santos clarified that the 80 percent requirement pertains to the number of occupants living in project site for at least five years and not the percentage of occupancy in the area being submitted as a CMP project.

On the issue of off-site projects, the originator of Seaside HOA mentioned her experience in originating an off-site project in Quezon Province. She reported that the SHFC has been requiring several documents and requisites, such as site development, which the beneficiaries have difficulty in complying.

Ms. Alita Ramirez also inquired how off-site projects in Muntinlupa can avail of the house construction and site development loan if these proposed CMP policy shift is implemented.

In response, VP Santos reiterated that the proposed occupancy requirement rate would apply only to on-site projects. He further informed the body that since the SHFC Board do not usually approve off-site projects that are not yet developed, the SHFC would usually ask the assistance of the LGU for the site development to make the project viable and acceptable to the SHFC Board of Directors.

On another matter, Ms. Evelyn Jover and Mr. Bernadette inquired how the proposal on the occupancy rate came about. In particular, Ms. Jover asked whether such policy shifts are the instructions of Vice President Noli De Castro. Ms. Jover likewise informed the body that such policy shift on occupancy requirement may not be feasible because it will give beneficiaries little option to put their houses/homes after the re-blocking is done. Ms. Jover then suggested that, in future consultations on proposed policy shifts, the SHFC consult CMP stakeholders on issues and concerns before a policy shift is made.

Mr. Madamba also commented that the LGUs are not informed of issues and concerns regarding CMP policies. He then inquired from SHFC management why the LGUs are not represented in the SHFC Board.

In response to these queries, EVP Manicio informed the body that the SHFC Board has four private sector representatives whose main task is to relay and articulate their concerns. EVP Manicio suggested that the originators meet with these representatives and relay their concerns. Regarding the LGU representation in the SHFC Board, SHFC Board Member Apolonia Tolentino informed that the LGU concern can be coursed through the Department of Interior and Local Government (DILG) which is a member of the SHFC Board.

Regarding the assertion that the DILG represents the LGUs in the SHFC Board, Board, Mr. Madamba informed the body that such representation is not true. He also informed the body that DILG representative and other private sector representatives have not consulted with concerned LGUs.

Mr. Madamba also took note that the Local Community Mortgage Program (LCMP) that would be offered to LGUs to assist projects that would not meet the minimum number of project beneficiaries may not work out. He emphasized that the LCMP has not yet been favourably approved by the LGUs.

Mr. Madamba also informed the body that the Quezon City LGU has undertaken several activities that supported CMP projects in their areas. He emphasized that these activities are the LGU counterpart of the projects.

Mr. Madamba further noted that the proposed policy shifts may hinder their CMP operations since their projects may not be able to comply with the requirements. He then suggested that SHFC provide them a copy of the proposed policies so that they can discuss them with the concerned LGU officials.

EVP Manicio replied that the SHFC acknowledges the contributions made by LGUs in CMP projects. Regarding the proposed policies, he suggested that the originators prepare a common position paper which the SHFC Management will present to the SHFC Board of Directors.

Given this, Mr. Madamba suggested that the SHFC Management ask for a deferment of the deliberation of the proposed policy shifts in the SHFC Board of Directors' meeting scheduled on January 30, 2008.

Mr. Bernadette supported this proposal and also suggested that SHFC management include the sharers as part of the occupancy requirement rate for a CMP project.

The body, in general, agreed to task the SHFC management to relay its suggestion for a deferment of the deliberation of these proposed policies in the SHFC Board of Directors' meeting.

On the procedure of relaying the deferment of the SHFC Board's deliberation of the proposed policy shifts, EVP Manicio reiterated his request for the body to make a written position paper on the matter. Atty. Emmanuel Galvez also informed the body that a position paper on the proposed policy shifts will strengthen the originators' case before the SHFC Board of Directors. However, if the originators, cannot produce a position paper before the Board of Directors' meeting on January 30, 2008, Atty Galvez suggested that the body submit a letter (signed by the originators) requesting for a deferment of the deliberation of the proposed policy shift.

Ms. Antonia Graciano noted that due to lack of time, she suggested that the SHFC management draft the letter and position paper and that the originators will sign such document.

Atty. Galvez emphasized that the letter requesting for the deferment and position paper should be drafted by the originators themselves. He explained that such effort must be done by the originators so as to remove the notion that the SHFC management might have dictated such request for deferment.

Ms. Oliveros then suggested that instead of a letter requesting for deferment, the SHFC verbally relay the originators' request for deferment and submit the minutes of this consultation, highlighting the originators' request for deferment, to the SHFC Board of Directors.

The originators, in general, agreed to Ms. Oliveros' suggestion.

B. Issues and Concerns

Atty. Stephen P. Ovalles informed the body that there are issues and concerns that should be addressed with the originators regarding the CMP process. They are:

- the low collection efficiency rate (CER) that a lot of originators are encountering which has caused many CMP projects to be put on hold (about 22 CMP projects worth P288 million);
- the lack of knowledge of some Community Association (CAs) in identifying where they should make their payments; and
- the issue of proper ledgering whenever CAs make their payments thru the Land Bank of the Philippines.

To address the aforementioned issues, Atty. Ovalles informed the body that the SHFC Operations Group are proposing to conduct a CMP orientation seminar specifically for the originators so that they may have a thorough appreciation of their roles and responsibilities. Atty. Ovalles emphasized that the proposed seminar would be different from the CMP orientation seminar that SHFC conducts every week.

Regarding the collection and recording of payments, Atty. Ovalles informed the body that the SHFC Operations Group has likewise proposed to conduct a training program for the President and other officers of the CAs on collection and ledgering of accounts.

Ms. Oliveros noted that the present problems of the SHFC have always been the same. Ms. Oliveros then commented that such findings may be an indicator that CMP projects have their unique characteristics. Ms. Oliveros emphasized that SHFC should treat each project differently and, instead of concerning itself with the submission of requirements the SHFC rather look solutions. Ms. Oliveros suggested that SHFC adopt the past practice of consulting CMP originators on their problems whenever their projects encounter difficulties in complying with certain requirements. Similarly, Ms. Oliveros also suggested that the SHFC look into the practice done by the National Home Mortgage Finance Corporation, then the administrator of the CMP, of holding a one-day processing activities wherein originators have the opportunity to consult SHFC staff on the requirements.

Atty. Ovalles informed the body that the management of the SHFC operations group also find consultations with originators as an effective method of managing the CMP process. He informed the body that SHFC will find ways to include such consultations in the present process.

Organizational Concerns	<p>SHFC will post a copy of the minutes of the consultation in the SHFC website (prior to every meeting)</p> <p>SHFC to furnish an advance copy of any proposed policies to the originators/invitees.</p> <p>SHFC will explore the possibility of including representatives from the originators in the SHFC Policy Committee meetings.</p>	<p>SHFC</p> <p>SHFC</p> <p>SHFC and Originators</p>
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EVP then thanked the participants for attending the consultation.

There being no other matters for discussion, the meeting was adjourned at 5:15 P.M.

Prepared by:

SHFC Planning Department