

ASSA RECOGNITION AWARD 2016

PROJECT PROPONENT:

Pag-IBIG Fund (Home Development Mutual Fund) - Philippines

CATEGORY:

Innovation Recognition Award

Creation of an Innovative Technology, Product, or Service that has led to improvements in products and services

1. NAME OF PROJECT:

Group Housing Loan Program (GHLP)

2. OBJECTIVE AND NATURE OF THE PROJECT

Pag-IBIG Fund's Group Housing Loan Program (GHLP) aims to engage the participation and involvement of project proponents through land development and house construction on the land owned and provided by them. Project proponents include employers both from the public and private sectors, Local Government Units (LGUs), employees' associations, cooperatives, and public educational institutions, among others.

The proponent is given access to Pag-IBIG Fund's loan window for site development and house construction, where the units from the project to be financed will be offered for sale to the project beneficiaries.

The loan amount is P20 Million or USD423,434 (exchange rate at USD1 to P47.17) per phase for a subdivision project, specifically for its land development and house construction, and P40 Million (USD846,868) per building for a medium-rise condominium. The development loan has a maximum loan term of three years.

The GHLP mainly aims to:

1. Engage the participation and involvement of project proponents in housing provision, through land development and house construction on the land owned and provided by the project proponent;
2. Encourage project proponents to share in the development of housing packages by providing subsidy programs and other forms of assistance for the intended beneficiaries;
3. Promote homeownership among the beneficiaries by making it more affordable for them.

Believing that partnerships are effective vehicles for promoting and achieving homeownership among its members, Pag-IBIG Fund introduced enhancements in the implementation of the program to encourage partner-institutions to actively engage in its housing programs for the benefit of the employees of these institutions.

One of the program enhancements is the institution of an Employer Accreditation scheme wherein Pag-IBIG Fund enters into a Memorandum of Agreement with employers to provide housing services

to their employees. While Employer Accreditation is neither a requirement nor a pre-requisite to avail of GHLP, it provides personalised services that make housing availment more accessible to accredited employers' workforce who wish to avail of housing loans under the Fund's retail loan packages.

These personalised services include shorter processing time of housing loan applications, pick-up of housing loan applications, conduct of loan counseling and housing fairs, pre-qualification of employees and computation of their estimated loanable amount, home matching, and needs matching. For the last service, Pag-IBIG Fund helps employees find a housing unit based on their preference and payment capacity level. Here alone, the employer becomes an active partner of Pag-IBIG Fund in providing opportunities for home ownership.

For employers who already have a definite plan of developing a housing project for their employees as part of their employee retention/incentive program, they may opt to directly avail of the loan window under GHLP.

The enhanced implementation of GHLP allows Pag-IBIG Fund, together with its partners, to explore ways to make acquisition of homes for its members even more affordable.

3. WHY IT SHOULD BE RECOGNISED

This collaboration between Pag-IBIG Fund, the employers, and accredited developers resulted in competitive housing loan packages, attracting more partners of Pag-IBIG Fund in its mission of providing its member-employees access to decent and affordable homes.

Pag-IBIG Fund provided its partner-institutions with assistance in the finalisation of housing packages, which is matched with capacity to pay of target beneficiaries; introduction of housing designs which are better than minimum standard required; and facilitation of transactions with other government agencies such as the Land Registration Authority that issues the certified true copy of a title, which is a requirement in a Pag-IBIG housing loan.

The partnerships, thus, produced risk mitigating factors such as captive market, employer guaranty, and salary deduction schemes, enabling the lowest possible acquisition cost of housing units.

These efforts resulted to six housing projects initiated by the employers themselves, as follows:

1. Padpao housing projects
2. L'Oasis (Malabon LGU housing)
3. Domus One Cainta (Cainta LGU housing)
4. SanCa Ville (San Carlos LGU housing)
5. XDE Subdivision (Ximex Delivery Express employees housing)
6. Dole Gawad Pag-IBIG Subdivision (Dole Philippines employees housing)

These housing projects are expected to generate 2,546 housing units with prices ranging from P450,000 (USD9,539) to P1.5 Million (USD31,798).

The ***Domus One Cainta*** project is a five-storey walk-up building, with the average selling price for a 25-square meter unit at P685,000 (USD14,521) – more than 50% lower than similar condominium units in the area.

The lowest price was reached because of the elimination of expenses for some activities during the process, such as marketing and technical assistance, as Pag-IBIG Fund conducted screenings and evaluations that eventually led to the identification of confirmed beneficiaries. The Local Government of Cainta, on the other hand, waived development-related fees. The developer front-ended the project development cost including land and construction costs, and waived several developer-related miscellaneous fees such as legal, documentation, and utility fees.

On top of it, the amenities, like children's playground, kiddie swimming pool, and a gazebo, are expected to increase the appraised value of each unit to around P30,000 (USD636).

For the ***Dole Gawad Pag-IBIG Subdivision***, the selling price per unit is around P450,000 (USD9,539). The project is within the Dole plantation and is part of the company's employee retention/incentive program, as the units are awarded only to model employees. So long as the beneficiaries sustain their exemplary work performance, they will be given an additional incentive of P20,000 (USD424) per year for 10 years, which will be directly remitted and credited to their Pag-IBIG housing loan accounts as advance monthly amortisation.

The other projects have more or less similar features.

The institutional arrangements initiated by Pag-IBIG Fund resulted in conditions beneficial to all parties concerned, the Pag-IBIG Fund members in particular.