

2023

INTERIM

ANNUAL

REPORT

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Social Housing Finance Corporation

SOCIAL HOUSING FINANCE CORPORATION

Created in January 2004 by virtue of Executive Order No. 272, the Social Housing Finance Corporation (SHFC) is an attached agency of the Department of Human Settlements and Urban Development (DHSUD). It is mandated to develop and implement social housing programs that will cater to low-income families in both the formal and informal sectors of the Philippine society, with the end goal of providing security of tenure and creating resilient and sustainable communities. SHFC fulfills this mandate through the implementation of community-driven shelter programs such as the Community Mortgage Program (CMP), whereby legally registered community associations are given access to financing loans for their shelter needs. As of December 2023, the CMP, under SHFC's implementation, has assisted 400,752 families through loans that were utilized in lot acquisition, site development, and house construction.

Aside from administering the CMP, SHFC has been tapped by the National Government to implement major housing programs. In 2013, SHFC participated in the implementation of the Aquino Administration's PHP 50 Billion Housing Program for the informal sector families residing in danger areas (waterways) in Metro Manila. For this purpose, SHFC developed the High Density Housing Program, which has assisted a total of 44,543 families since its implementation.

SHFC has likewise been involved in other major national shelter program projects such as the Marawi Shelter Project and the resettlement and relocation of low-income families affected by national infrastructure endeavors such as the North-South Commuter Rail Extension (NSCR-Ex) Program (covering the area from Tutuban, Manila to Calamba, Laguna). Additionally, SHFC played a key role in the implementation of the Strategy for the Inclusive Mainstreaming of People's Living Entitlements (SIMPLE) Program in Intramuros, Manila.

At present, SHFC is the chief implementer of President Ferdinand R. Marcos, Jr. Administration's flagship shelter program – the *Pambansang Pabahay Para sa Pilipino* Housing (4PH) Program, which seeks to address the housing needs of the country.



Program Accomplishment: Prioritizing Customer Satisfaction in Service Delivery

In 2023, despite minimal funding from the National Government, SHFC strove to continually perform its mandate. Through its shelter financing programs, 22,340 low-income families were provided with security of tenure, site development, and house construction. SHFC has successfully financed 47 projects amounting to more than PHP 3 billion. Furthermore, the Corporation has facilitated the completion of 8,472 units. Combining low-income families assisted and units completed, SHFC's assistance in terms of housing delivery has reached a total of 30,812, thus reinforcing SHFC's significant role in the housing sector, not only as a financing institution but also as a potentially strong production arm in the implementation of the 4PH Program (Table 1).

Table 1. 2023 Program Performance

PROGRAMS	NO. OF PROJECTS	NO. OF LOW-INCOME FAMILIES ASSISTED	LOAN AMOUNT (PHP)	NO. OF COMPLETED UNITS
Community Mortgage Program	38	11,450	1,902,744,273.50	3,737
High Density Housing Program	*	*	594,049,554.03	4,465
Special Projects (Marawi, DOTr, and Intramuros Projects)	9	10,890	515,817,901.02	270
TOTAL	47	22,340	3,012,611,728.55	8,472
GRAND TOTAL		30,812		

**The number of projects and low-income families were previously counted*

The efforts for the above 2023 performance were met with much enthusiasm from SHFC clients. Initial data results from the Client Satisfaction Survey, authorized by the Anti-Red Tape Authority (ARTA), have stated that SHFC has achieved a tentative score of 92% overall satisfaction rate, which is considered a satisfactory mark in its services to its clientele.



Financial Performance: Improving the Corporation's Accounts Management

With the pandemic's impact on SHFC in previous years and the government's limited fiscal space vis-à-vis the National Budget, the Corporation is committed to maintaining its financial soundness through well-planned finances. As a self-sustaining organization, SHFC monitors and ensures that its financial resources are well-managed throughout its operations to fulfill its mandate.

Furthermore, the SHFC Governing Board provides input on the sufficiency of internal controls. This is essential to ensure that the Corporation's operations are consistent with best practices in governance. With the said input and evaluation, the corporation can implement measures to mitigate risks and corporate financial exposure, as well as improve its overall performance.

Among the financial indicators used by SHFC is the Collection Efficiency Rate (CER), which refers to the effectiveness of SHFC in recovering outstanding debts or payments owed to them by the beneficiaries. For 2023, SHFC maintained its Cumulative CER of program loans, achieving 64.98%. Meanwhile, SHFC's full-year collections by the end of December 2023 amounted to PHP 1.27 billion.

SHFC has improved its internally generated funds through capacity building and settlement management, aiming to promote financial responsibility among beneficiaries. Additionally, the Corporation has enhanced its collection methods by adopting online payment channels such as GCash, PayMaya, ECPay outlets, and BPI online banking. Furthermore, the Corporation sought to reduce the number of its problematic accounts by 3% for 2021 accounts and below, and an additional 3% reduction for its 2022 highly delinquent accounts. By the end of the year, the number of problematic accounts from 2021 and earlier decreased by 6.42% (96,170 accounts). However, there was an increase of 6,013 problematic accounts in 2022. Hence, SHFC has aggressively implemented remedial interventions to improve its account portfolio, specifically targeting highly delinquent accounts with arrearages of 60 months and up.

In terms of the financial bottom line, SHFC accumulated a net operating income of approximately PHP 74.44 million, excluding taxes and subsidies. The amount was deducted from the Total Income based on the Total Expenses of PHP 637.48 million spent by SHFC.

Lastly, the Board of Directors is responsible for overseeing the Social Housing Finance Corporation's financial reporting process. The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders or members.



Organizational Milestones: Systems Enhancement, Quality Management Efforts, and Gender Mainstreaming

In its drive to enhance the corporation's delivery of social services and establish a more responsive organization, SHFC Management has continuously advocated for the automation of system processes for both operational and management activities, aiming to benefit all SHFC stakeholders and further promote ease of doing business. As part of its DICT-endorsed Information System Strategic Plan (ISSP) for 2022-2024, SHFC successfully completed the development and implementation of its Phase Two systems. The Project Management System and the Contractor Performance Management System were enhanced to address issues of delays in processing projects and data inconsistency in tracking and monitoring ongoing and completed SHFC projects. The Bank Reconciliation System, meanwhile, computerized the reconciling of SHFC's bank transactions.

Cognizant of the need to renew its Quality Management System (QMS) Certification, SHFC applied for the Government Quality Management Program (GQMP) for FY 2023. The GQMP is a national government program that promotes and enhances quality improvement in the public sector. Its goal is to effect improvement in public sector performance by ensuring the consistency of products and services through quality processes that can be achieved by an effective QMS. SHFC was selected as one of 20 government agencies to receive technical assistance on ISO 9001:2015 Quality Management System (QMS) free of charge from the Development Academy of the Philippines (DAP). Following this short-term intervention, SHFC also underwent another training course on internal auditing. These activities ensure that SHFC's processes continuously align with international standards, as the Corporation aims to secure an ISO 9001:2015 certification in 2024.

Finally, SHFC was lauded for its gender mainstreaming efforts and awarded the GADTimpala Silver Award for Outstanding Gender-Responsive Agency, as well as the GADTimpala Silver Award for Exemplary GAD Focal System by the Philippine Commission on Women. These accolades recognize SHFC's steadfast commitment to integrating gender and development principles into all aspects of its operations, policies, and programs.