



SOCIAL HOUSING FINANCE CORPORATION

# More than Building Homes

## Scaling Up the Community Mortgage Program

ANNUAL REPORT 2011





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# More than Building Homes

## Scaling Up the Community Mortgage Program

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### Vision

We are the lead financial institution providing shelter to the underprivileged sector of society.

### Mission

Guided by the highest levels of professionalism, excellence and work ethics, we are committed to: uplift the living conditions of the underprivileged Filipinos by providing access to affordable shelter financing; and work in partnership with multi-sectoral stakeholders for the development and implementation of innovative and sustainable social housing programs.

### Goal

By the year 2016, at least 7% (good approach) of the informal settler families (ISFs) in key urban areas have obtained shelter security.

# Messages

The Social Housing Finance Corporation (SHFC) has been assisting the homeless underprivileged since its foundation in 2004 by virtue of Executive Order No. 272. It continued the work of National Home Mortgage Finance Corporation in implementing socialized housing programs.

As chairman of the SHFC and the Housing and Urban Development Coordinating Council (HUDCC), I personally witnessed SHFC's laudable effort. In 2011, it has achieved the highest performance in the 23-year history of socialized housing finance program when it released P982.1 million to 15,875 informal settler families.

In the same year, HUDCC initiated a nationwide Pabahay Caravan in which SHFC and other key shelter agencies religiously participated. SHFC also continued to take part in the follow-up program of orienting local government units on housing programs and services. It even paralleled this endeavor with its follow through activity called the "Ugnayang CMP".

Truly for SHFC, providing decent and quality homes to our fellow Filipinos is a never ending pursuit.

I congratulate the SHFC team on its steadfast commitment to uplift the lives of our fellow Filipinos by providing them access to affordable housing and helping the government reduce, if not totally eradicate, homelessness. Together, we will fulfill our vision of bringing back to the social mainstream informal settler families who dream of living dignified lives.

Again, congratulations to the management and staff of SHFC!

Mabuhay kayo!



**JEJOMAR C. BINAY**  
**Vice President, Republic of the Philippines**  
**Chairman, HUDCC**





Shelter security, especially for the underprivileged seemed like an insurmountable task for government. Remarkably, the Community Mortgage Program (CMP), with its conceptualization, dynamism and pro-poor policies has provided the solution. The private sector-government partnership exemplified by the CMP is a true manifestation of democracy and people power. And in this case, empowering the poor is not only democracy but equality and justice as well. The demand for this program has been intensifying, proof that this indeed is a responsive program for the social housing needs of the country.

The tasks ahead are indeed serious, but the dedication and professionalism of the men and women of SHFC deserves our commendation. Their efforts to bring the program closer to the people have been relentless. The policies adopted gave extensive weight to the plight of the underprivileged as well as protected the funds of government.

Just as much, the success of CMP can be attributable to the beneficiaries who have placed their complete trust on the program. With shelter security are peace of mind, integrity and pride; traits of a people in a progressive and developed country.

Congratulations to SHFC!



**JOSEPH PETER S. SISON**  
President, NHMFC



# Message to Our Stakeholders and Partners

The process of urbanization is accelerating, and so is the increase in the informal settler population. The estimated number of Filipino families living in constant fear of eviction ranges between 1 and 3 million. And using a rather conservative growth rate of 4% per year, some 40,000 to 120,000 families are added to the informal settler families population every year. In Metro Manila alone, half a million families are considered informal settlers, and almost 200,000 of which reside informally on private lands.

The scale of the housing challenge has direct bearing on the goals and targets we set and the strategies we adopted in 2011. As a government shelter agency, we at the Social Housing Finance Corporation are committed in tackling the concerns brought about by rapid urbanization particularly the access to secure land tenure. We believe that despite the problems our cities face, SHFC is in a position to turn these challenges into opportunities to make cities more inclusive, livable and sustainable.

SHFC underwent significant transition in 2011, and it was at this time that innovative ideas (and a tweaking of old ones) were most relevant. The year was marked by a paradigm shift from a traditional view of providing shelter assistance to a framework where housing is a basic human right and an important asset reform program that empowers the community as well as a poverty reduction program. Last year, a 3-point framework of reform guided the corporation:

## Scaling Up the CMP

In 2011, SHFC approved loans amounting to P982.1 million for projects that served 171 organized communities with almost 16,000 families. Set against the housing sector target of 20,000 families, the 2011 accomplishment represents an increase of more than 200% over the 2010 full-year performance of 7,109 families. It is also the highest since the program began.

But much work needs to be done. During the past year, the Board adopted a “good to best approach,” that is, serving a minimum of 195,000 families to a maximum of 850,000 families in the next six years. The strategic plan was developed with urban specialists and social scientists, and will serve as an excellent roadmap for us to serve more people. To do so, we revised the guidelines for both on-site and off-site CMP as well as for the Localized CMP in order to achieve this rather ambitious but doable goal. Policies for an assistance window for families under immediate threat of demolition have been developed and are expected to expand the outreach of SHFC’s programs in 2012.

## Linking Up with CMP institutional partners

Cognizant of the fact that delivering security of tenure is not the work alone of SHFC, we set out to link with government agencies involved in processing CMP requirements. We inked agreements with the





Department of Interior and Local Government, Bureau of Internal Revenue, Land Management Bureau and the Land Registration Authority. We also forged partnership with professional associations, such as the Geodetic Engineers of the Philippines. We strengthened our relationship with CMP implementing partners – local government units, non-government organizations and community associations themselves – through constant updating and opening up channels for feedbacks and comments.

### **Instituting organizational reforms and good corporate governance**

Realizing the targets for the year required a transformation in the way we do our work. To be effective in the work that we do, we have started to rid ourselves of stumbling blocks within the institution. In our Strategic Planning Workshop in April, the SHFC agreed to adopt a Balanced Scorecard system to monitor the corporation's performance in terms of: (1) financial sustainability and social relevance, (2) responsiveness to demands particularly of the poor, (3) improving internal business processes, and (4) learning and growth of staff members. The year 2011 also saw an intensified advocacy for the SHFC Charter that would broaden the organizational opportunities of the corporation in operationalizing its mandate of developing housing programs and its financial capabilities for the low-income groups in the formal and informal sectors.

The CMP is more than building homes. We deliver security of tenure which basically leads to sustainable

communities and poverty reduction by allowing the poor to keep their access to jobs, education, basic services and social capital. And indeed since it started two decades ago, CMP has been a well-recognized innovative and effective housing program that protects the urban poor from catastrophic impact of forced evictions: more than 200,000 informal settler families or 1,000,000 men, women and children have obtained and retained affordable land and housing. We also empower communities by emphasizing people-initiated and managed projects. Through the LCMP, we capacitate local government units and other stakeholders, providing them incentives and helping them make a dent in their local housing requirements.

In this annual report, we review the progress we have made so far in the past year of introducing and instituting reforms in the SHFC and in CMP as its main housing program. We are proud to end the year with a remarkable number of families we have assisted, stronger ties with partners and implementers, and innovations and reforms we have initiated. Change can be difficult, but as we work to empower the informal settler families find adequate housing and build better communities, and with a determined and enthusiastic workforce, I am confident that SHFC can do more for the Filipino poor communities.

  
**MA. ANA R. OLIVEROS**  
**SHFC President**

# Closing the Housing Gap



CMP beneficiaries in Davao City

## Challenge

To contribute to a significant reduction in the housing backlog in Philippine cities through CMP and Localized CMP

## Solution

In our Strategic Planning in April 2011, we challenged ourselves to adopt a corporate goal of providing security of tenure to a minimum of 195,000 informal settler families or ISFs (7% of projected housing need) to a maximum of 850,000 (30% of projected housing need) by the year 2016. Also, recognizing the fact that urbanization has taken hold in many areas outside Metro Manila, we aimed CMP to address the growing demand for security of tenure in other urbanizing regions, i.e., a 70-30 ratio bias for ISFs residing in non-NCR areas. To make these possible, we started policy reforms for on-site land acquisition that aimed to extend minimum assistance to a maximum number of informal settlers. These changes were pursued also to avoid corruption and to ensure financial sustainability.

Two reforms are worth noting. First, SHFC reopened the off-site window for communities who opt to transfer to and acquire another property. This option allows informal settlers who have been denied the opportunity to buy the property they are already occupying. Second, to help interested families keep up with the rising cost of land and construction, loan ceilings were also increased – P90,000 for land acquisition



for projects in Metro Manila and highly urbanized cities (HUCs), an additional of P15,000 for site development and P60,000 for home improvements or house construction. A total of P165,000 loan assistance is allowed for a house and lot package for CMP projects in HUCs and P120,000 in other areas.

Procedures were also changed to speed up our assistance: we aimed a significant reduction in processing time from 2-3 years to 6 months. Background investigation on the community associations and site inspection were simultaneously conducted with the mortgage examination of CMP sites. Regular cliniquing sessions with the community associations and their partner CMP mobilizers were also undertaken to facilitate the timely submission of documentary requirements for CMP applications.

The implementing guidelines on the Localized CMP, on the other hand, were liberalized to assist local government units (LGUs) in complying with requirements such as the performance warranty, the 25% local counterpart, and updated land use and shelter plans.

## Results

The 2011 performance was the highest in the history of CMP. For the period January to December, approved loans for CMP totaled to P982.101 million for 171 organized communities nationwide covering 15,875 families. This number of ISFs assisted represented a 223 percent increase over the 2010 full-year performance of 7,109 and close to 80 percent of the year's target of 20,000. We were able to release 1,395 transfer certificates of title (TCT) this year for families who have fully paid their CMP loans, and 410 of these TCTs were awarded during the Pabahay Caravans of HUDCC.

It is also important to note that this accomplishment included the contribution of the LCMP. Two LCMP projects in the Island Garden City of Samal in Davao del Norte and in Talisay City in Cebu were approved for LCMP financing worth P3.77 million this year. These projects will benefit 160 ISFs in the said localities. There were also two (2) projects processed by Naga City which have been issued Letters of Guaranty (LOG) with a total loan amount of P4.9 million. We expect the take-out of these projects in 2012.

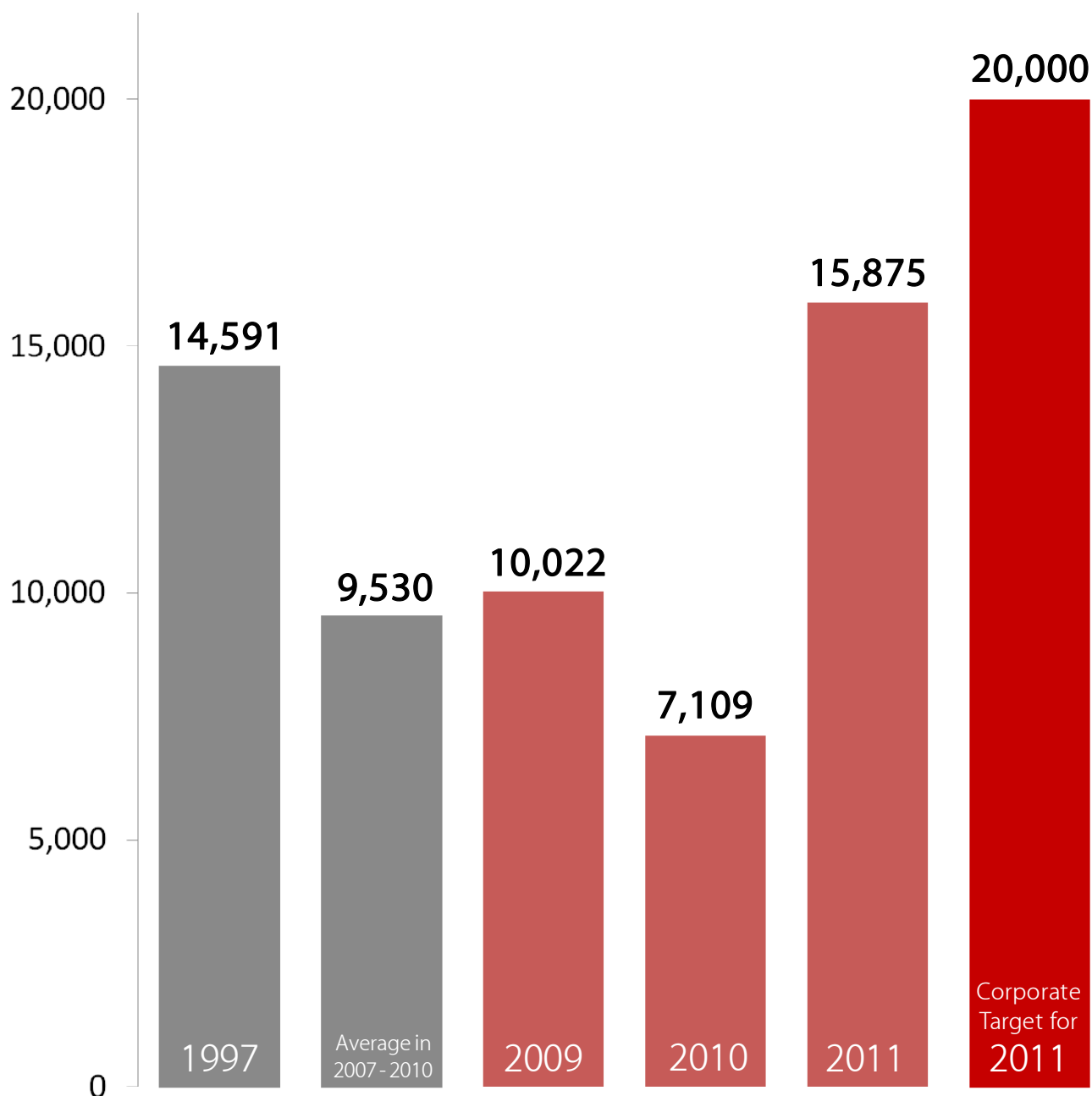
Of the 15 LGUs accredited for LCMP, 5 were accredited in 2011. These were La Paz, Tarlac; Mati City, Davao Oriental; Kidapawan City, North Cotabato; Silay City, Negros Occidental; and Calamba City, Laguna. SHFC granted an Omnibus Commitment Line (OCL) to Silay City for its four (4) projects in the amount of P7.5 million; Mati City for its four (4) projects in the amount of P4 million and Calamba City for its project in the amount of P1.3 million.

In terms of collection, we exceeded our target of at least 80%. We registered a Collection Efficiency Rate (CER) of 86% last year, a marked improvement indeed from previous years. For us, this indicated efficient account servicing.

Although most of the CMP beneficiaries were in Metro Manila, we saw an increase in the coverage of CMP in other regions especially Southern Luzon where some spill-over effect from the growth in Metro Manila has been experienced. All in all, SHFC has assisted 9,354 ISFs who are residing in areas outside the National Capital Region (NCR). This number of non-NCR ISFs represented 59% of the total number of ISFs assisted for the period January to December 2011.

# 2011 at a Glance

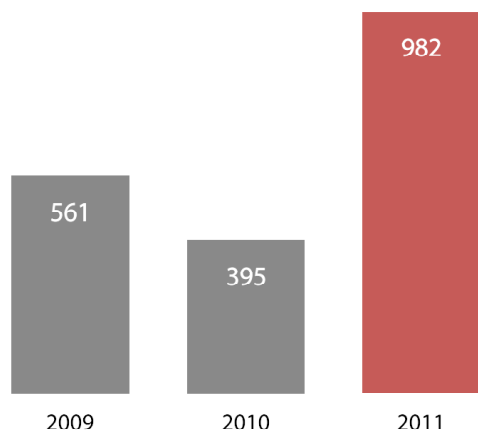
Number of Informal Settler Families (ISFs) Served



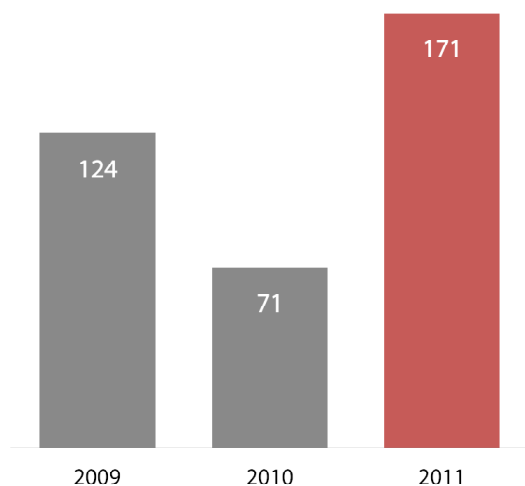
The 2011 performance was the highest in the history of CMP since 1997. From January to December, CMP loans amounted to PHP982.101 million for 171 organized communities with 15,875 families. This number of ISFs assisted represented a 223 percent increase over the 2010 full-year performance of 7,109 and close to 80 percent of the year's target of 20,000.



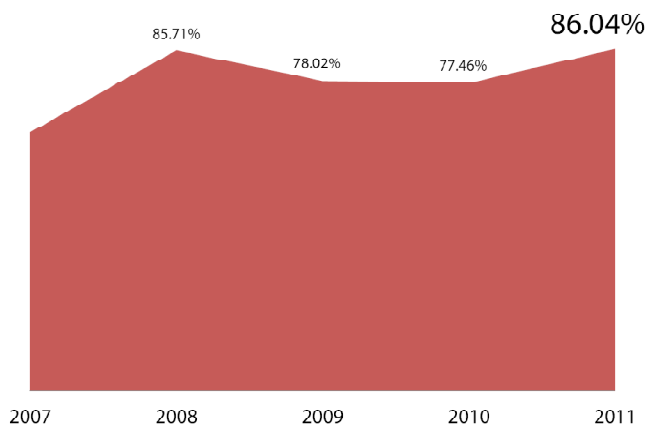
## CMP Loan Amount in million pesos



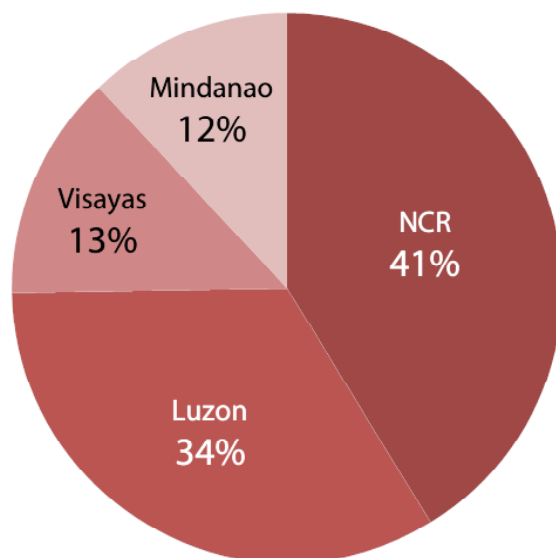
## Number of Taken-Out Projects



## Collection Efficiency Rate



## Distribution of CMP Beneficiaries per Region



### NATIONAL CAPITAL REGION

Regular	6,202
Pocket Size	350

### LUZON

Region 2	581
Region 3	989
Region 4-A	2,709
Region 4-B	1,037

### VISAYAS

Region 6	1,275
Region 7	829

### MINDANAO

Region 10	293
Region 11	907
Region 12	703

# Enhancing Partnerships with Stakeholders



## Challenge

To involve stakeholders – from institutional to community partners – in improving the implementation of the CMP

## Solution

SHFC worked for a faster and more efficient way of resolving problematic areas involved with land tenure for informal settlers. We set out to link with government agencies that are vital to the processing of documentary requirements for CMP loans and came up with several Memoranda of Agreement (MOA) that would facilitate CMP requests. Together with SHFC senior officials, President Oliveros made representations with the Department of Interior and Local Government (DILG) for expediting the release of the Preliminary Approval and Locational Clearance (PALC) from local government units, Bureau of Internal Revenue (BIR) for the processing of the Capital Gains Tax Exemption (CGTE) ruling and issuance of the Certificate Authorizing Registration (CAR), Land Management Bureau (LMB) of the Department of Environment and Natural Resources (DENR) for the facilitation of the approval of survey returns and subdivision plans for CMP, and the Land Registration Authority (LRA) for the titling of CMP projects to community associations.

Networking activities were likewise initiated with professional associations such as the Geodetic Engineers of the Philippines (GEP) to encourage their members to be effective partners of SHFC in implementing the CMP. In the CMP application process,

lot plans and schematic plans of CMP project sites can already be submitted as part of the documentary requirements as long as they are approved and signed by a licensed geodetic engineer.

The management also met with the officials of the Housing and Land Use Regulatory Board (HLURB) to establish minimum standards for housing and site development in off-site CMP projects. This was in response to costly compliance to building and development requirements that have been applied even in poor communities particularly in off-site projects.

Regional consultation activities with CMP implementing partners, non-government organizations and local government units (LGUs), to discuss issues and concerns related to the CMP, were also conducted in 2011. These were held in major cities nationwide, namely Quezon City, Davao City, General Santos City, Bacolod City and Cebu City. The revised CMP guidelines for on-site projects were high on the agenda of these consultations.

Lastly, SHFC participated in Pabahay Caravans organized by Housing and Urban Development Coordinating Council (HUDCC) led by His Excellency Vice President Jejomar C. Binay. The caravan, which drummed up support for housing programs implemented by key shelter agencies among the LGUs, was utilized by SHFC as an opportunity to inform LGU officials and the ISFs about the CMP and LCMP.

## Results

In May 2011, the DILG has issued a Memorandum Circular enjoining city and municipal mayors as well as council members to establish an express lane for CMP, identify a specific period in issuing a Preliminary Approval for Locational Clearance (PALC), and set minimum requirements that would facilitate PALC processing. Moreover, through the Pabahay Caravans, 214 local government officials have expressed interest in CMP and LCMP.

Also in May 2011, the DENR issued Special Order No. 2011-344 which authorized the creation of an express lane in the verification of land records for CMP. A four-person team at the LMB was formed to provide assistance to SHFC.

Together with HLURB, we have reviewed and analyzed the Batas Pambansa 220 to ensure that the cost of building and development requirements will be within the reach of the poor CMP clients. We target to have a clearer set of guidelines in 2012 and this will provide an operational framework for implementing an incremental or gradual compliance approach to BP 220 in CMP projects. This incremental approach will allow for more affordable housing for the poor under the context of CMP.

Communities that wish to be part of the CMP can now approach the members of GEP for professional technical services at reasonable rates. In a September 2011 agreement, GEP encouraged its members to participate in CMP particularly in making project sites livable, and enjoined them to observe a "disciplinary system" and to avoid taking advantage of CMP beneficiaries.

Finally and perhaps most importantly, the regional consultations provided venue for local stakeholders to contribute to improving CMP policies and procedures. The comments and suggestions gathered from these activities were valuable inputs in updating the guidelines and making certain provisions more flexible such as increasing the CMP loan amount ceiling per beneficiary. By allowing our stakeholders to have a say on our policies, SHFC gained the confidence and commitment of local partners to participate in the program.



# Making Good Governance Work



Meeting of senior officers and managers

## Challenge

To institute organizational reforms and good corporate governance

## Solution

In a Strategic Planning held in April 2011, we drafted the six-year Corporate Goals and Strategy Map and agreed to adopt a Balanced Scorecard system to monitor the corporation's performance.

In accordance with the Good Corporate Governance Code, five (5) Board Committees were constituted to render timely reports and appropriate recommendations to the Board. These are the Executive Committee, Policy Committee, Governance Committee, Risk Management Committee and Audit Committee.

At the management level, the Senior Officers held more regular meetings. The President, the Executive Vice President and Vice Presidents met every other week to discuss important corporate issues and concerns. The Management Committee, on the other hand, had meetings every other month.

The website was updated as part of the corporation's commitment to be more transparent especially to local stakeholders. It now includes timely data on land appraisals, location of CMP projects, list of accredited CMP mobilizers, collection

efficiency rating, number of CMP and LCMP-assisted ISFs, and latest audited financial statements.

SHFC has likewise pursued an organizational development (OD) process that assessed the capacities of the present organizational structure and human resource complement vis-à-vis the strategic goal of significantly increasing CMP outputs.

## Results

The complete staff work undertaken by the different Board Committees has strengthened the board's governance roles. The outputs of their meetings have been helpful inputs that facilitated the discussions and deliberations during board meetings, and resulted in the approval of more projects in 2011 – a total of 154 projects last year as against 111 projects in 2010.

Having completed the OD process, the Management has identified organizational gaps and areas for improvement. Plans have been developed and organized into five (5) Change Initiative Projects (CIP), namely Decentralization and Localization, Empowerment, Professionalism, Cost-effective Technology, and Paper-Less Environment. With targets already identified, significant results are expected to be achieved in 2012.

## Balanced Scorecard: Targets and Accomplishments

Financial and Social Impact		Customer	
Indicators:	Performance:	Indicators:	Performance:
Release of P962 million via the Comprehensive Integrated Shelter Financing Act (CISFA)	P462 million and an additional P1 billion released by DBM to NHMFC	20,000 ISFs assisted	15,875 ISFs assisted
Improved CER to 85%	CER of 86.04%	10 accredited CMP Mobilizers	4
P33.65 million investment income	P34.2 million	10 accredited LGU	5
Social impact: 20,000 families or 0.85% of ISF population	15,875 or 0.67% of ISF population	Study of new products	Work in progress
Internal Business Process		Learning and Growth	
Indicators:	Performance:	Indicators:	Performance:
Compliance to Organizational Development (OD) Process	Organizational diagnosis completed; Change Initiative Projects (CIPs) developed	272 employees to be trained	In-house orientation for 272 employees
	OD - 87% completed		External trainings for 41 employees
Interim MIS developed	For completion		

# Key Events, Activities and Milestones

## February



Ms. Ma. Ana R. Oliveros took her oath as the new President of SHFC. This was followed by the oath-taking of the private sector representatives as new members of the SHFC Board.



During the Region VII Pabahay Caravan held in Cebu City, SHFC turned over check payment amounting to P6.1 million to the landowners of the property occupied by the 79 members of the Upper Bonbonan Block-A Homeowners Association, Inc.



SHFC started its series of consultations with CMP partners – NGOs and LGUs – to discuss CMP issues and concerns. The first consultation was held in Davao City attended by CMP partners in Mindanao.

## March



The Regional Consultation with CMP partners in the National Capital Region (NCR) and Luzon was held at the Ateneo de Manila University.

During the Pabahay Caravan in Baguio City, six Transfer Certificate of Titles (TCTs) were awarded.



Regional Consultation for CMP partners in Visayas was held in Bacolod City.

For the first time, the Loan Processing Group and the Localized Community Mortgage Program Department held a meeting in Tagaytay to reassess its 2011 target and identify strategies to meet them.



## April



In the Strategic Planning Workshop held in Clark, Pampanga, the SHFC management developed its Corporate Goals up to 2016 as well as its Strategy Map. In May, the Board adopted this together with a good, better and best approach for its Corporate Goal.



## May



During the Region IV-B Pabahay Caravan held in Tagaytay City, SHFC turned over twenty four (24) Transfer Certificate of Titles (TCTs) to members of various community associations who have fully paid their respective loan accounts.



During the Region XI Pabahay Caravan held in Davao City, SHFC turned over a check payment amounting to P2.95 million to the landowners of the property occupied by 105 members of Sunrise Homeowners Association, Inc., whose property is located in Island Garden City of Samal. The project is the first project assisted by SHFC under its Localized Community Mortgage Program with the local government unit of the Island Garden City of Samal as partner-LGU.

A total of 180 members belonging to various community associations who have fully paid their loan accounts have also been awarded their respective TCTs.



# Key Events, Activities and Milestones

## June



During the Region III Pabahay Caravan held in Clark, Pampanga, SHFC turned over eighteen (18) TCTs to the members of two (2) community associations who have fully paid their respective loan accounts under the CMP.

## August

CMP Corporate Circular No. 17 entitled "Revised Implementing Guidelines for On-Site Land Acquisition Projects of the Community Mortgage Program" was issued to simplify the systems and procedures of the CMP to enable the Program to promote security of tenure and to ensure a Program that is sustainable and free from corruption.

## July



During the Region IX Pabahay Caravan held in Zamboanga City, SHFC turned over forty (40) TCTs to the members of six (6) community associations who have fully paid their respective loan accounts under the Community Mortgage Program.

## September



During the Region II Pabahay Caravan held in Tuguegarao City, SHFC turned over fifty three (53) TCTs to the members of nine (9) community associations who have fully paid their respective loan accounts under the Community Mortgage Program.

SHFC entered into an agreement with the Geodetic Engineers of the Philippines (GEP) to encourage GEP members to participate in CMP.

Pabahay Caravan was held in Cagayan de Oro City for CMP partners in Regions X and XIII. Check payment for one CMP project amounting to P1.6 million was handed over in the ceremony. A total of 91 Transfer Certificate of Titles were also awarded.

## October



Regional consultations were held in General Santos City, Quezon City, and Cebu City to discuss proposed reforms in the off-site and LCMP guidelines. These consultations were also the venue to get stakeholders' feedback on the proposed guidelines for the accreditation of the CMP Mobilizers (formerly known as originators).



During the Region V Pabahay Caravan held in Legaspi City, a total of 20 Transfer Certificate of Titles were awarded. Another Pabahay Caravan was held in Calapan City.

LCMP Circular No. 2 entitled "Amended Implementing Guidelines for the Localized Community Mortgage Program" was issued to strengthen the partnership between SHFC and the LGUs to effect a more systematic and focused approach in reducing local housing backlog.

# Key Events, Activities and Milestones

## November

During the Region VI Pabahay Caravan held in Iloilo City, a total of P44.4 million in check payments representing CMP loan releases to the landowners of various CMP projects were turned over by SHFC, benefitting 728 informal settler families in Region VI.

Ninety one (91) members belonging to two (2) community associations who have fully paid their loan accounts have also been awarded their respective TCTs



A Memorandum of Agreement was signed between SHFC and the local government of Silay City, the first LCMP partner-LGU in Region VI.

CMP Corporate Circular No. 18 entitled "Revised Implementing Guidelines for Off-Site Projects of the Community Mortgage Program" was issued to strengthen the implementation of CMP by expanding the program to include homeless and underprivileged urban poor communities who would voluntarily transfer and then reside in off-site areas after careful subdivision planning and consideration of basic services.



## December



### Urban Poor Solidarity Week Celebration

During SHFC's Urban Poor Solidarity Week celebration held at the Coconut Palace on December 5, 2011, SHFC turned over a total of P55 million in check payments representing CMP loan releases to the landowners of various CMP projects benefitting 757 informal settler families. Ten (10) TCTs were also awarded to members belonging to two (2) community associations who have fully paid their loan accounts.



CMP Corporate Circular No. 19 entitled "Adjustments in Loan Entitlement Ceilings for the Community Mortgage Program" was issued to address inflation and help the CMP community associations reduce the required equity for the purchase of the land being proposed for CMP financing.



# Outlook and Targets



Sustaining the momentum of the reforms started in 2011 is an important priority. Despite the modest growth in economy and the still increasing housing need particularly of the informal settler families, we expect the results of these institutional changes to come into fruition in 2012. We enter the year 2012 with a stable financial position and a strong support from government and private stakeholders, and these have laid a solid foundation for us to make CMP relevant and responsive.

In the year ahead, we direct our effort towards serving 19,000 informal settler families or 0.76% of the housing need for 2012. With CMP and new products to be developed, supported by the release of funds worth P1.5 billion from the DBM, 2012 is expected to be another remarkable year for SHFC. These targets can only be achieved through close collaboration among the different departments within the SHFC and with our partners from government, the private sector and the civil society organizations especially communities. And to this end, we have identified activities that will allow us to become a reliable partner of our stakeholders, a stronger and more professional organization, and a more responsive financing institution especially for the poor.

## Becoming a Reliable Partner in Delivering Housing Tenure

Working with stakeholders has proven to be essential to scale up CMP. For 2012, the Loan Processing Group (LPG), the Localized CMP Department, and the Community Support Unit (CSU) will take the lead in establishing more partnerships with LGUs and their local stakeholders. As a follow through to the 2011 Pabahay Caravan, SHFC will launch the "Ugnayan CMP." We plan to visit at least 50 LGUs to encourage participation in the Program, and forge partnerships with local government officials and other stakeholders. NGOs and POs will also be given training for them to become effective CMP Mobilizers. We will continue our linkages with other government agencies such as the HLURB, BIR, LRA, and LMB to institutionalize arrangements with the end view of streamlining the CMP process. The curriculum for housing and CMP module will be developed with the Local Government Academy.

With the government's preference for in-city housing projects, SHFC will study the possibility of applying CMP for multi-storey housing. The Planning Department will spearhead the study of new products

and the policies and guidelines that need to be set in place.

### Becoming a Stronger Organization

We will address organizational gaps through five (5) Change Initiative Projects:

1. Decentralization of Functions and Responsibilities. To achieve the objective of scaling up the CMP and aiming for a 70-30 bias for urban areas in the Visayas and Mindanao, core processes specifically the Loan Processing and Loan Administration will be decentralized. The Transition Plan which we expect to be finalized in early 2012 will aim for the decentralization of the loan processing for CMP (appraisal, background investigation of the community associations, site inspection, and the loan and mortgage evaluation). Once ready, additional competent staff members will be hired at the regional level and they will receive training and mentoring. In addition, the regional offices will be provided better logistics and equipment.

2. Empowerment of Work Force. To complement the decentralization change initiative project, we will identify levels of authorities and the capacity building component so that each unit/department and regional office can effectively and efficiently do their duties and responsibilities. After looking at the organizational deficiencies in 2011, we will review our business processes vis-à-vis the Information Systems Strategic Plan (ISSP). We hope to come up with a manual of operations and management control systems.

3. Institutionalization of the culture of professionalism. Through this CIP, we will work towards the realization of the corporate values and office norms. A Performance Evaluation System (PES) will be implemented, and a Professionalism Values Framework will be developed. The competency mapping and assessment will be conducted and a communications plan developed and implemented. We will be reviewing the compensation and benefit system as well as the staff selection policies. A Training Needs Assessment (TNA) will also be conducted.

4. Development of a 3-Year Information Systems Strategic Plan (ISSP). An ISSP is the first step towards a rational IT implementation effort. The process will include: 1) stating the Vision and Mission for IT, 2) providing a high-level

description of business processes and their linkages, 3) generating a prioritized list of required information systems, 4) defining the SHFC Information Technology Architecture Framework, 5) defining the IT organizational requirements and governance structure, and 6) formulating the corresponding 3-year IT investment program.

5. Operation of a Paperless Workplace/ Environment. A mark of an environment-friendly organization is its ability to reduce the use of paper in doing transactions and keeping records. In 2012, we will pilot a 5S Program (sorting, simplifying, sweeping, standardizing, sustaining) which will be spearheaded by an audit team. By end of the year, we target to have the program manualized and approved so that it will be sustainable.

### Becoming a More Responsive Housing Finance Institution

Because of the projected increase for demand of socialized housing in the next five years, SHFC envisions that a legislation transforming SHFC into a chartered corporation be enacted in order for the corporation to expand and increase its capital to adequately provide housing to the underprivileged and homeless citizens through various socialized housing schemes. Executive Order 272 which created the SHFC did not define the objectives and powers of the Corporation, as well as the responsibilities of the Board of Directors and the powers and functions of the President.

With the convening of the SHFC Legislative Study Committee in the first quarter of 2011, a draft SHFC charter entitled "Social Housing Development and Finance Corporation Act of 2011" was submitted to the SHFC Board of Directors. It was approved on June 22, 2011. At the same time that the draft charter was being submitted to the Board, Congressman Romero Federico S. Quimbo filed in May 2012 House Bill 4584 in the House of Representatives. A counterpart Senate Bill for the SHFC charter was negotiated in the last quarter of 2011 with Senator Aquilino L. Pimentel III for his sponsorship in the Philippine Senate. We target to make significant progress in our legislative agenda in 2012.

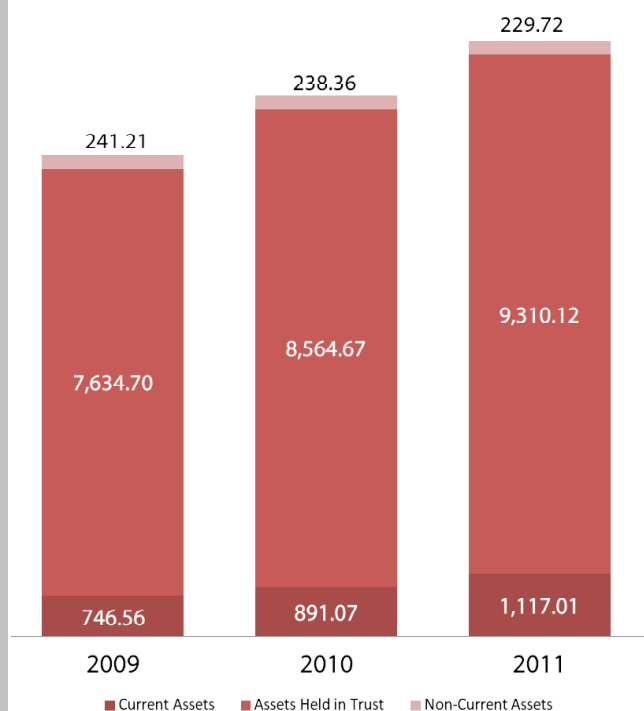
# Financial Highlights

For 2011, the corporation realized a strong and healthy financial position. The corporation's total assets posted a 9.93% increase from P9.69 billion in 2010 to P10.66 billion in 2011. This rise in total assets was due mainly to increase in its cash position. Cash on hand or deposited in banks posted a 27.86% increase over 2010 level. A CMP loan-restructuring program, implemented in the second half of 2011, contributed to the increase. The current ratio (current assets over current liabilities) of 1.07 suggests therefore that the corporation is in a sound position to meet short-term liabilities.

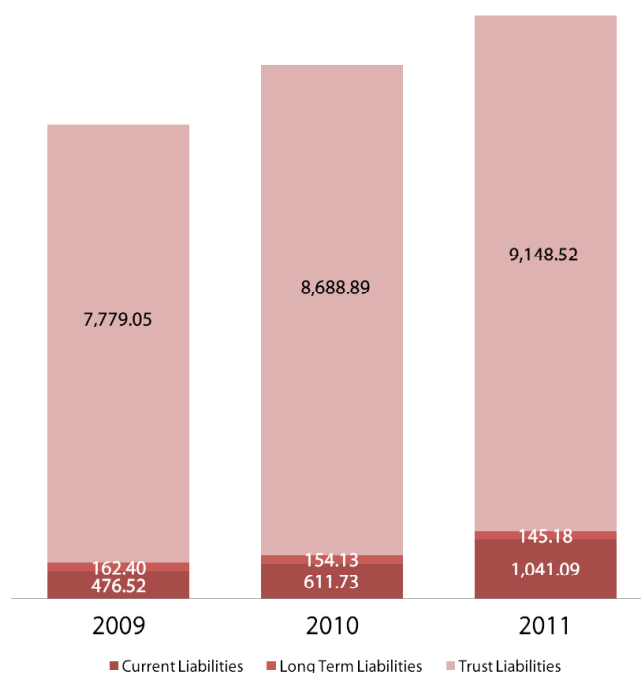
The corporation's income, meanwhile, also experienced a robust growth from 2010 levels. Gross income of P466.80 million and net income after tax of P148.35 million registered a 29.44% and 37.95% growth respectively from the 2010 income level performance. It should be noted that these income growth levels maintained and strengthened the increasing profitability trend being experienced by the corporation for the last three years.

Interest income from CMP loans grew by 31.28% as the program realized a doubling of CMP take-outs in

## Assets in million pesos



## Liabilities in million pesos





2011. A higher collection efficiency level of 86% also contributed to the increase in income. Among the factors that led to a high collection efficiency level were: (a) the loan restructuring program offered by SHFC to delinquent accounts in the second half of 2011, (b) the regular monitoring visits of SHFC collection teams, and (c) improved collective efforts by SHFC and its mobilizers (CMP-accredited NGOs and LGUs) through community organizing activities.

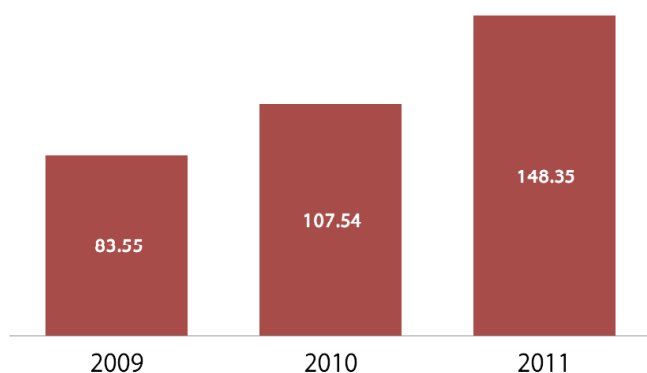
Income from savings deposit, meanwhile, registered an increase of 15% as SHFC continued its prudent cash

management practice of maximizing investment opportunities offered by the Bangko Sentral ng Pilipinas (BSP), through the Special Deposit Account facility, for funds that were temporarily idle and not yet utilized for CMP loans.

All in all, the financial performance last year prepares the corporation to continue undertaking its objective of annually increasing its CMP take-out levels. The healthy balance sheet and the sustained profitability of the corporation are already essential financial cornerstones to meet the challenges of the program.

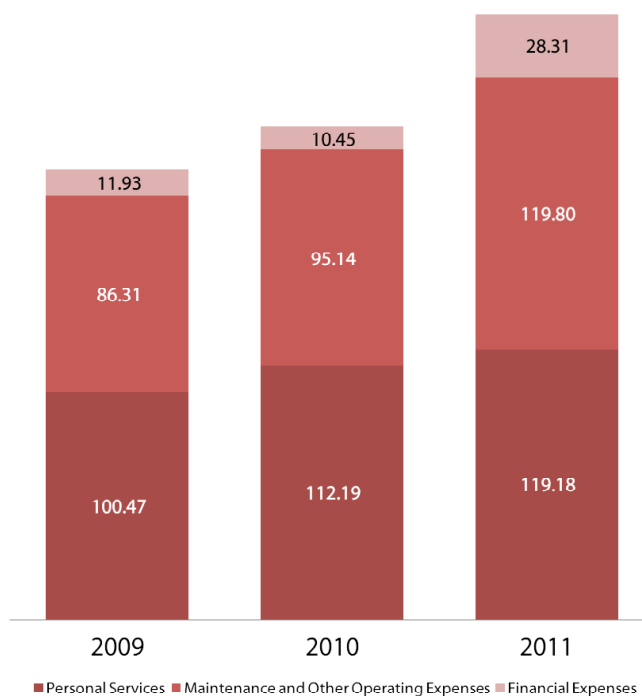
## Net Income

in million pesos



## Expenses

in million pesos



# Balance Sheet

For the Year Ended December 31, 2009 - December 31, 2011 (in Philippine peso)

	2011 Unaudited	2010 Audited	2009 As Restated
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash on hand and in banks	1,049,821,780	821,023,828	680,573,738
Receivables	61,865,800	64,897,074	63,532,977
Other current assets	5,325,483	5,148,985	2,451,328
	1,117,013,063	891,069,887	746,558,043
<b>ASSETS HELD IN TRUST</b>			
National Home Mortgage Finance Corporation	8,755,684,247	8,007,716,460	7,087,577,232
Abot-Kaya Pabahay Fund	554,440,660	556,950,661	547,118,414
	9,310,124,907	8,564,667,121	7,634,695,646
<b>NON-CURRENT ASSETS</b>			
<b>LONG-TERM LOANS RECEIVABLES</b>			
Loans Receivable	29,467,733	31,126,864	26,992,017
Property and equipment-net	200,254,030	207,228,834	214,216,292
Other assets-net			
	229,721,762	238,355,698	241,208,309
<b>TOTAL ASSETS</b>	<b>10,656,859,732</b>	<b>9,694,092,706</b>	<b>8,622,461,998</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	701,599,323	362,975,055	342,712,459
Inter-agency payables	34,742,729	29,357,102	23,374,731
Other current liabilities	304,746,715	219,396,659	110,437,246
	1,041,088,767	611,728,816	476,524,436
<b>LONG-TERM LIABILITIES</b>			
Other long-term liabilities	145,177,812	154,132,024	162,396,513
<b>TRUST LIABILITIES</b>			
National Home Mortgage Finance Corporation	8,594,080,784	8,131,940,540	7,231,928,998
Abot-Kaya Pabahay Fund	554,440,660	556,950,661	547,118,414
	9,148,521,444	8,688,891,201	7,779,047,412
<b>TOTAL LIABILITIES</b>	<b>10,334,788,023</b>	<b>9,454,752,041</b>	<b>8,417,968,361</b>
<b>STOCKHOLDERS' EQUITY</b>	<b>322,071,709</b>	<b>239,340,665</b>	<b>204,493,637</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>10,656,859,732</b>	<b>9,694,092,706</b>	<b>8,622,461,998</b>

# Statement of Income and Expenses

For the Year Ended December 31, 2009 - December 31, 2011 (in Philippine peso)

	2011 Unaudited	2010 Audited	2009 As Restated
<b>INCOME</b>			
Interest income-regular	280,114,270	223,223,023	217,228,771
Interest on savings deposits	36,132,046	31,391,743	35,843,511
Interest on notes	-	-	-
Service fees	7,627,365	7,003,230	7,612,529
Miscellaneous income	142,928,076	99,026,290	45,084,237
	466,801,758	360,644,286	305,769,048
<b>EXPENSES</b>			
<b>PERSONAL SERVICES</b>			
Salaries and wages	59,351,901	43,772,010	35,609,205
Other compensation	43,834,038	26,443,565	23,889,654
Personnel benefit contributions	11,675,867	2,489,536	2,362,728
Other personnel benefits	4,322,853	39,484,971	38,604,496
	119,184,659	112,190,082	100,466,083
<b>MAINTENANCE and OTHER OPERATING EXPENSES</b>			
Professional services	28,282,813	27,822,460	25,692,865
Taxes, insurance premiums and other fees	17,129,308	15,240,182	17,663,660
Depreciation	14,401,222	13,034,352	12,178,566
Confidential, extraordinary and miscellaneous	2,379,072	1,979,531	3,180,912
Utility	6,559,126	5,642,528	4,863,267
Supplies and materials	5,548,947	3,778,384	3,188,847
Communication	3,204,816	2,428,778	2,846,493
Building association dues and contribution	2,922,996	2,597,005	2,315,693
Travelling	3,424,864	1,920,193	2,441,526
Training	576,085	63,961	245,640
Rent	4,027,491	7,752,310	2,371,676
Advertising	786,229	1,163,687	702,100
Printing and binding	950,154	750,460	643,481
Subscription	126,999	106,493	113,508
GAD	1,000	-	-
Repairs and maintenance	617,443	5,267,713	807,334
Subsidies and donations	118,670	76,260	367,368
Litigation	5,170	25,623	38,506
Representation	6,437,419	4,214,128	4,256,484
Miscellaneous-others	22,304,111	1,281,782	2,392,930
	119,803,935	95,145,830	86,310,856
<b>FINANCIAL EXPENSES</b>			
Interest expenses	8,924,447	9,408,369	9,605,117
Origination & appraisal cost	18,292,776	-	-
Bank charges	74,178	77,130	67,202
Other financial charges	1,015,782	962,515	2,256,091
	28,307,183	10,448,014	11,928,410
<b>INCOME FROM OPERATIONS</b>	199,505,981	142,860,360	107,063,699
Provision for income tax	51,156,125	35,324,076	23,516,681
<b>NET INCOME AFTER INCOME TAX</b>	148,349,856	107,536,284	83,547,018



# Board of Directors



# Senior Officers

**1 VICE PRESIDENT JEJOMAR C. BINAY**  
Chairman  
Housing and Urban Development  
Coordinating Council (HUDCC)

**2 MS. MA. ANA R. OLIVEROS**  
Vice Chairman  
Social Housing Finance Corporation  
(SHFC)

## EX OFFICIO MEMBERS:

**3 MR. JOSEPH PETER S. SISON**  
National Home Mortgage Finance  
Corporation (NHMFC)

**4 ASEC. LUZ M. CANTOR**  
Department of Budget and Management  
(DBM)

**5 DIR. AUGUSTO C. LOPEZ-DEE**  
Bangko Sentral ng Pilipinas (BSP)

**ATTY. DOMNINA T. RANCES**  
(up to June 2011)

**6 USEC. AUSTERE A. PANADERO**  
(July 2011-present)  
Department of the Interior and Local  
Government (DILG)

**USEC. JEREMIAS PAUL, JR.**  
(up to October 2011)

**7 DIR. EDITA Z. TAN**  
(November 2011-present)  
Department of Finance (DOF)

## PRIVATE SECTOR REPRESENTATIVES:

**8 MR. RICARDO NICANOR C. JACINTO**  
**9 MR. RODOLFO MA. A. PONFERRADA**  
**10 MR. JOVITO C. LABAJO**  
**11 MR. DAMASO C. VERTIDO**



**1 MS. MA. ANA R. OLIVEROS**  
President

**2 MR. EDUARDO T. MANICIO**  
Executive Vice President

**3 MR. ERNESTO N. ATIENZA, JR.**  
Vice President  
Management Services Group

**4 MR. ERNESTO R. LEYNES**  
Vice President  
Treasury Group

**5 ATTY. JOSE D. MELGAREJO**  
Board Secretary  
Vice President  
Corporate Legal Counsel

**6 ATTY. MARIA ROSALIE RICH A. TAGUIAN**  
Vice President  
Legal, Administration and Finance  
Group

**7 MS. ANNICIA D. VILLAFUERTE**  
Vice President  
Loan Processing Group



# Managers



Standing (left to right):

**RUBEN C. LASET**

Officer-In-Charge  
LCMP Department

**ATTY. JUDE BARCAS**

Manager (2012) for Compliance  
and Risk

**JOEN B. BUENSALIDO**

Manager  
Administration Department

**DONATO P. EXCONDE**

Manager  
Information Systems Department

**JULITA R. PARREÑO**

Manager  
Trust Administration Department

**LOURDES P. PANALIGAN**

Manager  
Internal Audit Department

**JAIME S. BISNAR**

Officer-In-Charge  
Regional Operations Department

**ENGR. ELSA JULIAN DE VILLA-  
CALIMLIM**

Manager  
Technical Services Department

**FLORENCIO R. CARANDANG, JR.**

Manager  
Planning Department

**DANTE M. ANABE**

Manager  
Finance & Controllershship Department

**EDGAR M. ANINIPOT**

Officer-In-Charge  
Task Force on Remedial Accounts

**JASON C. YAP**

Manager  
Documentation Control and  
Custodianship Department  
Concurrent OIC  
Cash Management Department

Seated (left to right):

**EMILIA E. LANUZA**

Manager  
Public Affairs Department

**JESSICA B. CARASO**

Manager  
Project Accreditation, Evaluation and  
Monitoring Department

**JOSEFINA B. BANGLAGAN**

Manager  
Accounts Management Department

**ATTY. JANICE V. PALISOC**

Manager  
Mortgage Examination Department  
Concurrent Manager  
Loan Examination Department

Not in photo:

**ENGR. FELMAN R. GILBANG**

Manager  
Project Individualization Department

**ATTY. STEPHEN P. OVALLES**

Manager  
Legal Department

**ATTY. LEO B. DE OCAMPO**

Manager (2011) for Compliance  
and Risk

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