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**Next Level Rental Housing: the solution for housing the Urban
Poor?**

*An understanding of the self-help private rental sector in Libis, Metro Manila,
Philippines.*



Utrecht University

Roos Oldewarris, 6309771
Supervisor: Annelies Zoomers

Abstract

Housing is an important asset of the urban poor, since they can use it as a strategy to improve their livelihood. Therefore this research examines the characteristics and experiences of the self-help private rental sector as a strategy to provide more affordable and decent housing options for the urban poor and improve the economic situation of the landlord. By collecting data via 70 household surveys and 14 in-depth interviews from landlords and tenants residing in an urban poor settlement called Libis, in Metro Manila, the bottlenecks were identified. Results show that the self-help private rental sector is a flourishing method created by the urban poor themselves to provide more affordable housing options and to improve the economic situation of the landlord. Unfortunately the poor quality of housing and services is still problematic and leads to unresilient and hazardous rental spaces.

Furthermore, the focus will be on next level rental housing to see if it offers as a solution to house the urban poor more sustainably. Building upwards instead of incrementally or outwards could offer as a solution to in-house crowding and road encroachments. However even though next level housing would provide more affordable housing options for the urban poor without these negative consequences, it would lead to increased population density within urban poor settlements and therefore strain the infrastructure and services within the community.

A solution to these problematic consequences is to support this sector inclusively and for this to happen it is necessary for institutions in the Philippines to shift the focus towards housing development and away from homeownership. This solution could possibly diminish the most important negative experiences of this sector while upholding affordability which is the main driving force of this market in urban poor settlements.

Keywords: self-help housing, next level rental housing, private rental, housing strategies, housing transformation, urban poor, assets and needs, community development, slum development

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LIST OF ABBREVIATIONS

CISFA	Comprehensive Shelter Finance Act
CLVA	Canumay Libis Vendor Association
CMP	Community Mortgage Program
FDUP	Foundation for the Development of Urban Poor
FIES	Family Income and Expenditure Survey
GDP	Gross Domestic Product
GSIS	Government Service Insurance System
HCC	Human Cities Coalition
HDMF	Home Development Mutual Fund
HGC	Home Guaranty Corporation
HLURB	Housing and Land Use Regulatory Board
HOA	Homeowner Association
HPFPI	Homeless People's Federation Of The Philippines Incorporation
HUDCC	Housing and Urban Development Coordinating Council
ISF	Informal Settler Family
Kadamay	Kalipunan ng Damayang Mahihirap
LGU	Local Government Unit
LPG	Liquefied Petroleum Gas
NEDA	National Economic and Development Authority
NGO	Non-Governmental Organization
NHA	National Housing Authority
NHMFC	National Home Mortgage Finance Corporation
NLH-project	Next-Level Housing project
NRC	National Capital Region
NSP	National Shelter Program
OFW	Overseas Filipino Worker
PACSII	Philippine Action For Community-Led Shelter Initiatives
PIDS	Philippine Institute for Development Studies
PPP	Public-Private Partnership
PSA	Philippine Statistics Authority
SHFC	Socialized Housing Finance Corporation
SSS	Social Security System
TAMPEI	Technical Assistance Movement for People and Environment
UDHA	Urban Development and Housing Act
ULHOA	United Libis Homeowners Association
UP-All	Urban Poor Alliance
UPA	Urban Poor Associates

INTRODUCTION

“For most low income families in developing countries, the choice of residence takes place in a highly constrained environment. The cost of housing is high, location choices are limited due to poor transport system, and the stock of housing in the formal market (own or rent) does not match the needs of low-income households.”

- Ballesteros, 2004

The above statement presents a mismatch of supply and demand when it comes to housing the urban poor in developing countries, which results in people residing in slum-like conditions by building their own houses on informal grounds. In the Philippines the housing situation is very critical at the moment, especially in Metro Manila, which is one of the most densely populated megacities of the world with 12.9 million people residing in this National Capital Region (NCR) (PSA, 2018). Even though the Philippines has witnessed strong economic growth the consequences of this development come at a high cost. The lack of supportive infrastructure - which results in permanent congestion, inadequate waste services and air pollution - and a shortage in affordable housing is forcing many people to live in slums with poor sanitation and low water quality. This is especially dangerous since these settlements are often not resilient against floodings and land subsidence, which are caused by the lack of supportive infrastructure and amplified by climate change. In 2014 the percentage of the urban population that live in slums was estimated at 38.2 percent of all Filipinos (The World Bank, 2014). Even though this percentage is declining, there is still need for action since the exact number of slum dwellers in Manila will only increase due to urbanisation and population growth.

There are countless institutions within Manila which aim to provide better housing for the urban poor, these are governmental, non-governmental and private organisations. However as of now this shortage of affordable and adequate housing is too large to tackle using solely top-down approaches. A solution that is often neglected in policies is that of self-help housing. The urban poor can use this as a strategy to provide housing and, through this, possibly lift themselves up out of these slum conditions. An example of such a strategy is that households can transform their self-help structure to create extra space which can be used to rent out and possibly improve the livelihood of both households - the tenants' and landlords' (Also mentioned by; Avogo, F. A., Wedam, E. A., & Opoku, S. M., 2017). Understanding this phenomenon might offer bottom-up solutions that can help in reaching Sustainable Development Goal 11, which is to make human settlements *inclusive, safe, resilient and sustainable* according to the United Nations (2017).

Self-help transformation in urban informal settlements has been the subject of many scholars interested in the field of housing the urban poor. In their research they demonstrate a variety of ways in which these transformations can occur, namely; incrementally, by building outwards or, by adding an extra level on top of their house (Avogo, F. A., et al., 2017; Sheuya, S., 2009; Yap, K. S., & De Wandeler, K., 2010). Sheuya (2009) wrote a paper on the effects of these types of housing transformation. Herein she states that one of the effects of incremental transformation is that it does not produce extra space for the household to live in, which will result in in-house crowding when the household transforms to rent out. Secondly she mentions that outwards transformation can result to dysfunctional informal settlements, through road encroachments and the use of public space to extend. The latter form of housing transformation, which will be called 'next level housing' from now onwards, is not mentioned in her research but can provide solutions to the before mentioned negative effects. Additionally the Human City Coalition (HCC) is currently working on a proposition for improved livelihoods of Informal Settler Families (ISF) in an informal settlement in Manila through a Next-Level-Housing project (NLH-project). Therefore this research will focus on self-help transformation of especially next level housing, considering that this type of transformation is not well addressed in most research that aim to find solutions to house the urban poor.

Furthermore to improve one's livelihood via next level housing there is a need to understand how this extra space is used. As mentioned before a result of this transformation could be that these owners can become landlords who sublet this extra space to others and earn an (additional) income. The private rental sector in urban poor settlements is a considerable provider of housing in developing cities (Cadstedt, J., 2006; Ikejiofor, U., 1997; Obeng-Odoom, F., 2011). This sector is often portrayed as a win-win scenario; the landlords earn additional income through rent and the tenants are provided with better and more options of housing. This is also the view of HCC, however there are certain scholars who declare otherwise and state that this private rental sector can have negative effects in developing countries on landlords (i.a. Kumar, S., 1996), tenants (i.a. Huchzermeyer, M., 2008) and/or on the provision of decent housing for the urban poor (i.a. Abad, R., Fillone, A. M., & Biona, J. B. M. M., 2016). This will be discussed further in the Theoretical Framework.

An understanding of the current private rental sector is necessary in order to assess if this type of tenure arrangements - next level rental housing - improves the housing situation of the urban poor in Manila. Since self-help housing is a phenomenon that does not need investing from the outside a urban poor settlement, named Libis, has been selected in which there are already existing examples of next level rental structures. To understand this rental sector there is a

need to focus on the housing history of both tenant and landlord as to how and why self-help rental structures have commenced, what type of landlords/tenants reside here and what their level of satisfaction is with their experienced housing situation. On account that this will present both positive and negative implications for landlords and their tenants.

The above leads to the following research question:

What are the characteristics of the self-help private rental sector and how does next level rental housing contribute to the improvement of the housing situation of the urban poor residing in Libis, Metro Manila, Philippines?

This research can be used as a guide to provide bottom-up solutions for housing the urban poor in developing countries and can therefore offer recommendations to the Next-Level Housing project of HCC and other institutions focused on improving the housing situation of the urban poor.

1. THEORETICAL FRAMEWORK

In this theoretical framework and literature review there will be a focus on multiple aspects that are interesting for a proper understanding of the research objective. Firstly a summary is provided to demonstrate the housing problem in developing cities and to contextualize next level rental housing within the housing debate. Secondly the focus is on factors that influence housing transformation, these being household assets and housing needs. Additionally elaboration is provided of the possible effects of these housing transformations on the livelihood of the households. Lastly, the characteristics of the private rental sector in urban informal/poor settlements will be presented, this being the landlord, the tenant and the relationship between landlord and tenant. Understanding all these aspects thoroughly will give an excellent foundation for the conceptual framework.

1.1. Housing the urban poor in developing cities: presentation of previous solutions

Cities are growing rapidly due to urbanisation and rural-urban migration. While millions of families live in adequate accommodation in the global south, unfortunately, most of the poor do not. They reside in hazardous situations due to a mismatch of supply and demand in affordable housing. Lack of access to services (e.g. electricity, water and sanitation), in-house crowding, unresilient structures, high rents/mortgages and long/expensive commutes are denying these urban poor the decent shelter that they need and hope for (UN-Habitat, 2003a).

Even though the nature of the housing problem varies considerably between cities and nations according to their size, the nature of the land market, the state of the economy, the ability of the governments to provide services, and the local climate and topography (Gilbert, 2014). It is important to know how the housing policy has changed over the years in developing countries in order to understand the focus of governments when it comes to housing the urban poor. During the first half of the twentieth century, the priority was to improve the hygienic conditions of 'unhealthy' settlements in order to stop outbreaks of diseases such as cholera, measles and the plague. The solution at that time was to evict the residents and demolish these settlements. Additionally, in the same period inappropriate forms of rent control were introduced to prevent landlords from exploiting the poor. An unforeseen effect of this approach, to offer affordable housing, was that it contributed to a decline in investment in rental housing.

Gradually governments started compensating for these policies via public housing. However, the limited resources that the government set out to achieve the task did not counterbalance the enormous need for housing. A more covert strategy was the new solution, in which governments were turning a blind eye to illegal subdivisions

of housing and encouraging land invasions. As a result, informal settlements started spreading rapidly (UN-Habitat, 2011a). Additionally the financial crisis that hit in Latin America in the early 1980s caused for a substantial change in governmental approach in countries such as the Philippines, South Korea and Thailand. Free-market economy became the new focus of government and this led to a reduce of government spending on housing. As a result, the responsibility to house the urban poor came into the hands of the private sector. It soon became clear that this neoliberal approach had aggravated the problems of poverty and inequality. Therefore, in response, an enabling shelter strategy arised with the United Nations Development Programme embrace of the Millenium Development Goals as the initiator (Buckley and Kalarickal, 2005).

The new approach was based on nine principles; *“political endorsement and support; participation; needs driven; people-centred; pro-poor; results-oriented; comprehensive; based on partnership; and sustainability”* (UN-Habitat, 2011c). This type of approach requires immense investments, which came about in public-private partnerships schemes. Through this the government became dependent on the private sector and the civil society to carry the burden of the shelter problem. These schemes required a new measures, which include; improving mortgage finance, offering tax relief on interest payments, providing subsidies for the urban poor and selling off the public housing stock (Gilbert, 2014).

Furthermore something also had to be done about the numerous informal settlements, that were caused by the previously mentioned covert strategy. In-situ slum development became the new solution since this meant that the urban poor could maintain existing social and economic networks and moreover it was relatively cheap. Although this approach has been the most successful as of yet, there are some complications that arise.

Firstly the new approach focuses on homeownership since the state believed that this would give incentives for urban poor households to start investing in their homes. However, unfortunately, this resulted in a situation were millions of titles have been given out without evidence that it has had much effect on improving shelter conditions on account that the poor are simply too poor to invest much in their housing (Gilbert, 2002). Moreover this approach ignores a major group, which are all people who rent or share accommodation (Gilbert, 2008). This group is especially large in mega cities were the cost of acquiring land and housing is very high and were congestions in transport often occur which forces people to live close to their job (UN-Habitat, 2011b). Neglecting the needs of the urban poor tenants would be ignorant, since they will always exist in any country. Finally, the biggest problem in developing countries is reaching a certain quality of governance that is needed for such a approach. Although decentralisation and private sector

participation are steps forward to improve housing delivery, too many governments have not been able to house all of the urban poor sustainably due to inefficiency of policies and corruption (Gilbert, 2014).

The former shows that there are no easy solutions to the shelter problems of the Third World. However next level rental housing could be the answer, since the urban poor themselves would use self-help housing to provide more shelter options for the urban poor while also profiting from renting out. Landlords could hereby possibly improve their livelihood and use their profit as investments in the development of more adequate housing and rental spaces. Therefore the focus of the next sections and the objective of this research is to understand the self-help private rental sector and the accompanying next level rental housing to comprehend its characteristics and identify possible bottlenecks.

1.2. Factors influencing housing transformation

1.2.1. Household assets

To understand the transformation of self-help houses we need to realize that the poor have their own strategies to improve their livelihoods. By managing their assets, the poor can improve their well-being to fit their needs. According to Moser (1998) and Rakodi (2002) the poor have a portfolio of assets that can be used to gain other forms of capital which include human, financial, physical, social and natural capitals. These assets can be used in various ways for different livelihood outcomes. However for the purpose of this study we will only focus on the assets that are influencing self-help housing.

The first form of capital that will be discussed is physical capital, or as Moser (1998) calls it productive assets. This can be identified as someone's house. A house is the basis for accumulating other assets in the lives of low-income households (Moser, 1998). One strategy of urban poor households is to transform their house to earn additional income - financial capital - through home-based enterprises or renting out (Sheuya, 2004; Mirmoghtadaee, 2009; Avogo et al., 2017). Tipple, Owusu & Pritchards (2004) see ownership - security of tenure - as the biggest incentive for housing transformation. As a result physical capital in this research is seen as the most important asset of the urban poor.

Financial capital is the second most useful asset in self-help housing. This can be identified as fiscal resources (savings, credit/debt, remittances, wages and pension) that people use to reach their livelihood objectives, according to the Department for International Development (DFID, 1999). While the poor might not have a bank-account, they certainly have financial capital that they need to manage. This is one of the most functional assets because it can easily be converted into other forms of capital for the realization of livelihood outcomes. For the poor it is also their

most scarce asset, therefore they need to strategize their other forms of capitals more thoughtfully to reach their needs (Avogo et al., 2017).

The third form of capital is termed human capital, which is the level of education, skills and knowledge available in a household. This asset can be used to reduce the hiring of labour since households use sweat equity to transform their own house. Which results in lower construction costs and is a good example of how the urban poor manage their assets to reach a certain improved housing outcome (Rakodi, 1989).

Lastly, landlords who do not have the financial or human assets to transform their house could use their social capital instead. According to Sheuya (2004) households with inadequate resource access other capitals from interactions with family, friends and community organizations. For example if tenants have construction skills they can use these to be a part of the construction process or if the tenants have financial capital they can make payments upfront to invest in the transformation done by the landlord. Therefore it is important to understand a households social and human capital and hereby it is especially valuable to consider the relationship landlords and tenants might have, since the assets of the tenant can be used to realize the transformation.

1.2.2. Housing needs

To understand the managing of assets of the urban poor in Manila we should know what these residents are aiming to achieve. What are their needs? Sen (1981) stated that poverty reduction might not be the most valued outcome for everyone. In his book, *Development as Freedom* (1981), he explained that we should therefore focus on the ability of people to shape the life they value most. Therefore we need to know the housing needs of the urban poor to see what type of life they value most. Housing transformation is triggered by the quest to satisfy housing needs of individual households (Avogo et al., 2017), however this is taken from a owner standpoint so it is important to know therefore if the tenant also has a say in the transformation process and if the housing situation fulfills the household needs of both tenant and landlord.

Due to rapid urbanisation the need for affordable and adequate housing is more pressing. Characteristics of housing shortage include; in-house crowding, multi-habitation or shared housing (e.g. multiple types of household living under the same roof), widespread squatting (e.g. middle-income residents in informal settlements) and the ability of landlords to raise rent advances and exploit tenants by setting a high level of rent for poor quality housing (UNCHS, 1996c, cited in Tipple, 2000). Therefore households develop initiatives to satisfy their needs which is described by the livelihood model as housing strategies. For the urban poor these

needs can be quite simplistic, for example homeowners need more financial capital and tenants need affordable and adequate housing. Their needs can however be completely different from what is stated before and from each other and therefore need to be examined per case study and separately. Lastly we will need to examine if the housing needs complement each other or if they are in conflict with each other.

1.3. Impact of renting out rooms on the economic situation of the landlord

Research by Gough, Tipple and Napier(2003), Sheuya (2004) and Tipple (1994, 2003) indicates that several livelihood outcomes are derived from households who transform their dwellings. According to Gough et al. (2003), livelihood outcomes in the form of income generating activities operating from homes are recognised because they contribute to household livelihoods. Sheuya (2004) stated that transformation as a means for income generating activities is achieved through construction activities, home-based enterprises and renting. In this research the focus is on the latter. To understand the impact of renting out rooms on the economic situation of the landlord we will first need to know who these landlords are and how they became landlords.

1.3.1. Characteristics of landlords

Although there are various types of landlord there are certain aspects we can focus on that our landlords presumably will have in common. For instance they will be small-scale landlords, which are according to Gilbert (2004) *"owners that use whatever capital and space they have for rental purposes, they may be formal or informal, poor or middle-income earners and rent for them can mean a form of regular income as a safety net against unstable employment or as a supplement or substitution for pension after retirement"*. Sometimes renting begins accidentally because the family structure has changed and therefore new space is available. However it can also be the case that the landlords have created space through self-help housing transformation. Moreover ISF often even built their whole house from scratch. Therefore it is interesting to know the housing history of each landlord in order to understand the possible differences in livelihood outcome between landlords. Especially since other studies show that renting out is found to be not that profitable for landlords (Gilbert, 1999; Kumar, 1996). Hence we need to examine how the housing history of certain landlords led up to next level rental housing by understanding the housing history of all landlords in the private rental sector.

1.4. Impact of renting rooms in self-help structures on the housing situation of tenants

Research show that renting rooms in informal settlements where self-help housing is the primary form of housing results in complications of the housing quality of the tenants. According to Custers (2001) the socio-economic characteristics of owner

and tenants households can lead to rental spaces that are non-resilient, lack sufficient and good services and have a high room/occupancy ratio. However first we need to understand who these tenants are and why/how they became tenants.

1.4.1. Characteristics of tenants

Tenants are a much more diverse group and are therefore harder to define. However, there are a few characteristics, for example they are often less affluent than their owners (Gilbert, 2004). Nonetheless in terms of average incomes, landlords in informal settlements have been said to be only slightly richer than tenants (Ballesteros, M. M., 2004). Although this division of wealth might depend on the landlords age (Tipple, A. G., Korboe, D., & Garrod, G., 1997). Therefore length of residency is not so much important as to age when it comes to their economic situation.

A second characteristic is that the tenants are often migrants, who benefit from renting since they need a home that is more flexible because their stay can be temporary (Cadstedt, 2010; Shirgaokar, M., & Rumbach, A., 2018). However if tenants stay is not temporary they will on the other hand often have the aspiration to become homeowners someday (Cadstedt, J., 2010; Gilbert & Varley, 2002; Kumar, D. S., 2001).

The third possible characteristic of tenants is that they are often younger people, who are in the earlier stages of life; single, students, simple wage-workers or professionals (Gilbert, 2004). Also when coupled they tend to have fewer or no children because having children triggers the aspiration of becoming a homeowner, considering it offers more security. If they are not in an earlier stage of their life they are often single-parent household, who due to the loss of their partner can not afford their home anymore (Gilbert, 2004).

Lastly according to Gilbert and Varley (2002) an important aspect to keep in mind is that there are also tenants who can afford to own a home but simply have different priorities (e.g. saving for a business). Understanding what type of tenants are renting rooms in the self-help structures of Libis might result in a more inclusive analysis of complications when housing the urban poor.

Renting a space can have positive or negative outcomes for tenants. An important negative effect mentioned by various scholars is exploitation. Exploitation of tenants can occur when there is a housing scarcity (Huchzermeyer, 2008), when there is no formal contract between landlord and tenants (Rakodi, 1995), when no regulations are implemented to protect the tenants or when they are not aware of existing regulations (Obeng-Odoom, 2011). Exploitation results in the poor not being able to afford housing. This also happened in Cebu, Philippines, were the middle-income

residents took over the housing market of the poor (Thirkell, A.J., 1996). A second negative aspect of being a tenant is insecurity (Cadstedt, J., 2010), because they have the risk of displacement. Obeng-Odoom (2011) claims that tenants, in the informal rental sector especially, are vulnerable to eviction because there is no contract and therefore landlords can do as they please. This insecurity can lead to unwanted mobility, nevertheless mobility is also seen as a positive outcome since it means flexibility for the tenants to move whenever they please - see example migrants above (Cadstedt, J., 2010). Another positive aspect that should not be taken too lightly is that, through the private rental business, tenants have more options to choose a house in the city and this gives them the opportunity to pursue their urban livelihood (Kumar, S.D., 2001).

Previous sections showed that both landlord and tenant have different needs and different assets, just as different landlords or different tenants can have other assets or needs. This research aims to understand what type of landlord and what type of tenants live in a self-help private rental housing structure.

1.5. Landlord-Tenant Relation

Previously in this chapter certain points have been made about the relation between landlord and tenant regarding self-help housing transformation, yet in this section the focus is on other aspects such as shared housing and the effect of the landlord-tenant relationship on the housing situation. In the private rental sector landlords and tenants often rely on connections and local communications networks to provide housing/tenants (Beijaard, 1990; Hoffman, M. L., Walker, C., Struyk, R.J. and Nelson, K., 1991). Therefore most poor households share their extra space with extended family members for little or no money at all (Gilbert, A. and Varley, A., 1990; Sheuya, S., 2009). In this research we will however focus on payed rental housing, because this is the core when it comes to rental agreements. According to Rakodi (1995) there are three elements that should be explained when looking at a landlord-tenant relationship; financial, social and legal. These elements are interrelated and will be discussed below.

The financial element is the manner in which the level of rent is established. Economic theory presumes that rent levels are related to the rate of return on investment in rental property expected by the landlords and to the relationship between supply and demand (Rakodi, 1995). Therefore rent levels will vary in space, over time and between dwellings in relation to the relative desirability of locations, the cost of investment and dwelling quality. However, Wadhva (1990) mentioned that informal systems restrict the availability of market information to tenants which results in higher rents than would otherwise be expected - in comparison to better quality housing let through formal systems. Thus better awareness of housing market and regulations in the private rental sector might prevent exploitation from

occurring. The social element also plays a role in establishing rent, if the landlord and tenant will have a close relationship it is less likely that misuse will take place. The less strong their tie is the more chance there will be of exploitation of tenant.

Within the private rental market in informal settlements it is rarely the case that contracts and agreements are formalized and terms are often unclear or lacking (Rakodi, C., 1995). This means that both the landlord and the tenants can exercise power over one another. Landlords can set tough conditions because demand for - rental - housing is high and therefore they can evacuate and replace their tenants easily. Tenants can delay rent payments, refuse to pay or move out without paying since there are no legal consequences (Cadstedt, J., 2010). This element affects the social relation between landlord and tenants and might even be the result of this informal relationship. However, in some cases, a generally business-like relationship between small-scale landlords and tenants is mitigated by some flexibility on the part of landlords in order to avoid rapid tenant turnover and the hassle that comes with it (Hoffman et al., 1991).

Lastly in the case of next level rental housing and/or self-help room rental in urban poor settlements there could be the problem of limited privacy because landlord and tenant are likely to live together (Cadstedt, J., 2010). In the research of Cadstedt (2010) there were two types of views on this from the tenants point of view. The first view was that tenants preferred not to live on the same plot, because of the feeling of being watched/controlled. Secondly another group did prefer to live on the same plot because then the landlord could facilitate communication and keep order among the renting households, so this can be the case when multiple tenants live within the same structure. This is also a social element, because when landlord and tenants have a good relationship privacy will be less of an issue.

Concluding there has been done a lot of research into the private rental sector within informal/poor settlements. Our focus will therefore be on the possibility of next level housing as the solution instead of outward or incremental transformation. However, we need to know if this housing outcome fulfills housing needs and leads to the aspired housing situation for both landlord and tenant.

2. GEOGRAPHICAL CONTEXT

This chapter provides the national and regional framework in which this research can be placed. The country where this research will be collecting data is the Philippines with a special focus on a former squatter settlement in Canumay East in Valenzuela City, called Libis. Subsequently more information will be given about the settlement and its associations to fully understand the community dynamics.

2.1. National context: Philippines

The Philippines is situated in South-East Asia and has zero land boundaries. The country is located between the Philippine Sea and the South China Sea, east of Vietnam, and exists out of 7,641 islands of which an estimated of only 2,000 are inhabited. For that reason it is called an archipelago. These islands are clustered into the three major island groups; Luzon, Visayas, and Mindanao. The Philippines consists mostly out of a tropical marine climate with a northeast monsoon between November and April and a southwest monsoon between May and October. Therefore this nation is highly vulnerable to the impacts of climate change and natural hazards. The country exist out of 104,256,076 inhabitants (July 2017 est.) of which around 44.2 percent are urbanites with an urbanization rate of about 1.57 percent annually (The World Factbook, 2017).

Map 2.1. Geographical position of the Philippines



Retrieved from The World Factbook, 2018

2.1.1. Political structure

Before the Philippines became a self-governing commonwealth in 1935, the Spanish colonized the Philippines during the 16th century. After 333 years the Spanish ceded the Philippines to the United States as a result of the Spanish-American War.

Manuel Quezon was the first president to be elected and was tasked with preparing the country for independence after a 10-year transition. Unfortunately during World War II the islands fell under Japanese occupation, and US forces and Filipinos fought together during 1944-45 to regain control. On 4 July 1946 the Republic of the Philippines was officially recognized by the United Nations as an independent nation through the Treaty of Manila. Manuel Roxas was the first president to rule over an independent Philippines. Unfortunately he was followed by numerous presidents in a short time due to political instability which caused for multiple coups. Presently Rodrigo Duterte is currently the ruling president after he won the elections in May 2016. Duterte pledged to wipe out corruption, poverty, and drug trafficking/addiction, however his methods to reach the latter goal has caused for some commotion in the Philippines and throughout the world.

Figure 2.1. The national flag of the Philippines



Retrieved from The World Factbook, 2018

Currently, in the Philippines the government is practising an enabling strategy to house the urban poor, financed by the private sector and civil society. Offering in-situ mortgage systems to secure tenure of residents in former squatter settlements via homeownership results in Filipinos aspiring to become homeowners. As a result no appropriate policies have been formed to protect and serve the urban poor tenants, while more than 50 percent of low-income household residing in Metro Manila are tenants or sharers (Ballesteros, M. M., 2004). Furthermore 86 percent of the rented dwellings in Metro Manila are more than 10 years of age indicating the lack of supply from the formal market. The institutional structures and processes will be explained more elaborately in chapter 4.

2.1.2. Economy

In Duterte's 10-point Socioeconomic Agenda he envisions a poverty reduction from 21.6% in 2015 to 13%-15% by 2022. According to Duterte illegal drug use, crime and corruption are the main barriers to economic development among the lower income class. Since wealth is now concentrated in the hands of the rich, the poor will hopefully benefit from his Agenda which is important because the lowest

households are currently only owning 3.2% of the Gross Domestic Product (GDP) (CIA, World Factbook, 2017).

However competitive rankings have improved and the Philippine economy is growing with 6.1% per year from 2011 to 2016. Secondly, the employment rate has also declined from 7.3% to 5.5%. Unfortunately a lot of jobs are still low paying, tedious and many Filipinos are working below their skill level (CIA, 2017). Last June 2017, the Philippine Statistics Authority (PSA) reported that one in every five Filipinos (21.6%) was poor in 2015. Therefore continued efforts are needed to reduce inequality, because even though the economy is prosperous the poor households of the Philippines are not profiting from this at the moment.

2.1.3. Population characteristics

In the Philippines the man-to-woman ratio is almost an even fifty-fifty. The working class exist out of more than 65 percent of the total population with a median age of 24.3 years. Additionally over twenty five percent of Filipinos did not graduate elementary school, however this number is improving. In contrast to other Asian countries the Filipinos are most often following a Christian religion, with 86 percent of the population being Roman-Catholic due to the Spanish ruling. There are between 120 and 170 languages in the Philippines archipelago, however most Filipinos speak both Tagalog - national language - as English due to the American ruling.

2.2. Regional context: Libis

The research site where all of the household data is collected is called Libis. Libis is a community that is situated within the barangay Canumay East and the first residents started squatting the hilly landscape in 1983. The settlement is located in Valenzuela City and has an area size of 217 hectare which was previously privately owned property of the Philippine Veterans Bank. However it is now in the process of being sold to the community via the Community Mortgage Program of the government - see box 2.1.

The city logo of Canumay East



The members of the community are often from the province, previously working on agriculture, and moved to the city in expectation of better livelihood opportunities. They started to settle down in Libis due to the location of the settlement, since it is in close proximity to the factories where they are mostly employed - f.e. see map 0.1 on front page. Unfortunately other general data about the community is lacking, therefore this chapter is mostly based on hearsay, observations and on the interviews conducted with key informants of the community.

The environment of the settlement is prone to hazards such as fire outbreaks due to jumper cables and dangerous floods that occur in the rainy season. Some walls won't sustain against the floods, break down and possibly destroy houses next to it. The community had to cope with three major fire outbreaks in the past, the last one in 2014 destroying 35 houses. Furthermore the surrounding factories (f.e. diapers, tissue, plastic, furniture) are dumping their waste water through the public sewage system, which can cause blockages. This together with heavy rainfalls and the fact that the settlement is located in a valley means that the community quite often has to cope with floods up to their waist level, damaging their property and causing an unsafe environment to reside in. The community has coped with these hazards by using their basketball field as an eviction centre. Nevertheless this evacuation site only offers shelter to the first twenty households that arrive, the others will have to evacuate themselves to safer grounds.

A large part of the community changed their use of light-materials to concrete when constructing their homes over the past thirty years, which makes the structures more resilient. However there are still many houses that are not fire or flood resilient, and the roads are too narrow for the fire trucks or ambulances to reach the centre of the settlement. Most structures exist out of multiple stories and the community is thriving with home based commercial enterprises, such as *sari-sari stores*¹ and computer shops - see appendix G for photographs of the community.

Box 2.1. The Community Mortgage Program (CMP)

"The CMP is a mortgage financing program which assists legally organized associations of ISFs to own the lots they occupy, providing them security of tenure and eventually improving their neighbourhood and homes to the extent of their affordability" (NHMFC, 2015).

The program, which was established in 1988, was initially administered by the National Home Mortgage Finance Corporation (NHMFC), but is since 2005 managed by the Social Housing Finance Corporation (SHFC), a wholly-owned subsidiary of the NHMFC. Nevertheless, the CMP still performs the same mandate; it grants long term mortgage loans to organized ISF, such as the community members of Libis. This loan comes in three steps; the first is lot acquisition, the second is site development, and the third is housing development. To be able to be a beneficiary of such a loan it is essential that the community organizes in a Home-Owner Association (HOA), such as United Libis Home Owner Association (ULHOA). The history of ULHOA and progress of the CMP within Libis will be discussed in the section 2.2.1. below.

¹ A *sari-sari store*, or neighbourhood sundry store, is a convenience store found in the Philippines.

2.2.1. History of ULHOA

In an attempt to formally acquire the land, the early leaders of the community decided to organize a community association to apply for a community loan. However, because of the conflicting ideas and differences of the members, three competing community associations were formed. The rivalry of these associations continuously hindered any development towards acquiring the land. Overwhelmed by the prevailing problems in their community, two of the three rival associations finally merged in 2004 and adopted the name, United Libis Homeowners Association Inc.(ULHOA). Unfortunately only 338 of the circa 500 households that entail this community became a member of ULHOA, as a result of the unwillingness of members of the third association to unify and because there was a lack of trust in community associations which was based on corrupt experiences with officers from former associations. These non-beneficiaries of ULHOA are either a member of the third association, now called the Canumay Libis Vendors Association (CLVA) and has 50-60 members, or they are not represented by any association.

With assistance from the HPFI and the Foundation for the Development of Urban Poor (FDUP), ULHOA jump started their savings program; which is the first stage of the CMP. Using the amount pooled from the savings mobilization and with further financial assistance from Valenzuela City's Informal Settlers Loan Assistance Program, the community succeeded in owning the land in 2010 through the CMP's lot acquisition loan. This means that the beneficiaries of ULHOA are now in the phase 'renting to own' and until they paid their amortization the official owner of the land is the association. Currently, with the CMP eight years along the way, the ULHOA members are starting to discuss the individualization of land. The expected individual acquirement of the lot has given some members of the community incentive to start investing in their homes and this can be seen by the multiple houses in the settlement that are under construction.

In order to meet the requirements of the CMP loan the community needed to submit a subdivision plan and reblocking plan. This requirement states that the land being acquired should have sufficient road access and is not prone to fire hazards from transmission lines that cuts across the centre of the site. In 2013, with the help of FDUP, the subdivision plan was approved by the city government. Below an image is shown of the site development plan, which was constructed with the support of the Technical Assistance Movement for People and Environment (TAMPEI) - see map 2.2. Through this image we can see the impact that the reblocking will have on the settlement. At the moment of research the first houses were under construction as a result of the reblocking, which is part of the second phase of the CMP; site development.

Map 2.2. Plan for road reblocking



Retrieved from TAMPEI, 2017.

The ULHOA officers also planned to apply for the housing improvement loan, which is a part of the final phase of the CMP. However, the association had encountered difficulties in fulfilling SHFCs requirement - that state that at least 50 percent of the total community members plus one (1) have to apply for the said loan. The beneficiaries' lukewarm reception to the housing improvement loan stems from their reservations in the road and house reblocking process which involves having their housing units dissected, modified and possibly reduced. Which shows that the community is still hesitant about the government program and about investing in it to develop their houses.

2.2.2. Current situation

In 1992 the congress enacted the Urban Development and Housing Act (UDHA) which gave squatters a new name: informal settlers. Still the definition is the same; "someone who settles on the land of another without title or right or without the owner's consent whether in urban or rural areas" (PSA, 2017). In this definition we can see that Libis is no longer an informal settlement, since ULHOA bought the rights to the land from the previous owner. Even though the beneficiaries of ULHOA are not considered to be informal settlers, many are still considered to belong to the urban poor of the Philippines, since a big portion of the respondents (39% of landlords and 62% of tenants) are earning an income below the poverty threshold of Php 15,000 (TAMPEI, 2017)- see table 5.3a and 5.3b.

For the non-beneficiaries of ULHOA it is a different story, since they are not represented by the association they will have no rights to the land and are therefore still informal settlers. When ULHOA decides that they want to use this land they can sue these informal settlers. As a result they will have to seek shelter elsewhere or face the chance of being evicted. Therefore officers of CLVA are now in discussion with the SHFC for a possible resettlement site for their members, however the costs

of resettlement will be too expensive for most of the members. The CMP could therefore possibly result into conflicts within the community and displacement from the community for non-members or the urban poorest.

3. RESEARCH DESIGN

From the background of the theoretical concepts that underlie this research and the geographical context that entails its research site, the following research design was extracted which includes the research questions, the conceptual model, the conceptualization and operationalization, the rationale for site selection and the methodology used for the execution of the research.

3.1. Research questions

To be able to offer advice, regarding next level rental housing as a solution to house the urban poor, there is a need to understand the self-help room rental sector in urban poor settlements. Therefore the following research question and sub-questions have been fabricated:

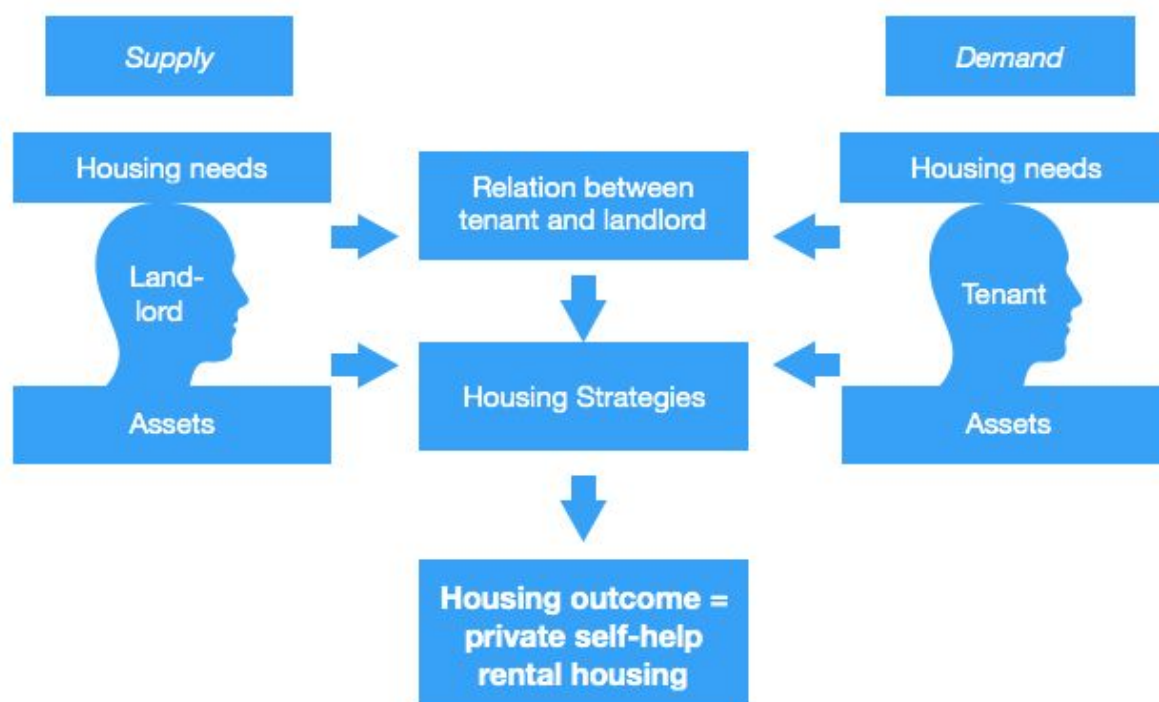
What are the characteristics of the self-help private rental sector and how does next level rental housing contribute to the improvement of the housing situation of the urban poor residing in Libis, Metro Manila, Philippines?

- To what extent is private rental housing occurring in Libis?
 - a. What are the characteristics of the rental market in Libis?
 - b. What are the characteristics of the rental spaces in Libis?
- Who are the landlords?
 - a. What are their assets and needs?
 - b. How/Why did they become landlords?
 - c. How did they use self-help to transform their structure?
 - d. In what way does renting out impact their economic situation and housing situation?
 - e. What are their concerns with renting out in an informal/poor settlement?
- Who are the tenants?
 - a. What are their assets and needs?
 - b. How/Why did they become tenants?
 - c. In what way does renting a space in the self-help rental market affect the housing quality and affordability?
 - d. What are their concerns with renting a self-help space in an informal/poor settlement?
- What is the relation between landlord and tenant and in what way has this relationship had an impact on the self-help structure, agreements and housing conditions?

3.2. Conceptual Framework

The conceptual model presented below (figure 1.1) reflects the relationships between various theoretical elements based on the theoretical framework as explained before. To understand the housing outcome of the landlord and their tenant we need to know what assets they possess, what their housing needs are and which housing strategies they have used to reach this form of housing outcome. The assets are the forms of capitals - human, financial, social and physical - that they possess and which are always interrelated. Managing these assets to reach a certain preferred housing outcome can be accomplished via housing strategies, such as next level housing transformation or networking. Additionally, the landlord-tenant relationship can also affect the housing strategies. Important in this research is to discover if the housing needs of landlord and tenant are in line with the housing outcomes and if the research population is therefore satisfied or not. The level of satisfaction together with housing outcome could be different for landlord and tenant since they are on opposing sides of the rental sector.

Figure 3.1. Conceptual model



3.3. Conceptualization and operationalization

In order to comprehend this research thoroughly a conceptualisation is needed of the main concepts that are intertwined in the objective, such as "urban poor", "ownership", "landlord" and "tenant". These are complex concepts that can vary over time or place simply because they are abstract. An important aspect is that the research site is a semi-informal settlement and therefore certain concepts such as ownership, landlord and tenant need to be adapted. Therefore firstly a definition of

urban poor in the Philippines is given, which is found the Republic Act No. 8425, *Social Reform and Poverty Alleviation Act*, (Lawphil, 1997) subsequently a definition of ownership, landlord and tenant are provided:

"Urban poor" – Refers to individuals or families residing in urban centres and urbanizing areas whose income or combined household income falls below the poverty threshold as defined by the National Economic and Development Authority and/or cannot afford in a sustained manner to provide their minimum basic needs of food, health, education, housing and other essential amenities of life.

"Ownership" - Households in settlements founded through land invasions (e.g., squatters) are considered owners because even though the land is not theirs they own the structure. This is also referred to as de facto ownership (UNCHS 2003)..

"Landlord" - In informal settlements a landlord is someone who has de facto ownership over a building and leases space to other people in exchange for financial compensation.

"Tenant" - Someone who gives financial compensation to a landlord in order to reside in a dwelling (such as a house or a space within a house). Sharers are also residing in a dwelling from a landlord, however they do not pay rent and are therefore different from tenants.

Moreover in table 3.1 the operationalization of the different variables are displayed:

Table 3.1. Operationalization of concepts

Concept	Variabele	Indicator	Objective
Household assets	<i>Tangible</i>		
	Physical	❖ Ownership status of the house(owning, renting, others)	Factors affecting housing transformation
		❖ Plot size available to household	
	Human	❖ Level of education	
		❖ The construction skills available in household	
	Financial	❖ Savings, income, pension	
	<i>Intangible</i>		
Social	❖ Type of agreement between landlord-tenant		
	❖ Level of interaction with landlord/tenant		

Household needs	Crowding	❖ Type of relationship with tenant/landlord	
		❖ Room occupancy ratio	
	Household size	❖ Demand for separate rooms	
	Income generating activities	❖ Renting out and home-based enterprises existing within the house	
	Other needs	❖ Feeling of housing security	
Housing transformation outcomes	Extensions	❖ Upwards/Outwards	Building regulations and housing transformations
Livelihood outcomes	Economic activities	❖ Income generated from/spent on renting	Livelihood outcomes derived from housing outcomes
	Other outcomes	❖ Feeling of housing security, adequate housing	

3.4. Rationale of site selection

Metro Manila is with 20,785 million inhabitants per square kilometre one of the world's most densely populated megacities (PSA, 2018). Because of this and other political and economic barriers Manila struggles with the supply of affordable and adequate housing for the urban poor, which is forcing many people to live in slum like conditions. Valenzuela City is a part of this NRC and is the home of the research site chosen for the households data collection; Libis. The criteria for selecting a research site were threefold; first members of the settlement needed to be beneficiaries of the Community Mortgage Program - see box 2.1 - which means that they are in the transition from informal to formal settlement and this might give more incentive to invest in housing transformation; secondly the settlement needed to be older than 10 years to have a bigger possibility for housing transformations to have happened, such as building a second story; lastly a room rental sector needed to exist, with preferably structures where landlord and tenant life together as a result of next level housing transformation.

Upon arrival to the Philippines the initial research site became inaccessible due to conflict of interest with the NLH-project of HCC. Therefore Libis was introduced, by the Homeless People Federation of the Philippines Incorporation (HPFPI) and by the host organisation Philippine Action For Community-Led Shelter Initiatives (PACSII), since it fitted within the aforementioned criteria. The community started squatting the area over 30 years ago, the members where at the moment of research in the CMP, the houses consisted out of multiple stories, and more importantly one of the community leaders, *Ate*² Carampatana, specified that there were multiple landlords who live in the same structure as their tenants, including herself. According to her estimations around thirty percent of the CMP beneficiaries, which exists out of 338

² *Ate* means elder sister in Tagalog and is a respectful way to address an older women.

households, were renting out space in their house. This estimate does not include the circa 150 non-beneficiaries households within the settlement who could also possibly be renting out. For the reason that this settlement fitted the criteria and it was accessible for data collection, Libis was chosen to be the research site.

3.5. Methodology

This section will explain how the research was conducted, and more importantly how certain units were measured. For the methodology of this research use has been made of; semi-structured interviews, open interviews, household surveys, observations and participatory methods. Interviews and informal conversations were undertaken with key informants of the community, the local government and other related institutions and organisations. These were mainly semi-structured interviews in which respondents were selected based on their knowledge of the community and the topic - see table 3.2 below for details.

Table 3.2. List of Key Informants

Key informants	Company / Institution / Department	Role	Number of interviews
Maria T. Carampatana	Homeless People's Federation Philippines Inc / United Libis HomeOwner Association Phase 1	National President / President	2
Herman Bajala	Canumay Libis Vendors Association	President	2
Romeo D. Trinidad	Barangay ³ Canumay East	Captain	1
Rex Gatchalian	Valenzuela City	Mayor	1
Elenita Reyes	Housing and Resettlement Office of City of Valenzuela	Head of Office	1
Marife M. Ballesteros	Philippine Institute for Development Studies	Senior Research Fellow and OIC	1
Kate Moncada	Social Housing Finance Corporation	Project Officer	1
Liza B. Zurbito	Human Cities Coalition	Program Manager in the Philippines	2

Secondly household surveys were conducted with landlords and tenants residing within Libis so that specific quantitative data could be obtained (f.e. the number of people living in the structure, their socio-economic status, presence of facilities in the structure) - see appendices A and B for example of survey. These surveys were

³ *Barangay* is Tagalog for village, district or ward and is the smallest administrative division in the Philippines

generally conducted on a face-to-face manner to capture verbal and nonverbal cues and to have an accurate screening of the respondents. The respondents for the surveys were selected via a non-random sampling method, namely; the snowball technique - see appendix E for list of respondents. In this approach key-informants, community knowledge, other respondents and own observations led to the research population. The surveys were used to map the community in order to have an overview of the extent of the private rental sector. Additionally from the survey's respondents were selected to participate in semi-structured interviews to examine their experiences and housing history, which gives a more comprehensive overview of the self-help rental sector in this community - see appendices C and D for examples of interview guides. These respondents were selected based on their housing situation and level of satisfaction, with a focus on next level housing tenants and their landlords.

Furthermore participatory methods were used by renting a room for multiple nights within the community and documenting this experience. Lastly, observations were done to verify information and to triangulate upon information that was collected using the other techniques such as the semi-structured interviews, surveys and mapping.

Table 3.3. Descriptives of data collection

Research instrument	Landlords	Tenants	Key informants/officials
Survey	31	39	
Semi-Structured interviews	8	6	7
Open interviews			4

4. INSTITUTIONAL STRUCTURES & PROCESSES

In this chapter, institutional structures and processes at macro, meso and micro level will be discussed; an understanding of such will provide more insight into the links between these levels. An overview of stakeholders related to the current programs and initiatives regarding housing the urban poor in Manila will be given, with an focus on on-site housing development and the urban poor/informal rental sector.

4.1. Government Strategy, Policy and Plans to House the Urban Poor

As discussed in the introduction there is a widening gap between demand and supply in the Philippines, specifically for the low to middle-income households. This is mainly the result of overurbanization and a relatively inelastic supply, specifically at the lower end of the housing market. Which has resulted into a mayor national backlog of 4.8 million housing units in the period 2011-2015 (HUDCC, 2016). Former studies identified institutional issues as the primary constraint in housing. These institutional constraints include legal and regulatory problems specifically in the land and financial markets and poor or unclear incentive structure in the organization of the housing market (Ballesteros, M. M., 2002; Monsod, T. C., 2011). To understand these issues an overview of the current housing policy is given.

The housing policy is embodied in a National Shelter Program (NSP) that features a “total systems approach to housing finance, production and regulation”⁴. It is an interacting network of housing agencies led by the Housing and Urban Development Coordinating Council (HUDCC). HUDCC is an umbrella agency of various housing and development offices, of which the key shelter agencies will be explained below:

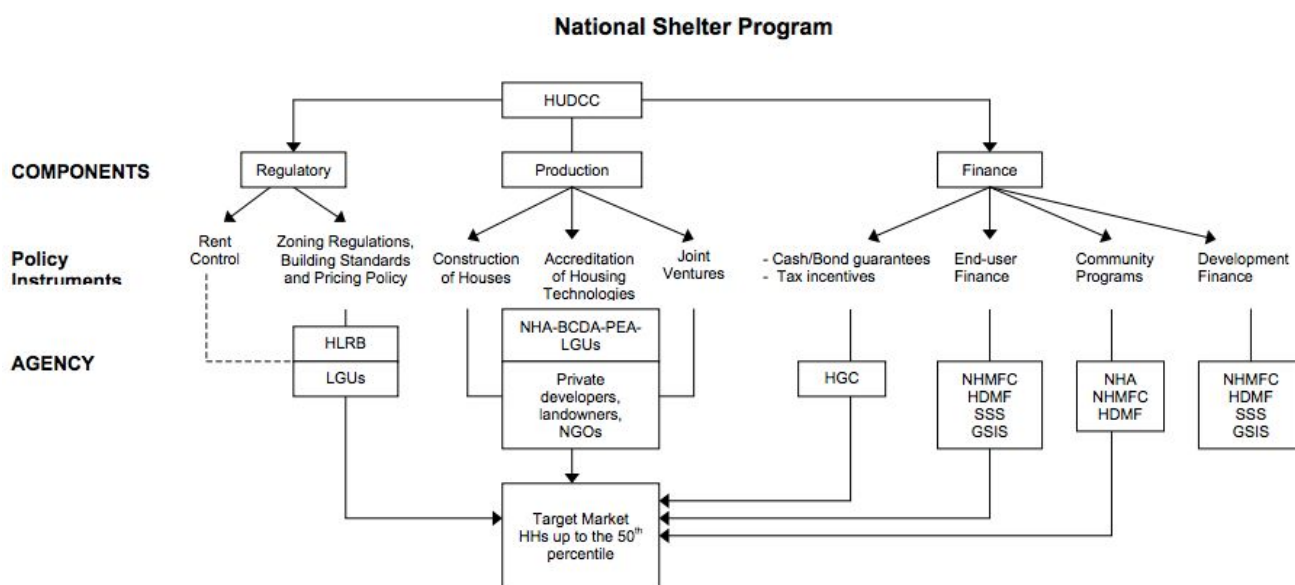
- The **National Housing Authority** (NHA) is the sole government agency engaged in direct shelter production and is focussed on offering housing assistance to the lowest 30 percent of urban income earners;
- The **Housing and Land Use Regulatory Board** (HLURB) is the regulatory body for housing and land development;
- The **National Home Mortgage Finance Corporation** (NHMFC) is set up to be a secondary home mortgage market institution utilizing long-term funds. In 2004, the **Social Housing Finance Corporation** (SHFC), a wholly-owned subsidiary of NHMFC, was established to develop and administer social housing finance programs for low-income formal and informal households (e.g. CMP);

⁴ Executive Order 90, series of 1986. E.O. 90 reiterated the National Shelter Program first formulated in 1978. Retrieved June 2, 2018, from; The World Bank, 2016.

- The **Home Guaranty Corporation (HGC)**, is charged with providing a system to encourage private development and financing of low-income housing via guarantees, loan insurances and other incentives;
- The **Home Development Mutual Fund (HDMF)**, also known as Pag-IBIG Fund, is responsible for the development of saving schemes for home acquisition and offers affordable shelter financing through multiple funds; the **Social Security System (SSS)** is directed to be the primary provider of social insurances to low and middle-income private sector employees; and the **Government Service Insurance System (GSIS)** is directed to be the primary provider of funds for long term mortgages for low and middle-income government employees.

The NSP overall goal through the years has been to increase the access of target households to decent, affordable and secure shelter, where target households have been defined as those in the first three (“bottom 30 percent”), or first four (“bottom 40 percent”), or first five (bottom 50 percent) income deciles living in urban or rural areas, while secure shelter is a house, a lot, or both.

Figure 4.1. Overview of the National Shelter Program



Source: Ballesteros, 2002.

The first issue with the housing policies in the Philippines is the plethora of agencies involved in land administration. Since they raise transaction costs in securing, registering and transferring property rights and secondly it results in unclear and inconsistent land use policy and poor land administration and management. These effects in turn encourage informal land markets to develop (Monsod, 2011).

The second issue is that the state has allocated less than 1 percent of the total government expenditures to the housing sector in recent years. This makes the Philippines public spending on housing one of the lowest in Asia (Ballesteros, 2002). In the Philippine Development Plan, 2017-2022, as presented by the National Economic and Development Authority (NEDA, 2017), the government does present a vision of the government in regard to housing in the future:

“By 2022, Filipinos will have access to affordable, adequate, safe, and secure housing in well-planned communities. There will be proper delineation of roles and mandates of housing agencies, which will lead to efficient provision of direct and indirect housing assistance and effective urban planning.”

Since the national government is not the main financier, the state has shifted their policy focus from a highly centralised and heavily subsidised legislative government to a market-oriented and participatory approach to housing. The Urban Development and Housing Act (UDHA) of 1992 and the Comprehensive Shelter Finance Act (CISFA) of 1994 were two pro-poor housing legislations that caused for this reform, by making local government units (LGUs) responsible for providing housing and secondly, by involving the private sector. As a result of these issues, middle and low-middle income households do not seem to have adequate access to formal, market-sourced finance and housing solutions (Ballesteros, 2002). Therefore a lot of action needs to be taken from the government to reach the set goal by 2022.

4.1.1. Rental versus Homeownership

A second point to demonstrate the focus of government on housing can be found in Duterte's 10-point economic agenda. Especially point six (6) has a direct impact on the sector to house the urban poor, which is to; *“ensure security of land tenure to encourage investments, and address bottlenecks in land management and titling agencies”* (GOVPH, 2016). In which Duterte also shows his belief that security of tenure leads to investments and that this is the method to overcome bottlenecks in housing the tremendous population of the Philippines. In the Philippines the government supports the aspiration to become a homeowner by upholding them with certain rights that other forms of tenure do not enjoy (Ballesteros, 2004). Since the increase of properties is beyond the inflation rate of the wages, the government decided to grant subsidies with lower interest rates to decrease the cost of housing for homeowners. Unfortunately the middle class is the one to profit from this, since

private investments need a more secure return of investments (Ballesteros, 2002). Moreover there are no subsidies targeted at tenants and therefore they are not protected against financial insecurities. Secondly homeowners have more rights in applying for housing loans and insurances, while these rights are lacking for tenants. As a result it is a big step for tenants to become homeowners, since you need to have a certain capacity to be able to buy a house. Unfortunately for them it is often hard to save money, because of high levels of rent and as mentioned before tenants often have a significantly lower income than homeowners. Which is another reason why the urban poor start dwelling on informal grounds.

Another aspect that does show a measurement taken by the government to serve and protect the urban poor tenants is the Rent Control Law. HUDCC is in charge of overseeing the implementation of the Rent Control Law, also known as Republic Act (RA) 9653 or *“An Act Establishing Reforms in the Regulation of Rent of Certain Residential Units, Providing the Mechanisms Therefore and For Other Purposes”*. The purpose of this act is to protect the landlords and their tenants in the formal residential market who rent below Php 10,000 a month. As long as there is a legal right to the land and the property that is up for rent it is seen as a formal market, even if there is no written contract. Furthermore the law entails; (1) regulation of the increase in rent, (2) a limitation in payment method stating that landlords cannot demand more than one-month advance rent and more than two-months deposit and (3) subletting guidelines and grounds for eviction. Therefore this policy is focussed on the prevention of further exploitation and security of tenure, however they do not state anything about affordability when starting to rent or adequate housing/housing development.

An initial problem with this law is that the urban poorest, who are residing in informal settlements, are not formalized and they are therefore also not protected by this law.

In the case of Libis this means that only beneficiaries of ULHOA and their tenants are protected by this law other landlords and tenants are not. Additionally according to key-informants this law is not being monitored or used, mainly because it is based on the assumption that the landlords are exploiters, who will take advantage of renters. However in practice this is often not the case for the landlords who are providing accommodation for the urban low-income households, since they are mostly small scale low-income residents themselves who depend on this income for a legitimate livelihood. Another reason why this law is badly monitored is because of the unawareness of its existence:

“There is no local rent control act, in fact in the National Government I don't believe there is even a rent control act. The Filipino rental market is deregulated,

it's driven by free market forces, I am not aware if there is a national law for rental regulation but I don't think so." - Mayor of Valenzuela City, April 2018

In conclusion this law does not support the small scale low-income landlords, who are actually the biggest caterers of rental accommodation for the low-income households, to invest in more adequate rental accommodation and secondly this law does not seem to reach the low-income informal market where the tenants are most vulnerable.

4.1.2. Options for the urban poor: On-site housing development or Resettlement

A third point to discuss is the view of the government on on-site housing development. The CMP is the only state regulated program that includes housing development in their three step program - as mentioned in box 2.2. Unfortunately the program has not scaled up over the years and is currently at a standstill at the level of land acquisition. Which is unfortunate since the other housing policies are also solely focussed on providing shelter and not on housing development.

The reason for this standstill, as can be seen from chapter 3, is that organising the whole community via a HOA does not always happen effectively and inclusively. This is the result of a threefold of reasons;

1. The HOA is responsible for making the list of members which again shows decentralising and becomes a problem when the HOA is corrupt or when the community is divided into multiple associations.
2. In the CMP guidelines it is stated that all beneficiaries need to meet the requirements, which are that members need to be Filipino citizens between 18-60 years old, employed(formal or informal), do not have a property on their name within the country or entered a government housing programme before as a beneficiary. However since not everyone in the community is eligible to meet these requirements this results in exclusion of the urban poorest and most vulnerable.
3. When beneficiaries are not able to pay their amortization for a consecutive three months they will have to be replaced by the HOA, even if they are close to finalizing the program. New members will have to buy themselves in, and are often not from within the community, this leads to gentrification and evacuation of the replaced members.

Thus it is the association that is controlling the market, which supports the homeowners who have more equity. Moreover the CMP prevents inclusive development in the community since its selection and replacement process leads to gentrification and evacuation.

It is therefore interesting to look at the possibilities of the evacuated informal settlers, to see how the ISF from Libis are supported by the government. The first option for these ISFs is to enter a resettlement project. The national resettlement program is offered by SHFC as a off-site CMP program, however the issues are similar to the on-site CMP program since you have to have equity to buy yourself in - see example CLVA in Chapter 2. The second option is solely a possibility in Valenzuela City since it is the only LGU that also offers an in-city relocation project. Unfortunately there are some requirements, which are that only ISFs located in Valenzuela City's waterways or on governmental ground that is hazardous/used for other projects are possible beneficiaries of this public housing program were ISF can rent for as low as Php 300 a month. Even though this is a huge step in the right direction when it comes to the government offering affordable and adequate housing for the urban poor, the evacuated of Libis - which is also a hazardous settlement - cannot be relocated through this program since their land is non-governmental and not part of Valenzuela City's waterways. To conclude from a government's point of view there is, as of now, no support for the urban poorest residing in Libis not benefitting from the CMP and the only option left for them is to start all over again by dwelling in another informal settlement. Therefore in the next sections we will look at the private sector and/or non-governmental organisations to see how they contribute to housing the urban poor.

4.2. Private Sector

Private sector participation in providing housing for the urban poor has been greater since a market-oriented framework was adopted by the government and structural adjustment unfolded in the 1990s (Gilbert, 2014). Since then Public-Private Partnership (PPP) are used by the local and national government to produce goods and provide services that were once considered public and exclusively the responsibility of the government. However this section will focus on PPP housing projects that are undertaken by NGOs, such as; **Gawad Kalinga Program** and **Habitat for Humanity** which are schemes using grant funds from private companies and donated local land. Unfortunately PPP organizations are often conflicted between securing investments and inclusive development, as is explained below with the example of HCCs Next-Level Housing project.

Human Cities Coalition is founded by AkzoNobel, and currently working on a Next-Level Housing project of which the process is clearly described in their business proposition (Lenz, R., Zurbito, L., Postma, I.K., & Bosgra, E., 2018):

"The lot will be acquired through the CMP by the Homeowners Association (HOA), which will manage the second-floor housing business. In this business, the HOA negotiates for a credit line. The HOA screens members' eligibility to loans that would finance second-floor housing through the requirement that

members should have already paid-up their agreed upon subscribed capital per household. The HOA can lend up to households."

This shows a continuum of the before mentioned exclusivity, because they built upon the assumption of a perfectly organized community association. Secondly this statement shows a selection of beneficiaries based upon their equity, which will lead to further gentrification. Thirdly this program again focuses on the development of homeownership by investing only in the owner households. Lastly this program further enhances the power of the HOA, which could contribute to further conflicts within the community.

Additionally since the project is based on a PPP scheme private investors can select beneficiaries of the project based on additional requirements to secure their return of investments:

"If we got an investor in our project, we will somehow put the necessary conditions in the contract to protect our investment. To make sure that at least we have an ROI, Return of Investment, not just the profit so we can continue the project. It's like that. So they will have some kind of control in the final conditions of the contract. That's how it will be because we will have to protect the money of the investors."

- Spokeswoman for HCC

This also describes the priorities of HCC, were they are first acting out of a business point of view and the second focus is on inclusive development. Which can actually lead to irresponsible business, since they are trying to make a profit out of these urban poor. Moreover developing the rental sector without including the tenants could result in a decrease in demand if their housing needs are not taken into consideration.

Lastly next to selecting good accounts who have a higher chance of returning investments, HCC also selects on the condition and resilience of the structures. For example only houses who have a solid and concrete bases can put an extra floor on top of their house, if a household is a good account but does not have this solid structure then the whole house will be demolished and replaced with a safe and resilient structure. This sounds like a well thought concept, except for the fact that the households who have to rebuilt their entire structure also have to pay for this via the loan of the NLH-project. Which will leave the question if the home-owners are actually interested in this and if they are protected if in the middle of construction an economic crisis hits and they cannot pay off the loan.

In conclusion of this section, HCC needs to readjust their priorities if they want to sell the NLH-project as a inclusive development project. Furthermore other

PPP-projects will also have to prioritize the needs of the urban poor to reach inclusive development. Therefore in the next section the effect of urban poor formations without a PPP scheme will be discussed on the supply of affordable and adequate housing.

4.3. Urban Poor Formations

The Philippines has the largest number of NGOs per capita in Asia (Lenz, R., Zurbito, L., Postma, I.K., & Bosgra, E., 2018). Many of the key international NGOs and networks are based in Metro Manila and headed by Filipinos. Next to this there are People's Organizations/Mass-based membership organization and Coalitions who are also working in the urban poor housing sector. All will be explained below by using a few examples of initiatives.

Kalipunan ng Damayang Mahihirap (Kadamay) is the largest mass-based urban poor organisation in the Philippines. It is an alliance of urban poor and community-based organizations that campaigns for a comprehensive Urban Poor Agenda. Unlike other urban poor groups promoting mutual self-help programs to assist members achieve home ownership through socialized housing programs, such as the CMP, Kadamay is the only organization to push for mass housing to be provided by the government.

On the other hand there are many coalitions who promote community savings and development funds to implement housing projects in vulnerable communities. Such as the **Urban Poor Alliance** (UP-All), which is composed of 700 coalitions and organizations who are united for the rights of the urban poor to housing tenurial security, decent shelter, social services and sustainable livelihoods. It advocates People's Plans as solution to the housing problem. There are four networks that work together to form UP-All, the two most important are the HPFPI and the National Congress of CMP Originators and Social Development Institutions for Low-income Housing. HPFPI has also helped in organising Libis to apply for the CMP, as mentioned in chapter 2.

Lastly, the **Urban Poor Associates (UPA)** is a NGO campaigning for the protection of housing rights and prevention of forced evictions and illegal demolitions. UPA educates poor people about their housing rights. It has helped over fifty thousand (50,000) families to relocate in-city, or at least remain as they were, or find better relocation than government originally offered. However they only educate the ISF that are homeowners, tenants are not included or protected for that manner in any program.

In conclusion these are just a few of countless urban poor formations and even though their ideology and approach is different their goal is the same: finding solutions to house the urban poor of the Philippines.

5. ANALYSIS OF THE PRIVATE SELF-HELP RENTAL SECTOR IN LIBIS

This chapter is an assessment of the current self-help private rental sector by reviewing the livelihood outcome for landlords who sublet rental space within urban poor settlements and tenants who rent this space within urban poor settlements. At first the rental market of Libis will be discussed followed by the characteristics of the rental structures. Secondly the landlords will be introduced, explaining their assets and needs to see which housing strategies they used and if renting out leads to an improved form of livelihood for them. Lastly we will introduce our tenants, explaining their assets and needs to see if the room rental market in Libis leads to their preferred livelihood outcome.

5.1. Rental Market in Libis

The rental sector in Libis is very dynamic and divers, however more importantly is the extent of the private rental sector within this urban poor settlement. Without any assistance from above an extensive self-help rental sector came into existence. Of the circa 500 households it is estimated that roughly thirty (30) percent of the households are a part of this rental sector based on observations, conversations and data collected for this research.

From the data we found that when we focus on residential self-help rental in Libis, two-third of the landlords live in the same structure however no living space is shared between tenant and landlord. The landlords rent out multiple rooms on average which makes the average number of households per structure were tenants reside in three and the average number of individuals per structure ten. Which means that all together the 31 landlords, accommodate 63 renter households and 11 sharer households and have a total of 308 residents, including 188 tenants, living in their (rental) structures. There are however also eight tenants from which we collected data that are not matched with a landlord - see appendix E. This shows the enormous extent of the current rental market when 38 landlords with 38 structures can house 231 tenants or more.

Map 5.1. Self-help residential rental market in Libis



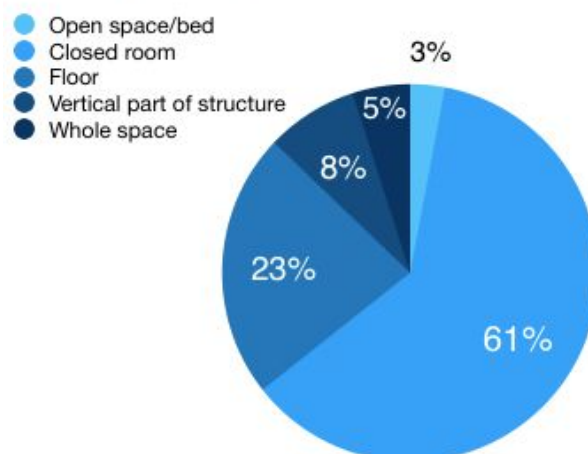
The diversity of the rental sector is based on the diversity of landlords and tenants and on the diversity of the combination of landlords and tenants, however it is also based on type of rental. Within this settlement we can find residential rental, commercial rental, shared rental, property rental and room rental. The last type is most common when focussing on the private self-help rental sector. Despite these different types of tenure the bases is the same: private small-scale landlords are renting out space to low-income tenants and earning an (additional) income from this rent - see table 5.1 and 5.2.

The main reason for tenants to settle in Libis is due to its affordability and location. This together with the fact that in 52 percent of the cases it has been the tenant who initiated the rental agreement, shows that there is a high demand for rental spaces in this community. Additionally looking at the supply side of the market, 65 percent of the landlords answered positively when asked if they would like to invest in more rental spaces. Furthermore when the landlords were asked if they would recommend others to start renting 84 percent said that they would do so. This means that there is still interest in expanding the rental market in Libis. However due to the compactness of the structures within the settlement it is not possible to built outwards and incrementally will only result in more in-house crowding. Therefore in order for landlords to expand their rental structure there is only one viable options next level rental housing. This transformation already occurred in six cases of self-help rental housing - see map 5.1.

5.1.1. Characteristics of the Rental Structures

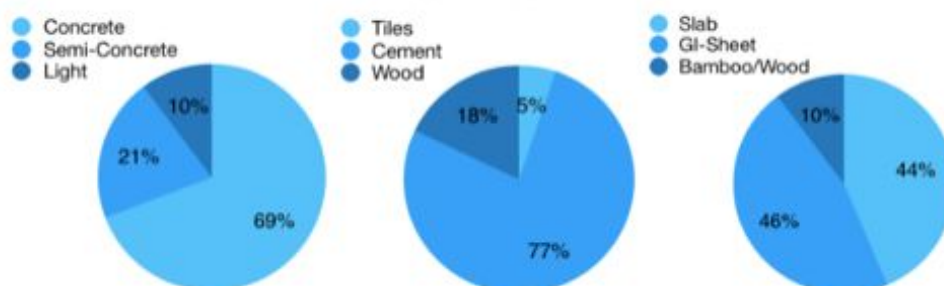
Of the 39 renter households from which data is collected most are residing in a closed room, some tenants have a whole floor and some live in a vertical part of the structure consisting out of multiple floors. Only one tenant rents an open space without an own entrance. Additionally there are two respondents who are renting an entire house - see figure 5.1. The average size of the rental space is 15,7 square meters, by dividing the size of the structure with the number of people, we can see that on average tenants have 4.2 square meters living area and definitely point out overcrowding- see table 5.2. This is also the main difference with the landlords since the landlords, who are living in the same structure as their tenants, rent only 38 percent of their structure out to tenants and use the other 62 percent for themselves leaving them with a far bigger living area.

Figure 5.1. Type of rental space



As explained in the geographical chapter looking at the construction of the house the most commonly used material is concrete for the walls (69%), cement for the floor (77%) and GI sheet for the roof (46%) - see figure 5.2. The reason that most of the floors are made out of cement and that such a large part of the roofing are made out of slab (44%) is because a lot of tenants live on the first floor. Living on the first floor is hazardous since the houses are not resilient against flooding, which is problematic since the settlement is located in a valley and flooding occurs frequently in rainy season. On the other side living on the second floor has the biggest incentive to lower quality material such as wood for the flooring and walls. This is because the second floor is often built later on and has not developed to the same quality of the first floor - see appendix F for examples of structures drawn by landlords.

Figure 5.2. Material used for construction; (1) Walls, (2) Floor and (3) Roof



Lastly the services will be discussed, such as water, electricity, kitchen and sanitation. Only 28 percent of the tenants have a water connection in their own rental space. While 56 percent gets their water from another connection within the structure and divide the costs of water with other renters, sharers and/or owner. The division of costs is mostly based on size of household, but there is also a division per drum or per sub-meter. The last group consisting out of 16 percent of tenants have to fetch water somewhere else - deep well or drum from other households. This shows that there is a lack of connection to water in the structures and is an indication of poor services. The average water bill per capita is Php 91,43.

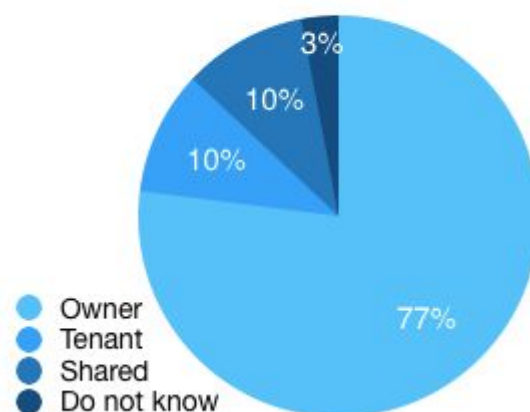
All of the respondents have access to electricity, however only 15,4 percent have their own electricity connection, 56,4 percent share a connection or have a sub-meter connected to the direct electricity of the owner who is living in the same structure, 12,8 percent share their connection with other renters within the structure and 10,3 percent are tapping from neighbours connection. When there is no submeter the costs are divided by the size of the household or by the owner subtracting their own use from the total bill. The average energy bill is Php 156,03 per capita, which is high compared to other Asian countries (DOE, 2017).

Furthermore only one respondent indicates that they do not have a kitchen, all others have a kitchen and are cooking with Liquefied Petroleum Gas (LPG). LPG is a safe and clean burning energy source with no impacts on indoor air pollution and is therefore a safer choice for people living in structures that are easily flammable (WHO, 2006).

Out of all tenants 64 percent has a private toilet in their rental space and 36 percent share their toilet within the structure either with other tenant households (64%), with the owner (21%) and/or with sharer households (7%). All respondents have the same type of toilet, which is called *buhos* by Filipinos and is a type of manual flush toilet in which one has to scoop water into the toilet in order to flush. Sharing a toilet could be a indicator of a health hazards caused by lack of hygiene which can result in contagious diseases within the households. The more people are using the same toilet the higher the risk, one respondent even shared their toilet with 17 others.

Maintenance of the rental structures is mostly the responsibility of the owner according to the tenants (77%), only 10 percent state that there is a shared responsibility and another 10 percent state that they themselves are responsible - see figure 5.3. Half of the respondents mentioned that they experienced problems with the structure that were in need of repairing and two of them state that the problems have yet to be fixed, since they have the same landlord this could indicate a neglecting landlord. In the interviews some tenants indicate that shared responsibility means that they are responsible for small problems that they caused themselves and that the landlord is responsible for fundamental issues with the rental space.

Figure 5.3. Responsibility of maintenance



"I am the one to fix small problems... if it is their fault they have to pay it. This is what I have experienced before." - Tenants #1a

Further on in this chapter will be an elaboration of the experience and level of satisfaction of the tenants with living in these type of structures since this section was only intended to discuss the characteristics. Interestingly, there is only one tenants who has a fully facilitated apartment, all others have to access one or more facilities outside of their rental spaces. Points of improvement are firstly the use of construction materials and secondly the access to and type of services.

In this last paragraph we will examine the characteristics of next level rental housing. As mentioned before 6 landlords transformed their structures to create

(more) rental spaces by building an additional floor on top of the existing structure. These are not the only structures with multiple floors, however they are the only structures that were intentionally built upwards for the creation of rental spaces. In these structures 5 out of six landlords live together with their tenants, renting out 1 to 3 rooms. On average the size of the structures is 35 square meters larger than the others (103m²/68m²). The living area per tenant is also larger than average, 4.7m² instead of 4.2m², and as expected this means that there is less in-house crowding. Unfortunately there are not enough next level rental houses to test if this is significant. The president of ULHOA also mentions the advantages of next level rental housing when landlords decide to extend their rental business as opposed to other forms of transformation:

"...we have limited space especially right now that the houses are being chopped/reblocked. So a family might not be able to fit more people into their house anymore, so there is no other way than to built upwards to safe space."

Nonetheless all other characteristics and bottlenecks of next level rental housing are equal to the other rental structures. Furthermore even if Next level housing will result in less in-house crowding it will still have an effect on the population density within the settlement. Considering that the lot size will stay the same but the number of people living on top of that piece of land will increase. Which even though it will not result into road encroachments still has an impact on the infrastructure and services within the community. A recommendation to house the urban poor through next level rental housing will be given in the Discussion and Recommendations chapter at the end of this paper.

Table 5.1 Characteristics of the Supply Side of the Room Rental Sector in Libis

	Age	Start of rent in years	# of Rooms for Rent	# of Tenants	Total income retrieved from rent a month in Php*	Total income of household a month without rent
Landlord #18	54	3	1	1	1,000	17,600
Landlord #28	40	0.5	1	2	1,000	40,000
Landlord #9	63	9	1	4	1,500	15,000
Landlord #24	62	2	1	2	1,500	21,500
Landlord #25	56	5	1	2	1,500	16,900
Landlord #27	58	10	1	3	1,500	26,000
Landlord #29	38	10	1	1	1,500	16,000
Landlord #31	50	2	1	3	1,500	24,000
Landlord #8	59	2	1	2	1,700	20,000
Landlord #15	34	5	2	8	1,800	30,500
Landlord #10	46	8	1	7	2,000	8,000
Landlord #26	40	2	1	5	2,000	26,000
Landlord #21	58	7	2	8	2,100	10,000
Landlord #23	67	5	1	3	2,500	7,000
Landlord #11	65	23	1	2	2,800	10,180
Landlord #16	34	5	3	11	2,800	20,000
Landlord #2	68	3	2	10	3,000	14,700
Landlord #17	39	1	1	4	3,000	14,000
Landlord #20	48	12	3	7	3,000	33,600
Landlord #22	62	2	2	6	3,000	9,000
Landlord #3	29	18	3	9	3,800	17,200
Landlord #12	59	4	3	8	4,000	28,000
Landlord #19	50	0.75	2	8	4,300	38,000
Landlord #1	44	5	3	11	4,500	12,000
Landlord #5	62	21	4	15	4,900	21,000
Landlord #30	39	25	4	N/A	5,000	21,579
Landlord #14	64	18	3	9	5,300	0
Landlord #4	61	15	4	12	5,400	12,880
Landlord #13	58	10	3	9	5,400	17,000
Landlord #7	41	2	3	7	6,000	19,000
Landlord #6	47	6	3	9	7,500	0
	Average: 51.5 years	Average: 7.75 years	Total: 63 Rooms	Total: 188 Tenants	Average: 3,123 Php	Total: 18,279 Php

*Table is sorted on income retrieved from rent (low to high)

Table 5.2. Characteristics of the Demand Side of the Room Rental Sector in Libis

	Age	Length of residence	Size of Household	Rental Space in m ²	Level of Rent*	Total income of household	Rent as percentage of income
Tenant #21A	39	3	4	8	600	6,000	10.0
Tenant #15B	27	3	4	8	800	12,000	6.7
Tenant #35A	40	N/A	5	9	1,000	N/A	-
Tenant #20B	34	9	4	8	1,000	16,000	6.3
Tenant #20A	40	2	2	N/A	1,200	16,000	7.5
Tenant #5A	47	12	3	10	1,200	14,000	8.6
Tenant #5B	42	10	6	10	1,200	10,000	12.0
Tenant #12A	41	3	4	20	1,200	10,000	12.0
Tenant #35B	21	2	2	12	1,200	12,000	10.0
Tenant #15A	25	3	4	10	1,300	12,000	10.8
Tenant #2A	37	3	6	21	1,400	11,000	12.7
Tenant #13A	31	10	4	N/A	1,400	30,000	4.7
Tenant #4A	40	7	4	12	1,400	10,000	14.0
Tenant #22A	50	8	2	18	1,400	22,200	6.3
Tenant #1A	57	5	3	10	1,500	13,440	11.2
Tenant #1B	75	5	2	10	1,500	15,288	9.8
Tenant #9A	29	10	4	N/A	1,500	12,000	12.5
Tenant #25A	38	8	1	14	1,500	24,000	6.3
Tenant #18A	30	2	1	12	1,500	25,000	6.0
Tenant #37A	35	4	4	20	1,500	12,000	12.5
Tenant #38A	41	4	8	12	1,500	12,000	12.5
Tenant #8A	47	0.5	5	14	1,700	6,000	28.3
Tenant #19A	27	0.75	4	20	1,800	6,000	30.0
Tenant #12B	24	3	3	22	1,800	4,000	45.0
Tenant #3A	34	2.5	3	12	1,800	10,000	18.0
Tenant #14A	38	18	4	20	1,800	56,000	3.2
Tenant #10A	42	4	7	30	2,000	11,800	16.9
Tenant #6A	28	3	4	28	2,000	19,000	10.5
Tenant #7A	34	0.67	3	N/A	2,000	21,000	9.5
Tenant #36A	33	0.17	3	N/A	2,000	14,000	14.3
Tenant #11A	38	10	2	N/A	2,000	16,000	12.5
Tenant #13B	35	6	2	N/A	2,000	20,000	10.0
Tenant #31A	24	0.25	3	15	2,000	12,000	16.7
Tenant #5C	35	0.5	5	10	2,200	8,500	25.9
Tenant #23A	28	3	3	20	2,500	5,000	50.0
Tenant #34A	37	2	6	10	2,500	N/A	-
Tenant #6B	29	3	2	13	2,500	19,000	13.6
Tenant #33A	37	1	7	15	2,800	23,000	12.2
Tenant #32A	50	0.25	4	50	3,000	21,200	14.2
	Average: 37 years	Average: 4.5 years	Average: 3.8 Tenants	Average: 15.7 m²	Average: 1,672 Php	Average: 15,336 Php	Average: 14.14%

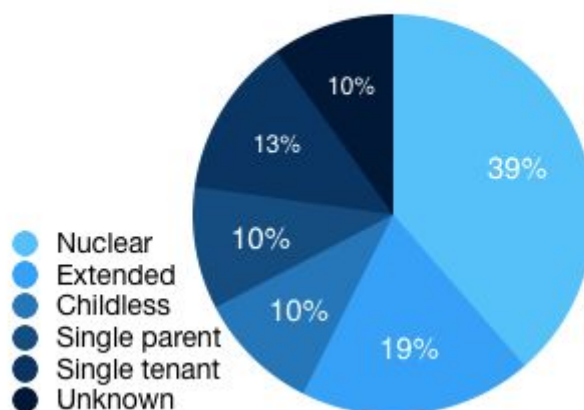
*Table is sorted on level of rent (low to high)

5.2. Characteristics of Landlords

In the self-help residential rental sector we can find two types of landlords; absentee and present. Out of the 31 respondents six were not the official structure owner, but all shared the responsibilities of being a landlord and could therefore answer on behalf of them. Three of these six respondents are representing absentee landlords and take care of the rental property. The division of gender of the landlords is as followed; 26 percent are male and 74 percent is female. The average age is 51.5 years ranging from 29 to 68. They are all religious with 83 percent of them being Roman Catholics and the remaining are Born Again Christians(10%), Adventist(3.5%) or Iglesia ni Cristo(3.5%), which corresponds with the national religion division in the Philippines.

Looking at level of education most completed secondary education as highest level (61%), while 19 percent only reached primary education. Another important aspect is the size and type of household these landlords have. The average household size of these landlords is 3.6, which is much lower than the national average household size of 4.4 in 2015 (PSA, 2016). This difference in household size could be the reason why these owners became landlords in the first place, since they could have extra space that they were not using due to the fact that they have a smaller household. However it could also be the result of household referring to family that is residing in the same house, leaving out family members that moved out. Looking at the type of households 39 percent has a nuclear household with 1 to 5 children, 23 percent are single residents or single parents, 19 percent has an extended household and 10 percent are childless households. This diverse type of family structures is often the case in poorer households of developing countries, especially extended households since more family members are supporting each other this way (Gilbert, 2004).

Figure 5.4a. Division of household types: Landlord



Furthermore since these landlords are renting within a range of 1 to 5 rooms (see table 5.1) and have no other property outside of Libis that they are renting out, it can be concluded that they are small-scale landlords. The economic situation of the landlords will be discussed later on in this chapter.

5.2.1. Becoming a Landlord in Libis

There are a couple of steps that were taken in order for these landlords to become landlords in the self-help room rental sector in Libis. The first step to be taken by most was to move to Libis. More than ninety percent of the landlords are born outside of Manila in provinces scattered all over the country, which is probably the result of the (semi-)rural-to-urban migration that is so apparent in the Philippines. They moved to Manila as a strategy to improve their livelihood, as can be seen from the quotation below:

"My father is a very industrious man, he is saving money for his children. He was a farmer before and he is really good at providing for his family. He was very poor during the time he got married and experienced real hunger in the province. Therefore he went to Manila, where he was planning to develop to provide for the family."

- Landlord #1

On average the landlords have been living in the settlement for 26 years, with the most recent settling 5 years ago and the first settler 36 years ago. Furthermore ninety percent of landlords have also been tenants before, especially when they first started settling in Manila. The main reason for the landlords to settle in Libis was the proximity to work, other reasons that were mentioned are; possibility of becoming a homeowner due to vacant lot/house, attractive environment within the community and reuniting with/starting a family. These reasons show that moving to improve someone's livelihood is not only about the location it is also about situation. In the quote below we can see how this landlord explains his reasons for moving four times within Manila:

R: "Why did you move?"

I: "Because I wanted to live near the factory."

R: "And then you moved again"

I: "Yes because of the room. I was already married."

R: "Ah so what was the problem with the previous room?"

I: "It was too small, so I wanted to find a bigger room where I can live near the factory. So the third place I rented, I already had a family. That's why I bought this house."

- Landlord #31

This reasoning can even result in squatting on purpose and not because there was no other choice:

"Ehm, before I was renting for almost 14 years at the other street there in San Diego when I was still working in the factory and then when the house that we were renting is being renovated our place, our room is becoming smaller. So I told my husband that we needed to have our own house even if we would not have the rights on the lot we would need our own house."

- Landlord #11

These quotes might show a relation between life cycle and choice of tenure since it clearly describes a relation between household situation and choice of tenure. Moving in this sense can be seen as a physical strategy to obtain a better fitting livelihood and therefore someone's circumstances need to be taken into consideration.

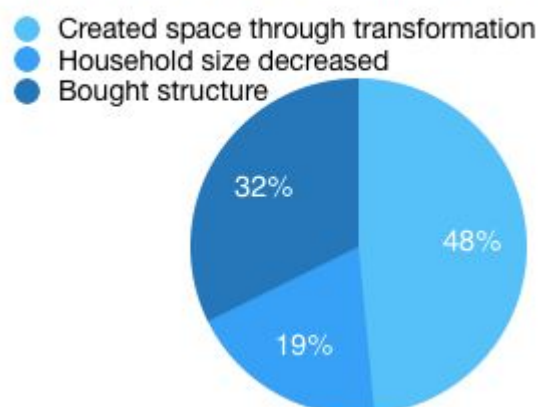
The second step in becoming a landlord is to become a homeowner, and although none of them have the individualized rights of their land they are homeowners since they either built their house themselves or payed for the structure. Libis is a squatter based settlement, therefore 78 percent of landlords has built their house themselves, still 22 percent has bought the house, mostly from friends and family. Even the people who built their own house came to hear about the vacant land in Libis via friends or family. This shows that social capital could be a very useful asset when obtaining physical capital such as a house.

"My friends said to me that there would be a space here in Canumay."

- Landlord #12

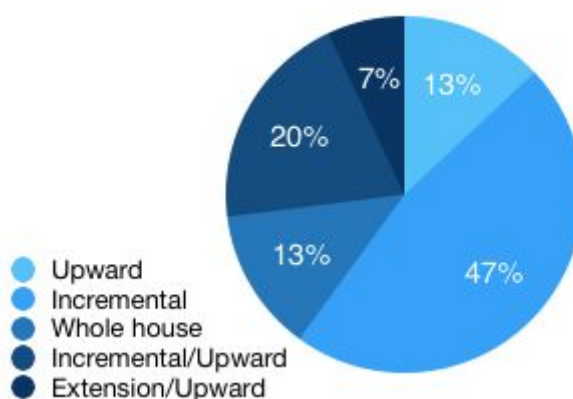
The third step to become a landlord after obtaining a house is to have or make room for rental space. The average area size of the structures is 76 square meters of which half is being rented out to tenants, the other part is used by caretakers. When landlord and renter live in the same structure still 35.4 percent is used for rental purposes. This space can be available from the start for example when a house is bought which is bigger than the space that is needed for their own household or they bought the house with the intention to have space to rent out.

Figure 5.5. Explanation availability rental space



If there is not enough space initially this space can become available unintentionally; for example if the household size decreases because family members/sharers move out or pass away, or intentionally; by creating rental space through construction of the structure. As can be seen from figure 5.5, most landlords have created space for rental purposes. This is mostly done incrementally by building a wall which results in the owner or other residents within the house to have less space. Another example which actually adds to the additional floor area is via next level housing, or by extending their property - see figure 5.6. As can be seen in figure 5.6 these methods to construct rental space are often combined, this is mostly because constructing happens in phases because otherwise it would become too costly.

Figure 5.6. Type of transformation



To transform someone's house certain assets need to be used as a strategy. As explained before a house is needed which is a physical asset, however social, financial and human capital can be just as important in becoming a landlord when space is not available before. An average of 124,181 Php (n=11) has been invested in the transformation of the rental space, ranging from 4,000 Php to 325,000. Which means that they use whatever financial capital they have to create their rental spaces. Another strategy that they use is sweat equity, which means that when constructing social and human assets are used to save in costs. This sweat equity is carried out by family, friends or their own household and is never a practice which involves the tenant. The whole transformation process is not a practice in which the tenants partake for that matter. All of the above is described in the following illustration of Ate Porferia's road to becoming a landlord - see Box 5.1.

Box 5.1. Ate Porferia's Road to becoming a Landlord

Ate Porferia Galez lost her parents at a very young age, her father when she was 7 and her mother when she was 14. Because of this she learned how to take care of herself and to do this she gained construction skills. After a while she moved to Manila and started renting, but the rent was too high in comparison to her income. Therefore when in 1987 a relative of her husband had a house for sale in Libis they bought it without questioning. They paid P 2,000 obtained from their 13th month salary as factory workers.



Since her house was only one storey she decided to build another storey on top of their house using P 50,000 out of her pension from SSS. This storey was for her son to live in with his wife, however he did not want to live there because of the light materials that were used for construction. Therefore she rented it out to the sister of her husband for P 200 a month to cover electricity bills. After this another tenants came to live there paying P 500 a month. However when she was around sixty she and her husband separated and built a wall in the middle of their house. At that time she started thinking about her retirement and the fact that she had no one to support her, not her husband nor her children. Therefore she decided to build another two storey space at the back of her house to rent out. Because she used her cousin's and her own construction skills, she only had to pay P 20,000 for materials. The rental space took a week to construct, afterwards another tenant moved in paying P 1,200 a month.

Currently she is 68 years old and only has one family of six renting the first story at the back of her house paying 1,500 a month - see appendix F, landlord #2 for a drawing of the structure. The rest of her house is there to accommodate herself, her daughter and her husband. Her dream is to have her house repaired and made out of concrete materials, however in reality it does not work like this therefore she relies on her faith to stay positive:

"I am good with it, if it is our destiny, we cannot do anything about it"
- Landlord #2

This story also offers as a conclusion to this section and describes clearly how a house can be used as a physical strategy to improve someone's own livelihood. It is a perfect example of self-help rental housing and one of so many stories in this neighbourhood. She used whatever physical, financial, human and social assets she had to improve her livelihood, and even though she dreams about improving her house even further she settles with her current situation since she is retired and does lack the assets to improve any further.

5.2.2. Service or business

Not all homeowners in Libis decide to rent out, therefore in this section we will focus on the reason behind becoming a landlord. As explained before space to rent out becomes available intentionally and unintentionally, but becoming a landlord is always intentional and in this case all landlord's share the same reason; they are in need of extra money. This extra money can be used to pay bills for example for school, electricity, water, repairs etc. Renting is therefore a housing strategy to gain more financial assets and fulfil their housing needs. Important to see here is how much this extra income actually contributes to their households income.

The average household size of the landlord is 3.6 with 1.6 employed family-members. This results in a dependent ratio of almost 1.2, which means that for every person working there is a little over one person depending on this income. The main type of employment is factory work, followed by vendor, driver, social worker, Overseas Filipino Worker (OFW) and vocational worker. The employed have an average monthly income of Php 11,300, and there is an average household income of Php 18,279 a month without rent. The average income with rent is Php 21,402 a month, which means that they are earning Php 3,123 more on average because of rent - see table 5.1. Which results in 15 percent of their income being obtained from rent moving many of them up the scale of income as can be seen by table 5.3a below. 16.4 percent of landlords are even lifted above the poverty line. Interestingly, for two landlords rent is their only source of income which could be because they are both retired and have no pension.

The level of rent per rooms is ranging from Php 800 to Php 3000 with an average of Php 1,555 a month. This means that most landlords have multiple rooms for rent - see table 5.1. When the landlords are asked if renting is a good method to generate extra income 97 percent would agree, with an overall satisfaction level of 4.45 from a scale from 1 to 5, 5 being most satisfied - see table 5.4a. Some comments made on this by landlords is that tenants do not always pay and that the level of rent should be higher to earn more. Which leads to the questions how landlords decide on the level of rent and consequently why it is not higher.

Table 5.3a Percentage of Landlords according to Monthly Income

	Landlords monthly income *excluding rent			Landlords monthly income in *including rent			
	Frequency	Percentage	Cumulative Percentage	Frequency	Percentage	Cumulative Percentage	
No Data	-	-	-	-	-	-	No data
Php 0 - 4,000	2	6.5	6.5	-	-	-	Approx. Below Poverty Line
Php 4,001 - 6,000	-	-	6.5	1	3.2	3.2	
Php 6,001 - 8,000	2	6.5	13	1	3.2	6.4	
Php 8,001 - 10,000	2	6.5	19.5	2	6.4	12.8	
Php 10,001 - 15,000	6	19.4	38.9	3	9.7	22.5	
Php 15,001 - 20,000	8	25.8	64.7	8	25.8	48.3	Approx. Above Poverty Line
Php 20,001 - 30,000	7	22.4	87.1	11	35.6	83.9	
Php 30,001 & Above	4	12.9	100	5	16.1	100	
Total	31	100%	100	31	100%	100	

When asking about the landlords reasoning to set a certain amount of rent most replied with: *“Just thought about it”*. However later on reasons are added such as the size of the space, comparability with other rental spaces within the community and the affordability for tenants to pay rent. Only one landlord indicates that the level of rent is based on what they need to cover their own expenses. Furthermore 40 percent of landlords have multiple rooms with a different price range, this is generally based on the size of the room, but they also mentioned difference in the quality due to the development of one room. This could indicate that they consider their return of investments from construction. Still the most interesting reason, mentioned by 45.2 percent, is affordability for tenant. This affordability is based on a twofold of reasons; relationship with tenant (14.3%) and financial capacity of tenant (85.7%). Fascinating is that, half of the respondents who indicated that the level of rent was too low made the rent affordable for the tenant. This could be the result of two different determinants; (1) level of rent is based on the market value of the rental spaces in Libis or (2) landlords see renting out more as a service to accommodate those in need than a business.

An answer could be found in the increase of rent, only 16.2 percent of landlord have said to increase the level of rent and if they do increase this is always between different renters or because of improvements to the rental space. This shows that

the Rent Control Act is not based the right assumption, since it prevents that landlords will exploit their tenants, while in reality this is not the case for low-income landlords and their tenants. Lack of increase in rent could also indicate that they see renting out as a service more than a business.

A second reason that indicates that renting is viewed as a service rather than a business is that the landlords are not always the ones who are initiating the rent, because this is mostly done by tenants themselves (51.7%). Which shows that either landlords are not very active in finding tenants or that there is a huge demand for rental space. This is also portrayed in the flexibility of the landlord considering that they off and on decide to participate in the rental housing industry, leaving the rental space empty for months. This shows that they are not focused on maximizing their business.

The explanation of why landlords see renting out as a service could be found in the housing history of the landlord. Most respondents (90%, n=21) were also previously tenants before they became homeowners. In the interviews landlords state that they understand the situation of the tenants and how hard it is to pay rent. They even see this as the reason why they are more lenient towards delinquent tenants, as can be seen from the quote below:

"Actually we also experienced being a renter and it is really difficult. Sometimes you can't pay, when your income is short. So when we had a chance to have this apartment we buy it. So we understand it, we also experienced that situation. So maybe just give them a chance and understand them even if they did not pay the rent."

- Landlord #5

Nevertheless even though this shows that renting out is seen as a service, it is still seen as a profiting market with which the landlords are very satisfied with how much income it generates for them. Even though they are not focussed on maximizing their business, they see potential in the future and are willing to invest in it. This is where next level rental housing could offer as a solution to maximize their investments by expanding their 'business'. In the next sections we will discuss the demand side of the rental market and their expected response when the rental market would turn into a business rather than a service.

"Actually I always say nobody is giving you 2000 or 3000 pesos a month anywhere. So if you have a space that is liveable and somebody would like to rent it than you can share it. You can help them and you can earn from that."

- Landlord #1

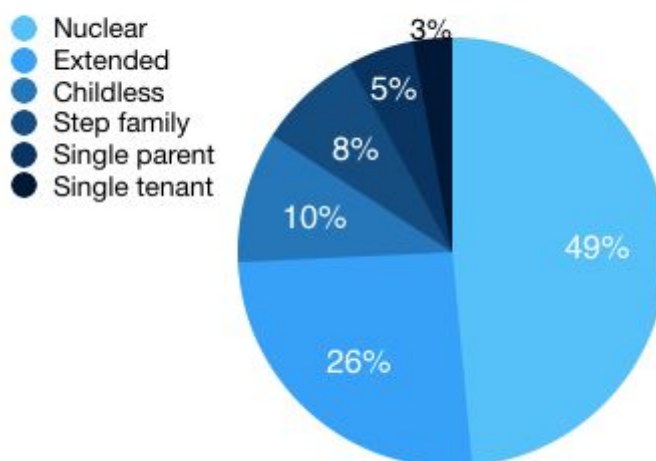
5.3. Characteristics of tenants

Tenants have almost the same division of gender as landlords, with 28 percent being male and the rest being female. The reason why females are more represented could be the result of the traditional gender division in the household where the women have a higher probability to participate since they are the ones staying at home. The average age of the respondents is 37, which is 14.5 years younger than their landlords, this might support the view of Ballesteros and Ramos (2017) on the relationship between lifecycle and status of tenure. Furthermore there does not seem to be a corresponding relation between the followed religion between tenant and landlord, because 87.5 percent of tenants are Roman Catholic and religion between landlords and tenants do not specifically match.

The level of education also seems to be similar to that of the landlords, however the tenants have a larger portion of higher educated (23% primary and 74% secondary) which could be the result of them being younger and level of education rising in the Philippines, but it could also be the result of landlords making a difference between undergraduates and graduates of high school. Lastly if we look at size and type of household we can see that tenants on average have a household size of 3.8 which is slightly larger than that of landlords however it is still lower than the national average of 4.4.

The type of household for tenants is also more divers as for landlords adding step family into the group - see figure 5.4b -, which is in accordance with the findings of Gilbert (2004) since he stated that separated people often move into rental accommodation. Interestingly, in the tenants case, the nuclear families have less children, 2.4 on average while for landlords this average is 2.7 and their children are younger which can also show that sort of tenure is part of a lifecycle.

Figure 5.4b. Division of household types: Tenant



5.3.1. Becoming a tenant in Libis

On average tenants came to live in Libis 12 years ago - ranging from 1.5 to 31 years - and they have been living in their current rental space for 4.5 years. This could be an indicator that renting entails a more flexible and temporary form of tenure as to being a homeowner within Libis. More tenants are born in Manila in relation to landlords, this is probably because they are younger and belong to the second generation rural-to-urban migrants. Eight percent was even born within Valenzuela

City. Reasons for moving to the settlement are similar to that of the landlords and include location - proximity to work/market - and available space. For them available space means the opportunity to rent to fit their housing needs. So except for location it is important to find other factors that attracts these tenants to Libis, since other settlements within Canumay East have the same advantage location wise. Only 61.5 percent of tenants mentioned that they have certain criteria for a rental space, while 21.3 mention that they do not have criteria since there simply is no other choice. Additional criteria mentioned by the tenants are affordability, quality, size, location to family and safety. Most tenants name a combination of criteria, however affordability is mentioned by more than half of them (54.2%). Tenants even move to less quality/space to have more affordable housing as can be seen by the quote below:

"Before my house was big and not like this, but I needed to move somewhere else you know, because problem with the money sometimes." - Tenant #5c

The number one reason one would think of why tenants set affordability over quality is simply because they do not have the financial assets to pay for better quality housing. Therefore in the next section we will focus on the financial capacity of tenants to understand if renting for them is a choice or a constraint.

5.3.2. Choice or constraint

The average household size of the tenant is almost 4 with 1.5 employed family-members. Which means that the employed/dependent ratio is 1.73. This is a much higher ratio when comparing with the landlords and shows that for renters the pressure is much higher for the employed to provide for their family. What is shocking is that the monthly income of renter households is almost Php 3,000 less than what landlords earn a month excluding rent, moreover the difference is Php 6,000 when we include rent to the landlords monthly income - see table 5.3a and 5.3b. This results in tenants having a monthly household income of Php 15,336 earning an average of Php 10,716 per employed family member. Additionally almost 62 percent of tenants is earning below the poverty line while for landlords this percentage is much lower -see table 5.3b. Of these earnings 14.1 percent is spent on rent which is around Php 1,674 a month. There are however some interesting outliers where one household seem to pay only three percent of their income, but there are also an outliers in the opposite direction with one household even paying half of their income on rent - see table 5.2.

Table 5.3b Tenants according to Monthly Income

	Households Monthly Income			
	Frequency	Percentage	Cumulative Percentage	
No Data	2	5.1	5.1	No data
Php 0 - 4,000	1	2.6	7.7	Approx. Below Poverty Line
Php 4,001 - 6,000	4	10.3	18	
Php 6,001 - 8,000	-	-	18	
Php 8,001 - 10,000	5	12.8	30.8	
Php 10,001 - 15,000	12	30.8	61.6	
Php 15,001 - 20,000	7	17.9	79.5	Approx. Above
Php 20,001 - 30,000	7	17.9	97.4	Poverty Line
Php 30,001 & Above	1	2.6	100	
Total	39	100	100	

Out of all respondents only 18 percent are indicating that they find the level of rent unaffordable, giving it an average satisfaction level of 4.5 - see table 5.4b. However even though the tenants state that they find their accommodation affordable 59 percent still has trouble with paying on time, of which only 26 percent point out that lack of money is the reason for this, the rest state that it is because of salary delays. If we look at how these respondents prioritize their expenses we find that rent, with 21/39 votes is the second most prioritized expense after food, this is followed by, electricity, water, school fees debts, health and leisure. Still 12/39 rank rent to be at place 4 or 5, indicating that they find water and electricity more important than a house and are therefore which could indicate lenient landlords.

Interestingly in the interviews tenants state that they are saving to becoming a homeowner in the future, some are even saving more than their expenses on rent each month. Which shows that they have the financial capital to rent better quality housing, however they choose not to because there is one thing that tenants prefer over better quality housing and that is becoming a homeowner. Respondents state that when becoming a homeowner they would settle for even less quality housing than their current accommodation; "As long as it is yours" (tenant, #20b). This is line with the almost ninety percent of tenants that have the aspiration to become a homeowner. Furthermore 16.67 percent does indicate that they do not want to stay in the community because they have the opportunity to move elsewhere and become a homeowner. In their view there are multiple advantages to being a homeowner; according to them it is more affordable, more secure, and they will have more freedom to develop their home.

In the interviews the first advantage they mentioned of being a homeowner is that it is more affordable:

"...you don't need to worry if you are a homeowner, you only need to think how to pay your bill. Water bill and electric bill, but if you are a renter you have to think about how to pay your house rent. So three, and if you are a homeowner only two."

- Tenant #5c

If we look at levels of amortization of homeowners in the CMP we can actually see that it is much lower than the level of rent with an average of Php 462 a month (n=29). Moreover ISF do not have to pay monthly amortization, they only have to spent money on building the structure or taking over the structure. As mentioned before tenants state that they are saving to buy their own house, some even stating that they are looking for a place however were not able to find one yet. This indicates that tenants might have no choice but to rent, not because they cannot afford it but because there is a lack of supply of affordable housing.

The second advantage to being a homeowner is freedom to develop one's home and have a security of income:

"You can built some cabinets in your house and you can buy things for your house, but if you are a renter you can not."

- Tenant #5c

"Yes, so you can build rooms in the second floor, third floor ground floor like that. So it is better -to be a homeowner- because you have an extra income from rent."

- Tenant #1a

In the first and second quote they talk about affordability and freedom while in the third quote the landlord even mentions a security of income when being a homeowner since owners can use their house as a strategy to increase their financial assets.

Thus the tenants are settling for less quality space in order to become a homeowner even though the level of satisfaction is the lowest for this element, namely a 4.1 out of 5 - see table 5.4b. Problems that were mentioned are related to sharing facilities, poor quality materials and in-house crowding. These problems result in privacy issues, arguments and an unsafe environment as can be seen from the quotes below:

"Yes that's a problem. If the 2 houses will use the common room at the same time...you can be seen if you are taking a bath"

- Tenant #2a

"My wife and the previous renter were fighting often before. Because we were living above them and they had noise complaints because the flooring was made out of wood."

- Tenant #2a

"There are baby rats, lizards and the cockroaches... It is dangerous for the kids, that is why my husband is planning to put some cement on those cracks."

- Tenant #19a

These quotes show some serious issues in the rental spaces that need improvement, however since it is an urban poor settlement and landlords often live in the same structures as their tenants they would experience the same risks. Still, as mentioned earlier, owners often have more space, secondly if there is a difference in quality the landlord is residing in the part of the structure with better quality and lastly landlords more often have their own common room (81%) while for tenants this is 64 percent.

In conclusion tenants household needs are to become a homeowner and to have a more decent rental space. However those needs require the same asset and that is financial capital. This leads to some tenants not being able to access those needs due to financial constraint and other tenants who do have the financial capacity prefer to become a homeowner over better quality rental housing, but unfortunately have the constraint that there is a lack of available houses/lots. This is also indicated by the tenants themselves when they were asked if housing is a good option to house the urban poor. Out of all tenants 79 percent said yes while illustrating that this is the case because it is affordable (16%, n=31), it offers shelter since no houses/lots are available (23%, n=31), both (16%, n=31) or that they have no choice (10%, n=31).

5.4. Landlord-tenant relationship

The second-last point to discuss in this chapter is the relationship between landlord and tenant and how this affects the housing/livelihood outcome. It was mentioned before that no tenants have been found to partake in the transformation process in any matter. Indicating that there are no combined housing strategies taken to result in the current housing outcome, namely private self-help rental housing. Therefore we will focus on other livelihood outcomes that could be the result of the relationship between tenant and landlord and their experience with this relationship. Since there are two sides to every story we will first look at the experienced

relationship from the point of view of landlord and afterwards we will focus on the experienced relationship from the point of view of the tenants, lastly we will combine the views of landlords and tenants we can match together to see if there are any interesting findings here.

5.4.1. Landlord point of view

Only thirteen of the renter households are related to the landlord, while all of the sharer households that live in these structures are related to the structure owner, which shows that if you are related to the structure owner you are less likely to pay rent. Since most landlords have multiple rooms for rent and/or have had multiple tenants since they started renting out it is hard to understand their relationship with the tenants from their point of view. The only aspects we can mention here are that currently 10 percent only have family members living in their rental structure, while 32 percent have tenants living in their structure that they have never met before they moved in and 58 percent have tenants who were acquaintances before. The landlord and tenant are acquainted on different levels; friends, former neighbours, colleagues or via friends/family. However the most interesting factor in this is that it shows the informality of the rental market within Libis. Two landlords also stated that they made the level of rent affordable because of their close relationship with the tenants, which indicates a positive housing outcome for tenants who have a good relationship with their landlord, however this is not significant.

Another aspect we can look at from the point of view of the landlord are their criteria for selecting a tenant while being aware of their relationship to each other. The criteria to select the tenants when they are unknown is the size of the household and employment, however the criteria for known renters is often lacking or based on level of trust, if they are good people (no drunks) and employment. Furthermore out of all the landlords only one had a written contract, all the others were just verbal agreements based on payment method and level of rent. There were just a few who had other agreements made beforehand, such as maintenance and termination of stay. When tenants are relatives it seems that no agreements are made except for the level of rent, indicating a more lenient landlord when there is a close relationship.

The overall level of satisfaction with the current tenants is a 4.4 on average, even though there is a difference in satisfaction when looking at the relationship with the tenants - relative (4), acquaintance (4.5) and not familiar (3.8) - it is hard to test the significance of this since there are multiple tenants with different relationships renting from the same landlord. However the effect of the relationship on the livelihood/housing outcome of landlord is twofold. When landlord and tenant do not know each other it has the highest incentive of low level of satisfaction with tenant (70%, n=10). This has effect on the housing conditions since according to the

landlords these tenants do not take care of the property, are noisy, have too big of a household or are not paying. Which results in bad preservation of the property and the landlord not having the financial capacity to invest in better rental space. Some landlords even pay the service bills of their tenants at some point. Showing a loss in financial assets rather than a gain.

"Yes, we had a renter here who were delayed with the rent for the house also with electricity bills, so we were the one that were paying the electricity bill for them."

- Landlord #11

In these cases the livelihood/housing outcome of landlords deteriorates because of renting out. Formalizing the market with written agreements could prevent this from happening in the future. However still 68 percent of all landlords have nothing to complain about when talking about their current tenant. Demonstrating that the overall level of satisfaction with the tenants is very positive.

5.4.2. Tenant point of view

Out of the tenants 18 percent is related to the landlords, 49 percent was acquainted before they moved in and 31 percent did not know the landlord before. None of the respondents have a written contract and the agreements that are made are based purely on the level of rent and on the payment method. Since the landlords also mentioned more agreements, it is important to know why this not came across, or maybe it simply is not discussed. The level of satisfaction with the agreements is a 4.5, the reason behind this is not mentioned in the data.

Since the landlords are often living in the same structure as the tenant most tenants state that they see their landlords every day. Still the overall level of satisfaction with the landlords is a 4.5, which is higher than that of their landlords. This could be a result of a twofold of reasons; (1) the tenants are afraid to be honest because they do not feel secure, or (2) they are actually more satisfied. Looking at the level of satisfaction in regard to the relationship there are slight differences - relative (4.7), acquaintance (4.6) and not familiar (4.5) - these are however not significant. Although when we would further categorize the group acquaintances into knowing them directly and meeting them via someone else the contrast is bigger - direct acquainted (4.9) and indirect acquainted (4.1) - but again this is not significant.

Furthermore 37 percent of tenants state that they are aware of their rights as a tenant and know about the policies, for the landlords this percentage is less (24%) probably because they are more secure of their tenure and have more rights to protect them. Interesting here is that only 15.5 percent of tenants do not feel like they have housing security, which is based on a twofold of reasons; (1) the

reblocking and the following demolition of their rental space as a result of this and (2) the hazardous situation due to the quality of their rental space. No one mentions eviction by landlord as a reason why they do not feel secure.

Lastly if we look at the levels of satisfaction from the tenant point of view no significant correlation is found between being satisfied and type of relationship between tenant and landlord. Indicating that the relationship has no effect on the quality of the structure, agreements, maintenance or affordability. Thus in conclusion, from the tenants point of view the relationship between tenant and landlord has no effect on the housing outcome of tenant.

Looking at the levels of satisfaction of both tenant and landlord it can be stated that both are content - see tables 4.5a and 4.5b.

Table 4.5a. Levels of satisfaction of landlords

1-5 scale, 5 being most satisfied

Current tenants	Income retrieved from rent	If applicable, with shared living
4.35	4.45	4.5

Table 4.5b. Levels of satisfaction of tenants

1-5 scale, 5 being most satisfied

Current landlord	Agreements	Affordability	Quality of housing	Maintenance	Being a renter
4.54	4.46	4.49	4.1	4.22	4.18

6. CONCLUSION

This chapter is aimed at providing an answer for the research question by linking the findings to the sub questions and concluding with insights on next level housing as a solution to house the urban poor in Libis.

What are the characteristics of the self-help private rental sector and how does next level rental housing contribute to the improvement of the housing situation of the urban poor residing in Libis, Metro Manila, Philippines?

When trying to answer the research questions by analysing the data, we could say that rental housing is taking place on a large scale in Libis. Although only a small sample has been collected from the 500 houses we can say that the rental market in Libis exists of low-income small scale self-help landlords and urban poor tenants who made informal rental agreements. Furthermore there is a growing demand in rental spaces in Libis, which is mainly the result of the location and affordability of the houses. Secondly from the landlords point of view there is also interest to invest in extending their rental business, showing that both supply and demand are satisfied and there is interest in expanding the market.

The landlords are mostly middle aged and are providing accommodation for up to four renter households. They are often female and have an higher income on average as their tenants. There are two ways that these residents became landlords, the first is that the extra space became available unintentionally; as a result of family members moving out, and the second is that the space became available intentionally; because they constructed the space themselves through transformation. When transforming, landlords manage all their assets and use whatever capital they have to improve their housing outcome. Rent is definitely seen as an appreciated source of extra income, with landlords earning an average of 15 percent from this. Some landlords, who are retired, even depend solely on their income retrieved from rent. Indicating that rent is a form of regular and secure income for them. However renting out offers a dilemma for landlords; landlords often see this industry as a service by providing affordable shelter for other urban poor however they are not thinking about return of investments, maximizing the business or improving the quality of the structure. On the other hand when landlords will start treating it more as a business, levels of rent will rise making it less affordable for the urban poor tenants.

The tenants are often in an earlier stage of their life-cycle and are on average 14.5 years younger than the landlords. Renter households exist mostly out of families with younger children, however there are some exceptions of single parents or extended households. Tenants have bigger households to provide for and have a bigger dependency ratio, moreover they earn Php 6.000 less a month than

landlords including their rent and pension. Tenants are spending an average of 14 percent of their households income on rent and prioritize it as their second most important expense after food. They moved to Libis around 12 years ago and have lived in their current accommodation for 4.5 years, indicating the temporality of rental within the settlement. Nevertheless most tenants feel secure and would like to stay in the settlement, still they prefer to do so as a homeowner but lack of financial capacity and available lots/houses keep them from this desire. Therefore they are constrained by the current housing market in the Philippines in their desire to become homeowners. Their biggest housing need is to improve the quality of housing and have private facilities, since currently most are living in a unsafe or unpleasant environment. Bad quality is probably the result of the self-help housing, with landlords often using the cheapest material and labour available to create these structures. However tenants still prefer these rental spaces over ones with better quality since they are more focussed on affordability because this gives them the biggest chance of saving up to become a homeowner.

The relation between tenants and landlord seems to have no significant impact on the livelihood outcome and there are no incidences were the tenant is involved in the transformation process in any way. Secondly agreements are hardly made, or only based on level of rent and other payments methods. Landlords and tenants seem to be very satisfied with each other, landlords who are not familiar with their tenants beforehand are the least satisfied since they feel that these tenants do not take care of the property and their surroundings. Furthermore tenants sharing rental space with their landlord is not a phenomenon within Libis, although landlord and tenants might live in the same structure there has been no evidence of sharing space. Sharing services has occurred between landlord and tenant, however no additional complaints were made on this.

To conclude the research question will be answered by seeing if next level rental housing could pose as a bottom up solution to improve the housing situation of the urban poor residing in Libis. Compared to other forms of housing transformation next level rental housing is the best choice since it is not possible to built outwards in a densely packed settlement as Libis and incremental transformation will result in even more in-house crowding. However the construction of the additional floor needs to be resilient and this is difficult since the homeowners in urban poor settlements often do not have the assets to do so through self-help housing or are more focussed on affordability over quality. Secondly tenants concern regarding sharing facilities need to be taken into consideration when constructing rental spaces. Although almost all tenants have their own entrance, they prefer to have a separate common room and electricity/water connection for their own household to prevent privacy/health issues and arguments. Therefore the rental sector needs to improve through investments in rental space. In order to do so landlords will need

to see renting out more as a business than a service. Unfortunately this will have a backward effect since the price will increase as a result of this improvement making renting less affordable for the urban poor tenants and since the market is based on urban poor tenants this will lead to eviction of tenants and possibly diminishing the demand of rental spaces in Libis. Therefore at the moment there is need to improve the quality while maintaining its affordability. However another solution is to changing the aspiration of the Filipino for them to not rank homeownership above being a tenant and as a result they will be extending their price range for better quality rental accommodation. Lastly although negative consequences such as in-house crowding and road encroachments could be diminished because of upwards transformation there will still be a growing population density which could possibly put a strain on infrastructure and services within the settlement.

In the institutional chapter we can see that the main focus of the government and institutions is to improve security of tenure and as a result encourage investments. Security of tenure in this sense means homeownership, renting out is not seen as a form of tenure through which investments can be promoted. Urban poor formations and NGOs are also solely focused on security of tenure for homeowner and protecting their rights. This means that the aspiration to become a homeowner is not only culturally but also politically upheld. Furthermore the current policies, rights and subsidies on rental does not exist/match the target group and is inadequately monitored. Which again shows that renting is not considered as a solution to house the urban poor from an institutional perspective. Lastly, PPP organisations have the downfall of protecting the interests of the investor instead of realizing inclusive development. In the case of HCC this results in irresponsible business and destroying the dynamic of the rental market.

In conclusion even though there are countless of initiatives to house the urban poor their goals can be unclear and their process can be tedious and expensive which leads to exclusion of the most vulnerable. Therefore the urban poor have no other option than to upgrade their own livelihood via self-help rental housing. Which in the case of Libis resulted in a blooming private rental sector and provides more affordable shelter options for the urban poor tenants while the small-scale landlords earn significantly more income.

7. DISCUSSION AND RECOMMENDATIONS

In megacities such as Manila housing the urban poor is becoming a substantial issue. Since the problem is too large to tackle using solely top-down approaches this research has focused on the urban poor using self-help housing strategies to provide housing and possibly lift themselves up out of poverty. By looking at the self-help private rental sector in Libis we can see the enormous extent of this sector in providing affordable housing. Moreover results show that it is a successful business in which both landlord and tenant are reasonably satisfied with the outcome. This is a revelation that is not often taken into account in urban planning in developing countries since self-help rental housing is not acknowledged as a significant housing arrangement (World Bank, 2013). Moreover previous research has portrayed this sector as not profitable for the landlord (i.a. Kumar, S., 1996) or/and it has stated that it results into exploitation of tenants (i.a. Huchzermeyer, M., 2008).

However there is one key bottleneck to this sector, which is the poor quality of the structures and services as a result of the lack of financial capital of landlord and tenant. Making some rental spaces hazardous and unpleasant to live in. This is in accordance with the research done by Abad et al. (2016) in which they state that the socio-economic characteristics of owner and tenants households can lead to rental spaces that are non-resilient, lack sufficient and good services and have a high room/occupancy ratio. Even though this is definitely the main issue that needs to be adjusted in order to improve the livelihoods of urban poor tenants and landlords, there is a possible side note. In this research the assets of the tenant and landlord has not been the key incentive for these unsustainable rental spaces, given the fact that some do have the financial capital to improve their rental spaces/housing situation. This housing outcome is a result of the tenants housing aspiration and the focus of the landlords. Landlords manage their rental spaces as a service rather than a business which means they place affordability over quality and do not invest in the development of their rental structures. However this is also on account that the tenants prefer affordability over quality since they have the preference to become homeowners. So the market is driven by affordability due to the aspiration of Filipino to become a homeowner. These findings support the assumption that landlords and tenants both have different assets and needs when it comes to housing and therefore they use different housing strategies to reach their preferred livelihood outcome.

Furthermore this research shows that next level housing is a possible way forward when investing in housing for the urban poor living in highly dense cities such as Manila, since other forms of transformation will lead to further in-house crowding and road encroachments. However the construction of an additional floor needs to be completed in a resilient manner. Since knowledge, skills and financial assets to

be able to do this are often lacking in urban poor settlements the next section will focus on the recommendations to improve the housing outcome of both landlord and tenants.

The first recommendation is that we need initiatives that invest knowledge, skills and financial capital in the improvement of the quality of housing via a bottom-up approach without prioritizing return of investment. To explain this we will discuss HCC solution in providing decent housing for the urban poor via the Next Level Housing project. This bottom-up initiative will provide loans and expertise to homeowners in order for them to resiliently built upwards while at the same time improving their livelihood. Unfortunately their selection process and criteria does not result in inclusive development, since (1) the project is based on the assumption of a well-organised community, (2) because it is a business proposition and investors often prioritize making a profit over inclusive development, which results in exclusion of the most vulnerable, and lastly (3) formalizing the market could have undesired effects, such as gentrification and evacuation of urban poorest. Therefore my recommendation for the NLH-project is to focus more on inclusive development since otherwise development of the rental sector could result in losing demand, which is bad for business. Inclusive development can be reached by including the whole community and their tenants in the decision making process and by doing this integrating the housing needs from both tenant and landlord. Additionally, further recommendation for next level housing projects is to make sure the infrastructure and services of the community are capable of handling an increase in population density. If we do not take the limits of the settlement into account when implementing such a project, this will lead to dysfunctional settlement were to many households will strain the access to services and the possibility of resilient constructions.

The second recommendation is that institutions that are there to support the urban poor should focus more on the development of housing rather than solely on security of tenure. It is important to change the institutional structures and processes to support the urban poor landlord and their urban poor tenants. Therefore the recommendation is, rather than focussing on homeownership or exploitation, to focus on development and protection of the most vulnerable. This can be reached by (1) creating social housing programs for informal settlers residing on non-governmental land living in hazardous settlements, by (2) giving rent subsidies to tenants in order for them to live in more resilient structures, by (3) change law and policies to protect urban poor tenants and by (4) supporting low-income small-scale landlords to invest in decent rental space via loans/subsidies. These changes will hopefully change the aspiration of the Filipino citizen towards renting as a acceptable housing outcome and give incentive to the development of decent housing for the urban poor. Hereby diminishing the most important negative

experience of this sector, which is the creation of unresilient and hazardous structures, while upholding affordability, which is the main driving force of this market in urban poor settlements.

As explained the two recommendations will support the self-help private rental market considering it will lead to a shift of housing aspiration of the urban poor and it will lead to a more inclusive development approach of housing the urban poor in megacities in the Philippines.

Lastly a recommendation is given for further research. Other researchers could focus on absentee landlords and professional squatters, since this is a concern mentioned by both the SHFC and Dr. Ballesteros. Absentee landlords are homeowners who bought the lot through a program -such as CMP- and decide to move elsewhere, for example back to the province, while using the lot as a source of income via rent. Professional squatters are people who are occupying land that they know that they can acquire via a program like CMP. After they acquired the land, they start to use it as a form of income via commercial or residential rental agreements and then the circle continuous by them dwelling on a new part of informal land. As a result of these small scale land grabbers even less land is available for the tenants to become homeowners, while the actual homeowners are not even using the land themselves. Furthermore Dr. Ballesteros expects absentee landlords, and professional squatters for that matter, to be more neglectful of the maintenance of the property since they would invest less in the development of better quality accommodation, as a result of them living elsewhere and a continuation of demand in housing. However this phenomenon is not based on evidence but more so on observations from organisations working in the field of housing the urban poor. Therefore it would be interesting to understand this practice further in additional research, since it seems to be a serious issue which can cause mayor complications in housing the urban poor.

7.1 Limitations of this research

In every research there are challenges to be faced with in which the researcher tries to diminish its effect to assure the most representable outcome. The shortcomings that place restrictions on this particular research are; positionality, time, weather, data bias and language. These will be discussed further in the sections below.

7.1.1. Positionality and ethical review

A former study showed that in the rental sector certain bias could occur from the respondents since: *“landlords hesitate to talk about their rental activities fearing the impact of government regulations and taxes; tenants for fear of antagonising landlord-tenant relationships; and government agencies for fear of being accused of being on the side of landlords”* (Kumar, 2001). Therefore it was important to reach a

certain level of trustworthiness. Since the host-organization had contacts in the field, one of them provided as a gatekeeper to reach a higher level of openness.

Additionally being a white, female, young researcher raised in a middle/upper-class family in the Netherlands brings complications when doing research in a urban poor settlement where predominantly lower-income households with Asian (Filipino) ethnic background are residing. Fortunately I have been welcomed into the settlement with open arms and the community seemed to be very fond of foreigners. My position did however impact multiple aspects of my research, it influenced my relationship with my respondents and it shaped the findings and conclusions of the study. Therefore I have tried to always be reflective of myself in the research process.

7.1.2. Time

There was a restricted time of fourteen weeks to collect data, this was a challenge since most respondents were urban poor and working very hard to provide for themselves. Therefore some community members have declined my request for an interview on account of being too busy. Additionally some respondent had to leave halfway through an interview or reschedule. This resulted in some people of the target group not being included in the research.

7.1.3. Weather

Considering Libis is vulnerable for flooding and natural hazards it happened twice that I couldn't go to the research site to collect data since the respondents houses were flooded. Weather was also a constraint at the start of the data collection since the flight to Manila got cancelled due to a Typhoon, which resulted in delaying the data collection a week later than planned.

7.1.4. Data bias

By asking respondents about their former housing careers, there is a need to rely on the memory of these respondents, especially when level of housing satisfaction is used as a method. Respondents could have had a romanticized or belittled idea of their former living situation and therefore wrongfully reflect on their current housing situation during the interview.

7.1.5. Language

The last limitation has been the language barrier between the researcher and the urban poor residents of Libis. Therefore multiple gatekeepers offered as translators. Unfortunately this also gives the challenge of openness. On account that the respondents and translators knew each other and making it harder for respondents to share personal information. In order to improve the openness, the respondents were told that the data could be very useful for the improvement of housing the

urban poor within the Philippines and furthermore making clear that it is only used for research purposes, so personal data will be anonymized and not shared with the government or any other organization. This created openness for the respondents to answer truthfully and improved the level of reliability.

Furthermore when dealing with translators other issues could occur. According to Bujra (2006) a technical problem could have been that the translator transforms the message incorrectly, due to a lack of understanding of the context and language. Problems such as miscommunication are likely to happen. Furthermore, the questionnaires had to be translated in Tagalog. The translation of the questionnaire could also transform original concepts, leading to insufficient answers. However by using different translators for the interview and for the transcription of the interviews in Tagalog, I have tried to counter this limitation.

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APPENDIXES

Appendix A: Survey for tenant

See printed version.

Appendix B: Survey for landlord
See printed version.

Appendix C: Semi-structured interview guide tenant

In-depth interview guide: Tenant

Can you explain to me how and why you became a tenant?

Housing security, status, affordable, opportunity, apply for ULHOA/CMP, housing strategies

Can you explain to me how and why you came to live here?

Criteria of settlement/structure, housing strategies, Initiation of rent

Can you explain to me your housing history up until now?

Previous landlords, positive and negative experiences, reasons for leaving, different Status, opportunities and challenges(problems you faced)

Can you explain the difference between your living situation compared to the living situation of your landlord?

Quality of housing, Privacy, Affordability, Crowding/size, Security of tenure

Can you explain the relationship you have with your landlord?

If they would differ does this have an effect on the living situation? For example, if they would be family/friends/unknown would it be different to live with them?

Quality, agreements, shared living

What are your concerns with your current housing situation?

Do you have any housing needs that need to be fulfilled as of yet?

Improvements, aspirations, housing needs vs housing outcome

If you would have enough money to fulfill your housing needs, would you still be a tenant and would you still live in the same structure as your landlord? Please elaborate why.

If you would be an homeowner would you want to become a landlord? Please elaborate why.

What do you think is important when being a landlord?

What kind of tenant would you look for when you would be a landlord?

Appendix D: Semi-structured interview guide landlord

In-depth interview guide: Landlord

Can you explain to me how and why you became a homeowner?

Housing security, status, affordable, opportunity, view on ULHOA/CMP, house strategies

Can you explain to me how and why you became a landlord?

Generate extra/regular income, to give shelter to others, security of tenure, other reasons(business or service), housing strategies

Initiation of rent, availability of space, settle on level of rent

Can you explain to me your history as a landlord uptill now?

Tenants, positive and negative experiences, reasons they left, problems you faced

Can you explain to me what changed in the structure since you became a landlord?

Social: Shared living, Privacy, Crowding/ Financial/ Quality of housing/Adaptation to situation/Technically: Construction

Why and how did you construct(skills, financing, purpose)?

What did you take into account when constructing?

Quality of living for tenants or affordability, criteria

Can you explain the difference between your living situation compared to the living situation of your tenants?

Quality of housing, Privacy, Affordability, Crowding/Size

Can you explain the relationship you have with your tenant(s)?

If they would differ does this have an effect on the living situation? For example, if they would be family/friends/unknown would it be different to live with them?

Quality, agreements, shared living

What are your concerns with your current housing situation?

Do you have any housing needs that need to be fulfilled as of yet?

Improvements, Aspirations, housing needs vs housing outcome

If you would have enough money to fulfill your housing needs, would you still be a landlord and would you still live in the same structure as your tenants?

If you would be a tenant what kind of tenant would you be and what kind of landlord would you like to have?

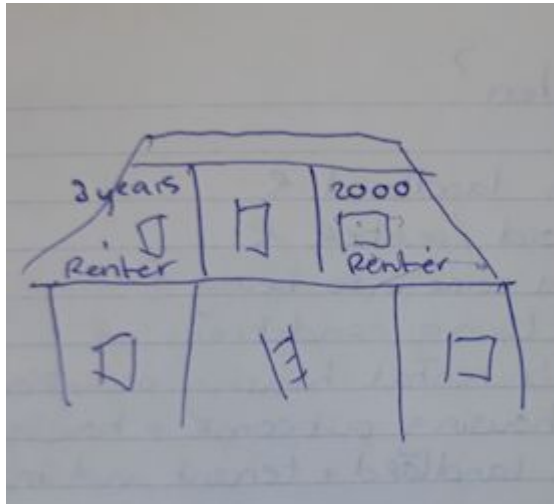
Appendix E: Table of respondents

Number Respondent	Name Landlord	Name Tenant
1	Maria Theresa Carampatana	Rosalia Duma-op(A) Domelita Manganohoy(B)
2	Porferia Galez	Rone Tao-On
3	Zyra Orguia	Thata
4	Lumy Estolano	Neth
5	Larry Bonifacio	Lenie Ecot(A) Maria Esmero(B) Analyn Ecot (C)
6	Derlina Dugang-Antipasado	Michael Navarro(A) Ando Entan(B)
7	Imelda Cabubas-Naboa	Evangeline Caiban
8	Sister Rose	Arnel B Genevia
9	Trinidad Tapaya	Cristina Rafael
10	Dieza Mendoza	Marites Jayoma
11	Julia Cahallero	Ismaelita Cruzada
12	Esmeralda Gonzalez	Elmer Ogo Abiera (A) Norielyn M. Albarico (B)
13	Candelaria Unarce	Mary Joy Morales (A) Jenifer B. Panelo (B)
14	Lovely-An Dandanyanen	Teresa Umbay
15	Ryan Edig	Kalay (A) Abloy (B)
16	Sheniryl Butcon	-
17	Bernadette Yuson	-
18	Marilou Napoli	Reymar Odanza
19	Elisabeth Lerin	Jennylyn Encarnacion
20	Gemma Mabitado	Shirley A. Salomon (A) Romy Canaponon (B)
21	Mildrid Gadingan	Rodelyn Satus
22	Helena Guianon	Eugenia Dabasol
23	Lucila Delacruz	Mary Jane Valdez
24	Erlita Fuentes	-
25	Anecita Luna	Rogie Viernes
26	Jean Lucy Salabao	-
27	Orlando Villaverde	-
28	Annelien Tropa	-
29	Charisma Duallo	-
30	Sergio Grafil	-
31	Bert	Vicky Borillo

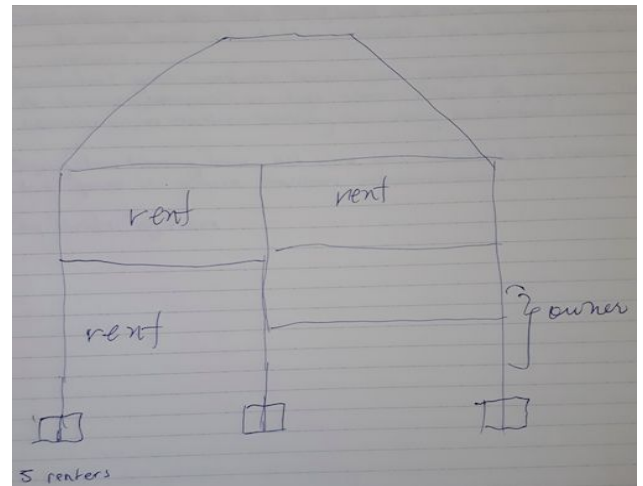
32	-	Mary Joy P. Cardoza
33	-	Rutchel Banares
34	-	Dennis Sumagaysay
35	-	Nazario E. Orendain Jr. (A) Jhannette via Akantara (B)
36	-	Sara Tawasil
37	-	Babylin D. Tumbiga
38	-	Annefel E. Isik
Total	31 Landlords	39 Tenants

Appendix F: Drawings of rental structures made by landlords

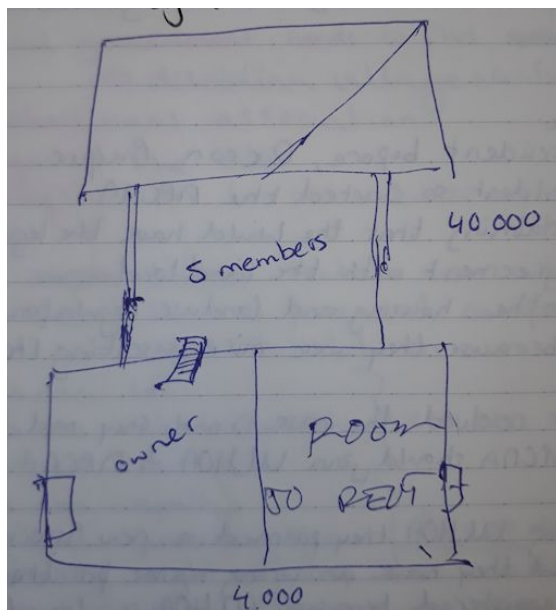
Landlord #20



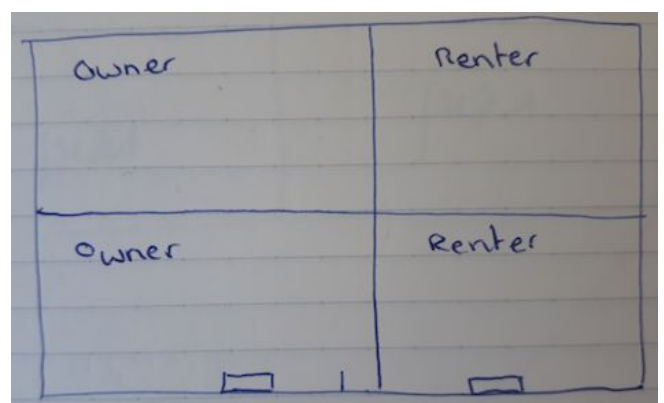
Landlord #12



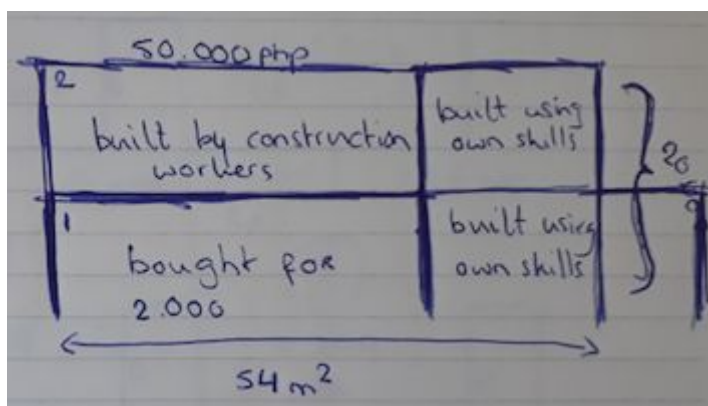
Landlord #37



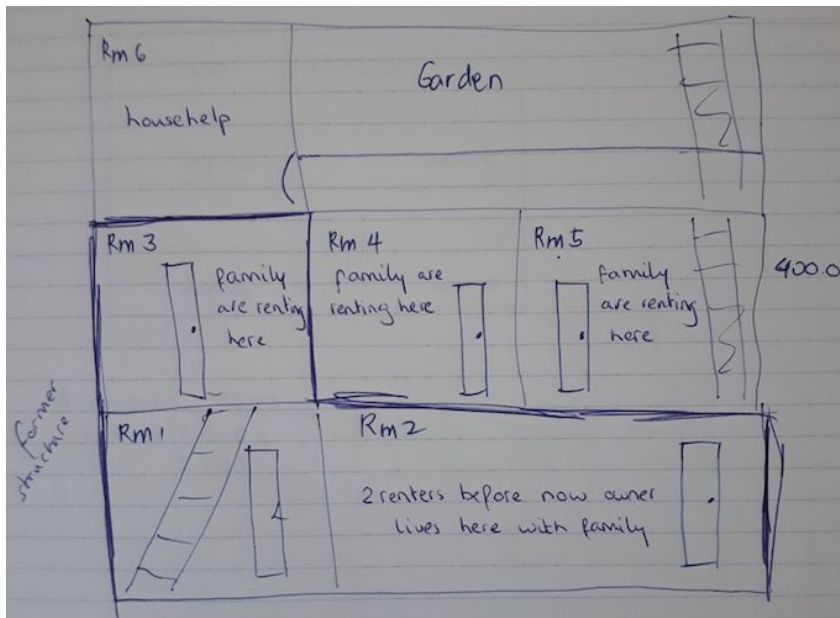
Landlord #11



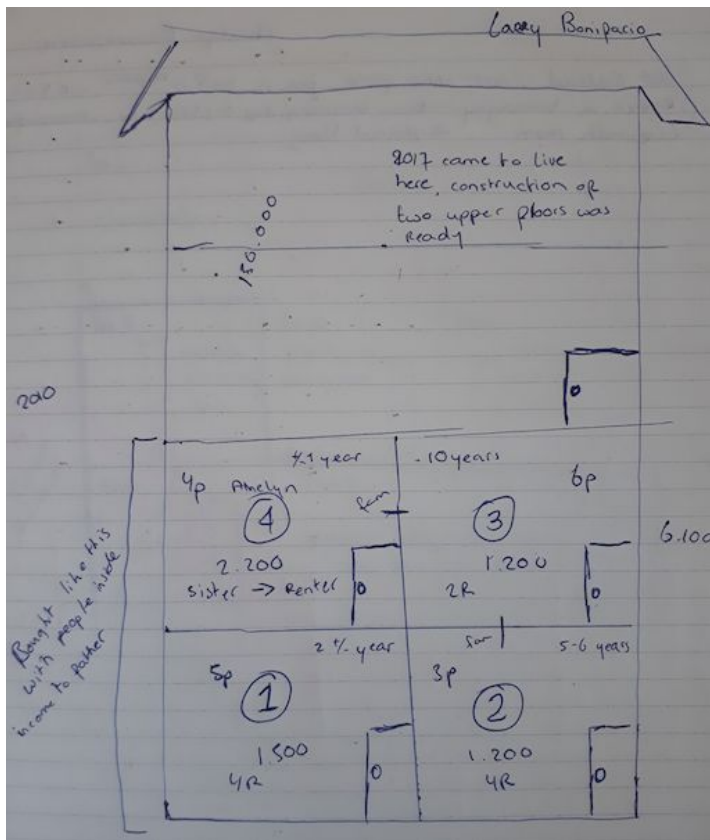
Landlord #2



Landlord #1



Landlord #5



Appendix G: Photographs
Community: Libis



Respondents households and their house



Data Collection



Structures

