UNIVERSITY OF LONDON

THE INFORMAL LAND MARKET IN CEBU CITY, THE PHILIPPINES; ACCESSIBILITY, SETTLEMENT DEVELOPMENT AND RESIDENTIAL SEGREGATION

A Thesis submitted for the Degree of Doctor of Philosophy

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ABSTRACT

The main aim of the thesis is to explore the nature of informal land development in Cebu City, the Philippines, and to evaluate the impacts on shelter, particularly among the urban poor. More specific objectives are to examine who gains access to informal land, how the process of informal land alienation and turnover occurs, and which actors are involved in informal land delivery. The research uses primary data from 243 household interviews conducted in 5 informal settlements in urban Cebu to assess how informal land sales influence the socio-economic composition of settlements. The research also examines whether there is evidence of residential segregation among informal settlements according to income and the implications of this for urban settlement and levels of poverty. The research also draws on detailed interviews with 25 land agents to explore their roles in these processes.

Similar to other studies the research acknowledges that informal lands are undergoing significant commercialisation, mainly because of the demand imposed on informal plots by high land prices in the formal market. This has made titled property unaffordable to the urban poor and a less attractive option to middle income groups. The research particularly highlights how the behaviour of middle income buyers in the informal land market creates bottlenecks in the supply of plots (by buying large plots for occupation, leaving purchased plots vacant and also accelerating plot prices through speculation, for example). In addition, since poorer residents are vulnerable to "crisis selling" of land and generally have a lower perception of plot value, they do not always receive a fair price for their plots, which reduces their ability to repurchase land at a later date. The research concludes that these processes exacerbate residential segregation between households on the basis of income and has led to great disparities in settlement densities, infrastructure and service availability. The latter are vital issues for urban policy, social development and poverty considerations.
ACKNOWLEDGEMENTS

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VECO  Visayan Electric Company

VHDA  Visayan Human Development Agency
Chapter 1

Informal Land Delivery: Research on Market Transformation and Behaviour

"We Filipinos are obsessed with the illusion of legality"

Ernesto, a squatter in Buhisan, Cebu City commenting on the widespread informal occupation of urban land.

The informal occupation of land is both extensive and rapidly growing in Cebu City, the Philippines. Like many developing cities, shelter for the low-income in Cebu relies heavily on an informal supply of land which provides plots in and around the city at a rate and price commensurate with the needs of the poor. However there is evidence that land supply systems are undergoing substantial changes. High demand for informal land has created a market for plots which operates with commercialised and precarious practices. This has raised much alarm amongst academics, practitioners and politicians in that the demise of non-commercialised land delivery can undermine informal access to land which for many years has been crucial in the provision of shelter for the urban poor (Angel et al., 1983).

However the implications of a market for informal plots on access to land, settlement evolution and neighbourhood development are not fully understood (Jones and Ward, 1994). Individual case studies and land market research have shown that while informal lands are increasingly being sold by commercial agents (Angel et al., 1983, Baross and Van der Linden, 1990) land prices in some cities have remained relatively flat (Ward, Jones and Jiménez, 1994). The crucial issue is how different social groups fair within the market in terms of gaining access to plots in varying locations. A further concern is that within a commercialised market the poor, once established, are vulnerable to middle-income groups buying their plots and displacing them.

Recent literature has regarded this process in a more positive light in that low-income groups stand to gain financially from plot sales. However there is little or no research which distinguishes between the behaviour of different social groups within the marketplace and thus it can not be ascertained as to exactly who gains and who loses in the informal land market and how this affects shelter options for different groups particularly the urban poor.
Historical, social and cultural factors determine the formation and operation of informal land markets, placing added importance on more in-depth and comprehensive city-specific studies of informal market practices (Rakodi, 1994: 71). In Cebu City, informal occupation of privately-owned and public lands has led to the proliferation of informal settlements, the operations of the land market and its outcomes for shelter among different social groups is thus a critical area of enquiry.

Objectives of the Study

The proliferation of squatter areas in the Philippines has been the subject of much interest and research (Jocano, 1975b, Poethig, 1969, Van Naerssen, 1990). However many studies have concentrated on squatting per se with little enquiry into processes of land alienation, methods of distribution and subsequent settlement development. Furthermore most studies have concentrated on the housing conditions of Metro Manila, largely ignoring the growing shelter problems in secondary centres such as Cebu. The rapid escalation of informal land occupation in Cebu City and the emergence of a complex land market, makes it an ideal location for the examination of such operations and their implications for shelter development.

The principal objectives of the research are first, to assess how land outside of a formal land market gains value, to determine the nature of land rights being traded and to examine the process of informal land trading. The second objective is to identify the range of agents involved in a) the initial conversion of idle lands to residential development and b) the role and behaviour of agents in the sale of plots and second-hand property (particularly the occupants themselves) and to examine the relationship between agents, their strategies and operations. The third objective is to assess the implications of a commercialised land market on access to land for particular social groups and the types of land being occupied. In drawing together these inter-related aspects of the informal land market, it is hypothesised that the commercialisation of informal lands in Cebu City has led to the exclusion of poorer households from many emerging settlements and resulting in increased residential homogeneity within informal neighbourhoods, with the lowest income people occupying poorer quality sites at higher densities. If there is a growing tendency for residential segregation according to socio-economic factors among informal communities then this has profound influence on the shelter options for the urban
poor, settlement evolution and community development. Before these objectives are discussed in more detail this chapter will review the relevant research on the informal land markets in which these questions are located. Finally the chapter will describe how the study was approached methodologically, followed by an outline of the organisation of the thesis itself.

Research on the Evolution of Informal Land Markets

Land market research and its relationships to low-income shelter has largely evolved through the literature on housing and urbanisation in developing countries. Previous studies on low-income housing concentrated ostensibly on issues relating to the dwelling itself such as unit consolidation, security of tenure and levels of servicing (Doebele, 1983, Ward, 1982). However in the 1976 Vancouver Housing Conference the issue of land was recognised “as a pre-eminent issue in the provision of low-income housing needs” (Zetter, 1984: 221). Furthermore the failure of a wide range of housing projects to combat the onset of slum housing in many developing cities evoked a realisation that housing problems were a result of much broader urban processes. In the mid 1980s the World Bank underwent a dramatic shift in policy from a settlement-specific focus to a broader urban management approach with the issue of land as a key area in the provision of urban housing (Jones and Ward, 1994: 14; Mayo and Gross, 1986: 327). With this the subject of land and its supply and distribution, became a focal point in the consideration of shelter provision.

Spontaneous settlements, slums and/or squatter settlements are common throughout cities in the developing world. The principal reasons for their existence are largely economic, institutional and political. Rapid in-migration has placed enormous demands on urban authorities for the provision of land, housing and services. Rising demand for land has led to price increases in the formal sector, making land of this nature increasingly unaffordable for the lowest income groups. Moreover the escalation of urban land prices has resulted in land hoarding for speculative purposes, further restricting the supply of land available in the formal sector driving prices even higher. “Larger and larger segments of the urban population find themselves excluded from access to land for housing, witnessing a peculiar form of justice which prevents some from ever finding a place they can call their own, while others hold vast tracts of vacant land “off the market” waiting for the actions of others to increase
the value of their land before it is sold" (Angel, 1983: 529). A further aspect of the urban economy which has caused expansion in the informal land sector is the high levels of inflation which have persisted in many developing cities resulting in an erosion of the solvency of households, particularly the low-to-middle classes who are traditionally clients of the land and housing development capitalist sectors and who now must seek alternative shelter strategies (Durand-Lasserve, 1987: 331).

Institutional factors have also frustrated the operation of formal land markets. Partial registration and titling, coupled with lengthy bureaucratic procedures for land transfer and plot development, have restricted land supply increasing prices in the formal system. Last, the presence of squatter settlements provides opportunities for political gain in that the granting of titles or services to informal communities is used as a technique for vote-catching in many developing countries (Gilbert and Ward, 1985). In fact a study of informal settlements in Lima, Peru revealed that many communities had been established at times of political change or upheaval, with politicians displaying leniency to squatters in return for support (Collier, 1976).

A combination of economic, institutional and political factors have thus interacted to constrain the supply of land in the formal market leading to rapid land price inflation. This has made it increasingly difficult for low-income groups to gain access to land through formal channels, and has resulted in the large scale and widespread growth of informal land delivery systems. As Ward (1982: 3) states, “spontaneous settlements are often the most rapidly growing residential sector”. The term “informal” has a number of interpretations and has been used to mean a variety of different land tenure systems. Its many manifestations and close alignment to the formal market presents a mélange of so-called informal land systems which need to be identified (UNCHS, 1990). “The dividing line of formal/informal, legal/illegal, standard/substandard (a nomenclature which in any case depended on one’s own situation in relation to economic, legal, technical and architectural norms) became increasingly blurred” (Durand-Lasserve, 1990: 38). However a distinction of the two main “informal” land delivery systems is proposed: first, the alienation, delivery and occupation of land which is not formally owned by title by the occupant or trader which may include public or government lands, communal lands or even privately-owned lands that are squatted; second, the subdivision and sale of lands which are formally owned by the seller but are disposed of without formal subdivision plans and/or planning permissions as stipulated by the local authority. Although both systems of land
delivery occur in the Philippines, in the Cebu City sample, the term "informal" refers to the former interpretation.

With its many manifestations urban informal land delivery has escalated forming a key component in the provision of shelter in developing countries. "Yet it is the latter informal, irregular sector which is termed private (to the same degree as a capitalist land and housing development company) which generally produces the vast majority of housing: 86% of housing production in the Philippines; 82% in Brazil; 77% in Venezuela; 64% in Colombia, and 44% in Chile" (Durand-Lasserve, 1987: 330). Furthermore Doebele (1994: 47) estimates that the informal land system provides some sort of place to live for more than half of many urban populations. The predominance of informal land delivery systems in facilitating access to land and shelter for large number of urban families has prompted much research into understanding the changing nature of supply systems of informal land delivery and its effect on shelter options which will now be reviewed.

The Commercialisation of Informal Land Supply Systems

Early studies showed that many spontaneous settlements occurred through the invasion and occupation of public and/or community lands (Ward, 1982). Landless households gathering on the streets of Lima for example would plan a mass invasion (Lloyd, 1980: 40). However land invasions have been a temporary phenomenon and there are very few examples of free or non-commercialised land supplies remaining in developing cities (Baross, 1983: 185). The reasons for this are summarised by Baross (1990: 8) as follows: that many traditional allocation systems have broken down and are now articulated through capitalist modes; second, the increased opportunity-value for informal lands has led to their commercial sale, and third, land supply is increasingly influenced by a range of developers who subdivide and sell lands through a recognised land market. As Baross (1983: 205) states, "The majority of people who came to the large cities in developing countries in the last two or three decades found or developed housing in popular settlements. It was an historical epoch of non-commercialised or cheap commercial land supply... for which people did not have to pay or paid very little. This has been a temporary phenomenon in modern urbanisation".
The demise of invasion as a form of entry to land has given way to a more commercialised form of land delivery which has been increasingly documented in the literature (Angel et al., 1983, Baross and Van der Linden, 1990, Jones and Ward, 1994). A number of case studies have shown that high demand for urban land albeit informal, has encouraged de facto farmers, small scale developers and large organised commercial enterprises to sub-divide and sell public and community lands in various growing cities (Nientied and Van der Linden, 1990: 233, Soares and Stüssi, 1990: 245, Steinburg, 1990: 113). Baross and Van der Linden (1990: 2) explain that an increasing amount of land is supplied by such commercial entrepreneurs “who either circumvent the administrative apparatus which is supposed to regulate urban development or corrupt it so thoroughly that even government-owned land can be subdivided as a commercial operation”.

There is much debate as to the implications of a more commercialised informal land market. The main concern is that as informal land supply systems become increasingly commercialised that this will inhibit access to land for the lowest income groups. “As the commodity nature of land becomes more established, as developers and speculators assemble large quantities of fringe land, as land subdividers gain in sophistication, and as government controls become more effective and more ruthless, the era of anarchy and opportunity is slowly coming to an end” (Angel et al., 1983: 17). However this proposition is disputed by Jones and Ward (1994: 20) who argue that informal land markets are working efficiently in that, “Although there are important exceptions where the absolute availability of land is in short supply, or monopoly controls over the production of land induce scarcity, our experience is that often land is quite freely available, albeit through illegal modes of acquisition.” To a large extent the macro-economic workings of an informal land supply system rely heavily on the socio-economic conditions of the country or more specifically the region in question and can only be really examined in a city-specific context to provide a meaningful analysis.

A further result of an informal land market is that households especially those who can not afford plots are forced into rental accommodation. However research has shown that high demand for small rental rooms and houses has also become increasingly commercialised with landlords from outside and within informal settlements capitalising on the shelter needs of low-income groups, especially the poor (see Amis, 1982; Edwards, 1982; Gilbert, 1993; Gilbert and Varley, 1991).
Moreover this body of research to date has concentrated on the supply side of the market and has to all intents and purposes discounted more detailed analysis of the operations of the market after land alienation which is an important issue in this study. Furthermore few in-depth studies have examined the actors involved in plot purchase, speculation and the subsequent development of informal settlements. This degree of micro-level analysis is critical to a more complete understanding of market dynamics and how different groups operate within the market itself to gain access to plots and ultimately shelter. The significance of these agents in the delivery of land and their role in the market is the subject of the next section.

Research on Informal Land Agents

Research on the actors and agents within land markets, both formal and informal is scant (Ball; 1981, 1984, 1986; García and Jiménez, 1994; Goodchild and Muncton, 1985; Healey, 1992). Informal land agents have been identified as a key component in understanding the processes and operation of informal land markets and how they impact on shelter development. Further to the widespread commercialisation of markets a proliferation of actors and networks of land agents has evolved dealing in the alienation and sale of plots in the informal marketplace (Durand-Lasserve, 1990: 38, Soares and Stüssi, 1990: 248).

The increased commercial nature of the market and the enhanced opportunities for generating profit from land sales have widened the scope of agents operating informally in the market. "Owing to the lack of significant changes in the rules of the game controlling relations between the formal capitalist sector and the public sector, this market has fallen under the control of informal agents who also produce on a profit basis but who are not subject to the constraints of the formal capitalist sector" (Durand-Lasserve, 1987: 332). These agents form the driving force of the land market and largely determined the location, nature and delivery of informal plots.

However, so far, many studies which have considered land agents have concentrated on the more overt informal dealers such as the developers or "pirate subdividers" overlooking the more intricate networks of people operating in such a market (Gilbert, 1981). The complexity of agent networks involved in informal land delivery and the need for a greater understanding of their operations is discussed by
Doebele (1994: 48) who states that "The evolution of the informal land development process into a planned and highly lucrative business operated by specialised agents and bringing together lawyers, brokers, land officials, court clerks, kin groups and local civic and political leaders should not be overlooked".

It has been generally agreed that studies of agents and their role within the land market has not been fully appreciated. "The answer may lie in the responsiveness of the actors in the complex processes that now operate the land markets in developing country cities - precisely those persons we currently know very little about" (Doebele, 1994: 52). Therefore the identification and understanding of the range of agents involved is a vital area of research needed to understand not only events such as land alienation but also sales techniques and price setting. These form a key component determining access to land in the city as a whole as well as within certain urban neighbourhoods. Thus as the thesis examines the development of inter- and intra-neighbourhood land markets and their implications for access to shelter, the role of agents is critically important.

**Research on the Changing Nature of Demand for Informal Land**

The changing nature of the supply of informal land has already been discussed and indeed is illustrated in a number of case studies in developing countries. A further area of interest however is examining the impact of an increasingly commercial land supply on the nature of demand for such plots. Although demand has been discussed by some authors it has received much less coverage than the supply side of land markets. However in many ways the two are interrelated in that the transformation of land supply must have corresponding impacts on the nature of demand for such plots. This in turn expands current knowledge on who gains access to plots and where they are located.

Research shows that the demand for informal land is also changing, in that middle-income buyers are now increasingly entering the market (Durand-Lasserve, 1990, Nientied and Van der Linden, 1990). Three main reasons for this are given. First, that there has been a failure of formal markets to deliver land at a price and rate to meet needs not only of the poor but also middle-income groups. Housing projects aimed at the middle-income have generally been inadequate and involve lengthy development procedures. Furthermore projects are often located long distances away
from the city discouraging would-be buyers. The flexibility of the informal market coupled with the widespread availability of regularisation programmes has encouraged many better-off families to use informal means to develop shelter options. Constraints in the supply of land in the formal market inevitably has repercussions in other submarkets causing a higher demand for land in informal markets. “During the period when land both in the private freehold and gecekondu markets had been adequate to meet the supply the two had existed as distinct and separate entities; the former was priced according to its location, while the latter was distributed largely through a network of personal contacts. With increasing pressure on land in both markets, emlakcis quickly found ways of acquiring land originally settled by gecekondus and developed for middle and upper-income groups” (Payne in Baross, 1983: 187).

Second, land development projects have become more sophisticated in that informal developers subdivide sites, install infrastructure and give assurances and protection to the buyers. Although this higher level of land development demands a price, it is usually still lower than formal market prices and thus forms an acceptable and attractive option to a broader range of income groups. Furthermore higher entry prices charged by subdividers exclude some of the lowest income groups causing a shift in the nature of social groups entering such settlements (Durand-Lasserve; 1987: 332, 1990: 38, Soares and Stüssi, 1990: 248). A good example of this is illustrated in the Karachi case-study of informal subdivisions “Both the high level of security and the lay-out render illegal subdivisions attractive places to live in. However, because of their location, transport costs (e.g. to the place of work) tend to be on the high side. Also, by definition, land in subdivisions is bought with money. The combination of these factors explains why, broadly speaking, inhabitants of illegal subdivisions are not the poorest, but rather the somewhat better-off amongst the low-income group” (Nientied and Van der Linden, 1990: 233).

Last, persistently high levels of inflation in many developing cities, especially for land, coupled with stagnant or declining urban incomes, has led to the erosion of demand within the formal land market. Durand-Lasserve (1990: 46) summarises this well, “Prolonged inflation causes a decrease in solvency of the formal land market’s traditional clientèle; middle-income groups, or by logical extension, the urban middle classes. This situation causes a general fall in demand. Credit squeeze, higher interest rates and a reduction in the middle classes buying power all tend to
aggravate the crisis in the capitalist land development sector and accelerate the withdrawal of money and capital invested, which is then channelled towards other economic sectors or else to the informal land and housing sector”.

There is much evidence that the nature of demand is undergoing a shift upwards in that informal land developments now attract a much broader range of social groups. The important point is that the middle-income are increasingly developing their housing through informal land developments, rather than relying on the formal sector to provide shelter. Although many authors have started to discuss the presence of middle-income groups in the informal land market, very few if any, have considered the implications of the participation of this group on the shelter options of other groups such as the urban poor.

Evidence from low-income housing projects show that the middle-income households have a tendency to buy-out poorer occupants in a process known as the downward “raiding” of plots (Ward, 1982). This has been observed mainly in low-income site-and-service projects or in developments which ultimately deliver titles. However their behaviour within a more general informal land market in terms of plot purchase, land sale and their impact on prices within settlements is largely unknown. Furthermore there are few studies on the implications of such actions on access to plots for the urban poor. The behaviour of different socio-economic groups within the market and the impact on settlement development is a focal area of analysis in the research.

Research on Price Setting, Market Behaviour and Residential Segregation

The dynamics of land valorisation and price are fundamental to understanding how different income groups access urban land. The main topics for analysing land price in an informal land market are first, events leading to the introduction of land into a commercialised land market, second, understanding comparative land prices between settlements and its impact on access to different sites and third, the actual determination of plot prices within settlements. A clearer understanding of the factors influencing plot prices will provide an insight into how the commercialisation of informal plots is affecting access to land and whether this ultimately results in residential segregation of groups.
A key study on the measurement of land prices between urban settlements is the recent research carried out in three intermediate sized towns (Puebla, Querétaro and Toluca) in Mexico by Ward, Jiménez and Jones (1994). This study examines land price changes over time for plots of varying tenure aimed at low-middle and upper-income residential development. The main findings are that land prices are not rising steadily but move in a cyclical pattern. Second, that "where absolute land prices are sharply differentiated, then segregation between low- and middle- income groups is likely to be greater, as is intra-neighbourhood homogeneity" they add however that "thus far, however, few researchers have analyzed the relationship between land values and issues of urban segregation and residential mobility in less- developed countries" (Ward, Jiménez and Jones, 1994: 168). This research is a seminal work in that it begins to record and compare land prices of various tenures including the informal, communal or "ejidal" land market. However its focus is confined to the Mexican case-study and furthermore fails to examine the more in-depth dynamics of settlement pricing between informal settlements concentrating instead on looking at a wider profile of tenure and housing types throughout the sample cities. In this respect there is little analysis of market dynamics within the informal sector itself or the movement of groups between informal settlements of different environmental quality.

The sale of plots by the poor has long been recognised as an inevitable process within the informal market for land. Baross, (1983: 195) comments on this, "This market can be highly inflationary and sometimes speculative. Yet in some ways, it is merely a pathetic wheeling-dealing among the poor, conditioned by poverty". At first the sale of plots by poorer households from informal settlements raised much alarm as it showed that the market could be used to displace low-income households who would inevitably squat elsewhere thus perpetuating the housing problem. Writers have recently taken a more positive approach to the participation of the poor in such a market as "it is sometimes an avenue by which the entrepreneurial poor can escape poverty" (Doebele, 1994: 47). The sale of land by the poor is a common practice in that the lower income may liquidate in many cases their main asset, namely the plot of land that they occupy for cash. In fact Ward (1982: 205) had foreseen the opportunity-value of land for the poor and suggested that instead of restricting plot sales by the poor, "to adopt schemes that allow the poor to speculate with land".

So far research relating to sale and pricing has generalised informal land prices by settlement, assuming that economic factors largely determine land prices. In the
study of informal settlements in Karachi, Nientied and Van der Linden (1990: 234) comment that "prices of (informal) plots appreciated by, on average, seventy percent (compounded interest) per year". This assumes that prices within areas are on the whole standardised throughout the settlement. This assumption would indicate that the rate of valorisation of informal land within areas is largely homogenous. However discrepancies of price within low-income settlements show that prices may not be determined by economic factors alone. Ward, Jiménez and Jones (1994: 167) comment that in their research in Mexico, illegally generated settlements showed greater inconsistency of pricing over time. They suggest reasons that may account for this variation in that goods may be used in part exchange for plots, or that plots may be cheaper when the vendor is a personal friend of the purchaser or last, that the actors in the sale may have a mutual friend, thus negotiating a cheaper price. This research reveals a very interesting aspect of the market in that there is a possibility for socially determined factors to influence price. However the study fails to explore systematically what social factors may be involved and how this affects the buying and selling of plots between different social groups. Ward, Jiménez and Jones (1994: 169) comment on this phenomenon in that "In our view the price of land is more likely to be determined socially, according to tenure, the type of development, rather than spatially according to any distance-decay function of land-use outwards from the city".

However little is know about how individual groups determine plot prices and whether different social groups are advantaged or disadvantaged as sellers in the informal market. Therefore it is unclear as to whether lower income groups are fairly compensated for the sale of their plots and if middle and lower income groups have a homogenous perception of informal land values. With the increasing participation of middle-income groups in informal land purchase this is an important area of research. In addition, if desirable locations are favoured by middle-income buyers, what are the implications for access to these locations by lower income households and what alternative shelter options are available. These issues will be addressed within the thesis.

The Value of Case Study Material in Land Market Research

The complexity of an informal market means that few comparisons can be made between countries or even cities when examining its mode of operation. This
highlights the value of in-depth case study work based in individual cities. The land issue is inevitably bound by cultural tradition and the historical conditions of every country, making each system to a large extent unique (Angel et al., 1983: 8, Doebele, 1983: 553). So far, much research has concentrated on the more overt forms of informal subdivision whereby agents have openly flaunted the law to subdivide government land (Nientied and Van der Linden, 1990; Soares and Stüssi, 1990). However the informal land market is broader and more intricate than the more obvious subdivision projects and only by examining its operation on a more city wide basis can these mechanisms be uncovered and understood. Rakodi comments on the dearth of such city wide studies (1994: 71): “..... there have been few systematic studies of land market processes in particular cities..... To understand how policies that attempt to improve the land and housing situation of the poor are hijacked by higher income residents, more systematic studies that concentrate on the city scale and the nexus between land and housing markets are necessary”. The location of this study is Cebu City, the Philippines and the rationale for choosing this site will now be examined in the light of existing Philippine research into urbanisation, housing and land.

Research into Land and Housing in the Philippines

Much of the recent research into land in the Philippines has concentrated on the rural sector (Bello, Kinley and Bielski, 1982: 67, Nagarajan, David and Meyer, 1992, Putzel, 1992). The persistent inequalities in land ownership, the failure of a comprehensive land reform and the ensuing poverty in the agricultural sector has made it an area of continuing interest and debate. However rapid urbanisation experienced in Metro Manila and other secondary centres has increasingly placed land as a key issue for investigation in the city as well as the countryside.

Philippine research into urbanisation has been ostensibly confined to the nature and conditions of squatter areas per se without considering the process of land occupation leading to settlement development. Furthermore many of these have had a geographical bias in that they are principally concerned with the National Capital Region or Metro Manila (Callanta, 1988: 104; Jocano, 1975b; Mendiola, 1983: 473; Van Naerssen, 1990). Large sprawling squatter settlements and the extreme poverty therein have been the focus of much of this research, detailing graphically the link between housing conditions and poverty. “In Manila, 80% of the squatter families hover around the subsistence line. With most of their income going for foods they
cannot afford to pay more than a nominal rent" (Poethig, 1969: 132). However these studies overlook the process and price of land occupation and its impact on housing conditions. "Low-income urban families live in precarious housing and in congested conditions and lack basic facilities such as water and electricity" (World Bank, 1988: ii).

The geographical bias and the nature of many of these studies has led to many generalisations about squatter communities and their inhabitants. "Usually they squat on government land, along a railroad track or in a park area. Sometimes they find an empty private lot, or a neglected larger estate. More often the newcomer joins an established squatter community which has grown up around a city market or near the dock area wherever there is a possibility of a job" (Poethig, 1969: 132).

In addition to the plight of slum dwellers the failure of housing policies to meet their needs and the government response is lamented by many writers (e.g. Mendiola, 1983: 477; Murphy and Anana, 1994: 44).

During demolitions, injuries and death have become common occurrences. Last July 23, 1985, two youths were fatally shot and several others wounded during the demolition in barangay Tatalon. The November 4, 1986 demolition in barangay Parola in Tondon also resulted in bloodshed. One newspaper vividly recounted the incident: Hundreds of law-men stormed the squatter community of Parola....toppling down houses, burning some of them, pushing others into the creeks, firing their guns, as more than 4,000 people jumped out of their shanties to run for their lives" (People’s Journal, November 5, 1986 in Tuazon, 1987: 49).

As secondary centres have grown economically and demographically there has been an increasing interest in examining urbanisation issues in these cities. Much of this research has concentrated in Cebu City (VIHDA, 1987) and Davao (Hodder 1991, Feldman, 1973) as the two main centres second to Manila. The Cebu City urban study (VIHDA, 1987) concentrates on four selected communities as a preamble to the Slum Improvement and Resettlement (SIR) Programme which ensued in these areas. However these studies have been focused and narrow with little in-depth research as to the process of informal land occupation and the development of informal communities. Prior to 1992, there was no record of the extent of informal land development, the location or conditions of settlements or the numbers of people occupying informal land in Cebu (Thirkell, 1992). This research is therefore the first major attempt to
document the process of informal land alienation, the operations of the informal land market and its impact on contemporary settlement development in the Philippines' third largest city.

Methodology

The methodology of this study is drawn from a number of sources and research methods. Details of the questionnaire surveys are given in Appendix 1 and 2. However this section will outline how material was collected and the sources of data used.

Selection of the City of Cebu

Cebu City was chosen as the location of the research for a number of reasons. First, as already discussed much of the research on informal housing has taken place in Metro Manila largely ignoring other urban centres. Growth in the urban economy of Metro Cebu has led to significant population movement into Cebu City from other areas in the province and the Central Visayas. Between 1980 and 1990 Cebu City grew by 122,527, an increase of 25% of its population over 10 years (NEDA, 1992). Thus it has experienced significant urbanisation over the last decade. Second, the recent promotion of export-led manufacturing spearheaded by the Mactan Export Processing Zone has made Cebu City an important location for business and tourism (DTI, Cebu City, 1991). Third, with only a fraction of land being developed through the formal sector, few studies have examined the nature of contemporary land alienation and its development. In Cebu City itself there is a general lack of knowledge not only as to the nature of land development but also the process of land occupation through informal channels. There is even less information as to the strategies and operations of land agents and how they act to develop government and private lands within the city.

Last, the proliferation of informal areas, with many experiencing extreme conditions of poverty demands a greater understanding of the relationship between access to land and the evolution of settlements within a city context. The recent economic development and the widespread growth of informal housing coupled with the dearth of research into informal land markets and settlement development makes it an ideal location for such a study.
Selection of the Study Settlements

Within Cebu City itself the selection of settlements was made on the basis of tenure, age, location and accessibility. The 5 sample settlements all occupied land for which the occupants had no formal title nor any agreement with the registered owner to occupy the site. These tenure conditions are common throughout the city. Three settlements occupying public lands (one on provincial land and the other two on national lands) and two occupying privately-owned lands to see if there was any noticeable differences between the types of land inhabited in terms of price or desirability.

The age of the settlements was important as it was possible to examine the evolution of a market for lands and the subsequent settlement development. It is important to note that all of the sample settlements were still undergoing considerable demographic growth and new housing development. This enabled a comparison to be made of the socio-economic characteristics of households entering the settlements and the pricing of plots. One settlement was established from the 1960s, two in the 1980s and two in the 1990s. In this way the four recently emerging settlements could be examined against the more established older settlement.

The location of the informal settlements was also considered an influential factor in the development of settlements. Therefore of the settlements emerging in the 1980s and 1990s, one of each of these was sited in a central or advantageous site in terms of land conditions, accessibility and scenic locations, while the other two were in less accessible sites and one in a foreshore location. The choice of site location is key to the understanding of the land market to examine the types of land being accessed by different socio-economic groups. One objective of the study is to see why settlements located at the foreshore continue to grow with newcomers while extensive informal land development is occurring around the city.

Sampling

To ensure that the sampling of households was random in each of the households a number of techniques were employed. In 4 of the 5 settlements a sketch map was made of the settlement detailing each of the structures present within the settlement. The structures were then numbered on the map and numbers selected at random by lottery
indicating which houses were to be surveyed. In every settlement a minimum of 25% of the settlement was surveyed, the exception being Duljo which due to its size, a much smaller percentage was interviewed.

In two of the more established settlements the community associations were able to provide simple subdivision maps which they had had drawn up indicating a rough guide to plot ownership. Although these provided a general plan to the settlement, many of the plots had been subdivided and thus contained two or more dwellings and owners or plots had been merged. A survey of the settlement was thus made superimposing the existing structures and plots on the plan.

The size of Duljo and the density of structures made sampling using maps more difficult. In this settlement the area was divided politically into 5 areas. In each of these areas 20 households were sampled. An estimate was made of the number of houses in each area and then the survey was conducted in every tenth or twentieth house depending on the number of dwellings present.

It was found that community listings were not useful in sampling communities because often members had sold their plots and were absent, or lists included members who although they owned a plot did not occupy the site. This caused much initial confusion and thus the survey was performed by sampling dwellings rather than named individuals.

**Questionnaires**

It is widely recognised that informal land markets are often unstructured and highly localised requiring in-depth micro-level research work. They can not be translated through economic principles alone but are often influenced by social and/or localised factors. These must be identified, witnessed and recorded to obtain a better understanding of a complex process justifying the use of household questionnaires and interviews with key figures and actors in the community. “While standardised land-market assessment data for neo-classical modelling are useful, they are only the first step to be complemented by more in-depth actor-orientated and local household survey type information, and they are not sufficient for any meaningful analysis that will promote sensitive policy formation” (Jones and Ward, 1994: 10)
a) Household Interviews

The details of socio-economic characteristics of the residents in different settlements and the histories of how they gained access to their plots is gathered through in-depth household surveys using a pre-set questionnaire. A total of 243 household heads or spouses were targeted as they are most likely to know the methods of original plot occupation and the transactions that took place. In most cases the female spouse was the interviewee as men were generally out at work while women could be found in or around the household. Furthermore weekends were included as important interview days as a respondent would be likely to be in or around the house on one of these days if absent during the week day. The questionnaire survey fell into 5 main sections (see Appendix 1). The questionnaire incorporated many interrelated questions on key points to check the consistency of answers. Therefore a detailed listing of household income was gathered followed by daily and monthly expenditure. If these two did not match, in other words if expenditure exceeded income the data regarding income would be reexamined to see if there were any further sources of revenue which may have been overlooked.

The interviews were conducted in Visayan with the aid of a Filipino research assistant. After a short time no English was used in the interviews and the assistant was able to ask questions while I recorded the responses.

b) Land Agent Interviews

The semi-structured interviews were targeted at the agents of informal land sales. As their activities are often opportunistic and unstructured they proved particularly difficult to identify for interview. Furthermore as the sale of government or private lands without the owner's consent is illegal and can result in imprisonment many of these agents were low-key and often reluctant to talk. Therefore these interviews had to be handled in an extremely sensitive manner.

Many of these agents were identified through the household questionnaire. Households were asked to discuss agents involved in the sale of the plot, again many respondents were not willing to implicate a sales agent. However through regular visits to the communities a degree of trust was established and 25 land agents were interviewed. The method of survey had to be extremely sensitive and the writing down of
information was often translated as taking evidence, resulting in the termination of
the interview by the agent. Therefore key question areas were agreed with my research
assistant prior to the interview and the interview was held as a discussion with no
writing involved. Directly after the interview the answers would be recalled between
my assistant and myself and recorded.

Agents who operated on a city-wide basis met in informal locations such as behind the
public market and in a coffee lounge in a down-town hotel. Agents who worked selling
plots within settlements informed us of their whereabouts and it remained for us to
make contact with them through frequenting their point of business. These interviews
were time-consuming and at times frustrating, but yielded some interesting results.

**Thesis Organisation**

The thesis contains eight chapters including conclusions of the research. This chapter
has outlined the main areas of research in informal land markets leading to the
conception of the study. Chapter 2 looks at the nature of economic development in
Cebu since 1986 to assess the business and employment achievements of the so called
"Cebboom". It focuses on the social consequences of the Cebu economic strategy for the
urban poor postulating that low minimum wages and rising prices of consumer goods
have reduced people's purchasing power especially for land and thus increased
poverty. In order to understand the current socio-economic structure of Cebu City
the chapter first looks at the history and growth of the city before and after Spanish
colonisation. Secondly the rise of trade and the role of emergent elite groups is
examined in the formation of the urban economy in order to understand more fully the
origins of the modern urban economy and the roots of the social imbalances inherent in
the city's structure.

Chapter 3 looks at the nature of land ownership in Cebu and describes how patterns of
land ownership have changed over time. It examines why and how an informal system
of land trading has evolved and the extent of informal land occupation in Cebu City today.
The chapter suggests that the trading of land use rights has its origins in the pre-
Hispanic notion of land ownership through use and occupation. In addition the highly
skewed patterns of land ownership common throughout Cebu has meant that most
Cebuanos are unfamiliar and/or cannot afford to operate within the formal system

therefore resort to the more traditional trading of land rights.

Chapter 4 looks at the physical growth of settlements in the city in the last decade. It examines the areas of growth within the city and introduces the 5 sample settlements used in the study. It draws on survey material to assess the socio-economic character of informal land users stipulating that demand for informal land extends beyond the urban poor to incorporate a broad range of income groups. It also examines other characteristics of the survey household in order to determine whether there may be overriding factors that may inhibit access to land such as migrant status, gender and so on. This chapter provides a background against which more investigation on land accessibility can take place not only within settlements but also between communities.

Chapter 5 looks at the different types of agents involved in a) the alienation and disposal of rural/agricultural lands and b) the second hand sale of plots and property. Second the chapter looks at the geographical stratification of different agents and their sale strategies. Finally the chapter examines the development of social relations in informal markets and the influence of such agents on the price of plots and the market itself.

Chapter 6 examines the evolution of a market for land within settlements and the secondary selling of plots. It outlines 4 stages of settlement development including; 1) initial conversion, 2) speculation and secondary selling of plots 3) displacement of lower income groups and 4) consolidation and service delivery. The main aim of the chapter is to examine the process of settlement development and how particular social groups influence the division and pricing of plots and to explore the implications of such behaviour on access to land, particularly for low-income groups. The chapter concludes by examining the outcome of middle income action on informal land markets within settlements and how this affects the overall socio-economic composition of settlements in different locations over time.

Chapter 7 uses empirical evidence from the sample settlements to examine the result of the informal plot trading on access to land for different income groups and the implications for settlement development and conditions therein. It uses a set of housing indicators to compare plot densities in terms of overcrowding, development of housing structures, access to services and general levels of poverty. This model has so far only been applied as a general indicator to housing conditions within cities but
not between settlements.

The final chapter draws together conclusions of the research and outlines policy implications and areas of future research.
1. A *gececondu* is the term commonly given to informal subdivisions in Turkey and the *emlakçie* is the informal development agent.

2. *Ejidos* is the term used for community lands in Mexico over which peasant communities have agricultural rights. Individual peasant farmers (*ejidatarios*) are not allowed to sell their land parcels, although they may be left to heirs. Although theoretically inalienable, these lands are regularly sold off by *ejidatarios* or elected leaders (Ward, Jiménez and Jones, 1994: 160).
Chapter 2

The History and Political Economy of Cebu.

Central Visayas

Introduction

The rapid economic expansion in many of the secondary cities in the last 30 years has provoked both interest and excitement within the Philippines. Not least of these is the city of Cebu located in the Central Visayas which since the mid-1980s has experienced substantial business development, increased export and manufacturing opportunities, and significant demographic and urban growth. Cebu City is not only a major secondary city in the country, but is also the historic and religious centre of the region. However the less publicised result of the "Ceboom" has been the significant rise in urban poverty, underemployment and the proliferation of squatter settlements throughout the city.

This chapter looks at the nature of the economic development in Cebu since 1986 to assess not only the business and employment achievements, but also the social consequences of the so called "economic miracle" for the majority of the city inhabitants, the urban poor. In order to understand the current socio-economic profile of Cebu City, the chapter will first examine the history and growth of the city, both before and after Spanish colonisation. Secondly the rise of trade, the role of the emergence of elite groups and local politics and their influence of the formation of the urban economy will be explored in order to understand more fully the historical origins of the modern urban economy and the roots of social imbalances which persist today.

Cebu: Before the Arrival of the Spanish

Geographically the island of Cebu consists of a long narrow strip of land about 220 kilometres long from north to south. It has a rugged interior with very few lowland plains even along the coast (see Fig 2.1). The early Cebuano communities relied on
Figure 2.1: Cebu, Central Visayas and its position in the Philippines
slash-and-burn agriculture and formed a very scattered and impermanent settlement pattern. In the 13th century the widening influence of foreign traders, both Muslim and Chinese, drew people from the hinterlands to the coastal areas for the purposes of trade. These communities were then characterised by sedentary agriculture, craftsmen and traders. Earlier forest clearance had led to deforestation and erosion rendering much upland area unsuitable for agriculture and the local population were forced to grow millet and corn as opposed to rice, a more common staple in the Philippines.

It is clear that within the pre-Hispanic Philippines a range of community social structures existed. The number and distance between islands allowed a number of different societies to coexist and many different dialects to develop. These societies included primitive "classless societies" such as the Mangyans in Mindoro or Negrito food gatherers as well as "warrior societies" characterised by a distinct warrior class such as the Subanon. In addition "petty plutocracies" which were dominated by a recognised class of rich men were exclusive to the Cordillera Central in North Luzon. Last, "principalities" were dominated by an aristocracy with local overlords with individual political office and a centralised political organisation (Scott, 1985).

In Cebu as in Luzon early societies were based along the lines of the "principalities model". However there is a consensus that there were some social differences between early Tagalog and Cebuano societies. Early Philippine communities were originally known as a barangay, which derives from bangay meaning a boat (the principal means by which groups travelled). The term barangay referred to a community of one or more extended families. Equally there may be multiple barangays in each village with separate leaders and members (Ramirez, 1984: 19). In the Philippines today, the term barangay is still used, meaning the smallest political unit within a city or municipality. Within the pre-Hispanic barangay, certain rules and conduct were expected. Leadership of the barangay fell to the oldest member of the kin group. Their authority was based on age and kinship as well as knowledge and experience of local lore. Disputes between barangay chiefs were settled by arbitrators known as agorangs or elders who were well vested in traditional or customary law (Jocano, 1975a: 175). The office of the Chief confused the Spanish chroniclers as although they had power to punish criminals, impose fines and collect tribute, they were reported as being weak. Two main reasons for this were that the power of the Chiefs was not absolute as disputes could be arbitrated and also barangay
members were at liberty to leave the barangay if they argued or disliked that particular unit. The indigenous Filipino society differed from other early societies such as the Aztecs or Incas in South America being seen by the Spanish as based more on respect and kinship rather than authority and fear.

There is much debate as to the exact nature and role of the emerging classes in early Filipino society. When the Spanish arrived they began chronicling the social and economic structure of the local population and decided that only two classes existed, the rulers and the ruled (Scott, 1985: 113). However study of other Spanish accounts indicates that the early class structure was certainly more complex and subtle than had first been suspected.

Pre-Hispanic Cebuano Class Structure

In Cebuano society three classes existed, the datu or Chieftain class, the timawa, freemen and the oripun or dependents. In addition to these social groups, sub-classes also existed.

The Datu

The Datu were the ruling class, (datu being the stem of the verb “to rule”). The role of the datu was to judge disputes and command in battle, undertaking to protect the community against opposing groups. In return the datu received domestic and agricultural services and a share of harvests as a tribute. Again his judgement in disputes may be contested and arbitrated by a third party who may be of a lower social class (Scott, 1985: 102). Scott (1985: 104) comments that the datu were liken by the Spanish to knights (como caballeros) as opposed to overlords. Descents of former datus or immigrating datus from other areas were known as Tumao or a second class of the first order, as opposed to the local Datus who were considered of pure descent. Many datus maintained “sandil” or concubines some of which were “binokot” (princesses of high rank captured in raids). The illegitimate offspring of the sandil had no inheritance rights and stayed within the household until the father's death when he/she was released. They became known as timawa or a third grade of the first order. Later on timawa took on a more general meaning as “ordinary Visayan” and of these, the released datus offspring were known as “ginoo” within this class. (Scott, 1985: 114).
The Timawa

The second class were known as timawa or free men and paid no tribute and alone performed no agricultural labour for the datu at least in the Visayas. They formed part of the battle party and helped the Datu in house building. In the absence of the datu the timawa were sometimes appointed as stewards. In return the timawa were allowed to feast with the datus and share in a privileged position of society. However the Spanish found that there was much variation within this class especially in the Visayas where timawa may be brave warriors or humble farmers depending on the settlement (Scott, 1985: 115).

The Oripun (Dependents)

The third order called oripun or "dependents" again had wide social variation from distinguished battle warriors and community officers to the lowest order of the oripun known as ayveys who were little more than chattel slaves. The oripun performed agricultural labour for the other two groups and paid tribute to the datu. Their position however within the oripun class depended on "acquired or inherited debt, commuted criminal sentences or victimisation by the more powerful" (Scott, 1985: 119). A dependent could become the property of a datu through capture, sale by relatives to wealthy individuals or could volunteer in times of famine in return for food. Crimes that could demote the social status of the oripun to ayveys were murder, adultery, theft, insulting or disrobing a woman of rank in public, passing through a field of a prominent person without asking permission or breaking a possession of a datu. For these crimes they were obliged to pay a fine in gold or jewels or become a dependent. If the fine remain unpaid at the time of death, both the debt and the social status were inherited by the children (Fenner, 1985: 25).

Although the ayveys could be bought and sold they were not like slaves in the western sense of the word. They were not treated with harshness or cruelty and were considered members of the family they served (Jocano, 1975a: 180). In many ways there are close parallels to the modern day Filipina "helpers" that work in Filipino households. Although they serve the household for minimal salaries they are considered family members and are often sponsored by the host family for education or training after a set period of service. In pre-Hispanic society many of the
children of the purchased or inherited ayuveys were cherished and raised like the master's children and usually set free on the master's death (Scott, 1985: 121).

In many ways the pre-Hispanic Filipino society was neither repressive or rigid as there was both much mobility and great tolerance between classes. Certainly in Visayan communities the oripun could escape bondage by military prominence, payment or flight (Scott, 1985:126). The dispersed and localised nature of early Philippine social groups had significant consequences for Spanish colonisation, as unlike the highly structured authoritarian societies in South America, it was difficult for the Spanish to usurp multiple indigenous leaders and introduce reforms throughout the region. The geographically fragmented nature of the Visayan society meant that in many areas the impact of policies from Spanish colonisers was not felt by many Cebuanos until much later on, allowing many of the traditional laws to persist. This is particularly significant for the traditional ownership and transfer of land which continued, and in some cases coexisted, with the newly introduced Spanish land laws. This will be discussed more fully in Chapter 3.

The Arrival of the Spanish: Impacts on the Local Economy: 1521

Magellan arrived in Cebu in 1521 to initiate Spanish colonisation of the Philippines. Soon after; he was killed by the local Chief Lapu-Lapu and it was not until 1565 with the arrival of Legaspi that the Spanish were able to settle in the Philippines laying the foundation for Spanish rule, until the turn of the 20th century.

At this time Cebu City could only be loosely defined as a city. It was known by its native name of "Sugbo" and it is estimated that the "city" population at this time was approximately 3500 (Jocano, 1975a:174). On the arrival of the Spanish, the main area of settlement was situated in a bay which formed a well protected port area and Cebu City was already "an important populous port town supported not only by its agricultural hinterland but linked by trade to other islands as well as Greater Asia itself" (Mojares, 1983: 5). Much of the Filipino trade consisted of almaciga gums, honey, fowls and gold, while the Chinese traded porcelain, jade and other materials (Jocano, 1975a: 170).

The Spanish instigated not only physical changes within the city, but also economic and
social changes throughout Cebu. They took advantage of Cebu's natural port facilities to establish an entrepôt trade between China and Mexico. In the absence of mineral resources or profitable agricultural crops, Cebu became a centre of trade and commerce forming an important link between Spain and other more wealthy Spanish colonies (especially Mexico). However the colonisation of the Philippines was not achieved without local resistance. This, coupled with the demographic and economic disorientation that followed the arrival of the Spanish and the ecological poverty of the island, "deprived the parasitic population of a few hundred Spanish of a deep and steady resource base" (Mojares, 1985: 11). During much of the subsequent Spanish colonisation, the Philippines was often seen as a losing venture by the Spanish and plans to jettison the colony were only deterred by the strength of the religious orders who defended the colonisation for religious and, later on, economic reasons.

Cebu was thus drawn into the Spanish political orbit and for 200 years the Spanish economy of entrepôt trading and the Filipino economy of subsistence agriculture and barter ran separately. In many cases the Spanish monopolised the original Cebuano trade links and further weakened the indigenous economy through the enforced extraction of tribute, corvée labour and the forced sale of crops (Roth, 1977: 32). Cebu's traditional commercial links with the Malay world declined and eventually broke down completely during the 16th century. As Fenner notes "Elements of pre-Hispanic Cebuano religion and society persisted throughout the Spanish period. On the other hand, the commercial status of the port of Cebu proved to be more vulnerable to Spanish policy since its prosperity was built on a fragile economic base that depended on the maintenance of commercial contacts with Asian traders" (Fenner, 1985: 31).

Economic decline was further accelerated during the 17th century when Muslim raiders in search of plunder and slaves from the emerging Christian settlements further restricted inter-island trade in particular between Cebu and Manila. "By the middle of the 17th century Cebu had become a commercial backwater apparently unattractive to both Cebuanos and Spaniards" (Cullinane, 1983: 252). The city did not fully recover economically until the first half of the 19th century, but before that the city of Cebu experienced major physical changes which were to provide the basis for the city's future social and commercial form.
When the Spanish first arrived in Cebu it appeared as little more than a scattered collection of houses where "no one could survive without barter and trade" (Delgado, 1892: 62). On arrival the early Spanish colonisers were highly influential in designing and planning the emerging structure of the city. The city of Cebu was designed using the traditional urban form of the street grid pattern with the church, the convent, the marketplace, the schoolhouse and the Tribunal as the central points of activity as well as monuments to Spanish domination. Archeological evidence shows that the early settlement area of Cebu City covered around 6 hectares and was bounded by the present day streets of Magellenes, Juan Luna, Manalili and Martires forming the contemporary central core of the old town (Fig 2.2).

From an early time the Spanish organised the construction of residential areas in Cebu City with strict ethnic segregation of the Spanish from the native indians. "Whereupon Legaspi proceeded to mark out land for the fort and Spanish town, assigning the limits by a line of trees....All outside this line was to remain to the Indians, who could build their houses and till their fields' After ordering the natives to go to the other side of the line which he had assigned to them, and the Spaniards within the line ... the governor passed from one part to the other, cut certain branches, and said that in his majesty's name he took and he did take possession of that site...and in token of true possession he did perform the said acts" (Mojares, 1983: 10). It is interesting to note that trees and bamboo poles are still used as boundaries marking out informally owned plots in settlements for the present research.

The Spanish had effectively separated themselves geographically from the indigenous population and proceeded to channel funds into the building of churches, religious sites and grandiose edifices for the colonial administration. The social and economic segregation between ethnic groups became inherent in the built environment and planted deep roots of inequality based on ethnic divides which are still present in Cebu City today. In 1760, Guillaume Le Gentil's account of the city highlighted the growing economic disparities between the colonisers and the indios which became visible within the urban form. He noted that, "The city of Cebu - which really should not be called a city - is an assemblage of a few miserable huts, as are all the native dwellings. On the other hand, the convents are magnificently built. They have immense living quarters used by two or three persons only. This is like all the
Figure 2.2 Map of the Port Area of Cebu ca. 1742

Sites indicated are: (1) Fuerza de San Pedro, (2) Quarteles y Casa Real, (3) Iglesia y Colegio de la Compañía de Jesús, (4) Iglesia S. Juan Bautista de Parian, (5) casa de Cabildo, (6) Casas Episcopales, (7) Catedral, (8) Iglesia y Convento de Sto. Niño, (9) Iglesia y Convento de la Concepción and (10) Parian de los Sangleyes.

convents of the Philippines - seven or eight times bigger than is necessary for the number of people who live in them" (Mojares, 1983: 16).

The native "piled dwellings" which were recorded in the sixteenth century are still inherent in Cebu's settlements today and are commonly called "barong-barong". This traditional native dwelling is constructed of light materials and suspended on bamboo poles one to five feet above the ground in order to encourage cooling of the house through air circulation, avoid rodents and also because of damp or flooding in riverine and foreshore areas. The houses are square or rectangular consisting of a single room and an open porch at the front or rear of the house called the pantaw or batalan. The space underneath the dwelling or silong is used where suitable for storing farming implements, goods, crops, pigs or chickens. The roof is made of nipa thatch, using bound nipa leaves. There are usually no ceilings or partitions in the house to maximise air circulation throughout the dwelling for coolness.

Due to the economic decline of the city during the 16th century and 17th century the physical development of the city was interrupted and the number of Spanish residents declined. In fact throughout the Spanish rule Cebu City was contained and remained relatively small until 1800 (Cullinane, 1983: 254).


During the 17th and early 18th centuries, the economic decline had made Cebu an uninviting destination for the Spanish and in effect, "Cebu had ceased to be a Spanish city" (Cullinane, 1983: 255). The main Spanish influence at this time came from the Friars who used this period to consolidate land holdings and wealth around the city. The Friars were for a long time the colonial administrators involving themselves in judicial and bureaucratic affairs in addition to their purely religious duties. In the absence of a strong Spanish presence within the economy, an emergent elite developed based on Chinese merchants who established themselves as a powerful economic group and have maintained their position in Cebu up until the present day. The Chinese form a relatively small group within Cebu, but have exerted more economic and political influence than almost any other social group. In the mid 18th century their only rivals for power were the provincial governor, the bishops and the
influential members of the locally based religious order, particularly the Augustinians (Cullinane, 1983: 257).

The Chinese have deeply rooted historical links with Cebu as they formed some of the first trading partners in the region before the arrival of the Spanish. Many settled in Cebu City to establish trading posts for commerce within the local Philippine economy. It is claimed that the success of the Chinese in trading, not only in Cebu but throughout the Pacific Rim, is that "they created the internal commercial ties of these economies and were involved in all sectors of trade from importing down to peddling in the most remote regions" (Goldberg, 1985: 16). Thus in Cebu they were able to take advantage of its location and commercial economy to exploit trading opportunities in an organised and commercial way unlike their indigenous trading rivals.

In the mid 18th century Cebu City could be divided roughly into 3 districts: the Chinese quarter of the city located in the Parian which formed a small district adjacent to the city proper, the city proper or the old Spanish city which had become a native quarter and the Lutaos which formed a "sprawling" area incorporating both Cebuanos and the descendants of the Lutaos¹ (Cullinane, 1983: 255) (Fig 2.3). The Parian continued to be occupied by Chinese and Chinese mestizos² although the Chinese population declined during the economic depression. The 1834 tax records estimate that the population of Cebu City at that time was 10,078 which consisting of 1300 Chinese mestizos, six Chinese, 150 Spanish and Spanish mestizos and the rest being Cebuanos. In addition the records show that there were 325 Chinese mestizos paying tributes³ which formed a quarter of the total tax paying population of the city, and 75 percent of these mestizos lived in the Parian (Cullinane, 1983: 257). This data highlights the economic prominence of the Chinese mestizo community and their geographical concentration in a single compact area of the city. In comparison, approximately two-thirds of the city's population consisting of predominately indigenous Filipinos, paid only 500 tributes and lived in the downtown Lutaos area.

The mestizos were a close knit group forming business deals and marriage ties within the community itself. Records show that within the Parian mestizos, an exclusive elite emerged composed of approximately 30 wealthy families, comprising 10 percent of the Parian mestizo population. By the 1820s Muslim raiders were quashed and Cebu regained its economic advantage for trade between the Visayas, Luzon and northern Mindanao. Documents illustrate how the mestizos were in a prominent
Figure 2.3 Cebu City, and its Districts, ca. 1880

position to take advantage of such an upturn, and in particular the mestizo elite, who had established businesses as the owners of the inter-island trading vessels, as well as stores and warehouses (bodegas) in Parian. The latter acted as retail and wholesale merchants throughout the Cebu trading area and Manila, and sponsored domestic trading voyages for the distribution and collection of a wide variety of commodities (Cullinane, 1983:258). The mestizos consolidated their wealth by providing critical trading services at a point of economic growth. It is important to note that the mestizos were commercially selective and that land acquisition and speculation did not form part of their investment portfolio. However during the mid-19th century the Cebuano economy underwent a series of changes which placed greater emphasis on land acquisition especially among mestizos and elite groups.

The Expansion of Cebu's Agricultural Economy 1840-1890

The introduction of cash crops into Cebu Province and the expansion of its export trade had three major effects. First, it attracted wealthy ethnic groups into Cebu interested in investment, thus expanding the ethnically concentrated elite group. Second, it fuelled the interest of elite groups in land acquisition both in rural and urban areas. Third, it nurtured more direct international trading links into Cebu whereas before Cebu had channelled much of its trade through Manila.

In 1840 Cebu Province expanded its production of cash crops, principally sugar and abaca, to meet growing global demand. Increasingly global markets for sugar made it an attractive business with rising profits which could not be ignored by the urban based merchants. This prompted the mestizo and urban elite groups to purchase large agricultural tracts of land in order to produce sugar and control its export.

"Prior to the 1840s, the towns in the Province appear to have been relatively economically self-sufficient. The gradual shift on the part of some Cebuano families from subsistence agriculture to an export form of economy drew the towns on the east coast more closely into the economic orbit of Cebu City while cash advances from urban speculators created new economic links between the city and the countryside" (Fenner in Mojares, 1985: 22).

The nature of agricultural investment and the impact of such massive land purchase in the Cebu economy is more fully discussed in Chapter 3. However it is important to acknowledge that the evolving market for sugar lands and the consequent development
of the Cebu City port area for crop exports from Cebu as well as the surrounding sugar lands such as in Negros, fuelled interest in Cebu's urban sites and led wealthy *mestizos* to acquire plots within the city itself. This resulted in the concentration of land ownership within the hands of a minority elite not only in the countryside but also in the city.

In 1850 Cebu City had an active port with a booming inter-island trade as the centre for sugar production and export. From 1863 onwards exports of sugar and hemp to U.S. and British commercial houses grew. Throughout the late 19th century, the Spanish community was reestablished in Cebu and a more multi-ethnic elite became apparent. "Cebu's ethnically cohesive elite of the mid-century had transformed by the 1890s into a multi-ethnic aristocracy. In spite of a declining emphasis on ethnicity, it is nonetheless essential to stress that it was an elite with *mestizo* roots (both Chinese and Spanish); very few of its recognisable members can be classified as purely Cebuano or *indio*" (Cullinane, 1983: 277). In fact very few native Cebuanos had been able to participate in Cebu's expanding agricultural trade due to lack of capital, land and opportunity and had effectively become "a commercially anonymous group" (Mojares, 1983:25).

Geographically Cebu had established trading links with the U.S and Europe and relied less heavily on commercial activity in Manila or in channelling goods through Manila's port. Cebu had become an independent trading power and this was to prove significant in Cebu's development in the 20th century, forming the basis of its economic strategy from the mid-1980s onwards towards greater commercial independence from the Philippines. As Cullinane, (1983: 284) ventures to point out "Clearly export agriculture had promoted regional autonomy, not national integration".

**Cebu City: Economic Decline and Resurgence in the 20th Century**

The highly inequitable social structure based on land ownership and commercial monopoly remained largely intact during the early 20th century apart from the rapid withdrawal of the Spanish in the late 19th century, and the accession of the USA as colonial ruler. The next major economic upheaval and disruption in Cebu City occurred during the Second World War. In 1942 the Japanese invaded and occupied the Philippines including Cebu, until its liberation by the Americans in 1945. After the war,
"Like Manila, Cebu was in ruins. The city was devastated twice, first on the eve of the Japanese invasion in 1942 and then with the American bombing in the liberation of 1945...In 1946, Cebu was a small, ugly and overcrowded city, with pitted roads, ruined buildings, swarms of beggars and colonies of squatters. At the waterfront were makeshift gambling dens and bawdy houses posing as bars and restaurants. Amid the stockpiles of copra and corn, beggars and street urchins scavenged. Nearby in the shanties of Murio-Murio district, was a flourishing flesh trade. Profiteers, smugglers of cigarettes, guns and opium and armed criminals infested local society in the postwar years. Such was the social disorganisation in the war's aftermath that sections of the bomb-scarred city were a no-man's land after dark" (Mojares, 1986: 26).

From this time on the city made a slow, but steady economic recovery undergoing major structural and economic rebuilding. The emergence of key political families and groups within Cebu played a crucial role in the development of the city. However the nature, style and objectives of Cebuano politics are usually more complex than first appear. The emergence of political groups and individual figures as well as their policies will now be examined to provide further insight into the nature of urban growth in Cebu.

The Emergence of Cebuano Politics in the 20th Century: The Political Elite

The American administration established a democracy styled on their own political system. Elections were first held in 1903 to elect provincial governors, followed by further elections in 1907 and 1916 to elect the Philippine Assembly and the Senate respectively. Local regional elections were later introduced to elect city mayors and councillors although the position of mayor remained an appointed post until 1955.

The early Philippine government style may have been democratic in design, but not in structure. The requirements of literacy and considerable capital reserves ensured that all the emergent political figures were from a wealthy elite background (Grandea, 1992: 3). In this way the evolution of a democracy was viewed as contradictory as it was controlled by the wealthy local elite groups and brought few social or economic benefits to the majority of poor Filipinos. Instead it served to consolidate and empower an already advantaged elite Philippine group. In 1969, a study showed that 74% of senators and 55% of representatives clearly belonged to the two highest social
strata (Abueva, 1969: 268). "More important, the Americans preserved an economic structure which assured the political primacy of the elite. In real terms, then, what the "Filipinization" of the government in the early years of the century meant was the formal consolidation of elite rule in the country" (Mojares, 1986: 153). This could not have been more true than in Cebu.

The local Cebuano politicians came almost entirely from the 19th century mercantile and land owning elite. These families viewed politics as an opportunity to generate business, to control regional resources and to consolidate their already substantial wealth. In reality the political arena also became the perfect stage not only for gaining economic advantage but also acquiring power over rival elite families.

In Cebu two such rival elite families emerged to dominate local politics: the Cuencos and the Osmeñas. Both these families owned substantial property and business enterprises in Cebu and in addition had benefitted through trading during the Japanese occupation of the Philippines. Between 1912 and 1950, Mariano Jesus Cuenco ran for public office in Cebu ten times and lost only once (Mojares, 1986: 27). However, Cuenco was beaten in the Cebu elections by the young "Serging" Osmeña in 1951. Serging was to control Cebu as Governor and later Mayor until the early 1970s when he lived in exile as an opposition figure against Marcos. Both the Osmeña and Cuenco families are still prominent political families in both local and national elections and hold the political power base within the region. In fact John Osmeña and Emilio "Lito" Osmeña the previous Cebu Governor ran for Senate and vice-presidency respectively in the 1992 national elections. "Lito" Osmeña's wife ran for the Cebu Governorship and it was rumoured that in the event of her election, he would in fact continue to rule the Province through a puppet administration. Events showed that both Lito and his wife failed to secure the vote, losing the Governorship of Cebu to "Tingting" de la Serna. Politics in the Philippines then as now is based on personalities rather than policies.

The Political Process, A Contradiction to Urban Development

The nature of elite politics and the electioneering process has introduced a political system based on the acquisition of money and power creating a style of government which by its nature prevents equitable social and economic growth and also hinders long term urban development planning channelling funds into short term projects.
Characteristic traits of Filipino politics can be clearly seen within the Osmeña administration in Cebu. Serging Osmeña used public office to channel government contracts into Osmeña-owned companies, thus squeezing out opposition companies and increasing his own personal wealth. This was exposed in 1962 in the Cebu Reclamation Project which aimed to construct a marginal linear wharf of 2,200 metres and reclaim a total of 161 hectares. The company contracted to complete the work was Essel, Inc, owned by Serging himself. Serging also controlled the flow of finance to the project by becoming president and chairman of the Cebu Development Corporation established to guide the development and raise funds (Mojares, 1986: 111).

Aside from channelling contracts to politician's companies, regular electioneering has also hindered urban development in Cebu. Cebu City itself forms the heartland of the Cebuano electorate as well as the intellectual and political nerve centre of the region and has thus historically attracted the most intense and competitive electioneering within the Central Visayas. Campaigns are financed on contributions, levies on businessmen, candidates' own personal resources, and the manipulation or misappropriation of public funds (Mojares, 1986: 77). Vote-buying is an expensive process and constitutes a major misuse of public funds. In addition the use of "Pork Barrel" is an essential electioneering strategy in the Philippines. This involves the implementation of public works projects immediately before elections, which is in effect another form of vote buying. The use of "pork-barrel" is a recognised electioneering technique, formalised through Republican Act No. 1411, Public Works Act 1955-1956 and with subsequent acts. In Cebu, Serging also used "violence, image manipulation, and fraud .... in a range of available resources, to be used according to circumstances and need" (Mojares, 1986: 79).

Although the "pork barrel" often allows a redistribution of resources, it is used as a form of political manipulation and concentrates on short term projects just prior to elections. This hinders long term urban development planning, squandering large amounts of money needed for more complex structural projects such as housing, domestic water supply and primary health care. "Such a culture generates a politics of quick returns, personalistic leadership, and visible impact projects. Fund dole-outs, public works and "pork barrel" are the common idiom of political exchange" (Mojares, 1986: 159).
Aside from the local election process, Cebu itself is second to Manila as a political centre, because it controls the vote for the whole of the Central Visayas and northern Mindanao. Thus politicians who have emerged from Cebu have often used their local popularity as a springboard for higher political aspirations, constantly manipulating local resources into projects or policies which, although not necessarily a priority for Cebu, gain national recognition. Such projects include the bridge connecting Cebu mainland and Mactan, reclamation projects, the Port expansion and the new international airport which have all received acclaim. More mundane urban development issues such as the growing squatter problem, refuse collection and so on have largely been ignored in Cebu City.

The competitive nature of elitist Philippine politics has proved disastrous for equitable social and economic development, especially at the regional level. In Cebu as in other cities, politicians have squandered limited resources for their own financial gain and political aspirations (Grandea, 1992: 5). In short the political system has been much to blame for the widening of income disparities between social groups due to the under investment in much needed social provision, especially in Cebu City. Mojares (1986: 129) states that "With the periodic election contests among the elite dominated factions and machines, Philippine politics squanders limited resources, induces crisis, and digs for itself (and for the People) an even deeper grave". It is with the legacy of social underdevelopment and increasing urban poverty that Cebu City entered the new era after Marcos. In the 1980s new policies aimed at dispersing investment to the regions enabled many of the secondary centres such as Cebu to develop. This geographical shift of investment in the Philippines is the basis of Cebu's recent economic development and growth promising job opportunities and social rewards. Cebu's regional development will now be examined further within the national context.

**The Philippine Economy: The Need for New Investment Destinations**

At the end of the Marcos era the Philippines was suffering from high inflation, widespread social disillusion and the legacy of substantial foreign debt. Financial mismanagement and questionable politics over a number of years has placed the Philippines in an economic and social slump from which it has been hard to recover. Domestic industry has suffered from a lack of investment for expansion and there has
been limited modernisation of infrastructure and services. The Martial Law years
nurtured a highly centralised administration with the majority of investment, public
funds and aid being channelled into Metro Manila itself or favoured regions such as
Ilocos, the birth place of the Marcos family. Many of the regions have suffered from a
lack of much needed national investment and interest. In particular, regional
opposition centres such as Cebu were doubly blighted. In 1986 the People Power
Revolution swept the Aquino party into power and with a revised constitution brought
renewed optimism for real socio-economic change.

A new constitution and government attracted renewed confidence in the Philippines as
an investment base leading to a rapid increase in national GDP \( \text{from} \) 1986 to 1988 from
2% to 7.2%. This was short lived, however, since GDP in 1990 had fallen to 3.9%
and sank again to 0.6% in 1992 (EIU, 1993: 3). In addition, double digit inflation has
persisted climbing from 8.7% in 1988 to 18.7% in 1991, this has subsequently
dropped to 8.9% in 1992 (EIU, 1993: 3). The declining value of the peso coupled
with high interest rates has actually inflated foreign debt which stood at $26 billion in
1986 ballooning to US$ 29 billion in 1992, despite repayments of over US $18
billion over the last five years. Debt repayments have continued to dominate the
domestic budget as in the 1989 budget, 43.9% was allocated to debt servicing, while
only 19.2% was channelled into social services. In 1990, debt servicing payments
had reduced to 37% of the national budget, however there was still only 3.3% for
health and 14% for education (Pineda-Ofreneo: 1992:1). In January 1992 there was
little sign of change as President Aquino agreed that 37% of the year budget should
remain for debt servicing, one third of which goes to foreign loans (Mangahas and
Pasalo, 1994: 244).

Industry and business have tended to concentrate in Metro Manila. However
inadequate social and infrastructural investment has resulted in Manila becoming a
highly polluted, congested and sprawling city making it undesirable for investors and
residents alike. A bid to promote regional growth and a move away from import
substitution policies was supported in the 1980s with renewed interest in the four
newly created Export Processing Zones (EPZs) and sixteen Industrial Estates (IEs).
This move combined with the objective of minimalising regional disparities resulted in
a government supported shift of investment away from Metro Manila and Luzon to the
rest of the country. The EPZs in Mactan Cebu, Cavite, Bataan and Baguio have acted as
growth poles for subsequent small scale investment and manufacturing industries and
have been instrumental in attracting further international investors away from the capital region. Although Metro Manila continues to be the single largest recipient of internal migrants and produces over 30% of the country's GDP, secondary centres in the Philippines, such as Cebu, Davao and General Santos City have displayed remarkable economic and population growth rates over the last decade signalling an alternative economic strategy and new investment trends within the country.

Urbanisation in the Provinces

The continued failure of rural agricultural reform coupled with the promotion of urban based industrialisation has resulted in rapid demographic growth in Philippine cities. In 1960 only 30% of the population lived in urban areas, this rose to 39% in 1985 and had reached 48.6% by 1990 (ADB, 1989: 8, USAID, 1992: 1-2). The rural-urban shift is particularly pronounced in the secondary cities which have experienced dramatic population increases. Between 1960-1970 six secondary cities grew at an average annual rate of 5%, with the highest growth rate of 6.32% recorded in Mandaue City, part of Metro Cebu (USAID, 1989: 75). In 1992, USAID reported, "More significantly, urban households in "other urban areas" outside the national Capital Region (NCR) increased by 90.67% over the last ten years - an astounding figure" (USAID, 1992: 1-2).

Employment opportunities and stark wage differentials between urban and rural areas have contributed to the continued flow of migrants into the cities. Employment patterns have likewise experienced a shift away from agriculture into manufacturing and service sectors. In 1958, 58% of the labour force was employed in agriculture and 26% in manufacturing. By the 1980s, only 52% of the labour force was employed in agriculture and 33% in manufacturing (ADB, 1989: 3). By 1990, 77.2% of the country's GDP was generated through the industrial and service sectors emphasising the importance of urban based industrialisation within the national economy.

In the bid to boost economic development through the promotion of industry many cities have experienced rapid population growth causing considerable strain on resources such as housing, infrastructure and services. Cebu in particular has moved to market itself as a manufacturing base and tourist centre. Although Cebu has become an economic growth pole within the fragile Philippine economy it has experienced considerable social problems. The robustness of Cebu's economic
performance and the social gains experienced are highly questionable and will now be addressed.

**Ceboom: The Economic Miracle? 1986 Onwards**

In Cebu a new economic strategy was introduced in 1986 by the then governor, Emilio "Lito" Osmeña and the City Mayor Tommy Osmeña. Later this became known nationally as Cebu's economic miracle and showcased Cebu City and the region as the Philippine's development success story. Cebu had devised a modern independent economic plan and the commercial autonomy it nurtured in the 19th century resurfaced. In fact Cebu's success cannot be attributed to its position as the third biggest city in the Philippines, but through its disassociation with it, advertising itself as "Cebu, an Island in the Pacific" to avoid the usual trepidation that the mention of the Philippines brings to travellers and businessmen.

It is relevant to note that the city of Cebu forms the focal capital city in Cebu Province. It is part of a larger metropolitan area which consists of Lapu-Lapu City and Mandaue City to the east as well as the municipalities of Cordova, Compostela, Liloan, Consolacion, Talisay, Minlanilla and Naga; Metro Cebu to the west includes Toledo City and Balamban (Fig 2.4). As the economies of the cities and municipalities within the metropolitan area are closely interlinked, it is important to assess the wider economic development in Metro Cebu before concentrating on Cebu City itself.

Cebu like many secondary cities in the Philippines has concentrated its economic strategy on the promotion of manufacturing and assembly industries targeted at foreign investment companies within Southeast Asia itself, principally Japanese, Taiwanese and Korean businesses. The flagship to Cebu's export led economy has been the Mactan Export Processing Zone (MEPZ) located on Mactan Island within Metro Cebu. MEPZ like many other EPZs offers foreign companies tax incentives, relatively low set-up costs, large sites, and most importantly the guarantee of a plentiful supply of cheap labour with a fixed minimum wage. MEPZ was established in 1986 with just 8 firms. As of August 1991, MEPZ had a total of 42 manufacturing firms (DTI, 1991: 35). Types of manufacturing within MEPZ include camera and watch assembly, rattan furniture and ceramic production as well as assembly of semi-conductors, machinery, garments and so on. In 1986 MEPZ employed over 3000 employees, rising to 12,000 in December 1990 and 16,000 in 1992 (DTI, 1991: 36). MEPZ export sales in the
Figure 2.4: Metro Cebu
first semester of each year grew from $US 77.82 M in 1990 to $US 105.19 M in 1991 (DTI, 1991: 37).

However the importance of MEPZ has been overestimated in the Cebuano economy both in terms of revenue and employment. Although export profits appear high, these do not translate directly into local funds. According to the Foreign Investment Act, 1991, foreign investors are allowed to own 100% of their business outlets in the Philippines with high repatriation of profits and a host of tax and duty exemptions. Thus it is unlikely that a significant proportion of export revenue is returned to the local economy except through wages which are pegged at the minimum wage level. Exports generated from MEPZ account for only 30% of total exports for Cebu Province per year (Datalinks, 1992: 2).

Export Sales within the wider area of Metro Cebu principally include more small scale shellcraft and jewellery manufacture as well as seaweed products and prawn farming (Table 2.1).

Table 2.1: Top Gross Export Sales in 1991 for Cebu Province

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Export Sale (in US $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Copper Concentrates</td>
<td>119.12M</td>
</tr>
<tr>
<td>2. Semi-Conductors</td>
<td>91.84M</td>
</tr>
<tr>
<td>3. Watches</td>
<td>74.69M</td>
</tr>
<tr>
<td>4. Rattan Furniture</td>
<td>64.61M</td>
</tr>
<tr>
<td>5. Frozen Shrimps</td>
<td>30.02M</td>
</tr>
<tr>
<td>6. Handicraft</td>
<td>23.90M</td>
</tr>
<tr>
<td>7. Carrageenan</td>
<td>23.12M</td>
</tr>
<tr>
<td>8. Stone-in-laid Furniture</td>
<td>18.74M</td>
</tr>
<tr>
<td>9. Garments</td>
<td>18.32M</td>
</tr>
<tr>
<td>10. Shellcraft</td>
<td>13.45M</td>
</tr>
</tbody>
</table>

Source. DTI, 1991: in Datalinks, Vol 1, No 2: 3

In addition the structure of factory labour in MEPZ is gender-biased, in that employers favour young unmarried women for assembly work because they are
considered dexterous, disciplined and hard working.

The Economic Development of Cebu City

Although MEPZ has spearheaded much of the literature promotion for Cebu, the majority of businesses, employment and urban population are centred in Cebu City as the focal city in Metro Cebu and indeed Cebu Province. "Cebu City's role as the urban core and the central business district for the Metropolitan area, its sphere of influence throughout the Visayas and Mindanao as an institutional, cultural, commercial and transport centre; the presence of a vigorous private enterprise and a strong middle class; and a stable peace and order situation catapulted Cebu City as Premier City of the South with a considerable economic potential" (DPD: 1992: 11).

National economic reports have widely publicised the rapid commercial and business development experienced since 1986 within Cebu, naming it "Ceboom". As the capital city of the region, Cebu City has been at the heart of the Province's economic success. The Daily Inquirer, a national Philippine newspaper reported:

"Cebu's star continues to rise. Statistics proclaim a new age of prosperity for this major Philippine island. New businesses have cropped up with an incredible 935% upswing in registered investments. Indeed this has propelled Cebu into becoming the Centrepiece of the country's programme for economic development...The renaissance of sorts that Cebu is going through is a result of an unwavering determination to do well and help out in nation building. It has found the magic formula of success and it makes no secret about it. Instead it has showcased its achievements as a testament that things can be done. Without doubt Cebu has blazed its way toward being the Philippine's new hope for prosperity. Indeed the answer to what the new economic order should be is: Cebu".8

Cebu City's economic base consists of small scale manufacturing industries such as handicraft, rattan and buri furniture, shellcraft jewellery and so on. In addition Cebu City is the centre for business and services activity including financial services, real estate and public sector departments. Figures show that the types of businesses that experienced the greatest increases are; manufacturing which rose from 606 businesses in 1987 to 934 in 1991, amusement clubs, bars and cocktail lounges which increased from 47 to 135 over the same period, shipping lines and carriers and printing and publishing (DPD, 1992). These figures show that many of the new
businesses introduced from 1986 have been related to the two main growth industries in Cebu City, manufacturing and tourism.

Recent growth has not only been in manufacturing and tourism but in associated industries such as the sex trade (Chant and Mcllwaine, 1999) and drug dealing (Mangahas and Pasalo, 1994: 253). Shabu has replaced marijuana as the most common drug in Cebu City as it is grown in Cebu province while being sold and exported through the port in Cebu City.

The rapid economic growth experienced in Cebu City cannot be attributed to any one factor. However the political partnership of Lito Osmeña as Governor and Tommy Osmeña as Mayor (1986-1992) formed an alliance intent on business generation aimed at luring the Asian investor to Cebu and avoided the usually intense political rivalry between the mayor and governor of a province. In addition Cebu has advertised widely its self-acclaimed asset of labour and entrepreneurialism. In reality Cebu has managed to provide an educated labour force at inexpensive rates. For many of the other Asian economies, Cebu with its transport links, its agreeable political climate and its cheap labour force has been an ideal manufacturing base.

Closer analysis of the Cebu commercial success story however reveals a less robust economic picture with questionable social benefits. Many of the economic indicators published by the DTI are ambiguous or biased. Figures boasting a healthy growth in MEPZ exports for example from US $70.6 million in 1988 to US$ 77.82 million in 1990 in the first semester, fail to reveal high levels of imports so that in reality, the trade balance in 1990 was just US$ 58.01 million.

Cebu's reliance on an export-led economy has serious structural flaws. From 1986-1988, Cebu's exports averaged 15% growth rates per year, however these declined rapidly in 1989 and continued to decline in the early 1990s (See Fig 2.5). This was largely the result of a slump in the consumer goods market due to the recession in western economies such as the United States and Europe. The dependence of Cebu on export-led growth has left the local economy particularly vulnerable to such downturns in international consumer spending which in turn threatens to undermine the city's industrial base.

For Cebu City it is difficult to isolate the actual urban or metropolitan economic
Figure 2.5: Export growth rate. Cebu vs. National Average

Source: NSO, BETP
growth rate and arrive at a figure which may be compared to other secondary cities in the Philippines. National data on regional growth show that the Central Visayas, (Region VII), like other regions, has indeed experienced an economic upturn. GDP by region (at constant prices) showed that in 1981 Region VII generated P6,999 million, dropping to P 6,476 million in 1986 and rising in 1989 to P8,086 million. This represents a 15% increase over 9 years or 1.7% p.a. compared to 27% in Southern Mindanao, 27% in Northern Mindanao (3% p.a. a piece) and 20% in Central Mindanao (2% p.a.) over the same period. Equally, regional GDP figures show that its regional percentage of national GDP, only rose marginally from 7.27% GDP in 1981 to 7.55% in 1989 (NEDA, 1992). These figures would suggest that the Cebu "economic miracle" may be more hype than reality.

A further point to stress is that the sharp rise in economic growth in Cebu occurred immediately after the 1986 elections and then tailed off. One explanation is that the immediate change of national policy promoted renewed optimism and confidence in the Philippine economy for investors. However what should also be considered is the impact of the vast amounts of political spending during elections. In the 1988 local Cebu elections there were 571,597 registered voters for the 5 cities of Cebu, Mandaue, Lapu Lapu, Danao and Toledo. The allowable expenses per candidate for each voter was P1.50 and there were 319 candidates competing in the National and local elections. If it is assumed that P1.50 was the average expenditure, this would have meant an injection of P272,509,164.5 in the Cebuano economy. Equally in the 1992 elections there were 410,150 registered voters in Cebu City alone. Allowable expenses per candidate for each voter was P3.00 and 151 candidates ran. Again this means that P185,797,950 (approximately US $7,431,918 using an average of US$= P25, 1992) was potential incorporated into the local economy. This would indeed influence local economic indicators and could be falsely interpreted as economic or employment growth (COMELEC, Regional Office, Cebu City, 1992).

The Social Consequences of Cebboom

Demographic Change

The regional publicity that Cebu has promoted to attract investors and businessmen alike has had two particularly negative impacts for Cebu City: the first being
increased rural-urban migration with little or no increase in the public provision of goods, and second, rising urban inflation on consumer goods, particularly land. In an economy founded on low wage structures, the proliferation of urban poverty is inevitable.

Cebu City has continued to experience steady population growth as rural-urban migration and national increase have boosted urban population from 490,281 in 1980 to 610,417 in 1990, an increase of 24.50% (Census, 1980 and 1990). Other areas within Metro Cebu have also experienced dramatic growth rates. Between 1980 and 1990, for example, Mandaue increased its population by 63%, Lapu-Lapu City by 48% and Consolacion by 50.3% (NSO Census, 1980 and 1990).

Table 2.2  Population Growth, Cities and Municipalities in Metro Cebu, 1980-1990

<table>
<thead>
<tr>
<th>City/Municipality</th>
<th>Total Population</th>
<th>Actual Pop</th>
<th>Population Increase</th>
<th>Population Increase %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cebu City</td>
<td>490,281</td>
<td>610,417</td>
<td>120,136</td>
<td>24.50</td>
</tr>
<tr>
<td>Compostela</td>
<td>17,504</td>
<td>22,006</td>
<td>4,502</td>
<td>25.72</td>
</tr>
<tr>
<td>Consolacion</td>
<td>27,454</td>
<td>41,370</td>
<td>13,916</td>
<td>50.32</td>
</tr>
<tr>
<td>Cordoba</td>
<td>16,455</td>
<td>22,331</td>
<td>5,876</td>
<td>35.71</td>
</tr>
<tr>
<td>Lapu-Lapu City</td>
<td>98,723</td>
<td>146,194</td>
<td>47,471</td>
<td>48.09</td>
</tr>
<tr>
<td>Liloan</td>
<td>30,196</td>
<td>42,587</td>
<td>12,391</td>
<td>41.04</td>
</tr>
<tr>
<td>Mandaue City</td>
<td>110,590</td>
<td>180,285</td>
<td>69,695</td>
<td>63.02</td>
</tr>
<tr>
<td>Medellian</td>
<td>28,641</td>
<td>34,184</td>
<td>5,543</td>
<td>19.35</td>
</tr>
<tr>
<td>Minglanilla</td>
<td>38,504</td>
<td>50,875</td>
<td>12,371</td>
<td>32.13</td>
</tr>
<tr>
<td>Naga</td>
<td>45,831</td>
<td>60,425</td>
<td>14,594</td>
<td>31.84</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>904,179</strong></td>
<td><strong>1,210,674</strong></td>
<td><strong>306,495</strong></td>
<td><strong>33.89</strong></td>
</tr>
</tbody>
</table>

Between 1980 and 1990, Cebu City absorbed approximately 40% or 120,136 of the total population growth of the metropolitan area, and by 1990 contained 54% of the total population of Metro Cebu.
The 1990 census stated that the city of Cebu had a population growth rate of 2.26%, however this figure has been disregarded by the Department of Planning and Development (DPD) as being grossly underestimated. The DPD have stated that "using the previous official census figures to compute the city's growth trend came out with a growth rate of 3.15% as projected, therefore the city of Cebu should have a population of at least 670,000. These figures do not include the "floating population" composed of out-of-town students, commuters and transients. They could be as much as 25% more of the city's bona fide residents" (DPD, 1992: 19).

Additional evidence from the 1992 electoral register endorses the DPD's claim that Cebu's population and growth rate are underestimated. The census office shows a city population of 631,000 and a voting population of 340,910. However Cebu City Comelec records show a registered population of 402,150 or 63.7% deviating widely from the usual 53% registerable population (Etemadi,1992: 9). Aside from a minimal number of flying voters, double registrations and so on, this would suggest that Cebu City's population is greater than official census data.

**Wage Levels and Employment**

One of the principal causes of migration is the perception of better job opportunities and higher wages. Unfortunately neither of these are being adequately met in Cebu City. Although employment rates for Cebu City are high, this conceals high underemployment and unemployment figures (Table 2.3). Despite a supposed booming economy, Cebu has the highest unemployment rate (12.4%) in the Central Visayas (Mangahas and Pasalo, 1994: 253). Between 1991 and 1992, rates of under and unemployment in Cebu City rose sharply from 16,000 to 30,000, an increase of 87.5% and those unemployed increased from 42,000 to 55,000, an increase of 30.9% (NSO, 1991 and 1992). However during the same period the numbers of people employed rose only marginally by 5.5% from 218,000 to 230,000 signalling that economic development is not able to absorb the available labour force.

Of those formally employed in Cebu City the highest minimal daily wage level was set at P110, approximately US$ 4.40 (US$=P25, av. 1992 rate) for a class A, non-agricultural worker. Minimum wage levels vary according to the type of employment and location. Even though minimal wage levels seem low, many firms pay below the level set. A study conducted by the Department of Employment and Labour in 1992,
<table>
<thead>
<tr>
<th>Province/City</th>
<th>Total Pop.</th>
<th>15 and Over</th>
<th>In the Lab. Force</th>
<th>Lab. Force</th>
<th>Part-time Rate</th>
<th>No. Employed</th>
<th>No. Underemployed</th>
<th>No. Unemployed</th>
<th>Employ. Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region VII</td>
<td>2,949,000</td>
<td>2,963,000</td>
<td>2,058,000</td>
<td></td>
<td></td>
<td>69.7%</td>
<td>1,762,000</td>
<td>1,840,000</td>
<td>68.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>590,000</td>
<td>682,000</td>
<td>181,000</td>
</tr>
<tr>
<td>Cebu</td>
<td>1,131,000</td>
<td>773,000</td>
<td>775,000</td>
<td></td>
<td></td>
<td>69.5%</td>
<td>699,000</td>
<td>687,000</td>
<td>199,000</td>
</tr>
<tr>
<td>Bohol</td>
<td>506,000</td>
<td>372,000</td>
<td>384,000</td>
<td></td>
<td></td>
<td>64.3%</td>
<td>346,000</td>
<td>361,000</td>
<td>174,000</td>
</tr>
<tr>
<td>Negros Oriental</td>
<td>646,000</td>
<td>467,000</td>
<td>496,000</td>
<td></td>
<td></td>
<td>76.7%</td>
<td>437,000</td>
<td>457,000</td>
<td>169,000</td>
</tr>
<tr>
<td>Siquijor</td>
<td>55,000</td>
<td>36,000</td>
<td>41,000</td>
<td></td>
<td></td>
<td>74.5%</td>
<td>34,000</td>
<td>40,000</td>
<td>22,000</td>
</tr>
<tr>
<td>Cebu City</td>
<td>404,000</td>
<td>260,000</td>
<td>285,000</td>
<td></td>
<td></td>
<td>79.8%</td>
<td>218,000</td>
<td>230,000</td>
<td>16,000</td>
</tr>
<tr>
<td>Mandaue City</td>
<td>116,000</td>
<td>75,000</td>
<td>76,000</td>
<td></td>
<td></td>
<td>65.5%</td>
<td>65,000</td>
<td>64,000</td>
<td>12,000</td>
</tr>
</tbody>
</table>

Source: NSO, 1991 and 1992

<table>
<thead>
<tr>
<th></th>
<th>Underemployed Rate %</th>
<th>Unemployed Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>1992</td>
<td></td>
</tr>
<tr>
<td>33.1</td>
<td>37.07</td>
<td>9.2</td>
</tr>
<tr>
<td>28.4</td>
<td>32.0</td>
<td>6.5</td>
</tr>
<tr>
<td>15.8</td>
<td>54.03</td>
<td>6.8</td>
</tr>
<tr>
<td>36.7</td>
<td>42.67</td>
<td>6.4</td>
</tr>
<tr>
<td>64.7</td>
<td>75.0</td>
<td>4.9</td>
</tr>
<tr>
<td>7.5</td>
<td>13.04</td>
<td>16.3</td>
</tr>
<tr>
<td>19.1</td>
<td>7.81</td>
<td>13.3</td>
</tr>
</tbody>
</table>
revealed that out of a surveyed 577 business establishments, only 56.9% were complying with minimum wage payments, 32% were in violation and a further 11% were family owned with unrevealed wage levels (DOLE, 1992). It is also well known that large retail outlets such as Gaisano regularly pay their staff below the minimum wage requiring them to sign two payroll receipts, one with the minimum wage and the other with the lower actual amount received. Employers such as Gaisano are powerful businesses in Cebu City and non-enforcement of minimum wage levels or inspection by the Department of Labour amounts to a covert compliance of such practices by the government. Equally many of the small scale manufacturing businesses such as shellcraft jewellery employ home based workers who are paid just a few pesos a piece so that even if employee works a 8 hour day the salary may not reach the minimum wage.

Within a growing urban economy such as in Cebu, low wages have meant that urban poverty has risen and income differentials between the rich and poor have widened. In 1985 in Region VII, the poorest 30% of all families received just 9.2% of total family income, while the top 30% received 64.1%. By 1988 the situation had worsened as the bottom 30% received 8.8%, while the top 30% received 64.5% of the total family income (NEDA, 1992: 190). In the city the disparities between these two groups are brought together in vivid contrast particularly in terms of housing conditions, as discussed later in the text.

The problems of low wages are further highlighted by the recent urban inflation on consumer goods in Cebu City. Between 1980 and 1990, consumer prices in Region VII had increased 72.2% an average of 7.2% per anum (NEDA, 1992: 196). In Cebu City inflation was considerably higher especially for housing and land, (see Chapter 3). The disjunction between urban wages, unemployment and increasing living costs have created enormous social problems in Cebu City. Many families even in formal employment cannot afford basic goods such as shelter, secure land tenure, education and health care. This has prompted the new Governor of Cebu, Vicente de la Serna (elected 1992) to comment that "the situation has become so serious that nurses and teachers in Cebu had fallen below the poverty line. Few people can now afford to buy a house or flat because of soaring property prices....The common man is not enjoying this boom" (Bociurkiw, 1992: 6).
Public Sector Policy

With a growing urban population and a competitive economic regional strategy, public funds for public sector provision have been stretched. On examination of regional programmes and policies it is evident that the government has concentrated support for services targeted at economic production, rather than social services resulting in a bias towards water, transport and power projects as opposed to health, housing and social welfare.

In a confidential mimeo the Province list its economic, social and political objectives for the period, 1988-1992. These projects include infrastructure, industrialisation of growth centres, industrialisation of agriculture and natural resources, fiscal reform, education and health. Fiscal reforms include reduction in direct taxation and increases in indirect taxes, whilst privatisation of education is encouraged. The structure of the economic agenda has no provision for the urban poor. In fact privatisation of education, transport and increases in indirect taxes would lead to a rise in the price of socially necessary goods and thus increase urban poverty. Under the social policy agenda, only one objective is listed, "Emphasis on broadening the middle class, the most productive sector of our economy" (Provincial Government Mimeo, 1992: 1).

Conclusion

Cebu's determination to succeed as an economic base has meant that it has had to compete not only with other countries in the region such as Indonesia, Malaysia and Taiwan, but also with other centres in the Philippines causing a "double competition" for investment, and an added impetus for state intervention in keeping labour cheap through low minimum wage levels and non-enforcement of legal rates. A further result of such intense competition has been that local revenue and development plans have been channelled into servicing production needs such as ensuring a regular power supply, adequate water and upgraded infrastructure, while consumption demands for land, housing or public services have received only low priority. This has created a dichotomy of development, i.e. industrialisation built on the creation of poverty, which is prevalent in cities in many other capitalist countries, both in the First World and the Third.
*New forms of urban concentration of the working class in industrial areas, the intensity of the consumption of labour power in the process of production, and the living conditions of the working class create for that class, social needs relating to housing and sanitary provisions (among many other things). But these social needs are not spontaneously transformed into solvent demand, because of the mode of the determination of the level of wages....So there is no spontaneous answer to such needs by the "market" i.e. capitalist commodity production; or there is only a very restricted one, which is both quantitatively and qualitatively unable to ensure the reproduction of the labour force* (Preteceille, 1991:3).

High urban growth rates maintain an inflated labour supply which allows the continuance of low wage structures. However the reproduction of such a labour force can only be sustained when basic services can be acquired below formal market value. It is the informal market for land which will now be examined more fully.
Notes to Chapter 2

1. Lutaos were Samals from coastal Mindanao and Sulu. In the early 17th century a sizable group settled in the coastal marshland area south of Cebu. This area was known as Lutaos, but by the 19th century the area had been mostly reclaimed and was occupied by Cebuanos (Cullinane, 1983: 286).

2. The Chinese mestizo refers to a person of mixed parentage, usually of a Chinese father and a Filipina mother. It is claimed that this group enjoyed particular economic advantage within the Cebuano economy as they inherited commercial opportunity from their fathers and a Philippine-Hispanic-Christian culture from their Filipina mother (Cullinane, 1983: 257). They were thereby able to move easily within both the Spanish, Chinese and Philippine social groups for the purposes of commerce.

3. A tribute refers to a tax paying unit which usually consists of one family.

4. Don Mariano Cuenco had business interests in transportation, shipping, hotel and apartments, printing, nightclubs and pawnshops. Their main business was the Bisaya Land Transportation Corp. (BLTC) which was established in 1936. In the post-war era they paid P100,000 yearly in taxes and employed more than 1000 people. By 1959 the BLTC owned and operated seven coastal vessels and more than 140 trucks throughout the Central Visayas and Northern Mindanao (Mojares, 1986).

5. Sergio (Serging) Osmena was the son of Don Sergio Osmena who was President of the Philippines 1944-1946 immediately after liberation from Japanese occupation.

6. "Pork Barrel" is derived from American politics and was originally the custom of American plantation owners in the south who used to hand out charity portions of pork from a barrel to their slaves (Mojares, 1986: 77).


9. For Region VII, minimum wage levels vary according to location and type of business activity, a Class A worker being paid the highest and Class C the lowest.

Class A: refers to the cities of Cebu, Mandaue, Lapu Lapu and the municipalities of Cordova, Compostela, Liloan, Consolacion, Talisay, Minglanilla and Naga.

Class B: refers to the localities in Region VII comprising of the cities of Toledo, Danao, Tagbilaran, Dumaguete, Bais and Canlaon.

Class C: refers to anywhere in Region VII not specified in Class A or B.

Equally employment categories also determine minimum wage setting so that non-agricultural workers, are paid higher daily rates than say service, handicraft or agricultural employees. (Department of Labour and Employment, Region VII; 1991).
Chapter 3

Land Ownership: its Perceptions and the Evolution of an Informal Land Market

Tales saw the stream of sweat watering his furrows, he himself ploughing under the hot sun, bruising his feet under the stones and roots, while this friar had been driving about in his carriage with the wretch who was to get the land following like a slave behind his master. No, a thousand times no! First let the fields sink into the depths of the earth and bury them all! Who was this intruder that he should have any right to his land?"

From "El Filibusterismo" or "The Reign of Greed" by Jose Rizal (1896: 26)

Introduction

In the 1990s cities in all parts of the world, particularly developing countries such as the Philippines face some of their greatest economic and indeed social challenges, not least of which is the availability and administration of land, critical not only for economic growth, but also broader social needs such as the provision of shelter. As stated in the previous chapter, the Philippines has experienced rapid urban population growth not just in Manila but also the secondary centres such as Cebu, Davao and General Santos City. Shelter needs and appalling housing conditions can no longer be ignored if economic growth is to be sustained. Central to the shelter crisis is the issue of access to urban land for low-income groups. Land ownership throughout the Philippines has been concentrated in the hands of a minority elite established during the Spanish colonial era, which has acted to exclude indigenous groups from land ownership. More recently, rapid urbanisation has accelerated demands for residential, commercial and industrial land, pushing land values up and forming a highly competitive market within which the lower income groups are at a serious disadvantage, forcing them to obtain land through informal channels. The nature of informal land delivery and the mechanisms of land trading have become fundamental to understanding urban land development and in many cases form the basis of city development itself. Cebu City is no exception as 58% of the city's population rent or informally occupy land (UNCHS, 1992).

Much research in developing regions, especially Latin America, has proved that
informal land trading is not uncommon: urban plots can be bought and sold outside the legal system (see Angel et al., 1987, Baross, 1986; Baross and Van der Linden, 1991, Ward, 1982). In the Philippines, the trading of "use rights" forms the basis of the informal land marketing, the crucial argument being that this encompasses a more long-standing Philippine perception of land ownership which can be traced back to pre-Hispanic land tenure systems. This is particularly interesting as it suggests that informal land delivery may be influenced by social and cultural aspects as well as economic factors suggesting a heterogeneity among informal land delivery systems in different countries and/or cultures. In order to clarify this argument, it is helpful to explain how patterns of land ownership have changed over time and how the concentration of land and its recent manipulation within Cebu City has played a major part in a burgeoning system of informal land delivery.

The Origins of Contemporary Land Holding Patterns in Cebu City

The formation of "Friar Estates" in Cebu

Little is known about the nature of pre-Hispanic land ownership in the Philippines and even less in Cebu itself. However it is clear that the concept of private property as introduced by the Spanish intruders was certainly alien to the indigenous Filipinos (Putzel, 1992: 44). Notwithstanding the limited data available on the nature of traditional land tenure systems, this section attempts to trace changing land ownership patterns in Cebu from the arrival of the Spanish until the present day.

As discussed in Chapter 2, when Legaspi landed in the port of "Sugbo" in 1565 the Spanish set about transforming the city in order to take advantage of its commercial and trading position in Southeast Asia and to establish administrative offices within the city. Spanish soldiers and clergy were awarded lands as bonuses for service to the Spanish crown and continued to consolidate their land holdings around the Cebu City port area. Distance from Spain, coupled with the lack of mineral or agricultural resources, limited the number of Spanish inhabitants travelling to the Philippines. However the monastic orders persisted in creating settlements in the Philippines in their determination to bring economic, social and religious guidance to the indigenous population. Given limited financial support from the Spanish, the clergy attempted to generate wealth through land acquisition and the imposition of tenant farming. The
Jesuits and Augustinians were the first to begin acquiring farm land in the Philippines principally through purchase or donation. The friars then charged peasant farmers tenant fees to stay on their own land. This provided a steady source of income to the Church, the clergy being well suited to the patient task of estate management, and the vast tracks of land that were accumulated right up until the 19th century, became known as the "Friar Lands" (Roth, 1977: 44).

At the end of the 15th century, the principal land owners in and around Cebu City were the Augustinians followed by the Jesuits and Recollects. The religious orders adopted a range of techniques to acquire land from the peasant farmers. These included "royal bequest and later......purchase, donation, trickery, foreclosure of mortgages and outright usurpation" (Putzel, 1988: 26). Land purchase was aided by the indigenous ruling datus, known in the documents as principales, (see Chapter 2) who capitalised on the Spanish interest in land through the sale of communally-owned lands in Cebu. Fenner (1988: 42) writes that "The principales like other members of the elite in Southeast Asia, did not possess the legal right to alienate the land. Nevertheless, they appropriated communal lands under their jurisdiction in order to take advantage of the new situation and sell land at a profit to the Spanish".

By the beginning of the 19th century, the fertile hinterland running 20 kilometres to the north and south of the Cebu port area, which comprised the best agricultural soils was owned by the Spanish religious orders. The Augustinians, the largest land owning groups, possessed two large estates consisting of more than 9,000 hectares while the Jesuits possessed smaller estates in Mandaue (Cullinane 1983: 255).

The indigenous Filipinos were forced to lease the land back from the friars at inflationary rates. In turn, the tenant was free to sub-let the land or allow sharecroppers to farm plots, creating a mélange of tenure situations in agricultural areas. The injustice of the religious acquisition of Philippine lands is illustrated by Rizal (1896) in his famous and controversial book "El Filibusterismo: The Reign of Greed", which describes this process through a fictional character, Telesforo (Tales). Rizal writes how Tales and his family clear away some thick woods situated on the border of a town to cultivate, which they believed to belong to no one.
"But when they began to harvest their first crop a religious corporation, which owned land in the neighbouring town, laid claim to the fields alleging that they fell within their boundaries, and to prove it they at once began to set up their marks. However, the administrator of the religious order left to them, for humanity's sake the usufruct of the land on condition that they pay a small sum annually - a mere bagatelle, twenty or thirty pesos.... Another year passed, bringing another good crop, and for this reason the friars raised the rent to fifty pesos.... When the rent had risen to two hundred pesos..he murmured and protested. The friar administrator then told him that if he could not pay, someone else would be assigned to cultivate the land - many who desired it had offered themselves. (Rizal, 1896: 24,25,26).

The Friar Estates in the Philippines were the subject of much debate and criticism by Spanish officials. Ciriaco González Carvajal, the first director of the Economic Society of the Friends of the Country established in 1781, strongly supported the purchase of Friar Estates by the Crown in order to sell them to the Filipino cultivators or, failing that, the lease of lands to the farmers in emphyteusis (a perpetual, hereditary lease with a small rent). After the expulsion of the Jesuits in 1790 Carvajal hoped that the Jesuit lands might be distributed to the occupants. Instead they were auctioned to the Spanish and Chinese mestizos with little or no redistribution to the occupants on many of the Friar lands (Roth, 1977:51).

Aside from their rural land holdings in Cebu, by the end of the 17th century the Augustinians owned more than one-fifth of lots in the city proper, constituting the largest group of urban land owners. In 1820, amid economic depression, they were able to increase their urban land holdings to one-quarter of all urban lots by acquiring land from the departing Spanish merchants and businessmen. The friars were by far the single most powerful group in Cebu at this time, not just through their material wealth, but also socially, through tenant control, and morally, by religious doctrine. "By the 1820s the Augustinians administered the Parishes surrounding Cebu, possessed the largest estates in the Province (including those encircling the city), owned much of the best urban property, enjoyed Cebu's largest church complex, and administered the cult of the Holy Child (Santo Niño) the most popular image in the Central Visayas" (Cullinane, 1983: 261).
Agricultural Expansion in the Province: The Hacienda Estates. 1834 to the late 19th century.

Although the Friar estates accumulated substantial tracts of land, these were predominately within Cebu City or its environs, spreading south to San Nicolas and north to Mandaue. Further out, there was little or no Spanish interest in land purchase and thus traditional land holdings and informal land ownership continued well into the Spanish colonisation. "Economically, the towns remained self-contained units geared to subsistence agriculture and had limited economic links with Cebu City: social change like economic change, was minimal in the countryside" (Fenner, 1985: 60). However in 1834, Manila's port opened up to foreign trade, creating opportunities to develop commercial links with world markets for agricultural crops. Throughout the country and especially in Cebu, cash crops were cultivated and tenant farmer estates were transformed into haciendas.

During the 1840s, Cebu's hinterlands and most of the surrounding lowland areas were turned over to sugar cultivation, which was subsequently shipped to Manila for export (Cullinane, 1983: 268). Later on sugar was exported directly from Cebu to the U.S. and Britain. The substantial profits generated by the sugar trade encouraged the Cebu Chinese mestizo and Spanish merchants and traders to invest in agricultural lands beyond the city's environs. "For the first time in the 1840s the commercialisation of sugar led the mestizo elite of Cebu's Parian to acquire substantial agricultural lands. At the same time the rapid development of the port of Cebu also encouraged wealthy mestizos to acquire land in the city proper" (Cullinane, 1983: 269). This marked the shift of Cebu's wealthy merchant families into the land market as a new and lucrative source of revenue and power. Many of these original families form Cebu's landed elite today. The earliest landed interests of the mestizo and Spanish community were directed at the prime sugar land nearest to Cebu City, mainly the Banilad, Talamban and Mandaue religious estates. However the rapid growth of the sugar estates pushed beyond the realms of the Friar lands into Cebu Province itself, penetrating new indigenous areas. As well as sugar there was also provincial expansion in tobacco and abaca after 1860. To manage these new hacienda estates, young members of wealthy families moved into provincial settlements associating themselves more with the local elite and asserting power at a regional level, particularly in Carcar and Mandaue (Cullinane, 1983: 269).
The *mestizos* were able to acquire plots from peasants occupying Friar lands as well as from individual peasant farmers, using similar techniques as the Friars two hundred years earlier. For small scale individual farmers in outlying areas of Cebu province, the *mestizos* offered credit to provincial land owners using a type of mortgage known as a *pacto de retrovento*. This set out strict terms of agreement, whereby if the farmer failed to repay the debt or more commonly was unable to deliver an agreed quantity of sugar or other products, the land reverted to the moneylender and the original owner automatically became a tenant. In the case of the religious estates, the *mestizos* sought to purchase leases from the tenant farmers, "through purchase or through the indebtedness of the cultivator" (Cullinane, 1983: 269). Thereby the *mestizos* acquired only the usufruct rights to the land. This created a complex set of land relations as the prior occupants remained on the land as tenants under a new leaseholder, while the lands remained formally the property of the seminary. This in many ways marked the beginning of a institutionally acceptable separation of land rights between owner, lessee and occupant creating the complex layering of rights which is common in Cebu today.

There is much speculation as to why the tenants sold their usufruct rights to wealthy families; perhaps some sought to escape from labouring on the estate, others simply needed quick cash, while undoubtedly some would have hoped to recover their rights at a later date. Moreover, Fenner (1985: 93) explains that "the sales represented a second stage in the development of tenancy. Now the actual cultivator leased the right to farm a piece of land from a second party, rather than directly from the church". He describes this process as an important stage in the evolution of land tenure relations and indeed illustrates that the trading of use rights in land became an acceptable and common mode of land transfer at an early stage, a point which is developed later in this chapter.

However one of the greatest impacts of the hacienda period in Cebu's history was that it prompted the rapid purchase of land among a concentrated elite group and marked the beginning of a formal land market which effectively alienated and excluded the majority of the peasantry. "But above all, the export crop economy increased the value of the land and the desirability of owning as many hectares as possible. The religious order and other Spanish landowners, the native *principales* and the rising class of Chinese *mestizos* all took advantage of the various land laws to dispossess ignorant and poor peasants of their small plots" (Putzel, 1988: 28).
From 1863 onwards, many landowning families started to accumulate substantial land holdings in the city as well as the agricultural areas. This was not simply for occupation, but increasingly for investment and speculation. "Investment in land and property became an almost universal preoccupation of the leading city merchants, whether mestizo, Spaniards or later immigrant Filipinos. By the 1880s there were very few indeed who did not possess a number of urban lots, houses, warehouses and stores in the city, and agricultural lands in the provinces" (Cullinane, 1983: 270). These imbalances in land ownership have persisted into contemporary Cebuano society as the only way in which a majority of native Cebuanos have been able to own land especially in the city, is through informal land ownership rather than legal registration.

Prior to 1870, land ownership was not formally endorsed by a comprehensive legal system and much of the colonial legislation regarding land was confused and contradictory. The land owning class recognised their vulnerability and sought to legalise their position through the introduction of a programme of land survey and title registration (Fast and Richardson, 1979: 37). However the landowners who had financial power and who understood the legal system were able to manipulate it against the traditional indios "who found themselves increasingly pauperised and dispossessed of their land by a legal system they did not understand and did not accept" (ibid).

On the eve of the Philippine revolution in 1899 there were 31 friar estates occupying 215,000 hectares, valued at over US $16 million and supporting 160,000 tenant workers (Fast and Richardson, 1979: 38). The extent of private land interests from the wealthy Philippine families penetrated even deeper then the extensive Friar lands. It is relevant to highlight that in the mid-late 19th century, many of the mestizo families were also able to purchase Friar lands. Most noteworthy, is the case in 1851 whereby the Zobel-Ayala family purchased a former Jesuit hacienda outside Manila which today forms the nation's central business district and some of the most expensive land in the capital, namely Makati (Putzel, 1992: 47). This is particularly salient as the Ayala family also constitute one of the richest and most powerful landed families in the Philippines and are now a prominent real estate purchaser and developer in Cebu City, with the recent acquisition and development of the prestigious Cebu Business Park in Apas (Keike, 1993).
Post-Hispanic Land Relations in Cebu City

In 1902, the Philippine Commission under the new U.S. administration passed a law calling for the issuance of "Torrens titling" covering all private and public lands. However titling of land was voluntary and involved costly plot survey for registration; as such until 1910 only large land holdings received titling. "The Torrens system of registration which introduced judicial issuance of land title was not availed of by many farmers for reasons of economic strife or simple ignorance" (Cruz, 1989: 18). In 1910, the Friar Land's Act attempted to redistribute some of the lands accumulated under the religious orders, however it was only the wealthy who had the knowledge and resources to take advantage of such a scheme and thus the Friar estates passed from one landed elite to another, namely the local Filipino elite families and U.S. corporate investment interests such as Del Monte in Mindanao (Putzel, 1992: 53). In fact, between 1903 and just before World War II, the incidence of tenant farmers increased from 16% to 35% of the farming population in the Philippines as landlords consolidated their economic and political power (Putzel, 1992: 55).

During World War II and indeed through to the post-war period, Cebu suffered an economic downturn and a stagnation of the land market. Many Cebuanos acknowledge that during this time, land transactions were infrequent and the land holdings of wealthy families remained intact right up until the mid-1980s when the new Aquino administration encouraged regional development within the Philippines leading not only to a renewed economic interest in Cebu City, but also its land.

Contemporary Land Ownership, the Formal Land Market and the Formation of an Informal Land Delivery System

The Real Estate Market and its Political Links in Cebu City, 1986-1992

One of the most interesting and indeed controversial aspects of Cebu's economic strategy is the role played by the urban real estate market to promote "Ceboom". The operations and behaviour of the land market are more complex than initial appearances and involve not only an economic analysis, but also a greater understanding of
contemporary social and political relationships and their roles within Cebu's recent land development. The political manipulation of the land market, coupled with strict regulation of land development has made land increasingly unaffordable for the urban poor, as discussed below.

In 1987, an integral part of Cebu's economic strategy was the promotion of urban real estate through the sale of "provincial lands". The Province at that time held 4027.354 sq. km in Cebu City itself amounting to approximately 408 lots (Cebu Provincial Government, 1992). The Provincial Governor at that time was Emilio "Lito" Osmeña who was a keen realtor and businessman and established a quango called "Cebu Property Ventures". This company was to promote economic enterprise by advising incoming businesses on the availability of local sites, government finance and other support. Ong Vaño, Cebu's most influential realtor stated in an address at the Cebu Realtor's conference in 1992 "he (Osmeña) sees Cebu as a valuable piece of real estate, ready and ripe for development into an industrial and commercial haven and a better place to live for its people" (Ong Vaño, 1992: 2).

Sales of key provincial land holdings were aimed at attracting national and international businesses to invest in Cebu. It was anticipated that provincial land sales would stimulate real estate and in so doing, generate wider economic development as well as employment. However the nature of the public land sales, the strategic timing of sales and high reserve prices were in part to blame for the massive land price rises which occurred in Cebu City in the late 1980s.

According to regulation, public lands must be sold through public auction. The first province-owned lot to be sold was a commercial site in Fuente Osmeña, located in the middle of the main shopping precinct in uptown Cebu. A holding price was set at P5,000 per square metre. This was well above the market value for the site at that time and although the lot was released for public bidding twice, the retention price was never reached. A third attempt to sell provincial land does not have to involve public bidding, but can be sold by private negotiation. Soon after, the lot was sold to an unknown Hong Kong based company called Glow. Laks. Ents Ltd, who offered the asking price of P10,353,000 for the lot. It was rumoured that on investigation the company was bogus and that the sale of the lot led back to the Provincial government itself. This particular sale marked the beginning of a real estate boom fuelled by speculation and government intervention in the market. As Ong Vaño comments: "In 1988, a
commercial lot located along Fuente Osméña, was sold for P5,000 per square metre. Today a client of mine is offering to buy the same lot at P30,000 per square metre, a 600% increase in value. But the owner is not selling" (Ong Vaño, 1991: 3).

The most influential provincial lot sale was a 45 hectare site, formerly the Club Philippine Golf Club, along the Talamban Road. The site was purchased by the Manila based Ayala lands company in 1988 for redevelopment into the Cebu Business Park. However the high price paid for the site by Ayala, P550,709,586 (Provincial Government, 1992) triggered a leap in residential and commercial land prices setting a precedent for further land sales, and resulting in the rapid rise of land values in Cebu City. As Ong Vaño (1991: 3) states, "In September, 1988...Club Filipino de Cebu.....was asking a minimum ceiling price of P450.00 per sq. mt, as it was at that time the current market value at the time... But Ayala bought the said property at the price of P1,233.00 per square metre....In 1986 a land located within the vicinity of the now Ayala's Cebu Business Park commanded only a price of P400.00 to P500.00 per square metre. Now the asking price is from P10,000 to P15,000 per square metre, a staggering P3000% increase".

The sale of provincial owned lots leading to the inflation of Cebu City's land market is not unexpected where the main landowners are the politicians and the businessmen. Many of the elite families own substantial tracts of land and have much to gain from a politically instigated real estate boom. The Osmeña family alone have vast land holdings in and around Cebu City. At the time of Don Sergio Osmeña's death in 1961, the Osmeña lands were evaluated and listed as; 238 parcels of land and 13 buildings and warehouses in Cebu City, Makati, Carcar, Carmen, Aloguinsan, Barili, Borbon, Sibonga, Danao and Argao. The land-holdings totalled 1,743 hectares with an assessed value of P1,784,320. These included 70.5 hectares of real estate in Cebu City and 1,672 hectares of agricultural lands in the towns of Cebu Province (Mojares, 1986: 100). Thus the political manipulation of public land sales leading to the real estate boom enabled many of the wealthy Cebuano families to profit from plot sales and speculation in a highly inflated land market.

The partnership between real estate and politics is neither unique nor new to Cebu City. Land deals, sales and the political manipulation of land for profit within the city form part of the political spoils of public appointment. A well documented case of such land dealings occurred in 1955 when Serging Osmeña offered family land for the
construction of the Capitol building (provincial government headquarters) and the supporting road building projects. As compensation Osmeña laid claim to province owned lots within Cebu City valued at P359,580 and in addition profited from the appreciation of value to other Osmeña-owned property in the Capitol area (Mojares, 1986: 69). A similar case occurred in the 1980s when a public road was built due north west of the city penetrating the mountain area directly behind the city. This road passed through much Osmeña-owned land and even passed the Provincial Governor's own house (see Fig 3.1). Consequently many agricultural lands lining the route were purchased by wealthy businessmen. It was rumoured that the businessmen were able to purchase plots for just a few pesos a square metre from the de facto farmers in the area, only later obtaining the titles of these high value lots through the appropriate channels.

Land Use Regulation and Constraints in the formal land and housing market

Land Development

Aside from price, a further problem hindering the delivery of residential lands is the lengthy and expensive planning regulation involved in land development. This creates considerable supply side constraints in land delivery, further driving up prices in the formal market. Permits for formal land development require clear titling, up-to-date payment of land taxes and submission of detailed plans for approval involving a number of government offices, public fees and considerable expense.

Between 1980 and 1990 the total number of households in Cebu City rose from 88,770 to 114,708 representing an increase of 25,938 households, or an average of 2594 per year. However application for simple subdivision projects for formal land development over a three year period shows that between 1989 and 1991, a total of 731 projects were issued license to sell permits generating a mere 2090 lots covering an area of 181 hectares. This is an average of 696 lots per year, or an approximate rate of land development of 60 hectares per year (HULRB, 1992). If it is assumed that on average one household will occupy one lot, then this shows that there is a shortfall of approximately 2247 lots per year which means that around 76% of demand for land has to be met outside the formal system or absorbed into the rental sector.
IRO-ULO

WHY IS THIS LOT SO EXPENSIVE? IT COST MUCH LESS A WEEK AGO.

WHERE HAVE YOU BEEN ALL THIS TIME? DON'T YOU KNOW THAT PRICES OF LOTS GO UP BY HUNDREDS OF PESOS...

... EVERYTIME CAPITOL OFFICIALS BRAG ABOUT CEBU'S PROGRESS? AND THEY TALK ABOUT THE BOOM EVERY CHANCE THEY GET.

By BOBONG ANCO
Urban land development has not only been inhibited by market failure, but also physical constraint. Cebu City covers an area of 32,800 hectares of which up to 85% has been classified as steep slope and/or mountainous, constraining development within a thin coastal strip. Of the 80 barangays in Cebu city, 49 are classified as urban consisting of 5,672 hectares or 17% of the total city area. Land use conversion of agricultural lands for residential, commercial or industrial usage has been grossly inadequate. Between 1989 and 1992, 62.12 hectares were recorded as approved and pending for land use conversion in Metro Cebu, of which only 18.49 hectares were located in Cebu City (Department of Agrarian Reform, 1992).

In addition, the absence of good cadastral and land titling has frustrated the formal development of lands especially in the urban fringes and rural areas. It is estimated that up to 60% of land in Cebu City remains untitled and a far higher proportion in Cebu Province itself. Proof of ownership, surveying and tax payments again form a hefty burden for those wanting to develop lands or simply secure traditional land holdings. In cases of unclear ownership informal incursion may occur and settlements are established.

Housing Development

Aside from problems of land development, building regulations are strict and high standards of construction prohibit the use of native building materials such as nipa and bamboo common to most low-income dwellings. To obtain a building permit from the City Hall, up to 8 separate requirements must be met including 6 complete sets of building plans, 4 copies of the bill of materials, 4 copies of the structural computations and so on. This can take up to a year for approval of architectural design and building material usage. Between 1988 and 1991, a total of 3,549 building permits were issued in Cebu City incorporating all residential, commercial and industrial structures. Examination of the Visayan Electrical Company (VECO) records reveals that 17,541 new connections (formal and informal) were made over the same period, meaning that if it is assumed that there is one connection per structure, approximately 80% of new building was conducted outside the formal regulatory system (VECO, 1992).

Cumbersome and lengthy land use regulation procedures, coupled with public sector
land speculation, have resulted in massive land price inflation and the subsequent inability of the formal land market to deliver land, at a rate and price, to meet the growing demand. The artificial ballooning of the urban land market has been instrumental in maintaining the myth of a booming urban economy to outside investors. In reality low wage levels and underemployment has meant that land has become unaffordable to low- and even middle-income groups. As land has become increasingly unattainable for many urban families, informal land options have become an essential component in shelter provision in Cebu City.

Public Sector Housing and Urban Development Policy in Cebu City

Government policies for urban shelter in the Philippines have characteristically concentrated on housing projects rather than examining the critical issue of access to land. Like many developing countries the Philippines has attempted to resolve the housing shortage by simply building houses whereas in reality production of housing units and upgrading of existing shanty houses by the government has been vastly inadequate to meet the rapidly growing demand. In Cebu City, the Shelter Improvement and Rehabilitation Programme (SIR) which was supported by the World Bank was started in the early 1980s but had fizzled out by mid-1986. This approach has now been largely abandoned, and new directions in policy are attempting to address the land issue.

Since the Marcos administration 3 additional housing agencies have been established alongside the National Housing Authority (NHA) to deal with the delivery of land and shelter. The NHA is the only agency dealing directly with social housing projects and more recently land development. Records show that from 1984 until 1992 only 5590 houses and/or lots have been developed or upgraded (an average of 700 per year). If the upgraded units are removed from the total delivered, then only 251 new lots have been developed a year. Given that during the 1980s the population on average grew by 2594 households per year then it can be estimated that only 9.7% of the demand is being met by NHA programmes (NHA, 1992).

Public Housing Projects in Cebu City during the 1980s and 1990s

Shelter projects have over the last 10 years, ranged from slum upgrading to land development. Between 1981 and 1984 the NHA and the World Bank concentrated on
the Slum Improvement and Rehabilitation project (SIR) which was an Imelda Marcos-inspired national programme. In Cebu City, 5 inner-city slum areas were targeted for upgrading: Alaska, Sawang Calero, Suba, Pasil and Ermita. However with the ousting of the Marcos government in 1986, support for the project faded and funds dried up. Simultaneous to the SIR the NHA also participated in a social housing project called the Plaza housing development or Pambayasang Bagong Nayon (PBN). This consisted of a 12 hectare development of provincial land in Lahug, just north of the exclusive Cebu Plaza hotel. Core housing started at P34-P35,000 for a core house with a plot of 37 square metres rising to lot sizes of 164.4 square metres with 42 square metre core house for P60-P70,000. Monthly amortization ranged from P410-P594. However only 2 hectares of the land were ever developed as NHA funds ran out. These houses are now occupied by government officials, business persons and more wealthy Cebuanos.

The most recent NHA development in Cebu City is the Busay housing development. This was started in the early 1990s and was still being finished in 1992. It concentrates on providing serviced sites rather than housing units. The 16-hectare site at Busay was purchased by the NHA from the provincial government in 1990 and was developed into 930 plots ranging from 80 to 100 square metres in size. A portion of the lots were reserved as relocation sites for squatters that the government were hoping to clear, but a majority of 647 lots were raffled. Applicants were screened and the preferred applicants were targeted as, local police, provincial government staff and media personnel who did not own land, but earned a monthly salary of between P2000 and P10,000. As it was the Director of NHA in Metro Cebu, Mrs Zinna Mcquire commented that after the provincial election in May 1992 when a new governor was elected, at least 100 of the lot owners (15%) who had worked with the previous administration and were worried about a re-ballot of lots in favour of the new administration staff, offered to pay cash for their land in order to secure it. Mrs Mcquire stated that "Our problem is that we are also dealing with the ordinary salaried workers and that we have to also take care of this middle sector". The rising price of land and housing has meant that a broader range of income groups are finding land increasingly unaffordable and therefore become eligible for social housing, which in effect displaces the lowest income groups as beneficiaries for public shelter projects.

An alternative to government housing programmes is the Community Mortgage
Programme (CMP) launched in 1988 and supported jointly by the Philippine Government and the World Bank. This programme offers assistance to squatter families by extending a three-stage loan to the community for first, land acquisition, second, service installation and third, household improvements. Communities apply for communal loans through "initiators" such as an NGO or a government body and must meet a wide range of requirements before funds can be released. Since the scheme was first started in 1989, over 170 community associations have been registered in Cebu City, as the first stage of application (HIGC, 1992). However loan processing can take up to 2-4 years for completion, frustrating buyers and land owners alike. Therefore although the scheme has received much response from the urban poor only about 300 families have received a loan in the last three years, meeting only a fraction of the demand (NHMFC, 1992).

In addition to inadequate public sector provision, the development of low-income housing and the rapid growth of squatter settlements has met with much resistance and intolerance from many of the Town Hall urban planners. Although not publicly stated, Cebu City's Chief Town Planner, Architect Salgado indicated that the squatters did not fit into the City's new development image and that money spent on them was just pouring money into a "bottomless pit". He stated that the relocation of squatters away from the prime commercial sites and the re-zoning of these areas as commercial sites was an attempt to improve Cebu's land use "compatibility matrix" and that squatters, if offered relocation sites, would have to move to suburban areas."8 This reflects the views of many public officials and has created an oppressive urban environment for the urban poor.

The Nature of Informal Land Occupation in Cebu City

The rapid rise in land prices and the inability of public sector housing to meet demand for residential plots has necessitated land transfer and occupation outside the formal system. Vacant lands which cannot be purchased formally because of price, government holding or clouded ownership usually become occupied, resulting in a growing market for vacant lands sold through informal mechanisms. This, in turn led in recent years to the acceleration of squatter settlement formation in and around Cebu City.

In 1974, Cebu was reported to have 34 squatter communities, and by 1985 estimates...
placed the squatter population at 232,520, comprising 40% of the city's population (NSO, Region VII, 1985). Assessing the extent of informal land occupation is extremely difficult as there is no organised monitoring of informal land development or squatting in the city. In July 1992 a spot survey carried out in the 49 urban barangays (plus one rural barangay) recorded a total of 570 informal communities comprising 62,928 families out of an estimated 108,826 families in Cebu City. In other words, 58% of the families in urban Cebu City do not own the land that they occupy, but are forced to squat on public or private lands or enter into tenuous land rental agreements (Fig 3.2).

One of the objectives of the study was to try and determine the age of these informal communities and the rate of formation per year. It is hard to calculate the exact age of a community as most grow over a number of years, but generally speaking, once a certain number of families are established the settlement tends to densify rapidly as more and more friends, relatives and neighbours hear of the available land (this is known as the period of "fill-up"). The researchers attempted to isolate the period of 'fill-up' from their interviews as an estimate of when and where settlements were growing in Cebu City.

Table 3.1 Growth of Informal Settlements over Time in Cebu City

<table>
<thead>
<tr>
<th>Period of Fill-Up</th>
<th>Number of Families</th>
<th>Number of Settlements</th>
<th>Area (sq. mts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1960</td>
<td>21,901</td>
<td>193</td>
<td>1,203,515</td>
</tr>
<tr>
<td>1960-69</td>
<td>7,311</td>
<td>69</td>
<td>585,079</td>
</tr>
<tr>
<td>1970-79</td>
<td>15,660</td>
<td>113</td>
<td>1,039,038</td>
</tr>
<tr>
<td>1980-89</td>
<td>16,232</td>
<td>180</td>
<td>1,903,975</td>
</tr>
<tr>
<td>1990-92</td>
<td>722</td>
<td>15</td>
<td>59,538</td>
</tr>
<tr>
<td>Total</td>
<td>61,826</td>
<td>570</td>
<td>4,791,146</td>
</tr>
</tbody>
</table>

Source: Thirkell, (1992: 10)

An acceleration of informal growth is seen during the 1980-89 period. This can be explained by Cebu's rapid economic growth at the end of the 1980s which attracted migrants to the city, and also by the establishment in 1987 of the Aquino administration's new Constitution which heralded greater toleration for squatters. A
Figure 3.2: The approximate location of the main informal settlements in Cebu City, 1992

N.B. The numerous smaller informal settlements have been left out.
separate article on Social Justice was drafted in the New Constitution and in Section 9 it states that:

"The state shall, by law, and for the common good, undertake in cooperation with the private sector, a continuing programme of urban land reform and housing which will make available at affordable costs decent housing and basic services to underprivileged and homeless citizens in urban centres and resettlement areas. It shall also promote adequate employment opportunities to such citizens. In the implementation of such program, the state shall respect the rights of small property owners" (Tuazon, 1987: 50).

Section 10 of the same article outlines certain rights for squatters and regulations regarding demolition.

"Urban and rural dwellers shall not be evicted nor their dwelling demolished, except in accordance with law and in a just and humane manner.

"No resettlement of urban or rural dwellers shall be undertaken without adequate consultation with them and the communities where they are to be relocated". (Tuazon, 1987: 51).

This was further formalised in the 1991 Urban and Housing Act R.A. 7279 which gave squatters specific rights of occupancy and imposed strict regulation regarding eviction and demolition making their position somewhat more secure. In fact in 1991 Cebu's mayor Tommy Osmeña was found guilty by the Cebu City Court of unlawful demolition by 12 squatter families in Barrio Luz by demolishing the houses before discussions were concluded.

The 1992 Informal Land Survey covered all communities which did not own the land that they occupied, and also revealed that land rental is an important mode of access to land in Cebu City. Land renters often enter into loose rental agreements with either the owner or even a third party such as a caretaker. These are highly insecure forms of land tenure, as agreements are usually verbal and land rental agreements can be revoked, so turn their occupants into squatters.
Table 3.2 Original and Current Status of Land by Low-Income Settlement in Cebu City

<table>
<thead>
<tr>
<th>Tenure Status</th>
<th>Original</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Squatters</td>
<td>239</td>
<td>324</td>
</tr>
<tr>
<td>Land Renters</td>
<td>331</td>
<td>246</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>570</strong></td>
<td><strong>570</strong></td>
</tr>
</tbody>
</table>

Source: Thirkell (1992: 11)

These figures indicate that a majority of settlements entered lands via rental agreements, however of these 85 settlements or 26% became squatter settlements after some time.

The evolution of the informal sector in land has so far been attributed to a combination of factors such as diminishing affordability and efficiency in formal land delivery, slow and cumbersome land use regulation for developing vacant lands, high costs and so on. Indeed, the combined effect of these processes has meant that land in Cebu City is no longer accessible to a growing proportion of the urban population and this has necessitated the development of an alternative, more informal method of land delivery. The extent and wide use of informal land trading however is not only a result of poor formal land delivery but is also based on a more deeply rooted perception of land ownership through occupation, rather than title. It is this indigenous perception of ownership and the "right to use" land that in many respects forms the foundation of the informal land market and offers greater explanation of the extensive trading of informal land.

**Traditional Land Tenure Systems and the Significance of “Use Rights” in Contemporary Land Relations in the Philippines**

The informal land market in Cebu City today is based on the trading of “use rights”, which in the absence of a comprehensive system of titled ownership represents an acceptable and practical form of land ownership to most Filipino people. This section explores the historical and cultural roots of use rights and examines how they have been affected by Spanish land tenure systems and contemporary land administration in
the Philippines. It also poses the theory that there are fundamental links between pre-Hispanic land tenure systems and modern day informal land tenure in the Philippines based on the perception of ownership of land through use. This is particularly interesting as it contrasts with informal land tenure systems in other countries such as Mexico and India and argues that there are fundamental differences in informal land delivery systems in developing countries based on culture and history. Finally this section will examine the nature of use rights, their cultural perception and the trading of space in contemporary Philippine society, not just for residential plots, but commercial and transportation space.

As already stated, there is little written on traditional forms of land ownership in the Philippines in general, let alone Cebu (Fenner, 1985). Roth (1977: 43) writes that, "The nature of the pre-Hispanic land tenure system, the type of control exercised by the native rulers over it, and the effect upon it of Spanish conceptions of private property are still unresolved questions in Philippine scholarship". However, there is some evidence that traditional land tenure systems in the Philippines were based on communal land ownership, the occupants having usufruct rights to the land (Putzel, 1988: 26). Little is known on the form and administration of communal land ownership in the Philippines although it is thought that land in some areas may have been loosely allocated by the datus, but on the whole the clearer, tiller and occupant of the land was regarded as the owner.

The nature and organisation of communal land ownership has been researched widely, mainly in Sub-Saharan Africa where in some areas, these traditional tenure systems still exist. Therefore a general review of the organisation of communal land ownership is relevant to understanding not only historical land ownership patterns in the Philippines, but also informal land ownership and trading today.

Research by Feder and Noronda (1987) in Sub-Saharan Africa attempts to define land relations in communal tenure systems. Rights to occupy the land, as in the Philippines are first established through clearing a piece of unused land. The individual may clear the land for cultivation and is then recognised to have distinct use rights to the land (Eastman, 1990: 31, Feder and Noronder, 1987: 146, Migot-Adholla, et al, 1991:158). Once land is cleared, land use rights in Sub-Saharan Africa consist of a "bundle of distinct privileges" to that plot, such as the right to occupy, cultivate, plant trees and so on (Feder and Noronda, 1987: 153).
In many communities, such as in the Gambia, rights are not alienable and are only transferred, by inheritance, through kinship networks or redistribution by the community leaders or tribal chiefs (Eastman, 1990:31). However, historical research shows that in the Philippines, the pre-Hispanic class structure was much less rigid than in African tribes and the administration of communal lands was less organised and strict, allowing individual cultivators greater power over their own plots (Roth, 1977: 30). In addition, there is recent evidence to suggest that population pressure on land leads to a greater individualisation of land rights over time moving away from a centralised administration. "In particular, it is argued that there is a spontaneous individualisation of land rights over time, whereby farm households acquire a broader and more powerful set of transfer and exclusion rights over their land as population pressure and agricultural commercialisation proceed" (Migot-Adholla et al 1991: 155). This allows transfers and sales to occur more easily and efficiently within a mutually accepted, but informal marketplace.

Land ownership in such systems is synonymous with use of the land and occupancy of the plot. These three elements; ownership, use and occupancy can not be divorced in traditional land use systems and this is particularly salient in understanding Philippine land relations both historically and today. Informal land ownership in parts of Africa (as in the Philippines) is not recognised by written proof, but hinges on the communal recognition and acceptance of the rights claimed by individuals over plots (Eastman, 1990: 31).

**The Impact of Spanish Land Tenure Systems on Traditional Use Rights in Cebu**

As already mentioned, indigenous pre-Hispanic land tenure systems in the Philippines were based on communal land which predicted ownership of land on use and occupancy. As such, individuals who occupied and cultivated the land had use rights to the plot, that were tantamount to ownership. In many of the Spanish colonies, the colonisers were able to change the administration of land almost completely, as in the case of Mexico. However the same can not be said of the Philippines or indeed Cebu. Poor returns from agriculture reduced the amount of Spanish incursion into the countryside leaving the friars alone as the principal colonial influence in many cities and rural areas.
The religious haciendas largely confined within the orbit of the city were established by the clergy and allowed the occupants to retain their lands with a rental fee for plots. Thereby in many cases there was little or no change to farming practices or communities bar the imposition of land rentals. To a large extent the social structure of communal farming which, in the Philippine case, was loosely administered, remained intact. In addition the Friars concentrated geographically in the fertile lowlands around Cebu City and any encroachment into Cebu province came about much later. A limited Spanish presence, conflict in the countryside and poor agricultural gains discouraged any significant Spanish settlement outside Cebu City itself. This meant that Spanish influence was minimal in the rural areas until the 19th century (Mojares, 1985: 17).

The major changes in land tenure relations occurred in the mid 19th century when cash crops such as sugar and abaca were introduced into the region. As previously stated, this led to a much greater investment in land and agriculture not only by the clergy, but also the wealthy Spanish and Chinese mestizo population. However land titling and administration was still very undeveloped at this stage and many Friars were unwilling to sell lands forcing mestizos to adopt indigenous land transfer systems to obtain land, in other words the purchase of the "use rights" from the natives (Mojares, 1985: 24). Within the Filipino agricultural community this method of land transfer was more tangible and concrete than the friar's abduction of lands, as it was recognisable as a legitimate sale or mode of transfer within the native tenure system itself. "In addition to acquiring lands bordering the estate (Augustinian Estate, The Hacienda de Banilad) the mestizo bought the usufruct rights from the tenants living on the hacienda. Although the Augustinians possessed the title to the land that made up the estate, an individual could sell the usufruct right, the right to cultivate the particular plot he worked, provided that the purchaser agreed to pay the annual land tax to the church" (Fenner, 1985: 93).

In many cases, the cultivator who had sold his/her rights stayed on the land while the new lessee paid rent to the friars. Cullinane (1983: 270) describes the process of right sales in the Cebuano haciendas, "Right to the use of these lots and to the ownership of the houses and other buildings on them could be bought and sold at will, but the occupants, or the actual leaseholder of the lots were obliged to pay the rent". There are two important points to be stressed here. First, this process highlights a split in land rights so that land might be owned by one party, but used and sold by
another, creating a highly complex layering of owners, lessees and users all claiming some rights to the same plot of land. Second, that through the multiple sale and informal transfer of land use rights, the buyer or renter of the land becomes increasingly remote from the actual owner of the title, thereby reinforcing the perception of land ownership through use rights rather than title.

In this way, traditional systems of land transfer through the user were perpetuated and to some degree institutionalised during the Spanish colonisation of Cebu. The recognition of use right sales by the mestizo elite and the failure of the Spanish to implement a far reaching and comprehensive tenure system meant that traditional land tenure ideology and land trading remained intact, and indeed persists to the present day. The indigenous Filipinos did not own land through a title and indeed even today many do not understand such a system or have any knowledge of its workings. It is when the traditional and private land tenure systems meet that contradictions and confusions arise over land and create tensions within the urban arena, which are not easily resolvable.

**The Reclassification of Informal Land Delivery in Developing Countries**

It would appear that the Philippine informal land market has very deep seated cultural roots and if this is the case then it might not be readily comparable with other informal land systems researched in other developing countries. Academics and policy makers have tended to discuss informal land delivery systems as a new concept resulting from the contemporary shelter crises in developing cities (Baross, 1983). These are seen as largely homogenous, but with varying methods of alienation and sale.

Much research has been carried out on informal land delivery in Mexico, for example which presents an interesting contrast to the Philippines, as a former Spanish colony. Like Cebu City, Mexico City and other secondary centres in Mexico such as Puebla, Querétero and Toluca have experienced informal settlement growth in recent years. Research by Ward, Jones and Jiménez (1992) for example, has indicated that land sales are a common mode of informal land acquisition and public and some private lands command prices for occupation even without title. However there are fundamental differences in the nature of informal land delivery in Mexico which like Cebu can be traced back to pre-Hispanic indigenous land relations.
The pre-Hispanic Mexican land tenure system was in many ways similar to the Philippines in that it was based on a communal land tenure system. "On the arrival of the Spanish, the unit of Aztec society was the calpulli. Title to the calpulalli, or lands as a whole, was vested in the community; the various crop raising families possessed only the usufruct. Every married man who was a group member, or "mancehual", received an inalienable allotment, the "tlalmilpa". He had to cultivate it, but no one could take it from him as long as he carried out his obligation. If he did not, and after some admonitions, the elder or "pariente mayor" could deprive him of his land" (Chevalier, 1963: 17). As in the Philippines, ownership was based on land use and usufruct was transmissible from father to son, but with little sense of private individual ownership. Simpson (1937: 4) refers to the indigenous Mexican land tenure system as a "patriarchal communism". However, the rigid administration of land and the class structure was more highly developed than the Philippines.

In fact, some time before the Spanish arrived there is evidence that communal land ownership was breaking down and that Aztec nobles and village mayors were already distributing land amongst themselves. Therefore the concept of private land ownership had already evolved in Mexico before Hispanic influences." The large landed estate of the Aztec noble is first cousin, or perhaps better said, the great grandfather of the modern Mexican hacienda... Debt, slavery, the poverty of the disinherited and the arrogance of the privileged were known in Mexico before the coming of the Spaniards; abjectness, humility and servility were not lessons which the masses of the Mexican people learned for the first time at the knee of Cortés and his successors" (Simpson, 1937: 6). Thus the social transition to private land ownership had already taken place within the evolution of the indigenous Mexican land tenure system, meaning that the introduction of private land ownership by the Spanish was by no means alien to the Mexican indios, but reinforced the native system itself. In addition the agricultural and mineral wealth abundant in Mexico meant that Spanish incursion was greater than in the Philippines. The socio-economic reorganisation and the introduction of cash crops into the agricultural sector penetrated both much deeper and for a greater period of time.

It would seem that the links between pre-Hispanic land tenure and contemporary informal land occupation are much weaker than in the Philippine context, the reason being that private ownership was already ideologically accepted before the arrival of
the Spanish who then formalised it through the colonial administration. In fact, the establishment of many early squatter settlements in Mexican cities was through the invasion of land by necessity with the sale of plots following much later as an evolution of an informal land market rather than a spontaneous act. Therefore the Mexican and Philippine interpretation of "squatting" is completely different, in that the former acknowledges land as private or state-owned good and their occupation of it as through necessity, while in the Philippine case it is seen more as a "right to occupy". Therefore for the Filipino, the sale of such rights can be justified culturally as a legitimate act.

Within anthropological works it would appear that this idea of rights to land and the strong feeling that occupancy of land is synonymous with ownership maybe absent in Mexico, but is not unique to the Philippines, as strains have been discovered in other countries in the Indo-Pacific region such as the Solomon Islands, (see Zoleveke, 1979: 1), Indonesia (Boomgaard, 1989:2) and indeed parts of Central America as well (Williams, 1986: 120). In Surabayo, Indonesia, the famous housing programme known as the Kampung Improvement Programme (KIP) recognises the cultural trait that occupied land is equal to ownership and with service improvements issue households with certificates of ownership based on the house alone.12 Equally in Central America, rights to land have been established through clearance, use and occupancy of the land. However in the event that a titled landowner lays claim to the land then the occupants will respect the formal system. In talking about settlement this century, Williams (1986: 122) notes that "Peasants felt hardship from cattle evictions regardless of the previous tenure situation, but peasant responses to evictions differed depending on the degree to which they believed the landlords had valid claims on disputed terrain........where the land was under firm and long-standing control by a landlord before cattle was introduced...and they did not feel that they had been displaced from land that was rightfully theirs".

With the evidence that informal land delivery systems vary geographically and culturally, blanket definitions and policy recommendations for informal land delivery systems especially at the global level, are arguably not particularly appropriate or useful. Land relations in different countries and in some cases, cities need individual analysis and understanding. Although, relations of land ownership in the Philippines can be identified as common with other parts of the Pacific region, its interpretation into contemporary socio-economic life, for example the Philippine perception of
space, both in terms of public space such as roads, residential and economic land may to all intents and purposes be somewhat unique.

**The Allocation of Space through the Sale of Use Rights**

The chapter has thus far discussed the evolution of land tenure relations and the perpetuation of land use rights as a form of land ownership in Cebu City. It traces the roots of such use rights in Philippine culture and compares it with other informal land systems elsewhere. The contemporary form of such a system and the modern day perceptions and workings of such a system are critical to the further understanding of the informal land market.

The perception of "communal" space transcends not only land but also public areas and economic opportunity. "In the Philippines, it is assumed that public property, rather than being the possession of all, belongs in fact to no one. The user of public sidewalks, highways, land including political or appointive public office, at the time of its use or occupancy, views it as personal property" (Stone, 1973: 1). This perception of space is described well in the anthropological study of Filipino Jeepney drivers, who compete for road space. "Right of way" at a junction does not exist, as the right to space is won by the vehicle occupying it. Stone (1973: 28) interviews a jeepney driver who argues that:

**Driver**
"Anyway no one has any right to be in my place if I am there first. It is my place on the road."

**Interviewer**
"Do you mean it is your property?"

**Driver**
"No, it is not my property like a house, or money or my child. Nobody owns it if I am there first, it is mine."

Again it is evident that even in such a transient use of space as driving, the occupancy or use of the road gives the occupant certain rights which cannot be challenged.

This is equally true in the occupancy of land: if the land is vacant, unfenced and unguarded, the landless Filipino sees that he/she has rights to occupy it, regardless of ownership. If the occupant is then asked to vacate, "he is reluctant to do so, feeling
that he has certain rights to the land. It is hypothesized that he sees such action by the 
court or the owner as an infringement of his rights and an act of cruel injustice"  
(Stone: 1973: 2). The occupant of the land feels that while occupying the land he 
acquires use rights to the plot which cannot easily be revoked. The next stage of this 
behaviour is that these "rights" acquire value and can be bought or sold according to 
the size of plot and other factors, as discussed further in Chapter 5.

Although the informal land market in Cebu City is estimated to involve up to 58% of 
the urban population, there is little or no research as to the nature of land rights, the 
determination of price and the mechanism of sale. One study in the fringe areas of 
Metro Manila identifies the sale of rights as the mode of transfer from tillers to 
families in need of residential space. "An offshoot of the shelter crisis in the 
Philippines is the phenomenon of organized squatter settlements where enterprising 
and emboldened individuals have lorded over abandoned or undeveloped public lands, or 
subdivided private lands into homelots and disposed of them through the outright sale of 
rights or through the collection of entry fees and rentals" (Von Einsiedal, 1989: 174). 
However the study is isolated and does not consider the overall effects of the 
commercial sales of informal lands in the provision of shelter for varying income 
groups.

One of the few pieces of research that has been carried out on the exchange of 
informal use rights is a study in a Philippine market in Baguio where use rights to 
stalls are informally sold between traders. The study points out that this has led to 
speculation with stalls which ultimately creates disruption within the market place. 
"Tenure rights to stalls are considered good speculative investments, even by persons 
who have no intention of occupying them, including, it is said, - some substantial 
downtown businessmen. Now and then stalls remain unoccupied for weeks, as the 
owners wait for the right opportunity to dispose of them. Rights to well situated stalls 
are also considered adequate collateral by some of the market's moneylenders. 
Moreover, there exists in the marketplace "landlords" who hold rights to several stalls 
which they in turn lease to others" (Davis, 1973: 123). This study examines the 
effects of the sales of rights at a micro-level in the context of one provincial market 
place. The informal sale of stalls has resulted in a number of social and economic 
impacts within the market itself including vacancy, speculation and perhaps to some 
extent displacement of poorer stall holders. This single study is a microcosm of much 
wider and more vital informal market processes such as the trading of urban land, on
which little or no research has been carried out.

An important aspect of informality is not only the action itself, whether it be haphazard driving or land sales, but more significantly the social relations involved. Stone postulates that the relationship between actors within the social hierarchy is perhaps the most influential force driving the system. For example, the relationship between the jeepney driver and the policeman determines to what extent the driver may break the law. In return for the policeman's lenience the driver gives a gift which would be construed in the west as a bribe. More importantly these relationships between "users" and "regulators" may be observed throughout the informal system, between the policeman and the driver or vendor, and the squatter and politician. However such law breaking is not based purely on the simple exchange of a bribe from a "user" to a "regulator" but is confused by more deep-seated social relations in Philippine sociology. By allowing the driver to pass without fine, the driver must repay his debt of gratitude (utang na loob) by giving some money or allowing the policeman free passage on his jeepney. In this way many public roles such as politicians, the police and government officials operate outside of the formal regulations to repay debts or solicit favours forming a complex and highly personalistic mode of behaviour suited to more informal operations (Ramirez, 1984: 35).

Stone states that this segmented behaviour may be rooted in pre-Hispanic society, and continues today since the authority of the Datu was never land based but was dependent on the number of his followers (Stone, 1973: 113). Alfredo Roces (1968: 4) elucidates on the role of association between users and regulators, "it is not actually wealth, as much as political influence or social power, that perverts justice, although we readily concede that wealth is a major weapon". As part of this system it could be argued that the police are vital agents fluctuating between civil and traditional law in their mediation between the two. However Stone's analysis can surely be taken further to include not only the police, but in the case of squatting all agents who regulate or control land. Therefore squatters can regard their position in terms of their roles and relationships with individuals or groups in society who are influential politically or within the land regulation process. This provides a vital key in understanding the informal land delivery system in Cebu and is particularly relevant in affecting the determination of price of informal plots (see Chapter 6).
Conclusion

The development of an informal market in Cebu City has deep seated roots within indigenous Philippine land tenure systems which have been perpetuated through to the present day. Recent escalation of urban land prices and the slow and cumbersome regulation of land have been responsible for reducing land supply in the formal market, forcing plot prices up and making formal ownership of land increasingly difficult for a growing number of urban residents. Lower-income and increasingly middle-income groups have resorted to informal ownership of land through the purchase of use rights to plots. As Feder and Noronder (1987: 154) assert: "When the legal system decrees that land cannot be sold or can be transferred only with bureaucratic (and frequently arbitrary) approval, law gets divorced from reality. Land continues to be sold or pledged, but in an informal market. The only result is that these sales or pledges are unenforceable in a court, so prices contain risk premiums that cause a deviation between the social value of land and the market value".

It can be argued that the land relations are perpetually changing, and that transactions are too flexible and rapid to be closely monitored under a rigid land regulation and titling system, especially in a developing society. Under such conditions "the emergent land market is largely unregistered and it is likely to remain so. The government does not have the resources to monitor, let alone control, the many kinds of land exchanges that happen in the farm neighbourhoods. By their very nature, these defy recording and classification, for the most part they are ad hoc, unnamed, individually tailored agreements in which land is only one of the many mutually interchangeable goods,...the lines blur between loans, rental, barter swaps and sales" (Ratteau, 1992: 42). What appears is two land tenure systems, each with their own dynamic and set of rules. However it is in the urban environment that these two markets come together in sharp relief, the formal and the informal, with conflicting and problematic results. The following chapters examine the nature and socio-economic condition of the users of the informal land market, the social relations involved in land trading and the impact of such a market on access to land, particularly for the urban poor.
Notes to Chapter 3

1. The Torrens titling system was named after its instigator Sir Robert Torrens and was developed in Australia. The main difference between the Torrens titling system and the English titling system being that Torrens titling adopts fixed boundaries to plots while the English system uses general boundaries. The fixed boundary is set at the point of land alienation while a general boundary is negotiated between adjacent land owners and then recorded as fixed in the register (Dale and McLaughlin, 1988: 29).

2. The "provincial lands" in Cebu City predominately originate from the old Friar lands and church-owned properties which were passed to the provincial Government at the overthrow of Spanish rule in 1898. Other public lands in Cebu City include National Government lands including roads and airports and Cebu City Government-owned land, all of which are administered separately. Provincial lands however cover the largest area and have the greatest amount of vacant lots.


5. This is only meant to provide a guide as to the amount of informal construction occurring in Cebu City. However it is acknowledged that some residential buildings particularly rental constructions will have multiple electrical connections.

6. Recently established housing agencies include; the Home Insurance Guarantee Corporation (HIGC), the National Home Mortgage Finance Corporation (NHMFC) and the Housing and Urban Development Coordinating Council (HUDCC).


9. The survey was supported by the Mayor's Office and coordinated by the City Commission for the Urban Poor. The field teams consisted of members from the Urban Poor Forum. Maps were sent to Barangay Captain's to identify the informal communities within their barangay. These settlements were then visited by the field teams for data gathering. In the event that a settlement was found not on the Barangay Captain's map, it was included and questioned. See Thirkell (1992) for full details.

10. Urban and Housing Development Act, 1992, Article VII,

Section 28. Eviction and Demolition - Eviction or Demolition as a practice shall be discouraged...... In the execution of eviction or demolition orders involving underprivileged and homeless citizens, the following shall be mandatory:

(1) Notice upon the affected persons or entities at least thirty (30) days prior to the date of eviction or demolition;

(2) Adequate consultations on the matter of resettlement with the duly designated representatives of the families to be resettled and the affected communities in the areas where there are to be relocated;

(3) Presence of local government officials or their representatives during eviction or demolition;

(4) Proper identification of all persons taking part in the demolition;
(5) Execution of eviction or demolition only during regular office hours from Mondays to Fridays and during good weather, unless the affected families consent otherwise;

(6) No use of heavy equipment for demolition except for structures that are permanent and of concrete materials;

(7) Proper uniforms for members of the Philippine National Police who shall occupy the first line of law enforcement and observe proper disturbance control procedures; and

(8) Adequate relocation, whether temporary or permanent: Provided, however that in cases of eviction and demolition pursuant to a court order involving underprivileged and homeless citizens, relocation shall be undertaken by the Local Government Unit within forty-five (45) days from service of notice of final judgement from the court, after which period the said order shall be executed: Provided further, that should relocation not be possible within the said period, financial, assistance in the amount equivalent to the prevailing minimum daily wage multiplied by sixty (60) days shall be extended to the affected families by the local government unit concerned.

11. Chevalier (1963:16) describes the capuli as a social unit of people similar to a clan, although more complex in structure.

Chapter 4

Current Demand for Informal Land in Cebu City: the Changing Nature of the Urban “Squatter”

Introduction

The incidence of squatting in Cebu City has boomed much faster than the economy and the demand for informal land has grown enormously. The informal sector in the Philippines can no longer be associated only with marginal settlements and the very poorest residents in the city, but now incorporates a more heterogenous range of sites and urban dwellers. In the light of the changing demand for informal land it is time to re-evaluate the nature of "squatting" and the types of land being occupied.

The aim of this chapter is to assess who are the users of the informal land market and what types of land are being occupied. More specifically it introduces the 5 study settlements describing the location and physical characteristics in greater detail. The data for this analysis will be drawn from the 243 household surveys conducted in 5 areas across the city of Cebu (see Appendix 1). Furthermore the socio-economic characteristics of squatters are examined such as household composition, education background, income and employment. This provides a detailed background profile of the range of users in the informal market, against which more in-depth analysis between settlements will be carried out in Chapter 6 and 7.

A further objective of this chapter is to examine perceptions of informal settlements and their occupants and to evaluate the impact of such perception within the wider social context. The chapter will begin by examining the recent urban development of Cebu in terms of the city's physical and demographic growth, as a prelude to introducing the sample settlements.
Cebu City: Urban Growth 1980-1990

The city of Cebu is divided into 79 barangays of which 49 are classified as urban and 30 rural. According to census data the urban population between 1980 and 1990 grew by 122,527 amounting to an increase of 25% (see Appendix 3).

Between 1980 and 1990 Cebu City showed clear patterns of population change within its inner area (Fig 4.1), with population declining in many of the inner city areas such as Ermita, Central Proper, Cogon, Santa Cruz, Pahina Central and Kalubihan and so on. One of the reasons for this has been the replacement of older rental tenement blocks by higher value commercial development. Principal areas of growth were Bulacao, Cogon Pardo, Kinasangan and Basak Pardo to the South and Apas and Talamban to the north. Much of this growth at the north and south extremities of the city is linear along the main routes leading to Cebu Province in the south and Mandaue City and Mactan to the north. Around the city centre other areas which experienced significant densification were Duljo, Calamba, Camputhaw, T. Pradilla and Pahina Central indicating a ring of growth around the central core of the city (Figs 4.2 and 4.3).

This above data reveals a fairly typical pattern of urban growth in that as inner city areas become highly populated a movement away from the central core occurs. Two possible explanations can be posed. First that higher income families who can afford to travel to work move into more desirable areas on the outskirts of the city. Second, as Turner (1967) predicted, once migrants become more familiar with the city and obtain employment they move away from congested inner city settlements to squat or rent elsewhere in order to build their own dwellings. There is significant evidence that neither case is true and this is discussed later in the thesis. Within the wider city context the study draws on 5 informal settlements located over the city for a more in-depth analysis of the nature of informal residential development today.
Fig 4.1 Cebu City: % Population Growth by Barangay 1980-90

- 38.6 to 99.5
- 0.0 to 38.6
- -2.0 to 0.0
- -44.2 to -2.0
- Missing Data
Fig 4.2 Cebu City: Population Density by Barangay 1980

Persons per Hectare
- 542.6 to 1604.8
- 281.2 to 542.6
- 176.7 to 281.2
- 77.0 to 176.7
- 47.3 to 77.0
- 7.6 to 47.3
- Missing Data
Fig 4.3 Cebu City: Population Density by Barangay 1990

Persons per Hectare

- 542.6 to 1604.8
- 281.2 to 542.6
- 176.7 to 281.2
- 77.0 to 176.7
- 47.3 to 77.0
- 13.7 to 47.3
- Missing Data
Informal Land Development in Cebu City and its Locations

In the light of prolific informal land occupation, this section examines the typology of informal settlement development in contemporary Cebu City. It examines the nature of informal occupation over time and compares the location and development of emerging settlements. Historically informal land occupation occurred around the old city core namely in the Carbon market area and near the port. Informal settlements grew here as they were near to the work place for the port employees and market traders. Today many of these original settlements still exist, but as the city grows in population new areas at the periphery are now being occupied. In fact, high demand for urban land in the informal market has led to a steady expansion of informal land occupation. "Squatter settlements" can no longer be regarded as simply the shanty pavement dwellings in downtown Cebu City, (see Chapter 2) but now incorporates a large number of locations and sites with a range of building standards.

The occupation of land at the city fringe and the development of new urban settlement is viewed as the natural progression of informal residential development. However although new settlements continue to emerge and grow, so older informal areas at the foreshore also continue to expand at a terrific rate. The question remains as to why older settlements continue to be a significant shelter option for a large number of urban poor families and why emerging settlements do not attract such groups. This section continues with a description of the sample settlements including Duljo an older settlement at the foreshore, 2 settlements that emerged in the mid-1980s and two which are emerging in the 1990s (see Appendix 4).

Characteristics of the Five Sample Settlements

The sample settlements are; Sitio Montebellio, Duljo, Buhisan, Nivel Hills and Manggahan located in the barangays of Apas, Duljo, Buhisan, Lahug, and Punta Princesa respectively. They are all classified as urban barangays, except for Buhisan which is classified as rural. Buhisan is included in the study because it borders the urban areas of Tisa and Quiot and has experienced considerable settlement in the last decade.

The 5 settlements were selected as they have all experienced considerable informal
growth in the last decade or so. As already stated the study does not restrict itself to newly emerging settlements as many of the older settlements such as Duljo continue to grow rapidly and still form a shelter option for low-income families. Therefore Duljo a foreshore settlement is included in the study to see how and why it continues to grow both physically and demographically and how older settlements compare with emerging settlements as a viable shelter option.

The actual age of a settlement is almost impossible to calculate as residential areas grow incrementally over time. However Duljo is the oldest settlement with the earliest occupants arriving during the 1950s and 1960s. Sitio Montebellio and Manggahan developed during the mid- to late-1980s and Nivel Hills and Buhisan while still containing considerable tracts of vacant land were established during the late 1980s and principally the 1990s. Settlements of different ages are selected for the study to see how informal settlement development changes over time and how the market for plots evolves as the settlement consolidates. It is also important to compare the nature of growth and market development between different neighbourhood areas. Therefore from the emerging settlements Sitio Montebellio and the younger Nivel Hills were selected as they are situated in attractive and accessible locations while Manggahan and Buhisan are slightly less accessible settlements.

In terms of distance from the city, Duljo is the closest to the centre located approximately 6 kilometres south-west of the CBD on a foreshore site. The other four settlements Apas, Buhisan, Punta Princesa and Lahug are located between 14 and 17 kilometres from the CBD. Manggahan and Buhisan are south-west of the city centre while Sitio Montebellio and Nivel Hills are located to the north and north-east of Cebu City heading towards Mandaue City. Sitio Montebellio and Manggahan are settled on flat land close to the periphery of the city, Buhisan and Nivel Hills as the youngest settlements are located slightly further out on the urban periphery, encroaching on the slopes that surround the city itself (see Fig 4.4).

There is no comprehensive record of individual settlement growth over the last 10 years (see Appendix 4). The only available data is the aggregate population census by barangay recorded by the National Statistics Office (NSO) in 1980 and 1990. This shows that significant population growth was experienced in all the sample barangays within this period.
Figure 4.4: Cebu City: Location of study settlements
Table 4.1 Demographic Growth and Population Density by Barangay, 1980 and 1990

<table>
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<tbody>
<tr>
<td>Apas</td>
<td>5637</td>
<td>10,652</td>
<td>5015</td>
<td>88.97</td>
<td>740</td>
<td>7.62</td>
<td>14.39</td>
</tr>
<tr>
<td>Buhisan</td>
<td>2583</td>
<td>4636</td>
<td>2053</td>
<td>79.48</td>
<td>830</td>
<td>3.11</td>
<td>5.59</td>
</tr>
<tr>
<td>Duljo</td>
<td>11,255</td>
<td>16,439</td>
<td>5184</td>
<td>46.06</td>
<td>171</td>
<td>662.06</td>
<td>967.00</td>
</tr>
<tr>
<td>P.Princesa</td>
<td>14,918</td>
<td>20,453</td>
<td>5535</td>
<td>37.10</td>
<td>96</td>
<td>155.40</td>
<td>213.05</td>
</tr>
<tr>
<td>Lahug</td>
<td>17,081</td>
<td>26,467</td>
<td>9383</td>
<td>38.56</td>
<td>443</td>
<td>38.56</td>
<td>59.74</td>
</tr>
</tbody>
</table>


It is interesting to note that the barangay densities vary widely. In the case of Duljo which displays the highest population densities, it might be expected that these would lead to slower growth rates as reduced availability of land decelerates in-migration, and out-migration of more established families. However the barangay population as a whole still increased by 46% between 1980 and 1990 absorbing 5184 people, the second highest growth rate in the sample but only the third largest population intake. On these grounds it was included in the study.

Duljo

Duljo is the oldest and largest of the settlements used in the study. It is located south of the City proper along the shoreline in the barangay Duljo itself. The word "Duljo" is said to have derived from the traditional cry of the drivers of the tartinillas who have historically stabled their horses in this area. The settlement covers an area of approximately 5 hectares and is located on foreshore land which is classified as public land. It is bordered by Spolarium Street to the north, the bridge to the barangay Alaska to the west, and the wharf of the Lido factory to the east.

The settlement's southern limits stretch as far as the protective seawall. Since 1991 however, building has extended beyond this mainly as a result of land reclamation through rubbish dumping by the residents. Thus new houses are built regularly and some vacant areas still remain within the settlement. Spolarium street is lined by private houses and provides the only access into the settlement. At the end of Spolarium Street is a pick-up point for jeepneys to the city, but the main means of
transport is via the *tartinillas* which commute between Duljo, Carbon Market and Colon in the city centre.

The settlement itself displays much evidence of poverty and deprivation. Most of the houses are constructed from flimsy materials such as bamboo and nipa and are positioned on stilts to lift the structure above the tidal flow. Some of the children have visible signs of malnutrition and sparse clothing. However closer examination of the settlement reveals a rich complexity of activity with much home-based industry and community production. Some of the industries based in the settlement include a plastic bag recycling factory, a barbecue stand manufacturing workshop, a fish drying factory, a wind chime production team and so on. There is also a stable area for horses used in the *tartinillas*.

There is no record as to the exact population of the settlement, but estimates suggest that it contains approximately 1000 households, or around one-third of the population of the entire barangay and is growing yearly both in population and area. As Duljo is so large the settlement is divided into 5 neighbourhood areas weakening community identity of the settlement as a whole. Even though the settlement has ostensibly been under the guidance of a religious-based NGO named CHEED, the latter has done little in terms of fostering community organisation and indeed little else other than donate or distribute foodstuffs on an occasional basis.

Water provision in the settlement is mainly through communal pumps, and electricity has been installed by request in individual houses by the Visayan Electrical Company (VECO). Drainage and sanitation are the main service problems in this settlement. The settlement's foreshore location means that sewerage cannot be disposed below ground as the tidal nature of the site means that refuse and human waste is washed back into the settlement. Most of the houses in the tidal zone of the settlement are stilted and effluents wash under these structures. This is the most serious problem in the settlement and provides a considerable health risk to the children playing in the beach area.
Settlements Emerging in the mid-1980s

Manggahan

Manggahan is located in barangay Punta Princesa, just north of the busy market in F. Llamas Street. This market services a wide area and sells fish, fruit, dry goods and clothes. Personal services such as hairdressing and beauty parlours are also available. At the northern end of the market is the community chapel. Jeepneys to the city centre can be taken at this crossroad, however heavy traffic and the busy market area cause much congestion.

Originally a fruit tree area, Manggahan is situated behind a row of private houses and can only be entered through two dirt footpaths running between these houses and by a low grade road which turns into the settlement at the end of the tarmac road. This track is large enough for vehicular traffic but is more commonly used by motorbikes and tricycles moving in and out of the settlement.

The settlement occupies privately-owned land and is flanked by formal middle-income residential subdivisions namely Guadalupe Village, Stockton Subdivision and Clarita Village. Manggahan covers 1.9 hectares and contains approximately 110 families. Although there is much new housing development some central plots are vacant and to the west and east of the site lie other vacant lands. At the time of the fieldwork the site to the west of Manggahan was still being farmed as a mango orchard by a de facto farmer. The site to the east was vacant privately-owned land which had previously been occupied by squatter houses and demolished by the landowner. It is now used as a play area for children and grazing for goats.

Before the site of Manggahan was occupied, it had been the scene of NPA killings. This had caused much fear and trepidation about entering the area and had discouraged squatting until the mid-1980s when NPA activity subsided. Manggahan also contains a notorious "tigbakay" or illegal cock pit which is run daily in the centre of the settlement attracting visitors from miles around.

The community association in Manggahan is highly organised and has lobbied for many improvements in the settlement such as lighting and the asphalting of communal areas. Water provision is obtained from a variety of sources including private house
connections, two communal hand pumps and one private hand pump. Although there is no main line sewerage system, the majority of the households have water sealed toilets which are regularly emptied. Private electricity connections are also common throughout the settlement.

Sitio Montebellio

Sitio Montebellio is located along the main Talamban Road which joins Cebu City to Mandaue City. The exact site is at the north-east end of the Lahug airport runway and in front of the 5-star Montebellio Hotel. The land belongs to the Philippine Aviation Authority and is thus classified as national government land. National Government owned land is notoriously difficult to alienate because of the reluctance by the agencies to release lands and the bureaucratic procedures involved for release between the site and Manila-based public offices.

Since the opening of the Mactan International Airport on Mactan Island, the Lahug Airport has been scaled down operating for light aircraft and private charters only. Thus much of the land around the fringes of the runway has been occupied and Sitio Montebellio is one such settlement.

Having started growing mainly from 1984 onwards, the settlement now contains around 218 households. However there are still some vacant areas in the settlement and new building is evident. The land is flat and forms an ideal residential site with good transportation links and easy access to both Cebu, Mandaue City and further out to Mactan. Along the road Ayala Realty are attempting to develop the Cebu Business Park, a high value prestigious office and commercial complex. This however is located next to the largest squatter settlement in Cebu City namely Barrio Luz constituting a highly mixed social environment.

Many of the houses in Sitio Montebellio are highly consolidated and parts of the settlement resemble a formal subdivision. The residents in Sitio Montebellio have built a small chapel/community centre and a basketball court on the site. Private electricity and water connections are common throughout the settlement, those with private faucets often selling water to those without their own supply. Sitio Montebellio has two community associations which are bitter rivals (see Note 5) and this has very much impeded the ability of the community to lobby for services.


Settlements Emerging in the 1990s

Buhisan

The Buhisan settlement is located in the barangay of Buhisan adjacent to the barangays of Punta Princesa and Tisa. The settlement is approximately 3-4 kilometres north-west of the market in F. Llamas Street. A tarmac road leads from the market northwards into this rural mountainous area forming the Cebu urban periphery. The settlement covers around 8-10 hectares in area and flanks both sides of the narrow road. Although the road is suitable for vehicular use, access to the settlement is more commonly by tricycles which commute between the market and the settlement taking around 10-15 minutes by tricycle to reach the settlement.

The site is located at the base of the mountain sides on gently sloping land, and is predominantly rural in character. It is bordered on the south side by a few large private houses in otherwise unoccupied land although there is some cultivation of bananas and mangos. Buhisan settlement is sparsely covered by houses containing approximately 150 households. The construction of new homes indicates rapid development and the existence of plots enclosed in bamboo fences is a sign of further land sales and future property development. The nearest market area is in F. Llamas in Punta Princesa, however a number of small sari-sari stores and eateries are being run by families within the settlement. The settlement has a Community Association. However due to the frequent arrival of new households this is largely unorganised. Water is again sold by vendors while a few households use communal water pumps and deep wells. Electricity had reached around 80% of the dwellings.

Nivel Hills

Nivel Hills is located in the north part of Lahug on the border between the city and the rural barangay of Busay. A tarmac road passes from Lahug through the mountains to Busay. The area is rural in nature but it is dominated by the presence of the Cebu Plaza hotel, one of Cebu's most prestigious hotels, the Cebu Casino and further on the Busay housing scheme, an NHA housing subdivision scheme.

Aside from these landmarks the area largely consists of rolling mountain slopes with much green vegetation and attractive scenic views over the city and out to sea. On
these steep slopes and stretching northwards, many small settlements have sprung up since the late 1980s. The presence of the hotel and the subdivision coupled with the attractive views make the area a pleasant residential location. In addition good jeepney links have developed to service the surrounding informal settlements.

The sample settlement is located about 2 km north-west of the Cebu Plaza Hotel. It contains approximately 100 households who are widely dispersed on the steep mountain and valley slopes. This sample settlement is referred to as Nivel Hills although it forms but one settlement within this area. The settlement is organised into a loose community association. The level of service provision is mixed in the settlement. Water is delivered to the site by truck for purchase by the residents, however some residents have private connections. Electricity is by individual connection for those who can afford installation.

The Conceptualisation of the Urban Poor and the Squatter

The occupants of informal settlements are often treated as a homogenous group and labelled as "squatters" and/or the "urban poor". Much evidence in developing countries shows that these two are not necessarily synonymous and that informal settlements house a variety of different social groups representing a cross section of the labour force (Peattie, 1979, Perlman, 1976, Gilbert and Ward, 1985). The point is that different income groups coexisting within the same settlement enjoy a symbiotic relationship as middle-income groups are often better able to organise and lobby for services and at the same time create small-scale employment and market opportunities for less wealthy neighbours.

In Philippine literature there has been little research into the social composition of the squatter settlement and there also appears to be a reluctance by government to explore the extent to which low income and increasingly middle-income groups rely on informal land and housing to meet shelter needs. More commonly the image that squatters represent the lowest strata of urban society with few employment opportunities is perpetuated through Philippine literature and AID reports (UNICEF, 1992, USAID, 1992). This is largely a misnomer. The actual composition of informal settlements and the range of users has so far been largely ignored. In addition the implications of middle-income involvement in informal plot dealings have been
unexplored.

With the incidence of urban poverty, and perhaps the more heterogenous nature of squatting, especially in secondary cities such as Cebu, the need for a clearer definition of the "urban poor" and the "squatter" becomes essential. Using survey data from the 5 sample settlements the following sections identify the socio-economic composition of informal settlements in Cebu City today. This also provides us with a basis on which to examine further the interaction between these different social groups and how their behaviour in the land market affects the internal development of settlement. At the outset however, it is first important to examine how poverty is qualified and the links between the concept of the "urban poor" and the "squatter".

The Quantification and Qualification of Poverty

Despite substantial national and international investment in projects and programmes aimed at the amelioration of poverty, poor economic performance, rising inflation and the onset of structural adjustment policies has meant that a majority of Filipinos still live below the poverty threshold (NEDA, 1992). Although poverty may appear to be evident in every urban centre the definition and quantification of poverty are much less apparent. During the Marcos years the government resisted the idea of adopting any solid measurement of poverty which attempted to quantify the problem as this would have exposed the extent of the social imbalances within Philippine society. In the absence of national data on poverty international agencies, such as the World Bank attempted an independent assessment to measure the incidence of poverty. In 1980, for example a World Bank report developed a poverty line estimating the least cost figure using data from the 1970 National Food and Agricultural Council (NFAS) for a basket of goods which would provide the minimal nutritional needs. With this they adopted a poverty line of P500 per capita per year for 1971 (Callanta, 1988: 5).

It was only during the Aquino administration that an attempt was made to officially measure poverty throughout the country by adopting a national "poverty line". Measurements for poverty were produced for 1985 and 1988 based on the Family Income and Expenditure Surveys conducted by NEDA and NSO. Like the NFAS they calculated a least cost consumption basket necessary to meet specified minimum needs, the main component being food. Using an overall monthly income level of P2381 in
1985 and P2960 in 1988 they calculated that the proportion of families living below the poverty line in the Philippines was 58.9% and 55.2% respectively (NEDA, 1992). In addition adapted income levels were used to calculate the incidence of poverty by region. For Region VII, the poverty line was based on a monthly income of P1,987 in 1985 and P2,257 in 1988 rendering the regional incidence of poverty at 69.9% and 57.9% respectively (NEDA, 1992). Regional poverty levels have subsequently been divided into urban and rural categories, however at this level the figure tends to overgeneralise income levels and consumer prices rendering such a figure inaccurate at best, and at worst positively misleading.

Since then the "poverty line" has been used in almost every government or consultancy document as a social benchmark and often with great variance even from the official estimates. In 1989, the ADB stated that the percentage of population below the poverty line had dramatically increased from 40% in 1983 to 60% in 1986 (ADB, 1989: xi). Furthermore the ADB comment on the increasing incidence of poverty in the regions in that "the highest rates of poverty were found in Western and Central Visayas (50 percent) and poverty rates of about 30 percent were found in Central Luzon , Southern Tagalog, South and Central Mindanao (ADB, 1989: 41). Although official estimates vary from these figures it is widely acknowledged that these provincial areas have the highest incidence of poverty. However Chant and McIlwaine (1995, see Chapter 2) point out that the Central Visayas have fared somewhat better than the Western and Eastern Visayas largely due industrial and commercial activity in Metro Cebu, Tagbilaran (Bohol) and Dumaguete (Negros Occidental). While such measures highlight the incidence of poverty they do little to qualify what is actually meant by the term "urban poor" and the nature of their shelter options.

Who are the Urban Poor?

The measurement of urban poverty alone, then, adds little to the understanding of the nature of the urban poor and their lifestyle. In an attempt to clarify the identity of this group two common images have been perpetuated in academic and government writings. The first being the sociological characteristics of the "urban poor" and the second being their housing conditions.

Assignation of common traits to the poor is not new in academic thought. Oscar Lewis
(1966) theorised that the urban poor have common characteristics such as low educational standards, apathy and criminal tendencies. These were passed from generation to generation forming a "culture of poverty". Other writers such as Nelson (1970) described this group as physically, socially and politically marginal within the city. Marginality and the culture of poverty have since been dismissed by much of the academic literature (Gilbert and Gugler, 1992, Perlman 1976), although they have been slow to disappear from attitudes surrounding urban planning and policy making.

Popular assumptions about the Philippine urban poor are that they are ill-adjusted migrants faced by an alien city and/or poorly educated and employed in the lowliest professions or forced to operate in the informal sector (Poethig, 1969, David and Angangco, 1976, Laquian, 1972, World Bank, 1988). Tendero and Reyes (1984: 188) in an academic paper list factors they consider contribute to urban poverty. This reads as follows: lack of skills and formal education, ill health and lack of energy, lack of ambition and weakness of character, lack of incentive and motivation, low mental character, accidents or misfortune and age. Such representations of the urban poor do little to aid their situation but do however fulfil certain political functions. The labelling and marginalisation of this group do all but blame the victims for their own situation and ignores the marginal causes of poverty within cities (Gilbert and Gugler, 1981: 129).

While certain characteristics are ascribed to the urban poor, these still form an unreliable and misrepresentative base for identification. The most common physical attribute ascribed to the urban poor is substandard housing conditions which furthermore presents the most visible testimony of their situation. The image of the "poor" and "squatters" has been firmly linked throughout Philippine literature and popular perceptions. In the recent 1992 Urban Development Sector Review by USAID this image is summarised in a section of the report which asks "Who are the Urban Poor?": [sic]

"The Espinoza family exemplifies in almost every dimension - living conditions, family composition, occupations, lifestyle - the Filipino urban poor. More than five million people, or 830,000 people belong in this category. They live in slums and squatter colonies in major towns and cities. Ninety percent are "illegals" renting or squatting on government or privately owned land... Almost all residents of the slum and squatter settlements including three - quarters of Manila's population live below the official poverty line..... The average low-
income urban family has six members and is nuclear in structure. Like Carlito Espinoza, the typical head of household is aged 40 years and has only the barest elementary education, normally no higher than grade four...With few skills or training and little entrepreneurial self-confidence, most slum dwellers land in service jobs, under-paid and without security. Although the immediate surroundings of the Espinoza's house in Barangay Suba are particularly squalid, this is not uncommon. Only around one-third of such households enjoy garbage collection...even fewer benefit from a piped water system...up to two-thirds depending on the city and the area have no sanitation facility and are reduced to a system of "wrap and throw" for human waste.

"Philippines: Children of the Runaway Cities" (UNICEF, 1991)

Such reports have tended to isolate squatters as the poorest and most disadvantaged group within the city. However as demand for informal land increases a new breed of informal settlement and indeed "squatter" is emerging which is no longer so narrow. In the light of the changing nature of informal land delivery as a housing strategy the nature of the users needs further clarification. Evidence from the author's survey in Cebu City should give a clearer picture of the informal inhabitants and their situation.

**Overall Socio-Economic Characteristics of the Sample Residents**

The main aim of this section is to provide an overview of the characteristics of occupants of informal settlements. As already stated, Philippine literature has tended to view squatter families as a largely homogenous group of urban poor (David and Angangco, 1976, Poethig, 1969, UNICEF, 1991). Socio-economic data from the sample households shows that this is not necessarily the case. Just as informal settlements can occupy a range of locations from the foreshore to prime development land, so evidence reveals that the informal sector incorporates a much broader socio-economic range of users. To examine the nature of the contemporary "squatter household" in Cebu City, a range of characteristics will now be examined such as household structure, migrant status, employment and so on.

A second objective will be to examine the different types of housing tenure within settlements such as renting and "rent free occupation" and their relative significance as a shelter option. This section will begin with a brief explanation of the nature of the Philippine household as the principal social unit upon which the analysis was based.
From a sample of 243 informal settlement families the socio-economic characteristic of the house and the household\textsuperscript{12} is examined to establish a range of basic data. The main findings are described below.

**The Philippine Household: Headship and Structure**

At the micro-level the research uses the household as the main social unit. It is in the context of the household that income-generation, expenditure and decision-making takes place. The concept of the household however is often problematic and unclear in its use and therefore it is important to first look at the definition of household in the Philippine context as used in the research. There is much research on the concept of the household, its structure and headship (Bradshaw, 1995, Chant, 1985, Varley, 1994 and so on). It is not the aim of this research to enter into these debates but to look more specifically at the structure and social dynamics of the Philippine household itself.

The evidence from the sample settlements reveals that the vast majority of households (91\%) to be male-headed, while only 9\% are female-headed. This corresponds to other recent research in Cebu and the Visayas (see Chant and McIllwaine, 1995: Chapter 3). Female-headed households appear to be less common than other countries as it is estimated that at least one-fifth of urban households in Latin America are headed by women (Brydon and Chant, 1989: 147).

**Table 4.2 Household Headship By Settlement**

<table>
<thead>
<tr>
<th>Settlement</th>
<th>Male Headed</th>
<th>Female Headed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duljo</td>
<td>96 (51)</td>
<td>4 (2)</td>
</tr>
<tr>
<td>Sitio Montebellio</td>
<td>90 (90)</td>
<td>10 (10)</td>
</tr>
<tr>
<td>Manggahan</td>
<td>93 (28)</td>
<td>7 (2)</td>
</tr>
<tr>
<td>Buhisan</td>
<td>80 (28)</td>
<td>20 (7)</td>
</tr>
<tr>
<td>Nivel Hills</td>
<td>100 (25)</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Survey Data: Cebu City, 1992.
N.B. Absolute numbers in brackets.

The low incidence of female-headed households may be due to the many social, legal and moral constraints placed on young women in the Philippines. One is the influence of Catholicism in the Philippines which ensures that many young girls marry early to...
start a family. Although it is apparent that sexual relations between young single people occur, in the event of pregnancy social pressure from the families results in marriage between the couple. Women who are known to have had a sexual relationship will also feel forced to marry their partner through social pressure and "hiya" or shame (Ramirez, 1984: 36). Only one respondent who became pregnant out of wedlock decided not to marry her partner as she stated "Why follow one mistake with another?" and subsequently continued living with her baby in her parental home. It is unfortunate however that single mothers in Philippine society are less likely to attract marriage partners. Female-headship in the sample occurs most commonly because of death of the husband, and in some cases separation. There are few cases of single women heading households through choice.

There is much duplicity in the relationship between partners in the Philippine household. While women are obliged to marry sexual partners and remain faithful in marriage, the same social rules do not apply to men and it is common for married men to take mistresses (Ramirez, 1984: 30). Divorce is prohibited by law and thus many women are forced to endure their situation maintaining silence in an uneasy situation complying to the typical Philippine soap-opera role of the "patient-sufferer" (Ramirez, 1984: 32). However although many Philippine men will have mistresses and second families, their wives are respected and esteemed as their legal partners and the mothers of their children. Thus the Philippine wife finds herself in a situation of both strength and weakness in that while she may be unable to prevent her husband from taking other mistresses, she forms the nucleus of the family and remains in charge of the household wielding considerable power. "She becomes even more than a co-partner in major decisions involving property, income, and the education of children. She is allowed to exercise an active role in politics and in business where she often becomes the treasurer, a function analogous to her being holder of the purse at home" (Ramirez, 1984: 32). Thus it is not incidental that the majority of respondents were not the male household head, but the female of the household who was best placed to answer questions ranging from the family income and expenditure to the decision to buy the plot, budgeting for the payment and the land agents involved. The relationship between land agents and gender relations will be explored more fully in Chapter 5.

The average age of household heads is 42 and average family size is 5.8 slightly above the national average of 5.3 (NEDA, 1992). The average number of sons and daughters
in each family was approximately 3. However the number of family members who were 16 and below, is 2.79 while only 2.27 were children of the nuclear family. Most households have extended family living within the household namely cousins, sisters, brothers nieces and nephews. In many cases it is common for the nuclear family to form a solid family core while there is great flexibility for extended family such as cousins, nephews and nieces to join and leave a family. During their stay they are considered part of the household even if their occupation is extremely transient. Manggahas and Pasalo (1994: 257) comment on this in their recent research, "Filipinos do not differentiate between family and household because the members of the household are the members of the basic family unit....Eighty-five percent of the respondents in Cebu City think that the members in the household are also members of the family and are included in the family, everybody living together regardless of how remote their consanguinity. Thus in-laws, grandchildren, cousins, nephews/nieces and persons related to the respondents up to the nth degree were family members".

Another factor is that in the Philippines it is common within the extended family network for a form of child-sharing to occur. Often children up until teenage are spread between relatives in that they may spend months or years within the household of a close relative. The reasons for this are that often parents send children to the city for a better education or in many cases to ease the financial burden within the household. Equally a child may be sent to a relative in the provinces for education and a perceived better standard of living.

The presence of an elderly mother or father within the household is rare with only an average of 0.07% per household in the sample. A possible explanation might be that as many of the sample were migrants, their parents had been left in the provinces. Equally many Filipinos often return to the provinces in old age. Therefore the average level of dependency (i.e members of the family under 16 and over 65) is 2.91 or 39.5%, lower than the national figure in 1990 of 72.7% and the regional figure of 74% (NEDA, 1991). Although it must be considered that many children below the age of 16 have an earning potential and are employed in part-time informal jobs.

Last, it is important to note that other research has shown that in times of economic crisis households undergo extension in order to incorporate extra income earners. This forms an important household survival strategy in, "combining resources, increasing household income, goods and services, and economising on living costs"
Family size is explored in Chapter 7 which states that poorer households in the foreshore settlement of Duljo have more members than in the other sample settlements. However as Chant (1994, forthcoming) explains, the nuclear family is most common in the Philippines with households operating a more loose form of extension with daily child-sharing and short term stays of relatives. Therefore although the nuclear structure of the family forms a fairly static core there is much dynamism and movement of extended family members within the household. The presence of extended members is often due to the arrival of relatives from the provinces seeking work in the city, temporary child-rearing, or kin house sharing as they are unable to afford a plot of their own. The incidence of overcrowding and multi-family occupation within a household is also very much due to affordability of informal plots which in turn is related to income. The incidence of overcrowding and the inter-settlements differences will be explored later on in the thesis.

**Education, Employment and Income**

The perception that the majority of households in informal settlements are poor with few employment possibilities is misleading. Within the sample levels of education, the employment profile, the monthly household income, expenditure and budgeting are examined. This enables a thorough analysis of the financial profile of households in terms of expenditure, income and savings.

The research showed a range of educational levels achieved among the sample population. There was little evidence to show that informal settlement residents suffered from low achievement and therefore might be disadvantaged in the job market. Table 4.3 shows the range of educational levels of the household head in the settlements. This shows a wide range of education levels with 30% of the sample achieving high school level and a further 32% reaching college or postgraduate degree levels. This suggests that informal settlements far from containing poorly educated people are in fact occupied by a cross-section of educational groups. Inter-settlement disparities will be discussed in detail in Chapters 6 and 7.
Table 4.3 Educational Levels Achieved by the Household Head by Settlement

<table>
<thead>
<tr>
<th>Settlement</th>
<th>Elementary</th>
<th>High School</th>
<th>College Degree</th>
<th>Postgraduate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duljo</td>
<td>54 (54)</td>
<td>31 (31)</td>
<td>15 (15)</td>
<td>-</td>
</tr>
<tr>
<td>S. Montebellio</td>
<td>25 (13)</td>
<td>25 (13)</td>
<td>47 (25)</td>
<td>4 (2)</td>
</tr>
<tr>
<td>Manggahan</td>
<td>20 (6)</td>
<td>33 (10)</td>
<td>27 (14)</td>
<td>-</td>
</tr>
<tr>
<td>Buhisan</td>
<td>46 (16)</td>
<td>37 (13)</td>
<td>17 (6)</td>
<td>-</td>
</tr>
<tr>
<td>Nivel Hills</td>
<td>16 (4)</td>
<td>24 (6)</td>
<td>60 (15)</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Survey Data: Cebu City, 1992.
N.B. Absolute numbers in brackets.

In 1991 the poverty threshold for Region VII for an average family of five was a monthly income of P3699 (US $148) (NEDA, 1992). Furthermore NEDA (1992) estimated that in 1991, approximately 58% of households in the Central Visayas were living below this threshold. In the sample income data, collected in 1991/92 only 37.4% of the sample families in the 5 informal settlements were living below this poverty line and 62% had monthly incomes above this. In addition the mean monthly income in the sample was P6959 a full P3260 per month above the poverty line.

Table 4.4 Income Statistics between Settlements, 1992

<table>
<thead>
<tr>
<th>Settlement</th>
<th>Mean</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duljo</td>
<td>3817</td>
<td>15,700</td>
</tr>
<tr>
<td>Sito Montebellio</td>
<td>8338</td>
<td>23,000</td>
</tr>
<tr>
<td>Manggahan</td>
<td>9969</td>
<td>36,000</td>
</tr>
<tr>
<td>Buhisan</td>
<td>5119</td>
<td>21,600</td>
</tr>
<tr>
<td>Nivel Hills</td>
<td>15,574</td>
<td>70,400</td>
</tr>
</tbody>
</table>

Source: Survey Data: Cebu City, 1992.
N.B. Absolute numbers in brackets.

Although urban incomes are expected to be higher than a regional average, they are low compared to the prices of consumer goods, and much poverty is evident. Around 50% of the sample still had a monthly income below P5,000 (US$ 200, at an average US $ = P25, 1992) and 75% of this population had a monthly income below P8000 (US $ 320). Within the samples average incomes are above the poverty line,
especially in Manggahan and Nivel Hills showing a significant presence of middle-income groups in the emerging informal settlements. Absolute income levels and disparities between settlements will be examined more carefully in Chapters 6 and 7.

The data shows that 88% of household heads (male and female) are employed while only 7% are retired, 3% are unemployed and less than 1% (2) respondents are studying. Retired household heads are usually supported by siblings who may or may not live with them. The unemployed are equally most likely being supported by a partner or extended family. In one case in Buhisan the husband had given up his job to construct the house while his spouse worked to pay for the materials. Employment by the female spouse is common whether it be in formal employment or running a small business from home such as a sari-sari store.

Fig 4.5 shows the range of employment sectors occupying heads of households. This shows an even spread between sectors with some bias towards manufacturing, retail, transport and personal services. A fair amount of involvement in the agricultural, fisheries and forestry can be explained in that in the two outlying settlements, Nivel Hills and Buhisan where informal farmers still cultivate the land and in Duljo many of the inhabitants rely on small-scale fishing to survive. In Duljo the fish are laid on bamboo slats for drying and sold in the local market. However this form of employment offers the lowest possible wage levels and families in the agri-sector are often the poorest settlement residents.

Migration history

For migration data a detailed migration history of the respondent was taken. As the respondent was often the female spouse (77% or 186 respondents), the data is biased towards female migration to Cebu City. A total of 63% (152) of the respondents had migrated to Metro Cebu while the rest were born within the metropolitan area. Proportionally 61% of the male respondents and 64% of the female respondents were migrants showing little gender-biased migration. This corresponds to other recent research in Cebu City by Chant and McIlwaine (1995, see Chapter 3) who found that around three-quarters of household heads were migrants.
Fig 4.5 Household Head Categories of Employment

- Industrial not adequately defined
- Agriculture, Fishery & Forestry
- Social/Personal Services
- Manufacturing
- Electricity, Gas & Water
- Construction
- Wholesale & Retail
- Transport, Storage & Comm
- Finance & Business
- Industrial not adequately defined
The most common place of migrant origin is within Region VII, namely Cebu Province and Bohol. However other areas of migrant origin were Mindanao, Leyte and Negros and so on. Cebu Province displays high rates of rural poverty and has experienced little economic investment from the provincial government. Therefore migration from the poorer surrounding provincial areas to Metro Cebu is not unexpected.

Table 4.5 Origin of Migrants

<table>
<thead>
<tr>
<th>Place of Birth</th>
<th>%</th>
<th>(    )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cebu Province</td>
<td>52</td>
<td>(79)</td>
</tr>
<tr>
<td>Bohol</td>
<td>12</td>
<td>(18)</td>
</tr>
<tr>
<td>Mindanao</td>
<td>12</td>
<td>(18)</td>
</tr>
<tr>
<td>Leyte</td>
<td>10</td>
<td>(15)</td>
</tr>
<tr>
<td>Negros</td>
<td>8</td>
<td>(13)</td>
</tr>
<tr>
<td>Bicol</td>
<td>3</td>
<td>(4)</td>
</tr>
<tr>
<td>Luzon</td>
<td>3</td>
<td>(4)</td>
</tr>
<tr>
<td>Zamboanga</td>
<td>0.6</td>
<td>(1)</td>
</tr>
</tbody>
</table>

Total 152

Source: Survey Data: Cebu City, 1992.
N.B. Absolute numbers in brackets.

All of the 5 sample settlements have evidence of recent migration showing that they are all still growth areas for new migrants rather than simply growing through natural increase or overspill from neighbouring settlements or dwellings.

Table 4.6 Migration since 1980 to Metro Cebu by Settlement

<table>
<thead>
<tr>
<th>Settlement</th>
<th>% of the settlement</th>
<th>(    )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duljo</td>
<td>14</td>
<td>(14)</td>
</tr>
<tr>
<td>Sitio Montebellio</td>
<td>38</td>
<td>(20)</td>
</tr>
<tr>
<td>Manggahan</td>
<td>23</td>
<td>(7)</td>
</tr>
<tr>
<td>Buhisan</td>
<td>23</td>
<td>(8)</td>
</tr>
<tr>
<td>Nivel Hills</td>
<td>28</td>
<td>(7)</td>
</tr>
</tbody>
</table>

Total 56

Source: Survey Data: Cebu City, 1992.
N.B. Absolute numbers in brackets.
Reasons for Migration and Age of Migrant

The most common reason for migration to Metro Cebu is to seek employment (54%). A further 25% of the sample had migrated to join their spouse amounting to 39% of the total female migrants. Twenty per cent of the sample had migrated for educational purposes. Migration for educational purposes is common in other urban centres, such as Dagupan (see Trager, 1988: 27). A small number had moved to Metro Cebu for medical treatment or elopement. Elopement is common in the Philippines where families may reject a match forcing the couple to run away to get married.

Table 4.7 Age on Arrival in Metro Cebu

<table>
<thead>
<tr>
<th>Age of Migrant on Arrival</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 9</td>
<td>6</td>
<td>(9)</td>
</tr>
<tr>
<td>10 - 19</td>
<td>45</td>
<td>(69)</td>
</tr>
<tr>
<td>20 - 29</td>
<td>37</td>
<td>(57)</td>
</tr>
<tr>
<td>30 - 39</td>
<td>6</td>
<td>(10)</td>
</tr>
<tr>
<td>40 and Over</td>
<td>5</td>
<td>(7)</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>152</td>
</tr>
</tbody>
</table>

Source: Survey Data: Cebu City, 1992.
N.B. Absolute numbers in brackets.

The sample shows that over four-fifths of the sample migrated between the ages of 10 and 29. This corresponds to the reasons for migration namely, education and employment. In many cases young girls had been brought to live in Cebu City with friends or relatives with the promise of education. However on arrival they had been made to work as a maid in the relative's house or found employment as a maid elsewhere. They explained how they had been unable to finish their education and that they were forced to work in order to earn money to escape from their position of servitude. Other respondents combined employment and education to help pay for the fees and books.

Accompanied Migrants

During the process of migration, 83% were accompanied, these mainly being the young children and teenagers. Of these, 85% were accompanied by close relatives.
such as a parent (17%), spouse (19%) or a cousin (12%). The other migrants were brought to Metro Cebu by an extended family member, a friend or an employee.

In the majority of cases accommodation for the migrants had already been arranged with relatives and family in Cebu City. Therefore on arrival many used the homes of relatives as a base to seek work and/or education. In the case of migrants arriving with employers many said that they were given "bed share" space above the workplace.

The degree to which rural-urban migration in the Philippines is permanent is debatable, although most migrants do not return to live in the provinces (Chant and McIlwaine, 1995). In the present sample, three-quarters of migrants stated that they had no intention of leaving Metro Cebu while a further 16% were unsure. However it became clear that most of the migrants paid regular visits back to the provinces. Around two-thirds of the migrants returned to their home province at least once a year usually around the time of the local fiesta. Around 28% of migrants returned less regularly and a further 13% had never returned. A further 22% (33) of the migrants said that they journeyed back to their home province more regularly than once a year to visit friends and relatives. Many of the migrants also remitted money and/or food to less wealthy relatives in the rural areas. Through regular visits and transfer of goods, it is clear that the migrants still maintain close links with their home towns and kin.

**Migrant and Non-Migrant Differentiation**

One perception of migrants is that they are socially and economically disadvantaged in a new urban environment and this may inhibit house ownership in the city. It is thought that a higher percentage of migrants would not be house owners for two reasons. First, due to lack of knowledge of the city and second, because migrants may have less well established information networks regarding informal land availability. However there is little data to support this. In terms of informal housing there is little identifiable evidence that migrants are disadvantaged in the informal housing market. Figures show that 87.5% of migrants are house owners as opposed to 91% of non-migrants (see Table 4.8). A slightly higher percentage of migrants are informal renters but this is to be expected as it may be their first accommodation within Cebu City. Therefore being a migrant to the city does not seem to necessarily affect access
to housing and land to any significant degree.

Table 4.8  Tenure Differentiation among Migrants and Non-Migrants

<table>
<thead>
<tr>
<th></th>
<th>Houseowners</th>
<th>Renters</th>
<th>Rent Free</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-migrants</td>
<td>91 (81)</td>
<td>4 (4)</td>
<td>4 (4)</td>
</tr>
<tr>
<td>Migrants</td>
<td>88 (133)</td>
<td>9 (13)</td>
<td>4 (6)</td>
</tr>
</tbody>
</table>

Source: Survey Data: Cebu City, 1992.
N.B. Absolute numbers in brackets.
† Missing data for 2 respondents.

As an indicator of personal advantage within the job market, educational attainment is also examined between migrant and non-migrant household heads. This shows that on the whole there was little difference between these two groups. In fact, migrants to Cebu City had achieved marginally better educational levels. A total of 31% of the whole sample heads had at least one year of college education while a further 30% had at least one year of high school. Looking at migrant and non-migrant status 35% of migrants had college education compared to 24% of non-migrants. In fact two migrant household heads held doctorates. Ward (1982: 182) points to similar findings in the Mexican case study in that few significant findings were observed between city-born and migrant households once they were established in the squatter settlements. Therefore it can be concluded that migrants do not suffer from lower educational levels and/or employment prospects and thus are as competitive in the informal land market as native city dwellers.

Tenure Status in the Settlements

Although this research concentrates on owner occupiers in the informal market, it is important to stress here that other forms of housing tenure are common within settlements. Varley points out in her research in Mexico that household composition and the different tenure arrangements between parts of the family is often complex and confusing (Varley, 1993: 13). Aside from owner occupation, renters and "rent-free" occupiers are apparent in the Cebu sample.
**Fig 4.6 Tenure Status in the Total Sample Population: Cebu City**

![Pie chart showing tenure status in Cebu City]

**Table 4.9 Tenure Type by Settlement, Cebu City**

<table>
<thead>
<tr>
<th>Settlement</th>
<th>Houseowner</th>
<th>Renter</th>
<th>Rent Free</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duljo</td>
<td>81</td>
<td>12</td>
<td>7</td>
<td>100</td>
</tr>
<tr>
<td>Sitio Montebellio</td>
<td>88</td>
<td>47</td>
<td>4</td>
<td>53</td>
</tr>
<tr>
<td>Manggahan</td>
<td>97</td>
<td>29</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Buhisan</td>
<td>100</td>
<td>35</td>
<td>-</td>
<td>35</td>
</tr>
<tr>
<td>Nivel Hills</td>
<td>100</td>
<td>25</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>217</strong></td>
<td><strong>16</strong></td>
<td><strong>10</strong></td>
<td><strong>243</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data: Cebu City, 1992.
N.B. Absolute numbers in brackets.
The category "rent free" refers to households who are occupying the homes of friends or relatives without any rental payment: the house owner may be working outside Cebu or even abroad and offers the house rent-free to relatives in return for its safekeeping. Also families who own more than one informal house may place friends or relatives in the unit rent-free to look after their investment while they are deciding whether to sell or keep the house. Rent-free accommodation is perhaps more common, however in agricultural areas where parents allow siblings to live on the farm rent free. This form of house-lending has also been observed in Mexico whereby parents may lend property to their offspring or close relatives while the relatives are working in the USA or may even form part of an early inheritance (Varley, 1994: 130).

Renting as a Housing Strategy

Renters are categorised as households who are paying a regular rental fee to a third party, usually outside the family network. The landlord is commonly the owner of the house and the de facto owner of the plot.

Much research in other countries has shown that renting is an increasingly important shelter option for the urban poor (Amis, 1982; Edwards, 1982; Gilbert, 1993; Gilbert and Varley, 1991). In the Philippines however, rents in the formal sector, are often expensive and in the informal sector it is one of the least secure and fulfilling shelter options. This is because households are usually confined to low standard accommodation with little or no security, and secondly that families are dissuaded from making improvements in rental accommodation which may lead to increased rents (Thirkell, 1988).

As noted previously renting and rent-free tenures are relatively rare in the sample and occur only in Sitio Montebellio and Duljo with one rent-free occupant in Manggahan. The younger settlements of Nivel Hills and Buhisan showed no evidence of rent-free or rental occupation. Renting does not appear to be a particularly significant tenure option in the sample. The reasons for this may be first, that rental housing in Cebu is confined mainly to inner city areas. Second, that all the settlements except for Duljo are relatively young and so land is still readily available for newcomers to buy land and construct housing. Third, that Manggahan is in the process of applying for titling and the community association forced landlords in the
settlement to occupy or sell their structures fearing that absenteeism may affect their application for a government loan. Last, that married couples tended to stay within the parental home while saving to buy their own informal plot rather than spend money on monthly rents. In fact many interviewees stressed that in some cases rents were as expensive as the purchase of land right, thereby encouraging them to take the risk of purchasing a right (see Chapter 6).

However Duljo displays the highest incidence of renting in the sample (see Table 4.9). In most cases landlords living outside the settlement had bought houses or land and built tenement houses with rental rooms. Research by Potts and Mutambirwa in Harare (1991: 18) reveals that high demand for housing units often leads to room lodging and overcrowding in settlements. In Duljo rental rooms are around 9 sq.mts or less per family and rents are often paid weekly or even daily. This inflexibility of rental payment was highlighted in Amis’s (1984: 93) research in Nairobi, Kenya whereby tenants “attempted to meet regular payments from an irregular income. Thus insecurity of income further compounded the general poverty problem”.

Landlords in Cebu, as in Nairobi, make quick profits from informal property ownership with few if any building or safety standards and without risk of personal eviction should the settlement be demolished. This form of rental housing is highly insecure as the landlord can threaten instant eviction should the family be unable to pay the fee. In one rental household in Duljo a small disagreement between the landlord and a family led to such an eviction. In an attempt to oust the tenants the landlord began removing the structure of the house piece by piece starting with the stairs into the sala. 17 The tenants were obliged to leave within a few days of such threatening action.

However the high incidence of owner occupation (89% of the sample households) gives a satisfactory sample to examine informal land acquisition and settlement development, as renters and rent-free occupants on the whole have little idea as to details of the land price and transactions leading to the construction of their dwelling.

1 20
Conclusion

This chapter has examined the nature of demand for land in Cebu City today. The assumption that only the poorest urban residents reside in informal settlements is not altogether accurate. In fact the informal settlements house a broad cross section of urban society, in terms of income, education, occupational status and migrant status. In terms of access to plots migrants do not appear to be disadvantaged in the market place, either through education and income or through unfamiliarity with the city.

It would appear from the examination of the sample data that a much broader range of society use informal land delivery systems to gain access to housing in Cebu City. The penetration of middle-income groups is significant, not only as an indication of poor formal land sector participation, but indeed greater confidence in the informal land market. The implications of significant middle-income use in informal settlements is critical in the development of such settlements and the types of land accessible to different income groups. Before this issue can be addressed it is important now to look more closely at how and why land is introduced to the informal land market and who are the agents involved in informal property development.
Notes to Chapter 4

1. Due to significant reclamation of land by the occupants of Duljo this official calculation of the barangay area is thought to be largely underestimated and thus it is expected that densities might be lower than officially stated.

2. The name Duljo will from now on refer to the settlement itself rather than the larger area of the barangay Duljo, unless specifically stated.

3. A *tartinilla* is a small two wheeled carriage drawn by a single horse. It can carry four people at the back and one alongside the driver. *Tartinillas* were used extensively throughout the city during the time of the Spanish. Now they are used principally as an inexpensive form of public transport operating from the main marketplace in Cebu City to shoreline settlements where access for vehicles is restricted because of the narrow streets.

4. *De facto* in this context means ownership by use rather than legal ownership or *de jure*.

5. Although cock fighting is a national sport in the Philippines the legal cockpits charge taxes on gambling and only operate at weekends. This makes illegal cockpits popular in the low-income settlements. Manggahan formed a perfect site for such an event as it was a secluded site and any officials entering the site had to travel around the south side of the settlement before reaching the cockpit area. This allowed ample time for cock owners and attendants to disperse. However such raids were controlled by regular payments to local police and gambling continued undisturbed. This activity provided income for the settlement because of the many opportunities for food and drink vending around the pit and also pluckers for the dead cocks.

6. The sample settlement is divided by two conflicting community associations, namely Sitio Baca Homeowners Association and Montebellio Site Pyramid Homeowners Association. The settlement had developed as one area and not two and therefore the political boundary between these two associations did not affect the random selection of households. However to remain impartial to the two “communities” the settlement will be referred to as “Sitio Montebellio”.

7. Tricycles are a common mode of public transport in Cebu City. They are mainly used on secondary roads and smaller barangays forming a commuter service between the jeepney drop-off points and individual neighbourhoods. The tricycles carry a sidecar which can seat 4-5 with an additional 2 people on the motorbike itself behind the driver. They form an efficient and flexible, albeit precarious service.

8. Eateries are small eating houses which serve meals throughout the day. Traditionally a number of pots containing different meat dishes are lined up at the front of the shop allowing customers to choose different foods with their rice. This type of eating house can be run from a household *sala* and are extremely common in informal settlements.

9. Future reference to Nivel Hills will mean the settlement rather than the area unless specifically stated.
10. A Family Income and Expenditure Survey was conducted by NEDA in 1991, however the results were not available until late 1992, by which time it was already outdated in many of the growing urban areas such as Cebu City.

11. A 1990 Philippine Population Data Sheet states that the percentage of households below the poverty line in Region VII exceeded 55% while in the Western and Eastern Visayas it reached 61% (Demographic Research and Development Foundation and the Population Commission, 1992).

12. A household is defined as a residential unit whose members share domestic functions and activities - a group of people who 'eat out of the same pot' (Mackintosh, 1979) or who 'share the same bowl' (Robertson, 1984) (see Brydon and Chant, 1989).

13. In the sample I found two women who had managed to rid themselves of unfaithful partners. One woman had eloped with a second partner moving from Mindanao to Cebu City. The second, a lawyer at the City Hall had paid-off her husband and then proclaimed him dead from an accident in the local paper. After a year she was allowed to marry a younger man and live together as a couple without social condemnation. In both cases the action taken by the women is radical and uprooting, highlighting the extreme measures that women must take in order to oust an unsuitable husband or live with another partner.

14. In the Philippines it is not uncommon for young girls to share small rental rooms. This is advertised as bed sharing as often two girls working different shifts may share the same bed. This is common in Mactan where accommodation for young single female assembly workers is in high demand.

15. Each village, barangay or even settlement has a patron saint. Once a year there is a local celebration in honour of the particular saint involving mass, a street procession and much feasting. On this day each family is obliged to cook what they can and issue a general invitation to eat at their home. On this date relatives will travel to their place of origin to partake of the religious fiesta.

16. Jobs in Cebu are rarely obtained by responding to advertisements, but through personal recommendations by friends and relatives already working in firms where there are vacancies. Thus it is not uncommon to have a gathering of relatives or people from the same province employed in one company or office. Recommendations by retiring employees can also be bought in an informal market.

17. The sala is a word derived from the Spanish meaning a living area or sitting room. In the Philippines the sala may act solely as a living area or may equally double up as the bedroom with mats being rolled out at night for sleeping.
Chapter 5

The Role and Function of Agents in Informal Land Delivery in Cebu City

Introduction

Instrumental to understanding the process of informal land delivery is the identification and evaluation of the actors and agents involved in land alienation and subsequent property development. The "entrepreneurs" (Doebele, 1994: 44) of the informal land market are key to the delivery of land and yet relatively few studies have identified who they are or analysed their roles, motives and aspirations within the market. This is certainly true of the Philippines, and especially the country's secondary cities. This chapter concentrates on actors' influence over the initial conversion of land from idle to residential plots in Cebu and informal land commercialisation. The processes through which urban development takes place involve a complex and varied range of informal agents extending from public institutions to individual entrepreneurs and single farmers, with each group having a rather different set of impacts on access to land and shelter evolution.

This chapter has three main objectives: first to identify the range of agents involved in a) the initial conversion of idle lands to residential development within the city and b) the role and strategy of agents in the second-hand housing market; second, to analyse the strategies, interests and actions of the agents involved in informal land development as well as agent networks, and third to examine the relationship between types of agent and their operations. The identification and interviewing of informal land agents proved particularly challenging due to their unstructured method of operation and the illegal nature of their work. However, as discussed in Chapter 1, a total of 25 semi-structured interviews were held with informal land agents to provide a qualitative base for understanding their role in land development (see also Appendix 2). Before the case studies are examined, a brief review of the theoretical links between agents and land development is appropriate.
Agents and their Role in the Land Development Process

The role of agents in the process of land and property development has attracted a growing amount of research in both developed and developing countries. Much of the literature recognises that the actions of agents within the marketplace are instrumental in creating opportunities for land conversion and engineering its development (Ball, 1981, 1984, 1986; Doebele, 1994, García and Jiménez, 1994, Hall et al, 1973, Healey and Barrett, 1989, McNamara, 1983). Healey and Barrett (1989: 89) state that it is the "social processes of land and property development which are important in forming, shaping and indeed driving the market". Yet urbanisation studies have often underestimated the role and action of agents in the allocation of land and its use; this oversight is highlighted by Healey and Barrett, (1989) "the significance of intermediaries from developers to property consultants lie hidden or are given little more than a passing reference in many historical accounts of urban development". Moreover much of the research which has been done on agents has been based on the U.K and other European planning systems and thus has limited application to the more informal process of land delivery in developing countries where agents operate in a far less structured environment. However such research at least provides a framework for the analysis of agents as well as a basis for understanding their overall role and behaviour within the market.

Agents and Property within Regulated Planning Systems in Developed Countries

Property development in the U.K is regulated through strict planning legislation and formalised through a well-recognised set of actors namely; the developer, the funder, the advisers, the builder and the public sector (Barrett and Whitting, 1983). The land owner is also acknowledged as a key actor. The development process of land and subsequently property is triggered through economic opportunity and occurs through interaction and negotiation among these actors in a highly regulated planning environment.

Previous research interpreted land and property development as a fairly structured sequence of events requiring an analysis of the roles and actions of actors at different stages of development (Goodchild and Muncton, 1985: 65). Later work by Gore and Nicolson (1991), however, has pointed out that development is not linear and has advocated a more complex set of approaches. There are 4 principal models of
analysing agents within land development. These are: a) a sequential model which describes the stages of land development and the corresponding role of agents (similar to Goodchild and Muncton, 1985); b) a behavioural model which analyses the impact of agent strategy and decision-making in property development; c) a production based approach (Boddy, 1981, Harvey, 1978) and d) an institutional model based on structures of provision (Ball, 1983, 1985, 1986, 1986). Each of the four models offers a slightly different approach to understanding why and how land development occurs and the social interactions involved, yet being based primarily on the U.K, they must be treated with caution in understanding informal land and property development in countries, such as the Philippines.

The sequential model is useful in breaking down the development process into separate stages and analysing the "development pipeline". It separates out the sequence of events which create the climate and specific opportunities for local development projects. However it focuses attention on blockages and concentrates on describing the development process rather than analysing why a project takes a certain form or is initiated at a certain time (Healey, 1991: 224). The rigidity of this model is thus unhelpful in analysing less structured development processes as it does not take into account irregular development procedures or individual agent behaviour which are particularly significant to informal markets.

The behavioural model analyses the development process according to the actions and transactions of the various actors involved (Gore and Nicolson, 1991: 771). Its strength is that it identifies the relationships between different groups of actors and looks at stakeholders in the development process to understand their actions. However it fails to examine the wider socio-economic processes in which development take place. Nonetheless this approach is perhaps the most useful in analysing informal markets, such as in the Philippines. Due to the unstructured nature of such markets the actions and decisions of individuals and groups becomes an important determining factor in the conversion and development of land. This model also acknowledges the differential power relations between different groups which is important to understanding the nature of informal property development in cities such as Cebu.

The production-based approach was developed as the event sequence approach and a behavioural approach were criticised as attempting to generalise the development process from empirical reality. Whereas a production based model starts from a set
of first principles which may be more universally applied (Gore and Nicolson, 1991: 721). Its focus is to track the variable flow of capital into different types of activity at different times and understand how this affects industrial and commercial development. The weakness of the model is that it has been produced as a theoretical tool so that specific empirical applications have been weakly developed (Gore and Nicolson, 1991: 725). Similar to this, a structures of provision model (principally developed by Ball) examines at a more macro-level how the flow of money and capital form the generating current for land and property development. This model, originally devised to analyse British housing consumption, stresses that the role of institutions and social agencies can not be ignored in understanding the production and consumption of building development.

However these two models examine the development process through fixed processes and recognised agencies. In the Philippines informal land development occurs within less structured markets and incorporates a wider range of unofficial agents such as farmers, land users and shopkeepers making it hard to apply such a theoretically based model. Within an irregular market the action and decisions of agents takes on greater significance making a behavioural approach the most relevant. However these approaches can only be considered in the context of the city or country itself where cultural, historical and ideological factors play an important role in development processes.

Thus models based on the U.K have limited applicability to informal markets which operate around opportunistic and irregular practices. The most applicable model therefore is the behavioural model which seeks to identify key sets of agents and to analyse their operations and rationale behind decisions to develop property and land. In an informal market these individual actors and land agents are critical to initiating and organising land development.

Agents and Land Delivery in Developing Countries

In many developing countries the absence of a single regulated market means that the process of land development is fragmented between formal and informal market practices which operate in parallel. Implementation of planning regulation is weak meaning that the impact of individual actors is often highly influential for the introduction and sale of urban land, thereby making the behavioural model the most
relevant. In this way the identification and understanding of individual agents in informal land delivery becomes critical to understanding the system as a whole.

With this in mind it is curious that there seems to be a dearth of studies focusing on agents in the informal land market in developing countries. Doebele (1994: 48) states, "the entrepreneurs of the urban land boom.... the too-often forgotten figures in the literature of urban land markets in developing countries .... do not even receive much attention in the extensive literature on the so-called informal employment sector".

Furthermore urbanisation research has tended to concentrate on the more overt commercial subdivider in case studies (see Benjamin, 1991:15 on East Delhi, Nientied and Van der Linden, 1990: 234 on Karachi) and also the role of institutional and political influence in land delivery and consolidation (Collier, 1975, Gilbert and Ward, 1985). These studies are relevant to Cebu City, but informal agents and roles cannot be easily stereotyped or readily compared between countries. The task remains to identify the actors and agents especially at the micro-level along with their strategies and lines of contact within the formal urban system.

The Roles of State Institutions and Formal Sector Agents in Informal Land Delivery

The rising commercialisation of informal land delivery has encouraged a growing number of actors to participate in developing these plots. The process of informal land development does not occur independently of formal land development practices but is often supported through the existing institutional and political system. In the Philippines, as in many developing countries, rigid planning regulations and lengthy procedures hinder the formal delivery of land which, as cities grow, become progressively unable to meet demand. This creates opportunity for a range of actors to profit from circumventing the system and developing land in informal ways (Hodder, 1991: 118).

Even if informal agents per se have not been the subject of much research, the links between informal land development and the institutional and political framework have been well documented in a range of developing countries. Early studies looked broadly at the relationships between land invasions and the political process (Collier, 1975, Gilbert and Ward, 1984). There are some notable case studies which examine more
closely the relationship between the state, public offices and the subdivision of state lands for sale. Gilbert (1981) and Gilbert and Ward (1985) examined the transformation of supply systems from invasion to commercial subdivision and the political influences in land subdivision of private and communal land in Mexico City, Bogotá and Caracas.

Informal land developers labelled by Gilbert as "pirate subdividers" have acted to subdivide communal and private lands for sale to low-income groups (Gilbert, 1981). Public land is often divided into lots with minimal services and limited infrastructure and sold to landless families. Inaction by the state amounts to covert support; pirate subdividers are recognised as efficient and useful in enabling the poor to gain access to cheap land, and the state intervenes only when the urbaniser is denounced by the population of the settlement (Gilbert, 1981). In return, informal agents are key to the political system as they present politicians with a source of patronage. "Politicians seek planning permission, negotiate for services with the bureaucracy, and intercede with the pirate urbanisers" (Gilbert and Gugler, 1981:112).

As land invasions have become less frequent in many developing countries, politicians and public officials have continued to be involved in informal land delivery but using more subtle methods. "The informal delivery system for land and housing in many cities in developing countries is a major business... It is complex with many layers of actors, interacting with each other in highly structured ways. It has usually penetrated into, and is interlaced with municipal, provincial and national bureaucracies" (Doebele, 1994: 47).

In a detailed study in Karachi, Nientied and Van der Linden (1990: 233) describe the widespread process of illegal land subdivision and its links with planning offices. Informal developers identify vacant public lands and then seek government protection to develop it. Within this loose agreement the developer is confident to subdivide the land and to sell plots to middle-income and upper-income families. In 1984 it was estimated that up to 60% of all informal settlers (1.5 million occupants) were living in informal subdivisions. Nientied and Van der Linden (1990; 235) stress that "The pivotal role in developing illegal subdivisions is played by a person who has good contacts with - or a grip on - the political and administrative higher-ups and thus can obtain permission to develop a part of the desert land around the city".
Benjamin's (1991) study of informal subdivision in East Delhi further emphasises the importance of the links between coloniser and official. The coloniser uses informal connections to subdivide and sell informal land understanding that, as the settlement develops, a "vote bank" is formed which can yield considerable power. Infrastructure and servicing follows through the colonisers' ability to market the settlement to such figures as a source of support. "Development decisions then are governed by an inner network of informal connections and sources of information operating in parallel with official rules and written requirements" (ibid: 18).

In the Philippines there are numerous methods of informally alienating land, of which institutions play a key role, even if the links between institutions and informal land development are largely undocumented. What is known, however, is that the various institutions involved in land mapping, taxation and registration have complicated procedures for titling lands and the transfer of titled properties, necessitate a more fluid informal land delivery system. Often, officials provide information to informal land developers or cooperate with subdividers themselves for a share of profits.

In secondary cites such as Baguio City in North Luzon, for example, the organised sale of squatter land is common. Baguio City is classified as a Townsite area where special laws apply. One of these is that families occupying alienable and disposable public lands can apply for title through a "Townsite Application" (TSA) processed by the Department of Environment and Natural Resources (DENR). In this way occupation is tantamount to ownership providing that there is no conflicting claim to the land. This allows substantial opportunity for commercial dealings on public lands, leading to the development of highly organised sales of public lands, though "squatter syndicates". These syndicates use formal information sources to gain knowledge on the location and ownership of lands. Baguio however is unique in the city-wide nature of its syndicates. Reports indicate that squatter syndicates in other secondary centres are opportunistic and not well formed (UNCHS, 1992).

More specifically in Cebu City, my own research revealed a number of strategies used by informal agents with public offices in developing land. Public lands are identified in the Bureau of Lands Office (BoL) through cooperation between informal agents and administrative staff. Various public and private lands are then informally surveyed, subdivided and sold within the land market by the agents themselves. Agents may pay officials for information provided or may furnish them with a cut of the profits. The
occupation and sale of well located sites requires more influential backing. The provincial land area (lots 4 and 5) behind the Cebu Plaza Hotel has attracted high income buyers. The informal division and sale of this site is rumoured to have support from local politicians seeking to repay favours from local businessmen and government employees who subsequently occupy the area.

A second strategy of informal land grabbing is through the use of tax declarations. Tax declarations must be paid on parcels of land through the land tax office. Tax declarations are still made on unregistered land and the certificates used as proof of occupation and thus ownership for eventual titling. Thus by locating and registering tax payments on untitled areas, this eventually leads to the occupant being eligible to apply for title. This is carried out by individuals or even commercial interests. However the administration of land, the process of registration and its titling can take many years rendering this method of land grabbing unprofitable to most commercial land agents in Cebu City and is not the main process by which informal land is alienated or developed. This begs the question as to how such large urban areas in Cebu City have been informally developed over the last decade and who are the principal agents concerned.

The Nature of Land Ownership and its Impact on Development

In the absence of established grounds for land ownership and a comprehensive land registration system capable of recording the rapid turnover of plots in many secondary cities in the Philippines such as Cebu, the question of the nature of land appropriation becomes critical. As already stated the definition of "informal" land in this context will be taken as land to which the occupant, trader or user has no formal or legally recognised documentation such as a "Torrens" title (see Chapter 3). The land may be public, or privately owned, but not by the agent acting upon it. The definition of informal land ownership and land relations will now be reviewed with special reference to the Philippines and Cebu. Even though much land remains formally unregistered or in the hands of a small landed elite, cultivators, occupants and actual users of the land are still considered to have certain land use rights albeit unsubstantiated by a title document. The result is a layering of land use and ownership rights with different sets of actors possessing different rights to the same plot of land. In other words, as discussed in Chapter 3, the rights to occupy and use
the land can be sold independently of the formal registered owner. This leads to the creation of a fundamental division of land ownership as a "bundle of rights" in that the owner and the occupant both retain certain rights to the land creating a "dual" land ownership system.

The occupancy of the land is substantiated by law in that de facto owners and cultivators may apply for formal ownership of unregistered land occupied through the Homestead Act or by Free Patent. However de facto owners rarely claim land patents due to ignorance of the scheme as well as the cost and lengthy procedure involved. As one informal occupant, Sonnie, stated, "The farmer may own the area but he is not able to acquire title because he has no money and it is far to Capitol (the Provincial Government building) as they have to walk - they don't know where to go and they don't know the procedure" (pers comm, May 1992). Informal land trading is thus based on the transfer of land use rights which are recognised culturally and historically as a legitimate good.

The informal occupation and use of land is still a key feature in contemporary land relations which is brought into sharp relief when the formal and informal systems meet. The occupant of public lands or indeed privately-owned lands is regarded as having legitimate use rights to the land which are exclusive, leading to a highly fragmented delivery system through casual agents and the occupants themselves. The sequence of events in informal land alienation and delivery will now be examined through the individual case histories taken in Cebu City.

**Agents and Land Conversion: The Transfer of Agricultural Land to Urban Settlement**

A significant process in informal land development is the initial conversion of idle or rural lands to individual plots for settlement. Two questions are of particular interest here: the first is who are the principal agents in land conversion?, and second what occurs to trigger land use change? To answer these issues, conversion agents of the sample settlements were interviewed, and three main processes of land conversion were identified: first, farmer/caretaker conversion (which is predominant in the settlements of Manggahan, Buhisan and Nivel Hills); second, organised commercial subdivision (which is the case in Sitio Montebello) and third, rental of public lands leading to settlement (as in the foreshore settlement of Duljo).
1. Farmers and Keepers: Regulators of Development

As explained earlier in the chapter, land occupants in the Philippines possess certain land use rights which are recognised and respected by state and society. Rural lands, both registered and unregistered, are most frequently occupied and cultivated by peasant farmers. Conflict arises when population pressure and the expansion of the city creates demand for urban land. The main questions here are what is the role of occupant farmers/caretakers and their reasons for sale at a particular time and how is the land disposed of? This is best exemplified by the case histories of Manggahan, Nivel and Buhisan where the land had been cultivated by resident farmers, and in all cases occupants had sold the land as a response to threats to their land rights.

Buhisan: Case History of Land Conversion

During the late 1980s Buhisan was occupied and cultivated by a resident farmer. The story is recounted by Filamina, the daughter of the original farmer. Filamina said that when her parents died, she and her sister were unable to till the area and so sold the title to the Go-Chan Corporation, a large Filipino-Chinese company. With the permission of Go-Chan, Filamina stayed on the site to administer the area and harvest the bananas. The site was also overseen by one of Go-Chan's agents who regularly visited the area. Before long, he started to sell land rights to families who then occupied plots in the area. Filamina recognised that she could lose the rights to farm the area and furthermore noticed that her crops had begun to disappear. When Filamina protested he made a pact with her that she should sell the plots and split the profits with him. She promptly divided the land into 100 square metre plots with a plastic tape using sticks as markers and sold the lots for P1000 each. For each plot she gave the administrator P400 and he was relieved of the responsibility of the land sales which may have compromised his job at Go-Chan.

Filamina made a list of the plot purchasers, swopping names with those unable to give the down payment or those who changed their mind. She managed to sell 40 rights in less than a year, carving up the area into a small housing subdivision.

Manggahan: Case History of Land Conversion

In the 1980s Manggahan was formally owned by a Filipino-American who gave
permission to a female neighbour to be the care-taker. Although the land was already farmed, Nissing became the administrator of the area through her loose connection with the title holder. To help oversee the site, Nissing appointed another woman, Nang Emma, to live in the area and look after the settlement in her absence. Furthermore although there were two farming families in the area already, she allowed a third farmer, Ernesto, to settle in the area to farm the mangos. All three farmers were obliged to give 30% of their crop to Nissing as a form of due.

On the death of the owner the land ownership was contested by the heirs. At the conclusion of the court case Nissing realized that she could lose her investment and began to sell land rights to families who needed plots. She visited the area every Sunday to collect what she called “rentals” and interview prospective buyers. The settlers themselves were allowed to select the size and location of their plot. According to the size of the house built she would judge the wealth of the occupant and charge for the land right accordingly. However the fee was never above P1,000 and more generally around P500 per lot. She worked closely with Nang Emma and Ernesto to divide the land quickly and collect as many fees as possible. One of the original de facto farmers of the area, Betty, protested to the sale of her land even though she only had informal ownership and this was respected by the caretaker who avoided sales on her individual plot. Again it took around a year to sell all the plots.

Nivel Hills: Case History of Land Conversion

The Nivel settlement is a large area of provincially owned land occupied by a number of informal farmers. The settlement itself is still highly undeveloped but has distinct signs of conversion and sale. Some of the farmers started to sell rights, which triggered many of the adjacent cultivators to begin parcelling their land and selling land use rights to visiting families. The farmers interviewed were not commercially motivated however, and often sold or gave plots out of pity to low-income people visiting the area. This was subsequently exploited by agents visiting the area who bought plots cheaply to resell at higher prices.

The case studies show that the behaviour of individual actors at the micro-level is influential in the conversion of land. The importance of farmers and land tillers as agents in converting land has been highlighted in other research. In Cairo, for example it is also common for farmers to sell their plots to developers or owner builders.
directly for residential purposes (Steinburg, 1990: 113). Farmers and informal occupants are thus likely to be key in the conversion of lands. The advantage is not only that they own certain rights acquired by occupancy, but they are also familiar with the informal boundaries and land ownership of various informal owners. In Surabaya, Indonesia the transfer of land rights is authorised by the community council, but the local farmers and owners "provide the legitimacy for land transactions. Boundaries between land owners are based on mutual agreement and understanding and are only marked by readily observable objects such as bolders, streams or trees" (Silas, 1990: 229).

The reasons for farmers selling lands, however may be somewhat more complex. The trigger in Cebu is thus largely determined through the rationalisation of agents to capitalise on their land when faced with losing it from developers or owners who make claims upon it. However the trigger determining conversion is highly place specific. In Maharashtra, India farmers were persuaded to sell lands by developers and land officials working together and often resulted in land transfer through fraud and coercion (Gengaji, 1992: 282). Another case is presented in Caracas, Venezuela where Gilbert and Healey's (1985: 24) research showed that the principal motivation for land conversion agents was profit maximisation. "Apart from the final occupant of the building, whose concern is, at least in part with its use value, the other agents involved in the production of the built environment in this complex capitalist form will seek to make profits in two ways. The first being the process of production itself, the manufacture of building materials and the erection of buildings; the second from the appreciating value of the urban land". In the Cebu interviews, the farmers are not profit maximisers and hold plot prices steady throughout the period of sale seeking to merely recoup lost agricultural revenue. Similar patterns of agent behaviour is documented by García and Jiménez (1994: 98) in that *ejidatarios* (see Note 2, Chapter 1) living in the fringe areas of Querétero, Mexico converted their agricultural land through "a feeling of vulnerability in that their land may be expropriated for public projects".

Prices are often determined on the agent's perception of the buyer's ability to pay and often the farmer pitying the buyer gives the plot for nothing. Furthermore García and Jiménez (ibid) comment on the low sale prices charged by farmers stating, "Thus, while the *ejido* has a near monopoly on land at the periphery of the study cities (Toluca is the exception), the pressure to sell, the illegality that this accentuates and the
client group to which ejidos must sell, all contribute to the cheap sale prices*. While there are many parallels between the behaviour of the agents in Querétaro and Cebu City the perception of ownership (see Chapter 3) and the factors influencing price setting seem variable (see Chapter 6). In many way the Cebu farmers are non-commercial and largely uninfluenced by market forces; therefore they keep prices low and allow access to land for a wide range of income groups. Other forms of agency are not so benevolent.

2. The Organised Commercial Subdivision

Although commercial subdividers are not common in Cebu City, there are still cases of such developments, and within the Philippines as a whole, “squatter syndicates” play an important part in informal land development. One of the sample settlements, Sitio Montebellio, on the perimeter of the Lahug airport, had been developed by such commercial subdividers.

In the early 1980s the site owned by the Bureau of Air Transportation (BAT), was farmed by three farmers. In 1985 the aviation authority hired a security guard to patrol the site and he sought residence with one of these. After about a year Mr Llaguno, the security guard and his wife collaborated with one of the farmer’s sons to subdivide the plots into residential lots for sale. They persuaded families to buy lots through a number of techniques, one such method is being the showing to people of a simple subdivision map of the area (this gave the sales some legitimacy in buyers’ eyes). A similar technique has been documented for Karachi, where informal developers often draw up working subdivision maps which are “detailed documents, showing the future location of infrastructure and land reserved for parks, schools, and shopping areas (Nientied and Van der Linden, 1990: 255).

In Sitio Montebellio the letter of appointment for the security guard from BAT acted as a loose connection to the airport authority which gave him added power. Finally, information evenings were held to which interested buyers were invited to a presentation of the subdivision scheme. Later on the guard Mr Llaguno also brought in friends and formed a community association to help organise the planning and marketing of lots, which remained after his departure.4

The organisation, marketing and sale of lots requires an internal coherence and
organisation of subdividers, sellers and local guards. In this case these were hired or brought in by the subdivider. However this is not an ideal framework for land and settlement development. For instance, in retaliation, one of the farmers in Sitio Montebellio also started to sell rights to his lands complicating the land subdivision process and leading to double and triple sales of the same lots. When the farmers objected, the security guard employed "goons" to keep peace and order on the site.

Other studies of commercial subdivision highlight the relationship between the internal organisation of informal sale agents. Benjamin (1991: 18) explains that in East Delhi the initial subdivision process is engineered by a "coloniser" who act with or without the farmer subdividing and selling plots. However once the settlement begins to fill-up some residents form "local property agents" who eventually act as information nodes between the coloniser and potential buyers for a 2 percent commission. Nientied and Van der Linden's (1990: 235 ) study in Karachi alludes to the dilemma of organising the commercial subdivision of peripheral agricultural land and the tensions created between the main subdivider and other agents. "In his turn the key person needs helpers who do the actual work of planning, laying out the roads, lanes and plots in the field and selling the plots". However without formal authority each of these actors individually compete for a share of the spoils causing potential for conflict and mistrust. This was the case in Sitio Montebellio where opportunities for profit and the lack of clear development strategy of the site led to ill-feeling and conflict among the subdividers, the farmers, the community association and the residents.

Although the subdivision of lots by individual entrepreneurs is not common in Cebu, it shows some characteristics of the commercial land development process which are notable in the formation of an informal land market. The Sitio Montebellio case study illustrates a number of problems. The sale of rights by the guard and his helpers caused conflict with the original and new occupants of the sites, each feeling that their land rights had been abused. Competition between agents to extract profit from the land subdivision process means that multiple fees are incurred by the occupants. Therefore residents are not only charged an entrance fee by the subdivider but also membership fees by the community association, protection fees by the guards and so on. This leads to the settlement developing in an atmosphere of mistrust, conflict and violence which, in this particular case, has prevented the creation of any solidarity among residents. Lastly the layering of different charges by agents for plots can lead
to rapid escalation of plot prices, inhibiting access to land by the poor at an early stage of settlement development and preventing a balanced representation of social groups settling in the settlement.

3. Land Rentals

The third and final category of informal land delivery is through land rental. This is a vital and important means of entry to lands in Cebu City, but has received little if any attention in academic or planning literature. None the less, one study conducted in 1992 reveals that out of a total of 530 informal settlements in Cebu City, approximately 50% had been initiated by land rental (see Thirkell, 1992). Land rental is leased through one of the three main agents: private land owners, caretakers, or the Bureau of Lands (who often let public lands for short-term settlement). Land rental is a highly insecure form of land tenure as it is usually governed by flimsy verbal agreements which can be revoked by landlords and lead to ejection of families at short notice. As a first stage of eviction the landlord will refuse rental payment, although residents may petition the landlord to stay on site. The strength of the community to remain on the land depends on its size; the smallest communities being the most vulnerable.

One of the sample communities Duljo, a foreshore area classified as public domain, was originally settled through individual land rentals issued by the Bureau of Lands for temporary occupation of the site. This government office is able to charge small yearly rentals from residents on registration and, in turn, registered occupants are provided with a small elementary sketch-map of their plot which gives them a certain degree of security of tenure. In fact a small number of residents within Duljo who understood the registration procedure and had contacts with the BoL marketed plots and charged service fees for registering new occupants within the city office. However as Duljo expanded, the validity of applying for rental declined and in fact many of the residents now acquire plots through invasion, purchase or indeed reclamation at the sea front. Aside from the conversion agents, the marketing of plots and the resale of informal housing is an important element in the operation of the market. The following section examines the agents involved in sale at the post-conversion stage, their sale strategies and their role in the market as a whole.
Second-Hand Housing Agents and the Marketing of Plots and Housing

Cebu City, like many developing cities, contains a large stock of informal property. However there is little, if any, documentation on the purchase, sale or transfer of this property known as “second-hand housing” and the agents involved in its marketing. Lack of information on the second-hand housing market is not peculiar to Cebu City. Doebele (1994: 50) poses many questions concerning this market such as, “Why do so few resales appear to be taking place in informal settlements (if indeed such is the case)? When do they occur, to whom are the plots or properties sold and how is the price fixed?” The answer to these questions lies largely in the identification and understanding of the agents involved. This section and the following chapter elucidates on some of these questions in the Cebu City context.

The sellers of land rights and/or informal property within a second-hand housing market are in some ways more difficult to classify than the conversion agents. There is no structure or administrative framework for such sellers and there is little existing research on their identity or operations in the Philippines as a whole, let alone Cebu City. Nonetheless a mélange of agents participate in the sale of land rights and informal property after conversion in the informal land market. In broad terms three levels of agency were identified based on their geographical scale of operation: city-wide agents, area wide agents and settlement specific agents (see Table 5.1), and while different, some common characteristics of their behaviour can be drawn (see below).

Land in the informal market is generally cheaper, offers a wide variety of locations and is not hampered by the imposition of building regulation, thus generating enormous demand. Land conversion from agricultural plots to residential use is on the whole unpredictable and can be triggered with little or no warning. There is evidence to show that as demand for land is so great, when land rights become available they are principally consumed in a highly localised market (see Appendix 5). Families in the 5 sample settlements had mainly come from local rental or shared accommodation with some inter-settlement movement. Landless families consider themselves extremely lucky at the prospect of owning land (albeit just a right to it) at an affordable price, which may only occur once in a lifetime. At the outset, buyers will deal with the conversion agents; later on another set of agents emerge who deal with the resale of plots and properties, which become vacant for whatever reason.
This being said it should be noted that residential mobility in informal areas is relatively infrequent. Once a household has constructed a dwelling it is unlikely to move and would rather commute long distances than move around to other informal areas. This may be explained by the fact that first, security takes a long time to establish and is not readily surrendered; second, that housing consolidation often occurs slowly and so aspirations for the dwelling commit a household to one house for a longer period of time, and third, that the opportunity to buy an affordable right might not occur again.

The high demand for land rights has two main impacts on the formation and operation of second-hand agents in the informal land market in Cebu City. The first is that buyers for land rights can often be found with ease, by occupants themselves who advertise the property or plot by word-of-mouth or through kinship networks. Second, most buyers can be found in the local area, which also reduces the need for agents. The small need for agent involvement means that second-hand agents and networks for such sales are weakly developed and many agents act alone. There are accordingly only few agents operating in informal land at the city-wide level. The marketing of plots by personal contact within a locality offers interesting opportunities for women to act as agents and this gender-bias is evident in the agents interviewed. As local operators form the principal sales agents, they are addressed in some detail.

Local Agents- Salespeople and Estate Agents

At the local level, land and property agents can be categorised into 2 main types: opportunistic salespeople and more commercialised brokers who may or may not be actively involved in seeking buyers but are engaged in the dissemination of information about available property.

Settlement-Specific Salespeople

Once a right becomes available, a neighbour, a family member, or friend of the seller may become an agent for that right. They may not have acted as an agent before but seize the opportunity to make some (small) commission on the sale. They inform the seller that they are undertaking to look for a buyer for them and then ask around the settlement for interested parties. As women are generally present in the settlement
during the daytime and at weekends, many of these agents tend to be female. The agent usually adds his/her commission onto the price set by the owner and as long as the owner receives the requested price the agent is allowed to keep the surplus. This type of agent is extremely informal and their operation is transitory, however they do represent a source of information within the settlement between sellers and buyers. While these agents tend to be opportunistic and act alone on single transactions, area-wide agents are slightly more developed and sophisticated in their mode of operation (see Table 5.1).

Table 5.1 Hierarchy of Informal Land Agents Operating in Cebu City

<table>
<thead>
<tr>
<th>Type of Land Agent</th>
<th>Geographical Sphere of Operation</th>
<th>Types of Land/ Properties</th>
<th>Types of Agent Occupations</th>
<th>Usual sex of Agents</th>
<th>Commission Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal Settlement</td>
<td>Sari-sari vendors, Housewives</td>
<td>Female</td>
<td>Low, erratic, Often clients fail to pay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal Area</td>
<td>Beautician, Market Stall Holder, Ambulant Vendor</td>
<td>Female/some male</td>
<td>Some set rates, more regular business wider area for comis'n</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal/ Formal City</td>
<td>Titled property tax declarations for land, more expensive land rights/large squatter houses.</td>
<td>Informal land brokers property/ estate managers for rental accommodation</td>
<td>Women and men</td>
<td>Slow, but regular turnover. 5-10% set commission on sale</td>
<td></td>
</tr>
<tr>
<td>Formal/ Some Informal City</td>
<td>Titled property, tax declarations, outstanding land right sales</td>
<td>Politicians, Publishers/ Media and advertising</td>
<td>Men, some women</td>
<td>Good rates of comm's Min 5% sale value, fair turnover</td>
<td></td>
</tr>
</tbody>
</table>

Area-Wide Agents - Land Scouts, Vendors and Storekeepers

Scouts, vendors and storekeepers are the main agents for information and rights transactions within most informal settlements including sari-sari servers, beauticians and shop keepers. Customers inform them of the availability of plots and they spread the information to a broad spectrum of potential clients. From this passive role of information dissemination, seeing the opportunity to make some commission many people become more active agents in the sale of plots. At the local level this is dominated by women who include land sales as part of their existing business. As their business may be based in the community or a local store they are best placed to exploit such opportunities.

In Manggahan a principal agent for the sale of plots is Crissing, a local beautician. In her shop she collects information on plot availability for 5 local settlements; Manggahan, Rubberworld, Buhisan, Tisa and the Rattan factory settlement. During her working day, customers inform her of the availability of plots and she disperses the information to potential buyers. Her parlour is located in F.Llamas market, a large area of rental housing but with emerging settlements to the north like Buhisan. Crissing has developed her role from an information source to a more active agent charging commission to house owners for sending successful leads to the settlements. However to ensure that she receives commission on all her leads she has hired a second woman to accompany people to the site.

In the settlements near the foreshore and the public markets, ambulant vendors also act as land agents. Women who walk from settlement to settlement selling clothes and goods carry information on the availability of plots. These people have a sales background and are familiar with carrying information on availability of goods and pricing. In general, they walk around with second hand ready-to-wear (RTW) clothes over their arm, but they also have a store of goods at home such as plates, furniture, cassettes, magazines and so on. They may not personally own all of the items on sale, but market them for a commission, with land rights forming part of their portfolio of sales goods. These vendors generally operate alone but if they are having difficulty, will collaborate with other sellers operating in other settlements. In this case the commission is split between agents.

Sari-sari store owners are also in a unique position to supply information regarding
plot availability in the local area. Often this information is passively provided as people gather informally at the local store and pass on "tsismis" or gossip. Some sari-sari vendors double up as land agents and, like Crissing, will escort buyers to available plots in return for a commission on the sale. Eddie is one such agent in Nivel who uses his wife's sari-sari store to operate an informal land agency. He specialises in selling rights in the surrounding public lands. Although he operates independently, he has a network of friends working in other areas stating, "even independent agents still coordinate with each other" (per. comm: 1992). Eddie started as an agent in 1991 and on average sells one right every three months. This indicates the slow turnover of plots within areas due to lack of supply, the occupants selling the plots independently of external agents, and last, intense competition between agents.

A second example of local agent networks is in Nivel, where a group of home-based women workers operate to field potential buyers in the area and seek commission on sales. This organisation is headed by Fe, an affluent women working from home in a silk flower export business. Although she declined to give any information regarding her operations, other interviews of local residents described them. The owner of Bar Bazooka for example, stated, "There are plenty of agents near the highway, they are plain housewives, around 3 to 5 who operate just like a syndicate. It is only a sideline because they may only sell one right a month, the next not even that. They cooperate together and divide the commission".

The gender element within land agency is extremely interesting as it shows that women can extend their productive work or reproductive role in the home to act as an agent for informal land deals. The personalised nature of sales places women in an ideal position to exploit this market opportunity because many work in or around the settlement and thus can channel buyers to sale properties. Second the opportunistic nature of informal property sales means that women can incorporate sales with other activities as a "sideline". Third, periodic sales and their small profits mean that this activity is less desirable to men who are looking for more substantial income-generating ventures.

The "housewives syndicate" also indicates that women cooperate with each other in informal business ventures rather than link up with men. This supports other research on employment partnerships in the Philippines which reveals that many
small businesses are gender and/or kinship based. Mangahas and Pasalo (1994: 247) note from their research on this topic: "the viability of the economic unity is based on trust and liking, and since these are qualities cultivated over time, the viable economic organisation is a small group of women who have grown together over the years such as the *matalik na kabigan* (best friends), or the *barkada* (small, non-formal friendship groups), or a *kamag-anak* (kinship group)". Research by Varley (1994: 125) on Mexico also indicates that women are usually the decision-makers in the household regarding the purchase of land: "the woman is often the prime mover in the decision to exchange the relative comfort of rental housing for the discomfort, hard work and lack of security that building a home on an illegally acquired housing plot entails". In this light, it is not perhaps surprising that women are those who enter into the small-scale commercialisation processes involved in local informal land trading.

In more general terms, it should be stressed that small-scale agents are extremely opportunistic and appear and disappear within the context of specific sales. Therefore a housewife or neighbour may become an agent for one sale only or more. One other study in Lisbon which recognises transitory agents is by Soares and Stüssi, (1990: 253) "The agent maybe a shopkeeper with premises in the nearby villages or in his own *clandestino* neighbourhood, a salesman parking his car on the roadside, or even shepherds who rear cattle in the proximity of the subdivision". Agents acting locally though are usually adept at spotting opportunities for sales and finding clients. Benjamin's (1991: 16) study in East Delhi comments that, "the coloniser must be experienced in judging the land market, the local politics, the nature and priorities of settlers, and the nature of any competing properties for sale".

The interesting question remains as to whether such agents influence plot or property prices. There is some evidence to suggest that local agents may to some extent standardise land prices in an area, even if they do not fix the original price on the sale property. However generally speaking, wide disparities in price within settlements indicate that agents have limited influence on actual price setting. Furthermore, they do not advise farmers or local occupants if they are underselling the plot, as low-priced plots enable the agents to take a slightly higher commission and still be guaranteed a quick sale.

To summarise, land agents at the local level are common actors in the informal market in settlements and are an important element in advancing land transfers. However as
prices are set by the occupants, they act as brokers rather than estate agents, and may perpetuate price disparities in viewing low prices as an opportunity to make quick commissions. Women are highly influential as agents in the marketing of plots as they are best placed within the community to find buyers and channel them to sellers. However further up the hierarchy, realtors and land agents are more likely to be male.

**City-Wide Brokers**

The existence of highly localised agents means that informal land transactions are rarely carried out at the city level. None the less, two groups of city-wide land brokers may be identified: the semi-formal and informal land sellers. These two groups operate at the city level and were identified through settlement agents who arranged interviews.

The more formal of the two groups are a set of freelance land brokers who meet every day at a coffee lounge in a down-town city hotel where they exchange ideas and information on sale properties in Cebu City, as well as meeting clients. Their portfolios include titled properties, properties with tax declarations and land rights. However the land rights properties held by these agents are usually more exclusive and situated in key locations proving hard to sell by local agents. Some of the plots have a degree of security in that they are provincially-owned properties which have a good chance of being titled. As these properties are more expensive, commission is usually fixed (generally at 5% of the property value). However, for many of these agents, selling lands informally is a sideline job to a formal career, one interesting point being that their careers often enable them to access information and clients for their land broking ventures. Like the smaller scale agents land sales are only a sideline business but offer more substantial rewards than those received by settlement and local operators. For example, the agents interviewed are in media, radio broadcasting, publishing and even political office. Furthermore they have contacts in large cooperations, paper and publishing and advertising. They use the Bureau of Lands and Registry of Deeds to investigate ownership, title deeds and tax payments on property.

The second set of agents meet more informally in the eateries behind the city market. This group are a mixture of men and women who operate for clients in selling land
rights and tax declarations for urban properties with a bias towards the untitled properties. Similar to the formal agents the properties are more expensive than those traded at the local level. Area and local agents finding difficulty in selling a property approach them for assistance, but according to them, business is slow.

In summary different sets of second-hand agents can be seen operating within a geographical hierarchy which is heavily biased towards more localised networks and sales. These agents, like their counterparts in the settlements are opportunistic and adopt land sales as a sideline to other employment. High demand for plots means that land sales are rapid, however because of the number of potential agents, the volume of sales per agent is low. One result is that informal second-hand agents are not well developed as an integrated sector either horizontally with other agents or vertically with different levels of land agency. Their role is often transitory, marginal and fragmented within the market.

**Agent Strategies and Power Relations in Informal Land Delivery**

The Cebu City case study illustrates that there are a range of agents who operate in the delivery of informal land. In many cases the behaviour of individual agents, most notably farmers, determines the land conversion process. However to place the role of agents and land development into a more conclusive framework the relationships between agents must be more closely examined.

It has thus far been suggested that informal land conversion is largely determined at the micro-level, with subdivision and plot sales occurring on a piecemeal basis. This is often undertaken by individual farmers, caretakers or more commercial entrepreneurs who subdivide the land and speculate with plots. The motivations of these two types of agents is clearly at variance. The farmer, feeling threatened, seeks to capitalise on the potential loss of livelihood while the commercial subdivider is principally profit driven. Studies by Gilbert and Healey (1985) have tended to stereotype the land conversion agent as a commercial entrepreneur, whereas in Cebu the range of agents and their motivations prove to be more complex.

Moreover, in many cases in Cebu one or more sets of agents act together in the process of informal land conversion, with farmers, caretakers and subdividers
cooperating or competing within an unregulated but well-established set of informal rules. Good examples of this are Buhisan and Manggahan where a combination of external and internal agents acted to trigger the trading of land plots. In most cases the land use rights of the *de facto* occupant or cultivator is respected and he/she retains ultimate control. These can only be overcome through force or coercion, as in the case of Sitio Montebellio.

The reasons why farmers sell land rights are more clear cut than those of the subdividers. At face value informal subdividers appear as opportunists, seeking profits and willing to take risks. However these subdividers are not only breaking formal planning regulations by developing land without the owner's permission, but override a more localised set of informal land rules as well, by subdividing a cultivator's land. The authority to market large tracts of public or private land without the title owner's consent can only be found in the more subtle agency networks and social relations that are cultivated and nurtured by the subdividers themselves.

The links of agents with institutions was discussed earlier, many of the more commercial land agents being connected with public institutions, politicians, individual businessmen, NGOs or even simply local policemen or army personnel. The link between the agents and "figures of authority" leads to certain behaviour in the marketplace. It is these linkages that gives agents a degree of authority to more openly flaunt the law to market public lands and prevail over traditional occupancy rights. This establishes a dual role for the officers in authority who covertly or even openly collude with such agents for favours or financial gain in that they operate in both formal and informal systems. This kind of behaviour highlights the importance of social-cultural relationships based on reciprocity and on personal contacts rather than formal laws in the Philippines (see Chapter 3). This creates a double role for figures in authority whether it be an administrator in a land office, a local policeman or a politician. This suggests that informality is much more deeply embedded in the formal system than can be observed at the surface. This aspect of Philippine culture has been well documented, particularly in the study by Stone who cites the contradictory role of authority in the formal and informal legal systems. For example, policemen extracting a bribe are breaking a civil code, but within a cultural relationship of reciprocity he is merely accepting gifts and services for protection (Stone, 1973: 7).
It is not only the social relationship between the agent and authority which endorses action, but also the strength of the relationship and the status of the figure in authority which determines the strategy of the agent. Stone discusses this power relationship and the act of reciprocity in that the agent; “by supporting the malakas (strong) figure including giving lagay or tong (bribes) the subordinate figure in the dyadic relationship may break the law with impunity” (Stone, 1973: 115). The more influential players facilitates a greater breaking of rules. Thus agents dealing with politicians and wealthy businessmen feel safe to undertake extravagant and open land development projects in central locations such as the development of provincial plots behind the Cebu Plaza hotel. In fact the more brazen development of a restaurant in this area was owned and the construction supervised by a regional director of PLDT.

The overall result is that a critical determining factor in the action of informal commercial subdividers is their linkages with people in authority. As Baross (1983: 188) comments on the agent - political networks, “These settlements are usually generated through a nexus of property dealers, local politicians and official vested interests. The more successful property dealers happen to be retired politicians themselves”. This creates a situation whereby poorer less well-connected agents acting locally or alone are only able to operate on a small scale and for low profits. The farmers themselves who have few, if any, connections and little idea of market value of land rights, appear at the bottom of the scale having the most to lose and reaping the least from the informal development of their land.

Conclusions

Cebu City has undergone significant informal land development in the last 20 years and this continues to be the principal means of residential development in the city. However relatively little to date has been known about the process of land delivery and the agents operating in the system. The present investigation has provided information about the nature of land conversion, who is involved and how it is introduced into an informal market.

Previous studies have tended to underestimate the complexity of agents involved, concentrating on the more overt cases of commercial subdividers. However in Cebu,
we find a broader range of agents including: farmers, caretakers (formal and informal) and small scale subdividers. It is postulated that the principal means of land conversion in Cebu City is through individual farmers and/or occupants of lands who sell their land under threat of loosing their rights as a result of the actions of titled owners or other agents. In this respect, although land rights are widely traded the titled owner is also considered a legitimate and powerful player. Commercial subdividers are common in many Philippine cities but operate on a smaller scale in Cebu undertaking single projects rather than city wide operations. However their action in the informal land market has important repercussions for settlement and the development of shelter, especially for the poor.

The types of agent in the land conversion process represent an important determinant in the outcome of settlement in a given area. Highly commercial subdividers charging expensive entrance fees block the entry of low-income settlers, whereas farmers tend to set a fairer fee for plot occupancy. The basis for outside agents trading land within a settlement lie in their links with authority in formal institutions or agencies. These may be loose and highly individualistic but form the foundation upon which informal development projects may be undertaken. The “malakas” actors play a vital role in the informal system fluctuating between formal and traditional law in their mediation between the two, the one perpetuating the other. Demand for urban plots necessitates law breaking in order to deliver land onto the market. However the exploitation of informal land development by commercial subdividers can erode the principal mode of urban land delivery to the lowest income groups resulting in a high social cost to the farmers and consumers alike. One key set of agents whose action within the market is critical and has received the least attention is the residents themselves. Their behaviour forms the subject of discussion in the next Chapter.
Notes to Chapter 5

1. The second-hand housing market refers to the successful sale of converted but untitled plots and dwellings. Although the land may be titled and have a formal owner it is not the title, but the right to occupy the land which is being sold. It is discussed at length in the second half of the Chapter (see Doebele, 1994: 50).

2. Farmers and cultivators who have occupied the same site for approximately 30 years are entitled to apply for the title through the application of a Free Patent. This most usually applies in the case of uncontested untitled rural lands.

3. The settlements of Manggahan and Buhisan were privately-owned whereas Nivel formed part of a larger provincially-owned land.

4. Mr Llaguno was eventually reported to the police by residents angry at his levying of numerous charges. The police investigated his activities in Sitio Montebello and shortly afterwards the guard and his wife disappeared, reputedly to the United States.

5. The term "goons" means hired thugs who can be used to keep peace and order on the site and also deter residents from complaining about charges and fees levied by the subdividers.
Chapter 6

Land Sales and Sellers: Choice and Constraint within the Informal Land Market

Introduction

The aim of this chapter is to describe the process of settlement growth and the behaviour of particular groups in the land development process. Rapid increases in urban land prices and the slow delivery of residential plots has made titled property unaffordable to the urban poor and an increasingly less attractive option to middle income groups in Cebu City. Although the implications for rising middle income involvement in an informal land market is not fully understood (Doebele, 1994), research has shown that when land supply is constrained middle income groups buy-out poorer families in a process known as "downward raiding" (Ward, 1984, Ward, Jiménez and Jones, 1993). However little is known about the actual role of particular social groups in the purchase, development and sale of plots and how this affects overall access to plots particularly for the urban poor.

This chapter aims to assess the role and behaviour of particular groups within the informal land market, their impact on settlement development and the implications of these processes for access to land for different income groups. The mechanisms for plot sale and price setting will be evaluated along with methods of payment and the process of occupation and settlement. Current strategies to alleviate poverty view the informal land market as big business with much income generating potential for a host of actors and agents. However little is known about the behaviour, strategies and objectives of different groups and whether profits generated through land valorisation are equitable between different income groups, particularly the poor. Using data from household interviews and evidence from semi-structured interviews these issues will now be addressed. The chapter will proceed with an explanation of the sequence of events in informal land development gathered from the 5 sample settlements.
Informal Plot Sales and Settlement Development

The informal subdivision of land and the process of settlement development can be divided into 4 main stages as observed within the sample settlements. These are as follows: initial entry; plot sales, subdivision and settlement; selective entry, "downward raiding" and displacement, and, lastly, neighbourhood consolidation. This section describes the sequence of events in settlement development, the entry of different income groups and the how these groups influence the socio-economic composition of the settlement over time.

Stage I: Initial Entry

The conversion of lands from agricultural use to residential plots is initiated by the caretakers and keepers of land use rights. The initial settlement of an informal area is the period when the settlers are at the most risk from eviction. Sales of private lands and the establishment of dwellings may attract the attention of a landowner and can lead to informal eviction and/or harassment. Informal evictions in the city are largely unbeknown to the authorities and are often the most harsh and violent form of expulsion. Landowners seeking to remove squatters on their lands hire thugs (generally known as goons) to intimidate families to vacate the property. Goons can often threaten families with physical harm or destroy their home. They attempt to expel the initial settlers before a settlement is established as once a number of dwellings are built, communities unite to protect their property. In the case of Manggahan the owner visited the site to threaten the house builders which created much trepidation and ill-feeling within the settlement. One respondent stated, "We had no choice as we were being evicted from our previous home, so we risked everything to settle here, even our lives".

Equally there may be more than one "rights" seller within the area laying claim to the "right to sell" who can question and object to a sale by an opposition seller operating on the same plot. In this instance the buyer is faced with both threats from the injured party and/or the risk of double selling of the same plot. In Sitio Montebellio the conflict between the subdivider and the farmer led to a scramble to sell land rights, resulting in much double selling of plots in the early stages of settlement. Some buyers arrived at the site to find a temporary construction on their plot and a family
already in occupation.

As the initial phase of settlement contains the most risk for the buyer, the early colonisers are generally the lowest-income families who place their dire need for shelter above personal risk. They are able to afford the low prices charged by the farmer and they built a modest dwelling on a plot. In many cases poor families plead with the farmer for a small plot and sometimes this is given free "out of pity".

At this stage households buying plots from the farmer hear of land availability through localised kinship and neighbourhood networks. This process is described by Lory, an original resident in Manggahan, who states that "My mother invited her friend from Surigao and her friend convinced her sister-in-law, and she convinced her friend Romeros who was the sister-in-law's neighbour before in M.J. Cuenco. Ester and Carmen (pointing at the house in front of hers) were neighbours of mine before. So two of our neighbours settled here and they also convinced friends of theirs from Rubberworld factory (where they worked) and four more families were settled here".

The risk-taking of the poor in settling on virgin sites creates a feeling of security and paves the way for other groups to buy into the settlement. This leads to the second phase of development, which is the most dynamic in terms of plot sales and land subdivision.

**Stage II: Plot Sales, Subdivision and Settlement**

The main period of settlement growth and development occurs during this second phase of activity. At this point, a more mixed range of income groups buy into the settlement mainly upper low-income and middle income groups. Recent research has shown that there is a growing tendency for middle-income groups to seek shelter through informal channels, the reasons for which have been discussed in Chapter one. "As large sections of the middle-class can no longer be supplied with finished housing through the commercial real estate sector they are being increasingly incorporated within the land development subdivision projects of various standards and legality" (Durand-Lasserve, 1990: 38). Research into low-income settlements shows that the presence of a heterogenous range of income groups is beneficial to settlement development due to enhanced opportunities for less wealthy neighbours, in terms of small scale employment or the possibility of selling goods produced from home in a
form of economic symbiosis (See Benjamin, 1991, East Delhi). In most of the settlements in the present study for example, poorer households are able to offer services to wealthier neighbours such as clothes repairs, child-minding and/or food vending from barbecue stands around the settlement. However there is a notable difference in the behaviour of particular income groups in the purchase, use and development of the plot which results in constraints in land supply and rapid increases in land price leading to reduced access to plots for low-income groups.

**Plot Occupation and Plot Vacancy**

More affluent buyers purchasing plots can afford to choose between a range of options including occupation, disposal or speculation of the lot. In this way they view the purchase not simply as fulfilling a basic need (which is the concern of poorer residents) but as an investment embodying a range of opportunities. Many residents occupying larger plots use the extra land to build a more substantial dwelling for family use or as potential space for an extension. Vacant land within the plot is used for recreational space or for the cultivation of vegetables or for keeping pigs and chickens for home consumption and/or sale.

In many cases this also provides extra space for business opportunities. In Sitio Montebellio some occupants have built a garage at the side of the house to keep a jeepney, tricycle or even a car for business purposes. Also in Sitio Montebellio, Duljo and Buhisan extra space within the dwelling and the plot was used as factory or production for small scale business activities. Tito, a young entrepreneur, used his house as a factory for manufacturing shellcraft fashion accessories. After a while he purchased an additional smaller plot at the back of his factory from a poorer neighbour to provide a small living area for his workers, a team of around eight men. The dual use of land for productive as well as reproductive functions is often beneficial to the owner as it creates small business opportunities at minimal start-up cost for the owner and provides employment opportunities for other members of the community (Benjamin, 1991).

One of the most critical differences in the behaviour of particular income groups is the timing of occupation of the plot after purchase. It is common to find vacant plots, open areas or even large tracts of land which have been sold but remain undeveloped. This was common to all the sample settlements to a greater or lesser degree with the
most marked example being Nivel Hills. Nivel Hills remains largely vacant with few dwellings spotted around the hillsides. However residents state that the settlement is full with no land rights available as every square metre is already sold to an absentee owner (see Plate 6.1). It is problematic to argue that vacancy of plots is a characteristic of middle rather than low-income households, as the owners of vacant plots are not available for interview. However discussions in communities revealed that in most cases, low-income families tend to occupy the plot on purchase out of immediate need arising from imminent eviction from other sites or rental lodgings, or to save money on rented accommodation. The practise of holding purchased plots vacant is thus a luxury that only wealthy households can afford. More affluent buyers hold the plot vacant for one or more of the following reasons; first for speculation purposes, second to wait until the settlement is more established and thus more secure, and third to save money for materials in order to build a consolidated house. In all the sample settlements except Duljo, substantial concrete houses were being built similar to formal subdivision houses. This challenges the theory that dwellings in informal settlements are built incrementally over time (Rodell, 1983) (see Plate 6.2).

Among the households interviewed in the sample, a total of 23% of all those purchasing rights (128 households) had delayed building by at least 6 months, 9% of these had held the land vacant between one and two years and 6% had waited over 2 years before occupying the purchased plot. This creates a significant bottleneck in the supply of informal lands particularly in areas such as Nivel which are ideal for informal settlement expansion, but are dominated by speculators and middle income buyers. Investigation shows that in many areas in the urban periphery, natural expansion of informal development is prevented as lands have already been purchased but are held in limbo by more affluent purchasers. The result is an invisible barrier to settlement evolution and diminishing opportunities for poorer households to access such sites creating a squeeze in informal land supply. This practice forces low-income families to seek land in less desirable sites such as the foreshore, canal and pavement areas which do not attract middle income buyers. This is one of the more critical aspects of middle income involvement in the informal land market and is a particular problem in Cebu City.
Plate 6.1 Purchased Vacant Lands in Nivel Hills

Plate 6.2 Mixed Housing Development in Buhisan
Plot Subdivision and Disposal

Subdivision and/or sale of lots is undertaken by low and middle income households alike, but speculation and the subdivision of vacant plots is confined to more affluent buyers who have readily available cash to deal in surplus plots. As already explained, low-income families tend to occupy plots on purchase and regard the plot as primarily a living space than a commodity. This is not to say that the poor are unaware of the market for plots, but rarely have the information or available cash to purchase additional plots for speculation. In the sample settlements, it was apparent that secondary selling of plots and speculation of informal land rights was common (see Appendix 6).

Table 6.1 Origins of Land Right Purchase in the Study Settlements

<table>
<thead>
<tr>
<th>Settlement</th>
<th>Farmer Sold %</th>
<th>2nd Sellers Sold %</th>
<th>Subdivision/Relative Sold %</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unocc Lot</td>
<td>Nipa Lot</td>
<td>Hse+ Lot</td>
<td></td>
</tr>
<tr>
<td>Duljo</td>
<td>21 (5)</td>
<td>45 (10)</td>
<td>21 (5)</td>
<td>22</td>
</tr>
<tr>
<td>S. Montebellio</td>
<td>27 (10)</td>
<td>31 (12)</td>
<td>15 (6)</td>
<td>44</td>
</tr>
<tr>
<td>Manggahan</td>
<td>74 (17)</td>
<td>17 (4)</td>
<td>9 (2)</td>
<td>23</td>
</tr>
<tr>
<td>Buhisan</td>
<td>64 (16)</td>
<td>4 (1)</td>
<td>25 (7)</td>
<td>25</td>
</tr>
<tr>
<td>Nivel Hills</td>
<td>41 (7)</td>
<td>29 (5)</td>
<td>6 (2)</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50</td>
<td>22</td>
<td>21</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: Sample data, Cebu City, 1992
N.B. Absolute numbers in brackets.

Table 6.1 broadly identifies the categories of seller from which the respondent bought their plot. The table divides the plot sales into two stages, primary and secondary sellers. The primary sellers as previously noted are the keepers or farmers of the
land and the secondary sellers are those involved in sales after initial conversion. The proportion of primary as opposed to secondary sales is determined by two main factors first the age of the settlement and second the marketability and attractiveness of the settlement location. As expected, Sitio Montebellio being a more established settlement has a higher number of secondary sales than Buhisan which is a more recently established settlement. In addition Nivel Hills with an attractive location has a good market potential and thus has experienced a high proportion of secondary sales at an early stage of development. Many sites in good locations are targeted by speculators and undergo rapid secondary selling once the land is introduced onto the market. This will be discussed in more detail later in the chapter.

The resale of lots marks the beginning of the evolution of a market for plots and is not in itself detrimental to access for the poor. However the speculation of lots and the accompanying increase in prices can make plots unaffordable to the poorest groups marking the beginning of selective access to the settlement. The farmers tend to sell plots for minimal prices and, as explained in the previous chapter, are not profit maximizers. However in all settlements plots are purchased by speculators and entrepreneurs seeking to profit from low-priced plot sales. These buyers often retain the land without occupation to sell and once the settlement is more established dispose of the lot to middle income families looking for available land. In Buhisan, Ernesto a long-term resident estimated that at least 10% of buyers had bought vacant lots and resold them. He knew of 4 vacant lots for sale at that time which had been bought by employees of the Philippine Long Distance Telephone Company (PLDT) working in the area. They had been purchased from the farmer for P1000 but were now selling the plots for P4000, an immediate increase of 300%.

The disposal of rights by the farmer and secondary selling often occurs simultaneously resulting in the creation of a double market for plots within the settlement with great disparities in the price of plots between the primary and secondary sellers. Figures 6.1-6.4 illustrates the average plot prices for a 100 square metre plot in each of the settlements as sold by different sellers. Low- and middle-income groups are able to purchase rights simultaneously through different sellers and poorer families are able to enter settlements for some years even after the entry of middle-income groups and land speculators. However once the farmer has sold all the land rights in his/her jurisdiction, the entry of poorer families becomes to all intents and purposes, impossible.
Fig 6.1 Sitio Montebello, Land Right Sales over Time by Seller

Fig 6.2 Manggahan Land Right Sales over Time by Seller
Fig 6.3 Buhisan, Land Rights Sales over Time by Seller

Fig 6.4 Nivel Hills, Land Right Sales over Time by Seller
Speculation and resale of lots at inflated prices means that most purchasers for this market are more affluent families. Low income families can no longer afford the high prices being charged for plots and this effectively a cut-off point for further low-income movement in the area. The barrier to low-income movement into the settlement, however, is not absolute, but permeable, in that low-income families may purchase plots at reasonable prices from friends or relatives leaving the settlement. Moreover, there is evidence that low-income families sell plots at lower prices enabling poorer residents to buy into the market. Differential perception of land value results in great disparities in plot prices even within settlements indicates that prices are not determined by economic factors alone but that the nature of the seller is an important determinant of plot price. This will be discussed later in the chapter. Social determinants of plot prices may however explain the erratic levels of secondary sale prices as displayed in Figs 6.1-6.4 (see Ward, Jiménez and Jones, 1994: 167).

Plots are often subdivided and sold rather than simply sold as a single plot. Fig 6.5 illustrates schematically the process of subdivision and sale by absentee owners. Vacant plots are often speculated at a later date and therefore the higher the amount of absentee land the greater the risk of runaway speculation and potential middle income settlement in informal areas.
Originally the lot was purchased in 1985 for P4,500, but by 1989 had been subdivided and sold without the original buyer ever living in the settlement. The original plot was approximately 400 sq.mts.

<table>
<thead>
<tr>
<th>This part of plot sold in 1988 for P30,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>This part of plot sold in 1989 for P5,000. It was then resold in 1990 for P25,000. Between 1990-1992 it remained vacant until the third owner decided to develop the lot in May 1992. She had been renting in Mango Avenue in the city while deciding whether to develop or sell the plot.</td>
</tr>
</tbody>
</table>

This is significant when it is estimated that around 20% of lots in Sitio Montebellio were vacant and unoccupied, 34% in Manggahan, 75% in Buhisan, and 85-90% in Nivel Hills. This places enormous pressure on low-income families in residence in settlements in that there is a heightened awareness of the potential saleability of their land. With the onset of increasing need for provisions, education and health expenses the temptation to sell plots is immense. This marks a third stage of settlement development in the informal market which is the displacement of resident low-income families.
Stage III Displacement and Downward Raiding of Informal Plots

Research by Peter Ward (1982) in Mexico first highlighted the process by which middle income households buy out lower income families in informal settlements known as the "downward raiding" of plots. This caused much concern among housing experts and academics alike as it showed that a market for land could be used to displace poorer families and thus reduce access to land for the poor rather than enhance it. The process of displacement and "downward raiding" is methodologically extremely difficult to quantify. Recent residents in a settlement usually know little if anything about the socio-economic circumstances of their predecessor and the previous resident is absent and often untraceable.

For this study the nature of the previous dwelling is used as an indicator of the socio-economic circumstances of the resident. In other words a poor quality unconsolidated nipa palm house is usually an indicator of a low-income household. Therefore if the respondents had bought such a dwelling it is used to indicate the displacement of a poorer resident. In most cases the purchased dwelling is demolished immediately suggesting that the unit has no value to the buyer as compared to the land. This is by no means a full-proof or accurate measure of displacement but it gives some indication as to the outward movement of lower income households over time.

In Sitio Montebello and Manggahan 15% and 17% of all rights sales respectively covered within the sample are low quality dwelling purchases suggesting the displacement of poorer households (see Table 6.1). There is little or no evidence in the sampled households in the younger settlements of Nivel Hills and Buhisan that this process had yet occurred and the poorer households may still be resident. Interviews with settlement residents in Manggahan and Sitio Montebello mention that many of these poorer residents were old or widowed and had sold for the cash or to retire back to the provinces. A more detailed study of displacement and second hand house sales was made in Manggahan. In 1991/92 Manggahan was attempting to buy the title of the land through the government scheme known as the "Community Mortgage Programme" (CMP). This required careful registration of all the residents within the settlement. This register monitored the transfer of plots and thus the movement in and out of the settlement providing a more accurate and detail record of property transactions in the settlement6 (see Fig 6.6).
Figure 6.6: Manggahan; Cebu City simple subdivision map showing sold properties and vacant plots, 1992
The community register revealed that between 1989 and 1991, 14% or 25 plots out of a total of 176 plots had been sold. Furthermore a map produced by the community revealed that 59 plots or 34% of the total settlement had been sold and yet remained vacant. The high percentage of vacant lots indicates the possibility of middle income ownership of these lots and the potential for future trading. However interviews revealed that many of the actual sellers had sold either to retire to the provinces or were low-income families who could not afford the 15% downpayment for the land as stipulated by the CMP scheme. This allowed new purchasers who could afford the payment to buy into the settlement. The implications of this regularisation policy on shelter options will be examined in Chapter 7.

Stage IV Consolidation and Service Installation

The buying and selling of plots within the settlements not only marks the beginning of an intra settlement market for plots but also leads to changes within the socio-economic composition of the settlement. After the initial stages of plot speculation house construction and services are introduced. The affordability of the residents then largely dictates the pace of service provision within the settlement. For example, electricity connections occur on a household level and depend on the individual families ability to pay for connection and monthly charges. However water, drainage and sewerage provision occurs to a much greater extent at the settlement level and the ability of the community to pay and/or lobby for such provisions heavily depends on the presence of more wealthy and influential figures in the settlement. The movement towards greater consolidation of income groups within different neighbourhoods means that the levels of servicing may be unusually high in better locations but more worryingly, extremely low in poorer areas. This will be addressed in detail in the following chapter.
Players in Informal Land Markets: Who wins? Who Loses?

While land sales on the informal land market are both rapidly growing and massive in many developing cities such as Cebu, little is still known about the actual dynamics of informal land trading such as the nature of plot purchase, price setting and in particular how different income groups profit from land valorisation. This aspect of land market enquiry is summarised by Doebele in the following statement:

"In general, there is very little understanding of who gains and who loses by the process for land and property valorisation that is a prominent economic phenomenon in almost all cities. The valorisation of property is not, of course equivalent to the production of immediate income, but understanding its nature would at least provide suggestive data relating to the maximization of both macroeconomic and microeconomic productivity"

(Doebele, 1994:53)

This section will examine in detail how particular groups operate within the market, especially in the buying and selling of land. It will evaluate the implications for such dealings on the shelter options for households, particularly the urban poor.

The Art of Buying Land

i) Risky Buyers or Sensible Entrepreneurs

The informal development of land in Cebu has traditionally been perceived as an important mode of access to shelter for the poorest residents of the city. This is no longer the case as increasingly middle and even high income households are buying land informally for housing. The process of shelter development has been described in the first section of this chapter, however the strategies and motives of more wealthy individuals for entering such a market and their behaviour must now be more closely analysed. Why do middle income groups chose to buy land and develop housing on government or privately owned land for which they have no legal ownership? The answer lies in the increasing cost and poor availability of other housing options coupled with rising confidence in informal land markets.

Opportunities for middle income households to buy a house and lot on the formal market are extremely limited. There is a dearth of centrally located low-cost housing schemes in Cebu City. In 1991/2 two schemes were being developed, one in
Consolacion 20 Km from Cebu City and the other in Mactan Island. Low-cost housing development in Cebu City is constrained by first, high land costs in the city forcing developers to seek cheaper lands on the urban periphery, second poor credit and mortgage facilities for low-income families and last, few developers are attracted to construct low-cost housing which yields low profit margins. Production of low-cost housing is further hindered by fluctuations in the price and availability of raw materials which extends production time and costs that can stretch the budgets of the developer beyond the economic viability of the scheme. This is illustrated by the Camella Homes development in Mactan which was delayed for some months in 1991 partly because of regional shortages of concrete. The result was spiralling prices for concrete, extra labour costs because of extended building time and bank penalties in the form of rising interest charges which led to monthly house price increases. Within the scheme a 60 sq. mt plot with a 32 sq. mt house cost P260,000 on May 1, 1991. In December 1991 the same package cost P290,400 an increase of P30,400 in just 8 months or P3800 per month. Rapidly increasing prices in the formal market as illustrated in the Camella Homes Subdivision demonstrates a highly inflationary market which reduces confidence for potential buyers making it a less desirable housing option. Also households saving for the equity to buy a home find that such regular price increases constantly put the scheme out of their reach. For these reasons buyers tend to be skeptical and developers prefer to concentrate on the small-scale high cost subdivision schemes which pose less risk for more profit.

A further option to consider is the purchase of raw land for development, however as explained in Chapter 3 land development is a costly and lengthy procedure. Approval of subdivision plans and building design can take months unless the applicant is willing to forward lagay (bribes) to the appropriate development officers. Individual development schemes therefore are not appropriate for low and middle income households who have few resources and an immediate need for shelter.

A comparison of costs for formal and informal housing proves that the decision to buy into a squatter area is not reckless but makes sound economic sense. Table 6.2 outlines the costs of acquiring a house and lot through the different markets.
Table 6.2 Actual Costs for Formal and Informal Housing Schemes in Cebu City, 1991/2

<table>
<thead>
<tr>
<th>Housing Option</th>
<th>Lot &amp; House Option Price</th>
<th>Loan</th>
<th>Equity</th>
<th>Amortization Mth (25 Yrs)</th>
<th>Afford'nty % Inc Low†</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Formal Scheme</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>V&amp;G Better Homes, Consolacion, Oct 1 1991</td>
<td>P293,600</td>
<td>230,000</td>
<td>63,600</td>
<td>3,285</td>
<td>6.6</td>
</tr>
<tr>
<td>Camella Homes, Mactan, Dec 9 1991</td>
<td>P397,000</td>
<td>335,000</td>
<td>62,200</td>
<td>4,443</td>
<td>8.2</td>
</tr>
<tr>
<td><strong>Informal Scheme</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sitio Montebellio, Talamban, Centrally Located, Nov 1991</td>
<td>Land: P30,000, House P7,000</td>
<td>Total P37,000</td>
<td>-</td>
<td>P37,000</td>
<td>-</td>
</tr>
<tr>
<td>Buhisan, Buhisan, Cebu City, Feb, 1991</td>
<td>Land P500, House P18,250</td>
<td>Total P18,750</td>
<td>-</td>
<td>P18,750</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Formal Scheme prices from V & G Better Homes and Camella Homes Offices, Cebu City, Informal Schemes from own research.
† Affordability is calculated using the 1991 poverty line for Region VII of P3,699 per household. The figure shows the number of years salary for low-income households that would be needed to purchase the property.

Although land prices in both markets can be highly variable, table 6.2 illustrates how the two markets compare in terms of shelter costs. High equity costs and expensive monthly repayments over 25 years make the formal package both unaffordable to low-income households and undesirable to middle income families. In fact the total cost of an informal housing unit is approximately 10% of the comparative formal scheme and around 30-60% of the initial equity of the formal package. Accessible prices for informal plots coupled with low eviction rates in Cebu City makes informal housing appealing to a much broader range of urban families.

While eviction rates are low the threat of eviction is not ignored by middle-income households but considered a risk factor within an overall housing strategy, as opposed...
to most poorer families who perceive eviction as an inevitable and frightening event. As many poor families reside near to their place of work they view the prospect of moving as economic suicide. Evicted families therefore usually move into rented accommodation or share with relatives in the same area. They have few resources to re-purchase land and are thus unlikely to have the opportunity of owning land again, even informally.

However the attitude of middle-income buyers is quite different in that low land prices makes purchase a worthwhile economic gamble. Sonie, a 45 year old man living in Nivel Hills and working as an electronic engineer in the Cebu Plaza Hotel, summarised this view, "Rents are expensive so if we can break even before eviction, it’s O.K.". Another resident in Buhisan had similar sentiments. Serenia bought a right and moved to the settlement to avoid paying rising rents in Cebu City. In 1991 she lived in Martinez in the central commercial area when her monthly rent increased from P400 to P900. She looked at other rental rooms in Mandaue which were P1500 a month when she heard from a friend that rights were being sold in Buhisan. In 1991 she paid the caretaker P1000 for a 167 Sq. mt plot and a further P30,000 to builders for the construction of a 3 bedroom house. Her total cost therefore was P31,500, the equivalent of 2 years and 9 months rent at P900 per month (in the unlikely event that rents remain constant). Eviction of squatters can take many years in the courts and therefore it is highly likely that she will at least recoup her initial investment in less than 3 years or even faster if she lets rooms in her house. Therefore the purchase is a sound housing investment.

High monthly housing costs in both the rental and ownership markets compared to low land prices and slow eviction procedures has encouraged middle income households to seek shelter through informal channels. Growing demand for informal lands has thus placed pressure on supply, resulting in rising land prices, affectively reducing accessibility for lower-income families. However it is not the presence of middle-income households alone that has adversely affected supply but their behaviour within the market that has profound impact on informal land supply and its affordability.

ii) Plot Acquisition

One critical aspect of social behaviour within the informal land market is the determination of plot size. Land in the informal market is a valuable commodity and
the size of plots indicates the allocation of resources to different social groups. Evidence within the sample settlements shows that broadly speaking the size of plot can be correlated to the income of the household, in other words higher income families occupied larger plots than their lower income neighbours. This is not surprising in itself, but is fundamental to understanding how middle income groups can substantially influence informal land development in irregular settlements.

The disparity of plot sizes in settlements is due to the purchase of larger plots at the outset and the incremental buying of plots after occupation. The farmers subdivide their land into rough areas rather than organised plots and charge a price according to the area. Although there are often no fixed markers for plots the low-income settlers rarely abuse this relaxed allocation of land by the farmer, but tend to occupy a space appropriate to their needs and means. At this early stage of settlement development land prices are relatively low and while poorer families tend to occupy a modest space, middle income buyers purchase large tracts especially in the emerging settlements in the city fringe. As already explained this can then be occupied, subdivided and/or sold at a profit to incoming buyers. The benefits of buying large plots lies not only in the potential economic gain, but also in the fact that as the plot size increases, the price of the land per square meter diminishes. Therefore smaller plots are proportionally much more expensive to buy than larger areas.

<table>
<thead>
<tr>
<th>Plots</th>
<th>Average Plot Price Adjusted† (Pesos)</th>
<th>Price per sq.mt Adjusted (Pesos)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Under 100 sq.mts</td>
<td>Over 200 sq.mts</td>
</tr>
<tr>
<td>Duljo</td>
<td>4816.35</td>
<td>3398</td>
</tr>
<tr>
<td>Sitio Montebellio</td>
<td>1177.46</td>
<td>7078</td>
</tr>
<tr>
<td>Manggahan</td>
<td>105.9</td>
<td>210</td>
</tr>
<tr>
<td>Buhisan</td>
<td>159.8</td>
<td>-</td>
</tr>
<tr>
<td>Nivel Hills</td>
<td>848</td>
<td>3978</td>
</tr>
</tbody>
</table>

Source: Sample data, Cebu City, 1992
N.B. Absolute numbers in brackets.
In some settlements such as Buhisan the caretaker or farmer regulates plot sizes. In Buhisan, Filamina the caretaker of the land decided autonomously that the plots should be 100 square metres and set about measuring plots with a tape measure, using sticks and bamboo poles as markers around the boundary of the plot. On questioning her further on this technique of subdivision she stated that "I made the plots 100 sq. mts because that is enough space for anyone". Even in this more regulated allocation of plots there were still disparities in the size of residential plots. The reason for this is that wealthier families purchase 2 plots in order to gain extra space or on occupation negotiate with poorer neighbours to purchase their plot or a portion of it in order to extend their boundary. The process of incremental plot expansion is illustrated by the history of Joy, a 34 year old resident in Manggahan and office worker in Cebu City.

Joy explained that before moving to Manggahan she had lived in an informal settlement in Lower Nivel. A work colleague was the Barangay Captain's son in the area and told her that he knew of a right for sale. The right was owned by a poor family who had lived there since the early 1950s in a small bamboo and nipa house. The land had originally been an army reservation owned by the provincial government but was now being claimed by a rich landowner, namely the Villalone family. While the land was in dispute, the original occupants sold rights and a settlement grew. Joy bought the right for a “low” price and immediately destroyed the house. They paid P50,000 to build a substantial concrete house and moved to the Sitio in 1989. They later expanded the house by buying the right of the property next door for P4000. However they decided to move after hearing of available rights in Manggahan and this settlement was nearer to their workplace. Also Joy complained that it was hard to get an individual water connection to the house in Lower Nivel because of the steep slopes. Subsequently Joy and her husband put their house and lot on the market for P95,000 but had not been able to find a buyer and so had let the property for P500 a month.

In this way there were visible disparities in plot sizes in all the sample settlements even in Buhisan and Sitio Montebello which had experienced a greater degree of control in the allocation of space (Plate 6.3)

The main conclusions to be drawn are that different income groups purchase or acquire different sized plots. Middle-income groups have the available capital to purchase larger plots leading to disparities in plot sizes even within the same settlements. The larger plots not only yield higher income earning potential but also are proportionally
Plate 6.3 Large Development Plots: Manggahan

Plate 6.4 Small Mixed Housing and Sari-Sari Store: Manggahan
less expensive than smaller plots. In many cases the retention of valuable residential land as a garden or as a potential expansion area is an inefficient use of space within informal settlements leading to supply constraints within the market. In addition it can be stipulated that the presence of middle income groups within an informal settlement affects the density and more importantly the rate of densification within settlements. More wealthy households holding areas vacant or occupying large plots not only constrains land supply but also results in a low and slower rate of densification within settlements. Therefore differential rates of densification operate according to the proportion of middle to low income families within a settlement (see Plate 6.4). The result being accelerated densification within settlements in less desirable areas.

**iii) Plot Payment**

The nature of payment for plots in the informal land market is a critical factor determining access to plots. In the absence of formal mortgage finance, financial transfers and the conditions of sale are determined by the plot sellers themselves. In Cebu, plot vendors are unwilling to accept extended payment facilities but instead insist on cash payments for plots or a small number of instalments. Research in Mexico shows that like Cebu, cash payments for ejidal land is common. In Mexico an average of 43% of sample populations in irregular settlements in Querétero, Toluca and Puebla paid for their plots with a single payment (Ward, Jiménez, and Jones, 1993; 1539). In Cebu City 83% of the sample, or 106 buyers were obliged to pay with one cash payment well above the figures in the Mexico case study.

**Table 6.4 Land Acquisition Payments in Cebu City**

<table>
<thead>
<tr>
<th>Percentage of Rights Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outright (single payment)</td>
</tr>
<tr>
<td>Deposit and Balance (2 payments)</td>
</tr>
<tr>
<td>Multiple Payments</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Source: Author's Data, Cebu City:1992
N.B. Absolute numbers in brackets.
The reasons why plot vendors insist on cash payments is unclear. One explanation may be that as occupation symbolises ownership then the act of occupying the plot marks the final transfer of land. In some cases vendors doubt that they will receive their money once such occupation has taken place. This lack of confidence in the financial aspect of the land market creates problems of affordability for low-income households and further favours the middle income buyer in the purchase of land rights. Therefore even though prices may be relatively low the ability of low-income households to raise excess cash for purchasing land is often insurmountable for the lowest income.

Further examination into the financial sources for rights payments reveals that 65% of the sample used savings to finance land purchase (see Table 6.5). Furthermore only 19% of the sample were able to borrow money from relatives or employers, 8% raised the money through sale of goods and 11% received gifts of money from the family in order to purchase a plot.

<table>
<thead>
<tr>
<th>Source of Finance</th>
<th>Percentage of Rights Purchaser</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings/Wages</td>
<td>65 (83)</td>
</tr>
<tr>
<td>Borrowed</td>
<td>19 (25)</td>
</tr>
<tr>
<td>- Family</td>
<td>(44)</td>
</tr>
<tr>
<td>- Employer</td>
<td>(48)</td>
</tr>
<tr>
<td>- Moneylender</td>
<td>(8)</td>
</tr>
<tr>
<td>Sale of Goods</td>
<td></td>
</tr>
<tr>
<td>- Squatter property</td>
<td>4 (5)</td>
</tr>
<tr>
<td>- Titled Property</td>
<td>0.8 (1)</td>
</tr>
<tr>
<td>- Vehicle</td>
<td>2 (3)</td>
</tr>
<tr>
<td>- Pigs/Livestock</td>
<td>0.8 (14)</td>
</tr>
<tr>
<td>Gift from Family</td>
<td>11 (14)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100 128</strong></td>
</tr>
</tbody>
</table>

Source: Author's Data, Cebu City: 1992
N.B. Absolute numbers in brackets.
The data reveals that payments for purchasing land in the informal market relies heavily on households' own resources and/or the ability to glean money through kinship networks either as a gift or a loan. Low-income families living on or below the poverty line in Cebu City are unlikely to save such sums in order to make single cash payments at short notice for land. In addition many of the urban poor are supporting even less advantaged relatives in the rural areas and therefore any wages or cash bonuses are often spread thin over a number of needy kin limiting the household's ability to save. Therefore the inability of the urban poor to mobilise such amounts of cash severely limits their potential to buy land not only in formal but also informal markets. The greater liquidity of middle income households and entrepreneurs enables them to raise such funds allowing them to act quickly in purchasing plots for personal occupation or profit. The subsequent speculation of such plots leading to inflationary pricing further limits low-income entry into the informal land market.

The Nature of Selling Land: Price Setting and Sales

Current debate on the nature of informal land delivery systems take a positive view on the income earning potential of land sales for the poor. The valorisation of land and its marketability is a money generator for the participants and actors who operate therein. The study by Benjamin in East Delhi describes how a low-income community managed to generate a highly lucrative land market through the development of small scale local industry (Benjamin, 1991). Such activities must be viewed as beneficial both to the residents and the employers and above all the poor. Yet the selling of land within the informal market has caused concern for policy makers in that this may lead to the displacement of poorer households who then settle elsewhere perpetuating squatter housing. However the decision of poor households to sell must be accepted as an inevitable process within any market. They chose to liquidate a precious resource from one form to another, namely land to cash. Doebele questions the negative view on such entrepreneurial activities of the urban poor, stating "It (the informal land market) is in itself a significant source of employment for large numbers of people and is an important part of the informal employment sector, which is one of the main means of livelihood for the poor. It is also sometimes an avenue by which the entrepreneurial poor can escape poverty" (Doebele, 1994: 47). There is no doubt that large numbers of the urban poor find themselves in charge of a valuable
commodity simply by occupying someone else's land.

Nevertheless how do they perform in the selling of such plots and are they adequately compensated for relinquishing them? Research by Ward, Jiménez, and Jones (1994: 167) in three intermediate cities in Mexico indicates that there is great variation of plot pricing within low-income settlements. "Our specific analysis of individual low-income settlements showed considerable atomistic variation, which unsurprisingly, could be best explained in relation to local factors". These factors include social variables such as friends selling land to each other and thus charging a lower price, goods being used in part exchange, or mutual friends being acknowledged between the buyer and the seller (Ward, Jiménez, and Jones, ibid). This study acknowledges that social variables can influence sale price, but little is known as to whether this may advantage or disadvantage the sellers themselves. Evidence from the Cebu City case study indicates that the urban poor consistently sell plots for low prices. The rationale for differential pricing is a result of both choice and constraint for the poor within the marketplace. This has wide ranging implications in terms of how the poor compete within the informal land market not only in terms of purchasing plots but also in their sale.

Conditions of Sale: Poverty and “Crisis Selling”

A critical aspect of the informal market for land is not purely its valorisation but inevitably the determination of its value and thus price. The first section of this chapter examines the sequence of events in the introduction of land onto the market, the exchange of plots and the development of an informal settlement. Research shows that in the sample settlements land prices increased steadily over time due to settlement consolidation, improved infrastructure and subsequent increasing security of tenure among the residents (Baross, 1983). However detailed analysis of price shows inconsistencies in the determination of price between households within settlements. The factors which determine price at the settlement level and more importantly the household level are still unclear. The research by Ward, Jones and Jiménez in Mexico (1993, 1994) concentrates on the nature of price for land with different degrees of tenure. However little research has attempted to analysis the determinants of land value between social groups within an informal unstructured land market. This analysis attempts to examine the socio-economic factors which influences people's decision to sell, the construction of price and the implications for
different income groups particularly the urban poor.

In the Cebu City case study plot prices within settlements and even between adjacent plots were often highly variable indicating that the price does not depend solely on the economic determinants of the market, but must also be influenced by social factors as well. Fig 6.1-6.4 illustrate the wide disparities in land prices charged between the farmers and the 2nd sellers. The differential charges within settlements cannot easily be explained. First, why does a double market evolve and second, why is it that while land is being sold at high prices, farmers continue to sell their land rights at token sums? Examination of sellers indicates that different social groups make certain choices concerning plot sale within a highly constrained market. Constraints on plot sales not only affect farmers but low-income households in general.

In fact the farmers form an interesting and specialised case study in the determination of price and the disposal of plots. The decision to sell is triggered through a perceived or actual threat to their agricultural land use rights. The sale of plots is thus justified as compensation for potential loss of agricultural revenue. As agricultural work yields low economic rewards the plots are valued according to a perceived agricultural loss value rather than a land development value which is much higher. In addition the sale of the agricultural land may be the first occasion in which the farmer has encountered any form of commercialised land exchange and therefore the agricultural value is the only gauge he/she may possess. The result is that without fail the farmer sells land at nominal sums and is often the poorest resident in the settlement while other buyers profit from the informal exchange of plots.

Differential pricing extends beyond the farmers per se and indicates the presence of a more general social determinant in the fixing of plot prices which allows double pricing to occur between residents of the same settlement. The reasons for this will now be explored.

One explanation for differential sale prices can be explained through examining the conditions by which sale occurs. Middle-income owners will often choose to sell land either to move to a different area, to buy titled property or for speculative purposes. However poorer residents are less mobile because of fewer resources and opportunities. Therefore low-income residents usually sell plots when there is an immediate need for money. The only way to obtain instant cash is to liquidate their property known as "crisis selling". Common reasons for such crisis selling are;
illness of a family member, legal expenses if the household is involved in a court case, or extreme poverty.

The severity of the crisis determines the level of the price, in that the plot is worth as much as the value of the need. Therefore poor families are often forced to sell at below market value. This process was explained by Ellen who owned a land right in Manggahan. In 1991 she needed P6000 for an agency placement fee in order for her husband to take a job in Saudi-Arabia. As her husband had been unemployed for some time they had few savings. At first she tried to pawn the land, but failing to find an interested party was forced to sell it for P10,000. Ellen felt that P10,000 was cheap but she needed the money quickly to secure the placement for her husband. At that time plots of similar size were being sold in Manggahan in excess of P20,000.

In Sitio Montebellio a similar situation occurred in April 1992 when two lots of similar size were sold. One was sold for P105,000 and the other for P25,000. The difference in price was determined by the income levels of the sellers and the urgency of the sale. The latter seller was a poor vendor who needed the money because his son had been arrested. Therefore although the price was originally higher he lowered it to accelerate the sale.

Similarly middle income buyers recognise the vulnerability of such sellers and use this information to bid them down on price. In Nivel Hills, Virgie Terbada, a 34 year old sari-sari store owner, purchased two adjacent plots in 1988/89 to form one large area. Her husband was working as a chef on a cruise ship and their current monthly income was around P70,000 (US $ 2800 per month, as opposed to the monthly minimum wage of around P3079 or US $ 123 per month). She bought a plot from a resident who had recently become unemployed and needed money urgently to feed his family selling the plot for a mere P2000. The adjacent plot was later sold to Virgie for P6,000 following the sudden illness of a family member and the ensuing medical expenses. Virgie explained that the need for immediate cash was greater for the first than the second seller and so the price was lower.

The exploitation of low-income land owners is not only used by as a buying strategy by individual householders, but also perpetuated by land agents. Many settlement agents identify poor families who are vulnerable to crisis, labelling them as potential sellers. If the family encounters some crisis or hardship the agent will offer to
resolve their situation with a cash payment. The agent is then able to complete a deal which is usually already in place with a more affluent buyer. This is summarised by Rudy, a land agent who worked from the Mercedes Hotel.

“People have similar opinions of price, but price does not depend on the status of the land, but on the need of the occupant. The poor only sell when they are in great need of money and therefore can be beaten down on their price. However in speculative rights sales usually afforded by the middle income, prices are high because the need for immediate sale is not high. Sites in the same area with different occupants of different income sell at widely differing prices”.

“Crisis selling” is a crucial social factor in the determination of price and enables middle income buyers to exploit the poverty of poorer residents. Using such tactics the middle income can acquire land at relatively low prices and displace poorer residents or sell for speculative purposes. The buyer not only paying below market value for the plot but massively increasing the price way beyond the original sale price making the re-purchase of the plot by the poorer resident impossible. In addition the tragedy of such selling is that the money received for the sale is not only low but has also already been targeted for a particular need and therefore the family receive limited real benefits from the sale. The vulnerability of the urban poor and the more sophisticated tactics of the middle-income prevent poorer sellers from charging high prices and thus form an economic constraint based on the social status of the seller which adversely affects the market position of low-income sellers.

The Fear of Right Selling

Another factor which prevents low-income families from selling land at higher prices is a fear of law breaking. Although poor households feel justified in disposing of occupancy rights, they acknowledge that it is not the land title and cannot demand high prices. Many poor families felt that they could be punished legally for rights sales and were accordingly reluctant to charge them. Mrs Cordera, one of the original farmers in Nivel Hills relayed such fears saying that she could not sell her rights because it was government land. Her daughter was equally fearful to sell plots. Another farming family in the same area had sold rights for as little as P300 or P400 per plot. The woman in this household added “I have a right for sale, but my husband does not want to sell it for a high price because we do not own the land” (pers. comm, 1992).
However the middle-income sell rights for high prices with impunity. One of the reasons for this is that buyers feel less fearful of the law knowing that bribes and powerful connections will protect them from any major reprisals. Also many sales are handled through intermediaries so that the trading of government lots or private lands can rarely be traced back to source. This also applies to informal house building in that middle income and some high income entrepreneurs have built large expensive houses on government and private lands with little fear of eviction. Again institutional links and government contacts within the Governor or Mayor's office or the police department renders them safe from repercussions. It is only the poor who have little power or money and few connections that are likely to be punished for such dealings and therefore keep the prices low to avoid detection from those in power.

The Perception of Value

The conditions by which sale takes place and the fear of sale are conditions within which the poor are obliged to charge minimal prices for their land rights. However the conditions of sale are not the only factor determining price differentials among particular income groups. There is a more fundamental dynamic affecting price setting and that is the perception of the value of the land by the individual seller. Moreover a critical factor influencing the perceived value of land is the income of the seller. In other words there is a correlation between household income and perception of land value. This is a highly significant factor in informal land market analysis as it proposes that different income groups perceive land values at different levels resulting in a fragmented pricing mechanism according to social status. The ultimate outcome being the stratification of informal settlements according to income leading to residential segregation between the middle and lower income groups.

Perception of property value is a particularly difficult variable to evaluate conceptually and quantify methodologically within an informal unstructured market. Within the study each respondent along with household income was asked to value their property according to current sale value on the informal market. It was found that there was no standard pricing within settlements, and, in fact, adjacent plot owners widely varied in their estimation of land value, the only plausible explanation being their level of income. For the lowest income households the estimation of value was requested without the factor of crisis so that the estimated value was a fair opinion of
the sale price. This methodology is not without problems and caveats, however it provides an interesting and critical slant in understanding the relative positions of different income groups as market operators.

For the analysis the sample households were divided into 3 income bands; below the poverty line, P3,699-P10,000 per month and above P10,000 per month. Assuming that households within income bands largely spend similar amounts on house construction and have comparable plot sizes then the perceived property value within such bands can be examined. Fig 6.7-6.9 shows actual income against perceived property value for low, middle and high income households. In all three graphs there appears to be a relationship between income and perceived value of plot. This is particularly pronounced in the high income category whereby higher income groups perceived their land as being valuable with a significant market price. This is in contrast to the middle income groups whose perception of value is much flatter showing similar perceptions in plot value across the board. Low income families however show an erratic calculation of plot value ranging from almost nothing to P200,000. The highest estimation in the middle income groups reached P600,000 and the high income group estimated their plots at a value of P1 million. This indicates that the higher the income the greater the perception of property value and the lower the income the smaller the perception of value. In addition the fluctuation within the low-income perception of value shows a lack of knowledge and also confidence in the market provoking either extremely low estimations and inconsistent pricing.

Experience through questionnaires within the settlements supports this hypothesis in that it is common to find adjacent plots within a settlement perceived at highly variable prices which can be explained through the social status of the seller. Although the basis of the varied perception of property value is hard to fathom, two ideas may be posed as explanation. First, low-income households are not familiar with dealing in large sums of money (as opposed to higher income groups), therefore the proposition of charging a million pesos for a plot of public land seems effectively preposterous and farcical to poor families. Second, as already stated, middle and high income households buy informal land and build houses usually because they are to some
Figure 6.7 Correlation of Income and Perceived Property Value; Low-Income

\[ y = 7.76x + 11754.42, \text{ R-squared: } 0.064 \]
Figure 6.8 Correlation of Income and Perceived Property Value; Middle-Income
Figure 6.9 Correlation of Income and Perceived Property Value; High-Income

\[ y = 20.594x - 129524.707, \quad R\text{-squared: } .389 \]

\[ \begin{array}{cccccc}
5000 & 10000 & 15000 & 20000 & 25000 & 30000 \\
0 & 0 & 0 & 0 & 0 & 0 \\
10000 & 15000 & 20000 & 25000 & 30000 & 35000 & 40000 \\
0 & 0 & 0 & 0 & 0 & 0 & 0 \\
\end{array} \]
extent assured of at least temporary security of tenure through connections and payoffs within the formal system in contrast to poorer households who have few connections. This perceived security of tenure is particular to income groups and commands a value. So that higher income households feeling more secure translate that into the value of the property.

One major caveat in this analysis needs to be addressed however, namely plot size. Previous analysis has shown that higher income households tend to buy or acquire larger plots than poor households. Therefore the fact that they perceive the property as being worth more could be explained through the larger land areas which cannot be disputed. However Fig 6.10 looks at the perceived value of property according to income per square meter. This shows a negative relationship between perceived square meter of plot and household income which is not entirely unexpected. Ward, Jiménez, and Jones (1994: 175) report similar findings in their research, stating "As expected, there is a negative correlation between unit costs of land and overall plot size indicating that a unit of land costs less on larger plots". The Cebu sample supports this in that middle- and high-income buyers are able to purchase larger plots at relatively low prices. The nature of cash land purchases and the constrained supply of plots intensifies demand for smaller plots. This creates a squeeze within the market in that the price for small plots per square metre is far higher than larger plots because of the spiralling demand. Therefore when the perception of property value is translated by square meter, the data indicates that although higher incomes still anticipate greater property values overall, perceived value for lower income households per square meter is shifted up.
6.10 Correlation of Income and Perceived Value by Size of Plot

\[ y = -0.001x + 23.255, \text{ R-squared: } 0.062 \]
Conclusions

This chapter has considered the sequence of informal land development and settlement and second the explanation of behaviour of social groups within this process. The main conclusions are that after land is introduced onto the market, plots are occupied, traded and subjected to speculative activity. Settlement development is characterised by distinct stages of growth involving the inward movement of low-income groups in the early stages followed by middle and high income settlement and some displacement of poorer households.

At the outset a double market can be observed in settlements between conversion agents and secondary sellers. Speculation of plots and vacancy creates supply shortages, inflates plot pricing and results in the creation of a cut-off point for the inward movement of low-income households into settlements. This can occur while the settlement is largely unoccupied due to the retention of vacant plots by absentee owners. However the pricing of plots is a more complex issue and demands detailed analysis. The chapter concludes that a critical determinant of price is the conditions pertaining to the sale and the social status of the seller. Poverty and the lack of resources renders low-income families more vulnerable to crisis selling and fear of informal land sales. This in turn is exploited by more wealthy groups who have greater daring in land purchases through confidence and connections within government or the private sector. However interviews suggest that, in addition, poorer families had a lower perception of value indicating that through both choice and constraints within the market they are unable to charge market value for their plots consistently selling their land for cheap prices. This factor is particularly alarming as the market for sale and purchase depend on the social status of the actor meaning that although the poor realize the marketability of their land, they fail to appreciate, let alone capitalise on its value. Once they surrender their plot they face little if any chance of regaining the land for the price received forcing them to seek alternative housing options or land in poorer locations. The wider implications of such dealings are that the informal market is divided with low-income families accessing fewer residential sites which in turn creates enormous pressure on poorer less desirable sites in foreshore areas. The irony is that the poor must pay proportionally much higher prices for extremely poor quality land. The impact of such land dealings will
now be examined with reference to its impact on shelter options for different income
groups, land availability and its location, and in particular the implications for
poverty in Cebu City.
Notes to Chapter 6

1. It is acknowledged that it is difficult to stereotype settlement development, however certain trends and development stages were common to all settlements. The exception was Duljo which was more established than the other sample settlements.

2. Informal land transactions are based not on the sale of a title but on the sale of land use “rights”. These rights entitle the purchaser to occupy, develop or sell the property. However it is understood by the seller and buyer that the legal title may still belong to a third party and therefore the buyer may at some point face eviction. The market (including land brokers, occupiers and consumers) all refer to the land transaction as the passing on and sale of “rights”, and it is common to hear people asking the location of the “right”, its boundary and the price as an accepted and tangible commodity within the informal land market.

3. The classification of income groups into low and middle income categories is both problematic and confusing. There are little or no clear guidelines in the Philippines for distinguishing between groups especially at the local or regional level. A crude measure of a designated poverty line is used by NEDA in 1991/92 by region and will be adopted here in that households which have a monthly income of P3699 or less are considered to be low-income in Region VII (NSO, 1992). However it should be noted that Moser, McIlwaine and Garcia (1994) from the World Bank have stressed that “While all poverty lines are official government lines, calculated by the Technical Working Group on poverty based on absolute income figures rather than consumption, they must be interpreted as trends as opposed to definite estimations given variations in definitions and measurements”. Middle income families are those households receiving a monthly income above the NSO poverty line.

4. Barbecue stands are common forms of informal food stalls throughout the Philippines. The stand is made from a flat metal dish or container which is filled with hot charcoal. On top of this, small sticks of meat are basted and sold to passing customers. Common delicacies include chicken and pork pieces, intestines and day old chickens. During the day women thread the meat onto the sticks for cooking and selling in the evening. At night barbecue stands can be seen in settlements and throughout the city. They are also common at basketball games and cock fights.

5. It is interesting to note that the principal working team originated from outside the settlement due to their need for accommodation. In fact community members were involved in shellcraft production but worked from home on a piece work basis.

6. Lory Abela, my translator was also a resident of Manggahan and had been one of initial occupiers of the settlement after being evicted from rental lodgings. She was able to verify many of the land transfers listed by the association’s register and was also able to take me to some of the families who had sold their lots.


8. Land pawning known as “prenda” is a common practice in the Philippines particularly in rural areas. Titled and untitled lots are often pawned to raise money for household need. However these arrangements are often extremely informal and in
the absence of a title or formal agreement lead to ownership disputes. Many households complained that it is common to lose land occupancy rights through such agreements which are impossible to record through formal registration procedures (see Nagarajan, David and Meyer, 1992).

9. Land pricing is commonly evaluated according to the plot per se rather than its actual size. Plots are rarely measured accurately but estimated more loosely according to a rough area, location and nature of seller. By and large, small differences in plots are not taken into account.
Chapter 7

The Implications of the Land Market for Informal Settlement Development

Introduction

The aim of this chapter is to show how the growing commercialisation of informal land fuelled by the increasing participation of middle income groups within the market has led to greater homogeneity of social groups within settlements according to income. At the same time, this has resulted in the residential segregation of different groups between neighbourhoods, with middle-income people occupying more desirable sites, and the poorest increasingly obliged to seek shelter on land of inferior quality such as on the foreshore, by canals and on pavements. In addition, rising numbers of middle-income buyers and their use of informal lands has severely constrained access to sites by the urban poor. The result is the evolution of a segmented informal residential market characterised by marked disparities in service provision, environmental quality and poverty levels.

To assess the implications for land trading on informal shelter, settlement development and segregation this chapter examines the following variables: household income, housing standards, levels of service provision and incidence of poverty between settlements. It will also look at the implications of residential segregation on community development and participation, and the ability of different communities to access government programmes for acquiring land titles.

Residential Development through the Informal Land Market in Cebu City

As documented in previous chapters, population pressure and high demand for space, in Cebu City has resulted in the rising commercialisation of informal lands. This corresponds with a demise in squatting and the evolution of an informal market for urban land in many other countries since the early 1980s (Angel et al, 1983; Baross and Van der Linden, 1991; Gilbert, 1981).

In Cebu, there is also evidence to show that the commercialisation of informal land
development has detrimental effects on access to land for the poor and leads to the exclusion of poorer households in many emerging settlements. The result is the gradation of informal settlements according to income. Emerging settlements on vacant sites in and around the city are increasingly monopolised by more affluent households, creating settlements which resemble formal subdivisions. On the other hand, the poorest households are increasingly restricted to occupying land in the lowest quality environments such as the foreshore, canals and estuaries. The concentration of low-income groups in poorer quality environments has placed enormous pressure on already inadequate services, and has accelerated environmental degradation in these locations. Moreover, since housing conditions bear various relationships with poverty, the degradation of shelter can exacerbate poverty within these settlements; As the World Bank states, "Inadequate housing has a direct influence on poverty. If housing is too crowded, poorly built, located in unsafe areas, or inadequately serviced with water and sanitation, it can lead to increased incidence of sickness and death; conversely good housing can lead to better health and higher rates of labour force participation" (World Bank, 1993: 27).

There is evidence in Philippine research that the dichotomy of informal settlement described above has been evolving for some time. Research into informal settlement development in Manila in the 1970s, for example, described the dualistic nature of informal settlement, albeit without enquiry as to the causes or implications of such a process.

"The Singalong Community does not look like a "typical" squatter area. Most of the houses are electrified; indoor plumbing and sanitation facilities are adequate. The presence of a number of telephones indicate that Singalong is no wayside stop on the road to urbanisation for the inhabitants. In Manila the average waiting time for the installation of a new telephone was then about six years. However, Singalong and a few other similar squatter communities that dot the urban landscape of Greater Manila are exceptions. For a better view of the life of the squatter, we shall take a closer look of Davila more closely typifying the "average" squatter community in Greater Manila......Davila is a squatter area and its appearance is one of abysmal poverty" (Stone, 1973: 48).

The evolution of extremely poor settlements are particularly notable within Cebu City for their continued expansion, the volume of inhabitants and the level of poverty therein. Such settlements form a large part of the informal housing sector and are labelled "depressed areas" (NHA, 1986). Duljo, one of the sample communities is
characteristic of the type of settlement which has become common throughout Cebu City; although it is densely populated, it is still experiencing significant growth both physically and in terms of population. In the particular case of Duljo this is achieved through the steady reclamation of land on the seaward edge of the neighbourhood. The physical, social and environmental consequences for the evolution of a segmented informal sector will now be examined.

**Socio-economic Composition of Settlements**

An important aspect of settlement evolution is the socio-economic composition of the community. Research in developing countries during the 1970s and 1980s revealed that squatter settlements contained a mixed range of social groups including bureaucrats, doctors and teachers as well as informal workers (Perlman, 1976; 1986, Hardoy and Satterwaite, 1989). As explained in Chapter 6, a heterogeneous socio-economic mix is beneficial to community development because of the small-scale employment opportunities offered by more affluent families in terms of demand for services, child care and so on and the sale of goods such as cooked foods within the community. Moreover, middle-income groups often have political leverage which may be influential in securing both individual and community services as well as infrastructure. The erosion of the socio-economic mix within a community can thus be detrimental to the physical and economic climate of the settlement and here middle-income involvement and the concomitant acceleration of land commercialisation, has much to account for.

Even if middle-income penetration into the informal land market has tended to oust low-income groups from certain neighbourhoods and led to greater social homogeneity within settlements, most settlements still contain a range of social groups. The extent and rate of gentrification in any settlement tend to depend upon the location, the environmental quality and the stage of development of the individual site as indicated in Table 7.1.
Table 7.1 Socio-Economic Composition of Sample Settlements in Cebu City, 1992

<table>
<thead>
<tr>
<th>Household Monthly Income</th>
<th>Below Poverty line</th>
<th>P3699-4776</th>
<th>P4776-8000</th>
<th>&gt;P8000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>No</td>
<td>%</td>
<td>No</td>
</tr>
<tr>
<td>Duljo</td>
<td>57</td>
<td>(57)</td>
<td>14</td>
<td>(14)</td>
</tr>
<tr>
<td>S. Montebellio</td>
<td>23</td>
<td>(12)</td>
<td>15</td>
<td>(8)</td>
</tr>
<tr>
<td>Manggahan</td>
<td>10</td>
<td>(3)</td>
<td>7</td>
<td>(2)</td>
</tr>
<tr>
<td>Buhisan</td>
<td>40</td>
<td>(14)</td>
<td>14</td>
<td>(5)</td>
</tr>
<tr>
<td>Nivel Hills</td>
<td>20</td>
<td>(5)</td>
<td>8</td>
<td>(2)</td>
</tr>
</tbody>
</table>

Source: Survey Data, Cebu City 1992
N.B. Absolute numbers in brackets.

Table 7.1 shows the socio-economic composition of the sample settlements according to the percentage of households in income quartiles. As noted earlier, other factors such as age of settlement and location can influence the rate of middle-income purchase. Since Sitio Montebellio and Manggahan are slightly more established than Buhisan and Nivel Hills they should have a more marked middle-income presence than in the two younger settlements. This is not the case in Nivel Hills where location, good accessibility, and favourable landscape has attracted middle-income groups to buy plots at an early stage of development.

The two key factors affecting settlement composition are the relative presence of households in the higher quartiles and the percentage of households living below the poverty line in the sample settlements. Sitio Montebellio, Manggahan, and in particular, Nivel Hills have a notable concentration of households in the highest income quartile (37%, 47% and 56% respectively) with a household monthly income of above P8,000 (approximately US $320 at 1992 prices). The two exceptions are Duljo the foreshore area with only 9% in the highest quartile and 20% in the 3rd quartile, and Buhisan with 9% and 37% respectively. Although Buhisan and Nivel Hills are at similar levels of development they have highly varied socio-economic compositions. As already noted Nivel Hills enjoys a prestigious location with city views and has attracted middle-income development at an early stage; Buhisan, by contrast, is situated in a more remote location in the south-west of the city and only accessible by tricycle through F.Llamas market. Therefore the rate of middle income...
buying had been somewhat slower than in Nivel Hills (see Fig 7.1).

A further variable important in the rate of housing and settlement consolidation is the presence of households living below the poverty line in individual settlements (Ward, 1982: 188). Duljo has the greatest concentration of poor with the majority of the population (57%) living below the poverty line. The next concentration is Buhisan which, because of its youth and location, still has a significant degree of poorer households at 40%. However Sitio Montebello, Manggahan and Nivel Hills have 23%, 10% and 20% respectively of the sample population living below the poverty line. This relatively small number of poor households represents the original farmers and some of the first colonisers. The implications of an uneven social balance and a greater homogeneity of income groups within settlements is now assessed.

Density of Plots and Structures by Settlement

As explained in Chapter 6, informal land trading acts to condition access to particular settlements for different social groups. The behaviour of middle income households in the purchase, speculation and occupation of large plots further constrains the supply of informal lands in developing settlements and decelerates densification. Middle-income households control the rate of densification by determining land release through sale or subdivision of plots. In many cases the wealthy can afford to hoard such plots without feeling any pressure to sell. This leads to a disproportionately high number of poor households seeking land in peripheral areas and escalating density, whereas other informal settlements remain relatively underpopulated.

Table 7.2 Structure and Plot Density by Settlement

<table>
<thead>
<tr>
<th>Settlement</th>
<th>Av. People per Dwelling</th>
<th>Av. families per Dwelling</th>
<th>Floor Area per Person (sq.mt)</th>
<th>Plot Area per Person (sq.mt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duljo</td>
<td>8.14</td>
<td>1.16</td>
<td>5.10</td>
<td>5.9</td>
</tr>
<tr>
<td>S. Montebellio</td>
<td>6.85</td>
<td>1.12</td>
<td>7.79</td>
<td>18.2</td>
</tr>
<tr>
<td>Manggahan</td>
<td>7.27</td>
<td>1.2</td>
<td>5.45</td>
<td>13.52</td>
</tr>
<tr>
<td>Buhisan</td>
<td>6.34</td>
<td>1.08</td>
<td>5.04</td>
<td>14.86</td>
</tr>
<tr>
<td>Nivel Hills</td>
<td>6.72</td>
<td>1.08</td>
<td>10.98</td>
<td>46.30</td>
</tr>
</tbody>
</table>

Source: Survey Data, Cebu City, 1992.
Fig 7.1 Graph showing Income Distribution between Settlements

- Below Poverty Line
- 2nd Quartile
- 3rd Quartile
- 4th Quartile
The disparity in densities between settlements can to some extent be explained by age of the settlement in that the more established settlements will inevitably have undergone plot subdivision. However Table 7.2 presents information on the relative ownership of space in both plots and structures and highlights the different pattern of growth by emerging and poorer settlements like Duljo. The number of people per dwelling does not vary considerably between settlements, (6.7 in Nivel Hills to 8.1 in Duljo) but is only important when densities are considered. In terms of floor area, Duljo and Buhisan are again comparable with about 5.1 sq.mts and 5 sq.mts per person respectively. However Manggahan, Sitio Montebellio and Nivel have a greater degree of housing area with Nivel Hills having over twice the floor space per person to Duljo.

Densities of plots display the most varied figures with Duljo having similarly high densities in both structure and plot indicating little extra space external to the unit itself, whereas other plot densities show considerable undeveloped land within the plot. The plot sizes in Sitio Montebellio and Nivel containing between 3-8 time more land per person per average plot than Duljo. Manggahan and Buhisan displaying 2-2.5 times more land per person.

**Housing Quality and Consolidation**

Income levels within a settlement clearly are one of the most important factors determining levels of housing quality and the rate of consolidation. Much of the earlier housing literature argues the suitability of informal housing as it allows the occupants to build slowly over time as resources allow (Skinner and Rodell, 1983). However the rate of housing consolidation is determined by household income and thus, as middle-income groups occupy informal plots, house building is no longer incremental (Ward, 1982: 193). In many of the emerging settlements large houses were being constructed in one go with little subsequent alteration or extension. This usually occurs in the second phase of settlement development when middle-income households buy plots. These larger more consolidated and ornate houses contrast dramatically with the existing units owned by poor families. This is a visible indication of the changing socio-economic circumstances of buyers entering the settlement.
Table 7.3 Standards of Housing Quality by Settlement

<table>
<thead>
<tr>
<th>Settlement</th>
<th>Permanent %</th>
<th>No</th>
<th>Semi-Permanent %</th>
<th>No</th>
<th>Temporary %</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duljo</td>
<td>6 (6)</td>
<td>80 (80)</td>
<td>14 (14)</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S. Montebellio</td>
<td>47 (25)</td>
<td>51 (27)</td>
<td>2 (1)</td>
<td>53</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manggahan</td>
<td>27 (8)</td>
<td>70 (21)</td>
<td>3 (1)</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buhisan</td>
<td>11 (4)</td>
<td>86 (30)</td>
<td>3 (1)</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nivel Hills</td>
<td>40 (10)</td>
<td>56 (14)</td>
<td>4 (1)</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>53</td>
<td>172</td>
<td>18</td>
<td>243</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data, Cebu City 1992
N.B. Absolute Numbers in brackets.

Classification of Structures:

**Permanent**: GI Sheet roof, concrete walls and floor.

**Semi-Permanent**: Structures with a nipa or GI sheet roof, walls made of wood or mixed materials and floor of soil, bamboo or wood. Other semi permanent structures may have concrete walls but a nipa roof.

**Temporary**: Nipa roof and walls with bamboo or soil floor or structures made from plastic sheeting, cardboard or rubbish.

Three classifications of housing are used in the study; permanent, semi-permanent and temporary. Permanent housing is fully consolidated with concrete walls and floor and a GI sheet roof, semi-permanent is usually made of wood, nipa or bamboo and temporary which are predominantly nipa houses, known as barong-barong.¹,²

Permanent housing follows the same building standards as housing built in formal subdivisions. Manggahan, Sitio Montebellio and Nivel all have a surprisingly high percentage of permanent housing with nearly half of the housing in Sitio Montebellio falling into this category.

However although Duljo is the most established settlement in terms of age it has the lowest degree of permanent housing (6%) and the highest percentage of temporary housing at 14%. The reason for this is not only that the low wage levels of Duljo residents prevent consolidation, but also that as many of the houses are within the tidal range they must be raised on stilts. Therefore the structure walls must be light materials (either nipa or more commonly wood) to allow for the unit to be supported on stilts. Furthermore research shows that in urban areas such as Duljo, low-income people chose to invest very little in building better structures, if they feel that
the government can forcibly remove them. They thus invest in assets that they can take away such as televisions, refrigerators and stoves (Aysan, 1992: 1). The main danger of having flimsy structures is that Duljo as a foreshore settlement is situated in a highly exposed environment and many of these houses are vulnerable to damage or destruction during the typhoon season.

**Settlement Servicing and Infrastructure**

Settlement servicing and infrastructure is introduced over time within settlements usually through individual action or group lobbying. This is often dependent on key figures in the community who rally member households and then access the appropriate offices. Often the leaders of the communities are better educated and/or have higher incomes than the poorer members and direct the community in such matters (Eckstein, 1977; Ward, 1982; Ward and Chant, 1987). In the absence of key figures, the lobbying power in the community may be weak and be reflected in lower levels of community and household services. In addition the income levels of individual households are influential in the installation of services. “All indicators of housing quality improve with higher incomes and economic development” (World Bank, 1993: 27). Therefore the presence of higher income groups can raise the level of community servicing and improve the general environment.

**i) Electricity**

Electricity is provided to individuals through the Visayan Electric Company (VECO). Ownership of the land is a stipulation for connection. However the high degree of connections within informal settlements shows that this regulation is rarely enforced. Informal dwellers can arrange electricity connections through “fixers” who work as informal agents in and around the VECO main office. For a small charge they can provide the necessary documentation and with inside contacts arrange for the connection to be fitted. As electricity connections are arranged on an individual basis, electrical provision is dependent on the income levels of the household and its ability to afford both the connection charges and the monthly bills. It is interesting to note that electricity tapping although common in Latin American squatter settlements is minimal in Cebu City (Gilbert and Ward, 1985). One reason for this may be that VECO have a strict policy that anyone caught tapping will be disconnected and never be allowed a connection again, even through legitimate channels. As many families feel
optimistic about being able to afford electricity in the future, they abstain from short-term tapping, and electricity connections are generally common in informal settlements (see Fig 7.2). The only place where connection may be difficult is the new structures being built at the sea front which present problems for cabling.

**ii) Water**

The provision of water in informal settlements is perhaps the single most important service needed within the community. The method of water supply and the volume of users per outlet is important in that collection and cost of water impact on the domestic functions and budget of the household. Within the informal communities in Cebu City a number of different types of water provision are available such as individual connection to house, hand pumps, deep well, tanker delivery and private purchase from individual owners (See Fig 7.3).

**Table 7.4 Water Provision within Sample Settlements**

<table>
<thead>
<tr>
<th>Settlements</th>
<th>Own Connection %</th>
<th>Communal Pump %</th>
<th>Private Purchase %</th>
<th>Deep Well %</th>
<th>Tanker %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duljo</td>
<td>11 (11)</td>
<td>67 (67)</td>
<td>22 (22)</td>
<td>0 (0)</td>
<td>0 (0)</td>
</tr>
<tr>
<td>S. Montebellio</td>
<td>42 (22)</td>
<td>2 (1)</td>
<td>57 (30)</td>
<td>0 (0)</td>
<td>0 (0)</td>
</tr>
<tr>
<td>Manggahan</td>
<td>27 (8)</td>
<td>63 (19)</td>
<td>10 (3)</td>
<td>0 (0)</td>
<td>0 (0)</td>
</tr>
<tr>
<td>Buhisan</td>
<td>0 (0)</td>
<td>49 (17)</td>
<td>20 (7)</td>
<td>31 (11)</td>
<td>0 (0)</td>
</tr>
<tr>
<td>Nivel Hills</td>
<td>44 (11)</td>
<td>20 (5)</td>
<td>8 (2)</td>
<td>8 (2)</td>
<td>20 (5)</td>
</tr>
</tbody>
</table>

Source: Survey Data, Cebu City 1992
N.B. Absolute numbers in brackets.

Table 7.4 lists the water sources used by the sample households within different settlements. Two main points must be stressed here. First the number of individual water connections within settlements and the relative advantages of this, and second the frequency of communal water supply, the number of users per outlet and the potential disadvantages. In Sitio Montebellio, Manggahan and Nivel Hills there were a high number of individual water connections. A total of 42%, 27% and 44% of households respectively had individual water connections to the house itself. This is indicative of the relative wealth of the households as individual water connections can be costly.
Fig 7.2 Percentage with own Electricity Connection by Settlement

![Bar chart showing percentage of settlement with own electricity connection.]

- Duljo: 77%
- Sitio Montebell: 94%
- Manggahan: 100%
- Buhisan: 83%
- Nivel Hills: 92%

Fig 7.3 Water Provision by Settlement

![Water provision chart for different settlements.

- Own Connection
- Communal
- Private Purchas
- Deep Well
- Hose

- Duljo: Own Connection
- Sitio Montebell: Own Connection, Communal
- Manggahan: Communal, Private Purchas
- Buhisan: Deep Well, Hose
- Nivel Hills: Own Connection, Communal, Private Purchas, Deep Well, Hose

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especially in Nivel Hills where steep topography makes water connection problematic.

The frequency of individual water connections has advantages for the provision of water within the community as a whole. The presence of individual connections relieves pressure from communal water supplies enabling poorer households who use standpipes or hand pumps to gain water with greater ease. Moreover, in many communities individual householders sell water from their connection to surrounding families. Neighbours tend to charge small amounts for water and this increases the number of options for water provision in the community.

Table 7.5 Household Estimation of the Number of Users for Communal Water Pumps or Private Water Supply by Settlement

<table>
<thead>
<tr>
<th>Settlements</th>
<th>0-10</th>
<th>10-20</th>
<th>20-50</th>
<th>50-100</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duljo</td>
<td>17 (17)</td>
<td>6 (6)</td>
<td>31 (31)</td>
<td>34 (34)</td>
<td>88</td>
</tr>
<tr>
<td>S. Montebellio</td>
<td>32 (17)</td>
<td>9 (5)</td>
<td>0 (0)</td>
<td>0 (0)</td>
<td>22</td>
</tr>
<tr>
<td>Manggahan</td>
<td>23 (7)</td>
<td>23 (7)</td>
<td>13 (4)</td>
<td>7 (2)</td>
<td>20</td>
</tr>
<tr>
<td>Buhisan</td>
<td>6 (2)</td>
<td>11 (4)</td>
<td>66 (23)</td>
<td>14 (5)</td>
<td>34</td>
</tr>
<tr>
<td>Nivel Hills</td>
<td>4 (1)</td>
<td>0 (0)</td>
<td>16 (4)</td>
<td>8 (2)</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Survey Data, Cebu City 1992
N.B. Absolute numbers in brackets.

The second important point about water provision concerns communal water supply and the number of users per outlet. Duljo, Manggahan and Buhisan all rely heavily on the use of water pumps to provide community water. Water pumps in Duljo are publicly provided but because of the high population densities are heavily overused. In Manggahan, on the other hand, the provision of private connections means that 3 water pumps is enough for water to be provided easily and effectively. Again Buhisan relies on water pumps but as it is located in a mountainous area it also has deep wells which provide water free of charge.

If it is estimated that a household needs to collect water at least once a day for
domestic needs and it takes approximately 10 minutes to fill one large pail, then if 100 users are running water from a stand-pipe or pump, water needs to be running for nearly 17 hours a day to meet residential needs. Although this is usually the case, it is obvious that overuse of an individual supply can result in much waiting and delay at the pumps by users. In addition, the constant use of a hand pump or standpipe can lead to the rapid wear of parts and regular breakdown. A total of 34% of the respondents of Duljo estimated that between 50-100 people used the same water pump as themselves and a further 31% estimated that in other parts of the settlement, between 20-50 people used the same outlet as themselves. Therefore in Duljo there is a great need for additional water outlets. The overuse of the existing pumps meant that people gathered around the pumps to perform washing, bathing or food preparation. The water pumps sites become the centre of a mixture of domestic activity which are not necessarily compatible increasing the likelihood of food contamination and the spread of disease.

In Manggahan the combination of private supply and communal pumps is sufficient for water demand meaning that households could collect water as part of their daily routine without having to perform domestic tasks at the pump site. Moreover one resident ran a business carrying water to households for a small fee and individually maintained the pumps. Therefore households were well serviced with water with minimum inconvenience.

iii) Sanitation

Sanitation, alongside water, is a critical factor for community health and maintaining a clean living environment. Permanent dwellings with individual water supplies generally have an inside toilet. Other houses such as in Manggahan have outside sealed toilet whereby the toilet is hand-flushed by a bucket of water into an underground pit. This is appropriate if drainage in the area is good. In Duljo however the settlement's proximity to the coast prevents the use of such toilets because of the high level of the water table. In fact one of the most critical problems in Duljo is the lack of any adequate sanitary provision. There are two main methods of solid waste disposal. First, small nipa shacks on stilts have been built at the seafront, reached along a bamboo walkway (see Plate 7.1). The hut is simply a floor with a hole so that solid waste drops to the beach contaminating the seafront. Unfortunately this is also a common play area for settlement children increasing the risk of disease and infection.
Plate 7.1 Sanitation in Duljo
The tidal flow carries away some of the waste creating problems of fish contamination for local fishermen in the area.

It is also interesting to note that the small shack toilets are privately owned and a charge of one peso is levied per visit. For a family of 5 or more persons this can be a considerable expense, so children may be encouraged not to use the toilet, resulting in the further spread of sewerage around the settlement.

The second method of sewerage disposal is known as "wrap and throw" which is the deposit of sewerage out to sea by individuals. This again adds to the spread of sewerage over a large area and the general contamination of the sea front. The community relies on the sea to carry the waste away. However during typhoon season waste returns to the settlement. High population density within the settlement further compounds the problem.

Infrastructure

The provision of infrastructure such as street lighting, local roads and settlement pathways are often accessed through the community organisation who lobby a local politician or government office in return for votes or political support. This has been a common electioneering technique in Latin America (Collier, 1976, Gilbert and Gugler, 1982). In Cebu City, as in much of the Philippines, settlement residents use individual contacts to elicit favours from politicians or businessmen for such improvements. The Philippine culture of reciprocity makes this an attractive avenue for vote winning by aspirant politicians and councillors who target such communities offering services (Gilbert and Ward, 1985). However the initial contacts and the power to exploit them are often manipulated by the more educated residents whose jobs allows them access to such offices and individuals. Political favours may be accessed to greater or lesser degree depending on the influence of figures in individual communities, disadvantaging the lower-income and less well-connected settlements like Duljo.

During the survey period in 1992, national elections were taking place alongside local elections for Mayor, Vice-Mayor and City Councillors. The enormous number of candidates offered considerable opportunity for local communities to extract services and infrastructure at this time. In Sitio Montebellio the community organisation
worked hard so that a local politician arranged the asphalting of the main thoroughfare into the settlement. Likewise the community association in Manggahan invited the present Mayor Osmeña to speak at a community rally wherein he overtly promised "a halogen lamp for 100% of the community’s support, a street light for 50% of the community’s support and no lighting for no support" (pers comm, 1992). The halogen lamp was fitted directly after his re-election.

The extraction of pledges for services and infrastructure relies on the degree of influential or well connected residents in the settlement able to exploit such opportunities. However in areas with less connected residents fewer opportunities can be realised. Upgrading in communities is dependent not only on the political need to attract votes or favours but also the communities’ abilities to exploit the political moment. During the run-up to the elections many communities seized the opportunity to elicit favours from such figures and enabled the resources to be transferred from government and personal funds of the politicians. Other communities failed to understand the political game and what stakes could be won and Duljo, unfortunately, was one of these. Poor organisation within Duljo and the lack of contacts between the settlement and City Hall prevented any real improvements occurring during this period. Another important factor is the poor conditions therein do not offer any straightforward solutions in that the scale of poverty demands greater levels of intervention than a single politically funded project. Lastly, Duljo is less likely to contain powerful figures or influential business contacts who may be able to reciprocate favours, while other informal areas are seen as more suitable targets for support for these reasons.

Aside from politically-funded projects, many infrastructure schemes are financed within the community. This however requires a high degree of community organisation and the ability for the majority of community members to contribute so as to avoid ill-feeling and accusations of inequity between community members. In Sitio Montebellio the high number of middle income residents enabled the community to pool funds to build a Chapel and community centre. Other communities had also managed to pool funds but for other purposes, such as initiating government programmes for buying their land.

The idea that the socio-economic composition of settlements directly influences the physical development of the settlement in terms of housing quality, infrastructure and
service provision has now been discussed. Differential population densities further compound shortfalls in service provision and exacerbate the poverty. However physical conditions are not only the factor to be affected in settlement development. As already discussed, the socio-economic structure of the community is influential in the evolution of community organisation, social development and participation. The presence and form of community organisation within different settlements will now be discussed in more detail along with the implications for such organisations or their absence, in terms of participation and settlement development.

Community Development, Self-Perception and Participation

The Evolution of Community Organisation and Settlement Development

The evolution of some form of collective community organisation is an integral stage in settlement development. The form and function of community organisation at the settlement level has been well documented particularly in the Latin American context where settlement based organisations have been the basis not only for lobbying for services but as political social movements to protest against the state and other interest groups (Castells, 1983; Gilbert and Ward, 1985; Skinner, 1983). Organisational research in the Philippines has more recently developed around a much broader umbrella collectively known as the non-government organisations (NGOs) which are not necessarily based within communities. Although settlement organisations are common in Cebu City unlike their counterparts in Latin America, they have largely been ineffective in matters other than lobbying or applying for immediate local needs.

The advantages of settlement organisation are clear; increased security through collective action against potential evictors, a stronger force for lobbying for services and infrastructure and increased self-reliance through participation in community projects. The emergence of community organisations is commonly found when groups mobilise around certain issues such as security of tenure, service provision and so on. The nature of such organisations and their effectiveness are highly settlement-specific in the Cebu City sample. This is not purely through internal factors such as socio-economic composition of neighbourhoods, but is also related to external causal
The most common issue around which communities mobilise is security of tenure. The housing agencies stipulate the structure and form of community organisation necessary to access the programme, namely a "Homeowners Association". In this case community organisation does not evolve spontaneously but forms in order to meet political criteria for accessing resources. This has been common and in many cases more overt in Latin American cities such as Valencia, Venezuela, where politicians would only deal with partisan juntas... "Opposition leaders will not gain access to the mayor's office or that of the governor" (Gilbert and Ward, 1985: 221). The HA in Cebu consists of a Chairperson, a secretary, a treasurer, a councillor and the members. The HA is then registered with the Securities and Exchange Commission (SEC) as a first stage of application to buy the land through the CMP. As registration is a form of legitimation, and most communities register soon after the settlement is formed. However the strict rules of structure, form and function of the HA as set out by the government renders it powerless as a serious political tool for protest or dissent. The community organisation simply acts as a rather passive vehicle which is passed through the administration procedures for CMP.

Table 7.6 Community Participation within Settlement Based Organisation

<table>
<thead>
<tr>
<th>Settlements</th>
<th>Membership No</th>
<th>1 per month</th>
<th>1 per Quarter</th>
<th>1 per 6 mths</th>
<th>1 per yr/on occasion</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duljo</td>
<td>36 (36)</td>
<td>10 (10)</td>
<td>4 (4)</td>
<td>2 (2)</td>
<td>13 (13)</td>
<td>5 (5)</td>
</tr>
<tr>
<td>S. Montebello</td>
<td>91 (48)</td>
<td>34 (18)</td>
<td>40 (21)</td>
<td>9 (5)</td>
<td>4 (2)</td>
<td>6 (3)</td>
</tr>
<tr>
<td>Manggahan</td>
<td>100 (30)</td>
<td>100 (30)</td>
<td>0 (0)</td>
<td>0 (0)</td>
<td>0 (0)</td>
<td>0 (0)</td>
</tr>
<tr>
<td>Buhisan</td>
<td>94 (33)</td>
<td>49 (17)</td>
<td>37 (13)</td>
<td>0 (0)</td>
<td>0 (0)</td>
<td>0 (0)</td>
</tr>
<tr>
<td>Nivel Hills</td>
<td>60 (15)</td>
<td>36 (9)</td>
<td>8 (2)</td>
<td>8 (2)</td>
<td>0 (0)</td>
<td>4 (1)</td>
</tr>
</tbody>
</table>

Source: Survey Data, Cebu City 1992
N.B. Absolute numbers in brackets.

Although community organisation at the settlement level may seem rather ineffective it is still a useful function for the reasons outlined above and those communities which fail to organise or have a cohesive association are at a disadvantage. Table 7.6 outlines the number of households within the sample who are members of a community.
association and the degree of attendance. The figures show that Sitio Montebellio, Manggahan and Buhisan all have extremely high levels of community participation with over 90% membership in each of the communities. In addition these three communities have a good meeting attendance record with at least 30% of the communities meeting at least once a month and 100% of Manggahan attending at least one meeting a month. In Nivel Hills for example, one resident, Nancy Akokora highlighted that the creation of an association strengthens the community's feeling of security, "Once the association is formed, the government has a hard time demolishing" (pers comm, 1992).

Nivel Hills has a lower level of community membership at 60% and a low attendance level at community meetings. The reason for this is first, that the dispersed nature of the settlement and the high percentage of absentee owners has been a barrier to the evolution of community cohesion and therefore it has taken time for a so-called "community spirit" to develop. Second, the large social disparities between residents has inhibited the formation of a locally-based association, particularly because more affluent households who feel secure do not acknowledge the need to lobby for services or land titles.

Duljo also has a very weak community organisation and low attendance at community meetings. However the reasons for this are completely different from the reasons in Nivel Hills. First, the sheer physical size of Duljo and the large household population of approximately 1000 households makes organisation logistically very complicated, if not impossible. Second, the large numbers of people within the settlement and the nature of poverty means that household needs become very individualistic, which negates community development. Third, the mixture of tenure groups both owners, plot renters and room renters means that there is a conflict of interest in terms of making improvements. Better services or changes in security of tenure could lead to higher rents or even displacement therefore renters rarely cooperate with such projects as they have little to gain (Thirkell, 1988).

The Community Association as an Actor in Residential Development and Community Selectivity

The formation of a community association is necessary to facilitate contact with government offices and programmes. However there are signs that community
associations can be misused and inhibit the equitable development of settlements. In many cases in Cebu City, community associations formed early on in the history of the settlement and acted as real estate brokers organising the sale of the remaining undeveloped plots and screening the prospective buyers. This was the case in Sitio Montebellio where the chairman of the association held a list of both on-site and off-site members (off-site members being friends or colleagues who had expressed an interest in buying into the settlement, should a plot become available). This ensured that plot prices could be standardised and that only "suitable" households might be allowed into the settlement. Once all the plots had been sold, the community association ran by itself further extorting money through membership fees.

Once all the plots are sold less benevolent Community Associations levy fees for membership and joint projects to ensure a continuous revenue. One resident in Sitio Montebellio described how she had been forced to leave her home in Opra because she could no longer afford the association charges. She claimed that between 1981 and 1989 the initial membership fee for new residents had risen from P5,000 to P30,000. Buyers who abstained from joining the association were unable to build houses in the settlement through consistent victimisation and even demolition. In many cases the association were in a prime position to speculate with land and to screen newcomers. The high additional charges and the tough interview procedure further hindered low-income access to such settlements.

As already discussed the main programme for regularisation of tenure is the CMP which offers collective finance to communities to purchase their land. All negotiation and administration is conducted through the community association. The programme has been criticised because it demands a maturity of community organisation which many emerging low-income settlements do not possess. In addition the processes of socio-economic selection taking place within emerging settlements makes some communities more likely to succeed than others. Communities containing large numbers of middle-income residents are prime candidates for such a scheme. Smaller more affluent settlements also find it easier to organise because they have greater disposable income and the know-how to access the programme. This is in direct contrast to large, low-income settlements such as Duljo whose very size makes the task of administering the community for such a scheme almost impossible. The scheme itself also requires a 10% down-payment at the outset for the value of the plot. Poor families in communities can rarely produce such amounts in a one-payment
form. This has two main results. First, it discourages poorer communities from applying for the scheme through lack of finance, and second, it acts to filter out poorer residents within middle-income communities.

It is evident that often the actions of the Community Association (CA) further accelerate the residential segregation of different income groups into informal settlements. At an early stage the CA acts as an estate agent screening potential buyers and charging inflated prices for the plots. Furthermore in adopting the CMP programme, the stipulations of a 10% down-payment filters out the lowest income residents who are unable to pay. Lastly according to the programme the CA has the authority to evict households who fall behind with repayments. This is implemented after only 3 months of non-payment by households. The plot and mortgage can then be taken over by a household who is more able to pay. The regulations of the CMP in providing a “community” mortgage are tailored towards more homogenous communities with individual households having an equal ability to pay. Therefore it is in the associations interest to filter out less solvent households and introduce families who are less likely to become a financial burden to the community itself. In this way middle-income settlements act like an “exclusive club” encouraging residents of a similar background. This was very much in evidence in Manggahan, for example.

Therefore although the programme aims to pass land ownership to the poor, in reality it is another form of less formal land development for the wealthier segments of urban society which accelerates the economic filtering process already in operation through the informal land market.

**Self-Perception, Community Identity and Security of Tenure**

The socio-economic segregation of the social groups has identifiable impacts on the physical development of settlements. However the residential reorganisation of the poor into separate neighbourhoods on primarily poorer quality sites has profound implications for the self-perception of the urban poor and their security as well as their empowerment.

The reordering of informal settlements has created what might be termed “informal neighbourhood divisions” with the evidence from Cebu City giving an idea as to the process of economic streaming which is taking place. Emerging informal
neighbourhoods now adopt a certain form moulded according to the socio-economic influences of the agents involved in their formation. The result is a gradation of informal settlements from high income residential neighbourhoods to the most deprived areas of poverty. An important consideration is how the informal communities are perceived and more importantly how they perceive themselves. There is evidence that the residential segregation of the poor has not only given way to physical differences but also a perceptual divide between informal communities in that different settlements do not identify with one another, but view one another with increasing skepticism.

Middle-income communities or those with a majority of middle income residents such as Sitio Montebellio and Nivel Hills work hard to improve their homes and environments. The reason is not only to increase their standard of living, but to build a community resembling a middle-class subdivision to ensure that eviction becomes a less inevitable prospect. Perceptually the residents identify more with middle income subdivision owners than with other poorer informal communities who they view as unfortunate squatters. An attempt to identify this is problematic but comments and opinions of the residents give a clearer idea as to the changing perceptions of informal residential areas and how they view their situation.

One vital difference between the residents of different neighbourhoods is their perception of their tenure situation and how this relates to self-perception and security. In all the sample communities the populations could technically be defined as squatters, as they were all occupying land they did not officially own. However the middle income respondents in Nivel Hills, Manggahan and Sitio Montebellio do not identify themselves as squatters whereby poorer residents in these settlements and particularly in Duljo more readily adopt such a label. This differential perception of their situation especially their self-perception as “squatters” is particularly interesting in terms of security of tenure and empowerment.

The process of segmentation within the informal market has led to overt physical differences between informal neighbourhoods. Wealthier residents feel that a combination of the process of buying a right especially for a high price and their influence makes them legitimate informal buyers and therefore do not see themselves as squatters. In fact the term “squating” implies a much more negative set of perceptions. The “squatter” can be identified not by the tenure situation but by the
low standard of living conditions. A common response from more affluent households is summarised by Jerome Aryolla living in Nivel Hills who stated, "We are not squatters, squatters are people in the crowded areas like Ermita" (pers comm, 1992). Sonnie Sinclair, a wealthy neighbour also stated "How can you be a squatter on your own land" (pers comm, 1992). This is also summarised by Max Lazarte, the Barangay captain of Pari-an who was asked by the Commission of the Urban Poor to indicate squatter areas in the barangay. His response is typical of the perception of squatting as a physical and social concept rather than a tenurial one (see Appendix 7).

Physical differences between neighbourhoods have led to a perceptual distancing between informal residents in that wealthier residents do not recognise themselves as squatters. This has a number of ramifications. As middle-income neighbourhoods become more consolidated, they become less recognisable as informal communities as they merge into the more formal urban fabric. Therefore they are less likely to attract attention or objection aside from the land owners themselves. The construction of consolidated houses and the perception that the community (albeit informal) is not a squatter settlement, is also important in terms of encouraging further middle income development. Serena, in Buhisan had invested a considerable amount in a sizable dwelling stating that "After buying the right, but before building a house, I saw that the homes of the people were not small and thought that these people would not just risk demolition" (pers comm, 1992). In addition the construction of consolidated houses and the perception of security acts to legitimise land price increases. One agent commented on this by stating, "Other settlement prices are lower than Nivel Hills because they are more congested and dirty than here and also this settlement has a main road and beautiful houses". Therefore prices tend to be standardised among middle-income neighbourhoods and more affluent buyers.

The few lower-income informal dwellers who have the opportunity to buy into more wealthy informal subdivisions no longer regard themselves as squatters but see themselves as legitimate land owners although not title owners. This was expressed by Lilia Morandante, a resident in Buhisan who had been evicted from a squattment next to the South Express Way in central Cebu City. With the compensation payment received from the government she had bought a land right in the emerging Buhisan settlement. Lilia viewed her movement into the settlement as a definite improvement in her situation even though the land was owned by Go-Chan Corporation and stated "Now I am not a squatter". Another resident, Bonnie Fernandez in Buhisan settlement expressed
similar opinions in that he had lived all his life as a caretaker in a wealthy household in Tisa. On hearing of land rights being sold he took early retirement and bought a plot paying as much as P40,000-P60,000 on the construction of the house. On questioning about his investment on informal land he simply stated that;

“This is my last chance to own a house and lot; I retired early because I want to build a house of my own for my children...when I bought the right I am still doubtful however now I have built my house, I am secure because I have built my house in my own land right.....I have been waiting 20 years to own land” (Bonnie Fernandez, pers comm, 1994)

The security offered by the presence of middle income buyers and the high standard of construction convinces low-income residents that the investment is secure. Ultimately the persistence of the land owner dictates whether this becomes a reality, but more commonly the high quality settlements are least likely to be evicted because of their acceptability as housing subdivisions and the belief by the residents that the right to use the land is legitimately theirs. Unfortunately the upward movement of informal dwellers into such settlements is limited and a more common phenomenon is the downward movement of poorer households into more congested less desirable sites.

The segmentation of an informal land market has advantages in that the upper tier begins to mimic more formal subdivision development yet circumvents the turgid and slow formal land delivery system. However a more problematic result is the development of congested low-income neighbourhoods such as Duljo. Unlike settlements like Nivel Hills or Buhisan, these have a far lower security of tenure.

One reason for this is that the law targets such communities as squatters and makes them a priority for clearance. In the recent law Republic Act 7279, Section 28 states,

“Eviction or demolition as a practise shall be discouraged. Eviction or demolition, however, may be allowed under the following situations: a) When persons or entities occupy danger areas such as esteros, railway tracks, garbage dumps, riverbanks, shoreline, waterways, and other public places such as sidewalks, roads, parks and playgrounds; b) when government infrastructure projects with available funding are about to implemented; or c) When there is a court order for eviction and demolition.”

This includes many of the sites occupied by highly concentrated low-income communities
such as Duljo. In fact in 1992, Duljo was under threat of demolition in order to make provision for an industrial South reclamation area similar to the North reclamation area which was used as a retail site for Shoemart Megamall. The labelling and legal implications of such communities has profound influence and acts to disempower them making many residents believe that eviction is inevitable and that they are unable to prevent it. Therefore there is not only physical and environmental degradation, but also a steady erosion of community morale.

Conclusion

Growing commercialisation in the sale of plots has begun to restructure the socio-economic development of settlements. Settlements in accessible or attractive locations draw middle-income buyers who see the purchase of rights as an economic alternative to high city rents or formal mortgages. High demand for informal lands by a greater range of income groups has resulted in better locations being colonised by more affluent buyers while the poor are obliged to purchase cheaper sites in marginal locations. As the informal market begins to mimic the formal, the poor are increasingly less able to compete for better quality vacant sites owned by the government or absentee owners, but are forced to inhabit less serviced and less serviceable land at greater densities. The increasing homogeneity of groups in informal settlements has resulted in differential rates and standards of settlement development resulting in the evolution of vast physical disparities within informal settlements in Cebu. However the differences between settlements are not purely physical as the high densities and vast numbers of households in poorer areas negates the possibility of community organisation and makes these communities weaker in political terms and less able to access government programmes.

The informal land market perpetuates disparities of socio-economic composition. However aside from the physical and socio-economic differences apparent in informal settlements there is also a perceptual divide between residential groups in similar tenure situations but in different neighbourhoods. Once land subdivision is initiated, the process of socio-economic filtering is reproduced through the physical construction of the settlement and the perceptual differences of tenure which sustains middle-income security in such neighbourhoods. These two act together to perpetuate the socio-economic distinction and segregation among informal residential areas. The result is an increasing physical and ideological divide among landless residents in urban Cebu.
Notes to Chapter 7

1. GI sheets are galvanised iron sheeting commonly used for roofing.

2. Barong-barong is a term for nipa palm houses such as housing built close to each other in a congested area.

3. Manggahan has the most active and well organised community association. The main reason for this is that the community was under threat from eviction from the land owner and thus was at the time attempting to rush through a loan to buy the land through the community mortgage programme. However this demanded a great deal of community discipline to tackle the endless administration involved in submitting the papers. Therefore the only method was to implement a strict community association structure and procedure having compulsory regular meetings and fines for non-attendance. In 1993 Manggahan were awarded the CMP loan but not without considerable social expense as many of poorer residents were forced to leave as they did not have the time to save for the 10% deposit.

4. The Ermita referred to is a barangay in Cebu City, not the Ermita in Metro Manila.
Chapter 8

Conclusions

Work by John Turner (1969) in Latin American cities first suggested that spontaneous settlements were a solution not a problem in the provision of low-income housing. He pointed out that socio-economic mobility of low-income households manifests itself through an improvement of the residential neighbourhood in situ, rather than by population mobility between neighbourhoods of different opportunities and levels of status (Turner, 1969: 1970: 2). Recent research including this study has shown that this is no longer true and that access to informal plots is conditioned by market forces (Soares and Stüssi, 1994). The transformation of informal land delivery systems from a free- or low-cost commodity to an inflationary, and at times, expensive good, has profound impacts on access to shelter for households, particularly the urban poor (Angel et al., 1984; Baross and Van der Linden, 1990; Jones and Ward, 1994). The main aims of this study were: to examine the process of commercialisation of informal lands within a city context; to identify the sale agents and their influence on land valorisation; and to assess how market processes influence settlement development, in terms of access to land and services for different income groups and community organisation. The critical findings of the study will be reviewed, followed by the implications for policy and areas for further research.

Critical Findings of the Study

The main conclusions of the research are first, that informal lands in Cebu City are undergoing significant valorisation. The commercial sale of lands for residential development is occurring on both public and, under certain conditions, privately-owned lands. High demand for plots has meant that de facto owners and/or occupiers of vacant lands feel threatened by commercial subdividers, or encounter pressure from people searching in the area for vacant plots. Under these conditions the cultivator or caretaker of the area will convert their land for residential purposes. A small charge is made to compensate the farmer for loss of his/her agricultural revenue. The informal sale of
plots by these conversion agents is justified through a belief that the occupant of the land owns certain "use rights" to the land which are alienable and can be sold. This belief is common and widely accepted among communities and can be traced back to pre-Hispanic land relations whereby occupancy and use of lands was tantamount to ownership. For historical and cultural reasons this system has been perpetuated through time and now forms the basis of a particularly robust and resilient informal land market in Cebu.

Expanding on existing research, the study has also examined the complexity of actors and agents involved in the informal land development sector (Benjamin, 1991, Doebele, 1994). Further to other studies which have concentrated on the more commercial subdivider (Nientied and Van der Linden, 1990) the Cebu study highlights the wide range of informal agents and actors that participate in the delivery and sale of plots and housing. One interesting aspect is the levels of agent operations and the differential opportunities for men and women to exploit opportunities within this process. Furthermore it highlights a hierarchy of agents in that those who have connections with the city hall or influential figures feel able to undertake daring land developments on public and/or private lands, meaning that the cultivators often lose their land rights to such agents.

A third major set of findings is that the formal land market has experienced rapid inflation since the mid-1980s resulting in a larger number and wide range of socio-economic groups seeking land through informal channels. Economic development of the Central Visayas has been highlighted throughout the Philippines as a regional success story. Cebu's economic strategy has largely been locally generated through the political alliance of Tommy and Lito Osméña who acted as Mayor and Governor in the late 1980s and early 1990s. They concentrated on attracting commercial and business interests through the promotion of export manufacturing and attracted Manila-based interests through the sale of large centrally located provincial-owned lands. Government intervention and speculation in the land market has resulted in the rapid land price inflation in the formal market which has been particularly damaging to the residential sector. The main result is that middle-income households are progressively using informal land delivery to expand their housing options.

Fourth, the presence and more importantly, the behaviour of middle-income groups within the informal land market has acted to accelerate commercialisation in emerging
settlements and has restricted access to such areas for lower income groups. The research has shown that it is not necessarily the presence of more wealthy households which affects access, but their behaviour within the market which drives prices up. Strategies of middle-income residents includes speculation of plots, the purchase of unnecessarily large areas for domestic use or sale, and the hoarding of vacant lands. Emerging settlements throughout Cebu City are characterised by a mixture of nipa dwellings and ornate concrete houses separated by large tracts of vacant lands. These settlements are held in suspension by middle-income buyers creating a severe constraint on the informal land supply. The owners of such plots may speculate the land or occupy it once tenure has been secured. The result for lower-income families is diminishing access to such settlements and fewer possibilities for land purchase, even within an informal market. The urban poor are increasingly obliged to seek shelter options of cheaper and poorer quality land at the foreshore, by canals and around the public markets. The outcome of such market activity is the residential segregation of the urban poor into separate residential neighbourhoods with profound impacts on the physical conditions between settlements and levels of community morale.

Finally the major conclusion of the research is that transactions and price levels within the market are influenced by social factors. In other words, the study reveals that a critical determinant of the sale price is the conditions pertaining to the sale and the income level of the seller. The data reveals that behaviour such as crisis selling, fear of law breaking and poverty means that poorer households are obliged to sell their plots cheaply. Furthermore lower income groups appear to have a lower perception of land value within the market thus reinforcing the tendency to undersell valuable plots. The different sets of circumstances of sale between sellers from different income backgrounds means that in many emerging settlements a double market is in operation with the poor as the losers. Once plots are sold, low-income people have limited opportunity to re-purchase plots within the same settlement or in a similar area. They are thus forced into other shelter operations such as seeking land in poorer quality sites, sharing with kin, or renting.

The presence of a range of income groups within the land market has led to the stratification of the poor into distinct locations and settlements. The players within the market are mismatched as the poor do not have the available resources to gain access to
new areas or to protect their rights over existing plots. The result of this is widening disparities between informal settlements which are not purely physical, but also social and ideological. Middle-income groups seek to upgrade their settlement to a standard commensurate with formal subdivisions and thus, as they view it, impermeable to eviction. At the other end of the scale the poor occupy inner-city sites or more inaccessible or fragile environments at ever higher densities.

Policy Implications

Urbanisation accelerates demand for land and in many developing countries this has led to the artificial inflation of the land market resulting in the creation of submarkets for low-income housing. At a policy level, institutions such as the World Bank are now pursuing policies aimed at greater market efficiency. As a prerequisite, this would include deregulation of public intervention, formalisation of land rights and the regularisation of tenure within cities (World Bank, 1993; Baken and Van der Linden, 1993: 4). The relationship between improved market efficiency and its impact on submarkets however is still a clouded issue. Baken and Van der Linden (1993: 17) argue that “it is not surprising that land and housing experts have expressed their concern about the current trend in policy thinking...... (and) concluded that (such policies) could lead to intensified segmentation and almost a duality of land markets with the low-income market relegated to the role of “survival strategy””.

There is arguably a need to “formalise” informal land relations. At a city-level the confusion and contradiction of formal and informal submarkets is costly not only economically, but also socially to those users whose rights remain unrecognised. Commercial interests and businesses moving into Cebu are baffled and weary about the legal and social dichotomy over land rights. This can inhibit investment and be economically costly to Cebu City.

However regularisation policies enabling informal communities to purchase occupied land have failed to recognise the growing socio-economic distinction between communities created by the market. In Cebu, regularisation policies requiring regular mortgage payments are in effect tailored to middle-income settlements within the informal sector. The “depressed areas” occupied by poorer squatters do not qualify for the CMP, as rules
demand standard plot layouts, pathways and accessibility to qualify. The crowded nature of settlements such as Duljo and others means that even if they achieved the high level of community organisation needed to process the paperwork, they would be unable to transform themselves physically to be approved for the scheme. The proposal of the CMP and other land policy recommendations has lacked a fundamental understanding of the contemporary processes of land delivery in cities such as Cebu resulting in the implementation of policy which is only applicable to the upper tier of the informal sector. In the light of such research the changing nature of demand for informal lands and the transformation of supply is critical to future policy formulation.

Doebele (1994: 52) further questions such policies stating; “Can regularisation ever be rapid and massive? The answer may lie in the responsiveness of the actors in the complex processes that now operate the land markets”. However the confusion and contradiction that exists within land delivery systems serves to protect persistent inequalities in land ownership negating the political will to implement a comprehensive land regularisation policy. This has traditionally been the case in the Philippine countryside and is now perpetuated in the cities. The answer is to reduce the imbalances that exist within the informal sector itself, which is dependent on further research.

Areas for Future Research

The present research has highlighted the process of informal land delivery which forms an integral part of urbanisation in Cebu City. The commercialisation of the informal land market has led to a social segregation both physically and ideologically between low- and middle-income groups focused around shelter.

There is a need to redress the balance between the “users” of the market. This can only be achieved by treating different social groups equally which is politically unlikely, reducing the number of users within the informal system or inducing a greater equity between users within the land market. This is not a straight-forward policy matter and requires greater research into the interaction of the formal and informal land markets, and how demand for varying tenures changes over time between groups. Furthermore what macro and micro variables affect market behaviour for middle-income buyers in their decision
to purchase within these markets? The decision to purchase land informally in Cebu is rooted not only in the lack of alternatives, but also in the understanding that if you are well connected with the city hall or a political figure, then by and large you establish a certain immunity to legal repercussions. In Cebu City this is being increasingly exploited by a middle-income population seeking cheaper and more flexible housing alternatives. One solution is to control the range of income groups entering different sectors of the market by offering a range of alternatives within a formal/semi-formal market.

There is a general lack of knowledge over the sums of money that change hands within the informal development of land and exactly how profitable is land development? (Doebele, 1994: 52). Evidence in the study suggests that differential perception of land values exist among informal households creating a double market among sellers. Irregularities of pricing has been highlighted in recent research by Ward, Jiménez and Jones (1994). They stipulate that social factors may be a determinant of pricing and suggest circumstances pertaining to price variations, but fail to uncover consistent variables affecting price or the behaviour of the seller. In this research, a correlation between income and perception of price is evident, and low-income groups are seriously disadvantaged within the market. Moreover there is a greater need to understand the relationship between the income of the seller and the selling price levied between individual social groups. Why is it that occupants have a differential perception of plot price and how could this be addressed? Furthermore, how does this affect choices within the market for the sellers themselves?

Finally the players within informal markets need to be more equally matched by encouraging more equitable pricing. The middle-income share an "illusion of legality" bending the law to occupy land while moving between an ideology of formality and informality of land. However it is not until social groups throughout the informal sector share an understanding of their situation and the market will it begin to operate equitably, and to redress the price imbalance which has sparked the housing crisis evident in the alleyways of Duljo.
Appendix one outlines the household survey, looking at the questionnaire in more detail. The overall objective of the survey was to gather information on the socio-economic situation of residents in informal communities in Cebu City. More specifically it tries to identify the housing histories of the residents focusing on how they accessed plots, the agents involved in the sale and the price paid. From this the socio-economic composition of settlements in different locations as well as the physical conditions of the informal areas can be assessed. The information gathered from the survey forms the basis of Chapters 6 and 7. Before the methodology can be described, it is important to explain how the target respondent was selected, i.e. the household head or spouse.

**Background to the Household Survey**

As defined in Chapter One, the survey was targeted toward household in informal low-income communities in Cebu City. The household is commonly used for social science research as it embodies a basic social unit. Definitions of the household are not so straightforward however and research has revealed multiple configurations of household structure and composition. In the Philippines, research has shown that households tend in general to be nuclear in composition and usually male-headed (Chant and McLlwaie, 1994). Families often incorporate visiting relatives and children from other families forming a temporary or semi-permeant of the original household. Moreover the various multiple tenure forms which can exist on the same plot can be both confusing and frustrating. In the case of the Cebu research the household head or spouse was targeted as they were blest placed to give information regarding the tenure arrangements of the plot, the housing history and knowledge of the market. The research was not confined to house owners however as it was important to see the prevalence of other forms of housing tenures and the aspirations of the users i.e. renters and rent-free households.

The respondents however were in most cases the female spouse of the household head. In the Philippines the spouse invariably controls the family budget, runs the household and is an equal co-partner in major decision making (Ramirez, 1984). In some cases even if the male head was present he would decline to answer the
questionnaire as he was unfamiliar with the running and organisation of the household itself, leaving his spouse to answer the questions more fully. Varley (1994: 125) highlights the importance of targeting the decision maker within the household for such survey work stating "When studying housing practises, moreover, the practice of using the main breadwinner as the benchmark for judging household characteristics may be inappropriate, since they may not be the person who played this role when the key decisions shaping the household's current housing situation were taken".

Although decisions within a household are rarely left to one person the most influential person within the Philippine household is nevertheless the women and thus women form a large proportion of the respondents in this survey.

Sample Settlements

As explained in Chapter One the sample settlements were selected for their age, location and accessibility and/or desirability as residential locations. In choosing these settlements it was intended to look how different locations developed, plot prices and the types of groups inhabiting the settlements. The age of the settlement is hard to qualify as settlements tend to develop at different rates especially if plots are being held vacant. However there seems to be critical period of development where people enter the area and a settlement is formed. This may take 3 to 5 five years when plot development and construction will slow down. However the 5 settlements selected aimed to examine the operation of the land market and the corresponding settlement development. With this in mind, four emerging settlements were selected, two developing in the 1980s and two in the 1990s. For each of these periods one settlement was chosen in an accessible or desirable location while the other may be slightly less central. However all four settlements offered good development sites for informal settlement.

Duljo was a more established settlement with a central location. While it was established in the 1960/70s, it has continued to experience substantial growth, both from inward movement of people and through natural expansion. Duljo typifies a many low-income settlements in Cebu. Although its development varies form the emerging settlements it and continues to form an important shelter option for many low-income households in Cebu. The interesting point is why such settlements continue to grow while vacant, available and more accessible informal lands exist in other parts of the city. To gain a wider picture of housing processes within Cebu and the options
available to different groups, Duljo was included in the study.

Household Questionnaire Survey: Content

As mentioned in Chapter One the questionnaire was applied to around 25% of 4 informal communities with the exception of Duljo a much lower percentage was achieved. However this applied to 100 households in Duljo, 53 in Sitio Montebellio, 30 in Manggahan, 35 in Buhisan and 25 in Nivel hills. The questionnaires was read out by a Cebuano who had conducted survey work before and was herself from an informal community. All interviews were conducted in Visayan with my colleague asking the questions and I recording the responses and discussing interesting points at the end. The question was designed to gain information on principally the socio-economic conditions of the household, housing history, knowledge and perceptions of land values and sale opportunities and housing conditions. For this purpose the questionnaire was divided into 5 sections and consisted of 15 pages, taking between 45 minutes to 2 hours to complete. The 5 sections were: a) personal details and house construction; b) socio-economic details of the household; c) employment and income d) migration and housing history and e) details of land acquisition, occupancy and the market. The most delicate section, concerning details of land acquisition and the market was left until last when it is hoped that the respondent would have gained confidence as to the purpose of the survey and be willing to take about the acquisition of their plot. The objectives of each of the 5 sections will now be outlined.

a) Personal Details

This section gathered personal information on the respondent. However at the beginning of the interview my colleague would explain carefully the purpose of the study and the type of information required. During this time I recorded information on the house itself such as the type of materials and the construction, by observation. In addition access to services such as water, electricity and telephone was recorded from the respondent.

b) Socio-economic Details of the Household

This section was a key component of the questionnaire and often took the longest time to complete. The main objective was to record the basic characteristics of the household
and their constituent members. It examined education levels of the different members and types of employment. More importantly a household income and expenditure was gathered for the household as well how the household was organised and administered.

c) Employment and Income

This section looked at the employment history and income of the respondent in more detail. It looked at changes of employment and aspirations of the respondent themselves. However the question on employment aspirations was widely misinterpreted by the respondents as to more general aspirations for their family.

d) Migration and housing history

Section D identifies the migration history of the respondents identifying their place of origin, their decision to migrate and their current links with their birth place. A second objectives was to look at the housing history of the respondents and the types of accommodation occupied in Metro Cebu. this revealed interesting results on the movement between housing tenures such as rental and ownership and acted as a prelude to the final section.

e) Details of land acquisition, occupancy and the market

This was a critical section of the study as it focused on the process of plot acquisition, the agents involved and the price. Furthermore it gave a more in-depth understanding of local perceptions of informal ownership and how they perceive their situation in terms of squatting vis-a-vis ownership. A further objection of the section was to understanding how households gleaned knowledge of plot availability and their decision to buy a right. Furthermore it details the actual price paid for the plot and the current perceived value of the property which yielded interesting results (see Chapter 6). A final aim was to record participation in community organisations. At the conclusion of the interview all plots and structures were measured.

Semi-Structured Interviews

A sub sample was conducted in addition to the household interviews. After the pilot interviews it became clear that some of the more complex details of informal land
market behaviour were not adequately covered by the household survey. Therefore an additional short questionnaire was drawn up to record uncovered areas. This questionnaire was only conducted on those who had purchased informal rights to land or property and examined issues such as plot vacancy, construction time and house development in more detail. This subsample numbered 128 or 53% of the sample.
Settlement Name
Household Number
Date
A.1 Sex
A.2 Name
A.3 Address
A.4 Marital Status
    Single
    Separated
    Widowed
A.5 Age
A.6 House Owner
    Renter
    Rent Free
Structure
A.7 Completed
    Under Construction
    Extension under construction
    Undergoing improvements to main house
A.8 Semi-detached
    Detached
A.9 No. of Rooms
A.10 No of Floors
A.11 Roof Material
    Nipa
    GI Sheet
    Other
A.12 Wall materials

Carton.................................
Nipa.................................
Concrete/Hollow Blocks.......  
Wood.................................
Mixed permanent/semi-permanent..............

A.13 Floor Material

Concrete.................................
Wood.................................
Bamboo Slats...........................
Soil.................................

House Position

A.14 Is the Structure floor at ground level.................................
or on stilts............................

A.15 If on stilts, what use is the ground floor area?

Vacant.................................
Animals.................................
Storage.................................
Other.................................

A.16 Is the property fenced? Yes.................................
No........................................

Access to Services

A.17 Water

Own Connection........................
Water Purchase........................
Communal faucet........................

a) Distance from structure (minutes walking)........................
b) How many structures served by outlet?...........................

A.18 Electricity

a) Own connection Yes/No
b) is the connection tapped........................
or metre........................

c) Communal area Yes/No

A.19 Telephone

a) Own Connection Yes/No
b) Distance to nearest phone (minutes walking)..........................
Section B: Socio-Economic Details of the Occupants

B.1 How many people including yourself live in this house at present?..........................

B.2 Do you eat and cook together as a family? Yes/No

B.3 How many don't?..................................................

B.4 Are these related?..............................................
non related persons?.............................................

B.5 Could you tell me more information about your family members living here,
starting with the head of the household?

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<th>Sex</th>
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<th>Education Level</th>
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TOTAL MONTHLY INCOME..........................

B.6 Do any of the occupants of this unit pay rent? No/Yes

B.7 How many people including individual members of families are renters? ..............

B.8 How much is the total rent paid per month? P.................................

B.9 How much space do the renters occupy? (in sq. mts).........................

B.10 Is this exclusive or shared with owner family?.............................
B.11 Do you have any source of income not yet stated?

Money sent from relatives (not present).........................
Sale of home produced goods......................................
Sari-sari profits......................................................
Other............................................................................

B.12 Who do you consider administers the family budget?...........

B.13 How much do you spend on the following items per month?

<table>
<thead>
<tr>
<th>Item</th>
<th>Day</th>
<th>Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan repayments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL MONTHLY OUTGOINGS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If not paying a loan, Go to B.17

B.14 How much money was your total loan? P.......................

B.15 Who loaned you this amount?

Relatives.........................
Friends..............................
Employer............................
Sari-sari owner............... Others

B.16 What was this loan acquired for?

Foods................................
Medicine.........................
Education..........................
Appliances........................
Other.............................

B.17 Do you manage to save any money per month? Yes/No

B.18 How much on average do you manage to save?................

B.19 Are you saving for anything in particular?..................
Section C: Employment and Income

Respondent

C.1 In employment, Yes
      No

C.2 If not, are you
      Household duties
      Unemployed
      Retired
      Full-time student

C.3 How often do you work?
      Days per week
      Hours per Day

C.4 How long have you been doing your present job?

C.5 What year did you start this job?

C.6 Did you have a job immediately before your present job? Yes/No

C.7 What was it?

C.8 What year did you start this job?

C.9 How much were you earning as your monthly salary at the time that you changed employment?

C.10 What do you plan to be doing in five years time?
Section D: Migration and Housing History

D.1 Place of birth (municipality).................................

If born in Metro Cebu, Go to D.11

D.2 How old were you when you arrived in Metro Cebu?............

D.3 What year did you arrive?........................................

D.4 Did you come to Metro Cebu alone or with someone else?..............

D.5 Who?....................................................................

D.6 Did you arrange accommodation before you came?

   Yes...........................
   No..........................

D.7 Why did you decide to come here?

   Employment.................................
   To be with spouse/family.............
   Medical treatment.....................
   Education.................................
   Other..........................................

D.8 Do you ever go home? Yes/No

D.9 How often?...............................

D.10 Do you think you will ever return home for good?

   Yes......................
   No......................
   Maybe....................

D.11 Could you tell more about your different accommodations from the year then you first when you first arrived in Metro Cebu, starting with your first accommodation? (Use Table)

   No other previous accommodation, only present structure............... 

D.12 Why did you transfer from your last residence to here?.........................

D.13 Have any friends or relatives joined you from outside Metro Cebu? Yes/No

D.14 What relation are they to you?............................... 

D.15 Do you think you will ever leave here to live in another place outside Metro Cebu?

   Yes/No
Section E: Details of Land Acquisition, Occupancy and the Market

E.1 How long have you lived here?..............................
E.2 Do you own the structure?.................................

E.3 If no, are you currently renting the structure? Yes/No
If Renter, Go to E.10 and then E.14

E.4 Do you own the land it is built on? Yes/No
E.5 Do you have the land title or the occupancy rights?

E.6 Do you consider yourselves squatters? Yes/No
E.7 Are you paying any rent on the land
   Yes........................................
   No........................................
If no, Go to E.10

E.8 How much per year?........................................
E.9 Who are you paying?........................................

E.10 Is the Structure?
   a. Self-built....................................................
   b. Contract builders........................................
   c. Self built with help.......................................
   d. Purchased, from previous occupant...............
   e. Purchased, but reconstructed by the respondent....
   f. Rented......................................................
   g. Rent-free..................................................

E.11 If Self-Built/Contract did you have a building permit?
   Yes..................................................
   No..................................................

E.12 Do you currently pay building taxes? Yes/No
E.13 How did you come to live here?
   a. Were you born here......................
   b. Did you inherit the structure...........
   c. Did you move here......................

If a or b Go to E.40

Demand

E.14 How did you find this particular place?
   Relatives.................................
   Friends..................................
   Unknown person.........................
   Wandering around........................
   Other....................................

E.15 Did you know someone already living in this settlement? Yes/No

E.16 Were you considering any other pieces of land or houses apart from this one?
   Yes......................................
   No........................................
   No choice................................

E.17 Where? In this settlement.............
   In another settlement.............

E.17a Was this titled or occupancy rights only?

E.18 Why did you finally decide to take this one?

E.19 Once you had decided to move, how long did it take you to find this place from when you first started looking?
   Weeks.................................
   Months.................................

E.20 Were you originally looking for:
   Vacant land......................
   House and lot...................
   Either...........................
   Rented House...................

E.21 Was this place?
   Vacant land......................
   House and lot...................
   Rented House...................
If renter, Go to E.44

E.22 How did you originally gain access to this site?
    a) Invasion
    b) Buying from a seller
    c) Rent free
    d) Permission from relatives (no payment)

If a, c or d, Go to E. 44

E.23 Did you know the seller?.................................

E.24 If yes, how did you know him/her?
    Friend ..................................................
    Relative................................................
    Neighbour............................................

E.25 Was the seller
    a) the previous occupant of the site (with structure)
    b) Owned the rights only (vacant land)
    c) Other

E.25d Was the land a subdivision of his/her original plot?
    Yes.....................................................
    No................................................................
    Don't Know.............................................

E.26 Is the person who sold you this still an occupant in the settlement?
    Yes.....................................................
    No................................................................
    Don't Know.............................................

E.27 Do you know if they have sold any other land or houses to other residents besides
    yourself?
    Yes.....................................................
    No................................................................
    Don't Know.............................................

If no or don’t know, Go to E.30

E. 28 Are these sales,
    a) House and lot.................................
    b) Lot only............................................
    c) Mixture.............................................

E.29 How many transactions do you know of?
Finance (demand)

E.30 Did you purchase the rights to this place?

If no, Go to E.40

E.31 What was the original asking price? P.........................
E.32 What was the final agreed price? P.........................
E.33 How did you manage to raise the money?

- Savings ..............................................
- Wages..............................................
- Borrowed...........................................
- Sale property (squatter)..............
- Sale property (title)..................

E.34 If borrowed, from whom?

- Family................................................
- Friends............................................
- Bank or other financial institution.....
- Employer..........................................  

If outright payment, Go to E.40

E.35 did you pay the total amount outright..........  
  or in stages............... 

E.36 If in stages, How much do you pay?........  
  and How often?......................

E.37 When do you expect to finish paying?.........

E.38 Did you have to pay a deposit? Yes/ No

E.39 How much? P................................................

Documentation

E.40 Do you hold the documents for house or land ownership?........

E.41 Who gave them to you?..............................

E.42 Were they given to you after some downpayment ..............  
  or after full payment?.............................

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E.43 Whose name is written on the document? .................................................. 

**Structure Size and Land Ownership**

E.44 What is the ground floor area? (sq mts) ..................................................

E.45 What is the floor area upstairs, if applicable? ......................................

TOTAL ........................................

E.46 Is there an area inside the dwelling devoted to industrial or commercial purposes only? (size in sq. mts)

......................................................................................................................

E.47 Is there an area external to the structure, but incorporated in household functions?  
Yes/No

E.48 If yes, what is the size of this area? ..........................................................

E.49 What is the total plot size including land surrounding or adjacent to structure?  
......................................................................................................................

E.50 Sketch Structure and Plot

**Supply**

If vacant land around or adjacent to this structure

If not, Go to E.51
E.50 What do you intend to do with this land?

- Expand own Structure
- Build a house for family use
- Build a house for sale
- Save for relatives/children
- Sell as a vacant lot
- Other

E.51 Other Properties

<table>
<thead>
<tr>
<th>Current Prop</th>
<th>Area</th>
<th>Location</th>
<th>Price</th>
<th>Buyer</th>
<th>Paid</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td></td>
<td></td>
<td>Sold</td>
<td>Friend</td>
<td>One P'mt</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Relative</td>
<td>Stages</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Unknown</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

E.51 Land

E.52 House and Lot

E.53 Rental houses

Past Property sales

E.54 Land
  a)  
  b)  
  c)  

E.55 House and Lot

Future property sales

E.56 Land

E.57 House and lot

E.58 Do you think you will ever move? yes/no
If no, Go to E.65

E.59 When?..............................................................

E.60 Would you sell or let you house?..............

E.61 if you were going to move, would you look

for a house and lot (rights)...........
(tittle).............

lot only (rights)...........
(tittle).............

Not sure. .........................

Rental accommodation....................... 

E.62 Which area would you be interested to move?

.................................................................

E.63 What is a realistic price you would expect to pay?

E.64 What sort of development would you expect for that?

If renter, Go to E.71

E.65 Have you ever been approached by anyone wanting to buy your house?

Yes/No

E.66 How long ago?..................................................

E.67 How much would you sell your house and lot for if you sold it today?

.................................................................

E.68 How would you look for a buyer/renter?..............................

E.69 Would you approach anyone to help you sell?

Yes..............................
No..............................

E.70 Who?.....................................................
Security of Tenure

E.71 What improvements have you made to this house since moving in?

- Reconstructed whole of part of house
- Upgraded roof materials
- Upgraded wall materials
- Upgraded floor materials
- Constructed second floor
- Made extension
- Other

E.72 What further improvements do you expect to make?

E.73 How secure do you feel from eviction?

- Very secure
- Secure sometimes
- Not very secure
- Not very Secure
- Insecure

E.74 Who do you think are the most likely group to evict you?

- Government
- Police
- Settlement leader
- Other

E.75 Do you or any of your family belong to and organisation? Yes/No

E.76 What type of organisation do you belong to?

- Community Association
- Urban Poor group
- Political
- Religious
- Other

E.77 How often do you attend meetings?

- Once a week
- Once a month
- Once every 4 mths
- Once every 6 mths
- On occasion
E.78 Is it your aim to pursue the title to this land? Yes/No

E.79 Do you know of any particular scheme to help landless people obtain land titles?

Yes..............................................
No..............................................
Named Scheme..............................

E.80 Would you participate in such a scheme? Yes/No

E.81 What do you like about the area?.........................

E.82 What do you dislike about the area?.....................

Any other comments?
Semi-Structured Interviews

Identification Number ........................................

F.1 When did you buy the right? ....................

F.2 Did you live in original house or demolish immediately?

Demolish immediately without living...........
Lived in before demolishing......................
Existing..................................................

F.3 How many months after purchase did you start construction?

F.4 House Construction  Self Build..............................
Contract Builders whole/skeleton.............
Self-finished...........................................

F.5 How many months after right purchase did you actually occupy?

F.6 How long was the land vacant? .................

F.7 Why did you delay building? .......

F.8 How much was:

Electricity Installation..........................
Water Installation..............................

F.9 How did you raise the money for the construction?

Savings..............................
Wages..............................
Savings and Wages..................
Borrowed:  Family..............
SSS/GSIS..............
Bank..............
Friends..............
Money lender......

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APPENDIX 2 - LAND AGENT SURVEY

A land agent survey was carried out with 25 informal land agents with the aim of understanding their operations, sales techniques and price setting. Due to the unstructured and illegal nature of their work this group proved particularly difficult to identify and interview. However during the course of the household interviews agents within the settlements and residential areas were identified and interviewed. City-wide agents were located through the local agents who arranged interviews and introduced us. The information gathered in the survey is analysed and discussed in Chapter Five.

The survey identified 3 main sets of agents; settlement specific, area wide and city wide agents. As the sale of informal land rights is prohibited by law these interviews were particularly sensitive and so no notes were taken during the course of the interview but answers were recalled by my colleague and myself and later recorded. The conversion agents and the land brokers differed slightly. The main areas of interest are outlined below.

Land Agent Survey - Farmers / Caretakers

1. How long have you lived in the area and what is your occupation?

2. What was your occupation prior to this?

3. Can you tell me about the history of this settlement?

4. How did people settle here?

5. Did you organise the settlement?

6. What made you decide to let people settle here?

7. Did you divide up the plots and how was this done?

8. Who else was involved with the division of land?
9. How long did it take you to dispose of all the plots?

10. Did you make a charge and how much was this?

Land Agent Survey - Area and City Wide Land Brokers

1. Can you tell me more about your line of work?

2. What types of land do you sell?

3. How many properties are you currently trying to sell, what is the price and where are they located?

4. How do you hear of the availability of property?

5. How do you find buyers for the properties?

6. How much commission do you charge?

7. Do you determine property prices or advise the owners on land values?

8. How do you think property sellers determine the sale price?

9. Do you operate alone or with others?

10. Do you have an alternative job or is this your main line of work?

In general, agents were willing to talk about their operations and their perception of the informal land market in Cebu City. These interviews took the form of loose discussion however some of the questions had to be asked multiple times. Some land agents identified by the community such as Fe, a housewife selling rights in Nivel Hills and the farmer, Bardot, who had sold rights in Sitio Montebello (in competition to the subdivider) refused to answer any questions and denied any knowledge of right sales occurring in the settlements. However a cross sample of agents agreed to be interviewed for research purposes.
APPENDIX 3 - BARANGAY MAP OF CEBU

The following map outlines the urban and rural barangays of Cebu City. It was produced by the Water Resources Centre in San Carlos University, Talamban, Cebu City who were computerising detailed maps of the city at the time of this research. These maps were used for identifying the sources of water supply and the demographic pattern of the City by barangay.
APPENDIX 4 - MAPS OF STUDY SETTLEMENTS

The following maps show the location and density of structures in the 5 study settlements in 1973 and 1990. They were produced by the Water Resources Centre in San Carlos University, Talamban, Cebu City who were producing detailed maps of the city at the time of this research. These maps were used for identifying the sources of water supply and the demographic pattern of the City by barangay. They are produced by the digitising aerial photographs taken in these two time periods and produce the most accurate record of residential development within the city to date. It should be noted that a slashed area on the map indicates a high density of structures. Second that often nipa structures can merge into the background on aerial photos and so some of the more temporary structures within the settlements may not be shown on these maps. The study settlements are outlined in red.
DULJO,
BARANGAY DULJO
This map is digitized by the WATER RESOURCES CENTER from the Centro map collection: 1:2000 and Nomrio map collection: 1:5000. The map core region is stored in the computer using files of ESRI pc ARC/INFO format. Plotted: February 1992.

LEGEND
- ROAD
- RIVER
- TRAIL
- STREAM
- CONTOUR
- HOUSE
- SPOT ELEVATION
- CONGESTED AREA

WATER RESOURCES CENTER
UNIVERSITY OF SANTA CLAR

SCALE 1:5,000
SITIO MONTEBELLIO,
BARANGAY APAS
MAP OF CEBU CITY
INDEX MAP 162

LEGEND
ROAD
RIVER
TRAIL
STREAM
CONTOUR
HOUSE
SPOT ELEVATION
CONGESTED AREA

WATER RESOURCES CENTER
UNIVERSITY OF THE PHILIPPINES

The map is dedicated to the memory of Dr. Jose B. Vicente, Jr.
The legend map scale is 1:2000
The map coverages are dated
February 1992

Plot Lent: February 1992
MANGGAHAN,
BARANGAY PUNTA PRINCESA
BUHISAN,
BARANGAY BUHISAN
NIVEL HILLS,
BARANGAY LAHUG
LEGEND

- ROAD
- RIVER
- TRAIL
- STREAM
- CONTOUR
- HOUSE
- SPOT ELEVATION
- CONGESTED AREA

MAP OF CEBU CITY
1990 MAPIS59

WATER RESOURCES CENTER
UNIVERSITY OF SAN CARLOS

This map is digitized by the WATER RESOURCES CENTER from the Certeza map scale 1:2000 and Namria map scale 1:25000. Data Plotted: June 1992
APPENDIX 5 - LOCAL HOUSING DEMAND

The questionnaire recorded the previous residential location of the respondents before their present address and indicated that the informal land market operated on a highly localised level with people moving into and from areas within a very small geographical area. Reasons for this may be that information systems for the transfer of plots work in highly localised areas through neighbourhood and kinship networks thus people do not hear of available plots in other parts of the city. The evidence also suggests high demand for such plots which can be sold very quickly in a geographically small area. This data for residential housing mobility was mapped for 4 of the settlements and is included in this appendix. Buhisan is omitted as it is classified as a rural barangay and thus is located just north of the barangays outlined on the base map.
Sitio Montebellio: Origin of Residence Prior to Current Dwelling

%  
9.0 to 23.0
3.0 to 9.0
2.0 to 3.0
2.0 to 2.0
Missing Data

Apas
The transfer of informal land rights is usually conducted and finalised by verbal agreement. However at times informal documents are drawn up and passed between the seller and buyer. These documents act more as receipts of payment than any formal land ownership, however signify and confirm the informal transfer of lands rights and are not passed over until payment has been made in full. Such a document is usually hand written but can be used to prosecute the seller and thus are extremely difficult to acquire. However a friend within a settlement let me make a copy of her transfer papers which is included here. It reads:

"I Jessica Operan give land to Tening Embajadara to build a house in a place in my garden. For this space she will give a small amount for the right. I am making a charge of P1500 for the land I give her in my place" Jessica Operan.
Dec. 2, 1991

Ala si Flesia ñoróum nhataq ng pag-
tubót ni teniñ Entayadora sa pagtubót
ng falay sa linya ad akong asipun an.
Utö sa usa ka hendingan nga mangay
ko ng gamay kaotido pakinungod sa
— pabati pañagud ko ang kaotido
ngas mañga as iyang nhataq pakitangan
sa manong Linao.

[Signature]
[Signature]
During the 1992 UNCHS survey, a letter was sent to each of the Barangay Captains in Cebu City in order for them to indicate the location of the informal areas within their barangay. The letter overleaf was received from the captain of the Barangay Parian, a historically wealthy Chinese - Mestizo area within the central core of the city. This letter reflects the inherent divisions of perception of informal areas emerging in Cebu City in that the informal communities within the Parian are not deemed to be comparable with other settlements in Cebu City.
ARANGAY CAPTAIN:
IMINO R. LAZARTE

Cebu City, June 14, 1992

Ms Neneth Manaluyo,
Office of the City Urban Poor,
City Hall, Cebu City

Madam:

In reply to your letter which we received few days ago, together with the Map of Brgy. Pari-an Cebu City, we wish to make a report that Brgy. Pari-an is a middle class Barangay and there is no squatters except some few, and not to be compared with other Barangays in Cebu City, such as Tjero, etc.

There are some Government lots occupied by some residential legal occupants, for more than 50 years ago, and paying their rentals to the City. Please refer to the enclosed map for further details.

Thanks.

Yours truly,

Maximino R. Lazarte, ACS; AB; BSC; LLB
President, UFWUD; Gen. Sec. VIMCONTOU (Trade Unions); President, CEBACONCOOP Cursillistas Catholic Lay Minister; Faithful Captain, 4th Degree & of C of Chief Justice Arrellano Assembly; Past Grand Knight, Mabolo KC Council; Formerly President Cathedral Pastoral Council; Former City Councillor, Cebu City. Exec. Director, American Legion, Post 45; Labor Arbiter on Labor cases.


Bociurkiw, Michael, 14/07/92. Island Paradise Cebu in Dire Straits. In South China Morning Post: B6.


Bradshaw, Sarah 1995 (Forthcoming) Female Headed Households in Honduras: Prospectives on Rural-Urban Differences. In Third World Planning Review, Special Issue on Gender.


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