

Land Watch Asia

LAND USE

Striking a Balance: Agricultural Interests vis-a-vis Housing Concerns in the National Land Use Act

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ANGOC and the LWA campaign have been working to advance the land rights of the rural poor through protecting and promoting the gains of progressive legislations and initiatives on agrarian reform and access to land. As such, the campaign shall pursue the lobbying of the passage of national land use and facilitate sharing of tools and approaches in land use planning among CSOs.

In the Philippines, a national land use law has yet to pass. While a number of legislations addressing land use issues have already been passed, these policies, however are sectoral and fragmented in approach and do not address priorities for land use that cut across sectors and put premium on long-term sustainability, local productive capacity and over-all social equity. Clearly, the absence of a land use framework result in increasing cases of conflicting claims on land use, which threatens the livelihood and security of the poor.

Thus, ANGOC and CLUP Now! have been engaging in constructive dialogues with the Philippine Congress as well as government agencies regarding the importance of enacting a national land use act as it is seen as a critical piece of legislation that will provide a rational, holistic, and just allocation, management, utilization, and development of the country's land resources. The German Development Cooperation (GiZ), Foundation for the Philippine Environment (FPE), and MISEREOR have been supporting this initiative.

On a similar vein, members of the International Land Coalition (ILC) in the country have been implementing a national engagement strategy (NES) with the objective of creating conditions for inclusive and people-centered land-related policy change. Part of NES is addressing inter-sectoral concerns on land and future legal frameworks affecting land rights, which includes the passage of the pending National Land Use Act (NLUA).

CONTEXT

The global food crisis of 2008 made land, already a finite resource, even more valuable, especially for countries with severely limited arable lands. These countries, realizing the danger of food scarcity, made a mad grab for land, mostly in least developed and developing countries. As global demand for food, biofuel, forest, and horticultural products continues to rise, investments will continue to move into countries where land appears abundant and inexpensive, increasing risks for the rural poor. (USAID 2014)

Most of the world's poor are in rural areas, engaged in agricultural or other land-based livelihoods. As lands are converted for other uses, the rural poor increasingly face disputes over land with powerful business interests.

Across the globe, the exponential rise of urban migration is in part driven by the rural poor's search for economic opportunities as they lose their main source of livelihood due to land conversions, land grabbing and the State's failure to implement agrarian and tenure reform.

In cities, affordable housing remains scarce, and more poor are transformed into a highly insecure "urban underclass" constantly facing forced eviction from their informal settler homes and loss of employment as they are relocated far from their places of work.

Unchecked Land Conversions

The Philippines has 30 million hectares (ha) of land, 15.8 million of which are alienable and disposable lands while the remaining 14.2 million are forest lands. It is unavoidable therefore that conflicts will arise as competing interests jockey for the use and allocation of land.

In the 1990s, the rapid industrialization thrust of the Ramos administration led to massive conversions of agricultural lands especially near Metro Manila and identified growth corridors around the country. Vast tracts of irrigated lands in the "rice bowl" provinces of Central and Southern Luzon were converted to industrial estates, leisure landscapes like golf courses, resorts and theme parks; institutions like hospitals and schools; and residential subdivisions.

The non-government Philippine Peasant Institute said that land conversion applications lodged in the Department of Agrarian Reform (DAR) jumped to 500% from 1991 to 1997, while the approval was even bigger at 600% in the same period. More worrisome though are those lands converted by virtue of Department of Justice (DOJ) Opinion No. 44. DOJ Opinion No. 44 stated that the authority of DAR to approve the conversion of agricultural land to non-agricultural uses could be exercised beginning only on June 15, 1988. This meant that DAR had no authority to disapprove conversions which purportedly were applied for before that date. Thus, about 35,063 ha were converted from 1991 to 1997 on the strength of DOJ Opinion No. 44. These figures do not include lands illegally or arbitrarily converted, estimated to be around 200,000 ha.

The 2010 National Action Plan to Combat Desertification, Land Degradation and Drought, has dubbed the period between 1991 to 1997 as the "decade of irrational land use conversion to urban development and industrialization" marked by the "rapid deterioration of river systems and aquifers, rapid deterioration of irrigation systems established in the 1980s, and net importation of practically all food products as mandated under the General Agreements on Tariffs and Trade (GATT)." (NAP 2010)

By June 2011, DAR records show that at least 63,596 ha have been converted, mostly in the "rice bowl" regions earlier mentioned. Both regions nevertheless still have a large agricultural base.



Drivers of Land Conversions

Rapid population growth and urbanization are two of the main drivers of agricultural land conversions worldwide.

The Philippines' population growth rate of 2.04% is one of the highest in Asia. Meanwhile, in 2013, urbanization was pegged at 49% and it is estimated to reach 65% by 2030.

Another major driver for land conversion in the Philippines is the circumvention of agrarian reform.

The rush of conversions after CARP was passed embodied the attempt of landowners to evade agrarian reform. DOJ Opinion 44 provided an easily exploitable legal loophole. Landowners wishing to evade CARP influenced their respective local government units (LGUs) to reclassify their land citing DOJ Opinion 44, although technically the Opinion applies only to land reclassified before 1988.

In the Sitio Poultry case in San Antonio, Nueva Ecija, the landowner presented a reclassification of his landholding to residential use purportedly approved by the National Housing Authority in 1978. Though indeed an arch proclaiming a subdivision was erected at the site, no other development was pursued by the landowner. Only when the *Sangguniang Bayan* (SB) issued a resolution declaring the lands as agricultural and therefore subject to agrarian reform did the landowner suddenly revive his interest to develop the contested land. It was later discovered that the NHA reclassification covered only 5 ha of more than 100 ha of land claimed for agrarian reform.

Although the law is clear that conversions must still be approved by the DAR, in most cases land reclassification is treated as automatically leading to land conversion. In other instances, landowners need only convince their respective LGUs to have their lands declared as part of the 5% of land in the territory of the LGU that is allowed to be converted under the Local Government Code or Republic Act 7160. Because of this, large tracts of agricultural land flagged for industrial or residential development were left idle for a long time.

Costs of Land Conversions

Aside from the loss of agricultural lands due to conversion, farmers on the urban fringe face rising production costs, conflicts with non-farm neighbors, and vandalism, including the destruction of crops and farm equipment. To lessen production costs, neighboring farmers normally cooperate in production activities, such as equipment rent-sharing, land renting, custom work, and irrigation maintenance. The benefits of these activities disappear when neighboring farms are converted to other uses. Information sharing and formal and informal business relationships among neighboring farms also disappear. As income from agriculture declines and is further threatened by land conversions, "impermanence syndrome" (i.e., a lack of confidence in the stability and long–term profitability of farming), sets in, resulting to less physical and human capital investment in farming.

The overall effect is a decrease in the profitability of the farm, a diminution of interest among children of farmers to pursue farming, and an enhanced enticement to sell the farm for housing or other development. Moreover, the increased demand for land jacks up property prices and makes farmland out of reach of farmers who may want to expand their cultivation.

Other consequences of land conversion are the reduction of land available for food and timber production, soil degradation such as erosion and desertification, and the deterioration of farmer communities.

Food versus Shelter

Food security advocates argue that the conversion of agricultural land to other uses adversely impairs agricultural production and threatens the country's food security. They therefore contend that agricultural land should be maintained for food production, especially after the food crisis of 2008 which demonstrated the folly of relying on food imports.



On the other hand, real estate developers claim that land conversion is a necessary consequence of urban growth. The Chamber of Real Estate and Builders' Associations, Inc. (CREBA) National Chair Charlie V. Gorayeb insists that the housing sector does not threaten the agriculture sector because only a small percentage of the country's total land area is used for housing, even with the conversion of agricultural lands for real estate developments. According to CREBA, only 2.26% or 664,473 ha of the total land area of the Philippines has been used for infrastructure like real estate development and road projects. He adds that the developments in non-agricultural areas did not diminish the agricultural land area, and that agricultural area even expanded in 2013. Lastly, he stresses that the conversion of agricultural lands is needed to address the housing backlog of the country.

Conversion advocates also posit that the decline of agricultural production due to the conversion of productive farmlands can be easily offset by production intensification in the remaining agricultural lands and through technological advances.

Food Insecurity and Hunger

According to the United Nations Food and Agriculture Organization (FAO), from 2005 to 2012, the Philippines had the highest prevalence of food inadequacy among Asia's tiger cub economies.

From 1999 to 2014, the number of Filipino families who considered themselves as hungry rose from 8.3% to 18.3%. Meanwhile, an estimated 3.8 million households were victims of hunger in the last quarter of 2014.

Before 1994, the Philippines was exporting rice to other countries. Today, the country is the world's top importer of rice. The 1995, 1997 and 2008 food crises catalyzed the country's attempts to achieve food security through food self-sufficiency, especially in rice production. There are several reasons why rice is a primary focus.

Rice is the main staple food of Filipinos. Rice is also a thinly traded commodity in the world market with only 5 to 7% exported worldwide. Five countries (Thailand, Vietnam, Pakistan, India, and the US) control 84% of global rice exports. In 2008, the world price of rice escalated as countries like Cambodia banned exports to secure their own consumption. Vietnam and Thailand reduced their exports while India raised its minimum export price by more than 50%. Panic-buying thus ensued among importing countries.

The Philippines, as the world's top rice importer, was hardest hit by the soaring rice prices. The increase in global rice prices drove up domestic rice prices by 40% from March 2007 to March 2008. In 2008, the Philippines had to pay Vietnam twice the price for the same volume of rice it previously imported.

Worldwide rice demand is also getting higher. Non-traditional rice-eating countries, such as those in Africa, have exhibited growing demand and are expected to compete with traditional rice-eating countries. China also started importing rice in 2008 as many of its agricultural lands were converted to industrial and commercial uses.

With the increase in rice demand, climate change poses a problem on global rice production. The Intergovernmental Panel on Climate Change Fifth Assessment Report (IPCC AR 5) confirmed the devastating impacts of climate change on agricultural production as a result of increasing temperature, sea level rise and extreme weather events like droughts, heavy rains and super typhoons.

A study by the International Rice Research Institute (IRRI) found that a 1% increase in temperature leads to a 10% drop in crop yields. Meanwhile, the average rice yield in drought prone areas was seen to be lower by 17 to 40% as compared to areas less affected by droughts. Droughts also increased pest and disease infestations. The growing frequency and intensity of extreme weather events also result to heavy losses in agricultural production.

Given the high vulnerability of the Philippines (ranked third in the world) to climate-related disasters, it only makes sense to secure the supply of rice. It is not surprising therefore that the Philippine government has always had a dedicated program for increasing rice production.

The Philippine government also continues to invest in irrigation development. As of December 2013, at least 1.678 million ha of the 3.1 million ha considered as irrigable have been developed for irrigation.



The Need for Housing

The Philippine Development Plan 2011-2016 estimates that at least 5.6 million additional housing units would be needed by 2016. The backlog represents not only the additional housing needs resulting from rapid urbanization, population growth, and rural-urban migration, but also the backlog accumulated from several years of government and private sector failures to respond to this problem.

The Subdivision and Housing Development Association (SHDA), a national organization of private subdivision and housing developers, said that some 200,000 to 250,000 houses should be built every year to meet the backlog on housing units. CREBA, on the other hand, said that developers need to construct 345,941 housing units per year to address the estimated 6.54 million additional housing unit demands from 2012 to 2030.

On the part of the government, the failure to address the housing needs partly stems from the fact that State spending for housing has been less than 0.089% of GDP. Other factors include weak monitoring mechanisms, rising resettlement and administrative costs; unreliable poverty data, and selfish interventions of unscrupulous politicians and public officials.

Meanwhile, the failure of real estate developers to deliver housing projects has been blamed on the lack of lands allocated for housing development. Real estate groups complain that the protection of agricultural lands from conversion leave little available lands for settlements, infrastructure, tourism, real estate development and other non-agricultural development.

But if the number of residential subdivisions that has sprouted in Metro Manila and adjacent provinces are any indication, the immense backlog would seem strange. But perhaps this can be partly explained by the fact that real estate developers are prioritizing the construction of medium- and high-cost housing, which both posted surpluses of 250,403 and 224,011 housing units respectively. But the property sector was only able to supply 479,756 units of socialized housing as opposed to the demand of 1.14 million. With regard to economic housing, developers were only able to deliver 541,913 units as opposed to the demand of 2.5 million units. The demand for low cost housing was also not met with a supply of 242,246 units against a demand of 704,406.

Losing Prime Agricultural Lands to Housing: The Case of Nueva Ecija

Long known as the "Rice Bowl of the Philippines" and recently dubbed as the "Food Bowl" of Central Luzon, Nueva Ecija is a first-class province in Central Luzon, north of Manila. It is a landlocked province, primarily comprised of low lying alluvial plains in the west, central and southwestern parts and rolling uplands in the northern, eastern, and southeastern parts.

The predominant use of land remains agricultural. In 2011, Nueva Ecija produced 1,313,487 metric tons of rice. The total land area is 550, 718 ha, 64% of which is alienable and disposable while the rest is forestland. In 2013, the Office of the Provincial Agriculture (OPA) came out with an updated estimated physical area for agriculture in the province pegging it at 200,828.50 ha. But DAR estimates the agricultural area to be 253,330 ha.

There is a disparity of almost 53,500 ha between the figures of DAR and OPA. In an informal focus group discussion with OPA employees, the latter said that the OPA had to come out with an updated physical area survey since OPA's data does not reflect the reality of conversions at the ground level. They lamented that the province is losing its agricultural lands faster than they can develop idle lands in the province for agricultural purposes, especially citing Cabanatuan City where the mushrooming of residential subdivision meant the loss of both irrigated and rainfed areas previously devoted to rice production. They cited as examples the development of the 164-hectare Lakewood City of Sta. Lucia which was formerly an irrigated rice area; Ayala Land's Sta. Arcadia which was once a



vast rain-fed area devoted to rice; and Vista Land's Camella Homes development in Valle Cruz, San Isidro, Cabanatuan City where irrigated facilities can still be seen side by side with the housing units being built.

However, it is not only Cabanatuan in Nueva Ecija that is in danger of losing its agricultural lands. Residential subdivisions have been mushrooming as well in the towns of Sta. Rosa, San Isidro, Gapan, San Leonardo, and others. Agricultural lands in these smaller towns are being converted, especially those areas near farm-to-market roads developed by the government to facilitate the transport of harvests. In a phone discussion with a member of the Sangguniang Bayan (SB) of Sta. Rosa, the SB member admitted that they have received a lot of reclassification applications. However, according to him, their records are limited to those who seek reclassification resolutions needed for bank loan applications. He mentioned that those who can finance their own projects proceed with land conversions without the SB reclassification resolution.

While the OPA officials agreed that agricultural production in the province has been increasing lately, they attributed the increase to the use of high-yielding varieties and other technological innovations and the development of other lands including those in the upland areas.

RECOMMENDATIONS

There are substantial inefficiencies on how the government (local and national) allocates land and in the conversion of prime irrigated agricultural lands to urbanizing areas in particular. Most worrisome is that land conversion has been concentrated in the most productive farming areas of the country that have both fertile soils and favorable climates, and where government infrastructures have been built specifically to promote agricultural development. While agricultural innovations have temporarily shored up the net harvest losses as agricultural lands are converted in these provinces, these measures have a tipping point and would surely adversely affect the country's food security in the long term. At the same time, the threat to food security posed by climate change is not being adequately considered as housing development, industrialization, infrastructure, and other non-agricultural uses are allowed resulting to the loss of agricultural land in these rapidly industrializing provinces.

Under the Comprehensive Agrarian Reform Law of 1988, land conversion approvals falls under the jurisdiction of DAR, but this approval is rarely sought. Landowners usually influence their local governments to reclassify their properties as non-agricultural. The lack and weakness of monitoring of cases of land conversions and reclassification, and the collusion of some local officials are primary reasons why the conversion of primary agricultural lands continues to proliferate.

Government's intervention in land policies is clearly needed, not only to preserve agricultural lands but to allocate lands appropriately and systematically. Land use change provides many economic and social benefits, but it also comes at a substantial cost.

Proper land use planning can manage the use and development of land to achieve maximum benefit for the country. As such it has the potential to have a considerable impact not only in ensuring food security but also shelter security. Conversely, the continued lack of a framework to guide land allocation can result to poor land use planning or no planning at all severely limiting the prospects for the country to achieve food security.

The protection of agricultural lands should be recognized though as a critical element in achieving long-term economic growth and sustain-able development as global pressure to have access, control, and ownership of this crucial resource further mounts. Since economic growth and development has meant drastic changes in the physical ecosystem, there is a need to rethink the current development track pursued so far and replace it with one where sustainable management and equitable sharing of resources takes precedence especially in light of the limits that climate impacts are imposing at present and may impose in the future if humanity is unable to reverse catastrophic climate change.



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This paper is made possible with the support of Deutsche Gesellschaft fur International Zusammenarbeit (GIZ), Foundation for the Philippine Environment (FPE), International Land Coalition (ILC), and MISEREOR. The views and the information provided in this publication do not necessarily reflect the views or policies of GIZ, FPE, ILC, and MISEREOR.



Founded in 1979, ANGOC is a regional association of 15 national and regional networks of non-government organizations (NGOs) in Asia actively engaged in food security, agrarian reform, sustainable agriculture, participatory governance and rural development. ANGOC member networks and partners work in 14 Asian countries with an effective reach of some 3,000 NGOs and community-

based organizations (CBOs). ANGOC actively engages in joint field programs and policy debates with national governments, intergovernmental organizations (IGOs), and international financial institutions (IFIs).

ANGOC is a founding member of the International Land Coalition (ILC), regional convenor of the Land Watch Asia (LWA) campaign and the Asian Alliance Against Hunger and Malnutrition (AAAHM—Asia). ANGOC is also a member of the Global Land Tool Network (GLTN) and the Indigenous Peoples' and Community Conserved Territories and Area (ICCA).

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Land Watch Asia (LWA) is a regional campaign to ensure that access to land, agrarian reform and sustainable development for the rural poor are addressed in national and regional

development agenda. The campaign involves civil society organizations in seven (7) countries—Bangladesh, Cambodia, India, Indonesia, Nepal, Pakistan, and the Philippines. LWA aims to take stock of significant changes in the policy and legal environments; undertake strategic national and regional advocacy activities on access to land; jointly develop approaches and tools; and encourage the sharing of experiences on coalition-building and actions on land rights issues.



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FPE is the first and largest grantmaking organization for civil society environmental initiatives in the Philippines. Its support goes primarily to protecting local

conservation sites and strengthening community and grassroots-led environmental efforts in more than 65 critical sites through more than 1,400 projects. The establishment of FPE on January 15, 1992 was meant to abate the destruction of the country's natural resources. As many as 334 NGOs and grassroots organizations, along with 24 academic institutions, helped set its course through a process of nationwide consultations. Subsequently, Philippine and United States government agencies and NGOs raised the foundation's initial \$21.8-million endowment through an innovative "debt-for-nature" swap. Today, FPE remains committed to fulfilling its roles as a catalyst for cooperation, grantmaker, and fund facilitator for biodiversity conservation and sustainable development. Know more about FPE at www.fpe.ph.



ILC is a global alliance of intergovernmental, governmental and civil society organizations working together

with the rural poor to increase their secure access to natural resources, especially land. Know more about ILC at www.landcoalition.org.



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