

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

13th CONGRESS
First Regular Session

HOUSE BILL NO. 2567

Introduced by HON. ORLANDO A. FUA,JR.

EXPLANATORY NOTE

This Bill seeks, primarily, to propose the enattment of a unified national land use policy that will address the issues relative to the allocation and utilization of land and other physical resources.

In general, it is proposed that the State " shall pursue policies that will guide, and improve the allocation, utilization, management and development of the country's land as well as other physical resources to ensure its optimum use, under the principles of efficiency, social equity and sustainable development consistent with the provisions of the Constitution ". To achieve this end, the State shall promote and adopt a land use allocation pattern that shall attain : (1) food security consistent with principles of sound agricultural development and agrarian reform, (2) rational population distribution and settlement development , (3) equitable and sustainable economic growth and balanced and dispersed industrial and tourism development, (4) sustainable use of natural resources, (5) environmental integrity and stability, (6) reduced vulnerability to natural and man-made disasters, and (7) harmonized rights and interest of the Filipino people with the framework of empowerment.

The provision of this Act shall be applicable to all lands, whether private or government-owned, including the minerals and water therein.

This Bill also proposes a National Land Use Framework which would define the indicative priorities for land utilization and allocation. This indicative priority areas shall be periodically updated and revised to effectively respond to the changing domestic and foreign demands but based on the guidelines and standards set forth by this Act. These indicate priority areas will guide and direct the allocation of land in attaining food security, complete the implementation of agrarian reform and implement various national programs as embodied in the National Development Plan and various sectoral / special plans.

The determination of land allocation and utilization shall principally rest with the governments through the physical framework and land use plans. For lands in the ancestral domain, the norms and practices, tribal laws and beliefs of indigenous cultural communities shall be respected.

A general land use classification for planning is also proposed to be adopted. This will guide government agencies and private individuals in planning and making decisions on the allocation and utilization of land. The following land use categories shall be adopted : (a) Protection Land Use, (b) Production Land Use, (c) Settlements Development , and (d) Infrastructure Development.

These land use planning categories shall serve, in particular, as bases for determining and defining the land use requirements of national, regional and local physical planning framework and land use plans. The Code provides the guidelines and criteria for determining these categories and for the utilization of these lands under each category.

Lands under protection land use include both areas under the National Integrated Protected Areas System (NIPAS) , and those outside NIPAS areas which may require rehabilitation and protection measures and are prone to natural hazards.

Lands under production land use are those utilized for agriculture, production forest, industrial, mining and tourism. A net work of areas for agricultural development shall be established by the Department of Agriculture to ensure that lands are efficiently utilized for food production and thus achieve food security.

The prescribed land uses for settlement development are residential, commercial, educational, institutional, utilities, solid waste disposal, and recreational including parks, open or green space.

Lands shall be allocated and utilized for priority infrastructure projects such as power plants / stations, water treatment / pump stations , and dams reservoir area.

The creation of a National Land Resource Classification and Allocation System is also mandated in this Act to ensure the judicious allocation and utilization of land resources. Said system shall embody he criteria, procedures and mechanism for assigning and / or changing the uses of land. The system shall also consist of subsystems, namely : land classification, land reclassification, land subclassification, zoning and land use conversion.

To coordinate, monitor and undertake the proper implementation of this Act, this Bill proposes the creation of a National Land Use Coordinating Council (NLUCC) under the Office of the President.

The NLUCC shall be empowered to enjoin the support of any national government agencies and bodies and local government units in the performance of its functions. The Council shall be composed of a NEDA as Chairman, DENR as Co-Chairman, and Secretaries of Various line agencies.

At the regional and local levels, the regional development councils / board / authorities and the local development councils shall be constituted as the counterpart off the NLUCC.

To strengthen the implementing mechanism, the Act proposes a fiscal regime, in particular, the imposition of agricultural land use conversion taxes to encourage certain land uses, ensure that lands are rendered productive at all times, and allow society to share in the financial gains brought about by a change in land use. The proceeds of the agricultural land use conversion taxes shall be allocated to the Agrarian Reform Fund, the national treasury and special land development fund for the city or municipality concerned. The Agricultural land use conversion taxes fund shall include the following ; (a) twelve (12) percent Special Agrarian reform Tax, (b) five (5) percent Special Land Use conversion Tax, (c) and eight (8) percent Local Land Development Tax. The taxes will be imposed on any conversion of agricultural lands for non-agricultural purposes. Except for the Special Agrarian Reform Tax, the National government and the city or municipal government may waive the imposition of the Special Land Use conversion Tax and the Local Development Tax, subject to the conditions imposed under the Code.

In addition, the cities or municipalities may levy and collect an annual tax on idle lands at the rate not exceeding five percent (5%) on the assessed value of the property consistent with Section 218 of RA No. 7160.

The criteria for the conversion of agricultural lands for non-agricultural purposes shall be reviewed and revised by the N_UCC as deemed necessary. A detailed development plan shall be required for all applications for conversion. Any landowner and / or his representative who fails to initiate and / or complete the development of agricultural areas with approval order of conversion based on the stipulated schedule and development plan shall be penalize with a fine.

For the conversion of non-agricultural lands, the zoning plans and ordinances of the cities or municipalities shall be the bases for authorizing any change in present uses.

Government-owned lands shall be allocated and utilized in accordance with the following priorities : socialized and low-cost housing, solid waste and disposal system and other critical infrastructure / utilities, parks or green space, and government office buildings and educational centers.

The Bill also proposes the establishment of a land resources information and management system.

Foregoing premises considered , early passage of this Bill is strongly recommended.

ORLANDO A. FUA ,JR.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

13th CONGRESS OF THE PHILIPPINES
First Regular Session

HOUSE BILL NO. 2567

Introduced by CONG. ORLANDO A. FUA JR.

AN ACT
PROVIDING FOR THE NATIONAL LAND USE POLICY AND PLANNING FRAME WORK AND THE IMPLEMENTING MECHANISHM THEREFORE, OTHERWISE KNOWN AAS THE NATIONAL LAND USE ACT OF THE PHILIPPINES

Be it enacted by the Senate and the House of Representatives in the congress assembled:

TITLE 1

GENERAL PROVISIONS

CHAPTER 1
Title and Declaration of Principles and Policies

SECTION 1 Title this Act shall be known as the National Land Use Act of the Phillipines.

SECTION 2 **Declaration of Principles and Policies.** The State shall pursue policies to guide and improve the allocation, utilization, management and development of the country land resources including water resources, to ensure their optimum use, under the principles of economic growth and efficiency, social equity and justice and sustainablility consistent with the provisions of the Constitution.

Toward this end the State shall adopt a land allocation pattern that promotes and ensures.

(a) Food security through efficient and sustainable use of land resources;

(b) Rational population distribution and settlements development;

© Equitable and sustainable economic growth and balanced and dispersed industrial and tourism development consistent with the principles of sound agricultural development, natural resources development and agrarian reform;

(d) Sustainable use of natural resources;

(e) Maintenance and preservation of environmental integrity and stability;

(f) Conservation of soil and water resources;

(g) Reduction of vulnerability to natural and man-made disasters;

(h) Harmony between the rights and the varied interests of every Filipino within the framework of people empowerment and the greatest good for the greatest number; and

(i) Protection of the rights of Indigenous Cultural Communities (ICCs) to their ancestral lands and recognition of the applicability of customary laws and traditions governing property rights and resource use in ancestral domains.

Through appropriate measures, the State shall encourage the utilization and allocation of land that would promote the interest of the majority of our society, especially the underprivileged and the disadvantaged groups and ICCs.

Guided by the principle that land ownership bears a social function and that all economic agents shall contribute to the common good, all lands shall be developed and conserved, thus, ensuring their highest contribution to national productivity and environmental stability.

The State shall institutionalize land use and physical planning as a mechanism for identifying, determining and evaluating alternative land use patterns. This shall be supported by a national land use classification, delineation and allocation system and a land resource information and management system.

The State shall share the powers, functions, responsibilities and accountability between the national and local governments.

The State shall respect the rights of people and their organizations to reasonable and effective participation, at all levels of decision making, on the utilization and allocation of land resources so as to achieve common good and the objectives of national development.

CHAPTER 2
Coverage and Scope

SECTION 3. Coverage. This Act shall apply to all lands, minerals and water therein, including air, whether public, private or government-owned, and /or in possession of individuals, communities or groups of people.

SECTION 4. Scope. This Act shall guide and/or govern the use, allocation and management of lands and other resources covered by this Act, including such activities which bear impact on said resources.

SECTION 5 **Interpretation of the Act.** All doubts in the implementation and interpretation of the provisions of this Act, including its implementing rules and regulations shall be resolved in favor of:

(a) conservation and protection of land and water resources for sustainable development,

(b) equitable access and use of land and other natural resources for sustainable livelihood particularly of society's underprivileged and disadvantaged groups and indigenous cultural communities,

(c) greater responsibility and authority of the government to regulate the allocation, utilization, development and management of land and water; and

(d) the reconciliation of private interests with public good.

CHAPTER 3
Definition of Terms

SECTION 6. **Definitions.** Under this Act, the following terms shall mean:

Agricultural Lands - refer to lands devoted or suitable for cultivation of the soil, planting of crops, growing of fruit trees, raising of livestock, poultry, fish or aquaculture production, including the harvesting of such farm products, and other farm activities and practices performed in conjunction with such farming operations done by persons whether natural or juridical and not classified by law as mineral land, forest land, or national park, residential land, commercial land or industrial land.

Agroforestry Areas - refer to areas allotted for the implementation of a sustainable land management system characterized by an integrated production of agricultural crops, tree crops and forest plants and/or animals and the application of management practices which are compatible with the cultural patterns of the local community.

Alienable and Disposable Lands of the Public Domain - refer to lands of the public domain which have been delineated, classified and certified as such and available for disposition under the Public Land Act.

Ancestral Domain - refers to all lands and natural resources owned, occupied or possessed by ICCs, by themselves or through their ancestors, communally or individually, in accordance with their customs and traditions, since time immemorial, continuously up to the present except when interrupted by war, force majeure, usurpation or displacement by force, deceit or stealth. It includes all adjacent areas generally belonging to them and which are necessary to ensure their economic, social and cultural welfare.

Coastal Zone - refers to a strip of land and water area with the seaward boundary running along a line at which the depth of water is 200 meters or when it is three (3) kilometers from the shoreline, whichever is farther, while the landward boundary is one (1) kilometer from the same shoreline or from the topographical or plant or vegetation features associated with the sea, again, whichever is farther.

Ecologically-Fragile Agricultural Lands - refer to lands within the critical watershed, brackish and freshwater wetlands and pasture lands whose continued development would adversely affect the productivity of lowland agricultural areas and the stability of the upland system.

Environmentally Critical Areas - refer to areas declared by law as: (a) areas for natural parks, watershed reserves, wildlife preserves, and sanctuaries; (b) areas set aside as aesthetic potential tourist spots; (c) areas which constitute the habitat for any endangered or threatened species of indigenous Philippine wildlife (flora and fauna); (d) areas of unique historic, archeologic, or scientific interests; (e) areas which are traditionally occupied by cultural communities and tribes; (f) areas with critical slopes; (g) areas frequently visited and/or hard hit by natural calamities (geologic hazards, floods, typhoons and volcanic activities); (h) areas classified as prime agricultural lands; (i) recharge areas of aquifers; (j) waterbodies; (k) mangrove areas; and, (l) coral reefs.

Food Security - refers to the policy objective of meeting the food requirements of the present and future generation of Filipinos in a sustainable manner, either through local production or importation, or both, based on the country's existing and potential resource endowments and related production advantages, and consistent with the overall national development objectives and policies.

Forestlands - refer to those lands of the public domain which have been subjected to land evaluation and classification and have been legally designated for multiple uses such as production forest, agroforestry, rangeland forestland reservations, inland water bodies, protection forests, resettlements and military reservations.

Grazing Lands - refer to lands of public domain set aside, in view of the suitability of topography and vegetation, for the raising of livestock.

Government-Owned Lands - refer to alienable and disposable lands which are owned by and/or titled in the name of a national or local government agency or instrumentality.

Hazard and Disaster Prone Areas - refer to areas prone to natural hazards, specifically weather/climatic, hydrologic and geologic. These include: (a) weather and water related hazards such as tropical cyclone winds, tropical cyclone rains, storm surge, flood, and drought; (b) climatic change and variability related hazards such as accelerated sea level rise, changes in precipitation patterns, temperature increase, changes in El Nino intensity and frequency deterioration of water availability and quality, changes in tropical cyclone and monsoonal activity and incidence of pests and

diseases; (c) earthquake induced hazards which are characterized by ground shaking, ground rupture, liquefaction and lateral spreading, landslides and tsunami; (d) volcanic hazards which include lava and pyroclastic flow, airfall, lahar, and edifice failure; and, (e) erosion related hazards which could be soil, river and coastal.

Idle Lands - refer to the following: (a) Agricultural lands, more than one (1) hectare in area, suitable for cultivation, dairying, inland fishery, and other agricultural uses, one half (1/2) of which remain uncultivated and unimproved by the owner of the property or person having legal interest therein. Agricultural lands planted to permanent or perennial crops with at least fifty (50) trees to a hectare and lands actually used for grazing purposes shall likewise not be considered idle lands; (b) Lands, other than agricultural, located in a city or municipality, more than one thousand (1,000) square meters in area one-half (1/2) of which remain unutilized or unimproved by the owner of the property or person having legal interest therein. Regardless of land area, idle lands shall likewise apply to residential lots in subdivisions duly approved by proper authorities, the ownership of which has been transferred to individual owners.

Indigenous Cultural Communities - refer to homogenous societies identified by self-ascription and ascription by others, who have continually live as communities on communally bounded and defined territory, sharing common bond of language, customs, traditions and other distinctive cultural traits, and who, through resistance to the political, social and cultural inroads of colonization, became historically differentiated from the majority Filipinos.

Irrigable Lands - refer to lands which display marked characteristics justifying the conduct of studies to determine its feasibility/viability for irrigation.

Irrigated Lands - refer to lands serviced by natural irrigation or irrigation facilities. These include lands where water is not readily available as existing irrigation facilities need rehabilitation or upgrading or where irrigation water is not available year-round.

Land Classification - refers to the process of assessing the bio-physical features and characteristics of the lands of the public domain, including their survey and mapping as provided for in the Constitution.

Land Reclassification - refers to the process of allocating the declared alienable or disposable lands of the public domain to specific uses such as agricultural, residential, industrial or commercial.

Land Subclassification - refers to the process of determining the most appropriate and sustainable use of forestlands such as for forest protection, production forest, national parks/recreation areas, grazing/pasture, and others taking into consideration ecological, social and economic considerations.

Land Use Conversion - refers to the process of changing the current use of a piece of land it to some other use.

Land Use - refers to the manner of utilization of land, including its allocation, development and management.

Land Use Plan - refers to a document embodying a set of policies accompanied by maps and similar illustrations which represent the community-desired pattern of population distribution and a proposal for the future allocation of land to the various land-using activities, in accordance with the social and economic objectives of the people. It identifies the location, character and extent of the area's land resources to be used for different purposes and includes the process and the criteria employed in the determination of the land use.

Land Use Planning - refers to the act of defining the allocation, utilization, development and management of all lands within a given territory or jurisdiction according to the inherent qualities of the land itself and supportive of sustainable economic, demographic, socio-cultural and environmental objectives as an aid to decision making and legislation.

Mineral Lands - refer to lands in which minerals exist in sufficient quantity or quality to justify the investment necessary for their extraction and/or development.

Permanent Forest or Forest Reserves - refer to lands of the public domain which have been subclassified as such and determined to be needed for forest purposes.

Physical Framework Plan - refers to an indicative plan promoting the most appropriate and rational use of land and other physical resources. It provides policy guidelines for all decisions relating to land use and environmental management, to prevent or mitigate the adverse effects of inappropriate resource utilization on the people's welfare and their environment. It embodies both policies and strategies necessary to carry out goals and objectives.

Production Land Use - refers to the direct and indirect utilization of land to generate outputs resulting from the following activities: agricultural, fish farming or aquaculture, timber or agroforestry, grazing and pasture, mining, industry and tourism.

Production Forest - refers to forestland managed primarily for the production of timber and other tree products. These lands include natural and artificially regenerated forests.

Protected Areas - refer to identified portions of land and water set aside by reason of their unique physical and biological significance, managed to enhance biological diversity and protected againsst human exploitation.

Protection Land Use - refers to the utilization of land primarily for the rehabilitation, conservation and protection purposes and the promotion of the country's ecological and life support system.

Protection Forest - refers to forestland and public forest maintained primarily for their beneficial influence on soil and water in particular and the environment in general.

Public Domain - refers to lands which belong to the State which may either be agricultural, forests or timber, mineral or national park as provided for in the Constitution.

Public Lands - refer to lands which have not been subject to private property rights or subject to sale or other modes of acquisition of concession, under the general laws and are devoted to public use.

Public Forest - refers to the mass of land of the public domain which has not been the subject of the present system of classification for the determination of which lands may be needed for forest purposes.

Rural Areas - refer to areas not otherwise defined as urban.

Settlements - refer to communities or built-up environment where people prefer to live in.

Settlements Development - refers to any improvement on existing settlements, or any proposed development of certain areas for settlement purposes. It also involves the spatial distribution of population, identification of the roles and functions of key urban centers and determination of the relationships among settlement areas, and the provision of basic services and facilities of identified major settlement areas or growth centers.

Socialized Housing - refers to housing programs and projects covering houses and lots or homelots only undertaken by the Government or the private sector for the underprivileged and homeless citizens which shall include sites and services development, long term financing, liberalized terms on interest payments and such other benefits in accordance with the provisions of the Urban Development and Housing Act or RA 7279.

Sustainable Development - refers to the development objective of meeting the needs and aspirations of the present generation of Filipinos without compromising the capabilities and opportunities of future generation to fulfill theirs, consistent with the principles of social equity, efficiency and environmental integrity.

Tourism Development Areas - refer to specific sites for tourism development located in areas identified as priorities in the national and regional tourism master plans as well as those designated through legislative and executive issuances as tourist spots and tourist zones which can be developed into tourism estates or integrated resort, leisure, and recreation complexes, and other tourism related facilities.

Tourism Estates - refer to large tracts of land with defined boundaries which are suitable for development of integrated resort complexes with prescribed carrying capacities of tourist facilities and activities.

Urban Areas - refer to all cities regardless of their population density and to municipalities with a population density of at least five hundred (500) persons per square kilometer.

Underprivileged and Disadvantaged Group - refers to small farmers, fisherfolks and small-scale miners and the vulnerable and marginalized groups such as the youth, woman, disabled, and urban poor.

Water Resources - refer to water under the ground, water above the ground, water in atmosphere and waters of the sea within the territorial jurisdiction of the Philippines.

Watershed - refers to a catchment area or drainage basin from which the waters of a stream or stream systems are drawn. Critical watershed is a water catchment of a river system which need immediate rehabilitation and protection on account of fast denudation leading to accelerated siltation and destructive floods primarily because of its support to existing, proposed or on-going hydro-electric plants, irrigation systems, local waterworks systems and domestic water facilities.

Zoning - refers to the regulatory tool for delineating the specific uses of lands within the territorial jurisdiction of a city/municipality and specifying the conditions for their regulation, subject to the limitation imposed by law, or competent authority in accordance with the approved land use plan.

Zoning Ordinance - refers to a local legislation approving the development control/zoning plan and providing for the regulations and other conditions, on the uses of land including the limitation on the infrastructures that may be placed thereon within the territorial jurisdiction of a city or municipality.

TITLE II

NATIONAL LAND USE PLANNING FRAMEWORK

CHAPTER 4
Defining Priorities for Land Use and Allocation

Article One
Priorities for Land Use and Allocation

SECTION 7. **Priorities for Land Use.** The State shall define, through the national, regional and local development plans, the indicative priorities for land use

such as those that will be needed for agriculture, settlements development, tourism development, infrastructure development, industries especially those that will promote rural employment and development, and other investment-generating activities that will tap the nation's competitive advantage consistent with the principles of social equity, justice, and environmental integrity .

The State shall periodically update and revise these indicative priority areas to respond effectively to changing demands based on the guidelines set forth in this Act.

SECTION 8 **Sustainability of Land Use.** In order to achieve sustainable use of land resources, they shall be used in accordance with their technical suitability, economic viability, social acceptability, and environmental integrity for specific uses, so that production can be maximized in the long-term with no significant deterioration of the land resource itself.

SECTION 9. **Food Security.** The State shall ensure that the attainment of food security is vital to national development and survival. Land resources shall be efficiently utilized for the production of basic food commodities. The attainment of food security is therefore a shared objective of all sectors of the economy.

SECTION 10. **Completion of Agrarian Reform.** The State shall give priority to the completion of the Comprehensive Agrarian Reform Program (CARP), primarily its land tenure improvement program. For this purpose, lands already covered under agrarian reform still be found to be productive shall be maintained in accordance with existing rules and regulations.

SECTION 11. **Industrial Development.** The State shall allocate land to implement a nationwide industrial dispersal and development program consistent with sound agricultural development and agrarian reform.

The identification and selection of areas for industrial development shall be undertaken by concerned national government agencies in consultation and coordination with concerned development councils and the various sectors of society that may be affected by the use of land for industrial purposes.

Development of industrial sites shall be undertaken through any of the following: (a) private sector initiatives; (b) local government initiatives; and/or (c) national government initiatives.

SECTION 12. **Settlements Development.** The State shall allocate lands for settlements purposes, for both urban and rural areas based on, among others, the population levels of these areas, and on their suitability, accessibility, viability and acceptability to the community.

The implementation of settlements development programs shall be principally undertaken by the local government units, in coordination with national government agencies and the community, subject to the provisions of this Act and other related laws.

SECTION 13. **Tourism Development and Management.** The State shall allocate land for tourism development purposes based on and guided by sound management with emphasis on the protection, preservation and enhancement of natural and cultural character of the country and the promotion of local community development. The affected communities shall be consulted and shall participate in the planning and implementation of tourism development projects.

SECTION 14. **Infrastructure Development.** The State shall allocate lands for priority infrastructure projects, as defined herein, subject to the limitations imposed under this Act.

Article Two
Multiple Uses of Land Resources

SECTION 15. **Adoption of Multiple Uses of Land Resources.** The primary and alternative uses of a specific land resource shall be determined and evaluated prior to any decision for the assignment of its use. Areas feasible for sustainable land and resource use may be considered multiple-use zones wherein settlements, tourism, agriculture, agroforestry and extraction activities and other income-generating or livelihood activities may be allowed;

Article Three
Local Autonomy

SECTION 16. **Local and National Priorities.** The determination of land use and allocation shall principally rest with the local government units through their physical framework and land use plans, provided that such plans are supportive of and consistent with the national and regional priorities set forth by the national government.

Article Four
Indigenous Cultural Communities

SECTION 17. **Norms and Practices of Indigenous Cultural Communities.** Within the framework of national unity and development, the norms and practices of indigenous cultural communities on land tenure and socio-economic activities shall be respected in determining the allocation and utilization of lands in the ancestral domain.

Article Five
Hazard or Disaster Preparedness and Management

SECTION 18. **Identification of Hazard and Disaster Prone Areas.** Within six (6) months from the effectivity of this Act, the National Land Use Commission,

provided under Section 84 of this Act, shall identify hazard and disaster prone areas to guide the establishment of settlements and infrastructure development areas.

SECTION 19. **Hazard and Disaster Mapping.** The National Disaster and Coordinating Council (NDCC), in coordination with the Philippine Institute of Volcanology and Seismology (PHIVOLCS) and the Philippine Atmospheric Geophysical and Astronomical Services Administration (PAGASA) and other concerned agencies, shall undertake hazard and disaster mapping within six (6) months from the effectivity of this Act.

SECTION 20. **Hazard or Disaster Preparedness, Management and Mitigation.** The NDCC shall, after one (1) year from the effectivity of the Act, provide the framework for which disaters and their effects can be mitigated and managed giving emphasis on the protection of man and the environment from the negative impacts of such. The framework shall include, but not limited to the formulation of a multi-hazard mitigation/protection plan and the capability building program for concerned government agencies and local government units in the implementation or disater preparedness measures and policies.

Article Six
Cultural Heritage

SECTION 21. **Identification and Preservation of Cultural Heritage.** The Department of Tourism, in coordination with other concerned government agencies, local government units, local communities, and the private sector shall identify areas and structures which shall be preserved as part of national and local cultural heritage.

CHAPTER 5
General Land Use Classification for Planning Purposes

SECTION 22. **Classification of Land Use Functions for Planning Purposes.** To guide and assist the national and local government units in planning and making decisions on the allocation and utilization of land for the benefit of the greatest number of people, the following land use planning categories shall be adopted:

(a) Protection Land Use
(b) Production Land Use
(c) Settlements Development
(d) Infrastructure Development

Unless otherwise modified by law, the land use planning categories cited above shall serve as bases for determining and defining the land use requirements of national, regional and local physical framework and land use plans.

SECTION 23. **Basic Land Use Planning Considerations.** In determining the various land uses as categorized in the preceding section, the various interrelationships

of the physical characteristics of the land, and other elements therein shall be considered, among others, the following:

(a) geology, geomorphology, geologic hazards (seismic, volcanic, landslide, etc.), soil and slope;
(b) demography (population size, growth and distribution);
(c) economic, social and related development activities;
(d) existing and potential use;
(e) environmental and other natural resource constraints ; and,
(f) existing government policies on land allocation, utilization, management and disposition.

SECTION 24. **Physical Resource Inventory and Assessment and Land Capability.** The Departments of Agrarian Reform (DAR), Department Agriculture (DA), Environment and Natural Resources (DENR), Public Works and Highways (DPWH), Transportation and Communications (DOTC), Trade and Industry (DTI), and Tourism (DOT), the National Mapping and Resource Information Authority (NAMRIA), the National Statistics Office (NSO) as well as other concerned agencies, and the local government units shall periodically undertake, at least once every five years, or as may be determined by the Commission created under this Act, a physical resource inventory and land capability study as inputs to land use and physical planning. The activities of these concerned agencies shall be coordinated by the Commission.

CHAPTER 6
Protection Land Use

SECTION 25. **Objectives of Protection Land Use.** The objectives of protection land use include:

(a) Protection, preservation and enhancement of critical ecosystems and other areas given their existing and potential biodiversity from any human encroachment;

(b) Regeneration and rehabilitation of degraded land and marine resources;

(c) Protection of the people from environmental hazards and those areas which are subject to unregulated activities; and

(d) Preservation, enhancement of and sustaining the benefits derived from maintaining the integrity of the nation's land resources.

SECTION 26. **Coverage of Protection Land Use.** Subject to prior rights, if there be any, the areas to be covered under Protection Land Use shall include the following:

(a) Areas covered under Republic Act (RA) No. 7586 otherwise known as the National Integrated Protected Area System (NIPAS) Law; and

(b) Areas presently outside the NIPAS but requiring similar rehabilitation and protection measures, protected areas and those areas prone to natural hazards.

SECTION 27. **Areas Under the NIPAS**. Unless otherwise specified in this Act, the coverage, and identification and management thereof shall be governed by the provisions of RA 7586.

SECTION 28. **Areas Outside the NIPAS**. The DENR, in consultation with the communities and in coordination with concerned local government units and national government agencies shall identify areas to be covered under protection land use. Within one year from the effectivity of this Act, said Department shall submit initial list of areas outside NIPAS to the Commission for review and approval.

Likewise, the DENR shall promulgate and submit rules and regulations for the identification and management of these areas to the Commission for review and approval.

SECTION 29. **Monitoring and Management of NIPAS and Other Protected Areas**. The DENR and concerned local government units shall be responsible, in close coordination with other national government agencies, the private sector and the affected communities, for the monitoring and management of these protected areas. The DENR, in collaboration with concerned local government units, shall submit regular semestral report to the Commission.

The DENR shall, within six (6) months from the effectivity of this Act, establish the monitoring system, in consultation with the local government units, the private sector and concerned national government agencies.

SECTION 30. **Protection Function of Private Property**. The use of privately-owned land shall take into consideration its effect on other individual's property and welfare and those of the community and the country as a whole.

The DENR in collaboration with concerned government agencies, the private institutions and local government units shall monitor and assess the effects of the utilization of privately-owned lands to the community and other private properties subject to the provisions of this Act an other laws.

CHAPTER 7
Production Land Use

SECTION 31. **Objective of Production Land Use**. The allocation of lands, whether private or public is aimed at determining the most efficient, most effective, most sustainable and equitable manner of utilizing, developing and managing land for productive purposes.

SECTION 32. **Coverage of Production Land Use.** Production land use shall include the following:

(a) Agricultural Lands;
(b) Coastal and Marine Zones;
(c) Production Forests;
(d) Mineral Lands;
(e) Industrial Development Areas; and
(f) Tourism Development Areas.

Article One
Agricultural Lands

SECTION 33. **Network of Areas for Agricultural Development.** There shall be established a network of areas for agricultural development to ensure that lands are efficiently utilized for food production, and thereby help achieve food security. The specific types of lands shall include, but not be limited to the following:

(a) All irrigated and irrigable areas, including those lands whose soils are suitable for agricultural development;

(b) All alluvial plain lands that are suitable for agricultural production and/or can be devoted to food production;

(c) All sustainable lands that are traditional sources of staple food;

(d) All crop lands required to attain a certain scale of production to sustain the economic viability of existing agro-based industries in the municipality, city or province;

(e) All lands in areas not highly prone to natural hazards that are suitable for the production of tree crops and other cash crops; and

(f) All agricultural lands that are ecologically fragile and whose conversion will result into serious environmental problems; and

SECTION 34. **Review of Network of Areas for Agricultural Development.** The DA, in consultation with concerned sectors, and the local government units shall identify and review the network of areas for agricultural development at least once in every five (5) years, or as may be deemed necessary by the Commission. The DA shall submit its recommendations for any modification thereof to the Commission for approval.

SECTION 35. **Mapping.** The DA, through the Bureau of Soils and Water Management (BSWM), in coordination with NAMRIA shall undertake the mapping of the network of areas for agricultural development for all municipalities and cities at the scale of 1:10,000, and for all provinces, at the scale of 1:50,000, or as may be

determined by the Commission. The BSWM may call on other agencies to provide technical and other logistical support in this undertaking.

Article Two
Coastal and Marine Zones

SECTION 36. **Classification of Coastal and Marine Zones.** All public lands in the coastal zones shall be subclassified as fishponds, mangrove, and recreational/tourism areas, in particular those indicated in Section 10 of RA 7611, otherwise known as the Strategic Environment Plan for Palawan.

SECTION 37. **Guidelines for the Allocation and Use of Lands Within the Coastal and Marine Zones.** The allocation and use of lands within the coastal and marine zones shall be guided by the following:

a) Areas vegetated with mangrove species shall be preserved for selective production, and wildlife sanctuaries will not be converted to other uses;

b) Areas which meet all accepted criteria on elevation, soil type, soil depth topography and water supply for successful fishpond development and devoid of any mangrove stands may be utilized for aquaculture purposes;

c) Areas subclassified as mangrove and still suitable for use as such, or due to environmental conditions need to be preserved as mangrove, but of which the land is devoid of mangrove stands will not be converted to other uses. DENR shall ensure that these lands shall be reforested within a period of 10 years after the effectivity of this Act,

d) Areas which are neither subclassified as mangrove nor fishpond maybe devoted for recreation, tourism purposes, provided such undertaking will not result in environmental degradation;

(e) Areas which are considered as traditional fishing grounds shall be used primarily for such purpose; and,

(f) Areas which are allocated for small infrastructures needed by fisherfolks.

SECTION 38. **Reversion of Fishponds to Mangroves.** Fishponds covered by existing fishpond lease agreement but which are not operating efficiently and which are found suitable for mangroves shall be allowed to be revegetated back as mangrove forest.

Article Three
Production Forest

SECTION 39. **Coverage of Production Forest.** Production forests include the residual dipterocarp forests; pine forests available for logging; rangelands for grazing; areas under industrial forest plantation management; areas for community forest program's Integrated Social Forestry, watersheds and other forest lands for special uses. Based on slope classification production forests are those within the 18 to 50 percent slope regardless of forest cover.

SECTION 40. **Criteria for the Subclassification of Forestlands for Timber Production, Privately-held Forestlands, Agroforestry, Grazing and Pasture and Other Purposes.** The sub-classification of forestlands shall be guided by the following:

(a) Geology, geomorphology, soil and slope;

(b) Forestlands within eighteen (18) to fifty (50) percent slope shall be subclassified for timber production, agroforestry, grazing, pasture or agriculture land activities provided that the use of such areas shall not result in soil degradation or any adverse ecological condition;

(c) Critical watershed may be subjected to multiple uses provided that the area concerned is utilized, managed and developed for the primary purpose by which it has been established;

(d) All forestlands above fifty (50) percent slope shall be sub-classified into appropriate protection or production land uses, provided that such land uses shall not engender significant adverse environmental effects; and,

(e) The overall carrying capacity of forestlands, including their existing and potential land uses shall serve as the basis for determining their sub-classification.

Article Four
Mineral Lands

SECTION 41. **Guidelines for the Use and Allocation of Lands for Mining Purposes.** To ensure that the objectives of maintaining ecological balance and maximizing economic returns to mining operations are realized, the allocation and utilization of lands for mining purposes, shall be guided by the following and consistent with the existing Mining Law:

(a) Large-scale mining operations shall include in their work program appropriate mitigating measures on the negative effects of mining activities on the ecology of the area and the use of optimum recovery method of extracting minerals and with due consideration to the utilization, development and protection of other surface and ground resources;

(b) Small-scale mining shall be encouraged, strengthened and assisted provided that the conditions stipulated in its Environmental Compliance Certificate are strictly followed; and,

(c) Mineral reservations which had become non-operational for more than five years shall be reviewed and assessed by the DENR and possibly, some portions which are not economically viable to operate should be released to give way to other important land uses except those classified as alienable and disposable lands covered by the provisions of RA 7942, otherwise known as An Act Instituting a New System of Mineral Resources Exploration, Development, Utilization and Conservation.

SECTION 42. **Reversion of Mineral Lands.** All exhausted mineral lands shall automatically revert to the category of forestlands, unless otherwise the DENR has classified such areas for other purposes; provided, however, that in the case of mineral lands with slopes below eighteen (18) percent and outside the NIPAS, the DENR shall recommend to Congress their further classification as alienable and disposable lands of the public domain.

Exhausted mineral lands shall refer to specific mineral sites whose mineral reserves of the desired type(s) are no longer in sufficient quantity or quality to justify additional expenditure for their extraction and utilization.

SECTION 43. **Criteria for the Classification of Mineral Lands as Alienable and Disposable Lands.** Exhausted mineral lands shall be classified as alienable and disposable lands upon satisfaction of all of the following conditions:

a) The slope of the exhausted mineral lands shall not be above eighteen (18) percent provided that other requirements embodied in the Presidential Decree No. 705 as amended are met;

(b) The rehabilitation of exhausted mineral lands can be accelerated if such areas are released for other purposes;

(c) The area can promote and sustain economic activities that would support the development of settlements, without incurring significant environmental problems. The area shall then be subject to an environmental impact assessment, the findings of which shall serve as basis for making any recommendation on its classification; and,

(d) The land is found to be environmentally-safe from natural hazards.

Article Five
Industrial Development Areas

SECTION 44. **Designation of Industrial Development Areas.** The identification and establishment of industrial development areas shall conform with the provisions of RA 7916, otherwise known as the Philippine Economic Zone Authority

(PEZA) Law, RA 6657 otherwise known as the Comprehensive Agrarian Reform Law, and other laws shall take into consideration the following:

(a) Identified network of areas for agricultural development;

(b) National policies on the regional dispersal of industries and agribased industrial development;

(c) Identified growth areas and corridors in the National Development Plan;

(d) National Integrated Protection Area System and other protected areas;

(e) National settlements development plan; and

(f) National infrastructure development plan.

The designated industrial development areas shall become an integral part of the land use plan and zoning ordinance of the city or municipality where these are located.

Article Six
Tourism Development Areas

SECTION 45. **Designation of Tourism Development Areas.** The identification, selection and development of tourism development areas shall be done in consultation and coordination with concerned local government units, national government agencies, the private sector and the affected communities.

These areas shall likewise include those covered by legislation and executive issuances which designate specific sites as tourist spots and tourist zones as well as those identified in the national and regional tourism master plans.

Designated areas for tourism development shall form part of the land use plan and zoning ordinance of the city or municipality where these are located.

Prioritization in the development of tourism areas shall be guided by the provisions of this Act, particularly Sections 7 and 8 thereof.

CHAPTER 8
Settlements Development

SECTION 46. **Objective of Settlements Development.** Land shall be allocated and utilized to achieve and promote an orderly and efficient development of human settlements responsive to the needs of its inhabitants and the environment.

SECTION 47. Classification of Settlements. Settlements can be classified based on the predominant economic and sociocultural activities, as urban or rural; or based on the topography and slope of land, as upland, hillside, lowland or coastal.

SECTION 48. Major Uses of Land for Settlement Development. Lands allocated for settlements development shall include the following uses:

(a) Residential, including relocation and resettlement sites for socialized housing as provided in Republic Act 7279, otherwise known as the Urban Development and Housing Act;

(b) Commercial, as central business district or specific sites for business establishment;

(c) Industrial,

(d) Institutional, such as sites of government offices, health and education church, cemetery and military reservation;

(e) Tourism;

(f) Utilities, including sites of public and private utilities such as power plants and substation, water reservoir, and others;

(g) Waste disposal;

(h) Recreational, including parks, urban forests, open or green space; and,

(i) Roads, rail and water transportation networks and facilities

SECTION 49. Designation of Sites for Socialized Housing. Each city or municipality shall allocate, identify, and designate within their territorial jurisdiction to serve as socialized housing sites within one year (1) from the effectivity of this Act. The local government units, in coordination with the National Housing Authority, the NAMRIA, and the Land Management Bureau, and in consultation with local communities, concerned non-government organizations and the private sector, shall identify lands for socialized housing and resettlement purposes in their respective areas in accordance with Section 8 of RA 7279. Socialized housing sites shall be identified and designated as such in the city or municipality's land use plan and zoning ordinance. Additional sites shall further be identified as the need arises.

SECTION 50. Designation of Waste Disposal Site. Each city or municipality shall identify, designate and allocate land within their territorial jurisdiction to serve as waste disposal site within one (1) year from the effectivity of this Act. The local government units shall coordinate with DENR and/or other competent authority, the identification of the waste disposal sites to fasttrack the conduct of Environmental Impact Assessment Study (EIA) and facilitate processing of the Environmental Compliance Certificate. This site or area shall be identified in the city or municipality's

land use plan and zoning ordinance. For this purpose, cities and municipalities shall establish their waste management program. In case, however, a city or municipality shall not be able to identify any suitable site within its territorial jurisdiction, such city or municipality shall enter into a Memorandum of Agreement with other cities and/or municipalities for the establishment of a common waste disposal site, subject to whatever terms and conditions may be agreed upon by all parties concerned and the provision of Section 33 of RA 7160, otherwise known as the Local Government Code of 1991. Furthermore, cities and municipalities may, through appropriate ordinances, bind themselves toward the establishment of a rational solid and liquid wastes management program.

Within ninety (90) days from the effectivity of this Act, the DENR in coordination with concerned government agencies and the private sector, shall promulgate the necessary guidelines and standards for the formulation and establishment of waste management program by cities and municipalities.

SECTION 51. **Urban Forest and Green Space.** Each city or highly urbanizing municipality shall identify, designate and allocate lands owned by the city or municipality as urban forest and green space, based on the guidelines and standards to be issued by the DENR and approved by the Commission.

SECTION 52. **Settlements in Hazard Prone Areas.** In case existing settlements are already established in identified hazard prone areas, their continued existence shall be allowed provided mitigation measures, including disaster mitigation capabilities of local governments are put in place.

CHAPTER 9
Infrastructure Development

SECTION 53. **Allocation and Use of Land for Infrastructure Development Purposes.** Land, whether public or private shall be allocated and used for priority infrastructure projects that are supportive of national and local development objectives.

SECTION 54. **Priority Infrastructure Projects.** For purposes of land allocation and use, priority infrastructure programs and projects of national significance shall include, but shall not be limited to the following:

(a) power plants/stations, major substations and associated transmission line facilities;
(b) irrigation and flood control sewerage and drainage facilities;
(c) water supply system and treatment plant;
(d) airports and airlanes;
(e) seaports and waterways;
(f) fishports;
(g) farm-to-market roads;
(h) major road, bridge and railway trunklines;
(i) waste disposal facilities;

(j) educational/recreational/sports facilities;

(k) health facilities;

(l) telecommunication stations/other facilities;

(m) disaster mitigation facilities (shore protection, soil erosion control, etc.); and

(n) agricultural research and development farms and/or stations.

Prioritization of the above infrastructure projects shall consider the safeguards needed to protect the concerned sectors.

The National Economic and Development Authority (NEDA), in consultation with concerned national government agencies, local government units, and the private sector shall identify and periodically review, update and/or revise at least once every four (4) years the list of priority infrastructure projects based on national development objectives and priorities.

Local government units shall undertake the prioritization of their respective infrastructure projects based on their development plans.

SECTION 55. **Evaluation and Prioritization of Nationally-Funded Infrastructure Projects.** In determining and evaluating the list of priority infrastructure projects, consideration shall be given to those that:

(a) Provide for the basic requirements of the population for healthy, safe and productive lives;

(b) Respond to immediate and vital requirements of the national and regional economy;

(c) Gradually upgrade existing facilities to meet international standards;

(c) Address the need for sustainable settlements development; and

(d) Help mitigate the destructive effects of natural disaster-causing phenomena or those that shall serve as alternatives to existing infrastructures found in environmentally-critical areas.

SECTION 56. **Infrastructure Projects Including Those Within Environmentally-Critical Areas.** Construction of priority new infrastructure projects within protected, hazard prone or environmentally critical areas shall be allowed provided that mitigating and/or preventive measures are adopted to address the potential adverse economic, socio-cultural and environmental impacts that will emanate from these infrastructure projects during the pre-construction, construction, operation and abandonment stages, subject to the findings and recommendations of the feasibility study/environmental impact assessment.

Existing infrastructures found to be improperly located as well as those posing threats to the environment or impinging on critical ecosystems may be terminated

immediately, or gradually phased out and relocated, or maintained up to their life span, subject however to mitigating measures.

The DPWH, DOE and DOTC, in coordination with concerned national government agencies, the local government units and the private sector shall identify and assess all major infrastructure projects in environmentally-critical areas and submit their recommendations to the Commission within six (6) months from the effectivity of this Act.

CHAPTER 10
National Land Resource Classification, Delineation and Allocation System

SECTION 57. **Adoption of the National Land Resource Classification, Delineation, and Allocation System.** To ensure the judicious allocation and utilization of land resources, a National Land Resource Classification, Delineation and Allocation System, hereinafter referred to as the System, shall be adopted. The System shall embody the policies, priorities, procedures and mechanism for assigning and/or changing the uses of land resources and their alienation as enunciated in this Act. This does not, however, take away the power of cities and municipalities to reclassify agricultural lands to other uses as provided for under Section 20 of RA 7160.

SECTION 58. **Components of the National Land Resource Classification, Delineation, and Allocation System.** The System shall consist of the following subsystems: land classification, land reclassification, land subclassification, zoning and land use conversion.

Article One
Land Classification

SECTION 59. **Scope of Land Classification.** Land classification shall include all unclassified lands of the public domain.

SECTION 60. **Identification, Delineation and Inventory.** Within a period of one year from the effectivity of this Act, the DENR, in consultation and collaboration with local government units and the private sector, shall submit to Congress the inventory of all unclassified lands of the public domain. Based therefrom, Congress shall, within a period of one hundred twenty (120) working days, determine by law the specific limits of forestlands and national parks. Thereafter, such forestlands and national parks shall be conserved and may not be diminished, except by law.

SECTION 61. **Subsequent Land Classification.** The DENR is hereby authorized to submit to Congress a proposal for the further delineation of forestlands as alienable and disposable lands, subject, however to the following conditions:

(a) That certain parcels of lands are needed for priority infrastructure projects of the government, subject, however, to an environmental impact assessment and the concurrence of the affected communities and local government units;

(b) That certain parcels of lands are presently being utilized to serve as permanent settlement sites, without any alternative for relocation and where the economic opportunities available to such existing community do not pose as threat to the ecological balance in the area; and

(c) That certain parcels of lands, regradless of slope and elevation are permanently terraced and utilized for rice and vegetable production prior to the effectivity of this Act, subject, however, to an environmental impact assessment.

SECTION 62. **Conditional Land Titling.** Land titles could be provided with certain conditions pertaining to its use. Such conditions shall be set by the DENR, subject to the review and approval of the Commission.

Article Two
Land Reclassification

SECTION 63. **Coverage of Land Reclassification.** Land reclassification covers all alienable and disposable lands of the public domain.

SECTION 64. **Prescribed Major Land Uses.** Alienable and disposable lands of the public domain shall be reclassified and disposed of according to the following uses:

(a) agriculture;
(b) settlements;
(c) industrial;
(d) [illegible]
(e) [illegible]
(f) institutional.

The legal instruments for the disposition of alienable and disposable lands of the public domain shall define the specific use thereof.

SECTION 65. **Inclusion in Land Use Plans.** Areas already reclassified shall be incorporated in the land use plan of the city or municipality concerned.

SECTION 66. **Jurisdiction on Land Reclassification.** Except for agricultural lands turned over to the DAR, the DENR shall be responsible for the survey, titling and disposition of alienable and disposable lands of the public domain.

SECTION 67. **Rules and Regulations on the Disposition and Management of the Alienable Lands of the Public Domain.** Unless otherwise indicated, the allocation, utilization and disposition of the alienable and disposable lands of the public

domain shall be governed by applicable provisions in the Public Land Act, special acts, other Codes and this Act.

The President of the Philippines shall have the power to issue a consolidated set and/or promulgate additional rules and regulations to implement the provisions of Article Two (2), Chapter Ten (10) of this Act. Any rules and regulations on land reclassification shall, however, be reviewed and endorsed by the Commission.

SECTION 68. **Reversion to Forestlands**. Upon recommendation of the Secretary of the DENR, duly reviewed and endorsed by the Commission, and after due consultations with the concerned local government units and affected parties, Congress may authorize the reversion of alienable and disposable lands of the public or portion thereof to forestlands.

Article Three
Land Subclassification

SECTION 69. **Coverage of Land Subclassification**. Land subclassification shall cover all classified forestlands and the assignment of their uses according to, but not limited to the following categories:

(a) Protection Forest;
(b) Production Forest;
(c) Agroforestry;
(d) Grazing or Pasture Lands;
(e) Natural Parks and other NIPAS categories; and,
(f) Such other categories as may be provided by law.

SECTION 70. **Jurisdiction on Subclassification**. The subclassification of classified public lands shall be undertaken by the DENR, in coordination with the local government units and concerned national government agencies within two (2) years from the effectivity of this Act. Thereafter, the DENR and the local government units, in coordination with the concerned national government agencies and the private sector, shall undertake the monitoring and periodic review of the progress of the utilization and development of forestlands, and submit a report to the Commission.

Article Four
Zoning

SECTION 71. **Coverage of Zoning.** Zoning shall cover all alienable and disposable lands, including private lands except those declared protected areas within the territorial jurisdiction of the city or municipality. This shall refer to the reclassification authority of the city or municipality as provided for in Section 20 of RA 7160.

SECTION 72. **Outputs of Zoning.** Zoning shall be carried out through the passage and implementation of a zoning plan and a zoning ordinance:

(a) A development control plan or zoning plan which identifies and delineates the areas or districts and their specific uses; and

(b) An ordinance which sets the regulations for the development of each area or district based on their specific uses and the penal provisions for violations thereof, subject to the limitations imposed by law, or competent authority.

SECTION 73. **Basis of City/Municipal Land Use Plans.** The land use plans of component cities and municipalities shall be based on the physical framework plans of their respective provinces and in consonance with the results of the consultations of the various sectors in the community. In the case of independent cities, their land use plans shall be based on the physical framework plans of the regions to which they are administratively and functionally attached.

SECTION 74. **Basis of Development Control or Zoning Plan.** The city and municipal development control plan or zoning plan shall be based on their respective land use plans.

SECTION 75. **Basis of Zoning Ordinance.** All city and municipal zoning ordinances shall be based on their respective development control plan duly approved by their respective Sanggunian, subject however to national guidelines and standards.

SECTION 76. **Power and Authority to Undertake Zoning.** Cities and municipalities shall have the power and authority to undertake the zoning of areas within their territorial jurisdiction, subject however to national guidelines and standards.

SECTION 77. **Preparation of Land Use and Zoning Plans.** After one (1) year from the effectivity of the Act, all cities and municipalities shall have prepared their respective land use and zoning plans. If the cities/municipalities fail to comply with the preparation of zoning and land use plans, the DILG shall impose the penalty as provided for under the RA 7160. National government agencies shall give priority to cities and municipalities with approved development control or zoning plans in terms of providing technical assistance and other forms of support as may be deemed necessary.

SECTION 78. **Review and Revision of National Land Use Planning and Zoning Guidelines and Standards.** The Commission shall undertake, within one (1) year from the effectivity of this Act, the review and revision, if appropriate, of all existing national planning guidelines and standards to facilitate the exercise of the land use planning and zoning functions of local governments.

Article Five
Conversion of Alienable and Disposable Lands

SECTION 79. **Scope of Land Use Conversion.** Land use conversion covers all alienable and disposable lands including all privately-titled lands. Specifically, these conversions shall include the following:

(a) Agricultural lands to other nonagricultural purposes;

(b) Lands presently devoted to one type of agricultural activity to another type, such as from cropland to fishpond; and

(c) Lands presently devoted to a particular type of nonagricultural use to another nonagricultural purpose, such as from residential to commercial, or from residential to industrial.

SECTION 80. **Approving Authority on Conversion of Agricultural Lands.** The DAR, shall have the power and authority to approve the conversion of agricultural lands for nonagricultural purposes as embodied in Section 79 (a), and the conversion of agricultural activity to another type as embodied in Section 79 (b) in consultation, however, with DA and other concerned national government agencies.

SECTION 81. **Approving Authority on Conversion of Nonagricultural Lands.** The city or municipal government, through their respective Sanggunian shall have the power and authority to approve conversion of nonagricultural lands for other non-agricultural purposes as embodied in Section 79 (c), subject further to the provisions of this Act and national standards and guidelines.

SECTION 82. **Authority to Impose Agricultural Land Use Conversion Taxes.** The national government and city or municipal governments are hereby authorized to impose, individually or collectively taxes on the conversion of agricultural lands for non-agricultural provided for in Section 118, Chapter Thirteen (13), Title III of this Act.

TITLE III

IMPLEMENTING STRUCTURE AND MECHANISMS

CHAPTER 11
National Government Units

Article One
National Land Use Commission

SECTION 83. **Reconstitution of HLRB and Composition of the National Land Use Commission.** To implement the provisions of this Act, the Housing and

Land Use Regulatory Board (HLRB) shall within a period of six (6) months from the effectivity of this Act, be reconstituted into a new body, to be known as the National Land Use Commission, herein referred to as the Commission, attached to the Office of the President, the members of which shall be as follows:

(a) The Executive Secretary, as Chairman;

(b) The Director-General of the National Economic and Development Authority (NEDA);

(c) The Secretaries of the Departments of Environment and Natural Resources; Agriculture; Agrarian Reform; Trade and Industry; Public Works and Highways; Transportation and Communications; Energy; Tourism; Science and Technology; Interior and Local Government; and Justice;

(d) The Chairman of the Housing and Urban Development Coordinating Council; and

(e) The Secretary-General of the Commission, who shall be appointed by the President and shall have a cabinet rank.

Representatives from the private sector, particularly the private and business groups, nongovernment organization, people's organization, the academic community and the indigenous cultural community, shall be invited to form part of a consultative body which may be established as deemed necessary.

The reconstitution and organization referred to in this section shall be effected by the President through the issuance of appropriate executive issuances.

SECTION 84. **Powers and Functions.** The Commission shall have the following powers and functions:

(a) Formulate a National Physical Framework Plan and its regional counterparts that shall translate the Philippine Development Plans into physical and spatial terms and serve as guide for, as well as integrate and consolidate, the land use plans and classification schemes of all agencies and instrumentalities of the government;

(b) Undertake, promote, commission and/or contract the gathering of data, the conduct of studies and the development and application of technology pertaining to land use planning and real estate management, including studies on the management of identified production, protection, and settlement areas;

(c) Review, formulate and recommend to the President and the NEDA Board, policies and guidelines on land use and physical planning and real estate management; and land classification, inventory and information systems;

(d) Promulgate, in consultation with all concerned sectors, national and regional standards and guidelines, on land use and physical planning, real estate development, and zoning which shall be observed by all agencies, offices and instrumentalities of the national and local governments, and the private sector in the formulation and implementation of their respective plans, programs and projects;

(e) Review the physical framework and/or land use plans adopted by provinces and highly-urbanized and independent cities to ensure their consistency with the national and regional physical framework plans and its standards, regulations and guidelines; relative thereto, it may approve any such plans as a whole or in parts, and require such revision or modification thereof as may be necessary. No such plan shall become effective and implementable until and unless approved by the Commission; however, any plan not acted upon within a period of ninety (90) days from receipt thereof shall be considered as approved;

(f) Issue rules and regulations to enforce compliance with the provisions of this Act, and the rules, standards and regulations promulgated pursuant thereto, unless another agency has been tasked by specific provision hereof; as well as other existing laws on land use planning and zoning and real estate development; and adopt appropriate systems and procedures for investigating and ensuring compliance therewith;

(g) Initiate, develop, encourage, promote and support, in coordination with other agencies concerned, the establishment of a unified or synchronized and simplified data base, records management, mapping and regulatory system, procedures and mechanisms for land use and physical planning, real estate management and regulation of other land rights and interests, for the purpose of accelerating the attainment of identified flagship or critical priority projects of the government that involve physical components;

(h) Issue locational clearances and development permits to land use and development projects considered by NEDA to be of national or regional significance;

(i) Issue *motu propio*, after the conduct of appropriate investigation, notices of violation, cease and desist and/or closure and demolition orders, ejectment and summary abatement orders, and impose the administrative fines set forth in this Act, in cases where any establishment, entity or enterprise is found to have violated any provision of this Act, or of any rule, standard or regulation, or of any order, decision or resolution of the Commission;

In cases where the offending or violating entity is a government agency or instrumentality, the Commission shall notify the President of such violation.

(j) Hear and decide cases and complaints for violation of any provision of this Act, or its implementing rules, standards and regulations, or any development contract or agreement arising, incident or related thereto, as well as other laws, regulations and ordinances of the national and local governments, relating to land use

classification and planning, development, management and zoning; and award damages incident thereto or arising therefrom;

(k) Hear and resolve conflicts in land use planning, classification, and allocation that may arise between agencies of the national government, and/or between national and local, national and regional, and/or regional and local planning or development agencies, including local governments;

(l) Act as appellate body from decisions of provincial planning bodies on local land use plans and zoning ordinances, as well as decisions of local zoning boards of appeals granting or denying applications for locational clearances or zoning certificates;

(m) Adopt rules of procedures for the exercise of the regulatory and quasi-judicial powers as well as for the orderly and expeditious conduct of meetings and other business of the Commission;

(n) Cite and declare any person or entity as in direct contempt of the Commission in case such person or any responsible officer of said entity commits disrespectful, discourteous or unruly conduct or behavior in the presence of the Commission or any of its members, officials and authorized officials or representatives, while the Commission or its members, officials or representatives are in the process of conducting a meeting, hearing, inspection, investigation, or any other proceeding; or if such person or officer of the entity refuses to cooperate with the Commission or its member, officer or representative in the conduct of such proceeding; or makes any statement or commits any other act which tends to interfere, obstruct, influence or impede the conduct thereof, or casts aspersions on the integrity of the proceedings or of the members, officers or representatives of the Commission;

(o) Summarily impose a fine of not exceeding ten thousand (10,000) pesos for any acts of direct contempt as defined in the preceding section;

(p) Cite and declare, after due notice and hearing, any person or entity as in indirect contempt of the Commission, in case of any willful failure or refusal to comply with any of its Orders, Decisions, or Resolutions; and thereafter, impose a fine of five thousand (5,000) pesos plus and additional fine of five hundred (500) pesos for each day of non-compliance;

(q) Administer oaths and issue subpoenas and other compulsory processes to compel the attendance of witnesses and/or the production of documents, records and books of account needed in connection with any investigation or other proceeding;

(r) Issue Writ of Execution for the implementation of its orders, decisions and resolutions;

(s) Order the apprehension and cause the prosecution of any person or officer of any entity which it has found in the process of violating or committing any violation of this Act which is criminal in nature, or which it has strong and substantial grounds to believe has committed such violation;

(t) Coordinate with, and assist other government agencies and instrumentalities as well as the private sector in planning, developing and implementing their land use classification, and real estate development programs, and to furnish, to the extent possible, technical assistance and guidance;

(u) Call on and deputize any department, bureau, office, agency or instrumentality of the government, including the police forces, and on private entities and organizations for cooperation, support and assistance in the performance of its functions;

(v) Adopt its own organization plan and staffing pattern, and create central and regional offices and regional and local counterpart committees as it may deem proper;

(w) Appoint its own officers and personnel whose appointments are not vested by law in the President of the Philippines; hire, appoint and/or deputize sheriffs and law enforcement officers who shall be authorized too apprehend violators of this Act and its implementing rules and regulations;

(x) Acquire, own, hold, maintain and possess by way of ownership, lease, mortgage, usufruct, easement, or donation, any right, title or interest in real estate and improvements thereon, and movable property of any description, as may be necessary for the conduct of its functions;

(y) Enter into contracts for the production and delivery of goods and services needed by the Commission in the conduct of its business;

(z) Adopt and use its own seal;

(aa) Sue and be sued;

(bb) Charge, impose and collect fees for the performance of inspection, investigative and regulatory services; maintain and manage a trust fund out of the proceeds so collected; and directly utilize income therefrom for the conduct of its operations and/or acquisition of property and equipment; and

(cc) Perform such other acts and functions, and exercise such other powers as may be necessarily implied, inherent, incident to or related to the foregoing.

Decisions of the Commission shall be appealable on certiorari to the Supreme Court.

No injunction or restraining order shall lie against the Commission in the conduct of its proceedings, or other actions with respect to projects which have been declared by law or by NEDA to be of strategic significance.

SECTION 85. **Offices, Units and Staff Support.** The Commission shall be assisted by a secretariat and such other technical, legal and administrative support staff

organized into such central and regional offices as may be deemed necessary by the Commission, under the general supervision of the Secretary-General.

SECTION 86. **Powers of the Secretary-General.** The Secretary-General shall have the following powers and functions:

(a) Act as the Vice-Chairman of the Commission, and preside over its meetings in the absence of the Chairman;

(b) Act as the executive head of the Commission, and perform the powers and functions incident to said position;

(c) Be responsible for the implementation and overall execution of the policies, rules and regulations and decisions adopted by the Commission; as such he shall issue the corresponding implementing administrative issuances, and he may promulgate opinions and interpretative circulars and rulings to ensure expeditious and effective implementation thereof;

(d) Perform the enforcement and quasi-judicial functions of the Commission in the first instance, subject to the policies and guidelines laid down by the Commission;

(e) Be responsible for the management and supervision of the operations and activities of the Commission; towards this end, he may delegate the power of supervision to his Deputies and Assistants, but he may not delegate substantive powers without the consent of the Commission;

(f) Prepare or cause to prepare the internal organizational and administrative structure and staffing pattern of the Commission and submit the same to the Commission and other offices provided by law for their approval;

(g) Upon the approval of the Commission's organization plan, appoint the officers and employees of the Commission whose appointments are not by law vested in the President of the Philippines, and whose appointments have not been determined by the Commission as requiring its concurrence;

Relative hereto, he may delegate with the Commission's approval, the power to appoint certain positions to his Deputies or Assistants and the heads of Regional Offices of the Commission;

(h) Act as the spokesperson of the Commission and represents it in meetings of the Cabinet and the NEDA Board and such other meetings or functions as may be provided for by law or by the President of the Philippines;

(i) Enter into contracts and other agreements for the effective discharge of the Commission's functions, subject to such policies and guidelines laid down by the Commission; provided that he may not enter into any contract or agreement

committing Commission resources to unprogrammed activities, or incurring a debt or increasing the liabilities of the Commission, without the approval of the Commission;

(j) Exercise the power of administrative control and discipline over the technical, administrative and support officers and personnel of the Commission; and

(k) Perform such other powers and functions as may be inherent, incident or related to the foregoing.

Decisions of the Secretary-General on policy and substantive matters are appealable to the Commission.

SECTION 87. **Qualifications of the Secretary-General.** The Secretary-General must have a background or significant training preferably in the field of environmental and/or physical planning, land resources management, or development planning and management for a period of at least five (5) years.

SECTION 88. **Qualifications, Rank and Duties of the Deputy Secretary-General.** The Secretary-General shall be assisted by a Deputy Secretary-General who shall be appointed by the President upon the Commission's recommendation. The Deputy Secretary-General shall have the same qualifications as the Secretary-General and shall have the rank of an Undersecretary.

The Deputy Secretary-General shall be the operational administrative manager of the daily operations of the Commission and shall assist the Secretary-General in his routine housekeeping functions.

SECTION 89. **Qualifications, Rank and Duties of the Assistant Secretaries-General.** Upon the recommendation of the Commission, the President may appoint such number of Assistant Secretaries-General as may be necessary to assist the Secretary-General in the exercise of his functions of management supervision and operational control. They must possess the same qualifications as the Deputy Secretary-General and should have been engaged in the active practice of planning for at least three (3) years. They shall carry the rank of Assistant Secretaries, and may be placed in charge of the functional or geographical areas of concern.

SECTION 90. **Central and Regional Offices.** The Commission may organize at the central and regional levels such line and/or staff offices as may be necessary for it to be able to effectively discharge its policy-making, planning, enforcement, investigative and adjudicatory functions. Line functions shall be headed by Bureau or Regional Directors, while staff functions shall be headed by Division Chiefs.

Article Two
Responsibilities of Other National Government Agencies

SECTION 91. **Scope and Nature of Responsibilities of Other National Government Agencies.** All concerned national government agencies/bodies shall

periodically report to the Commission on the various activities and accomplishment relative to land use. Likewise, they shall provide technical and administrative support, if called upon by the Commission relative to the implementation of the provisions of this Act.

SECTION 92. **The National Economic and Development Authority.** The NEDA shall update the Commission on national and regional socio-economic development plans as inputs to the national and regional physical framework plans.

SECTION 93. **Department of Agriculture.** The DA shall be responsible for the identification, delineation and mapping of the network of areas for agricultural development as defined in Section 33 of this Act. For this purpose, it shall formulate the National Agricultural Development Framework Plan for the proposed utilization, conservation and development of these areas. It shall also propose the necessary support infrastructure such as irrigation and post harvest facilities, farm-to-market roads, and agro-industrial complexes.

SECTION 94. **Department of Agrarian Reform.** The DAR shall be primarily responsible for the review, evaluation and approval of application for conversion of agricultural lands for non-agricultural purposes.

SECTION 95. **Department of Environment and Natural Resources.** The DENR shall primarily responsible for the legal classification, and sub-classification of forestlands, and the land reclassification of alienable and disposable lands of the public domain.

The Department, through the NAMRIA, shall be responsible for the production of topographic base maps at various scales needed for land use planning at all levels.

The Department shall be responsible for preparing the National Environment and Natural Resources Development Plan, as input to the national, regional and provincial physical framework plans.

SECTION 96. **Department of Interior and Local Government.** The DILG shall be responsible in monitoring the preparation of provincial physical framework plans, the city and municipal land use plans and zoning ordinances and ensuring that these are prepared in accordance with appropriate national guidelines and standards, as well as coordinating the provisions of technical assistance as may be required.

SECTION 97. **Department of Public Works and Highways, Department of Energy, and Department of Transportation and Communications.** The DPWH, DOE and DOTC shall be responsible, in coordination and consultation with concerned national government agencies, local governments and the private sector for the preparation of the National Physical Infrastructure Plan, which shall serve as an input to the national, regional and provincial physical framework plans and city and municipal land use plans.

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SECTION 98. **Department of Trade and Industry.** The DTI shall be responsible for the formulation of a National Trade and Industry Development Plan and its periodic review and updating as input to the national, regional and provincial physical framework plans.

SECTION 99. **Department of Tourism.** The DOT shall be responsible for the formulation of National and Regional Tourism Development Plans and their periodic review and updating. It shall likewise continue to accredit tourism facilities as well as review, update and prescribe national guidelines and standards for tourism development which shall be the basis for accreditation of tourism facilities.

SECTION 100. **Department of Science and Technology.** The DOST shall advise the Commission on technical matters related to the utilization and management of land and other physical resources in terms of their limitations and constraints. Among others, it shall identify hazard and disaster prone areas and provide assistance in the formulation of disaster preparedness and management framework plan.

SECTION 101. **Housing and Urban Development Coordinating Council.** The HUDCC shall be responsible for the formulation of a National Urban Development and Housing Framework and its periodic review and updating, which shall serve as input to the national, regional and provincial physical framework plans.

SECTION 102. **Department of Justice.** The DOJ shall be responsible for providing legal advise and investigative services to include boundary disputes and other land related issues/cases.

Article Three
Regional Land Use Committee

SECTION 103. **Regional Land Use Committees.** Until such time that the Commission shall have created its counterpart committees at the regional level, the Regional Land Use Committees under the Regional Development Council shall act as the counterpart of the Commision and shall perform such functions as defined under this Act.

Article Four
Local Land Use Committee

SECTION 104. **Local Land Use Committee.** The Local Development Council (LDC) shall create a Local Land Use Committee to assist it in performing such functions as defined under this Act; provided, that when performing as such, sectoral representatives from the peasants, farmers, fisherfolks, among others shall be invited.

CHAPTER 12
Land Use and Physical Planning and Development

Article One
Hierarchy of Physical Framework and Land Use Plans

SECTION 105. **National Physical Framework Plan.** The Commission shall prepare and periodically update a National Physical Framework Plan or the NPFP which shall define the objectives, policies and strategies on the indicative uses of land and other physical resources of the country to guide and support the implementation of the National Development Plan.

SECTION 106. **Regional Physical Framework Plans.** The Regional Physical Framework Plans or the RPFPs shall define the objectives, strategies and the indicative uses of land and other physical resources within the region.

SECTION 107. **Provincial Physical Framework Plans.** The provinces shall prepare their Provincial Physical Framework Plans or PPFPs, which shall define in greater detail the indicative uses of land and other physical resources therein including an effort to delineate actual boundaries on the ground within the territorial jurisdiction of the province.

SECTION 108. **City and Municipal Land Use Plans.** The cities and municipalities shall prepare their respective land use plans to determine the specific uses of land and other physical resources therein consistent with the prescribed standards and guidelines including an effort to delineate actual boundaries on the ground within the territorial jurisdiction of the city or municipality.

SECTION 109. **Relations among National, Regional and Local Physical and Land Use Plans.** The physical framework and land use plans shall have the following relationships:

(a) The RPFP shall define the objectives, policies and strategies outlined in the NPFP within the context of the region, and shall provide the basis for the preparation of the PPFPs, or the land use plan of an independent component city.

(b) The PPFP shall define the objectives, strategies and indicative uses of land and other physical resources within the context of the province, consistent with the regional objectives and strategies and shall serve as basis for the preparation of the land use plans of its component cities and municipalities.

(c) The city or municipal land use plans shall translate the objectives, strategies and indicative uses of land and other physical resources proposed in the PPFP into specific uses and shall serve as the basis for the preparation of the zoning plan to include embodiment of local aspirations concerning desirable physical development and growth of the locality.

SECTION 110. **Sectoral and Special Plans.** The Commission shall direct, or cause concerned agency(ies) to undertake the formulation of sectoral and physical framework plans at the national and regional levels

SECTION 111. **Relation of Land Use Plan with the Comprehensive Local Development Plan.** The land use plan shall serve as an integral component of the comprehensive local development plan to provide the latter with spatial and physical dimension.

SECTION 112. **Authority to Issue National Planning Guidelines and Standards.** The Commission, in collaboration with agencies concerned, shall review existing land use and physical planning guidelines, and undertake their revisions, if necessary; to ensure their consistency with plans, policies and strategies. The Commission shall be the final authority on the issuance of all national guidelines and standards on land use and physical planning.

Article Two
Plan Formulation, Review and Adoption

SECTION 113. **Preparation of Physical Framework and Land Use Plans.** The Commission shall initiate the preparation of physical framework and land use plans at the regional and local levels, respectively. The preparation of the physical framework and land use plans shall conform with the planning guidelines to be issued by the Commission

SECTION 114. **Monitoring the Implementation of the Physical Framework and Land Use Plans.** The concerned local development councils shall regularly monitor the implementation of the plans. In particular, the local development councils shall submit a semestral report to the Sanggunian Panlalawigan, or in the case of independent cities, to the Commission through its regional offices, on the implementation of their land use plans and zoning ordinances.

SECTION 115 **Public Consultation.** The concerned regional and local development councils and their respective legislative bodies shall ensure adequate and widespread participation of the community in all phases of the planning process.

SECTION 116. **Inter-Local Government Planning.** The local governments units may group themselves for the purpose of planning the allocation of land and other physical resources for their common use.

CHAPTER 13
Fiscal Regime

SECTION 117. **Objectives of Fiscal Regime.** The application of any tax measure shall aim at encouraging certain land uses, ensuring that lands are rendered

productive at all times, and allowing society to share in the financial gains brought about by a change in land use

Article One
Agricultural Land Use Conversion Tax

SECTION 118. **Imposition of Agricultural Land Use Conversion Taxes.** For the conversion of agricultural lands to nonagricultural purposes, the DAR and concerned city or municipality are hereby authorized to impose and collect seventeen (17) Percent Special Agrarian Reform Tax and eight (8) Percent Local Land Development Tax, respectively.

The above tax rates shall be applied on the zonal value of the proposed use, or the adjusted fair market value of the proposed use, whichever is higher at the time of the approval of the conversion. The adjusted fair market value is computed as the average selling price per square meter of adjacent residential, commercial or industrial lands within the city or municipality multiplied by 50 percent.

SECTION 119. **Waiver on the Imposition of the Agricultural Land Use Conversion Taxes.** The imposition of the Agricultural Land Use Conversion Tax may be waived, provided, that any of the following conditions is satisfied:

(a) That the agricultural land will be utilized for priority national government infrastructure projects as defined in Sections 54 and 55 of this Act; or

(b) That the agricultural land will be used as sites for socialized housing, where the socio-economic benefits derived therefrom far exceed the expected gains to be realized from the tax measure.

SECTION 120. **Authority to Grant the Waiver on the Imposition of the Agricultural Land Use Conversion Taxes.** Cities and municipalities, may, through a resolution passed by their respective sanggunian, waive the imposition of the Local Land Development Tax. For this purpose, the concerned sanggunian shall conduct public hearings

SECTION 121. **Coverage and Exemption from Agricultural Land Use Conversion Taxes.** All agricultural lands converted for nonagricultural purposes shall be subject to the land use conversion taxes, except if such agricultural lands shall be used as sites for the construction of dwelling units for the landowners, or farmer beneficiaries, subject to the limitations imposed hereunder:

(a) Not exceeding five hundred (500) square meters, in the case of municipalities classified as rural;

(b) Not exceeding four hundred (400) square meters, in the case of municipalities classified as highly urbanizing areas; and

(c) Not exceeding three hundred (300) square meters in the case of cities and municipalities classified as urban areas.

SECTION 122. **Preparation and/or Updating of the Schedule of Zonal Values.** There shall be prepared and/or updated, within nine (9) months from the effectivity of this Act a schedule of zonal values by the city or municipal assessor for the different land use categories based on the city or municipal development control or zoning plan, or in the absence of such plan, based on Sections 215 and 218 of RA 7160 for enactment by ordinance of the sanggunian concerned. The schedule of zonal values shall be updated at least once every three (3) years.

The sanggunian concerned shall conduct public consultations and hearings for this purpose. The schedule of zonal values shall be published in a newspaper of general circulation in the province, city or municipality and/or shall be posted in the provincial capital, city or municipal hall and in a conspicuous place in the barangays comprising the city or municipality.

The DOF, through the Bureau of Internal Revenue (BIR) and the Bureau of Local Government Finance (BLGF) shall oversee and provide assistance in the preparation and/or updating of the schedule of zonal values.

SECTION 123. **Utilization of the Proceeds of the Agricultural Land Use Conversion Taxes.** The utilization of the proceeds of the agricultural land use conversion taxes as specified in Section 118 hereof shall accrue as follows:

(a) The Special Agrarian Reform Tax to the Agrarian Reform Fund; and

(b) The Local Land Development Tax to the Special Land Development Fund.

SECTION 124. **Creation of a Special Land Development Fund.** There shall be established in every city or municipality a Special Land Development Fund which shall consist of the proceeds from the Local Land Development Tax. Said Fund shall be utilized for land use planning and zoning activities, the operations of waste and disposal system, and maintenance of local park and recreational facilities, as determined by the city or municipal sanggunian.

SECTION 125. **Effectivity of the Agricultural Land Use Conversion Taxes.** The land use conversion tax shall be in force and effect upon effectivity of this Act.

The DOF jointly with the DAR shall, within ninety (90) days from the effectivity of this Act promulgate and issue the guidelines to all cities and municipalities to implement the provisions of, Chapter Thirteen (13) of this Act.

Article Two
Ad Valorem Tax on Idle Lands

SECTION 126. **Power to Levy Tax on Idle Lands.** Provinces, cities or municipalities may levy and collect an annual tax on idle lands at the rate not exceeding five (5) percent on the assessed value of the property as determined by Section 218 of RA 7160.

SECTION 127. **Coverage of and Exemption from Idle Land Tax.** For purposes of real property taxation, the coverage of and exemption from the imposition of idle land tax shall be governed by the provisions of Sections 237 and 238, respectively, of RA 7160.

TITLE IV

SPECIAL AREAS OF CONCERN

CHAPTER 14
Conversion of Agricultural Lands

SECTION 128. **Delineation of Priority Areas for Agricultural Development.** Using the network of areas for agricultural development, the DA/DAR, in consultation with concerned local government units, the private sector and communities, shall identify and delineate at the city and municipal levels priority areas for agricultural development. These priority areas for agricultural development shall include the following:

(a) Lands that are the traditional sources of staple food;

(b) Irrigated and irrigable lands; and

(c) Lands covered under Notice of Compulsory Acquisition/Voluntary Offer to Sell, Stock Distribution Option, Production of Profit Sharing and Commercial Farm Deferment of the CARP.

The DA shall likewise review the status of utilization of the above priority areas for agricultural development, and submit its recommendation duly endorsed by the concerned local land use committees for any change in priority to the Commission for review and approval.

SECTION 129. **Criteria for Conversion of Priority Agricultural Areas.** The conversion of priority agricultural areas may be allowed if any of the following conditions is present:

(a) When the parcel of land in question has ceased to be economically productive due to natural causes rather than due to deliberate human action to render such land inutile for agricultural purposes, based on a per crop productivity standard, as determined by the DA; or

(b) When an Environmental Impact Assessment shall have determined that the land use conversion shall not adversely affect agricultural productivity, air, and water quality in the area, and the stability of the ecological system in the area; or

(c) When the land is a residual strip or patch of agricultural land within a predominantly existing residential, industrial or commercial area at the time of the application for land use conversion, as certified by the Sangguniang Panglungsod or Bayan in consultation with the DAR, DA and DTI.

The conversion of all agricultural lands shall be subject to Section 65 and other applicable provisions of RA 6657. When the agricultural land which is the subject of conversion has been acquired under RA 6657, its conversion shall be allowed only if the applicant for conversion is the agrarian reform beneficiary himself or when he is the original owner of the land prior to any land transfer due to CARL.

The conversion of agricultural lands shall conform with the land use plan and zoning ordinance of the city and municipality concerned.

The conversion of ecologically fragile lands shall be subject to environmental impact assessment.

Government-owned lands shall also be subject to the above provisions and shall go through the prescribed process for land conversion.

SECTION 130. **Review and Revision of Conversion Criteria.** The Commission may review, in consultation with local government units, the private sector and communities, the criteria for allowing the conversion of priority areas for agricultural development for government non-agricultural development projects.

SECTION 131. **Application for Conversion.** All applications for the conversion of agricultural lands five (5) hectares and over for nonagricultural purposes shall be accompanied by a total cost-benefit analysis, detailed site development plan and a work and financial program. No application shall be reviewed and approved without said requirements.

SECTION 132. **Conduct of Public Consultation and Hearing.** In the application for conversion of agricultural land, the concerned local development council shall conduct consultation with affected barangays or communities. The local development council shall furnish the barangay, through the Barangay Chairman and Council and community-based organizations of their funding and recommendations.

SECTION 133. **Approval of Conversion of Agricultural Lands.** The conversion of agricultural lands for nonagricultural purposes shall be approved by the Secretary of the DAR, or his duly authorized representative.

Upon compliance with all requirements, the land conversion body, the DAR shall decide upon the application within a period not exceeding ninety (90) days.

SECTION 134. **Order of Conversion.** The order of conversion shall specify the nonagricultural use of the agricultural land subject of conversion, and the schedule for the development of said area based on the detailed land use conversion development plan.

SECTION 135. **Payment of Agricultural Land Use Conversion Taxes.** Once the order approving the conversion is received by the applicant or his duly authorized representative, the corresponding land use conversion taxes as provided under Section 118 of this Act shall be paid within five (5) days therefrom. Proof of payment, shall be submitted by the applicant to the DAR Secretary within a prescribed period of time. Non-compliance of this requirement shall cause the revocation of the order approving the conversion.

SECTION 136. **Issuance of Development Permit and Other Local Permits.** The DAR order of conversion shall be a prerequisite for the issuance and approval of any development permit and other local permits and/or licenses needed to undertake the activities relative to the conversion and development of such agricultural lands.

SECTION 137. **Development of Agricultural Lands with Approved Order of Conversion.** Within ninety (90) days from the issuance of the approved order of conversion, the landowner and/or his designated developer or their duly authorized representative shall commence the development of the areas subject of the conversion approval. Thereafter, the development of the agricultural land shall be completed within the work schedule as stipulated in the order of conversion. Except for delays caused by force majeure , in no case shall the DAR grant a request for extension of the completion of development beyond one (1) year from the date the development of the land shall have been completed.

SECTION 138. **Reporting the Status of Development of Agricultural Lands with Approved Order of Conversion.** The landowner and/or his designated developer or their duly authorized representative shall report at the end of each quarter from the commencement of, and until such time that the development of agricultural land subject of conversion has been completed to the DAR, copy furnished the concerned Sanggunian Panlungsod or Pambayan. Failure to report to the DAR the commencement and/or progress of development shall be construed as failure of the landowner and/or his designated developer or their duly authorized representative to commence and/or complete the development of such agricultural land. The landowner and/or his designated developer shall be subject to the penalties provided in the following section, and without prejudice to the revocation of the order of conversion.

SECTION 139. **Fine on Noncompliance.** Any landowner and/or his designated developer or their duly authorized representative who fails to commence and/or complete the development of agricultural lands with approved order of conversion based on the provisions of Sections 137 and 138 shall be penalized, jointly or severally, in accordance with the provisions of Section 178 of this Act.

SECTION 140. **Authority to Impose Fine.** The DAR shall impose the penalty provided under the preceding Section.

SECTION 141. **Withdrawal of Local Development Permits and/or Licenses.** Upon receipt of notice from the DAR, the concerned agencies, city or municipality shall withdraw and/or revoke any development permit and/or other licenses that may be necessary to develop the agricultural land subject of conversion.

SECTION 142. **Utilization of Fines.** The fines collected under Section 178 hereof shall automatically accrue to the Agrarian Reform Fund consistent with the provisions under Republic Act No. 6657.

SECTION 143. **Premature Conversion of Agricultural Lands.** Any landowner and/or his designated developer, or their duly authorized representative who undertakes the premature conversion of agricultural lands for nonagricultural purposes shall be penalized, jointly or severally, in accordance with the provisions of Section 177 of this Act.

For this purpose, premature conversion shall mean the undertaking of any development activities whose results will modify or alter the physical characteristics of the agricultural lands to render them suitable for nonagricultural purposes without an approved order of conversion from the Secretary of the DAR.

TITLE IV

SPECIAL AREAS OF CONCERN

CHAPTER 15
Other Land Use Conversion

SECTION 144 **Basis for Conversion of Nonagricultural Lands.** The land use plans and the zoning ordinance of cities or municipalities shall be the basis for authorizing the change in nonagricultural uses such as from residential to commercial and/or industrial, subject however to national guidelines and standards.

SECTION 145. **Authority to Approve Conversion in Nonagricultural Uses.** The sanggunian panlungsod or pambayan shall be authorized to approve any application for any change in non-agricultural uses, based on the recommendation of the city or municipal land use committee.

SECTION 146. **Notice of Decision.** The applicant and any aggrieved parties, such as individuals or families that may be affected by the proposed conversion or any people's organization situated in the city or municipality of the proposed conversion representing the aggrieved parties shall be notified in writing of the decision of the sanggunian concerned.

SECTION 147. **Conduct of Public Consultation and Hearing.** In the review of the application for conversion of non-agricultural lands, the city or municipal land use committee shall conduct consultation with the affected barangays or communities. The City/Municipal Development Council (C/MDC) shall furnish the barangay, through the Barangay Chairman and Council and community based organizations of their findings and recommendation.

Likewise, the city or municipal sanggunian shall conduct public hearing; prior to making any decision on the recommendation of the C/MDC, within fifteen days from receipt thereof. Notice of the public hearing shall be posted in the city or municipal hall, barangay hall, and in five (5) conspicuous places in the affected barangay or community.

SECTION 148. **Failure to Conduct Public Consultation and Hearing.** Failure to conduct public consultation and hearing shall make the approval of the application of conversion by the city or municipal sanggunian invalid, null and void.

SECTION 149. **Appeal Process.** An appeal may be taken from the decision of the city or municipal sanggunian declaring approval or disapproval of an application for conversion of nonagricultural lands by submitting a written petition to the presiding officer of the sanggunian concerned within seven (7) days from the receipt of such decision.

The sanggunian shall, within fifteen (15) days from receipt of the petition, conduct another public hearing, duly notifying the parties concerned to deliberate on the appeal, and respond to the parties concerned in writing the justification for confirming or reversing its earlier decision.

If the decision of the Sanggunian on the appeal is a confirmation of its earlier decision, such shall become final and executory unless otherwise decided upon by the Commission. If the decision is a reversal of a previous one, any appeal shall be allowed within the prescribed period as provided in the preceding paragraphs. Thereafter, any decision of the sanggunian shall become final and executory.

The landowner and/or his designated developer or their duly authorized representative may appeal to the presiding officer. Parties, such as individuals or families that may be affected by the proposed conversion or any people's organization situated in the city or municipality of the proposed conversion, may likewise appeal.

SECTION 150. **Issuance of Development and Other Local Permits.** The resolution of the sanggunian declaring approval of the proposed conversion shall be a

prerequisite for the issuance and approval of any development and other local permits and/or licenses needed to undertake the activities relative to the approved conversion.

CHAPTER 16
Water Resource Development

SECTION 151. **Integrated Approach to Water Resource Utilization, Allocation, Development and Management.** The State shall undertake an integrated approach to the utilization, allocation, development and management of water as a limited resource. It shall establish the basic principles and framework relative to the appropriation, control and conservation of water resources to achieve the optimum development and rational utilization of these resources.

Article One
Priority and Classification for Water Resource Utilization

SECTION 152. **Appropriation of Water.** Waters may be appropriated and used in accordance with existing laws.

Appropriation of water shall refer to the acquisition of rights over the use of waters or the taking or diverting of water from natural source in the manner and for any purpose allowed by law.

SECTION 153. **Classification of Water Uses.** The water resource may be used and appropriated, as follows:

(a) Use of water for domestic purposes refers to the utilization of water for drinking, washing, bathing, cooking or other household needs, watering of lawns and gardens or domestic animals;

(b) Use of water for irrigation purposes refers to the utilization of water for producing agricultural crops;

(c) Use of water for power generation refers to the utilization of water for producing electrical or mechanical power;

(d) Use of water for fisheries refers to the utilization of water for the propagation and culture of fish as a commercial enterprise;

(e) Use of water for poultry and livestock refers to the utilization of water for the propagation of fowls and other animal stocks as a commercial enterprise;

(f) Use of water for commercial and industrial purposes refers to the utilization of water in commercial establishments and manufacturing plants, including mines and the use of water as a factor of production; and

(p) Use of water for recreational purposes refers to the utilization of water for swimming pools, bath houses, boating, water skiing, and other similar facilities as a commercial enterprise.

SECTION 154. **Exemptions from Appropriation.** The national government, for reason of national development objectives and security, may declare waters not previously appropriated, in whole or in part, exempt from appropriation. Likewise the national government shall have the power to declare already appropriated waters as available for other purposes.

SECTION 155. **Basic Considerations.** The determination of priority on the use, development and management of water resources shall consider the following:

(a) contribution to national and local development, including security;

(b) multiple use of water;

(c) costs of development of water resource, including any negative or adverse effect; and

(d) accessibility of water resource to the greater majority of society, especially the disadvantaged groups.

SECTION 156. **Priority Areas in the Development and Management of the Water Resource.** The development and management of the water resource shall be governed by the following guidelines.

(a) Priority development of the water resource shall be for safe water drinking, for sanitation and commercial/industrial purposes;

(b) Except for rice and other basic staples, irrigation water shall be devoted to high value crops as determined jointly by the DA and DTI;

(c) Local and independent operations of water utilities shall be encouraged with the greater involvement of the private sector;

(d) All industrial operations shall include hazardous waste water management program;

(e) Critical watershed areas shall be identified, managed, maintained and, if necessary, rehabilitated and/or withdrawn from other uses;

(f) Prime fishlanding sites and critical foreshorelines shall be preserved and protected from conversion to other uses and shall not open for public use; and

(g) Sewerage and sanitation system shall be established in the highly populated districts of cities and municipalities.

Article Two
Local Water, Sanitation and Sewerage

Section 157. **Local Water, Sanitation and Sewerage System.** The cities and municipalities, through their coordinating committees shall prepare a master plan for water, sanitation and sewerage development. Sites needed for water, sanitation and sewerage development shall be identified in the land use plan and zoning plan of concerned local government units.

Consistent with the provisions of Section 33 of RA 7160, local government units may, through appropriate ordinances, bind themselves together for the purpose of establishing a common water, sanitation and sewerage system.

Article Three
Water Resource Pricing

SECTION 158. **Water Resource Pricing.** The national government shall review the existing water resource pricing scheme, and if necessary revise such and adopt a more appropriate alternative scheme that will take into account, among others, the multiple use of water, including its utilization as a factor of production; the level and extent of government subsidy; costs of development and management, and the end users of water.

SECTION 159. **Enforcement of Water Pollution Laws.** The provincial, city and municipal governments shall be responsible for the enforcement of water pollution laws, unless otherwise specified by law.

Article Four
Coastal and Marine Resources Management and Development

SECTION 160. **Assessment of Coastal and Marine Resources for Improved Management and Development.** The DA, in collaboration with the DENR, the local government units, the communities, the Philippine Coast Guard and other concerned government agencies, shall undertake the following:

a) Assessment of policies on jurisdiction, administration and management of remaining mangrove and inland resources;

b) Assessment of the bio-ecological characteristics of mangrove and inland coastal areas to identify appropriate rehabilitation and development schemes and projects for better management;

c) Assessment of water quality in coastal areas affected by industry; and

d) Review of existing policies on international fishing agreements and practices and the delineation of territorial fishing grounds among nations.

Within one year from the effectivity of this Act, the DA shall submit its reports including its recommendations to the Commission which shall then issue the necessary specific policies and regulations.

The DA shall operationalize a mechanism whereby the local communities are involved in the rehabilitation and protection of mangroves areas and marine resources. A community-based coastal resource management approach shall be adopted.

SECTION 161. **Protection and Rehabilitation of Mangrove Areas.** Consistent with the provisions of Sections 36, 37 and 38 of this Act, the conversion of mangrove areas into other land uses shall be prohibited. As such, all local governments shall be mandated to take a protective role in the rehabilitation of mangrove areas the DA and other concerned entities shall strictly enforce existing rules and regulations.

SECTION 162. **Integrated System for Coastal and Marine Resources Management.** The DA, the local government units and local communities as well as concerned entities shall establish after 90 days from the effectivity of this Act an integrated system for coastal and marine resources management that will integrate the concerns of fisheries, industries, tourism, shipping, oil exploration and other economic activities dependent on marine resources.

SECTION 163. **Fisherfolks Settlement Area.** The local government units in coordination with the DA and other concerned government agencies shall designate or delineate a settlement area for fishing community, provided that such area will not be detrimental to the coastal and other adjacent ecosystems. Squatters and illegal occupants of areas not designated as settlement areas shall be relocated subject to the provisions of Urban Development and Housing Act of 1992 or RA 7279 and other pertinent laws.

Article Five
Freshwater Resources Development and Management

SECTION 164. **Management and Development System for Freshwater Bodies.** The DA in collaboration with the local government units, other concerned government agencies and the private sector, shall establish a management and development system to ensure the sustainability of the quality and quantity of ground and surface waters.

SECTION 165. **Rehabilitation and Protection of Areas Near Freshwater Bodies.** Areas near freshwater bodies shall be rehabilitated and protected. Activities which could bring about pollution, siltation, sedimentation, streambank erosion, salt water intrusion and shallowing of freshwater bodies shall be regulated based on related laws and policies.

Article Six
Watershed Area Development and Management

SECTION 166. **Priority Watershed Areas.** The DENR, in coordination with the DA, the local government units and other concerned government agencies, including government-owned and controlled corporations shall identify and delineate critical watershed areas that need to be reforested and/or withdrawn from other uses. It shall submit the list of critical watershed areas and a report on the status of their development and management to the Commission within six (6) months from the effectivity of this Act.

CHAPTER 17
Government-Owned Lands

SECTION 167. **Priority Utilization of Government-Owned Lands.** Government-owned lands shall be allocated, and utilized in accordance with the following priorities, as site(s) for:

(a) Socialized and low-cost housing for the marginalized and the underprivileged and disadvantaged group;

(b) Waste disposal system and other priority infrastructures/ utilities as defined in Sections 50 and 54 of this Act;

(c) Urban forests, parks or green spaces;

(d) Government-owned office buildings and educational centers; and

(e) Civil and military reserves.

Disposition of government-owned lands shall consider the above priorities provided government is not prejudiced in terms of financial/economic returns from the transaction.

SECTION 168. **Reporting on Disposition of Government-Owned Lands.** All national government agencies, including government-owned and controlled corporations, and local governments and their instrumentalities shall report to the Commission, any disposition of government-owned lands to ensure that such is in accordance with the provisions of the preceding Section. The Commission shall then submit a report on the utilization and disposition of government-owned lands to the NEDA Board on an annual basis, or as may be required thereby.

SECTION 169. **Review of Priorities for Disposition of Government-Owned Lands.** The Commission shall, at least once in every five years, review the priority allocation and utilization of government-owned lands.

SECTION 170. **Petition for Exemption.** National government agencies, including government-owned and controlled corporations and local governments and their instrumentalities may petition the Commission for exemption from the provisions of Section 168 hereof.

The Commission shall review and evaluate any petition for exemption, within forty five (45) days from receipt thereof. Any decision of the Commission on a petition for exemption shall be final and executory. It shall promulgate and issue the necessary guidelines to implement this section.

CHAPTER 18
Land Use Information Management and Dissemination

Article One
Ecological Education and Value Formation

SECTION 171. **Mandatory Curriculum.** In order to create a well informed, responsive and committed citizenry who value the protection, conservation and development of the country's limited land and other physical resources, the State shall mandate the inclusion of ecological education, or any subject related thereto in the curricula of primary, secondary and tertiary education. A subject shall be included in all years in the primary and secondary education, while six units shall be required in tertiary education.

SECTION 172. **Curriculum Development.** The Department of Education, Culture and Sports (DECS) shall, within one year from the effectivity of this Act develop the curriculum designs for all levels in close consultation and coordination with other government agencies, nongovernment organizations, the academic community, the parents-teacher associations, and other sectors of society. Said curriculum designs shall be reviewed and endorsed by the Commission for approval by the President. Thereafter, the curricula shall be implemented in the next incoming school year.

Article Two
Land Resource Information and Management System

SECTION 173. **Coordination, Development and Implementation of Land Resource Information System.** The Commission shall coordinate the establishment, development and implementation of a land resources information and management system that will, among others, integrate existing as well as proposed information units of concerned national government agencies, standardize information inputs/outputs, and define information requirements at various levels.

Article Three
National Base Mapping Program

SECTION 174. **Coordination and Monitoring the Implementation of a National Base Mapping Program.** The Commission shall coordinate and monitor the implementation of a National Mapping Program. For this purpose, the Commission shall create an interagency technical committee composed of the NAMRIA, BSWM, Forest Management Bureau (FMB), the Land Management Bureau (LMB), Philippines Institute of Volcanology and Seismology (PHIVOLCS) and other concerned government agencies/bureaus.

SECTION 175. **Generation of Sources of Information on Land Use.** The NLUCC shall cause the generation of sources of information on land use such as aerial photographs and satellite imageries through the NAMRIA covering specific areas and eventually the whole country. Such sources shall be updated every ten (10) years or as often as may be deemed necessary.

TITLE V

MISCELLANEOUS, TRANSITORY AND FINAL PROVISIONS

CHAPTER 19
Mandatory Review

SECTION 176. **Mandatory Review Every Seven Years.** Congress shall undertake a mandatory review of this Act at least once every seven (7) years from the effectivity of this Act, or as often as it may deem necessary to ensure that land use policies and guidelines remain responsive to changing circumstances. For this purpose, Congress may call on to the Commission to undertake the necessary researches and consultations.

CHAPTER 20
Penal Provision

SECTION 177. **Imposition of Penalty for Premature Conversion.** Any person who knowingly, or deliberately causes any agricultural lands within the priority areas for agricultural development as specified under Section 33 of this Act to become economically unproductive and inutile for continued agricultural activities, and not due to any natural causes so as to satisfy the provision of Section 144 (a) thereof and/or undertakes premature conversion of any agricultural lands shall be punished by imprisonment of not less than two (2) months to not more than ten (10) years or a fine of five hundred thousand (500,000.00) pesos for the first three (3) hectares, and one hundred thousand (100,000.00) pesos for each additional hectare or fraction thereof, or both at the discretion of the court.

Furthermore, such actions would cause the termination of the project or activity to be undertaken and suspension of the project proponent from undertaking any land development activity in the city or municipality.

SECTION 178. **Imposition of Fines on Noncompliance.** Any person who knowingly or unknowingly fails to commence and/or complete the development of agricultural lands with approved order of conversion as specified under Sections 137 and 138 shall be fined as follows:

(a) On failure to commence;

(i) 3 percent , for the first three hectares,

(ii) 7 percent, for the next three hectares, and,

(iii) 15 percent, for the remaining area.

(b) On failure to complete, 50 percent of the zonal value.

The above rates shall be applied to the zonal value of the proposed use at the time the fine is imposed.

SECTION 179. **Penalty for Other Prohibited Acts.** Any person initiating, or causing, inducing, or abetting the violation of any prohibitory provision of this Act, shall, upon conviction, be imprisoned from six (6) months to not more than six (6) years or a fine of not less than five thousand (5,000.00) pesos nor more than twenty-five thousand (25,000.00) pesos, or both at the discretion of the court. However, acts prohibited in this Act which are already punishable under existing local ordinances shall not be subjected to the penalty provided herein.

CHAPTER 21
Transitory Provisions

SECTION 180. **Convening of the Commission.** Within five (5) days upon the effectivity of the Act, the Executive Secretary, as Chairman of the Commission, shall convene the Commission. The Chief Executive Officer of the HLRB shall sit temporarily as a member of the Commission until such time that a regular Secretary General of the Commission has been appointed by the President.

SECTION 181. **Immediate Tasks of the Commission.** Within one hundred twenty (120) days from the effectivity of this Act, the Commission shall undertake the preparation of the implementing rules and regulations and the organization of the organic units of the Commission as provided for under Section 83 of this Act.

The existing HLRB shall serve as the Commission's Secretariat until such time that the organic units shall have been fully organized and operational. The Commission may create special task forces and committees to assist in its undertakings.

SECTION 182. **Reconstitution of the HLRB.** The HLRB shall serve as the nucleus of the new Commission. Until such time that the Commission has been organized and fully operational, its personnel shall continue with their respective functions in a hold-over capacity, and receive the same salary, emoluments and privileges until such time that they receive a new appointment from the Commission, or they are notified of their separation or replacement. Hiring, separation, replacement and appoitment of personnel shall be in accordance with existing Civil Service rules and regulations; provided, however, that preferential consideration shall be given to existing officers and employees of the Board who possess the appropriate eligibility and meets the qualification standards for the position, and such qualifications, expertise or experience of the applicant is urgently needed by the Commission.

SECTION 183. **Review, Formulation and Issuance of Rules and Regulations.** Within the one hundred twenty (120) day period specified under Section 183, the Commission shall review existing rules and regulations on land use, and based therefrom, revise such rules and regulations, or cause concerned agencies to revise them for the efficient and effective implementation of the provisions of this Act. All concerned national government agencies and bodies shall inform the Commission of the status of the implementation of such rules and regulations.

Unless provided in this Act, the Commission shall be primarily responsible for the promulgation and issuance of all implementing rules and regulations, including planning guidelines and standards which shall take into consideration the unique physical and cultural character and needs of the different regions/localities. These rules and regulations shall become effective fifteen (15) days after their publication in the Official Gazette and announcement of their adoption in at least one (1) newspaper of general circulation.

All existing rules and regulations shall be in force and effect unless revoked by the Commission, or competent authority.

SECTION 184. **Tenure of Existing Commissioners of the HLRB.** In the case of the full-time Commissioners of the HLRB who still have unexpired terms in their appointments as of the time of the organization of the Commission, they shall have the option of having their terms considered as terminated, and be entitled to claim retirement benefits relative thereto, and the same shall be given at the rate of one and a half times their highest monthly salary, multiplied by the number of year they have been in the service. Otherwise, the Commissioner and Executive Officer may act and continue as Deputy Secretary-General for the remainder of his unexpired term, while the other Commissioners may act as Assistant Secretaries-General, also for the duration of their unexpired terms.

SECTION 185. **Transfer of Funds, Assets, Receivables, Liabilities, Records, Equipment and Property to the Commission.** Immediately upon the effectivity of this Act, an inventory of all records, equipment, and property of the HLRB shall be made, which must be completed within six (6) months from effectivity thereof. Similarly, an accounting and audit of all funds, assets, receivables and

liabilities, records, equipment and property shall be ipso facto transferred to the Commission.

SECTION 186. **Provision for Separation Pay and Gratuity**. The provision of any existing law to the contrary notwithstanding, upon the effectivity of this Act, the HLRB shall immediately conduct a survey of personnel desiring to retire from the service, and identify and set aside so much of its funds as may be necessary to cover retirement or separation pay or gratuities of personnel opting to do so. The HLRB shall adopt a prioritization scheme for those entitled to retire, giving priority to those longest in the service and those whose positions might be affected by the reconstitution of the Board. As a rule, the rate of the retirement pay shall at least be one and one half times the latest highest monthly basic salary multiplied by the number of years in the service of said retiring employees, unless higher percentage base is allowed by existing laws. In case HLRB funds are insufficient for this purpose, it may request for an augmentation budget from the Department of Budget and Management, and the latter is hereby authorized to set aside so much of the unprogrammed funds as may be available in the treasury. In case such funds are still insufficient, the DBM may reallocate or reprogram the funds for lowest priority projects. Should the same be no longer possible, the claims for retirement of said employees shall be a continuing lien against future budgetary allocations in favor of the Commission, and the concerned employees may file their claims with the Commission on Audit, without need for additional statutory authority.

SECTION 187. **Funding.** In addition to the funds allocated to HLRB, the sum of five million (5,000,000.00) pesos is hereby allotted out of any funds in the National Treasury not otherwise appropriated to fund the activities during the one hundred twenty (120) day transition period.

In case such amount is insufficient, the Commission may request for augmentation of fund from DBM. Thereafter, the Commission shall be included in the General Appropriations.

CHAPTER 22
Final Provisions

SECTION 188. **Repealing Clause.** All general and special laws, acts, decrees, executive orders, proclamations and administrative regulations, or any parts thereof which are inconsistent with this Act are hereby repealed or modified accordingly, except Executive Order 648, Executive Order 72, Republic Act 7279, and Executive Order 124.

SECTION 189. **Separability Clause.** If, for any reason or reasons, any parts or provisions of this Act shall be declared or held to be unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 190. **Effectivity Clause.** This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,