

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



First Regular Session

HOUSE BILL NO. 3508

Introduced by Honorable **MONICO O. PUENTEVELLA**

EXPLANATORY NOTE

RA 7279, otherwise known as the "URBAN DEVELOPMENT AND HOUSING ACT OF 1992", through the Community Mortgage Program (CMP), has been playing a vital role in addressing the ever rising problem of squatters in the Philippines. Since its adoption in 1992, many of the less-privileged and homeless families were able to establish a stable and decent dwelling that they can proudly claim as their own.

Due, however, to the fiscal crisis that we are experiencing brought about by trade globalization, devaluation of peso and other economic factors, the government lacks the resources to support and provide the National Housing Authority (NHA), Housing and Land Use Regulatory Board (HLURB) and other agencies concerned with their needs to be able to comprehensively respond to the demand of the beneficiaries. In other words, while we have a running condition engine at the instance of the statute under consideration, we do not have enough fuel to reach our destination.

This bill seeks to exhaust alternative sources to keep our machineries in motion. R.A. 7279 failed to consider the importance of the full participation of the private sector when it limits its application to parties covered by the CMP. It is the objective of this bill to erase the boundary line that isolates the application of R.A. 7279 to beneficiaries under the CMP from those under the Direct Negotiated Purchase. Definitely, prospective parties under the Direct Negotiated Purchase will be discouraged to enter into a contract as they are subject to onerous obligations and less favorable benefits. While it is true that this measure means a loss to government revenue as it waives payment of taxes and other fees, nonetheless, it creates a reciprocal advantage to the State as urban poor organization, in their own initiative, are taking steps to resolve their problem. Thus, it is high time that amendments should be made so as to encourage full private sector intervention to the effect of reducing the burden of the State, which the existing law failed to reflect.

It is therefore my fervent desire to seek your support for the passage of this proposal.



MONICO O. PUENTEVELLA
Representative
Lone District of Bacolod City

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AN ACT
PROVIDING INCENTIVES TO URBAN POOR ORGANIZATIONS IN THE
ACQUISITION OF LOTS BY MEANS OF DIRECT NEGOTIATED
PURCHASE, AMENDING FOR THAT PURPOSE SECTION 3, ARTICLE
I; SECTION 20, ARTICLE V; AND SECTION 32, ARTICLE VIII OF R.A.
7279, OTHERWISE KNOWN AS "THE URBAN DEVELOPMENT AND
HOUSING ACT OF 1992".

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled.

SECTION 1. Title -This Act shall be known as the "REVISED URBAN DEVELOPMENT AND HOUSING ACT OF 2004."

SECTION 2. The following provisions of R.A. 7279, otherwise known as the "Urban Development and Housing Act of 1992", shall be amended to read as follows:

"SEC. 3. *Definition of Terms.* – For purposes of this Act:

(a) "Affordable cost" refers to the most reasonable x x x"

(y) "Urban Poor Organization" refers to an association or group of underprivileged and homeless individuals occupying a common territory, established for purposes of mutual help and protection, created and duly registered under the existing laws of the Philippines.

(z) "Direct Negotiated Purchase", means the acquisition of lots by Urban Poor Organizations on cash or installment basis for the benefit of its underprivileged and homeless members without the intervention of the National Housing Authority (NHA) and/or not covered by the Community Mortgage Program (CMP).

"SEC. 20. *Incentives for Private Sectors Participating in Socialized*

Housing. – To encourage greater private sector participation in socialized housing and further reduce the cost of housing units for the benefit of the underprivileged and homeless, **aside from the incentives provided for under the preceding section**, the following incentives shall be extended to the private sectors:

(a) Reduction and simplification of qualification x x x”

“SEC. 32. *Incentives.* – To encourage wider implementation, participants in the CMP **and in Direct Negotiated Purchase** shall be granted the following privileges and incentives:

(a) Government-owned **and/or** controlled corporations and local government units, may dispose of their idle lands suitable for socialized housing under the CMP through negotiated sale **or through Direct Negotiated Purchase** at prices based on acquisition cost plus financial carrying costs;

(b) Properties sold under the CMP **or through Direct Negotiated Purchase** shall be exempted from capital gains tax; and

(c) Beneficiaries under the CMP shall not be evicted nor dispossessed of their lands or improvements unless they have incurred arrearages in payments of amortization for three (3) months.

(d) **Parties under the Direct Negotiated Purchase shall be governed by the terms and conditions of their Contract of Sale.”**

SECTION 3. Separability Clause – If any provision of this Act or the application thereof to any person or circumstances is held invalid, the other provisions of this Act and the application of such provisions to other persons or circumstances shall not be affected thereby.

SECTION 4. Repealing Clause – All laws, decrees, executive orders, rules and regulations or parts thereof contrary to, or inconsistent with this act are hereby modified or repealed accordingly.

SECTION 5. Effectivity – This Act shall take effect fifteen (15) days following the completion of its publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved,