

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

House Bill No. 3822

Introduced by HON. TRANQUILINO B. CARMONA, M.D.

“AN ACT ESTABLISHING THE HOUSING PROGRAM AND SERVICES FOR TEACHERS, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES”

EXPLANATORY NOTE

Every homeless and underprivileged Filipino is aspiring to dwell on a house that he can call his **HOME**. However, amid the concerted efforts of the national key shelter agencies to create and produce sufficient housing units for the deserving individuals, still thousands are left unattended, and one of them are the teachers. Though, there are various shelter programs and services offered none among them has been addressed for this sector in particular. The teachers, being among the catalysts for national economic recovery, it is proper and fitting that the government must also allot portion of its budget for their shelter needs.

This bill seeks to institute a housing program and services, solely and exclusively for teachers, through the provision of funds in order to address the reasonableness and affordability of housing units to be offered to these beneficiaries, subject to low interest rates, easy payment schemes and in a long-term payment period.

Further, this bill seeks also the participation of the non-government organizations and private developers in the development of housing subdivision projects and the provisions of housing units exclusively for teachers through the grant of several fiscal incentives through the enactment of this bill.

A formidable housing thrust, one that is viable and can withstand the rising demands for housing units based on decency and affordability, is a government social responsibility. It can be deduced from the Medium Term Development Plan that the current administration is serious enough in innovating several mechanisms by maximizing the use of available resources for broader delivery of basic housing needs. On the range of coverage therefor, this representation, being aware of the plight of the teaching sector, their inclusion as prioritized beneficiaries of the government's housing program and services is highly recommended through the passage of this bill.

TRANQUILINO B. CARMONA, MD.

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

Section 1. Title. This Act shall be known as the “TEACHERS’ HOUSING PROGRAM AND SERVICES ACT”.

Section 2. Policy. This is hereby declared a policy of the State to promote the national shelter program of the government and to continuously implement the affordable housing program that shall be available to low-income families, the underprivileged and marginalized sectors, by establishing a financial support system and fiscal incentives that shall encourage the participation of private sectors in attaining this endeavor.

As an affirmation of the State to its commitment to strengthen, promote and support the component activities of housing production, and in recognition of the role of teachers in nation building, it is hereby declared a policy to enhance the capability of teaching sector to acquire a decent and affordable housing unit through the introduction of financial support system and other incentives for the program’s socio-economic feasibility and long-term viability.

Section 3. Definition of Terms. The following terms, as used in this Act shall mean as follows:

a. **Affordable cost** refers to the most reasonable price of land and housing unit based on the needs and financial capacity of the program beneficiary.

b. **Joint venture** refers to the agreement entered into by two or more persons, natural or juridical, to carry out a specific or single business enterprise for mutual benefit, for which purpose they combined their funds, land resources, facilities and services.

Developer shall mean the person who develops or improves the subdivision project for and in behalf of the owner thereof.

Land owner shall refer to the registered owner of a parcel of land subject of the subdivision project.

Program shall mean the housing program designed for the qualified teachers under this Act.

Service/s shall mean the provision of assistance, technical or financial, to the teacher-beneficiary of the housing program as defined under this Act.

Teaching refers to the profession concerned primarily with classroom instruction, in accordance with the curriculum prescribed by the Department of Education, practicing either in the private or public schools.

Teacher refers to all persons engaged in teaching employed by the Department of Education or by any private school or educational institution on a permanent status. Teacher shall include the industrial arts or vocational teachers

Subdivision lot shall mean a residential lot within a subdivision project;

Subdivision project shall refer to a tract or a parcel of land registered under Act No. 496 which is partitioned primarily for residential purposes into individual lots with or without improvements thereon, and offered to the public for sale, in cash or in installment terms. It shall include all residential, commercial, industrial and recreational areas, as well as open spaces and other community and public areas in the project.

Section 4. **Coverage.** The Program shall cover all teachers, employed by the Department of Education and by any private schools or educational institution, with permanent status.

Section 5. **Role of Government Housing and Financing Agencies.** In order to ensure the maximum accomplishment pursuant to the objectives of this Act, the following government housing and financing agencies are hereby mandated to perform, in addition to their respective existing powers and functions, to wit:

- a. The **National Housing Authority** shall undertake a specific housing project for teachers. It shall also provide technical and other forms of assistance to private developers in the development of housing projects with the objective of augmenting and enhancing capabilities in the provision of housing benefits for teachers;
- b. The **National Home Mortgage Finance Corporation** shall provide the mortgage market and/or issuance of securities. It shall administer the funds provided for housing loans and developer assistance under this Act as well as long-term funds provided by the Government Service Insurance System and the Home Development Mutual Fund for teacher's housing.
- c. The **Home Guaranty Corporation** shall design an appropriate guarantee scheme to encourage financial institutions and private developers to undertake mass housing production for teachers. It shall administer the Guarantee System Fund as provided for under this Act.
- d. The **Home Development Mutual Fund** shall be the primary fund provider for long-term housing mortgages of teacher-beneficiaries, either from the government or privately employed teachers.
- e. The **Government Service Insurance System** shall act as the primary fund provider for long-term housing mortgages for government-employed teachers.
- f. The **Social Security System** shall act as the primary fund provider for long-term housing loan mortgages for teachers employed by private schools or educational institutions.

Section 5. **Role of the DepEd and/or the School Administrator.** The Department of Education and/or the School Administrator shall undertake the implementation of the program among its teachers and shall ensure collection of amortization payments through monthly salary deduction scheme.

For the aforementioned purpose, the Department of Education for the government employed teachers or the School Administrator for the privately employed teachers, shall:

- a. Establish a secretariat that shall be responsible to accept, pre-evaluate necessary documents, receive and process applications, and file the same to the sponsoring housing agency.
- b. Collect or deduct the monthly amortizations from the teacher-beneficiaries' salary and to remit the said amortizations to the appropriate agency.

Section 6. Financing Scheme. – The following shall be the financing scheme of the Program:

- a. The proceed for the housing loan shall be used for any of the following purpose:
 1. Purchase of lot and construction of a residential unit thereon;
 2. Purchase of any of the following:
 - i. Brand new or old existing units;
 - ii. Housing unit mortgaged with any institution;
 - iii. Housing unit being disposed of through public bidding or negotiated sale;
 3. Purchase of a fully developed lot within the residential area;
 4. Construction or for the completion of a residential unit on a lot owned by the beneficiary, his or her spouse, parent or parents where she or he is living with, provided that the parents shall conform by allowing to use the lot as collateral for the loan;
 5. Home improvement or any alteration in an existing residential unit owned by the applicant;
 6. Restructuring of an existing housing loan in any government housing or financial institution, provided that the account is updated.

The loans provided for under this Act shall be computed based on a net take home pay, which shall not be lower than Three Thousand Pesos (=P=3,000.00) after the monthly amortization for the subject loan is deducted.

Loans under this scheme shall not be subject to charges, fees or premiums except minimum processing fees to be charged by the appropriate agencies.

Loans provided for teachers earning less than twelve thousand pesos (=P=12,000.00) per month shall not be less than sixty percent (60%) of all available funds allotted for the purpose. At least forty-five percent (45%) of the yearly appropriation for the program shall be for housing Loans;

- b. **Developer Assistance Fund.** – Proponents or developers of housing projects exclusively for teachers and with a selling cost not exceeding One Hundred Twenty Thousand Pesos (=P=120,000.00) per house and/or lot package which shall be exclusively for teachers, may avail of a financing loan not exceeding eighty per cent (80%) of the entire project cost the National Home Mortgage Finance Corporation in coordination with the Housing and Urban Development Coordinating Council. Shall issue the appropriate guidelines for this purpose.

At least fifteen per cent (15%) of the yearly appropriation for the Program shall be for developer financing. Provided, that the unused funds for developer financing shall be utilized for Housing Loans

- c. **Guaranty System Fund.** – There is hereby created a guarantee system fund for Teacher's Housing Loans not exceeding One Hundred Fifty Thousand Pesos (=P=150,000.00) with an interest rate of not exceeding twelve percent

(12%) per annum as originated by the funding agencies or their accredited financial institution. Such loans shall be assigned to the Fund immediately after origination for which the Fund shall issue promissory notes.

At least forty percent (40% of the yearly appropriation for the Program shall be for the loan guarantee. The Home Guarantee Corporation shall undertake the guarantee system under this Act and shall act as the administrator and trustee of the fund. The HGC shall issue the appropriate guidelines within one (1) year from the approval of this Act.

Section 7. **Interest Rate.** The interest rate on the loan shall not be more twelve (12) percent per annum and shall be fixed for the entire term of the loan. Provided, that if the borrower defaults on his amortization payment for reasons of his own doing, the financing agency may subject the borrower to a regular interest rate for the periods that he is in default

Section 8. **Fiscal Incentives for Private Developers.** The participation of any private developers for the creation and production of housing projects intended solely for qualified teacher-beneficiaries shall be entitled to the following fiscal incentives:

- a) Exemption from income taxes based on housing project exclusively established for teacher-beneficiaries;
- b) Exemption from capital gains tax imposable on raw land acquired for the project development;
- c) Exemption from documentary stamp tax for all business transactions and project related documentations;
- d) Exemption from value-added tax for the project concerned;
- e) Exemption from transfer tax for both raw land and completed projects; and,
- f) Exemption from donor's tax for lands certified by the local government unit to have been donated and transferred to and for teachers housing purposes;

Provided, that upon application for exemption, the housing development plan shall have been approved by the appropriate government agencies concerned;; Provide, further, that all the savings acquired by virtue of this provisions shall be used to minimize the cost of housing units subject to the implementing guidelines to be issued by the Housing and Urban Development Coordinating Council.

The Department of Finance, in consultation with the Housing and Urban Development Coordinating Council, shall prepare the necessary implementing guidelines for the proper implementation of the tax exemption mentioned in this Section within one after the approval of this Act.

Section 9. **Funding Source.** The Government Service Insurance System and the Home Development Mutual Fund shall contribute a total of Two Billion Pesos (=P=2,000,000,000.00) for the initial implementation of the Program. Thereafter, each institution shall allocate at least ten percent (10%) of their annual investible funds for long term teacher's housing mortgages and shall be made available to the National Home Mortgage Finance Corporation under terms which ensure their repayment. The National Government shall contribute One Billion Pesos (=P=1,000,000,000.00) annually for the continuous operation and implementation of the Program.

Section 10. **Appropriation.** The amount necessary to carry out the purposes of this Act shall be included in the General Appropriation Act of the following the enactment into law and in every year thereafter.

Section 11. **Separability.** If for any reason, any provision of this Act is declared invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full force and effect.

Section 12. **Repealing.** All laws, presidential decrees, executive orders, rules and regulations or part thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

Section 13. **Effectivity.** This Act shall take effect upon its approval.

APPROVED.