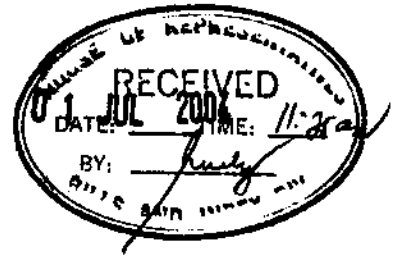


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS

House Bill No. 220



Introduced by Hon. Rozzano Rufino B. Biazon

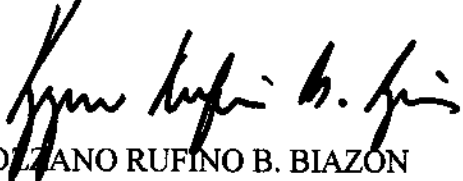
EXPLANATORY NOTE

The country is beset by the problem of shelter. It is evident especially in highly urbanized cities and municipalities where colonies of informal settlers can be seen sprouting in private and public land. Even danger zones such as railroad tracks and the banks of esteros and rivers have become sites of improvised settlements for our less fortunate countrymen.

While at present, there exist government agencies tasked to address certain aspects of the shelter program, the government needs to focus its efforts and its limited available resources to make it more effective and efficient.

This bill seeks to create a Department of Housing and Urban Development to rationalize the shelter and urban development program of the national government. It will streamline the bureaucracy and the process of formulating human settlement programs to meet the demands of our increasing population and decreasing space. As a full-pledge Department, the shelter program shall likewise be elevated in priority and the attention given by national government to the problem of shelter will become focused and significant.

Because this bill has been pending in the past three Congresses, it is the desire of this representation that this proposal be approved and passed into law in the 13th Congress.


ROZZANO RUFINO B. BIAZON
Representative
Lone District of Muntinlupa City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS

First Regular Session

House Bill No. 220

Introduced by Hon. Rozzano Rufino B. Biazon

**AN ACT
CREATING THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT,
RATIONALIZING THE ORGANIZATION AND FUNCTIONS OF GOVERNMENT
AGENCIES AND CORPORATIONS RELATED TO HOUSING AND URBAN
DEVELOPMENT, AND FOR OTHER PURPOSES**

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

**CHAPTER I
GENERAL PROVISIONS**

SEC. 1. *Title.* – This Act shall be known as the “Omnibus Housing and Urban Development Act of 2004.”

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to:

(a) Undertake a comprehensive and continuing program of housing and urban development which will make available at affordable cost, decent housing and basic services to the Filipino people, especially those who are underprivileged and homeless;

(b) Adopt workable policies that will guarantee the rationalization and optimum utilization of land and resources in order to meet the spatial and physical requirements of housing and urban development and create a more balanced urban-rural interdependence;

(c) Develop a sustainable and viable housing finance system that shall tap alternative, including non-traditional sources of funds, for the government’s housing program;

(d) Rationalize and strengthen the urban development and shelter delivery system of the government by enhancing local autonomy and decentralization and provide local government units more power, authority, responsibility and resources; and

(e) Encourage more effective peoples’ participation by institutionalizing their involvement at all levels of the urban planning and development process.

SEC. 3. *Definition of Terms.* – For purposes of this Act, the terms or words and phrases used shall mean or be understood as follows:

- (a) “Abot-Kaya Pabahay Fund” refers to the fund established under Republic Act No. 6846, otherwise known as “The Social Housing Support Fund Act”, as amended by Republic Act No. 7835, otherwise known as “The Comprehensive and Integrated Shelter Financing Act of 1994.” The Fund shall be used exclusively to enhance the affordability of low-cost housing by

low-income families through its four (4) components, namely: amortization support, developmental financing, cash flow guaranty, interest subsidy and liquidity support.

(b) Agricultural Land Conversion refers to the undertaking of any activity that will modify or alter the physical characteristics of agricultural lands to render them suitable for non-agricultural purposes with an approved order of conversion from the secretary of the Department of Agrarian Reform (DAR).

(c) CISFA refers to Republic Act No. 7835.

(d) "Community mortgage program" refers to the mortgage-financing program of the National Home Mortgage Finance Corporation (NHMFC), which assists legally organized associations of underprivileged and homeless citizens to purchase and develop a tract of land under the concept of community ownership.

(e) "Formal sector" refers to members of the Government Service Insurance System (GSIS), Home Development Mutual Fund (HDMF) and the Social Security System (SSS).

(e) "Homeless and underprivileged" refers to the beneficiaries of Republic Act No. 7279, otherwise known as the "Urban Development and Housing Act" (UDHA), and to individuals or families whose income or combined household income falls within the poverty threshold as defined by the National Economic and Development Authority (NEDA), who do not own housing facilities, who live in makeshift dwelling units, and do not enjoy security of tenure.

(f) "Informal sector" refers to non-members of the GSIS, HDMF and the SSS.

(g) "New town" refers to any large-scale planned development, which includes housing, work places, and related facilities within a more or less self-contained environment.

(h) "Secondary mortgage market" refers to the system, which entails purchase, acquisition, discounting or refinancing of loan and mortgage packages or participations therein. These instruments, in turn, are traded in the financial market through issuance and/or sale of bonds, promissory notes, debentures, conveyances and other financial instruments or participation therein, backed by the same pool or mortgages, securitizations, and other assets.

(i) "Socialized housing" refers to housing programs and projects covering houses and lots or home lots 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 this Act.

(j) "Urban development" refers to the process of occupation and use of land or space for such activities as residential, industrial, commercial and the like, necessary to carry out the functions of city life. It entails building or rebuilding of more or less permanent structures over land that is often withdrawn or converted from its original use, resulting in the creation of the built environment.

(k) "Urban planning" refers to a process, also called city planning or town planning, that involves planning for diverse elements that comprise an urbanized area, including its physical

infrastructure, environment, housing and transportation, and management of land use and urban growth.

(1) "Urban renewal" refers to the idea of consciously renewing the outworn areas of towns and cities, through redevelopment and rehabilitation.

SEC. 4. *Statement of Objectives.* – Toward this end, the State shall:

(a) Formulate and oversee the implementation of a comprehensive housing and urban development policy as an integral part of national development plans to regulate and direct urban growth and expansion towards a dispersed urban net and to achieve a more balanced urban-rural interdependence;

(b) Undertake with the participation of the private sector a continuing comprehensive, affordable and sustainable housing program;

(c) Establish a sustainable housing finance system that ensures affordable housing through low down payment, long-term financing and low interest rate;

(d) Improve coordination of national government housing and urban development policies and programs and extend adequate technical and material assistance to local government units;

(e) Encourage participation of all stakeholders in housing and urban development, such as local government units (LGUs), nongovernmental organizations (NGOs), peoples' organizations (POs) and the private sector;

(f) Rationalize the structure, powers and functions of the different housing and urban development agencies and integrate all housing and urban development policies, plans, programs and projects of various government corporations and agencies to expedite the delivery of decent, affordable and sustainable housing and urban development programs and projects; and

(g) Promote the application of technologies that reduce costs and improve the quality of habitability of housing.

CHAPTER II

THE DEPARTMENT PROPER

SEC. 5. *Creation of the Department of Housing and Urban Development.* – To carry out the above-declared policy, there is hereby created a Department of Housing and Urban Development, hereinafter referred to as the Department.

The Department shall be the primary agency of government that will prepare, integrate, coordinate and supervise plans, programs, projects and activities of the government relative to urban planning, development, and renewal, including land use and zoning, housing provision, regulation and finance, and marginal settlement assistance and services.

SEC. 6. *Powers and Functions.* – The Department shall have the following powers and functions:

(a) Formulate, implement and update, consistent with approved national development plans and guidelines on land use, a comprehensive National Urban Development and Housing Framework. This Framework will specify the policies, plans, programs, strategies and

mechanisms in order to promote a sustainable, ecologically-sound and well-governed housing and urban development;

(b) Provide for the development of: (1) a sustainable market-oriented housing finance system which promotes the adequate flow of private funds into the primary and secondary mortgage markets; and (2) a complementary system of well-targeted and transparent housing subsidy mechanisms for the less privileged and homeless;

(c) Ensure the provision of adequate housing stock to meet the needs of all income groups, especially the underprivileged and homeless in urban centers and in resettlement and rural areas;

(d) Pursue an urban renewal of blighted and slum areas, the resettlement and relocation of informal dwellers, and the containment of squatting, pursuant to law, in a just and humane manner;

(e) Supervise all corporations and agencies attached to the Department namely: Home Guaranty Corporation (HGC), National Housing Authority (NHA), National Home Mortgage Finance Corporation (NHMFC), Home Development Mutual Fund (HDMF), and Housing and Urban Development Adjudication Commission (HUDAC), to: (1) ensure adherence, consistency and integration with Department policies, plans and programs; and (2) monitor the performance and soundness of their management and financial policies in accordance with the government's housing and urban development framework;

(f) Promulgate, amend or repeal such rules and regulations as may be necessary to complement the intent and purposes of this Act, which, upon approval by the President and after due publication thereof, shall have the force of law;

(g) Effect and oversee a single regulatory system that shall govern all activities relative to the planning, production, marketing and maintenance of residential and commercial development projects;

(h) Develop and establish a sector performance monitoring and assessment mechanism and monitor and report on the performance of the sector, national government agencies and LGUs in urban development and housing to enable continuing improvements in sector policy and strategy formulation;

(i) Adopt and promulgate development standards and guidelines that shall govern the preparation and implementation of land use plans and zoning ordinances of LGUs and property development of the public and private sectors;

(j) Provide technical assistance and information to assist LGUs in developing solutions to problems on housing, community, and urban development and/or renewal;

(k) Coordinate the development activities of LGUs toward a more effective housing delivery, optimal land use, and the balanced growth of urban and urbanizing communities in relation to demographic factors, productive capacity and natural resource endowment;

(l) Exercise initiative and, under the directions of the President, assume a lead role in coordinating the activities of other agencies and instrumentalities that impact on urban development;

(m) Call on other agencies or instrumentalities of the government and private entities for cooperation and assistance in the performance of its functions;

(n) Monitor compliance and provide policy directions, standards and technical assistance to LGUs in the preparation of their respective land use plans and zoning ordinances, subject to the over-all land use plan of the regional development councils and the NEDA;

(o) Undertake a rational, balanced, orderly and efficient development of new settlements and the redevelopment of existing urban communities that indicate potentials for accelerated growth. Such activities shall assure the dwellers thereon of decent and affordable housing, job and livelihood opportunities, efficient mass transit, public safety, health care, educational opportunities and clean environment;

(p) Conduct continuing research and development of innovative and indigenous technologies that will enhance housing affordability;

(q) Ensure consumers' education and protection and establish and administer mechanisms such as the development, maintenance, updating and upgrading of an industry information system and data bank which shall include a master list of beneficiaries;

(r) Establish a mechanism to identify, update, validate and determine full eligibility of target beneficiaries for socialized housing programs and projects in order to maximize government resources and avoid double availment of such programs and projects;

(s) Discharge all responsibilities of government that may arise from agreements and other commitments on housing, land use and urban development to which it is a signatory, including the determination of forms of assistance for housing, land use and urban development to be extended through multilateral or bilateral assistance program;

(t) Determine, fix and collect reasonable amounts to be charged as administrative fees, fines and penalties; as well as issue *motu proprio*, after the conduct of appropriate investigation, notices of violation, cease and desist and/or closure and demolition orders, ejectment and summary abatement orders, necessary for the effective implementation of all laws, rules and regulations, and other legal issuances enforced by the Department;

(u) Determine, fix and collect reasonable amounts to be charged as administrative fees, fines and penalties on any natural or juridical person who practice real estate services without any license; and

(v) Perform such other acts not inconsistent with this Act as are necessary to achieve its purposes.

SEC. 7. Composition. – The Department shall be headed by a Secretary. The Department proper shall be composed of the Office of the Secretary, the Offices of the Undersecretaries and Assistant Secretaries, the bureaus, services, and other offices of the Department.

SEC. 8. *The Secretary.* – The Secretary shall be appointed by the President, subject to the confirmation by the Commission on Appointments.

The Secretary in addition to the regular powers and functions provided under Section 7, Chapter 2, Book IV of the Administrative Code of 1987, shall have the following powers and functions:

(a) Provide executive direction, control and supervision over the entire operations of the Department;

(b) Rationalize delivery systems as is necessary for the effective attainment of the objectives of the Department, including the creation of regional and field offices, other service units and divisions, and the delegation of authority to regional and field offices for decentralized programs, subject to the provisions of existing laws;

(c) Call on other government and private entities for cooperation and assistance in the performance and discharge of the Department's functions;

(d) Coordinate with LGUs, other agencies, and public and private interest groups, including NGOs and POs on Department policies and initiatives;

(e) Restructure the internal organization of the Department, subject to the approval of the President;

(f) Recommend to the President on the restructuring of the structures of its attached agencies and corporations;

(g) Review existing rules and regulations governing financing schemes, homeowners associations and other issues attendant to the different shelter programs and projects, with the end in view of ensuring their effectiveness and efficiency; and

(h) Formulate such rules and regulations and exercise such other powers as may be necessary to implement the objectives of this Act.

SEC. 9. *The Undersecretaries.* – The Secretary shall be assisted by two (2) Undersecretaries, who shall be appointed by the President upon the recommendation of the Secretary: *Provided*, That one of the Undersecretaries shall be a career officer coming from the ranks of the existing government housing agencies and offices. They shall have the powers and functions as provided for in Section 10, Chapter 2, Book IV of the Administrative Code of 1987, and other powers and functions that will be assigned by the Secretary.

The Offices of the Undersecretaries shall consist of the Undersecretaries and their respective immediate staff.

SEC. 10. *Assistant Secretaries.* – The Secretary shall be assisted by a maximum of three (3) Assistant Secretaries who shall be career officers appointed by the President upon the recommendation of the Secretary.

The respective assignments of the Assistant Secretaries shall be determined by the Secretary.

SEC. 11. *Qualifications.* – No person shall be appointed Secretary, Undersecretary or Assistant Secretary of the Department unless he is a citizen and a resident of the Philippines, of good moral character, and of proven competence and integrity.

SEC. 12. *Bureaus.* – The Department shall have the following Bureaus: (a) Financial and Institutional Development Bureau, (b) Urban Development Bureau, (c) Housing Technology Bureau, (d) Realty Regulation and Consumer Protection Bureau, and (e) Settlements and Social Housing Bureau.

The bureaus shall perform the following functions:

(a) Financial and Institutional Development Bureau –

(1) Provide fiscal and financial incentives to LGUs, the private sector, NGOs and POs to encourage their full participation in ensuring adequate housing stock especially for low-income families;

(2) Institute a mechanism to ensure a consistently high collection efficiency and the viability of the national shelter program;

(3) Assist in and facilitate the sourcing of adequate housing and urban development funds from foreign, local and other alternative sources;

(4) Facilitate the development of a sustainable market-oriented housing finance system which promotes the adequate flow of private funds into the primary and secondary mortgage markets;

(5) Administer programs to LGUs, community associations, cooperatives and other private groups to improve their capability to engage in all aspects of urban development/renewal programs, housing and resettlement, including the restoration of neighborhoods, the investment in or improvement of public facilities, and the rehabilitation of housing;

(6) Extend technical assistance to the local housing board or any special body on housing within an LGU and housing cooperatives in the preparation of local shelter plans and projects;

(7) Accredited, train and extend assistance to homeowners' associations or cooperatives of targeted beneficiaries for purposes related to housing, and evaluate and recommend the same for possible availment of a housing program or project;

(8) Monitor the implementation of projects and programs under its jurisdiction; and

(9) Perform such other related functions as may be assigned to it by the Secretary.

(b) Urban Development Bureau –

(1) Promulgate appropriate rules and regulations for the proper implementation and enforcement of predetermined national standards and guidelines on land use, urban planning and development;

(2) Install new and appropriate mechanisms for the extension of technical and other forms of assistance to LGUs to ensure that their land use plans and zoning ordinances are consistent with prescribed standards and guidelines and national policies and other issuances of the Department and the NEDA;

(3) Coordinate with the Public Estates Authority (PEA) in the development of new towns with complete basic facilities and services in urbanizable and urbanizing areas, including the identified growth areas such as, but not limited to, CALABARZON, East Asian Growth Area and the North Quadrangle, in order to decongest existing urban communities;

(4) Assist the LGU in undertaking a rational, well-balanced, orderly and efficient redevelopment/renewal of existing urban communities;

(5) Assist in the formulation and updating of national objectives for housing and urban development, specifically the National Urban Development Framework;

(6) Monitor the implementation of projects and programs under its jurisdiction; and

(7) Perform such other related functions as may be assigned to it by the Secretary.

(c) Housing Technology Bureau –

(1) Study and promulgate appropriate standards on all types of housing construction;

(2) Review and update national standards and technical requirements for economic and socialized housing projects;

(3) Accredited, promote and encourage the development and utilization of innovative housing technology that can reduce the cost of housing and within the reach of the poor without sacrificing safety requirements, and provide for the prototyping/piloting of the same;

(4) Provide awards, incentives and citations to innovative and ingenious discoveries and inventions in coordination with the Department of Science and Technology (DOST) and the Board of Investments (BOI);

(5) Publicize findings and research on new technologies;

(6) Participate in local and international expositions, competitions, and various research and development activities on housing technology;

(7) Monitor, evaluate and validate the programs and projects under its jurisdiction; and

(8) Perform such other related functions as may be assigned to it by the Secretary.

(d) Realty Regulation and Consumer Protection Bureau –

(1) Oversee the enforcement of the approved rules, regulations and standards on all types of housing developments such as subdivision, condominium, townhouse, single-detached or multi-unit housing, industrial subdivisions, industrial condominiums, farm subdivisions, resort and leisure estates, memorial parks, office/commercial condominiums, condominium-hotels (condotels) and commercial centers;

(2) Oversee the issuance by the regional offices of certificates of registration and licenses to sell for all real estate development projects, and the collection of the necessary penalties, fines and fees, and monitor, assess and investigate compliance with approved subdivision and condominium plans;

(3) Continually streamline the implementation and enforcement of regulations, including the regulatory aspect of the urban land reform program, the Subdivision and Condominium

Buyer's Protective Decree, land value and building rental regulations, Rent Control Law, and other related laws;

(4) Undertake the acceptance and initial processing of complaints of housing related cases mentioned in Section 23 of this Act and the referral of the same to the housing arbiters;

(5) Accredit duly licensed brokers, through their organizations, to source lands for project development and to market certain housing inventories or to solicit qualified beneficiaries;

(6) Accredit developers to undertake the development of certain urban lands;

(7) Register, issue certificates of incorporation to, and regulate homeowners' associations and condominium corporations organized pursuant to Presidential Decree No. 957, Republic Act No. 4726, Presidential Decree No. 902-A and other related laws;

(8) License real estate brokers, real estate appraisers and real estate consultants;

(9) Develop and implement real estate consumer education and protection programs;

(10) Promote public trust and consumer education through the implementation of a strategic communications plan that will offer timely dissemination of accurate and updated information on the department's policies, plans, programs and projects;

(11) Monitor the implementation of projects and programs under its jurisdiction; and

(12) Perform such other related functions as may be assigned to it by the Secretary.

(e) Settlements and Social Housing Bureau –

(1) Ensure that relevant government housing programs shall make available to the lowest thirty percent (30%) of the income earners decent and affordable housing with basic services and employment opportunities;

(2) Formulate and ensure the enforcement of policies, rules and regulations governing socialized housing provision, upgrading provision of tenure and improvement of informal settlements;

(3) Formulate and enforce policies, rules and regulations governing resettlement, relocation, eviction and demolition activities and for this purpose, issue relocation/eviction compliance clearances for national or local government projects which will involve the eviction or demolition of structures of homeless and underprivileged citizens in accordance with Republic Act No. 7279 (UDHA) and implementing rules and regulations (IRR);

(4) Implement the conduct of pre-relocation and post-relocation activities for national government programs and projects in accordance with Section 28 of Republic Act No. 7279 (UDHA) and IRR;

(5) Coordinate with the local housing board or any special body on housing or urban poor concerns within the LGUs and other concerned agencies on the pre-relocation and post-relocation activities in accordance with Section 28 of Republic Act No. 7279 (UDHA) and IRR;

(6) Monitor compliance with the balanced housing requirement under Republic Act No. 7279 (UDHA) and IRR;

(7) Coordinate with concerned agencies and the LGUs in the formulation, development and implementation of an information system that will provide the government and the general public with timely, accurate and reliable data on the underprivileged and homeless citizens;

(8) Administer, through the regional offices, homeless assistance advances/grants to LGUs and NGOs and private communities for temporary and emergency housing, as well as building renovation, improvements, in coordination with the Department of Social Welfare and Development (DSWD);

(9) Administer the amortization support component of the Abot-Kaya Pabahay Fund, and other similar funds;

(10) Institute measures such as but not limited to the setting up of an LGU-led Anti-Squatting Task Force to detect and thwart squatting and to address such other concomitant problems as rural-to-urban migration;

(11) Monitor the implementation of projects and programs under its jurisdiction; and

(12) Perform such other related functions as may be assigned to it by the Secretary.

SEC. 13. *Services.* – The Department shall have the following services: (a) Planning and Management Service (b) Administrative and Financial Service, and (c) Legal Service.

The services shall perform the following functions:

(a) Planning and Management Service –

(1) Formulate, update and ensure the implementation of an integrated national housing and urban development framework that will provide policy directives, guidelines, strategies and support mechanisms for active multi-sectoral participation;

(2) Conduct continuing comprehensive studies and research on housing and urban development necessary for policy and program review and formulation;

(3) Develop and provide legal, regulatory and supervisory frameworks that promote the development of a sustainable market-oriented housing finance system to ensure the adequate flow of private funds into the primary and secondary mortgage markets;

(4) Develop clearly defined, transparent and well-targeted housing subsidy mechanisms to enhance access by low-income housing beneficiaries;

(5) Establish and maintain a management information system and sub-systems for monitoring and evaluating Department-wide programs and projects, including those that are executed by operating bureaus and offices;

(6) Manage and maintain a housing and urban development data bank to include a shelter indicator system, beneficiary profile, and other national database on shelter and urban development;

(7) Formulate policies, plans and procedures for data control and systems management;

(8) Act as the central repository of existing and future computer files;

(9) Maintain and operate the Department's library; and

(10) Establish and maintain a viable information network with other government agencies and instrumentalities.

(b) Administrative and Financial Service –

(1) Provide the Department with economical, efficient and effective services relating to personnel, communication, procurement, supplies, equipment, transportation services, collections, disbursement, security, and property management;

(2) Conduct in-house training; and

(3) Provide disbursement, budgeting, accounting, comptrollership and internal audit service to the Department.

(c) Legal Service –

(1) Conduct research on such matters brought before the Department's attention by interested parties and offices seeking legal advice, opinion and assistance;

(2) Recommend the issuance of opinions and the adoption of policies, rules and regulations based on the foregoing;

(3) Draft, recommend and review proposed legislative measures;

(4) Prepare and maintain an index, compilation, annotation and digest of laws, rules, regulations, commission and court decisions relevant to the Department's mandates;

(5) Review proposed contracts and/or agreements of the Department to ensure their consistency with existing laws, rules and regulations;

(6) As Special Counsels duly deputized by the Office of the Solicitor General (OSG), represent the Department in court for the purpose of defending the official acts of its officers and employees that were regularly and diligently performed in the course of the normal discharge of their functions;

(7) Prepare pleadings and other legal documents and submit progress reports on the cases handled by them;

(8) Attend and participate in congressional hearings and inter-agency meetings relative to the formulation of legislative measures, proposed executive issuances, rules and regulations and/or Memoranda of Agreement with other offices and agencies or the private sector; and

(9) Provide/extend legal advice assistance to other offices of the Department.

SEC. 14. *Regional and Field Offices.* – Consistent with the requirements of economy and efficiency, there shall be established a Regional Office, which shall be headed by a Regional Director, in every administrative region and in as many field offices as are necessary: *Provided,* That they are established in accordance with the regional pattern as prescribed by existing laws.

SEC. 15. *Functions of the Regional Directors and Regional Offices.* – While program bureaus exercise technical supervision functions over regional counterparts, the Regional Director shall be the responsible line official for all Department programs in the administrative region. The Regional Director shall be appointed by the President and shall report to the Secretary.

The Regional Office shall perform the following functions:

- (a) Ensure that Department program-goals are met and that programs are implemented in accordance with the duly adopted policies, standards and guidelines;
- (b) Ensure the consistency between the overall regional development goals and programs and the National Urban Development Strategy and between Department programs and regional plans of other government agencies;
- (c) Directly manage and implement Department programs in the immediate geographic area;
- (d) Direct and evaluate the performance of field offices in the region;
- (e) Monitor, investigate and assess compliance with approved subdivision and condominium plans, endorse and recommend the filing of appropriate charges for violations thereof;
- (f) Coordinate with the LGUs with regard to their local urban development, land use and shelter plans, and provide the necessary technical assistance on devolved powers related to housing and urban planning as mandated by the Local Government Code and other related laws;
- (g) Administer the registration of homeowners' associations and condominium corporations;
- (h) Undertake the issuance of certificates of registration and licenses to sell for condominium and subdivision projects, and collect fees for the purpose;
- (i) Advise and coordinate the plans and programs of the Regional and Field Offices of the attached agencies and corporations; and
- (j) Perform such other functions as may be provided for by law and by the Secretary.

SEC. 16. *Functions of Field Directors and Offices.* – A Field Director shall head a Field Office and shall be accountable to the Regional Director. The Field Officer shall directly administer Department programs in his/her jurisdictional area and shall ensure their proper implementation.

The field director shall maximize his/her detail in the areas under jurisdiction by closely coordinating with the local planning officer, the pertinent sanggunian committee, the Urban Poor Affairs Office (UPAO), and the local housing boards, if any, for program monitoring, implementation and enforcement.

SEC. 17. *Relationship Among the Regional and Field Offices of the Department, its Attached Agencies and Corporations, and the LGUs.* – The relationship among the Regional and Field Offices of the Department, its attached agencies and corporations, and the LGUs, shall be purely coordinative.

CHAPTER III

ATTACHED AGENCIES AND CORPORATIONS

SEC. 18. *Attached Corporations and Agencies and their Functions.* – Any provision of law or their respective charters to the contrary notwithstanding, the following corporations and

agencies are hereby attached to the Department for general supervision, and policy and program coordination. They shall continue to operate and function in accordance with their respective charters, laws or orders creating them insofar as they are not inconsistent with this Act:

- (a) Home Guaranty Corporation (HGC);
- (b) National Housing Authority (NHA);
- (c) National Home Mortgage Finance Corporation (NHMFC);
- (d) Home Development Mutual Fund (HDMF), and
- (e) Housing and Land Use Regulatory Board (HLURB), hereby renamed the Housing and Urban Development Adjudication Commission (HUDAC).

Any and all exemptions from the compensation and position classification provided for under Republic Act No. 6758, otherwise known as the "Compensation and Position Classification Act of 1989" which were previously granted to any and all of the abovementioned attached agencies and corporations, are hereby withdrawn.

Any provision of law or the respective charters of the abovementioned corporations and agencies to the contrary notwithstanding, the Secretary shall, in a concurrent capacity, be the *ex officio* Chairman of the respective boards of HGC, NHA, NHMFC and HDMF.

SEC. 19. *Reconstitution of the Governing Bodies of Attached Corporations and Agencies.* – The governing bodies of the corporations and agency attached to the Department are hereby reconstituted as follows, any provision of law or their respective charters to the contrary notwithstanding:

(a) Home Guaranty Corporation (HGC). The Board of Directors of the HGC shall be composed of the Secretary as *ex officio* chairman, the Secretary of Finance as vice chairman, and the following as members: the President of the HGC, the Director-General of the NEDA, and three (3) others to be appointed by the President of the Philippines, who shall serve for a term of five (5) years: *Provided*, That the person appointed shall be of good moral character, of unquestionable integrity, of known probity and patriotism, and with expertise and experience of at least ten (10) years in business, finance, and in their professions: *Provided, further*, That in the event of a vacancy, the successor appointed to fill the said vacancy shall serve only the unexpired portion of the term of the member he succeeds.

(b) National Housing Authority (NHA). The Board of Directors of the NHA shall be composed of the Secretary as chairman, the General Manager of the Authority as vice chairman, and the following as members: the Secretary of the Department of the Interior and Local Government (DILG), the Chairman of the National Anti-Poverty Commission, the Chief Executive Officer of the NHMFC and two (2) others to be appointed by the President of the Philippines, one of whom shall represent the real estate and housing industry and the other shall represent the NGOs or POs.

(c) National Home Mortgage Finance Corporation (NHMFC). The Board of Directors of the NHMFC shall be composed of the Secretary as chairman, the Chief Executive Officer of the

NHMFC as vice chairman, and the following as members: the Administrator of the SSS, the General Manager of the GSIS, the Chief Executive Officer of the HDMF, and two (2) others to be appointed by the President of the Philippines, one of whom shall represent the real estate and housing industry and the other shall represent the NGOs or POs.

(d) Home Development Mutual Fund (HDMF). The Board of Trustees of the HDMF shall be composed of the Secretary as chairman, the Secretary of the Department of Finance (DOF) as vice chairman, and the following as members: the Secretary of the Department of Budget and Management (DBM), the Secretary of the Department of Labor and Employment (DOLE), the Chief Executive Officer of the HDMF, two (2) representatives of private employees, two (2) representatives of private employers, one (1) representative of government employees, and one (1) representative of the real estate and housing industry.

The representatives of the private employers and employees shall each be appointed by the President for a term of two (2) years: *Provided, however,* That of the first set to be appointed, one (1) representative of the employees and one (1) representative of the employers shall have a term of only one (1) year. The representatives of the government employees and the real estate and housing industry shall be appointed by the President for a term of two (2) years.

CHAPTER IV

REAL ESTATE ADJUDICATION COMMISSION

SEC. 20. *Renaming the Housing and Land Use Regulatory Board (HLURB).* – The HLURB is hereby renamed and reconstituted as the Housing and Urban Development Commission (HUDAC), which shall be attached to the Department for program and policy coordination and administrative supervision.

The regulatory functions of the former HLURB shall be performed by the Department with the HUDAC retaining the quasi-judicial functions thereof.

The Commission shall be composed of a chairman and eight (8) full-time members to be appointed by the President, majority of whom shall be members of the Philippine Bar while the others shall have a background or experience in urban development planning, management, architecture, civil engineering or other related fields. The chairman shall have the rank of a Commission Chairman IV while the commissioners shall each have the rank of a Commission Member IV. They must have been engaged in the practice of their respective professions or specialization or employed in an appropriate office for a period of at least five (5) years. In addition, no person who has been convicted of a crime involving moral turpitude shall be appointed as a chairman or a member of the Commission.

The incumbent full-time commissioners of the present HLURB shall remain in office unless they opt to avail of the retirement and separation benefits provided in Section 38 of this Act or are sooner removed for cause.

Upon expiration of their terms, they shall be entitled to retire under existing laws, if they are so qualified to retire thereunder, or to receive a compulsory retirement gratuity equivalent to

the total of two (2) times their basic salary as commissioner, for every year of service, whichever is higher.

The Commission may sit *en banc* or in three (3) divisions, each composed of three (3) members. The Commission shall sit *en banc* only for purposes of promulgating rules and regulations governing the hearing and disposition of cases before any of its divisions and regional branches, hearing and disposition of motions for reconsideration and formulating policies affecting its administration and operations. The Commission shall exercise its adjudicatory and all other powers, functions and duties through its divisions: *Provided*, That the commission sitting *en banc* may, on temporary or emergency basis, allow cases within the jurisdiction of any division to be heard and decided by any other division whose docket allows the additional workload and such transfer will not expose litigants to unnecessary additional expense.

The concurrence of two (2) commissioners of a division shall be necessary for the pronouncement of judgment or resolution. Whenever the required membership in a division is not complete and the concurrence of two (2) commissioners to arrive at a judgment or resolution cannot be obtained, the chairman shall designate such number of additional commissioners from the other divisions as may be necessary.

The conclusions of a division on any case submitted to it for decision shall be reached in consultation before the case is assigned to a member for the writing of the decision. It shall be mandatory for the division to meet for purposes of the consultation ordained herein. A certification to this effect signed by the presiding commissioner of the division shall be issued and a copy thereof attached to the record of the case and served upon parties.

The Commission, when sitting *en banc* shall be assisted by the executive clerk and, when acting through its divisions, by the division executive clerks in the performance of such similar or equivalent functions and duties as are discharged by the Clerk of Court and Deputy Clerks of Court of the Court of Appeals.

SEC. 21. *Term and Compensation.* – The members of the HUDAC shall be appointed for a term of six (6) years without reappointment. Appointment to any vacancy shall be only for the unexpired term of the predecessor and shall receive the same salaries and emoluments of a Commissioner of the National Labor Relations Commission (NLRC).

SEC. 22. *Power and Authority of the Commission.* – In the exercise of its judicial functions, the HUDAC shall be governed by the principles of justice, equity and fairness. It shall act as an impartial and independent tribunal and shall render judgment in accordance with law, evidence and merit of the case. In particular, the HUDAC shall have the following powers and authorities:

(a) Promulgate rules and regulations governing the hearing and disposition of cases filed before it and those pertaining to its internal functions and such other regulations as may be necessary to carry out the purposes of this Act: *Provided*, That it shall not be bound by technical rules of procedure but shall proceed to hear and decide all cases, disputes or controversies in a

most expeditious manner, employing all reasonable means to ascertain the facts of every case including conducting clarificatory hearing, if necessary, in accordance with justice, equity and merit;

(b) Exercise exclusive appellate jurisdiction over all cases decided by the housing and urban development arbiters. However, the Secretary may assume jurisdiction over any complaint or case and decide the same or certify such case for decision by the Commission if, in his opinion, he believes that the controversy involves massive fraud or unsound business practices or critical socioeconomic or environmental considerations that has serious potential impact on the interests of the sector of the general welfare;

(c) Administer oaths, summon the parties to a controversy, issue subpoenas requiring attendance and testimony of witnesses or the production of such books, papers, contracts, records, agreements, and other documents of similar nature as may be material to a just determination of the matter under investigation or hearing conducted in pursuance under this Act;

(d) Issue cease and desist orders, preliminary or permanent injunctions, whether prohibitory or mandatory, in all cases in which it has jurisdiction, and in which the pertinent provisions of the rules of civil procedure shall apply;

(e) Hold any person in contempt, directly or indirectly, and impose appropriate penalties therefor;

(f) Impose administrative fines and/or penalties for violation of this Act, Republic Act No. 7279, and other laws implemented by the HUDAC, including pertinent rules and regulations, orders, decisions and rulings: *Provided*, That the maximum imposable fines or penalties shall not exceed Five hundred thousand pesos (P500,000);

(g) To establish offices to cover as many provinces and cities, whenever and wherever it may be expedient, necessary and feasible;

(h) Deputize any law enforcement agency in the execution of its final orders, rulings or decisions;

(i) Directly utilize income generated from fees, fines, charges and other collections in the performance of its functions to defray operating expenses and provide allowances for its personnel;

(j) Issue writs, orders to execute demolition, or seizure or closure of property in accordance with its decision; and

(k) Exercise such other powers as implied, necessary or incidental to the carrying out the express powers granted to the HUDAC or to achieve the objectives and purposes of this Act, and other laws implemented by the Commission.

The Chairman, aided by the Executive Clerk Court IV shall have administrative supervision over the Commission and its regional branches and all its personnel including the Housing and Urban Development Arbiters.

SEC. 23. *Jurisdiction of the Housing and Urban Development Arbiters.* – The Housing and Urban Development Arbiters shall have original and exclusive jurisdiction to hear and decide cases of the following nature:

(a) On Real Estate –

- (1) Unsound and fraudulent real estate business practices;
- (2) Claims for refund against project owners, developers, dealers, brokers or salespersons;
- (3) Specific performance of contractual and statutory obligations filed by buyers of subdivision lots or condominium units against the owner, developer, dealer, broker or salesperson;
- (4) Squatting on subdivision lots;
- (5) Disputes involving buyer-financing agreements with any financing institution for condominium/subdivision projects;
- (6) Easements or rights of way affecting or involving subdivision and condominium projects;
- (7) Disputes between: (i) landowners and developers, and (ii) banks and developers, whenever the interest of buyers of subdivision lots, or house and lots, or condominium units are involved;
- (8) Partial redemption and release of mortgage titles of subdivision lots and condominium units;
- (9) Disputes involving easements of waterways, drainage, connections to public utilities, and light and view affecting subdivision and condominium projects;
- (10) Disputes involving homeowners' associations and condominium corporations, whether intra-corporate or inter-corporate;
- (11) Claims of brokers and/or salespersons for unpaid commissions for sales of condominium and/or subdivision projects and all other real estate brokerage transactions;
- (12) Disputes between lessors and lessees affecting subdivision and condominium units;
- (13) Cases filed by subdivision or condominium owners or developers and mortgage financing institutions against lot or unit buyers for collection of unpaid amortizations; and
- (14) Other related cases arising from contractual or statutory obligations of owners, dealers, brokers or salespersons towards lot or unit buyers.

(b) On Housing and Land Use Planning and Regulation

Complaints in areas without local zoning administrators and/or local zoning boards of appeals involving: (i) opposition to any land use or development project; and (ii) petitions for recall or revocation of the grant by a local government official of any zoning or locational clearance permit, both on the ground that the same is violative of land use planning laws and/or zoning ordinances.”

(c) On Shelter Rights –

SEC. 23. *Jurisdiction of the Housing and Urban Development Arbiters.* – The Housing and Urban Development Arbiters shall have original and exclusive jurisdiction to hear and decide cases of the following nature:

(a) On Real Estate –

- (1) Unsound and fraudulent real estate business practices;
- (2) Claims for refund against project owners, developers, dealers, brokers or salespersons;
- (3) Specific performance of contractual and statutory obligations filed by buyers of subdivision lots or condominium units against the owner, developer, dealer, broker or salesperson;
- (4) Squatting on subdivision lots;
- (5) Disputes involving buyer-financing agreements with any financing institution for condominium/subdivision projects;
- (6) Easements or rights of way affecting or involving subdivision and condominium projects;
- (7) Disputes between: (i) landowners and developers, and (ii) banks and developers, whenever the interest of buyers of subdivision lots, or house and lots, or condominium units are involved;
- (8) Partial redemption and release of mortgage titles of subdivision lots and condominium units;
- (9) Disputes involving easements of waterways, drainage, connections to public utilities, and light and view affecting subdivision and condominium projects;
- (10) Disputes involving homeowners' associations and condominium corporations, whether intra-corporate or inter-corporate;
- (11) Claims of brokers and/or salespersons for unpaid commissions for sales of condominium and/or subdivision projects and all other real estate brokerage transactions;
- (12) Disputes between lessors and lessees affecting subdivision and condominium units;
- (13) Cases filed by subdivision or condominium owners or developers and mortgage financing institutions against lot or unit buyers for collection of unpaid amortizations; and
- (14) Other related cases arising from contractual or statutory obligations of owners, dealers, brokers or salespersons towards lot or unit buyers.

(b) On Housing and Land Use Planning and Regulation

Complaints in areas without local zoning administrators and/or local zoning boards of appeals involving: (i) opposition to any land use or development project; and (ii) petitions for recall or revocation of the grant by a local government official of any zoning or locational clearance permit, both on the ground that the same is violative of land use planning laws and/or zoning ordinances.”

(c) On Shelter Rights –

(1) Violations of the provisions of the Urban Development and Housing Act (Republic Act No. 7279), including but not limited to the following:

(1.1) Just and humane eviction/demolition procedure under Section 28 and pertinent implementing rules and regulations;

(1.2) Prohibition against professional squatters and squatting syndicates under Section 27 and pertinent implementing rules and regulations;

(1.3) Inventory of lands under Section 7 and pertinent implementing rules and regulations;

(1.4) Identification of sites for socialized housing under Section 8 and pertinent implementing rules and regulations;

(1.5) Limitations on the disposition of land for socialized housing under Section 14 and pertinent implementing rules and regulations;

(1.6) Registration of socialized housing beneficiaries under Section 17 and pertinent implementing rules and regulations; and

(1.7) Balanced housing development under Section 18 and pertinent rules and regulations.

(2) All ejectment cases where the party defendants are underprivileged and homeless citizens as defined by the UDHA (Republic Act No. 7279) or a duly registered association whose members are underprivileged and homeless citizens as defined by the UDHA (Republic Act No. 7279).

SEC. 24. *Criminal Prosecution.* – Criminal prosecution for violation of housing laws and regulations shall be instituted before regular courts with appropriate jurisdiction.

SEC. 25. *Housing and Urban Development Arbiters, Qualifications and Compensation.* – The Secretary, upon recommendation of the chairman of the Commission, shall appoint housing and urban development arbiter as the needs of the service may require for each administrative region. No person shall be appointed housing and urban development arbiters unless he has been a member of the Philippine Bar for at least five (5) years with at least two (2) years experience or exposure in the field of housing, real estate and/or land use planning and zoning.

The Housing and Urban Development Arbiters shall receive an annual salary and be entitled to the allowances and benefits equivalent to the salaries, allowances and benefits of labor arbiters of the National Labor Relations Commission.

SEC. 26. *Sheriff.* – The Commission shall appoint a sheriff or such number of sheriffs in its central and regional branches. No person shall be appointed to the position of sheriff unless he is a second grade civil service eligible and has finished at least two (2) years of college. The sheriff shall be responsible for the service or execution of all writs, summons and orders and other process of the Commission.

SEC. 27. *Appearances.* – A lawyer appearing for a party is presumed to be properly authorized for that purpose. A non-lawyer may appear before the HUDAC or the Housing Urban

Development Arbiter only if: (a) he/she represents himself/herself as party to the case; or (b) he/she represents an organization: *Provided*, That he/she shall be made to present written proof that he/she is properly authorized.

SEC. 28. *Appeals*. – Decisions, awards or orders of the Housing Urban Development Arbiter shall be final and executory unless appealed to the HUDAC within ten (10) calendar days from receipt of such decisions, awards or orders.

Decisions of the Commission shall be appealable only to the Court of Appeals by way of a petition for review within fifteen (15) days from notice of judgment, award or order, pursuant to Rule 43 of the 1997 Rules of Civil Procedure.

SEC. 29. *Prohibition Against Restraining Order or Injunction*. – No court of the Philippines except the Supreme Court and Court of Appeals shall have jurisdiction to issue any restraining order or writ of preliminary or permanent injunction against the HUDAC or its regional offices in any case, dispute or controversy arising from, necessary to, or in connection with the application, implementation, enforcement or interpretation of this Act and other pertinent laws on housing and eviction/demolition procedures.

SEC. 30. *Pending Cases*. – All cases pending in court not within the original and exclusive jurisdiction of the former HLURB as defined under Presidential Decree No. 957 as amended by Executive Order No. 648 shall continue to be heard, tried and decided into their finality: *Provided*, That enforcement of decisions in pending ejectment cases which eventually violate Section 28 of Republic Act No. 7279 may be subjected to the original and exclusive jurisdiction of the HUDAC.

CHAPTER V

PUBLIC ESTATES AUTHORITY

SEC. 31. *Public Estates Authority (PEA)*. – In addition to the existing mandate of the PEA created under Presidential Decree No. 1084, as amended by Executive Order No. 525, (series of 1979) and Executive Order No. 654 (series of 1981), the PEA is hereby mandated to ensure that its programs and projects are in accordance with the broader objective of the national urban development and housing framework. In coordination with the Department, the PEA shall undertake the development of new towns with complete basic facilities in urbanizable and urbanizing areas including growth areas to decongest existing urban communities.

The governing board of the PEA is hereby reconstituted to include the Secretary of the Department of Housing and Urban Development and the Secretary of the DILG as *ex officio* members.

CHAPTER VI

SHELTER FINANCE

SEC. 32. *Housing Assistance for HDMF, SSS and GSIS Members*. – As provided for in their respective charters, the HDMF, SSS and GSIS shall allocate annually funds to implement home lending and housing assistance programs which qualified members of these institutions

may avail of. For this purpose, the HDMF, SSS and GSIS shall provide annually the maximum limit of their investible funds for their housing programs. Any provision to the contrary notwithstanding, the integrity and character of the funds of the SSS, GSIS and HDMF for the benefit of its members shall not be prejudiced.

The funds allocated shall be used exclusively for home financing and no part thereof shall be used for administrative or operating expenses of these institutions.

New members of the HDMF shall be allowed to pay the required two (2)-year membership contribution in lump sum to immediately qualify for home lending and housing assistance programs.

Within thirty (30) days from the effectivity of this Act, the HDMF, SSS and GSIS shall jointly formulate the policies and specific terms that will govern implementation of their respective facilities for Retail Loan and Development Loan Programs. The same guidelines shall be adopted by government and private financial institutions implementing retail and developmental home financing programs.

SEC. 33. *Social Housing Fund.* – There is hereby established a Social Housing Fund (SHF) composed of the following fund sources:

- (a) Amounts provided for socialized housing under the annual General Appropriations Act;
- (b) Fifty percent (50%) of the twelve percent (12%) of all the proceeds of any sale, after deducting all expenses related to the sale, portions of military camps as provided in Republic Act No. 7227, as amended;
- (c) Loans, grants, bequests and donations, whether from local or foreign sources;
- (d) Proceeds from forfeited customs bonds; and
- (e) Ten percent (10%) of the mandatory annual contributions of the Philippine Charity Sweepstakes Office (PCSO) to the charity fund as provided for in Section 6 of Republic Act No. 1169 shall be channeled to this fund.

In addition, Sixty-five billion pesos (P65,000,000,000.00) from the unused portion of the Agri-Agra funds of banks to be accessed over a period of four (4) years from the effectivity of this Act shall be invested in low-cost and socialized housing.

The SHF shall be administered by the Department and shall be allocated solely for housing programs for the low-income group of the informal sector such as squatter relocation, sites and services program, urban renewal, rental housing, land banking and livelihood assistance programs in resettlement areas. The programs and projects that will be funded under said fund and the implementing bureau or agency shall be determined by the Department.

CHAPTER VII

TRANSITORY PROVISIONS

SEC. 34. *Transfer of Powers and Functions.* – Within six (6) months after the approval of this Act, the powers and functions of the Housing and Urban Development Coordinating Council (HUDCC) shall be transferred to the Department. The foregoing transfer of powers and functions

shall include all applicable funds and appropriations, records, equipment, property and personnel as may be necessary. The same shall apply to agencies and government units which have not been abolished but whose functions have been transferred to the Department except the assets, pertinent funds, records, property, equipment and personnel of the HLURB needed for adjudicatory and related support functions. All purely governmental functions being performed by the HLURB shall be transferred to the Department. Likewise, all existing powers and functions of these agencies in their charters which are inherent and incidental to their corporate mandates shall be retained with the concerned agencies.

All *ex officio* functions of the Chairman of the HUDCC are likewise transferred to the Secretary.

SEC. 35. *Transfer of Rights, Assets and Liabilities.* – The Department shall, by virtue of this Act, be subrogated to all rights and assume all the liabilities of the HUDCC and all other agencies, or government units whose functions and powers have been transferred to the Department, and all their funds, records, property, assets, equipment and such personnel, as may be necessary, including unexpended appropriations and/or allocations except the assets, pertinent funds, records, property, equipment and personnel of the HLURB needed for adjudicatory and related support functions. All contracts and liabilities of the said offices are hereby transferred to and assumed by the Department and shall be acted upon in accordance with the Auditing Code and other pertinent laws, rules and regulations: *Provided*, That existing officers and employees of said agencies/corporations, shall continue to assume their posts in holdover capacity until their new appointments are issued.

SEC. 36. *Rationalization or Transfer of Functions of Attached or Related Agencies.* – The land use planning and enforcement functions including monitoring and issuance of licenses and permits of the HLURB as provided for under Sections 5a, 5b, 5c, 5d, 5g and 5h of Executive Order No. 648 and similar provisions in Executive Order No. 90; the implementation of the pre-relocation and post-relocation activities mentioned in Section 12 (e) 4 of this Act, as provided for in Section 28 of Republic Act No. 7279; and the powers, authorities and responsibilities vested in the HLURB with respect to the registration of homeowners' associations as provided for under Section 26 of Republic Act No. 8763 shall be transferred to the Department.

SEC. 37. *Structure and Staffing Pattern.* – Except for the position of Secretary, Undersecretary and Assistant Secretary, there shall be no hiring of new personnel for the Department. Within ninety (90) days from the effectivity of this Act, the Secretary shall formulate and submit to the Oversight Committee for its review and approval the Department's proposed organizational structure and staffing pattern that shall ensure that there is no duplication of functions between the Department and its attached agencies. After the Oversight's review and approval, the proposed organizational structure and staffing pattern of the Department shall be submitted to the President for final approval through the DBM within ninety (90) days.

The Oversight Committee shall be composed of the following:

- (a) The Chairpersons of the Senate Committee on Housing, Resettlement and Urban Planning, and the House Committee on Government Reorganization, as co-Chairpersons; and
- (b) The Chairpersons of the Senate Committee on Finance and the House Committee on Housing and Urban Development, the House Committee on Government Enterprises and Privatization, and the House Committee on Appropriations, as members.

The authorized positions created therein shall be filled by regular appointment by the President or the Secretary, as the case may be: *Provided*, That in the filling of positions created, the Secretary shall create an ad hoc committee composed of management and staff of the concerned agencies to ensure that preference shall be given to the personnel of the corporations or agencies affected by the restructuring provided in this Act: *Provided, further*, That such individuals comply with the qualification standards set by the Civil Service Commission (CSC) for the positions they shall be appointed to: *Provided, finally*, That if such individuals possess the same qualifications, seniority shall be given priority.

SEC. 38. *Separation from the Service.* – Employees separated and/or phased-out from the service as a result of the abolition and/or reorganization under the provisions of this Act shall within six (6) months from their separation and/or phase-out from the service receive a separation pay equivalent to two (2) times the monthly basic salary for every year of service in the government and the refund of their personal contribution plus interest including the government share to the GSIS. In addition, those who are qualified to retire shall be allowed to retire and be entitled to all benefits provided, under any of the existing retirement laws. The miscellaneous personnel benefits, the organization adjustment, and corporate funds may be used to fund the purpose.

CHAPTER VIII

FUNDING

SEC. 39. *Appropriations.* – The amount needed for the initial implementation of this Act shall be charged against the current year's appropriations of HUDCC and all corporations herein attached to the Department. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 40. *Additional Funding.* – Subject to existing rules and regulations, the funds and monies collected or which otherwise come into possession of the Department and its bureaus from fees, surcharges, fines and penalties which the Department and its bureaus may impose and collect under this Act, as well as an amount to be determined at the beginning of every calendar year representing twenty percent (20%) of the outstanding balance of the funds and monies shall be deposited as a special account in the General Fund and shall be disbursed for expenses necessary for the effective discharge of the powers and functions of the Department under this Act, except personal services requirements.

CHAPTER IX

MISCELLANEOUS AND FINAL PROVISIONS

SEC. 41. *Social Housing One-Stop Processing Centers.* – For purposes of socialized, low-cost, economic and middle-income housing development, the Department shall establish Social Housing One-Stop Processing Centers (SHOPCs) in the regions, which shall centralize the processing and issuance of all required permits, clearances and licenses: *Provided*, That for the foregoing purpose, the respective ceilings for socialized, low cost/economic and middle-income housing shall be jointly determined by the Department and the NEDA: *Provided, further*, That at any time, but not more often than once every two (2) years, such ceilings may be reviewed or revised to conform to prevailing economic conditions. All agencies involved in the issuance of said permits, clearances and licenses shall be represented in the SHOPC and shall assign to SHOPC regional centers personnel who shall be sufficiently authorized to process and issue the same.

SEC. 42. *Identification and Designation of Lands for Housing and Urban Development.* – The Department of Housing and Urban Development (DHUD), the Department of Agrarian Reform (DAR) and the Department of Agriculture (DA) shall, within ninety (90) days from effectivity of this Act, jointly identify agricultural lands which under Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law, and other existing laws, rules and regulations are already exempted from conversion requirements and which can be devoted for housing and urban development purposes: *Provided*, That the list shall exclude lands that are declared as non-negotiable for or protected from conversion under existing laws and issuances and those lands covered under Republic Act No. 6657: *Provided, further*, That the designation of lands for housing and urban development purposes shall neither prejudice the rights of qualified beneficiaries under Republic Act No. 6657 nor undermine the protected agricultural areas intended to ensure the attainment of food security under Republic Act No. 8435, otherwise known as the Agriculture and Fisheries Modernization Act (AFMA) and other existing laws: *Provided, finally*, That in the case of lands exempted from conversion and those whose application for conversion has been approved by the DAR, the applicant shall be allowed to proceed with any horizontal or vertical development without need for any prior clearance or approval from the DAR or the DA consistent with the terms of the approved order of conversion.

SEC. 43. *Creation of an Advisory Committee.* – The Department, within thirty (30) days from the effectivity of this Act, an advisory committee consisting of key representatives from the urban poor organizations and other marginalized groups, nongovernment organizations, academe, private sector, local government, the Presidential Commission for the Urban Poor (PCUP), and national government agencies shall be created to provide a forum for broader sector participation and dialogue on key housing and urban development issues and policies. The representatives of the urban poor and other marginalized groups shall be selected by their respective National Anti-Poverty Commission (NAPC) sectoral councils.

SEC. 44. *Disclosure and Divestment of Financial Interest.* – Before assumption into office, the Secretary, the Undersecretaries and the Assistant Secretaries shall submit to the CSC a list of all companies, partnerships or business enterprises, including non-profit organizations, in which they or any immediate member of their families within the second degree of consanguinity or affinity, have any form of financial interest or employment relationship, including consultancy: *Provided, however,* That all other forms of employment relationship held by the heads of the Offices of the Department shall be immediately terminated upon assumption into office.

Within thirty (30) days thereafter, complete divestment of financial interests in any institution, form or company, which falls under the supervisory or regulatory jurisdiction of the Department shall be made: *Provided, however,* That in cases where confirmation of appointments by the Commission on Appointments is required, the divestment, mandated herein shall be complied within thirty (30) days after such confirmation.

The divestment provided in the preceding paragraph shall likewise apply to the members or the immediate members of their families within the second degree of consanguinity having interest in any institution or activity which falls under the regulatory jurisdiction and supervision of the Department and the attached agencies and corporations.

SEC. 45. *Relationship with Other Government Departments.* – The Department and its priority projects shall enjoy preferential attention from the DENR, DAR, DA, Department of Justice and the LGUs, relative to the issuance of necessary permits and licenses necessary for the implementation of housing and urban development programs and projects.

Upon request of the Department or any of its bureaus, all government agencies with functions relative to the approval of the projects of the Departments or its duly authorized and endorsed entities, whether government or private, shall act upon and resolve the matter within ten (10) working calendar days. Toward this end, the Secretary with the approval of the President may establish an inter-agency Secretariat for the purpose of expediting the approval of said projects.

SEC. 46. *Mandatory Review Two (2) Years After the Enactment of this Act.* – The Department shall review the charters and mandates of attached agencies and corporations and recommend the necessary legislation to ensure consistency with the policy of this Act and avoid duplication of functions or any other dysfunction among the attached agencies and corporations.

SEC. 47. *Formulation of the Implementing Rules and Regulations* – Within three (3) months after the approval of this Act, the President shall convene an Inter-Agency Committee that shall formulate and issue the appropriate rules and regulations necessary for the efficient and effective implementation of any and all provisions of this Act, including applicable existing housing laws, formation of homeowners association to manage subdivision and condominium projects and availment of loans on terms easily affordable to all.

The Inter-Agency Committee shall be composed of the following:

(a) The Secretary of the DHUD, as chairman;

- (b) The Secretaries of the DOF, DILG, DAR and DENR;
- (c) The heads of the GSIS, SSS, NHA, NHMFC, REAC, HDMF and HGC;
- (d) The Chairpersons of the Senate Committees on Finance and Housing, Resettlement and Urban Planning; and the House Committees on Government Reorganization, Housing and Urban Development, Government Enterprises and Privatization, and Appropriations;
- (e) Two (2) representatives each from the dominant urban poor organization and NGOs, to be appointed by the Chairpersons of Joint Congressional Committee; and
- (f) Two (2) representatives each from the respective organizations of real estate brokers, real estate appraisers and real estate consultants.

SEC. 48. *Penal Provision.* – The Department shall impose a maximum imposable fine for violations of its standards, rules and regulations should not exceed Five hundred thousand pesos (P500,000.00): *Provided*, That said limit shall be accordingly adjusted by the Secretary, and such adjustment shall be reflective, but not exceed the annual rate of increase of the Consumer Price Index: *Provided, further*, That the Secretary may adjust such rates not more than once every three (3) years.

SEC. 49. *Separability Clause.* – If, for any reason or reasons, any part or provision of this Act shall be 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.

SEC. 50. *Repealing Clause.* – Provisions of laws, decrees, orders, proclamations, rules, regulations or parts thereof which are inconsistent herewith are hereby repealed, amended or modified accordingly.

SEC. 51. *Effectivity.* – This Act shall take effect fifteen (15) days following its complete publication in at least two (2) national newspapers of general circulation.

Approved,