

CONGRESS OF THE PHILIPPINES
FIFTEENTH CONGRESS
First Regular Session

HOUSE OF REPRESENTATIVES
House Bill No. 384

Introduced by Representatives
GLORIA MACAPAGAL ARROYO and DIOSDADO MACAPAGAL ARROYO

EXPLANATORY NOTE

The creation of the Department of Housing, Planning, and Urban Development endeavors to consolidate, rationalize, and coordinate the functions and powers of the National Home Mortgage Finance Corporation (NHMFC), Home Guaranty Corporation (HGC), Home Development Mutual Fund (HDMF), National Housing Authority (NHA), and Housing and Land Use Regulatory Board (HLURB), which are commonly referred to as the "key shelter agencies", with the end of establishing an efficient, effective, comprehensive, and integrated national and local housing, planning, and urban development program aimed at adequately addressing the basic housing needs and requirements of the Filipino family.

Presently, each of the above key shelter agencies have their own governing bodies, personnel, functions, and duties, as well as, systems and procedures. Consider the following:

- The NHMFC is a major government home mortgage institution, the main function of which is to operate a viable home mortgage market;
- The HGC mobilizes all necessary resources to broaden the capital base for the effective delivery of housing and other related services, primarily for the low-income earners;
- The HDMF (more popularly known as Pag-IBIG Fund) focuses on the administration of a nationwide provident fund for the government's housing program and formulates investment and collection strategies relative to housing;
- The NHA is the sole government agency which is engaged in the direct shelter production focusing on providing housing assistance to the lowest 30% of urban income earners; and
- The HLURB is the sole regulatory body for housing and land development that ensures equitable distribution and enjoyment of development benefits.

Taking these into perspective, there are problems in streamlining the bureaucracy and in coordinating the efforts of said agencies. These concerns do not work toward the full and timely implementation of the government's national housing program.

Moreover, the key shelter agencies are also under the administrative supervision of the Housing and Urban Development Coordinating Council (HUDCC) which is the highest policy-making and coordinating office as regards housing and urban development projects. This Council is yet another layer of officials and personnel, functions and duties.

The ultimate goal is to provide decent and affordable houses to every Filipino family at the soonest possible time and at the least cumbersome manner.

Corollary to this is the provision of livelihood opportunities, mass transportation, public safety, education, health care, and a clean environment thereby bringing about family dignity and stability, peace and order, population control and decongestion of urban centers, and the generation of employment and taxes. And, all these will certainly contribute to much-needed economic growth for the country.

It is for the foregoing purposes that the immediate approval of this bill is earnestly sought.


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GLORIA MACAPAGAL ARROYO and DIOSDADO MACAPAGAL ARROYO

**AN ACT CREATING THE DEPARTMENT OF HOUSING, PLANNING, AND
URBAN DEVELOPMENT, DEFINING ITS POWERS AND FUNCTIONS,
RATIONALIZING THE GOVERNMENT HOUSING SYSTEM,
AND FOR OTHER PURPOSES**

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

Chapter I

GENERAL PROVISIONS

SECTION 1. *Short Title.* – This Act shall be known as the “Department of Housing, Planning and Urban Development Act of 2010”. It shall hereinafter be referred to as the “Act”.

SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State to promote social advancement, economic growth and the well-being of the Filipino people by providing adequate opportunities for affordable and decent housing and ensuring the rational and full development of the country’s urban, urbanizing and urbanizable areas. Towards this end, the State shall:

- a. Undertake a just and comprehensive solution to the perennial housing problem in the urban areas;
- b. Develop an urban development policy as an integral part of the national development process;
- c. Ensure the optimum utilization of land resources in meeting the spatial and physical requirements housing and urban development;

- d. Institute standards that will reduce if not eliminate the gap between cost and affordability;
- e. Stimulate private home-building to levels that will promote and sustain economic growth and development in terms of expanded opportunities for employment, business and government revenues;
- f. Ensure that financial resources for housing shall be allocated equitably to all members of society and to develop a housing finance scheme that will tap alternative including non-traditional sources of funds for the comprehensive shelter program and, in the process, maximize the benefits to the homeless and underprivileged as defined in Republic Act No. 7279;
- g. Streamline and fuse all housing efforts and activities of various government corporations and agencies into a balanced, coordinated and responsive shelter delivery system;
- h. Implement the constitutional mandate on housing, the Urban Development and Housing Act and other relevant measures; and
- i. Ensure that the needs and interests of the majority are accorded full consideration in the formulation of national and local housing, planning and urban development plans.

SECTION 3. *Creation of the Department of Housing, Planning, and Urban Development.* – The Department of Housing, Planning and Urban Development is hereby created to carry out the foregoing policy and shall be headed by a Secretary to be appointed by the President of the Republic of the Philippines. It shall hereinafter be referred to as the “Department”.

SECTION 4. *Functions and Powers of the Department.* – The Department shall have the following exclusive functions and powers which it shall exercise by itself or through the corporations and agencies which are placed under its supervision:

- a. Formulate and implement policies for housing, planning, urban and rural development, and rational land use;
- b. Formulate and implement low cost and social housing programs for the benefit of deserving and homeless and underprivileged citizens in the urban and rural areas;
- c. Develop and undertake a continuing, comprehensive and integrated national housing, planning and urban development program base on properly identified needs and relevant factors at the regional, provincial, city, municipal and barangay levels;
- d. Supervise all corporations and agencies placed under the Department;

- e. Encourage the private sector to address and serve a large part of the country's housing needs;
 - f. Develop a housing financial system that will promote and ensure the adequate flow of private funds into the primary and secondary capital markets for the developmental and end-user financing requirements of housing, planning and urban development;
 - g. Effect a single regulatory system that shall govern all activities related to housing in urban and rural areas, planning, urban development and land use;
 - h. Coordinate and monitor the development activities of local governments toward a more effective housing delivery, optional land use, and the balanced growth of urban and urbanizing communities in relation to demographic factors, productive capacities and natural resource endowments;
 - i. Provide technical assistance and information to assist local governments in developing solutions to problems on housing, planning, community and urban development and oversee its implementation;
 - j. Adopt and promulgate development standards and guidelines that shall govern land use plans and zoning ordinances of local governments and property development of the public and private sectors;
 - k. Exercise initiative and assume a lead role in coordinating, supervising and integrating all government activities relative to housing, planning, urban development and national land use;
 - l. Conduct continuing and comprehensive studies and researches necessary for housing, planning and urban development in urban and rural areas;
 - m. Initiate and encourage deeper and active involvement and participation of a broader spectrum of the citizenry through housing cooperatives which shall be used as an avenue through which housing needs are assessed and recognized and, together with local governments, shall serve the implementing agencies for housing, planning and urban development programs;
 - n. Ensure sufficient and equitable budgetary support to housing policies and programs, district or province-wide low cost housing projects in both urban and rural areas pursuant to legislative 'districts' socio-economic development strategies and, likewise, for housing assistance in cases of national emergencies or disasters;
 - o. Recommend appropriate legislation in the furtherance of the State's policy on housing, planning and urban development;
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- p. Promulgate, adopt, amend, modify and/or repeal such rules and regulations as may be necessary to complement the intent and purpose of this Act, which rules and regulations shall, upon approval of the President of the Republic of the Philippines and upon due notice, have the force of law;
 - q. Discharge all responsibilities of government as may arise from treatise, agreements and other commitments on housing, planning, urban development and rational land use to which the country is a signatory, including the determination of the forms of assistance for housing, planning, urban development and land use to be extended through multilateral or bilateral assistance programs;
 - r. Enter into contracts, either foreign or domestic, under such terms and conditions as it may deem proper and reasonable under existing law;
 - s. Receive, take and hold by bequest, devices, gift, purchase or lease, either absolutely or in trust, for any of its purpose from foreign and domestic sources, any asset, grant or property, real or personal, subject to such limitations as are provided under existing law and regulations, and convey such asset, grant or property, invest and reinvest the same under this provision, and deal with and expand the Department's assets and income in such manner as will best promote the herein declared objectives;
 - t. Determine, fix and collect reasonable amounts to be charged as fees necessary for the effective implementation of all laws, rules and regulations which are enforced by the Department;
 - u. Standardize housing construction with due consideration to the indigenous materials available in the areas concerned;
 - v. Adopt rules and regulations for the transaction of business;
 - w. Implement a rational, well-balanced, orderly and efficient redevelopment of urban communities and the development of new settlements in rural and non-farm areas which indicate potential for accelerated growth to assure dwellers thereon of decent and affordable housing, job and livelihood opportunities, efficient mass transit, public safety, health care, educational opportunities, and clean environment;
 - x. Pursue an urban renewal of blighted and slum areas, resettlement and relocation of informal dwellers and containment of squatting pursuant to law in a just and humane manner; and
 - y. Perform such other functions as may be provided by law or as directed by the President of the Republic of the Philippines.
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Chapter II

THE DEPARTMENT PROPER

SECTION 5. *Composition.* – The Department shall be headed by a Secretary, who shall hereinafter be referred to as the “Secretary”, and who shall be assisted by two (2) Undersecretaries to supervise specific organizational functions such as operations (planning, technical, monitoring and special projects) and administration (to include legal and finance). The present heads of the corporations and agencies under and attached to the Department as enumerated in Section 9 hereof shall, if so appointed by the President of the Republic of the Philippines, concurrently serve as the Assistant Secretaries of the Department. The Undersecretaries and Assistant Secretaries/heads of attached corporations and agencies shall be appointed by the President of the Republic of the Philippines upon the recommendation of the Secretary.

SECTION 6. *Office of the Secretary.* – The office of the Secretary shall consist of the Secretary and his staff.

SECTION 7. *Secretary.* – The Secretary shall be appointed by the President of the Republic of the Philippines subject to confirmation by the Commission on Appointments.

No officer, external auditor, accountant or legal counsel of any private company or enterprise primarily engaged in the real estate and housing industry, and no person who has a substantial interest in the same in his own name or in the name of his relatives within the fourth degree of consanguinity or affinity, shall be eligible for appointment as Secretary within two (2) years from his retirement, resignation or separation therefrom or from the date of his total divestment of interests thereon.

The Secretary shall have the following functions and powers:

- a. Provide executive direction and supervision over the entire operations of the Department and its attached corporations and agencies;
- b. Review, approve and monitor all housing, planning and urban development activities in consultation with the concerned local government;
- c. Rationalize the housing system in such manner as may be necessary for the efficient and effective attainment of its objectives subject to the provisions of existing law;
- d. Review and approve requests for financial and manpower resources of all operating offices;
- e. Designate and appoint all officers and employees of the Department, including those of the attached corporations and agencies, except those officials whose

appointments are to be extended by the President of the Republic of the Philippines under their respective charters;

- f. Create such divisions, regional offices and other service units as may be necessary to carry out the powers and duties of the Department;
- g. Call on other agencies and instrumentalities of the government and private entities for cooperation and assistance in the performance of its functions;
- h. Formulate such rules and regulations as may be necessary for or incidental to the attainment of the objectives of this Act; and
- i. Perform such other tasks which the President of the Republic of the Philippines may direct from time to time.

SECTION 8. *Reorganization of the Housing and Urban Development Coordinating Council.* – The Housing and Urban Development Coordinating Council is hereby renamed to the Housing, Planning and Urban Development Coordinating Council, hereinafter referred to as the “Council” together with its functions, powers, duties, appropriations, records, assets, property and such personnel as may be necessary subject to Chapter IV of this Act.

The Council shall be composed of the Secretary of the Department as chairman, the Undersecretary of the Department of the Interior and Local Government as vice chairman, and the following as members: the heads of the corporations and agencies attached to the Department; the Administrator of the Social Security System; the General Manager of the Government Service Insurance System; the respective Secretaries of the Departments of Trade and Industry, Public Works and Highways, Transportation and Communication and Environment and Natural Resources; the Chairpersons of the Presidential Commission on Urban Poor and Metro Manila Development Authority; and one (1) representative each from the private real estate and housing industry, a non-governmental organization and the labor sector.

Subject to the control and supervision of the Secretary, the Council shall serve as the highest policy-making, planning and monitoring body in all matters pertaining to real estate, land use, housing, planning and urban development any provision of other laws to the contrary notwithstanding.

Chapter III

ATTACHED CORPORATIONS AND AGENCIES

SECTION 9. *Attached Corporations and Agencies.* – The following corporations and agencies are hereby attached and placed under the control and supervision of the

Department but they shall continue to perform their respective functions and powers not otherwise inconsistent with this Act:

- a. National Home Mortgage Finance Corporation
- b. Home Guaranty Corporation
- c. Home Development Mutual Fund
- d. National Housing Authority
- e. Housing and Land Use Regulatory Board

All actions taken by the foregoing corporations and agencies with respect to investment, allocation and disposition of funds, issuance of credit instruments, and such matters as may bear directly or indirectly on the policies, programs, and rules and regulations adopted by the Department shall require the prior approval of the Secretary.

SECTION 10. *Reconstitution of the Governing Boards of the Attached Corporations and Agencies.* – The governing boards of the herein attached corporations and agencies are hereby reconstituted as follows:

a. *National Home Mortgage Finance Corporation* – The board of directors of the National Home Mortgage Finance Corporation shall be composed of the Secretary as chairman; the chief executive officer of the National Home Mortgage Finance Corporation as vice chairman; and the Secretary of the Department of Finance, the Governor of the Bangko Sentral ng Pilipinas, the Administrator of the Social Security System, the General Manager of the Government Service Insurance System, the chief executive officer of the Home Development Mutual Fund, and a representative each from the private sector, a non-governmental organization and the labor sector as members;

b. *Home Guaranty Corporation* – The board of directors of the Home Guaranty Corporation shall be composed of the Secretary as chairman; the chief executive officer of the Home Guaranty Corporation as vice chairman; and the chief executive officer of the National Home Mortgage Finance Corporation, the Secretary of the Department of Finance, and a representative each from the private housing sector, the private commercial banks, a non-governmental organization and the labor sector as members;

c. *Home Development Mutual Fund* – The board of trustees of the Home Development Mutual Fund shall be composed of the Secretary as chairman; the chief executive officer of the Home Development Mutual Fund as vice chairman; and the respective Secretaries of the Departments of Labor and Employment, Finance, Trade and Industry, Budget and Management, and a representative each from the labor sector, private employees' group, private employers' group, public school teachers' group and the military as members;

d. *National Housing Authority* – The board of directors of the National Housing Authority shall be composed of the Secretary as chairman; the chief executive officer or General Manager of the National Housing Authority as vice chairman; and the respective Secretaries of the Departments of Public Works and Highways, Transportation and Communication, Labor and Employment, Finance, and Social Welfare and Development, and the Director General of the National Economic and Development Authority, the chairman of the Presidential Commission on Urban Poor, and a representative each from the private housing sector, a non-governmental organization and the labor sector as members; and

e. *Housing and Land Use Regulatory Board* – The commission proper of the Housing and Land Use Regulatory Board shall be composed of the Secretary as chairman; and the following as members: the commissioners of the Housing and Land Use Regulatory Board; the respective Secretaries of the Departments of Justice, Interior and Local Government, Agrarian Reform, Agriculture, Public Works and Highways, Environment and Natural Resources; the heads of the attached corporations and agencies; and a representative each from the private real estate and housing industry and a non-governmental organization.

The members of these corporations and agencies representing the private real estate and housing sector, non-governmental organizations, private employees, private employers, labor sector, public school teachers and the military shall be appointed by the President of the Republic of the Philippines. They shall be chosen from legitimate organizations which they represent and should be favorably endorsed by them. No representative of these sectors shall be appointed more than once to any of these governing bodies.

SECTION 11. *Attendance and Per Diems.* – The governing bodies of the attached corporations and agencies shall meet as often as may be necessary to carry out their functions and duties and the members thereof shall each receive a *per diem* in the amount of One Thousand Pesos (Php1,000.00) for every meeting actually attended and held; Provided, however, that no member shall receive more than two (2) *per diems* per month any provision of law or the charter of the attached corporations and agencies to the contrary notwithstanding.

Chapter IV

OTHER PROVISIONS

SECTION 12. *Transfer of Rights, Assets and Liabilities.* – The Department shall be subrogated to all the rights and assume all the assets, liabilities and funds, including any unexpended appropriation or allocation, as well as records, property, equipment and such necessary personnel, of the Council. All contracts and liabilities of the Council are hereby transferred to and assumed by the Department and shall be acted upon in accordance with the relevant auditing procedures, laws, rules and regulations.

SECTION 13. *Implementing Rules and Regulations.* – Within sixty (60) days after the approval of this Act, the Secretary, in consultation with the different departments and attached corporations and agencies, shall issue the necessary rules and regulations for purposes of implementing the provisions hereof.

SECTION 14. *Transitory Provisions.* – Until the effectivity of the Implementing Rules and Regulations, the rights and obligations of the present corporations and agencies subject of this Act shall continue to exist and shall be protected and discharged under the supervision of the Department.

SECTION 15. *Appropriation.* – The current appropriation of the Council is hereby transferred to the Department. Thereafter, the amount needed for the operation and maintenance of the Department shall be included in the General Appropriations Act.

SECTION 16. *Repealing Clause.* – The provisions of other laws, decrees, rules and regulations or parts thereof which are inconsistent with or contrary to the provisions contained in this Act are hereby amended, modified or repealed accordingly.

SECTION 17. *Separability Clause.* – Any portion of this Act which may be declared by competent authority as invalid shall not affect the validity of the remaining provisions hereof.

SECTION 18. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved,