

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

FIFTEENTH CONGRESS
FIRST REGULAR SESSION

HOUSE BILL NO. 2216

Introduced by Rep. Rodolfo G. Valencia

EXPLANATORY NOTE

This measure creating the Department of Housing and Urban Development is highly imperative and indeed long overdue in the rationalization of the shelter delivery system.

The Department shall serve as the primary agency in the preparation, integration, coordination, supervision of plans, programs, projects and activities of the government relative to the urban planning, development and renewal, including land use and zoning, housing, provision, regulation and finance, as well as marginal settlement assistance and services.

In this measure the said Department of need not be structured with the usual full complement of bureaus and service divisions. This is because the administrative and operational infrastructure is already in place—comprises of the existing housing agencies and GOCC's whose responsibilities over finance, production and regulation are already well-defined; the resources and capabilities of the private sector are waiting to be harnessed towards a massive development efforts; and the local governments simply need assistance in pursuing development efforts in their respective jurisdictions.

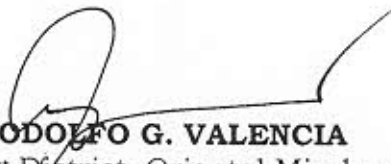
There is no compelling need to disturb the existing infrastructure. What is necessary is a "lean and mean" policy-making and overseeing body clothed with powers sufficient to ensure (1) that the existing housing agencies, local governments and the private sector operate in a concentrated and holistic fashions, and (2) that the housing and urban development effort is accorded the priority it deserves at the highest rungs of the government.

For these purposes, it is imperative to elevate the status of the present HUDCC into a Department, maintain its present complement of offices and personnel. This is to institute permanence, stability, self sustainability, continuing and effectiveness in the government shelter program—in order to

effectively pursue the constitutional mandate on housing and social justice on a long-term basis.

This may therefore well serve as our most outstanding legacy and our lasting service to the millions of homeless citizens of the country.

In view of the foregoing, the approval of this bill is earnestly sought.



RODOLFO G. VALENCIA
1st District, Oriental Mindoro

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AN ACT
CREATING THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT,
PROVIDING ITS MECHANISMS AND APPROPRIATING FUNDS THEREFOR.

Sec. 1. **Title.** This Act shall be known as the "Department of Housing and Urban Development Act of 2010".

Sec. 2. **National Policy.** It shall be the policy of the state to promote social advancement, economic growth and the well-being of the Filipino people by providing the greatest possible number of homeless Filipino families adequate opportunities for affordable and decent housing pursuant to the Constitutional mandate, and ensuring the sound development of the Nation's urban communities.

Sec. 3. **Creation of the Department of Housing and Urban Development** - To carry out the national policy, there is hereby created a Department of Housing and Urban Development, herein after referred to as the "Department". which shall have the following purposes:

- a.) to undertake a just and comprehensive solution to the perennial housing problem;
- b.) to ensure the optimum utilization of the land resources in improving the quality of life of the Filipino people;
- c.) to stimulate private homebuilding activity to levels that will promote and sustain economic growth and development in terms of expanded opportunities for employment, business and government revenues;
- d.) to promote the orderly development and growth of urban and urbanizing communities nationwide;
- e.) to ensure full coordination of various national activities which impact on housing, land use and urban development; and

- f.) to ensure that the needs and interests of the nation's communities and of the people who live and work therein are accorded full consideration in the formulation of national and local development plans.

Sec. 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 placed under its supervision;

- a.) Formulate and implement policies for housing, land use and urban development;
- b.) Develop and undertake a continuing comprehensive and integrated national housing and urban development program based on properly identified needs and relevant factors at local and regional levels;
- c.) Formulate and implement a continuing Social Housing Program for the benefit of deserving landless and homeless citizens in urban areas;
- d.) Encourage private enterprise to serve as large a part of the nation's housing need as it can, and develop the fullest cooperation with private enterprises in realizing housing goals;
- e.) Develop a housing finance 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 and urban development;
- f.) Effect a single regulatory system that shall govern all activities relative to the planning, production, marketing and maintenance of residential and commercial development projects;
- g.) Coordinate and development activities of local governments towards 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;
- h.) Provide technical assistance and information to assist local governments in developing solutions to problems on housing, community and urban development and/or renewal;
- i.) Adopt and promulgate development standards and guidelines that shall govern land use plans and zoning ordinance of local governments and property development of the public and private sectors;
- j.) Exercise initiative and, under the directions of the President, assume a lead role in coordinating the activities of land use and urban development;
- k.) Conduct continuing comprehensive studies, and make available findings, with respect to the problem of housing, land use and urban development;
- l.) Recommend appropriate legislation in furtherance of the state's policy on housing, land use and urban development;
- m.) Promulgate, amend and/or repeal such rules and regulations as may be necessary to complement the intent and purposes of this Act, which rules and regulations shall, upon approval by the President and upon due notice, have the force of law;
- n.) Discharge all responsibilities of government as may arise from treaties, 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;
- o.) Enter into contracts, either domestic or foreign, under such terms and conditions as it may deem proper and reasonable subject to provisions of law;
 - p.) Receive, take and hold by bequest, devices, gift, purchase or lease, either absolutely or in trust for any of its purposes from foreign and domestic sources, any asset, grant or property, real or personal, subject to such limitations as are provided in existing laws and regulations; and convey such assets, grants or property, invest and reinvest the same under this provision, and deal with and expand its assets and income in such manner as will best promote its objectives;
 - q.) Determine, fix and collect reasonable amounts to be charge as fees necessary for the effective implementation of all laws, rules and regulations enforced by the Department;
 - r.) Adopt rules and regulations for the transaction of its business;
 - s.) Call on other agencies or instrumentalities of the government and private entities for cooperation and assistance in the performance of its functions; and
 - t.) Perform such other acts not inconsistent with this Act as are necessary to achieve its purposes.

Sec. 5. **Officers of the Department** - The Department shall be headed by a secretary, hereinafter referred to as the Secretary, who shall be assisted by two (2) Undersecretaries. The heads of the corporations and agencies attached to the Department as enumerated in Section 8 hereof shall concurrently serve as Assistant Secretaries to the Secretary.

The Undersecretaries and heads of the corporations and agencies attached to the Department shall be appointed by the President upon recommendation of the Secretary.

Sec. 6. **Organizational Structure of the Department.** The Department may establish such regional offices as may be appropriate, and the Secretary shall have the authority to organize the internal structure of the Department in such manner as is necessary for the efficient and effective attainment of its objectives and purposes as set forth herein, subject to provisions of existing law.

Sec. 7. **Reorganization of the Housing and Urban Development Council** - the Housing and Urban Development Coordinating Council is hereby renamed Housing and Urban Development Council and placed under the Department together with its functions, powers, and duties, appropriations, records, assets, property, and such personnel as may be necessary.

It shall be composed of the Secretary of the Department as 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 and two (2) Representatives of the private real estate and housing industry.

Subject to the supervision and direction of the Secretary of the Department, the Council shall serve as the highest policy-making, planning and monitoring body for all aspects of and matters pertaining to real estate, land use, housing and urban development, provisions of law to the contrary notwithstanding.

Sec. 8. **Corporations and Agencies Attached to the Department.** - The following corporations and agencies are hereby attached to the Department:

- a.) National Home Mortgage Finance Corporation;
- b.) Home Guarantee Corporation;
- c.) The Home Development Mutual Fund;
- d.) National Housing Authority;
- e.) Housing and Land Use Regulatory Board; and
- f.) Public Estates Authority

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

Sec. 9. **Reconstitution of the Governing Bodies of Attached Corporations and Agencies.** - The Governing Bodies of the corporations and agencies attached to the Department are hereby reconstituted as follows, provisions of law or respective Charters to the contrary notwithstanding:

- a.) **National home Mortgage Finance Corporation** - the Board of Directors of the National Home Mortgage Finance Corporation shall be composed of the Secretary of the Department as Chairman, the Chief Executive Officer of the corporation as Vice Chairman, and the following as Members: the Administrator of Social Security System, the General Manager of the Government Service Insurance System, the Chief Executive Officer of the Home Development Mutual Fund, and two (2) representatives of private real estate and housing industry.
- b.) **Home Guaranty Corporation** - The Board of Directors of the Home Guaranty Corporation shall be composed of the Secretary of the Department as Chairman, the Chief Executive Officer as Vice Chairman, and the following as Members: the Chief Executive Officer of the National Home Mortgage Finance Corporation, and two (2) representatives of the private real estate and housing industry.
- c.) **Home Development Mutual Fund** - The Board of Trustees of the Home Development Mutual Fund shall be composed of the Secretary of the Department as Chairman, the Chief Executive Officer of the Mutual Fund as Vice Chairman, and the following as Members: the Chief Executive Officer of the Home Insurance Guarantee Corporation and two (2) representatives of the private real estate and housing industry.

- d.) **Housing and Land Use Regulatory Board** - The Commission Proper of the Housing and Land Use Regulatory board shall be composed of the Secretary of the Department as Chairman, and the following as Members: the four Commissioners of the Board and two (2) representatives of the private real estate and housing industry as Members.
- e.) **National Housing Authority** - The Board of Directors of the National Housing Authority shall be composed of the Secretary of the Department as Chairman, the General Manager of the Authority as Vice Chairman, and the following as Members: the Chief Executive Officer of the National Home Mortgage Finance Corporation and two (2) representatives of the private real estate and housing industry.
- f.) **Public Estates Authority** - The Public Estates Authority shall be composed of the Secretary of the Department as Chairman, the Chief Executive Officer of the Authority as Vice Chairman, and the following as Members: the Chief Executive Officer of the Home Insurance Guarantee Corporation, the Chief Executive Officer of the Mutual Fund and two (2) representatives of the private real estate and housing industry.

In order to ensure the success of government's shelter program, particularly the sustainability of funding housing and other shelter related projects by the HDMF, NHA, NHMFC and other similar government and/or private shelter entities:

- a.) all installment sales of house & lot packages, residential condominium units, and other similar housing packages funded by or through any of the aforementioned entities shall be wholly exempt from the coverage and application of Republic Act 6552 (Maceda Law).
- b.) Cases of forcible entry and unlawful detainer involving said housing packages shall fall exclusively under the jurisdiction of the Housing and Land Use Regulatory Board and shall be decided not later than 60 days;
- c.) In the event securitization is resorted to by any of the aforementioned entities in order to achieve sustainability of funding, mortgage origination, lease-purchase and/or Contract to Sell mechanism may be availed of; and
- d.) Banks, insurance companies and other financing institutions that will invest at least fifteen percent (15%) of their investible funds in bonds, securities, and other credit instrument that HDMF, NHA, NHMFC, and other similar government and/or private shelter entities shall issue in maximizing its secondary market availment shall enjoy full exemption from documentary stamps tax (DST) and value added tax (VAT);
- e.) Said instruments may be utilized by insurance companies as insurance reserves, and by banks as statutory and/or liquidity reserves as required under the Bangko Sentral Act;

Sec. 10. Urban Planning and Development Activities of Local Governments - Provisions of law to the contrary notwithstanding, all housing,

urban planning and development activities of local governments, whether or not covered by special charter, shall be subject to review and final approval of the Secretary.

Sec. 11. Establishment of a Housing and Urban Development Fund. - There is hereby established a Housing and Urban Development Fund composed of all available housing program funds currently under the disposition of the attached corporations and agencies enumerated in Section 8 hereof, all funds enumerated in Republic Act 7279, Republic Act 7835, Republic Act 6846 and such other funds as may hereafter be made available for housing and urban development purposes.

The allocation and disposition of the Fund shall be decided upon by the Secretary upon recommendation of the Housing and Urban Development Council. No portion of the Fund shall be used for administrative or operational cost of the Department or any of its attached corporations or agencies.

Sec. 12. Additional Powers of the Housing and Land Use regulatory Board. - Any provision of law to the contrary notwithstanding, the Housing and Land Use regulatory Board shall have exclusive original jurisdiction to adjudicate the following cases:

- a.) cases involving unsound and fraudulent real estate business practices;
- b.) cases involving claims for refund against project owners, developers, dealers, brokers, or salesmen;
- c.) cases of squatting on lands covered by subdivision plans duly approved by LGU's and/or the Housing and Land Use Regulatory Board;
- d.) cases of ejectment arrangements under the government's shelter program;
- e.) cases involving easements of right of way;
- f.) cases involving disputes between landowners and developers and between banks and developers whenever the interest of buyers of residential property is involved;
- g.) cases involving partial releases of mortgaged titles of development projects duly approved by LGU's and /or the Housing and Land Use Regulatory Board;
- h.) cases involving easements of waterways, drainage connections and light and view; and
- i.) cases involving disputes between lessors and lessees of leased or rented properties under the government shelter program.

Sec. 13. Inter-Agency Committees. - The Secretary may, from time to time, subject to the approval of the President, initiate the organization of ad-hoc interagency committees or task forces for purposes of coordinating the implementation of programs, projects and activities of the Department which may require complementary effort by other government agencies or instrumentalities.

Sec. 14. Designation of Private Sector Representatives. - The representatives of the private real estate and housing industry to the Housing

and Urban Development Council and the corporations and agencies attached to the Department shall be appointed by the President from among the nominees of the dominant organization in said industry and shall stay in office until replaced.

Sec. 15. **Per Diems.** - The members of the Council and the governing boards of the corporations and agencies attached to the Department shall receive an amount not exceeding One Thousand Pesos (P1,000.00) for every meeting actually attended. Said members, other than the Chief Executive Officers of the attached corporations and agencies, may designate their respective alternates whose acts shall be considered as acts of their principals and who shall have the right to receive the pertinent benefits.

Sec. 16. **Implementing Rules and Regulations.** - the Secretary is hereby authorized to issue such orders, rules and regulations as may be necessary to implement this Act efficiently and effectively; provided, that personnel movements shall be subject to provisions of existing law.

Sec. 17. **Appropriation.** - The appropriation for the Housing and Urban Development Coordinating Council is hereby transferred to and appropriated for the operation of the Department.

The attached corporations and agencies enumerated under Section 8 hereof shall set aside such percentage of their annual net income as the Secretary may determine from time to time for any additional operational and administrative cost of the Department.

Sec. 18. **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. 19. **Separability Clause.** - If any portion of this Act is declared unconstitutional or invalid, the other portions not affected shall continue in full force and effect.

Sec. 20. **Effectivity.** - This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in two (2) newspapers of national circulation.

Adopted.