

CONGRESS OF THE PHILIPPINES
SIXTEENTH CONGRESS
First Regular Session

HOUSE OF REPRESENTATIVES
House Bill No. 1166



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 requirement 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 the 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 as 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 in to 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 this 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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AN ACT CREATING THE DEPARTMENT OF HOUSING, PLANNING AND URBAN
DEVELOPMENT, DEFINING ITS MANDATES, POWERS AND FUNCTIONS,
PROVIDING FUNDS THEREFORE AND FOR OTHER PURPOSES

CHAPTER 1
TITLE, VISION AND POLICIES

SECTION 1. *Title.* - This Act shall be known as the "Department of Housing, Planning and Urban Development Act of 2013".

SEC.2. *Declaration of Policies.* - The State shall, by law and for the common good, undertake in cooperation with the private sector, a continuing program of housing and urban development which will make available at affordable cost, decent housing and basic services to under-privileged and homeless citizens in urban centers and resettlement areas. It shall also promote *adequate employment opportunities to such citizens. In the implementation of* such program, the State shall respect the rights of small property owners.

The State shall pursue the realization of a modern, humane, economically-viable and environmentally-sustainable society where the urbanization process is manifest in towns and cities being centers of productive economic activity and is led by market forces; where urban areas have affordable housing, sustainable physical and social infrastructure and services facilitated under a democratic and decentralized system of governance; and where urban areas provide the opportunities for an improved quality of life and the eradication of poverty.

Poor dwellers in urban or rural areas shall not be evicted nor their dwelling demolished except in accordance with law.

CHAPTER II DEFINITION OF TERMS

SEC.3. *Definition of Terms.* - As used in this Act, the following terms shall mean:

- (a) **Attachment** refers to the lateral relationship between a department and the attached agency or corporation for purposes of policy and program coordination and as further defined in the Administrative Code.
- (b) **Housing** refers to the system and its components which establishes the residential quality of life including housing utilities, access to social services and other community facilities, security, and other aspects related to an individual's residence.
- (c) **Informal Settler Families (ISFs)** refer to households living in:
 - 1) Lots without consent of the property owner;
 - 2) Dangerous areas;
 - 3) Areas for government infrastructure projects;
 - 4) Protected/forest areas (except for indigenous people);
 - 5) Areas for Priority Development (APD if applicable); and
 - 6) Other government/public lands or other facilities not intended for habitation.
- (d) **Urban Development** refers to the process of occupation and use of land or space for such activities as residential, industrial, commercial and the like or their combinations necessary to carry out the functions of urban living. It entails the 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 a built environment.

CHAPTER III DEPARTMENT OF HOUSING, PLANNING AND URBAN DEVELOPMENT

SEC.4. *Creation and Mandates of the Department of Housing, Planning and Urban Development.* - There is hereby created the Department of Housing, Planning and Urban Development, hereinafter referred to as the Department, through the consolidation of the Housing and Urban Development Coordinating Council (HUDCC) and the Housing and Land Use Regulatory Board (HLURB). The Department shall act as the primary national government entity responsible for

the management of housing and urban development. It shall be the sole and main planning and policy-making, regulatory, program coordination, and performance monitoring entity for all housing and urban development concerns, primarily focusing on the access to and affordability of the basic human needs.

SEC.5. Powers and Functions. - The Department shall perform the following:

- (a) Formulate the national and urban development and housing policy and strategy that ensures consistency with the Philippine Development Plan to promote social and economic welfare, in coordination and consultation with the stakeholders, local government units (LGUs) and other government agencies;
- (b) Exercise initiative and assume a lead role in coordinating, supervising, and integrating all government activities relative to housing and urban development;
- (c) Formulate housing finance policies to promote the establishment of a self-sustaining, private sector-led housing finance system;
- (d) Develop and maintain a housing database that shall include a shelter and urban development management information system;
- (e) Manage and oversee the fast-tracked development of proclaimed housing sites, including the use of these land assets as resource mobilization strategy to raise alternative funds in developing new town housing projects which will serve as central relocation sites for the affected informal settlers;
- (f) Develop effective and efficient financing programs for housing beneficiaries and developers;
- (g) Ensure the Department's participation in sustainable development, climate change adaptation, and disaster risk reduction;
- (h) Enter into contracts, joint venture agreements, public-private partnerships, and such other memoranda of agreements or understanding either domestic or foreign, under such terms and conditions as the Department may deem proper and reasonable and subject to existing laws;
- (i) Discharge all responsibilities of government that may arise from treaties, agreements and other commitments on housing and urban development to which it is signatory, including the determination of

- forms of assistance for housing and urban development to be extended through bilateral or multilateral loans and/or assistance programs;
- (j) Receive, take and hold by bequest, device, 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 under existing laws and regulations;
 - (k) Exercise oversight function, coordination, monitor and evaluate the policies and programs of all its attached agencies;
 - (l) *Conduct continuing and comprehensive studies and research necessary for housing and urban development;*
 - (m) Provide assistance to build the capability of LGUs in urban development and management to strengthen the role of provinces, cities and municipalities as the primary entities for urban development, renewal planning and management;
 - (n) Monitor local government compliance with housing and urban development laws, standards and guidelines as well with their judicious and fair application of local housing and urban development ordinances;
 - (o) Support local government partnerships with communities, civil society organizations, non-government organizations, and private groups in the implementation urban development and renewal projects;
 - (p) Develop and establish a sector performance monitoring and assessment mechanism and monitor and independently report on the performance of national government agencies and LGUs in the housing and urban development sector to enable continuing improvements in sector policy and strategy formulation;
 - (q) *Lead in the disposition of lands intended for housing and owned by the Government or any of its subdivisions, instrumentalities, agencies or government-owned or-controlled corporations (GOCCs) such as but not limited to military reservations, lands reserved for government offices, facilities and other installations, and other land assets including friar lands which have not been used for the purposes for which they have been reserved or set aside for the past ten (10) years from the effectivity of Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992;*
 - (r) Declare an area as Urban Development Renewal site including the development and implementation of sub-projects jointly with the concerned LGUs under a Public-Private Partnership (PPP) arrangement;

- (s) Advocate and assist the LGUs in the establishment of Special Housing Fund (SHF) to be sourced from the proceeds of Real Property Tax (RPT) pegged at one percent (1%) of the assessed value of real property which will be exclusively used for housing and urban development and renewal projects of the LGUs;
- (t) Take the lead in the conduct of Pre- and Post-Proclamation activities as orchestrator and facilitator of the entire disposition process, including the stewardship of the Local Inter-Agency Committees (LIAC) which are *primarily tasked to oversee the implementation of housing proclamation projects*;
- (u) Effect and oversee a single regulatory system that shall govern all activities relative to the planning, production, marketing and management of housing and urban development projects;
- (v) Take over unfinished, incomplete or abandoned licensed real estate development projects under Presidential Decree No. 957;
- (w) Encourage the private sector to address and serve a larger part of the country's housing needs;
- (x) Promote, accredit and regulate the use of indigenous materials and technologies in housing construction;
- (y) Implement prototype projects, including the power of eminent domain in housing and urban development undertakings;
- (z) Determine, fix and collect reasonable amounts to be charged as fees and charges necessary for the effective implementation of all laws, rules and regulations enforced by the Department and impose reasonable fines and penalties for violation thereof;
- (aa) *Register, regulate and provide community development programs for Homeowners Associations (HOAs) and Condominium Units Owners Association/Corporations (CUOA/Cs);*
- (bb) Formulate and ensure the implementation of housing policies and programs for urban poor communities and informal settler families (ISFs) that will promote the social and economic welfare of homeless families, particularly the poor and underprivileged;
- (cc) Initiate and encourage deeper and active involvement and participation of a broader spectrum of citizenry through housing cooperatives and civil society organizations which shall be used as an avenue through which housing needs are assessed and recognized and,

- together with the local government units, serve as the implementing agencies for housing and urban development programs; and
- (dd) Perform such other related functions as may be mandated by law.

SEC. 6. *Composition.* - The Department shall be composed of the Office of the Secretary, its immediate staff, the Offices of the Undersecretaries and Assistant Secretaries with respect to their specific areas of responsibilities and their respective staff, and the Offices directly supporting the Office of the Secretary.

SEC. 7. *The Secretary.* - The Secretary shall:

- a) Advise the President on the promulgation of rules, regulations and other issuances relative to matters under the jurisdiction of the Department;
- b) Establish policies and standards for the efficient and effective operations of the Department in accordance with the programs of the government;
- c) Promulgate rules, regulations and other issuances necessary in carrying out the Department's mandate, objectives, policies, plans, programs and projects;
- d) Exercise control and supervision over all personnel and functions of the Department;
- e) Delegate authority for the performance of any administrative or substantive function to subordinate officials of the Department;
- f) Call on other agencies and instrumentalities of the government and private entities for cooperation and assistance in the performance of its functions; and
- g) *Perform such other functions as may be provided by law or assigned by the President.*

The Secretary shall also serve as a voting member of the National Economic and Development Authority (NEDA) Board and the governing Boards of the Social Security System (SSS), the Government Service Issuance Center (GSIS), the Climate Change Commission (CCC), the National Disaster Risk Reduction Management (NDRMMC), and the Philippine Reclamation Authority (PRA). The Secretary shall be a member of NEDA's Committee on Infrastructure (INFRACOM), Investment Coordinating Committee (ICC), and Social Development Committee (SDC). The Secretary shall also be a member of the body authorized to formulate, prescribe, or amend guidelines under R.A. No. 6957 as amended, otherwise known as the Build-Operate-Transfer (BOT) Law.

SEC.8. *The Undersecretaries.* - Taking into account the requirement of the Department and subject to the approval of the President, the Secretary shall be assisted by:

- (a) One (1) Undersecretary for the Bureau of Policies, Coordination, Monitoring, Evaluation and Programs;
- (b) One (1) Undersecretary for the Bureau of Environmental, Land Use and Urban Planning and Development;
- (c) One (1) Undersecretary for the Bureau of Regulation of Housing and Real Estate Development; and
- (d) One (1) Undersecretary for the Bureau of Homeowners, Homeowners Associations and Community Development.

They shall have the powers and functions as provided for in Section 10, Chapter 2, Book IV of the Administrative Code of 1987. The Secretary is further authorized to delineate and assign the other functional areas of responsibility of the Undersecretaries.

SEC.9. *Qualifications and Appointment.* - The Secretary and Undersecretaries shall be citizens and residents of the Philippines, of good moral character, and of proven competence and integrity. They shall all be appointed by the President. The Undersecretaries shall be career officers.

SEC.10. *Departmental Bureaus and Regional Offices.* - The Department shall establish, operate, and maintain Bureaus under it such as but not limited to:

- a) Environmental Land Use and Urban Planning and Development;
- b) Housing and Real Estate Development;
- c) Community Development;
- d) Plans, Policies, Programs and Monitoring Group; and
- e) Legal and Support and Services Group.

There shall be Regional Offices in all of the country's administrative regions. Each Regional Office shall be headed by a Regional Director.

In addition to the existing functions of the HUDCC and the HLURB, the Regional Office shall perform such other functions as may be delegated by the Secretary.

SEC.11. *Staffing Pattern.* - The development of the staffing pattern shall be based on an assessment of the personnel requirements of the entire

Department as recommended by the Secretary and as approved by the Department of Budget and Management (DBM). The remuneration structure of the positions in the staffing pattern shall strictly conform to the Salary Standardization Law as amended.

CHAPTER IV HUMAN SETTLEMENTS ADJUDICATORY COMMISSION

SEC.12. *Reconstitution of the HLURB as the Human Settlements Adjudicatory Commission (HSAC).* - The HLURB is hereby reconstituted and shall henceforth be known as the Human Settlements Adjudicatory Commission hereinafter referred to as the HSAC, which shall operate as an independent Commission within the Department.

SEC.13. *Transfer of Adjudicatory Function of the HLURB to the HSAC.* - The adjudicatory function of the HLURB is hereby transferred to the HSAC.

SEC.14. *Composition and Qualification of Members.* - The HSAC shall be composed of the Secretary and nine (9) full-time Commissioners: *Provided, That* the term of incumbent Commissioners shall be respected: *Provided, further, That* the subsequent appointees of the President shall be members of the Philippine Bar of which three (3) Commissioners shall have experience in urban development planning, sustainable development, climate change adaptation and disaster risk reduction; three (3) shall be nominees of the urban poor and homeowners associations; and three (3) shall come from the private sector: *Provided, finally, That* each Division shall be composed of three (3) members shall have one (1) member representing the urban poor communities or the homeowners and homeowners associations.

The Commissioners must have been engaged in the practice of law for a period of at least five (5) years.

The Commissioners shall hold office for six (6) years or until they become incapacitated to discharge the duties of their office, whichever comes earlier.

No person who has been convicted of a crime involving moral turpitude shall be appointed at any time as a Member of the HSAC.

SEC.15. Collegiality, Divisions, and Sessions. - The HSAC shall exercise its adjudicatory and all other powers, functions and duties through the Divisions. The Divisions of the HSAC shall have exclusive appellate jurisdiction over cases decided by its Arbiters.

The HSAC 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 HSAC sitting *en banc*, presided over by the Secretary, 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 Arbiters in its Regional Offices and in formulating policies effecting its administration and operations.

SEC. 16. Decisions and Resolutions. - The concurrence of two (2) Commissioners of a Division shall be necessary for the pronouncement of a judgment or resolution. Whenever a 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 most senior Commissioner shall designate into the Division 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 cause and served upon the parties.

SEC.17. Precedence and Supervision. - The most senior Commissioner shall be the Presiding Commissioner of the first Division and the two (2) next senior Members shall be the Presiding Commissioners of the second and third Divisions, respectively.

The HSAC sitting *en banc* may designate any Commissioner who shall have administrative supervision over the HSAC and its Regional branches and all their personnel including the Arbiters.

The HSAC shall be assisted by the Board Secretariat which shall perform such similar or equivalent functions of the Board Secretary of the HLURB.

SEC.18. Compensation. - A Commissioner shall receive an annual salary at least equivalent to an Undersecretary.

The incumbent full time Commissioners of the present HLURB shall remain in office unless they opt to avail of the retirement and separation benefits as provided for in Sec. 34 of this Act or are sooner removed for cause.

SEC.19. Jurisdiction. - In addition to the existing jurisdiction of HLURB, the Arbiters shall exercise exclusive jurisdiction to hear and decide cases involving the following:

- a) Exclusive original jurisdiction on the following cases involving real estate properties, subdivisions and condominiums:
 - 1) Squatting on subdivision lots and condominium units;
 - 2) Eviction and relocation of squatter communities in subdivisions and condominiums;
 - 3) Disputes involving buyer financing agreements with any financing institution for condominium or subdivision projects;
 - 4) Easements of right of way in subdivisions;
 - 5) Disputes involving condominium corporations;
 - 6) Disputes between landowners and developers, and between banks/financing institutions and developers whenever the interest of buyers is involved; and
 - 7) Disputes involving the enforcement of CLUPs.
- b) Housing rights. Exclusive original jurisdiction over violations of administrative rules and regulations implementing Sections 7,8,18 and 28 of R.A. No. 7279.

The Secretary may assume jurisdiction over any complaint or case and decide the same or certify such case for decision for the HSAC, when authorized by both Houses of Congress through a resolution, if the controversy involves massive fraud or unsound business practices of critical socio-economic or environmental considerations that may have serious potential impact on the interest of the sector or the general welfare.

SEC.20. Powers and Authorities of the HSAC. - In addition to the adjudicatory powers given to HLURB, the HSAC shall exercise the following:

- a) To issue writs and orders prohibiting demolitions, seizures or closures of property including temporary writs or orders restraining demolitions, seizures, and closures of property;

- b) To issue writs and orders to execute demolitions or seizures or closures of property in accordance with its decision or judgment;
- c) To impose administrative fines and/or penalties for violation of R.A. No. 7279, as amended, and other laws implemented by the HSAC, including pertinent rules and regulations, orders, decisions, and/or rulings: *Provided, That the HSAC may adjust such fines not more than once every three (3) years; and*
- d) To exercise such other powers as are implied, necessary, or incidental to *carry out the express powers granted to the HSAC or to achieve the objectives and purposes of this Act, and other laws implemented by the HSAC.*

SEC.21. Criminal Prosecution. - The criminal prosecution for violation of housing laws and regulations shall be instituted before criminal Courts having appropriate jurisdiction.

SEC.22. The Arbiters – Qualifications and Appointment. - The existing HLURB Arbiters shall be deemed qualified. Additional Arbiters shall be a member of the Philippine Bar for at least three (3) years, with at least two (2) years of experience or exposure in the field of real estate and land use development cases.

The President, upon the recommendation of the Secretary, shall appoint Arbiters, as may be necessary, for each administrative region, upon the recommendation of the HSAC *en banc*.

The HSAC *en banc* shall have the power to assign the Arbiters to the regional Offices.

SEC.23. The Sheriff. - The HSAC shall appoint a Sheriff or such number of Sheriffs in its Central and Regional branches. The person to be appointed to the position of Sheriff should be a second grade Civil Service eligible and has finished at least two (2) years of college. The Sheriff shall be responsible for the service and execution of all writs, summonses and orders and other processes of the HSAC.

SEC.24. Appeals. - Decisions, awards, or orders of the Arbiters shall be *final and executory unless appealed to the HSAC within fifteen (15) calendar days from receipt of such decisions, awards, or orders.* The appeal may be entertained only on any of the following grounds:

- a) If there is *prima facie* evidence or abuse of discretion on the part of the Arbiters in rendering the questioned decision, award, or order;
- b) If the decision, order, or award was secured through fraud or coercion, including graft and corruption;
- c) If the appeal is made purely on questions of award;
- d) If serious errors in the findings of facts are raised, which errors would cause grave or irreparable damage or injury to the applicant.

Decisions of the HSAC can be appealed to the Court of Appeals by way of a *Petition for Review within fifteen (15) calendar days from notice of judgment, award, or order sought to be appealed, pursuant to Rule 43 of the Rules of Court.*

SEC.25. *Prohibition against Restraining Order of Injunction.* - No lower Court of the Philippines shall have jurisdiction to issue any restraining order or writ of preliminary injunction or permanent injunction against the HSAC or its Arbiters in any case, dispute, or controversy arising from, necessary in connection with the application, implementation, enforcement, or interpretation of this Act and other pertinent laws on hearing and on just and humane eviction or declaration procedures.

SEC.26. *Pending Cases.* - All cases pending in regular Courts arising from or in connection with the implementation of pertinent laws on housing and on just and humane eviction and demolition procedures shall continue to be heard, tried, and decided to their finality on such Courts.

CHAPTER V ATTACHED AGENCIES

SEC.27. *Attached Agencies and Corporations.* - The following agencies and corporations are hereby attached to the Department for policy and program coordination, monitoring and evaluation:

- a) National Housing Authority (NHA);
- b) Home Guaranty Corporation (HGC);
- c) National Home Mortgage Finance Corporation (NHMFC);
- d) Home Development Mutual Fund (HDMF);
- e) Social Housing Finance Corporation (SHFC); and
- f) Human Settlements Adjudicatory Commission (HSAC).

All these agencies shall continue to function according to existing laws and their respective Charters. However, each of the heads of the attached agencies shall enter into a performance contract annually with the Secretary. Such contracts shall embody the national targets on housing and urban development and shall include the over-all administration of the agency and the streamlining of personnel for effective and efficient service.

The reorganization, merger, streamlining, abolition or privatization of any attached GOCCs shall be in consultation, with the Department and the GOCC concerned.

The appointment of the Board of Directors or Trustees of the attached GOCCs shall be in accordance with R.A. No. 10149, otherwise known as the GOCC Governance Act of 2011.

SEC.28. *Nature of Attachment.* - The Secretary shall be elected as Chairperson of the governing Board of the NHA, HDMF, NHMFC, SHFC, and HGC.

CHAPTER VI OTHER PROVISIONS

SEC.29. *Social Housing One-Stop Processing Centers (SHOPCs)* - The Department shall establish SHOPCs in the regions, which shall centralize the processing and issuance of all required housing-related permits, clearances, and licenses in accordance with Executive Order No. 45, series of 2001 entitled "Prescribing time periods for issuance of housing and related certifications, clearances and permits, and imposing sanctions for failure to observe the same": *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 than once every two (2) years, such ceilings may be reviewed or revised to confirm 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.30. *Identification and Designation of Lands for Housing and Urban and Rural Development.* - For the purpose of designating lands for housing and

urban and rural development, the Department, the DENR, the DAR and the DA shall, within one hundred eighty (180) days from the effectivity of this Act, jointly identify agricultural lands which under R.A. No. 6657, otherwise known as the Comprehensive Agricultural Reform Law, and other existing laws, rules and regulations are already exempted from conversion requirements: *Provided*, That the list shall exclude lands that are declared as non-negotiable or protected from conversion under existing laws and issuances and those lands covered under R.A. No. 6657: *Provided further*, That the designation of lands for housing and urban and rural development purposes shall neither prejudice the rights of qualified beneficiaries under R.A. No. 6657, nor undermine the protected agricultural areas intended to ensure the attainment of food security under R.A. No. 8435, otherwise known as the Agriculture and Fisheries Modernization Act of 1997 (AFMA) and other existing laws: *Provided further*, That in the case of lands exempted from conversion though these have been approved by the DAR, if these are contested by affected individual or community beneficiaries, it shall not 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 or conversion: *Provided, finally*, That all idle government lands in highly urbanized cities are hereby prioritized for housing and urban development purposes.

CHAPTER VII TRANSITORY PROVISIONS

SEC.31. *Absorption of Employees of the Consolidated Agencies.* - The existing civil servants of HUDCC and HLURB shall enjoy security of tenure and shall be absorbed by the Department in accordance with their staffing patterns and the selection process as prescribed under R.A. No. 6656 on the Rules on government reorganization, unless the civil servant wants to avail of Section 34 hereon.

SEC.32. *Transfer of Assets and Obligations.* - The following dispositive actions shall be implemented within six (6) months from the effectivity of this Act:

- a) The assets, equipments, funds, records and pertinent transactions of HUDCC and HLURB shall be transferred to the Department and the HSAC; and

- b) The Department and the HSAC shall cause the creation of additional positions and augment their budget appropriations as may be needed.

SEC.33. *Transition Period.* - All transfer of functions, assets, funds, personnel equipment, properties, transactions and personnel in the affected national government agencies and the formulation and implementation of the internal organic structures. Staffing patterns, operating systems, and revised budgets of the Department and the HSAC shall be completed within six (6) months from the effectivity of this Act, during which existing personnel shall continue to assume their posts in holdover capacities until new appointments are issued.

SEC.34. *Separation from the Service.* - Employees separated and/or phased out from the service as a result of the consolidation and/or reorganization under the provisions of this Act shall, within one (1) month from their separation and/or phase out from the service, receive separation benefits in accordance with existing laws.

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.

SEC.35. *Transfer of Functions.* - The following functions are hereby transferred as stipulated hereunder:

- a) The regulatory function of the HLURB, including the formulation, promulgation, and enforcement of rules, standards, and guidelines are hereby transferred to the Department;
- b) The HLURB's monitoring function, including the imposition of penalties for non-compliance to ensure that LGUs will follow the planning guidelines and implement their CLUPs/ZOs shall likewise be transferred to the Department; and
- c) The registration of incorporation of hometown associations and condominium corporations of the HLURB are hereby transferred to the Department.

SEC.36. *Transfer of Rights and Assets.* - The Department shall, by virtue of this Act, be subrogated to all rights and assume all the liabilities of the HUDCC and all the other agencies of the government whose functions and powers have been transferred to it, and all their pertinent funds, records, property, assets,

equipment and such personnel, as may be necessary, including unexpected portions of their appropriations, except the assets, pertinent funds, records, property, assets, equipment and personnel of the HLURB.

SEC.37. *Formulation of Implementing Rules and Regulations.* - The Secretary shall prepare and issue the implementing rules and regulations (IRR) of the Department within sixty (60) days upon the effectivity of this Act.

CHAPTER VIII IMPLEMENTING AUTHORITY AND FUNDING

SEC.38. *Implementing Authority.* - The Secretary is hereby authorized to undertake the implementation of the provisions of this Act and implement the necessary organizational changes within the specified six (6)-month transition period.

SEC.39. *Funding.* - The amount necessary for the initial implementation of the provisions of this Act shall be charged against the current year's appropriation of the HUDCC and HLURB. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

CHAPTER IX MISCELLANEOUS PROVISIONS

SEC.40. *Mandatory Review of the Implementation of this Act.* - The Department shall conduct and submit a report to Congress a review of the implementation of this Act at the end of the second year from the date of its effectivity.

SEC.41. *Repealing Clause.* - All laws, executive orders, proclamations, rules, regulations and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC.42. *Separability Clause.* - If, for any reason or reasons, any portion or provision of this Act shall be held unconstitutional or invalid, the remaining provisions not affected thereby shall continue to be in full force and effect.

SEC. 43. *Effectivity.* - This Act shall take effect fifteen (15) days after its complete publication in at least two (2) national newspapers of general circulation.

Approved,