

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7274



Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

EXPLANATORY NOTE

Metro Manila is one of the world's biggest and most densely populated megacities. It is 100% urban, and home to almost 13 million people which makes it the 3rd most populous urban area in the world. Admittedly, while urban areas are the engines of the country's economic growth, they are also home to more than three million slum dwellers or individuals illegally occupying improvised housing units in spaces owned by the government or private entities, and without proper sanitation, safe water supply, electricity and/or other basic human necessities.

Slum dwellers arrive in the cities in search of greener pastures, only to find themselves unable to afford decent housing, or worse, homeless. They seek job opportunities in cities that are unavailable in their hometowns. Some are internally displaced persons (IDP) due to natural hazards and armed conflicts. In fact, thousands still await relocation from the past typhoons that rendered them homeless – Yolanda, Ondoy, and Pepeng, among others. The Urban Poor Associates (UPA), a non-government organization monitoring eviction cases, reports that from 1996 to June 2008, a total of 287 demolition cases have rendered more than 85,000 families or more than 400,000 persons homeless. They are the poorest, and the most vulnerable in this country.

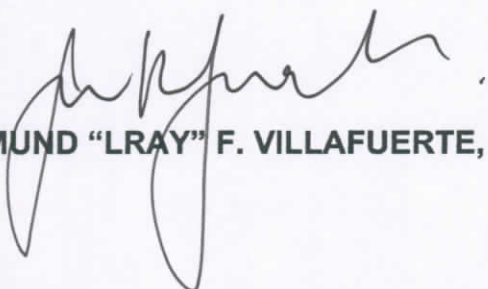
This bill intends to reduce, if not eradicate, homelessness in urban areas by providing access to socialized housing units to our underprivileged and homeless citizens. They shall be granted affordable and graduated amortization payment schemes, as well as

an opportunity to render manual service in the construction of their homes – reliving the *bayanihan* spirit in these communities.

We shall also tap the inter-agency partnership of the National Housing Authority (NHA), Home Development Mutual Funds (HDMF/PAG-IBIG), and the Department of Interior and Local Government (DILG) to ensure the efficient implementation of this bill.

Housing is a basic human need. It provides shelter, security and a sense of dignity. Hence, it is unfortunate that housing has remained a serious but unresolved problem in this country. The humble intent of this bill is to institutionalize the provision of socialized housing units in urban areas so that we will have fewer families sleeping in the streets, or risking their health and safety in shanties subject to demolition. The State has to meet the backlog of six million housing units to adequately cater to the housing needs of our people, otherwise, the figures are only expected to go up given the population increase, inept bureaucratic processes, and rapidly urbanizing areas.

In consideration of the foregoing premises, the passage of this bill is earnestly sought.



LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

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AN ACT

**ESTABLISHING A BAYANIHAN HOMEBUILDING PROGRAM FOR LOW
INCOME GROUPS THROUGH GRADUATED AMORTIZATION PAYMENT (GAP)
SCHEME AND FOR OTHER PURPOSES**

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

SECTION 1. Title. – This Act shall be known as the “Bayanihan Homebuilding Program Act of 2018.”

SECTION 2. Declaration of Policy. – It is hereby declared the policy of the State to promote the national shelter program and to implement a continuing program of socialized housing which will make available, at affordable cost, decent housing and basic services to low-income families in urban centers and rural areas. Towards this end, a self-help homebuilding mechanism, the Bayanihan Homebuilding Program, shall be established.

SECTION 3. Objectives. – The objectives of this Act shall be as follows:

- a) Enhance the capability of low-income groups to acquire decent and low-cost housing units through the introduction of self-help homebuilding mechanisms and facilities which will render affordable such acquisitions;

- b) Eradicate homelessness and poverty housing by means of conducting simple, decent and affordable housing for low income families;
- c) Enjoin the active participation of local government units and encourage people's effective participation in the development process of socialized housing programs through adequate measures for house construction in their respective areas;
- d) Serve the housing requirement of the underprivileged and those gainfully employed, and the members of the funding agencies such as the Government Service Insurance System (GSIS), Social Security System (SSS), and Home Development Mutual Fund (HDMF/PAG-IBIG).

SECTION 4. Definition of Terms. – As used in this Act, the following terms shall mean:

- a) "Affordable cost" refers to the most reasonable price of land and shelter based on the needs and financial capability of Bayanihan Homebuilding Program beneficiaries and appropriate financing scheme.
- b) "Graduated Amortization Payment" refers to the mode of payment wherein principal payments are deferred on the first few years of the term of the loan and designed to enhance the affordability to the beneficiary through a mechanism of increasing monthly amortization over the term of the loan.
- c) "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.
- d) "Slum or blighted area" refers to any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement of these factors, are detrimental to safety, health, or morals.

- e) "Bayanihan Homebuilding" refers to the cooperative endeavor of volunteers and qualified beneficiaries of this Act to invest time and labor for the construction of their simple, decent and affordable homes.
- f) "Underprivileged and homeless citizens" refers to beneficiaries of this Act and to individuals or families residing in urban and urbanizable areas whose income or combine household income falls within the poverty threshold as defined by the National Economic and Development Authority (NEDA), and who do not own their own homes. This shall include those who live in makeshift dwelling units and do not enjoy security of tenure.

SECTION 5. Eligibility Criteria for Bayanihan. – To qualify for the Bayanihan Homebuilding Program, a beneficiary:

- a) Must be a Filipino citizen;
- b) Must be underprivileged and homeless citizen, as defined in Section 4(f) of this Act, or if gainfully employed, must be a member of the GSIS, SSS, or HDMF/PAGIBIG, who applied for a socialized housing loan not exceeding One Hundred Eighty Thousand Pesos (P180,000.00);
- c) Must not own any real property, whether in the urban or rural areas;
- d) Must not be a professional squatter or a member of a squatting syndicate; and
- e) Must render at least 400 hours of volunteer labor for the construction of his own house.

SECTION 6. Registration of Bayanihan Homebuilding Program Beneficiaries. – The Housing and Urban Development Coordinating Council (HUDCC), in coordination with the local government units, shall design a system for the registration of qualified Bayanihan Homebuilding Program beneficiaries.

The local government units, within one (1) year from the effectivity of this Act, shall identify and register all beneficiaries within their respective localities.

SECTION 7. Participation of Volunteers. – Volunteers who are willing to render community service in the construction of homes for beneficiaries under this Act may participate and register in the Bayanihan Homebuilding Program subject to the requirements set by the local government units concerned within their respective localities.

SECTION 8. Graduated Amortization Payment (GAP) Scheme. – All duly accredited government financial institutions granting socialized housing loans to eligible Bayanihan Homebuilding Program beneficiaries shall adopt and implement the graduated amortization payment as the mode of payment for such loans.

The graduated increase in the amortization payment over the term of the loan shall be computed in accordance with the following conditions subject to the guidelines of duly accredited government financial institutions:

- 1) The initial payment of amortizations shall be made within thirty (30) days upon occupancy of the home unit;
- 2) The monthly amortization payments for the first ten (10) years shall be fixed at a minimum amount of Five Hundred Pesos (P500.00);
- 3) The graduated increase in the amortization payment not exceeding Two Hundred Fifty Pesos (P 250.00) shall commence on the 11th year and every three (3) years thereafter.
- 4) The amortization payments shall not exceed forty percent (40%) of the borrower's net disposable income. For this purpose, the net disposable income shall be defined as the gross verifiable monthly income less statutory deductions and amortizations of outstanding loan obligations. The monthly income shall be based on the income tax return(s) (ITR) with W-2 Form(s) duly

received by the Bureau of Internal Revenue (BIR) or other documents acceptable to duly accredited government financial institutions.

SECTION 9. Loan Period. – The loan period shall not be more than thirty-five (35) years and shall be shortened correspondingly to the difference between the age of the borrower at the time of the loan approval and retirement age.

SECTION 10. Interest Rate. – The government financial institutions (GFIs) shall charge the borrowers a fixed rate of nine percent (9%) per annum for the term of the location.

SECTION 11. Agency Responsibilities. – Anent the implementation of the Bayanihan Homebuilding Program, and subject to the limitations and requirements of their respective charters and other existing laws, and without impairing their financial or required reserve positions, the following agencies are directed as follows:

- a) **National Housing Authority (NHA).** – The NHA shall be the government agency engaged in the direct shelter production. It shall focus its efforts in providing housing assistance to the lowest 30% of urban income-earners through slum upgrading, squatter relocation, development of sites and services, and construction of core-housing units. In addition, it shall formulate the mechanism for the participation of the registered Bayanihan Homebuilding Program beneficiaries and volunteers in the construction and building of their home units. Further, it shall promote the use of indigenous, alternative and low-cost construction materials and technologies for socialized housing.
- b) **Home Development Mutual Funds (HDMF/PAG-IBIG).** – The HDMF/PAG-IBIG shall administer provident fund contributions collected from member employee and employers, utilizing funds not required for provident benefits for housing loans for members, and, in addition will be charged with the development of saving scheme for home acquisition.

- c) Department of Interior and Local Government (DILG). – The DILG shall facilitate coordination and ensure smooth implementation of the Bayanihan Homebuilding Program at the local government level.

SECTION 12. Implementing Rules and Regulations. – The Chairman of HUDCC in coordination with the NHA, HDMF/PAG-IBIG, and DILG shall promulgate rules and regulations necessary for the implementation of this Act.

SECTION 13. Separability Clause. – If any part or provision of this Act shall be held unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall continue its full force and effect.

SECTION 14. Repealing Clause. – any law, decree, rules and regulations, executive orders or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

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

Approved,