

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7931



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

EXPLANATORY NOTE

The humble intent of this bill is to help alleviate the financial struggles that many of our public school teachers face by instituting a housing program specially tailored to them. This would allow them to purchase a housing unit of their choice through loans with affordable interest and long-term repayment period. This legislation seeks to engage the NHA, National Home Mortgage Finance Corporation, Home Guaranty Corporation, and the Government Service Insurance System to spearhead the formulation and implementation of the proposed program.

In addition, this bill proposes the provision of on-site living quarters for public school teachers in remote and hard-to-reach areas free of charge. This is meant to be a boost to schools in rural areas, away from city centers, and promote quality education in every nook and cranny of the country.

Despite a higher net take-home pay and allowances from the tax reform this year, a salary increase for public school teachers is still due. Some educators boast a 30-year record in their profession yet remain in the lowest rank for public school teachers¹, as Teacher 1 who take home a monthly net income of PhP16,000.00 only under the Salary Standardization Law. These educators face the demands of the job, coupled with the current demands of public schools across the country, every day while tending to their own families. Calls for financial security for our teachers have

¹ <http://cnnphilippines.com/life/culture/2018/02/28/teachers-salary-philippines.html>

been heard, yet have to be acted upon. The bill proposed seeks to be a solution to the woes of our educators and our education system as a whole.

It is unfortunate that housing has remained a serious problem in the country, with a backlog of six million housing units needed to cater especially to the rapidly urbanizing areas. However, the government has stepped up through President Duterte's Joint Resolution, as approved by the House of Representatives and Senate on May 9, 2018, to allow the National Housing Authority (NHA) to award the unoccupied housing units of uniformed personnel to other qualified beneficiaries².

The housing needs of our people can no longer be delayed and homelessness by the poorest and most vulnerable should not be prolonged.

The approval of this bill is earnestly sought.



LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

² <http://www.manilatimes.net/govt-to-award-empty-housing-units/399233/>

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HOUSE BILL NO. _____

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AN ACT

INSTITUTING A COMPREHENSIVE HOUSING PROGRAM FOR PUBLIC
SCHOOL TEACHERS, PROVIDING FUNDS THEREFOR AND FOR OTHER
PURPOSES

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

SECTION 1. *Short Title.* – This Act shall be known as the "Pabahay Para sa Guro Program of 2018".

SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State to uplift the living conditions of teachers and promote a housing program to enable them to acquire their own housing units. To this end, the State affirms its commitment to strength, promote, and support the component activities of housing production and finance to order to enable teachers to acquire decent housing and basic services at the lowest affordable price.

SECTION 3. *Coverage.* – The Comprehensive Housing Program shall cover the teachers of the Department of Education (DepEd) with a permanent status.

Likewise, the provision of free on-site living quarters shall apply to public school teachers who are teaching in public schools far away from their respective homes and families and are forced, or have opted, to live in said areas where the school they teach at are located.

There shall be no distinction if the aforementioned public school teachers are new hires or transferees.

SECTION 4. *Role of Government Housing and Financing Agencies.* – To ensure the accomplishment of the objectives under this program, the hereunder mentioned housing agencies shall perform the following in addition to their respective existing powers and functions:

- a. The National Housing Authority shall undertake special housing projects for teachers. In addition, it may also provide technical and other forms of assistance to private developers in the development of housing projects;
- b. The National Home Mortgage Finance Corporation shall provide the mortgage market for teacher's housing through the purchase of teacher's housing mortgages and/or issuance of securities. It shall administer the funds provided for housing loans and developer assistance under this Act as well as long-term funds provided by the Government Service Insurance System and the Home Development Mutual Fund for teacher's housing;
- c. The Home Guaranty Corporation shall design an appropriate guarantee scheme to encourage financial institutions and private developers to undertake mass housing production for teachers. It shall administer the Guarantee System Fund as provided for under this Act;
- d. The Government Service Insurance System and the Home Development Mutual Fund shall be the primary provider of funds for long-term housing mortgages.

SECTION 5. *Role of the Department of Education.* – The Department of Education shall undertake the implementation of the program among its teachers and shall ensure collection of amortization payments through a salary deduction scheme. In line with this, the DepEd shall:

- a. Create a Teacher's Housing Secretariat which shall issue and collect the necessary documentation, receive and process application, and transfer the same to the appropriate housing agencies;

- b. Deduct amortization from their teachers on a monthly basis and remit the same to the appropriate agency.

SECTION 6. *Program Financing Scheme.* – In the implementation of the Teacher's Housing Program, the following shall consist the financing scheme:

- a. Housing Loans for Teachers which shall be used for any of the following purpose:
 - a. Purchase of a lot and construction of a residential unit thereon;
 - b. Purchase of any of the following:
 - i. Brand new or old existing units;
 - ii. Housing properties mortgaged with any institution;
 - iii. Housing assets being disposed off through public bidding or negotiated sale;
 - c. Purchase of a fully developed lot within a residential area;
 - d. Construction of completion of a residential unit on a lot owned by the beneficiary;
 - e. Home improvement or any alteration in an existing residential unit;
 - f. Restructuring of existing housing loan in any government housing of financial institution, provided that the account is updated.

Loans provided under this program shall be computed based on a net take home pay which shall not be lower than Three Thousand Pesos (Php 3,000.00). The interest rate on the loan shall not be more than ten percent (10%) per annum and shall be fixed for the entire term of the loan.

Provided, that if the borrower defaults on his amortization payment for reasons of his own doing, the financing agency may subject the borrower to a regular interest rate for the periods that he is in default.

To increase the benefits provided to teachers, loans under this scheme shall not be subject to such charges, fees or premiums except minimum processing fees to be charged by the appropriate agencies.

Loans provided for teachers earning less than Twelve Thousand Pesos (PhP 12,000.00) per month shall not be less than sixty percent (60%) of all available funds allotted for this purpose. At least forty five percent (45%) of the year appropriation for the Program shall be for Housing Loans.

- b. Developer Assistance Fund. Proponents or developers of housing projects exclusively for teachers and with a selling cost not exceeding One Hundred Twenty Thousand Pesos (PhP 120,000.00) per house and/or lot package which shall be available exclusively for teachers, may avail of a financing loan not exceeding eighty percent (80%) of the entire project cost. The National Home Mortgage and Finance Corporation, in coordination with the HUDCC, shall issue the appropriate guidelines for this purpose.

At least fifteen percent (15%) of the early appropriation for the program shall be for developer financing: Provided, that the unused funds for developer financing shall be utilized for Housing Loans.

- c. Guarantee System Fund. There is hereby created a guarantee system fund for Teacher's Housing Loans not exceeding One Hundred Fifty Thousand Pesos (PhP 150,000.00) with an interest rate of not exceeding twelve percent (12%) per annum as originate by the funding agencies or their accredited financial institutions. Such loans shall be assigned to the Fund immediately after origination for which the Fund shall issue promissory notes.

At least forty percent (40%) of the yearly appropriation for the Program shall be for the loan guarantee. The Home Guarantee Corporation shall undertake the guarantee system under this act and shall act as the administrator and trustee of the fund. The HGC shall issue the appropriate guidelines within one (1) year from the approval of this Act.

SECTION 7. *Fiscal Incentive for Private Sector participation in Teacher's Housing.* – Private sector developers who participate in the development of teacher's housing shall be entitled to the following fiscal incentives:

- a. Exemption from income taxes for housing projects exclusively dedicated for teachers;
- b. Exemption from capital gains tax on housing projects exclusively dedicated for teachers;
- c. Exemption from documentary stamp tax for all project related documentation;
- d. Exemption from value-added tax for the project concerned;
- e. Exemption from transfer taxes for both raw and completed projects; and
- f. Exemption from donor's tax for lands certified by the local government units to have been donated to teacher's housing purposes.

Provided, that upon application for exemption, the housing development plan shall have already been approved by the appropriate government agencies concerned: Provided, further, that all the savings acquired by virtue of this provision shall be used to minimize the cost of the housing units subject to the implementing guidelines to be issued by the Housing and Urban Development Coordinating Council.

The Department of Finance, in consultation with the Housing and Urban Development Coordinating Council, shall prepare the necessary implementing guidelines for the proper implementation of the tax exemption mentioned in this section within one (1) after the approval of this Act.

SECTION 8. *Provision of Free On-Site Living Quarters.* – The Department of Education shall, free of charge, provide livable and human living quarters at the nearest possible location to the public schools where the covered public school teachers in Section 9 of this Act are teaching.

Existing benefits and allowances already granted by law, rules, regulations and issuances to the covered public school teachers in this Act shall not be diminished, withdrawn or removed.

SECTION 9. *Implementing Rules and Regulations.* – The DepEd, in consultation with the Department of Public Works and Highways (DPWH), Department of the Interior and Local Government (DILG), the Department of Budget and Management (DBM), as well as national agencies mentioned in Section 4 of this Act, shall formulate and promulgate the necessary implementing rules and regulations for the successful implementation of this Act not later than ninety (90) days from the effectivity of this Act.

SECTION 10. *Funding Source.* – The Government Service Insurance System and the Home Development Mutual Fund shall contribute a total of Two Billion Pesos (PhP 2,000,000,000.00) for the initial implementation of the Program. Thereafter, each institution shall allocate at least ten percent (10%) of their annual investible funds for long-term teacher's housing mortgages and shall be made available to the National Home Mortgage and Finance Corporation under terms which ensure their repayment. The National Government shall contribute One Billion Pesos (PhP 1,000,000,000.00) annually for the continuous implementation of the Program.

SECTION 11. *Appropriations.* – The amount necessary to carry out the purposes of this Act shall be included in the General Appropriations Act of the year following its enactment into law and every year thereafter.

SECTION 12. *Separability Clause.* – Should any provision herein be declared unconstitutional, the same shall not affect the validity of the other provisions of this Act.

SECTION 13. *Repealing Clause.* – All laws, decrees, orders, rules, and regulations or other issuances or parts inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 14. *Effectivity Clause.* – This Act shall take effect in fifteen (15) days after publication in the Official Gazette or in one (1) newspaper of general circulation in the Philippines.

Approved,