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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4759



Introduced by Hon. John Marvin "Yul Servo" C. Nieto

EXPLANATORY NOTE

17 This bill seeks to provide a large-scale housing development plan that will integrate
18 all new and existing housing programs in the country. It will then be the
19 responsibility of the State, consistent with all pertinent rules and regulations, to
20 support through appropriations and institutionalization of programs the alleviation
21 of the perennial housing and resettlement problems that continue to plague our
22 country.

23 Socialized housing projects, without the access to necessary public services, is futile.
24 Relocated families will have to suffer long distances just to avail of basic health care,
25 education, and other public goods and services. This will inevitably pose additional
26 and unnecessary financial burden to our *kababayans*, which they do not, in any way,
27 deserve. Our countrymen deserve the best housing and resettlement policies, and
28 this bill aims to achieve just that.

29 As a manifestation of support to the initiative of Senator Bong Go, as well as the
30 consolidated efforts of the Department of Housing and Urban Development, the
31 National Housing Authority and all its instrumentalities, this representation
32 respectfully files this bill.

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JOHN MARVIN "YUL SERVO" C. NIETO

42 Republic of the Philippines
43 **HOUSE OF REPRESENTATIVES**
44 **Quezon City**

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49 **HOUSE BILL NO. 4759**
50

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52 **Introduced by Hon. John Marvin "Yul Servo" C. Nieto**
53

54
55 **AN ACT**
56 **PROVIDING FOR A NATIONAL HOUSING DEVELOPMENT, PRODUCTION,**
57 **AND FINANCING PROGRAM, REGULARIZING ITS APPROPRIATION FOR ITS**
58 **IMPLEMENTAION**

59
60 *Be it enacted by the Senate and House of Representatives of the Philippines in*
61 *Congress assembled:*
62

63
64 **SECTION 1.** This Act shall be known as the "**NATIONAL HOUSING**
65 **DEVELOPMENT, PRODUCTION, AND FINANCING (NHDPF) ACT OF 2020"**
66

67 **SECTION 2. Declaration of Policy.** –It is hereby declared a policy of the State to:
68

- 69 a) Undertake, in cooperation with the private sector, a continuing program of
70 housing and urban development which shall make available at affordable cost,
71 decent housing and basic services especially to the underprivileged and
72 homeless citizens;
73
74 b) Pursue the realization of a modern, humane, economically viable, and
75 environmentally-sustainable society where the urbanization process is
76 manifest in towns and cities being centers of productive economic activity and
77 is led by market forces; where urban and rural areas have affordable housing,
78 sustainable physical and social infrastructure and services facilitated under the
79 democratic and decentralized system of governance; and where urban and
80 rural areas provide the opportunities for an improved quality of life and
81 eradication of poverty;
82
83 c) Ensure that poor dwellers shall be provided with appropriate and innovative
84 housing program and support mechanisms to discourage further growth of
85 blighted communities; and,
86
87 d) Encourage on-site development, whenever feasible, in the implementation of
88 housing programs and shall promote the creation of new settlements with
89 basic facilities and utilities and development of sustainable urban renewal
90 programs.
91

92 Cognizant of the role of housing as stimulus of economic growth and development,
93 it is hereby declared a state policy to strengthen, promote, and support the
94 component activities of housing production and finance by ensuring

continuous/sustained funding support to scale-up the implementation of the major components of the National Housing Development and Production Program

SECTION 3. Statement of Objectives. – Towards this end, the State shall:

- a) Increase housing production by forging partnership among housing stakeholders to address the housing needs of the Filipino families by 2040.
- b) Generate and mobilize funds for housing purposes of Filipino families, giving priority to the homeless and underprivileged.
- c) Ensure the provision of support mechanisms/subsidy program to improve access of Filipino families to a variety of housing options.
- d) Guarantee the development of a strong, sustainable, accessible, and affordable housing finance system
- e) Encourage public and private sector participation in the implementation of government National Housing Development and Production Financing Program.

SECTION 4. National Housing Development Production Program Implementation – Consistent with the aforementioned policy and objectives, the Department of Human Settlements and Urban Development (DHSUD) and its attached Key Shelter Agencies, shall intensify the implementation of the vital components of the National Housing Development Production and Financing Program. The implementation of this program shall be carried out by the following agencies:

National Housing Authority (NHA) – the sole national government agency tasked to implement and develop the following housing programs intended for the bottom 30% of the income population:

- (1) Resettlement – This program addresses the requirements of families affected by
 - a. Government infrastructure projects,
 - b. Those living along danger areas and,
 - c. Those affected Supreme Court Mandamus. It entails the provision of vertical (from 5 to 15-storey residential building) and/or horizontal housing units, community facilities, socio-economic and other community support programs.

The program also involves the implementation of local/regional resettlement projects as joint National Government-Local Government undertakings to address the resettlement requirements of Local Government Units (LGUs) outside Metro Manila involving families in danger areas, those affected by infrastructure projects, indigenous peoples and former rebels.

The government infrastructure agencies shall submit an inventory of Informal Settler Families to be affected by their projects and their location to the appropriate housing agencies at least two years prior to its implementation and shall incorporate in their respective project costs the amount needed for the relocation and resettlement of affected families.

- (2) Government Employees Housing Program – This program is intended to provide decent and affordable housing to low-salaried government employees.

- 149
- 150 (3) Settlements Upgrading – This program aims to address the security of
- 151 tenure and infrastructure requirements of informal settlements on
- 152 government-owned lands proclaimed or designated as socialized
- 153 housing sites.
- 154
- 155 (4) Housing Program for Calamity Victims – this program is intended to
- 156 respond to the housing needs of low and marginal-income and/or
- 157 informal shelter families for transitional and/or permanent shelter
- 158 affected by calamities such as typhoons, landslides, earthquakes, and
- 159 fires for relocation to safe areas.
- 160 (5) Land Banking – this refers to the acquisition of land, which includes the
- 161 idle government lands, at values based on existing use in advance of
- 162 actual need to promote planned development and socialized housing
- 163 programs with a view to distribute the land to qualified socialized
- 164 housing beneficiaries.
- 165

166 It covers survey and titling of individual lots for disposition to qualified

167 occupants, infrastructure development, housing construction and

168 rehabilitation of existing project sites.

169

170 Social Housing Finance Corporation (SHFC) – mandated to undertake social housing

171 programs that will cater to the formal and informal sectors in the low-income bracket

172 and to take charge of developing and administering social housing programs,

173 particularly the Community Mortgage Program and its different modalities:

174

- 175 (6) Community Mortgage Program (CMP) – this is a mortgage financing
- 176 program, which assists legally organized associations of underprivileged
- 177 and homeless citizens to purchase and develop a tract of land under the
- 178 concept of community ownership. The primary objective of the program
- 179 is to assist residents of blighted or depressed areas to own the lots they
- 180 occupy, or where they choose to relocate to, and eventually improve
- 181 their neighborhood and homes to the extent of their affordability. The
- 182 different modalities of the CMP are as follows:
- 183
- 184 a. Sectoral CMP – a CMP modality that caters to the different sectoral
- 185 groups including but not limited to the basic sector groups needing
- 186 resettlement assistance. A sectoral group represents a group or
- 187 coalition of persons who share similar concerns and interests and
- 188 intend to avail of resettlement assistance from SHFC, including
- 189 Indigenous Peoples (IPs), Indigenous Cultural Communities (ICCs)
- 190 and other ethnic minority groups.
- 191 b. Housing for Peace Process and Nation Building CMP – a CMP modality
- 192 which would lead to the achievement of national peace and
- 193 development through the provision of housing to former rebels/rebel
- 194 returnees (FR/RR). This also includes rebuilding damaged or
- 195 destroyed homes in post conflict areas of internally-displaced persons
- 196 (IDPs).
- 197 c. Post-Disaster Rehabilitation and Reconstruction CMP – a CMP
- 198 modality which provides assistance to community housing projects in
- 199 times of disaster. This program allows the communities to
- 200 immediately embark on house construction and site development
- 201 which adhere to the minimum standards and specifications of the

design and structural components of disaster-resilient housing projects, as well as materials.

- d. Industrial Workers CMP – a CMP modality intended primarily for low-income employees of companies engaged in agro-industrial, industrial processing zone, tourist, recreational, commercial, and other enterprises.
- e. Site Upgrading/Development CMP – a CMP modality intended to provide site development and housing/building construction loans for projects whose lands are donated by private or public entities applicable to both on-site or resettlement projects.
- f. Mixed-Use CMP – a CMO modality aimed at developing a self-sustaining community by having a balanced mix of residential and commercial spaces, well developed infrastructure and recreational amenities along with green and open spaces and wellness areas. Under this modality, 9% of the project area shall be allotted for green spaces and 1% of project area for friendly facilities of Persons with Disabilities (PWD)

National Home Mortgage Finance Corporation (NHMFC) – A government corporation mandated to increase the availability of affordable housing loans to finance the Filipino homebuyers on their acquisition of housing units through the development and operation of a secondary market for home mortgages.

- (7) Securitization – this refers to the development of secondary market for home mortgages and other housing related receivables, conveyances, and financial instruments and the development/promotion of and investments in new housing-related financial instruments and investment vehicles and the capital markets thereof. Furthermore, this would also increase and sustain funds available for housing and home development.

Department of Human Settlements and Urban Development (DHSUD) – the primary national government entity responsible for the management of housing, human settlements, and urban development including the implementation of the following programs:

- (8) Public Housing – this is a housing program that is owned and/or managed by the government for the purpose of providing security of tenure to the underserved families including but not limited to the development of proclaimed socialized housing sites intended to promote the establishment of new towns, new settlements, and urban renewal.

The term “underserved families” refers to those who are disadvantaged in terms of access to basic services because of inability to pay or other disparities by reason of economic or social status, ethnicity, geographical isolation, and other circumstances.

- (9) Subsidy – this is a financing assistance scheme intended to enhance the affordability of well targeted and most financially incapable segment of the society. It is a grant extended to qualified low-income beneficiaries under the National Housing Development and Production Financing Program under any of the following alternative subsidy schemes:

- 255 a. Extension of Interim Shelter Fund to each of the family-beneficiaries
256 which they can use to find safe residency and livelihood to support
257 their families, pending the completion of their housing units in the
258 relocation sites.
259 b. Payment for upfront cost equivalent to 5% of the project cost (e.g.
260 mortgage insurance, titling, etc.); and
261 c. Monthly payment subsidy for the first five years of the loan period in
262 accordance with Section 3 (a) of RA 6846 or the Social Housing
263 Support Fund Act. The department shall be authorized to establish
264 the qualification and income requirements of borrowers who will
265 qualify for the amortization support subsidy.
266

267 The DHSUD, in coordination with the LGUs and other national government agencies,
268 shall be authorized to formulate the criteria and guidelines to select the beneficiaries
269 that may qualify for the subsidy program.
270

- 271 (10) Public Rental Housing – this program involves the extension of fiscal
272 assistance of up to a maximum of 50% of the total construction cost for
273 the National Government Agencies (NGAs) and Local Government Units
274 (LGUs) that shall construct and operate public rental accommodation to
275 eligible low-income families and housing safety net for the vulnerable
276 sectors (e.g. senior citizens, person with disabilities, etc.)
277

278 The DHSUD shall formulate the guidelines in the implementation of
279 public rental housing assistance including the adoption of the
280 lease/rental buy-back scheme.
281

- 282 (11) Survey of proclaimed lands for socialized housing and inventory of
283 government idle lands – this involves the survey of all occupied
284 government lands proclaimed by the President as suitable for socialized
285 housing and conduct of inventory of government lands which have been
286 idle for more than ten (10) years except lands owned by the GOCCs and
287 government financial institutions engaged in shelter financing as part of
288 its fiduciary obligations to its members and/or taken possession of in
289 their ordinary conduct of business.

- 290 (12) Such other program components as may be determined by the DHSUD
291

292 **SECTION 5. Appropriations by the National Government.** The amount of One
293 Hundred Thirty-Five billion, One Hundred Fourteen Million Pesos
294 (P135,114,000,000.00) or such amount necessary to carry out the provision of this
295 Act is hereby authorized to be appropriated annually though the General
296 Appropriations Act over a period of twenty (20) consecutive years commencing from
297 the year immediately succeeding the effectivity of this Act or until such time that
298 the total fund requirements provided for in this act shall have been fully released.
299

300 A total amount of Two Trillion, Six Hundred Sixty-Seven Billion, Two Hundred
301 Ninety-Three Million Pesos (P2,667,293,000,000.00) covering the continuing
302 requirement of this Act shall be appropriated to the DHSUD and Key Shelter
303 Agencies for the implementation of the following component programs of the NHDPF
304 Program:
305

- 306 (1) One trillion, seven hundred twenty-two billion, four hundred forty0six
307 million pesos (P1,722,446,000,000.00) for the implementation of the
308 following programs of NHA:

- 309
- 310 a. Eight hundred billion and six hundred ninety million pesos
- 311 (P800,699,000,000.00) to finance the Resettlement Program under
- 312 Section 4(1) of this Act;
- 313 b. Five hundred forty-three billion and four hundred nineteen million pesos
- 314 (P543,419,000,000.00) as subsidy for Government Employees Housing
- 315 under 4(2) of this Act;
- 316 c. One hundred sixty-four billion and two hundred sixty-five million pesos
- 317 (P164,265,000,000.00) for the Settlements Upgrading under Section
- 318 4(3) of this Act;
- 319 d. One hundred one billion and seven million pesos (P101,007,000,000.00)
- 320 for the Housing Program for Calamity Victims Section 4(4) of this Act;
- 321 and
- 322 e. Sixty-three billion and fifty-six million pesos (P63,056,000,000.00) for
- 323 the Land Banking under Section 4(5) of this Act.
- 324
- 325 (2) Four hundred fifty-three billion, two hundred million pesos
- 326 (P453,200,000,000.00) for the implementation of the Community
- 327 Mortgage Program under Section 4(6) of this Act.
- 328 (3) Fifty billion (P50,000,000,000.00) for the Capitalization of NHMFC under
- 329 Section 4(8) of this Act.
- 330 (4) Four hundred seventy-six billion, six hundred forty-seven million pesos
- 331 (P476,647,000,000.00) for the implementation of the following program of
- 332 the DHSUD
- 333
- 334 a. Three hundred sixty-five billion, nine hundred seventy-nine million
- 335 pesos (P365,979,000,000.00) to finance the Public Housing under
- 336 Section 4 (8);
- 337 b. Eighty-nine billion, one hundred thirty-one million pesos
- 338 (P89,131,000,000.00) as subsidy under Section 9, broken as follows:
- 339 i. Eighteen billion, five hundred thirty-one million pesos
- 340 (P18,131,000,000.00) as interim shelter finance assistance for
- 341 the informal settler-families who will be relocated under Section 4
- 342 (9a)
- 343 ii. Sixty-three billion, seven hundred ninety-six million pesos
- 344 (P63,736,000,000.00) as upfront subsidy under Section 4(9b)
- 345 iii. Six billion, eight hundred four million pesos (P6,804,000,000.00)
- 346 as amortization support under Section 4 (9c)
- 347 c. Twenty billion, four hundred fifty-six million pesos
- 348 (P20,456,000,000.00) to finance public rental housing under Section
- 349 4(10); and
- 350 d. One billion, eighty-one million (P1,081,000,000.00) to finance survey of
- 351 proclaimed lands and conduct of inventory of government idle lands
- 352 suitable for socialized housing under Section 4 (11).
- 353
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355 **SECTION 6. LGU Sources of Funds.** Section 43 RA 7279 on Socialized Housing

356 Tax is hereby amended, to read as follows:

357

358 Consistent with the constitutional principle that the ownership and enjoyment of

359 property bear a social function and to raise funds for the Program, all local

360 government units are hereby authorized to impose an additional one-half-percent

361 (0.5%) tax on the assessed value of all lands in urban areas. The proceeds from the

362 imposition of Socialized Housing Tax shall accrue to the special funds of the LGUs,

363 which shall be used for the development of socialized housing projects and
364 construction and estate management of public rental housing of the LGUs.
365
366

367 **SECTION 7. Implementation of the Securitization, Capital, and Secondary**
368 **Mortgage Operations Program.** The NHDP Securitization for the development of
369 the secondary market for home mortgages of and other housing related receivables,
370 conveyances, and financial instruments and the development/promotion of and
371 investments in new housing related financial instruments and investment vehicles
372 and the capital markets thereof, to increase and sustain funds available for housing
373 and home development shall be implemented as follows:
374

- 375 1. The NHMFC shall be the sole implementing agency for the NHDP securitization;
376 and
- 377 2. The NHMFC in coordination with the DHSUD, DOF, and BSP, and other
378 concerned agencies and private sector organizations, shall formulate a
379 program, the proceeds of which shall accrue to the Centralized Housing Fund.
- 380 3. The mortgages to be generated as a result of the implementation of the
381 component programs of the NHDP Program shall be sold and transferred to
382 NHMFC, which shall also serve as asset pool for securitization.
- 383 4. The NHMFC as the sole agency for the implementation of the NHDPA
384 Securitization shall manage the whole securitization process which includes
385 the following activities: determining the eligibility criteria for the asset pool;
386 defining the preliminary structure of the notes, bonds and or instruments to
387 be issued, third parties to be hired; and education/briefing of target investors
388 for all the issues.
- 389 5. The NHMFC and NHDPFA-issued bonds, notes, and securities shall be exempt
390 from the registration requirements under the Securities Regulation Law in
391 order to accelerate the issuance of its housing related securities/financial
392 instruments and, this, more reasonably provide the necessary fund for
393 housing developments.
- 394 6. Transactions by banks involving the purchase and sale of housing bonds,
395 debentures and such other similar instruments shall be exempt from the
396 twenty percent (20%) final tax on income, documentary stamps tax, gross
397 receipts tax, and value added tax.
- 398 7. The investors' yield or income from any socialized housing or economic
399 housing-related bond or asset-backed securities (ABS) issued by NHMFC
400 directly or through a special purpose entity under the Securitization Act shall
401 be exempt from the income tax. Such issuances shall enjoy all the tax
402 exemptions granted under Republic Act No. 9627 or the Securitization Act of
403 2004 pursuant to the State's policy of promoting the securitization of
404 mortgage and housing-related receivables of government housing agencies,
405 to generate investment and accelerate the growth of the housing finance
406 sector, especially for socialized and economic housing.
- 407 8. Bonds purchased by private real estate developers shall be considered as an
408 alternative compliance to the balanced housing requirements under section
409 18 of RA 7279 as amended by RA 10884, subject to the rules promulgated by
410 the Department of Human Settlements and Urban Development.
- 411 9. The Philippine Guaranty Corporation created pursuant to Executive Order No.
412 58 (S. 2018) shall guaranty payment of the balance outstanding and due on
413 the guaranteed principal obligation, plus interest and yields thereon up to
414 eleven percent (11%) per annum for socialized housing packages, ten percent
415 (10%) per annum for low-cost housing packages, nine and a half percent

(9.5%) per annum for the medium-cost housing packages and eight and one half percent (8.5%) per annum for open housing packages.

SECTION 8. Capitalization of National Home Mortgage Finance Corporation (NHMFC). The authorized capital stock of the NHMFC is hereby increased from P5,500,000,000.00 pesos to P50,000,000,000.00 pesos to expand its leveraging capacity based on the volume of mortgage loans being serviced to improve its profitability by reducing the average cost of its fund made available for home lending programs.

The capital of the National Home Mortgage Finance Corporation (NHMFC) shall be Fifty billion pesos (P50,000,000,000.00), to be full subscribed by the government of the Republic of the Philippines, hereafter referred to as the Government: *Provided*, that the P25,000,000,000.00 of the capitalization shall be funded from the General Appropriations Act and the remaining P25,000,000,000.00 shall be funded from the declared dividend of the NHMFC in favor of the National Government shall be deposited in a special account in the General Fund, and earmarked for the payment of NHMFC's increase in capitalization. Such payment shall be released and disbursed immediately and shall continue until the increase in capitalization has been fully paid.

SECTION 9. Tax Exemptions. – The NHMFC shall be exempt from all national, provincial, municipal, and city taxes on income derived from its governmental functions specifically income from its activities or transactions in the exercise of its mandates.

SECTION 10. Multi-Year Obligational Authority – The Secretary of the DHSUD and Heads of its attached housing agencies, pursuant to the National Housing Development, Production and Financing Program, projects and appropriations approved by Congress, shall, subject to the provisions of existing laws and regulations including those of the Commission on Audit and other such terms and conditions most favorable to the government, be given multi-year obligatory authority for housing program or project which will take more than one year to complete that requires multi-year appropriations.

SECTION 11. Private Sector Participation – To fast track the approval and implementation of housing projects and reduce the cost of socialized and low-cost housing units, the Bureau of Internal revenue, the Department of Agriculture, the National Irrigation Authority, the Philippine Coconut Authority, the Sugar Regulatory Administration, the Department of Agrarian Reform, the Department of Environment and Natural Resources, the Mines and Geosciences Bureau, the Laguna Lake Development Authority, the Department of the Interior and Local Government, the Local Government Units, the Land Registration Authority, and the Department of Human Settlements and Urban Development shall facilitate the release of the required housing-related permits, licenses, certifications and tax exemptions/rulings in accordance with the Republic Act 11032 or an Act Promoting Ease of Doing Business and Efficient Delivery of Government Services Amending for the Purpose Republic Act 2485 Otherwise Known as the Anti-Red Tape Act of 2007 and Other Purposes and Executive Order No. 45 (S. 2001).

In case the responsible officers of the agencies concerned fail or refuse to dispose of the application within the periods prescribed under RA 11032, the applicable administrative criminal liability as stated in Section 22 of RA 11032 shall be imposed.

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All the incentives enumerated under Section 20 of Republic Act 10884 or an Act Strengthening the Balanced Housing Development Program, Amending for the Purpose Republic Act No. 7279, as Amended, Otherwise known as the Urban Development and Housing Act if 1992 shall be extended to the private sector engaged in socialized and low-cost housing development including the construction and estate management of public rental housing.

The participation of owners and/or developers in any of the component programs of NHDPFA shall be treated as one of the manners of compliance to the balanced housing requirements subject to the conditions set forth under RA 10884.

SECTION 12. Collection Efficiency. – In order to improve collection efficiency, the NHA, SHFC, and NHMFC shall have the authority to foreclose mortgages, and/or evict beneficiaries in accordance with existing laws.

Section 13. Implementing Rules and Regulations. – The DHSUD shall promulgate rules and regulations necessary for the implementation of this Act.

Section 14. Repealing Clause. – All laws, decrees, executive orders, proclamations, rules and regulations and the issuances, or parts thereof which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly.

Section 15. Penal Clause. – Any person who violates any provision of this Act shall be imposed the applicable administrative and criminal liability as stated in Section 22 of RA 11032 or the Ease of Doing Business and Government Service Delivery Act of 2018.

Section 16. Separability Clause. – if for any reason, any provision of this Act is declared invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full force and effect.

Section 17. Effectivity Clause. – This Act shall take effect fifteen (15) days after its complete publication in at least two (2) national newspapers of General Circulation.

Approved,