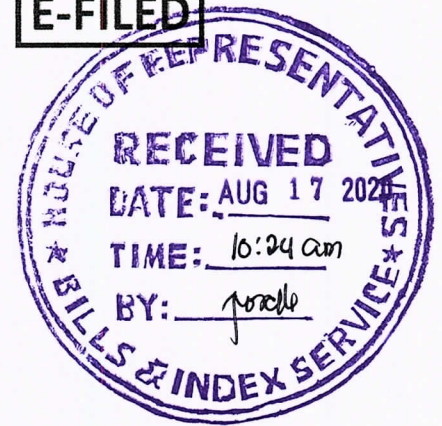


**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City**

**Eighteenth Congress
Second Regular Session**

House Bill No. 7405

E-FILED



**Introduced by Representatives
ESTRELLITA B. SUANSING and HORACIO P. SUANSING, JR.**

EXPLANATORY NOTE

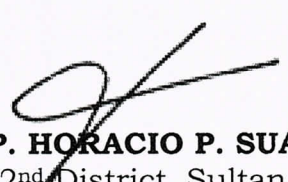
Section 9, Article XIII of the 1987 Constitution states that "The State shall, by law, and for the common good, undertake, in cooperation with the private sector, a continuing program of urban land reform and housing which will make available at affordable cost, decent housing and basic services to underprivileged and homeless citizens in urban centers and resettlement areas.

The national government hopes to be able to provide a house for every underprivileged and homeless Filipino family through the National Housing, Development, Production and Financing Program. The program aims to address the housing needs of Filipino families, generate, and mobilize funds for housing purposes, ensure that support mechanisms are available and accessible and guarantee the development of a strong, sustainable, and affordable housing finance system. It encourages the participation of both public and private sectors.

To ensure that the objectives of the program are met by 2040, this measure ensures that there will be continuous and sufficient funding.

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


REP. ESTRELLITA B. SUANSING
1st District, Nueva Ecija


REP. HORACIO P. SUANSING, JR.
2nd District, Sultan Kudarat

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House Bill No. 7405

Introduced by Representatives
ESTRELLITA B. SUANSING and HORACIO P. SUANSING, JR.

AN ACT
PROVIDING FOR A NATIONAL HOUSING DEVELOPMENT, PRODUCTION
AND FINANCING PROGRAM, AND PROVIDING FUNDS THEREFOR

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

1 **SECTION 1. Title.** – This Act shall be known as the “National Housing
2 Development, Production and Financing (NHDPF) Act.”

3
4 **SEC. 2. Declaration of Policy.** – It is hereby declared a policy of the state to:

5
6 (a) Undertake, in cooperation with the private sector, a continuing
7 program of housing and urban development which shall make
8 available at affordable cost, decent housing and basic services
9 especially to the underprivileged and homeless citizens;

10 (b) Pursue the realization of a modern, humane, economically viable, and
11 environmentally sustainable society where the urbanization process
12 is manifest in towns and cities being centers of productive economy
13 activity and is led by market forces; where urban and rural areas have
14 affordable housing, sustainable physical and social infrastructure
15 and services facilitated under the democratic and decentralized
16 system of governance; and where urban and rural areas provide the
17 opportunities for an improved quality of life and eradication of poverty;

18 (c) Ensure that poor dwellers shall be provided with appropriate and
19 innovative housing program and support mechanisms to discourage
20 further growth of blighted communities; and

21 (d) Encourage on-site development, whenever feasible, in the
22 implementation of housing programs and shall promote the creation
23 of new settlements with basic facilities and utilities and development
24 of sustainable urban renewal programs.

Cognizant of the role of housing as stimulus of economic growth and development, it is hereby declared a State policy to strengthen, promote and support the component activities of housing production and finance by ensuring continuous and sustained funding support to scale-up the implementation of the major components of the National Housing Development and Production Program.

SEC. 3. Objectives. – Towards this end, the State shall:

- (a) Increase housing production by forging partnership among housing stakeholders to address the housing needs of 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.

SEC. 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:

- (a) 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 by 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 Units (LGUs) outside Metro

1 Manila involving families in danger areas, those affected by
2 infrastructure projects, indigenous peoples and former rebels.

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

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

12 (3) Settlements Upgrading – This program aims to address the
13 security of tenure and infrastructure requirements of informal
14 settlements on government-owned lands proclaimed or
15 designated as socialized housing sites.

16 (4) Housing Program for Calamity Victims – This program is
17 intended to respond to the housing needs of low- and marginal-
18 income and/or informal shelter families for transitional and/or
19 permanent shelter affected by calamities such as typhoons,
20 landslides, earthquakes, and fires for relocation to safe areas.

21 (5) Land Banking – This refers to the acquisition of land, which
22 includes idle government lands, at values based on existing use
23 in advance of actual need to promote planned development and
24 socialized housing programs with a view to distribute the land
25 to qualified socialized housing beneficiaries.

26 It covers survey and titling of individual lots for disposition
27 to qualified occupants, infrastructure development, housing
28 construction and rehabilitation of existing project sites.

29 (b) Social Housing Finance Corporation (SHFC) – Mandated to undertake
30 social housing programs that will cater to the formal and informal
31 sectors in the low-income bracket and to take charge of developing
32 and administering social housing programs, particularly the
33 Community Mortgage Program and its different modalities:

34 (1) Community Mortgage Program (CMP) – This is a mortgage
35 financing program, which assists legally organized associations
36 of underprivileged and homeless citizens to purchase and
37 develop a tract of land under the concept of community
38 ownership. The primary objective of the program is to assist
39 residents of blighted or depressed areas to own the lots they
40 occupy, or where they choose to relocate to, and eventually
41 improve their neighborhood and homes to the extent of their
42 affordability. The different modalities of the CMP are as follows:

- i. Sectoral CMP – A CMP modality that caters to the different sectoral groups including but not limited to the basic sector groups needing resettlement assistance. A sectoral group represents a group or coalition of persons who share similar concerns and interests and intend to avail of resettlement assistance from SHFC, including Indigenous Peoples (Ips), Indigenous Cultural Communities (ICCs) and other ethnic minority groups.
 - ii. Housing for Peace Process and Nation Building CMP – A CMP modality which would lead to the achievement of national peace and development through the provision of housing to former rebels/rebel returnees (FR/RR). This also includes rebuilding damaged or destroyed homes in post-conflict areas of internally displaced persons (IDPs).
 - iii. Post-Disaster Rehabilitation and Reconstruction CMP – A CMP modality which provides assistance to community housing projects in times of disaster. This program allows the communities to immediately embark on house construction and site development which adhere to the minimum standards and specifications of the design and structural components of disaster-resilient housing projects, as well as materials.
 - iv. 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.
 - v. 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.
 - vi. Mixed-Use CMP – A CMP 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% for friendly facilities for persons with disabilities (PWDs).
- (c) 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.

- (1) Securitization – This refers to the development of the secondary market for home mortgages and other housing related receivables, conveyances and financial instruments and the development/promotion of and investments in 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.

- (d) 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:

- (1) 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” refer 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.

- (2) 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:

- i. Extension of Interim Shelter Fund to each of the family-beneficiaries which they can use to find safe residency and livelihood to support their families, pending the completion of their housing units in the relocation sites;
- ii. Payment for upfront cost equivalent to 5% of the project cost (e.g. mortgage insurance, titling, etc.); and
- iii. Monthly payment subsidy for the first five (5) years of the loan period in accordance with Section 3 (a) of Republic Act No. 6846 or the Social Housing Support Fund Act. The department shall be authorized to establish the qualification and income requirements of borrowers who will qualify for the amortization support subsidy.

1 The DHSUD, in coordination with the LGUs and other
2 national government agencies, shall be authorized to
3 formulate the criteria and guidelines to select the
4 beneficiaries that may qualify for the subsidy program.

- 5 (3) Public Rental Housing – This program involved the extension of
6 fiscal assistance of up to a maximum of 50% of the total
7 construction cost for the National Government Agencies (NGAs)
8 and Local Government Units (LGUs) that shall construct and
9 operate public rental accommodation to eligible low-income
10 families and housing safety net for the vulnerable sectors (e.g.
11 senior citizens, persons with disabilities, etc.).

12 The DHSUD shall formulate the guidelines in the
13 implementation of public rental housing assistance including
14 the adoption of the lease/rental buy-back scheme.

- 15 (4) Survey of proclaimed lands for socialized housing and inventory
16 of government idle lands – This involves the survey of all
17 occupied government lands proclaimed by the President as
18 suitable for socialized housing and conduct of inventory of
19 government lands which have been idle for more than ten (10)
20 years, except lands owned by the GOCCs and government
21 financial institutions engaged in shelter financing as part of its
22 fiduciary obligations to its members and/or taken possession of
23 in their ordinary conduct of business.

- 24 (5) Such other program components as may be determined by the
25 DHSUD.
26

27 **SEC. 5. Appropriations by the National Government.** – The amount of One
28 Hundred Thirty-Five Billion, One Hundred Fourteen Million Pesos
29 (₱135,114,000,000.00) or such amount necessary to carry out the provisions
30 of this Act is hereby authorized to be appropriated annually through the
31 General Appropriations Act over a period of twenty (20) consecutive years
32 commencing from the year immediately succeeding the effectivity of this Act
33 or until such time that the total fund requirements provided for in this Act
34 shall have been fully released.
35

36 A total amount of Two Trillion, Six Hundred Sixty-Seven Billion, Two
37 Hundred Ninety-Three Million Pesos (₱2,667,293,000,000.00) covering the
38 continuing requirement of this Act shall be appropriated to the DHSUD and
39 Key Shelter Agencies for the implementation of the following component
40 programs of the NHDPP Program:
41

- 42 (a) One trillion, seven hundred twenty-two billion, four hundred forty-six
43 million pesos (₱1,722,446,000,000.00) for the implementation of the
44 following programs of the NHA:

- (1) Eight hundred billion and six hundred ninety million pesos (₱800,699,000,000.00) to finance the Resettlement Program under Section 4(a)(1) of this Act;
 - (2) Five hundred forty-three billion and four hundred nineteen million pesos (₱543,419,000,000.00) as subsidy for Government Employees Housing under Section 4 (a)(2) of this Act;
 - (3) One hundred sixty-four billion and two hundred sixty-five million pesos (₱164,265,000,000.00) for the Settlements Upgrading under Section 4 (a)(3) of this Act;
 - (4) One hundred one billion and seven million pesos (₱101,007,000,000.00) for the Housing Program for Calamity Victims under Section 4 (a)(4) of this Act; and
 - (5) Sixty-three billion and fifty-six million pesos (₱63,056,000,000.00) for the Land Banking under Section 4 (a)(5) of this Act.
- (b) Four hundred fifty-three billion, two hundred million pesos (₱453,200,000,000.00) for the implementation of the Community Mortgage Program under Section 4 (b)(1) of this Act.
- (c) Fifty billion (₱50,000,000,000.00) for the Capitalization of NHMFC under Section 4 (c).
- (d) Four hundred seventy-six billion, six hundred forty-seven million pesos (₱476,647,000,000.00) for the implementation of the following programs of the DHSUD, as follows:
- (1) Three hundred sixty-five billion, nine hundred seventy-nine million pesos (₱365,979,000,000.00) to finance the Public Housing under Section 4 (d)(1) of this Act;
 - (2) Eighty-nine billion, one hundred thirty-one million pesos (₱89,131,000,000.00) as subsidy under Section 4 (d)(2), as follows:
 - i. Eighteen billion, five hundred thirty-one million pesos (₱18,531,000,000.00) as interim shelter finance assistance for the informal settler-families who will be relocated (Section 4 (d)(2)(i) of this Act);
 - ii. Sixty-three billion, seven hundred ninety-six million pesos (₱63,796,000,000.00) as upfront subsidy (Section 4 (d)(2)(ii) of this Act); and
 - iii. Six billion, eight hundred four million pesos (₱6,804,000,000.00) as amortization support (Section 4(d)(2)(iii) of this Act).

- (3) Twenty billion, four hundred fifty-six million pesos (₱20,456,000,000.00) to finance public rental housing under Section 4 (d)(3) of this Act; and
- (4) One billion, eighty-one million pesos (₱1,081,000,000.00) to finance survey of proclaimed lands and conduct of inventory of government idle lands suitable for socialized housing under Section 4 (d)(4) of this Act.

SEC. 6. LGU Sources of Funds. – Section 43 of Republic Act No. 7279 on Socialized Housing Tax is hereby amended to read as follows:

“SEC. 43. Socialized Housing Tax. – Consistent with the constitutional principle that the ownership and enjoyment of property bear a social function and to raise funds for the Program, all local government units are hereby authorized to impose an additional one-half percent (0.5%) tax on the assessed value of all lands in urban areas. The proceeds from the imposition of Socialized Housing Tax shall accrue to the special funds of the LGUs, which shall be used for the development of socialized housing projects and construction and estate management of public rental housing of the LGUs.

SEC. 7. Implementation of the Securitization, Capital and Secondary Mortgage Operations Program. – The NHDP Securitization for the development of the secondary market for home mortgages of 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, to increase and sustain funds available for housing and home development shall be implemented as follows:

- (a) The NHMFC shall be the sole implementing agency for the NHDP securitization.
- (b) The NHMFC, in coordination with the DHSUD, Department of Finance (DOF) and Bangko Sentral ng Pilipinas (BSP) and other concerned agencies and private sector organizations, shall formulate a program, the proceeds of which shall accrue to the Centralized Housing Fund.
- (c) The mortgages to be generated as a result of the implementation of the component programs of the NHDP Program shall be sold and transferred to the NHMFC, which shall also serve as asset pool for securitization.
- (d) The NHMFC, as the sole agency for the implementation of the NHDPA Securitization, shall manage the whole securitization process which includes the following activities:

- (1) Determining the eligibility criteria for the asset pool;
 - (2) Defining the preliminary structure of the notes, bonds, and or instruments to be issued, and third parties to be hired; and
 - (3) Education/briefing of target investors for all the issues.
- (e) The NHMFC and NHDPPFA-issued bonds, notes and securities shall be exempt from the registration requirements under the Securities Regulation Law in order to accelerate the issuance of its housing related securities/financial instruments and, thus, more reasonably provide the necessary fund for housing developments.
 - (f) Transactions by banks involving the purchase and sale of housing bonds, debentures and such other similar instruments shall be exempt from the twenty percent (20%) final tax on income, documentary stamp tax, gross receipts tax, and value added tax.
 - (g) The investors' yield or income from any socialized housing or economic housing-related bond or asset-backed securities (ABS) issued by NHMFC directly or through a special purpose entity under the Securitization Act shall be exempt from income tax. Such issuances shall enjoy all the tax exemptions granted under Republic Act No. 9627 or the Securitization Act of 2004 pursuant to the State's policy of promoting the securitization of mortgage and housing-related receivables of government housing agencies, to generate investment and accelerate the growth of the housing finance sector, especially for socialized and economic housing.
 - (h) Bonds purchased by private real estate developers shall be considered as an alternative compliance to the balanced housing requirements under Section 18 of RA 7279, as amended by RA 10884, subject to the rules promulgated by the Department of Human Settlements and Urban Development.
 - (i) The Philippine Guaranty Corporation created pursuant to Executive Order No. 58, (S. 2018) shall guaranty payment of the balance outstanding and due on the guaranteed principal obligation, plus interest and yields thereon up to eleven percent (11%) per annum for socialized housing packages, ten percent (10%) per annum for low-cost housing packages, nine and one half percent (9.5%) per annum for medium-cost housing packages and eight and one half percent (8.5%) per annum for open housing packages.

SEC. 8. Capitalization of National Home Mortgage Finance Corporation (NHMFC). – The authorized capital stock of the NHMFC is hereby increased from ₱5,500,000,000.00 to ₱50,000,000,000.00 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.

1
2 The capital of the NHMFC shall be Fifty Billion Pesos
3 (₱50,000,000,000.00), to be fully subscribed by the Government of the
4 Republic of the Philippines, hereafter referred to as the Government: *Provided*,
5 That the ₱25,000,000,000.00 of the capitalization shall be funded from the
6 General Appropriations Act and the remaining ₱25,000,000,000.00 shall be
7 funded from the declared dividends of the NHMFC in favor of the National
8 Government. For this purpose, any and all declared dividends of the NHMFC
9 in favor of the National Government shall be deposited in a special account
10 in the General Fund, and earmarked for the payment of NHMFC's increase in
11 capitalization. Such payment shall be released and disbursed immediately
12 and shall continue until the increase in capitalization has been fully paid.
13

14 **SEC. 9. Tax Exemptions.** – The NHMFC shall be exempt from all national,
15 provincial, municipal and city taxes on income derived from its governmental
16 functions, specifically income from its activities or transactions in the exercise
17 of its mandates.
18

19 **SEC. 10. Multi-Year Obligational Authority.** – The Secretary of the DHSUD
20 and Heads of its attached housing agencies, pursuant to the National Housing
21 Development, Production and Financing Program, projects and
22 appropriations approved by Congress, shall, subject to the provisions of
23 existing laws and regulations, including those of the Commission on Audit
24 and other such terms and conditions most favorable to the government, be
25 given multi-year obligational authority for housing program or project which
26 will take more than one year to complete that requires multi-year
27 appropriations.
28

29 **SEC. 11. Private Sector Participation.** – To fast track the approval and
30 implementation of housing projects and reduce the cost of socialized and low-
31 cost housing units, the Bureau of Internal Revenue, the Department of
32 Agriculture, the National Irrigation Authority, the Philippine Coconut
33 Authority, the Sugar Regulatory Administration, the Department of Agrarian
34 Reform, the Department of Environment and Natural Resources, the Mines
35 and Geosciences Bureau, the Laguna Lake Development Authority, the
36 Department of Interior and Local Government, the Local Government Units,
37 the Land Registration Authority and the Department of Human Settlements
38 and Urban Development shall facilitate the release of the required housing-
39 related permits, licenses, certifications and tax exemptions/rulings in
40 accordance with Republic Act No. 11032 or An Act Promoting Ease of Doing
41 Business and Efficient Delivery of Government Services Amending for the
42 Purpose Republic Act 9485 Otherwise Known as the Anti-Red Tape Act of
43 2007 and for Other Purposes, and Executive Order No. 45 (s. 2001).
44

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

5
6 All the incentives enumerated under Section 20 of Republic Act No.
7 10884 or An Act Strengthening the Balanced Housing Development Program,
8 Amending for the Purpose Republic Act No. 7279, as Amended, Otherwise
9 Known as the Urban Development and Housing Act of 1992 shall be extended
10 to the private sector engaged in socialized and low-cost housing development
11 including the construction and estate management of public rental housing.
12

13 The participation of owners and/or developers in any of the component
14 programs of the NHDPFA shall be treated as one of the manners of compliance
15 to the balanced housing requirements subject to the conditions set forth
16 under RA 10884.
17

18 **SEC. 12. Collection Efficiency.** – In order to improve collection efficiency,
19 the NHA, SHFC and NHMFC shall have authority to foreclose mortgages,
20 and/or evict beneficiaries in accordance with existing laws.
21

22 **SEC. 13. Penal Clause.** – Any person who violates any provision of this Act
23 shall be imposed the applicable administrative and criminal liability as stated
24 in Section 22 of RA 11032 or the Ease of Doing Business and Government
25 Service Delivery Act of 2018.
26

27 **SEC. 14. Implementing Rules and Regulations.** – The DHSUD shall
28 promulgate rules and regulations necessary for the implementation of this
29 Act.
30

31 **SEC. 15. Repealing Clause.** – All laws, decrees, executive orders,
32 proclamations, rules and regulations, and the issuances, or parts thereof
33 which are inconsistent with the provisions of this Act are hereby repealed,
34 amended or modified accordingly.
35

36 **SEC. 16. Separability Clause.** – If, for any reason, any provision of this Act
37 is declared invalid or unconstitutional, the remaining provisions not affected
38 thereby shall continue to be in full force and effect.
39

40 **SEC. 17. Effectivity Clause.** – This Act shall take effect fifteen (15) days after
41 its complete publication in the *Official Gazette* or in a newspaper of general
42 circulation.
43

44 Approved,