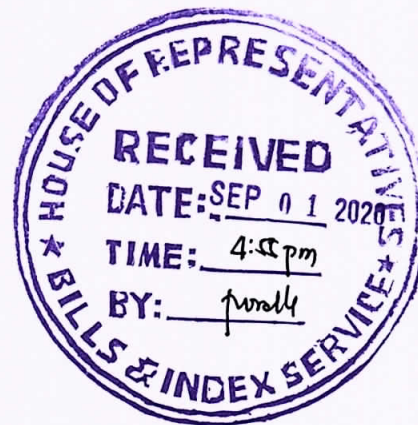


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7567



Introduced by HON. ALETA C. SUAREZ

EXPLANATORY NOTE

Having a shelter is a basic necessity of every individual. The 1987 Constitution mandates the State to undertake a continuing program of urban land reform and housing to make affordable and decent housing and basic services available to the underprivileged and homeless citizens in urban centers and resettlement areas. It is for this reason that the Republic Act 7279, or the Urban Development and Housing Act of 1992, was enacted to ensure that Filipinos, especially the underprivileged and the homeless, gain access to affordable housing. However, there are still millions of Filipinos who are in need of decent housing today. According to Habitat for Humanity, there are around four million families who are living in "unsafe, unsanitary, and unsustainable conditions" in the Philippines.¹

The 2001-2011 Housing Demand and Supply Profile prepared by the Board of Investments (BOI) shows that the country is producing housing units at a deficit. The

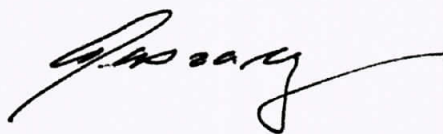
¹<https://www.habitat.org/where-we-build/philippines#:~:text=Housing%20needs%20in%20the%20Philippines&text=By%202030%2C%20the%20housing%20backlog,comprehensive%20and%20sustainable%20housing%20program.>

demand for socialized, economic, and low-cost housing is high compared to what was being produced in the market, registering a 3,919,566 housing backlog as of 2011.²

Housing needs will only increase year after year as the population increases. It is projected that from 2012-2030, the additional housing need will reach 6,226,940. To meet the demand from this timeframe alone, around 345,941 housing units must be produced annually starting 2012.³ The total number of housing backlog since 2011 must be addressed by the government to ensure that all Filipino families will live in safe and sustainable houses as soon as possible.

This bill aims to address the growing housing needs of the country by providing continuous funding support in the implementation of the National Housing Development and Production Financing Program. This bill also seeks to improve the access of Filipino families to a variety of housing options through the provision of support mechanisms and subsidy programs.

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



ALETA C. SUAREZ
Representative
Third District, Quezon Province

² <http://industry.gov.ph/industry/housing/>

³ Ibid.

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House Bill No. **7567**

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AN ACT

**PROVIDING FOR A NATIONAL HOUSING DEVELOPMENT, PRODUCTION,
AND FINANCING PROGRAM, REGULARIZING ITS APPROPRIATION FOR ITS
IMPLEMENTATION**

Section 1. Title. This Act shall be known as the "National Housing Development, Production, and Financing (NHDPF) Act of 2020".

Section 2. Declaration of Policy. It is hereby declared a policy of the state to:

- a. undertake, in cooperation with the private sector, a continuing program of housing and urban development which shall make available at affordable cost, decent housing and basic services especially to the underprivileged and homeless citizens;
- b. pursue the realization of a modern, human, 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 and rural areas have affordable housing, sustainable physical and social infrastructure and services facilitated under the democratic and decentralized system of governance; and where urban and rural areas

provide the opportunities for an improved quality of life and eradication of poverty;

c. ensure that poor dwellers shall be provided with appropriate and innovative housing program and support mechanisms to discourage further growth of blighted communities; and

d. encourage on-site development, whenever feasible, in the implementation of housing programs and shall promote the creation of new settlements with basic facilities and utilities and development 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.

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 or 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; and

e. Encourage public and private sector participation in the implementation of government National Housing Development and Production Financing Program.

43 *Section 4. National Housing Development and Production Financing Program*

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

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

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

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

62
63 The government infrastructure agencies shall submit an inventory of Informal
64 Settler Families to be affected by their projects and their location to the
65 appropriate housing agencies at least two years prior to its implementation and
66 shall incorporate in their respective project costs the amount needed for the
67 relocation and resettlement of affected families.

- 68 2. Government Employees Housing Program - this program is intended to provide
69 decent and affordable housing to low-salaried government employees.

70 3. Settlements Upgrading - this program aims to address the security of tenure and
71 infrastructure requirements of informal settlements on government-owned lands
72 or designated socialized housing sites.

73 4. Housing Program for Calamity Victims - this program is intended to respond to
74 the housing needs of low and marginal-income and/or informal shelter families
75 for transitional and/or permanent shelter affected by calamities such as
76 typhoons, landslides, earthquakes, and fires for relocation to safe areas.

77 5. Land Banking - this refers to the acquisition of land, which includes idle
78 government lands, at values based on existing use in advance of actual need to
79 promote planned development and socialized housing programs with a view to
80 distribute the land to qualified social housing beneficiaries.

81 It covers survey and titling of individual lots for disposition to qualified
82 occupants, infrastructure development, housing construction, and rehabilitation
83 of existing project sites.

84 Social Housing Finance Corporation (SHFC) - mandated to undertake social housing
85 programs that will cater to the formal and informal sectors in the low-income bracket
86 and to take charge of developing and administering social housing programs,
87 particularly the Community Mortgage Program and its different modalities:

88 6. Community Mortgage Program (CMP)- this is a mortgage financing program,
89 which assists legally organized associations of underprivileged and homeless
90 citizens to purchase and develop a tract of land under the concept of community
91 ownership. The primary objective of the program is to assist residents of blighted
92 or depressed areas to own the lots they occupy, or where they choose to relocate
93 to, and eventually improve their neighborhood and homes to the extent of their
94 affordability. The different modalities of the CMP are as follows:

95 a. Sectoral CMP - a CMP modality that caters to the different sectoral groups
96 including but not limited to the basic sector groups needing resettlement
97 assistance. A sectoral group represents a group or coalition of persons

98 who share similar concerns and interests and intend to avail of
99 resettlement assistance from SHFC, including Indigenous Peoples (IPs),
100 Indigenous Cultural Communities (ICCs), and other ethnic minority
101 groups.

102 b. Housing for Peace Process and National Building CMP - a CMP modality
103 which would lead to the achievement of national peace and development
104 through the provision of housing to former rebels/rebel returnees (FR/RR).
105 This also includes rebuilding damaged or destroyed homes in post-
106 conflict areas of internally-displaced persons (IDPs).

107 c. Post-Disaster Rehabilitation and Reconstruction CMP - a CMP modality
108 which provides assistance to community housing projects in times of
109 disaster. This program allows the communities to immediately embark on
110 house construction and site development which adhere to the minimum
111 standards and specification of the design and structural components of
112 disaster-resilient housing projects, as well as materials.

113 d. Industrial Workers CMP - a CMP modality intended primarily for low-
114 income employees of companies engaged in agro-industrial, industrial
115 processing zone, tourist, recreational, commercial, and other enterprises.

116 e. Site Upgrading/Development CMP - a CMP modality intended to provide
117 site development and housing/building construction loans for projects
118 whose lands are donated by private or public entities applicable to both
119 on-site or resettlement projects.

120 f. Mixed-Use CMP - a CMP modality aimed at developing a self-sustaining
121 community by having a balanced mix of residential and commercial
122 spaces, well developed infrastructure and recreational amenities along
123 with green and open spaces and wellness areas. Under this modality, 9%
124 of the project area shall be allotted for green spaces and 1% of the project
125 area for friendly facilities for Persons with Disabilities (PWD).

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

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

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

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

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

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

- a. 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.
- b. Payment for upfront cost equivalent to 5% of the project cost (e.g. mortgage insurance, titling, etc.); and
- c. Monthly payment subsidy for the first five years of the loan period in accordance with Section 3 (a) of RA 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.

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

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

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

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

184 12. Such other program components as may be determined by the DHSUD.

185 *Section 5. Appropriations by the National Government.* The amount of One Hundred
186 Thirty-Five Billion, One Hundred Fourteen Million Pesos (Php 135,114,000,000.00) or
187 such amount necessary to carry out the provisions of this Act is hereby authorized to be
188 appropriated annually through the General Appropriations Act over a period of twenty
189 (20) consecutive years commencing from the year immediately succeeding the
190 effectivity of this Act or until such time that the total fund requirements provided for in
191 this Act shall have been fully released.

192 A total amount of Two Trillion, Six Hundred Sixty-Seven Billion, Two Hundred Ninety-
193 Three Million Pesos (Php2,667,293,000,000.00) covering the continuing requirement of
194 this Act shall be appropriated to the DHSUD and Key Shelter Agencies for the
195 implementation of the following component programs of the NHDPF Program:

196 1. One trillion, seven hundred twenty-two billion, four hundred forty-six million
197 pesos (Php1,722,446,000,000.00) for the implementation of the following
198 programs of NHA

199 a. Eight hundred billion and six hundred ninety-nine million pesos
200 (Php800,699,000,000.00) to finance the Resettlement Program under
201 Section 4(1) of this Act;

202 b. Five hundred forty-three billion and four hundred nineteen million pesos
203 (Php543,419,000,000.00) as subsidy for Government Employees Housing
204 under Section 4(2) of this Act;

205 c. One hundred sixty-four billion and two hundred sixty-five million pesos
206 (Php164,265,000,000.00) for the Settlements Upgrading under Section 4(3)
207 of this Act;

208 d. One hundred one billion and seven million pesos (Php101,007,000,000) for
209 the Housing Program for Calamity Victims under Section 4(4) of this Act;
210 and

211 e. Sixty-three billion and fifty-six million pesos (Php63,056,000,000.00) for
212 the Land Banking under Section 4(5) of this Act.

213 2. Four hundred fifty-three billion, two hundred million pesos
214 (Php453,200,000,000.00) for the implementation of the Community Mortgage
215 Program under Section 4(6) of this Act.

216 3. Fifty billion (Php50,000,000,000.00) for the Capitalization of NHMFC under
217 Section 4(8) of this Act.

218 4. Four hundred seventy-six billion, six hundred forty-seven million pesos
219 (Php476,647,000,000.00) for the implementation of the following programs of the
220 DHSUD:

221 a. Three hundred sixty-five billion, nine hundred seventy-nine million pesos
222 (Php365,979,000,000.00) to finance the Public Housing under Section 4(8);

223 b. Eighty-nine billion, one hundred thirty-one million pesos
224 (Php89,131,000,000.00) as upfront subsidy under Section 9, broken down
225 as follows:

226 i. Eighteen billion, five hundred thirty-one million pesos,
227 (Php18,531,000,000.00) as interim shelter finance assistance for the
228 informal settler-families who will be relocate under Section 4 (9a)

229 ii. Sixty-three billion, seven hundred ninety-six million pesos
230 (Php63,796,000,000.00) as upfront subsidy under Section 4 (9b)

231 iii. Six billion, eight hundred four million pesos (Php6,804,000,000.00)
232 as amortization support under Section 4 (9c)

233 c. Twenty billion, four hundred fifty-six million pesos (Php20,456,000,000.00)
234 to finance public rental housing under Section 4 (10); and

235 d. One billion, eighty-one million (Php1,081,000,000.00) to finance survey of
236 proclaimed lands and conduct of inventory of government idle lands
237 suitable for socialized housing under Section 4 (11).

238 **Section 6. LGU Sources of Funds.** Section 43 of RA 7279 on Socialized Housing Tax is
239 hereby amended, to read as follows:

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

247 **Section 7. Implementation of the Securitization, Capital, and Secondary Mortgage**
248 **Operations Program.** The NHDP Securitization for the development the secondary
249 market for home mortgages of and other housing related receivables, conveyances, and
250 financial instruments and the development/promotion of and investments in new
251 housing related financial instruments and investment vehicles and the capital markets
252 thereof, to increase and sustain funds available for housing and home development
253 shall be implemented as follows:

254 1. The NHMFC shall be the sole implementing agency for the NHDP securitization;
255 and

256 2. The NHMFC in coordination with the DHSUD, DOF, and BSP and other
257 concerned agencies and private sector organizations, shall formulate a program,
258 the proceeds of which shall accrue to the Centralized Housing Fund.

- 259 3. The mortgages to be generated as a result of the implementation of the
260 component programs of the NHDP Program shall be sold and transferred to
261 NHMFC, which shall also serve as asset pool for secularization.
- 262 4. The NHMFC as the sole agency for the implementation of the NHDPA
263 Securitization shall manage the whole securitization process which includes the
264 following activities: determining the eligibility criteria for the asset pool; defining
265 the preliminary structure of the notes, bonds, and/or instruments to be issued,
266 third parties to be hired; and education/briefing of target investors for all the
267 issues.
- 268 5. The NHMFC and NHDPFA-issued bonds, notes, and securities shall be exempt
269 from the registration requirements under the Securities Regulation Law in order
270 to accelerate the issuance of its housing related securities/financial instruments
271 and, thus, more reasonably provide the necessary fund for housing
272 developments.
- 273 6. Transactions by banks involving the purchase and sale of housing bonds,
274 debentures, and such other similar instruments shall be exempt from the twenty
275 percent (20%) final tax on income, documentary stamps tax, gross receipts tax,
276 and value added tax.
- 277 7. The investors' yield or income from any socialized housing or economic housing-
278 related bond or asset-backed securities (ABS) issued by NHMFC directly or
279 through a special purpose entity under the Securitization Act shall be exempt
280 from income tax. Such issuances shall enjoy all the tax exemptions granted under
281 Republic Act No. 9627 or the Securitization Act of 2004 pursuant to the State's
282 policy of promoting the securitization of mortgage and housing-related
283 receivables of government housing agencies, to generate investment and
284 accelerate the growth of the housing finance sector, especially for socialized and
285 economic housing.
- 286 8. Bonds purchased by private real estate developers shall be considered as an
287 alternative compliance to the balanced housing requirements under Section 18 of

288 RA 7279 as amended by RA 10884, subject to the rules promulgated by the
289 Department of Human Settlements and Urban Development.

290 9. The Philippine Guaranty Corporation created pursuant to Executive Order No.
291 58 (s. 2018) shall guaranty payment of the balance outstanding and due on the
292 agreed principal obligation, plus interest and yields thereon up to eleven percent
293 (11%) per annum for socialized housing packages, ten percent (10%) per annum
294 for low-cost housing packages, nine and a half percent (9.5%) per annum for
295 medium-cost housing packages and eight and one-half percent (8.5%) per annum
296 for open housing packages.

297 **Section 8. Capitalization of National Home Mortgage Finance Corporation (NHMFC).**
298 The authorized capital stock of the NHMFC is hereby increased from
299 Php5,500,000,000.00 pesos to Php50,000,000,000.00 pesos to expand its leveraging
300 capacity based on the volume of mortgage loans being serviced to improve its
301 profitability by reducing the average cost of its fund made available for home lending
302 programs.

303 The capital of the National Home Mortgage Finance Corporation (NHMFC) shall be
304 Fifty billion pesos (Php50,000,000,000.00), to be fully subscribed by the Government of
305 the Republic of the Philippines, hereafter referred to as the Government; *Provided*, that
306 the Php25,000,000,000.00 of the capitalization shall be funded from the declared
307 dividends of the NHMFC in favor of the National Government. For this purpose, any
308 and all declared dividends of the NHMFC in favor of the National Government shall be
309 deposited in a special account in the General Fund, and earmarked for the payment of
310 NHMFC's increase in capitalization. Such payment shall be released and disbursed
311 immediately and shall continue until the increase in capitalization has been fully paid.

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

315 **Section 10. Multi-Year Obligational Authority.** The Secretary of the DHSUD and Heads
316 of its attached housing agencies, pursuant to the National Housing Development,

317 Production, and Financing Program, projects and appropriations approved by
318 Congress, shall, subject to the of existing laws and regulations including those of the
319 Commission on Audit and other such terms and conditions most favorable to the
320 government, be given multi-year obligational authority for housing program or project
321 which will take more than one year to complete that requires multi-year appropriations.

322 **Section 11. Private Sector Participation.** To fast track the approval and implementation
323 of housing projects and reduce the cost of socialized and low-cost housing units, the
324 Bureau of Internal Revenue, the Department of Agriculture, the National Irrigation
325 Authority, the Philippine Coconut Authority, the Sugar Regulatory Administration, the
326 Department of Agrarian Reform, the Department of Environment and Natural
327 Resources, the Mines and Geosciences Bureau, the Laguna Lake Development
328 Authority, the Department of the Interior and Local Government, the Local
329 Government Units, the Land Registration Authority, and the Department of Human
330 Settlements and Urban Development shall facilitate the release of the required housing-
331 related permits, licenses, certifications, and tax-exemptions/rulings in accordance with
332 Republic Act 11032 or an Act Promoting Ease of Doing Business and Efficient Delivery
333 of Government Services Amending for the Purpose Republic Act 9485 otherwise known
334 as the Anti-Red Tape Act of 2007 and for Other Purposes and Executive Order No. 45 (s.
335 2001).

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

340 All the incentives enumerated under Section 20 of Republic Act 10884 or an Act
341 Strengthening the Balanced Housing Development Program, amending for the purpose
342 Republic Act No. 7279, as amended, otherwise known as the Urban Development and
343 Housing Act of 1992 shall be extended to the private sector engaged in socialized and
344 low-cost housing development including the construction and estate management of
345 public rental housing.

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

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

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

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

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

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

363 *Section 17. Effectivity Clause.* This Act shall take effect fifteen (15) days after its
364 complete publication in at least two (2) national newspapers of general circulation.

365 Approved,