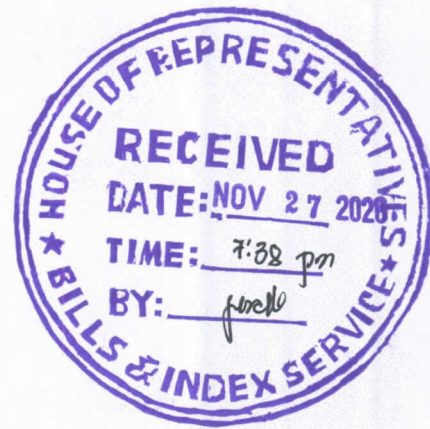


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 8103



Introduced by **REP. NAEALLA BAINTO AGUINALDO**

EXPLANATORY NOTE

Pursuant to (1) the thrust of the administration to expand the access of the people to affordable, adequate, safe, and secure shelter in well-planned communities, and (2) the need to establish a national program with set guidelines and standards for public rental housing, this Representation calls for the immediate passage of the proposed Public Rental Housing Act.

For the years 2017 to 2022, the total housing need of the country remains enormous at approximately 6.80 million units, which could even balloon to 22 million units by 2040 should it not be effectively addressed today. There are several drivers for the housing deficit, such as but not limited to: (1) red-tape, (2) poor urban planning, (3) unclear rules among government agencies, (4) limited annual appropriations for housing, and (5) land acquisition.

One possible solution to address the housing deficit is public rental housing. In countries with vast populations but with very scarce land, public and private institutions have successfully implemented public rental housing programs to effectively address their respective housing needs. These programs commonly comprise of the establishment of mid-rise or high-rise estates, a unit of which is rented out to marginalized individuals or households at low-cost rates.

In the Philippines, there are actually certain local government units and private institutions that already implement public rental housing programs. The Disiplina Village of the City of Valenzuela, the first and largest public rental housing project in the country, is the exemplar of its potential, effectiveness, and success. To date, it accommodates, and provides better standard of living to, approximately 4,500 informal settler families, who used to live in places vulnerable to natural calamities and in other danger zones. Furthermore, it is also a complete community that offers and gives access to basic services, at a monthly rental fee of approximately Php 300.00, the cheapest and lowest in the country.

However, unlike in Hong Kong and Singapore, the Philippines lacks a national program with set guidelines and standards for public rental housing. Such absence is

even recognized by the Philippine Development Plan 2017-2022 of the administration, which urgently calls for its establishment.

Based on the foregoing, the fundamental legislative agenda of the proposed Public Rental Housing Act is twofold: (1) to institutionalize public rental housing as a national program and serve as a comprehensive guideline therefor, and (2) to strengthen the much needed decentralization of housing and urban development interventions.

With the enactment of the Public Rental Housing Act, it would become a national program that encourages more local government units and other stakeholders to implement their own public rental housing programs. Accordingly, an increase in public rental housing programs would expand the access of the people, especially the underprivileged and homeless citizens, to affordable, adequate, safe, and secure housing.

Moreover, the enactment of the Public Rental Housing Act would also place local government units at the forefront of housing and urban development of their respective jurisdictions, as already mandated by the Local Government Code of 1991. Such would enable them to be more proactive and effective urban managers with the support of the national government and other stakeholders.

As a representative of *Bahay Para sa Pamilyang Pilipino* (BAHAY Party-list), which advocates for a better quality of life for Filipinos through social empowerment, socialized housing, and well-integrated livelihood programs, this Representation respectfully calls for fellow legislators and colleagues to support the immediate passage of the proposed Public Rental Housing Act. With its passage, more families would enjoy a more rooted, comfortable, and secured standard of living – securing their basic human right of proper and safe housing.


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**AN ACT ESTABLISHING PUBLIC RENTAL HOUSING
PROGRAMS FOR THE UNDERPRIVILEGED AND
HOMELESS CITIZENS, PROVIDING THE IMPLEMENTING
MECHANISMS, AND APPROPRIATING FUNDS THEREFOR**

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

ARTICLE I
SHORT TITLE, POLICIES, AND DEFINITION OF TERMS

SECTION 1. *Short Title.* – This Act shall be known as the "*Public Rental Housing Act.*"

SECTION 2. *Declaration of Policies and Principles.* – It is the policy of the State to:

- a. Undertake, in cooperation with the public 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 resettlements areas;
- b. Not only to transfer ownership in fee simple, but also to offer any other legal methods of transferring the right to use residential property to the underprivileged and homeless citizens, adopting schemes for public rental housing;
- c. Undertake a continuing program of encouraging the development of affordable housing for the underprivileged and homeless citizens; and
- d. Regulate the acquisition, ownership, use, and disposition of property and its increments.

SECTION 3. Definition of Terms. – The following terms as used in this Act shall be understood as:

- a. *Public rental housing* shall refer to a socialized housing program in which the local government unit (LGU) enters into a contract of lease, lease to own, or other similar contracts, with the beneficiaries of this Act, involving a public unit, for low-cost rates;
- b. *Public project* shall refer to an establishment, whether vertical or horizontal in nature, that is suitable for residential purposes. This shall not include condominiums, apartments, townhouses, or other similar privately-owned residential establishments. This shall also not include motels, hotels, retail stores, or other similar commercial establishments;
- c. *Public unit* shall refer to a unit in a vertical or horizontal public project that qualified beneficiaries of this Act may use or own as their residential home;
- d. *Application* shall refer to the process that beneficiaries must accomplish in order to qualify for a public rental housing program;
- e. *Public rental housing agreement* (hereinafter, 'Agreement') shall refer to the contract of lease, lease to own, or other similar contracts between the local government unit and the beneficiaries of this Act;
- f. *Rent* shall refer to the amount paid by the beneficiaries for the occupation and use of a public unit, whether payment is made on a monthly or other basis;
- g. *Beneficiaries* shall refer to qualified applicants as defined in this Act, whether individuals or families, who are underprivileged and homeless citizens as defined by existing laws, whose income or combined household income falls within the poverty threshold as defined by the National Economic and Development Authority, and who do not own housing facilities. This shall include those who live in makeshift dwelling units without the consent of the landowner. However, this shall not include professional squatters and squatting syndicates as defined in Republic Act No. 7279, otherwise known as the "Urban Development and Housing Act of 1992," as amended; and
- h. *Danger areas* shall refer to esteros, railroad tracks, garbage dumps, riverbanks, shorelines, waterways, sidewalks, roads, parks, playgrounds, and other public places as may be defined under existing laws.

ARTICLE II PUBLIC RENTAL HOUSING FRAMEWORK

SECTION 4. Framework for Public Rental Housing. – There shall be a Public Rental Housing Framework to be formulated by the Department of Human Settlements and Urban Development, in consultation with the Key Shelter Agencies attached thereto, the Department of Social Welfare and Development, the Department of the Interior and Local Government, the Presidential Commission for the Urban Poor, and other concerned stakeholders from public and private sectors, within one (1) year from the effectivity of this Act. The Framework shall provide the comprehensive plan of the

National Government on public rental housing nationwide, and shall guide the local government units in the formulation, implementation, and management of their respective public rental housing programs.

ARTICLE III THE ROLE OF THE LGU

SECTION 5. *Integration of Public Rental Housing in the Local Housing Program and the Comprehensive Land Use Plan.* – LGUs shall make public rental housing a part of their socialized housing program, and shall also be considered in their respective comprehensive land use plans.

SECTION 6. *LGU as Lessor.* – LGUs shall be the primary party that shall enter into a contract of lease, lease to own, or other similar contracts, with the beneficiaries of this Act, involving a public unit, at low-cost rates.

SECTION 7. *Local Housing Boards (LHB), Role.* – Duly-established LHBs shall adopt the responsibility of implementing the policies and procedures under this Act, within their respective jurisdictions.

LGUs which have not yet established their respective LHBs shall hereafter establish such within one hundred twenty (120) days from the effectivity hereof. The newly-established LHBs shall discharge its functions under existing laws and shall be further tasked to implement the policies and procedures under this Act within their respective jurisdictions, subject to the control and supervision of the local chief executive.

For purposes of this Section, the local government unit may establish positions and enlist additional personnel, subject to existing laws, rules, and regulations on the creation and filling of positions.

SECTION 8. *Annual Report.* – LHBs shall submit detailed annual reports, with respect to the implementation of this Act, to the Department of Human Settlements and Urban Development, copy furnished the Office of the President and the Congress of the Republic of the Philippines.

ARTICLE IV IDENTIFICATION, ACQUISITION AND DISPOSITION

SECTION 9. *Identification of lands suitable for Public Rental Housing.* – The LHBs, in coordination with the Department of Human Settlements and Urban Development, the appropriate Key Shelter Agency/ies, the Department of Social Welfare and Development, the National Mapping and Resource Information Authority, and the Land Management Bureau, shall identify lands, within their respective jurisdictions, that are suitable for the establishment of public projects under this Act. The criteria set by applicable laws, rules, and regulations for the identification of lands for socialized housing projects shall also be applied in identifying lands for public rental housing.

SECTION 10. *Acquisition of Lands for the Establishment of Public Projects.* – The LGU shall acquire lands for the establishment of public projects through donation, negotiated sale, expropriation, or any mode of acquisition as provided by law; *Provided, however,* that expropriation shall be resorted to only when other modes of acquisition have been exhausted; *Provided, further,* that should expropriation be proper, the rules laid down in the Rules of Court or other existing laws thereon shall govern; *Provided, finally,* that for the purposes of this Act, actual occupants, who are qualified as beneficiaries, of the expropriated property shall be prioritized in the public rental housing program to be implemented on such property.

SECTION 11. *Order of Preference in Acquiring Lands for Public Projects.* – For the purposes of this Act, lands shall be acquired in the following order:

- a. Those within areas identified, set aside, and categorized for socialized housing programs;
- b. Those owned by the national government or any of its subdivision, instrumentalities, or agencies, including government-owned or controlled corporations and their subsidiaries, or by local government units;
- c. Alienable lands of the public domain;
- d. Unregistered or abandoned or idle lands; and
- e. Privately-owned lands.

SECTION 12. *Exemptions.* – The following properties shall be exempt from the coverage of this Act:

- a. Those included in the coverage of Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law;
- b. Those included in the coverage of Republic Act No. 8371, otherwise known as the Indigenous Peoples' Rights Act of 1997;
- c. Those actually used for national defense and security of the State;
- d. Those used, reserved, or otherwise set aside for government offices, facilities, and other installations, whether owned by the national government, its agencies and instrumentalities, including government-owned or controlled corporations, or by local government units; *Provided, however,* that the properties herein mentioned, or portions thereof, which have not been used for the purpose for which they have been reserved or set aside for the past ten (10) years from the effectivity of this Act, shall be covered by this Act;
- e. Those used or set aside for parks, reserves for flora and fauna, forests, watersheds, and other areas necessary to maintain ecological balance or environmental protection, as determined and certified to by law or by competent authority; and

- f. Those actually and primarily used for religious, charitable, or educational purposes, cultural or historical sites, hospitals or health centers, or cemeteries or memorial parks.

Provided, *however*, that the exemptions herein provided shall not apply when the use or purpose of the abovementioned properties has ceased to exist.

SECTION 13. *Exemption from Execution.* – All properties that are actually and directly utilized for the programs of this Act shall be exempt from execution.

ARTICLE V

PUBLIC RENTAL HOUSING TERMS AND REQUIREMENTS

SECTION 14. *Mandatory Basic Services In Public Units.* – The following basic services shall be mandatory in any public rental housing programs:

- a. Habitable and humane conditions with a private bathroom and an adequate kitchen space;
- b. Adequate supply of tap water through an adequate water distribution system;
- c. Adequate supply of power and electricity through an adequate power distribution system;
- d. Sewerage facilities and a disposal system; and
- e. Access to primary roads and transportation facilities.

The LGUs, in coordination with the concerned national agencies, shall ensure that these basic services are provided at the most cost-efficient rates.

SECTION 15. *Application and Registration.* – Consistent with the Framework to be formulated under Section 4 of this Act and the corresponding implementing rules and regulations to be issued pursuant to this Act, the LHB shall implement a streamlined application process for public rental housing units within their locality.

Parties interested in availing public rental housing units shall register with their LHBs, which shall then establish and maintain a database of qualified beneficiaries of public rental housing units in their respective jurisdictions, a copy of which shall be furnished to the Department of Human Settlements and Urban Development annually.

SECTION 16. *Terms of the Public Rental Housing Agreement.* – The Department of Human Settlements and Urban Development, in coordination with appropriate agencies, shall formulate a public rental housing agreement template. LHBs may add terms and conditions as they deem appropriate, provided that they are not contrary to the provisions of this Act and its implementing rules and regulations, and such other related laws on the lease or ownership of residential property.

The basic terms to be included in public rental housing agreements are the following:

- (1) Details of the beneficiaries, including the qualifications set in Section 17;
- (2) Specifications of the public unit to be leased;
- (3) The nature of the agreement, whether rental, lease/rent to own, or other similar contracts;
- (4) The date of the commencement and period of the agreement;
- (5) The amount of rent to be paid by the beneficiaries and its due date;
- (6) The grounds for the termination of the agreement, including the Prohibitions set in Section 20;
- (7) Notice period required for termination of the lease, which shall not be less than thirty (30) days; and
- (8) Who shall bear the repair and maintenance expenses, whether minor or major.

During the formulation and negotiation of the public rental housing agreement, the beneficiaries shall personally appear and shall be accompanied by a representative from any appropriate and reputable civil society organization.

The public rental housing agreement shall be notarized before a notary public or any other person authorized by law to administer oaths.

SECTION 17. *Qualifications of Beneficiaries.* – To qualify as a beneficiary of public rental housing, from the date of application and throughout the term of the agreement, the applicant:

- (1) Must be a Filipino citizen;
- (2) Must be at least 18 years old;
- (3) Must be an underprivileged and homeless citizen, as defined in Section 3 of this Act;
- (4) Must be gainfully employed or have at least one source of income;
- (5) Must be legally capacitated to own or lease property based on existing laws;
- (6) Must not own any real property, whether in urban or rural areas;
- (7) Must not be a professional squatter or a member of squatting syndicates;
- (8) Must not be a recidivist or habitual delinquent;
- (9) Must not be a beneficiary of any other socialized housing program; and
- (10) Must be duly registered as a beneficiary as per Section 15 of this Act.

In case of households with two (2) or more members, at least one (1) member must have all of the qualifications abovementioned, while the other members must only comply with requirements (6) to (10) above.

SECTION 18. *Priority, special consideration.* – In the allocation of public units, priority shall be given to evacuees of areas on which government infrastructure projects, whether national or local, are established; evacuees of danger areas as defined in Section 3 of this Act; evacuees of areas enjoined by a court order for eviction and demolition; persons with disabilities; senior citizens, single parents, and such other similar considerations under existing laws; provided that, they meet the qualifications under Section 17 of this Act.

SECTION 19. *Valuation of Public Rent.* – The Department of Human Settlements and Urban Development, in coordination with the National Economic and Development Authority and the Department of Social Welfare and Development, shall also come up with public rental housing valuation guidelines, taking into consideration the market value of the property as reflected in the zonal valuation or

on the latest real property tax declaration, whichever is lesser, and on the average income of the beneficiaries of this Act.

In line with the objective of this Act to provide heavily-subsidized tenancy or home ownership, as the case may be, the public rental housing valuation guideline shall provide low-cost rates as far as practicable.

ARTICLE VI PROHIBITIONS, CANCELLATION AND EJECTMENT

SECTION 20. *Prohibitions.* – Whether or not for profit, no public unit or a part thereof shall be sold, alienated, conveyed, encumbered, assigned, or subleased by the beneficiaries thereof. Otherwise, the transaction shall be null and void, the public rental housing agreement shall be revoked, the amortizations, in case of rent-to-own arrangements, paid thereon shall be forfeited, and the beneficiary shall be barred from the programs under this Act for a period of three (3) years from the date of violation.

No public unit or a part thereof shall be utilized for gambling activities, for the possession or use of illegal substances, as drug dens, as sex dens and such other illegal activities. Otherwise, the public rental housing agreement shall be revoked, the amortizations paid thereon shall be forfeited, the perpetrators shall be charged and prosecuted under applicable laws, and the beneficiaries shall be perpetually barred from the programs under this Act.

No public unit or a part thereof shall be utilized for commercial purposes. Otherwise, the public rental housing agreement shall be revoked, the amortizations paid thereon shall be forfeited, the materials and equipment utilized for commercial purposes shall be forfeited in favor of the local government unit concerned, and the beneficiaries shall be barred from the programs under this Act for a period of two (2) years from the date of violation.

No public unit under an existing public rental housing agreement shall be vacant for more than three (3) months. Otherwise, the public rental housing agreement shall be revoked, the amortizations paid thereon shall be forfeited, and the beneficiaries shall be barred from the programs under this Act for a period of two (2) years from the day of revocation of their agreement.

SECTION 21. *Regular Examination of Beneficiaries Under A Public Rental Housing Agreement.* – The LHB shall conduct a monthly or more frequent review, assessment, and examination of beneficiaries under existing public rental housing agreements within their jurisdiction to ensure their continued compliance with the qualifications, requirements, and limitations laid down by this Act.

SECTION 22. *Voluntary Cancellation.* – At anytime during the effectivity of the public rental housing agreement, the beneficiaries may decide to cancel the same by notifying the LHB thirty (30) days before the planned date to vacate. The LHB shall review the notice of cancellation within fifteen (15) days from receipt thereof, to ensure that the decision is voluntary and to review the accounts of the beneficiaries. If upon review, the LHB is able to determine that the decision is voluntary, that there

are no outstanding balances left to be settled, and that there are no other irregularities, it shall issue a certificate of cancellation of the public rental agreement.

SECTION 23. *Judicial Ejectment.* – If upon review, assessment, and examination, the LHB discovers that there are (1) irregularities in the qualifications or requirements of the beneficiaries and/or (2) that beneficiaries violated Section 20 of this Act, except Paragraph 2 thereof, the LHB shall issue a Notice of Irregularity or Violation, as the case may be, addressed to the beneficiary, clearly identifying the irregularity and/or the violation committed, and further containing its decision thereon.

With the assistance of a representative of any appropriate and reputable civil society organization, the beneficiary may file an Appeal with the LHB within fifteen (15) days from receipt of the Notice.

If upon review of the appeal filed, and the LHB fails to reconsider its initial findings, the latter shall file a case for ejectment with the court having jurisdiction over the case against the beneficiary concerned.

An order of ejectment by the court having jurisdiction over the case shall be required before ejection.

SECTION 24. *Extra-Judicial Ejectment.* – Should the LHB, after due review, assessment, and examination, discover that the beneficiaries, and/or any member of their household, violated Paragraph 2, Section 20 of this Act, the latter shall be extra-judicially ejected, without prejudice to the filing of appropriate criminal actions against the erring beneficiaries.

An extra-judicial order of ejectment issued by the LHB having jurisdiction over the public project shall be required before ejection.

SECTION 25. *Public Unit Reinstitution.* – In case of voluntary cancellation, judicial ejectment, or extra-judicial ejectment, the beneficiaries have seven (7) days from the receipt of the certificate of cancellation, the order of ejectment, or the extra-judicial order of ejectment to vacate and turnover the public unit.

ARTICLE VII FUNDING

SECTION 26. *Partnership With Key Shelter Agencies.* – The local government units, through the LHBs, may enter into a partnership with key shelter agencies and the private sector to finance the establishment of public projects and the implementation of other programs under this Act, subject to existing laws, rules, and regulations.

SECTION 27. *Incentives for Private Sector Participation in Public Rental Housing.* – To encourage greater private sector participation in public rental housing and other socialized housing programs, the incentives granted under Section 20 of Republic Act No. 7279, otherwise known as the "Urban Development and Housing Act of 1992," as amended by Republic Act No. 10884, otherwise known as "the Balanced Housing Development Program Amendments," shall also apply to private entities that participate in the programs of this Act.

The establishment of public projects by developers of subdivisions or condominiums shall qualify as compliance to the balanced housing development requirement under Section 18 of Republic Act No. 7279, as amended by Republic Act No. 10884.

SECTION 28. Socialized Housing Tax. – The proceeds from the imposition of the socialized housing tax as mandated by Section 43 of Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992, as amended, shall accrue to the special funds of local government units, a portion of which shall be utilized for the implementation of public rental housing programs.

CHAPTER VIII PENALTIES

SECTION 29. Penalties. – In relation to the execution of any public rental housing programs, any practices that are contrary to the mandates and principles set out in this Act, or any form of abuse of authority or corrupt practices as defined by existing laws shall subject the public officials and employees responsible to:

1. Disciplinary action based on existing laws; and
2. Prosecution under Section 20 of Republic Act No. 11201, otherwise known as the "Department of Human Settlements and Urban Development Act."

CHAPTER IX COMMON PROVISIONS

SECTION 30. Implementing Rules and Regulations. – The Department of Human Settlements and Urban Development, together with the KSAs, in consultation and coordination with the Department of Social Welfare and Development, the Presidential Commission on Urban Poor, other appropriate government agencies, civil society organizations, and representatives from the private sector and from the underprivileged and homeless citizens, shall, within one hundred eighty (180) days from the effectivity of this Act, formulate and promulgate the corresponding implementing rules and regulations, which shall be consistent with the provisions of this Act, and which shall include, but not limited to, the following:

- (1) Registration and Application process; and
- (2) Public rental housing agreement template.

The implementing rules and regulations shall take effect thirty (30) days after its publication in two (2) national newspapers of general circulation.

SECTION 31. Appropriations. – The amount necessary for the initial implementation of the provisions of this Act shall be charged against the the current year's appropriations of the agencies concerned. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act. The agencies concerned shall include in their proposed budget the necessary amounts to enable them to achieve their mandates under this Act.

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

SECTION 33. *Separability Clause.* – If, any part, section, or provision of this Act is held invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full force and effect.

SECTION 34. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general Circulation.

Approved,