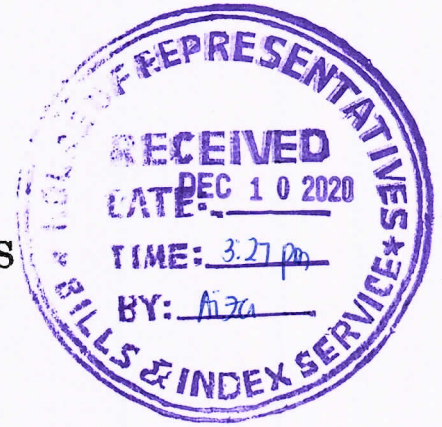


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 8211



Introduced By Representatives Michael L. Romero, Doy C. Leachon, Conrado M. Estrella III, Deogracias Victor "Dv" B. Savellano, Pablo C. Ortega, Marlyn "Len" B. Alonte, Strike B. Revilla, "Kuya" Jose Antonio R. Alvarado, Micaela S. Violago, Jose Enrique "Joet" S. Garcia, Virgilio S. Lacson, Enrico A. Pineda, Sharon S. Garin, Rufus B. Rodriguez, Jose Gay G. Padiernos, and Frederick W. Siao

EXPLANATORY NOTE

The 2019 Coronavirus Disease (COVID-19) pandemic and the successive typhoons which ravaged various parts of the country has shown us the importance of adequate housing for the health and wellbeing of the population. To help curb the worst of this public health crisis and devastation caused by the successive typhoons, our government should place heavy emphasis on sheltering in place. It is worth noting, however, that as of end December 2016, there are at least 799,780 households in the Philippines which are in unacceptable housing and 493,427 households involuntarily doubled-up with other households in living quarters of an acceptable type. These figures are exclusive of housing requirements for new households as the population increases.

The government has very limited resources to address the housing need. For the last 22 years, average annual infrastructure budget under the National Housing Authority (NHA), which is the sole national government agency mandated to engage in shelter production focusing on the needs of the lowest 30% of the urban population,

is at PHP 6.34 billion. This translates to housing assistance for 56,427 households annually. For 2020, infrastructure budget under the NHA is only PHP 3.28 billion, which is 48% below average.

In order to address the housing demand, the government desperately needs private sector participation. The rapid increase in the prices of real estate and construction costs in the Philippines, however, greatly affect housing affordability for most Filipino households. It is also a major barrier to entry for housing developers.

From 1990 to 2019, the Construction Materials Wholesale Price Index (CMWPI) increases, on average, by 9.67% annually. Zonal values of land are also constantly increasing. Developers are faced with additional costs to comply with Government Guidelines on the Risk-Based Public Health Standards for COVID-19 Mitigation.

Taking into consideration the limited resources of the government to aid the housing industry, the provision of tax incentives is the fastest and most effective way to address housing affordability.

For the reasons stated above, the passage of this bill is urgently requested.

MICHAEL L. ROMERO Ph.D.
Representative – Deputy Speaker
Party List - 1-PACMAN

DOY C. LEACHON
Representative – Deputy Speaker
Oriental Mindoro, 1st District

CONRADO M. ESTRELLA III
Representative – Deputy Speaker
Party List - ABONO

DEOGRACIAS VICTOR "DV" B. SAVELLANO
Representative – Deputy Speaker
Ilocos Sur, 1st District

PABLO C. ORTEGA
Representative
La Union, 1st District

MARLYN "LEN" B. ALONTE
Representative
Biñan City, Lone District

is at PHP 6.34 billion. This translates to housing assistance for 56,427 households annually. For 2020, infrastructure budget under the NHA is only PHP 3.28 billion, which is 48% below average.

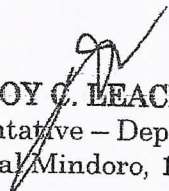
In order to address the housing demand, the government desperately needs private sector participation. The rapid increase in the prices of real estate and construction costs in the Philippines, however, greatly affect housing affordability for most Filipino households. It is also a major barrier to entry for housing developers.

From 1990 to 2019, the Construction Materials Wholesale Price Index (CMWPI) increases, on average, by 9.67% annually. Zonal values of land are also constantly increasing. Developers are faced with additional costs to comply with Government Guidelines on the Risk-Based Public Health Standards for COVID-19 Mitigation.

Taking into consideration the limited resources of the government to aid the housing industry, the provision of tax incentives is the fastest and most effective way to address housing affordability.

For the reasons stated above, the passage of this bill is urgently requested.

MICHAEL L. ROMERO Ph.D.
Representative – Deputy Speaker
Party List - 1-PACMAN


DOY C. LEACHON
Representative – Deputy Speaker
Oriental Mindoro, 1st District

CONRADO M. ESTRELLA III
Representative – Deputy Speaker
Party List - ABONO

DEOGRACIAS VICTOR "DV" B. SAVELLANO
Representative – Deputy Speaker
Ilocos Sur, 1st District

PABLO C. ORTEGA
Representative
La Union, 1st District

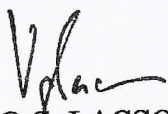
MARLYN "LEN" B. ALONTE
Representative
Bian City, Lone District

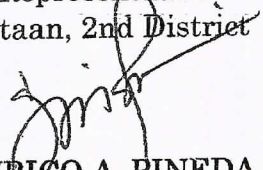
STRIKE B. REVILLA
Representative
Cavite, 2nd District

**"KUYA" JOSE ANTONIO R.
ALVARADO**
Representative
Bulacan, 1st District

MICHAELA S. VIOLAGO
Representative
Nueva Ecija, 2nd District

**JOSE ENRIQUE "JOET" S.
GARCIA**
Representative
Bataan, 2nd District


VIRGILIO S. LACSON
Representative
Party List - MANILA TEACHERS


ENRICO A. PINEDA
Representative
Party List - 1-PACMAN

SHARON S. GARIN
Representative
Party List - AAMBIS-OWA

RUFUS B. RODRIGUEZ
Representative
Cagayan de Oro City, 2nd District

JOSE GAY G. PADIERNOS
Representative
Party List - GP

FREDERICK W. SIAO
Representative
Iligan City, Lone District

MICAELA S. VIOLAGO
Representative
Nueva Ecija, 2nd District

JOSE ENRIQUE "JOET" S. GARCIA
Representative
Bataan, 2nd District

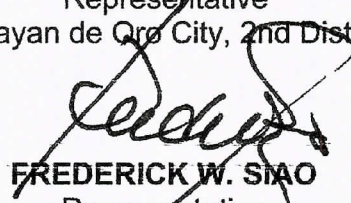
VIRGILIO S. LACSON
Representative
Party List - MANILA TEACHERS

ENRICO A. PINEDA
Representative
Party List - 1-PACMAN

SHARON S. GARIN
Representative
Party List - AAMBIS-OWA

RUFUS B. RODRIGUEZ
Representative
Cagayan de Oro City, 2nd District

JOSE GAY G. PADIERNOS
Representative
Party List - GP


FREDERICK W. SIAO
Representative
Iligan City, Lone District



STRIKE B. REVILLA
Representative
Cavite, 2nd District

**"KUYA" JOSE ANTONIO R.
ALVARADO**
Representative
Bulacan, 1st District

MICAELA S. VIOLAGO
Representative
Nueva Ecija, 2nd District

**JOSE ENRIQUE "JOET" S.
GARCIA**
Representative
Bataan, 2nd District

VIRGILIO S. LACSON
Representative
Party List - MANILA TEACHERS

ENRICO A. PINEDA
Representative
Party List - 1-PACMAN

SHARON S. GARIN
Representative
Party List - AAMBIS-OWA

RUFUS B. RODRIGUEZ
Representative
Cagayan de Oro City, 2nd District

JOSE GAY G. PADIERNOS
Representative
Party List - GP

FREDERICK W. SIAO
Representative
Iligan City, Lone District

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 8211

Introduced By Representatives Michael L. Romero, Doy C. Leachon,
Conrado M. Estrella III, Deogracias Victor "Dv" B. Savellano, Pablo C.
Ortega, Marlyn "Len" B. Alonte, Strike B. Revilla, "Kuya" Jose Antonio
R. Alvarado, Micaela S. Violago, Jose Enrique "Joet" S. Garcia, Virgilio
S. Lacson, Enrico A. Pineda, Sharon S. Garin, Rufus B. Rodriguez, Jose
Gay G. Padiernos, and Frederick W. Siao

AN ACT
PROVIDING FOR TAX INCENTIVES ON DEVELOPMENT
OF ECONOMIC AND MEDIUM-COST HOUSING

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

Section 1. Short Title. - This act shall be known as the "BAHAY NI
JUAN LAW of 2020".

Section 2. Declaration of Policy. - The State recognizes how the 2019
Coronavirus Disease (COVID-19) pandemic and the successive typhoons that hit the
country has shown the importance of adequate housing for the health and well-being
of the population.

It is hereby declared a policy of the State to address the housing demand, encourage private participation, and provide incentives to needed investments for mass housing taking into consideration the following:

- a. Housing is a key industry in the economy due to its strong linkages to other industries;
- b. Government has limited resources that it can allocate for mass housing;
- c. Current housing supply is insufficient to meet housing demand;
- d. The cost of housing production is constantly increasing.

Section 3. Incentives for Mass Housing. - Enterprises engaged in the development of economic and medium-cost housing and its related activities duly registered with the Department of Human Settlements and Urban Development (DHSUD) shall be entitled to the same incentives granted to enterprises registered with the Board of Investments pursuant to Executive Order No. 226, otherwise known as the "Omnibus Investment Code of 1987".

Such incentives shall include:

- a. Income tax holiday;
- b. Exempt from the coverage of the expanded value-added tax law;
- c. Duty-free importation on imported capital equipment and imported raw materials

For this purpose, the industry shall be included in the annual Investment Priorities Plan (IPP).

Section 4. Definition of Terms. - For the purpose of this Act, the terms below shall be construed to mean, except where explicitly indicated or where the context clearly indicates otherwise, as follows:

- a. *Economic Housing.* Residential subdivision and condominium units which conforms with the development standards of Batas Pambansa Blg. 220 (BP 220), and are sold to the public within the current maximum selling price of PHP 1,700,000.00 as prescribed by the DHSUD per Housing and Land Use Regulatory Board (HLURB) Memorandum Circular No. 09, Series of 2015.

- b. *Medium-Cost Housing.* Residential subdivision and condominium units which conforms with the development standards of Presidential Decree No. 957 (BP 220), and are sold to the public within the current maximum selling price of PHP 4,000,000.00 as prescribed by the DHSUD per HLURB Memorandum Circular No. 04, Series of 2006.
- c. *Related Activities.* The domestic manufacturing industries which have direct bearing on the long-term viability of the housing industry.

Section 5. Price Ceiling Adjustment. – The price ceiling for economic and medium-cost housing shall be jointly determined by the DHSUD and the National Economic Development Authority (NEDA); provided, that every three (3) years thereafter, the price ceiling shall be adjusted to its present value using the Consumer Price Index (CPI) as published by the National Statistics Office (NSO); Provided, further, that such adjustment shall be published through a Memorandum Circular to be issued not later than 31 March of each year.

Section 6. Implementing Rules and Regulations. - The DHSUD, in consultation with the BOI, Bureau of Customs (BOC), and other appropriate agencies from the private and government sectors, shall issue guidelines and prescribe rules and regulations for within one hundred twenty (120) days after the effectivity of this Act which shall be published in two (2) newspapers of general circulation.

A copy of such guidelines, rules and regulations shall be furnished the Congress of the Philippines.

Section 7. Repealing Clause. - All other laws, decrees, rules, regulations, and other administrative issuances or provisions thereof which are contrary to or inconsistent herewith are hereby repealed or modified accordingly.

Section 8. Separability Clause. – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

Section 9. Effectivity. - This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or in any newspaper of general circulation.

Approved,