

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 8931



Introduced by **REP. JOSE FRANCISCO "KIKO" B. BENITEZ, Ph.D.**

EXPLANATORY NOTE

This bill seeks to extend the corporate life of the National Housing Authority (NHA), a government corporation created by virtue of Presidential Decree No. 757 in 1975. The NHA, now an attached corporation to the Department of Human Settlements and Urban Development, is the primary agency engaged in direct shelter production.¹

According to P.D. No. 757, the NHA shall "provide and maintain adequate housing for the greatest possible number of people," and "undertake housing, development, resettlement or other activities as would enhance the provision of housing to every Filipino". Furthermore, under Executive Order No. 90, s. 1986, the NHA shall "focus its efforts in providing housing, assistance to the lowest 30% of urban income-earners through slum upgrading, squatter relocation, development of sites and services and construction of core-housing units."

However, views on the performance of NHA of its mandates have been mixed. According to the Commission on Audit, as of December 31, 2019, or six years since the onslaught of Typhoon Yolanda, only 64 percent of the target 201,700 units² have been completed. Of the 126,941 units completed, 43.41 percent were not occupied by the intended beneficiaries due to lack of water and power supply, and accessibility of the housing site to the source of livelihood.

Only in November 2020, when Typhoon Ulysses hit Luzon, several NHA resettlement sites in Rizal were inundated up to the rooftop with muddy floodwaters, which raises questions on the habitability of NHA housing units.

The country's housing demand is expected to rise as our population grows and as disasters displace thousands of families each year. It is estimated that by 2030, total housing needs will reach to 12.5 million units.³ An average of 375,047 housing units for the marginalized and low-income group must then be produced annually between 2016 and 2030 to address the need. We cannot meet this enormous challenge without the NHA. Despite its problems in implementing various housing programs, we will still need an agency dedicated to housing production.

¹ Executive Order No. 90, s. 1986, identified the NHA as the sole government agency engaged in direct shelter production." Sec. 22 of Republic Act No. 11201 that reconstituted the Housing and Urban Development Coordinating Council into the Department of Human Settlements and Urban Development states that "attached corporations shall continue to function according to existing laws and their respective Charters."

² Target has already been reduced from 205,128.

³ Philippine Housing Industry Roadmap, Social Housing Developers Association.

The challenge thus to NHA is to step up and shape up, and demonstrate its ability to overcome shortcomings and improve its performance.

The NHA, as imagined in 1975, has a noble objective: to provide housing to low-income families, as mandated by law or by the Executive, and to generate its own funds from housing programs for other markets that have the capacity to pay, as means to cross-subsidize socialized housing. NHA must, in the next 50 years, deliver on this commitment.

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


JOSE FRANCISCO "KIKO" B. BENITEZ, Ph.D.

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AN ACT
STRENGTHENING THE NATIONAL HOUSING AUTHORITY,
EXTENDING ITS CORPORATE TERM, AND AMENDING FOR THE PURPOSE
PRESIDENTIAL DECREE NO. 757

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

SECTION 1. *Title.* - This Act shall be known as the “National Housing Authority Act of 2021.”

SECTION 2. *Declaration of Policy.* – It is the policy of the State to ensure 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 order to guarantee freedom from poverty, rising standard of living, and improved quality of life for all.

The State, in partnership with the private sector, and its stakeholders shall also:

- (a) Expand people’s access to affordable, adequate, safe, and secure shelter in well-planned communities;
- (b) Enable informal settler families to live in resilient, vibrant, and connected urban communities;
- (c) Promote inclusive and integrated housing that are culturally sensitive, responsive to local context and/or special needs, and in accordance with appropriate standards and designs;
- (d) Encourage and sustain investments in the housing and urban development sector by, among others, promoting partnerships, improving market linkages, simplifying government procedures and facilitating access to finance;
- (e) Improve affordability of housing programs and projects;
- (f) Promote climate change resilient housing and basic infrastructure; and,
- (g) Make land available and accessible for housing.

SECTION 3. *Statement of Objectives.* - Towards this end, the State shall integrate all laws relating to the National Housing Authority to effectively achieve the following objectives:

- (a) Develop integrated, sustainable, safe, affordable and resilient communities, particularly for the underprivileged and homeless as well as low-income households;
- (b) Implement innovative and alternative solutions in addressing the housing needs of informal settler families, the lower-income classes and the vulnerable sector;
- (c) As a government-owned and -controlled corporation, to generate income through the efficient utilization of existing and future assets to support the programs of the Authority;
- (d) Adopt viable land acquisition and management approaches; and,
- (e) Strengthen housing as a platform to reduce poverty, promote climate resilience and improve social outcomes.

SECTION 4. *Extension of Corporate Term; Effect.* – The corporate term of the government corporation known as the National Housing Authority, hereinafter, the “Authority”, created by virtue of Presidential Decree No. 757 (P.D. 757), is hereby extended for a period of Fifty (50) years, upon the approval of this Act.

As such, the Authority shall continue to perform its mandates, exercise its powers and functions, and enjoy its incentives, as contained in P.D. 757, and subsequent laws and issuances, unless expressly repealed herein. Likewise, it shall continue to enjoy all rights and assume all of the liabilities that pertain thereto.

SECTION 5. *Office.* – The Authority shall retain its principal office at the NHA Main Office, Elliptical Road, Diliman, Quezon City 1101, but may have such regional and district offices, agencies, or subsidiaries in other areas all over the country, as it may deem proper and necessary.

SECTION 6. *Powers and Functions of the Authority.* The Authority, in line with its role as the sole government agency engaged in direct shelter production, and in pursuit of the foregoing policies and objectives, shall also exercise the following powers and functions:

I. Housing Operations and Support Services

- (a) Develop and implement comprehensive and integrated housing and urban and rural development programs for citizens including, but not limited to:
 - i. programs for the improvement of blighted urban areas;
 - ii. direct shelter production and disposition primarily for informal settler families and the underprivileged and homeless;
 - iii. relocation of families subject of court-ordered eviction;and,

- iv. housing programs for government employees and armed personnel, such as: members of the Armed Forces of the Philippines (AFP), Philippine National Police (PNP), Bureau of Jail Management and Penology (BJMP), Bureau of Fire Protection (BFP), and Bureau of Corrections (BuCor).
- (b) Prescribe guidelines and standards for the reservation, conservation and utilization of public lands identified for housing and resettlement;
- (c) Design and implement sustainable livelihood programs, fully funded by the national government, which are responsive to the needs of its housing community, in coordination with the concerned local and national government agencies and, whenever practicable, with participation of civil society organizations and the private sector;
- (d) Develop and undertake other urban and rural development projects including basic community facilities, by itself or through joint ventures or other arrangements with public and private entities;
- (e) Improve, redevelop, or revitalize completed but not yet turned-over NHA housing projects by constructing therein additional community structures, or whenever necessary, demolishing previously erected structures similar in nature, subject to law and regulations;
- (f) Provide technical and other forms of assistance to local government units in the implementation of their own housing programs, or private developers undertaking low-cost housing projects, subject to the policies of the Authority;
- (g) Undertake financing of housing programs initiated by local government units or local communities; and,
- (h) Extend shelter services to victims of calamities, natural or man-made, as declared by the President; for this purpose, the Authority is given sufficient leeway by the other government agencies to expedite the process.

II. Asset Management and Business Development

- (a) Exercise the right of eminent domain, purchase, sell, lease and/or exchange lands for purposes of housing development, resettlement and other related services and facilities;
- (b) Issue bonds or contract loans, credits, or indebtedness, including suppliers credit or any deferred payment arrangements with any person or entity, domestic or foreign, for the implementation of its housing programs;
- (c) Invest its funds, as it may deem proper, in bonds and securities issued and guaranteed by the government or by the *Bangko Sentral ng Pilipinas*, and to invest, own or otherwise participate in equity in any establishment, firm or entity; to form, organize, invest in or establish and maintain a subsidiary or subsidiaries in relation to any of its purposes;
- (d) Ensure the collection and recovery of all indebtedness, liabilities and/or accountabilities, due from all obligors, whether public or private; to demand payment of the obligations referred to herein, and in the event of failure or refusal of the obligor or debtor to comply with the demand, to initiate and institute the necessary or proper actions or suits, criminal,

civil administrative or otherwise, before the courts, tribunals, commissions, boards or bodies of proper jurisdiction: Provided, however, that the Authority may compromise or release, in whole or in part, any interest, penalty or civil liability to the Authority in connection with the collection or amortizations, under such terms and conditions as prescribed by the Board of Directors: Provided, further, That the Board may, upon recommendation of the General Manager, depute any member of the Authority's legal staff to act as special sheriff in foreclosure cases, in the sale or attachment of the debtor's properties, and in the enforcement of court writs and processes in case involving the Authority. The special sheriff of the Authority shall make a report to the proper court after any action taken by him, which shall treat such action as if it were an act of its own sheriffs in all respects; and,

- (e) Generate sources and formulate schemes for financing, with due delineation of government and private sector participation.

III. Management Services

- (a) Formulate and enforce general and specific policies for housing and resettlement;
- (b) Monitor and/or discharge of all responsibilities of the government as may arise from treaties, agreements, and other commitments on housing and resettlement to which it is a signatory, including the determination of forms of assistance for housing development to be extended through multilateral or bilateral assistance programs;
- (c) Serve as central repository of database and census list of households/families along waterways, danger areas, government infrastructure project site and government owned lands in Metro Manila and all regions nationwide, which shall be used for subsequent government interventions with housing and resettlement component; and,
- (d) Approve restructuring proposal for the payment of unpaid amortizations under such terms and conditions as the Board of Directors may prescribe.

IV. General Powers

- (a) Have the power of succession; to sue and be sued; to adopt and use a seal which shall be judicially noticed;
- (b) Enter into contracts whenever necessary under such terms and conditions as it may deem proper and reasonable;
- (c) Acquire property rights and interests, and encumber or otherwise dispose the same as it may deem appropriate;
- (d) Borrow funds from any source, private or government, foreign or domestic;
- (e) Receive donations, grants, bequests and fund transfers from other branches of the government, and utilize the same for the attainment of its objectives. Such donations, grants and bequests shall be exempt from the payment of transfer taxes and be fully deductible from the gross income of the donor or grantor for income tax purposes;

- (f) Maintain a provident fund, which shall consist of contributions made by both the Authority and its officers and employees and their earning, for the payment of benefits to such officials and employees or their heirs under such terms and conditions as it may prescribe; and,
- (g) Perform such other acts not inconsistent with this Act, as may be necessary to effect the policies and objectives herein declared.

SECTION 7. *The Board of Directors.* — The powers and functions of the Board of Directors, hereinafter referred to as the Board, shall be exercised by the National Human Settlements Board, with the Secretary of the Department of Human Settlements and Urban Development as the *ex officio* Chairperson, and the General Manager as member, as mandated by Section 21 of Republic Act No. 11201. The Board may appoint two (2) expert panel members with expertise in housing, urban planning and development.

The expert panel members must be: (i) Filipino citizens and of good moral character; (ii) be of recognized probity and independence and must have distinguished themselves professionally in public, civic or academic service; (iii) be in the active practice of their professions for at least seven (7) years; and (iv) not be appointed within one (1) year after losing in the immediately preceding elections, whether regular or special.

All appointive directors must have qualified under the Fit and Proper Rule, as defined by Republic Act 10149 or the Governance Commission for GOCCs (GCG) Law. An appointive director shall be for one (1) year, unless sooner removed for cause, however, the appointive director shall continue to hold office until the successor is appointed.

The Board shall meet regularly at least once a month but special meetings may be called either by the Chairperson or by a simple majority of members of the Board as and when necessary. All decisions of the Board shall require the concurrence of a simple majority of the members, which shall constitute a quorum.

SECTION 8. *Powers and Duties of the Board.* - The Board shall have the powers and functions specified in this Act and the usual corporate powers:

- (a) Formulate, prescribe, and promulgate the implementing rules and regulations required by this Act;
- (b) Promulgate such rules and regulations as may be necessary or proper for the effective exercise of the powers and functions, as well as the discharge of the duties and responsibilities of the Board, its officers and employees;
- (c) Act upon the annual budget and such supplemental budgets of the Authority submitted by the General Manager: Provided, that the Board may reduce but may not increase any item proposed by the General Manager;
- (d) Approve the Authority's organizational and administrative structures and staffing pattern, and to establish, fix, review, revise and adjust the appropriate compensation package of its officers and employees as submitted by the General Manager;

- (e) Design, formulate, negotiate, and implement financial or investment schemes;
- (f) Enter into such contract or agreement as may be necessary for the attainment of the purposes and objectives of this Act;
- (g) Enter into and execute memoranda of agreements, joint ventures, long-term leases and management contracts with private sector entities, to include real estate developers or construction companies with dependable reputes and proven track record in developing and managing real estate ventures;
- (h) Condone or compromise, in whole or in part, penalties, interests or civil liabilities imposed on beneficiaries with delinquent accounts who, for justifiable reasons prescribed by the Board, failed to pay on time any obligation due to the Authority;
- (i) Render annual reports to the President and such special reports as may be requested; and,
- (j) Exercise all the powers necessary or incidental to the attainment of the purposes of this Act.

SECTION 9. Duties of the General Manager. The General Manager shall have the following powers and duties:

- (a) Execute and administer the policies and resolutions approved by the Board of Directors and prepare its agenda;
- (b) Direct and supervise the operations, management and internal affairs of the Authority. The General Manager may delegate certain of his administrative responsibilities to other officers of the Authority, subject to the rules and regulations promulgated by the Board;
- (c) Subject to the approval of the Board, to fix the number and salaries of and appoint, the subordinate officers and personnel of the Authority and to remove, or otherwise discipline, for cause, any such officer or employee pursuant to the provisions of the Civil Service Commission on discipline;
- (d) Represent the Authority in all dealings with other officers, agencies, and instrumentalities of the Government and with all persons and entities, public or private, domestic or foreign;
- (e) Act, in the conduct of the business of the Authority, on all matters that are not by this Act specifically reserved to the Board;
- (f) Solely confer lot awards to the eligible beneficiaries;
- (g) Decide, to the exclusion of courts and any other government agencies, cases filed questioning the propriety of lot awards granted to the Authority's

beneficiaries; for this purpose, the General Manager may create a body for the investigation and adjudication of such cases;

(h) Report and submit to the Board as soon as possible after the close of each fiscal year, if applicable, a complete report of the operations of the Authority for the preceding year, and the state of its affairs; and,

(i) Exercise such other powers and duties as may be vested in him by the Board.

SECTION 10. *Assistant General Managers.* - The General Manager shall be assisted by three (3) Assistant General Managers, who shall be appointed by the President, upon the recommendation of the General Manager: *Provided*, That at least one (1) Assistant General Manager shall be a career officer. The General Manager is further authorized to delineate and assign other functional areas or responsibilities of the Assistant General Managers.

SECTION 11. *Qualifications and Appointment.* - No person shall be appointed General Manager and Assistant General Manager of the Authority unless he or she is a citizen and resident of the Philippines, of good moral character, of proven integrity, competence and expertise in housing, urban planning and development.

SECTION 12. *Organizational Structure and Staffing Pattern.* Subject to the approval of the Governance Commission for GOCCs (GCG), the Board shall determine the Authority's organizational structure, and create new divisions or units, as it may deem necessary in accordance with civil service laws, rules and regulations.

Subject to the approval of the Board, the General Manager shall likewise determine the rates of allowances, honoraria and such other additional compensation which the Authority is hereby authorized to grant to its officers, technical staff and consultants, including the necessary detailed personnel.

SECTION 13. *Exemption from Taxes and Regulatory Fees.* - All laws to the contrary notwithstanding, the Authority, its assets and properties, and all accruals thereto and income or investment earnings therefrom, as well as supplies, equipment, papers or documents shall be exempt from any tax, assessment, fee, charge, or customs or import duty, of any kind, whether imposed by local or national entities.

The exemption includes, but is not limited to the following: income tax, real property tax, capital gains tax, transfer tax, value added tax, donor's tax and similar taxes; and building permit fee, fire inspection permit fee, ECC fees and other regulatory fees. Similarly, the Authority shall be exempt from the payment of documentary stamp tax and registration fees, including fees required for the issuance of transfer certificates of titles.

Furthermore, to promote the policy of improving housing affordability, projects of the National Housing Authority, in cooperation with local government units, the private sector and other entities, shall also enjoy the exemptions enumerated above.

SECTION 14. *Lands for Authority Projects; Management, Conversion and Classification.*— Lands identified and designated for Housing and Urban and Rural Development, pursuant to Section 24 of Republic Act No. 11201, shall be assessed by the

Authority for program or project feasibility. Should the site evaluation be in the affirmative, said lots shall forthwith be transferred to the Authority.

This shall not, however, preclude the Authority from pursuing its continuing mandate of identifying, acquiring and managing lands for the immediate and future needs of its beneficiaries. In pursuit thereof, the Authority must consider, among others, the degree of availability of basic services and utilities, access to modes of transport, proximity to economic opportunities and the preservation of the social capital of beneficiaries.

Furthermore, all lands acquired by the Authority, for any of its programs and projects, shall be automatically converted and/or re-classified, in order to facilitate its immediate development. The Authority, in coordination with the Department of Human Settlements and Urban Development, the Department of the Interior and Local Government, the Department of Agriculture and the Department of Agrarian Reform shall craft the rules and regulations necessary to implement this provision.

SECTION 15. *Designation of the National Housing Authority (NHA) as Lead Agency in the Disposition Program.* – The Authority, under the supervision of the DHSUD, shall take the lead in the disposition activities of the lands in the preceding section: *Provided*, that disposition activities shall include the preliminary stages of identification and evaluation of lands suitable for disposition under this Act.

The Department of Human Settlements and Urban Development is hereby directed to submit immediately an updated list of government-owned lands suitable for socialized housing purposes.

The Department of Human Settlements and Urban Development shall make recommendation for the President relative to the disposition of the lands subject hereof.

SECTION 16. *Completed Projects: Management or Disposition.* The Authority shall determine, establish and maintain the most feasible and effective program for the management or disposition of specific housing or resettlement projects. Unless otherwise decided by the Board, completed housing or resettlement projects shall be managed and administered by the Authority until it has been turned over to the local government unit concerned or other public or private entity concerned, as the case may be.

SECTION 17. *Issuance of Bonds.* - Subject to the approval of the Secretary of Finance, after consultation with the Monetary Board of the *Bangko Sentral ng Pilipinas*, the Authority is hereby authorized to issue bonds and other securities to finance the implementation of its housing programs: *Provided*, That only so much of such bonds or securities shall be issued and sold as the annual project implementation would require: *Provided*, further, That no bonds or securities shall be issued unless eighty per cent (80%) of those already issued had been sold: *Provided*, finally, That the total amount of the bonds or securities issued shall in no case exceed ten times its paid up capital and surplus.

The Authority, in consultation with the Secretary of Finance and the Monetary Board, shall prescribe the form, the rate of interest, and denominations, maturities, negotiability, call or redemption features and all other terms and conditions of the bonds and securities to be issued.

In the promotion of the sale bonds or securities, the Authority is authorized to adopt the lottery scheme enunciated under Republic Act Numbered One Thousand as amended.

The bonds and securities issued under this Act including the income thereof shall be exempt from all kinds of taxes and from attachment, execution and seizure which facts shall be stated on the face thereof.

A sinking fund shall be established by the Authority in such manner that the total annual contribution thereto, accrued at such rate of interest as may be determined by the Secretary of Finance in consultation with the Monetary Board, shall be sufficient to redeem at maturity the bonds or securities issued pursuant to this Act. The sinking fund shall be under the custody and administration of the *Bangko Sentral ng Pilipinas* which may invest the same in *Bangko Sentral* Certificates of Indebtedness and similar financing schemes subject to the approval of the Authority in consultation with the Secretary of Finance: Provided, that the proceeds from such scheme shall accrue to the Authority.

SECTION 18. *Guarantee by the Government.* - The Republic of the Philippines hereby guarantees the payment of both the principal and the interest of the bonds, debentures, collaterals, notes or such other obligations issued or incurred by the Authority by virtue of this Act, and shall pay such principal and interest in case the Authority fails to do so. In such event, the Republic of the Philippines shall succeed to all the rights of the holders of such bonds, debentures, collaterals, notes or other instruments to the extent of the payment made, unless the sum so paid by the Republic of the Philippines shall be refunded by the Authority within a reasonable time.

SECTION 19. *SSS and GSIS Participation.* - Notwithstanding any provision of the respective charters to the contrary, the Social Security System (SSS) and the Government Service Insurance System (GSIS) shall absorb all or part of the bonds or securities issued by the Authority in such proportion as may be determined by the National Economic and Development Authority (NEDA) and approved by the President.

SECTION 20. *Reports.* - The Authority shall submit an annual report to the Office of the President, copy furnished to the Department of Human Settlements and Urban Development, indicating, among others, the housing program being implemented, the stage of implementation, and the financial position of the Authority. It shall likewise submit such periodic or other reports as may be required from time to time.

SECTION 21. *Audit.* - The Chairperson of the Commission on Audit (COA) shall act as the *ex-officio* auditor of the Authority, and accordingly, is empowered to appoint a representative and other subordinate personnel to perform and report on such audit duties, responsible to and removable only by the COA Chairperson, without prejudice, however, to the power of the Board of Directors to contract for another mode of independent audit service, in addition to that provided by COA as provided for under Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

SECTION 22. *Implementing Rules and Regulations.* - The implementing rules and regulations to effectively carry out the provisions of this Act shall be adopted by and promulgated by the Board of Directors of the Authority, not later than ninety (90) days after the approval of this Act.

The Departments, charged with crafting the implementing rules and regulations to effectively carry out Section 14 hereof, are given thirty (30) days after the approval of the Act to enact the same.

SECTION 23. *Applicability of the Revised Corporation Law.* - The provisions of the Revised Corporation Code, in so far as they are not inconsistent with the provisions and policies provided in this Act, shall be applicable to the Authority.

SECTION 24. *Separability Clause.* - If for any reason any provision of this Act is declared to be unconstitutional or invalid, the remaining provisions not affected thereby shall continue to be in full force and effect.

SECTION 25. *Repealing Clause.* - Section 2 of Presidential Decree No. 757 is hereby amended accordingly. All others laws, decrees, executive orders, or rules and regulations or parts thereof inconsistent with or contrary to the provisions of this Act or its purposes are hereby amended or modified accordingly.

SECTION 26. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after the completion of its publication in the Official Gazette or in at least two (2) national newspapers of general circulation.