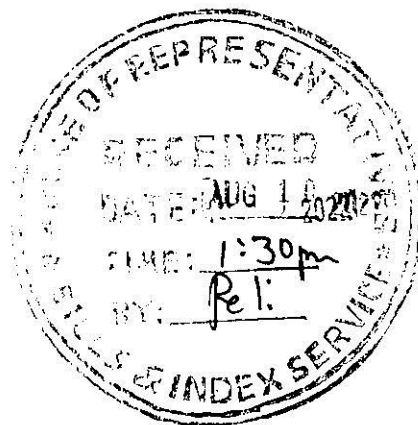




Republic of the Philippines

House of Representatives

Batasan Hills, Quezon City

Nineteenth Congress

First Regular Session

HOUSE BILL NO. **3451**

Introduced by Representative **Florencio Gabriel "Bem" G. Noel** and Representative
Josephine Veronique "Jaye" Lacson-Noel

EXPLANATORY NOTE

Article XIII, Section 9 of the 1987 Constitution states that, "*the State shall, by law, and for the common good, 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. It shall also promote adequate employment opportunities to such citizens. In the implementation of such program the State shall respect the rights of small property owners.*" Furthermore, it states that "*Urban or rural poor dwellers shall not be evicted nor their dwellings demolished, except in accordance with law and in a just and humane manner. No resettlement of urban or rural dwellers shall be undertaken without adequate consultation with them and the communities where they are to be relocated.*"

According to the Subdivision and Housing Developers Association (SHDA), an average of 345, 941 housing units will be needed every year and the housing need can reach up to 12.5 million housing units by 2030. The projected need for 12.5 million housing units by 2030 assumes that we can produce 200,000 units per year against the demand of 345, 941 housing units. This is a problem as our average housing production for the past 31 years has only been 128, 407 housing units. Adding to this problem is the damage cause by calamities. In 2013, the super typhoon Yolanda displaced more than 4.4 million Filipinos or 1,143,332 families.

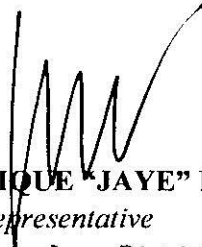
The proposed measure seeks to address this challenge by pursuing a large-scale program that not only addresses the housing needs of the population but by giving them livelihood as well. This bill also aims to bolster the implementation of the major components of the National Development and Production housing program, that addresses the plight of informal settlers, the displacement caused by calamities, the upgrading of settlements, giving decent and affordable housing to government employees and many more, through continuous funding.

In view of the foregoing, the immediate passage of the bill is sought.



FLORENCIO GABRIEL "BEM" NOEL

*Representative
An-Waray Partylist*



JOSEPHINE VERONIQUE "JAYE" LACSON-NOEL

*Representative
Malabon, Lone District*



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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.*"

Sec. 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, humane, 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/sustained funding support to scale-up the implementation of the major components of the National Housing Development and Production Program.

Sec. 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 2043.
- b) Generate and mobilize funds for housing purposes of Filipino families, giving priority to the homeless and underprivileged.
- c) Ensure the provision of support mechanisms/subsidy program to improve access of Filipino families to a variety of housing options.
- d) Guarantee the development of a strong, sustainable, accessible and affordable housing finance system.
- e) Encourage public and private sector participation in the implementation of government National Housing Development and Production Financing Program.

Sec. 4. *National Housing Development Production Program Implementation.* Consistent with the aforementioned policy and objectives, the Department of Human Settlements and Urban Development (DHSUD) and its attached Key Shelter Agencies, shall intensify the implementation of the vital components of the National Housing Development Production and Financing Program. The implementation of this program shall be carried out by the following agencies:

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

(1) Resettlement - This program addresses the requirements of families affected by the following:

- a) When persons or entities occupy danger areas such as esteros, railroad tracks, garbage dumps, riverbanks, shorelines, waterways, and other public places such as sidewalks, roads, parks, and playgrounds;
- (b) When government infrastructure projects with available funding are about to be implemented; or
- (c) When there is a court order for eviction and demolition.

It entails the provision of vertical (from 5 to 15-storey residential building) and/or horizontal housing units, community facilities, socio-economic and other community support programs.

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

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

- (2) Government Employees Housing Program - this program is intended to provide decent and affordable housing to low-salaried government employees.
- (3) Settlements Upgrading- this program aims to address the security of tenure and infrastructure requirements of informal settlements on government-owned lands proclaimed or designated as socialized housing sites.
- (4) Housing Program for Calamity Victims - this program is intended to respond to the housing needs of low and marginal-income and/or informal shelter families for transitional and/or permanent shelter affected by calamities such as typhoons, landslides, earthquakes, and fires for relocation to safe areas.
- (5) Land Banking - this refers to the acquisition of land, which includes idle government lands, at values based on existing use in advance of actual need to promote planned development and socialized housing programs with a view to distribute the land to qualified socialized housing beneficiaries.

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

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

- (6) Community Mortgage Program (CMP) - this is a mortgage financing program, which assists legally organized associations of underprivileged and homeless citizens to purchase and develop a tract of land under the concept of community ownership. The primary objective of the program is to assist residents of blighted or depressed areas to own the lots they occupy, or where they choose to relocate to, and eventually improve their neighborhood and homes to the extent of their affordability. The different modalities of the CMP are as follows:
 - a) Sectoral CMP - a CMP modality that caters to the different sectoral groups including but not limited to the basic sector groups needing resettlement assistance. A sectoral group represents a group or coalition of persons who share similar concerns and interests and intend to avail of resettlement assistance from

SHFC, including Indigenous Peoples (IPs), Indigenous Cultural Communities (ICCs) and other ethnic minority groups.

- b) Housing for Peace Process and Nation Building CMP - a CMP modality which would lead to the achievement of national peace and development through the provision of housing to former rebels/rebel returnees (FR/RR). This also includes rebuilding damaged or destroyed homes in post conflict-areas of internally-displaced persons (IDPs).
 - a. Post-Disaster Rehabilitation and Reconstruction CMP - a CMP modality which provides assistance to community housing projects in times of disaster. This program allows the communities to immediately embark on house construction and site development which adhere to the minimum standards and specifications of the design and structural components of disaster-resilient housing projects, as well as materials.
 - b. Industrial Workers CMP - a CMP modality intended primarily for low-income employees of companies engaged in agro-industrial, industrial processing zone, tourist, recreational, commercial and other enterprises.
 - c. Site Upgrading/Development CMP - a CMP modality intended to provide site development and housing/building construction loans for projects whose lands are donated by private or public entities applicable to both onsite or resettlement projects.
 - d. Mixed-Use CMP - a CMP modality aimed at developing a self-sustaining community by having a balanced mix of residential and commercial spaces, well developed infrastructure and recreational amenities along with green and open spaces and wellness areas. Under this modality, 10% of the project area shall be allotted for green spaces and the project area must have facilities making it accessible to Persons with Disabilities (PWD).

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

- (7) Securitization - this refers to the development of the secondary market for home mortgages and other housing related receivables, conveyances and financial instruments and the development/promotion of and investments in new housing-related financial instruments and investment vehicles and the capital markets thereof. Furthermore, this would also increase and sustain funds available for housing and home development.
- (8) Public Housing - this is a housing program that is owned and/or managed by the government for the purpose of providing security of tenure to the underserved families including but not limited to the development of proclaimed socialized housing sites intended to promote the establishment of new towns, new settlements, and urban renewal.

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

- (9) Subsidy - this is a financing assistance scheme intended to enhance the affordability of well targeted and most financially incapable segment of the society. It is a grant extended to qualified low-income beneficiaries under the National Housing Development and Production Financing Program under any of the following alternative subsidy schemes:
- 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 R.A. No. 6846 or the "*Social Housing Support Fund Act*." The department shall be authorized to establish the qualification and income requirements of borrowers who will qualify for the amortization support subsidy.

The DHSUD, in coordination with the Local Government Units (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 involves the extension of fiscal assistance of up to a maximum of 50% of the total construction cost for the National Government Agencies (NGAs) and 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 involves 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.

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

Sec. 5. Appropriations by the National Government.- The amount of One Hundred Thirty-Five billion, One Hundred Fourteen Million Pesos (P135,114,000,000.00) or such amount necessary to carry out the provision of this Act is hereby authorized to be appropriated annually through the General Appropriations Act over a period of twenty (20) consecutive years commencing from the year immediately succeeding the effectivity of this Act or until such time that the total fund requirements provided for in this Act shall have been fully released.

A total amount of Two Trillion, Six Hundred Sixty-Seven Billion, Two Hundred Ninety-Three Million Pesos (P2,667,293,000,000.00) covering the continuing requirement of this Act shall be appropriated to the DHSUD and Key Shelter Agencies for the implementation of the following component programs of the NHDPF Program:

1. One trillion, seven hundred twenty-two billion, four hundred forty-six million pesos (P1,722,446,000,000.00) for the implementation of the following programs of NHA:
 - a) Eight hundred billion and six hundred ninety million pesos (P800,699,000,000.00) to finance the Resettlement Program under Section 4(1) of this Act;
 - b) Five hundred forty-three billion and four hundred nineteen million pesos (P543,419,000,000.00) as subsidy for Government Employees Housing under 4(2) of this Act;
 - c) One hundred sixty-four billion and two hundred sixty-five million pesos (P164,265,000,000.00) for the Settlements Upgrading under Section 4(3) of this Act;
 - d) One hundred one billion and seven million pesos (P101,007,000,000.00) for the Housing Program for Calamity Victims Section 4(4) of this Act; and
 - e) Sixty-three billion and fifty-six million pesos (P63,056,000,000.00) for the Land Banking under Section 4(5) of this Act.
2. Four hundred fifty-three billion, two hundred million pesos (P453,200,000,000.00) for the implementation of the Community Mortgage Program under Section 4(6) of this Act.
3. Fifty billion (P50,000,000,000.00) for the Capitalization of NHMFC under Section 4(8) of this Act.
4. Four hundred seventy-six billion, six hundred forty-seven million pesos (P476,647,000,000.00) for the implementation of the following programs of the DHSUD:
 - a) Three hundred sixty-five billion, nine hundred seventy-nine million pesos (P365,979,000,000.00) to finance the Public Housing under Section 4 (8);
 - b) Eighty-nine billion, one hundred thirty-one million pesos (P89,131,000,000.00) as subsidy under Section 9, broken down as follows:
 - i. Eighteen billion, five hundred thirty-one million pesos (P18,531,000,000.00) as interim shelter finance assistance for the informal settler-families who will be relocated under Section 4 (9a)
 - ii. Sixty-three billion, seven hundred ninety-six million pesos (P63,796,000,000.00) as upfront subsidy under Section 4(9b)
 - iii. Six billion, eight hundred four million pesos (P6,804,000,000.00) as amortization support under Section 4 (9c)
 - c) Twenty billion, four hundred fifty-six million pesos (P20,456,000,000.00) to finance public rental housing under Section 4(10); and
 - d) One billion, eighty-one million (P1,081,000,000.00) to finance survey of proclaimed lands and conduct of inventory of government idle lands suitable for socialized housing under Section 4 (11).

Sec 6. LGU Sources of Funds. - Section 43 of R.A. No 7279 on Socialized Housing Tax is hereby amended, to read as follows:

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

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

1. The NHMFC shall be the sole implementing agency for the NHDP securitization.
2. The NHMFC in coordination with the DHSUD, DOF and BSP and other concerned agencies and private sector organizations, shall formulate a program, the proceeds of which shall accrue to the Centralized Housing Fund.
3. The mortgages to be generated as a result of the implementation of the component programs of the NHDP Program shall be sold and transferred to NHMFC, which shall also serve as asset pool for securitization.
4. The NHMFC as the sole agency for the implementation of the NHDPA Securitization shall manage the whole securitization process which includes the following activities: determining the eligibility criteria for the asset pool, defining the preliminary structure of the notes, bonds and or instruments to be issued, third parties to be hired; and education/briefing of target investors for all the issues.
5. The NHMFC and NHDPA-issued bonds, notes and securities shall be exempt from the registration requirements under the Securities Regulation Law in order to accelerate the issuance of its housing related securities/financial instruments and, thus, more reasonably provide the necessary fund for housing developments.
6. Transactions by banks involving the purchase and sale of housing bonds, debentures and such other similar instruments shall be exempt from the twenty percent (20%) final tax on income, documentary stamps tax, gross receipts tax and value added tax.
7. The investors' yield or income from any socialized housing or economic housing-related bond or asset-backed securities (ABS) issued by NHMFC directly or through a special purpose entity under the Securitization Act shall be exempt from income tax. Such issuances shall enjoy all the tax exemptions granted under Republic Act No. 9627 or the Securitization Act of 2004 pursuant to the State's policy of promoting the securitization of mortgage and housing-related receivables of government housing agencies, to generate investment and accelerate the growth of the housing finance sector, especially for socialized and economic housing.
8. Bonds purchased by private real estate developers shall be considered as an alternative compliance to the balanced housing requirements under Section 18 of R.A. No. 7279 as

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

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

Sec. 8. Capitalization of National Home Mortgage Finance Corporation (NHMFC). - The authorized capital stock of the NHMFC is hereby increased from P5,500,000,000.00 pesos to P50,000,000,000.00 pesos to expand its leveraging capacity based on the volume of mortgage loans being serviced to improve its profitability by reducing the average cost of its fund made available for home lending programs.

The capital of the National Home Mortgage Finance Corporation (NHMFC) shall be Fifty billion pesos (P50,000,000,000.00), to be fully subscribed by the Government of the Republic of the Philippines, hereafter referred to as the Government: *Provided*, That the P25,000,000,000.00 of the capitalization shall be funded from the General Appropriations Act and the remaining P25,000,000,000.00 shall be funded from the declared dividends of the NHMFC in favor of the National Government. For this purpose, any and all declared dividends of the NHMFC in favor of the National Government shall be deposited in a special account in the General Fund, and earmarked for the payment of NHMFC's increase in capitalization. Such payment shall be released and disbursed immediately and shall continue until the increase in capitalization has been fully paid.

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

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

Sec. 11. Private Sector Participation - To fast track the approval and implementation of housing projects and reduce the cost of socialized and low-cost housing units, the Bureau of Internal Revenue, the Department of Agriculture, the National Irrigation Authority, the Philippine Coconut Authority, the Sugar Regulatory Administration, the Department of Agrarian Reform, the Department of Environment and Natural Resources, the Mines and Geosciences Bureau, the Laguna Lake Development Authority the Department of the Interior and Local Government, the Local Government Units, the Land Registration Authority and the Department of Human Settlements and Urban Development shall facilitate the release of the required housing-related permits, licenses, certifications and tax exemptions/rulings in accordance with Republic Act No.

11032 or an Act Promoting Ease of Doing Business and Efficient Delivery of Government Services Amending for the Purpose Republic Act No. 9485 Otherwise Known as the Anti-Red Tape Act of 2007 and for Other Purposes and Executive Order No. 45 (S. 2001).

In case the responsible officers of the agencies concerned fail or refuse to dispose of the application within the periods prescribed under R.A. No. 11032, the applicable administrative and criminal liability as stated in Section 22 of R.A. No 11032 shall be imposed.

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

The participation of owners and/or developers in any of the component programs of the NHDPFA shall be treated as one of the manners of compliance to the balanced housing requirements subject to the conditions set forth under R.A. No. 10884.

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

Sec. 13. *Implementing Rules and Regulations.* - The DHSUD promulgate rules and regulations necessary for the implementation of this Act.

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

Sec. 15. *Penal Clause* - Any person who violates any provision of this Act shall be imposed the applicable administrative and criminal liability as stated in Section 22 of R.A. No. 11032 or the Ease of Doing Business and Government Service Delivery Act of 2018.

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

Sec.17. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or at least two (2) national newspapers of general circulation.

Approved,