



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH (19th) CONGRESS
First Regular Session

House Bill No. **7230**



Introduced by: Hon. Ma. Victoria Co - Pilar and Hon. Jose Francisco "Kiko"
Benitez, Ph.D.

EXPLANATORY NOTE

Under Section 9, Article XIII 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."

On 24 March 1992, Republic Act (RA) No. 7279, otherwise known as the Urban Development and Housing Act of 1992, was enacted for the State to undertake, in cooperation with the private sector, a comprehensive and continuing Urban Development and Housing Program. Republic Act (RA) No. 10884 or An Act Strengthening the Balanced Housing Development Program amends RA 7279 including provisions on the establishment of mechanisms for its implementation, and for other purposes.

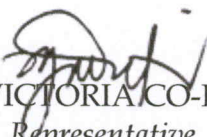
Section 10 of RA 7279 as amended by RA 10884 provides for the modes of land acquisition, while Section 18 mandates that the program shall include a system to be specified in the Framework plan whereby owners and/or developers of proposed subdivision and condominium projects housing development programs shall be required to develop an area for socialized

housing. Further, Section 20 of the same Act provides provisions for the incentives of private sector participating in Socialized Housing.

Housing is an essential component of human well-being, a necessity that provides not only physical shelter but also a sense of security, stability, and community. Access to adequate and affordable housing is a fundamental human right and is considered an important indicator of a country's social and economic development as one of the factors that dictate the quality of life of a citizen. While the government has been providing socialized housing programs and projects to informal settler families since the enactment of RA 7279, the increasing demand for decent housing poses as a throwback in the housing backlog problem in the country over the past years. This partly reflects the inadequacy of land allocation for residential projects, configured monitoring body, and the level of private sector involvement.

In view of continuing a comprehensive Urban Development and Housing Program, this measure aims to amend Sections 10, 18, and 20 of RA 7279 as amended by RA 10884 by adding modes of acquiring lands such as *community mortgage program*, *direct purchase of the government* and *swiss challenge*. The bill likewise seeks to provide more power to the Housing instrumentalities of the National Government as a department approach for the review and monitoring of the Balanced Housing Development with the primary focus on beneficiaries settling in danger areas. In addition, imposing higher fines and penalties intended for the development of local Socialized Housing programs where the project is located. Finally, the bill also provides the manner and more modes of incentives to the private sector for the purpose of Socialized Housing to encourage greater private sector participation and further reduce the cost of housing units for the benefit of the underprivileged and homeless.

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


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AN ACT
AMENDING SECTIONS 10, 18 AND 20 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 AN ACT STRENGTHENING THE BALANCED HOUSING DEVELOPMENT
PROGRAM

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

3 **SECTION 1.** Amendatory Provisions – The following provisions of Republic Act
4 No. 7279, entitled “An Act to Provide for a Comprehensive and Continuing Urban
5 Development and Housing Program, Establish the Mechanism for Its Implementation,
6 and for Other Purposes”, are hereby amended:

7
8 (a) Section 10 of Republic Act No. 7279 paragraph (b) as amended is hereby
9 amended as follows:

10
11 “The modes of acquiring lands *and creation of socialized housing programs and*
12 *projects* for purposes of this Act shall include, among others, *community*
13 *mortgage program*, land swapping, land assembly or consolidation, land banking,
14 donation to the government, joint venture agreement, negotiated purchase, *direct*
15 *purchase of the government, swiss challenge*, and expropriation: x x x”

16
17 X X X
18

1 “For the purpose of socialized housing, government – owned and foreclosed
2 properties shall be acquired by the local government units, or by the ~~National~~
3 ~~Housing Authority~~ **Housing instrumentalities of the National Government**
4 primary through negotiated purchase: Provided, That qualified beneficiaries who
5 are actual occupants of the land shall be given the right of first refusal. *Forfeiture*
6 *of lands and properties through delinquency of payments of real property taxes*
7 *shall be automatically prioritized for socialized housing sites unless deemed by*
8 *the local Sangguniang Bayan to be used for other purposes in accordance with*
9 *zonal concerns as mandated by their respective Comprehensive Land Use Plan*
10 *and Shelter Plan: Also, that qualified beneficiaries who are actual occupants of*
11 *the land shall be given the right of first refusal.”*
12

13 (b) Section 18 of Republic Act No. 7279 paragraph (b) as amended is hereby
14 amended as follows:
15

16 *Balanced Housing Development.* – The Program shall include a system to be
17 specified in the Framework plan whereby owners and / or developers of
18 proposed ~~subdivision and condominium projects~~ **housing development**
19 **programs** shall be required to develop an area for socialized housing
20 equivalent to at least fifteen percent (15%) of the total ~~subdivision~~ project
21 area for subdivisions or village and at least five percent (5%) of condominium
22 or vertical housing project area or project cost, ~~at the option of the developer,~~
23 *all of which shall be undertaken in the project site or within the city, or*
24 *municipality to which the development is situated, in accordance with the*
25 *standards as provided by law: Provided, That proposed socialized subdivision*
26 *and village projects and proposed socialized condominium projects shall be*
27 *exempt from this requirement. For this purpose, the Housing and Urban*
28 *Development Coordinating Council* **Department of Human Settlements and**
29 **Urban Development together and its attached agencies, the National**
30 **Economic and Development Authority and the Local Government Unit**
31 *where the project is located* shall jointly determine and set separate socialized
32 housing price ceilings for socialized ~~subdivision and socialized condominium~~
33 housing projects which shall be mandatorily reviewed or revised every ~~two (2)~~
34 **five (5) years**. The balanced housing development as herein required may also
35 be complied with by the owners and/or developers concerned in any of the
36 following manner:
37

38 (a) Development of socialized housing in a new settlement *with primary*
39 *focus on beneficiaries settling on danger areas as defined in Republic*
40 *Act No. 11201 Section 3, Paragraph E*
41

42 (b) Joint venture Projects for socialized housing with either the local
43 government units or any of the housing agencies or with another private
44 developer, or with a non governmental organization engaged in the
45 provision of socialized housing and duly accredited by the ~~Housing and~~

~~Land Use Regulatory Board~~ **Department of Human Settlements and Urban Development and its attached agencies**, but if the developer has failed to complete the development of the project, the owner and/or developer of the ~~main subdivision or condominium~~ project shall be solitarily liable only to the extent of compliance to the balance housing requirement regardless of the provisions of their joint venture agreement:
or

- (c) Participation in a new project under the community mortgage program *with primary focus on beneficiaries settling on danger areas as defined in Republic Act No. 11201 Section 3, Paragraph E:*

~~The Housing and Land Use Regulatory Board~~ **Department of Human Settlements and Urban Development** is hereby mandated to submit to Congress an annual report on the compliance hereof by the owners and/or developers of ~~subdivision and condominium~~ the housing projects.

“Any person violating any provision of this section shall be imposed a fine of not less than ~~five hundred thousand pesos~~ **One Million Pesos (P 1,000,000.00)**, for the first offense; suspension of license to do business for a period of ~~three (3) to six (6) months~~ **six (6) months to one (1) year and a fine of not less than five hundred thousand pesos (P 500,000.00) One Million Pesos (P 1,000,000.00)**, for the second offense; and cancellation of license to do business for the third offense **and a fine of not less than Five Million Pesos (P 5,000,000.00); to which all fines and penalties shall be intended for the development of local socialized housing programs where the project is located.**”

- (c) Section 20 of Republic Act No. 7279 paragraph (b) as amended is hereby amended as follows:

Incentives for Private Sector Participating in Socialized Housing – to encourage greater private sector participation in socialized housing and further reduce the cost of housing units for the benefit of the underprivileged and homeless, the following incentives shall be extended to the private sector:

- (a) Reduction and simplification of qualification and accreditation requirements for participating private developers;
- (b) Creation of one stop shop offices in the different regions *with emphasis on highly urbanized cities* of the country for the processing, approval and issuances of clearances, permits and licenses: Provided, That clearances, permits and licenses shall be issued within ninety (90) days from the date of submission of all requirements by the participating private developers;

1 *In government initiated socialized housing projects, once the*
2 *requirements of a developer has been compliant to be issued with a*
3 *notice to proceed, the local building official of the local government unit*
4 *where the project is located shall also deem the developer, compliant*
5 *with the requirements and ordinances governing the issuance of a local*
6 *building permit. Likewise, once the requirements of the project and*
7 *developer has been compliant to be issued with a certificate of*
8 *acceptance, the local building official of the local government unit*
9 *where the project is located shall also deem the project and the*
10 *developer, compliant with the requirements and ordinances governing*
11 *the issuance of a certificate of acceptance.*

12
13 (c) Simplification of financing procedures *upon which the Department of*
14 *Human Settlements and Urban Development and its attached agencies*
15 *together with the Local Government Units may agree on joint ventures;*
16 and

17
18 (d) Exemption from the payment of the following:

19
20 (1) Project related income taxes;

21
22 (2) Capital gains tax on ~~raw~~ lands used for the project deemed for the use
23 of socialized housing;

24
25 (3) Value added tax for the project contract concerned

26
27 (4) Transfer tax for ~~both raw~~ completed projects *with issued certificate of*
28 *acceptance*

29
30 (5) *Documentary stamp taxes for all the documentary requirements*
31 *pertaining to the project*

32
33 (6) Donor's Tax for lands certified by the local government units to have
34 been donated for socialized housing purposes.

35
36 "Provided, That a socialized housing certification issued by the ~~Housing~~
37 ~~and Land Use Regulatory Board~~ Department Human Settlements and Urban
38 Development and its attached agencies or *a resolution by the Sangguniang*
39 *Bayan that designates or deems an area as a socialized housing project* or area
40 shall be sufficient for the purpose of availment of tax exemption, a lien on the title
41 of the land, shall be annotated by the Register of Deeds: Provided, *furthermore,*
42 That the socialized housing development plan has already been approved by the
43 appropriate government agencies concerned: Provided, *finally,* That all the
44 savings realized by virtue of this provision shall accrue in favor of the
45 beneficiaries subject to the implementing guidelines to be issued by the ~~Housing~~

1 ~~and Land Use Regulatory Board~~ Department Human Settlements and Urban
2 Development and its attached agencies.”
3
4

5 **SECTION 2. *Implementing Rules and Regulations.*** – within ninety (90) days
6 from the effectivity of this Act, the ~~Housing and Land Use Regulatory Board~~
7 **Department Human Settlements and Urban Development and its attached agencies**
8 shall promulgate a new set of implementing rules and regulations for the amended
9 sections, consistent with the parameters and standards set forth in the said sections.
10 Nongovernment organizations and people’s organizations involved in housing rights and
11 urban poor advocacy, as well as the private sector shall be consulted in the process of
12 drafting these implementing rules and regulations
13
14

15 **SECTION 3. Reporting to Congress –** ~~The Chief Executive Officer of the~~
16 ~~Housing and Land Use Regulatory Board~~ **Department of Human Settlements and**
17 **Urban Development** shall submit an evaluation and *accomplishment* report to Congress
18 every (2) years after the effectivity of this Act
19
20

21 **SECTION 4. Separability Clause –** If any portion or provision of this Act is held
22 unconstitutional or invalid, the remaining provisions not affected thereby shall continue to
23 be in full force and effect.
24
25

26 **SECTION 5. Repealing Clause –** All laws, executive orders, proclamations, rules,
27 regulations and other issuances or parts thereof which are inconsistent with the provisions
28 of this Act are hereby repealed, amended or modified accordingly.
29
30

31 **SECTION 6. Effectivity –** This Act shall take effect fifteen (15) days after its
32 publication in the Official Gazette or in a newspaper of general circulation.
33
34

35 Approved,