

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Third Regular Session

HOUSE BILL No. **11092**



Introduced by Representative CAMILLE A. VILLAR

EXPLANATORY NOTE

Housing is a right, not a commodity. Increasingly viewed as a commodity, housing is most importantly a human right. Under international law, to be adequately housed means having secure tenure—not having to worry about being evicted or having your home or lands taken away. It means living somewhere that is in keeping with your culture, and having access to appropriate services, schools, and employment.¹

Housing is the basis of stability and security for an individual or family. The centre of our social, emotional and sometimes economic lives, a home should be a sanctuary—a place to live in peace, security and dignity.²

Under the 1987 Philippine Constitution, 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.³

This bill has the purpose of eliminating the blockage in the economic, low cost and socialized housing that frustrate individual dreams and government's efforts towards a continuing shelter program. It will serve as emergency mechanism to prevent mass foreclosure and evictions and distress selling of homes, resulting from unemployment, reduced income, insufficient income, death or physical incapacity, retirement and other uncontrollable causes.

¹ <https://www.ohchr.org/en/special-procedures/sr-housing/human-right-adequate-housing>

² Ibid

³ Section 9, Article XIII, 1987 Constitution

It is the hope of this Representation that with the new repayment terms mandated in this measure, like longer payment terms, lower interest rates and condonation of accrued interest, penalties and surcharges, the condition of homeowners who are suffering from economic hardships will be alleviated, and they are allowed to keep their homes. Should this bill be enacted into law, it will also complement the government's efforts in managing the housing backlog, which if not arrested could reach 22 million units by 2040.⁴

Hence, I join my colleagues in Congress in requesting for the immediate passage of this bill.


CAMILLE A. VILLAR

⁴ https://unhabitat.org/sites/default/files/2023/06/5_unhabitat_philippines_country_report_2023_final_compressed.pdf

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AN ACT
TO ESTABLISH HOUSING LOAN REPAYMENT PROGRAM, PROVIDING
THE MECHANISMS THEREFOR, AND FOR OTHER PURPOSES

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

Section 1. Title – This Act shall be known as the “Housing Loan Repayment Act”.

Section 2. Declaration of Policy. – It is the policy of the State to provide access to opportunities that shall uplift standard of living, promote development of human dignity vital to progress, promote a healthy and productive housing environment and establish a continuing affordable and adequate shelter program that shall ensure fairness, social justice and equality, to lessen homelessness, utilize resources equitably to make available decent shelter to underprivileged citizens, and protect the right to security in the event of unemployment, sickness, disability, old age, widowhood or lack of livelihood.

Section 3. Purposes: The purposes of this Act are:

- a. To eliminate the blockage in the economic, low cost and socialized housing that frustrate individual dreams and government's efforts towards a continuing shelter program;
- b. To serve as emergency mechanism to prevent mass foreclosure and evictions and distress selling of homes, resulting from unemployment, reduced income, insufficient income, death or physical incapacity, retirement and other causes, attributable to an economic crisis;
- c. To create an environment conducive to peace, development and progress by giving the borrowers the chance to pay under new terms that will allow them to adjust fairly to demands of the present standard of living; and
- d. To pave the way for an in-depth review of the over-all government housing policies.

Section 4. Objectives: The objectives of this Act are:

- a. To provide the means to secure homes for the beneficiaries so as to promote stable neighborhoods and stable nation;
- b. To be able to liquefy investments that can be used for continuous shelter production; and
- c. To restructure the loans to improve the status of the assets, raising its net worth as an investment for capital generation.

Section 5. Coverage: All economic low-cost and socialized housing loans that have at least six (6) months of unpaid monthly amortization as of the affectivity of this Act, notwithstanding that the same accounts have availed of the benefits of a previous restructuring or condonation program; Provided, that the original principal amount of the housing loan shall not exceed Two Million Five Hundred Thousand Pesos (PhP2,500,000.00).

a) Agencies covered – Government financing institutions and agencies – Government Service Insurance System (GSIS), Social Security System (SSS), Home Development Mutual Fund (HDMF), National Home Mortgage Finance Corporation (NHMFC), and the Home Guaranty Corporation (HGC).

b) Accounts covered – In addition to the above provision on coverage, the Act shall also cover mortgages that have been foreclosed but has not been sold to an individual third party, and loans secured by Contract-To-Sell (CTS) including accounts that have been cancelled due to delinquency.

Section 6. Considered as Restructured loan. The loan to be repaid shall be the outstanding principal amount.

Section 7. Terms:

a) The loan shall be repaid at a maximum term of thirty years (30) and shall be assumed by legal heirs and successors-in-interest once the borrower reached retirement age. The borrower can however opt to shorten the term.

b) All accrued arrearages in interest, penalties and surcharges shall be condoned and shall appear on the statement of account of the borrower upon receipt and approval of the application of the borrower.

c) No down payment shall be required to apply for this repayment program and, if any, a processing fee lower than the previous restructuring or condonation program shall be charged.

Section 8. Interest rate:

The loan shall bear interest at the following rates per annum, subject to review and adjustment by the President every three years:

<u>Loan Amount</u>	<u>Maximum Interest Rate</u>
PhP500,000 and below	6%
Over PhP500,000 to PhP1,000,000	7%
Over PhP1,000,000 to PhP2,500,000	10%

Delayed payments shall be charged a minimum penalty.

Section 9. Special Provisions. In line with the government's policy of ensuring that a fair share of the resources utilized for low cost and socialized housing be made available to the most indigent and vulnerable sectors of our society, this Act provides that:

a) **Community Mortgage Program (CMP)** loans shall bear interest rate at 3% per annum upon effectivity of this Act, and all accrued interests, penalties and surcharges emanating from this loan shall be condoned. CMP projects shall be entitled to support equivalent to infrastructure development either from their respective local government revenues or Congressional district funds or from Senate funds, to alleviate the burden of cost of community improvement by the dwellers, for them to set goals for self-improvement; and

b) **Relocation Program** loans shall bear no interest, provided the original relocatees occupied their homes through the entire length of the loan, to mitigate their disadvantage in the new environment that left them unemployed or added cost of transportation to their place of work.

Section 10. The Repayment Program provided in this Act shall be distinct and separate from the restructuring schemes implemented by the GFI's and the borrowers are given the option to choose schemes appropriate to their needs. The Repayment Program may be availed of only once.

Section 11. Implementing Rules and Regulations. There is hereby created an Inter-Agency Committee headed by the Department of Human Settlements and Urban Development (DHSUD) and composed of all the government institutions and agencies and non-government organizations, homeowners' association or people's organizations tasked to promulgate the implementing rules and regulations within sixty (60) days from the effectivity of this Act.

Section 12. Separability Clause. - Should any provision of this Act or any part thereof be declared invalid, the other provisions, so far as they are separable from the invalid ones, shall remain in full force and effect.

Section 13. Repealing Clause. - All laws, executive orders, rules or regulations, or any part thereof, inconsistent with any provisions of this Act are hereby repealed and modified accordingly.

Section 14. Effectivity Clause. - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved,