

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

20th CONGRESS
First Regular Session



HOUSE BILL NO. 4494

Introduced by REP. JUAN CARLOS "ARJO" C. ATAYDE

AN ACT
PROVIDING FOR A NATIONAL HOUSING DEVELOPMENT, PRODUCTION
AND FINANCING PROGRAM REGULARIZING ITS APPROPRIATION FOR
ITS IMPLEMENTATION

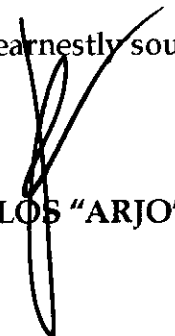
EXPLANATORY NOTE

The 1987 Constitution recognizes the right of the Filipino people to decent housing. Article XIII provides, "The State shall, by law, and for the common good, undertake, in cooperation with the private 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 resettlement areas. It shall also promote adequate employment opportunities to such citizens. In the implementation of such a program, the State shall respect the rights of small property owners."

In furtherance of the afore quoted provision, this measure seeks to address the right of the underprivileged to affordable and decent housing services. Likewise, this measure aims to strengthen, promote, and support the component activities of housing production and finance by ensuring continuous and sustained funding support to scale up the implementation of the major components of the National Housing Development and Production Program.

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

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

3
4 SECTION 1. *Title.* - This Act shall be known as the "National Housing
5 Development, Production and Financing (NHDPF) Act of 2020."

6 SEC. 2. *Declaration of Policy.* - It is hereby declared a policy of the state to:
7 undertake, in cooperation with the private sector, a continuing program of housing
8 and urban development, which shall make available at affordable cost, decent housing
9 and basic services, especially to the underprivileged and homeless citizens. It
10 shall likewise pursue the realization of a modern, humane, economically viable and,
11 environmentally-sustainable society where the urbanization process is manifest in
12 towns and cities being centers of productive economic activity and is led by market
13 forces; where urban and rural areas have affordable housing, sustainable physical and
14 social infrastructure and services facilitated under the democratic and decentralized
15 system of governance; and where urban and rural areas provide the opportunities for
16 an improved quality of life and eradication of poverty.

Cognizant of the role of housing as a stimulus for economic growth and development, it is hereby also declared a state policy to strengthen, promote and support the component activities of housing production and finance by ensuring continuous and sustained funding support to scale up the implementation of the major components of the National Housing Development and Production Program.

SEC. 3. *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:

A. *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: a) government infrastructure projects; b) those living along danger areas; and c) those affected by Supreme Court Mandamus. 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.

6. *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:

- a. *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:

- 1 i. *Sectoral CMP* - a CMP modality that caters to the different sectoral
2 groups including but not limited to the basic sector groups
3 needing resettlement assistance. A sectoral group represents a
4 group or coalition of persons who share similar concerns and
5 interests and intend to avail of resettlement assistance from
6 SHFC, including Indigenous Peoples (IPs), Indigenous Cultural
7 Communities (ICCs), and other ethnic minority groups.
- 8 ii. *Housing for Peace Process and Nation Building CMP* - a CMP
9 modality that would lead to the achievement of national peace
10 and development through the provision of housing to former
11 rebels/rebel returnees (FR/RR). This also includes rebuilding
12 damaged or destroyed homes in post-conflict-areas of internally-
13 displaced persons (IDPs).
- 14 iii. *Post-Disaster Rehabilitation and Reconstruction CMP* - a CMP
15 modality that provides assistance to community housing projects
16 in times of disaster. This program allows the communities to
17 immediately embark on house construction and site development
18 which adhere to the minimum standards and specifications of the
19 design and structural components of disaster-resilient housing
20 projects, as well as materials.
- 21 iv. *Industrial Workers CMP* - a CMP modality intended primarily for
22 low-income employees of companies engaged in agro-industrial,
23 industrial processing zone, tourist, recreational, commercial, and
24 other enterprises.
- 25 v. *Site Upgrading/Development CMP* - a CMP modality intended to
26 provide site development and housing/building construction
27 loans for projects whose lands are donated by private or public
28 entities applicable to both on-site or resettlement projects.

1 vi. *Mixed-Use CMP* - a CMP modality aimed at developing a self-
2 sustaining community by having a balanced mix of residential
3 and commercial spaces, well-developed infrastructure, and
4 recreational amenities along with green and open spaces and
5 wellness areas. Under this modality, 9% of the project area shall
6 be allotted for green spaces and 1% of the project area for friendly
7 facilities for Persons with Disabilities (PWD)

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

12 7. *Securitization* - this refers to the development of the secondary market
13 for home mortgages and other housing-related receivables, conveyances and financial
14 instruments and the development/promotion of and investments in new housing-
15 related financial instruments and investment vehicles and the capital markets thereof.
16 Furthermore, this would also increase and sustain funds available for housing and
17 home development.

18 C. *Department of Human Settlements and Urban Development (DHSUD)* - the primary
19 national government entity responsible for the management of housing, human
20 settlements and urban development including the implementation of the following
21 programs:

22 8. *Public Housing* - this is a housing program that is owned and/or
23 managed by the government for the purpose of providing security of tenure to the
24 underserved families including but not limited to the development of proclaimed
25 socialized housing sites intended to promote the establishment of new towns, new
26 settlements, and urban renewal.

27 The term "underserved families" refers to those who are disadvantaged in
28 terms of access to basic services because of inability to pay or other disparities by

1 reason of economic or social status, ethnicity, geographical isolation, and other
2 circumstances.

3 9. *Subsidy* - this is a financing assistance scheme intended to enhance the
4 affordability of well targeted and most financially incapable segment of the society. It
5 is a grant extended to qualified low-income beneficiaries under the National Housing
6 Development and Production Financing Program under any of the following
7 alternative subsidy schemes:

8 i. Extension of Interim Shelter Fund to each of the family-beneficiaries
9 which they can use to find safe residency and livelihood to support their
10 families, pending the completion of their housing units in the relocation
11 sites.

12 ii. Payment for upfront cost equivalent to 5% of the project cost (e.g.,
13 mortgage insurance, titling, etc.); and

14 iii. Monthly payment subsidy for the first five years of the loan period in
15 accordance with Section 3 (a) of RA 6846 or the Social Housing Support
16 Fund Act. The department shall be authorized to establish the
17 qualification and income requirements of borrowers who will qualify for
18 the amortization support subsidy.

19 The DHSUD, in coordination with the LGUs and other national government
20 agencies, shall be authorized to formulate the criteria and guidelines to select the
21 beneficiaries that may qualify for the subsidy program.

22 10. *Public Rental Housing* - this program involves the extension of fiscal
23 assistance of up to a maximum of 50% of the total construction cost for the National
24 Government Agencies (NGAs) and Local Government Units (LGUs) that shall
25 construct and operate public rental accommodation to eligible low-income families
26 and housing safety net for the vulnerable sectors (e.g., senior citizens, person with
27 disabilities, etc.).

1 The DHSUD shall formulate the guidelines for the implementation of public
2 rental housing assistance including the adoption of the lease/rental buy-back scheme.

3 11. *Survey of proclaimed lands for socialized housing and inventory of government*
4 *idle lands* - this involves the survey of all occupied government lands proclaimed
5 by the President as suitable for socialized housing and conduct of inventory of
6 government lands which have been idle for more than ten (10) years except lands
7 owned by the GOCCs and government financial institutions engaged in shelter
8 financing as part of its fiduciary obligations to its member and/or taken possession of
9 in their ordinary conduct of business.

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

11 SEC. 4. *Appropriations by the National Government.* - The amount of One Hundred
12 Thirty-Five Billion One Hundred Fourteen Million Pesos (Php 135,114,000,000) or such
13 amount necessary to carry out the provision of this Act is hereby authorized to be
14 appropriated annually through the General Appropriations Act over a period of
15 twenty (20) consecutive years commencing from the year immediately succeeding the
16 effectivity of this Act or until such time that the total fund requirements provided for
17 in this Act shall have been fully released.

18 A total amount of Two Trillion, Six Hundred Sixty-Seven Billion, Two Hundred
19 Ninety-Three Million Pesos (Php 2,667,293,000,000) covering the continuing
20 requirement of this Act shall be appropriated to the DHSUD and Key Shelter Agencies
21 for the implementation of the following component programs of the NHDPF Program:

22 1. One trillion, seven hundred twenty-two billion, four hundred forty-six
23 million pesos (Php 1,722,446,000,000) for the implementation of the following
24 programs of NHA:

- 25 a. Eight hundred billion and six hundred ninety million pesos (Php
26 800,699,000,000) to finance the Resettlement Program under Section
27 3.A(1) of this Act;

1 b. Five hundred forty-three billion and four hundred nineteen million
2 pesos (Php 543,419,000,000) as subsidy for Government Employees
3 Housing under 3.A(2) of this Act;

4 c. One hundred sixty-four billion and two hundred sixty-five million pesos
5 (Php 164,265,000,000) for the Settlements Upgrading under Section
6 3.A(3) of this Act;

7 d. One hundred one billion and seven million pesos (Php 101,007,000,000)
8 for the Housing Program for Calamity Victims Section 3.A(4) of this Act;
9 and

10 e. Sixty-three billion and fifty-six million pesos (Php 63,056,000,000) for the
11 Land Banking under Section 3.A(5) of this Act.

12 2. Four hundred fifty-three billion, two hundred million pesos (Php
13 453,200,000,000) for the implementation of the Community Mortgage Program under
14 Section 3.A(6) of this Act.

15 3. Fifty billion (Php 50,000,000,000) for the Capitalization of NHMFC
16 under Section 4(8) of this Act.

17 4. Four hundred seventy-six billion, six hundred forty-seven million pesos
18 (Php 476,647,000,000) for the implementation of the following programs of the
19 DHSUD:

20 a. Three hundred sixty-five billion, nine hundred seventy-nine million
21 pesos (Php 365,979,000,000) to finance the Public Housing under Section
22 3.C(8);

23 b. Eighty-nine billion, one hundred thirty-one million pesos (Php
24 89,131,000,000) as subsidy under Section 3.C(9), broken down as follows:

25 i. Eighteen billion, five hundred thirty-one million pesos (Php
26 18,531,000,000) as interim shelter finance assistance for the

1 informal settler-families who will be relocated under Section
2 3.C(9i);

3 ii. Sixty-three billion, seven hundred ninety-six million
4 pesos (Php 63,796,000,000) as upfront subsidy under Section
5 3.C(9ii);

6 iii. Six billion, eight hundred four million pesos (Php
7 6,804,000,000) as amortization support under Section 3.C(9iii).

8 c. Twenty billion, four hundred fifty-six million pesos (Php 20,456,000,000)
9 to finance public rental housing under Section 3.C(10); and

10 d. One billion, eighty-one million (Php 1,081,000,000) to finance survey of
11 proclaimed lands and conduct of inventory of government idle lands
12 suitable for socialized housing under Section 3.C(11).

13 SEC. 5. *LGU Sources of Funds.* - Section 43 of RA 7279 on Socialized Housing
14 Tax is hereby amended, to read as follows:

15 SEC. 43. *Socialized Housing Tax.* - Consistent with
16 the constitutional principle that the ownership and
17 enjoyment of property bear a social function and to
18 raise funds for the Program, all local government
19 units are hereby authorized to impose an
20 additional one-half percent (0.5%) tax on the
21 assessed value of all lands in urban areas ~~in excess~~
22 ~~of Fifty thousand pesos (P50,000).~~ THE PROCEEDS
23 FROM THE IMPOSITION OF SOCIALIZED
24 HOUSING TAX SHALL ACCRUE TO THE
25 SPECIAL FUNDS OF THE LGUS, WHICH SHALL
26 BE USED FOR THE DEVELOPMENT OF
27 SOCIALIZED HOUSING PROJECTS AND
28 CONSTRUCTION AND ESTATE

1 MANAGEMENT OF PUBLIC RENTAL HOUSING
2 OF THE LGUS.

3 SEC. 6. *Implementation of the Securitization, Capital and Secondary Mortgage*
4 *Operations Program.* - The NHDP Securitization for the development of the secondary
5 market for home mortgages of and other housing related receivables, conveyances
6 and financial instruments and the development/promotion of and investments in
7 new housing related financial instruments and investment vehicles and the capital
8 markets thereof, to increase and sustain funds available for housing and home
9 development shall be implemented as follows:

10 1. The NHMFC shall be the sole implementing agency for the NHDP
11 securitization; and

12 2. The NHMFC in coordination with the DHSUD, DOF and BSP and other
13 concerned agencies and private sector organizations, shall formulate a program, the
14 proceeds of which shall accrue to the Centralized Housing Fund.

15 3. The mortgages to be generated as a result of the implementation of the
16 component programs of the NHDP Program shall be sold and transferred to NHMFC,
17 which shall also serve as an asset pool for securitization.

18 4. The NHMFC as the sole agency for the implementation of the
19 NHDPFA Securitization shall manage the whole securitization process which includes
20 the following activities: determining the eligibility criteria for the asset pool; defining
21 the preliminary structure of the notes, bonds and or instruments to be issued, third
22 parties to be hired; and education/briefing of target investors for all the issues.

23 5. The NHMFC and NHDPFA-issued bonds, notes and securities shall be
24 exempt from the registration requirements under the Securities Regulation Law in
25 order to accelerate the issuance of its housing related securities/financial instruments
26 and, thus, more reasonably provide the necessary fund for housing developments.

27 6. Transactions by banks involving the purchase and sale of housing
28 bonds, debentures and such other similar instruments shall be exempt from the

1 twenty percent (20%) final tax on income, documentary stamps tax, gross receipts tax
2 and value added tax.

3 7. The investors' yield or income from any socialized housing or economic
4 housing-related bond or asset-backed securities (ABS) issued by NHMFC directly or
5 through a special purpose entity under the Securitization Act shall be exempt from
6 income tax. Such issuances shall enjoy all the tax exemptions granted under Republic
7 Act No. 9627 or the Securitization Act of 2004 pursuant to the State's policy of
8 promoting the securitization of mortgage and housing- related receivables of
9 government housing agencies, to generate investment and accelerate the growth of
10 the housing finance sector, especially for socialized and economic housing.

11 8. Bonds purchased by private real estate developers shall be considered
12 as an alternative compliance to the balanced housing requirements under section 18
13 of RA 7279 as amended by RA 10884, subject to the rules promulgated by the
14 Department of Human Settlements and Urban Development.

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

22 SEC 7. *Capitalization of National Home Mortgage Finance Corporation (NHMFC).* -
23 The authorized capital stock of the NHMFC is hereby increased from Php
24 5,500,000,000 pesos to Php 50,000,000,000 pesos to expand its leveraging capacity
25 based on the volume of mortgage loans being serviced to improve its profitability by
26 reducing the average cost of its fund made available for home lending programs.

27 The capital of the NHMFC shall be Fifty billion pesos (Php 50,000,000,000), to
28 be fully subscribed by the Government of the Republic of the Philippines, hereafter
29 referred to as the Government: Provide That the Php 25,000,000,000 of the

capitalization shall be funded from the General Appropriations Act and the remaining Php 25,000,000,000 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. 8. *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. 9. *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. 10. *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 11032 or an Act Promoting Ease of Doing Business and

1 Efficient Delivery of Government Services Amending for the Purpose Republic Act
2 9485 Otherwise Known as the Anti-Red Tape Act of 2007 and for Other Purposes and
3 Executive Order No. 45 (S. 2001).

4 In case the responsible officers of the agencies concerned fail or refuse to
5 dispose of the application within the periods prescribed under RA 11032, the
6 applicable administrative and criminal liability as stated in Section 22 of RA 11032
7 shall be imposed.

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

14 The participation of owners and/or developers in any of the component
15 programs of the NHDPFA shall be treated as one of the manners of compliance to the
16 balanced housing requirements subject to the conditions set forth under RA 10884.

17 SEC. 11. *Collection Efficiency.* - In order to improve collection efficiency, the
18 NHA, SHFC and NHMFC shall have authority to foreclose mortgages, and/or evict
19 beneficiaries in accordance with existing laws.

20 SEC. 12. *Implementing Rules and Regulations.* - The DHSUD shall promulgate
21 rules and regulations necessary for the implementation of this Act.

22 SEC. 13. *Separability Clause.* - Any portion or provision of this Act that is
23 declared unconstitutional shall not have the effect of nullifying other portions or
24 provisions hereof as long as such remaining portions can still subsist and be given
25 effect in their entirety.

26 SEC. 14. *Repealing Clause.* - All laws, ordinances, rules, regulations, other
27 issuances, or parts thereof, which are inconsistent with this Act, are hereby repealed
28 or modified accordingly.

1 SEC. 15. *Effectivity.* - This Act shall take effect after fifteen (15) days following
2 its publication in the official Gazette or in a newspaper of general circulation.

3 *Approved,*