

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

'22 JUL 12 P5:12

SENATE

RECEIVED BY: 

S. No. 426

Introduced by Senator Christopher Lawrence "Bong" T. Go

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

EXPLANATORY NOTE

It is provided under Article XIII, Section 9 of the Constitution that "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."

However, for the past years, millions of Informal Settler Families (ISFs) continue to live in the most uncomfortable housing situations. As of 2019, there are 18.4 million informal settlers in the country, based on the data gathered by the United Nations Statistics Division. In fact, social housing is a resounding problem of governments around the world. According to the United Nations, an estimated 25% of the world's urban population live in informal settlements, with 213 million informal settlement residents added to the global population since 1990.¹

¹University of Birmingham (2016). Avis, W. <https://gsdrc.org/topic-guides/urban-governance/key-policy-challenges/informal-settlements/>

Hence, a specific housing and financing program is pertinent to meet the country's growing social housing demands and meet the needs of numerous underprivileged and homeless citizens.


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


SENATOR CHRISTOPHER LAWRENCE "BONG" T. GO 

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

1 Section 1. *Short Title.* - This Act shall be known as the "*National Housing*
2 *Development, Production and Financing (NHDPF) Act of 2022.*"

3
4 Sec. 2. *Declaration of Policy.* - It is hereby declared a policy of the state to: a)
5 undertake, in cooperation with the private sector, a continuing program of housing
6 and urban development which shall make available at affordable cost, decent housing
7 and basic services especially to the underprivileged and homeless citizens; b) pursue
8 the realization of a modern, humane, economically viable and, environmentally-
9 sustainable society where the urbanization process is manifest in towns and cities
10 being centers of productive economic activity and is led by market forces; where urban
11 and rural areas have affordable housing, sustainable physical and social infrastructure
12 and services facilitated under the democratic and decentralized system of governance;
13 and where urban and rural areas provide the opportunities for an improved quality of
14 life and eradication of poverty; c) ensure that poor dwellers shall be provided with
15 appropriate and innovative housing program and support mechanisms to discourage
16 further growth of blighted communities; and d) encourage on-site development,
17 whenever feasible, in the implementation of housing programs and shall promote the

1 creation of new settlements with basic facilities and utilities and development of
2 sustainable urban renewal programs.

3
4 Cognizant of the role of housing as stimulus of economic growth and
5 development, it is hereby declared a state policy to strengthen, promote and support
6 the component activities of housing production and finance by ensuring
7 continuous/sustained funding support to scale-up the implementation of the major
8 components of the National Housing Development and Production Program.

9
10 *Sec. 3. Statement of Objectives.* – The State shall:

- 11 a.) Increase housing production by forging partnership among housing
12 stakeholders to address the housing needs of the Filipino families by 2040.
13 b.) Generate and mobilize funds for housing purposes of Filipino families, giving
14 priority to the homeless and underprivileged.
15 c.) Ensure the provision of support mechanisms/subsidy program to improve
16 access of Filipino families to a variety of housing options.
17 d.) Guarantee the development of a strong, sustainable, accessible and affordable
18 housing finance system.
19 e.) Encourage public and private sector participation in the implementation of
20 government National Housing Development and Production Financing Program.

21
22 *Sec. 4. National Housing Development Production Program Implementation.* –

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

- 28
29 A. National Housing Authority (NHA) - The sole national government agency tasked
30 to implement and develop the following housing programs intended for the
31 bottom thirty percent (30%) of the income population:
32

1 (1) Resettlement - This program addresses the requirements of families affected
2 by a) government infrastructure projects, b) those living along danger areas
3 and c) those affected by Supreme Court Mandamus. It entails the provision of
4 vertical and/or horizontal housing units, community facilities, socio-economic
5 and other community support programs. The program also involves the
6 implementation of local/regional resettlement projects as joint National
7 Government-Local Government undertakings to address the resettlement
8 requirements of Local Government Units (LGUs) outside Metro Manila involving
9 families in danger areas, those affected by infrastructure projects, indigenous
10 peoples and former rebels. The government infrastructure agencies shall
11 submit an inventory of Informal Settler Families to be affected by their projects
12 and their location to the appropriate housing agencies at least two years prior
13 to its implementation and shall incorporate in their respective project costs the
14 amount needed for the relocation and resettlement of affected families.

15
16 (2) Government Employees Housing Program - This program is intended to provide
17 decent and affordable housing to low-salaried government employees.

18
19 (3) Settlements Upgrading- This program aims to address the security of tenure
20 and infrastructure requirements of informal settlements on government-owned
21 lands proclaimed or designated as socialized housing sites.

22
23 (4) Housing Program for Calamity Victims - This program is intended to respond
24 to the housing needs of low and marginal-income and/or informal shelter
25 families for transitional and/or permanent shelter affected by calamities such
26 as typhoons, landslides, earthquakes, and fires for relocation to safe areas.

27
28 (5) Land Banking - This refers to the acquisition of land, which includes idle
29 government lands, at values based on existing use in advance of actual need
30 to promote planned development and socialized housing programs with a view
31 to distribute the land to qualified socialized housing beneficiaries. It covers
32 survey and titling of individual lots for disposition to qualified occupants,

1 infrastructure development, housing construction and rehabilitation of existing
2 project sites.

3
4 B. Social Housing Finance Corporation (SHFC) is mandated to undertake social
5 housing programs that will cater to the formal and informal sectors in the low-
6 income bracket and to take charge of developing and administering social housing
7 programs, particularly the Community Mortgage Program and its different
8 modalities:

9
10 (1) Community Mortgage Program (CMP) - This is a mortgage financing
11 program, which assists legally organized associations of underprivileged and
12 homeless citizens to purchase and develop a tract of land under the concept
13 of community ownership. The primary objective of the program is to assist
14 residents of blighted or depressed areas to own the lots they occupy, or
15 where they choose to relocate to, and eventually improve their neighborhood
16 and homes to the extent of their affordability. The different modalities of the
17 CMP are as follows:

18
19 a) Sectoral CMP - a CMP modality that caters to the different sectoral groups
20 including but not limited to the basic sector groups needing resettlement
21 assistance. A sectoral group represents a group or coalition of persons who
22 share similar concerns and interests and intend to avail of resettlement
23 assistance from SHFC, including Indigenous Peoples (IPs), Indigenous
24 Cultural Communities (ICCs) and other ethnic minority groups.

25 b) Housing for Peace Process and Nation Building CMP - a CMP modality which
26 would lead to the achievement of national peace and development through
27 the provision of housing to former rebels/rebel returnees (FR/RR). This also
28 includes rebuilding damaged or destroyed homes in post conflict-areas of
29 internally-displaced persons (IDPs).

30 c) Post-Disaster Rehabilitation and Reconstruction CMP - a CMP modality which
31 provides assistance to community housing projects in times of disaster. This
32 program allows the communities to immediately embark on house

1 construction and site development which adhere to the minimum standards
2 and specifications of the design and structural components of disaster-
3 resilient housing projects, as well as materials.

4 d) Industrial Workers CMP - a CMP modality intended primarily for low-income
5 employees of companies engaged in agro-industrial, industrial processing
6 zone, tourist, recreational, commercial and other enterprises.

7 e) Site Upgrading/Development CMP - a CMP modality intended to provide site
8 development and housing/building construction loans for projects whose
9 lands are donated by private or public entities applicable to both onsite or
10 resettlement projects.

11 f) Mixed-Use CMP - a CMP modality aimed at developing a self-sustaining
12 community by having a balanced mix of residential and commercial spaces,
13 well developed infrastructure and recreational amenities along with green
14 and open spaces and wellness areas. Under this modality, 9% of the project
15 area shall be allotted for green spaces and 1% of project area for friendly
16 facilities of Persons with Disabilities (PWD).

17
18 C. National Home Mortgage Finance Corporation (NHMFC) - A government
19 corporation mandated to increase the availability of affordable housing loans to
20 finance the Filipino homebuyers on their acquisition of housing units through the
21 development and operation of a secondary market for home mortgages.

22
23 D. Department of Human Settlements and Urban Development (DHSUD) The primary
24 national government entity responsible for the management of housing, human
25 settlements and urban development including the implementation of the following
26 programs:

27
28 (1) Public Housing - This is a housing program that is owned and/or managed by
29 the government for the purpose of providing security of tenure to the
30 underserved families including but not limited to the development of
31 proclaimed socialized housing sites intended to promote the establishment of
32 new towns, new settlements, and urban renewal. The term "underserved

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

4 (2) Subsidy - This is a financing assistance scheme intended to enhance the
5 affordability of well targeted and most financially incapable segment of the
6 society. The DHSUD, in coordination with other national government agencies,
7 shall be authorized to formulate the criteria and guidelines to select the
8 beneficiaries that may qualify for the subsidy program.

9 (3) Public Rental Housing- this program involves the extension of fiscal assistance
10 of up to a maximum of fifty percent (50%) of the total construction cost for
11 the national government agencies and LGUs that shall construct and operate
12 public rental accommodation to eligible low-income families and housing
13 safety net for the vulnerable sectors. The DHSUD shall formulate the
14 guidelines in the implementation of public rental housing assistance including
15 the adoption of the lease/rental buy-back scheme.

16 (4) Survey of proclaimed lands for socialized housing and inventory of government
17 idle lands - This involves the survey of all occupied government lands
18 proclaimed by the President as suitable for socialized housing and conduct of
19 inventory of government lands which have been idle for more than ten (10)
20 years except lands owned by the GOCCs and government financial institutions
21 engaged in shelter financing as part of its fiduciary obligations to its members
22 and/or taken possession of in their ordinary conduct of business.

23 (5) Such other program components as may be determined by the DHSUD
24

25 *Sec. 5. Appropriation by the National Government.* - The amount of One
26 Hundred Thirty-Five billion, One Hundred Fourteen Million Pesos
27 (P135,114,000,000.00) is hereby authorized to be appropriated in the General
28 Appropriations Act commencing from the year immediately succeeding the effectivity
29 of this Act and until such time that the total fund requirements provided for in this Act
30 shall have been fully released.

31
32 *Sec. 6. LGU Source of Funds.* - All local government units are hereby authorized

1 to impose an additional one-half percent (0.5%) tax on the assessed value of all lands
2 in urban areas. The proceeds from the imposition of Socialized Housing Tax shall
3 accrue to the special funds of the LGUs, which shall be used for the development of
4 socialized housing projects and construction and estate management of public rental
5 housing of the LGUs.

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

- 14 1. The NHMFC shall be the sole implementing agency for the NHDP securitization;
15 and
- 16 2. The NHMFC in coordination with the DHSUD, DOF and BSP and other concerned
17 agencies and private sector organizations, shall formulate a program, the
18 proceeds of which shall accrue to the Centralized Housing Fund.
- 19 3. The mortgages to be generated as a result of the implementation of the
20 component programs of the NHDP Program shall be sold and transferred to
21 NHMFC, which shall also serve as asset pool for securitization.
- 22 4. The NHMFC as the sole agency for the implementation of the NHDPA
23 Securitization shall manage the whole securitization process which includes the
24 following activities: determining the eligibility criteria for the asset pool;
25 defining the preliminary structure of the notes, bonds and or instruments to be
26 issued, third parties to be hired; and education/briefing of target investors for
27 all the issues.
- 28 5. The NHMFC and NHDPA-issued bonds, notes and securities shall be exempt
29 from the registration requirements under the Securities Regulation Law in order
30 to accelerate the issuance of its housing related securities/financial instruments
31 and, thus, more reasonably provide the necessary fund for housing
32 developments.

- 1 6. Transactions by banks involving the purchase and sale of housing bonds,
2 debentures and such other similar instruments shall be exempt from the twenty
3 percent (20%) final tax on income, documentary stamps tax, gross receipts tax
4 and value added tax.
- 5 7. The investors' yield or income from any socialized housing or economic
6 housing-related bond or asset-backed securities (ABS) issued by NHMFC
7 directly or through a special purpose entity under the Securitization Act shall
8 be exempt from income tax. Such issuances shall enjoy all the tax exemptions
9 granted under Republic Act No. 9627 or the Securitization Act of 2004 pursuant
10 to the State's policy of promoting the securitization of mortgage and housing-
11 related receivables of government housing agencies, to generate investment
12 and accelerate the growth of the housing finance sector, especially for
13 socialized and economic housing.
- 14 8. Bonds purchased by private real estate developers shall be considered as an
15 alternative compliance to the balanced housing requirements under section 18
16 of RA 7279 as amended by RA 10884, subject to the rules promulgated by the
17 Department of Human Settlements and Urban Development.
- 18 9. The Philippine Guaranty Corporation created pursuant to Executive Order No.
19 58 (S. 2018) shall guaranty payment of the balance outstanding and due on
20 the guaranteed principal obligation, plus interest and yields thereon up to
21 eleven percent (11%) per annum for socialized housing packages, ten percent
22 (10%) per annum for low-cost housing packages, nine and a half percent
23 (9.5%) per annum for medium-cost housing packages and eight and one half
24 percent (8.5%) per annum for open housing packages.

25
26 *Sec. 8. Capitalization of National Home Mortgage Finance Corporation*
27 *(NHMFC).* - The authorized capital stock of the NHMFC is hereby increased from
28 P5,500,000,000.00 pesos to P50,000,000,000.00 pesos to expand its leveraging
29 capacity based on the volume of mortgage loans being serviced to improve its
30 profitability by reducing the average cost of its fund made available for home lending
31 programs.

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

11

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

16

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

25

26 Sec. 11. *Private Sector Participation* – To fast track the approval and
27 implementation of housing projects and reduce the cost of socialized and low-cost
28 housing units, the Bureau of Internal Revenue, the Department of Agriculture, the
29 National Irrigation Authority, the Philippine Coconut Authority, the Sugar Regulatory
30 Administration, the Department of Agrarian Reform, the Department of Environment
31 and Natural Resources, the Mines and Geosciences Bureau, the Laguna Lake
32 Development Authority the Department of the Interior and Local Government, the

1 Local Government Units, the Land Registration Authority and the Department of
2 Human Settlements and Urban Development shall facilitate the release of the required
3 housing-related permits, licenses, certifications and tax exemptions/rulings in
4 accordance with Republic Act 11032 or an Act Promoting Ease of Doing Business and
5 Efficient Delivery of Government Services Amending for the Purpose Republic Act 9485
6 Otherwise Known as the Anti-Red Tape Act of 2007 and for Other Purposes and
7 Executive Order No. 45 (S. 2001).

8
9 In case the responsible officers of the agencies concerned fail or refuse to dispose of
10 the application within the periods prescribed under RA 11032, the applicable
11 administrative and criminal liability as stated in Section 22 of RA 11032 shall be
12 imposed.

13
14 All the incentives enumerated under Section 20 of Republic Act 10884 or an Act
15 Strengthening the Balanced Housing Development Program, Amending for the
16 Purpose Republic Act No. 7279, as Amended, Otherwise known as the Urban
17 Development and Housing Act of 1992 shall be extended to the private sector engaged
18 in socialized and low-cost housing development including the construction and estate
19 management of public rental housing.

20
21 The participation of owners and/or developers in any of the component programs of
22 the NHDPPFA shall be treated as one of the manners of compliance to the balanced
23 housing requirements subject to the conditions set forth under RA 10884.

24
25 *Sec. 12. Collection Efficiency.* – In order to improve collection efficiency, the
26 NHA, SHFC and NHMFC shall have authority to foreclose mortgages, and/or evict
27 beneficiaries in accordance with existing laws.

28
29 *Sec. 13. Implementing Rules and Regulations.* – The DHSUD promulgate rules
30 and regulations necessary for the implementation of this Act. shall

31
32 *Sec. 14. Repealing Clause.* – All laws, decrees, executive orders, proclamations,

1 rules and regulations and the issuances, or parts thereof which are inconsistent with
2 the provisions of this Act, are hereby repealed, amended or modified accordingly.

3
4 *Sec. 15. Penal Clause* – Any person who violates any provision of this Act shall
5 be imposed the applicable administrative and criminal liability as stated in Section 22
6 of RA 11032 or the Ease of Doing Business and Government Service Delivery Act of
7 2018.

8
9 *Sec. 16. Separability Clause.* – If for any reason, any provision of this Act is
10 declared invalid or unconstitutional, the remaining provisions not affected thereby
11 shall continue to be in full force and effect.

12
13 *Sec. 17. Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
14 complete publication in at least two (2) national newspapers of general circulation.

Approved,