

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session

**2450**  
**HOUSE BILL NO. \_\_\_\_\_**



---

Introduced by: **HON. "KUYA" JOSE ANTONIO R. SY-ALVARADO**

---

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

**EXPLANATORY NOTE**

Article XIII Section 9 of the Constitution provides 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 it such citizens."

According to the study made by the University of Asia and the Pacific (UA&P) last 2016, by the year 2030 our country will have a housing need of 12.3 million units – given a backlog of 6.7 million units from year 2001 to 2015, and a projected housing demand of 5.6 million units starting year 2016 to 2030.<sup>1</sup>

External analysis on the components of housing backlog as of May 2012 provided by the Subdivision & Housing Developers Association, Inc. (SHDA) and Housing and Urban Development Coordinating Council (HUDCC) shows that there are almost 916,811 Filipino citizens living in an unacceptable housing, 12,497 homeless, 145,353 living on dilapidated houses, 575,271 informal settlers, 183,689 living in a marginal housing, and almost 457,170 living in a doubled-up Households. These figures are projected to grow drastically not including the massive increase in household of almost 5,675,654.<sup>2</sup>

If no special housing and financing program is created to aid and boost our annual housing production capacity, the already existing and continuously growing housing crisis in the country will be very detrimental and burdensome to our nation's success.

Thus, the approval of this bill is earnestly sought.

**"KUYA" JOSE ANTONIO R. SY-ALVARADO**  
*Representative*  
*First District of Bulacan*

---

<sup>1</sup> (Angara, 2018) Angara, E. J. (2018, May 3). *Why is there housing crisis?* Retrieved from BusinessMirror.

<sup>2</sup> (Subdivision & Housing Developers Association, Inc., 2015) Subdivision & Housing Developers Association, Inc. (2015). *The Philippine Housing Industry Roadmap: 2012-2030*.

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session

HOUSE BILL NO. **2450**

---

Introduced by: **HON. "KUYA" JOSE ANTONIO R. SY-ALVARADO**

---

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

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

**SECTION 1. Title.** – This Act shall be known as the “National Housing Development, Production and Financing (NHDPF) Act.”

**SECTION 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 provide 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 rule 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.



**SECTION 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 2040.
- 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.

**SECTION 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 Production. 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 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 5-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) Settlement Upgrading – this program aims to address the security of tenure and infrastructure requirements of informal settlement 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 for 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) Sector 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 to 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).
  - c) 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.

- d) Industrial Workers CMO – a CMP modality intended primarily for low-income employees of companies engaged in agro-industrial, industrial processing zone, tourist, recreational, commercial and other enterprises.
- e) 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 on-site or resettlement projects.
- f) 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, 9% of the project area shall be allotted for green spaces and 1 % of project area for friendly facilities of 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 investment in new housing-related financial instrumental and investment vehicles and the capital markets thereof. Furthermore, this would also increase and sustain funds available for housing and home development.

Department of Human Settlement and Urban Development (DHSUD) – the primary national government entity responsible for the management of housing, human settlement and urban development including the implementation of the following programs:

- 8. Public Housing – this is a housing 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 sited intended to promote the establishment of new towns, new settlement, and urban renewal.
- 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 5% of the project cost (e.g. mortgage insurance, titling, etc.); and

- c) Monthly payment subsidy for the first five years of the load period in accordance with section 3 (a) of RA 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 LGUs and other national government agencies, shall be authorized to formulate the criteria and guideless 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 Local Government Units (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 member/or taken possession of in their ordinary conduct of business.
- 12. Such other program components as may be determined by the DHSUD.

**Section 5. Appropriations by the National Government.** The amount of One Hundred Thirty-Five billion, One Hundred Fourteen Million Pesos (PHP135,114,000,000.00) 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 fully released.

A total amount of Two Trillion, Six Hundred Sixty-Seven Billion, Two Hundred Ninety-Three Million Pesos (PHP 2,667,293,000,000.00) 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 (PHP 1,722,446,000,000.00) For the implementation of the following programs of NHA:
  - A) Eight hundred billion and six hundred ninety million pesos (PHP 800,699,000,000.00) to finance the Resettlement Program under Section 4(1) of this Act;



- B) Five hundred forty-three billion and four hundred nineteen million pesos (PHP 543,419,000,000.00) 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 (PHP 164,265,000,000.00) For the Settlements Upgrading under Section 4(3) of this Act;
  - D) One hundred one billion and seven million pesos (PHP 101,007,000,000.00) for the housing Program for Calamity Victims Section 4(4) of this Act; and
  - E) Sixty-three billion and fifty-six million pesos (PHP 63,056,000,000.00) FOR THE Land Banking under Section 4(5) of this Act.
2. Four hundred fifty-three billion, two hundred million pesos (PHP 453,200,000,000.00) for the implementation of the Calamity Mortgage Program under section 4(6) of this Act.
  3. Fifty billion (PHP 50,000,000,000.00) for the Capitalization of NHMFC under Section 4(8) of this Act.
  4. Four hundred seventy-six billion, six hundred forty-seven million pesos (Php 476,647,000,000.00) for the implementation of the following programs of the DHSUD
    - A.) Three hundred sixty-five billion, nine hundred seventy-nine million pesos (Php 365,979,000,000.00) 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:
      - b. 1 Eighteen billion, five hundred thirty-one million pesos (Php 18,531,00,000.00) as interim shelter finance assistance for the informal settler-families who will be relocated under Section 4 (9a)
      - b. 2 Sixty-three billion, seven hundred ninety-six million pesos (Php 63,796,000,000.00) as upfront subsidy under Section 4 (9b)
      - b. 3 Six billion, eight hundred four million pesos (Php 6,804,000,000.00) as amortization support under Section 4 (9c)
    - C.) Twenty billion, four hundred fifty-six million pesos (Php 20,456,000,000.00) to finance public rental housing under housing under Section 4(10); and
    - D.) One billion, eighty-one million (Php 1,081,000,000.00) to finance survey of proclaimed lands and conduct of inventory of government idle lands suitable for socialized housing under Section 4 (11).

**Section 6. *LGU Sources of Funds*** – Section 43 of RA 7279 on Socialized Housing Tax is hereby amended, to read as follows:

**Section 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; and
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 NHDPFA-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 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 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 RA 7279 as amended by RA 10884, subject to the rules promulgated by the Department of Human Settlement 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 per for open housing packages.

**Section 8. Capitalization of National Home Mortgage Finance Corporation (NHMFC).** The authorized capital stock of the NHMFC is hereby increased from PHP 5,500,000,000.00 Pesos to PHP 50,000,000,000.00 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 (PHP 50,000,000,000.00), to be fully subscribed by the Government of the Republic of the Philippines, hereafter referred to as the Government: provided, the PHP25,000,000,000.00 of the capitalization shall be funded from the General Appropriations Act and the remaining PHP 25,000,000,000.00 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.

**Section 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.

**Section 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.

**Section 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 an the Department of Human Settlement 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 Efficient Delivery of Government Services Amending for the Purpose Republic Act 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 RA 11032, the applicable administrative and criminal liability as stated in Section 22 of RA 11032 shall be imposed.

All the incentives enumerated under Section 20 of Republic Act 10884 or an Act Strengthening the Balanced 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 RA 10884.

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

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

**Section 14. Repealing Clause.** – All laws, decrees, executive orders, proclamations, rules and regulation and the issuances, or part thereof which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly.

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

**Section 16. Separability Clause.** – Of for any reason, any provisions of this Act declared invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full force and effect.

**Section 17. Effectivity.** – This Act shall take effect fifteen (15) days following completion of its publication in at least two (2) newspapers of general circulation.

Approved,

