

Republic of the Philippines
HOUSE OF REPRESENTATIVES

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. **2962**



Introduced by Representative Juan Miguel Macapagal-Arroyo

EXPLANATORY NOTE

The creation of the Department of Housing and Urban Development endeavors to consolidate, rationalize, and coordinate the functions and powers of the National Home Mortgage Finance Corporation (NHMFC), Home Guarantee Corporation (HGC), Home Development Mutual Fund (HDMF), National Housing Authority (NHA), and Housing and Land Use Regulatory Board (HLURB), which are commonly referred to as the “key shelter agencies”, with the end of establishing an efficient, effective, comprehensive, and integrated national and local housing, planning and urban development program aimed at adequately addressing the basic housing needs and requirement of the Filipino family.

Presently, each of the above key shelter agencies have their own governing bodies, personnel, functions and duties, as well as, systems and procedures. Consider the following:

- The NHMFC is a major government home mortgage institution, the main function of which is to operate a viable home mortgage market;
- The HGC mobilizes all necessary resources to broaden the capital base for the effective delivery of housing and other related services, primarily for the low-income earners;
- The HDMF (more popularly known as the Pag-IBIG Fund) focuses on the administration of a nationwide provident fund for the government’s housing program and formulates investment and collection strategies relative to housing;
- The NHA as the sole government agency which is engaged in the direct shelter production focusing on providing housing assistance to the lowest 30% of urban income earners; and
- The HLURB is the sole regulatory body for housing and land development that ensures equitable distribution and enjoyment of development benefits.

Taking these in to perspective, there are problems in streamlining the bureaucracy and in confronting the efforts of said agencies. These concerns do not work toward the full and timely implementation of the government’s national housing program.

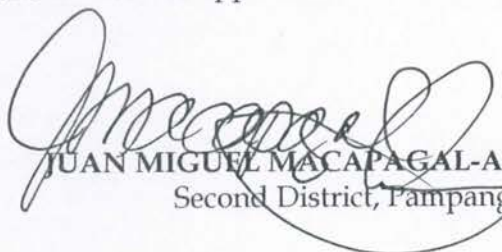
Moreover, the key agencies are also under the supervision of the Housing and Urban Development Coordinating Council (HUDCC) which is the highest policy-making and coordinating office as regards to housing and urban development projects. This council is yet another layer of officials and personnel, functions and duties.

The ultimate goal is to provide decent and affordable houses to every Filipino family at the soonest possible time and at the least cumbersome manner.

Corollary to this is the provision of livelihood opportunities, mass transportation, public safety, education, health care, and a clean environment thereby brining about

family dignity and stability, peace and order, population control and decongestion of urban centers, and the generation of employment and taxes. And, all this will certainly contribute to much-needed economic growth for the country.

It is for the foregoing purposes that the immediate approval of this bill is earnestly sought.



JUAN MIGUEL MACAPAGAL-ARROYO
Second District, Pampanga

Republic of the Philippines
HOUSE OF REPRESENTATIVES

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. **2962**

Introduced by Representative Juan Miguel Macapagal-Arroyo

**AN ACT CREATING THE DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT, DEFINING ITS MANDATES, POWERS AND
FUNCTIONS, AND PROVIDING FUNDS THEREFOR**

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

CHAPTER I

TITLE AND DECLARATION OF POLICY

SECTION 1. *Short Title.* - This Act shall be known as the "Department of Housing and Urban Development Act".

SEC. 2. *Declaration of Policy.* - The State shall, by law and for the common good, 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 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 the program, the State shall respect the rights of small property owners.

The State shall 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 areas have affordable housing, sustainable physical and social infrastructure and services facilitated under a democratic and decentralized system of governance; and where urban areas provide the opportunities for an improved quality of life and the eradication of poverty.

The State shall ensure that poor dwellers in urban or rural areas shall not be evicted nor their dwelling demolished, except in accordance with law.

In addition, the State shall encourage on-site development in the implementation of housing programs and shall promote the creation of new settlements and development of sustainable urban renewal programs.

CHAPTER II

DEFINITION OF TERMS

SEC. 3. *Definition of Terms.* - As used in this Act:

(a) *Attachment* refers to the lateral relationship between a department and the attached agency or corporation for purposes of policy and program coordination, and as defined in the Administrative Code;

(b) *Housing* refers to a multidimensional concept relating to the process of residing and the objects of dwelling whose main attributes are location relative to access to livelihood,

tenure arrangements, cost and physical structure, as well as their environment. Housing is likewise a physical structure as well as a social structure, functioning at different spatial scales from homes, neighborhoods, communities, municipalities, cities, provinces, and regions. It is also a sector of the economy, an important category of land use in both urban and rural areas, especially in cities, and is an important factor in the overall dynamics of the urban system;

(c) *Informal Settler Families (ISFs)* refer to households living in:

- (1) A lot without consent of the property owner;
- (2) Danger areas such as esteros, railroad tracks, garbage dumps, riverbanks, shorelines, and waterways;
- (3) Areas for government infrastructure projects;
- (4) Protected/forest areas (except for indigenous people);
- (5) Areas for priority development (APD) as declared in Presidential Decree No. 1967, Series of 1980, if applicable;

(6) Other government/public lands or facilities not intended for habitation; and

(d) *Urban Development* refers to the process of occupation and use of land or space for such activities as residential, industrial, commercial, and the like or their combinations, necessary to carry out the functions of urban living. It entails the building or rebuilding of more or less permanent structures over land that is often withdrawn or converted from its original use, resulting in the creation of a built environment.

CHAPTER III

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SEC. 4. *Creation and Mandate of the Department of Housing and Urban Development.* –

There is hereby created the Department of Housing and Urban Development, hereinafter referred to as the Department, through the consolidation of the Housing and Urban Development Coordinating Council (HUDCC) and the Housing and Land Use Regulatory Board (HLURB). The Department shall act as the primary national government entity responsible for the management of housing and urban development. It shall be the sole and main planning and policy-making, regulatory, program coordination, and performance monitoring entity for all housing and urban development concerns, primarily focusing on the access to and the affordability of basic human needs.

SEC. 5. *Powers and Functions.* – The Department shall:

- (a) Formulate the national and urban development and housing policy and strategy that is consistent with the Philippine Development Plan to promote social and economic welfare, in coordination and consultation with the stakeholders, local government units (LGUs), and other government agencies;
- (b) Exercise initiative and assume a lead role in coordinating, supervising, and integrating all government activities relative to housing and urban development;
- (c) Formulate housing finance policies to promote the establishment of a self-sustaining housing finance system;
- (d) Develop and maintain a housing database that shall include a shelter and urban development management information system;

(e) Develop mechanisms and programs that will initiate and promote the establishment of new settlements and urban renewal programs;

(f) Oversee the fast-tracked development and management of proclaimed housing sites, including the use of these land assets as resource mobilization strategy to raise alternative funds in developing new town housing projects which shall serve as central relocation sites for the affected informal settlers;

(g) Develop effective and efficient financing programs for housing beneficiaries and developers;

(h) Ensure the Department's participation in sustainable development, climate change adaptation, and disaster risk reduction;

(i) Enter into contracts, joint venture agreements, public-private partnerships (PPPs), and memoranda of agreement or understanding, either domestic or foreign, under such terms and conditions as the Department may deem proper and reasonable and subject to existing laws;

(j) Discharge all responsibilities of the government that may arise from treaties, agreements and other commitments on housing and urban development to which the government is a signatory, including the determination of forms of assistance for housing and urban development to be sourced through bilateral or multilateral loans or assistance programs;

(k) Receive, take, and hold by bequest, device, gift, purchase or lease, either absolutely or in trust for any of its purposes, from foreign and domestic sources, any asset, grant or property, real or personal, subject to such limitations provided under existing laws and regulations;

(l) Exercise oversight functions, coordinate, monitor and evaluate the policies and programs of all its attached agencies;

(m) Conduct continuing and comprehensive studies and research necessary for housing and urban development;

(n) Assist LGUs in strengthening the role and building the capability of provinces, cities, and municipalities as the primary entities for urban development and management;

(o) Monitor local government compliance with housing and urban development laws, standards and guidelines, as well as on their judicious and fair application of local housing and urban development ordinances;

(p) Support local government partnerships with communities, civil society organizations (CSOs), nongovernmental organizations, and private groups in the implementation of urban development and management;

(q) Develop and establish a sector performance monitoring and assessment mechanism to monitor and independently report on the performance of national government agencies and LGUs involved in housing and urban development and ensure continuing improvements in sector policy and strategy formulation;

(r) Declare an identified area as an Urban Development, New Settlement Site or Renewal Site, and jointly with the concerned LGU, develop and implement subprojects under a PPP arrangement;

(s) Advocate for and assist the LGUs in the establishment of a Special Housing Fund (SHF) to be sourced from the proceeds of Real Property Tax (RPT) pegged at one percent (1%) of the assessed value of real property which shall be exclusively used for the new settlement projects with housing and urban development new settlement projects and renewal projects of the LGUs;

(t) Conduct the pre- and post-proclamation activities as orchestrator and facilitator of the entire disposition process, including the stewardship of the Local Inter-Agency Committees (LIACs) which are primarily tasked to oversee the implementation of housing proclamation projects;

(u) Implement a single regulatory system that shall govern all activities relative to the planning, production, marketing, and management of housing and urban development projects;

(v) Declare, upon petition of the homeowners association and after due notice and hearing, a subdivision or condominium project as abandoned and grant the petitioner the authority to take over, cause, or initiate the development and completion of the project at the expense of the owner or developer, jointly and severally: *Provided, That* for purposes of this Act, and where the developer can no longer be located, the roads in the abandoned subdivision project shall become public in character one (1) year after the declaration of abandonment of the project;

(w) Encourage private sector participation in the housing industry;

(x) Promote and accredit the use of indigenous materials and technologies in housing construction;

(y) Implement prototype projects in housing and urban development undertakings, with the right to exercise the power of eminent domain, when necessary;

(z) Determine, fix and collect reasonable fees and charges necessary for the effective implementation of all laws, rules and regulations enforced by the Department and impose reasonable fines and penalties for violation thereof;

(aa) Register, regulate and provide community development programs for Homeowners Associations (HOAs), Condominium Units Owners Association/Corporation (CUOA/C) and other housing development associations;

(bb) Formulate and implement housing policies and programs for urban poor communities and ISFs that shall promote the social and economic welfare of homeless families, particularly the poor and underprivileged;

(cc) Encourage deeper and active participation of a broader spectrum of citizenry through housing cooperatives and CSOs as the avenue for the assessment and recognition of their housing needs and, together with the LGUs, serve as the implementing agencies of their housing and urban development programs; and

(dd) Perform other related functions as may be mandated by law.

SEC. 6. *Composition.* – The Department shall be composed of the Office of the Secretary, the offices directly supporting the Office of the Secretary, the offices of the undersecretaries and their immediate staff, and its various bureaus and regional offices.

SEC. 7. *The Secretary.* – The Secretary shall:

- (a) Advise the President on matters under the jurisdiction of the Department;
- (b) Establish policies and standards for the efficient and effective operations of the Department in accordance with the programs of the government;
- (c) Promulgate rules, regulations, and other issuances necessary in carrying out the Department's mandate, objectives, policies, plans, programs, and projects;
- (d) Exercise control and supervision over all functions and personnel of the Department;
- (e) Delegate authority for the performance of any substantive or administrative function to subordinate officials of the Department;
- (f) Call on other agencies and instrumentalities of the government and private entities for cooperation and assistance to the Department in the performance of its functions; and
- (g) Perform such other functions as may be provided by law or assigned by the President.

The Secretary shall be a voting member of the National Economic and Development Authority (NEDA) Board and the governing Boards of the Social Security System (SSS), the Government Service Insurance System (GSIS), the Climate Change Commission (CCC), the National Disaster Risk Reduction and Management Council (NDRRMC), and the Philippine Reclamation Authority (PRA). The Secretary shall be a member of the NEDA's Committee on Infrastructure (INFRACOM), Investment Coordination Committee (ICC) and Social Development Committee (SDC). The Secretary shall also be a member of the body authorized to formulate, prescribe, or amend guidelines pursuant to Republic Act No. 6957, as amended, otherwise known as the "Build-Operate-Transfer (BOT) Law".

SEC. 8. *The Undersecretaries.* – Taking into account the requirements of the Department and subject to the approval of the President, the Secretary shall be assisted by:

- (a) One (1) Undersecretary for the Bureau of Policy Development and Program Coordination, Monitoring, and Evaluation;
- (b) One (1) Undersecretary for the Bureau of Environmental, Land Use and Urban Planning and Development;
- (c) One (1) Undersecretary for the Bureau of Regulation of Housing and Real Estate Development; and
- (d) One (1) Undersecretary for the Bureau of Homeowners, Homeowners' Associations, and Community Development.

They shall have the powers and functions as provided for in Section 10, Chapter 2, Book IV of the Administrative Code of 1987. The Secretary is further authorized to delineate and assign the other functional areas of responsibility of the Undersecretaries.

SEC. 9. *Qualifications and Appointment.* – The Secretary and Undersecretaries shall be citizens and residents of the Philippines, of good moral character, and of proven competence and integrity. They shall all be appointed by the President. The Undersecretaries shall be career officers.

SEC. 10. *Departmental Bureaus and Regional Offices.* – The Department shall establish, operate, and maintain the following bureaus and other support offices:

- (a) Policy Development and Program Coordination, Monitoring, and Evaluation Bureau;

- (b) Environmental, Land Use and Urban Planning and Development Bureau;
 - (c) Housing and Real Estate Development Bureau;
 - (d) Homeowners, Homeowners' Associations, and Community Development Bureau;
- and
- (e) Legal and Support Services.

There shall be a Regional Office in all administrative regions, headed by a Regional Director.

In addition to the existing functions of the HUDCC and the HLURB, the Regional Office shall perform such other functions as may be delegated by the Secretary.

SEC. 11. *Staffing Pattern.* – The development of the Department's staffing pattern shall be based on an assessment of the personnel requirements of the entire Department by the Secretary and as approved by the Department of Budget and Management (DBM). The remuneration structure of the positions and the staffing pattern shall strictly conform to the Salary Standardization Law, as amended.

CHAPTER IV

HUMAN SETTLEMENTS ADJUDICATORY COMMISSION

SEC. 12. *Reconstitution of the HLURB as the Human Settlements Adjudicatory Commission (HSAC).* – The HLURB is hereby reconstituted and shall henceforth be known as the Human Settlements Adjudicatory Commission, hereinafter referred to as the HSAC, which shall operate as an independent Commission within the Department.

The HSAC is a quasi-judicial body with original and exclusive jurisdiction over all issues and controversies arising from the interpretation and implementation of Republic Act No. 7279, otherwise known as the "Urban Development and Housing Act of 1992", all amendments thereto, and its implementing rules and regulations (IRR).

SEC. 13. *Transfer of Adjudicatory Function of the HLURB to the HSAC.* – The adjudicatory function of the HLURB is hereby transferred to the HSAC.

SEC. 14. *Composition and Qualification of Members.* – The HSAC shall be composed of the Secretary and nine (9) full time Commissioners: *Provided*, That the term of the incumbent Commissioners shall be respected: *Provided, further*, That the subsequent appointees of the President shall be members of the Philippine Bar, of which three (3) Commissioners shall have experience in urban development planning, sustainable development, climate change adaptation, and disaster risk reduction; three (3) shall be nominees of the urban poor and homeowners' associations; and three (3) shall come from the private sector.

The Commissioners must have been engaged in the practice of law for a period of at least five (5) years prior to their appointment.

The Commissioners shall hold office for six (6) years or until they become incapacitated to discharge the duties of their office, whichever comes earlier.

No person who has been convicted of a crime involving moral turpitude shall be appointed at any time as a Member of the HSAC.

The most senior Commissioner shall be the Presiding Commissioner of the First Division and the two (2) next senior Members shall be the Presiding Commissioners of the Second and Third Divisions, respectively: *Provided*, That each Division shall be composed of three (3)

members shall have one (1) member representing the urban poor communities or the homeowners and homeowners' associations.

For the purpose of this Act, precedence in seniority shall be determined in the order in which the appointments were issued by the President.

SEC. 15. *Exercise of Adjudicatory Function and Other Powers.* – The HSAC, sitting *en banc* and presided over by the Secretary, shall promulgate the rules and regulations governing the hearing and disposition of cases before any of its Divisions and its arbiters in its Regional Offices, and shall formulate policies effecting its administration and operations.

The HSAC shall exercise its adjudicatory and all other powers, functions, and duties through its Divisions. The Divisions of the HSAC shall have exclusive appellate jurisdiction over cases decided by its Arbiters.

The HSAC sitting *en banc* may, on temporary or emergency basis, allow cases within the jurisdiction of any Division to be heard and decided by any other Division whose docket allows the additional workload: *Provided*, That the transfer shall not expose litigants to unnecessary additional expense.

The HSAC sitting *en banc* may designate any Commissioner who shall exercise administrative supervision over the HSAC and its Regional branches and all their personnel, including the Arbiters.

The HSAC shall be assisted by the Board Secretariat which shall perform such similar or equivalent functions of the Board Secretary of the HLURB.

SEC. 16. *Decisions and Resolutions.* – The concurrence of two (2) Commissioners of a Division shall be necessary for the pronouncement of a judgment or resolution. Whenever the required membership in a Division is not complete and the concurrence of two (2) Commissioners to arrive at a judgment or resolution cannot be obtained, the most senior Commissioner shall designate into the Division such number of additional Commissioners from the other Divisions as may be necessary.

The conclusions of a Division on any case submitted to it for decision shall be reached through consultation before the case is assigned to a Member for the writing of the decision. It shall be mandatory for the Division to meet for purposes of the consultation ordained herein. A certification to this effect, signed by the Presiding Commissioner of the Division, shall be issued and a copy shall be attached to the record of the case and served upon the parties.

SEC. 17. *Compensation.* – A Commissioner shall receive an annual salary of at least equivalent to an Undersecretary.

The incumbent full time Commissioners of the present HLURB pursuant to Executive Order No. 648, Series of 1981 "Reorganizing the Human Settlements Regulatory Commission" shall remain in office unless they opt to avail of the retirement and separation benefits as provided for in Section 33 of this Act, or are sooner removed for cause.

SEC. 18. *Jurisdiction.* – In addition to the existing jurisdiction of the HLURB, the Arbiters shall exercise original and exclusive jurisdiction over cases involving the following matters:

- (a) Cases involving real estate properties, subdivisions, and condominiums:
 - (1) Squatting on subdivision lots and condominium units;

(2) Cases arising from any violation of the mandatory requirements in the execution of eviction or demolition involving underprivileged and homeless citizens under Section 28 on Eviction and Demolition of Republic Act No. 7279, otherwise known as the "Urban Development and Housing Act of 1992";

(3) Disputes involving buyer financing agreements with any financing institution for condominium or subdivision projects;

(4) Easements of right of way in subdivisions;

(5) Intra-corporate disputes involving condominium corporations;

(6) Disputes between landowners and developers, and between banks/financing institutions and developers whenever the interest of buyers is involved; and

(7) Disputes involving the enforcement of Comprehensive Land Use Plans (CLUPs).

(b) Violations of administrative rules and regulations implementing Section 7 on Inventory of Lands, Section 8 on Identification of Sites for Socialized Housing, Section 18 on Balanced Housing Development, and Section 28 on Eviction and Demolition of Republic Act No. 7279.

(c) Cases submitted by parties which shall be heard and decided within ninety (90) days:

(1) Unsound and fraudulent real estate business practices;

(2) Claims for refund against project owners, developers, dealers, brokers, or salespersons;

(3) Specific performance of contractual and statutory obligations filed by buyers of subdivision lots, or house and lots, or of condominium units against the project owner, developer, dealer, broker or salesperson;

(4) Cases for nullity of mortgage filed by the unit buyer against the developer as mortgagor and the financial institution as mortgagee;

(5) Cases filed by subdivision or condominium owners or developers against lot or unit buyers relating to subdivision and condominium contracts, but not limited to, the collection of unpaid amortizations;

(6) Other related cases arising from contractual or statutory obligations of owners, dealers, brokers, or salespersons toward a lot or house and lot or unit buyers; and

(7) Intra and intercorporate disputes between and among homeowners' associations.

The Secretary may assume jurisdiction over any complaint or case and decide the same or certify such case for decision to the HSAC, when authorized by both Houses of Congress through a resolution, if the controversy involves massive fraud or unsound business practices of critical socioeconomic or environmental considerations that may have serious potential impact on the interests of the sector or the general welfare.

SEC. 19. *Powers and Authorities of the HSAC.* – In addition to the adjudicatory powers given to the HLURB, the HSAC shall:

(a) Issue writs and orders prohibiting demolitions, seizures, or closures of property including temporary writs or orders restraining demolitions, seizures, and closures of property;

(b) Issue writs and orders to execute demolitions, seizures, or closures of property in accordance with its decision or judgment;

(c) Impose administrative fines or penalties, or both, for violation of Republic Act No. 7279, as amended, and other laws implemented by the HSAC, including pertinent rules and regulations, orders, decisions, or rulings: *Provided*, That the HSAC may adjust such fines not more than once every three (3) years; and

(d) Exercise such other powers as are implied, necessary, or incidental to carry out the express powers granted to the HSAC or to achieve the objectives and purposes of this Act, and other laws implemented by the HSAC.

SEC. 20. *Institution of Criminal Prosecution.* – The criminal prosecution of violations of housing laws and regulations shall be instituted before the appropriate criminal courts.

SEC. 21. *The Arbiters: Qualifications and Appointment.* – The existing HLURB Arbiters shall be deemed qualified. Henceforth, additional Arbiters that shall be appointed must have been a member of the Philippine Bar for at least three (3) years, with at least two (2) years of experience or exposure in the field of real estate and land use development cases.

The President, upon the recommendation of the Secretary, shall appoint Arbiters, as may be necessary, for each administrative region, upon the recommendation of the HSAC *en banc*.

The HSAC *en banc* shall have the power to assign the Arbiters to the Regional Offices.

SEC. 22. *The Sheriff.* – The HSAC shall appoint a Sheriff or such number of Sheriffs in its Central and Regional branches. To be appointed as Sheriff, one must be a second grade Civil Service eligible and must have completed at least two (2) years of college. The Sheriff shall be responsible for the service and execution of all writs, summons, orders, and other processes of the HSAC.

SEC. 23. *Appeals.* – Decisions, awards, or orders of the Arbiters shall be final and executory unless appealed to the HSAC within fifteen (15) calendar days from receipt of the decisions, awards, or orders. The appeal may be entertained only on any of the following grounds:

(a) If there is *prima facie* evidence of abuse of discretion on the part of the Arbiters in rendering the questioned decision, award, or order;

(b) If the decision, order, or award was secured through fraud or coercion, including graft and corruption;

(c) If the appeal is made purely on questions of law; and

(d) If serious errors in the findings of facts are raised, which errors would cause grave or irreparable damage or injury to the appellant.

The decision of the HSAC upon any disputed matter may be brought to the Court of Appeals on a question of law and facts by way of a petition for review. For this purpose, the procedure on appeals from the regional trial court shall be followed as far as practicable and consistent with the purpose of this Act. An appeal from a decision of the HSAC must be filed within fifteen (15) calendar days from notice of judgment, award, or order sought to be appealed, pursuant to Rule 43 of the Rules of Court. If the decision of the HSAC involves only questions of law, the same shall be reviewed by the Supreme Court. No appeal bond shall be

required. No appeal shall act as a *supersedeas* or a stay of the order of the HSAC, unless the HSAC itself, or the Court of Appeals or the Supreme Court, shall so order.

SEC. 24. *Prohibition Against Restraining Order or Injunction.* – No lower court of the Philippines shall have jurisdiction to issue any restraining order, or writ of preliminary injunction, or permanent injunction against the HSAC or its Arbiters in any case, dispute, or controversy arising from, necessary to, or in connection with the application, implementation, enforcement, or interpretation of this Act and other pertinent laws on housing and on just and humane eviction or demolition procedures.

SEC. 25. *Pending Cases.* – All cases pending in regular courts arising from or in connection with the implementation of pertinent laws on housing and on just and humane eviction and demolition procedures, shall continue to be heard, tried, and decided to their finality by such courts.

CHAPTER V ATTACHED AGENCIES

SEC. 26. *Attached Agencies and Corporations.* – The following agencies and corporations are hereby attached to the Department for policy and program coordination, monitoring and evaluation:

- (a) National Housing Authority (NHA);
- (b) Home Guaranty Corporation (HGC);
- (c) National Home Mortgage Finance Corporation (NHMFC);
- (d) Home Development Mutual Fund (HDMF); and
- (e) Social Housing Finance Corporation (SHFC).

SEC. 27. *Nature of Attachment.* – Any provision of law, or the respective charters of the abovementioned corporations and agencies to the contrary notwithstanding, the Secretary shall, in a concurrent capacity, be the *ex officio* Chairperson of the respective boards of the NHA, HGC, NHMFC, HDMF, and SHFC.

The agencies shall continue to function according to existing laws and their respective charters. However, each of the heads of the attached agencies shall enter into a performance contract annually with the Secretary. Such contracts shall embody the national targets on housing and urban development and shall include the overall administration of the agency.

The reorganization, merger, streamlining of functions, abolition, or privatization of any attached government-owned and/or -controlled corporation (GOCC) shall be implemented with the concurrence of the Secretary pursuant to Republic Act No. 6656, entitled “An Act to Protect the Security of Tenure of Civil Service Officers and Employees in the Implementation of Government Reorganization”.

The appointment of the Board of Directors or Trustees of the attached GOCCs shall be in accordance with Republic Act No. 10149, otherwise known as the “GOCC Governance Act of 2011”.

CHAPTER VI TRANSITORY PROVISIONS

SEC. 28. *Transition Period.* – All transfer of functions, assets, funds, personnel, equipment, properties, and transactions in the affected national government agencies, and the

formulation and implementation of the internal organic structures, staffing patterns, operating systems, and revised budgets of the Department and the HSAC, shall be completed within six (6) months from the effectivity of this Act, during which existing personnel shall continue to assume their posts in holdover capacities until new appointments are issued.

SEC. 29. *Implementing Authority.* – The Secretary is hereby authorized to undertake the implementation of the provisions of this Act and implement the necessary organizational changes within the specified six (6)-month transition period.

SEC. 30. *Transfer of Functions.* – The following functions are hereby transferred to the Department as stipulated hereunder:

(a) Regulatory function of the HLURB, including the formulation, promulgation, and enforcement of rules, standards, and guidelines;

(b) HLURB's monitoring function, including the imposition of penalties for noncompliance to ensure that LGUs will follow the planning guidelines and implement their Comprehensive Land Use Plans/Zoning Ordinances; and

(c) Registration of incorporation of homeowners' associations and condominium corporations of the HLURB.

SEC. 31. *Transfer of Assets.* – The following dispositive actions shall be implemented within six (6) months from the effectivity of this Act:

(a) The transfer to the Department of the assets, equipment, funds, records, and pertinent transactions of the HUDCC and the HLURB; and

(b) The submission of the Department and the HSAC of a request to the DBM for the creation of additional positions and the augmentation of their budget appropriations as may be needed.

SEC. 32. *Absorption of Employees of the Consolidated Agencies.* – The present career employees of the HUDCC and the HLURB shall enjoy security of tenure and shall be absorbed by the Department, in accordance with its staffing pattern and selection process as prescribed under Republic Act No. 6656, unless they are separated from the service by virtue of the reorganization resulting from this Act, or opt and are qualified to retire from service.

SEC. 33. *Separation from the Service.* – Unless absolutely required, no employee shall be separated from the service as a result of any reorganization or consolidation under the provisions of this Act. Nonetheless, employees so separated or phased out from the service shall, within one (1) month from their separation or phase out from the service, receive separation benefits in accordance with existing laws.

In addition, those who desire and are qualified to retire shall be entitled to all benefits provided under the existing retirement laws.

SEC. 34. *Transfer of Rights and Obligations.* – The Department shall, by virtue of this Act, be subrogated to all rights and assume all the liabilities of the HUDCC and all other agencies of the government whose functions and powers have been transferred to it, and all their pertinent funds, records, property, assets, equipment and such personnel, including unexpended portions of their appropriations.

SEC. 35. *Implementing Rules and Regulations.* – The Secretary shall prepare and issue the implementing rules and regulations (IRR) of the Department within ninety (90) days upon the effectivity of this Act.

CHAPTER VII

FUNDING

SEC. 36. *Funding.* – The amount necessary for the initial implementation of the provisions of this Act shall be charged against the current year's appropriations of the HUDCC and the HLURB. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

CHAPTER VIII

FINAL PROVISIONS

SEC. 37. *Identification and Designation of Lands for Housing and Urban and Rural Development.* – For the purpose of designating lands for housing and urban and rural development, the Department of Environment and Natural Resources (DENR), the Department of Agrarian Reform (DAR) and the Department of Agriculture (DA) shall, within one hundred eighty (180) days from the effectivity of this Act, jointly identify agricultural lands which, under Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law of 1988, and other existing laws, rules and regulations are already exempted from conversion requirements: *Provided*, That the list shall exclude lands that are declared as nonnegotiable or protected from conversion under existing laws and issuances and those lands covered under Republic Act No. 6657: *Provided, further*, That the designation of lands for housing and urban and rural development purposes shall neither prejudice the rights of qualified beneficiaries under Republic Act No. 6657, nor undermine the protected agricultural areas intended to ensure the attainment of food security under Republic Act No. 8435, otherwise known as the "Agriculture and Fisheries Modernization Act of 1997" (AFMA) and other existing laws: *Provided, furthermore*, That in the case of lands exempted from conversion duly approved by the DAR and contested by an affected individual or community beneficiaries, no horizontal or vertical development by the individual or community beneficiary shall be allowed without prior clearance or approval from the DAR or the DA, consistent with the terms of the approved order or conversion: *Provided, finally*, That all idle government lands in highly urbanized cities are hereby prioritized for housing and urban development purposes.

SEC. 38. *Creation of Social Housing One-Stop Processing Centers (SHOPCs).* – The Department shall establish SHOPCs in all administrative regions of the country. The SHOPCs shall be responsible for the centralized processing and issuance of all required housing-related permits, clearances, and licenses in accordance with Executive Order No. 45, Series of 2001, entitled "Prescribing Time Periods for Issuance of Housing Related Certifications, Clearances and Permits, and Imposing Sanctions for Failure to Observe the Same": *Provided*, That for the foregoing purpose, the respective ceilings for socialized, low cost/economic and middle-income housing shall be jointly determined by the Department and the NEDA: *Provided, further*, That at any time, but not more than once every two (2) years, such ceilings may be reviewed or revised to conform to prevailing economic conditions. All agencies involved in the

issuance of said permits, clearances, and licenses shall be represented in the SHOPC and shall assign SHOPC personnel from regional centers who shall be sufficiently authorized to process and issue the same.

SEC. 39. *Mandatory Review on the Implementation of this Act.* – The Department shall conduct a review on the implementation of this Act and shall submit to Congress a report on its findings at the end of the second year from the date of the effectivity of this Act.

SEC. 40. *Separability Clause.* – If, for any reason or reasons, any portion or provision of this Act shall be held unconstitutional or invalid, the remaining provisions not affected thereby shall continue to be in full force and effect.

SEC. 41. *Repealing Clause.* – All laws, executive orders, proclamations, rules, regulations and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 42. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,