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HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

3112

HOUSE BILL NO. _____



Introduced by Hon. John Marvin "Yul Servo" C. Nieto

EXPLANATORY NOTE

This bill aims to provide our teachers with accessible and affordable special housing program. It proposes to provide an easy financing scheme to be made available to the teachers in order to further assist their acquisition of their homes.

It is the duty of the state to employ all possible ways to enhance the education delivery system of our nation. It is the belief of this representation that helping the main movers of quality education – our teachers – creates a ripple of success that will ultimately lead to the success of our children and our future.

As a manifestation of support to the effort of the Honorable Alfred Vargas in providing the best care our Filipino teachers deserve, this representation respectfully re-files this measure.


JOHN MARVIN "YUL SERVO" C. NIETO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 3112

Introduced by Hon. John Marvin "Yul Servo" C. Nieto

AN ACT PROVIDING FOR A SPECIAL HOUSING PROGRAM FOR TEACHERS

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 "Special Housing for Teachers Act."

SEC. 2. Declaration of Policy. It is hereby declared the policy of the State to uplift the living conditions of teachers and promote a housing program to enable them to acquire their own housing units. To this end, the State affirms its commitment to strength, promote, and support the component activities of housing production and finance to order to enable teachers to acquire decent housing and basic services at the lowest affordable price.

SEC. 3. Coverage. The Program shall cover the teachers of the Department of Education (DepEd) with a permanent status.

SEC. 4. Role of Government Housing and Financing Agencies. To ensure the accomplishment of the objectives under this program, the hereunder mentioned housing agencies shall perform the following in addition to their respective existing powers and functions:

- (A) The National Housing Authority shall undertake special housing projects for teachers. In addition, it may also provide technical and other forms of assistance to private developers in the development of housing projects;
- (B) The National Home Mortgage Finance Corporation shall provide the mortgage market for teacher's housing through the purchase of teacher's housing mortgages and /or issuance of securities. It shall administer the funds provided for housing loans and developer assistance under this Act as well as long-term funds provided by the Government Service Insurance System and the Home Development Mutual Fund for teacher's housing.
- (C) The Home Guaranty Corporation shall design an appropriate guarantee scheme to encourage financial institutions and private developers to

undertake mass housing production for teachers. It shall administer the Guarantee System fund as provided for under this Act.

(D) The Government Service Insurance System and the Development Mutual fund shall be the primary provider of funds for long-term housing mortgages.

SEC. 5. Role of the DepEd. The Department of Education shall undertake the implementation of the program among its teachers and shall ensure collection of amortization payments through a salary deduction scheme. In line with this, the DepEd shall:

(a) Create a Teacher's Housing Secretariat which shall issue and collect the necessary documentation, receive and process application, and transfer the same to the appropriate housing agencies;

(b) Deduct amortization from their teachers on a monthly basis and remit the same to the appropriate agency.

SEC. 6. Program Financing Scheme. In the implementation of the Teacher's Housing Program, the following shall consist the financing scheme:

(a) Housing Loans for Teachers which shall be used for any of the following purposes:

1. Purchase of a lot and construction of a residential unit thereon;
2. Purchase of any of the following:
 - i. brand new or old existing units;
 - ii. housing properties mortgaged with any institution;
 - iii. housing assets being disposed of through public bidding or negotiated sales;
3. Purchase of a fully developed lot within a residential area;
4. Construction of completing of a residential unit on a lot owned by the beneficiary;
5. Home improvement or any alternation in an existing residential unit;
6. Restructuring of an existing housing loan in any government housing of financial institution, provided that the account is updated.

Loans provided under this program shall be computed based on a net take home pay which shall not be lower than Three Thousand Pesos (P3,000.00). The interest rate on the loan shall not be more than twelve

131 percent (125) per annum and shall be fixed for the entire term of the loan.

132 Provided, that if the borrower defaults on his amortization payment for
133 reasons of his own doing, the financing agency may subject the borrower
134 to a regular interest rate for the periods that he is in default.

135 To increase the benefits provided to teachers' loans under this scheme
136 shall not be subject to such charges, fees or premiums except minimum
137 processing fees to be charged by the appropriate agencies.

138

139 Loans provided for teachers earnings less than Twelve Thousand Pesos
140 (P12,000.00) per month shall not be less than sixty percent (60%) of all
141 available funds allotted to this purpose. At least forty five percent (45%)
142 of the year appropriation for the Program shall be for Housing Loans.

143 (b)
144 Developer Assistance Fund. Proponents or developers of housing
145 projects exclusively for teachers and with a selling cost not exceeding
146 One Hundred Twenty Thousand Pesos (P120,000.00) per house and/or
147 lot package which shall be available exclusively for teachers, may avail
148 of a financing loan not exceeding eighty percent (80%) of the entire
149 project cost. The National Home Mortgage and Finance Corporation, in
150 coordination with the HUDCC, shall issue the appropriate guidelines
151 for this purpose.

152 At least fifteen percent (15%) of the early appropriation for the
153 program shall be for developer financing: Provided, that the unused
154 funds for developer financing shall be utilized for Housing Loans.

155 (c)
156 Guarantee System Fund. There is hereby created a guarantee system
157 fund for Teacher's Housing Loans not exceeding One Hundred Fifty
158 Thousand Pesos (P150,000.00) with an interest rate of not exceeding
159 twelve percent (12%) per annum as originate by the funding
160 agencies or their accredited financial institutions. Such loans shall be
161 assigned to the Fund immediately after origination for which the
162 Fund shall issue promissory notes.

163 At least forty percent (40%) of the yearly appropriation for the
164 Programs shall be for the loan guarantee. The Home Guarantee

Corporation shall undertake the guarantee system under this act and shall act as the administrator and trustee of the fund. The HGC shall issue the appropriate guidelines within one (1) year from the approval of this Act.

SEC. 7. Fiscal Incentives for Private Sector Participation in Teacher's Housing. Private sector developers who participate in the development of teacher's housing shall be entitled to the following fiscal incentives:

- (a) Exemption from income taxes for housing projects exclusively dedicated for teachers;
- (b) Exemption from capital gains tax on housing projects exclusively dedicated for teachers;
- (c) Exemption from documentary stamp tax for all project related documentation;
- (d) Exemption from value-added tax for the project concerned;
- (e) Exemption from transfer taxes for both raw and completed projects; and
- (f) Exemption from donor's tax for lands certified by the local government units to have been donated to teacher's housing purposes.

Provided, that upon application for exemption, the housing development plan shall have already been approved by the appropriate government agencies concerned: Provided further, that all the savings acquired by virtue of this provision shall be used to minimize the cost of the housing units subject to the implementing guidelines to be issued by the Housing and Urban Development Coordinating Council.

The Department of Finance, in consultation with the Housing and Urban Development Coordinating Council, shall prepare the necessary implementing guidelines for the proper implementation of the tax exemption mentioned in this section within one (1) after the approval of this Act.

SEC. 8. Funding Source. The Government Service Insurance System and the Home Development Mutual Fund shall contribute a total of Two Billion Pesos (P2,000,000,000.00) for the initial implementation of the Program. Thereafter, each institution shall allocate at least ten percent (10%) of their annual investible funds for long-term teacher's housing mortgages and shall be made available to the National Home Mortgage and Finance Corporation under terms which ensure their repayment. The National Government shall contribute One Billion Pesos (P1,000,000,000.00) annually for the continuous implementation of the Program.

SEC. 9. Appropriation. The amount necessary to carry out the purpose of this Act shall be included in the General Appropriations Act of the year following its

204 enactment into law and every year thereafter.

205 **SEC. 10. Separability.** If for any reason, any provision of this Act is declared
206 invalid or unconstitutional, the remaining provisions not affected thereby shall
207 continue to be in full force and effect.

208
209 **SEC. 11. Effectivity.** This act shall take effect fifteen (15) days after its complete
210 publication in at least two (2) national newspapers of general circulation.

211

212 *Approved,*