

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 3591



Introduced by AKBAYAN Representative Tomasito S. Villarin

EXPLANATORY NOTE

Enshrined in our constitution is the right to decent homes for our people through a continuing program of urban land reform and housing which will make available at affordable cost, decent housing and basic services to under-privileged and homeless citizens in urban centers and resettlement areas, and provide employment opportunities for them. Pursuant to this mandate, Congress enacted RA 7972 or the "Urban Development and Housing Act of 1992."

According to the Housing and Urban Development Coordinating Council (HUDCC), the number of informal settler families climbed from 1.5 million in 2011 to 2.8 million in 2016. Our housing backlog has reached 5.7 million that poses a challenge to the new administration to build 2,602 homes a day for the next six years.

Most of the national government's efforts up to this point have focused on off-city housing that has been found out to be ineffective or less than successful. Because the off-site houses were too far from current places of work or from any employment or livelihood opportunities, many informal settler families refused to occupy them, while others returned to Metro Manila to even less substantial housing opportunities.

One of the remedies enacted by the past Aquino administration has been called the "Alternative Housing Program and People's Proposal", an offshoot of Typhoon Ondoy housing program. The P50-B program allows informal settlers in Metro Manila's danger areas to avail of in-city housing as an alternative to off-city relocation. These proposals are then submitted to the Socialized Housing Finance Corporation through its High Density Housing (HDH) Plan that provides financing, land development and housing construction to put the "People's Plans" in place.

Many LGUs have been unable to meet the demand for housing and basic services given their "accelerated pace." LGUs must be put firmly in place as the drivers of urban renewal and ISF Housing. To address these concerns of LGUs, a DILG-LGU partnership for the Construction of Micro-Medium Rise Buildings was implemented. To jumpstart socialized housing for constituent informal settlers in danger areas, DILG offered financial assistance to LGUs in NCR to a total of P700-M for MMRBs. The financial assistance to LGUs is a one-time grant for the construction of the MMRBs with the LGU allocating land for socialized housing.

The ownership and use scheme in socialized housing can be either through a public rental system where the LGUs collect rentals from the resettled ISFs, co-management with the Homeowners Associations/Cooperatives, and/or a payback scheme where the HOA takes out a loan from SHFC to repay the LGU so the latter can 'revolve' the grant given by the DILG.

For those that are poorer than most, other options are taken into consideration such as incremental self-help housing through micro-finance, riverfront re-development, resettlement within neighborhood that is not part of danger areas through re-blocking or rental housing. These schemes can be discussed and demonstrated through the Local Inter-Agency Committee on Housing or through their Local Housing Board with the assistance of DILG.

Given all these imperatives and new approaches, there needs to be an agency that would focus on socialized housing finance and development to cater to the emerging needs of urban resettlements at an accelerated pace for in-city, on-site and near-city socialized housing programs.

This bill seeks to create the Socialized Housing Development and Finance and Corporation (SHDFC) to oversee, implement and monitor the various modes of housing finance and development support as envisioned in EO 272 s. 2004 creating the Social Housing Finance Corporation, a subsidiary of the National Home Mortgage Finance Corporation. This agency will thus replace the Social Housing Finance Corporation under EO 272.

This bill takes off from the discussions on proposal to amend the SHFC charter during the 16th Congress. It seeks to integrate in said proposal the socialized housing requirements of the country and institutionalization of peoples planning in the government's housing program.

Approval of this bill is urgently and strongly recommended.



TOMASITO S. VILLARIN

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SEVENTEENTH CONGRESS
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House Bill No. **3591**

AN ACT
CREATING THE SOCIALIZED HOUSING DEVELOPMENT
AND FINANCE CORPORATION

Introduced by AKBAYAN Representative Tomasito S. Villarin

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 "Socialized Housing Development and Finance Corporation Act".

SEC. 2. Declaration of Policy. - It is the policy of the State to undertake a comprehensive, integrated and continuing program of urban land reform and housing development which will make available at affordable cost decent housing and basic services to the underprivileged and homeless citizens in highly urbanized and urbanizing centers, and resettlement areas through the financing and administration of socialized housing programs.

SEC. 3. Statement of Objectives. - The State shall integrate all laws, orders, issuances, and administrative circulars relating to the provision of socialized housing and land tenure security through developmental financing schemes for low income, formal, and informal income earners to effectively achieve the following objectives:

(a) To uplift conditions of underprivileged and homeless citizens in urban and resettlement areas through decent housing at affordable cost, basic services and employment opportunities through an accelerated pace of socialized housing finance under the National Shelter program;

(b) To undertake socialized housing programs and projects that will cater to the formal and informal sectors in the low-income bracket and shall take charge of developing and administering socialized housing program schemes, particularly the Community Mortgage Program and the Abot-Kaya Pabahay Fund Program (amortization support program and developmental financing program), and the Micro-Medium Rise Public and Private Housing program.

(c) To enhance the affordability and quality of socialized housing for low income families and provide developmental financing for socialized housing projects, particularly in highly urbanized and urbanizing areas; and

(d) To promote empowerment of community associations of low-income earning families.

SEC. 4. Creation of the Socialized Housing Development and Finance Corporation. - To carry out the aforementioned policy and objectives, there is hereby created a Socialized Housing Development and Finance Corporation (SHDFC), hereinafter referred to as the "Corporation," with principal office in Metro Manila, which shall replace the Social Housing Finance Corporation (SHFC) created by virtue of Executive Order No. 272 issued on 20 January 2004.

The Corporation shall be the lead government agency in charge of formulating, developing, and implementing socialized housing finance programs that will cater to families in the low-income bracket through developmental financing schemes that will help the families acquire security of land tenure, affordable and decent homes, as well as facilitate community development.

Developmental financing under this charter shall refer to the act of funding legally organized and registered community associations of low-income families for the purpose of acquiring security of land tenure, financing community and site development, housing microfinance and socialized livelihood programs, and other financial services in furtherance of the National Shelter Program.

SEC. 5. Socialized Housing Programs. - Consistent with Republic Act No. 7279, as amended, otherwise known as the "Urban Development and Housing Act of 1992"; Republic Act No. 6846, as amended, otherwise known as the "Abot-Kaya Pabahay Fund or Social Housing Support Fund Act"; Republic Act No. 7835, otherwise known as the "Comprehensive and Integrated Shelter Financing Act of 1994", the Corporation shall supervise, control, and implement the following programs:

(a) *Community Mortgage Program (CMP).* - This program shall assist legally organized associations of underprivileged and homeless families 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.

(b) *Community Financing Program (CFP).* - This program shall assist legally organized associations of underprivileged and homeless families to acquire various forms of security of tenure through schemes that include the purchase and development of tracts of land under the concept of community ownership. The CFP shall facilitate the empowerment of community associations to enable them to effectively participate in the program. This program shall also assist low-income families in blighted areas to eventually improve the quality of neighborhood and homes to the extent of their affordability.

(e) *Abot-Kaya Pabahay Fund Program (AKPFP).*— This program seeks to implement a continuing program of social housing that shall make available to low income families affordable houses or lots through (a) amortization support whereby funds are made available for low income families to assist them in paying their housing loans; and (b) development financing where funds are utilized to support private developers, nongovernmental organizations (NGOs), and landowners in providing affordable housing packages to low-income families.

(f) *High Density Housing (HDH) Program.* - This program is a community-driven, participatory people's plan financing window that extends loan assistance to legally organized communities of informal settler families living in danger areas for their near-site, in-city, or near-city relocation in multi-storey housing projects.

(g) *The Localized Community Financing Program (LCFP).*- A CFP derivative that allows local government units (LGUs) to address the housing needs of the informal sector in their respective jurisdictions including micro-medium rise buildings for public rental programs undertaken in highly urbanized cities, independent cities, and component cities.

(h) *Housing Microfinance.* - This program is a developmental financing scheme that aims to promote the empowerment of Corporation's beneficiary communities and encourage self-help cooperative housing through the grant of livelihood loans and financing of productive, income-generating activities to aid low income families address their housing necessities;

(i) Refinancing of socialized housing programs and offering of financing services to the projects of the National Housing Authority (NHA), LGUs, key shelter agencies, and other government agencies, as well as, the private sector participating in socialized housing programs; and

(j) Such other socialized housing and developmental financing programs or services which may be created pursuant to the aforementioned declaration of policy and statement of objectives in this Charter.

SEC. 6. Powers and Functions of the Corporation. - The Corporation shall have the following powers and functions:

(a) To promote security of land tenure to the underprivileged and homeless families;

(b) To provide a strong and sustainable finance program supporting the housing objectives and, in relation thereto, to borrow or raise money necessary to meet the financial requirements of its business by the issuance of bonds, promissory notes, and other evidences of indebtedness, and to secure the repayment thereof by mortgage, pledge, or deed of trust upon the properties of the Corporation;

(c) To encourage maximum participation of LGUs, other government agencies, NGOs, and people's organizations (POs) to ensure that homeless families and the underprivileged can enjoy the benefits of the programs of the Corporation;

- (c) To institutionalize and promote housing through a self-help method whereby families with their own or outside financing can build their homes with their labor, self-help cooperative housing, and such other self-help approaches to the acquisition of decent and affordable housing and introduce support facilities, such as formulation and development of livelihood programs, grant of livelihood loans, and housing microfinance that will enhance the financial capabilities of low-income groups to acquire decent housing and land tenure security;
- (d) To assist LGUs and government agencies, through developmental financing, to serve the housing requirements in their respective jurisdictions, such as resettlement, development of sites and services, and the renewal of blighted areas;
- (e) To formulate, adopt, amend, or rescind rules and regulations when necessary to carry out the provisions and purposes of this Act, as well as the effective exercise of the powers and functions, and the discharge of duties and responsibilities of the Corporation, its officers and employees;
- (f) To purchase, acquire, sell, discount or refinance real property to be used as sites for socialized housing or otherwise deal in community or home mortgages, such as asset-backed securities, derived from, and collateralized by the assets of the Corporation's programs, or participate therein, grant non-recoverable subsidy on site development and engage in estate management under such conditions and terms as may be determined by the Board of Trustees of the Corporation;
- (g) To invest in securities and deal with the money and properties of the Corporation in such manner as may, from time to time, be considered wise or expedient for the advancement of its interest;
- (h) To enter into any lawful arrangement for joint venture, profit-sharing, union of interest, unitization, or trust agreement, reciprocal concession, or cooperation with any corporation, association, partnership, syndicate, entity, person, or governmental, municipal, or public authority, domestic or foreign, in the carrying on of any business or transaction deemed necessary, convenient, or incidental to the carrying out any of the purposes of the Corporation;
- (i) To acquire or obtain from any government or authority, national, provincial, municipal or otherwise, or any corporation, company, or partnership, or person, such charter, contracts, franchise, privileges, exemption, licenses and concessions as may be conducive to any of the objectives of the Corporation;
- (j) To establish and operate one or more branches, offices, or agencies and to carry on any or all of its operations and business without any restrictions as to place or amount, including the right to hold, purchase or otherwise acquire, lease, mortgage, pledge, sell and convey, or otherwise deal with real and personal property anywhere in the Philippines, as may be necessary or incidental to the conduct of the corporate business;
- (k) To conduct and transact any and all lawful activities, and to do or cause to be done any one or more of the acts and purposes set forth herein, within or outside the Philippines, and in any and all foreign countries, and to do everything necessary,

desirable, or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers herein enumerated or which shall, at any time, appear conducive to or expedient for the protection or benefit of this corporation: Provided, That the funds invested or utilized under the aforementioned modes of agreement shall not be guaranteed by the national government except upon consultation with, and approval of, the Secretary of Finance and the Monetary Board.

(l) To adopt, alter, and use corporate seal, to sue and be sued, and generally, to exercise all powers under the corporation laws which are not inconsistent herewith, or with existing laws; and

(m) To exercise such powers and perform such acts as may be necessary, useful, incidental or auxiliary to carry out the provisions of this Act.

SEC. 7. Board of Trustees. - The Corporation shall be governed and its activities directed, controlled, and managed by a Board of Trustees, hereinafter referred to as the Board which shall be composed of the following:

(a) The Chairperson of the Housing and Urban Development and Coordinating Council, as the ex officio Chairman;

(b) The President of the Corporation as ex officio Vice Chairman;

(c) The Secretary of the Department of the Interior and Local Government (DILG), or a duly designated representative;

(d) The Secretary of the Department of Budget and Management (DBM), or a duly designated representative;

(e) The Governor of the Bangko Sentral ng Pilipinas (BSP) or a duly designated representative;

(f) The Secretary of the Department of Finance (DOF), or a duly designated representative;

(g) The Secretary of the Department of Environment and Natural Resources (DENR) or a duly designated representative;

(h) The Secretary of the Department of Social Welfare and Development (DSWD) or a duly designated representative;

(i) The Chairman of the Presidential Commission for the Urban Poor (PCUP), or a duly designated representative;

(j) The Administrator of the Land Registration Authority (LRA), or a duly designated representative; and

(k) Five (5) representatives of the private sector who are all citizens and residents of the Philippines, of good moral character, of known probity, and of proven competence and integrity: *Provided*, That three (3) of the private sector

representatives shall come from non-governmental organizations or peoples' organizations involved in the development of housing projects, organization of housing associations, or management of shelter finance programs or other related activities for at least five (5) years: *Provided*, Finally, that one (1) shall come from the academe with specialization in the field of urban planning, development studies, economics, civil engineering, architecture, or other related courses with special training in housing and urban development programs preferably in shelter finance management, from a recognized college or university; and one (1) shall come from the real estate or housing developers' organization in the Philippines.

The four (4) representatives of the private sector shall be appointed by the President of the Philippines for a term of one year, subject to reappointment, pursuant to sections 15 and 17 of Republic Act No. 8 10149 or the GOCC Governance Act of 2011. In no case shall any representative of the private sector be appointed or designated in a temporary or acting capacity.

The Chairman, Vice Chairman, and Members of the Board shall be entitled to a reasonable per diem for each meeting actually attended at such amounts as may be fixed by the Board in accordance with existing laws, rules and regulations.

SEC. 8. Powers of the Board. - The Board shall have the following powers:

- (a) To adopt the by-laws of the corporation and to revise or amend the same as may be expedient to carry out effectively the functions of the Corporation under this Act;
- (b) To formulate, revise, or adjust periodically all policies, and to promulgate such rules and regulations and manuals of procedure as are necessary to ensure the effective implementation of the provisions of this Act;
- (c) To direct the management, operation, and administration of the Corporation;
- (d) To authorize such expenditures by the Corporation as are in the interest of its effective administration and operation;
- (e) To approve the Corporation's organizational and administrative structures and staffing pattern, and create offices or positions necessary for the efficient management, operation, and administration of the Corporation, and to establish the appropriate compensation package for the officers and employees of the corporation; *Provided*, That all positions in the corporation shall not be exempt from Republic Act No. 6758, otherwise known as the Salary Standardization Law, and other existing laws, rules and regulations on salaries and compensation; and,
- (f) To exercise such powers as may be necessary to carry into effect the provisions of this Act and to accomplish the purposes for which the Corporation is established.

SEC. 9. President of the Corporation.- The President of the Corporation, hereinafter referred to as the "President", shall be elected annually by the members of the Board from among their ranks, for a term of one (1) year, subject to reappointment, as provided for in Section 18 of the GOCC Governance Act of 2011: *Provided*, That said appointee is a holder of a degree in law, public administration, urban planning,

development studies, business or economics, or other related course from a recognized college or university, with special training in housing and urban development programs, and in shelter finance management.

The President shall represent the Corporation in all its dealings with other offices, agencies and instrumentalities of the government and with all persons and entities, public or private, domestic or foreign, and shall exercise such other powers, functions, and duties as may be delegated by the Board. The President shall receive such reasonable compensation, allowances, and other emoluments as the Board may determine.

SEC. 10. Powers and Duties of the President of the Corporation. - The President shall prepare the agenda of the Board of Trustees, execute and administer the policies and resolutions adopted by the latter, and direct and supervise the operations and management of the Corporation. Subject to the approval by the board, in the case of managerial positions and above, the President shall appoint the personnel of the Corporation and prescribe their duties and qualifications, in accordance with existing civil service laws, rules and regulations to the end that only competent personnel may be employed, and when warranted, remove, suspend or otherwise discipline them for cause.

SEC. 11. Exemption from Tax, Legal Process, and Lien. - All laws to the contrary notwithstanding, the Corporation and all its assets and properties, all appropriations, funds, and amortizations collected and all accruals thereto and income or investment earnings therefrom, as well as all supplies, equipment, papers, or documents shall be exempt from any tax, assessment, fee, charge, or customs or import duty. The Corporation shall likewise be exempt from all kinds of taxes, fees or charges, and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt by the person or persons entitled thereto. No tax measure of whatever nature hereinafter enacted shall apply to the Corporation, unless it expressly revokes the tax exemption granted in this Section. Any tax assessment against the Corporation shall be null and void.

The exemption from tax, assessments, fees or charges provided in the preceding paragraph shall be in effect until the required capitalization of the Corporation is reached.

All documents or contracts executed in line with the CMP and other social housing programs to be administered by SHDFC shall also be exempt from the payment of tax, such as capital gains tax, documentary stamp tax, and registration fees, including fees required for the issuance of transfer certificates of title.

SEC. 12. Abolition of the SHFC and Transfer of its Powers and Functions, Rights, Assets and Liabilities. - The SHFC is hereby abolished. Within six (6) months from the approval of this Act, the powers and functions of the SHFC and the programs under its administration, in particular the CMP and such other related social housing programs being implemented by it, shall be transferred to and be exercised by the Corporation. The Corporation shall, by virtue of this Act, be subrogated to all the rights and assume all the contracts and liabilities of the SHFC and all its pertinent funds and appropriations, including unexpended allocations, records, property, assets,

equipment and personnel as are necessary: Provided, That before the Corporation takes over the powers and functions of SHFC, the latter's obligation to pay NHMFC's paid up capital contributions to SHFC and trust receivables from SHFC, plus the 'excess of actual collections over the agreed trustee fees' treated as addition to such trust accounts, shall all be assumed by and recorded in NHMFC's books as receivables from the national government, while on the other hand, the total amount of such assumed obligation shall be converted and recorded in the Corporation's books as equity infusion from the national government: Provided, further, That the existing officers and employees of the SHFC shall continue to assume their posts in a holdover capacity until they have qualified to become civil service eligible within two (2) years from the effectivity of this Act and their new appointments are issued.

SEC.13. Structure and Staffing Pattern. - The position structure and staffing pattern of the Corporation shall be subject to the approval of the Governance Commission for GOCCs (GCG). To ensure the continued implementation of the CMP, HDH and such other related social housing programs being implemented by it during the period of transfer and transition, SHFC personnel who are performing the functions transferred to the Corporation shall continue to perform their duties and responsibilities: Provided, That the said personnel may, at their option, retire or be separated from the service within two (2) years from the effectivity of this Act for which they shall be entitled to a severance pay equivalent to three (3) times their monthly salary for every year of service at the time of retirement or separation: Provided, further, That a fraction of at least six (6) months shall be considered as one (1) whole year: Provided, finally, That in the absence of any retirement plan in the SHFC, the entitlement to the retirement benefit under Republic Act No. 7641 shall not be diminished or modified in whatever manner.

SEC. 14. Appropriations.- The amount needed for the initial implementation of this Act shall be charged against the capitalization to be allocated in the amount of Fifty Billion Pesos (P50,000,000,000.00) to be sourced from: (a) conversion of SHFC's Ten billion five hundred ninety-three million sixty-nine thousand Pesos (P10,593,069,000.00) trust liability to NHMFC, including the 'excess of actual collections over the agreed trustee fees' treated as addition to the trust accounts, into 15 equity infusion from the national government; (b) SHFC's assets, including the Ten 16 million Pesos (P10,000,000.00) paid-up capital of the NHMFC based upon its issued outstanding shares of stocks which shall also be converted and deemed part of the national government's equity infusion in the Corporation; (c) the remaining funds and assets administered by SHFC under the AKPF as well as funds to be appropriated for amortization support and development financing components under the CISFA; and (d) Thirty six billion pesos (P36,000,000,000.00) from HDH allocated funds in the annual General Appropriations Act.

No portion of the capital of the Corporation shall accrue to any agency or instrumentality of the national government, including government-owned and controlled corporations.

Thereafter, the amount needed for the operation and maintenance of the Corporation shall be included in the annual General Appropriations Act: Provided, That the operating expenses of the Corporation itself shall not exceed the amount, as may be determined by the Board based upon optimum efficiency and effectivity and that at

least more than half of said annual appropriation shall be disbursed for the Corporation's programs, projects, and activities, based upon progression of productivity and participative contribution to the National Shelter Program.

SEC. 15. Interim Applicability of Existing Policies, Guidelines, and Rules. - Existing policies, guidelines, rules and regulations with respect to the functions of the SHFC which have been transferred to the Corporation shall continue to be applicable and in effect until amended or modified accordingly.

SEC. 16. Audit. - The Chairman of the Commission on Audit shall appoint and assign to the Corporation a resident auditor and other subordinate personnel, responsible to and removable only by the Commission on Audit, as provided for under Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines. The Auditor shall submit, through the Commission, an annual report on the financial condition and result of the operations of the Corporation to the President of the Republic of the Philippines and to each chamber of the Congress of the Philippines.

SEC. 17. Legal Counsel. - The Office of the Government Corporate Counsel shall be the General Counsel of the Corporation.

SEC. 18. Reports. - The Corporation shall submit an annual report to the President of the Philippines and to both chambers of the Congress of the Philippines.

SEC. 19. Suppletory Application of Other Laws. - The provisions of Republic Act No. 10149 or the GOCC law and the Corporation Code shall have suppletory application on matters not provided for in this Act.

SEC. 20. Implementing Rules and Regulations. - The implementing rules and regulations to effectively carry out the provisions of this Act shall be drafted and prepared by the Corporation in coordination with the following agencies: (a) Housing and Urban Development Coordinating Council (HUDCC); (b) National Housing Authority (NHA); (c) National Home Mortgage and Finance Corporation (NHMFC); (d) Home Guaranty Corporation (HGC); (e) Housing and Land Use Regulatory Board (HLURB); (f) Home Development and Mutual Fund (HDMF); (g) Department of Finance (DoF); (h) Department of Budget and Management (DBM); (i) Department of Interior and Local Government (DILG) and (j) two (2) private sector representatives to be appointed each by the SHDFC and the HUDCC. It shall be adopted and promulgated by the Board of Trustees of the Corporation not later than ninety (90) days after the approval of this Act which shall be published in at least one (1) national newspaper of general circulation.

SEC. 21. Separability Clause. - If, for any reasons, any provision of this Act or the application thereof to any person or circumstances is held invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full force and effect.

SEC. 22. Repealing Clause. - Executive Order No. 272, dated January 20, 2004, is hereby repealed. All other laws, decrees, executive orders, or rules and regulations and other issuances, or parts thereof which are inconsistent with or contrary to the

provisions of this Act or its purposes are likewise hereby repealed, amended, or modified accordingly.

SEC. 23. Effectivity. - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in a national newspaper of general circulation.

Approved,