

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



HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez

House Bill No. **3798**

EXPLANATORY NOTE

The 1987 Constitution, particularly Section 9 of Article XIII, mandated the State to undertake, in cooperation with the private sector, a comprehensive and continuing program of urban land reform and housing that would make decent housing and basic services available at **affordable cost** to under privileged and homeless citizens in "urban areas and resettlement areas." In March 1992, Congress enacted Republic Act No. 7279, otherwise known as the "Urban Development and Housing Act" or UDHA to put flesh to this Constitutional mandate. UDHA required all proponents or developers of residential subdivision projects to develop an area for socialized housing equivalent to at least twenty percent of the total subdivision area or project cost, at the option of the developer:

For more than two decades from the enactment of UDHA into law, however, most of the socialized housing compliance produced by private developers have been **outside the urban areas** and **not within urban areas** as primarily mandated by the constitution and UDHA. This resulted to the current huge housing crisis in informal settlements in Metro Manila and other highly urbanized areas, which requires changes in policies to speed up the implementation of housing for the underprivileged, particularly the informal settler families. Hence, amendments to R.A. 7279 are hereby proposed as follows:

1. Considering the very **high cost of land** in urban areas, this bill proposes the introduction of **direct subsidy** to price down the socialized housing cost **affordable to informal settler families**. The current socialized housing price ceiling of Php 450,000.00 is set and adjusted periodically by the Housing and Urban Development Coordinating Council and the National Economic Development Authority. This **direct subsidy** shall be provided primarily by the **government from budgetary allocation** and partly from **private sector donations** (as also proposed to be introduced in this bill) to NGOs/Foundations or to any of the housing agencies engaged in the delivery of socialized housing services to informal settler families.

2. To optimize the utilization of the high cost of urban land, this bill proposes the recognition by government of residential **condominiums** in the form of **medium rise buildings** up to five levels as acceptable and preferred alternative in the production and delivery of socialized housing compliance by private developers.

3. To **fast track the production and delivery of socialized housing** to all intended socialized housing beneficiaries particularly within urban areas, the extension of fiscal incentives to private developers such as exemptions from project related income tax, value added tax, donor's tax, among others, is proposed by amendment in this bill to be **facilitated without undue delay** by the Bureau of Internal Revenue (BIR). In this regard, the application for availment of such fiscal incentives by developers is proposed to be acted upon by the BIR within a maximum period of thirty working days from submission of complete documents.

Finally, this bill seeks to amend certain definitions of terms in order to minimize conflicts in interpretation and to ensure that the benefits of affordable socialized housing is redirected to the most needy, the underprivileged and homeless citizens within urban centers referred to as the urban poor or informal settler families.

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



RUFUS B. RODRIGUEZ

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AN ACT

AMENDING REPUBLIC ACT NO. 7279, ENTITLED URBAN DEVELOPMENT AND HOUSING ACT OF 1992, ESTABLISHING THE PROGRAMS AND MECHANISMS TO ENSURE THAT SOCIALIZED HOUSING UNITS PRODUCED ARE RE-DIRECTED TOWARDS ITS PRIORITY BENEFICIARIES PARTICULARLY THE UNDERPRIVILEGED HOMELESS IN HIGHLY URBANIZED AREAS REFERRED TO AS INFORMAL SETTLER FAMILIES WHICH HAVE REMAINED WITHOUT BENEFIT UNDER RA 7279 EVEN AFTER MORE THAN TWENTY YEARS OF ITS IMPLEMENTATION

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

SEC. 1. Short Title. - This act shall be known as the "**Inclusive Socialized Housing Act**".

SEC. 2. Amendatory Provisions. - For purposes of this Act, certain provisions of Republic Act 7279, entitled: "An Act to Provide for a Comprehensive and Continuing Urban Development and Housing Program, Establish the Mechanism for its Implementation, and for other Purposes," are hereby amended to make socialized housing more pro-poor and more relevant to the affordability of homeless and underprivileged families living in informal settlements within highly urbanized areas as follows:

1. Article I, Section 2. is amended to read as follows:

"Section 2. Declaration of State Policy and Program Objectives. - It shall be the policy of the State to undertake, in cooperation with the private sector, a comprehensive and continuing Urban Development and Housing Program, hereinafter referred to as the Program, which shall:

a) Uplift the conditions of the underprivileged and homeless citizens in HIGHLY [urban] URBANIZED OR URBANIZABLE areas and in resettlement areas by making available to them decent housing at affordable cost, PROVIDING FOR THE PURPOSE, A CONTINUING GOVERNMENT DIRECT AND INDIRECT SUBSIDY PROGRAM FROM ANNUAL BUDGETARY ALLOCATION PARTICULARLY FOR URBAN POOR INFORMAL SETTLER FAMILIES, basic services, and employment opportunities;"

2. Article I, Section 3 (a) is amended to read as follows:

"Section 3. Definition of Terms - For purposes of this Act :

a) "Affordable cost" refers to the most reasonable price of land and shelter based on the needs and financial capability of Program beneficiaries and appropriate financing schemes REALIZED BY WAY OF GOVERNMENT DIRECT OR INDIRECT SUBSIDY TO PRICE DOWN THE COST OF SOCIALIZED HOUSING UNITS AND LOWER THE MONTHLY AMORTIZATION AFFORDABLE TO PROGRAM BENEFICIARIES;"

3. Article I, Section 3 (r) is amended to read as follows:

"r) "Socialized housing" refers to housing programs and projects covering houses and lots, home lots only OR RESIDENTIAL CONDOMINIUM UNITS undertaken by the Government or the private sector for the underprivileged and homeless citizens WITH SELLING PRICES SET AT LOWER LEVELS FOR HOUSES AND LOTS OR LOT ONLY AND AT HIGHER LEVEL FOR CONDOMINIUM UNITS IN URBANIZED AREAS AS DETERMINED EVERY THREE (3) YEARS BY THE HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL AND THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY, which shall include sites and services development, long-term financing, liberalized terms on interest payments, and such other benefits in accordance with the provisions of this Act;"

4. Article I, Section 3 (t) is amended to read as follows:

"t) Underprivileged and homeless citizens" refers to the beneficiaries of this Act and to individuals or families residing in HIGHLY URBANIZED [urban] and urbanizable areas INCLUDING INFORMAL SETTLERS whose income or combined household income falls within the poverty threshold as defined by the National Economic and Development Authority and who do not own housing facilities. This shall include those who live in makeshift dwelling units and do not enjoy security of tenure;"

5. Article 1, Section 3 (y) is added to read as follows:

y) "COST OF RAW LAND" - REFERS TO THE ZONAL VALUE OF THE RAW LAND PREVAILING AT THE LOCALITY AT THE TIME OF APPLICATION OF LICENSE TO SELL FOR THE SUBDIVISION PROJECT.

6. Article V, Section 18 is amended to read as follows:

"Sec.18. Balanced Housing Development. - The Program shall include a system to be specified in the Framework plan whereby developers of proposed subdivision projects UNDER PRESIDENTIAL DECREE 957 shall be required to DIRECTLY INVEST IN ITS OWN PROJECT THE [develop] DEVELOPMENT OF an area for socialized housing equivalent to at least twenty percent (20%) of the total LAND subdivision area or total subdivision LAND AND LAND DEVELOPMENT project cost, at the option of the developer, within ANY RESIDENTIAL ZONE IN THE COUNTRY [the same city or municipality, whenever feasible], and in accordance with the standards set by the Housing and Land Use Regulatory Board and other existing laws. The balanced housing development as herein required may also be complied with by the developers concerned in any of the following manner:

a) BY WAY OF INVESTMENT EQUIVALENT TO AT LEAST TWENTY PERCENT (20%) OF THE TOTAL LAND SUBDIVISION AREA OR TWENTY PER CENT (20%) OF TOTAL SUBDIVISION LAND AND LAND DEVELOPMENT PROJECT COST, AT THE OPTION OF THE DEVELOPER AND SUCH INVESTMENT SHALL BE APPLICABLE TO:

(i) Joint-venture projects with [the] ANY OF the local government units, [or] any of the housing agencies OR ANY SOCIALIZED HOUSING DEVELOPER ACCREDITED BY THE HLURB,

(ii) IN SOCIALIZED HOUSING BONDS ISSUED TO THE DEVELOPER BY ANY OF THE HOUSING AGENCIES AS AUTHORIZED BY THE HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL;

b) BY WAY OF DONATION EQUIVALENT TO TEN PER CENT (10%) OF THE TWENTY PERCENT (20%) OF THE MAIN SUBDIVISION LAND AND LAND DEVELOPMENT PROJECT COST, AND SUCH DONATION SHALL BE APPLICABLE TO:

- (i) DONATIONS TO THE NATIONAL HOUSING AUTHORITY FOR Slum upgrading or renewal of areas for priority development either through zonal improvement programs or slum improvement and resettlement programs;
- (ii) DONATIONS TO THE SOCIAL HOUSING AND FINANCE CORPORATION FOR Participation in the community mortgage program;
- (iii) DONATIONS TO ANY LOCAL GOVERNMENT UNIT OR DEPARTMENT OF EDUCATION FOR THE CONSTRUCTION OF PUBLIC SCHOOL BUILDINGS AND RELATED EDUCATIONAL FACILITIES;
- (iv) DONATIONS TO ANY NON-GOVERNMENT ORGANIZATION (NGO) OR FOUNDATION ENGAGED IN THE DEVELOPMENT OF SUBSIDIZED SOCIALIZED HOUSING PROJECTS FOR THE UNDERPRIVILEGED AND HOMELESS, PROVIDED SUCH NGOS OR FOUNDATIONS ARE DULY ACCREDITED/ CERTIFIED BY THE DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT, PHILIPPINE COUNCIL FOR NGO CERTIFICATION AND THE HOUSING AND LAND USE REGULATORY BOARD.

7. Article V, Section 20 is amended to read as follows:

"Section 20. Incentives for Private Sector Participating in Socialized Housing.

- To encourage greater private sector participation in socialized housing and further reduce the cost of housing units for the benefit of the underprivileged and homeless, the following incentives shall be extended to the private sector :

- a) Reduction and simplification of qualification and accreditation requirements for participating private developers;
- b) Creation of one-stop offices in the different regions of the country for the processing, approval and issuance of clearances, permits and licenses: Provided, That clearances, permits and licenses shall be issued within THE PERIOD PRESCRIBED UNDER 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" AND UNDER THE APPLICABLE PROVISIONS OF REPUBLIC ACT NO. 9485, OTHERWISE KNOWN AS THE "ANTI-RED TAPE ACT OF 2007"; [ninety (90) days from the date of submission of all requirements by the participating private developers];
- c) Simplification of financing procedures; and
- d) Exemption from the payment of the following:
 - 1) Project-related CORPORATE OR income taxes, INCLUDING CREDITABLE WITHHOLDING TAX (CWT) ON INCOME DIRECTLY REALIZED FROM DEVELOPMENT AND IMPROVEMENT OF SOCIALIZED HOUSING SITES, SLUM AREAS, RESETTLEMENT AREAS, AND/OR CONSTRUCTION AND SALE OF SOCIALIZED HOUSING TO QUALIFIED BENEFICIARIES ;
 - 2) Capital gains tax OR VALUE ADDED TAX AND CREDITABLE WITHHOLDING TAX on raw lands used for the project;
 - 3) Value-added tax for the project [contractor] concerned;
 - 4) Transfer tax for both raw and completed projects; and
 - 5) Donor's tax for both lands certified by the local government units to have been donated for socialized housing purposes.

Provided, that upon application for CERTIFICATE AUTHORIZING REGISTRATION (CAR) [exemption] WITH THE BUREAU OF INTERNAL

REVENUE (BIR), FOR INDIVIDUALLY TITLED/DEVELOPED LOTS, THE SUPPORTING DOCUMENT REQUIRED SHALL BE A COPY OF THE MOTHER TITLE/S COVERING THE RAWLAND WITH LIEN ANNOTATED THEREIN THAT THE RAWLAND SHALL BE DEDICATED TO THE DEVELOPMENT OF A SOCIALIZED HOUSING PROJECT. ON THE OTHER HAND, UPON APPLICATION FOR A CERTIFICATE AUTHORIZING REGISTRATION WITH THE BIR FOR RAWLAND COVERED BY MOTHER TITLE/S, THE SUPPORTING DOCUMENT REQUIRED SHALL BE A NOTARIZED UNDERTAKING BY THE APPLICANT DEVELOPER THAT THE RAWLAND SUBJECT OF THE APPLICATION SHALL BE DEDICATED TO THE DEVELOPMENT OF A SOCIALIZED HOUSING PROJECT AND SUCH SHALL BE ANNOTATED AS A LIEN ON THE LAND TITLE UPON TRANSFER IN THE NAME OF THE DEVELOPER, PROVIDED FURTHER THAT IN BOTH OF THE FOREGOING CASES, THE BIR SHALL ACT TO APPROVE OR DISAPPROVE THE APPLICATION WITHIN A MAXIMUM PERIOD OF THIRTY (30) DAYS FROM DATE OF RECEIPT OF THE APPLICATION. IF DISAPPROVED, A FULL EXPLANATION IN WRITING SHALL BE INDICATED IN THE LETTER OF DISAPPROVAL. FAILURE TO ACT ON SUCH APPLICATIONS WITHIN THE PRESCRIBED PERIOD OF TIME SHALL SUBJECT THE RESPONSIBLE OFFICER OF THE BIR TO SANCTIONS AS PRESCRIBED UNDER THE ANTI-RED TAPE ACT AND ITS IMPLEMENTING RULES AND REGULATIONS.

SEC. 3. Implementing Rules and Regulations. - Within sixty (60) days from the effectivity of this Act, the Housing and Land Use Regulatory Board shall promulgate the appropriate Implementing Rules and Regulations necessary to effectively implement the provisions of this Act.

SEC. 4. Separability Clause. - If for any reason, any provision of this Act is declared invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be valid and in full force and effect.

SEC. 5. Repealing Clause. - All laws, decrees, executive orders, proclamations, rules and regulations, and other issuances, or part or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 6. Effectivity Clause. - This Act shall take effect fifteen (15) days after the completion of its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,