

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **3639**



Introduced by Honorable Michael L. Romero

Explanatory Note

The issue of housing is multi-faceted which includes urban and rural development. The enormous and increasing number of housing backlogs requires a more concentrated government interventions that effectively sets and implements policy directions on housing and urban development and at the same time recognizing the important role of the private sector and other stakeholders.

The present set up of our government agencies that are involved in housing and urban development has inherent institutional weaknesses. The Housing and Urban Development Coordinating Council (HUDCC) has served as the oversight, over-all coordinator, initiator, enabler and facilitator of all government policies, plans and programs for the housing sector. It sets the overall direction and targets for the sector, determines strategies, formulates appropriate policies, monitors and evaluates the programs, projects and performance of the implementing shelter agencies.

But its limited resources and authorities as a coordinating body has served as constraints in providing and implementing an overall urban development and housing strategy for the country and in orchestrating a national development framework that will rationalize and manage the process of urbanization, at the same time empowering and harnessing the full capacity of the local government units (LGUs) to promote sustainable development, environmental awareness and equitable growth.

On the other hand, the Housing and Land Use Regulatory Board (HLURB), an attached body to the HUDCC, has integrative roles of town planning assistance to LGUs, real estate management and regulation, and adjudication of cases involving buyers in subdivisions and condominiums against developers, oppositions to applications involving regulatory permits and licenses, and appeals from the decisions of local zoning bodies. Republic Act 8763 otherwise known as the "home guaranty corporation act of 2000" also transferred the regulatory and adjudicatory jurisdictions over homeowners associations to the HLURB.

With these vast powers of the HLURB, the HUDCC chair is limited to policy making and is not involved in the implementation of HLURB's mandates.

To address this weakness, there is a need to reorganize the housing or shelter agencies by consolidating the functions of HLURB and HUDCC under one secretary into the Department of Housing and Urban Development (DHUD). The adjudicatory function of the HLURB will be lodged into an independent and enhanced adjudicatory commission.

The key shelter agencies namely the National Housing Authority (NHA), Home Guaranty Corporation (HGC), National Home Mortgage Finance Corporation (NHMFC), Home Development Mutual Fund (HDMF), and Social Housing Finance Corporation (SHFC) will remain to operate under their present mandate but shall be attached to the department for policy and program coordination, monitoring and evaluation.

The creation of the department of housing and urban development to be the sole planning and policy-making, regulatory, program coordination, and performance monitoring entity for housing and urban development will address the absence of an adequate and coherent institutional set-up that formulates and implements a comprehensive, integrated, inclusive and sustainable management of the housing and urban development sector.

The DHUD and its attached key shelter agencies with a strengthened adjudication commission will provide long-term solutions in designing and managing disaster resilient, competitive, inclusive, and sustainable communities.

In view of the foregoing, approval of this bill is highly and earnestly recommended.



MICHAEL L. ROMERO Ph.D

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AN ACT
CREATING THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
(DHUD), DEFINING THE MANDATES, POWERS, AND FUNCTIONS, PROVIDING
FUNDS THEREFOR AND FOR OTHER PURPOSES

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

CHAPTER 1

TITLE, VISION AND POLICIES

Section 1. *Title.* - This Act shall be known as the Department of Housing and Urban Development Act of 2016.

Section 2. *Declaration of Policies.* - The State shall, by law, and for the common good, undertake, in cooperation with the private sector, a continuing program of urban development and housing which will make available at affordable cost, decent housing and basic services to underprivileged and homeless citizens in urban centers and resettlement areas. It shall also promote adequate employment opportunities to such

citizens. In the implementation of such 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, through partnerships with multi-stakeholders; 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.

Urban or rural poor dwellers shall not be evicted nor their dwelling demolished, except in accordance with law.

CHAPTER II

DEFINITION OF TERMS

Section 3. *Definitions.* - As used in this Act, the following terms shall mean:

3.1 *Attachment* - refers to the lateral relationship between the department and the attached agency or corporation for purposes of policy and program coordination and as further defined under the Administrative Code.

3.2 *Housing* - refers to the system and its components which establish the residential quality of life, including housing, utilities, access to social services and other community facilities, security, and other aspects related to an individual's residence.

3.3 *Informal Settler Families (ISFs)* refer to household/s living in: (a) lot without consent of the property owner; (b) danger areas; (c) areas for government infrastructure projects; (d) protected/forest areas (except for indigenous people); (e) Areas for Priority

Development (APDs), if applicable; and/or (f) other government/public lands or facilities not intended for habitation.

3.4 *Urban Development* – pertains 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

Section 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, by consolidating the functions of the Housing and Urban Development Coordinating Council (HUDCC) and the planning and regulatory functions of the Housing and Land Use Regulatory Board (HLURB), which 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 affordability of the basic human needs.

Section 5. *Powers and Functions.* - The planning and regulatory function of the Housing and Land Use Regulatory Board (HLURB) is hereby transferred to the Department.

In addition thereto, the Department shall perform the following:

5.1. Formulate the national and urban development and housing policy and strategy, in coordination and in consultation with the stakeholders, which ensures consistency with the Philippine Development Plan and the National Physical Framework Plan to promote social and economic welfare;

5.2. Exercise initiative and assume a lead role in coordinating, supervising and integrating all government activities relative to housing and urban development;

5.3. Formulate effective and efficient housing finance policies and programs to promote the establishment of a self-sustaining, private sector-led housing finance system;

5.4. Manage and oversee the development of proclaimed housing sites, including the use of land assets as resource mobilization strategy to raise alternative funds in developing new town housing projects which will serve as central relocation sites for the affected Informal Settlers;

5.5. Utilize income generated from fees, fines, charges, and other collections in the performance of its functions, to defray operating expenses;

5.6. Enter into contracts, joint venture agreements, public-private partnerships, and such other memorandum of agreements/understanding, either domestic or foreign, under such terms and conditions as it may deem proper and reasonable subject to existing laws;

5.7. Discharge all responsibilities of government as may arise from treaties, agreements and other commitments on housing, land use and urban development to which it is a signatory, including the determination of forms of assistance for housing, land

use and urban development to be extended through bilateral or multilateral loans and/or assistance program;

5.8. 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;

5.9. Exercise oversight function, coordinate, monitor and evaluate the policies and programs of all attached agencies;

5.10. Conduct comprehensive studies and researches, and build and maintain a database necessary for housing and urban development;

5.11. Provide assistance to build the capability of local government units in housing and urban development and management to strengthen the role of provinces, cities and municipalities as the primary entities for urban development/renewal planning and management;

5.12. Promulgate zoning and other land use control standards and guidelines which shall govern land use plans and zoning ordinances of local governments, subdivision or estate development projects;

5.13. Monitor local government compliance with housing and urban development laws, standards and guidelines and Republic Act No. 9485, otherwise known as the Anti-Red Tape Act of 2007 with respect to housing and urban development projects, as well as their judicious and fair application of local housing and urban development ordinances;

5.14. Support local government partnerships with communities, civil society organizations, non-government organizations, and private groups in the implementation urban development/renewal projects;

5.15. Develop and establish a sector performance monitoring and assessment mechanism, and monitor the performance of national government agencies, local government units, as well as other entities involved in housing and urban development;

5.16. Lead in the disposition of lands intended for housing owned by the Government or any of its subdivisions, instrumentalities, agencies or government-owned or controlled corporations such as but not limited to military reservations, lands reserved for government offices, facilities and other installations, and other land assets including friar lands which have not been used for the purposes for which they have been reserved or set aside for the past ten (10) years from effectivity of Republic Act No. 7279, otherwise known as the Urban Development and Housing Act (UDHA);

5.17. Declare areas as Urban Development/Renewal site(s) including the development and implementation of sub-projects jointly with the concerned local government units under a Public Private Partnership (PPP) arrangement;

5.18. Advocate and assist the local government units (LGUs) in the establishment of Special Housing Fund (SHF) to be sourced from the proceeds of Real Property Tax (RPT) as provided for under Section 43 of Republic Act No. 7279 pegged at one half percent (.5%) of the assessed value of real property which will be exclusively used for housing and urban development/renewal projects of the LGUs;

5.19. Take the lead in the conduct of Pre- and Post-Proclamation activities as orchestrator and facilitator of the entire disposition process including the stewardship of

the Local Inter-Agency Committee (LIACs) which are primarily tasked to oversee the implementation of housing proclamation projects;

5.20. Effect and oversee a single regulatory system that shall govern all activities relative to the planning, production, marketing, and management of housing and urban development projects;

5.21. Take over unfinished, incomplete or abandoned licensed real estate development projects under Presidential Decree 957;

5.22. Encourage the private sector to address and serve a large part of the country's housing needs;

5.23. Promote, accredit and regulate the use of indigenous materials and technologies in housing construction;

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

5.25. Determine, fix and collect reasonable amounts to be charged as 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;

5.26. Register and regulate Homeowners and Homeowners Associations (HOAs) and Condominium Units Owners' Association/Corporation (CUOA/Cs) and provide assistance in the formulation of community development programs;

5.27. Formulate and ensure the implementation of housing policies and programs for urban poor communities and informal settler families (ISFs) that will promote the social and economic welfare of homeless families particularly the poor and underprivileged;

5.28. Initiate and encourage deeper and active involvement and participation of civil society organizations, developers associations, urban planners and other stakeholders which shall be used as a venue through which housing needs are assessed and recognized and, in coordination with the local government units, serve as the lead agency for housing and urban development concerns; and,

5.29. Perform such other related functions as may be mandated by law.

Section 6. *Composition.* - The Department shall be composed of the Office of the Secretary, his/her immediate staff, and the Offices of the Undersecretaries and their respective staff, and the other Offices directly supportive of the Office of the Secretary.

Section 7. *The Secretary.* - The Secretary shall:

7.1. Report to the President on the promulgation of rules, regulations and other issuances relative to matters under the jurisdiction of the Department;

7.2. Establish policies and standards for the efficient and effective operations of the Department in accordance with the programs of the government;

7.3. Promulgate rules, regulations and other issuances necessary in carrying out the Department's mandate, objectives, policies, plans, programs and projects;

7.4. Review and approve, with a panel of planners and builders, the physical framework plans of the provinces and the comprehensive land use plans of cities, as well as the municipalities within Metro Manila;

7.5. Exercise control and supervision over all personnel of the Department;

7.6. Have the power to delegate authority for the performance of any administrative or substantive function to subordinate officials of the Department;

7.7. Appoint all officers and employees of the department, except those whose appointments are vested with the President.

7.8. Have the power to call on other agencies and instrumentalities of the government and private entities for cooperation and assistance in the performance of its functions;

7.9. To impose administrative fines and/or penalties of not more than one hundred thousand pesos (P100,000.00) for violation of this *Act*, Republic Act No. 7279 and other laws implemented by the Commission, including pertinent rules and regulations, orders, decisions, and/or rulings; *Provided*, that the Secretary may adjust such fines not more than once every three (3) years; and,

7.10. Perform such other functions as may be provided by law or assigned by the President.

The Secretary shall also serve as a voting member of the National Economic and Development Authority (NEDA) Board, the governing Boards of the Climate Change Commission (CCC), the National Disaster Risk Reduction Management Council (NDRRMC), and the National Land Use Committee (NLUC). The Secretary shall be a member of NEDA's Committee on Infrastructure (INFRACOM), Investment Coordinating Committee (ICC) and Social Development Committee (SDC). The Secretary shall also be a member of the body authorized to formulate, prescribe, or amend guidelines under Republic Act No. 6957 as amended, otherwise known as the Build-Operate-Transfer (BOT) Law.

Section 8. *The Undersecretaries.* - The Secretary shall be assisted by:

8.1. One (1) Undersecretary for Policies, Plans and Programs, Coordination, Monitoring and Evaluation;

8.2. One (1) Undersecretary for Environmental, Land Use and Urban Planning and Development;

8.3. One (1) Undersecretary for Regulation of Housing and Real Estate Development; and,

8.4. One (1) Undersecretary for 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.

Section 9. *Departmental Offices and Regional Offices.* - The Department shall establish, operate, and maintain Departmental Offices under them such as, but not limited to: (1) Policies, Plans and Programs, Coordination, Monitoring and Evaluation; (2) Environmental, Land Use and Urban Planning and Development; (3) Regulation of Real Estate Development; and (4) Homeowners, Homeowners Associations and Community Development.

There shall be Regional Offices in all of the country's regions. Each Regional Office shall be headed by a Regional Director.

Section 10. *Staffing Pattern.* - The Secretary shall cause the preparation and implementation of a staffing pattern for the Department. The development of the staffing pattern shall be based on an assessment of the personnel requirements of the entire Department. The remuneration structure of the positions in the staffing pattern shall

conform to the Republic Act No. 6758, otherwise known as the Salary Standardization Law, as amended. The Department of Budget and Management (DBM) shall, upon its approval, fund in full the staffing pattern of the Department.

Section 11. *Advisory Council.* - The Secretary shall have the power to establish advisory councils consisting of the Secretaries and other heads from national government agencies, representatives from the private sector, urban poor communities, academe, and other marginalized groups, to provide a forum for stakeholder participation and dialogue on key housing and urban development policies, issues and concerns. Such councils shall be convened and chaired by the Secretary of the Department of Housing and Urban Development.

CHAPTER IV

ADJUDICATION COMMISSION FOR HOUSING, LAND USE AND URBAN DEVELOPMENT

Section 12. *Reconstitution of the HLURB as the Adjudication Commission for Housing, Land Use and Urban Development (Commission).*
The HLURB is hereby reconstituted and shall henceforth be known as the Adjudication Commission for Housing, Land Use and Urban Development, hereinafter referred to "Commission", which shall be attached with the Department for policy, plan and program coordination only.

Section 13. *Assumption and Exercise of Adjudication Function of the Housing and Land Use Regulatory Board (HLURB) to the Commission.* The adjudication function of the HLURB shall be assumed and exercised by the Commission.

Section 14. *Composition of the Commission and Qualification of Commissioners.* The Commission shall be composed of nine (9) full-time commissioners; Provided, that the term of incumbent Commissioners shall be respected; Provided further that the subsequent appointees of the President shall be members of the Philippine Bar of good standing and has been engaged in the practice of law for at least ten (10) years with experience and/or exposure in housing and/or urban development.

The Commissioners shall hold office for a period of six (6) years, unless earlier removed for cause.

Section 15. *Collegiality, Divisions, and Sessions.* The Commission shall exercise its adjudicatory and all other powers, functions, and duties through its Divisions. The Divisions of the Commission shall have exclusive appellate jurisdiction over cases decided by its Arbiters.

The Commission, sitting *en banc*, shall be presided over by the Secretary and shall decide only on the promulgation of rules and regulations governing the hearing and disposition of cases before any of its Divisions and its Arbiters in its Regional Offices, and on the formulation of policies affecting its administration and operations.

Section 16. *Precedence and Supervision.* The most senior Commissioner shall be the presiding Commissioner of the first Division and the two (2) next most senior

Commissioners shall be the presiding Commissioners of the second and third Divisions, respectively.

The Executive Commissioner, appointed by the Secretary, shall have administrative supervision over the Commission and its Regional Offices and all their personnel, including the Arbiters.

Section 17. *Decisions and Resolutions.* The concurrence of two (2) Commissioners of a Division shall be necessary for the promulgation of a judgment or resolution. Such judgment or resolution shall be final and executory after fifteen (15) days from the receipt by the party of the decision 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 Executive 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 in consultation before the case is assigned to a Commissioner 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 thereof attached to the record of the case and served upon the parties.

Section 18. *Jurisdiction of Arbiters.* The Arbiters shall exercise exclusive jurisdiction to hear and decide cases involving the following:

Claims for refund, complaints against unsound real estate business practices and other actions for specific performance of contractual and statutory obligations filed by subdivision lot or

condominium unit buyer against the project owner, developer, dealer, broker or salesman; and other complaints for violation of Presidential Decree No. 957 and other related laws;

- a. Intra-association disputes or controversies arising out of the relations between and among members of homeowners associations or condominium corporations; between any or all of them and the homeowners association or condominium corporation of which they are members, including federations of homeowners associations;
- b. Inter-association disputes or controversies arising out of the corporate relations between and among two or more homeowners associations or condominium corporations or federations;
- c. Disputes between such homeowners association or condominium corporation and the State, insofar as it concerns their individual franchise or right to exist and those which are intrinsically connected with the regulation of homeowners associations and condominium corporations or dealing with the internal affairs of such entity;
- d. Suits filed in opposition to an application for certificate of registration and license to sell, development permit for condominium projects, clearance to mortgage, or the revocation or cancellation thereof, and locational clearances, certifications or permits, when issued by the HLURB/the Department;
- e. Suits filed by the project owner/developer against a buyer for the collection of unpaid amortization, cancellation of contract and/or ejectment.
- f. Eviction of informal settlers in open spaces or common areas of subdivisions and condominiums filed by the project owner or developer or the duly registered homeowners association or condominium corporation of the project;

- g. Disputes involving buyer financing agreements with any financing institution for the purchase of condominium units or subdivision lots; and,
- h. Disputes involving easements within or among subdivisions projects.
- i. Violations of administrative rules and regulations implementing Sections 7, 8 and 18 of Republic Act No. 7279.
- j. Disputes between landowners and developers, and between banks/financing institutions and developers whenever the interest of the buyers is involved;
- k. Disputes involving the enforcement of comprehensive land use plans (CLUPs) and/or their accompanying zoning ordinances.

Section 19. *Jurisdiction of the Commission and the Secretary.* The Commission shall have the exclusive appellate jurisdiction over all cases decided by the Arbiters.

The decision of the Commission shall be final and executory after fifteen (15) calendar days from receipt thereof by the parties.

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

Section 20. *Powers of the Commission.* - The Commission shall have the power and authority:

20.1. To promulgate rules and regulations governing the hearing and disposition of cases before it and its Arbiters, as well as those necessary to carry out its functions;

20.2. To administer oaths, summon the parties to a controversy, issue subpoenas requiring the attendance and testimony of witnesses or the production of such books, papers, contracts, records, statement of accounts, agreements, and others as may be material to a just determination of the case;

20.3. To hold any person in contempt directly or indirectly and impose appropriate penalties therefor in accordance with law.

A person guilty of misbehavior in the presence of or so near any member of the Commission or any Arbiter as to obstruct or interrupt the proceedings before the same, including disrespect toward said officials, offensive personalities toward others, or refusal to be sworn, or to answer as a witness or to subscribe an affidavit or deposition when lawfully required to do so, may be summarily adjudged in direct contempt by said officials and punished by fine not exceeding five thousand pesos (P5,000.00) or imprisonment not exceeding five (5) days, or both, if it be the Commission, or a member thereof, or by a fine not exceeding one thousand pesos (P1,000.00) or imprisonment not exceeding one (1) day, or both, if it be an Arbiter.

The person adjudged in direct contempt by an Arbiter may appeal to the Commission and the execution of the judgment shall be suspended pending the resolution of the appeal upon the filing by such person of a bond on condition that he/she will abide by and perform the judgment of the Commission should the appeal be decided against him/her. Judgment of the Commission on direct contempt is immediately

executory and unappealable. Indirect contempt shall be dealt with by the Commission or Arbiter in the manner prescribed under Rule 71 of the Revised Rules of Court; and

20.4. To enjoin or restrain, after due notice and hearing, any actual or threatened commission of any or all prohibited or unlawful acts or to require the performance of a particular act in any dispute within its jurisdiction which, if not restrained or performed forthwith, may cause grave or irreparable damage to any party or render ineffectual any decision in favor of such party. In no case shall a temporary or permanent injunction be issued except after a finding of fact by the Commission, to the effect that:

- a. Prohibited or unlawful acts have been threatened and will be committed and will be continued unless restrained, but no injunction or temporary restraining order shall be issued on account of any threat, prohibited or unlawful act, except against the person or persons, association or organization making the threat or committing the prohibited or unlawful act or actually authorizing or ratifying the same after actual knowledge thereof;
- b. Substantial and irreparable injury to complainant's property will follow;
- c. As to each item of relief to be granted, greater injury will be inflicted upon complainant by the denial of relief than will be inflicted upon defendants by the granting of relief;
- d. Complainant has no adequate remedy at law; and,
- e. Public officers charged with the duty to protect complainant's property are unable or unwilling to furnish adequate protection.

Such hearing shall be held after due and personal notice thereof has been served, in such manner as the Commission shall direct, to all known persons against whom relief

is sought, and also to the Chief Executive and other public officials of the province or city within which the unlawful acts have been threatened or committed, charged with the duty to protect complainant's property: Provided, however, that if a complainant shall also allege that, unless a temporary restraining order shall be issued without notice, a substantial and irreparable injury to complainant's property will be unavoidable, such a temporary restraining order may be issued upon testimony under oath, sufficient, if sustained, to justify the Commission in issuing a temporary injunction. Such a temporary restraining order shall be effective for no longer than twenty (20) days and shall become void at the expiration of said twenty (20) days.

No such temporary restraining order or temporary injunction shall be issued except on condition that complainant shall first file an undertaking with adequate security in an amount to be fixed by the Commission sufficient to recompense those enjoined for any loss, expense or damage caused by the improvident or erroneous issuance of such order or injunction, including all reasonable costs, together with a reasonable attorney's fee, and expense of defense against the order or against the granting of any injunctive relief sought in the same proceeding and subsequently denied by the Commission.

The undertaking herein mentioned shall be understood to constitute an agreement entered into by the complainant and the surety upon which an order may be rendered in the same suit or proceeding against said complainant and surety, upon a hearing to assess damages, of which hearing, complainant and surety shall have reasonable notice, the said complainant and surety submitting themselves to the jurisdiction of the Commission for that purpose. But nothing herein contained shall deprive any party having a claim or cause of action under or upon such undertaking from electing to pursue his/her

ordinary remedy by suit at law or in equity: Provided, further, That the reception of evidence for the application of a writ of injunction may be delegated by the Commission to any of its Arbiters who shall conduct such hearings in such places as he/she may determine to be accessible to the parties and their witnesses and shall submit thereafter his/her recommendation to the Commission.

20.5. To exercise such other powers as are implied, necessary, or incidental to carry out the express powers granted to the Commission.

Authority is hereby vested in the Commission to directly utilize the income generated from fees, fines, charges, and other collections in the performance of its functions, to defray operating expenses.

Section 21. *Compensation.* A Commissioner shall receive a minimum monthly compensation corresponding to Salary Grade 30 as prescribed under Republic Act No. 6758, as amended.

The incumbent full time Commissioners of the present HLURB shall remain in office unless they opt to avail of the retirement and separation benefits as provided for in Section 49 of this Act or are earlier removed for cause.

Section 22. *The Arbiters, Qualifications and Compensation.* The existing HLURB Arbiters shall be deemed qualified. Additional Arbiters shall have the following qualifications:

22.1 No person shall be appointed as Arbiter unless he or she is a member of the Philippine Bar of good standing and has been engaged in the practice of law for at least five (5) years with at least two (2) years of experience in the field of real estate and land use development cases; and,

22.2 The Arbiters shall receive a minimum monthly compensation corresponding to salary grade 29 as prescribed under RA No. 6758, as amended.

The President shall appoint Arbiters, as may be necessary, upon the recommendation of the Commission.

Section 23. *The Sheriff.* The Commission shall appoint a Sheriff or such number of Sheriffs in its Central and Regional Offices. The Sheriff shall be responsible for the service and execution of all writs, summonses, and orders and other processes of the Commission.

Section 24. *Appeals.* Decisions, awards, or orders of the Arbiters shall be final and executory unless appealed to the Commission within fifteen (15) calendar days from receipt of such decisions, awards, or orders. The appeal may be entertained only on any of the following grounds:

24.1 There is *prima facie* evidence of abuse of discretion on the part of the Arbiter in rendering the questioned decision, award, or order;

24.2 The decision, order, or award was secured through fraud or coercion, including graft and corruption;

24.3 The appeal is made purely on questions of law; and,

24.4 Serious errors in the findings of facts are raised, which errors would cause grave or irreparable damage or injury to the appellant.

Section 25. *Criminal Prosecution.* The criminal prosecution for violation of housing laws and regulations shall be instituted before criminal Courts having appropriate jurisdiction.

Section 26. *Pending Cases.* All cases pending in regular Courts arising from or in connection with the implementation of pertinent laws on housing shall continue to be heard, tried, and decided to their finality by such Courts.

CHAPTER V

ATTACHED AGENCIES

Section 27. *Attached Agencies and Corporations.* The following agencies and corporations are hereby attached to the Department for policy and program coordination, monitoring and evaluation:

27.1 National Housing Authority (NHA);

27.2 Home Guaranty Corporation (HGC);

27.3 National Home Mortgage Finance Corporation (NHMFC);

27.4 Home Development Mutual Fund (HDMF);

27.5 Social Housing Finance Corporation (SHFC); and,

27.6 Adjudication Commission for Housing, Land Use and Urban Development (Commission).

All these 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 Department Secretary. Such contracts shall embody the national targets on housing and urban development and shall include the over-all administration of the agency and the streamlining of personnel for effective and efficient service.

Any reorganization, merger, streamlining, abolition or privatization of any attached government owned and controlled corporation (GOCC) initiated by the Governance

Commission on GOCCs under Republic Act 10149, otherwise known as the GOCC Governance Act of 2011, shall require the concurrence of the Secretary.

Section 28. *Nature of Attachment.* The Secretary shall be elected as Chairperson of the governing Boards of the National Housing Authority (NHA), Home Development Mutual Fund (HDMF), National Home Mortgage Finance Corporation (NHMFC), Social Housing Finance Corporation (SHFC), and Home Guaranty Corporation (HGC).

CHAPTER VI

OTHER PROVISIONS

Section 29. *Social Housing One-Stop Processing Centers (SHOPCs)* – The Department may establish SHOPCs in the regions, which shall centralize the 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 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 to SHOPC regional

centers personnel who shall be sufficiently authorized to process and issue the same.

Section 30. 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 Housing and Urban Development, the Department of Environment and Natural Resources (DENR), the Department of Agrarian Reform (DAR) Department of Agriculture (DA), and the Land Registration Authority (LRA) shall, within one hundred eighty (180) days from the effectivity of this Act, jointly identify agricultural lands which under RA No. 6657, as amended, otherwise known as the Comprehensive Agrarian Reform Law, and other existing laws, rules and regulations are already exempted from conversion requirements: *Provided*, that the list shall exclude lands that are declared as non-negotiable or protected from conversion under existing laws and issuances and those lands covered under RA 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 RA No. 6657, nor undermine the protected agricultural areas intended to ensure the attainment of food security under RA No. 8435, otherwise known as Agricultural and Fisheries Modernization Act (AFMA) and other existing laws: *Provided*, also that in the case of lands exempted from conversion though these have been approved by the DAR, if these are contested by affected individual or community beneficiaries, it shall not be allowed to proceed with any horizontal or vertical development without need for any 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.

CHAPTER VII

TRANSITORY PROVISIONS

Section 31. *Absorption of Employees of the Consolidated Agencies.* The existing civil servants of HUDCC and HLURB shall enjoy security of tenure and be absorbed by the Department or the Commission, in accordance with their staffing patterns and the selection process as prescribed under RA No. 6656 on the Rules on government reorganization, unless the civil servant wants to avail of Section 33, hereof.

Section 32. *Transfer of Assets and Obligations.* The following dispositive actions shall be implemented within six (6) months from the effectivity of this Act:

32.1 The assets, equipment, funds, choses in action, records, and pertinent transactions of HUDCC and HLURB shall be transferred to the Department and the Commission; and,

32.2 The Department and the Commission shall cause the creation of additional positions and augment their budget appropriations, as may be necessary.

Section 33. *Transition Period.* All transfer of functions, assets, funds, personnel, equipment, properties, transactions, and personnel 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 Commission, 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.

Section 34. *Separation from the Service.* Any employee of HUDCC and HLURB who opts to avail of separation from service within six (6) months from the effectivity of this Act as a result of the consolidation and/or reorganization under the provisions of this Act shall, within one (1) month from their separation from the service, receive a separation pay equivalent to two hundred fifty percent (250%) of the latest monthly basic salary for every year of service in the government. Provided, that those who are qualified to retire under existing retirement laws shall be allowed to retire under said laws and shall receive the benefits within ninety (90) days from their separation from service.

The miscellaneous personnel benefits, the organization adjustment, and corporate funds may be used to fund the purpose.

Section 35. *Abolition of the Housing and Urban Development Coordinating Council (HUDCC) and the Transfer of Rights and Assets.* The Housing and Urban Development Coordinating Council is hereby abolished.

The Department shall, by virtue of this Act, be subrogated to all rights and assume all the liabilities of the HUDCC and HLURB, except those that may hereafter be transferred to or absorbed by the Commission.

Section 36. *Formulation of Implementing Rules and Regulations.* The HUDCC, HLURB, DBM and CSC shall prepare and issue the implementing rules and regulations (IRR) within sixty (60) days upon the effectivity of this Act.

CHAPTER VIII

IMPLEMENTING AUTHORITY AND FUNDING

Section 37. *Implementing Authority.* The HUDCC Chairman is hereby authorized to undertake the implementation of the provisions of this Act and implement the necessary organizational changes within six (6) months or until a Department Secretary has been appointed and has assumed office.

Section 38. *Funding.* The amount needed for the initial implementation of this Act shall be charged against the current year's appropriations of HUDCC and HLURB. Thereafter, such sums as may be necessary for the continued implementation of this Act, shall be included in the General Appropriations Act (GAA).

CHAPTER IX

MISCELLANEOUS PROVISIONS

Section 39. *Mandatory Review of the Implementation of this Act.* The Congress shall undertake a mandatory review of the implementation of this Act at the end of the third year from the date of its effectivity.

Section 40. *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.

Section 41. *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.

Section 42. *Effectivity.* This Act shall take effect fifteen (15) days after its complete publication in at least two (2) national newspapers of general circulation.