



Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
**First Regular Session**

**5908**  
**HOUSE BILL NO.** \_\_\_\_\_

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Introduced by **HONORABLE STELLA LUZ A. QUIMBO**

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**AN ACT CREATING THE SOCIAL HOUSING DEVELOPMENT AND FINANCE CORPORATION**

**EXPLANATORY NOTE**

This bill seeks to create the Social Housing Development and Finance Corporation (SHDFC) which shall become the lead government agency in the development and administration of social housing programs.

On 20 January 2004, the Social Housing Finance Corporation (SHFC) was created by virtue of an executive order (Executive Order No. 272), upon the recommendation of the Housing and Urban Development Coordinating Council (HUDCC) Secretariat. SHFC, a wholly owned subsidiary of the National Home Mortgage Finance Corporation (NHMFC), was tasked to implement the CMP and AKPF programs under the NHMFC and undertake social housing programs for the formal and informal sectors in the low-income bracket.

In its seven years of existence, SHFC's weaknesses were readily observable, if not glaring. EO 272 vaguely defined the powers of the President of the Corporation, of the SHFC performed limited functions to the detriment of the State's goal to make available affordable decent housing and basic services to underprivileged and homeless citizens in urban centers and resettlement areas. Furthermore, EO 272 failed to provide a concrete set of qualifications for the President of the Corporation which could have an adverse impact on the management of the institution.

This bill seeks to address these weaknesses and concerns. The passage of this bill would establish a more independent, well-organized and transparent SHDFC that is more responsive to the housing needs of the Filipino people. Among others, it defines the powers and functions of the SHDFC, mandates the supervision, control and implementation of specified socialized housing programs, creates and establishes the composition of the Board of Trustees as well as their powers and functions, and prescribes the qualifications of the President of the Corporation.

This bill was taken up during the joint committee meetings and Technical Working Group (TWG) of the Committee on Government Enterprises and Committee on Housing at the House of Representatives during the 16th Congress, and was refiled by Rep. Romero S. Quimbo during the 17th Congress.

In view thereof, the expedient approval of this bill is strongly recommended.



**STELLA LUZ A. QUIMBO**  
Representative  
2nd District, Marikina City

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*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 “Social Housing Development and Finance Corporation Act.”

**SEC. 2. Declaration of Policy.** – It is the policy of the State to undertake a comprehensive and continuing program of housing and urban development which will make available at affordable cost decent housing and basic services to underprivileged and homeless Filipinos through the financing and administration of socialized housing programs.

**SEC. 3. Statement of Objectives.** – The State shall integrate all laws, orders, issuance 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 ensure the speedy and effective delivery of socialized housing finance under the National Shelter Program and to increase the access of the underprivileged and homeless families to various forms of security of land tenure;
- b. To enhance the affordability and quality of socialized housing for low-income families and provide developmental financing for socialized housing projects; and
- c. To empower community associations of low-income earning families.

**SEC. 4. Creation of the Social Housing Development and Finance Corporation.** – To carry out the aforementioned policy and objectives, there is hereby created a Social 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 in 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,” and 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 neighbourhood and homes to the extent of their affordability.
- c. *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, non-governmental organizations (NGOs) and landowners in providing affordable housing packages to low-income families.
- d. High Density Housing Program. – This program is a community-driven 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.

- e. 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.
- f. 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;
- g. 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;
- h. 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 evidence 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;
- d. 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;
- e. 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;
- f. 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;

- g. To purchase, acquire, sell, discount, 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;
- h. 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 interests;
- i. 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 this Corporation;
- j. 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;
- k. 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;
- l. 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;
- m. To adopt, alter, and use a 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
- n. 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 Secretary of the Department of Social Welfare and Development (DSWD) 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 Chairman of the Presidential Commission for the Urban Poor (PCUP), or a duly designated representative;
- h. The Secretary of the Department of Environment and Natural Resources (DENR) or a duly designated representative;
- i. The President of the Corporation;
- j. Four (4) 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 two (2) of the private sector representatives shall come from an NGO or PO 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; 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 from a shortlist of nominees submitted by the Governance Commission for GOCCs (GCG) for a term of one year, subject to reappointment pursuant to Section 15 and 17 of Republic Act No. 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 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 university, with special training in housing and urban development programs, preferably in shelter finance management: *Provided, further*, That in business, finance, the professions, development of housing projects, organization of housing associations, and management of shelter finance programs and other related activities.

The President shall represent the Corporation in all dealing 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 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 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 declared policy of the State in Section 2 hereof granting tax exemption to the Corporation. 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 the 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 contributions to SHFC and trust receivables from SHFC, plus the excess of actual collections over the agreed trustee fees treated as an 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 an addition to the trust accounts, into equity infusion from the national government; (b) SHFC's assets, including the Ten 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 effectiveness 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 the 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 be 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 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); and (i) two (2) private sector representatives to be appointed each by the SHFC 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 reason, 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. 722, 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 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 newspaper of general circulation.

Approved,