

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

04 JUN 30 P2:17

SENATE

RECEIVED BY: 

S. B. No. 188

Introduced by **SENATOR LUISA "LOI" P. EJERCITO ESTRADA**

EXPLANATORY NOTE


The scarcity of affordable housing affects all sectors of society especially our public school teachers where an independent survey revealed that more than ninety thousand (90,000) public school teachers have no homes to call their own.

Majority of these public school teachers cannot afford their own homes at market prices since they earn a gross monthly income of P10,000 or less. In addition to this, more than 20% of our public school teachers have unemployed spouses and thus, bears the burden of providing for their family.

In 1999, there were efforts to solve this problem by providing for a special homing facility through the state pension fund. However, its implementation got caught up in the web of politics and never materialized. Thus, it is imperative that we provide for a stable housing program for our teachers through legislation.

This bill seeks to institute a housing program for teachers by providing funds through loans at affordable interest and long-term repayment period, which our teachers can use to purchase a housing unit of their own choice. It also seeks to involve the private sector in providing housing units exclusively for teachers through the grant of fiscal incentives.

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


LUISA "LOI" P. EJERCITO ESTRADA
Senator

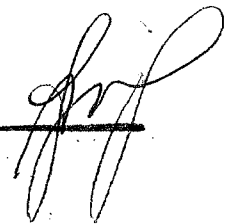
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AN ACT
TO PROVIDE FOR A HOUSING PROGRAM FOR TEACHERS

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

SECTION 1. **Title.** - This Act Shall be known as the "Teacher's Housing Program."

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

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

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

- (a) The National Housing Authority shall undertake special housing projects for teachers. In addition, it may also provide technical and other forms of assistance to private developers in the development of housing projects with the objective of augmenting and enhancing capabilities in the provision of housing benefits to teachers;

- (b) The National Home Mortgage Finance Corporation shall provide the mortgage market for teacher's housing through the purchase of teacher's housing mortgages and/or issuance of securities. It shall administer the funds provided for housing loans and developer assistance under this Act as well as long-term funds provided by the Government Service Insurance System and the Home Development Mutual Fund for teacher's housing.
- (c) The Home Guaranty Corporation shall design an appropriate guarantee scheme to encourage financial institutions and private developers to undertake mass housing production for teachers. It shall administer the Guarantee System Fund as provided for under this Act.
- (d) The Government Service Insurance System and the Development Mutual Fund shall be the primary provider of funds for long-term housing mortgages.

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

- (a) Create a Teacher's Housing Secretariat which shall issue and collect the necessary documentation, receive and process application, and transfer the same to the appropriate housing agencies-
- (b) Deduct amortization from their teachers on a monthly basis and remit the same to the appropriate agency.

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

- (a) Housing Loans for Teachers which shall be used for any of the following purpose:
 - 1. Purchase of a lot and construction of a residential unit thereon;

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

Loans provided under this program shall be computed based on a net take home pay which shall not be lower than Three Thousand Pesos (P3,000). The interest rate on the loan shall not be more than twelve percent (12%) per annum and shall be fixed for the entire term of the loan. Provided, that if the borrower defaults on his amortization payment for reasons of his own doing, the financing agency may subject the borrower to a regular interest rate for the periods that he is in default.

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

Loans provided for teachers earning less than twelve thousand pesos (P12,000) per month shall not be less than sixty percent (60%) of all available funds allotted for the purpose- At least forty five percent (45%) of the yearly appropriation for the Program shall be for Housing Loans.

- (b). *Developer Assistance Fund.* — Proponents or developers of housing projects exclusively for teachers and with a selling cost

not exceeding One Hundred Twenty Thousand pesos (P120,000.00) per house and/or lot package which shall be available exclusively for teachers, may avail of a financing loan not exceeding eighty percent (80%) of the entire project cost. The National Home Mortgage and Finance Corporation, in coordination with the HUDCC, shall issue the appropriate guidelines for this purpose.

At least fifteen percent (15%) of the yearly appropriation for the Program shall be for developer financing: Provided, that the unused funds for developer financing shall be utilized for Housing Loans.

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

At least forty percent (40%) of the yearly appropriation for the Program shall be for the loan guarantee. The Home Guarantee Corporation shall undertake the guarantee system under this act and shall act as the administrator and trustee of the fund. The HGC shall issue the appropriate guidelines within one (1) year from the approval of this act.

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

- (a) Exemption from income taxes for housing projects exclusively dedicated for teachers;
- (b) Exemption from capital gains tax on raw lands used for the project;
- (c) Exemption from documentary stamp tax for all project related documentation;
- (d) Exemption from value-added tax for the project concerned;
- (e) Exemption from transfer taxes for both raw and completed projects; and

- (f) Exemption from donor's tax for lands certified by the local government units to have been donated to teacher's housing purposes.

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

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

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

SEC. 9. **Appropriation.** - The amount necessary to carry out the purposes of this Act shall be included in the General Appropriations Act of the year following its enactment into law and every year thereafter.

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

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

Approved,