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SENATE

SENATE BILL NO. **2230**

RECEIVED BY: *ji*

INTRODUCED BY **SENATOR JOSEPH VICTOR G. EJERCITO**

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 Board of Trustees, and of the Corporation itself. As a consequence, 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 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. It hopes to do this given its salient features:

First, it defines the powers and functions of the SHDFC. One of the weaknesses of EO 272 is the vagueness and lack of enumeration of the powers and functions of SHFC. The EO merely mandated the NHMFC to define such.

Second, the Board of Trustees of the SHDFC is likewise empowered to adopt the bylaws of the Corporation, formulated and revise policies related to housing, approve the Corporation's organizational and administrative structures and staffing pattern, and exercise other powers necessary to carry into effect the provisions and purposed of SHDFC.

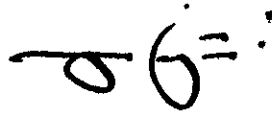
Third, it mandates the Secretary of Department of Finance to sit as *ex-officio* Vice Chairman of the Board of Trustees. This will guarantee that the acts and decisions of the Corporation shall be within the financial capabilities of the Government. Further, it provides qualifications for the four private sector representatives that will sit as members of the Board.

Fourth, qualifications for the President are specified. This is to ensure that the President of the SHDFC will be experienced and competent to decide on matters related to housing.

Fifth, this bill seeks to require the Chairman of the Commission on Audit to submit an annual report of the financial condition and operation of SHFDC to the President and both housing of Congress. This is to certify the transparency of and within the Corporation.

Sixth, this bill institutionalizes and strengthens the foundation of SHDFC by enacting a legislation that is not vulnerable to ready repeal by subsequent Presidents of the Republic.

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

A handwritten signature in black ink, appearing to read 'J. V. Ejercito', with a stylized flourish at the end.

JOSEPH VICTOR G. EJERCITO



Senate
Office of the Secretary

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

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SENATE

SENATE BILL NO. 2230

INTRODUCED BY **SENATOR JOSEPH VICTOR G. EJERCITO**

AN ACT
TO CREATE THE SOCIAL HOUSING DEVELOPMENT AND FINANCE
CORPORATION, PRESCRIBING ITS POWERS AND FUNCTIONS, AND
FOR OTHER PURPOSES

*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 of 2013.”

SEC. 2. Declaration of Policy.– It is hereby declared 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 the underprivileged and homeless Filipinos through the financing and administration of socialized housing programs.

SEC. 3. Statement of Objectives. – Toward this end, the Senate shall integrate all laws, orders, issuances and administrative circulars relating to the provision of socialized housing to effectively achieve the following objectives:

(a) To assist legally-organized associations of underprivileged and homeless citizens to purchase and develop tracts of land and to own lots they occupy or where they choose to relocate to under the concept of community ownership; and

(b) To enhance the affordability of low-cost housing by low-income families and provide developmental financing for low-cost housing projects.

SEC. 4. 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), herein referred to as the “Corporation,” with principal office in Metro Manila, which shall replace the Social Housing Finance Corporation (SHFC) created by virtue of Executive Order No. 272 issued on 20 January 2004.

The corporation shall be the lead government agency to undertake social housing programs that will cater to the formal and informal sectors in the low-income bracket and shall take charge of developing and administering social housing program schemes.

SEC. 5. Social Housing Programs.— Consistent with Republic Act No. 7279, as amended, otherwise known as the “Urban Development and Housing Act of 1992,” Republic Act No. 6864, 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 implement the following programs:

(a) Community Mortgage Program (CMP) – this program shall assist legally organized associations of underprivileged and homeless citizens 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 neighbourhood and homes to extent of their affordability.

(b) *Abot-Kaya Pabahay* Fund Program (AKPPF) – this program seeks to implement a continuing program of social housing that shall make available to low-income families 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.

In addition to the foregoing major programs of the corporation, it is also tasked to develop and implement other social housing programs such as, but not limited to, the Localized Community Mortgage Program (LCMP), a CMP derivative that allows local government units (LGUs) to address the housing needs of informal settlers and low-income sectors in their respective jurisdictions.

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

(a) To promote land ownership, giving priority to the underprivileged and homeless citizens of the society;

(b) To encourage maximum participation of LGU’s, NGOs, and people’s organizations (Pos) to ensure that homeless citizens and the underprivileged can enjoy the benefits of the programs of the corporation;

(c) To institutionalize and promote housing aided by self-help methods whereby families with their own and/or outside financing can build their homes with their labor and such other self-help approaches in home ownership, and introduce support facilities that will enhance the capabilities of low-income groups to acquire decent housing;

(d) To assist LGUs to serve the housing requirements in their respective jurisdictions, such as resettlement, development of sites and services, and the renewal of blighted areas;

(e) To formulate, adopt, amend and/or rescind such rules and regulations as may be necessary to carry out the provisions and purposes of this Act, as well as the effective exercise of the powers and functions, and the discharge of duties and responsibilities of the corporation, its officers and employees;

(f) To purchase, acquire, sell, discount, refinance or otherwise deal in community or home mortgages or participate therein or engage in estate management under such conditions and terms as maybe determined by the Board of Trustees of the corporation;

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

(h) To invest 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 and to sell, dispose of, or transfer the business, properties, and goodwill of the corporation, or any part thereof for such consideration and under such terms as it shall see fit to accept;

(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;

(m) To adopt, alter, and use corporate seal, to sue and be sued, and generally, to exercise all powers under the corporation laws which are not inconsistent herewith and/or 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 Finance as the *ex-officio* Vice Chairman;

(c) The Secretary of the Department of the Interior and Local Government, or her/his duly designated representative;

(d) The Secretary of the Department Budget and Management (DBM) or his/her duly designated representative;

(f) The President of the National Home Mortgage Finance Corporation;

(g) The President of the Corporation; and

(h) Four (4) representatives of the private sector who shall each be appointed by the President of the Philippines for a term of five (5) years; *Provided*, That he/she shall be a citizen and a resident of the Philippines, of good moral character, of known probity, and of proven competence and integrity, a holder of a degree in law, public administration, urban planning, development studies, economics, civil engineering or other related course with special training in housing and urban development programs, preferable in shelter finance management, from a recognized college or university: *Provided*, further, That he/she must have an experience in the development of housing projects, organizations of housing associations, or management of shelter finance programs and other related activities for at least five (5) years.

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 bylaws 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 out 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 shall be appointed by the President of the Philippines for a term of five (5) years: *Provided*. That he/she shall be a person of good moral character, unquestionable integrity, of known probity and patriotism, a holder of a degree in law, public administration, urban planning, development studies, business or economics, or other related course with special training in housing and urban development programs, preferably in shelter finance management, from a recognized college or university: *Provided*, further, That he/she must have expertise and experience of at least ten (10) years in business, finance, the professions, development of programs and other related activities. He/she shall represent the corporation in all its dealings with other offices, agencies and instrumentalities of the government and with all persons and entities, public or private, domestic or foreign. He/she shall exercise such other powers, functions, and duties as may be delegated by the Board and she shall receive such reasonable compensation, allowances and other emoluments as Board may be determine.

SEC. 10. Powers and Duties of the President of the Corporation. - The President of the Corporation shall prepare the agenda of the Board of Trustees, execute and administer the policies and resolutions approved by it, 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 and subject to the confirmation by the board in the case of positions below managerial level, the president shall appoint the personnel of the corporation, 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 discipling them for cause.

SEC. 11. 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 the amortization support and the developmental financing programs under the AKFPF, 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 the existing officers and employees of the SHFC shall continue to assume their posts in a holdover capacity until their new appointments are issued.

SEC. 12. *Structure and Staffing Pattern.*- The position structure and staffing pattern of the corporation shall be subject to the approval of the DBM. To ensure the continued implementation of the CMP and the AKPFP during the period of transfer and transition, the SHFC personnel who are performing the functions transferred to the SHDFC shall continue to perform their duties; *Provided*, That the said personnel may, at their option, retire or be separated from the service for which they shall be entitled to the benefits provided by law at the time of retirement or separation.

SEC. 13. *Appropriations.* - The amount needed for the initial implementation of this Act shall be charged against the current year's appropriation for the CMP and the funds for the AKPFP being administered by the SHFC. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the General Appropriations Act.

SEC. 14. *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 SHDFC shall continue to be applicable and in effect until amended or modified accordingly.

SEC. 15. *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 said Commission on Audit Chairman, to perform audit duties, without prejudice, however, to the power of the Board of Trustees to contract another mode of independent audit service, in addition to that provided by the Commission on Audit as provided for under the Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines. The Auditor shall submit, through the Commission, and 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 the Senate and the House of Representatives.

SEC. 16. *Reports.*- The corporation shall submit an annual report to the President of the Philippines and to both chambers of the Congress of the Philippines.

SEC. 17. *Suppletory Application of the Corporation Code.* - The provision of the Corporation Code shall have suppletory application on matters not provided in this Act.

SEC. 18. *Implementing Rules and Regulations.* - The implementing rules and regulations to effectively carry out the provisions of this Act 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. 19. *Repealing Clause.*— All 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 hereby repealed, amended, or modified accordingly.

SEC. 20. *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. 21. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in at least two (2) national newspaper of general circulation.

Approved,