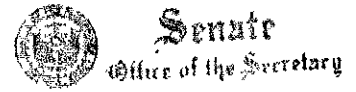


SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



14 MAY 29 P 1 :29

SENATE
S. No. 2263

RECEIVED BY *ji*

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

This bill is meant to respond to the high number of unresolved housing backlogs that continues to increase each year.

Many current studies¹ point to the considerable lack of adequate housing in the Philippines which has resulted from rapid urbanization and population growth. In recent years, land prices have been pushed up considerably. In combination with a deficit in housing stock, affordable housing has become scarce, and the poor have confined themselves to slum areas. Here, a family of four to five people, typically have to share a one-room area where they prepare food, eat, socialize and sleep. However, as a result of the increasing gap in the house-price-to-income-ratio, low and middle income families have also started to move into houses in the informal sector, and some are unable to move out despite risen income.

The Constitution, Article 13, Section 9 provides:

Sec. 9. The State shall, by law, and for the common good, undertake, in cooperation with the private sector, a continuing program of urban land reform 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...

¹ <http://www.habitationfortheplanet.org/blog/2012/11/bottom-of-the-pyramid-housing-in-metro-manila-challenges-and-potentials/>

A key initiative in promoting private sector participation in this Constitutionally-mandated housing program is Section 18 of Republic Act No. 7279, or the “Urban Development and Housing Act” (UDHA), which, in turn, provides that “developers of proposed subdivision projects shall be required to develop an area for socialized housing equivalent to at least twenty percent (20%) of the total subdivision area or total subdivision project cost, at the option of the developer, within the same city or municipality, whenever feasible.”

This “**balanced housing**” requirement under Section 18 of RA 7279 is intended to ensure that every government approved housing project, whether specifically for socialized housing or not, contributes to addressing the nation’s massive problem of homelessness. It is an assurance that every time the government grants permission for houses to be built, there will be houses that will be built for the poor.


The impact of the balanced housing provision of RA 7279 has, however, been seriously weakened by numerous executive issuances that provide for “alternative” modes of compliance. Under various issuances, for instance, developers may comply by purchasing Pag-IBIG Housing bonds. These are bonds issued by the Home Development Mutual Fund (HDMF) to finance its housing loan program. Purchase of these bonds is deemed sufficient compliance with Section 18 of RA 7279. A developer who purchases these bonds will be paid on a semi-annual basis a fixed interest rate which is tax-exempt by virtue of the Home Guaranty Corporation (HGC) guaranty on the Bonds. The HGC provides a cash guaranty on the entire amount of the principal and interest of up to 10.50%. The Guaranty of the HGC carries the unconditional guaranty of the Republic of the Philippines.

With bonds as substitute, not only are private developers excused from investing in housing but this also imposes financial obligations on the government, owed to all buyers of the bonds.

More significantly, these alternative modes of compliance have actually discouraged actual houses for the poor from being built, thus seriously undermining a crucial pillar of the government housing program.

This bill aims to tighten compliance among developers to allot a portion of socialized housing from each of their housing projects currently provided for in Section 18 of RA 7279. It strikes the right balance between the fiscal incentive grants given by government to mass housing developers and the developer's socialized housing responsibility.

In so doing, it is envisioned that the program to provide more underprivileged and homeless Filipinos with the opportunity to have their own homes will be strengthened, and that ultimately, greater headway will be made in the continuing effort to uphold the rights and dignity of every Filipino.²

acs.

MIRIAM DEFENSOR SANTIAGO

² This bill was originally filed in the House of Representatives, by Rep. Ibarra M. Gutierrez III and Rep. Walden F. Bello; it was filed during the Sixteenth Congress as House Bill No. 2576.

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SENATE
S. No. 2263

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Introduced by Senator Miriam Defensor Santiago

1 AN ACT STRENGTHENING
2 THE BALANCED HOUSING DEVELOPMENT PROGRAM,
3 AMENDING FOR THAT PURPOSE REPUBLIC ACT NO. 7279, AS AMENDED BY
4 REPUBLIC ACT NO. 9397, OTHERWISE KNOWN AS THE
5 URBAN DEVELOPMENT AND HOUSING ACT OF 1992
6

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

7 SECTION 1. *Short Title.* - This Act shall be known as the "Balanced Housing
8 Development Program Amendments."

9 SECTION 2. *Amendatory Provisions.* - The following provisions of Republic Act
10 no. 7279, entitled, "An Act to Provide for a Comprehensive and Continuing Urban
11 Development and Housing Program, Establish the Mechanism for its Implementation,
12 and for other Purposes," are hereby amended:

13 (A) Section 3 of Republic Act no. 7279 is hereby amended by redefining
14 paragraph (r) to read as follows:

15 "(r) 'Socialized housing' refers to housing programs and
16 projects covering houses and lots or homelots only, **OR**
17 **RESIDENTIAL CONDOMINIUM UNITS** undertaken by the
18 government or the private sector for the underprivileged and
19 homeless citizens which shall include sites and services
20 development, long-term financing, liberalized terms on interest

1 payments, and such other benefits in accordance with the
2 provisions of this Act.”

3 (B) Section 18 of Republic Act no. 7279 is hereby amended to read as follows:

4 “Sec. 18 *Balanced Housing Development.* – The Program shall
5 include a system to be specified in the Framework plan whereby
6 **OWNERS AND/OR** developers of proposed subdivision **AND**
7 **CONDOMINIUM** projects shall be required to develop an area for
8 socialized housing equivalent to at least [twenty percent (20%)]
9 **FIFTEEN PERCENT (15%)** of the total subdivision area or total
10 subdivision project cost **AND AT LEAST FIVE PERCENT**
11 **(5%) OF CONDOMINIUM AREA OR PROJECT COST**, at
12 the option of the developer, within the same city or municipality,
13 whenever feasible, and in accordance with the standard set by the
14 Housing and Land Use Regulatory Board and other existing laws
15 **[.] PROVIDED, THAT OWNERS AND/OR DEVELOPERS**
16 **OF PROPOSED SOCIALIZED SUBDIVISION PROJECTS**
17 **AND OWNERS AND/OR DEVELOPERS OF PROPOSED**
18 **SOCIALIZED CONDOMINIUM PROJECTS SHALL BE**
19 **EXEMPT FROM THIS REQUIREMENT.**

20 **“FOR THIS PURPOSE, THE HOUSING AND URBAN**
21 **DEVELOPMENT COORDINATING COUNCIL AND THE**
22 **NATIONAL ECONOMIC AND DEVELOPMENT**
23 **AUTHORITY SHALL JOINTLY DETERMINE AND SET**
24 **SEPARATE SOCIALIZED HOUSING PRICE CEILINGS**
25 **FOR SOCIALIZED SUBDIVISION AND SOCIALIZED**
26 **CONDOMINIUM PROJECT WHICH SHALL BE**

1 REVIEWED OR REVISED EVERY THREE (3) YEARS TO
2 CONFORM TO PREVAILING ECONOMIC CONDITIONS.
3 THE HOUSING AND URBAN DEVELOPMENT
4 COORDINATING COUNCIL AND THE NATIONAL
5 ECONOMIC AND DEVELOPMENT AUTHORITY ARE
6 LIKEWISE HEREBY MANDATED TO REVIEW AND
7 ADJUST THE REQUIRED PERCENTAGE OF
8 COMPLIANCE FOR BOTH SUBDIVISION AND
9 CONDOMINIUM PROJECT NOT LATER THAN THE END
10 OF THE FIFTH (5TH) YEAR FROM THE EFFECTIVITY OF
11 THIS ACT AND EVERY FIVE (5) YEARS THEREAFTER:
12 *PROVIDED*, THAT LEGISLATION BY AN ACT OF
13 CONGRESS SHALL BE RESORTED TO IF THE
14 ADJUSTMENT SOUGHT IS LESS THAT THE MINIMUM
15 PERCENTAGE OF COMPLIANCE SET FOR THE HEREIN.

16 “The balanced housing development as herein required may also
17 be complied with by the developers concerned in any of the
18 following manner:

19 “a) Development of **SOCIALIZED HOUSING IN A** new
20 settlement;

21 “[b) Slum upgrading or renewal of areas for priority
22 development either through zonal improvement programs or slum
23 improvement and resettlement programs;]

24 “[c) Joint-venture projects with either the local government units
25 or any of the housing agencies[;] or **WITH ANOTHER**

1 PRIVATE DEVELOPER, OR WITH A
2 NONGOVERNMENTAL ORGANIZATION ENGAGED IN
3 THE PROVISION OF SOCIALIZED HOUSING AND DULY
4 ACCREDITED BY THE HOUSING AND LAND USE
5 REGULATORY BOARD: *PROVIDED*, THAT THE OWNER
6 AND/OR DEVELOPER OF THE MAIN SUBDIVISION OR
7 CONDOMINIUM PROJECT SHALL BE SOLIDARILY
8 LIABLE WITH THE OWNER AND/OR DEVELOPER OF
9 THE SOCIALIZED HOUSING PROJECT FOR THE
10 DEVELOPMENT OF THE LATTER, IRRESPECTIVE OF
11 THE PROVISIONS OF THEIR JOINT VENTURE
12 AGREEMENT; OR

13 “[d] Participation in the community mortgage program.]

14 “(C) DEVELOPMENT OF EDUCATION FACILITIES IN
15 AN EXISTING SOCIALIZED HOUSING AREA.

16 “NO OTHER FORM OF COMPLIANCE TO THIS
17 SECTION MAY BE PRESCRIBED EXCEPT THROUGH
18 THE ENACTMENT OF A SUBSEQUENT LAW.

19 “FURTHERMORE, NO SUBDIVISION PLAN OR
20 CONDOMINIUM PLAN SHALL BE APPROVED BY ANY
21 LOCAL GOVERNMENT UNIT OR GOVERNMENT
22 AGENCY UNLESS THE SAME IS ACCOMPANIED BY A
23 WRITTEN UNDERTAKING, MADE UNDER OATH, BY
24 THE OWNER AND/OR DEVELOPER, SETTING FORTH IN

1 **DETAIL THE MANNER IN WHICH COMPLIANCE WITH**
2 **THIS SECTION IS PROPOSED.**

3 **“THE HOUSING AND LAND USE REGULATORY**
4 **BOARD IS HEREBY MANDATED TO SUBMIT TO**
5 **CONGRESS AN ANNUAL REPORT ON THE**
6 **COMPLIANCE HEREOF BY THE OWNERS AND/OR**
7 **DEVELOPERS OF SUBDIVISION AND CONDOMINIUM**
8 **PROJECTS.**

9 **“ANY PERSON VIOLATING ANY PROVISION OF THIS**
10 **SECTION SHALL BE IMPOSED A FINE OF NOT LESS**
11 **THAN FIVE HUNDRED THOUSAND PESOS (P500,000.00)**
12 **BIT NOT MORE THAN TEN MILLION PESOS**
13 **(P10,000,000.00) FOR THE FIRST OFFENSE AND**
14 **CANCELLATION OF LICENSE TO DO BUSINESS FOR**
15 **THE SECOND OFFENSE.”**

16 (C) Section 21 of Republic Act No. 7279 is hereby amended to read as
17 follows: “SEC. 21. *Basic Services.* – Socialized housing and
18 resettlement areas shall be provided by the local government unit
19 or the National Housing Authority in cooperation with the private
20 **OWNERS AND/OR** developers and concerned agencies with the
21 following basic services and facilities:

22 “(a) Potable water;

23 “(b) Power and electricity and an adequate power distribution
24 system;

1 “(c) Sewerage facilities and an efficient and adequate solid
2 waste disposal system; and

3 “(d) Access to primary roads and transportation facilities.

4 “The provision of other basic services and facilities such as
5 health, education, communications, security, recreation, relief and
6 welfare shall be planned and shall be given priority for
7 implementation by the local government unit and concerned
8 agencies in cooperation with the private sector and the beneficiaries
9 themselves [.] **PROVIDED, THAT THE PROVISION OF
10 EDUCATION FACILITES BY AN OWNER AND/OR A
11 DEVELOPER IN SOCIALIZED HOUSING AREAS
12 PURSUANT TO SECTION 18 (C) HEREOF SHALL BE
13 ACCORDED A HIGH PRIORITY.**

14 “The local government unit, in coordination with the concerned
15 national agencies, shall ensure that these basic services are
16 provided at the most cost-efficient rates, and shall set a mechanism
17 to coordinate operationally the thrusts, objectives and activities of
18 other government agencies concerned with providing basic services
19 to housing projects.”

20 **SECTION 3. *Implementing Rules and Regulations.*** – Within sixty (60) days from
21 the effectivity of this Act, the Housing and Land Use Regulatory Board shall promulgate
22 a new set of implementing rules and regulations for the amended Sections 3, 18, and 21
23 of Republic Act No. 7279, consistent with the parameters and standards set forth in said
24 sections. Nongovernment organizations and people’s organizations involved in housing

1 rights and urban poor advocacy, as well as the private sector, shall be consulted in the
2 process of drafting these implementing rules and regulations.

3 SECTION 4. *Reporting to Congress.* – The Chief Executive Officer of the
4 Housing and Land Use Regulatory Board shall submit an evaluation report to Congress
5 every two (2) years after the effectivity of this Act.

6 SECTION 5. *Separability Clause.* - If any provision or part hereof, is held invalid
7 or unconstitutional, the remainder of the law of the provision not otherwise affected shall
8 remain valid and subsisting.

9 SECTION 6. *Repealing Clause.* - Any law, presidential decree or issuance,
10 executive order, letter of instruction, administrative order, rule or regulation contrary to,
11 or inconsistent with, the provisions of this Act is hereby repealed, modified or amended
12 accordingly.

13 SECTION 7. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after
14 its publication in at least two (2) newspapers of general circulation.

Approved,

/acs