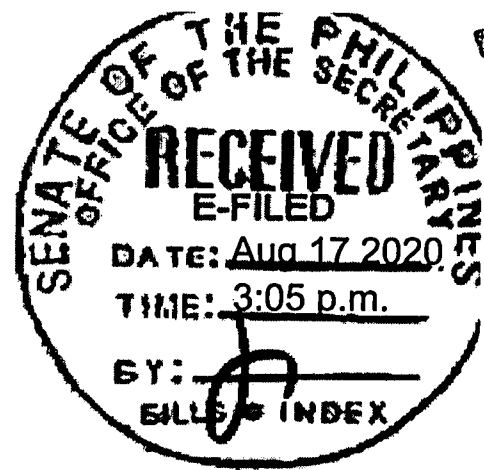


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Second Regular Session* )

SENATE  
S. No. 1774



Introduced by Senator Francis "Tol" N. Tolentino

**AN ACT  
ESTABLISHING A NATIONAL COMPREHENSIVE HOUSING FINANCING  
PROGRAM, PROVIDING FOR THE ANNUAL AUTOMATIC APPROPRIATION OF  
FUNDS, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Section 9, Article XIII of the 1987 Constitution provides that the State shall 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 under-privileged and homeless citizens in urban centers and resettlement areas.

The country has a growing need in socialized housing. For the period 2017-2022, there is a 6.57 million unit deficiency to attain one hundred percent housing security for Filipinos. The Philippine Statistical Research and Training Institute have projected that the country's housing need will grow to 22.6 million units by the end of 2040.

Chapter 12 of the Philippine Development Plan provides that a total of 927,541 permanent housing units are targeted to be constructed, with 34,900 housing units financed, and transitional resettlement assistance and additional community facilities provided within 2017-2022, while Ambisyon Natin 2040 envisions that in 2040, all Filipino families will live together in a place of their own.

However, the country's ability to address the housing problem and attain its goals is limited by the budget allocated for the housing agencies. Over the last decade, the housing

agencies' highest appropriation was only 1.66% of the national budget, or Thirty-seven Billion Pesos.

The combined budget for the housing agencies in the proposed 2020 national budget is less than one half of one percent (0.5%) of the national budget. The DBM allotted P1 billion for NHMFC; P3.277 billion for NHA; P1.397 billion for the SHFC; and P614 million for the department proper. Based on the DBM's proposed budget, the DHSUD could only come up with 12,000 housing units in 2020.

During this time of pandemic, there is even a more urgent need to ensure that the country's attainment of its national housing goals must be on track as more Filipinos will be in need of affordable, quality homes. According to DHSUD, the health crisis has slowed the housing production by the government with the imposition of the work stoppage bringing the construction to a standstill.<sup>1</sup>

To address the country's housing problem, this bill proposes to automatically appropriate funds for the government's housing agencies to ignite a large scale housing program in order for our country to catch up with its housing backlog, and to provide a home for every Filipinos.

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



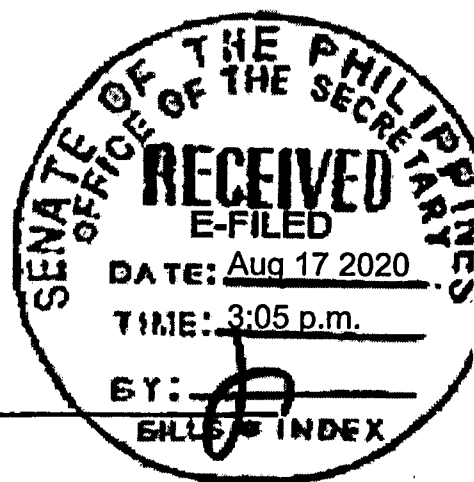
**FRANCIS "TOL" N. TOLENTINO**

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<sup>1</sup> Ordinario, Cal, "Housing and Covid-19 Response: Threats, Opportunities," July 16, 2020. Business Mirror

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

- 1 Section 1. *Short Title.* — This Act shall be known as the "National  
2 Comprehensive Housing Financing Act of 2020."  
3 Section 2. *Declaration of Policy.* - It is hereby declared the policy of the State  
4 to:  
5 (a) Promote a just and dynamic social order that will ensure the prosperity and  
6 independence of the nation and free the people from poverty through policies  
7 that provide adequate social services, promote full employment, a rising  
8 standard of living, and an improved quality of life for all;  
9 (b) Promote social justice in all phases of national development; and  
10 (c) Undertake, in cooperation with the private sector, a continuing program of  
11 urban land reform and housing which will make available at affordable cost,  
12 decent housing and basic services to under-privileged and homeless citizens in  
13 urban centers and resettlement areas.  
14  
15 Section 3. *Objectives.* - Towards this end, the State shall:

- 1 (a) Increase housing production by forging partnership among housing  
2 stakeholders to address the housing needs of the Filipino families;  
3 (b) Generate and mobilize funds for housing purposes of Filipino families, giving  
4 priority to the homeless and underprivileged;  
5 (c) Ensure the provision of support mechanisms/subsidy program to improve  
6 access of Filipino families to a variety of housing options;  
7 (d) Guarantee the development of a strong, sustainable, accessible and affordable  
8 housing finance system; and  
9 (e) Encourage public and private sector participation in the implementation of  
10 government National Housing Development and Production Financing Program.

11 Section 4. *Revolving Fund.* - The amount of not less than Fifty Billion Pesos  
12 (P50,000,000,000.00) is hereby authorized to be initially appropriated for the  
13 Department of Human Settlements and Urban Development and its attached agencies  
14 in the General Appropriations Act to carry out the objectives of this Act. The amount  
15 initially appropriated shall be replenished in the General Appropriations Act of the  
16 following year over a period of twenty (20) consecutive years commencing the year  
17 immediately succeeding the effectivity of this Act.

18 A total amount of One Trillion Pesos (P1,000,000,000,000.00) covering the  
19 continuing requirement of this Act shall be appropriated to the DHSUD and its Attached  
20 Agencies over the twenty (20) year period for the implementation of the following  
21 housing programs:

- 22 (1) One hundred sixty-eight billion pesos (P168,000,000,000.00) for the  
23 implementation of the following programs of the Department of Human  
24 Settlement and Urban Development:  
25 a) One hundred thirty billion pesos (P130,000,000,000.00) to finance the  
26 Public Housing;  
27 b) Thirty billion pesos (P30,000,000,000.00) as subsidy, broken down as  
28 follows:  
29 i. Six billion, eight hundred fifty million pesos (P6,850,000,000.00) as  
30 interim shelter finance assistance for the informal settler-families who  
31 will be relocated;

- 1           ii. Twenty billion, six hundred fifty million pesos (P20,650,000,000.00) as  
2           upfront subsidy; and  
3           iii. Two billion, five hundred million pesos (P2,500,000,000.00) as  
4           amortization support.
- 5           c) Seven billion, four hundred million pesos (P7,400,000,000.00) to finance  
6           public rental housing; and  
7           d) Six hundred million pesos (P600,000,000.00) to finance survey of  
8           proclaimed lands and conduct of inventory of government idle lands suitable  
9           for socialized housing.
- 10          (2) Six hundred thirty billion pesos (P630,000,000,000.00) for the Implementation  
11          of the following programs of National Housing Authority:  
12          a) Two hundred ninety-seven billion, seven hundred million pesos  
13          (P297,700,000,000.00) to finance the Resettlement Program;  
14          b) Two hundred three billion, five hundred million pesos  
15          (P203,500,000,000.00) as subsidy for Government Employees Housing;  
16          c) Sixty-three billion, seven hundred million pesos (P63,700,000,000.00) for  
17          the Settlements Upgrading;  
18          d) Thirty-nine billion, three hundred million pesos (39,300,000,000.00) for the  
19          Housing Program for Calamity Victims;  
20          e) Twenty-five billion, eight hundred million pesos (P25,800,000,000.00) for  
21          Land Banking.
- 22          (3) One hundred fifty-two billion pesos (P152,000,000,000.00) for the  
23          implementation of the Community Mortgage Program of Social Housing Finance  
24          Corporation.
- 25          (4) Fifty billion pesos (P50,000,000,000.00) for the Capitalization of National Home  
26          Mortgage Finance Corporation.

27          Section 5. LGU Sources of Funds. - Section 43 of Republic Act No. 7279 is  
28 hereby amended to read as follows:

29          "Sec. 43. Socialized Housing Tax. — Consistent with the constitutional principle  
30          that the ownership and enjoyment of property bear a social function and to  
31          raise funds for the Program, all local government units are hereby authorized  
32          to impose an additional one-half percent (0.5%) tax on the assessed value of

1 all lands in urban areas [in excess of Fifty thousand pesos (P50,000)]. **THE**  
2 **PROCEEDS FROM THE IMPOSITION OF SOCIALIZED HOUSING TAX**  
3 **SHALL ACCRUE TO THE SPECIAL FUNDS OF THE LOCAL GOVERNMENT**  
4 **UNIT, WHICH SHALL BE USED FOR THE DEVELOPMENT OF**  
5 **SOCIALIZED HOUSING PROJECTS AND FOR THE CONSTRUCTION**  
6 **AND ESTATE MANAGEMENT OF PUBLIC RENTAL HOUSING."**

7 Section 6. National Housing Securitization Program. - The National Housing  
8 Securitization Program for the development of the secondary market for home  
9 mortgages of and other housing related receivables, conveyances and financial  
10 instruments and the development or promotion of and investments in new housing  
11 related financial instruments and investment vehicles and the capital markets thereof,  
12 to increase and sustain funds available for housing and home development shall be  
13 implemented as follows:

14 1. The National Home Mortgage Finance Corporation (NHMFC) shall be the sole  
15 implementing agency for the securitization program;

16 2. The NHMFC in coordination with the DHSUD, DOF and BSP and other  
17 concerned agencies and private sector organizations, shall formulate a program, the  
18 proceeds of which shall be earmarked for the housing programs of the government.

19 3. The mortgages to be generated as a result of the implementation of the  
20 housing programs shall be sold and transferred to the NHMFC, which shall also serve  
21 as asset pool for securitization.

22 4. The NHMFC shall manage the whole securitization process which includes  
23 the following activities:

24 a) determining the eligibility criteria for the asset pool;

25 b) defining the preliminary structure of the notes, bonds and or instruments to be  
26 issued, third parties to be hired; and

27 c) Education or briefing of target investors for all the issues.

28 5. The bonds, notes and securities shall be exempt from the registration  
29 requirements under the Securities Regulation Law in order to accelerate the issuance  
30 of its housing related securities/financial instruments and, thus, more reasonably  
31 provide the necessary fund for housing developments.

1           6. Any socialized housing or economic housing-related bond or asset-backed  
2 securities issued by NHMFC directly or through a special purpose entity shall enjoy all  
3 the tax exemptions granted under Republic Act No. 9267 or the Securitization Act of  
4 2004 pursuant to the State's policy of promoting the securitization of mortgage and  
5 housing related receivables of government housing agencies, to generate investment  
6 and accelerate the growth of the housing finance sector, especially for socialized and  
7 economic housing.

8           7. Bonds purchased by private real estate developers shall be considered as an  
9 alternative compliance to the balanced housing requirements under section 18 of RA  
10 7279 as amended by RA 10884, subject to the rules promulgated by the Department  
11 of Human Settlements and Urban Development.

12           8. The Philippine Guaranty Corporation created pursuant to Executive Order  
13 No. 58 (S. 2018) shall guaranty the payment of the balance outstanding and due on  
14 the guaranteed principal obligation, plus interest and yields thereon for socialized  
15 housing packages, for low-cost housing packages, for medium-cost housing packages  
16 and for open housing packages, the rates of which is to be determined by the  
17 Philippine Guaranty Corporation.

18           Section 7. *Capitalization of National Home Mortgage Finance Corporation*  
19 *(NHMFC)*. - The authorized capital stock of the NHMFC is hereby increased from  
20 P5,500,000,000.00 pesos to P50,000,000,000.00 pesos to expand its leveraging  
21 capacity based on the volume of mortgage loans being serviced to improve its  
22 profitability by reducing the average cost of its fund made available for home lending  
23 programs.

24           The Fifty billion peso (P50,000,000,000.00) capital shall be fully subscribed by  
25 the Government of the Republic of the Philippines: Provided, That the  
26 P25,000,000,000.00 of the capitalization shall be funded from the General  
27 Appropriations Act and the remaining P25,000,000,000.00 shall be funded from the  
28 declared dividends of the NHMFC in favor of the National Government. For this  
29 purpose, any and all declared dividends of the NHMFC in favor of the National  
30 Government shall be deposited in a special account in the General Fund, and  
31 earmarked for the payment of NHMFC's increase in capitalization. Such payment shall

1 be released and disbursed immediately and shall continue until the increase in  
2 capitalization has been fully paid.

3 Section 8. Tax Exemptions. - The NHMFC shall be exempt from all national,  
4 provincial, municipal and city taxes on income derived from its governmental  
5 functions, specifically income from its activities or transactions in the exercise of its  
6 mandates.

7 Section 9. Multi-Year Obligational Authority - The DHSUD and its attached  
8 agencies shall be given a multi-year obligational authority for housing programs or  
9 projects which will take more than one year to complete that requires multi-year  
10 appropriations, subject to the provisions of existing laws and regulations including  
11 those of the Commission on Audit and other terms and conditions most favorable to  
12 the government.

13 Section 10. Private Sector Participation - To fast track the approval and  
14 implementation of housing projects and reduce the cost of socialized and low-cost  
15 housing units, the Bureau of Internal Revenue, the Department of Agriculture, the  
16 National Irrigation Authority, the Philippine Coconut Authority, the Sugar Regulatory  
17 Administration, the Department of Agrarian Reform, the Department of Environment  
18 and Natural Resources, the Mines and Geosciences Bureau, the Laguna Lake  
19 Development Authority the Department of the Interior and Local Government, the  
20 Local Government Units, the Land Registration Authority, the Department of Human  
21 Settlements and Urban Development, and all other agencies, shall facilitate the release  
22 of the required housing-related permits, licenses, certifications and tax  
23 exemptions/rulings in accordance with Republic Act No. 11032, otherwise known as  
24 the Ease of Doing Business and Efficient Delivery of Government Service Delivery Act  
25 of 2018.

26 In case the responsible officers of the agencies concerned fail or refuse to  
27 dispose of the application within the periods prescribed under RA No. 11032, the  
28 applicable administrative and criminal liability as stated in Section 22 of RA No. 11032  
29 shall be imposed.

30 All the incentives enumerated under Section 20(d) of Republic Act No. 7279, as  
31 amended by Republic Act. No 10884, shall be extended to the private sector engaged



1 in socialized and low-cost housing development including the construction and estate  
2 management of public rental housing.

3 The participation of owners and/or developers in any of the component  
4 programs of this Act shall be treated as one of the manners of compliance to the  
5 balanced housing requirements subject to the conditions set forth under RA No. 7279.

6 Section 11. Collection Efficiency. - In order to improve collection efficiency, the  
7 NHA, SHFC and NHMFC shall have authority to foreclose mortgages, and/or evict  
8 beneficiaries in accordance with existing laws.

9 Section 12. Implementing Rules and Regulations. - The DHSUD, in consultation  
10 with its attached agencies, shall promulgate rules and regulations necessary for the  
11 implementation of this Act within ninety (90) days from its effectivity.

12 Section 13. Repealing Clause. - All laws, decrees, executive orders,  
13 proclamations, rules and regulations and issuances, or parts thereof which are  
14 inconsistent with the provisions of this Act, are hereby repealed, amended or modified  
15 accordingly.

16 Section 14. Separability Clause. - If for any reason, any provision of this Act is  
17 declared invalid or unconstitutional, the remaining provisions shall continue to be in  
18 full force and effect.

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

Approved,