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SENATE S. No. 1258

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INTRODUCED BY SENATOR JOSEPH VICTOR G. EJERCITO

AN ACT STRENGTHENING THE NATIONAL HOUSING AUTHORITY, EXTENDING ITS CORPORATE TERM, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 757

EXPLANATORY NOTE

Article 13, Section 9 of the 1987 Constitution provides for the role of the State in creating 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."

During the 17th Congress, the legislative measure establishing the Department of Human Settlements and Urban Development (DHSUD) was enacted into law. The DHSUD has been the culmination of the collective and tireless efforts of government and other stakeholders from the housing sector to improve the housing situation in the country.

While the DHSUD acts as the main planning and policy-making, regulatory, program coordination, and performance monitoring entity for all housing, human settlement and urban development concerns, the National Housing Authority (NHA) as attached to the DHSUD for administrative supervision, is the sole national agency mandated to engage in housing production for low-income families. The NHA is mandated to develop and implement a comprehensive housing program embracing housing development and resettlement, sources and schemes of financing, and delineation of government and private sector participation.

Unfortunately, the NHA's charter is nearing the end of its term. To fully realize our goal of providing affordable decent houses, the continuation of the juridical life of the NHA is inevitable.

The proposed measure aims to give an extended life to the NHA by providing for the authority for its perpetual existence. The grant of perpetual existence is consistent with the provisions of the Revised Corporation Code of the Philippines on corporate term.

With the renewed charter, the NHA will be able to develop integrated, sustainable, safe, affordable and resilient communities for the underprivileged and homeless, as well as low-income households. Likewise, the NHA will be given further opportunity to effectively generate income through the efficient utilization of assets to implement sustainable quality and affordable housing programs to improve the quality of lives of our people.

The country's housing backlog has exponentially increased as the years go by. In order to address this and find a way to speedily catch up and meet our targets, we must provide our public housing sector with all the needed tools to accomplish its goal. Coupled with significant funding allocation for housing programs, the extension of the corporate life of the NHA is one the best tools to resolve our housing backlog.

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

JOSEPH VICTOR G. EJERCITO

NINETEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES *First Regular Session*



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S. No. 1258

INTRODUCED BY SENATOR JOSEPH VICTOR "JV" G. EJERCITO

AN ACT

STRENGTHENING THE NATIONAL HOUSING AUTHORITY, EXTENDING ITS CORPORATE TERM, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 757

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 "National Housing Authority
 Act."
- Sec. 2. *Declaration of Policy.* It is the policy of the State to ensure a continuing program of urban land reform and housing, which will make available at affordable cost, decent adequate housing and basic services particularly for underprivileged and homeless citizens, in order to alleviate poverty, to address the rising cost of living, and promote improved quality of life for all.
- 8 The State, in partnership with the private sector, and its stakeholders shall 9 also:
- a) Expand the people's access to affordable, adequate, safe, and secure
 housing in well-planned communities;
- b) Enable informal settler families (ISFs) as defined under Sec. 3(e) of
 Republic Act (RA) No. 11201 otherwise known as the Department of
 Human Settlements and Urban Development Act, to live in resilient,
 vibrant, and connected urban communities;
- 16 c) Promote inclusive and integrated housing that are culturally sensitive,

1	responsive to local context and special needs, and in accordance with
2	appropriate standards and designs;
3	d) Encourage and sustain investments in the housing and urban
4	development sector by, among others, promoting partnerships,
5	improving market linkages, simplifying government procedures and
6	facilitating access to finance;
7	e) Improve affordability of housing projects;
8	f) Promote adaptability of housing development projects to climate change,
9	including nature-based solutions that integrate mechanisms for flood
10	absorption and rainwater harvesting;
11	g) Make land available and accessible for housing; and
12	h) Promote and support community-led housing through people's planning
13	and participation.
14	Sec. 3. Statement of Objectives Toward this end, the State shall integrate
15	all laws relating to the National Housing Authority to effectively achieve the
16	following objectives:
17	a) Develop integrated, sustainable, safe, affordable and resilient
18	communities, particularly for the underprivileged and homeless, as well
19	as low-income households;
20	b) Implement innovative, alternative, and people-led solutions in
21	addressing the housing needs of ISFs, the low-income families and the
22	vulnerable sectors;
23	c) Generate income through the efficient utilization of assets to support the
24	programs of the Authority;
25	d) Adopt viable land acquisition and management approaches; and
26	e) Enhance housing programs in consonance with current climate resiliency
27	standards and policies, to fully promote stability, adaptability, and better
28	socio-economic outcomes.
29	Sec. 4. Extension of Corporate Term and Its Effect. – The corporate term of
30	the government corporation known as the National Housing Authority, referred to
31	in this Art as the "Authority" exected by virtue of Dessidential Desses (DD) No. 757
	in this Act as the "Authority", created by virtue of Presidential Decree (PD) No. 757,

1 dissolved or abolished by the President of the Philippines.

The Authority shall continue to perform its mandates, exercise its powers and functions, enjoy its rights and incentives, and assume its liabilities, as contained in PD 757, and as provided in this Act, unless expressly repealed herein.

Sec. 5. *Principal Office.* – The Authority shall retain its principal office at the
Authority's Main Office on Elliptical Road, Diliman, Quezon City 1101, but may have
such regional and district offices, agencies, or subsidiaries in other areas all over
the country, as it may deem proper and necessary.

9 Sec. 6. *Powers and Functions of the Authority*. The Authority, in line with its 10 role as the primary national government agency engaged in direct housing 11 production, and in pursuit of the foregoing policies and objectives, shall also 12 exercise the following powers and functions:

13 I. Housing Operations and Support Services

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- 14a) Develop and implement comprehensive and integrated housing15programs in coordination with the appropriate government agencies:
 - i. programs for the improvement of blighted urban areas;
- ii. direct housing production and disposition primarily for ISFs and
 the underprivileged and homeless;
- 19 iii. relocation of families subject of court-ordered eviction;
- iv. housing programs for low-income and homeless government
 employees and uniformed personnel; and
- v. any other housing program or project for the underprivileged,
 underserved, homeless, as well as low-income households that
 the Authority may deem proper and appropriate.

b) Prescribe guidelines and standards for the preservation, conservation
 and utilization of public lands identified for housing and resettlement;

c) Design and implement, in coordination with the concerned local and
national government agencies, sustainable livelihood programs and,
which are fully funded by the national government, responsive to the
needs of NHA's housing communities, and, whenever practicable,
with the participation of civil society organizations and the private
sector;

- 1d) Develop and undertake other urban and rural development projects2including basic community facilities, by itself or through joint ventures3or other arrangements with public and private entities, including4private developers, and in coordination with other government5agencies;
- e) Improve, redevelop, or revitalize completed but not yet turned-over
 housing projects of the Authority by constructing additional
 community structures or, whenever necessary, by demolishing
 previously erected structures similar in nature, subject to law and
 regulations;
- 11f) Provide technical and other forms of assistance to local government12units implementing housing programs, or to private developers13undertaking low-cost housing projects, subject to the policies of the14Authority;
- 15g) Undertake financing of housing programs initiated by local16government units or local communities and local housing17cooperatives;
- h) Extend housing assistance and shelter services to victims of
 calamities, natural or man-made, as declared by the President or any
 competent authority; for this purpose, the Authority is given sufficient
 leeway by the other government agencies to expedite the process;
- i) Support national government agencies and local government units
 requiring assistance in the implementation of their programs and
 projects for socialized housing by producing housing units for ISFs and
 low-income families identified for priority relocation, including those
 residing in areas earmarked for national infrastructure projects of the
 Department of Public Works and Highways and the Department of
 Transportation;
- j) Ensure that the housing requirements of beneficiaries of presidential
 proclamations are met. Such housing projects shall be compliant with
 the standards set by the Department of Human Settlements and
 Urban Development (DHSUD) for climate resiliency; and

- 1k) Provide technical assistance to the concerned condominium2corporation, on the maintenance of structures and facilities and3collection of payments.
 - II. Asset Management and Business Development

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- a) Exercise the right of eminent domain, purchase, sell, lease or exchange lands for purposes of housing development, resettlement, and other related services and facilities;
- b) Issue bonds or contract loans, credits, or indebtedness, including
 suppliers' credit or any deferred payment arrangements with any
 person or entity, domestic or foreign, for the implementation of its
 housing programs;
- 12 c) Invest its funds, as it may deem proper, in bonds and securities issued 13 and guaranteed by the government, and to invest, own or otherwise 14 participate in equity in any establishment, firm or entity; to form, 15 organize, invest in or establish and maintain subsidiary or subsidiaries 16 in relation to any of its purposes;
- 17d) Subject to RA 10149, otherwise known as the GOCC Governance Act18of 2011, form, organize, invest in or establish and maintain a subsidiary19or subsidiaries, in relation to any of its purposes;
- e) Ensure the collection and recovery of all indebtedness, liabilities or 20 21 accountabilities, due from all obligors, whether public or private; to 22 demand payment of the obligations referred to herein, and in the event 23 of failure or refusal of the obligor or debtor to comply with the demand, 24 to initiate and institute the necessary or proper actions or suits, criminal, civil administrative or otherwise, before the courts, tribunals, 25 commissions, boards or bodies of proper jurisdiction: Provided, 26 *however*, that the Authority may compromise or release, in whole or 27 in part, any interest, penalty or civil liability to the Authority in 28 29 connection with the collection or amortizations, under such terms and conditions as prescribed by the Board of Directors and such 30 compromise or release shall be with the approval of the Board: 31 *Provided, further,* That the Board may, upon recommendation of the 32

General Manager, deputize any member of the authority's legal staff to act as special sheriff in foreclosure cases, in the sale or attachment of the debtor's properties, and in the enforcement of court writs and processes in cases involving the Authority. The special sheriff of the Authority shall make a report to the proper court after any action taken by him which shall treat such action as if it were an act of its own sheriffs in all respects;

- f) Generate sources and formulate schemes for financing, with due delineation of government and private sector participation; and
- 10g) Engage in landbanking by acquiring and investing in lands in or near11planned areas for development such as urban hubs, commuter rails,12toll highways, and airports for purposes of socialized housing13development.
- 14 III. Management Services

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- a) Formulate and enforce general and specific policies for housing and
 resettlement;
- b) Monitor and discharge all responsibilities of the government as may arise from treaties, agreements, and other commitments on housing and resettlement to which the Philippine government is a signatory, including the determination of forms of assistance for housing development to be extended through multilateral or bilateral assistance programs;
- c) Contribute to the database of the DHSUD which includes the census of
 households and families along danger areas, government
 infrastructure project site and government owned lands, which shall
 be used for subsequent government interventions with housing and
 resettlement component; and
- d) Approve restructuring plan for the payment of unpaid amortizations
 under such terms and conditions as the Board of Directors may
 prescribe.
- 31 IV. General Powers
- 32 a) Have the power of succession; to sue and be sued; to adopt and use
 - 6

1	a seal which shall be judicially noticed;
2	b) Enter into contracts whenever necessary under such terms and
3	conditions as it may deem proper and reasonable;
4	c) Acquire property rights and interests, and encumber or otherwise
5	dispose the same as it may deem appropriate;
6	d) Borrow funds from any source, private or government, foreign or
7	domestic;
8	e) Receive donations, grants, bequests and fund transfers from other
9	branches of the government, and utilize the same for the attainment
10	of its objectives. Such donations, grants and bequests shall be exempt
11	from the payment of transfer taxes and be fully deductible from the
12	gross income of the donor or grantor for income tax purposes;
13	f) Maintain a provident fund, which shall consist of contributions made
14	by both the Authority and its officers and employees and their
15	earning, for the payment of benefits to such officials and employees
16	or their heirs under such terms and conditions as it may prescribe
1 7	subject to the provisions of RA 10149 and other executive issuances;
18	and
19	g) Perform such other acts not inconsistent with this Act, as may be
20	necessary to effect the policies and objectives herein declared.
21	Sec. 7. The Board of Directors. —The powers of the Authority shall be
22	exercised through the Board of Directors, referred to in this Act as the "Board",
23	which shall be composed of ten (10) members in an ex-officio capacity, namely:
24	1. Secretary of Human Settlements and Urban Development;
25	2. Secretary of Public Works and Highways;
26	3. Secretary of Finance;
27	4. Secretary of Trade and Industry;
28	5. Secretary of Labor and Employment;
29	6. Secretary of Environment and Natural Resources;
30	7. Secretary of Interior and Local Government;
31	8. Secretary of Budget and Management;
32	9. Director-General of the National Economic and Development Authority;

and

10. Executive Secretary.

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Three (3) panel members with expertise in housing, urban planning, and urban development shall be appointed by the President from a shortlist submitted by the Governance Commission for GOCCs (GCG): *Provided*, That, all appointive directors must have qualified under the Fit and Proper Rule, in accordance with RA 10149 and shall serve for one (1) year, unless sooner removed for cause; *Provided*, *however*, that the appointive director shall continue to hold office until the successor is appointed.

11

12 The expert panel members must be: (i) Filipino citizens and of good moral 13 character; (ii) be of recognized probity and independence and must have 14 distinguished themselves professionally in public, civic or academic service; (iii) be 15 in the active practice of their professions which are integrally related to housing, 16 urban planning, and urban development, for at least seven (7) years; and (iv) not 17 be appointed within one (1) year after losing in the immediately preceding elections.

18

19 The Secretary of the DHSUD shall be the *ex officio* Chairperson of the Board. 20 The General Manager shall be elected by the members of the Board from among 21 the three expert panel members. The Board shall meet regularly at least once a 22 month but special meetings may be called either by the Chairperson or by seven (7) 23 members of the Board, as may be necessary. *Provided*, That, seven (7) members 24 of the Board shall constitute a quorum and all decisions of the Board shall require 25 the concurrence of at least seven (7) members.

26 Sec. 8. *Powers and Duties of the Board*. - The Board shall have the following 27 powers and functions:

29

a. Formulate, prescribe, and promulgate the implementing rules and regulations required by this Act;

b. Promulgate such rules and regulations as may be necessary for the effective
 exercise of the powers and functions, as well as the discharge of the duties
 and responsibilities of the Board, its officers and employees;

²⁸

- 1 c. Act upon the annual budget and such supplemental budgets of the Authority 2 submitted by the General Manager: *Provided*, that the Board may reduce but 3 may not increase any item proposed by the General Manager;
- 4 d. Approve the Authority's organizational and administrative structures and 5 staffing pattern, and establish, fix, review, revise, and adjust the appropriate 6 compensation package of its officers and employees as submitted by the 7 General Manager, in accordance with RA 10149 and other executive issuances;
- 8 e. Enter into and approve financial or investment schemes;
- 9 f. Enter into contracts or agreements as may be necessary for the attainment of 10 the objectives of this Act;
- 11 g. Enter into and execute memoranda of agreements, joint ventures, long-term 12 leases and management contracts with private sector entities, to include real 13 estate developers or construction companies with proven track record in developing and managing real estate ventures; 14
- 15 h. Condone or compromise, in whole or in part, penalties, interests, or civil 16 liabilities imposed on beneficiaries with delinguent account who, for justifiable 17 reasons prescribed by the Board, failed to pay on time any obligation due to 18 the Authority; and
- 19 20

i. Exercise all the powers necessary or incidental to the attainment of the purposes of this Act.

21

Sec. 9. *Duties of the General Manager*. The General Manager shall have the 22 following powers and duties:

- a. Execute and administer the policies and resolutions approved by the Board of 23 24 Directors and prepare its agenda;
- 25 b. Direct and supervise the operations, management and internal affairs of the Authority: *Provided*, That the General Manager may delegate certain 26 administrative responsibilities to other officers of the Authority, subject to the 27 rules and regulations promulgated by the Board; 28
- c. Subject to the approval of the Board, fix the number and salaries of, and 29 appoint, the subordinate officers and personnel of the Authority and discipline 30 for cause any such officer or employee pursuant to the provisions of the Civil 31 Service Commission on discipline; 32

- d. Represent the Authority in all dealings with other offices, agencies, and
 instrumentalities of the Government and with all persons and entities, public
 or private, domestic or foreign;
- e. Act on all matters not specifically reserved to the Board, in the conduct of the
 business of the Authority;
- f. Solely confer lot awards to the eligible beneficiaries: *Provided, That,* questions
 on the propriety of lot awards granted to the Authority's beneficiaries may be
 elevated on appeal to the Secretary of the DHSUD;
- g. Submit to the Board within 90 days after the close of each fiscal year, a
 complete report on the operations of the Authority for the preceding year;
 and
 - h. Exercise such other powers and duties as may be vested by the Board.

Sec. 10. *Assistant General Managers.* - The General Manager shall be assisted by three (3) Assistant General Managers, who shall be appointed by the President, upon the recommendation of the General Manager: *Provided,* That at least one (1) Assistant General Manager shall be a career officer. The General Manager is further authorized to delineate and assign other functional areas or responsibilities of the Assistant General Managers.

- 19 Sec. 11. *Qualifications and Appointment.* No person shall be appointed 20 Assistant General Manager of the Authority unless he or she is a citizen and resident 21 of the Philippines, of good moral character, of proven integrity, competence and 22 expertise in housing, urban planning, and urban development.
- 23 Sec. 12. *Organizational Structure and Staffing Pattern.* Subject to the approval 24 of the GCG, the Board shall determine the Authority's organizational structure, and 25 create new divisions or units, as it may deem necessary in accordance with civil 26 service laws, rules and regulations.
- Subject to the approval of the Board, the General Manager shall likewise determine the rates of allowances, honoraria, and such other additional compensation which the Authority is hereby authorized to grant to its officers, technical staff, and consultants, including necessary detailed personnel.
- 31 Sec. 13. *Exemption From Taxes and Regulatory Fees.* All laws to the 32 contrary notwithstanding, the Authority, its projects, assets and properties, and all

accruals thereto and income or investment earnings therefrom, as well as supplies,
 equipment, papers, or documents shall be exempt from any tax, assessment, fee,
 charge, or customs or import duty, of any kind, whether imposed by local or national
 entities.

5 The exemption includes exemption from income tax, real property tax, 6 capital gains tax, transfer tax, value added tax, donor's tax and similar taxes; and 7 building permit fee, fire inspection permit fee, Environmental Compliance Certificate 8 fees, and other regulatory fees. Similarly, the Authority shall be exempt from the 9 payment of documentary stamp tax and registration fees, including fees required 10 for the issuance of transfer certificates of title.

Furthermore, to promote the policy of improving housing affordability, projects of the Authority, in cooperation with local government units, the private sector and other entities, shall also enjoy the exemptions enumerated above.

Sec. 14. *Lands for Authority Projects; Management, Conversion and Classification.* - Lands identified and designated for housing and urban and rural development, pursuant to Sec. 24 of Republic Act No. 11201, shall be assessed by the Authority for program or project feasibility. Should the site evaluation be in the affirmative, said lots shall forthwith be transferred to the Authority.

This shall not, however, preclude the Authority from pursuing its continuing mandate of identifying, acquiring and managing lands for the immediate and future needs of its beneficiaries. In pursuit thereof, the Authority must consider, among others, the degree of availability of basic services and utilities, access to modes of transport, proximity to economic opportunities and the preservation of the social capital of beneficiaries.

Lands identified and approved by the Authority for rehabilitation projects to 25 be developed within areas that have been declared under a state of calamity by the 26 27 President or any competent authority, upon the recommendation of the National Disaster Risk Reduction and Management Council or any local disaster risk reduction 28 29 and management council shall be automatically converted or reclassified, in order 30 to facilitate its immediate development. For purposes of site selection under this 31 modality, the Authority shall be guided by the hierarchy of priorities in the acquisition of land, under Sec. 9 of RA 7279, and ensure that protected lands, under 32

1 special laws, such as RA 8371, RA 8435, RA 6657, and other agrarian reform laws, 2 shall be preserved for equally important land uses: Provided, That, in cases of 3 housing projects under this Sec. that subsequently suffered extensive damage due 4 to substandard construction materials or negligence in project planning and 5 construction, the Authority shall compensate the affected households for all 6 material damage, injury, and loss to or diminution in the value of the housing units 7 which may include repairs of damaged units free of charge, provision of indemnity 8 insurance, and transfer of ownership of these units to the beneficiaries.

9 The Authority, in coordination with the DHSUD, the Department of Interior 10 and Local Government (DILG), the Department of Agriculture (DA), the Department 11 of Agrarian Reform (DAR), the Department of Environment and Natural Resources 12 (DENR), the National Commission on Indigenous Peoples (NCIP) to craft the rules 13 and regulations necessary to implement this provision within 180 days after the 14 approval of the Act.

Sec. 15. *Designation of the National Housing Authority as Lead Agency in the Disposition Program.* – The Authority, under the supervision of the DHSUD, and in close coordination with the DILG, DA, DAR, DENR, NCIP, and the Land Registration Authority, shall take the lead in the disposition activities of the lands in the preceding Sec.: *Provided*, that disposition activities shall include the preliminary stages of identification and evaluation of lands suitable for disposition under this Act.

The DHSUD is hereby directed to immediately submit an updated list of government- owned lands suitable for socialized housing purposes. It shall make recommendation to the President relative to the disposition of the lands subject hereof; *Provided,* That, lands owned by government-owned and –controlled corporations and government financial institutions engaged in housing finance as part of their fiduciary obligation to their members or are taken possession of in their ordinary conduct of business, are excluded.

Sec. 16. *Management or Disposition of Completed Projects*. - The Authority shall determine, establish, and maintain the most feasible and effective program for the management or disposition of specific housing or resettlement projects. Unless otherwise decided by the Board, completed housing or resettlement projects shall

1 be managed and administered by the Authority until they have been turned over to 2 the local government unit concerned or other public or private entity concerned, as 3 the case may be: Provided, That, in the case of housing projects that were 4 completed or started prior to the extension of its corporate life, the Authority shall 5 co-manage the same with the concerned local government units, homeowners' 6 associations or residential condominium association until they are properly turned 7 over to any of the latter. The responsibility of the Authority as co-manager shall 8 include the collection of payments, maintenance of structures and facilities, and 9 estate management. The Authority shall also provide technical assistance to 10 homeowners' associations and local government units in the formulation and 11 enforcement of rules and regulations for the project beneficiaries.

Sec. 17. *Reports.* - The Authority shall submit an annual report to the Office of the President, the Senate and the House of Representatives, copy furnished the DHSUD, indicating, among others, the housing program being implemented, the stage of implementation, and the financial position of the Authority. It shall likewise submit such periodic or other reports as may be required from time to time.

Sec. 18. *Audit*. - The Chairperson of the Commission on Audit (COA) shall act as the *ex-officio* auditor of the Authority. The COA Chairperson is empowered to appoint a representative and other subordinate personnel to perform and report on such audit duties, responsible to and removable only by the COA Chairperson, without prejudice however, to the power of the Board to contract another mode of independent audit service, in addition to that provided by COA pursuant to PD 1445, otherwise known as the *Government Auditing Code of the Philippines*.

Sec. 19. *Implementing Rules and Regulations.* – The implementing rules and regulations to effectively carry out the provisions of this Act shall be adopted by and promulgated by the Board, in coordination with the DHSUD and the GCG, not later than one hundred eighty (180) days after the approval of this Act.

Sec. 20. *Applicability of the Revised Corporation Law.* - The provisions of RA 11232 otherwise known as the Revised Corporation Code of the Philippines, in so far as they are not inconsistent with the provisions and policies provided in this Act, shall be applicable to the Authority.

32

Sec. 21. Separability Clause. - If for any reason any provision of this Act is

declared to be unconstitutional or invalid, the remaining provisions not affected
 thereby shall continue to be in full force and effect.

3 Sec. 22. *Repealing Clause.* - Section 2 of PD 757 is hereby amended 4 accordingly. All other laws, decrees, executive orders, or rules and regulations or 5 parts thereof inconsistent with or contrary to the provisions of this Act or its 6 purposes are hereby amended or modified accordingly.

Sec. 23. *Effectivity Clause*. - This Act shall take effect fifteen (15) days after
the completion of its publication in the Official Gazette or in at least one newspaper
of general circulation.

Approved,