

10 JUL -8 AM 11:19

SENATE

S. No. 969

RECEIVED BY: 

Introduced by Senator Manuel "Lito" M. Lapid

EXPLANATORY NOTE

The National Statistics Office reports that in the year 2000, family spending in the Philippines averaged at Php118,002 of which 14.2% or Php16,756 per year or an equivalent of Php1,270 per month of was allocated for housing. Out of a total of 12.5 million families, 28.4% involving some 4.3.8 million families fell below the poverty threshold.

The acquisition of housing units, no matter how liberal the terms, is clearly beyond the budget of even the average household. This is one of the reasons for the unsustainability of the country's mass housing programs that target the acquisition of housing units by lower income households, and the high default rates among the accounts funded or guaranteed by the National Home Mortgage Financing Corporation.

In the wake of the disastrous results of the government's mass housing programs, policies that would promote the availability of rental dwelling units would appear to be the more market oriented, cost-effective and viable alternative.

This bill seeks to stimulate the market for rental dwelling units through the following provisions:

- a. Exemption of rental income from dwelling houses and lots from the Value-Added Tax (VAT) under the existing law;
- b. Exemption of dwelling houses and lots from any increases in real estate tax imposed by local government units based on taxing powers under R.A. No. 7160 otherwise known as the Local Government Code;
- c. Granting of tax credits for 25% for gross rentals derived from units covered by rental regulation up to December 31, 1997 pursuant to R.A. No. 7644 and five years thereafter provided that the rates are not increased by more than 20% for each calendar year even after the end of rental regulation using the base rental rate of December 31, 1977 but in no case more than P40,000 per annum per unit;
- d. Granting of tax credits for 25% of the contractor's fee, where a contractor-developer constructs dwelling units for private housing rentals; and
- e. Entitlement to socialized housing financing of dwelling units for rent at reasonable affordable rates for original construction, repair or conversion from private dwelling units into residential apartments.

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


MANUEL "LITO" M. LAPID
Senator

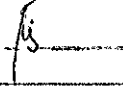
FIFTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE
OFFICE OF THE SECRETARY

10 JUL -8 AM 1:19

SENATE

S. No. 969

RECEIVED BY: 

Introduced by Senator Manuel "Lito" M. Lapid

**AN ACT
TO PROVIDE INCENTIVES FOR THE PRIVATE SECTOR TO UNDERTAKE
RESIDENTIAL HOUSING AT RATES AFFORDABLE BY LOW AND MIDDLE
RENTAL INCOME FAMILIES, AND FOR OTHER PURPOSES**

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

SECTION 1. Short Title. -- This Act shall be known as "***Incentives for
Rental Residential Housing by the Private Sector Act of 2010.***"

SEC. 2. Declaration of Policy. -- It is hereby declared the policy of the
State to provide the basic need of shelter for the homeless low and middle income
families with the cooperation of and by providing incentives for the private Sector.

Towards the attainment of this policy, incentives for the private sector are herein
provided to promote, accelerate and enhance continuity of the public and private
sectors' cooperation to provide residential housing for rent at reasonable affordable
rates.

SEC. 3. Incentives for Rental Housing by the Private Sector. -- Any law
to the contrary notwithstanding, the following incentives are hereby granted to
encourage, promote and support the private sector to provide rental residential housing
for low and middle income families:

(1) Exemption from the Value-Added Tax on lease of properties of the rentals
from dwelling units covered by R.A. No. 7644 and such dwelling units which are
hereinafter leased for residential housing of low and middle income families by
renovation of existing units into rental apartments or by construction of new dwelling
units for residential housing of low or middle-income families;

(2) Exemption from any local government taxes on real estate over the rates of levy imposed as of the effectivity of this Act under the Local Government Code of 1991 (R.A. No. 7160), to the extent of the tax increase arising from the increase in the assessed value of the property from and after the effectivity of this Act: *Provided*, That the real estate and dwelling units constructed thereon are covered by R.A. No. 7644, the rental regulation law, up to December 31 , 1997: *Provided, further*, That the exception shall continue for five (5) years after December 31, 1997 for as long as the rental rates imposed for the calendar years after 1997 are those provided for under R.A. No. 7644 with an increase of not more than 20 percent (20%), cumulative and compounded based on the actual rate imposed as of December 31, 1997, but not more than Php40,000 per annum per unit;

(3) Tax credit of twenty-five percent (25%) of the gross rentals for five (5) years following the completion of the new or renovated housing units for rental housing for low and middle income families earning less than Php100,000 per annum at rental rates of not more than Php40,000 per annum per unit and the right to deduct the cost of necessary repairs of the rental units from gross income derived from rentals of the units;

(4) Tax credit up to twenty-five percent (25%) of the contractor-developer's professional fees earned from construction of new units or renovation of existing units into apartment dwelling units for rental residential housing for middle and low income families earning less than Php100,000 per annum and to be rented at not more than Php40,000 per annum per unit; and

(5) Entitlement to financing for the necessary repairs to preserve existing rental units, renovation of existing units to apartments for rental housing, or the construction of new units for rental housing under the developmental financing provision of R.A. No. 6846, the Abot-Kaya Pabahay Fund, or the socialized housing program under Sec.22 (a) of R.A. No. 7660, the Documentary Stamp Tax law, or such other Housing Financing for low or middle income socialized housing programs provided by existing law.

SEC. 4. Rules and Regulations; Monitoring of Implementation. -- Rules and regulations to implement this Act shall be promulgated by the Housing Urban Development Coordinating Council (HUDCC) in consultation with the Department of Finance (DOF) in cases of tax exemption and tax credits, and with the endorsement of national housing agencies with respect to programs for social housing and urban development.

The implementation of this Act shall be monitored by the Housing Urban Development Coordinating Council and an annual report thereof submitted to the President and to Congress.

SEC. 5. Separability Clause. - If any provision of this Act or the application of such provision to any person or circumstance is held invalid for any reason, the other provisions or their application to other persons or circumstances not affected thereby shall remain in full force and effect.

SEC. 6. Repealing Clause - All laws, decrees, orders, rules, regulations and issuances or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

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

Approved,