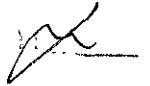


FIFTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )

Senate  
Office of the Secretary

JAN 24 11:12

SENATE  
S. B. NO. 3104



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Introduced by SENATOR AQUILINO "KOKO" L. PIMENTEL III

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### 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 Executive Order No. 272 (EO 272). Upon the recommendation of the Housing and Urban Development Coordinating Council (HUDCC), 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.

To promote sustainable source of housing finance and meet the current housing needs, particularly for socialized housing, it was identified that there is a need for a legislation that will operationalize the Social Housing Finance Corporation (SHFC) as the primary institution responsible for addressing the housing needs of the bottom 30 percent (30%) poor households. It was also identified that there is a need for SHFC to be empowered to enter into loans or issue bonds and other debentures to raise funds for housing construction.

These institutional reforms are pursuant to the 1987 Constitution under Article XIII, Section 9 which provides that 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.

The Urban Development Housing Act of 1992 (Republic Act No. 7279) reiterated the States policy of undertaking, in cooperation with the private sector, a comprehensive and continuing Urban Development and Housing Program, which shall uplift the conditions of the underprivileged and homeless citizens in urban areas and in resettlement areas. It will make available: a) decent housing at

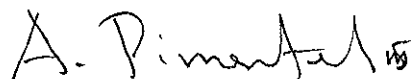
affordable cost, basic services, and employment opportunities; b) provide access to land and housing by the underprivileged and homeless citizens; and c) provide for an equitable land tenure system that shall guarantee security of tenure to beneficiaries and at the same time respect the rights of small property owners and ensure the payment of just compensation.

With the signing of EO 272, the creation of the SHFC paved the way in forming a government office dedicated to deliver socialized housing programs targeting the underprivileged and homeless citizens and the low-income families. It was created primarily to assist the formal and informal sectors in the low-income bracket through financing and other social housing programs and shall provide security of land tenure for the poorest of the poor in our society.

Although EO 272 helped establish a government owned and controlled corporation that will respond to the mandate of the state of providing socialized housing programs, there are several hindrances that the corporation faces in response to its mandate, which the said presidential issuance cannot address. Some of these limitations are: a) EO 272 did not provide the much-needed incentives (i.e. documentary stamp tax and transfer tax exemptions) that the program should have towards providing security of land tenure to its target sector; b) it did not define the objectives of the Corporation, as well as its powers; and c) it did not provide the responsibilities of the Board of Directors and the powers and functions of its President. Also, EO 272 does not empower the corporation to create and develop new and innovative socialized housing programs responsive to the needs of its target sector and to expand private sector participation in the delivery of socialized housing programs.

Furthermore, in the proposed law creating the Department of Housing and Urban Development, it was identified that SHFC is one of the attached agencies of the Department of Housing and Urban Development.

With the passage to law of the creation of SHDFC, envisioned to replace SHFC, these deficiencies will be addressed. A more responsive government office will be established that will take the lead in providing socialized housing programs of the government that will cater to the formal and informal sectors in the low-income bracket, especially the underprivileged and homeless Filipinos and that will take charge in developing and administering socialized housing program schemes responsive to the current housing needs.



**AQUILINO "KOKO" L. PIMENTEL III**

2012 JAN 24 11:12

SENATE  
S. B. NO. 3104

RECEIVED  


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Introduced by SENATOR AQUILINO "KOKO" L. PIMENTEL III

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1 AN ACT  
2 TO CREATE THE SOCIAL HOUSING DEVELOPMENT AND FINANCE  
3 CORPORATION, PRESCRIBING ITS POWERS AND FUNCTIONS, AND  
4 FOR OTHER PURPOSES  
5

6 *Be it enacted by the Senate and House of Representatives of the Philippines*  
7 *in Congress assembled:*  
8

9 **SECTION 1. *Title.*** - This Act shall be known as the "Social Housing  
10 Development and Finance Corporation Act of 2012."  
11

12 **SECTION 2. *Declaration of Policy.*** - It is hereby declared the policy of the  
13 State to undertake a comprehensive and continuing program of housing and urban  
14 development which will make available at affordable cost decent housing and basic  
15 services to the underprivileged and homeless Filipinos through the financing and  
16 administration of tax-exempt socialized housing programs.  
17

18 **SECTION 3. *Statement of Objectives.*** - Toward this end, the State shall  
19 integrate all laws, orders, issuances, and administrative circulars relating to the  
20 provision of socialized housing to effectively achieve the following objectives:  
21

- 22 (a) To assist legally-organized associations of underprivileged and  
23 homeless citizens to purchase and develop a tract of land and to own  
24 lots they occupy or where they choose to relocate to under the concept  
25 of community ownership; and,  
26  
27 (b) To enhance the affordability of low-cost housing by low-income  
28 families, provide developmental financing for low-cost housing  
29 projects.  
30

31 **SECTION 4. *The Social Housing Development and Finance Corporation.***  
32 - To carry out the aforementioned policy and objectives, there is hereby created a  
33 Social Housing Development and Finance Corporation (SHDFC), herein referred  
34 to as the "corporation," with principal office in Metro Manila, which shall replace  
35 the Social Housing Finance Corporation (SHFC) created by virtue of Executive  
36 Order No. 272 issued on 20 January 2004.

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

5  
6 **SECTION 5. *Social Housing Programs.*** - Consistent with Republic Act  
7 No. 7279, as amended, otherwise known as the “Urban Development and Housing  
8 Act of 1992,” the corporation shall supervise, control and implement the following  
9 programs:

10  
11 (a) Community Mortgage Program (CMP) – this program shall assist legally  
12 organized associations of underprivileged and homeless citizens to  
13 purchase and develop a tract of land under the concept of community  
14 ownership. The primary objective of the program is to assist residents of  
15 blighted or depressed areas to own the lots they occupy, or where they  
16 choose to relocate to, and eventually improve their neighborhood and  
17 homes to the extent of their affordability.

18  
19 (b) Localized Community Mortgage Program (LCMP) – a CMP derivative  
20 that allows Local Government Units (LGUs) to address the housing  
21 needs of the informal sector in their respective jurisdictions.

22  
23 (c) Other social housing programs, which may be subsequently initiated or  
24 developed.

25  
26 **SECTION 6. *Abolition of the Abot-Kaya Pabahay Fund Program and***  
27 ***Realignment of the Abot Kaya Pabahay Fund.*** – The Abot-Kaya Pabahay Fund  
28 Program (AKPFP) created by Republic Act No. 6846, otherwise known as the  
29 “Social Housing Support Fund Act of 1990” as amended by Republic Act No.  
30 7835, otherwise known as the “Comprehensive and Integrated Shelter Financing  
31 Act (CISFA) of 1994,” is hereby abolished and whatever funds pertaining to the  
32 Abot-Kaya Pabahay Fund shall be realigned and be used for the socialized housing  
33 programs of SHDFC.

34  
35 **SECTION 7. *Powers and Functions of the Corporation.*** – The corporation  
36 shall have the following powers and functions:

37  
38 (a) To promote land ownership, giving priority to the underprivileged and  
39 homeless citizens;

40  
41 (b) To encourage maximum participation of LGUs, Non-Government  
42 Organizations (NGO), and people’s organizations (PO) to ensure that  
43 homeless citizens and the underprivileged can enjoy the benefits from the  
44 programs of the corporation;

45 (c) To institutionalize and promote housing aided by self-help methods  
46 whereby families with their own and/or outside financing can build their  
47 homes with their labor and such other self-help approaches in home

1 ownership, and introduce support facilities that will enhance the  
2 capabilities of low-income groups to acquire decent housing;

3  
4 (d) To assist LGUs to serve the housing requirements in their respective  
5 jurisdictions, such as resettlement, development of sites and services, and  
6 the renewal of blighted areas;

7  
8 (e) To formulate, adopt, amend and/or rescind such rules and regulations as  
9 may be necessary to carry out the provisions and purposes of this Act, as  
10 well as the effective exercise of the powers and functions, and the  
11 discharge of duties and responsibilities of the corporation, its officers and  
12 employees;

13  
14 (f) To purchase, acquire, sell, discount, refinance or otherwise deal in  
15 community or home mortgages or participate therein or engage in estate  
16 management under such conditions and terms as maybe determined by  
17 the Board of Directors of the corporation;

18  
19 (g) To provide a strong and sustainable finance program supporting the  
20 housing objectives and, in relation thereto, to borrow or raise money  
21 necessary to meet the financial requirements of its business by the  
22 issuance of bonds, promissory notes, and other evidences of  
23 indebtedness, and to secure the repayment thereof by mortgage, pledge,  
24 deed of trust upon the properties of the corporation;

25  
26 (h) To invest and deal with the money and properties of the corporation in  
27 such manner as may, from time to time, be considered wise or expedient  
28 for the advancement of its interests;

29  
30 (i) To enter into any lawful arrangement for joint venture, profit-sharing,  
31 union of interest, unitization, or trust agreement, reciprocal concession,  
32 or cooperation with any corporation, association, partnership, syndicate,  
33 entity, person, or governmental, municipal, or public authority, domestic  
34 or foreign, in the carrying on of any business or transaction deemed  
35 necessary, convenient, or incidental to the carrying out of any of the  
36 purposes of this corporation;

37  
38 (j) To acquire or obtain from any government or authority, national,  
39 provincial, municipal or otherwise, or any corporation, company, or  
40 partnership, or person, such charter, contracts, franchise, privileges,  
41 exemption, licenses and concessions as may be conducive to any of the  
42 objectives of the corporation;

43  
44 (k) To establish and operate one or more branches, offices, or agencies and  
45 to carry on any or all of its operations and business without any  
46 restrictions as to place or amount, including the right to hold, purchase or  
47 otherwise acquire, lease, mortgage, pledge, sell and convey, or otherwise

1 deal with real and personal property anywhere in the Philippines, as may  
2 be necessary or incidental to the conduct of the corporate business;

3  
4 (l) To conduct and transact any and all lawful activities, and to do or cause  
5 to be done any one or more of the acts and purposes set forth herein,  
6 within or outside the Philippines, and in any and all foreign countries,  
7 and to do everything necessary, desirable, or incidental to the  
8 accomplishment of the purposes or the exercise of any one or more of the  
9 powers herein enumerated or which shall, at anytime, appear conducive  
10 to or expedient for the protection or benefit of the corporation;

11  
12 (m) To adopt, alter, and use corporate seal, to sue and be sued, and  
13 generally, to exercise all powers under the corporation laws which are not  
14 inconsistent herewith and/or existing laws; and,

15  
16 (n) To exercise such powers and perform such acts as may be necessary,  
17 useful, incidental or auxiliary to carry out the provisions of this Act.

18  
19 **SECTION 8. Board of Directors** – The corporation shall be governed and  
20 its activities directed, controlled and managed by a Board of Directors hereinafter  
21 referred to as the Board which shall be composed of the following:

22  
23 (a) The Chairperson of the Housing and Urban Development and  
24 Coordinating Council (HUDCC), as the *ex officio* Chairman;

25  
26 (b) The President of the corporation as *ex officio* Vice Chairman;

27  
28 (c) The Secretary of the Department of Finance (DOF) or his/her duly  
29 designated representative;

30  
31 (d) The Secretary of the Department of the Interior and Local Government  
32 (DILG), or his/her duly designated representative;

33  
34 (e) The Secretary of the Department of Budget and Management (DBM) or  
35 his/her duly designated representative;

36  
37 (f) The Governor of the Bangko Sentral ng Pilipinas (BSP) or his/her duly  
38 designated representative;

39  
40 (g) The Secretary of the Department of Environment and Natural Resources  
41 (DENR) or his/her duly designated representative;

42  
43 (h) The Secretary of the Department of Justice (DOJ) or his/her duly  
44 designated representative;

45  
46 (I) Four (4) representatives of the private sector: *Provided*, That he/she shall  
47 be a citizen and a resident of the Philippines, of good moral character, of  
48 known probity, and of proven competence and integrity: *Provided*

1 further, that two (2) of the four (4) private sector representatives shall  
2 come from an NGO or PO involved in the development of housing  
3 projects, organization of housing associations, or management of shelter  
4 finance programs or other related activities for at least five (5) years, that  
5 one (1) of the private sector representatives shall come from the academe  
6 with specialization in the field of urban planning, development studies,  
7 economics, civil engineering or other related course with special training  
8 in housing and urban development programs, preferably in shelter  
9 finance management, from a reputable college or university, and that one  
10 (1) of the private sector representatives shall come from the industry of  
11 real estate developers in the Philippines.

12  
13 The four (4) representatives of the private sector shall be appointed by  
14 the President of the Republic of the Philippines for a term of six (6)  
15 years, with the possibility of reappointment. In no case shall any  
16 representative of the private sector be appointed or designated in a  
17 temporary or acting capacity.

18  
19 The Chairman, Vice Chairman and members of the Board shall be entitled to  
20 a reasonable per *diem* for each meeting actually attended at such amounts as may  
21 be fixed by the Board in accordance with existing laws, rules and regulations.

22  
23 **SECTION 9. Powers of the Board.** - The Board shall have the following  
24 powers:

- 25  
26 (a) To adopt the by-laws of the corporation, and to revise or amend the same  
27 as may be expedient to carry out effectively the functions of the  
28 corporation under this Act:
- 29  
30 (b) To formulate, revise, or adjust periodically all policies, and to promulgate  
31 such rules and regulations and manuals of procedure as are necessary to  
32 ensure the effective implementation of the provisions of this Act;
- 33  
34 (c) To direct the management, operation, and administration of the  
35 corporation;
- 36  
37 (d) To authorize such expenditures by the corporation as are in the interest of  
38 its effective administration and operation;
- 39  
40 (e) To approve the corporation's organizational and administrative structures  
41 and staffing pattern, and create offices or positions necessary for the  
42 efficient management, operation, and administration of the corporation,  
43 and to establish the appropriate compensation package for the officers  
44 and employees of the corporation; *Provided*, that all positions in the  
45 corporation shall not be exempt from Republic Act No. 6758, otherwise  
46 known as the Salary Standardization Law, and other existing laws, rules  
47 and regulations on salaries and compensation; and,

1 (f) To exercise such powers as may be necessary to carry into effect the  
2 provisions of this Act and to accomplish the purposes for which the  
3 corporation is established.  
4

5 **SECTION 10. *President of the Corporation.*** – The President of the  
6 corporation shall be appointed by the President of the Philippines for a term a term  
7 of six (6) years: *Provided*, that he/she shall be a person of good moral character,  
8 unquestionable integrity and of known probity, a holder of a degree in law, public  
9 administration, urban planning, development studies, business or economics, or  
10 other related course with special training in housing and urban development  
11 programs, preferably in shelter finance management, from a reputable college or  
12 university: *Provided further*, that he/she must have expertise and experience of at  
13 least ten (10) years in business, finance, the professions, development of housing  
14 projects, organization of housing associations, and management of shelter finance  
15 programs and other related activities. He/she shall represent the corporation in all  
16 its dealings with other offices, agencies and instrumentalities of the government  
17 and with all persons and entities, public or private, domestic or foreign. He/she  
18 shall exercise such other powers, functions, and duties as may be delegated by the  
19 Board and shall receive such reasonable compensation, allowances and other  
20 emoluments as the Board may determine.  
21

22 **SECTION 11. *Powers and Duties of the President of the Corporation.*** –  
23 The President of the corporation shall prepare the agenda of the Board of  
24 Directors, execute and administer the policies and resolutions approved by it, and  
25 direct and supervise the operations and management of the corporation. Subject to  
26 the approval by the Board in the case of managerial positions and above and  
27 subject to the confirmation by the Board in the case of positions below managerial  
28 level, the President shall appoint the personnel of the corporation, prescribe their  
29 duties and qualifications, in accordance with existing civil service laws, rules and  
30 regulations, to the end that only competent personnel may be employed, and when  
31 warranted, remove, suspend or otherwise discipline them for cause.  
32

33 **SECTION 12. *Exemption from Tax, Legal Process and Lien.*** - All laws to  
34 the contrary notwithstanding, the corporation and all its assets and properties, all  
35 appropriations, funds and amortizations collected and all accruals thereto and  
36 income or investment earnings therefrom, as well as all transactions, supplies,  
37 equipment, papers or documents shall be exempt from any tax, assessment, fee,  
38 charge, or customs or import duty and all assets and properties of the corporation  
39 shall likewise be exempt from all kinds of national or local taxes, fees or charges.  
40 No tax measure of whatever nature hereinafter enacted shall apply to the  
41 corporation, unless it expressly revokes the declared policy of the State in Section  
42 2 hereof granting tax exemption to the corporation and the socialized housing  
43 programs it administers. Any tax assessment against the corporation and its  
44 programs shall be null and void.  
45

46 The corporation shall not be subject to attachment, garnishment, levy or seizure  
47 by or under any legal or equitable process whatsoever, either before or after receipt  
48 by the person or persons entitled thereto.



1 All transactions, agreements, contracts or documents executed in line with the  
2 CMP and other social housing programs to be administered by SHDFC shall also  
3 be exempt from the payment of taxes, such as but not limited to capital gains tax,  
4 donor's tax, documentary stamp tax and registration fees, including fees required  
5 for the issuance of transfer certificates of title.

6  
7 **SECTION 13. *Abolition of the SHFC and Transfer of its Powers and***  
8 ***Functions, Rights, Assets, and Liabilities.*** – The SHFC is hereby abolished.  
9 Within six (6) months from the effectivity of this Act, the powers and functions of  
10 the SHFC and the programs under its administration, in particular the CMP, and  
11 such other related social housing programs being implemented by it, shall be  
12 transferred to and be exercised by the corporation. The corporation shall, by virtue  
13 of this Act, be subrogated to all the rights and assume all the contracts and  
14 liabilities of the SHFC and all its pertinent funds and appropriations, including  
15 unexpended allocations, records, property, assets, equipment and personnel as are  
16 necessary: *Provided*, that the existing officers and employees of the SHFC shall  
17 continue to assume their posts in a holdover capacity until their new appointments  
18 are issued.

19  
20 **SECTION 14. *Structure and Staffing Pattern.*** – The position structure and  
21 staffing pattern of the corporation shall be subject to the approval of the DBM. To  
22 ensure the continued implementation of the CMP and the other social housing  
23 programs during the period of transfer and transition, the SHFC personnel who are  
24 performing the functions transferred to the SHDFC shall continue to perform their  
25 duties; *Provided*, that the said personnel may, at their option, retire or be separated  
26 from the service for which they shall be entitled to the benefits provided by law:  
27 *Provided however*, that the employees' retirement benefit under SHFC, if any,  
28 shall not in any way be diminished or modified in whatever manner at the time of  
29 retirement or separation.

30  
31 **SECTION 15. *Capitalization.*** – The initial capital of the corporation shall  
32 be Fifty Billion (P50,000,000,000.00) Pesos consisting of the following:

- 33  
34 a. Total assets of SHFC, including mortgage receivables of NHMFC under the  
35 Trust Agreement;  
36  
37 b. CISFA remaining balance; and,  
38  
39 c. Annual general appropriations.

40  
41 **SECTION 16. *Appropriations.*** – The amount needed for the initial  
42 implementation of this Act shall be charged against the current year's  
43 appropriation for the CMP and the funds for the AKPFP being administered by the  
44 SHFC. Thereafter, such sums as may be necessary for the continued  
45 implementation of this Act shall be included in the General Appropriations Act.

46  
47 **SECTION 17. *Interim Applicability of Existing Policies, Guidelines, and***  
48 ***Rules.*** – Existing policies, guidelines, rules and regulations with respect to the

1 functions of the SHFC which have been transferred to the SHDFC shall continue to  
2 be applicable and in effect until amended or modified accordingly.

3  
4 **SECTION 18. *Audit.*** – The Chairman of the Commission on Audit shall  
5 appoint and assign to the corporation a Resident Auditor and other subordinate  
6 personnel, responsible to and removable only by the said Commission on Audit  
7 Chairman, to perform audit duties, without prejudice, however, to the power of the  
8 Board of Directors to contract another mode of independent audit service, in  
9 addition to that provided by the Commission on Audit as provided for under  
10 Presidential Decree No. 1445, otherwise known as the Government Auditing Code  
11 of the Philippines. The Auditor shall submit, through the Commission, an annual  
12 report on the financial condition and result of the operations of the corporation to  
13 the President of the Republic of the Philippines and to the Senate and the House of  
14 Representatives.

15  
16 **SECTION 19. *Reports.*** – The corporation shall submit an annual report to  
17 the President of the Philippines and to both chambers of the Congress of the  
18 Philippines.

19  
20 **SECTION 20. *Suppletory Application of the Corporation Code.*** – The  
21 provisions of the Corporation Code shall have suppletory application on matters  
22 not provided for in this Act.

23  
24 **SECTION 21. *Implementing Rules and Regulations.*** – The implementing  
25 rules and regulations to effectively carry out the provisions of this Act shall be  
26 adopted and promulgated by the Board of Directors of the corporation not later  
27 than ninety (90) days after the approval of this Act which shall be published in at  
28 least one (1) national newspaper of general circulation.

29  
30 **SECTION 22. *Repealing Clause.*** – All laws, decrees, executive orders, or  
31 rules and regulations and other issuances, or parts thereof which are inconsistent  
32 with or contrary to the provisions of this Act or its purposes are hereby repealed,  
33 amended, or modified accordingly.

34  
35 **SECTION 23. *Separability Clause.*** – If, for any reason, any provision of  
36 this Act, or the application thereof to any person or circumstances, is held invalid  
37 or unconstitutional, the remaining provisions not affected thereby shall continue to  
38 be in full force and effect.

39  
40 **SECTION 24. *Effectivity.*** – This Act shall take effect fifteen (15) days after  
41 its complete publication in the *Official Gazette* or in at least two (2) national  
42 newspapers of general circulation.

43  
44 Approved,