

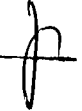
SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



Senate
Office of the Secretary

'16 JUL 26 A9:49

SENATE
SENATE BILL NO. 894

BY: 

INTRODUCED BY SENATOR JOSEPH VICTOR G. EJERCITO

AN ACT TO PROVIDE FOR A HOUSING PROGRAM FOR TEACHERS

EXPLANATORY NOTE

We are faced with a great challenge to provide decent and affordable shelter for the many that remain homeless in our country.

This bill aims to help our public school teachers have the opportunity to own their house and lot, to upgrade their living conditions and most importantly, help the education sector as a whole.

This bill seeks to institute a housing program for teachers by providing funds through loans at affordable interest and long-term repayment period, which our teachers can use to purchase a housing unit of their own choice. It also seeks to involve the private sector in providing housing units exclusively for teachers through the grant of fiscal incentives.

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




JOSEPH VICTOR G. EJERCITO
SENATOR

SEVENTEENTH CONGRESS OF THE)
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AN ACT TO PROVIDE FOR A HOUSING PROGRAM FOR TEACHERS

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

- 1 **SECTION 1. *Title.*** This Act shall be known as the *"Teacher's Housing Program."*
- 2 **SEC. 2. *Declaration of Policy.*** It is hereby declared the policy of the State to uplift the
3 living conditions of teachers and promote a housing program to enable them to acquire
4 their own housing units. To this end, the State affirms its commitment to strength,
5 promote, and support the component activities of housing production and finance to
6 order to enable teachers to acquire decent housing and basic services at the lowest
7 affordable price.
- 8 **SEC. 3. *Coverage.*** The Program shall cover the teachers of the Department of
9 Education (DepEd) with a permanent status.
- 10 **SEC. 4. *Role of Government Housing and Financing Agencies.*** To ensure the
11 accomplishment of the objectives under this program, the hereunder mentioned

1 housing agencies shall perform the following in addition to their respective existing
2 powers and functions:

3 (a) The National Housing Authority shall undertake special housing projects
4 for teachers. In addition, it may also provide technical and other forms of
5 assistance to private developers in the development of housing projects;

6 (b) The National Home Mortgage Finance Corporation shall provide the
7 mortgage market for teacher's housing through the purchase of teacher's
8 housing mortgages and/or issuance of securities. It shall administer the
9 funds provided for housing loans and developer assistance under this Act
10 as well as long-term funds provided by the Government Service Insurance
11 System and the Home Development Mutual Fund for teacher's housing.

12 (c) The Home Guaranty Corporation shall design an appropriate guarantee
13 scheme to encourage financial institutions and private developers to
14 undertake mass housing production for teachers. It shall administer the
15 Guarantee System Fund as provided for under this Act.

16 (d) The Government Service Insurance System and the Development Mutual
17 fund shall be the primary provider of funds for long-term housing
18 mortgages.

19 **SEC. 5. *Role of the DepEd.*** The Department of Education shall undertake the
20 implementation of the program among its teachers and shall ensure collection of
21 amortization payments through a salary deduction scheme. In line with this, the
22 DepEd shall:

- 1 (a) Create a Teacher's Housing Secretariat which shall issue and collect the
2 necessary documentation, receive and process application, and transfer
3 the same to the appropriate housing agencies;
- 4 (b) Deduct amortization from their teachers on a monthly basis and remit the
5 same to the appropriate agency.

6 **SEC. 6. *Program Financing Scheme.*** In the implementation of the Teacher's Housing
7 Program, the following shall consist the financing scheme:

- 8 (a) Housing Loans for Teachers which shall be used for any of the following
9 purpose:
- 10 1. Purchase of a lot and construction of a residential unit thereon;
 - 11 2. Purchase of any of the following:
 - 12 i. brand new or old existing units;
 - 13 ii. housing properties mortgaged with any institution;
 - 14 iii. housing assets being disposed off through public bidding or
15 negotiated sale;
 - 16 3. Purchase of a fully developed lot within a residential area;
 - 17 4. Construction of completion of a residential unit on a lot owned by the
18 beneficiary;
 - 19 5. Home improvement or any alteration in an existing residential unit;
 - 20 6. Restructuring of an existing housing loan in any government housing
21 of financial institution, provided that the account is updated.

22 Loans provided under this program shall be computed based on a
23 net take home pay which shall not be lower than Three Thousand Pesos
24 (P3,000.00). The interest rate on the loan shall not be more than twelve
25 percent (12%) per annum and shall be fixed for the entire term of the loan.

1 Provided, that if the borrower defaults on his amortization payment for
2 reasons of his own doing, the financing agency may subject the borrower
3 to a regular interest rate for the periods that he is in default.

4 To increase the benefits provided to teachers, loans under this
5 scheme shall not be subject to such charges, fees or premiums except
6 minimum processing fees to be charged by the appropriate agencies.

7 Loans provided for teachers earning less than twelve thousand
8 pesos (P12,000.00) per month shall not be less than sixty percent (60%) of
9 all available funds allotted for this purpose. At least forty five percent
10 (45%) of the year appropriation for the Program shall be for Housing
11 Loans.

- 12 (b) Developer Assistance Fund. Proponents or developers of housing projects
13 exclusively for teachers and with a selling cost not exceeding One
14 Hundred Twenty Thousand pesos (P120,000.00) per house and/or lot
15 package which shall be available exclusively for teachers, may avail of a
16 financing loan not exceeding eighty percent (80%) of the entire project
17 cost. The National Home Mortgage and Finance Corporation, in
18 coordination with the HUDCC, shall issue the appropriate guidelines for
19 this purpose.

20 At least fifteen percent (15%) of the early appropriation for the program
21 shall be for developer financing: Provided, that the unused funds for
22 developer financing shall be utilized for Housing Loans.

- 23 (c) Guarantee System Fund. There is hereby created a guarantee system fund
24 for Teacher's Housing Loans not exceeding One Hundred Fifty Thousand
25 Pesos (P150,000.00) with an interest rate of not exceeding twelve percent

1 (12 percent) per annum as originate by the funding agencies or their
2 accredited financial institutions. Such loans shall be assigned to the Fund
3 immediately after origination for which the Fund shall issue promissory
4 notes.

5 At least forty percent (40%) of the yearly appropriation for the
6 Programs shall be for the loan guarantee. The Home Guarantee
7 Corporation shall undertake the guarantee system under this act and shall
8 act as the administrator and trustee of the fund. The HGC shall issue the
9 appropriate guidelines within one (1) year from the approval of this Act.

10 **SEC. 7. *Fiscal Incentives for Private Sector participation in Teacher's Housing.*** Private
11 sector developers who participate in the development of teacher's housing shall be
12 entitled to the following fiscal incentives:

- 13 (a) Exemption from income taxes for housing projects exclusively dedicated
14 for teachers;
- 15 (b) Exemption from capital gains tax on housing projects exclusively
16 dedicated for teachers;
- 17 (c) Exemption from documentary stamp tax for all project related
18 documentation;
- 19 (d) Exemption from value-added tax for the project concerned;
- 20 (e) Exemption from transfer taxes for both raw and completed projects; and
- 21 (f) Exemption from donor's tax for lands certified by the local government
22 units to have been donated to teacher's housing purposes.

1 Provided, that upon application for exemption, the housing development
2 plan shall have already been approved by the appropriate government agencies
3 concerned: Provided further, that all the savings acquired by virtue of this
4 provision shall be used to minimize the cost of the housing units subject to the
5 implementing guidelines to be issued by the Housing and Urban Development
6 Coordinating Council.

7 The Department of Finance, in consultation with the Housing and Urban
8 Development Coordinating Council, shall prepare the necessary implementing
9 guidelines for the proper implementation of the tax exemption mentioned in this
10 section within one (1) after the approval of this Act.

11 **SEC. 8. *Funding Source.*** The Government Service Insurance System and the Home
12 Development Mutual Fund shall contribute a total of Two Billion Pesos
13 (P2,000,000,000.00) for the initial implementation of the Program. Thereafter, each
14 institution shall allocate at least ten percent (10%) of their annual investible funds for
15 long-term teacher's housing mortgages and shall be made available to the National
16 Home Mortgage and Finance Corporation under terms which ensure their repayment.
17 The National Government shall contribute One Billion Pesos (P1,000,000,000.00)
18 annually for the continuous implementation of the Program.

19 **SEC. 9. *Appropriation.*** The amount necessary to carry out the purposes of this Act
20 shall be included in the General Appropriations Act of the year following its enactment
21 into law and every year thereafter.

22 **SEC. 10. *Separability.*** If for any reason, any provision of this Act is declared invalid or
23 unconstitutional, the remaining provisions not affected thereby shall continue to be in
24 full force and effect.

1 **SEC. 11. *Effectivity.*** This act shall take effect fifteen (15) days after its complete
2 publication in at least two (2) national newspapers of general circulation.

3 *Approved,*