



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

'22 AUG 30 A9 :28

**SENATE**

**S. No. 1232**

RECEIVED BY

---

Introduced by Senator Manuel "Lito" M. Lapid

---

**AN ACT  
ESTABLISHING A NATIONAL POLICY OF FREE HOUSING THROUGH  
USUFRUCT, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

The Philippine housing industry believes that every Filipino family has the right to live with dignity in the comfort of one's own home regardless of economic status. Since the early 1990s, various housing finance programs offered long-term and low-interest rate loans, but these unfortunately failed due to mortgage defaults and poor collection efforts, among others. And even with the existence of low-cost housing, which should be inexpensive, the same cannot still be afforded by the intended beneficiaries, i.e., the indigent Filipinos.

In recognition of the policy of the State to institute programs aimed at providing its people access to housing and to pursue avenues that would make housing free to its citizens in need of it, as well as the lack of financial capacity of the indigent Filipinos to have their own houses, this bill seeks to provide such to qualified beneficiaries, i.e., underprivileged and homeless Filipinos without known ownership of any real property anywhere in the country, through a usufruct.

Thus far, our housing program has always operated under the principle of selling housing projects to beneficiaries at affordable prices payable over time. However, in many instances, beneficiaries end up selling the housing units awarded to them for profit instead of using them for their families. This defeats the purpose of the housing programs which is to actually house Filipino families.

The usufruct arrangement allows for the government to retain naked ownership over the units and keep the same for purposes of housing and away from the real estate market.

This program will allow the said beneficiaries free use of the property as a usufructuary, which means the State retains the ownership and title of the said property. Charges for utilities such as electricity, water and communication shall be paid by the beneficiaries unless otherwise provided for by the LGU as included in the usufruct contract. The beneficiaries may enjoy the use of the property for residential purposes only until disqualified or until they commit any of the prohibited acts provided for in this bill.

In view of this, early passage of this bill is sought.



**MANUEL "LITO" M. LAPID**  
Senator

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

'22 AUG 30 A 9 :28

SENATE

S. No. 1232

RECEIVED BY



---

Introduced by Senator Manuel "Lito" M. Lapid

---

1 **AN ACT**  
2 **ESTABLISHING A NATIONAL POLICY OF FREE HOUSING THROUGH**  
3 **USUFRUCT, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

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

4 Section 1. *Short Title.* – This Act shall be known as the “*Free Housing Through*  
5 *Usufruct Act of 2022*”.

6 Section 2. *Statement of Policy.* – As part of its mandate to promote a just and  
7 dynamic social order, it shall be the policy of the State to institute programs aimed at  
8 providing its people access to safe, decent, and affordable housing and pursue  
9 avenues that would make housing free to its citizens in need of it.

10 Section 3. *Free Housing Through Usufruct Program.* – The National Housing  
11 Authority (NHA), Local Government Units (LGUs), and other government agencies  
12 engaged in housing in implementing their housing programs, shall as far as  
13 practicable, distribute housing units to qualified beneficiaries for free through  
14 contracts of usufruct.

15 The NHA, LGU or other government agency engaged in housing or  
16 implementing housing projects, as usufructuary, shall retain ownership of title to the  
17 housing unit, with the beneficiary as usufructuary, allowed to enjoy the use of the  
18 property.

1           Section 4. *Qualified Beneficiaries.* – Only underprivileged and homeless Filipinos  
2 without known ownership of any real property anywhere in the country may be  
3 beneficiaries of the free housing usufruct program. However, LGUs and other  
4 government agencies may extend the benefit to qualified personnel as part of its  
5 employee housing program.

6           Section 5. *Inclusions in the Contracts of the Usufruct.* – The Contracts for  
7 Usufruct shall only include use of the property subject to the prohibitions provided  
8 under Section 7 of this Act. Charges for utilities such as electricity, water and  
9 communication shall be for the account of the beneficiary unless otherwise provided  
10 for by the LGU as included in the usufruct contract.

11           Section 6. *Period of Usufruct.* – The beneficiary shall continue to enjoy use of  
12 the property until disqualified under Section 4 of this Act. In the event of death of the  
13 beneficiary, the next of kin shall have priority to take over the usufruct provided that  
14 the next of kin is qualified under the same section of this Act.

15           Section 7. *Prohibitions on the Usufruct.* – The beneficiary shall not lease, rent,  
16 sell or in any other manner transfer possession of the property under usufruct nor  
17 shall it be allowed to be used in whatever manner by any person other than the  
18 beneficiary or his immediate family. Further, the property shall only be used by the  
19 beneficiary for residential purposes. Violation of these prohibitions shall result in the  
20 forfeiture of the usufruct and constitute disqualification of the violator as beneficiary  
21 of any housing program by the government.

22           Section 8. *Financing, Ownership and Management.* – The NHA shall provide  
23 financial and technical assistance to the LGUs in the implementation of the program.  
24 Regardless of ownership of title to the properties subject of the program, the LGU  
25 where the housing project is located shall be responsible with the management and  
26 maintenance of the properties subject of the program. For purposes of this section,  
27 management shall include the determination of the beneficiaries of the program and  
28 maintenance shall include insuring that adequate utility services are accessible to the  
29 beneficiaries.

1           Section 9. *Appropriations.* – An appropriation in the amount of Five Billion pesos  
2 (P5,000,000,000.00) is hereby allocated to the NHA as seed fund which will be tapped  
3 as assistance to LGUs for the implementation of the program. Subsequent allocations  
4 shall be appropriated in the annual General Appropriations Act as is needed to sustain  
5 the program.

6           Section 10. *Implementing Rules and Regulations.* – The NHA, Department of  
7 the Interior and Local Government (DILG), and the Department of Human Settlements  
8 and Urban Development (DHSUD) shall promulgate the rules and regulations for the  
9 effective implementation of the provisions of this Act.

10           Section 11. *Separability Clause.* – If any provision or part of this Act, or the  
11 application thereof to any person or circumstance, is held unconstitutional or invalid,  
12 the remainder of this Act shall not be affected thereby.

13           Section 12. *Repealing Clause.* — All laws, presidential decrees, executive  
14 orders, proclamations, rules and regulations, or any part thereof, which are  
15 inconsistent with the provisions of this Act are hereby repealed or modified  
16 accordingly.

17           Section 13. *Effectivity Clause.* — This Act shall take effect fifteen (15) days  
18 from its publication in the Official Gazette or in a newspaper of general circulation.

19           *Approved,*