

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

7 JUL -3 1981

SENATE

RECEIVED BY:

Senate Bill No. 598

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INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

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**EXPLANATORY NOTE**

The Housing Finance Program aims to meet about one-third of the national housing needs. Private sector investment is needed to make up the two-thirds of the housing needs. The middle and low income level families earning less than One Hundred Thousand Pesos (P100,000.00) per annum cannot purchase dwelling units, whether socialized or economic. Hence, rental housing is a major alternative.

Clearly, there is a need for dwelling units for rent at reasonable and affordable rates. For the private sector to invest in housing construction which will be rented to the low and middle-income level families at reasonable and affordable rates, a program package of incentives is needed.


Approval of this measure to address the unmet needs for housing is urgently requested.

  
**JINGGOY EJERCITO ESTRADA**  
Senator

FOURTEENTH CONGRESS OF THE REPUBLIC )  
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Senate Bill No. 598

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

*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 ***“Incentives for Rental Residential Housing by the Private Sector Act.”***

**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 with the cooperation of and by providing incentives for the private sector.

Towards the attainment of this policy, incentives private sector provided to promote, accelerate and enhance continuity of the public and private sector's 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. 7644 and such dwelling units which are hereinafter leased for residential housing of low and middle-income families renovation of existing units into rental apartments by construction of new units or dwelling 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. 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 exemption shall continue for five (5) years after December 31, 1997 for as long as the rental rates imposed for the calendar year after 1997 are those provided for under R.A. No. 7644 with an increase of not more than twenty percent (20%), cumulative and compounded based on the actual rate imposed as of December 31, 1997 but not more than Forty Thousand Pesos (P40,000.00) 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 One Hundred Thousand Pesos (P100,000.00) per annum at rental rates of not more than Forty Thousand Pesos (P40,000.00) per annum per unit necessary repairs of the rental units from gross income derived from rental of the units;
- (4) Tax credit up to twenty-five percent (25%) of the contractor-developers 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 One Hundred Thousand Pesos (P100,000.00) per annum and to be rented at not more than Forty Thousand Pesos (P40,000.00) 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 developmental financing provision of R.A. No. 6846, the Abot-Kaya Pabahay Fund, or the socialized housing program under Section 22 (a) of R.A. No. 7660, the Documentary Stamp Tax Law, or such other Housing Financing for low and middle-income socialized housing programs provided by existing law.

**SEC 4. *Rules and Regulations; Monitoring and Implementation.***

Rules and regulations to implement this Act shall be promulgated by the Housing Development Urban Coordinating Council in consultation with the Department of Finance, 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 an annual report to thereof submitted to the President and Congress.

**SEC 5. *Effectivity.*** This Act shall take after complete publication in at least one (1) national newspaper of general circulation.

*Approved,*