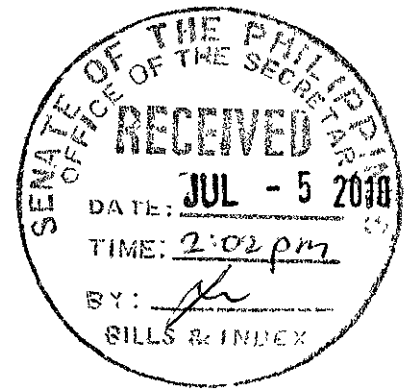


FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

S. No. 136

Introduced by Senator FRANKLIN M. DRILON

EXPLANATORY NOTE

One of the primary responsibilities of government is the promotion of a just and dynamic social order that will ensure prosperity and free the people from poverty. Towards this end, the Constitution mandates that the State provide "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." (Sec. 9, Art. XIII of the Constitution)

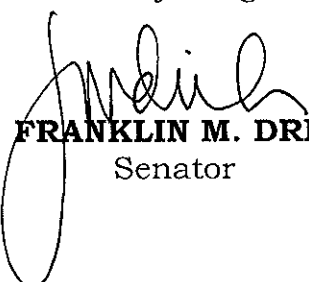
While the past Congresses have dutifully tried to respond to the constitutional mandate, the national shelter program has had no considerable impact on solving the problem of homelessness.

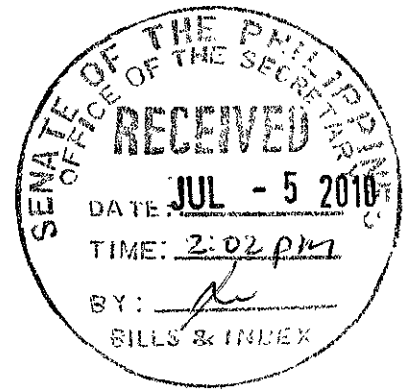
This may be attributed to the fact that the various shelter agencies, though imbued with a single purpose, have not been able to act in synch. Moreover, because of the many agencies involved in addressing the problem of homelessness, a great number of our deserving but underprivileged citizens who desire to avail of housing assistance from government would not know where to go and how to proceed with the processing of their applications for housing loan.

For these reasons, the creation of single, strong, purposeful and highly motivated governmental housing entity specifically, a Department of Housing and Urban Development becomes a must. The proposed Department of Housing and Urban Development shall serve as the primary policy planning, programming, coordinating, implementing, and regulating arm of the Government which will be tasked to promote, develop and regulate dependable networks of housing, urban planning and resettlement programs and projects.

Its creation will do much to lessen the burden of the homeless by providing a single entity which can facilitate and expedite the availability of housing projects and loans. With a singular Department of Housing there would no longer be a need for a housing applicant to go from one government agency to another to pursue his application. The only agency that he would be dealing with is the proposed Department of Housing which could veritably develop into a "one stop-shop for the homeless."

The early passage of this bill is therefore earnestly sought.


FRANKLIN M. DRILON
Senator



SENATE

S. No. 136

Introduced by Senator FRANKLIN M. DRILON

AN ACT
CREATING THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT,
DEFINING ITS MANDATE, POWERS AND FUNCTIONS,
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 the "*Department of Housing and Urban Development Act.*"

Section 2. Declaration Policy. - The State shall pursue the realization of a modern, humane, economically viable and environmentally sustainable society where the urbanization process is manifest in towns and cities being centers of productive economic activity, led by market forces; where urban areas have affordable housing, sustainable physical and social infrastructure and services facilitated under a democratic and decentralized system of governance; where urban areas provide the opportunities for an improved quality of life and the eradication of poverty; and where there is a high degree of complementarity between urban and rural communities.

Section 3. Principles of Sector Governance. - The stipulated policy shall be pursued and realized in accordance with principles that will guide the definition of government functions in the sector; its relationship with the private sector; the vertical compartmentalization of government functions among levels of governance, national and local; and the horizontal compartmentalization of national government functions. These principles that will define and delineate the functions, responsibilities and accountabilities of various national government agencies are as follows:

- a. Steering Role of the National Government in the Sector. The national government shall perform a steering role in the urban development and housing sector.
 1. The national government shall strengthen its role in guiding, mobilizing and facilitating in housing and urban development. It shall define the urban development vision and provide a housing and urban development framework that will guide the investments and activities of the private sector. It shall provide policies on spatial integration, urbanization, urban environmental management, urban redevelopment, urban land management, housing development and other related concerns to facilitate private enterprise and participation. It shall formulate and enforce a minimum set of regulations that will ensure the establishment of a level playing field in the provision of urban infrastructure and services and in the locational choices of investors, and prevent

- urban decay, congestion, diseconomies of scale and environmental degradation of urban areas.
2. The national government shall provide policies that will mobilize public and private sector resources toward a self sustaining housing finance system.
- b. Continuing Devolution of Functions to Local Governments. The national government and local governments shall act as partners in housing and urban development. Functions, and the corresponding authority and accountability shall be continuously devolved to local government units, such devolution to be guided by the following:
1. The delineation of functions between the national government and local governments shall be such that inefficiencies are removed, access to public services is improved, and plans, programs and services are responsive to local needs and opportunities. For this purpose, functions that are location specific in their benefits and costs shall, to the extent possible, be devolved to local governments.
 2. The determination of the proper level of government to which a functions will be devolved shall be determined by the extent of the geographical effects of the benefits and the cost of undertaking such function.
 3. Local governments shall implement national government policies in their respective localities. Location specific functions that are to be devolved to local governments are those that relate to the provision of public goods and services. Local governments shall to the extent possible, encourage the private sector to assume primary responsibility for production of public goods, and limit their functions to enforcing standards and regulations or providing incentives.
 4. Local governments shall have full autonomy in housing and urban development planning and management consistent with national policies, strategies and regulatory framework.
 5. The national government shall be the facilitator, independent monitor and performance evaluator. National government shall formulate national standards and rules to guide local governments in the formulation of localized standards. The promulgation and enforcement of standards and regulations will be undertaken by local governments.
- c. Maximum Participation of the Private Sector and Communities in Housing and Urban Development. The government shall provide policies to maximize private sector participation in housing and urban development and to mobilize public and private sector resources toward a self-sustaining housing and urban development finance system. The national government, through local governments, shall ensure that communities are involved in the formulation of housing and urban development policies and plans that will impact upon them, their livelihood and their living conditions. Full community participation in housing and urban development policies, programs and projects of government shall be encouraged.
- d. Responsiveness to the shelter needs of the urban poor communities. The government shall directly address the concerns and needs of the urban poor communities by formulating the policies, providing and mobilizing resources, and designing as well as implementing programs and intervention that will address urban homelessness and unemployment. Government shall facilitate the establishment of a finance system that enables all sectors of society to have the opportunity to access funds

and facilitate the provision of adequate shelter, security of tenure and appropriate infrastructure, where subsidies, if provided, are transparent in nature and targeted at those in need.

- e. Clear Horizontal Compartmentalization and Coordination of Functions Among National Government Agencies. The Department of Housing and Urban Development, created under this Act, shall be the primary entity for policy formulation and coordination of all housing and urban development functions. It shall define the delineation of housing and urban development functions and responsibilities of and relationship among national government agencies to promote efficiency and effectiveness, clarify accountability, and ensure synchronization.
- f. Policy and Coordinating Role of the Department of Housing and Urban Development. The role of the Department is to support the accomplishment of the sector vision, and, in particular, encourage more opportunities to improve the lives of the urban poor.

Section 4. Definition of Terms. -As used in this Act, the following terms shall mean:

- a. Attachment - refers to the lateral relationship between the department and the attached agency or corporation for purposes of policy and program coordination and as further defined under the Administrative Code.
- b. Devolution - the transfer of responsibility, authority and accountability for the performance of defined functions from the national government to local governments.
- c. Land Use Plan - refers to the document, formulated by the loci government in consultation with its stakeholders, that defines or provides guidelines on the allocation, utilization, development and management of all lands within a given territory or jurisdiction according to the inherent qualities of the land itself and supportive of economic, demographic, socio-cultural and environmental objectives.
- d. Secondary Mortgage Market - refers to the system, which entails purchase, acquisition, discounting, or refinancing of retail loan and mortgage packages or other similar instruments. Once purchased these instruments in turn are traded in the financial market through the issuance and or sale of bonds, promissory notes, debentures, conveyances, and other financial instruments or participation therein, backed by the same pool of mortgages and other assets.
- e. Shelter - refers to the system and its components which establish the residential quality of life, including housing, utilities, access to social services and other community facilities, security, and other aspects related to an individual's residence.
- f. Urban Development - pertains to the process of occupation and use of land or space for such activities as residential, industrial, commercial and the like, necessary to carry out the functions of urban living. It entails the building or rebuilding of more or less permanent structures over land that is often withdrawn or converted from its original use, resulting in the creation of a built environment.
- g. Urban Development Planning - also called city planning or town planning, is a process that involves the planning of diverse elements that comprise an urbanized area, including its physical infrastructure, environment, housing, transportation, and management of land use and urban growth.
- h. Urban Land Management - refers to the range of government interventions, including policies, incentives, regulation and titling, land

use planning and zoning, land development, public information and conflict resolution that will promote the optimization and most efficient use of urban land, including appropriate land valuation to achieve efficiency in use, promote access, support economic productivity, ensure sustainable development and protect individual rights.

- i. Urban Renewal or Redevelopment - the process of planned renewal, physical and socio-economic revitalization of outworn, old, derelict areas of towns and cities, as well as preservation of historical assets through redevelopment and rehabilitation.
- j. Zoning Ordinance - refers to the set of rules, regulations and specific procedures and requirements promulgated by the local government that will guide land use and land development and the development of built environment within the jurisdiction of the local government.

CHAPTER 1

DEPARMTENT OF HOUSING AND URBAN DEVELOPMENT

Section 5. *Creation of the Department of Housing and Urban Development.* - There is hereby created the Department of Housing and Urban Development, hereinafter referred to as the Department.

Section 6. *Powers and Functions.* -The Department shall perform the following functions:

- a. Formulate the national urban development and shelter policy and strategy in coordination and consultation with the stakeholders, and ensuring its consistency with the National Development Plan;
- b. In consultation with the stakeholders, formulate the urban development and shelter planning framework, establish and operate a national urban development and shelter planning system, and develop the necessary planning guidelines, procedures and urban development standards that will define and delineate the roles of all stakeholders, and guide the planning, standards localization, promulgation and enforcement of rules, and service delivery programs of national government and local governments, and facilitate private sector investment;
- c. Formulate housing finance policies, and recommend and facilitate the development of mechanisms that promote the establishment of a self-sustaining private sector led housing finance system;
- d. Formulate and implement a shelter program for urban poor communities that will promote their social and economic welfare, and mobilize resources and encourage stakeholder participation in the provision of urban services for the poor;
- e. Provide assistance to and capability building of local governments in urban development, urban redevelopment and urban management in support of national policies and strategies in the sector, as well as strengthen the role of independent component cities and provincial governments as the primary entities for urban development planning and management at the local level;
- f. Develop and establish a sector performance monitoring and assessment mechanism, and monitor and independently report on the performance of the sector, national government agencies, and local governments in housing and urban development to enable continuing improvements in sector policy and strategy formulation;
- g. Delineate areas for priority development as urban renewal areas and prepare programs for their regeneration;

- h. Support devolution and decentralization where local governments in partnership with communities, non-government organization and private groups assume the functions of urban renewal and regeneration;
- i. Exercise administrative investigatory powers over local governments to ensure their faithful compliance with housing and urban development laws, standards and guidelines, as well as their judicious and fair application of local housing and urban development and housing ordinances, and require the submission by local governments of pertinent documents and information, as may be necessary in the judicious and effective conduct of investigation;
- j. Develop and implement the comprehensive and integrated housing program provided for under this act;
- k. Formulate and enforce general and specific policies for housing development and resettlement;
- l. Prescribe guidelines and standards for the reservation, conservation and utilization of public lands identified for housing and resettlement;
- m. Exercise the right of eminent domain or acquire by purchase privately owned lands for purposes of housing development, resettlement and related services and facilities;
- n. Develop and undertake housing development and/or resettlement projects through joint ventures or other arrangements with public and private entities;
- o. Discharge all responsibilities of the government, on behalf of the department, as may arise from treaties, agreements, and other commitments on housing and resettlement to which it is a Signatory, including the determination of forms of assistance for housing development to be extended through multilateral or bilateral assistance programs;
- p. Promote housing development by providing technical assistance;
- q. Purchase, acquire, sell, discount, refinance, or otherwise deal in home mortgages or participations therein under such terms and conditions as may be prescribed by the board of directors of the corporation;
- r. Own, lease, purchase or otherwise acquire, sell or otherwise dispose of, property, real or personal, as may be necessary and appropriate for the conduct of its business;
- s. Enter into and perform such contracts with any person or entity, public or private, as may be necessary, proper or conducive to the attainment or furtherance of the objectives and purposes of this act;
- t. Receive donations, grants, and bequests and utilize the same for the attainment of its objectives. Such donations, grants and bequests shall be exempt from the payment of transfer taxes and be fully deductible from the gross income of the donor or grantor for income tax purposes;
- u. Promulgate such rules and regulations and to do and perform any and all things as may be necessary and proper to carry out its responsibilities, powers and functions under this Act;
- v. Perform such other related functions as may be mandated by law.

Section 7. Mandate. - The Department shall be the primary national government entity responsible for the management of housing and urban development. It shall be the main planning and policy-making, program coordination, and performance monitoring entity for all housing and urban development concerns.

Section 8. Organizational structure. - The department shall consist of the offices of the secretary, the undersecretaries and assistant secretaries, the

department services, bureaus, regional offices, the attached agencies, and their constituent units.

CHAPTER 2 DEPARTMENT PROPER

Section 9. *Office of the Secretary.* - The Office of the Secretary shall consist of the secretary, and his immediate staff.

Section 10. *Powers and functions of the Secretary.* - The Secretary shall:

- a. Advise the President in issuing executive orders, regulations, proclamations and other issuance relative to matters under the jurisdiction of the department;
- b. Establish policies and standards for the efficient and effective operations of the Department in accordance with the approved programs of the government;
- c. Promulgate rules, regulations and other issuance necessary in carrying out the Department's mandate, objectives, policies, plans, programs and projects;
- d. Exercise supervision and control over all functions and activities of the Department;
- e. Exercise disciplinary powers over officers and employees of the department in accordance with law including their investigation and the designation of a committee or officer to conduct such investigation;
- f. Appoint all officers and employees of the department except those whose appointments are vested in the president or in some other appointing authority;
- g. Delegate authority for the performance of any administrative or substantive functions to subordinate officials of the Department; and
- h. Perform such other functions as may be provided by law or assigned by the President.

The Secretary shall serve as an *ex officio*, non-voting member of the National Economic and Development Authority (NEDA) Board, the governing boards of the Social Security System (SSS), the Government Service Insurance System (GSIS) and the Public Estates Authority (PEA). He shall also be a member of the NEDA's Committee on Infrastructure (INFRACOM), of the Social Development Committee (SDC) and the body authorized to formulate, prescribe, or amend guidelines under Republic Act No. 6957 or the Build-Operate-Transfer Law.

The Secretary shall chair the governing board of the Home Development Mutual Fund (HDMF).

Section 11. *The Undersecretaries and Assistant Secretaries.* - The Secretary shall be assisted by two (2) undersecretaries, one (1) for operations and one (1) for plans and support services, and three (3) Assistant Secretaries who shall all be appointed by the President upon the recommendation of the Secretary. The assistant secretaries shall be career officers. They shall perform the powers and functions as provided for in Section 10 & 11, Chapter 2, Book IV of the Administrative Code of 1987.

The Secretary is hereby authorized to delineate and assign the respective functional areas of responsibility of the undersecretaries and assistant secretaries and assign them as required.

CHAPTER 3 DEPARTMENT SERVICES

Section 12. *Department Service, Character and Head.* The department services shall be essentially staff in character each of which shall be headed by a staff director.

Section 13. *Financial Management Service.* -The Financial Management Service shall:

- a. Formulate the medium-term and annual expenditure program for the Department and prepare, execute and administer the Department's annual budget;
- b. Develop and implement approaches, methodologies and procedures for ensuring efficiency in the allocation and utilization of budgetary and other resources of the Department;
- c. Provide accounting, financial management, disbursement and cashiering services to the Department and ensure the submission of the appropriate financial and physical performance reports and financial statements;
- d. Monitor and make recommendations on the financial and physical performance of the Department's programs, projects and activities; and
- e. Perform such other related functions as may be assigned by the Secretary.

Section 14. *Administrative Services.* - The Administrative Service shall provide the Department with efficient and effective services relative to personnel, human resources development, records management and custodial work, supplies and inventory management, procurement, physical assets management, and other related administrative functions as may be assigned by the Secretary.

Section 15. *Legal Service.* - The Legal Service shall:

- a. Provide the Department, its officials and personnel with legal counseling services;
- b. Provide assistance to the Secretary in handling cases affecting the Department and in the investigation of administrative cases involving Department personnel;
- c. Provide assistance to the Secretary and other Department personnel in the preparation of legislative proposals and legal issuances affecting the sector or the Department;
- d. Review and make recommendations to the Secretary on the legal and legislative implications of plans, programs and activities affecting the sector or the Department; and
- e. Perform such other related functions as may be assigned by the Secretary.

Section 16. *Public Relations and Information Service.* - The Public Relations and Information Service shall;

- a. Formulate and implement a public information and relations program that will promote public and stakeholder knowledge of and feedback on the policies, regulations, incentives, opportunities and programs and projects in the housing and urban development sector;

- b. Prepare, produce and publish materials to support such public information and public relations program;
- c. Establish collaborative networks for the dissemination of information and generation of feedback on sectoral concerns; and
- d. Perform such other related functions as may be assigned by the Secretary.

Section 17. *Information and Communications Technology Service.* - The Information and Communications Technology Service shall:

- a. Formulate and implement an information and communications technology plan for the sector that will ensure the speedy generation, organization, and processing of data and production of analytic information to support planning, policy formulation, performance monitoring and assessment and transaction processing systems of the Department;
- b. Define the design of the integrated information systems and their functional specifications, and undertake the management of the development, operation and maintenance of applications;
- c. Establish collaborative electronic data sharing and communications linkages with other departments, agencies, industry and local government units to ensure the generation of comprehensive, up-to-date and accurate data and promote their wider use in decision making;
- d. Undertake continuing user training and assistance to improve computer literacy and promote the sophisticated use of information technology in planning, analysis, transaction processing and decision making;
- e. Be responsible for the maintenance and provision of support services to all Department employees in the use of information technology;
- f. Conduct continuing studies on best uses of information and communications technology in the housing and urban development sector; and
- g. Perform such other functions as may be assigned by the Secretary.

CHAPTER 4 PLANS, POLICIES AND MONITORING OFFICE

Section 18. *Plans, Policies and Monitoring Office.* -The Plans, Policies and Monitoring Office (PPMO), shall be headed by an Assistant Secretary and shall be the central government policy, planning and monitoring think tank for housing and resettlement, and urban planning, development and regeneration. The Office shall be responsible for the:

- a. Formulation of national housing policy, urban and regional development policies, and resettlement policy;
- b. Updating of national urban development and housing framework; preparation of national shelter plan and agency corporate plan;
- c. Conducting research and development in housing technologies and into housing and urban development;
- d. Monitoring the effectiveness of government policies and programs in housing delivery and urban development, including those of the attached agencies;
- e. Development of performance indicators for housing and urban development, develop the performance indicators and program targets for key shelter agencies and local governments;

- f. Monitoring key shelter agencies' performance against targets as well as the accomplishment of national shelter plan and adherence to the urban development and housing framework;
- g. Integration of housing and urban development data banks with those of other government agencies; and
- h. Monitor the performance of local government programs in housing and urban development.

Section 19. Bureaus under the PPMO. -The Assistant Secretary for Plans, Policies and Monitoring shall supervise the following:

- a. Plan Policies and Programs Bureau. The Plans, Policies and Programs Bureau shall:
 - 1. Formulate, review and update, in consultation with national government agencies, local governments, private sector, communities and other stakeholders, national plans, objectives and policies for housing and urban development, specifically the National Urban Development and Housing Framework and the National Shelter Program;
 - 2. Establish and implement a national housing and urban development planning system and coordinate the preparation and timing of the sectoral plans of national government agencies with the local development plans of local government units, ensuring their consistency with the National Urban Development and Housing Framework, the National Shelter Program and the Medium-Term Philippine Development Plan;
 - 3. Design programs for the provision of capacity building assistance to local governments in housing and urban development planning, investment programming, formulation of zoning ordinances, plan administration and performance assessment;
 - 4. Formulate policies and design interventions that will directly address the shelter concerns of the urban poor communities, including the formulation of guidelines on eviction and relocation;
 - 5. Standardize planning data and sector information requirements under a uniform data classification and storage and through geographic information systems;
 - 6. Formulate and implement a research and development agenda and mobilize public and private sector resources to generate new knowledge; develop and/or adopt new technologies; identify and design new products and services, to support continuing improvement in housing and urban development regulation, production, and service delivery;
 - 7. Undertake continuing studies on the research and development requirements of the housing and urban development sector, for the purpose of, but not limited to, policy development, planning and standards formulation; and
 - 8. Perform such other functions as may be assigned by the Secretary.
- b. Monitoring and Evaluation Bureau. The Monitoring and Evaluation Bureau shall:
 - 1. Formulate an effective monitoring and performance evaluation system and undertake the overall monitoring and performance assessment of housing and urban development projects of the department, its attached agencies, local government units, and other entities;

2. Monitor and evaluate the performance of the sector particularly on the consistency of programs, projects and activities of national government agencies, local government units, industry and other stakeholders with the National Urban Development and Housing Framework, National Shelter Strategy, sector public investment programs and the policies of the Department;
 3. Develop and operate a sector performance monitoring and evaluation system and monitor, evaluate and independently report on the performance of the sector and that of local governments, industry, national government and other key sector stakeholders;
 4. Recommend changes and coordinate action needed to ensure the accomplishment of the objectives of the National Urban Development and Housing Framework, National Shelter Strategy, sector public investment programs and the policies of the Department;
 5. Regularly monitor the corporate and operational performances of all the organic bureaus, attached agencies and corporations, and make recommendations thereon; and
 6. Perform such other related functions as may be assigned by the Secretary.
- c. Housing Finance Development Bureau. The Housing Finance and Development Bureau shall:
1. Formulate policies and implement schemes to encourage a sustainable market-oriented housing finance system that will ensure greater private sector participation and adequate flow of private funds into the housing industry;
 2. Design the most appropriate mechanism to increase transparency and efficiency in the use of public funds, including the creation of a socialized housing fund or other mechanisms to administer up-front grants or amortization support, and design the implementing system and procedures for the program maximizing the principles of decentralization and devolution;
 3. Undertake continuing studies for the improvement of the institutional framework and administrative operations for housing finance; and
 4. Perform such other functions as may be assigned by the Secretary.

CHAPTER 5

URBAN DEVELOPMENT AND HOUSING OPERATIONS OFFICE

Section 20. *The Urban Development and Housing Operations Office (UDHOO).* - The Urban Development and Housing Operations Office (UDHOO), shall be headed by the Undersecretary for Operations who shall discharge the following duties and responsibilities:

- a. Administration of homeless assistance advances/grants to LGUs, NGOs, and private communities for temporary or emergency housing in response to man-made or natural calamities;
- b. Development of the capacity of local governments to plan, implement and monitor housing, land management, urban development and urban redevelopment programs;
- c. Development and administration of the national government subsidy program for social housing;
- d. Provision of technical and administrative support to, management and implement foreign assisted projects at the central level; and
- e. Exercise administrative supervision and control over the housing and land use regulatory office and the regional offices.

Section 21. *Housing and Land Use Regulatory Office (HLURO).* – The quasi-judicial powers and functions with respect to housing, urban development and land use control shall be exercised through the housing and land use regulatory office.

Section 22. *Powers and Functions of the Housing and Land Use Regulatory Office.* - The HLURO shall:

- a. Formulate, review and update national policies and standards, guidelines and regulations relative to land use for implementation and enforcement by local government units;
- b. Develop urban development planning and urban development, land use, zoning and urban management standards and guidelines for the formulation of local development plans, land use plans and zoning ordinances, and for local development administration and urban management by local governments, ensuring the integration of the spatial and socio-economic aspects of development, promoting consultation and consensus, and improving development quality;
- c. Formulate national standards and regulation relative to the development of condominium and subdivision projects, which will serve as guide for the enforcement of such regulation by the provincial governments and independent cities;
- d. Formulate zoning and other land use control standards and guidelines which shall govern the development and implementation of local land use plans and zoning ordinances of municipalities and component cities; the zoning components of civil works and infrastructure projects of the national, regional and local governments located within the geographical jurisdiction of the province or independent component city; subdivision or estate development projects of the public and private sectors; and urban renewal plans, programs and projects; Provided, that these standards and guidelines shall respect the classification of public lands for forest purposes as certified by the Department of Environment and Natural Resources;
- e. Monitor, evaluate, investigate and independently report on the performance of local governments, the private sector, and other stakeholders in the aspects of housing development, land use management, and their regulation;
- f. Issue rules and regulations to enforce the land use policies as prescribed by existing laws on land use and such other laws regulating the use of land, including the regulatory aspect of the Urban Land Reform Act and all decrees relating to the value of land and improvements and their rental, in their respective geographical areas of jurisdiction;
- g. Develop and install the housing and land use development oversight monitoring system and undertake reserve compliance monitoring functions deemed vital by the Secretary;
- h. Formulate and implement real estate consumer education and protection programs;
- i. Adopt rules of procedure for the conduct of its business for approval of the secretary;
- j. Conduct public hearings relating to its functions;
- k. Promote, encourage, coordinate and assist private enterprises and government agencies and instrumentalities in planning, developing and coordinating housing and urban development plans and programs by furnishing legal, technical and professional assistance;

1. Develop and implement upon approval of the Secretary prototype projects supportive of its regulatory functions either by itself or as part of an inter-agency group or by contract with such public or private entities;
- m. Charge and collect reasonable fees in the performance of its functions;
- n. Issue orders after conducting appropriate investigation for the cessation or closure of any use or activity and to issue orders to vacate or demolish any building or structure that it determines to have violated or failed to comply with any of the laws, executive orders, presidential issuances and directives being implemented by it, either on its own motion or upon complaint of any interested party;
- o. To administer oaths, summon parties to a controversy, issue subpoenas requiring attendance and testimony of witnesses or the production of such books, papers, contracts, records, agreements and other documents of similar nature as may be material to a just determination of the matters under investigation or hearing conducted in pursuance of this act;
- p. Regulate real estate trade and business;
- q. Register subdivision lots and condominium projects;
- r. Issue license to sell subdivision lots and condominium units in the registered units;
- s. Approve performance bonds and suspension of license to sell;
- t. Register dealers, brokers and salesmen engaged in the business of selling subdivision lots or condominium units;
- u. Revoke registration of dealers, brokers or salesmen for cause;
- v. Approve mortgage on any subdivision lot or condominium unit made by the owner or developer;
- w. Grant permits for the alteration of plans and the extension of period for completion of subdivision or condominium projects;
- x. Approval of the conversion to other purposes of roads and open spaces found within the project which have been donated to the city or municipality concerned;
- y. Hear and decide cases on unsound real estate business practices, claims for refund against project owners, developers, dealers, brokers or salesmen, cases of specific performance and other related cases arising from contractual or statutory obligations of owners, dealers, brokers, or salesmen towards lot or unit buyers;
- z. Impose administrative fines and/or penalties for violation of this act, and other laws implemented by the department including pertinent rules and regulations, orders, decisions and/or rulings; provided that the maximum fines or penalties to be imposed shall not exceed Five Hundred Thousand Pesos (P500,000.00); Provided further; that the Secretary may adjust such rates not more than once every three (3) years;
- aa. To determine and order the payment by the losing party of the cost of litigation incurred by the winning party and prescribe the manner in which such payments shall be made;
- bb. To deputize any law enforcement agency in the execution of the final orders, rulings or decisions; and
- cc. Perform such other related functions as may be assigned by the Secretary.

SECTION 23. *Decisions of the HLURO.* - Decisions, orders or resolutions of the HLURO hearing officers shall be appealable to the Secretary within fifteen (15) days from receipt of the decision. However the Secretary may *motu proprio* review any decision or action of the HLURO before the same becomes final.

CHAPTER 6 THE REGIONAL OFFICES

Section 24. *Regional Offices.* - The Department is hereby authorized to establish, operate and maintain a Department-wide regional office in each of the country's administrative regions. Each Regional Office shall be headed by a Regional Director and shall have, within its administrative region, the following functions:

- a. Implement laws, policies, plans, rules, regulations and programs of the department in the concerned region;
- b. Implement the local government housing and urban development capacity building programs of the Department in their respective regions;
- c. Ensure the consistency of the over-all regional development goals and programs with the National Urban Development and Housing Framework, and the National Shelter Program, and vice-versa; similarly between Department programs and regional plans of other government agencies;
- d. Review all local development and land use plans of provinces and independent cities for purposes of ensuring compliance with laws within thirty (30) days from receipt thereof;
- e. Undertake the independent monitoring and review of sector performance and the performance of national government, local governments, industry and other stakeholders in the regions, and recommend appropriate action thereon;
- f. Monitor, investigate and assess compliance to approved subdivision and condominium plans; and for the purpose, impose fines/penalties and, on its own motion or upon complaint of any interested party, after the conduct of appropriate investigation, issue notices of violations and Cease and Desist Orders for noncompliance thereof;
- g. Coordinate the housing and urban development planning process in the regions to ensure the delivery of various activities and services such as titling, issuance of permits for subdivision plans, the provision of social and livelihood services, and other services related to housing and urban development;
- h. Maintain a regional database and information system for the sector in the region;
- i. Undertake a public information program to provide the industry, general public and other stakeholders with information on national and local government policies, regulations and programs, as well as to establish a consultative mechanism to serve as a forum for continuing planning and evaluation of settlement programs and projects;
- j. Implement, monitor and evaluate policies, rules and regulations governing resettlement, relocation/eviction or demolition due to for government projects which will involve the eviction or demolition of structures of homeless and underprivileged citizens, and recommend appropriate action thereon;
- k. Ensure that local government units institute preventive measures against squatting and address other concomitant problems, such as rural to urban migration;
- l. Monitor and evaluate the implementation of government's programs and projects which would require housing provision and/or relocation and resettlement activities, and recommend appropriate action thereon;

- m. Administer homeless assistance advances/grants to LGUs, NGOs and private communities for temporary and emergency housing, in response to man-made and natural calamities;
- n. Implement innovative, clearly defined, transparent and on-budget housing subsidy mechanisms for the homeless and underprivileged in the regions to enhance accessibility to housing;
- o. Registration of incorporation of home-owners associations and condominium corporations; and
- p. Perform such other functions as may be assigned by the Secretary.

**CHAPTER 7
ATTACHED AGENCY AND ADVISORY COMMITTEE**

Section 25. Attached Agency. - The HOME DEVELOPMENT MUTUAL FUND (HDMF) is hereby attached to the Department for policy and program coordination. The Fund shall continue its function of providing a savings systems for public and private sector employees with housing as its primary investments, provided for in P.D. 1752, as amended by E.O. 35 and Republic Act 7742.

The Secretary shall in concurrent capacity, be the ex-officio chairperson of the HDMF.

SECTION 26. Advisory Committees. -The Secretary shall have the power to establish Ad Hoc advisory committees, consisting of key representatives from the private sector, urban poor communities and other marginalized groups, academe, local governments, and national government to provide a forum for private sector participation and dialogue on key housing and urban development issues and policies.

**CHAPTER 8
FUNCTIONS OF LOCAL GOVERNMENTS IN RELATION
TO HOUSING AND URBAN DEVELOPMENT**

Section 27. Continuing Devolution of functions to Local Governments. -The national government, through the Department of Housing and Urban Development, and in consultation with the Department of Interior and Local Government and the local governments, shall formulate and implement a continuing devolution program for housing and urban development sector functions, responsibilities, authority and accountability, in accordance with the principles of sector governance stipulated in this Act.

Section 28. Devolution of Rule Enforcement Functions to Provinces and Independent Component Cities. -The following regulatory functions of the Housing and Land Use Regulatory Board as provided for in Executive Order No. 648, dated 07 February 1981, as amended by Executive Order No. 90 dated 17 December 1986, are hereby devolved to provincial governments, independent component city governments and the cities and municipalities of the Metropolitan Manila Area; Provided that all rule promulgation and enforcement functions and activities of local government units, are in accordance with the prescribed regulatory framework and policies as well as guidelines issued by the Department of Housing and Urban Development:

- a. Review, evaluate and approve or disapprove comprehensive local development plans, local land use plans and zoning ordinances of component cities and municipalities; the zoning components of civil

works and infrastructure projects of national, regional and local governments; subdivision, condominium or estate development projects including industrial estates, of the public and private sectors; and urban renewal and regeneration plans, programs and projects; Provided that the review and approval of such comprehensive local development plans, local land use plans and zoning ordinances shall respect the classification of public lands for forest purposes as certified by the Department of Environment and Natural Resources; and Provided that the classification of specific alienable and disposable lands by the Bureau of Lands shall be in accordance with the relevant zoning ordinance of the local government where such lands are located; and the provisions of RA 6657 with regard to the lands distributed, and issued notice of coverage under the Comprehensive Agrarian Reform Program (CARP) as certified by the Department of Agrarian Reform; Provided, Further, that nothing in this Section shall be construed as repealing, amending or modifying in any manner, the provisions of RA 6657;

- b. Registration of subdivision lots and condominium projects; issuance of license to sell subdivision lots and condominium units in the registered units; approval of performance bond and the suspension of license to sell; approval or mortgage on any subdivision lot or condominium unit made by owner or developer; granting of permits for the alteration of plans and the extension of period for completion of subdivision or condominium projects, subject to the standards and requirements of the Department;
- c. Impose fines and penalties as may be allowed under existing laws or Department policies, and guidelines;
- d. Conduct public hearings and consultations on the promulgation of regulation;
- e. Formulate and adopt rules and procedures for rule enforcement;
- f. Provide information to the Department necessary in the monitoring of local urban development and housing in accordance with the report content and formatting guidelines of the Department; and
- g. Perform such other related regulatory functions as may be provided for by law.

CHAPTER 9 TRANSITORY PROVISIONS

Section 29. *Dissolution of Existing Housing Agencies and Corporations.* - To integrate all the functions and activities of the government, as well as minimize duplication of work and thus achieve economy, efficiency and effectiveness of operation in the management of housing and urban development, the Housing and Urban Development Coordinating Council (HUDCC), the Presidential Committee for Mass Housing, the National Housing Authority (NHA), the National Home Mortgage Finance Corporation (NHMFC), the Home Insurance Guaranty Corporation (HIGC) and the Housing and Land Use Regulatory Board (HLURB) are hereby abolished within six (6) months from the effectivity of this act subject to Section 33 of this Act.

Section 30. *Transfer of Power and Functions.* - The powers and functions of the abolished agencies and corporations are hereby transferred to the Department.

Section 31. *Transfer of Rights, Assets and Liabilities.* - The Department shall, by virtue of this Act, be subrogated to all rights and assume all the liabilities of the Housing and Urban Development Coordinating Council,

Presidential Commission on Mass Housing and all other agencies, corporations of the government whose functions and powers have been transferred to the Department, and all their pertinent funds, records, property, assets, equipment and such personnel, as may be necessary, including unexpended portions of their appropriations and/or allocations. all contracts and liabilities of said offices, agencies, and government units are hereby transferred to and assumed by the department and shall be acted upon in accordance with the auditing code and other pertinent laws, rules, and regulations.

SECTION 32. Staffing Pattern. -The Secretary shall, with the end in view of creating a lean but effective organization, prescribed and approved the organizational framework and staffing pattern within sixty (60) days after the approval of this act. The organization, staffing, and compensation standards shall be based on existing budgeting and compensation rules and regulations.

The authorized positions created therein shall be filled by regular appointments by the president or the secretary as the case may be: provided, that, in the filling of positions created, preference shall be given to the personnel of abolished agencies: provided, however, that such individuals comply with the qualification standards set by the civil service commission for the positions that they shall be appointed to: provided, finally, that, if such individuals possess the same qualifications, seniority shall be given priority.

Section 33. Transition Period. - All transfer of functions, assets, funds, equipment, property, transactions and personnel in affected national government agencies; and the formulation and implementation of the internal organic structures, staffing patterns, operating systems and revised budgets of the Department, shall be completed within six (6) months; provided, that the officers and employees of the abolished offices, agencies, and government units shall continue to assume their posts in holdover capacity until such time as the Department has been organized and the new officers and employees have been appointed pursuant to the provisions of this act.

SECTION 34. Gratuity. -Employees separated from the service as a result of the abolition or reorganization under the provisions of this act shall, within one (1) month from their separation, be paid the money value of his accumulated vacation and sick leave, and such retirement gratuity as may be due him under existing retirement laws. Any of the employees and laborers who do not qualify under any existing retirement law shall be paid one hundred fifty percent (150%) of their monthly basic salary for every year of service in the government, payable in lump sum; Provided however that those who avail of such privileges shall start their government service anew if subsequently absorbed and government owned entity.

CHAPTER 10 IMPLEMENTATION AUTHORITY AND FUNDING

Section 35. Implementing Authority. - The Secretary of the Department is hereby authorized to undertake the implementation of the provisions of this Act and implement the necessary organizational changes within the specified six (6) month transition period.

Section 36. Funding. - The amount in excess of the unreleased balance of the budgets of the Department which is needed for the initial implementation of this Act, as may be determined by the Secretary in the case of the Department of Housing and Urban Development shall be released by the Department of Budget

and Management within thirty (30) days upon submission by the Department and the Commission of their respective budget estimates.

CHAPTER 11 MISCELLANEOUS PROVISIONS

Section 37. *Mandatory Review of the Implementation of this Act.* - The Department shall conduct and submit a report to Congress a review of the implementation of this Act, at the end of the second year after the effectivity of this Act for implementation at the national government level, and at the end of the fifth year with respect to the devolution of functions to local governments.

Section 38. *Repealing Clause.* - All laws, ordinances, rules, regulations, and other issuances or parts thereof, which are inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

Section 39. *Separability Clause.* - Any portion or provision of this Act that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

Section 40. *Effectivity.* - This Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,