

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



19TH CONGRESS
First Regular Session

House Bill No. **854**

Introduced by Representative Michael L. Romero

EXPLANATORY NOTE

It is imperative that the Local Government Units (**LGUs**) shall be charged with the implementation of this Act in their respective localities, in coordination with the **DHSUD**, housing agencies, the Presidential Commission for the Urban Poor (PCUP), the private sector and other nongovernment organizations.

They shall prepare a comprehensive land use plan for their respective localities in accordance with the provisions of this Act.

The DHSUD shall, through the key housing agencies, provide local government units with necessary support such to formulate standards and guidelines as well as providing technical support in the preparation of town and land use plans

In coordination with the National Economic and Development Authority (**NEDA**) and the Philippine Statistics Authority (**PSA**), shall provide data and information for forward-planning by the local government units in their areas, particularly on projections as to the population and development trends in their localities and the corresponding investment programs needed to provide appropriate types and levels of infrastructure, utilities, services and land use patterns.

This House Bill seeks to assure, upon request of local government units, shall provide technical and other forms of assistance in the implementation of their respective urban development and housing programs with the objective of augmenting and enhancing local government capabilities in the provision of housing benefits to their constituents; and shall design an appropriate guarantee scheme to encourage financial institutions to go into direct lending for housing.

Approval of this bill is therefore sought.



MICHAEL L. ROMERO Ph.D.

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House Bill No. 854

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AN ACT

RATIONALIZING THE **COMMUNITY MORTGAGE PROGRAM (CMP)**
TO CREATE AN APPROPRIATE GUARANTY SCHEME, IMPROVE
THE EXTENT OF ITS AFFORDABILITY, PROVIDING FUNDS
THEREOF, INCREASING ITS PENALTIES AND SANCTIONS, AND
FOR OTHER PURPOSES

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

SECTION 1. DECLARATION OF POLICY – the state shall hereby assist legally organized associations of underprivileged and homeless citizens to purchase and develop a tract of land under the concept of community ownership.

The state shall assist residents of blighted or depressed areas to own the lots they occupy, or where they choose to relocate to, and eventually improve their neighbourhood and homes to the extent of their affordability.

SECTION 2. PRIVILEGES — To encourage its wider implementation, the participants in the Community Mortgage Program (**CMP**) shall be granted with the following incentives:

- (1) Government-owned or -controlled corporations (GOCC) and Local Government units (LGUs), may dispose of their idle lands suitable for socialized housing under the CMP through negotiable sale at prices based on acquisition cost plus financial carrying costs;
- (2) Properties sold under the CMP shall be exempted from the capital gains tax; and
- (3) Beneficiaries under the CMP shall not be evicted nor dispossessed of their lands or improvements unless they have incurred arrangements in payments of amortizations for three (3) months.

SECTION 3. BENEFICIARIES. — Beneficiaries of this Program shall be responsible for their organization into associations to manage their subdivisions or places of residence, to secure housing loans under existing Community Mortgage Program and such other projects beneficiaries to them. Subject to such rules and regulations to be promulgated by the **DHSUD**, associations organized pursuant to this Act may collectively acquire and own lands covered by this Program.

Where the beneficiaries fail to form an association by and among themselves, the National Home Mortgage Finance Corporation (**NHMFC**) shall initiate the organization of the same in coordination with the Presidential Commission for the Urban Poor (PCUP) and the local government units concerned.

No person who is not a bona fide resident of the area shall be a member or officer of such association.

SECTION 4. IMPLEMENTING RULES AND REGULATIONS - The local government units, in cooperation with the Department of Human Settlements and Urban Development (**DHSUD**), Technology and Livelihood Resource Center (TLRC), and other concerned agencies, shall promote the production and use of indigenous, alternative, and low-cost construction materials and technologies for socialized housing.

The local government units shall coordinate with the Department of Environment and Natural Resources (**DENR**) in taking measures that will plan and regulate urban activities for the conservation and protection of vital, unique and sensitive ecosystems, scenic landscapes, cultural sites and other similar resource areas.

To make the implementation of this function more effective, the active participation of the citizenry in environmental rehabilitation and in decision making process shall be promoted and encouraged. The local government units shall recommend to the Environmental and Management Bureau (EMB-DENR) the immediate closure of factories, mines and transport companies which are found to be causing massive pollution.

SECTION 5. MECHANICS - The local government units shall set up an effective mechanism, together with the appropriate agencies like the Population Commission, the National Economic and Development Authority (**NEDA**) and the Philippine Statistics Authority (**PSA**), to monitor trends in the movements of population from rural to urban, urban to urban, and urban to rural areas.

They shall identify measures by which such movements can be influenced to achieve balance between urban capabilities and population, to direct appropriate segments of the population into areas where they can

have access to opportunities to improve their lives and to contribute to national growth and recommend proposed legislation to Congress, if necessary. The Population Commission, the National Economic and Development Authority (NEDA), and the Philippine Statistics Authority shall likewise provide advanced planning information to national and local government planners on population projections and the consequent level of services needed in particular urban and urbanizable areas.

This service will include early-warning systems on expected dysfunctions in a particular urban area due to population increases, decreases, or age structure changes.

SECTION 6. APPROPRIATION – The State shall hereby provide an additional authorization capitalization of Five hundred million pesos (**₱500,000,000.00**) to evolve and implement a comprehensive national program to meet the housing and related needs of marginal and low-income families in Metro Manila and other urban centers of the country. The state shall hereby authorize the **DHSUD** to re-align its appropriations, in the current year of the date of the effectivity of this Act to conform with its mandate and requirements.

The amount necessary to carry out the purposes of this Act shall be included in the annual budget of implementing agencies in the General Appropriations Act (**GAA**) of the year following its enactment into law and every year thereafter.

SECTION 7. FUNDING – Funds for the urban development and housing program shall come from the following sources:

(1) A minimum of fifty percent (50%) from the annual net income of the Public Estate Authority, to be used by the National Housing Authority to carry out its programs of land acquisition for resettlement purposes under this Act;

(2) Proceeds from the disposition of ill-gotten wealth, not otherwise previously set aside for any other purpose, shall be applied to the implementation of this Act shall be administered by the National Home Mortgage Finance Corporation;

(3) Loans, grants, bequests and donations, whether from local or foreign sources;

(4) Flotation of bonds, subject to the guidelines to be set by the Monetary Board;

(5) Proceeds from the social housing tax and, subject to the concurrence of the local government units concerned, idle lands tax as provided in Section 236 of the Local Government Code of 1991 and other existing laws;

(6) Proceeds from the date or disposition of alienable public lands in urban areas; and

(7) Domestic and foreign investment or financing through appropriate arrangements like the build-operate-and-transfer scheme.

The amount of Five hundred million pesos (**P500,000,000.00**) as may be necessary to carry out the provisions of this Act shall be included in the General Appropriations Act of the year following its enactment into law.

SECTION 8. PENALTIES — Any person who violates any provision of this Act shall be imposed the penalty of not less than six **(6)** years of imprisonment or a fine of not less than One hundred fifty thousand pesos **(P150,000)**, or both, at the discretion of the court:

Provided, That, if the offender is a corporation, partnership, association or other juridical entity, the penalty shall be imposed on the officer or officers of said corporation, partnership, association or juridical entity who caused the violation.

SECTION 9. ANNUAL REPORTS - The **DHSUD** shall hereby submit periodic reports on its findings and make recommendations on actions to be taken by Congress and Senate and the appropriate department.

SECTION 10. AUTOMATIC REVIEW - Every year after the effectivity of this Act, an independent review panel composed of experts to be appointed by the President shall review the policies and programs in the **DHSUD** and shall make recommendations, based on its findings, to the President and to both Houses of Congress.

SECTION 11. SEPARABILITY CLAUSE - If any provision or section of this Act or the application thereof to any person or circumstances is held invalid, the other provisions or sections of this Act shall remain valid, and the application of such remaining provisions or sections to the other persons or circumstances, shall not be affected thereby.

SECTION 12. REPEALING CLAUSE - All provisions and any other provisions inconsistent with the provision of this Act are hereby amended accordingly.

SECTION 13. EFFECTIVITY CLAUSE – This Act shall take effect fifteen (15) days from the date of its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved.