Republic Act No. 10884
(August 16, 2016)

“Balanced Housing Development Program Amendments”

Atty. Luis A. Paredes
Commissioner
January 26, 2018
Section 3 of RA 7279 redefining paragraph (r)

Section 18 of RA 7279. Balanced Housing Development

Section 20 of RA 7279. Incentives for Private Sector Participating in Socialized Housing
“(r) ‘Socialized housing’ refers to housing programs and projects covering houses and lots or homelots only, or **residential condominium units** undertaken by the government or the private sector for the underprivileged and homeless citizens which shall include sites and services development, long-term financing, liberalized terms on interest payments, and such other benefits in accordance with the provisions of this Act.”
Owners and/or developers of proposed subdivision and condominium projects shall be required to develop an area for socialized housing equivalent to at:

- least fifteen percent (15%) of the total subdivision area or total subdivision project cost and
- at least five percent (5%) of condominium area or project cost, at the option of the developer,
- in accordance with the standards as provided by law: **Provided, That** proposed socialized subdivision projects and proposed socialized condominium projects shall be exempt from this requirement.
For this purpose, the Housing and Urban Development Coordinating Council and the National Economic and Development Authority shall jointly determine and set separate socialized housing price ceilings for socialized subdivision and socialized condominium projects which shall be mandatorily reviewed or revised every two (2) years.
The balanced housing development as herein required may also be complied with by the owners and/or developers concerned in any of the following manner:

“(a) Development of socialized housing in a new settlement;

“(b) Joint-venture projects for socialized housing with either the local government units or any of the housing agencies or with another private developer, or with a nongovernmental organization engaged in the provision of socialized housing and duly accredited by the Housing and Land Use Regulatory Board, but if the developer has failed to complete the development of the project, the owner and/or developer of the main subdivision or condominium project shall be solidarily liable only to the extent of compliance to the balanced housing requirement regardless of the provisions of their joint venture agreement; or

“(c) Participation in a new project under the community mortgage program.
Section 20 of RA 7279. Incentives for Private Sector Participating in Socialized Housing

Sec. 20. Incentives for Private Sector Participating in Socialized Housing.—To encourage greater private sector participation in socialized housing and further reduce the cost of housing units for the benefit of the underprivileged and homeless, the following incentives shall be extended to the private sector:

“(a) Reduction and simplification of qualification and accreditation requirements for participating private developers;

“(b) Creation of one-stop offices in the different regions of the country for the processing, approval and issuance of clearances, permits and licenses: Provided, That clearances, permits and licenses shall be issued within ninety (90) days from the date of submission of all requirements by the participating private developers;

“(c) Simplification of financing procedures; and

“(d) Exemption from the payment of the following;

“(1) Project-related income taxes;

“(2) Capital gains tax on raw lands used for the project;

“(3) Value-added tax for the project contractor concerned;

“(4) Transfer tax for both raw completed projects; and

“(5) Donor’s tax for lands certified by the local government units to have been donated for socialized housing purposes.
“Provided, That a **socialized housing certification issued by the Housing and Land Use Regulatory Board shall be sufficient for the purpose of availment of tax exemption**: Provided, Further, That upon application for exemption, a lien on the title of the land shall be annotated by the Register of Deeds: Provided, Furthermore, That the socialized housing development plan has already been approved by the appropriate government agencies concerned: Provided, Finally, That all the savings realized by virtue of this provision shall accrue in favor of the beneficiaries subject to the implementing guidelines to be issued by the Housing and Urban Development Coordinating Council.”

“x x x.”
Board Resolution No. 965, Series of 2017

REVISED IMPLEMENTING RULES AND REGULATIONS TO GOVERN SECTIONS 3, 18 AND 20 OF REPUBLIC ACT NO. 7279, OTHERWISE KNOWN AS THE URBAN DEVELOPMENT AND HOUSING ACT OF 1992, AS AMENDED BY REPUBLIC ACT NO. 10884, OTHERWISE KNOWN AS “BALANCED HOUSING DEVELOPMENT PROGRAM AMENDMENTS”
Developers of proposed residential subdivision projects shall be required to develop an area for socialized housing equivalent to at least fifteen percent (15%) of the total subdivision area or total subdivision project cost, at the option of the developer. Developers of proposed residential condominium projects shall be required to develop an area for socialized housing equivalent to at least five percent (5%) of condominium area or project cost, at the option of the developer.
The developers may also choose any of the following manners of compliance, subject to the pertinent guidelines, requirements, and procedures that may be promulgated by HLURB:

4.1. Development of socialized housing in a new settlement;
4.2. Joint-venture projects for socialized housing with any of the following:

4.2.1 The local government units for:

4.2.1.1. The development of socialized housing program or socialized housing project;

4.2.2. Any of the housing agencies for:

4.2.2.1. The development of socialized housing programs or socialized housing projects under the BALAI program of the HUDCC;
Section 4. Other Manners of Compliance.

4.2.3 Another private socialized housing developer for:

4.2.3.1. The development of socialized housing program or socialized housing project by its subsidiary of the main developer

Provided, that the mother company owns at least fifty one (51%) percent of the subsidiary.

4.2.3.2 The development of socialized housing program or socialized housing project by an accredited socialized housing developer

Provided, that if the developer of the compliance project as provided under 4.2.3 hereof shall fail to complete the development of the project, the developer of the main project shall be solidarily liable with the private developer to the extent of compliance to the balanced housing development, regardless of the provision in the joint venture agreement.
4.2.4 A non-government organization (NGO) engaged in the provision of socialized housing for:

4.2.4.1. The development of socialized housing program or socialized housing project;

Provided, that if the developer of the compliance project as provided under 4.2.4 hereof shall fail to complete the development of the project, the developer of the main project shall be solidarily liable with the NGO to the extent of compliance to the balanced housing development, regardless of the provision in the joint venture agreement.
Section 4. Other Manners of Compliance.

4.3. Participation in a new project under the community mortgage program thru land development in a CMP project;

4.4. Participation based on a percentage of the amount of investment required to undertake a new settlement for socialized housing project applicable as follows:

4.4.1. Thru a third party for the implementation of land development, installation of water utility, or power utility; or

4.4.2. Construction, thru a third party, of non-salable and non-recoverable housing projects on land owned by the government or donated private land such as housing for AFP personnel, public housing, rehabilitation of calamity-stricken communities, housing for street children, indigent elderly and people with disability or other types of projects.
Section 4. Other Manners of Compliance.

- The developer participating under this provisions shall enter into a Memorandum of Agreement with the HLURB, HUDCC and any Shelter Agency or Local Government Unit as proof of participation.
- The accredited socialized housing developer shall submit to HLURB a proposed socialized housing project or program for HLURB evaluation and approval.
- The amount of participation required for socialized housing compliance shall be deposited by the private developer in an escrow trust account with Pag-Ibig Fund and such funds shall be subject to release to the third party contractor accredited by the HLURB in accordance with the terms and conditions of a work order or construction agreement.
Section 4. Other Manners of Compliance.

- Upon remittance by the developer of its participation in escrow with the Pag-Ibig Fund as, enumerated in the Memorandum of Agreement, a Provisional Certificate of Compliance to the socialized housing requirement shall be issued in its favor.
- A final Certificate of Compliance shall be issued in favor of the developer upon completion of the construction or installation intended for the remitted participation in escrow with the Pag-ibig Fund, indicating the specific construction or installation with the corresponding geotagging of the location of the project/installation for easy verification.
Any form of joint venture agreement or participation shall be annotated to the mother title of the socialized housing project with geo tagging in the approved Bureau of Lands Locational Monument (BLLM).
Section 4. Other Manners of Compliance.

4.5 Purchase or subscription of “Asset-Backed Securities” issued or conveyed by any of the housing agencies for the purpose of raising funds for the development of new socialized housing projects, subject to the maximum amount to be set by the HUDCC and National Economic and Development Authority (NEDA). The actual purchase price of the “Asset-backed Security” shall be evidenced by an official receipt issued by the issuing shelter agencies which shall be reflected in the face of the Asset-Backed Security. Asset-backed securities must be made in accordance with existing laws.
Upon registration by the main developer of its subscription/purchase of the Asset-Backed Security, a Provisional Certificate of Compliance to the socialized housing requirement shall be issued in its favor by the HLURB. A final Certificate of Compliance shall be issued in favor of the main developer upon completion of the construction of the socialized housing project funded by the asset-backed security, with the corresponding geotagging of the location of the project for easy verification;

Considering that the cost incurred by the developer under: (a) 4.3 and, (b) 4.4 of this section are non-recoverable, the computation of the required value of participation, for purposes of compliance, shall be at least in the amount equivalent to 25% of the total project cost of the socialized housing project in order to be credited the entire socialized housing project or program.
Section 4. Other Manners of Compliance.

Considering that the cost incurred by the developer under: (a) 4.1; (b) 4.2.1.1; (c) 4.2.2.1; (d) 4.2.3.1; and (e) 4.2.4.1; of this section are recoverable upon the payment of the socialized housing units, the total cost of the socialized housing project shall be equivalent to Five percent (5%) of the project cost of the main condominium project and Fifteen percent (15%) of the project cost of the main subdivision project.

Considering that the cost incurred by the developer under 4.5 of this section is recoverable upon maturity of the issued bonds with payment of the prescribed interest, the actual subscription cost of the bond, as evidenced by the official receipt issued by the issuing Shelter Agency, shall be equivalent to Five percent (5%) of the project cost of the main condominium project and Fifteen percent (15%) of the project cost of the main subdivision project.
The Chief Executive Officer of the HLURB shall first approved all socialized housing projects or programs that will be used as compliance to the balance housing developer before developers of the main project can use it as compliance.
The HLURB, in coordination with the HUDCC, hereby grants additional incentives in the availment and utilization of the manner of compliance by way of participation per sections 3, 18 and 20 of Republic Act No. 7279, As amended by Republic Act No. 10884.
11.1 Any developer, who shall participate in any socialized housing project approved by the HLURB or rehabilitation of calamity-stricken communities, under the BALAI programs of the HUDCC, by way of constructing or contracting through a third party for the construction or installation of any of the enumerated, shall be considered as a compliance:

(a) Provision of adequate and potable water supply and distribution;
(b) Provision of an adequate power/electrical distribution system;
(c) Implementation of land development plans which shall include the construction of roads, drainage and open space facilities; and
(d) Construction of non-salable and non-recoverable housing projects on land owned by the government or donated land such as housing for military personnel, public housing, housing for street children, indigent elderly and people with disability.
11.2 Considering that the cost incurred by the developer in this section, the computation of the value of the above enumerated construction or installation vis-à-vis its actual cost, for purposes of compliance, shall be at least in the amount equivalent to 20% of the total project cost of the socialized housing project in order to be credited the entire socialized housing project or program.

11.3 The developer participating under this provision shall enter into a Memorandum of Agreement with the HLURB, HUDCC and any Shelter Agency or Local Government Unit as proof of participation. The accredited socialized housing developer shall submit to HLURB a proposed socialized housing project or program for HLURB evaluation and approval.

11.4 Upon remittance by the developer of its participation in escrow with the Pag-Ibig Fund as, enumerated in the Memorandum of Agreement, a Provisional Certificate of Compliance to the socialized housing requirement shall be issued in its favor. A final Certificate of Compliance shall be issued in favor of the developer upon completion of the construction or installation intended for the remitted participation in escrow with the Pag-Ibig Fund, indicating the specific construction or installation with the corresponding geotagging of the location of the project/installation for easy verification;
Any violation of the provisions of these Rules shall be penalized in accordance with the provisions of Executive Order No. 648, RA 7279 and RA 10884, which shall be the imposition of the penalty of fine of not less than five hundred thousand pesos (P500,000), for the first offense; suspension of license to do business for a period of three (3) to six (6) months and a fine of not less than five hundred thousand pesos (P500,000), for the second offense; and cancellation of license to do business for the third offense: 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.
The HLURB, through a Board Resolution, is hereby authorized to institute a criminal complaint with prosecutor’s office for any violation hereof. Provided that due process and hearing shall first be conducted by the Board in accordance with existing rules and regulation.
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