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2nd Asia-Pacific Housing Forum

Dusit Thani Hotel, Makati City
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Speech of Senator Juan Miguel F. Zubiri

Keynote Speaker

To our foreign participants and speakers, welcome to the Philippines!

Pleasant morning to all!

I am honored to keynote the 2nd Asia-Pacific Housing Forum, a biennial event which gathers key stakeholders in the region to discuss housing concerns and find solutions especially to large urban populations living in substandard housing conditions. We are delighted as well, that the organizers and sponsors of this significant event have chosen Metro Manila as the venue for this year's forum, as this will be a great opportunity for us to learn the best practices in the region in solving urban settlement problems.

The Philippine Congress is vested by our Constitution as the policy-making body of the country, through the laws that it passes. As a member of the Philippine Senate, my primary duty is to introduce measures that will eventually be enacted into laws. Measures that will set the policy direction for the country and for the Executive branch to implement, measures that are expected to solve the problems of the country and that will make a positive impact to the lives of our people or improve their living conditions.

Thus, let me first share with you the laws that we have helped crafted which are related to our housing sector. In my short stint as Chairman of the Senate Committee on Urban Planning, Housing and Resettlement (*for 15 months to be exact*) we have enacted three pieces of legislation which are expected to help the housing sector, especially in the urban areas and among the poorest of the poor.

Prior to the enactment of **Republic Act No. 9507** or the "*Socialized and Low-Cost Housing Restructuring Program*", the government housing agencies and financial institutions providing socialized and low-cost housing were in the brink of financial collapse due to payment defaults of their borrowers, though not in the magnitude of the

amortizations due to the penalties for non-payment, interests on loans and other fees and charges which have all ballooned.

Thus we have provided in the law the following schemes that would help the delinquent borrowers pay their loans and save the government housing agencies from financial crisis:

A. Coverage:

1. For a period of **18 months from the issuance of IRR**, those housing loans with at least **3 months of unpaid monthly amortization, at the time of the effectivity of the Act**, with GSIS, SSS, Pag-IBIG Fund, NHMFC, SHFC, HGC and NHA are covered by this loan restructuring and condonation program;
2. Original principal amount is within the loan ceilings of HUDCC but not exceeding P2.5 million;
3. **No processing fee** for application shall be charged and **no down-payment** shall be required;
4. All penalties and surcharges shall be condoned upon approval of the application and also a portion of the accrued interest, the amount or percentage to be determined by the respective boards of the GFIs and housing agencies;
5. The remaining accrued interest are treated as non-interest bearing principal to be paid during the term of the restructured loan;
6. An interest rate of **not more than the interest of the original loan or not more than 12%, whichever is lower**, shall be imposed on the restructured loan;
7. Pag-IBIG Fund, GSIS and SSS may allow the borrower-applicant to use the total value of his contribution or savings to update his housing loan;
8. Restructured loan may be extended longer than the original term to lower the monthly amortization, up to the age seventy (70) of the borrower;
9. In case of permanent physical incapacity of a borrower, his legal heirs and successors-in-interest may assume the payment and in case of death, the Mortgage Redemption Insurance (MRI) shall be fully applied;
10. One time availment only except in case of *force majeure*;
11. This is a separate and distinct restructuring and condonation program to what are being offered by the GFIs and housing agencies and the borrower has the option to choose which he may avail of.

C. Exclusion from coverage:

1. Any account without a single payment since take-out;
 2. An account which housing unit has been abandoned for more than one (1) year;
 3. An account which housing unit is occupied by a third party other than the original registered beneficiary or his legal heirs;
 4. An account that has been foreclosed or a contract-to-sell that has been cancelled' or has been surrendered to the GFIs or housing agencies through *dacion en pago*;
 5. Pag-IBIG Fund contract-to-sell accounts covered by the developers' buy-back guaranty.
- D.** The GFIs and housing agencies shall continue their right to foreclosure proceedings to accounts mentioned in C (Section 5 in the Act) and those who would subsequently default after availing this loan restructuring and condonation program.

E. Incentive for prompt payment of monthly amortization:

1. An incentive scheme for prompt payment of monthly amortization **for all accounts**, including discount on interest, the amount or percentage to be determined by the GFIs and housing agencies.
- F.** Implementing Rules and Regulations to be drafted by the concerned GFIs and housing agencies and headed by HUDCC within **sixty (60) days** from the effectivity of the Act.

- G.** Congressional Oversight Committee is created composed of the Chairmen of both Houses and 4 members from each House, to approve the IRR and cease to exist after the approval of IRR.

RA 9507 is expected to benefit around 500,000 delinquent borrowers or households who were in danger of being evicted from their dwellings. Though, this law is estimated to have a negative revenue implication to the government housing agencies in the amount of **P17 B**, I firmly believe that the social and economic costs that we have avoided due to massive dislocations of these families would have been more than the revenue implication, especially so that the **P17 B** estimate is for penalties and surcharges only. The borrowers would still have to pay the principal amount of their loans. President Arroyo even praised the passage of this law in the form of a social

Another housing-related law that we passed is the “*Rent Control Act of 2009*” or **RA No. 9653** which just recently took effect (Aug. 15, 2009). The new law aims to protect over 1.5 million households, especially in urban areas, as well as thousands of individuals who are renting rooms and bed spaces or in dormitories who are exposed to possible abuses by property owners. I once experienced living in a dormitory while taking up Agri-Business Management course at the University of the Philippines in Los Baños, Laguna, and it is disappointing that up to this day, many Filipinos still cannot afford to purchase new housing units built by private housing developers and even by the government housing agencies.

The Rent Control Act of 2009 retains many of the salient provisions of the previous Rent Control Law which expired last December 31, 2008. These include the covered monthly rental from one peso to ten thousand pesos (P10,000.) for Metro Manila and other highly urbanized cities, and one peso to five thousand pesos (P5,000.) for all other areas. However, the rent increases of covered units will only be at **7 percent annually**, from the previous 10 percent, as long as the unit is occupied by the same lessee. The limit on rent increase will be effective until December 31, 2013.

Further, the new law has also authorized the Housing and Urban Development Coordinating Council (HUDCC) to continue the regulation of the rental of certain residential units, to determine the period of regulation and its subsequent extensions if warranted, to determine the residential units covered and to adjust the allowable limit on rental increases per annum after December 31, 2013, taking into consideration certain conditions as specified in the law.

Other provisions that were retained under the Rent Control Act of 2009 include the following: a lessor could not demand more than one month advance and two months deposit; a lessor or his successor-in-interest is prohibited from ejecting a lessee on the ground that the leased premises has been sold or mortgaged to a third person, regardless of whether the lease or mortgage is registered or not.

In enacting the Rent Control Law, I believe, that until every Filipino family can afford to buy or build their own homes and until we can assure that our busiest districts are readily accessible by convenient and faster means of transportation even to those who do not live close by or in the rural areas or outside of urban centers, it is imperative that we take steps to protect the interest of our fellow citizens who are forced by circumstances to rent. and to stretch the amount of their pay checks.

The third housing law that we recently enacted is the *Home Development Mutual Fund Law of 2009* or **RA No. 9679**. This law is an amendment to the Charter of the Home Development Mutual Fund or the Pag-IBIG Fund as we call it, is a government agency which provides for about fifty percent (50%) of the total funding needed for socialized and low-cost housing in the country.

The new Pag-IBIG Fund Charter aims to further strengthen the financial agency, especially its housing programs, and assures the continuity of the Fund. The new law places Pag-IBIG Fund at par with the other government financial institutions such as the GSIS and SSS by granting it corporate income tax exemption, and exempting the Fund as well from other taxes, assessment, fees, charges or customs duties. This means, that the tax exemption status of the Fund will free more than P2 billion annually that can be allocated for more housing loans to Pag-IBIG members. That's almost five percent (5%) of the total housing loan allocations for end-users of Pag-IBIG for 2009. (*Pag-IBIG Fund has allocated P43 billion for housing loans to end-users for 2009. End-users are the individual housing loan borrowers of Pag-IBIG.*)

The Law provides for an integrated nationwide mutual provident savings system primarily for shelter finance which covers those who are employed and members of the GSIS and SSS and Filipinos who are employed by foreign-based employers. Spouses who devote full-time to managing the household and family affairs may also be covered by the Fund on a voluntary basis.

I expect that through this law, the plight of Filipinos living in rented houses and do not have their own homes will be addressed. The enactment of the new Pag-IBIG Fund law will help over 1.5 million Filipinos who are renting houses to better plan for their housing needs and avail of the housing loans being offered by Pag-IBIG Fund.

Congress is about to pass another measure which I am also sponsoring, the Magna Carta for Homeowners and Homeowners Associations. When enacted into law, it will clearly define the rights and responsibilities of the homeowners in their respective subdivisions, the relationships of the homeowners and their associations, and the relationships of the homeowners associations with the local and national governments and their role or contribution in nation-building.

Now, to prove that we, politicians, can walk our talk, let me share with you what

province of Bukidnon. We in Bukidnon believe in leadership by example; on how not to promise, but rather to deliver and to fulfill those promises to our people. This is the story of how, through the vision of Gov. Zubiri, my father, had improved the lives of six thousand three hundred twenty eight (6,328) families in one corner of Mindanao.

It all started in 2003 when Tito Tony Meloto and Tito Boy Montelibano met with my father, Governor Joe Zubiri, a fellow Ilonggo, at the Pines Hotel in Malaybalay City to discuss the Gawad Kalinga program for the people of Bukidnon. My father always had health and social services as the cornerstone of his administration. Bukidnon, having the largest number of enrolled families in the Philhealth insurance program among the country's provinces, has provided free Medicare insurance to 165,000 families in the province. So when Tito Tony brokered the idea about building homes for the poor, the governor was all ears. Tito Tony explained the GK formula: that the land is to be provided by the local communities or the local government units. The labor, by the beneficiaries and the employees of different agencies, as well as volunteers from different private institutions. Materials would come from Gawad Kalinga, and the Couples for Christ to provide the spiritual upliftment for the community.

But my father, although appreciative of all the help that GK was providing, felt that it was unfair that GK was putting so much resources in Bukidnon, and that the people of Bukidnon should be thought not to depend so much from the help and support of others but to be self-reliant. It inspired him to come up with their own program, the Bukidnon Provincial Housing and Resettlement Program or the Paglaum Homes for short. Paglaum means hope in Visayan. The Paglaum Homes are financed by the province of Bukidnon, together with the different LGUs of the province. The materials and land are provided by the provincial government, and the labor is provided for by the beneficiaries and volunteer groups. The difference is that these homes are not for free. The beneficiaries would have to pay for them. I understand that this is similar to the practice of Habitat for Humanity in providing housing to our less fortunate brothers and sisters.

(Three modes of housing)

1. **The Paglaum Home Program** – the lots are at 110 sqm. The houses have 2 bedrooms, 1 bathroom, a kitchen, laundry area, dining area and a living area

to the payment of insurance for the breadwinner for disability or death, so the house will be fully paid if something should happen to the breadwinner. We also set aside a few hectares for each village to be used as a livelihood area for planting food crops for sale to Dole Philippines or Del Monte. We do this so that the mothers would be able to make extra funds for their families. The provincial government provides for the seed capital of P200,000. for that livelihood program, which funds, the Couples for Christ handles and administers.

2. **Resettlement Program** – where only lots are given to the beneficiaries, of which the provincial government provides the land, road network, sewage system, lights and water connections. They are 110 sqm. lots, and these lots are for free, although those who resettle there have to build their own homes.

3. **Formal Sector Housing Program** – these are homes built for government employees, teachers, policemen, and even private (companies) employees. These homes are larger and much better looking than the ordinary bungalow-type housing. My father, being a frustrated architect that he is, even designed A-frame homes to go with the Baguio City-like atmosphere of Malaybalay City. These homes are a little bit more expensive than the Paglaum Program, but still quite affordable at 375 pesos a month for 20 years and again at no interest. Again, 75 pesos goes to insuring the breadwinner, and 300 pesos goes to the house and lot payments.

Today, we are proud to say that we have 37 housing projects all over the province, covering 117.77 hectares of land with 6,328 awarded house and lots with an investment of 286.94 million pesos.

Believe me, there is nothing more heart-warming and spiritually-uplifting than to see the crying faces of those families that are given the titles or papers to their new homes. For them, the transition is no less than a miracle as you help them transformed from being landless and many times homeless, to having a house and lot that they can call their own. Giving them back their dignity as a family, as a people, is the best gift we can give them. And this is what we, in the province of Bukidnon, would like to share with all of you. As our theme clearly says, ***“Maximizing urban poverty housing solutions for areater results”***. we are showing this program to you and the other

the goodness in the hearts of our people, or rather, of our politicians. That's right, politicians too, have hearts, although somewhat difficult to find, but they are just in there somewhere.

In order for this program to work, we must have the heart, the compassion for the poor. That is the difference between having to do it, and wanting to do it. The latter showing your sincerity to make the lives of our less fortunate brothers and sisters a lot better. And that is where I salute Habitat for Humanity, the Red Cross and other housing agencies. They do not do this because they have to or they were told to, but rather they want to. That is the kind of inspirational leadership that we need to do to make a difference in our country.

You see, we politicians have to work harder to erase the stigma that many see us as a political juggernaut, running over progressive ideals for our own personal interests. But instead, we, the politicians, should be able to transcend our personal interests and move towards a direction wherein we transform ourselves into leaders geared towards dedicated, sincere and transparent public service.

Some people in Bukidnon once told me, which of course made me proud and happy, was that they describe my father, Governor Joe Zubiri, as a "man who lives his life for others." Well my friends, today that aptly describes all of you from Habitat for Humanity and all the other participants in this historic gathering, as the men and women who live their lives at the service of others.

Thank you very much.