

Republic of the Philippines
Province of Cebu
CITY OF NAGA



Excerpt from the minutes of the Regular Session of the 3rd Sangguniang Panlungsod (SP) of the City of Naga, Cebu held on December 03, 2018 at the Session Hall, Legislative Building, City of Naga, Cebu.

Present:

HON. OTHELLO M. CHIONG
HON. ALEXANDER R. LARA
HON. VIRGILIO M. CHIONG
HON. AURELIO B. ALINSONORIN
HON. AFSHIN MARK K. SEÑOR
HON. CARMELINO N. CRUZ, JR.
HON. RODRIGO A. NAVARRO
HON. PABLO A. ABANGAN
HON. LUZMINDA R. LAPITAN
HON. PORFERIO V. RESABA, JR.
HON. SCOTT JUVENAL A. CHIONG
HON. JHUN MARK T. SISMAR

-Vice Mayor/Presiding Officer
- Sangguniang Panlungsod Member
- Sangguniang Panlungsod Member
- Sangguniang Panlungsod Member
- Sangguniang Panlungsod Member
- Sangguniang Panlungsod Member
- Sangguniang Panlungsod Member
- Sangguniang Panlungsod Member
- Sangguniang Panlungsod Member
- Sangguniang Panlungsod Member
- Sangguniang Panlungsod Member
-ABC President
-SK President

On Leave:

HON. DELFIN R. SEÑOR

- Sangguniang Panlungsod Member



ORDINANCE NO. 2018-031

AN ORDINANCE IMPLEMENTING THE BALANCED HOUSING COMPLIANCE AS PROVIDED FOR UNDER SECTION 18 OF REPUBLIC ACT (R.A.) 7279 OTHERWISE KNOWN AS THE URBAN DEVELOPMENT AND HOUSING ACT OF 1992, AS AMENDED BY R.A. 10884, OTHERWISE KNOWN AS THE BALANCED HOUSING DEVELOPMENT PROGRAM AMENDMENTS

Hon. Rodrigo A. Navarro - Sponsor
SP Committee on Chairman on Housing and Land Utilization

NOW THEREFORE, BE IT ORDAINED, as it hereby ORDAINED by the Sangguniang Panlungsod of the City of Naga, Cebu, in a session duly assembled, that:

ARTICLE I

TITLE, POLICY AND DEFINITION OF TERMS

SECTION 1. SHORT TITLE. – This Ordinance shall be known as the “15% BALANCED HOUSING ACT OF 2018.”

SECTION 2. STATEMENT OF POLICY.- It shall be the policy of the City Government of Naga, Cebu to adopt a continuing housing and resettlement program, which will make it available at reasonable and affordable cost, decent housing to its urban poor and homeless constituents.

SECTION 3. DEFINITION OF TERMS. - The following terms are hereby defined:

Balanced Housing Development – the requirement that owners or developers of residential subdivisions and condominium projects shall develop an area for socialized housing equivalent to at least fifteen percent (15%) of the total subdivision project area or total subdivision project cost, as prescribed by Section 18 of RA 7279, otherwise known as the Urban and Development Act (UDHA) of 1992, as amended by RA 10884. The balanced housing development may also be complied with through other manners as maybe provided under the law and the rules and guidelines issued by the Housing and Land Use Regulatory Board (HLURB).

Compliance – the modes and manners provided by Section 18 of R. A. 7279, as amended by R. A. 10884, the implementing rules and regulations, and guidelines of the HLURB by which the developer of the main project can fulfill and satisfy the balanced housing development.

Compliance Project – an entire or a portion of the socialized housing program or socialized housing project utilized to comply with the balanced housing development under Section 18 of RA 7279, as amended by RA 10884. It also refers to the services development such as but not limited to educational facilities, health facilities, productivity/livelihood centers and other basic amenities and facilities mentioned in Sections 21 and 22 of UDHA of 1992 to be provided by the developer which will benefit a socialized housing program or a socialized housing project.

Condominium Project – the entire parcel of real property divided or to be divided for residential purposes into condominium units, including structures thereon.

Condominium Area – Gross land area for development of a condominium project plus the total gross floor area of the condominium building. In the case of a mixed-use condominium project, condominium area refers to gross land area for development of a condominium project plus the aggregate floor area of the condominium building less the aggregate floor area of the commercial units and the proportionate share thereof in the pertinent common areas.

Condominium Project Cost – is the total cost of: (1) raw land, based on the zonal value at the time of the application for condominium development permit, (2) land development (3) building construction, less the cost of the aggregate floor area of the commercial units and the proportionate share thereof in the pertinent common areas.

Developer – the person, natural or juridical, who develops or improves the residential subdivision project or residential condominium project, for and in behalf of the owner, thereof. The landowner who develops the subdivision project directly shall be considered as a developer.

Housing Agencies – the Housing and Urban Development Coordinating Council (HUDCC), National Housing Authority (NHA), National Home Mortgage Finance Corporation (NHMFC), Social Housing Finance Corporation (SHFC), Housing and Land Use Regulatory Board (HLURB), Home Guaranty Corporation (HGC), and Home Development Mutual Fund (HDMF).

Joint Venture – the commitment or agreement between the developer of the main project and the local government unit (LGU), any of the housing agencies, or another HLURB-accredited developer or non-government organization, for which purpose the parties thereto combine their funds, land resources, facilities and services to comply with the balanced housing development of UDHA.

Land development – land clearing and grubbing, road construction, installation of power and water distribution system, construction of drainage and sewerage system, and other developments contained in the approved plans and/or brochure and advertisement.

Main Project – the proposed residential subdivision or proposed residential condominium project required to comply with Section 18 of RA 7279, as amended by RA 10884 and which shall be the basis for computing the balanced housing development.

Mode of Compliance – the option given to the developer regarding the percentage of the main project, either project cost or project area, which will be the basis for computing the area or cost of the compliance project.

Manner of Compliance – the means through which the requirement of the Balanced Housing Development Program will be accomplished by the developer, either through self-development or through joint venture with the local government, the government housing agencies, or the private sector.

New Settlement – communities or development where the compliance project may be located and which are provided with or with access to basic facilities and services, and livelihood component as provided in Sections 21 & 22 of UDHA.

Socialized Housing – housing programs and projects covering houses and lots or homelots only, or residential condominium units undertaken by the local 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 R.A. 7279 (UDHA of 1992), as amended by RA 10884.

Socialized Housing Program – refers to on-site, urban renewal and resettlement or relocation housing undertaken by the government or private sector which make available various alternative schemes or secure tenure policies for the disposition of land to the beneficiaries of the program.

Socialized Housing Project – refers to residential subdivision projects and residential condominium projects, undertaken by the government or the private sector, that are sold at the prevailing price ceiling for socialized housing and which shall comply with the standards under Batas Pambansa Blg. 220 and the applicable provisions and implementing rules and regulations of Presidential Decree No. 957.

Blighted Area – areas where the structures are dilapidated, obsolete and unsanitary, tending to depreciate the value of the land and prevent normal development and use of the area.

Rehabilitation – the repair and restoration of existing socialized housing units or projects which are already considered as non-performing assets of government agencies, in accordance with the standards and prevailing price ceiling for socialized housing.

Community Mortgage Program (CMP) – a financing window or scheme, funded by the government through the SHFC, that provides long-term loans to a legally-organized association consisting of the residents of a blighted and depressed community, enabling the association and its qualified members to acquire ownership or tenurial security on the property and the land they occupy.

Asset-Backed Securities – the certificates that may be issued by a special purpose entity in accordance with Republic Act 9267, or the Securitization Act of 2004, as originated or sold by any of the housing agencies.

ARTICLE II

COVERAGE, EXEMPTIONS AND OPTIONS AVAILABLE TO DEVELOPERS

SECTION 1. COVERAGE. – shall apply to all residential subdivisions, townhouse projects and/or expansion of existing residential subdivisions, townhouse projects, condominium projects, otherwise exempted under this ordinance or law, the application of which is still pending before the Office of the City Planning & Development Office and the Office of the Building Official reckoned from the date of effectivity of this ordinance.

SECTION 2. EXEMPTIONS. – In addition to the exemptions enumerated under Section 5 of RA 7279, the following shall likewise be exempted from the coverage of this ordinance:

a. Development Projects for the underprivileged and homeless where the selling price of the lot and/or house and lot package does not exceed THREE HUNDRED THOUSAND PESOS (P300,000.00) or as maybe set by the HUDCC.

b. Residential Subdivisions, residential condominium projects and townhouse projects of co-heirs or members of one and the same family and not used for commercial or business purposes, unless such heir had previously constructed project.

c. Development projects intended for the purpose other than for residential or housing (e. g. industrial or commercial zones or estates).

SECTION 3. OPTIONS .- Owners and/or developers of development projects covered by this Ordinance shall have the following options in compliance thereto:

a. Main subdivision projects which are limited to the sale of lots only:

1. Land equivalent to 15% of the total land area of the main subdivision project shall be developed for socialized housing, or
2. A socialized housing project equivalent to 15% of the main subdivision total project cost.

b. Subdivision projects which involving house and lot packages:

1. Develop a land area equivalent to 15% of the total project cost, or
2. A socialized housing project equivalent to 15% of the total project cost.

c. For townhouse, a socialized housing project equivalent to 15% of the total project cost.

d. Joint venture with the City of Naga through the 15% balanced housing compliance may also be done by the developer in the following manner:

1. Develop new settlements in the City of Naga, Cebu as may be authorized or certified by the City Government of Naga, Cebu, as compliance to the 15% Balanced Housing Program, wherein such sites shall benefit the qualified socialized housing beneficiaries of the local government unit.
2. Upgrade and develop a blighted area in the City of Naga, Cebu in coordination with the City of Naga Local Housing Board.
3. Develop a socialized housing project, provided that the developer's participation shall only be limited to the 15% equivalent to the cost or 15% of the total land area of its subdivision project.
4. Deposit an amount equivalent to 15% of the total project cost to the Socialized Housing Trust Fund set by the City Government of Naga, Cebu for the purpose of raising fund for its socialized housing projects. The amount deposited shall be covered by a Memorandum of Agreement which will include provisions agreeable to both parties.
5. Participate in the Community Mortgage Program (CMP) with landless informal settlers, whose landowner has signified to sell his property to the actual occupant. The City Government of Naga, Cebu may recommend sites fully occupied of such occupants. The developer may purchase the said property of the cost equivalent to 15% of the total main subdivision project cost or 15% of the total land area. If the cost of compliance is lesser than the actual cost of the sold property, the actual occupant, through their community association will be obliged to pay the balance. The developer may recover the money invested through the CMP and be paid in full by the SHFC after completion of the loan requirements by the community association.

e. Joint Venture of the said 15% balanced housing compliance, with National Agencies such as the NHA, SHFC, HDMF, etc., whose projects are within the City of Naga, Cebu,.

f. The City of Naga, Cebu shall give incentives to developers with no intention to recover its 15% balanced housing compliance. Instead, they may choose the following options:

1. *Buy Housing Credits.* – To enable the City of Naga, Cebu to increase its Socialized Housing Trust Fund, a developer may purchase housing credit equivalent to creditable housing Units at prevailing price, to be determined by the City of Naga Local Housing Board, whichever is higher and shall not result in undue advantage to the City of Naga, Cebu.
2. *Donate a discounted rate based on the 15% balanced housing compliance.*– The Developer may donate to the City of Naga, Cebu an authorized amount on a discounted rate based on the 15% of the total project cost of the main project developed, multiplied by the allowable rate to be deposited to the City of Naga, Cebu Socialized Housing Trust Fund.

SECTION 4. TRUST FUND. – A Socialized Housing Trust Fund shall be set up and all funds generated through this Ordinance shall be deposited in the said trust fund. The use and release of such funds shall be governed by the implementing rules and regulations to be set up by the Local Housing Board.

SECTION 5. PROJECT LOCATION AND ZONING COMPLIANCE. – Location of projects for socialized housing shall be within the zones designated in the land use plan or in the zoning map. If the site of the proposed socialized housing project is not within the designated zone, the City upon recommendations of the City Planning and Development Coordinator (CPDC) shall grant locational clearance for socialized housing projects in accordance with existing rules and regulations.

Where a contiguous area equivalent to the required 15% is not available, development of separate sites within the city, maybe allowed provided that the aggregate total is equivalent to at least 15% of the main subdivision project's total area.

ARTICLE III

APPLICATION FOR APPROVAL AND ISSUANCE OF DEVELOPMENT PERMIT AND BUILDING PERMIT

SECTION 1. APPLICATION OF PERMIT. – All applications for the Preliminary Approval and Locational Clearance (PALC) and Development Permit (DP) and other permits necessary for the main subdivision and socialized housing projects shall be submitted to the CPDC who shall immediately ascertain whether the main subdivision project has complied with existing laws and ordinances.

a. *Preliminary Approval and Locational Clearance (PALC).* – Application for PALC shall be submitted to the CPDC for proper evaluation. After the evaluation, the CPDC shall endorse a copy of each finding to the City of Naga Urban and Housing Development Board for information purposes.

b. *Development Permit (DP).* – Application for DP shall be submitted to CPDC together with the Letter of Intent (LOI) of the preferred option of the developer for the 15% balanced housing compliance for final evaluation. After evaluation, the CPDC shall endorse a copy of each finding to the Local Housing Board for the approval or disapproval of the preferred option of the compliance and the issuance of the board resolution and execution and signing of the Memorandum of Agreement thereof.

SECTION 2. REQUIREMENTS.- In addition to the existing requirements under PD 957, BP 220, PD 1096 & PD 1085, developers or owners of the development project shall comply with the following requirements:

- a. *Letter of Intent.*- The letter shall state the option preferred by the developer in accordance with Section 3, Article II thereof;
- b. *Affidavit of Undertaking.*- This shall contain the undertaking under oath of the developer or project owner that he/she shall comply with the option made earlier and that the development project shall not start without complying with the requirement herein mentioned, that he/she will not dispose/sell the 15% balanced housing compliance without the clearance of the local housing office. Further, that within one year from the date of the issuance of the Development Permit, the developer shall complete the development for the socialized housing for Option D1, D2, D3 of Section 3 of Article II of this Ordinance. Otherwise, it will be considered revoked and consequently, a notice of violation will be issued to the main subdivision project.
- c. *Subdivision Plans.*-There will be two (2) separate plans that will be submitted: one for the main subdivision project and the other for the socialized housing project;

No developer or owner of development projects shall start with the projects, unless the abovementioned requirements are complied with. Any violation thereof shall mean an automatic disapproval of the application.

SECTION 3. DEVELOPMENT PERMIT. –

a. *Development Permit.*- The developer shall secure simultaneously development permits for the main project and for the socialized housing project except when the socialized housing project is developed in advance. Provided, that during the first year of implementation of these rules, application for the socialized housing project maybe filed within one (1) year from the date of effectivity of these rules. Thereafter, applications for both projects shall be filed simultaneously.

Procedures for the issuance of development permit shall be issued in accordance with the rules and regulations implementing the Subdivision and Condominium Buyers' Protective Decree (PD 957) and the Act Authorizing the Ministry of Human Settlement to Establish and Promulgate Different Levels of Standards and Technical Requirements for Economic and Socialized Housing Projects in Urban and Rural Areas (BP 220).

No development of building permit shall be issued unless all the abovementioned requirements are complied with and upon favorable recommendation of the local housing board. Upon issuance of such permit, the developer shall commence with the Socialized Housing Project if opted within a reasonable period of time in accordance with sound engineering practice.

b. *Certificate of Registration and License to Sell.*- The developer shall likewise register and secure simultaneously from the HLURB a license to sell for each project in accordance with the rules and regulations implementing PD 957 and BP 220 except when the socialized housing project has been developed in advance.

In the foregoing application, the City and the HLURB as well, shall require that the main subdivision project and socialized housing project shall bear the names of the developer in case the developer directly undertakes the same. The socialized housing project may bear the name of the subsidiary or another developer to whom the main subdivision project developer passes on the development of the socialized housing project provided that the liability remains with the main subdivision project developer.

Provided further, that at the time of the application for development of the socialized housing project a joint venture agreement with a subsidiary or another developer shall be

submitted stating that the socialized housing project shall be credited to a future housing project. The Board shall issue a certificate of credit for the main subdivision project upon completion of the equivalent socialized housing project.

ARTICLE IV

MONITORING AND BENEFICIARIES SELECTION

SECTION 1. MONITORING.- The Office of the CPDC as authorized by the City of Naga Urban and Development and Housing Board shall:

- a. Scrutinize, examine and study applications for subdivision or building permit;
- b. Conduct an actual on-site inspection of the socialized housing site designated by the developers as reflected in the application in compliance with Section 3 of Article II and Section 2 of Article III of this Ordinance;
- c. Validate whether the site to be developed by the developer is in consonance with the site selection criteria as provided under R. A. 7279;
- d. Submit its recommendations within a reasonable period of time to the Sangguniang Panlungsod in relation to the project application;
- e. Ensure that the recommendation for the disapproval of the application or cancellation of the development or building permit as the case maybe, for violation of any provision of this ordinance or any other laws or issuances related to socialized housing program;
- f. The developer as determined by the City of Naga Local Housing Board shall submit a Performance Bond with sufficient sureties in an amount equivalent to the value of the fifteen Percent (15%) socialized housing project.

SECTION 2. BENEFICIARIES. – The Local Housing Office shall maintain a record of socialized housing beneficiaries in every barangay. Upon receipt of the application for the subdivision permit or building permit by the CPDC, the local housing office shall submit a list of beneficiaries that can be accommodated in the socialized housing components of the project.

Preference shall be given to the socialized housing beneficiaries of the barangay where the development is located.

ARTICLE V

FINANCING SYSTEM, LETTER OF GUARANTY AND TAX BENEFITS

SECTION 1. FINANCING SYSTEM.- The Local Housing Office shall study the kind of financing system that is affordable to the beneficiaries who are willing to avail of the 15% socialized housing component. Such system shall be submitted before the issuance of development permit.

SECTION 2. LETTER OF GUARANTY.- After approval of the subdivision permit and when compliance of this Ordinance is already ensured, the City Government of Naga as assurance thereof, shall issue a Letter of Guaranty (LOG) to the developer. The LOG shall state among other things that the city government guarantees payment by the beneficiaries according to the financing system agreed upon and shall undertake to assist the developer in facilitating early return of the latter's investment.

SECTION 3. TAX BENEFITS.- Notwithstanding the tax and regulation incentives and benefits granted to the developers of socialized housing component equivalent to 15% of the project area on cost shall also be exempted from any local tax imposition and regulation fee.

ARTICLE VI

PERFORMANCE BOND AND PENALTY CLAUSE

SECTION 1. PERFORMANCE BOND. – The developer who undertakes compliance cited in Section 3 or Article II of this Ordinance, except D6 of the said section, shall submit a Performance Bond with sufficient sureties in an amount equivalent to the value of the 15% unaccomplished portion of the socialized housing project cost to ensure the completion of the

project. This should be submitted together with the Affidavit of Undertaking and can be withdrawn after issuance of the Certificate of Completion by the Office of the CPDC. Such bond shall be required at the time of the application for the DP of the socialized housing project.

SECTION 2. PENALTY CLAUSE. – Non-compliance of the mandated provisions abovementioned shall cause the issuance of a cease and desist order which should be complied immediately from the issuance of the said order, otherwise, a permanent revocation or closure will be imposed.

ARTICLE VII

REPEALING, SEPARABILITY AND EFFECTIVITY CLAUSE

SECTION 1. REPEALING CLAUSE.– All Ordinances, Executive Orders or any issuances by the City Mayor inconsistent with the provisions of this Ordinance are hereby repealed or modified accordingly.

SECTION 2. SEPARABILITY CLAUSE. – If for any reason, any section or provision of this Ordinance or any portion thereof of the application of such section, provision or portion thereof to any person, developer is declared invalid, illegal or unconstitutional, the remainder of this Ordinance shall remain effective and operational.

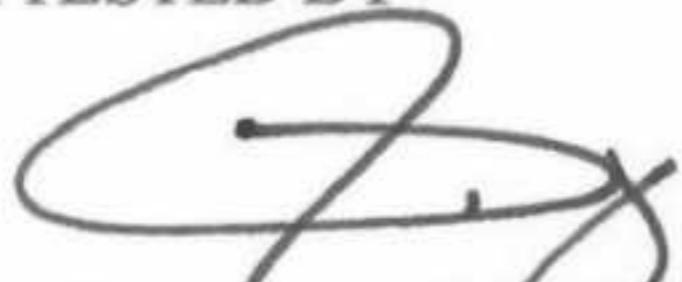
SECTION 14. EFFECTIVITY. – This Ordinance shall take effect immediately upon approval, subsequent posting and publication in accordance with law.

UNANIMOUSLY APPROVED, this 26th day of November 2018 on motion of Hon. Rodrigo A. Navarro, seconded by Hon. Porferio V. Resaba, Jr.

CERTIFIED CORRECT:

GARRY A. CABOTAJE
Secretary to the Sanggunian

ATTESTED BY


OTHELLO M. CHIONG
Vice Mayor/Presiding Officer

APPROVED BY:


KRISTINE VANESSA T. CHIONG
City Mayor