



Social Housing Finance Corporation

a subsidiary of National Home Mortgage Finance Corporation

HDH Corporate Circular No. 15 - 007
Series of 2015

Subject: Implementing Rules and Regulations (IRR) on Subsidy for High Density Housing (HDH) Projects

Section 1. Purpose

This Implementing Rules and Regulations, hereinafter called the IRR, is formulated for the purpose of implementing Section 11 of Corporate Circular No. 13-026, Series of 2013 on the subsidy scheme to support the technical assistance to be extended for the High Density Housing (HDH) projects of Social Housing Finance Corporation (SHFC).

Section 2. Definition of Terms

For purposes of this IRR, the following terms or words shall mean or be understood as follows:

- a. **Subsidy** refers to the sum of money granted or paid to the organization or entity, whether private or government, for the provision of technical assistance to the Community Association (CA) in support of the HDH project.
- b. **Community Organizing** refers to the functions of the Civil Society Organization (CSO) as enumerated in Section 4 of Corporate Circular HDH No. 14-004.
- c. **Civil Society Organization (CSO)** refers to people's organizations (POs) or non-government organizations (NGOs) whose principal role under the HDH Program is to assist the community organization in its organization, completion of the project and in other post occupancy activities.

- d. **Professional Fees** refer to compensation or emoluments to professionals involved in HDH projects including but not limited to engineers and architects.
- e. **Project Cost** refers to the total cost of an HDH project which includes costs for land acquisition, site development and building construction, including indirect costs related to community organizing and loan documentation, professional fees for the completion of technical plans and Construction Project Management (CPM), taxes and permits and insurance subsidy.
- f. **Construction Project Management (CPM)** refers to the monitoring and inspection of the progress of construction works of HDH projects in accordance with the plans, specifications and schedules as provided for in the Construction Agreement.

Section 3. Scope of Subsidy

The subsidy shall be utilized to cover costs related to (a) Community organizing and loan documentation (b) Professional fees for the completion of technical plans (c) Construction Project Management (CPM) (d) Taxes and permits and (e) Insurance subsidy (MRI/FAPI).

3.1. Community organizing and loan documentation

SHFC will provide financial incentives to CSO Partners for assisting the CA from social preparation/ project development up to post-occupancy.

- a. **Land Acquisition and Project Development Phase**
Two percent (2%) or P1,500.00 per ISF, whichever is higher.
- b. **Construction Phase**
Four hundred pesos (P400.00) per ISF to be released in a pro-rata manner equivalent to the percentage of the accomplishment (based on approved progress billing)
- c. **Post Take-out Phase**
Two hundred pesos (P200.00) per ISF per year over 5 years. The incentive shall be paid at the end of each year for a period of five (5) years provided



that in no instance shall the CA's CER fall below 85% during the 12-month period.

3.2. Professional fees for the completion of technical plans

After approval of the Board of Phase 2, the allowable fees for the preparation of the technical plans shall be reimbursed. These plans shall include but not limited to the following:

- Project Pre-feasibility Study
- Complete Site Development Plans
- Building Detailed Architectural and Engineering Drawings/Plans,
- Technical Specifications
- Scope of Work
- Bill of Materials
- Detailed Cost Estimates
- All other documents for HDH construction purposes (i.e. soil boring test)

3.3. Construction Project Management (CPM)

The maximum subsidy for the CPM services is 1% of the site development and building construction cost. The scope of which will be defined in the Terms of Reference (TOR) of the contracted services.

3.4. Taxes and Permits

The subsidy shall cover the following expenses of the CA:

- a. For land acquisition:
 - Documentary stamp taxes on sale and mortgage,
 - Transfer taxes
 - Annotation of Real Estate Mortgage (REM)
 - And such other taxes (including capital gains tax, if any) and permits necessary for the transfer of title. It shall also cover real estate tax until issuance of the CA of the Certificate of Completion and Acceptance (COCA) for properties purchased by SHFC ("big projects")
- b. For site development and building construction:
 - Environmental Clearance Certificate (ECC)
 - PALC
 - Development Permit
 - Building Permit



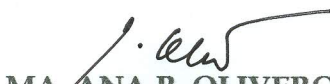
- Ancillary Permits – sanitary permit, fire permit, electrical permit, structural permit
- Occupancy Permit

3.5. Insurance

SHFC shall subsidize the one (1) year advance payment on the Mortgage Redemption Insurance (MRI) and Fire and Other Perils Insurance (FAPI) premium.

Section 4. Effectivity

This Circular supersedes all previous Circulars and issuances on the same subject and shall be effective immediately.


MA. ANA R. OLIVEROS
President

July 23, 2015