



Kaagapay ng Komunidad sa Maginhawang Pamumuhay



MSP Corporate Circular No. 19 - 001
Series of 2019

Subject: **GUIDELINES ON MARAWI SHELTER PROJECT**

I. PURPOSE AND LEGAL BASIS

On May 23, 2017, the armed conflict in the City of Marawi erupted and it sustained significant damage to its public infrastructures and utilities, as well as private properties, displacing thousands of its residents. The President of the Republic of the Philippines issued Administrative Order No. 3, creating an Inter-Agency Task Force for the recovery, reconstruction, and rehabilitation of the Marawi City and other affected localities, and later on amended the said Order thru Administrative Order No. 9 series of 2017, re-organizing the Task Force Bangon Marawi, in order to reflect the government's current priority to rebuild and develop the settlement areas affected by the armed conflict.

The Social Housing Finance Corporation (SHFC), mandated under Executive Order No. 272, was tasked to undertake social housing programs that will cater to the formal and informal sectors in the low-income bracket and shall take charge of developing and administering social housing program schemes. Considering the mandate of SHFC, the Corporation has initiated the implementation of a social housing project in Marawi City to support the National Government in the reconstruction and rehabilitation of the City.

SHFC and UN-Habitat have agreed to collaborate, thru a Memorandum of Understanding signed in May 2018, in the shelter and community recovery programme in response to the Marawi siege under the "Project for Rebuilding Marawi through Community-Driven Shelter and Livelihood support".

The SHFC promulgates these guidelines to provide the implementation framework and participate in the rehabilitation of Marawi City by providing Internally Displaced Persons (IDPs) new settlements thru the assistance for the land acquisition and site development for a permanent shelter project.

II. DEFINITION

1. Marawi Shelter Project

Marawi Shelter Project refers to a sustainable development project which supports people displaced by the Marawi conflict in the rebuilding of resilient and peace-promotive shelter, livelihood and community infrastructure. This project will be implemented using a community-driven approach to empower households whose homes have been completely destroyed by training them to become active actors in rebuilding their homes and communities.

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The SHFC shall create a Technical Working Group (TWG) composed of the SHFC Officers to develop, recommend, and execute the policies related to the project implementation.

2. Partner – Stakeholders

This refers to SHFC's stakeholders whose crucial partnership role in operationalizing the Marawi Shelter Project to make it possible to fully and efficiently implement the project. SHFC's partners are the following:

2.1 National Government Agencies (NGAs) and Local Government Units (LGUs)

This refers to government agencies that will be working closely with SHFC in the implementation of the Project, formalizing networks and linking the program with the current initiatives; and the local government units who are vital in communicating the program to the community and/or integrating local development plans in the operational needs of the program.

2.2 The Community Association (CA)

An organized Internally Displaced Persons (IDPs) duly registered with the Housing and Land Use Regulatory Board (HLURB), whose members meet the necessary eligibility requirements, as espoused under Republic Act No. 9904 or the Magna Carta for Homeowners Association

2.3 The United Nations Human Settlements Programme (UN-Habitat)

This refers to the non-government organization (NGO) tapped by the Government of Japan to implement donor approved projects and implement the Project with the Corporation. It's role includes, but not limited, mobilizing communities in preparing community action plan, develop information, education and communication materials for the project, conduct trainings, provide technical and financial assistance to selected households, and coordinate with other agencies regarding the project. The UN-Habitat shall also facilitate the construction of core houses thru the IDPs.

2.4 The Private Sector

This refers to private organizations and/or individuals whose role involves providing assistance in the form of funding, knowledge/expertise, and training.

2.5 Project Steering Committee (PSC)

This refers to the multi-agency body that serves as the project-advisory group. It provides policy advice and guidance in implementing the project to ensure the consistency of outcomes with the policies and priorities of the Philippine government and responsiveness to the needs of the beneficiaries. It is composed of representatives from the SHFC, UN-Habitat, Task Force Bangon Marawi (TFBM), Islamic City of Marawi, Sultans, Ulama and IDPs.

The PSC endorses the project sites to be acquired by the Corporation.

2.6 Sub-Committee on Lot Acquisition and Site Development

This refers to the Sub-Committee created for the Project and headed by the SHFC, which leads the evaluation and inspection of proposed properties for the Project. It ensures that the identified site shall be suitable for the Project and recommends to the PSC the properties to be purchased by the SHFC.

3. Site Development

This refers to improvement of the project site pertaining to establishment of roads, construction of two (2) boxes culverts as the entry way to the project site, construction of drainage and sewerage system and installation of water and electric system.

4. Performance Security

This refers to a security or a surety bond issued by a reputable insurance company or bank, to guarantee the faithful performance of the contractor of its obligations under the contract and to satisfactorily complete the project in accordance with the approved plans and specifications.

5. Retention Fee

This refers to the percentage of payment held back from a developer/contractor which is equivalent to 10% of the contract price to cover defective works, if any.

III. COVERAGE

The beneficiaries of this Project are individual displaced persons affected by Marawi Siege and that are living along the 3 to 6 meters easement of Lanao Lake and Rurog Agos and IDPs affected by the development of most affected areas.

IV. RESPONSIBILITIES OF THE COMMUNITY ASSOCIATIONS

The CA shall be responsible for the following:

1. Community profiling survey
2. Mobilization of community resources that will respond to project needs
3. Project planning and project management
4. Estate management that will include maintenance of sites & services and enforcement of community rules and regulations
5. Organizational maintenance

The CA shall partner with SHFC and UN-Habitat that will ensure the completion of the housing project as well as the efficient and effective estate management.

V. LAND ACQUISITION

The Corporation shall be in charge with the land acquisition for the Project. It shall allocate funds from its Corporate Budget or access funds from the National Government and facilitate the purchase of the properties from the landowner/s. The process shall include:

1. Evaluation of properties by the Site Selection Sub-Committee using the criteria approved by the PSC;
2. Endorsement of the shortlisted properties by the PSC to the Corporation; and
3. Approval by the SHFC Board on the Project sites.

The Corporation may negotiate with landowners to facilitate a more advantageous transaction for the Corporation as well as the beneficiaries of the Project.

1. Release of Payments to Landowners

To consider the current situation in Marawi City, wherein title/s of the properties are either lost or burned and the titles are in the names of deceased landowners and to expedite project implementation to address the pressing need for permanent housing, the Corporation may release the proceeds on a staggered basis, as approved by the SHFC Board, in the following manner:

1.1 Initial Release of Twenty (20%) loan proceeds

The Corporation may release, upon approval by the Board, the initial twenty (20%) of the proceeds to help assist the landowners in the reconstitution of lost or burned title/s, payment of taxes and fees and other related expense. The requirements to facilitate the release are as follows:

- a. Extra Judicial Settlement for properties with deceased landowners;
- b. Official Computation for payment of estate tax, real property tax, expenses for reconstitution of title, heirs bond, and other related expenses for the transfer of title;
- c. Deed of Conditional Sale between SHFC and the landowners;
- d. Warranty against eviction;
- e. Letter of Commitment with the landowners' conformity; and
- f. Other documents that may be required by the Corporation

1.2 Release of Second Tranche

The Corporation will release the second tranche equivalent to forty percent (40%) of the proceeds upon submission of the following requirements:

- a. Owner's duplicate copy and RD certified copy of reconstituted title;
- b. Court Order for the reconstitution of title and issuance of new title;
- c. Deed of Absolute Sale between Landowner(s) & SHFC; and
- d. Other documents that may be required by the Corporation

1.3 Release of Third Tranche (20%)

The Corporation will release the third tranche, equivalent to twenty percent (20%) of the proceeds, upon submission of the following requirements:

- a. Owner's duplicate copy and RD certified copy of the title in SHFC's name;
- b. Tax Declaration in SHFC's name; and
- c. Other documents that may be required by the Corporation

The release of last tranche, equivalent to the twenty percent (20%) of the total proceeds shall be released upon completion of the development of the property.

Final computation of the total proceeds of the Project shall be based on the final area of the property to be purchased by the Corporation as certified by the Technical Officer/Appraiser.

2. Payment of Fees and Taxes

All taxes and fees pertinent to the transfer of the title in the name of SHFC shall be for the account of the SHFC:

- 2.1 Real Property Tax
- 2.2 Documentary Stamp Tax
- 2.3 Capital Gains Tax
- 2.4 Transfer Tax

Realty Taxes after the acquisition of the property shall be for the account of SHFC.

3. Land Tenure

Pursuant to Board Resolution No. 694, Series of 2018, the community association may enjoy the usufruct arrangement on land for ninety-nine (99) years, and have the option to purchase the property, subject to the capacity to pay by the beneficiaries.

VI. SITE DEVELOPMENT

The site development shall be undertaken by SHFC. Site development refers to the improvement of the project site pertaining to the establishment of roads, construction of two (2) boxes of culverts as the entry way to the project site, construction of drainage and sewerage system and installation of water and electric system.

1. Eligibility

The community association/s who has an existing usufructuary arrangement with SHFC shall be eligible for site development under this guidelines, provided that they have complied with the requirement for the house construction and site development under the Marawi Shelter Project.

2. Contractor Selection Process

The Corporation shall process the selection of contractor/s to build or manage the construction through a process of bidding in accordance with the Government Procurement Reform Act (RA 9184). The Bids and Awards Committee (BAC) of the Corporation shall endorse the winning bidder to SHFC Board for final approval.

The sub-contracting of Project, at any phase, shall not be allowed by the Corporation.

3. Release of Proceeds

Release of proceeds shall be made in progress billing and in accordance with the approved work schedule. Releases shall be made up to a maximum of four (4) tranches (exclusive of the 15% mobilization fund). For every release of payment to contractor, submission of the following requirements shall be made:

- 3.1 Statement of Work Accomplishment (SWA) indicating the percentage of work progress signed by the contractor, the CA (Construction Committee) and the Sub-Committee on Lot Acquisition and Site Development.
- 3.2 Pictures of the project (showing actual progress)
- 3.3 Billing cost
- 3.4 Certificate of Completion and Acceptance (if completed)

4. Developer/Contractor/s Certification

The developer/contractor shall execute a certification that the submitted plans, designs and specifications conform to all pertinent national laws and regulations as well as local ordinances and regulations and that all completed works are done in accordance with submitted plans, designs and specifications.

SHFC shall not be held liable for any deviations made on said standards in the future. Any deviation made on the plans without the expressed written consent of SHFC shall be for the exclusive account of the contractor.

5. Performance Security

A performance security from the Contractor/Developer shall be required as security for the completion of site development. The performance security shall be in the form of a surety bond callable in favor of and upon demand by SHFC, issued by a certified surety or insurance company in an amount equivalent to fifteen percent (15%) of the total contract price.

A surety bond shall be released within fifteen (15) working days from the time of completion of the project, subject to the satisfactory validation reports submitted by the CA (Construction Committee) and the Sub-Committee on Lot Acquisition and Site Development

6. Retention Fee

The Corporation shall retain ten percent (10%) of the Contract Price as retention fee which shall answer for repairs of defective works, if any. The retention fee shall be released to the Contractor within three (3) months from the completion of the project and submission by the CA (Construction Committee) of a Board Resolution embodying the acceptance of any or all repair works done by the contractor on the project.

VII. EFFECTIVITY

This Circular shall be effective and in force immediately upon its posting in the SHFC Website.



ATTY. ARNOLFO RICARDO B. CABLING
President

Date: January 09, 2019

