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# REGULATING CO-OP HOUSING

*a guide on securing titles, licenses  
and permits, and how to avail  
of tax exemptions  
for cooperative housing*





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*A Guide on Securing Titles, Licenses and Permits,  
and How to Avail of Tax Exemptions  
for Cooperative Housing*



This CHF publication is produced with funds from the United States Agency for International Development (USAID).

*Volumes Included in the Manual on Cooperative Housing*

1

*Analyzing Co-op Housing*

2

*Managing Co-op Housing*

3

*Financing Co-op Housing*

4

*Accounting Co-op Housing*

5

*Regulating Co-op Housing*

6

*Constructing Co-op Housing*

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and How to Avail of Tax Exemptions  
for Cooperative Housing*

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and How to Avail of Tax Exemptions for Cooperative Housing*

*Published by*  
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# Foreword

Adequate shelter is a right that should be enjoyed by everyone. International statutes such as the United Nations Declaration on Human Rights guarantee this right. However in the Philippines, providing shelter to the homeless remains one of the primary concerns of government and cause-oriented groups.

Various approaches have already been adopted to solve the housing problem. One such approach is cooperative housing. It is an alternative self-help approach which applies the principles and methodologies adopted by cooperatives to shelter delivery.

While historically, cooperative housing has been put into practice in the late 19th century in various countries, its growth and development in the Philippines has only begun recently. As a response to promoting this innovative approach, CHF implemented the Cooperative Development Program in 1997, with the National Housing Authority (NHA) as its local partner and with funding from USAID.

The program sought to increase the availability of affordable housing services to underserved populations through cooperative housing. In particular, technical assistance was extended to build up the institutional capacity of NHA and several cooperatives to establish cooperative housing as a sustainable system. Part of such efforts is the development of a training manual on cooperative housing.

This Manual on Cooperative Housing was thus conceived to guide cooperatives engaged in mass housing projects for their homeless

members. In the process, it is hoped that this will encourage the creation of a favorable environment for the emergence of more housing cooperatives in the future.

CHF produced this manual in order to provide cooperatives with a better understanding of the operational and technical requirements, as well as, the processes involved in the cooperative housing project.

This Manual is designed to explain various concepts in terms that will be best understood by its intended end-users, which are the cooperatives. CHF attempted to provide a simplified presentation of some of the most important elements and steps of cooperative housing since there are so many details and variables involved in this process that varies according to each situation.

While we have wanted to base this Manual on the actual experiences of the pilot cooperatives of the Cooperative Development Program, it was not possible since these cooperatives have not gone through the entire cooperative housing process at this stage. The Manual was developed and drew largely from presentations made during the National Conference on Cooperative Housing held in Cavite on December 2001.

**Volume One on Analyzing Co-op Housing: Historical Analysis of Cooperative Housing** discusses the emergence and growth of cooperative housing in different countries, what were the issues and problems they faced, and how were these resolved. It also examines the experience of the SLU-SVP Housing Cooperative, one of the country's pioneers in cooperative housing.

**Volume Two on Managing Co-op Housing: A Guide on How to Manage the Organization, Implementation, and Maintenance of the Cooperative Housing Project** explains how the project affects the organizational structure and processes of the cooperative. It defines project management and lays down the specific management requirements necessary for the implementation and maintenance of the project.

**Volume Three on Financing Co-op Housing: A Guide on How to Avail of Fund Assistance for Cooperative Housing from Land Bank of the Philippines** presents the details of the bank's Cooperative Pabahay Program and how this may be utilized by the cooperative to finance its housing project.

**Volume Four on Accounting Co-op Housing: A Guide on Accounting Systems for Cooperative Housing** presents the different financial transactions of the project and how these should be documented and accounted for by the implementing cooperative.

**Volume Five on Regulating Co-op Housing: A Guide on Securing Titles, Licenses and Permits, and How to Avail of Tax Exemptions for Cooperative Housing** lists down the different legal and documentary requirements that regulate the project and how these can be secured by the cooperative. A section on taxation explains how a cooperative involved in socialized housing may avail of tax exemptions.

Finally, **Volume Six on Constructing Co-op Housing: A Guide on Construction Management of the Cooperative Housing Project** provides a layman discussion on the resource requirements, procedures, and tools needed during the construction phase of the project.

CHF hopes that these six volumes comprising the Manual on Cooperative Housing would serve as a valuable contribution towards the development of the cooperative housing movement in the Philippines.

**Randall Sach**  
Country Director  
CHF Philippines

# Acknowledgements

CHF-Philippines would like to extend its sincerest gratitude to all people and institutions who have shared their knowledge, time, effort and patience in producing this manual. We would thus like to thank the following:

To the officers and staff of the National Housing Authority (NHA), our principal partner in the implementation of the Cooperative Development Program, especially to Ms. Evangelina Equipaje, Officer-in-Charge of NHA's Livelihood Development Department (LDD), and Ms. Aida de Guia, former LDD Manager.

To the resource persons who imparted their expertise and know-how during the National Conference on Cooperative Housing held in Cavite on December 2001, namely: Danilo Consuegra of the National Confederation of Cooperatives (NATCCO), Ruben Corpuz of the SLU-SVP Housing Cooperative, Marlyn Estrella of the Cooperative Development Authority (CDA), Anne Henderson of UHAB from New York, Rose Nartates of NHA, Gary Ramirez of Land Bank of the Philippines (LBP), Sarah Redoblado of Alterplan, Ricardo San Andres of the Department of Agrarian Reform (DAR), Robert Sheen of the Department of Environment and Natural Resources (DENR), and Rolando Teves of NHA.

To Prof. Elenita Mantalaba, Director of the PUP Institute of Cooperatives, for her manual on Accounting Co-op Housing and her contributions on financing housing cooperatives.

To the officers of the Customer Service and Product Development Department of LBP, especially Gary Ramirez and Pocholo Nuñez, for their patience in explaining the details of the LBP-NHA Cooperative Pabahay Program.

To the officers and staff of the Mines and Geosciences Bureau (MGB) and the Environmental Management Bureau (EMB) of DENR, for clarifying the department's environmental regulations.

To the pilots and other cooperatives of the Cooperative Development Program for inspiring us to produce this manual.

This manual also benefited greatly from the technical training on cooperative housing of the SEDCOP Program of NATCCO, Alterplan, and VICTO.

Lastly, this manual would not have been possible if not for the generous funding provided by the United States Agency for International Development (USAID).









## I N T R O D U C T I O N

# Why are there regulatory requirements?

Before the first stone in the housing project is laid, the cooperative must first satisfy a host of requirements from different agencies of government. Titles must be secured, permits acquired, and taxes paid first before the cooperative lays the foundation for its first house.

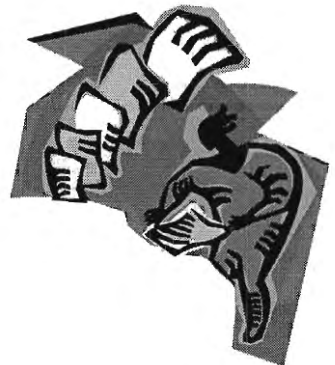
The cooperative housing project is guided by several regulatory requirements which are mandated by law. The purpose of regulation is to ensure that certain standards of quality and safety are met.

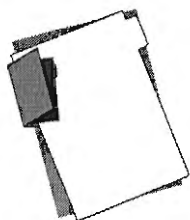
There are certain parameters or considerations in the use and disposition of land, ecology, space, materials, facilities and services that must be accounted for in the planning and implementation of the project.

For example, it is important for government to ensure that the cooperative's housing project does not encroach on the general public's sidewalks or open spaces. Housing units must subscribe to a required minimum floor area since cramped rooms have psychological effects on the individual. Medium-rise housing or walk-ups must consider the needs of persons with disability.

These parameters primarily ensure that the housing project is habitable, decent and adequate for the member-beneficiaries. At the same time, they also guarantee environmental sustainability and the living conditions of people in the surrounding community.

It is the purpose of this manual to describe some of the most important legal requirements cooperatives need to start their housing projects. All of these requirements must be acquired during the housing project's planning stage -- from land acquisition to immediately before actual construction. Basic procedures on how to secure titles, permits, and other licenses are given. Some of the details in the process are no longer explained since it is hoped that the cooperative will know them through the application process of respective offices.





## What is the land title for?

The first important document that the cooperative must take possession of is the land title. Before any changes are made on the land and before houses are built on the selected site, the cooperative must first show proof of ownership of the land.

Ownership is the right exercised over a thing. If the cooperative legally and rightfully owns a certain parcel of land, it has all the rights to use, alter, develop, recover investments, and realize profits from the property.

Titles are issued by the **Registry of Deeds (ROD)**. It follows the Torrens system of registration, wherein government guarantees all rights on the property acquired by the registrant.

## What are the types of titles?

There are two kinds of land titles based on the nature of ownership of the real estate property.

The **Original Certificate of Title (OCT)** is issued by the ROD on the first original owner of the land as approved by a decree of registration issued by the LRA. The OCT is sometimes referred to as the “mother title”.



Under the Torrens system of registration, once a parcel of land has been registered, a certificate of title covering the land is issued. The original certificate of title remains on file at the office of the Register of Deeds having jurisdiction over the land. A duplicate copy of title is issued to the owner.



meters and boundaries identifying the size and location of the lot or particular parcel of land.

It is extremely important to determine whether the OCT/TCT is a clean title or not. We must verify the authenticity of the title to guard against the issuance of fake titles. A title is considered fake when it is not a result of any recognized judicial or administrative proceeding for titling.

There are cases of lots having false owners or when the lot is smaller than what is described in the title. Some properties are also being resold with liens and encumbrances.

To guard against such problems, what the cooperative can do is to go to the Register of Deeds in their respective city or municipality and have their titles verified and certified as true copies of the original.

## **How can the co-op acquire their OCT/TCT?**



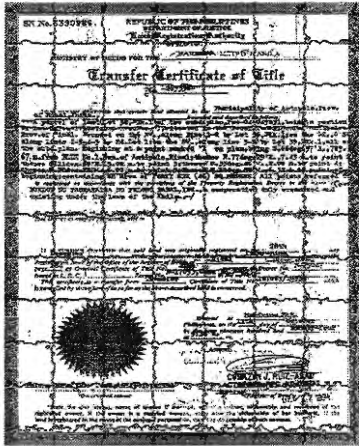
When the cooperative has identified the site for their housing project, it must identify the owner of the property. A duly notarized Deed of Sale is prepared for the legal transfer of the land from the owner to the cooperative.

The cooperative will then be required to pay capital gains tax, documentary tax, and other real estate-related taxes at the local revenue office where the land is situated.

When all taxes have been paid, the cooperative now proceeds to the Register of Deeds so that the title may be registered and issued under their name. The old OCT/TCT is cancelled and a new TCT is

issued under the name of the cooperative. Soon, this title will also be cancelled upon the subdivision of the lot and the issuance of individual titles, if the co-op decides to pursue individual ownership of the housing property.

## If we subdivide the property, how do we get the individual titles?



If the cooperative decides to pursue individual ownership, the OCT/TCT, which is in the name of the cooperative, will have to be cancelled. Once the individual residents have completed payment of their properties, new titles under their names are given to them by the cooperative.

To subdivide the title, Presidential Decree 957, which regulates the sale of subdivision lots and condominiums, requires the cooperative to obtain a **Certificate of Registration** and a **License to Sell** from the Housing and Land Use Regulatory Board (HLURB). The said license indicates a specific deadline for the completion of the project, as well as the maximum selling price of a housing unit.

If the housing project is not yet complete upon inspection by HLURB, the License to Sell is revoked. The cooperative will then have to apply for an extension of the said license.

# TRANSFER CERTIFICATE OF TITLE (TCT), MAIN SHEET

SN No. 3390886

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF JUSTICE  
Land Registration Authority  
MANILA CITY

REGISTRY OF DEEDS FOR THE MARIKINA METRO MANILA

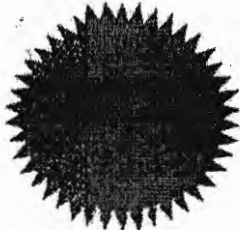
## Transfer Certificate of Title

No. 269336

IT IS HEREBY CERTIFIED that certain land situated in the Municipality of Antipolo, Prov. of Rizal, ~~the~~ bounded and described as follows:  
A parcel of land (Lot 38, Blk. 1 of the subd. plan, Pas-84-84851, being a portion of Lot 1, Pas-1747, LRC Res. No. ) situated in the No. of Town, Div. of Antipolo, Prov. of Rizal. Bounded on the NW., along Mas 1-2 by Lot 36, Blk. 1; on the NE., & S. along lines 2-3-4-5 by Rd. Lot 1; on the SW., along line 5-1 by Lot 39, Blk. 1, all of the subd. plan. Beginning at a point marked "1" on plan, being S. 66deg. 57'E., 789.67 m. from BLN No. 1, Mun. of Antipolo, Rizal; thence N. 77deg. 29'E., 7.43 m. to point 2; thence S. 11deg. 38'E., 5.02 m. to point 3; thence S. 33deg. 46'W., 2.00 m. to point 4; thence S. 78deg. 22'W., 6.00 m. to point 5; thence N. 11deg. 38'W., 6.32 m. to point of beginning; containing an area of **FOUR EKE (46) SQ. METERS**. All points referred to it registered in accordance with the provisions of the Property Registration Decree in the name of **BUKLOD NG PAKAKAISA NG PULONG BANAL, INC.**, a corporation duly organized and existing under the laws of the Phils. ✓

as owner thereof, in fee simple, subject to each of the encumbrances mentioned in Section 21 of said Decree as may be subsisting, and to

IT IS FURTHER CERTIFIED that said land was originally registered on the 28th day of December in the year nineteen hundred and 1934 in the Register of Deeds of MARIKINA Volume 111 in the page 184 as Original Certificate of Title No. 17057 pursuant to Decree No. 175047 issued in L. R. C. Record No. 17057 in the public office of MANILA. This certificate is a transfer from TRANSFERO Certificate of Title No. 187057/2-335 which is cancelled by virtue hereof in so far as the above-described land is concerned.



Marikina, M.Y.  
Entered at 11th day of October  
Philippines, on the 11th day of October  
in the year nineteen hundred and 1934  
at 9:30 a. m.

Pulong Banal, San Jose, Antipolo, Rizal  
(Owner's postal address)

CONAZON J. RUIZ-ABAD  
ACTING REGISTER OF DEEDS  
REGISTER OF DEEDS  
OCT 27 1934

\*State the civil status, name of spouse if married, age if a minor, citizenship and residence of the registered owner. If the owner is a married woman, state also the citizenship of her husband. If the land is registered in the name of the conjugal partnership, state the citizenship of both spouses.

# TRANSFER CERTIFICATE OF TITLE (TCT), MAIN SHEET

## MEMORANDUM OF ENCUMBRANCES

(When necessary use this page for the continuation of the technical description)

Entry No. ....  
are indicated on the plan and are marked on the ground by 1" sp. cons. cons., 10  
40cms., bearings true date of orig. survey, Nov. 15-16, 1958, and that of the subd.  
survey, June 10-15, 1991 and was approved on Oct. 27, 1991.

REGISTRY OF DEEDS  
REG. DEP. REG. OF DEEDS

x-x-x-x-x

Entry No. 222144/T-187069 - MORTGAGE in favor of the FOUNDATION  
FOR THE DEVELOPMENT OF THE URBAN POOR (EDUP) for the sum of 100  
MILLION ONE HUNDRED NINETY FIVE THOUSAND ONE HUNDRED PESOS ONLY  
(P 2,195,100.00) in accordance with Doc. No 127, Page 27, Book No.  
LVIII, Series of 1990 of the Notary Pub. for Antipolo, Rizal,  
Alfredo A. Zapanta.

Date of the instrument - July 12, 1990

Date of the inscription - July 12, 1990 at 3:07 p.m.

(REG.) GREGORIO C. SEMIGANO, Reg. of Deeds

(Memorandum of Encumbrances continued on Page ..... -U)

(Technical Description continued on Additional Sheet ..... Page ..... -)

Registry of Deeds



## DEED OF ABSOLUTE SALE

KNOW BY ALL MEN THESE PRESENTS:

This DEED OF SALE, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ in \_\_\_\_\_, Philippines by:

The LANDOWNER \_\_\_\_\_,  
of legal age, Filipino and resident of \_\_\_\_\_,  
\_\_\_\_\_,  
hereinafter referred to as the "VENDOR";

in favor of

The \_\_\_\_\_,  
a cooperative duly registered with the Cooperative  
Development Authority under Registration No. \_\_\_\_\_  
dated \_\_\_\_\_ and existing under the laws  
of the Republic of the Philippines, with principal address  
at \_\_\_\_\_, represented  
in this Act by its Chairman of the Board of Directors,  
\_\_\_\_\_ and hereinafter  
referred to as the "VENDEE".

WITNESSETH: That

WHEREAS, the VENDOR is the absolute owner of the property located at \_\_\_\_\_, Philippines, covered by Transfer Certificate of Title No. \_\_\_\_\_, and more particularly described as follows:

(complete technical description of TCT here)

WHEREAS, the VENDEE warrants and hereby commits that it represents and speaks for all members of the \_\_\_\_\_ Cooperative, Inc.;

WHEREAS, the \_\_\_\_\_  
Cooperative, Inc., is desirous to adopt the Housing Cooperative approach for  
purposes of providing decent and affordable housing to its members;

WHEREAS, the VENDEE has offered to buy and the VENDOR has agreed to  
sell the above-described property for the price and under the terms and  
conditions set forth hereinbelow;

NOW THEREFORE, for and in consideration of the foregoing mutual covenants  
herein contained, and more specifically of the sum of \_\_\_\_\_  
\_\_\_\_\_ (P \_\_\_\_\_), the receipt whereof is hereby  
acknowledged from VENDEE to the entire satisfaction of the VENDOR, the  
said VENDOR has agreed to sell and by these presents do hereby sell unto the  
VENDEE the aforesaid property located at \_\_\_\_\_  
\_\_\_\_\_ more particularly described in  
TCT No. \_\_\_\_\_ mentioned above this Deed, and the VENDEE hereby  
accepts the same by way of purchase subject to the following terms and  
conditions:

(terms and conditions here)

IN WITNESS, the VENDOR has hereunto set his/her hand at the place first  
above written on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

VENDOR

SIGNED IN THE PRESENCE OF:

\_\_\_\_\_

(NOTARIAL ACKNOWLEDGEMENT)

# CERTIFICATE OF REGISTRATION



Republic of the Philippines  
Office of the President

**HOUSING AND LAND USE REGULATORY BOARD**

## Certificate of Registration

No. \_\_\_\_\_

BE IT KNOWN:

*THAT* \_\_\_\_\_

*a project covered by* \_\_\_\_\_

*and located at* \_\_\_\_\_

*with an area of* \_\_\_\_\_ *is hereby registered pursuant to* \_\_\_\_\_

\_\_\_\_\_ *and its rules and regulations.*

*THAT any misrepresentation or material falsehood made in connection with the application for this registration or the forgery or falsification of any of the supporting documents thereof and other legal grounds provided by law shall be a valid cause for the revocation of this Registration.*

*THAT this Certificate of Registration is NOT an authority to sell any lot/unit in the above-mentioned project.*

*AND THAT the project owner(s),* \_\_\_\_\_ *and the developer(s)* \_\_\_\_\_

*take the solidary responsibilities of complying with the law and the rules and regulations for the issuance for this CERTIFICATE and the License to Sell, if any.*

*IN WITNESS WHEREOF, I have hereunto set my hand and cause the seal of this Board to be affixed at* \_\_\_\_\_

*this* \_\_\_\_ *day of* \_\_\_\_\_, 20\_\_.

*Regional Officer*

# CERTIFICATE OF REGISTRATION



Republic of the Philippines  
Office of the President

**HOUSING AND LAND USE REGULATORY BOARD**

## License to Sell

No. \_\_\_\_\_

THAT this License is issued for the sale of saleable lots/units/lots with units in \_\_\_\_\_ and located at \_\_\_\_\_ pursuant to \_\_\_\_\_ and its rules and regulations.

AND THAT the project owner(s), \_\_\_\_\_ and its developer(s), \_\_\_\_\_ is/are obliged to comply strictly with the following:

1. Complete the project in accordance with the approved development plan therefore not later than and advise buyers in writing of such time frame for development: \_\_\_\_\_;
2. Apply for an extension of time to complete development in case the project cannot be completed within the prescribed period before its expiration;
3. Maintain the common facilities until their turn-over pursuant to P.D. No. 1216;
4. Registered with the Register of Deeds within 1809 days from execution the instrument relative to any sale, whether or not the price is fully paid;
5. Deliver the title to fully paid buyers or, if mortgaged, redeem and deliver the same within six months from full payment;
6. Secure clearance prior to any mortgage or alteration of plan;
7. Pay the real estate tax/assessment on the lot/unit until the year after the title is transferred to or possession is taken by the buyer;
8. Refrain from forfeiting payments made by the buyers who suspend amortization after due notice to owner or developer on ground of incomplete or non-development;
9. Submit semestral report within sixty days after each semester, showing the extend of project development and changes in corporate officers;
10. Sell only at a maximum selling price of \_\_\_\_\_;
11. Display the registration certificate and this license in a conspicuous place in all office of the owner and developer.

### Additional Condition/s:

*Any misrepresentation or material falsehood made in connection with the application for the Registration and License to Sell and the supporting documents of the application shall be a valid cause for the revocation of this License.*

*IN WITNESS WHEREOF, I have hereunto set my hand and cause the seal of this Board to be affixed at \_\_\_\_\_ this \_\_\_ day of \_\_\_\_\_ 20\_\_.*

O.R. No. \_\_\_\_\_

Date Issued \_\_\_\_\_

Amount Paid \_\_\_\_\_

Regional Officer

## **Is there a need to file for land use conversion?**

Yes, if the land acquired is originally meant for agricultural purposes. The cooperative is going into housing and not farming and so under the Republic Act 6657 or the Comprehensive Agrarian Reform Law (CARL), the cooperative is required to apply for land use conversion with the Department of Agrarian Reform (DAR).



Land use conversion or LUC deals with physical changes in the use of land and is different from land use reclassification which deals mainly with zoning land areas. Conversion is handled by DAR while reclassification is handled by local government units.

## **Can we be exempted from land conversion?**

Generally no, unless the land acquired by the cooperative is a built-up or developed land that has been legally converted earlier, or unless the land has been reclassified to residential, commercial, industrial or non-agricultural use on or before the approval of CARL on June 15, 1988 as based on Department of Justice (DOJ) Opinion No. 44.

To be sure that the land could be used for non-agricultural purposes, what the cooperative can do is to get a certification and the existing

land use plan from the Housing and Land Use Regulatory Board (HLURB) and the city or municipality's zoning administration. A check with the local DAR office could also be of help.

## Can DAR disapprove our LUC application?

If the cooperative does not conform with the application guidelines set by DAR, the application may be disapproved out of technicality. Some applications are disapproved immediately if the land acquired by the cooperative is found to be within an area considered by DAR as non-negotiable for conversion. These areas are:

- agricultural lands within protected areas under the National Integrated Protected Areas System (NIPAS)
- irrigated lands where water is available for rice and other crop production
- irrigated lands where water is not available but within area programmed for facility rehabilitation
- irrigable lands with irrigation projects with firm funding commitments
- agricultural lands with irrigation facilities operated by private organizations



## How do we process our LUC?

There are certain procedures observed by DAR for land use conversion, as stated in the 2002 Series of **DAR's Administrative Order No. 1**. But what is important for the cooperative is to go to the nearest DAR office in their respective localities, file the application, submit the documentary requirements, and pay the required fees.



The rest of the procedure, which involves the review of documents, posting of landholding, ocular or field investigation, and the approval of the application, are internal to DAR.

Upon approval of the application, DAR requires the cooperative to post a performance bond. Disturbance compensation is also made if there are any legitimate tenants or occupants on the property who may be affected by the conversion.

## What are the documents we have to submit?

Aside from the application letter for conversion, DAR requires the cooperative to submit the following:



- Duly accomplished and notarized application
- Special Power of Attorney if applicant is not the owner, or board resolution authorizing applicant if the owner is a corporation
- Certified True Copy of OCT/TCT certified by the Register of Deeds not later than 30 days prior to filing (in case of untitled agricultural land, a certification from the DENR that landholding is alienable and disposable, and a certification from the DENR or the court that titling has commenced and there are no adverse claimants)
- Recent 5R photos of the property
- Socio-economic cost-benefit study with detailed site development plan, workplan, and financial plan
- Proof of financial and organizational capability to develop land which would include profile of developer, financial statement duly authenticated by a CPA, and articles of incorporation
- List of tenants, farmworkers or bonafide occupants to be affected by conversion and proof of payment or agreement to pay disturbance compensation
- Official Receipt showing payment of filing fee

## Are there more requirements?

DAR has issued Administrative Order No. 2, series of 2000, to simplify the requirements and procedures for conversions involving socialized or low-cost housing.

In the processing of applications for conversion, cooperatives are exempted from submitting a Certification of Eligibility from the Department of Agriculture (DA) and an Environmental Compliance Certificate (ECC) from the Department of Environment and Natural Resources (DENR). The ECC however is still a requirement of the DENR in its own procedures concerning environmental regulation, specifically for projects located in critical areas.

What is important is for the cooperative to secure an endorsement or certification from the HLURB that the land is intended for socialized or low-cost housing.

## How much do we spend to process our LUC?

All applications for conversion will have to pay a certain amount of filing fees for the processing of documents and for the ocular inspection of the site. Cooperatives going into housing are no longer required to pay the cash bond which is intended as a form of guarantee against premature conversion.



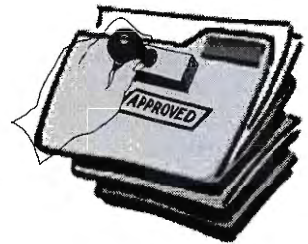
Instead, DAR will ask the cooperative to submit a sworn undertaking that it will pay the cash bond, the amount of which is equal to 2.5% of the total zonal value of the land, in the event that premature conversion was undertaken.



Premature conversion refers to the undertaking of any development activity, the result of which modify or alter the physical characteristics of the agricultural lands to render them suitable for non-agricultural purposes, without an approved order of conversion from DAR.

A performance bond, equivalent to 2.5% - 15% of the total zonal value of the property, is posted upon approval of the application for conversion. This bond serves as a guarantee that the cooperative will faithfully comply with the terms and conditions of the order for conversion.

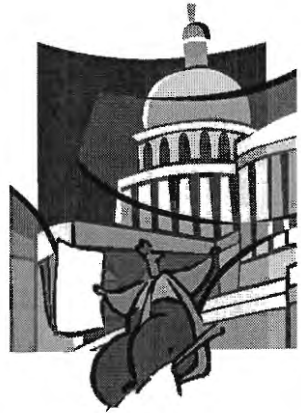
## **How long does approval of the land conversion take?**



Under DAR Administrative Order No. 2, series of 2000, all applications for conversion involving socialized or low-cost housing projects shall be processed for a period of only 13 days. If the land is 5 hectares and below, approval of the application is done by the DAR Regional Director. If the land is above 5 hectares but below 50 hectares, approval is done by the DAR Undersecretary. But if the land is more than 50 hectares, only the DAR Secretary may approve the conversion.

## Do we need to get local clearance?

Lands formerly intended for agricultural or other purposes, and which have been approved for land use conversion by DAR, needs to be reclassified. Reclassification of lands to residential use is administered by the local city or municipal council, which is also called the *Sangguniang Bayan* (SB).



Cities and municipalities have existing land use plans which classify whether an area is used for residential, industrial, commercial, or other purposes. There are local zoning ordinances which govern the type of building, structure, or activity that may occur in a particular parcel of land. Some ordinances also regulate the height of buildings and the distance between structures.

The cooperative then needs to apply for a **Preliminary Approval and Locational Clearance (PALC)** from their respective localities before any development work is undertaken on the housing site.

## Where do I go to get this clearance?

The cooperative goes to the local zoning or planning office of the city or municipal government to secure their PALC.

Once the requirements for the PALC are satisfied, the local zoning or planning office will endorse the application to the SB. The SB will

then approve the application during their meeting and issue the appropriate resolution.

Aside from the order reclassifying the land to residential use and the approval of the subdivision project, the SB also makes recommendations on the right of way of the public and adjacent residents, the greening and pavement of the housing site's perimeters, and other related development.

## What are the requirements?



Aside from the application letter, the cooperative will be asked to submit the following for their PALC:

- three (3) copies of the site development plan, vicinity map, and the survey plan of the property
- three (3) certified copies of the OCT/TCT and tax receipts
- conversion clearance from DAR
- SEC registration of the cooperative
- endorsement from the Barangay or the Mayor's office

## PRELIMINARY APPROVAL AND LOCATIONAL CLEARANCE

Republika ng Pilipinas  
Lalawigan ng \_\_\_\_\_  
Bayan ng \_\_\_\_\_

### SANGGUNIANG BAYAN

Kapasiyahan Blg. \_\_\_\_\_

KAPASIYAHAN NA NAGPAPATIBAY SA PANIMULANG PAGPAPATIBAY NG PAHINTULOT SA KINALALAGYAN (PRELIMINARY APPROVAL AND LOCATIONAL CLEARANCE) NG ISANG SUBDIBISYONG PANGTIRAHAN SA BARANGAY \_\_\_\_\_, BAYAN NG \_\_\_\_\_, LALAWIGAN NG \_\_\_\_\_, NA PINAPAUNLAD NG \_\_\_\_\_

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SAPAGKAT, itinatadhana ng Seksyon 447 (2) (x) ng Batas ng Pamahalaang Lokal ng 1991 na isa sa mga kapangyarihan, tungkulin at gawain ng Sangguniang Bayan ay magproseso at magpatibay ng mga plano ng subdibisyon para sa layuning pangtirahan, pangkalakalan, pang-industriya at iba pang mga layuning pangkaunlaran, at mangolekta ng kaukulang butaw at iba pang mga singilin para sa pagpoproseso na ang halagang malilikom ay buong tutungo sa bayan;

SAPAGKAT, ayon sa mga dokumento na isinumite, ang naturang subdibisyon na pangtirahan ay umaalinsunod sa mga ipinag-uutos at itinatadhana ng PD 957;

SAPAGKAT, ang proyektong nabanggit ay malaki ang maitutulong sa mga mamamayang walang sariling bahay;

DAHIL DITO, IPINASIYA, GAYA NG NGAYON AY GINAGAWANG PAGPAPASIYA, na pagtibayin ang Panimulang Pagpapatibay ng Pahintulot sa Kinalalagyan (Preliminary Approval and Locational Clearance) ng isang subdibisyong pangtirahan sa Barangay \_\_\_\_\_, Bayan ng \_\_\_\_\_, Lalawigan ng \_\_\_\_\_, na pinapaunlad ng \_\_\_\_\_.

IPINASIYA PA RIN, na ang nagpapaunlad ay atasang isama sa plano ng pagpapaunlad (Development Plan) ang mga sumusunod na alituntunin:

1. Pagbibigay ng Right-of-Way sa mga naninirahan sa tabi ng nasabing subdibisyon.
2. Maglagay ng mga daanan o kalsada na magdudugtong sa mga katabing subdibisyon.
3. Isaayos ang creek na dadaluyan ng kanilang drainage system.
4. Pagtatanim ng mga punong kahoy at mga halaman sa mga daan at pangserbisyong daan ng naturang subdibisyon ayon sa programang kalinisan at pagtatanim ng Pambansang Pamahalaan.

IPINASIYA PA RIN, na ang gamit ng lupa na Agro-Industrial ay maging undeveloped Residential.

PINAGTITIBAY NANG BUONG PAGKAKAISA, ngayong ika-\_\_\_\_\_ ng \_\_\_\_\_, 20\_\_\_\_\_.

Pinatutunayan ko ang kawastuhan ng nasasaad sa kapasyahang ito.

Kalihim ng Sangguniang Bayan

Pinatutunayan at Pinagtitibay:

(mga kasapi ng Sangguniang Bayan)

## What environmental clearances do our project require?

Presidential Decree 1586, which was passed in 1978, provides for an environmental impact assessment on environmentally critical projects especially those located in environmentally critical areas.



The purpose of the assessment is to ensure the health and stability of the environment since clean land, air and water are necessary for sustained growth and development.

Huge projects, such as mass housing, also consume a huge amount of natural resources and produce wastes that may significantly affect the balance of the surrounding environment.

There are two environmental clearances which the cooperative needs to secure before they begin developing their land for housing. The first is the ECC and the second is the EGGAR.

## What is ECC?

The **Environmental Compliance Certificate** or ECC is a requirement of the Department of Environment and Natural Resources (DENR) prior to any actual land development. After an assessment has been conducted ascertaining the impact of a housing project on the environment, the DENR issues the ECC which contains guidelines on how the project may be undertaken while at the same time protecting the environment.

## What areas are considered environmentally critical?

If the cooperative is unsure whether the property it has acquired is located within an area considered environmentally critical or not, it may help to look at the list below. It is also good to consult your local DENR offices.

Environmentally critical areas:

- all areas declared by law as national parks, watershed reserves, wildlife preserves, and sanctuaries
- areas set aside as aesthetic/potential tourist spots
- areas which serve as habitat for endangered or threatened species of indigenous Philippine wildlife (flora and fauna)
- areas of unique historic/archaeological or scientific interest
- areas frequently visited and/or hard hit by natural calamities
- areas with critical slopes
- areas classified as prime agricultural lands
- recharge areas of aquifers
- water bodies tapped for domestic purposes or supporting wildlife and fishery activities
- mangrove areas with primary growth, adjoining mouths of rivers, acting as natural buffer against erosion, or important to people's livelihood
- coral reefs with 50% or above cover, spawning fishes, or which act as natural breakwater of coastlines



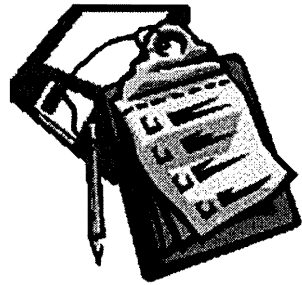
## Is it easy to apply for an ECC?

Applications for ECC are handled by the **Environmental Management Bureau (EMB)**, the agency tasked by DENR to handle the reviews of an environmental impact assessment.

To secure an ECC, the EMB requires the submission of an **Environmental Impact Statement (EIS)** or an **Initial Environmental Examination (IEE)**.

But for mass housing or other projects of a relatively smaller scale, EMB has simplified the application procedure. EMB Memo Circular No. 4, series of 1998, provides for an IEE Checklist which consists of ready-made questions and answers which the applicant/cooperative can easily fill up on its own and afterwards submit to EMB.

With the IEE Checklist, there is hardly a need for an environmental consultant since there are only a few questions requiring technical measurements. The cooperative may seek the assistance of its in-house engineers or the contractor it has hired for the project for some of these measurements.



## **Where do I get my IEE Checklist?**

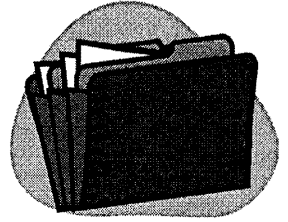
The **IEE Checklist** is available upon formal request at the Environmental Impact Assessment (EIA) section of the EMB's national or regional office. Once the applicant/cooperative has completed the Checklist, it is then submitted to the same EMB office for processing.

A screening officer will immediately verify its completeness and conformance with DENR prescribed requirements within the same day. If the IEE Checklist is complete, it will be formally accepted and the applicant/cooperative will be given a duly accomplished copy of the Procedural Screening Form signed by the screening officer.

The cooperative then re-submits three (3) sets or copies of the completed Checklist, together with all relevant documents, maps, charts, and diagrams, to the same office. It shall then be required to pay a filing fee for the processing of the documents.



## What are the documents required in the IEE Checklist?



The IEE Checklist consists of several yes or no questions or items which the cooperative can easily check or cross out. It also lists down some documentary and visual requirements which the Technical Review Committee of the EMB needs to get a complete picture of the cooperative's housing project.

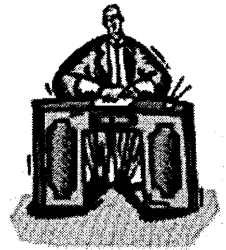
Aside from the formal letter requesting for an ECC, some of the required documents include the following:

- SEC Registration of the cooperative
- Accountability statement of the project proponent
- Zoning Certification from the HLURB
- Certified true copy of the OCT or TCT
- City/municipal Resolution
- Certification from the Mines and Geosciences Bureau (MGB) whether the project requires an EGGAR or not

The cooperative is also required to submit pictures of the project site, topographic maps, house plans, and other important visual information.

## How long does issuance of the ECC take?

All projects applying for an ECC that passes through the IEE Checklist procedure are initially approved by the Regional Executive Director of the EMB and approved with finality by the Regional Executive Director of the DENR.



Processing time for the ECC, including the possible conduct of site visits or ocular inspection, will only take a

maximum of 45 days. It is the responsibility of the cooperative to follow up with their respective EMB offices to check whether an ECC has been issued for the project or the application has been denied.

Upon the release of the ECC, the EMB regional office may call for a technical conference to explain to the cooperative the relevance of the ECC and the various conditions stated in it which are for compliance of the cooperative.



## What is an EGGAR?

After the Cherry Hills tragedy in 1999, DENR required developers to submit an EGGAR, or an **Engineering Geological and Geohazard Assessment Report**, as additional requirement for ECC applications involving subdivision, housing, and other related infrastructure projects.

The Philippines is prone to natural hazards given its geographic and geologic setting. Earthquakes, volcanic eruptions, landslides, and heavy flooding are natural occurrences which may cause severe damage to life and property.

These geologic hazards or geohazards must be adequately addressed by developers of housing projects to prevent a repeat of the Cherry Hills tragedy wherein rows of houses collapsed after a mild earthquake.

## Who makes our EGGAR?

EGGAR's are evaluated by the **Mines and Geosciences Bureau (MGB)**, an agency under the DENR. But the preparation of the EGGAR and the actual geological site scoping must be conducted by a geologist hired by the cooperative.

DENR requires that scoping and the engineering geological and geohazard assessment be conducted by a licensed professional geologist with a minimum experience of five (5) years or by a licensed engineer with the same number of years of experience and with at least six (6) months training or a post-graduate diploma in engineering geology or structural geology.



Scoping refers to the geological inspection and the identification of potential geological hazards in the proposed site for the housing project.

## What are the contents of the EGGAR?

The EGGAR shall include the results of all structural and engineering tests on the geology of the cooperative's identified housing site as well as the adjacent areas. MGB has issued Memo Circular No. 2000-33 to help guide the geologist/engineer on the required scope of work necessary to make the EGGAR.

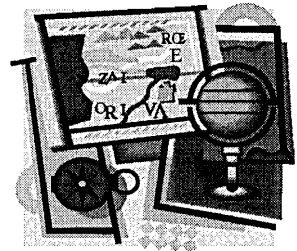
Some of the specific information that should be included in the EGGAR are the following:

- general description of the project (with site plan that is properly located on a topographic map)
- regional geologic setting including tectonic setting, climate, and vegetation
- topography, hydrology, lithology and other structural features of the geologic site
- hazard assessment to include seismic hazard, volcanic hazard, geologic mass movements such as landslides, and hydrological hazards such as flooding or coastal erosion
- recommendations for further specialized study, or mitigating measures that will have to be undertaken during actual development work



The EGGAR shall also include detailed topographic maps outlining the characteristics of the earth materials, slope, water system, and other geologic-related features.

## **We have our EGGAR, what do we do next?**



After the EGGAR has been prepared by the geologist/engineer hired by the cooperative, it is to be submitted to the nearest MGB regional office for geological review and verification. A technical review committee formed by MGB will evaluate the EGGAR.

The cooperative will pay MGB the appropriate fees for the conduct of the geological verification. MGB geologists will accompany the cooperative and its hired geologist/engineer on the geological review and verification of the project site.

After the site inspection, MGB will prepare its own geological report which is then submitted to EMB and other concerned agencies under the DENR.

## **How long does MGB take to prepare a geological report?**

In response to the government's call to streamline the bureaucratic process for housing-related projects, DENR issued a memorandum setting prescribed times for the approval of permits, clearances, and other licenses. MGB will provide the cooperative, EMB and other concerned agencies of the DENR the geologic report within ten (10) days upon submission of the EGGAR.

# ENVIRONMENTAL COMPLIANCE CERTIFICATE



Republic of the Philippines  
**DEPARTMENT OF ENVIRONMENT & NATURAL RESOURCES**

## ENVIRONMENTAL COMPLIANCE CERTIFICATE

Ref. Code No. \_\_\_\_\_

The DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES, Region \_\_\_\_\_ hereby grants this Environmental Compliance Certificate (ECC) for the \_\_\_\_\_ of \_\_\_\_\_ to be located at \_\_\_\_\_, after complying with the Environmental Impact Assessment (EIA) requirements as prescribed pursuant to Article III, Section 19.0 of DENR Administrative Order No. 96-37, Series of 1996.

This Certificate is being issued subject to the following conditions:

1. This Certificate shall cover the development of a \_\_\_\_\_ hectares lot into a low-cost socialized housing project and that any expansion and/or modification thereof shall be subjected to another Environmental Impact Assessment (EIA) requirements;
2. No site development shall commence without first securing an approved Conversion Order or Exemption Order from the Department of Agrarian Reform;
3. This housing project shall be provided with an adequate sewage treatment system to treat domestic wastewater disposal and that the plans and specifications of the above facilities shall be submitted to DENR- Region \_\_\_\_\_ within thirty (30) days upon approval of the ECC including certification on area allotment by the owner/developer of the housing project. Likewise, an "Authority to Construct" shall be secured for the same within the timeframe as prescribed therein;

4. Appropriate mitigating measures shall be implemented by the proponent to abate noise, dust emissions and soil erosion during site clearing and construction activities;

5. Planting of suitable tree species shall be undertaken along the roads and service streets inside exclusive of roads, service streets and alleys shall be reserved, developed and maintained for tree parks and recreational areas as prescribed pursuant to PD 953;

6. Installation of adequate sewer lines, gutters and drainage canals shall be effected to avoid soil erosion and flash flooding;

7. Water spraying of the exposed soil during dry season shall be undertaken during site preparation and development to minimize dust dispersion;

8. Water spraying of the exposed soil during dry season shall be undertaken during site preparation and development to minimize dust dispersion;

9. Construction debris, excavated materials and other form of solid wastes generated during site development and construction stage shall be properly disposed off in a stable place to avoid soil erosion and siltation of the river;

10. Garbage and other forms of solid wastes generated by the occupants during operational stage shall be regularly collected for proper disposal;

11. Construction materials used shall conform with the specifications prescribed by the Bureau of National Standards and that housing units shall be constructed in accordance with the conditions stipulated in the Building Permit;

12. Any misleading/false information submitted to this Office shall be sufficient cause for the revocation/cancellation of this ECC;

13. On the spot monitoring and inspections can be conducted by the DENR-EMPAS Region \_\_\_\_ anytime in coordination with concerned groups; and

14. Transfer of ownership of this project carries the same conditions in this ECC for which written notification shall be made herein grantee to DENR-Region \_\_\_\_ within fifteen (15) days from such transfer.

Non-compliance with any of the above conditions shall be a ground for this Office to impose a penalty not to exceed P50,000 for every violation thereof and/or revocation of this Certificate at the discretion of this Office.

Given this \_\_\_\_th day of \_\_\_\_\_, 20\_\_.

Regional Executive Director

Processing Fee : P 1,750.00

Filing Fee : P 310.00

PD 1586 : P 70.00

Date \_\_\_\_\_

O.R. No. \_\_\_\_\_

## Do we need to get a Development Permit?



Based on Batas Pambansa 220 which regulates the building of subdivisions and condominiums, all housing projects require a **Development Permit** prior to any actual land development. Approval of an application for the permit is handled by the zoning or planning office of a particular city or municipality.

These offices check whether the developer or the cooperative have made necessary adjustments in their plans based on recommendations issued in the Preliminary Approval and Locational Clearance (PALC).

Once the requirements for the Development Permit are satisfied, the local office endorses the application to the *Sangguniang Bayan*. The SB then approves the application during their meeting and then issues the appropriate resolution.

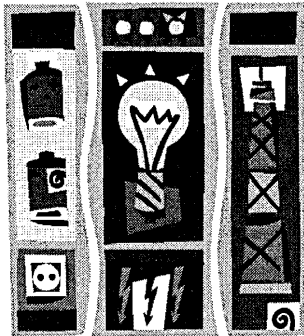
## What are the requirements for the permit?

The cooperative submits a formal letter to the city or municipality's zoning or planning office stating the nature of the housing project and when actual development work will commence. Aside from this letter, the following documents, duly signed and sealed by an officer of the cooperative or a licensed engineer or architect, are also submitted:

- three (3) copies of the topographic map of the site



- three (3) copies of the site development plan
- three (3) copies of the road design/plan (geometric and structural)
- three (3) copies of the storm drainage and sewer system
- three (3) copies of the water system layout and details
- three (3) copies of the site grading plan
- two (2) copies of the Project Study
- SEC registration of the cooperative
- Articles of Incorporation of Partnership
- audited income statement and income tax returns for the last three (3) years
- specification, bill of materials, and cost estimates
- application/certification for power supply system
- application/certification for water supply system
- three (3) copies of the housing plans including architectural drawings, sanitary, electrical and structural plans, specifications and cost estimates
- sworn statement as to the soundness of the designs and specifications attested to by the design engineer



## How do we apply for power connection?

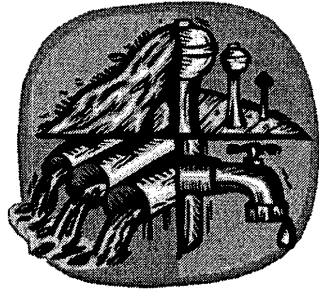
To request for new electrical service, the cooperative or the developer files a formal application to the local power distributor in their localities. The distributor can either be MERALCO or an electric cooperative.

Once this application has been approved and the cooperative is set to comply with the requirements given by the distributor, a **Contract for Electrical Service** or a Memorandum of Agreement is signed by both parties.

The contract usually contains how much the cooperative will pay for the electrical service and the provision for the granting of a right of way to the distributor to facilitate the installation of poles and wirings within the property.

## How do we apply for water connection?

To provide water to the community and into individual houses, the cooperative or the developer files an application with the local water supplier which holds franchise in the area.



A Memorandum of Agreement is then signed by the cooperative and the water supplier. The agreement usually contains connection fees, methods of billing, and ownership and development of water facilities.

If there are no local suppliers which can provide connection to the water source, the cooperative may use the underground water for the water needs of the community. But before that, the cooperative must first secure a **Water Permit** from the **National Water Resources Board (NWRB)**.

Applications for a Water Permit are filed with the offices of the District Engineer of the Department of Public Works and Highways (DPWH), Irrigation Engineer of the National Irrigation Administration (NIA), and the District General Manager of the Local Water Utilities Administration (LWUA).

## DEVELOPMENT PERMIT

Republika ng Pilipinas  
Lalawigan ng \_\_\_\_\_  
Bayan ng \_\_\_\_\_

### SANGGUNIAN BAYAN

Kapasiyahan Blg. \_\_\_\_\_

KAPASIYAHAN NA NAGBIBIGAY NG FINAL APPROVAL SA LAND DEVELOPMENT NG ISANG SUBDIBISYONG PANGTIRAHAN NA MAY SUKAT NA \_\_\_\_\_ SA BARANGAY \_\_\_\_\_, BAYAN NG \_\_\_\_\_, LALAWIGAN NG \_\_\_\_\_, NA PINAPAUNLAD NG \_\_\_\_\_

SAPAGKAT, ayon sa mga dokumento na isinumite sa Sangguniang Bayan, ang naturang subdibisyon na pangresidensyal ay umaalinsunod sa mga ipinag-uutos at itinatadhana ng PD 957, na ginawaran ng Panimulang Pagpapatibay ng Pahintulot sa Kinalalagyan (Preliminary Approval and Locational Clearance) ng Sangguniang Bayan sa ilalim ng Kapasiyahan Blg. \_\_\_\_\_.

SAPAGKAT, itinatadhana ng Seksyon 447 (2) (x) ng Batas ng Pamahalaang Lokal ng 1991 na isa sa mga kapangyarihan, tungkulin at gawain ng Sangguniang Bayan ay magproseso at magpatibay ng mga plano ng subdibisyon para sa layuning pangtirahan, pangkalakalan, pang-industriya at iba pang mga layuning pangkaunlaran;

SAPAGKAT, ang proyektong nabanggit ay malaki ang maitutulong sa mga mamamayang walang sariling bahay;

DAHIL DITO, IPINASIYA, GAYA NG NGAYON AY GINAGAWANG PAGPAPASIYA, na pagtibayin ang Final Approval ng Land Development ng subdibisyong pangtirahan na may sukat na \_\_\_\_\_ na pinapaunlad ng \_\_\_\_\_ sa Barangay \_\_\_\_\_, Bayan ng \_\_\_\_\_, Lalawigan ng \_\_\_\_\_.

PINAGTITIBAY NANG BUONG PAGKAKAISA, ngayong ika-\_\_\_\_\_ ng \_\_\_\_\_, 20\_\_\_\_.

Pinatutunayan ko ang kawastuhan ng nasasaad sa kapasyahang ito.

Kalihim ng Sangguniang Bayan

Pinatutunayan at Pinagtitibay:

(mga kasapi ng Sangguniang Bayan)



## Do we need a Building Permit?

Before houses are constructed, the cooperative needs to acquire a **Building Permit** from the city or municipality's Building Official. Presidential Decree 1096 or the National Building Code provides a framework of minimum standards and requirements to guide, regulate and control the construction of buildings, houses, and other structures.

Government needs to ensure that the houses or structures are built on sound design, follow quality workmanship and methods of construction, and use good materials. This is done to secure the lives and property of the occupants.

The developer or the cooperative is required to obtain a Building Permit for every housing unit that it will build. Individual permits are also required for the construction of a multi-purpose hall, clubhouse, swimming pool, and other facilities. If one of the permits is missing, the local government will penalize the cooperative and problems will arise during the subdivision of title to individual owners.

## What are the requirements for the permit?

To get their Building Permit, the cooperative needs to submit the following documents, duly signed and sealed by the co-op's officers or by duly licensed engineers or architects:

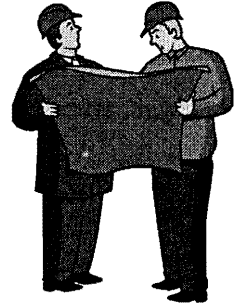
- five (5) sets of site development and location plan

- five (5) sets of architectural plans and specifications
- five (5) sets of structural designs and computations
- five (5) sets of electrical plans and specifications
- five (5) sets of sanitary/plumbing plans and specifications
- five (5) sets of mechanical plans and specifications
- five (5) sets of bill of materials
- logbook
- two (2) certified copies of the OCT/TCT
- two (2) copies of tax declaration and current tax receipt
- zoning permit
- ECC
- Barangay Clearance

## **Where can we meet our Building Official?**

The Building Official that will approve the application for a Building Permit may be found in the city or municipal hall. The building official is either the City Engineer or the City Public Works Supervisor, or the Municipal Engineer. In areas where there are no City or Municipal Engineers, the Provincial Engineer or the Public Works Engineer within whose jurisdiction the city or municipality falls is considered as the Building Official.

The Building Official is assisted by a number of qualified engineers, officers, and inspectors in the evaluation of applications for a Building Permit.



## **How fast do we get our permit?**

A Building Permit is issued within 15 to 30 days upon completion of all requirements for application and the payment of permit fees, the amount of which is determined by the local government unit.

If the permit is not issued, the cooperative may appeal the City or Municipal Mayor or to the Provincial Governor where the housing project is located. A decision is then made 15 days after the filing of the appeal.

Along with the Building Permit, the cooperative or developer will also receive a copy of an **Electrical Permit** and a **Sanitary Permit**.



## **We have the permit, how do we go about with the construction?**

The cooperative and the contractor it has hired to undertake the housing project must make sure that during construction, the project conforms with the standards and recommendations issued in the permits, as well as with the plans it has submitted to the

Building Official. Otherwise, it may be penalized by the cancellation or revocation of its permit.

The engineer or architect hired by the cooperative is tasked to undertake periodic inspection and detailed supervision of the construction work. It is required to submit certificates of completion to the building official, usually seven (7) days after completion of the housing units, the installation of electrical wiring and equipment, and the sanitary/plumbing works.

After the Building Official has inspected and guaranteed the soundness of the project and that it has conformed with all standards and requirements, and after all necessary fees have been paid, a **Certificate of Occupancy** is given to the cooperative by the Building Official. If no such certificate is issued, the cooperative may still file an appeal. Only upon the issuance of a Certificate of Occupancy could houses and other structures be occupied and used by the beneficiaries of the cooperative housing project.

## Do we have to pay taxes?

Government needs money to operate its different agencies, implement its various projects, and pay its own employees. Government money used for such purposes come from taxes paid by an individual or a group of persons.



Taxes are any form of enforced contribution, usually in monetary form, levied by the lawmaking body on persons and properties subject to its jurisdiction precisely for the purpose of supporting government's needs.

Housing projects spend a huge amount in the payment of taxes alone especially those relating to the acquisition of real estate property. The cost of buying land and building houses is already expensive. While cooperatives recognize the needs of government, taxes are still considered a burden for cooperatives who wish to provide housing for their members.

## Are cooperatives exempted from paying taxes?

Cooperatives who wish to avail of tax exemptions or tax holidays must first satisfy the following:

- duly-registered with the Cooperative Development Authority (CDA)
- has secured Certificate of Socialized Housing from the National Housing Authority (NHA)



- has secured Tax Exemption Certificate from the Bureau of Internal Revenue (BIR)

Cooperatives who intend to go into socialized housing however cannot enjoy tax exemptions if the land that they have acquired is either used or intended for agrarian reform, national defense, preserving the environment, religious, educational, historical, and other state purposes.

## What are the tax exemptions we can enjoy?



Based on Republic Act 6938 or the **Cooperative Code of the Philippines**, cooperatives are exempted from paying the following taxes:

- income tax and other internal revenue tax
- issuing receipts and notices
- filing income tax returns
- registering as a value-added tax (VAT) enterprise

However, these tax exemptions are not applicable to taxes on income not arising from the cooperative's productive activities such as interest on bank deposits or deposit substitutes. The cooperative is subject to a 20% final withholding tax.

Under the Local Government Code which was passed in 1991, all real properties of duly-registered cooperatives are no longer subject to any form of local business tax, fees, or charges.

Cooperatives providing socialized housing to their members are also exempted from payment of the following taxes as stated in Section 20 of Republic Act 7279 or the **Urban Development and Housing Act (UDHA)**:

- project-related income taxes

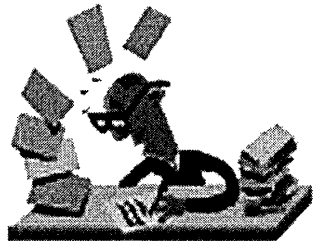
- capital gains tax on raw lands used for the project
- value-added tax (VAT) for the project contractor concerned
- transfer tax for both raw and completed projects
- donor's tax for land certified by local government units to have been donated for socialized housing purposes

## **What are the requirements for tax exemption?**

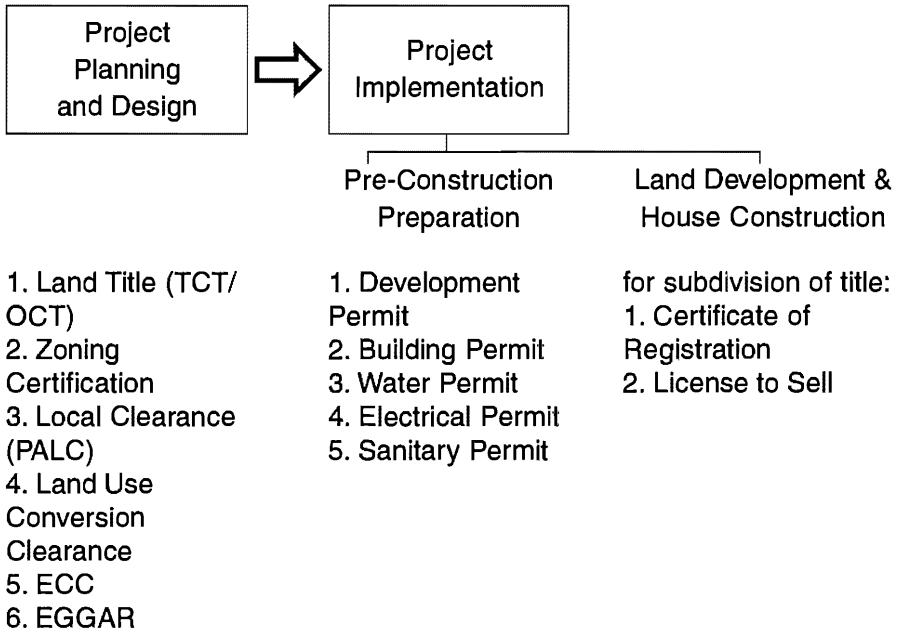
Applications for tax exemptions are free of charge. The cooperative just needs to go to the local Revenue District Office of the BIR in their area, apply for general tax exemption and for exemptions related to the socialized housing project, and submit all the documentary requirements asked by the BIR.

Some of the important documents that the BIR would request to facilitate the application for tax exemption are the following:

- formal letter to the BIR Commissioner
- SEC registration of the cooperative
- Certificate of Registration with the CDA
- Articles and By-laws
- endorsement letter and certification from NHA that the cooperative is involved in socialized housing



# Regulatory Requirements for Cooperative Housing



# Appendix

## DIRECTORY OF REGIONAL OFFICES OF THE DEPARTMENT OF AGRARIAN REFORM (DAR)

REGIONAL OFFICE	CONTACT NUMBERS
<p>Cordillera Easter College Gymnasium Bldg. Guisad, Baguio City</p>	<p>Tel. (074) 445-4015, 445-4497, 300-3120 Fax. (074) 445-4016</p>
<p>Region I Jean Lee Bldg., Lingsat San Fernando, La Union</p>	<p>Tel. (072) 242-5544, 242-5546, 242-5547 Fax. (072) 888-3095</p>
<p>Region II Cuntapay Bldg., Aguinaldo cor. Taft Sts., Tuguegarao, Cagayan</p>	<p>Tel. (078) 844-1488, 844-1847, 844-0959 Fax. (078) 848-2416</p>
<p>Region III Pedmar Bldg., Dolores, San Fernando, Pampanga</p>	<p>Tel. (045) 961-5008, 961-2806, 961-3272 Fax. (045) 961-2806</p>
<p>Region IV Eugenio Lopez Memorial Bldg., Capitol Compound, Pasig City</p>	<p>Tel. 910-3072 Fax. 633-7320</p>
<p>Region V Tanchuling Bldg., Lakandula Drive, Gogon, Legaspi City, Albay</p>	<p>Tel. (052) 214-3320 to 22, 480-8609 Fax. (052) 214-3322</p>

REGIONAL OFFICE	CONTACT NUMBERS
<p>Region VI 3rd St., Laawan Village, Balantang, Jaro, Iloilo City</p>	<p>Tel. (033) 329-0610, 329-7310 Fax. (033) 329-0620</p>
<p>Region VII Coaco Bldg., Mabolo, Cebu City</p>	<p>T/F. (032) 253-7864, 253-6913</p>
<p>Region VIII Sto. Niño Extension, Tacloban City, Leyte</p>	<p>Tel. (053) 321-3343, 327-2198, 321-3316 Fax. (053) 325-5239</p>
<p>Region IX Oceana Garden, Veterans Avenue Zamboanga City</p>	<p>Tel. (062) 991-2954, 993-1536, 991-0159 Fax. (062) 991-0155</p>
<p>Region X Macanahan, Carmen, Cagayan de Oro City Misamis Oriental</p>	<p>Tel. (088) 350-3692, 350-3691, 858-1104 Fax. (088) 858-2674, 858-2372</p>
<p>Region XI Quimpo Blvd. Ecoland Davao City</p>	<p>Tel. (082) 296-2039, 297-1690, 297-1507 Fax. (082) 226-2150</p>
<p>Region XII ORC Compound, Cotabato City</p>	<p>Tel. (064) 421-8273 Fax. (064) 421-1216</p>
<p>CARAGA Fantasia Bldg., T.Calo St. Butuan City, Agusan del Norte</p>	<p>Tel. (085) 225-4581, 815-3461, 815-3437 Fax. (085) 815-3460</p>

**DIRECTORY OF REGIONAL OFFICES  
OF THE ENVIRONMENTAL MANAGEMENT BUREAU (EMB)**

REGIONAL OFFICE	CONTACT NUMBERS
National Capital Region 4/F Congressional Plaza Bldg., No. 5 Congressional Ave., Proj. 8, Quezon City	Tel. 925-6396, 926-0940, 4538778 Fax. 453-8814, 453-8778
Region I - La Union 2/F Lee Bldg., Lingsat, San Fernando	Tel. (072) 242-3057 Fax. (072) 242-3032
Region II - Cagayan Nursery Compound, Tuguegarao	Tel. (078) 844-4921, Fax. (078) 846-3129
Region III - Pampanga Amalgamated Bldg., Baliti, San Fernando	Tel. (045) 888-0988 Fax. (045) 888-0985
Region IV - Mainland L & S Bldg., 1515 Roxas Blvd., Manila	Tel. 536-9784, 525-0348, Fax. 536-9784, 405-0040 to 41
Region V - Albay Rawis, Legaspi City	Tel. (052) 820-5065, 482-0197 Fax. (052) 820-5065
Region VI - Iloilo Pepita Aquino St., Port Area, Iloilo City	Tel. (033) 336-9910, 336-2654, 337-2460 Fax. (033) 337-9801

REGIONAL OFFICE	CONTACT NUMBERS
<p>Region VII - Cebu Greenplains Subd., Banilad, Mandaue City</p>	<p>Tel. (032) 345-3905, 346-0661 Fax. (032) 346-1647</p>
<p>Region VIII - Leyte 3/F P &amp; M Bldg., Torres St., Tacloban City</p>	<p>Tel. (053) 325-2150, 325-7630 Fax. (053) 325-2149</p>
<p>Region IX - Zamboanga Lantawan, Zamboanga City</p>	<p>Tel. (062) 985-0575 Fax. (062) 985-0576</p>
<p>Region X - Cagayan de Oro Macabalan, Cagayan de Oro City</p>	<p>Tel. (088) 856-9362 Fax. (08822) 726-280</p>
<p>Region XI - Davao Felbets Bldg. Km. 7, Lanang, Davao City</p>	<p>Tel. (082) 300-0040, 233-2779, 234-4523 Fax. (082) 233-0809</p>
<p>Region XII - Cotabato 4/F Siyambio Bldg., Roxas St., Koronadal, South Cotabato</p>	<p>Tel. (083) 228-4847, 228-2418 Fax. (083) 228-4848</p>
<p>CARAGA Sultan Hotel, Bancasi, Butuan City</p>	<p>Tel. (085) 815-1045 Fax. (085) 815-1045</p>
<p>Cordillera Forestry Compound, Pacdal, Baguio City</p>	<p>Tel. (074) 442-2346, 442-2342 Fax. (074) 444-7364</p>
<p>Autonomous Region of Muslim Mindanao</p>	<p>Tel. (064) 421-4392, 421-4387</p>

**DIRECTORY OF REGIONAL OFFICES  
OF THE MINES AND GEOSCIENCES BUREAU (MGB)**

REGIONAL OFFICE	CONTACT NUMBERS
CAR Diego Silang St., Baguio City	Tel. (074) 442-6392, Fax. (074) 443-4277
Region I Lee Bldg., Lingsat, San Fernando, La Union	Tel. (072) 242-2677, 242-2778 Fax. (072) 242,2778
Region II Government Regional Center, Cadig, Tuguegarao City	Tel. (078) 846-7318 Fax. (078) 846-7347
Region III Cleofas Bldg., Gen. Hizon Ave., San Fernando, Pampanga	Tel. (045) 961-3523 Fax. (045) 961-2799
Region IV DENR By the Bay 1515 Roxas Blvd., Ermita, Manila	Tel. (02) 536-0215, 536-0214 Fax. (02) 536-0215
Region V Lucila Bldg., National Highway Cor. Lakandula Drive, Baneg Daraga, Albay	Tel. (052) 483-4958, 483-4956 Fax. (052) 483-4958, 824-2014
Region VI 2/F J.M. Bldg. Mabini Street, Iloilo City	Tel. (033) 336-2815, 336-2658 Fax. (033) 336-2815



REGIONAL OFFICE	CONTACT NUMBERS
<p>Region VII Greenplains Subdivision, Banilad Mandaue City, Cebu</p>	<p>Tel. (032) 344-3047, 3443046 Fax. (032) 346-9176</p>
<p>Region VIII Nipa Hut Compound, Lopez-Jaena St., Tacloban City, Leyte</p>	<p>Tel. (053) 321-5513 Fax. (053) 325-5149</p>
<p>Region IX 2/F Argamel Bldg., Gov. Camins Ave. Zamboanga City</p>	<p>Tel. (062) 992-2194, 992-2066 Fax. (062) 856-95</p>
<p>Region X Macabalan (Puntod) Cagayan de Oro City</p>	<p>Tel. (088) 856-9591, 8569151 Fax. (088) 856-9591</p>
<p>Region XI Konsuela Bldg., 869 Aurora Quezon St. Davao City</p>	<p>Tel. (082) 221-6535, 227-9938, 224-1536 Fax. (082) 221-6535</p>
<p>Region XII Luche Bldg., Gensan Drive cor. Zulueta Sts., Koronadal South Cotabato</p>	<p>Tel. (083) 228-6131, 228-6132 Fax. (083) 228-6131</p>
<p>Region XIII Km. 2 Surigao City</p>	<p>Tel. (086) 826-1058, 826-5256 Fax. (086) 826-1058, 826-5256</p>

**DIRECTORY OF REGIONAL OFFICES  
OF THE BUREAU OF INTERNAL REVENUE (BIR)**

REGIONAL OFFICE	CONTACT NUMBERS
Revenue Region 1 - Pangasinan 2/F & 3/F BIR Bldg., Mc Arthur Hi-way, Calasiao, Pangasinan	Tel. (075) 522-6714, 522-6746 Fax. (075) 522-3866
Revenue Region 2 - Cordillera 69 Leonard Wood Road, North Drive, Baguio City 2600	Tel. (074) 442-6960, 442-4214 Fax. (074) 422-8419
Revenue Region No. 3 - Cagayan Agustin Bldg., Caritan Hi-way, Tuguegarao, Cagayan	Tel. (078) 844-3779, 844-1973 Fax. (078) 844-1754
Revenue Region No. 4 - Pampanga BIR Bldg., Capitol Compd., San Fernando, Pampanga	Tel. (045) 963-5402, 961-2669 Fax. (045) 961-3331
Revenue Region No. 5 - Valenzuela 385 JRC Bldg., Mc Arthur Hi-way, Malinta, Valenzuela City	Tel. (02) 292-1511, 292-0036 Fax. (02) 292-0095
Revenue Region No. 6 - Manila 4/F BIR Regional Office Bldg., Anda Circle, Port Area, Manila	Tel. 527-6574, 527-2450 Fax. 527-0758
Revenue Region No. 7 - Quezon City 6/F Reg'l Ofc. Bldg., Quezon Ave., cor Sct. Santiago St., Quezon City	Tel. 373-3770, 373-3758 Fax. 373-3763

REGIONAL OFFICE	CONTACT NUMBERS
Revenue Region No. 8 – Makati 5/F Atrium Bldg., Makati Avenue, Makati City	Tel. 811-4393, 811-4390, 811-4126
Revenue Region No. 9 - San Pablo Go Shin Tang Building, Maharlika Hi-way, San Pablo City	Tel. (049) 562-3395 Fax. (049) 562-0323
Revenue Region No. 10 - Legaspi BIR Building, Camias St., Imperial Court Subd., Legaspi City	Tel. (052) 214-3285
Revenue Region No. 11 - Iloilo M.H. del Pilar St., Molo, Iloilo City	Tel. (033) 337-0674 Fax. (033) 337-0853
Revenue Region No. 12 - Bacolod 4/F PNB Bldg., 10th Lacson St., Bacolod City	Tel. (034) 433-9592 Fax. (034) 434-5131
Revenue Region No. 13 - Cebu BIR Regional Office Building, Arch Reyes Ave., Cebu City	Tel. (032) 232-8575 Fax. (032) 231-1593
Revenue Region No. 14 - Tacloban BIR Regional Office Building Govt. Center, Candahug, Palo., Leyte	Tel. (053) 323-8151 Fax. (053) 323-4693
Revenue Region No. 15 - Zamboanga BIR Bldg., Petit Barracks, Zamboanga City	Tel. (062) 991-0915

REGIONAL OFFICE	CONTACT NUMBERS
Revenue Region No. 16 - Cagayan de Oro 3/F Trinidad Bldg., Yacapin- Corrales St., Cagayan de Oro City	Tel. (088) 857-4851
Revenue Region No. 17 - Butuan Office Address: J. Rosales Ave., Butuan City	Tel. (085) 342-6203, 815-1676 Fax. (085) 342-8008
Revenue Region No. 18 - Cotabato 2/F Dominador Concepcion Bldg., Roman Vilo St., Cotabato City	T/F. (064) 421-2132
Revenue Region No. 19 - Davao 2/F Kaunlaran Bldg., San Pedro St., Davao City	Tel. (082) 222-3093

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**CHF International** serves as a catalyst for long-lasting positive change in low and moderate income communities around the world, helping to improve their housing, economic circumstances, and environments. It works with a wide range of organizations to develop systems, policies, and practices that increase access to affordable housing, community services and finance. It believes that safe and affordable housing is the foundation upon which families can build a livelihood, a healthy community, and a peaceful, democratic society.

In the Philippines, CHF is working with the National Housing Authority to promote cooperative housing. It also provides technical assistance to 3 pilot cooperatives whose housing projects are already under construction.

