

LETTER OF INSTRUCTIONS NO. 555, June 11, 1977

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TO: Department of Public Works, Transportation and
Communications

Bureau of Public Works
Department of Public Highways
National Housing Authority
All Local governments and the Department of local
Governments and Community Development
The Philippine National Bank
The Budget Commission
Local Water Utilities Administration
National Electrification Administration
Human Settlements Commission
Department of Finance
Government Service Insurance System
Social Security System

SUBJECT: Instituting a Nationwide Slum Improvement and Resettlement Program (SIR)

In order to complement the nationwide effort in the construction of new units and implement the announced policy that slum improvement and resettlement, otherwise known as upgrading of sites and services, is an accepted approach to meeting the housing need and the primary strategy in dealing with slums and other blighted communities, it is directed that:

- There shall be instituted in all urban areas with priority to identified growth centers a Slum Improvement and Resettlement Program (SIR).
- Local governments are hereby directed to pinpoint in their jurisdictions all slums and blighted areas. The National Housing Authority shall approve the inclusion in the SIR program in all such blighted areas.
- The local government shall establish within their offices a staff solely for the purposes of slum improvement under this Letter of Instruction, and in general, for housing in their localities. This staff shall be composed of at least an urban planner, an architect, an engineer, a social scientist, a financial analyst and a lawyer and they shall be paid from the funds of local government.
- The local government staff shall formulate a 3-year, a 5-year and a long-term on-going program for the improvement of slums and blighted areas and shall integrate these plans with the development plan of their city/municipality and with the efforts in housing of the National Housing Authority. The local city government is

hereby directed to submit within 60 days from the constitution of the staff its Three-Year Plan to the National Housing Authority.

- The program shall isolate each blighted area, and the local government through its staff shall formulate a project plan for the improvement of each area. The National Housing Authority is hereby directed to issue guidelines for the formulation of plans for improvement of areas.

- The National Housing Authority shall provide technical assistance in the formulation of these plans and shall approve all such project plans. For this purpose, the National Housing Authority is directed to establish a staff of regional teams, in strength equivalent to at least that of one local city government staff, for each region; and this staff shall be compensated by the National Housing Authority out of its own funds.

- The Department of Public Works, Transportation and Communications, and the Bureau of Public Works, is directed to provide funds for and construct or cause the construction of all vertical infrastructure designed for community use such as barangay halls, schools, and multi-purpose center. These shall be made available to the project through grants. The Department, through its Bureau of Public Works, is further directed to construct footpaths or catwalks as may be necessary for circulation in the project, and install drainage and sewerage systems as necessary under the project plan. These shall likewise be made available to the project through grants.

- The Department of Public Highways is directed through grants to provide funds for, construct or cause the construction of major and internal roads in the area, and install drainage along these roads to link up with and integrate those constructed by the Department of Public Works, Transportation and Communications through the Bureau of Public Works, along footpaths and catwalks.

- The local Water Utilities Administration and the National Electrification Administration shall cause water and electricity to be made available in each project area respectively and for this purpose may charge the residents reasonable dues to recover costs.

- The local government shall acquire the area if privately-owned through expropriation upon the approval of the National Housing Authority of its project plan and shall render the same free and alienable for the purposes of this program. If such area is owned by a public entity or is a property foreclosed by the government financial institution, and if the current use of the land is not according to the optional use as determined by the Human Settlements Commission, then the local government shall likewise acquire the land at its appraised value for land and improvements as determined by the Provincial Assessor, if owned by a public entity, or at its foreclosed principal amount, without accrued interests, if owned through foreclosure by a government financial institution.

- The National Housing Authority shall assist in the improvement of the dwellings in the project area through loans, grants, direct construction or other means that it may deem feasible. Financial assistance through loans shall be extended to the local government for availment by the residents of the blighted areas, according to the guidelines stipulated by the National Housing Authority and the local government.

- Financial assistance extended by the National Housing Authority to the local governments shall be at 12% p.a. and shall be repayable over twenty-five years in equal quarterly installments by the local government from collections from the residents in the area, and from other sources. This financial assistance shall be approved by the Department of Finance, and upon approval shall be guaranteed under Presidential Decree No. 752. In case of default by more than two (2) quarters, the appropriate amounts shall be deducted from the internal revenue allotments of the local government in amounts necessary to cover the periodic amortization.

- The land and the use of improvements thereon, shall be made available to the bonafide residents of the area as determined by the local government under the guidelines of the National Housing Authority, under long-term

lease for twenty-five years, with an option to purchase after ten years of continued and uninterrupted occupancy provided that if such option is exercised, all subsidies and grants as determined by the project plan approved by the National Housing Authority shall be recovered in full from the buyer with an interest rate of 12% p.a. compounded annually from the time of project construction. The purchase proceeds shall be received by the local government, and shall be pooled into a fund for the exclusive purpose of housing and slum improvement in the locality and jurisdiction of the local government and exclusively for the use of the local housing staff under the guidelines and with the approval of the National Housing Authority.

- Proceeds from the lease or from the sale shall be collected directly from the residents by the Philippine National Bank assisted by the local government. The Bank so designated shall keep the necessary accounts of each resident. Amounts as necessary shall be remitted by the Bank directly to the creditors of the local government in proportion to their financial exposure and whatever balance exists shall be remitted to the local government to cover other expenses it may incur with respect to the project.

- For the purpose of this Letter of Instruction, the National Housing Authority shall present all project plans as approved to all agencies cooperating in the project, such as the Department of Public Works, Transportation and Communications, the Department of Public Highways for their improvement or revision, provided that the charges levied on the residents do not increase beyond that originally approved by the National Housing Authority. The National Housing Authority shall advance the necessary funds to the local government for the account of the national agency involved and the same shall be payable from the budget allocations of the agencies in twelve equal quarterly installments. The Commissioner of the Budget is hereby directed to remit the necessary amounts directly to the National Housing Authority.

- The National Housing Authority shall determine the additional financial requirements of this program based on the Three-Year Programs submitted by each local government and shall raise these amounts through housing bonds issued under Presidential Decree No. 757 at 8% payable over twenty-five years. These amounts shall be additional to those authorized under Letter of Instruction No. 509. The amount raised shall be subject to the approval of the Secretary of Finance and the Director-General of the National Economic Development Authority. The Social Security System and the Government Service Insurance System are hereby directed to absorb these bonds at the amounts and according to the schedule determined by the Secretary of Finance and the Director-General of the National Economic Development Authority.

- For the purposes of this program, relocation and resettlement shall be pursued only when such dwellings are in areas ill-suited or hazardous for housing, or needed for public infrastructure or other public interests, or if relocation and resettlement is necessary to decongest slum areas being improved or upgrade. The National Housing Authority shall approve all such relocation and resettlement.

Done in Dasmasiñas, Cavite, this 11th day of June, in the year of Our Lord, nineteen hundred and seventy-seven.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

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