

Assessment of the Socialized Housing Tax in Quezon City*

I. INTRODUCTION

Republic Act (RA) 7279¹, otherwise known as the “Urban Development and Housing Act (UDHA) of 1992”, provides that socialized housing shall be the primary strategy in providing shelter for the underprivileged and homeless citizens. It seeks to improve the capability of local government units (LGUs) to undertake urban development and housing programs and projects. Furthermore, it authorizes the LGUs to impose an additional 0.5% tax, referred to as the socialized housing tax (SHT), on the assessed value on all lands in urban areas in excess of P50,000.00 (RA 7279, 1992).

In October 2011, the city government of Quezon City (QC) enacted City Ordinance No. SP-2095, S-2011, entitled “*Socialized Housing Tax of Quezon City*”, which imposes an additional 0.5% tax on all lands in QC with assessed value of more than P100,000 which shall accrue to the socialized housing program of the city government pursuant to Section 43 of RA 7279 and Department of Finance (DOF) Local Finance Circular (LFC) No. 1-97 (DOF, 1997).

This paper evaluates the ability of the QC SHT to generate revenues to implement urban development through housing programs and projects. It focuses on the coverage of the tax, revenue, and extent of its implementation.

II. QC SOCIO-ECONOMIC PROFILE CY 2010-2019

Quezon City is a landlocked highly urbanized city in the National Capital Region (NCR) and considered as the most populous city in the country with a population of over 2.94 million (Review, 2021). Among the 16 highly urbanized cities comprising Metro Manila, the City has an area of almost 165.33 kilometers square representing a population density of approximately 17,759 residents per square kilometer.

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¹ Entitled, “An act to Provide for a Comprehensive and Continuing Urban Development and Housing Program, Establish the Mechanism for its Implementation, and for Other Purposes”, (March 24, 1992).

The City's economy continues to be dominated by small to medium-scale business establishments engaged mostly in the distribution of finished products and in the provision of basic services. The industry sector, composed of manufacturing, construction, and electric, gas and water supply establishments, has a 6.12% share of the total registered businesses of 3,497 in the City. On the other hand, 93.88% of registered businesses belong to the services sector composed of businesses engaged in the wholesale/retail trade, real estate, renting and other business activities (i.e., those engaged in leasing of real properties, consultancy and law offices, labor services, real estate broker and developer). Quezon City's tourism industry also contributes to the economic growth of the City. (QC.GOV.PH, 2021)

According to its website, the City is tagged as the Information Technology (IT) Capital of the Philippines for having the highest concentration of IT parks/economic zones and having the biggest contribution in the growth of business process outsourcing-call center industries, IT infrastructure and educational programs, as well. Currently, there are 33 IT parks and buildings in the City. The Eastwood City Cyberpark in Libis was reportedly the first and biggest IT Park in the country. Likewise, the so-called "Silicon Valley" of the Philippines known as the Science and Technology Park area is located in Quezon City (QC.GOV.PH, 2021).

Thus, it is not surprising that its average annual income for the years 2010 to 2019 was P17.90 billion. On the average, the majority (77.81%) of its revenue came from local sources. Its average revenue of P8.21 billion derived from local business tax (LBT) exceeded its P3.73 billion revenue from real property tax (RPT) for the same period. Other sources of income came from non-tax revenues (8.86%) and other taxes (2.24%). (See Table 1.)

Table 1

Average Revenues of Quezon City, 2010 – 2019

Sources	Average revenue (In Million Pesos)	% Distribution	Growth rate (%)
Total Income	P17,903.43		11.51
A. Local Sources	13,929.88	77.81	12.17
1. Tax Revenues	12,343.28	68.94	13.81
a. Real Property Tax ¹	3,728.62	20.83	5.80
b. Business Tax	8,213.07	45.87	19.75
c. Other Taxes ²	401.59	2.24	18.13
2. Non-Tax Revenues ³	1,586.60	8.86	4.30
B. External Sources	3,973.55	22.19	9.99
1. Internal Revenue Allotment (IRA)	3,594.51	20.08	7.40
2. Other External Sources	379.04	2.12	101.63

Source of basic data: Quezon City's Statement of Receipts and Expenditures from CYs 2010-2019 (Financial Management Unit, Office of the Quezon City Treasurer).

Notes: 1. Includes collection from Special Education Fund (SEF).

2. Include collections from Amusement, Community and Transfer Tax.

3. Include collections from Other Regulatory and Miscellaneous Fees and Other Income.

From 2010 to 2012, income from local sources increased steadily from P10.97 billion to P18.80 billion (See Annex A). Although the income from local sources declined to P13.78 billion in 2013, it recorded a 17.04% growth in 2014 with a revenue of P16.04 billion. The zero collection from the SHT in 2015 and 2016 weakened the growth rate of the City's revenue from property taxes. The drop in the RPT's growth rate in 2015 from 13.37% to 0.73% in 2016 indicates the adverse impact of the non-collection of the SHT to QC's revenue for that period. (See Table 2.)

On the average, the internal revenue allotment (IRA) accounted for 20.08% of its total income. It is quite apparent that QC is not constrained in utilizing revenues from external sources but as it is more reliant on the revenues derived from local sources.

Table 2

*Growth Rate of Quezon City's Income by Source
Percentage (%)
2010-2019*

Sources	2010- 2011	2011- 2012	2012- 2013	2013- 2014	2014- 2015	2015- 2016	2016- 2017	2017- 2018	2018- 2019	Average
Total income	19.96	42.89	-26.70	16.44	30.28	-11.41	7.84	8.83	15.44	11.51
A. Local sources	21.37	46.86	-24.77	17.04	34.71	-16.00	4.25	9.30	16.78	12.17
1. Tax										
revenues	23.08	58.46	-27.19	18.01	37.87	-18.31	4.57	8.92	18.85	13.81
a. RPT	8.47	6.46	4.05	-3.95	13.37	0.73	4.29	4.80	7.82	5.12
b. Business										
tax	35.47	87.34	-39.80	33.13	43.26	-24.90	8.16	8.88	26.17	19.75
c. Other										
taxes	-10.34	3.90	15.73	3.32	167.90	-27.24	-18.27	31.53	-3.37	18.13
2. Non-tax										
revenues	12.94	-15.50	-0.37	9.87	9.69	6.95	1.78	12.28	1.08	4.30
B. External										
sources	15.84	30.72	-33.33	14.13	12.61	10.53	20.88	7.35	11.17	9.99
1. IRA	6.91	-8.87	5.49	12.14	14.01	9.40	10.01	7.37	10.13	7.40
2. Other										
external										
sources	-13.01	361.26	-199.70	-10.70	-13.88	303.58	43.21	11.50	-11.36	62.27

Source of basic data: Quezon City's Statement of Receipts and Expenditures from CYs 2010-2019 (Financial Management Unit, Office of the Quezon City Treasurer).

Similarly, non-tax revenues declined from 12.94% in 2011 to -15.50% in 2012 and -0.37% in 2013. The growth rate was intermittently erratic from an upsurge to 9.87% in 2014, which gradually regressed to 1.08% in 2019. With reference to income from external sources, its average growth rate reached an average of 9.99% for the period, where the IRA only had an average growth rate of 7.40%.

III. IMPOSITION OF THE SHT IN QC

The UDHA of 1992 provides for a socially just and pro-urban development. It requires the resettlement of informal settlers, and safeguarding means in granting consultative mechanisms in the relocation process. The law also signifies schemes for low cost, pro-poor housing. It emphasizes the role of the LGUs in implementing the law, in partnership with other national government agencies, and interested stakeholders. Accordingly, the law grants incentives by providing rationalized processes, and tax exemptions to private estate developers involved in socialized housing projects (RA 7279, 1992).

In its attempt to resolve its concerns on the emergence of informal settlements, the local government of QC enacted the SHT through the mandates given to highly urbanized cities under RA 7279. The imposition of the SHT will contribute to the financial viability of the urban development and housing program as provided under RA 7279.

The imposition of the SHT was initiated and administered by the City Council of QC and was fully endorsed by the City Mayor. The procedures applied by QC in enacting the SHT, also termed as “special assessment by the City Council of QC,” is consistent with the provisions cited in Section 43 of RA 7279, which provides that all LGUs are authorized to impose an additional tax on assessed value of all lands in urban areas. Subsequently, the DOF issued DOF-LFC No. 1-97² to set guidelines for the implementation of the SHT.

In addition to the deliberations conducted during the regular council sessions, the drafting of the Ordinance was subjected to public hearings on December 9, 2010 and January 8, 2011. Hence, additional inputs from the said public hearings formed part of the final versions of the Ordinance.

Prior to the implementation of the SHT, funds for the socialized housing program in QC came from its General Fund. Expenditures for the said programs were survey, titling, development of roads, drainages, and other community facilities-related expenses. Likewise, the QC government derived revenues from the Socialized Housing Finance Corporation (SHFC) in the form of fees under the Community Mortgage Program to accommodate priority socialized housing projects identified by the City (Council, Quezon City, 2013).

As mentioned earlier, the main purpose of the imposition of the SHT is to provide sufficient funds to initiate, implement, and undertake socialized housing projects. The local government of QC imposed the SHT through the passing of Ordinance No. SP-2095, S-2011³

² Subject: Guidelines for the implementation of Sections 7, 20 and 43 of RA 7279 otherwise known as the Urban Development and Housing Act of 1992; and to supplement Local Finance Circular No. 3-92 dated September 11, 1992, (April 16, 1997).

³ Entitled, “An Ordinance Further Amending the Quezon City Revenue Code, as Amended, to Impose an Additional One-half Percent (0.5%) Tax on Assessed Value of All Lands in Quezon City Exceeding One Hundred Thousand Pesos (P100,000.00) which shall Accrue to the Socialized Housing Program of the City Government, As Provided for Under Section 43 of Republic Act No. 7279, Otherwise Known as the Urban

in 2011 which became effective in January 2012. Pursuant to Section 3 of SHT Ordinance No. SP-2095, S-2011, a special assessment is imposed equivalent to 0.5% of the assessed value of land in excess of P100,000.00. Hence, parcels of lands in QC, which have an assessed value of P100,000 or less are not covered by the SHT.

The SHT accrues to the socialized housing programs of the QC government to be utilized for the following projects: (a) land purchase/land banking; (b) improvement of current/existing socialized housing facilities; (c) land development; (d) construction of core houses, sanitary cores, medium-rise buildings and other similar structures; and (e) financing of public-private partnership agreement of the QC government and National Housing Authority (NHA) with the private sector.

Accordingly, the said Ordinance defines “socialized housing” as housing programs and projects covering houses and lots or home lots only undertaken by the government or the private sector for the underprivileged and homeless citizens, which shall include sites and service development, long-term financing, liberalized terms on interest payments, and such other benefits in accordance with the provisions of the UDHA of 1992.

One of the unique features of the QC SHT is that it is payable only for five years with a tax credit feature that can be enjoyed by landowners who regularly pay the SHT for five consecutive years. After five years of continued payment, land owners that dutifully pay the SHT will begin getting back the tax they paid in the form of tax credits starting from the sixth (6th) year. The tax credit shall be equivalent to the total amount of the special assessment paid by the property owner, which shall be 20% yearly up to the 10th year. The total tax credits earned upon reaching the 10th year shall be equal to the 100% SHT paid by the taxpayer

However, only the registered owners that initially paid the SHT from the year it took effect can avail of the tax credit. Subsequent property owners albeit buyers in good faith, heirs, or possessors of a right in whatever legal capacity over the land subject to the SHT cannot claim the tax credits.

In addition to the proceeds of the SHT, the revenue from the idle land tax (ILT) as provided in Section 236 of RA 7160, or the “Local Government Code (LGC) of 1991”, as amended, form part of the financial resources for the urban development and housing program of the City. Data gathered from the Office of the City Treasurer revealed that from 2011 to 2019 a total of P760 million was collected from the SHT and P699 million from the ILT, or a total revenue of P1.46 billion to fund the City’s socialized housing programs. (See Table 3.) The SHT contribution to the total property tax revenues of QC was only 0.20% but with the inclusion of the ILT collection, its contribution increased to 4.23%. Thus, enhancing the funds of the City’s socialized housing program.

Development and Housing Act (UDHA) of 1992 and Local Finance Circular No. 1-97 of the Department of Finance, (25 October 2011).

Table 3

*Total Revenue Collections from Socialized Housing Tax and Idle Land Tax
2012-2016
(In million pesos)*

Year	SHT	ILT	Total
2010	-	-	-
2011	-	70.46	70.46
2012	132.79	67.19	199.98
2013	132.26	64.46	196.72
2014	27.60	71.00	98.60
2015	-	72.22	72.22
2016	133.38	75.40	208.78
2017	128.35	127.20	255.55
2018	129.40	72.69	202.09
2019	76.69	78.58	155.27
Total	760.47	699.19	1,459.67

Note. Data sourced from Quezon City's Statement of Receipts and Expenditures from CYs 2010-2019, Office of the Quezon City Treasurer.

On February 15, 2014, a temporary restraining order (TRO) was issued by the Supreme Court, which prohibited the local government of Quezon City to impose and collect the SHT based on a case filed by Mr. Jose Ferrer questioning the legality of the said tax. With the TRO in effect, revenues collected from the SHT was temporarily held in trust by the QC Treasurer's Office for refund or conversion to tax credit in the event the Supreme Court declare the Ordinance illegal (Supreme Court, 2015).

The petitioner essentially sought to declare the Ordinance as unconstitutional and illegal and petitioned for its immediate resolution since the challenged Ordinance deemed adversely affect the property interests of all land owners subject to the SHT in QC. The petitioner claimed that the collection of the SHT is tantamount to a penalty imposed on land owners due to the failure of respondent QC Mayor and Council to perform their duty to secure and protect land owners from informal settlers, thereby burdening them with the expenses to provide funds for housing. Likewise, the SHT cannot be viewed as a "charity" from real property owners since it is forced, not voluntary (Supreme Court, 2015). The petitioner further contends the collection of the SHT is a kind of class legislation that violates the right of land owners to equal protection of the laws since it favors informal settlers who occupy land they do not own and pay no taxes over law-abiding land owners who pay income and realty taxes.

On June 30, 2015, the Supreme Court ruled that the QC's Ordinance imposing the SHT is not unconstitutional and affirmed that the SHT Ordinance is consistent with Section 43 of RA 7279. The Supreme Court explained that the 1987 Constitution explicitly espouses the view that the use of property bears a social function and that all economic agents shall contribute to the common good. The provisions under the QC Ordinance are consistent with the UDHA of 1992, which the LGUs are authorized to implement in their respective localities. It is the declared policy of the State to undertake a comprehensive and continuing urban development and housing program that shall, among others, uplift the conditions of the underprivileged and homeless citizens in urban areas and in resettlement areas. Also, the LGUs shall provide for the rational use and development of urban land in order to bring about, among others, reduction in urban dysfunctions, particularly those that adversely affect public health, safety and ecology, and access to land and housing by the underprivileged and homeless citizens (*Ferrer v. Quezon City Mayor Baustita*, 2015). Urban renewal and resettlement shall comprise the rehabilitation and development of blighted and slum areas and the resettlement of program beneficiaries in accordance with the provisions of the UDHA of 1992.

Evidently, the SHT charged by the QC Government is a tax which is within its power to impose. Aside from the specific authority vested by Section 43 of the UDHA of 1992, LGUs are allowed to exercise such other powers and discharge such other functions and responsibilities as are necessary, appropriate, or incidental to efficient and effective provision of the basic services and facilities which include, among others, programs and projects for low-cost housing and other mass dwellings. Removing informal settlements in QC is not only beneficial to the underprivileged and homeless constituents but advantageous to the real property owners as well.

Section 132 of the LGC of 1991, as amended, which provides that the power to impose a tax, fee or charge or to generate revenue under this Code shall be exercised by the Sanggunian of the LGU concerned through an appropriate ordinance. This further affirms the enforcement of the tax irrefutably the most effective instrument to raise needed revenues in financing and supporting numerous activities of the LGUs for the delivery of basic services essential to the promotion of the general welfare and the enhancement of peace, progress, and prosperity of its constituents.

IV. ASSESSMENT OF THE SHT IN QC

To implement the socialized housing programs/projects of the local government of QC, it initially conducted a census to determine the number of informal settlers in the City since 1994. Those included in the census were evaluated as recipients of the socialized housing program. The City government clarified that the shelter program was neither free nor a dole-out. These are affordable housing units within the City offered to the urban poor. Only those who can manage to pay the socialized housing will benefit from it. Payment shall be made through loans extended by financial institutions such as the SHFC and Home Development Mutual Fund (HMDF) or Pag-IBIG Fund, and other accredited banking institutions.

The City government offers socialized housing package of P450,000 or less with a cash-out of P10,000 for miscellaneous expenses. The maximum payment period is 30 years with a maximum age limit of 70 years. Financing schemes may be made through the Pag-IBIG Fund⁴, High Density Housing Program (HDHP) of the SHFC⁵, or through the LGU-QC Housing Financing.

Recipients of the socialized housing projects are screened, selected, and pre-qualified based on the requirements, prioritizations, and procedures laid down by the Beneficiary Committee of the Housing Community Development and Resettlement Department (BenSel) of the City. The requirements are as follow:

- a. Applicant folder (long) containing the following documents:
 - i. Certificate of No Property in Quezon City;
 - ii. Voter's Affidavit/I.D.;
 - iii. Family Picture;
 - iv. Marriage Contract;
 - v. Birth Certificate;
 - vi. Certificate of Employment and Latest Pay Slip (for employed); and
 - vii. Affidavit of Income (for self-employed).
- b. Certification from the Department of Interior of Local Government (DILG) – for project to be refinanced under the HDHP of the SHFC
- c. Preliminary approval of the BenSel
- d. Requirements of Pag-IBIG Fund (for financial loans with the HMDF)
- e. Requirements of the SHFC (for projects refinanced thru the HDHP or the SHFC)

The prioritization of beneficiaries of the housing program are as follows:

- a. For Off-Site Projects (Project site is vacant)

First Priority	-	informal settler families (ISFs) in Danger areas
Second Priority	-	ISFs affected by government Infrastructure projects
Third Priority	-	Other ISFs in Quezon City

⁴ For Pag-IBIG members only.

⁵ For informal settler families (ISFs) living in waterways and dangerous areas.

b. For On-Site Projects (Project site is occupied by ISFs)

First Priority	-	Censused Structure Owner ⁶
Second Priority	-	Censused Sharer ⁷
Third Priority	-	Censused Renter ⁸

It is fair to mention that the QC Government increased the assessed value threshold of lands covered by the SHT from P50,000 to P100,000 to guarantee that the SHT will not affect underprivileged taxpayers who cannot afford to pay for it. The Ordinance states that the special assessment is equivalent to 0.5% of the assessed value of land in excess of P100,000. This connotes that lands with assessed value of P100,001 and above are levied by the said tax.

Moreover, the Ordinance further reiterates that only lands are covered by the tax. It should be mentioned that the fair market value used for computing the RPT in QC was based on the 1995 schedule of market values when the SHT was imposed. Thus, tax rates put into effect were very low from 2012 to 2016.

In addition, the QC SHT provides a tax credit provision, which is not required by the UDHA of 1992. The tax credit provision will allow land owners to recover the tax paid through tax credit beginning on the 6th year up to the 10th year, which is equal to 100% of the SHT paid by the land owner. Hence, the SHT paid for five years can be deemed as merely advance tax payments. However, the Ordinance limits to registered land owners the availment of the tax credit and disallows subsequent property owners from claiming the tax credit even if they are buyers in good faith, heirs or possessors of a right in whatever legal capacity over the subject property. This implies that the tax credit is attached to both the taxpayer and the land, which must be both existing at the time of claiming the tax credit. Hence, if the ownership of the land is transferred to another, the tax credit can no longer be claimed by the subsequent land owner.

These social safety net features incorporated in the QC SHT limit its base and potential to generate higher revenues. However, it irrefutably reduces the financial burden of land owners covered by the SHT. Accordingly, it may be considered as a win-win policy since the local government of QC still generates additional revenues to finance its socialized housing projects/programs with minimal burden to property owners covered by the SHT.

⁶ Pre-qualified ISFs are considered first priority beneficiaries, however, they may opt to avail of the NHA resettlement site outside of QC.

⁷ Censused sharer can acquire first priority if pre-qualified structure owner's waiver his/her rights; if not his/her only option is to be relocated to the NHA resettlement areas.

⁸ Censused renter has no other option but to look for other place or room to rent.

According to the QC Housing Community Development and Resettlement Department (HCDRD) an average of 76.02% of the total land area of QC was subject to the SHT while 23.84% of the land area was exempted from the said tax from 2012 to 2020. Residential lands comprised the largest land area subject to the SHT (65%) followed by government lands (19%), and commercial lands (12%). (See Table 4.) It is fair to mention that real property owned by the government or any of its political subdivisions are exempt from the payment of the RPT, except when the beneficial use thereof has been granted, for consideration or otherwise, to a taxable person (RA 7160, 1992). In this case, government lands are subject to the SHT since they are under lease contract. The Comprehensive Land Use Plan (CLUP) of the City government showed the developmental framework of the land use and infrastructure challenges based on the land transformation over the years. Analysis focused on the changes in the residential, commercial, institutional, industrial and other major land conversions (heritage/historical and cultural sites), and the other land changes that occurred (CLUP, 2011).

Overtime, land conversion and infrastructure development amassed large tracts of lands that were acquired for residential and commercial projects. Conversely, the change in land use distribution showed that some open land areas shrunk due to other land developments and rehabilitation of major parks (i.e., La Mesa Eco Park, Quezon Memorial Circle and Balara Park), and community parks, allocation of open spaces for schools, health centers, barangay halls, places of worship, roads and recreational areas, and structural encroachments and informal settlers.

Moreover, the average real property units (RPU) from 2012 to 2020 reached an 277,775, 97% of which are residential lands, 5% commercial lands, and less than 1% government-owned land areas. (See Table 5.) The increasing number of RPUs from 2012 to 2020 can be attributed to continued increase in the business and industry sector in the City. This also includes the rise of the tourism industry accounting for the increase on the labor force in Quezon City (QC.GOV.PH, 2021). With increase in employment, it is not surprising that residential RPUs also increased attracting individuals to consider acquiring residential lands within the proximity of their place of work or business.

Table 5 also shows the RPUs subject to the SHT and SHT collectibles from 2012 to 2020. Accordingly, RPUs subject to the SHT reached an average of 83,661 from the said period. Noticeably, prior to the issuance of the TRO (2012 and 2013), the City government posted an average of 75% compliance for RPUs subject to the SHT. However, it declined to 26% in 2014.

Table 4

*Land Area Subject to SHT in Quezon City
2012-2020
Area in square meters*

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Land area	4,448,321	133,732,385	133,846,219	133,495,450	124,966,752	126,734,510	126,310,601	125,964,840	126,289,337
Residential	85,783,634	85,229,108	85,197,733	84,847,224	81,289,037	83,527,902	82,819,369	82,489,714	82,711,938
Commercial	15,165,319	15,192,658	15,492,838	15,598,795	15,567,265	15,970,975	16,371,506	16,718,170	16,901,457
Industrial	2,341,489	2,299,679	2,256,359	2,217,102	2,173,392	2,181,996	2,131,859	2,112,069	2,112,015
Special	448,502	363,530	363,372	384,042	360,450	384,626	363,028	350,542	325,994
Government	27,289,351	27,350,262	27,303,567	27,303,508	22,767,713	22,758,792	22,758,733	22,477,249	22,474,675
Others	3,420,025	3,297,149	3,232,350	3,144,779	2,808,896	1,910,218	1,866,105	1,817,096	1,763,259
Subject to SHT	98,847,055	97,935,266	85,737,896	97,403,477	101,580,372	102,347,512	101,267,896	100,449,670	100,615,453
Exempt from SHT	35,601,266	35,797,119	48,108,324	36,091,973	23,386,379	24,386,998	25,042,705	25,515,171	25,673,884
% Land subject to the SHT	73.52	73.23	64.06	72.96	81.29	80.76	80.17	79.74	79.67

Note: Data sourced from: QC HCDDRD.

Table 5

Number of Real Property Units According to Land Classification Subject to SHT 2012-2020

Real Property Units (RPU's)	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total RPUs	265,446	269,578	272,265	275,947	273,452	281,239	283,714	287,597	290,733
Residential	250,436	254,385	256,793	260,205	257,742	265,559	267,562	270,980	273,841
Commercial	11,695	12,000	12,336	12,663	13,002	13,521	14,039	14,549	14,856
Industrial	840	841	823	813	796	810	804	800	793
Special Land	96	105	101	117	112	114	112	110	108
Government	366	362	358	357	304	304	303	299	296
Others	2,013	1,885	1,854	1,792	1,496	931	894	859	839
RPUs Subject to the SHT	67,668	66,997	56,568	66,332	101,392	100,712	98,313	98,121	96,849
RPUs With SHT payment		50,326	14,881		52,179	51,805	49,907	33,036	21,636
Residential	42,221	40,768	12,524		41,356	40,817	38,905	25,899	16,896
Commercial	8,507	8,825	2,189		10,065	10,261	10,266	6,736	4,517
Industrial	677	684	153		701	659	675	356	195
Special Land	36	42	15		45	52	55	40	25
Government	12	5			6	14	3	3	1
Others	2	2			6	2	3	2	2
Total SHT collectibles	51,455	50,326	14,881	-	52,179	51,805	49,907	33,036	21,636

Note: Data sourced from the QC HCDDR.

Quezon City generated a total of P809.30 million from the SHT from 2012 to 2020. (See Table 6.) The said collection could be higher if not only for the TRO issued by the Supreme Court in 2014 that temporarily restrained the City government from collecting the said tax in 2015. Correspondingly, the SHT collections from 2012 and 2013 posted high compliance at 71.91% and 72.45%, respectively. The SHT collection decreased in 2014, while no collection was recorded in 2015 due to the issuance of the TRO. From 2016 to 2018, the local government's tax collection effort reached an average of 32.57% and withdrew to 19.56% in 2019 and further dropped to 12.76% in 2020. This was expected since the coverage of the SHT was for only five (5) years. Although the SHT implementation in QC was from 2012 to 2016, the Supreme Court's decision to issue a TRO inadvertently moved the SHT coverage to 2017.

Once the period to pay lapses, only property owners who have not paid the SHT will be required to pay. Thus, a substantial decline may be attributed to the compliance of property owners to pay the SHT on time.

Table 6

SHT Collection in Quezon City, 2012-2020
Amount in pesos

Particular	2012	2013	2014	2015*	2016
SHT Collected	132,789,685	132,259,036	27,597,641		133,381,820
Residential	52,510,395	50,751,703	14,153,647		48,901,018
Commercial	72,449,891	73,510,904	11,999,572		77,027,466
Industrial	7,618,681	7,617,515	1,404,045		6,621,185
Special Land	124,434	131,294	40,377		147,881
Government	81,116	242,452			674,550
Others	5,168	5,168			9,721
SHT collectible	184,649,131	182,559,274	152,034,402	182,780,549	413,602,255
SHT Effort (%)	71.91	72.45	18.15	0.00	32.25
Particular	2017	2018	2019	2020	Total
SHT Collected	128,351,548	129,398,565	76,690,582	48,829,815	809,298,693
Residential	46,267,507	45,568,055	30,181,088	19,358,410	307,691,823
Commercial	74,410,742	77,095,349	42,264,076	27,950,685	456,708,684
Industrial	6,820,652	6,481,621	3,509,377	1,431,032	41,504,107
Special Land	145,245	161,200	138,210	86,515	975,156
Government	702,234	86,538	595,415	758	2,383,064
Others	5,168	5,802	2,416	2,416	35,859
SHT collectible	398,988,299	388,843,765	392,084,242	382,559,120	2,678,101,038
SHT Effort (%)	32.17	33.28	19.56	12.76	30.22

*Note: *No SHT revenues was collected due to the temporary restraining order issued by the Supreme Court.*

In addition to the revenues from the SHT and the ILT, the socialized housing fund is also continuously replenished by the proceeds from the sale of socialized houses through the payback mechanism devised by the local government of QC, in coordination with the Pag-IBIG Fund, the SHFC, and other private banks and financial institution.

Currently, out of the 36 socialized housing projects under the SHT Ordinance, 27 were completed and 9 are on-going under various stages. Of the 5,128 housing units, 2,765 were already fully completed (See Annex D). These are the following: 1,443 three-storey condominium units; 253 two-storey condominium units; 893 one-storey rowhouse units; and developed lots. It is worth mentioning that persons with disability (PWD) are the exclusive beneficiaries of the one-storey housing projects.

Furthermore, 6,472 families are expected to be recipients of the 36 socialized housing projects of QC. 2,765 completed units have already been awarded to deserving families, and 2,363 more families will be awarded with the housing unit upon its completion.

As mentioned earlier, taxpayers who have dutifully paid their SHT for five years will be receiving tax credits. This will hopefully encourage more real property owners to pay their taxes consistently so they can also contribute to the housing programs. The tax credit shall be enjoyed by the taxpayer over the said period in five equal yearly installments in an amount equivalent to 20% of the total SHT paid. All delinquent SHT collectibles should be paid consecutively in order to qualify for the tax credit.

The implementation of socialized housing programs may also increase the property values through reduction of blighted areas and improvement in peace and order. This will help LGUs in urbanized cities to generate more funds for their socialized housing projects thus increasing services for their constituents. Although this may also entail higher property taxes since property valuation may increase, LGUs may calibrate their assessment levels and tax rate to lessen the impact or offset the increase in valuation (Department of Finance, 2019). Adjustments to the RPT do not necessarily equate to increasing the tax burden since it is considered as a recurrent tax. The tax rate and assessment levels are determined by LGUs through the enactment of ordinances.

Correspondingly, the Real Property Valuation and Assessment Reform (RPVAR) seeks to address the issues on property valuation. The RPVAR aims to establish a single property valuation base and create a comprehensive database to increase revenues from real properties and improve local autonomy (Department of Finance, n.d.). The proposed reform impacts favorably on revenue generation and resource mobilization of LGUs to fund their service delivery requirements for their constituents. It is also expected to foster private investors' confidence and build the public's trust.

The local government of QC, through its housing programs and implementation of the SHT, received several awards (QC.GOV.PH, 2021):

Awards			Title	Presenter
2014 Top Developer Award			Quezon City's socialized housing programs	Home Development Mutual Fund, Department of Interior and Local Government (DILG) and National ICT Confederation of the Philippines
2014 Galing Pook Governance Award			Outstanding Local Government Program on Socialized Housing	Galing Pook
2015 Kaagapay Award			Unwavering support in ensuring the success of the institutional partnership between the Local Chief Executive's Office and the PCUP for the uplift and benefit of the urban poor sector	Presidential Commission for the Urban Poor (PCUP)
2018 Global Human Settlement Model of Community Award for Bistekville 2			Conferred during the 2018 Annual Session of Global Forum on Human Settlement, held on October 30, 2018 at the United Nations Conference Center in Bangkok, Thailand. It recognized the socialized housing program's integrated approach to the problem of informal settlers, with components to mitigate disaster risk, reduce urban blight and improved the people's quality of life	United Nations

The imposition of the QC SHT as an additional tax confirms its capacity to use its revenue-raising power to generate funds for its socialized housing projects and other related programs. Given that it is fully supported by the Sanggunian is a good indicator of the City Government's strong determination to provide and finance socialized housing programs for its constituents.

Quezon City's resolve to impose the SHT will certainly help address its urgent need to reduce urban blight in its localities. Further, such accomplishment will upgrade the living conditions of the poor, offering affordable housing, and transform slums within the City into well-organized and developed housing communities. Likewise, with the onset of the COVID-19 pandemic, shelter programs will provide the underprivileged living in hazardous dwellings to purchasing affordable residential establishments.

Previous surveys⁹ undertaken by the NTRC also disclosed that the major reasons for the failure to impose the SHT were the absence of socialized housing projects and/or the failure to enact the necessary ordinance (Aguilar, 2016). Another reason pointed out was that some local officials were not aware of the authority of the LGU to impose the SHT since the said tax was not provided in the LGC but was imposed under a separate law.

V. CONCLUSION

The SHT is an effective instrument for LGUs to generate the needed revenue to finance their housing projects and other related community improvements. The imposition of the SHT provides local governments with additional source of fund to initiate, implement, and undertake socialized housing projects. The SHT is primarily aimed to help the marginalized sector through the acquisition of properties for human settlements.

The revenue generated by QC validates the effectiveness and usefulness of the SHT as an additional source of revenue to fund its urban development and housing programs. The QC government's initiative to impose the SHT can be considered as a platform for other LGUs and encourage them to implement the SHT within their jurisdictions. Improving local revenues to provide more resources for project implementation should form part of their objectives. The SHT is not purely an exercise of taxing power or merely to raise revenue – it is imposed with a regulatory purpose. The tax is primarily for the general welfare and imbued with public interest. Removing slum areas in QC is not only beneficial to the underprivileged and homeless constituents but advantageous to the real property owners as well. The situation will improve the value of their property investments, fully enjoying the same in view of an orderly, secure, and safe community.

⁹ Per interview with the Treasurers of the Province of Aklan, Laoag City and San Juan City.

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