

Republic of the Philippines
DEPARTMENT OF FINANCE
Manila

LOCAL FINANCE CIRCULAR NO. 3-92
September 11, 1992

SUBJECT Guidelines for Equitable Land Valuation for Socialized Housing pursuant to Sec. 13 of RA 7279, 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." otherwise known as the Urban Development and Housing Act of 1992.

TO All Regional Directors of the Bureau of Local Government Finance and Bureau of Internal Revenue of the Department of Finance; Provincial, City and Municipal Treasurers and Assessors; and Others Concerned.

Section 13 of Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992, provides as follows:

"Section 13. Valuation of Lands for Socialized Housing. - Equitable land valuation guidelines for socialized housing shall be set by the Department of Finance on the basis of the market value reflected in the zonal valuation, or in its absence, on the latest real property tax declaration.

For sites already occupied by qualified Program beneficiaries, the Department of Finance shall factor into the valuation the blighted status of the land as certified by the local government unit or the National Housing Authority."

For the proper implementation of the foregoing provisions of the law, the following guidelines are hereby prescribed for the information and guidance of all concerned.

Section 1. **Scope.** - This Circular shall govern the valuation of land, urban areas and/or urbanizable areas and the grant of incentives to the National Housing Authority pursuant to the provisions of the Urban Development and Housing Act of 1992.

Section 2. **Definition of Terms.** - For purposes of this Circular, the following definition of terms are hereby adapted:

(a) Fair Market Value - is the highest price estimated in terms of money that a purchaser, with full knowledge of all the uses to which the property could be adapted or utilized, would buy the said property if exposed for sale in the open market.

(b) Schedule of Market Values - is an approved schedule of unit base market values for different classes of real property used by the provincial, city or municipal assessors as basis for the appraisal and assessment of real properties in their respective assessment territorial jurisdictions for real property taxation purposes.

(c) Zonal Valuation - is an approved zonal schedule of fair market values on real property used by the Bureau of Internal Revenue as basis for the computation of internal revenue taxes.

(d) Real Property Tax Declaration - is a property record, which is a traditional assessment document maintained by the provincial, city or municipal assessors, showing, among others, the market and assessed values of the property as the basis for the collection of real property tax.

(e) Socialized Housing - refers to housing programs and projects covering houses and lots or homelots only undertaken by the government or the private sector for the underprivileged and homeless citizens which shall include sites and services development, long-term financing, liberalized terms on interest payments, and such other benefits in accordance with the provisions of said Act.

(f) Urban Areas - refer to all cities regardless of their population density and to municipalities with a

population density of at least five hundred (500) persons per square kilometer.

- (g) Urbanized Areas - refer to sites and lands which, considering present characteristics and prevailing conditions, display marked and great potential of becoming urban areas within a period of five (5) years.

Section 3. **Land Valuation** - (a) For land be utilized for socialized housing, the valuation of such land shall be based on the prevailing zonal values of real properties scribed for Internal Revenue taxation or on the market value to be determined by the assessor concerned for real property taxation.

1. As a general rule, the zonal values shown in the approved zonal valuation of real properties for the area or locality applicable to the corresponding period shall be used as the basis for computing the fair market value of the subject land.

2. Where in the approved zonal valuation of real properties covering a city or municipality, no zonal value has been prescribed for the particular land, the zonal value prescribed for similar lands located in the adjacent area or barangay within the city or municipality shall be used in arriving at the fair market value of such land.

3. In the absence of zonal valuation in a city or municipality, the market value shown in the latest tax declaration on file in the Office of the Provincial, City or Municipality Assessor concerned shall be considered the fair market value of the land: Provided, that when subject land has no tax declaration, the valuation thereof shall be computed on the basis of the applicable Schedule of Market Values of the city or municipality in force during the corresponding period: Provided, further, that if no unit base market value has been fixed in the Schedule of Market Values for that city or municipality, the unit base market value fixed in the Schedule of Market Values for land of similar conditions within the city or municipality located in the adjacent area or barangay shall be used in determining the fair market value of subject land.

(b) For land(s) to be used as site for socialized housing located within the territorial jurisdiction of two or more cities and/or municipalities, the valuation of the portion of land located within each territorial jurisdiction of the local government unit must be first made in accordance with Section 4(a) hereof. Then, the total valuation arrived and/or determined for each portion of land located within its respective local government unit is considered the fair market value of the land.

Upon request of the Local Government Unit or the National Housing Authority or the National Home Mortgage Finance Corporation, the provincial and city assessors, or municipal assessors of Metro Manila, shall submit a report on how the land valuation was determined or arrived at to the requesting agency within thirty (30) days from receipt of the request.

Under Section 19 of said Act. National Housing Authority is exempted from the payment of real property tax. quoted hereunder:

"Sec. 19. Incentives for the National Housing Authority - The National Housing Authority, being the primary government agency in charge of providing for the underprivileged and homeless, shall be exempted from the payment of all fees and charges of any kind, whether local or national, such as income and realty taxes. All documents or contracts executed by and in favor of the National Housing Authority shall also be exempt from the payment of documentary stamp tax and registration fees, transfer certificates of titles."

Section 4. **Incentives**. - Considering that RA 7279, which grants exemption from the payment of real property taxes on real property(s) owned by the National Housing Authority, is special in character and is a later enactment, the exemption provisions of RA 7279 shall prevail over the provisions of the Local Government Code of 1991 governing real property tax exemption. Thus, all real properties owned by the National Housing Authority shall be exempt from the payment of real property taxes beginning January of the year following the year of effectivity of RA 7279.

However, once the beneficial use of real properties owned by NHA is granted, for consideration or otherwise, to a taxable person, the grantee of said property shall be liable to the payment of the real property taxes due thereon although the property is still in the name of NHA pending the payment of the full price, considering that its use and possession are already delivered to the grantee.

Section 5 **Repealing Clause.** - All existing Department orders, rules, regulations, circulars and other issuances of this Department which are inconsistent with, or contrary to, this Circular, are hereby repealed, amended or modified accordingly.

Section 6. **Effectivity** - This Circular shall take effect immediately.

(Sgd.) RAMON R. DEL ROSARIO, JR.
Secretary