

NOV 21 P2 30

SENATE

S. No. 1945

Introduced by Senator Ralph G. Recto

Explanatory Note

The average Philippine household income in 2012 amounted to P234,000.00.¹ Rent took up 12.50 percent of the average household income after food, ranking second in terms of priority for household expenditures. The importance given to house rent is far greater than that for other basic necessities such as education and for health, at 4.2% and 3.8% share from income respectively.

Households in the richest income decile earned an average income of P715,000.00 in 2012, spending an average of 13.30% on house rent. Households in the poorest income decile earned an average of P69,000.00, with an average spending of 7.90% on house rent. The disparity between the richest and poorest deciles remains great in terms of expenditure and savings; while total expenditures of households in the richest income decile amounted to P463,000.00, leaving P252,000.00 for savings, the total expenditures of households in the poorest income decile is P73,000.00, which exceeded their average income, thereby leaving nothing for savings. For all income deciles, food remains top priority followed by house rent.

In the latest 2009 survey, of the 18,452,000 families, 1,636,000 mostly from NCR, relied on renting a house, room, or lot.² About 1,841,000 families from the poorest income decile paid rent of less than P2,000.00; while 5,000 families had rental expenses ranging from P2,000.00 to P5,999.00, and for the four bottom income deciles, no family had been noted to spend on rent higher than P6,000.00.

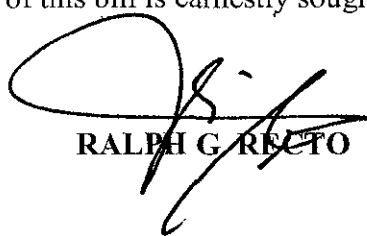
Rent Control is a mechanism that ensures affordable housing in the Philippines. It also safeguards lessees from arbitrary rent increases and corollary ejectment. There have been measures to control rent since the 1970s and to this day there is an apparent need to extend the duration of the Rent Control Act to continue providing affordable housing for Filipinos, targeting in particular the lower income groups.

This bill extends the period from December 31, 2013 to December 31, 2017 within which the rent of any residential unit covered by RA 9653 shall not be increased by more than 7% annually as long as the unit is occupied by the same lessee. Residential units refer not only to houses, apartments and land where another's dwelling is located, but to boarding houses, dormitories and bed spaces as well.

¹ National Statistics Office Family Income and Expenditure Survey (FIES) 2012

² National Statistics Office Family Income and Expenditure Survey (FIES) 2009

The passage of this bill will ensure that lower income families will continue to be guaranteed affordable housing options and will prevent them from resorting to informal housing settlements. In the light of the foregoing, the approval of this bill is earnestly sought.



RALPH G. RECTO

Done

Office of the Secretary
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Introduced by Senator Ralph G. Recto

AN ACT
EXTENDING THE RENT CONTROL PERIOD OF RESIDENTIAL UNITS,
AMENDING THEREBY REPUBLIC ACT NO. 9653 ENTITLED: "AN ACT
ESTBALISHING REFORMS IN THE REGULATION OF RENT OF CERTAIN
RESIDENTIAL UNITS, PROVIDING THE MECHANISMS THEREFOR AND FOR
OTHER PURPOSES"

*Be it enacted by the Senate and the House of Representatives of the Philippines in
Congress assembled:*

1 **SECTION 1.** Section 4 of Republic Act No. 9653 is hereby amended to read as follows:
2 "Sec. 4. *Limit on Increases in Rent.* – For a period of one (1) year from its
3 effectivity, no increase shall be imposed upon the rent of any residential unit covered by
4 this Act: *Provided,* That after such period until December 31, [2013] **2017**, the rent of
5 any residential unit covered by this Act shall not be increased by more than seven percent
6 (7%) annually as long as the unit is occupied by the same lessee: *Provided, further,* That
7 when the residential unit becomes vacant, the lessor may set the initial rent for the next
8 lessee: *Provided, however,* That in the case of boarding houses, dormitories, rooms and
9 bedspaces offered for rent to students, no increase in rental more than once per year shall
10 be allowed".
11 **SEC. 2. *Repealing Cause.*** – Any law, presidential decree or issuance, executive order,
12 letter of instruction, administrative order, rule or regulation contrary to or inconsistent with the
13 provisions of this Act is hereby repealed, modified or amended accordingly.
14 **SEC. 3. *Effectivity.*** – This Act shall take effect fifteen (15) days following its publication
15 in at least two (2) newspapers of general circulation or in the *Official Gazette.*

Approved,