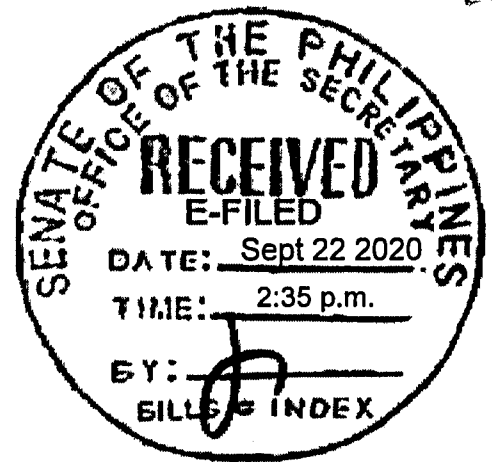


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE
S. No. 1843

Introduced by **SENATOR LEILA M. DE LIMA**

**AN ACT
INTRODUCING A RENT RELIEF SUBSIDY PROGRAM TO ASSIST
RESIDENTIAL TENANTS AND LESSORS ADVERSELY IMPACTED BY
THE ECONOMIC CRISIS BROUGHT UPON BY THE COVID-19
PANDEMIC, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

With millions infected and hundreds of thousands killed around the world, the COVID-19 pandemic has become the worst crisis in living memory. The Philippines is not spared from the virus as we hold the title of having the highest number of cases in the Southeast Asian region with over 270,000 confirmed cases and 4,700 deaths as of 16 September 2020.¹

The harmful effects of COVID-19 to peoples' health and well-being have inevitably cascaded even over to the economy – ravaging their sources of income and livelihood. As the Philippines grapple with the health crisis, other equally debilitating problems have surfaced. Strict nationwide lockdowns have been implemented and the country's economic activity has practically halted. Restrictions to movement imposed by the national government in the hope of containing the spread of the virus have more than just keep the people off the streets, it cast a burden on the nation's economy and the people's financial resiliency. The lack of market confidence exhibited by consumers have also contributed to this decline. As a result, the economy experienced a record-shattering sharp plunge of 16.5% in gross domestic product (GDP) in the 2nd quarter of 2020. This figure represented the steepest drop

¹ Center for Strategic and International Studies. (2020). *Southeast Asia Covid-19 Tracker*. Retrieved September 17, 2020, from <https://www.csis.org/programs/southeast-asia-program/southeast-asia-covid-19-tracker-0>

ever recorded as the Philippine economy joins the rest of the world in economic recession.²

In terms of job security, unemployment also soared to an all-time high of 17.7% – equivalent to 17.7 million Filipinos – in April owing to the imposition of strict lockdowns beginning in mid-March³. The number of unemployed was reduced to 10% – or 4.6 million Filipinos – when lockdowns were eased and the economy gradually opened up in July, but the figure was still 5.4% higher than the previous year indicating that the economy had yet to fully recover.⁴

According to the 2015 Census of Population conducted by the Philippine Statistics Authority (PSA), approximately 15.2% of 22.42 million total occupied housing units are under some form of rent arrangement.⁵ For Filipinos living under these conditions, being unemployed usually translates to no source of income which in turn means they are less likely to be able to keep up with their financial obligations, particularly their ability to pay rent. On the other hand, lessors who are solely reliant on the income generated by their property are also placed in a bind. With no income, they may not be able to maintain the property for other tenants and may eventually be forced to sell the property at a greatly depreciated price.

The economic crisis resulting from the COVID-19 pandemic has put a spotlight on this predicament – bringing to light the fundamental role housing plays in people's lives, and the life and death implications when they cannot afford the rent.⁶ The need to uphold and protect their right to housing cannot be any more

² Rivas, R. (6 August 2020). *Virus pushes Philippines into recession with worst GDP plunge on record*. Retrieved September 17, 2020, from <https://rappler.com/business/gross-domestic-product-philippines-q2-2020>

³ Rivas, R. (5 June 2020). *PH unemployment at all-time high with 7.3 million jobless in April 2020*. Retrieved September 17, 2020, from <https://rappler.com/business/unemployment-rate-philippines-april-2020>

⁴ Lopez, M. L. (3 September 2020). *4.6M Filipinos jobless in July as unemployment worsens in Metro Manila – PSA*. Retrieved September 17, 2020, from <https://www.cnnphilippines.com/business/2020/9/3/PSA-July-unemployment-figures.html>

⁵ Philippine Statistics Authority. (6 March 2018). *Housing Characteristics in the Philippines (Results of the 2015 Census of Population)*. Retrieved September 17, 2020, from <https://psa.gov.ph/content/housing-characteristics-philippines-results-2015-census-population>

⁶ Bailey, P. (27 July 2020). *Pandemic Relief Must Include Comprehensive Housing Assistance for People Experiencing the Most Severe Hardship*. Retrieved September 18, 2020, from <https://www.cbpp.org/research/housing/pandemic-relief-must-include-comprehensive-housing-assistance-for-people>

pronounced than today. Housing in these troubled times, after all, “has become the frontline defense against the coronavirus.”⁷

There is no denying that the struggle to survive the worst global health crisis in recent history has been exacerbated by the deepening economic divide. The State is thus duty-bound to recognize the urgency of passing measures that will cushion or mitigate the worst effects of the pandemic and the economic crisis among our people. As the Washington-based Center on Budget and Policy Priorities has already said, “pandemic relief must include comprehensive housing assistance for people experiencing the most severe hardship.”⁸ There is a need to provide a more sustainable form of economic relief and social protection to these individuals beyond deferred payment schemes and mechanisms. Renters and lessors “must not emerge from the pandemic overburdened with housing related debt as a result of financial and economic circumstances created by the pandemic.”⁹

This bill promotes social justice in the time of pandemic through upholding the right to access adequate, secure, habitable, sustainable, resilient, and affordable housing. It seeks to aid both lessors and tenants by extending lines of credit from government accredited financial institutions, instituting a moratorium on evictions and establishing rental assistance centers. These measures would provide a more stable and long-term solution to the plight being faced by both lessors and tenants amid this pandemic.

In view of the foregoing, immediate passage of this bill is sought.

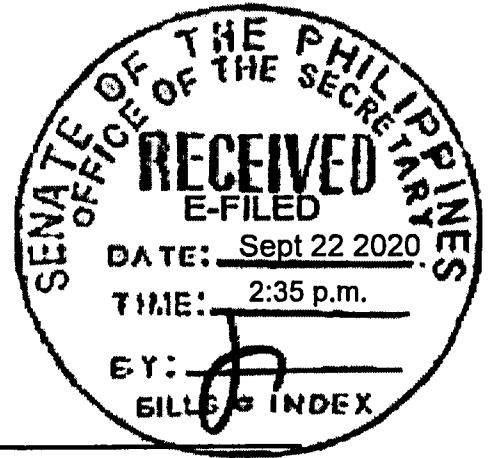

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⁷ United Nations. (08 April 2020). *COVID-19 Guidance Note*. Retrieved September 18, 2020 from: https://www.ohchr.org/Documents/Issues/Housing/SR_housing_COVID-19_guidance_rent_and_mortgage_payers.pdf.

⁸ *Supra* Note 6.

⁹ *Supra* Note 7.

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**AN ACT
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PANDEMIC, AND FOR OTHER PURPOSES**

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

1 Section 1. *Short Title.* – This Act shall be known as the “Rent Relief Subsidy
2 Act of 2020.”

3 Sec. 2. *Declaration of Policy.* – It is the declared policy of the State to promote
4 social justice and uphold the general welfare of its citizens in all phases of national
5 development by ensuring that those suffering from the adverse impacts of national
6 disasters, calamities, and emergencies are provided with adequate social safety nets
7 needed to ameliorate their situation.

8 Pursuant to this, the State shall protect the right of the underprivileged and
9 vulnerable sectors from unjust or unlawful evictions, and to provide rental assistance
10 to the needy and most affected citizens, guaranteeing their right to access adequate,
11 secure, habitable, sustainable, resilient, and affordable housing.

12 Sec. 3. *Rent Refinancing Loans by Government Financial Institutions.* – The
13 Social Security System (SSS), the Government Service Insurance System (GSIS), and
14 the Pag-IBIG Fund are hereby mandated to make available to eligible members rent
15 refinancing loans with the following specifications:

- 1 a) Eligible members shall qualify for loans of up to one year's worth of the
2 member's rent. *Provided*, That the loan shall not exceed Two Hundred
3 Thousand Pesos (₱200,000.00);
4 b) The interest rate for these loans shall not exceed the lowest interest
5 imposed by the SSS, GSIS, and Pag-Ibig Fund for their respective active
6 loan products;
7 c) The loans shall be payable for at least five (5) years.

8 The loans shall be made available within three (3) months upon the date of
9 effectivity of this Act.

10 The SSS, GSIS, and Pag-IBIG Fund shall jointly issue the rules and regulations
11 necessary for the implementation of this Section within thirty (30) days upon the
12 effectivity of this Act.

13 **Sec. 4. Rent Refinancing Loans by Government Banks.** – The Land Bank of
14 the Philippines (LBP) and the Development Bank of the Philippines (DBP) shall offer
15 rent refinancing and restructuring loans with the following specifications:

- 16 a) Eligible borrowers shall qualify for loans of up to one year's worth of
17 residential rent. *Provided*, That the loan shall not exceed Two Hundred
18 Thousand Pesos (₱200,000.00);
19 b) The interest rate for these loans shall not exceed the lowest interest
20 imposed by the LBP and DBP for active loan products with similar terms;
21 c) The loans shall be payable for at least five (5) years;
22 d) The LBP and DBP may require a lease agreement, promissory notes, and
23 similar documents for the issuance of these loans.

24 The loans shall be made available within three (3) months upon the date of
25 effectivity of this Act.

26 The Department of Finance (DOF), with the LBP and DBP, shall issue the
27 rules and regulations necessary for the implementation of this Section within thirty
28 (30) days upon the effectivity of this Act.

29 **Sec. 5. Promissory Notes as Rent Relief Agreements.** – Lessors who honor
30 promissory notes from tenants may also, with the tenants, apply for the loans under
31 Sections 3 and 4 of this Act. *Provided*, That funds from the loan shall be disbursed
32 directly to the lessor, in installments as may be agreed upon with the lending or

1 banking institution, and that, for the entire rental period paid for by the loan and an
2 additional three (3) months thereafter, the tenant shall not be evicted from the
3 property. *Provided further*, that should this prohibition against early eviction be
4 violated by the lessor, the lessor shall assume all unpaid obligations of the tenant
5 pursuant to this Act.

6 *Sec. 6. Eviction Moratorium.* – To ensure that stay-at-home orders are
7 enforced, any landlord, owner of a residential property, or other person with a legal
8 right to pursue eviction or possessory action, shall not evict any tenant from any
9 residential property for three (3) months upon the effectivity of this Act. *Provided*,
10 That the President may extend this moratorium twice, in increments of three (3)
11 months.

12 This Section does not preclude local and national authorities from imposing
13 additional requirements that provide greater public health protection and are more
14 restrictive than the requirements underlined in this Section.

15 *Sec. 7. Financial Obligations of Tenants.* – This Act does not relieve any
16 individual of any obligation to pay rent, make a housing payment, or comply with any
17 other obligation that the individual may have under a tenancy, lease, or similar
18 contract. Nothing in this Act precludes the charging or collecting of fees, penalties, or
19 interest as a result of the failure to pay rent or other housing payment on a timely
20 basis, under the terms of any applicable contract. *Provided*, That financial
21 obligations under such contracts may be refinanced or restructured with loans
22 provided under Section 3 and 4 of this Act.

23 *Sec. 8. Rent Renegotiation and Refinancing Assistance.* – The Department of
24 Human Settlements and Urban Development (DHSUD) shall, in coordination with
25 Local Government Units (LGU), establish assistance centers that would assist
26 tenants and lessors renegotiate rent contracts towards more mutually beneficial
27 terms for both parties and access the refinancing and loan arrangements applicable
28 under this Act. These assistance centers shall also compile inventories of available
29 government assistance programs for residential tenants experiencing financial
30 difficulties due to the COVID-19 pandemic.

1 The DHSUD shall also set up a national hotline and contact center which shall
2 remotely provide the services of the assistance centers established pursuant to this
3 Section.

4 **Sec. 9. *Implementing Rules and Regulations.*** – Unless otherwise specified,
5 the DHSUD shall issue the rules and regulations necessary for the implementation of
6 this Act, within thirty (30) days upon the effectivity of this Act. *Provided,* That the
7 eviction moratorium outlined under Section 6 of this Act shall take effect
8 immediately upon the effectivity of this Act.

9 **Sec. 10. *Repealing Clause.*** – All laws, executive orders, presidential decrees,
10 presidential proclamations, letters of instruction, rules and regulations or parts
11 thereof which are inconsistent with the provisions of this Act are hereby repealed or
12 modified accordingly.

13 **Sec. 11. *Separability Clause.*** – If any provision of this Act is declared
14 unconstitutional or invalid, other parts or provisions hereof not affected shall
15 continue to be in full force and effect.

16 **Sec. 12. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days
17 following its publication in the Official Gazette or in any newspaper of general
18 circulation in the Philippines.

Approved,