

SENATE

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COMMITTEE REPORT NO. 299

Submitted by the Committee on Urban Planning, Housing and Resettlement on
APR 15 2009

Re: Senate Bill No. 3163

Recommending its approval in substitution of Senate Bill No. 2884, taking into consideration Senate Bill No. 3030.

Sponsors: Senators Biazon and Zubiri

MR. PRESIDENT:

The Committee on Urban Planning, Housing and Resettlement, to which were referred Senate Bill No. 2884, introduced by Senator Zubiri, entitled:

**"AN ACT
TO EXTEND THE EFFECTIVITY OF THE RENT CONTROL ACT OF 2005, AMENDING FOR THE PURPOSE SECTION 17 OF REPUBLIC ACT NO. 9341, ENTITLED 'AN ACT ESTABLISHING REFORMS IN THE REGULATION OF RENT OF CERTAIN RESIDENTIAL UNITS, PROVIDING MECHANISMS THEREFOR AND FOR OTHER PURPOSES'"**

and Senate Bill No. 3030, introduced by Senator Revilla, Jr., entitled:

**"AN ACT
REGULATING THE RENT OF CERTAIN RESIDENTIAL AND COMMERCIAL UNITS AND SPACES, PROVIDING MECHANISMS AND PENALTIES FOR VIOLATIONS THEREOF"**

has considered the same and has the honor to report them back to the Senate with the recommendation that the attached Senate Bill No. 3163, prepared by the Committee, entitled:

**"AN ACT
ESTABLISHING REFORMS IN THE REGULATION OF RENT OF CERTAIN RESIDENTIAL UNITS, PROVIDING THE MECHANISMS THEREFOR AND FOR OTHER PURPOSES"**

be approved in substitution of S. No. 2884, taking into consideration S. No. 3030, with Senators Zubiri, Revilla Jr., and Biazon as authors thereof.

Respectfully submitted:


RODOLFO G. BIAZON
Chairman

Members:



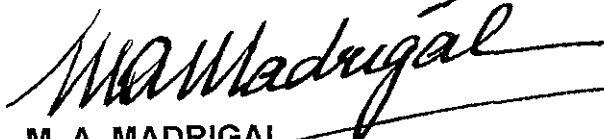
FRANCIS "CHIZ" G. ESCUDERO



EDGARDO J. ANGARA

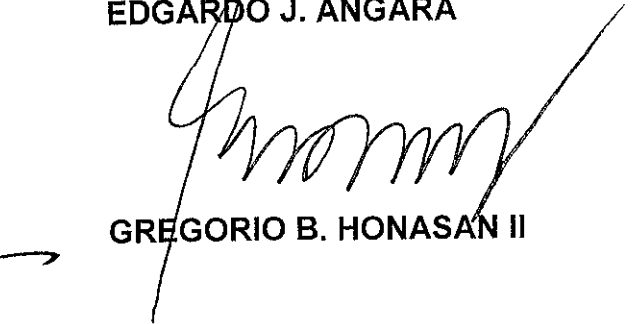
BENIGNO S. AQUINO III

Mag Amador



M. A. MADRIGAL

GREGORIO B. HONASAN II



LOREN B. LEGARDA



Pia S. Cayetano
"COMPANERA" PIA S. CAYETANO

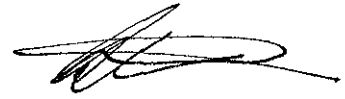


MANUEL "LITO" M. LAPID



FRANCIS "KIKO" N. PANGILINAN

ALAN PETER "COMPAÑERO" S. CAYETANO

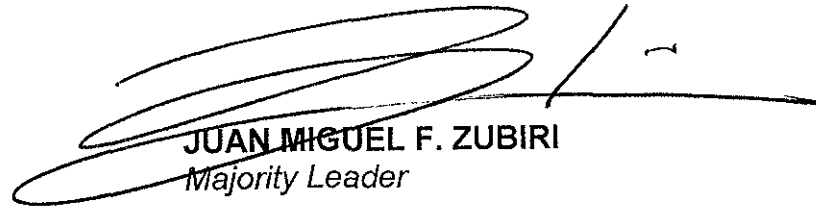


Ex-Officio Members:

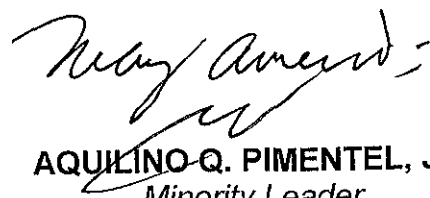
JINGGOY EJERCITO ESTRADA
President Pro Tempore



JUAN MIGUEL F. ZUBIRI
Majority Leader



Mag Amador
AQUILINO Q. PIMENTEL, JR.
Minority Leader



HON. JUAN PONCE ENRILE
Senate President
Senate of the Philippines
Pasay City

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SENATE

S. No. **3163**

(In substitution of S. No. 2884, taking into consideration S. No. 3030)

RECEIVED BY: 

Prepared and submitted by the Committee on Urban Planning, Housing and Resettlement, with Senators Zubiri, Revilla Jr., and Biazon as authors

AN ACT

ESTABLISHING 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 House of Representatives of the Philippines in Congress assembled:

1 Section 1. *Short Title.* - This Act shall be known and cited as the "Rent Control Act of
2 2009."

3 Sec. 2. *Declaration of Policy.* - The State shall, for the common good, undertake a
4 continuing program of encouraging the development of affordable housing for the people.
5 Toward this end, the State shall continue to protect housing tenants from unreasonable rent
6 increases.

7 Sec. 3. *Definition of Terms.* - The following terms as used in this Act shall be understood
8 as:

9 (a) "Rent" shall mean the amount paid for the use or occupancy of a residential unit
10 whether payment is made on a monthly or other basis.

11 (b) "Residential unit" shall refer to an apartment, house and/or land on which another's
12 dwelling is located and used for residential purposes and shall include not only buildings, part or
13 units thereof used solely as dwelling places, boarding houses, dormitories, rooms and bedspaces
14 offered for rent by their owners, except motels, motel rooms, hotels, hotel rooms, but also those
15 used for home industries, retail stores or other business purposes if the owner thereof and his or
16 her family actually live therein and use it principally for dwelling purposes.

1 (c) "Immediate members of family of the lessee or lessor" for purposes of repossessing
2 the leased premises, shall be limited to his or her spouse, direct descendants or ascendants, by
3 consanguinity or affinity.

4 (d) "Lessee" shall mean the person renting a residential unit.

5 (e) "Owner/Lessor" shall include the owner or administrator or agent of the owner of the
6 residential unit.

7 (f) "Sublessor" shall mean the person who leases or rents out a residential unit leased to
8 him by an owner.

9 (g) "Sublessee" shall mean the person who leases or rents out a residential unit from a
10 sublessor.

11 *Sec. 4. Limit on Increases in Rent.* - The rent of any residential unit covered by this Act
12 shall not be increased by more than ten percent (10%) annually as long as the unit is occupied by
13 the same lessee. When the residential unit becomes vacant, the lessor may set the initial rent for
14 the next lessee. The limit on increases in rent as set forth in this Section shall be effective until
15 December 31, 2011.

16 *Sec. 5. Coverage of this Act.* - All residential units in the National Capital Region and
17 other highly urbanized cities the total monthly rent for each of which does not exceed Ten
18 thousand pesos (P10,000.00) and all residential units in all other areas the total monthly rent for
19 each of which does not exceed Five thousand pesos (P5,000.00) as of the effectivity date of this
20 Act shall be covered, without prejudice to existing contracts.

21 *Sec. 6. Authority to Regulate or Deregulate Rent.* - Notwithstanding the lapse of the
22 effectivity of the limit on rent set forth in Section 4 hereof, the Housing and Urban Development
23 Coordinating Council (HUDCC), hereinafter referred to as the Council, in coordination with
24 other concerned sectors, is hereby granted the authority to regulate or deregulate the rent of
25 certain residential units: *Provided*, That one (1) year prior to the lapse of the effectivity of the
26 limit on rent set forth in Section 4 hereof and its subsequent extensions, as the case may be, the
27 Council shall come up with a study, to be submitted to Congress, which shall be the basis of the
28 decision of the Council to either continue regulating or to deregulate the rent of certain

1 residential units: *Provided, further,* That the period of effectivity of each subsequent extension of
2 regulation or deregulation of rent instituted under this Act shall not be more than three (3) years.

3 If the Council decides to continue regulating the rent of certain residential units, it is also
4 hereby granted the authority to determine the duration of the regulation, the residential units that
5 are going to be covered by the regulation, and the limits on increases in rent. Its decision to
6 continue with rent regulation shall be based on the reasonable and sound findings of its study.

7 If the Council decides to deregulate the rent of certain residential units, it is also hereby
8 mandated to immediately formulate, a transition program which shall also be submitted to
9 Congress, that will provide for safety measures to cushion the impact of a deregulated rental
10 industry: *Provided,* That, thereafter, the Council is also hereby granted the authority to re-impose
11 the regulation of the rent of certain residential units, consistent with the findings of its study and
12 subject to the limits on its authority granted under this Act.

13 *Sec. 7. Rent and Requirement of Bank Deposit.* - Rent shall be paid in advance within the
14 first five (5) days of every current month or the beginning of the lease agreement unless the
15 contract of lease provides for a later date of payment. The lessor cannot demand more than one
16 (1) month advance rent. Neither can he demand more than two (2) months deposit which shall be
17 kept in a bank under the lessor's account name during the entire duration of the lease agreement.
18 Any and all interest that shall accrue therein shall be returned to the lessee at the expiration of the
19 lease contract.

20 In the event however, that the lessee fails to settle rent, electric, telephone, water or such
21 other utility bills or destroys any house components and accessories, the deposits and interests
22 therein shall be forfeited in favor of the latter in the amount commensurate to the pecuniary
23 damage done by the former.

24 *Sec. 8. Assignment of Lease or Subleasing.* - Assignment of lease or subleasing of the
25 whole or any portion of the residential unit, including the acceptance of boarders or bedspacers,
26 without the written consent of the owner/lessor is prohibited.

27 *Sec. 9. Grounds for Judicial Ejectment.* - Ejectment shall be allowed on the following
28 grounds:

1 (a) Assignment of lease or subleasing of residential units in whole or in part, including
2 the acceptance of boarders or bedspacers, without the written consent of the owner/lessor;

3 (b) Arrears in payment of rent for a total of three (3) months: *Provided*, That in the case
4 of refusal by the lessor to accept payment of the rent agreed upon, the lessee may either deposit,
5 by way of consignment, the amount in court, or with the city or municipal treasurer, as the case
6 may be, or in a bank in the name of and with notice to the lessor, within one month after the
7 refusal of the lessor to accept payment.

8 The lessee shall thereafter deposit the rent within ten (10) days of every current month.
9 Failure to deposit the rent for three (3) months shall constitute a ground for ejection.

10 The lessor, upon authority of the court in case of consignment or upon joint affidavit by
11 him and the lessee to be submitted to the city or municipal treasurer and to the bank where
12 deposit was made, shall be allowed to withdraw the deposits;

13 (c) Legitimate need of the owner/lessor to repossess his or her property for his or her
14 own use or for the use of any immediate member of his or her family as a residential unit:
15 *Provided, however*, That the lease for a definite period has expired: *Provided, further*, That the
16 lessor has given the lessee the formal notice three (3) months in advance of the lessor's intention
17 to repossess the property and: *Provided, finally*, That the owner/lessor is prohibited from leasing
18 the residential unit or allowing its use by a third party for a period of at least (1) year from the
19 time of repossession;

20 (d) Need of the lessor to make necessary repairs of the leased premises which is the
21 subject of an existing order of condemnation by appropriate authorities concerned in order to
22 make the said premises safe and habitable: *Provided*, That after said repair, the lessee ejected
23 shall have the first preference to lease the same premises: *Provided, further*, That the new rent
24 shall be reasonably commensurate with the expenses incurred for the repair of the said residential
25 unit and: *Provided, finally*, That if the residential unit is condemned or completely demolished,
26 the lease of the new building will no longer be subject to the aforementioned first preference rule
27 in this subsection; and

28 (e) Expiration of the period of the lease contract.

1 Sec. 10. *Prohibition Against Ejectment by Reason of Sale or Mortgage.* - No lessor or his
2 successor-in-interest shall be entitled to eject the lessee upon the ground that the leased premises
3 have been sold or mortgaged to a third person regardless of whether the lease or mortgage is
4 registered or not.

5 Sec. 11. *Rent-to-Own Scheme.* - At the option of the lessor, he or she may engage the
6 lessee in a written rent-to-own agreement that will result in the transfer of ownership of the
7 particular dwelling in favor of the latter. Such an agreement shall be exempt from the coverage
8 of Section 3 of this Act.

9 Sec. 12. *Application of the Civil Code and Rules of Court of the Philippines.* - Except
10 when the lease is for a definite period, the provision of paragraph (1) of Article 1673 of the Civil
11 Code of the Philippines, insofar as they refer to residential units covered by this Act, shall be
12 suspended during the effectivity of this Act, but other provisions of the Civil Code and the Rules
13 of Court on lease contracts, insofar as they are not in conflict with the provisions of this Act shall
14 apply.

15 Sec. 13. *Penalties.* - A fine of not less than Five thousand pesos (P5,000.00) nor more
16 than Fifteen thousand pesos (P15,000.00) or imprisonment of not less than one (1) month and
17 one (1) day to not more than six (6) months or both shall be imposed on any person, natural or
18 juridical, found guilty of violating any provision of this Act.

19 Sec. 14. *Information Drive.* - The Department of the Interior and Local Government and
20 the HUDCC, in coordination with other concerned agencies, are hereby mandated to conduct a
21 continuing information drive about the provisions of this Act and the subsequent policies
22 implemented consistent with this Act.

23 Sec. 15. *Separability Clause.* - If any provision or part hereof is held invalid or
24 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain
25 valid and subsisting.

26 Sec. 16. *Repealing Clause.* - Any law, presidential decree or issuance, executive order,
27 letter of instruction, administrative order, rule or regulation contrary to or inconsistent with the
28 provisions of this Act is hereby repealed, modified or amended accordingly.

1 *Sec. 17. Effectivity Clause.* - This Act shall take effect beginning fifteen (15) days after
2 its complete publication in at least two (2) newspapers of general circulation.

3 Approved,