

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



16 JUL 21 P2:20

SENATE  
S. No. 806

RECEIVED BY:

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Introduced by Senator Ralph G. Recto

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

**Explanatory Note**

The average Philippine household income in 2012 amounted to P235,000.00.<sup>1</sup> 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 housing rent is far greater than that for other basic necessities such as education and for health, at 4.1 percent and 3.7 percent share from income respectively.

Households in the richest income decile earned an average income of P715,000 in 2012, spending an average of 13.30 percent on housing rent. Households in the poorest income decile earned an average of P69,000, with an average spending of 7.9 percent on housing 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, leaving P252,000 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 2012 Family Income and Expenditure Survey, of the 21,426,000 families—683,000 mostly from NCR—relied on renting a house, room, or lot.<sup>2</sup> About 2,131,000 families from the poorest income decile paid rent of less than P2,000; while 5,486 families had rental expenses ranging from P2,000 to P5,999, and for the three bottom income deciles, no family had been noted to spend on rent higher than P6,000. For 2012, the average Rent per family in the Philippines was at P1,449.

Rent control is a mechanism that ensures affordable housing in the Philippines. It also safeguards lessees from arbitrary rent increases and corollary ejection. 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.

Republic Act No. 9653 or the Rent Control Act of 2009 grants the Housing and Urban Development Coordinating Council (HUDCC) to determine the period of regulation and subsequent extension, if warranted, to determine residential units covered, and to adjust the allowable limit on rent increases per year. RA 9653 also mandates HUDCC to conduct, every

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<sup>1</sup> National Statistics Office Family Income and Expenditure Survey (FIES) 2012  
<sup>2</sup> National Statistics Office Family Income and Expenditure Survey (FIES) 2009

three years, a review of the implementation of the law and a study on rental regulation, and to submit to Congress a recommendation on the necessity and feasibility of a continuing regulation or a deregulation.

On December 16, 2013, fifteen days before the expiration of the rental regulation provisions, the HUDCC approved Resolution No. 2 Series of 2013 extending the period of rent control, at status quo rates, until December 31, 2015. HUDCC decided to extend the law for two more years as the study on the extension of Rent Control conducted by the Statistical Research Training Center (now the Philippine Statistical Research and Training Institute) was yet to be completed. On June 8, 2015 HUDCC released approved Resolution No. 1, Series of 2015 which adjusts the coverage and rates of increases in the Rent Control Act and extends it until December 31, 2017.

This bill extends the period from December 31, 2013 to December 31, 2020 within which the rent of any residential unit covered by RA 9653 shall not be increased by more than 7 percent 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.

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 light of the foregoing, the approval of this bill is earnestly sought.




**RALPH G. RECTO**

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*Be it enacted by the Senate and 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] **2020**, 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 this  
13       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,