



HOUSE OF REPRESENTATIVES

H. No. 6098

BY REPRESENTATIVES NOGRALES, VALENCIA, CASIÑO, OCAMPO, CHATTO,
CODILLA, DEL MAR, GARCIA (P.), GULLAS, DURANO, ROMUALDO,
MARIANO, MAZA, ILAGAN, CHONG, ROMULO, GONZALES (N.), DE
GUZMAN, AGBAYANI AND VELARDE, PER COMMITTEE REPORT NO. 1868

AN ACT REGULATING THE RENTAL 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
2 “Rent Control Act of 2009”.

3 SEC. 2. *Declaration of Policy.* – The State shall, for the common good,
4 undertake a continuing program of encouraging the development of affordable
5 housing for the lower income brackets and other beneficiaries.

6 Toward this end, the State shall continue to protect housing tenants in
7 the lower income brackets and other beneficiaries from unreasonable rent
8 increases.

9 SEC. 3. *Definition of Terms.* – The following terms as used in this Act
10 shall be understood as:

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

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

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

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

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

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

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

21 SEC. 4. *Limit on Increases in Rent.* – For a period of one (1) year from
22 its effectivity, no increase shall be imposed upon the rent of any residential unit
23 covered by this Act: *Provided*, That, after such period and for a period of three
24 (3) years thereafter, the rent of any residential unit covered by this Act shall
25 not be increased by more than four percent (4%) annually as long as the unit is
26 occupied by the same lessee: *Provided, further*, That when the residential unit
27 becomes vacant, the lessor may set the initial rent for the next lessee: *Provided*,
28 *however*, That in the case of boarding houses, dormitories, rooms and

1 bedspaces offered for rent to students, no increase in rental more than once per
2 year shall be allowed.

3 SEC. 5. *Coverage of This Act.* – All residential units in the National
4 Capital Region and other highly urbanized cities, the total monthly rent for
5 each of which does not exceed Ten thousand pesos (₱10,000.00) and all
6 residential units in all other areas, the total monthly rent for each of which does
7 not exceed Five thousand pesos (₱5,000.00) as of the effectivity date of this
8 Act shall be covered, without prejudice to existing contracts.

9 SEC. 6. *Authority to Continue Rental Regulation.* – Notwithstanding
10 the lapse of the period provided in Section 4 of this Act, the Housing and
11 Urban Development Coordinating Council (HUDCC) is hereby granted the
12 authority to continue the regulation of the rental of certain residential units, to
13 determine the period of regulation and its subsequent extensions if warranted,
14 to determine the residential units covered and to adjust the allowable limit on
15 rental increases per annum which shall not be more than the average monthly
16 inflation rate on rentals of the immediately preceding year as determined by the
17 National Statistics Office.

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

26 In the event however, that the lessee fails to settle rent, electric,
27 telephone, water or such other utility bills or destroys any house components
28 and accessories, the deposit and interests therein shall be forfeited in favor of

1 the latter in the amount commensurate to the pecuniary damage done by the
2 former.

3 SEC. 8. *Assignment of Lease or Subleasing.* – Assignment of lease or
4 subleasing of the whole or any portion of the residential unit, including the
5 acceptance of boarders or bedspacers, without the written consent of the
6 owner/lessor is prohibited.

7 SEC. 9. *Grounds for Judicial Ejectment.* – Ejectment shall be allowed
8 on the following grounds:

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

12 (b) Arrears in the payment of rent for a total of three (3) months:
13 *Provided,* That in the case of refusal by the lessor to accept payment of the rent
14 agreed upon, the lessee may either deposit, by way of consignment, the amount
15 in court or with the city or municipal treasurer, as the case may be, or in a bank
16 in the name of and with notice to the lessor, within one (1) month after the
17 refusal of the lessor to accept payment.

18 The lessee shall thereafter deposit the rent within ten (10) days of every
19 current month. Failure to deposit the rent for three (3) months shall constitute a
20 ground for ejectment.

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

25 (c) Legitimate need of the owner/lessor to repossess his or her property
26 for his or her own use or for the use of any immediate member of his or her
27 family as a residential unit: *Provided, however,* That the lease for a definite
28 period has expired: *Provided, further,* That the lessor has given the lessee

1 formal notice three (3) months in advance of the lessor's intention to repossess
2 the property and: *Provided, finally*, That the owner/lessor is prohibited from
3 leasing the residential unit or allowing its use by a third party for a period of at
4 least one (1) year from the time of repossession;

5 (d) Need of the lessor to make necessary repairs of the leased premises
6 which is the subject of an existing order of condemnation by the appropriate
7 authorities concerned in order to make the said premises safe and habitable:
8 *Provided*, That after said repair, the lessee ejected shall have the first
9 preference to lease the same premises: *Provided, however*, That the new rent
10 shall be reasonably commensurate with the expenses incurred for the repair of
11 the said residential unit and: *Provided, finally*, That if the residential unit is
12 condemned or completely demolished, the lease of the new building will no
13 longer be subject to the aforementioned first preference rule in this subsection;
14 and

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

16 SEC. 10. *Prohibition Against Ejectment by Reason of Sale or*
17 *Mortgage.* – No lessor or his successor-in-interest shall be entitled to eject the
18 lessee upon the ground that the leased premises have been sold or mortgaged
19 to a third person regardless of whether the lease or mortgage is registered or
20 not.

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

25 SEC. 12. *Application of the Civil Code and the Rules of Court of the*
26 *Philippines.* – Except when the lease is for a definite period, the provision of
27 paragraph (1) of Article 1673 of the Civil Code of the Philippines, insofar as
28 they refer to residential units covered by this Act, shall be suspended during

1 the effectivity of this Act, but other provisions of the Civil Code and the Rules
2 of Court on lease contracts, insofar as they are not in conflict with the
3 provisions of this Act shall apply.

4 SEC. 13. *Information Drive.* – The Department of the Interior and
5 Local Government and the HUDCC, in coordination with other concerned
6 agencies, are hereby mandated to conduct a continuing information drive about
7 the provisions of this Act. Written materials on this Act shall be made
8 available in major regional dialects and shall be posted in conspicuous public
9 places.

10 SEC. 14. *Review of the Rental Regulation.* – The HUDCC is hereby
11 mandated to conduct every five (5) years from the effectivity of this Act a
12 review of its implementation and a study on rental regulation, and submit to
13 Congress its recommendation on whether a continuing regulation is still
14 necessary or deregulation is already warranted.

15 SEC. 15. *Program to Cushion Impact in the Event of a Regulation-*
16 *Free Rental Housing Market.* – The HUDCC and its attached agencies are
17 hereby mandated to formulate and implement a two (2)-year transition program
18 which will provide for safety measures to cushion the impact in the event of a
19 regulation-free rental housing market.

20 SEC. 16. *Penalties.* – A fine of not less than Five thousand pesos
21 (₱5,000.00) nor more than Fifteen thousand pesos (₱15,000.00) or
22 imprisonment of not less than one (1) month and one (1) day to not more than
23 six (6) months or both shall be imposed on any person, natural or juridical,
24 found guilty of violating any provision of this Act.

25 SEC. 17. *Separability Clause.* – If any provision or part hereof is held
26 invalid or unconstitutional, the remainder of the law or the provision not
27 otherwise affected shall remain valid and subsisting.

1 SEC. 18. *Repealing Clause.* – Any law, presidential decree or
2 issuance, executive order, letter of instruction, administrative order, rule or
3 regulation contrary to or inconsistent with the provisions of this Act is hereby
4 repealed, modified or amended accordingly.

5 SEC. 19. *Effectivity Clause.* – This Act shall take effect fifteen (15)
6 days after its complete publication in the *Official Gazette* or in at least two (2)
7 newspapers of general circulation.

Approved,

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