

Congress of the Philippines]
First Regular Session 1

S E N A T E

Committee Report No. 34

SENATE OF THE PHILIPPINES
OFFICE OF THE SECRETARY
RECEIVED
DATE: NOV 13 1992
TIME: 3:46 BY: ON

Submitted by the Committee on Urban Planning, Housing and Resettlement on NOV 13 1992.

Re : [S.B. Nos. 565 and 809 and P.S. R. 49] S. No. 929, passed by the Committee

Recommending the approval of the consolidation of S.B. Nos. 565 and 809 and P.S. Resolution No. 49

MR. PRESIDENT:

The Committee on Urban Planning, Housing and Resettlement, to which was referred P.S. Res. 46, introduced by Sen. Jose D. Lina, Jr., entitled:

"RESOLUTION DIRECTING THE COMMITTEE ON URBAN PLANNING, HOUSING AND RESETTLEMENT TO CONDUCT AN INQUIRY AS SOON AS POSSIBLE INTO THE RENT CONTROL SITUATION IN THE COUNTRY PARTICULARLY IN METRO MANILA, AS REPUBLIC ACT NO. 6828 IS DUE TO EXPIRE ON DECEMBER 31, 1992, AND TO RECOMMEND THE APPROPRIATE MEASURES TO TAKE ON THE MATTER";

S.B. No. 565, introduced by Senator Webb, entitled :

"AN ACT FURTHER EXTENDING THE EFFECTIVITY OF BATAS PAMBANSA BLG. 877 ENTITLED "AN ACT PROVIDING FOR THE STABILIZATION AND REGULATION OF RENTALS OF CERTAIN RESIDENTIAL UNITS AND FOR OTHER PURPOSES", AMENDING THEREBY SECTION ONE OF REPUBLIC ACT NUMBERED SIXTY EIGHT HUNDRED AND TWENTY EIGHT";

and S.B. No. 809, introduced by Senator Coseteng, entitled :

"AN ACT EXTENDING THE EFFECTIVITY OF BATAS PAMBANSA BLG. 877 AS AMENDED ENTITLED "AN ACT PROVIDING FOR THE STABILIZATION AND REGULATION OF RENTALS OF CERTAIN RESIDENTIAL UNITS AND FOR OTHER PURPOSES" FOR ANOTHER THREE YEARS, AMENDING THEREBY SECTION ONE OF REPUBLIC ACT NUMBERED SIXTY-SIX HUNDRED AND FORTY THREE"

have the honor to report them back to the Senate recommending the approval of the consolidated bill introduced by Senators Webb, Coseteng and the Committee on Urban Planning, Housing and Resettlement, entitled :

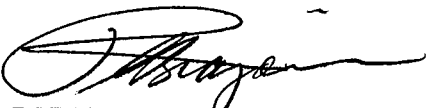
"AN ACT FURTHER EXTENDING THE EFFECTIVITY OF BATAS PAMBANSA BLG. 877 ENTITLED "AN ACT PROVIDING FOR THE STABILIZATION AND REGULATION OF RENTALS OF CERTAIN RESIDENTIAL UNITS AND FOR OTHER PURPOSES", AMENDING THEREBY SECTION ONE OF REPUBLIC ACT NUMBERED SIXTY EIGHT HUNDRED AND TWENTY EIGHT"

consolidating therewith S.B. Nos. 565 and 809 and P.S. Res. 49, with Senators Webb, Coseteng, Lina and Biazon as authors.

It is further recommended that the consolidated bill be approved with the insertion of a new provision providing for the monitoring of the program during the period of extension, as follows :

"SEC. 2. IN ACCORDANCE WITH THE GUIDELINES TO BE PREPARED BY THE HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL (HUDCC), THE RESPECTIVE LOCAL GOVERNMENT UNITS CONCERNED SHALL BE VESTED WITH THE POWER TO MONITOR THE FULL IMPLEMENTATION OF THIS ACT."

Respectfully submitted.


RODOLFO G. BIAZON
Chairman


JOSE D. LINA JR.
Vice-Chairman

Members

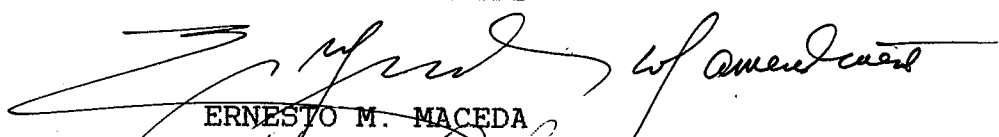
WIGBERTO E. TANADA

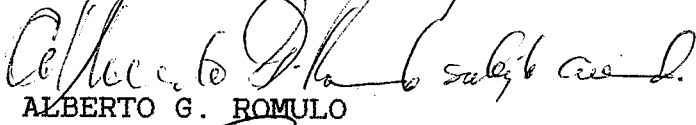
ANNA DOMINIQUE COSETENG


RAMON E. REVILLA


RAUL S. ROCO

Ex Officio Members


ERNESTO M. MACEDA


ALBERTO G. ROMULO


TEOFISTO T. GUINGONA

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

SENATE

S. No. 809

SENATE OF THE PHILIPPINES
OFFICE OF THE SECRETARY
RECEIVED
DATE: OCT 05 1992
TIME: 8:40 BY: G.V.

INTRODUCED BY SENATOR NIKKI M.L. COSETENG

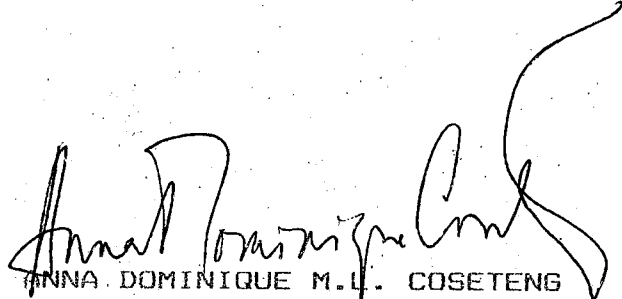
EXPLANATORY NOTE

Republic Act numbered sixty-eight hundred twenty-eight extending the effectivity of Batas Pambansa Blg. 877, entitled, "An Act Providing for the Stabilization and Regulation of Rentals of Certain Residential Units and For Other Purposes," is set to expire on December 31, 1992.

This bill seeks to extend Batas Pambansa 877 for another three years, thus, stretching the effectivity of the law until 1995. However, in addition to the extension this Bill provides, it lowers the allowable maximum increases for the extension period from twenty percent (20%) to ten percent (10%) per annum.

Fixed income earners and members of the middle class are the primordial recipients of the provisions of B.P. 877. These are the Filipinos who cannot afford to buy their own houses and have to settle for apartments which their salaries could afford. However, the rates of increase in wages of these fixed income earners are highly irregular, much less by 20% per year. As a result, those who rent progressively become more impoverished as their wages do not go up proportionately and their compensation will most likely be used paying rental fees instead of appropriately distributing the same to other basic necessities.

For these reasons, approval of this Bill is earnestly sought.


ANNA DOMINIQUE M.L. COSETENG
Senator

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

SENATE OF THE PHILIPPINES
SECRETARY
OCT 05 1992
8:40 94

SENATE
S. No. 809

INTRODUCED BY SENATOR NIKKI M.L. COSETENG

AN ACT
EXTENDING THE EFFECTIVITY OF BATAS PAMBANSA BLG. 877 AS AMENDED
ENTITLED "AN ACT PROVIDING FOR THE STABILIZATION AND REGULATION
OF RENTALS OF CERTAIN RESIDENTIAL UNITS AND FOR OTHER PURPOSES"
FOR ANOTHER THREE YEARS, AMENDING THEREBY SECTION ONE OF REPUBLIC
ACT NUMBERED SIXTY-SIX HUNDRED AND FORTY-THREE

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

SECTION 1. The effectivity of Batas Pambansa Blg. 877 as amended, entitled, "An Act Providing for the Stabilization and Regulation of Rentals of Certain Residential Units and For Other Purposes," is hereby extended for three (3) years for the period January 1, 1993 to December 31, 1995: *Provided*, That the allowable maximum increase for the three-year period shall not be more than the rates herein provided:

<i>Period</i>	<i>Maximum Increase</i>
January 1, 1993-December 31, 1993	Ten percent (10%)
January 1, 1994-December 31, 1994	Ten percent (10%)
January 1, 1995-December 31, 1995	Ten percent (10%)

Provided, further, That the basis for the maximum increase herein authorized for the three-year period shall be the actual monthly rental as of December 31, 1992: *Provided, finally*, That the increases authorized herein shall be cumulative and compounded.

SECTION 2. All laws, rules, and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

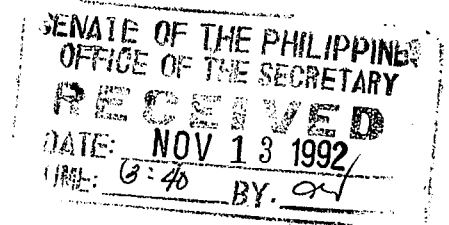
SECTION 3. This Act shall take effect on January 1, 1993 following its publication in at least two (2) national newspapers of general circulation.

Approved,

Congress of the Philippines]
First Regular Session]

S E N A T E

S.B. 929



Introduced by Senators Webb, Coseteng, Lina and
the Committee on Urban Planning, Housing and Resettlement

AN ACT
FURTHER EXTENDING THE EFFECTIVITY OF BATAS PAMBANSA BLG. 877
ENTITLED "AN ACT PROVIDING FOR THE STABILIZATION AND REGULATION OF
RENTALS OF CERTAIN RESIDENTIAL UNITS AND FOR OTHER PURPOSES"
AMENDING THEREBY SECTION ONE OF REPUBLIC ACT NUMBERED SIXTY EIGHT
HUNDRED AND TWENTY-EIGHT

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

SECTION 1. The effectivity of Batas Pambansa Blg. 877
entitled "An Act Providing for the Stabilization and Regulation
of Rentals of Certain Residential Units and For Other Purposes,"
is hereby extended for three (3) years from January 1, 1993 to
December 31, 1995: Provided, that the allowable maximum
increase for the three-year period shall not be more than the
rates herein provided :

Period	Maximum Increase
January 1, 1993 - December 31, 1993	Twenty Percent (20%)
January 1, 1994 - December 31, 1994	Twenty Percent (20%)
January 1, 1995 - December 31, 1995	Twenty Percent (20%)

Provided further, that the basis for the maximum increase
herein authorized for the three-year period shall be the actual
monthly rental as of December 31, 1992; Provided finally, that
the increases authorized herein shall be cumulative and
compounded.

SEC. 2. IN ACCORDANCE WITH THE GUIDELINES TO BE PREPARED BY
THE HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL (HUDCC),
THE RESPECTIVE LOCAL GOVERNMENT UNITS CONCERNED SHALL BE VESTED
WITH THE POWER TO MONITOR THE FULL IMPLEMENTATION OF THIS ACT.

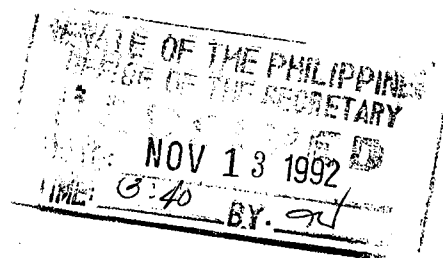
SEC. 3. This Act shall take effect on January 1, 1993
following its circulation in at least two (2) newspapers of
general circulation.

Approved.

jojo/rcs/urbancom.rep

REPUBLIC OF THE PHILIPPINES)
NINTH REGULAR SESSION)

S E N A T E



COMMITTEE REPORT NO. 84

REPORT
ON SENATE BILL NOS. 565 AND 809
EXTENDING THE PERIOD OF COVERAGE
OF THE RENT CONTROL LAW

I. INTRODUCTION

The Rent Control Law, also known as Commonwealth Act No. 689, was enacted on October 15, 1945, during an emergency immediately after liberation. It was later amended by Republic Act No. 66 which expired on October 15, 1949.

It has since been extended by various Republic Acts and Presidential Decrees, the latest extension being RA 6828. RA 6828 is the new Rent Control Law which was enacted by the Congress of the Philippines extending the effectivity of BP Blg. 877 to another three years or until December 31, 1992.

The latest extension of the new rent control law provides for a maximum allowable increase of twenty (20) percent per year for the years 1990 up to 1992. Those covered by RA 6828 are land, dwelling units, rooms and houses primarily used for residential purposes with a portion thereof allocated for small scale commercial use which were constructed or offered for rent prior to the effectivity of BP 877. Those covered by RA 6828 are units rented out for ₱1,094.83 or below as of 1989.

7

BP 877 was extended for three years in the hope that the economic situation would have recovered by then.

RA 6828 is set to expire in less than two months for which reason, Senate Bill Nos. 565 and 809 were filed by Senators Webb and Coseteng proposing a three year extension period of the Rent Control Law. The only difference being the rate of increase proposed in SB 565 is at 20% and SB 809 is at 10%.

II. ISSUES RAISED DURING THE PUBLIC HEARINGS

Two separate public hearings were conducted regarding the two bills. During the course of these hearings, two main issues were raised, namely:

a. The constitutionality of RA 6828 and the need for extending the same;

b. Whether or not a number of people would benefit from another extension of the said law.

III. DISCUSSION AND FINDINGS

In a position paper submitted to the Committee, the Hon. Ambrosio Padilla, in his capacity as Director of the Realty Owners Association of the Philippines questioned the constitutionality of RA 6828. He cited various cases contending that the extension of the Rent Control Law is no longer necessary in view of the absence of an emergency .

In bolstering his claim that the extensions were unconstitutional, he asserted that : "As a consequence, a law or ordinance affecting the rights of individuals, as a means to tide over a critical condition, to be valid and legal, must be for a "definite" period of time, the length of which must be "reasonable,"

in relation to the nature and duration of the crisis it seeks to overcome or surmount." ("Is Rent Control Temporary or Permanent?")

Furthermore, during the hearings, former Senator Padilla claimed that the extensions of the rent control law served as disincentives for further investments in providing housing for low income groups. He contends that ever since the rent control law was passed, there has been a marked decrease in the construction of accessorias. Lessors have also been neglecting their properties that are covered by the law as the cost of repairs cannot be covered by the income derived from rent. This has led to the deterioration of most of the apartments covered by the provisions of this law.

He also sought to protect the rights of the lessors by citing the rampant practice of some tenants in subletting their rented apartments giving rise to situations where the lessees would sometimes earn more than the owners themselves.

On the second issue regarding the number of beneficiaries of the Rent Control Law, the National Statistics Office extrapolated that an extension of the law up to 1995 will benefit six hundred seventy three thousand nine hundred eighty four families thousand nine hundred eighty four families as beneficiaries, of which approximately five hundred seventy two thousand families are in urban areas. It has been observed on the basis of their data that five point five percent of the total families in the Philippines benefit from this law.

The National Housing Authority supports the extension of the law because it also believes the same to be relevant considering the prevailing economic conditions in the country. However, it

9

pointed out the need to protect the interests of small property owners like retirees and pensioners.

On the arguments raised by Senator Padilla regarding the constitutionality of the law, it was observed that he admits that the Rent Control Law is per se not unconstitutional. What he considers to be unconstitutional are the extensions thereof for an indefinite period of time. As RA 6828 and the proposed bills provide for a definite and reasonable period of extension, then its constitutionality cannot be assailed.

Furthermore, the Supreme Court in its decision in the case of Gutierrez vs Cantada (90 SCRA 1), held that RA 6539, which extended the effectivity of the Rent Control Law is not violative of the equal protection clause and therefore not unconstitutional. The Court stressed that, "[t]here was a clear need for such a statute. It was enacted to promote the public interest and the general welfare. The State is not compelled to stand idly by while a considerable segment of its citizens suffer from economic distress."

On the relevance of the rent control law, a comparison of the standards of living in 1985 (during the enactment of BP 877) and 1992 (expiry of RA 6828) sufficiently proves that the conditions prevailing then which necessitated the extension of the rent control law are still prevailing at present.

Based on statistics released by the National Statistics Office and IBON Databank, seventy percent of our present population wallow below the poverty level. In 1985, the poverty threshold for the whole country was pegged at ₱2,381.00; for 1992, the poverty threshold was ₱5,581.65. The legislated minimum wage in 1985 was ₱2,012.40 while in 1992, the legislated minimum wage was ₱8,834.90. The cost of living in 1985 was

7

₱4,321.80, leading to a deficit of ₱2,309.40 from earnings. In 1992, this deficit was trimmed down to ₱1,979.10 with the cost of living pegged at ₱5,814.00. However, the share of housing in total household expenses slightly increased from 13.16% in 1985 to 13.31% in 1992.

IV. CONCLUSION AND RECOMMENDATIONS

This Committee strongly recommends the passage of Senate Bill Nos. 565 and 809 with some amendments. Taking into consideration the various arguments presented during the hearings, the Committee has come up with a consolidated and amended bill providing for the extension of the Rent Control Law.

The amended bill fixes the rate of 20%/annum for the next three years up to 1995. The 20% annual ceiling is recommended because to lower the same to ten percent would work against the interests of the lessors. As the lessees have no qualms to the previous 20% ceiling, there seems to be no justification to subject the lessors to further regulation.

To protect the interests of both lessors and lessees, the bill vests in the respective local government units, the duty to monitor the implementation of the Rent Control Law. This will put a stop to the unscrupulous practice employed by lessees of subletting the rooms of their rented apartments.

In view of the foregoing, approval of this Committee Report is hereby sought.

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