

Rent Control Act, 2009

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Rent Control Act, 2009

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. Short Title :-

This Act shall be known and cited as the "Rent Control Act of 2009."

2. Declaration Of Policy :-

The State shall, for the common good, undertake a continuing program of encouraging the development of affordable housing for

the lower income brackets and other beneficiaries.

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

3. Definition Of Terms :-

The following terms as used in this Act shall be understood as:

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

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

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

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

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

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

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

4. Limit On Increases In Rent :-

For a period of one (1) year from its effectivity, no increase shall be imposed upon the rent of any residential unit covered by this Act: Provided, that after such period until December 31, 2013, the rent of any residential unit covered by this Act shall not be increased by more than seven (7%) annually as long as the unit is occupied by the same lessee: Provided, further, That when the residential unit becomes vacant, the lessor may set the initial rent for the next lessee: Provided, however, That in the case of boarding houses, dormitories, rooms and bedspaces offered for rent to students, no

increase in rental more than once per year shall be allowed.

5. Coverage Of This Act :-

All residential units in the National Capital Region and other highly urbanized cities, the total monthly rent for each of which ranges from One peso (P1.00) to Ten thousand pesos (P10,000.00) and all residential units in all other areas, the total monthly rent for each of which ranges from One peso (P1.00) to Five thousand pesos (P5,000.00) as of the effectivity date of this Act shall be covered, without prejudice to existing contracts.

6. Authority To Continue Rental Regulation :-

Notwithstanding the lapse of the period provided in Section 4 of this Act, the Housing and Urban Development Coordinating Council (HUDCC) is hereby granted the authority to continue the regulation of the rental of certain residential units, to determine the period of regulation and its subsequent extensions if warranted, to determine the residential units covered and to adjust the allowable limit on rental increases per annum, taking into consideration, among others, National Statistics Office (NSO) census on rental units, prevailing rental rates, the monthly inflation rate on rentals of the immediately preceding year, and rental price index.

7. Rent And Requirement Of Bank Deposit :-

Rent shall be paid in advance within the first five (5) days of every current month or the beginning of the lease agreement unless the contract of lease provides for a later date of payment. The lessor cannot demand more than one (1) month advance rent. Neither can he/she demand more than two (2) months deposit which shall be kept in a bank under the lessors account name during the entire duration of the lease agreement. Any and all interest that shall accrue therein shall be returned to the lessee at the expiration of the lease contract. In the event however, that the lessee fails to settle rent, electric, telephone, water or such other utility bills or destroys any house components and accessories, the deposits and interests therein shall be forfeited in favor of the latter in the amount commensurate to the pecuniary damage done by the former.

8. Assignment Of Lease Or Subleasing :-

Assignment of lease or subleasing of the whole or any portion of the residential unit, including the acceptance of boarders or bedspacers, without the written consent of the owner/lessor is prohibited.

9. Grounds For Judicial Ejectment :-

Ejectment shall be allowed on the following grounds:

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

(b) Arrears in payment of rent for a total of three (3) months: Provided, That in the case of refusal by the lessor to accept payment of the rent agreed upon, the lessee may either deposit, by way of consignation, the amount in court, or with the city or municipal treasurer, as the case may be, or barangay chairman, or in a bank in the name of and with notice to the lessor, within one (1) month after the refusal of the lessor to accept payment. The lessee shall thereafter deposit the rent within ten (10) days of every current month. Failure to deposit the rent for three (3) months shall constitute a ground for ejectment. The lessor, upon authority of the court in case of consignation or upon joint affidavit by him and the lessee to be submitted to the city or municipal treasurer or barangay chairman and to the bank where deposit was made, shall be allowed to withdraw the deposits;

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

(d) Need of the lessor to make necessary repairs of the leased premises which is the subject of an existing order of condemnation by appropriate authorities concerned in order to make the said premises safe and habitable: Provided, That after said repair, the lessee ejected shall have the first preference to lease the same premises: Provided, however, That the new rent shall be reasonably commensurate with the expenses incurred for the repair of the said residential unit and: Provided, finally, That if the

residential unit is condemned or completely demolished, the lease of the new building will no longer be subject to the aforementioned first preference rule in this subsection; and
(e) Expiration of the period of the lease contract.

10. Prohibition Against Ejectment By Reason Of Sale Or Mortgage :-

No lessor or his successor-in-interest shall be entitled to eject the lessee upon the ground that the leased premises have been sold or mortgaged to a third person regardless of whether the lease or mortgage is registered or not.

11. Rent-To-Own Scheme :-

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

12. Application Of The Civil Code And Rules Of Court Of The Philippines :-

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

13. Penalties :-

A fine of not less than Twenty-five thousand pesos (P25,000.00) nor more than Fifty thousand pesos (P50,000.00) or imprisonment of not less than one (1) month and one (1) day to not more than six (6) months or both shall be imposed on any person, natural or juridical, found guilty of violating any provision of this Act.

14. Information Drive :-

The Department of the Interior and Local Government and the HUDCC, in coordination with other concerned agencies, are hereby mandated to conduct a continuing information drive about the

provisions of this Act, which shall be translated and be made available in major regional dialects and shall be posted in conspicuous public places, including barangay halls.

15. Review Of The Rental Regulation :-

The HUDCC is hereby mandated to conduct every three (3) years from the effectivity of this Act a review of its implementation and a study on rental regulation, and submit to Congress its recommendation on whether a continuing regulation is still necessary or deregulation is already warranted.

16. Program To Cushion Impact In The Event Of A Regulation-Free Rental Housing Market :-

The HUDCC and its attached agencies are hereby mandated to formulate and implement a two (2) year transition program which will provide for safety measures to cushion the impact in the event of a regulation-free housing market.

17. Separability Clause :-

If any provision or part hereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

18. Repealing Clause :-

Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly.

19. Effectivity Clause :-

This Act shall take effect beginning fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.