

EQUAL RIGHTS

for the

RENTER & THE RENTEE

QUESTIONS AND ANSWERS REGARDING
REPUBLIC ACT 9653 (S. 2009) OR THE RENT CONTROL ACT OF 2009

01

What units are covered and not covered by the Rent Control Act?

COVERED:

Residential units in the National Capital Region (NCR) and highly urbanized areas, whose monthly rent ranges from One peso (P1.0) to Ten Thousand pesos (P10,000), as well as units located in other areas, whose rent ranges from One peso (P1.0 to Five Thousand Pesos) (P5,000).

- A. Apartments;
- B. Houses and/or land on which another's dwelling is located and used for residential purposes; and
- C. Buildings, part of which are being used solely as dwelling units, boarding houses, dormitories, rooms and bed spaces; and

NOT COVERED:

However, the rented units, which are used as motels, motel rooms, hotels, and hotel rooms including 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 are not covered.

After the lapse of the Rent Control Act on December 31, 2013 the HUDCC Council issued the following resolutions:

1. HUDCC resolution No. 1 (s. 2015) adjusting the coverage and rates of increases of the Rent Control Act covering the period 01 January 2016 to 31 December 2017.

2. HUDCC Resolution no. 1 (S. 2017) extending the period of regulation of the Rent Control Act for the period covering 01 January 2018 to 31 December 2020.

The Resolution extended the implementation of the Rent Control Act for a period of three (3) years and using the inflation rate for 2016 of 2.0% as basis for adjustment.

The rent of any residential unit shall be increased by not more than:

- 1) Two percent (2%) annually for those paying a monthly rent ranging from P1.00 to P4,999.00;
- 2) Seven percent (7%) annually for those paying a monthly rent ranging from P5,000.00 to P8,999.00
- 3) Eleven percent (11%) annually for those paying a monthly rent ranging from 9,000.00 to P10,000.00

In the case of boarding houses, dormitories, rooms and bed spaces offered for rent to students, no increase in rental more than once per year shall be allowed.

2%

7%

11%

How much is the allowable increase in rent under the Rent Control Act of 2009?

02

03

How much is the required advance rent and deposit?

Every lessor is only allowed to impose not more than one (1) month advance rent and not more than two (2) months deposit, which shall be deposited in a bank under the lessor's account name during the entire duration of the lease agreement and any and all interest that shall accrue therein shall be returned to the lessee at the expiration of the lease contract

1 MONTH
ADVANCE

2 MONTHS
DEPOSIT

The lessor has the right to forfeit a portion or all of the one month deposit

including the interest earned in the event the lessee is unable to settle rent, electric, telephone, water or such other utility bills or destroys any house component and accessories.

What are the causes for the forfeiture of deposits?

04

05

What are the grounds for judicial ejectment?

The lessor has the right to eject the lessee subject to the following grounds:

- A. The lessee assigns the lease or sub-leases the unit;
- B. The renter has an accumulated arrears in rental equivalent to three (3) months;
- C. After the expiration of the lease period, the lessor/owner has a legitimate need to repossess his property for his or her own use or that of his/her family as a residential unit;
- D. The lessor/owner needs to make necessary repairs on the leased premises which is the subject of an existing order of condemnation by appropriate authorities concerned in order to make the premises safe and habitable; and
- E. the lease contract has expired.

The lessee cannot be ejected on the ground that the leased premises have been sold or mortgage to a third person regardless of whether the lease or mortgage is registered or not.

The lessor may engage the lessee in a written rent-to-own agreement to transfer ownership of the rented dwelling unit in favor of the latter, which shall be exempted from the coverage of section 5 of this act.

RENT-TO-OWN
AGREEMENT

Is there a chance for the lessee to own the rented unit?

06

07

What are the penalties for violation of any provision of the Rent Control Act?

Any person found guilty of violating any provision of the act, shall be fined of not less twenty five thousand (P25,000) nor more than fifty thousand pesos (P50,000) or imprisonment of not less than one (1) month and one (1) day to not more than six (6) months, or both.

NOT LESS THAN
P25,000
NOT MORE THAN
P50,000

After the lapse of the Rent Control Act, the HUDCC is tasked to undertake the following:

- A. Continue the regulation of the rental of certain residential units, determine the period of regulation and its subsequent extensions, if warranted, determine the residential units covered and adjust the allowable limit on rental increases per annum;
- B. Conduct every three (3) years from the effectivity of the act, a review of its implementation and study on rental regulation, and submit its recommendation whether to continue regulating or deregulating rent to congress; and
- C. 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 rental to house market

LAPSE
of the
RENT
CONTROL
ACT

What will happen after the lapse of the Rent Control Act?

08



QUESTIONS:

MR. ZACARIAS A. ABANES
Director II
Coordination, Monitoring, Evaluation and Knowledge Management Group (CMEKMG)
Housing and Urban Development Coordinating Council
Telephone Number : (02) 893-0749
Email : zakiabanes2003@yahoo.com

MS. ANNA LIZA F. BONAGUA, CSEE
Director IV
Bureau of Local Government Supervision
Department of the Interior and Local Government
Telephone Number : (02) 929-9235, (02) 920-3513, (02) 927-7852
Email : afbonagua@dilg.gov.ph



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT



Republic of the Philippines
Office of the President
HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL

