

[REPUBLIC ACT NO. 9341, December 21, 2005]

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:

SECTION 1. *Short Title.* – This Act shall be known and cited as the “Rent Control Act of 2005”.

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

SEC. 3. *Limit on Increases in Rent.* – The rent of any residential unit by this Act shall not be increased by more than ten percent (10%) annually as long as the unit is occupied by the same lessee. When the residential unit becomes vacant, the lessor may set the initial rent for the next lessee.

SEC. 4. *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’s 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.

SEC. 5. *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 demand more than two (2) months deposit which shall be kept in a bank under the lessor's 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.

SEC. 6. *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.

SEC. 7. *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 consignment, the amount in court, or with the city or municipal treasurer, as the case may be, or in a bank in the name of and with notice to the lessor, within one 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 consignment or upon joint affidavit by him and the lessee to be submitted to the city or municipal treasurer 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 formal notice three (3) months in advance of the lessor's 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 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