

RECORD OF THE SENATE

TUESDAY, OCTOBER 25, 2005

RESUMPTION OF THE SESSION

At 3:47 p.m., the session was resumed with the President Pro Tempore of the Senate, Hon. Juan M. Flavier, presiding.

The President Pro Tempore. The session is resumed.

The Majority Leader is recognized.

ACKNOWLEDGMENT OF THE OFFICIAL VISIT OF CATBALOGAN, SAMAR, OFFICIALS LED BY MAYOR COEFREDO UY, VICE MAYOR VAN TORREVILLAS AND COUNCILORS RUDY AQUINO AND ART GABON; AND STUDENTS AND FACULTY MEMBERS OF ST. MARY'S UNIVERSITY OF NUEVA VIZCAYA

Senator Pangilinan. Mr. President, before we proceed, I would like to acknowledge the presence in the gallery of the following local officials: Mayor Coefredo Uy of Catbalogan, Samar, Vice-Mayor Van Torrevillas, and Councilors Rudy Aquino and Art Gabon.

We also have with us the students and faculty members of St. Mary's University of Nueva Vizcaya.

The President Pro Tempore. Let the records reflect their presence in the hall.

Senator Pangilinan. Thank you, Mr. President.

Mr. President, we have additional reference of business. I move that we proceed to the Additional Reference of Business.

The President Pro Tempore. Is there any objection? *[Silence]* There being none, the motion is approved.

The Acting Secretary will read the Additional Reference of Business.

ADDITIONAL REFERENCE OF BUSINESS

MESSAGES OF THE PRESIDENT OF THE PHILIPPINES

The Acting Secretary [Atty. Reyes].

October 11, 2005

The Honorable Senate President
and Members of the Senate
Senate of the Philippines
Pasay City

Gentlemen and Ladies of the Senate:

Pursuant to the provisions of Section 21, Article VII of the 1987 Constitution, I have the honor to submit, for the Senate's consideration and concurrence, a certified true copy of the Convention for the Protection of Cultural Property in the Event of Armed Conflict and Its First Protocol, which were signed by the Philippines at the Hague on 14 May 1954.

The Convention strengthens protection for cultural property by ensuring that all cultural properties are protected against any act of hostility, viz, destruction, theft, requisition, confiscation, acts of reprisal, in times of war.

The First Protocol, on the other hand, further guarantees the protection of cultural property by prohibiting the export of these properties from occupied territory.

Article 33 of the Convention provides that it shall enter into force, with respect to the Philippines, three (3) months after the deposit of the instrument of ratification with the Director-General of the United Nations Educational, Scientific and Cultural Organization.

The National Museum, Philippine National Police, Armed Forces of the Philippines, Bureau of Customs and the National Commission for Culture and the Arts have endorsed the ratification of the Convention and its First Protocol.

In view of the foregoing, I am forwarding herewith the Instrument of Ratification and the draft Senate Concurrence Resolution to the ratification of the Convention for the Protection of Cultural Property in the Event of Armed Conflict and Its First Protocol.

(Sgd.) GLORIA MACAPAGAL ARROYO

The President Pro Tempore. Referred to the Committee on Foreign Relations

The Acting Secretary [Atty. Reyes].

October 12, 2005

HON. FRANKLIN M. DRILON
Senate President
Philippine Senate
Pasay City

**MOTION OF SENATOR PANGILINAN
(Deferring the Interpellation of Senator Madrigal Until
Tomorrow)**

Senator Pangilinan. Mr. President, there are other senators who wish to interpellate Sen. Jamby Madrigal, but she has graciously agreed to defer their interpellations until tomorrow. In that case, I move that we suspend the period of interpellations.

The President Pro Tempore. Is there any objection?
[Silence] There being none, the motion is approved.

**BILL ON SECOND READING
S. No. 1402 – Juvenile Justice and Delinquency
Prevention Act of 2005
(Continuation)**

Senator Pangilinan. Mr. President, I move that we resume consideration of Senate Bill No. 1402, as reported out under Committee Report No. 31.

The President Pro Tempore. Is there any objection?
[Silence] There being none, resumption of consideration of Senate Bill No. 1402 is now in order.

SUSPENSION OF SESSION

Senator Pangilinan. Mr. President, I move that we suspend the session for one minute.

The President Pro Tempore. Is there any objection?
[Silence] There being none, the session is suspended for one minute, if there is no objection. [There was none.]

It was 4:30 p.m.

RESUMPTION OF SESSION

At 4:31 p.m., the session was resumed.

The President Pro Tempore. The session is resumed. The Majority Leader is recognized.

SUSPENSION OF CONSIDERATION OF S. NO. 1402

Senator Pangilinan. Mr. President, considering that the chairman of the Committee on Urban Planning, Housing and Resettlement is with us now and we do have a bicameral conference committee report, I move that we suspend for the time being consideration of Senate Bill No. 1402.

The President Pro Tempore. Is there any objection?
[Silence] There being none, consideration of Senate Bill No. 1402 is hereby suspended.

**CONFERENCE COMMITTEE REPORT ON
S. NO. 1956/H. NO. 3356
(Rent Control Act of 2005)**

Senator Pangilinan. Mr. President, we are in receipt of the Bicameral Conference Committee Report on the disagreeing provisions of Senate Bill No. 1956 under Committee Report No. 17 and House Bill No. 3356.

The President Pro Tempore. Sen. Rodolfo G. Biazon is recognized.

REPORT OF SENATOR BIAZON

Senator Biazon. Thank you, Mr. President. As chairman of the Senate Committee on Urban Planning, Housing and Resettlement, I am submitting the Bicameral Conference Committee Report on the disagreeing provisions of Senate Bill No. 1956 and House Bill No. 3356 in a meeting held last 18 October 2005 at the Sen. Lorenzo M. Tañada Room of the Philippine Senate.

Mr. President, the Senate panel was composed of Sen. Ralph G. Recto, the principal author of the bill, Sen. Jinggoy Estrada, and this representation. The House panel was composed of Congressmen Zialcita, Bacani, Jaworski, Zubiri, and Marcolete.

Mr. President, the Senate version was adopted almost in toto as the working draft of the conferees with the following simple amendments:

On page 1, line 9, on Section 3, the word “that” between the words “more” and “ten” was deleted and, in lieu thereof, the word THAN was inserted, and the phrase “at any amount” on line 12 was deleted.

On page 2, line 10, on Section 4(b), the word “and” between the words “rooms” and “those” was replaced by the words BUT ALSO.

On page 4, line 27, on Section 10, the word “the” between the words “of” and “Court” was deleted.

That constitutes the committee report, Mr. President.

The President Pro Tempore. The Majority Leader is recognized.

**APPROVAL OF CONFERENCE COMMITTEE REPORT
ON S. NO. 1956/H. NO. 3356**

Senator Pangilinan. Mr. President, I move that we approve the Bicameral Conference Committee Report on the disagreeing provisions of Senate Bill No. 1956 and House Bill No. 3356.

The President Pro Tempore. Is there any objection?
[Silence] There being none, the Bicameral Conference Committee Report on the disagreeing provisions of Senate Bill No. 1956 and House Bill No. 3356 is hereby approved.

The following is the whole text of the Conference Committee Report:

CONFERENCE COMMITTEE REPORT

The Conference Committee on the disagreeing provisions of Senate Bill No. 1956, entitled:

“AN ACT ESTABLISHING REFORMS IN THE REGULATION OF RENT OF CERTAIN RESIDENTIAL UNITS, PROVIDING THE MECHANISMS THEREFOR AND FOR OTHER PURPOSES”

and House Bill No. 3356, entitled:

“AN ACT TO EXTEND THE EFFECTIVITY OF THE RENTAL REFORM ACT OF 2002, PRESCRIBING THE REQUIREMENTS FOR AUTHORIZED INCREASE AND THE DISPOSITION OF RENTAL AND DEPOSIT, AMENDING FOR THE PURPOSE SECTIONS 3 AND 5 OF REPUBLIC ACT NO. 9161, ENTITLED “AN ACT ESTABLISHING REFORMS IN THE REGULATION OF RENTALS OF CERTAIN RESIDENTIAL UNITS PROVIDING THE MECHANISMS THEREFOR, AND FOR OTHER PURPOSES,”

after having met and discussed the subject matter in full and free conference, has agreed and does hereby recommend to their respective Houses that Senate Bill No. 1956, in consolidation with House Bill No. 3356, be approved in accordance with the attached copy of the bill as reconciled and approved by the conferees.

Approved,

CONFEREES ON THE PART OF THE
HOUSE OF REPRESENTATIVES:

(Sgd.) EDUARDO C. ZIALCITA
Chairman

(Sgd.) ROBERT “DODOT” B. JAWORSKI JR.

(Sgd.) RODOLFO C. BACANI

RODOLFO G. VALENCIA

(Sgd.) JUAN MIGUEL F. ZUBIRI

(Sgd.) RODANTE D. MARCOLETA

CRISPIN B. BELTRAN

CONFEREES ON THE PART
OF THE SENATE:

(Sgd.) RODOLFO G. BIAZON
Chairman

(Sgd.) RALPH G. RECTO

(Sgd.) JINGGOYE JERCITO ESTRADA

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.

Towards 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 covered 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 become 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 spouses, 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 or lease provides for a later date of payment. The lessor cannot 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 utility bills or destroys any house components and accessories, the deposits and interest 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 consignation, 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 consignation 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 premises safe and habitable: *Provided*, That after 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

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

SEC. 8. *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.

SEC. 9. *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 3 of this Act.

SEC. 10. *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.

SEC. 11. *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 does not exceed Ten thousand pesos (P10,000.00) and all residential units in all other areas the total monthly rent for each of which does not exceed Five thousand pesos (P5,000.00) as of the effectivity date of this Act shall be covered, without prejudice to existing contracts.

SEC. 12. *Penalties.* - A fine of not less than Five thousand pesos (P5,000.00) nor more than Fifteen thousand pesos (P15,000.00) 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 or violating any provision of this Act.

SEC. 13. *Information Drive.* - The Department of the Interior and Local Government and the Housing and

Urban Development Coordinating Council, in coordination with other concerned agencies, are hereby mandated to conduct a continuing information drive about the provisions of this Act.

SEC. 14. *Transitory Provision.* - The Housing and Urban Development Coordinating Council and its attached housing agencies are hereby mandated to formulate within six (6) months from effectivity hereof, a transition program which will provide for safety measures to cushion the impact of a free rent market.

SEC. 15. *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.

SEC. 16. *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.

SEC. 17. *Effectivity Clause.* - This Act shall take effect beginning fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation until 31 December 2008.

Approved,

Senator Biazon. Thank you, Mr. President.

BILL ON SECOND READING
S. No. 1402 – **Juvenile Justice and
Delinquency Prevention Act of 2005**
(Continuation)

Senator Pangilinan. Mr. President, I move that we resume consideration of Senate Bill No. 1402 as reported out under Committee Report No. 31.

The President Pro Tempore. Is there any objection? [Silence] There being none, resumption of consideration of Senate Bill No. 1402 is now in order.

Senator Pangilinan. Mr. President, the parliamentary status of this measure is that we are in the period of interpellations. Sen. Miriam Defensor Santiago wishes to interpellate.

The President Pro Tempore. Sen. Miriam Defensor Santiago is recognized.