

## COMMITTEE ON URBAN PLANNING, HOUSING & RESETTLEMENT

### 1<sup>st</sup> PUBLIC HEARING

*Friday, November 26, 2004*

*Sen. Claro M. Recto Room*

*1:00 P.M.*

### AGENDA

**Senate Bill No. 1324** – ‘An Act Amending Sections 3 & 11 Of Republic Act No. 9161, Otherwise Known As The Rental Act Of 2002’ (*Introduced by Sen. Ralph G. Recto*)

**SENATORS PRESENT:** SENATORS RODOLFO G. BIAZON, (*Chairman, Committee on Urban Planning, Housing and Resettlement*) and SERGIO OSMEÑA III

**SENATORS REPRESENTED:** SENATORS MANUEL “LITO” M. LAPID, RAMON BONG REVILLA, JR., RICHARD J. GORDON and JUAN M. FLAVIER

**GUESTS/RESOURCE PERSONS:** Mr. Percival Chavez, Chairman, Presidential Commission for the Urban Poor; Ms. Josephine Angsico, Corporate Planning Department, National Housing Authority (NHA); Ms. Carmelita Erieta, Administrator, National Statistics Office (NSO); Mr. Zacarias Abañes, Director, Policy Group, Housing and Urban Development Coordinating Council (HUDCC); Mr. Domingo De Vera, Former President, Chamber of Real Estate Builders Association, Inc. (CREBA); Mr. Quirino Baterna, President, Realty Owners Association of the Philippines (ROAP) and Ms. Gina Antonio of the Housing and Land Use Regulatory Board (HLURB)

### HIGHLIGHTS

At 2:37 p.m., the public hearing was called to order by Senator Biazon, Chairman of the Committee on Urban Planning, Housing and Resettlement.

In his opening statement, the Senator said that the present rent control law would expire by the end of this year, adding that he would appreciate the views to be given by the resource persons regarding the bill which seeks to extend the effectivity of the rent control law. He also cited a 1997 survey of the National Statistics office where it showed that about 896,559 families live in rented residential units with a total of 831, 137 families staying in the urban areas and 65,422 others living in the rural areas. He further said that the National Capital Region (NC) has the biggest number of families that live in rented housing units with about 30% of the total households.

Moreover, he said that 14 laws were passed to regulate rents with Executive Order 91 as the first one that was issued on June 21, 1947.

The hearing on the bill, he said, would provide inputs to guide the Committee if there could be compelling reasons to merit the extension of the effectivity of the present rent control law.

Senator Osmeña asked the concerned resource persons to submit to the Committee relevant statistics and figures on housing such as the following:

1) the number of housing units built for the period 1996 to 2003, both apartment- type units or single family homes, in value brackets

2) data showing these units in the category/type as rent units or self-occupied homes based on registration

3) total number of households who are informal settlers and also the total number of legitimate settlers or renters of legitimate housing units in the National Capital Region.

At this juncture, Ms. Carmelita Ericta, administrator of the National Statistics Office (NSO) replied that she would submit to the Committee the available data from her office. She also said that there are about 2.1 million families in Metro-Manila.

Senator Osmeña explained that the data so requested would show the total number of houses built legally, whether the construction was done in a leased land or in the land of the developer, and also to show the percentage allotted for low-cost rentals. He pointed out the importance of having the relevant data considering that the bill under consideration deals with national policy on housing.

He also mentioned of the information he gathered from the contractors group that only two percent of the new housing units built in the Metro-Manila falls within the ambit of the rent control law. This would indicate that the developers are being driven away because of the rent control law, adding that investors would rather put their money elsewhere where there would be no limit imposed (on the possible return of their investments).

He likewise expressed his disagreement to the policy of rent control because it tends to constrict rather than expand, supply the housing needs. He would also want to know who should be protected under the proposed measure taking into account those in the poverty threshold whose monthly income would be around P11,000.

At this juncture, the Chairman stressed the need to really examine the options that could be proposed in the measure such as to allow the present rental law to lapse, or to introduce amendments, or to introduce the concept of “decontrol”.

Mr. Quirino Baterna, who represents the Realty Owners Association of the Philippines (ROAP), commented that the effectivity of the rental law was already extended too much. He said that the target of the said law would be the apartment owners and there was not much incentive given to the developers.

At this juncture, the Chair said that what should be considered in the discussion would be the persons to be protected in case the rental law should be amended and continue to be effective, adding that housing should be seen in three levels such as the socialized level, the low-cost level and the medium-cost level.

According to Ms. Gina Antonio of the Housing and Land Use Regulatory Board (HLURB), the repeated extension of the effectivity of the rent control law would not be sustainable and would continue to discourage new investment in the housing sector.

Ms. Zacarias Abanes, director of the Housing and Urban Development Coordinating Council (HUDCC), expressed support for the extension of the rental law, adding that the magnitude of rental housing already reached 2.1 million units. She also suggested that the existing rental ceiling of P7,000 be retained should the effectivity of the rental control law be extended.

Mr. Domingo De Vera, Former President of the Chamber of Real Estate Builders Association, Inc. (CREBA) commented that the rent control law depresses the construction of new rental housing units because this limits profitable opportunities. He also suggested that the said law be terminated.

At this juncture, Ms. Ericta mentioned that the market forces were at play under the rent control law, and the owners of housing units did not increase by 10 percent their house rentals for fear that they would lose their tenants.

Mr. Percival Chavez, chairman of the Presidential Commission for the Urban Poor (PCUP), said that the effectivity of the rent control law should be extended. He added that the rental base at P7,000 would be a good one, but the ultimate goal should be the provision of houses for all.

He also suggested the formation of a Technical Working Group to come up with a policy to address all the needs of the stakeholders or sectors of the society.

At this juncture, the Chair said that other stakeholders could also be invited to the hearing to share their views and comments.

Miss Laarni Vidal of the Office of Sergeant-at-Arms, Senate of the Philippines, said that her monthly rental for a two-bedroom old apartment unit is P6,000. This would be increased by 10% should there be an extension of the effectivity of the rent control law.

Mr. Josephine Angsico of the National Housing Authority (NHA) said that she would support the extension of the rent control law, but that the rent base should be pegged at P7,500 in the National Capital Region, adding that the said law would be needed in this difficult time.

Ms. Ericta said that an estimated 1.5 million households would be affected by the passage of a new rent control law.

Ms. Abanes said that about 98.5 percent of the total renters are paying monthly rental of P7,000 and below.

Mr. Baterna expressed opposition for the renewal or extension of the rent control law. He also found out, he said, that the developers are no longer constructing apartments for the low-income group because of the rent control law.

At this juncture, the Chairman asked the Secretariat to get in touch with those resource persons who were invited but failed to attend the hearing so they could attend the next one, adding that a Technical Working Group meeting could be scheduled on 3 December 2004. The preparation of Committee Report, he added, could be done over the weekend, so that the sponsorship of the same could be scheduled on the 6<sup>th</sup> or 7<sup>th</sup> of December 2004.

The Chair also asked the resource persons to give their views regarding the retroactive application of the proposed measure should it become law by January 2005.

After thanking all the guests and resource persons for sharing their views and comments, Senator Biazon suspended the hearing. It was 4:31 p.m.