

PROCLAIMING URBAN LAND REFORM IN THE PHILIPPINES AND PROVIDING FOR THE IMPLEMENTING MACHINERY THEREOF.

PRESIDENTIAL DECREE NO. 1517, June 11, 1978

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WHEREAS, it is a declared objective of the New Society to effect social, economic and political reforms attuned to the establishment of a secure national community and to an improved quality of life for all citizens and for all others who may sojourn upon our shores;

WHEREAS, the quality of human life in our times is inescapably determined by the relationship among population, resources, the environment, and intelligent policies;

WHEREAS, human settlements is an integrative concept embracing the interdependence of men's environment, human shelters and structure, and the design and organization of human communities consistent with a national framework plan, all for the people's security and well-being;

WHEREAS, land is the ultimate platform of all man's activities, and the crucial factor in determining the shape of human settlements;

WHEREAS, the basic law of the land explicitly provides for the regulation of the acquisition, ownership, use, enjoyment and disposition of private property and for the equitable diffusion of property ownership and profits which includes land and land resources;

WHEREAS, the traditional concept of landownership has aggravated the problem arising from urbanization such as the proliferation of blighted areas and the worsening of the plight of the urban poor and has spawned valid and legitimate grievances in urban centers giving rise to social tension and violent conflicts;

WHEREAS, a social reform objective of the New Society is to renew blighted areas, improve the conditions of the urban poor and resolve and redress legitimate grievances arising therefrom, while at the same time providing incentives to progressive landowners and developers who wish to develop their lands in accordance with government plans and programs responsive to community welfare;

NOW, THEREFORE, in the light of the above premises, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order, decree and make as part of the law of the land that:

SECTION 1. Title. This Act shall be known as the Urban Land Reform Act.

SEC. 2. Declaration of Policy. It is hereby declared to be the policy of the State a) to liberate our human communities from blight, congestion, and hazard, and to promote their development and modernization; b) to bring about the optimum use of land as a national resource for public welfare rather than as a commodity of trade subject to price speculation and indiscriminate use; c) to provide equitable access and opportunity to the use and enjoyment of the fruits of the land; d) to acquire such lands as are necessary to prevent speculative buying of land for public welfare; and e) to maintain and support a vigorous private enterprise system responsive to community requirements in the use and development of urban lands.

SEC. 3. Definitions. As used in this Decree, the following words and phrases shall have the following meanings or definitions:

- Development Rights, also known as "new use rights", refer to the right to use and/or develop land and improvements thereon including putting them to more intensive use, conversion to a more profitable use, increasing density and the like.
- Land Assembly refers to the acquisition of lots varying ownership through, among others, expropriation or negotiated purchase, for the purpose of planning and development unrestricted by individual property boundaries.
- Land Banking refers to the acquisition of land in advance of actual need for the purpose of acquiring lands at existing use value and disposing of them in a manner which would influence land price formation and promote planned development.
- Land Exchange refers to the process of bartering land for another piece of land and/or shares of stock of equal value in a government or quasi-government corporation.
- Joint Venture refers to the commitment, for more than a limited duration, of funds, land resources, facilities and services by two or more legally separate interests, to an enterprise for their mutual benefit.
- Tenant refers to the rightful occupant of land and its structures but does not include those whose presence on the land is merely tolerated and without the benefit of contract, those who enter the land by force or deceit, or those whose possession is under litigation.
- Urban lands refer to lands which conform to any of the following criteria:
 - In their entirety, all cities and municipalities which have the population density of at least 1,000 persons per square kilometer and where at least 50 percent of the economically active population are engaged in non-agricultural activities.
 - All barangays comprising the former poblacion or barangays including a part of the former poblacion of cities and municipalities which have a population density of greater than 500 but less than 1,000 persons per square kilometer; and where at least 50 percent of the economically active population engaged in non-agricultural activities.
 - All barangays not included in items 1 and 2 above which have a population size of at least 1,000 and where at least 50 percent of the economically active population are engaged in non-agricultural activities.
 - Urbanizable lands refer to sites and land areas which, considering present characteristics and prevailing conditions, display a marked and high probability of becoming urban lands within the period of five to ten years.

SEC. 4. Proclamation of Urban Land Reform Zones. The President shall proclaim specific parcels of urban and urbanizable lands as Urban land Reform Zones, otherwise known as Urban Zones for purposes of this Decree, which may include Bagong Lipunan Sites, as defined in P.D. 1396.

Upon proclamation, the Ministry of Human Settlements, hereafter referred to as the Ministry, shall prepare the appropriate development and zoning plans, and formulate the enforcement and implementing guidelines which shall in force and effect upon approval by the President and shall be enforced by the Ministry or its attached agencies.

No urban land can be disposed of or used or constructed on unless its disposition or use conforms with the development and zoning plans of the Ministry, and the approved enforcement and implementation guidelines in accordance with the Official Development Registry System and the Development Use Permit System provided for

in Sections 13 and 16 of this Decree.

SEC. 5. Creation of an Urban Land Reform Coordinating Council. An interagency body, to be known as the Urban Land Reform Coordinating Council, hereinafter referred to as the Coordinating Council, is hereby constituted. It shall be composed of the Ministers of Human Settlements, Agrarian Reform, Finance, Justice, Local Government and Community Development, Industry, Natural Resources, and the President of the Land Bank; with the Minister of Human Settlements as the Chairman.

The Ministry, in conjunction with the Coordinating Council shall formulate the general policies and guidelines for the Urban Land Reform Program and its rules and regulations, which shall come into force and effect upon the approval of the President.

SEC. 6. Land Tenancy in Urban Land Reform Areas. Within the Urban Zones, legitimate tenants who have resided on the land for ten years or more who have built their homes on the land and residents who have legally occupied the lands by contract, continuously for the last ten years shall not be dispossessed of the land and shall be allowed the right of first refusal to purchase the same within a reasonable time and at reasonable prices, under terms and conditions to be determined by the Urban Zone Expropriation and Land Management Committee created by Section 8 of this Decree.

SEC. 7. Acquisition of Residential Lands for Existing Tenants and Residents. In cases where the tenants and residents referred to in Section 6 of this Decree, are unable to purchase said lands, the Government shall acquire the land and/or improvements thereon by expropriation or other land acquisition technique provided for under Section 11 of this Decree.

In case of expropriation the Government shall acquire said lands in accordance with the policies of existing law especially Presidential Decree No. 76 as amended by paragraph 3 of Presidential Decree 1224 and Section 1 of Presidential Decree No. 1313 as herein amended.

Upon the filing of the petition for expropriation and the deposit in the Philippine National Bank at its main office or any of its branches of the amount equivalent to ten per cent (10%) of the declared assessment value in 1975, the Government, or its authorized agency or entity shall immediately have possession, control and disposition of the real property and the improvements thereon with the power of demolition, if necessary, even pending resolution of the issues that may be raised whether before the Court of First Instance, Court of Agrarian Relations, or the higher Courts.

SEC. 8. Creation of Urban Zone Expropriation and Land Management Committee. For the purpose of expropriating lands as provided under Section 7, the Ministry is hereby vested with the power of eminent domain.

To assist the Ministry in the exercise of this power, an Urban Zone Expropriation and Land Management Committee, hereinafter referred to as the Committee, shall be created in the city, town or locality or within the Urban Zone, to be composed of members from the relevant government and private sectors designated by the Minister of Human Settlements, with the authorized representative of the Ministry serving as the Chairman.

The Committee shall in addition to the abovementioned function, formulate programs and projects specific to the Urban Zones, and its phasing, and shall recommend to the Coordinating Council the appropriate mode of disposition and other related aspects of land management.

SEC. 9. Compulsory Declaration of Sale and Pre-emptive Rights. Upon the proclamation by the President of an area as an Urban Land Reform Zone, all land-owners tenants and residents thereupon are required to declare to the Ministry any proposal to sell, lease or encumber lands and improvements thereon, including the proposed

price, rent or value of encumbrances and secure approval of said proposed transaction.

The Ministry shall have the pre-emptive right to acquire the above mentioned lands and improvements thereon which shall include, but shall not be limited to lands occupied by tenants as provided for in Section 6 of this Decree.

SEC. 10. Urban Land Ceiling. To discourage excessive concentration of land ownership, the Batasang Pambansa shall determine upon recommendation of the Ministry of Human Settlements, the maximum size of lands to be owned in an Urban Zone.

The Government may acquire lands in excess of the prescribed maximum size of lands.

SEC. 11. Innovative Land Acquisition Techniques. The Ministry and/or its appropriate attached agency is hereby authorized to utilize any innovative land acquisition techniques as an alternative to land purchase and expropriation for the purpose of acquiring lands within the proclaimed ULRZS and/or Bagong Lipunan sites, including land assembly, land banking, land exchange, land consolidation and readjustment and joint venture arrangements.

SEC. 12. Land Valuation. The Ministry of Finance shall develop and utilize new valuation techniques and assessment classification levels appropriate to the innovative acquisition techniques and tax system provided for in this Decree.

SEC. 13. Official Development Registry. To provide the basis for decisions of the Ministry with regard to land acquisition, exercise of pre-emptive rights under Section 9 of this Decree and disposition of lands, and to regulate transactions affecting land, the Ministry through the Human Settlements Regulatory Commission, shall undertake on a continuing basis in every proclaimed Urban Zone, registration of existing land rights and interests, and development proposals of public and private entities through the establishment of an Official Development Registry.

The Registry shall contain, among others, information on detailed boundaries of lands, titles to said lands and intent to acquire and/or develop specific parcels of land, which information shall be furnished by the holders of land rights and interested developers.

SEC. 14. Role of the Bureau of Lands and the Land Registration Commission. The Bureau of Lands and the Land Registration Commission shall provide the Ministry with the cadastral maps and other information entered into the Development Registry.

The Land Registration Commission, shall prior to registration of any transactions affecting properties in the Urban Zones, first secure clearance from the Ministry.

SEC. 15. Land Disposition. The Government shall adopt, as a general policy, a combination of land disposition techniques within Urban Land Reform Zones.

The Ministry is hereby authorized to utilize innovative land disposition techniques in Urban Zones and/or Bagong Lipunan sites, including neighborhood ownership, residential freeholds subject to improvement conditions and the reservation of development rights, and tenure in improvements separate from tenure in land. For this purpose, the Human Settlements Development Corporation created under P.D. 1396 as the corporate arm of the Ministry shall, notwithstanding the prohibition contained in Section 7(e) of P.D. 1396 be authorized to dispose of lands in any of the manner provided for in this Section.

The Ministry, in consultation with the Coordinating Council, shall determine the appropriate land disposition schemes for each Urban Zones.

SEC. 16. Development Use Permit System for Urban Land Reform Areas. A comprehensive development use permit system is hereby established in proclaimed Urban Zones and/or Bagong Lipunan sites which shall govern the development of lands within said areas.

Under this system, no development of lands including its use, alteration and construction thereon shall take place without the corresponding Development Use Permit being issued by the Ministry, through the Human Settlements Regulatory Commission.

SEC. 17. Taxation. Within designated Urban Zones and/or Bagong Lipunan sites, the government shall implement a taxation system in support of the basic policies underlying the urban land reform program.

For these purpose, the Ministry of Natural Resources and the Ministry of Finance shall conduct an inventory, assessment of idle lands throughout the Philippines, with priority given to Urban Zones.

SEC. 18. Land Development Financing. To ensure and encourage private participation in land development and management activities the Ministry, with the appropriate public and private agencies, shall develop and recommend for the President's approval appropriate programs which shall mobilize land development funds from private individual group sources, government financial institutions, joint public-private ventures, and private financial institutions.

SEC. 19. Land Development Accounting. The Ministry shall, where deemed necessary, institute a Land Development Accounting System for Urban Zones and designated Bagong Lipunan sites, which shall constitute a record of market transaction and revenues related to Government land acquisition, development and management activities.

SEC. 20. Public Hearings. The Ministry through the Human Settlements Regulatory Commission shall, upon proclamation of the Urban Zones, conduct public hearings in order to allow the persons affected by said proclamation and related acts, to present their views, grievances and recommendations to the Ministry.

SEC. 21. Administrative Fines. Any violation of any provisions of this Decree or any of the rules or regulations issued thereunder shall be subject to the fines not exceeding ten thousand pesos (P10,000) to be imposed by the Ministry through the Human Settlements Regulatory Commission.

SEC. 22. Penal Provisions. Any person, firm, or corporation who shall violate the provisions of this Decree and/or any rules or regulations issued thereunder shall, upon conviction, be punished by a fine of not more than twenty thousand pesos (P20,000) and/or imprisonment of not more than ten years or both at the discretion of the court, Provided that in the case of a corporation, firm, partnership, or association, the penalty shall be imposed upon its officials for such violation, and in case the guilty party is an alien, he shall immediately be deported after payment of the fine and serving the imprisonment.

Provided further, that every day that the violation shall be carried on or permitted to be carried on shall be considered as a separate offense.

SEC. 23. Repealing Clause. All laws, decrees, executive orders, rules and regulations inconsistent herewith are hereby repealed, amended or modified accordingly.

SEC. 24. Separability Clause. If, for any reasons, any section or provision of the Decree is hereby declared to be unconstitutional or invalid, the other provisions hereof not affected shall continue in full force and effect.

SEC. 25. Effectivity. This Decree shall take effect immediately.

Done in the City of Manila, this 11th day of June, in the year of Our Lord, nineteen hundred and seventy-eight.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) JACOBO C. CLAVE
Presidential Executive Assistant

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