

AN ACT PROVIDING FOR THE STABILIZATION AND REGULATION OF, RENTALS OF CERTAIN RESIDENTIAL UNITS FOR OTHER PURPOSES

BATAS PAMBANSA BLG. 877, June 12, 1985

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Be it enacted by the Batasang Pambansa in session assembled:

SECTION 1. Monthly Rentals and Maximum Increases. - Beginning July 1, 1985 and for a duration of two and a half years thereafter ending on December 31, 1987, monthly rentals of all residential units not exceeding four hundred eighty (P480.00) pesos shall not be increased by the lessor by more than the rates herein provided:

PERIOD MAXIMUM INCREASE

July 1, 1985 to December 31, 1985 10 percent

January 1, 1986 to December 31, 1986 20 percent

January 1, 1987 to December 31, 1987 20 percent

The increases authorized herein shall be cumulative and compounded.

SECTION 2. Definition of Terms. -

(a) Rental - 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) A Residential Unit - refers to an apartment, house and/or land on which another's dwelling is located used for residential purposes and shall include not only buildings, parts or units thereof used solely as dwelling places, except motels, motel rooms, hotels, hotel rooms, boarding houses, dormitories, rooms and bedspaces offered for rent by their owners, but also those used for home industries, retail stores or other business purposes if the owner thereof and his family actually live therein and use it principally for dwelling purposes: Provided, That in the case of a retail store, home industry or business, the initial capitalization thereof shall not exceed five thousand pesos (P5,000.00): and Provided, further, That in the operation of the store, home industry or business, the owner thereof shall not require the services of any person other than the members of his household.

(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 mean the person who leases or rents out a residential unit leased to him by an owner.

(f) Sublessor - shall mean the person who leases or rents a residential unit leased to him by an owner.

(g) Sublessee - shall mean the person who leases or rents a residential unit from a sublessor.

(h) Assignment of Lease - shall mean that act contemplated in Article 1649 of the Civil Code of the Philippines.

SECTION 3. Rental and Deposit. - Rental shall be paid in advance within the first five 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 any advance rental but he may ask for a deposit not to exceed one month rental.

SECTION 4. 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. In case consent is given by the owner lessor, the sublessor or assignor cannot charge rentals higher than the rental charged on the property by the owner/lessor.

SECTION 5. 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 case of refusal by the lessor to accept payment of the rental 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 of the lessor, within one month after the refusal of the lessor to accept payment.

The lessee shall thereafter deposit the rental within ten days of every current month. Failure to deposit rentals for three months shall constitute a ground for ejectment. If an ejectment case is already pending, the court upon proper motion may order the lessee or any person or persons claiming under him to immediately vacate the leased premises without prejudice to the continuation of the ejectment proceedings. At any time, the lessor may, upon authority of the court, withdraw the rentals deposited.

The lessor, upon authority of the court in case of consignment and 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 owner/lessor to repossess his property for his own use or for the use of any immediate member of his family as a residential unit, such owner or immediate member not being the owner of any other available residential unit within the same city or municipality: 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 at least one year.

(d) Absolute ownership by the lessee of another dwelling unit in the same city or municipality which he may lawfully use as his residence: Provided That the lessee shall have been formally notified by the lessor of the intended ejectment three months in advance.

(e) 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 said repair, the lessee ejected shall have the first preference to lease the same premises: Provided, however, That the new rental 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 provision of this Act.

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

No lessor or his successor-in-interest shall be entitled to eject the lessee upon the ground that the leased premises has been sold or mortgaged to a third person regardless of whether the lease or mortgage is registered or not.

SECTION 6. Application of the Civil Code and Rules of Court of the Philippines. - Except when the lease is for a definite period, the provisions 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.

SECTION 7. Coverage of this Act. - All residential units the total monthly rental of which does not exceed four hundred eighty pesos (P480.00) as of the effectivity date of this Act shall be covered notwithstanding that the monthly rental shall have already exceeded the four hundred eighty-peso limit as a result of the application of Section one hereof or by virtue of a contract or agreement of lease perfected before July 1, 1985: Provided, however, That this Act shall not be applicable to new residential units constructed or offered for rent for the first time during its effectivity.

SECTION 8. Penalty Clause. - A fine of not less than two thousand pesos nor more than five thousand pesos shall be imposed on any person, natural or juridical, violating Section 1 or Section 4 of this Act.

SECTION 9. Separability Clause. - If for any reason, any section or provision of this Act is declared unconstitutional or invalid, the other sections or provisions hereof which are not affected thereby shall continue in full force and effect.

SECTION 10. Repealing Clause. - Batas Pambansa Bilang 25 and all laws, decrees, orders or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 11. Effectivity. - This Act shall take effect immediately upon its approval and shall remain in force up to December 31, 1987.

Approved, June 12, 1985

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