

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1719

Introduced by Representative Robert 'Ace' Barbers

EXPLANATORY NOTE

During the last few decades, major structural reforms have been instituted with a view to liberalizing the economy. These reform initiatives were designed to attract foreign investments which are badly needed to supplement an otherwise frustratingly low local savings rate.

Some barriers however remain which repel foreign investments. Among these is the prohibition on foreign ownership over specific real properties. Such prohibition, while understandable from a nationalist perspective, has an economic downside: it increases insecurity and inhibits flexibility in planning and utilization of resources by investors.

The proposed legislation intends to address this economic concern without compromising national interest. It redefines the interest subject of ownership in a condominium project, specially as regards those in industrial estates, without however granting land ownership to foreign investors, in keeping with the mandate under Sec. 7, Article XII of the 1987 Constitution.

By giving investors ownership rights to fixed and real assets short of land ownership, long-term foreign investments are expected to flow in, which will not only stimulate but stabilize economic growth.

In view of the foregoing, the immediate passage of this bill is highly recommended.

ROBERT 'ACE' BARBERS

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AN ACT
MODIFYING THE DEFINITION OF A CONDOMINIUM UNIT, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 4726, OTHERWISE KNOWN AS THE CONDOMINIUM LAW, TO APPLY TO INDUSTRIAL ESTATES AND FOR OTHER PURPOSES

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

Section 1. Section 2 of Republic Act No. 4726, entitled "An Act to Define Condominium, Establish Requirements for its Creation and Govern Its Incidents," hereinafter referred to as the Act, is hereby amended to read as follows:

Section 2. A condominium is an interest in real property consisting of a separate interest in a unit in a residential, industrial or commercial building OR INDUSTRIAL ESTATE and an undivided interest in common, directly and indirectly, in the land on which it is located and in other common areas of the building OR INDUSTRIAL ESTATE. A condominium may include, in addition, a separate interest in other portions of such real property. Title to the corporation specially formed for the purpose, hereinafter known as the condominium corporation, in which the holders of the separate interests shall automatically be members or shareholders, to the exclusion of others, in proportion to the appurtenant interest of their respective units in the common areas.

"The real right in condominium may be ownership or any other interest in real property in the Civil Code and other pertinent laws.

Section 2. Subsections (b) and (c) of Section 3 of the Act are also amended to read as follows:

"(b) 'Unit' means a part of the condominium project intended for any type of independent use or ownership, including one or more rooms or spaces located in one or more floors (or part or parts of floors) in a building or buildings such accessories as may be appended thereto: PROVIDED, THAT IN THE CASE OF INDUSTRIAL ESTATES, THE BUILDINGS, PLANTS, HOUSES, RECREATIONAL FACILITIES AND

FACTORIES IN A CONDOMINIUM PROJECT SHALL BE CONSIDERED AS SEPARATE UNITS AS HEREIN DEFINED."

"(c) 'Project' means the entire parcel of real property, divided or to be divided into condominium UNITS, including all structures thereon: PROVIDED, THAT IN THE CASE OF AN INDUSTRIAL ESTATE, PROJECT REFERS TO TRACT OF LAND SUBDIVIDED AND DEVELOPED ACCORDING TO A COMPREHENSIVE PLAN UNDER A UNIFIED CONTINUOUS MANAGEMENT AND WITH PROVISIONS FOR BASIC INFRASTRUCTURE AND UTILITIES, WITH OR WITHOUT PRE-BUILT STANDARD FACTORY BUILDING AND COMMUNITY FACILITIES FOR THE USE OF THE COMMUNITY OF INDUSTRIES."

Section 3. A new subsection, subsection (f), is hereby inserted after Section 3 (e) of the Act which shall read as follows:

"(f) 'INDUSTRIAL ESTATE' MEANS A LARGE AND SUITABLE TRACT OF LAND WHICH HAS BEEN SUBDIVIDED AND DEVELOPED PRIMARILY FOR USE OF A COMMUNITY OR INDUSTRIES WHICH MAY INCLUDE PROVISIONS FOR STAFF HOUSING AND RECREATIONAL FACILITIES PROVIDED WITH ROADS, WATER SUPPLY FACILITIES, ELECTRICAL FACILITIES, COMMUNICATION FACILITIES, SEWERAGE AND DRAINAGE SYSTEMS AND OTHER FACILITIES AND INFRASTRUCTURE. THE ESTATE SHALL BE SO PLANNED BASED ON SOUND PLANNING PRINCIPLES AS TO PROVIDE GOOD LAYOUT AND JUDICIOUS ALLOCATION OF THE AREAS. INDUSTRIAL ESTATES MAY ALSO INCLUDE SCIENCE AND TECHNOLOGY PARKS."

Section 4. Subsections (a) and (b) of Section 6 of the Act are hereby amended to read as follows:

"(a) The boundary of the unit granted are the interior surfaces of the perimeter walls, floors, ceilings, windows and doors thereof: PROVIDED, THAT IN THE CASE OF AN INDUSTRIAL ESTATE WHEREIN WHOLE BUILDINGS, PLANTS OR FACTORIES IN A CONDOMINIUM PROJECT MAY BE CONSIDERED AS SEPARATE UNITS DEFINED UNDER SECTION 3 (B) HEREOF, THE BOUNDARY OF A UNIT SHALL INCLUDE THE OUTER SURFACES OF THE PERIMETER WALLS OR FENCES EXCEPT IN CONDOMINIUM PROJECTS LOCATED INSIDE THE INDUSTRIAL ESTATE. The following are not part of the unit: bearing, walls, columns, floors, roofs, foundations and other common structural elements of the buildings, lobbies, stairways, hallways, and other areas of common use, elevator equipment and shafts, central heating, central refrigeration and central air conditioning equipment, reservoir, tanks, pumps and other central services and facilities, pipes, ducts, flues, chutes, conduits, wires and other utility installations, wherever located, except the outlets thereof when located within the unit.

"(e) Each condominium owner shall have the exclusive right to paint, repaint, tile, wax, paper the walls, ceiling, floors, windows and doors bounding his own unit:

PROVIDED, HOWEVER, THAT IN THE CASE OF A CONDOMINIUM UNIT IN AN INDUSTRIAL ESTATE, SUCH RIGHT MAY BE EXERCISE OVER THE EXTERNAL SURFACES OF SAID UNIT."

Section 5. Section 11 of the Act is hereby amended to read as follows:

"Section 11. THE DESIGN STANDARDS OF A CONDOMINIUM PROJECT SHALL BE REGULATED BY THE HOUSING AND LAND USE REGULATORY BOARD (HLURB), PROVIDED THAT PROJECTS LOCATED IN AN ECOZONE SHALL BE WITHOUT PREJUDICE TO THE AUTHORITY OF THE SECURITIES AND EXCHANGE COMMISSION TO REGISTER A CONDOMINIUM UNDER THE CORPORATION CODE. The term of said corporation shall be coterminous with the duration of the condominium projects, the provisions of the Corporation Law to the contrary notwithstanding.

Section 6. Section 12 of the Act is hereby amended to read as follows:

"Section 12. [In case of involuntary dissolution of a condominium corporation for any of the causes provided by law, the common areas owned and held by the corporation shall by way of liquidation, be transferred *pro-indiviso* and in proportion to their interest in the corporation to the members or stockholders thereof, subject to the superior rights of the corporations' creditors. Such transfer or conveyance shall be deemed full liquidation of the interest of such members or stockholders in the corporation. After such transfer or conveyance, the provisions of this Act governing undivided co-ownership of, or undivided interest in, common areas in the condominium projects shall fully apply.] THE DISSOLUTION OF THE CONDOMINIUM CORPORATION IN ANY MANNER AND FOR ANY OF THE CAUSES PROVIDED BY LAW SHALL BE GOVERNED BY THE PROVISIONS OF TITLE XIV OF THE CORPORATION CODE.

Section 7. A new section, Section 25, is hereby inserted after Section 24 of the Act and shall read as follows:

"SECTION 25. THE BUILDING AND DESIGN STANDARDS FOR THE CONDOMINIUM PROJECTS SHALL BE BASED ON SOUND PLANNING PRINCIPLES AS TO PROVIDE GOOD LAYOUT AND JUDICIOUS ALLOCATION OF AREAS, AMONG OTHERS, ACCESSIBILITY FEATURES FOR DISABLED PERSONS PURSUANT TO BATAS PAMBANSA BILANG 344 OF 1984.

THE DESIGN STANDARDS FOR CONDOMINIUM PROJECTS SHALL INCLUDE A SYSTEM OF LAND UTILIZATION SPECIFIED IN THE FRAMEWORK PLAN BY THE HOUSING AND LAND USE REGULATORY BOARD (HLURB), AND OTHER EXISTING LAWS.

THE EXISTING LAWS ON BALANCED HOUSING DEVELOPMENT AND OPEN SPACES SHALL APPLY ON ECOZONES."

Section 8. Sections of the Act subsequent to the new Section 25 are hereby renumbered accordingly.

Section 9. All laws, acts, presidential decrees, executive orders, proclamations and/or administrative regulations which are inconsistent with the provisions of this Act, are hereby amended, modified, superseded or repealed accordingly.

Section 10. This Act shall take immediately upon approval.

APPROVED.