

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5259



Introduced by
OFW Family Party-List Representative ROY V. SEÑERES

EXPLANATORY NOTE

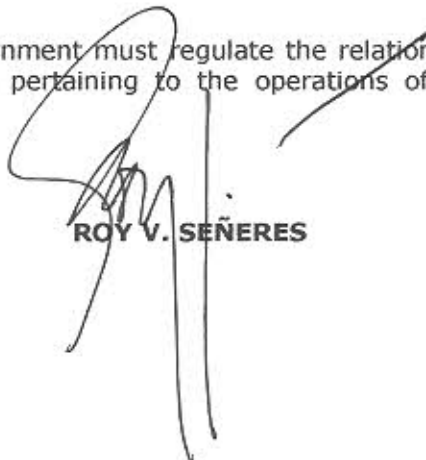
Time and again, the matter of the widening gap between the rich and poor in this country is being bewailed. But among the root causes of the widening gap is the unbridled and uncontrolled and unregulated imposition by owners/lessors of commercial spaces of exorbitant, sky high rentals. More often than not, small and medium entrepreneurs fold-up after a while because whatever profits they derive from their small and medium business enterprises are being eroded or gobbled-up by the tyrannically imposed amounts of rentals.

Most of the small and medium business entrepreneurs are long time operators as well as new small and medium business operators whose dream of generating profits out of their business are immediately diminished by the exorbitant cost of rentals. Some of these small and medium business operators are retirees from government and private employment and/or their children who would wish to embark on new business ventures. They include OFW families and other families coming from the middle class.

It is universally known that small and medium enterprises (SMEs) have always been the backbone of the economies of highly developed countries in all parts of the world but in this country where there is lack of government support we virtually slay the opportunities of said entities even before they could start.

Many of these SMEs who also belong to the working class desire to afford their workers with wages that are in accordance with the minimum wage law but are having difficulty to do so because their profits are already being eaten up at the outset by extremely greedy landlords.

It is therefore imperative that government must regulate the relationship between landlords or lessors and lessees pertaining to the operations of the business of SMEs.


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Introduced by **HON. ROY V. SEÑERES**

AN ACT
TO REGULATE THE COST OF RENTAL AND OTHER CHARGES BETWEEN LESSORS AND LESSEES OF COMMERCIAL ESTABLISHMENTS FOR THE PURPOSE OF NARROWING THE GAP BETWEEN THE RICH AND THE POOR AND IN THE PROCESS IMPROVING THE ECONOMY

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 as the "Rental Control Law in Commercial Establishments".

SEC. 2. Coverage -This Act shall cover owners of establishments such as shopping malls, department stores, stalls, buildings which houses and/or offer for rent spaces for commercial purposes.

SEC. 3. Declaration of Policy - This Act shall be in furtherance of provisions of the 1987 Constitution, to wit:

1. Section 9, Article II, as State policy: "The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, rising standard of living, and an improved quality of life for all."
2. Section 19, Article II, provides that: "The State shall develop a self-reliant and independent national economy effectively controlled by Filipinos."

3. Section 20, Article II, which provides that: "The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments."
4. Section 3, paragraph 4, Article XIII, which provides that: "The State shall regulate the relations between workers and employers, recognizing the right of labor to its just share in the fruits of production and the right of enterprises to reasonable returns of investment, and to expansion and growth."

SEC. 4. Definition of Terms. – For purposes of this Act, the following terms shall be defined as:

- a). "Small Enterprise" shall refer to a business entity whose asset base is over P1.0 million but not more than P5.0 million;
- b). "Medium Enterprise" refers to a business entity whose asset base is over P5.0 million but not more than P50.0 million;
- c). "Lessor" shall refer to a person who leases or lets a property to another;
- d). "Lessee" shall refer to a person who holds the lease of a property;

SEC. 5. Creation of a Regulatory Commission. – Pursuant to the preceding section and in order to attain the objectives and purposes of this Act, an independent commission is hereby created, to be known as the Commercial Establishment Rental Regulatory Commission (CERRC), which shall hereinafter be referred to as the Commission, and shall be organized after the approval of this Act.

For budgetary purposes, the Commission shall be under the Office of the President.

- (a) *Composition.* – The Commission shall be composed of a Chairperson and two (2) Associate Commissioners. The Chairperson and Commissioners shall be citizens and residents of the Philippines, at least forty 40 but not more than sixty (60) years of

age, of good moral character and of recognized probity and independence. The Chairperson and two (2) Associate Commissioners shall be of recognized competence in the field of law, banking, economics or finance, commerce, accounting or management. They must have actively practiced their professions for at least ten (10) years, but must not have been candidates for any elective national or local office in the immediately preceding elections, whether regular or special.

- (b) *Term of Office.* – The Chairperson and the Associate Commissioners shall be appointed by the President of the Philippines. The term of office of the Chairperson and the Associate Commissioners shall be six (6) years without reappointment. In case a vacancy occurs before the expiration of the term of office, the appointment to such vacancy shall be only for the unexpired term of the predecessor. In no case shall any Member be appointed or designated in a temporary or acting capacity.
- (c) *Prohibition and Disqualifications.* – The Chairperson and Associate Commissioners shall not, during their tenure, hold any other office of employment. They shall strictly avoid conflict of interest in the conduct of their office.
- (d) *Compensation of Commissioners.* – The Chairperson of the Commission shall hold the rank of and shall have the privileges and compensation equivalent to that of a Department Secretary, while the Associate Commissioners shall each hold the rank of and shall have the privileges and compensation equivalent to that of a Department Undersecretary.
- (e) *Quorum.* – All three (3) members of the Commission shall constitute a quorum and the affirmative vote of two (2) shall be

necessary for the adoption of any rule, ruling, order, resolution, decision or other acts of the Commission.

- (f) *Staff.* – The Commission shall appoint an adequate staff which shall be headed by an Executive Director, fix the compensation in accordance with the Revised Compensation and Position Classification Law and determine their status, qualification and duties. The Executive Director shall be appointed by the President and shall have relevant experience in any of the fields of law, economics, banking, commerce, finance or management for at least ten (10) years. *Provided,* That the Executive Director shall be a Career Executive Service Officer (CESO). The members of the technical staff, except those performing purely clerical functions, shall possess at least a Bachelor's Degree in the following lines of specialization: economics, law, banking, accounting, finance, commerce or management.

SEC. 6. Original and Exclusive Jurisdiction, Powers and Functions.

- The Commission shall have original and exclusive jurisdiction to adopt, formulate and implement policies, guidelines and rules regulating the imposition of rentals to avoid instances of charging exorbitant rental amounts by commercial establishments.

SEC. 7. Penalty. – Any violation of this Act shall be punished with a fine of not less than Fifty Thousand Pesos (P50,000.00) or imprisonment of not less than six (6) months or both at the discretion of the court. If the offense is committed by a corporation, firm, association, partnership, or other entity, the penalty shall be imposed upon the guilty officer or officers of such commercial establishments or entity.

SEC. 8. Appropriations. – The amount necessary to implement the provisions of this Act shall be included in the annual General Appropriations Act.

However, for the initial budgetary requirements of the Commission, the amount of Fifty million pesos (P50,000,000.00) is hereby appropriated.

SEC. 9. Repealing Clause. - All laws, decrees, executive orders, rules and regulations inconsistent herewith, are hereby repealed or modified accordingly.

SEC. 10. Separability Clause. - If any provision of this Act is held invalid or declared unconstitutional, the other provisions which are not affected thereby shall remain valid and subsisting.

SEC. 11. Effectivity. - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in two (2) newspapers of general circulation, whichever comes first.

Approved,