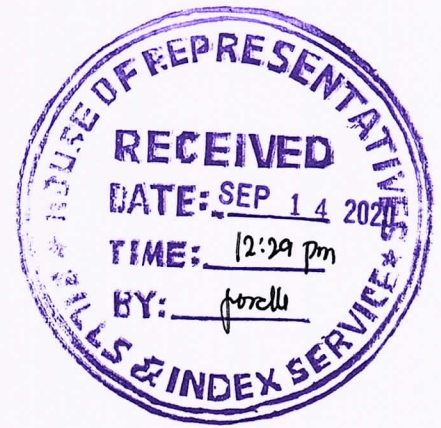


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7665



Introduced by REP. JOEY SARTE SALCEDA

AN ACT
INTRODUCING A RENT RELIEF PLAN TO ASSIST RESIDENTIAL TENANTS
ADVERSELY IMPACTED BY THE 2020 ECONOMIC CRISIS,
AND FOR OTHER PURPOSES

EXPLANATORY NOTE

As economic activity has retreated significantly under the mobility restrictions and general lack of market confidence due to COVID-19, income security, and consequently, consistency of rent payments has also declined.

The latest Labor Force Survey as of July 2020 shows that unemployment is currently at 10 percent. Although the economy is expected to recover in 2021, employment may not return to their record lows in 2019 until industries have reconstructed at their pre-COVID-19 output levels. As a result, we expect income security, and with it, the consistency of residential rent payments, to lag behind economic recovery.

While current grace periods under the Bayanihan emergency measures allow for amortizations to be distributed among succeeding months of rent, these grace periods may not be of much help to tenants that have totally lost their sources of income.

At the same time, grace periods which disrupt the consistency of payments to lessors may also harm property owners, typically the elderly or the retired who rely on rental income as their main source of income. The lack of consistent rental income may hamper the property owner's ability to maintain the quality of the property, to the detriment of both the tenant and the owner.

Clearly, more sustainable rent relief measures that are also fairer to both lessor and tenant are necessary.

The Philippine Statistics Authority, in the 2015 Census of Population and Housing, estimates that some 2.7 million households occupy rented housing. We estimate this number to have increased to 3.1 million in 2020. Our analysis of the newly unemployed shows that up to 3% of these households, or some 93,000 households, may be in danger of eviction due to nonpayment of rent dues even with the Bayanihan measures to provide rent relief.

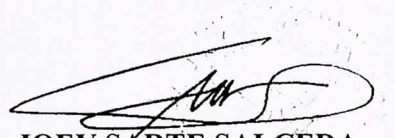
For these households, measures that not only defer payment schedules, but actually get the rent paid for a period that is long enough to regain meaningful employment are urgently needed.

In view of this urgent need, and given the heightened necessity of having a home during the COVID-19 pandemic, this bill proposes the following:

1. Mandating the Social Security System (SSS), the Government Service Insurance System (GSIS), and the Pag-IBIG Fund to offer rent refinancing loans to their members, at favorable rates;
2. Mandating the Landbank of the Philippines and the Development Bank of the Philippines to offer rent refinancing loans at rates not higher than their lowest-yielding loans;
3. Allowing promissory notes to be accepted, under an arrangement where government financial institutions finance the promissory note, and the rent obligation is converted into a loan with a government financial institution, to ensure that the tenant is not evicted during the period paid for with the loan;
4. Imposing an eviction moratorium for three (3) months upon the effectivity of the bill, to provide the implementing agencies enough time to rollout the measures contained in this bill; and
5. Setting up rental assistance centers by the Department of Human Settlements and Urban Development (DHSUD) to help tenants and lessors renegotiate terms of lease, access programs under this bill, and find other assistance programs available that would prevent tenants from being evicted.

These measures would complement our rent payment deferment strategies, and are a more financially sustainable approach that would restore stability and consistency in the rent agreements for both tenants and lessors.

In view of the foregoing, the approval of this bill is urgently sought.



JOEY SARTE SALCEDA

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

SECTION 1. *Short Title.* – This Act shall also be known as the “Rent Relief Act of 2020.”

SEC. 2. *Rent refinancing loans by government financial institutions.* – The Social Security System (SSS), the Government Service Insurance System (GSIS), and the Pag-IBIG Fund are hereby mandated to make available to eligible members rent refinancing loans with the following specifications:

- a) Eligible members shall qualify for loans of up to one year’s worth of the member’s rent. *Provided* that the loan shall not exceed Two Hundred Thousand Pesos (P200,000);
- b) The interest rate for these loans shall not exceed the lowest interest imposed by the SSS, GSIS, and Pag-IBIG Fund for their respective active loan products;
- c) The loans shall be payable for at least five (5) years.

Provided, that these loans shall be made available within one (1) year upon the date of effectivity of this Act.

SSS, GSIS, and Pag-IBIG Fund shall jointly issue the rules and regulations necessary for the implementation of this Section within thirty (30) days upon the effectivity of this Act.

SEC. 3. *Rent refinancing loans by government banks.* – The Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP) shall offer rent refinancing and restructuring loans with the following specifications:

- a) Eligible borrowers shall qualify for loans of up to one year’s worth of residential rent. *Provided* that the loan shall not exceed Two Hundred Thousand Pesos (P200,000);
- a) The interest rate for these loans shall not exceed the lowest interest imposed by the LBP and DBP for active loan products with similar terms;
- b) The loans shall be payable for at least five (5) years;

- c) LBP and DBP may require a lease agreement, promissory notes, and similar documents for the issuance of these loans.

Provided, that these loans shall be made available within one (1) year upon the date of effectivity of this Act.

The Department of Finance (DOF), with the LBP and DBP, shall issue the rules and regulations necessary for the implementation of this Section within thirty (30) days upon the effectivity of this Act.

SEC. 4. *Promissory notes as rent relief agreements.* – Lessors who honor promissory notes from tenants may also, with the tenant, apply for the loans under Sections 2 and 3 of this Act, *Provided* that funds from the loan shall be disbursed directly to the lessor, in installments as may be agreed upon with the bank, and that, for the entire rental period paid for by the loan and an additional three (3) months thereafter, the tenant shall not be evicted from the property. *Provided further*, that should this prohibition against early eviction be violated by the lessor, the lessor shall assume all unpaid obligations of the tenant pursuant to this Act.

SEC. 5. *Eviction moratorium.* – To ensure that stay-at-home orders are enforced, any landlord, owner of a residential property, or other person with a legal right to pursue eviction or possessory action, shall not evict any tenant from any residential property for three (3) months upon the effectivity of this Act. *Provided* that the President may extend this moratorium twice, in increments of three (3) months.

Provided further that this section does not preclude local and national authorities from imposing additional requirements that provide greater public-health protection and are more restrictive than the requirements in this Section.

SEC. 6. *Financial obligations of tenants.* – This Act does not relieve any individual of any obligation to pay rent, make a housing payment, or comply with any other obligation that the individual may have under a tenancy, lease, or similar contract. Nothing in this Act precludes the charging or collecting of fees, penalties, or interest as a result of the failure to pay rent or other housing payment on a timely basis, under the terms of any applicable contract. *Provided* that financial obligations under such contracts may be refinanced or restructured with loans under Section 2 and 3 of this Act.

SEC. 7. *Rent renegotiation and refinancing assistance.* – The Department of Human Settlements and Urban Development (DHSUD) shall establish, in coordination with Local Government Units (LGU) assistance centers that would assist tenants and lessors renegotiate rent contracts towards more mutually beneficial terms for both parties and access the refinancing and loan arrangements applicable under this Act. These assistance centers shall also compile inventories of available government assistance programs for residential tenants experiencing financial difficulties due to the COVID-19 pandemic.

The DHSUD shall also set up a national hotline and contact center which shall remotely provide the services of the assistance centers established pursuant to this Section.

SEC. 8. *Implementing Rules and Regulations.* – Unless otherwise specifically stated, the DHSUD shall issue the rules and regulations necessary for the implementation of this Act,

within thirty (30) days upon the effectivity of this Act. *Provided*, that the moratorium under Section 5 of this Act shall take effect immediately upon the effectivity of this Act.

SEC. 9. *Separability Clause*. – If any part or provision of this Act is held invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SEC. 10. *Repealing Clause*. – All other laws, decrees, executive orders and rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 11. *Effectivity*. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation.

Approved,