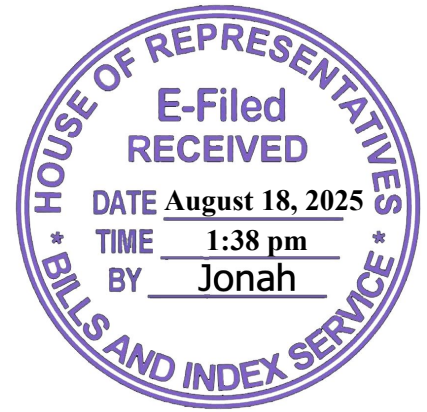


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
1st Regular Session

House Bill No. 3786



Introduced by Representatives ERIC G. YAP AND EDVIC G. YAP

EXPLANATORY NOTE

The rise of online short-term residential rental (STRR) platforms such as Airbnb has significantly altered the landscape of urban housing in many parts of the Philippines, especially in tourist-centric areas like Baguio City and La Trinidad. While STRRs have expanded tourism options and generated income for property owners, they have also contributed to the rapid conversion of long-term residential units into more profitable short-term accommodations. This shift has resulted in a noticeable decline in the availability of affordable rental housing, particularly affecting low and middle-income families, students, and workers.

Recent trends show that property owners are increasingly opting out of long-term lease agreements to take advantage of the higher rates offered by short-term rentals. As a consequence, rental prices for traditional apartments have surged, leaving many locals unable to find suitable housing within their communities. The monthly apartment rents in key locations in Baguio range from ₱5,000.00 to ₱15,000.00, while equivalent Airbnb listings in the same areas can fetch an Average Daily Rate of ₱3,059.00 or an Average of Monthly Revenue of ₱41,327.00 (Airbtics, 2025)¹. This rental disparity incentivizes landlords to convert long-term rental units into STRRs, exacerbating housing scarcity and affordability crises.

This proposed measure does not seek to ban or stifle innovation in the tourism economy. Rather, it aims to strike a responsible balance between supporting local tourism and ensuring that long-term residents, especially middle-class and low-income earners, are not displaced or priced out of their communities. The bill establishes a regulatory framework that includes registration, zoning controls, permit caps, taxation, platform accountability, and housing affordability protections.

Through empowering local government units (LGUs) to monitor and manage STRR activity, and requiring transparency and cooperation from digital platforms, this bill ensures that tourism development does not come at the expense of livable, inclusive, and sustainable urban communities. The passage of this legislation is a timely and

¹AIRBTICS. 2025. Airbnb Revenue in Baguio, The Philippines: 2025 Short-Term Rental Data & Insights. Retrieved from <https://airbtics.com/annual-airbnb-revenue-in-baguio-philippines/#:~:text=Average%20Airbnb%20Revenue%20in%20Baguio,active%20Airbnb%20listings%20in%20Baguio>. Retrieved in June 30, 2025.

necessary step toward protecting the right to adequate housing and preserving the social fabric of cities heavily impacted by short-term rental proliferation.

In view of the foregoing, consideration of the passage of this bill is respectfully urged.



HON. ERIC G. YAP



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**AN ACT REGULATING SHORT-TERM RESIDENTIAL RENTAL PLATFORMS,
PROVIDING GUIDELINES FOR THEIR OPERATION, PROTECTING
RESIDENTIAL HOUSING SUPPLY IN HIGH-DENSITY TOURIST AREAS,
AND FOR OTHER PURPOSES**

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 "Short-Term Residential Rental Regulation and Housing Protection Act of 2025."

SEC 2. *Declaration of Policy.* It is the policy of the State to ensure a balance between promoting tourism and preserving access to affordable, long-term housing for local residents. The proliferation of short-term residential rentals (STRRs), such as those facilitated through online platforms like Airbnb, has resulted in significant distortions in housing availability and affordability, particularly in high-tourism urban areas. This Act seeks to regulate the operation of STRRs to prevent the displacement of long-term residents and safeguard the rights of middle- and low-income families, students, and workers.

SEC 3. *Definition of Terms.* As used in this Act, the following terms shall be defined as follows:

- a) *Short-Term Residential Rental (STRR)*- refers to the lease of a residential dwelling or room for a period not exceeding thirty (30) consecutive days.
- b) *Host*- refers to the person, property owner, lessee, or authorized manager who offers a dwelling or unit for STRR use.
- c) *Platform Operator*- refers to any entity, including digital platforms like Airbnb and Vacation Rentals by Owner (VRBO), that facilitates STRR listings and bookings.

- d) *Primary Residence*- means the dwelling where the host resides for at least 180 days per calendar year.
- e) *Long-Term Lease*- means a residential lease agreement with a duration exceeding 30 consecutive days.

SEC 4. *Registration and Permits.* In order to ensure accountability, promote transparency, and support the equitable use of residential properties, all individuals or entities engaged in operating short-term residential rentals (STRRs) shall be required to secure the necessary registration and permits from the appropriate local government units (LGUs) prior to the listing, advertisement, or actual rental of such properties. All STRR operators shall register with their respective LGUs and obtain a Short-Term Residential Rental Permit, which shall be renewed annually. Only units with a valid STRR Permit may be listed or advertised on online booking platforms. To qualify for a permit, STRR operators must present a barangay clearance, proof of ownership or lease agreement, and valid certificates demonstrating compliance with applicable fire safety, health, sanitation, and building standards.

SEC 5. *Zoning and Permit Caps.* To maintain the balance between tourism development and residential housing needs, local government units (LGUs) shall have the authority to regulate the number, type, and location of short-term residential rentals (STRRs) within their jurisdictions through zoning ordinances and permit caps. Such measures shall be guided by assessments of local housing availability, infrastructure capacity, and the potential impacts on communities. STRRs shall be limited to primary residences unless the LGU authorizes otherwise through the issuance of a zoning clearance. Furthermore, STRR activity within primary residences shall be capped at ninety (90) nights per year, unless the operator is granted an extended-use permit. LGUs may also impose geographic restrictions and density limits based on housing vacancy rates, zoning classifications, and the preservation of neighborhood character. Full-time commercial STRRs, such as entire buildings or multiple units operated by a single owner or entity, shall be prohibited in residential zones unless explicitly approved by the local zoning board.

SEC 6. *Housing Affordability Protections.* To prevent the displacement of long-term residents and ensure the continued availability of affordable housing for middle- and low-income families, local government units (LGUs) shall implement safeguards that limit the conversion of residential units into short-term residential rentals (STRRs). LGUs shall conduct annual assessments evaluating housing availability, affordability, and the impact of STRR activity on the local rental market. In the event that long-term residential vacancy rates fall below five percent (5%), the LGU may exercise its authority to temporarily suspend the issuance of new STRR permits, require property owners to prioritize long-term rental arrangements before converting units to STRRs, and implement a quota system to ensure that a minimum percentage of the existing housing stock remains accessible for long-term rental purposes. These measures aim to preserve residential stability and protect vulnerable

communities from housing scarcity driven by unregulated short-term rental proliferation.

SEC. 7. Taxation and Revenue Reporting. To ensure accountability and proper contribution to public revenues, all short-term residential rental (STRR) hosts shall be registered with the Bureau of Internal Revenue (BIR), issue official receipts, and pay the appropriate income and business taxes. Platform operators, such as Airbnb and similar hosting services, shall be required to withhold applicable value-added tax (VAT) and income tax from host revenues in accordance with existing tax laws.

Platform operators must submit quarterly reports to both the BIR and concerned local government units (LGUs), detailing the total number of active listings, total bookings and revenue per listing, as well as the names and permit numbers of active hosts. In addition, all hosting platforms shall be required to submit a comprehensive summary report to the Department of Tourism (DOT) every six (6) months. This report shall contain aggregate booking data, occupancy rates, and total gross revenues per LGU. This mechanism shall serve as an independent verification tool to support the accuracy of host-reported data.

To ensure consistency and cross-verification, LGUs shall also require STRR hosts to submit semi-annual tax reports reflecting their gross earnings, rental activities, and permit information. The DOT shall consolidate the platform data and share it with LGUs and the BIR to enable triangulation between host-reported income, platform-reported bookings, and local permit records. The DOT shall develop a secure electronic reporting system to receive data from platform operators and facilitate information sharing with LGUs and tax authorities. This multi-agency reporting mechanism shall promote transparency, improve tax compliance, and prevent underreporting or illicit STRR operations.

SEC. 8. Local Fees and Charges. Local government units (LGUs) may impose a short-term residential rental (STRR) regulation fee and a tourism impact fee, provided that the combined amount does not exceed three percent (3%) of the gross rental revenue generated by STRR operators. The proceeds collected from these fees shall be specifically earmarked to support programs that address housing affordability, implement urban renewal initiatives, and develop or improve tourism-related infrastructure.

To promote inclusivity and ensure that STRR regulation does not unduly burden marginalized individuals, LGUs shall adopt a tiered or income-based licensing and registration fee structure for STRR operators. In particular, low-income hosts such as those without regular employment or without other registered businesses shall be eligible for reduced or subsidized fees, which will be determined in the Implementing Rules and Regulations (IRR) of this Act. This provision aims to protect economically disadvantaged residents who may rely on STRR income for livelihood, while still ensuring compliance and equitable contribution to the local economy. This mechanism ensures that STRR operations contribute meaningfully to

the communities in which they operate through mitigating their impact on local housing supply and urban development, while enhancing tourism benefits and promoting fairness across economic classes.

SEC. 9. *Guest Guidelines and Public Conduct.* In order to promote responsible tourism and uphold community standards, all short-term residential rental (STRR) hosts and platform operators shall ensure that guests are provided with a written code of conduct upon booking confirmation or check-in. This code shall include, at a minimum, relevant local ordinances pertaining to noise control, proper garbage disposal, and parking regulations. In areas identified as culturally sensitive, particularly those inhabited by indigenous peoples or heritage communities, the code must also include guidelines for respecting indigenous culture, traditions, and community values. Additionally, the code shall provide clear emergency contact information and disaster preparedness protocols to ensure guest safety and compliance with local risk reduction measures.

SEC. 10. *Platform Accountability and Data Sharing.* To ensure effective monitoring and enforcement of regulations governing short-term residential rentals (STRRs), all STRR platforms operating in the Philippines shall be required to register with the Department of Tourism (DOT). As part of their compliance, these platforms must submit anonymized monthly data to both the DOT and the concerned local government units (LGUs), including information on the total number of active listings, booking volumes, geographic distribution of units, and frequency of bookings per unit. In addition, platforms shall be mandated to include the following data in their monthly submissions to the DOT:

- a. Number of nights booked per listing;
- b. Number of guests (pax) per booking;
- c. Complete city or municipal address of each STRR unit booked;
- d. Citizenship of the guest;
- e. Profession or occupation of the guest, if voluntarily disclosed.

These data points shall be used by the DOT to develop comprehensive tourist profiles, allowing the department to better understand market trends, traveler behavior, and visitor demographics. Such insights will enhance tourism marketing strategies, improve destination management, and support the development of targeted tourism campaigns based on accurate and timely STRR market data.

Furthermore, all platforms shall be required to delist any property that does not possess a valid STRR Permit within thirty (30) days of receiving official notification from the relevant LGU. This provision reinforces the obligation for proper local registration and ensures that only compliant operators may utilize hosting platforms to conduct short-term rental business.

SEC. 11. *Enforcement and Penalties.* Operating a short-term residential rental (STRR) without a valid permit shall be subject to a fine of not less than Twenty Thousand Pesos (Php 20,000) per unit per year, serving as a deterrent against

unregistered operations. In addition, STRR platforms that fail to remove unpermitted listings after proper notice from the concerned local government unit (LGU) shall be fined One Hundred Thousand Pesos (Php 100,000) per quarter for each instance of non-compliance. Repeated violations by either hosts or platforms may result in more severe penalties, including the revocation of existing permits, blacklisting of non-compliant operators, and closure of unauthorized STRR establishments, ensuring strict enforcement of the law and protection of community interests.

SEC. 12. *Public Information Campaign.* Within sixty (60) days of the effectivity of this Act, the Department of the Interior and Local Government (DILG), in coordination with LGUs and DOT, shall launch a nationwide campaign to inform the public and affected stakeholders about the requirements and implications of this Act.

SEC. 13. *Implementing Rules and Regulations.* The DOT, DILG, BIR, and Housing and Land Use Regulatory Board (HLURB), in coordination with other stakeholders, shall formulate and issue the Implementing Rules and Regulations (IRR) of this Act within ninety (90) days from its effectivity.

SEC. 14. *Separability Clause.* If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected shall remain in full force and effect.

SEC. 15. *Repealing Clause.* All laws, decrees, executive orders, and regulations inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 16. *Effectivity.* This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved,