

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 7445



Introduced by SWERTE Party-list Representative
ARLYN P. AYON

AN ACT
RATIONALIZING BUILDING PERMIT FEES AND OTHER RELATED
CHARGES, STRENGTHENING COMPLIANCE WITH THE
NATIONAL BUILDING CODE OF THE PHILIPPINES, AMENDING
FOR THE PURPOSE CERTAIN PROVISIONS OF REPUBLIC ACT NO.
7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE
OF 1991, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

This bill seeks to rationalize building permit fees nationwide by aligning local fee impositions with the regulatory intent and standards of the National Building Code.

However, in practice, the cost of securing building permits has become excessive, inconsistent, and unpredictable across LGUs. In many localities, building permit fees and related charges significantly exceed the actual cost of regulatory services and inspections required under the National Building Code. These fees are often imposed through fragmented and overlapping ordinances, resulting in duplicative collections and charges unrelated to building safety or code compliance.

Such practices have led to adverse consequences: excessive permit fees raise construction and housing costs, discourage compliance, and encourage informal or unpermitted construction, thereby undermining public safety. These burdens fall most heavily on low- and middle-income families, small homeowners, and small-scale builders.

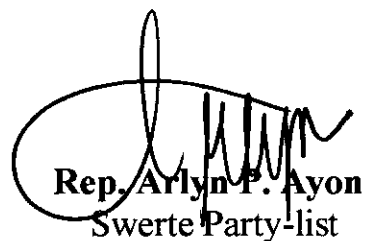
This measure seeks to waive or exempt building permit fees for residential

houses and necessary repairs or reconstruction works with a total construction cost of Three Hundred Thousand Pesos (₱300,000.00) and below, while maintaining the mandatory requirement to apply for and secure a building permit. By distinguishing the regulatory function of building permits from their revenue-generating aspect, the bill promotes compliance, enhances safety oversight, and encourages lawful construction, while providing for the automatic inflation-based adjustment of the cost threshold and directing the Department of Public Works and Highways (DPWH) to issue uniform implementing guidelines nationwide.

While the Local Government Code of 1991 (Republic Act No. 7160) grants LGUs the authority to impose fees, such authority is not absolute. It must be exercised within the bounds of reasonableness, uniformity, and national policy, particularly where public safety and housing affordability are concerned. Building permit fees, by their nature, are regulatory fees, not revenue measures, and should therefore be limited to the cost of processing, review, inspection, and enforcement.

This proposed measure establishes a standardized building permit fee framework, prohibits excessive and non-regulatory charges, and mandates transparency and accountability in fee collection. It also provides reduced fees and exemptions for small-scale residential construction, socialized housing, and post-disaster rebuilding, consistent with the State's commitment to affordable housing and resilient communities. Ultimately, it will encourage compliance with building regulations, reduce the cost of housing, and promote safe and orderly development without unduly impairing the fiscal autonomy of local governments.

In view of the foregoing, the immediate passage of this bill is earnestly sought.



Rep. Arlyn P. Ayon
Swerte Party-list

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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 be known as the “Building
Permit Fee Rationalization Act.”

SEC. 2. *Declaration of Policy.* — It is hereby declared the policy of the
State to promote public safety, social justice, transparency, and equitable access
to housing regulation. The State shall ensure that building permit fees imposed
by local government units (LGUs) are reasonable, uniform, and directly related
to regulatory functions under the National Building Code of the Philippines,
while protecting affordable housing, small-scale construction, and culturally
appropriate traditional indigenous family dwellings from excessive or illusory fee
impositions.

SEC. 3. *Objectives.* — This Act seeks to achieve the following objectives:

- a. To rationalize and regulate the imposition of building permit fees by
local government units (LGUs);
- b. To ensure consistency and conformity of local building permit fee
impositions with the National Building Code of the Philippines and its

implementing rules and regulations;

- c. To eliminate excessive, duplicative, and non-regulatory charges in the assessment and collection of building permit fees;
- d. To promote voluntary compliance with building safety, health, and structural standards; and
- e. To support affordable housing development and facilitate small-scale construction activities.

SEC. 4. *Definition of Terms.* — As used in this Act:

- a. Building Permit Fees refer to fees collected by LGUs for the processing, review, inspection, and issuance of permits and certificates required under the National Building Code, including architectural, civil/structural, electrical, mechanical, sanitary, plumbing, electronics, and accessory permits.
- b. Related Charges refer to fees imposed in connection with building permit issuance that are regulatory in nature and directly linked to building safety and compliance.
- c. Residential House refers to a building or structure used or intended for use exclusively as a dwelling for one (1) or more families.
- d. Small-Scale Residential Buildings refer to residential structures not exceeding three (3) storeys and three hundred (300) square meters of total floor area.

SEC. 5. *Alignment with the National Building Code.* — To ensure that building permit fees imposed by local government units (LGUs) are consistent with the regulatory intent of the National Building Code of the Philippines, the following principles shall govern the imposition and collection of such fees:

- a. All building permit fees shall be directly and reasonably related to the regulatory functions and services mandated under Presidential Decree No. 1096, otherwise known as the National Building Code of the Philippines.
- b. No building permit fee shall be imposed or collected unless such fee corresponds to an actual service rendered, including, but not limited to, plan evaluation, technical review, inspection, monitoring, or

enforcement activities required under the National Building Code of the Philippines and its implementing rules and regulations.

- c. Local government units shall ensure that building permit fee schedules are structured to promote compliance with building safety, health, and structural standards, and shall not be imposed primarily as revenue-generating measures.

SEC. 6. *Standardized Building Permit Fee Framework.* — The Department of Public Works and Highways (DPWH), through the Office of the Building Official, in coordination with the Department of the Interior and Local Government (DILG), the Department of Human Settlements and Urban Development (DHSUD), and the Leagues of Cities, Municipalities, and Provinces of the Philippines, shall formulate and issue a National Standard Building Permit Fee Framework.

- a. The National Standard Building Permit Fee Framework shall provide for the following:
 - 1. Fee ceilings, classified according to building type, occupancy classification, and total floor area, consistent with the provisions of the National Building Code of the Philippines and its implementing rules and regulations;
 - 2. A uniform and transparent methodology for the computation of building permit fees; and
 - 3. Reasonable differentiation of fees based on the level of complexity, scale, and risk attendant to the proposed construction.
- b. All local government units (LGUs) shall enact or amend their respective ordinances to ensure full conformity with the National Standard Building Permit Fee Framework within one (1) year from the effectivity of the same.

SEC. 7. *Fee Caps and Prohibited Acts.* — To ensure that building permit fees imposed by local government units (LGUs) are consistent with the regulatory intent of the National Building Code of the Philippines, the following principles shall govern the imposition and collection of such fees:

- a. The total amount of building permit fees imposed by local government units (LGUs) shall not exceed a reasonable percentage of the estimated construction cost, as may be determined in accordance with the

National Standard Building Permit Fee Framework.

- b. The following acts are hereby declared prohibited:
1. The imposition or collection of multiple or duplicative fees for the same regulatory purpose;
 2. The collection of fees not directly related to building safety, structural integrity, or compliance with the National Building Code of the Philippines and its implementing rules and regulations;
 3. The imposition or collection of unauthorized charges, including but not limited to fees denominated as “expediting,” “facilitation,” or similar terms; and
 4. The conditioning of the approval, release, or issuance of a building permit upon the payment of fees not authorized under this Act, the National Building Code of the Philippines, or the National Standard Building Permit Fee Framework.

SEC. 8. *Reduced Fees, Waivers, and Exemptions.* — To promote housing affordability, social equity, post-disaster recovery, and compliance with building regulations, the following reduced fees, waivers, and exemptions shall apply:

- a. *Reduced Fees for Priority Housing.* — Small-scale residential buildings, socialized housing projects, and government housing projects shall be entitled to reduced building permit fees, in accordance with guidelines to be issued by the Department of Public Works and Highways (DPWH).
- b. *Fee Exemption for Low-Cost Residential Houses.* — Residential houses with a total construction cost of Three Hundred Thousand Pesos (₱300,000.00) and below shall be exempt from the payment of building permit fees: Provided, That the owner or builder shall still be required to apply for and secure a building permit for purposes of regulation, inspection, and enforcement by the concerned local government unit (LGU).
- c. *Fee Exemption or Waiver for Repairs and Reconstruction.* — Repairs, renovations, and reconstruction works with a total cost of Three Hundred Thousand Pesos (₱300,000.00) and below, which are

necessary to restore habitability, safety, or structural integrity, shall be exempt from building permit fees or subject to fee waivers, in accordance with DPWH guidelines: Provided, That the filing and approval of the corresponding building permit shall remain mandatory.

SEC. 9. *Adjusted Cost Threshold and Automatic Inflation Indexation.*

— Section 209 of Presidential Decree No. 1096 is hereby amended by increasing the maximum allowable construction cost for a building exempt from permit fees from Fifteen Thousand Pesos (₱15,000.00) to Three Hundred Thousand Pesos (₱300,000.00).

The cost threshold shall be automatically adjusted every five (5) years based on the Consumer Price Index (CPI) published by the Philippine Statistics Authority (PSA). The DPWH shall issue the corresponding administrative issuance within six (6) months from each adjustment cycle.

SEC. 10. *Savings Clause.* — Nothing in this Act shall be construed to authorize local government units to impose substitute, additional, or analogous fees, charges, or assessments in lieu of the building permit fees waived or exempted under this Act.

Provided, that this Act shall not be construed to diminish the police power of local government units to regulate building construction, conduct inspections, enforce compliance with safety standards, and require the filing and approval of building permit applications in accordance with law.

SEC. 11. *Transparency and Accountability.* — To ensure openness, accountability, and public confidence in the assessment and collection of building permit fees, all local government units (LGUs) shall comply with the following requirements:

- a. Publish and prominently display a complete and updated schedule of building permit fees in conspicuous places within their premises and through appropriate electronic or online platforms, where available;
- b. Issue official receipts for all payments received and provide applicants with an itemized written breakdown of all assessed and collected fees; and
- c. Submit annual reports on building permit fee assessments and collections to the Department of the Interior and Local Government (DILG) and the Commission on Audit (COA), in such form and manner

as may be prescribed.

SEC. 12. *Oversight and Enforcement.* — To ensure faithful implementation of this Act and compliance by local government units, the following oversight and enforcement mechanisms shall apply:

- a. The Department of the Interior and Local Government (DILG) shall monitor and evaluate LGU compliance with the provisions of this Act, in coordination with the Department of Public Works and Highways (DPWH).
- b. Any local official or employee who authorizes, imposes, or collects building permit fees in violation of this Act or its implementing rules and regulations shall be subject to administrative liability, the refund of illegally or excess fees collected, and the imposition of penalties under existing laws, without prejudice to the filing of appropriate civil or criminal actions.

SEC. 13. *Penal Clause.* — Any local official or employee who knowingly authorizes, imposes, collects, or permits the collection of building permit fees in violation of the provisions of this Act, its implementing rules and regulations, or the National Building Code of the Philippines shall, after due notice and hearing, be subject to the following penalties:

- a. For the first offense — suspension from office for a period of six (6) months to one (1) year, and the refund of all illegally or excess fees collected, without prejudice to administrative sanctions under existing civil service laws and rules;
- b. For the second offense — suspension from office for a period of one (1) year and one (1) day to two (2) years, disqualification from holding any appointive public office during the period of suspension, and the refund of all illegally or excess fees collected; and
- c. For the third or subsequent offense — dismissal from the service, with forfeiture of retirement benefits, perpetual disqualification from public office, and the refund of all illegally or excess fees collected.

The imposition of the foregoing penalties shall be without prejudice to the filing of appropriate civil or criminal actions under existing laws, including Republic Act No. 3019, Republic Act No. 6713, Republic Act No. 7160, and other applicable statutes.

SEC. 14. *Amendments to the Local Government Code.* Sections 147, 151, 209 and other relevant provisions of Republic Act No. 7160 are hereby amended to the extent necessary to ensure conformity with this Act and the National Building Code.

SEC. 15. *Implementing Rules and Regulations.* Within ninety (90) days from the effectivity of this Act, the DPWH and DILG shall jointly promulgate the Implementing Rules and Regulations.

SEC. 16. *Separability Clause.* If any provision of this Act is declared invalid, the remaining provisions shall continue in full force and effect.

SEC. 17. *Repealing Clause.* All laws, ordinances, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 18. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,