

## **RULES AND REGULATIONS TO IMPLEMENT P.D. NO. 1517 OTHERWISE KNOWN AS THE URBAN LAND REFORM.**

**WHEREAS**, it is the policy of the State a) to liberate our human communities from blight, congestion, and hazard, and to promote their development and modernization; b) to bring about the optimum use of land as a national resource for public welfare rather than as a commodity of trade subject to price speculation and indiscriminate use; c) to provide equitable access and opportunity to the use and enjoyment of the fruits of the land; d) to acquire such lands as are necessary to prevent speculative buying of land for public welfare; and e) to maintain and support a vigorous private enterprise system responsive to community requirements in the use and development of urban lands.

**NOW, THEREFORE**, pursuant to Section 5 of Presidential Decree No. 1517, the Ministry of Human Settlements, in conjunction with the Urban Land Reform Coordinating Council, hereby adopts and promulgates the following rules and regulations to implement the Urban Land Reform Act.

### **RULE I**

#### **SCOPE AND DEFINITION OF TERMS**

**SECTION I. Scope of Application.** These Rules and Regulations shall govern the administration and management of specific urban and urbanizable lands proclaimed or to be proclaimed by the President in Urban Land Reform Zones in accordance with Presidential Decree No. 1517, otherwise known as the Urban Land Reform Act.

**SECTION 2. Definition of Terms.** As used in these Rules and Regulations, the following words and phrases shall have the following meaning:

- a. Commission refers to the Human Settlements Regulatory Commission.
- b. Coordinating Council refers to the Urban Land Reform Coordinating Council.
- c. Decree means Presidential Decree No. 1517.
- d. Development Plan is a series of decision documents, including maps, specifying the nature of future physical, social, economic and environmental development of the Urban Zone as outlined in the Concept Plan, and consisting among others, of a detailed land use plan, including area phasing, sectoral programs, land acquisition and disposition programs and capital development programs.
- e. Joint Venture refers to the commitment, for more than a limited duration, of funds, land resources, facilities and services by two or more legally separate interests to an enterprise for their mutual benefit.
- f. Land Assembly means the acquisition of lots varying ownership through, among others, expropriation or negotiated purchase, for the purpose of planning and development unrestricted by individual property boundaries.
- g. Land Banking refers to the acquisition of land, in advance of actual need, for the purpose of acquiring lands at existing use value and of disposing, them in a manner which would promote planned development and influence land price formation.

- h. Land Consolidation or Readjustment refers to the pooling of individual lots for the purpose of development and replotting, unrestricted by individual property boundaries, and according to an approved development plan.
- i. Land Exchange refers to the process of bartering land for another piece of land or share of stock of equal value in a government or quasi-government corporation.
- j. Land Management refers to the right of the State to classify, guide and regulate the acquisition, use and disposition of land in the interest of public welfare.
- k. Minister refers to the Minister of Human Settlements.
- l. Ministry refers to the Ministry of Human Settlements.
- m. Neighborhood Ownership is a scheme whereby a group of homeowners occupying a contiguous parcel of land, and constituting a neighborhood units, owns the land in common.
- n. Residential Freehold is a grant of residential land within an Urban Land Reform Zone made by the State upon compliance with development use and related conditions.
- o. Tenure in Improvement is a disposition technique which will enable occupants of government-owned lands to exercise ownership over occupant-introduced improvements.
- p. Urban Lands refer to lands which conform to any of the following criteria:
  1. In their entirety, all cities and municipalities which have a population density of at least 1,000 persons per square kilometer and where at least 50 percent of the economically active population are engaged in non-agricultural activities.
  2. All barangays comprising the former poblacion or barangay including a part of the former poblacion of cities and municipalities which have a population density of greater than 500 but less than 1,000 persons per square kilometer; and where at least 50 percent of the economically active population are engaged in non-agricultural activities.
  3. All barangays not included in items 1 and 2 above which have a population size of at least 1,000 and where at least 50 percent of the economically active population are engaged in non-agricultural activities.
- q. Urbanizable Lands refer to sites and land areas which, considering present characteristics and prevailing conditions, display a marked and high probability of becoming urban lands within the period of five to ten years.
- r. Urban Zone means Urban Land Reform Zone.
- s. Urban Zone Committee means the Urban Zone Expropriation and Land Management Committee.

## RULE II

### PUBLIC HEARINGS

**SECTION 3. Public Hearings.** Upon proclamation of an Urban Zone, the Commission shall conduct

public hearings to allow persons affected by said proclamation and related acts to present their views, grievances and recommendations.

For this purpose, public hearing committees shall be created, the number and composition of which shall be determined by the Commission.

**SECTION 4. Conduct of Public Hearings.** The Commission shall prescribe rules and regulations for the conduct of public hearings, provided that all public hearings shall be conducted within the Urban Zone.

### **RULE III**

#### **PREPARATION AND APPROVAL OF DEVELOPMENT PLAN AND REGULATIONS**

**SECTION 5. Development Plan.** Upon proclamation of an Urban Zone, the Ministry shall cause the immediate preparation of a Development Plan, taking into consideration existing development plans and projects within the Urban Zone.

**SECTION 6. Review of Development Plan.** The Development Plan shall be submitted to the Commission for review. In its review, the Commission shall provide for public participation through the following:

- a. Publication of the salient features of the Development Plan in a newspaper of general circulation in the province, city or municipality covered by the Urban Zone, and a notice of the place and date of the public hearing to be conducted on the said Development Plan.
- b. Public hearing on the Development Plan on the date and place indicated in the said publication.

**SECTION 7. Approval of the Development Plan.** After review, the Commission shall forward the said Development Plan, together with a report of its findings and recommendations, to the Minister for consideration and approval.

**SECTION 8. Development Regulations.** The Ministry shall cause the translation of the Development Plan into Development Regulations which shall include zoning and subdivision regulations, architectural design standards, environmental controls and other enforcement guidelines. Upon approval by the President, these Development Regulations shall be enforced by the Ministry or any of its attached agencies, IN COORDINATION WITH THE APPROPRIATE AGENCIES.

### **RULE IV**

#### **OFFICIAL DEVELOPMENT REGISTRY**

**SECTION 9. Establishment of the Official Development Registry.** All owners of lands or improvements within the Urban Zone shall declare to the Commission any proposal to sell, lease or encumber lands and improvements thereon, including the proposed price, rent and value of encumbrance, and secure approval of the said proposed transaction. IN ACCORDANCE WITH GOVERNMENT DEVELOPMENT PLANS FOR THE SAID ZONE.

The Ministry shall have the pre-emptive right to acquire the abovementioned lands or improvements thereon which shall include, but shall not be limited to, lands occupied by tenants as provided for in Section 6 of the Decree. SUBJECT TO THE REQUIREMENTS OF THE DEVELOPMENT PLAN FOR THE ZONE.

**SECTION 10. Registration of Land Rights.** The Commission shall register, on a continuing basis, existing rights and interest on lands on their improvements and development proposals of public and private entities and require holders of land rights and developers to submit, among others, copies of their land titles or other evidences of ownership, survey maps with technical description, names of tenants and intent to acquire or develop specific parcels of land.

**SECTION 11. Procedure for Development Registration.** The Commission shall publish in a newspaper of general circulation a notice calling for registration, specifying the dates and places of registration, a map indicating the extent of the Urban Zone, the parties required to register, and documents required for registration. The Commission may, if it deems necessary, send personal notices to affected parties.

**SECTION 12. Role of the Bureau of Land and the Land Registration Commission.** The Bureau of Land and the Land Registration Commission shall provide the Ministry with cadastral maps and other information to be entered into the Development Registry. The LRC shall prior to registration of any transaction involving lands within the Urban Zone, require clearance from the Commission.

## **RULE V**

### **DEVELOPMENT USE PERMIT SYSTEM**

**SECTION 13. Establishment of a Development Use Permit.** The Commission shall establish and administer a comprehensive development use permit system to govern the development of land in every proclaimed Urban Zone and Bagong Lipunan Sites.

**SECTION 14. Development Use permit Requirement.** The Commission shall require a Development Use Permit for every development, use or change in use of, and construction on land within the Urban Zone.

**SECTION 15. Development Use Permit Application.** All persons covered by the preceding Section shall file with the Commission an application for a Development Use Permit, together with supporting documents, such as site development plan and vicinity maps drawn to appropriate scales, proof of ownership and project timetable.

**SECTION 16. Guidelines Pending Approval of Development Plan and Regulations.** Pending approval of the Development Plan and Regulations, the Minister is hereby authorized to issue guidelines in the grant of Development Use Permits within the Urban Zone.

## **RULE VI**

### **URBAN ZONE EXPROPRIATION AND LAND MANAGEMENT COMMITTEE**

**SECTION 17. Creation of the Urban Zone Expropriation and Land Management Committee.** The Minister shall WHEN NECESSARY create an Urban Zone Expropriation and Land Management Committee in every PROCLAIMED city, town or locality or within each Urban Zone, to be composed of members from appropriate government agencies and private sectors as designated by the Minister, with the authorized representative of the Ministry serving as Chairman.

**SECTION 18. Functions.** The Urban Zone Committee shall assist the Ministry in the exercise of its power of eminent domain. The Committee shall, in addition to the abovementioned functions, formulate programs and projects specific to the Urban Zones, specifying among others, the operative procedure for land acquisition and its phasing, and shall recommend to the Coordinating Council, the appropriate

mode of disposition and other related aspects of land management.

## **RULE VII**

### **LAND ACQUISITION FOR DEVELOPMENT**

**SECTION 19. Land Acquisition Techniques.** Within an Urban Zone, the Ministry, or any of its attached agencies, may acquire land through any or a combination of the acquisition techniques or arrangements in the following sections:

**SECTION 20. Land Purchase.** The Ministry, in consultation with the Urban Zone Committee, particularly in the valuation of land, may purchase, through negotiation, private lands within the Urban Zone needed or required for the implementation of its development programs and projects.

**SECTION 21. Land Exchange.** Upon initiative of either the private party or the Ministry, land exchange may be effected, subject to the availability of government land for the purpose.

**SECTION 22. Joint Venture.** The Ministry THROUGH ITS CORPORATE AGENCIES may enter into joint venture arrangements with private landowners. It may provide the funds, facilities and services particularly technical and marketing services, deemed necessary to effect the arrangements. The equity participation of the private landowner will include, but shall not be limited to, his land contribution. The joint venture arrangements may provide for a sharing of management responsibilities according to equity contribution through the creation of subsidiary development or management corporation.

**SECTION 23. Land Consolidation or Readjustments.** The Ministry may undertake land consolidation or readjustment for portions of an Urban Zone upon petition of at least 50 percent of the landowners holding an interest representing more than one-half of the land area.

The Ministry may, likewise, encourage and assist private landowners in undertaking land consolidation or readjustment on their own, and to organize themselves for this purpose.

**SECTION 24. Land Banking.** The Ministry may acquire land in advance of actual need through land purchase, land exchange, AND OTHER LAWFUL MEANS.

**SECTION 25. Expropriation.** As a general rule, expropriation will be availed of only as a last resort.

## **RULE VIII**

### **LAND DISPOSITION**

**SECTION 26. Modes of Disposition.** The Ministry may adopt any one or a combination of sale, lease, exchange, neighborhood ownership, residential freehold, tenure in improvement, and other disposition techniques within Urban Zones.

**SECTION 27. Neighborhood Ownership.** In case of disposition through the neighborhood ownership technique, the Ministry may organize new or develop existing neighborhood association for the purpose of assuming collective responsibility for the management and administration of their neighborhood units and for the collection and amortization of land payments.

**SECTION 28. Residential Freehold.** The Ministry may dispose parcels of land ACQUIRED BY IT within an Urban Zone to private individuals for residential purposes, but shall retain ownership thereof until the development shall have been completed and related conditions imposed by the Ministry are

complied with.

**SECTION 29. Tenure in Improvement.** The Ministry may effect a system which will allow it to retain title to certain parcels of land while enabling occupants to own occupant-introduced improvements such as dwelling units.

## **RULE IX**

### **LAND TENANCY IN URBAN ZONES**

#### **SECTION 30. Who are Tenants and Residents.**

- a. Tenants refer to the rightful occupants of residential lands and structures, utilizing the said properties solely for his own use but do not include those whose presence on the land is merely tolerated and without the benefit of contract, those who enter the land by force or deceit, or those whose possession thereof is under litigation.
- b. Residents refer to the legitimate lessees of houses, apartments, accessories, or other residential units, but do not include those whose possession thereof is under litigation.

The possession of a tenant or a resident shall be considered under litigation if at the time of the proclamation of the Urban Zone, a case involving the legality of his possession over the land or its structures is found to be pending in court. However, the pendency of such case shall be without prejudice to the restoration of his status as a tenant or resident under this Rule should the case be finally decided by the court in his favor.

**SECTION 31. Rights of Tenants and Residents.** Within the Urban Zone, legitimate tenants of lands who have built their homes thereon and residents who have continuously resided on the land and its structures for ten years or more at the time of the proclamation shall not be dispossessed of the same and shall be allowed the right of first refusal except over areas subject to government assessment and projects within a reasonable time and at reasonable prices under terms and conditions agreed upon by the parties or, in case of disagreement, to be determined by the Urban Zone Committee.

As used in this Rules, continuously resided means actual, physical and continuous stay by the tenant or resident, including cases where he has temporarily left the leased premises provided that, in such case, his family remains in the premises and provided further, that he intends to return.

**SECTION 32. Succession of Rights.** In case of death or physical incapacity of the bonafide tenant or resident, the surviving spouse or any of his children of legal age who is staying and had stayed in the residential land or dwelling unit for ten (10) years or more, and who possesses the other qualifications provided for in a bonafide tenant/resident may exercise the rights of first refusal and/or non-dispossession.

**SECTION 33. Right of First Refusal.** Right of first refusal is the pre-emptive right of the tenant or resident to buy the leased premises which are being offered for sales or being sold by the owner.

This right of first refusal shall be limited to natural persons who are Filipino citizens and are actually occupying the land and structures primarily for residential purposes.

**HOWEVER, THE GOVERNMENT'S PRE-EMPTIVE RIGHT IS PARAMOUNT TO THE ABOVE-MENTIONED RIGHT.**

**SECTION 34. Period to Exercise Right of First Refusal.** In cases where the tenants and residents referred to in Section 33 are unable to purchase the said lands or improvements, they may apply for financial assistance from the government. The right of first refusal shall be exercised within the time to be determined by the Urban Zone Committee which shall not exceed 6 months from the time the owner made a written offer to sell to the tenant or resident.

**SECTION 35. Space Limitation.** In the exercise of the right of first refusal the lot size subject to purchase shall be limited to not more than twice the ground floor area of his existing unit.

**SECTION 36. Waiver of Right.** A tenant or resident may waive the right of first refusal through a sworn statement: Provided, that it is subject to the approval of the Commission.

**SECTION 37. Ground for Ejectment.** Notwithstanding the provision of Section 31 of these Rules, the tenant/resident may be ejected on any of the following grounds:

- a. Subleasing or assignment of lease of residential units in whole or in part, without the written consent of the owner/lessor; Provided, that in the case of subleases or assignments executed prior to the approval of this Rules, the sublessor/assignor shall have sixty days from the effectivity of this Rules within which to obtain the approval of the owner/lessor or terminate the sublease or assignment.
- b. Arrears in payment of rent for three (3) months at any one time: Provided, that in case of refusal of the lessor to accept payment of the rental agreed upon the tenant/resident shall either deposit, by way of consignment, the amount in court, or in a bank in the name of and with notice to the lessor.
- c. Need of owner/lessor to repossess his property for his own use or for the use of any immediate member of his family as a residential unit, such immediate member not being the owner of any other available residential unit: Provided, however, that the period of lease has expired: Provided, further, that the lessor has given the tenant/resident notice three months in advance of the lessor's intention to repossess the property: and Provided, finally, that the owner/lessor or immediate members of his family stay in the residential units for at least one year, except for justifiable cause. This ground, however, shall not apply, if upon termination of the lease contract, the tenant/resident shall have continuously resided thereon for ten years or more.
- d. Ownership by the tenant/resident of another residential unit which he may use as his residence: Provided, that the tenant/resident shall have been notified by the lessor of the intended ejectment three months in advance.
- e. Need of the lessor to make necessary repairs of the leased premises which is the subject of an existing order of condemnation by appropriate administrative authorities concerned in order to make the said premises safe and habitable: Provided, that after said repairs, the tenant/resident shall have the pre-emptive right to lease the same premises.

No order of condemnation or demolition, shall however, be issued without a prior clearance from the Ministry of Human Settlements or its authorized representative.

- f. Expiration of the period of a written lease contract, except in cases where the written contract shall expire after the tenant/resident has stayed thereon for ten (10) years or more.

## **RULE X**

## GENERAL PROVISIONS

**SECTION 38. Listing of Real Property in the Assessment Roll.** The City or Municipal Assessor shall prepare a list of real properties in the assessment roll showing the names of the landowners, lot and title numbers, areas, land classifications and market and assessed values taken from existing tax declaration of all land parcels within the Urban Zone.

**SECTION 39. Land Development Financing.** To ensure and encourage private participation in land development and management activities, the Ministry, with the appropriate public and private agencies, shall develop and recommend for the President's approval, appropriate programs which shall mobilize land development funds from private individual group sources, government financial institutions, joint private ventures, and private financial institutions.

**SECTION 40. Land Development Accounting.** The Ministry shall, where deemed necessary, institute a Land Development Accounting System for Urban Zones and designated Bagong Lipunan Sites, which shall constitute a record of market transactions and revenues related to government land acquisition, development and management activities.

**SECTION 41. Administrative Fines.** Any violation of the Decree or any provision of these Rules shall be subject to the payment of fines not exceeding Ten Thousand Pesos (P10,000) to be imposed by the Ministry through the Commission.

For purposes of carrying out this provision, the Commission shall adopt internal rules and procedures for the conduct of administrative proceedings including, but not limited to, the establishment of a scale or system of imposing the proper amount of fines according to the degree or extent of violation.

**SECTION 42. Penal Provisions.** Any person, firm or corporation who shall violate the provisions of the Decree or any provisions of these Rules and Regulations shall, upon conviction, be punished by a fine of not more than Twenty Thousand Pesos (P20,000.00) or imprisonment of not more than ten years or both at the discretion of the court, provided, that in the case of a corporation, firm, partnership, or association, the penalty shall be imposed upon its officials for such violation, and, in case the guilty party is an alien, he shall immediately be deported after payment of the fine and service of the prison term.

**SECTION 43. Supplementary Rules.** The Minister is hereby authorized to promulgate and adopt additional and supplementary rules and regulations to cover cases not expressly provided for in these Rules.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_\_ at Makati, Metro Manila.

IMELDA ROMUALDEZ MARCOS

Minister of Human Settlements

Chairman

Urban Land Reform Coordinating

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