

**[ PPA MEMORANDUM CIRCULAR NO. 53-97,  
November 14, 1997 ]**

**CLARIFICATORY GUIDELINES ON LEASES/OCCUPANCIES IN THE  
EXPANDED PORT ZONE (EPZ) AND THE OLD PORT ZONE AT  
SOUTH HARBOR, PORT OF MANILA**

Pursuant to the provisions on leasing and rental adjustments of CA 141, as amended, Republic Act 2694, Philippine Commission Act No. 1654, the Civil Code of the Philippines and other PPA issuances, the following guidelines are hereby prescribed:

**1. SCOPE**

This Order shall cover concerns and issues on lease payments and occupancies at the South Harbor.

**2. DEFINITIONS**

- a. *Old Port Zone* — an area proclaimed by the President as part of the Port zone for use pursuant to PD 857. This is the port zone delineation under Executive Order No. 49 dated 14 October 1966.
- b. *EPZ* — Expanded Port Zone declared by the President under Executive Order No. 321 dated 17 March 1988.
- c. *CA 141* — Commonwealth Act No. 141 as amended or the Public Land Act, an act to amend and compile the laws relative to lands of the public domain.
- d. *Act No. 1654* — Philippine Commission Act No. 1654 of 1907, an act to provide for leasing of reclaimed land for commercial purposes, for the lease of foreshore and lands under water, and to regulate the construction of bridges and navigable waterways.
- e. *RA 2694* — Republic Act No. 2694, an act to amend certain provisions of Section 37 and 64 of CA 141.
- f. *Executive Order No. 321* — An order expanding the territorial area of South Harbor Port Zone of the Port of Manila under the jurisdiction of the Philippine Ports Authority issued on 17 March 1988.
- g. *REM Guidelines* — PPA Administrative Order No. 22-95, Revised Guidelines on Real Estate Management, which amends PPA MC 38-89.
- h. *Appraisal* — The valuation of PPA assets rendered by an independent professional appraiser contracted by PPA.

### 3. OBJECTIVES

- a. To resolve issues relating to leases and occupancies at the Expanded and Old Port Zone of South Harbor, Manila to clear the way for the implementation of the EPZ developments;
- b. To provide a guide for situations not covered by the REM guidelines.

### 4. GUIDELINES

As a general rule, rental charges and adjustments for land, buildings and other improvements, shall be determined by the guidelines provided for in PPA Administrative Order No. 22-95 or the Revised Guidelines on Real Estate Management (REM). However, the following cases or situations shall be governed by the herein specific guidelines:

#### 4.1 *For Unexpired Lease Contracts*

4.1.1 *Act No. 1654* — Lease contracts covered by Act No. 1654 of 1907 shall be governed by the provisions of said act and contract, thus:

- > Appraisal/reappraisal shall be done every ten (10) years
- > Rent rate shall be 3% of the appraised value of the land

The law does not put a limit to the appraised/reappraised value of the land. As such, appraisal/reappraisal may be increased by more than 100% of the previous appraisal/reappraisal; but the rent shall be limited to 3% of the appraised/reappraised value of the land.

4.1.2 *Commonwealth Act No. 141, as amended* — Lease contracts covered under CA No. 141 as amended, shall be governed by the provisions of said act and contract, thus:

- > Appraisal/reappraisal shall be done every ten (10) years and shall not be more than 100% of the previous appraisal/reappraisal.
- > Rent rate *shall not be less* than 3% of the appraised/reappraised value of the original land and not less than 4% of the appraised/reappraised value of the reclaimed land.

The law puts a limit to the appraised/reappraised value of the land at 100% of its previous value but it does not prevent an increase in the rent rate beyond 3% of the appraised/reappraised value of the original land and beyond 4% of the appraised/reappraised value of the reclaimed land. As such, rent rates may be increased by more than 3% of the appraised/reappraised value of the original land and by more than 4% of the appraised/reappraised value of the reclaimed land.

4.1.3 *Republic Act No. 2694* — Lease contracts covered by RA 2694 shall be governed by the provisions of said act and contract, thus: