



SUPREME COURT OF THE PHILIPPINES
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Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

REPUBLIC OF THE PHILIPPINES,
represented by the **DEPARTMENT**
OF PUBLIC WORKS AND
HIGHWAYS,

Petitioner,

- versus -

G.R. No. 226021

Present:

CARPIO, J., Chairperson,
PERLAS-BERNABE,
CAGUIOA,
REYES, J. JR., and
LAZARO-JAVIER, JJ.

GILDA* A. BARCELON, HAROLD
A. BARCELON, and HAZEL A.
BARCELON,

Respondents.

Promulgated:

24 JUL 2019

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DECISION

REYES, J. JR., J.:

This is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court, assailing the Decision² dated December 17, 2015, and Resolution³ dated July 21, 2016 of the Court of Appeals (CA) in CA-G.R. CV No. 102216.

The Facts

On February 8, 2008, the Republic of the Philippines (petitioner), through the Department of Public Works and Highways, filed a complaint

* Also referred to as "Glenda" in some parts of the *rollo*.

¹ *Rollo*, pp. 18-34.

² Penned by then Associate Justice Romeo F. Barza, with Associate Justices Andres B. Reyes, Jr. (now Associate Justice of the Supreme Court) and Agnes Reyes-Carpio, concurring; *id.* at 40-53.

³ *Id.* at 54-56.

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for expropriation before the Regional Trial Court (RTC) of Valenzuela, Branch 172 for the acquisition of a parcel of land with its improvements thereon belonging to Gilda A. Barcelon, Harold A. Barcelon, and Hazel A. Barcelon (respondents) for the construction of the C-5 Northern Link Road Project (Segment 8.1) from Mindanao Avenue in Quezon City to the North Luzon Expressway. The subject property is located in Barangay Ugong, Valenzuela City, covered by Transfer Certificate of Title No. V-75179 with an area of 52 square meters, zonal value of ₱2,750.00 per square meter, with a one-storey residential house improvement valued at ₱288,418.54.⁴

Upon deposit of a Development Bank of the Philippines (DBP) manager's check dated November 20, 2008, amounting to ₱413,418.54, which was received by respondents on November 21, 2008, the RTC issued a writ of possession dated December 2, 2008. Said amount, however, was found to be lacking ₱18,000.00 to complete the 100% zonal value of the property, required under the rules for the immediate possession thereof. Upon respondents' motion, the RTC ordered the release of the said balance to the respondents in an Order dated March 9, 2010.⁵

Pursuant to Section 5, Rule 67 of the Rules of Court, the RTC constituted a Board of Commissioners composed of Osita F. De Guzman, RTC, Branch 172, Branch Clerk of Court; Atty. Ard Henry Binwag, City Assessor; and Atty. Engr. Pilar Morales, to determine and recommend the amount of just compensation for the subject property.⁶

Before the Board of Commissioners, petitioner harped on the zonal valuation of the subject property at ₱2,750.00 per square meter; and alleged that the area is infested with informal settlers with poor living conditions, has no proper drainage, and has no distinct pathway for motor vehicles, to support its argument that the amount of the just compensation should not be higher than the zonal value.⁷

Respondents, on the other hand, argue that the amount of just compensation should be within the range of ₱10,000.00 to ₱15,000.00 per square meter considering the prevailing market value of the subject property and the location thereof within a high-intensity commercial zone.⁸

After hearing and submission of the parties' respective position papers, the Board of Commissioners submitted its report dated July 9, 2013, recommending the amount of ₱10,000.00 per square meter as just compensation. It was also recommended that the amount of ₱288,418.54 is the just, fair, and reasonable compensation for the improvement on the lot.⁹

⁴ Id. at 20.

⁵ Id. at 21 and 42.

⁶ Id. at 42.

⁷ Id. at 42-44.

⁸ Id. at 44.

⁹ Id. at 21 and 44-46.

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In arriving at its valuation, the Board of Commissioners considered, among others, the valuation arrived at by the trial court, which was affirmed by this Court, in the case of Hobart Realty Development Corporation (Hobart Realty), as well as that of the Spouses Mapalad Serrano (Spouses Serrano), whose expropriated properties for the same government project are nearby and actually within the area of respondents' property subject of this expropriation suit.¹⁰

The Ruling of the RTC

In its Decision dated December 12, 2013, the RTC fixed the amount of just compensation at ₱9,000.00 per square meter, disposing as follows:

WHEREFORE, judgment is hereby rendered fixing the just compensation of the 52 square meters lot (TCT No. V-75179) at Php468,000.00 (52 sq meters x Php9,000.00) and authorizing the payment thereof by the [petitioner] to the [respondents] for the property condemned deducting the provisional deposit of Php143,000.00 previously made and subject to the payment of all unpaid real property taxes and other relevant taxes by the [respondents], if there be any.

The [petitioner] is directed to pay interest at the rate of 12% per annum on the amount of deposit of Php143,000.00 from the time of the filing of the complaint on February 8, 2008, up to the time that the said amount was deposited in court by the [petitioner] on November 20, 2008 and to pay the interest rate of 12% per annum on the unpaid balance of just compensation of Php325,000.00 (Php468,000.00 – Php143,000.00) computed from the time of the filing of the complaint until the [petitioner] fully paid the balance.

Considering that [respondents] failed to substantiate their claim as to the replacement costs of the one-storey residential house, no additional amount for the replacement costs of the improvements erected on the lot owned by the [respondents] is awarded. The amount [of Php288,418.54] for the value of improvement is considered just, fair and reasonable just compensation.

The [petitioner] is also directed to pay the members of the Board of commissioners the amount of Php3,000.00 each as Commissioner's fees.¹¹

Questioning the amount fixed as just compensation, as well as the interest imposed by the RTC, petitioner appealed to the CA.

The Ruling of the CA

The CA found that the RTC judiciously determined the fair market value of the subject property in the amount of ₱9,000.00 per square meter. It found no error on the part of the RTC when it took into consideration the Board of Commissioners' findings, which were hinged upon the court's

¹⁰ Id. at 46.

¹¹ Id. at 46-47.

evaluation in the cases of Hobart Realty and Spouses Serrano to an extent. Specifically, the CA considered the distance of the subject property to those of Hobart Realty's and Spouses Serrano's, which are within a high-density commercial area, and as such, the valuation of ₱9,000.00 per square meter is, according to the CA, acceptable.¹²

The CA did not accept petitioner's claim that the subject property was within an area infested with informal settlers as no evidence was presented to prove such claim. According to the CA, the testimonies of petitioner's witnesses were, at most, only able to prove that tagging and relocation were conducted in some areas of Barangays Ugong and Gen. T. De Leon.¹³

The CA also rejected petitioner's contention that the just compensation should be based on the zonal value of the property. It ruled that zonal valuation is just one of the indices of the fair market value of a property.¹⁴

In all, the CA upheld the amount of just compensation fixed by the RTC at ₱9,000.00 per square meter but modified the interest imposed thereon in accordance with the prevailing jurisprudence, thus:

WHEREFORE, the appeal is **PARTLY GRANTED**. The legal interest rate of 12% per annum shall be paid on the amount of deposit of Php143,000.00 from the time of the filing of the complaint on February 8, 2008, up to the time the said amount was deposited in court by [petitioner] on November 20, 2008. The balance in the amount of Php325,000.00 shall carry an interest rate of 12% per annum from the time of the filing of the complaint until June 30, 2013. Beginning July 1, 2013, until fully paid, the amount of Php325,000.00 shall earn interest at the new legal rate of 6% per annum. All other aspects of the decision are **AFFIRMED**.

SO ORDERED.¹⁵

Petitioner's motion for reconsideration was denied in the CA's July 21, 2016 Resolution, the dispositive thereof reads:

WHEREFORE, the Motion for Reconsideration is **DENIED**. The Decision dated December 17, 2015 **STANDS**.

SO ORDERED.¹⁶

Hence, this petition.

Petitioner questions the amount of just compensation fixed by the RTC and affirmed by the CA. Essentially, it argues that the manner of determining the just compensation award is arbitrary as the courts *a quo*

¹² Id. at 47.

¹³ Id. at 50-51.

¹⁴ Id. at 51.

¹⁵ Id. at 52.

¹⁶ Id. at 55.

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only considered the distance of the subject property from the Hobart Realty and Spouses Serrano properties, and did not take into consideration the actual use, classification, size, area, and actual condition of the subject property.¹⁷ Petitioner insists that at the time of taking of the subject property, the same is within an area proximate to properties inhabited by informal settlers. Hence, petitioner maintains that the amount of the just compensation for the expropriation of said property cannot be more than the zonal value.

The Issue

Did the CA err in sustaining the amount of just compensation fixed by the RTC?

The Ruling of the Court

We rule in the negative.

Jurisprudence defines just compensation “as the full and fair equivalent of the property taken from its owner by the expropriator.”¹⁸ It is considered to be the sum equivalent to the market value of the property, broadly described to be the price fixed by the seller in open market in the usual and ordinary course of legal action and competition or the fair value of the property as between one who receives and one who desires to sell it, fixed at the time of the actual taking by the government.¹⁹

The determination of just compensation is a judicial function because what is sought to be determined is a full, just, and fair value due to the owner of a condemned property with an equally-important consideration that the payment of the same entails the expenditure of public funds, and this can only be attained by reception of evidence consisting of reliable and actual data, and the circumspect evaluation thereof. Thus, issues pertaining to the value of the property expropriated are questions of fact.²⁰

This Court is not a trier of facts and questions of fact are beyond the scope of the judicial review of this Court under Rule 45.²¹ Moreover, factual findings of the trial court, when affirmed by the CA, are conclusive upon

¹⁷ Id. at 22.

¹⁸ *Republic v. C.C. Unson Company, Inc.*, 781 Phil. 770, 782 (2016), citing *Republic v. Asia Pacific Integrated Steel Corporation*, 729 Phil. 402, 415 (2014).

¹⁹ *Republic v. Asia Pacific Integrated Steel Corporation*, id. at 412.

²⁰ *Evergreen Manufacturing Corporation v. Republic*, 839 Phil. 200, 215 (2017).

²¹ *Republic v. C.C. Unson Company, Inc.*, *supra* note 18, at 783.

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this Court. While this Court has recognized several exceptions²² to this rule, we do not find any of those present in this case.

At any rate, the instant petition fails to provide us a cogent reason to deviate from the findings and conclusions of the CA. As correctly ruled by the CA, the RTC's determination of the amount of just compensation in this case is well-taken.

Petitioner, however, insists that the CA merely agreed with the findings of the RTC which failed to consider all relevant factors in the determination of the just compensation. Petitioner maintains that the RTC, merely considered the Board of Commissioners' report, which allegedly relied only on the distance of the subject property from the Hobart Realty and Spouses Serrano properties.

A careful reading of the Board of Commissioners' report, the RTC, as well as the CA's Decisions, negate this contention. As can be gleaned from said report and decisions, the proximity of the subject property's location to that of Hobart Realty's and Spouses Serrano's, respectively, was merely one of the factors considered by the RTC and the CA in their judicial valuation of the property.

The Board of Commissioners reported as follows:

After the careful consideration of the location, the land usage and the distance of the property of the [respondents] to that of Hobart Realty Development Corporation and Sps. Mapalad Serrano, et al., where this Honorable Court in its Decision dated March 16, 2010 and August 12, 2012 rendered the aforesaid cases pegged the fair market value at Php15,000.00 and Php5,000.00, respectively, the undersigned commissioners unanimously recommended the amount of Php10,000.00 per square meter as the just, fair and reasonable fair market value of the property of the [respondents] subject of the appropriation proceedings in this case.

The undersigned did not recommend any additional replacement cost for the improvement erected on the lot of the property owned by the [respondents] although the [respondents] through their counsel asked that the same be increased to at least 50% on the basis of the initial payment they already received in the amount of Php 288,418.54. However, absence

²² [I]n several cases, the Court enumerated the exceptions to the rule that factual findings of the Court of Appeals are binding on the Court: (1) when the findings are grounded entirely on speculations, surmises or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to that of the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; or (11) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion. *Evergreen Manufacturing Corporation v. Republic*, *supra* note 20, at 215-216. (Citation omitted)

of any evidence to support such claim, the undersigned have ruled that the amount already received by the [respondents] is considered as just, fair and reasonable compensation of the improvement.²³ (Emphasis supplied)

The RTC also took into consideration several established factors before it came up with a notably lower amount of just compensation compared to the Board of Commissioners' recommendation. Relevant portions of its Decision read:

Considering the recommendation of the Board of Commissioners dated July 9, 2013[,] in the amount of Php10,000.00; **the BIR zonal valuation of Php 2,750 per square meter which is certainly higher than the other zonal valuation of other lots subjected to [petitioner's] expropriation and the value declared by the [respondents] in the amount of Php15,000.00 per square meter in their Memorandum; this court's observation on the location of the two properties which is 669.90 meters away from Hobart Realty Development Corporation, a commercial lot, the value of the property was pegged by this court at Php15,000.00/sq.meter in a decision dated March 16, 2010 in Civil Case No. 15-V-08 which decision was affirmed by the Court of Appeals and Supreme Court, the classification of the lot, which is for residential usage, and within the high intensity commercial zone, and the selling price of the property within the vicinity, the amenities present like water, electricity, transportation and communication, the Court rules that the just compensation for the [respondents'] property sought to be taken in this case is fixed at Php 9,000.00 per square meter.**²⁴ (Emphases supplied)

On appeal, as can be gleaned from the CA's assailed Decision, the appellate court was guided by the standards for the assessment of the value of condemned properties under Section 5²⁵ of Republic Act (R.A.) No. 8974,²⁶ which is the same provision being invoked by petitioner in the case at bar. It includes consideration of relevant factors such as the classification and use for which the property is suited; value declared by the owners; the current selling price of similar lands in the vicinity; the size, shape or

²³ *Rollo*, p. 46.

²⁴ *Id.* at 50.

²⁵ Sec. 5. *Standards for the Assessment of the Value of the Land Subject of Expropriation Proceedings or Negotiated Sale.* - In order to facilitate the determination of just compensation, the court may consider, among other well-established factors, the following relevant standards:

- (a) The classification and use for which the property is suited;
- (b) The developmental costs for improving the land;
- (c) The value declared by the owners;
- (d) The current selling price of similar lands in the vicinity;
- (e) The reasonable disturbance compensation for the removal and/or demolition of certain improvement on the land and for the value of improvements thereon;
- (f) This size, shape or location, tax declaration and zonal valuation of the land;
- (g) The price of the land as manifested in the ocular findings, oral as well as documentary evidence presented; and
- (h) Such facts and events as to enable the affected property owners to have sufficient funds to acquire similarly-situated lands of approximate areas as those required from them by the government, and thereby rehabilitate themselves as early as possible.

²⁶ AN ACT TO FACILITATE THE ACQUISITION OF RIGHT-OF-WAY, SITE OR LOCATION FOR NATIONAL GOVERNMENT INFRASTRUCTURE PROJECTS AND FOR OTHER PURPOSES, APPROVED on November 7, 2000.

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location, tax declaration and zonal valuation of the land; and the price of the land as manifested in the ocular findings, oral as well as documentary evidence presented, among others.²⁷

Notably, the CA found the Board of Commissioners' report, which was submitted to, and considered by the RTC, to be supported by attachments or documentary evidence, while petitioner's allegations about the subject property, *i.e.*, the area was infested with informal settlers, were unsupported by any evidence except certain testimonies, which at most, only prove that tagging and relocation were conducted in the area.²⁸

This Court is also one with the CA in rejecting petitioner's argument that the amount of just compensation cannot be more than the zonal valuation of the property. As stated above, there are several well-established and relevant factors to be considered in determining the value of condemned properties. We have consistently held that zonal valuation is just one of the indices of the fair market value of real estate. It cannot be the sole basis of just compensation in expropriation cases.²⁹

Clearly from the foregoing, thus, the RTC did not merely rely on the distance of the subject property from the Hobart Realty and Spouses Serrano properties, contrary to petitioner's contention. The determination of the amount of just compensation by the RTC was even affirmed by the CA, which had the opportunity to examine the facts anew. Hence, the Court finds no reason to deviate from the court *a quo*'s findings and conclusion.

We, however, find it proper to correct the award of legal interest imposed by the CA.

Section 4 of R.A. No. 8974³⁰ provides in part:

Sec. 4. *Guidelines for Expropriation Proceedings.* - Whenever it is necessary to acquire real property for the right-of-way, site or location for any national government infrastructure project through expropriation, the appropriate implementing agency shall initiate the expropriation proceedings before the proper court under the following guidelines:

(a) Upon the filing of the complaint, and after due notice to the defendant, the implementing agency shall immediately pay the owner of the property the amount equivalent to the sum of (1) one hundred percent (100%) of the value of the property based on the current relevant zonal valuation of the Bureau of Internal Revenue (BIR); and (2) the value of the improvements and/or structures as determined under Section 7 hereof;

²⁷ *Rollo*, pp. 48-49.

²⁸ *Id.* at 49-50.

²⁹ *Republic v. Asia Pacific Integrated Steel Corporation*, *supra* note 19, at 416.

³⁰ AN ACT TO FACILITATE THE ACQUISITION OR RIGHT-OF-WAY, SITE OR LOCATION FOR NATIONAL GOVERNMENT INFRASTRUCTURE PROJECTS AND FOR OTHER PURPOSES.

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Upon compliance with the guidelines abovementioned, the court shall immediately issue to the implementing agency an order to take possession of the property and start the implementation of the project.

Before the court can issue a Writ of Possession, the implementing agency shall present to the court a certificate of availability of funds from the proper official concerned.

In the event that the owner of the property contests the implementing agency's proffered value, the court shall determine the just compensation to be paid the owner within sixty (60) days from the date of filing of the expropriation case. When the decision of the court becomes final and executory, the implementing agency shall pay the owner the difference between the amount already paid and the just compensation as determined by the court.

Just compensation should be made at the time of the taking, and the amount of payment should be the fair and equivalent value of the property. The law above-cited, however, allows the government to take possession of the property even before the court's determination of the amount of just compensation by giving an initial payment equivalent to 100% of the value of the property based on the BIR zonal valuation. This initial payment, however, is not the full fair and equivalent value of the property as the same, at this stage, is still for the court's determination. As stated above, when the decision of the court as to the proper amount of just compensation becomes final and executory, the implementing agency shall pay the owner the difference between the amount already paid and the just compensation as determined by the court. The difference between the final and initial payments forms part of the just compensation that the property owner is entitled *from the date of the taking of the property*.³¹ Thus, as the owners were already deprived of their property before receipt of the full just compensation, there was already a delay in the payment of the remaining balance. The remaining balance should, therefore, earn legal interest as a forbearance of money.³²

In this case, the CA erred in imposing legal interest on the initial payment made by the petitioner considering that there was no delay with regard to the said payment. In fact, petitioner's initial payment was in compliance with the law as a pre-requisite for the issuance of the writ of possession. The interest imposed thereon should, therefore, be deleted.

With regard to the remaining balance, while the CA correctly imposed the legal interest thereon, said interest should be reckoned from the taking of the property, *i.e.*, from the issuance of the writ of possession, *not* from the filing of the complaint as the owners of the condemned property are entitled to the full just compensation only upon the taking of the property. In fine,

³¹ *Republic v. Judge Mupas*, 769 Phil. 21, 106 (2015).


³² *Evergreen Manufacturing Corporation v. Republic*, *supra* note 20, at 229.

petitioner's delay begins only upon the taking of the property *not* from filing of the complaint since it is from the date of the taking that the fact of deprivation of property can be established.


In sum, while petitioner filed the expropriation complaint on February 8, 2008, no interest yet shall accrue as it did not take possession of the subject property until the issuance of the writ of possession on December 2, 2008.³³ The remaining balance of the full just compensation as determined by the court shall then earn legal interest at the rate of 12% per annum from the date of the issuance of the writ of possession up to June 30, 2013 and, 6% per annum from July 1, 2013 until finality of this Decision. Thereafter, the total amount of the foregoing shall earn legal interest of 6% per annum from the finality of the Decision until full payment thereof.

WHEREFORE, premises considered, the Decision dated December 17, 2015 and Resolution dated July 21, 2016 of the Court of Appeals in CA-G.R. CV No. 102216 are hereby **AFFIRMED WITH MODIFICATION** in that: (a) the legal interest imposed on the deposit amounting to ₱143,000.00 is **DELETED**; and (b) the 12% per annum legal interest imposed on the balance amounting to ₱325,000.00 is to be reckoned from December 2, 2008, up to June 30, 2013, and thereafter, or from July 1, 2013, the legal interest at the rate of 6% per annum shall be imposed thereon until the finality of this Decision; (c) the total amount of just compensation shall earn legal interest of 6% per annum from the finality of this Decision until full payment thereof.

SO ORDERED.



JOSE C. REYES, JR.
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Senior Associate Justice
Chairperson

³³ *Republic v. Macabagdal*, G.R. No. 227215, January 10, 2018.



ESTELA M. PERLAS-BERNABE
Associate Justice


ALFREDO BENJAMIN S. CAGUIOA
Associate Justice


AMY C. LAZARO-JAVIER
Associate Justice

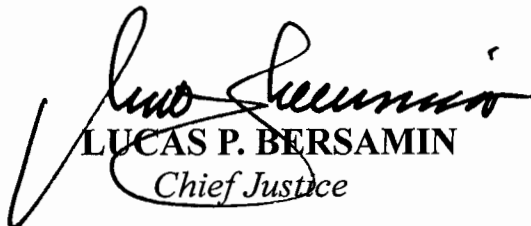
ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ANTONIO T. CARPIO
Senior Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


LUCAS P. BERSAMIN
Chief Justice