



Republic of the Philippines
Supreme Court
Manila

SUPREME COURT OF THE PHILIPPINES
PUBLIC INFORMATION OFFICE

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SECOND DIVISION

REPUBLIC OF THE PHILIPPINES G.R. No. 227960
[represented by the DEPARTMENT
OF PUBLIC WORKS AND HIGHWAYS (DPWH)],

Petitioner,

Members:

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

- versus -

Spouses LORENZANA JUAN
DARLUCIO AND COSME
DARLUCIO,

Respondents.

Promulgated:

24 JUL 2019

M. Cabalag Perfecto

x-----x

DECISION

LAZARO-JAVIER, J.:

Antecedents

Complaint for Expropriation

On November 23, 2007, petitioner Republic of the Philippines, represented by the Department of Public Works and Highways (DPWH), filed against "John Doe GGGGG" the complaint below for expropriation of a parcel of land situated in Barangay Ugong, Valenzuela City, measuring five hundred twenty-seven (527) square meters. It is covered by Transfer Certificate of Title (TCT) No. B-26619. The Republic sought to expropriate the land for the construction of the its C-5 Northern Link Road Project,

Segment 8.1. running through the stretch of Mindanao Avenue, Quezon City up to the North Luzon Expressway (NLEX), Valenzuela City.

The Republic essentially alleged that the land was unoccupied and did not bear any improvements; despite diligent effort, the owner/s of the land could not be ascertained or located. The current zonal valuation of the land was P3,450.00 per square meter. It sought to expropriate four hundred thirteen (413) square meters of the land.

The Order of Expropriation

On September 9, 2008, the trial court issued an order of expropriation and directed petitioner to deposit with the Office of the Clerk of Court (OCC) the amount of P1,424,850.00 equivalent to one hundred percent (100%) of the zonal valuation of the land. Petitioner complied.

Subsequently, respondents Spouses Lorenzana Juan Darlucio and Cosme Darlucio were named as owner-defendants in the expropriation complaint.


Answer

In their Answer, Spouses Darlucio signified their conformity to the expropriation of the land for the indicated public purpose. They admitted that the zonal value of the land was P3,450.00 per square meter, albeit they demanded that the amount of just compensation be based on the prevailing market value of the similarly situated properties. Since the area had been categorized as industrial, the prevailing market value of the land should range from P10,000.00 to P15,000.00 per square meter.

The trial court subsequently constituted the Board of Commissioners to ascertain the amount of just compensation.

Based on the parties' respective evidence, the result of its own research on the classification and value of the land, the Board recommended the amount of P15,000.00 per square meter as just compensation on the land. According to the Board, the amount was based on the *Hobart* case wherein expropriated properties situated within the *Hobart Village* were prized at P15,000.00 per square meter. These properties lie right in front of respondents' property.

The Republic opposed the recommendation. It argued that the recommendation relied solely on *Hobart* and completely disregarded the evidence on record pertaining to the property's actual use, classification, size, area, and physical condition. Prior to this action, it had already expropriated 80.50 square meters of the land at only P2,000.00 per square



meter. The land was exclusively residential. The Board also allegedly disregarded the presence of informal settlers in the surrounding areas.

Respondents, on the other hand, agreed with the Board's recommendation. They averred that it would already be difficult for them to acquire another property in the same area of the same size.

The Trial Court's Ruling

By Decision dated May 16, 2014,¹ the trial court fixed the amount of just compensation at P15,000.00 per square meter directed the Republic to perform its corresponding obligation pertaining to the property, *viz*:

WHEREFORE, judgment is hereby rendered fixing the just compensation of the 413 square meters out of the 527 square meters lot (TCT No. B-26619) at Php6,195,000.00 (413 sq. meters x Php15,000.00) and authorizing the payment thereof by the plaintiff to the defendants-spouses for the property condemned deducting the provisional deposit of P1,424,850.00 previously made and subject to the payment of all unpaid real property taxes and other relevant taxes by the defendants-spouses up to the taking of the property by plaintiff, if there be any.

The plaintiff is directed to pay interest at the rate (of) 12% per annum on the amount of deposit of Php1,424,850.00 from the time of the filing of the complaint on November 23, 2007 up to the time that the said amount was deposited in court by the plaintiff on December 16, 2008 and to pay the interest rate of 12% per annum on the unpaid balance of just compensation of Php4,770,150.00 (Php6,195,000.00 – Php1,424,850.00) computed from the time of the filing of the complaint until the plaintiff fully pays the balance.

The plaintiff is also directed to pay the members of the Board as commissioner's fee the amount of Php3,000.00 each, the amount of Php502,500.00 as consequential damages and Php50,000.00 as attorney's fees.


For the transfer of the title of the property from the defendants-spouses to the plaintiff, the payment of the capital gains tax shall be at the expense of the defendants-spouses while the payment of (the) transfer tax and other related fees to be paid to the City Government of Valenzuela and the Register of Deeds of Valenzuela City shall be at the expense of the plaintiff.

Let a certified true copy of this decision be forwarded to the Office of the Register of Deeds of Valenzuela City for the latter to annotate this decision in the Transfer Certificate of Title No. B-26619 registered in the name of the defendants-spouses.

SO ORDERED.²

¹ *Rollo*, pp. 65-69.

² *Id.* at 69.



The trial court noted that the amount of P15,000.00 per square meter represented the fair market value of the property which the Republic failed to refute by any countervailing evidence.

The Court of Appeals' Ruling

On appeal,³ the Court of Appeals affirmed with modification through its assailed Decision dated May 11, 2016,⁴ viz:

WHEREFORE, the appeal is **PARTIALLY GRANTED**. The May 16, 2014 Decision of the Regional Trial Court, Branch 172, Valenzuela City in Civil Case No. 205-V-07 is hereby **AFFIRMED** with the following **MODIFICATIONS**:

1. The interest rate on the unpaid balance of the just compensation shall be 12% *per annum* from the time of taking on November 23, 2007 until June 30, 2013, and 6% *per annum* from July 1, 2013 until finality of this Decision. Thereafter, the principal amount due as adjusted by interest shall likewise earn interest at 6% *per annum* until fully paid; and
2. The award of attorney's fees and the imposition of "12% interest *per annum* on the amount deposited in court from the time of filing the complaint up to the time it was deposited" are hereby **DELETED**.

All other aspects of the assailed Decision stand.

SO ORDERED.⁵


The Court of Appeals held that the satellite map on record showed that the land was located near Hobart Village. Thus, the final judicial determination of just compensation on the property in *Hobart*, i.e. P15,000.00 per square meter is material to the determination of the amount of just compensation in this case. In ascertaining just compensation, the measure is not the taker's gain, but the owner's loss.

The Court of Appeals further noted that the Republic's offer of the 2003 zonal valuation did not reflect the fair market value of the land as of November 2007 when the complaint for expropriation was filed. In any event, the zonal valuation was only one of the indices of the land's value. The Republic also failed to prove the supposed presence of informal settlers on the land itself.

³ *Id.* at 75-103.

⁴ *Id.* at 37-51.

⁵ *Id.* at 50-51.



Lastly, the Court of Appeals held that while the Republic may have way back in 1997 expropriated 80.50 square meters of the property for only P2,000.00 per square meter, this amount was no longer the prevailing fair market value of the remaining area ten (10) years later in 2007 when the Republic initiated the present expropriation complaint.

The Present Petition

The Republic now asks the Court to exercise its discretionary appellate jurisdiction to review and reverse the assailed decision of the Court of Appeals pertaining to the amount of just compensation on the property.

The Republic asserts that *Hobart* should not be considered the veritable factor in determining the amount of just compensation here. Other equally important factors include the nature and character of the land, the presence of informal settlers in the adjacent areas, and the zonal valuation of the land.⁶


In their Comment dated June 14, 2017,⁷ respondents argue that the trial court did not err when it sustained *Hobart's* final and executory valuation in the amount of P15,000.00 per square meter. Too, the amount of just compensation for the previously expropriated 80.50 square meters of the property could no longer be considered fair and just ten (10) years later. More, while there may be informal settlers in the barangay, there are no informal settlers within the vicinity of the property itself. The property lies just a few steps away from Hobart Village where the prevailing market price has risen to P40,000.00. Based on distance or proximity, the land may be reasonably assessed at P30,000.00 per square meter, yet, the Board reduced it by half and recommended only P15,000.00 per square meter.

In its Reply dated December 21, 2017,⁸ the Republic points out that the Board did not even conduct an ocular inspection of the land albeit the C-5 Northern Link Project had already been completed around the same time the Board was constituted. It only relied on the land valuation found in previously decided cases and electronic data *via* internet, although these data are not genuinely verifiable. While it is true that the property lies beside Hobart Village, *Hobart* cannot be applied here because the factual circumstances there are different from those obtaining here. Department Order No. 81-2015 dated July 28, 2016 issued by the Department of Finance shows that the zonal value for residential lots in Barangay Ugong range only from P2,000.00 to P3,950.00 per square meter.

⁶ *Id.* at 23-30.

⁷ *Id.* at 116-126.

⁸ *Id.* at 136-144.



The Core Issue

Did the Court of Appeals commit reversible error in affirming the amount of P15,000.00 per square meter as just compensation for the property?

Ruling

The petition utterly lacks merit.

In a petition for review on certiorari under Rule 45 of the Revised Rules of Court, only questions of law may be raised. The Court not being a trier of facts will not take cognizance of factual issues which require the presentation and appreciation of the parties' evidence. The Court, therefore, will not calibrate anew the same evidence which the courts below had already passed upon in full. Indeed, in the absence here of grave abuse of discretion, misapprehension of facts, conflicting findings, or erroneous appreciation of the evidence, the trial court's factual findings are conclusive and binding on the Court, more so because such factual findings carry the concurrence of the Court of Appeals.⁹

In any event, just compensation is defined as the full and fair equivalent of the property taken from its owner by the expropriator. The measure is not the taker's gain, but the owner's loss. The word "just" is used to intensify the meaning of the word "compensation" and to convey thereby the idea that the equivalent for the property to be taken shall be real, substantial, full, and ample.¹⁰

Section 5 of Republic Act 8974¹¹ (RA 8974) enumerates the following relevant standards the court may consider, among others, in the determination of just compensation, viz:

Section 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;

⁹ See *National Power Corporation v. Apolonio V. Marasigan, et al.*, G.R. No. 220367, November 20, 2017, 845 SCRA 248, 264-265.

¹⁰ See *National Transmission Corporation v. Oroville Development Corporation*, 815 Phil. 91, 105 (2017).

¹¹ An Act to Facilitate the Acquisition of Right-of-Way, Site or Location For National Government Infrastructure Projects and for Other Purposes, November 7, 2000.

- (f) [The] 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.

Did the trial court consider these relevant standards in its determination of the just compensation in the case? This requires a quick reference to the decision itself, *viz*:

In estimating the market value, all the capabilities of the property and all the uses to which it may be applied or for which it is adapted are to be considered and not merely the condition it is the time and use to which it is then applied by the owner. All the facts as to the condition of the property and its surroundings, its improvements and capabilities may be shown and considered in estimating its value.

The court takes judicial notice of the fact that the project, C-5 Northern Link Road Project Segment 8.1 from Mindanao Avenue in Quezon City to the North Luzon Expressway, Valenzuela City, which is the basis for the expropriation of the property of the defendants-spouses has already been completed and has long been utilized by the motoring public.

There is no dispute that the 413-square meter subject lot, irregular "L" in shape with generally flat terrain, was classified as residential by the Bureau of International (sic) Revenue (BIR) and the same has a zonal valuation of Php3,450.00/square meter. The property subject of expropriation is a portion of the 527-square meter lot covered by TCT No. B-26619 registered in the name of the defendants-spouses. Previously, a portion of the lot at about 80.50 sq.m., covered by TCT No. B-26619 was already expropriated in favor of the government. The property subject of expropriation is about 0.00 meters away, adjacent to the property Hobart Realty Development Corporation, which was expropriated by the plaintiff and in which the just compensation was pegged by this court in the amount of Php15,000/sq.m.. It is located in an area with mixed residential and commercial land usages.

Plaintiff tried to lower the value of the subject property by proving that in several portions of C-5 Northern link Road Project, Segment 8.1, Valenzuela City, there were informal settlers in Barangay Ugong where the property of the defendants-spouses is located. Plaintiff, however, failed to prove that the lot of the defendants-spouses was occupied by squatters or near the vicinity of the alleged squatters.

x x x

x x x

x x x

In fine, considering that the plaintiff failed to adduce evidence to support its claim for a lower valuation for the defendants-spouses' property, the court approves the recommendation of the Board of Commissioners of Php15,000.00 per square meter.¹²

The decision speaks for itself. Land capabilities, use, shape, flat terrain, classification as residential property, surroundings, improvements, adjacent properties, final decision in similar expropriation cases of adjacent properties, proof of informal settlers, if any, in adjacent areas are the relevant standards considered by the trial court in determining the amount of just compensation for the property. In fact, the Court of Appeals aptly took notice of the meticulous process by which the trial court determined the amount of just compensation here, *viz*:

As borne by the records, the RTC considered the foregoing standards in fixing the just compensation for the subject property. It considered the classification, size, shape, location, and zonal valuation thereof, selling price of a similar land in the vicinity, and value declared by the owners. It is clear from the satellite map that the property sought to be expropriated is located near the property subject of the *Hobart case*. No less than the Republic itself presented an evidence that the subject property is situated within the Hobart Village. Hence, the RTC's final determination of the just compensation in the Hobart case is material in assessing the FMV of the property sought to be expropriated. The Hobart case was decided on March 16, 2010 and the RTC pegged the FMV of the subject property therein at P15,000.00 per sq.m. Indubitably, the said valuation equally applies to the subject property considering that they are similarly situated. Thus, the RTC was correct in fixing the just compensation of the expropriated land at P15,000.00 per sq.m. x x x x

On the other hand, the Republic cannot insist that the FMV of the subject property is only P3,450.00 per sq.m. Notably, the Republic based such valuation on the BIR zonal valuation determined sometime in 2003 which is obsolete and does not reflect the value of the property at the time of the filing of the expropriation proceedings on November 23, 2007. It must be emphasized that the zonal valuation cannot, by and itself, be considered as the sole basis for just compensation.¹³ x x x x


In sum, the challenge of the Republic against the so called "just compensation" devoid of factual and legal bases must fail.

In any event, the Republic's persistent plea for a remarkably reduced amount of just compensation here should give way to what is fair and just. Consider:

One. The amount of P2,000.00 per square meter way back circa 1997 is no longer just or fair ten (10) years after in 2007 when the expropriation

¹² *Id.* at 68-69.

¹³ *Id.* at 46-47.



complaint was filed. It is settled that just compensation refers to the value of the property *at the time of taking*¹⁴ not earlier nor later.

Two. The zonal value alone of the properties in the area whether of recent or vintage years does not equate to just compensation. Otherwise, its determination will cease to be judicial in nature. All the court has to do is adopt the zonal value of the property in its decision, a purely mechanical act which totally negates the exercise of judicial discretion. For sure, this is highly irregular if not totally improper. Precisely, RA 8974 prescribes relevant standards the courts may consider in fixing the amount of just compensation subject to the court's exercise of judicial discretion.

Three. Continuous resistance against the application of *Hobart* here is uncalled for. In its assailed decision, the Court of Appeals lucidly discussed why *Hobart* bears the fair and reasonable amount of just compensation for the property in question, thus:

x x x x It is clear from the satellite map that the property sought to be expropriated is located near the property subject of the *Hobart case*. No less than the Republic itself presented an evidence that the subject property is situated within the Hobart Village. Hence, the RTC's final determination of the just compensation in the *Hobart case* is material in assessing the FMV of the property sought to be expropriated. The *Hobart case* was decided on March 16, 2010 and the RTC pegged the FMV of the subject property therein at P15,000.00 per sq.m. Indubitably, the said valuation equally applies to the subject property considering that they are similarly situated. Thus, the RTC was correct in fixing the just compensation of the expropriated land at P15,000.00 per sq.m.¹⁵ x x x x

Indeed, *Hobart* is the binding final and executory precedent on how much is deemed to be just compensation for the property in question. *Hobart* is circa 2012 but the same has been adopted by the Court anew in *Republic v. Ng*,¹⁶ involving expropriation of lot in Barangay Ugong, Valenzuela City, as in this case, the just compensation of which the Court lifted from *Hobart*. *Republic v. Ng* is fairly recent. It came out only on November 29, 2017, or less than two (2) years ago.

Four. The Republic failed to prove the alleged presence of informal settlers in the property or its immediate vicinity. Its own witness, Fe Pesebre, Officer-in-Charge in the Institutional Development Division of the National Housing Authority, testified that she had no information whether informal settlers were found on respondents' property.¹⁷

¹⁴ *National Transmission Corporation v. Oroville Development Corporation*, supra note 10, at 107.

¹⁵ *Rollo*, p. 46.

¹⁶ G.R. No. 229335, November 29, 2017, 847 SCRA 321.

¹⁷ *Rollo*, p. 41.

Republic v. C.C. Unson Company, Inc.,¹⁸ articulates the extent of the Court's discretionary appellate jurisdiction over cases brought before it via Rule 45, viz:

This Court, however, is not a trier of facts; and petitions brought under Rule 45 may only raise questions of law. This rule applies in expropriation cases as well. In *Republic v. Spouses Bautista*, the Court explained the reason therefor:

This Court is not a trier of facts. Questions of fact may not be raised in a petition brought under Rule 45, as such petition may only raise questions of law. **This rule applies in expropriation cases.** Moreover, **factual findings of the trial court, when affirmed by the CA, are generally binding on this Court.** An evaluation of the case and the issues presented leads the Court to the conclusion that it is unnecessary to deviate from the findings of fact of the trial and appellate courts.

Under Section 8 of Rule 67 of the Rules of Court, the trial court sitting as an expropriation court may, after hearing, accept the commissioners' report and render judgment in accordance therewith. This is what the trial court did in this case. **The CA affirmed** the trial court's pronouncement in toto. Given these facts, **the trial court and the CA's identical findings of fact concerning the issue of just compensation should be accorded the greatest respect, and are binding on the Court absent proof that they committed error in establishing the facts and in drawing conclusions from them. There being no showing that the trial court and the CA committed any error, we thus accord due respect to their findings.**

The only legal question raised by the petitioner relates to the commissioners' and the trial court's alleged failure to take into consideration, in arriving at the amount of just compensation, Section 5 of RA 8974 enumerating the standards for assessing the value of expropriated land taken for national government infrastructure projects. What escapes petitioner, however, is that the courts are not bound to consider these standards; the exact wording of the said provision is that "in order to facilitate the determination of just compensation, the courts may consider" them. The use of the word "may" in the provision is construed as permissive and operating to confer discretion. In the absence of a finding of abuse, the exercise of such discretion may not be interfered with. For this case, the Court finds no such abuse of discretion. (Emphasis supplied)

All told, the Court of Appeals did not err when it affirmed the amount of P15,000.00 per square meter as just compensation for the expropriated land owned by respondent Spouses Lorenzana Juan Darlucio and Cosme Darlucio.

WHEREFORE, the petition is **DENIED**, and the Decision dated May 11, 2016 and Resolution dated October 26, 2016, **AFFIRMED**.


¹⁸ 781 Phil. 770, 783-784 (2016).

SO ORDERED.

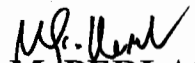


AMY C. LAZARO-JAVIER
Associate Justice

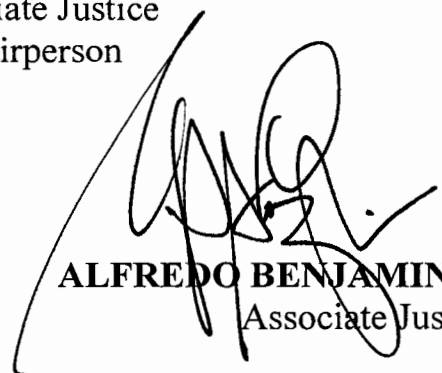
WE CONCUR:




ANTONIO T. CARPIO
Associate Justice
Chairperson



ESTELA M. PERLAS-BERNABE
Associate Justice




ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



JOSE C. REYES, JR.
Associate Justice

ATTESTATION

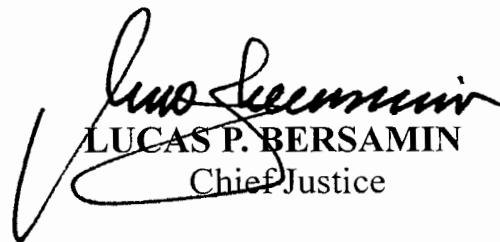
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's division.



ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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

