

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

SECOND DIVISION

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

G.R. No. 222551

Present:

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

- versus -

SPOUSES PEDRO GOLOYUCO and ZENaida GOLOYUCO,
Respondents.

Promulgated:

19 JUN 2019

X ----- *Atty. Eraldo P. Ong et al.* ----- X

DECISION

REYES, J. JR., J.:

Assailed in this Petition for Review on *Certiorari* are the July 21, 2015 Decision¹ and the January 12, 2016 Resolution² of the Court of Appeals (CA) in CA-G.R. CV No. 102609 which affirmed with modification the February 18, 2014 Decision³ of the Regional Trial Court (RTC), Valenzuela City, Branch 172 in Civil Case No. 254-V-07.

¹ Penned by Associate Justice Priscilla J. Baltazar-Padilla, with Associate Justices Remedios A. Salazar-Fernando and Socorro B. Inting, concurring; *rollo*, pp. 25-37.
² *Id.* at 38-39.
³ Penned by Judge Nancy Rivas-Palmones; *id.* at 89-94.

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The Antecedents

On December 7, 2007, petitioner Republic of the Philippines (petitioner), through the Department of Public Works and Highways (DPWH) filed a complaint for expropriation before the RTC against respondent-spouses Pedro and Zenaida Goloyuco (spouses Goloyuco),⁴ who are the registered owners of a parcel of land located in Barangay Ugong, Valenzuela City, which was sought to be expropriated. The subject property, with a total area of 50 square meters (sq m), was expropriated for the construction of the C-5 Northern Link Road Project.

On February 29, 2009, petitioner filed an Urgent *Ex Parte* Motion for Issuance of Writ of Possession. Thereafter, the court ordered petitioner to issue a check payable to the spouses Goloyuco in the amount of ₱137,500.00 representing the zonal valuation of the subject property. On September 19, 2008, the spouses Goloyuco received DBP Manager's Check No. 615039 dated September 16, 2008 in the amount of ₱137,500.00.⁵

Consequently, the court issued the writ of possession and order of expropriation on September 24, 2008. Thereafter, the court proceeded with the second stage of the proceedings of the case and appointed commissioners who would determine just compensation.

On September 9, 2013, one Commissioner, Cecilyne R. Andrade, filed her Report recommending the amount of ₱12,250.00 per sq m as just compensation of the property subject of expropriation. On the other hand, the two other Commissioners, Engr. Romeo S. Selva and Osita F. De Guzman, recommended the amount of ₱10,000.00 per sq m as just compensation for the subject property.

The RTC Ruling

In a Decision dated February 18, 2014, the trial court declared that the subject property was classified as residential by the Bureau of Internal Revenue (BIR) with a zonal valuation of ₱2,750.00 per sq m. It noted that the subject property is rectangular in shape, with generally flat terrain, and within immediate vicinity of residential and some industrial properties in Barangay Ugong, Valenzuela City. The RTC stated that in determining the fair market value of the subject property, the Commissioners used the valuation of previously expropriated properties involving the same project, and these were the cases of (1) *Mapalad*, Civil Case No. 52-V-08; (2) *Hobart*, Civil Case No. 15-V-08; (3) *Garcia*, Civil Case No. 287-V-99; and (4) *Liao Chin Guat Balisbis and Edna Lim*, Civil Case No. 288-V-99. It

⁴ Also referred to as "Goloyugo" in some parts of the *rollo*.

⁵ *Rollo*, p. 90.

further observed that the subject property is located in Valenzuela City, a high intensity commercial zone where several business establishments are located. The trial court, thus, fixed the just compensation at ₱8,300.00 per sq m. The *fallo* reads:

WHEREFORE, judgment is hereby rendered condemning the 50-square meter lot owned by the defendants-spouses Pedro Goloyugo and Zenaida Goloyugo, covered by TCT No. V-20196 of the Registry of Deeds of Valenzuela City, located [in] Barangay Ugong, Valenzuela City, free from all liens and encumbrances whatsoever, for the construction of C-5 Northern Link Road Project, Segment 8.1 from Mindanao Avenue in Quezon City to the North Luzon Expressway, Valenzuela City, a public purpose, in favor of the plaintiff, Republic of the Philippines, upon payment of just compensation which is fixed at Php8,300.00/square meter or in the total amount of Php415,000.00 (50 sq. m. x Php8,300.00), deducting the provisional deposit of P137,500.00 previously made and subject to the payment of all unpaid taxes and other relevant taxes, if there be any, by the defendants.

The plaintiff is ordered to pay interest at the rate of 12% per annum on the unpaid balance of just compensation of Php277,500.00 (TWO HUNDRED SEVENTY-SEVEN THOUSAND FIVE HUNDRED PESOS) (Php415,000[.00] – Php137,500.00) computed from the time of the taking of the property until plaintiff fully pays the balance.

For the transfer of the title of the property from the defendants to the plaintiff, the payment of the capital gains tax shall be at the expense of the defendants while the payment for the transfer tax and other related fees to be paid to the City Government of Valenzuela City 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. V-20196 registered in the name of the defendants-spouses Pedro Goloyugo and Zenaida Goloyugo.

SO ORDERED.⁶

Aggrieved, petitioner elevated an appeal before the CA.

The CA Ruling

In a Decision dated July 21, 2015, the CA affirmed with modification the RTC ruling. It opined that the trial court did not entirely base its finding of just compensation on the Commissioners' Report. On the contrary, it made an independent assessment on the matter. In arriving at the amount of just compensation, the lower court considered the BIR zonal valuation, the

⁶ Id. at 93-94.

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report of the Commissioners who based the amount of fair market value on the properties previously expropriated by the government involving the same project, the distance of the properties previously expropriated from each other and to the lot under litigation, the shape, the nature and use, as well as the location of the subject property. The appellate court held that the requirements set forth under Section 5 of Republic Act (R.A.) No. 8974 were satisfactorily complied with.

As regards the imposition of interest, the CA ruled that the 6% legal interest should be reckoned from July 1, 2013 when Bangko Sentral ng Pilipinas (BSP) Circular No. 799 took effect. Prior thereto, 12% interest should apply and the same should begin to run from the filing of the complaint considering that the same came ahead of the taking. The dispositive portion reads:

WHEREFORE, premises considered, the instant petition is PARTIALLY GRANTED. The impugned Decision of the Regional Trial Court dated February 18, 2014 is MODIFIED, in that the imposition of legal interest on just compensation pegged at 12% per annum shall reckon from December 7, 2007 until June 30, 2013. Thereafter, or beginning July 1, 2013, until full satisfaction, the interest shall be at 6% per annum.

SO ORDERED.⁷

Petitioner moved for reconsideration, but the same was denied by the CA on January 12, 2016. Hence, this Petition for Review on *Certiorari*.

The Issue

Petitioner raises the sole issue of whether the CA erred in upholding the trial court's decision, fixing just compensation for the subject property at ₱8,300.00 per sq m.

Petitioner argues that the appraisal of the subject property should be based on its zonal value of ₱2,750.00 per sq m; that the BIR zonal valuation is essentially reflective of the fair market value in just compensation; that to rule otherwise would result in unfairness and absurdity in that the capital gains tax for the sale of real property paid by the taxpayer would always be lower while the just compensation paid by the Republic would always be higher; that disregarding zonal valuation would sanction the unjust enrichment of private owners of lands to be expropriated; and that assuming that the ruling of the CA represents the fair valuation of the land, it would appear that the spouses Goloyuco have been paying considerably lower

⁷ Id. at 37.

taxes for their ownership and use of the subject property, yet the government will pay them the full value of the property.⁸

In their Comment,⁹ the spouses Goloyuco counter that the commercial lands along McArthur Highway in Valenzuela City ranged from ₱20,000.00 to ₱30,000.00 per sq m and residential lots have values not quite far from the said prevailing selling price; that the current selling price along Quirino Highway is not less than ₱40,000.00 per sq m; that the Commissioners' Report recommended ₱10,000.00 per sq m as the fair market value of the property, taking into account the prevailing selling price and the cases of *Hobart* and *Mapalad*, among others; that the Commissioner who is an acting City Assessor even recommended ₱12,250.00 per sq m; that the only matter involved in an expropriation case is the determination of the prevailing selling price in the area which is the fair market value, thus, it is error for the State to insist that the fair market value is the same as the zonal value of the property; and that the appraisal of expropriated properties is not limited only to zonal valuation, but also on their location, accessibility, and selling price of comparable properties.

The Court's Ruling

The petition lacks merit.

Settled is the rule that only questions of law should be raised in a petition for review on *certiorari* under Rule 45 of the Rules of Court. Factual findings of the lower courts will generally not be disturbed.¹⁰ Thus, the factual issues pertaining to the value of the property expropriated are questions of fact which are generally beyond the scope of the judicial review of this Court under Rule 45.¹¹ Unfortunately for petitioner, it has not alleged, much less proven, the presence of any of the exceptional circumstances that would warrant a deviation from the rule that the Court is not a trier of facts. On this ground alone, the denial of the petition is warranted.

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 to be rendered for the property to be taken shall be real, substantial, full, and ample.¹² Under Section 5 of R.A. No. 8974, the standards for the determination of just compensation are:

⁸ Id. at 16.

⁹ Id. at 106-119.

¹⁰ *Spouses Plaza v. Lustiva*, 728 Phil. 359, 367-368 (2014).

¹¹ *National Power Corporation v. Spouses Asoque*, 795 Phil. 19, 49 (2016).

¹² *National Power Corporation v. Diato-Bernal*, 653 Phil. 345, 354 (2010).

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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) 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.

The CA, in affirming the trial court's valuation of ₱8,300.00 per sq m as just compensation, considered several factors including the standards enumerated under Section 5 of R.A. No. 8974. In affirming the valuation of ₱8,300.00 per sq m as just compensation for the subject property, the CA explained:

In the case at bar, the trial court did not entirely base its finding of just compensation on the Commissioners' Report. It made an independent holding on the matter. In arriving at the amount of just compensation, the lower court considered the BIR zonal valuation, the report of the Commissioners who based the amount of fair market value of the properties previously expropriated by the government involving the same project, such as the cases of (a) *Mapalad*, Civil Case No. 52-V-08; (b) *Hobart*, Civil Case No. 15-V-08; (c) *Garcia*, Civil Case No. 287-V-99; and (d) *Liao Chin Guat Balisbis and Edna Lim*, Civil Case No. 288-V-99, the distance of the properties therein expropriated from each other and to the lot under litigation, the shape, the nature and use[,] as well as the location of the subject property. In *Hobart*, the subject lot therein which is 577.15 meters, more or less, away from the property therein, was expropriated at P15,000.00 per square meter while that of *Mapalad*, which

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is 1,518.03 meters, more or less, from the subject lot was pegged at P5,000.00 per square meter. The subject property was found to be rectangular in shape, residential in nature and within the immediate vicinity of residential and some industrial properties in Barangay Ugong, Valenzuela.¹³

As for the contention of petitioner that it is the value indicated in the property's tax declaration, as well as its zonal valuation that must govern, the Court adopts the findings of the RTC and the CA in ruling that the same are not truly reflective of the value of the subject property, but is just one of the several factors to be considered under Section 5 of R.A. No. 8974. Time and again, the Court has held that zonal valuation, although one of the indices of the fair market value of real estate, cannot, by itself, be the sole basis of just compensation in expropriation cases.¹⁴

Moreover, in *Capitol Steel Corporation v. PHIVIDEC Industrial Authority*,¹⁵ the Court clarified that the payment of the provisional value as a condition for the issuance of a writ of possession is different from the payment of just compensation for the expropriated property. While the provisional value is based on the current relevant zonal valuation, just compensation is based on the prevailing fair market value of the property. In that case, the Court agreed with the CA's explanation that:

The first refers to the preliminary or provisional determination of the value of the property. It serves a double-purpose of pre-payment if the property is fully expropriated, and of an indemnity for damages if the proceedings are dismissed. It is not a final determination of just compensation and may not necessarily be equivalent to the prevailing fair market value of the property. Of course, it may be a factor to be considered in the determination of just compensation.

Just compensation, on the other hand, is the final determination of the fair market value of the property. It has been described as "the just and complete equivalent of the loss which the owner of the thing expropriated has to suffer by reason of the expropriation." Market values, has also been described in a variety of ways as the "price fixed by the buyer and seller in the open market in the usual and ordinary course of legal trade and competition; the price and value of the article established as shown by sale, public or private, in the ordinary way of business; the fair value of the property between one who desires to purchase and one who desires to sell; the current price; the general or ordinary price for which property may be sold in that locality."¹⁶

¹³ *Rollo*, p. 34.

¹⁴ *Evergreen Manufacturing Corporation v. Republic*, G.R. Nos. 218628 and 218631, September 6, 2017, 839 SCRA 200, 221.

¹⁵ 539 Phil. 644 (2006).

¹⁶ *Id.* at 660.

In fine, the Court finds no cogent reason to reverse the findings of the CA, insofar as the amount of just compensation is concerned.

Indeed, the delay in the payment of just compensation is a forbearance of money and, as such, is necessarily entitled to earn interest. Thus, the difference in the amount between the final amount as adjudged by the Court, which in this case is ₱415,000.00, and the initial payment made by the government, in the amount of ₱137,500.00 — which is part and parcel of the just compensation due to the property owner — should earn legal interest as a forbearance of money. Moreover, with respect to the amount of interest on this difference between the initial payment and the final amount of just compensation, as adjudged by the Court, the Court has upheld, in recent pronouncements, the imposition of 12% interest rate from the time of taking, when the property owner was deprived of the property, until July 1, 2013, when the legal interest on loans and forbearance of money was reduced from 12% to 6% per annum by BSP Circular No. 799. Accordingly, from July 1, 2013 onwards, the legal interest on the difference between the final amount and initial payment is 6% per annum.¹⁷

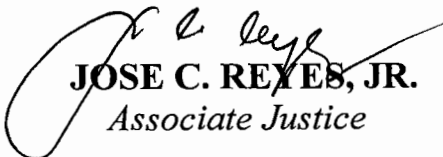
Here, petitioner filed the expropriation complaint on December 7, 2007, but, it was able to take possession of the property on September 24, 2008, when the RTC issued the writ of possession, prayed for by petitioner following its ability and readiness to pay 100% of the property's zonal value. Thus, a legal interest of 12% per annum shall accrue from September 24, 2008 until June 30, 2013 on the difference between the final amount adjudged by the Court and the initial payment made. From July 1, 2013 until the finality of the Decision of the Court, the difference between the initial payment and the final amount adjudged by the Court shall earn interest at the rate of 6% per annum. Thereafter, the total amount of just compensation shall earn legal interest of 6% per annum from the finality of this Decision until full payment thereof.

WHEREFORE, premises considered, the instant petition is **DENIED** for lack of merit. The assailed Decision dated July 21, 2015 and the Resolution dated January 12, 2016 of the Court of Appeals in CA-G.R. CV No. 102609 are **AFFIRMED** such that the just compensation for the expropriated property is ₱8,300.00 per square meter, or a total of ₱415,000.00 with **MODIFICATION** as to the reckoning period of the 12% per annum legal interest, and the imposition of additional 6% per annum interest on the total amount of just compensation. Hence, the following amounts are due to the spouses Goloyuco:

¹⁷ *Evergreen Manufacturing Corporation v. Republic*, supra note 14, at 230.

1. The unpaid portion of the just compensation which shall be the difference between the principal amount of just compensation, or ₱415,000.00, and the amount of initial deposit made by petitioner Republic of the Philippines, represented by the Department of Public Works and Highways, or ₱137,500.00; and
2. Interest, which shall accrue as follows:
 - (a) The difference between the principal amount of just compensation, or ₱415,000.00, and the amount of initial deposit, or ₱137,500.00, shall earn legal interest of 12% per annum from the date of payment of initial deposit, or on September 24, 2008 until June 30, 2013.
 - (b) The difference between the principal amount of just compensation, or ₱415,000.00, and the amount of initial deposit, or ₱137,500.00, shall earn legal interest of 6% per annum from July 1, 2013 until the finality of the Decision.
 - (c) The total amount of just compensation, or the sum of legal interest in items (a) and (b) above, plus the unpaid portion of ₱277,500.00 (₱415,000.00 less ₱137,500.00) 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

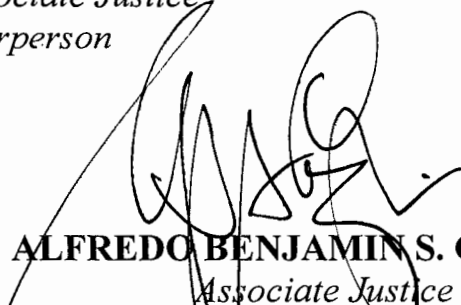
WE CONCUR:



ANTONIO T. CARPIO
Senior Associate Justice
Chairperson



ESTELA M. PERLAS-BERNABE
Associate Justice



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



AMY C. LAZARO-JAVIER
Associate Justice

A T T E S T A T I O N

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.

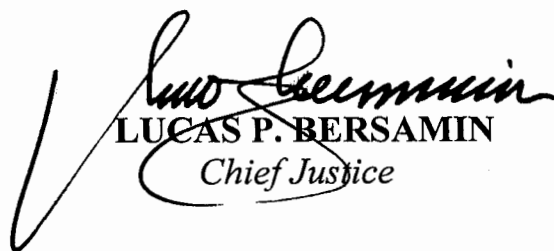


ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

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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

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