

Title: Honorabe Alvin P. Vergara & Sangguniang Panlungsod of Cabanatuan City vs. Lourdes Melencio S. Grecia et al.

Facts:

The case originates from the taking of a 7,420-square-meter parcel of land in Barangay Barrera, Cabanatuan City, owned by the respondents, by the Sangguniang Panlungsod of Cabanatuan for road-right-of-way and road widening projects in 1989 without compensating the landowners. After an appraisal, and subsequent disagreements on compensation, a Memorandum of Agreement (MOA) was executed in 2001 between Mayor Vergara and Lourdes (representing the owners), pledging P17,028,900.00 payable in 12 years as compensation. However, the Sanggunian later refused to ratify the MOA citing budget constraints, leading to the filing of a mandamus petition by the respondents in 2005.

The RTC ruled in favor of the respondents, mandating payment. Amidst appeals and motions involving both RT Courts of Branch 86 and 30, and a partial execution order for P10,000,000.00, the case reached the CA, which affirmed the trial court's decision but reduced the payable amount to P2,554,335.00. Further appeals led to the Supreme Court, invoking issues regarding the validity of the MOA and the non-commercial nature of the land under PD 1529.

Issues:

1. Whether the subject land taken is beyond the commerce of man and therefore not compensable.
2. Whether the Memorandum of Agreement (MOA) between the city and the respondents is enforceable.
3. The propriety of the partial execution of the judgment pending appeal.
4. Determination of just compensation.
5. Awarding of interest due to delay in payment.
6. The imposition of exemplary damages and attorney's fees.

Court's Decision:

The Supreme Court denied the petition, addressing every issue raised:

1. It ruled that the land was compensable as it was private property taken for public use, and not a subdivision road as claimed by the petitioners.
2. The MOA was held to be valid and binding, compelling the petitioners to fulfill their obligation.
3. Just compensation was affirmed to be the full market value of the land at the time of

taking, amounting to P17,028,900.00.

4. Interest was awarded due to the significant delay in payment, calculated at 12% per annum from the time of judicial demand until June 30, 2013, and 6% per annum thereafter until fully paid.

5. Exemplary damages of P200,000.00 and attorney's fees equivalent to 1% of the total amount were also awarded due to the oppressive delay and failure to initiate proper expropriation proceedings.

Doctrine:

The Supreme Court reiterated principles of eminent domain, highlighting that:

- Private property taken for public use must be promptly and justly compensated.
- Delays in compensation warrant the imposition of interest as damages.
- Agreements made in the process of acquisition for public purposes are binding and enforceable.
- Land used for public thoroughfare taken from an owner through government initiative is subject to just compensation, regardless of subsequent classifications or arguments on its nature.

Class Notes:

- Essential elements of eminent domain include public purpose and just compensation.
- Legal interest due to delay in payment constitutes damages.
- Private property's eligibility for taking does not hinge solely on its classification under property laws, but also on its usage and the government's intent.
- Exemplary damages and attorney's fees may be awarded in cases of gross delay or failure in initiating proper proceedings by the government.

Historical Background:

This case emphasizes the checks on governmental power in acquiring private property for public use, reaffirming the constitutional safeguard against property deprivation without just compensation. It underscores the protracted legal battles landowners can face when seeking compensation from government entities and the judiciary's role in ensuring fairness and adherence to legal principles in such acquisitions.