

**\*\*Title:\*\* National Housing Authority v. The Honorable Court of Appeals and Gavino Mendiola**

**\*\*Facts:\*\***

On November 13, 1964, the People's Homesite and Housing Corporation (PHHC), precursor to the National Housing Authority (NHA), filed a lawsuit against Gavino Mendiola for unlawful occupation of Lot 20-A, Block E-74, Central Bank Subdivision, Quezon City, since December 23, 1959. Mendiola, contradicting the claim, asserted that PHHC had approved the sale of the lot to him after having officially relocated him there. Mendiola's occupation of the lot was part of a relocation agreement for squatters from the Central Bank Subdivision, a deal traced back to support from the late President Ramon Magsaysay and the City Council of Quezon City. Despite Mendiola and his wife being relocated and supposedly awarded portions of Lot 20, a subsequent raffle by the PHHC awarded Lot 20-A to Captain Antonio Ilustre. Legal confrontations ensued when Mendiola refused to vacate upon PHHC's demand, leading to the filing of the recovery of possession and damages suit by PHHC.

**\*\*Procedural Posture:\*\***

The case, initially lodged at the Court of First Instance of Rizal, favored Mendiola, prompting PHHC's appeal to the Court of Appeals, which also sided with Mendiola. The PHHC, now succeeded by the NHA, sought a review from the Supreme Court, raising issues on procedural and substantive grounds.

**\*\*Issues:\*\***

1. Whether the Court can delegate the reception of evidence to a commissioner.
2. The correct resolution of preferential right between Mendiola and Ilustre to the lot in question, not initially raised in the pleadings.
3. The PHHC/NHA's discretion in the award of the lot in question.

**\*\*Court's Decision:\*\***

The Supreme Court dismissed procedural issues concerning the delegation of evidence reception and the introduction of the preferential right issue. On the substantive matter, the Court found that the PHHC committed grave abuse of discretion in awarding the lot to Ilustre, given Mendiola's prior occupancy and investment in the lot, further complicated by Ilustre's later transfer of rights and death. Mendiola, having been part of the original group designated for relocation, was deemed to have a stronger claim to the lot, essentially

rendering Ilustre and his transferee as “outsiders.”

**\*\*Doctrine:\*\***

The decision reiterated principles related to administrative discretion, occupancy rights, and the resolution of conflicting claims based on equity and prior actions/commitments.

**\*\*Class Notes:\*\***

1. Administrative Agency Discretion: Agencies must exercise discretion within legal bounds, focusing on fairness and prior commitments.
2. Occupancy and Improvement Considerations: Prior occupancy and investments in a property can strengthen one’s claim over that of later beneficiaries.
3. Substantive Resolution over Procedural Lacunae: Courts may prioritize substantive justice over procedural irregularities, especially when raised belatedly.

**\*\*Historical Background:\*\***

This case underscores the ongoing challenges in urban housing and relocation projects in the Philippines, particularly as they pertain to squatter relocation schemes. It highlights the complexities and disputes arising out of administrative decisions in property allocation among marginalized populations, while also reflecting the judicial disposition towards equitable resolution based on historic occupation and commitments.