

Title: **\*\*Land Bank of the Philippines vs. Alfredo Hababag, Sr., et al.\*\***

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

Alfredo Hababag, Sr. owned 82.4927 hectares of agricultural land in Gubat, Sorsogon, registered under Transfer Certificate of Title No. T-12107. In 1990, Hababag voluntarily offered 69.3857 hectares of this land for sale under the Comprehensive Agrarian Reform Law (RA 6657). The Land Bank of the Philippines (LBP) valued the land at P1,237,850.00, a sum Alfredo rejected. The DAR Adjudication Board (DARAB) later appraised the land at P1,292,553.20.

Dissatisfied, Alfredo sought judicial recourse with the Regional Trial Court (RTC) of Sorsogon City (Civil Case No. 96-6217), which appointed two commissioners to reassess the valuation. The LBP-appointed commissioner valued the land at P2,358,385.48, while Alfredo's appraiser valued it at P5,420,600.00. The RTC Decision on December 20, 1999, fixed the just compensation at P5,653,940.00, a figure derived using the Income Productivity Approach.

Upon appeal, the Court of Appeals (CA) discovered mathematical errors in the RTC's computation, isolating the proper revised amount at P26,800,700.00. The CA remanded the case to the RTC for recalculation, adhering to the Income Productivity Approach it endorsed initially. Following this, the RTC ordered Commissioner Cuba to re-compute, resulting in an updated valuation of P40,423,400.00.

The LBP and DAR challenged the RTC's figures in the CA, contending improper methodology and statutory non-conformity. The CA set aside the RTC's valuation, asserting adherence to the statutory provisions of Section 17 of RA 6657 and recalculated the compensation to P2,398,487.24, also imposing a 12% per annum interest due to delayed payment.

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

1. Whether the CA erred in overturning the RTC's just compensation valuation of P40,423,400.00.
2. Whether the CA correctly imposed 12% per annum interest on the just compensation due.

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

1. **\*\*Valuation of Just Compensation:\*\***

- **\*Resolution:\*** The Supreme Court upheld the CA's decision to set aside the RTC's just compensation determination. The Court noted flaws and inconsistencies between the RTC's approach and judicial principles defining "just compensation." The RTC's use of the Income Productivity Approach, based on futuristic income potential without accounting for risks or the principle of direct market value, contradicted Section 17 of RA 6657.

- **\*Justification:\*** The CA appropriately used the DAR formula, considering production data, market values, and the lawful framework set by RA 6657, concluding a fair valuation of P2,398,487.24.

2. **\*\*Imposition of 12% Interest:\*\***

- **\*Resolution:\*** The Court affirmed the CA's imposition of 12% interest per annum on the unpaid just compensation balance from the time of taking until June 30, 2013, dropping to 6% per annum thereafter in line with Bangko Sentral ng Pilipinas Circular No. 799, series of 2013.

- **\*Justification:\*** Awarding interest compensates for the government's delayed payment, addressing potential income the landowner could have earned during the delayed compensation period.

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

- **\*\*Just Compensation:\*\*** It refers to the full market value at the expropriation time, excluding potential speculative future profits.

- **\*\*Interest on Just Compensation:\*\*** 12% per annum as per Central Bank Circular No. 905 until June 30, 2013, then 6% per annum as per Bangko Sentral Circular No. 799.

- **\*\*RA 6657:\*\*** Comprehensively measures just compensation by assessing acquisition costs, current similar property values, property usage, owner valuation, tax declarations, official assessments, and socio-economic factors.

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

- **Key Concepts:** Just Compensation, Market Value, Government Expropriation, Court's Role in Valuation.
- **Statutes:** RA 6657, Section 17; Central Bank Circular No. 905; Bangko Sentral Circular No. 799.
- **Applications:** Emphasis on adherence to statutory and jurisprudential guidelines for property valuation in expropriation cases.

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**Historical Background:**

This case falls within the ambit of agrarian reform in the Philippines, aiming to equitably redistribute agricultural land for social justice and upliftment of farmers' economic conditions. Formulated under President Corazon Aquino's administration, RA 6657 tackled the contentious issue of land valuation ensuring "just compensation" for landowners while facilitating agrarian reform.