

#### Title:

**\*\*Addition Hills Mandaluyong Civic & Social Organization, Inc. vs. Megaworld Properties & Holdings, Inc., G.R. No. 173934\*\***

#### Facts:

- **\*\*Background:\*\*** Megaworld Properties & Holdings, Inc. (Megaworld) owned a parcel of land on Lee Street, Addition Hills, Mandaluyong City. In 1994, Megaworld initiated a project to construct the Wack-Wack Heights Condominium comprising six four-storey buildings and one seventeen-storey tower.
- **\*\*Permits Secured:\*\*** Megaworld obtained the necessary permits including:
  - Certificate of Locational Viability (CLV) from the HLURB on October 25, 1994.
  - Development Permit from HLURB on November 11, 1994.
  - Environmental Compliance Certificate (ECC) from DENR on March 15, 1995.
  - Building Permit from Mandaluyong City on February 3, 1995.
  - Barangay Clearance from Addition Hills on September 29, 1994.
- **\*\*Complaint Filed:\*\*** On June 30, 1995, Addition Hills Mandaluyong Civic & Social Organization, Inc. (AHMCSO) filed a complaint with the Regional Trial Court (RTC) of Pasig City, seeking to annul the building permit, CLV, ECC, and development permit, prevent issuance of a Certificate of Registration and License to Sell Condominium Units, and prohibit future issuance of related licenses and permits by officials.
- **\*\*Procedural Posture:\*\***
  - **\*\*Motion to Dismiss:\*\*** Megaworld moved to dismiss the complaint, arguing lack of cause of action and improper jurisdiction (HLURB should cover the matter). The motion was denied by RTC on July 24, 1995.
  - **\*\*Answer Filed:\*\*** Megaworld filed its answer on August 3, 1995.
  - **\*\*Trial and RTC Decision:\*\*** Pre-trial and trial took place, leading to the RTC ruling on September 10, 1998, voiding the CLV, development permit, and related licenses issued by HLURB, and directing Megaworld to rectify its project.
  - **\*\*Appeal:\*\*** Megaworld appealed to the Court of Appeals (CA), which reversed the RTC decision on May 16, 2006, and dismissed AHMCSO's complaint.
  - **\*\*CA Reconsideration:\*\*** AHMCSO's motion for reconsideration was denied on October 5, 2006.

#### Issues:

1. **\*\*Exhaustion of Administrative Remedies:\*\*** Did AHMCSO fail to exhaust administrative remedies before seeking judicial intervention?
2. **\*\*Jurisdictional Authority:\*\*** Does HLURB have jurisdiction over actions to annul

certificates of locational viability and development permits?

3. **Validity of RTC Proceedings:** Did the RTC properly entertain the case given the non-exhaustion of administrative remedies?
4. **Exceptions to Exhaustion Doctrine:** Was AHMCSO's case eligible for any exceptions to the doctrine of exhaustion of administrative remedies?

#### #### Court's Decision:

- **Exhaustion of Administrative Remedies:** The Supreme Court held that AHMCSO unjustifiably failed to exhaust the available administrative remedies as provided by HLURB rules. The proper administrative venues should have been utilized before resorting to judicial measures.
- **Jurisdiction:** The Supreme Court confirmed HLURB's jurisdiction over annulment actions regarding permits it issues, reiterating the principle that specialized administrative bodies should first address such disputes.
- **RTC's Lacking Cause of Action:** Due to non-observance of exhausting administrative remedies, AHMCSO lacked a cause of action, warranting the dismissal of the complaint by RTC.

#### #### Doctrine:

- **Exhaustion of Administrative Remedies:** Courts must generally allow specialized administrative agencies to address disputes within their jurisdiction as a primary step before the issue is brought to the judiciary. Exceptions to this rule are limited and were not found applicable in this instance.

#### #### Class Notes:

- **Key Elements:**
- **Administrative Remedies:** A necessary first step, barring exceptions.
- **Primary Jurisdiction:** Specialized bodies address technical disputes first.
- **Lack of Cause of Action:** Direct court intervention without exhausting remedies is impermissible.
- **Relevant Statutes:**
- **Sections 4 and 6, HLURB Resolution No. R-391:** Dictate the administrative process for challenging permits.
- **Sections 18 and 19, HSRC Administrative Order No. 20:** Procedures for filing complaints concerning zoning clearances.
- **Application:** Ensures administrative expertise and efficiency, reduces judicial burden, and maintains orderly dispute resolution.

#### Historical Background:

- **Land Use Regulation in the Philippines:** This case reflects the continuation of procedural requirements and clarifications regarding the respective jurisdictions of administrative bodies like the HLURB and local/city governments, grounded in laws like Executive Orders 648 and 71, and the Local Government Code. The principles of exhaustion and primary jurisdiction are tested against the rapid urbanization and real estate development seen in cities such as Mandaluyong.