

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE LAND
TENURE ADMINISTRATION, PLAINTIFF AND APPELLEE VS.
GREGORIO A. VENTURANZA, ET AL., DEFENDANTS AND
APPELLANTS.**

G.R. No. L-20417. May 30, 1966

Ponente: CONCEPCION, J.

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CONCEPCION, J.:

On September 9, 1960, plaintiff Republic of the Philippines, through the Land Tenure Administration, filed, in the Court of First Instance of Oriental Misamis, this special civil action, against defendants Gregorio A. Venturanza and his wife, Mary E. Venturanza, for the expropriation of two (2) parcels of land belonging to them, with an aggregate area of G.2270 hectares, more or less, situated in the barrio of Bugo, Cagayan de Oro City, for the purpose, seemingly, of subdividing said land into small lots and reselling the same at cost to its actual occupants. In view of a mortgage constituted on said land in favor of the Philippine National Bank, the same was, also, included as defendant.

In their respective answers, the Venturanzas and the bank admitted the allegations of the complaint purporting to establish plaintiff's right to expropriate said land. However, the Venturanzas took issue with the plaintiff on the amount of compensation due to said defendants, and set up a counterclaim for attorney's fees and expenses of litigation. Thereafter, the lower court endeavored to appoint commissioners, but, on motion of the Venturanzas who objected thereto, the evidence on the amount of said compensation was eventually introduced directly before the court.

In due course, later, and after an ocular inspection conducted by His Honor, the trial judge, decision was rendered the dispositive part of which reads:

"WHEREFORE, judgment is hereby rendered ordering the plaintiff to pay to the defendants Gregorio A. Venturanza and Mary E. Venturanza the total sum of one HUNDRED TWENTY thousand five HUNDRED NINETY (P120,590.00) PESOS, Philippine Currency, as fair and reasonable compensation for the property subject of this expropriation, upon compliance of which said plaintiff shall become its absolute owner, free from all liens and encumbrances of whatsoever kind or nature. It is hereby ordered, however, that the plaintiff shall subtract therefrom the sum of P54,679.45 plus a daily interest of P10.5989 from October 1, 1960 until the date of payment, and turn over the same to the defendant Philippine National Bank to liquidate its mortgage lien over the said property."

A reconsideration of this decision having, been denied, the Venturanzas interposed the present appeal, alleging that the lower court erred: (1) in not dismissing the case "for lack of jurisdiction/" and (2) in "disregarding" certain reports of appraisals relied upon by them and "in fixing the price of the property at P120,590.00."

With respect to the first question, it is urged that the court had no jurisdiction to entertain his case, because the power to expropriate, pursuant to Section 6 of Republic Act No. 1400, otherwise known as the Land Reform Act,

"shall apply only to private agricultural lands as to the area in excess of three hundred hectares of contiguous area if owned by natural persons," and that, accordingly, the land in question herein, being barely over 6 hectares, is not subject to expropriation under the provisions of said Act.

A court of justice must have jurisdiction over the subject matter of a litigation, and over the parties therein, as well as, in actions in rem, over the res. Appellants herein do not deny that the lower court has original exclusive jurisdiction over cases for the expropriation of real estate. Neither do they question the authority of said court over the defendants herein, not only because they had been duly summoned, but, also, because they had voluntarily submitted themselves to the jurisdiction of the court. What is more, in their answer, appellants had invoked its authority over them, and asked the court to fix the value of the property in question, at the rate proposed by them, thereby beseeching the court to exercise its aforementioned authority. There is, likewise, no issue on the territorial jurisdiction or venue, for, apart from the circumstance that this feature of the court's authority has never been contested, it is an undisputed fact that the land in question is in the province of Misamis Oriental.

Appellants herein evidently mistake for "jurisdiction" of the lower court for what was no more than an aspect of plaintiff's "cause of action." But, a cause of action or the lack of it does not affect the authority of a court to hear and decide a given case, if the court has jurisdiction over its subject matter, over the parties therein, and, in actions in rem, over the res, all of which the lower court had, insofar as this case is concerned. Moreover, as alleged in paragraph 7 of the complaint, and admitted in appellant's answer thereto, "the Land Tenure Administration (had) offered to buy the property" involved in this case, but appellants "wanted (therefor) a * * * price which plaintiff considered exorbitant," in view of which the parties had "agreed" to file the case with the lower court, "for the sole purpose of price-fixing." In other words, appellants had acknowledged plaintiff's right to acquire said property and the only issue submitted to the lower court, by common agreement between the parties, was the amount of the just compensation collectible by appellants herein. Hence, they may not question, for the first time, on appeal, plaintiff's right to expropriate said land, and thus change fundamentally the nature of the issue in this case.

As regards the amount of the aforementioned compensation, the lower court had the following to say:

"The plaintiff claims that the fair market value of the land is P8.00 per square meter for the strip of high ground along the National highway which may be classified as residential-commercial and P1,300.00 per hectare for the rest which is actually agricultural land. Commissioner Julian U. de Vera of the Land Tenure Administration testified that he inspected the property twice in August and September, 1959, and found the same to be completely idle grassland suitable for rice cultivation, except for a narrow strip of 20 meters wide along the highway where some 42 houses are clustered, as shown in the pictures he had taken and which he identified (Exhs. "B" to "B-4"). According to him, the LTA offered P86,912.76 to the Venturanzas in August, 1960, based upon the second category appraisal of its Mr. Zacarias Quiniquini as he found the land in August, 1959 and stated in his report, Exhibit 8 of the defendants.

"To further prove its claim, the plaintiff presented in evidence a deed of sale executed in March, 1958 of a piece of unfitted land, about 100 m. north of the property in question and also along the National highway, at the rate of P3.56 per square meter, another deed of sale in May 1958 of a piece of land, also 100 m. to the north but 40 meters from the road, for only P1.00 per square meter; another deed of sale in November 1955 of a lot north of the land in question and about 40 meters from the highway for P0.48 per square meter only and still another deed of sale in 1952 of a parcel of land abutting the highway and only a hundred meters to the north, for P2.54 per square meter.

"The plaintiff also called on a realtor of the City of Cagayan de Oro and manager of a fully developed subdivision in the heart of the City near the super market, who testified that he sells their corner lots at P8.00 per square meter and the rest at P7.00 per square meter although their subdivision is on dry ground, with roads,

gutters and other improvements.

"On the other hand, the defendant-spouses endeavored to show that their property is worth more than P500,000.00. They claim that the elevated strip along the highway of about 10,018 square meters should be classified as residential-commercial and has a fair market value of P14.00 per square meter, while the rest of about 52,252 sq. m. should be considered residential and valued at P7.00 a square meter. Roth of them testified that they are renting the narrow strip, along the road of about 5,250 sq. m. to the present occupants at P0.15 per square meter and earn about P350.00 monthly. They alleged to have placed all the monuments and laid out the subdivision roads and constructed canals since 1956 and 1957.

"The defendants also introduced evidence that in February, 1959, upon request of the LTA, an Appraisal Committee of the City of Cagayan de Oro composed of City Treasurer, the City Engineer and City Auditor appraised the land at P10.00 per square meter for the area abutting the highway to a depth of 20 meters and the rear portion at P5.00 per square meters; that in March, 1959 the Philippine National Bank of Cagayan de Oro assessed the land at P377,590.00, by classifying a small strip along the road as residential-commercial and the remaining area as entirely residential (Exh. "17"); that in June, 1959, Ass. Adm. Numerianc A. Fabie of the LTA recommended its purchase at the price quoted by the PNB and the City Appraisal Committee; that in August, 1959 real-estate appraiser, Zacarias Quinquini of the LTA, also appraised the land at P10.00 for a strip of 20 m. deep along the road and P4.50 per sq. m. for the rest of the property; that the Development Bank of the Philippines had also assessed the land in 1959 at P245,080.00 for loan purposes; and that some tenants of the land have accepted the price of P12.00 per square meter for the front lots and P5.00 per square meter for the rear lots.

"Before the Court could reach a fair verdict as to the fair and reasonable market value of the land in question, the following observations and findings must be considered:

"The lots in question which are contiguous to each other, consist of 62,270 sq. m. or 0.227 Hectares. They are covered by Transfer Certificate of Title No. T-1C03 in the name of Gregorio A. Venturanza and Mary E. Venturanza. Lot 1-B was assessed in 1956 under Tax Dec. No. 2(5098 of the City Assessor's Office, and 3.1904 Has. thereof was classified as first class riceland with an assessed value of P640.00 only, and the remaining small portion of 3,012 sq. m. was classified as first class commercial and assessed at P6,020.00 or about P2.00 a square meter. Lot 1-C, consisting of 27,354 sq. m. or 2 7354 Has. was entirely classified in 11156 as first class riceland and assessed at P550.00 only (Tax Dec. No. 26099). Since then no revision has been made of the above-stated assessment up to date.

"In November, 1954, the National Planning Commission approved the subdivision of the land by the Greymar Subdivision into 167 lots as shown in the plan Exh. "C". No lot has however been sold by the defendants up to the present time.

"On February 7, 1957, the defendant-spouses mortgaged the land to the Philippine National Bank for P85,000.00 for which P52,958.91 remained outstanding as of the filing of the case on September 9, 1960.

"Upon ocular inspection conducted by the Court on February 25, 1961, it was found that the land is about 14 kilometers from the heart of Cagayan de Oro City, abutting the asphalt National Highway, with the factory-compound of the multi-million Philippine Packing Corporation immediately across the road. Its frontage along the highway measures 276 meters, and a strip about 20 meters is entirely occupied, except the two road spaces, by some 40 houses of mixed materials, 3 of which are provided with G.I. roofing. Said houses are principally for residence, although some have sari-sari stores, eating places, beauty parlors, barbershops, etc. at their basements. The Southern end of the property immediately adjoining the strip of 20 meters above referred to, is another area of high ground about 30 m. deep towards the eastern side and 72 m. wide to the north, also occupied by residential houses of mixed materials, two of which also have G.I. roofing.

"The rest of the land is a veritable ricefield with water always present practically all the year round as indicated

by zacate and other swamp grasses thriving therein, some of which are as tall as an individual. The lowest portion consists of about a hectare immediately adjoining the high ground along the road where the zacate grasses more than 5 feet tall have not been touched by carabao some of which were seen wallowing in the nearby portions, possibly because of the quagmire which is liable to entrap them. One had to hop with difficulty, as the Presiding Judge did, from one semi-dry spot to another, to cross the middle of the land from south to north although it was already the inception of summertime. The Court was informed that there was a slight drizzle the night before, but the presence of brackish water in a number of pools in several places and in old excavations for canals were eloquent indications of their long exposure to sunlight which negated the idea of their having been the result of the last rain.

"The low area of more than 5 hectares needs filling of from 2 to 4 feet of earth in order to bring the same to the level of the highway. The Court also found that the adjoining areas to the north, east and south of the land in question are actually dedicated to the cultivation of lowland rice, and of slightly higher elevation,, so that the property in question could not easily be drained by canalization alone without filling, otherwise it would become another slum area reminiscent of pre-war Tondo in Manila. A few concrete monuments were seen on the dry areas. The layout of 2 roads extending inside from the highway, one to a depth of about 20 meters and another about 40 meters, were also found, but had never been levelled, much less gravelled.

"The Court, likewise, noticed that the entire compound of the Philippine Packing Corporation on the other side of the road is completely surrounded by a strong wire fence, and its private pier behind the factory is not open to the public. Elementary school buildings of the City and a catholic church are located about a kilometer from the land.

"Predicated upon its own observation during the ocular inspection, the Court believes that the different appraisals made of the property by the Philippine National Bank, the Development Bank of the Philippines, the City Appraisal Committee and the first category appraisal of Zacarias Quinquini of the LTA, referred to in the preceding pages, do not truly reflect the present market value of the same, but its future potential value as a fully developed subdivision complete with roads, canals, gutters, fillings, etc. Said appraisals, which naturally could not bind the Court because they were not made under its authority and before this case was filed are undoubtedly speculative in nature because they are not based on its actual condition or any evidence of value affecting the same.

"That of the Appraisal Committee of the City of Cagayan de Oro, for instance, was made without its Chairman even seeing the land, lie simply signed the report relying upon the recommendations of his Chief Deputy Assessor, who also did not visit the (and but only relied upon the records of his office. How said Deputy Assessor arrived at his conclusions and considered the land as residential-commercial and residential, is beyond comprehension, because their records show that the same had been classified by their office about three years before, that is in 1950, as largely agricultural. Engineer Vicente S. Cabrera, a member of the said Appraisal Committee, also openly admitted in court that the Committee's appraisal took into consideration not the actual condition,, but the future utility of the land as a potential residential property; that he went as far as 50 m. only from the road and did not know how far the land extended inside, but found about 80% of the same idle, partly under water and actually adapted to agricultural purposes.

"The appraisal made by Security Inspector Mr. Jose Araneta of the Philippine National Bank, is also of speculative nature because he used the income approach basing upon the rate of P0.15 per square meter of monthly rental for a small portion of 5,520 square meters along the highway regardless of the fact that more than 5 hectares of the entire property was actually idle and unproductive. Said Mr. Araneta simply theorized on what may be the fair market value of the land in the future if converted into and developed as a subdivision, because he admitted during his testimony before the Court that only one-third of 5,520 sq. m. along the road was being rented for about P385.00 a month; that 60% of the next portion of 11,040 sq. m. was not occupied and the area needed filling because it is about a meter lower than the adjoining areas; that in assessing the remaining portion of 45,710 sq. m. which he found to be mostly uncultivated and under water¹, with no

houses whatsoever, he only compared the, same with the property of the Capitol Subdivision in the heart of the City because he learned of no sale of the surrounding areas. It is, therefore, highly inconceivable how he came to conclude that the land is worth P377,590.00 when its actual income of the same was only P385.00 a month. Considering that the defendants have not yet liquidated their loan of P85,000.00 obtained from the Philippine National Bank in 1958, it is no wonder why they did not resist the expropriation of the property although it is not really an estate and are now persuading the Court to swallow the unrealistic but fat appraisals above-mentioned,

"The Court also considers worthless the first category appraisal made by Real Estate Appraiser Zaearias Quiniquim of the Land Tenure Administration in his report (Exh. "8"), because it plainly stated therein that it presupposes the land as a fully developed subdivision with all the concomitant improvements. In other words, it is also of speculative or theoretical character. In the same report, however, the same Mr. Quiniquini has his second category appraisal of the land in its actual condition at the time of his inspection, and he classified the same as mainly agricultural valued at P1,300.00 per hectare with only that strip of 20 meters along the highway worth about P8.00 per square meter because it is a residential area. It is this appraisal which the Court finds to be more realistic.

"The Court cannot also consider the supposed appraisal for loan purposes made by the Development Bank of Cagayan de Oro for the simple reason that no evidence has been introduced in its support that will in some way help the Court in arriving at a solid and rational verdict.

"The defendants, nevertheless, urge that some tenants had accepted the price of P12.00 per sq. m. for the front lots and P5.00 per sq. m. for the rest of the property and, therefore, seek to bind the Court therewith. Such pretension is, however, without basis in law and in fact. In the first place, the Court cannot substitute its own judgment with that of any private individual who has no sworn duty to uphold. Government funds will be used in the purchase of the land, and utmost caution should be adopted to prevent a repetition of the many scandalous misuse of the public money as the notorious PHHC housing projects. In the second place, it is/has been established during the trial that the tenants referred to above were misled or misinformed in their acceptance of the aforesaid prices. One of them, Nicanor Milleza, declared that they agreed to the above-quoted prices on the belief that the land would be sold to them as a fully developed subdivision, complete with roads and drainage system on installment basis payable in 10 to 15 years and that said prices would be acceptable to the plaintiff. The truth, however, is that the land is only a subdivision on paper, and the plaintiff has to pay the same in cash.

"Consideration must also be made of the fact that Milleza and the tenants who signed the petition are interested only in the areas along the road they respectively occupy, and that they were driven to the wall by the never ending practice of the defendants of increasing the rate of the rentals with a take it or leave it attitude, and said tenants have no other choice but to choose the lesser evil.

* * * * *

"* * * the Court, after a judicious and careful scrutiny of the attendant facts and circumstances, believes that the fair and reasonable market value of the 20-meter strip of the land involved in this litigation along the National Highway with an area of 5,520 sq. m. should be P10.00 per sq. m. or the total value of P55,200.00. The area of dry ground at its southern border specified in page 5 of this decision, having an approximate extension of about 2,100 sq. m., is worth P5.00 a square meter, or a total value of P10,800.00

"The remainder of the property consisting of 54,590 sq. m. or 5.459 Has. should be treated separately because of its special circumstances. Considered from the standpoint of a first-class riceland as it used to be before the defendants had it subdivided in 1954, its fair market value could not be more than P1,500.00 per hectare. Nevertheless, it had already been withdrawn from that use, parceled out for purposes of residence, and could be converted into a livable and healthful surroundings by filling and proper drainage. Considering its advantageous location and proximity to the factory of the Philippine Packing Corporation which employs more

than a thousand men, and to the population center of Cagayan de Oro City, it would be an act of gross and irretrievable injustice to close our eyes and negate the stark realities by pronouncing the land as purely agricultural land for the purpose of finding its true value.

"It is factually true that this particular portion of the property is now unproductive, but there is no property within .a distance of a kilometer from the present compound of the Philippine Packing Corporation which would be sold by its owner on the basis of the prevailing market price of agricultural land. The Court cannot lose sight of the fact that in determining the value of the land expropriated for public purposes, the same considerations are to be regarded as in a sale of property between private parties. As a rule, the owner's right to the value of his land is determined by the use for which it would bring the most in the market and inquiry must, therefore, be made as to its worth, viewed not merely with reference to the uses to which it is at the time applied but with reference to the uses to which it is plainly adapted, having regard to the existing business or wants of the community, or such as may reasonably be expected in the immediate future. (City of Manila vs. Corrales, 32 Phil., 35, citing) Mississippi Run River Room Co. vs. Paterson, 98 U.S. 403, 407-408, 25 h. Ed. 206, 208).

"Nonetheless, it cannot also agree with the pretension of the defendants that this specific portion of their property which is genuine ricefield at present, low and boggy, would command as high a price as P5.00 to P7.00 a square meter. Such an idea is only wishful thinking. The Presiding Judge of this Court, having been legal counsel for over 20 years of Capitol Subdivision, Inc. which used to own more than 500 .hectares of subdivision land in the heart of Bacolod City modestly believes that he has some experience in the real estate business, and he has also acquired sufficient knowledge of real estate values in Cagayan de Oro City during the last three' years. Consequently, it is his well considered opinion that the 5.459 Has. of the defendants' land alluded to above has a fair market value of P1.00 per sq. m. or P54,590.00." (Record on Appeal, pp. 33-44, 47-50.)

A review of the record confirms the foregoing observations of His Honor, the trial Judge, with which we are fully in agreement.

Wherefore, the decision appealed from is hereby affirmed, in toto, with the costs of this instance against the defendants-appellants. It is so ordered.

Bengzon, C.J., Bautista Angelo, Reyes, J.B.L., Barrera, Dizon, Regala, Makalintal, Bengzon, J.P., Zaldivar and Sanchez, JJ., concur.

Judgment affirmed.

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