

**REPUBLIC OF THE PHILIPPINES, PLAINTIFF AND APPELLEE VS.
SEGUNDA L. GARCIA, ET AL., DEFENDANTS AND APPELLANTS.***G.R. No. L-3526. March 27, 1952*

Ponente: TUASON, J.

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This appeal was taken by the defendant from the decision of the Court of First Instance of Pampanga in a proceeding to condemn a tract of land, which has an area of 240,064 square meters, for the expansion of the Clark Field Air Base, a United States Military establishment. The action was instituted upon the authority and direction of the President of the Philippines pursuant to the provisions of Section 1 of Article XXII of the "Agreement Between the United States of America and the Republic of the Philippines Concerning Military Bases" signed on March 14, 1947. The land was owned by William C. Hart, deceased, and the defendant is the judicial administratrix and devisee of his estate.

Two of the three commissioners appointed to ascertain the compensation for the property found that 22 1/2 hectares of it were agricultural and 1 1/2 hectares residential. They assessed the former at P1,000 per hectare and the latter at P1 per square meter. In addition, they found that trees had been destroyed by the United States Army and awarded the defendant P900 for them.

The third commissioner dissented in a separate report. He believed that the land was totally agricultural and that P900 a hectare "is much higher than any that can be obtained (therefor) in the open market." Judge Froilan Bayona concurred in "the report of the dissenting Commissioner to the effect that the land sought to be expropriated should be agricultural in its entirety and with modifications, however, that its fair and reasonable value per hectare be fixed at P1,000, as it is hereby fixed."

Former Governor Gerardo Limlingan of Pampanga, Chairman of the Committee on Negotiation of the United States Army and Chairman of the Relocation and Settlement Committee of the Office of the President, on whose testimony on real estate value in the vicinity of Clark Field the commissioners and the court based their report and decision, priced agricultural land as follows: First class, P1,500 per hectare; second class, P1,000 to P1,200 per hectare; and third class, P900 to P1,000 per hectare. As to residential land, he estimated the price at P1.50 per square meter for first class, P1.00 to P1.20 per square meter for second class, P0.70 to P1.00 a square meter for third class, and P0.50 a square meter for fourth, class. The three commissioners and the court seem to agree that Hart's land was third class. The divergencies are to be found (1) in the application, within the range, of the stated value of 3rd class agricultural land, and (2) on the question whether some of the land in question was residential.

The finding that the defendant's agricultural land was third class and its assessment at P1,000 a hectare is not shown by any preponderance of the evidence to be erroneous, and the same will be affirmed. The defendant-appellant's objections to this finding and this assessment are predicated on sales of other properties and another judge's decision in another condemnation proceeding wherein parcels in the same locality or of the same class are said to have been appraised and paid for several times as much. But the sales and decision referred to

have not been introduced in evidence and can not be taken into account, as hereafter will be explained more fully.

But we think that the commissioners and the court a quo erred in concluding that Hart had only 1 1/2 hectares of residential land or none at all.

Commissioners Laquian and Beltran stated in their report that the southern portion of the property marked "A-2" in Exhibit "C" of the plaintiff, and which Segunda L. Garcia said was residential, "is exactly four hectares." The sole reason, it would seem, why these commissioners felt obliged to reject the defendant's testimony regarding the area of the residential land was that one of her counsel in his letter to the military authorities had stated that only 1 1/2 hectares were residential. For their part Commissioner Tayag and the trial court refused to regard any portion of the land as residential solely because there was not a single private house on it.

The principle of estoppel was wrongly applied. There is no estoppel where the statement or action invoked as its basis did not mislead the adverse party, and there is no pretense that defendant's attorney's letter did.

Nor is the absence of private houses a decisive factor in the classification of land as agricultural or residential. Under the circumstances of this case, the important consideration is the use to which the land was dedicated before the war and the use to which it could have been dedicated thereafter if it had not been taken by the United States Army.

There is no denying that there was a barrio adjacent to Clark Field popularly known as Margot. In 1916 by executive order it was officially recognized, re-named New Barrio, and transferred from the municipality of Angeles to the municipality of Mabalacat.

The evidence abundantly shows that the portion of Hart's property which is alleged to have been residential was within the former boundaries of that barrio and that Hart ran a business and had several houses on said property. Those houses (and perhaps all other houses in barrio Margot) were razed to the ground as a result of war operation; and when the American returned, the United States Army cleared Hart's place and adjoining lands and closed them to civilians.

Yet the barrio still exists, consisting now of that part at the old site which the military authorities have not taken. The present barrio, according to plaintiff's principal witness, a civilian technical employee of the army, has a population of from 500 to 1000, a chapel, a school-house, strong-material as well as light-material dwellings, roads, water supply, and drainage and sewer system. This witness further said that the present barrio of Margot is beside Hart's lot marked "A-2" in plaintiff's plan Exhibit "C".

The section of barrio Margot which has been appropriated by the United States Army, including Hart's place, seemed to be no less thriving, populous and progressive before the war. There were a private high school and a private elementary school on McCrann's lot which abutted Hart's. And not only did Hart have holdings in that section of the barrio but he appears to have been a conspicuous resident thereof and a pioneer in its development. Describing the settlement and Hart's connection with it, Fred Sladsky, a former United States Army sergeant stationed at Clark Field, testified that in 1923 Hart "had a small barrio" Where he lived and some land west of it which he leased to one Lazatin. It was, he said, a regular barrio called Margot, with wide streets forming blocks, and well-improved living conditions. In fact, he added, it was called Sanitary Barrio and the houses were conveniently spaced as a precaution against fire. Hart's residential property was inhabited by both civilians and soldiers.

As further showing Hart's prominence in the barrio and the barrio's population and importance, these documents are very enlightening:

Colonel J. W. Heard, Commanding Officer, Camp Stotsenburg, on October 12, 1920 wrote a letter of reference in which he stated that "Mr. William Hart, of the town of Margot, has assisted the Commanding Officer in all respects, in building a clean town for the amusement and benefit of the soldiers of this Post, etc."

In a letter postdated Margot, August 30, 1920, to Attorney Thos. D. Aitken, Hart told the latter that the "C.O. is anxious for me to find out if it is possible to make a Municipality out of my Barrio or not" and requested Aitken "to look it up." He spoke in that letter of Colonel Heard's desire "to get the railroad question settled before he (Heard) left for the United States," meaning a railroad station in Margot.

Complying with Hart's request Aitken on the same date wrote the Manila Railroad Co. urging it to build a small waiting station "for the convenience of the people of the new barrio of Margot and of the residents of the eastern part of it". He suggested that the station be constructed near the sidetrack now used by the Aviation Corps for unloading freight. Attorney Aitken said that the barrio of Margot had "a population of about two thousand and is growing rapidly".

Acting Governor General Charles E. Yeater in Executive Order No. 30 dated August 6, 1921, authorized "Hart to sell beer and light wines at his place of business in the barrio of Margot".

Coming down to the size of Hart's residential land, James Coleman, an old-timer in Angeles, testified that Hart's property was part agricultural and part residential; that the agricultural portion, leased to Lazatin, was exactly 20 hectares; that he knew the area because he himself wanted to lease the land but could not because Lazatin got ahead of him.

Segunda L. Garcia, the defendant, testified that Hart's residential land was four hectares. She was not talking from memory. She identified Exhibit "5" as the option given by Hart to Attorney Tanglao to sell his 80-hectare agricultural land in 1921, and Exhibit "6" as a receipt issued by Hart to Lazatin, in which the land leased was stated to be 20 hectares in area.

The above exhibits and testimony leave little or no doubt in our mind that Hart's land indicated as "A-2" in plaintiff's Exhibit "C" and containing an area of four hectares was all devoted to or set aside for residential and business purposes. This conviction is strengthened by the fact that this parcel is said to have been close to the living quarters, in the military post. As a business proposition, the lot was naturally better adapted to the construction of houses and stores than agricultural.

Our conclusion then is that the above portion of Hart's property was entirely residential and should be so classified and priced. As to its value, however, we find no ground for disturbing its assessment at P1.00 a square meter made by the majority of the commissioners and reached from their personal inspection of the place and from the evidence presented.

After this appeal was elevated to this Court, the land or some of the land bordering or surrounding Hart's estate was acquired by the United States Army by condemnation proceedings before another Judge or by negotiated sales. To mention only two cases, for McCrami's land, which is said to be less favorably situated, the Army paid P5,000 a hectare, and for Valdez's, which has an area of 80 hectares, P2,500 per hectare.

Upon motion of the appellant, and in order that the above decision and transactions might be brought to the attention of and passed upon by the commissioners and the lower court, we granted a new trial and remanded the case to the court of origin. However, the appellant's attorney afterward manifested in a so-called petition that "he joins the Solicitor General in his petition to submit the case on the merits," although he prayed "that the Valdez decision be considered as authority in the appreciation of the errors of the lower court."

The above decision and sales can not be taken into consideration on this appeal unless they were, and they were not, placed before the commissioners and the trial court, whose functions it was to evaluate them in the first instance. On a motion to confirm or reject, neither the trial court nor the appellate court can take cognizance of a fact outside of the record. The court to which a report is submitted may, as a general rule, set it aside only for errors or irregularities in the procedure or where it is against the decided weight of evidence. Such report is regarded with as much or even greater respect than the verdict of the jury rendered in an ordinary action at law. (20 C. J. 1042, et seq.) Furthermore, the plaintiff had a right to object to the new evidence or to explain special circumstances surrounding it by reason of which it should not be used as standard criterion of real estate value.

Upon all the foregoing considerations, it is our judgment that 40,000 square meters of the defendant's land described in the complaint shall be classified as residential and the defendant awarded compensation therefor at the rate of P1.00 a square meter, and that for the rest of the land, measuring 200,046 square meters, she shall be paid P1,000 a hectare and for the trees destroyed by the condemnor P900.00. Unless before this decision becomes final the plaintiff has paid or covenanted to pay the defendant rent for the occupation of this land, the former shall pay interest at the legal rate on the amounts herein adjudged. The defendant will also recover the costs of both instances.

Paras, C. J., Pablo, Bengzon, Padilla, Montemayor, Reyes, and Jugo, JJ., concur.

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