

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. MAURA SANTOS, APOLONIO PASCUAL, MOBILE OIL PHILIPPINES, INC., PEERS INDUSTRIAL CORPORATION, THE PHILIPPINE NATIONAL BANK, PEDRO SIAP...*G.R. No. L-57524. January 08, 1986*

Ponente: AQUINO, C.J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/c8780acc1192/>**AQUINO, C.J.:**

This is a 1969 expropriation case. It involves 66,096 square meters of land claimed by 44 persons, located in Parañaque and Muntinlupa, Rizal. The expropriation was necessary for the widening of and construction of interchanges in the Manila South Diversion Road. The only issue, and it had always been a troublesome issue, is as to the just compensation to be paid by the Government.

The Appraisal Committee for the province of Rizal fixed at forty pesos (P40) per square meter, or an aggregate amount of P2,641,190, the provisional value of the lands in its Resolution No. 10, series of 1968. The Government deposited that amount with the provincial treasurer who deposited it in the Philippine National Bank. Some respondents, including Maura Santos, withdrew the amounts corresponding to them subject to the outcome of the case.

The Court of First Instance at Pasig, Rizal in its order of June 19, 1969 granted the fiscal's motion fixing the provisional value at P2,641,190. A writ of possession was issued to the Republic of the Philippines (183 and 192, Record on Appeal). Fourteen (14) claimants (including the Manila Electric Company) did not object to the valuation of P40 a square meter. They were paid the amounts due to them at that price (310-17, Record on Appeal).

Thus, the lands of Firestone Tire & Rubber Company, Concepcion Industries, Inc., ISC Realty Development Corporation, Consolidated Mills, Inc., Pablo L. Espiritu and Victoria C. G. Ty with areas of 3,751, 1,686, 1,500, 3,289, 1,041 and 998 square meters, respectively, were all sold to the Republic at P40 a square meter (161-63, 178, 231-35, 244-46, 250-54 and 266-71, Record on Appeal). The condemnation proceeding was terminated as to the said claimants. Those sales were contemporaneous sales convincingly indicative of the fair market value of the lands at the time of the expropriation in the later part of 1968 or early in 1969.

As to those who did not settle at the price of P40 a square meter, the trial court, pursuant to section 5, Rule 67 of the Rules of Court, appointed three commissioners to determine the just compensation: Benjamin Morales for the court as chairman; Pacifico Javier, the provincial assessor, for the Republic, and Pacifico I. Guzman for the claimants (241, Record on Appeal. See PD No. 1533 dated June 11, 1978 as to the determination of just compensation without the need for appointing commissioners).

The commissioners in their report dated October 2, 1970 recommended that the just compensation for the lands should be P100 a square meter except the land of Maura Santos with an area of 25,909 square meters (out of

147,609 square meters, 342, Record on Appeal) which should be evaluated at P60 a square meter (327, Record on Appeal).

The trial court in its decision dated May 13, 1972 modified that recommendation. It fixed P100 a square meter as the uniform price to be paid to the claimants (401, Record on Appeal).

The Court of Appeals in its decision of June 29, 1981 in turn modified the trial court's decision and adopted the commissioners' report. It added 6% legal rate of interest from February 7, 1969, the date of the filing of the complaint (p. 42, Rollo). The Republic appealed to this Court.

The petitioner contends that the Appellate Court erred in not holding that the commissioners should not have relied on the price of P100 for the land of Jose Alcaraz which was sold in November, 1969 and on other irrelevant evidence.

It further argues that the Appellate Court erred in disregarding the fact that 14 out of the 44 claimants already sold their lots to the Republic at P40 a square meter.

Respondents Maura Santos, International Textile Mills, Inc. and American Wire & Cable Co., Inc. sub-mitted appellees' briefs to justify the Appellate Court's decision.

We hold that the trial court and the Appellate Court erred in relying on the commissioners' report whose recommendation was not substantiated by trustworthy evidence. As pointed out by the Assistant Solicitor General, the appraisal of P100 a square meter for the land of Alcaraz was made about eight months after the filing of the instant expropriation case.*

It may be noted that Presidential Decree No. 1533 provides that just compensation should be the value of the land "prior to the recommendation or decision of the appropriate Government office to acquire the property".

The statement in the 1970 report of the commissioners that according to the owners of adjoining lots the prices per square meter ranged from P150 to P200 and that subdivision lots in the vicinity were being sold at P85 to P120 a square meter was not based on any documentary evidence. It is manifestly hearsay. More-over, those prices refer to 1970 or more than a year after the expropriation was effected.

In the case of Maura Santos, it should be noted that the expropriation undeniably increased the value of the remainder of her land with an area of 121,700 square meters (See Provincial Government of Rizal vs. Caro de Araullo, 58 Phil. 308). She was already paid P1,036,360 for her expropriated land.

Furthermore, the commissioners should not have glossed over the undisputed fact that 14 claimants out of 44 had willingly sold their lands to the Government at P40 a square meter as fixed by the provincial Appraisal Committee of which the provincial assessor was a member. Evidently, they were satisfied that that was a reasonable price.

According to section 8 of Rule 67, the court is not bound by the commissioners' report. It may make such order or render such judgment as shall secure to the plaintiff the property essential to the exercise of his right of condemnation, and to the defendant just compensation for the property expropriated. This Court may substitute its own estimate of the value as gathered from the record (Manila Railroad Company vs. Velasquez, 32 Phil. 286).

As noted in the Velasquez case, the moment a parcel of land is sought to be condemned, the price, for some occult reason, immediately soars far beyond what the owner would think of asking or receiving in the open market. Owners ask fabulous prices for it and neighbors look on with an indulgent smile or even persuade themselves that the land is worth the price for which the owner holds out in view of the fact that it is wanted by an entity whose financial resources are supposed to be inexhaustible (p. 313).

Consequently, the petitioner should pay only P40 per square meter for the expropriated lands. CMC (CMS) Investments, Inc. was paid P35 a square meter for its 530 square meters (58, Record on Appeal). It is entitled to a deficiency on which 6% legal rate of interest per annum should be paid from the time the petitioner took possession of its land up to the date of payment (Republic vs. Yaptinchay, 108 Phil. 1046, 1053).

WHEREFORE, the decisions of the trial court and the Court of Appeals are reversed and set aside. The just compensation for the lands described in paragraph 2 of petitioner's complaint is forty pesos (P40) per square meter. No costs.

SO ORDERED.

Concepcion, Jr., (Chairman), Escolin, Cuevas, and Alampay, JJ., concur.
Abad Santos, J., no part.

* The valuation of the Alcaraz lot was made by the same Appraisal Committee, composed of the provincial assessor, engineer and supervising auditor, that fixed the provisional value in this case at P40 a square meter.

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