

**REPUBLIC OF THE PHILIPPINES, PLAINTIFF-APPELLANT, V.S.
ARSENIO NARCISO, ET AL., DEFENDANT-APPELLEES.***G.R. No. L-6594. May 18, 1956*Read online (full-text search, related cases, audio case brief): <https://batas.org/library/cd9aa34b8692/>

On September 2, 1949 the Republic of the Philippines filed in the court of first instance of Pampanga a complaint against 22 persons and entities as owners lessees, or mortga-gees etc. of eight parcels of land in Floridablanca, same pro-vince, to expropriate about 778 hectares for the establishment and maintenance of a permanent campsite for the Philippine Army now popularly called Basa Airfield. The area was later reduced to 557-5331 hectares and the remaining defendants were: Maria Fievas Toledo, Carmen Vda. de Castelvi; as administratrix of the estate of Alfonso de Castelvi and Donata Monte-mayor. After having deposited the amount of P57,752.31, value provisionally fixed by the court, the plaintiff was given possession of the parcels of land on April 13; 1950.

In due time, the court designated three commissioners to appraise the properties " These conducted hearings, inspected the land and received evidence. Thereafter on March 29, 1952 Commissioners Santos and Lugay submitted their report recommending that the landowners be paid three-thousand pesos (P3,000) per hectare. The other commissioner fixed the market value of the premises at six hundred pesos (P600) per hectare only. The trial judge, in due course approved the majority report and ordered the Philippine Republic to pay the owners of the lands at the rate of three thousand pesos (P3,000) per hectare. The Government appealed. There were other smaller items to pay; but these will be taken up later.

There is now no controversy as to., the right of the Government to expropriate the lands, the identity of which is admitted. To the first defendant (maria Nievas) belongs 1713,782 sq. meters; to the estate of Castelvi 2968.711 sq. meters and to Donata Monte mayor (a) 1092,857 sq. meters. The only Issues relate to the amount of compensation.

In fixing the market value of the property sought to be expropriated, the two commissioners described in their report the documentary and testimonial evidence presented fry the parties, discussed them quite thoroughly in sixty-seven pages and made their estimate of values, taking Into account the following factors (1) location of the properties; (2) their productivity; (3) "topography of the lands and their kind of soil; (4) their adaptability to the uses of the plaintiff; (5) the sales of similar lands; and (6) the lowered purchasing power of the peso. And In recommending a single price for all the lands in mass they bore in mind that they were all sugar-lands attached to the Pampanga Sugar Mills, situated in one barrio, with the same topography and soil, accessibility and productivity.

We have considered the report and examined it In the light of the evidence and of the arguments on both sides. Except for the defects hereafter Indicated, it gives the impression of a diligent effort to weigh the relevant factors for the purpose of reaching a fair conclusion. The hand of a lawyer has probably prepared it; Atty Antonio N. Santos. It appearing however that Atty. Santos was an associate of Francisco M. Ramos, counsel for defendant Maria Nieves Toledo (pp. 324 and 622 R. on A.and p. 72 tsn.) this Court has to be cautious in the perusal of such report.

The Solicitor-General complains that the trial court (and the commissioners) ignored the oral and the documentary

evidence presented by the plaintiff We note however that the majority report devoted no less than eleven pages (pp.493-496, 507-516 Ra on A.) to an expended appreciation of such evidence, appreciation which does not, in general terms, seems erroneous; and in confirming the report "one trial judge must have been aware of and endorsed the commission's views on the evidence before them,

Again, the Government complains of the price, alleging" that the lands are only second-class, not Irrigated, and depreciated In value because of the presence of dissident elements nearby. The Government we believe may not properly build its argument on the deteriorating conditions of public safety in the locality; otherwise all the Government has to do to bring down the price of property it wishes to condemn is to neglect Its duty to maintain peace and order In that region. As to the lands we are satisfied they are good sugarcane fields, irrigation not being essential.

The Government also points out, that when the Army leased the premises It only paid P72 per annum per hectare and capitalizing this rental at 12% the resulting price of the land would be P600 per hectare. Previous decisions have indicated

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(a) With her children the Vitugs.

that the amount of rentals derived from the property is not persuasive of its market value (1)

It is settled jurisprudence that the report of the Commissioners approved by the court should not be altered without any strong reason founded on the evidence of record. However, some circumstances have been pointed to us which would seem to justify modification of the award.

First and foremost circumstance: The defendants themselves in their answers and pleadings" (2) asked P2000 par hectare (Montemayor, p. 25 R. on A.; Toledo, p. 263 R. on A.; Castelvi, p.221 R. on A.) This is evidence of the highest order: Admission by the owners. (See 18 Am. Jur. p. 993). Their valuation of the property may not in law be binding on the Government of the court; but it should at least set a ceiling price for the compensation to be awarded. The price of the condemned. In fact none of the original defendants (there were 22 at first) demanded in their answer more than P2000 per hectare. Some even asked six hundred (P600) per hectares (Florencia Vitug, Trinidad Lazatin, Jose B. Feliciano).

Now then, if the owners themselves demanded 12000 per hectare, why should the commissioner's ("and the court) award them a/3000 per hectare? Remarkable that the report does not furnish any explanation on this particular point.

It is true that in their amended answers herein defendants-appelless claimed P3000 per hectare (148 R. on A., 588 R. on A.) (Exh. B plff.) But that amendment came after they heard that in the expropriation proceedings for Clark Field Air Base, the United States Government paid and the court of first instance fixed P2,500 per hectare of similar sugar lands in the nearby towns of Angelas and Mabalacat, However, as explained by the Solicitor General's office such payments had not really been at the exact rate of P2,500 per hectare, because the owners had waived considerable claims for consequential damages. At any rate, the payment could not in our opinion be a proper basis of computation for these reasons;

a. It was made by the United States Government not by plaintiff; b. It was the result of a compromise; the U.S. Government being anxious to terminate the proceedings at once to avoid the additional expenses of running the office said government was maintaining here for the purpose (3); c. In Expropriation proceedings "The result of an award, a verdict or a settlement is inadmissible as it is not a sale in the open market and does not show market

value" (4); d. Even if such contracts with the

X_____X

- (1) City of Manila v. Corrales, 32 Phil, 85; Manila Railroad Co, v. Fabie, 17 Phil 206,
- (2) Some of them supported by oath. (R.on .A.55-57, 96-97.
- (3) Previously, the Government had been paying an average of P1,200 per hectare.. (pp0 47,88 R. on A.)
- (4) 29 C. J. S. p. 1267

U.S. Government were considered as sales or conveyances of land -in the vicinity, they would not be competent evidence, because they are transactions entered into after these proceedings had started."

Second circumstance; "Salvador Vitug, 46, landowner, son of Donata Montemayor, testifying before the Commissioners in January 1952, and being already aware of the payment by the U.S. Government, admitted that the market price of his mother's land subject of the expropriation was "from P2,000 to 2,500 per hectares, {p. 522 s.n.) which implies that P2,000 could be the market price, as stated in Montemayor's original answer. If it be argued that., this admission affects Montemayor only, the answer is: the hearing was joint, and .there is no claim that the prices of the different portions are not on the same level.

Third circumstance: As a major item enhancing the value of the lands, the two commissioners included the military installations, structures and other permanent improvements made by the U.S. Government (5) when, Immediately after the last war, it took these premises from herein defendants under a lease contract. This was error, because such installations had been transferred to the Philippine Government by the U.S. Government, as evidenced by this communication"

"The Charge de 'Affairs ad interim of the United States of America presents his compliments to His Excellency the Secretary of Foreign Affairs of the Republic of the Philippines and has the honor to refer to a note from the Department of "Foreign Affairs dated July 10, 1947 regarding the possible acquisition of the Florida Blanca Air Base, by. the government of the Republic of the Philippines for the use of its Army Air Force,

The Commanding General, PHILRYCOM, has been consulted regarding tills matter and he has advised this Embassy that the Floridablanca Air Base, including the fixed installations and all surplus movable United States -Army property located thereon, was transferred to the Philippine Government on Vendor's Shipping-Document Invoice Numbers 10927, 10925 and 10904. Further, that these Shipping Documents were signed by representatives of the Philippine- Government and the United States Army on July 1, 1947."

Defendants here argue that the above letter was not presented to the Commissioners. Yet It was before the court of first instance' (as Annexes A & B p. 611 R. on A.) when opposition to their report was expressed by the Government.

Fourth circumstances This has incidentally been mentioned; but it bears repetition and reserves a distinct classifications

(5) Allegedly worth ten million pesos«(R. on A.p.611)

None of the original defendants (22) demanded more than P2,000 per hectare Possibly, prices went up after the Philippine Army had taken possession establishing the airfield. It often happens.

But the prices to be considered are those at the beginning of the expropriations - not the increased values brought about by the improvements and actuations of the Government after occupying the premises, -As has been said,

" The value of the property expropriated may be greatly exchanced between the date when the condemnation

proceedings were instituted and the time of occupation by the plaintiff. Its value may further increase before the commissioners can hold their hearings. The value of the property may be enhanced by the very purpose for which it was taken. The owners of the land have naturally no right to recover damages for such unearned increment which would result from the construction of the public improvement, for, besides being speculative, they would be receiving more than a just compensation for their lands. In other words, the property is to be considered in its condition and situation at the time it is taken, and not as enhanced by the purpose for which it is taken" (Moran, Comments on the Rules of Court Vol. 2, 1952 Ed. pp. 243, 244 citing Prov. Government of Rizal v. Caro de Araullo, 58 Phil. 308; Manila Railroad Company v. Caligsihan, 40 Phil. 326; U. S. v. Chandler-Dunbar Water Power Co. , 229 U.D. 53.)

Considering the above circumstances in relation to the estimate of P600 per hectare given by the minority commissioner, and the assessed valuation of about P400 per hectare of these properties; we think it would be no more than proper to reduce the compensation to two thousand pesos (P2,000.00) per hectare, The actual market price probably was lower; but the records do not yield reliable data on which to base a definite finding as to such price. In the circumstances the land owners should have no ground to complain if they get the price they had voluntarily and knowingly fixed at the beginning of these proceedings.

The appellant, in its fifth assignment of error, questions the award of P6,260 to Maria Nieves Toledo for improvements on her lot consisting of mango, nangca, caimito and mabolo trees. This assignment has no merit", it appearing that the three commissioners agreed on the existence of (practically all) such trees, the minority Commissioner David having even-recommended a bigger amount (P9,050.00).

The next assignment Questions the award of P500 to Maria Nieves Toledo for consequential damages to the five hectares owned by her but not taken by the Government, it being argued that the damage was cause by the canal built by the U.S. Army on the land taken; and that the Philippine Government should not be made liable therefor.. The answer is with the Expropriation of the properties of Maria Nieves Toledo where the canals were constructed, she no longer may remove said canals to prevent damage to her other lots. She mist therefore be indemnified.

As the commissioners recommended, the court required the condemnor to pay (as rentals) 16,00 a month per hectare beginning from April 13, 1-50 until the properties of the condemnees are fully paid Ordinarily the owners of expropriated properties are entitled to interest on the amount awarded (instead of rentals) from the time the plaintiff takes possession of the property? The Solicitor-Ganeral prudently does not object to the payment of rentals; but requests that, from the yearly rentals to be paid, such amounts shall be deducted as represent 6% on the sums withdrawn respectively by Maria Nieves Toledo, Estate of Alfonso de Castelvi and Donata Montemayor. There is practically a reluctant assent on the part of defendants; and the point must be conceded.

In view of the foregoing, the appealed judgment is modified in the sense that plaintiff-appellant shall pay:

(a) to Maria Nieves Toledo3 Estate of Castelvi and Donata Montemayor, for the lots expropriated; the sum of P2000 per hectare. As to Montdimayor, a portion of the payment shall he delivered to her children Florencia Vitug, Lucina Vitug, Leonardo Vitug etc, as heretofore fixed in resolutions of this Court; .

(b)to Maria Nieves Toledo P6:260 for improvements and 1500 for consequential damages;

(c)rentals to the same owners from April 13, 1950 at the rate of P72 per hectare per year, From such rentals the amounts of P1,791.22, P1,028,26 and P715.20 shall be deducted yearly from the amounts corresponding to Estate of Castalvi, Maria Nieves Toledo and Donata Montemayor (and the Vitugs) respectively; and

(d) the costs of those proceedings (6)

Provided the amounts heretofore received or withdrawn by appellees during the pendency of this appeal with permission of this Court, from the plaintiff "Republic of the Philippines, shall be deducted from the payments

herein ordered.

Paras, C.J., Bengzon, Padilla, Montemayor, Reyes, A., Jugo, Bautista Angelo, Labrador, Concepcion, Reyes, J.B.L., and Endencia, JJ., concur.

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