

ADDITION HILLS MANDALUYONG CIVIC & SOCIAL ORGANIZATION, INC., PETITIONER, VS. MEGAWORLD PROPERTIES & HOLDINGS, INC., WILFREDO I. IMPERIAL, IN HIS CAPACITY AS DIRECTOR, NCR, AND ...

G.R. No. 175039. April 18, 2012

Ponente: LEONARDO-DE CASTRO, J.

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LEONARDO-DE CASTRO, J.:

This is a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure of the Decision[1] dated May 16, 2006 as well as the Resolution[2] dated October 5, 2006 of the Court of Appeals in CA-G.R. CV No. 63439, entitled “ADDITION HILLS MANDALUYONG CIVIC & SOCIAL ORGANIZATION INC. vs. MEGAWORLD PROPERTIES & HOLDINGS, INC., WILFREDO I. IMPERIAL in his capacity as Director, NCR, and HOUSING AND LAND USE REGULATORY BOARD, DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES.” In effect, the appellate court’s issuances reversed and set aside the Decision[3] dated September 10, 1998 rendered by the Regional Trial Court (RTC) of Pasig City, Branch 158 in Civil Case No. 65171.

The facts of this case, as narrated in the assailed May 16, 2006 Decision of the Court of Appeals, are as follows:

[Private respondent] MEGAWORLD was the registered owner of a parcel of land located along Lee Street, Barangay Addition Hills, Mandaluyong City with an area of 6,148 square meters, more or less, covered by Transfer Certificate of Title (TCT) No. 12768, issued by the Register of Deeds for Mandaluyong City.

Sometime in 1994, [private respondent] MEGAWORLD conceptualized the construction of a residential condominium complex on the said parcel of land called the Wack-Wack Heights Condominium consisting of a cluster of six (6) four-storey buildings and one (1) seventeen (17) storey tower.

[Private respondent] MEGAWORLD thereafter secured the necessary clearances, licenses and permits for the condominium project, including: (1) a CLV, issued on October 25, 1994, and a Development Permit, issued on November 11, 1994, both by the [public respondent] HLURB; (2) an ECC, issued on March 15, 1995, by the Department of Environment and Natural Resources (DENR); (3) a Building Permit, issued on February 3, 1995, by the Office of the Building Official of Mandaluyong City; and (4) a Barangay Clearance dated September 29, 1994, from the office of the Barangay Chairman of Addition Hills.

Thereafter, construction of the condominium project began, but on June 30, 1995, the plaintiff-appellee AHMCSO filed a complaint before the Regional Trial Court of Pasig City, Branch 158, docketed as Civil Case No. 65171, for yo (sic) annul the Building Permit, CLV, ECC and Development Permit granted to MEGAWORLD; to prohibit the issuance to MEGAWORLD of Certificate of Registration and License to Sell Condominium Units; and to permanently enjoin local and national building officials from issuing licenses and permits to MEGAWORLD.

On July 20, 1995, [private respondent] MEGAWORLD filed a Motion to Dismiss the case for lack of cause of

action and that jurisdiction over the case was with the [public respondent] HLURB and not with the regular courts.

On July 24, 1994, the RTC denied the motion to dismiss filed by [private respondent] MEGAWORLD.

On August 3, 1995, [private respondent] MEGAWORLD filed its Answer.

On November 15, 1995, pre-trial was commenced.

Thereafter, trial on the merits ensued.[4]

The trial court rendered a Decision dated September 10, 1998 in favor of petitioner, the dispositive portion of which reads:

WHEREFORE, in view of the foregoing, the Certificate of Locational Viability, the Development Permit and the Certificate of Registration and License to Sell Condominium Units, all issued by defendant Wilfredo I. Imperial, National Capital Region Director of the Housing and Land Use Regulatory Board (HLURB-NCR) are all declared void and of no effect. The same goes for the Building Permit issued by defendant Francisco Mapalo of Mandaluyong City. In turn, defendant Megaworld Properties and Holdings Inc. is directed to rectify its Wack Wack Heights Project for it to conform to the requirements of an R-2 zone of Mandaluyong City and of the Metro Manila Zoning Ordinance 81-01.

Costs against these defendants.[5]

Private respondent appealed to the Court of Appeals which issued the assailed May 16, 2006 Decision which reversed and set aside the aforementioned trial court ruling, the dispositive portion of which reads:

WHEREFORE, premises considered, the September 10, 1998 Decision of the Regional Trial Court of Pasig City, Branch 158, rendered in Civil Case No. 65171 is hereby REVERSED and SET ASIDE and a new one entered DISMISSING the complaint.[6]

As can be expected, petitioner moved for reconsideration; however, the Court of Appeals denied the motion in its assailed October 5, 2006 Resolution.

Hence, the petitioner filed the instant petition and submitted the following issues for consideration:

WHETHER OR NOT THE COURT OF APPEALS ERRED WHEN IT FOUND THAT PETITIONER FAILED TO EXHAUST ADMINISTRATIVE REMEDIES BEFORE SEEKING JUDICIAL INTERVENTION FROM THE COURTS.

WHETHER OR NOT THE COURT OF APPEALS ERRED WHEN IT FOUND THAT THE CASE FILED BEFORE AND DECIDED BY THE REGIONAL TRIAL COURT OF PASIG, BRANCH 158, DOES NOT FALL UNDER ANY ONE OF THE EXCEPTIONS TO THE RULE ON EXHAUSTION OF ADMINISTRATIVE REMEDIES.

WHETHER OR NOT THE COURT OF APPEALS (The Court) ERRED WHEN IT FOUND THAT PETITIONER FAILED TO EXHAUST ADMINISTRATIVE REMEDIES BEFORE SEEKING JUDICIAL INTERVENTION FROM THE COURTS.

WHETHER OR NOT THE COURT OF APPEALS (The Court) ERRED WHEN IT CONCLUDED THAT THE HLURB HAD JURISDICTION OVER ACTIONS TO ANNUL CERTIFICATES OF LOCATIONAL VIABILITY AND DEVELOPMENT PERMITS.[7]

On the other hand, private respondent put forth the following issues in its Memorandum[8]:

I

WHETHER OR NOT THE PETITION FOR REVIEW IS FATALY DEFECTIVE FOR BEING IMPROPERLY VERIFIED.

II

WHETHER OR NOT THE COURT OF APPEALS CORRECTLY ANNULLED AND SET ASIDE THE TRIAL COURT'S DECISION AND DISMISSED THE COMPLAINT FOR PETITIONER'S FAILURE TO EXHAUST ADMINISTRATIVE REMEDIES.

III

WHETHER OR NOT THE DECISION OF THE TRIAL COURT IS CONTRARY TO LAW AND THE FACTS.

A. WHETHER OR NOT THE TRIAL COURT ERRED IN HOLDING THAT THE CLV WAS IMPROPERLY AND IRREGULARLY ISSUED.

1. WHETHER OR NOT THE TRIAL COURT ERRED IN HOLDING THAT HLURB HAS NO POWER TO GRANT AN EXCEPTION OR VARIANCE TO REQUIREMENTS OF METRO MANILA COMMISSION ORDINANCE NO. 81-01.

2. WHETHER OR NOT THE TRIAL COURT ERRED IN HOLDING THAT THE PROJECT DID NOT MEET THE REQUIREMENTS OF SECTION 3(B), ARTICLE VII OF METRO MANILA COMMISSION ORDINANCE NO. 81-01 TO QUALIFY FOR AN EXCEPTION OR DEVIATION.

B. WHETHER OR NOT THE TRIAL COURT ERRED IN HOLDING THAT THE DEVELOPMENT PERMIT WAS IMPROPERLY AND IRREGULARLY ISSUED.

C. WHETHER OR NOT THE TRIAL COURT ERRED IN HOLDING THAT THE PROJECT DEPRIVES THE ADJACENT PROPERTIES OF AIR.[9]

We find the petition to be without merit.

At the outset, the parties in their various pleadings discuss issues, although ostensibly legal, actually require the Court to make findings of fact. It is long settled, by law and jurisprudence, that the Court is not a trier of facts.[10] Therefore, the only relevant issue to be resolved in this case is whether or not the remedy sought by the petitioner in the trial court is in violation of the legal principle of the exhaustion of administrative remedies.

We have consistently declared that the doctrine of exhaustion of administrative remedies is a cornerstone of our judicial system. The thrust of the rule is that courts must allow administrative agencies to carry out their functions and discharge their responsibilities within the specialized areas of their respective competence. The rationale for this doctrine is obvious. It entails lesser expenses and provides for the speedier resolution of controversies. Comity and convenience also impel courts of justice to shy away from a dispute until the system of administrative redress has been completed.[11]

In the case of *Republic v. Lacap*,[12] we expounded on the doctrine of exhaustion of administrative remedies and the related doctrine of primary jurisdiction in this wise:

The general rule is that before a party may seek the intervention of the court, he should first avail of all the means afforded him by administrative processes. The issues which administrative agencies are authorized to decide should not be summarily taken from them and submitted to a court without first giving such administrative agency the opportunity to dispose of the same after due deliberation.

Corollary to the doctrine of exhaustion of administrative remedies is the doctrine of primary jurisdiction; that

is, courts cannot or will not determine a controversy involving a question which is within the jurisdiction of the administrative tribunal prior to the resolution of that question by the administrative tribunal, where the question demands the exercise of sound administrative discretion requiring the special knowledge, experience and services of the administrative tribunal to determine technical and intricate matters of fact.[13]

It is true that the foregoing doctrine admits of exceptions, such that in *Lacap*, we also held:

Nonetheless, the doctrine of exhaustion of administrative remedies and the corollary doctrine of primary jurisdiction, which are based on sound public policy and practical considerations, are not inflexible rules. There are many accepted exceptions, such as: (a) where there is estoppel on the part of the party invoking the doctrine; (b) where the challenged administrative act is patently illegal, amounting to lack of jurisdiction; (c) where there is unreasonable delay or official inaction that will irretrievably prejudice the complainant; (d) where the amount involved is relatively small so as to make the rule impractical and oppressive; (e) where the question involved is purely legal and will ultimately have to be decided by the courts of justice; (f) where judicial intervention is urgent; (g) when its application may cause great and irreparable damage; (h) where the controverted acts violate due process; (i) when the issue of non-exhaustion of administrative remedies has been rendered moot; (j) when there is no other plain, speedy and adequate remedy; (k) when strong public interest is involved; and, (l) in quo warranto proceedings. x x x.[14]

Upon careful consideration of the parties' contentions, we find that none of the aforementioned exceptions exist in the case at bar.

What is apparent, however, is that petitioner unjustifiably failed to exhaust the administrative remedies available with the Housing and Land Use Regulatory Board (HLURB) before seeking recourse with the trial court. Under the rules of the HLURB which were then in effect, particularly Sections 4 and 6 of HLURB Resolution No. R-391, Series of 1987 (Adopting the 1987 Rules of Procedure of the Housing and Land Use Regulatory Board),[15] a complaint to annul any permit issued by the HLURB may be filed before the Housing and Land Use Arbiter (HLA). Therefore, petitioner's action to annul the Certificate of Locational Viability (CLV) and the Development Permit issued by the HLURB on October 25, 1994 and November 11, 1994, respectively, in favor of private respondent for its Wack-Wack Heights Condominium Project should have been properly filed before the HLURB instead of the trial court.

We quote with approval the Court of Appeals' discussion of this matter:

In the case at bar, plaintiff-appellee AHMCSO failed to exhaust the available administrative remedies before seeking judicial intervention via a petition for annulment. The power to act as appellate body over decisions and actions of local and regional planning and zoning bodies and deputized official of the board was retained by the HLURB and remained unaffected by the devolution under the Local Government Code.

Under Section 5 of Executive Order No. 648, series of 1981, the Human Settlement Regulatory Commission (HSRC) later renamed as Housing and Land Use Regulatory Board (HLURB), pursuant to Section 1(c) of Executive Order No. 90, series of 1986, has the power to:

f) Act as the appellate body on decisions and actions of local and regional planning and zoning bodies of the deputized officials of the Commission, on matters arising from the performance of these functions.

In fact, Section 4 of E.O. No. 71 affirms the power of the HLURB to review actions of local government units on the issuance of permits –

Sec. 4. – If in the course of evaluation of application for registration and licensing of projects within its jurisdiction, HLURB finds that a local government unit has overlooked or mistakenly applied a certain law, rule or standard in issuing a development permit, it shall suspend action with a corresponding advice to the local government concerned, so as to afford it an opportunity to take appropriate action thereon. Such return

and advice must likewise be effected within a period of thirty (30) days from receipt by HLURB of the application.

Moreover, Section 18 and 19 of HSRC Administrative Order No. 20 provides:

Section 18. Opposition to Application. Opposition to application shall be considered as a complaint, the resolution of which shall be a prerequisite to any action on the application. Complaints and other legal processes shall be governed by the Rules of Procedure of the Commission, and shall have the effect of suspending the application.

Section 19. Complaints/Opposition Filed After the Issuance of Locational Clearance. Temporary issuance of locational permit or land transaction approval shall be acted upon by the Office that issued the same. Such complaint shall not automatically suspend the locational clearance, temporary use permit, development permit or land transaction approval unless an order issued by the commission to that effect.

The appropriate provisions of the Rules of Procedure governing hearings before the Commission shall be applied in the resolution of said complaint as well as any motion for reconsideration that may be filed thereto, provided that if the complaint is directed against the certificate of zoning compliance issued by the deputized zoning administrator, the same shall be acted upon the Commissioner in Charge for adjudication.

Under the rules of the HLURB then prevailing at the time this case was filed, a complaint to annul any permit issued by the HLURB may be filed before the Housing and Land Use Arbiter (HLA). The decision of the HLA may be brought to the Board of Commissioners by Petition for Certiorari and the decision of the Board of Commissioners [is] appealable to the Office of the President.[16](Citations omitted; emphases supplied.)

It does not escape the attention of the Court that in its Reply, petitioner admitted that it had a pending complaint with the HLURB involving private respondent's the Development Permit, the Certificate of Registration and License to Sell Condominium Units, aside from complaints with the Building Official of the Municipality (now City) of Mandaluyong and the MMDA, when it instituted its action with the trial court. As discussed earlier, a litigant cannot go around the authority of the concerned administrative agency and directly seek redress from the courts. Thus, when the law provides for a remedy against a certain action of an administrative board, body, or officer, relief to the courts can be made only after exhausting all remedies provided therein. It is settled that the non-observance of the doctrine of exhaustion of administrative remedies results in lack of cause of action, which is one of the grounds in the Rules of Court justifying the dismissal of the complaint.[17]

In view of the foregoing discussion, we find it unnecessary to resolve the other issues raised by the parties.

To conclude, it is our view that the Court of Appeals committed no reversible error in setting aside the trial court decision and dismissing said complaint.

WHEREFORE, premises considered, the petition is hereby DENIED. The assailed Decision dated May 16, 2006 and the Resolution dated October 5, 2006 of the Court of Appeals in CA-G.R. CV No. 63439 are AFFIRMED.

SO ORDERED.

Velasco, Jr.,[*] Bersamin, Del Castillo, and Villarama, Jr., JJ., concur.

[*] Per Raffle dated March 28, 2012.

[1] Rollo, pp. 10-20; penned by Associate Justice Vicente Q. Roxas with Associate Justices Godardo A. Jacinto and Juan Q. Enriquez, Jr., concurring.

[2] Id. at 69-70.

[3] CA rollo, 250-274.

[4] Rollo, pp. 12-13.

[5] CA rollo, p. 274.

[6] Rollo, pp. 19-20.

[7] Id. at 384-385.

[8] Id. at 315-365.

[9] Id. at 323-324.

[10] *General Milling Corporation v. Ramos*, G.R. No. 193723, July 20, 2011, 654 SCRA 256, 267.

[11] *New Sun Valley Homeowners' Association, Inc. v. Sangguniang Barangay, Barangay Sun Valley, Parañaque City*, G.R. No. 156686, July 27, 2011, 654 SCRA 438, 463, citing *Universal Robina Corporation (Corn Division) v. Laguna Lake Development Authority*, G.R. No. 191427, May 30, 2011, 649 SCRA 506, 511.

[12] G.R. No. 158253, March 2, 2007, 517 SCRA 255.

[13] Id. at 265.

[14] Id. at 265-266.

[15] Section 4. Applicant and Oppositor. – Any person natural or juridical, applying to the Board for issuance of any license, permit, development and/or locational clearance or the authority to exercise any right or privilege under any law administered or enforced by the Board, shall be called the applicant.

Any person claiming interest in any application filed with the Board, or in the subject matter thereof, which is adverse to the applicant, shall be called the oppositor.

Section 6. When Action Deemed Commenced. – An action is deemed commenced upon the filing of a verified complaint or opposition, in three copies, together with all the supporting documents, and upon payment of the filing fees.

[16] Rollo, pp. 16-17.

[17] *National Electrification Administration v. Villanueva*, G.R. No. 168203, March 9, 2010, 614 SCRA 659, 665-666, citing *Teotico v. Baer*, G.R. No. 147464, June 8, 2006, 490 SCRA 279, 284.

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