

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE TOLL
REGULATORY BOARD, PETITIONER, V. SPOUSES TOMAS C. LEGASPI
AND RUPERTA V. ESQUITO, PABLO VILLA, TEODORA VILLA,
FLORENCIO VILL...**

G.R. No. 221995. October 03, 2018

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

This petition for review[1] assails the 18 August 2015 Decision[2] and the 24 November 2015 Resolution[3] of the Court of Appeals in CA-G.R. CV No. 103375. The Court of Appeals affirmed the 16 December 2009 Decision and 14 March 2014 Order of the Regional Trial Court, Branch 35, Calamba City in Civil Case No. 3781-05-C for expropriation.

The Facts

On 21 June 2005, the Republic of the Philippines (petitioner) filed a complaint[4] for expropriation before the Regional Trial Court of Calamba City (trial court) against respondents Spouses Tomas C. Legaspi and Ruperta V. Esquito, Pablo Villa, Teodora Villa, and Florencio Villa, who were the registered owners of the lots located in Barangay Saimsim, Calamba City, Laguna, portions of which were sought to be expropriated. Respondent Rural Bank of Calamba (Laguna), Inc. (bank) was impleaded because the lot of Spouses Tomas C. Legaspi and Ruperta V. Esquito was mortgaged to the bank. The affected subject lots,[5] with a total area of 13,002 square meters, were expropriated for the construction and implementation of the South Luzon Tollway Extension Project.

On 12 September 2006, petitioner filed an Urgent Ex Parte Motion for Issuance of Writ of Possession,[6] stating that in accordance with Section 4(a) of Republic Act No. 8974 (RA 8974),[7] it has already deposited with the Development Bank of the Philippines and Land Bank of the Philippines the amount of P3,120,480, representing 100% of the zonal value of the affected subject lots, computed at P240 per square meter.[8] On 23 November 2006, respondents filed two motions: (1) Motion to Correct Initial Deposit and to Release it unto Defendants, alleging that the Bureau of Internal Revenue (BIR) zonal valuation of the subject lots should be P2,500 per square meter, based on the Tax Declarations issued by the City Assessor's Office of Calamba and not P240 per square meter, since the subject lots were classified as commercial lands; and (2) Motion to Order Plaintiff to Pay Defendants the Cost of Improvements, asserting that certain portions of the subject lots contain crops and trees.

In its Order dated 30 November 2006,[9] the trial court granted petitioner's Motion for Issuance of Writ of Possession and respondents' Motion to Correct Initial Deposit. The trial court ordered petitioner to deposit the amount of P29,384,020, which represents the difference between the initial deposit of P3,120,480 and the P32,505,500[10] zonal value of the subject lots computed at P2,500 per square meter. The trial court also ordered the parties to nominate their representatives to the Board of Commissioners, which is tasked to assist the trial

court in determining just compensation. Subsequently, the trial court, in an Order dated 5 January 2007,[11] granted respondents' motion for the payment of improvements, and directed petitioner to pay: (1) P582,300 to Pablo Villa; (2) P111,375 to Teodora Villa; (3) P295,485.12 to Florencio Villa; and (4) P3,545,172 to Tomas Legaspi. On 20 March 2007, the trial court issued a writ of possession in favor of petitioner.[12]

On 7 November 2007, the trial court issued an order constituting the Board of Commissioners based on the nominees submitted by the parties.[13] The Commissioners made ocular inspections on the subject lots, conducted hearings, and held several interviews and deliberations to determine the fair market value of the lots. While the location of the lots was undeveloped, the Commissioners noted that it has a potential of becoming a mixed residential and commercial site. In fact, a Certification from the Office of the City Mayor of Calamba showed that based on Municipal Ordinance No. 256, Series of 2000, amending Ordinance No. 09, Series of 1981, the location was within Growth Management Zone 1.

On 20 November 2009, the Board of Commissioners submitted the Commissioners' Report,[14] with the following recommended amounts as just compensation for the subject lots: (1) Chairman of the Board of Commissioners, Atty. Allan Hilbero - P3,000 per square meter; (2) Commissioner Antonio Amata (petitioner's nominee) - P2,500 per square meter; and (3) Commissioner Cecilia Panganiban (respondents' nominee) - P4,500 per square meter.

The Ruling of the Trial Court

On 16 December 2009, the trial court rendered a Decision,[15] the dispositive portion of which reads:

WHEREFORE, with the foregoing premises, this Court renders judgment fixing the amount of Three Thousand Five Hundred (Php3,500.00) Pesos per square meter as the just compensation for the properties of defendants herein. Accordingly, the Republic of the Philippines, represented by the Toll Regulatory Board is ordered to pay the defendants the amount of Php13,001,500.00 which represents the difference between the Php32,503,500 received by the defendants] as provisional payment for the 13,002 sq. meter lots owned by defendants and the amount of Php45,507,000.00 computed at the rate of Php3,500.00 per square meter.

Further, the defendants are hereby ordered to pay Commissioner's fee of Ten Thousand Pesos (P10,000.00) each Commissioner.

SO ORDERED.[16]

Petitioner filed a Motion for Reconsideration, which the trial court granted through a Resolution dated 12 December 2011,[17] penned by Acting Presiding Judge Rommel O. Baybay. The trial court lowered the amount of just compensation to P240 per square meter. The trial court agreed with petitioner's assertion that the Commissioners' declaration that the subject properties have the potential of becoming residential and commercial sites is speculative and could not be used as the basis for determining just compensation.

Respondents moved for reconsideration of the 12 December 2011 Resolution. In an Order dated 14 March 2014,[18] the trial court, through Judge Gregorio M. Velasquez, set aside the 12 December 2011 Resolution, and reinstated the 16 December 2009 Decision of Judge Romeo C. De Leon which fixed the amount of just compensation at P3,500 per square meter.

Petitioner appealed the 16 December 2009 Decision and the 14 March 2014 Order of the trial court.

The Ruling of the Court of Appeals

The Court of Appeals denied petitioner's appeal, and affirmed the 16 December 2009 Decision and the 14 March 2014 Order of the trial court.

The Court of Appeals held that just compensation is not solely based on BIR zonal value, which is the basis for the payment of the "provisional value" which is prerequisite to the issuance of a writ of possession. The Court of Appeals explained that while the provisional value is based on the current zonal value, just compensation is based on the prevailing market value of the property, of which the zonal value is only one of its indices. Other factors to consider in determining the fair market value of the property are the cost of acquisition, the current value of like properties, its actual or potential uses, its size, shape, and location, and the tax declarations thereon.

In addition, the Court of Appeals stressed that the relevant zonal valuation in this case is not P240 per square meter, which is the zonal value of agricultural lands in Barangay Saimsim, but P2,500 per square meter. Pursuant to the Zoning Ordinance of Calamba which was adopted in 2000, the tax declarations for the subject lots show that these were already classified as commercial, which has a zonal value of P2,500 per square meter. The Court of Appeals noted that Ordinance No. 256, Series of 2000, classified Barangay Saimsim, where the subject lots are located, as under Growth Management Zone I.[19] The area under Growth Management Zone 1 is considered highly suitable for urban development, hosting major industrial estates and is the location of major residential subdivisions and universities. Ordinance No. 256 also stated that Growth Management Zone 1 is the area intended to accommodate the urban expansion requirements of Calamba City. The classification of the subject lots was verified by the Calamba City Mayor who issued a Certificate of Market Value Classification stating that the subject lots were within Growth Management Zone 1 and have a market value of P5,000 per square meter.[20]

Taking into account the Commissioners' Report, the classification and valuation of the property as certified by the Mayor, the price paid by petitioner to other affected landowners, and other relevant factors, the Court of Appeals held that the trial court committed no reversible error in fixing the amount of just compensation at P3,500 per square meter, instead of only P240 per square meter as asserted by petitioner.

The Issue

Petitioner raises the sole issue of whether the Court of Appeals erred in upholding the trial court's decision and order, fixing just compensation for the subject lots at P3,500 per square meter.

The Court's Ruling

We find the petition without merit.

Petitioner argues that the amount of P3,500 per square meter is excessive and not supported by evidence. Petitioner maintains that just compensation for the subject lots should only be P240 per square meter based on the 2004 BIR zonal value, which is competent proof of the fair market value of the subject lots. Furthermore, petitioner stresses that the subject lots are classified as agricultural lands as indicated in the tax declarations, and there were no commercial establishments within the vicinity of the subject lots. Petitioner also cited the lack of cemented access roads leading to and from the subject lots.

In a petition for review on certiorari under Rule 45 of the Rules of Court, only questions of law should be raised and not questions of fact. Factual issues pertaining to the value of the property subject of expropriation are questions of fact which are generally beyond the scope of judicial review of this Court under Rule 45.[21] Although this Court has recognized several exceptions to this rule,[22] this case does not fall under any of the exceptions. Moreover, factual findings of the trial court, when affirmed by the Court of Appeals, are generally binding and conclusive on this Court,[23] unless essential facts were overlooked or misinterpreted which would materially affect the disposition of the case.[24] We find no reason to deviate from the factual findings of the trial court and the Court of Appeals.

This Court has defined just compensation in expropriation cases as:

Notably, just compensation in expropriation cases is defined "as the full and fair equivalent of the property taken from its owner by the expropriator. The Court repeatedly stressed that the true measure is not the taker's gain but the owner's loss. The word 'just' is used to modify the meaning of the word 'compensation' to convey the idea that the equivalent to be given for the property to be taken shall be real, substantial, full and ample." [25]

The purpose of just compensation is to compensate the owner of the property taken by the State. [26] Just compensation is the fair and full equivalent of the property at the time of the taking. [27] Under Section 5 of RA 8974, the standards for the determination of just compensation are:

Section 5. Standards for the Assessment of the Value of the Land Subject of Expropriation Proceedings or Negotiated Sale. - In order to facilitate the determination of just compensation, the court may consider, among other well-established factors, the following relevant standards:

- (a) The classification and use for which the property is suited;
- (b) The developmental costs for improving the land;
- (c) The value declared by the owners;
- (d) The current selling price of similar lands in the vicinity;
- (e) The reasonable disturbance compensation for the removal and/or demolition of certain improvement on the land and for the value of improvements thereon;
- (f) The size, shape or location, tax declaration and zonal valuation of the land;
- (g) The price of the land as manifested in the ocular findings, oral as well as documentary evidence presented; and
- (h) Such facts and events as to enable the affected property owners to have sufficient funds to acquire similarly-situated lands of approximate areas as those required from them by the government, and thereby rehabilitate themselves as early as possible.

The Court of Appeals, in affirming the trial court's valuation of P3,500 per square meter as just compensation, considered several factors including the standards enumerated under Section 5 of RA 8974. In affirming the valuation of P3,500 per square meter as just compensation for the subject lots, the Court of Appeals explained:

All told, from a consideration of the above-stated figures, namely: (1) Php 3,000.00 per square meter proposed by the Chairman of the Board of Commissioners; (2) Php 2,500.00 per square meter proposed by plaintiff-appellant Republic's nominee; (3) Php 4,500.00 per square meter proposed by defendants-appellees' nominee; (4) Php 5,000.00 per square meter valuation as certified by the Office of the City Mayor; (5) Php 9,000.00 per square meter selling price of Ayala Land; (6) Php 2,500.00 per square meter zonal value five (5) years prior to the filing of the complaint; (7) Php 3,400 per square meter revised zonal value in 2010; and [8] Php 2,250.00 per square meter paid by plaintiff-appellant Republic to other affected landowners, it can be easily gleaned that plaintiff-appellant Republic's insistence on the price of Php 240.00 per square meter, which is about ten (10) times less than the lowest rate of Php 2,250.00 per square meter, is outrageous and unjustified.

It should be borne in mind that the word "just" is used to modify the meaning of the word "compensation", to convey the idea that the equivalent to be given for the property to be taken shall be real, substantial, full and ample. The owner's loss is not only his property but also its income-generating potential. Prescinding from all the foregoing, this Court finds that the lower court's valuation of Php 3,500.00 per square meter is fair and sensible under the circumstances. The lower court exercised reasonable judgment in arriving at a compromise between the proposals of the parties' nominees, and this Court finds no cogent reason to disturb the same. [28]

Clearly, the ruling of both the trial court and the Court of Appeals, fixing just compensation at P3,500 per square meter for the subject lots, is supported by evidence. Furthermore, petitioner's insistence that just compensation should be pegged at the zonal value of P240 per square meter is erroneous. [29] This Court has ruled in several expropriation cases that the zonal valuation, which is merely one of the indices of the fair market value of real

estate, cannot be the sole basis for the determination of just compensation of properties under expropriation.[30] Indeed, under Section 5 of RA 8974, the zonal valuation of the land is only one of the standards to be considered in determining the valuation of the land subject of expropriation.

WHEREFORE, we DENY the petition. We AFFIRM the Decision dated 18 August 2015 and the Resolution dated 24 November 2015 of the Court of Appeals in CA-G.R. CV No. 103375.

SO ORDERED.

Perlas-Bernabe, A. Reyes, Jr., and J. Reyes, Jr.,[*] JJ., concur.
Caguioa, J., on leave.

[*] Designated additional member per Special Order No. 2587 dated 28 August 2018.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Rollo, pp. 29-46. Penned by Associate Justice Remedios A. Salazar-Fernando, with Associate Justices Priscilla J. Baltazar-Padilla and Socorro B. Inting concurring.

[3] Id. at 47-49.

[4] Id. at 50-58.

[5] As stated in petitioner's Urgent Ex-Parte Motion for Issuance of Writ of Possession filed with the trial court, the affected lots subject for expropriation were: (1) Lot 3148-x-N-D-1-B (3,628 sq.m.), owned by Spouses Tomas C. Legaspi and Ruperta V. Esquito; (2) Lot 2-A (1,772 sq.m.), owned by Pablo Villa; (3) Lots 3-A & 3-C (273 sq.m.), owned by Teodora Villa; (4) Lot 2394-X-A-2-B (4,568 sq.m.), owned by Florencio R. Villa; and (5) Lot 2392-C-2 (2,761 sq.m.), owned by Florencio R. Villa. CA rollo, pp. 70-71.

[6] CA rollo, pp. 70-80.

[7] AN ACT TO FACILITATE THE ACQUISITION OF RIGHT-OF-WAY, SITE OR LOCATION FOR NATIONAL GOVERNMENT INFRASTRUCTURE PROJECTS AND FOR OTHER PURPOSES.

[8] $P240 \times 13,002 = P3,120,480$.

[9] Records, Volume 1, pp. 194-197.

[10] In the trial court's Order dated 30 November 2006, it computed the 100% zonal value of the 13,002 sq.m. affected lots as P32,505,500 (13,002 sq.m. x P2,500 per sq.m.).

[11] Records, Volume 1, pp. 217-220.

[12] CA rollo, pp. 86-88.

[13] Records, Volume 1, pp. 333-334.

[14] Rollo, pp. 106-111.

[15] CA rollo, pp. 55-61. Penned by Judge Romeo C. De Leon.

[16] Id. at 61.

[17] Id. at 129-130.

[18] Id. at 62-63.

[19] Records, Volume 1, pp. 346-351.

[20] Id. at 345.

[21] Evergreen Manufacturing Corporation v. Republic of the Philippines, G.R. Nos. 218628 and 218631, 6 September 2017.

[22] The exceptions are: 1) when the findings are grounded entirely on speculation, surmises or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of facts are conflicting; (6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; and (11) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion. *Umali v. Hobbywing Solutions, Inc.*, G.R. No. 221356, 14 March 2018, citing *Angeles v. Pascual*, 673 Phil 499 (2011).

[23] *Espina-Dan v. Dan*, G.R. No. 209031, 16 April 2018; *Rebadulla v. Republic*, G.R. Nos. 222159 and 222171, 31 January 2018; *Gatan v. Vinarao*, G.R. No. 205912, 18 October 2017.

[24] *Mactan Rock Industries, Inc. v. Germo*, G.R. No. 228799, 10 January 2018; *Rep. of the Phils. v. C.C. Unson Company, Inc.*, 781 Phil. 770 (2016); *Rep. of the Phils. v. Heirs of Sps. Pedro Bautista and Valentina Malabanan*, 702 Phil. 284 (2013).

[25] *Evergreen Manufacturing Corporation v. Republic of the Philippines*, supra, citing *Republic v. Judge Mupas*, 785 Phil. 40, 90 (2016).

[26] *Republic v. Macabagdal*, G.R. No. 227215, 10 January 2018.

[27] *Mateo v. Department of Agrarian Reform*, G.R. No. 186339, 15 February 2017, 817 SCRA 461; *National Power Corporation v. Malapascua-Malijan*, G.R. Nos. 211731 and 211818, 7 December 2016, 813 SCRA 453.

[28] Rollo, p. 45.

[29] Even petitioner's nominee, Commissioner Amata, proposed a higher valuation at P2,500 per square meter, alleging that petitioner has entered into compromise agreements with other landowners of expropriated properties in which the amount for just compensation was pegged at P2,250 per square meter. RTC Decision dated 16 December 2009, p. 4; CA rollo, p. 58.

[30] *Rebadulla v. Republic*, G.R. Nos. 222159 and 222171, 31 January 2018; *Republic v. Cebuan*, G.R. No. 206702, 7 June 2017, 826 SCRA 521; *Rep. of the Phils. v. Asia Pacific Integrated Steel Corp.*, 729 Phil. 402 (2014); *Bases Conversion Dev't. Authority v. Reyes*, 711 Phil. 631 (2013); *Rep. of the Phils. v. Sps. Tan*, 676 Phil. 337 (2011).

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