

RENATO TAÑON AND PIO CANDELARIA, AS SUBSTITUTED BY HIS HEIRS, NAMELY, HONORIO V. CANDELARIA, WINNIE C. MARGATE, AND LOIDA V. CANDELARIA, PETITIONERS, VS. ASIA UNITED BANK, AS SU...*G.R. No. 226852. June 30, 2021*

Ponente: LEONEN, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-226852/>**LEONEN, J.:**

Prior to the effectivity of Republic Act No. 6657, a local government unit's reclassification of specific use of land, as ratified by the Housing and Land Use Regulatory Board, exempts such land from the coverage of the Comprehensive Agrarian Reform Program. Without evidence to the contrary, the certification of the Housing and Land Use Regulatory Board attesting to such fact is binding upon this Court. To claim coverage, the occupants of the land must allege and prove that they have vested tenancy rights prior to the enactment of the zoning ordinance.

This resolves the Petition for Review on Certiorari[1] filed by Renato Tañon and Pio Candelaria, assailing the Decision[2] and Resolution[3] of the Court of Appeals. The Court of Appeals affirmed the grant of application for exemption from coverage of the Comprehensive Agrarian Reform Law given to Asia Trust Development Bank (Asia Trust), now Asia United Bank.[4]

Asia Trust is the registered owner of a two-hectare parcel of land located in Barangay Makiling, Calamba, Laguna. The property is covered by Transfer Certificates of Title with numbers T-657053 and T-657052.[5]

On February 28, 2007, Asia Trust filed an Application to exempt the two-hectare property from agrarian reform coverage before the Department of Agrarian Reform. It submitted a February 21, 2007 Certification from the Housing and Land Use Regulatory Board, which provided that the property is "classified as [within the] industrial zone." [6]

On May 2, 2007, the head secretariat of the Regional Center for Land Use Policy, Planning, and Implementation, the municipal agrarian reform officer, and the provincial agrarian reform officer of Laguna conducted a joint ocular inspection of the property.[7] They found:

The subject area is contiguous, covered by grass (grassland) with second growth trees (sporadic). The property is vacant/idle and has no crops at the time of inspection[.]

There is no occupant/farmer found in the area the time of inspection[.] [H]owever, per allegation of the MARO concerned[,], there are occupants in the persons of the following: 1) Renato Tañon, 2) Romualdo Salamat, 3) Diosylin Daños, 4) Honorio Candelaria, 5) Pio Candelaria, 6) Tirso Luis Borjal, and 7) Ervin Acabo[.]

No development has been introduced to the property[,], either vertical or horizontal[.]

There is a protest allegedly filed by the alleged occupants Pio Candelaria, et. al. and the subject property has a Notice of coverage dated 19 March 2007[.]

There is no irrigation facility in the area and nearby lots.[8]

On June 21, 2007, the regional director of the Department of Agrarian Reform Region IV granted Asia Trust's application for exemption.[9] They found that the landholdings are "within the non-agricultural zone prior to June 15, 1988." [10] They also found substantial compliance with the requirements for application for exemption. The dispositive portion of their Order reads:

WHEREFORE, premises considered, Order is hereby issued GRANTING the application for exemption from CARP coverage pursuant to DOJ Opinion No. 44, Series of 1994 and amended by AO 4, Series of 2003 filed by Roberto M. J. Lara in behalf of Asia trust Development Bank involving two (2) parcels of land covered under TCT No. T-657053 & T-657052 with an area of 1.0014 hectares and 1.001 hectares respectively or a total of 2.0015 hectares, all located at Barangay Makiling, Calamba, Laguna. The DAR mandates the protection of tenurial rights of any tenant affected by this Order should there be any.

The DAR reserves the right to cancel or revoke this Order for misrepresentation of facts material to its issuance and for violation of the rules and regulation on exemption.

SO ORDERED.[11]

On September 5, 2007, Tañon and Candelaria filed a letter-protest to Asia Trust's application for exemption. The regional director treated this letter as a motion for reconsideration. In their Resolution,[12] the regional director denied Tañon and Candelaria's protest and affirmed the June 21, 2007 Order granting the application.

The regional director found that Asia Trust complied with the notice requirement through the billboard notice it constructed in the property. They reiterated that the February 21, 2007 Certification of the Housing and Land Use Regulatory Board clearly stated that the landholdings were "classified as [within the] Industrial Zone thru Sangguniang Bayan Resolution No. 63, Series of 1980 dated September 3, 1980 and ratified by the [Housing and Land Use Regulatory Board] under Resolution No. 28 dated October 27, 1981." [13] Thus, they concluded that the landholdings have been classified as nonagricultural prior to June 15, 1988 and beyond the coverage of the Comprehensive Agrarian Reform Program.

On May 20, 2008, Tañon and Candelaria filed a Motion for Reconsideration.[14] They invoked the finding of the municipal agrarian reform officer that the landholdings were planted with fruit trees and cash crops, which proves agricultural activity on the property.[15] They also attached a Memorandum issued by the provincial agrarian reform officer regarding their application for the coverage of the Comprehensive Agrarian Reform Program:

ACTION REQUESTED:

An action for the coverage of two (2) parcels of landholdings located [in] Brgy. Makiling, Calamba City, Laguna was filed by herein petitioners namely: Pio C. Candelaria and Renato B. Tañon.

THE LANDHOLDING/DESCRIPTION OF THE AREA

Ever Electrical Manufacturing is the owner of agricultural properties subject of the petition covered by [Transfer Certificate of Title] Nos. T-61469 and T-61470, consisting [of] an area of 10,014 and 10,001 square meters, respectively, situated [in] Brgy. Makiling, Calamba City, Laguna.

ACTUAL SITUATION OF THE LANDHOLDING

For this Office to verify and determine their alleged renunciation that they have the right to claim that the above-mentioned landholdings should be subjected for [Comprehensive Agrarian Reform Program] and be awarded to them as farmer-beneficiaries, the undersigned made spot actual field inspection over the subject landholding. It was found that there are farmers doing phases of [farm works]. The subject property was

planted [with] fruit trees and cash crops, thus the substance of the situation is telling otherwise that agricultural activity is still undertaken therein. They [orally] alleged that the landowner (referring to Ever Electrical Manufacturing, Inc.) owned vast track of agricultural landholdings.

The petitioners alleged that they exerted efforts in cultivating the subject landholding. Without their knowledge[,] the subject landholdings were mortgaged by the previous owner to Asia Trust Development Bank. They are now claiming that they are qualified to own the land they are tilling; hence, a need to place the land under [Comprehensive Agrarian Reform Program] and they be declared qualified beneficiaries.

....

RECOMMENDATION

[Comprehensive Agrarian Reform] Law[,] which took effect on June 15, 1988, [contains] a provision covering all agricultural land. With this information and findings, that the subject land, as of now[,] was still devoted to agricultural purposes, within the contemplation of law when the same was made productive by herein petitioners, the undersigned opined that there is reason that the landholding be effectively subjected to the Comprehensive Agrarian Reform Program of the government. This office opined that the petitioners [have] the locus standi to institute the petition for coverage.

In view of the recent development brought about by the erroneous sending of the Notice of Coverage, the letter shall therefore be sen[t] to the new owner, Asia Trust Development Bank.

For your perusal and information.[16]

Tañon and Candelaria also filed a Supplemental Motion for Reconsideration.[17] They alleged that the Housing and Land Use Regulatory Board issued a June 5, 2008 Certification No. 08-157-04, stating that the Transfer Certificates of Title Nos. 61469 and 61470 previously registered to Ever Electrical Manufacturing were devoted to and described as within agricultural zones. They also claimed that the February 14, 2000 Zoning Ordinance of Calamba amended the Sangguniang Bayan Resolution No. 63, series of 1980 and classified the area as an agricultural zone.[18]

Asia Trust refuted these allegations. It stated that the June 5, 2008 Certification of the Housing and Land Use Regulatory Board did not classify the landholdings as agricultural. Instead, it declared the landholdings part of the "Growth Management Zone-1". It alleged that the February 14, 2000 Zoning Ordinance of Calamba expanded and further refined the industrial zone classification of the landholdings.[19]

While the Department of Agrarian Reform did not rule on these allegations, it denied the Motion for Reconsideration and the Supplemental Motion for Reconsideration.[20] It reiterated the finding that the area has been reclassified as nonagricultural prior to 1988 and outside the coverage of the Comprehensive Agrarian Reform Program.[21] The dispositive portion of the order reads:

WHEREFORE, premises considered, Motion for Reconsideration, Supplemental Motion for Reconsideration/Appeal filed by Renato Tañon and Pio Candelaria represented by Atty. Raymundo N. Beltran as well as the Appeal filed by Felix Albaytar, et al., represented by Atty. Epifanio C. Buen to the DAR Regional Order dated 21 June 2007 (Exemption-04-2007-0301-01-008) involving an aggregate area of 2.0015 hectares located in Barangay Makiling, Calamba, Laguna is hereby DENIED. The Order of the Regional Director dated 21 June 2007, is hereby AFFIRMED with MODIFICATION.

The Notice of Coverage dated 19 March 2007 issued over the said property is hereby recalled.[22]

Similarly, the Department of Agrarian Reform denied their Motion for Reconsideration.[23]

The Office of the President affirmed the findings of the Department of Agrarian Reform.[24] It also denied the Motion for Reconsideration[25] filed by Tañon and Candelaria.[26]

Unfazed, Tañon and Candelaria filed a Petition for Review[27] before the Court of Appeals.

While this Petition was pending, Candelaria died.[28] He was substituted by his children namely Honoria V. Candelaria, Winnie C. Margate, and Loida V. Candelaria.[29]

In its Decision,[30] the Court of Appeals affirmed the Decision of the Office of the President. It reiterated that the two-hectare landholdings were classified for industrial use as early as October 27, 1981.[31] Thus, Asia Trust's application for exemption was correctly granted. The Court of Appeals also denied their Motion for Reconsideration.[32]

Hence, this Petition for Review.

Petitioners argue that respondent's application for exemption is void as there was no showing that the land has been classified for nonagricultural use prior to the effectivity of the Comprehensive Agrarian Reform Law. They also assail the February 21, 2007 Certification of the Housing and Land Use Regulatory Board and the zoning ordinance of the then Municipality of Calamba. Allegedly, there was no categorical statement as to the land's reclassification from agricultural to industrial use. They insist that these are mere zoning and do not satisfy the requirements for an exemption under the Comprehensive Agrarian Reform Program. They conclude that these documents did not automatically convert the agricultural industrial one.[33]

Petitioners claim that they are tenants of the property. They allege that the landholdings have been devoted exclusively for agricultural use as shown by the presence of fruit-bearing trees and cash crops on the property. As proof, they cite the memorandum of the municipal agrarian reform officer in relation to their request for the coverage of the Comprehensive Agrarian Reform Program. They also allege that the provincial agrarian reform officer issued a notice of coverage to the land's previous owner, Ever Electrical Manufacturing, Inc., because the lands are agricultural.[34]

Moreover, petitioners argue that the secretary of the Department of Agrarian Reform committed grave abuse of discretion when they disregarded the finding of the municipal agrarian reform officer regarding the presence of agricultural activity in the landholding. Since this finding is beneficial to them as farmers, they claim it must prevail over the findings of the Department of Agrarian Reform. They also allege that the findings of the Department of Agrarian Reform are not supported by evidence on record and are violative of laws and jurisprudence.[35]

Finally, petitioners contend that they were denied due process. They were allegedly not notified of respondent's application for exemption from Comprehensive Agrarian Reform Program coverage and were not given the chance to oppose the same. They deny having seen the billboard notices supposedly constructed by respondent. They claim they were also not notified during the ocular inspection on March 2, 2007. Despite respondent's failure to inform them of its application, there was allegedly undue haste in its approval, which only took four months.[36]

In its Comment,[37] respondent refutes that petitioners were denied due process. It claims that petitioners participated and were fully heard in the administrative proceedings before the Department of Agrarian Reform. In any case, it contends that petitioners merely reiterated their arguments already resolved in the administrative proceedings.[38]

Moreover, respondent claims it has fully complied with the requirements of their application for exemption. It

also contends that there is sufficient factual basis showing that the landholdings were outside of the scope of the Comprehensive Agrarian Reform Program. It argues that petitioners do not question the February 21, 2007 Certification from the Housing and Land Use Regulatory Board, which was based on latter's October 27, 1981 ratification of the Sangguniang Bayan's resolution classifying the land as nonagricultural. It claims that the factual findings of the regional director show that the landholdings were "vacant/idle and [had] no crops at the time of inspection." [39] Thus, it argues that the Court of Appeals correctly affirmed the grant of its application for exemption.

The issues are as follows:

First, whether or not the landholdings are exempted from the coverage of the Comprehensive Agrarian Reform Program;

Second, whether or not petitioners Renato Tañon and Pio Candelaria have vested rights over the landholdings prior to the passage and ratification of the zoning ordinance; and

Finally, whether or not they were denied due process. We deny the Petition.

I

The Comprehensive Agrarian Reform Law covers all private and public agricultural lands and public domain lands suitable for agriculture. Its Section 4 provides the following: [40]

SECTION 4. Scope. - The Comprehensive Agrarian Reform Law of 1988 shall cover, regardless of tenurial arrangement and commodity produced, all public and private agricultural lands, as provided in Proclamation No. 131 and Executive Order No. 229, including other lands of the public domain suitable for agriculture.

More specifically, the following lands are covered by the Comprehensive Agrarian Reform Program:

(a) All alienable and disposable lands of the public domain devoted to or suitable for agriculture. No reclassification of forest or mineral lands to agricultural lands shall be undertaken after the approval of this Act until Congress, taking into account ecological, developmental and equity considerations, shall have determined by law, the specific limits of the public domain.

(b) All lands of the public domain in excess of the specific limits as determined by Congress in the preceding paragraph;

(c) All other lands owned by the Government devoted to or suitable for agriculture; and

(d) All private lands devoted to or suitable for agriculture regardless of the agricultural products raised or that can be raised thereon.

An agricultural land is defined as a property "devoted to agricultural activity as defined in this Act and not classified as mineral forest residential, commercial or industrial land." [41] The Department of Agrarian Reform clarified this definition as follows:

Agricultural land refers to those devoted to agricultural activity as defined in R.A. 6657 and not classified as mineral or forest by the Department of Environment and Natural Resources (DENR) and its predecessor agencies, and not classified in town plans and zoning ordinances as approved by the Housing and Land Use Regulatory Board (HLURB) and its preceding competent authorities prior to 15 June 1988 for residential, commercial[,] or industrial use. [42]

Based on these definitions, an agricultural land has the following elements, namely:

(1) [d]evoted to agricultural activity, as defined in Republic Act No. 6657;

- (2) [n]ot classified as mineral or forest by the Department of Environment and Natural Resources; and
(3) [p]rior to June 15, 1988, not classified for residential, commercial, or industrial use under a local government town plan and zoning ordinance, as approved by the [Housing and Land Use Regulatory Board] (or its predecessors, the National Coordinating Council and the Human Settlements Regulatory Commission).[43]

Petitioners claim that the certification from the Housing and Land Use Regulatory Board and the general land use plan of Calamba did not automatically convert the agricultural land they occupy for industrial use. Supposedly, there was no specific mention of the land's reclassification.[44]

We are not convinced.

Prior to the effectivity of the Comprehensive Agrarian Reform Law, local government units had the power to reclassify specific uses of land within their territory through zoning ordinances.[45] In *Heirs of Luna v. Afable*,[46] we explained that the regulation through zoning and land reclassification of local government units is an exercise of police power:

It is clear from the last clause of the afore-quoted provision that a land is not agricultural, and therefore, outside the ambit of the [Comprehensive Agrarian Reform Program] if the following conditions concur[, namely,]:

1. the land has been classified in town plans and zoning ordinances as residential, commercial[, or industrial; and
2. the town plan and zoning ordinance embodying the land classification has been approved by the [Housing and Land Use Regulatory Board] or its predecessor agency prior to 15 June 1988.

It is undeniable that local governments have the power to reclassify agricultural into non-agricultural lands. Section 3 of [Republic Act] No. 2264 (The Local Autonomy Act of 1959) specifically empowers municipal and/or city councils to adopt zoning and subdivision ordinances or regulations in consultation with the National Planning Commission. By virtue of a zoning ordinance, the local legislature may arrange, prescribe, define, and apportion the land within its political jurisdiction into specific uses based not only on the present, but also on the future projection of needs. It may, therefore, be reasonably presumed that when city and municipal boards and councils approved an ordinance delineating an area or district in their cities or municipalities as residential, commercial, or industrial zone pursuant to the power granted to them under Section 3 of the Local Autonomy Act of 1959, they were, at the same time, reclassifying any agricultural lands within the zone for non-agricultural use[, hence, ensuring the implementation of and compliance with their zoning ordinances.

The regulation by local legislatures of land use in their respective territorial jurisdiction through zoning and reclassification is an exercise of police power. The power to establish zones for industrial, commercial[, and residential uses is derived from the police power itself and is exercised for the protection and benefit of the residents of a locality. Ordinance No. 21 of the Sangguniang Bayan of Calapan was issued pursuant to Section 3 of the Local Autonomy Act of 1959 and is, consequently, a valid exercise of police power by the local government of Calapan.

The second requirement - that a zoning ordinance, in order to validly reclassify land, must have been approved by the HLURB prior to 15 June 1988 - is the result of Letter of Instructions No. 729, dated 9 August 1978. According to this issuance, local governments are required to submit their existing land use plans, zoning ordinances, enforcement systems[, and procedures to the Ministry of Human Settlements - one of the precursor agencies of the [Housing and Land Use Regulatory Board] - for review and ratification.

Ordinance No. 21 was based on the Development Plan for the then Municipality of Calapan and on the Zone

District Plan prepared by its Municipal Development Staff. The Plans were adopted by the Sangguniang Bayan of Calapan through a Resolution on 14 April 1980. 52 The same were granted approval by the [Housing and Land Use Regulatory Board] through Resolution No. R-39-4, series of 1980, dated 31 July 1980.[47]

When local government units approve "an ordinance delineating an area or district in their cities/municipalities as residential, commercial, or industrial zone ... [,] they are, at the same time, reclassifying any agricultural lands within the zone for non-agricultural use." [48] The landholding's nonagricultural classification must be proven with substantial evidence.[49]

The Department of Justice clarified that a local government's reclassification of agricultural land for nonagricultural use before June 15, 1988 does not need the approval of the Department of Agrarian Reform.[50]

The Department of Agrarian Reform has already provided the requirements for application of exemption from the coverage of the Comprehensive Agrarian Reform Law.[51] These requirements were revised under the Administrative Order No. 4, series of 2003, the applicable regulation in this case.[52]

The application for exemption must be submitted together with the following documents:

2.1. Official receipt showing proof of payment of filing and inspection fees.

2.2. Sworn Application for CARP Exemption of Exclusion, duly accomplished, and subscribed and sworn to before a notary public or any person authorized to administer oaths.

....

2.3. True copy of the Original Certificate of Title (OCT) or Transfer Certificate of Title (TCT) of the subject land, certified by the Register of Deeds not earlier than thirty (30) days prior to application filing date.

....

2.4. Land classification certification:

2.4.1. Certification from the Housing and Land Use Regulatory Board (HLURB) Regional Officer on the actual zoning or classification of the subject land in the approved comprehensive land use plan, citing the municipal or city zoning ordinance number, resolution number, and date of its approval by the HLURB or its corresponding board resolution number.

....

2.5. Certification of the National Irrigation Administration (NIA) that the land is not irrigated, nor scheduled for irrigation rehabilitation nor irrigable with firm funding commitment.

2.6. Certification of the Municipal Agrarian Reform Officer (MARO) attesting compliance with the public notice requirement in Part III hereof and its corresponding report in 7.6 hereof.

2.7. Photographs, size 5R ... using color film, and taken on the subject land under sunlight[.]

....

2.8. Proof of receipt of payment of disturbance compensation or a valid agreement to pay or waive payment of disturbance compensation.

2.9. Affidavit/Undertaking in a single document of the applicant stating:

2.9.1. The number and names of the farmers, agricultural lessees, share tenants, farmworkers, actual tillers, and/or occupants in the landholding; if there are no such persons, a statement attesting to such fact;

2.9.2. That the applicant has erected the billboard(s) required in Part III hereof; and undertakes not to remove, deface or destroy the same; and that he shall repair or replace the same when damaged, until after the approving authority disposes of the application with finality;

2.9.3. That he has not committed any act of forum shopping as defined in the rules governing Agrarian Law Implementation (ALI) cases; and

2.9.4. That when there is a dispute on the fixing of disturbance compensation pending before the Provincial Agrarian Reform Adjudicator (PARAD) or Regional Agrarian Reform Adjudicator (RARAD) or DAR Adjudication Board (DARAB), the applicant shall abide with the decision of the Adjudicating Authority on the fixing of disturbance compensation.

2.10. Lot plan prepared by a duly-licensed geodetic engineer indicating the lots being applied for and their technical descriptions.

2.11. Vicinity or directional map to assist the ocular inspection team in locating the subject land[.][53]

Compliance with the requirements results in the issuance of an exemption clearance. This clearance is necessary "to confirm and declare the exempt status of the landholding from the coverage of agrarian reform law." [54]

After a careful evaluation of respondent's application for exemption, the regional director of the Department of Agrarian Reform found substantial compliance with the regulations and granted the exemption. They also found sufficient basis that the landholdings are within the area classified as industrial zone.[55] As affirmed by the Court of Appeals, their Decision provides:

The foregoing requisites are present in the instant case. As certified by the [Housing and Land Use Regulatory Board] on 21 February 2007, the Sangguniang Bayan of Calamba Laguna, at its regular session dated 3 September 1980, issued Plan/Zoning Resolution No. 63, series of 1980. Said Plan/Zoning Resolution classified the subject lots to be within the industrial zone. Moreover, said Plan/Zoning Resolution was ratified by the [Housing and Land Use Regulatory Board] in its Resolution No. 28 dated 27 October 1981, thus:

[] subject parcels of land are classified as industrial zone per approved General Land Use Plan/Zoning Resolution of the Municipality of Calamba, Province of Laguna thru [Sangguniang Bayan] Resolution No. 63, Series of 1980 and ratified by the [Housing and Land Use Regulatory Board] under Resolution No. 28 dated 27 October 1981.

As could be gleaned from the foregoing, the subject lots had already been classified by the [Housing and Land Use Regulatory Board] as within the industrial zone as early as 7 October 1981.

[Department of Justice] Opinion No. 44, Series of 1990 provides that a parcel of land is considered non-agricultural and, therefore, beyond the coverage of the [Comprehensive Agrarian Reform Program], if the same had been classified as such by the [Housing and Land Use Regulatory Board] before 15 June 1988 (the date of effectivity of Comprehensive Agrarian Reform Law). Moreover, the [Department of Justice] Opinion states that all lands already 'classified as commercial, industrial or residential, before 15 June 1988 no longer need any conversion clearance from the DAR.

In the case of *Luna vs. Afable* the Supreme Court upheld the Office of the President and the Secretary of [Department of Agrarian Reform]'s ruling, exempting the land therein from the coverage of [Comprehensive Agrarian Reform Program] on the basis of the Certification issued by the [Housing and Land Use Regulatory Board]. The said Certification was based on a Zoning Ordinance approved by the [Housing and Land Use Regulatory Board] on 31 July 1980, per Resolution No. R-39-4. The reclassification of the property therein having been made before 15 June 1988 (the effectivity date of [Comprehensive Agrarian Reform Law], the Supreme Court applied [Department of Justice] Opinion No. 44, Series of 1990 and considered the land therein

exempted from the coverage of [Comprehensive Agrarian Reform Program].

Here, in affirming the ruling of the [Department of Agrarian Reform] Secretary exempting the subject lots from the coverage of [Comprehensive Agrarian Reform Program], the Office of the President likewise relied on the Certification issued by the [Housing and Land Use Regulatory Board] that the subject lots are classified as within the industrial zone per Sangguniang Bayan Plan/Zoning Resolution No. 63, series of 1980, as ratified by the [Housing and Land Use Regulatory Board] on 27 October 1981. Considering that the reclassification of the subject lots was made before 15 June 1988, the Office of the President did not err in affirming the ruling of the [Department of Agrarian Reform] Secretary, holding the subject lots as exempted from the coverage of [Comprehensive Agrarian Reform Program] pursuant to [Department of Justice] Opinion No. 44, Series of 1990.[56]

The February 21, 2007 Certification of the Housing and Land Use Regulatory Board, which provides that the landholdings are classified as industrial land, enjoys presumption of regularity. Without evidence to the contrary, it is binding and controlling upon this Court:

The court is inclined to give more evidentiary weight to the certification of the zoning administrator being the officer having jurisdiction over the area where the land in question is situated and is, therefore, more familiar with the property in issue. Besides, this certification carried the presumption of regularity in its issuance and respondents have the burden of overcoming this presumption.

Accordingly, since specialized agencies, such as the [Housing and Urban Development Coordinating Council] and the Office of the Deputized Zoning Administrator tasked to determine the classification of parcels land have already certified that the subject land is industrial, the Court must accord such pronouncements great respect, if not finality, in the absence of evidence to the contrary.[57] (Citations omitted)

The finding that the landholding is industrial was consistently affirmed by the secretary of the Department of Agrarian Reform, the Office of the President, and the Court of Appeals. Other than bare allegations,[58] petitioners did not present proof that the zoning ordinance of the then Municipality of Calamba, Laguna, did not specifically mention the reclassification of the landholdings for industrial use. They did not attach the certifications from the Housing and Land Use Regulatory Board and the pertinent zoning ordinances to the records. Without compelling reason, this Court will not review the factual findings of the Court of Appeals.[59] It will not interfere with the findings of administrative agencies within their expertise:

Courts will not interfere in matters which are addressed to the sound discretion of the government agency entrusted with the regulation of activities coming under the special and technical training and knowledge of such agency. Administrative agencies are given wide latitude in the evaluation of evidence and in the exercise of their adjudicative functions, latitude which includes the authority to take judicial notice of facts within their special competence.

As to whether the subject properties are exempt from [the Comprehensive Agrarian Reform Program] coverage, the Court of Appeals did not make any findings inasmuch as it limited its discussion in resolving the procedural issues raised before it. Considering that these issues involve an evaluation of the [Department of Agrarian Reform]'s findings of facts, this Court is constrained to accord respect to such findings. It is settled that factual findings of administrative agencies are generally accorded respect and even finality by this Court, if such findings are supported by substantial evidence. The factual findings of the Secretary of [Department of Agrarian Reform] who, by reason of [their] official position, has acquired expertise in specific matters within [their] jurisdiction, deserve full respect and, without justifiable reason, ought not to be altered, modified[,] or reversed.[60]

II

In *Co v. Intermediate Appellate Court*,^[61] this Court held that a zoning ordinance cannot affect agricultural lease in landholdings constituted on lands within the reclassified zone. Thus, an ordinance reclassifying the specific use land is given prospective effect and without prejudice to existing rights over the property:

A reading of Metro Manila Zoning Ordinance No. 81-01, series of 1981, does not disclose any provision converting existing agricultural lands in the covered area into residential or light industrial. While it declared that after the passage of the measure, the subject area shall be used only for residential or light industrial purposes, it is not provided therein that it shall have retroactive effect so as to discontinue all rights previously acquired over lands located within the zone which are neither residential nor light industrial in nature. This simply means that, if we apply the general rule, as we must, the ordinance should be given prospective operation only. The further implication is that it should not change the nature of existing agricultural lands in the area or the legal relationships existing over such lands, including the agricultural lease between Roaring and DZBB.

This is not to suggest that a zoning ordinance cannot affect existing legal relationships for it is settled that it can legally do so, being an exercise of the police power. As such, it is superior to the impairment clause. In the case of *Ortigas & Co. v. Feati Bank*, for example, we held that a municipal ordinance establishing a commercial zone could validly revoke an earlier stipulation in a contract of sale of land located in the area that it could be used for residential purposes only. In the case at bar, fortunately for the private respondent, no similar intention is clearly manifested. Accordingly, we affirm the view that the zoning ordinance in question, while valid as a police measure, was not intended to affect existing rights protected by the impairment clause.

It is always a wise policy to reconcile apparently conflicting rights under the Constitution and so preserve both instead of nullifying one against the other. This policy becomes all the more meaningful as applied to the case at bar, where the right sought to be recognized belongs to an ordinary tenant-farmer claiming the protection of the social justice policy.^[62]

This is the policy in granting exemptions from the coverage of the Comprehensive Agrarian Reform Program under Administrative Order No. 4 Series of 2003. This Order specifically provides that "the reclassification of lands to non-agricultural uses shall not operate to divest tenant-farmers of their rights over lands covered by Presidential Decree (P.D.) No. 27, which have been vested prior to 15 June 1988."^[63] Accordingly, the local government unit's zoning ordinance placing the property outside the coverage of the Comprehensive Agrarian Reform Program is binding upon the occupants of the land, absent their vested right over the landholdings.

Petitioners allege that they were tenants of the landholdings, where they planted fruit bearing trees and cash crops. They also conclude that "the landholdings are agricultural and devoted exclusively to agricultural use"^[64] upon the issuance of the notice of coverage on March 19, 2007.

We are not convinced.

To establish the existence of agricultural tenancy, the following elements must concur and be proven by substantial evidence:

- (1) the parties are the landowner and the tenant;
- (2) the subject matter is agricultural land;
- (3) there is consent between the parties;
- (4) the purpose is agricultural production;
- (5) there is personal cultivation by the tenant; and
- (6) there is sharing of the harvests between the parties.

All these elements must be proven by substantial evidence; "the absence of one or more requisites is fatal." As with any affirmative allegation, the burden of proof rests on the party who alleges it. The tenancy relationship cannot be presumed.[65] (Citations omitted)

There is no allegation in the Petition on any of the elements of agricultural tenancy. Petitioners did not present any evidence showing the existence of such relationship. While they allege that the land has been agricultural from the beginning, it is unclear when they started to possess the landholdings and plant fruit bearing trees and cash crops. Their only evidence of the Supposed agricultural activity is a memorandum issued by the municipal agrarian reform officer, placing the landholdings under the coverage of the Comprehensive Agrarian Reform Program.[66]

In any case, an examination of the memorandum of the municipal agrarian reform officer does not show that petitioners have been tilling the landholdings prior to their reclassification in 1981. Moreover, petitioners' contention was based on the assumption that the lands have been agricultural from the beginning. However, it was already established that the landholdings have been classified for industrial use since 1981.[67] Thus, petitioners' reliance on *Sta. Rosa Realty Development Corporation v. Amante*[68] is misplaced. The landholding therein had been devoted to agricultural activity prior to its conversion as a municipal park in 1979. In the present case, there is no proof that the landholdings had been devoted to agricultural activity before their conversion to industrial use.

Finally, the issuance of a notice of coverage on March 19, 2017 did not alter the nature and classification of the landholdings. It did not affect the local government's reclassification of the property for industrial use prior to the effectivity of Republic Act No. 6657. Its purpose is to comply with due process requirement, informing the landowner of the following:

This Notice of Coverage does not merely notify the landowner that [their] property shall be placed under [Comprehensive Agrarian Reform Program] and that [they are] entitled to exercise [their] retention right; it also notifies [them], pursuant to [Department of Agrarian Reform Administrative Order] No. 9, Series of 1990, that a public hearing shall be conducted where [they] and representatives of the concerned sectors of society may attend to discuss the results of the field investigation, the land valuation and other pertinent matters. Under [Department of Agrarian Reform Administrative Order] No. 1, Series of 1993, the Notice of Coverage also informs the landowner that a field investigation of [their] landholding shall be conducted where [they] and the other representatives may be present.[69]

In any event, the notice of coverage was already recalled by the secretary of the Department of Agrarian Reform in 2008.[70]

III

Petitioners insist that they were denied due process because of the following alleged violations of the respondent, namely: (1) they were not furnished a copy of the application; (2) the number and names of the occupants of the landholdings were not disclosed; (3) there was no bulletin board; (4) they were not notified of the ocular inspection; and (5) they were not furnished a copy of the exemption order. They also allege that there was undue haste in granting respondent's application for exemption.[71]

We do not agree.

An application for exemption is non-adversarial and non-litigious in nature. As such, the occupants of the landholding are not required to be notified of a pending application for exemption.[72] The municipal agrarian reform officer, through the instruction of the Regional Center for Land Use Policy, Planning, and Implementation, disseminates the notice of conduct of ocular inspection to the "farmers, agricultural lessees, share tenants, farmworkers, actual tillers[,] or occupants of the subject landholding." [73] As regards the notice requirement, it is

sufficient that the applicant constructs one billboard for every 20 hectares:

III. PUBLIC NOTICE

The application shall post in a conspicuous place within the subject property a public notice contained in a billboard made of strong materials such as weather-resistant plywood, galvanized iron, tin, panaflex, or other similar durable material, measuring 1.22 meters by 2.44 meters (4 feet by 8 feet). There shall be installed at least one (1) billboard for every twenty (20) hectares. The billboard shall be written in the local dialect and shall display the following information:

- 3.1. Announcement that the applicant is applying for exemption;
- 3.2. Complete name(s) of the landowner(s) and applicant(s);
- 3.3. Total area and exact location of the exemption proposal;
- 3.4. Date of filing of the application for exemption;
- 3.5. Date of posing of billboard;
- 3.6. Deadline for filing protest;
- 3.7. Addresses of [Department of Agrarian Reform] offices where resident oppositors may conveniently file their protests;
- 3.8. Address of the approving authority;
- 3.9. Date of ocular inspection, which shall be left blank and which the applicant shall fill up after the [municipal agrarian reform officer] determines its exact date, but not later than seven (7) days before ocular inspection day; and
- 3.10. Date of approval or denial of the application, which shall be left blank, and which the [municipal agrarian reform officer] or applicant or any party-in-interest shall fill up after approval or denial of the application.[74]

In this case, petitioners were not able to prove that respondent failed to comply with the public notice requirement. The Court of Appeals found:

Here, the records show that Respondent Bank had complied with the notice requirement required under [Department of Agrarian Reform] Administrative Order No. 4, Series of 2003. As aptly and consistently found by the [Department of Agrarian Reform] Regional Director, [Department of Agrarian Reform] Secretary and the Office of the President, Respondent Bank had erected and posted within the subject lots two (2) billboards "notifying all concerned that an application for exemption from [Comprehensive Agrarian Reform Program] had been filed over the said lands." Considering that Respondent Bank had complied with the notice requirement prescribed by the law, Petitioners' right to due process of law was not violated.[75]

The requirement of due process is satisfied when parties are given fair and reasonable opportunity to explain and be heard on their arguments:

In *Department of Agrarian Reform v. Samson*:

... In administrative proceedings, a fair and reasonable opportunity to explain one's side suffices to meet the requirements of due process. In *Casimiro v. Tandog*, the Court held.

The essence of procedural due process is embodied in the basic requirement of notice and a real opportunity to be heard. In administrative proceedings, such in the case at bar, procedural due process simply means the opportunity to explain one's side or the opportunity to seek a reconsideration of the action or ruling complained of. "To be heard" does not mean only verbal arguments in court; one may be heard also thru pleadings. Where opportunity to be heard, either through oral arguments or pleadings, is accorded, there is no denial of procedural due process.

In administrative proceedings, procedural due process has been recognized to include the following: (1) the right to actual or constructive notice of the institution of proceedings which may affect a respondent's legal rights; (2) a real opportunity to be heard personally or with the assistance of counsel, to present witnesses and

evidence in one's favor, and to defend one's rights; (3) a tribunal vested with competent jurisdiction and so constituted as to afford a person charged administratively a reasonable guarantee of honesty as well as impartiality; and (4) a finding by said tribunal which is supported by substantial evidence submitted for consideration during the hearing or contained in the records or made known to the parties affected.

When respondent filed her motion for reconsideration assailing Secretary Pangandaman's order, she was able to completely and exhaustively present her arguments. The denial of her motion was on the basis of the merits of her arguments and any other evidence she was able to present. She was given a fair and reasonable opportunity to present her side; hence, there was no deprivation of due process.

It was also erroneous to conclude that respondent was "denied her day in the administrative proceedings below." Respondent was able to actively participate not only in the proceedings before the Department of Agrarian Reform, but also on appeal to the Office of the President and the Court of Appeals.[76] (Citations omitted)

In this case, petitioners actively participated in the administrative proceedings, where their arguments were heard and resolved on the merits. Records show that petitioners were able to file a letter protest, which the regional director of the Department of Agrarian Reform treated as motion for reconsideration.[77] Thereafter, they filed a Motion for Reconsideration and Supplemental Motion for Reconsideration, which were treated as their appeal before the Secretary of the Department of Agrarian Reform.[78] After the denial of both Motions, petitioners appealed before the Office of the President.[79] These administrative tribunals heard petitioners' arguments and denied them for lack of merit. The Court of Appeals affirmed these findings. Thus, petitioners were not deprived of due process, having participated and heard in these proceedings.

Considering the foregoing, the Secretary of the Department of Agrarian Reform did not commit grave abuse of discretion in declaring the exemption of the subject landholdings from the coverage of the Comprehensive Agrarian Reform Program.

WHEREFORE, the Petition is DENIED. The Decision dated March 14, 2016 and Resolution dated September 9, 2016 of the Court of Appeals in CA-G.R. SP No. 138119 acknowledging the industrial classification of the subject parcels of land prior to the effectivity of the Comprehensive Agrarian Reform Law Program are AFFIRMED.

SO ORDERED.

Hernando, Inting, Rosario,[*] and J. Lopez, JJ., concur.

[*] Designated additional Member per Special Order No. 2833.

[1] Rollo, pp. 7-19.

[2] Rollo, pp. 21-30. The March 14, 2016 Decision in CA-G.R. No. SP No. 138119 was penned by Associate Justice Jane Aurora C. Lantion and concurred in by Associate Justices Fernanda Lampas Peralta and Nina G. Antonio-Valenzuela of the Sixth Division of the Court of Appeals, Manila.

[3] Id. at 33-34. The September 9, 2016 Resolution in CA-G.R. No. SP No. 138119 was penned by Associate Justice Jane Aurora C. Lantion and concurred in by Associate Justices Fernanda Lampas Peralta and Nina G. Antonio-Valenzuela of the Sixth Division of the Court of Appeals, Manila.

[4] See id. at 178. This Court issued a Notice dated April 3, 2017, noting the Comment dated January 31, 2017 of the Asia United Bank, where this Court identified the latter as the successor-in-interest of the Asia Trust

Development Bank.

[5] Id. at 22.

[6] Id.

[7] Id.

[8] Id. at 50-51.

[9] Id. at 49-52. The June 21, 2007 Order was penned by Regional Director Dominador B. Andres of the Department of Agrarian Reform Region IV-A.

[10] Id. at 51.

[11] Id. at 51-52.

[12] Id. at 70-73. The April 15, 2008 Resolution was penned by Regional Director Antonio G. Evangelista of the Department of Agrarian Reform Region IV-A.

[13] Id.

[14] Id. at 53-59.

[15] Id. at 54.

[16] Id. at 60-61.

[17] Id. at 65-68.

[18] Id. at 66.

[19] Id at 79.

[20] Id. at 75-85. The December 10, 2008 Order was signed by Secretary Nasser C. Pangandaman of the Department of Agrarian Reform.

[21] Id. at 82.

[22] Id. at 83-84.

[23] Id. at 87-95. The April 15, 2009 Resolution was signed by Secretary Nasser C. Pangandaman of the Department of Agrarian Reform.

[24] Id. at 110-112. The January 23, 2014 Decision was signed by Executive Secretary Paquito N. Ochoa, Jr.

[25] Id. at 129-134.

[26] Id. at 135.

[27] Id. at 35-48.

[28] Id. at 193-194.

[29] Id. at 191.

[30] Rollo, pp. 21-30.

[31] Id. at 26.

[32] Id. at 33-34.

[33] Id. at 10-11.

[34] Id. at 12-13.

[35] Id. at 13-14.

[36] Id. at 14-15.

[37] Id. at 172-177.

[38] Id. at 171-173.

[39] Id.

[40] Republic Act No. 6657 (1988), sec. 4.

[41] Republic Act No. 6657 (1988), sec. 3(c).

[42] DAR Adm. Order No. 01 (1990).

[43] Heirs of Salas v. Cabungcal, 808 Phil. 138, 176 (2017) [Per J. Leonen, Second Division].

[44] Rollo, p. 10.

[45] Republic Act No. 2264 (1959), sec. 3 provides SECTION 3. Additional Powers of Provincial Boards, Municipal Boards or City Councils and Municipal and Regularly Organized Municipal District Councils. - Provincial Boards of the respective provinces shall have authority:

....

Power to adopt zoning and planning ordinances. - Any provision of law to the contrary notwithstanding, Municipal Boards or City Councils in cities, and Municipal Councils in municipalities are hereby authorized to adopt zoning and subdivision ordinances or regulations for their respective cities and municipalities subject to the approval of the City Mayor or Municipal Mayor, as the case may be. Cities and municipalities may, however, consult the National Planning Commission on matters pertaining to planning and zoning.

[46] 702 Phil. 146 (2013) [Per J. Perez, Second Division].

[47] Id. at 167-169.

[48] Farmer-Beneficiaries Belonging to the Samahang Magbubukid ng Bagumbong v. Heirs of Maronilla, G.R. No. 229983, July 29, 2019, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/65501>> [Per J. Perlas-Bernabe, Second Division].

[49] Espiritu v. Del Rosario, 745 Phil. 566, 569 (2014) [Per J. Leonen, Second Division].

[50] Secretary of Justice Op. No. 44, s. 1990.

[51] DAR Adm. Order No. 06 (1994).

[52] DAR Adm. Order No. 04 (2003). This Order was entitled, the "2003 Rules on Exemption of Lands from CARP Coverage under Section 3(c) of Republic Act No. 6657 and Department of Justice (DOJ) Opinion No. 44, Series of 1990."

[53] DAR Adm. Order No. 04 (2003), sections 2.1-2.11.

[54] Farmer Beneficiaries Belonging to the Samahang Magbubukid ng Bagumbong Jalajala, Rizal v. Heirs of Maronilla, G.R. No. 229983, July 29, 2019 <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/65501>> [Per J. Bernabe, Second Division], citing See Agrarian Reform Law and Jurisprudence (A DAR-UNDP SARDIC Publication), <http://wwwlis.dar.gov.ph/documents/9269> and Heirs of Luna v. Afable, 702 Phil. 146 (2013) [Per J. Perez, Second Division].

[55] Rollo, p. 51.

[56] Id. at 26-27.

[57] Heirs of Luna v. Afable, 702 Phil. 146, 173-174 (2013) [Per J. Perez, Second Division].

[58] Rollo, p. 10.

[59] Pascual v. Burgos, 776 Phil. 167 (2016) [Per J. Leonen, Second Division].

[60] Department of Agrarian Reform v. Samson, 577 Phil. 370, 381-182 (2008) [Per J. Ynares-Santiago, Third Division].

[61] 245 Phil. 347 (1988) [Per J. Cruz, First Division].

[62] Id. at 353-354.

[63] DAR Adm. Order No. 0-4 (2003).

[64] Rollo, p. 12.

[65] Spouses Franco v. Spouses Galera, G.R. No. 205266, January 15, 2020 <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/66080>> [Per J. Leonen, Third Division].

[66] Rollo, pp. 60-61.

[67] Id. at 26.

[68] 493 Phil. 579 (2005) [Per Austria-Martinez, Special First Division].

[69] Roxas & Co. Inc. v. Court of Appeals, 378 Phil. 727, 771 (1999) [Per J. Puno, En Banc].

[70] Rollo, p. 84.

[71] Id. at 14-15.

[72] Roxas & Company, Inc. v. DAMBA-NFSW, 622 Phil. 37 (2009) [Per J. Carpio Morales, En Banc].

[73] DAR Adm. Order No. 04 (2003), sec. 7.11.

[74] DAR Adm. Order No. 04 (2003), secs. 3.1-3.11.

[75] Rollo, p. 28.

[76] Espiritu v. Del Rosario, 745 Phil. 566, 576-577 (2014) [Per J. Leonen, Second Division].

[77] Rollo, p. 70.

[78] Id. at 75-85.

[79] Id. at 100-109.

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