

THE METROPOLITAN WATER DISTRICT, PLAINTIFF AND APPELLANT, VS. THE DIRECTOR OF LANDS AND MARIANO ESCUETA, DEFENDANTS AND APPELLEES.

G. R. No. 35490. October 12, 1932

Ponente: MALCOLM, J.

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MALCOLM, J.:

There are two angles to this appeal, the first having to do with determining the just compensation to be paid by the Metropolitan Water District for the taking of 663 hectares of land for the use of the Angat Waterworks System, and the second having to do with determining to whom the money should be paid.

On February 13, 1926, the Metropolitan Water District instituted an action in the Court of First Instance of Rizal for the expropriation of thirty-seven parcels of friar lands. The complaint alleged that the Director of Lands is the administrator of the lands, they being portions of the Tala Friar Lands Estate belonging to the Government of the Philippine Islands, and that Mariano Escueta claims an interest in the lands, he being the holder of sales certificates covering said parcels. To the complaint Escueta interposed an answer in which he prayed that the value of the land be fixed at P371,342.46. To the complaint the Director of Lands also interposed an answer in which he prayed for judgment in the sum of P17,141.79, representing the balance due and payable on the lots, the subject of this case. The court appointed three commissioners who, after hearing the parties, submitted two reports. Two of the commissioners arrived at P216,099 and the third commissioner at P100,125.36 as the value of the property. The trial judge accepting the viewpoint of the majority commissioners gave judgment accordingly in favor of Mariano Escueta against the plaintiff, with legal interest from February 13, 1926, until payment, and with costs, with a previous reduction of the amounts due the Bureau of Lands. From this judgment the Metropolitan Water District has taken an appeal.

Coming now to the consideration of the first major problem, which consists in approximating the market value of the property being expropriated, we have various factors to be observed. We have first to ascertain the portion of the land which was cultivated and the portion which was uncultivated. We have next to set a valuation per hectare on the cultivated and uncultivated portions of the property. We have lastly to decide as to the value of the improvements. The record relating to these points is bulky, and a vast amount of testimony conflicting in many respects will be found therein. It is for us, without getting lost in the mazes of such a record, to concentrate on certain facts on which a correct judgment may be predicated.

In the first place, it should be explained that in 1910, the Director of Lands on behalf of the Government of the Philippine Islands agreed to sell to Mariano Escueta thirty-seven parcels of friar lands for P21,831, to be paid in twenty annual installments. Of this amount Escueta has paid the sum of P7,564.45 and P979.69 as interest. Since 1918 Escueta has been in arrears. The unpaid balance with accrued interest comes to more than P21,756.82. Since the acquisition of the property in 1910, it has been improved by Escueta to some extent. The value of the property is of course to be fixed as of 1926, when these expropriation proceedings were begun.

We have hereinbefore mentioned certain figures as for instance, the report of the majority commissioners, approved by the trial court, naming P216,099 as the value of the property, and the report of the minority commissioner naming P100,125.36 for the same purpose. As minor points, it should further be mentioned that the property is assessed for tax purposes at P23,960, and that it was mortgaged to the Philippine National Bank in 1918 for P20,000. In 1926 Escueta offered the property to the water district for P100,528.98, which proposition was rejected by the water district, which would only concede to Escueta P61,683.76.

Purchases and sales of property adjoining that being expropriated are competent and material evidence to determine the true market value of expropriated land. Such evidence was here introduced and discloses that in that vicinity the prices for cultivated rice land range from P500 to P625 a hectare, for dalatan land from P250 to P300 a hectare, while for uncultivated land the price was uniformly P66 a hectare. Escueta claims that these prices are low and in this claim he receives support from all three of the commissioners. The principal reason for arguing that Escueta's land should be placed at a higher figure than adjoining properties relates to its topography and the fact that it is more valuable for the purposes of the water district than are contiguous properties.

Various estimates have also been made as to the portions of the property which are cultivated and uncultivated. The majority commissioners, after conducting ocular inspections, stated that 22 hectares were rice land, 121 hectares dalatan land, 17 hectares suitable for other purposes, and 502 hectares uncultivated, while the minority commissioner stated that there were 20 hectares of rice land, 79 hectares of dalatan land, and 564 hectares uncultivated. The survey disclosed 53 hectares cultivated and the rest uncultivated. Escueta in presenting his claim to the water district insisted that 28 and 79 hectares were cultivated and 554 uncultivated. The Government contends that 21 hectares are rice land, 33 hectares dalatan land, and 610 hectares uncultivated.

The valuation of the improvements discloses an even greater range of differences. While the majority commissioners and the court would allow for fruit trees P4,780, for other trees and shrubs P45,000, for cogon, etc., P15,185, or a total of P64,865, and while the minority commissioner would allow for fruit trees P4,780, the Government will only concede for improvements P546. In our opinion, the amount fixed by the majority commissioners and the trial court for the improvements is palpably exorbitant, particularly in the sums allowed for trees and shrubs on this isolated property. The amount of P4,780 for improvements is more nearly appropriate.

Bluntly stating our conclusion, as premised on the previous discussion, we arrive at P100,000 as just compensation for the property. We place particular reliance on the well-considered report of Tomas Arguelles whose excellent reputation and careful work in matters of this kind are well known to the court, on the offer of Escueta to the water district in 1926, and on the sales and purchases made in the immediate vicinity, increased somewhat to take into account the probable greater value of the land being expropriated.

Having reached the foregoing result, the second question is as to whom the money should be paid by the Metropolitan Water District. We can only proceed on the record before us. That record shows a sale of friar lands by the Bureau of Lands to Escueta in 1910, on the installment plan, without the purchase price having been fully paid. The Friar Lands Law, Act No. 1120, as amended by Act No. 2642, provides that the Government reserves the title to each and every parcel of land sold under the provisions of this Act until the full payment of all installments of purchase money and interest by the purchaser has been made. The law further provides that in the event that any purchaser of land under the provisions of this Act should fail to pay any installment of purchase money and interest thereon, or accrued interest on any installment not due, when and as the same matures, it shall be the duty of the Director of Lands at once to protect the Government from loss; the Director of Lands may enforce payment of any past due installment and interest by bringing suit to recover the same with interest thereon, and may also enforce the lien of the Government against the land by selling the same in the manner provided in the Code of Civil Procedure for the foreclosure of mortgages.

When these expropriation proceedings were initiated the Director of Lands contented himself with asking for reimbursement for the amount not paid by Escueta. It was only after the case had been submitted to this court that the Director of Lands asked for dismissal as to Escueta on the ground that the Director of Lands with the approval of the Secretary of Agriculture and Natural Resources had rescinded the sales contract in favor of Escueta. This petition came so tardily to our notice that the court was forced to state in an order what was obvious, that the case must be decided on the record when the case was submitted to the court. The power of the State to take private property by the exercise of its right of eminent domain extends to every variety and degree of interest therein. It would here extend to the possible interest of the Director of Lands on the one hand and of Escueta on the other "hand. But an exact ruling on their respective rights, if any, can not now be made because not properly at issue and because the necessary evidentiary facts are lacking, and so. must be left for decision after the return of the record to the court below.

Consonant with the foregoing, the judgment appealed from will be modified by reducing the amount therein named of P216,099 to P100,000, with legal interest from February 13, 1926, the said amount to be paid into the Court of First Instance of Rizal by the Metropolitan Water District, and thereafter the Director of Lands and Mariano Escueta to move in the premises in order that after hearing it may be determined to what entity or person the money should be paid. So ordered, without express pronouncement as to costs in either instance.

Avanceña, C. J., Ostrand, Villa-Real, Abad Santos, Hull, Vickers, Imperial, and Butte, JJ., concur.

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