

**CARLOS YOUNG, PLAINTIFF-APPELLANT, VS. THE CITY OF MANILA ;
VICTOR ALFONSO, IN HIS CAPACITY AS TREASURER OF THE CITY
OF MANILA; AND JOSE GARRIDO, IN HIS CAPACITY AS ENGINEER OF
...**

G.R. No. 48194. December 27, 1941

Ponente: OZAETA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-48194/>

OZAETA, J.:

The plaintiff is the owner of the Antipolo Subdivision situated near the northern boundary of the city of Manila, of which the various lots involved in this litigation form part. Five of said lots, with an aggregate area of 25,498.70 square meters (Exhibit F-1, pp. 67-68, B. of E.), are known as street areas, that is to say, they are named and indicated as streets on the subdivision plan; and fifteen of said lots scattered in eight different blocks, with an aggregate area of 5,174.30 square meters (pp. 68-69, B. of E.), are residential lots. All of said lots were by the Director of Health declared a nuisance and a menace to public health because they were so low or excavated as to admit and cause the formation of stagnant and foul water and that they should be filled to at least fifteen centimeters above street grade in accordance with the provisions of Act No. 3352. Accordingly, the City Engineer notified and required the plaintiff to fill said lots within ninety days, with a warning that should he fail to do so, the City Engineer would cause the said lots to be filled, subject to the provisions of said Act.

The plaintiff did not dispute the decision of the Director of Health and the requirement of the City Engineer for the filling of said lots, but he declined to undertake the filling and notified, the City Engineer that, as the cost of filling said lots would be more than the assessed valuation of the property, he exercised the option granted him in section 3 of Act No. 3352 to sell the land to the City for its market value.

The City Engineer thereafter undertook the work of filling portions of the lots in question by contract which was awarded to the lowest and best bidder. For that work the city of Manila paid the total sum of P24,164.06 out of the special revolving fund created by section 5 of Act No. 3352.

The assessed value of the street areas is one peso (P1) per square meter, while that of the residential lots is more than P1 per square meter. The total assessed value of all the lots at the time the plaintiff exercised the option to sell them to the City did not exceed P33,673. The estimated cost of filling all the lots was P80,000.

In a memorandum submitted by the plaintiff to the City Engineer on January 4, 1933, the former stated that "the land adjoining these streets [referring to the street areas] was sold at an average price of approximately P5.50 per square meter," And on condition that the city of Manila should take over the streets not only in Antipolo No. 1 Subdivision, amounting to 36,851.47 square meters, but also those in Rizal Avenue Subdivision and Velasquez Subdivision, amounting to 24,194.20 square meters and 2,541.5 square meters, respectively, plaintiff offered to sell them (i.e., the street areas) to the City at P2 a square meter. The City Engineer made a counteroffer to pay the assessed value (P1 per square meter) "for the street areas affected by the filling * * * with the understanding that this offer is subject to the approval of the Municipal Board."

Both the offer and the counteroffer were made by way of compromise. As to the residential or building lots, the City Assessor, in his endorsement to the Mayor dated March 29, 1932, stated that they "command a price of at least P3.50 per square meter;" and as to the street areas, he stated that there was no demand for them, adding that "it is reasonable to presume that, like other subdivisions, the lots in the Antipolo Subdivision were sold with the understanding that the 36,226.11 square meters herein referred to would be used for street purposes only." No formal offer, however, appears to have been made by the City for the residential lots.

The plaintiff refused to reimburse to the City the amount spent by the latter for the filling of the lots in question and insisted on his option to sell said lots to the City at the current market value, under section 3 of Act No. 3352. Contending that it was not under obligation to buy said lots, and invoking section 5 of Act No. 3352 in relation to section 2498 of the Revised Administrative Code, the City advertised said lots for sale at public auction on September 29, 1937, in order to satisfy the expenses of filling them; and, because of the absence of bidders at such sale, the said lots were forfeited to the city of Manila under the provisions of section 2501 of the Revised Administrative Code, subject to plaintiff's right of redemption. The plaintiff having failed to redeem said lots, the City Treasurer, on January 9, 1939, declared the forfeiture absolute and conveyed said lots to the city of Manila by the public instruments Exhibits 0 and 0-1 to 0-6, inclusive.

On December 6, 1937, the plaintiff commenced the present action against the city of Manila to recover from the latter the following sums: P128,123.30, in payment of lot No. 5, street area, with legal interest thereon from April 10, 1939, until the date of payment; P40,565.80, in payment of the rest of the lands described in the complaint, with legal interest thereon from October 26, 1931, until the date of payment; P6,352.22, for refund of taxes paid by the plaintiff to the defendant city of Manila under protest on the property in question for the years 1930 to 1937, plus legal interest thereon; and P517.66, for refund of additional taxes paid under protest by the plaintiff to the defendant city of Manila subsequent to the filing of the original complaint herein, corresponding to the year 1938 and the first semester of 1939.

The cause was submitted to the court below upon a stipulation of facts; and on March 9, 1940, that court rendered its decision, the dispositive part of which reads as follows:

"En virtud de las consideraciones arriba expuestas, el Juzgado dicta sentencia a favor del demandante Carlos Young y contra la demandada Ciudad de Manila, condenando a esta a que, de acuerdo con el artículo 3.º de la Ley 3352, haga efectiva la compra de los terrenos cuestionados de la propiedad del demandante, pagando a este el precio a valor corriente en plaza de los mismos, en el mismo estado en que se hallaban antes de ser terraplenados. Se sobresee la demanda contra los otros demandados Victor Alfonso y Jose Garrido en su capacidad de Tesorero e Ingeniero de la Ciudad demandada, respectivamente." (Page 168, B. of E)

From that judgment both parties appealed to this Court. The plaintiff assails it insofar as it fails to determine the price that the defendant city of Manila should pay to the plaintiff for the lots in question and dismisses his claim for the refund of the taxes; and the defendant city of Manila on its part contends that it is not obligated to buy said lots because the plaintiff is solvent and not unable to pay the cost of filling.

The case hinges on the construction of section 3 of Act No. 3352, which reads as follows:

"Sec. 3. Owner may sell land to city.—Should the cost of filling any lot or ground belonging to a private owner exceed one-half of the assessed value thereof, the owner shall have the option to either sell the property to the city at current market value or reimburse the amount expended for filling in twenty equal annual installments as provided in section five of this Act. In case the owner decides to sell his property for inability to pay the cost of filling, the city shall purchase it and the cost thereof shall be charged to the special fund herein created: Provided, however, That the city shall dispose of the land by public auction to the highest and best bidder, but no award shall be made unless the amount of the offer is at least equal to the cost of the land, including the cost

of filling and incidental expenses. The proceeds of such sale shall be restored to said special fund."

In applying this statutory provision to the present case, it is important to bear in mind that the land involved herein consists of street areas and building lots. Street areas are marked and set apart for the use of the public in general and the buyers of the building lots in particular. The owner of a subdivision cannot sell the residential lots unless he provides streets therefor. He adds the cost of the street areas to the price he charges for the residential lots. The segregation of the street areas from the building lots as shown on the subdivision plan and in the technical description of each of said lots constitutes a representation and promise by the owner of the subdivision to every buyer of the building lots that he (the owner) has set aside and appropriated the said areas for street purposes; or, in other words, that he has withdrawn them from the commerce of men. That promise forms part of the consideration of every contract of sale which he makes of the residential lots. He cannot sell the streets nor use them for any other purpose without violating his contract with the buyers of the building lots. Indeed, after adding the cost of the streets to the price of the building lots, the owner of the subdivision has no legal nor moral right to sell those street areas.

Section 3 above quoted refers to land that is subject to the commerce of men. Thus, it provides "that the city shall dispose of the land by public auction to the highest and best bidder, but no award shall be made unless the amount of the offer is at least equal to the cost of the land, including the cost of filling and incidental expenses." Since the City cannot sell the streets, it is obvious that it is not under any obligation to purchase the street areas in question.

We are therefore of the opinion and so hold that the plaintiff cannot compel the defendant city of Manila to purchase from him the street areas described in his complaint. Neither can he be compelled to donate said land and transfer his title to the City so that the latter may build and maintain the streets. But as long as the plaintiff retains the title and ownership of said street areas, he is under obligation to pay the land taxes thereon as well as to reimburse to the City the expenses of filling the same.

As to the residential lots in question, we are of the opinion that the defendant city of Manila is under obligation to purchase them from the plaintiff at the market price in view of the option exercised by him under section 3 of Act No. 3352. The contention of the City Fiscal that in order to exercise such option the plaintiff must show himself to be insolvent and unable to pay the cost of filling, is untenable. The law expressly provides that, should the cost of filling any lot exceed one-half of the assessed value thereof, the owner shall have the option to either sell the property to the City at current market value or reimburse the amount expended for filling it. It also provides that "in case the owner decides to sell his property for inability to pay the cost of filling, the city shall purchase it and the cost thereof shall be charged to the special fund herein created." But the phrase "inability to pay" cannot be interpreted to mean that the owner must be insolvent in order to entitle him to exercise the option to sell. It is presumed that the legislature intended to make the law operate equally on all private owners regardless of their financial condition. More-over, insolvency is not the usual or normal condition of property owners, and it is not reasonable to assume that the legislature had an exceptional or unusual condition in mind when it granted the option to sell. The clause, "in case the owner decides to sell his property for inability to pay the cost of filling," is tantamount to saying "in case the owner chooses to sell his property because he does not care to pay the cost of filling."

We are also of the opinion that the trial court erred in not determining the price that the defendant city of Manila should pay for the residential lots in question upon the documentary proofs submitted by the parties together with their amended agreement of facts. The proofs show that on December 23, 1931, the plaintiff wrote to the City Engineer, quoting the following prices:

"Street areas—36,226.11 sq. m. or less @ P2 per square meter

"Residential lots—4,559.80 sq. m. or less @ P4 per square meter." (Page 66, B. of E.)

On January 4, 1933, the plaintiff informed the City Engineer that "the land adjoining these streets was sold at an average price of approximately P5.50 per square meter." Exhibit Q, attached to and made a part of the agreement of facts, is a list of sales made by the plaintiff of lots in the Antipolo Subdivision in and between 1920 and 1930, which shows an average price of P6.10 a square meter, according to the computation of the plaintiff (p. 42, brief for plaintiff).

Considering that the residential lots in question are lowlands, so low that they were declared a menace to public health and had to be filled by order of the Director of Health, and considering that the price of P5.50 a square meter claimed by the plaintiff as the selling price of the lots adjoining the street areas referred to sales of small lots on the installment plan, and that, on the other hand, plaintiff's quotation of P4 per square meter included the sale of the streets at P2 per square meter, we believe that P5 per square meter for the residential lots involved herein is just and reasonable, taking into account that such sale is for cash and involves fifteen lots at once.

With reference to plaintiff's claim for the refund of the land taxes paid under protest, we find that he is not entitled thereto for the reason that his offer to sell the land in question did not relieve him of the obligation to pay taxes thereon.

Wherefore, the judgment appealed from is modified: Plaintiff's complaint, insofar as it seeks to recover from the defendant city of Manila the market value of lots 1, 2, 3, 4, and 5, street areas, and the taxes paid under protest, is hereby dismissed, with the understanding that should the plaintiff choose to retain the title to said lots the defendant city of Manila shall retransfer it to him upon reimbursement by him of all the expenses of filling them. The defendant city of Manila is hereby adjudged and ordered to purchase and pay for the fifteen residential lots described in Exhibit F-1, with an aggregate area of 5,174.30 square meters, at P5 per square meter, with legal interest thereon from the date this judgment becomes final, and without any finding as to costs. So ordered.

Diaz, Moran, and Horrilleno, JJ., concur.

DIAZ, J.:

I certify that Mr. Justice Abad Santos took part in the consideration of this case and voted to modify the judgment of the trial court in the sense expressed in this decision.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.