

PEDRO M. BELEN, PETITIONER, VS. COURT OF APPEALS AND ALFREDO JULIANO AND ALL THE MEMBERS OF HIS FAMILY, RESPONDENTS.

G.R. No. 76182, March 11, 1991

Ponente: NARVASA, J.

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NARVASA, J.:

A small portion of land measuring a hundred (100) square meters, more or less, belonging to the Manotoc Services, Inc. was leased to Pedro M. Belen. That piece of land is known as Lot No. 10, Block 18 and is situated at Sunog Apog, Tondo, Manila.[1] On it stood a house built by Belen.

Part of the land came to be occupied by Alfredo Juliano and his family in the early part of 1978; Juliano bought a house standing thereon, not belonging to Belen, and moved in without the latter's knowledge.[2] On learning of this, Belen had a talk with Juliano, and they came to an agreement that Juliano could continue staying on the land temporarily and would pay one-half of the rental to Manotok Realty, Inc. Later a fire razed both Belen's and Juliano's houses to the ground. Belen told Juliano not to build anything on the land any more. However, on Juliano's pleas, Belen acceded to Juliano's continued stay on the land on the explicit condition that his occupancy should not be longer than two and a half (2 1/2) years.[3] When Juliano failed to leave the premises after the stipulated term despite demand, Belen brought suit in the Metropolitan Trial Court sometime in September, 1982,[4] and succeeded in obtaining judgment dated September 5, 1984,[5] disposing as follows:

“WHEREFORE, judgment is hereby rendered as follows:

- 1) Ordering defendant and all persons claiming rights and/or title under him to vacate the subject lot he is presently occupying at 2805 Javier Street, Galalangan, Tondo, Manila, and to surrender possession thereof to herein plaintiff;
- 2) Ordering defendant to pay plaintiff the amount of P3,000.00 as and for attorney's fees, plus costs of suit.”

Juliano appealed to the Regional Trial Court of Manila. That Court reversed the judgment of the Metropolitan Trial Court. The decision rendered on June 26, 1985,[6] was made to rest on the expropriation of the Manotok Estate effected by Presidential Decree No. 1670, and declared that -

“PD No. 1670 ** has expropriated real property along the Estero de Sunog-Apog, Tondo, Manila ** formerly owned by the Manotok Realty, Inc. **. The decree was signed on January 28, 1980. The government has started to implement the expropriation (See Exhibit '2,' p. 7; 2, rec.). ** Alfredo Juliano is a prospective beneficiary of the Bliss Project being undertaken by the National Housing Authority at the site in question (See Exhibits '2-B' and '3'). Therefore, when the complaint in this case was filed on September 13, 1982, ** Manotok Realty Services, Inc. was no longer the owner of the premises in question and as correctly contended by defendants-appellants, the relation between plaintiff-appellee and defendants-appellants were also deemed terminated.”

Accordingly, the decision appealed from was set aside and another entered "dismissing the complaint filed in the court a quo ** (without) pronouncement as to costs."

Belen seasonably filed with the Court of Appeals a petition for review of the decision of the Manila Regional Trial Court. His appeal was docketed as CA-G.R. SP No. 06589 and after due proceedings, resolved against him by Decision promulgated on October 2, 1986.[7] The Appellate Court took account of Presidential Decree No. 1670 as the decisive factor in determining the "pivotal and decisive issue - whether Manotok Realty, Inc., petitioner's lessor, has retained ownership of the lot in question, the expropriating law invoked by private respondent (PD 1670) notwithstanding." The Court specifically adverted to Section 1 of the decree, viz.:

"SEC. 1. The real property along the Estero de Sunog-Apog in Tondo, Manila, formerly consisting of Lots Nos. 55-A, 55-B and 55-C, Block 2918 of the subdivision plan Psd-11746, covered by TCT Nos. 49286, 49287 and 49288, respectively of the Registry of Deeds of Manila, and formerly owned by the Manotok Realty, Inc., with an area of 72,428.6 square meters, more or less, is hereby declared expropriated. The National Housing Authority hereinafter referred to as the 'Authority' is designated administrator of the National Government with authority to immediately take possession, control and disposition, with the power of demolition of the expropriated properties and their improvements and shall evolve and implement a comprehensive development plan for the condemned properties."

The decision declared that by virtue of the decree, Manotok Realty, Inc. ceased to be the owner of the land, including the lot leased to Belen, and could not interfere with the possession, administration, control and disposition of the National Housing Authority (NHA); its only right being to claim the just compensation thereof; that as a result, Manotok's lease contract with Belen over the lot in question also ipso facto ended, as well as the sublease between Belen and Juliano, since a sublease can never extend beyond the duration of the sublessor's lease of the sublessor; that, consequently, neither Manotok Realty, Inc. nor Belen could judicially eject Juliano from the disputed lot; and that under said P.D. 1670, the fate of Juliano and the other actual occupants of the property was within the competence of the National Housing Authority to determine; indeed, Juliano has been "duly certified by the Project OIC of the Sunog-Apog Urban Bliss as among the structure owners per 1980 census conducted by the NHA under its Zonal Improvement Program for Metro Manila ** (and was hence) a prospective beneficiary of said project."

Belen has perfected an appeal by certiorari to this Court and prays for reversal of the judgment of the Court of Appeals and the rendition of a new decision granting him the relief originally prayed for in his complaint in the Manila Metropolitan Trial Court. He prays for judgment on the following essential propositions:

- 1) PD 1670 notwithstanding, Manotok Realty Services, Inc. had not been divested of its title as of August, 1983, it not having "received any money as payment for the subject property," and the NHA not having taken possession thereof in an appropriate action of eminent domain (*Tuason & Co., Inc. v. Land Tenure Administration* etc., 49 SCRA 338);
- 2) in any event, it is Belen, not Juliano, who is entitled to be declared a rightful occupant of the land and exercise the rights under PD 1670.

The petition will be granted and the challenged judgment of the Court of Appeals, reversed.

Presidential Decree No. 1670, together with a companion decree, numbered 1669 -- which attempted to expropriate by similar legislative fiat another property, the so-called "Tambunting Estate" -- was struck down by this Court as "unconstitutional and therefore, null and void," on May 21, 1987 in a joint judgment rendered in G.R. No. 55166 (*Manotok, et al. v. National Housing Authority, et al.*) and G.R. No. 55167 (*Tiongson, et al. v. National Housing Authority, et al.*).[8] The Court found that both the decrees, being "violative of the petitioners'

(owners') right to due process of law," failed "the test of constitutionality," and that, additionally, they were tainted by another infirmity as regards "the determination of just compensation." The Court said:

"The decrees do not by themselves, provide for any form of hearing or procedure by which the petitioners can question the propriety of the expropriation of their properties or the reasonableness of the just compensation. Having failed to provide for a hearing, the Government should have filed an expropriation case under Rule 67 of the Revised Rules of Court but it did not do so. Obviously, it did not deem it necessary because the enactment of the questioned decrees which rendered, by their very passage, any questions with regard to the expropriation of the properties, moot and academic. In effect, the properties under the decrees were 'automatically expropriated.' This becomes more evident when the NHA wrote the Register of Deeds and requested her to cancel the certificate of titles of the petitioners, furnishing said Register of Deeds only with copies of the decrees to support its request.

This is hardly the due process of law which the state is expected to observe when it exercises the power of eminent domain.

This Court further observed that contrary to Rule 67 and established precedents, the decrees provided for the determination of just compensation at a time earlier than that "of the actual taking of the government or at the time of the judgment by the court, whichever came first." Apart from this, the fixing of the value of the property was left by the decrees to the City Assessor.

"In P.D. No. 76, P.D. No. 464, P.D. No. 794, and P.D. No. 1533, the basis for determining just compensation was fixed at the market value declared by the owner or the market value determined by the assessor, whichever is lower.

P.D.s 1669 and 1670 go further. There is no mention of any market value declared by the owner. Sections 6 of the two decrees peg just compensation at the market value determined by the City Assessor. The City Assessor is warned by the decrees to 'consider existing conditions in the area notably that no improvement has been undertaken on the land and that the land is squatted upon by resident families which should considerably depress the expropriation costs.'

In other cases involving expropriation under P.D. Nos. 76, 464, 794, and 1533, this Court has decided to invalidate the mode of fixing just compensation under said decrees. (See *Export Processing Zone Authority v. Hon. Ceferino E. Dulay, et al.*, G.R. No. 59603)[9] With more reason should the method in P.D.s 1669 and 1670 be declared infirm."

PD 1670 being void ab initio, all acts done in reliance thereon and in accordance therewith must also be deemed void ab initio, including particularly the taking of possession of the property by the National Housing Authority and its attempts to convert the same into a housing project and the selection of the beneficiaries thereof.

It appears that the National Housing Authority has since instituted an expropriation suit involving the "Sunog-Apog" property in question, now pending in Branch XL of the Regional Trial Court of Manila, presided over by Honorable Felicidad Villalon;[10] and that petitioner Pedro Belen continues to be recognized by the owner of the land, Manotok Services, Inc. as a lessee of a part thereof, identified as Lot 10, Block 18.[11]

The invalidation of P.D. 1670 removes the basis for the decisions of the Regional Trial Court and the Court of Appeals, which are both contrary to the verdict of the Metropolitan Trial Court. On the other hand, there is nothing in the record to demonstrate any error in the factual and legal dispositions in the latter judgment, recognizing and vindicating the petitioner's superior right of possession over the Lot 10, Block 18 of the "Sunog-Apog Estate" of the Manotok Services, Inc.

WHEREFORE, the Decision of the Court of Appeals of October 2, 1986 and that of the Regional Trial Court thereby affirmed, are REVERSED AND SET ASIDE, and the decision of the Metropolitan Trial Court (Branch VII), Manila, rendered on September 5, 1984 in Civil Case No. 078756-CV is REINSTATED AND AFFIRMED, with costs against the private respondents.

SO ORDERED.

Cruz, Gancayco, Griño-Aquino, and Medialdea, JJ., concur.

[1] Rollo, p. 14

[2] Id., p. 4

[3] Id., p. 5. N.B. Juliano's two-page comment (rollo, pp. 53-54) did not controvert the facts just stated.

[4] Id., pp. 14-17. The action was docketed as Civil Case No. 078756-CV.

[5] Id., pp. 23-25. The judgment was rendered by Hon. Priscilla C. Mijares.

[6] Id., pp. 27-28. The decision was rendered by Judge (later Court of Appeals Associate Justice) Conrado T. Limcaoco, then presiding over Branch XI of the Regional Trial Court of Manila.

[7] Id., pp. 43-50. The decision was written for the Fourth Division by Purisima, J., with whom concurred Nocon and Ramirez. JJ.

[8] 150 SCRA 89-112

[9] 149 SCRA 305

[10] Rollo, pp. 78, 80

[11] Id., pp. 79, 80

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