

# FIRST DIVISION

[ G.R. No. 231290, August 27, 2020 ]

**PERFECTO VELASQUEZ, JR., PETITIONER, VS. LISONDRA LAND INCORPORATED, REPRESENTED BY EDWIN L. LISONDRA, RESPONDENT.**

## DECISION

**LOPEZ, J.:**

The jurisdiction of a quasi-judicial agency and the operation of the principle of estoppel are the core issues in this petition for review on certiorari under Rule 45 of the Rules of Court assailing the Court of Appeals' (CA) Decision<sup>[1]</sup> dated December 28, 2016 in CA-G.R. SP No. 131359, which set aside the Office of the President's Decision dated August 1, 2013.

## ANTECEDENTS

In 1998, Perfecto Velasquez, Jr. and Lisondra Land Incorporated entered into a joint venture agreement to develop a 7,200-square meter parcel of land into a memorial park.<sup>[2]</sup> However, Lisondra Land did not secure the required permit from the Housing and Land Use Regulatory Board (HLURB) within a reasonable time which delayed the project construction. Moreover, Lisondra Land failed to provide the memorial park with the necessary insurance coverage and to pay its share in the realty taxes. Worse, Perfecto learned that Lisondra Land collected kickbacks from agents and gave away lots in exchange for the services of the engineers, architects, construction managers and suppliers, contrary to the commitment to finance the project using its own funds. Thus, Perfecto filed against Lisondra Land a complaint for breach of contract before the Regional Trial Court (RTC) docketed as Civil Case No. 18146.<sup>[3]</sup>

Lisondra Land sought to dismiss the complaint for lack of jurisdiction. It claimed that the supposed violations involved real estate trade and business practices which are within the HLURB's exclusive authority.<sup>[4]</sup> Yet, the RTC ruled that it is competent to decide the case.<sup>[5]</sup> Dissatisfied, Lisondra Land elevated the matter to the CA through a special civil action for *certiorari* under Rule 65 docketed as CA-G.R. SP No. 72463.

In its Decision dated November 25, 2003, the CA granted the petition and ordered to dismiss Civil Case No. 18146. It held that the RTC committed grave abuse of discretion in taking cognizance of the complaint and explained that Lisondra Land's alleged acts constitute unsound real estate business practices falling under the HLURB's jurisdiction as provided in Section 1 of Presidential Decree (PD) No. 1344.<sup>[6]</sup> Further, the RTC's theory that it can hear and decide the case simply because the action is not between buyers and developers of land would limit the application of

the law.<sup>[7]</sup> The CA's ruling lapsed into finality.<sup>[8]</sup>

Thereafter, Perfecto instituted a complaint before the HLURB claiming that Lisondra Land committed unsound real estate business practices. Allegedly, Lisondra Land expanded the business transactions outside the authorized project site and sold memorial lots without the required permit and license. Also, Lisondra Land failed to develop the project following the approved plan and mandated period.<sup>[9]</sup> On July 20, 2007, the HLURB Arbiter ruled in favor of Perfecto and found that Lisondra Land violated the joint venture agreement. Thus, it rescinded the contract between the parties, transferred the project management to Perfecto, and ordered Lisondra Land to pay fines, damages and attorney's fees:<sup>[10]</sup>

WHEREFORE, premises considered, judgment is hereby rendered:

- 1) Declaring the JVA or the parties as rescinded with the parties to render an accounting or all their expenses and incomes, with the proper restitution if warranted.
- 2) Ordering the respondent to transfer the management of the subject memorial park covering Lot 1680-A, including Lot 1680-B to the complainant;
- 3) Ordering the respondent to pay [complainant] P100,000.00 as attorney['s] fee, P200,000.00 as moral damages, P200,000.00 as exemplary damages, and to pay complainant the cost of suit; and
- 4) Ordering the respondent to pay a fine of P10,000.00 for its unauthorized land development and P10,000.00 for every individual sale it executed without the requisite license to sell.

IT IS SO ORDERED.<sup>[11]</sup>

Lisondra Land appealed to the HLURB Board of Commissioners.<sup>[12]</sup> In its Decision dated January 15, 2009, the HLURB Board dismissed the case for lack of jurisdiction. It ratiocinated that the RTC have the exclusive authority to decide the case because the dispute is between joint venture partners and is an intra-corporate controversy.<sup>[13]</sup> Perfecto moved for reconsideration.

On January 21, 2010, the HLURB Board granted the motion and reversed its earlier decision. It denied Lisondra Land's appeal and affirmed the findings of the HLURB Arbiter with modifications as to the amount of damages and attorney's fees.<sup>[14]</sup>

WHEREFORE, premises considered, the appeal is DENIED and the decision of the Legal Services Group is AFFIRMED, except that the award or moral damages is reduced to P50,000.00; exemplary damages to P50,000.00; and attorney's fees to [P]30,000.00.

In all other respects, the decision is AFFIRMED.

SO ORDERED.<sup>[15]</sup>

Dissatisfied, Lisondra Land brought the case to the Office of the President (OP). In its Decision dated August 1, 2013, the OP denied the appeal and affirmed the HLURB Board's resolution.<sup>[16]</sup> Aggrieved, Lisondra Land filed a petition for review to the CA docketed as CA-G.R. SP No. 131359 on the ground that the HLURB has no jurisdiction over the subject matter of the case.

On December 28, 2016, the CA found merit in the petition and set aside the OP's decision. It dismissed Perfecto's complaint clarifying that the HLURB's authority is limited only to cases filed by the buyers or owners of subdivision lots and condominium units.<sup>[17]</sup> Perfecto sought reconsideration<sup>[18]</sup> but was denied.<sup>[19]</sup> Hence, this petition.

Perfecto argued that Lisondra Land is now estopped from assailing the HLURB's jurisdiction. It is not allowed to make a complete mockery of the judicial system resulting in two conflicting appellate court Decisions.<sup>[20]</sup> Meantime, Perfecto informed this Court that Lisondra Land had surrendered the property and he is now in full control of developing the project. Yet, he submits the case for resolution in view of the novel issue raised in his petition.<sup>[21]</sup> On the other hand, Lisondra Land maintained that Perfecto is not a real estate buyer and his action must be filed before a court of general jurisdiction.<sup>[22]</sup>

## **RULING**

The petition is meritorious.

Jurisdiction is defined as the power and authority to hear, try, and decide a case. In order for the court or an adjudicative body to have authority to dispose of the case on the merits, it must acquire jurisdiction over the subject matter. It is axiomatic that jurisdiction over the subject matter is conferred by law and not by the consent or acquiescence of any or all of the parties or by erroneous belief of the court that it exists. Thus, when a court or tribunal has no jurisdiction over the subject matter, the only power it has is to dismiss the action.<sup>[23]</sup> Here, we find it necessary to discuss first the HLURB's jurisdiction.

***The jurisdiction of the HLURB to hear and decide cases is determined by the nature of the cause of action, the subject matter or property involved and the parties.***

The scope and limitation of the HLURB's jurisdiction is well-defined. Its precursor, the National Housing Authority (NHA), was vested under PD No. 957 with exclusive jurisdiction to regulate the real estate trade and business.<sup>[24]</sup> Thereafter, the NHA's jurisdiction was expanded under Section 1 of PD No. 1344 to include adjudication of the following cases: **(a) unsound real estate business practices**; (b) claims involving refund and any other claims filed by subdivision lot or condominium unit buyer against the project owner, developer, dealer, broker or salesman; and (c)

cases involving specific performance of contractual and statutory obligations filed by buyers of subdivision lot or condominium unit against the owner, developer, broker or salesman.<sup>[25]</sup> In 1981, Executive Order (EO) No. 648 transferred the regulatory and quasi-judicial functions of the NHA to Human Settlements Regulatory Commission.<sup>[26]</sup> In 1986, EO No. 90 changed the name of the Commission to HLURB.<sup>[27]</sup>

Notably, the cases before the HLURB must involve a subdivision project,<sup>[28]</sup> subdivision lot,<sup>[29]</sup> condominium project<sup>[30]</sup> or condominium unit.<sup>[31]</sup> Otherwise, the HLURB has no jurisdiction over the subject matter.<sup>[32]</sup> Similarly, the HLURB's jurisdiction is limited to those cases filed by the buyer or owner of a subdivision or condominium and based on any of the causes of action enumerated under Section 1 of PD No. 1344.<sup>[33]</sup> The following cases are instructive.

In *Solid Homes, inc. v. Teresita Payawal*,<sup>[34]</sup> the private respondent filed a complaint against the petitioner before the RTC for failure to deliver the corresponding certificate of title over a subdivision lot despite payment of the purchase price and for mortgaging the property in bad faith to a financing company. After trial, the RTC ruled in favor of the private respondent. However, the Supreme Court nullified the RTC's decision and held that the NHA is vested with the "exclusive jurisdiction" over an action between a subdivision developer and its buyer. Moreover, it added that a decision rendered without jurisdiction may be assailed any time unless the party raising it is already barred by estoppel, thus:

The applicable law is PD No. 957, as amended by PD No. 1344, entitled "Empowering the National Housing Authority to Issue Writs of Execution in the Enforcement of Its Decisions Under Presidential Decree No. 957." Section 1 of the latter decree provides as follows:

SECTION 1. In the exercise of its function to regulate the real estate trade and business and in addition to its powers provided for in Presidential Decree No. 957, the National Housing Authority shall have *exclusive jurisdiction* to hear and decide cases of the following nature:

- A. *Unsound real estate business practices;*
- B. *Claims involving refund and any other claims* filed by subdivision lot or condominium unit buyer against the project owner, developer, dealer, broker or salesman; and
- C. *Cases involving specific performance of contractual statutory obligations* filed by buyers of subdivision lot or condominium unit against the owner, developer, dealer, broker or salesman.

**The language of this section, especially the italicized portions, leaves no room for doubt that "exclusive jurisdiction" over the case between the petitioner and the private respondent is vested not in the Regional Trial Court hut in the National Housing Authority.**

**It is settled that any decision rendered without jurisdiction is a total nullity and may be struck down at any time, even on appeal before this Court. The only exception is where the party raising the issue is barred by estoppel, which does not appear in the case before us.** On the contrary, the issue was raised as early as in the motion to dismiss filed in the trial court by the petitioner, which continued to plead it in its answer and, later, on appeal to the respondent court. We have no choice, therefore, notwithstanding the delay this decision will entail, to nullify the proceedings in the trial court for lack of jurisdiction. (Emphases Supplied.)

Similarly, *Peña v. Government Service Insurance System*,<sup>[35]</sup> declared that HLURB has jurisdiction over a complaint filed by a buyer against a subdivision developer and its mortgagee although the action involved title or possession in the real estate, viz.:

When an administrative agency or body is conferred quasi-judicial functions, all controversies relating to the subject matter pertaining to its specialization are deemed to be included within the jurisdiction of said administrative agency or body. Split jurisdiction is not favored. **Therefore, the Complaint for Specific Performance, Annulment of Mortgage, and Damages filed by petitioner against respondent, though involving title to, possession of, or interest in real estate, was well within the jurisdiction of the HLURB for it involves a claim against the subdivision developer, Queen's Row Subdivision, Inc., as well as respondent.**

Later, *Ortigas & Co., Ltd Partnership v. Court of Appeals*<sup>[36]</sup> interpreted Section 1 of P.D. No. 1344 with respect to the HLURB's power to hear and decide complaints for unsound real estate business practices against land developers. We ruled that the offended party in such kind of action are buyers of lands involved in development. Otherwise, the complaint must be filed before a court of general jurisdiction, to wit:

Section 1 of P.D. 1344 vests in the HLURB the exclusive jurisdiction to hear and decide the following cases:

- (a) unsound real estate business practices;
- (b) claims involving refund and any other claims filed by subdivision lot or condominium unit buyer against the project owner, developer, dealer, broker, or salesman; and
- (c) cases involving specific performance of contractual and statutory obligations filed by buyers of subdivision lots or condominium units against the owner, developer, dealer, broker or salesman.

Unlike paragraphs (b) and (c) above, paragraph (a) does not state which party can file a claim against an unsound real estate business practice. **But, in the context of the evident objective of Section 1, it is implicit that the "unsound real estate business practice" would, like the offended party in paragraphs (b) and (c), be the buyers**