

THIRD DIVISION

[G.R. No. 197674, September 23, 2020]

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. ESPERANZA M. ESTEBAN, RESPONDENT.

DECISION

GAERLAN, J.:

This is a Petition for Review on *Certiorari*^[1] under Rule 45 of the Rules of Court, seeking the reversal and setting aside of the Decision^[2] dated November 10, 2010 and the Resolution^[3] dated July 14, 2011 of the Court of Appeals (CA) in CA-G.R. SP No. 01431. The assailed issuances affirmed the Consolidated Decision^[4] dated October 18, 2005 and Order^[5] dated November 14, 2006 of Branch 27 of the Regional Trial Court of Tandag, Surigao del Sur in Civil Case No. 1514, for fixing of just compensation.

Antecedents

At the core of the instant controversy is an untitled parcel of land identified as Lot 2493, Cad. 537-D, located at Barangay Mahayag, San Miguel, Surigao del Sur, comprising an area of 6.1833 hectares, more or less, and covered by Tax Declaration (TD) No. B-16-12-236^[6] in the name of respondent Esperanza M. Esteban (respondent).

Pursuant to Section 64^[7] of Republic Act (R.A.) No. 6657 otherwise known as the Comprehensive Agrarian Reform Law of 1988, in relation to Section 74^[8] of R.A. No. 3844,^[9] petitioner Land Bank of the Philippines (LBP) is the government financial institution established to aid in the implementation of the Comprehensive Agrarian Reform Program (CARP) as well as to act as financial intermediary of the Agrarian Reform Fund.^[10]

On June 20, 1994, respondent made a voluntary offer to sell the subject property to the Department of Agrarian Reform (DAR) for said agency's acquisition under R.A. No. 6657 at the price of P60,000.00 per hectare or a total of P370,998.00. Following its evaluation of the subject property, LBP's Land Valuation Office XI issued on August 16, 1999 its Claims Valuation and Processing Form No. LBP-XI-VO-95-6697^[11] setting the just compensation for the subject property at P12,295.42 per hectare, or a total amount of P76,026.27 based on the following formula:^[12]

$$LV = MV \times 2$$

Where:

LV = Land Value

MV = Market Value per
Tax Declaration

Respondent, however, rejected LBP's valuation. Thus, she filed a Petition^[13] for judicial determination of just compensation with the RTC on November 14, 2002.

During the trial, the RTC constituted a Board of Commissioners (BOC) to examine and appraise the subject property. Thereafter, the BOC recommended the valuation of P43,327.16 per hectare, or a total amount of P267,907.88, for the subject property.^[14]

On October 18, 2005, the RTC rendered judgment in favor of respondent. The trial court noted that, as found by the BOC, the subject property contained five hectares of unirrigated land that had already been planted with palay while about one hectare thereof was idle. Thus, the RTC disposed as follows:

WHEREFORE, judgment is hereby rendered in favor of the petitioners and against respondents, determining and fixing the just compensations for petitioners' properties, as follows:

For Lot No. 2493, subject of Civil Case No. 1514, at P43,327.16 per hectare or a total of P267,907.83 for the entire 6.1833 hectares;

For Lot No. 2665, subject of Civil Case No. 1515, at P18,427.50 per hectare or a total of P168,251.13 for the entire 9.1306 hectares;

For Lot No. 2636, subject of Civil Case No. 1516, at P43,327.16 per hectare or a total of P404,632.35 for the entire 9.3390 hectares.

Respondent LBP is ordered to pay to petitioners, within fifteen (15) days from finality of this Decision, the aforesaid amounts, the mode of payments of which shall be in accordance with the provisions of Section 18, Chapter VI of RA 6657.

No pronouncement as to cost.

SO ORDERED.^[15]

Aggrieved, LBP interposed a petition for review with the CA, asserting that in fixing the amount of just compensation for the subject property at P267,907.83, the RTC violated the formula for valuation as stated in DAR Administrative Order (A.O.) No. 5, series of 1998, in connection with Section 17 of R.A. No. 6657.

The CA, however, did not find any merit in LBP's argument. In its herein assailed decision, the appellate court ruled that the formula set forth by DAR for the computation of just compensation is not mandatory; the courts may, in the exercise of judicial discretion, set it aside. Moreover, the CA found credence in the trial court's evaluation of the subject property's location, land use and current sale value of the nearby properties as important factors to be appreciated in arriving at its fair market value. The CA thus decreed:

ACCORDINGLY, the petition is DENIED for lack of merit. The Consolidated Decision dated 18 October 2005 of the court a quo is AFFIRMED insofar as the valuation of Lot No. 2493 is concerned.

SO ORDERED.^[16]

LBP moved for reconsideration of the foregoing decision, which the CA denied in its herein assailed resolution dated July 14, 2011.

Hence, the present recourse.

Issue

This Court is now tasked with resolving whether or not the CA erred in affirming the Decision of the RTC.

Ruling of the Court

The concept of just compensation was defined by this Court in *Land Bank of the Philippines v. American Rubber Corp.*^[17] in the following manner:

This Court has defined "just compensation" for parcels of land taken pursuant to the agrarian reform program as "the full and fair equivalent of the property taken from its owner by the expropriator." The measure of compensation is not the taker's gain but the owner's loss. Just compensation means the equivalent for the value of the property at the time of its taking. It means a fair and full equivalent value for the loss sustained. All the facts as to the condition of the property and its surroundings, its improvements and capabilities should be considered.

^[18]

In setting the valuation of just compensation for lands that are covered by the Comprehensive Agrarian Reform Law of 1988, as amended, Section 17 thereof provides for the guideposts that must be observed therefor, viz.:

SECTION 17. Determination of Just Compensation. – In determining just compensation, the cost of acquisition of the land, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, and the assessment made by government assessors shall be considered. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the non payment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

Succinctly, the factors enumerated under the foregoing provision are: (a) the acquisition cost of the land, (b) the current value of like properties, (c) the nature and actual use of the property, and the income therefrom, (d) the owner's sworn valuation, (e) the tax declarations, (j) the assessment made by government assessors, (g) the social and economic benefits contributed by the farmers and the farmworkers, and by the government to the property, and (b) the non payment of taxes or loans secured from any government financing institution on the said land, if any, must be equally considered.^[19]

In *Alfonso v. Land Bank of the Philippines, et al.*,^[20] the Court emphatically made the following pronouncement:

For clarity, we restate the body of rules as follows: The factors listed under Section 17 of RA 6657 and its resulting formulas provide a uniform framework or structure for the computation of just compensation which