FIRST DIVISION

[G.R. No. 221313, December 05, 2019]

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. EUGENIA UY, ROMUALDO UY, JOSE UY, RENATO UY, ARISTIO UY, AND TERESITA UY-OLVEDA, RESPONDENTS.

DECISION

REYES, J. JR., J.:

In this Petition for Review, petitioner Land Bank of the Philippines (petitioner) assails the December 11, 2014 Decision[1] of the Court of Appeals in CA-G.R. SP No. 118230, which modified the ruling of the Regional Trial Court (RTC) of Lucena City, Branch 56, sitting as a Special Agrarian Court, on the issue of just compensation due herein respondents Eugenia Uy, Romualdo Uy, Jose Uy, Renato Uy, Aristio Uy, and Teresita Uy-Olveda (respondents) for their property taken under the Comprehensive Agrarian Reform Program (CARP).

The Facts

Respondents owned pieces of agricultural land in Matataja, Mulanay, Quezon which was devoted to coconut and corn production. A portion thereof had been brought under the Operation Land Transfer by virtue of Presidential Decree No. 27, and the rest, the subject property, has been placed in 1995 under CARP by virtue of Republic Act (R.A.) No. 6657.[2] Petitioner had initially valued the property at P516,484.84, and had, in 1999, tendered the same amount as just compensation. However, respondents rejected said valuation. When the Department of Agrarian Reform (DAR) issued Administrative Order No. 5, Series of 1998 (DAR A.O. No. 5-1998), petitioner updated the valuation to P1,048,635.38, but respondents still declined to accept. Forthwith, summary administrative proceedings[3] commenced before the DAR Adjudication Board Provincial Adjudicator for Quezon Province and culminated in the affirmance of the latest valuation.[4]

Unsatisfied, respondents filed before the RTC of Lucena City a complaint for the determination of just compensation.[5] Sitting as a special agrarian court, the RTC rendered judgment on January 23, 2006 directing petitioner to recompute the just compensation due, but only for the portion of the land devoted to coconut production, inasmuch as the valuation of the portion planted with corn was not contested by the parties. In view of the divergent claims as to the number of coconut trees on the property, — *i.e.*, petitioner claiming there were 100 per hectare and respondents claiming there were 250 per hectare — the agrarian court specifically directed petitioner to perform the valuation based on the formula found in DAR A.O. No. 5-1998 in relation to the data on the local coconut population as certified by the Philippine Coconut Authority (PCA) and the Assessor's Office, with

interest thereon for agrarian bonds, minus the amount already tendered and paid by petitioner.[6] The PCA certification, in particular, stated the average of 160 coconut trees per hectare in the locality.[7]

Petitioner appealed to the Court of Appeals (CA) in a petition docketed as CA-G.R. SP No. 93647.[8] In its June 29, 2007 Decision,[9] the CA declared the unreliability of the PCA certification for purposes of the coconut land valuation. It ordered the remand of the case to the agrarian court to determine anew the number of coconut trees on the coconut land for proper appraisal, along with a directive to appoint commissioners for that purpose.

Per the Commissioners' Report, it appears that the commissioners had treated the entire property as coconut land appraised at the per-hectare value of P82,500.00 with 160 coconut trees per hectare, thereby making petitioner liable to pay P3,093.370.50 in just compensation for the entire property.[10] Subsequently, the agrarian court, at the instance of respondents, ordered the issuance of a writ of execution for the payment of said amount.[11] Petitioner opposed, based on prematurity of the issuance of the writ and on a lower valuation.

The Ruling of the Agrarian Court

The agrarian court issued an Order[12] on February 26, 2010 resolving petitioner's opposition. It found that the two lots covered by CARP in this case had an aggregate of 35.963 hectares devoted entirely to coconut production, appraised at P80,000.00 per hectare. Interestingly, it arrived at these figures by applying the rules on ratio and proportion between the number of coconut trees reported by the commissioners (212 per hectare) and the PCA data (160 per hectare), in relation to the PCA valuation of coconut lands at P60,000.00/hectare.[13] The disposition reads:

> WHEREFORE, premises considered, the Court resolves to reconsider and set aside its court order dated March 9, 2009 and instead a new order is hereby issued mandating the x x x Land Bank of the Philippines to pay [Eugenia Uy, et al.] the amount of P2,877,040.00 or less P516,484.[84] partial payment it advanced to the plaintiffs on November 19, 1999, leaving a balance of P2,360,555.20 with legal rate of interest per annum from 1995 until the full amount is fully paid.
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> SO ORDERED.[14]

Petitioner filed a motion for reconsideration, whereby it not only argued for a lower valuation of the 25.3660-hectare coconut portion at P65,063.88 per hectare, but also pointed out that a 10.5975-hectare portion of the landholding was in fact planted with corn and which had earlier been appraised at P18,361.94 per hectare. Per petitioner's own computation, it would be liable to pay P1,845,001.04 in just compensation for the entire property.[15]

With the denial of its motion for reconsideration,[16] petitioner once again appealed to the CA.[17]

The Ruling of the CA

In the now assailed Decision, the CA ruled that the agrarian court could not be faulted in treating the whole property as coconut land because that fact was never disputed by petitioner who is, thus, now estopped from claiming otherwise. It faulted the agrarian court, however, in failing to hear the parties on the application of the PCA data, considering that the same could not be taken judicial notice of. Be that as it may, it pointed out the inapplicability of said data, which it found to refer only to the average of the total number of coconut trees in the neighboring municipalities, hence, far from a reasonable estimate. Applying Section A.1 of DAR A.O. No. 5-1998 — because there was no evidence of comparable sales on record and because the capitalized net income and market value were provided in the Commissioners' Report — it arrived at the valuation of P65,063.88 per hectare and pegged the just compensation for the whole 35.963-hectare property at P2,339,892.32. It then sanctioned the payment of interest on the said amount.

The CA ruled as follows:

> WHEREFORE, premises considered, the Petition is PARTIALLY GRANTED. The assailed Orders are AFFIRMED with the following MODIFICATIONS —
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> 1. The total just compensation is hereby computed at **two** million three hundred thirty-nine thousand eight hundred ninety-two pesos and 32/100 (P2,339,892.32). From this amount ought to be deducted five hundred sixteen thousand four hundred eighty-four pesos and 80/100 (P516,484.[84]), representing the amount initially paid/deposited by petitioner on 19 November 1999. As such, the total balance due to respondents is one million eight hundred twenty-three thousand four hundred seven pesos and 51/100 (P1,823,407.51);
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> 2. The balance payable shall earn legal interest at the rate of twelve percent per annum [(12% p.a)] from the time of taking until 30 June 2013. From 01 July 2013 until full payment, the computation of interest shall be at the new legal rate of six percent per annum (6% p.a.).
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> All other claims are hereby denied for lack of merit.
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> SO ORDERED.[18]

Hence, this Petition.

The Issues

1. WHETHER OR NOT THE CA GRAVELY ABUSED ITS DISCRETION IN RULING THAT THE ENTIRE SUBJECT PROPERTY WAS COCONUT [LAND;]

2. WHETHER OR NOT ESTOPPEL WILL LIE AGAINST THE PETITIONER; AND

3. WHETHER OR NOT THE PETITIONER SHOULD BE MADE LIABLE TO PAY INTEREST ON THE JUST COMPENSATION.[19]

The Ruling of the Court

There is partial merit in the Petition.

Prefatorily, we agree that the CA erred in finding the entire landholding to be coconut land and in declaring petitioner to be estopped from refuting the said finding.

The consistency by which petitioner has put forth the mixed nature of the entire landholding based on actual use as both coconut and corn-producing land is unmistakable in the proceedings below. In its comment on the Commissioners' Report and its opposition to the issuance of the writ of execution, petitioner has already called attention to portions of the earlier remand order which directed the recount of existing coconut trees on the coconut land, and which also affirmed the rest of the original findings of the agrarian court including the judgment on the cornland. In these pleadings, while arguing for a lower valuation based on its own accounting of the coconut population on the property, petitioner also alluded to the 10.5975-hectare corn portion of the land, the initial valuation of which has, in fact, never been questioned from the start.[20] This much is likewise apparent in petitioner's formal offer of evidence[21] containing documents denominated as "Land Use by Area in Hectares,"[22] the "Land Use Map,"[23] as well as the "Claim Folder Profile and Valuation Summary."[24] Moreover, in its motion for reconsideration of the February 26, 2010 Order, it called for the agrarian court to perform a separate valuation of the same corn-producing portion of the landholding.[25] Hence, that petitioner has admitted the nature of the landholding as purely coconut-producing land and is thereby estopped from claiming otherwise, is clearly a forgone and erroneous conclusion.

In this regard, there is validation on this point as found in the dispositive portion of the Decision in CA-G.R. SP No. 93647, which states –

> WHEREFORE, foregoing considered, the assailed Decision dated January 23, 2006, and Order, dated February 22, 2006 of the Regional Trial Court, Branch 56, Region IV, Lucena City, acting as a Special Agrarian Court in

> Civil Case No. 97-139 is PARTIALLY REVERSED insofar as it directed Land Bank of the Philippines to recompute the amounts due respondents on their coconut land based on the figures of the Philippine Coconut Authority and Assessor's Office: at 160 coconut trees per hectare or 2,720 trees for 17 hectares. Consequently, the case is REMANDED to the court *a quo* for the determination of the said matter with utmost dispatch. The trial judge is directed to appoint commissioners pursuant to Section 58 of RA 6657 to aid it in its examination and re-determination. The rest of the factual findings of the court *a quo*, being not disputed, are hereby AFFIRMED.
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> SO ORDERED.[26]

In terms too plain to be mistaken, the above disposition has conclusively established that the entire property was planted with both corn and coconut when the same was taken by the State for distribution to landless farmers. As rightly asserted by petitioner, the original ruling on the cornland relative to its breadth and valuation, since uncontested, was among the findings that the above remand order had affirmed. The clear and precise directive to the agrarian court was only to determine the coconut tree population on the property for the proper appraisal of the coconut land which has been found to comprise only 17 hectares of the entire landholding.

One of the basic precepts goven1ing eminent domain proceedings is that the nature and character of the land at the time of taking is the principal criterion for determining how much just compensation should be given to the landowner. In other words, as of that time, all the facts as to the condition of the property and its surroundings, as well as its improvements and capabilities, should be considered. [27] The logic, thus, in the remand order for the limited purpose of accounting for the existing coconut trees on the 17-hectare coconut portion is consistent with this rule, because it is with reference to the exact condition of the property when it was taken by operation of the agrarian law at the beginning of the expropriation process.

To be sure, from the taking of the property in 1995 and all the time during which this case was first elevated to the CA, then referred back to the agrarian court, and appealed anew to the CA, the subject property has likely undergone physical changes which might explain the differences in the numbers propounded by the agrarian court at the first instance, the court-appointed commissioners after the remand of the case, and the same agrarian court in its second ruling. At this juncture, we find the valuation of the CA to be conclusively erroneous insofar as its determination exceeded the 17-hectare coconut land found to be the only point of contention between the parties.

Settled is the rule that in eminent domain, the determination of just compensation is principally a judicial function of the RTC acting as a special agrarian court. In the exercise of such judicial function, however, the RTC must consider both the guidelines set forth in R.A. No. 6657 and the valuation formula under the applicable Administrative Order of the DAR.[28] These guidelines ensure that the landowner is given full and fair equivalent of the property expropriated, in an amount that is real, substantial, full and ample.[29]