

FIRST DIVISION

[G.R. No. 170506, January 11, 2017]

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. HEIRS OF LORENZO TAÑADA AND EXPEDITA EBARLE, RESPONDENTS.

D E C I S I O N

LEONARDO-DE CASTRO, J.:

Before the Court is a petition for review under Rule 45 of the 1997 Rules of Civil Procedure assailing the Decision^[1] dated April 8, 2005 as well as the Resolution^[2] dated November 22, 2005 of the Court of Appeals in CA-G.R. SP No. 79245, entitled "*Land Bank of the Philippines v. Heirs of Lorenzo Tañada and Expedita Ebarle*." The assailed April 8, 2005 appellate court ruling was an affirmance of the Decision^[3] dated July 13, 1999 of Branch 1 of the Regional Trial Court of Bataan in Civil Case Nos. 6328 and 6333. On the other hand, the assailed November 22, 2005 Resolution denied for lack of merit the motion for reconsideration filed by petitioner.

In the aforementioned April 8, 2005 Decision of the Court of Appeals, the factual antecedents of this case were synthesized as follows:

Respondents, the Heirs of Lorenzo Tañada and Expedita Ebarle, are the owners of several parcels of land situated in Gabon, Abucay, Bataan, covered by TCT Nos. T-8483 and T-12610, with respective land areas of 56.8564 and 16.9268 hectares. The record shows that sometime in 1988, the aforesaid parcels of land were placed under the land reform program of the government. It was determined that 16.7692 hectares from TCT No. T-8483 and 13 hectares from TCT No. T-12610 would be included in the program.

Pursuant to its mandate under Executive Order No. 405, petitioner Land Bank of the Philippines (LBP) valued the properties to be taken at P223,837.29 for 16.7692 hectares and P192,610.16 for 13 hectares or a total of P416,447.43. Dissatisfied with this valuation for being unreasonably and unconscionably low, respondents instituted the summary administrative proceedings for the preliminary determination of just compensation in 1992 and 1993. Said cases were docketed as DARAB Case Nos. 068-B'92 for TCT No. 12610 and 103-BT'93 for TCT No. T-8483 with the Department of Agrarian Reform Adjudication Board (DARAB) in Region III.

With the DARAB's affirmation of the acquisition cost fixed by petitioner for the subject properties, respondents instituted separate petitions for the determination and payment of just compensation, viz.: Civil Case No. 6328 for the 16.7692 hectares covered by TCT No. T-8483 and Civil Case No. 6353 for the 13 hectares under TCT No. T-12610, both with the RTC

of Bataan, Branch I. Contending that the price fixed by petitioner was unconscionably low, respondents prayed that their properties be revalued at P150,000.00 per hectare. Since they raised similar issues, the two (2) cases were eventually consolidated.

To establish their claim for just compensation, respondents presented Jose Dela Cruz, a vault keeper from the Office of the Bataan Register of Deeds, who testified that he is the custodian of documents and titles in the said office. Said witness identified a Deed of Sale dated 05 April 1997 executed by Horacia Limcangco who sold 6,158 square meters of land in Abucay, Bataan for P20,000.00 or for P3.24 per square meter. He also identified a Deed of Absolute Sale dated 27 August 1996 executed by Franklin and Benigno Morales whereby 53,102 square meters of land in Abucay, Bataan was sold for P830,000.00 or for P15.91 per square meter.

On the other hand, neither the Department of Agrarian Reform (DAR) nor petitioner presented any witness to refute the evidence presented by respondents. Instead, they offered documentary exhibits to show how, in adherence to DAR Administrative Order No. 6, Series of 1992, they arrived at the valuation of the just compensation for the subject parcels.

[4] (Citations omitted.)

Upon termination of the proceedings, the trial court acting as a Special Agrarian Court (SAC) rendered the assailed July 13, 1999 Decision which favored the respondents in this case and pegged the value of the lots in question at fifteen pesos per square meter or P150,000.00 per hectare. The dispositive portion of the trial court's judgment is reproduced here:

WHEREFORE, judgment is hereby rendered:

1. Declaring that the petitioners are entitled to just compensation; and
2. That P150,000.00 per hectare is just compensation for the land of the petitioners to be paid by the Land Bank of the Philippines for the areas selected by the Department of Agrarian Reform namely: 16.7692 hectares under Transfer Certificate of Title No. T-8483 and 13 hectares under Transfer Certificate of Title No. T-12610 both of the Office of the Register of Deeds of Bataan.^[5]

In arriving at the said ruling, the trial court reasoned, thus:

The issue to be resolved is whether or not the valuation made by the Land Bank of the Philippines and DARAB [is] just compensation for the said properties to be acquired by the Department of Agrarian Reform.

In the case of *Association of Small Landowners in the Philippines, Inc. vs. Secretary of Agrarian Reform*, 175 SCRA 343, the Supreme Court held that:

Just compensation is defined as the full and fair equivalent of the property taken from its owner by the expropriator. It has been repeatedly stressed by this Court that the measure is not

the taker's gain but the owner's loss. The word just is used to intensify the meaning of the word "compensation" to convey the idea that the equivalent to be rendered for the property to be taken shall be real, substantial, full, ample. Manila Railroad Co. vs. Velasquez, 32 Phil. 286; Manotok vs. National Housing Authority, 150 SCRA 89.

Based on said definition of what is just compensation, this Court believes that the price of P150,000.00 per hectare or P15.00 per square meter which the petitioners are asking is just and reasonable. This is the same price for which the owner of adjoining land was sold in Abucay, Bataan in 1996.

This Court cannot close its eyes to the prevalent practice of tenants that once they are awarded lots under the Comprehensive Agrarian Reform Program, they immediately look for prospective buyers, selling the property from P500,000.00 to P1,000,000.00 per hectare which they only acquired at a very low price to the point of being confiscatory to the prejudice of the real owners.^[6]

A motion for reconsideration was subsequently filed by petitioner but this was denied by the trial court in its Order dated August 7, 2003.^[7]

Dissatisfied with the adverse judgment, petitioner elevated the case to the Court of Appeals. However, the appellate court merely denied petitioner's appeal and affirmed the appealed decision of the trial court in the now assailed April 8, 2005 Decision, which dispositively states:

WHEREFORE, the petition is DENIED for lack of merit and the appealed Decision dated 13 July 1999 is **AFFIRMED in toto**.^[8]

When the appellate court refused to reconsider the foregoing decision, petitioner sought our review of the case and our ruling on the following issue:

WHETHER OR NOT THE SPECIAL AGRARIAN COURT CAN DISREGARD THE VALUATION GUIDELINES OR FORMULA PRESCRIBED UNDER DAR AO NO. 6, SERIES OF 1992, AND AS HELD IN THE CASE OF SPS. BANAL, *SUPRA*, IN FIXING THE JUST COMPENSATION OF THE SUBJECT PROPERTIES.^[9]

Respondents, in turn, opposed the petition on the ground that petitioner's valuation based on the formula in DAR Administrative Order No. 06, series of 1992, may not supplant the valuation of the SAC, which was affirmed by the Court of Appeals.^[10] They further argued that the petitioner's valuation of the lots (at an average of a little over one peso per square meter) was grossly unjust and unsupported by proof.

Essentially, the sole issue to be resolved by this Court is whether or not the trial court utilized the correct method in fixing the just compensation due to respondents' parcels of land which have been subjected to land reform proceedings under Republic Act No. 6657 or the Comprehensive Agrarian Reform Law of 1988.

After carefully weighing the issues and arguments presented by the parties in this case, we find the petition meritorious.

In *Land Bank of the Philippines v. American Rubber Corporation*,^[11] we elaborated on the concept of just compensation in this wise:

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. x x x. (Citations omitted.)

Since there is no dispute that the subject properties are qualified for coverage under the agrarian reform law, the just compensation for the said properties must be governed by the valuation factors under Section 17 of Republic Act No. 6657 which provides:

SEC. 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 nonpayment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

Thus, we have held that when handling just compensation cases, the trial court acting as a SAC should be guided by the following factors: (1) the acquisition cost of the land; (2) the current value of the properties; (3) its nature, actual use, and income; (4) the sworn valuation by the owner; (5) the tax declarations; (6) the assessment made by government assessors; (7) the social and economic benefits contributed by the farmers and the farmworkers, and by the government to the property; and (8) the nonpayment of taxes or loans secured from any government financing institution on the said land, if any.^[12]

Pursuant to the rule-making power of the Department of Agrarian Reform (DAR) under Section 49 of Republic Act No. 6657,^[13] the enumerated factors were translated into a formula that was outlined in DAR Administrative Order No. 17, series of 1989, as amended by DAR Administrative Order No. 03, series of 1991, and as further amended by DAR Administrative Order No. 06, series of 1992, entitled RULES AND REGULATIONS AMENDING THE VALUATION OF LANDS VOLUNTARILY OFFERED AND COMPULSORILY ACQUIRED AS PROVIDED FOR UNDER ADMINISTRATIVE ORDER NO. 17, SERIES OF 1989, AS AMENDED, ISSUED PURSUANT TO REPUBLIC ACT NO. 6657.^[14]

In determining the just compensation to be paid to respondents, petitioner utilized the formula indicated in DAR Administrative Order No. 06, series of 1992, which was in effect at the time the lots of respondents were subjected to coverage by the government's land reform program. The said formula is reproduced as follows: