

THIRD DIVISION

[G.R. No. 186339, February 15, 2017]

VIVENCIO, EUGENIO, JOJI AND MYRNA, ALL SURNAMED MATEO, PETITIONERS, VS. DEPARTMENT OF AGRARIAN REFORM, LAND BANK OF THE PHILIPPINES AND MARIANO T. RODRIGUEZ, ET AL., RESPONDENTS.

DECISION

REYES, J.:

For review^[1] is the Decision^[2] rendered on August 4, 2008 and Resolution^[3] issued on January 28, 2009 by the Court of Appeals (CA) in CA-G.R. CV No. 79581. The CA granted the appeal filed by the herein respondents, Department of Agrarian Reform (DAR), Land Bank of the Philippines (LBP)^[4] and Mariano T. Rodriguez, et al., seeking to reverse the Decision^[5] dated July 4, 2002 of the Regional Trial Court (RTC) of Sorsogon City, Sorsogon, Branch 52, sitting as Special Agrarian Court (SAC), in Civil Case No. 97-6331, a complaint for determination of just compensation filed by the herein petitioners, Vivencio Mateo (Vivencio), Eugenio Mateo, Joji Mateo Morales and Myrna Mateo Santos (collectively, the Mateos). The SAC ordered the LBP to pay the Mateos the amount of P71,143,623.00 as just compensation for 112.3112 hectares of coconut and rice lands (subject property) covered by Transfer Certificate of Title (TCT) No. T-22822, which was expropriated by the DAR for distribution to farmer-beneficiaries under the provisions of Republic Act (R.A.) No. 6657,^[6] otherwise known as the Comprehensive Agrarian Reform Program (CARP) Law of 1988.

Antecedents

The CA aptly summed up the facts of the case before the rendition of the SAC decision as follows:

[The Mateos] were the registered owners of [coconut and rice lands] with [a total area] of 1,323,112 square meters situated at Fabrica, Bacon, Sorsogon and [were] covered by TCT No. T-22822. A portion of the land[s] was brought under the coverage of the [CARP] of the government and for this reason[,] the [DAR] entered the premises sometime in June 1994. [LBP] valued [the Mateos'] land at fifty-two thousand pesos (P52,000.00) per [ha]. [The Mateos,] however[,] rejected the LBP's valuation.

On April 30, 1997, [the Mateos] filed a complaint against LBP, [DAR], and the farmer beneficiaries of the land for just compensation. The case was

docketed as Civil Case No. 97-6331 and raffled to the [SAC], presided by respondent Judge Honesto A. Villamor.^[7]

The LBP and DAR filed their respective answers arguing that since no summary administrative proceedings to determine the amount of just compensation had been conducted yet, the complaint of the Mateos was premature.^[8]

Pre-trial ensued and was terminated. The SAC granted the request of the parties for the appointment of two commissioners, namely, Mr. Jesus Empleo and Engr. Florencio Dino (Engr. Dino), to represent the LBP and the Mateos, respectively.^[9]

Among the evidence offered by the Mateos during the trial were: (a) the testimonies of their father, Dr. Eleseo Mateo, Engr. Dino, farmer Manuel Docot and caretaker Danilo Federio; (b) TCT No. T-22822; (c) Memorandum of Valuation (MoV), Claim Folder Profile and Valuation Summary of Agricultural Land; (d) deeds of sale covering two parcels of land less than two ha in size in Sorsogon, which were purchased for P300,000.00 and P400,000.00 per ha; (e) newspaper clipping of Eduardo Cojuangco, who was selling his land in Sorsogon for P350,000.00 per ha; (f) Engr. Dina's Report; and (g) deed of sale of a lot in Cabi-an, Sorsogon bought by the government for P245,000.00 per ha.^[10]

On the other hand, the DAR presented: (a) the testimonies of agriculturist Romeo Brotamante, government employee Ireneo Defeo and farmer Cresenciano Lagajeno; (b) a Field Investigation Report dated March 29, 1996; (c) ledger cards bearing dates from December 2, 1994 to June 9, 1997; and (d) two pass books, the second of which indicated withdrawals in the total amount of P601,789.97.^[11] The LBP, on its part, offered (a) the testimony of Monita Balde, and (b) a Claims Valuation and Processing Form.^[12]

Ruling of the SAC

The decretal portion of the SAC Decision^[13] dated July 4, 2002 reads:

WHEREFORE, premises considered, judgment is hereby rendered:

1. Fixing the amount of SEVENTY-ONE MILLION, ONE HUNDRED FORTY-THREE THOUSAND, SIX HUNDRED TWENTY-THREE ([P]71,143,623.00) Pesos, Philippine currency[,], to be the just compensation for the 112(.]3112 [has] of agricultural land situated at Fabrica, District of Bacon, City of Sorsogon covered by TCT No. T-22822 owned by the [Mateos] which property was taken by the government pursuant to the (CARP) of the government [as] provided by R.A. N[o]. 6657.
2. Ordering the [LBP] to pay the [Mateos] the amount of Seventy-One Million, one Hundred forty-three thousand[,], six hundred twenty-

three (P71,143,623.00) Pesos[,] Philippine currency[,] in the manner provided by R.A. No. 6657 by way of full payment of the said just compensation after deducting whatever amount [was] previously received by the [Mateos] from the [LBP] as part of the just compensation.

3. Without pronouncement as to cost.

SO ORDERED.^[14]

In rendering its judgment, the SAC rationalized as follows:

Under R.A. No. 6657, it provides that in determining the just compensation, the initial determination thereof may be agreed upon by the [LBP], the official entity made responsible under Executive Order No. 405, series of 1990 to determine the valuation and compensation of agricultural landholdings made under the coverage of the CARP and the [I]andowner. In the event of disagreement, the matter is referred to the DAR Adjudication Board for further determination. If no agreement is reached, the landowner may elevate the matter for judicial determination.

Initially, the [DAR] Adjudicat[ion] Board x x x valued the property in question adopting the [LBP's] valuation in the amount of P6,112,598.86 for the 72.2268 [has] and the amount of P2,949,313.14 for the 36.3196 [ha] but these valuation was rejected by [the Mateos].

After due consideration of [Engr. Dino's] Report submitted to the Court[,], as well as the [Report of Empleo] and the Pass Book evidencing the Lease Rentals presented by the defendant DAR, as well as the testimon[ies] of [the Mateos] and their witnesses and also considering the applicable law, the Sanggunian Panlalawigan Resolution No. [0]3-99 providing for an updated schedule of fair market value of real properties in the Province of Sorsogon and the jurisprudence on the matter, the Court hereby adopts the commissioner's report submitted by Engr. [Dino] as part of this decision. The Court also took into consideration the evidence submitted on comparable sales transaction of the nearby landholdings executed by Jose Maria Simo, Jr. in favor of the National Housing Authority selling the property at Two Million[,], Three Hundred Thirty-three Thousand[,], One Hundred Seventy Pesos (P2,335,170.00) Philippine currency, for the 159,968 square meters land x x x.^[15] The report of [Engr. Dino] x x x represents only the fair market value of the land but does not include the value of the coconut trees and the actual production of the coconut trees. Although it valued the improvements in the property for acquisition, it did not include the value of the trees/hectare and the actual production of the coconut trees as well as the potentials of the land in term[s] of productivity and proximity to the center of commerce, the City of Sorsogon.

Commissioner's Report of [Engr.] Dino:

x x x x

ACCESSIBILITY AND LOCATION

The subject property is located in Barangay San Isidro, Sorsogon. It is barely one kilometer away from the Bacon Airport and the Sorsogon-Bacon Highway. It could be reached through the San Vicente-Buhatan Road – a dormant overland artery linking the district of Bacon to the City of Sorsogon.

PROPERTY APPRAISAL

Provincial Ordinance No. 03-99, also known as "An Ordinance Providing for an Updated Schedule of Fair Market Values of Real Properties in the Province of Sorsogon" was used as the basis for determining the unit values of lands and other improvements found in the subject real property. However, with respect to the appraisal of timber producing tree species, the approximate extractable lumber was multiplied by the prevailing market price per board foot.

[Engr. Dino made a detailed assessment computing the subject property's Fair Market Value to be P4,764,323.00, and the fruit-bearing and timber-producing trees found thereon amounting to P806,870.00 and P445,110.00, respectively. Engr. Dino, thus, concluded that just compensation for the subject property should amount to P6,016,303.00.]

On the matter of the land valuation submitted by [Engr. Dino] for the [Mateos], the Court considers said land valuation too low considering that the land subject for acquisition is within the city limit of the City of Sorsogon and as shown by the evidence of the [Mateos], the land was a subject of a housing subdivision and can command a price of not less than P350,000.00 per [ha]. The area for acquisition is ideal not only for housing subdivision but as expansion for commercial district of the City of Sorsogon. It has all the potentials of a city within the city. It has abundant water supply and accessible to the center of commerce. The [Mateos] also submitted evidence of comparable sales transactions of the nearby landholdings executed by Jose Maria Simo, Jr. in favor of the National Housing Authority selling the property with an area of 159,968 sq. m. for the amount of P2,335,170.00 x x x. As the property is within the city of Sorsogon, the selling price of land is P1,000.00 per square meter. The land subject of acquisition is an agricultural land but it cannot be denied that [in] the present time[,], the land commands [a] higher price especially that the exchange rate of peso to dollar is 1 dollar to 50 pesos. Evidence also show that the [parents of the Mateos] acquired the property for P1,000.00 per [ha] and it took them three (3) years to clear the property and after another three years, they planted coconuts which are now fruit bearing trees. x x x[.]

x x x x

[The SAC then adopted Engr. Dino's valuation of the improvements found in the subject property and made estimates of the total amount the coconuts, copra and rice harvested therefrom could have fetched from 1994-2002. The SAC also assessed the price of the subject property to be P500,000.00 per ha.]

RECAPITULATION:

P54,000,000.00	– Fair Market Value of 108 hectares coconut land at P500,000.00
13,057,397.00	– Net produce of copra from 1994 to 2002
806,820.00	– Value of the improvements inside the 108.0000 hectares
445,110.00	– Value of the coconut trunk[s]
P68,309,327.00	– Total value of the 108 [has] coconut land
1,750,000.00	– Fair Market Value of 3.7649 [has] of Riceland at P500,000.00
1,686,085.00	– Net Produce of the Riceland from year 1994 to 2002
P71,745,412.00	– Grand Total Value of the Coconut land and Riceland with an area of 112.3112 [has]
601,789.00	– less the amount previously received by [the Mateos] as lease rentals
P71,143,623.00	– Total amount of Just Compensation ^[16]

Proceedings Before the CA

The **LBP** and the DAR both filed notices of appeal, but no brief was filed by the latter before the CA.^[17]

On the LBP's part, it mainly argued that the complaint of the Mateos was premature as the DAR Adjudication Board (DARAB) had not yet made an administrative valuation of the subject property and that the SAC, in determining just compensation, failed to consider the guidelines provided for in Section 17^[18] of R.A. No. 6657.^[19]

The Mateos sought the dismissal of the appeal. They claimed that had the DAR promptly sent them notices of acquisition and made preliminary valuation of the subject property, they would have complied with the administrative procedures and found no need to institute an action before the SAC. Further, while Section 50^[20] of R.A. No. 6657 grants the DAR the primary jurisdiction to adjudicate agrarian reform matters, Section 57^[21] of the same statute confers original and exclusive jurisdiction over the RTCs as SACs to take cognizance of petitions for determination of just compensation of landowners.^[22]

On August 4, 2008, the CA rendered the herein assailed Decision^[23] setting aside the SAC's judgment and dismissing without prejudice the complaint of the Mateos.