

FIRST DIVISION

[G.R. No. 170685, September 22, 2010]

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. ENRIQUE LIVIOCO, RESPONDENT.

D E C I S I O N

DEL CASTILLO, J.:

When the evidence received by the trial court are irrelevant to the issue of just compensation and in total disregard of the requirements provided under Section 17 of the Comprehensive Agrarian Reform Law, the Court is left with no evidence on record that could aid in the proper resolution of the case. While remand is frowned upon for obviating the speedy dispensation of justice, it becomes necessary to ensure compliance with the law and to give everyone - the landowner, the farmers, and the State - their due.

This is a Petition for Review under Rule 45, assailing the August 30, 2005 Decision^[1] of the Court of Appeals (CA), as well as its December 5, 2005 Resolution^[2] in CA-GR SP No. 83138. The dispositive portion of the assailed Decision reads as follows:

WHEREFORE, premises considered, the petition is DENIED. The Decision dated January 29, 2004 and the Order dated March 16, 2004 of the RTC, Branch 56, Angeles City in Civil Case No. 10405 are hereby AFFIRMED.^[3]

Factual Antecedents

Petitioner Land Bank of the Philippines (LBP) is the government financial institution^[4] 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.^[5]

Respondent Enrique Livioco (Livioco) was the owner of 30.6329 hectares of sugarland^[6] located in Dapdap, Mabalacat, Pampanga. Sometime between 1987 and 1988,^[7] Livioco offered his sugarland to the Department of Agrarian Reform (DAR) for acquisition under the CARP at P30.00 per square meter, for a total of P9,189,870.00. The voluntary-offer-to-sell (VOS) form^[8] he submitted to the DAR indicated that his property is adjacent to residential subdivisions and to an international paper mill.^[9]

The DAR referred Livioco's offer to the LBP for valuation.^[10] Following Section 17 of Republic Act (RA) No. 6657 and DAR Administrative Order No. 17, series of 1989,

[11] as amended by Administrative Order No. 3, series of 1991, [12] the LBP set the price at P3.21 per square meter or a total of P827,943.48 for 26 hectares. [13] Livioco was then promptly informed of the valuation [14] and that the cash portion of the claim proceeds have been "kept in trust pending [his] submission of the [ownership documentary] requirements." [15] It appears however that Livioco did not act upon the notice given to him by both government agencies. On September 20, 1991, LBP issued a certification to the Register of Deeds of Pampanga that it has earmarked the amount of P827,943.48 as compensation for Livioco's 26 hectares. [16]

It was only two years later [17] that Livioco requested for a reevaluation of the compensation on the ground that its value had already appreciated from the time it was first offered for sale. [18] The request was denied by Regional Director Antonio Nuesa on the ground that there was already a perfected sale. [19]

The DAR proceeded to take possession of Livioco's property. In 1994, the DAR awarded Certificates of Land Ownership Award (CLOAs) covering Livioco's property to 26 qualified farmer-beneficiaries. [20]

Livioco filed separate complaints to cancel the CLOAs and to recover his property but the same proved futile. The first case he filed in 1995 was for quieting of title, recovery of possession and damages against the DAR, LBP, Register of Deeds, and the farmer-beneficiaries. [21] In its final and executory Decision, [22] the CA sustained the validity of the CLOAs. [23] The relevant portions of the Decision read:

What matters most is the fact that the requirements for "Compulsory Acquisition" of private lands, especially the indispensable ones, to wit: (1) valuation of the subject property by the proper government agency which is the LBP; (2) DAR's "Notice of Land Valuation" to petitioner and; (3) most importantly, the deposit of the amount of land valuation in the name of petitioner after he rejected the said amount, were substantially complied with in the instant case.

Considering therefore that there was material and substantial compliance with the requirements for the "Compulsory Acquisition" of the subject land, the acquisition of the same is indubitably in order and in accordance with law. [24]

Livioco then filed in 1998 a petition for reconveyance before the DAR Regional Office. [25] The case eventually reached the CA, which dismissed the petition on the ground that the validity of the compulsory acquisition had already been decided with finality in the earlier CA case, to wit:

As the disputed property was eventually acquired through Compulsory Acquisition, its reconveyance to the petitioners was properly disallowed by the DAR. The certifications by other government agencies that the land was identified as a resettlement area [are] of no avail as the DAR is

vested with primary jurisdiction to determine and adjudicate agrarian reform matters and has exclusive original jurisdiction over all matters involving the implementation of agrarian reform.

x x x x

Indeed, it is to the best interest of the public that the litigation regarding the reconveyance of the disputed property between the same parties for the same grounds must come to an end, the matter having [been] already fully and fairly adjudicated by the DAR, this Court and the Supreme Court which had declined to disturb the judgment of this Court.
[26]

Upon the request of DAR, LBP made two amendments to the valuation. At first, they reduced the acquired area from 30.6329 hectares to 23.9191 hectares. Later, they increased the acquired area to 24.2088 hectares. The remaining 6.4241 hectares of the property was determined as not compensable because this comprised a residential area, a creek, road, and a chapel.^[27] The total value for 24.2088 hectares was P770,904.54. Livioco was informed on August 8, 2001 that the payment was already deposited in cash and agrarian reform bonds and may be withdrawn upon submission of the documentary requirements.^[28]

Unable to recover his property but unwilling to accept what he believes was an outrageously low valuation of his property, Livioco finally filed a petition for judicial determination of just compensation against DAR, LBP, and the CLOA holders before Branch 56 of the Regional Trial Court (RTC) of Angeles City on December 18, 2001.
[29] He maintained that between 1990 and 2000, the area where his property is located has become predominantly residential hence he should be paid his property's value as such. To prove that his property is now residential, Livioco presented a Certification from the Office of the Municipal Planning and Development Coordinator of the Municipality of Mabalacat that, as per zoning ordinance, Livioco's land is located in an area where the dominant land use is residential.^[30] He also presented certifications from the Housing and Land Use Regulatory Board,^[31] the Mt. Pinatubo Commission,^[32] and the National Housing Authority^[33] that his property is suitable for a resettlement area or for socialized housing. None of these plans pushed through.

Livioco then presented evidence to prove the value of his property as of 2002. According to his sworn valuation, his property has a market value of P700.00/square meter.^[34] He also presented the Bureau of Internal Revenue (BIR) zonal value for residential lands in Dapdap, as ranging from P150.00 to P200.00/square meter.^[35] He then presented Franklin Olay (Olay), chief appraiser of the Rural Bank of Mabalacat, who testified^[36] and certified^[37] that he valued the property at P800.00 per square meter, whether or not the property is residential. Olay explained that he arrived at the said value by asking the buyers of adjacent residential properties as to the prevailing selling price in the area.^[38] There was also a certification from the Pinatubo Project Management Office that Livioco's property was valued at P300.00/square meter.^[39] Livioco prayed that just compensation be computed at P700.00/square meter.^[40]

Only LBP filed its Answer^[41] and participated in the trial. It justified the P3.21/square meter valuation of the property on the ground that it was made pursuant to the guidelines in RA 6657 and DAR Administrative Order No. 3, series of 1991. LBP objected to respondent's theory that his property should be valued as a residential land because the same was acquired for agricultural purposes, not for its potential for conversion to other uses.^[42] LBP presented its agrarian affairs specialist who testified^[43] that, due to the increase in the acquired area, she was assigned to amend the claim of Livioco. She computed the total value thereof at P770,904.54, using the DAR Administrative Order No. 3, series of 1991.^[44] The only other witness of LBP was its lawyer, who explained the legal basis for the DAR administrative orders and the factors for land valuation provided in Section 17 of RA 6657.^[45]

Ruling of the Regional Trial Court

Apparently aware that neither party presented relevant evidence for the proper computation of the just compensation, the trial court issued its April 2, 2003 Order requiring the reception of additional evidence:

A perusal of the record of this case as well as the evidence adduced by the parties shows that the facts required for the proper computation and/or determination of just compensation for the plaintiff's property i.e., land value of the property in accordance with the Listasaka, capitalized net income, comparable sales and market value pursuant to the corresponding tax declaration, are unavailable and insufficient.

WHEREFORE, for the Court to properly determine and fix the just compensation to be accorded to [respondent's] property, the reopening of this case for the purpose of the presentation of additional evidence is hereby ordered.

Let the reception of aforesaid additional evidence be set on April 22, 2003 at 8:30 am.

x x x x^[46]

Based on the records, the next hearing took place on July 10, 2003 where none of the parties presented additional evidence, whether testimonial or documentary.^[47] Nevertheless, the trial court proceeded to rule in favor of Livioco:

WHEREFORE, premises considered, the Court hereby renders judgment in favor of the [respondent], Enrique Livioco, and against the Department of Agrarian Reform and the Land Bank of the Philippines with a determination that the just compensation of Livioco's property, consisting of 24.2088 hectares located at Mabalacat, Pampanga is worth Php700.00 per square meter.

Defendants Department of Agrarian Reform and Land Bank of the Philippines are, therefore, ordered to pay [respondent] the amount of Php700.00 per square meter multiplied by 24.2088 hectares representing the entire area taken by the government from the plaintiff.^[48]

The trial court was of the opinion that Livioco was able to prove the higher valuation of his property with a preponderance of evidence. In contrast, there was a dearth of evidence to support LBP's P3.21 per square meter valuation of the property. Not a single documentary evidence was presented to substantiate its valuation.

LBP sought a reconsideration^[49] of the adverse decision arguing that the court should have considered the factors appearing in Section 17. It stressed that in failing to consider the property's productive capacity (capitalized net income), the court placed the farmer-beneficiaries in a very difficult position. They would not be able to pay off the just compensation for their lands because it is valued way beyond its productive capacity. The same was denied by the trial court.^[50]

Upon respondent's motion, the lower court ordered LBP on March 29, 2004 to release as initial cash down payment the amount of P827,943.48, inclusive of legal interest accruing from the time of taking on September 20, 1991 (the date when LBP informed the Register of Deeds that it has earmarked the said amount in favor of Livioco).^[51]

LBP sought a reconsideration of the said order. It clarified that the just compensation deposited by LBP in the account of respondent was only P770,904.54 for the 24.2088 hectares. It likewise asked that the release of the deposit be subject to respondent's compliance with the release requirements of the ownership documents.^[52] The records are silent as to the court's action on the motion as well as to the execution of this order.

Ruling of the Court of Appeals^[53]

Petitioner turned to the CA to no avail. The CA affirmed the trial court's decision *in toto*. First it held that factual findings of the trial courts are entitled to respect. It held that the factors for determining just compensation, set out in Section 17 of RA 6657, were all considered by the trial court in arriving at its decision. It stated that among the relevant evidence considered were Livioco's sworn valuation, tax declarations, zonal value, actual use of the property, and the socio-economic benefits contributed by the government to the property. It likewise noted that the taking of Livioco's property coincided with the Mt. Pinatubo eruption in 1991, which event affected its valuation.^[54] Pursuant to Section 18(1)(b) of RA 6657, the CA ordered LBP to pay 30% of the purchase price in cash, while the balance may be paid in government financial instruments negotiable at any time.^[55]

A motion for reconsideration^[56] was filed on September 29, 2005, which was denied in a Resolution^[57] dated December 5, 2005.

Hence, this petition.