

FIRST DIVISION

[G.R. NO. 160379, August 14, 2009]

**REPUBLIC OF THE PHILIPPINES THROUGH THE DEPARTMENT OF
PUBLIC WORKS AND HIGHWAYS, PETITIONER, VS. COURT OF
APPEALS AND ROSARIO RODRIGUEZ REYES, RESPONDENTS.**

D E C I S I O N

CARPIO, J.:

The Case

This is a petition for review^[1] of the Court of Appeals' Decision^[2] dated 15 November 2002 and Resolution dated 17 September 2003 in CA-G.R. CV No. 50358. The Court of Appeals affirmed with modifications the Amended Decision of the Regional Trial Court of Cagayan de Oro City, Branch 19 (RTC).

The Antecedent Facts

Private respondent Rosario Rodriguez Reyes is the absolute owner of a parcel of land identified as Lot 849-B and covered by TCT No. T-7194. The 1,043-square meter lot is situated on Claro M. Recto and Osmeña Streets, Cagayan de Oro City.

On 6 November 1990, private respondent received a letter from petitioner Republic of the Philippines, through the Department of Public Works and Highways (DPWH), requesting permission to enter into a portion of private respondent's lot consisting of 663 square meters, and to begin construction of the Osmeña Street extension road. On 20 December 1990, petitioner took possession of private respondent's property without initiating expropriation proceedings. Consequently, on 4 and 7 January 1991, private respondent sent letters to the DPWH stating her objection to the taking of her property. On 16 May 1991, private respondent sent a letter to the City Appraisal Committee (CAC) rejecting the latter's appraisal of the subject property, to wit:^[3]

<i>Declared Owner</i>	<i>Tax Declaration No.</i>	<i>Market Value 1981 Schedule</i>	<i>Recommended Appraised Value</i>	<i>Description</i>
Rosario Reyes	90066	P400/sq.m.	P4,000/sq.m.	1 to 20 meters from Claro M. Recto Super Highway
			P3,200/sq.m.	21 to 40 meters from Claro M. Recto Super Highway
			P2,400/sq.m.	41 to 60 meters from Claro M. Recto

In the same letter, private respondent requested the City Assessor for a reappraisal of her property, but said request was denied.^[4]

On 17 March 1992, private respondent filed with the Regional Trial Court (RTC) of Cagayan de Oro City a complaint claiming just compensation and damages against petitioner.

On 30 June 1993, the RTC appointed three commissioners^[5] to determine the subject property's fair market value, as well as the consequential benefits and damages of its expropriation. On 15 September 1993, one of the three commissioners, Provincial Assessor Corazon Beltran, submitted to the RTC a separate report, the dispositive portion of which reads:

WHEREFORE, the undersigned deems it only to be just, fair and reasonable to adopt the market value of FOUR THOUSAND PESOS (P4,000.00) per square meter as the highest price obtaining and prevailing in 1990, the time of the taking of the property subject of the above entitled case, and fairly reasonable also to impose an additional value equivalent to 5% of the market value as fixed for severance fee.^[6]

On 13 April 1994, the scheduled hearing was reset to 19 May 1994, to give private respondent (plaintiff) time to consider the offer of petitioner (defendant) to amicably settle the case and to accept the just compensation of P3,200 per square meter, or a total of P2,212,600, for the 663-square meter portion of private respondent's lot.^[7]

On 16 May 1994, private respondent filed with the RTC an "Urgent Motion to Deposit The Amount of P2,121,600 in Court," alleging that petitioner's counsel previously manifested in open court that the amount of P2,121,600 was ready for release should the amount be acceptable to private respondent, and praying that said amount of P2,121,600 be deposited by petitioner with the trial court.^[8] The RTC granted the motion in an Order dated 16 June 1994.^[9] However, it was only on 21 October 1994 that petitioner deposited with the RTC Clerk of Court a Landbank check amounting to P2,121,600 as just compensation.^[10]

On 16 June 1994, the RTC ordered the commissioners to submit their report as soon as possible, but until the scheduled hearing on 15 July 1994, the commissioners still failed to submit their report. Upon motion of private respondent, the RTC issued an order appointing a new set of commissioners.^[11]

On 11 October 1994, the new commissioners submitted their report, the pertinent portions of which provide, thus:

COMMISSIONERS' REPORT

x x x

The property litigated upon is strategically located along Recto Avenue (National Highway) which is a commercial district. Fronting it across the national highway is the Cagayan Coca Cola Plant and the Shell Gasoline Station. It adjoins an establishment known as the Palana Grocery Store and after it is the Northern Mindanao Development Bank. Three Hundred (300) meters to the west of plaintiff's property is the gigantic structure of the Gaisano City department store along Recto Avenue and Corrales Avenue Extension. Towards the eastern direction of the property are banking institution buildings and the Ororama Superstore along the national highway (Recto Avenue) and the Limketkai Commercial Complex.

For purpose of affording a fair assessment of the market value of plaintiff's property, the herein Commissioners have divided the whole parcel of land into three parts, viz:

1. Front portion along Recto Avenue measuring 21.52 meters from south to north ----- 347.66 SQM
2. Middle portion with a measurement of 21.52 meters -----
----- 347.66 SQM
3. Rear/back portion with a measurement of 21.52 meters -----
----- 347.66 SQM

TOTAL AREA: ----- 1,043
SQM

Taking into consideration, among others, the location of the property and a research of the prevailing prices of lots proximate to and/or near the vicinity of plaintiff's property, the undersigned Commissioners respectfully recommend to the Honorable Court the following valuation, to wit:

(CURRENT VALUE)

1. Front portion along Recto Avenue with a measurement of 21.52 meters from south to north with an area of 347.66 square meters at P18,000.00 to P20,000.00 per square meter;
2. Middle portion with a measurement of 21.52 meters containing an area of 347.66 square meters at P16,000.00 to P18,000.00 per square meter;
3. Rear/back portion measuring 21.52 meters with an area of 347.66 square meters at P14,000.00 to P16,000.00 per square meter;

VALUATION AS OF 1990

1. Front Portion - P10,000.00 to P12,000.00 per square meter;
2. Middle Portion- P8,000.00 to P10,000.00 per square meter;
3. Rear Portion - P6,000.00 to P8,000.00 per square meter;

The undersigned Commissioners would however like to bring to the attention of the Honorable Court that in the subdivision plan prepared by the City Engineer's Office, the whole of plaintiff's property was subdivided into three (3) lots designated as follows:

Lot 849-B-1 (Road Lot)-83 square meters;

Lot 849-B-2 (Road Lot traversed by the RCDP Osmeña Extension Street)-663 SQM;

Lot 849-B-3 remaining portion with an area of 297 square meters;

In effect, what has been taken over and used by the defendant is not only 663 square meters but 746 square meters, more or less, which includes Lot No. 849-B-1.

On the other hand, the remaining portion left to the plaintiff, Lot No. 849-B-3 will not actually be 297 square meters. If we deduct the setback area from Osmeña Extension Street, the usable/buildable area left to the plaintiff would only be a little over 50 square meters. This portion would not command a good price if sold. Neither is it ideal for purposes of any building construction because aside from its being a very small strip of land, the shape is triangular.^[12]

The Trial Court's Ruling

On 2 June 1995, the RTC rendered a Decision, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff and against the defendants, declaring the former as having the right to retain 590 square meters of the property covered by TCT No. T-7194, and ordering the latter to return 210 square meters of the 663 square meters taken; that defendants are solidarily liable to pay the sum of P5,526,000.00, the fair market value of 1990 (sic), as just compensation for the 536 square meters taken for the Osmeña street extension; to pay P185,000.00 representing damages for 37 months computed at the rate of P5,000.00 per month from the filing of this case; and Attorney's fees of P10,000.00 plus costs of suit.

Plaintiff herein is ordered to forthwith defray the expenses to be incurred

in undertaking the road construction of the 210 square meters which the defendants will later on provide along the right portion of her property.

SO ORDERED.^[13]

On 15 June 1995, the RTC rendered an Amended Decision with the following dispositive portion, thus:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff and against the defendants, declaring the former as having the right to retain 590 square meters of the property covered by TCT No. T-7194, and ordering the latter to return 293 square meters of the 746 square meters taken; that defendants are solidarily liable to pay the sum of P4,696,000.00, the fair market value of 1990 (sic), as just compensation for the 453 square meters taken for the Osmeña Street extension; to pay P185,000.00 representing damages for 37 months computed at the rate of P5,000.00 per month from the filing of this case; and Attorney's fees of P10,000.00 plus costs of suit.

Plaintiff herein is ordered to forthwith defray the expenses to be incurred in undertaking the road construction of the 293 square meters which the defendants will later on provide along the right portion of her property.

SO ORDERED.^[14]

The Court of Appeals' Ruling

On appeal by petitioner, the Court of Appeals rendered judgment,^[15] affirming with modifications the decision of the RTC. The Court of Appeals found that the commissioners' recommendations on just compensation were not supported by valid documents. Also, it was unclear in the RTC decision whether the trial court merely adopted the commissioners' recommendations or the court made its own independent valuation of the subject property. Thus, the Court of Appeals held that a reconvening of the commissioners or an appointment of new commissioners to determine just compensation was necessary. The appellate court further held that the trial court's order for petitioner's return of the 293-square meter lot had no legal basis and was no longer feasible since the lot was already part of the completed Sergio Osmeña extension road. Moreover, consequential damages should be awarded in lieu of actual damages for private respondent's alleged loss of income from the remaining 297-square meter lot. We quote the dispositive portion of the Court of Appeals' decision below.

WHEREFORE , the appealed judgment is hereby **MODIFIED**.

1. The case is **REMANDED** to the trial court which is ordered to reconvene the commissioners or appoint new commissioners to determine, in accordance with this Decision, the amount of just