



Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

REPUBLIC OF THE G.R. No. 245988

PHILIPPINES, represented by Present:

the DEPARTMENT OF

PUBLIC WORKS AND

HIGHWAYS (DPWH),

*Petitioner,*

LEONEN, J., *Chairperson,*

HERNANDO,\*

INTING,

DELOS SANTOS, and

LOPEZ, J., *JJ.*

- versus -

HEIRS OF SPOUSES LUIS J.  
DELA CRUZ AND IMELDA  
REYES,

*Respondents.*

Promulgated:

June 16, 2021

MIS-PDC-BH

X-----X

D E C I S I O N

INTING, J.:

This is a Petition for Review on *Certiorari*<sup>1</sup> of the Decision<sup>2</sup> dated June 28, 2018 and the Resolution<sup>3</sup> dated March 5, 2019 of the Court of Appeals (CA) in CA-G.R. CV No. 103874. The CA affirmed with modification only as to the payment of legal interest the Decision<sup>4</sup> dated September 18, 2014 of Branch 172, Regional Trial Court (RTC), Valenzuela City in Civil Case No. 248-V-07.

<sup>1</sup> On official leave.

<sup>2</sup> *Rollo*, pp. 11-29.

<sup>3</sup> *Id.* at 34-53; penned by Associate Justice Pablo A. Perez with Associate Justices Ramon M. Bato, Jr. and Ramon A. Cruz, concurring.

<sup>4</sup> *Id.* at 55-57.

<sup>5</sup> Records, pp. 515-520; penned by Judge Nancy Rivas-Palmes.

*The Antecedents*

On December 7, 2007, the Republic of the Philippines (petitioner) filed a verified Complaint<sup>5</sup> for the expropriation of portions of the three parcels of land (subject properties) located at *Brgy. Ugong, Valenzuela City* allegedly owned by spouses Luis J. Dela Cruz (Luis) and Imelda Reyes (Imelda) (collectively, Spouses Dela Cruz). The subject properties were described as follows:<sup>6</sup>

TCT No.	Area (sq.m.)	Area Affected (sq.m.)	Zonal Value Per sq.m.	Total Zonal Value
V-70921 (now V-94768)	92	23	₱2,750.00	₱63,250.00
V-68375 (now V-97473)	137	68	₱2,750.00	₱187,000.00
V-68373 (now V-947772)	58	9	₱2,750.00	₱24,750.00 <sup>7</sup>

Petitioner alleged in the complaint the purpose of the expropriation, to wit:

Pursuant to Sec. 7 of E.O. 1035, the DPWH is implementing the construction of C-5 Northern Link Road Project, Segment 8.1 from Mindanao Avenue in Quezon City to the Northern Luzon Expressway, Valenzuela City, to provide faster and comfortable travel to the motoring public going to, or coming from, Northern Luzon, thru Metro Manila.<sup>8</sup>

Petitioner manifested its willingness to pay the amount of ₱495,200.07 as just compensation for the affected areas based on the zonal value of the subject lots at ₱2,750.00 per square meter, as certified by the Bureau of Internal Revenue (BIR).<sup>9</sup>

In their Answer,<sup>10</sup> Spouses Dela Cruz admitted ownership of the subject properties to be expropriated and manifested support for the C-5

<sup>5</sup> *Id.* at 1-8.

<sup>6</sup> *Rollo*, p. 35.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* at 35-36.

<sup>10</sup> Records, pp. 37-43.

subject properties to be expropriated and manifested support for the C-5 Northern Link Road Project. However, while they conceded in the BIR's setting of the zonal value of the subject properties, they prayed that petitioner should pay them the fair market value instead of the zonal value considering that the subject properties "*are already situated in the industrial site apart from the fact that some nearby lots have been devoted to good business ventures such as construction of warehouses.*"<sup>11</sup>

Spouses Dela Cruz further alleged that the prevailing market value of similar properties within the same location ranges from ₱8,000.00 to ₱10,000.00 per square meter.<sup>12</sup> Thus, they reserved their right to recover the fair market value of the subject properties before duly appointed commissioners pursuant to Rule 67 of the Rules of Court.<sup>13</sup>

On November 12, 2008, absent any objection to petitioner's right of eminent domain, the RTC issued the order of expropriation and writ of possession.<sup>14</sup>

The deposit of ₱495,200.07 and transfer of possession of the subject properties were successfully made.<sup>15</sup>

After ordering the expropriation of the subject properties, the RTC proceeded to the second stage of an action for expropriation, *i.e.*, the determination of just compensation for the property sought to be taken. It then constituted a Board of Commissioners (BOC) for that purpose.<sup>16</sup>

In the meantime, Spouses Dela Cruz were substituted by their heirs (respondents) as parties to the case after the deaths of Imelda and Luis on July 10, 2005 and July 19, 2007, respectively.<sup>17</sup>

On February 21, 2014, the BOC opined that the estimated value of the land was ₱15,000.00 per square meter.<sup>18</sup> It explained that it could no longer conduct an ocular inspection of the C-5 Northern Link Road

<sup>11</sup> *Id.* at 38.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* at 40.

<sup>14</sup> *Rollo*, pp. 36-37.

<sup>15</sup> *Id.* at 38.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

Expressway, Valenzuela City because the project already commenced; thus it used other bases for appraising the subject properties.<sup>19</sup> The BOC explained:

Since we can no longer conducted [*sic*] an ocular inspection, we have considered the physical, functional and external value influences of the neighborhood, and have noted and considered an approach of value and analysis, taking into account [*sic*] the public use and the value of allowable damages or enhancements to any remaining property for determination of just compensation, if any. Also, taking into account other properties previously subject of expropriation within the immediate vicinity, which can be used as a precedent for this particular case.<sup>20</sup>

The BOC further explained that in determining just compensation, it took into consideration the “sales comparison and cost approach” which is founded on the principle of substitution where the value of a property is indicative of the value of other similar properties.<sup>21</sup> The BOC then based its appraisal on the following factors: (a) the highest and best use of the property in relation to the prevailing usage of the neighborhood and immediate use at the time of taking, *i.e.*, mixed residential and industrial; (b) the BIR zonal valuation, *i.e.*, ₱2,750.00 per square meter; (c) consequential benefits which the owner may derive from the remainder of the expropriated property; and (d) the analysis made in the Hobart case under Civil Case No. 15-V-08—an expropriation case involving properties within the same vicinity which was previously settled with finality and which was determined as the one most similar to the instant case because they involve properties near each other.<sup>22</sup>

After the parties filed their respective Comments,<sup>23</sup> the RTC rendered a Decision.

### *RTC Ruling*

In the Decision<sup>24</sup> dated September 18, 2014, the RTC ordered

<sup>19</sup> See Commissioners’ Report dated February 21, 2014 of Branch 172, Regional Trial Court, Valenzuela City signed by the Board of Commissioners, records, p. 495.

<sup>20</sup> *Id.* at 496.

<sup>21</sup> *Id.* at 497-498.

<sup>22</sup> *Id.*

<sup>23</sup> *Id.* at 502-504, 507-512.

<sup>24</sup> *Id.* at 515-520.

petitioner to pay Spouses Dela Cruz just compensation fixed at ₱9,000.00 per square meter, less the provisional deposit the petitioner previously made. The RTC also awarded in favor of Spouses Dela Cruz interest on the unpaid balance of just compensation at the rate of 12% *per annum* from the time of filing of the complaint until fully paid by petitioner.<sup>25</sup>

The dispositive portion of the Decision provides:

WHEREFORE, Judgment is hereby rendered condemning the following lots of the defendants:

TCT NO.	AREA AFFECTED (SQ.M.)
V-70921 (now V-94768)	23
V-68375 (now V-97473)	8
V-68373 (now V-947772)	9

all located at Barangay Ugong, Valenzuela City, free from all liens and encumbrances whatsoever, for the construction of C-5 Northern Link Road Project, Segment 8.1 from Mindanao Avenue in Quezon City to the North Luzon Expressway, Valenzuela City, a public purpose, in favor of the plaintiff, Republic of the Philippines, upon payment of just compensation which is fixed at Php9,000.00/square meter or in the total amount of Php9,000.00 (*sic*) /NINE HUNDRED THOUSAND PESOS) (100 sq. m. x Php9,000.00) deducting the provisional deposit of P275,000.00 previously made and subject to the payment of all unpaid taxes and other relevant taxes by the defendants up to the filing of the complaint, if there be any.

The plaintiff is ordered to pay interest at the rate of 12% per annum on the unpaid balance of just compensation of Php625,000.00 (SIX HUNDRED TWENTY-FIVE THOUSAND) (Php900,000.00 - Php275,000.00) computed from the time of the filing of the complaint until plaintiff fully pays the balance.

No additional amount for the improvement of lot covered by TCT No. 68373 is awarded as the court considers the amount of Php220,200.07 already paid by plaintiff to the defendants as enough just compensation for the improvement.

<sup>25</sup> *Id.* at 519-520.

Let a certified true copy of this decision be forwarded to the Office of the Register of Deeds of Valenzuela City for the latter to annotate this decision in the Transfer Certificate of Title Nos. V-70921 (now V-94768); V-68375 (now V-97473); and V-68373 (now V-947772) of the Registry of Deeds of Valenzuela City.

SO ORDERED.<sup>26</sup>

Aggrieved, petitioner, through the Office of the Solicitor General (OSG), appealed the RTC Decision to the CA.<sup>27</sup>

#### *CA Ruling*

In the Decision<sup>28</sup> dated June 28, 2018, the CA denied the appeal and affirmed the ruling of the RTC with modification only as to the payment of interest.<sup>29</sup>

The CA first noted that the directive of the RTC for the government to deposit the amount equivalent to the zonal value of the subject properties and the value of the improvements therein before the Acting Branch Clerk of Court runs counter to Republic Act No. (RA) 8974.<sup>30</sup> It explained that the Court, looking into the Senate deliberations, construed that the intent of RA 8974 was to supersede the system of deposit under Rule 67 of the Rules of Court with the scheme of immediate payment in cases involving national government infrastructure projects.<sup>31</sup>

As to the determination of just compensation, the CA ruled that the RTC validly lowered the BOC's recommended market value of ₱15,000.00 to ₱9,000.00.<sup>32</sup>

The CA refused to set the just compensation at ₱2,750.00 per square meter. It explained that zonal value could not be the lone basis for

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<sup>26</sup> *Id.*

<sup>27</sup> *Rollo*, p. 42.

<sup>28</sup> *Id.* at 34-53.

<sup>29</sup> *Id.* at 52-53.

<sup>30</sup> Entitled, "An Act to Facilitate the Acquisition of Right-Of-Way, Site or Location for National Government Infrastructure Projects and For Other Purposes," approved on November 7, 2000.

<sup>31</sup> *Rollo*, pp. 43-44, citing *Re public of the Philippines v. Judge Gingoy* *et al.*, 514 Phil. 657 (2005).

<sup>32</sup> *Id.* at 46.

the determination of just compensation as it is only one of the factors which should be considered in computing just compensation under RA 8974.<sup>33</sup>

The CA further ruled that courts are not strictly bound to mechanically follow each of the standards in Section 5 of RA 8974 as the factors have been held to be recommendatory in nature. Nevertheless, contrary to the OSG's claim, the RTC referred to several factors enumerated in RA 8974 for the assessment of the value of the land subject of expropriation proceedings. The CA specifically explained that based on the records, the RTC used the following relevant factors: (a) the BIR zonal valuation; (b) the value declared by Spouses Dela Cruz, as owners, in their Answer before the RTC; (c) the recommended value of the BOC which was ultimately based on the value of the Hobart property which is a land in the same general vicinity also expropriated for the similar purpose; and (d) evidence describing the location, shape, and classification of the subject properties. The CA further explained that while the RTC did not assign values based on the location, shape, and classification of the subject properties, the factors were nonetheless considered by both the BIR zonal value and the BOC recommended value.<sup>34</sup>

In affirming the RTC's determination of just compensation of ₱9,000.00 per square meter, the CA emphasized the rule under Section 4, Rule 67 of the Rules of Court that just compensation should be based on the value of the property at the time of taking or filing of the complaint, whichever came first. As in the case, the CA found that both the zonal and the recommended values were pegged at, or near the time of the filing of the complaint for expropriation in 2007 which preceded the taking of the subject properties in 2008. The CA then considered the following: (1) the zonal value of ₱2,750.00 per square meter which was based on the schedule of zonal values issued by the Department of Finance in Order No. 22-2003 that was certified by the BIR as applicable for the year 2007; and (2) the BOC recommended value of ₱15,000.00 per square meter based on the Hobart case that was decided with finality in 2010. Applying by analogy the mode of computation by the Court in *Evergreen Manufacturing Corp. v. Rep. of the Phils.*<sup>35</sup> (*Evergreen*), the CA ruled that the mean of the zonal value and the BOC recommended

<sup>33</sup> *Id.* at 48.

<sup>34</sup> *Id.* at 46-47, 49-50.

<sup>35</sup> 817 Phil. 1048 (2017).

value will qualify as a full and fair equivalent of the subject properties. The CA then determined the mean of the two values at ₱8,875.00, which is approximately the same value determined by the RTC and within the range of the owner's declared value at ₱8,000.00 to ₱10,000.00.<sup>36</sup>

Thus, the CA found petitioner liable to pay respondents the remaining balance of ₱625,000.00 as just compensation which shall earn interest at: (1) 12% *per annum* from the time of filing of the complaint until June 30, 2013; and (2) 6% *per annum* from July 1, 2013 until full payment of the remaining balance, in accordance with Bangko Sentral ng Pilipinas (BSP) Circular No. 799.<sup>37</sup>

The dispositive portion of the Decision provides:

WHEREFORE, premises considered, the appeal of plaintiff-appellant Republic of the Philippines is DENIED.

The Decision dated September 18, 2014 of the Regional Trial Court of Valenzuela City, Branch 172, National Capital Judicial Region in Civil Case No. 248-V-07 is AFFIRMED with MODIFICATION on the payment of interest.

Plaintiff-Appellant Republic of the Philippines is ordered to pay interest at the rate of: (1) twelve *per centum* (12%) *per annum* on the unpaid balance of Six Hundred Twenty Five Thousand Pesos (₱625,000.00) from the date of filing of the instant complaint until June 30, 2013; and (2) six *per centum* (6%) *per annum* from July 1, 2013 until full payment of said unpaid balance.

SO ORDERED.<sup>38</sup>

Petitioner filed a Motion for Reconsideration,<sup>39</sup> but the CA denied it in its Resolution dated March 5, 2019.<sup>40</sup> The CA ruled: (1) that the conduct of an ocular inspection is not mandatory before the BOC can make a recommendation as it is merely a factor to guide the commissioners in arriving at a just value for the expropriated property; (2) that the OSG is correct in stating that the BOC should not use the valuation awarded in previous expropriation cases considering the

<sup>36</sup> *Rollo*, pp. 50-51.

<sup>37</sup> *Id.* at 51-52.

<sup>38</sup> *Id.* at 52-53.

<sup>39</sup> *Id.* at 58-72.

<sup>40</sup> *Id.* at 55-57.

valuation awarded in previous expropriation cases considering the differences in the nature and condition of the properties involved; thus the RTC, for that reason, precisely reduced the BOC's recommended value, being well aware that there are other factors which affect the proper valuation of the expropriated properties other than the value of similarly situated properties; (3) that the alleged presence of informal settlers near or within the vicinity of the subject properties could not have reduced the RTC's determination of just compensation, *i.e.*, ₱9,000.00 because of the fact that the area was also devoted to commercial and industrial uses; and (4) that zonal value cannot be the sole basis in determining just compensation, but the RTC nevertheless considered zonal value as one of the factors in determining the fair and full equivalent of the subject properties.<sup>41</sup>

Hence, this Petition for Review on *Certiorari*.

#### *The Petition*

Petitioner argues that: (1) the CA erred in affirming the RTC's determination of the just compensation award at ₱9,000.00 per square meter as it is excessive; (2) the CA Decision is not supported by applicable laws and jurisprudence; and (3) the CA Decision is contrary to the evidence presented.<sup>42</sup>

Specifically, petitioner asserts that the CA accorded respect to the RTC Decision without due ascertainment of the requirements set forth under Section 5 of RA 8974. It maintains that the BIR zonal valuation is reflective of the fair market value of real properties within a given area; thus, given the significant process of arriving at the values indicated in the BIR Zonal valuation, it should not be taken lightly and it would be highly suspicious if the recommended just compensation is more than double the BIR valuation.<sup>43</sup>

Petitioner further argues that the RTC did not take into consideration its evidence showing the actual use of the subject properties as undisputedly residential and the classification, size, area, and condition of the subject property; that the BOC did not conduct an ocular inspection of the subject properties, thereby gravely limiting their

<sup>41</sup> *Id.* at 56-57.

<sup>42</sup> *Id.* at 17-18.

<sup>43</sup> *Id.* at 21, 23-24.

knowledge on the actual use, classification, size, area, and condition of the subject property; and on the contrary, it was able to present witnesses who were able to accurately testify as to the actual condition of the properties, *i.e.*, the depressed and substandard state of the area which was near or within the vicinity of the areas with colonies of informal settler families.<sup>44</sup>

Petitioner furthermore maintains that the RTC purportedly erred in relying on the recommendation of the BOC considering that the latter's valuation took into consideration as one of its factors the value of the properties involved in the other expropriation cases; and that the value of the other properties may have appreciated through the years instead of its character and price at the time of taking.<sup>45</sup>

In their Comment to the Petition,<sup>46</sup> respondents argue that the CA duly considered the factors enumerated in Section 5 of RA 8974 in determining the just compensation for the subject properties;<sup>47</sup> that petitioner failed to present evidence that the subject properties are found in the location where the informal settlers are located;<sup>48</sup> and that the appraisal of respondents' expropriated lots is not limited to the zonal value by the BIR, but also on the location, accessibility, selling prices of comparable properties, the amenities present, and other factors which were duly considered by the BOC and the RTC.<sup>49</sup> However, they pray that because the petition is intended for delay, the just compensation for the subject properties should be valued at ₱15,000.00 per square meter.<sup>50</sup>

Petitioner then manifested that it will no longer file a Reply as it had already exhaustively discussed all issues and arguments in support of its position.<sup>51</sup>

### *The Issue*

The main issue to be resolved in this case is whether the CA erred in affirming the just compensation award of the RTC at ₱9,000.00 per square meter.

<sup>44</sup> *Id.* at 18-20.

<sup>45</sup> *Id.* at 20.

<sup>46</sup> *Id.* at 137-152.

<sup>47</sup> *Id.* at 161.

<sup>48</sup> *Id.* at 159.

<sup>49</sup> *Id.* at 171.

<sup>50</sup> *Id.* at 152.

<sup>51</sup> *Id.* at 181.

*The Court's Ruling*

*No modification of judgment can be granted to respondents who did not appeal the RTC Decision as affirmed by the CA.*

At the outset, the Court cannot entertain respondents' contention and prayer in their Comment that the payment of just compensation should be increased from ₱9,000.00 to ₱15,000.00. This is consistent with the well settled procedural rule that no modification of judgment can be granted to a party who did not appeal.<sup>52</sup> Without a doubt, respondents are seeking a modification not only of the CA Decision, but also of the RTC Decision without filing the proper appeal.

The Court explained in *Yano v. Sanchez*:<sup>53</sup>

*The entrenched procedural rule in this jurisdiction is that a party who did not appeal cannot assign such errors as are designed to have the judgment modified. All that said appellee can do is to make a counter-assignment of errors or to argue on issues raised at the trial only for the purpose of sustaining the judgment in his favor, even on grounds not included in the decision of the court a quo or raised in the appellant's assignment of errors or arguments.*

This tenet is enshrined as one of the basic principles in our rules of procedure, specifically to avoid ambiguity in the presentation of issues, facilitate the setting forth of arguments by the parties, and aid the court in making its determinations. *A party who fails to acquire complete relief from a decision of the court has various remedies to correct an omission by the court. He may move for a correction or clarification of judgment, or even seek its modification through ordinary appeal.* There is thus no basis for the Court to skip the rule and excuse herein respondents for failure to properly avail themselves of the remedies in the face of the parties' contentions that have remained disputed.<sup>54</sup> (Italics supplied.)

<sup>52</sup> *Yano v. Sanchez*, G.R. No. 186640, February 11, 2020, citing *Lc Jr., et al. v. San Miguel Corp. Employees Union-Phil. Transport and General Workers Organization (SMCEU-PTGWO), et al.*, 620 Phil. 220, 238 (2009)

<sup>53</sup> G.R. No. 186640, February 11, 2020.

<sup>54</sup> *Id.*, Citations omitted.

Admittedly, the rule is subject to exceptions. However, the established exceptions to this rule such as “(1) errors affecting the lower court’s jurisdiction over the subject matter, (2) plain errors not specified, and (3) clerical errors” are not present in the case.<sup>55</sup>

Thus, in the absence of any of the exceptions which would warrant a relaxation of the rule, the Court cannot address respondent’s prayer to increase the valuation of the subject properties to ₱15,000.00 per square meter.

The Court now resolves the petition.

*The Court affirms the award of just compensation for the taking of the subject properties valued at ₱9,000.00 per square meter.*

The well settled rule is that only questions of law should be raised in a petition for review on *certiorari* under Rule 45 of the Rules of Court.<sup>56</sup> The Court is not a trier of facts and it is not the Court’s function to examine, review, or evaluate evidence all over again.<sup>57</sup> Thus, as in expropriation cases, the Court may not delve into factual issues pertaining to the value of the property expropriated.<sup>58</sup> Further, the factual findings of the trial court, when affirmed by the CA, are final and conclusive and cannot be reviewed by the Court.<sup>59</sup>

While the Court has recognized exceptions<sup>60</sup> to this rule, the Court

<sup>55</sup> *Teodoro, et al. v. Contingent Cement Corporation*, 695 Phil. 803, 819 (2012), citing *Real v. Belo*, 542 Phil. 109, 123-124 (2007) and *Santos v. Court of Appeals*, 293 Phil. 45, 49 (1993).

<sup>56</sup> *Evergreen Manufacturing Corp. v. Rep. of the Phils.*, *supra* note 35 at 1057.

<sup>57</sup> *Rep. of the Phils. v. Heirs of Eladio Santiago, et al.*, 808 Phil. 1, 9 (2017).

<sup>58</sup> *Evergreen Manufacturing Corp. v. Rep. of the Phils.*, *supra* note 35 at 1057.

<sup>59</sup> *Rep. of the Phils. v. Heirs of Eladio Santiago, et al.*, *supra* note 57.

<sup>60</sup> In *DBP v. Traders Royal Bank, et al.*, 642 Phil. 547, 556 (2010), as quoted in *Evergreen Manufacturing Corp. v. Rep. of the Phils.*, *supra* note 35 at 1053, the Court enumerated the following exceptions to the rule that factual findings of the Court of Appeals are binding on the Court: (1) when the findings are grounded entirely on speculations, surmises or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to that of the trial court; (8) when the findings are

finds none which would warrant the Court's deviation from the findings of fact of the RTC and the CA.

The Court finds that the only legal issues presented by petitioner are: (1) whether the RTC's determination of just compensation is in accordance with Section 5 of RA 8974; and (2) whether the RTC should have given weight to the BIR zonal value in determining just compensation.<sup>61</sup>

The Court has defined just compensation in this wise:

Constitutionally, "just compensation" is the sum equivalent to the market value of the property, broadly described as the price fixed by the seller in open market in the usual and ordinary course of legal action and competition, or the fair value of the property as between the one who receives and the one who desires to sell, it being fixed at the time of the actual taking by the government. Just compensation is defined as the full and fair equivalent of the property taken from its owner by the proprietor. It has been repeatedly stressed by this Court that the true measure is not the taker's gain but the owner's loss. The word "just" is used to modify the meaning of the word "compensation" to convey the idea that the equivalent to be given for the property to be taken shall be real, substantial, full and ample.<sup>62</sup> (Emphasis omitted.)

Section 5 of RA 8974 provides for the standards that may be considered by the courts in determining just compensation, *viz.:*

*SECTION 5. Standards for the Assessment of the Value of the Land Subject of Expropriation Proceedings or Negotiated Sale.* — In order to facilitate the determination of just compensation, the court may consider, among other well-established factors, the following relevant standards:

- (a) The classification and use for which the property is suited;

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conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; or (11) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion. See also *Republic v. Barcelon*, G.R. No. 22601, July 24, 2019.

<sup>61</sup> See *Rep. of the Phils. v. Asia Pacific Integrated Steel Corp.*, 729 Phil. 402 (2014); *Rep. of the Phils. v. C.C. Unson Company, Inc.*, 781 Phil. 770 (2016).

<sup>62</sup> *Land Bank of the Philippines v. Orilla*, 578 Phil. 663 (2008) as quoted in *Apo Fruits Corp., et al. v. Land Bank of The Phil.*, 647 Phil. 251 (2010).

- (b) The developmental costs for improving the land;
- (c) The value declared by the owners;
- (d) The current selling price of similar lands in the vicinity;
- (e) The reasonable disturbance compensation for the removal and/or demolition of certain improvement on the land and for the value of improvements thereon;
- (f) The size, shape or location, tax declaration and zonal valuation of the land;
- (g) The price of the land as manifested in the ocular findings, oral as well as documentary evidence presented; and
- (h) Such facts and events as to enable the affected property owners to have sufficient funds to acquire similarly-situated lands of approximate areas as those required from them by the government, and thereby rehabilitate themselves as early as possible.

It must be emphasized however that the determination of just compensation in eminent domain cases is a judicial function. As such, legislative enactments, as well as executive issuances, which fix or provide for the method of computing just compensation are tantamount to impermissible encroachment on judicial prerogatives.<sup>63</sup> Hence, any valuation for just compensation provided in statutes may serve only as a guiding principle but may not supplant the court's own determination as to the amount that should be awarded and how to arrive at such amount.<sup>64</sup>

Consistent with the aforesaid principle, the CA aptly discussed that the courts are not strictly bound to mechanically follow each of the standards enumerated in Section 5 of RA 8974 as the factors have been held to be merely recommendatory in nature.<sup>65</sup>

Specifically, in *Rep. of the Phils. v. Heirs of Sps. Pedro Bautista and Valentina Malabanan*,<sup>66</sup> the Court ruled that the courts are not bound to consider the standards under Section 5 of RA 8974 considering the exact wording of the provision, i.e., "in order to facilitate the

<sup>63</sup> *Rep. of the Phils. v. Cebuan, et al.*, 810 Phil. 767 (2017).

<sup>64</sup> *Rep. of the Phils. v. Heirs of Eladio Santiago, et al.*, supra note 57 at 11, citing *National Power Corporation v. Tuazon, et al.*, 668 Phil. 301, 313 (2011); *National Power Corp. v. Bagui, et al.*, 590 Phil. 424, 432 (2008).

<sup>65</sup> *Rollo*, p. 47, citing *Rep. of the Phils. v. Cebuan, et al.*, supra note 63.

<sup>66</sup> 702 Phil. 284 (2013).

determination of just compensation, the courts may consider" them. The Court explained that the use of the word "may" in the provision is construed as permissive and operating to confer discretion.<sup>67</sup>

Nevertheless, contrary to petitioner's assertion, and as aptly observed by the CA, the RTC considered the factors enumerated in Section 5 of RA 8974 in arriving at the just compensation to be paid to respondents. Notably, the RTC, while giving weight to the findings of the BOC, adjusted the latter's recommended valuation and lowered the amount from ₱15,000.00 per square meter to ₱9,000.00 per square meter.

The RTC's consideration of the factors in Section 5 of RA 8974 is evident in its Decision dated September 18, 2014, thus:

There is no dispute that the subject lots were classified as residential by the Bureau of Internal Revenue (BIR). The lots are located at Baranay Ugong, Valenzuela City. All the lots are irregular in shape. They are however, located in high intensity commercial zone. The place where the lots are located has amenities like water, electricity, transportation and communication. Per BIR zonal valuation, the lots have a zonal valuation of Php2,750.00 per square meter.

The subject property is 442.14 meters more or less away from the property (residential) of Hobart Realty Development Corporation, which was expropriated by the plaintiff and in which the just compensation was pegged by this court in the amount of Php15,000.00/sq.m. The Hobart property is located near Mindanao Avenue, Quezon City. The expropriation case involving Hobart Realty Development Corporation had long become final and executory. The property subject of expropriation is considered within high intensity commercial zone as it is located near the industrial and commercial zone in Valenzuela City were several business establishments and warehouses had increased considerably by virtue of its proximity to C-5 Road, North Luzon Expressway and Mindanao Ave., Quezon City.

Plaintiff tried to lower the value of the subject property by claiming that the subject property is near or within the vicinity of the areas with colonies of informal settlers, which were relocated. Plaintiff, however, failed to prove that the properties of the defendants were occupied by squatters or near the vicinity occupied by the alleged squatters.

<sup>67</sup> *Id.* at 298, citing *Office of the Ombudsman v. De Sahagun, et al.*, 584 Phil. 119, 127 (2008).

x x x x

Taking the average [of] the BIR zonal valuation recommended as appearing in the complaint of P2,750.00 per square meter, the value declared by the defendants in their answer in the amount between Php8,000.00-Php10,000.00 per square meter, the recommendation of the Board of Commissioners and this court's observations on the location, the shape, the classification of the lots, the Court rules that the just compensation for the defendants' lots sought to be taken in this case is fixed at Php9,000.00 per square meter.

The construction of C-5 Northern Link Road Project, Segment 8.1 from Mindanao Avenue in Quezon City to the North Luzon Expressway, Valenzuela City could not be said to have benefited the defendants for it is common knowledge that expressways are being fenced, so that inhabitants could not just cross over the highway to go to the other side or to utilize the said highway as pedestrian, as the highway was made precisely for the motoring public who has to pass through the toll gates. In short, defendants were actually isolated because of the fence made on the sides of the highways.<sup>68</sup> (citations omitted)

Evidently, in pegging the just compensation that should be awarded to respondents at ₱9,000.00 per square meter, the RTC considered the following factors: (a) the BIR zonal valuation; (b) the value declared by Spouses Dela Cruz, as owners, in their Answer before the trial court; (c) the recommended value of the BOC which was ultimately based on the value of the Hobart property, a land in the same general vicinity also expropriated for the similar purpose;<sup>69</sup> and (d) evidence describing the location, shape, and classification of the subject properties. Specifically, the RTC noted that the subject properties were irregular in shape and were classified as residential, but were located in a high-intensity commercial zone.<sup>70</sup>

As to the absence of an ocular inspection, there is nothing anomalous in the process by which the BOC and subsequently, the RTC adjusted the BOC's recommendation and arrived at the full and fair equivalent of the subject properties. Ocular inspection is only one of the

<sup>68</sup> Records, pp. 518-519.

<sup>69</sup> In *Rep. of the Phils. v. N.G.* 821 Phil. 1070 (2017), the Court explained by way of a footnote that in the case of *Republic v. Hobart Realty and Development Corporation* which involved a residential property, the Court upheld the just compensation of ₱15,000.00/square meter via a Minute Resolution dated July 9, 2012 in G.R. No. 201136 which attained finality on January 7, 2013.

<sup>70</sup> Records, pp. 518-519.

means in the ascertainment of just compensation. The BOC and the courts are not precluded from relying on other evidence to arrive at a full and fair value of the property subject of expropriation proceedings.

Further, it must be emphasized that RA 8974, in relation to Rule 67 of the Rules of Court, creates a possible scenario wherein the government has already taken possession of the property *and* commenced works on it even before the commissioners were appointed and allowed to conduct an ocular inspection of the property sought to be taken. Specifically, under Section 4<sup>71</sup> of RA 8974, the court shall issue to the implementing agency of the government an order to take possession of the property and start the implementation of the project upon the filing of the complaint with due notice to the defendant and payment of 100% of the value of the property based on the current relevant BIR zonal valuation. At this stage, the government may already commence works on the property even if there is yet no appointment of commissioners under Section 5, Rule 67 of the Rules of Court.

Here, as explained by the BOC, they had no opportunity to inspect

<sup>71</sup> Section 4 of Republic Act No. 8974 provides:

SECTION 4. *Guidelines for Expropriation Proceedings.* — Whenever it is necessary to acquire real property for the right-of-way or location for any national government infrastructure project through expropriation, the appropriate implementing agency shall initiate the expropriation proceedings before the proper court under the following guidelines:

(a) Upon the filing of the complaint, and after due notice to the defendant, the implementing agency shall immediately pay the owner of the property the amount equivalent to the sum of (1) one hundred percent (100%) of the value of the property based on the current relevant zonal valuation of the Bureau of Internal Revenue (BIR); and (2) the value of the improvements and/or structures as determined under Section 7 hereof;

(b) In provinces, cities, municipalities and other areas where there is no zonal valuation, the BIR is hereby mandated within the period of sixty (60) days from the date of the expropriation case, to come up with a zonal valuation for said area; and

(c) In case the completion of a government infrastructure project is of utmost urgency and importance, and there is no existing valuation of the area concerned, the implementing agency shall immediately pay the owner of the property its proffered value taking into consideration the standards prescribed in Section 5 hereof.

*Upon compliance with the guidelines abovementioned, the court shall immediately issue to the implementing agency an order to take possession of the property and start the implementation of the project.*

Before the court can issue a Writ of Possession, the implementing agency shall present to the court a certificate of availability of funds from the proper official concerned.

In the event that the owner of the property contests the implementing agency's proffered value, the court shall determine the just compensation to be paid the owner within sixty (60) days from the date of filing of the expropriation case. When the decision of the court becomes final and executory, the implementing agency shall pay the owner the difference between the amount already paid and the just compensation as determined by the court. (italics supplied.)



the subject properties considering that at the time of the appointment of the commissioners, the C-5 Northern Link Road Project, Segment 8.1 from Mindanao Avenue in Quezon City to the North Luzon Expressway Valenzuela City Project had already commenced. Thus, as already discussed, the BOC and thereafter, the RTC, considered other factors in determining the full and fair equivalent of the subject properties.

On the other hand, the issue of whether the subject properties are near, or within the vicinity of the areas occupied by informal settlers is factual in nature. Notably, petitioner explained that it presented evidence as to the actual condition of the subject properties and that it presented Ms. Fe Pesebere and Ms. Zenaida Galvez, both of the National Housing Authority (NHA) to prove that: (1) based on the NHA's census and tagging operations from November 2006 to January 2007, informal settlers were found in *scattered areas* of Brgy. Ugong and in concentrated areas in Brgy. Gen. T. de Leon; and (2) from November 29, 2007 to February 16, 2010, the NHA relocated all the informal settlers located in the areas affected by the C-5 Northern Link Road Project, Segment 8.1, including those found in Brgy. Ugong and Brgy. Gen. T. de Leon.<sup>72</sup> However, this is not sufficient to contravene the RTC's finding that petitioner failed to prove its allegation that the subject properties were occupied or *near* the vicinity occupied by the alleged informal settlers. Nevertheless, the Court finds that petitioner failed to provide a compelling reason for the Court to deviate from the CA's conclusion that even if the alleged presence of informal settlers is factored in, it cannot reduce the RTC's recommended valuation. To reiterate, the CA considered that the area is also devoted to commercial and industrial uses. Notably, the valuation at ₱9,000.00 per square meter for the subject properties is substantially lower than the recommended value of the BOC at ₱15,000.00 per square meter.

Petitioner submits that the BIR zonal valuation reflects the fair market value of real property within a given area and must not be taken lightly given the tedious process by which the government determines it and that it is highly suspicious if the recommended just compensation is more than double the BIR valuation.

Petitioner's contention is without merit.

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<sup>72</sup> *Rollo*, p. 19.

It is well settled in jurisprudence that the zonal valuation is just one of the indices of the fair market value of real estate.<sup>73</sup> It cannot be the sole basis of just compensation in expropriation cases since the standard is not the taker's gain but the owner's loss.<sup>74</sup>

Also, the courts are not to be limited by a certain numerical threshold relative to the BIR zonal value in the determination of just compensation. Ultimately, in arriving at the full and fair equivalent of the property subject of expropriation, the courts are guided by certain standards for valuation such as those mentioned in Section 5 of RA 8974. Thus, the Court will sustain the lower courts' determination of just compensation even if it is higher than, or more specifically, as in this case, double the BIR zonal value as long as such determination is justified as the full and fair equivalent of the property.

As in the case, the Court finds as reasonable the RTC's determination of just compensation that was affirmed by the CA. This is considering that as already discussed, the RTC referred to several factors in Section 5 of RA 8974 in making such determination.

*The award of legal interest on just compensation must be modified such that legal interest must accrue from the time the Government took possession of the property.*

The Court deems it proper to modify the award of interest by the CA. To recall, the CA modified the RTC's award of interest in favor of respondents and ordered petitioner to pay interest "at the rate of (1) twelve *per centum* (12%) *per annum* on the unpaid balance of ₱625,000.00 from the date of filing of the instant complaint until June 30, 2013; and (2) six *per centum* (6%) *per annum* from July 1, 2013 until full payment of said unpaid balance."<sup>75</sup>

It must be emphasized that expropriation proceedings for national

<sup>73</sup> *National Grid Corporation of the Philippines v. Bautista*, G.R. No. 232120, September 30, 2020, citing *Lecca Realty Corp. v. Rep. of the Phils.*, 534 Phil. 693, 696 (2006).

<sup>74</sup> *Id.*

<sup>75</sup> *Rollo*, p. 52.

infrastructure projects are governed by Rule 67 of the Rules of Court and RA 8974.<sup>76</sup> Particularly, Section 10, Rule 67 provides that the legal interest on the just compensation shall run from the time of taking of possession of the property. Section 10, Rule 67 provides:

Section 10. *Rights of plaintiff after judgment and payment.* —  
*Upon payment by the plaintiff to the defendant of the compensation fixed by the judgment, with legal interest thereon from the taking of the possession of the property, or after tender to him of the amount so fixed and payment of the costs, the plaintiff shall have the right to enter upon the property expropriated and to appropriate it for the public use or purpose defined in the judgment, or to retain it should he have taken immediate possession thereof under the provisions of section 2 hereof. If the defendant and his counsel absent themselves from the court, or decline to receive the amount tendered, the same shall be ordered to be deposited in court and such deposit shall have the same effect as actual payment thereof to the defendant or the person ultimately adjudged entitled thereto. (Italics supplied.)*

In *Evergreen*, the Court explained that just compensation should be made at the time of taking; and the rationale for imposing interest on just compensation is to compensate the property owners for the income that they would have made if they had been properly compensated, *i.e.*, they had been paid the full amount of just compensation, at the time of taking when they were deprived of their property.<sup>77</sup>

Thus, premised on the facts in *Evergreen*, the Court ruled that while the just compensation shall be appraised as of the date of filing of the expropriation complaint as it preceded the actual taking of the property, the legal interest shall run from the time that the government took possession of the property and not from the time of filing of the expropriation complaint.<sup>78</sup>

It also bears emphasis that the Court had already recognized that the just compensation due to the landowners for their expropriated property amounts to an effective forbearance.<sup>79</sup> Thus, pursuant to the Court's pronouncement in *Eastern Shipping Lines, Inc. v. Court of Appeals*,<sup>80</sup> the imposable interest on the difference between the final

<sup>76</sup> *National Power Corporation v. Posada, et al.*, 755 Phil. 613 (2015).

<sup>77</sup> *Evergreen Manufacturing Corp. v. Rep. of the Phils.*, *supra* note 35 at 1068.

<sup>78</sup> *Icl.* at 1070-1071.

<sup>79</sup> *Republic of the Phils. v. Court of Appeals*, 433 Phil. 106 (2002) as cited in *Apo Fruits Corp., et al. v. Land Bank of the Phil.*, 647 Phil. 251 (2010).

<sup>80</sup> 304 Phil. 236 (1994).

amount adjudged by the Court and the initial payment made shall be 12% *per annum* from the time of taking of the property. However, consistent with the Court's ruling in *Nacar v. Gallery Frames, et al.*,<sup>81</sup> such interest rate shall apply only until June 30, 2013 in view of BSP Circular No. 799 which took effect on July 1, 2013 and which reduced the legal interest on loans and forbearance of money from 12% to 6% *per annum*. Thus, from July 1, 2013 onwards, the legal interest on the difference between the final amount adjudged by the Court and the initial payment made shall be 6% *per annum*.<sup>82</sup>

As in the case, the date of taking of the subject properties is November 12, 2008 when the RTC issued a writ of possession in favor of petitioner.<sup>83</sup> Thus, a legal interest of 12% *per annum* on the difference between the final amount adjudged by the Court and the initial payment made shall accrue from November 12, 2008 until June 30, 2013. From July 1, 2013 until the finality of the Decision of the Court, the difference between the final amount adjudged by the Court and the initial payment made shall earn interest at the rate of 6% *per annum*. Thereafter, the total amount of just compensation shall earn legal interest at the rate of 6% *per annum* from the finality of this Decision until full payment.

**WHEREFORE**, the petition is **DENIED**. The Decision dated June 28, 2018 and the Resolution dated March 5, 2019 of the Court of Appeals in CA-G.R. CV No. 103874 are **AFFIRMED** with **MODIFICATION** only as to the reckoning period of the payment of legal interest.

Petitioner Republic of the Philippines is ordered to pay interest at the rate of: (1) 12% *per annum* on the unpaid balance of ₱625,000.00 from November 12, 2008, the date of taking of the properties until June 30, 2013; and (2) 6% *per annum* from July 1, 2013 until full payment of the unpaid balance.

<sup>81</sup> 716 Phil. 267 (2013).

<sup>82</sup> See also *Rep. of the Phils. v. Ng*, *supra* note 69.

<sup>83</sup> See *Rep. of the Phils. v. Macabagdal*, 823 Phil. 477 (2018), citing *Rep. of the Phil., et al. v. Mupas, et al.*, 769 Phil. 21, 199-200, 223 (2015).

**SO ORDERED.**

  
**HENRI JEAN PAUL B. INTING**  
*Associate Justice*

WE CONCUR:

  
**MARVIC M.V.F. LEONEN**  
*Associate Justice*  
*Chairperson*

(On official leave)    
**RAMON PAUL L. HERNANDO EDGARDO L. DELOS SANTOS**  
*Associate Justice* *Associate Justice*

  
**JHOSEP Y. LOPEZ**  
*Associate Justice*

#### **ATTESTATION**

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**MARVIC M.V.F. LEONEN**

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ALEXANDER G. GESMUNDO  
*Chief Justice*