

Republic of the Philippines Supreme Court Manila

SECOND DIVISION

REPUBLIC	OF THI	E G.R. No. 253069
PHILIPPINES,	represented by	y
the Toll Regula	tory Board (TRB)	• •
-	Petitioner	, Present:
		LEONEN, Acting Chief Justice,*
- versus -		LAZARO-JAVIER, **
		Working Chairperson,
SPOUSES R	OBERTO ANI	D LOPEZ, M.
ROSEMARIE	ROXAS ANI	LOPEZ, J., and
EXPORT AN	ND INDUSTRY	KHO, JR., JJ.
BANK,		\wedge
, ,	Respondents	. Promulgated:
		JUN 2 6 2023
x		x
DECISION		

KHO, JR., J.:

Before the Court is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court assailing the Decision² dated May 23, 2019 and the Resolution³ dated June 30, 2020 of the Court of Appeals (CA) in CA-G.R. CV No. 108464, which affirmed with modification the Decision⁴ dated December 7, 2015 of the Regional Trial Court of Tanauan, Batangas, Branch 6 (RTC).

Acting Chief Justice per Special Order No. 2989 dated June 24, 2023.

[&]quot; Working Chairperson per Special Order No. 2993 dated June 26, 2023.

¹ *Rollo*, pp. 10–37.

² Id. at 47-59. Penned by Associate Justice Ruben Reynaldo G. Roxas and concurred in by Associate Justices Marlene Gonzales-Sison and Victoria Isabel A. Paredes of the Twelfth Division, Court of Appeals, Manila.

³ Id. at 61-62. Penned by Associate Justice Ruben Reynaldo G. Roxas and concurred in by Associate Justices Marlene Gonzales-Sison and Victoria Isabel A. Paredes of the Former Twelfth Division, Court of Appeals, Manila.

⁴ Id. at 63-70. Penned by Judge Arcadio I. Manigbas of Branch 6, Regional Trial Court, Tanauan, Batangas.

The RTC ruling, in turn, ordered inter alia the payment of just compensation to respondents spouses Roberto and Rosemarie Roxas (spouses Roxas) in the amount of PHP 213,300.00 (PHP 2,700.00 per sqm) for the land expropriated, plus PHP 806,000.00 for the improvements found thereon, or a total amount of PHP 1,019,300.00.5

The Facts

This case stemmed from a Complaint⁶ for expropriation filed on August 3, 2005 by the Republic of the Philippines, represented by the Toll Regulatory Board (petitioner) to implement the South Luzon Tollway Extension (SLTE) Project, particularly the Calamba City, Laguna - Sto. Tomas, Batangas Section for the purpose of extending the South Luzon Expressway to provide faster and comfortable travel to the motoring public in Southern Luzon pursuant to Presidential Decree No. 1112.⁷ In the process, petitioner sought to expropriate a 79-sqm parcel of land in Barangay San Rafael, Sto. Tomas, Batangas, covered by Transfer Certificate of Title (TCT) No. T-49561 with zonal value of PHP 475.00 per sqm and the improvement thereon with an estimated value of PHP 463,600.18 owned by respondents.⁸ However, TCT No. T-49561 bears an annotation of mortgage of the land in favor of respondent Export and Industry Bank in the amount of PHP 47,250.00.9 The subject property was indispensable in implementing the SLTE Project and was selected in a manner compatible with the greatest public good and with the least injury to private properties.¹⁰

In their Answer,¹¹ respondents did not dispute the right of the government to expropriate the subject land, but nevertheless, denied the existence of the mortgage executed over the land in favor of Export and Industry Bank. Respondents further alleged that the market value of the land is PHP 3,500.00 per sqm while the improvement thereon is valued at PHP 1,500,000.00.¹² Thus, respondents prayed that an order be issued directing the petitioner to pay respondents: (1) the amount of PHP 1,776,500.00 pursuant to Section 4(a) of Republic Act (R.A.) No. 8974;¹³ (2) the rate of PHP 3,500.00 per sqm be determined as just compensation; and (3) the difference after deducting the amount already paid.¹⁴

⁵ Id. at 70.

⁶ Id. at 83-90.

⁷ Id. at 84-85. Presidential Decree No. 1112, otherwise known as "Toll Operation Decree," approved on March 31, 1977. 8

Id. at 85--86. 9 Id. at 86.

¹⁰

Id. at 87. 11

Not attached to the rollo. 12 Rollo, pp. 63-64.

¹³ 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.

¹⁴ Id. at 64.

The RTC Proceedings

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Upon Motion of petitioner, the RTC issued an Order of expropriation and appointed the Register of Deeds of Tanauan City, Batangas, Atty. Abraham N. Vermudez (Atty. Vermudez),¹⁵ Municipal Assessor Ester Francisco (Francisco), and Municipal Engineer Nolando B. Sanchez (Engr. Sanchez) as commissioners to aid in ascertaining the amount of just compensation.¹⁶

On September 7, 2007, petitioner deposited with the Clerk of Court of Tanauan City, Batangas DBP Manager's Check No. HO-0000612452 dated August 15, 2007 in the amount of PHP 501,125.18, representing 100% of the zonal value of the property and value of the house, for withdrawal of respondent spouses Roxas. The corresponding Writ of Possession was issued on September 24, 2007.¹⁷

The appointed Commissioners recommended the just compensation of the subject property to be at PHP 3,500.00 per sqm, or PHP 1,500,000.00 for the land, plus an additional PHP 806,000.00 for the reproduction cost of the improvement thereon, and the balance for miscellaneous expenses, disturbance compensation, attorney's fees, and appraiser's fees.¹⁸ In so recommending, the Commissioners gave weight on the punong barangay's Certificate showing the current selling price ranging from PHP 3,500.00 to PHP 4,000.00 because of the punong barangay's personal knowledge of the events in their place such as sale of land. It was further supported by the selling price of the lot four years ago which was PHP 2,600.00 per sqm as shown in the Deed of Sale as well as the independent appraiser's appraised value of PHP 3,500.00 per sqm based on the valuation of the Malarayat Rural Bank of Lipa, Luzon Development Bank of Tanauan City, and the classification of the property itself as the property is near the First Philippine Industrial Park, Science Park in San Rafael, Sto. Tomas, Batangas and two kilometers away from Sto. Tomas proper and accessible to the National Road going to Manila.¹⁹ As to the improvements on the lot, the independent appraiser's report showed the reproduction cost or the expense to be incurred in building a new house which is similar to materials of the house subject of expropriation, miscellaneous expense in building a new house, disturbance compensation, attorney's fee, and appraiser's fee.²⁰

Petitioner opposed the recommendation and averred that the same is merely based on the personal opinion of the punong barangay and an independent appraiser.²¹ Thus, the RTC conducted a hearing whereby Engr.

¹⁵ "Atty. Bermudez" in some parts of the *rollo*.

¹⁶ Id. at 49.

¹⁷ Id.

¹⁸ *Id.* at 50.

¹⁹ Id. at 50–51.

²⁰ *Id.* at 51.

²¹ Id.

Allan Plete (Engr. Plete) of the South Luzon Tollway Corporation, as an expert, testified that the subject property is situated in a low-cost housing subdivision for low to middle income families such that the market value thereof ranges from PHP 1,300.00 to PHP 1,500.00 per sqm.²²

In a Decision²³ dated December 7, 2015, the RTC fixed the just compensation for the land at PHP 2,700.00 per sqm, or a total of PHP 213,300.00, then the cost of improvements thereon at PHP 806,000.00, for a grand aggregate of PHP 1,019,300.00. Thus, it ordered petitioner to pay respondents the balance of the total amount of just compensation less the initial deposit of PHP 501,125.18, or PHP 518,174.82, plus legal interest from the filing of the Complaint on August 3, 2005 up to full payment. The RTC also ordered petitioner to pay the Commissioner's fees, as follows: (a) PHP 5,000.00 to Atty. Vermudez, Chairman; (b) PHP 4,000.00 to Francisco, Member; and (c) PHP 4,000.00 to Engr. Sanchez, Member.²⁴

In so ruling, the RTC explained that it could not adopt the commissioner's recommendation for the lot expropriated as it found no evidence, other than the punong barangay's Certification, to support the same.²⁵ It was, however, noted that the lot involved is classified and actually used for residential purposes which has access to social institutions and basic amenities, including communication facilities and proximate to the established industrial zone in the municipality.²⁶ Thus, the RTC considered the valuation made by the Provincial Appraisal Committee in 2001, approximating the value of the properties in Barangay San Rafael for the year 2006 at PHP 2,700.00 per sqm as well as the sale made in 2003 of a lot lying in the same area where the selling price was at PHP 2,616.00 per sqm since these are the transactions nearest to the date of the taking of the subject property in 2005. Taking into account said values, the natural appreciation of the value of the land, its location and proximity to industrial and residential areas, and the course of development of the area, the court fixed the value of the subject lot at PHP 2,700.00 per sqm, or a total of PHP 213,300.00.²⁷

As to the improvement on the lot, the RTC found to be proper and reasonable the amount of PHP 806,000.00 as reproduction cost as recommended by Engr. Sanchez, municipal engineer and member of the Board of Commissioners, as the same is based on the present cost of construction materials, labor cost and miscellaneous fees. In this regard, the RTC explained that being an engineer by profession and municipal engineer of the municipality where the expropriated property is located, Engr. Sanchez has knowledge of the materials and make-up of the building to be replaced as

²² Id. at 52.

²³ Id. at 63-70.

²⁴ Id. at 70.

²⁵ *Id.* at 68. 26

Id. 27

Id. at 69.

well as the prevailing market price of materials and other costs for the construction of a new house to replace the one subject of expropriation.²⁸

Petitioner moved for reconsideration²⁹ but the same was denied in an Order³⁰ dated September 28, 2016. Aggrieved, it appealed to the CA.

The CA Ruling

In a Decision³¹ dated May 23, 2019, the CA affirmed with modification the RTC ruling, in that it ordered the deletion of the directive for petitioner to pay Commissioners' fees.³²

In ordering the deletion of the directive to pay Commissioners' fees, the CA cited Rule 141, Section 22 of the Rules of Court which exempts the Republic, including its agencies and instrumentalities, from paying fees of commissioners in expropriation proceedings.³³

On the substantive merits of the case, the CA held that the RTC's act of taking into consideration several standards in addition to what is set forth under R.A. No. 8974, particularly: (a) classification and use for which the property is suited; (b) current selling price of similar lands in the vicinity; (c) size, shape/location, tax declaration, and zonal valuation of the land; (d) price of the land as manifested in several documents; and (e) reasonable disturbance compensation for the value of the improvement thereon, is not erroneous.³⁴ In this regard, the CA ratiocinated that while R.A. No. 8974 provides relevant standards in order to determine just compensation, the court still has the power to judicially determine the amount of just compensation.³⁵ In fact, Rule 67, Section 8 of the Rules of Court states that the RTC, sitting as an expropriation court may, after hearing, accept the commissioner's report and render judgment in accordance therewith.³⁶ Here, the CA noted that the recommendation of the commissioners carried great weight and due insofar as the determination of just compensation is concerned.³⁷ It further clarified that while zonal valuation is one of the indices of the fair market value of real estate, it cannot be the sole basis of just compensation in expropriation cases. Moreover, since payment of just compensation is a forbearance of money, it is thus entitled to earn interest.³⁸

²⁸ Id. at 69–70.

²⁹ Not attached to the *rollo*.

 ³⁰ Rollo, pp. 71-75. Penned by Judge Arcadio I. Manigbas of Branch 6, Regional Trial Court, Tanauan, Batangas.
³¹ Id et 47, 50

³¹ Id. at 47-59.

 ³² Id. at 58.
³³ Id.

 $^{^{34}}$ Id. at 56–57.

 $^{^{35}}$ *Id.* at 57.

³⁶ *Id*.

³⁷ *Id.* at 58.

³⁸ Id.

Undaunted, petitioners filed a Motion for Reconsideration³⁹ which was denied in a Resolution⁴⁰ dated June 30, 2020; hence, this Petition.

The Issue Before the Court

The issue before the Court is whether the CA erred in affirming the amount of just compensation granted by the trial court and the imposition of legal interest thereon.

The Court's Ruling

The Petition is partly meritorious.

Settled is the rule that in the exercise of the power of eminent domain, the owner of the property sought to be expropriated shall not be deprived of his or her property without payment of just compensation. In *Republic v.* Spouses Bunsay,⁴¹ the Court defined just compensation as the fair and full equivalent of the loss incurred by the affected owner, to wit:

... [J]ust compensation in expropriation cases is defined "as the full and fair equivalent of the property taken from its owner by the expropriator. The Court repeatedly stressed 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."⁴² (Emphasis in the original)

In order to guarantee just compensation, R.A. No. 8974, which is applicable to national government projects,⁴³ as in this case, has laid down standards in its determination, to wit:

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;

(b) The developmental costs for improving the land;

(c) The value declared by the owners;

³⁹ Not attached to the *rollo*.

⁴⁰ *Rollo*, pp. 61–62.

⁴¹ 867 Phil. 717 (2019) [Per J. Caguioa, First Division].

⁴² Id. at 729.

⁴³ See Sections 1 and 2 of R.A. No. 8974.

(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) This 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 bears clarifying, however, that when Section 5 of R.A. No. 8974 provided that: "In order to facilitate the determination of just compensation, the court may consider among other well-established factors, the following in relying on the said standards, but not to make them conclusive basis in determining just compensation, without any other substantial documentary same.44 evidence to support the Evidently. the determination of just compensation remains to be an exercise of judicial discretion with due regard to the standards laid down in the aforesaid provision.

In this case, petitioner contends that the RTC failed to judiciously determine the amount of just compensation for the subject lot.⁴⁵ Petitioner avers that the Provincial Appraisal Committee Resolution (PAC Resolution) No. 02-2001 and the Deed of Absolute Sale dated September 13, 2003 cannot be used as reasonable basis to justify the amount of PHP 2,700.00 per sqm due to the following reasons: (1) the PAC Resolution lacks evidence to support such conclusion other than the general statement of the Provincial Appraisal Committee that the estimated market value of the land in Barangay San Rafael, Sto. Tomas, Batangas is at least PHP 2,700.00 per sqm;⁴⁶ (2) the Deed of Absolute Sale dated September 13, 2003 which was entered into four years prior to the expropriation case is not reflective of the real value of the subject lot;⁴⁷ (3) the RTC's finding that the subject lot is near industrial and residential properties is speculative and inconclusive for failure to specify what these industrial and residential properties are;⁴⁸ and (4) it was a grave mistake to conclude that the value of the subject lot increases over time.⁴⁹ Petitioner even assails the valuation of the improvement built on the subject lot based on the Certification dated November 12, 2007 issued by Engr.

⁴⁵ *Rollo*, p. 23.

⁴⁴ Republic v. Ilocto, et al., G.R. No. 235347, February 15, 2022 [Notice, First Division].

⁴⁶ *Id.* at 24.

⁴⁷ Id.

⁴⁸ Id. at 25.

⁴⁹ Id.

Sanchez for being an unsubstantiated and uncorroborated opinion of Engr. Sanchez.⁵⁰ To petitioner's mind, the value of the subject lot cannot be more than PHP 1,500.00 per sqm based on the testimony of Engr. Plete, previous transactions affected by SLTE Project,⁵¹ the BIR zonal value,⁵² and tax declaration;⁵³ while the value of the improvement should be PHP 463,600.18 as total replacement cost, taking into consideration the current market prices of materials, equipment, and labor, as well as contractor's profit, overhead expenses, and all other attendant costs associated with the construction of the improvement or structure.⁵⁴

Notably, the issues being raised by petitioner are questions of fact. To be sure, "[a] question of law arises when there is doubt as to what the law is on a certain state of facts, while there is a question of fact when the doubt arises as to the truth or falsity of the alleged facts. For a question to be one of law, the same must not involve an examination of the probative value of the evidence presented by the litigants or any of them. The resolution of the issue must rest solely on what the law provides on the given set of circumstances. Once it is clear that the issue invites a review of the evidence presented, the question posed is one of fact. Thus, the test of whether a question is one of law or of fact is not the appellation given to such question by the party raising the same; rather, it is whether the appellate court can determine the issue raised without reviewing or evaluating the evidence, in which case, it is a question of law; otherwise it is a question of fact."⁵⁵

Relatedly, questions of fact, which would require a reevaluation of the evidence, are inappropriate under a Rule 45 petition, as in this case, considering that the same is limited to errors of law. While this rule is not absolute, as the Court recognizes numerous exceptions thereto, none of such exceptions are found in this case.⁵⁶ Absent such exceptions, the factual findings of the RTC as to the proper value of just compensation, as affirmed by the CA, are final and conclusive.⁵⁷

In light of the foregoing, the Court does not find any cogent reason not to give credence on the findings of the RTC in fixing the just compensation at the rate of PHP 2,700.00 per sqm, or PHP 213,300.00 for the expropriated land, plus PHP 806,000.00 for the improvements found thereon. As aptly found by the RTC and affirmed by the CA, the amount of just compensation was arrived not only on the basis of the PAC Resolution and the Deed of

⁵⁰ Id. at 30.

⁵¹ *Id.* at 28.

⁵² *Id.* at 26–27. ⁵³ *Id.* at 28

⁵³ *Id.* at 28.

⁵⁴ *Id.* at 32.

⁵⁵ Republic v. Caraig, 887 Phil. 827, 838 (2020) [Per J. Hernando, Second Division], citing Leoncio v. De Vera, 569 Phil. 512, 516 (2008) [Per J. Nachura, Third Division].

⁵⁶ See Lopez v. Saludo, Jr., G.R. No. 233775, September 15, 2021 [Per J. Hernando, Second Division]; citations omitted.

⁵⁷ See Republic v. Heirs of Santiago, 808 Phil. 1, 10 (2017) [Per J. Peralta, Second Division]; citations omitted.

Absolute Sale in 2003. In fact, the courts not only considered the classification and actual use of the land, but also its location which is its proximity to the established industrial zone in the municipality as well as its access to social institutions and basic amenities, including communication facilities.58 Clearly, the amount of just compensation was determined after due consideration of the applicable statutory standards, as well as relevant documentary evidence. In fact, petitioner's contention that just compensation could not be more than PHP 1,500.00 per sqm based on the testimony of Engr. Plete, previous transactions affected by SLTE Project,⁵⁹ the BIR zonal value⁶⁰ and tax declaration⁶¹ lacks basis. Petitioner failed to adduce evidence to convince the court that the testimony of Engr. Plete should be given more weight than applying the standards set forth in the law as well as the documentary evidence presented by the commissioners. Likewise, time and again, the Court has held that zonal valuation, although one of the indices of the fair market value of real estate, cannot, by itself, be the sole basis of just compensation in expropriation cases.⁶²

In sum, the Court affirms the finding that the aggregate value of just compensation for the expropriated property is PHP 1,019,300.00, broken down as follows: (a) PHP 213,300.00 (PHP 2,700.00 per sqm) for the land; and (b) PHP 806,000.00 for the improvements found thereon.

The issue on the value of just compensation having been settled, the Court now goes to the propriety of interests to be imposed thereon.

In *Republic v. Heirs of Spouses Bonifacio*,⁶³ the Court explained that interest accrues on the difference between the final amount adjudged by the court and the government's initial payment, starting from the time of taking, when the private owner was deprived of the property, *viz*.:

With respect to the amount of interest on the difference between the initial payment and final amount of just compensation as adjudged by the court, we have upheld in *Eastern Shipping Lines, Inc. v. Court of Appeals*, and in subsequent cases thereafter, the imposition of 12% interest rate from the time of taking when the property owner was deprived of the property, until 1 July 2013, when the legal interest on loans and forbearance of money was reduced from 12% to 6% per annum by BSP Circular No. 799. Accordingly, from 1 July 2013 onwards, the legal interest on the difference between the final amount and initial payment is 6% per annum.⁶⁴

⁵⁸ *Rollo*, p. 55.

⁵⁹ Id. at 28.

⁶⁰ *Id.* at 26–27.

⁶¹ *Id.* at 28.

⁶² Id.

⁶³ G.R. No. 226734, May 10, 2021 [Per J. Leonen, Third Division].

⁶⁴ Id.; citations omitted.

In this case, it should be noted that the filing of expropriation case was preceded by the actual taking of the property. It was only after the Writ of Possession was issued when respondents were deprived of the subject property. As aptly pointed out by Justice Amy C. Lazaro-Javier during the deliberations of this case, 12% interest per annum on the difference between the final amount adjudged by the Court and the initial payment made shall accrue from the date of taking until June 30, 2013. From July 1, 2013 until the finality of the Decision of the Court, the difference between the initial payment and the final amount adjudged by the Court shall earn 6% interest per annum. Thereafter, the total amount of just compensation shall earn 6% interest per annum from the finality of this Decision until full payment thereof.

ACCORDINGLY, the Decision dated May 23, 2019 and the Resolution dated June 30, 2020 of the Court of Appeals in CA-G.R. CV No. 108464 are hereby AFFIRMED with MODIFICATION. Petitioner is ordered to pay spouses Roberto and Rosemarie Roxas the interest as follows:

- a. The difference between the total amount of just compensation, or PHP 1,019,300.00, and the amount of initial deposit, or PHP 501,125.18, shall earn 12% interest per annum from the date of the taking, or September 24, 2007 until June 30, 2013.
- b. The difference between the total amount of just compensation, or PHP 1,019,300.00, and the amount of initial deposit, or PHP 501,125.18, shall earn 6% interest per annum from July 1, 2013 until the finality of this Decision.
- c. The total amount of just compensation shall earn 6% interest per annum from the finality of this Decision until full payment thereof.

SO ORDERED.

ÁNTOŃIO T. KHO, JR. Associate Justice

Decision

WE CONCUR:

MARVIC M.V.F. LEONEN

Acting Chief Justice Chairperson

AMY C **ARO-JAVIER**

Associate Justice Working Chairperson

JHOSE OPEZ Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, 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.

MARVIC M.V.F. LEONEN

Acting Chief Justice