



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

LAND BANK
PHILIPPINES,

OF THE
Petitioner,

G.R. No. 174647

Present:

- versus -

VELASCO, JR., J., *Chairperson*,
PERALTA,
ABAD,
MENDOZA, and
LEONEN, JJ.

Promulgated:

SPOUSES ROSA and PEDRO
COSTO,
Respondents.

05 December 2012

Maopayan

X-----X

DECISION

PERALTA, J.:

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to reverse and set aside the Decision¹ dated July 14, 2006 of the Court of Appeals (CA) in CA-G.R. SP No. 91469, and the Resolution² dated September 15, 2006 denying petitioner's motion for reconsideration.

The procedural and factual antecedents are as follows:

¹ Penned by Associate Justice Lucas P. Bersamin (now a member of this Court), with Associate Justices Martin S. Villarama, Jr. (now a member of this Court) and Celia C. Librea-Leagogo, concurring; *rollo*, pp. 57-66.

² *Id.* at 68-69.

Respondents spouses Rosa and Pedro Costo are the registered owners of a parcel of land located at Catamlangan, Pilar, Sorsogon with an area of 9.1936 hectares covered by Original Certificate of Title (OCT) No. P-6487. After the passage of Republic Act (R.A.) No. 6657,³ respondents voluntarily offered the said property to the Department of Agrarian Reform (DAR) under the Comprehensive Agrarian Reform Program (CARP) and its implementing Rules. Out of the total area, 7.3471 hectares was deemed qualified for acquisition under the program by the DAR. Petitioner Land Bank of the Philippines (Land Bank) then computed and valued the 7.3471 hectares in the amount of ₱104,077.01.

However, respondents rejected the valuation. This impelled petitioner to deposit the offer in the form of cash and bonds in favor of respondents as provisional compensation for the acquired property. Thereafter, respondents sought the determination of just compensation with the Provincial Adjudication Board of the DAR.

On July 30, 2002, the Provincial Agrarian Reform Adjudicator (PARAD) rendered a Decision⁴ in favor of respondents. The PARAD recomputed the land valuation and fixed the value of the property at ₱468,575.92. Petitioner filed a Motion for Reconsideration, but was denied.⁵ Aggrieved, pursuant to Section 57⁶ of R.A. No. 6657, petitioner filed a petition for determination of just compensation with the Regional Trial Court (RTC), sitting as a Special Agrarian Court (SAC).

³ The Comprehensive Agrarian Reform Law (CARL) of 1988.

⁴ *Rollo*, pp. 144-146.

⁵ Order dated September 12, 2002, *id.* at 150.

⁶ Section 57. *Special Jurisdiction.* - The Special Agrarian Court shall have original and exclusive jurisdiction over all petitions for the determination of just compensation and the prosecution of all criminal offenses under this Act.

On June 28, 2005, the SAC rendered a Decision⁷ finding the valuation made by the PARAD as the more realistic appraisal of the subject property, of which, the decretal portion reads as follows:

WHEREFORE, premises considered, judgment is hereby rendered:

- 1) Fixing the amount of FOUR HUNDRED SIXTY-EIGHT THOUSAND FIVE HUNDRED SEVENTY-FIVE 92/100 (₱468,575.92) Pesos, Philippine currency for the acquired area of 7.3471 hectares, situated at Catamlangan, Pilar, Sorsogon in the name of Rosa P. Costo married to Pedro Costo, covered by OCT No. P-6487, which property was taken by the government pursuant to the Agrarian Reform Program of the government as provided by R.A. 6657.
- 2) Ordering the Petitioner Land Bank of the Philippines to pay the Private Respondents the amount of Four Hundred Sixty-Eight Thousand Five Hundred Seventy-Five and 92/100 (₱468,575.92) Pesos, Philippine currency, in the manner provided by R.A. 6657 by way of full payment of the said just compensation after deducting whatever amount previously received by the Private Respondents from the Petitioner Land Bank of the Philippines as part of the just compensation.
- 3) Without pronouncement as to costs.

SO ORDERED.⁸

Undeterred, petitioner sought recourse before the CA, which case was docketed as CA-G.R. SP No. 91469, raising the sole error that:

THE COURT A *QUO* GRAVELY ERRED IN FIXING THE AMOUNT OF ₱468,575.92 AS THE JUST COMPENSATION FOR THE ACQUIRED PROPERTY OF THE RESPONDENTS, THE SAME BEING IN CLEAR VIOLATION OF THE FACTORS UNDER SECTION 17 OF R.A. 6657 AS TRANSLATED INTO A BASIC FORMULA IN DAR ADMINISTRATIVE ORDER NO. 5, SERIES OF 1998.⁹

⁷ *Rollo*, pp. 125-129.

⁸ *Id.* at 128-129.

⁹ *Id.* at 106.

On July 14, 2006, the CA rendered a Decision¹⁰ affirming the decision of the SAC in favor of the respondents, to wit:

WHEREFORE, the decision dated June 28, 2005 is **AFFIRMED**.

SO ORDERED.¹¹

In ruling for the respondents, the CA opined that the determination of just compensation is the exclusive domain of the courts and that the executive and legislative acts of fixing just compensation are not conclusive or binding upon the court, but should only be regarded as an initial valuation. Moreover, the SAC upheld the determination of the PARAD only after considering the relevant evidence of the parties. Thus, the CA was satisfied that the SAC decided the issue of just compensation based on factual grounds.

Hence, the petition assigning the lone error:

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THE COURT OF APPEALS COMMITTED A SERIOUS ERROR OF LAW IN **AFFIRMING** THE DECISION DATED JUNE 28, 2005 OF THE SPECIAL AGRARIAN COURT (SAC), THE COMPENSATION FIXED BY THE SAC BEING NOT IN ACCORDANCE WITH THE VALUATION FACTORS MANDATED UNDER SECTION 17 OF R.A. 6657 AS TRANSLATED INTO A BASIC FORMULA IN DAR ADMINISTRATIVE ORDER, AND UPHELD BY THE SUPREME COURT IN THE CASE OF *SPS. BANAL*, G.R. NO. 143276 (JULY 20, 2004.)¹²

Petitioner argues that contrary to the ruling in *Land Bank of the Philippines v. Banal*,¹³ the PARAD, the SAC, and the CA disregarded and did not follow the valuation factors under Section 17 of R.A. No. 6657 as

¹⁰ *Id.* at 57-66.

¹¹ *Id.* at 66. (Emphasis in the original)

¹² *Id.* at 35. (Emphasis in the original)

¹³ G.R. No. 143276, July 20, 2004, 434 SCRA 543, 554; 478 Phil. 701, 714 (2004).

translated into a basic formula in DAR Administrative Order (AO) No. 5, Series of 1998 in fixing the just compensation of the subject property. In fine, petitioner insists that the PARAD, the SAC, and the CA, should have relied on the ruling in *Land Bank of the Philippines v. Banal* in resolving the issue of just compensation.

On their part, respondents maintain that the PARAD, the SAC, and the CA did not err when they fixed the value of the subject property at ₱468,575.92.

The petition is bereft of merit.

The procedure for the determination of just compensation cases under R.A. No. 6657, as summarized in *Land Bank of the Philippines v. Banal*, is that initially, the Land Bank is charged with the responsibility of determining the value of lands placed under land reform and the compensation to be paid for their taking under the voluntary offer to sell or compulsory acquisition arrangement. The DAR, relying on the Land Bank's determination of the land valuation and compensation, then makes an offer through a notice sent to the landowner. If the landowner accepts the offer, the Land Bank shall pay him the purchase price of the land after he executes and delivers a deed of transfer and surrenders the certificate of title in favor of the government. In case the landowner rejects the offer or fails to reply thereto, the DAR Adjudicator conducts summary administrative proceedings to determine the compensation for the land by requiring the landowner, the Land Bank and other interested parties to submit evidence as to the just compensation for the land. A party who disagrees with the Decision of the DAR Adjudicator may bring the matter to the RTC designated as a Special Agrarian Court for the determination of just compensation. In determining

just compensation, the RTC is required to consider several factors enumerated in Section 17 of R.A. No. 6657.¹⁴

Section 17 of R.A. No. 6657 has defined the parameters for the determination of the just compensation, to wit:

Section 17. *Determination of Just Compensation.* – In determining just compensation, the cost of acquisition of the land, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, and the assessment made by government assessors shall be considered. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the nonpayment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

Thus, in determining just compensation, the RTC is required to consider the following factors: (1) the acquisition cost of the land; (2) the current value of the properties; (3) its nature, actual use, and income; (4) the sworn valuation by the owner; (5) the tax declarations; (6) the assessment made by government assessors; (7) the social and economic benefits contributed by the farmers and the farmworkers, and by the government to the property; and (8) the non-payment of taxes or loans secured from any government financing institution on the said land, if any.¹⁵

In *Land Bank of the Philippines v. Celada*,¹⁶ the Court ruled that the factors enumerated under Section 17 of R.A. No. 6657 had already been translated into a basic formula by the DAR pursuant to its rule-making power under Section 49 of R.A. No. 6657. Thus, the Court held that the

¹⁴ *Land Bank of the Philippines v. Federico Suntay*, G.R. No. 188376, December 14, 2011.

¹⁵ *Land Bank of the Philippines v. Heirs of Salvador Encinas and Jacoba Delgado*, G.R. No. 167735, April 18, 2012.

¹⁶ *Land Bank of the Philippines v. Celada*, G.R. No. 164876, January 23, 2006, 479 SCRA 495; 515 Phil. 467 (2006).

formula outlined in DAR AO No. 5, series of 1998, should be applied in computing just compensation.¹⁷ DAR AO No. 5, series of 1998, provides:

A. There shall be one basic formula for the valuation of lands covered by VOS or CA:

$$LV = (CNI \times 0.6) + (CS \times 0.3) + (MV \times 0.1)$$

Where: LV = Land Value

CNI = Capitalized Net Income

CS = Comparable Sales

MV = Market Value per Tax Declaration

The above formula shall be used if all three factors are present, relevant and applicable.

A1. When the CS factor is not present and CNI and MV are applicable, the formula shall be:

$$LV = (CNI \times 0.9) + (MV \times 0.1)$$

A2. When the CNI factor is not present, and CS and MV are applicable, the formula shall be:

$$LV = (CS \times 0.9) + (MV \times 0.1)$$

A3. When both the CS and CNI are not present and only MV is applicable, the formula shall be:

$$LV = MV \times 2$$

In no case shall the value of idle land using the formula $MV \times 2$ exceed the lowest value of land within the same estate under consideration or within the same barangay or municipality (in that order) approved by LBP within one (1) year from receipt of claimfolder.¹⁸

Applying the above formula, the PARAD, as concurred into by the SAC and the CA, fixed the value of the property at ₱468,575.92. However, petitioner insists that the PARAD violated the provisions of AO No. 5, series of 1998 when he pegged the selling price of copra at ₱16.00/kg., as against the ₱5.82/kg. set by petitioner based on the available 12-month average selling price of copra. Contrary to petitioner's contention, it should be noted that the nature, actual use, and income of the property subject of

¹⁷ *Id.* at 507; *id.* at 478-479.

¹⁸ *Id.* at 508; *id.* at 480.

computation of just compensation is only one of the eight factors to be considered in determining the just compensation of a property earmarked for the purposes of the agrarian reform program of the Government. In addition, the reasons for setting aside the determination of just compensation in the case of *Banal* did not obtain here. In *Banal*, the RTC as SAC did not conduct a hearing to determine the landowner's compensation with notice to and upon participation of all the parties, but merely took judicial notice of the average production figures adduced in another pending land case and used the figures without the consent of the parties.¹⁹

As aptly found by the SAC, all the factors in arriving at the proper valuation of the subject property were considered in the case at bar, viz:

The Court after careful examination of the evidence presented by the Petitioner LBP as well as the Private Respondents particularly the decision of the Provincial Adjudicator of Sorsogon, the location of the property, the current value of like properties, the improvements, its actual use, the social and economic benefits that the landholding can give to the community, it is the considered Opinion of the Court that the Provincial Adjudicator of Sorsogon did not abuse his discretion in making the valuation assailed by Petitioner Land Bank.

After due scrutiny of the findings of the Provincial Adjudicator of Sorsogon, the Court adopts *in toto* the findings of facts of said Provincial Adjudicator as said Provincial Adjudicator followed the guidelines enunciated under Administrative Order No. 5, Series of 1998 governing the valuation of CARP covered land and in addition considers said valuation as the fair and just compensation of like properties. x x x

x x x x

Considering all these factors, the valuation made by the Provincial Adjudicator and the potentials of the property, the Court considers the findings of the Provincial Adjudicator as the more realistic appraisal which could be the basis for the full and fair equivalent of the property taken from the owner while the Court finds that the valuation of the Petitioner Land Bank i[n] this particular agricultural land subject for acquisition is unrealistically low.²⁰

¹⁹ *Land Bank of the Philippines v. Banal*, *supra* note 12, at 550-551; *id.* at 711.
²⁰ *Rollo*, pp. 127-128.

Verily, factual findings of administrative officials and agencies that have acquired expertise in the performance of their official duties and the exercise of their primary jurisdiction are generally accorded not only respect but, at times, even finality if such findings are supported by substantial evidence.²¹ The Courts generally accord great respect, if not finality, to factual findings of administrative agencies, because of their special knowledge and expertise over matters falling under their jurisdiction.²²

Moreover, the same conclusion was also arrived at by the CA, when it found that:

We reject LBP's argument that its valuation of just compensation should be preferred. Any valuation of LBP in accordance with any formula should only be regarded as an initial valuation, never conclusive nor controlling. In *Sigre v. Court of Appeals*, the Supreme Court has held that the determination of just compensation under P.D. 27 and Sec. 16 (d) of R.A. 6657, is not final and conclusive. If that was not the rule, LBP or another agency like DAR might impermissibly usurp the essentially judicial function of determination of just compensation. We stress that, indeed, as stated in *Republic v. Court of Appeals*, the determination of just compensation is the exclusive domain of the courts and that executive and legislative acts fixing just compensation are by no means conclusive or binding upon the court, but rather, at the very least, merely guiding principles.

It is significant that the RTC upheld the determination of PARAD only after considering the relevant evidence of the parties. Thereby, it did not act arbitrarily. We accord the highest credence to its evaluation, therefore, considering that LBP failed to convince us that the RTC abused its discretion or ruled on the matter without evidence. We are satisfied that the RTC decided the issue of just compensation on factual grounds. We note that it relied also on the factors enumerated in Sec. 17, R.A. 6657, x x x:²³

The Court has consistently ruled that the ascertainment of just compensation by the RTC as SAC on the basis of the landholding's nature, location, market value, assessor's value, and the volume and value of the

²¹ *Republic v. Saldavor N. Lopez Agri-Business Corp.*, G.R. No. 178895, January 10, 2011, 639 SCRA 49, 60.

²² *A. Z. Arnaiz Realty, Inc. v. Office of the President*, G.R. No. 170623, July 7, 2010, 624 SCRA 494, 507-508.

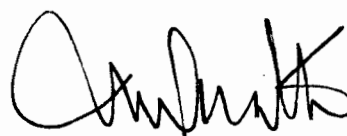
²³ CA Decision dated July 14, 2006, *rollo*, p. 65.

produce is valid and accords with Section 17 of R.A. No. 6657. The Court has likewise ruled that in appraising just compensation the courts must consider, in addition, all the facts regarding the condition of the landholding and its surroundings, as well as the improvements and the capabilities of the landholding.²⁴ Thus, the computation should be sustained.

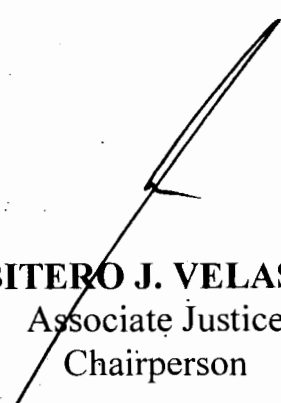
One final note, the matters raised by petitioner mainly involves factual controversies, which are clearly beyond the ambit of this Court. To be sure, the review of factual matters is not the province of this Court. The Supreme Court is not a trier of facts, and is not the proper forum for the ventilation and substantiation of factual issues.²⁵

WHEREFORE, premises considered, the petition is **DENIED**. The Decision dated July 14, 2006 and the Resolution dated September 15, 2006 of the Court of Appeals in CA-G.R. SP No. 91469 are **AFFIRMED**.

SO ORDERED.

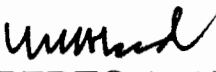

DIOSDADO M. PERALTA
Associate Justice

WE CONCUR:


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

²⁴ *Land Bank of the Philippines v. Veronica Atega Nable*, G.R. No. 176692, June 27, 2012.

²⁵ *Titan Construction Corporation v. David, Sr.*, G.R. No. 169548, March 15, 2010, 615 SCRA 362, 363.



ROBERTO A. ABAD
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


MARVIC MARIO VICTOR F. LEONEN
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.


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

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.


ANTONIO T. CARPIO
Acting Chief Justice