



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated August 31, 2022 which reads as follows:

“G.R. No. 229416 (*National Housing Authority vs. Patricia L. Tiongson, Sps. Eduardo and Pacita Go, Roberto Laperal III, Elisa Manotok, Rosa R. Manotok, Miguel A. B. Sison, George Bocanegra, Sps. Johnny Lu and Cristina Sison Lu, Severino Manotok, Jose Maria Manotok, Jesus Jude Manotok, Jr., Milagros V. Manotok, Ignacio V. Manotok, Felisa V. Manotok, Fausto C. Manotok, Severino Manotok III, and Jesus R. Manotok*). - Before the Court is a petition for review on *certiorari*¹ under Rule 45, Rules of Court, seeking to annul and set aside the 14 July 2016 Decision² and 10 January 2017 Resolution³ of the Court of Appeals (CA), which partly granted the appeal of defendants-appellants Patricia L. Tiongson, Sps. Eduardo and Pacita Go, Roberto Laperal III, Elisa Manotok, Rosa R. Manotok, Miguel A. B. Sison, George Bocanegra, Sps. Johnny Lu and Cristina Sison Lu, Severino Manotok, Jose Maria Manotok, Jesus Jude Manotok, Jr., Milagros V. Manotok, Ignacio V. Manotok, Felisa V. Manotok, Fausto C. Manotok, Severino Manotok III, and Jesus R. Manotok (now respondents) in CA-G.R. CV No. 103039, modified the 4 February 2014 Decision⁴ and 12 May 2014 Omnibus Order of the Regional Trial Court (RTC), Branch 41, Manila, in Civil Case No. 87-42018, and denied the Motion for Reconsideration⁵ dated 4 August 2016 of plaintiff-appellee National Housing Authority (now petitioner NHA) and the Partial Motion for Reconsideration⁶ dated 5 September 2016 of defendants-appellants, respectively.

Respondents claimed to be the registered co-owners of several properties located at Sta. Cruz, Manila, covered by Transfer Certificate of

¹ *Rollo*, pp. 11-24.

² Penned by Associate Justice Jhosep Y. Lopez (now a member of this Court), with the concurrence of Associate Justices Ramon R. Garcia and Leoncia R. Dimagiba; *id.* at 28-41.

³ Penned by Associate Justice Jhosep Y. Lopez (now a member of this Court), with the concurrence of Associate Justices Ramon R. Garcia and Leoncia R. Dimagiba; *id.* at 43-46.

⁴ Penned by Presiding Judge Rosalyn D. Mislos-Loja; *id.* at 66-83.

⁵ *Id.* at 47-52.

⁶ *Id.* at 53-57.

Title (TCT) Nos. 133512, 133513, 122451, 122452, 122453, 122454, 122455, 122456, 133514, 122458, and 122459, all forming part of the “Tambunting Estate” with an aggregate area of 52,688.70 square meters.⁷ The properties were considered as a “slum and blighted squatters area without sufficient and adequate water, light, sanitation and sewerage facilities, and other necessary amenities and basic services.”⁸

NHA sought to expropriate the aforementioned properties for public use. NHA repeatedly offered to buy the properties from respondents, but to no avail.⁹

In 1978, NHA took possession of the aforementioned properties pursuant to Presidential Decree (PD) 1669¹⁰ until 1987 only, when PD 1669 was declared unconstitutional by this Court in *Manotok v. NHA*.¹¹ NHA deposited the sum of Php 17,000,000.00 with the Philippine National Bank on 20 August 1987 and 7 September 1987, to retain possession of the properties.¹² Later, NHA introduced improvements thereon in the amount of Php 2,314,390.18.¹³

On 14 September 1987, NHA filed a Complaint¹⁴ for the expropriation of these properties before the RTC. The RTC issued an Order authorizing NHA to retain possession of the subject properties upon depositing the provisional amount of Php 14,264,465.00 with the City Treasurer of Manila.¹⁵

On 19 September 1988, the RTC ordered the dismissal of the Complaint insofar as it pertained to the commercial lots of the subject properties, covered by TCT Nos. 122451, 122452, 122453, 122454, 122455, 122456, 133514, 122458 and 122459, and declared the expropriation proceedings on the residential lots of the subject properties, covered by TCT Nos. 133512 and 133513, with a total area of 42,835 sq m, to be properly instituted.¹⁶

⁷ Id. at 14.

⁸ Id.

⁹ Id.

¹⁰ Entitled “An Act Providing for the Expropriation of the Property Known as the “Tambunting Estate” Registered under TCT Nos. 119059, 122450, 122459, 122452 and Lot Nos. 1-A, 1-C, 1-D, 1-E, 1-F, 1-G and 1-H of (LRC) PSD-230517 (Previously Covered by TCT No. 119058) of the Register of Deeds of Manila and for the Sale at Cost of the Lots Therein to the Bonafide Occupants and Other Squatter Families and to Upgrade the Same, and Authorizing the Appropriation of Funds for the Purpose.” Signed on 28 January 1980.

¹¹ *Rollo*, p. 30; see 234 Phil. 91 (1987).

¹² Id.

¹³ Id.

¹⁴ Id. at 60-65.

¹⁵ Id. at 30.

¹⁶ Id. at 15, 31.

Due to NHA's failure to deposit the provisional value of the subject properties, respondents moved for the dismissal of the case, which the RTC granted in its Order dated 19 December 1992.¹⁷

NHA appealed to the CA. On 7 January 1994, the CA rendered a Decision, remanding the case to the RTC for further proceedings and with a directive to fix the provisional value of the subject properties in accordance with PD 42.¹⁸ Consistent therewith, the RTC issued an Order dated 5 March 1996 fixing the provisional value of the subject properties at Php 11,646,870.00, which the NHA complied with by depositing the amount with the Philippine National Bank on 19 April 1996.¹⁹

On 24 April 1996, the RTC appointed three commissioners to determine the just compensation of the residential properties as of 1978. In an Order dated 29 April 1997, the RTC maintained its position that the reckoning period for the computation of just compensation was on 14 September 1987, the date when the Complaint was filed.²⁰ The matter was first elevated to the CA and later to this Court, which rendered a Decision dated 11 July 2011, reiterating the RTC's Order dated 29 April 1997 that the reckoning period for the computation of just compensation was on 14 September 1987, the date when the Complaint was filed.²¹

Meanwhile, the RTC directed the new Panel of Commissioners, namely: (1) Gabriel Dolor, Assistant Assessor of the City of Assessor's Office of Manila; (2) Engr. Victor Salinas, representing respondents; and (3) Rosalinda Nartates, representing NHA, to reconvene and submit their recommended valuations.²² Thereafter, the Commissioners separately submitted their appraisal reports. Clarificatory hearings ensued because the reports submitted substantially differed from each other.²³

In view of the death of Engr. Victor Salinas, Mr. Lamberto Modina succeeded as approved by the RTC in its Order dated 23 March 2012.²⁴

In its 4 February 2014 Decision,²⁵ the RTC ordered the expropriation of the subject properties in the amount of Php 50,000,000.00. The *fallo* of the ruling reads:

¹⁷ Id. at 31.

¹⁸ Entitled "Authorizing the Plaintiff in Eminent Domain Proceedings to Take the Possessions of the Property involved upon Depositing the Assessed Value, for Purpose of Taxation." Signed on 9 November 1972; id.

¹⁹ Id.

²⁰ Id. at 33.

²¹ Id. at 32.

²² Id.

²³ Id. at 32, 34.

²⁴ Id. at 34.

²⁵ Id. at 66-83.

WHEREFORE, in view of the foregoing, judgment is hereby rendered:

1. Expropriating in favor of the National Housing Authority (NHA) the parcels of land subject of this case covering a total area of 42,835 square meters owned by the defendants;
2. Fixing the amount of P50,000,000.00 as just compensation for the 42,835 square meters which is part and parcel of the Tambunting Estate, with legal interest thereon at 6% per annum, further directing tender of payment to the defendants;
3. To consider the amount of P11,646,870.00 deposited with Philippine National Bank under Savings Account No. 262-547946-3 in the name of NHA for the account of Patricia L. Tiongson, et al. as part of the total amount of P50,000,000.00 as just compensation;
4. Declaring the plaintiff's lawful right to retain possession of the property and to appropriate it for the public purpose referred to in the complaint, upon full payment of the just compensation fixed in paragraph 2 hereof; and
5. Directing the plaintiff to pay the fees of each of the Commissioners pegged at P20,000.00 per Commissioner.

SO ORDERED.²⁶

Dissatisfied, NHA and respondents filed their Motion for Partial Reconsideration²⁷ dated 26 February 2014 and Motion for Reconsideration²⁸ dated 27 February 2014, respectively. On 12 May 2014, the RTC issued an Omnibus Order denying both motions.²⁹

On appeal, the CA increased the amount of just compensation for the subject properties at Two Thousand Four Hundred Pesos (PhP 2,400.00) per square meter, or a total of One Hundred Two Million Eight Hundred Four Thousand Pesos (PhP 102,804,000.00). The dispositive portion of the CA ruling reads:

WHEREFORE, premises considered, the Appeal is **PARTLY GRANTED**. The Decision dated 4 February 2014 and Omnibus Order dated 12 May 2014 of the Regional Trial Court, Manila, Branch 41 in Civil Case No. 87-42018 are hereby **MODIFIED** in so far as the just compensation for the subject properties with an area of 42,835 square meters is hereby fixed in the amount of P102,804,000.00 or P2,400.00 per square meter with legal interest computed as follows:

1. 12% interest per annum, commencing on 14 September 1987, the date of filing of the Complaint until June 30, 2013;

²⁶ Id. at 82.

²⁷ Id. at 84-88.

²⁸ Id. at 89-95.

²⁹ Id. at 35.

2. 6% interest rate per annum commencing on 1 July 2013 until finality of this Decision; and
3. 6% interest rate per annum on the entire monetary award including interest commencing from the finality of this Decision until full payment.

Except as thus modified, the assailed Decision is **AFFIRMED** in all other respects.

SO ORDERED.³⁰

The CA held that the amount of just compensation fixed by the RTC was “unconscionably low,” and that the surroundings, improvements and capabilities of the property should all be considered.³¹ It ratiocinated:

This notwithstanding, **it is the Court’s considered view that the amount fixed by the trial court is unconscionably low in view of the undisputed fact that the surrounding area where the subject properties are situated had become highly commercialized, i.e, where several business and commercial establishments are located.** In particular, numerous furniture stores are fronting the subject properties which areas were initially excluded by the lower court in the expropriation proceedings. Further, the presence of SM San Lazaro, a major shopping mall, call center buildings and Blumentritt market within a few blocks away also provide an excellent utility which in turn have profoundly increased the value of the subject properties.

In addition, the subject properties are easily accessible from major thoroughfares such as Rizal Avenue and Jose Abad Santos where LRT 1, jeepneys, taxis and other public utilities ply. Its strategic location undeniably provides convenience to the use of public transport and thus have immensely enhanced the value of the subject properties x x x.³² (Emphasis supplied)

Likewise, the CA settled the interest rates to be applied in the payment of just compensation, citing the case of *Rep. of the Phils. v. Soriano*.³³

Both NHA and respondents moved for reconsideration,³⁴ which the CA denied in its 10 January 2017 Resolution for lack of merit.³⁵

Hence, this Petition.

The principal issue in this case is whether the CA erred when it increased the amount of just compensation on the ground that the surrounding area of the subject properties “had become highly commercialized.”

³⁰ Id. at 40.

³¹ Id. at 38-39.

³² Id.

³³ Id. at 39; see 755 Phil. 187 (2015).

³⁴ Id. at 47-57.

³⁵ Id. at 46.

Respondents filed their Comment³⁶ on the Petition dated 9 August 2018, asserting that the CA's Decision is supported by laws and evidence on record. Respondents argue that the subject properties are situated in front of Light Rail Transit (LRT) Line 1 Station where there are commercial and business establishments as also found by the RTC.³⁷ Moreover, the tax declarations of the subject properties show a significant increase in their value.³⁸

In its Reply³⁹ dated 14 November 2018, NHA argues that the modification of the amount of just compensation is contrary to settled jurisprudence and is grossly disadvantageous to public fund expenditures. Further, the amount of just compensation cannot be computed based on the properties' worth at a later date. Hence, NHA maintains that the reckoning value of just compensation is the market value of the subject properties at the time of the taking.⁴⁰

The petition is partially granted.

In *Land Bank of the Phils. v. Yatco Agricultural Enterprises*,⁴¹ the Court declared that, in ascertaining the just compensation, the fair market value of the expropriated property is determined as of the time of taking. The "time of taking" refers to that time when the State deprived the landowner of the use and benefit of his property, as when the State acquires title to the property or as of the filing of the complaint, per Section 4, Rule 67, Rules of Court.

It is undisputed that this Court already settled the reckoning period for the computation of just compensation, which is 14 September 1987, or the date when the complaint for expropriation was filed.⁴²

The Court agrees with the CA's pronouncement that "[a]ll facts as to the condition of the property and its surroundings, improvements and capabilities should be considered" in fixing the amount of just compensation.⁴³ However, the Court reminds that the value of the surroundings and improvements of the property to be considered should likewise reckon at the time of the taking.

³⁶ Id. at 139-143.

³⁷ Id. at 140.

³⁸ Id. at 141.

³⁹ Id. at 151-155.

⁴⁰ Id. at 152.

⁴¹ 724 Phil. 276, 296 (2014).

⁴² *Rollo*, p. 32.

⁴³ Id. at 39.

In *Evergreen Manufacturing Corp. v. Republic*,⁴⁴ the Court explained that other factors may be taken into account in determining just compensation:

Next, while documentary evidence is indeed important to support the finding of the value of the expropriated property, the commissioners are given leeway to consider other factors to determine just compensation for the property to be expropriated. In *National Power Corporation v. Spouses Asoque*, we upheld the finding of the RTC therein and quoted:

x x x. Likewise, this Court takes cognizance of the fact that the commissioner may avail or consider certain factors in determining the fair market value of the property apart from the proffered documentary evidences. Thus, the factors taken into account by the commissioner in arriving at the recommended fair market value of the property at Php800.00 per square meter, aside from the evidence available, were valid criteria or gauge in the determination of the just compensation of the subject property. (Boldfacing and underscoring supplied) (Emphasis in the original)

This determination, however, should still reflect the value of the property as of the date of taking. In this case, the commissioners found that the properties in the area, as of the time of the ocular inspection in 2008, had a demand selling price ranging from P35,000.00 to P40,000.00 per square meter. A reading of their individual reports shows that they considered the location of the Subject Premises, as well as its size and prospective uses, the neighborhood, and the nearby establishments. **This was well within their prerogative to do so, as we have held that all the facts as to the condition of the property and its surroundings, as well as its improvements and capabilities, must thus be considered in determining just compensation. However, these must be the conditions existing at the time the taking was made by the government.** While the size and location of the property would not have changed from the time of taking until the time when the ocular inspection was conducted, the establishments and neighborhood surrounding the property may have undergone changes after the property was taken by the government. The improvements introduced after the time of taking should not unduly benefit the property owner by unnecessarily increasing the value of the property. (Emphasis supplied)

Applying the abovementioned ruling in this case, the CA was correct when it considered the surrounding area of the subject properties in determining the just compensation. But the CA erred when it considered the increased value of the surroundings as of the time when the surroundings had

⁴⁴ 817 Phil. 1048, 1061-1062 (2017).

become highly commercialized, instead of their value at the time of the taking, or in 1987 as settled by this Court.

Anent the amount of just compensation, let it be stressed that the Court has ruled that factual issues pertaining to the valuation of the expropriated property are generally beyond the pale of review under a Rule 45 petition.⁴⁵ Under this mode of review, the jurisdiction of the Court is limited to reviewing only errors of law, not fact.⁴⁶ Factual findings of the trial and appellate courts will not be disturbed by this Court unless they are grounded entirely on speculations, surmises, or conjectures, among others,⁴⁷ which are not present in the case at bar.

In this case, the Court finds that the RTC correctly adopted the findings of Commissioner Rosalinda Nartates, who considered the value of the subject properties at the time of the filing of the complaint for expropriation:

Clearly, a review, however, of the respective reports submitted would show that while the recommendation of Ms. Nartates appears to be the lowest, **her conclusion and/or recommendation is fully supported by documents which serve as basis therefor, not to mention the conduct of an actual onsite inspection to determine the actual condition of the community, the structures thereat and its surrounding environment.**

Reckoned from the date of filing of the present case on 14 September 1987 and on the basis of the Tax Declarations of the subject properties, she presented the following computation:

Transfer Certificate of Title No.	Tax Declaration No.	Kind	Area	Market Value
1133512	B-038-#00008	residential	32,688.70 square meters	27,458,510.00
1133513	B-038-#00009	- do -	10,146.40 square meters	11,363,860.00
TOTAL			42,835	38,822,370.00

As further noted in her report, **the status of most of the structures in the subject properties have not generally improved from the time of the filing of the case in 1987.**⁴⁸ (Emphasis supplied)

⁴⁵ *National Power Corporation v. Sps. Asoque*, 795 Phil. 19, 49 (2016), citing *Land Bank of the Philippines v. Spouses Costo*, 700 Phil. 290, 300 (2012).

⁴⁶ *DBP Pool of Accredited Insurance Co. v. Radio Mindanao Network, Inc.*, 516 Phil. 110, 117 (2006).

⁴⁷ *National Power Corporation v. Sps. Asoque*, supra, citing *Westmont Investment Corp. v. Francia, Jr.*, 678 Phil. 180, 191 (2011).

⁴⁸ *Rollo*, p. 79.

Moreover, the Court finds that the RTC already considered the value of the surroundings of the subject properties at the time of taking when it fixed the amount of just compensation, *viz.*:

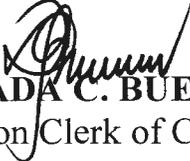
Thus, taking into consideration further the improvement introduced by the plaintiff herein in the total sum of P2,314,390.18; the location of the expropriated land which can be referred to as a prime land – fronting Abad Santos LRT Station where commercial and business establishments abound; and the testimony of plaintiff’s witness, Rolando Mamba, Sr., a resident of one of the barangays in the Tambunting Estate and a photographer by profession, to the end that majority of the residents of Tambunting Estate are informal settlers; roads and food paths are not concrete and old residential houses are made of wood, semi-concrete and other light materials as shown in the photographs he took (Exhibits “B” to “B-31”), this Court is of the considered view that the just compensation of the expropriated property should be fixed at P50,000,000.00.⁴⁹

In sum, the Court finds that the RTC has properly set the amount of just compensation at PhP 50,000,000.00.

WHEREFORE, in view of the foregoing, the instant petition is **PARTIALLY GRANTED**. The 14 July 2016 Decision and 10 January 2017 Resolution of the Court of Appeals in CA-G.R. CV No. 103039 are **AFFIRMED** with the **MODIFICATION** that the just compensation for the 42,835 square meters of the expropriated properties is in the amount of PhP 50,000,000.00.

SO ORDERED.”

By authority of the Court:


LIBRADA C. BUENA
Division Clerk of Court

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court

106-II
FEB 17 2023

⁴⁹ Id. at 81-82.

OFFICE OF THE GOVERNMENT
CORPORATE COUNSEL
3rd Floor, MWSS Administration Building
Katipunan Road, Balara, 1105 Quezon City

Court of Appeals (x)
Manila
(CA-G.R. CV No. 103039)

Atty. Alvin A. Siapian
Counsel for Respondents
2830 Juan Luna Street
Tondo, 1013 Manila

The Hon. Presiding Judge
Regional Trial Court, Branch 41
1000 Manila
(Civil Case No. 87-42018)

Public Information Office (x)
Library Services (x)
Supreme Court
(For uploading pursuant to A.M.
No. 12-7-1-SC)

Philippine Judicial Academy (x)
Supreme Court

Judgment Division (x)
Supreme Court



106-II

UR

