

FIRST DIVISION

[G.R. NO. 166735, September 05, 2006]

SPOUSES NEREO AND NIEVA DELFINO, PETITIONERS, VS. ST. JAMES HOSPITAL, INC. AND HON. RONALDO B. ZAMORA, EXECUTIVE SECRETARY, OFFICE OF THE PRESIDENT, RESPONDENTS.

D E C I S I O N

CHICO-NAZARIO, J.:

Before Us is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Civil Procedure, assailing the Decision^[1] of the Court of Appeals in CA-G.R. SP No. 60495, dated 20 January 2003, which affirmed the Decision^[2] of the Office of the President, dated 26 March 1999, and the Resolution^[3] dated 11 August 2000, reinstating the grant to respondent St. James Hospital, Inc. of a Locational Clearance and a Certificate of Locational Viability (CLV) for its expansion as a four-storey, forty-bed capacity hospital.

St. James Hospital was established in 1990 as a two-storey, ten-bed capacity hospital in Mariquita Pueblo Subdivision in Santa Rosa, Laguna. In 1994, it applied for a permit with the Housing and Land Use Regulatory Board (HLURB) to expand its hospital into a four-storey, forty-bed capacity medical institution. Thus, on 23 November 1994, Reynaldo Pambid, HLURB Deputized Zoning Administrator for Santa Rosa, Laguna, issued a "temporary" clearance for the expansion of said hospital. Said issuance was challenged by herein petitioners spouses Nereo and Nieva Delfino, residents of Mariquita Pueblo Subdivision, on the ground that the proposed expansion is in violation of the provisions of the 1981 Santa Rosa Municipal Zoning Ordinance. Thereafter, Mr. Pambid referred the matter for evaluation by his superiors.

On 19 April 1995, HLURB Regional Office No. IV Director Alfredo M. Tan II issued a letter explaining that the issuance of a "temporary" clearance is not allowed under existing laws for it may be erroneously construed as a permit to start construction. Director Tan, however, opined that under existing HLURB guidelines, CLVs may be issued to certain projects for purposes of securing an Environment Compliance Certification (ECC) from the Department of Environment and Natural Resources (DENR).

On the strength of said opinion, Mr. Pambid revoked the temporary clearance issued to St. James Hospital and declared the expansion as not viable. The municipal engineer of Santa Rosa, Laguna, also suspended the hospital's building permit, while DENR Regional Executive Director Antonio Principe issued a cease and desist order on 16 August 1995. Nevertheless, upon written representation of the hospital's operator, Dr. Jose P. Santiago, that the St. James Hospital will retain the same number of beds maintained in the hospital, Mr. Pambid issued a CLV dated 29

October 1995 for the hospital's expansion project. Upon protest from the petitioners, Mr. Pambid thereafter suspended the issued CLV.

In the interim, the Sangguniang Panlalawigan of Laguna passed on 11 December 1995 Resolution No. 811, approving the 1991 Comprehensive Land Use Plan (CLUP) or the Comprehensive Zoning Ordinance of the Municipality of Santa Rosa, Laguna. Under the new Zoning Ordinance, hospitals are now excluded from the list of viable institutions within the residential zone of Santa Rosa, Laguna.

Oblivious of the approval of the 1991 Zoning Ordinance, Mr. Pambid issued on 1 February 1996 a Certificate of Zoning Compliance or Locational Clearance for the two-storey, ten-bed St. James Hospital citing as basis the provisions of the 1981 Santa Rosa Municipal Zoning Ordinance. On 14 March 1996, Mr. Pambid likewise issued a CLV for a four-storey, forty-bed hospital expansion project in favor of St. James Hospital.

These issuances of Mr. Pambid were, however, invalidated by HLURB Director Tan on 25 April 1996, as it violated, according to Director Tan, the provisions of the 1991 Zoning Ordinance. As a result thereof, Mr. Pambid suspended the locational clearance issued to St. James Hospital and elevated the matter to the HLURB for disposition. According to Mr. Pambid, he received a copy of the new Zoning Ordinance only on 14 February 1996, two weeks after issuing the locational clearance.

On 16 May 1996, petitioners filed before the HLURB Regional Office No. IV a letter-complaint against Mr. Pambid for issuing the CLV in violation of both the 1981 and 1991 Zoning Ordinances, and against Dr. Santiago for continuing with the expansion project despite the invalidation of the CLV issued by Mr. Pambid.

In reply to petitioners' complaint, St. James Hospital maintained that there is a need to expand the existing hospital to address the acute deficiency of medical facilities in the municipality, and that the project is permissible under the new Zoning Ordinance. Furthermore, it pointed out that the project has been favorably endorsed not only by the residents of Mariquita Pueblo Subdivision, but also by the residents of other neighboring communities. St. James Hospital also argued that it has already incurred millions of pesos in losses for every day of delay in the construction.

Pursuant to HLURB Rules, the case was elevated to the HLURB Legal Services Group (LSG), and was assigned to Arbiter Erwin T. Daga. During the course of the proceedings, Arbiter Daga issued the following Orders:

1. Order dated December 6, 1996 (temporary restraining order) enjoining St. James [Hospital] from continuing with its expansion project;
2. Order dated December 11, 1996 ordering St. James [Hospital] to cease and desist from proceeding with its expansion project;
3. Order dated December 12, 1996 denying St. James [Hospital's] motion to lift the temporary restraining order; and

4. Order dated December 14, 1996 ordering St. James [Hospital] to again cease and desist from further work and construction of the hospital's expansion building pending the resolution of the case.^[4]

On 4 March 1997, Dr. Santiago filed before the HLURB Board of Commissioners a Motion seeking the inhibition of Arbiter Daga for partiality, which was subsequently denied.

On 16 July 1997, after the parties have submitted their respective position papers and draft decisions, Arbiter Daga rendered a Decision in favor of petitioners, the dispositive portion of which reads:

WHEREFORE, premises considered, judgment is hereby rendered, to wit:

1. The Locational Clearance dated February 1, 1996 issued by public respondent Reynaldo Pambid to the expansion hospital building of private respondent St. James Hospital, Inc. is hereby revoked and set aside;
2. Ordering private respondent to demolish its two-storey hospital expansion building within ONE MONTH at its cost and upon failure to comply within the period given, pay complainants P10,000.00 per day of delay;
3. Ordering private respondent to relocate its existing ten-bed capacity hospital within ONE YEAR and thereafter to permanently cease and desist from operating a hospital/clinic within a residential zone, particularly in Mariquita Pueblo Subdivision, Dita, Sta. Rosa, Laguna and failure to comply within the reglementary period given, pay complainants the amount of P10,000.00 per day of delay;
4. Ordering private respondent to pay this Board administrative fine of P20,000.00, aside from the other fines previously imposed;
5. Ordering private respondent to pay this Board P5,000.00 per day beginning February 4, 1997 until the day that it ceased or finished the construction of its expansion building as determined by the Board's Regional Office No. IV;
6. Ordering private respondent to pay complainants FIVE HUNDRED THOUSAND PESOS as moral damages, TWO MILLION PESOS exemplary damages, TWO HUNDRED THOUSAND PESOS as attorney's fees, and FIFTY THOUSAND PESOS cost of litigation;

The motion of private respondent dated 24 June 1997 is hereby DENIED and its Counterclaim is hereby dismissed for lack of merit.

Without prejudice to the filing of criminal action that may be filed with the proper court.^[5]

Aggrieved by the aforecited Decision, St. James Hospital appealed to the HLURB Board of Commissioners asserting that the proposed expansion of the hospital conforms to the 1991 Zoning Ordinance. Resolving said appeal, the HLURB

effectively modified Arbiter Daga's Decision, ruling that the existing hospital, with its original two-storey, ten-bed capacity, is allowable under the old 1981 Zoning Ordinance and may be allowed to continue as a medical institution within the Mariquita Pueblo Subdivision even after the effectivity of the 1991 Zoning Ordinance. However, the HLURB opined that the new construction of commercial buildings within the said residential zone, such as the forty-bed capacity expansion building of St. James Hospital, is repugnant to Section 2, Article VI of the 1991 Santa Rosa Municipal Zoning Ordinance and, hence, should be disallowed. Thus, on 13 January 1998, the HLURB Special Division rendered a Decision, to wit:

WHEREFORE, the decision of the LSG dated July 16, 1997, is hereby SET ASIDE and a new decision entered:

1. Declaring the original two-storey, ten-bed capacity St. James Hospital, as allowable in the Mariquita Pueblo Subdivision, Sta. Rosa, Laguna;
2. Ordering respondent St. James to set-up an efficient hospital waste disposal system in conformity with the rules and regulations and standards of the Department of Health, the Department of Environment and Natural Resources and all other concerned government agencies; and present a certification of compliance to the Board from said agencies within ninety (90) days from finality hereof; and
3. Revoking the Locational Clearance dated February 01, 1996 issued by respondent Pambid for the expansion Hospital building of respondent St. James.^[6]

The separate Motions for Reconsideration of both parties having been denied by the HLURB, the parties elevated the case to the Office of the President, which rendered a decision on 26 March 1999 in favor of St. James Hospital. According to the Office of the President:

Without doubt, the establishment of a ten-bed capacity hospital, like the existing St. James Hospital, is allowed within a residential zone. This is expressly provided under Section 2, paragraph 1(d), Article VI of the 1981 Sta. Rosa Municipal Zoning Ordinance, the law existing at the time of the founding of the said hospital. The term "*hospital*" was, however, deleted from the list of conforming establishments within a residential zone in the recently approved 1991 CLUP or the Comprehensive Zoning Ordinance of the Municipality of Sta. Rosa, Laguna. The question now is whether or not the proposed expansion of St. James Hospital, which will transform it into a four-storey, 40-bed capacity hospital, is allowable under the 1991 zoning ordinance. Stated differently, does the term "*institutional*", as used in the said ordinance, include hospitals and other medical establishments.

In construing words or phrases used in a law, the general rule is that, in the absence of legislative intent to the contrary, they should be given their plain, ordinary, and common usage meaning (*Amadora vs. Court of Appeals*, 160 SCRA 315). For, words are presumed to have been employed by the lawmaker in their ordinary and common use and

acceptation (*People vs. Kottinger*, 45 Phil. 352).

Under Section 2, Article VI of the 1991 Zoning Ordinance, certain activities that are commercial and institutional in character are allowed within the residential zone. St. James maintained the term "*institutional*" includes hospitals and other medical establishments.

We agree. The word "*institutional*" used as it is in said ordinance without qualification should be understood in its plain and ordinary meaning. In law, the word "institution" is understood to mean an establishment or place, especially one of public character or one affecting a community (*Black's Law Dictionary, Revised 4th* edition, 1968, p. 940). It may be private in character, designed for profit to those composing the organization, or public and charitable in its purposes.

From the above definition, it is clear that hospitals fall within the pale of the term "institution", a hospital being a public establishment and that the nature of its business is for profit. The fact that hospitals are not categorized as dwelling unit does not inevitably mean that it is already a non- conforming establishment within a residential zone. As provided under aforecited provision of the 1991 Zoning Ordinance, settlement activities that are "*institutional in character*" are allowed within the residential zone. Even the HLURB recognized St. James as a medical institution within the residential zone of the Municipality of Sta. Rosa, Laguna. Be that as it may, St. James Hospital may be allowed to continue its business within the Mariquita Pueblo Subdivision. To limit the term "institutional" to activities conducted within the dwelling units of the residents would be unrealistic and would contemplate undue restrictions to existing and lawful establishments, like the St. James Hospital.

As a conforming establishment within the residential zone, St. James Hospital may also be allowed to expand its present structure. It is not disputed that the new zoning ordinance does not expressly prohibit expansion of existing buildings within the residential zone. As correctly observed by St. James, it would be an absurd requirement if such establishment, like hospitals, would have the appearance of residential units or that its use be incidental and subordinate to its residential purposes. The parameters mentioned in the said ordinance should only be applied to residential units.

Foregoing considered, the locational clearance and the complementary certificate of locational viability may now be issued in favor of St. James Hospital.

WHEREFORE, the grant to St. James Hospital, Inc., of a Locational Clearance and a Certificate of Locational Viability (CLV) relative to its expansion as a 4-storey, 40-bed capacity hospital dated February 1, 1996, is hereby REINSTATED. In all other respects, the Decision of the Housing and Land Use Regulatory Board dated January 13, 1998 is AFFIRMED *in toto*.^[7]