

[DAR ADMINISTRATIVE ORDER NO. 18, December 14, 1989]

**REVISED RULES AND PROCEDURES GOVERNING CONVERSION
OF PRIVATE AGRICULTURAL LANDS TO NON-AGRICULTURAL
USES**

I

Prefatory Statement

The guiding principle for the policies on conversion shall be the prevention of indiscriminate conversion of agricultural lands to non-agricultural uses which may lead to the diminution of CARP coverage and the undue displacement of tenant and farmworker beneficiaries. However, applications for conversion shall be processed in a speedy and judicious manner in order to achieve the objectives of promoting the optimum use of land based on natural endowments, and as a national resource for public welfare and encouraging industrialization.

II

Policies

It is the policy of the government:

- A. To promote Social Justice, Sound Rural Development, Industrialization and Full Employment.
- B. To promote the optimum use of land as a national resource for public welfare rather than as a commodity of trade subject to speculation, hoarding and indiscriminate use.
- C. To ensure timely, just and adequate compensation to landowners, tenant-farmers and farmworkers affected by conversion.

III

Legal Mandate

- A. The Department of Agrarian Reform (DAR) is authorized to approve or disapprove the conversion, reclassification, restructuring or readjustment of agricultural lands into non-agricultural uses.
- B. The authority to approve or disapprove conversion of any agricultural land for residential, commercial, industrial and other land uses as may be provided for by law is exclusively vested in DAR.
- C. Except where allowed and provided for in this Order, the following acts are prohibited:

1. The conversion by any landowner of his agricultural land into any non-agricultural use with intent to evade the application of R.A. 6657 to his landholdings;
2. The sale transfer, conveyance or change of the nature of the lands outside of urban centers and city limits either in whole or in part after the effectivity of R.A. 6657.

IV

Coverage

These rules shall cover all private agricultural lands whether tenanted or not, and regardless of crops or commodity produced, except those covered by Administrative Order No. 15, Series of 1989, and General Orders issued pursuant thereto.

V

Governing Principles

A. Prime agricultural land needed for food production shall not be converted into non-agricultural use.

Prime agricultural land shall be understood to include all irrigated lands and such other lands as may fall within the criteria that shall be determined jointly by the DAR and the DA.

With the primary objective of preserving prime agricultural lands for agricultural use, the MARO shall participate in the preparation and updating of town plans and in the work of the review committee organized in every city/municipality, under the auspices of the Regional Development Council (RDC). The PARO and the Regional Agrarian Reform Officer (RARO) shall also actively participate in the preparation and updating of the land use plans at the provincial or regional levels, as the case may be, to promote the same objective.

B. Conversion of lands from agricultural into non-agricultural uses may be allowed when the proposed use conforms with the land use plan or town development plan of the city or municipality and said land use plan or town development plan has been approved by the Housing and Land Use Regulatory Board (HLURB) and validated by DAR.

C. In case the proposed use does not conform with the existing HLURB-approved land use plan of the city/municipality concerned, the conversion may be allowed under the following conditions:

1. When the land is intended to be used as (a) a government low-cost housing project, as certified by the National Housing Authority (NHA) or (b) a government joint venture private-government industrial project, as certified by the Department of Trade and Industry (DTI) and for which a locational clearance has been issued by the HLURB;
2. When the land has ceased to be economically feasible and sound for agricultural purposes, as certified by the Provincial Agricultural Officer of the Department of Agriculture (DA) assigned to the province where the land is located;

3. When the locality has become urbanized and the land will have a greater economic value for residential, commercial, industrial or memorial park purposes, as certified by the HLURB deputized Zoning Administrator.

D. In case the city/municipality does not have a land use plan or integrated zoning ordinance, duly approved by the HLURB, the dominant use of the area surrounding the land subject of the application for conversion shall control. If the proposed use is similar to, or compatible with, the dominant use of the surrounding area, the petition for conversion may be given due course.

In the cases referred to in Section V, C, (1), (2) and (3) and D above, the following requirements shall be complied with:

1. The endorsement of the conversion, through an ordinance passed by the city or municipal council concerned;
2. The concurrence by the HLURB with the local ordinance; and
3. The consent, manifested through a referendum, conducted among the inhabitants/communities directly affected.

The favorable endorsement of an application for conversion by an agency of the national government exercising supervisory or regulatory functions over the proposed project, such as the DTI and the DOT, shall be accorded weighty consideration.

E. Land awarded to a farmer-beneficiary under the Comprehensive Agrarian Reform Program may be the subject of conversion on the same grounds stated in Section V, (B), (C) and (D) subject, however, to the following additional conditions:

- 1) If the ground relied upon is that the land has ceased to be economically feasible and agriculturally productive that at least five (5) years has elapsed since the award of the land to the beneficiary;
- 2) In all cases the beneficiary has fully paid his obligation.

F. In all cases of conversion that will result in the displacement of tenant-lessees such lessees shall be entitled to a disturbance compensation equivalent to five (5) times the average of the gross harvests on their landholding during the last five (5) preceding calendar years, pursuant to Section 36 of R.A. 3844 as amended by Section 7 of R.A. 6389. In case of farmworkers under labor-management relations, they shall be entitled to the rights, benefits, and privileges provided under a collective bargaining agreement or any labor law.

The disturbance compensation may be paid in cash or in kind, or in combinations of both, at the option of the tenants/farmworkers. Payment in kind may be in the form of the construction of houses on awarded homelots, priority in employment in the proposed project and other

similar benefits. The DAR shall approve and closely monitor compliance with the terms of any agreement for the payment of disturbance compensation.

G. After the DAR has issued a Notice of Acquisition of an agricultural land, under the program, no application for conversion of said land from the landowner or any person acting on his behalf shall be given due course. The Notice of Acquisition is the notice sent by the DAR to the landowner which states the area that is subject to acquisition and the amount of just compensation offered by DAR.

H. To prevent recourse to conversion as a means of circumventing coverage under the DAR, conversion shall be granted only if the petitioner shows clear and convincing proof of financial and organizational capability to undertake and complete the development of the area within (1) year from the date of the issuance of a development permit by the HULURB, if the area is five (5) hectares or less. If the area is in excess of five (5) hectares, the period of development shall not extend beyond five (5) years from the date of the issuance of the conversion order.

VI

Who May Apply For Conversion

A. Owners of private agricultural lands or persons authorized by them, including land developers duly licensed by the HLURB or the government agency concerned.

B. Farmer-beneficiaries of the agrarian reform program who have fully paid for the lands awarded to them and are qualified under these rules, or persons authorized by them.

C. Government agencies, including government-owned or controlled corporations.

VII

Documentary Requirements

A. Lands Falling Under Section V, B. —

1. Four (4) copies of Application for Conversion (DAR-LUC Form No. 1);
2. Special Power-of-Attorney if the petitioner is other than the owner of the land;
3. Certified xerox copy of OCT/TCT, and/or other documents establishing ownership;
4. Location Plan/Vicinity Map of the land;
5. Certification of the HLURB deputized Zoning Administrator of the city/municipality concerned that the land is within the proper zone for which the change in land use is

being requested and that said land use plan/zoning ordinance has been approved by HLURB;

6. Locational clearance from the HLURB when the intended use is for industrial/memorial park purposes;

7. Proof of Financial and Organizational capability to Develop such as, but not limited to the following:

- a. Contract for development of land;
- b. Profile of developer, including details of past or concurrent development projects;
- c. Licenses, permits, authorities granted by other government agencies;
- d. Certified financial statements;
- e. Income tax returns;
- f. Articles of Incorporation or Partnership, if developer is a corporation or partnership;
- g. Other documents showing financial and organizational capability such as printed brochures, annual reports, newspaper advertisements, etc.

8. Study showing viability as well as economic and social benefits of the project;

9. Certification of Non-Tenancy, if applicable (DAR-LUC Form No. 5); and

10. If land has tenants/farmworkers, proof of payment of disturbance compensation, (Acknowledgment receipt by tenant/farmworker attested by BARC or Barangay Chairman and MARO), or undertaking to pay disturbance compensation (Agreement signed by tenant/farmworker and applicant embodying undertaking of applicant to pay disturbance compensation in kind, e.g., award of homelots or grant of priority in employment, etc.)

B. Lands Falling Under Section V, C —

1. Documents listed in Section VII, A, (1) to (4), (6) to (9);

2. Certification of compliance with the particular conditions involved, issued by the proper government agency/official (NHA, DTI, DA, HLURB deputized Zoning Administrator), as the case may be;

3. City or municipal council ordinance endorsing conversion;