

## THIRD DIVISION

[ G.R. No. 226734, May 10, 2021 ]

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS, PETITIONER,  
VS. HEIRS OF SPOUSES VALENTINA JUAN BONIFACIO AND  
AURELIO BONIFACIO, RESPONDENTS.**

### D E C I S I O N

**LEONEN, J.:**

Legal interest accrues on the difference between the final amount of just compensation adjudged by the court and the government's initial provisional deposit. It begins from the time of taking, when the private owner was deprived of the property.

This Court resolves a Petition for Review on Certiorari<sup>[1]</sup> assailing the Decision<sup>[2]</sup> and Resolution<sup>[3]</sup> of the Court of Appeals, which affirmed the Regional Trial Court Decision ordering the Republic of the Philippines to pay the heirs of Spouses Valentina and Aurelio Bonifacio (the Bonifacio Spouses) just compensation at P10,000.00 per square meter, with 12% interest on the total amount, commissioner's fees, and attorney's fees.

In 2007, the Republic, through the Department of Public Works and Highways, filed before the Regional Trial Court a Complaint for expropriation of a lot in Barangay Ugong, Valenzuela City that was registered in Bonifacio Spouses' names.<sup>[4]</sup>

Covered by Transfer Certificate of Title No. 100100, Bonifacio Spouses' lot spanned 913 square meters, with a zonal value of P2,285,500.00 and improvement value of P175,932.18.<sup>[5]</sup> According to the Republic, it offered to purchase the lot for the C-5 Northern Link Road Project, and was willing to pay the Bonifacio Spouses' heirs P2,282,500.00, equivalent to the total zonal value of the lot, and P175,996.04 as replacement cost for the improvements.<sup>[6]</sup>

In their Answer to the Complaint, the Bonifacio Spouses' heirs conceded that the zonal valuation of the property was P2,500.00 per square meter, but claimed that the prevailing market value of nearby properties ranged from P10,000.00 to P15,000.00, because the lot was in an industrial site near Mindanao Avenue, Quezon City. They also argued that the improvement's replacement cost should not be less than P350,000.00.<sup>[7]</sup>

In 2009, the Regional Trial Court issued a writ of possession and order of expropriation covering the lot and its improvement.<sup>[8]</sup> Then, in 2010, the trial court formed a Board of Commissioners pursuant to Rule 67, Section 5 of the Rules of Court, to determine and recommend the just compensation to be paid to the Bonifacio Spouses' heirs.<sup>[9]</sup>

On March 13, 2014, the Board of Commissioners recommended P10,000.00 per square meter as the reasonable, just, and fair market value of the lot.<sup>[10]</sup>

On July 23, 2014, the Regional Trial Court issued its Decision, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered condemning the 913-square meter lot, owned by the defendants, covered by TCT No. T-10001000 of the Registry of Deeds of Valenzuela City, free from all liens and encumbrances whatsoever, for the construction of C-5 Northern Link Road Project, Segment 8.1 from Mindanao Avenue in Quezon City to the North Luzon Expressway, Valenzuela City, a public purpose, in favor of the plaintiff, Republic of the Philippines, upon payment of just compensation which is fixe at Php 10,000.00/square meter or in the total amount of Php 9,130,000.00 (NINE MILLION ONE HUNDRED THIRTY THOUSAND PESOS) (913 X Php 10,000.00), deducting the provisional deposit of Php 2,282,500.00 (TWO MILLION TWO HUNDRED EIGHTY-TWO THOUSAND FIVE HUNDRED PESOS) previously made and subject to the payment of all unpaid taxes and other relevant taxes by the defendants, if there by any up to the filing of the complaint.

The plaintiff is ordered to pay interest at the rate of 12% per annum on the unpaid balance of just compensation of Php 6,847,500.00 (SIX MILLION EIGHT HUNDRED FORTY-SEVEN THOUSAND FIVE HUNDRED PESOS) (Php 9,130,000.00-Php 2,282,500.00[]) computed from the time of the filing of the complaint on December 7, 2007 until plaintiff fully pays the balance.

The plaintiff is likewise ordered to pay interest at the rate of 12% per annum on the initial deposit of Php 2,282,500.00 from the time of the filing of the complaint on December 7, 2007 up to the time that the said amount was deposited by the plaintiff on November 21, 2008.

The plaintiff is likewise ordered to pay the defendant the amount of Php 50,000.00 at attorney's fee, as well as Php 5,000.00 for each commissioner as commissioner's fee.

Let a certified true copy of this decision be forwarded to the Office of the Register of Deeds of Valenzuela City for the latter to annotate this decision in the Transfer Certificate of Title No. T-100100.

SO ORDERED.<sup>[11]</sup>

On appeal, the Court of Appeals affirmed the Regional Trial Court Decision. The dispositive portion of its January 11, 2016 Decision<sup>[12]</sup> reads:

WHEREFORE, the appeal is DENIED. The Decision dated July 23, 2014 of the Regional Trial Court, Branch 172, Valenzuela City is AFFIRMED.

SO ORDERED.<sup>[13]</sup>

The Court of Appeals ruled that the Regional Trial Court correctly followed the procedure in Rule 67 of the Rules of Court when it formed the Board of Commissioners to determine the just compensation. The Board of Commissioners

used a market-data approach, valuing the lot based on sales and listings of comparable properties registered within the vicinity. It based its comparison on the expropriated Hobart and Serrano properties, also located in Barangay Ugong.<sup>[14]</sup> To the Court of Appeals, the trial court correctly adopted the Board's report, finding it accurate and supported by sufficient evidence. It also noted that the market-data approach has already been upheld by this Court in *Public Estates Authority v. Estate of Yujuico*.<sup>[15]</sup>

The Court of Appeals denied the Republic's Motion for Reconsideration in its August 25, 2016 Resolution.<sup>[16]</sup> Thus, the Republic filed its Petition for Review on Certiorari.<sup>[17]</sup>

Petitioner argues that the just compensation awarded to the Bonifacio Spouses' heirs was arbitrary, as the lower court failed to consider its evidence on the "actual use, classification, size, area, and actual condition" of the property.<sup>[18]</sup>

Further, petitioner claims that the trial court erred in setting the legal interest at 12% per annum, as the just compensation award was a forbearance, the legal interest rate of which depends on the Monetary Board of the Bangko Sentral ng Pilipinas. It points to Bangko Sentral ng Pilipinas Circular No. 799, which took effect on July 1, 2013 and set the rate of legal interest at 6% per annum.<sup>[19]</sup>

Finally, petitioner argues that it is exempt from paying the commissioner's fees. It cites *Republic v. Garcia*,<sup>[20]</sup> where this Court ruled that in expropriation cases, the Republic is not liable to pay costs, including commissioner's fees.<sup>[21]</sup>

On January 9, 2017, this Court ordered the Bonifacio Spouses' heirs to comment, which they did on March 21, 2017.<sup>[22]</sup>

In its Comment,<sup>[23]</sup> respondents argue that the Regional Trial Court correctly took into account the Board of Commissioners' report in setting the just compensation.<sup>[24]</sup> As for the applicable interest rate, they argue that *Sy v. Local Government of Quezon City*<sup>[25]</sup> and *Republic v. Soriano*<sup>[26]</sup> imposed a 12% per annum interest rate.<sup>[27]</sup> They likewise argue that Rule 141, Sections 12 and 13 consider commissioner's fees as part of the costs of the proceedings.<sup>[28]</sup>

In its Reply,<sup>[29]</sup> petitioner reiterates that the just compensation awarded should be set aside for being arbitrary.<sup>[30]</sup> Then, it claims that the cases respondents cited on legal interest have been superseded by Circular No. 799, which took effect on July 1, 2013.<sup>[31]</sup> As for the commissioner's fees, it points to Rule 141, Section 16 of the Rules of Court, which exempts it from paying legal fees, including those mentioned in Sections 12 and 13.<sup>[32]</sup>

The issues to be resolved in this case are:

First, whether or not the Regional Trial Court imposed the correct amount of just compensation;

Second, whether or not the Regional Trial Court correctly imposed a 6% per annum interest rate; and

Finally, whether or not the Regional Trial Court correctly ordered petitioner Republic of the Philippines to pay the commissioner's fees.

The determination of just compensation is inherently a judicial function, which cannot be curtailed by legislation.<sup>[33]</sup> Legislative enactments and executive issuances that provide for a method of computing just compensation amount to "impermissible encroachment on judicial prerogatives."<sup>[34]</sup>

Further, Section 5 of Republic Act No. 8974, on the standards for assessing the value of land in expropriation proceedings or negotiated sale, uses the phrase, "the court may consider . . . the following relevant standards[.]"<sup>[35]</sup> This indicates that the list of factors enumerated in the provision are merely permissive.

The ascertainment of the just compensation award is a question of fact. This Court in *Republic v. Spouses Bautista*<sup>[36]</sup> held:

This Court is not a trier of facts. Questions of fact may not be raised in a petition brought under Rule 45, as such petition may only raise questions of law. This rule applies in expropriation cases. Moreover, factual findings of the trial court, when affirmed by the CA, are generally binding on this Court. An evaluation of the case and the issues presented leads the Court to the conclusion that it is unnecessary to deviate from the findings of fact of the trial and appellate courts.

Under Section 8 of Rule 67 of the Rules of Court, the trial court sitting as an expropriation court may, after hearing, accept the commissioners' report and render judgment in accordance therewith. This is what the trial court did in this case. The CA affirmed the trial court's pronouncement in toto. Given these facts, the trial court and the CA's identical findings of fact concerning the issue of just compensation should be accorded the greatest respect, and are binding on the Court absent proof that they committed error in establishing the facts and in drawing conclusions from them. There being no showing that the trial court and the CA committed any error, we thus accord due respect to their findings.

The only legal question raised by the petitioner relates to the commissioners' and the trial court's alleged failure to take into consideration, in arriving at the amount of just compensation, Section 5 of RA 8974 enumerating the standards for assessing the value of expropriated land taken for national government infrastructure projects. What escapes petitioner, however, is that the courts are not bound to consider these standards; the exact wording of the said provision is that "in order to facilitate the determination of just compensation, the courts may consider" them. The use of the word "may" in the provision is construed as permissive and operating to confer discretion. In the absence of a finding of abuse, the exercise of such discretion may not be interfered with. For this case, the Court finds no such abuse of discretion.

<sup>[37]</sup> (Citations omitted)

As the trial court's findings on just compensation were affirmed by the Court of Appeals, they are binding on this Court and are no longer reviewable. Petitioner was unable to point out any reversible error in the lower courts' findings on the just compensation award.