

## FIRST DIVISION

[ G.R. No. 171953, October 21, 2015 ]

**NATIONAL HOUSING AUTHORITY, PETITIONER, VS. ERNESTO ROXAS, RESPONDENT.**

### DECISION

**BERSAMIN, J.:**

The National Housing Authority (NHA), a government-owned and -controlled corporation created and existing under Presidential Decree No. 757,<sup>[1]</sup> may sue and be sued. However, no court should issue a writ of execution upon any monetary judgment rendered against the NHA unless such monetary judgment is first submitted to and passed upon by the Commission on Audit (COA).

#### The Case

Being challenged on appeal by the NHA is the adverse decision promulgated on February 20, 2006,<sup>[2]</sup> whereby the Court of Appeals (CA) dismissed the NHA's petition for *certiorari* brought to nullify the orders issued in Special Civil Action No. 93-060-MN entitled *Ernesto Roxas v. National Housing Authority, et al.* by the Regional Trial Court (RTC), Branch 72, in Malabon City. The first order, dated May 3, 2002, had granted the motion for the issuance of the writ of execution filed by respondent Ernesto Roxas.<sup>[3]</sup> The other order, dated January 6, 2003, had denied the NHA's motion for reconsideration.<sup>[4]</sup> The NHA had also thereby assailed the writ of execution consequently issued on February 24, 2003.<sup>[5]</sup> In its petition for *certiorari*, the NHA insisted that the RTC had thereby committed grave abuse of discretion amounting to lack or excess of jurisdiction.

#### Antecedents

The NHA is charged, among others, with the development of the Dagat-dagatan Development Project (project) situated in Navotas, Metro Manila.<sup>[6]</sup> On December 4, 1985, Roxas applied for commercial lots in the project, particularly Lot 9 and Lot 10 in Block 11, Area 3, Phase III A/B, with an area of 176 square meters, for the use of his business of buying and selling gravel, sand and cement products.<sup>[7]</sup> The NHA approved his application, and issued on December 6, 1985 the order of payment respecting the lots. On December 27, 1985, the NHA issued the notice of award for the lots in favor of Roxas,<sup>[8]</sup> at P1,500.00/square meter.<sup>[9]</sup> On the basis of the order of payment and the notice of award, Roxas made his downpayment of P79,200.00.<sup>[10]</sup> A relocation/reblocking survey resulted in the renumbering of Lot 9 to Lot 5 and Lot 10 to Lot 6 (subject lots).<sup>[11]</sup> He completed his payment for the subject lots on December 20, 1991.

In the meanwhile, the NHA conducted a final subdivision project survey, causing the increase in the area of the subject lots from 176 to 320 square meters. The NHA informed Roxas about the increase in the area of the subject lots, and approved the award of the additional area of 144 square meters to him at P3,500.00/square meter.<sup>[12]</sup> Although manifesting his interest in acquiring the additional area, he appealed for the reduction of the price to P1,500.00/square meter,<sup>[13]</sup> pointing out that Lot 5 and Lot 6 were a substitution unilaterally imposed by the NHA that resulted in the increase of 144 square meters based on the technical description, and that although he desired to purchase the increased area, the purchase must be in accordance with the terms and conditions contained in the order of payment and notice of award issued to him. After the NHA rejected his appeal,<sup>[14]</sup> he commenced in the RTC this action for specific performance and damages, with prayer for the issuance of a writ of preliminary injunction. He amended the complaint<sup>[15]</sup> to compel the NHA to comply with the terms and conditions of the order of payment and the notice of award.

The NHA countered in its answer<sup>[16]</sup> that Roxas' prayer to include in the original contract the increase in lot measurement of 144 square meters was contrary to its existing rules and regulation; that he could not claim more than what had been originally awarded to him; and that at the very least, his right in the additional area was limited only to first refusal.

On July 15, 1994, after trial, the RTC rendered judgment against the NHA,<sup>[17]</sup> decreeing:

WHEREFORE, premises considered, judgment is hereby rendered in favor of plaintiff Ernesto Roxas and against defendant NHA, represented by its General Manager and its Dagat-dagatan Development Project Manager, as follows:

1. Declaring plaintiff Ernesto Roxas the legal awardee of subject lots 5 and 6 in the full total area thereof of 320 sq. meters;
2. Ordering defendant NHA, thru its General Manager Robert P. Balao and the project Manager for its Dagat-dagatan Development Project Evelyn V. Ramos, or whoever shall be the incumbents of the positions at the time of the enforcement hereof to execute the corresponding Contract to Sell for the entire area of subject lots 5 and 6 totaling to 320 sq. meters at the cost of P1,500.00 per sq. meter under the same terms and conditions as that provided for in the Order of Payment and Notice of Award (Exhs. B and D), respectively, deducting whatever has already been paid by plaintiff;
3. Ordering defendant NHA to pay plaintiff P30,000.00 by way of reasonable Attorney's Fees.

The Writ of Preliminary Injunction issued in this case on January 31, 1994 is hereby made permanent.

Costs against defendant NHA.

SO ORDERED.

The NHA appealed in due course, but the CA affirmed the judgment of the RTC, prompting the NHA to seek to undo the adverse decision of the CA through its petition for *certiorari*. On July 5, 2000, however, the Court dismissed the petition for *certiorari*. It later denied the NHA's motion for reconsideration.<sup>[18]</sup>

On July 27, 2001, Roxas filed his motion for the issuance of the writ of execution,<sup>[19]</sup> which the RTC granted on May 3, 2002.<sup>[20]</sup> The NHA sought reconsideration, but its motion was denied on January 6, 2003. Accordingly, on February 24, 2003, the RTC issued the writ of execution to enforce the final and executory decision of July 15, 1994.<sup>[21]</sup>

In order to prevent the execution, the NHA brought another petition for *certiorari* in the CA, docketed as C.A.-G.R. SP No. 76468, imputing to the RTC grave abuse of discretion amounting to lack or excess of jurisdiction for ordering the execution of the judgment.

On February 20, 2006, the CA dismissed the NFIA's petition for *certiorari* through the presently assailed decision because it found that the RTC did not gravely abuse its discretion amounting to lack or excess of jurisdiction in granting Roxas' motion for the issuance of the writ of execution and in issuing the writ of execution.<sup>[22]</sup> The CA observed that the NHA was a government-owned and -controlled corporation whose funds were not exempt from garnishment or execution; and ruled that Roxas did not need to first file his claim in the COA.

### **Issues**

The NHA insists that the judgment of the RTC did not lie against it because its submission to the litigation did not necessarily imply that the Government had thereby given its consent to liability; and that the money judgment awarded to Roxas could not be recovered by motion for execution but should have been first filed in the COA.<sup>[23]</sup>

Roxas counters that the main relief under the final and executory judgment of the RTC directed the NHA to execute the contract to sell the subject lots at the rate of P1,500.00/square meter as provided for in the order of payment and the notice of award. He claims that the award of attorney's fees in his favor was only incidental to the main relief of specific performance; and argues that the Government abandons its sovereign capacity and is treated like any other corporations whenever it enters into a commercial transaction.<sup>[24]</sup>

### **Ruling of the Court**

The appeal is partly meritorious.

First of all, the mantle of the State's immunity from suit did not extend to the NHA