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THIRD DIVISION

[G.R. No. 200491, June 09, 2014]

KASAMAKA-CANLUBANG, INC., REPRESENTED BY PABLITO M. EGILDO, PETITIONER, VS. LAGUNA ESTATE DEVELOPMENT CORPORATION, RESPONDENT.

D E C I S I O N

PERALTA, J.:

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to reverse and set aside the Decision[1] and Resolution,[2] dated June 27, 2011 and January 31, 2012, respectively, of the Court of Appeals (*CA*) in CA-G.R. SP No. 110585.

The antecedents follow.

Respondent Laguna Estate Development Corporation (*LEDC*) filed a request with the Ministry of Agrarian Reform (now Department of Agrarian Reform) for the conversion of ten (10) parcels of land consisting of an aggregate area of 216.7394 hectares located in the Province of Laguna from agricultural to residential land, pursuant to Republic Act (*RA*) No. 3844, as amended by Presidential Decree (*P.D.*) No. 815.[3] On June 4, 1979, then Minister Conrado F. Estrella issued an Order granting respondent's request provided that certain conditions are complied with, one of which was that the development of the site shall commence within two (2) years from receipt of the order of conversion.[4]

On July 4, 2004, petitioner KASAMAKA-Canlubang, Inc. filed a petition with the Department of Agrarian Reform (*DAR*) for the revocation of the conversion order, alleging that respondent failed to develop the subject parcels of land.[5] On September 25, 2006, then DAR Secretary Nasser C. Pangandaman issued an Order partially revoking the coversion order as to eight (8) out of the ten (10) parcels of land consisting of an aggregate area of 66.7394 hectares, all registered in the name of Canlubang Sugar Estate.[6] The remaining two (2) parcels of land, each registered in the names of respondent LEDC and Jose Yulo, Jr., were excluded from the revocation by virtue of a DAR Exemption Order issued on June 26, 1992, which removed said lands from the ambit of RA No. 6657, otherwise known as the *Comprehensive Agrarian Reform Law* (*CARL*) of 1998.[7]

Respondent then filed a motion for reconsideration, alleging that the eight (8) parcels of land in question are likewise outside the ambit of the CARL on the basis of zoning ordinances issued by the municipalities concerned reclassifying said lands as non-agricultural.[8] On June 10, 2008, the DAR, through its Center for Land Use Policy, Planning and Implementation (*CLUPPI*) Committee-A, field officials and personnel, and representatives of both respondent and petitioner conducted an

ocular inspection of the subject lands and found that out of the eight (8) parcels of land, two (2) parcels of land, particularly Lot No. 2-C under TCT No. 82523 and Lot No. 1997-X-A under TCT No. T-82517, remained undeveloped.[9] Despite this, however, the CLUPPI Committee-A declared that, with the exception of one (1) parcel of land, specifically Lot No. 1-A-4 under TCT No. T-82586, respondent failed to substantially comply with the condition of the conversion order to develop the eight (8) subject parcels of land. On August 8, 2008, DAR Secretary Pangandaman issued an Order affirming his previous Order with the exception of the land under TCT No. T-82586, as concluded by the CLUPPI Committee-A.[10]

Aggrieved, respondent filed an appeal with the Office of the President (*OP*), which granted the same in a Decision dated March 23, 2009 and declared the remaining seven (7) parcels of land in question exempt from the coverage of the CARL and reinstated the Conversion Order dated June 4, 1979.[11] The Motion for Reconsideration filed by petitioner was further denied by said Office.[12]

On October 8, 2009, petitioner filed a Petition for Review with the CA alleging that the OP erred in approving respondent's appeal in light of the findings of the DAR. On June 27, 2011, the CA dismissed the petition for lack of merit. Petitioner's Motion for Reconsideration was, subsequently, denied in the CA Resolution dated January 31, 2012. Hence, this petition filed by petitioners raising the following issues:

I

> THE HONORABLE COURT OF APPEALS X X X ERRED IN RULING THAT THE UNDEVELOPED AREAS OF THE LANDHOLDINGS SUBJECT OF THE ESTRELLA CONVERSION ORDER DATED JUNE 4, 1979 COULD NO LONGER BE CONSIDERED AGRICULTURAL LANDS.[13]

II

> THE HONORABLE COURT OF APPEALS X X X FAILED TO CONSIDER THAT THE AFORESAID ESTRELLA CONVERSION ORDER AND THE MUNICIPAL ZONING ORDINANCES AS CLAIMED BY [RESPONDENT] RECLASSIFYING THE SUBJECT LANDHOLDING TO NON-AGRICULTURAL USES PRIOR TO THE PASSAGE OF REPUBLIC ACT NO. 6657 DID NOT *IPSO FACTO* CHANGE THE NATURE OF EXISTING AGRICULTURAL LANDS OR THE LEGAL RELATIONSHIP THEN EXISTING OVER SUCH LANDS.[14]

Petitioner contends that the CA failed to consider the findings of the DAR, through its ocular investigation, that there are significant areas of the subject parcels of land which remain undeveloped. On the basis of said investigations, DAR Secretary Pangandaman revoked the order of conversion pertaining to the seven (7) out of the ten (10) lands in question. By claiming that the burden of proof shifted to the respondent, petitioner maintains that respondent failed to overcome the same by proving substantial compliance with the conditions of the order of conversion.[15]

Petitioner further argues that the municipal zoning ordinances classifying the

disputed lands to non-agricultural did not change the nature and character of said lands from being agricultural, much less affect the legal relationship of the farmers and workers of the Canlubang Sugar Estate then existing prior to the granting of the order of conversion and the passage of the municipal zoning ordinances.[16]

We disagree.

Time and again, this Court has reiterated the well-established rule that findings of fact by the CA are accorded the highest degree of respect, conclusive on the parties, which will generally not be disturbed on appeal.[17] Such findings are likewise binding and conclusive on this Court. Moreover, under the Rules of Court and the 1997 Rules of Civil Procedure, only questions of law may be raised in a petition for review on *certiorari*.[18] The jurisdiction of this Court is, therefore, limited only to the review of errors of law allegedly committed by the CA.[19]

This rule, however, admits of certain exceptions, wherein this Court may alter, modify or even reverse the finding of the CA, to wit:

> (1) when the conclusion is a finding grounded entirely on speculation, surmises and conjectures; (2) when the inference made is manifestly mistaken, absurd and impossible; (3) where there is a grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admission of both appellant and appellee; (7) when the findings are contrary to those of the trial court; (8) when the findings of fact are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) when the findings of fact of the Court of Appeals are premised on the supposed absence of evidence and contradicted by the evidence or record.[20]

In the case at hand, whether respondent complied with the condition imposed by the order of conversion is a question of fact which necessitates an examination of the probative value of the evidence presented by the parties, their relation to each other, and the probabilities of the situation.[21] But this Court is not a trier of facts. For this reason, We have held that when the findings of the CA are supported by substantial evidence, they are conclusive on the parties. As shall be explained below, We find no compelling reason to disturb the factual findings of the CA here. In the absence of any showing that the present case falls under the aforementioned exceptions calling for a re-evaluation of evidence, We refrain from disturbing the findings of fact by the CA.

In its Decision, the CA ruled that DAR Secretary Pangandaman, in arriving at his August 8, 2008 Order, merely relied on the deliberation of the CLUPPI Committee, despite the inconsistency disclosed by said Committee's ocular inspection report.[22] Such ocular inspection report stated that "out of the eight (8) parcels of land, Lot No. 2-c under TCT No. 82523 x x x and Lot No. 1997-X-A under TCT No. T-

82517 x x x, remained undeveloped. In other words, six (6) out of the eight (8) parcels of land have been developed. Yet the DAR Secretary issued an Order affirming his revocation of the conversion of the subject lands with the exception of the lot under TCT No. T-82586.[23] Thus, DAR Secretary Pangandaman effectively revoked seven (7) out of the eight (8) parcels of land, in stark contrast with the findings of the ocular inspection report.[24] Had the DAR Secretary based his Order on the ocular report findings, the revocation should have affected only two (2) out of the eight (8) parcels of land. Clearly, there is an inconsistency between the Order and the ocular report. We, therefore, agree with the CA when it ruled that it cannot sustain the DAR Secretary's revocation due to the fact that the same was based on inconsistent findings.

In addition, petitioner makes mention of an Order issued by the DAR on September 4, 1975 which requires an applicant of a conversion order to *develop* the property converted within two (2) years.[25] Petitioner also cites an ocular inspection conducted on June 27-29, 2005 as well as certain findings of the CLUPPI Committee, which states that a large portion of the disputed lands herein remain to be developed. However, the CA maintained that petitioner failed to attach these documents, along with other pertinent evidence, such as respondent's original site development plan *vis-à-vis* the level of accomplishment or completion.[26] We believe that this failure of the petitioner to attach supporting evidence is fatal. The petitioner, contrary to its assertion, had the burden to prove by substantial evidence, the allegations on which its complaint was based.[27] However, in failing to submit convincing and satisfactory proof, petitioner failed to overcome the burden of proving respondent's non-compliance with the conversion order.

It is worth mentioning that while respondent did not have the burden of proof, the Office of the President found that it had presented satisfactory evidence showing that it, indeed, commenced development works on the properties, to wit:

> In its Supplemental Motion for Partial Reconsideration dated April 23, 2007, ***respondent-appellant submitted documents showing the developments in the remaining properties. Road networks already existed, and were intended for subdivision projects. Even the Ocular Inspection Report dated June 10, 2008 confirmed the existence of improvements over the remaining properties: "x x x Other lots have concrete roads, drainage, and electrification. x x x."***
>
> ***It is also notable that there were other activities being conducted on the remaining properties, which prompted petitioner-appellee to seek issuance of a Cease and Desist Order x x x.***
>
> ***Such acts constitute activities leading to the further development of the remaining properties.*** After all, the fifth term and condition of the Conversion Order dated June 4, 1979 was to commence the development of the site ***"within two (2) years from receipt of the order of conversion." Out of the 216.7396 hectares approved for conversion into a subdivision project by DAR in 1979, only 60.8374 hectares, more or less, remain to be developed***. x x x It is

common knowledge that subdivision developments are usually undertaken in phases.

x x x x

x x x As the June 10, 2008 findings of the Ocular Inspection revealed, TCT No. T-82586 has been cancelled and was already registered in the name of Fairway Villas Development Corporation; TCT Nos. T-82524, T-82579, T-82582, T-82584, and T-82585 has been either conveyed or transferred to other persons or corporations as of 1977. These facts bolster the contention that said properties are, indeed, excluded from CARP coverage. Having been converted into a residential subdivision by virtue of the June 4, 1979 Order x x x, the remaining properties can no longer be subjected to compulsory coverage. x x x.[28]

Thus, considering the insufficiency of evidence presented by the petitioner, the inconsistencies in the findings of the DAR, and the satisfactory substantiations of the respondent, We find no reason to reverse the findings of the CA.

It bears stressing that the preceding discussion, notwithstanding, the disputed lands have already been removed from the ambit of the CARL on the basis of zoning ordinances of the concerned municipalities reclassifying said lands as non-agricultural, as noted by the Office of the President, *viz*.:

Moreover, current developments would show that the zoning classification where the remaining properties are situated is within the Medium Density Residential Zone. Records reveal certifications in support of the remaining properties' exclusion from CARP coverage, such as (1) ***Two Certificate of Zoning Classification*** dated October 18, 2006 issued by the Mayor and Zoning Administrator of the City of Calamba for TCT No. T-82517; (2) ***Two Certifications of the Municipal Planning and Development Coordinator for the Municipality of Cabuyao, Province of Laguna,*** both dated October 16, 2006, for TCT Nos. 82523, 82524, 82579, 82582, 82584, 82585, and 82586; and (3) ***Certification from the HLURB*** dated October 16, 2008 that Municipal Ordinance No. 110-54, Series of 1979 (Ordinance Adopting Comprehensive Zoning Regulations for the Municipality of Calamba, Province of Laguna and Providing for the Administration, Enforcement and Amendment Thereof and for the Repeal of all Ordinances in Conflict Therewith) accepted by the Sangguniang Bayan of Cabuyao on November 3, ***1979*** was conditionally approved by the Human Settlements Regulatory Commission (now HLURB) under Resolution No. 38-2 dated June 25, 1980.[29]

The power of the cities and municipalities, such as the Municipality of Calamba, to adopt zoning ordinances or regulations converting lands into non-agricultural cannot be denied. In *Buklod ng Magbubukid sa Lupaing Ramos, Inc. v. E. M. Ramos and*