Supreme Court E-Library

THIRD DIVISION

[G.R. No. 110478.[1] October 15, 2007]

FERMIN MANAPAT, *petitioner, vs.* **COURT OF APPEALS and NATIONAL HOUSING AUTHORITY,** *respondents.*

[G.R. No. 116176. October 15, 2007]

DOMINGO LIM, *petitioner, vs.* **COURT OF APPEALS and NATIONAL HOUSING AUTHORITY,** *respondents.*

[G.R. No. 116491-503. October 15, 2007]

NATIONAL HOUSING AUTHORITY, *petitioner, vs.* **MAXIMO LOBERANES, ELADIO QUIMQUE, CESARIO VEGA, JUANITO SANTOS, ALEJANDRO ORACION and GONZALO MERCADO,** *respondents.*

SYLLABUS

1. POLITICAL LAW; INHERENT POWERS OF THE STATE; EMINENT DOMAIN; EXPLAINED. — The power of eminent domain is an inherent and indispensable power of the State. Also called the power of expropriation, it is described as "the highest and most exact idea of property remaining in the government" that may be acquired for some public purpose through a method "in the nature of a compulsory sale to the State." By virtue of its sovereign character, the exercise of the power prevails over the non-impairment clause, and is clearly superior to the final and executory judgment rendered by a court in an ejectment case. Being inherent, the power need not be specifically conferred on the government by the

[1] Initially, this case was given additional 11 docket numbers, 110482-93, due to the fact that the decision of the CA indicated that it involved 12 consolidated expropriation cases. After perusing the records, however, the Court in the September 20, 1993 Resolution ordered the deletion of the additional docket numbers for it found that petitioner Manapat filed his appeal only in his behalf and not of the other parties in the CA consolidated cases (*see rollo*, G.R. No. 110478, pp. 109-111).

Supreme Court E-Library

Constitution. Section 9, Article III of the Constitution, which mandates that "private property shall not be taken for a public use without just compensation," merely imposes a limit on the government's exercise of the power and provides a measure of protection to the individual's right to property. Just like its two companion fundamental powers of the State, the power of eminent domain is exercised by the Legislature. However, it may be delegated by Congress to the President, administrative bodies, local government units, and even to private enterprises performing public services. Albeit the power partakes of a sovereign character, it is by no means absolute. Its exercise is subject to limitations, one of which is, precisely, Section 9, Article III of the Constitution.

2. ID.; ID.; ID.; REQUISITES FOR THE VALID EXERCISE OF EMINENT DOMAIN; SUBJECT PARCELS OF LAND ARE PRIVATE PROPERTY; QUESTION OF GENUINE NECESSITY IS ESSENTIALLY A POLITICAL QUESTION. — Over the years and in a plethora of cases, this Court has recognized the following requisites for the valid exercise of the power of eminent domain: (1) the property taken must be private property; (2) there must be genuine necessity to take the private property; (3) the taking must be for public use; (4) there must be payment of just compensation; and (5) the taking must comply with due process of law. Accordingly, the question that this Court must resolve is whether these requisites have been adequately addressed. It is incontrovertible that the parcels of land subject of these consolidated petitions are private property. Thus, the first requisite is satisfied. With respect to the second, it is well to recall that in *Lagcao v. Judge Labra*, we declared that the foundation of the right to exercise eminent domain is genuine necessity, and that necessity must be of a public character. As a rule, the determination of whether there is genuine necessity for the exercise is a justiciable question. However, when the power is exercised by the Legislature, the question of necessity is essentially a political question. Thus, in *City of Manila v. Chinese Community*, we held: The legislature, in providing for the exercise of the power of eminent domain, may directly determine the necessity for appropriating private property for a particular improvement for public use, and it may select the exact location of the improvement. In such a case, it is well-settled that the utility of the proposed improvement, the extent of the public necessity for its

construction, the expediency of constructing it, the suitableness of the location selected and the consequent necessity of taking the land selected for its site, are all questions exclusively for the legislature to determine, and the courts have no power to interfere, or to substitute their own views for those of the representatives of the people. In the instant cases, the authority to expropriate came from Presidential Decree No. 1072, issued by then President Ferdinand E. Marcos in 1977. At that time, and as explicitly recognized under the 1973 Constitution, President Marcos had legislative powers. Perforce, the expropriation of the subject properties — identified with specificity in the P.D. — was directed by legislation. The issue of necessity then assumed the nature of a political question.

3. ID.; ID.; ID.; GOVERNMENT'S "SOCIALIZED HOUSING" PROGRAM IS COMPLIANT WITH THE "PUBLIC USE" REQUIREMENT, IT BEING A PROGRAM CLEARLY DEVOTED TO A "PUBLIC PURPOSE." — As to the third requisite of "public use," we examine the purpose for which the expropriation was undertaken by NHA. As set forth in its petition, NHA justifies the taking of the subject property for the purpose of improving and upgrading the area by constructing roads and installing facilities thereon under the Government's zonal improvement program and subdividing them into much smaller lots for distribution and sale at a low cost to qualified beneficiaries, mostly underprivileged long-time occupants of Grace Park. Around 510 families with approximately 5 members each will be benefited by the project. The only remaining obstacle in the completion of this project is the lots subject of these consolidated petitions as the other lots in Grace Park have already been expropriated. The Zonal Improvement Program (ZIP), being implemented for government by NHA, draws breath from policy mandates found in the 1987 Constitution. It is an integral part of the government's "socialized housing" program which, in *Sumulong v. Guerrero*, we deemed compliant with the "public use" requirement, it being a program clearly devoted to a "public purpose." It need only be added, at this juncture, that the "public use" requisite for the valid exercise of the power of eminent domain is a flexible and evolving concept influenced by changing conditions. At present, it may not be amiss to state that whatever is beneficially employed for the general welfare satisfies the requirement of public use.

Supreme Court E-Library

4. ID.; ID.; ID.; "PUBLIC USE," AS A REQUISITE FOR THE EXERCISE OF EMINENT DOMAIN HAS BEEN ADEQUATELY FULFILLED IN CASE AT BAR; "PUBLIC USE" INCLUDES THE BROADER NOTION OF INDIRECT PUBLIC BENEFIT OR ADVANTAGE INCLUDING IN PARTICULAR, URBAN LAND REFORM AND HOUSING. — Petitioner Manapat insists that, being himself a beneficiary of the expropriation (because he has been a long-time resident of Grace Park), it would be incongruous for government to take his land away from him only to give it back to him. This contention sadly fails to comprehend the public purpose for the taking under the "socialized housing" program. The parcels of land subject of the expropriation are, precisely, being taken so that they can be subdivided into much smaller lots — at an average of 66.5 square meters per lot — for distribution to deserving dwellers in the area. Upon the completion of the project, Manapat, and those similarly situated as he, cannot assert any right to be awarded the very same lots they currently occupy, nor be entitled to the same area of the land they now have. Then, we have petitioner Lim and respondents Vega, Santos, Oracion, and Mercado, who argue that the lots they own should not be expropriated are already titled in their names and are very small in area, being already the subdivided portions of the original Grace Park Subdivision. We are not persuaded. *J. M. Tuason & Co., Inc. v. Land Tenure Administration* is instructive. In that case, this Court adopted the dissenting opinion of Justice J. B. L. Reyes in *Republic v. Baylosis*, that the propriety of exercising the power of eminent domain cannot be determined on a purely quantitative or area basis, given that the Constitution speaks of *lands*, not of *landed estates*. In a more recent decision, we had occasion to declare that the fact that the property is less than ½-hectare and that only a few would actually benefit from the expropriation does not diminish its public use character, inasmuch as "public use" now includes the broader notion of indirect public benefit or advantage, including in particular, urban land reform and housing. The Court's departure from the land size or area test finds further affirmation in its rulings in *Mataas na Lupa Tenants Association, Inc. v. Dimayuga* and the aforecited *Sumulong v. Guerrero*. Given this discussion, it is clear that "public use," as a requisite for the exercise of eminent domain in the instant cases, has been adequately fulfilled.

Supreme Court E-Library

5. ID.; ID.; ID.; DETERMINATION OF AMOUNT OF JUST COMPENSATION IS A JUDICIAL PREROGATIVE; PRESENT PETITION IS AN ATTESTATION ENOUGH THAT PETITIONERS WERE NOT DENIED DUE PROCESS OF LAW. — To satisfy the fourth requisite, we affirm the appellate court's disposition that the subject cases be remanded to the trial court for the determination of the amount of just compensation. Under case law, the said determination is a judicial prerogative. As to the observance of the fifth requisite, the due process clause, in the expropriation proceedings, all the parties have been given their day in court. That they are now before this Court is attestation enough that they were not denied due process of law.

6. ID.; ID.; ID.; URBAN DEVELOPMENT HOUSING ACT OF 1992 (R.A. NO. 7279) IS NOT APPLICABLE IN CASE AT BAR UNDER THE PRINCIPLE THAT LAWS SHALL NOT HAVE NO RETROACTIVE EFFECT UNLESS THE CONTRARY IS PROVIDED; THE LAW WAS ENACTED ALMOST TWO DECADES AFTER THE EXPROPRIATION CASES AGAINST THE PROPERTY OWNERS WERE INSTITUTED. — The Court is not unaware of the condition now imposed by R.A. No. 7279 that, for purposes of urban development and housing under the Act, where expropriation is resorted to, parcels of land owned by small property owners shall be exempted. "Small property owners" are owners of residential lands with an area not exceeding 300 sq. m. in highly urbanized cities and 800 sq. m. in other urban areas and who do not own any other real property. Invoking this limitation under the said law, the appellate court in the questioned rulings exempted from expropriation the lots owned by Loberanes, Quimque, Mercado, Vega and Santos, and partially exempted the lot of Oracion. The CA's ruling on this point is incorrect. R.A. No. 7279 was enacted in 1992, almost two decades after the expropriation cases against the property owners herein were instituted with the RTC in 1977. *Nova constitutio futuris formam imponere debet, non praeteritis*. A new statute should affect the future, not the past. The law looks forward, not backward. Article 4 of the Civil Code even explicitly declares, "(l)aws shall have no retroactive effect, unless the contrary is provided." In these consolidated cases, the Court finds that the language of R.A. No. 7279 does not suggest that the Legislature has intended its provisions to have any retroactive

Supreme Court E-Library

application. On the contrary, Section 49 of the said law indicates that it "shall take effect upon its publication in at least two (2) national newspapers of general circulation." The law's prospective application being clearly stated, the Court cannot agree with the disposition of the appellate court that the subject lots not exceeding 300 sq. m. are exempt from expropriation.

APPEARANCES OF COUNSEL

Manuel T. Ubarra for F. Manapat.
Severo C. Oebanda, Jr. for D. Lim.
Roberto T. Neri & *Fernandez Pacheco* & *Dizon Law Offices* for R. Guanzon, *et al.*
Abundio Villar for Loberanes & Quimque.
Rafael Viola for Vega & Santos.
Americo Acosta for Oracion & Mercado.
Office of the Government Corporate Counsel for NHA.

D E C I S I O N

NACHURA, *J.*:

For the resolution of the Court are three consolidated petitions for review on *certiorari* under Rule 45 of the Rules of Court. G.R. No. 110478 assails the May 27, 1993 Decision[2] of the Court of Appeals (CA) in CA-G.R. CV Nos. 10200-10212. G.R. No. 116176 questions the June 28, 1994 Decision[3] of the appellate court in CA-G.R. CV No. 27159. G.R. Nos. 116491-503 assails the March 2, 1994 and the July 25, 1994 Resolutions[4] of the CA also in CA-G.R. CV Nos. 10200-10212.

---

[2] Penned by Associate Justice Eduardo G. Montenegro, with Associate Justices Arturo B. Buena (who later became Associate Justice of this Court) and Regina G. Ordoñez-Benitez, concurring; *rollo*, G.R. No. 110478, pp. 48-69.

[3] Penned by Associate Justice Eugenio S. Labitoria, with Associate Justices Emeterio C. Cui and Fermin A. Martin, Jr., concurring; *rollo*, G.R. No. 116176, pp. 20-31.

[4] Both penned by Associate Justice Eduardo G. Montenegro, with Associate Justices Arturo B. Buena (who later became Associate Justice of this Court) and Cezar D. Francisco, concurring; *rollo*, G.R. Nos. 116491-503, pp. 66-74 and 76-81.

Supreme Court E-Library

The three-decade saga of the parties herein has for its subject parcels of land forming part of what was originally known as the Grace Park Subdivision in Caloocan City and formerly owned by the Roman Catholic Archbishop of Manila (RCAM) and/or the Philippine Realty Corporation (PRC).

The Facts

Sometime in the 1960's, RCAM allowed a number of individuals to occupy the Grace Park property on condition that they would vacate the premises should the former push through with the plan to construct a school in the area. The plan, however, did not materialize, thus, the occupants offered to purchase the portions they occupied. Later, as they could not afford RCAM's proposed price, the occupants, organizing themselves as exclusive members of the Eulogio Rodriguez, Jr. Tenants Association, Inc., petitioned the Government for the acquisition of the said property, its subdivision into home lots, and the resale of the subdivided lots to them at a low price.[5]

Acting on the association's petition, the Government, in 1963, through the Land Tenure Administration (LTA), later succeeded by the People's Homesite and Housing Corporation (PHHC), negotiated for the acquisition of the property from RCAM/PRC. But because of the high asking price of RCAM and the budgetary constraints of the Government, the latter's effort to purchase and/or to expropriate the property was discontinued. RCAM then decided to effect, on its own, the subdivision of the property and the sale of the individual subdivided lots to the public.[6] Petitioners Manapat and Lim and respondents Loberanes, Quimque, Vega, Santos, Oracion and Mercado in these consolidated cases were among those who purchased individual subdivided lots of Grace Park directly from RCAM and/or PRC.[7]

A significant turn of events however happened in 1977 when the late President Ferdinand E. Marcos issued Presidential Decree

---

[5] *Rollo*, G.R. Nos. 116491-503, pp. 27-28.

[6] *Id.* at 28-29.

[7] *Rollo*, G.R. No. 110478, p. 14; *rollo*, G.R. No. 116176, p. 11; *rollo*, G.R. Nos. 116491-503, pp. 13-14.

Supreme Court E-Library

(PD) No. 1072,[8] appropriating ₱1.2M out of the President's Special Operations Funds to cover the additional amount needed for the expropriation of Grace Park. The National Housing Authority (NHA), PHHC's successor, then filed several expropriation proceedings over the already subdivided lots for the purpose of developing Grace Park under the Zonal Improvement Program (ZIP) and subdividing it into small lots for distribution and resale at a low cost to the residents of the area.[9] The following cases were filed by the NHA with the

---

[8] PD No. 1072 substantially states as follows:

x x x x x x x x x

APPROPRIATING THE AMOUNT OF ONE MILLION TWO HUNDRED THOUSAND PESOS TO COVER THE ADDITIONAL AMOUNT NEEDED FOR THE EXPROPRIATION OF 51 LOTS OF THE GRACE PARK SUBDIVISION IN CALOOCAN CITY

WHEREAS, upon petition of the occupants, the defunct People's Homesite and Housing Corporation authorized on November 27, 1964, the expropriation of 51 lots of Block 157, 158 and 159 of the Grace Park Subdivision situated in Caloocan City, totaling 18,427.5 sq. m., and requested the Office of the President the sum of Six Hundred Forty Five Thousand (₱645,000.00) Pesos needed to acquire that said lots at ₱35.00 per square meter.

WHEREAS, the Treasurer of the Philippines was able to release the requested sum of ₱645,000.00 to the National Housing Authority only on February 12, 1976, at which time the market value of the said lots had increased from ₱35.00 per square meter to an average of ₱100 per square meter, or a total of ₱1.85 million, thereby making the amount released to the National Housing Authority inadequate by One Million Two Hundred Thousand (₱1,200,000.00) Pesos.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution do hereby order and decree:

SECTION 1. The sum of One Million Two Hundred Thousand (₱1,200,000.00) Pesos is hereby appropriated out of the President's Special Operations Funds, to cover the additional amount needed to expropriate the 51 lots of Block 157, 158 and 159 of the Grace Park Subdivision in Caloocan City, for resale to the bona fide occupants therein.

SECTION 2. This Decree shall take effect immediately.

Done in the City of Manila, this 25th day of January, in the year of Our Lord, nineteen hundred and seventy-seven.

[9] *Rollo*, G.R. Nos. 116491-503, pp. 29-33.

Supreme Court E-Library

Regional Trial Court (RTC) of Caloocan City: C-6225, C-6226, C-6227, C-6228, C-6229, C-6230, C-6231, C-6232, C-6233, C-6234, C-6235, C-6236, C-6237, C-6238, C-6255 and C-6435.[10]

After due proceedings, the trial court rendered separate decisions dismissing the expropriation cases, with the exceptions of Cases Nos. C-6233 and C-6236 in which it ordered the condemnation of the involved lots.[11] On motion for reconsideration by the NHA in Cases Nos. C-6227, C-6228, C-6230, C-6234, C-6235, C-6238 and C-6255, the trial court later amended its decision, set aside its dismissal of the said cases, ordered the condemnation of the involved lots and fixed the amount of just compensation at ₱180.00 per square meter. In Cases Nos. C-6225, C-6229, C-6231, C-6232, C-6237 and C-6435, the RTC however denied NHA's motion for reconsideration.[12]

NHA eventually appealed to the CA the decisions in Cases Nos. C-6225, C-6229, C-6231, C-6232, C-6237 and C-6435 on the issue of the necessity of the taking, and the amended ruling in Cases Nos. C-6227, C-6228, C-6230, C-6234, C-6235, C-6238 and C-6255 on the issue of just compensation.[13] The CA consolidated the appeals and docketed them as **CA-G.R. CV No. 10200-10212**. NHA likewise filed with the CA an appeal from the decision in C-6226, which was docketed as **CA-G.R. CV No. 27159**.

On **May 27, 1993**, the appellate court rendered its Decision[14] in **CA-G.R. CV No. 10200-10212** disposing of the appealed cases as follows:

WHEREFORE, premises considered, judgment is hereby rendered:

1) Reversing and setting aside the decisions of dismissal in Cases Nos. C-6225, C-6229, C-6231, C-6232, C-6237 and C-6435; and

---

[10] *Id*. at 57-60.

[11] *Id*. at 16.

[12] *Id*. at 17-19.

[13] *Rollo*, G.R. No. 110478, p. 54.

[14] *Id*. at 48-69.

Supreme Court E-Library

in lieu thereof an order of condemnation is entered declaring that plaintiff-appellant NHA has a lawful right to take the lots involved for the public use described in the complaints;

2) Affirming the decisions in Case Nos. C-6227, C-6228, C-6234, C-6235, C-6238 and C-6255 insofar as said decision granted the expropriation; declaring that plaintiff-appellant NHA has a lawful right to take the lots involved for the public use stated in the complaint; but annulling and setting aside the just compensation fixed by the trial court at ₱180.00 per square meter in the said cases;

3) Ordering the remand of all the appealed cases, except for Case No. C-6230, to the trial court for determination of the just compensation to which defendants are entitled in accordance with Rule 67 of the Revised Rules of Court;

4) Finding the compromise agreement in Case No. C-6230, entitled, "*NHA v. Aurora Dy dela Costa, et al.*" in accordance with law, and not contrary to morals or public policy, and rendering judgment in accordance therewith;

5) Ordering Remedios Macato to be joined as defendant with Julia C. Diaz in Case No. C-6227.

No pronouncement as to costs.

SO ORDERED.[15]

Rosemarie and Dolores Guanzon, two of the owners of the lots in C-6225, filed before this Court a petition for review on *certiorari* of the aforesaid decision of the appellate court [Their petition was docketed as G.R. Nos. 110462-74]. On September 5, 1994, we dismissed their petition for failure to sufficiently show that the CA had committed any reversible error in the challenged decision.[16] An Entry of Judgment was issued on February 2, 1995.[17]

Likewise, Julia Diez and Remedios Macato, the owners of the lots in C-6227, assailed before us the afore-quoted CA decision through a petition under Rule 45. On July 28, 1993, however,

---

[15] *Id*. at 68.

[16] *Rollo*, G.R. Nos. 110462-74, pp. 99-100.

[17] *Id*. at 263-264.

Supreme Court E-Library

in G.R. No. 110770, we denied their Motion for Extension of Time to file a petition for review on *certiorari* for their failure to submit an affidavit of service of the motion as required by Circular No. 19-91.[18] After denying their motion for reconsideration,[19] we issued an Entry of Judgment on August 27, 1993.[20]

Petitioner Manapat, the defendant-landowner in C-6229, also elevated the case before us via a petition for review on *certiorari* docketed as **G.R. No. 110478**.[21] We initially dismissed this petition for having been filed out of time,[22] but we reinstated it on motion for reconsideration.[23]

In the meantime, the other defendants-landowners in the expropriation cases — RCAM/PRC in C-6225, Maximo Loberanes and Eladio Quimque in C-6231, Alejandro Oracion, Gonzalo Mercado, Cesario Vega and Juanito Santos in C-6435, and Remedios Macato in C-6227 — moved for the reconsideration of the said May 27, 1993 Decision of the CA.[24] In the **March 2, 1994 Resolution**,[25] the appellate court resolved the motions in this wise:

> WHEREFORE, premises considered, the motion for reconsideration of movants Roman Catholic Archbishop of Manila and Philippine Realty Corporation (in Special Civil Action No. 6225) and movant-intervenor Remedios Macato (in Special Civil Action No. 6227) are DENIED.
>
> The motions for reconsideration of movants Gonzalo Mercado, Cesario Vega and Juanito Santos (in Special Civil Action No. 6435) and movants Maximo Loberanes and Eladio Quimque (in Special Civil Action No. 6231) are GRANTED. The motion for

---

[18] *Rollo*, G.R. No. 110770, p. 3.

[19] *Id*. at 18.

[20] *Id*. at 207.

[21] *Rollo*, G.R. No. 110478, p. 10-46.

[22] *Id*. at 101.

[23] *Id*. at 109-111.

[24] *Rollo*, G.R. No. 116491-503, p. 67.

[25] *Id*. at 66-74; *supra* note 5.

Supreme Court E-Library

reconsideration of movant Alejandro Oracion (in Special Civil Action No. 6435) is partially granted to the extent of Three Hundred (300) square meters of Lot 22, Block 157. The decision of this Court promulgated May 27, 1993 is accordingly MODIFIED. Lot No. 26, Block No. 157 owned by Cesario Vega and Juanito Santos, and Lot No. 4, Block No. 157 owned by Maximo Loberanes and Eladio Quimque are declared exempt from expropriation and the corresponding complaints for expropriation (*sic*) DISMISSED insofar as said lots are concerned. Lot No. 22, Block No. 157 owned by movant Alejandro Oracion is declared exempt from expropriation to the extent of Three Hundred (300) square meters. Only the remaining Ninety (90) square meters shall be the subject of expropriation, the portion to be determined by the lower court in the manner most beneficial to the owner and consistent with the objective of PD 1072.

SO ORDERED.[26]

Aggrieved by the said March 2, 1994 CA Resolution specifically with regard to the exemption from expropriation of the lots of Loberanes, Quimque, Mercado, Vega and Santos, and the partial exemption of the lot of Oracion, NHA moved for the reconsideration of the same. In the subsequent **July 25, 1994 Resolution**,[27] the appellate court denied NHA's motion, together with the belated motion of Vivencio S. de Guzman, the defendant-landowner in C-6255. The dispositive portion of the July 25, 1994 Resolution reads:

WHEREFORE, the motions for reconsideration of defendant-appellant Vivencio S. de Guzman of the decision promulgated May 27, 1993 and of plaintiff-appellant National Housing Authority of the resolution promulgated March 2, 1994 are DENIED.

SO ORDERED.[28]

With the denial of its motion for reconsideration, NHA filed with this Court a Consolidated Petition for Review[29] under Rule

---

[26] *Id*. at 74.

[27] *Id*. at 76-81; *supra* note 5.

[28] *Id*. at 81.

[29] *Id*. at 11-55.

Supreme Court E-Library

45, as aforesaid, assailing the March 2, 1994 and the July 25, 1994 Resolutions of the appellate court. NHA's petition was docketed as **G.R. Nos. 116491-503** against respondents Loberanes and Quimque (in C-6231), Vega, Santos, Oracion and Mercado (in C-6435).

In a separate development, the CA, on June 28, 1994, rendered its Decision[30] in **CA-G.R. CV No. 27159**, reversing the RTC's ruling in C-6226. The *fallo* of the decision reads:

> WHEREFORE, FOREGOING PREMISES CONSIDERED, the appealed decision dated October 29, 1986 is hereby REVERSED for want of merit. Let the record of this case be remanded to the court of origin for further proceedings.
>
> IT IS SO ORDERED.[31]

Discontented with the appellate court's ruling, petitioner Domingo Lim, one of the owners of the lots subject of C-6226, elevated the case to us via a petition for review on *certiorari* docketed as **G.R. No. 116176**.[32]

The Issues

Thus, for resolution by this Court are the following consolidated cases: (1) **G.R. No. 110478** of Manapat; (2) **G.R. Nos. 116491-503** of the NHA; and (3) **G.R. No. 116176** of Lim.

In **G.R. No. 110487**, petitioner Manapat argues in the main that, as he is also a member of the tenant association, the beneficiary of the expropriation, it would be incongruous to take the land away from him only to give it back to him as an intended beneficiary. Accordingly, the CA, in its **May 27, 1993 Decision** in **CA-G.R. CV No. 10200-10212**, should not have allowed the expropriation of his lot. To further support his stance, Manapat raises the following grounds:

---

[30] *Supra* note 4.

[31] *Rollo*, G.R. No. 116176, p. 12.

[32] *Id*. at 7-18.

Supreme Court E-Library

I

THE COURT OF APPEALS ERRED IN HOLDING THAT THE ISSUANCE MADE IN THE EXERCISE OF LEGISLATIVE POWER, SPECIFYING THE LOTS TO BE EXPROPRIATED AND THE PURPOSE FOR WHICH THEY ARE INTENDED, REMOVES FROM THE JUDICIARY THE DETERMINATION OF THE NECESSITY OF THE TAKING, THERE BEING NO SHOWING OF ABUSE OF DISCRETION.[33]

II

SUPERVENING EVENT RENDERS IMPROPER THE DISPOSITION BY THE COURT OF APPEALS FOR AN ORDER OF CONDEMNATION DECLARING THAT NHA HAS A LAWFUL RIGHT TO TAKE THE LOT OF FERMIN MANAPAT FOR SUPPOSED PUBLIC USE AND FOR REMAND OF HIS CASE TO THE TRIAL COURT FOR DETERMINATION OF JUST COMPENSATION.[34]

III

THE COURT OF APPEALS SHOULD HAVE CONSIDERED THAT FERMIN MANAPAT IS NOT ONLY A BONA FIDE OCCUPANT IN THE GRACE PARK SUBDIVISION FOR PURPOSES OF P.D. 1072 BUT LIKEWISE HAS A TRANSFER CERTIFICATE OF TITLE NO. 42370 OF THE REGISTRY OF DEEDS FOR THE CITY OF CALOOCAN OVER THE SAME LOT SOUGHT TO BE EXPROPRIATED WHICH SHOULD NOT BE SUBJECT TO COLLATERAL ATTACK AS DISPOSED BY THE COURT OF APPEALS.[35]

IV

THE COURT OF APPEALS SHOULD HAVE CONSIDERED THAT THE EVENTUAL BENEFICIARIES OF ITS BENEVOLENT EXPROPRIATION ARE SQUATTERS.[36]

NHA, in its petition in **G.R. Nos. 116491-503**, primarily contends that the CA erred when it issued its **March 2, 1994**

[33] *Rollo*, G.R. No. 110478, p. 28.

[34] *Id*. at 40.

[35] *Id*. at 41.

[36] *Id*. at 42.

Supreme Court E-Library

Resolution and modified the **May 27, 1993 Decision** in **CA-G.R. CV No. 10200-10212** to the extent that it applied retroactively Article VI, Section 10 of Republic Act (R.A.) No. 7279, thus exempting from expropriation the 300-sq. m. lots of respondents Loberanes, Quimque, Vega, Santos, Oracion and Mercado. NHA summarized its arguments as follows:

I

The Honorable Court of Appeals erred in applying retroactively Article VI, Section 10 of Republic Act No. 7279 to the subject expropriation cases instituted back in 1977 by petitioner-appellant NHA.[37]

A. Republic Act 7279 passed in 1992 should operate prospectively and, therefore, should not be given retroactive effect.[38]

Republic Act 7279 is a substantive and penal law with a penalty clause which cannot apply retroactively especially to pending actions.[39]

B. Republic Act No. 7279 and PD 1072 are not *in pari materia*.[40]

The retroactive application of Article VI, Section 10 of RA 7279 will affect vested rights of petitioner-appellant NHA arising from its exercise of the power of eminent domain.[41]

II

The Honorable Court of Appeals erred in ignoring the impractical consequences resulting from a selective expropriation of lots.[42]

In **G.R. No. 116176**, petitioner Lim, a non-member of the tenant association who bought from RCAM/PRC four lots of the subdivided Grace Park Subdivision,[43] argues as follows:

---

[37] *Rollo*, G.R. No. 116491-503, p. 33.

[38] *Id*. at 35.

[39] *Id*. at 41.

[40] *Id*. at 43.

[41] *Id*. at 45.

[42] *Id*. at 47.

[43] *Rollo*, G.R. No. 116176, p. 88.

Supreme Court E-Library

1

Respondent NHA may not, as it would herein, legally re-group several smaller lots into which a much bigger lot had previously been subdivided, and consider and treat them as one again for the purpose of subdividing it once more into still smaller lots for distribution to its supposed or intended beneficiaries.[44]

2

There really was no genuine necessity for the expropriation of the lots in question to satisfy the purpose thereof as alleged in the complaint therefor.[45]

3

Respondent Court did not sustain the clear finding of the trial court that no evidence sufficient to prove its claim that the expropriation of said lots and subdividing them again into much smaller lots for resale to their present occupants would provide the latter with more healthful, decent and peaceful surroundings and thus improve the quality of their lives was ever presented by respondent NHA.[46]

Stripped of non-essentials, the petitions raise only one fundamental issue, and that is, whether the NHA may validly expropriate the parcels of land subject of these cases.

The Court's Ruling

The power of eminent domain is an inherent and indispensable power of the State. Also called the power of expropriation, it is described as "the highest and most exact idea of property remaining in the government" that may be acquired for some public purpose through a method "in the nature of a compulsory sale to the State."[47] By virtue of its sovereign character, the

---

[44] *Id* at 13.

[45] *Id* at 14.

[46] *Id* at 14-15.

[47] Isagani A. Cruz, *Constitutional Law*, 1998 ed., p. 61, quoting Black's *Law Dictionary*, 4th ed., 616.

Supreme Court E-Library

exercise of the power prevails over the non-impairment clause,[48] and is clearly superior to the final and executory judgment rendered by a court in an ejectment case.[49]

Being inherent, the power need not be specifically conferred on the government by the Constitution. Section 9, Article III of the Constitution, which mandates that "private property shall not be taken for a public use without just compensation," merely imposes a limit on the government's exercise of the power and provides a measure of protection to the individual's right to property.[50]

Just like its two companion fundamental powers of the State,[51] the power of eminent domain is exercised by the Legislature. However, it may be delegated by Congress to the President, administrative bodies, local government units, and even to private enterprises performing public services.[52]

Albeit the power partakes of a sovereign character, it is by no means absolute. Its exercise is subject to limitations, one of which is, precisely, Section 9, Article III of the Constitution.

Over the years and in a plethora of cases, this Court has recognized the following requisites for the valid exercise of the power of eminent domain: (1) the property taken must be private property; (2) there must be genuine necessity to take the private property; (3) the taking must be for public use; (4) there must be payment of just compensation; and (5) the taking must comply

---

[48] *Kabiling v. National Housing Authority*, G.R. No. 57424, December 18, 1987, 156 SCRA 623.

[49] *Filstream International Inc. v. Court of Appeals*, G.R. Nos. 125218 and 128077, January 23, 1998, 284 SCRA 716.

[50] *Republic v. Tagle*, G.R. No. 129079, December 2, 1998.

[51] The two other fundamental powers of the State are the police power and the power of taxation.

[52] Under existing laws, quasi-public corporations such as the Philippine National Railways, the PLDT and Meralco have been granted the power of expropriation.

Supreme Court E-Library

with due process of law.[53] Accordingly, the question that this Court must resolve is whether these requisites have been adequately addressed.

It is incontrovertible that the parcels of land subject of these consolidated petitions are private property. Thus, the first requisite is satisfied.

With respect to the second, it is well to recall that in *Lagcao v. Judge Labra*,[54] we declared that the foundation of the right to exercise eminent domain is genuine necessity, and that necessity must be of a public character. As a rule, the determination of whether there is genuine necessity for the exercise is a justiciable question.[55] However, when the power is exercised by the Legislature, the question of necessity is essentially a political question.[56] Thus, in *City of Manila v. Chinese Community*,[57] we held:

> The legislature, in providing for the exercise of the power of eminent domain, may directly determine the necessity for appropriating private property for a particular improvement for public use, and it may select the exact location of the improvement. In such a case, it is well-settled that the utility of the proposed improvement, the extent of the public necessity for its construction, the expediency of constructing it, the suitableness of the location selected and the consequent necessity of taking the land selected for its site, are all questions exclusively for the legislature to determine, and the courts have no power to interfere, or to substitute their own views for those of the representatives of the people.

In the instant cases, the authority to expropriate came from Presidential Decree No. 1072, issued by then President Ferdinand

---

[53] *Manotok v. National Housing Authority*, G.R. Nos. 55166-67, May 21, 1987, 150 SCRA 89, 99-100.

[54] G.R. No. 155746, October 13, 2004, 440 SCRA 279.

[55] *Bardillon v. Barangay Masili, Calamba, Laguna,* G.R. No. 146886, April 30, 2003, 402 SCRA 440; *Republic v. La Orden de Po Benedictinos,* G.R. No. L-12792, February 28, 1961, 1 SCRA 646.

[56] *Municipality of Meycauayan, Bulacan v. Intermediate Appellate Court,* G.R. No. 72126, January 29, 1988, 157 SCRA 640.

[57] 40 Phil. 349.

Supreme Court E-Library

E. Marcos in 1977. At that time, and as explicitly recognized under the 1973 Constitution, President Marcos had legislative powers. Perforce, the expropriation of the subject properties — identified with specificity in the P.D. — was directed by legislation. The issue of necessity then assumed the nature of a political question.

As to the third requisite of "public use," we examine the purpose for which the expropriation was undertaken by NHA. As set forth in its petition, NHA justifies the taking of the subject property for the purpose of improving and upgrading the area by constructing roads and installing facilities thereon under the Government's zonal improvement program and subdividing them into much smaller lots for distribution and sale at a low cost to qualified beneficiaries, mostly underprivileged long-time occupants of Grace Park. Around 510 families with approximately 5 members each will be benefited by the project.[58] The only remaining

---

[58] NHA, in its Petition in G.R. Nos. 116491-503, explains that:

x x x x x x x x x

39. Having been placed in possession of the subject properties, plaintiff prepared the development plans and detailed engineering for the area (T.S.N. of Engr. Ramon Ronquillo, pp. 14-15, March 9, 1981). The development plans as approved by the petitioner and the City Government of Caloocan City called for the construction of footpaths, roads, drainage system, water supply system and electrical system (*Id*., p. 17-18).

39.1. Such development plan was consistent with the 3rd Improvement Program of the National Government to be implemented by its various agencies and instrumentalities. In various presidential issuances, the National Government had clearly espoused an extensive national housing policy directed towards the improvement and rehabilitation of congested urban areas.

39. 2. The whole area of Grace Park Subdivision was one of the projects to be supervised by the plaintiff NHA under a zonal improvement program. As distinguished from other housing programs of the government, the zonal improvement project was into development or upgrading of the project area (T.S.N. of Engr. Ramon Ronquillo, 9 March 1981, pp. 53-55). This entailed the construction of footpaths, roads, drainage system, water supply system and electrical system (*Ibid*., p. 17-18) which would require a considerable aggregate need for open space in the congested area. Upon query of the trial court, Engr. Ramon Ronquillo testified that in totality a reasonable estimate of thirty per cent (30%) of the land area would be required for open spaces (*Ibid*., p. 130).

Supreme Court E-Library

obstacle in the completion of this project is the lots subject of these consolidated petitions as the other lots in Grace Park have already been expropriated.[59]

The Zonal Improvement Program (ZIP), being implemented for government by NHA, draws breath from policy mandates found in the 1987 Constitution.[60] It is an integral part of the

---

39.3. To implement the project, it was necessary to effect the re-blocking of some structures to conform to the physical development plan of the project. This meant the dismantling of some structures, or portions thereof for the purpose of aligning the rest of the structures (*Ibid*., p. 98).

39.4. The zonal improvement program was differentiated from the resettlement projects ventured into by the government in other areas. Whilst the resettlement involved movement of people from one location to another effecting thereby a dislocation of these families and their sources of livelihood (*Ibid*., p. 138-139), the zonal improvement program sought to remedy the social malady by merely focusing its scarce available financial and technical resources on the site to accommodate the residents in the same area where they have lived, worked, and been schooled (*Ibid*., p. 139-140). Moreover, concomitant to this objective was the plan of establishing a livelihood component. It basically offers financial loans to be used for construction materials to improve this lot (*Ibid*., p. 147).

40. There were approximately 510 families/households beneficiaries of the intended expropriation, some of whom were renters, who took second priority in the award and for whom some vacant lots are intended (*Ibid*., p. 106). Each household or family had an average of five (5) members (*Id*., p. 134). Hence, the entire project would provide shelter to approximately 2,550 individuals. The average site of individual homelots to be awarded to each family is 60 square meters (*Id*., p. 137). The biggest area could be one hundred seventy (170) square meters (*Ibid*., p. 138). In very exceptional cases an area of forty (40) square meters could be sold. The variance was explained by the fact that small structures occupied small lots (*Ibid*., p. 139).

41. Petitioner-appellant advertised for public bidding the construction of infrastructure (*Id*. p. 15). The winning bidder/contractor commenced work including three (3) streets which had already been cemented. By January 20, 1982, already 40% of the entire work had already been accomplished. Specifically, the three (3) streets included in the project had already been cemented (*Id*., p. 16).

x x x x x x x x x

Rollo, G.R. Nos. 116491-503, pp. 30-33.

[59] See Appendix B of the Petition in G.R. Nos. 116491-503; *id*. at 61-64.

[60] Section 9, Article II, and Section 9, Article XIII of the Philippine Constitution.

Supreme Court E-Library

government's "socialized housing" program which, in *Sumulong v. Guerrero*,[61] we deemed compliant with the "public use" requirement, it being a program clearly devoted to a "public purpose." Justice Irene R. Cortes, speaking eloquently for the Court, said:

"Socialized housing" is defined as, "the construction of dwelling units for the middle and lower class members of our society, including the construction of the supporting infrastructure and other facilities" (Pres. Decree No. 1224, par. 1). This definition was later expanded to include among others:

> a) The construction and/or improvement of dwelling units for the middle and lower income groups of the society, including the construction of the supporting infrastructure and other facilities;
>
> b) Slum clearance, relocation and resettlement of squatters and slum dwellers as well as the provision of related facilities and services;
>
> c) Slum improvement which consists basically of allocating homelots to the dwellers in the area or property involved, rearrangement and re-alignment of existing houses and other dwelling structures and the construction and provision of basic community facilities and services, where there are none, such as roads, footpaths, drainage, sewerage, water and power system, schools, barangay centers, community centers, clinics, open spaces, parks, playgrounds and other recreational facilities;
>
> d) The provision of economic opportunities, including the development of commercial and industrial estates and such other facilities to enhance the total community growth; and
>
> e) Such other activities undertaken in pursuance of the objective to provide and maintain housing for the greatest number of people under Presidential Decree No. 757. (Pres. Decree No. 1259, Sec. 1)
>
> x x x x x x x x x

Specifically, urban renewal or redevelopment and the construction of low-cost housing is recognized as a public purpose, not only

---

[61] No. L-48685, September 30, 1987, 154 SCRA 461.

Supreme Court E-Library

because of the expanded concept of public use but also because of specific provisions in the Constitution. The 1973 Constitution made it incumbent upon the State to establish, maintain and ensure adequate social services including housing [Art. II, Sec. 7]. The 1987 Constitution goes even further by providing that:

> The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living and an improved quality of life for all. [Art. II, Sec. 9]
>
> *The state shall, by law, and for the common good, undertake, in cooperation with the private sector, a continuing program of urban land reform and housing which will make available at affordable cost decent housing and basic services to underprivileged and homeless citizens in urban centers and resettlement areas. It shall also promote adequate employment opportunities to such citizens. In the implementation of such program the State shall respect the rights of small property owners.* (Art. XIII, Sec. 9, Italics supplied)

Housing is a basic human need. Shortage in housing is a matter of state concern since it directly and significantly affects public health, safety, the environment and in sum, the general welfare. The public character of housing measures does not change because units in housing projects cannot be occupied by all but only by those who satisfy prescribed qualifications. A beginning has to be made, for it is not possible to provide housing for all who need it, all at once.

Population growth, the migration to urban areas and the mushrooming of crowded makeshift dwellings is a worldwide development particularly in developing countries. So basic and urgent are housing problems that the United Nations General Assembly proclaimed 1987 as the "International Year of Shelter for the Homeless" "to focus the attention of the international community on those problems." The General Assembly is "[s]eriously concerned that, despite the efforts of Governments at the national and local levels and of international organizations, the living conditions of the majority of the people in slums and squatter areas and rural settlements, especially in developing countries, continue to

Supreme Court E-Library

deteriorate in both relative and absolute terms." [G.A. Res. 37/221, Yearbook of the United Nations 1982, Vol. 36, p. 1043-4]

In the light of the foregoing, this Court is satisfied that "socialized housing" falls within the confines of "public use." It is, particularly important to draw attention to paragraph (d) of Pres. Dec. No. 1224 which should be construed in relation with the preceding three paragraphs. Provisions on economic opportunities inextricably linked with low-cost housing, or slum clearance, relocation and resettlement, or slum improvement emphasize the public purpose of the project.[62]

It need only be added, at this juncture, that the "public use" requisite for the valid exercise of the power of eminent domain is a flexible and evolving concept influenced by changing conditions. At present, it may not be amiss to state that whatever is beneficially employed for the general welfare satisfies the requirement of public use.[63]

Still, petitioner Manapat insists that, being himself a beneficiary of the expropriation (because he has been a long-time resident of Grace Park), it would be incongruous for government to take his land away from him only to give it back to him. This contention sadly fails to comprehend the public purpose for the taking under the "socialized housing" program. The parcels of land subject of the expropriation are, precisely, being taken so that they can be subdivided into much smaller lots — at an average of 66.5 square meters per lot[64] — for distribution to deserving dwellers in the area. Upon the completion of the project, Manapat, and those similarly situated as he, cannot assert any right to be awarded the very same lots they currently occupy, nor be entitled to the same area of the land they now have.

Then, we have petitioner Lim and respondents Vega, Santos, Oracion, and Mercado, who argue that the lots they own should not be expropriated are already titled in their names and are

---

[62] *Sumulong v. Guerrero, supra* note 61, at 466-469; see *Province of Camarines Sur v. Court of Appeals*, G.R. No. 103125, May 17, 1993, 222 SCRA 173.

[63] *Estate of Salud Jimenez v. PEZA*, G.R. No. 137285, January 16, 2001.

[64] *Rollo,* G.R. Nos. 116491-503, p. 79.

Supreme Court E-Library

very small in area, being already the subdivided portions of the original Grace Park Subdivision.

We are not persuaded.

J. M. Tuason & Co., Inc. v. Land Tenure Administration[65] is instructive. In that case, this Court adopted the dissenting opinion of Justice J. B. L. Reyes in *Republic v. Baylosis*,[66] that the propriety of exercising the power of eminent domain cannot be determined on a purely quantitative or area basis, given that the Constitution speaks of *lands*, not of *landed estates*. Speaking through Justice (later Chief Justice) Enrique M. Fernando, the Court said:

> This is not to say of course that property rights are disregarded. This is merely to emphasize that the philosophy of our Constitution embodying as it does what Justice Laurel referred to as its "nationalistic and socialist traits discoverable upon even a sudden dip into a variety of [its] provisions" although not extending as far as the "destruction or annihilation" of the rights to property, negates the postulate which at one time reigned supreme in American constitutional law as to their well-nigh inviolable character. This is not so under our Constitution, which rejects the doctrine of *laissez faire* with its abhorrence for the least interference with the autonomy supposed to be enjoyed by the property owner. *Laissez faire*, as Justice Malcolm pointed out as far back as 1919, did not take too firm a foothold in our jurisprudence. Our Constitution is much more explicit. There is no room for it for *laissez faire*. So Justice Laurel affirmed not only in the above opinion but in another concurring opinion quoted with approval in at least two of our subsequent decisions. We had occasion to reiterate such a view in the ACCFA case, decided barely two months ago.
>
> This particular grant of authority to Congress authorizing the expropriation of land is a clear manifestation of such a policy that finds expression in our fundamental law. So is the social justice principle enshrined in the Constitution of which it is an expression, as so clearly pointed out in the respective dissenting opinions of Justice J.B.L. Reyes and Chief Justice Paras in the Baylosis case.

---

[65] No. L-21064, February 18, 1970, 31 SCRA 413.

[66] 96 Phil. 461 (1955).

Supreme Court E-Library

Why it should be thus is so plausibly set forth in the ACCFA decision, the opinion being penned by Justice Makalintal. We quote: "The growing complexities of modern society, however, have rendered this traditional classification of the functions of government quite unrealistic, not to say obsolete. The areas which used to be left to private enterprise and initiative and which the government was called upon to enter optionally, and only 'because it was better equipped to administer for the public welfare than is any private individual or group of individuals,' continue to lose their well-defined boundaries and to be absorbed within activities that the government must undertake in its sovereign capacity if it is to meet the increasing social challenges of the times. Here as almost everywhere else the tendency is undoubtedly towards a greater socialization of economic forces. Here of course this development was envisioned, indeed adopted as a national policy, by the Constitution itself in its declaration of principle concerning the promotion of social justice."

In a more recent decision,[67] we had occasion to declare that the fact that the property is less than ½-hectare and that only a few would actually benefit from the expropriation does not diminish its public use character, inasmuch as "public use" now includes the broader notion of indirect public benefit or advantage, including in particular, urban land reform and housing.

The Court's departure from the land size or area test finds further affirmation in its rulings in *Mataas na Lupa Tenants Association, Inc. v. Dimayuga*[68] and the aforecited *Sumulong v. Guerrero.*[69]

Given this discussion, it is clear that "public use," as a requisite for the exercise of eminent domain in the instant cases, has been adequately fulfilled.

To satisfy the fourth requisite, we affirm the appellate court's disposition that the subject cases be remanded to the trial court for the determination of the amount of just compensation. Under case law, the said determination is a judicial prerogative.[70] As

[67] *Filstream International, Inc. v. Court of Appeals*, *supra* note 49.

[68] No. L-32049, June 25, 1984, 130 SCRA 30.

[69] *Supra* note 61.

[70] *EPZA v. Dulay*, 146 SCRA 305.

Supreme Court E-Library

to the observance of the fifth requisite, the due process clause, in the expropriation proceedings, all the parties have been given their day in court. That they are now before this Court is attestation enough that they were not denied due process of law.

From the foregoing disquisitions, it is unmistakable that all the requirements for the valid exercise of the power of eminent domain have been complied with. Thus, our answer to the singular and fundamental issue in these consolidated cases is: YES, the NHA may validly expropriate the subject parcels of land.

One final matter: the propriety of the application by the CA of R.A. No. 7279, otherwise known as the Urban Development and Housing Act of 1992.

The Court is not unaware of the condition now imposed by R.A. No. 7279[71] that, for purposes of urban development and housing under the Act, where expropriation is resorted to, parcels of land owned by small property owners shall be exempted.[72] "Small property owners" are owners of residential lands with an area not exceeding 300 sq m in highly urbanized cities and 800 sq. m. in other urban areas and who do not own any other

---

[71] The law is entitled "An Act to Provide for a Comprehensive and Continuing Urban Development and Housing Program, Establishing Mechanism for its Implementation, and for Other Purposes," and approved on March 24, 1992.

[72] Section 10 of R.A. No. 7279 which reads:

SEC. 10. *Modes of Land Acquisition*.— The modes of acquiring land for purposes of this Act shall include, among others, community mortgage, land swapping, land assembly or consolidation, land banking, donation to the Government, joint-venture agreement, negotiated purchase and expropriation: *Provided, however*, That expropriation shall be resorted only when other modes of acquisition have been exhausted: *Provided, further*, That where expropriation is resorted to, parcels of land owned by small property owners shall be exempted for purposes of this Act: *Provided, finally*, That abandoned property, as herein defined, shall be reverted and escheated to the State in a proceeding analogous to the procedure laid down in Rule 91 of the Rules of Court.

For the purpose of socialized housing, government-owned and foreclosed properties shall be acquired by the local government units, or by the National Housing Authority primarily through negotiated purchase: *Provided*, That qualified beneficiaries who are actual occupants of the land shall be given the right of first refusal. [Underscoring ours.]

Supreme Court E-Library

real property.[73] Invoking this limitation under the said law, the appellate court in the questioned rulings exempted from expropriation the lots owned by Loberanes, Quimque, Mercado, Vega and Santos, and partially exempted the lot of Oracion.

The CA's ruling on this point is incorrect. R.A. No. 7279 was enacted in 1992, almost two decades after the expropriation cases against the property owners herein were instituted with the RTC in 1977. *Nova constitutio futuris formam imponere debet, non praeteritis*. A new statute should affect the future, not the past. The law looks forward, not backward.[74] Article 4 of the Civil Code even explicitly declares, "(l)aws shall have no retroactive effect, unless the contrary is provided."[75] In these consolidated cases, the Court finds that the language of R.A. No. 7279 does not suggest that the Legislature has intended its provisions to have any retroactive application. On the contrary, Section 49 of the said law indicates that it "shall take effect upon its publication in at least two (2) national newspapers of general circulation."[76] The law's prospective application being clearly stated, the Court cannot agree with the disposition of the appellate court that the subject lots not exceeding 300 sq. m. are exempt from expropriation.

WHEREFORE, PREMISES CONSIDERED, the May 27, 1993 Decision of the Court of Appeals in CA-G.R. CV No. 10200-10212 and the June 28, 1994 Decision in CA-G.R. CV No. 27159 are *AFFIRMED*; and the March 2, 1994 and the July 25, 1994 Resolutions in CA-G.R. CV Nos. 10200-10212 are *REVERSED* and *SET ASIDE*.

---

[73] *See* Section 3 of R.A. No. 7279; *City of Mandaluyong v. Aguilar*, 403 Phil. 404 (2001).

[74] *Coloso v. Garilao*, G.R. No. 129165, October 30, 2006, 506 SCRA 25, 47.

[75] *Gallardo v. Borromeo*, No. L-36007, May 25, 1988, 161 SCRA 500, 502; *Co v. Court of Appeals*, G.R. No. 100776, October 28, 1993, 227 SCRA 444, 448.

[76] See *Davao Light and Power Co., Inc. v. Opeña*, G.R. No. 129807, December 9, 2005, 477 SCRA 58, 83.

Supreme Court E-Library

SO ORDERED.

Ynares-Santiago (Chairperson), Austria-Martinez, Chico-Nazario, and *Reyes, JJ.,* concur.

SECOND DIVISION

[G.R. No. 137321. October 15, 2007]

PHILIPPINE ASSOCIATION OF STOCK TRANSFER AND REGISTRY AGENCIES, INC., *petitioner, vs.* **THE HONORABLE COURT OF APPEALS; THE HONORABLE SECURITIES AND EXCHANGE COMMISSION; AND SEC CHAIRMAN PERFECTO R. YASAY, JR.,** *respondents.*

SYLLABUS

1. MERCANTILE LAW; REVISED SECURITIES ACT; CLEARLY GAVE THE SECURITIES AND EXCHANGE COMMISSION (SEC), BEFORE ITS REPEAL, THE POWER TO ENJOIN THE ACTS OR PRACTICES OF SECURITIES-RELATED ORGANIZATIONS EVEN WITHOUT FIRST CONDUCTING A HEARING IF, UPON PROPER INVESTIGATION OR VERIFICATION, THE COMMISSION IS OF THE OPINION THAT THERE EXISTS THE POSSIBILITY THAT THE ACT OR PRACTICE MAY CAUSE GRAVE OR IRREPARABLE INJURY TO THE INVESTING PUBLIC, IF LEFT UNRESTRAINED. — The Court notes that before its repeal, Section 47 of The Revised Securities Act clearly gave the SEC the power to enjoin the acts or practices of securities-related organizations even without first conducting a hearing if, upon proper investigation or verification, the SEC is of the opinion that there exists the possibility that the act or practice may cause grave or irreparable injury to the investing public, if left unrestrained. Section 47 clearly provided, SEC. 47. *Cease*