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I further maintain, in line with my dissent in the later case of *Director of Lands vs. Lood* (124 SCRA 460, 469), that the acquisition of the small parcel of land herein involved for wellnigh public purposes was long before the prohibition of the 1973 Constitution and therefore was still governed by the 1935 Constitution which allowed acquisition by corporations of public lands up to 1,024 hectares. The ultimate users and beneficiaries of the chapel on the land are all natural persons, the Filipino residents in the community.

I finally hold, as I did in my dissent in the above-cited *Iglesia-Meralco* cases that the ends of justice would best be served, therefore, by considering the application for confirmation as amended to conform to the evidence, *i.e.* as filed in the name of the original owners who as natural persons are duly qualified to apply for formal confirmation of the title that they had acquired by conclusive presumption and mandate of the Public Land Act and who thereafter duly sold it to the herein applicant-corporation and granting the application for confirmation of title to the private land so acquired and sold.

ACCORDINGLY, I vote to dismiss the petition and thus affirmed the decision under review

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SECOND DIVISION

[G.R. No. L-57524. January 8, 1986]

REPUBLIC OF THE PHILIPPINES, *petitioner, vs.* **MAURA SANTOS, APOLONIO PASCUAL, MOBILE OIL PHILIPPINES, INC., PEERS INDUSTRIAL CORPORATION, THE PHILIPPINE NATIONAL BANK, PEDRO SIAPUATCO, AURORA TULIO SIAPUATCO, RICARDO S. SIAPUATCO, ESTELA ESPIRITU, EPIFANIO S. SIAPUATCO, EUGENIO S.**

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SIAPUATCO, AMERICAN WIRE & CABLE CO., INC., SECURITY BANK & TRUST CO., AURORA VER GONZALES, FELIX GONZALES, EQUITABLE BANKING CORPORATION, FRANCISCA C. VALARAO, CALTEX (PHILIPPINES), AETNA STEEL INDUSTRIES, INC., NATIONAL INVESTMENT and DEVELOPMENT CORPORATION, FRANCISCO CAJULIS, MERCEDES CADIZ, RURAL BANK OF KAWIT, INC., ERLINDA CONGBALAY, ANTONIO BORROMEO, SANTA MARIA REAL ESTATE CORPORATION, ATLANTIC GULF & PACIFIC CO., SQUARE STEEL, INC., CALIFORNIA REFINING CORPORATION, PACIFIC BANKING CORPORATION, CHINA BANKING CORPORATION, COMMERCIAL BANK AND TRUST CORPORATION, BRICCIO HENSON, LUZ J. HENSON, CONGREGACION DE LA COMPANIA DE LAS HIJAS DE LA CARIDAD DE SAN VICENTE DE PAUL EN LAS FILIPINAS, UNITED TOURIST ENTERPRISES, INC., DEVELOPMENT BANK OF THE PHILIPPINES, ANTONIO V. MIRANDA, LEOCADIO DE ASIS, LILIANA L. DE ASIS, SECOND RIZAL DEVELOPMENT BANK, FRANCISCO CHUA, TAN PO GIOK, PHILIPPINE AMERICAN GENERAL INSURANCE CO., INC., ANASTACIO RONGAVILLA, LEONISA SANTOS, FORTUNATO RONGAVILLA, DOMINGA PAGSISIHAN, SPOUSES MOISES DELA ROSA AND EXPERANZA AUSTRIA, FOREIGN MISSION BOARD S.B.C., INTERNATIONAL TEXTILE MILLS, INC., GOVERNMENT SERVICE INSURANCE SYSTEM, FIRST NATIONAL CITY BANK OF NEW YORK, MAURA S. EUSEBIO, HELEN DU, BIENVENIDO YU, PHILIPPINE BANK OF COMMUNICATIONS, ESTRELLA PAREDES, VICENTE LIWAG, ASSOCIATED BANKING CORP., IGNACIO LIWAG, LETICIA DAVID, FILIPINAS BANK & TRUST CO., CMC INVESTMENT, INC., PEDRO D. BUNYI, ELISA JOAQUIN, PHILIPPINE-

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AMERICAN LIFE INSURANCE COMPANY, BANK OF THE PHILIPPINE ISLANDS, SPOUSES NESTOR VILLAROMAN and PURISIMA Y. VILLAROMAN, TEODORO LIM, SONIA LIM, KANLAON FARMS, INC., JOSEFINA M. BAYOT, ROSA A. LAQUI, LINO MEDINA, ELEUTERIA MEDINA and COURT OF APPEALS, *respondents.*

SYLLABUS

POLITICAL LAW; INHERENT POWERS OF THE STATE; EMINENT DOMAIN; JUST COMPENSATION; BASIS THEREOF.— It may be noted that Presidential Decree No. 1533 provides that just compensation should be the value of the land "prior to the recommendation or decision of the appropriate Government office to acquire the property." According to section 8 of Rule 67 of the Rules of Court, the court is not bound by the commissioners' report. It may make such order or render such judgment as shall secure to the plaintiff the property essential to the exercise of his right of condemnation, and to the defendant just compensation for the property expropriated. This Court may substitute its own estimate of the value as gathered from the record (*Manila Railroad Company vs. Velasquez*, 32 Phil. 286).

APPEARANCES OF COUNSEL

Ricardo C. Fernandez for respondent Helen Dee.

Sycip Salazar Feliciano and Hernandez for respondent ITM Inc.

Benjamin J. Molina for respondent M. Santos.

Arturo E. Balbastro for respondent I. Liwag.

Ravelo & Velante for respondents Chua and T.P. Giok.

Sotero H. Laurel for respondent American Wire and Cable Co., Inc.

Tañada Sanchez Tañada & Tañada Law Office for respondent Square Steel, Inc.

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DECISION

AQUINO, *C.J.*:

This is a 1969 expropriation case. It involves 66,096 square meters of land claimed by 44 persons, located in Parañaque and Muntinlupa, Rizal. The expropriation was necessary for the widening of, and construction of interchanges in, the Manila South Diversion Road. The only issue, and it had always been a troublesome issue, is as to the just compensation to be paid by the Government.

The Appraisal Committee for the province of Rizal filed at forty pesos (P40) per square meter, or an aggregate amount of ₱2,641,190, the provisional value of the lands in its Resolution No. 10, series of 1968. The Government deposited that amount with the provincial treasurer who deposited it in the Philippine National Bank. Some respondents, including Maura Santos, withdrew the amounts corresponding to them subject to the outcome of the case.

The Court of First Instance at Pasig, Rizal in its order of June 19, 1969 granted the fiscal's motion filing the provisional value at ₱2,641,190. A writ of possession was issued to the Republic of the Philippines (183 and 192 Record on Appeal). Fourteen (14) claimants (including the Manila Electric Company) did not object to the valuation of ₱40 a square meter. They were paid the amounts due to them at that price (310-17, Record on Appeal).

Thus, the lands of Firestone Tire & Rubber Company, Concepcion Industries, Inc., ISC Realty Development Corporation, Consolidated Mills, Inc., Pablo L. Espiritu and Victoria C.G. Ty with areas of 3,751, 1,686, 1,500, 3,289, 1,041 and 998 square meters, respectively, *were all sold to the Republic at P40 a square meter* (161-63; 178, 231-35, 244-46, 250-54 and 266-71, Record on Appeal). The condemnation proceeding was terminated as to the said claimants. Those sales were contemporaneous sales convincingly indicative of the fair market

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value of the lands at the time of the expropriation in the later part of 1968 or early in 1969.

As to those who did not settle at the price of ₱40 a square meter, the trial court, pursuant to Section 5, Rule 67 of the Rules of Court, appointed three commissioners to determine the just compensation: Benjamin Morales for the court as chairman; Pacifico Javier, the provincial assessor, for the Republic, and Pacifico 1. Guzman for the claimants (241, Record on Appeal: See PD No. 1533 dated June 11, 1978 as to the determination of just compensation without the need for appointing commissioners).

The commissioners in their report dated October 2, 1970 recommended that the just compensation for the lands should be *₱100 a square meter* except the land of Maura Santos with an area of 25,909 square meters (out of 147,609 square meters, 342, Record on Appeal) which should be evaluated at *₱60 a square meter* (327, Record on Appeal).

The trial court in its decision dated May 13, 1972 modified that recommendation. It fixed ₱100 a square meter as the uniform price to be paid to the claimants (401, Record on Appeal).

The Court of Appeals in its decision of June 29, 1981 in turn modified the trial court's decision and adopted the commissioners' report. It added 6% legal rate of interest from February 7, 1969, the date of the filing of the complaint (p. 42, *Rollo*). The Republic appealed to this Court.

The petitioner contends that the Appellate Court erred in not holding that the commissioners should not have relied on the price of ₱100 for the land of Jose Alcaraz which was sold in November, 1969 and on other irrelevant evidence.

It further argues that the Appellate Court erred in disregarding the fact that 14 out of the 44 claimants already sold their lots to the Republic at ₱40 a square meter.

Respondents Maura Santos, International Textile Mills, Inc. and American Wire & Cable Co., Inc. submitted appellees' briefs to justify the Appellate Court's decision.

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We hold that the trial court and the Appellate Court erred in relying on the commissioners' report whose recommendation was not substantiated by trustworthy evidence. As pointed out by the Assistant Solicitor General, the appraisal of P100 a square meter for the land of Alcaraz was made about eight months after the filing of the instant expropriation case.*

It may be noted that Presidential Decree No. 1533 provides that just compensation should be the value of the land "*prior to the recommendation or decision of the appropriate Government office to acquire the property.*"

The statement in the 1970 report of the commissioners that according to the owners of adjoining lots the prices per square meter ranged from ₱150 to ₱200 and that subdivision lots in the vicinity were being sold at ₱85 to ₱120 a square meter *was not based on any documentary evidence*. It is manifestly hearsay. Moreover, those prices refer to 1970 or more than a year after the expropriation was effected.

In the case of Maura Santos, it should be noted that the expropriation undeniably increased the value of the remainder of her land with an area of 121,700 square meters (See *Provincial Government of Rizal vs. Caro de Araullo*, 58 Phil. 308). She was already paid ₱1,036,360 for her expropriated land.

Furthermore, the commissioners should not have glossed over the undisputed fact that 14 claimants out of 44 had willingly sold their lands to the Government at ₱40 a square meter as fixed by the provincial Appraisal Committee of which the provincial assessor was a member. Evidently, they were satisfied that that was a reasonable price.

According to Section 8 of Rule 67, the court is not bound by the commissioners' report. It may make such order or render such judgment as shall secure to the plaintiff the property essential to the exercise of his right of condemnation, and to

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* The valuation of the Alcaraz lot was made by the same Appraisal Committee, composed of the provincial assessor, engineer and supervising auditor, that fixed the provisional value in this case at ₱40 a square meter.

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the defendant just compensation for the property expropriated. This Court may substitute its own estimate of the value as gathered from the record *(Manila Railroad Company vs. Velasquez*, 32 Phil. 286).

As noted in the *Velasquez* case, the moment a parcel of land is sought to be condemned, the price, for some occult reason, immediately soars far beyond what the owner would think of asking or receiving in the open market. Owners ask fabulous prices for it and neighbors look on with an indulgent smile or even persuade themselves that the land is worth the price for which the owner holds out in view of the fact that it is wanted by an entity whose financial resources are supposed to be inexhaustible (p. 313).

Consequently, the petitioner should pay only P40 per square meter for the expropriated lands. CMC (CMS) Investments, Inc. was paid ₱35 a square meter for its 530 square meters (58, Record on Appeal). It is entitled to a deficiency on which 6% legal rate of interest per annum should be paid from the time the petitioner took possession of its land up to the date of payment (*Republic vs. Yaptinchay*, 108 Phil. 1046, 1053).

WHEREFORE, the decisions of the trial court and the Court of Appeals are reversed and set aside. The just compensation for the lands described in paragraph 2 of petitioner's complaint is forty pesos (₱40) per square meter. No costs.

SO ORDERED.

Concepcion Jr. (Chairman)', *Escolin, Cuevas* and *Alampay, JJ.*, concur.

Abad Santos, J., took no part.