Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

LAND BANK OF THE PHILIPPINES, Petitioner,	**G.R. No. 208865** Present:
-versus-	LEONEN, *J.*, *Chairperson*, GESMUNDO, CARANDANG, ZALAMEDA, and GAERLAN, *JJ.*
JOSE CUENCA GARCIA, Respondent.	**Promulgated:** September 28, 2020

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DECISION

LEONEN, *J.*:

The final determination of just compensation is a judicial function. The Special Agrarian Court is not merely tasked to verify the correctness of the computation of the Department of Agrarian Reform, but it is also given the jurisdiction to make its own, independent evaluation. It is not bound to strictly adhere to the formula and parameters under DAR Administrative Order No. 05-98.

This resolves a Petition for Review[1] assailing the Decision[2] and Resolution[3] of the Court of Appeals in CA-G.R. SP. UDK No. 0307, which

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1 *Rollo*, pp. 25–41.

2 Id. at 10–20. The May 24, 2012 Decision docketed as CA-G.R. SP UDK No. 0307 was penned by Associate Justice Gabriel T. Ingles, and concurred in by Associate Justices Victoria Isabel A. Paredes and Pamela Ann Abella Maxino of the Special Twentieth Division, Court of Appeals, Cebu.

affirmed the Decision[4] of the Regional Trial Court, acting as a Special Agrarian Court, which set aside Land Bank of the Philippines' (Land Bank) determination of just compensation.

Land Bank is a government banking and financial institution designated as the financial intermediary and co-implementor in the acquisition and distribution of lands under the Comprehensive Agrarian Reform Program.[5]

Jose Cuenca Garcia (Garcia) is the registered owner of a 10.999-hectare rice land in Ajuy, Iloilo. Sometime in November 1998, the Department of Agrarian Reform sent Garcia a Memorandum of Valuation Claim Folder Profile and Valuation Summary.[6] The memorandum was a notice of coverage informing Garcia of the acquisition of his land for distribution to the Comprehensive Agrarian Reform Program's beneficiaries. The government offered Garcia the price of roughly ₱5.58 per square meter,[7] or a total of ₱647,508.49 for his 10.999 hectare rice land. Believing that his land should have been valued at a higher price, Garcia rejected the offer.[8]

Due to Garcia's contention, the Department of Agrarian Reform Adjudication Board – Region VI conducted a preliminary determination of just compensation, but eventually affirmed Land Bank's initial valuation.[9]

Aggrieved, Garcia filed a petition for fixing of just compensation against the Department of Agrarian Reform, Land Bank, and certain farmer-beneficiaries before the Regional Trial Court of Iloilo City.[10]

The parties stipulated the following facts: (1) that Garcia sold the 5.898-hectare lot adjacent to the subject property for ₱50.00 per square meter, for a total of ₱2,949,000.00; (2) that the land being acquired is situated on a strategic location as it adjoins the national highway with long frontage and abuts on the sea on the other side; and (3) that there are buildings and improvements on the land, adding market value to the property.[11]

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3 Id. at 55–56. The July 24, 2013 Resolution docketed as CA-G.R. SP UDK No. 0307 was penned by Associate Justice Gabriel T. Ingles, and concurred in by Associate Justices Ramon Paul L. Hernando (now a member of this court) and Pamela Ann Abella Maxino of the Special Former Special Twentieth Division, Court of Appeals, Cebu.

4 Id. at 109–133. The August 20, 2009 Decision docketed as Civil Case No. 26042 was penned by Judge Ma. Yolanda M. Panaguiton-Gaviño of Branch 34, Regional Trial Court, Iloilo.

5 Id. at 10.

6 Id. at 11.

7 Id. at 113.

8 Id.

9 Id.

10 Id.

11 Id. at 114–115.

Garcia claimed that the price offered by the government was without legal and factual bases and was unreasonably low, considering that the land was situated in a strategic location.[12] He pointed out that residential properties within the vicinity were valued at ₱1,000 to ₱1,500 per square meter,[13] and that he was able to sell an adjoining land at ₱50.00 per square meter, or ₱500,000.00 per hectare.[14] He further claimed that his land should be treated as a "first class irrigated rice land[.]"[15]

On the other hand, Land Bank argued that the land subject of the acquisition, an unirrigated rice land, was not comparable to the surrounding commercial and industrial lands which had higher values.[16]

The trial court,[17] acting as a Special Agrarian Court, ruled in favor of Garcia and increased just compensation to ₱2,196,367.40. Thus:

> WHEREFORE, based on the foregoing premises, judgment is hereby rendered fixing the just compensation of the total area of the land actually taken in the amount of P2,196,367.4 and ordering [Land Bank of the Philippines] to pay the plaintiff Jose C. Garcia, the total sum of P2,196,367.4 as just compensation for the 10.9990 hectares taken by the government pursuant to R.A. 6657.
>
> SO ORDERED.[18]

The trial court ruled that Land Bank's computation should be modified because its appraisal was based on outdated transactions.[19] Land Bank used the following figures in computing just compensation:

I. COMPARABILITY FACTORS:

...

c) Comparable Sales:

Location	Date of Registration	...	Adjusted Ave. Price/ha.
Lambunao	**May [1988]**	...	**P 59,001.55**
-do-	**[March 1988]**	...	**48,673.24**
Ajuy, Iloilo	**[August 1987]**	...	**12,790.28**

Per Hectare: Total Ave. Price/Ha.
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12 Id. at 116.
13 Id.
14 Id. at 117, 123.
15 Id. at 123.
16 Id. at 117.
17 Id. at 109–133. The August 20, 2009 Decision docketed as Civil Case No. 26042 was penned by Judge Ma. Yolanda M. Panaguiton Gavino of the Regional Trial Court, Branch 34, Iloilo City.
18 Id. at 132–133.
19 Id. at 129.

Remarks[:] Taken from the province where the property is located
P 120,465.07/3 **P40,155.02/ha.**

II. CAPITALIZED NET INCOME:

CROP	PRODUCTION/HA.	SELLING PRICE
Rice-un	4,275 kgs.	P8.71 kg.

CNI = 4,275 kgs. x P 8.71 x 0.20 / 0.12 = P62,058.75

Remarks: Industry data of the province was used.

III. MARKET VALUE PER TAX DECLARATION:

CROP	AREA	...	ADJUSTED
Rice-un	10.9990 [Ha.]	...	P95,880.00

Remarks: 1997 SUMV of the province was used.

. . . .

V. COMPUTATION:

CS (P40,155.02 x .30) = P12,046.51
CNI (P62,058.75 x .60) = P37,235.25
MVTD(P95,880.00 x .10) = P9,588.00

COMPUTED VALUE/HA. = P58,869.76

VALUE PER HECTARE USED = P58,869.76 X 10.9990 Ha.
LAND VALUE = **P647,508.49**.[20] (Emphasis supplied)

The trial court observed that Land Bank's computation was based on three (3) sales transactions in 1987 and 1988,[21] around 10 years prior to the notice of coverage sent to Garcia in 1998. On the other hand, Garcia submitted more recent transactions executed in 1997 showing that the land was sold at ₱50.00 per square meter or ₱500,000 per hectare.[22]

The trial court further pointed out that Land Bank, in computing the market value per tax declaration, used the 1997 schedule of market values of the Province of Iloilo while Garcia presented more recent tax declarations in 1998 and 2001. The tax declarations proffered by Garcia state:

Date of Tax Declaration	Area	Classification	Market Value	Value per hectare
2001	5.6486	Irrigated rice land	P762,448.02	P134,980

[20] Id. at 128–129.
[21] Id. at 128.
[22] Id. at 129.

2001	5.3504	Unirrigated rice land	P454,784	P85,000
1998	19.5275	Irrigated rice land	P2,716,470	P153,600[23]

The trial court then modified the values of Comparative Sales (CS) and Market Value per Tax Declaration (MVTD) by using the figures submitted by Garcia. Using the formula under Department of Agrarian Reform Administrative Order No. 5, series of 1998, the trial court arrived at a higher price of ₱2,196,367.4:[24]

Land Value = (Capitalized Net Income x 0.6) + (Comparable Sales x 0.3) + Market Value per Tax Declaration x 0.1)

CS = **P500,000** X .30
= P150,000

CNI = P62,058.75 x .60
= P37,235.25

[M]VTD = **P134,980 + P85,000 + P153,000** = P 373,580
= P373,580/3 = P124,526.667
= P124,526.667 x 0.10
= P12,452.6667

Computed Value/HA =

= P150,000 + P37,235.25 + P12,452.6667

= P199,687.917

Value per hectare used = P199,687.917 x 10.9990 ha.

Land value = **P2,196,367.4**[25]

The trial court held that this price was more reasonable, considering that: (1) the land is located along the national highway; (2) the land has a long frontage and is strategically located between a highway and a beach; and (3) the surrounding residential area is valued at ₱1,000 to ₱1,500 per square meter.[26]

Nevertheless, the trial court ruled that there was no delay that would justify the award of interest in favor of Garcia, considering that the payment of just compensation was deposited in his name in cash and in Land Bank bonds.[27]

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23 Id. at 130.
24 Id. at 126–128.
25 Id. at 130–131.
26 Id. at 131.
27 Id. at 132.

Land Bank moved for reconsideration, but the trial court denied his motion.[28]

Upon appeal to the Court of Appeals, Land Bank argued that the trial court erred in considering the value of non-agricultural land like residential, commercial, and industrial lands, as well as the potential use of the rice land, and its strategic location in its determination of just compensation[29]

It averred that the trial court should have only considered other agricultural land as Section 17 of Comprehensive Agrarian Reform Law limits comparable transactions to "current value of like properties[.]"[30] Moreover, it claimed that it was erroneous to consider the potential use of land and proximity of other areas in the computation, because only the actual use at the time of taking should be factored in.[31]

Further, it also maintained that the trial court erred in considering "all facts as to the condition of the property and its surrounding[s], as well as its improvements and capabilities" because this was only allowed in ordinary expropriation.[32]

On the other hand, Garcia asserted that the petition must be dismissed for being procedurally infirm. He pointed out that Land Bank should have appealed via Rule 41 and not Rule 42 of the Rules of Court. In any case, Garcia claimed that the appeal was belatedly filed and that the decision was already final and executory.[33]

The Court of Appeals affirmed the ruling of the trial court. Thus,

> WHEREFORE, in view of the foregoing, judgment is hereby rendered DISMISSING the petition for being without merit.
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> SO ORDERED.[34]

In dismissing the appeal, the Court of Appeals held that while Rule 42 was the correct mode of appeal, the motion for reconsideration before the trial court was filed beyond the prescribed period. It pointed out that the decision already attained finality as Land Bank received the Regional Trial Court decision on September 11, 2009 but it only moved for reconsideration on October 16, 2009.[35]

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28 Id. at 134.
29 Id. at 14.
30 Id.
31 Id.
32 Id. at 15.
33 Id. at 16.
34 Id. at 20.
35 Id. at 17.

In any event, the appellate court ruled that the trial court's determination of just compensation was correct.[36]

The Court of Appeals observed that the computation was correctly determined based on values as of the issuance of notice of coverage in 1998, which was also deemed the date of taking. It held that the trial court correctly used the sale of two (2) adjacent lands in 1997 submitted by Garcia, which provided the value of ₱500,000 per hectare.[37]

The Court of Appeals further declared that when these sales transactions transpired, the adjacent lands were still agricultural in nature and also undeveloped like the subject rice land. Moreover, these parcels of land adjoined the subject 10.9990-hectare rice land. Hence, they fell under the criteria of comparable like-property.[38]

It also found that the sales data used by Land Bank were for lands situated in the neighboring town of Lambunao, save for the third one which was in the same town of Ajuy. Thus, the data based on the sale of the two (2) adjacent land was more comparable than Land Bank's data.[39]

The Court of Appeals likewise ruled that the assessment of the trial court was more reasonable as the data it used was more recent and closer to the date of the taking compared to the figure used by Land Bank. The appellate court explained that just compensation must be computed based on the value and character of the land at the time it was taken by the Government. Thus, the computation of the trial court based on sales transaction in 1997 was more accurate than Land Bank's computation based on sales in 1987 and 1988.[40]

The Court of Appeals then remarked that the trial court did not use the data for residential and industrial land with the selling price of ₱1,500 to ₱1,800 per square meter. While it made mention of these prices, it ultimately disregarded the figures based on these lands.[41]

Nonetheless, the Court of Appeals agreed with Land Bank that the tax declaration for 1997 should be used, since the taking occurred in 1998, this amount must be averaged with the details contained in Garcia's 1998 tax

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36 Id.
37 Id. at 17–18.
38 Id. at 18.
39 Id.
40 Id. at 18–19.
41 Id. at 19.

declaration. It also stated that the tax declaration in 2001 should not be used because it was a valuation made beyond the date of the taking.[42]

In its computation for just compensation, the appellate court came up with the slightly lower price of ₱2,196,602.04 compared to the trial court's computation of ₱2,196,367.40:

> CS = P500,000/ha[.]
> CNI = P62,058.75/ha[.]
>
> MVTD= (P95,880 +153,600)/2
> = P124,740/ha[.]
>
> Land Value = (CNI x 0.60) + (CS x 0.30) + (MV x 0.10)
> = (P62,058.75 x 0.60) + (P500,000 x 0.30) + (P124,740 x 0.10)
> = P37,235.25 + P150,000 + P12,474
> = P199,709.25/ha.
>
> Just Compensation = P199,709.25/ha x 10.9990 has.
> = **P2,196,602.04**[43] (Citations omitted, emphasis supplied)

Nevertheless, the Court of Appeals held that the difference of ₱234.64 was negligible and upheld the trial court's computation.[44]

Land Bank moved for the reconsideration of the decision, but its motion was denied.[45] Hence, it elevated the case to this Court.

Petitioner Land Bank filed its Petition for Review on Certiorari before this Court after being granted an additional period to file its petition.[46] Subsequently, this Court required respondent to file his Comment, which was complied with.[47] In another Resolution, this Court required petitioner to file its Reply.[48] Petitioner then submitted its Reply.[49]

In its Petition for Review on Certiorari,[50] petitioner Land Bank argues that the lower courts failed to comply with the Department of Agrarian Reform Administrative Order No. 5-98. It avers that the lower courts erred in using sales transactions in 1997 because only comparative sales from 1985 to 1988 may be used according to the administrative order.[51]

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42 Id.
43 Id. at 19–20.
44 Id. at 20.
45 Id. at 55–56.
46 Id. at 23-B.
47 Id. at 294, 318.
48 Id. at 333.
49 Id. at 341.
50 Id. at 25–41.
51 Id. at 31–32.

Petitioner further argues that the lower courts cannot use other factors such as strategic location and potential use of the land because these factors are not included in the determination of just compensation under Section 17 of the Comprehensive Agrarian Reform Law.[52] Under the law, only values of agricultural properties may be considered. Hence, the lower courts erred in using the sales data of the adjacent land, which was residential in nature, and in considering the potential use of the property as well as its strategic location.[53]

Petitioner likewise asserts that the rulings of the trial court and the Court of Appeals disregarded the distinctions of ordinary expropriation and acquisition of agricultural land when they considered other factors.[54] It argues that considering other factors beyond what is provided by the law and administrative order is not allowed in agrarian land acquisition cases. It stresses that considering "all the facts as to the condition of the property and its surroundings, as well as its improvements and capabilities[,]" may only be done with respect to taking of private property for public use.[55]

In his Comment, respondent Garcia maintains that the Court of Appeals correctly applied the law in determining just compensation.[56] Respondent points out that the lower courts did not err in rejecting petitioner's outdated data, which are based on lands not comparable to the subject rice land. He asserts that the sales transactions used by petitioner transpired in 1987 and 1988—around 10 years prior to the date of taking. Moreover, these transactions cover lands in town of Lambunao, which is more than 60 kilometers away from the subject rice land.[57]

On the other hand, he provided two sales transactions which transpired only a year prior to the taking of the land. Hence, he insists that the appellate court is correct in considering the more recent data he presented over the data submitted by petitioner.[58]

Moreover, respondent argues that this petition cannot be used as a substitute for lost appeal. As ruled by the Court of Appeals, the decision of the trial court had already become final and executory.[59] Under Rule 42, Section 1 of the Rules of Court, a motion for new trial or reconsideration must be filed within 15 days from notice of the decision. Here, petitioner had until September 26, 2009 to file the motion, counting 15 days from September 11, 2009—the day petitioner received the decision.[60] When

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52 Id. at 33.
53 Id. at 33–34.
54 Id. at 37.
55 Id.
56 Id. at 308.
57 Id.
58 Id.
59 Id. at 311.
60 Id.

petitioner moved for reconsideration on October 16, 2009, the decision of the trial court was already final and executory.[61]

Petitioner, in its Reply, asserts that it correctly used sales transactions in 1987 and 1988 as bases for the computation of just compensation.[62] Under Item II.C.2 of Department of Agrarian Reform AO 5-98, comparable sales transactions should have been executed within the period of January 1, 1985 to June 15, 1988.[63]

Further, under the same administrative order, petitioner is allowed to consider a similar land sales transaction from a different barangay, municipality, or province, when the required number of sales transactions within the area is not available.[64]

With regard to the alleged procedural lapse, petitioner counters that the Court of Appeals already disregarded this issue when it resolved the case on the merits.[65]

The issues for this Court's resolution are the following:

1) Whether or not the decision of the trial court has already attained finality; and
2) Whether or not the appellate court and the trial court erred in their determination of just compensation; Subsumed under this issue:
    a. Whether or not the sales transaction in 1997 may be considered under Department of Agrarian Reform Administrative Order; and
    b. Whether or not the appellate court considered the strategic location and potential use of the land in its computation.

I

Under the Rules of Court, the Regional Trial Court's decision may be appealed before the Court of Appeals via two (2) modes: (1) by ordinary appeal under Rule 41; and (2) by petition for review under Rule 42.[66]

An ordinary appeal is an appeal to the Court of Appeals from the judgment or final order of the Regional Trial Court in the exercise of its

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61 Id. at 312.
62 Id. at 341.
63 Id. at 342.
64 Id.
65 Id. at 343.
66 *Heirs of Garcia I v. Municipality of Iba, Zambales*, 764 Phil. 408, 412–415 (2015) [Per J. Bersamin, First Division].

original jurisdiction,[67] while a petition for review is an appeal to the Court of Appeals in cases decided by the Regional Trial Court in the exercise of its appellate jurisdiction.[68]

An ordinary appeal under Rule 41 is deemed perfected upon the filing of a notice of appeal before the Regional Trial Court. The notice of appeal must be filed within the period of 15 days from their notice of the judgment.[69] On the other hand, an appeal under Rule 42 is deemed perfected upon the filing of the petition for review before the Court of Appeals.[70]

Additionally, an appeal under Rule 41 is a matter of right, while an appeal under Rule 42 is a matter of discretion. *Heirs of Garcia I v. Municipality of Iba, Zambales*,[71] discussed the distinction between the two modes of appeal:

> The distinctions between the various modes of appeal cannot be taken for granted, or easily dismissed, or lightly treated. The appeal by notice of appeal under Rule 41 is a matter [of] right, but the appeal by petition for review under Rule 42 is a matter of discretion. An appeal as a matter of right, which refers to the right to seek the review by a superior court of the judgment rendered by the trial court, exists after the trial in the first instance. In contrast, the discretionary appeal, which is taken from the decision or final order rendered by a court in the exercise of its primary appellate jurisdiction, may be disallowed by the superior court in its discretion. Verily, the CA has the discretion whether to due course to the petition for review or not.
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> The procedure taken after the perfection of an appeal under Rule 41 also significantly differs from that taken under Rule 42. Under Section 10 of Rule 41, the clerk of court of the RTC is burdened to immediately undertake the transmittal of the records by verifying the correctness and completeness of the records of the case; the transmittal to the CA must be made within 30 days from the perfection of the appeal. This requirement of transmittal of the records does not arise under Rule 42, except upon order of the CA when deemed necessary.[72] (Citations omitted)

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67 RULES OF COURT, Rule 41, sec. 2(a) provides:
SECTION 2. *Modes of appeal.* —
(a) *Ordinary appeal.* — The appeal to the Court of Appeals in cases decided by the Regional Trial Court in the exercise of its original jurisdiction shall be taken by filing a notice of appeal with the court which rendered the judgment or final order appealed from and serving a copy thereof upon the adverse party. No record on appeal shall be required except in special proceedings and other cases of multiple or separate appeals where the law or these Rules so require. In such cases, the record on appeal shall be filed and served in like manner.

68 RULES OF COURT, Rule 41, sec. 2(b) provides:
SECTION 2. *Modes of appeal.* —
(b) *Petition for review.* — The appeal to the Court of Appeals in cases decided by the Regional Trial Court in the exercise of its appellate jurisdiction shall be by petition for review in accordance with Rule 42.

69 *Heirs of Garcia I v. Municipality of Iba, Zambales*, 764 Phil. 408, 413 (2015) [Per J. Bersamin, First Division].

70 Id. at 415.

71 764 Phil. 408 (2015) [Per J. Bersamin, First Division].

72 Id. at 415–416.

In this case, petitioner should have filed an ordinary appeal under Rule 41 and not an appeal under Rule 42, because the decision of the Regional Trial Court was rendered in the exercise of its original jurisdiction. Under Section 57 of Republic Act No. 6657,[73] the Regional Trial Court, acting as Special Agrarian Court, has the "original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners[.]"[74]

Thus, the petitioner had 15 days from its receipt or notice of judgment to file a notice of appeal before the Regional Trial Court to perfect its appeal. Here, petitioner received a copy of Regional Trial Court decision on September 11, 2009. Counting 15 days from this date, petitioner only had until September 26, 2009 to file its appeal. Hence, the decision already attained finality when the appeal was belatedly filed on October 16, 2009.

A final and executory judgment is immutable and unalterable. According to the doctrine of immutability of judgment, the decision can "no longer be modified or amended by any court in any manner even if the purpose of the modification or amendment is to correct perceived errors of law or fact."[75] Nevertheless, the doctrine admits certain exceptions, to wit: (1) correction of clerical errors; (2) *nunc pro tunc* entries which cause no prejudice to any party; (3) void judgments; and (4) supervening events rendered the decision unjust and inequitable.[76]

This case does not fall under any of the exceptions. Hence, there is no reason to review the decision of the trial court. In any case, even if We disregard this procedural infirmity, the petition will still fail on the merits.

II

Eminent domain is the inherent power of the State to take private property for public use.[77] As a limit to this otherwise unlimited power, the Constitution provides that the taking must be: (1) for public use; and (2) just compensation must be paid to the private property owner.[78]

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73 Comprehensive Agrarian Reform Law of 1988.

74 Republic Act No. 6657 (1988), sec. 57 provides:
SECTION 57. *Special Jurisdiction.* — The Special Agrarian Courts shall have original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners, and the prosecution of all criminal offenses under this Act. The Rules of Court shall apply to all proceedings before the Special Agrarian Courts, unless modified by this Act.
The Special Agrarian Courts shall decide all appropriate cases under their special jurisdiction within thirty (30) days from submission of the case for decision.

75 *Mercury Drug Corp. v. Spouses Huang*, 817 Phil. 434, 445 (2017) [Per J. Leonen, Third Division].

76 Id. at 446.

77 *Apo Fruits Corp. v. Court of Appeals*, 543 Phil. 497–529 (2007) [Per J. Chico-Nazario, Third Division].

78 CONST., art. III, sec. 9.

These limits are consistent with the constitutional safeguards to due process and right to property. Article III, Sections 1 and 9 of the Constitution provide:

> SECTION 1. No person shall be deprived of life, liberty, or property without due process of law, nor shall any person be denied the equal protection of the laws.
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> . . . .
>
> SECTION 9. Private property shall not be taken for public use without just compensation.

Acquisition of agricultural land for distribution is likewise an exercise of eminent domain.[79] Under Article XIII, Section 4 of the Constitution:

> SECTION 4. The State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof. To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to such priorities and reasonable retention limits as the Congress may prescribe, taking into account ecological, developmental, or equity considerations, and *subject to the payment of just compensation.* In determining retention limits, the State shall respect the right of small landowners. The State shall further provide incentives for voluntary land-sharing. (Emphasis supplied)

The requirement of eminent domain, that the taking is for public use, is satisfied as the Constitution itself calls for agrarian reform. In *Association of Small Landowners in the Philippines, Inc. v. Secretary of Agrarian Reform*:[80]

> As earlier observed, the requirement for public use has already been settled for us by the Constitution itself. No less than the 1987 Charter calls for agrarian reform, which is the reason why private agricultural lands are to be taken from their owners, subject to the prescribed maximum retention limits. The purposes specified in P.D. No. 27, Proc. No. 131 and R.A. No. 6657 are only an elaboration of the constitutional injunction that the State adopt the necessary measures "to encourage and undertake the just distribution of all agricultural lands to enable farmers who are landless to own directly or collectively the lands they till." That public use, as pronounced by the fundamental law itself, must be binding on us.[81]

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79 See Apo Fruits Corporation v. Land Bank of the Phils, 647 Phil 251 (2010) [Per J. Brion, En Banc].
80 256 Phil. 777 (1989) [Per J. Cruz, En Banc].
81 Id. at 812.

On the other hand, the satisfaction of just compensation is elaborated by law under Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law.[82]

Just compensation is the "full and fair equivalent of the property taken from its owner by the expropriator."[83] It is equal to the "price which a buyer will pay without coercion and a seller will accept without compulsion."[84] The modifier word "just" means that the payment for the property must be "real, substantial, full, and ample."[85] The payment of just compensation is the safeguard to balance to injury that the taking of the property causes.[86]

Section 17 of Republic Act No. 6657 prescribes a guideline in the determination of just compensation in the taking of agricultural land. It states:

> SECTION 17. *Determination of Just Compensation.* — In determining just compensation, the cost of acquisition of the land, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, and the assessment made by government assessors shall be considered. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the non-payment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

Under the law, the procedure for acquisition of private lands begins with the Department of Agrarian Reform. First, the department identifies the land and sends a notice of taking to the land owner. The notice contains the offer to pay a corresponding value of the land.[87] If the landowner rejects the price, a summary administrative proceeding is conducted by the Department of Agrarian Reform to determine the value of the land by requiring the landowner, Land Bank, and other interested parties to submit their evidence.[88] Should the landowner still reject the price, he or she may

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82 Id.

83 *Apo Fruits Corp. v. Court of Appeals,* 543 Phil. 497, 519 (2007) [Per J. Chico-Nazario, Third Division].

84 Department of Agrarian Reform Administrative Order No. 05-98, I(C).

85 *Apo Fruits Corp. v. Court of Appeals,* 543 Phil. 497, 519 (2007) [Per J. Chico-Nazario, Third Division].

86 Id.

87 Republic Act No. 6657 (1988), sec. 16(a) provides:
SECTION 16. *Procedure for Acquisition of Private Lands.* — For purposes of acquisition of private lands, the following procedures shall be followed:
(a) After having identified the land, the landowners and the beneficiaries, the DAR shall send its notice to acquire the land to the owners thereof, by personal delivery or registered mail, and post the same in a conspicuous place in the municipal building and barangay hall of the place where the property is located. Said notice shall contain the offer of the DAR to pay a corresponding value in accordance with the valuation set forth in Sections 17, 18, and other pertinent provisions hereof.

88 Republic Act No. 6657 (1988), sec. 16(d) provides:
SECTION 16. *Procedure for Acquisition of Private Lands.* — For purposes of acquisition of private lands, the following procedures shall be followed:
....

file a case for the "final determination of just compensation" before a Special Agrarian Court.[89]

The jurisdiction of Department of Agrarian Reform and the Special Agrarian Court with respect to agrarian matters is provided for by law. Under Sections 50 and 57 of Republic Act No. 6657:

> CHAPTER XII
>
> *Administrative Adjudication*
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> SECTION 50. *Quasi-Judicial Powers of the DAR.* — The DAR is hereby vested with primary jurisdiction to determine and adjudicate agrarian reform matters and shall have exclusive original jurisdiction over all matters involving the implementation of agrarian reform except those falling under the exclusive jurisdiction of the Department of Agriculture (DA) and the Department of Environment and Natural Resources (DENR).
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> CHAPTER XIII
>
> *Judicial Review*
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> SECTION 57. *Special Jurisdiction.* — The Special Agrarian Courts shall have original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners, and the prosecution of all criminal offenses under this Act. The Rules of Court shall apply to all proceedings before the Special Agrarian Courts, unless modified by this Act.
>
> The Special Agrarian Courts shall decide all appropriate cases under their special jurisdiction within thirty (30) days from submission of the case for decision.

The jurisdiction of the two bodies are not contradictory. The jurisdiction given to the Department of Agrarian Reform refers to the agrarian reform matters and matters involving the implementation of agrarian reform. Agrarian dispute includes "controversy relating to compensation" between a landowner to a farmer, or between the landowner to a tenant, or between a landowner to an agrarian reform beneficiary.[90] It

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(d) In case of rejection or failure to reply, the DAR shall conduct summary administrative proceedings to determine the compensation for the land by requiring the landowner, the LBP and other interested parties to submit evidence as to the just compensation for the land, within fifteen (15) days from the receipt of the notice. After the expiration of the above period, the matter is deemed submitted for decision. The DAR shall decide the case within thirty (30) days after it is submitted for decision.

89 Republic Act No. 6657 (1988), sec. 16(f) provides:
SECTION 16. *Procedure for Acquisition of Private Lands.* — For purposes of acquisition of private lands, the following procedures shall be followed:
(f) Any party who disagrees with the decision may bring the matter to the court of proper jurisdiction for final determination of just compensation.

90 Republic Act No. 6657 (1988), sec. 3(d).

does not cover dispute on compensation between the landowner and the State.[91] Section 3(d) of Republic Act No. 6557 clearly states:

> d) Agrarian Dispute refers to any controversy relating to tenurial arrangements, whether leasehold, tenancy, stewardship or otherwise, over lands devoted to agriculture, including disputes concerning farmworkers' associations or representation of persons in negotiating, fixing, maintaining, changing, or seeking to arrange terms or conditions of such tenurial arrangements.
>
> It includes any controversy relating to compensation of lands acquired under this Act and other terms and conditions of transfer of ownership from landowners to farmworkers, tenants and other agrarian reform beneficiaries, whether the disputants stand in the proximate relation of farm operator and beneficiary, landowner and tenant, or lessor and lessee.

Just compensation disputes under the jurisdiction of the Department of Agrarian Reform only refer to compensation paid by agrarian reform beneficiaries who acquire ownership of the land. On the other hand, compensation given to landowners by virtue of acquisition by the State remains under the exclusive and original jurisdiction of the Special Agrarian Courts.[92]

Moreover, the summary administrative proceedings to make an initial determination of just compensation under the Department of Agrarian Reform is a proceeding held by the provincial, regional, or central adjudicator. The decision of the adjudicator is not appealable to the adjudication board but shall be brought directly to the Special Agrarian Courts.[93] This procedural framework is an acknowledgment that the power to determine just compensation under Republic Act No. 6657 is a judicial function.

Further, the jurisdiction of the Special Agrarian Court is not merely appellate because the judicial case is not a continuation of the administrative proceeding. In *Philippine Veterans Bank v. Court of Appeals*:[94]

> It is error to think that, because of Rule XIII, §11, the original and exclusive jurisdiction given to the courts to decide petitions for

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91 *See* Separate Opinion of J. Leonen in *Alfonso v. Land Bank of the Philippines*, 801 Phil. 217–394 (2016) [Per J. Jardeleza, En Banc].

92 Concurring Opinion of J. Leonen in *Alfonso v. Land Bank of the Philippines*, 801 Phil. 217, 345 (2016) [Per J. Jardeleza, En Banc].

93 *Philippine Veterans Bank v. Court of Appeals*, 379 Phil. 141, 148–149 (2000) [Per J. Mendoza, Second Division] *citing* DARAB RULES OF PROCEDURE, Rule XIII, sec. 11 provides:
Section 11. Land Valuation and Preliminary Determination and Payment of Just Compensation. — The decision of the Adjudicator on land valuation and preliminary determination and payment of just compensation shall not be appealable to the Board but shall be brought directly to the Regional Trial Courts designated as Special Agrarian Courts within fifteen (15) days from receipt of the notice thereof. Any party shall be entitled to only one motion for reconsideration.

94 379 Phil. 141 (2000) [Per. J. Mendoza, Second Division].

> determination of just compensation has thereby been transformed into an appellate jurisdiction. It only means that, in accordance with settled principles of administrative law, primary jurisdiction is vested in the DAR as an administrative agency to determine in a preliminary manner the reasonable compensation to be paid for the lands taken under the Comprehensive Agrarian Reform Program, but such determination is subject to challenge in the courts.
>
> The jurisdiction of the Regional Trial Courts is not any less "original and exclusive" because the question is first passed upon by the DAR, as the judicial proceedings are not a continuation of the administrative determination. For that matter, the law may provide that the decision of the DAR is final and unappealable. Nevertheless, resort to the courts cannot be foreclosed on the theory that courts are the guarantors of the legality of administrative action.[95] (Citation omitted)

In *Land Bank of the Philippines v. Manzano*,[96] We reiterated that there is no need to exhaust administrative remedies before the Department of Agrarian Reform because the final determination of just compensation lies with the Special Agrarian Courts. Thus:

> There is no need to exhaust administrative remedies through the Provincial Agrarian Reform Adjudicator, Regional Agrarian Reform Adjudicator, or the Department of Agrarian Reform Adjudication Board before a party can go to the Special Agrarian Court for determination of just compensation.
>
> The final decision on the value of just compensation lies solely on the Special Agrarian Court. Any attempt to convert its original jurisdiction into an appellate jurisdiction is contrary to the explicit provisions of the law....
>
> . . . .
>
> Thus, aggrieved landowners can go directly to the Special Agrarian Court that is legally mandated to determine just compensation, even when no administrative proceeding was conducted before DAR.[97] (Citations omitted)

The Regional Trial Courts, acting as Special Agrarian Courts, have original and exclusive jurisdiction over all petitions for the determination of just compensation. Its resolution regarding the value of the land is final.[98] The determination of just compensation, being a judicial function, cannot be dictated by an executive body such as the Department of Agrarian Reform. It follows that the Special Agrarian Court is not strictly bound by the parameters and formula laid down in DAR Administrative Order.

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95 Id. at 148–149.
96 824 Phil. 339 (2018) [Per J. Leonen, Third Division].
97 Id. at 367–368.
98 Republic Act No. 6657 (1988), sec. 16(f).

In *Export Processing Zone Authority v. Dulay*,[99] this Court held that "[t]he determination of 'just compensation' in eminent domain cases is a judicial function."[100] While an executive or legislative body may come up with their initial determinations, the determination of the courts shall prevail when a party claims violation of constitutional right to property and due process.[101]

Similarly, in *National Power Corp. v. Spouses Zabala*:[102]

> The payment of just compensation for private property taken for public use is guaranteed no less by our Constitution and is included in the Bill of Rights. As such, no legislative enactments or executive issuances can prevent the courts from determining whether the right of the property owners to just compensation has been violated. It is a judicial function that cannot "be usurped by any other branch or official of the government." Thus, we have consistently ruled that statutes and executive issuances fixing or providing for the method of computing just compensation are not binding on courts and, at best, are treated as mere guidelines in ascertaining the amount thereof[.][103] (Citations omitted)

This doctrine was echoed in the landmark case of *Association of Small Landowners in the Philippines, Inc. v. Secretary of Agrarian Reform.*[104] In that case, one of the issues this Court resolved was the constitutionality of Section 16(d) of Republic Act No. 6657, which provided that the Department of Agrarian Reform may conduct summary administrative proceedings to determine compensation. The petitioner in that case claimed that the provision violated judicial prerogatives as it entrusted the manner of fixing the just compensation to the administrative authorities.

In upholding the constitutionality of the provision, this Court ruled that there is no arbitrariness, considering that the landowners and other parties are allowed an opportunity to submit evidence before the Department of Agrarian Reform. Nevertheless, this Court held that the determination of just compensation is a function of the courts which "may not be usurped by any other branch or official of the government."[105] The determination of the Department of Agrarian Reform is not final and conclusive because Section 16(f) provides that this matter may be brought to the court for final determination of just compensation. Thus:

> But more importantly, the determination of the just compensation by the DAR is not by any means final and conclusive upon the landowner or any other interested party, for Section 16(f) clearly provides:

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99 233 Phil. 313 (1987) [Per J. Gutierrez, Jr., En Banc].
100 Id. at 326.
101 Id.
102 702 Phil. 491 (2013) [Per J. Del Castillo, Second Division].
103 Id. at 500.
104 256 Phil. 777 (1989) [Per J. Cruz, En Banc].
105 Id. at 814.

> Any party who disagrees with the decision may bring the matter to the court of proper jurisdiction for final determination of just compensation.
>
> The determination made by the DAR is only *preliminary* unless accepted by all parties concerned. Otherwise, the courts of justice will still have the right to review *with finality* the said determination in the exercise of what is admittedly a judicial function.[106]

In the exercise of this judicial function, the Special Agrarian Court's determination may not be dictated and curtailed by a legislative or executive issuance.[107] At most, the formula prescribed by the Department of Agrarian Reform is only recommendatory.

The determination of just compensation involves the appreciation of facts and evidence which may be specific and peculiar for each case. Thus, the factors which may be considered by a Special Agrarian Court cannot be limited, especially if the available evidence will aid the court to come up with a more precise valuation. Agrarian courts should be given independence to use a wide range of factors in determining land value.

In *Alfonso v. Land Bank of the Philippines*,[108] this Court reiterated:

> Out of regard for the DAR's expertise as the concerned implementing agency, courts should henceforth consider the factors stated in Section 17 of RA 6657, as amended, as translated into the applicable DAR formulas in their determination of just compensation for the properties covered by the said law. If, in the exercise of their judicial discretion, courts find that a strict application of said formulas is not warranted under the specific circumstances of the case before them, they may deviate or depart therefrom, provided that this departure or deviation is supported by a reasoned explanation grounded on the evidence on record. In other words, courts of law possess the power to make a final determination of just compensation.[109] (Citation omitted)

While in *Land Bank of the Philippines v. Franco*:[110]

> Administrative Order No. 5 provides a comprehensive formula that considers several factors present in determining just compensation.
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> However, as this Court held in *Apo Fruits Corporation* and *Hijo Plantation, Inc. v. The Honorable Court of Appeals and Land Bank of the Philippines*, and *Export Processing Zone Authority*, it is not adequate to

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106 Id. at 815.

107 *Land Bank of the Philippines v. Manzano*, 824 Phil. 339, 367–369 (2018) [Per J. Leonen, Third Division].

108 801 Phil. 217 (2016) [Per J. Jardeleza, En Banc].

109 Id. at 321–322.

110 G.R. No. 203242, March 12, 2019, <http://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/65060> [Per J. Leonen, En Banc].

> merely use the formula in an administrative order of the Department of Agrarian Reform or rely on the determination of a land assessor to show a final determination of the amount of just compensation. Courts are still tasked with considering all factors present, which may be stated in formulas provided by administrative agencies.
>
> In *Land Bank v. Yatco Agricultural Enterprises*, this Court held that when acting within the bounds of the Comprehensive Agrarian Reform Law, special agrarian courts "are not strictly bound to apply the [Department of Agrarian Reform] formula to its minute detail, particularly when faced with situations that do not warrant the formula's strict application; they may, in the exercise of their discretion, relax the formula's application to fit the factual situations before them."[111] (Citations omitted)

The Department of Agrarian Reform may come up with its own valuation of just compensation but this determination is only preliminary and may be subjected to challenge before the courts. In *Land Bank of the Philippines v. Escandor*:[112]

> It is settled that the determination of just compensation is a judicial function. The DAR's land valuation is only preliminary and is not, by any means, final and conclusive upon the landowner or any other interested party. In the exercise of their functions, the courts still have the final say on what the amount of just compensation will be.
>
> Although the DAR is vested with primary jurisdiction under the Comprehensive Agrarian Reform Law (CARL) of 1988 to determine in a preliminary manner the reasonable compensation for lands taken under the CARP, such determination is subject to challenge in the courts. The CARL vests in the RTCs, sitting as SACs, original and exclusive jurisdiction over all petitions for the determination of just compensation. This means that the RTCs do not exercise mere appellate jurisdiction over just compensation disputes.
>
> We have held that the jurisdiction of the RTCs is not any less "original and exclusive" because the question is first passed upon by the DAR. The proceedings before the RTC are not a continuation of the administrative determination. Indeed, although the law may provide that the decision of the DAR is final and unappealable, still a resort to the courts cannot be foreclosed on the theory that courts are the guarantors of the legality of administrative action.[113] (Citation omitted)

The Special Agrarian Court, in making its own determination of just compensation, is not confined to the limits laid down by the Department of Agrarian Reform. The valuation of the land is an exercise which cannot be exactly measured by law or executive issuance.[114]

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111 Id.

112 647 Phil. 20 (2010) [Per J. Villarama, Jr., Third Division].

113 Id. at 28–29.

114 *See* Separate Opinion of J. Leonen in *Alfonso v. Land Bank of the Philippines*, 801 Phil. 217, 333–361 (2016) [Per J. Jardeleza, En Banc].

Just compensation is based on the fair market value of the property at the time of the taking.[115] There is a wide range of factors that must be considered in approximating the real and full value of a land such as the assessed value of the property, schedule of market values determined by the provincial or city appraisal committee, and the nature and character of the property at the time of its taking.[116]

To be regarded as just, the determination cannot be left to the "self-serving discretion of the expropriating agency."[117] The Department of Agrarian Reform, as the representative of the State in acquiring the land, cannot be allowed to dictate the valuation of the property through its issuances. Otherwise, the constitutional right of the landowner will be disregarded. As held in *Apo Fruits Corporation v. Land Bank of the Philippines*:[118]

> Let it be remembered that shorn of its eminent domain and social justice aspects, what the agrarian land reform program involves is the purchase by the government, through the LBP, of agricultural lands for sale and distribution to farmers. As a purchase, it involves an exchange of values — the landholdings in exchange for the LBP's payment. In determining the just compensation for this exchange, however, the measure to be borne in mind is not the taker's gain but the owner's loss since what is involved is the takeover of private property under the State's coercive power. As mentioned above, *in the value-for-value exchange in an eminent domain situation, the State must ensure that the individual whose property is taken is not shortchanged and must hence carry the burden of showing that the "just compensation" requirement of the Bill of Rights is satisfied.*
>
> The owner's loss, of course, is not only his property but also its income-generating potential. Thus, when property is taken, full compensation of its value must immediately be paid to achieve a fair exchange for the property and the potential income lost. The just compensation is made available to the property owner so that he may derive income from this compensation, in the same manner that he would have derived income from his expropriated property. If full compensation is not paid for property taken, then the State must make up for the shortfall in the earning potential immediately lost due to the taking, and the absence of replacement property from which income can be derived; interest on the unpaid compensation becomes due as compliance with the constitutional mandate on eminent domain and as a basic measure of fairness.[119] (Emphasis supplied)

DAR Administrative Order No. 05-98 translates Section 17 of Republic Act No. 6557 into a basic formula for the valuation of lands subject to either voluntary offer to sell or compulsory acquisition.[120] Under

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[115] Land Bank of the Philippines v. Manzano, 824 Phil. 339, 369 (2018) [Per J. Leonen, Third Division].

[116] *See* Separate Opinion of J. Leonen in *Alfonso v. Land Bank of the Philippines*, 801 Phil. 217, 333–361 (2016) [Per J. Jardeleza, En Banc].

[117] *National Power Corp. v. Spouses Ileto*, 690 Phil. 453, 476 (2012) [Per J. Brion, Second Division].

[118] 543 Phil. 497 (2007) [Per J. Chico-Nazario, Third Division].

[119] Id. at 276–277.

[120] Department of Agrarian Reform Administrative Order No. 05-98, II(A) provides:

the Administrative Order, Land Value (LV) is computed based on Capitalized Net Income (CNI), Comparable Sales (CS), and Market Value per Tax Declaration (MV). Thus,

$$LV = (CNI \times 0.6) + (CS \times 0.3) + (MV \times 0.1)$$

Capitalized Net Income pertains to the productivity of the land based on the gross produce of the land multiplied by the selling price of the crop produced, minus the total cost of operations at the capitalization rate of 12%.[121] In formula terms:

$$CNI = [(AGP \times SP) - CO]/12\%$$

Where:
CNI = Capitalized Net Income
AGP = Annual Gross Product
SP = Selling Price
CO = Cost of Operation

On the other hand, Comparable Sales refers to the estimated sale price of the land based on sales transaction, mortgage, or acquisition cost of similar properties.[122]

To get the value of Comparable Sales based on sales transactions, at least three sales transactions within the same barangay, municipality, or province shall be used as basis to estimate the land's probable price if sold.[123] To qualify as comparable sales transaction, the land covered by the sales transactions must have the same topography and land use as the land sought to be acquired.[124] Moreover the sales transactions should have

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II. The following rules and regulations are hereby promulgated to govern the valuation of lands subject of acquisition whether under voluntary offer to sell (VOS) or compulsory acquisition (CA).
A. There shall be one basic formula for the valuation of lands covered by VOS or CA:
LV = (CNI x 0.6) + (CS x 0.3) + (MVTD x 0.1)
Where: LV = Land Value
CNI= Capitalized Net Income
CS = Comparable Sales
MV = Market Value per Tax Declaration
The above formula shall be used if all the three factors are present, relevant, and applicable.

121 Department of Agrarian Reform Administrative Order No. 05-98, II (B) provides:
B. Capitalized Net Income (CNI) — This shall refer to the difference between the gross sales (AGP x SP) and total cost of operations (CO) capitalized at 12%.

122 Department of Agrarian Reform Administrative Order No. 05-98, II (C) provides:
C. CS shall refer to any one or the average of all the applicable sub-factors, namely ST, AC and MVM.

123 Department of Agrarian Reform Administrative Order No. 05-98, II(C.2)(a) provides:
C.2 The criteria in the selection of the comparable sales transaction (ST) shall be as follows:
a. When the required number of STs is not available at the barangay level, additional STs may be secured from the municipality where the land being offered/covered is situated to complete the required three comparable STs. In case there are more STs available than what is required at the municipal level, the most recent transactions shall be considered. The same rule shall apply at the provincial level when no STs are available at the municipal level. In all cases, the combination of STs sourced from the barangay, municipality and province shall not exceed three transactions.

124 Department of Agrarian Reform Administrative Order No. 05-98, II(C.2)(b) provides:
C.2 The criteria in the selection of the comparable sales transaction (ST) shall be as follows:

transpired within the period January 1, 1985 to June 15, 1988, and registered until September 13, 1988.[125]

Here, petitioner assails the valuation of the Special Agrarian Court arguing that it used sales transactions beyond the period prescribed under the DAR Administrative Order No. 05-98.[126] Moreover, it contends that the trial court used other factors not included in the Administrative Order such as the land's strategic location.[127]

Petitioner is mistaken.

To reiterate, the final determination of just compensation lies with the Special Agrarian Court. It is not merely tasked to verify the correctness of the computation of the Department of Agrarian Reform, but it is given the jurisdiction to make its own, independent evaluation. It is not bound to strictly adhere to the formula and parameters under the Department of Agrarian Reform Administrative Order No. 05-98.

Here, a strict adherence to the formula and limits provided under the Administrative Order may not be appropriate to arrive at a full, real, and just price for the acquisition of the land.

First, the Administrative Order mandates that only sales transactions within January 1, 1985 to June 15, 1988 may be used, but in this case there were more recent available data which were considered by the agrarian court. Petitioner used sales transactions in 1987 and 1988, while the agrarian court used transactions executed in 1997—prices which were more accurate and comparable to the value of the land in 1998.

Further, as the appellate court pointed out, the sales transactions are based on lands adjacent to the subject property and when the sales transactions occurred, the lands were still agricultural in nature. Sales transactions based on these adjacent lands are more comparable to the subject property than the transactions used by petitioner which were based on lands from neighboring towns.

. . . .

b. The land subject of acquisition as well as those subject of comparable sales transactions should be similar in topography, land use, i.e., planted to the same crop. Furthermore, in case of permanent crops, the subject properties should be more or less comparable in terms of their stages of productivity and plant density.

[125] Department of Agrarian Reform Administrative Order No. 05-98, II(C.2)(c) provides:
C.2 The criteria in the selection of the comparable sales transaction (ST) shall be as follows:

. . . .

c. The comparable sales transactions should have been executed within the period January 1, 1985 to June 15, 1988, and registered within the period January 1, 1985, to September 13, 1988.

[126] *Rollo*, p. 342.

[127] Id. at 33–35.

It is only rational to take into account more current prices in the computation of the comparable sales. The gap of 10 years is not inconsequential when it comes to land appraisal. It may mean a hefty price difference especially that land is a property that generally appreciates over time. Strict compliance with the period laid down in the Department of Agrarian Reform Administrative Order would have resulted to an inaccurate valuation.

Second, the strategic location of the rice land was not taken into account when the agrarian court computed the value of the rice land. The prices of the surrounding residential area and the appraisal due to the adjacent beach and highway were not included in the computation. From the data used by the Department of Agrarian Reform, the agrarian court only adjusted the factors Comparable Sales and Market Value per Tax Declaration.

After determining the new value, the trial court merely opined that the higher value is more reasonable considering its strategic location and its proximity to residential areas with high prices.

Thus, the Court of Appeals correctly affirmed the findings of the Special Agrarian Court. While there was a difference in the computation of the Court of Appeals, We agree that this slight deviation is too minor to overturn the decision of the trial court.

In essence, the Special Agrarian Court has determined the value of just compensation in a manner reasonable and appropriate for this particular case. The trial court has the constitutional duty to determine the value of just compensation. As an exercise of judicial function, it is free to make its independent resolution and it is not bound to strictly adhere to the parameters of the Department of Agrarian Reform.

WHEREFORE, the petition for review is **DENIED.** The Decision and Resolution of the Court of Appeals in CA-G.R. SP. UDK No. 0307 are **AFFIRMED.**

SO ORDERED.

MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:

ALEXANDER G. GESMUNDO
Associate Justice

ROSMARI D. CARANDANG
Associate Justice

RODIL V. ZALAMEDA
Associate Justice

SAMUEL H. GAERLAN
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARVIC M.V.F. LEONEN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

DIOSDADO M. PERALTA
Chief Justice