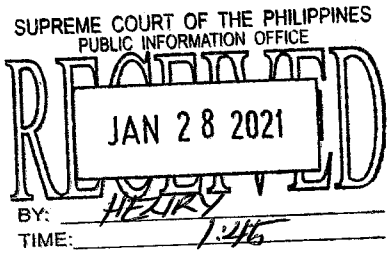




Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS, G.R. No. 217656

Petitioner,

Present:

-versus-

LEONEN, *J.*, Chairperson,
HERNANDO,
INTING,
DELOS SANTOS, and
ROSARIO, *JJ.*

EDDIE MANALO, RODRIGO
MEDIANISTA, CRISTAN A.
ACOSTA, TERESITA D.
SANTOS, ARCHEMEDIS
SARMIENTO, JULIET M.
DATUL, OLIVIA O. SALVADOR,
GIRALINE P. BELLEZA, JULIUS
N. ORTEGA, LORENZO C.
ACOSTA, JOSEPH S. TRIBIANA,
ANALAIN S. TRIBIANA,
LORENA B. MUNAR, JUN JUN A.
DAVAO, WILLIAM A. MANALO,
PAZ I. VILLAR, PERCY M.
CARAG, PATRONA R. ROXAS,
PABLO P. RESPICIO, LINA M.
VALENZUELA, NEDELYN D.
CAJOTE, NOEL L.
HERNANDEZ, NORMA
MARTIN, MA. RODHORA
UBANA, LINDA LACARA,
NORMAN M. ILAC, MERCY O.
RIVERA, JAIME LUMABAS,
JULITA PAJARON, CELESTINO
PEREZ, CONCHITA V.
NAVALES, REYNALDO V.
NAVALES, EDDIE V.
VILLAREY, VIRGILIO V.

ALEJANDRINO, MA. CECILIA P.
CALVES, EVANGELINE M.
MANALO, CONNIE D. BELZA,
SONIA G. EVANGELISTA,
JEANOR DELA CRUZ,
MADLINE EVANGELISTA,
CATHERINE ANTONIO, JAI D.
HERNANDEZ, CYNTHIA C.
HERNANDEZ, JULIE H.
DEPIEDRA, JENNIFER H.
BESMONTE, RICHARD Z.
DIZON, RICHARD H. DIZON,
JR., REYNALDO C.
HERNANDEZ, NOEL C.
HERNANDEZ, AUGUSTA H. DE
LEON, VICTORINO U.
HERNANDEZ, MARVIN C.
HERNANDEZ, LETICIA G.
GALOPE, DANIEL P.
MABANSAG, EDUARDO J.
MALABRIGA, VANGIE S.
NAVARRO, ANSARI P.
DITUCALAN, DIOSA P.
BAUTISTA, HALIL P.
DITUCALAN, CAIRODEN D.
PUNGINAGINA, CANDIDATO
PUNGINAGINA, RAIKEN P.
MACARAUB, JALIL MOKSIR,
ISIAS MELCHOR, ROMULO
NAVALES, RONALDO
GUEVARRA, ANDREA R. DELOS
REYES AND SHIELA R. DELOS
REYES,

Respondents.

Promulgated:
November 16, 2020

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DECISION

LEONEN, J.:

The mandate of our Constitution is clear: "Urban or rural poor dwellers shall not be evicted nor their dwellings demolished, except in accordance with law and in a just and humane manner."¹

¹ CONST., art. XIII, sec. 10.

This Court resolves the Petition for Review on Certiorari² assailing the Decision³ of the Court of Appeals, which affirmed the Regional Trial Court Order⁴ denying the Department of Public Works and Highways' motion to dismiss a Complaint seeking just compensation for their properties.

Eddie Manalo, Rodrigo Medianista, Cristan A. Acosta, Teresita D. Santos, Archemedis Sarmiento, Juliet M. Datul, Olivia O. Salvador, Giraline P. Belleza, Julius N. Ortega, Lorenzo C. Acosta, Joseph S. Tribiana, Analaine S. Tribiana, Lorena B. Munar, Jun Jun A. Davao, William A. Manalo, Paz I. Villar, Percy M. Carag, Patrona R. Roxas, Pablo P. Respicio, Lina M. Valenzuela, Nedelyn D. Cajote, Noel L. Hernandez, Norma Martin, Ma. Rodhora Ubana, Linda Lacara, Norman M. Ilac, Mercy O. Rivera, Jaime Lumabas, Julita Pajaron, Celestino Perez, Conchita V. Navales, Reynaldo V. Navales, Eddie V. Villarey, Virgilio V. Alejandrino, Ma. Cecilia P. Calves, Evangeline M. Manalo, Connie D. Belza, Sonia G. Evangelista, Jeanor Dela Cruz, Madeline Evangelista, Catherine Antonio, Jai D. Hernandez, Cyntia C. Hernandez, Julie H. Depiedra, Jennifer H. Besmonte, Richard Z. Dizon, Richard H. Dizon, Jr., Reynaldo C. Hernandez, Noel C. Hernandez, Augusta H. De Leon, Victorino U. Hernandez, Marvin C. Hernandez, Leticia G. Galope, Daniel P. Mabansag, Eduardo J. Malabriga, Vangie S. Navarro, Ansari P. Ditucalan, Diosa P. Bautista, Halil P. Ditucalan, Cairoden D. Punginagina, Candidato Punginagina, Raiken P. Macaraub, Jalil Moksir, Isias Melchor, Romulo Navales, Ronaldo Guevarra, Andrea R. Delos Reyes, and Shiela R. Delos Reyes (collectively, Manalo, et al.) are owners of residential structures on a parcel of land on Luzon Avenue, Quezon City, owned by Metropolitan Waterworks and Sewerage System. This parcel of land is directly affected by the Department of Public Works and Highways' C-5 extension project,⁵ an endeavor that would link the South Luzon Expressway and the North Luzon Expressway.⁶

On September 13, 2010, Manalo, et al. filed a Complaint before the Regional Trial Court of Quezon City, seeking the determination and payment of just compensation from the Department of Public Works and Highways.⁷

In their Complaint, Manalo, et al. alleged that despite its expropriation power, the Department of Public Works and Highways neglected to initiate an expropriation proceeding. They averred that the Department was "cutting corners to hasten the completion of the project."⁸

² *Rollo*, pp. 9–25. Filed under Rule 45 of the Rules of Court.

³ *Id.* at 27–40. The March 19, 2015 Decision in CA-G.R. SP No. 121303 was penned by Associate Justice Sesinando E. Villon and concurred in by Associate Justices Rodil V. Zalameda (now a member of this Court) and Pedro B. Corales of the Thirteenth Division of the Court of Appeals, Manila.

⁴ *Id.* at 66–67. The May 5, 2011 Order in Civil Case No. Q-10-67907 was penned by Presiding Judge Alexander S. Balut of the Regional Trial Court of Quezon City, Branch 76.

⁵ *Id.* at 12.

⁶ *Id.* at 30.

⁷ *Id.* at 29.

⁸ *Id.* at 30.

Moreover, Manalo, et al. claimed that while the Department of Public Works and Highways made a voluntary offer of financial assistance to them, the amount was “notoriously small”⁹ that they had to turn down the offer.¹⁰

Manalo, et al. also asserted that they should be paid the replacement costs of their houses, as what happened with the informal settlers of Barangay UP Campus.¹¹ Citing an August 6, 2008 Memorandum of Agreement, which the Department of Public Works and Highways had entered into with the Quezon City government, Manalo, et al. claimed that the parties had acknowledged that they were informal settlers.¹² The agreement states in part:

WHEREAS, to implement these proposed projects, there is a need to relocate the affected squatters and to acquire the needed road right of way;

....

ARTICLE II – RESPONSIBILITIES OF THE PARTIES

2.1 Acquire and clear at their own expense the needed Road Right-of-Way that will be affected by the approach of the Construction of Flyover Crossing [C]ommonwealth Avenue (Damayan Alley Side) and the [c]onstruction/widening of Luzon Avenue including the clearing and relocation of squatters/illegal shanties thereat.¹³

Thus, Manalo, et al. prayed for the determination of just compensation due to them, and that they be entitled to rights accruing to individuals whose properties were expropriated for public use, and to moral damages, exemplary damages, and attorney’s fees.¹⁴

On November 15, 2010, the Quezon City Task Force Control and Prevention of Illegal Structures and Squatting issued a Notice of Demolition, asking Manalo, et al. to vacate the land and remove the structures within seven days of receiving the notice. This came with financial assistance worth ₱21,000.00 per family. Despite notice, Manalo, et al. refused to vacate the property and accept the financial aid.¹⁵

On January 19, 2011, the Department of Public Works and Highways filed its Answer¹⁶ praying that the Complaint be dismissed.¹⁷ It alleged that

⁹ Id. at 31.

¹⁰ Id.

¹¹ Id. at 66.

¹² Id. at 66–67.

¹³ Id.

¹⁴ Id. at 32.

¹⁵ Id. at 12.

¹⁶ Id. at 98–114.

Manalo, et al. were admittedly squatting on a government-owned property without the owner's express consent. As such, the structures they built may be demolished under Section 27 of Republic Act No. 7279.¹⁸

The Department of Public Works and Highways also noted that it had already offered Manalo, et al. cash compensation to show good faith and honest intention to help them. It likewise refuted their claim of entitlement to replacement costs, noting that they were only entitled to financial assistance under Section 28 of Republic Act No. 7279. It also asserted that expropriation was not the proper remedy, and that it may avail of summary eviction and demolition under Republic Act No. 7279.¹⁹

Finally, the Department of Public Works and Highways asserted that since Manalo, et al. admitted that the land was not their own, they were builders in bad faith who, under Article 449 of the Civil Code, had no right of reimbursement for the value of their structures.²⁰

Hearings were conducted on the special and affirmative defenses interposed by the Department of Public Works and Highways on February 21, February 28, and March 7, 2011.²¹

In a May 5, 2011 Order,²² the Regional Trial Court denied the Department of Public Works and Highways' prayer to dismiss Manalo, et al.'s case. This, after it had found that the allegations in the Complaint had a cause of action.²³ It disposed:

WHEREFORE, premises considered, the prayer for the dismissal of this case is denied.

SO ORDERED.²⁴ (Emphasis in the original)

The Department of Public Works and Highways sought reconsideration, but this was denied in the Regional Trial Court's June 30, 2011 Order.²⁵ Thus, it filed a Petition for Certiorari before the Court of Appeals.²⁶

¹⁷ Id. at 110.

¹⁸ Id. at 33-34.

¹⁹ Id. at 34-35.

²⁰ Id. at 35.

²¹ Id.

²² Id. at 66-67.

²³ Id. at 67.

²⁴ Id.

²⁵ Id. at 68.

²⁶ Id. at 28-29.

In its March 19, 2015 Decision,²⁷ the Court of Appeals affirmed the Regional Trial Court's findings. It held that the trial court did not gravely abuse its discretion when it relied on the Memorandum of Agreement in denying the prayer for the case's dismissal.²⁸ It disposed:

WHEREFORE, premises considered, the instant Petition for Certiorari is hereby **DISMISSED** for lack of merit. The assailed Orders of respondent Judge Alexander S. Balut of the Regional Trial Court of Quezon City are hereby **AFFIRMED**.

SO ORDERED.²⁹ (Emphasis in the original)

Thus, the Department of Public Works and Highways filed a Petition for Review on Certiorari³⁰ before this Court.

On July 5, 2016, respondents Manalo, et al. filed their Comment.³¹ Petitioner then filed its Reply.³²

Petitioner insists that respondents' Complaint failed to state a cause of action. It notes that the trial court should not have considered the Memorandum of Agreement because it "was never identified, marked in evidence[,] and formally offered during the hearing" for its motion to dismiss.³³ In any case, petitioner claims that the Memorandum of Agreement actually weakened respondents' case, because it revealed that the obligation to relocate respondents rested with the Quezon City government, not petitioner.³⁴

Citing Republic Act No. 7279, petitioner maintains that respondents are only entitled to financial assistance and not just compensation equivalent to the replacement costs. It reasons that respondents were professional squatters who may be summarily evicted and whose illegal structures may be demolished. It reiterates that respondents were builders in bad faith who are not entitled to any reimbursement.³⁵

On the other hand, respondents claim that their cause of action remains undeniable, as they owned the structures that petitioner demolished for the C-5 extension project. They also argue that the issue they raised was whether they were entitled to just compensation, over which the trial court

²⁷ Id. at 27-40.

²⁸ Id. at 38-39.

²⁹ Id. at 39.

³⁰ Id. at 9-25.

³¹ Id. at 402-410.

³² Id. at 431-439.

³³ Id. at 15.

³⁴ Id. at 16.

³⁵ Id. at 18-19.

had jurisdiction.³⁶ They also insist that they are entitled either to the payment of just compensation or to a suitable relocation.³⁷

In rebuttal, petitioner merely reiterated the same arguments it had raised in its Petition.³⁸

For this Court's resolution are the following issues:

First, whether or not the Court of Appeals erred in finding that the Regional Trial Court did not gravely abuse its discretion in denying petitioner Department of Public Works and Highways' prayer to dismiss respondents Eddie Manalo, et al.'s Complaint;

Second, whether or not petitioner can extrajudicially and summarily evict respondents and demolish their structures; and

Finally, whether or not respondents are entitled to just compensation for their structures.

We deny the Petition.

I

Under the Rules of Court, "cause of action is the act or omission by which a party violates a right of another."³⁹ Thus, a complaint states a cause of action if it sufficiently alleges the existence of three essential elements: (1) the plaintiff's legal right; (2) the defendant's correlative obligation; and (3) the act or omission of the defendant in violation of plaintiff's legal right. If there is no allegation that these elements concur, the complaint fails to state a cause of action, and thus, becomes dismissible.⁴⁰

While often interchanged, *failure to state a cause of action* and *lack of cause of action* are distinct grounds to dismiss an action. Failure to state a cause of action, on one hand, "refers to the insufficiency of allegations in the pleading,"⁴¹ and is a ground for a motion to dismiss. On the other hand, lack of cause of action refers to a situation where the evidence does not prove the

³⁶ Id. at 405.

³⁷ Id. at 404.

³⁸ Id. at 431-435.

³⁹ RULES OF COURT, Rule 2, sec. 2.

⁴⁰ *Zuñiga-Santos v. Santos-Gran*, 745 Phil. 171 (2014) [Per J. Perlas-Bernabe, First Division] and *Macaslang v. Zamora*, 664 Phil. 337 (2011) [Per J. Bersamin, Third Division].

⁴¹ Id. at 177.

cause of action alleged in the pleading, or there is “insufficiency of the factual basis for the action.”⁴²

Moreover, failure to state a cause of action “may be raised at the earliest stages”⁴³ of an action, but lack of cause of action “may be raised any time after the questions of fact have been resolved on the basis of stipulations, admissions[,] or evidence presented[.]”⁴⁴

In *Heirs of Pamaran v. Bank of Commerce*,⁴⁵ this Court held that the respondent’s motion to dismiss by way of affirmative defense falls within the failure to state a cause of action as a ground for dismissal. This is because there had been no presentation of evidence yet, and the complaint sufficiently stated a cause of action. This Court further distinguished between failure to state a cause of action and lack of cause of action:

[A] distinction must be made between a motion to dismiss for failure to state a cause of action under Section 1(g) of Rule 16, and the one under Rule 33 of the Rules of Court.

In the first situation, the motion must be made before a responsive pleading is filed; and it can be resolved only on the basis of the allegations in the initiatory pleading. On the other hand, in the second instance, the motion to dismiss must be filed after the plaintiff rested his case; and it can be determined only on the basis of the evidence adduced by the plaintiff. In the first case, it is immaterial if the allegations in the complaint are true or false; however, in the second situation, the judge must determine the truth or falsity of the allegations based on the evidence presented.

Stated differently, a motion to dismiss under Section 1(g) of Rule 16 is based on preliminary objections made before the trial while the motion to dismiss under Rule 33 is a demurrer to evidence on the ground of insufficiency of evidence, and is made only after the plaintiff rested his case.⁴⁶ (Citations omitted)

Thus, in cases of dismissal for failure to state a cause of action, as in this case, “the inquiry is into the sufficiency, not the veracity, of the material allegations”⁴⁷ in the complaint. It delves into “whether the material allegations, assuming these to be true, state ultimate facts which constitute plaintiff’s cause of action[.]”⁴⁸ The test for determining whether a complaint states a cause of action is “whether or not, admitting hypothetically the truth of the allegations of fact made in the complaint, the judge may validly grant the relief demanded in the complaint.”⁴⁹

⁴² Id.

⁴³ Id. at 177–178.

⁴⁴ Id. at 178.

⁴⁵ 789 Phil. 42 (2016) [Per J. Del Castillo, Second Division].

⁴⁶ Id. at 50.

⁴⁷ *Dabuco v. Court of Appeals*, 379 Phil. 939, 949 (2000) [Per J. Kapunan, First Division].

⁴⁸ Id.

⁴⁹ *China Road and Bridge Corp., v. Court of Appeals*, 401 Phil. 590, 599–600 (2000) [Per J. Bellosillo, Second Division].

There are, however, exceptions to the rule that the allegations are hypothetically admitted as true, namely: (a) if the falsity of the allegations “is subject to judicial notice”; (b) “if such allegations are legally impossible”; or (c) “if these refer to facts which are inadmissible in evidence”; or (d) “if by the record or document included in the pleading these allegations appear unfounded.”⁵⁰ None of these exceptions were alleged to be present here.

Since the inquiry is into the sufficiency, not the veracity, of the material allegations in the complaint, then generally, the “analysis should be confined to the four corners of the complaint, and no other.”⁵¹ Here, in moving to dismiss the case, petitioner alleged that respondents’ Complaint failed to state a cause of action. Thus, an examination of the Complaint is necessary. Its pertinent portions read:

3. Plaintiffs who are informal settlers and not owners of the lots are residence [sic] and owners of residential structures located at Luzon Avenue, Quezon City, whose houses [were] situated directly along the path of DPWH’s ambitious Circumferential Road also known as C-5 extension project that will finally link South Luzon Express way to North Luzon Express way [sic];

4. Obviously, the C-5 project was envisioned by traffic czars and engineers to alleviate and decongest nearly the whole stretch of main thoroughfares like EDSA and Camachile-Balintawak interchange, the bulk of vehicles are therefore diverted to C-5 with an accesses [sic] to both north and south super highways and vice-versa without negotiating the perennially traffic clogged metropolitan roads. It was a noble project indeed ultimately beneficial to the public particularly in the movement of people and goods;

5. It is beyond dispute that defendant DPWH an agency of the sovereign that has the sole and exclusive task, supervision and control of all government projects. The sovereign power is so immense and potent that it could take away any kind of property private of [sic] otherwise for public use. Although the State guarantees private ownership, such personal tenure will necessarily bowed [sic] down to sovereign’s inherent power of eminent domain when the exercise of expropriate becomes indispensable to fulfill the government’s avowed aim of serving the interest of the great majority of the people;

....

“7. Surprisingly, defendant DPWH as an instrument of the sovereign has the expropriation power but neglected to appropriately initiate an expropriation proceeding in court through a verified complaint impleading the plaintiffs whose properties lie in the direct path of the developing super highway. Yet, defendant DPWH is already exercising and moving towards expropriation which seemed highly irregular

⁵⁰ *Dabuco v. Court of Appeals*, 379 Phil. 939 (2000) [Per J. Kapunan, First Division].

⁵¹ *Zuñiga-Santos v. Santos-Gran*, 745 Phil. 171, 180 (2014) [Per J. Perlas-Bernabe, First Division].

considering that the Constitution and the Rules have provided a mechanism in expropriation. Apparently, defendant DPWH is cutting corners to hasten the completion of the project. Whatever the motive of defendant DPWH noble or otherwise should submit to judicial process to avoid any impression of irregularity and abuse;

8. Yet, defendant DPWH aware of its constitutional obligation to plaintiffs as owners of the residential structures has made a voluntary offer of financial aid package. But the amount offered by defendant DPWH to the affected plaintiffs whose houses and homes will soon to be gobbled up by the C-5 highway was notoriously small to pass the criteria of just compensation. Evidently, the idea of just compensation does not make any sense at all with the defendant DPWH since its voluntary offer was termed "financial assistance". Consequently, defendant DPWH's offer of financial assistance was graciously turned down by plaintiffs;

9. With the sovereign power in their midst slowly creeping towards plaintiffs' private homes and houses sans the property expropriation proceedings so demanded by the Constitution and the Rules, plaintiffs are frantically desperate to seek judicial remedy to prevent the threat or incursion by defendant [sic] DPWH into their respective homes and houses. Plaintiffs have no such means to match the sovereign power gradually sneaking into their private homes except through the invocation of judicial process;

....

11. Plaintiffs are unable to understand the present policy of defendant DPWH of not imparting upon them its liberal and generous treatment it bestowed to members of SAPADA who like them were also informal settlers right across Commonwealth Avenue, where their houses and structures were duly compensated by defendant DPWH based on the houses' estimated values[.]⁵²

Based on the allegations, and as aptly found by the lower courts, the Complaint sufficiently states a cause of action. All the elements are present, namely: (1) respondents owned the residential structures on Luzon Avenue, Quezon City, and they have rights embodied in the August 6, 2008 Memorandum of Agreement; (2) petitioner has the obligation to respect such rights as it still has to comply with due process; and (3) petitioner's inaction to give respondents what is due to them violates their rights.⁵³

Contrary to petitioner's contention that the Memorandum of Agreement may not be considered, this Court has held in *China Road and Bridge Corporation v. Court of Appeals*⁵⁴ that the trial court can consider all the pleadings filed, including annexes, motions, and the evidence on record, for purpose of hypothetically admitting them without ruling on their truth or falsity.

⁵² *Rollo*, pp. 84-86.

⁵³ *Id.* at 38 and 66-67.

⁵⁴ 401 Phil. 590 (2000) [Per J. Bellosillo, Second Division].

Although generally, inquiry is limited to the four corners of the complaint, inquiry may not be confined to the face of the complaint “if culled (a) from annexes and other pleadings submitted by the parties; (b) from documentary evidence admitted by stipulation which disclose facts sufficient to defeat the claim; or (c) from evidence admitted in the course of hearings related to the case.”⁵⁵

In any case, when petitioner offered respondents financial assistance, respondents’ right has already been acknowledged to have been violated. It is of no moment that petitioner denied respondents’ entitlement to just compensation due to their being professional squatters. In *Aquino v. Quiazon*,⁵⁶ if the allegations in a complaint furnish sufficient basis for the suit, the complaint should not be dismissed regardless of the defenses that may be raised.

II

Judicial economy aims “to have cases prosecuted with the least cost to the parties,”⁵⁷ requiring that “unnecessary or frivolous reviews of orders by the trial court, which facilitate the resolution of the main merits of the case, be reviewed together with the main merits of the case.”⁵⁸

In the interest of judicial economy, this Court proceeds to determine the other issues raised by the parties.

Article III, Section 9 of the Constitution mandates that “[p]rivate property shall not be taken for public use without just compensation.” The State’s inherent right to condemn private property is the power of eminent domain or expropriation, which must comply with the following requisites to be valid:

- (1) the expropriator must enter a private property;
- (2) the entrance into private property must be for more than a momentary period;
- (3) the entry into the property should be under warrant or color of legal authority;
- (4) the property must be devoted to a public purpose or otherwise informally, appropriately or injuriously affected; and
- (5) the utilization of the property

⁵⁵ *Aquino v. Quiazon*, 755 Phil. 793, 814 (2015) [Per J. Mendoza, Second Division] citing *Philippine Army v. Pamittan*, 667 Phil. 440 (2011) [Per J. Carpio, Second Division]; and *Dabuco v. Court of Appeals*, 379 Phil. 939 (2000) [Per J. Kapunan, First Division].

⁵⁶ 755 Phil. 793 (2015) [Per J. Mendoza, Second Division].

⁵⁷ *E. I. Dupont De Nemours and Co. v. Francisco*, 794 Phil. 97, 113 (2016) [Per J. Leonen, Second Division] citing *City of Lapu-Lapu v. Philippine Economic Export Zone*, 748 Phil. 473 (2014) [Per J. Leonen, Second Division]; and *Salud v. Court of Appeals*, 303 Phil. 397 (1994) [Per J. Puno, Second Division].

⁵⁸ *Id.* at 113–114.

for public use must be in such a way as to oust the owner and deprive him of all beneficial enjoyment of the property.⁵⁹ (Citation omitted)

Expropriation may be judicially claimed by filing either: (a) a complaint for expropriation by the expropriator; or (b) a complaint, or a counterclaim, for compensation by the deprived landowner, which is referred to as inverse expropriation.⁶⁰

Here, respondents admit that they are informal settlers, not lot owners. They claim to be residents and owners of the residential structures on Luzon Avenue in Quezon City, along the path of the C-5 extension project.⁶¹ Thus, the source of respondents' rights in the Constitution is not Article III, Section 9, but rather, Article XIII, Section 10.

Article XIII, Section 10 of the Constitution provides:

SECTION 10. Urban or rural poor dwellers shall not be evicted nor their dwellings demolished, except in accordance with law and in a just and humane manner.

In relation, Section 9 of Republic Act No. 8974, or An Act to Facilitate the Acquisition of Right-Of-Way, Site or Location for National Government Infrastructure Projects and for Other Purposes, states:

SECTION 9. *Squatter Relocation.* — The government through the National Housing Authority, in coordination with the local government units and implementing agencies concerned, shall establish and develop squatter relocation sites, including the provision of adequate utilities and services, in anticipation of squatters that have to be removed from the right-of-way or site of future infrastructure projects. Whenever applicable, the concerned local government units shall provide and administer the relocation sites.

In case the expropriated land is occupied by squatters, the court shall issue the necessary writ of demolition for the purpose of dismantling any and all structures found within the subject property. The implementing agency shall take into account and observe diligently the procedure provided for in Sections 28 and 29 of Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992.

Funds for the relocation sites shall come from appropriations for the purpose under the General Appropriations Act, as well as from appropriate infrastructure projects funds of the implementing agency concerned. (Emphasis supplied)

⁵⁹ *Philippine Long Distance Telephone Company v. Citi Appliance M.C. Corporation*, G.R. No. 214546, October 9, 2019, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/66296>> [Per J. Leonen, Third Division].

⁶⁰ *Id.*

⁶¹ *Rollo*, p. 30.

Under Republic Act No. 8974, the court shall issue a writ of demolition to dismantle the structures found in the property. The implementing agency shall diligently observe the procedure provided in Sections 28 and 29 of Republic Act No. 7279, or the Urban Development and Housing Act of 1992, for when the expropriated land is occupied by informal settlers. The relevant provisions of Republic Act No. 7279 states:

SECTION 27. *Action Against Professional Squatters and Squatting Syndicates.* — The local government units, in cooperation with the Philippine National Police, the Presidential Commission for the Urban Poor (PCUP), and the PCUP-accredited urban poor organization in the area, shall adopt measures to identify and effectively curtail the nefarious and illegal activities of professional squatters and squatting syndicates, as herein defined.


Any person or group identified as such shall be summarily evicted and their dwellings or structures demolished, and shall be disqualified to avail of the benefits of the Program. A public official who tolerates or abets the commission of the abovementioned acts shall be dealt with in accordance with existing laws.

For purposes of this Act, professional squatters or members of squatting syndicates shall be imposed the penalty of six (6) years imprisonment or a fine of not less than Sixty thousand pesos (P60,000.00) but not more than One hundred thousand pesos (P100,000), or both, at the discretion of the court.

SECTION 28. *Eviction and Demolition.* — Eviction or demolition as a practice shall be discouraged. Eviction or demolition, however, may be allowed under the following situations:

- (a) When persons or entities occupy danger areas such as esteros, railroad tracks, garbage dumps, riverbanks, shorelines, waterways, and other public places such as sidewalks, roads, parks, and playgrounds;
- (b) When government infrastructure projects with available funding are about to be implemented; or
- (c) When there is a court order for eviction and demolition.

In the execution of eviction or demolition orders involving underprivileged and homeless citizens, the following shall be mandatory:

- (1) Notice upon the effected persons or entities at least thirty (30) days prior to the date of eviction or demolition;
 - (2) Adequate consultations on the matter of settlement with the duly designated representatives of the families to be resettled and the affected communities in the areas where they are to be relocated;
 - (3) Presence of local government officials or their representatives during eviction or demolition;
- 

- (4) Proper identification of all persons taking part in the demolition;
- (5) Execution of eviction or demolition only during regular office hours from Mondays to Fridays and during good weather, unless the affected families consent otherwise;
- (6) No use of heavy equipment for demolition except for structures that are permanent and of concrete materials;
- (7) Proper uniforms for members of the Philippine National Police who shall occupy the first line of law enforcement and observe proper disturbance control procedures; and
- (8) Adequate relocation, whether temporary or permanent: Provided, however, That in cases of eviction and demolition pursuant to a court order involving *underprivileged and homeless citizens*, relocation shall be undertaken by the local government unit concerned and the National Housing Authority with the assistance of other government agencies within forty-five (45) days from service of notice of final judgment by the court, after which period the said order shall be executed: Provided, further, That should relocation not be possible within the said period, *financial assistance in the amount equivalent to the prevailing minimum daily wage multiplied by sixty (60) days* shall be extended to the affected families by the local government unit concerned.

The Department of the Interior and Local Government and the Housing and Urban Development Coordinating Council shall jointly promulgate the necessary rules and regulations to carry out the above provision.

SECTION 29. *Resettlement.* — Within two (2) years from the effectivity of this Act, the local government units, in coordination with the National Housing Authority, shall implement the relocation and resettlement of persons living in danger areas such as esteros, railroad tracks, garbage dumps, riverbanks, shorelines, waterways, and in other public places as sidewalks, roads, parks, and playgrounds. The local government unit, in coordination with the National Housing Authority, shall provide relocation or resettlement sites with basic services and facilities and access to employment and livelihood opportunities sufficient to meet the basic needs of the affected families.⁶² (Emphasis supplied)

Here, there is no allegation that a writ of demolition was procured from the court, or that the procedures provided in Sections 28 and 29 of Republic Act No. 7279 were observed, as mandated by Republic Act No. 8974. Instead, petitioner admits having offered financial assistance to respondents, pursuant to Section 28(8) of Republic Act No. 7279. By doing this, petitioner acknowledges that respondents are underprivileged and homeless citizens, entitled to due process of law, prior to their eviction and the demolition of their structures. /

⁶² Republic Act No. 7279 (1992), secs. 27, 28, and 29.

Thus, this case should be remanded to the trial court to determine whether respondents had been prejudiced by the eviction and demolition of their structures, and if properly substantiated, whether they are entitled to damages.

Petitioner, however, insists that respondents are professional squatters who may be summarily evicted and their structures demolished under Section 27 of Republic Act No. 7279. Section 3(m) of the law defines professional squatters as:

... individuals or groups who occupy lands without the express consent of the landowner and who have sufficient income for legitimate housing. The term shall also apply to persons who have previously been awarded homelots or housing units by the Government but who sold, leased or transferred the same to settle illegally in the same place or in another urban area, and non-bona fide occupants and intruders of lands reserved for socialized housing. The term shall not apply to individuals or groups who simply rent land and housing from professional squatters or squatting syndicates[.]

Petitioner, however, failed to substantiate this allegation.

Finally, this Court notes that the Metropolitan Waterworks and Sewerage System, the owner of the land on which respondents' structures were built, was not impleaded here. Hence, this Court cannot rule on the issue of respondents' rights as builders in bad faith under the Civil Code.

WHEREFORE, the Petition is **DENIED**. The Court of Appeals' March 19, 2015 Decision in CA-G.R. SP No. 121303 is **AFFIRMED**. This case is **REMANDED** to the Regional Trial Court of Quezon City, Branch 76 for appropriate action in accordance with this Decision, with due and deliberate dispatch.


SO ORDERED.



MARVIC M.V.F. LEONEN

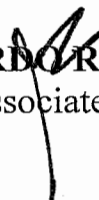
Associate Justice

WE CONCUR:


RAMON PAUL L. HERNANDO
Associate Justice

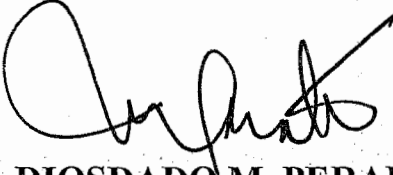

HENRI JEAN PAUL B. INTING
Associate Justice


EDGARDO L. DELOS SANTOS
Associate Justice


RICARDO R. ROSARIO
Associate Justice

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