Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

HEIRS OF AUGUSTO SALAS, JR., represented by TERESITA D. SALAS,	**G.R. No. 191545**
Petitioners,	Present:
-versus-	CARPIO, *J., Chairperson,* MENDOZA,* LEONEN, JARDELEZA,** and MARTIRES, *JJ.*
MARCIANO CABUNGCAL, SERAFIN CASTILLO, DOMINGO M. MANTUANO, MANOLITO D. BINAY, MARIA M. CABUNGCAL, REMON C. RAMOS, NENITA R. BINAY, DOMINGO L. MANTUANO, NENITA L. GUERRA, ROSALINA B. MANTUANO, DOMINADOR C. CASTILLO, LEALINE M. CABUNGCAL, ALBERTO CAPULOY, ALFREDO VALENCIA, MARIA L. VALENCIA, GERARDO GUERRA, GREGORIO M. LATAYAN, REMEDIOS M. GUEVARRA, JOSE C. BASCONCILLO, APLONAR TENORIO, JULIANA V. SUMAYA, ANTONIO C. HERNANDEZ, VERONICA MILLENA, TERSITA D.C. CASTILLO, DANTE M. LUSTRE, EFIPANIO M. CABUNGCAL, NESTOR V.	

---

* On official leave.

** Designated additional member per Raffle dated March 15, 2017.

LATINA, NENITA LLORCA, ROMEL L. LOMIDA, MARILOU CASTILLO, RUBEN CASTILLO, ARNOLD MANALO, RICARDO CAPULOY, AMELITA CALIMBAS, ROSALITA C. ELFANTE, LANIE CAMPIT, RODILLO RENTON, RUSTICO AMAZONA, LUZVIMINDA DE OCAMPO, DANILO DE OCAMPO, JOSE DARWIN LISTANCO, NEMESIO CABUNGCAL, RENATO ALZATE, BERNARDO AQUINO, RODRIGO CABUNGCAL, CHONA G. AGUILA, ROSA M. MANTUANO, ALLAN M. LUSTRE, FELIPE LOQUEZ, DOMINGO MANALO, DOMINADOR M. MANALO, JENNIFER H. MALIBIRAN, FELIXBERTO RITAN, LEONILA FERRER, TOMAS M. LORENO, CELSO VALENCIA, CONSTANTINO LUSTRE, REYNALDO C. MALIBIRAN, ORLANDO C. MALIBIRAN, RICARDO LLAMOSO AND SANTA DIMAYUGA, represented by JOSE C. BASCONILLO,

Respondents.

Promulgated:

29 MAR 2017

x----------x

DECISION

LEONEN, *J.*:

Republic Act No. 6657 or the Comprehensive Agrarian Reform Law generally covers all public and private agricultural lands.

This resolves a Petition for Review on Certiorari under Rule 45 of the 1997 Rules of Civil Procedure. The Petition[1] is an offshoot of the Court of Appeals Second Division's Decision[2] dated October 26, 2009 and Resolution[3] dated March 1, 2010 in the case docketed as CA-G.R. SP No. 103703.

---

1 *Rollo*, pp. 3–34.
2 Id. at 35–57.
3 Id. at 58–61.

Augusto Salas, Jr. (Salas) was the registered owner of a vast tract of agricultural land[4] traversing five barangays—Pusil, Bulacnin, Balintawak, Marawoy, and Inosluban—in Lipa City, Batangas.[5] Respondents Marciano Cabungcal, Serafin Castillo, Domingo M. Mantuano, Manolito D. Binay, Maria M. Cabungcal, Remon C. Ramos, Nenita R. Binay, Domingo L. Mantuano, Nenita L. Guerra, Rosalina B. Mantuano, Dominador C. Castillo, Lealine M. Cabungcal, Alberto Capuloy, Alfredo Valencia, Maria L. Valencia, Gerardo Guerra, Gregorio M. Latayan, Remedios M. Guevarra, Jose C. Basconcillo, Aplonar Tenorio, Juliana V. Sumaya, Antonio C. Hernandez, Veronica Millena, Tersita D.C. Castillo, Dante M. Lustre, Efipanio M. Cabungcal, Nestor V. Latina, Nenita llorca, Romel L. Lomida, Marilou Castillo, Ruben Castillo, Arnold Manalo, Ricardo Capuloy, Amelita Calimbas, Rosalita C. Elfante, Lanie Campit, Rodillo Renton, Rustico Amazona, Luzviminda De Ocampo, Danilo De Ocampo, Jose Darwin Listanco, Nemesio Cabungcal, Renato Alzate, Bernardo Aquino, Rodrigo Cabungcal, Chona G. Aguila, Rosa m. Mantuano, Allan M. Lustre, Felipe Loquez, Domingo Manalo, Dominador M. Manalo, Jennifer H. Malibiran, Felixberto Ritan, Leonila Ferrer, Tomas M. Loreno, Celso Valencia, Constantino Lustre, Reynaldo C. Malibiran, Orlando c. Malibiran, Ricardo Llamoso and Santa Dimayuga, represented by Jose C. Basconillo were tenant farmers in his agricultural land[6] and are agrarian reform beneficiaries under the Comprehensive Agrarian Reform Program.

According to Transfer Certificate of Title (TCT) No. T-2807,[7] the agricultural land of Salas had an aggregate area of 148.4354 hectares (roughly 1.5 million square meters),[8] covering Lots 1 and 2.[9] Lot 1 spanned 56.1361 hectares,[10] while Lot 2 spanned 92.2993 hectares.[11]

Under Section 3[12] of Republic Act No. 2264,[13] the applicable law at that time, municipal and city councils were empowered to adopt zoning and

---

4 Id. at 37.
5 Id. at 37–39.
6 Id. at 82, Department of Agrarian Reform Order dated September 19, 2006. They claimed to have so worked even before Republic Act No. 6657 took effect in 1988.
7 Id. at 137, OSG Comment.
8 Id. at 37–38.
9 Id. at 6–8.
10 Id. at 38.
11 Id. at 39.
12 Republic Act No. 2264, sec. 3 provides:
Section 3. Additional Powers of Provincial Boards, Municipal Boards or City Councils and Municipal and Regularly Organized Municipal District Councils. –
. . . .
Power to adopt zoning and planning ordinances. – Any provision of law to the contrary notwithstanding, Municipal Boards or City Councils in cities, and Municipal Councils in municipalities are hereby authorized to adopt zoning and subdivision ordinances or regulations for their respective cities and municipalities subject to the approval of the City Mayor or Municipal Mayor, as the case may be. Cities and municipalities may, however, consult the National Planning Commission on matters pertaining to planning and zoning.
13 An Act Amending The Laws Governing Local Governments By Increasing Their Autonomy And

subdivision ordinances or regulations, in consultation with the National Planning Commission.

On February 19, 1977, then President Ferdinand Marcos created the National Coordinating Council for Town Planning, Housing and Zoning (National Coordinating Council) to prepare and oversee all government town plans, housing, and zoning measures.[14]

After a year, the National Coordinating Council was dissolved and replaced by the Human Settlements Regulatory Commission.[15] Under Letter of Instruction No. 729, the power of the local government to convert or reclassify agricultural lands became subject to the approval of the Human Settlements Regulatory Commission.[16]

The Human Settlements Regulatory Commission was tasked to "[r]eview, evaluate and approve or disapprove comprehensive land use development plans and zoning ordinances of local government[s]."[17]

On December 2, 1981, the Human Settlements Regulatory Commission issued Resolution No. 35,[18] approving the Town Plan/Zoning Ordinance of Lipa City, Batangas.[19] Pursuant to the approved town plan of Lipa City, Salas' agricultural land was reclassified as a farmlot subdivision[20] for cultivation, livestock production, or agro-forestry.[21]

Sometime in May 1987, Salas entered into an Owner-Contractor Agreement with Laperal Realty Corporation (Laperal Realty) for the development, subdivision, and sale of his land.[22]

On November 17, 1987, the Human Settlements Regulatory Commission, now Housing and Land Use Regularoty Board (HLURB),[23] issued Development Permit No. 7-0370, granting Laperal Realty a permit for a Nature Farmlots subdivision.[24]

Reorganizing Provincial Governments. Also known as the Local Autonomy Act of 1959.

14 L.O.I. No. 511 (1977).

15 *Ong v. Imperial*, G.R. No. 197127, July 15, 2015, < http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2015/july2015/197127.pdf> [Per J. Leonardo-De Castro, First Division].

16 *See Pasong Bayabas Farmers Association Inc. v. Court of Appeals*, 473 Phil. 64 (2004) [Per J. Callejo Sr., Second Division].

17 Exec. Order No. 648 (1981), art. IV, sec. 5(b),

18 *Rollo*, p. 44.

19 Id. at 114, Comment.

20 Id. at 47.

21 Id. at 140, Comment.

22 Id. at 38.

23 Executive Order No. 90 (1996), sec. 1 (c).

24 *Rollo*, p. 87, Department of Agrarian Reform Order dated January 7, 2004.

Salas subdivided Lot 1 into Lots A to C under Psd-04-0262541,[25] and Lot 2 into Lots A to K under Psd-04-0262542.[26] A total of 14 subdivided lots were titled in his name, as follows:[27]

Former Lot 1 Description	Area in square meters	New Titles Issued
Lot A (Bgy. Inosluban)	234,967 (23.4967 ha.)	TCT No. 67660
Lot B (Bgy. Inosluban)	9,366 (.9366 ha.)	TCT No. 67661
Lot C (Bgy. Marawoy)	317,028 (31.7028 ha.)	TCT No. 67662
Total	**561,361 (56.1361 ha.)**	

Former Lot 2 Description	Area in square meters	New Titles Issued
Lot A (Bgy. Balintawak)	3,058 (.3058 ha.)	TCT No. 67663
Lot B (Bgy. Balintawak)	90,587 (9.0587 ha.)	TCT No. 67664
Lot C (Bgy. Bulacnin)	2,925 (.2925 ha.)	TCT No. 67665
Lot D (Bgy. Bulacnin)	75,934 (7.5934 ha.)	TCT No. 67666
Lot E (Bgy. Bulacnin)	13,909 (1.3909 ha.)	TCT No. 67667
Lot F (Bgy. Pusil)	106,509 (10.6509 ha.)	TCT No. 67668
Lot G (Bgy. Pusil)	60,121 (6.0121 ha.)	TCT No. 67669
Lot H (Bgy. Pusil)	89,202 (8.9202 ha.)	TCT No. 67670
Lot I (Bgy. Pusil)	9,086 (.9086 ha.)	TCT No. 67671
Lot J (Bgy. Pusil)	460,633 (46.0633 ha.)	TCT No. 67672
Lot K (Bgy. Pusil)	11,029 (1.1029 ha.)	TCT No. 67673
Total	**922,993 (92.2993 ha.)**	

Under Psd-04-027665, Salas further subdivided Lot J into 23 smaller lots, with areas ranging from .1025 to 2.1663 hectares each.[28] Then, he consolidated Lots F, G, and H and subdivided them into 17 smaller lots under Psd-04-003573, with areas ranging from .1546 to 2.0101 hectares each.[29]

The transfer certificates of title for these subdivided lots were all issued in Salas' name.[30]

Meanwhile, respondents continued to farm on his landholdings.[31]

On June 10, 1988, Republic Act No. 6657[32] was signed into law and became effective on June 15, 1988.[33] The law sought to expand the coverage of the government's agrarian reform program.[34] Salas'

---

25 Id. at 38.
26 Id. at 38–39.
27 Id. at 38.
28 Id. at 39.
29 Id.
30 Id. at 39–40.
31 Id. at 82, Department of Agrarian Reform Order dated September 19, 2006.
32 An Act Instituting A Comprehensive Agrarian Reform Program To Promote Social Justice And Industrialization, Providing The Mechanism For Its Implementation, And For Other Purposes. Also known as the Comprehensive Agrarian Reform Law of 1988.
33 *Rollo*, pp. 40–41.
34 Id. at 41.

landholdings were among those contemplated for acquisition and distribution to qualified farmer beneficiaries.[35]

Before HLURB, Salas applied for a permission to sell his subdivided lots.[36] On July 12, 1988, HLURB issued a License to Sell[37] Phase 1 of the farmlot subdivision, consisting of 31 lots.[38]

From July 12, 1988 to October 1989, Laperal Realty sold unspecified portions of the subdivided lots.[39]

Salas also executed in favor of Laperal Realty a Special Power of Attorney "to exercise general control, supervision and management of the sale of his land[holdings]".[40]

On June 10, 1989, Salas went on a business trip to Nueva Ecija and never came back.[41]

Pursuant to the Special Power of Attorney,[42] Laperal Realty subdivided Salas' property and sold unspecified portions of these to Rockway Real Estate Corporation and to South Ridge Village, Inc. on February 22, 1990, as well as to spouses Thelma and Gregorio Abrajano, to Oscar Dacillo, and to spouses Virginia and Rodel Lava on June 27, 1991.[43]

The sale of these lots resulted in only 82.5569 hectares of the original 148.4354 hectares unsold and remaining under Salas' name,[44] namely, Lots A to C (from the former Lot 1) and Lots B and J-7 to J-18 (from the former Lot 2), totaling 16 lots. Thus:[45]

Salas' remaining lots	Area (in hectares)	TCT No.
Lot A	23.4967	67660
Lot B	0.9366	67661
Lot C	31.7028	67662
Lot B	9.0587	67664
Lot J-7	1.2159	68223

35 Id.
36 Id. at 40.
37 Under Section 12 of Rule III of the Human Settlements Regulatory Commission (now HLURB) Rules and Regulations Implementing Farmlot Subdivision Plan, farmlots may only be disposed of pursuant to a license to sell by the HLURB.
38 *Rollo*, p. 40.
39 Id.
40 *Heirs of Salas, Jr. v. Laperal Realty Corporation*, 378 Phil. 369, 372 (1999) [Per J. De Leon Jr., Second Division].
41 *Heirs of Salas, Jr. v. Laperal Realty Corporation*, 378 Phil. 369, 372 (1999) [Per J. De Leon Jr., Second Division].
42 Id. at 373.
43 Id.
44 *Rollo*, p. 40.
45 Id.

Lot J-8	1.0757	68224
Lot J-9	1.2158	68225
Lot J-10	1.3356	68226
Lot J-11	1.0000	68227
Lot J-12	1.0000	68228
Lot J-13	1.4802	68229
Lot J-14	2.0443	68230
Lot J-15	1.8060	68231
Lot J-16	2.1663	68232
Lot J-17	1.5454	68233
Lot J-18	1.4769	68234
Total	**82.5569 hectares**	

Petitioners Heirs of Salas assailed the inclusion of their landholdings, i.e. the 16 lots, under the Comprehensive Agrarian Reform Program.[46] They filed protest letters before the Department of Agrarian Reform on January 8, 1991, and before the Department of Agrarian Reform Adjudication Board on April 12, 1991.[47]

On May 31, 1993, before the protests were resolved, the Municipal Agrarian Reform Officer of Lipa City sent a Notice of Coverage[48] for the landholdings that would be subject to acquisition and distribution to qualified farmer beneficiaries.

Subsequently, the Department of Agrarian Reform denied petitioners' protest for lack of merit, while the Department of Agrarian Reform Adjudication Board dismissed it for lack of jurisdiction.[49]

The Notice of Land Valuation and Acquisition was sent on December 28, 1993.[50]

Between 1995 and 1996, agrarian reform beneficiaries were given Certificates of Land Ownership Award over portions of Salas' landholdings, covering a total area of about 40.8588 hectares.[51]

Thirteen (13) lots consisting of Lot A (from the former Lot 1) and Lots J-7 to J-18 (from the former Lot 2) were distributed to agrarian reform beneficiaries.[52] The lots were registered in their names, as follows:[53]

---

46 Id. at 41.
47 Id.
48 Id. at 41–42.
49 *Rollo*, p. 41.
50 Id. at 42.
51 Id.
52 Id. at 42–43.
53 Id.

Lot	Former TCT No.	Agrarian Reform Beneficiaries	Area (has.)	CLOA No.
Lot A	67660	Romeo Mantuano	0.0252	00189533
		Respondent Rustico G. Amazona	0.0277	
		Jaime Latayan	0.0308	
		Rogelio Q. Valencia	0.0252	00189534
		Jose B. Guerra	0.0359	00189535
		Respondent Gerardo Guerra	0.0327	00189536
		Alberto B. Guerra	0.0384	00189537
		Respondent Nenita M. Llorca	0.0457	00189538
		Respondent Maria L. Valencia	0.0383	00189539
		(Church/basketball court)	0.0843	
		Respondent Marciano V. Cabungcal	0.0686	00189542
		Ernesto Latayan	0.0509	
		Feliciano Cuenca	0.0578	
		Respondent Gregorio M. Latayan	0.0509	00189541
		Francisco Cabungcal	0.0696	00189540
		Antonina Mantuano	0.0729	
		Lorenzo Ritan	0.0934	
		Bernardo P. Loza	0.0678	00189543
		Respondent Domingo M. Manalo	0.5979	00189544
		Eduardo Castillo	0.5979	00189545
		Respondent Nestor V. Latina	1.1958	00189546
		Romeo Mantuano	1.1958	
		Respondent Alfredo L. Valencia	1.1958	00189547
		Sergio I. Valencia	1.1959	00189548
		Maximo M. Loza	1.1959	00189549
		Manuel L. Castillo	1.1958	00189550
		Respondent Nenita M. Llorca	1.1959	00189551
		Jose V. Malibiran	1.1959	00189552
		Alberto B. Guerra	1.1958	00189553
		Jose B. Guerra	1.1958	00189554
		Respondent Gregorio M. Latayan	1.1957	00189555
		Rustico O. Roxas	1.1959	00189556
		Dominador C. Castillo	0.5979	00189557
		Nemesio V. Cabungcal	0.5957	00189558
		Francisco V. Cabungcal	1.1951	00189559
		Marciano V. Cabungcal	1.1958	00189560
		Mario Castillo	1.1985	00189561
		Mario Castillo	1.1958	00189562
		Rosemarie C. De Guzman	0.5976	00189563

		Rosemarie C. De Guzman	0.5976	00189563
		Ronnie D. Binay	0.5976	00189564
Lot J-7	68223	Jaime and Clemente Latayan	1.2159	00305426
Lot J-8	68224	Amado Conrado Latayan and Clemente Latayan	1.0757	00305427
Lot J-9	68225	Amado Conrado Latayan and Clemente Latayan	1.2158	00305428
Lot J-10	68226	Candido L. Amazon, et al.	1.3356	00305429
Lot J-11	68227	Ernesto M. and Diomedes H. Latayan	1	00305430
Lot J-12	68228	Ernesto M. Latayan	1	00305431
Lot J-13	68229		1.4802	
Lot J-14	68230	Conchita M. Latayan	2.0443	00305417
Lot J-15	68231	Eugenia V. Latina and Conchita M. Latayan	1.8060	00305433
Lot J-16	68232	Eugenia V. Latina and Gabino Latayan	2.1663	00305418
Lot J-17	68233	Gabino Latayan	1.5454	00305419
Lot J-18	68234	Gabino Latayan	1.4769	00305434
		Total	**40.8588 Hectares**	

The 14th lot, Lot C from the former Lot 1, consisting of 31.7028 hectares, was also distributed to the beneficiaries.[54]

Thus, of the 16 lots unsold and remaining under Salas' name,[55] 14 lots were awarded to agrarian reform beneficiaries.[56] Only two lots remained with Salas: 9.0587 hectares (Lot B from the former Lot 2) and 9.3864 (Lot B from the former Lot 1).[57]

Meanwhile, the 17th lot, Lot C from the former Lot 2, 0.2925 hectares, was designated as a school site;[58] thus, it was not included in the scope of the agrarian reform program.[59]

On December 8, 1995, before the Department of Agrarian Reform Adjudication Board, an action was filed for the cancellation of the Certificates of Land Ownership Award, with a prayer for the issuance of a temporary restraining order to enjoin the distribution of their landholdings to qualified farmer beneficiaries.[60]

---

54 Id. at 89, Department of Agrarian Reform Order dated January 7, 2004.
55 Id. at 40, Court of Appeals Decision.
56 Id. at 51.
57 Id.
58 Id. at. 39.
59 Id. at 89, Department of Agrarian Reform Order dated January 7, 2004.
60 Id. at 42, Court of Appeals Decision.

By 1996, Salas, Jr. had already been missing for more than seven (7) years.[61] On August 6, 1996, Salas' wife, Teresita Diaz Salas (Teresita), petitioned the court to declare him presumptively dead.[62] The court granted the petition on December 12, 1996,[63] and Teresita was appointed as administrator of his estate.[64]

In 1997, the Department of Agrarian Reform Adjudication Board denied petitioners' action for the cancellation of respondents' Certificates of Land Ownership Award.[65]

On July 29, 1997, the Estate of Salas, with Teresita as the administrator, filed an Application for Exemption/Exclusion from the Comprehensive Agrarian Reform Program for the 17 lots before the Department of Agrarian Reform.[66] This was allegedly not acted upon.[67]

Meanwhile, the Center for Land Use, Policy, Planning, and Implementation II sought for a clarification with the HLURB regarding the definition of a farmlot subdivision.[68] On July 16, 1998, then HLURB Commissioner Francisco L. Dagnalan stated that a farmlot subdivision is a "planned community intended primarily for intensive agricultural activities secondarily for housing."[69] Such farmlot must be "located in the fringes of the urban core of cities and municipalities."[70]

On April 29, 2001,[71] the Estate of Salas again filed an application for exemption from the coverage of the Comprehensive Agrarian Reform Program for the 17 parcels of land before the Department of Agrarian Reform Center for Land Use, Policy, Planning, and Implementation II.[72] Petitioners prayed that an aggregate area of 82.8494 hectares be exempted from the Comprehensive Agrarian Reform Program.[73] Located in Barangays Bulacnin and Inosluban-Maraouy, Lipa City,[74] these lots were as follows:[75]

---

61 *Heirs of Salas v. Laperal Realty Corporation*, 378 Phil. 369, 372 (1999) [Per J. De Leon Jr., Second Division].
62 *Rollo*, p. 41.
63 *Heirs of Salas v. Laperal Realty Corporation*, 378 Phil. 369, 372 (1999) [Per J. De Leon Jr., Second Division].
64 *Rollo*, p. 41.
65 Id. at 42.
66 Id. at 43.
67 Id.
68 Id. at 89, Department of Agrarian Reform Order dated January 7, 2004.
69 Id. at 90, Department of Agrarian Reform Order dated January 7, 2004.
70 Id.
71 Id. at 96.
72 The CLUPPI is a "'one-stop-shop' [that] handles all matters regarding land use conversion, exemption and exclusion." (Adm. Order No. 02-02, Institutionalization of the Center for Land Use Policy, Planning and Implementation)
73 Id. at 87.
74 Id. at 92, Department of Agrarian Reform Order dated January 7, 2004.
75 Id. at 86, Department of Agrarian Reform Order dated January 7, 2004.

	Lots	Area (has.)	TCT No.
From the former Lot 1 (subdivided under Psd-04-0262541)	1. Lot A	23.4967	67660
	2. Lot B	0.9366	67661
	3. Lot C	31.7028	67662
From the former Lot 2 (subdivided under Psd-04-0262542)	4. Lot B	9.0587	67664
	5. Lot C	0.2925	67665
	6. Lot J-7	1.2159	68223
	7. Lot J-8	1.0757	68224
	8. Lot J-9	1.2158	68225
	9. Lot J-10	1.3356	68226
	10. Lot J-11	1.0000	68227
	11. Lot J-12	1.0000	68228
	12. Lot J-13	1.4802	68229
	13. Lot J-14	2.0443	68230
	14. Lot J-15	1.8060	68231
	15. Lot J-16	2.1663	68232
	16. Lot J-17	1.5454	68233
	17. Lot J-18	1.4769	68234

The Estate of Salas claimed that the property had been reclassified as non-agricultural prior to the effectivity of Republic Act No. 6657.[76] It anchored the alleged exclusion of the 17 lots on Department of Justice Opinion No. 44, series of 1990.[77]

Department of Justice Opinion No. 44 states that the Department of Agrarian Reform's authority to approve reclassifications of agricultural lands to non-agricultural uses could be exercised only from the date of the effectivity of Republic Act No. 6657 on June 15, 1988.[78] Thus:

> Based on the foregoing premises, we reiterate the view that with respect to conversions of agricultural lands covered by [Republic Act] No. 6657 to non-agricultural uses, the authority of [Department of Agrarian Reform] to approve such conversions may be exercised from the date of the law's effectivity on June 15, 1988. This conclusion is based on a liberal interpretation of [Republic Act] No. 6657 in the light of [Department of Agrarian Reform's] mandate and extensive coverage of the agrarian reform program.[79]

On November 21, 2002, the farmer-beneficiaries opposed the estate's petition for exemption,[80] arguing that they had already received Certificates of Land Ownership Award over the properties.[81]

---

76 *Rollo*, p. 11.
77 Id. at 10.
78 Id. at 49.
79 Id.
80 Id. at 89.
81 Id.

To resolve the matter, the Department of Agrarian Reform Center for Land Use, Policy, Planning, and Implementation II prepared an Investigation Report, which revealed that 14 of the 17 lots were already subjected to agrarian reform and were being paid for by the farmer-beneficiaries as owners.[82] Only Lots B and C of the former Lot 1 were not covered under the Comprehensive Agrarian Reform Program, while Lot B of the former Lot 2 was pending inclusion.[83]

The Department of Agrarian Reform Center for Land Use, Policy, Planning, and Implementation II also confirmed the presence of agricultural activities in these 17 lots.[84] Thus:

> 2. The southern points, specifically Lot Nos. A [Psd-04-262541 of the former Lot 1], B [Psd-04-0262542 of the former Lot 2], A and J-18 [of the former Lot 2] are *planted to corn.* Most of the rest of the area have been cleared *in preparation for planting.* Patches of grass and shrubs were also noted;
>
> 3. Topography is flat;
>
> 4. Land uses of adjacent areas are *agricultural* and idle agricultural;
>
> 5. A dialogue with the farmer-beneficiaries was also conducted. The result of which, among others[,] are:
>
> a. they have been *tilling the properties for several years*;
>
> b. they are recipients of [Certificates of Land Ownership Award]; and
>
> c. payments of land amortization are continuously being made to the Land Bank of the Philippines.
>
> 6. Per information given by the DAR Municipal Office, with the exception of Lots B [Psd-04-0262541] and C [Psd-04-0262524!] [,] which were never covered [i.e. not distributed to agrarian reform beneficiaries,] and Lot B [Psd-04-0262542] [,] the Claim Folder (CF) of which is still at the DAR Provincial Office, the rest have been distributed to beneficiaries.[85] (Emphasis supplied)

On October 15, 2003, the HLURB issued Board Resolution No. 750, stating that "[f]or Farmlot Subdivision . . . there is no change in principal use."[86]

---

82 Id. at 51.
83 Id. at 52.
84 Id. at 51.
85 Id. at 51–52.
86 Id. at 53.

In an Order[87] dated January 7, 2004, then Secretary of Agrarian Reform Roberto Pagdanganan granted petitioners' application for exemption of the 17 lots from the Comprehensive Agrarian Reform Program.[88] The dispositive portion read:

> **WHEREFORE**, premises considered, the application for exemption clearance involving the herein described parcels of land with an aggregate area of 82.8294 hectares, located at Barangays Bulacnin and Insoluban-Maraouy, Lipa City[,] Batangas[,] is hereby **GRANTED** pursuant to [Department of Agrarian Reform] Administrative Order No. 6, Series of 1994. Further, petitioner is directed to maintain in peaceful possession the farmer-beneficiaries therein pending the payment of disturbance compensation due them.
>
> **SO ORDERED.**[89]

According to respondents, they were neither informed nor furnished copies of the petitioners' application for exemption and the Regional Trial Court's January 7, 2004 Order.[90] They learned about the application for exemption[91] and the ruling on it only from concerned neighbors[92] and from Marawoy, Lipa City Municipal Agrarian Reform Office personnel,[93] who showed them a copy of the January 7, 2004 Order.[94]

Respondents moved for reconsideration on February 18, 2004.[95] They asserted that the lots were agricultural and teeming with agricultural activity, as defined under Republic Act No. 6657.[96]

On September 23, 2005, the Department of Agrarian Reform Center for Land Use, Policy, Planning, and Implementation Secretariat wrote a letter to HLURB, seeking clarification or opinion on the classification of a farmlot subdivision.[97]

On December 19, 2005, HLURB Director Atty. Cesar A. Manuel (Atty. Manuel) replied in writing to the Department of Agrarian Reform Center for Land Use, Policy, Planning, and Implementation,[98] stating that under HLURB Rules, a farmlot subdivision is considered within an

---

87 Id. at 86–93.
88 Id. at 44.
89 Id. at 92.
90 Id. at 111.
91 Id. at 110–118.
92 Id. at 111.
93 Id. at 81.
94 Id. at 111.
95 Id. at 81.
96 Id. at 45.
97 Id. at 83.
98 Id.

agricultural zone.[99] Moreover, notwithstanding the reclassification, a farmlot subdivision's principal use for farming has remained.[100]

In an Order dated September 19, 2006, then Officer-In-Charge Secretary of Agrarian Reform Nasser Pangandaman granted[101] respondents' motion for reconsideration and set aside the January 7, 2004 Order. The dispositive portion read:

> **WHEREFORE**, premises considered the MOTION FOR RECONSIDERATION (MR) filed by the movant-oppositors, Mariano Cabungacal, et al, is hereby **GRANTED** SETTING ASIDE THE ORDER dated 07 January 2004 issued by then Secretary Roberto M. Pagdanganan to Mr. Augusto Salas, Jr. The CLOA holders on the area of 40.8588 hectares shall continue the maintenance of the land while the [Provincial Agrarian Reform Office] and the [Municipal Agrarian Reform Office] is directed to look into the possibility of covering the remaining portion of the subject property.
>
> **SO ORDERED.**[102]

Petitioners appealed the September 19, 2006 Order before the Office of the President.[103]

In a Decision[104] dated June 29, 2007, the Office of the President set aside the September 19, 2006 Order and reinstated the January 7, 2004 Order of the Department of Agrarian Reform.

Respondents moved for reconsideration, but this was denied on April 23, 2008.[105]

Respondents appealed before the Court of Appeals.[106] In a Decision[107] dated October 26, 2009, the Court of Appeals granted respondents' petition, reversed the June 29, 2007 Office of the President Decision, and reinstated the September 19, 2006 Department of Agrarian Reform Order.

---

99 Id.
100 Id.
101 Id. at 80–85. Order penned by Officer-In-Charge Secretary Nasser C. Pangandaman
102 Id. at 84.
103 Id. at 46.
104 Id. at 70–76. The Decision was penned by Executive Secretary Eduardo R. Ermita of the Office of the President.
105 Id. at 77. The Resolution was penned by Executive Secretary Eduardo R. Ermita of the Office of the President.
106 Id. at 62–69.
107 Id. at 35–57. The Decision was penned by Associate Justice Portia Aliño-Hormachuelos and concurred in by Associate Justices Fernanda Lampas Peralta and Ramon R. Garcia of the Second Division, Court of Appeals Manila.

Petitioners moved for reconsideration, which the Court of Appeals denied on March 1, 2010.[108]

Thus, on March 25, 2010, petitioners filed a Petition for Review on Certiorari[109] with this Court. The petition was granted due course.[110]

On November 9, 2010, petitioners moved for the issuance of a temporary restraining order.[111] They attached an affidavit of Gloria Linang Mantuano (Gloria) in support of their motion.[112] Based on her affidavit, Gloria was told by unnamed tenants that respondents and agrarian reform beneficiaries Ricardo Capuloy, Rodrigo Cabungcal, Celso Valencia, Danilo de Ocampo, and Gerardo Guerra were able to sell their lands.[113]

In a Resolution dated November 22, 2010, petitioners' prayer for a temporary restraining order was granted.[114] It stated that "[t]he consummation of acts leading to the disposition of the litigated property can make it difficult to implement this Court's decision[.]"[115]

On January 31, 2011, this Court resolved to approve the bond amounting to ₱2,000,000.00 and issue the temporary restraining order in favor of petitioners.[116]

On November 12, 2013, Jose C. Basconillo (Basconillo), one of the respondents, sent a letter to this Court, questioning the propriety of issuing a temporary restraining order based merely on Gloria's affidavit.[117] Casting doubt on Gloria's credibility, Basconillo said that she was not even part of the land reform beneficiaries.[118] Further, she lived in Barangay Balintawak,

---

108 Id. at 58–61. The Resolution was penned by Associate Justice Portia Aliño-Hormachuelos and concurred in by Associate Justices Fernanda Lampas Peralta and Ramon R. Garcia of the Former Second Division, Court of Appeals Manila.

109 Id. at 3–34.

110 On April 26, 2010, this Court required (*Rollo,* p. 105) respondents to file their Comment. On June 15, 2010, respondents filed a Motion to Admit Comment (*Rollo,* pp. 108–109) and their Comment (*Rollo,* pp. 110–118). The Office of the Solicitor General filed its Comment (*Rollo,* pp. 137–151) on July 16, 2010. In a Resolution dated July 28, 2010, this Court granted (*Rollo,* p. 126) and noted respondents' Motion to Admit Comment and their Comment. On April 18, 2010, petitioners filed a Motion for Leave to File Attached Reply (*Rollo,* pp. 155–156) and their Reply (*Rollo,* pp. 159–167). In a Resolution dated September 15, 2010, this Court noted the Office of the Solicitor General's Comment, granted petitioners' leave to file Reply, noted their Reply, dispensed with the filing of the memorandum, and gave due course to the petition (*Rollo,* p. 171).

111 *Rollo,* pp. 175–184.

112 Id. at 185–186.

113 Id. at 185.

114 Id. at 191–198. The Resolution was penned by Chief Justice Renato Corona and concurred in by Associate Justices Presbitero J. Velasco Jr., Teresita J. Leonardo-De Castro, Diosdado M. Peralta, and Jose Portugal-Perez of the First Division of the Supreme Court.

115 Id. at 196–197.

116 Id. at 219.

117 Id. at 239–246.

118 Id. at 239.

as stated in her *Salaysay*,[119] and not in Barangay Inosluban-Marawoy or in Barangay Buclanin, where the lots allegedly disposed of were located.

The principal issue in this case is whether the reclassification of petitioners' agricultural land as a farmlot subdivision exempts the Estate of Salas from the coverage of the Comprehensive Agrarian Reform Program under Republic Act No. 6657. Subsumed in this matter are the following issues:

(a) Whether Republic Act No. 6657 covers lands classified into non-agricultural uses prior to its effectivity;

(b) Whether Salas' farmlot subdivision falls under an "agricultural land" as defined by applicable laws; and

(c) Whether the 17 lots are covered under the Comprehensive Agrarian Reform Program.

I

The 1987 Constitution mandates the just distribution of all agricultural lands, subject to the limits prescribed by Congress. Under Article II, Section 21 of the Constitution, "[t]he State shall promote comprehensive rural development and agrarian reform." Article XIII, Section 4 provides that an agrarian reform program shall be carried out in the country:

> Section 4. The State shall, by law, undertake an agrarian reform program founded on the rights 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.

On June 10, 1988, Republic Act No. 6657 or the Comprehensive Agrarian Reform Law was enacted to fulfill this constitutional mandate.

The Comprehensive Agrarian Reform Law covers all public and private agricultural lands, as provided in Proclamation No. 131[120] and

---

[119] Id. at 244–245.

[120] Instituting a Comprehensive Agrarian Reform Program (1987) provides:

Executive Order No. 229,[121] including other lands of the public domain suitable for agriculture, regardless of tenurial arrangement and commodity produced.[122] However, a maximum of five (5) hectares of the landowner's compact or contiguous landholdings may not be distributed to qualified beneficiaries, as it is within the landowner's rights to retain this area.[123]

The Comprehensive Agrarian Reform Program covers the following lands: (1) all alienable and disposable lands of the public domain devoted to or suitable for agriculture; (2) all lands of the public domain exceeding the total area of five hectares and below to be retained by the landowner; (3) all government-owned lands that are devoted to or suitable for agriculture; and (4) all private lands devoted to or suitable for agriculture, regardless of the agricultural products raised or can be raised on these lands.[124]

Meanwhile, Section 10 of the Comprehensive Agrarian Reform[125]

. . . .
NOW, THEREFORE, I, CORAZON COJUANGCO AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. *Scope.* — Comprehensive Agrarian Reform Program (CARP) is hereby instituted which shall cover, regardless of tenurial arrangement and commodity produced all public and private agricultural lands as provided in the Constitution, including whenever applicable in accordance with law, other lands of the public domain suitable to agriculture.

[121] Providing the Mechanisms for the Implementation of the Comprehensive Agrarian Reform Program (1987).

[122] Rep. Act No. 6657, sec. 4, as amended by Rep. Act No. 9700 provides:
SEC. 4. Scope. — The Comprehensive Agrarian Reform Law of 1988 shall cover, regardless of tenurial arrangement and commodity produced, all public and private agricultural lands as provided in Proclamation No. 131 and Executive Order No. 229, including other lands of the public domain suitable for agriculture: Provided, That landholdings of landowners with a total area of five (5) hectares and below shall not be covered for acquisition and distribution to qualified beneficiaries.

[123] Rep. Act No. 6657, sec. 6-A, as amended by Rep. Act No. 9700 provides:
Section 6-A. Exception to Retention Limits. — Provincial, city and municipal government units acquiring private agricultural lands by expropriation or other modes of acquisition to be used for actual, direct and exclusive public purposes, such as roads and bridges, public markets, school sites, resettlement sites, local government facilities, public parks and barangay plazas or squares, consistent with the approved local comprehensive land use plan, shall not be subject to the five (5)-hectare retention limit under this Section and Sections 70 and 73(a) of Republic Act No. 6657, as amended: Provided, That lands subject to CARP shall first undergo the land acquisition and distribution process of the program: Provided, further, That when these lands have been subjected to expropriation, the agrarian reform beneficiaries therein shall be paid just compensation.

[124] Rep. Act No. 6657, sec. 4, as amended by Rep. Act No. 9700 provides:
Section 4. Scope. —
. . . .
More specifically, the following lands are covered by the CARP:
(a) All alienable and disposable lands of the public domain devoted to or suitable for agriculture. No reclassification of forest or mineral lands to agricultural lands shall be undertaken after the approval of this Act until Congress, taking into account ecological, developmental and equity considerations, shall have determined by law, the specific limits of the public domain;
(b) All lands of the public domain in excess of the specific limits as determined by Congress in the preceding paragraph;
(c) All other lands owned by the Government devoted to or suitable for agriculture; and
(d) All private lands devoted to or suitable for agriculture regardless of the agricultural products raised or that can be raised thereon.

[125] Rep. Act No. 6657, sec. 10 provides:
Section 10. Exemptions and Exclusions. — Lands actually, directly and exclusively used and found to be necessary for parks, wildlife, forest reserves, reforestation, fish sanctuaries and breeding grounds, watersheds, and mangroves, national defense, school sites and campuses including experimental farm stations operated by public or private schools for educational purposes, seeds and seedlings research

provides the types of lands that are excluded therefrom:

1. Lands that are actually, directly and exclusively used for parks, wildlife, forest reserves, reforestation, fish sanctuaries and breeding grounds, and watersheds and mangoes;

2. Private lands that are actually, directly and exclusively used for prawn farms and fishponds;[126]

3. Lands that are actually, directly and exclusively used and found to be necessary for:

    a. National defense;
    b. School sites and campuses including experimental farm stations operated by public or private schools for educational purposes;
    c. Seeds and seedling research and pilot production center;
    d. Church sites and convents appurtenant thereto;
    e. Mosque sites and Islamic centers appurtenant thereto;
    f. Communal burial grounds and cemeteries;
    g. Penal colonies and penal farms actually worked by the inmates; and
    h. Government and private research and quarantine centers.

4. All lands where the topography is hilly, i.e. with at least eighteen percent (18%) slope and over, and are not developed for agriculture.

The Comprehensive Agrarian Reform Law covers all agricultural lands, save for those not used or suitable for agricultural activities.

The law defines agricultural land as "land devoted to agricultural activity . . . and not classified as mineral, forest, residential, commercial or industrial land."[127] For agricultural land to be considered devoted to an agricultural activity, there must be "cultivation of the soil, planting of crops,

---

and pilot production centers, church sites and convents appurtenant thereto, mosque sites and Islamic centers appurtenant thereto, communal burial grounds and cemeteries, penal colonies and penal farms actually worked by the inmates, government and private research and quarantine centers and all lands with eighteen percent (18%) slope and over, except those already developed shall be exempt from the coverage of this Act.

[126] Provided, that said prawn farms and fishponds have not been distributed and Certificate of Land Ownership Award (CLOA) issued to agrarian reform beneficiaries under the Comprehensive Agrarian Reform Program.
In cases where the fishponds or prawn farms have been subjected to the Comprehensive Agrarian Reform Law, by voluntary offer to sell, or commercial farms deferment or notices of compulsory acquisition, a simple and absolute majority of the actual regular workers or tenants must consent to the exemption within one (1) year from the effectivity of this Act. When the workers or tenants do not agree to this exemption, the fishponds or prawn farms shall be distributed collectively to the worker-beneficiaries or tenants who shall form a cooperative or association to manage the same.

[127] Rep. Act No. 6657, sec. 3(c).

growing of fruit trees, raising of livestock, poultry or fish, including the harvesting of such farm products, and other farm activities and practices performed by a farmer in conjunction with such farming operations done by persons whether natural or juridical."[128]

Aside from being devoted to an agricultural activity, the land must, likewise, not have been classified as mineral, forest, residential, commercial, or industrial land. Administrative Order No. 01-90 states:

> III. Coverage
>
> Agricultural land refers to those devoted to agricultural activity as defined in [Republic Act No.] 6657 and not classified as mineral or forest by the Department of Environment and Natural Resources (DENR) and its predecessor agencies and not classified in town plans and zoning ordinances as approved by the Housing and Land Use Regulatory Board (HLURB) and its preceding authorities prior to 15 June 1988 for residential, commercial, or industrial use.

Section 65 of Republic Act No. 6657,[129] as reiterated by Administrative Order No. 01-90, states that reclassification or conversion of agricultural lands into non-agricultural lands is subject to the approval of the Department of Agrarian Reform. The law has given the Department of Agrarian Reform the power to "approve or disapprove applications for conversion. . . of agricultural lands into non-agricultural uses[,]"[130] such as "residential, commercial, industrial, and other land uses. . ."[131]

Before the effectivity of Republic Act No. 6657 on June 15, 1988, the Department of Agrarian Reform had no authority to approve the conversion or reclassification of agricultural lands by local governments. Under Section 3 of Republic Act No. 2264, local governments had the power to approve reclassification of agricultural lands. Municipal and city councils could adopt zoning and subdivision ordinances or regulations reclassifying agricultural lands in consultation with the National Planning Commission.[132]

---

128 Rep. Act No. 6657, sec. 3(b).

129 Rep. Act No. 6657, sec. 65 provides:
SECTION 65. Conversion of Lands. — After the lapse of five (5) years from its award, when the land ceases to be economically feasible and sound for agricultural purposes, or the locality has become urbanized and the land will have a greater economic value for residential, commercial or industrial purposes, the DAR, upon application of the beneficiary or the landowner, with due notice to the affected parties, and subject to existing laws, may authorize the reclassification or conversion of the land and its disposition: Provided, That the beneficiary shall have fully paid his obligation.

130 DAR Adm. O. No. 01-90, II(A).

131 DAR Adm. O. No. 01-90, II(B).

132 Rep. Act No. 2264, sec. 3 provides:
. . . .
Power to adopt zoning and planning ordinances. — Any provision of law to the contrary notwithstanding, Municipal Boards or City Councils in cities, and Municipal Councils in municipalities are hereby authorized to adopt zoning and subdivision ordinances or regulations for their respective cities and municipalities subject to the approval of the City Mayor or Municipal Mayor, as the case may be. Cities and municipalities may, however, consult the National Planning

The question of whether the reclassification by local governments prior to the enactment of Republic Act No. 6657 still needed the approval of the Department of Agrarian Reform was raised by then Secretary of Agrarian Reform Florencio Abad to the Department of Justice.[133] In response, then Secretary of Justice Franklin M. Drilon issued Department of Justice Opinion No. 44 on March 16, 1990, stating that the conversion of agricultural lands covered by Republic Act No. 6657 did not need the authority of the Department of Agrarian Reform before the date of effectivity of Republic Act No. 6657 on June 15, 1988.[134] The Department of Agrarian Reform's authority to approve conversions only began on June 15, 1988.[135]

In light of Department of Justice Opinion No. 44, the Department of Agrarian Reform issued Administrative Order No. 06-94[136] to streamline the issuance of exemption clearances by the Department of Agrarian Reform. It affirms the rule that a local government reclassification before June 15, 1988 does not need the approval of the Department of Agrarian Reform.[137]

In *Natalia Realty Inc. v. Department of Agrarian Reform*,[138] lands not devoted to agricultural activity, including lands previously converted to non-agricultural use prior to the effectivity of Republic Act No. 6657 by government agencies other than the Department of Agrarian Reform, were declared outside the coverage of the Comprehensive Agrarian Reform Law. Thus:

> Indeed, lands not devoted to agricultural activity are outside the coverage of [Comprehensive Agrarian Reform Law]. These include lands previously converted to non-agricultural uses prior to the effectivity of

---

Commission on matters pertaining to planning and zoning.

133 Sec. of Justice Op. No. 44, s. 1990, p.1.

134 Sec. of Justice Op. No. 44, s. 1990.

135 Sec. of Justice Op. No. 44, s. 1990.

136 Guidelines for the Issuance of Exemption Clearances Based on Sec. 3(c) of Republic Act No. 6657 and the Sec. of Justice Op. No. 44, s. 1990.

137 Adm. Order No. 06-94 provides:

II.

Legal Basis

Sec. 3 (c) of RA 6657 states that agricultural lands refers to land devoted to agricultural activity as defined in this act and not classified as mineral, forest, residential, commercial or industrial land.

Department of Justice Opinion No. 44 series of 1990 has ruled that with respect to the conversion of agricultural lands covered by R.A. No. 6657 to non-agricultural uses, the authority of DAR to approve such conversion may be exercised from the date of its effectivity, on June 15, 1988. Thus, all lands that already classified as commercial, industrial or residential before 15 June 1988 no longer need any conversion clearance.

However, the reclassification of lands to non-agricultural uses shall not operate to divest tenant-farmers of their rights over lands covered by Presidential Decree No. 27, which have vested prior to June 15, 1988.

138 *Natalia Realty, Inc. v. Department of Agrarian Reform*, 296-A Phil. 271 (1993) [Per J. Bellosillo, En Banc]. *See also Pasong Bayabas Farmers Association Inc. v. Court of Appeals*, 473 Phil. 64 (2004) [Per J. Callejo Sr., Second Division].

> [Comprehensive Agrarian Reform Law] by government agencies other than respondent [Department of Agrarian Reform]. . .
>
> . . . .
>
> Since the NATALIA lands were converted prior to 15 June 1988, respondent DAR is bound by such conversion. It was therefore error to include the undeveloped portions of the Antipolo Hills Subdivision within the coverage of [Comprehensive Agrarian Reform Law].[139]

II

As a general rule, agricultural lands that were reclassified as commercial, residential, or industrial by the local government, as approved by the HLURB,[140] before June 15, 1988 are excluded from the Comprehensive Agrarian Reform Program.

A farmlot is not included in any of these categories.

Respondents correctly argue that the 17 lots are still classified and devoted to agricultural uses.[141] The definition of a "farmlot subdivision" under the HLURB Rules and Regulations Implementing Farmlot Subdivision Plan (HLURB Regulations) leaves no doubt that it is an "agricultural land" as defined under Republic Act No. 3844.

Rule V, Section 18 (d) of the HLURB Regulations provides:

> . . . .
>
> d. A Farmlot Subdivision – is a planned community intended primarily for *intensive agricultural activities* and secondarily for housing. A planned community consists of the provision for basic utilities judicious allocation of areas, good layout based on sound planning principles. (Emphasis supplied)

Under the HLURB Regulations, a farmlot for varied farm activities, such as milking cow and raising poultry,[142] is allowed only on a "backyard scale"[143] or a small-scale operation, and not for mass production. In a farmlot for agro-industrial purposes, the maximum buildable area for food

---

139 Id. at 278–279.

140 Before Republic Act No. 6657 took effect on June 15, 1988, the HLURB had the authority to approve a local government's reclassification of an agricultural land into non-agricultural uses (See *Pasong Bayabas Farmers Association Inc. v. Court of Appeals*, 473 Phil. 64 (2004) [Per J. Callejo Sr., Second Division]. After Republic Act No. 6657 was implemented, that authority came under the Department of Agrarian Reform (See Section 65 of Rep. Act No. 6657).

141 *Rollo*, pp. 146–149.
See HLURB Regulations, Rule II, sec. 7(D).

143 HLURB Regulations, Rule II, sec. 9 G(2) – (8).

processing or preservation is limited[144] to only twenty-five percent (25%) of the total lot area.[145] Likewise, a rice mill must be less than 300 square meters in size, and must be more than one hectare away from another mill.[146]

In contrast, under Rule 2, Section 9 (G) of the HLURB Regulations, a farmlot subdivision plan for planting tree crops, mixed orchard, or diversified crops has none of these restrictions in scale, size, or use, thus recognizing a farmlot subdivision's principal use for farming.

The HLURB Regulations also provide for the minimum site criteria for a farmlot subdivision plan. First, it must be near a marketplace *where the farm produce can be utilized* and marketed. Second, it must meet the *needs of farming activities*. Third, the topography, soil, and climate must be *suited for planting crops*.[147] These highlight a farmlot subdivision's primarily agricultural nature.[148] Thus:

> SECTION 7. SITE CRITERIA. Farmlots subdivision shall conform to the following criteria:
>
> A. Accessibility.
>
> The site must be accessible to transportation lines. Road, railroad facilities should add to the site's proximity to market center and industries where farm produce maybe utilized.
>
> B. Availability of Community Services and Facilities
>
> Basic utilities like roads and water sources must be found and readily available to adequately serve the needs of the intended/prospective farm activities. Where available, subdivision development must include the provision of power lines to the farm lots.
>
> C. Distance from the Urban Centers
>
> Farmlot subdivisions must be away from the center of Metro Manila and/or in the fringes of the urban core of the metropolis and of cities and municipalities. However, they shall be accessible from employment centers and population centers where the products of the farmlots can be readily marketed.
>
> D. Physical suitability of the site varies with respect to the intended farm activities within the subdivisions. Natural features considered for varied activities are slope, climate/temperature and types of soil.

---

144 HLURB Regulations, Rule II, sec. 9 G (7) and (7.1).
145 HLURB Regulations, Rule II, sec. 8 (B)(3).
146 HLURB Regulations, Rule II, sec. 9 G (7) and (7.1).
147 HLURB Regulations, Rule II, sec. 7.
148 HLURB Regulations, Rule V, sec. 18 (d).

Even succeeding HLURB issuances affirm the agricultural use of a farmlot subdivision.

In 2003, the HLURB declared that devoting an agricultural land into a farmlot subdivision does not change its principal use for agricultural activities.[149] HLURB Director Atty. Manuel's letter dated December 19, 2005 also confirmed that a farmlot subdivision is considered to be within an agricultural zone.[150]

Moreover, HLURB Board Resolution Nos. 922-14,[151] 926-15,[152] and 921-14[153] all state that a farmlot subdivision is "primarily intended for agricultural production, with a minimum lot area of 1,000 sq.m. and with a twenty-five percent (25%) maximum allowable buildable area." HLURB Memorandum Circular No. 001-15[154] reiterates the same definition.

The records show that the 17 lots are agricultural in nature. In its Investigation Report, the Department of Agrarian Reform Center for Land Use, Policy, Planning, and Implementation II found that the lots, being flat, were suitable for cultivating crops, and had been cleared for planting, or were planted with corn.[155] The areas covered by the original TCT No. T-2807 had been tilled for several years[156] and had been found to be irrigable.[157] Even the "[l]and uses of adjacent areas are agricultural and idle agricultural" in nature.[158]

The reclassification of Salas' landholding into a farmlot subdivision, although effected before Republic Act No. 6657, has not changed the nature of these agricultural lands, the legal relationships existing over such lands, or the agricultural usability of the lands. Thus, these lots were properly subjected to compulsory coverage under the Comprehensive Agrarian Reform Law.

Invoking *Natalia Realty v. Department of Agrarian Reform,*[159] petitioners argue for the exclusion of the 17 lots.[160] They claim that, as in *Natalia*, a zoning ordinance prior to the effectivity of Republic Act No. 6657

---

149 HLURB Board Resolution No. 750 (2003), Liberalizing the Requirements for the Issuance of Certification of Registration and License to Sell for Farmlot Subdivisions.
150 *Rollo,* p. 83, Department of Agrarian Reform Order dated September 19, 2006.
151 HLURB Board Res. No. 922-14, Rule 1, sec. 4(4.15).
152 HLURB Board Res. No. 926-15, sec. 4(4.8).
153 HLURB Board Res. No. 921-14, sec. 4(4.13).
154 Section 4 (4.15).
155 *Rollo,* p. 52.
156 Id.
157 Id. at 87, Department of Agrarian Reform Order dated January 7, 2004.
158 *Rollo,* p. 52, Court of Appeals Decision.
159 *Natalia Realty, Inc. v. Department of Agrarian Reform*, 296-A Phil. 271 (1993) [Per J. Bellosillo, En Banc].
160 *Rollo,* pp. 26–27.

prescribed the uses for the landholdings as non-agricultural; therefore, these lots are exempted from the Comprehensive Agrarian Reform Program.[161]

Petitioners cite other cases where, with the approval of HLURB, the local government converted agricultural lands into residential[162] or commercial[163] lands, or reclassified an agricultural zone into an urban zone[164] prior to June 15, 1988. Unfortunately, none of these cases applies.

For instance, *Natalia*[165] involves a land that was converted into a town site or residential land, intended for residential use. *De Guzman v. Court of Appeals*[166] involves a land that was converted into a wholesale market complex, intended for commercial use. *Agrarian Reform Beneficiaries Association v. Nicolas*[167] involves the reclassification of a farming area into an urban zone.

Meanwhile, this case involves a land that was reclassified as a "farmlot subdivision," intended for "intensive agricultural activities."[168] Likewise, located away from the city center,[169] the farmlot subdivision has not been developed into an urban zone.

When Salas' agricultural land was reclassified as a farmlot subdivision, the applicable law was Republic Act No. 3844, as amended.[170]

Republic Act No. 3844, sought "to make the small farmers more independent, self-reliant and responsible citizens, and a source of genuine strength in our democratic society."[171] Thus, Republic Act No. 3844 established the Land Authority[172] to initiate proceedings for the acquisition of private agricultural lands,[173] and the subdivision of these lands into economic family-size farm units for resale to bona fide tenants, occupants, and qualified farmers.[174]

---

161 Id.
162 *Junio v. Garilao*, 503 Phil. 154 (2005) [Per J. Panganiban, Third Division]; *Pasong Bayabas Farmers Association Inc. v. Court of Appeals*, 473 Phil. 64 (2004) [Per J. Callejo Sr., Second Division].
163 *De Guzman v. Court of Appeals*, 535 Phil. 248 (2006) [Per J. Tinga, Third Division].
164 *Agrarian Reform Beneficiaries Association v. Nicolas*, 588 Phil. 827 (2008) [Per J. Reyes, R.T., Third Division].
165 296-A Phil. 271 (1993) [Per J. Bellosillo, En Banc].
166 535 Phil. 248 (2006) [Per J. Tinga, Third Division].
167 588 Phil. 827-844 (2008) [Per J. Reyes, R.T., Third Division].
168 HLURB Regulations, Rule V, sec. 18(d).
169 HLURB Regulations , Rule II, sec. 7(c).
170 Agricultural Land Reform Code (1963).
171 Rep. Act No. 3844, sec. 2(6).
172 Rep. Act No. 3844, sec. 49.
173 Rep. Act No. 3844, sec. 51(1) in relation to sec. 166.
174 Rep. Act No. 3844, sec. 51(1).

Section 166 (1) of Republic Act No. 3844 defined an agricultural land as "*land devoted to any growth*, including but not limited to crop lands[.]"[175] The law neither made reference to a "farmlot subdivision," nor did it exclude a farmlot from the definition of an agricultural land.

Not being excluded, Salas' landholdings were thus contemplated in the definition of an agricultural land under Republic Act No. 3844.

Likewise, Republic Act No. 6657 does not exclude a farmlot subdivision from the definition of an agricultural land. Section 3(c) of Republic Act No. 6657 states that agricultural lands refer to "land devoted to agricultural activity . . . and not classified as mineral, forest, residential, commercial, or industrial land." Section 76 expressly provides that any other definition inconsistent with Republic Act No. 6657 has been repealed by this law.[176]

III

Insisting on the exclusion of the 17 lots from the Comprehensive Agrarian Reform Program, petitioners rely on the definition of an agricultural land under the HLURB Regulations. Rule V, Section 18 (e) states that agricultural lands are "parcels of land ranging from 0.2 to 50 or more hectares. . .exclusively or predominantly used for cultivation, livestock production and agro-forestry without the intended qualities of the farmlot subdivision."

A farmlot subdivision has the following intended qualities under the HLURB Regulations: it is a planned community primarily for intensive agricultural activities, and secondarily for housing.[177]

Petitioners argue that, to be considered an agricultural land, the property must be used exclusively for agricultural purposes and cannot be used secondarily for housing.[178] Since the reclassification as a farmlot subdivision rendered the lots no longer exclusively for agricultural purposes, then these lots ceased to be agricultural land.[179]

Petitioners are mistaken.

---

175 Emphasis supplied.
176 Rep. Act No. 3844, sec. 76 .
177 HLURB Regulations, Rule V, sev. 18(d).
178 *Rollo*, p. 29.
179 Id.

First, an executive regulation cannot go beyond the law.[180] Republic Act No. 3844 (1963) broadly defined an agricultural land as "land devoted to any growth, including but not limited to crop lands."[181] Republic Act No. 6657, as amended, also broadly defines agricultural land as land devoted to agricultural activity.[182] In contrast, the HLURB Regulations restrict the definition of agricultural lands to those lands "exclusively or predominantly used for cultivation," not being a farmlot subdivision.[183]

In limiting the definition of an agricultural land to one "without the intended qualities of a farmlot subdivision," the HLURB Regulations are overriding, supplanting, and modifying a statutory definition. This is prohibited. A mere executive issuance cannot alter, expand, or restrict the provisions of the law it seeks to enforce.[184]

It bears stressing that neither Republic Act No. 3844 nor Republic Act No. 6657 excludes a farmlot subdivision, which is primarily agricultural in nature, from the definition of an agricultural land.

Second, in case of doubt, any other definition of an agricultural land inconsistent with the law, such as that found under the HLURB Regulations, has been expressly[185] repealed by Section 76 of Republic Act No. 6657.

Republic Act No. 6657 never required that a landholding must be exclusively used for agricultural purposes to be covered by the Comprehensive Agrarian Reform Program. What determines a tract of land's inclusion in the program is its suitability for any agricultural activity.

The Department of Agrarian Reform Administrative Order No. 01-90 (Revised Rules and Regulations Governing Conversion of Private Agricultural Lands to Non-Agricultural Uses) defines agricultural land as follows:

> III. Coverage
>
> Agricultural land refers to those devoted to agricultural activity as defined in [Republic Act No.] 6657 and not classified as mineral or forest by the Department of Environment and Natural Resources (DENR) and its predecessor agencies and not classified in town plans and zoning

---

180 *Lokin, Jr. v. Commission on Elections*, 635 Phil. 372, 392 (2010) [Per J. Bersamin, En Banc].
181 Rep. Act No. 6657, sec.166(1).
182 Rep. Act No. 6657, sec. 3(c).
183 HLURB Regulations, Rule V, sec. 18 (e)
184 *Lokin, Jr. v. Commission on Elections*, 635 Phil. 372, 392 (2010) [Per J. Bersamin, En Banc].
185 Rep. Act No. 6657, sec. 76 provides:
Section 76. *Repealing Clause.* — Section 35 of Republic Act No. 3834, Presidential Decree No. 316, the last two paragraphs of Section 12 of Presidential Decree No. 946, Presidential Decree No. 1038, and all other laws, decrees executive orders, rules and regulations, issuances or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

> ordinances as approved by the Housing and Land Use Regulatory Board (HLURB) and its preceding authorities prior to 15 June 1988 for residential, commercial, or industrial use.

We parse this definition into its three elements. Agricultural lands consist of lands:

(1) Devoted to agricultural activity, as defined in Republic Act No. 6657;

(2) Not classified as mineral or forest by the Department of Environment and Natural Resources; and

(3) Prior to June 15, 1988, not classified for residential, commercial, or industrial use under a local government town plan and zoning ordinance, as approved by the HLURB (or its predecessors, the National Coordinating Council and the Human Settlements Regulatory Commission).

Salas' farmlot subdivision fulfills these elements.

For the first element, the lots are devoted to agricultural activity.

Agricultural activity refers to the "cultivation of the soil, planting of crops, growing of fruit trees, raising of livestock, poultry or fish, including the harvesting of such farm products, and other farm activities and practices performed by a farmer in conjunction with such farming operations done by persons whether natural or juridical."[186]

Petitioners never denied the continued existence of agricultural activity within these lots.[187]

Moreover, the Department of Agrarian Reform Center for Land Use, Policy, Planning, and Implementation II, as affirmed by the Court of Appeals, found that the estate's landholdings have been used for agricultural purposes.[188]

In issuing a Notice of Coverage and Notice of Valuation to the Estate of Salas,[189] the Municipal Agrarian Reform Office also found that the lots are for agricultural use, and therefore, covered under the Comprehensive

---

186 Rep. Act No. 6657, sec. 3(b).
187 *Rollo*, p. 51.
188 Id.
189 Id. at 54.

Agrarian Reform Program.[190] The awarding of the lands[191] to the agrarian reform beneficiaries bolsters the agricultural activity present in them.

For the second element, it is undisputed that the lots have not been declared as mineral or forest lands by the Department of Environment and Natural Resources. No application has been filed to declare the landholdings as mineral or forest lands, and neither has the Department of Environment and Natural Resources ever declared the properties as such.

As to the third element, the lands were not classified by the Lipa City Town Plan/Zoning Ordinance as commercial, residential, or industrial lands prior to June 15, 1988. Rather, the reclassification, which was approved by HLURB's predecessor agency, was that of a "farmlot subdivision."[192]

Section 4 (d) of Republic Act No. 6657 covers "[a]ll private lands devoted to or suitable for agriculture[,] regardless of the agricultural products raised or that can be raised thereon." As the estate's private lands are (a) devoted to or suitable for agriculture; and (b) not classified as mineral, forest, residential, commercial, or industrial, then these may be included in the Comprehensive Agrarian Reform Program.

Finally, whenever there is reasonable uncertainty in the interpretation of the law, the balance must be tilted in favor of the poor and underprivileged.[193]

Republic Act No. 6657 was enacted as social legislation, pursuant to the policy of the State to pursue a Comprehensive Agrarian Reform Program.[194] Agrarian reform is the means towards a viable livelihood and, ultimately, a decent life for the landless farmers.

In *Perez-Rosario v. Court of Appeals*:[195]

> Agrarian reform is a perceived solution to social instability. The edicts of social justice found in the Constitution and the public policies that underwrite them, the extraordinary national experience, and the prevailing national consciousness, all command the great departments of government to tilt the balance in favor of the poor and underprivileged whenever reasonable doubt arises in the interpretation of the law. But annexed to the

---

190 DAR Adm. O. No. 01-03 (2003).

191 *Rollo*, p. 51.

192 Id. at 48. As shown in the HLURB Board Secretariat Officer-in-Charge Carolina Casaje's Certification dated May 5, 1997 and HLURB City Planning and Development Coordinator Dante Villanueva's Certification dated October 5, 1998.

193 *Perez-Rosario v. Court of Appeals*, 526 Phil. 562, 586 (2006) [Per J. Martinez, First Division].

194 *Remman Enterprises, Inc. v. Court of Appeals*, 534 Phil. 496, 516–517 (2006) [Per J. Chico-Nazario, First Division].

195 *Perez-Rosario v. Court of Appeals*, 526 Phil. 562 (2006) [Per J. Martinez, First Division].

> great and sacred charge of protecting the weak is the diametric function to put every effort to arrive at an *equitable solution for all parties concerned*: the jural postulates of social justice cannot shield illegal acts, nor do they sanction false sympathy towards a certain class, nor yet should they deny justice to the landowner whenever truth and justice happen to be on her side. In the occupation of the legal questions in all agrarian disputes whose outcomes can significantly affect societal harmony, the considerations of social advantage must be weighed, an inquiry into the prevailing social interests is necessary in the adjustment of conflicting demands and expectations of the people, and the social interdependence of these interests, recognized.[196] (Emphasis supplied, citations omitted)

The general policy of Republic Act No. 6657 is to cover as many lands suitable for agricultural activities as may be allowed.[197]

Where there is doubt as to the intention of the local government in the area where the property is located, the interpretation should be towards the declared intention of the law.

WHEREFORE, the petition filed by Heirs of Augusto Salas is **DENIED**, and the Decision of the Court of Appeals Second Division, Manila, promulgated on October 20, 2009 in CA-G.R. SP No. 103703, is **AFFIRMED**.

The temporary restraining order dated November 22, 2010 is **PERMANENTLY LIFTED**.

SO ORDERED.

MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:

ANTONIO T. CARPIO
Associate Justice
Chairperson

---

[196] Id. at 586.
[197] DAR Adm. O. No. 01-90, Part IV.

On official leave
JOSE CATRAL MENDOZA
Associate Justice

FRANCIS H. JARDELEZA
Associate Justice

SAMUEL R. MARTIRES
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.

ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

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.

MARIA LOURDES P. A. SERENO
Chief Justice