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SUBJECT: REVISED RULES AND PROCEDURES GOVERNING
CONVERSION OF PRIVATE AGRICULTURAL LANDS
TO NON-AGRICULTURAL USES

I. PREFATORY STATEMENT

The guiding principle for the policies on conversion shall be the prevention of indiscriminate conversion of agricultural lands to non-agricultural uses which may lead to the diminution of CARP coverage and the undue displacement of tenant and farmworker beneficiaries. However, applications for conversion shall be processed in a speedy and judicious manner in order to achieve the objectives of promoting the optimum use of land based on natural endowments, and as a national resource for public welfare and encouraging industrialization.

II. POLICIES

It is the policy of the government:

- A. To promote Social Justice, Sound Rural Development, Industrialization and Full Employment.
- B. To promote the optimum use of land as a national resource for public welfare rather than as a commodity of trade subject to speculation, hoarding and indiscriminate use.
- C. To ensure timely, just and adequate compensation to

landowners, tenant-farmers and farmworkers affected by conversion.

III. LEGAL MANDATE

- A. The Department of Agrarian Reform (DAR) is authorized to approve or disapprove the conversion, reclassification, restructuring or readjustment of agricultural lands into non-agricultural uses.
- B. The authority to approve or disapprove conversion of any agricultural land for residential, commercial, industrial and other land uses as may be provided for by law is exclusively vested in DAR.
- C. Except where allowed and provided for in this Order, the following acts are prohibited:

- (1) The conversion by any landowner of his agricultural land into any non-agricultural use with intent to evade the application of R.A. 6657 to his landholdings;
- (2) The sale, transfer, conveyance or change of the nature of the lands outside of urban centers and city limits either in whole or in part after the effectivity of R.A. 6657.

IV. COVERAGE

These rules shall cover all private agricultural lands whether tenanted or not, and regardless of crops or

commodity produced, except those covered by Administrative Order NO. 15, Series of 1989, and General Orders issued pursuant thereto.

V. GOVERNING PRINCIPLES

- A. Prime agricultural land needed for food production shall not be converted into non-agricultural use.

Prime agricultural land shall be understood to include all irrigated lands and such other lands as may fall within the criteria that shall be determined jointly by the DAR and the DA.

With the primary objective of preserving prime agricultural lands for agricultural use, the MARO shall participate in the preparation and updating of town plans and in the work of the review committee organized in every city/municipality, under the auspices of the Regional Development Council (RDC). The PARO and the RARO shall also actively participate in the preparation and updating of the land use plans, at the provincial or regional levels, as the case may be, to promote the same objective.

- B. Conversion of lands from agricultural into non-agricultural uses may be allowed when the proposed use conforms with the land use plan or town development plan of the city or municipality and

said land use plan or town development plan has been approved by the Housing and Land Use Regulatory Board (HLURB) and validated by DAR.

C. In case the proposed use does not conform with the existing HLURB-approved land use plan of the city/municipality concerned, the conversion may be allowed under the following conditions:

- (1) When the land is intended to be used as (a) a government or joint venture private-government low-cost housing project, as certified by the National Housing Authority (NHA), or (b) a government or joint venture private-government industrial project, as certified by the Department of Trade and Industry (DTI), or the Department of Tourism (DOT) and for which a locational clearance has been issued by the HLURB;
- (2) When the land has ceased to be economically feasible and sound for agricultural purposes, as certified by the Provincial Agricultural Officer of the Department of Agriculture (DA) assigned to the province where the land is located;
- (3) When the locality has become urbanized and the land will have a greater economic value for residential, commercial, industrial or memorial park purposes, as certified by the

HLURB deputized Zoning Administrator.

- D. In case the city/municipality does not have a land use plan or integrated zoning ordinance, duly approved by the HLURB, the dominant use of the area surrounding the land subject of the application for conversion shall control. If the proposed use is similar to, or compatible with, the dominant use of the surrounding area, the petition for conversion may be given due course.

In the cases referred to in Section V, C, (1), (2) and (3) and D above, the following requirements shall be complied with:

- (1) The endorsement of the conversion, through an ordinance passed by the city or municipal council concerned;
- (2) The concurrence by the HLURB with the local ordinance; and
- (3) The consent, manifested through a referendum, conducted among the inhabitants/communities directly affected.

The favorable endorsement of an application for conversion by an agency of the national government exercising supervisory or regulatory functions over the proposed project, such as the DTI and the DOT, shall be accorded weighty consideration.

E. Land awarded to a farmer-beneficiary under the Comprehensive Agrarian Reform Program may be the subject of conversion on the same grounds stated in Section V, (B), (C) and (D), subject, however, to the following additional conditions:

- (1) If the ground relied upon is that the land has ceased to be economically feasible and agriculturally productive, that at least five (5) years has elapsed since the award of the land to the beneficiary;
- (2) In all cases, the beneficiary has fully paid his obligation.

F. In all cases of conversion that will result in the displacement of tenant-lessees, such lessees shall be entitled to a disturbance compensation equivalent to five (5) times the average of the gross harvests on their landholding during the last five (5) preceding calendar years, pursuant to Section 36 of R.A. 3844 as amended by Section 7 of R.A. 6389. In case of farmworkers under labor-management relations, they shall be entitled to the rights, benefits, and privileges provided under a collective bargaining agreement or any labor law.

The disturbance compensation may be paid in cash or in kind, or in combinations of both, at the option of the tenants/farmworkers. Payment in kind

may be in the form of the construction of houses on awarded homelots, priority in employment in the proposed project and other similar benefits. The DAR shall approve and closely monitor compliance with the terms of any agreement for the payment of disturbance compensation.

G. After the DAR has issued a Notice of Acquisition of an agricultural land under the program, no application for conversion of said land from the landowner or any person acting on his behalf shall be given due course. The Notice of Acquisition is the notice sent by the DAR to the landowner which states the area that is subject to acquisition and the amount of the just compensation offered by DAR.

H. To prevent recourse to conversion as a means of circumventing coverage under the DAR, conversion shall be granted only if the petitioner shows clear and convincing proof of financial and organizational capability to undertake and complete the development of the area within (1) year from the date of the issuance of a development permit by the HLURB, if the area is five (5) hectares or less. If the area is in excess of five (5) hectares, the period of development shall not extend beyond five (5) years from the date of the issuance of the conversion order.

VI. WHO MAY APPLY FOR CONVERSION

- A. Owners of private agricultural lands or persons authorized by them, including land developers duly licensed by the HLURB or the government agency concerned.
- B. Farmer-beneficiaries of the agrarian reform program who have fully paid for the lands awarded to them and are qualified under these rules, or persons authorized by them.
- C. Government agencies, including government-owned or controlled corporations.

VII. DOCUMENTARY REQUIREMENTS

A. Lands Falling Under Section V, B:

- (1) Four (4) copies of Application for Conversion (DAR-LUC Form No. 1);
- (2) Special Power-of-Attorney if the petitioner is other than the owner of the land;
- (3) Certified xerox copy of OCT/TCT, and/or other documents establishing ownership;
- (4) Location Plan/Vicinity Map of the land;
- (5) Certification of the HLURB deputized Zoning Administrator of the city/municipality concerned that the land is within the proper zone for which the change in land use is being

- requested and that said land use plan/zoning ordinance has been approved by HLURB;
- (6) Locational clearance from the HLURB when the intended use is for industrial/memorial park purposes;
- (7) Proof of Financial and Organizational Capability to Develop such as, but not limited to, the following:
- (a) Contract for development of land;
 - (b) Profile of developer, including details of past or concurrent development projects;
 - (c) Licenses, permits, authorities granted by other government agencies;
 - (d) Certified financial statements;
 - (e) Income tax returns;
 - (f) Articles of Incorporation or Partnership, if developer is a corporation or partnership;
 - (g) Other documents showing financial and organizational capability such as printed brochures, annual reports, newspaper advertisements, etc.
- (8) Study showing viability as well as economic and social benefits of the project;
- (9) Certification of Non-Tenancy, if applicable (DAR-LUC Form No. 5); and

- (10) If land has tenants/farworkers, proof of payment of disturbance compensation, (Acknowledgement receipt by tenant/farworker attested by BARC or Barangay Chairman and MARO), or undertaking to pay disturbance compensation (Agreement signed by tenant/farworker and applicant embodying undertaking of applicant to pay disturbance compensation in kind, e.g., award of homelots or grant of priority in employment, etc.)

B. Lands Falling Under Section V, C:

- (1) Documents listed in Section VII, A, (1) to (4), (6) to (9);
- (2) Certification of compliance with the particular conditions involved, issued by the proper government agency/official (NHA, DTI, DA, HLURB deputized Zoning Administrator), as the case may be;
- (3) City or municipal council ordinance endorsing conversion;
- (4) Concurrence by the HLURB with the local ordinance; and
- (5) MARO report on result of referendum, as concurred in by the BARC or Barangay council concerned.

C. Lands Falling Under Section V, D:

- (1) Documents listed in Section VII, A, (1) to (4), (6) to (9); and
- (2) Documents listed in Section VII, B, (3) to (5)

D. Lands Falling Under Section V, E:

- (1) Documents listed in Section VII, A, (1) to (9);
- (2) Certification of compliance with the particular condition involved, issued by the proper government agency/official (NHA, DTI, DOT, DA, HLURB deputized Zoning Administrator), as the case may be.
- (3) Certification from DAR that the applicant is the actual farmer-awardee, and that at least five (5) years have elapsed since the award of the land to him, if the ground relied upon is that the land has ceased to be economically feasible and agriculturally productive.
- (4) Certification from the Land Bank of the Philippines (LBP) branch in the area that the farmer-awardee has fully paid his obligations.

VIII. PROCEDURE

- A. Applicant submits application on prescribed form and required supporting documents to the Municipal Agrarian Reform Office concerned where the property is located.

B. Municipal Agrarian Reform Officer (MARO)

The MARO shall perform the following duties and functions:

- (1) Review documents for completeness and compliance with requirements under these rules. (DAR-LUC Form No. 2)
- (2) Conduct field investigation, including ocular inspection to verify the following:
 - (a) Veracity of information contained in the application;
 - (b) Whether or not subject land is a prime agricultural land;
 - (c) Whether or not subject land falls within the appropriate zone of the land use plan or town plan;
 - (d) If the city/municipality does not have a land use plan, information on the dominant use of the area surrounding the land subject of conversion and its compatibility with the proposed use.
 - (e) Existence of tenancy/farmworker relationship. If tenanted, or cultivated by a farmworker, the MARO shall interview the occupants therein; (DAR-LUC Form 4-A)
 - (f) Whether or not the tenants/farmworkers have been paid, or have agreed to the

terms of an undertaking of the applicant to pay the disturbance compensation and the terms thereof; and

(g) Other information relevant and useful to the decision-making process

(3) Post Notices for at least two (2) weeks (DAR-LUC Form No. 3a) in the local dialect of intention to convert land in:

(a) the premises of the land sought to be converted;

(b) barangay hall; and

(c) municipal hall

The MARO shall submit a Certification of Posting (DAR-LUC Form No. 3) after the prescribed period of posting.

(4) In case of protest/opposition against the conversion, the MARO shall advise the party(ies) concerned to file his/their protest in writing and attach a copy of the same in his investigation report.

(5) Prepare report and recommendation based on field investigation and verification (DAR-LUC Form No. 4) together with the Land-Use Conversion Folder (LUCF) and submit to the Provincial Agrarian Reform Officer (PARO).

(6) The MARO shall perform the duties and functions enumerated above within twenty (20)

working days from the filing of an application with complete supporting documents.

C. Provincial Agrarian Reform Office (PARO)

The PARO shall perform the following duties and functions:

- (1) Evaluate MARO report and supporting documents for completeness and compliance with requirements under these rules. If found in order, accomplish pertinent portions of DAR-LUC Form No. 4 and forward it together with his recommendation, to the PARO.
- (2) If MARO report indicates need for further verification, conduct further field investigation and submit supplemental report together with recommendation.
- (3) Endorse to the Provincial Agrarian Reform Adjudicator (PARAD), or Provincial Hearing Officer any protest/opposition against the conversion for investigation and resolution. Thereafter, the PARAD or Hearing Officer shall furnish the PARO a copy of the action/decision on the protest/opposition.
- (4) The PARO shall perform the duties and functions enumerated above within ten (10) working days from receipt of the LUCF from the MARO.

D. Regional Agrarian Reform Office (RARO)

(1) With respect to an application for land use conversion involving areas five (5) hectares and below, the RARO shall perform the following duties and functions:

(a) The Assistant Regional Director for Operations, with the assistance of the Chief, Legal Division, shall evaluate the reports and recommendations of the MARO and PARO. If found in order, they shall prepare a draft Order of Approval (DAR-LUC Form No. 6), or if evaluation is not favorable, a draft Order of Denial/Disapproval (DAR-LUC Form No. 7). Nothing herein stated shall prevent the RARO from conducting further field investigation or requiring the submission of additional documents to verify facts not adequately established in the MARO and PARO reports.

(b) The Regional Director signs the Order of Approval/Disapproval.

(c) The signed Order shall be released by the Records Unit to the applicant, copy furnished the PARO and MARO.

(d) The RARO shall promptly furnish the Office of the Secretary and the BLD Director with copies of the following

documents:

- i. Order of Approval/Disapproval;
- ii. Application of Petitioner (DAR-LUC Form No. 1);
- iii. Evaluation/Verification Sheet (DAR-LUC Form No. 2);

The Order of Disapproval may be reviewed by the Secretary, upon request of the applicant.

(e) The RARO shall perform the duties and functions enumerated above within ten (10) working days from receipt of the LUCF from the PARO.

(2) With respect to an application for land use conversion involving areas above five (5) hectares, the RARO shall perform the following duties and functions:

(a) The Regional Director shall evaluate the report and recommendation of the PARO and forward the LUCF together with his own recommendation to the Undersecretary for Field Operations, Attention: Director of Bureau of Land Development.

E. Bureau of Land Development (BLD)

The BLD shall perform the following duties and functions:

- (1) Review and evaluate all LUCF, involving lands in excess of five (5) hectares. If found in order, prepare draft Order of Approval (DAR-LUC Form No. 6) or if evaluation is not favorable, prepare draft Order of Denial/Disapproval (DAR-LUC Form No. 7)
- (2) Where the circumstances clearly so require, and specially with respect to applications involving large areas of land, the BLD Director may direct that further field investigation be conducted or additional documents be submitted to countercheck or refute the findings of the MARG, PARO or RARG.
- (3) Forward LUCF together with draft Order to the Undersecretary for Operations.

F. Office of the Undersecretary for Operations

The Undersecretary for Operations shall review all LUCFs forwarded by the BLD and indicate this recommendation, either for approval or disapproval of draft Order. If he approves of the Order, he shall affix his initials thereon. After his review, he shall forward the LUCF and the draft Order to the Office of the Undersecretary for Legal Affairs.

G. Office of the Undersecretary for Legal Affairs

The Undersecretary for Legal Affairs shall

approve applications for conversion of lands not exceeding fifty (50) hectares.

The Office of the Undersecretary for Legal Affairs shall submit to the Office of the Secretary a monthly report of all the applications for conversion that have been acted upon, describing the relevant features of each application.

The Undersecretary for Legal Affairs shall review all LUCFs involving lands in excess of fifty (50) hectares and indicate his recommendation, either for approval or disapproval of the draft Order. If he approves of the Order, he shall affix his initials thereon. After his review, he shall forward the LUCF and the draft Order to the Office of the Secretary.

H. Office of the Secretary

The Secretary shall approve applications for conversion of lands exceeding fifty (50) hectares.

I. Releasing and Transmittal of Signed Order

The Office of the Secretary or the Office of the Undersecretary for Legal Affairs as the case may be, shall forward the signed Order for release by the Records Division to the applicant, copy furnished the BLD Director, the RARO, PARO and MARO.

J. Monitoring Compliance

Compliance with the terms and conditions of the Order shall be monitored as follows:

- (1) The MARO shall monitor compliance by the developer with the terms and conditions stipulated in the Order and submit periodic reports to the Regional Director.
- (2) The RARO shall submit a quarterly report to the Secretary, Attention: BLD Director of all transactions involving land-use conversion.
- (3) The BLD Director shall monitor and evaluate the implementation of this Order and submit a quarterly report to the Secretary relative thereto.

IX. PROTESTS OR OPPOSITIONS

Protests or oppositions against the application for conversion shall be investigated and resolved by the Provincial Agrarian Reform Adjudicator (PARAD) or the designated Hearing Officer and, in case of appeal, by the Department of Agrarian Reform Adjudication Board (DARAB). The mere filing of a protest shall not constitute an absolute bar to the processing and approval of an application for conversion, if the application otherwise clearly falls within these rules.

Serious protests or oppositions may, however, be a ground for disapproval in borderline cases, and where

the adverse effects of displacement of tenants/farmworkers far outweigh the social and economic benefits to be enjoyed by the community/locality

X. CANCELLATION OR WITHDRAWAL OF APPROVAL

The authorization for land use conversion already issued by the Secretary, the Undersecretary, or the Regional Director, pursuant to this Administrative Order may be cancelled or withdrawn for any of the following causes/reasons:

- (a) Serious violations of conditions governing the issuance;
- (b) Misrepresentation or concealment of material facts in the application;
- (c) Existence of proof/evidence that the conversion was resorted to as a means to evade or circumvent coverage of R.A. 6657; and
- (d) Failure to complete the development of the area within the time frame specified in Section V, H.

XI. DISAPPROVED OR DISAUTHORIZED CONVERSION

Lands disapproved for conversion or subsequently disauthorized under these rules, shall be placed under CARP compulsory coverage, in accordance with the schedule of implementation prescribed in R.A. 6657, Section 7. All bonafide beneficiaries therein shall be reinstated. Compensation previously given to said

beneficiaries shall not be refunded.

XII. EXCUSABLE DEFAULT

Applicants who have been previously authorized to convert their landholdings but failed to pursue complete development for valid reasons, which shall not include causes provided under Section X (A), (B) and (C) of A.D. 15-88, may be given an extension period of one (1) year to comply with the terms and conditions of the DAR Land Use Conversion Order. However, persons who have knowingly and willfully converted agricultural lands to non-agricultural uses, whether fully or partially, in violation of R.A. 6657 shall be prosecuted at the instance of the DAR.

XIII. REPEALING CLAUSE

This Order repeals Administrative Order No.15, series of 1988.

This Order does not supersede Administrative Order No. 15, series of 1989 and all General Orders issued pursuant to said Order. All applications for conversion that meet the criteria prescribed therein shall continue to be governed by said Orders and not by these rules.

XIV. TRANSITORY PROVISIONS

All LUCFs pending with the DAR at the time of effectivity of this Order shall be governed by the

provisions of this Order, provided, however, that applicants need not be required to submit the additional documents required under this Order if the LUCF already submitted adequately establishes eligibility or non-eligibility for conversion under the criteria provided herein.

All field offices with which LUCFs have been pending for a period of time longer than that within which they are required to act under this Order, shall promptly prepare their recommendations and immediately forward the LUCFs to the next reviewing office, unless there are determinations of fact that remain to be made by said office.

XV. EFFECTIVITY

This Order takes effect ten (10) days after its publication in two (2) newspapers of general circulation pursuant to Section 49 of R.A. 6657.

Quezon City, 14 December 1989.


MIRIAM DEFENSOR SANTIAGO
Secretary