



# DEPARTMENT of AGRARIAN REFORM

(2) ADMINISTRATIVE ORDER NO. 1  
Series of 1990

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

## I. GOVERNING PRINCIPLE

The conversion of private agricultural lands to non-agricultural uses shall be guided by the principles and policies enunciated in Section 2 of RA 6657, and EO 229, S. of 1987.

## II. LEGAL MANDATE

A. The Department of Agrarian Reform (DAR) is mandated to "approve or disapprove applications for conversion, restructuring or readjustment of agricultural lands into non-agricultural uses" [Section 4 (k), E.O. 129-A, S. of 1987].

B. DAR has "exclusive authority to approve or disapprove applications for conversion of agricultural lands for residential, commercial, industrial, and other land uses as may be provided for by law" [Section 5 (1), E.O. 129-A].

C. The DAR "may authorize the reclassification or conversion of the land and its disposition", subject to the conditions embodied in Sec. 65 of RA 6657.

## III. COVERAGE

These rules shall cover all private agricultural lands whether tenanted or not, regardless of crops or commodity produced. Agricultural land refers to those devoted to

agricultural activity as defined in RA 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 competent authorities prior to 15 June 1988 for residential, commercial or industrial use.

### III. DEFINITION OF TERMS

- A. Conversion is the act of authorizing the change of the current use of a piece of land into some other use.
- B. Land Use Classification refers to the act of allocating lands to different activities or class of land uses, evolved and enacted through the town planning and zoning process.
- C. The Land Use Plan, usually presented in a land use map, indicates the socially desired mix of land uses and a set of policies to guide future development.
- D. Zoning is the delineation of areas or districts that may be put to specific uses and establishes limitations to apply in each land use district.
- E. Zoning Ordinance is the legal regulation that enforces the land use plan. It carries penal provisions for violation. Together with land use plans, these ordinances are reviewed and approved by the HLURB.

F. Private Agricultural Lands are lands devoted to or suitable for agriculture as defined in RA 6657 and owned by natural or juridical persons. It includes lands owned by the government in its proprietary capacity.

#### IV. POLICY GUIDELINES

A. DAR's primary mandate is to distribute agricultural lands to as many tenants and farmworkers as possible [Sections 2 and 3 (a), RA 6657]. If the agricultural lands are untenanted or do not have any farmworkers, it is the responsibility of DAR to locate qualified beneficiaries pursuant to Section 22 and Section 7 of RA 6657.

B. The classification of land from agricultural to non-agricultural uses shall be undertaken according to BP 337, RA 2264 and EO 648. Pursuant to EO 229 and 129-A and RA 6657, however, land use classification and re-classification after 15 June 1988 shall be subject to DAR approval.

C. Lands devoted to or suitable for agriculture shall not be converted into non-agricultural uses, except in the following instances:

1. When the land ceases to be economically feasible and sound for agricultural purposes as certified by the Regional Director of the Department of Agriculture (DA) or the land or locality has become highly urbanized and the land will have a greater economic value for residential, commercial or industrial purposes as



certified by the Deputized Zoning Administrator of the HLURB; or

2. When lands are classified as commercial, industrial and residential in new or revised town plans approved by Inter-agency Planning Task Forces organized by the HLURB with the participation of the DA, DENR, DAR, Department of Trade and Industry (DTI), National Economic and Development Authority (NEDA) and in applicable cases, the Department of Tourism (DOT). In the town planning process, the communities affected and the concerned NGOs shall be involved; or

3. When in the case of the city/municipality which does not have land use plans or integrated zoning ordinance duly approved by HLURB, the dominant use of the area surrounding the land subject of the application for conversion is no longer agricultural. 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. Moreover, the Regional Physical Framework Plan as approved by the Regional Development Council (RDC) shall be used as a basis for decision-making.

In all cases, conversion shall be allowed only if there is a certification from the DENR that the conversion is ecologically sound.

D. After the DAR has issued a Notice of Acquisition of an agricultural land under the compulsory acquisition process or a Voluntary Offer to Sell or an application for stock distribution covering the subject property has been received by DAR, or there is already a perfected agreement between the landowner and the beneficiaries on Voluntary Land Transfer, no application for conversion on said land from the landowner or any person acting on his behalf shall be given due course.

E. In all cases of petitions for conversion that will result in the displacement of farmer-beneficiaries, such beneficiaries shall be entitled to a disturbance compensation which should not be less than five (5) times the average of the annual gross value of the harvest on their actual landholdings during the last five (5) preceeding calendar years. In addition, the DAR shall exert its best efforts to see to it that homelots and employment for displaced beneficiaries are provided by the applicant/developer.

F. To prevent circumvention of coverage under the CARP, conversion shall be granted only upon evidence that the project to be established therein is viable and beneficial to the community affected and that the land development phase of the area can be completed within one (1) year after the issuance of the development permit where the area is five (5) hectares or less. Should the area exceed five (5) hectares, an additional year shall be allowed for every

five (5) hectares or a fraction thereof but in no case shall the completion of development extend beyond five (5) years from the issuance of the development permit.

G. Preparation of new land use plans and zoning ordinances and the updating of existing ones, including those approved by the HLURB prior to 15 June 1988, shall be covered by the provisions of this Administrative Order with respect to changes in current agricultural land use or classification.

In order to ensure that the intent of this Administrative Order is effectively carried out and to speed up decisions on conversion applications, the DA, DAR, DTI, NEDA, DENR and in applicable cases, DOT shall henceforth be made members of the Inter-Agency Town Planning Task Forces at all levels and the Inter-Agency Town Planning Review Committee.

#### V. 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 after the lapse of five (5) years from award of land to them and who have fully paid their obligations and are qualified under these rules, or persons duly authorized by them.



- C. Government agencies, including government-owned or controlled corporations.

## VI. DOCUMENTARY REQUIREMENTS

### A. Requirements common to all applicants

1. Four (4) copies of Application for Conversion;
2. Special Power-of-Attorney, if the petitioner is other than the owner of the land;
3. Certified xerox copy of Original Copy of Title (OCT)/Transfer Certificate of Title (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 or in the absence thereof, the Regional HLURB Officer, that the proposed use conforms with the approved Land Use Plan. The certification should specify the HLURB Resolution Number and the date of its approval;
6. Certification from the DA Regional Director concerned that the land has ceased to be economically feasible and sound for agricultural purposes; or Certification from Deputized Zoning Administrator of the HLURB that the land or locality has become highly urbanized and will have greater economic value for commercial, industrial and residential purposes;
7. Certification from the DENR Regional Director concerned that the proposed conversion is ecologically

sound:

8. Proof of financial and organizational capability to develop the land as determined by the ELURE.
9. Statement of justification on the economic and social benefits of the project;
10. Certification from the Municipal Agrarian Reform Officer (MARO) that there are no agrarian reform beneficiaries in subject land whenever applicable; and
11. If the land has qualified farmer beneficiaries, proof of payment of disturbance compensation. (Acknowledgement receipt by tenant/farmworker attested by BARC or Barangay Chairman and MARO), or undertaking to pay disturbance compensation (Agreement signed by tenant/farmworker and applicant embodying undertaking of applicant to pay disturbance compensation in kind, e.g., award of homelots or grant of priority in employment, and others).

B. Additional requirements when the applicant is a beneficiary of the agrarian reform program

1. 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;
2. Certification from the Land Bank of the Philippines (LBP) branch in the area that the farmer-awardee has



fully paid his obligations; and

3. Certification from the DAR Provincial Agrarian Reform Officer (PARO) that the farmer-beneficiaries have agreed to the conversion.

C. Additional requirements if the land is intended for government use or for joint government-private sector projects:

1. City or municipal council ordinance endorsing the conversion; and

2. Approval of the project by the authorized government agency.

#### VII. PROTESTS OR OPPOSITION TO CONVERSION APPLICATIONS

Protests or opposition against the application for conversion may be filed by any person who may be displaced with the Provincial Agrarian Reform Adjudicator (PARAD) in accordance with the rules and procedures adopted by the DAR Adjudication Board (DARAB). The protests or opposition shall be investigated and resolved by the PARAD or the designated Hearing Officer based on the guidelines herein observed. In case of an appeal, the matter shall be resolved by the 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.

### VIII. CANCELLATION OR WITHDRAWAL OF APPROVAL

The authorization for the land use conversion already issued by the Secretary, the Undersecretary for Legal Affairs, or the Regional Director as the case may be shall be withdrawn or cancelled, for any of the following grounds:

- A. Misrepresentation or concealment of material facts in the application;
- B. Failure to complete the land development of the area within the time frame specified in Section IV. (F);
- C. Any other violations of the rules and regulations which are material to the grant of the conversion order.

The petition for cancellation or withdrawal of the conversion authority based on grounds specified in A and C above-mentioned shall be filed by interested parties or the DAR motu proprio, within ninety (90) days from the issuance of the conversion order. The petition shall be filed with the Offices of the Secretary, the Undersecretary for Legal Affairs, or the Regional Director as the case may be, which shall decide upon the petition after due notice and hearing.

With respect to petitions, based on ground B above, the ninety (90) day period shall be reckoned from the date the one year requirement in Section IV-(F) lapses.

### IX. DISAPPROVED APPLICATIONS OR CANCELLED CONVERSION ORDERS

Lands covered by a petition for conversion which has been disapproved, or those covered by a conversion order which has

been cancelled or withdrawn under this Administrative Order, shall be placed under CARP compulsory coverage, in accordance with the schedule of implementation prescribed in Section 7 of R.A. 6657, and distributed to all qualified beneficiaries.

#### X. EXCUSABLE DEFAULT

An applicant who has been previously authorized to convert his landholdings but failed to complete development for valid reasons beyond his control (e.g., fortuitous events, natural calamities, etc.), may be given a one (1) year extension 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 and this Administrative Order shall be prosecuted.

#### XI. REPEALING CLAUSE

This Administrative Order repeals Administrative Order No. 15, series of 1988 and 1989, General order No. 1, series of 1989, Administrative Order No. 18, series of 1989 and all previous issuances not consistent with this Order.

#### XII. TRANSITORY PROVISIONS

The provisions of this Administrative Order shall be applicable to all applications filed on or after its effectivity. All other applications filed previous to this Administrative Order shall be governed by the pertinent Administrative Order or issuances in force at the time of the filing of the applications and shall be processed accordingly.



XIII. EFFECTIVITY

This Administrative Order, as duly approved by the Presidential Agrarian Reform Council, shall take effect ten (10) days after its publication in two (2) newspapers of general circulation pursuant to Section 49 of R.A. 6657.

March 22, 1990  
Quezon City, Metro Manila

  
FLORENCIO B. ABAD  
Secretary