

**ADMINISTRATIVE ORDER NO. 01
SERIES OF 2023**

SUBJECT: GUIDELINES IN THE DETERMINATION AND PAYMENT OF JUST COMPENSATION OF HOMELOTS OF HACIENDA LUISITA, INCORPORATED (HLI) DISTRIBUTED TO FARMWORKER BENEFICIARIES IN COMPLIANCE WITH THE SUPREME COURT DECISION IN HLI VERSUS PARC, G.R. NO. 171101 DATED 5 JULY 2011 AND ITS RESOLUTIONS DATED 22 NOVEMBER 2011, 24 APRIL 2012 AND 09 DECEMBER 2020.

SECTION 1. PREFATORIA.

Just compensation has been defined as "the full and fair equivalent of the property taken from its owner by the expropriator."¹ The measure is not the taker's gain, but the owner's loss.² in determining just compensation for this particular landholding, specifically the homelots allocated to the ARBs, the price or value of the property at the time it was taken from the owner and appropriated by the Government which was on 21 November 1989, shall be the basis.

Admittedly, a much comprehensive approach on just compensation particularly on the score of the word "**taking**", has been developed by case law³ which comprised various factors insofar as G.R. No. 171101, the subject of this present AO in adherence to fair play and equal justice. In the literal sense, however, the word, "taking" – and no disputing, were to be considered to have been effected on 21 November 1989. This must be so notwithstanding the recent array of jurisprudence that has developed inside the relevant period reckoned from 1989 prior to the actual payment of just compensation by DAR to HLI.

Section 17 of Republic Act (R.A) No. 6657, as amended by Section 7 of R.A No. 9700, provides the criteria and factors in determining the land value of the property taken under the Agrarian Reform program of the Government. The said provision is quoted, as follows:

¹ National Power Corporation v. Diato-Bernal, G.R. No. 180979, 15 December 2010, 638 SCRA 660, 669

² Ibid.

³ Infra/Supra

"Section 7. Section 17 of Republic Act No. 6657, as amended, is hereby further amended to read as follows:

"Sec. 17. Determination of just Compensation. - in determining just compensation, the cost of acquisition of the land, the value of the standing crop, **the current value of like properties**, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, the assessment made by government assessors, and seventy (70%) of the zonal valuation of the Bureau of Internal Revenue (BIR), translated into a basic formula by the DAR shall be considered, subject to the final decision of the proper court. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the non-payment of taxes and loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation."

From the Supreme Court's (SC) Decision of 05 July 2011, three (3) Resolutions followed, i.e., 22 November 2011, 24 April 2012 and finally 09 December 2020. Essentially, this protracted legal battle up to its entry of judgment which lasted for about thirty-three (33) tedious and enduring years deprived the HLI, formerly TADECO, the landowner (LO) of the subject landholdings, of the fair income and benefit of their property. The farmer-beneficiaries (FBs) were not spared of – they were equally affected of this case that had dragged for decades. The law, by dictate of fairness and the sporting idea of due process, does not contemplate either situation.

In its 05 July 2011 Decision, the Supreme Court (SC) upheld the revocation of the Stock Distribution Option (SDO) and the Compulsory Acquisition (CA) of the land owned by HLI under R.A. No. 6657.

The SC amended its 05 July 2011 Decision in a Resolution dated 22 November 2011. The said Decision and Resolution were further modified by the SC Resolution dated 24 April 2012 which was declared FINAL and EXECUTORY, ordering the government, through DAR, to pay Hacienda Luisita, inc. the just compensation for the 240-square meter homelots distributed each to the FWBs.

Finally, on 09 December 2020, the SC reiterated its 2011 ruling with the following directives:

1. The Government, through the Department of Agrarian Reform (DAR), to pay the HLI the just compensation for the said homelots in consonance with

Section 4, Article XIII of the 1987 Constitution that the taking of land for use in the Agrarian Reform Program is "subject to the payment of just compensation."

2. Just compensation should be paid to the HLI instead of the Tarlac Development Corporation (TADECO) in view of the Deed of Assignment and Conveyance dated 22 March 1989 executed between TADECO and the HLI.
3. The DAR is ordered to compute the just compensation of the homelots in accordance with existing laws, rules and regulations.
4. **The completion of the DAR's validation procedures is a precondition of the payment of just compensation.**
5. HLI, in its best interest, to fully cooperate with the DAR which includes providing the necessary documents available in its possession to the best of their ability.
6. Land Bank of the Philippines (LBP) shall effect payment thereof from the Agrarian Reform Fund (ARF), as finally computed/determined by DAR.
7. The DAR shall proceed with its validation procedures. HLI, PARC/DAR, and the Register of Deeds shall come together and collate the documents needed to enable the DAR to complete its validation.
8. The Register of Deeds to furnish with Certified True Copies of documents the Presidential Agrarian Reform Council (PARC), Department of Agrarian Reform (DAR) and the Hacienda Luisita, Inc. (HLI).
9. To form a committee/task force for purposes of completing and collating the documentation required to validate the homelots awards to all the individual FBs, on which basis the whole area to be compensated shall be determined.
10. The Department of Agrarian Reform to determine just compensation for the total area awarded⁴ upon completion of its validation procedures.
11. The Land Bank of the Philippines to release the payment of just compensation for the homelots according to DAR's determination thereof.

⁴ December 9, 2020 SC Resolution in G.R. No. 171101

Verily, the DAR was directed to compensate the HLI for the value of the homelots given to Farmworker Beneficiaries (FWBs) pursuant to R.A. No. 6657, as amended.

Conjunctively, in the interregnum, the DAR and the Land Bank of the Philippines (LBP) executed a Memorandum of Agreement (MOA) dated 2 June 2021 with its Implementing Rules and Regulations (IRR), AO No. 07, series of 2022, dated 21 December 2022, transferring to DAR's sole power and responsibility in the payment, fixing and/or adjudication of just compensation including pending just compensation cases in court.

SECTION 2. GUIDELINES IN THE DETERMINATION OF THE JUST COMPENSATION FOR THE HOMELOTS

1. Based on DAR Administrative Order (AO) No. 12 Series of 1991, particularly Section E, as a general rule, the value of the homelots shall be computed on the basis of the price of the farmlots transferred to the ARB. However, if the homelot is outside the farmlot awarded to the tenant-beneficiary, the price shall be based on the value of the land where said homelot is located.
2. The date of taking of the homelots for purposes of compliance with the Supreme Court's ruling in HLI v. PARC in relation to case laws herein cited, is the accomplishment and convergence of those cited factors which include the submission of all documents necessary for the transfer of the homelots in the names of the FWBs by HLI; the completion of the validation procedure by the DAR; the collation of all the documents and data by the Task Force; the final determination of the valuation by the DAR; promulgation of the 2022 PARC Resolution; earmarking of funds and release of SAROs; and the actual payment of just compensation to HLI following the cited guide post, "*inter alia*", the current value – at the time of the 21 November 1989 date of the "taking" from the comparable sales of adjoining properties, other prescribed steps and considerations, by authority of Section 17 R.A. 6657 and other authorities/precedents to the time just compensation is actually effected.
3. The basic formula in determining the valuation of the homelot in accordance with Section 17 of R.A. No. 6657, as amended and AO 5 Series of 1998, shall be based on two factors; Comparable Sales (CS) and Market Value (MV).

3.1. The valuation of the homelot when the CS and the MV are present and applicable, shall be:

$$LV = [(CS \times 0.90) + (MV \times 0.10)]$$

Where: LV = Land Value

CS = Comparable Sales equivalent to 70% of the Zonal Value as determined by the Department of Finance/Bureau of Internal Revenue (based not on the land use, but on the land classification of the homelot as of date of taking, or if not present, in the nearest location.

MV = Market Value is the Government assessment for the homelots based on its actual land classification as of date of taking as reflected from the corresponding Tax Declaration.

3.2. The valuation of the homelot when the CS factor is not present, and only the MV is available or applicable, shall be:

$$LV = MV \times 2$$

4. Legislated interest on the cash and bond components shall be value-dated from the date of taking of the homelots as herein defined pursuant to the formula heretofore cited guided by SC Decision and Resolutions in G.R. No. 171101 and relevant case laws on the matter in all fairness to all stakeholders. The 12% per annum legal interest from November 21, 1989 date of taking – to June 30, 2013, and 6% per annum from July 1, 2013 up to present pursuant to BSP Circular No. 799, series of 2013 as applied in the prevailing jurisprudence,⁵ shall be followed.

5. The just compensation as determined by the DAR through the Task Force may be subject to challenge by the landowner, the HLI, before the DARAB

⁵ NPC DAMA v. NPC, et al., G.R. No. 156208, dated November 21, 2017 citing Nacar v. Gallaray Frames, 716 Phil. 267, 283 (2013), in relation to the July 5, 2011 Decision in G.R. No. 171101 and its 2011, 2012 and 2020 Resolutions

in accordance with the 2021 DARAB Rules⁶ or directly to the Regional Trial Court (RTC) acting as a Special Agrarian Court (SAC).⁷

SECTION 3. CONDITIONS AND PROCEDURE IN THE PAYMENT OF JUST COMPENSATION

1. The payment of the just compensation shall be made directly to the HLI, or its duly authorized representative in accordance with the existing agrarian laws, rules and regulations.
2. The source of funding for the payment of the just compensation to the HLI for the homelots shall be the Agrarian Reform (ARF).⁸
3. The compensation for the homelots shall be paid in accordance with the rules provided under Section 18 and other relevant provisions of R.A. No. 6657, as amended, in relation to other statutory guidelines and rules herein setforth.
4. The FWBs shall have no obligation to pay for the value of the homelots awarded to them as provided in the Supreme Court Decision.
5. A farmer beneficiary (FB) is one who has been qualified by the DAR as an Agrarian Reform Beneficiary (ARB) in accordance with Section 22 of R.A. No. 6657, as amended, and has received an awarded land under the Comprehensive Agrarian Reform Program (CARP) which is covered by a CLOA. However, for purposes of payment of just compensation to HLI for the homelots awarded to farmworkers of HLI, the SC did not distinguish between those who are qualified FBs under CARP and those who are not qualified but were awarded anyway with homelots by HLI. In the SC Decision, all FWs both qualified and unqualified will be awarded with homelots which will be subject to payment of just compensation by DAR in favor of HLI.
6. In the case of HLI, there are two (2) classifications of FWBs: 1. FWBs with issued and registered TCTs in their names and 2. FWBs without TCTs in their names yet.

⁶ The 2021 DARAB Revised Rules of Procedure.

⁷ Sections 57 to 62 of R.A. No. 6657, as amended; LBP v. Eugenio Dalauta, G.R. No. 190004.

⁸ Section 21 of R.A. No. 9700, amending Section 63 of R.A. No. 6657.

7. The obligation of the DAR for the payment of the just compensation to the HLI for the homelots, is based on the concurrence of the following:
 - 7.1. The HLI must provide all the documents necessary and available in their possession, to effect the transfer of the mother titles covering the homelots to the FWBs, i.e., Deed of Assignment, Narrative Technical Description, Tax Declaration, Original Owners Duplicate Copy of the mother titles of the HLI landholdings subject of the SC decision, particularly awarded as homelots to FWBs, and list of all FWBs awarded with homelots, among others.
 - 7.2. The DAR is deemed to have completed the validation process on the concurrence of the preceding requirements.
8. To minimize the running of interest which keeps mounting up against the government, upon determination of the whole area, and/or submission of the certified copies of TCTs of the mother titles, referred above, covering the entire homelots, the relevant deeds of assignment to transfer title to government, duly validated by the task force, the DAR shall, without unnecessary delay, cause the release by the LBP of payment of just compensation as determined by the DAR's task force committee to HLI. The LBP is mandated to do its part to avoid the government from further bleeding of accumulation of interest.

SECTION 4. CREATION/COMPOSITION OF A TASK FORCE AND ITS FUNCTIONS.

A Task Force shall be created pursuant to the SC directive to be composed of the following:

1. DAR Central, Regional and Provincial Offices' Representatives;
2. Register of Deeds of the Province of Tarlac;
3. PARC;
4. HLI Representatives;
5. FWBs Representatives; and
6. LBP.

The task Force shall have the following functions:

1. To undertake the requisite validation and titling procedures;
2. To identify the whole area of those homelots, which were actually awarded by HLI to all qualified farmer beneficiaries as the total basis of just compensation to HLI;
3. To confirm if such beneficiaries have received the corresponding Transfer Certificates of Title (TCTs) of the homelots and in possession of the same;
4. Submit its final report upon completion of the validation activities to DAR, through the Secretary, which shall be the basis for the LBP to pay HLI; and
5. To collate all documents and records pertaining to the HLI homelots paid, determinative of the total area to be compensated to HLI.

SECTION 4. CONDUCT OF VALIDATION

In compliance with the Supreme Court's directive for DAR to proceed with the validation procedures, select officials and personnel from DARRO III and DARPO Tarlac under the supervision of the Task Force who shall collaborate to collate and complete the required documentation to validate the mother titles covering the homelots, segregation and distribution of titles.

The conduct of the validation activity shall be executed by trained local enumerators to be spearheaded by DARPO Tarlac.

The validated report shall be submitted to DARPO Tarlac for consolidation and submission to the Task Force and likewise the latter shall facilitate the completion and submission to the Secretary of the final report.

Summarizing, the task force:

1. To undertake the requisite validation and titling procedures.
2. Submit its final comprehensive and all-encompassing report upon completion of the validation activities to the DAR Secretary which shall be

the basis of payment and for the LBP to release payment, as determined by the DAR, to HLI.

The Task Force shall serve as the repository of all documentations and records related to activities to be undertaken; *Provided*, that another set of the subject documents shall be given for DAR Central Records Division and, separately, another set for the DARAB to ensure preservation and integrity of all relevant documents for future reference.

SECTION 5. REPEALING CLAUSE

Other issuances which are inconsistent with this Administrative Order are hereby amended and/or repealed accordingly.

SECTION 6. SEPARABILITY CLAUSE

Any judicial pronouncement declaring any provision or portion of this Administrative Order as unconstitutional shall not affect the validity of the other provisions herein.

SECTION 7. EFFECTIVITY CLAUSE

This Administrative Order shall take effect ten (10) days after publication in two (2) newspapers of general circulation or upon electronic filing at the Office of the National Administrative Registrar (ONAR).

Diliman, Quezon City, ~~FEB 22 2023~~.


CONRADO M. ESTRELLA III
Secretary

Published in two (2) national newspapers of general circulation:

1. ~~The Manila Times~~
2. ~~Daily Tribune~~

Date of Publication: ~~March 17, 2023~~





REPUBLIC OF THE PHILIPPINES

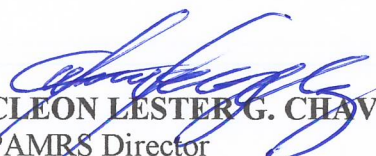
DEPARTMENT OF AGRARIAN REFORM

Tunay na Pagbabago sa Repormang Agraryo

CERTIFICATION

This is to certify that Administrative Order No. 01, Series of 2023 entitled **“GUIDELINES IN THE DETERMINATION AND PAYMENT OF JUST COMPENSATION OF HOMELOTS OF HACIENDA LUISITA, INCORPORATED (HLI) DISTRIBUTED TO FARMWORKER BENEFICIARIES IN COMPLIANCE WITH THE SUPREME COURT DECISION IN HLI VERSUS PARC, G.R. NO. 171101 DATED 5 JULY 2011 AND ITS RESOLUTIONS DATED 22 NOVEMBER 2011, 24 APRIL 2012 AND 09 DECEMBER 2020”** was published today, 17 March 2023, in the Manila Times and Daily Tribune newspapers.

Issued this 17th day of March 2023 for whatever purpose it may serve.


CLEON LESTER G. CHAVEZ
PAMRS Director



Republic of the Philippines
DEPARTMENT OF AGRARIAN REFORM
Quezon City

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Admittedly, a much comprehensive approach on just compensation particularly on the score of the word "taking", has been developed by case law³ which comprised various factors insofar as G.R. No. 171101, the subject of this present AO in adherence to fair play and equal justice. In the literal sense, however, the word, "taking" - and no disputing, were to be considered to have been effected on 21 November 1989. This must be so notwithstanding the recent array of jurisprudence that has developed inside the relevant period reckoned from 1989 prior to the actual payment of just compensation by DAR to HLI.

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From the Supreme Court's (SC) Decision of 05 July 2011, three (3) Resolutions followed, i.e., 22 November 2011, 24 April 2012 and finally 09 December 2020. Essentially, this protracted legal battle up to its entry of judgment which lasted for about thirty-three (33) tedious and enduring years deprived the HLI, formerly TADECO, the landowner (LO) of the subject landholdings, of the fair income and benefit of their property. The farmer-beneficiaries (FBs) were not spared of - they were equally affected of this case that had dragged for decades. The law, by dictate of fairness and the sporting idea of due process, does not contemplate either situation.

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5. HLI, in its best interest, to fully cooperate with the DAR which includes providing the necessary documents available in its possession to the best of their ability.

6. Land Bank of the Philippines (LBP) shall effect payment thereof from the Agrarian Reform Fund (ARF), as finally computed/determined by DAR.
7. The DAR shall proceed with its validation procedures, HLI, PARC/DAR and the Register of Deeds shall come together and collate the documents needed to enable the DAR to complete its validation.
8. The Register of Deeds to furnish with Certified True Copies of documents the Presidential Agrarian Reform Council (PARC), Department of Agrarian Reform (DAR) and the Hacienda Luisita, Inc. (HLI).
9. To form a committee/task force for purposes of completing and collating the documentation required to validate the homelots awards to all the individual FBs, on which basis the whole area to be compensated shall be determined
10. The Department of Agrarian Reform to determine just compensation for the total area awarded upon completion of its validation procedures.
11. The Land Bank of the Philippines to release the payment of just compensator for the homelots according to DAR's determination thereof.

Verily, the DAR was directed to compensate the HLI for the value of the homelot given to Farmworker Beneficiaries (FWBs) pursuant to R.A. No. 6657, as amended.

Conjunctively, in the interregnum, the DAR and the Land Bank of the Philippines (LBP) executed a Memorandum of Agreement (MOA) dated 2 June 2021 with its Implementing Rules and Regulations (IRR), AO No. 07, series of 2022, dated 2 December 2022, transferring to DAR's sole power and responsibility in the payment fixing and/or adjudication of just compensation including pending just compensator cases in court.

SECTION 2. GUIDELINES IN THE DETERMINATION OF THE JUST COMPENSATION FOR THE HOMELOTS

1. Based on DAR Administrative Order (AO) No. 12 Series of 1991, particularly Section E, as a general rule, the value of the homelots shall be computed on the basis of the price of the farmlots transferred to the ARB. However, if the homelot is outside the farmlot awarded to the tenant-beneficiary, the price shall be based on the value of the land where said homelot is located.
2. The date of taking of the homelots for purposes of compliance with the Supreme Court's ruling in HLI v. PARC in relation to case laws herein cited is the accomplishment and convergence of those cited factors which include the submission of all documents necessary for the transfer of the homelot in the names of the FWBs by HLI; the completion of the validation procedure by the DAR; the collation of all the documents and data by the Task Force the final determination of the valuation by the DAR; promulgation of the 2022 PARC Resolution; earmarking of funds and release of SAROs; and the actual payment of just compensation to HLI following the cited guid post, "inter alia", the current value - at the time of the 21 November 1989 date of the "taking" from the comparable sales of adjoining properties, the prescribed steps and considerations, by authority of Section 17 R.A. 665 and other authorities/precedents to the time just compensation is actually effected.
3. The basic formula in determining the valuation of the homelot in accordance with Section 17 of R.A. No. 6657, as amended and AO 5 Series of 1998 shall be based on two factors; Comparable Sales (CS) and Market Value (MV).

- 3.1. The valuation of the homelot when the CS and the MV are present and applicable, shall be:

$$LV = [(CS \times 0.90) + (MV \times 0.10)]$$

Where: LV = Land Value

CS = Comparable Sales equivalent to 70% of the Zonal Value as determined by the Department of Finance/Bureau of Internal Revenue (based not on the land use, but on the land classification of the homelot as of date of taking, or if not present, in the nearest location.

MV = Market Value is the Government assessor for the homelots based on its actual land classification as of date of taking as reflected from the corresponding Tax Declaration.

1 National Power Corporation v. Diato-Bernal, G.R. No. 180979, 15 December 2010, 638 SCRA 660, 669
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4 December 9, 2020 SC Resolution in G.R. No. 171101

3.2. The valuation of the homelot when the CS factor is not present, and only the MV is available or applicable, shall be:

$$LV = MV \times 2$$

- Legislated interest on the cash and bond components shall be valued from the date of taking of the homelots as herein defined pursuant to the formula heretofore cited guided by SC Decision and Resolutions in G.R. No. 171101 and relevant case laws on the matter in all fairness to all stakeholders. The 12% per annum legal interest from November 21, 1989 date of taking to June 30, 2013, and 6% per annum from July 1, 2013 up to present pursuant to BSP Circular No. 799, series of 2013 as applied in the prevailing jurisprudence,⁵ shall be followed.
- The just compensation as determined by the DAR through the Task Force may be subject to challenge by the landowner, the HLI, before the DARAB in accordance with the 2021 DARAB Rules⁶ or directly to the Regional Trial Court (RTC) acting as a Special Agrarian Court (SAC).⁷

SECTION 3. CONDITIONS AND PROCEDURE IN THE PAYMENT OF JUST COMPENSATION

- The payment of the just compensation shall be made directly to the HLI, or its duly authorized representative in accordance with the existing agrarian laws, rules and regulations.
- The source of funding for the payment of the just compensation to the HLI for the homelots shall be the Agrarian Reform (ARF).⁸
- The compensation for the homelots shall be paid in accordance with the rules provided under Section 18 and other relevant provisions of R.A. No. 6657, as amended, in relation to other statutory guidelines and rules herein set forth.
- The FWBs shall have no obligation to pay for the value of the homelots awarded to them as provided in the Supreme Court Decision.
- A farmer beneficiary (FB) is one who has been qualified by the DAR as an Agrarian Reform Beneficiary (ARB) in accordance with Section 22 of R.A. No. 6657, as amended, and has received an awarded land under the Comprehensive Agrarian Reform Program (CARP) which is covered by a CLOA. However, for purposes of payment of just compensation to HLI for the homelots awarded to farmworkers of HLI, the SC did not distinguish between those who are qualified FBs under CARP and those who are not qualified but were awarded anyway with homelots by HLI. In the SC Decision, all FWs both qualified and unqualified will be awarded with homelots which will be subject to payment of just compensation by DAR in favor of HLI.
- In the case of HLI, there are two (2) classifications of FWBs: 1. FWBs with issued and registered TCTs in their names and 2. FWBs without TCTs in their names yet.
- The obligation of the DAR for the payment of the just compensation to the HLI for the homelots, is based on the concurrence of the following:
 - The HLI must provide all the documents necessary and available in their possession, to effect the transfer of the mother titles covering the homelots to the FWBs, i.e., Deed of Assignment, Narrative Technical Description, Tax Declaration, Original Owners Duplicate Copy of the mother titles of the HLI landholdings subject of the SC decision, particularly awarded as homelots to FWBs, and list of all FWBs awarded with homelots, among others.
 - The DAR is deemed to have completed the validation process on the concurrence of the preceding requirements.
- To minimize the running of interest which keeps mounting up against the government, upon determination of the whole area, and/or submission of the certified copies of TCTs of the mother titles, referred above, covering the entire homelots, the relevant deeds of assignment to transfer title to government, duly validated by the task force, the DAR shall, without unnecessary delay, cause the release by the LBP of payment of just compensation as determined by the DAR's task force committee to HLI. The LBP is mandated to do its part to avoid the government from further bleeding of accumulation of interest.

SECTION 4. CREATION/COMPOSITION OF A TASK FORCE AND ITS FUNCTIONS.

A Task Force shall be created pursuant to the SC directive to be composed of the following:

- DAR Central, Regional and Provincial Offices' Representatives;
- Register of Deeds of the Province of Tarlac;
- PARC;
- HLI Representatives;
- FWBs Representatives; and
- LBP.

The task Force shall have the following functions:

- To undertake the requisite validation and titling procedures;
- To identify the whole area of those homelots, which were actually awarded by HLI to all qualified farmer beneficiaries as the total basis of just compensation to HLI;
- To confirm if such beneficiaries have received the corresponding Transfer Certificates of Title (TCTs) of the homelots and in possession of the same;
- Submit its final report upon completion of the validation activities to DAR, through the Secretary, which shall be the basis for the LBP to pay HLI; and
- To collate all documents and records pertaining to the HLI homelots paid, determinative of the total area to be compensated to HLI.

SECTION 4. CONDUCT OF VALIDATION

In compliance with the Supreme Court's directive for DAR to proceed with the validation procedures, select officials and personnel from DARRO III and DARPO Tarlac under the supervision of the Task Force who shall collaborate to collate and complete the required documentation to validate the mother titles covering the homelots, segregation and distribution of titles.

The conduct of the validation activity shall be executed by trained local enumerators to be spearheaded by DARPO Tarlac.

The validated report shall be submitted to DARPO Tarlac for consolidation and submission to the Task Force and likewise the latter shall facilitate the completion and submission to the Secretary of the final report.

Summarizing, the task force:

- To undertake the requisite validation and titling procedures.
- Submit its final comprehensive and all-encompassing report upon completion of the validation activities to the DAR Secretary which shall be the basis of payment and for the LBP to release payment, as determined by the DAR, to HLI.

The Task Force shall serve as the repository of all documentations and records related to activities to be undertaken; *Provided*, that another set of the subject documents shall be given for DAR Central Records Division and, separately, another set for the DARAB to ensure preservation and integrity of all relevant documents for future reference.

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Other issuances which are inconsistent with this Administrative Order are hereby amended and/or repealed accordingly.


SECTION 6. SEPARABILITY CLAUSE

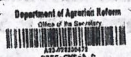
Any judicial pronouncement declaring any provision or portion of this Administrative Order as unconstitutional shall not affect the validity of the other provisions herein.

SECTION 7. EFFECTIVITY CLAUSE

This Administrative Order shall take effect ten (10) days after publication in two (2) newspapers of general circulation or upon electronic filing at the Office of the National Administrative Registrar (ONAR).

Diliman, Quezon City, February 22, 2023.


CONRADO M. ESTRELLA
Secretary



5 NPC DAMA v. NPC, et al., G.R. No. 156208, dated November 21, 2017 citing Nacar v. Gallera, 716 Phil. 267, 283 (2013), in relation to the July 5, 2011 Decision in G.R. No. 171101 and its 2011, 2012 and 2020 Resolutions
6 The 2021 DARAB Revised Rules of Procedure.
7 Sections 57 to 62 of R.A. No. 6657, as amended; LBP v. Eugenio Dalauta, G.R. No. 190004.
8 Section 21 of R.A. No. 9700, amending Section 63 of R.A. No. 6657.

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF AGRARIAN REFORM
Tunay na Pagbabago sa Repormang Agraryo

ADMINISTRATIVE ORDER NO. 01
SERIES OF 2023

SUBJECT: GUIDELINES IN THE DETERMINATION AND PAYMENT OF JUST COMPENSATION OF HOMELOTS OF HACIENDA LUISITA, INCORPORATED (HLI) DISTRIBUTED TO FARMWORKER BENEFICIARIES IN COMPLIANCE WITH THE SUPREME COURT DECISION IN HLI VERSUS PARC, G.R. NO. 171101 DATED 5 JULY 2011 AND ITS RESOLUTIONS DATED 22 NOVEMBER 2011, 24 APRIL 2012 AND 09 DECEMBER 2020.

SECTION 1. PREFATORIA.

Just compensation has been defined as "the full and fair equivalent of the property taken from its owner by the expropriator.¹ The measure is not the taker's gain, but the owner's loss.² In determining just compensation for this particular landholding, specifically the homelots allocated to the ARBs, the price or value of the property at the time it was taken from the owner and appropriated by the Government which was on 21 November 1989, shall be the basis.

Admittedly, a much comprehensive approach on just compensation particularly on the score of the word "taking", has been developed by case law³ which comprised various factors insofar as G.R. No. 171101, the subject of this present AO in adherence to fair play and equal justice. In the literal sense, however, the word, "taking" – and no disputing, were to be considered to have been effected on 21 November 1989. This must be so notwithstanding the recent array of jurisprudence that has developed inside the relevant period reckoned from 1989 prior to the actual payment of just compensation by DAR to HLI.

Section 17 of Republic Act (R.A) No. 6657, as amended by Section 7 of R.A No. 9700, provides the criteria and factors in determining the land value of the property taken under the Agrarian Reform program of the Government. The said provision is quoted, as follows:

"Section 7. Section 17 of Republic Act No. 6657, as amended, is hereby further amended to read as follows:

"Sec. 17. Determination of just Compensation. - in determining just compensation, the cost of acquisition of the land, the value of the standing crop, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, the assessment made by government assessors, and seventy (70%) of the zonal valuation of the Bureau of Internal Revenue (BIR), translated into a basic formula by the DAR shall be considered, subject to the final decision of the proper court. The social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property as well as the non-payment of taxes and loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation."

From the Supreme Court's (SC) Decision of 05 July 2011, three (3) Resolutions followed, i.e., 22 November 2011, 24 April 2012 and finally 09 December 2020. Essentially, this protracted legal battle up to its entry of judgment which lasted for about thirty-three (33) tedious and enduring years deprived the HLI, formerly TADECO, the landowner (LO) of the subject landholdings, of the fair income and benefit of their property. The farmer-beneficiaries (FBs) were not spared of – they were equally affected of this case that had dragged for decades. The law, by dictate of fairness and the sporting idea of due process, does not contemplate either situation.

In its 05 July 2011 Decision, the Supreme Court (SC) upheld the revocation of the Stock Distribution Option (SDO) and the Compulsory Acquisition (CA) of the land owned by HLI under R.A. No. 6657.

The SC amended its 05 July 2011 Decision in a Resolution dated 22 November 2011. The said Decision and Resolution were further modified by the SC Resolution dated 24 April 2012 which was declared FINAL and EXECUTORY, ordering the government, through DAR, to pay Hacienda Luisita, inc. the just compensation for the 240-square meter homelots distributed each to the FWBs.

Finally, on 09 December 2020, the SC reiterated its 2011 ruling with the following directives:

1. The Government, through the Department of Agrarian Reform (DAR), to pay the HLI the just compensation for the said homelots in consonance with Section 4, Article XIII of the 1987 Constitution that the taking of land for use in the Agrarian Reform Program is "subject to the payment of just compensation."
2. Just compensation should be paid to the HLI instead of the Tarmac Development Corporation (TADECO) in view of the Deed of Assignment and Conveyance dated 22 March 1989 executed between TADECO and the HLI.
3. The DAR is ordered to compute the just compensation of the homelots in accordance with existing laws, rules and regulations.

4. The completion of the DAR's validation procedures is a pre-condition of the payment of just compensation.
5. HLI, in its best interest, to fully cooperate with the DAR which includes providing the necessary documents available in its possession to the best of their ability.
6. Land Bank of the Philippines (LBP) shall effect payment thereof from the Agrarian Reform Fund (ARF), as finally computed/determined by DAR.
7. The DAR shall proceed with its validation procedures. HLI, PARC/DAR, and the Register of Deeds shall come together and collate the documents needed to enable the DAR to complete its validation.
8. The Register of Deeds to furnish with Certified True Copies of documents the Presidential Agrarian Reform Council (PARC), Department of Agrarian Reform (DAR) and the Hacienda Luisita, Inc. (HLI).
9. To form a committee/task force for purposes of completing and collating the documentation required to validate the homelots awards to all the individual FBs, on which basis the whole area to be compensated shall be determined.
10. The Department of Agrarian Reform to determine just compensation for the total area awarded upon completion of its validation procedures.
11. The Land Bank of the Philippines to release the payment of just compensation for the homelots according to DAR's determination thereof.

Verily, the DAR was directed to compensate the HLI for the value of the homelots given to Farmworker Beneficiaries (FWBs) pursuant to R.A. No. 6657, as amended.

Conjunctively, in the interregnum, the DAR and the Land Bank of the Philippines (LBP) executed a Memorandum of Agreement (MOA) dated 2 June 2021 with its Implementing Rules and Regulations (IRR), AO No. 07, series of 2022, dated 21 December 2022, transferring to DAR's sole power and responsibility in the payment, fixing and/or adjudication of just compensation including pending just compensation cases in court.

SECTION 2. GUIDELINES IN THE DETERMINATION OF THE JUST COMPENSATION FOR THE HOMELOTS

1. Based on DAR Administrative Order (AO) No. 12 Series of 1991, particularly Section E, as a general rule, the value of the homelots shall be computed on the basis of the price of the farmlots transferred to the ARB. However, if the homelot is outside the farmlot awarded to the tenant-beneficiary, the price shall be based on the value of the land where said homelot is located.
2. The date of taking of the homelots for purposes of compliance with the Supreme Court's ruling in HLI v. PARC in relation to case laws herein cited, is the accomplishment and convergence of those cited factors which include the submission of all documents necessary for the transfer of the homelots in the names of the FWBs by HLI; the completion of the validation procedure by the DAR; the collation of all the documents and data by the Task Force; the final determination of the valuation by the DAR; promulgation of the 2022 PARC Resolution; earmarking of funds and release of SAROs; and the actual payment of just compensation to HLI following the cited guide post, "inter alia", the current value – at the time of the 21 November 1989 date of the "taking" from the comparable sales of adjoining properties, other prescribed steps and considerations, by authority of Section 17 R.A. 6657 and other authorities/precedents to the time just compensation is actually effected.
3. The basic formula in determining the valuation of the homelot in accordance with Section 17 of R.A. No. 6657, as amended and AO 5 Series of 1998, shall be based on two factors; Comparable Sales (CS) and Market Value (MV).

- 3.1. The valuation of the homelot when the CS and the MV are present and applicable, shall be:

LV	=	[[CS x 0.90] + (MV x 0.10)]
Where: LV	=	Land Value
CS	=	Comparable Sales equivalent to 70% of the Zonal Value as determined by the Department of Finance/Bureau of Internal Revenue (based not on the land use, but on the land classification of the homelot as of date of taking, or if not present, in the nearest location.
MV	=	Market Value is the Government assessment for the homelots based on its actual land classification as of date of taking as reflected from the corresponding Tax Declaration.

- 3.2. The valuation of the homelot when the CS factor is not present, and only the MV is available or applicable, shall be:

LV = MV x 2

- Legislated interest on the cash and bond components shall be value-dated from the date of taking of the homelots as herein defined pursuant to the formula heretofore cited guided by SC Decision and Resolutions in G.R. No. 171101 and relevant case laws on the matter in all fairness to all stakeholders. The 12% per annum legal interest from November 21, 1989 date of taking – to June 30, 2013, and 6% per annum from July 1, 2013 up to present pursuant to BSP Circular No. 799, series of 2013 as applied in the prevailing jurisprudence,⁵ shall be followed.
- The just compensation as determined by the DAR through the Task Force may be subject to challenge by the landowner, the HLI, before the DARAB in accordance with the 2021 DARAB Rules⁶ or directly to the Regional Trial Court (RTC) acting as a Special Agrarian Court (SAC).⁷

SECTION 3. CONDITIONS AND PROCEDURE IN THE PAYMENT OF JUST COMPENSATION

- The payment of the just compensation shall be made directly to the HLI, or its duly authorized representative in accordance with the existing agrarian laws, rules and regulations.
- The source of funding for the payment of the just compensation to the HLI for the homelots shall be the Agrarian Reform (ARF).⁸
- The compensation for the homelots shall be paid in accordance with the rules provided under Section 18 and other relevant provisions of R.A. No. 6657, as amended, in relation to other statutory guidelines and rules herein set forth.
- The FWBs shall have no obligation to pay for the value of the homelots awarded to them as provided in the Supreme Court Decision.
- A farmer beneficiary (FB) is one who has been qualified by the DAR as an Agrarian Reform Beneficiary (ARB) in accordance with Section 22 of R.A. No. 6657, as amended, and has received an awarded land under the Comprehensive Agrarian Reform Program (CARP) which is covered by a CLOA. However, for purposes of payment of just compensation to HLI for the homelots awarded to farmworkers of HLI, the SC did not distinguish between those who are qualified FBs under CARP and those who are not qualified but were awarded anyway with homelots by HLI. In the SC Decision, all FWs both qualified and unqualified will be awarded with homelots which will be subject to payment of just compensation by DAR in favor of HLI.
- In the case of HLI, there are two (2) classifications of FWBs: 1. FWBs with issued and registered TCTs in their names and 2. FWBs without TCTs in their names yet.
- The obligation of the DAR for the payment of the just compensation to the HLI for the homelots, is based on the concurrence of the following:
 - The HLI must provide all the documents necessary and available in their possession, to effect the transfer of the mother titles covering the homelots to the FWBs, i.e., Deed of Assignment, Narrative Technical Description, Tax Declaration, Original Owners Duplicate Copy of the mother titles of the HLI landholdings subject of the SC decision, particularly awarded as homelots to FWBs, and list of all FWBs awarded with homelots, among others.
 - The DAR is deemed to have completed the validation process on the concurrence of the preceding requirements.
- To minimize the running of interest which keeps mounting up against the government, upon determination of the whole area, and/or submission of the certified copies of TCTs of the mother titles, referred above, covering the entire homelots, the relevant deeds of assignment to transfer title to government, duly validated by the task force, the DAR shall, without unnecessary delay, cause the release by the LBP of payment of just compensation as determined by the DAR's task force committee to HLI. The LBP is mandated to do its part to avoid the government from further bleeding of accumulation of interest.

SECTION 4. CREATION/COMPOSITION OF A TASK FORCE AND ITS FUNCTIONS.

A Task Force shall be created pursuant to the SC directive to be composed of the following:

- DAR Central, Regional and Provincial Offices' Representatives;
- Register of Deeds of the Province of Tarlac;
- PARC;
- HLI Representatives;
- FWBs Representatives; and
- LBP.

The task Force shall have the following functions:

- To undertake the requisite validation and titling procedures;
- To identify the whole area of those homelots, which were actually awarded by HLI to all qualified farmer beneficiaries as the total basis of just compensation to HLI;
- To confirm if such beneficiaries have received the corresponding Transfer Certificates of Title (TCTs) of the homelots and in possession of the same;
- Submit its final report upon completion of the validation activities to DAR, through the Secretary, which shall be the basis for the LBP to pay HLI; and
- To collate all documents and records pertaining to the HLI homelots paid, determinative of the total area to be compensated to HLI.

SECTION 4. CONDUCT OF VALIDATION

In compliance with the Supreme Court's directive for DAR to proceed with the validation procedures, select officials and personnel from DARRO III and DARPO Tarlac under the supervision of the Task Force who shall collaborate to collate and complete the required documentation to validate the mother titles covering the homelots, segregation and distribution of titles.

The conduct of the validation activity shall be executed by trained local enumerators to be spearheaded by DARPO Tarlac.

The validated report shall be submitted to DARPO Tarlac for consolidation and submission to the Task Force and likewise the latter shall facilitate the completion and submission to the Secretary of the final report.

Summarizing, the task force:

- To undertake the requisite validation and titling procedures.
- Submit its final comprehensive and all-encompassing report upon completion of the validation activities to the DAR Secretary which shall be the basis of payment and for the LBP to release payment, as determined by the DAR, to HLI.

The Task Force shall serve as the repository of all documentations and records related to activities to be undertaken; *Provided*, that another set of the subject documents shall be given for DAR Central Records Division and, separately, another set for the DARAB to ensure preservation and integrity of all relevant documents for future reference.

SECTION 5. REPEALING CLAUSE

Other issuances which are inconsistent with this Administrative Order are hereby amended and/or repealed accordingly.

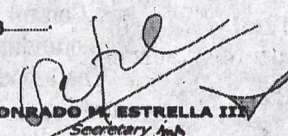
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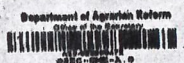
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Dilliman, Quezon City, FEB 22 2023


CONRADO M. ESTRELLA III
Secretary



¹ National Power Corporation v. Diano-Bernal, G.R. No. 180978, 15 December 2010, 638 SCRA 660, 669
² Ibid.
³ Infra/Supra
⁴ December 9, 2020 SC Resolution in G.R. No. 171101
⁵ NPC DAMA v. NPC, et al., G.R. No. 136208, dated November 21, 2017 citing Nacur v. Gallery Frames, 716 Phil. 267, 283 (2013), in relation to the July 3, 2011 Decision in G.R. No. 171101 and its 2011, 2012 and 2020 Resolutions
⁶ The 2021 DARAB Revised Rules of Procedure.
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⁸ Section 21 of R.A. No. 9700, amending Section 63 of R.A. No. 6657.