



Republic of the Philippines
Supreme Court
Baguio City

SECOND DIVISION

QUEZON
GOVERNMENT,
Petitioner,

CITY

G.R. No. 268254

-versus-

Present:
LEONEN, *SAJ.*, Chairperson,
LAZARO-JAVIER,
LOPEZ, M.,
LOPEZ, J., and
KHO, JR., *JJ.*

RAINIER L. MADRID,*
Respondent.

Promulgated:

APR 02 2025

X-----X

DECISION

LOPEZ, J., *J.*:

This Court resolves a Petition for Review on *Certiorari*¹ filed by the Quezon City (QC) government assailing the Decision² and Resolution³ of the Court of Appeals (CA), which upheld the Petition for Declaratory Relief⁴ as the proper remedy resorted to by Rainier L. Madrid (Madrid) against the QC government, VV Soliven Realty Corporation (VV Soliven), and Capitol Park Homeowners Association, Inc. (CPHAI) in the Regional Trial Court (RTC).⁵

* Also spelled as Rainer Madrid in some parts of the *rollo*.

¹ *Rollo*, pp. 3–28.

² *Id.* at 29–46. The January 13, 2023 Decision in CA-G.R. SP No. 168506 was penned by Associate Justice Emily L. San Gaspar-Gito and concurred in by Associate Justices Eduardo B. Peralta, Jr. and Walter S. Ong of the Eleventh Division, Court of Appeals, Manila.

³ *Id.* at 47–49. The June 30, 2023 Resolution in CA-G.R. SP No. 168506 was penned by Associate Justice Emily L. San Gaspar-Gito and concurred in by Associate Justices Eduardo B. Peralta, Jr. and Walter S. Ong of the Eleventh Division, Court of Appeals, Manila.

⁴ *Id.* at 139–154.

⁵ *Id.* at 45–46.

The Antecedents

Madrid filed a Petition for Declaratory Relief seeking the determination of the nature and ownership of the open spaces and road lots of Capitol Park Homes Subdivision (CPHS).⁶

Madrid is a resident of Capitol Homes Subdivision (CHS), located behind CPHS. He is a frequent visitor of the St. Michael the Archangel Parish located in an open space in CPHS.⁷ The parish was established in 2008 with an area of approximately 500 square meters. Before this, a chapel was managed by CPHS for the exclusive benefit of its homeowners, but eventually, it became open to the general public for use and enjoyment.⁸

Madrid alleged that on July 19, 2012, CPHAI's Board of Directors (Board) appealed to the QC government for assistance in the construction and maintenance of its roads due to perennial flash floods brought about by heavy rain downpour. The Board cited neglect on the part of its subdivision developer, VV Soliven, in maintaining its open spaces and road lots, as well as its lack of capacity to undertake the project by itself.⁹

Later, on June 8, 2013, the Board sought a Referendum from its homeowners regarding its continued operation of the parish inside the subdivision. Upon review, it was found that the parish's establishment in one of its open spaces was never the subject of any board resolution, general assembly, referendum, or resolution.¹⁰

Notwithstanding, the Board highlighted that the land area upon which the parish stood was relatively small with only two major roads for its ingress and egress. This resulted in several issues for the homeowners of CPHS such as the heavy onset of traffic, double parking, and security implications. The homeowners were then asked by the Board whether the parish should be kept in their subdivision or reverted to its original purpose—a chapel exclusively for the use of its subdivision members.¹¹

Madrid then sought verification of the title of the open space and road lot with the Housing and Land Use Regulatory Board (HLURB) and QC Assessor's Office. Supposedly, he found that the title of the land where the parish stood was registered under the name of "Samson Boat and Allied Industries, Inc." (SBAIL) as evidenced by TCT No. 150717.¹² However, in the

⁶ *Id.* at 139.

⁷ *Id.* at 140.

⁸ *Id.* at 140–141.

⁹ *Id.* at 266.

¹⁰ *Id.* at 278.

¹¹ *Id.* at 261.

¹² *Id.* at 321.

affidavit of one Ruben D. Miranda, he stated that the Registry of Deeds informed him that the same title was destroyed by a fire a long time ago.¹³

Sometime in August 2013, Madrid filed a complaint for plunder against the former mayor of the QC government, Herbert Constantine M. Bautista (Bautista), along with some of the city officials, CPHAI, and its subdivision developer, VV Soliven, before the Office of the Ombudsman (OMB).

Madrid alleged that Bautista and the city officials spent a substantial amount of public funds for the improvement and beautification of the open spaces and road lots inside CPHS located in Batasan Hills, Quezon City.

Madrid also claimed that the public expenditure was improper as the open spaces and road lots in CPHS, particularly where the parish stood, were not public property but were private, being registered under SBAIL's name. More, he argued that there was no deed of donation executed by VV Soliven in favor of the QC government.¹⁴

The OMB dismissed the complaint and pronounced that the courts should first resolve the nature of the subject properties before they determine the liabilities of Bautista and the city officials.¹⁵

On March 2, 2015, Madrid filed a Petition for Declaratory Relief seeking clarification of the provisions of QC Ordinance No. 60-4580, as amended by QC Ordinance Nos. 60-4607 and 5852.¹⁶

Section 9 of QC Ordinance No. 60-4580 provides that subdivision developers were given the option to turn over and transfer 6% of the gross areas of the open spaces for parks, playgrounds, playlots and/or other areas within its metes and bounds for public use without compensation, thus:

[Section] 9. Open Spaces dedicated to public use — Subdivisions in Quezon City containing more than one hectare shall be provided with suitable areas known as open spaces for parks, playgrounds, playlots[,] and/or other areas to be dedicated to public use, which areas shall comprise at least six (6) percent of the gross area of the subdivision. The open spaces shall be conveniently located for maximum use. The said spaces shall be developed and maintained for the purpose by the owners within two years after approval of the subdivision by the City Council. *Should the subdivider so elect, he may turn over and transfer free of charge the title to said open spaces to the City Government after which the government shall assume the*

¹³ *Id.* at 278.

¹⁴ *Id.*

¹⁵ *Id.* at 31–32.

¹⁶ *Id.* at 32.

*responsibility of maintaining the said areas. No portion of the open spaces shall be alienated or encumbered[.]*¹⁷ (Emphasis supplied)

Later, this was amended by QC Ordinance No. 60-4607, which required subdivision owners to turn over the properties two years after the date of its subdivision plan's approval:

[Section] 9. Open Spaces dedicated to public use – Subdivisions in Quezon City containing more than one hectare shall be provided with suitable areas known as open spaces for parks, playgrounds, playlots and/or other areas to be dedicated to public use, which areas shall comprise at least six (6) percent of the gross area of the subdivision. The open spaces shall be conveniently located for maximum use. *The title or titles of said spaces shall be turned over and transferred free of charge to the city government within two years after the date of the approval of the subdivision, after which the government shall assume the responsibility of maintaining the said areas.* No portion of the open spaces shall be encumbered.¹⁸ (Emphasis supplied)

Then, in QC Ordinance No. 5852, Series of 1964, it was mandated that the subject areas be transferred to the QC government as a condition precedent for the approval of any subdivision plan. The pertinent portions of the Ordinance are as follows:

Section 1. *The turnover to the City, free from any lien or encumbrance of the six percent (6%) open space of any proposed subdivision, is hereby required, as a condition precedent to the approval thereof.*

Section 2. All ordinances, resolutions[,], or parts thereof inconsistent with this ordinance are hereby repealed or accordingly amended.

Section 3. This ordinance shall take effect upon its approval.¹⁹ (Emphasis supplied)

Notably, CPHS's subdivision plan was approved on August 18, 1969.²⁰

Madrid argued that no proof was presented by CPHS's developer, VV Soliven, to show compliance with the ordinances and demonstrate how such property was transferred to the QC government. In the absence of a donation, sale, or expropriation, the spending of public funds for the beautification of the open spaces and road lots by Bautista and the city officials would be unjustified.²¹

Likewise, Madrid pointed out the unilateral acts of CPHAI in enforcing its full ownership, dominance, and control over CPHS's road lots and vacant

¹⁷ *Id.* at 69–70.

¹⁸ *Id.* at 32, 56, 69–70.

¹⁹ *Id.* at 69–70.

²⁰ *Id.* at 17.

²¹ *Id.* at 68.

spaces, particularly in the fencing of the parish's parking lot and constructing a roadblock, expanding the parish building, constructing a new guardhouse, imposing a curfew, reportedly collecting road fees from passersby, and illegally collecting association dues from CPHS's members for the parish's maintenance.²²

In defense, the QC government countered that the contested areas in CPHS were already public property as the open spaces and road lots were turned over by VV Soliven to the QC government through the ordinances. Hence, it did not matter that public funds were spent to improve them.²³

For its part, CPHAI averred that it passed a Board Resolution stating that the subject properties were deemed donated by VV Soliven to the QC government.²⁴

Notably, in the same Board Resolution, CPHAI admitted that they were not provided with a copy of the deed of donation between the parties:

WHEREAS, CPHAI has always been aware of and aligned with the law, specifically PD 957 and PD 1216 regarding subdivision owners/developers who have to provide road alleys, sidewalks, and reserve an open space for parks and recreational use.

WHEREAS, the developer of CPH, namely VV Soliven Corp. has not provided CPHAI a copy of the Deed of Donation to the Quezon City government of CPH roads, alleys, sidewalks, and open space in spite of repeated requests by CPHAI, but, in view of the law (PD 957, Sec. 20) which mandates that developers shall have one year from the issuance of its license to complete subdivision development after which said developer should donate the roads, alleys, sidewalks, and open space to the city or municipality (PD 1216 Sec. 2 amending PD 957 Sec. 31), this deadline long past, CPHAI presumes that such a requirement of donation has been complied with by the developer after all these years and that the Quezon [C]ity government has taken over.

THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED BY THE CPHAI:

1. THAT the roads, alleys, and sidewalks of CPHAI are deemed donated to the Quezon City government by the developer who completed this subdivision project many decades ago and the Quezon City government has duly taken over these roads, alleyways, and sidewalks;
2. THAT, the park and playgrounds are prayed for to be donated back to CPHAI by the Quezon City government as provided in PD 1216 SEC. 2 amending Sec[.] 31 of PD 957.²⁵ (Emphasis in the original)

²² *Id.* at 281--282.

²³ *Id.* at 33.

²⁴ *Id.*

²⁵ *Id.* at 31.

CPHAI also raised as affirmative defenses that the Petition should be dismissed based on lack of cause of action and that Madrid was not a real party-in-interest. Further, it pointed out that Madrid did not have legal standing to institute the Petition.²⁶

Subsequently, the RTC issued an Order declaring Madrid as a real party-in-interest, being a resident of Quezon City and a taxpayer.²⁷

Meanwhile, on May 15, 2019, VV Soliven failed to file its Answer and was declared in default.²⁸

In its Decision,²⁹ the RTC dismissed Madrid's Petition for lack of cause of action. The dispositive portion of the Decision reads:

WHEREFORE, the Court finds for the respondents, Quezon City Government, VV Soliven Realty Corporation[,] and Capitol Park Homeowner's Association, Inc. The instant petition is hereby **DISMISSED** for lack of cause of action.

SO ORDERED.³⁰ (Emphasis in the original)

The RTC found that VV Soliven already committed a breach of the ordinances when it failed to prove that a donation was made, thus removing the case from the coverage of an action for declaratory relief.³¹ More, it declared that Madrid was not a real party-in-interest as the ordinances only affected the rights of subdivision developers and subdivisions.³² Resultingly, the RTC pronounced that the issue regarding the nature of the subject properties was mooted.³³

Aggrieved, Madrid moved for reconsideration, which was denied by the RTC in an Order.³⁴ Hence, he appealed to the CA.³⁵

On the procedural aspect, Madrid insisted in his Memorandum that the issue on whether he has legal standing to sue had long attained finality in accordance with the March 9, 2018 RTC Order, which resolved CPHAI's affirmative defenses.³⁶

²⁶ *Id.* at 33.

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.* at 65–70.

³⁰ *Id.* at 70.

³¹ *Id.* at 69.

³² *Id.* at 67–68.

³³ *Id.* at 69.

³⁴ *Id.* at 34.

³⁵ *Id.*

³⁶ *Id.* at 35.

The CA disagreed, reasoning that the March 9, 2018 RTC Order was not a final judgment but merely an interlocutory order, which did not finally dispose of the case.³⁷

Notwithstanding, the CA found that Madrid had legal standing to institute the action as a resident of Quezon City and as a taxpayer. It emphasized that a clarification of QC Ordinance No. 5852 correlates with the propriety of the public expenditures by Bautista and the city officials on the subject properties, which, if improper, would result in him sustaining an injury.³⁸

Ultimately, in a Decision,³⁹ the CA ruled in favor of Madrid and reversed the RTC's ruling, the dispositive portion of which states:

WHEREFORE, in view of the foregoing discussions, the instant petition is **GRANTED**. The assailed Decision dated October 20, 2020 and Order dated January 18, 2021 of the Regional Trial Court, Branch 101, Quezon City, is hereby **REVERSED and SET ASIDE**.

SO ORDERED.⁴⁰ (Emphasis in the original)

The CA found that the Petition for Declaratory Relief was properly filed explaining as follows:

In this case, all the foregoing elements are present. *First*, the subject matter of the controversy involves the construction of Ordinance No. 5852 issued by respondent-appellee QC Government. *Second*, Section 1 of the said Ordinance, which provides for the [turn over] to respondent-appellee QC Government of the six percent (6%) open space of any proposed subdivision upon the approval of such plan, is doubtful as to whether the ownership of these open space will automatically be transferred to respondent-appellee QC Government *sans* donation or purchase of the same. And *third*, there is no breach yet of the Ordinance in question.

Petitioner-appellant's *Petition* has successfully demonstrated that he is in immediate danger to sustain some direct injury as a result of the construction of the assailed provision of Ordinance No. 5852 because without proper clarification, respondent-appellee QC Government's act of spending for the beautification of the subject properties may, perhaps, result in the illegal disbursement of public funds. Being a taxpayer and a resident of Quezon City, petitioner-appellant may potentially incur damage if the assailed provision of said Ordinance will not be given a proper interpretation. Hence, petitioner-appellant appropriately exhibited the existence of a "justiciable controversy" which is ripe for judicial

³⁷ *Id.* at 39-40.

³⁸ *Id.* at 38-39.

³⁹ *Id.* at 29-46.

⁴⁰ *Id.* at 46.

determination. The *sixth* requisite is also present as there is no adequate relief available for petitioner-appellant to determine the true nature of the road lots and vacant space subject of the *Petition*. **As a matter of fact, he was prompted to file the *Petition* due to the dismissal of his complaint before the *Office of the Ombudsman* on March 6, 2015, holding that the legal right to and ownership of the CPHS road lots and vacant space is a matter that should first be addressed by the court.**⁴¹ (Emphasis in the original)

More, the CA ruled upon the nature of the subject properties which they deemed to have remained private in nature, in the absence of proof that VV Soliven donated them to the QC government, or that a transfer was made by way of purchase or expropriation.⁴²

To this, the QC government moved for reconsideration,⁴³ but this was denied by the CA in a Resolution.⁴⁴

Hence, the QC government filed this *Petition*.

In the present *Petition*, the QC government argues that the CA erred in upholding the *Petition* for Declaratory Relief as some of its requisites are wanting.⁴⁵

First, the QC government points out that if VV Soliven did not donate the subject properties to them, then, there is a breach of Ordinance No. 5852. In effect, the *Petition* for Declaratory Relief was improperly filed.⁴⁶

Next, assuming that there was no public instrument executed such as a deed of donation between them and VV Soliven, the same does not change the nature of the property as the deed would have only served as a mere formality. The QC government argues that the actual designation and segregation of the subject streets as an open space reserved and intended for public usage finds basis in Section 1 of Presidential Decree No. 1216, which states:

Section 1. For purposes of this Decree, the term "open space" shall mean an area reserved exclusively for parks, playgrounds, recreational uses, schools, roads place of worship, hospitals, health center, barangay centers[,] and other similar facilities and amenities.⁴⁷

⁴¹ *Id.* at 37–38.

⁴² *Id.* at 42–46.

⁴³ *Id.* at 50–64.

⁴⁴ *Id.* at 47–49.

⁴⁵ *Id.* at 8–13.

⁴⁶ *Id.* at 10.

⁴⁷ *Id.* at 17.

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Nonetheless, the QC government claims that the value of the road lots and open spaces were already incorporated and added to the value of the subdivision lots that were sold to the public by CPHS's developer, VV Soliven.⁴⁸

The QC government also argues that there is no justiciable controversy ripe for judicial determination as there was no specific mention of Madrid's legal right that was violated and what acts committed by them were in contravention of any laws or the Constitution. Also, the QC government emphasizes that Madrid is not a real party-in-interest and does not have a cause of action in filing the petition as he is not in any immediate danger of sustaining some direct injury because of the enactment or enforcement of the ordinances.⁴⁹

Lastly, the ordinances were passed more than 50 years ago or since 1964 and were never declared unconstitutional. The enactment of the ordinances falls under the police power of the State for which local government units are authorized to enact legislation that may interfere with personal liberty or property to promote the general welfare of the public.⁵⁰

Meanwhile, in his Comment,⁵¹ Madrid maintains that all the requisites for declaratory relief were present.⁵²

Madrid points out that the Petition was proper as the subject matter of the controversy is an ordinance, specifically, QC Ordinance No. 60-4580, as amended by QC Ordinance Nos. 60-4607 and 5852.⁵³ He insists that there was no breach of the ordinances for it was not proven by the QC government that VV Soliven maintained ownership of the subdivision as there was no registration filed by CPHAI with the HLURB of the subject properties.⁵⁴

Madrid also highlights that the title to the subject property is still under SBAIL's name and in the absence of a claim by either SBAIL and VV Soliven, the action was properly filed by Madrid, as a resident of Quezon City and a taxpayer.⁵⁵

More, there was an actual justiciable controversy at hand given that there was a disbursement of public funds by the QC government over private property.⁵⁶ In the absence of a donation, the same was illegally appropriated

⁴⁸ *Id.* at 16.

⁴⁹ *Id.* at 13-14.

⁵⁰ *Id.* at 17.

⁵¹ *Id.* at 96-138.

⁵² *Id.* at 106.

⁵³ *Id.* at 106-107.

⁵⁴ *Id.* at 107.

⁵⁵ *Id.*

⁵⁶ *Id.*

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by the QC government and could not be a valid exercise of police power.⁵⁷ Further, this runs contrary to Section 335⁵⁸ of Republic Act No. 7160, which prohibits expenditures for religious or private purposes.

Issue

First, whether the CA erred in upholding the Petition for Declaratory Relief filed by respondent Rainier L. Madrid against QC Ordinance No. 5852; and,

Second, whether the CA was correct in classifying the subject properties as private in nature.

This Court's Ruling

This Court denies the Petition.

At the outset, this Court notes that respondent's resort to declaratory relief came after the dismissal of the case he filed with the OMB against former QC government city officials regarding the propriety of the disbursement of public funds by the QC government for the subject properties' development and maintenance. There, the OMB found it proper for a civil court to first resolve the issue of right to and ownership of the subject properties. Ultimately, respondent sought, through an action for declaratory relief, the determination of whether the QC government properly spent public funds on the subject property.

As a remedy, a petition for declaratory relief involves the interpretation of an instrument or a declaration of a person's rights under a statute. One may not ask for affirmative reliefs such as injunction, damages, or any other relief beyond the purpose of the petition as declared under the Rules. It is also not brought to settle issues arising from a breach because after the breach of the contract or statute, the petition can no longer be brought.⁵⁹

In *Tambunting, Jr. v. Sumabat*,⁶⁰ We held that the purpose of the action for declaratory relief is to secure an authoritative statement of the rights and obligations of the parties for their guidance in its enforcement or compliance and not to settle issues arising from its alleged breach.⁶¹ More, the phrase "and for a declaration of his rights and duties thereunder" means that the object of

⁵⁷ *Id.*

⁵⁸ Republic Act No. 7160 (1991), sec. 335 states:

SECTION 335. Prohibitions Against Expenditures for Religious or Private Purposes. — No public money or property shall be appropriated or applied for religious or private purposes.

⁵⁹ Volume II, WILLARD B. RIANO, CIVIL PROCEDURE, THE BAR LECTURES SERIES 144 (2019).

⁶⁰ 507 Phil. 94 (2005) [Per J. Corona, Third Division].

⁶¹ *Id.* at 98.

a petition for declaratory relief is the determination of the rights and duties of the petitioner. If the resolution of the petition will not result in ascertaining the rights and obligations of the petitioner but rather, pertain to the rights and obligations of another, then the petition is not the proper remedy.

Courts may also refuse to declare rights or to construe instruments if it will not terminate the controversy or if it is unnecessary and improper under the circumstances.⁶² Simply put, to grant or deny the petition is discretionary on the part of the courts.⁶³

In his Petition for Declaratory Relief, respondent alleged the following:

1.9 Without any **“EXPRESS DONATION IN WRITING”** of the CPHS road lots and vacant lot to the QC Government, it is reasonably safe to conclude that the CPHS road lots and vacant lot were and are still presumptively owned and/or registered in the name of the original developer VV Soliven Realty, hence a **PRIVATE PROPERTY, TO DATE**.

1.10 Despite its being a private property of VV Soliven Realty, however, in or about January 2013 [until] March 2013, the **QC Government illegally expended substantial funds for the full improvement, concreting[,] and beautification of its private road lots, sidewalks[,] and drainage system** [not to mention the sports gymnasium reportedly constructed thereon earlier], thereby giving unwarranted benefits to CPHAI, its residents[,] and specifically Mayor Herbert Constantine M. Bauista who reportedly resides in CPHS, via enhanced values of their realty properties. All these, to the damage and prejudice of the QC Government and its tax paying constituents.

....

1.12 In the administrative case versus the public officials, the QC Government officials led by Mayor Bautista, by way of defense jointly claim that the CPHS road lots and spaces were already public in character when they expended public funds to improve its road lots, drainage sidewalk[,] and open space [implicitly, even the sports gymnasium], purportedly by virtue of an obscure Ordinance [...] which they gratuitously argue to have **“AUTOMATICALLY CONVERTED”** by mere ordinance the private road lots and open space of CPHS into public, hence now owned by respondent QC Government, even without need of an actual formal donation thereof by the respondent developer VV Soliven Realty not by the CPHAI[.]

....

1.15 Despite petitioner's and the QC Government's opposing positions, respondent CPHAI has and continue to exercise, in concept of full owner and possessor even without a formal donation from the developer VV Soliven Realty or valid TCTs in its name, acts of full ownership, control[,]

⁶² RULES OF COURT, Rule 63, sec. 5.

⁶³ *Zomer Development Company, Inc. v. Special Twentieth Division of the Court of Appeals, Cebu City*, 868 Phil. 93, 105 (2020) [Per J. Leonen, *En Banc*].

and dominion over the subject road lots and vacant lot. This, presumptively without the consent nor prior approval of respondent QC Government or the logical private owner respondent VV Soliven Realty.

1.16 By virtue of CPHAI's present and continuing usurpation of absolute ownership, control[,] and dominance, petitioner as devout parishioner is prevented from further donating funds to the St. Michael Parish for the needed improvements of church premises, e.g.,[,] construction of priest quarter; expansion[,] and other civil works construction, including parking for its parishioners.⁶⁴ (Emphasis in the original)

Generally, ordinances, like laws, enjoy a presumption of validity. Unless its invalidity or unreasonableness is ostensibly apparent, a person who seeks a judicial declaration of the invalidity of an ordinance is duty-bound to adduce evidence that is convincingly indicative of its infirmities or defects.⁶⁵

QC Ordinance No. 5852 requires subdivision developers or owners to turn over 6% of the open spaces and road lots to petitioner as a condition precedent for the approval of their subdivision plan.

Notably, the subject of the ordinances are subdivision developers and subdivisions as they are the ones required to turn over open spaces and road lots to petitioner. Thus, it pertains to an obligation imposed on the subdivision developers.

With this in mind, it is VV Soliven that is the proper subject of the ordinances, being the subdivision developer of CPHS. As such, it is the entity obliged to turn over the properties to petitioner as a condition for the approval of its subdivision plan and, therefore, the proper party to seek clarification of the ordinance, and not respondent.

On this score, We find that it was erroneous for the CA to have entertained the Petition for Declaratory Relief. Nevertheless, it can be gleaned from his Petition that respondent's ultimate objective is to determine whether the QC government properly expended public funds for the subject properties. Thus, the need to determine whether there was compliance by VV Soliven with the requirements of the ordinance, as it is only then, that it can be determined whether a donation was made.

Respondent insists that the subject road lots and vacant spaces remained "private" in nature as there was no positive act to prove that there was a transfer of ownership of the properties from VV Soliven.⁶⁶

⁶⁴ *Rollo*, pp. 141-144.

⁶⁵ *City of Cagayan de Oro v. Cagayan Electric Power & Light Co., Inc. (CEPALCO)*, 842 Phil. 439, 443 (2018) [Per J. A. Reyes, Jr., Second Division].

⁶⁶ *Rollo*, pp. 114-115.

To refute this, the QC government contends that the subject properties are “public properties” on the basis of QC Ordinance No. 5852, as it requires the turn over of the 6% open space of the proposed subdivision plan as a condition precedent for the approval of a subdivision plan. Further, they claim that the donation of the open spaces reserved for public use is a mere formality on the basis of the 1991 White Plains Decision.⁶⁷

There is thus a need to determine whether a transfer of ownership arose between the subdivision developer and the QC government.

QC Ordinance No. 60-4580, as amended by QC Ordinance Nos. 60-407 and 5852, was promulgated prior to 1976, during the effectivity of Presidential Decree No. 957, or the Subdivision and Condominium Buyers’ Protective Decree. Section 31 of Presidential Decree No. 957 provides:

SECTION 31. *Donation of Roads and Open Spaces to Local Government.* — The registered owner or developer of the subdivision or condominium project, upon completion of the development of said project *may, at his option, convey by way of donation the roads and open spaces found within the project to the city or municipality wherein the project is located.* Upon acceptance of the donation by the city or municipality concerned, no portion of the area donated shall thereafter be converted to any other purpose or purposes unless after hearing, the proposed conversion is approved by the Authority. (Emphasis supplied)

In 1977, Presidential Decree No. 957 was amended by Presidential Decree No. 1216, which mandated the donation of open spaces and road lots by subdivision owners or developers to local government units:

SECTION 2. Section 31 of Presidential Decree No. 957 is hereby amended to read as follows:

“SECTION 31. *Roads, Alleys, Sidewalks[,] and Open Spaces.* — The owner as developer of a subdivision shall provide adequate roads, alleys[,] and sidewalks. For subdivision projects one (1) hectare or more, the owner or developer *shall* reserve thirty percent (30%) of the gross area for open space. Such open space shall have the following standards allocated exclusively for parks, playgrounds, and recreational use:

- (a) 9% of gross area for high density or social housing (66 to 100 family lot per gross hectare).
- (b) 7% of gross area for medium-density or economic housing (21 to 65 family lot per gross hectare).
- (c) 3.5 % of gross area low-density or open market housing (20 family lots and below per gross hectare).

⁶⁷ *Id.* at 15.

Upon their completion as certified to by the Authority, the roads, alleys, sidewalks and playgrounds shall be donated by the owner or developer to the city or municipality and it shall be mandatory for the local governments to accept; provided, however, that the parks and playgrounds may be donated to the Homeowners Association of the project with the consent of the city or municipality concerned. No portion of the parks and playgrounds donated thereafter shall be converted to any other purpose or purposes.” (Emphasis supplied)

This provision was the subject of the controversy in the 1991 *White Plains Ass’n., Inc. v. Judge Legaspi*⁶⁸ case and the 1998 *White Plains Homeowners Asso., Inc. v. CA*⁶⁹ case (White Plains cases).

The White Plains cases involved the widening of the Katipunan Road in the White Plains Subdivision in Quezon City. Sometime in 1970, the owner and developer of White Plains Subdivision, Quezon City Development and Financing Corporation (QCDFC), filed for the conversion of a portion of Road Lot 1 into a residential lot. This covered some of the width of the land allotted for Katipunan Road. In 1985, the Court *En Banc* dismissed QCDFC’s petition in a Resolution,⁷⁰ but ruled that “Road Lot 1 is withdrawn from the commerce of man and should be developed for the use of the general public.”⁷¹

Sometime in 1989, the Department of Public Works and Highways (DPWH) began the widening of Katipunan Avenue by four to five meters through a private contractor. QCDFC then filed a complaint for injunction and damages to enjoin the project as registered owner of the subject property in the RTC of Quezon City. After the writ prayed for was granted, the White Plains Association, as intervenor, elevated the case to this Court on *certiorari* which led to the 1991 White Plains Decision. There, this Court initially pronounced that there is a compulsion for subdivision owners to set aside open spaces for public use, such as roads, before their proposed subdivision plans may be approved by the government authorities and for which they need not be compensated by the government.⁷² This led to a directive for QCDFC to execute a deed of donation in favor of the QC government and for the Register of Deeds to cancel the registration in favor of respondent and issuance of a new title in favor of the QC government.⁷³

In the 1998 White Plains case, this Court expressly discarded and modified the compulsion on subdivision developers to cede subdivision road lots to government, so much that it characterized such compulsion as an

⁶⁸ 271 Phil. 806 (1991) [Per J. Gancayco, First Division].

⁶⁹ 358 Phil. 184 (1998) [Per J. Martinez, Second Division].

⁷⁰ *Id.* at 189, citing *En Banc* Resolution in G.R. No. 55685 entitled, “*White Plains Association v. Court of Appeals and Quezon City Development & Financing Corporation*” dated November 14, 1985.

⁷¹ *White Plains Homeowners Asso., Inc. v. CA*, 358 Phil. 184, 189–190 (1998) [Per J. Martinez, Second Division].

⁷² *White Plains Ass’n., Inc. v. Judge Legaspi*, 271 Phil. 806, 817 (1991) [Per J. Gancayco, First Division].

⁷³ *Id.* at 818.

“illegal taking.”⁷⁴ This Court emphasized the primacy of subdivision owners’ and developers’ freedom in retaining or disposing of spaces developed as roads. Only after a subdivision owner has developed a road may it be donated to the local government, if it so desires. However, a subdivision owner may even opt to retain ownership of private subdivision roads.⁷⁵

The question of whether subdivision owners and developers can be compelled to donate its open spaces and road lots to the local government or homeowner’s associations was finally settled in *Republic v. Sps. Llamas*.⁷⁶

In *Sps. Llamas*, this Court held that the transfer of ownership of the properties from the subdivision owner or developer to the local government is not automatic but requires a positive act from the owner or developer before the city, municipality, or homeowner’s association can acquire dominion over the subdivision’s open spaces.⁷⁷ This Court held that Section 31 of Presidential Decree No. 957 is conceptually oxymoronic as one cannot speak of a donation and compulsion in the same breath. A donation has to be out of one’s volition being an act of liberality or *animus donandi*.⁷⁸ Further, in *Casa Milan Homeowners Ass’n., Inc. v. The Roman Catholic Archbishop of Manila*,⁷⁹ We expounded:

In the recent case of *Republic v. Spouses Llamas*, this Court explained the definition of “open spaces” in accordance with Section 31 of [Presidential Decree] No. 957, as amended, by differentiating the 1991 case of *White Plains Association, Inc. v. Legaspi* from the 1998 landmark case of *White Plains Homeowners Association, Inc. v. Court of Appeals*.

In the 1991 *White Plains* case, this Court held that subdivision owners and developers are *compelled to donate*, among others, the subdivision’s open spaces to the local government or to the homeowners association, in accordance with Section 31.

However, this Court overturned the 1991 *White Plains* Decision and held in the subsequent 1998 *White Plains* Decision that open spaces belong to the subdivision owners and developers primarily, meaning they have the *freedom to retain or dispose* of the open space in whatever manner they desire. The *Spouses Llamas* case explained it clearly:

The 1998 *White Plains* Decision unequivocally repudiated the 1991 *White Plains* Decision’s allusion to a compulsion on subdivision developers to cede subdivision road lots to government, so much that it characterized such compulsion as an “illegal taking.” It did away with any preference for government’s capacity to compel cession, and instead, *emphasized the primacy of subdivision owners’ and*

⁷⁴ *White Plains Homeowners Ass’n., Inc. v. CA*, 353 Phil. 184, 201 (1998) [Per J. Martinez, Second Division].

⁷⁵ *Id.* at 203.

⁷⁶ 804 Phil. 264 (2017) [Per J. Leonen, Second Division].

⁷⁷ *Id.* at 277.

⁷⁸ *Id.*

⁷⁹ 839 Phil. 941 (2018) [Per J. Carpio, Second Division]

developers' freedom in retaining or disposing of spaces developed as roads. In making its characterization of an "illegal taking," this Court quoted with approval the statement of the Court of Appeals:

*Only after a subdivision owner has developed a road may it be donated to the local government, if it so desires. On the other hand, a subdivision owner may even opt to retain ownership of private subdivision roads, as in fact is the usual practice of exclusive residential subdivisions for example those in Makati City.*⁸⁰ (Emphasis supplied, citations omitted)

This Court elucidated further that:

The last paragraph of Section 31 requires[—]note the use of the word "shall"[—]subdivision developers to donate to the city or municipality with territorial jurisdiction over the subdivision project all such roads, alleys, sidewalks, and open spaces. It also imposes upon cities and municipalities the concomitant obligation or compulsion to accept such donations.

[...]

The last paragraph of Section 31 is oxymoronic. One cannot speak of a donation and a compulsion in the same breath.

[...]

Section 31's compulsion to donate (and concomitant compulsion to accept) cannot be sustained as valid. Not only does it run afoul of basic legal concepts; it also fails to withstand the more elementary test of logic and common sense. As opposed to this, *the position that not only is more reasonable and logical, but also maintains harmony between our laws, is that which maintains subdivision owner's or developer's freedom to donate or not to donate.* This is the position of the 1998 White Plains Decision. Moreover, as this 1998 Decision has emphasized, to force this donation and to preclude any compensation, is to suffer an illegal taking.⁸¹ (Emphasis supplied)

In determining the existence and validity of a donation, the Civil Code mandates that the following requisites must be present: (a) the essential reduction of the patrimony of the donor; (b) the increase in the patrimony of the donee; (c) the intent to do an act of liberality or *animus donandi*; (d) the donation must be contained in a public document; and e) the acceptance thereof be made in the same deed or in a separate public instrument; if acceptance is made in a separate instrument, the donor must be notified thereof in an authentic form, to be noted in both instruments.⁸²

⁸⁰ *Id.* at 952-953.

⁸¹ *Id.* at 953.

⁸² CIVIL CODE, art. 749.

It is a standard rule of evidence that a party alleging a fact has the burden of proving it. This pertains to the duty of a party to present evidence on the facts in issue necessary to establish his or her claim or defense by the amount of evidence required by law.⁸³ Hence, as the QC government asserted ownership to justify its expenditure of public funds to develop the subject property it claimed to be public in nature, it must show that there was a valid transfer of the property in its favor.

Yet, in the case at bar, these requisites were not sufficiently proven by the QC government. In fact, they made no categorical claim that the subject properties were actually transferred. Not only were they unable to provide this Court a copy of the deed of donation over the subject properties with VV Soliven, they also failed to show proof of their acceptance of the donated subject properties in the same deed or a separate instrument. In essence, the QC government's anchorage on the provisions of the ordinances only theorizes that the subject properties were transferred to them.

Records also show that the wording of the Board Resolution of the homeowner's association, CPHAI, only "deemed" that the subject properties were donated by VV Soliven to the QC government.⁸⁴ This Court underscores that CPHAI, not being the entity required under the ordinance to effect the transfer of the subject properties, is without authority to unilaterally declare that such transfer was made. The requisites for a valid donation and other modes of acquisition of immovable property is provided by law and not dependent on a board resolution.⁸⁵

Notably, in the proceedings before the RTC, VV Soliven failed to file its answer within the time sanctioned by the Rules and was, consequently, declared in default. Notwithstanding, they were given an equal opportunity to be heard.

Aside from this, a judicious review of the records shows that there was no proof adduced as to how such transfer was effected to the QC government, whether by donation, purchase, or expropriation.

As this Court held in *Sps. Llamas*, there is no such thing as an automatic cession to the government of subdivision road lots.⁸⁶ Absent a "positive act," the QC government's bare reliance on the effectivity and passage of the ordinances, as well as other relevant laws, do not suffice in proving the public character of the subject properties; thus, it remained private.

⁸³ RULES OF COURT, Rule 131, sec. 1.

⁸⁴ *Rollo*, p. 31.

⁸⁵ CIVIL CODE, art. 749.

⁸⁶ 804 Phil. 264, 277 (2017) [Per J. Leonen, Second Division].

This Court further underscored in *Republic v. Ortigas and Co. Ltd. Partnership*⁸⁷ that:

Delineated roads and streets, whether part of a subdivision or segregated for public use remain private and will remain as such until conveyed to the government by donation or through expropriation proceedings. *An owner may not be forced to donate his or her property even if it has been delineated as road lots because that would partake of an illegal taking.*⁸⁸ (Emphasis supplied, citations omitted)

Thus, petitioner's claim of automatic ownership over the subject properties by virtue of the enactment of QC Ordinance No. 5852 cannot be sustained. It finds no basis in both law and in jurisprudence and is beyond the ambit of police power, which, though constitutionally enshrined, cannot be exercised absolutely.

Nonetheless, this Court finds it improper to rule on the issue of the ownership of the subject properties on account of respondent's allegation that the properties were retained by SBAIL.

Respondent's Petition prayed that VV Soliven be declared the owner of the subject properties, but if, indeed, SBAIL were the rightful and true owner, their failure to be notified and impleaded in the proceedings before the RTC and their lack of participation would be to their detriment as a real party-in-interest. In such situation, this Court did not acquire jurisdiction over SBAIL, et al. and any proceedings taken against them and its property would infringe its constitutional right to due process. Further, We explained in *Office of the Ombudsman v. Conti*⁸⁹ the effects of the exclusion of a real party-in-interest:

*A decision is void for lack of due process if, as a result, a party is deprived of the opportunity to be heard. "The cardinal precept is that where there is a violation of basic constitutional rights, courts are ousted of their jurisdiction. Thus, the violation of the States right to due process raises a serious jurisdiction issue which cannot be glossed over or disregarded at will. Where the denial of the fundamental right of due process is apparent, a decision rendered in disregard of that right is void for lack of jurisdiction. Any judgment or decision rendered notwithstanding such violation may be regarded as a lawless thing, which can be treated as an outlaw and slain at sight, or ignored wherever it exhibits its head."*⁹⁰ (Emphasis supplied, citations omitted)

⁸⁷ 728 Phil. 277 (2014) [Per J. Leonen, Third Division].

⁸⁸ *Id.* at 292–293.

⁸⁹ 806 Phil. 384 (2017) [Per J. Mendoza, Second Division].

⁹⁰ *Id.* at 396.

Consequently, this Court finds it best that the issue regarding the ownership of the subject properties be resolved in the appropriate civil action, which any interested party may subsequently file.

ACCORDINGLY, the Petition is **DENIED**. The January 13, 2023 Decision and June 30, 2023 Resolution of the Court of Appeals in CA-G.R. SP No. 168506 are **AFFIRMED** insofar as the Quezon City government failed to prove the fact of donation of the subject open spaces and road lots inside Capitol Park Homes Subdivision.

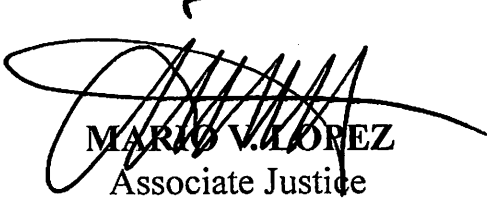
SO ORDERED.


J. LOPEZ
Associate Justice

WE CONCUR:


MARVIC M.V.F. LEONEN
Senior Associate Justice

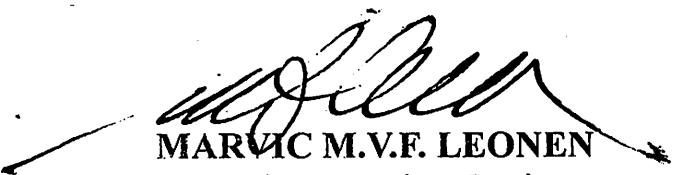

AMY C. LAZARO-JAVIER
Associate Justice


MARIO V. LOPEZ
Associate Justice


ANTONIO T. KHO, JR.
Associate Justice

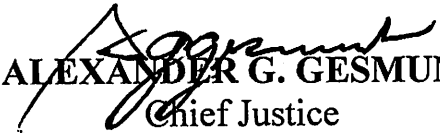
ATTESTATION

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.


MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Article VIII, Section 13 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.


ALEXANDER G. GESMUNDO
Chief Justice