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VERDICTS & SETTLEMENTS

Housing authority's appraisal was not just compensation, jury rules

\$3,756,250 Verdict

Norfolk Redevelopment and Housing Authority condemned a 50,000 square foot parcel of land at the corner of Killam and 39th Street in Norfolk, originally offering the property owner

Type of action: Eminent domain - condemnation

Injuries alleged: Just compensation for the taking of property

Name of case: Norfolk Redevelopment and Housing Authority v. Norva Properties, LC

Court: Norfolk Circuit Court

Case no.: CL10-4346

Tried before: Jury

Judge: Louis Allen Sherman

Date: Dec. 12, 2012

Verdict or settlement: Verdict for defendant

Amount: \$3,756,250

Attorneys for defendant: Joseph T. Waldo, Christi A. Cassel and Brian G. Kunze, Norfolk

Attorneys for plaintiff: Donald C. Schultz, Alyssa C. Embree and David C. Hartnett, Norfolk

Defendant's experts: Dennis W. Gruelle, MAI, SRA, real estate appraising, Virginia Beach; Richard Marchitelli, MAI, CRE, FRICS, real estate appraising and appraisal methodology, Charlotte, N.C.; Reid Pocock Jr., P.E., engineering and building construction, Virginia Beach

Plaintiff's experts: John L. Soscia, MAI, real estate appraising, Virginia Beach; Bradley R. Sanford, MAI, real estate appraising, Norfolk; Chip Rudolph, building construction

\$2,080,000 as just compensation for the property.

The land acquired by the housing authority is improved with a 35,000 square foot integrated manufacturing facility, where Norva Plastics, a Norfolk-based small business, is housed. The land was taken for the housing authority's redevelopment plan and for Old Dominion University's expansion.

The matter was tried before a jury of land owners over three days. The property owner, Norva Properties LC, presented the expert testimony of two expert appraisers, Dennis W. Gruelle, MAI, and Richard Marchitelli, MAI, CRE, FRICS. Marchitelli testified that the highest and best use of the property was for use as an integrated manufacturing facility and that there were not comparable properties in the market. The only approach to value the property was the cost approach. T. Reid Pocock Jr., an engineer and Class-A contractor, testified that the cost to replace the building was \$3,700,000, less 25 percent depreciation. Gruelle appraised the property, relying on the opinions of Pocock. He testified that the value of the land was \$1,300,000, the replacement cost of the building was \$3,275,000, and that \$818,750 in depreciation should be deducted from the cost of the

building. Gruelle opined that the amount of just compensation owed to the property owner was \$3,756,250.

Howard Everton, President of Norva Properties and Norva Plastics, testified that the comparable properties relied upon by the housing authority's experts were not comparable to his property and that the housing authority's appraised values were not just compensation.

Norfolk Redevelopment and Housing Authority presented the expert testimony of two appraisers, John L. Soscia, MAI, and Bradley R. Sanford, MAI. Both appraisers suggested that there were comparable improved sales and comparable rentals in the market, and that the cost approach to value was the least reliable approach to value. Soscia testified that the value of just compensation owed was \$2,040,000. Sanford testified that the value of just compensation owed was \$2,240,000.

The jury deliberated for just over one hour before returning a verdict in the full amount of the property owner's appraised value of just compensation: \$3,756,250. The property owner intends to appeal the case on the issue of the housing authority's right to take the property.

[12-T-196]



WALDO



CASSEL



KUNZE