



Virginia Local Government Law

Plain Meaning and Tax Exemption Based Upon “Assessment”: Riverside Owner LLC v. City of Richmond

By: Andrew McRoberts. *Monday, July 11th, 2011*

When a court interprets or a locality applies a statute, the plain meaning controls as a general rule.

The [Riverside Owner L.L.C. v. City of Richmond](#) case involved the appropriate amount for a tax exemption earned by a developer under Virginia Code § 58.1-3221 and Richmond City Code § 27-83. These laws provided for a partial exemption of the real estate taxes under the City’s tax Abatement Program for Rehabilitated Real Estate. Qualifying properties earned an exemption if the “assessment” of the rehabilitated property increases by 40% after rehabilitation.

Under the facts of the case, Richmond Power Plant, LLC developed a site located on Brown’s Island, which was originally valued at \$500 dollars. After significant rehabilitation and development, the mixed-use property was subsequently sold to Riverside Owner, L.L.C. Rather than use the property’s actual assessment after rehabilitation, the staff had applied its long-standing “Chandler policy” to calculate the exemption, using only the part of the assessment due to the rehabilitation. The purpose and effect of the “Chandler policy” was to “eliminate from the final estimate of value any enhancement created by something other than rehabilitation or physical improvement.” Using this policy, the City staff assessed the rehabilitated offices after rehabilitation at \$63.8 million. However, applying the “Chandler policy,” the City staff only awarded an exemption to Riverside in the amount of \$45.2 million, rather than the actual assessment of the offices.

The Supreme Court determined the language of the statute required that a partial exemption be based on the “first assessed value of the rehabilitation.” This assessed value is the first fair market value “assessment” after the rehabilitation (in this case \$63.8 million), which had a statutory and well-settled meaning. The Supreme Court held, therefore, that the amount calculated under the “Chandler policy,” \$45.2 million, was far less than the City’s “assessment” of \$63.8 million, which must be used under Virginia Code § 58.1-3221 and Richmond City Code § 27-83.

Riverside won its additional tax exemption. The plain meaning controlled. The “assessment” is the assessment, not some other amount.

<http://valocalitylaw.com/>

[Richmond](#) • [Christiansburg](#) • [Fredericksburg](#) • [Research Triangle](#) • [McLean](#)

Copyright Sands Anderson PC

THE INFORMATION CONTAINED IN OUR WEB SITE DESCRIBES LEGAL MATTERS HANDLED IN THE PAST BY OUR ATTORNEYS. OF COURSE, THE RESULTS WE HAVE ACHIEVED DEPEND UPON A VARIETY OF FACTORS UNIQUE TO EACH MATTER. BECAUSE EACH MATTER IS DIFFERENT, OUR PAST RESULTS CANNOT PREDICT OR GUARANTEE A SIMILAR RESULT IN THE FUTURE.