

Valuation of Riparian Rights: Federal Court Addresses Jurisdictional Issue



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A United States Magistrate (U.S. District Court [Alabama]) (“Magistrate”) addressed in an August 2nd Report and Recommendation whether a water law dispute satisfied the jurisdictional minimum of \$75,000.00 to remain in federal court. See *H. Reid Key et al., v. Chantelle S. Valley*, 2024 WL 3876473.

The issue considered was whether the alleged impacts on certain riparian rights would exceed \$75,000.00.

H. Reid Key and Kristen F. Key (“Keys”) filed a declaratory action in the Circuit Court of Baldwin County, Alabama against Chantelle S. Valley (“Valley”). The Complaint alleged that Valley intended to construct a wharf that would encroach upon the Keys’ riparian territory and interfere with the navigability of their riparian zone and ability to make full use of their riparian rights.

The parties are adjacent waterfront landowners of real property located along Mobile Bay. They share a common riparian boundary.

The Keys argued that the proposed wharf would destroy a portion of their pier structures and alter the current riparian boundary dividing the properties.

They requested:

- Declaration that they have established the riparian boundary by adverse possession.
- A determination of the nature and location of a wharf which Valley can properly construct within her riparian zone.

Valley removed the action to federal court asserting the existence of diversity. An answer and counterclaim were filed arguing that the Keys will prevent her from constructing a wharf and impeding her statutory right to “wharf out” to navigable water.

The Keys sought remand back to state court. They argued that Valley failed to establish that the amount in controversy exceeded the required \$75,000.00 for federal jurisdiction.

Valley responded that the minimum amount is satisfied as:

...riparian rights are essential to the value of these lots along Mobile Bay and an informal opinion of an appraiser is confirmed that the riparian area at issue, and its intrinsic impacts to the associated subject lots, would easily exceed \$75,000.00 in value.

The Magistrate notes that in actions seeking injunctive or declarator relief, the amount in controversy is the monetary value of the object of the litigation from the Plaintiff’s perspective.

The Keys proposed the following standard in their Motion to Remand:

...in an action to adjudicate rights to waters upon which the Plaintiff's land borders, the amount-in-controversy requirement is not satisfied by an allegation that the land bordering the water is worth an amount exceeding the jurisdictional amount because the amount in controversy is the value of the riparian rights or the damage to the land by reason of the interference with the water rights.

Valley argued that the value of her unobstructed riparian rights is 1/3 of her land's total value which amounts to \$558,277.50. She is noted to have relied on property surveys and boundary overlays of the part of the parties' property to deduce the disputed riparian territory to 14.76% of her total riparian zone. Because the Keys were seeking to take 14.76% of her riparian area, the amount in controversy was argued to be \$82,401.75.

The Magistrate rejected Valley's standard noting that it is based on what she purportedly stands to lose if the Keys obtain the relief they seek. The value must be assessed from the perspective of the Plaintiff and there were no allegations that the Keys were seeking to acquire a specific waft of Valley's riparian territory.

Instead, the Magistrate stated that if the Keys obtain their requested relief, a portion of their pier structures will not be destroyed and will continue to enjoy the riparian area they already possess. Therefore, the amount in controversy was deemed to be the difference between the value of the Keys' riparian territory as it now exists and if its value is allowed to go forth with the planned wharf.

The Magistrate determined that there was not sufficient information to reasonably discern the difference in value and assert an amount in controversy.

Valley was determined was determined to not have satisfied her burden of establishing the amount in controversy. Therefore, the Keys' Motion to Remand was granted.

A copy of the Decision can be downloaded [here](#).