

ZONING UNIQUE TO 70-ACRE PARCEL NOT SPOT ZONING

Arcadia Development Co. v. City of Morgan Hill et al., Case No. H035519 (CA Dist. 6 Ct. App., Aug. 5, 2011)

August 22, 2011 by Alexis Pelosi

Thirty years after Arcadia annexed almost 80 acres into the City of Morgan Hill urban service area, the Sixth District Court of Appeal upheld the City's right to restrict development on 69 of those acres, finding, among other items, that the City's goal of discouraging non-contiguous development and urban sprawl was a legitimate exercise of its police powers. In, the court held an ordinance restricting the density of development on lands in the City's service area, but outside its core, did not give rise to spot zoning or violate Arcadia's right to equal protection of the law.

Located just south of Silicon Valley, Morgan Hill is a small community that in the 1970s started experiencing a dramatic population explosion. To address concerns about the City's ability to provide services to outlying areas and address growing concerns regarding urban sprawl, the City adopted a Residential Development Control System ("RDCS") that awarded housing allotments for new residential development under a formula designed to control the quality, type, distribution and quantity of new residential housing.

When expansion of Silicon Valley in the 1980s resulted in continued growth in Morgan Hill, the City sought refinements of the RDCS and in 1990 adopted Measure P. Measure P included a Density Restriction that limited the density of properties added to the urban service area between March 1, 1990, and the

effective date of Measure P, to no more than that allowed by the county general plan where the property was located prior to annexation. The Arcadia property, which was annexed into the City's urban service area in 1990, was subject to the Density Restriction.

Measure P was set to expire in 2010, but in 2004 with the housing boom still going strong, the City adopted Measure C, which extended the constraints on new housing and the Density Restriction until 2020. Under Measure P, Arcadia would only be allowed to develop 4 homes on its remaining 69 acres annexed into the City's urban service area. Arcadia had previously been granted a housing allotment on 11 acres of its property along its eastern border.

Arcadia did not challenge the adoption of Measure P in 1990, but in 2004 after the City failed to remove the Density Restriction from Measure C, Arcadia filed suit claiming illegal spot zoning, inverse condemnation and damages for denial of equal protection and a violation of civil rights. Arcadia's claims were based in part on the ground the Density Restriction applied only to the Arcadia property.

Courts have traditionally granted substantial deference to legislative bodies in their exercise of the police power, so to succeed in challenging the Density Restriction, Arcadia had to prove the Density Restriction was arbitrary, discriminatory or bore no reasonable relationship to a legitimate public purpose. Arcadia's claim under the Equal Protection Clause of the Constitution also needed to meet a high burden of proof, as the court deemed it a facial challenge, which meant Arcadia had to establish that the defect was with the ordinance itself and not as it applied to the Arcadia parcel.

Focusing on "spot zoning" Arcadia first attempted to establish that the Density Restriction resulted in its property being restricted and given lesser rights than surrounding property, thereby creating an island in the middle of a larger area devoted to other uses. The court disagreed finding the Density Restriction was not "spot zoning" under a traditional analysis as the parcel was almost 70 acres and was surrounded on two sides by similarly situated undeveloped parcels.

Even though the surrounding parcels were not within the City's jurisdiction, the court concluded jurisdictional boundaries were not relevant to a spot zoning analysis.

Arcadia's claim that the Density Restriction did not bear a reasonable relationship to the City's exercise of its police power was similarly rejected. In reaching its decision, the court analyzed in detail the City's purpose behind its ordinance finding that the City had a legitimate goal in discouraging non-contiguous development and urban sprawl because of its impact on City resources. The court found that a reasonable relationship existed between that goal and the ordinance adopted.

Even though under the facts presented, the Arcadia parcel was the only parcel impacted by the Density Restriction, the court acknowledged that land use and zoning decisions involve drawing a line somewhere. The court emphasized that the decision on where to draw that line should be left to the legislative body, not the courts, and that courts should not interfere with that decision unless there is no reasonable basis for it. Here, a reasonable basis did exist for the land use decision and thus, while an ordinance that only applied to one parcel might seem unfair on its face, in this instance because of the unique nature of the Arcadia parcel and the strong purpose of the ordinance, it was legally sound.

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