NCBA Real Property Section Zoning and Land Use Law Basics

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Overview

- What is land use law?
- A brief history of land use regulation
- Terminology
- Types of local land use decisions
- Common approval processes.
- 160D
- Due diligence questions.
- Local government authority to adopt land use regulations.



What is Zoning and Land Use Law?

• "[Z]oning creates a number of different districts . . . Each of which sets specific rules on how the land in that district can be used."*

"Zoning ordinances regulate land use, not ownership."**

• Similarly, land use law is any law that regulates the use of real property.

* David W. Owens. Introduction to Zoning and Development Regulation 3 (UNC-School of Government 4th ed. 2013).

** Wally v. Kannapolis, 365 N.C. 449, 452, 722 S.E.2d 481, 482 (2012).



Who Establishes Zoning and Other Kinds of Land Use Law?

- Although some matters, such as wetlands regulation and most pollution regulation, involve federal law, most land use regulatory authority resides with the state governments, which delegate a considerable amount of that authority to local governments, including counties and municipalities.
- Zoning and subdivision authority are the primary local government land use tools.



Some Additional Land Use Authorities

- The North Carolina State Building Code
- Local minimum housing codes
- County and municipal police powers
- Public nuisance abatement per N.C. Gen. Stat. § 153A-140 and 160A-193
- Public nuisance abatement per N.C. Gen. Stat. Chapter 19
- Floodplain regulation
- The North Carolina Coastal Area Management Act ("CAMA")
- Federal and state wetlands statutes and regulations
- Private covenants, easements, and deed restrictions



"In colonial times and in early statehood, municipal government in North Carolina was provided by individual city charters and special acts for each municipality rather than by general state law...

By the early 1900's a substantial body of law regarding land use had emerged as well, the result of numerous lawsuits over uses that neighbors considered nuisances – suits involving the location of millponds, distilleries, stables, cotton gins, gristmills, sawmills, cemeteries, guano factories, freight yards, hospitals, and gasoline filling stations. However, this body of law was reactive . For the most part, nuisance law did not address broader public concerns regarding land development."

*David W. Owens. Land Use Law in North Carolina 21-2 (UNC-School of Government 3rd ed. 2020).



New York adopted the first zoning ordinance in the United States in 1916.

Stated reasons for the zoning ordinance:

- 1. The advent of the subway significantly increased congestion in Manhattan;
- 2. To address the "unchecked spread of incompatible uses"; and
- 3. "Development patterns needed to be more stable."



It has also been argued that New York adopted zoning to prevent the encroachment of garment factories and warehouses (and their low-income workers) on the Fifth Avenue commercial district.

*David W. Owens. Land Use Law in North Carolina 24.



The United States Supreme Court upheld the constitutionality of zoning in 1926.

"A nuisance may be merely a right thing in the wrong place, like a pig in the parlor instead of the barnyard. If the validity of the legislative classification for zoning purposes be fairly debatable, the legislative judgment must be allowed to control."

Village of Euclid v. Ambler Realty, 272 U.S. 365, 389 (1926).





The North Carolina General Assembly adopted a zoning enabling statute in 1923. "By 1950 virtually every city in the state with a population over 10,000 had adopted zoning."

*David W. Owens. Land Use Law in North Carolina 26-7.



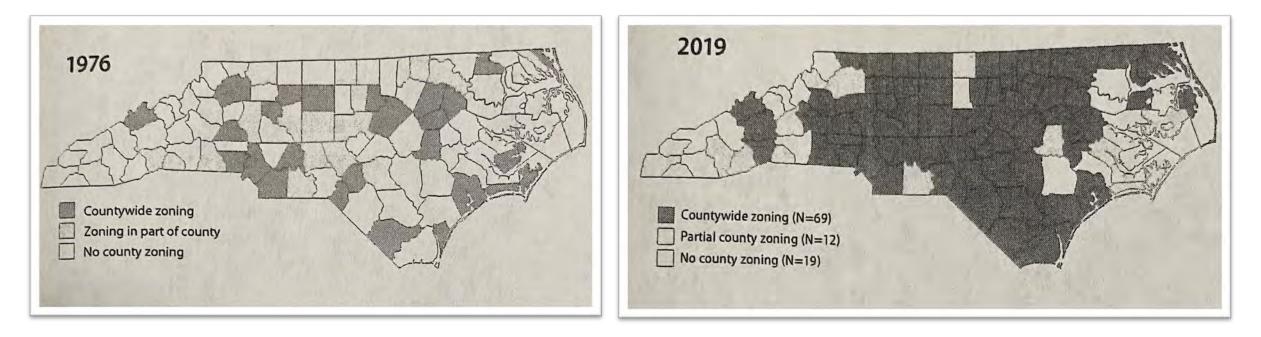
NC Municipalities Adopting Zoning as of 2012

Populations	Number Responding	% of Respondents					
< 1,000	216	71%					
1,000 – 4,999	203	96%					
5,000 – 9,999	49	100%					
10,000 – 24,999	48	100%					
25,000 – 49,000	17	100%					
50,000+	17	100%					
Total	550	87%					

* David W. Owens. Land Use Law in North Carolina 28. Used by permission.



County Zoning In North Carolina



* David W. Owens. Land Use Law in North Carolina 28. Used by permission.



Most Common Local Boards

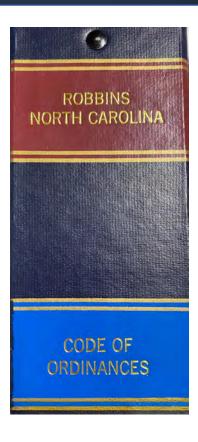
- The governing board (aka the Board of County Commissioners and the Town Council, Board of Aldermen, or municipal Board of Commissioners)
- The Planning Board (aka the "Planning Commission")
- The Board of Adjustment
- The Historic District Commission (aka the "Historic Preservation Commission")

• These four boards can have permitting authority. Local governments regularly establish other purely advisory boards.



• In North Carolina, there is no legal distinction between a "city," a "town," and a "village." The statutes always refer to a "city" as a matter of convenience. N.C. Gen. Stat. § 160A-1(2).

• Code of Ordinances: Authorized for counties by N.C. Gen. Stat. § 153A-49 and for municipalities by N.C. Gen. Stat. § 160A-77. Includes "general ordinances" and "technical ordinances," which include development regulations. Sometimes development regulations are bound together with the Code of Ordinances, and sometimes they are produced separately.



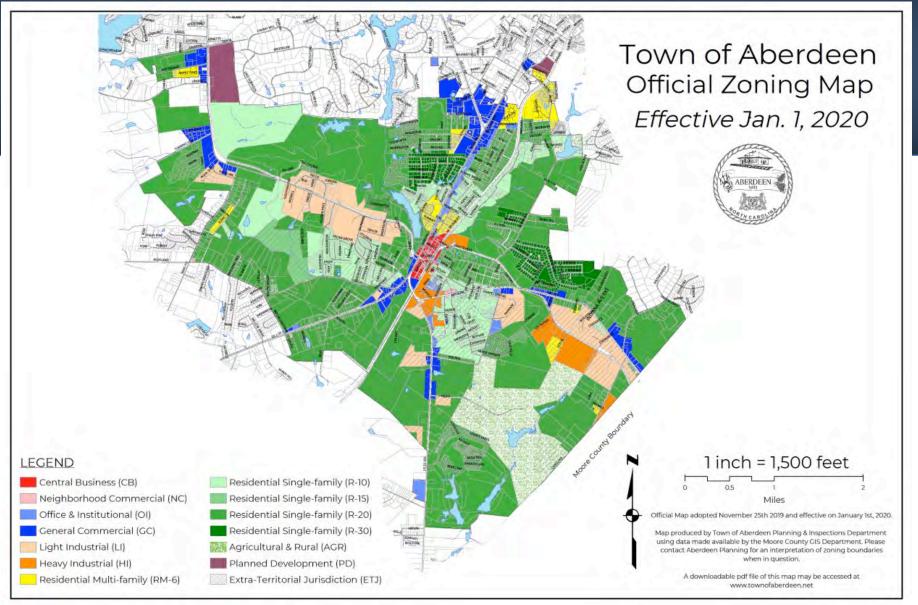


- **Zoning Ordinance:** The local ordinance implementing the zoning authority of N.C. Gen. Stat. Chpt. 160D, Art. 7.
- **Subdivision Ordinance:** The local ordinance regulating the subdivision of land. *See*, N.C. Gen. Stat. 160D, Chpt., Art. 8.
- Unified Development Ordinance: An ordinance combining all local development regulations into a single document. Authorized by N.C. Gen. Stat. § 160D-103.











Comprehensive Plan: (aka the land use plan). A comprehensive plan "sets forth goals, policies, and programs intended to guide the present and future physical, social, and economic development of the jurisdiction. A land-use plan uses text and maps to designate the future use or reuse of land." N.C. Gen. Stat. § 160D-501.

A comprehensive plan is required for any jurisdiction adopting zoning. See, G.S. § 160D-501(a).

But a comprehensive plan does not have the force of law.



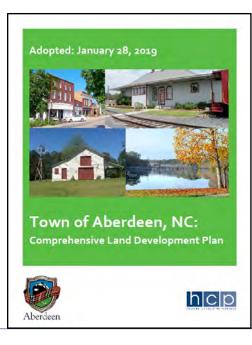
Town of Aberdeen, NC: Comprehensive Land Development Plan





hlclp

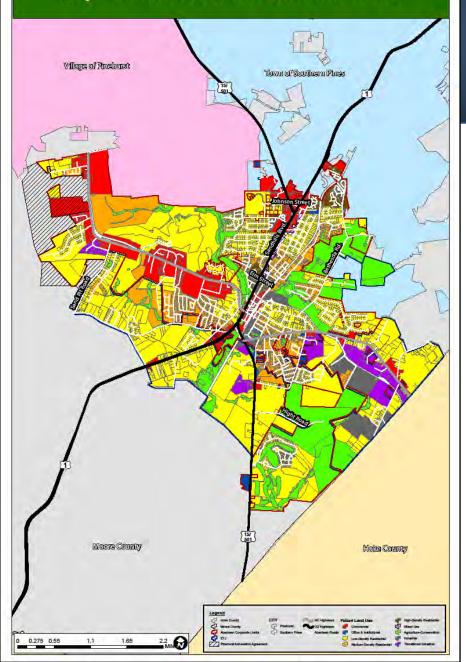
- The comprehensive plan typically includes demographic and economic data and projections.
- It also typically includes the goals of the community and a future land use map.







Map 18. Aberdeen Future Land Use





Extraterritorial Jurisdiction: (the "ETJ"). An area outside of municipal corporate limits in which a municipality can exercise development regulation authority, including zoning, subdivision, minimum housing, and building code authority. Authorized by N.C. Gen. Stat. § 160D-202.

ETJ authority is not automatic, and not all municipalities have an ETJ.



Annexation: The enlarging of municipal corporate limits to include new land.

In most cases the process is voluntary. Prior to 2011, however, involuntary annexations were common. In 2011, the General Assembly amended the statutes to make involuntary annexation much more difficult.

Annexation is governed by N.C. Gen. Stat. Chpt. 160A, Art. 4A.



Just a Few More Terms...

- N.I.M.B.Y.: Not In My Backyard
- L.U.L.U.: Locally Unwanted Land Use
- S.L.A.P.P.: Strategic Lawsuit Against Public Participation
- B.A.N.A.N.A.: Build Absolutely Nothing Anywhere
 Near Anything



• Even more terms and acronyms: https://www.planetizen.com/node/152



Types of Land Use Decisions

- Legislative Decisions: Legislative decisions are made by the governing board and set general policies, such as adopting and amending ordinances and the zoning map.
- **Quasi-Judicial Decisions:** These "decisions involve the application of ordinance policies to individual situations rather than the adoption of new policies."*
- Administrative Decisions: Sometimes called "ministerial decisions," these are made by staff and involve objective, nondiscretionary standards.
- Advisory Decisions: Include nonbinding recommendations and resolutions.
- * David W. Owens. Land Use Law in North Carolina 6.



Legislative Zoning Decisions

- Includes zoning map and ordinance amendments.
- Initial zonings, rezonings, and conditional zonings are all legislative decisions.
- Conditional Zoning: "A legislative zoning map amendment with site-specific conditions incorporated into the zoning map amendment." See, N.C. Gen. Stat. § 160D-102(7).
- These decisions are made only by the local governing board.
- The governing board has broad discretion to approve or deny legislative requests.



The Legislative Zoning Process

This process applies to Zoning Map amendments and to zoning ordinance text amendments.

- 1. The applicant submits an application and fee, and the local government staff reviews the application.
- 2. The local government provides notice of a public hearing by the governing board.
- 3. The planning board reviews the proposal and adopts a nonbinding recommendation.
- 4. The governing board holds a public hearing and then votes to approve or deny the application.
- 5. In some jurisdictions, this process varies slightly through local legislation/local charter provisions.
- See, N.C. Gen. Stat. Chpt. 160D, Art. 6.



Quasi-Judicial Decisions

- Examples include special use permits, variances, and appeals of staff decisions.
- These decisions are made by applying the local government's regulatory standards to a unique set of facts and involve some discretion by the decision maker.
- Quasi-judicial hearings are like court hearings, and due process rights must be preserved.

Humble Oil v. Board of Aldermen of Town of Chapel Hill, 284 N.C. 458, 202 S.E.2d 129 (1974).



Quasi-Judicial Decisions

"Notwithstanding the latitude allowed municipal boards . . . [a local board] conducting a quasi-judicial hearing, can dispense with no essential element of a fair trial:

(1) The party whose rights are being determined must be given the opportunity to offer evidence, cross-examine adverse witnesses, inspect documents, and offer evidence in explanation and rebuttal;

(2) absent stipulations or waiver such a board may not base findings as to the existence or nonexistence of crucial facts upon unsworn statements; and

(3) crucial findings of fact which are 'unsupported by competent, material and substantial evidence in view of the entire record as submitted' cannot stand."

Humble Oil v. Board of Aldermen of Town of Chapel Hill, 284 N.C. at 470, 202 S.E.2d at 137 (Citations omitted; emphasis added).



- A special use permit can be issued by the governing board, planning board, or board of adjustment. N.C. Gen. Stat. § 160D-705(c).
- "A permit issued to authorize development or land uses in a particular zoning district upon presentation of competent, material, and substantial evidence establishing compliance with one or more general standards requiring that judgment and discretion be exercised as well as compliance with specific standards. The term includes permits previously referred to as conditional use permits or special exceptions." N.C. Gen. Stat. § 160D-102(30).
- Requires a simple majority to be approved. N.C. Gen. Stat. § 160D-406(i).



How Do I Know If a Special Use Permit Is Required?

Town of Aberdeen - Unified Development Ordinance

Chapter 4; Uses

Table 4.1.9 : Principal Use Table														
Use Category	Use Type	Residential			Business					-	Special	Additional		
		R-30	R-20	R-15	R-10	RM-6	01	NC	CB	CC	u	HI	ACR	Standards
Agricultural Use C	lassification													_
Agriculture	Agriculture production (crops)	P	P	P	P	P	P	P	Р	Р	Р	P	P	4.3.1.A.1
	Agriculture production (livestock)	Р									P	P	Р	
Residential Use Cl	lassification													
Common elements recreation	Common Elements Recreation	р	P	Р	p	р	P	P	Р	р			р	432A)
Household Living	Duplex Dwelling	1		P	P	P		Р					p	4.3.2.8.1
	Family Care Home	Р	P	Р	P.	Р		P			1		P	432.82
	Live/Work Dwelling	1		21.5	-	P		р	P				· · · ·	43283
	Manufactured Dwelling	11.1				0					1		P	4.3.2.B.4
	Multi-family Dwelling		100			Р			Р	P				43.2.B.5
	Single-family Attached Dwelling		P	P	р	Р		Ρ	р				р	432.B.6
	Single-family Detached Dwelling	р	P	P	P	Р					-		p	
	Triplex/Quadplex	11.1	-	100	P	P		р	р		2		p	43.2.B.7
Group Living	Dormitory, private	1.1		-		Р	Ρ							4.3.2.C.1
	Fraternity or Sorority House													
	Rooming House				s	s			s					
	Single Room Occupancy (SRO)	1.1		1.1	s	S			s					4.3.2.C.2
	Social Service Facility, Major	1			s	s	5							4.3.2.C.3
	Social Service Facility, Minor				s	Р	Р			1				4.3.2.C.3
Life Care	Assisted Living Facility	1			p	Р			1	Р				4.3.2.D.1



- Local governments have the discretion to develop standards which an applicant must meet to be entitled to a special use permit.
- The burden is upon the applicant to produce competent, material, and substantial evidence demonstrating that they meet the requirements of the ordinance.
- Upon making that showing, the applicant is *prima facie* entitled to the permit.
- The burden then shifts to those opposed to the application to produce substantial, competent, material evidence upon which the decision-making board could deny the permit.

See, PHG Asheville, LLC v. City of Asheville, 374 N.C. 133, 839 S.E.2d 755 (2020).



Carrboro Land Use Ordinance Sec. 15-54(c):

"The [decision-making board] shall issue the requested permit unless it concludes, based upon the information submitted at the hearing, that: . .
4) If completed as proposed, the development, more probably than not:
a) Will materially endanger the public health or safety; or
b) Will substantially injure the value of adjoining . . property; or
c) Will not be in harmony with the area in which it is to be located; or
d) Will not be in general conformity with the Land Use Plan, Thoroughfare Plan, or other plans officially adopted by the Board."



- Increasingly, expert witnesses are necessary to meet the burden of proof required to obtain a special use permit.
- N.C. Gen. Stat. § 160D-1402(j)(3) mandates expert testimony for opinion testimony as to:
- "a. The use of property in a particular way affects the value of other property.
- b. The increase in vehicular traffic resulting from a proposed development poses a danger to the public safety.
- c. Matters about which only expert testimony would generally be admissible under the rules of evidence."



- "Reasonable and appropriate conditions . . . may be imposed upon these permits." G.S. § 160D-705(c).
- "Conditions . . . Imposed . . . shall not include requirements for which the local government does not have authority under statute to regulate nor requirements for which the courts have held to be unenforceable if imposed directly by the local government, including, without limitation, taxes, impact fees, building design elements within the scope of G.S. 160D-702(b) . . . or other unauthorized limitations on the development or use of land." *Id*.



Variances

"[T]he board of adjustment shall vary any of the provisions of the zoning regulation upon a showing of all of the following:

(1)Unnecessary hardship would result . . It is not necessary to demonstrate that, in the absence of the variance, no reasonable use can be made of the property.

(2) The hardship results from conditions that are peculiar to the property, such as location, size, or topography. Hardships resulting from personal circumstances, as well as hardships resulting from conditions that are common to the neighborhood or the general public, may not be the basis for granting a variance.

(3) The hardship did not result from actions taken by the applicant or the property owner. . . .

(4) The requested variance is consistent with the spirit, purpose, and intent of the regulation, such that public safety is secured and substantial justice is achieved."

N.C. Gen. Stat. § 705(d) (emphasis added).



Variances

- No use variances.
- "Appropriate conditions" may be imposed.
- Requires a 4/5 majority vote to be approved.

See, G.S. § 160D-406(i) and 160D-705(d).



Appeals of Staff Interpretations

- Staff decisions can be appealed to the board of adjustment. N.C. Gen. Stat. § 160D-405.
- "When hearing an appeal, the board [of adjustment] may reverse or affirm, wholly or partly, or may modify the decision appealed from and shall make any order, requirement, decision, or determination that ought to be made. The board shall have all the powers of the official who made the decision." N.C. Gen. Stat. § 160D-406(j).
- A staff interpretation is binding on the applicant and the local government if not appealed to the board of adjustment within thirty days. See, N.C. Gen. Stat. § 160D-405(d).



Administrative Decisions

- Sometimes called "ministerial decisions," these are made by staff and involve objective, nondiscretionary standards.
- The most common example is the zoning compliance permit, which is used to demonstrate that a proposed use complies with the development ordinance.'
- Site plan approval and subdivision plat approval can also be administrative processes.





Subdivision Regulation

- "Subdivision. The division of land for the purpose of sale or development as specified in G.S. 160D-802." N.C. Gen. Stat. § 160D-102(31).
- N.C. Gen. Stat. § 160D-802 sets forth exceptions to the subdivision authority.
- As a prerequisite to final plat approval, the local government can require the following from a developer:
 - The construction of roads and the dedication of utility easements,
 - The setting aside of open space and recreation amenities,
 - The construction of "community service facilities," and
 - The reservation of school sites.

See, N.C. Gen. Stat. § 160D-804.



The Subdivision Process

1. Concept plan or sketch plan review.

Depending on the ordinance, this might be done by the staff, the planning board, or the governing board.

- 1. Preliminary plat approval. This can be an administrative or quasi-judicial approval.
- 2. The installation of infrastructure and other improvements.
- 3. Inspection and acceptance of infrastructure.

Alternately, if allowed by ordinance a developer can provide performance guarantees and obtain final plat approval prior to the completion of infrastructure.

- 1. Final plat approval and recoding of the plat.
- 2. Acceptance of any dedicated lands.



Subdivision Regulation





Site Plan Approval

N.C. Gen. Stat. § 160D-102(29):

Site plan. – A scaled drawing and supporting text showing the relationship between lot lines and the existing or proposed uses, buildings, or structures on the lot. The site plan may include site-specific details such as building areas, building height and floor area, setbacks from lot lines and street rights-of-way, intensities, densities, utility lines and locations, parking, access points, roads, and stormwater control facilities that are depicted to show compliance with all legally required development regulations . . . A site plan approval based solely upon application of objective standards is an administrative decision and a site plan approval based in whole or in part upon the application of standards involving judgment and discretion is a quasi-judicial decision. A site plan may also be approved as part of a conditional zoning decision."

(Emphasis added).





N.C. Gen. Stat. 160D

- Effective July 1, 2021, Chapter 160D is the first overhaul to local development regulations since the 1970's.
- It combines the development regulation authority for counties and municipalities into a single chapter.
- It does not significantly change the existing legal framework.





N.C. Gen. Stat. 160D

- Article 1 General Provisions
- Article 2 Planning and Development Regulation Jurisdiction
- Article 3 Board and Organizational Arrangements
- Article 4 Administration, Enforcement, Appeals
- Article 5 Planning
- Article 6 Development Regulation
- Article 7 Zoning Regulation
- Article 8 Subdivision Regulation
- Article 9 Regulation of Particular Uses and Area
- Article 10 Development Agreements
- Article 11 Building Code Enforcement
- Article 12 Minimum Housing Codes
- Article 13 Additional Authority
- Article 14 Judicial Review



Questions to Ask as Part of Due Diligence

- What jurisdiction(s) is the property located in?
- See, Town of Cameron v. Woodell, 150 N.C.App. 174, 563 S.E.2d 198 (2002).
- Are there any outstanding local taxes, assessments, or other liens on the property?
- What is the zoning of the property?
- Are water and sewer available for the property?
- Are there any other valid permits or approvals related to the property? Are there vested rights or other entitlements associated with the property?
- Are there any pending appeals to the HDC, BOA, or in the courts which pertain to the property? A notice of lis pendens would not necessarily reveal this information.



Questions to Ask as Part of Due Diligence

- For commercial projects, you might also need a zoning interpretation letter that specifies the allowable uses and other zoning restrictions for the site.
- The zoning interpretation letter is binding on your client and the local government if not appealed to the board of adjustment within thirty days. *See*, N.C. Gen. Stat. § 160D-405(d).
- Occasionally, you will need to seek additional public records to learn about the history of the site, but this information would probably only address site suitability, not title.



- Quality Built Homes, Inc. v. Town of Carthage, 369 N.C. 15, 789 S.E.2d 454 (2016).
- The NC Supreme Court held that the Town had exceeded its authority with regard to the manner in which it charged water and sewer impact fees.
- The Town had to return about \$20,000 in impact fees to developers.
- The Town could have had liability for attorneys' fees per N.C. Gen. Stat. § 6-21.7, and through a settlement agreement paid the plaintiffs \$100,000 in attorneys' fees.
- Other municipalities have been liable in class action suits for millions of dollars.
- In response, in 2017 the Legislature adopted the "Public Water and Sewer System Development Fee Act." S.L. 2017-138.



- For zoning and other land use matters, North Carolina is a "Dillon's Rule" State.
- There is no "home rule" authority in North Carolina.
- But local governments sometimes get local legislation to authorize specific regulations and actions.
- In contrast, the North Carolina courts have interpreted local government police powers more expansively.
- N.C. Gen. Stat. 160D sets forth local (i.e. county and municipal) development regulatory authority. N.C. Gen. Stat. Chpt. 160A, Art. 8 establishes the municipal police power, and N.C. Gen. Stat. Chpt. 153A, Art. 6 establishes the county police power.





Lanvale Properties, LLC v. Cabarrus County, 366 N.C. 142, 153 and 154-5, 731 S.E.2d 800, 809-10 (2012) (Citations omitted).

Under Dillon's Rule, "a municipal corporation possesses and can exercise the following powers and no others: First, those granted in *express words;* second, those *necessarily or fairly implied in or incident* to the powers expressly granted; third, those *essential* to the declared objects and purposes of the corporation."

"[W]hen the language of a statute is clear and unambiguous, there is no room for judicial construction, and the courts must give it its plain and definite meaning.' . . . '[A] statute clear on its face must be enforced as written.' Consequently, section 153A-4 applies only when our zoning statutes are ambiguous, or when its application is necessary to give effect to 'any powers that are reasonably expedient to [a county's] exercise of the power.'"





• N.C. Gen. Stat.§ 153A-4

"It is the policy of the General Assembly that the counties of this State should have adequate authority to exercise the powers, rights, duties, functions, privileges, and immunities conferred upon them by law. To this end, the provisions of this Chapter and of local acts shall be broadly construed and grants of power shall be construed to include any powers that are reasonably expedient to the exercise of the power."

• N.C. Gen. Stat. § 160A-4 contains nearly identical language for municipalities.





"Zoning regulations are in derogation of common law rights and they cannot be construed to include or exclude by implication that which is not clearly their express terms. It has been held that well-founded doubts as to the meaning of obscure provisions of a Zoning Ordinance should be resolved in favor of the free use of property."

Yancey v. Heafner, 268 N.C. 263, 266, 150 S.E.2d 440, 443 (1966).



King v. Town of Chapel Hill, 367 N.C. 400, 406-7, 758 S.E.2d 364, 369-70 (2014) (Citations omitted).

"Section 160A-174(a) provides that '[a] city may by ordinance define, prohibit, regulate, or abate acts, omissions, or conditions, detrimental to the health, safety, or welfare of its citizens and the peace and dignity of the city, and may define and abate nuisances.' . . . N.C.G.S. § 160A-174 is by its very nature ambiguous, and its reach cannot be fully defined in clear and definite terms. Therefore, we are bound to construe N.C.G.S. § 160A-174 'to include any additional and supplementary powers that are reasonably necessary or expedient to carry [the grant of power] into execution and effect."

Yet, we are also mindful that '[a]n exertion of the police power inevitably results in a limitation of personal liberty, and legislation in this field 'is justified only on the theory that the social interest is paramount." . . . To be sustained as a legitimate exercise of the police power, an ordinance that regulates trades or businesses 'must be rationally related to a substantial government purpose."



Hot Topics in Land Use and Zoning

- Short-term rental ordinances
- Zoning to Address the "missing middle"/housing shortages
- Gentrification and affordable housing
- Environmental justice
- Climate change
- Economic development
- Other Issues?





Additional Resources

- David W. Owens. Introduction to Zoning and Development Regulation (UNC-School of Government 4th ed. 2013).
- David W. Owens and Adam S. Lovelady. Quasi-Judicial Handbook: A Guide for Boards Making Development Regulation Decisions (UNC-School of Government 2017).
- Adam S. Lovelady. Land Subdivision in North Carolina (UNC-School of Government 2015).
- David W. Owens. Land Use Law in North Carolina (UNC-School of Government 3rd ed. 2020).
- For Chapter 160D: <u>https://www.sog.unc.edu/resources/microsites/planning-and-development-regulation/ch-160d-2019</u>.

