# GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2015

H HOUSE BILL 483

Short Title: Land Use Regulatory Changes. (Public)

Sponsors: Representative Jordan (Primary Sponsor).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Judiciary II.

#### April 2, 2015

A BILL TO BE ENTITLED
AN ACT TO MAKE CHANGES TO THE LAND USE REGULA

AN ACT TO MAKE CHANGES TO THE LAND USE REGULATORY LAWS OF THE STATE.

4 The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 143-755 reads as rewritten:

## "§ 143-755. Permit choice.

- (a) If a permit applicant submits a permit for any type of development and a rule or ordinance changes between the time the permit application was submitted and a permit decision is made, the permit applicant may choose which version of the rule or ordinance will apply to the permit.
- (b) This section applies to all development permits issued by the State and by local government, including any zoning permit.
  - (c) This section shall not apply to any zoning permit." **SECTION 2.** G.S. 160A-385(b) reads as rewritten:
- "(b) Amendments in <u>land development regulations</u>, as defined in G.S. 160A-400.21(6), including zoning ordinances or unified development ordinances, shall not be applicable or enforceable without <u>the written consent</u> of the owner with regard to <u>buildings and uses buildings</u>, uses, or developments for which either (i) a zoning permit or (ii) a building permits have permit has been issued pursuant to G.S. 160A-417this Chapter prior to the enactment of the ordinance making the change or changes so long as the permits remain either permit remains valid and unexpired pursuant to G.S. 160A-418 and unrevoked pursuant to G.S. 160A-422 or (ii) law. Amendments shall also not be applicable or enforceable without the written consent of the owner if a vested right has been established pursuant to G.S. 160A-385.1 and such vested right remains valid and unexpired pursuant to G.S. 160A-385.1 or if a vested right is established by the terms of a development agreement authorized by Part 3D of this Article."

#### **SECTION 3.** G.S. 153A-344(b) reads as rewritten:

"(b) Amendments in <u>land development regulations</u>, as defined in G.S. 153A-349.2(6), <u>including zoning ordinances or unified development ordinances</u>, shall not be applicable or enforceable without <u>the written consent of the owner with regard to buildings and usesbuildings</u>, uses, or <u>developments</u> for which either (i) <u>a zoning permit or (ii)</u> building <u>permits havepermit has</u> been issued pursuant to G.S. 153A-357this Chapter prior to the enactment of the ordinance making the change or changes so long as <u>the permits remaineither permit remains</u> valid and unexpired pursuant to G.S. 153A-358 and unrevoked pursuant to G.S. 153A-362 or (ii) law. Amendments shall also not be applicable or enforceable without the



written consent of the owner if a vested right has been established pursuant to G.S. 153A-344.1 and such vested right remains valid and unexpired pursuant to G.S. 153A-344.1 or if a vested right is established by the terms of a development agreement authorized by Part 3A of this Article."

**SECTION 4.** Part 3 of Article 19 of Chapter 160A of the General Statutes is amended by adding a new section to read:

### "§ 160A-393.1. Civil action for declaratory relief, injunctive relief, or other remedies.

- (a) Action for Relief Authorized. Notwithstanding any law to the contrary, any landowner, permit applicant, or tenant aggrieved by a final and binding decision of an administrative official involving the application or enforcement of a zoning or unified development ordinance or any other ordinance that regulates land use or development may, in lieu of an appeal to a board of adjustment, maintain an original action in superior court or business court for declaratory relief, injunctive relief, damages or any other remedies provided by law or equity, where any of the following claims or defenses are asserted by the aggrieved party:
  - (1) Constitutional matters;
  - (2) The invalidity of the development regulation;
  - (3) Preemption;
  - (4) 42 U.S.C. § 1983;
  - (5) Common law vested rights; or
  - (6) Damages.
- (b) Time for Filing of Action. Such action shall be filed within one year after the later of the following occurrence: (i) notice of the decision as provided in G.S. 160A-388(b1)(2); or (ii) where a taking of property is alleged by the aggrieved party, the final decision of a board of adjustment denying a variance has been delivered as provided in G.S. 160A-388(e2)(1), whenever the context makes the granting of such variance discretionary and not prohibited.
- (c) Means for Obtaining Relief. Except for exhausting the administrative remedy of a variance, if applicable, as provided in this section, once the aggrieved party selects an appeal to a board of adjustment as provided in G.S. 160A-388(b1) and the prescribed hearing proceeding is concluded, such procedures, including an appeal thereafter in G.S. 160A-393, shall be the exclusive means for obtaining relief as to the merits of the enforcement action or administrative decision being challenged. Nothing herein shall preclude any other procedure authorized by law for claims arising under 42 U.S.C. § 1983."

**SECTION 5.** G.S. 160A-364.1 reads as rewritten:

#### "§ 160A-364.1. Statute of limitations.

- (a) A cause of action as to the validity of any ordinance adopting or amending a zoning map or approving a special use, conditional use, or conditional zoning district request adopted under this Article or other applicable law shall accrue upon adoption of such ordinance and shall be brought within two months as provided in G.S. 1-54.1.
- (b) Except as otherwise provided in subsection (a) of this section, an action challenging the validity of any zoning or unified development ordinance or any provision thereof adopted under this Article or other applicable law shall be brought within one year of the accrual of such action. Such an action accrues when the party bringing such action first has standing to challenge the ordinance. A challenge to an ordinance on the basis of an alleged defect in the adoption process shall be brought within three years after the adoption of the ordinance.
- (c) Nothing in this section or in G.S. 1-54(10) or G.S. 1-54.1 shall bar a party in an action involving the enforcement of a zoning or unified development ordinanced evelopment regulation or in an action authorized by G.S. 160A-393.1 from raising as a defense to such enforcement action the invalidity of the ordinance. Nothing in this section or in G.S. 1-54(10) or G.S. 1-54.1 shall bar a party who files a timely appeal from an order, requirement, decision, or determination made by an administrative official contending that such party is in violation of

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a zoning or unified development ordinance from raising in the appeal the invalidity of such ordinance as a defense to such order, requirement, decision, or determination. A party in an enforcement action or appeal may not assert the invalidity of the ordinance on the basis of an alleged defect in the adoption process unless the defense is formally raised within three years of the adoption of the challenged ordinance.

(d) When a use constituting a violation of a zoning or unified development ordinance is in existence prior to adoption of the zoning or unified development ordinance creating the violation, and that use is grandfathered and subsequently terminated for any reason, a city shall bring an enforcement action within 10 years of the date of the termination of the grandfathered status, unless the violation poses an imminent hazard to health or public safety."

**SECTION 6.** G.S. 160A-393 reads as rewritten:

#### "§ 160A-393. Appeals in the nature of certiorari.

- (a) Applicability. This section applies to appeals of quasi-judicial decisions of decision-making boards when that appeal is to superior court and in the nature of certiorari as required by this Article.
  - (b) For purposes of this section, the following terms mean:
    - (1) Decision-making board. A city council, planning board, board of adjustment, or other board making quasi-judicial decisions appointed by the city council under this Article or under comparable provisions of any local act or any interlocal agreement authorized by law.
    - (2) Person. Any legal entity authorized to bring suit in the legal entity's name.
    - (3) Quasi-judicial decision. A decision involving the finding of facts regarding a specific application of an ordinance and the exercise of discretion when applying the standards of the ordinance. Quasi-judicial decisions include decisions involving variances, special and conditional use permits, and appeals of administrative determinations. Decisions on the approval of site plans are quasi-judicial in nature if the ordinance authorizes a decision-making board to approve or deny the site plan based not only upon whether the application complies with the specific requirements set forth in the ordinance, but also on whether the application complies with one or more generally stated standards requiring a discretionary decision on the findings of fact to be made by the decision-making board.
- (c) Filing the Petition. An appeal in the nature of certiorari shall be initiated by filing with the superior court a petition for writ of certiorari. The petition shall:
  - (1) State the facts that demonstrate that the petitioner has standing to seek review.
  - (2) Set forth the grounds upon which the petitioner contends that an error was made.
  - (3) Set forth with particularity the allegations and facts, if any, in support of allegations that, as the result of impermissible conflict as described in G.S. 160A-388(e)(2), or locally adopted conflict rules, the decision-making body was not sufficiently impartial to comply with due process principles.
  - (4) Set forth the relief the petitioner seeks.
- (d) Standing. A petition may be filed under this section only by a petitioner who has standing to challenge the decision being appealed. The following persons shall have standing to file a petition under this section:
  - (1) Any person meeting any of the following criteria:
    - a. Has an ownership interest in the property that is the subject of the decision being appealed, a leasehold interest in the property that is the subject of the decision being appealed, or an interest created by

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(2)

easement, restriction, or covenant in the property that is the subject of the decision being appealed.

Has an option or contract to purchase the property that is the subject b. of the decision being appealed.

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Was an applicant before the decision-making board whose decision c. is being appealed.

Any other person who will suffer special damages as the result of the

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decision being appealed. An incorporated or unincorporated association to which owners or lessees of (3) property in a designated area belong by virtue of their owning or leasing property in that area, or an association otherwise organized to protect and foster the interest of the particular neighborhood or local area, so long as at least one of the members of the association would have standing as an individual to challenge the decision being appealed, and the association was not created in response to the particular development or issue that is the

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subject of the appeal. A city whose decision-making board has made a decision that the council (4) believes improperly grants a variance from or is otherwise inconsistent with the proper interpretation of an ordinance adopted by that council.

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Respondent. – The respondent named in the petition shall be the city whose decision-making board made the decision that is being appealed, except that if the petitioner is a city that has filed a petition pursuant to subdivision (4) of subsection (d) of this section, then the respondent shall be the decision-making board. If the petitioner is not the applicant before the decision-making board whose decision is being appealed, the petitioner shall also name that applicant as a respondent. Any petitioner may name as a respondent any person with an ownership or leasehold interest in the property that is the subject of the decision being appealed who participated in the hearing, or was an applicant, before the decision-making board.

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(f) Writ of Certiorari. – Upon filing the petition, the petitioner shall present the petition and a proposed writ of certiorari to the clerk of superior court of the county in which the matter arose. The writ shall direct the respondent city, or the respondent decision-making board if the petitioner is a city that has filed a petition pursuant to subdivision (4) of subsection (d) of this section, to prepare and certify to the court the record of proceedings below within a specified date. The writ shall also direct that the petitioner shall serve the petition and the writ upon each respondent named therein in the manner provided for service of a complaint under Rule 4(j) of the Rules of Civil Procedure, except that, if the respondent is a decision-making board, the petition and the writ shall be served upon the chair of that decision-making board. Rule 4(j)(5)d. of the Rules of Civil Procedure shall apply in the event the chair of a decision-making board cannot be found. No summons shall be issued. The clerk shall issue the writ without notice to the respondent or respondents if the petition has been properly filed and the writ is in proper form. A copy of the executed writ shall be filed with the court.

Answer to the Petition. – The respondent may, but need not, file an answer to the petition, except that, if the respondent contends that any petitioner lacks standing to bring the appeal, that contention must be set forth in an answer served on all petitioners at least 30 days prior to the hearing on the petition.

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Intervention. - Rule 24 of the Rules of Civil Procedure shall govern motions to intervene as a petitioner or respondent in an action initiated under this section with the following exceptions:

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Any person described in subdivision (1) of subsection (d) of this section (1) shall have standing to intervene and shall be allowed to intervene as a matter of right.

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- (2) Any person, other than one described in subdivision (1) of subsection (d) of this section, who seeks to intervene as a petitioner must demonstrate that the person would have had standing to challenge the decision being appealed in accordance with subdivisions (2) through (4) of subsection (d) of this section.
- (3) Any person, other than one described in subdivision (d)(1) of this section, who seeks to intervene as a respondent must demonstrate that the person would have had standing to file a petition in accordance with subdivisions (2) through (4) of subsection (d) of this section if the decision-making board had made a decision that is consistent with the relief sought by the petitioner.
- (i) The Record. The record shall consist of all documents and exhibits submitted to the decision-making board whose decision is being appealed, together with the minutes of the meeting or meetings at which the decision being appealed was considered. Upon request of any party, the record shall also contain an audio or videotape of the meeting or meetings at which the decision being appealed was considered if such a recording was made. Any party may also include in the record a transcript of the proceedings, which shall be prepared at the cost of the party choosing to include it. The parties may agree, or the court may direct, that matters unnecessary to the court's decision be deleted from the record or that matters other than those specified herein be included. The record shall be bound and paginated or otherwise organized for the convenience of the parties and the court. A copy of the record shall be served by the municipal respondent, or the respondent decision-making board, upon all petitioners within three days after it is filed with the court.
- (j) Hearing on the Record. The court shall hear and decide all issues raised by the petition by reviewing the record submitted in accordance with subsection (h) of this section. Except that the court may, in its discretion, allow the record to be supplemented with affidavits, testimony of witnesses, or documentary or other evidence if, and to the extent that, the record is not adequate to allow an appropriate determination of the following issues:
  - (1) Whether a petitioner or intervenor has standing.
  - (2) Whether, as a result of impermissible conflict as described in G.S. 160A-388(e)(2), or locally adopted conflict rules, the decision-making body was not sufficiently impartial to comply with due process principles.
  - (3) Whether the decision-making body erred for the reasons set forth in sub-subdivisions a. and b. of subdivision (1) of subsection (k) of this section. section, including an error related to the claims or defenses in subdivision (k)(4) of this section.
  - (k) Scope of Review. -
    - (1) When reviewing the decision of a decision-making board under the provisions of this section, the court shall ensure that the rights of petitioners have not been prejudiced because the decision-making body's findings, inferences, conclusions, or decisions were:
      - a. In violation of constitutional provisions, including those protecting procedural due process rights.
      - b. In excess of the statutory authority conferred upon the city or the authority conferred upon the decision-making board by ordinance.
      - c. Inconsistent with applicable procedures specified by statute or ordinance.
      - d. Affected by other error of law.
      - e. Unsupported by substantial competent evidence in view of the entire record.
      - f. Arbitrary or capricious.

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- (2) When the issue before the court is whether the decision-making board erred in interpreting an ordinance, the court shall review that issue de novo. The court shall consider the interpretation of the decision-making board, but is not bound by that interpretation, and may freely substitute its judgment as appropriate.
- (3) The term "competent evidence," as used in this subsection, shall not preclude reliance by the decision-making board on evidence that would not be admissible under the rules of evidence as applied in the trial division of the General Court of Justice if (i) the evidence was admitted without objection or (ii) the evidence appears to be sufficiently trustworthy and was admitted under such circumstances that it was reasonable for the decision-making board to rely upon it. The term "competent evidence," as used in this subsection, shall not be deemed to include the opinion testimony of lay witnesses as to any of the following:
  - a. The use of property in a particular way would affect the value of other property.
  - b. The increase in vehicular traffic resulting from a proposed development would pose a danger to the public safety.
  - c. Matters about which only expert testimony would generally be admissible under the rules of evidence.
- (4) Notwithstanding any law to the contrary, the petitioner may assert and the court shall determine de novo, based on the record in subsection (j) of this section, any of the following claims or defenses:
  - <u>a.</u> That the applicable ordinance is invalid or otherwise unenforceable.
  - <u>b.</u> <u>Constitutional matters.</u>
  - <u>c.</u> <u>Preemption.</u>
  - d. 42 U.S.C. § 1983.
  - e. Common law vested rights.
- (5) In order to raise any of the claims or defenses listed in subdivision (4) of this subsection, to the extent that they do not involve some act of the decision-making board itself or any of its members, the claim or defense shall be made known to the decision-making board at the hearing.
- (l) Decision of the Court. Following its review of the decision-making board in accordance with subsection (k) of this section, the court may affirm the decision, reverse the decision and remand the case with appropriate instructions, or remand the case for further proceedings. If the court does not affirm the decision below in its entirety, then the court shall be guided by the following in determining what relief should be granted to the petitioners:
  - (1) If the court concludes that the error committed by the decision-making board is procedural only, the court may remand the case for further proceedings to correct the procedural error.
  - (2) If the court concludes that the decision-making board has erred by failing to make findings of fact such that the court cannot properly perform its function, then the court may remand the case with appropriate instructions so long as the record contains substantial competent evidence that could support the decision below with appropriate findings of fact. However, findings of fact are not necessary when the record sufficiently reveals the basis for the decision below or when the material facts are undisputed and the case presents only an issue of law.
  - (3) If the court concludes that the decision by the decision-making board is not supported by substantial competent evidence in the record or is based upon an error of law, then the court may remand the case with an order that directs

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the decision-making board to take whatever action should have been taken had the error not been committed or to take such other action as is necessary to correct the error. Specifically:

- If the court concludes that a permit was wrongfully denied because a. the denial was not based on substantial competent evidence or was otherwise based on an error of law, the court may remand with instructions that the permit be issued, subject to reasonable and appropriate conditions.
- If the court concludes that a permit was wrongfully issued because b. the issuance was not based on substantial competent evidence or was otherwise based on an error of law, the court may remand with instructions that the permit be revoked.
- Ancillary Injunctive Relief. Upon motion of a party to a proceeding under this (m) section, and under appropriate circumstances, the court may issue an injunctive order requiring any other party to that proceeding to take certain action or refrain from taking action that is consistent with the court's decision on the merits of the appeal."

**SECTION 7.** Part 3 of Article 19 of Chapter 160A of the General Statutes is amended by adding a new section to read:

### "§ 160A-393.2. No estoppel effect when challenging unlawful conditions.

No landowner or permit applicant shall be precluded from timely challenging any unlawful condition imposed on a development as part of the application of land development regulations as defined in G.S. 160A-400.21(6) as a result of actions by the landowner or permit applicant to proceed with the development or use."

**SECTION 8.** G.S. 6-21.7 reads as rewritten:

#### "§ 6-21.7. Attorneys' fees; cities or counties acting outside the scope of their authority.

In any action in which a city or county is a party, upon a finding by the court that the city or county acted outside the scope of its legal authority, violated a statute setting forth clear limits on its authority or otherwise abused its discretion, the court mayshall award reasonable attorneys' fees and costs to the party who successfully challenged the city's or county's action, provided that if the court also finds that the city's or county's action was an abuse of its discretion, the court shall award attorneys' fees and costs.action. In all other matters, the court may award reasonable attorneys' fees and costs to the prevailing private litigant."

**SECTION 9.** G.S. 6-19.1 reads as rewritten:

#### "§ 6-19.1. Attorney's fees to parties appealing or defending against agency decision.

- In any civil action, other than an adjudication for the purpose of establishing or fixing a rate, or a disciplinary action by a licensing board, brought by the State or brought by a party who is contesting State action pursuant to G.S. 150B-43 or any other appropriate provisions of law, unless the prevailing party is the State, the court may, in its discretion, shall allow the prevailing party to recover reasonable attorney's fees, including attorney's fees applicable to the administrative review portion of the case, in contested cases arising under Article 3 of Chapter 150B, 150B, or any other provision of law, to be taxed as court costs against the appropriate agency if:
  - (1) The court finds that the agency acted without substantial justification in pressing its claim against the party; party. The lack of substantial justification shall be conclusively established when an agency acts in violation of a statute setting forth clear limits on its authority; and
  - The court finds that there are no special circumstances that would make the (2) award of attorney's fees unjust. The party shall petition for the attorney's fees within 30 days following final disposition of the case. The petition shall be supported by an affidavit setting forth the basis for the request.

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Nothing in this section shall be deemed to authorize the assessment of attorney's fees for the administrative review portion of the case in contested cases arising under Article 9 of Chapter 131E of the General Statutes.

Nothing in this section grants permission to bring an action against an agency otherwise immune from suit or gives a right to bring an action to a party who otherwise lacks standing to bring the action.

Any attorney's fees assessed against an agency under this section shall be charged against the operating expenses of the agency and shall not be reimbursed from any other source.

(b) Expired."

**SECTION 10.** G.S. 1A-1, Rule 65, reads as rewritten:

### "Rule 65. Injunctions.

- (a) Preliminary injunction; notice. No preliminary injunction shall be issued without notice to the adverse party.
- Temporary restraining order; notice; hearing; duration. A temporary restraining order may be granted without written or oral notice to the adverse party or that party's attorney only if (i) it clearly appears from specific facts shown by affidavit or by verified complaint that immediate and irreparable injury, loss, or damage will result to the applicant before the adverse party or that party's attorney can be heard in opposition, and (ii) the applicant's attorney certifies to the court in writing the efforts, if any, that have been made to give the notice and the reasons supporting the claim that notice should not be required. Every temporary restraining order granted without notice shall be endorsed with the date and hour of issuance; shall be filed forthwith in the clerk's office and entered of record; shall define the injury and state why it is irreparable and why the order was granted without notice; and shall expire by its terms within such time after entry, not to exceed 10 days, as the judge fixes, unless within the time so fixed the order, for good cause shown, is extended for a like period or unless the party against whom the order is directed consents that it may be extended for a longer period. The reasons for the extension shall be entered of record. In case a temporary restraining order is granted without notice and a motion for a preliminary injunction is made, it shall be set down for hearing at the earliest possible time and takes precedence over all matters except older matters of the same character; and when the motion comes on for hearing, the party who obtained the temporary restraining order shall proceed with a motion for a preliminary injunction, and, if he does not do so, the judge shall dissolve the temporary restraining order. On two days' notice to the party who obtained the temporary restraining order without notice or on such shorter notice to that party as the judge may prescribe, the adverse party may appear and move its dissolution or modification and in that event the judge shall proceed to hear and determine such motion as expeditiously as the ends of justice require. Damages may be awarded in an order for dissolution as provided in section (e).
- (c) Security. No restraining order or preliminary injunction shall issue except upon the giving of security by the applicant, in such sum as the judge deems proper, for the payment of such costs and damages as may be incurred or suffered by any party who is found to have been wrongfully enjoined or restrained. No such security shall be required of the State of North Carolina or of any county or municipality thereof, or any officer or agency thereof acting in an official capacity, but damages may be awarded against such party in accord with this rule.

In suits between spouses relating to support, alimony, custody of children, separation, divorce from bed and board, and absolute divorce no such security shall be required of the plaintiff spouse as a condition precedent to the issuing of a temporary restraining order or preliminary injunction enjoining the defendant spouse from interfering with, threatening, or in any way molesting the plaintiff spouse during pendency of the suit, until further order of the court, but damages may be awarded against such party in accord with this rule.

A surety upon a bond or undertaking under this rule submits himself to the jurisdiction of the court and irrevocably appoints the clerk of the court as his agent upon whom any papers

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affecting his liability on the bond or undertaking may be served. His liability may be enforced on motion without the necessity of an independent action. The motion and such notice of the motion as the court prescribes may be served on the clerk of the court, who shall forthwith mail copies to the persons giving the security and the sureties thereon if their addresses are known.

- (d) Form and scope of injunction or restraining order. Every order granting an injunction and every restraining order shall set forth the reasons for its issuance; shall be specific in terms; shall describe in reasonable detail, and not by reference to the complaint or other document, the act or acts enjoined or restrained; and is binding only upon the parties to the action, their officers, agents, servants, employees, and attorneys, and upon those persons in active concert or participation with them who receive actual notice in any manner of the order by personal service or otherwise.
- (e) Damages on dissolution. An order or judgment dissolving an injunction or restraining order may include an award of damages against the party procuring the injunction and the sureties on his undertaking without a showing of malice or want of probable cause in procuring the injunction. The damages may be determined by the judge, or he may direct that they be determined by a referee or jury."

**SECTION 11.** This act becomes effective October 1, 2015.

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