SUPPLEME COUNT, U.S. WASHINGTON, D.C. 20543

OFFICIAL TRANSCRIPT PROCEEDINGS BEFORE

THE SUPREME COURT OF THE UNITED STATES

DKT/CASE NO. 84-2015

TITLE MacDONALD, SOMMER & FRATES, Appellant V. COUNTY OF YOLO, ET AL.

PLACE Washington, D. C.

DATE March 26, 1986

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1	IN THE SUPREME COURT OF THE UNITED STATES
2	x
3	MacDONALD, SOMMER & FRATES,
4	Appellant, :
5	v. No. 84-2015
6	COUNTY OF YOLO, ET AL. :
7	x
8	Washington, D.C.
9	Wednesday, March 26, 1986
10	The above-entitled matter came on for oral
11	argument before the Supreme Court of the United States
12	at 12:58 o'clock p.m.
13	APPEARANCES:
14	HOWARD N. ELLMAN, ESQ., San Francisco, California; on
15	behalf of the appellant.
16	WILLIAM L. OWEN, ESQ., Sacramento, California; on
17	behalf of the appellees.
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PROCEEDINGS

CHIEF JUSTICE BURGER: We will hear arguments next in MacDonald, Sommer, and Frates against the Ccunty of Yolo.

Mr. Fllman, you may proceed whenever you are ready.

ORAL ARGUMENT OF HOWARD N. ELLMAN, ESC.,
ON BEHALF OF THE APPELLANT

MR. HLLMAN: Thank you, Your Honor.

Mr. Chief Justice, and may it please the Court, this is a land use regulatory taking case that comes from the State of California.

The California state courts dismissed appellant's complaint in this case for legal insufficiency, finding it insufficient to state a claim for relief under the Fifth and Fourteenth Amendments to the United States Constitution and under Title 42, Section 1983 of the United States Code.

Now, as a result of that procedural situation, we stand before you asking for a remand of this case to the California courts for trial of the issues of fact, and the issues of fact will address the three key elements of a regulatory taking case, and I would like to frame those issues, because I would like to discuss each of them or at least aspects of each of them in the

argument today within the framework of our claim.

The first is the question of rightness. What if we can prove, as we have alleged in the complaint, that what occurred in this case was not simply the denial of a subdivision map but the imposition of regulations which preclude the County of Yolo and the City of Davis from allowing any use of the property of any kind whatsoever except uses for agricultural and open space.

It is our contention that under the rightness theory articulated by this Court in the Hamilton Bank case and the other cases which have dealt with that issue that such a result would be a definitive result, definitively applying the regulations to the property in question, and that those determinations are essentially issues of fact for a trial.

Now, assuming that we overcome that hurdle, what if we can prove, as we have alleged in our complaint, that the restrictions applied to the property of MacDonald, Sommer, and Frates deprived that property of all of its economic use and deprive the property owner of their reasonable investment-backed expectations.

It is our contention that if we succeed in dcing that, that we will have established a taking, a

regulatory taking within the precedents which this Court has articulated, some of them as recently as the Connelly case, which I guess is just about a month old today.

And finally, if we prove the restriction as I have described it, and if we approve its impact as we have pleaded it, what is the remedy, and here, as you, I am sure, are aware, the California courts have categorically denied that there is any possibility to recover compensation in a regulatory taking context.

Indeed, if you will look at Footnote 57 at

Page 27 of our reply brief, we have given you some
history on the Gilliland litigiation where the

California Supreme Court has gone to great lengths to
cause depublication of an opinion of the Court of

Appeals that suggested that its position on the issue of
compensation might be somewhat different than that which
was held by this Court here.

QUESTION: What is the significance, counsel, cf depublication from the Surreme Court of California to the Court of Appeals?

MR. FILMAN: The opinion when it is
depublished under the rules can no longer be cited as
authoritative in California courts, so for all practical
purposes the opinion ceases to exist for everybody

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except the litigants who are the subject of the

QUESTION: It is res judicata, and that's it. MR. ELLMAN: As between the parties, yes. Collateral estops any other issue that they may raise.

QUESTION: And I take it that that position of the California courts means that you would not have an cpportunity to prove what you say you could prove in

MR. ELLMAN: Well, yes, that's true, Your Honor, and actually the court has decided against us in California, so the California issues, I think, have been resclved, and I think it is Joint Appendix 132 or right thereabouts --

QUESTION: Well, why are you precluded now from proving what you say you can prove at trial?

MR. ELLMAN: As far as -- well, because the California court has said we failed to state a cause of action.

QUESTION: And for what reason?

MR. FILMAN: First, because we are seeking compensation.

QUESTION: Now, is that an independent ground?

MR. ELLMAN: Yes, I think it is.

MR. FLLMAN: Well, the court also said because we failed to plead a taking by the taking standard which it applies, and you see, that is an issue which we believe implicates federal constitutional principles. The California court has from time to time said that a regulation which is excessively burdensome as to a property owner, notwithstanding the fact that it is a legitimate exercise of the police power --

QUESTION: What is wrong with it saying on what was before it that you didn't plead a taking?

Because they just misunderstood what the law was?

MR. FLLMAN: I think sc, Your Honor, yes.

QUESTION: In terms of your well pleaded

complaint?

MR. ELLMAN: Yes, sir. And it is a confusing opinion. If you will look at Page 129 of the Joint Appendix, you will see where the court agrees that we have well pleaded the issue of futility, and yet later on in the opinion at Joint Appendix 134, I believe, the court says, nonetheless, having pleaded futility, we should have made another application. I mean, it doesn't really make much sense. The basic -
QUESTION: Didn't the Court of Appeals

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specifically find that a less intensive development proposal might be approved?

MR. ELLMAN: The Court of Appeals said that in the second half of its opinion.

> QUESTION: And aren't we bound by that? MR. ELIMAN: I do not think so, Your Honor. QUESTION: Why not?

MR. ELLMAN: Because I think that we have stated a case for relief under the Fifth and Fourteenth Amendment of which this Court is the final artiter when we plead in our complaint. Bear in mind what occurred here. We plead that any application would be futile. The court --

QUESTION: Yes, but the Court of Appeals says not so.

MR. ELLMAN: Well, the Court of Appeals said not so on a case dispositive pleading mcticn. I mean, that -- I don't think that -- if it is possible for a state ccurt to find against a complaint on a case dispositive pleading motion relying on the findings of the defendant in the case, the County Board of Supervisors, if you will, you are in a situation where a plaintiff who accuses a local governing body of having viclated your constitutional rights can insulate itself from any liability by making a finding that it hasn't

done so, which the court will then rely upon to prevent a trial.

See, we were denied a trial in this case on that issue. Essentially the record was, we plead no use. Then the county comes back and says, yes, you have a use, and the Court of Appeals found their finding conclusive, not even allowing us to go to trial. I submit and it is our theory here that if that is what the California courts have decided, it does not meet constitutional standards because it effectively deprives us of a constitutional right.

QUESTION: But the observation of the California Supreme Court, rather, the California Court of Appeals was that if you had asked for a less intensive residential use, and you were asking for some — more than four homes to the acre, as I recall, perhaps the zoning board would have gone along.

MR. ELLMAN: Your Honor --

QUESTION: Is that just flatly wrong?

MR. ELLMAN: It is flatly wrong, and I would be happy to --

QUESTION: Well, it is certainly contrary to your allegations in the complaint.

MR. ELLMAN: It is contrary to the allegations of our -- you mean, that it was wrong, it is contrary --

QUESTION: No. no.

MR. ELLMAN: I am sorry.

QUESTION: You have said it would have been futile.

MR. ELLMAN: Right.

QUESTION: And that is one if the issues that you would want to try out.

MR. ELLMAN: That's correct. And our complaint frames the issue. We have the burden of proving it, and I submit to you if we can't prove that, we lose. It is just that simple. But it is not an issue which can be determined conclusively by the other side putting its submittal in and having that submittal found as conclusive.

QUESTION: It sounds like what you are complaining about is that the California courts didn't give you your day in court. They didn't let you have a hearing. And that would be, what, some kind of a due process claim? It isn't a takings claim.

MR. ELLMAN: Well, Your Honor, what they did
is, they established -- they reached a decision in
effect which deprived of us our right to pursue our
takings claim. They decided in effect that the findings
of the defendant, the defendant county of Yolo were
gcing to be conclusive and prevent us from having a

trial, but more importantly than that, it is a forum which absolutely denies what we claim is a constitutionally mandated remedy.

We claim that we are entitled to compensation.

The California courts say --

CUESTION: You are not entitled to compensation unless there is a taking, and it sounds like you are saying we can't prove a taking because they won't let us go to trial.

MR. ELLM AN: That's correct.

QUESTION: And that isn't a question here then cf taking. It is a question cf whether California furnished you due process of law, I guess.

MR. FLIMAN: Well, Your Honor, it is our position that it becomes a question of a taking because we claim that under our complaint, that we pleaded the issue of futility and rightness, and the Court of Arreal agreed, and by the standard -- and the Court of Appeal of California agreed, and by the standard of what we ought to be entitled to do in order to vindicate our constitutional rights, that that should be enough. It is not enough for the Court to then go on and say, well, they pleaded futility but it wasn't futile because they could have made another application.

This Court sits in judgment to review what the

courts below have done on constitutional issues, and that is essentially our position. I am as puzzled, I must confess, by what the Court of Appeal did as between those parts of the opinion as you appear to be. I mean, I can't reconcile them.

QUESTION: Mr. Ellman, may I ask you one cuestion?

MR. ELLMAN: Yes, sir.

QUESTION: Under your view of the case, when did the taking occur?

MR. FLIMAN: The taking occurred when we were denied our subdivision approval in the process by which that denial occurred.

QUESTION: That would be in June of 1977?

MR. FLLMAN: Well, the findings cf fact were actually made in February, I believe, in '77, became final in June of '77, and that would be about right, yes.

QUESTION: And when did you file this complaint?

MR. ELLMAN: October of 1977. Well, the fourth amended complaint was filed in 1981.

QUESTION: I see, and when did you file your case in which you sought mandamus or equitable relief?

MR. ELLMAN: The mandamus case was criginally

QUESTION: Does California procedure provide for those to go forward jointly? Why would they go separately?

MR. ELLMAN: Well, the mandate case is a case which is in the nature of appellate review. It is initiated by a petition, and it is tried on an administrative record, and typically you file it with a memorandum of points and authorities, and an alternative writ is issued which directs the administrative body to set aside what it has done subject to review of the administrative record. It is not like a case initiated with a claim followed by an answer and with discovery.

QUESTION: Why wouldn't that case in the normal course of events have gone forward before this one? That is one thing that puzzles me.

MR. FLIMAN: I can give you some history on the mandate case. At the time this lawsuit was initiated, this Court had not yet decided Fenn Central, and there was tremendous uncertainty in the law as it developed. In addition to that, it was our perception that you could not comfortably join a mandate action as part of an action, a normal civil action which might proceed on the basis of discovery and with an answer and

As the litigation developed, though, when it became clear that the California courts were only going to allow the remedy of invalidation as a result of the mandate petition, we took the position that that is a constitutionally inadequate remedy, and so that --

QUESTION: How could you take that position without finding out first what kind of relief you might have gotten?

MR. ELLMAN: Well, because the California courts had told us that all you are entitled to in a mandate case is to set aside the decision below, and you go back and they reapply a different set of restrictions.

QUESTION: Is it not conceivable that in that case you would have gotten precisely what the court said at the end of its opinion in this case, that you would have a right to file an application for a less intensive use?

MR. ELLMAN: No, sir, and I would like to explain to you why, if I may. And unfortunately this requires you to get into a little bit into the quagmire of the California land planning law, but you don't have to decide the issue, because it is just a question that can be referred back for trial.

California requires that all approvals be found consistent with a valid and internally consistent general plan. Now, the general plan consists of several elements. There is a land use element which designated this property as residential, but there are also development policies, and the development policy which was applied to us and found controlling in this case we have set out in pertinent part in Footnote 3 on Page 3 of our reply brief.

And it is a development policy that says notwithstanding the fact that we have designated this land residential, it cannot be developed until it is annexed to the City of Davis, because we, the County of Yolo, even though we are the planning jurisdiction, and even though we have determined with our planner's hat on that residential is the most appropriate use of the property, you can't develop or make any use of the property that requires urban service until you take the property into Davis.

And Lavis came to our hearing, to the hearing on our findings, and said, our law controls, our crdinances control. We have this zoned agricultural and open space, and furthermore, Yolo County, you lack the authority to grant any approval.

Now, we can prove at trial -- this is

The California Court of Appeals did not recognize that, but if you read the Friends of B Street case, or the Save El Toro case, or the other cases I have cited, you will see that with the county having applied that development policy to us --

QUESTION: That is very difficult, Mr.

Ellman. You know, when we have a Court of Appeals
opinion in your case that doesn't say that at all, for
you to tell us that other California cases say
something, we are not authorities on California law,
because only the judges of the California Court of
Appeal are.

MR. ELLMAN: Well, Your Honor, I understand that, and I appreciate the difficulty, and I think that the area of the law is peculiar to California. There is no question about that. All we are asking for -- we are not asking you to resolve those issues. We are -- what I am saying to you is, we have pleaded that

QUESTION: Then for you to win, we have to disagree with the California Court of Appeals on an issue of California state law, as I understand you.

MR. FLIMAN: I don't believe that is true,

Justice O'Connor, with all due respect. I think that

you need only say that if we can plead, if we can prove

what we have pleaded, the very simple, straightforward

question, that we have stated a case, a takings case

cognizable under the Fifth and Fourteenth Amendment and

42 USC Section 1983.

QUESTION: That sounds like an advisory opinion or something in the face of a holding by the California court to the effect that you can't do that, that you could seek application for a less intensive development with a chance of success.

MR. ELLMAN: Well, I disagree with that, but chviously -- but I would like to suggest one thing to you. If you look at the California Court of Appeal opinion, you will see the last part of the opinion talks about the Civil Rights Act, the 42 USC Section 1983, and

I mean the California Court of Appeal no disrespect, but I mean that is a proposition so plainly erroneous that it ought to suggest some at least question about the internal integrity of that opinion. It is our position, and if it isn't sufficient here, then that will be the decision of the Court, that we are asking you to remand to the California trial court advising that court that if we can prove what we have alleged, that there is no other application available to us, and that we can prove that those restrictions deprived us of all economic beneficial use of cur property, then we have met the test of rightness and we have established a taking.

QUESTION: What was your property zoned in the Ccunty of Yolo when you made the application?

MR. ELLMAN: Residential. We were in accordance with all the applicable zoning and general plan designations.

QUESTION: And your submission was in accordance with the setback and minimum lot area and all those --

MR. FLIMAN: Yes, sir. It complied in all those respects. The only problem was, it did not comply

with this development policy.

QUESTION: And the development policy was not to allow any residential building in Yolo County until the part was annexed to the City of Davis?

MR. ELLMAN: That's correct, and a lot of California counties have somewhat similar policies.

Now, the County Board of Supervisors found a number of deficiencies --

QUESTION: Other reasons.

MR. FLIMAN: Right, but our pleading is, and as I say, we are prepared to prove at trial that the application complied in all respects with every land use regulation ordinance of the County of Yolo applicable to that property at the time except this development policy.

QUESTION: Then what is the California law when you submit your subdivision map, which I presume asks approval for the subdivision. If everything complies with every existing zoning regulation, what discretion does the Board of Supervisors have?

MR. ELLMAN: Well, they have the discretion to deny it on several grounds. First, in this case, they applied a development policy to override the land use element, which is fairly common.

QUESTION: And that is consistent with

California law.

MR. ELLMAN: Correct, that was -- and, see, we are not arguing -- we pleaded in our complaint a number of aspects where we thought that what they did to us was wrong, to use a generic, imprecise term. But the fact is that I think those are California issues in that we stand here having to admit what has occurred is a legitimate exercise of the police power as the California court views it, but as I think you, sir, wrote for the Court in Kaiser Aetna, the question of whether or not there is a taking is a wholly separate question, and that is the wholly separate question that we are attempting to present here.

QUESTION: Mr. Ellman, was this development policy adopted by the county after your client bought the property?

MR. ELLMAN: Yes, I believe so.

QUESTION: I see, but you don't contend that was the taking, adopting the policy.

MR. ELLMAN: No, because it wasn't applied -you see, if we had come to this Court -- if we had filed
a case without having made an application, and I was
standing here trying to tell you that that was going to
be applied to override the land use element, you would
say don't tell me that until you have made an

application, as I read Agins, and we have no guarrel with that.

QUESTION: Yes, but the Court of Appeals has now told us you can make another application, so I am not really sure it is all that different. If it is the development policy, it totally frustrates your use cf the property.

MR. ELLMAN: Well, our problem -- and I understand that problem. Our problem is that that is a neverending process. I mean, I hope you can understand some of the concern when you get an opinion from the Court of Appeal, and I practice in the state, I have teen doing it for 26 years, and here is an opinion that says in the beginning the complaint has got to be taken as true for purposes of demur. Here are the facts that have been pleaded. None of this stuff about conclusory pleading or anything like that that we have in the FLE's trief, and one of the facts that has been pleaded is that it would be futile, and this is recited in the --

QUESTION: Yes, but you could have filed precisely that complaint before you filed this application. You could have made the same general allegation, then gone ahead and proved, as you can now, that the development policy makes any development absolutely impossible.

QUESTION: It may have been a little harder but you could have ione it.

MR. ELLMAN: -- I believe, though, that this
Court's opinion in the Agins case prevents me from doing
that. I think that what the Court said in Agins is that
I cannot come to court and state a Fifth or Fourteenth
Amendment claim by virtue of land use regulations until
I have first made an application to demonstrate how
those regulations have been applied.

We have done that. We have done that, and all we ask now is a day in court to prove exactly how they have been applied.

One other point before it escapes me, and it is a point, I would really like to make. As far as the point when the taking occurs, we are -- I am very mindful of the position that you took in the opinion you wrote, Mr. Justice Stevens, in the Hamilton Bank case about the fact that the friction of the regulatory process is something to which all property owners hold their property.

We don't disagree with that, but we want you to understand the California context. In California, we have something that is euphemistically referred to as a Permit Streamlining Act, which allows one year to

consider applications. The application procedure requires a substantial period of time before the application is deemed complete, so there is more than one year within which to consider and act on applications.

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We have a very, very tough issue exhaustion dcctrine, which means that I cannot stand in front of a local planning body and fuzz over my arguments and then go to court and challenge them on something I didn't fully and fairly raise in front of them, so the local governing bodies that impose these restrictions, and these are very restrictive things -- they can be based entirely on aesthetics, entirely on how people feel about their community and where they live and so forth -- they have a year plus some additional time to consider them and to consider all the issues and arguments that can be raised, and our position is that when they make a decision that is excessively burdensome, exceeds constitutional bounds, that they cught to be responsible for that and responsible in money damages, that to impose liability in such a case is just like what this Court said in Mailey versus Friggs very recently, that it creates a necessary restraint, a valuable restraint.

QUESTION: But in order for us to reverse the

Court of Appeals, we don't have to find that there are interim damages available for a taking. All we have to do is say that you have pleaded a taking.

MR. ELLMAN: That's correct, and tell the court that the damages we prove, that we are entitled to be compensated, we are entitled to just compensation for the damages we prove.

QUESTION: No, we don't have to say that, it doesn't seem to me. Your Court of Appeals has said, A, there is no taking, and B, if there were, there are no interim damages available. All you can do is get the taking set aside. We don't have to decide both those questions to adjudicate this case. We could simply decide you have alleged sufficient facts to show a taking.

MR. ELLMAN: Well, we have asked you also to direct the California courts on what the remedy is. I am mindful of the argument that has been made in the Solicitor General's brief that that is an open question, but the question of whether compensation is required cnce you find a taking, as was stated in the San Diego dissent, or whether the compensation claim is just conditional is still an open question here.

So I suppose I have to agree with you, although we obviously are arguing, and I hope

QUESTION: Mr. Ellman, do you think ultimately it is possible that ripeness is an element of a taking, that there can't be a taking until it is ripe for consideration?

MR. ELLMAN: Yes, I really do. I mean, it is the same concept that I was trying to explain in connection with our Permit Streamlining Act. We are prepared to accept the notion that until you make an application and go through the process and lay all your issues and arguments in front of the regulating body, assuming that they have a process by which you can do that, which is very easy, by the way. If I hadn't run out of space, I have drafted an amendment, a proposed ordinance to include in my reply brief. It was very short. That that should be required.

We have no problem with that. We claim we did that, and we are prepared to prove it. We just need the chance.

I would like to reserve the balance of my time for rebuttal, if I may. Thank you.

CHIEF JUSTICE BURGER: Mr. Cwen.

CRAL ARGUMENT CF WILLIAM 1. CWEN, ESC.,

ON BEHALF OF THE APPELLEES

Mr. Chief Justice, and may it please the Court, the appellant's complaint here alleges that the county denied one relatively intensive subdivision proposal based upon specific planning, public service, and safety reasons.

We advance two basic propositions. First, denial of one specific subdivision proposal is not a final determination as to how the appellant's land may be used, and thus no ripe taking claim has been alleged by the complaint.

Second, even if ripeness is found to exist under these allegations, the allegations of this complaint do not state a taking whether analyzed under either the just compensation clause or the due process clause.

I would like to address some of the remarks that were made in counsel's prior argument in regard to the urban development policy of the county. Here we have a decision of the Court of Appeal that rules as a matter of California law that the denial of one specific map does not preclude other valuable uses under the county's judicially noticed zoning regulations.

Oddly, the property owner wants to go to trial as a matter of proof to prove that the Court of Appeals

was incorrect in interpreting the county's zoning regulations.

QUESTION: Mr. Owen, I take it then you don't agree with Fcctnote 3 in the petitioner's reply brief -MR. OWEN: No, we do not.

QUESTION: -- where it says about the Yolo County.

MR. OWEN: No, we do not, Your Honor.

QUESTION: Well, has it been your/position in this case that the petitioner was entitled to some residential use of this land?

MR. OWEN: Yes, as long as the property is zoned residential and planned residential in the county, which it is, the land use regulations of the county prescribe that that is a permitted use, and there is no prohibition against that use.

QUESTION: Has the county ever approved a use contrary to the City of Davis's recommendation or desire?

MR. CWEN: I am not sure, but they are right now embrciled in a fight over one, and the outcome is unclear.

QUESTION: It appears that as a practical matter the county has not and will not approve any such plan if the City of Davis doesn't say, fine, go ahead.

MR. CWEN: Well, I don't know that that conclusion -- I honestly couldn't reach that conclusion, and I know the communities. The fact is that Yolo County is a very agricultural community, and they have had a policy for many years that "urban" developments occur within cities simply because cities are best able to provide the services that people demand when an urban type development occurs.

That is a matter of public fiscal policy and planning policy that has been long in existence. And --

QUESTION: Well, but now here the petitioner was asking for 160 houses on 44 acres. Would that he regarded as an urban development?

MR. OWEN: I believe it would, Your Honor, and that is precisely the point with regard to this argument in Footnote 3. The term "urban development" is not defined at all, and in fact if you -- we didn't include these zoning classifications because this new argument has just been raised.

But in the clerk's supplemental transcript you will find the county zoning ordinance, and if you look at the agricultural zone for general agriculture, or if you look at the residential suburban zone, which is a low density residential zone, residences may be constructed up to one per half-acre in residential

QUESTION: Okay, so what was this zoned at the time of the application?

MR. OWEN: The property was zoned R-1, R-2, R-3, and R-4 as to precise areas.

QUESTION: What does that mean?

MR. CWEN: Well, each area, each geographic area has a specific set of standards which outline the maximum densities that are permitted within that zone.

QUESTION: Well, did this subdivision plan that was submitted with 159 lcts, did that ccmply with those existing zoning classifications, or would it have required rezoning?

MR. CWEN: No, the rezoning would not have been required. They were within the maximum densities permitted in those zoning classifications. But as is pointed out in appellant's opening brief, the fact that you have zoning on property only outlines the use and the maximum densities. The actual division for purposes of sale, lease, or financing, or for the development of public streets depends upon being within those maximums and also demonstrating that the plan and design will work under the applicable county policies, development policies.

QUESTION: Why did the Zoning Board turn this down?

MR. OWEN: The Planning Commission or the Ecard of Supervisors?

QUESTION: The Planning Commission in the first instance.

MR. OWEN: The Planning Commission, I do not recall whether they made formal findings or nct.

QUESTION: Did the supervisor make formal findings?

MR. OWEN: Yes, and those are Exhibit C to the complaint, and they are included in the Joint Appendix, and they go into great detail, and in fact on Page 75, Finding Number 12 of the board specifically refers to this urban development type concept, and yet you can see if you read the board's evaluation that that was not a precluding factor.

In other words, the board diin't say because of this policy we have to deny this project. They went through the entire list of public services that would be required to be provided to this subdivision, and they determined that the application was inadequate because it made no provision as to how the services would be maintained and operated.

QUESTION: Okay. You have got some 18 reasons

here for turning the thing dcwn, and supposing I am in the petitioner's spot and I see these reasons, and it says the City of Davis has officially opposed the subdivision because it is inccnsistent with the general plan.

MR. CWEN: Yes.

QUESTION: Does that mean to me that until the City of Davis approves what I want to do, the Board of Supervisors of Yolo County is going to say no?

MR. CWEN: Absolutely not.

QUESTION: Then why to they give this as a reason?

MR. OWEN: Because the subdivision proposed the extension cf a city street through city territory which the city would have had to --

QUESTION: That is given as a separate reason under 6, the failure to extend Cowl Boulevard.

MR. CWEN: That's right.

QUESTION: So Reason 10, it just seems to me if the City of Davis has officially opposed the subdivision, that is a reason for denying it.

MR. CWEN: Nc, you have to read 9, 10, and 11 together. They run in sequence. Nine says, the board finds the tentative map does not provide for service by any governmental entity. The agreement between the

county and the city is that development in areas that are outside the city and outside the existing county service area must annex to one or the other.

The next finding says the City of Lavis has opposed because it is inconsistent with its general plan, and then 11 says, therefore, essentially, the only means of providing sewer service is to annex to the CSA, the County Service Area, which the appellant has not done, has not taken any proceedings to do.

That was not a finding that because of the city's opposition this proposal couldn't be approved, and that would clearly be contrary to California law. Cities do not have the ability to control land use cutside their boundaries. They can plan and they can object like any other citizen could, but they cannot control that extraterritorial land use power.

Again, it is our position that the attempt here to in effect prove, to claim that the appellant can prove that the uses which the Court of Appeals said are available to it is not a matter of proof. It is a matter of law based upon the regulations of the county, which under California law the Court of Appeal has determined does permit the lesser residential or non-agricultural uses.

Our ripeness position essentially is that

there were four routes to achieve a final determination from the county as to how the property might be utilized. The first of these was to submit a redesign that addressed the objections of the county to the first submittal.

The Court in Penn Central recognized this, and the Court of Appeal here states specifically that the denial of that particular plan cannot be equated with a denial or with a refusal to permit any development.

The second route of achieving relief and the one that we believe is critical here is the variance procedure. The variance procedure is well recognized in planning law as the basis for relieving hardship upon the basis of special conditions conditions. And essentially this taking claim, this as applied contention of the appellant, is a hardship claim that falls directly within the purpose of the variance procedure.

The appellant has attempted to get -QUESTION: Mr. Owen, what does your typical
developer do when he is turned down by the Planning
Commission? He can appeal to the Board of Supervisors,
or could he also at that time let the denial stand and
go to the, what, Board of Adjustments for a variance?

MR. OWEN: Yes.

MR. CWEN: I don't believe he does, nc. In fact, you could apply for a variance without ever even applying in the first case for the subdivision. The variance procedure is an independent type of permit asking for relief from some identified portion of the county's zoning regulations.

Here the county's basis for denial, although they are articulated in separate sections, essentially fall under their zoning policy to promote sound and crderly development and to require that intensive urban subdivisions be served by public streets.

The reason that the variance procedure is absolutely critical here is that it provides two essential elements. First it provides full disclosure to the governmental agency as to the nature and the basis for the hardship claim. The hardship claim is not relevant nor even a part of the subdivision map review process.

The map review process is one that under state law requires a determination of conformity with the general plan policies of the county, and an evaluation of other specific criteria, none of which have to do with the hardship or claim of special circumstance of

the property owner.

The second critical factor in the variance process is that even if it is denied, even if the variance is denied, it has attained -- the property cwner has attained a final determination on its hardship claim. Thus we believe at that point the hardship claim upon the plan for which the variance is sought would be final and ripe.

In addition to the variance relief, the Court of Appeal specifically found that without regard to the contentions of the appellant, the judicially noticed zoning ordinance specifically on its face authorizes less intensive but still valuable development. None of these uses have been pursued.

And finally, a fourth form of relief that would have relieved the property owner from economic hardship or at least could have as it has specifically been articulated in the complaint was the special assessment relief provisions of the California statutes that would have allowed the property owner to apply for relief from the sewer assessments to which it has alluded in its complaint, but we would like to note that the original complaint, which actually sought in a portion of the causes of action a refund of those sewer assessments, those causes of action have been abandoned

Our second basic proposition here is that no taking claim has been alleged. First, no property right has been taken. In this regard, no property right is identified and nothing is identified as having been taken. The complaint does not identify a state protected property right.

QUESTION: Are you talking about the allegations in the complaint?

MR. CWEN: Yes.

QUESTION: I thought the petition alleged that he was deprived of all economically beneficial uses of his property there in Yolo County.

MR. CWEN: Yes, and as this Court has stated, an economic impact standing alone without some supporting legal basis either in property rights or clear understandings is not sufficient to state a taking claim.

QUESTION: Are you saying that if the zoning on the property is what he bought it with and they don't try to downgrade or upgrade the zoning, that he is stuck with whatever the Zoning Board decides?

MR. OWEN: No. No. What I am saying is that under California law, and I think it is the law in most states -- here there is no rezoning. There is no change in the land use regulations. But even if there had been, the cases to date, and it is clearly California law, is that you don't have a property right in existing or prospective zoning, so zone changes can be made.

CUESTION: Okay, but I think his contention is -- perhaps he can't prove it -- is that in effect he was required to use this 44 acres just for agricultural use --

MR. OWEN: Yes.

QUESTION: -- when it had a much higher use as a residential use.

MR. CWEN: That's right.

QUESTION: If that is true, do you say that wouldn't be a taking?

MR. OWEN: It is our position that -- let's just talk about taking -- that nothing has been taken.

That is correct. That what he is asking --

QUESTION: He has still got the 44 acres?

MR. OWEN: I am sorry?

QUESTION: He has still got the 44 acres?

MR. CWEN: He has got the 44 acres. He has got the existing use, the very use that was in existence

QUESTION: What if when he purchased it he zoned for four lots to the acre residential, and then after he purchases it the county rezones it and says you can only use this for agricultural land?

MR. CWEN: The California decisions would say that there is no vested right in that prior zoning.

Now, on the other hand, under California law, you would be able to go to court on a mandate or declaratory relief action to show that the zoning was artitrary and capricious and unreasonable as applied to specific property on an invalidation type proceeding.

QUESTION: Then it really is your position, isn't it, that no sort of land use regulation, however it may deprive a person of the best use of their land or really any economic use of their land ever amounts to a taking.

MR. OWEN: No, that is not our position. I think there are California decisions that clearly state that a harsh zoning regulation which is accompanied -- maybe I ought to quote the Supreme Court. "One example cf a direct legal restraint," referring now to de facto takings, "is a particularly harsh zoning restriction, cften calculatingly designed to decrease any future

QUESTION: That is kind of malice aforethought type --

MR. OWEN: Well, except that the state contended that they didn't have any part in it, it was really the county, and the connection that the court found was, well, yes, but there was a freeway agreement between the state and the county which in effect precluded any at grade access under this freeway route, and the court there found that there was a taking by virtue of the denial of these subdivision maps, and that interim damages in this case was awarded because the state in the meantime had abanioned the route, the freeway route.

Peacock versus County of Sacramento is another case where the county was thinking about acquiring an airport to be a county airport, and they started imposing height restrictions and other land use restrictions on a neighbor's property. They ultimately decided not to buy the airport, but the court found that

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because of their actions and the fact that the zoning was imposed as part of the public domain's, the public acquisition process, that there was a taking there, in fact, a permanent taking.

QUESTION: If we thought --

MR. OWEN: So we don't contend that at all.

QUESTION: If we thought that the complaint taken on its face stated a cause of action under the federal constitutional requirements for a taking by way of inverse condemnation, then what should we do, vacate the opinion below and send it back so that the plaintiff below could have an opportunity to establish the allegations?

MR. CWEN: If the Court agrees that the allegations state a taking claim under the Fifth Amendment, I would assume it would have to be reversed and remanded for trial.

QUESTION: Under the crinich below, assuming he proved up what he alleged in his complaint, the only remedy available under California law would be invalidation of the restraints?

MR. CWEN: Yes, because --

OUESTION: That is what -- and the court ruled that in this case.

MR. OWEN: That is right, because the -- as

this Court found in Connelly, there was no actual displacement of domain and no precondemnation facts alleged.

QUESTION: If we thought that -- if there is a taking, and if we think that a taking requires compensation, I would think -- you would think we would say so.

MR. CWEN: Do I think you would say sc?

QUESTION: Can we avoid saying that

compensation is required?

MR. OWEN: Oh --

QUESTION: If we say there is a taking.

MR. CWEN: Surely.

QUESTION: How can we --

MR. CWEN: Well, I think the --

QUESTION: Part of the taking is -- part of the issue about a taking is whether there is some money due.

MR. CWEN: Tying it into the remedy issue?
Well, it is our position that a Fifth Amendment just
compensation clause taking for public use is not
demonstrated where there is an absence of factual
allegations regarding either physical invasion --

QUESTION: I know, but suppose we disagree with you. Suppose that the allegations of the complaint

we think state a cause of action.

MR. OWEN: For a taking.

QUESTION: For a taking.

MR. OWEN: Under the just compensation clause. Then you would reverse, and we would try the taking issue.

QUESTION: Would we say a thing about compensation?

MR. OWEN: Well, I would hope you would say under which theory of invalidation you are going, because I think there are significant consequences of which clause you rely on in determining that there is a taking, and our position is that in the absence of those kinds of invasive activities or precondemnation activities, the analysis is under the Fourteenth Amendment, and that compensation is not the appropriate remedy.

With regard to the property right question, we do realize that there has been an allegation that the use which is being made of the property, the agricultural use is unprofitable to this plaintiff, and what we believe this is is a contention essentially that there is a constitutional right to governmental permits that would assure a profit.

And we do not believe that there is any such

property right, that otherwise government would be the insurer of a developer's risk, especially as here, where nothing has changed. The existing use is the same. The zoning regulations are the same. And all that has happened is one permit for one --

QUESTION: Your position, is it that here is a person who buys a piece of property, 44 acres, that is zoned for residential, but let's just assume, which is alleged here, that it is absolutely useless because of the soil conditions for agriculture, and if a person tuys a piece of property like that, he is just stuck with it, I guess. Is that it?

MR. CWEN: Well, we would think that government is not responsible to bail him out of that cor investment. It is no different than purchasing --

QUESTION: If it had been zoned for agriculture only when he bought it, then he certainly is stuck with it.

MR. OWEN: Well, yes, I would think that would be a stronger --

QUESTION: Even if there is a rezoning for residential use.

MR. OWEN: I am sorry, he bought it as agricultural --

QUESTION: He bought it as agriculture, then

it is rezched for residential use, and you just say that we are just not going to appoint, we are just not going to allow you to develop it at all, regardless of the zoning. Would that be a taking, in your view? Or would you say, well, look, you are stuck with your bargain. You bought it as agricultural land. It certainly isn't a taking.

MR. OWEN: That would be a more difficult case to establish a taking simply because the one factor of reasonable expectations might be less favorable to the property owner than if he had purchased a piece of property that was residential, and is in the position that these people are, where they say, we need to take advantage of that zoning in order to --

QUESTION: You seem to say under California law even if you take his allegations, the allegations of his complaint as true, that he just hasn't been deprived of any property right under California law.

MR. OWEN: That's correct.

QUESTION: May I ask one question on the zoning?

MR. CWEN: Yes.

QUESTION: As I understand, the property is currently in an agricultural use rather than any kind of residential use.

MR. OWEN: Yes.

QUESTION: And I gather that is permitted under a -- notwithstanding the fact it is zoned residential.

MR. CWEN: Yes.

QUESTION: When it is zoned residential, it can be that or anything less intensive. Is that it?

MR. OWEN: Correct.

QUESTION: I see.

MR. OWEN: A second basis for our taking contention is that the allegations of the complaint only address a discrete 44-acre portion of the total 167-acre land holding, and makes no reference at all as to the overall economic usability or viability of the parcel, and it is cur contention that it is no different really than the setback type of case or height limitation case where a discrete portion is alleged to be economically not viable, but no allegation is made as to the economic viability of the property as a total land holding.

And finally, on the taking issue, we believe that the Court of Appeal has specifically held that there are valuable development uses available here under the city's zoning regulations -- or the county's zoning regulations, and that the developer is not precluded from applying to take advantage of --

QUESTION: Would the city have absclute right on a reapplication for a less intensive plan to decline to extend any of its utilities?

MR. OWEN: I believe it has the ability to decline to extend utilities, yes.

QUESTION: Would that apply to property within the city as well as the ccunty?

MR. OWEN: The city actually cannot -- it does not provide utility services outside its limits except in a cooperative basis with the county or the county service area, but the city does have the ability, I think, within its own city limits to say we are not going to extend services because it is inconsistent with cur general plan, and there never has been a general plan request made to the city.

QUESTION: So that the city could decline to extend any of its services to the 15-acre tract?

MR. CWEN: Oh, no, the portion that is in the city -- that is another thing I ought to point out.

There is a portion of this 167 acres that is in the city, zoned residential, and there was an application which came within a whisker of being approved in what -- the city has an annual development review process balancing different project proposals, and it was proposed for development and was approved through the

us?

Planning Commission essentially, and at the last minute the City Council turned it down because the street was proposed to be extended, contrary to the general plan.

QUESTION: Is that 15-acre question before

MR. OWEN: I think it is, Your Honor, because the complaint and the facts judicially noticed is that this is all one contiguous land holding.

If there are no further questions, that will conclude my remarks. Thank you.

CHIEF JUSTICE BURGER: You have three minutes remaining, Mr. Ellman.

ORAL ARGUMENT OF HOWARD N. ELLMAN, ESQ.,

ON BEHALF OF THE APPELLANT - REBUTTAL

MR. ELLMAN: Thank you very much, Your Honor.

I have just three points.

First of all, I want to make it absolutely clear that we are not asking to be guaranteed a profit. What has happened in this case is that our land has been relegated to open space use for the benefit of the citizens of Davis, and as a result we have been relegated to activities from which we can derive return equal to a minor fraction of the property taxes assessed for holding this land.

We have pleaded in our complaint that all

services, all urban services are available to that property on prosaic physical and legal conditions but for the decision of the City of Davis to withhold them. That is what we are prepared to prove. That is the burden we are prepared to carry at trial.

Now, it suggested that variances are available. Well, we say not, and that is what our complaint says, and they say they are, and on a case dispositive pleading motion I think I am entitled -- we should be entitled to put that case in issue. It is suggested --

QUESTION: Well, perhaps well pleaded facts must be admitted, but propositions of law certainly don't need to be, do they?

MR. FLLMAN: Well, that is correct, Your

Honor, but I think that if you look at the complaint,

that what we have here is more than a proposition of

law, and more than that, under California law a variance

cannot be granted unless it is found consistent with the

applicable general plan, and we have been told that the

general plan that applies here is this development

policy.

I have one question. If we gave all of these administrative procedures that are available and we are being invited to pursue them, obviously there ought to

be no concern. Why the great fear of trial? We are in a situation here where when you strip away all the rhetoric, what you get down to is, the county has made some findings, and they want those findings to be conclusive as against our complaint, and we are prepared to attempt to prove that what we say is correct.

QUESTION: What is your -- what federal cause of action do you think you have stated?

MR. ELLMAN: I think that we have stated a case for taking and compensation under both the Fifth Amendment and 42 USC Section 1983. That is what we claim we have done.

QUESTION: And what is your -- you have been denied a constitutional right?

MR. ELLMAN: Yes.

QUESTION: What is that?

MR. ELLMAN: We have been deprived of our property without just compensation, and the deprivation is the deprivation of all economic beneficial use and reasonable investment-backed expectations.

QUESTION: So you trace your constitutional degrivation to the just compensation?

MR. ELLMAN: Yes, correct. That is the basis for our claim, and I am afraid the case presents that tough question, the regulatory taking question, because

it is true, there has been no physical invasion here.

We have been reduced to a use which condemns us to hold
the property at a loss so that the citizens of Davis can
look at our land in an open condition.

Thank you.

CHIEF JUSTICE BURGER: Thank you, gentlemen. The case is submitted.

(Whereupon, at 1:57 o'clock p.m., the case in the above-entitled matter was submitted.)

CERTIFICATION

ched pages represents an accurate transcription of ctronic sound recording of the oral argument before the rame Court of The Thitad States in the Matter of:

#84-2015 - MacDONALD, SOMMER & FRATES, Appellant V. COUNTY OF YOLO, ET AL.

that these attached pages constitutes the original ascript of the proceedings for the records of the court.

BY Paul A. Richardon (REPORTER)

SUPREME COURT. U.S MARSHAL'S OFFICE '86 MAR 28 A9:35