

Bond Case Briefs

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California Bldg. Industry Ass'n v. City of San Jose

Supreme Court of California - June 15, 2015 - P.3d - 2015 WL 3650184

Building industry association brought action for declaratory and injunctive relief against city, city council, and mayor to invalidate city's "inclusionary housing" ordinance on its face. Affordable housing organizations intervened. The Superior Court granted declaratory and injunctive relief. Defendants and intervenors appealed, and the Court of Appeal reversed and remanded. The Supreme Court granted review, superseding the opinion of the Court of Appeal.

The Supreme Court of California held that:

- Requirement that a the developer sell 15 percent of its on-site for-sale units at an affordable housing price was not an unconstitutional exaction in violation of the takings clause, and
- Validity of an inclusionary housing ordinance does not depend upon a showing that the restrictions are reasonably related to the impact of a particular development to which the ordinance applies, disapproving *Building Industry Assn. of Central California v. City of Patterson*, 171 Cal.App.4th 886, 90 Cal.Rptr.3d 63.

City inclusionary housing ordinance requirement that a developer sell 15 percent of its on-site for-sale units at an affordable housing price was not an unconstitutional "exaction" in violation of the takings clause. Condition did not require dedication of property or money to the public, city had broad discretion to regulate the use of real property to serve the public interests, and price control was not confiscatory.

When a municipality enacts a broad inclusionary housing ordinance to increase the amount of affordable housing in the community and to disperse new affordable housing in economically diverse projects throughout the community, the validity of the ordinance does not depend upon a showing that the restrictions are reasonably related to the impact of a particular development to which the ordinance applies. Rather, the restrictions must be reasonably related to the broad general welfare purposes for which the ordinance was enacted.