State Supreme Court Narrowly Interprets Variance Authority

The court ruling holds cities to a much stricter standard, which considerably limits variance opportunities.

(Published Jul 21, 2010)

The Minnesota Supreme Court recently issued a decision that changed the longstanding interpretation of the statutory standard for granting zoning variances.

In the case of Krummenacher v. City of Minnetonka, the Supreme Court narrowly interpreted the definition of "undue hardship" and held that the "reasonable use" prong of the "undue hardship" test is not whether the proposed use is reasonable, but rather whether there is reasonable use in the absence of the variance. This is a much stricter standard, which considerably limits variance opportunities.

The decision

The City of Minnetonka issued a variance to a residential property owner permitting the expansion of a legal, non-conforming garage. The city, relying on a 1989 Court of Appeals decision, concluded that the grant of the variance was reasonable. The city's decision was challenged by an adjacent property owner. Both the District Court and the Minnesota Court of Appeals agreed that the city's decision was appropriate. On June 24 the Minnesota Supreme Court reversed the Court of Appeals and found the city's decision impermissible.

The Supreme Court examined the statutory definition of "undue hardship" in ***Minnesota Statutes*, section 462.357** *(Link to: https://www.revisor.mn.gov/statutes/?id=462.357)* , and concluded that city authority to issue a variance is limited to those very rare cases where the property cannot be put to "a reasonable use" without the variance. This establishes a high threshold for both the city and the property owner when considering variance requests.

The Supreme Court reviewed the parallel county authority that allows for a variance in situations of "practical difficulties" or "hardship." The Supreme Court found that the city authority was more limited because it did not contain the "practical difficulties" provision. The court explicitly recognized that it was changing a longstanding standard that cities have relied on in considering variance requests. In particular, the court specifically rejected a 1989 Court of Appeals interpretation of the phrase "undue hardship," which allowed for the grant of a variance in circumstances where the "property owner would like to use the property in a reasonable manner that is prohibited by the ordinance."

The Supreme Court stated that "unless and until the Legislature takes action to provide a more flexible variance standard for municipalities, we are constrained by the language of the statute to hold that a municipality does not have the authority to grant a variance unless the applicant can show that her property cannot be put to a reasonable use without the variance."

Impact of the decision

Because of the far-reaching nature of the decision, there are probably at least four responses that cities should think about—at least until a legislative correction can be achieved:

- The city should re-evaluate the criteria that it has historically used in deciding whether or not to grant a variance. The Supreme Court's decision limits a city's discretion. The ruling limits the authority to circumstances where the property owner can demonstrate that there is not a reasonable use of the property absent the variance grant.
- In circumstances where the city council believes the grant of a variance is appropriate, the city should take great care to make detailed finding describing why the grant of the variance is necessary to provide the property owner with a reasonable use of his or her property. What constitutes a reasonable use of property is not defined and may differ depending on the unique circumstances of the property and attributes of various communities.
- If a city routinely grants variances, this may be an indicator that it may want to re-examine its zoning code to ensure that standards, setbacks, uses, and other requirements are consistent with the city council's current vision for the community. In short, the court's decision should act as an encouragement to cities to review their land use practices.
- Cities may want to build greater flexibility into their existing conditional use permit, planned unit development, and setback regulations to explicitly afford greater latitude to allow "variance-like" approvals under the zoning code. For instance, a city might establish alternative setback requirements to allow for construction that is consistent with neighborhood attributes.

Legislative action
The restrictive court decision has caused a number of League members to call for a legislative response. The decision, its impact, and a possible legislative response will be discussed in the League's Improving Service Delivery Policy Committee this summer. It is anticipated that the League will support a legislative change to provide cities with greater flexibility—perhaps something similar to the county authority.

Read the current issue of the Cities Bulletin *(Link to: http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp)*

Your LMC Resource

Contact Tom Grundhoefer General Counsel
(651) 281-1266 or (800) 925-1122
tgrundho@lmc.org *(Link to: mailto:tgrundho@lmc.org)*