WASHINGTON — The Murr family's path to the Supreme Court began on the scenic banks of Wisconsin's St. Croix River, when a group of siblings tried to sell one of two waterfront plots.

The idea was to use the money from the vacant lot to pay for improvements on a rustic cabin that sits on the parcel next door. But county officials nixed the sale for violating local conservation rules and treated the lots as a single property that can't be split up.
Family members say that move unfairly stripped the vacant lot of its value, which has been assessed at $400,000. The legal fight has turned into an important property rights case that could make it tougher for states to regulate development in coastal areas.

“We felt our rights had been violated,” said Donna Murr, one of four family members who sued the state of Wisconsin and St. Croix County. “If the government is going to take your property, they need to pay for it.”

On Monday, justices hear arguments in the case, which has garnered attention from property rights and business groups that want government officials to pay when regulations restrict property use. The dispute has more than a dozen states lining up on opposite sides.

The Constitution requires compensation if the government takes away a property’s economic value. If the high court sides with the Murrs, it could become easier for landowners to get paid when government rules make their property less valuable.

More than 100 cities and counties across the country — including Miami, New Orleans, Pittsburgh and Minneapolis — have similar “merger” restrictions that treat two properties as one if they have the same owner, according to a brief filed by the National League of Cities and other groups. The groups say that type of land use regulation is so prevalent that it shouldn’t surprise property owners who buy vacant adjacent lots.

But Murr says the family was surprised to learn that regulations could devalue a property they viewed as a long-term investment. Her father purchased the two 1.25-acre lots separately in the 1960s and has paid taxes separately.

The state and county passed regulations in 1976 that limited development in the area to prevent overcrowding, soil erosion and water pollution. The lots were later transferred to the Murr siblings in the 1990s.

Once the new restrictions came into place, the vacant parcel was defined as “substandard.” Yet under a grandfather clause, that empty parcel still could be developed if it was owned by anyone other than the Murr siblings. Because the Murrs own both lots, the exception does not apply to them.

So the Murrs can’t sell the vacant lot to anyone unless it’s combined with the other property.
Murr says without the ability to sell or develop the lot, it is essentially useless. She wants the government to pay the family what it’s worth.

“One family shouldn’t have to bear the cost of what’s good for the common area,” Murr said.

The family is being represented by the Pacific Legal Foundation, a public interest law firm that focuses on property rights.

Lower courts ruled that viewing the Murr property as a whole, it retains practical use as a residential lot and does not warrant compensation from the government.

The county says a ruling against it would undermine its ability to minimize flood damage and maintain property values in the area. It argues that the family has treated both parcels as a single lot and says they could build a new home on either lot.

California and eight other states argue in a brief to the court that a win for the property owners could discourage local governments from adopting land-use regulations that protect the environment, or else risk costly financial exposure from having to pay landowners.

On the other side, Nevada and eight states say if Wisconsin’s interpretation stands, it would leave property “vulnerable to large-scale uncompensated encroachment by the government.”