

Bond Case Briefs

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DEVELOPMENT FEES - MINNESOTA

Harstad v. City of Woodbury

Supreme Court of Minnesota - August 15, 2018 - N.W.2d - 2018 WL 3868465

Developer filed suit against statutory city seeking declaration that city could not condition grant of application for subdivision on developer's payment of infrastructure charge representing amount for "major roadway and intersection improvements" that would be "required to accommodate traffic generated by [proposed development] and surrounding areas."

The District Court granted developer's motion for summary judgment and declared that assessment was unenforceable. City appealed. The Court of Appeals affirmed. City's petition for review was allowed.

The Supreme Court of Minnesota held that:

- Statutory city lacked statutory authority to condition grant of application for subdivision on developer's payment of infrastructure charge, and
- City's authority to enter into development contract embodying terms and conditions of approval of subdivision did not authorize city to condition approval on developer's payment of infrastructure charge.

Statute governing subdivision regulation, which authorized city to condition approval of subdivision application on developer either constructing or installing improvements or providing form of financial security that was sufficient to assure city that improvements will be constructed or installed according to city specifications did not confer statutory city with authority to condition grant of application for subdivision on developer's payment of infrastructure charge for major roadway and intersection improvements that would be required to accommodate traffic generated by proposed development and surrounding areas; infrastructure charge did not constitute "cash deposit" or "other financial security," where, if application was approved on condition that developer built agreed-upon infrastructure or improvement, and developer failed to meet condition, then financial security would serve to ensure funding and completion of improvements as approved by city, but if developer completed project and satisfied condition, then city was required to return to developer any financial security provided, and infrastructure charge was not program designed to provide financial security.

Statute governing subdivision regulation, which authorized city to condition approval of subdivision application on developer's "compliance with other requirements reasonably related to the provisions of the regulations and to execute development contracts embodying the terms and conditions of approval," did not confer statutory city with broad grant of authority to condition grant of subdivision application on developer's payment of infrastructure charge for major roadway and intersection improvements that would be required to accommodate traffic generated by proposed development and surrounding areas; infrastructure charge was not voluntary, and thus was not true negotiated term of development contract, since developer who failed to make payment in amount city found acceptable faced prospect of denial of application, power to enter into development contract did not include power to assess infrastructure charge, and because city lacked statutory

authority to assess infrastructure charge, such authority could not be written into contract.