

Bond Case Briefs

Municipal Finance Law Since 1971

SPECIAL ASSESSMENTS - TEXAS

MHI Partnership, Ltd. v. City of League City

Court of Appeals of Texas, Houston (14th Dist.) - April 18, 2017 - S.W.3d - 2017 WL 1450563

City brought interpleader action to determine entitlement to excess funds resulting from special assessments in connection with development of subdivision. Developers who paid special assessments requested refunds to those who paid assessments based on a pro rata formula.

Following bench trial, District Court entered judgment ordering distribution to current owners of property within the subdivision. Developers appealed.

The Court of Appeals held that:

- Evidence was insufficient to support findings of fact regarding developers' prior reimbursement for excess assessments;
- Evidence was insufficient to support findings of fact regarding current possession as requirement for refund; and
- Refunds were to be distributed on pro rata basis to those who actually paid assessments.

Refunds for excess amounts resulting from special assessments in connection with development of subdivision were to be paid on a pro rata basis to those who paid the assessments, rather than to holders of record title to each property on date of trial court's judgment, without regard to whether current holders had paid assessments. City ordinance governing excess assessments provided for a refund, paying money from excess-assessment fund to property owners who did not make special-assessment payments was not a refund, but was a windfall, and interests in potential refunds were personal rights belonging to those who actually paid the assessments, without regard to whether they owned the properties at the time of the refunds.