

Bond Case Briefs

Municipal Finance Law Since 1971

CONTRACTS - MARYLAND

K. Hovnanian Homes of Maryland, LLC v. Mayor of Havre de Grace

Court of Appeals of Maryland - January 29, 2021 - A.3d - 2021 WL 302874

Developer which had performed infrastructure improvements involving water, sewer lines, and roads to one of three adjacent parcels, and who had allegedly entered into agreement with city to recoup costs for doing so from owners of other two parcels, brought declaratory judgment action against city to compel execution and recordation of the agreement.

The Circuit Court granted summary judgment to city. Developer appealed. The Court of Special Appeals reversed and remanded. On remand, the Circuit Court granted summary judgment to developer. City appealed. The Court of Special Appeals reversed. Developer petitioned for writ of certiorari, and petition was granted.

The Court of Appeals held that:

- Municipal action that developer sought to enforce as would be subject to Home Rule Amendment, local government statutes, and city charter provisions requiring fees to be established by municipal legislative body;
- Pursuant to city charter, legislative acts, including imposition of water and sewage fees and charges, were to be undertaken by ordinance adopted by mayor and city council, rather than solely by mayor or by verbal resolution of city council; and
- Where a party is seeking to enforce a contract against a municipality in which the substance of the contract was required to be adopted by an ordinance, and no such ordinance was enacted, the contract is ultra vires and unenforceable.