

Bond Case Briefs

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KITC Homes, LLC v. City of Richmond Heights

Missouri Court of Appeals, Eastern District, DIVISION TWO - March 8, 2022 - S.W.3d - 2022 WL 677654

Developers brought action against city, raising claims of tortious interference, negligence, and impairment of contract under the Contracts Clause, after city allegedly delayed in sending developers an invoice for demolition costs on property before sale after developers had purchased the property from the city.

The Circuit Court granted city's motion to dismiss on sovereign immunity grounds and for failure to state a Contracts Clause claim. Developers appealed.

The Court of Appeals held that:

- Proprietary-function exception to sovereign immunity applied to developer's tortious interference and negligence claims, but
- Developer failed to state a Contracts Clause Claim.

Proprietary-function exception to sovereign immunity applied to developer's tortious interference and negligence claims against city, where developers alleged that city, for the purpose of receiving income to benefit itself as a corporate entity, demolished improvements on property, and delayed in submitting to developer a special assessment for the cost of the demolition until after developer purchased property.

Developer, who alleged that city delayed in issuing it a special assessment for costs that city incurred after demolishing buildings on land before selling it to developer until after developer had purchased land, failed to state a Contracts Clause claim, where city's assessment was not a law of the state or change in state law that impaired the alleged contractual relationship between the city and developer.