

Bond Case Briefs

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STUDENT HOUSING - SOUTH DAKOTA

South Dakota Board of Regents v. Madison Housing and Redevelopment Commission

Supreme Court of South Dakota - August 20, 2025 - N.W.3d - 2025 WL 2416180 - 2025 S.D. 50

State university which leased two apartment buildings from city housing and redevelopment commission for student housing brought action against commission, seeking a declaration of its rights under leases and alleging breach of contract regarding university's option to purchase.

Commission counterclaimed for declaratory relief and breach of contract. The Circuit Court granted university's motion for summary judgment, and commission appealed.

The Supreme Court held that:

- Leases did not constitute a single, continuous contract, and thus terms of original lease regarding commission's obligation to maintain reserve account were not still in effect when university exercised its option to purchase, and
- Option to purchase the property "for an amount equal to the then existing mortgage principal and interest balance" referred to the mortgage balance at the time of the exercise of the option.

Multiple leases between state university and city housing and redevelopment commission for two apartment buildings did not constitute a single, continuous contract, and thus terms of original lease regarding commission's obligation to maintain reserve account were not still in effect when university exercised its option to purchase the apartment buildings under lease executed 17 years after original lease; each lease stood on its own, expired on its own terms, and was not dependent upon the execution of another, and addenda to later lease which referenced the original lease were executed to continue the later lease after account dispute arose, and explicitly stated they did not admit any facts and could not be used against the parties.

Student apartment lease between state university and city housing and redevelopment commission which granted university the option to purchase the property "for an amount equal to the then existing mortgage principal and interest balance" referred to the mortgage balance at the time of the exercise of the option, which had been refinanced, rather than the mortgage balance at the time of the original construction of the apartment buildings.