

EQUAL JUSTICE UNDER LAW



■ LEGAL PRECEDENT | STATE OF MINNESOTA

# Harstad v. City of Woodbury

*Housing Affordability Institute's Legal Precedents outlines influential, precedent-setting court decisions at the state and federal level and illustrates their impact on housing and development and their impact on housing and development.*

## CASE OVERVIEW

*Harstad v. Woodbury*, A16-1937, is a 2018 landmark decision from the Minnesota Supreme Court. Martin Harstad, a developer, sought to develop market-rate townhomes in Woodbury, Minn., a Twin Cities suburb. The City of Woodbury sought to condition the approval of the project on payment of an infrastructure charge not authorized under Minnesota statute, while also conditioning approval on Harstad's waiver of his statutory right to contest the fee. Harstad sued the City of Woodbury in 2016. The case was appealed twice, eventually landing before the Minnesota Supreme Court.

In 2018, the Minnesota Supreme Court ruled for Harstad.

## PRECEDENT

In a unanimous decision, the Minnesota Supreme Court stated that subdivision approval powers for Minnesota statutory cities are limited to the powers granted under law. Justice G. Barry Anderson wrote for the court:

*"The phrase 'other requirements' refers to additional or distinct requirements that may be necessary to implement the subdivision regulations that a city may impose under this statute but that were not explicitly identified in the provision. Because we construe the law 'to give effect to all its provisions,' Minn. Stat. §645.16, we do not read this final paragraph of Minn. Stat. §462.358, subd. 2a, as authorizing a power that is not authorized in the other paragraphs. In other words, because the statute does not authorize a statutory city to condition subdivision approval on an infrastructure charge, such a condition cannot be memorialized in a contract."*

## IMPACT ON HOUSING

Immediately following *Harstad*, Minnesota cities conditioning subdivision approval on these illegal fees were forced to cease this practice. Homebuilders were quick to challenge a city continuing to charge the fee, and won a summary judgement in January 2020.

The *Harstad* ruling revealed the Minnesota Court's skepticism of the so-called "voluntary" terms and conditions placed on subdivision approval. Justice Anderson wrote:

*"Put another way, the pearl of great price here is approval of the subdivision agreement. A developer who fails to make a "voluntary" payment in an amount Woodbury finds acceptable faces the prospect of denial of the subdivision application. The infrastructure charge is thus a requirement and Harstad is correct that there is nothing voluntary about it."*

## FURTHER READING

*Country Joe v. City of Eagan*, C8-95-2289 (MN-1997)