DISTRICT OF COLUMBIA COURT OF APPEALS

District of Columbia v. Brookstowne Community Development Company

987 A.2d 442 (D.C. 2010) · No. No. 08-CV-264 · Decided January 21, 2010

SUMMARY

The District of Columbia Court of Appeals held that the Homestead Housing Preservation Act did not authorize the District to sell a large multifamily residential property under the Homestead Program to a for-profit entity. Because the District of Columbia agency lacked statutory capacity to enter the contract, the agreement was void ab initio, and the District could not be estopped from denying its enforceability. The court reversed the judgment awarding Brookstowne damages and ordered judgment for the District.

CASE DETAILS

COURT	District of Columbia Court of Appeals
WRITING FOR THE COURT	Washington, Chief Judge; Reid, Associate Judge; Pryor, Senior Judge
JURISDICTION	District of Columbia
DECIDED	January 21, 2010
DOCKET	No. 08-CV-264
DISPOSITION	reversed
PROCEDURAL POSTURE	The District of Columbia appealed a Superior Court judgment holding that it breached a contract to sell an apartment building to Brookstowne and awarding Brookstowne $1,395,365.18 in damages.
STANDARD OF REVIEW	De novo review applies to the trial court's legal conclusions, statutory-construction issues, and determination whether an enforceable contract exists; factual findings concerning what the parties said or did are reviewed for clear error.
PRECEDENTIAL VALUE	Published opinion; precedential
PARTIES	District of Columbia v. Brookstowne Community Development Company

TOPICS

statutory interpretation · legislative intent · expressio unius · contracts · appellate procedure

PRACTICE AREAS

statutory interpretation · contracts · administrative law · real estate · municipal law

QUESTIONS PRESENTED

1. Whether the Homestead Housing Preservation Act authorized DHCD to contract to sell a large multi-family residential property under the Homestead Program to a for-profit entity.
2. Whether DHCD regulations referring to proposals from 'other entities' expanded the statutory categories of eligible participants.
3. Whether the District was estopped from denying the enforceability of the contract based on DHCD's representations and conduct.

HOLDINGS

1. The Homestead Housing Preservation Act did not authorize DHCD to contract to sell a Homestead Program property to a for-profit entity. The statute's use of 'only' and its exhaustive enumeration of eligible categories limited consideration to qualified tenant associations, cooperative housing associations, and nonprofit developers of cooperative housing opportunities.
2. DHCD regulations could not expand the categories of entities authorized by the Homestead Housing Preservation Act to participate in the Homestead Program. The regulation's reference to 'other entities' had to be construed consistently with the statute and could not authorize contracts with for-profit entities.
3. The District could not be estopped from disavowing the contract. A party contracting with the District is charged with constructive notice of the limits of the government's actual authority and cannot reasonably rely on representations that an agency or agent has authority it plainly lacks.

KEY QUOTATIONS

> *“It is a basic principle of District law that a contracting official cannot obligate the District to a contract in excess of his or her actual authority.”* (447)

> *“The exclusion of for-profit developers from the list of those entities that can be even considered strongly suggests that the District lacked the authority to sell the property to Brookstowne under the HHPA.”* (448)

> *“a party contracting with the government is 'on constructive notice of the limits of the [government agent's] authority,' and cannot reasonably rely on representations to the contrary.”* (450)

> *“the HHPA did not authorize the DHCD to contract to sell the apartment building to a for-profit entity under the Homestead Program, so the agency lacked the capacity to enter into the Brookstowne contract, which is therefore void ab initio.”* (451)

FACTUAL BACKGROUND

The District's Department of Housing and Community Development issued a request for proposals under the Homestead Housing Preservation Act to renovate and sell a thirty-seven-unit apartment building as affordable condominiums. Brookstowne, a for-profit entity, submitted a proposal, paid a $250 deposit after DHCD accepted it, and signed closing documents after the District resolved title liens. In 2003, DHCD withdrew the offer and refunded the deposit after determining that the Homestead Program did not authorize sales to for-profit developers. Brookstowne sued, and the trial court awarded damages for breach of contract.

PROCEDURAL HISTORY

Brookstowne sued the District in the Superior Court of the District of Columbia for breach of contract, seeking specific performance and damages after DHCD withdrew its offer to sell a Homestead Program property because Brookstowne was a for-profit entity. The trial court denied the District's summary-judgment motion, proceeded to trial, found a breach, and entered judgment for Brookstowne on November 28, 2007. The District timely appealed, and the Court of Appeals reversed and ordered judgment for the District.

DISPOSITION

reversed

REMAND INSTRUCTIONS

The court ordered that judgment be entered for the District of Columbia.

CASES CITED

- Mitchell v. United States, 977 A.2d 959, 968 (D.C. 2009)
- Rosenthal v. National Produce Co., 573 A.2d 365, 369 n.9 (D.C. 1990)
- L.K. Comstock & Co. v. United Engineers & Constructors, Inc., 880 F.2d 219, 221 (9th Cir. 1989)
- United States v. John McShain, Inc., 258 F.2d 422, 103 U.S.App. D.C. 328, 330-31 (D.C. Cir. 1958), cert. denied, 358 U.S. 832, 79 S. Ct. 52, 3 L. Ed. 2d 70 (1958)
- District of Columbia v. Greene, 806 A.2d 216, 222 (D.C. 2002)
- Citizens Ass'n of Georgetown v. District of Columbia Bd. of Zoning Adjustment, 642 A.2d 125, 128 (D.C. 1994)
- Davis v. United States, 397 A.2d 951, 956 (D.C. 1979)
- Lennon v. United States, 736 A.2d 208, 210 (D.C. 1999)
- Allman v. Snyder, 888 A.2d 1161, 1169 (D.C. 2005)
- Council of D.C. v. Clay, 683 A.2d 1385, 1390 (D.C. 1996)
- Washington Gas Light Co. v. PSC of the D.C., 982 A.2d 691, 702-03 (D.C. 2009)
- Hanson v. District of Columbia Rental Hous. Comm'n, 584 A.2d 592, 595 (D.C. 1991)
- Barbour v. District of Columbia Dep't of Employment Servs., 499 A.2d 122, 125-26 (D.C. 1985)
- District of Columbia v. Catholic Univ. of Am., 397 A.2d 915, 915 (D.C. 1979)
- Hospitality Temps Corp. v. District of Columbia, 926 A.2d 131, 139 (D.C. 2007)
- Mamo v. District of Columbia, 934 A.2d 376, 386 (D.C. 2007)
- Leekley v. District of Columbia Dep't of Employment Servs., 726 A.2d 678, 680 (D.C. 1999)

- RDP Development Corp. v. District of Columbia, 645 A.2d 1078, 1082 (D.C. 1994)