California Appellate Court Rules Development Agreements Do Not Per Se Extend All Terms of a Vesting Tentative Map

Although the rights conferred by a vesting tentative map are generally for a period not to exceed two years, local agencies may, however, extend the benefits conferred by a tentative map by way of a development agreement. A California appellate court case has ruled, in the case of North Murrieta Community, LLC v. City of Murrieta, that when extending the benefits initially provided by a tentative vesting map, the development agreement need not extend all benefits originally afforded by the tentative vesting map.

North Murrieta Community, LLC (the "Master Developer") was the master developer of the Golden City Project (the "Project") in the City of Murrieta, California (the "City"). The Master Developer applied for and received Vesting Tentative Map 28532 (the "Map") for a portion of the Project, which limited the development fees that could be imposed on the Project to those already in effect as of the date of the Map for two years. Before its expiration, the City and the Master Developer entered into a development agreement (the "Development Agreement") that extended the benefits of the Map for an additional fifteen years, subject to two modifications. First, the Development Agreement established the date of the Development Agreement, instead of the date of the Map, as the point of demarcation for imposing new development fees. The Development Agreement "also reserved to the city the power to impose additional fees or to increase fees so long as they are "effective citywide… for project impacts which are not fully mitigated by existing fees or exactions at the time of the city's approval of the development agreement."

Within two years of enacting the Development Agreement, the City, in response to efforts by the Western Riverside Council of Governments to fund improvements to the regional transportation system and reducing traffic congestion within western Riverside County, the City passed the Western Riverside County Transportation Uniform Mitigation Fee Program Ordinance ("TUMF"). A fee of $5412,497 was paid by the Master Developer and the Project's builder, D.R. Horton, who challenged the TUMF as a violation of the fee restrictions included in the Map.

After losing at the trial court, the Master Developer appealed the decision, arguing that the imposition of the TUMF was barred by the Map. Despite the Map having an expiration date before the adoption of the TUMF, the Master Developer pleaded that the entirety of the Map's benefits were extended for the duration of the Development Agreement, arguing that "vesting tentative maps impart a species of super rights that cannot be negotiated away." In the absence of any authority supporting this argument, the court turned to the bargained-for nature of the Development Agreement, ruling that "development agreements are contracts, enforceable like normal contracts" and therefore the Master Developer "can't claim the benefit of the provisions that benefit them but disclaim the provisions that don't." While the City had agreed to extend the benefits of the Map for fifteen years, that agreement was in exchange for the concession that it could enact new fees such as the TUMF.

Development agreements are a popular device to extend the terms of vesting tentative maps when economic conditions alter a developer's initial horizon for completing a project. Developers must, however, be mindful, as this case illustrates, that a development agreement is a negotiated instrument and the terms of the vesting tentative map are not automatically included in the agreement in their entirety, but rather, must be separately and specifically negotiated for their extension.

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