



2012 Newly Elected Commissioners Conference

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ECONOMIC DEVELOPMENT FINANCING: THE LOCAL DEVELOPMENT AUTHORITY

Georgia's Local Governments & Economic Development

- Where the Governance Buck Stops - 159 Counties collaborating with 535 Cities
- Local **Leadership with Strategic Vision** ... collaboration versus ~~competition~~
- Ready to Develop Sites/Properties (private or **public development authority**)
 - Land-Use (Zoning) and Permits
 - Infrastructure – Roads, Water, Sewer ... often helps facilitate Electricity, Gas, Communications, Rail, Airport ...

Georgia's Local Governments & Economic Development cont.

- Workforce (schools & coordination with training programs i.e. QuickStart)
- Business Climate ... Local & State
- Incentives ... Local & State (**development authority**)
- Quality of Life ... Public Safety, Education, Healthcare, Recreation, Arts, Vibrant Downtown, Affordable Housing, Childcare, etc.
- In Georgia, **local development authorities** are critical!

Local Development Authorities – Critical For Economic Development Financing

- **Development Authorities** used for developable land/property, public-private financing (IRB's), delivery of state and local incentives, etc.
 - Statutory Development Authorities OCGA 36-62-1 ... Downtown Development Authority 36-42-1, Hospital Authority 31-7-70, Joint Development Authority 36-62-1, Land Bank Authority 48-4-61, Recreation Authority 36-64-1 Regional Jail Authority, 42-4-90, Regional Solid Waste Management Authority 12-8-50, Residential Care Facilities for the Elderly Authority 31-7, Resource Recovery Development Authority 36-63-1, Residential Finance Authority 36-41-1, Redevelopment Authority 36-61-1
 - Constitutional Development Authorities ... since early 1980's no longer possible but existing authorities continue

Local Development Authorities – Critical For Economic Development Financing cont.

- Local Law Development Authorities ... many water & sewer authorities created via this mechanism ...
- **Appointments to the Development Authority Board**
 - Candidates might include professionals in finance, commercial law, real-estate, etc.
 - 8 hours training through the Carl Vinson Institute of Government, UG

Example One – Development Authority of a Georgia County

- Assisted the location of a corrugated cardboard manufacturing operation that located and is making a **\$24 million dollar private investment** that will provide **120 new manufacturing jobs**.
- The local development authority will issue up to \$28MM in IRB's to construct the facility and “sale-lease” it back to the manufacturer.
- The manufacturer (using their \$24MM in private capital) will purchase the IRB's and have total control of the property.

Example One – Development Authority of a Georgia County cont.

- Because the deal was structured as a **development authority sale-lease back**, the authority was able to
 - qualify for a **\$250,000 incentive grant** from the state that assisted the manufacturer purchase M&E;
 - was able to provide local incentives in the way of a five (5) year **property tax abatement**;
 - win the project from a sister state !
- The same development authority sale lease-back technique can be used for expansion or modernization of existing businesses



Example Two – Georgia County, Small Development Authority, & State of Georgia

- The small local development authority issued over \$450MM in initial IRB's to construct the facility and “sale-lease” it back to the manufacturer.
- The manufacturer (using their own **\$450MM in private capital**) purchased the bonds and had control of the property.
- Currently the manufacturer with two expansions of its manufacturing capacity has over **\$1 billion in private investment** in Georgia with **3,000 jobs in the main plant and 7,500 jobs in nearby suppliers**. This project has remade the regional economy.

Example Two – Georgia County, Small Development Authority, & State of Georgia cont.

- Because the deal was structured as a development authority conveyance back to the company, the authority was able to
 - qualify for an incentive grant from the state that assisted the manufacturer with equipment and a rail spur;
 - was able to provide local incentives in the way of property tax abatements;
 - win the project from a many competing states!



Example Three – Regional Development Authority to assist Public Safety that supports development

- In rural Georgia, **three county’s formed a joint development authority** to provide basic emergency **E911 service** that was lacking. The counties considered it a basic “quality of life” issue that needed to be solved to support economic development.
- The counties proposed to combine their three counties’ E911 charges that would be implemented provided they could obtain a OneGeorgia Authority grant .

Example Three – Regional Development Authority to assist Public Safety that supports development cont.

- Because the E911 was implemented through a three county joint development authority, the counties were able to
 - qualify for an \$500,000 grant from OneGeorgia that when combined with \$57,000 in E911 charges allowed the facility to be constructed ;
 - use their combined counties E911 charges to fund ongoing operations of the facility;
 - without the economies of scale from the multiple counties' revenue, this facility would not be solvent!
 - Similar regional development authority projects have also helped fund broadband in un-served areas through smaller telecommunications businesses

Special Notes

- Agricultural processing businesses (beyond the “farm gate”) can qualify for development authority incentives, state grants to provide infrastructure, and “Opportunity Zone” state job tax credits and incentives;
- With regards to streamlining and the alleviation of local “red-tape”, the Department is encouraging local governments to explore OCGA 36-88-7(a)(3) within the State Enterprise Zone law ...
 - Each local government possessing an enterprise zone may review its ordinances **to determine which ordinances may have a negative effect** upon ... economic viability and profitability of businesses and commerce located within an enterprise zone. Such local government may waive, amend, or otherwise modify such ordinances so as to minimize such adverse effect.
- Note that most of the Department’s financing programs work well with development authority financing.

Contact Information

See www.dca.ga.gov for financing programs to assist development authorities, cities and counties. Or Google “Georgia DCA business programs”

See www.georgia-ssbci.org for incentives for private lenders (including all banks and credit unions) to increase their small business lending.

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FOR MORE INFORMATION ON THIS TOPIC:

ECONOMIC DEVELOPMENT

MARCH 21, 2013

MARCH 22, 2013

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