

What Is A Downtown Development Authority (DDA)?

The Downtown Development Authority (DDA) is primarily a policy-making and major decision-making entity that plans and manages the downtown area. The DDA is a corporate body recognized by State law and used for the last three decades as an important tool in downtown redevelopment. The DDA is eligible to receive certain grant monies, whereas, a local business or merchants association may not qualify. From an Internal Revenue perspective the DDA is considered to be governmental tax-exempt.

The DDA can utilize a variety of financing tools outlined in the Official Code of Georgia. Money created from the implementation of these tools can be used in a number of ways to bring about revitalization and economic development of the central business district.

The DDA can work with volunteers from the local business association, citizens, the city and county to bring about the revitalization of the downtown area or depending on a set of criteria for qualification, a DDA may choose to initiate a Main Street or Better Home Town Redevelopment

Program Since the passage of the 1981 Downtown Development Authorities Law, cities of all sizes have created DDAs. Many of these became inactive after changes in federal tax codes in 1986 removed certain tax incentives for downtown improvement loans, but many others have continued to work to strengthen their downtowns. Often simply having a well-structured and focused organization with a comprehensive and long-term view of downtown, cities have seen positive results and have prevented opportunities from being lost.

The Downtown Development Authorities Law of 1981 created "in and for each municipal corporation in the State a public body corporate and politic to be known as the Downtown Development Authority of such municipal corporation..." This law authorizes a DDA in every city in Georgia. It eliminated the need for individual local legislation to establish such authorities, which had previously been the case. These DDAs must be activated by city government before they can function. This is done by first designating the downtown area boundaries with the city; appointing the initial directors of the authority; creating a resolution which also declares that there is a need for such an Authority; pass the resolution and file copies of the resolution with the Secretary of State and the Georgia Department of Community Affairs.

The DDA Law indicates that each authority shall consist of a board of seven directors. These directors must be taxpayers residing in the county in which the authority is located. At least four of the directors must also be owners or operators of downtown businesses. Directors of authorities created under the DDA law are appointed by the governing body of the municipality. Directors appointed after January 1, 1992 are required to attend and complete at least eight hours of training on downtown development and redevelopment programs.

Each authority can undertake commercial, business, office, industrial, parking, or public projects where these will have a benefit for the downtown. (Certain public projects such as the construction of government buildings and streets are not permissible DDA projects.)

A 1988 amendment added hospitals, skilled nursing homes, and intermediate care homes where such facilities are operated on a not-for-profit basis.

The following are powers that are specifically provided to the DDA created under the Downtown Development Authorities Law of 1981:

1. To sue and be sued.
2. To adopt and to change as necessary a corporate seal.
3. To make and execute contracts and other agreements, such as contracts for construction, lease or sale of projects or agreements to finance projects.
4. To purchase and own property, real or personal and to sell or otherwise dispose of property, lease or rent property. The authority's property is tax-exempt.
5. To finance projects by loan, grant, lease or otherwise.
6. To finance projects using revenue bonds or other obligations of authority.

7. To borrow money.
8. To apply for and receive government grants, loans, loan guarantees or other financial assistance.
9. To receive and use city tax monies. (The City can levy a tax up to three mills for the support of the authority. See Official Code of Georgia Annotated 48-5-350).
10. To employ an executive director for the downtown revitalization efforts.
11. To prepare plans for the downtown area or to hire others to prepare plans.
12. To exercise any power of public or private corporations under state law, which does not conflict with the authority's public purpose.

The 1992 Amendments (Act No. 1334) added the following powers:

1. To serve as an urban redevelopment agency under the Urban Redevelopment Law.
2. To serve as a redevelopment agency under the Redevelopment Powers Law.
3. To contract with a city government to carry out City Business Improvement District services in a downtown.
4. To acquire real property through eminent domain (subject to the approval of the City and the meeting of other requirements.)

These amendments also gave cities the express authorization to create special tax, fee, or assessment districts within the area of operation of downtown authorities. This authorization is pursuant to Article IX, Section II, Paragraph VI of the Georgia Constitution.

Before the enactment of the Downtown Development Authorities Law in 1981, some two dozen Georgia cities persuaded the General Assembly to create individual downtown development authorities for each of their communities. At the time this was the only way that such authorities could be established. Because special local legislation was used it was possible to tailor each law for particular local desires. For example, some of the authorities were given the ability to operate anywhere in the city. Many were given very substantial powers such as the power to levy taxes within a downtown tax district or the power of eminent domain. Composition of the board of directors could also be tailor-made for particular local needs.

There were three methods by which these authorities were created:

1. Statute

Under this method a statute of local application was passed by the General Assembly. The statute detailed the duties, powers and responsibilities of the authority. This method was the least used and generally was the most restrictive with regard to the authority's powers and flexibility to act. (Examples: Albany, Fitzgerald, Gainesville, Perry).

2. Local Constitutional Amendment with Enabling Legislation

To begin this process the General Assembly passed a resolution which proposed an amendment to the constitution that would authorize it (the General Assembly) to create the development authority by local law. This proposed constitutional amendment was then put on the ballot in the next general election. If the local voters ratified the amendment, a local law was passed at a following session of the General Assembly which defined the powers of the authority, provided for qualifications of the directors, and specified other details concerning the authority's operation. The authority was not operational until the local law took effect.

Generally, the constitutional amendment was kept short, stating only that the General Assembly was granted the authority to create the development authority, define its powers, and appoint the authority members, etc. (Examples: Athens, Dalton, LaGrange, Marietta, Waycross).

3. Local Constitutional Amendment without Enabling Legislation

In this method, the General Assembly passed a resolution that proposed a constitutional amendment that, if passed, directly created the authority. The constitutional amendment generally appeared on the ballot in the general election. If the voters ratified it, the authority became active January 1 following the general election or whenever members were appointed by the local government after January 1. (Examples: Acworth, East Point, Powder Springs, Valdosta).

The current constitution permits only constitutional amendments of general application. Because of this limitation, it is no longer possible to create individual downtown development authorities by local constitutional amendment.

(For the sake of brevity, those authorities which were created individually by local constitutional amendment or by statute may be referred to in this manual as “local legislation authorities” or “LLA’s”.)

Source: Except from Downtown Development Authority Training Manual, The University of Georgia and Georgia Cities Foundation