

Bond Case Briefs

Municipal Finance Law Since 1971

PROPERTY - GEORGIA

Atlanta Development Authority v. Clark Atlanta University, Inc.

Supreme Court of Georgia - March 7, 2016 - S.E.2d - 2016 WL 860297

University filed complaint against city development authority for declaratory judgment, seeking declaration and judgment that university had a valid automatic reversionary interest in college's property that was triggered when college sold property to authority. The Superior Court denied authority's motion to dismiss complaint. Interlocutory appeal was granted.

The Supreme Court of Georgia held that:

- Restriction and reverter provisions of deed were valid, and
- College's sale of property was not a permitted "use" under provisions.

Easement in gross in favor of named individual with respect to one parcel conveyed in deed, which contained a restriction and reverter provision that all three parcels conveyed would revert to grantor university if grantee college ceased to use the property for specified educational purposes, did not insulate that parcel from restriction and reverter provision applicable to all parcels that were conveyed. Easement allowed university employee to use property that he occupied at time of conveyance, which was consistent with expressed intent that property be used for educational purposes.

College's sale of property to city development authority did not qualify as college's "use" of property as contemplated in restriction and reverter provisions of deed, under which property would revert to grantor if grantee college ceased to use the property for specified educational purposes.