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Clayton Co, GA Facing Possible Litigation Over Blocking Out-of-State Issuer.

Clayton County officials blocked without explanation Tuesday night a plan to issue tax-exempt bonds to renovate three apartment complexes that are home to 2,500 residents.

The plan Tuesday would have enabled a nonprofit to buy and renovate the apartment complexes using tax-exempt bonds issued by Wisconsin-based Public Finance Authority. The project now will have to be done using taxable bonds. About 50 residents from the three apartment complex showed up for the commission meeting.

Commission Chairman Jeff Turner, who supported the deal, asked commissioner Michael Edmondson, who brought the measure before the board, to explain his reasoning for blocking the deal. Edmondson replied "I don't think it's in the best interest of the county." When asked after the vote to elaborate, Edmondson declined to give details.

The Public Finance Authority deal would not have created any financial risk to the county, said Richard deGorter, executive director of Linked Economic Development & Affordable Housing Foundation or LEDAHF. LEDAHF is a 22-year-old nonprofit in the Washington, D.C. area that has been buying and rehabbing properties along the east coast to preserve affordable housing. The Clayton project is LEDAHF's first in Georgia.

The loss of tax exempt status for the \$50.7 million bond issue will cost LEDAHF about \$500,000 a year more or about \$17 million over the life of the 35-year bonds, deGorter said.

DeGorter told The Atlanta Journal-Constitution he will look at taking the case to federal court with the help of national nonprofits that pursue such litigation.

"In 40 years as a developer, I've never encountered anything as irrational and, I believe, illegal as this vote," deGorter said. "The lack of accountability and transparency on the board is unprecedented in my experience and extreme. We're exploring bringing the federal government (into to this case) because it's a violation of the Fair Housing Act because they're obstructing the provision of affordable housing."

Despite the county's decision, deGorter said: "We're still going to buy the properties but this action bars us from getting tax-exempt bond financing. "

LEDAHf is under contract to buy Laurel Pointe and Bradford Ridge apartments, both of which are in the northwestern part of Clayton, Commissioner Gail Hambrick's district. Hambrick voted to block the plan. The nonprofit also plans to buy Ashford Ridge, a 250-unit complex in the center of Clayton, commissioner Michael Edmondson's district. Edmondson also voted to reject the financing by Public Finance Authority. Commissioner Sonna Singleton Gregory cast the third vote, effectively killing the tax-exempt bond deal. Commissioner Shana Rooks voted in favor of the deal.

The three apartment complexes are owned by JAMCO Properties, which owns 20 apartment

properties in metro Atlanta, most of which are clustered in Clayton. A review of online comments about JAMCO showed complaints about the properties ranging from aging pipes to poor treatment by staff to flooding.

“I’m very disappointed. It’s a decision that has great impact on a whole lot of people. This (plan would) renovate apartments, beautify the area and increase the tax base. I don’t know why he’s doing this,” Turner told the Atlanta Journal-Constitution regarding Edmondson’s action. “He owes the citizens of Clayton County an explanation.”

The Atlanta Journal-Constitution

By Tammy Joyner

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