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## Financial plan for \$1.9 million TAD at old Kmart site clears another hurdle

By Doug Walker DWalker@RN-T.com May 3, 2019



Wright Ledbetter formally asked city and county officials to endorse at \$1.9 million TAD package for redevelopment of the old Kmart site. He said the company is working on a tight timetable with the site to be ready for tenants by October 2020.

Doug Walker

The Rome Redevelopment Agency has approved the R.H. Ledbetter Properties request for \$1.9 million in Tax Allocation District financing to assist with their redevelopment of the old Kmart property on Turner McCall Boulevard in Rome.

The developers are specifically seeking \$1,968,465 which would be paid in \$131,231 increments over a period of 15 years.

Wright Ledbetter told members of the agency Friday that the \$1.9 million would not cover what he called a \$2.38 million feasibility gap in the initial development, but the company was willing to take the risk and could see a return on investment within six years.

Ledbetter would pay north of \$11 million to purchase the property, demolish the existing buildings and completely reconstruct the physical infrastructure because the entire 19.74-acre tract needs to be leveled and a portion of it brought up another two and a half feet.

“These are driving the costs,” Ledbetter told agency members. Pre-construction costs are currently at \$656,000 per usable acre, he said.

“You can’t make your numbers work with that. That’s why we are here,” Ledbetter said.

The construction plans call for replacing the nearly 190,000-square-foot Kmart with a total of 109,000 square feet in new retail and commercial development, the overwhelming amount of the proposed tenants being new to the market.

The developer’s timetable for the project calls for the company to close on the purchase of the property by July 1, start site work one month later and have construction complete by Oct. 1, 2020, in time for the Christmas shopping season.

Most of the leasing attention has been focused on three large anchor tenants and five out-parcels.

Ledbetter said they have executed letters of intent for virtually all of those parcels and are working on the specifics of ground leases. He did say one prospective tenant was actually interested in purchasing their own parcel.

“This fits what I think we need in this community,” Agency Chairman John Pillsbury said.

Ledbetter said that prospective sales taxes generated by the new development would be in the \$800,000 to \$1 million per year range and that the actual cost of the TAD would come back to the city and county coffers in less than three years.

At that point, the discussions turned to what the baseline value of the property would be set.

Chief Appraiser Danny Womack said it would be whatever the property was appraised at as of Jan. 1, 2020. That could actually be less than what the Ledbetter financial analysis is currently based on because if the developer does start to move forward with work this fall, the demolition of the existing buildings would in all likelihood reduce the current appraised value.

Should that happen, there is a chance the TAD could be paid off quicker than originally anticipated.

The full Rome City Commission is expected to approve the creation of the TAD district at its May 13 meeting and will give consideration to the full financial package after it authorizes creation of the district.

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