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**City of Detroit**  
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**TO:** Detroit City Council

**FROM:** David Whitaker, Director   
Legislative Policy Division Staff

**DATE:** November 13, 2024

**RE:** **Obsolete Property Rehabilitation Certificate by  
Cambridge Acquisitions, LLC**

The Obsolete Property Rehabilitation Act (OPRA), Public Act 146 of 2000, provides for a tax incentive to encourage the redevelopment of obsolete buildings. This tax incentive is designed to assist in the redevelopment of older buildings that are contaminated, blighted or functionally obsolete, and to return them to the tax rolls.

**Cambridge Acquisitions, LLC** is redeveloping **1346 Broadway**, with 58,282 square feet building space on 0.114 acres of land, located in the Central Business District. This 12-story office building was designed by architect George D. Mason<sup>1</sup> and was constructed in 1925 as the Broadway Exchange Building and renamed the Harvard Square Centre building during the 1980s. The proposed project consists of rehabilitating the property into a mixed-use development that will include ground-floor retail and forty-two (42) residential apartment units on floors 2-10. The specifications for the apartments are as follows:

<u>Unit Size</u>	<u># of units</u>	<u>Square feet</u>	<u>Rent<sup>2</sup></u>
Studio	9	423	1376
1 Bed	31	605	1972
2 Bed	2	970	3159

<sup>1</sup> Mr. Mason has also designed the Detroit Masonic Temple, the original Hotel Ponchartrain and the Mackinac Island Grand Hotel. <https://historicdetroit.org/architects/george-d-mason>

<sup>2</sup> These all appear to be market rate rents.

The building will undergo comprehensive rehabilitation which includes window replacement, façade restoration, life safety equipment, all major mechanical, plumbing, and electrical systems replacement, interior buildouts, and remediation of lead and asbestos.

## DEGC Property Tax Abatement Evaluation

### Harvard Square – 1346 Broadway

Developer: Cambridge Acquisitions, LLC

<b>Description of Incentive:</b> PA 146 OPRA provides property tax exemption for the rehabilitation of obsolete commercial and commercial housing properties. Existing property taxes are frozen at the ad valorem rate and property taxes on building improvements may be exempt for a 1-12 year period.	
<b>Request Type</b>	<b>PA 146 OPRA Certificate</b>
<b>DEGC Recommendation</b>	<b>12-Year Approval</b>
<b>Location</b>	
Address	1346 Broadway
City Council District	District 6
Neighborhood	Downtown
Located in HRD/SNF Targeted Area	Downtown Development Authority
<b>Building Use</b>	
<b>Total Square Footage (SF)</b>	<b>58,282 Total SF</b>
Residential SF	24,719 Leasable SF
Commercial SF	N/A
Retail SF	7,571 Leasable SF
Industrial SF	N/A
<b>Total Residential Units</b>	<b>42 Total Units</b>
Studios	09 Units   423 Avg. SF   \$1,376 Avg. Rent
1-Bed	31 Units   605 Avg. SF   \$1,972 Avg. Rent
2-Bed	02 Units   970 Avg. SF   \$3,159 Avg. Rent
3-Bed	N/A
<b>Project Description</b>	
Originally constructed in 1925 as the Broadway Exchange Building for retail and office use, the building was renamed as the Harvard Square Centre building in the 1980's. The building was designed by George D. Mason, the same architect who designed the Detroit Masonic Temple, the original Hotel Ponchartrain, and the Mackinac Island Grand Hotel. The overall project involves a comprehensive rehabilitation of the Property, which is estimated to cost approximately \$40.7 million and is anticipated to reactivate 58,282 square feet in a 12-story mixed-use development that will include ground-floor retail and forty-two (42) residential apartment units on floors 2-10.	
<b>Sources and Uses of Capital Summary</b>	
Total Investment	<b>\$40,687,716</b>
Sources	Debt: \$7.5M (18.31%); Grant Funding: \$4.2M (10.39%); HTC: \$6M (14.76%); Equity: \$23M (56.55%)
Uses	Acquisition: \$6.25M (15.36%); Hard Construction: \$25.4M (62.33%); Soft Costs: \$9.1M (22.31%)
<b>Project Economic Benefits Summary</b>	
Estimated Jobs (FTE/Construction)	2 FTE   153 Construction
Estimated City benefits before tax abatement	<b>\$1,091,027</b>
Total estimated City value of abatement	<b>\$307,561</b>
Less cost of services & utility deductions	<b>\$219,169</b>
Net Benefit to City with abatement	<b>\$564,297</b>

## Harvard Square (1346 Broadway) - PA 146 OPRA Impact Analysis Summary

### City of Detroit: Incentive Summary Over the First 12 Years

Year	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Business Personal Property Tax Abatement	Enter Incentive Description*	Net Benefits After Tax Abatements & Incentives	Present Value of NB After Tax Abatement & Incentives
	1	\$352,849	(\$16,341)	(\$22,932)	\$0	\$0	\$313,576
2	\$60,662	(\$16,668)	(\$23,390)	\$0	\$0	\$20,604	\$19,622
3	\$61,875	(\$17,001)	(\$23,858)	\$0	\$0	\$21,016	\$19,062
4	\$63,112	(\$17,341)	(\$24,335)	\$0	\$0	\$21,436	\$18,517
5	\$64,375	(\$17,688)	(\$24,822)	\$0	\$0	\$21,865	\$17,988
6	\$65,662	(\$18,042)	(\$25,318)	\$0	\$0	\$22,302	\$17,474
7	\$66,975	(\$18,403)	(\$25,825)	\$0	\$0	\$22,748	\$16,975
8	\$68,315	(\$18,771)	(\$26,341)	\$0	\$0	\$23,203	\$16,490
9	\$69,681	(\$19,146)	(\$26,868)	\$0	\$0	\$23,667	\$16,019
10	\$71,075	(\$19,529)	(\$27,405)	\$0	\$0	\$24,140	\$15,561
11	\$72,496	(\$19,920)	(\$27,954)	\$0	\$0	\$24,623	\$15,116
12	\$73,949	(\$20,318)	(\$28,513)	\$0	\$0	\$25,118	\$14,686
13	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$1,091,027	(\$219,169)	(\$307,561)	\$0	\$0	\$564,297	\$501,086

Total Incentive	\$307,561
Rate of Return	23.6%
Payback period (years)	0.9

Project Summary		
Total Capital Investment		\$25,361,130
Job Creation	Direct	2.0
	Indirect& Induced	0.5
	Total Jobs	2.5
Average Salaries	Direct	\$41,500
	Indirect& Induced	\$60,242
	Total Salaries	\$45,248

#### Source of Additional Benefits Before Tax Abatements Over the Next 12 Years

Real Property Taxes, before abatement	\$307,561	28.2%
Personal Property Taxes, before abatement	\$0	0.0%
New Residential Property Taxes	\$0	0.0%
Municipal Income Taxes - Direct Workers	\$18,034	1.7%
Municipal Income Taxes - Indirect Workers	\$4,799	0.4%
Municipal Income Taxes - Corporate Income	\$4,024	0.4%
Municipal Income Taxes - Construction Period	\$153,376	14.1%
Municipal Income Taxes - New Res. Inhabitants	\$202,791	18.6%
Utility Revenue	\$108,613	10.0%
Utility Users' Excise Taxes	\$24,303	2.2%
State Revenue Sharing - Sales Tax	\$733	0.1%
Building Permits and Fees	\$140,000	12.8%
Miscellaneous Taxes & User Fees	\$126,793	11.6%
<b>Subtotal Benefits</b>	<b>\$1,091,027</b>	<b>100.0%</b>

#### Source of Additional Costs Over the Next 12 Years

Cost of Providing Municipal Services	(\$110,556)	50.4%
Cost of Providing Utility Services	(\$108,613)	49.6%
<b>Subtotal Costs</b>	<b>(\$219,169)</b>	<b>100.0%</b>

#### Source of Net Benefits after Tax Abatements and Incentives Over the Next 12 Years

Real Property Taxes	\$0
Personal Property Taxes	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes	\$383,024
Net Utility Revenue	\$0
Utility Users' Excise Taxes	\$24,303
State Revenue Sharing - Sales Tax	\$733
Building Permits and Fees	\$140,000
Miscellaneous Taxes & User Fees	\$126,793
Cost of Providing Municipal Services	(\$110,556)
<b>Total Net Benefits</b>	<b>\$564,297</b>

**Impacted Taxing Units: Incentive Summary Over the First 12 Years**

Jurisdiction	Additional Benefits Before Tax Abatements	Additional Costs	Real Property Tax Abatement	Business Personal Property Tax Abatement	Utility Users Tax & Corporation Income Tax Exemption	Net Benefits After Tax Abatements & Incentives
City of Detroit	\$1,091,027	(\$219,169)	(\$307,561)	\$0	\$0	\$564,297
Wayne County	\$179,574	(\$19,346)	(\$144,671)	\$0	\$0	\$15,558
Detroit Public Schools	\$1,610,559	(\$447,473)	\$0	\$0	\$0	\$1,163,086
State Education	\$401,324	\$0	\$0	\$0	\$0	\$401,324
Downtown Dev. Authority	\$3,328,244	\$0	(\$3,328,244)	\$0	\$0	\$0
Wayne RESA	\$362,603	\$0	(\$362,603)	\$0	\$0	\$0
Wayne County Comm. College	\$0	\$0	\$0	\$0	\$0	\$0
Wayne County Zoo	\$6,635	\$0	(\$6,635)	\$0	\$0	\$0
Detroit Institute of Arts	\$13,284	\$0	(\$13,284)	\$0	\$0	\$0
<b>Total</b>	<b>\$6,993,250</b>	<b>(\$685,988)</b>	<b>(\$4,162,998)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,144,264</b>

**CONCLUSION**

The estimated capital investment for this project is **\$40,687,716**. The sources of funds for the project are through owner equity, grant funding, historic tax credits, and permanent financing. It is also estimated that the completed project will create 2 FTE jobs, and 153 temporary construction jobs. The total value of the 12-year OPRA tax savings is estimated at **\$4,162,998**.

Based on the investments and jobs, this project is estimated to provide the City of Detroit a net benefit of **\$564,297** and all of the impacted taxing units combined, a net benefit of **\$2,144,264** over the 12 years of the OPRA tax abatement.

The legislative body of the qualified local governmental unit may, by resolution, revoke the obsolete property rehabilitation exemption certificate of a facility if it finds that the completion of rehabilitation of the facility has not occurred within the time authorized by the legislative body in the exemption certificate or a duly authorized extension of that time, or that the holder of the obsolete property exemption certificate has not proceeded in good faith with the operation of the rehabilitated facility in a manner consistent with the purposes of this act and in the absence of circumstances that are beyond the control of the holder of the exemption certificate.<sup>3</sup>

Please contact us if we can be of any further assistance.

**Attachments: Assessor’s Letter, dated October 1, 2024**

- cc: Auditor General’s Office  
 Donald Rencher, Chief of Services and Infrastructure  
 Antoine Bryant, Planning and Development Department  
 Julie Schneider, HRD  
 Justus Cook, HRD  
 Stephanie Grimes Washington, Mayor’s Office  
 Malik Washington, Mayor’s Office  
 Derrick Headd, DEGC  
 Jennifer Kanalos, DEGC  
 Brian Vosburg, DEGC

<sup>3</sup> MCL 125.2792 (1) [Michigan Legislature - Section 125.2792](#)



CITY OF DETROIT  
 OFFICE OF THE CHIEF FINANCIAL OFFICER  
 OFFICE OF THE ASSESSOR

COLEMAN A. YOUNG MUNICIPAL CENTER  
 2 WOODWARD AVE., SUITE 824  
 DETROIT, MI 48226  
 PHONE: 313•224•3011  
 FAX: 313•224•9400

October 1, 2024

Antoine Bryant, Deputy Director  
 Planning & Development Department  
 Coleman A. Young Municipal Center  
 2 Woodward Ave, Suite 808  
 Detroit, MI 48226

Re: **Obsolete Property Rehabilitation Certificate – Cambridge Acquisitions LLC**  
 Addresses: 1346 Broadway  
 Parcel Number: 01004008

Dear Mr. Bryant:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Obsolete Property Rehabilitation Certificate for the property located at **1346 Broadway** located in the **Central Business District** area of the City of Detroit.

The rationale for Obsolete Property Rehabilitation Certificates under PA 146 of 2000, as amended, is based on the anticipation of increased market value upon completion of new construction and /or significant rehabilitation of existing commercial property and commercial housing property. Normal repair and maintenance are not assessed and do not necessarily generate additional market value.

The 2024 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
01004008	1346 Broadway	\$1,438,100	\$287,001	\$294,200	\$58,713

The project as proposed by the **Cambridge Acquisitions LLC** consists of a 12-story office building (AKA Harvard Square Centre) with 50,578 square feet of building area, built in 1925, on 0.114 acres of land. The proposed project consists of rehabilitating the property into a mixed-use development consisting of 34 residential units and three floors of retail and food & beverage space. The building will undergo major renovations including window replacement, façade restoration, life safety equipment replacement, all major mechanical, plumbing and electrical systems replacement, interior buildouts, and remediation of lead and asbestos.

This property meets the criteria set forth under PA 146 of 2000, as amended. It applies to blighted, functionally obsolete and contaminated properties. "Rehabilitation," meaning that changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation also includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, adding additional stories to a facility or adding additional space on the same floor level not to exceed 100% of the existing floor space on that floor level, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the obsolete property to an economically efficient condition.



CITY OF DETROIT  
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Obsolete Property Rehabilitation Certificate  
Cambridge Acquisitions LLC  
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A review of the project plan and related statutes indicated that the proposed Obsolete Property Rehabilitation Certificate for the property located at **1346 Broadway** is eligible as it pertains to the Obsolete Property Rehabilitation Act under P.A. 146 of 2000, as amended.

Sincerely,

Charles Ericson, MMAO  
Assessor/Board of Assessors



CITY OF DETROIT  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
OFFICE OF THE ASSESSOR

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Obsolete Property Rehabilitation Certificate  
Cambridge Acquisitions LLC  
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Property Address: 1346 BROADWAY

Parcel Number: 01004008.

Property Owner: CAMBRIDGE ACQUISITIONS LLC

Legal Description: NE BROADWAY S 45 FT OF 8 AND VAC 10 FT OF LAND IN FRONT PLAT OF SEC 9 GOVERNOR & JUDGES PLAN L34 P552 DEEDS, W C R 1/56 45 X 110

