

BEFORE





Wurlitzer Redevelopment

1509 Broadway Street, Detroit

2018

Project overview

HM Ventures Group 6 LLC was awarded \$3.5 million in the form of a direct loan to rehabilitate the historic Wurlitzer Building located on Broadway in the heart of downtown Detroit into a mixed-use boutique hotel. The completed project includes 106 hotel rooms, a street level café, restaurant, retail and meeting space, and a rooftop bar. The project generated a total capital investment of nearly \$22.3 million and created 48 permanent full-time jobs. In addition, MSF approved \$1,769,319 in local and state tax capture for City of Detroit Brownfield Redevelopment Authority to alleviate brownfield conditions and prepare the site for redevelopment.

At the time of approval, the 14-story, historic building was dangerous and had sat vacant for decades. Had it not been redeveloped soon, it would have had to be demolished. The project was made possible with the support of several financing partners including a new market tax credit allocation from Invest Detroit and Chase Bank, and Federal Historic Tax Credits, which Insight Capital participated as the tax credit investor. The developer provided 16 percent cash equity and deferring the developer fee.

HM Ventures Group 6 LLC is the single entity created to complete this project. The project sponsor is ASH NYC, a real estate development, investment, and design firm that has operated a hotel management company since 2011. Their hotels are located in rehabilitated historic buildings that highlight local character in their décor and operations. In line with the owner's hospitality portfolio, the Wurlitzer Hotel is similarly characterized by its design focus, emphasis on culture, architecture and history, its adjacency to mass-transit anchors, and positioning in a rapidly emerging urban neighborhood.

The Wurlitzer building was constructed in 1926 as a piano and organ showroom and music school until the early 1970s when it fell into disrepair. Significant investment was required to stabilize the crumbling façade, abate mold and asbestos, and redevelop the building for modern use. Due to the condition of the building, securing financing to bring the building up to standard working order was proven very difficult through traditional financing methods. HM Ventures Group 6 LLC renovated the building to Secretary of the Interior historic rehabilitation standards and the hotel rooms were designed and furnished with local finishes.

MEDC investment: \$2.5 million Michigan Community Revitalization Program Direct Loan Participation; \$1.7 million in Brownfield Tax Increment Financing

Private investment: \$22.3 million

Local investment: \$3.4 million in abated tax revenue through Obsolete Property Rehabilitation Act, plus local contribution to the Brownfield Tax Increment Financing

Jobs created: 48