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**City of Detroit**  
**CITY COUNCIL**  
LEGISLATIVE POLICY DIVISION  
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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director   
Legislative Policy Division Staff

DATE: September 6, 2023

RE: **Lear Corporation Public Act 198 Revised Certificate Request**

Public Act 198 of 1974, as amended, is the primary tool that local units of government use as an incentive to renovate and expand manufacturing plants or to build new plants. The local legislative body grants the abatement, which reduces local property taxes by roughly 50% on new plants. In the case of a rehabilitation project, the obsolete State Equalized Value (SEV) is frozen and the investment on improvements is 100% exempt from property taxes. Abatements cover both real and personal property and can run from one to twelve years at the option of the local unit of government.

*Lear Corporation's certificate request was initially approved by the Council in October 2022, but due to procedural errors, this is being re-held for Council's review and approval. The Law Department is to provide the Council with an explanation of the circumstances. The end user of the facility will also require a Public Hearing and an approval from the Council.*

NP Conner Avenue Industrial LLC applied for a speculative IFT with the intention of housing a tenant once construction was completed. In October 2022 **Lear Corporation**, the company identified as the new tenant to occupy 416,000 sq. ft. of the total 684,490 sq. ft. of the structure, located at 9501 Conner. Currently, Lear Corporation<sup>1</sup> is expected to create a total of 671<sup>2</sup> new jobs. The DEGC has recommended a full 12-year PA 198 certificate.

Lear was founded in Detroit in 1917 as American Metal Products, which manufactured welded stamped and tubular assemblies for the automotive and aircraft industries. Today, Lear is a global automotive technology leader in seating and E-Systems.<sup>3</sup>

<sup>1</sup> 160,000+ employees globally with 257 facilities in 38 countries. Lear is also #186 in the Fortune 500 list of companies. [Company | Lear Corporation](#)

<sup>2</sup> Lear Corporation's application indicates 600 new hires

<sup>3</sup> [E-Systems | Lear Corporation](#)

**DEGC Property Tax Abatement Evaluation**

**Property Address:** 9501 Conner  
**Company:** Lear Corporation  
**Company Officer:** William McLaughlin  
**Company Contact:** Tina Welksnar

<b>Description of Incentive:</b> Project will seek the Industrial Facilities Exemption, PA 198 of 1974 as amended – Industrial Development District – millage rate is reduced by 50% for up to 12 years	
<b>DEGC Abatement Term Recommendation</b>	<b>12 years</b>
<b>Location</b>	
Address	9501 Conner
City Council District	5
Neighborhood	Airport Sub
Located in HRD/SNF Targeted Area	N/A
<b>Building Use</b>	
Total Industrial Square Footage	684,000
<b>Project Description</b>	
<p>Lear Corp was founded in Detroit in 1917, incorporated in Delaware in 1987 and is currently headquartered in Southfield, Michigan. The company provides seating and electrical systems to automotive manufacturers globally. Lear will occupy the entire newly constructed industrial facility located at 9501 Conner Street. This location will serve as the main Lear Just in Time (JIT) seating facility for major automotive manufacturer's electric vehicle programs.</p> <p>Lear is investing more than \$31 million in real property improvements and \$24 million in machinery and equipment for this project. Upon completion, over 600 FTE workers will be employed at the facility.</p>	
<b>Project Investment</b>	
Total Investment	\$55,680,319
Real Property	\$31,454,799
Personal Property	\$24,255,529
<b>Project Economic Benefits Summary</b>	
FTE Jobs	671 FTE
Estimated City benefits before tax abatement	<b>\$29,038,885</b>
Total estimated City value of PA 198	<b>\$2,038,279</b>
Less cost of services & utility deductions	<b>\$7,102,135</b>
Net Benefit to City with PA 198 abatement	<b>\$19,898,472</b>

## City of Detroit: Benefits, Costs, and Net Benefits over the Next 12 Years

	Amount
Real Property Taxes, before abatement	\$4,076,545
Personal Property Taxes, before abatement	\$0
New Residential Property Taxes	\$0
Municipal Income Taxes - Direct Workers	\$6,307,448
Municipal Income Taxes - Indirect Workers	\$3,844,626
Municipal Income Taxes - Corporate Income	\$5,456,119
Municipal Income Taxes - Construction Period	\$302,588
Utility Revenue	\$1,120,565
Utility Users' Excise Taxes	\$730,889
State Revenue Sharing - Sales Tax	\$3,157,024
Building Permits and Fees	\$252,110
Miscellaneous Taxes & User Fees	\$3,790,971
<u>Subtotal Benefits</u>	<u>\$29,038,885</u>
Cost of Providing Municipal Services	(\$5,981,569)
Cost of Providing Utility Services	(\$1,120,565)
<u>Subtotal Costs</u>	<u>(\$7,102,135)</u>
Net Benefits	\$21,936,750

### Impacted Taxing Units: Incentive Summary over the First 12 Years

	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	\$29,038,885	(\$7,102,135)	(\$2,038,279)	\$0	\$0	\$19,898,472
Wayne County	\$1,807,614	(\$835,051)	(\$486,306)	\$0	\$0	\$486,257
Detroit Public Schools	\$8,156,697	(\$4,524,591)	(\$1,812,205)	\$0	\$0	\$1,819,902
State Education	\$728,329	\$0	\$0	\$0	\$0	\$728,329
Wayne RESA	\$661,809	\$0	(\$330,904)	\$0	\$0	\$330,904
Wayne County Comm. College	\$393,031	\$0	(\$196,515)	\$0	\$0	\$196,515
Wayne County Zoo	\$12,102	\$0	(\$6,057)	\$0	\$0	\$6,045
Detroit Institute of Arts	\$24,217	\$0	(\$12,115)	\$0	\$0	\$12,102
<b>Total</b>	<b>\$40,822,685</b>	<b>(\$12,461,776)</b>	<b>(\$4,882,381)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,478,527</b>

### DEGC Chart of Taxes Before, During & After the Incentive<sup>4</sup>

	Base Taxes	New Taxes <i>With</i> Incentive(s)	New Taxes <i>Without</i> Incentive
City of Detroit	\$27,056	\$158,010	\$288,975
Library	\$4,327	\$25,273	\$46,220
Wayne County	\$7,487	\$43,728	\$79,969
Detroit Public Schools	\$27,902	\$162,954	\$298,017
State Education	\$5,607	\$59,887	\$59,887
Wayne RESA	\$5,095	\$29,755	\$54,417
Wayne County Comm. College	\$3,026	\$17,671	\$32,317
Wayne County Zoo	\$93	\$545	\$995
Detroit Institute of Arts	\$186	\$1,089	\$1,991
<b>Total</b>	<b>\$80,780</b>	<b>\$498,912</b>	<b>\$862,788</b>

*Charts courtesy of the DEGC*

<sup>4</sup> Existing Annual Taxes: \$80,780 - New Annual Taxes DURING the Incentive: \$498,912 & Taxes after the Incentive EXPIRES: \$862,788

## Conclusion

The estimated total investment for this project is approximately \$55.68 million. The developer has committed to create 671 FTE's.<sup>5</sup> and 100 temporary construction jobs. The total value of the twelve-year PA 198 tax savings is estimated at **\$4,882,381**.

Based on the investment and jobs, the new industrial operation is projected to provide the City of Detroit a net benefit of **\$19,898,472** and all of the impacted taxing units, a net benefit of **\$23,478,527** over the 12 years of the PA 198 abatement, which is inclusive of a net benefit of **\$1,819,902** to the Detroit Public Schools (DPS old).

Based on the provisions the City's IFEC tax abatement contract with Lear Corporation, in PA 198, allow for revocation and or clawback,<sup>6</sup> if the written promises made by Lear, the recipient of said tax abatement are not met.<sup>7</sup> The current proposed project, subject to Council approval, is bound by the provisions of PA 198.

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

Attachments: **Assessor's Letter dated April 11, 2023**  
**CRIO<sup>8</sup> employment Clearance dated April 13, 2023**

cc: Auditor General's Office  
Donald Rencher, Chief of Services and Infrastructure  
Antoine Bryant, Planning and Development Department  
Julie Schneider, HRD  
Veronica Farley, HRD  
Stephanie Grimes Washington, Mayor's Office  
Gail Fulton, Mayor's Office  
Malik Washington, Mayor's Office  
Kenyetta Bridges, DEGC  
Jennifer Kanalos, DEGC  
Brian Vosburg, DEGC

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<sup>5</sup> NP Conner Avenue Industrial, LLC IFEC *application* has a jobs commitment to *create 300 jobs* within two years. NP Conner Avenue Industrial, LLC's enforceable IFEC *contract* with the City reflects 600 jobs.

<sup>6</sup> **Clawback** is a situation in which a government or company takes back money that it has already paid or credited

<sup>7</sup>MCL 207.572 (1) [Michigan Legislature - Section 207.572](#)

<sup>8</sup> Civil Rights, Inclusion & Opportunity Department (**CRIO**)



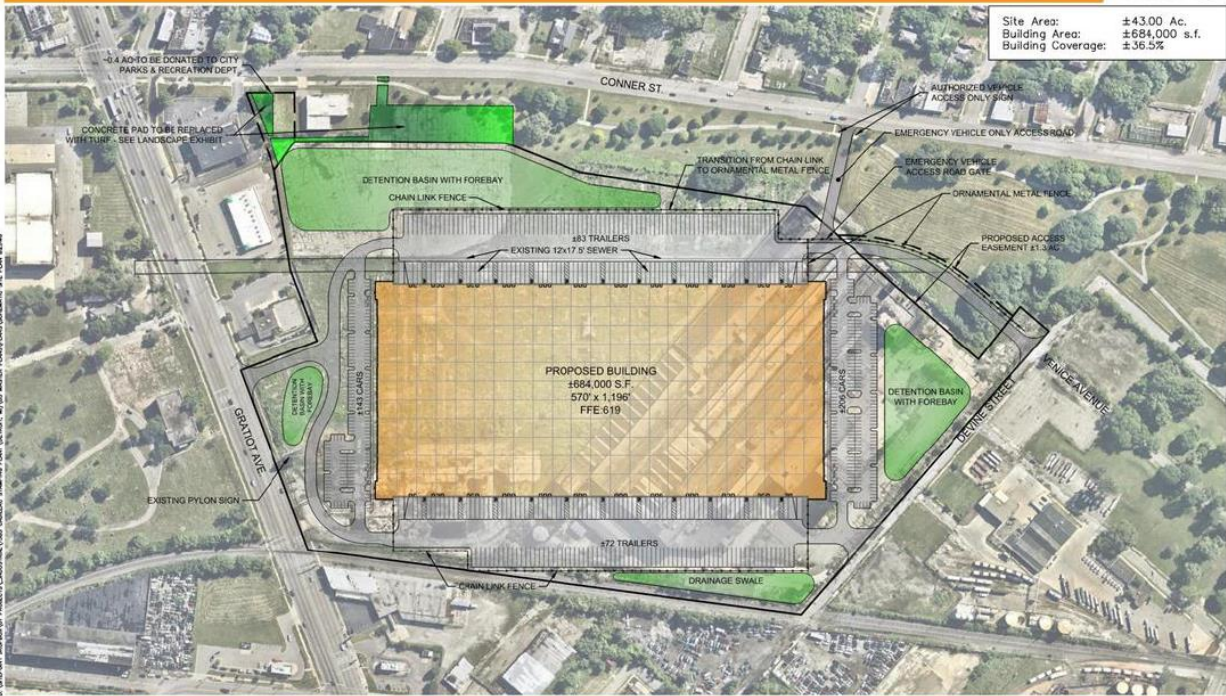
Rendering of the new facility<sup>10</sup>

CADILLAC STAMPING PLAN (DETROIT, MI)

SCHEMATIC SITE PLAN B2

2026.10.13  
SCALE 1:200

Site Area: ±43.00 Ac.  
Building Area: ±684,000 s.f.  
Building Coverage: ±36.5%





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

April 11, 2023

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

Re: Industrial Facilities Exemption Certificate Request – **Lear Corporation**  
**New Facility**  
Property Address: 10600 Gratiot  
Parcel Number: 19001584.000

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the request from **Lear Corporation** for an Industrial Facilities Exemption certificate – New Facility for the property located at **10600 Gratiot** in the City of Detroit.

The rationale for creating Industrial Facilities Exemptions under PA 198 of 1974, as amended, is based upon the anticipation that granting the exemption is a benefit to the city and that expansion, retention, or location of an eligible business will not occur without this exemption. PA 198 of 1974, as amended, also provides a tax incentive to manufacturers in order to enable renovation and expansion of aging facilities, building of new facilities, and to promote establishment of high tech facilities.

**Lear Corporation** has been identified as a new tenant to occupy the entire 684,490 sq.ft. of the structure. The estimated total build-out investment of \$55,680,319. Lear Corporation is expected to create a total of 350 new jobs.

A review of the project details and relevant statutes indicated that the proposed project located at **10600 Gratiot** is eligible as outlined under PA 198 of 1974, as amended.

Sincerely,

Charles Ericson, MMAO  
Assessor, Board of Assessors



Industrial Facilities Exemption Certificate  
Lear Corporation  
Page 2

Property Address: 10600 GRATIOT

Parcel Number: 19001584.000

Property Owner: NP CONNER AVENUE INDUSTRIAL LLC

Legal Description: S GRATIOT PT OF PCS 10 11 AND 389 AND PT OF FRAC SEC 23 T1S R12E; ALL DESC AS BG N LN DETROIT TERMINAL RR AND E LN GRATIOT AVE (124 FT WD) TH N 24D 49M 25S E 514.99 FT TH S 65D 09M 30S E 219.92 FT TH N 24D 50M 30S E 202.73 FT TH S 45D 23M 43S E 7.44 FT TH N 35D 54M 19S E 272.06 FT TH N 81D 30M 01S E 87.59 FT TH S 43D 55M 31S E 574.87 FT TH S 22D 54M 45S E 200.99 FT TH S 36D 23M 30S E 609.96 FT TH S 03D 05M 07S E 603.78 FT TH S 00D 05M 57S E 16.02 FT TH N 86D 51M 47S E 180.23 FT TH S 03D 08M 13S E 99.51 FT TH S 86D 51M 45S W 1011.10 FT TH N 35D 51M 15S W 1333.33 FT TO POB 1,869,087 SQFT OR 42.908 AC





COLEMAN A. YOUNG MUNICIPAL CENTER  
2 WOODWARD AVENUE, SUITE 1240  
DETROIT, MICHIGAN 48226  
PHONE: 313.224.4950  
FAX: 313.224.3434

## Decision Regarding Employment Clearance for Tax Abatement Employment Commitment >50 Full-time Employees

**Date:** April 13, 2023

**Tax Abatement Type:** PA 198

New  Renewal

**Duration of Abatement:** 12 years

**Development:** Lear Corporation will occupy the entire building at this location providing JIT seating to two major automotive manufacturers. The initial phase is built out and nearly in production, the second phase will be completely built out and the entire facility is expected to be in full production by year end 2023. When the plant is in full operation, there will be three shifts to produce the JIT Seating for two automotive customers, one who is making new model electric vehicles, the other for conquest business making gas powered vehicles.

**Parcel/Facility Address:** 9501 Conner St.

**Applicant/Recipient:** Tina Weiksna

**Applicant Contact:** [cweiksna@lear.com](mailto:cweiksna@lear.com) 248-447-1253

### Post-Construction Employment Commitments

If Developer Occupied is selected, the Developer will be responsible for both Developer and Tenant requirements listed below.

Developer Occupied  Tenant Occupied

**Total Employment:** 600

### Developer commits to

- 1) Reporting to CRIO annually;
  - a. Developer's efforts regarding tenants
  - b. Tenant's compliance with commitments stated below (3)
  - c. Total number of employees at the facility
  - d. Number of employees at the facility who are Detroit Residents
- 2) Provide Detroit at Work (DAW) information to any/all tenant(s) for life of abatement
- 3) Work with Commercial Tenant(s) who have more than 50 full-time employees to do the following;
  - a. **Use DAW as the company's priority staffing partner** for all openings in Detroit for the life of the local incentive;
  - b. **Develop and implement a DAW Staffing Plan** in partnership with the company's DAW Staffing Consultant to include a regular meeting schedule of at least every 30 days and agreed-upon data-sharing related to program criteria and candidate submissions;
  - c. **Post all Detroit job openings through the DAW website;**
  - d. **Ban the Box:** To the extent possible according to law and job requirements, commits to removing the felony and/or misdemeanor question from the employment application, and agrees to using a background-friendly approach to hiring new employees in Detroit; and,





COLEMAN A. YOUNG MUNICIPAL CENTER  
2 WOODWARD AVENUE, SUITE 1240  
DETROIT, MICHIGAN 48226  
PHONE: 313.224.4950  
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### Decision Regarding Employment Clearance for Tax Abatement Employment Commitment >50 Full-time Employees

- e. **Modify pre-employment screening and testing** so that an applicant who tests positive for a legalized substance in the State of Michigan are not disqualified from the hiring process, to the extent permissible under applicable laws, regulations, and other legal requirements.
  - f. **Commit to one consultation with DAW staffing consultant** on strategies for upskilling of new employees, including offerings in adult basic education, State-provided training funds and incentives, apprenticeship programs development, and post-secondary educational attainment.
  - g. **Commit to attending a New Employer Introduction meeting for Grow Detroit's Young Talent (GDYT)**, Detroit's summer youth employment program, in the first 90 days following approval;
  - h. **Commit to an agreed-upon priority hiring process** or all new positions in Detroit at the inception of the agreement, and give priority to Detroiters for all positions that must be backfilled (following attrition) in Detroit for the life of the local incentive;
  - i. **Report to Developer annually;**
    - i. Tenant's compliance with requirements
    - ii. The number of individuals employed by Tenant
    - iii. The number of employees who are Detroit residents
- 4) Work with Commercial Tenant(s) who have **5-50 full-time employees** to do **3.a-g and 3.i**  
 5) Work with Commercial Tenant(s) who have **less than 5 full-time employees** to do **3.c and 3.i**

The Applicant/Recipient has provided the CRIO required information in accordance with specific current and future employment data and commitments as part of a tax abatement agreement with the City of Detroit.

Therefore my signature below grants **Approval** of the above tax abatement application/renewal based upon annual reports to and appraisals by this agency of the recipient's employment measures projected and achieved for the duration of the abatement.

Tenika R. Griggs, Esq. \_\_\_\_\_

CRIO Deputy Director Name

DocuSigned by:  
*Tenika R. Griggs, Esq.*  
FF584CDB98E341A

\_\_\_\_\_  
CRIO Deputy Director Signature

4/18/2023

\_\_\_\_\_  
Date