

Detroit Manufacturing Systems

Detroit, MI

THE PROJECT

Detroit Manufacturing Systems (DMS) is a minority- and woman-owned Tier 1 and Tier 2 automotive supplier as well as the largest woman-owned business in Michigan. It is responsible for manufacturing interior trim components for vehicles (cockpit assemblies, door trim, center consoles, and underbody components). DMS was formed in 2012 by 25 production and supply chain experts and now has approximately 850 full-time employees, represented by UAW Local 600, operating 16 injection molding presses and 5 production lines at a 482,500 square foot facility in Detroit, MI. Building America CDE provided \$8.5 million of New Markets Tax Credits to DMS' business growth and diversification, including the expansion of the existing Detroit facility as well as the launch of a second site with two new production lines at the Overland Industrial Park in Toledo, OH.

COMMUNITY IMPACT

The expansion will create 135 new full-time jobs in Toledo and preserve 130 existing full-time jobs in Detroit. Approximately 215 (81%) of the 265 total jobs will be union positions accessible to residents of low-income communities, with average annual wages of \$25,000 - \$33,000. The remaining positions will be split between labor and salary professional positions with average annual wages of \$60,000 and \$75,000 respectively. The DMS employee benefits package includes new employee and ongoing training, medical/dental, vision coverage, paid vacation and holidays, workers compensation, short-term disability, life insurance, 401(k) match, and tuition assistance.

Currently, nearly 60% of DMS' workforce comes from the City of Detroit and many workers rely on DMS as their first work experience in over a year. DMS has sought to recruit community members through extensive work with Focus: HOPE, a Detroit-based non-profit whose aim is to overcome racism and poverty by providing education and training for underrepresented minorities.

DMS' practice of tuition assistance has helped numerous employees progress from initial jobs on the assembly line to higher-paying positions in quality control, logistics, and management.

In addition, the growth in DMS' manufacturing operations will generate additional jobs and other economic impacts throughout the Detroit economy. The Project will also result in greater customer diversification for DMS—strengthening the company and its suppliers. Nearly half (47%) of DMS' suppliers are locally-, woman-, minority, and/or veteran-owned businesses.



“Building America’s investment in DMS furthers our commitment to providing quality jobs in Detroit while supporting United Auto Workers Local 600. This is another example of how public - private partnerships can provide critical capital to companies and help them create union jobs and stabilize communities.”

—Eric Price, CEO Building America CDE, Executive Vice President of the AFL-CIO Housing Investment Trust

FINANCING

Building America provided \$8.5 million of the project’s total of \$35.35 million of New Markets Tax Credits. Others contributing tax credits for the \$37 million project include Community Reinvestment Fund, Consortium Capital, and Stonehenge Capital Company. Chase was the tax credit investor.

“The New Markets Tax Credit is a vital part of our success, helping us create sustainable job opportunities in underrepresented communities and build high-quality parts for our customers at competitive pricing and profitability, driving growth for all of us.”

—Andra Rush, CEO Detroit Manufacturing Systems

ABOUT BUILDING AMERICA

Building America CDE was established as a subsidiary of the AFL-CIO Housing Investment Trust (HIT) in 2010. The U.S. Treasury Department’s CDFI Fund certified Building America as a Community Development Entity, making it eligible to offer federal New Markets Tax Credits to investors. Building America was awarded \$35 million of New Markets Tax Credits in 2011, \$50 million in 2012, and \$45 million in 2016. Building America’s ultimate parent entity, the HIT, is a fixed-income investment company registered with the Securities and Exchange Commission. It manages \$6 billion in assets for over 390 investors, which include union and public employee pension plans. The HIT invests primarily in government and agency insured and guaranteed multifamily mortgage-backed securities. The HIT is one of the earliest and most successful practitioners of socially responsible, economically targeted investing, with a track record of almost 50 years that demonstrates the added value derived from union-friendly investments.

