



INVESTMENT SPOTLIGHT

# ROC USA Capital, LLC

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## Investment Spotlight

# ROC USA Capital, LLC

The Colorado Health Foundation invested in ROC USA Capital to make quality resident ownership viable throughout Colorado and to expand economic opportunities for homeowners in manufactured (mobile) homes by becoming resident-owned communities (ROCs).

- **Investment amount:** \$8MM
- **Return on investment:** 1%
- **Investees:** ROC USA Capital & Thistle Communities
- **Key features:** 1) Provide direct funding to homeowners to help them purchase land under their homes, and 2) Provide support to community members to advocate for their interest



The Colorado Health Foundation™



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# RECAP



Nine organizations came together to create a financing vehicle that positions homeowners in Colorado manufactured home communities to successfully purchase their neighborhoods when they come up for sale.

ROC USA Capital and Thistle Community Housing collaborated with banks and nonprofits to secure a \$55 million capital pool.

## The Need

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The housing system reflects the inequitable impacts of systemic racism, which is compounded by the lack of affordable and safe housing options and community voice in designing solutions.

Mobile homes are one solution to affordable housing and a new law in Colorado gave residents increased purchase power.

## The Opportunity

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ROC USA and Thistle, ROC USA's certified technical assistance provider, established "The \$55 Million 1st Mortgage Colorado Acquisition Loan Pool"; for six new ROCs, and increase the opportunity for new models of housing finance to support low-income homeowners' asset and generational wealth building.

## The Impact

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Mobile homes residents either own or rent their homes, but not the land underneath. This investment is designed to support mobile homeowner to purchase land, create a resident-owned community and improve housing stability, economic viability and overall community health.

# WHO

ROC USA empowers lower-income homeowners in Colorado to buy, preserve and improve the manufactured home communities in which they live.

## About ROC USA

ROC USA was launched in May 2008 by national and regional nonprofits that joined together to serve one mission: To make quality resident ownership viable nationwide and to expand economic opportunities for homeowners in manufactured home communities.

The ROC USA Network is a group of regional non-profit affiliates and ROC USA Capital is a CDFI lending subsidiary work with 290 resident-owned communities nationwide.

## Geography

A national organization with a specific focus on Colorado for this project.

## Sectors & SDGs



# WHAT

“The affordable housing crisis is keeping health and wellness out of reach for far too many— especially people of color. Supporting collaborative approaches to mobile homeowners to purchase the land under their homes, helps improve housing stability, economic viability and overall community health.”

**Ben L. Bynum M.D.**

The Colorado Health Foundation

## Total Investment

# \$55MM

INVESTOR	SIZE	TYPE	POOL	DURATION
The Colorado Health Foundation	\$3MM	Debt	PRI	2020-2025
The Colorado Health Foundation	\$5MM	Debt	PRI	2020-2025
CDFI & Bank Co-investors	\$37MM	Debt	Undisclosed	
Other Co-investors	\$10MM	Debt	Undisclosed	

## Target Return

# 1.0%

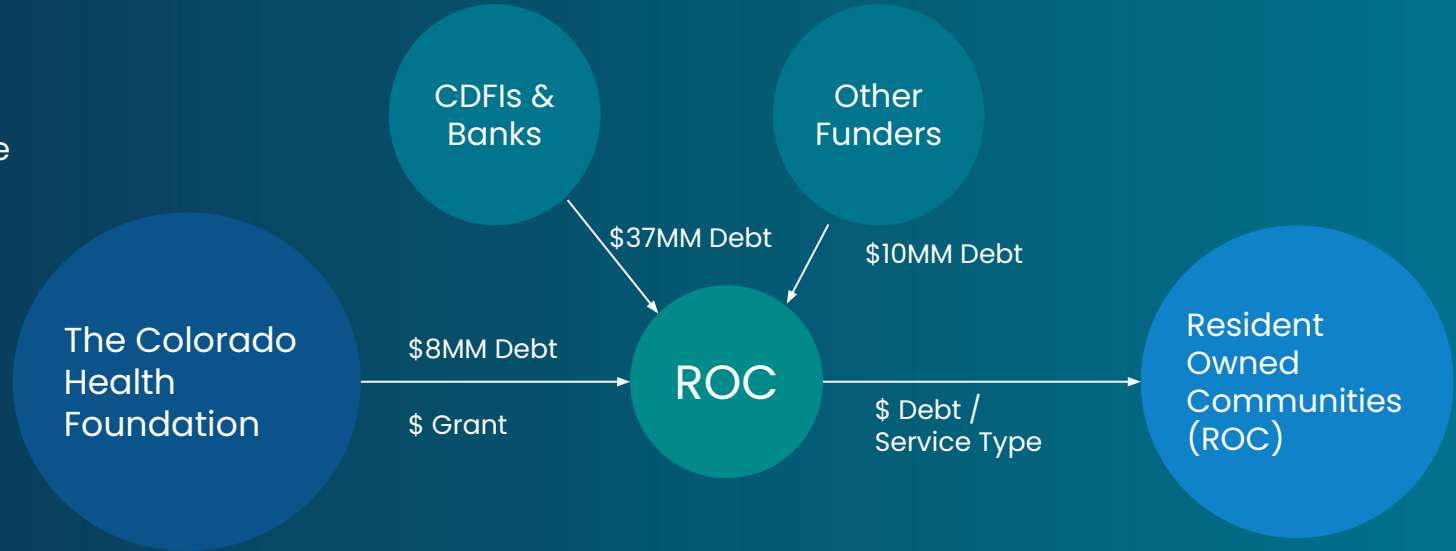
CHF's Investment Policy Statement (IPS) dictates return expectations for nonprofit partners.

## Investment Structure

- \$3MM PRI - 100% Balance Sheet Lending, direct ROC partnership, recourse to ROC's balance sheet
- \$5MM PRI - 50% New Construct/Acquisition, 50% Rehabilitation of Existing Structure, First loss position served to entice the participation of additional seniors lenders

# HOW

The nature of the stakeholders



A state-based funder with \$3.1 billion in assets and works to improve the health of Coloradans

Colorado Mobile Home Acquisition Pool

ROC is a neighborhood of manufactured homes that are owned by a cooperative of homeowners vs a landlord

# INSIGHTS



“If there is a mission bulls-eye, philanthropy must get comfortable with assuming the most risk of all the investors at the table. Especially if taking a subordinate position in the capital stack will have a positive influence of other funders committing to investing in the partnership.”

**Ben L. Bynum M.D.**  
The Colorado Health  
Foundation

## Lessons Learned

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- **Timing:** Must deploy PRI proceeds used for project loans within 36 months of the closing date
- **Target audience:** Ensure 75% of borrowers and communities served are at or below 80% of the area median income
- **Capacity building:** Connect trainings and technical assistant curriculum
  - Community management, operating budget, policies and procedures and governance
  - Onboarding new members, compliance, property manager, refresher and board trainings
- **Leverage:** Between two to five times the lifetime of the PRI



“ Mobile homes represent the largest segment of non-subsidized affordable housing, yet homeowners don’t often own the land beneath them. This fund invests in projects that flip that unfair dynamic and puts power in the hands of the mobile home residents.”

**BEN L. BYNUM M.D.**

THE COLORADO HEALTH FOUNDATION