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

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RECAP

The Need

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

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

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.
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

3. Good health and well-being
8. Decent work and economic growth
10. Reduced inequalities
Total Investment

$55MM

<table>
<thead>
<tr>
<th>INVESTOR</th>
<th>SIZE</th>
<th>TYPE</th>
<th>POOL</th>
<th>DURATION</th>
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<tbody>
<tr>
<td>The Colorado Health Foundation</td>
<td>$3MM</td>
<td>Debt</td>
<td>PRI</td>
<td>2020-2025</td>
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<tr>
<td>The Colorado Health Foundation</td>
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<td>CDFI &amp; Bank Co-investors</td>
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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

"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
The nature of the stakeholders

HOW

The Colorado Health Foundation

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

The Colorado Health Foundation

CDFIs & Banks

Other Funders

Resident Owned Communities (ROC)

$8MM Debt

$37MM Debt

$10MM Debt

$ Grant

$ Debt / Service Type
INSIGHTS

Lessons Learned

- **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

"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
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