



Investing in ROC USA to Grow the Number of Resident-Owned Manufactured-Home Communities

ROC USA, LLC
www.rocusa.org

About This Investment

This investment supports ROC USA, a nonprofit aimed at expanding economic opportunities for homeowners in manufactured home communities across the nation by making quality residential ownership viable. Manufactured housing, commonly referred to as mobile homes, makes up a sizable portion of the housing stock in the United States and is commonly cited as the largest source of unsubsidized affordable housing in the country. Given the socio-economic make up of owners of manufactured homes, and the fact that these homeowners typically only own the built property, rather than the land, these homeowners are typically deprived of the ability to accumulate wealth through homeownership. ROC USA wants to flip the script and give power back to the homeowner by providing residents the opportunity to form a cooperative association and borrow the money required to purchase the land, thus granting them the ability to build equity and generate wealth through homeownership.

Why it was Needed

Challenge: A structural disadvantage of manufactured homes, often referred to as trailer parks or mobile home parks, is that the homeowner typically owns the built property rather than the land on which it sits. In fact, the land can be owned by a separate entity that can either be a smaller “mom and pop” operator, a regional operator, or, increasingly, a private equity investor like Blackstone or the Carlyle Group. The owner will lease the land to the homeowners and charge “lot rent” monthly via a lease agreement. This type of lease structure is typically short term and can expose the homeowners to sudden swings in the lot rent and creates a lack of certainty in the long term. However, one of the largest issues with this type of rent structure is that, without ownership of the land, homeowners effectively own a depreciating asset and lose out on the ability to build equity and generate wealth through homeownership.

Solution: This investment will help further scale ROC’s model by providing equity-like capital (through Prudential as an intermediary) to ROC USA. Beyond the merits of this specific investment and alignment with RWJF programmatic goals around community power, this transaction has two additional goals:

- Pilot a new guarantee-vehicle that utilizes the Foundation’s newly rated guarantee to crowd in capital from insurers for community development; and
- Pilot a new vehicle for delivering equity-like capital to the community development finance system – a recurrent and stubborn problem that limits growth and lending volume.

Intended Impact of Guarantee

The intended outcomes from this transaction include:

- Empowering residents of manufactured homes to form a cooperative association and borrow funds to purchase the land on which their built property sits;
- Providing needed funds to help further scale ROC's model; and
- Building equity and wealth by allowing residents to purchase the actual land, thus creating an appreciating asset in which they own.

INVESTMENT LOCATIONS

Concord, New Hampshire

YEAR APPROVED

2021

TYPE OF TRANSACTION(S)

Grant & Guarantee

LOAN AND GRANT AMOUNTS

\$4,750,000

About ROC USA

Founded in May 2008, ROC USA, LLC (ROC USA) is a social venture with the mission of making quality resident ownership viable nationwide and to expand economic opportunities for homeowners in manufactured home communities (MHCs). Rather than remain beholden to a third-party landlord, ROC USA offers residents the opportunity to form a cooperative association and borrow the money required to purchase the land. The residents can become members of this new resident organization, establish a board comprised of residents, and make collective decisions on how the MHC should be operated, including setting a budget, determining lot rents, and prioritizing capital improvements.

Key Partners

Acting as a key partner in this investment is Prudential. Prudential serves as an intermediary in which RWJF will provide a 100% payment guarantee to Prudential, who will then act as the lender and will make a \$4.75M, 15-year loan to ROC USA. Although the Prudential investment is structured as debt to ROC USA, the unique structure should provide an immediate and sizable impact on ROC USA Capital's net asset position.



Learn More About our Impact Investments

www.rwjf.org/impactinvesting