Sustainably Scaling Resident Ownership: Leadership and Impact

Strategic Plan: July 2018-June 2021
Dear ROC USA® supporters and friends,

Thank you for your interest in ROC USA and our three-year Strategic Plan.

Ten years ago, we set out to make resident ownership of Manufactured (mobile) Home Communities (“MHCs”) a viable and successful model for preserving and improving naturally occurring affordable housing on a national scale. The strategy resonated because it reflects the twin American ideals of property ownership and civic engagement. Our approach has been bolstered by interest in localism, energy-efficiency and a return to modest-sized homes.

ROC USA® Network’s outcomes over our first decade demonstrate that the creation and sustainable operation of resident-owned communities (ROCs) is a scalable strategy. We now represent a 15-state network of 220 ROCs and more than 14,000 homeowners, with 20 percent, or 2,738 homeowners, added in the last two years alone.

By 2028, we project that this networked nonprofit social venture will have helped to create nearly 500 ROCs serving at least 30,000 homeowners.

Recent impact data that we have collected is encouraging: ROCs are raising lot rents at less than 1 percent per year compared with a sector average of 3 percent. Further, after five years of ownership, lot rents in ROCs are $24.53 per month below market rents.

ROCs are also making their communities healthier places to live: Their total investments in health and safety improvements – including sewer, water, and drainage – exceed $49 million in the last 10 years and each is saving for future improvements, too.

ROC USA’s growth and impact is a welcome and urgently needed solution when considered in the context of the national shortage of affordable housing. We were alarmed by Freddie Mac’s report that 60 percent of affordable rental properties were lost between 2010 and 2016, and when an official at the company concluded, “Affordable housing without a subsidy is becoming extinct.”

Ten years ago, only New Hampshire offered homeowners a comprehensive, community-led approach to resident ownership. Today, ROC USA’s integrated system of co-op development and finance is available in 21 states. ROC USA Network’s nine and growing affiliated nonprofit organizations are experts in co-op development and coach residents in the purchase and management of their communities. ROC USA® Capital, which has financed more than $200 million for co-ops in the past decade, is demonstrating strong portfolio performance and attracting capital from numerous banks, insurers, state Housing Finance Authorities and other CDFIs.

We believe that our business model and
innovative approach to achieving our mission has enabled this nonprofit social venture to make significant progress in expanding affordable homeownership in a time when the odds can seem insurmountable. Our three-year Strategic Plan outlines the next phase in our journey to scale resident ownership in the U.S. We say:

- ROC leaders and members will drive the national resident-ownership movement.

Engaged community members create and sustain positive change. Our reason for being is the economic security and well-being of homeowners in MHCs. Raising up their voices matters. Only they can speak firsthand about the need and the impact. ROC USA® is governed in part by the communities we serve, and this strategic plan engages ROC leaders even more deeply in the governance, strategy and programming of the social venture.

- Advance whole venture sustainability as a means to achieving impact at scale.

Sustainability means ensuring the resilience of the existing 220 ROCs and Network’s capacity to create 60 new ROCs, securing the homes of an additional 4,000 homeowners. Sustainability means equipping Network with the tools, systems and resources needed to sustain and grow local ROC programs while continuing to lead innovation in the sector. Sustainability means raising debt and equity grants to meet anticipated loan demand of $90 million over three years, positioning the social venture for dividend-paying equity in five to eight years for true scale.

- Generate resources for home and community improvements.

We are excited to engage others to serve the needs of ROCs and ROC Members. ROC USA will inform new entrants through data sharing on housing financing and infill as well as new home placements in ROCs. ROC USA will also advocate and partner to generate home and community improvement resources targeting ROCs.

There is much more to do to scale MHC co-op ownership, and we know you cannot scale that which is not sustainable. Our plan aims to achieve whole enterprise sustainability as a community-based social venture, with ROC leaders at the forefront.

Please join us as together we make the American dream of homeownership work for 14,000 homeowners and growing. ROC on!

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Paul Bradley  
President  
ROC USA, LLC

Lauren Counts  
Chair  
Strategic Planning Committee

Andrea Levere  
Chair  
ROC USA Board of Directors

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GROWTH PROJECTIONS

ROC's Preserved

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
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<tbody>
<tr>
<td>2008</td>
<td>5,015</td>
</tr>
<tr>
<td>2018</td>
<td>14,443</td>
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<tr>
<td>2028</td>
<td>30,000</td>
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Homes Preserved

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
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<tbody>
<tr>
<td>2008</td>
<td>89</td>
</tr>
<tr>
<td>2018</td>
<td>220</td>
</tr>
<tr>
<td>2028</td>
<td>500</td>
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Improvements

ROCs’ total investment in health & safety improvements exceeds $49 million since 2008.
Our Vision

We envision a country in which the owners of efficient and affordable homes are economically secure in healthy and socially vibrant resident-owned communities.

Our Mission

To make resident ownership viable and successful and to expand economic opportunities for homeowners in manufactured (mobile) home communities (MHCs).

Our Goals:
1. Preserve and improve affordable communities;
2. Build individual assets; and
3. Foster healthy, mutually supportive communities and leaders.

Our Values

Our values are expressed in our Organizing Principles, which reflect our steadfast commitment to, and respect for, the democratic process.

What we do

ROC USA® helps democratic co-ops purchase and manage their MHCs.

Why we do what we do

Homeownership without land ownership can be risky. Homeowners on rented land are vulnerable to community closures and eviction, unsafe infrastructure and ever-increasing lot rents. Plainly speaking, homeowners need control of the land beneath their homes to be secure.

One proven solution is resident ownership, in which homeowners buy their community as a co-op. Its success has been demonstrated by 220 communities that have followed the first limited equity resident-owned community (ROC) in Meredith, New Hampshire in 1984.

We created ROC USA in 2008 to bring the opportunity of resident ownership to homeowners in other states. ROC USA® Network’s affiliated non-profits have almost tripled the number of homes in ROCs from 5,000 to 14,000 and gone from one state to 15 over the last decade.

ROC USA connects independent ROCs – communities with all the strength and focus of local ownership – with other like communities and a
network of nonprofit organizations (ROC USA Network) so everyone is helping one another. We look to replicate and systematize benefits, we look to build mechanisms to support ROCs, and find more ways to be “Better Together.”

We view the ROC Association – the formal association of ROCs that elects three Directors to the ROC USA Board of Directors – as a core strength and clear expression of our values.

**How we do what we do**

We promote resident ownership with community owners to win opportunities for homeowners to purchase their communities at fair market value.

We provide homeowners an opportunity to make an informed democratic decision about community ownership.

We provide pre- and post-purchase Technical Assistance (TA) and training to resident corporations.

We provide pre-development, purchase and community improvement loans to ROCs that are supported by an affiliated TA provider.

We innovate with local, regional and national solutions to address common ROC challenges and opportunities.

**How we set our priorities**

The priorities of this Strategic Plan were developed through a Board-led process that focused on engagement of key stakeholders. A key highlight in the 14-month process occurred when the Board engaged ROC leaders and Network affiliates at the 2017 Community Leadership Institute in Los Angeles.
STRATEGIC PRIORITIES

Strategic Focus 1

ROC leaders and members drive the national resident-ownership movement.

Goal: Support ROC Leaders to build the movement and change the perception and standing of manufactured housing and ROCs as vital affordable housing.

Objectives:
1. Increase involvement and visibility of ROC leaders and ROC Association regionally and nationally, while strengthening their leadership role on the ROC USA® Board.
2. Deploy communications to engage and educate homeowners and ROC Members broadly about co-ops and co-op ownership.
3. Expand partnerships in affordable housing and co-op sectors to support Member engagement, economic opportunity, and home and community improvements.

Strategic Focus 2

Advance whole venture sustainability as a means to achieve impact at scale.

A. Strengthen Existing ROCs and Support Development of New ROCs.

Goal: Help the 220 existing ROCs thrive and 60 new resident groups secure ownership of 4,000 home-sites.

Objectives:
1. Improve quality of property management services available to ROCs to enhance the value proposition and performance of ROCs.
2. Improve quality of training, support, and leadership development for ROC leaders and members by fostering a high level of engagement and inclusion through online and in-person learning and networking opportunities.
3. Advocate for resources that benefit ROCs and low- and moderate-income homeowners and home buyers in ROCs.

ROC USA is making resident ownership viable and successful, with a goal of preserving 60 ROCs nationwide over the next three years while also expanding geographically into Iowa and Idaho.

In May 2018, the ROC Association Directors appeared on the radio/web broadcast “Everything Co-op” with Vernon Oakes.
STRATEGIC PRIORITIES

4. Scale deep in existing markets to support at least two new ROCs per affiliate per year. Expand into Iowa and Idaho and scale wide with new affiliates in Delaware and Texas. Expand to any new Opportunity to Purchase markets.

B. Support affiliate growth, sustainability, and innovation.

**Goal:** Affiliates are fully equipped to meet ROC training and servicing needs, innovate in the manufactured housing and co-op sectors, and operate viable lines of business.

**Objectives:**
1. Achieve and sustain better than break-even operations through portfolio expansion, Network Investments, and efficiencies and standards, per each affiliate’s comprehensive business plan.
2. Build out scalable systems to streamline operations and support an engaged and empowered portfolio of ROCs and ROC leaders to be successful.
3. Recognize and support growth, innovation and non-revenue producing activities with high mission impact through collaborative fundraising of at least $300,000 annually.

C. Operate ROC USA sustainably; position for growth and national impact.

**Goal:** ROC USA delivers and documents its impact on community preservation, improvement and affordability and operates sustainably.

**Objectives:**
1. Document impact on security, health and safety improvements and affordability of ROCs as well as individual state responses in preventing community closures.
2. Consistently maintain strong loan underwriting and portfolio performance.
3. Meet projected loan demand of $90 million over three years by raising $3 million of equity, $22 million of balance sheet debt and $65 million of participation capital.
4. Innovate with financial products, including a limited number of 40-year

Peer support and networking are central objectives at in-person trainings and online participation through myROCUSA.org.

**MEETING $90M LOAN DEMAND**

- $22M balance sheet debt
- $3M equity
- $65M participation capital

ROC USA plans to document the impacts of health and safety improvements, such as safe, clean water and sewer infrastructure systems.
amortization loans and specialized small, rural community financing when special resources are secured to make resident ownership affordable in challenging markets.
5. Position the social venture to secure dividend-paying equity in five to eight years.

Strategic Focus 3

Generate resources for home and community improvements.

**Goal:** ROCs have access to home and community improvement resources to improve health, safety and affordability.

**Objectives:**
1. Increase access to high loan-to-value good quality home financing by attracting lenders to the “home in ROC” market and leading the push for residential mortgage lending in ROCs. Document where, how and why home financing is working, the tax implications of real estate titling and seek opportunities for “opt-in” titling to attract GSE conventional residential mortgage financing in ROCs.
2. Increase quality affordable homeownership opportunities and improve operating cash flow in ROCs through vacant site infill and home replacement (as needed) by documenting where new homes are working and their impact.
3. Continue to experiment and invest in innovation for energy-efficient new homes.
4. Expand access to improvement resources for communities and homeowners through state and federal policy and promotion of programs among ROC Members.
“ROC USA has a business model set up to assist lower-income people upgrade their quality of life with financial backing and instilling a sense of personal accomplishment and pride.”

Valerie J. Benjamin
Secretary, Newtown Creek Cooperative – Horseheads, N.Y.

“This gives people the opportunity to really have it all: affordability and homeownership.”

Danielle Maiden
Cooperative Housing Specialist, NeighborWorks® Montana

“The greatest part of all of this is without ROC USA’s help, we would still be in receivership spinning our wheels with no end in sight.”

Richard Gelinas
Vice President, Heritage Association, Inc. – Warren, Mass.
Above: ROC USA and its affiliates work with 220 ROCs in 15 states, and are equipped to work in another six states.

Right: The ROC Association is divided into three regions: Mountain West; East, Midwest and South; and New England.
RESIDENT OWNERSHIP ON THE RADAR

ROC USA’s work has generated considerable positive media exposure in recent months.

Reverberations

Each story generates new leads & interest from community owners, homeowners and other media outlets.

Scan the QR code or click the logo to see each story.

TIME

ReCorda

nbc

npr

cb

c

ROC usa

Resident Owned Communities

BETTER TOGETHER

COOPERATIVE HOUSING
QUARTERLY

TESTIMONIALS

“With so many of our residents retired and on fixed incomes, knowing we’re going to own it and run it the way we want to run it is such a relief. Now everyone is going to have a say.”

NANCY FROIIO
Board President,
Halifax Estates — Halifax, Mass.

“We have looked to state government to help provide affordable housing but this is a way we can control it on our own.”

DALE WHITMORE
Board president,
Wardtown Mobile Home Co-op — Freeport, Maine

“Things that need to be taken care of are now, and not let go like they used to be.”

BRIAN MILLER
Member,
Minquadale Village — New Castle, Del.
TESTIMONIALS

“We signed the papers and we became park owners for just $37 more a month. It is the best thing we ever did.”

KATHY ZOROTHEOS
Board President,
Oak Hill Taunton – Taunton, Mass.

“When you’re a renter, whether it be a park or a home, there’s always the chance that could be taken away from you. When you own your own place and you’re part of a co-op, you don’t have to worry about that.”

LAURIE WESTENDORF
Board President,
Morning Star Co-op – Kalispell, Mont.

“It’s been our dream home, and we’re so glad we could keep our home.”

CHRISTINE BAKER
Board Secretary,
Applewood Homeowners Co-op – Midvale, Utah

ROC USA® BOARD OF DIRECTORS

Paul Bradley*
President, ROC USA, LLC

Andrea Levere*
(Board Chair)
President, Prosperity Now

Juliana Eades
(Board Secretary)
President, NH Community Loan Fund

Adnan Bokhari*
CFO & COO, Prosperity Now

Lorie Cahill
President, Green Acres Cooperative

Kim Capen*
President, Medvil Cooperative, Inc.

Lauren Counts*
Director of Strategy, Innovation, & Impact Management, Capital Impact Partners

Diane Gasaway
Executive Director,
Northwest Cooperative Development Center

Graham Macmillan
Senior Program Officer for Inclusive Economies,
Ford Foundation

Kaia Peterson*
Assistant Director, Statewide Operations,
NeighborWorks® Montana

Marietta Rodriguez
President & CEO, NeighborWorks® America

Natividad Seefeld
President, Park Plaza Cooperative, Inc.

Scott Sporte
Chief Strategy and Innovation Officer,
Capital Impact Partners

Michael Swack
Professor and Faculty Director,
Center on Social Innovation and Finance, Carsey School of Public Policy, University of New Hampshire

* Strategic Planning Committee member.

Many of the more than 50 technical assistance providers share their stories at the ROC Leadership Institute in 2018.
### ROC USA® SENIOR MANAGEMENT TEAM

<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Paul Bradley</td>
<td>President, ROC USA, LLC</td>
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<tr>
<td>David Doyon</td>
<td>CFO, ROC USA, LLC</td>
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<tr>
<td>Mary O’Hara</td>
<td>Director, ROC USA® Network</td>
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<tr>
<td>Michael Sloss</td>
<td>Managing Director, ROC USA® Capital</td>
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### STAFF

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<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Mike Bullard</td>
<td>Communications &amp; Marketing Manager</td>
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<tr>
<td>Gary Faucher</td>
<td>National Training Manager</td>
</tr>
<tr>
<td>Katherine A. Eads Galdieri</td>
<td>Network Systems Manager</td>
</tr>
<tr>
<td>Chris Julian</td>
<td>Administrative Assistant</td>
</tr>
<tr>
<td>Jeremy Lemay</td>
<td>Staff Accountant and Loan Serving Assistant</td>
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<tr>
<td>Kevin Porter</td>
<td>Loan Officer</td>
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<tr>
<td>Melissa Proulx</td>
<td>Digital Media Manager</td>
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<tr>
<td>Angela Romeo</td>
<td>National Acquisitions and Project Manager</td>
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<tr>
<td>Heather Weste</td>
<td>Resource Library and Portfolio Manager</td>
</tr>
<tr>
<td>Robin Wilcox</td>
<td>Portfolio Manager</td>
</tr>
<tr>
<td>Deb Wyman</td>
<td>Executive Assistant &amp; Data Manager</td>
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### SELLER STORIES

**Nate Brockbank, Seller**  
Applewood Homeowners Cooperative — Midvale, Utah

“We feel very good about what we did for the community and for the people in the community.”

**John DiBona, Seller’s Attorney**  
Sherwood Valley Housing Cooperative — Coventry, R.I.

“For a transaction this size – it went very smoothly and quickly. Frankly, we didn’t expect anyone to lend this kind of money to the residents, but you did.”

**Kevin D. Rohrbacher, Seller**  
Newtown Creek Community, Inc.  
Horseheads, N.Y.

“I feel great. It was the best deal for everyone. The homeowners are in control of their future situation and it was good for me because I got my asking price.”

Resident Ownership Capital, LLC (d/b/a “ROC USA Capital”) and Resident Ownership Network, LLC (d/b/a “ROC USA Network”) are wholly-owned subsidiaries of ROC USA, LLC, an exempt nonprofit organization organized in the State of Delaware and operating from a home office in Concord, N.H.
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