

# Marin Valley Mobile Country Club

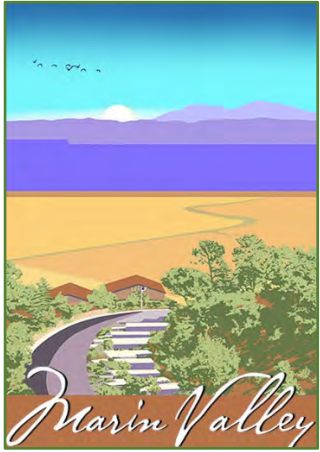
## Community Workshop

### Resident Ownership

*Security*

*Affordability*

February 21, 2024



# Meeting Focus

*Deep Dive into Resident Ownership as a Limited Equity Housing Cooperative, with expert guidance from ROC USA and CCCD representatives*

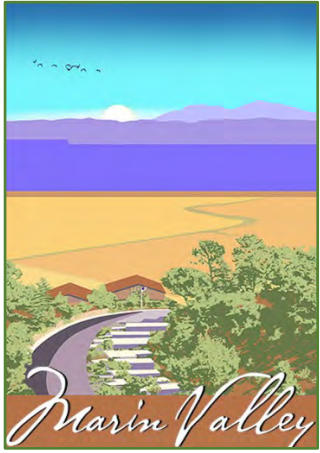


# Agenda

1. Who are ROC USA and CCCD and How Can They Help?
2. LEHC: What it is and How it Works
3. Resident Rights and Responsibilities

## Audience Questions

4. Financial Implications of Self-Ownership
5. From Here to Resident Ownership: Process Overview
6. Next Community Workshop: **February 28, 2024**
  - Membership, Enrollment, Fees
7. Critical Vote: PAC Board Meeting, **March 6, 2024**



# 1. ROC USA / CCCD

- Jodi Baiyat, ROC USA
- Kim Coontz, CCCD
- Randy Keller, CCCD



# Introducing ROC USA

## Mission & History

ROC USA® is a non-profit social venture scaling resident ownership of manufactured home communities since 2008. Together with ROC USA Network, a group of regional non-profit affiliates, and ROC USA® Capital, a CDFI lending subsidiary, we work with 312 resident owned communities nationwide.



California Center  
for Cooperative  
Development

# Introducing CCCD





# International Cooperative Alliance: Cooperative Values

*Cooperatives are based on the values of self help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others*





# The Cooperative Difference

Cooperatives are a reminder... that it is possible to pursue both economic viability and social responsibility.”

*Ban Ki-Moon, United Nations  
on International Year of Co-ops, 2012*



# Resident Owned Community

- Residents form a Corporation to purchase & operate the park (they individually own their manufactured home)
- Each homeowner purchases an equal ownership “share” of the MHP Park
- Members pay monthly *site fee/lot rent* to cover mortgage & operating expenses
- Park is democratically governed: one vote per member-household

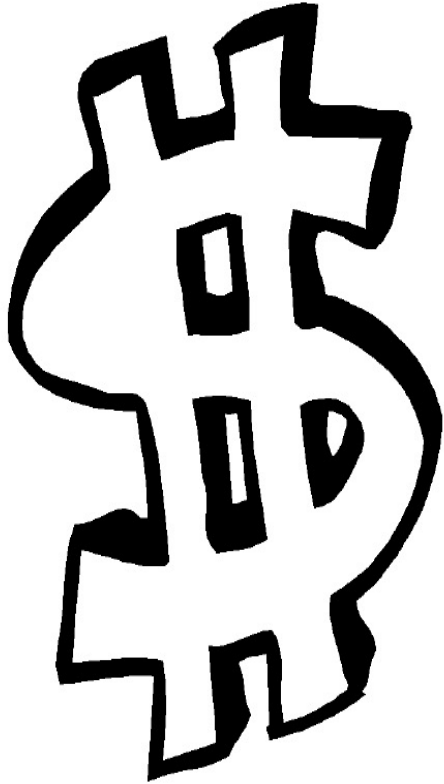


# CA Limited Equity Housing Cooperative (LEHC)

- Distinctive form of non-profit corporation
- Statute limits appreciation of equity on “share” to maintain affordability in perpetuity



# LEHC Post-Purchase Transactions



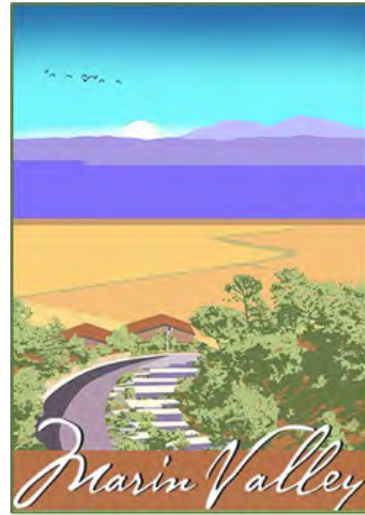
- If a member wants to sell, they are selling both their share & their manufactured home
- Any sale must be to purchaser who will be a resident and be a co-op member
- LEHC equity cap is on co-op share NOT manufactured home
- Members can sell their home at market, but the co-op share price is permanently restricted
- If Park is Sold/Dissolved, LEHC equity goes to 501(c)3 non-profit (not members)

# Why ROC USA Uses the Limited Equity Housing Model



- Non-Profit Mission: Affordable, Stable Communities
  - Funding up to 120% Loan-to Value
- Maximize Membership and Minimize Displacement
  - Co-op Share price is \$100 to 1,000 per site
  - Share price does not need to support down payment
- Community is resident-focused
- Resident-owned, at-cost Operations remains stable over time

# The Workings of Resident Owned Community: Who Does What?



**Management**



**Cali**  **ROC**



**ROC USA Capital**



# WHAT DO WE DO

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## Pre-Purchase Guidance

Coach residents through  
the purchase process.



## Financing

ROC USA<sup>®</sup> Capital, CDFI:  
Loans of up to 120%  
loan-to-value



## Post-Purchase Support

Provide training  
and guidance to  
Community for 10  
years



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# TYPICAL PURCHASE PROCESS

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0-30 Days

**M HP for resident purchase is identified**



**Willing Seller**



**Meet with Residents**

30-60 Days

**Resident Meetings**



**Residents vote to form a cooperative**



**Interim Board of Directors is elected**

60-90 Days

**Financing scenarios are reviewed with Board of Directors**



**Purchase offer developed**



**Offer accepted by Seller**



**Board & Committees:  
Bylaws, Operating Rules**

90-150 Days

**Due diligence completed**



**Financing confirmed**



**Negotiations completed**



**Resident final Vote to purchase!**





# Sample Acquisition Loan @6.9%

<b>Acquisition Budget:</b>	
Purchase Price	\$ 20,000,000
Transfer Tax	5,200
Title Insurance	15,000
Recording & Misc Fees	5,000
ROC USA™ Capital Origination Fe	150,000
CCCD Closing Fee	200,000
Lender Legal Fees	15,000
Pre-Development Loan w/Continge	55,000
Property Tax Proration	62,500
Insurance Premium - First Year	75,000
Debt Service Reserve (1 mo)	144,155
Working Capital (1.5 mos)	105,083
Immediate Improvements	125,000
<b>Total Financing Needed:</b>	<b>\$ 20,956,938</b>

<b>Financing Cost</b>	<u>Total</u>	<u>Per Month</u>
ROC USA Capital (6.90% - 10/30 )	\$ 20,931,938	\$ 137,858
Resident Corporation Equity	25,000	-
<b>Total:</b>	<b>\$ 20,956,938</b>	<b>\$ 137,858</b>

**THIS IS A SAMPLE PRO FORMA AND DOES NOT REPRESENT Marin Valley income, expenses, or budgets!**



Results of engineering studies, Environmental Phase 1 & resident infrastructure surveys

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# Operating Budget

# Debt Service

<b>ANNUAL Operating Expenses:</b>	<u>Total</u>	<u>Monthly</u>
Property Tax	\$ 125,000	\$ 10,417
Federal & State Taxes	\$ 12,661	\$ 1,055
Financial Statement Audit	\$ 10,000	\$ 833
Insurance	\$ 75,000	\$ 6,250
Legal	\$ 10,000	\$ 833
Office Supplies & Expenses	\$ 10,000	\$ 833
Management Contract	\$ 30,000	\$ 2,500
On-Site Personnel (w/Benefits)	\$ 250,000	\$ 20,833
Common Area Electric	\$ 5,000	\$ 417
Common Area Trash	\$ 3,000	\$ 250
Landscaping	\$ 35,000	\$ 2,917
Repairs & Maintenance	\$ 75,000	\$ 6,250
Replacement Reserve	\$ 200,000	\$ 16,667
<b>Total Annual Operating Expenses:</b>	<b>\$ 840,661</b>	<b>\$ 70,055</b>



<b>Revenue</b>	<b>Annual</b>	<b>Monthly</b>
Carrying Charges (Rent)		\$ 690
Number Of Sites		330
<b>Gross Site Fee Income</b>	<b>\$ 2,732,400</b>	<b>\$ 227,700</b>
Lender-Required 2% Vacancy	\$ (54,648)	\$ (4,554)
<b>Net Site Fee Income</b>	<b>\$ 2,677,752</b>	<b>\$ 223,146</b>
<b>Effective Gross Income:</b>	<b>\$ 2,677,752</b>	
<b>Annual Cash Flow Analysis:</b>		
Annual Effective Gross Income	\$ 2,677,752	
Less Annual Operating Expenses	\$ 840,661	
Less Annual Debt Service	\$ 1,654,293	
<b>Surplus &amp; Debt Coverage Ratio</b>	<b>\$ 182,798</b>	<b>1.11%</b>

*Minimum Debt Service Coverage Ratio 1.1x*

Results of engineering studies,  
Environmental Phase 1 & resident  
infrastructure surveys

# Membership

## Vote:

- Annual Budget
- Elect Directors
- Approve Bylaws
- Approve Community Rules
- Vote on Major Decisions

## Serve:

- Board of Directors
- Committees

## Information & Services:

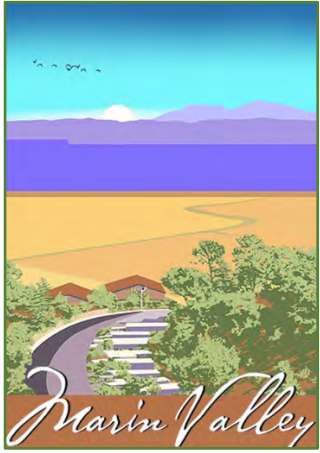
- As defined in the Bylaws & Rules



# Advantages of Resident Owned Communities (Cooperative Ownership)

- Operations at cost
- Stabilizes monthly housing expenses over the long term
- Secures the value of the manufactured home by eliminating the vulnerabilities of space rental
- Protects the park from closure or being changed to another use
- Residents determine what is best for their community

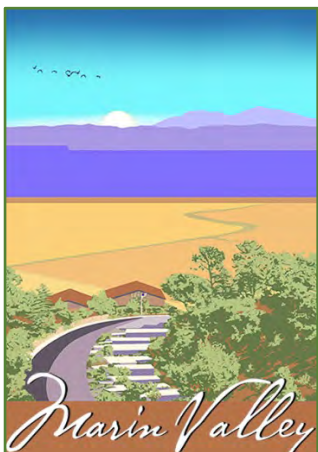




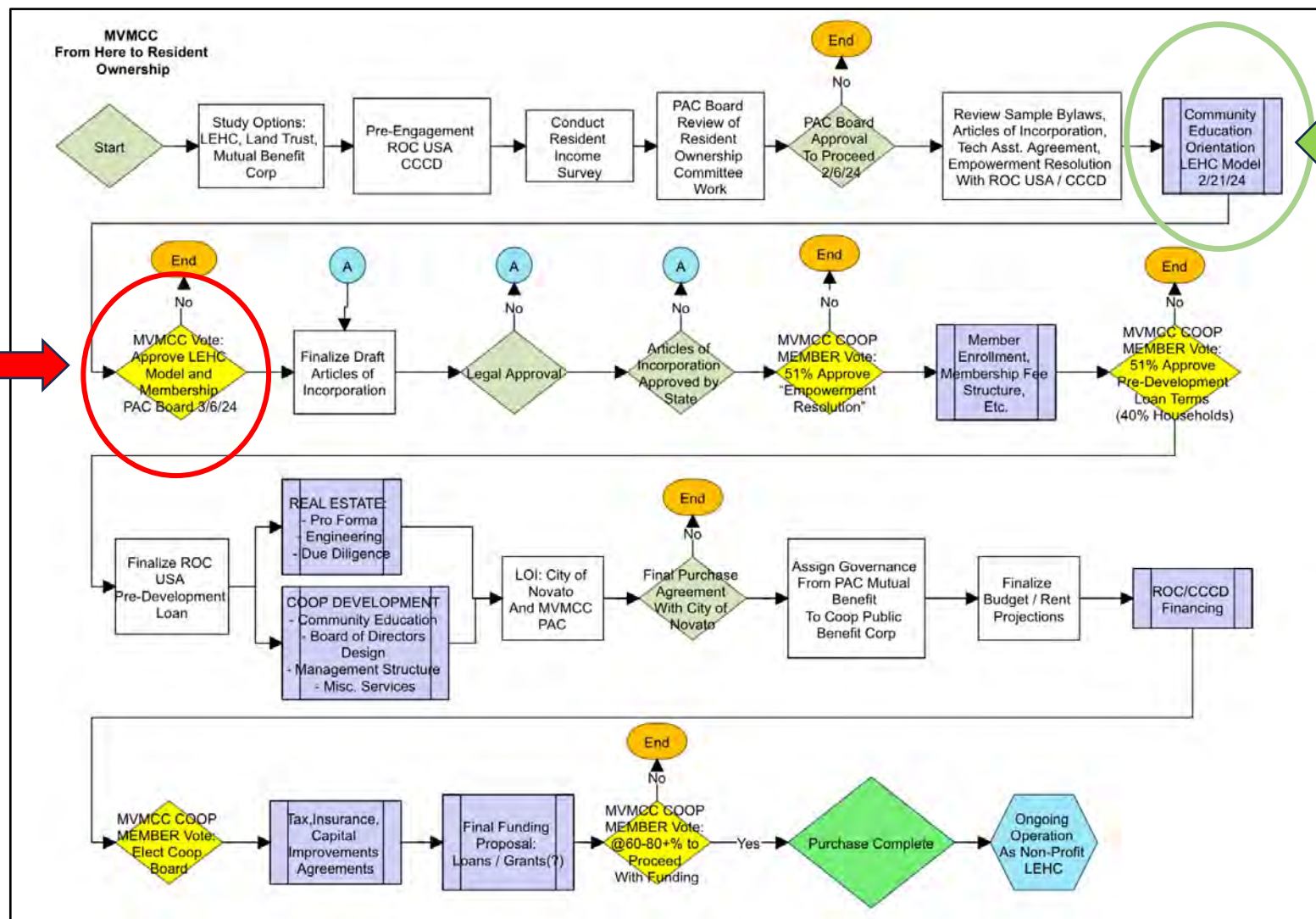


## 4. Financial Implications

- Park Operating Income and Expenses will be addressed in the upcoming Community Workshop on **Wednesday, 2/28/24**.
- Non-resident and other resident ownership models will be discussed.

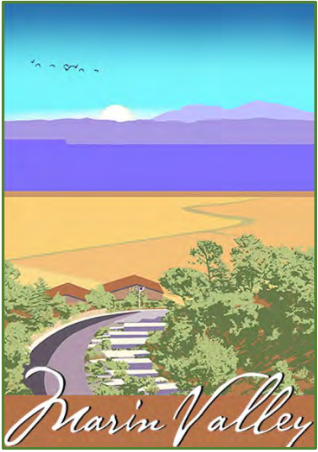


# 5. From Here to Resident Ownership



This is where we are by Feb 22, 2024

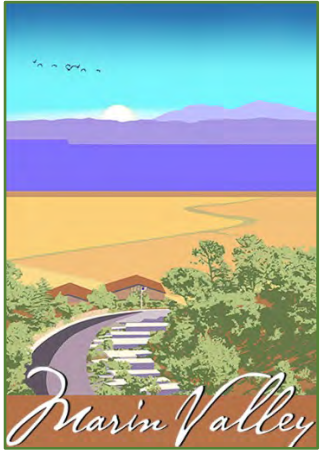
March 6 objective



## 7. PAC Board Meeting, 3/6/24

- Critical Vote!
  - To continue, a Quorum of MVMCC Residents must attend in person or via Zoom.
  - A Quorum is 10% of Residents.
  - A majority of the Residents present must approve forming the LEHC and must join the Coop with a small down-payment (collected at a later date).





# Where to Find This Slide Deck

Marin Valley Website / Resources / Ownership Options

<https://marinvalley.net/ownership-options/>

“MVMCC Community Workshop.pdf\_240221”



# Resident Ownership Discovery Committee

John Hansen, PAC Board

Mary Currie, PAC Board or Jay Shelfer, PAC Board

Dave Tetta

Serena Fisher

Alan Gump