

ROC USA Helps Manufactured-Home Residents Find Stability in Cooperative Park Ownership

BY GABE RIVIN

Jim Barnhart remembers when neighbors began to get knocks on the doors of their homes last year. He and his neighbors, many of whom are retired and live on moderate incomes, had recently learned that their manufactured-home park in Unadilla, N.Y., was entering foreclosure.

The visitors were with PathStone Corporation, a nonprofit organization based in Rochester, N.Y., whose work includes community development. PathStone Senior Operations Director John Wiltse and Program Manager Andrea Schuck discussed with the residents a plan to buy the land themselves and manage it as a cooperative.

This would eliminate a grave risk: "If the person who bought the land, and not us, wanted to turn it into something else, all he would have to do is tell us [to leave]," said Barnhart.

The community, though initially skeptical of PathStone's proposition, met as a group and agreed it was their best option. PathStone helped the community to organize quickly and incorporate itself as a cooperative, assess the property's value, secure a loan and purchase the land. In late September, the newly formed co-op, Meadow Valley Park Inc., went to the foreclosure auction and won the 54-lot property with a bid of \$755,000.

The residents of Meadow Valley Park can relax now, knowing that they're not going to get kicked off their land. As the collective owners of their community, they have an entirely new sort of security.

Keeping Low-Income Homeowners on Their Land

Meadow Valley's story speaks to a basic purpose of cooperatives, for people to work together to provide for some shared need. And this sort of manufactured-home park cooperative development isn't limited to central New York.

PathStone is a member of a network known as ROC USA, which spans 33 states and helps owners of manufactured homes to cooperatively purchase the land on which their homes sit. The work, according to ROC USA, preserves affordable housing for people living on a low or moderate income and helps them to build their wealth.

Manufactured, or factory-made, homes make up a large portion of affordable housing in the United States. About 17 million Americans live in manufactured homes, according to a 2007 report by the federal Government Accountability Office.

But increases in land value and the conversion of land to more profitable uses are causing many mobile home parks to close. And while manufactured homes are technically mobile, they can be prohibitively expensive to move even if additional park space is available. Some older homes cannot be moved, forcing residents to deal with substantial disposal fees as well as the search for a new home.

This array of challenges threatens to displace the low-income homeowners, who have few, if any, other places to live.

That's where ROC USA comes in.

ROC USA, whose name stands for resident-owned communities, is a 501(c)(3) nonprofit that provides nearly every service a manufactured home park community

needs to purchase and manage its land cooperatively.

The organization provides two primary services: technical assistance and access to capital.

The first service is provided by the ROC USA Network, which is composed of 10 external groups that act as co-op developers and technical assistance providers for mobile park communities. Some of these organizations are solely in the business of cooperative development. Others focus more broadly on affordable housing or community development. But they all receive training, legal support and access to a peer-to-peer online network that they can use to share advice with each other.

In the field, these network members search for manufactured home parks that are for sale. Then, with the consent of the current landowners, they begin to contact residents and propose a route to cooperative ownership. The co-op procures engineers to survey the land and lawyers to handle legal requirements. The co-op developers help to build the foundations of a successful co-op—including a well-trained board—from scratch.

Waiting to support these nascent co-ops is ROC USA Capital, the organization's other wing. This is the financial complement to the development network and lends solely to co-ops formed by the network.

ROC USA Capital loans up to 110 percent of the park property's value, which ensures that low-income people can afford to buy a share and become co-op members.

Paul Bradley, the president of ROC USA, explained that partial financing can create split communities, where some neighbors can afford the down payment to become members of the co-op while others are not financially able to participate.

ROC USA's Impact

Bradley reported that ROC USA Network has "preserved 1,725 homes in 25 co-ops in 11 states." ROC USA Capital has financed nine of these communities.

ROC USA Network's members seem happy with the system, too.

"ROC USA's oversight is really good. It gives the training. It gives the backbone. It gives a national presence," said Andy Danforth, the housing program manager at the Cooperative Development Institute, a Massachusetts-based member of the ROC USA Network.

ROC USA pays its technical assistance providers in a distinctive way: They get a payment for closing a park purchase, and if the purchase is financed through ROC USA Capital they're paid a portion of the interest rate margin from the loan.

Bradley described this ongoing payment as "critical" because ROC USA's technical assistance providers continue to assist a co-op throughout the life of its loan, which can be 10 to 15 years. This assistance improves the likelihood of full repayment, Bradley said.

"[ROC USA] Capital's borrowers are enjoying ongoing training and technical assistance and coaching, and that's effectively risk mitigation," said Bradley. "Lenders for too long have not paid for risk mitigation, and nonprofits have really footed the bill."

The communities themselves see several benefits. Cooperative ownership allows residents to reduce the risk that they'll lose



Jim Barnhart, at far left, stands with co-owners overlooking Meadow Valley Park

photo: ROC USA

their homes, which are important assets and sources of wealth. They can control the monthly cost of living on their land. Their homes can also sell faster and for a higher price than those in investor-owned manufactured home park communities, according to a 2006 study by researchers at the University of New Hampshire's Carsey Institute.

But for Unadilla's Jim Barnhart, who's now the president of his cooperative, one of the benefits is that the community can decide what it would like to improve about the park—and it no longer has deal with its old park manager.

"He did absolutely nothing," he said. "I

don't think he really cared about us."

Since forming the co-op, the members have taken care of much that had been neglected by the previous owner.

"Say we want to cut down brush," said Barnhart. "We could do it. We wouldn't have to get permission from the owner. We've really cleaned up this park since we've had it."

Gabe Rivin is a former assistant editor of the *Cooperative Business Journal* and currently a freelance writer/reporter. Contact him at gabe.rivin@gmail.com

Brothel's Demise Leads to Co-op's Success

BY DAVID J. THOMPSON

Love Ranch is a 2010 movie about the Mustang Ranch, the first legal brothel in Nevada. While not exactly a family film, the story has a happy ending for cooperators: The demise of the brothel led to the development of a housing cooperative. Today, the Lockwood Community Corporation is a thriving, cooperatively-owned, manufactured-home park with 94 homes serving 180 residents on 56 acres of Storey County, Nev.

After buying Mustang Ranch in 1967, Joe Conforte built the Lockwood Mobile Home Park, which later served as home to many of the new brothel's employees. Conforte's activities helped him gain political influence and he eventually persuaded county officials to pass a brothel-licensing ordinance, which came into effect in 1971.


For decades federal agencies pursued wrongdoings at Mustang Ranch with minimal success. Finally, in 1999, the US Justice Department convicted the owners of Mustang Ranch of federal fraud and racketeering charges. The Justice Department and the IRS seized all of the assets of the Mustang Ranch and the Confortes.

Life at Lockwood changed drastically. When the IRS auctioned off the Mustang

Ranch operation, the new brothel owners moved it to another part of the county. Many residents lost their jobs and others figured the park would close down or be sold and they would lose their homes.

In 2002, the residents banded together to obtain help from a number of nonprofits led by Eileen Piekarcz of the Rural Community Assistance Corporation. Together they came up with a plan to buy the mobile home park as a co-op. The residents then began negotiating with the Justice Department and the IRS, and reached an agreement in December of that year.

Lockwood Community Corporation now owns the entire 56 acre park and all its infrastructure, including roads and sewers. Just as before, the households own their own homes, but the land belongs to the cooperative, run by a democratically-elected board.

With the stability of a resident-owned co-op, Lockwood has become very popular. Annual turnover at the park is about 5 percent and the waiting list to join is long. 

David Thompson is president of the Twin Pines Cooperative Foundation and a 2012 inductee into the Cooperative Hall of Fame. A longer version of this story appeared in *Co-operative News*.