

Resident-Ownership Preservation of Affordable Housing



Kaia Peterson, NeighborWorks Montana

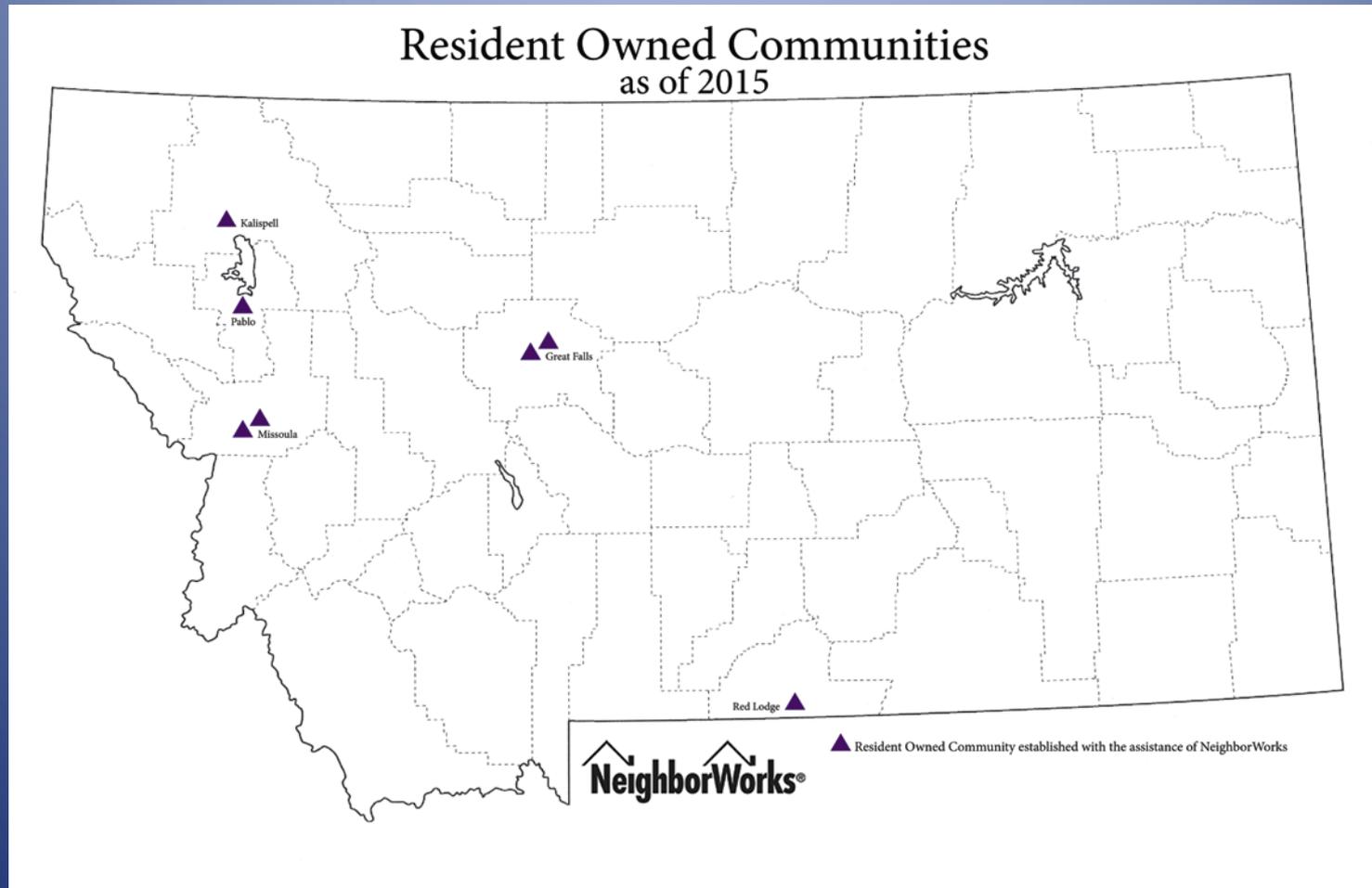
The Status Quo



Resident-Ownership

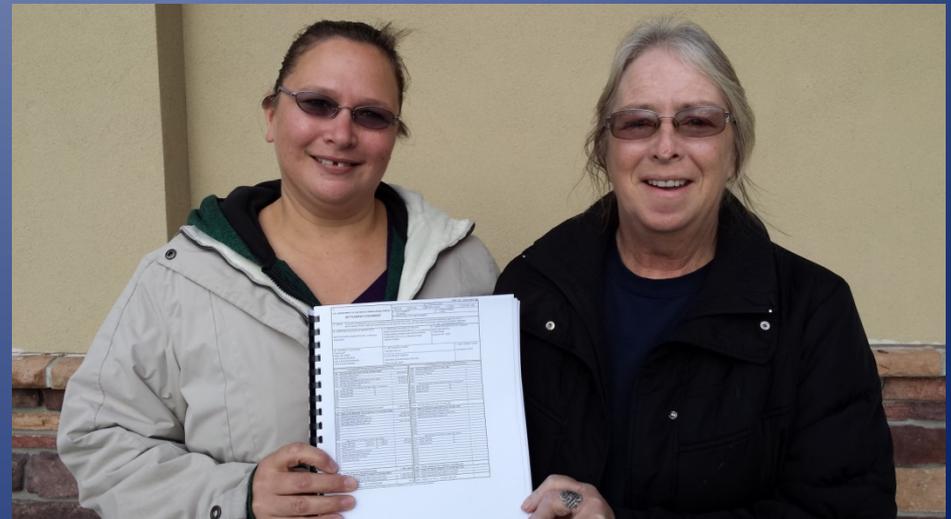


ROCs in Montana



7 Communities – 295 Households
\$8 MM in acquisition financing

Acquisition



Training and Community Engagement



Buena Vista News

March 2015

16 Months as a Resident-Owned Community

Since purchasing the community the day before Thanksgiving in 2013 we have been able to make a lot of improvements in the property and in our community. Here are some of the highlights:

- New signs installed for speed and children at play, and new community name sign at front entrance
- Common areas mowed and maintained – looking great (Thanks Charlie!)
- Developed community website – check it out at www.buenavista.coop

...continued on page 3

Get Ready for Spring!

Winter may not be over but flowers are starting to peak out of the ground in the hopes of warmer weather. Let's get this spring off to a great start. Charlie, Chris and Terry just finished burning the big brush pile. The new sign has been installed. Charlie is keeping the lawns mowed. What are you doing to get ready for spring?



When you clean your yards remember that any trash you leave outside of your canister is an extra cost and you will be billed for any additional expense.

Some people have expressed interest in having a community yard sale. Do you have anything you can sell or pass along, and keep out of the trash? If you are interested fill out and submit the suggestion form at the end of the newsletter.

If you are planning to plant any trees or bushes please ask before you dig. Water and sewer lines run through the lots and need to be avoided. Contact Charlie at 203-8788 or house number 6335 with any questions. <



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Joke: What happens to a frog when its car breaks down?

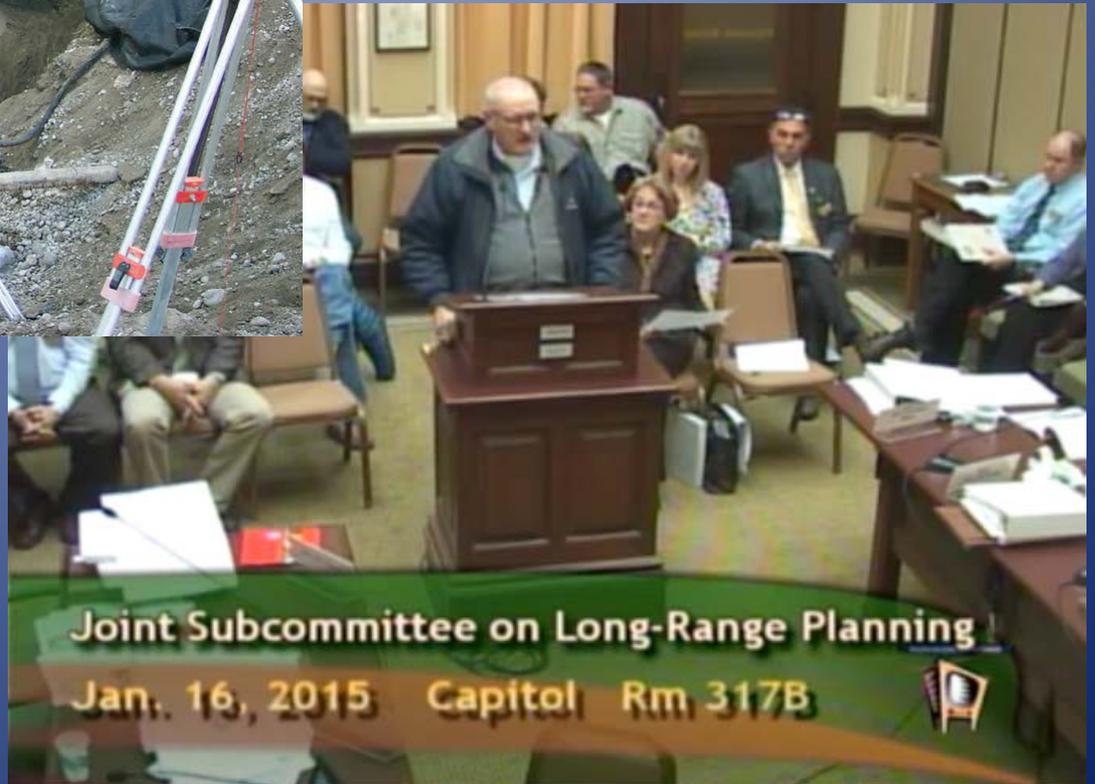
...for the punch line turn to page 3

Please keep vehicles off the lawn. Big ruts are hard to fix and hard to mow around. Stay to the roads.



Newsletter 1

Infrastructure Development



Joint Subcommittee on Long-Range Planning

Jan. 16, 2015 Capitol Rm 317B

Home Replacement



Resident-Ownership Impacts



- Housing Stability
- Housing Affordability
- Leadership Development
- Building Community
- Individual Asset Building

If you are ready to sell,
we are ready to ROC!

Kaia Peterson, NeighborWorks Montana

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Montana ROC Financing

		TOTAL	
Sources			
	ROC USA	5,680,500	71%
	NWMT	1,219,303	15%
	Other Loans/Grants/Equity	<u>1,072,307</u>	13%
TOTAL		7,972,110	
Uses			
	Purchase Price	6,419,000	81%
	Acquisition Costs	479,505	6%
	Infrastructure	786,400	10%
	Reserves	<u>287,206</u>	4%
TOTAL		7,972,111	

ROC as Innovator

- myROCUSA.org
- ROC Co-op Marketing Program
- Community Grants
- Cooperative Purchasing
- ROC Association



Life in the Flood Plain



Missouri Meadows
Replacement homes?? Evictions??
The RV and fill solutions

River Road



Yippee!! City Water and Sewer

First ROC on Reservation

Greetings from
MONTANA

Another Community Purchased!



We Own It!
11/5/2014

ROC usa
Resident Owned Communities
BETTER TOGETHER

"The transaction actually went a lot smoother than we figured. I wish we had one of these every week."

DICK ROSTAD,
Marwest Realty Owner/Broker

- MHC: Northwood Trailer Park, Pablo, MT
- Size: 44 sites / \$980,000 \$22,272 per site
- Bought by: Northwood Community, Inc.
- Closed by: NeighborWorks® Montana, ROC USA's MT affiliate
- Financed by: ROC USA Capital, NeighborWorks Montana

73 communities purchased and \$147 million financed since June 2008.

Capital and expertise for resident corporations – approachable and reasonable.
CALL US TODAY!

Jason Carter, National Acquisitions Manager, ROC USA Network • jcarter@rocusa.org • 717.413.5624

Northwood Community
Collaboration with
Salish-Kootenai Housing Authority

Biggest ROC Trailer Terrace



\$1.3 Million purchase

\$3.7 million water and sewer repairs

Water and sewer district

Population larger than 29 incorporated Montana towns

Sources of funds:	
ROC USA Capital 6% 10/30	\$ 1,360,000
NWMT 5% 15/30 deferred	\$ 289,907
NWMT Bridge Loan for SWWS	\$ 143,500
Equity from membership shares p	950
Total:	\$ 1,794,357

Water and Sewer Budget	
RRGL	\$ 100,000
TSEP	750,000
CDBG	450,000
SRF	500,000
SRF	500,000
WRDA	575,000
WRDA	500,000
TOTAL	\$ 3,375,000

Sample ROC - Acquisition		
Number of Sites	35	
Membership Fee	250	
Acquisition Budget:		Per Site
Purchase Price	\$800,000	\$ 22,857
ROC USA Capital - Origination Fee (.75%)	\$6,600	
NWMT Loan - Origination Fee (1.00%)	\$653	
CTAP Fee (2.75%)	\$22,000	
Title Insurance	\$2,200	
Recording & Other Closing Costs	\$1,600	
Lender's Legal Fees	\$9,000	
Borrower's Legal Fees	\$4,000	
Appraisal	\$4,000	
Environmental Site Assessment	\$4,500	
Property Conditions Report	\$14,500	
Accrued Interest on Pre-Dev. Loan	\$745	
Property Tax Abatement Reserve	\$25,000	
Insurance Premium - First Year	\$3,750	
Debt Service Reserve (1 month debt service)	\$6,080	
Working Capital Reserve (1.5 months operating expense)	\$7,375	
Replacement Reserve	\$12,000	
Priority Repairs	\$25,000	
Infrastructure Development	\$150,000	
Total Financing Needed:	\$1,099,003	\$31,400
Financing Package:		Monthly
ROC USA Capital (1st Mortgage Loan - 6.0%, 30 yr amo, 10 yr term)	\$880,000	\$5,276
NWMT Loan (2nd Loan - 5.0%, 30 yr amo, 10 yr term)	\$65,253	\$350
Infrastructure Grants	\$150,000	\$0
Membership Fees - Equity	\$3,750	-
Total:	\$1,099,003	\$5,626

Sample ROC - Operating		
Operating Expenses:		Per Home
RE Taxes	\$8,400	\$240
Electricity/Utilities	\$2,300	\$66
Financial Statement Audit / Tax Prep.	\$3,500	\$100
Insurance (CGL / Bond / Property)	\$3,750	\$107
Legal	\$2,000	\$57
Office Supplies & Expenses & Licensing	\$550	\$16
Repairs and Other Maintenance	\$8,000	\$229
Exterior Lot Maintenance (4% of EGI)	\$5,250	\$150
Property Management (6% of EGI)	\$7,750	\$221
Water/Sewer	\$2,000	\$57
Trash Collection	\$11,500	\$329
Replacement Reserve	\$4,000	\$114
Total Annual Operating Expenses / Per Home:	\$59,000	\$1,686
Total Annual Operating Expenses % of income		45.50%
Revenue:		
Lease Fee per month	\$325	
Number Of Sites	35	
Gross Monthly Income	\$11,375	
Less: Vacancy/Rent Loss (5.0%)	-\$570	
Gross Effective Monthly Income:	\$10,805	
Annual Cash Flow Analysis:		
Gross Effective Annual Income	\$129,660	
Less: Operating Expenses	\$59,000	
Net Income Available for Debt Service-ROC Capital	\$70,660	
Less: Debt Service-ROC Capital	\$63,313	DCR 1.12
Net Income Available for Debt Service-NWMT	\$7,347	
Less: Debt Service-NWMT	\$4,203	DCR 1.06
Net Surplus:	\$3,144	