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State Looks to Invest in City Neighborhood

by Gordon Dritschilo

State Treasurer Beth Pearce said the city's northwest neighborhood had noticeably improved, and she hoped to help it improve even more. Pearce stood outside Bedard's Cash Market, at the corner of Baxter Street and Library Avenue, Monday to formally announce that her office would make \$1.75 million available to NeighborWorks of Western Vermont as lending capital.

The project is part of an effort to take money in the state coffers that would normally be temporarily invested out-of-state and find ways to invest it in Vermont. The state had already made \$2 million available through NeighborWorks for energy efficiency improvement loans. Pearce said she hoped this capital would continue the revitalization work in Rutland symbolized by the park being built across from Bedard's on the former site of a blighted property.

"It's about working together," she said. "We get things done when we work together."

The plan calls for \$500,000 to be available for home rehabilitation loans to at least 30 low- and moderate-income homeowners as well as homeowners in "distressed neighborhoods," for improvements dealing with health, safety and energy efficiency. Another \$750,000 would be loaned to 50 first-time home buyers to help finance their purchases. The remainder would be loaned to "small, local responsible landlords" who own two- to six-unit residential or small mixed-use properties in distressed neighborhoods.

While much of the talk about revitalizing the northwest neighborhood has focused on "dedensification" and converting apartments back into single-family houses, Ludy Biddle, executive director of Neighborworks, said the landlord loans show the goal is not the elimination of apartments from the neighborhood.

"This is to fix up the properties that exist," she said. "It encourages landlords to invest in their properties and make improvements."

Biddle said NeighborWorks can work with homeowners and landlords that commercial lenders won't touch, often because their properties have lost value. As an example, she brought out Justin Classen. Classen described returning home to Rutland from Europe to discover his father, a carpenter who owned some rental properties with which he hoped to fund his retirement, was on the brink of bankruptcy. Classen said his father took ill and, between medical bills and an inability to maintain his property while sick, wound up \$280,000 in debt on the depreciating buildings. After failure after failure to find money from other avenues, he said he wound up at NeighborWorks, which made loans that allowed him to not just maintain, but restore the properties.

"We are very relieved, but also very proud," he said.

Pearce said the loans will be for a five-year term and targeted to get a return of 0.6 percent more than a five-year treasury bond.

"It's doing very well," she said of the in-state investment program. "At any one time, our average cash position is \$350 million. If we're going to be doing it, I'd rather be investing in Vermont as our first choice."