



**STATE OF VERMONT**  
**OFFICE OF THE STATE TREASURER**

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## **Smart Financing Promotes Smart Energy Use in Vermont**

MONTPELIER, Vt.— The \$6.5 million allocated last Legislative session to create lending opportunities that encourage residential energy efficiency projects is already being put to work. State Treasurer Beth Pearce announced today that significant progress is being made as the financial processes needed to start the initiative are now in place.

“Construction is currently underway in Shelburne and Rutland on multi-family home projects that will reduce energy costs and provide more comfortable living space for Vermonters,” said Pearce. “We’ve also provided support to enable a home energy loan program to expand statewide. Homeowners have already secured loans through the program and have begun work that will result in lower fuel costs this winter.”

In June, the Governor signed into law Act No. 87 which created the Vermont Clean Energy Loan Fund. As part of that law, the State Treasurer was authorized to create a credit facility to finance residential energy efficiency improvements for residential dwellings. A credit facility refers to an arrangement that allows the Treasurer’s office to create a financial process where funds are borrowed and repaid by a loan recipient. Funds for this program are drawn from the pool of operating funds the State Treasurer’s Office maintains to meet the State’s cash needs. All loans will be repaid with interest to the State.

“I am pleased we were able to create a cost-effective pathway to finance clean energy and energy efficiency projects at no risk to the taxpayer. Commercial and residential groups may cost-effectively access the capital they need to finance projects important to the clean and efficient use of energy in Vermont,” Pearce said.

Several groups are receiving funds through the initiative.

- \* NeighborWorks of Western Vermont has a credit facility of up to \$2 million to broaden its home energy loan program. NeighborWorks offers low-cost loans to homeowners to finance energy improvements. The program has a previous successful track record of helping 800 Rutland County homeowners make their homes more energy efficient. Previously, such loans were offered only to residents of Addison, Bennington and Rutland counties. Now, the loan program is available to Vermonters statewide.
- \* The Vermont Housing Finance Agency, or VHFA, received \$2.8 million on a 10-year term loan to finance energy efficiency improvements for two projects representing 111 units of housing. VHFA leveraged the low cost loan by the State to successfully complete a \$20 million multifamily bond transaction. In addition, the State provided its moral obligation to support \$15.45 million in bonds which will fund energy and other capital improvements to Rail City in St. Albans and Richmond Terrace in Richmond.

In October, the first \$250,000 in funds was made available to NeighborWorks. The first loan was made to Susan and Alan Shashok of Middlebury. They borrowed funds to weatherize and insulate their home and install solar panels. They completed the work on their home in January.

"The loan program made it affordable to us to do the work," said Susan Shashok. "Even though we are on a tight budget, the loan allowed us to still be energy forward thinking."

Ludy Biddle is the Executive Director for NeighborWorks of Western Vermont. She said their existing loan program had been funded through a grant from the U.S. Department of Energy and without the influx of new money it would have been challenging to expand the program.

"The Treasurer's office made it possible for Vermonters to borrow money while sitting at their kitchen table discussing energy improvements with the contractors who want to do the work for them. This is a big step forward in making energy efficiency efficient," said Biddle.

VHFA is using its capital to boost construction and renovation of multifamily homes. Construction of 36 energy efficient housing units for low income seniors in Shelburne is now underway. Also, energy efficiency updates to 75 low-income senior housing units at the Bardwell House in Rutland has started. Both projects are scheduled for completion this summer.

"The loan, combined with the Moral Obligation of the State, allowed VHFA to offer lower borrowing rates to these projects, and allowed them to move forward with much needed capital and energy efficiency improvements," explained VHFA Chief of Program Operations David Adams.

The Treasurer's office is currently working with additional partners to deploy the remaining \$1.7 million in funds.

Bill Botzow, Chair of the House Committee on Commerce and Economic Development, was a sponsor of the original House bill. He is encouraged that the program got underway so quickly.

"I expected significant and demonstrable progress on addressing Vermonters' needs to lower their fuel costs, while improving the significant investment they have in their homes. I am not disappointed," Botzow said.

Tim Ashe, Chair of the Senate Committee on Finance, believes the affordable financing provided to local organizations will help the State achieve its clean energy goals.

"Many Vermont homeowners would tighten their homes if they believed the improvement costs were not out of reach financially," said Ashe. "Working with the Treasurer's office, we've developed a resource that will keep more money in Vermonters' pockets, making their home efficiency investments cash flow positive from the outset."