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State-Local Investment Initiative to Benefit Rutland County

RUTLAND Vt.—State and local leaders today announced a major financial boost to improve housing stock in Rutland County. State Treasurer Beth Pearce was joined by Rutland Mayor Chris Louras and Ludy Biddle of NeighborWorks of Western Vermont in announcing the availability of \$1.75 million in lending capital for home rehabilitation loans and home purchasing assistance financing.

The funding of local investments is part of an ongoing process managed through the State Treasurer's Office. The local investments initiative aims to invest a significant portion of Vermont's short-term operating funds in Vermont communities, while earning a competitive rate of return. The initiative redirects funds that were invested primarily in out-of-state government agency securities and money market accounts at large financial institutions to local investments. The Treasurer's office has invested approximately \$30 million since 2014 in energy improvements in residential housing, commercial energy projects, and in the rehabilitation of State office buildings for energy efficiencies.

"For low and moderate income families, a home purchase and the equity built in that home, represents one of their largest financial investments. This proposal from NeighborWorks of Western Vermont will strengthen an existing housing and lending program that is helping people become homeowners and make efficiency improvements to their property," said State Treasurer Beth Pearce. "It is a local investment that addresses a very real need for affordable and sustainable housing."

The NeighborWorks proposal aims to accomplish three main objectives within the next year:

- Make an estimated \$500,000 in home rehabilitation loans to help no fewer than 30 low-and moderate-income homeowners, and homeowners living in distressed neighborhoods, to improve their properties and address health, safety, and energy efficiency needs;
- Provide \$750,000 in home purchasing assistance financing to help 50 first-time homebuyers purchase a home; and
- Revitalize distressed neighborhoods in Rutland and other area towns by providing \$500,000 in rehabilitation and refinance loans to small, local responsible landlords who own 2-6 unit residential or small mixed-use properties in these neighborhoods.

"Low-and-moderate-income households often lack the income to qualify for market-rate financing and often lack credit scores to qualify for such financing," said NeighborWorks Executive Director Ludy Biddle. "This investment from the State Treasury will make it possible for Vermonters to buy or fix up a home during a time when interest rates are low and pent-up demand is high."

The NeighborWorks initiative cites a decline in home values in their service area as contributing to the difficulty some homeowners face when applying for a conventional home repair loan. As the owner's home equity declines, it is more difficult to qualify for or afford conventional financing. Landlord rehab loans may also be difficult to obtain for small investor owners who want to make improvements to properties located within a distressed neighborhood.

"The Rutland region is an exceptional place to live and work. Programs like this particularly bolster our efforts to encourage residents to feel pride in their neighborhoods and build a stronger sense of community," said Rutland Mayor Chris Louras. "Giving residents the financial tools they need to buy and fix up their homes creates a positive momentum toward rebuilding distressed neighborhoods."

In 2014, the Vermont State Legislature passed a law that established a Local Investment Advisory Committee, or LIAC, to provide input to the State Treasurer. The NeighborWorks project was funded following a formal solicitation process by LIAC earlier this year seeking proposals. Future awards across the state are anticipated. A new round of proposal solicitation is slated to open in December. More information on the NeighborWorks of Western Vermont housing and lending program is available by going to www.nwwvt.org or by calling (802) 438-2303.

Other examples of Treasurer Pearce's commitment to supporting local investments include investments in the Vermont Community Loan Fund and the Bank in Vermont program. Through Bank in Vermont, the Treasurer's office gives community banks the opportunity to invest State funds through a certificate of deposit program that in turn earns a competitive return on those investments.