

First Investment by VLCT's Municipal Reinvestment Program

April 23, 2024



VLCT is happy to announce its first investment as part of the [Municipal Reinvestment Pilot Program](#) we announced a year ago this week. Of the eight responses to our RFP, the Vermont Community Loan Fund (VCLF) emerged as offering the combination of community benefits, investment term, and rate of return that meets VLCT's current goals.

VCLF has a long track record of success in affordable housing and repaying investors. This first investment, for \$250,000 in a one-year VCLF social investment term account, will help create affordable housing through low-cost loans to nonprofit housing developers who build and/or rehabilitate affordable housing units for rental or ownership across Vermont. VCLF history shows that for every \$13,844 loaned out through this program, one affordable housing unit was created. This puts the potential local impact of this pilot investment at 18 affordable housing units!

This social investment account has a fixed rate of return for a fixed term, which will maintain the liquidity and safety of VLCT's funds. This particular investment will earn \$8,750 at 3.5% for a year, allowing us to evaluate its effects in a year's time and potentially continue it for

another term. The "opportunity cost" is approximately \$2,500 in interest lost by not investing in a traditional certificate of deposit, yet the safety of VLCT's principal is very high because VCLF stands behind the proposed investment.