

Revolving Fund offering loans for homes in historic neighborhoods

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By Catherine Hewitt

WESTERLY -- Renovation loans for homeowners in Westerly's historic neighborhoods are now available from the Westerly Revolving Fund, a nonprofit that lends to owner-occupied property owners who might not be able to secure a traditional bank loan.

In addition, the WRF personnel may start administering the town's nascent Community Development Block Grant loan program as a revolving fund.

The WRF provides flexible loans that are structured to meet the financial capability of the applicant. The payback period is usually four to eight years at a six percent interest rate. As the loan is repaid, the funds are revolved back into the capital fund. If a borrower does not pay back the loan, the fund can foreclose on the property.

Structured as a self-sustaining funding source, the fund is a not-for-profit 501(c)3 corporation. It was formed on Jan. 9, 2013, after a feasibility study funded by Keepspace, a division of the Rhode Island Housing Authority, showed the need for a revolving fund in Westerly. It was modeled on the Providence Revolving Fund, which was established in 1980.

WRF Board President Louis Gingerella said building the fund had been the priority for the last two years.

“We had to get into a position where we could lend some money. Now the fund is in the six-figure range, and that's where we needed to be to become a viable lending institution to make a number of loans,” he said.

The fund was built by donations from the Washington Trust, the Westerly Community Credit Union, the Rhode Island Foundation, companies in the area and generous individuals, he said.

The WRF's loan terms are more flexible than a bank's, allowing individuals who might not be able to get a traditional bank loan to borrow money.

“We're in a position to lend money to homeowners (when) a bank can't help them because of their level of income, the value of the property is insufficient or credit issues,” Gingerella said. “Because we're not a bank, we have a lot more flexibility to make the repayment work for them. We can customize the payments so it's something they can afford.”

However, the WRF doesn't just lend money. It helps the homeowner through every phase of the project.

“We do more than just lend the money -- we will help the homeowner inspect the property to determine what needs to be done,” he said. “We can help homeowners put together a whole package with what they need to do, how much it's going to cost, how they'll repay the loan in a way that's affordable to them.”

CDBG administration

Though the funds differ in their purposes, Fund Board Secretary Faith Bessette-Zito said that Westerly officials are interested in having WRF manage and administer the housing component of CDBG as a similar revolving fund.

“The town's is different from ours -- the main focus is housing-code corrections,” Bessette-Zito said. “The major difference is that the town's would be town wide, where ours is really focused on historic-preservation activities.”

Gingerella said that in the past the town administered its CDBG funding as grants rather than loans, and changing to a revolving fund will benefit the town in the long-term.

“The town doesn't have a fund because in the past all of the CDBG money went out in the form of grants,” he said. “The money went into the community and was put to good use, but there was never a requirement for it to be repaid.”

“Instead of doing it as a grant, the town will do it as a loan, and hopefully in 10 years Westerly will have a substantial revolving fund that will be ongoing for the citizens of Westerly without having to rely on CDBG money to help us out,” he said.

With the WRF administering the CDBG revolving fund, the town will have a cost-effective way to maintain its own fund, Gingerella said.

“We're independent, separate, but I think we can get some synergy with the town,” he said. “We haven't reached that point yet, but it's in conversation.”

For their hard work, Gingerella gave credit to the CDBG Advisory Committee, Town Planner Marilyn Shellman, Assistant Town Planner Blanche Higgins, Town Council President James V. Silvestri, Councilors Jean L. Gagnier and Louis P. Sposato, Jr., and Planning Board Vice Chairman David Panciera.

“We need to give a lot of credit to the people at town hall because they've been working with us,” he said. “They've been really supportive in wanting to get this going.”

For more information, go to www.westerlyrevolvingfund.org or call Revolving Fund Board President Louis Gingerella at 860-460-0930 or email lwg@westerlyrevolvingfund.org.

chewitt@thewesterlysun.com