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Leveraging RI C-PACE in opportunity zones - by Jeffrey Diehl

March 08, 2019 - Rhode Island

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Opportunity zones are a new economic development tool designed to stimulate investment in distressed and underutilized areas. Investment in an opportunity zone provides a federal tax incentive for private investors to direct capital gains as equity investments into qualifying projects. Opportunity zones in Rhode Island are designated in 25 census tracts across 15 municipalities. As redevelopment accelerates in these neighborhoods, including Rhode Island Infrastructure Bank's Commercial Property Assessed Clean Energy (RI C-PACE) financing in the capital stack can unlock additional value for investors, while building greener, more efficient buildings in the state.

RI C-PACE provides long-term, fixed rate, 100% financing for clean energy and energy efficiency projects. Financing is secured through a property tax assessment reflected on the tax bill and recorded on the title, so the assessment stays with the property. The non-recourse financing is more cost effective than traditional forms of mezzanine financing.

A recent example of a RI C-PACE project in action can be seen at Mirror Image Inc., a Pawtucket, R.I. screen-printing and embroidery company – best known for printing Super Bowl shirts – that is upgrading the property's roof and installing a mounted solar array. The business will save over \$530,000 over the life of the project and increase the value of their property by \$317,000.

The Providence Public Library has recently embarked upon Rhode Island's largest-ever library renovation through a variety of financing sources, including RI C-PACE. The 83,000 s/f \$25 million redevelopment project will transform the library's 1950s wing, auditorium and special collection areas to provide 21st century library services. The \$1.6 million in C-PACE financing will include the installation of energy-efficient windows and building envelope improvements; updated rooftop units for heating, ventilation and air conditioning; an energy recovery unit; and computer-room air conditioning.

Investing in opportunity zones and utilizing C-PACE financing is the perfect opportunity to support long-term, climate-conscious investments while driving higher pre-tax IRR. Developers will breathe new life into buildings that once sat dormant. Projects will spur job growth and economic development, while significantly reducing costs through clean energy usage. As one of the

Infrastructure Bank's C-PACE clients recently said, "C-PACE just makes sense!"

For more information, visit www.ri-cpace.com or contact Michael Baer, managing director, program and business development at Rhode Island Infrastructure Bank at MBaer@riib.org.

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