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## **New construction project financed through Infrastructure Bank's C-PACE program - by Jeffrey Diehl**

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Jeffrey Diehl

Through the Infrastructure Bank's Commercial Property Assessed Clean Energy (C-PACE) program, Rhode Island-based developer and property management firm Churchill & Banks, has obtained a \$2 million loan from Twain Financial Partners for the construction of a five-story residential apartment complex at 580 South Water St. in Providence.

The construction funded with C-PACE financing will incorporate energy efficiency features including LED lighting throughout the building, high-efficiency HVAC equipment, and improved building envelope features. Over the 20-year financing term, the efficiency measures will lessen the building's carbon footprint by 6,373 metric carbon tons, a figure equivalent to the annual energy output of 763 Rhode Island homes. The efficiency features at 580 South Water St. will provide residents with a high quality of living and lessen their impact on the environment.

The C-PACE program encourages developers of commercial and industrial buildings to prioritize energy-efficient buildings by facilitating access to long-term, non-recourse financing for up to 20% of their construction budget. Incorporating C-PACE into the capital stack of a new construction project allows developers access to a more efficient source of capital, than higher cost mezzanine debt, thereby increasing projected rates of return. By reducing expenditures on energy costs, commercial property owners can re-allocate cash-flow to build capital reserves or re-invest in their business. Furthermore, the off-balance sheet nature of C-PACE transactions allows building owners to maintain existing debt covenants while retaining future financial flexibility.

By opening doors to low-cost, long-term financing, the Infrastructure Bank looks forward to continuing its work supporting developers, businesses and non-profits as they look to make meaningful clean energy investments. Since inception, C-PACE has saved Rhode Island developers, businesses and non-profits over \$10 million in energy costs.

Jeffrey Diehl is the executive director and CEO of Rhode Island Infrastructure Bank, Providence.

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