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Rhode Island Infrastructure Bank's Commercial Property Assessed Clean Energy provides valuable financing for new construction - by Jeffrey Diehl

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Rhode Island Infrastructure Bank's Commercial Property Assessed Clean Energy (C-PACE) program has proven to be a useful source of funding for new construction projects. In a new construction capital stack, C-PACE often serves as an alternative to equity, which can be expensive, or mezzanine financing, which may be out of reach for some borrowers. One of our C-PACE capital providers, Twain Financial Partners, supplied nearly \$11 million in funding for two recent new construction projects in Rhode Island. In both cases, C-PACE worked alongside traditional construction financing to fund the energy-efficiency and sustainability measures integral to any modern development project. Both recent projects also took advantage of flexibility in the financing terms to defer the start of repayment until construction has been completed, freeing up near-term capital.

The Preserve Club & Residences in Richmond, R.I. is using \$6.4 million in C-PACE funding to implement a state-of-the-art, highly efficient HVAC system, energy-efficient windows, and LED lighting throughout their lodge facility. These features are expected to reduce the property's annual energy expenses by over 20% when compared to a building designed to meet the minimum code requirements. C-PACE can be used for both hard and soft construction costs and, in this case, The Preserve financed a portion of the transaction costs associated with the project, reducing their immediate cash outlay.

Over the last ten years, C-PACE programs across the U.S. have provided nearly \$300 million for projects in the hospitality sector. Hotel developers have often utilized C-PACE as a cost-effective alternative to mezzanine finance. C-PACE finance does not require a personal guarantee and the terms can extend up to 25 years, two other attributes that have made it especially popular in the hotel industry. The Aloft Hotel in Providence is using its recent \$4.5 million C-PACE financing to install efficiency features such as LED lighting and high-efficiency HVAC equipment. These features will reduce the hotel's annual energy costs by over 30%. The investment in high-performance ventilation and lighting systems will contribute to a comfortable and healthy guest experience and

reduce the environmental footprint of the property, an example of how C-PACE contributes to both sustainability goals and business imperatives.

Reducing energy expenditures gives both of these Rhode Island businesses the freedom to reallocate cash-flow to build capital reserves or re-invest in their core business. By opening doors to long-term financing alternatives, the Infrastructure Bank is supporting clean energy investments by developers, businesses, and non-profits, and supporting jobs and economic growth in the process. Completed C-PACE projects to date will save Rhode Island developers, businesses, and non-profits over \$18 million in energy costs over the life of the installed measures. As more new construction projects incorporate C-PACE, that number will only grow.

For more information contact Toby Ast, C-PACE business development manager.

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