



# City-run energy efficiency program leverages \$46 million of new investment for downtown projects

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Mayor Greg Fischer today joined the Louisville Metro Office of Advanced Planning & Sustainability and members of the local development community to celebrate the recent closure of two agreements providing more than \$9.1 million in private energy efficiency loan funds for downtown developments through the city's Energy Project Assessment District (EPAD) Program.

The two developments are Number Fifteen, a Kentucky-centric bar, food and entertainment experience on Whiskey Row, and a Tempo Hotel by Hilton at the southwest corner of Jefferson & Shelby streets. Both projects represent over \$46 million in total capital investments in the downtown corridor.

"Now more than ever, the urgency to address the climate crisis is clear. Through the EPAD program, Louisville's building owners can help us work toward Louisville's clean energy goals while benefiting their bottom line through sustainable development," said Mayor Greg Fischer. "EPAD is one of the tools Louisville Metro Government (LMG) provides to make these critical investments easier than ever."

The EPAD Program utilizes a financing mechanism known as Property Assessed Clean Energy (PACE) that helps property owners repay loans for energy efficiency, solar energy and water conservation projects with no down payment. All PACE capital comes from private sources without any subsidy from LMG.

However, unlike a traditional loan, PACE loans through the EPAD Program are repaid through a voluntary special assessment added to the annual property tax bill collected by LMG. Applicants can receive PACE loans that cover up to 100% of the project's hard and soft costs. This results in preserved credit lines, increased cash flow, and no personal or business guarantees from the property owner.

According to the U.S. Green Building Council, investing in dense development in a downtown area conserves land and promotes livability, walkability, and transportation efficiency, including reduced vehicle distance traveled. Additionally, investing in the adaptive reuse of existing buildings saves a high percentage of the embodied energy by significantly reducing the energy consumption associated with every stage of demolishing a structure and building a new one.

Number Fifteen received a 22-year, \$4.2 million loan from LordCap Green to install improvements ranging from a high-performance building envelope to high-efficiency plumbing, electrical, and mechanical systems at 121 W. Main St. The historic W.L. Weller building will be transformed into a mixed-use bar, food and entertainment venue featuring local offerings.

“Along with our senior lender River City Bank, the PACE financing made possible from LordCap Green was an integral part of our capital stack in Louisville. The ability to financially leverage energy efficient improvements to our historic building on Whiskey Row was a valuable financing option, increasing returns to our investors and reducing exposure to our senior lender,” said Spencer Fronk, CEO of The Numbers Holding Company, LLC.

David Hobbs, President of Louisville-based River City Bank said, “I think that the PACE capital stack made sense for a multitude of reasons. The first, of course, is the creation of energy efficiencies associated with the project. The second is the amortization of the capital stack for the borrower. The third would be for the increase in the property value based upon energy cost savings. The fourth would be for the revitalization of a beautiful building and the creation of a great venue for our city. Last, but not least, is the creation of new jobs.”

For the Tempo Hotel by Hilton, the developer received a \$4.9 million PACE loan with a 25-year repayment term from PACE lender Twain Financial Partners. The six-story hotel, located at 710 E. Jefferson St., will feature 130 guest rooms, a lobby restaurant, and a rooftop bar. The hotel will be installing energy efficiency systems including the building envelope, heating & cooling, LED lighting and elevators.

“PACE is an important part of our capital stack for the Tempo Hotel. With interest rates and construction costs on the rise, PACE provides a critical tool to developers and building owners in Louisville that are looking to improve building energy efficiency,” said Mariah Weyland Gratz, CEO of Weyland Ventures.

Louisville-based Bosse Construction is the general contractor for both of the EPAD projects.

“We at Bosse Construction believe that the PACE financing opportunities that are now available through Louisville Metro's Energy Project Assessment District Program will allow expanded investments in key construction projects across the Louisville region, especially the urban core. This is a win for our communities, investors, and the environment,” said Daniel Lawson, vice president of Bosse Construction

First launched in 2016, the EPAD Program has now enabled the investment of over \$15 million into making Louisville’s buildings more sustainable and resilient. It has been utilized by a variety of properties including a church, a fitness center and multi-family housing.

Learn more about how to start an EPAD project at <https://louisvilleky.gov/government/sustainability/epad-program>.

In 2021, Louisville Metro Government, through its Office of Advanced Planning & Sustainability, announced a new partnership with Energize Kentucky to advance the EPAD Program. In addition to the EPAD Program, the office offers incentives to property and business owners to invest in energy efficiency via its Cool Roof Incentive Program and renewable energy through its Solar Over Louisville Program. The office is working to achieve Louisville Metro’s sustainability goals, including a goal to power Louisville with 100% clean energy community-wide by 2040.

For more information about the Office of Advanced Planning and Sustainability’s clean energy and sustainability efforts, visit <https://louisvilleky.gov/sustainability>.

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