



March 30, 2025

RE: Support for Vermont Senate Bill S.138

Dear Chair James and Members of the Vermont House Committee on Energy and Digital Infrastructure:

I am writing on behalf of X-Caliber Rural Capital (XRC) to express our strong support for Senate Bill S.138, legislation concerning Commercial Property-Assessed Clean Energy (C-PACE) financing. XRC provides private investment for sustainable, resilient commercial real estate, with a particular emphasis on projects located in rural and underserved communities. We actively combine our capital with C-PACE loans nationwide as part of our broader financing platform. Senate Bill S.138 modernizes Vermont's current C-PACE statute — originally enacted under 24 V.S.A. § 3261 et seq. — by aligning it more closely with frameworks adopted in other states. The bill creates a consistent, statewide structure that municipalities may choose to implement, enabling broader access to C-PACE financing for local businesses and property owners. C-PACE is an opt-in financing mechanism that allows commercial property owners to secure long-term funding from private capital providers for projects that improve energy efficiency, incorporate renewable energy, enhance water conservation, or strengthen building resilience. This financing solution is applicable across a wide array of asset types, including industrial, retail, office, multifamily, and warehouse properties, and is also available to nonprofit and tax-exempt entities. C-PACE is funded entirely by private lenders and does not require public funding or taxpayer support. As a lender focused on rural markets, we see firsthand the financing gaps that exist for commercial and multifamily development in smaller and underserved communities. We currently have a pipeline of rural projects — including developments in markets like those across Vermont — that are prepared to incorporate C-PACE financing and are effectively shovel-ready, but their capital stacks are contingent on program availability. Enabling C-PACE in Vermont would unlock immediate private investment into these types of projects, accelerating construction timelines, supporting local jobs, and delivering long-term energy and cost savings to rural property owners, which is why we support the proposed revision to S.138 regarding the definition of “assessed value” under 24 V.S.A. § 3276(f) as well. The amendment would specify that the total of the C-PACE assessment and any existing mortgage debt should not exceed 90 percent of the property's appraised value, whether stabilized or upon completion.

In §3276(f), the term “assessed value” should be replaced as follows:

(f) The combined amount of the assessment plus any outstanding mortgage obligations for the property shall not exceed 90 percent of the assessed appraised real property value of that property, as stabilized or as complete.

This clarification is especially critical for new construction, where limiting financing to land-only assessed value would significantly restrict capital availability and reduce usefulness of the program. Basing the threshold on appraised value better reflects standard underwriting practices, maintains prudent risk parameters, and allows the program to function effectively for both new development and redevelopment projects. C-PACE financing is already widely utilized across the country, with active programs in more than 38 states and Washington, D.C., including neighboring states such as New Hampshire, Connecticut, Massachusetts, and New York. Collectively, these programs have supported nearly 3,000 projects and facilitated over \$10 billion in private investment. As a lender focused on rural markets, we see firsthand the financing gaps that exist for commercial and multifamily development in smaller and underserved communities. We currently have a pipeline of rural projects — including developments in markets like those across Vermont — that are prepared to incorporate C-PACE financing and are effectively shovel-ready within their capital stacks, contingent on program availability. Enabling C-PACE in Vermont would unlock immediate private investment into these types of projects, accelerating construction timelines, supporting local jobs, and delivering long-term energy and cost savings to rural property owners. Without access to C-PACE, Vermont's commercial property owners and developers are missing a significant opportunity to tap private financing for building improvements that increase energy efficiency, reduce operating costs, and advance the State's climate goals — all at no cost to local governments. This is especially impactful in rural communities, where access to flexible, long-term capital is often more limited. At a time when federal energy incentives face uncertainty, S.138 offers Vermont businesses a reliable, voluntary, and market-based pathway to invest in sustainable improvements. Local governments and economic developers across Vermont are missing this valuable tool to retain and recruit businesses in communities statewide. For these reasons, XRC respectfully asks for your favorable consideration and swift passage of Senate Bill S.138, including the proposed amendment addressed above.

Sincerely,

Gabriel Mashaal
Vice President – General Lending
X-Caliber Rural Capital, LLC