

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 21, 2020**

Item 10, Report No. 17, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on April 21, 2020.

#### **10. STUDY TO ACCELERATE ENERGY RETROFITS IN PRIVATE BUILDINGS USING LOCAL IMPROVEMENT CHARGES**

The Committee of the Whole recommends approval of the recommendation contained in the following report of the Acting Deputy City Manager, Planning and Growth Management, the Deputy City Manager, Administrative Services and City Solicitor, and the Deputy City Manager, Corporate Services and Chief Financial Officer, dated April 21, 2020:

##### **Recommendations**

1. THAT Council endorse, in principle, the attached draft By-law to permit the raising of funds for a pilot project to use Local Improvement Charges to finance home energy retrofits;
2. THAT staff be directed to seek external financing and grant funding to implement the pilot project;
3. THAT staff be directed to finalize the Local Improvement Charges By-law for adoption by Council once the required funds are available; and
4. THAT staff report to a future Committee of the Whole meeting with further recommendations based on the pilot project, or other City participation.

## Committee of the Whole (2) Report

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**DATE:** Tuesday, April 21, 2020

**WARD(S):** ALL

**TITLE: STUDY TO ACCELERATE ENERGY RETROFITS IN PRIVATE BUILDINGS USING LOCAL IMPROVEMENT CHARGES**

**FROM:**

Bill Kiru, Acting Deputy City Manager, Planning and Growth Management  
Wendy Law, Deputy City Manager, Administrative Services and City Solicitor  
Michael Coroneos, Deputy City Manager, Corporate Services and Chief Financial Officer

**ACTION:** DECISION

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**Purpose**

Staff are seeking Council endorsement of a pilot project to initiate a home energy retrofit program using Local Improvement Charges (LICs) as a financing tool based on the results of the City's LIC study.

## **Report Highlights**

- Building energy retrofits are identified by the Intergovernmental Panel on Climate Change and C40 Cities as one of the top strategies to reduce carbon emissions by 2030 to avoid dangerous climate change.
- The Local Improvement Charges regulation is an existing financing tool available under the *Municipal Act 2001* to encourage building energy retrofits.
- Vaughan's Local Improvement Charges study to finance energy retrofits in private buildings, funded in part by the Federation of Canadian Municipalities, includes a main study report, a municipal toolkit that includes a draft model by-law and application forms, and a high-level business case.
- The results of Vaughan's Local Improvement Charges study recommended a Third Party model for program administration and financing.
- Staff recommend the City pursue a pilot project that uses Local Improvement Charges to finance energy retrofits in the residential sector, subject to securing financing.

## **Recommendations**

1. THAT Council endorse, in principle, the attached draft By-law to permit the raising of funds for a pilot project to use Local Improvement Charges to finance home energy retrofits;
2. THAT staff be directed to seek external financing and grant funding to implement the pilot project;
3. THAT staff be directed to finalize the Local Improvement Charges By-law for adoption by Council once the required funds are available; and
4. THAT staff report to a future Committee of the Whole meeting with further recommendations based on the pilot project, or other City participation.

## **Background**

The City's Municipal Energy Plan (MEP) identifies building energy retrofits as a potential climate mitigation strategy. Collaboration between City staff and staff from York Region and the Toronto and Region Conservation Authority (TRCA) resulted in obtaining external funds to study the use of Local Improvement Charges (LICs) to increase the uptake of building energy retrofits in the private sector. A grant from the Federation of Canadian Municipalities (FCM), under the Municipalities for Climate Innovation Program (MCIP), was awarded in June 2018 for an amount of up to \$65,700 to undertake the operational study on the use of LICs for deep carbon emission reductions in buildings.

The Climate Emergency Declaration adopted by Council in June 2019 identifies the LIC study as an initiative demonstrating progress on climate action.

### **Previous Reports/Authority**

The City's community energy and emissions reduction plan, the [Municipal Energy Plan](#), was approved by Council in 2016.

The City of Vaughan endorsed a [Climate Emergency Declaration](#) (Communication #23 to Report No. 20) at the Committee of the Whole meeting on June 4, 2019.

Action 1.2.4, of the revised Community Sustainability Plan approved by Council in December 2019, [Green Directions Vaughan 2019](#), directed the study of the use of Local Improvement Charges to encourage energy retrofits in private buildings.

### **Analysis and Options**

The LIC study was undertaken in four phases:

1. research and a municipal scan;
2. risk assessment;
3. stakeholder consultations and input; and
4. the LIC toolkit development, including a model implementing by-law.

The study documents, which are found on the [study web site](#), provide the elements of a business plan to initiate a building energy retrofit program and include:

- a main study report
- the municipal toolkit comprised of a draft model by-law and application forms
- a high-level business case

### **The Intergovernmental Panel on Climate Change (IPCC) has determined the need for urgent action to curb carbon emissions by 2030 to avoid catastrophic climate change**

Buildings account for 50% of energy consumption and greenhouse gas (GHG) emissions in urban municipalities. The residential sector in Vaughan accounts for over 35% of GHG emissions, most of which is associated with space heating and water heating in residential buildings. Energy consumption for space heating and cooling of buildings is likely a large component of the industrial and commercial GHG emissions accounting for an additional 40% of Vaughan's carbon footprint.

The study by [C40 Cities](#) assessing three critical de-carbonization strategies modelled an annual building energy retrofit uptake of 3% of the existing building stock in North

America. They determined it would generate 1.5 million jobs and an annual reduction of 80 megatonnes (Mt) of carbon dioxide equivalents (CO<sub>2</sub>e). For Vaughan, this would translate to retrofitting 2,000 to 3,000 dwellings per year if a 3% retrofit rate could be achieved.

**The Local Improvement Charges regulation is an existing tool available under the *Municipal Act 2001***

The LIC financing mechanism is known as Property Assessed Clean Energy (PACE) financing in the US, and it has been in place since 2008 starting with Berkley, California. PACE legislation is now being used in almost 40 states in America and has enabled retrofits for over 200,000 households and leveraged over \$5 billion in energy improvements.

The LIC regulation (Ontario Regulation 586/06 as amended by O. Reg. 322/12) is a type of property-assessed financing mechanism. The main benefit to the building owner under the LIC financing program is the repayment of the financing by the building owner is added to the property tax account and 'runs with the land'. When the property is sold, the new owner continues the LIC payment. From the municipal government perspective, the payment obligation attaches to the benefitting property, not the owner, and is secured by a statutory priority lien. Property owners also have the option of repaying the LIC in full.

Low finance rates that are available to municipalities and a government-endorsed program are additional benefits of an LIC program. The LIC financing mechanism addresses key barriers limiting the uptake of energy retrofits by homeowners as follows:

- Low energy prices, from an international perspective, mean that comprehensive energy retrofits can often have a payback period longer than the time a homeowner intends to remain in the home
- Inability to acquire financing or unattractive financing terms from financial institutions
- Complexity of utility and government incentive programs
- Delays between project completion and receipt of incentive payments

The following objectives are recommended for a building energy retrofit program to guide program design and implementation:

- Demonstrated energy conservation
- Demonstrated GHG reductions
- No utility cost increase to the applicant (for example, fuel-switching from natural gas to electricity for hot water and space heating may result in similar utility bill

expenses as greater energy efficiency is offset by the higher costs of electricity than natural gas)

- Economic stimulus in the contractor/renovator network
- Improved health outcomes from more comfortable, healthier, and more quiet dwellings.

### **Key recommendations from the LIC study address program scale-up by recommending a Program Administrator to improve applicant intake and a Third Party Entity to secure program financing**

#### Role of a Program Administrator

Constrained staff resources were identified as one of the identified risks assessed in Phase 2 of the LIC study. A Program Administrator contract or third party arrangement is recommended to address this risk and act as a 'conciierge' for the energy retrofit program by providing a service to applicants. The Program Administrator, by taking on most of the applicant process loads, allows City staff to focus on tracking payments on the property tax roll and amending appropriate by-laws to meet the disclosure requirements under the LIC regulation.

Confirming the appropriate procurement approach to contract the service of the Program Administrator can be determined at a later date. This can take the form of a performance contract, such as an administrative fee per applicant, to emphasize applicant uptake and achieve program goals.

#### Role of a Third Party Entity to Secure Program Financing

The risk assessment of the LIC financing mechanism addressed the issue of a sustainable financing source for long-term implementation given the limited revenue generation options of lower-tier municipalities. Options to consider in the future would include a potential municipal services corporation to manage the program, or an agreement with a Third Party Entity to secure private capital. These longer term options will be considered by staff as we engage in the pilot and we will report to Council at a later date.

On December 2, 2019, the Association of Municipalities of Ontario (AMO), the Independent Electricity System Operator (IESO), the Clean Air Partnership (CAP) and the City of Toronto announced their partnership to act as an independent Third Party to deliver a Province-wide, LIC-financed energy retrofit program. The City will monitor progress of this Third Party consortium to determine the opportunity and limitations to contract with the Third Party to implement the LIC-financed energy retrofit program.

### Role of York Region

In addition to establishing a municipal services corporation (MSC) or engaging with a Third Party to obtain capital financing, York Region can issue debentures on behalf of lower-tier municipalities at a competitive interest rate. Upon considering the costs and benefits of securing financing through the MSC or Third Party, if it is decided that it would be more financially prudent for the Region to issue debentures at the time financing is required, the Region may secure debt from the market on behalf of the City for the first phases of implementation. For long-term scale-up and full implementation, the City will work with the Region to explore financially feasible options.

### **An initial pilot program can build experience and early success with the intent to migrate to an outsourced multi-municipal model for full implementation**

#### Recommended Approach to Implementation – Pilot Program to Migrate to Scale-Up

Several years will be needed for the program to gain momentum and support a high number of homeowners (i.e. in the thousands) to apply for the LIC financing mechanism. This requires ongoing education and awareness, for residents and renovators, of the multiple benefits of energy retrofits.

The City also requires more time to determine longer term funding models including a multi-municipal collaborative model, a municipal services corporation, or establishing a relationship with a Third Party Entity.

For these reasons, and to minimize delay in the implementation of a full energy retrofit program, it is recommended that a pilot project/program be initiated over the next 24 months. Ideally, the pilot project/program should also test the service of a Program Administrator as a retrofit 'concierge'. This will require allocating City budget as matching funds to leverage external financing and funds in the form of both loans and grants, or a combination of grant funding and Region debenture financing. The portion of external financing as a loan or Region debenture financing can be used for the homeowner to pay for the energy and water conservation upgrades and repaid through the LIC mechanism. The portion of external funds as a grant can be used to hire the Program Administrator, support marketing and outreach, and can also be allocated for staff cost recovery.

#### City Staff Administrative Processes

The Policy Planning and Environmental Sustainability department will retain overall management and coordination of the home energy retrofit pilot project/program with support from Legal Services, Financial Services, Financial Planning and Development Finance, and other pertinent departments (e.g., for licensing contractors, issuing permits, etc.).

The administrative processes under the LIC regulation include:

- implementing the by-law (Legal)
- contract document development per property owner (administrative staff)
- financial and technical underwriting (administrative staff)

It is recommended that the Legal Services department lead the administration of these tasks. This will involve review and approval of documents prepared and reports to Council to disclose priority liens placed on residential properties. In addition, one or two existing staff members from other departments working part-time may also be required to provide support (several hours per month depending on the number of applicants).

In addition to the administrative processes, financial processes of servicing LIC assessments (billings, collections), paying the homeowners and recording priority lien on the property will be required by the municipal tax department. It is recommended that one existing municipal staff member in the Financial Services department be responsible for these tasks with the support of administrative staff.

### **Financial Impact**

Most of the costs associated with the LIC study are covered by the grant award from FCM (MCIP 15786) with the remaining costs covered by the approved capital project (PL-9572-18). A disbursement for \$34,788.74 has been received from FCM to fund a portion of the LIC Study. As a result, project PL-9572-18 requires a budget amendment to increase the budget from \$138,221.00 to \$173,009.74. The update will add \$34,788.74 to the Federal Grant funding source and have no impact to the City's tax base.

The cost to conclude the setup of the pilot project is estimated at \$50,000 in in-kind staff time to finalize the forms delivered in the toolkit (Model By-Law and Forms document).

In addition to ongoing financial processes, the role of a delivery agent or 'conciierge' is estimated at \$100,000 for the pilot. The delivery agent will lead the applicant intake and processing of applications as well as be the single point of contact for the homeowner to address any questions and/or concerns regarding the program. An administration fee may be charged to all applicants to cover the cost of administration.

To help offset some of these costs, staff is pursuing grant funding. Matching funds from a City budget will likely be required to secure the grant portion of any external funding source. For example, a pilot project that aims to process 100 applications may require \$2 million to cover the retrofit costs of homeowners, based on an average \$20,000 per



retrofit for 100 dwellings. A grant of up to \$100,000 may be requested, which may require some form of matching funds from the City, to cover the costs of the Program Administrator, contractor education, and staff recovery. If the pilot is undertaken during the time period of the Sustainable Neighbourhood Action Plan (SNAP) project in Thornhill, for which the City was awarded over \$150,000 from FCM to undertake, then homeowner education to raise awareness of the benefits of home energy improvements can be provided through the ongoing and extensive community engagement of the SNAP project.

Staff is continuing to assess the most appropriate funding model including internal and external funding and financing sources. Under the Green Municipal Fund (GMF), the Community Efficiency Financing initiative (formerly the Community Eco-efficiency Acceleration Fund) of \$300M is a community finance program to support household energy projects in up to 200 municipalities of all sizes. The program has two components, a loan and a grant portion for those ready to implement in the first intake. The first intake for applications is targeted for April 2020. Staff will continue to monitor and engage with FCM to ensure the City meets the conditions for the first intake, and to better understand what conditions may be tied to receiving loan financing from FCM. Staff will also continue to monitor the progress of the Third Party consortium established by AMO, IESO, CAP and the City of Toronto.

### **Broader Regional Impacts/Considerations**

York Region is preparing a high-level climate change plan and a separate Community Energy and Emissions Plan in support of the Municipal Comprehensive Review. Enhancing building energy performance and water conservation is identified as a climate change mitigation strategy.

Using the LIC financing mechanism to encourage building energy retrofits is aligned primarily with the Natural Gas Conservation initiative and the Carbon Trust initiative in the Province's Made-in-Ontario Environment Plan.

The 2019 Federal Budget established the Community Eco-efficiency Acceleration Fund, to be delivered through FCM, to work directly with municipalities on climate action. The funding program has been launched as the Community Efficiency Financing initiative and specifically notes the community benefits of the PACE model that is adaptable to finance a broad range of initiatives at the individual home level. These can include initiatives such as solar hot water systems, roof top solar photovoltaics, major energy efficiency retrofits, combined heat and power units, and more.

## **Conclusion**

The Climate Emergency Declaration adopted by Council in June 2019 specifically states that staff, “*Report back to Council by Q2 2020 with results of the study on the use of Local Improvement Charges to enable energy efficiency retrofits in private buildings as a key action to reduce energy use, save money, and reduce GHG emissions.*”

The LIC financing mechanism requires that the City borrow funds to run the home energy retrofit program. FCM’s Community Efficiency Financing initiative or Region debenture financing are available financing options, but are most useful for a pilot or initial program implementation. The recommendation from the LIC study is to eventually opt into a Third Party model, that includes multiple municipalities, to reduce risk to the City and achieve administrative efficiencies for ongoing program implementation.

Hence, staff recommend a phased approach towards implementing an energy retrofit program. The first step would be to proceed to a pilot program to enlist a select number of homeowners for energy retrofits. This allows the City to test the role of a Program Administrator as a ‘concierge’ for applicants, better understand staff time commitments to administer the property tax component of the program, build success and provide outreach in the community. It also allows the City to continue to study the role of a municipal services corporation or Third Party to secure financing for full program implementation.

The LIC financing mechanism is a clear contribution to climate action that can be offered by municipalities. Other financing approaches, by utility companies and the Canada Mortgage and Housing Corporation, will also be needed to achieve the scale necessary to significantly curb carbon emissions by 2030.

**For more information**, please contact: Tony Iacobelli, Manager of Environmental Sustainability, ext. 8630.

## **Attachments**

1. Draft Implementing By-law for Local Improvement Charges Financing of a Home Energy Retrofit Program

## **Prepared by**

Tony Iacobelli, Manager of Environmental Sustainability, ext. 8630

*THE CITY OF VAUGHAN*

*BY-LAW*

**BY-LAW NUMBER XXX-2020**

**A By-law to authorize the undertaking of energy efficiency and water conservation works on private residential property as local improvements under the Residential Retrofit Program.**

**WHEREAS** Part III of Ontario Regulation 586/06 authorizes Council to pass a by-law to undertake works on private residential property as local improvements for the purpose of raising all or part of the cost of the work by imposing special charges on lots upon which all or some part of the local improvement is or will be located;

**AND WHEREAS** such a by-law may authorize the undertaking of works which satisfy the requirements of a City program;

**AND WHEREAS** at its meeting of XX, 2020, City Council adopted the Vaughan Residential Retrofit Program pursuant to authority of Ontario Regulation 586/06;

**NOW THEREFORE** the Council of The Corporation of the City of Vaughan ENACTS AS FOLLOWS:

1. Council authorizes the undertaking of energy efficiency and water conservation works on private residential property as local improvements under the Residential Retrofit

Program, as set out in Appendix A to this By-law, for the purpose of raising all or part of the cost of the work by imposing special charges on lots upon which all or some part of the local improvement is or will be located.

Enacted by City of Vaughan Council this XX<sup>th</sup> day of (Month), 2020.

\_\_\_\_\_  
Hon. Maurizio Bevilacqua, Mayor

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Todd Coles, City Clerk

Authorized by Item No. \_\_\_\_ of Report No. \_\_\_\_  
of the Committee \_\_\_\_\_  
Adopted by Vaughan City Council on  
\_\_\_\_\_

## **Appendix A**

### **Low-Rise Residential Retrofit Program Design**

#### **1.0. Overview**

The Low-Rise Residential Retrofit Program is designed to extend municipal financing to consenting homeowners for the installation of qualifying natural gas, electricity and water conservation improvements and related energy assessments and then to secure payment by imposing a local improvement charge (LIC) on the private residential property, as authorized by the Regulation.

#### **1.1. Program Eligibility**

Residential low-rise buildings located within the City of Vaughan of the following forms are eligible: detached, semi-detached, townhouse and more generally housing forms with fewer than seven units.

The property must have a property tax account with the City of Vaughan. The property must also be a customer of either Alectra Utilities and/or Enbridge Gas.

Participation is voluntary, owner-initiated and subject to the following conditions:

- All registered owner(s) of the property must consent to participating in the Program
- Property tax, utility bills and all other payment obligations to the City for the past five years must be in good standing
- The applicant provides proof that they have notified all mortgage lenders, if the property is subject to one or more mortgages, of their intent to participate in the retrofit program using LIC financing

#### **1.2 Geographic Scope**

Any owner of an eligible building in the City of Vaughan can participate in the residential retrofit program.

A Sustainable Neighbourhood Action Program (SNAP) for the Thornhill community has been undertaken and will run from 2020 to 2021. The Thornhill SNAP includes the area from Steeles Avenue north to Highway 407 and from Yonge Street east to Bathurst Street. More community outreach will be undertaken through the SNAP to advise homeowners of sustainability actions including home energy retrofits. The same level of marketing and outreach is not available to other Vaughan neighbourhoods at this time.

#### **1.3. Home Energy Assessments**

Similar to the ecoENERGY Home Retrofit Program designed by the Federal Government, the City's residential retrofit program will utilize the EnerGuide Rating System (the "[ERS](#)") that provides a standard measure of a home's energy performance. It provides a standardized tool and process to assess home energy efficiency and can model energy savings projects.

The property owner must hire a Certified Energy Advisor (the "CEA") - certified by Natural Resources Canada ("NRCan") - to perform pre- and post-retrofit assessments in accordance with the ERS. CEAs are experts in the field of energy efficiency and well-versed in the 'whole home' approach to home energy systems, technologies and products. The cost of the energy assessments is paid by the homeowner to the CEA.

A homeowner may be eligible for a rebate for the cost of an energy assessment if they participate in a utility energy retrofit incentive program. Homeowners should consult [Enbridge](#), Alectra Utilities and [Save On Energy](#) web sites for updates to their residential energy savings programs.

Upon completion of the pre-retrofit home energy assessment, a report is provided to the homeowner with

the NRCan EnerGuide rating for the home and recommendations for energy improvements that could potentially increase that rating. This report is to be provided to the City in order to obtain LIC financing.

After the retrofit is complete, a second and final home assessment is performed by the CEA to obtain a second EnerGuide rating and to verify the completion of work. Should the second assessment that the homeowner provides to the City indicate that the EnerGuide rating has increased and the improvements have been completed, then the utility incentives (described in Section 1.8. – *Access to Utility Rebates & Incentives*) can be determined and the City can issue the final disbursement of funds.

The applicant can determine whether to deduct the utility incentive amounts from the final disbursement.

#### **1.4. Qualifying Energy Efficiency & Water Conservation Measures**

The home energy assessment must demonstrate the potential to achieve cost-effective energy reductions in order to qualify for LIC financing. Financing is designated for capital costs (not maintenance costs) with an expected useful life of five years or greater and for measures that are permanently affixed to a property. The expected useful life of the retrofit measures is to be linked with the LIC term. The non-exhaustive list of the categories of measures eligible under the Program, subject to any permitting and regulations, includes:

- i. *Thermal envelope upgrades*: attic, wall and basement insulation, window and door replacements, air-sealing.
- ii. *Mechanical systems (space heating and cooling)*: high efficiency furnace, boiler and air conditioner replacement, thermostats and controllers, air source heat pumps, ground source heat pumps.
- iii. *Mechanical systems (water heating)*: high-efficiency water heaters (e.g., hybrid heat pump, tankless, etc.), drain water heat recovery systems, solar hot water systems.
- iv. *Renewable energy and energy storage*: solar photovoltaic systems, electric vehicle charging stations (Level 2), battery storage devices.
- v. *Water efficiency*: low-flow toilets, hot water circulation pump and system, greywater treatment system, closed-loop shower water recovery system, rainwater harvesting system (subject to eligibility criteria).

The cost of an EnerGuide home energy assessment is eligible to include in the LIC financing. Note that utility rebates may be available for this cost.

Ineligible measures include equipment or products not permanently affixed to the property, previously installed in another home and are deemed general maintenance. By recommending categories of retrofit improvements and associated measures, the City makes no guarantees of the materials, performance, cost-effectiveness or any warranty of the measures supported by the Program.

Only the costs associated with retrofits of up to 10 percent of the Current Value Assessment of the property or to a maximum of \$70,000 are eligible for the Program.

#### **1.5. Completing the Retrofit through Contractor Engagement**

The City will provide financing to homeowners for eligible measures covered by the residential retrofit program that have been:

- recommended by the CEA
- verified by the City or the assigned Program Administrator
- installed by contractors hired by the property owner

The City will not pre-qualify contractors or procure contractors to perform energy assessments or install

retrofit improvements on behalf of homeowners in connection with this residential retrofit program. The homeowner will use the funds disbursed by the City to pay contractors directly.

The City is not responsible for the work quality of any contractors hired in connection with this residential retrofit program and assumes no liability for the works undertaken. All retrofit improvements and renovations must adhere to local codes and by-laws. The homeowner is responsible for ensuring that hired contractors are licensed, bonded, and insured. Any issues that may arise relating to the quality of workmanship or post-installation performance of energy measures, for example, should be dealt with by the property owner and contractor.

## **1.6. Application Process**

The steps below outline the process and requirements that homeowners need to follow as part of the residential retrofit program. City staff will periodically review this process to ensure an effective residential retrofit program implementation and, where deemed appropriate, the City may make changes at its sole discretion.

### **Step 1: Pre-qualification**

Homeowners submit an on-line application form that includes, but is not limited to, the following information:

- Property address to confirm location is within the City
- Property assessment roll number to confirm no outstanding payments owed to the City in the last five years
- Evidence of mortgage lender notification (where applicable)

If a homeowner has one or more outstanding mortgage(s) associated with the property, then the homeowner must (at his or her own expense) notify the mortgage lender(s) through a form that the City will provide. Property owners will advise their mortgage lender(s) of their intention to participate in the residential retrofit program and receive permission from the lender(s) (perhaps up to only a specific dollar amount) as a requirement of the Program.

Once the property owner has been prequalified by City staff, based on the above criteria, the City will provide Notice to Proceed to the homeowner.

### **Step 2: Energy Assessment and Funding Request Form**

#### *1. Energy Assessment*

The homeowner completes the pre-retrofit home energy assessment in accordance with Section 1.3 *Home Energy Assessments* and submits same to the City of the resulting Energy Assessment Report that the CEA provides to the homeowner.

That Energy Assessment Report must include:

- the current NRCan EnerGuide rating for the home
- recommended improvements that have been customized for the home based on existing conditions which could potentially increase the NRCan EnerGuide rating of the home
- the estimated useful life of the proposed improvement(s)
- estimated energy cost savings that may be realized after installing the recommended improvements

Potential eligibility for utility rebates and incentives offered by Enbridge, Alectra Utilities or through the Save On Energy program is optional to include in the Energy Assessment Report.

Any estimated cost of the works can be included in the Energy Assessment Report, but will require contractor invoices to verify the costs for inclusion in the Funding Request Form.

#### *2. Funding Request Form*

Along with the Energy Assessment Report, the homeowner also will need to submit a Funding Request Form that:

- identifies the improvements that the property owner intends to install based on the Energy Assessment Report
- identifies the cost for each improvement (including equipment, materials and labour costs)
- the amount of prepayment (up to a maximum of ten percent of the estimated cost of the work) being requested from the City upon signing the Property Owner Agreement (POA)

Following receipt of the Funding Request Form, the City or assigned Program Administrator will:

- confirm the eligibility of the works (e.g. items affixed to property)
- verify the reasonableness of retrofit costs and labour costs by consulting manufacturer pricing and prevailing labour rates
- calculate the administrative costs using a formula that apportions the cost to the City to operate this residential retrofit program between participating properties as percentage of the cost of the work undertaken relative to the percentage of the cost of the work to the overall residential retrofit program budget  
(*n.b.* the "cost to the City" includes recurring costs and any non-recurring costs not covered by the grant funding that the City has obtained for the residential retrofit program)
- estimate the eligible utility rebates and incentives available to the homeowner

The above steps will enable the City to derive the funding amount up to the maximum of ten percent of the property's assessed value to include in the Property Owner Agreement.

### **Step 3: Property Owner Agreement (POA)**

After the City has confirmed the acceptability of the Energy Assessment Report and the Funding Request Form, the City will prepare a Property Owner Agreement (POA), in accordance with Appendix B for the homeowner(s) to review and sign.

### **Step 4: Completing Improvements**

#### *1. Initial Funding Disbursement*

Following execution of the POA, the City will provide the homeowner with the initial disbursement agreed upon in the POA to a maximum of ten percent of the estimated cost of the work that can be used by the homeowner to pay contractors or suppliers (i.e. security deposit). The property owner will be contractually obligated to repay this initial disbursement to the City if the property owner does not complete the improvements.

The property owner can then proceed with hiring contractor(s) and performing the approved energy improvements to the property. The improvements must be completed within a reasonable timeframe, as stipulated in the POA, to be determined by the City at its sole discretion.

#### *2. Final Funding Disbursement*

As detailed in the POA, the City will provide the final disbursement only after the homeowner provides a copy of the post-retrofit assessment report from the CEA that:

- includes a Certificate of Completion that attests the approved retrofit measures having been installed and provides an EnerGuide rating of the home after the retrofit measures have been completed which is greater than the original EnerGuide rating noted on the pre-retrofit assessment report from the CEA
- indicates the actual costs and useful life for all the works

### **Step 5: LIC Repayment**

Following the City Treasurer and CFO's periodic certification of the local improvement roll, (which occurs after the improvements on a given set of properties are complete and the final amounts of funding are confirmed), the City Solicitor will submit a by-law for Council adoption pursuant to Section 36.14 of O.



Reg. 586/06 to impose the special charges on the participating properties. For each property included in the by-law, the City Treasurer and CFO will then add to the City's tax roll for that property each year that portion of the imposed special charge that is due in that year. These collective steps will provide priority lien status for the annual amount that the City Treasurer and CFO adds to the tax roll and will ensure that any subsequent property owner who was not a party to the POA is bound to pay that amount.

To facilitate repayment of the annual special charge, the POA will require homeowners to sign up for the pre-authorized payment plan option for property tax payments. At any time, a homeowner can make advance payments, including a one-time payment of the total outstanding amount owing to clear the property of the LIC charge. Failure to make payments is treated with the same remedy as uncollected property taxes which may include, but is not limited to, penalty and interest charges.

### **1.7. LIC Disclosure**

As indicated above, the subsequent owner of a property on which the City has imposed a special charge is required to pay the City the annual LIC amount even though that subsequent owner was not a party to the original POA. In addition to notice that the City will be providing in accordance with the provisions of O. Reg. 586/06, the City also will take the following steps to ensure even greater transparency of the LIC to interested parties by:

- i) posting on the City's website notice of the special charge by-law to impose the charge on the property in advance of its introduction and after its adoption; and
- ii) updating the Tax Certificate to include the full LIC amount, amount payable in the current year, outstanding amounts owing and a note to reference the by-law pursuant to which the special charge was imposed.

### **1.8. Access to Utility Rebates & Incentives**

The City encourages applicants to review the energy savings programs of utilities and agencies such as Enbridge, Alectra Utilities and the Province's Save On Energy program. Energy efficiency and water conservation measures that are eligible under this residential retrofit program may also be eligible for rebates from utilities to applicants.

The applicant can decide whether the financing advanced by the City will be net of any rebates or other incentives received by the homeowner.

### **1.9. Quality Control**

As a means of additional oversight to confirm that the funded improvements were completed, the POA will indicate that the City reserves the right to have a City official or third party contractor arrange with the property owner for an inspection. The property owner(s) is also responsible for keeping original copies of contractor invoices and photos of installed measures, especially for harder to verify measures like insulation, and be prepared to disclose this information to the City upon request.

### **1.10. Measurement and Verification**

Pursuant to the POA, the property owner(s) must consent to providing the City with access to the property's utility usage data in order to monitor results and evaluate the Program's effectiveness for a period of five years after completion of the retrofit. Also, the property owner(s) agrees to participate in surveys and other follow-up activities to help the City evaluate the Program.