

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 XXth day of (Month), 2020.

Hon. Maurizio Bevilacqua, Mayor

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.