



SUBJECT: Better Homes Burlington Program

TO: Environment, Infrastructure & Community Services Cttee.

FROM: Environment and Energy

Report Number: EICS-04-23

Wards Affected: all

File Numbers: 210-19

Date to Committee: June 1, 2023

Date to Council: June 13, 2023

Recommendation:

Approve the establishment of the Better Homes Burlington Energy Retrofit Pilot Program to provide a maximum of twenty loans to Burlington homeowners who meet program eligibility criteria to support the implementation of air source heat pumps as outlined in environment, infrastructure and community services report EICS-04-23; and

Approve By-law No. XX-2023, being the Better Homes Burlington Energy Retrofit By-law, substantially in the form attached as Appendix A to environment, infrastructure and community services report EICS-04-23, in the form satisfactory to the Executive Director of Legal Services and Corporation Counsel, or designate; and

Authorize the Executive Director of Environment, Infrastructure and Community Services, or designate, to execute necessary agreements with each homeowner participating in the Better Homes Burlington Energy Retrofit Program, and any extension thereto, with content satisfactory to the Manager of Environmental Sustainability, or designate, and form satisfactory to the Executive Director of Legal Services and Corporation Counsel or designate; and

Direct the Executive Director of Environment, Infrastructure and Community Services to monitor and assess the results of the Better Homes Burlington pilot program and report back to council in one year with recommended next steps.

PURPOSE:

Vision to Focus Alignment:

- Increase economic prosperity and community responsive city growth
- Support sustainable infrastructure and a resilient environment

The purpose of this report is to obtain council approval of the necessary elements to deliver the Better Homes Burlington (BHB) program. In 2020, Council approved the Burlington Climate Action Plan and set a target to become a net zero carbon community by 2050. The BHB program will support decarbonization measures in the residential sector to help Burlington achieve its net zero community target.

Background and Discussion:

In March 2022, staff presented the Better Homes Burlington feasibility study (Report EICS-01-22) completed in partnership with the Centre for Climate Change Management at Mohawk College. The report recommended the BHB program as a pilot project which will support residential decarbonization by:

- providing a concierge service to homeowners with guidance on options to complete a home energy efficiency retrofit;
- offering loans to homeowners to accelerate the adoption of air source heat pumps; and,
- engaging and educating homeowners and contractors to promote/deliver home energy efficiency retrofits.

Council approved the following directions in report EICS-01-22:

Direct the Executive Director of Environment, Infrastructure and Community Services to bring forward a business case as part of the 2023 budget process for the resources required to support implementation of a small-scale home energy efficiency retrofit program including a virtual delivery centre/support for homeowners, and loans through a Local Improvement Charge (LIC) mechanism for Burlington homeowners to improve home energy efficiency and a lower carbon footprint as outlined in environment, infrastructure and community services report EICS-01-22; and

Direct the Executive Director or Environment, Infrastructure and Community Services to report back in 2023 with recommended program design elements, including a by-law to support the LIC loan, application, review and approval process, and loan agreement.

Council recently approved the Better Homes Burlington program coordinator position (one year contract) as part of the 2023 operating budget.

Better Homes Burlington - Concierge

The program coordinator will act as a concierge to provide assistance to homeowners as they consider options to improve the energy efficiency of their homes. This role could be more significant than administering the BHB loan given the complexities for homeowners to navigate the home energy efficiency retrofit environment. The concierge will provide guidance on:

- Grants and incentives – Enbridge Gas has partnered with the federal government's Greener Homes program to be the one stop shop for both the Greener Homes and Enbridge grants to support a wide range of home energy efficiency measures – [Home Efficiency Rebate Plus \(HER+\)](#)
- Financing – discussing options with homeowners for the best options to finance home energy efficiency retrofits (ie. financial institutions, the federal government's [Greener Homes loan](#) program, [Enbridge Sustain](#) and/or Better Homes Burlington loan)
- Energy audits – provide guidance on the benefits of and how to arrange an [EnerGuide](#) Home Evaluation
- Energy Efficiency Measures – provide guidance on the types of measures which can improve energy efficiency and reduce carbon footprint
- Contractors – offer guidance on how to find and retain contractor services for energy efficiency improvements

The program coordinator will also be responsible for community engagement activities to promote the benefits of home energy efficiency measures and the options available to homeowners, as noted above. Contractor engagement to promote the program will also be part of this role.

Better Homes Burlington Loan

To implement the Better Homes Burlington pilot loan program, a bylaw is required to utilize the Local Improvement Charge (LIC) mechanism (refer to Appendix A). In 2012, the provincial government amended the LIC regulation to permit municipalities to deliver home energy efficiency loans to homeowners, which can be repaid through property taxes.

As presented in 2022 (EICS-01-22), a maximum of \$10,000 will be offered to homeowners to support the installation of air source heat pumps and leak sealing. The target for the pilot project is 20 homes which currently rely on burning fossil fuels for a source of heating.

Eligibility criteria include:

- All registered owner(s) of the property must consent to participating in the Program;

- Property tax and all other payment obligations to the City of Burlington for the past five years must be in good standing;
- Owners must enroll in the pre-authorized property tax payment plan prior to approval for term of loan; and
- The owner must notify its mortgage lender (if applicable) of the owner's intention to participate in the Program using the City of Burlington's prescribed form. (Letter template is provided to homeowners)
- Note: homeowners with CMHC or other insured mortgages are ineligible to participate in the Program.

The maximum term for a loan will be 5 (five) years to be paid back with interest (prime rate). Through the LIC mechanism, the loan is tied to the property and can be transferred to new homeowners if a home is sold, however, most homeowners pay off the loan prior to selling. An administration fee will be charged in the amount of \$50.00 (fifty dollars).

The program details for the Better Homes Burlington loan is outlined in Appendix A and is summarized here:

1. Homeowners will be asked to contact the program coordinator to discuss eligibility for a loan. The program coordinator will provide information on all options available to homeowners to fund energy efficiency measures, such as grants, loans, the Home EnerGuide Assessment process, and how to find a contractor.
2. If the homeowner is eligible for a BHB loan and decides that this is the best option, they will be directed to obtain quotes for the work.
3. The homeowner will submit the information with a funding application to the City. The funding application will be reviewed by the program coordinator to confirm eligibility and once approved, a property owner agreement (POA) will be shared with the homeowner for signature, which will be signed by the Executive Director of Environment, Infrastructure and Community Services (or designate).
4. Once the POA is executed, the homeowner can proceed with the proposed works and can submit the final report (project completion) to the City with the invoice.
5. If the amount differs from the original application, a revised schedule can be attached to the POA. The program coordinator will work with Finance staff to begin the loan process through the property tax system.

The program will be promoted to homeowners throughout the summer with the opening of applications to occur in September. From the time homeowners receive funding

approval, they will have six months to install the improvements (air source heat pump and leak sealing) with an opportunity to request a further extension (up to six months). Once the improvement is installed, the homeowner will submit the completion report to confirm the loan amount. The completion report will be reviewed by the program coordinator and the manager of environmental sustainability, and the loan will be processed. Loans will be added to the tax bill at the end of April 2024 to begin the repayment process. If the homeowner has not submitted the completion report in time to process a loan and add to the annual tax bill by April 2024, then the homeowner loan repayment will be added to the tax roll the following year (2025) for repayment.

By January 2024, the program coordinator and manager of environmental sustainability will review the loan application process to determine whether to recommend continuation, particularly given that loans are only added to the tax roll once per year. Assessment of the pilot program will be based on overall interest in the program and number of applications received. If 20 loans have already been pre-approved by the end of January 2024, the pilot program will come to a close and will be assessed at that time.

Program Monitoring and Assessment

Metrics will be tracked to assess and monitor all aspects of the Better Homes Burlington program to report back to council in 2024 on the results, such as number of homeowners assisted, types of questions asked, number of community engagement activities and participation rates, and number of loans applied for and issued, and number of loans refused. In addition, staff will continue to collaborate with neighbouring municipalities and our extended networks to identify alternative measures for future consideration to support the transition off of the use of fossil fuels for thermal energy.

Strategy/process/risk

A home energy efficiency retrofit program was identified as a key program area in the Climate Action Plan approved by Council in 2020. Staff were also involved with the Clean Air Partnership to assess opportunities for Ontario municipalities to offer home energy efficiency loans resulting in a municipal toolkit¹. In 2020, staff presented two

¹ LIC Toolkit – Accelerating Home Energy Efficiency Retrofits through LIC Programs, Clean Air Partnership, 2020

reports to Council on home energy efficiency retrofits (EICS-07-2020 and EICS-18-2020). From 2021 to 2022, staff worked with the Centre for Climate Change Management at Mohawk College to complete a feasibility study for the Better Homes Burlington Program, presented to council in March 2022. This work was supported with a grant from the Federation of Canadian Municipalities.

The municipalities of Halton Hills, Kingston and Ottawa have all launched home energy efficiency retrofit programs supported through the Federation of Canadian Municipalities and have shared their documentation and processes as reference material for a Burlington program. City staff continue to meet with colleagues in Halton Hills, Oakville and Hamilton to share information, lessons learned and discuss options to partner and collaborate on a regional basis. The Region of Halton has also expressed interest in supporting home energy efficiency retrofit program through their climate action work, however, regional governments do not have the authority to issue LIC loans to homeowners.

Staff have assessed the risks to offering a loan program to homeowners. There is a low risk of non-payment of loans based on research completed in North America of existing programs. As noted above, property taxes must be in good standing prior to approval of an LIC loan and the LIC loan is considered a priority lien.

Another potential risk is the potential for low uptake of Burlington's loan program. Metrics will be tracked to assess and monitor all aspects of the Better Homes Burlington program to report back to council in 2024 on the results, such as number of homeowners assisted, types of questions asked, community engagement activities, and number of loans applied for and issued, and number of loans refused.

Options Considered

Options to offering a home energy efficiency retrofit program were discussed in report EICS-01-22. Following the implementation, the pilot program will be assessed, and future options considered to help accelerate the decarbonization of homes in Burlington, which will be presented to council in 2024 with recommended next steps.

Financial Matters:

It is recommended that the Energy Initiatives Reserve Fund provide the source of funding to support homeowner loans through the LIC mechanism. Annual loan repayments by homeowners will be credited back to the reserve fund.

With the uncommitted balance currently at \$185,000, along with the 2023 funding provided through the rooftop rental fees the City receives from three solar installations on City facilities of \$25,000 per year, accounts for the \$200,000 reserve fund

requirement of the loan program. The reserve fund was originally established in 2015 to help fund energy efficiency initiatives in City facilities.

Report EICS-01-22 originally recommended to utilize debt borrowed through Halton Region to support the capital cost of issuing homeowner loans. However, given constraints of the borrowing including amount, timing issues for borrowing through the Region, and restrictions for early payback of loans, borrowing from the reserve fund is more effective and supported by finance staff.

Total Financial Impact

Based on a cap of 20 loans for each homeowner at \$10,000/resident, a total of \$200,000 is required to support this program. In addition, Council approved \$120,000 one-time funding for a one-year contract for a program coordinator position.

Source of Funding

The loans will be supported through the Energy Initiatives Reserve Fund. The one-time funding for the program coordinator was approved through the 2023 operating budget.

Other Resource Impacts

Staff time will be required from Finance in the property tax section to support on the tax eligibility criteria listed above and adding the loan to the property tax bill for repayment. Some assistance from Legal may be required from time to time. Communications and Engagement staff will be involved to help promote the program.

Climate Implications

The purpose of the Better Homes Burlington program is to support the adoption of air source heat pumps in the residential sector to transition away from the burning of fossil fuels to generate heat (thermal) energy, resulting in reduced greenhouse gas (GHG) emissions. The use of natural gas in Burlington represents just under half of all GHG emissions across the community (for all sectors – residential, industrial, commercial and institutional).

Engagement Matters:

Extensive community and stakeholder engagement took place in partnership with the Centre for Climate Change Management at Mohawk College and the Bay Area Climate Change Council during process to complete the Better Homes Burlington feasibility study. Over 40 groups, experts, businesses, program delivery centres, utilities and other

municipalities were interviewed. The process also included random telephone and online community surveys. Further details can be found in the feasibility study (report EICS-01-22 - Appendix A).

A communications plan is being finalized with Communications staff to launch, promote and deliver the Better Homes Burlington program. Engagement activities to promote the program will include webinars, presentations and demonstrations in partnership with community stakeholders and networks. A website was created at the same time the Better Homes Burlington feasibility study was completed in partnership with the Centre for Climate Change Management at Mohawk College and will be launched in the near future with a media release.

Conclusion:

The Better Homes Burlington pilot loan program is a key measure identified in the city's Climate Action Plan. Support for homeowners to transition off of fossil fuels to reduce their carbon footprint will assist Burlington in becoming a net carbon neutral community and showing leadership on climate action.

Respectfully submitted,

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Appendices:

A. By-law XX-2023 and Better Homes Burlington Program Description

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.