

The Corporation of the City of Burlington

City of Burlington By-law XX-2023

A by-law to authorize the undertaking of energy efficiency and water conservation works on private residential property as local improvements under the Better Homes Burlington Energy Retrofit Program.

File: 210-19 (EICS-04-23)

Whereas Part III of Ontario Regulation 586/06, under the *Municipal Act*, 2001, authorizes a municipality to pass a by-law to undertake works on private residential property as local improvements for the purpose of raising all or any 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 Section 36.5(2) of Ontario Regulation 586/06 states that the by-law may authorize the undertaking of works which satisfy the requirements of a municipal program for which the municipality has given notice under Section 36.6(2)(b) of Ontario Regulation 586/06; and

Whereas at its meeting of June 13, 2023, Council of the City of Burlington received and approved the Better Homes Burlington Energy Retrofit Program; and

Now therefore the Council of the Corporation of the City of Burlington hereby enacts as follows:

That Council authorizes the undertaking of energy efficiency and water conservation works on private residential property as local improvements under the Better Homes Burlington Energy Retrofit Program, as set out in Schedule “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.

1. Schedule “A” is attached to and forms part of this by-law.

Appendix A to Report EICS-04-23

2. This by-law may be referred to as the “Better Homes Burlington Energy Retrofit By-law”

3. This by-law comes in to force on the day of its passing.

Enacted and passed this day, of , 2023

Mayor Marianne Meed Ward _____

City Clerk Kevin Arjoon _____

**Schedule “A” to
Better Homes Burlington Energy Retrofit By-law**

Residential Retrofit Program Design

1.0 Overview

The Better Homes Burlington Pilot Program (the “Program”) is designed to extend municipal funding (a loan) to consenting homeowners for the installation of qualifying energy improvements and secure payment by imposing a local improvement charge (“LIC”) on the private residential property, as authorized by Ontario Regulation 586/06, Local Improvement Charges – Priority Lien Status, enacted under the Municipal Act, 2001, S.O. 2001 c. 25 (the “Regulation”). This program will be administered by the City of Burlington for a single application cycle during the 2023-2024 years as a pilot program, which may be reviewed and amended from time to time. A maximum of twenty (20) loans will be provided to homeowners during the pilot program. Loans will be a maximum of \$10,000 each over a five (5) year term with interest (prime). The Program will be funded by the City’s Energy Initiative Reserve fund.

1.1 Program Eligibility

Residential low-rise buildings located within the City of Burlington of the following forms are eligible: detached, semi-detached, and townhouses.

The property must have a property tax account with the City of Burlington. The property must also be serviced by gas or oil for home heating purposes.

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 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; 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.

1.2 Geographic Scope

Any owner of an eligible building (see Section 1.1) in the City of Burlington can participate in the Program. Marketing for the Program may be prioritized to those homes with:

- Above average utility-calculated heating fuel (natural gas, propane or oil).

The City may work with existing community initiatives or organizations interested in being aligned with the Program to achieve efficiencies in terms of program delivery (i.e. marketing and outreach support).

1.3 Stacking Home Energy Incentives

Homeowners will be encouraged to consider existing incentive programs offered by Enbridge Gas Inc. and the Federal Government and other programs which may become available. Enbridge Gas and Canada's Greener Homes Grant have partnered to provide rebates towards eligible retrofits such as home insulation, windows and doors, heat pumps and renewable energy systems; the program is referred to as the Home Efficiency Rebate Plus (HER+).

To be eligible for a HER+ grant (with some exceptions), homeowners are required to arrange a home energy assessment through the EnerGuide Rating System (see below). All homeowners can apply to the HER+ program but must be an Enbridge Gas customer (or is converting to become an Enbridge Gas customer) to be eligible for additional rebates from Enbridge Gas.

**Note: the Federal Government's Greener Homes Loan program is separate from the HER+ program, where eligible homeowners can apply for home energy efficiency loans up to the amount of \$40,000.

1.4 Home Energy Assessments

Although not required by the City of Burlington's Program, homeowners are encouraged to consider arranging a home energy assessment through the [EnerGuide Rating System](#) (ERS).¹ It provides a standardized tool and process to assess home energy efficiency and can model energy savings for projects.

¹ A home assessment is required under the Home Efficiency Rebate Plus (HER+) program and/or the federal government's Greener Homes Initiative (if the homeowner is not serviced by Enbridge Gas Inc.).

The property owner hires a Certified Energy Advisor (the "CEA"), certified by Natural Resources Canada ("NRCan"), to perform pre- and post-retrofit assessments in accordance with 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 the HER+ incentive program.

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 to increase that rating.

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.

1.5 Qualifying Energy Efficiency Measures

Under the Program, financing is designated for capital costs (not maintenance costs) with an expected useful life of five (5) years or greater and for measures that are permanently affixed to a property. Eligible measures under the Program includes air source heat pumps and leak sealing.

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 of Burlington makes no guarantees of the materials, performance, cost-effectiveness or any warranty of the measures supported by the Program.

Only the costs associated with improvements (air source heat pumps and leak sealing) of up to a maximum of \$10,000 are eligible for the Program.

1.6 Completing the Retrofit through Contractor Engagement

The City of Burlington will provide financing to homeowners for eligible measures covered by the Program. The City of Burlington will not pre-qualify contractors or procure contractors to perform energy assessments or install retrofit improvements on behalf of homeowners in connection with this Program. The homeowner will use the funds disbursed by the City of Burlington to pay contractors directly.

The City of Burlington is not responsible for the work quality of any contractors hired in connection with this Program and assumes no liability for the works undertaken. All retrofit improvements and renovations must adhere to applicable permitting requirements, codes, laws 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.

1.7 Application Process

The steps below outline the process and requirements homeowners need to follow as part of the Program. City of Burlington staff will periodically review this process to ensure effective Program implementation and, where deemed appropriate, the City of Burlington may make changes in its sole discretion.

Step 1: Pre-qualification Screening Checklist

Before proceeding with the application for a loan, the property owner must determine eligibility for the Program. Homeowners are encouraged to consult with the Program Coordinator to determine if the proposed improvements (air source heat pump and leak sealing) qualify for a LIC loan through the Program. The Program Coordinator will provide a concierge service by assisting homeowners in reviewing the criteria as well as sharing information available on incentives and financing options for consideration. A checklist will be available to homeowners to help determine eligibility:

- Property address to confirm location is within the City of Burlington;
- The property taxes must be in good standing and there are no outstanding payments owed to the City of Burlington within the last five years;
- Proof of approval by all registered owners;
- Registration in the City of Burlington's pre-authorized property tax payment system is required prior to the approval for term of loan; and,
- Note: homeowners with CMHC or other insured mortgages are ineligible to participate in the program.

If a homeowner has one or more outstanding mortgage(s) associated with the property, then the homeowner must inform the mortgage lender(s) of their intention to participate in the Program using the letter template that the City of Burlington (copying the city) and will provide proof of delivery to the City.

Step 2: Energy Assessment and Funding Request Form

a) Energy Assessment Process (Optional)

If the homeowner is pursuing incentives under the Home Efficiency Rebate Plus (Her+) or the federal government's Greener Homes Loan Initiative, the homeowner can provide the City of Burlington with the results of the pre and post energy assessment. As noted previously, if the homeowner is applying for incentives under HER+ or the Greener Homes Loan Initiative, a Home EnerGuide assessment is required (in most cases). All funding programs (grants and loans) are stackable – so homeowners can apply to more than one program.

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 NR Can EnerGuide rating of the home;
- the estimated useful life of the proposed improvement(s); and,
- estimated energy cost savings that may be realized after installing the recommended improvements.

There is also a requirement for the homeowner to authorize access to the previous two years of energy consumption data for electricity (Burlington Hydro) and natural gas (Enbridge) as well as the post improvement period (five years). If the home does not use natural gas for heating, the homeowner would be required to provide copies of bills for heating oil or propane (or other fuel as identified). This information will assist staff to assess the reduction of greenhouse gas emissions post retrofit.

Note that the Better Homes Burlington pilot program for loans only supports the installation of air source heat pumps and leak sealing at this time. However, the other incentive programs have a broader range of measures which they support.

Any estimated cost of the works can be included in the Energy Assessment Report but will require contractor invoices for the air source heat pump and leak sealing to verify the costs for inclusion in the Funding Request Form.

b) Funding Request Form - Application

Homeowners will need to submit a Funding Request Form that:

- identifies the improvements (air source heat pump and leak sealing) that the property owner intends to install;
- identifies the cost for each improvement; and,
- includes a copy of the quote for the air source heat pump and air sealing.

Following receipt of the Funding Request Form, the City of Burlington will confirm the eligibility of the works (e.g. items affixed to property). A \$50 administration fee will be rolled into the LIC.

Step 3: Property Owner Agreement

After the City of Burlington has confirmed the acceptability of the Funding Request Form, the City of Burlington will prepare a property owner agreement (“POA”) for the homeowner(s) to review and sign.

Step 4: Completing Improvements

a) Funding Disbursement

Following execution of the POA the property owner can then proceed with hiring contractor(s) and installing the approved energy improvements to the property. The improvements must be completed within six months, as stipulated in the POA. The

homeowner can request an extension if required. The extension will be granted at the sole discretion by the City of Burlington

As will be detailed in the POA, the City of Burlington will provide the funding disbursement only after the homeowner submits:

- a Certificate of Completion and a final paid invoice showing payment for the energy improvements, indicating the actual costs and useful life for all the works;
- or a post retrofit Home Energy Assessment from the certified energy assessor which 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 and indicates the actual costs and useful life for all the works.

Step 5: LIC Repayment

Following the City of Burlington's Chief Financial Officer'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 of Burlington Treasurer will submit a recommendation for City Council to adopt a by-law 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 Treasurer will then add to the City of Burlington's tax account 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 Chief Financial Officer adds to the tax account 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 a one-time payment of the total outstanding commuted value of the LIC charge. Failure to make payments is treated with the same remedy as uncollected property taxes which may include penalties and interest charges. Unpaid LIC will be subject to the city's tax collection policy.

1.8 LIC Disclosure

As indicated above, the subsequent owner of a property on which the City of Burlington has imposed a special charge is required to pay the City of Burlington the annual LIC amount even though that subsequent owner was not a party to the original POA. In addition to notice that the City of Burlington will be providing in accordance with the provisions of O. Reg. 586/06, the POA will require an assignment agreement when property with an LIC loan is transferred. The City of Burlington will also update the Tax

Certificate to include the amount payable in the current year and outstanding amounts owing. The City maintains the option to post information on their website to communicate the special charge bylaw.

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 of Burlington reserves the right to have a City of Burlington 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 and be prepared to disclose this information to the City of Burlington upon request.

1.10 Measurement and Verification

Pursuant to the POA, the property owner(s) must consent to providing the City of Burlington 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, as well as two years of usage data pre-improvements. Also, the property owner(s) agrees to participate in surveys and other follow-up activities to help the City of Burlington Program Coordinator evaluate the effectiveness of the Program.