

Extending the Home Energy Loan Program (HELP)

Date: November 18, 2021

To: Infrastructure and Environment Committee

From: Interim Director Environment and Energy

Wards: All

SUMMARY

Through the Home Energy Loan Program (HELP), the City offers low-interest loans to help homeowners make their homes more energy efficient and reduce greenhouse gas emissions, in support of the City's TransformTO climate action strategy and net-zero emissions target.

Current authorization for the program will expire as of December 31, 2021, the purpose of this report is to extend authorization of the HELP in its current form and to enable continuation of the program with planned Federation of Canadian Municipality (FCM) funded changes subject to finalizing an agreement with FCM.

Extending and enhancing the HELP program with FCM funding will help advance the Council-approved GHG reduction efforts established by TransformTO, Toronto's climate action strategy and the net zero ambitions outlined in the Climate Emergency Declaration and most recently the goals of the Net Zero Existing Buildings Strategy adopted by City Council in July 2021. The HELP program will also support the City's Net Zero Strategy, being considered by Infrastructure and Environment Committee at its meeting of December 2, 2021.

RECOMMENDATIONS

The Interim Director Environment and Energy Division recommends that:

1. City Council authorize the extension of the Home Energy Loan Program component of the Residential Energy Retrofit Programs from its current expiration date of December 31, 2021 and make the Program permanent, using existing resources in the Local Improvement Charge Energy Works Reserve Fund, Local Improvement Charge repayments as well as funding provided by the

Federation of Canadian Municipalities to support project and programming needs.

2. City Council authorize the Chief Financial Officer and Treasurer to establish program interest rates for the Home Energy Loan Program based on the City's projected indicative cost of borrowing, set on a quarterly basis, for the purposes of recovering the City's cost of borrowing.
3. City Council authorize the Director, Environment and Energy the authority to enter into any Property Owner Agreement for the City of Toronto Home Energy Loan Program with consenting property owners for any financing to a maximum of \$125,000, inclusive of funding amount, interest and administrative fee, in addition to authority granted previously to the Deputy City Manager, Corporate Services and in a form satisfactory to the City Solicitor.
4. City Council authorize the Director, Environment and Energy to review and, where necessary, revise the Home Energy Loan Program from time to time, solely for the purpose of integrating the City's program with industry best practices and new or existing Federal, Provincial and utility company energy, climate change and poverty reduction programs.

FINANCIAL IMPACT

No additional financial commitments are required from the City to support the recommendations outlined in this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

EQUITY IMPACT

The Home Energy Loan Program (HELP) support efforts to improve the quality of housing, including affordable housing. Energy poverty has been identified as an issue facing many Torontonians, including both renters and owners of single-family housing.

As the necessity to decarbonize buildings grows, it will be vitally important to ensure programs and policy to increase decarbonisation and energy efficiency retrofitting do not negatively impact populations made already vulnerable by historic inequities that resulted in certain equity deserving groups living in lower quality housing, specifically women and children, Indigenous people, people with disabilities and racialized groups. Staff are working to improve access to City-run programs as well as promoting utility-run programs such as Enbridge's Home Winterproofing Program and the Federal Government's Greener Homes Grant. A key issue remains awareness of existing programs and supports, to address this staff are working to increase engagement and provide resources through the BetterHomesTO initiatives.

Through the proposed FCM funded activities staff plan to enhance the existing Home Energy Loan Program and improve overall program accessibility.

DECISION HISTORY

At its October 1 and 4, 2021 meeting City Council authorized the Deputy City Manager, Corporate Services, the Chief Financial Officer and Treasurer and the Mayor to enter into a grant and loan agreement with the Federation of Canadian Municipalities, as well adopt changes to the residential single-family homes stream of the Residential Energy Retrofit Programs, the Home Energy Loan Program, and authorized amendments to the existing Program By-law 1105-2013.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.IE24.9>

At its July 14, 15 and 16, 2021 meeting, City Council adopted the Net Zero Existing Buildings Strategy which introduces voluntary programs and policy in the near term, followed by a transition to mandatory requirements in the medium to long-term to support existing buildings, including single family homes, achieving net zero emissions by 2050.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX21.2>.

At its October 27, 28 and 30, 2020 meeting, City Council adopted the Towards Recovery and Building a Renewed Toronto report. This report identifies climate action as a key priority.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX17.1>

In October 2019 City Council declared a climate emergency for the purpose of deepening a commitment to climate action and endorsed a net zero greenhouse gas emission target in line with keeping temperature rise below 1.5 degrees Celsius with a commitment to identify opportunities to invest in and accelerate emission reductions areas identified in TransformTO, such as building retrofits.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM10.3>

In July 2019 City Council further extended the HELP and Hi-RIS programs and authorized loans terms to maturity of up to 20 years for qualifying single family HELP projects as well as amended the Residential Retrofit By-Law (By-law 1105-2017) to expand the category of eligible measures.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.IE6.5>

In June 2018, City staff presented an update on the Programs, requesting an extension to December 31, 2019. Staff were asked to report back in 2019 with an evaluation of program outcomes and options for a permanent program. The report also authorized the Director, Environment and Energy and Executive Director, Social Development, Extending Retrofitting Programs Finance and Administration to allocate a portion of the unused funding envelope attributed to the Home Energy Loan Program (HELP) to the High-rise Retrofit Improvement Support Program (Hi-RIS) as part of the extension of the programs and include the staffing and funding resources needed for the extension in the 2019 Operating Budget Submission for Social Development, Finance and

Administration. Link:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.PE27.4>

In March 2017, City staff provided a Program Evaluation Report (PE18.4/2017) which presented the results of a third-party evaluation of the Residential Energy Retrofit Pilot Program. The report included seven recommendations for program refinements to further drive participation. At its April 2017 meeting (PE18.4/2017), City Council adopted all of the recommendations put forward in the Program Evaluation Report, including an extension of the program to December 3, 2018. Link:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PE18.4>

In 2016, City Council adopted TransformTO: Climate Action for a Healthy, Equitable and Prosperous Toronto - Report #1 (PE 15.1/2016) which included a package of short-term strategies designed to accelerate actions to reduce greenhouse gas emission by 2020. Pursuant to this authority, the City Manager was also directed to negotiate and enter into all necessary agreements, including funding agreements, to support the implementation of the TransformTO short-term strategies. Link:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.PE15.1>

At its July 2013 meeting, City Council approved an energy and water efficiency pilot program for the residential sector (EX33.22/2013) – the first municipality to do so in Ontario. Subsequently, the HELP and Hi-RIS Programs were launched in 2014 to support homeowners and the multi-unit residential building sector, respectively. Each program was allocated a \$10 million funding envelope to be administered to qualifying property owners interested in undertaking retrofit investments. Link:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX33.22>

COMMENTS

Launched in 2014, the Residential Energy Retrofit Programs have provided financing to support retrofits for residential properties with energy efficiency and water conservation benefits. The two core Programs include the Home Energy Loan Program, which supports retrofits of single-family homes, and the High-rise Retrofit Improvement Support Program, which supports multi-unit residential buildings (MURBS). This report specifically addresses the Home Energy Loan Program (HELP).

The Home Energy Loan Program (HELP) is administered by the Environment and Energy Division and provides funding to help homeowners make their homes more energy efficient and reduce greenhouse gas emissions. Through HELP, Toronto homeowners can access low-interest loans to cover the costs of a wide range of energy efficiency improvements including air-source heat pumps, window/door replacements, rooftop solar photovoltaics, and electric vehicle chargers.

To mitigate the City's collection risk, the Home Energy Loan Program uses the provincial Local Improvement Charge regulation to collect repayment through the property tax system and secure the City's financing through the priority lien status associated with the Local Improvement Charge. The Home Energy Loan Program will help to enable the early voluntary action identified in the City's Net Zero Existing

Buildings Strategy and furthers actions identified in the Climate Emergency Declaration as well as the Net Zero Strategy.

As of September 30, 2021, 229 projects have been completed with an approximate value of \$5.67 million. In 2021 154 applications were received. These projects have been successful in reducing emissions and improving the comfort and livability of participating homes.

To date, the Home Energy Loan Program has been funded through the Local Improvement Charge Energy Works Reserve Fund. Earlier this year, the City was notified that it had been successful in an application to the Federation of Canadian Municipalities (FCM) Community Efficiency Financing (CEF) program through the Home Energy Loan Program (HELP), to support energy-efficient retrofits and pathways to net zero for single-family homes in Toronto.

At its October 1 meeting, Council authorized the City to enter into an agreement with the Federation of Canadian Municipalities (FCM) Community Efficiency Financing (CEF) program through the Home Energy Loan Program (HELP), for up to \$9,712,000 in financing and \$4,856,000 in grants to support energy-efficient retrofits and pathways to net zero for single-family homes in Toronto. Initial discussions with FCM indicate favourable terms for repayment. The funding will be used to enhance the City's current HELP program and help Toronto homeowners undertake deeper home energy efficiency retrofits and support the local economy.

Having received City Council authorization to enter into a loan and grant agreement with FCM in October 2021, the City is currently in the process of reviewing and finalizing the agreement with FCM. City Council authorization for HELP in its current form will expire on December 31, 2021. To ensure the sustained operation of the program, this report seeks authorization to extend HELP beyond 2021, allowing for annual reporting through the Environment & Energy Division's budget reporting process and regular TransformTO progress updates.

The Home Energy Loan Program will continue to draw on the Local Improvement Charge Energy Works Reserve Fund to provide loan capital, until an agreement with FCM is finalized. Once an agreement is finalized, the intent is to use FCM funding to finance the loans through the Home Energy Loan Program.

Allowing the Director, Environment & Energy Division to negotiate and sign any Property Owner Agreement (POA) within their signing authority is a process improvement that will improve program efficiency and client experiences by reducing processing time of certifying the POA by five (5) to seven (7) business days.

CONTACT

Nancy Ruscica, Interim Director, Environment & Energy, 416-392-2984,
Nancy.Ruscica@toronto.ca

Stewart Dutfield, Acting Manager, Public Energy Initiatives, Existing Buildings,
Environment & Energy, 416-392-6861 Stewart.Dutfield@toronto.ca

SIGNATURE

Nancy Ruscica
Interim Director, Environment & Energy