



OLIVIA CHOW MAYOR

July 15, 2025

Dear Executive Committee,

A Better Way to Replace your Furnace: Helping Homeowners Switch to Heat Pumps

Over the next 15 to 20 years, hundreds of thousands of homeowners in Toronto will need to replace their home furnace. Heat pumps offer a clean, efficient and comfortable option to provide home cooling and heating. Accelerating the deployment of electric heat pumps also represents the most impactful single measure for reducing emissions in Toronto, making this a key requirement to achieving the City's net zero goals and implementing the Net Zero Existing Buildings Strategy

Despite growing interest in recent years in installing heat pumps, homeowners are faced with a difficult process to navigate when replacing their furnace and understanding their home energy needs. There is a complex system of incentives, confusing information online, varied contractor support and uncertainty about home energy needs that often leads to homeowners installing another gas furnace. Not only that, but heat pumps and other clean technologies often have higher upfront costs than conventional natural gas-powered furnaces.

We need a program that provides people with a simple, trusted and affordable option when they need to upgrade their furnace and want to adopt other clean technologies. Homeowners need personalized advice tailored for their needs to understand how to make home upgrades and understand what supports are available. Toronto Hydro's Climate Advisory Services business offers this customer facing support to encourage homeowners to find sustainable energy solutions.

This motion directs staff to develop a new program, in partnership with Toronto Hydro, that would help people make their homes more energy-efficient, reduce their bills and provide local installation jobs. It would provide personalized energy coaching services and information and tools to help homeowners make decisions and complete an installation quickly and easily.

The program should also look at ways to make home upgrades affordable and accessible to low- and moderate-income households, through partnerships with local organizations and by using new and existing financing mechanisms to lower upfront costs. Support from other levels of government can be used to scale this program and provide additional assistance to low- and moderate-income households. This program should also look at ways to employ local youth to become climate ambassadors to empower their communities to take action and promote available City supports.

RECOMMENDATIONS:

1. City Council direct the Executive Director, Environment, Climate and Forestry Division, to develop and implement a new program for Toronto homeowners to accelerate the adoption of heat pumps and other clean technologies and that includes, without limitation, the following elements:
 - a. Energy coaching and personalized guidance
 - b. Decision-support tools to help homeowners evaluate options
 - c. A vetted contractor directory to ensure quality installations
 - d. Direct installation services
 - e. Targeted incentives for low-to-moderate-income households
 - f. Access to preferred financing options
2. City Council request the Board of Directors of Toronto Hydro to direct the Climate Advisory Services business to act as a joint delivery partner with the City, consistent with its mandate to support customers with home electrification and its unique capacity to address barriers to the implementation of heat pumps and related clean technologies.
3. City Council authorize the Executive Director, Environment, Climate and Forestry Division, to negotiate and execute agreements, as required, with community and industry organizations to provide, where feasible and appropriate, in-kind or financial support and/or the disbursement or receipt of funding, on terms and conditions acceptable to the Executive Director, Environment, Climate and Forestry, and in a form satisfactory to the City Solicitor.
4. City Council direct the Chief Financial Officer and Treasurer, working with the Executive Director Environment, Climate and Forestry, to determine an appropriate method for setting interest rates on City capital used to finance clean technologies, to encourage participation among low- to moderate-income households, within the existing budget envelope of Environment, Climate and Forestry.
5. City Council authorize the Executive Director, Environment, Climate and Forestry to negotiate and execute any agreements or related documents necessary with the Province of Ontario and/or the Independent Electricity System Operator to

enable coordination between provincial energy efficiency programs and any new Council-directed program for Toronto homeowners to accelerate the use of heat pumps and other clean technologies at their residences, on terms and conditions acceptable to the Executive Director, Environment, Climate and Forestry and in a form satisfactory to the City Solicitor.

6. City Council direct the City Manager, in consultation with the Executive Director, Environment, Climate and Forestry, to request on behalf of the City that the Government of Canada provide financial support to enhance the program offering, including capital investments to be delivered through low- or zero-interest financing and targeted incentives, in order to improve the overall affordability of heat pump installations

Sincerely,

A handwritten signature in black ink, appearing to read 'Olivia Chow', with a long horizontal flourish extending to the right.

Olivia Chow
Mayor of Toronto