

## Natural Resource Canada – Toward Net-Zero Homes and Communities

### ISSUE

The Administration is seeking City Council approval to apply for projects that meet the submission criteria of the new funding program “Toward Net-zero Homes and Communities”, provided by Natural Resources Canada (NRCan).

### RECOMMENDATION

That Administration be directed to submit the proposed projects outlined in this report to the Natural Resource Canada – Toward Net-zero Homes and Communities program.

### BACKGROUND

On July 28, 2022, the Honourable Jonathan Wilkinson, Minister of Natural Resources, announced the first call for proposals for the Toward Net-Zero Homes and Communities program. The government of Canada is providing over \$14 million dollars from 2022-2026 to support energy efficient initiatives in the Canadian residential sector. There are two paths and three streams eligible for funding. Path One is open to all eligible recipients and Path Two is open to indigenous organizations only.

The three streams are defined as:

- 1) Addressing barriers to adoption of energy efficient technologies, which seeks to identify strategies and technologies to reduce the amount of energy consumed in a home;
- 2) Capacity building in support of net-zero energy ready codes, which seeks to encourage the adoption of policies and tools that will help utilize the 2020 energy codes for buildings; and
- 3) Facilitating home energy labelling and disclosure to encourage deep energy retrofits, which seeks to facilitate access to information on home energy consumption and identify what information should be shared.

At the Standing Policy Committee on Environment, Utilities and Corporate Services meeting in 2019, the Low Emissions Community Plan (LEC Plan) was presented as part of the City’s Climate Action Plan. The City’s Low Emissions Community Plan (LEC Plan) includes actions for how Saskatoon can meet its emission reduction target of 80% by 2050.

NRCan’s new program will cover up to 100% of total project costs. Proposals for Path One must be submitted by September 7, 2022.

## DISCUSSION/ANALYSIS

The Administration has identified the following capital projects that align with streams two and three within the Toward Net-zero Homes and Communities program. These capital projects are new and do not have existing funding.

Administration is recommending both the *Capacity Building to Advance Step Codes* project and the *Affordable Housing Labelling, Energy Coaching, and Renovation Roadmaps* project be approved for application through Natural Resource Canada to the Toward Net-Zero Homes and Communities program.

### Stream 2: Capacity Building in Support of Net-Zero Energy Ready Codes

#### Project Description

The initiative being proposed under this stream is entitled *Capacity Building to Advance Step Codes* and aims to facilitate the adoption of an upper tier of the National Building Code (NBC) 2020 and National Energy Code for Buildings (NEBC) 2020. It aligns with LEC Plan Actions 6 and 7, to utilize a municipal step code to require energy consumption caps and solar photovoltaics, within new residential construction.

The project will include the following activities:

- a. Benchmarking current performance of builders in Saskatoon against the NBC and NEBC tiers.
- b. Completing a jurisdictional scan and literature review to identify best practises to facilitate capacity building and training through programs, policies, and incentives.
- c. Engaging with industry and public to understand readiness for the new code, barriers to adoption, and programming that can improve capacity and readiness to adopt a higher level.
- d. Reviewing administrative and permitting processes to align with adoption of upper tiers of the of the NBC and NECB.
- e. Introduction of programs, recommended and refined through engagement and research, that help builders understand code requirements, such as:
  - i. Training – establish and subsidize comprehensive and easy-to-access training using in-person, on-site, and on-line modes; target training topics to those least understood (as identified during engagement) and to specific industries; target and adapt training for Indigenous and new-comer suppliers;
  - ii. Mentorship and support – develop knowledge sharing networks/events, identify and communicate case studies and best practises, establish a mentorship program that pairs experienced builders with newer builders, and build partnerships between project developers, industry, and training providers to provide hands-on training at sites; and

- iii. Communications and marketing – develop educational materials such as videos, web platform, fact sheets, webinars, and a hotline that help explain details of the building code, how to achieve it, and the benefits and costs of complying with different steps.

### Why It Is Needed and Project Outcomes

The project is expected to:

- Increase the energy efficiency of homes with a goal toward net-zero which should improve building quality, save energy, increase resiliency, and save costs for residents;
- Improve collaboration with builders and local authorities in the successful transition to higher energy requirements outlined in the NBC and NECB;
- Benefit Indigenous and newcomer businesses by ensuring they are engaged throughout program development and can access capacity building programs; and
- Provide valuable information to other municipal governments, local authorities across Saskatchewan, as well as to the Province of Saskatchewan in determining what tier of the code to adopt.

The City's Equity Toolkit will be used in the design of all aspects of the project to improve access such as:

- Engagement – minimize barriers for under-represented groups such as builders with Indigenous or newcomer ownership and employees;
- Research – look for examples of how to maximize participation by underserved groups, identify systemic barriers that should be addressed, and consult or partner with local experts;
- Program design – address barriers through program design by making training accessible in multiple formats and languages, providing support to navigate systems, and reducing administrative burden and cost to the participants; and
- Program Implementation – procurement of any services will include criteria for Indigenous Person Hours, Indigenous Ownership, and extent of Indigenous Persons training and development.

The City is seeking letters of support from other partners that will benefit from the program or can help in its delivery.

### Estimated Budget

The initiative is expected to cost approximately \$450,000 with all funding coming from NRCan if the application is successful. Costs include a part-time project manager, a technical lead, engagement consultant, and communications consultant for up to two years, external consultant services for conducting studies and developing and delivering training, and marketing/material development costs.

### **Stream 3: Facilitating Home Energy Labelling and Disclosure to Encourage Deep Energy Retrofits**

#### Project Description

The proposed project under this stream is entitled *Affordable Housing Labelling, Energy Coaching, and Renovation Roadmaps*. Through the *Sharing Prosperity Through Reconciliation Partnership Agreement* with the Saskatoon Tribal Council (STC), the City is seeking a partnership with Cress Housing Corporation, STC's affordable housing corporation, for this project. The City has drafted a letter for Cress to review and sign describing their involvement with the project.

The LEC plan includes actions 9, 11, and 15 which are targeted at the Industrial, Commercial, and Institutional (ICI) sector of which multi-unit residential buildings are included. These actions are for the City to incentivize and later mandate the ICI sector to install rooftop solar PV, perform deep energy retrofits, and retrofit heating and cooling systems with ground or air source heat pumps.

This project is an early step towards addressing these actions within the LEC plan and enabling the community to reduce its emissions with minimal investment required from the City. This project will also be the first of its kind to encourage deep energy retrofits in Indigenous-owned affordable housing buildings.

This project aims to reduce cost and knowledge barriers for buildings within the Cress Housing portfolio. The project will include:

1. Energy audits for affordable housing buildings;
2. Coaching services on how to reduce energy for different building types; and
3. Detailed renovation roadmaps which will enable building owners to plan out renovations for their buildings which include business cases and capital planning and can be used for future funding applications.

After the services are provided to Cress Housing, results of the project will be used to develop detailed case studies (one for each building type) which will be publicly available for any multi-unit residential building owner or affordable housing provider to access and learn from. The information from these case studies will provide information for benchmarking against similar building archetypes.

#### Why It Is Needed and Project Outcomes

More than a quarter of Saskatchewan households are identified as experiencing energy poverty, which is above the Canadian mean. In Saskatoon, 16% of households are experiencing energy poverty, with 34% of those being renters. This project will directly address energy poverty for Indigenous renters living in affordable housing buildings.

This partnership will allow the City to focus on Indigenous affordable housing to support energy efficiency efforts within an urban context.

Outcomes for this project include:

- Reduce knowledge barriers for an Indigenous affordable housing provider to plan for energy retrofits;
- Cress Housing will have detailed phased plans for retrofitting their buildings which they can use to apply for funding to implement retrofit projects and used to benchmark for all their buildings;
- Case studies will provide public resources for benchmarking buildings and planning large scale retrofits for a sector of buildings that has not been targeted with programming yet;
- Once retrofitted, tenants will be more comfortable in their homes with lower utility bills, reducing the burden of energy poverty on indigenous renters within these buildings;
- Once retrofitted, buildings will use less energy and create less greenhouse gases; and
- Results of the program will inform future programs provided by the City, such as the ICI building energy retrofit project and the Residential Energy Efficiency & Energy Generation Project which will begin development in 2023.

#### Estimated Budget

Administration is estimating a total budget for this project of \$395,000. If the application is successful, this would be eligible for 100% funding through NRCAN.

#### **FINANCIAL IMPLICATIONS**

It is recommended that the City of Saskatoon apply for the two projects identified. As the program can provide 100% of eligible costs, no additional funding would be required.

#### **OTHER IMPLICATIONS**

There are no privacy, legal, or societal implications identified.

#### **NEXT STEPS**

If City Council approves the recommendations, Administration will complete the application process prior to the submission deadline. Administration will report back if the projects are approved, requesting an increase to the budget for existing projects using the funds from NRCAN.

#### **REPORT APPROVAL**

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