

Bylaw Amendment Recommendations

Program Challenges Requiring a Bylaw Amendment

Throughout the first year of operations for the Home Energy Loan Program (HELP), some elements within the program have been flagged by program participants as a significant barrier and require a bylaw amendment. Other amendments are recommended based on lessons learned with the intention of improving the program for participants or alleviating challenges for program operations.

The report recommends that the City Solicitor be directed to draft the bylaw amendments which are outlined in detail below.

Deposits

Some upgrades (window/door replacement and solar installations) require homeowners to pay a substantial deposit (30%-50%) upfront which has been identified as an issue. The HELP bylaw does not allow the City of Saskatoon (City) to pay deposits upfront on behalf of participants or provide participants with a portion of their loan upfront, so participants are required to use cash out of pocket or source other financing for the deposit. Once the project is completed, the City reimburses participants for deposits, however, in the interim, this poses a barrier for participants wanting to undergo these types of upgrades.

Some cities, including Ottawa, Toronto, and Kingston, provide participants of retrofit financing programs with 30% of their loan upfront to pay for contractor deposits. The Canada Greener Homes Program provides participants with 15% of their loan upfront for contractor deposits. On average, a participant of HELP in Saskatoon would need 27% of their loan upfront for a contractor deposit.

The proposed solution to this issue is to amend the bylaw to allow the City to provide homeowners with the option of receiving up to 30% of their loan upfront to be used for contractor deposits.

Non-responsive Participants

There are currently 141 participants that have been approved for the program in the last year but have not yet requested funding or signed deferral agreements. Of these participants, almost half have been non-responsive and have not confirmed they still want to participate in the program after a follow up attempt. The other half have confirmed their participation in the program after a follow up attempt but not provided any correspondence since October 2022.

No time-limit was provided in the bylaw when first approved. However, six months should be a sufficient timeline for participants to schedule and complete their EnerGuide audit, collect quotes from contractors, and fill out the online webform providing this information to the Program Coordinator. Many of these participants are holding up spots that could be given to waitlisted applicants.

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To address this, a bylaw amendment that requires approved participants to submit their funding request and project plan to the City within six months of their approval date or be removed from the program, is proposed. All applicants currently approved will have six months from the date of the bylaw amendment approval.

Eligible Residences

Currently condominium buildings, even if they are detached, semi-detached or row style condominiums, are not eligible for the program.

The proposed solution is to add detached and semi-detached condominiums to the definition of a “single-family residential property” to the bylaw. Large multi-level and multi-unit condo buildings would still be ineligible for HELP as these buildings would better fit within the institutional, industrial, and commercial building energy retrofit program which is in development.

Income Threshold

On May 24, 2022, City Council approved a bylaw amendment to increase the income-qualification cut-off for HELP. Two program participants that would have qualified under the new income threshold signed their deferral agreements before this amendment came into effect and had already paid the \$500 administration fee.

To waive the administration fee for these two participants, Administration is suggesting an amendment to make the income-qualified threshold of 2.5 Statistics Canada’s Low-income Cut off retroactive to September 1, 2021 (the program launch date). This will result in a reduction to admin fee revenue for the program of \$1,000.

Minimum Installment Cost

The bylaw requires that only projects over \$20,000 are eligible for installment payments, meaning that a smaller project with two components done by two contractors on different timelines would only be paid once both components are completed.

A recommended solution is to amend the bylaw to remove the requirement for the total cost of work to exceed \$20,000 for installment payments to contractors.

Permit Requirements

A further issue is that permits are required for many HELP retrofits including Solar PV installations and basement/exterior insulation upgrades. However, there have been some instances where appropriate permits have not been obtained. The HELP bylaw does not currently require that building permits be issued before paying the contractor and the City has no recourse to ensure that building permits are being issued and closed.

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Amending the bylaw is proposed as a solution, to require that whenever a building permit is required, a permit must be obtained and closed prior to the project being closed and payment released to the contractor or homeowner (for DIY upgrades).

Eligible Projects

The current definition of eligible projects in the bylaw does not allow for health and safety or exterior changes to a home which are sometimes required for insulation upgrades. Also, the eligible project list requires some products to be Energy Star certified that do not have an Energy Star rating.

The proposed solution is to amend the HELP Bylaw to:

- Expand the definition of eligible projects within the HELP bylaw to include specific structural or health and safety work such as asbestos removal, mold remediation, exterior siding, and drywall when it is required in a home to complete insulation upgrades.
- Remove the requirement for some eligible projects required to be Energy Star certified that do not have an Energy Star rating such as air sealing products, smart thermostats, and insulation products.

Disallow Use of HELP Retroactively

The bylaw does not explicitly state that HELP cannot be used for renovations retroactively if a participant completes a renovation and has not signed a Deferral Agreement with the City.

Amending the bylaw to require a deferral agreement with the City is to be signed prior to completing any home renovations, and this program cannot be applied to a home retroactively is the proposed solution.

Changes to a Project Plan

In some instances, a participant needs to make changes to their project after signing a Deferral Agreement. This situation is not addressed in the current bylaw.

The proposed solution is to amend the bylaw to allow participants to amend their planned project prior to starting construction. Once construction on their project has begun, a participant will still not be allowed to change their project plan unless special circumstances deemed reasonable by the City apply, such as a contractor going out of business.

Maximum Loan Amount Inclusive of Program Rebates

The current bylaw states the maximum loan amount under the program (excluding retrofits with an energy reduction of 50% or more or net zero renovations) should be \$40,000.00. But does not mention if this is inclusive of program rebates.

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Now that the program provides rebates, the maximum loan should be \$40,000 after all applicable rebates have been applied to the project.

Contingency For Unforeseen Repairs or Small Additions

During a renovation, some participants encounter unforeseen repairs or request to add small additions to their project like a smart thermostat or low-flow toilet. The current bylaw does not allow for a contingency for these scenarios.

Amending the bylaw to provide participants with a maximum contingency of 5% of the overall loan amount from the final quoted values in the Planned Project Details PDF may be added to a participant's loan once the project has been completed, subject to approval at the City's sole discretion, is the proposed solution.

Use of External Renovation Grants to Pay Down HELP Loan

The current bylaw does not mandate participants to pay down their HELP loan with external grants such as the Canada Greener Homes Grant.

The proposed solution is to amend the bylaw to require participants to pay down their HELP loan with external rebates, or grants received for projects funded through HELP, to reduce their overall loan amount owing.