

Home Energy Loan Program – Annual Status Update

ISSUE

The City of Saskatoon (City) launched the Home Energy Loan Program (HELP) on September 1, 2021. With one full year of program operations completed, this report provides a status update and recommendations for changes to the program bylaw.

RECOMMENDATION

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council that:

1. The City Solicitor be directed to draft the bylaw amendments to the Home Energy Loan Program Bylaw, 2021, Bylaw No. 9762 recommended in Appendix 2; and
2. Application intake for new applications into the program be paused until additional funding for the program is sourced.

BACKGROUND

History

On February 22, 2021, City Council approved the base program elements and financing for HELP.

On April 26, 2021 at a Public Hearing, City Council received the [Intent to Borrow Report](#) and approved up to \$2,500,000 of borrowing for HELP. The report also indicated that the interest rate for HELP loans was variable and derived from calculating what the City would receive if the principal were instead invested in the market for the same time period. This report also stated interest rates will be updated annually based on current market rates.

On May 31, 2021, City Council approved *The [Home Energy Loan Program Bylaw, 2021 \(Bylaw No. 9762\)](#)*.

On February 28, 2022, City Council received the [Federation of Canadian Municipalities Funding Decision for Home Energy Loan Program Report](#), and resolved that:

1. The income-qualification cut-off for the HELP program be calculated at 2.5 times Statistics Canada Low Income Cut-Off;
2. That option 2 income-qualified households eligible for all base/free items, standard rebates, and additional rebates; and participants with homes built in 1990 or prior eligible for standard rebates; be approved for the HELP program;
3. That table 3: Rebate categories and values per item be approved for application in the HELP program while rebate funding is available; and

4. That Capital Project P1956 – Property Assessed Clean Energy Financing Program be increased by \$3,666,600 for the grant portion and \$7,333,200 for the loan portion (subject to an intent to borrow report and public notice) of FCM’s Community Efficiency Financing Program Funding.

On March 28, 2022, City Council authorized the additional \$7,333,200 of borrowing at a Public Hearing.

On May 24, 2022, City Council approved [The Home Energy Loan Program Amendment Bylaw, 2022 \(Bylaw No.9827\)](#) which adjusted the income-qualification cut-off for the Home Energy Loan Program to 2.5 times the low-income cut-off published by Statistics Canada.

Current Status

Program Uptake and Projects

HELP was launched on September 1, 2021 and was expanded with FCM loan and grant funding in 2022. As of January 5, 2023, at least 257 applicants are expected to participate (“participants”) in HELP. Thirty-three projects have been completed at a total value of \$868,400, 58 projects are under construction at a projected value of \$1,811,000, 12 have submitted funding requests, and 141 still have to submit funding requests. It is expected that approximately 13 more applicants will be added the program with existing funding. \$1,362,300 in loans have been distributed and \$118,800 in rebates have been allocated with \$75,800 of those rebates going to income-qualified households.

There are 24 income-qualified households. Four households are targeting a deep energy renovation (greater than 50% reduction in energy). The average loan request is \$31,600 and it has taken 5.7 months on average for each participant to complete their project.

The program has received a total of 478 applications. Seven applicants have been denied for ineligibility reasons, 45 applicants have dropped out voluntarily, and 182 are on the program waitlist (“waitlisted applicants”). Waitlisted applicants are moved into the program when loans are requested of less than \$40,000 or approved participants drop out.

The most popular upgrades within the program are as follows:

1. Window and Door replacement
2. Furnace replacement
3. Air conditioning installation
4. Attic insulation

Upgrades that are increasing in popularity in recent months include air source heat pump installations, air sealing, and rooftop solar photovoltaic (PV).

Feedback from Participant Surveys

After a participant completes a project through the program, they are sent a survey and the results are compiled by FCM. To date, only five participants have completed the survey and provided the following insights on the program:

- 80% were satisfied with the program overall (60% were very satisfied and 20% were satisfied).
- When asked to rank the factors that had the greatest impact on the successful completion of their project, 75% of participants ranked “financing made available to me through my municipality” and “variety of upgrades available through the program” equally as number one, followed by customer care provided by the staff as number two.
- The two biggest challenges to participants when accessing their home energy upgrades were limited availability of energy advisors and having to pay contractors out of pocket [for upfront deposits and energy audits].
- When asked how much of an improvement they experienced in their home after completing their home upgrade, for reduction in energy used, three in four (75%) respondents reported big improvement, among whom 50% reported big improvement and 25% very big improvement.
- When asked to provide an estimate of how much money per month they save on utility bills as result of their renovation, half of participants said it is too soon to tell, while the others said between \$100 and \$200 per month.
- When asked if they had not received the financing from this local program to cover the cost of energy efficiency or renewable energy upgrades, would you have still completed this work, 75% of respondents said they would not have done any upgrades if they had not received the financing from their local program. 25% said they would have completed fewer or less costly upgrades.
- 50% of participants said they are likely to recommend the program to a friend, neighbour, or colleague.

Greenhouse Gas Reductions

Based on EnerGuide audits, renovations completed so far through HELP are projected to result in a total of 85.9 tonnes of CO_{2e} reductions per year, or an average 2.6 tonnes CO_{2e} per household. Greenhouse Gas (GHG) reductions vary substantially depending on the home upgrade completed.

Economic Impacts

The Saskatoon Regional Economic Development Authority (SREDA) completed an economic analysis of the program, provided in Appendix 1.

Program Enhancements

The amount of \$2,349,600 from the FCM grant is earmarked for program enhancements in order to help all homeowners – not just loan participants – develop

knowledge and implementation understanding of home retrofits. These enhancements include:

1. Residential Solar Potential Map - A self-serve online tool planned to launch in March 2023 which allows residents to search their address on the City's website and see the potential for solar on their home's rooftop. This tool will also provide high-level cost and payback estimates.
2. Residential Energy Map and Digital Concierge - An online self-service tool that provides residents with the digital energy label for their home, as well as home upgrade suggestions based on the age and archetype of their home. The tool is also expected to provide cost and payback estimates for their home renovations and will allow homeowners to add actual upgrades completed on the home to the website to improve the home's digital energy score. The digital tool is planned to be launched in April/May 2023.
3. Energy Coaching - Energy coaches provide a virtual or in-person walkthrough of a home, discuss which home upgrades would most benefit the homeowner, and how the home's occupant can reduce their energy consumption through day-to-day behaviours after their renovation. Furthermore, homeowners with energy renovation questions can access energy coaches through a general hotline. This service is estimated to launch in March 2023, and will be available to all residential homeowners, not just those participating in HELP.
4. Real Estate Agent Training – This program is under development in partnership with the Saskatchewan REALTORS® Association (SRA). This training program will be offered to real estate agents across Saskatoon and Saskatchewan to build knowledge and know-how about the benefits of energy efficient features and help increase demand for energy efficient homes.
5. Communications Campaign – Multi-faceted communications will build awareness of energy efficiency options for residential homes, myth-bust common misconceptions about innovative technologies, and promote the new tools and services mentioned above which are available to all residents in Saskatoon. The communications campaign will be launched in a phased approach starting March 2023, with each program enhancement. Communications will underscore the importance of climate change mitigation and resilience through adaptation, in support of City Council's strategic direction and principles.

Canadian Home Builders Association Partnership

The City signed a memorandum of understanding with the Canadian Home Builders Association (CHBA) to build capacity and demand for energy efficient home renovations. This project aims to increase local capacity by training local contractors and renovators, along with Energy Advisor and other key participants, to renovate homes to Net Zero or Net Zero Ready. The training is focused on the building envelope and highly efficient technologies/equipment.

The City's role in this project is to identify HELP participants that are interested in a Net Zero or Net Zero Ready renovations and connect them with the CHBA project and

renovators who can complete their project. The City provides a \$10,000 rebate to HELP participants that complete a Net Zero or Net Zero Ready renovation through this project. No grant funding is allocated to the CHBA, as the contributions to this project are in-kind staff time only.

Impact of the Canada Greener Homes Loan Program

On June 17, 2022, the Canada Greener Homes Program expanded from a grant program to a grant and loan program. The [Canada Greener Homes Loan](#) offers Canadians interest-free financing in addition to the Canada Greener Homes Grant to help eligible household's complete energy retrofits recommended by an energy advisor. To date, the launch of this new loan program has not eliminated or dampened the uptake for HELP and many participants are choosing to stack grants provided from the federal government with their HELP loan. In some instances, approved participants have decided to pursue a Canada Greener Homes Loan instead of a HELP loan but uptake for HELP remains high.

Interest Rate Changes for 2023

The HELP interest rate is updated annually and is derived from calculating what the City would receive if the principal were instead invested in the market for the same time period. These changes only impact HELP participants that have not signed a deferral agreement which locks in the interest rate for the loan term. The interest rate increased between 2022 and 2023 as shown in Table 1. As of January 5, 2023, there were 141 participants approved who had not provided project details or signed a deferral agreement.

Table 1: HELP Interest Rates for 2021, 2022, and 2023

Loan Term	2021	2022	2023
5 Years	1.45%	1.68%	4.32%
10 years	2.31%	2.23%	4.20%
20 Years	3.14%	2.72%	4.86%

No changes to the program are recommended with regards to further subsidizing interest rates. HELP interest rates, while substantially higher than what was offered in 2021 or 2022, continue to be below what HELP participants would be able to obtain through a financial institution. The program may see some attrition due to these increased rates, which will be monitored and reported back with additional recommendations if required.

DISCUSSION/ANALYSIS

Program Successes

Program successes were previously reported in Appendix 1 of [Federation of Canadian Municipalities Funding Decision for Home Energy Loan Program Report](#), including high program interest and uptake, types and number of retrofits, use of the pre-vetted

contractor list, collaborative and efficient administration, and educational support for participants. Additional successes include:

- Increase in income-qualified participants – Since the increase of the low-income cut off threshold in February 2022, 26% of program participants are benefitting from waived administrative fees and additional rebates.
- Demonstrated savings – For all home upgrades completed in the first year of the program, SREDA estimated a combined annual savings of 206,961 kWh in electricity use, \$20,211 in utility costs, \$1,355 in carbon tax charges and 283 tonnes of CO_{2e} reduced.

Program Challenges

Throughout the first year of operations, the program has encountered challenges and lessons learned. Many challenges require an amendment to the HELP Bylaw to be resolved. Each issue requiring a bylaw amendment is outlined in detail in Appendix 2. These include:

- Deposits;
- Nonresponsive participants;
- Eligible residences;
- Income threshold;
- Minimum installment cost;
- Permit requirements;
- Eligible project costs;
- Changes to the project plan;
- Maximum loan amount inclusive of program rebates;
- Contingency for unforeseen repairs or small additions; and
- Use of external renovation grants to pay down HELP loan.

New Application Intake

The program has a long waitlist and additional applicants continue to apply (11 per month on average). This is time-consuming for the program coordinator and frustrating for the applicants that may never get into the program.

The Administration is requesting approval to pause the application intake until additional loan funding becomes available. Pausing the intake of new applications improves transparency for residents about the program's status and allows the program coordinator to support program participants instead of responding to inquiries from residents that have not yet applied, or new applicants who are unlikely to receive funding for their projects.

FINANCIAL IMPLICATIONS

Loan funding of \$6,197,500 remains (as of January 5, 2023), which is sufficient for 154 participants, assuming the maximum loan of \$40,000 per participant is requested.

\$1,362,300 in loans have been paid out and \$1,811,000 is allocated for projects under construction.

The FCM grant funding is expected to be spent on program enhancements, rebates, and administrative costs to operate the program.

The City is charged 0% interest on the loan from FCM. The interest charged by the City to participants on the loans gets reinvested back into the HELP program.

OTHER IMPLICATIONS

HELP has a positive environmental, social, and economic impact in the community and a Triple Bottom Line assessment was completed for the enhancement offerings. Communications for the program enhancements will be completed in a phased approach as each enhancement tool or service becomes available. The recommended program adjustments outlined in this report will require updates to the HELP Bylaw. The suggested amendments are available in Appendix 2 of this report.

NEXT STEPS

If approval to proceed with Bylaw changes is obtained, the City Solicitor's Office will draft the proposed bylaw amendments which will be presented to City Council for final review and approval before they go into effect.

Program enhancements and communications for each enhancement will launch throughout Q1 and Q2, 2023.

A separate report called *HELP – Funding for Program Sustainment* will be presented to EUCS later this year and will include long term funding requirements and staffing needs to sustain the program after the loan funds from both the City and the Federation of Canadian Municipalities is used up.

APPENDICES

1. HELP Economic Impact Study
2. Bylaw Amendment Recommendations

Report Approval

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