

# Canada Housing Infrastructure Fund and Deep Retrofits Accelerator Initiative Funding Applications

### ISSUE

Housing, Infrastructure and Communities Canada (HICC) and Natural Resources Canada (NRCan) are accepting applications under the Canada Housing Infrastructure Fund (CHIF) and Deep Retrofits Accelerator Initiative (DRAI). The Administration is requesting City Council approval to submit applications for the projects identified in this report.

### RECOMMENDATION

That the Standing Policy Committee on Finance Recommend to City Council:

1. That City Council approve and direct Administration to submit applications to the Canada Housing Infrastructure Fund and the Deep Retrofit Accelerator Initiative;
2. That if the applications are successful, the Mayor and City Clerk be authorized to execute the Agreement(s) under the Corporate Seal; and
3. That if required, the Senior Financial Business Partner be granted delegated authority to sign and submit progress reports and financial claims related to the program(s).

### BACKGROUND

At its Regular Business Meeting on [December 18, 2024](#), City Council resolved in part:

“That City Council approve and direct Administration to submit application(s) to the Canada Housing Infrastructure Fund and the Youth Gang Prevention Fund;”

Since the December 18, 2024, report approval, applications have been submitted to CHIF for the new Organics Facility and the Infill & Redevelopment Water and Sewer Capacity Improvement Projects under the Direct Delivery Stream. The purpose of CHIF is to “accelerate new construction, rehabilitation and expansion of housing-enabling drinking water, wastewater, stormwater, and solid waste infrastructure, directly supporting the creation of new housing supply and improved densification.” If approved, the Government of Canada would cover up to 40% of the project’s eligible costs.

During the 2020/2021 business plan and budget deliberations, Capital Project P.10033 - ICI Building Energy Efficiency and Generation was allocated \$375,000 to establish an energy education and incentive/financing program for the industrial, commercial, and institutional (ICI) and multi-unit residential (MUR) building sector. As part of this project, a Feasibility Study was developed, which was received by City Council [March 27, 2024](#). Remaining capital in P.10033 will fund the first phase (benchmarking) of a Benchmarking, Labelling and Disclosure (BLD) program for commercial buildings and a

\$25M Community Energy Loan Program for the residential, multi-unit residential and commercial building sectors was approved.

Natural Resource Canada is accepting applications under the Deep Retrofit Accelerator Initiative, which covers up to 100% of eligible costs for projects that facilitate the development of deep retrofits in commercial, institutional, and mid- or high-rise multi-unit residential buildings. The objectives of the program are to:

- build capacity for, and address barriers to, deep retrofit project development and implementation;
- facilitate the development of deep retrofit projects in Canada; and
- contribute to transforming the buildings sector in support of the Government of Canada's climate goals.

## **DISCUSSION/ANALYSIS**

### Canada Housing Infrastructure Fund

Administration has begun design work on a new water treatment plant which will allow Saskatoon to grow to a population of 500,000. The current total estimated cost of the project which includes, new major watermains, new water treatment plant and new reservoir is \$560 million. However, before work can begin on the Water Treatment Plant and Reservoir, new major watermains are required on the South and East sides of the city. Administration is requesting approval to submit an application for these new major watermains, which has a current estimated cost of \$160 million. This project will connect the planned new water treatment plant to the existing water treatment plant and distribution system, adding capacity for growth within existing redevelopment areas and new developing sectors of the city.

### Deep Retrofit Accelerator Initiative

The City of Saskatoon (City) engaged with the ICI and MUR building sectors during the development of the [ICI Building Energy and Water Retrofit Feasibility Study](#) to identify the barriers and opportunities they experience around performing deep energy retrofits. Barriers identified included high up-front costs with a low return on investments, a lack of awareness, knowledge, and decision-making capacity, difficulty implementing energy efficiency improvements, and a lack of existing programs to support low carbon building retrofits.

Financing, and financial incentives, followed by BLD programs, were found to provide the most significant combined benefits due to their direct ability to encourage retrofits and remove financial barriers. BLD programs for commercial buildings were identified to be a crucial initial step to encouraging energy efficiency in commercial buildings, with wide-spread adoption across Canada and includes energy benchmarking, labelling and data disclosure.

**Benchmarking** - involves collecting and analyzing a building's energy use to compare it with similar buildings, past performance, or baseline levels. This helps building owners understand and manage their energy use.

**Labelling** - assigns an energy score to a building after an energy audit, which can range from simple walk-throughs to detailed investigations. The building is then rated on its energy performance, allowing comparisons with other buildings.

**Data Disclosure** - of energy usage can be voluntary or mandatory, promoting transparency and demonstrating a commitment to responsible asset management and emissions reductions. It helps cities monitor building stock and inform future policies, aiding in the transition to high-performance, low-carbon buildings.

The proposed project to DRAI will enhance the usability of the BLD program (currently being developed) with an interactive map, virtual auditing tool, decarbonization plan and participant support. An enhanced BLD program is expected to support adoption of the Community Energy Loan program - a property assessed clean energy (PACE) loan program for the residential, commercial and MUR building sector anticipated to launch in 2026.

The Virtual Decarbonization Planning program will provide virtual audits and customized decarbonization plans to help commercial and MURB's develop business cases to support their applications for financing programs and implement deep retrofit projects. Virtual audits and energy decarbonization plans will provide a lower-cost way for building owners to identify where to start and make decisions, what the costs and energy savings associated with recommended retrofits are and identify programs to aid in implementation and financing. Additionally, the concierge program will provide further support as participants get used to the online tools.

The virtual audits and decarbonization plans provided through the software are expected to identify, using a data-driven and evidence-based approach, the retrofits required for participants to achieve deep energy retrofits. The customized energy roadmap will help prioritize retrofits by identifying the most impactful (highest energy reductions) and most crucial retrofits first, as well as how they fit into the building's overall asset management plan to aid in efficient use of dollars. The program will be integrated with the City's Community Energy Loan program so that participants can easily apply for funding for their deep energy retrofits and lean on the concierge service to help guide them and identify other programs or financing options.

Administration is proposing to apply for up to \$427,000 in funding over the 2026 and 2027 fiscal years. If successful, NRCan would contribute 100% of costs for the project.

## **FINANCIAL IMPLICATIONS**

CHIF will provide up to 40% of eligible costs for the Water Capital Development Expansion Project. Current funding plans for this project include borrowing and transfers from the Waterworks Capital Projects Reserve; receiving this funding will reduce the need for borrowing and/or transfers from the reserve.

As DRAI is fully funded by NRCan, there are no financial impacts to the City if approved for funding.

## **OTHER IMPLICATIONS**

There are no privacy, legal, social or environmental implications identified.

## **NEXT STEPS**

If the recommendation is approved, Administration will continue to finalize the project applications and apply for the government funding outlined in this report. If applications are approved, the Administration will report back to City Council at the appropriate time to add the funding from the government programs to the project(s).

## **REPORT APPROVAL**

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