

Recommended Program Improvements

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Introduction

Over the past three years of operations, the Home Energy Loan Program (HELP) has achieved many successes. However, HELP has also encountered challenges and learned valuable lessons, leading to opportunities for improvement. The recommended program improvements in this report were identified through the Federation of Canadian Municipalities (FCM) participant surveys, a municipal best practice scan of residential PACE programs, various municipal networking and sharing opportunities during FCM's Community Efficiency Financing working groups and learning forums.

Recommended improvements have been identified through lessons learned through the last three years of program operations, the participant survey, a municipal best practice scan, and from municipal networking and sharing opportunities during FCM's

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Community Efficiency Financing working groups and learning forums. Each program improvement aims to enhance the effectiveness, efficiency, and accessibility of HELP.

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Program Improvements Requiring City Council Approval

Administration is also recommending a suite of program improvements that require City Council approval and will require an amendment to Bylaw No.9762, The Home Energy Loan Program Bylaw, 2021 (“HELP Bylaw”), if approved. The report recommends that if approved, the City Solicitor be directed to draft the required amendments for approval. These improvements are outlined in detail below.

Eligibility

1. Update the eligibility criteria to expand the definition of single-family residential properties to include housing options other than detached and semi-detached housing.

To qualify for HELP, the HELP Bylaw states that a property at which the environmental improvements will be installed must:

- “(i) not be in tax arrears;
- (ii) be a single-family residential property; and
- (iii) be located in the City.”

The HELP Bylaw currently defines a single-family residential property as “a residential property intended to accommodate one family, including detached and semi-detached housing, but not including units in buildings with more than three units”. Administration is proposing to update the definition of a single-family residential property to allow a broader scope of single-family residential property owners to access the program.

Updating eligibility requirements is essential for expanding the scope of the HELP program and ensuring comprehensive coverage. This update allows more property owners to benefit from HELP, thereby supporting the City's environmental goals and fostering sustainable development. This inclusive approach enhances the program's effectiveness and reach, contributing to a more resilient and environmentally friendly community.

2. Update the eligibility criteria to allow the same property to apply to HELP more than once.

Participants will be eligible to participate in HELP more than once for the same property up to the maximum amounts that may be added to the tax roll of a property, provided the retrofit is identified through an energy assessment and has not been recently completed through HELP or any other incentive program.

In the past, HELP participants have only been eligible to participate in the program once for the same property. However, the survey identified that homeowners may wish to

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undertake further energy retrofits a few years down the road based on affordability or an asset management plan.

This change to allow multiple participations in the HELP program for the same property addresses the financial and practical limitations identified by homeowners. By enabling an amendment to the existing deferral agreement to perform additional approved retrofits, that do not exceed the maximum \$40,000 loan amount, the program can better support comprehensive energy efficiency upgrades. This flexibility also accommodates future retrofits, allowing homeowners to continue improving their energy efficiency as their financial situation or asset management plans evolve.

3. Allow EnerGuide Audits that have been completed within the past five years.

HELP requires an EnerGuide Audit to be completed on each home prior to commencing the retrofit (pre-EnerGuide audit) and again upon completion of the retrofit (post-EnerGuide audit) to identify upgrades, baseline energy and greenhouse gas emissions for calculating future savings and the to validate any retrofits. HELP accepts EnerGuide Audits that were completed within the last two years from the date they are received by the City. In a few situations, this has led to the participant having to complete a new audit at a cost of \$500-\$700.

Administration is proposing to amend the *HELP Bylaw* to accept EnerGuide audits performed within the past five years. A five year time frame is in alignment with the [Canada Greener Homes \(CGH\)](#) program and other residential PACE programs such as [Alberta's Clean Energy Improvement program](#).

This change will reduce unnecessary costs for participants and align audit acceptance criteria with the Canada Greener Homes program providing consistency and simplifying the process for participants. Furthermore, Administration does not perceive any additional risks that were not already present when allowing audits that were completed two years prior to applying for the program, which is the risk that the audit is no longer accurate due to upgrades being performed. If upgrades were performed, this will be identified through the post-EnerGuide audit, and the necessary actions will be taken if required.

4. Increase deposit amount to 50% of eligible upgrade.

Some eligible upgrades require homeowners to pay an upfront deposit of 30%-50%. HELP introduced upfront contractor deposit payments of up to 30% of the total project cost to the program in 2023 after it was identified as a barrier for participants. However, some contractors, specifically window/door and solar installers, require 50% due their unique nature and ordering requirements.

Administration is proposing to amend the HELP Bylaw to allow the City to provide homeowners with the option of receiving up to 50% of their eligible project or retrofit paid upfront to contractors as deposits. Some cities, including Ottawa and Guelph,

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provide participants with 50% of their loan upfront to pay for contractor deposits. Kingston is also planning to increase their eligible deposit amount from 30% to 50% with the launch of their capital program. This amendment enhances the accessibility and effectiveness of the HELP program, supporting homeowners in making energy-efficient improvements while managing financial constraints.

5. Remove Air Conditioners as an eligible upgrade.

Currently, central air conditioners are an eligible retrofit as per the *HELP Bylaw*. However, heat pumps are essentially a more efficient air conditioner that uses a fluid (a refrigerant) that flows in a loop to move heat between an indoor unit and an outdoor unit. Unlike an air conditioner, which can only run in one direction, heat pumps can run in two directions meaning they provide heating in the winter and cooling in the summer. Heat pumps, in winter, also add a secondary heating system, which improves the homes' resilience to furnace failures during cold weather and provide a very efficient heating source at certain temperatures.

Because of the superior efficiency and versatility of heat pumps, administration is recommending that air conditioners be removed from the eligible retrofit list. Heat pumps will be promoted as the preferred cooling solution and supplemental heat source.

Administration

6. Increase Administrative Fees to \$750 per participant.

HELP 2.0 program parameters were identified in [Community Energy Loan Program – Additional Program Options report](#), which included an administrative fee increase from \$500 to \$750, or approximately 2.5% of the total loan amount. Commercial PACE fees were suggested as 1.6% of the total loan amount. The financial analysis included in that report showed that establishing these fees could result in a break-even program if existing funding was allocated from HELP 1.0. However, on its own, HELP 2.0 was projected to run a small deficit that would be covered through commercial PACE surpluses.

The administrative fee of \$750 poses a small financial risk that the program will run a deficit if costs are higher than anticipated or if uptake is lower than expected. However, if additional funding is granted from FCM, the risk will be mitigated.

Increasing fees beyond \$750/participant may result in reduced uptake of the program. Furthermore, many programs such as Alberta's Clean Energy Improvement programs, Switch PACE programs, and Better Home Ottawa assess their administration fees based on loan amounts which can range up to \$1,500 per home or 5% on a \$30,000 loan. See Table 1 in Appendix 6 for a review of other jurisdiction's program administration fees.

The increase in the administration fee from \$500 to \$750 per property (still waived for income-qualified) is necessary to cover administrative costs of HELP 2.0 as FCM grant

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funding runs out. When assessing the financials for CELP, a holistic approach was taken, considering all building sectors together. This strategy allowed surpluses from the commercial and MURB sectors to offset deficits from the single-family residential sector. Administration was mindful of the risks associated with significantly increasing fees and proposed a cost-neutral program to retain participation from the single-family residential sector. This strategic fee increase ensures the sustainability of the HELP program over the next four years, reflecting careful consideration of financial requirements and the need to maintain a balanced budget.

Program Improvements That Do Not Require City Council Approval

Administration is currently working on implementing several program improvements (mainly areas for improvement that were identified through the participant survey - see Appendix 4) that are within administration's delegated authority and don't require a *HELP Bylaw* amendment. Changes will be updated in the Administrative Procedure and communicated through program materials on the website and in the deferral agreement where applicable. These improvements include the following:

Eligibility

Health and Safety Projects

Currently, as stipulated through the City's agreement with the FCM, HELP allows up to 30% of the total project cost to be allocated for non-energy upgrades. Non-energy upgrades eligible in the program include safety measures such as asbestos, argon, or mold remediation, and permit requirements such as drywall installation over basement insulation upgrades. As the City nears the end of its contractual obligations with FCM, there is no impediment to increasing the amount that may be allocated for non-energy upgrades.

For HELP 2.0, Administration will allow the eligible amount of the total project cost be up to 100% for health and safety measures. Eligible health and safety work such as asbestos removal and remediation and radon and mold remediation; and any work that must be completed in conjunction with any other eligible project, such as for safety, health, structural or electrical purposes (for example, drywalling, new electrical panels for solar systems or exterior siding) will be eligible for up to 100% of the total project.

Increasing the eligible amount, will allow homeowners to undertake more comprehensive upgrades without being financially burdened by the high costs of these necessary safety measures. These changes will be communicated to participants and will only affect those who have not yet signed their deferral agreements.

Participant Requirements

Income-Qualification Verification

The most recent Notice of Assessment (NOA) will be required to verify income-qualification.

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Currently, the program accepts any of the past three years of homeowner NOAs to verify household income and determine eligibility for income-qualified benefits, such as waived administrative fees and additional rebates. Allowing three years' of NOAs was to accommodate temporary income increases that occurred due to COVID benefits. Now that COVID benefits are done, administration will only accept the most recent NOAs for income verification. This change will improve the accuracy and relevance of income data used to determine eligibility for income-qualified benefits and more effectively identify those who are in genuine need of financial support. This change also aligns with standard practices in income verification. As the rebate period concludes, this update will help streamline the verification process and maintain the integrity of the program's financial assistance offerings.

Mortgage Lender Consent

Participants will be encouraged to obtain consent from their mortgage lenders prior to signing their deferral agreement with the City.

When a participant signs a deferral agreement with the City and completes home energy improvements, a lien is placed on the property until the loan is fully repaid. Loan terms range from 5 to 20 years, which means participants may need to renew their mortgage up to four times during the loan term with the City. This was identified on the participant survey as a challenge for many participants, with approximately 15% of those who have completed home retrofits in the program being required by their lender to pay off their HELP loan in full at the time of mortgage renewal because their lender is not comfortable with the City holding a first-priority lien on the property.

Most municipalities either require mortgage lender consent or recommend it. Recommending that participants obtain lender consent before signing a deferral agreement may prevent situations where participants are forced to pay off their loans prematurely due to lender objections. This recommendation will be clearly communicated through program guides and be included in the deferral agreement.

Access to Energy Data

Administration will require participants to share their home energy consumption data. Participants will be required to consent to the release of this data as part of their deferral agreement, granting the City legal access to participants' utility data. Better Homes Kingston uses a similar approach.

The collection of utility data is essential for accurately tracking and analyzing KPIs such as average annual utility cost savings per household and their savings-to-investment ratio. Access to detailed energy consumption data enables precise benchmarking and performance evaluation. By obtaining consent from participants to access their utility data, the program can ensure transparency and accountability in energy use reporting.

This data can also be disclosed through the Home Energy Map, facilitating future energy disclosure requirements and point-of-sale Energy Labels. Administration is

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bringing forward a funding request through an operating option in the 2026/2027 Budget and Business Plan to continue offering the Home Energy Map, which is the first step towards potential future energy disclosure requirements and point-of-sale Energy Labels.

Program Administration

Program Administration/Application Process

Sustainability is working with IT and Corporate Revenue to implement customized software solutions to streamline HELP management, from front-end applications to back-end repayments. These data management software solutions will improve internal efficiencies, while also streamlining the application process for participants making it easier to understand and more accessible. This was also identified as an area for improvement on the participant survey.

Staffing

Two temporary full-time staff currently manage HELP 1.0; through the 2026-2027 Budget, a request to make these positions permanent will come forward.

Partnerships

Administration is collaborating with SaskPower and SaskEnergy, who also offer energy efficiency rebate programs, to streamline applications, automatically stack programs, and utilize resources offered through their programs, such as energy coaching services. Working collaboratively with utility providers will help reduce the incentive program misalignment resulting in less confusion for HELP participants.

Education and Capacity Building

Administration is enhancing [Saskatoon's Home Energy Renovation Resources webpage](#), which serves as a one stop hub for information on rebate and incentive programs, energy-efficient renovations, and use the self-serve education tools. These resources support homeowners and program participants throughout their home energy retrofit journeys. Additionally, survey participants identified education and support as areas for improvement.

Pre-vetted Contractor List

Administration will require that all pre-vetted contractors to complete short web-based training sessions developed by a third-party contractor for the City's Realtor Training program. The specialized sessions are on topics such as understanding an EnerGuide Audits, Heat Pumps, Home Energy Efficiency.

Ensuring contractors complete this specialized building efficiency training guarantees they are knowledgeable about the HELP program and its benefits and are equipped to assist homeowners throughout their renovation journeys.