



City of  
**Peterborough**

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**To:** **Members of the General Committee**

**From:** **Richard Freymond, Commissioner, Finance and Corporate Support Services**

**Meeting Date:** **February 20, 2024**

**Report:** **Home Energy Efficiency Program (HEEP) Update, Report FCSFS24-004**

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## **Subject**

A report to provide information regarding Home Energy Efficiency Program (HEEP) funding, establish a project budget, secure necessary debt approvals and delegate authority to expedite program implementation timelines.

## **Recommendations**

That Council approve the recommendations outlined in Report FCSFS24-004, dated February 20, 2024 of the Commissioner of Finance and Corporate Support Services as follows:

- a) That an \$11,885,000 Home Energy Efficiency Program capital budget be established and funded as detailed in Table 1 of Report FCSFS24-004;
- b) That Authorizing Debenture By-law(s) be passed authorizing the issuance of Local Improvement Charge supported debentures for the Home Energy Efficiency Program;
- c) That the Treasurer be authorized to apply to Ontario Infrastructure and Lands Corporation to borrow \$3,000,000;
- d) That the necessary borrowing by-law(s) be approved to borrow funds up to a maximum of \$3,000,000 to finance the Home Energy Efficiency Program and for terms not to exceed the 30 years;

- e) That the necessary borrowing by-law(s) be approved to borrow funds up to a maximum of \$5,750,000 to finance the Home Energy Efficiency Program and for terms not to exceed the 30 years; and
- f) That the Commissioner Infrastructure, Planning & Growth Management and Director of Asset Management and Capital Planning be authorized to hire staff, enter into agreements in terms acceptable to the Commissioner and in forms acceptable to the City Solicitor, and do all such things necessary to implement the Home Energy Efficiency Program.

## Executive Summary

- Home retrofits are essential to realizing the City of Peterborough's greenhouse gas (GHG) emissions goals. The HEEP program provides two home energy efficiency renovation financing streams for homeowners to select from as their preferred repayment option.
- On March 10, 2023, the City submitted its application for capitalization funding for the HEEP to the Federation of Canadian Municipalities' (FCM) Community Efficiency Financing Program. On August 3, 2023 the City was informed that its application was successful.
- To move the project forward by-laws must be passed to execute the FCM agreement and secure debenture financing through FCM and Infrastructure Ontario to support the Local Improvement Charge supported financing stream.
- The full costs of the \$11 Million program, with the exception of the \$260,000 coming from the Climate Change Action Plan Capital Project, is either grant funded or flow through funding to be recovered through repayment of the homeowner loans.

## Background

On September 26, 2022, City Council approved the City submitting an application to the Federation of Canadian Municipalities in Report IPSIM22-022 for the Home Energy Efficiency Program. Home retrofits are essential to realizing the City of Peterborough's greenhouse gas (GHG) emissions goals. The report outlined the HEEP program design which described the two home renovation financing streams available to homeowners to select from as their preferred repayment option.

The two streams of renovation financing include:

- a. **Local Improvement Charge:** Homeowners can access loans from \$15,000 to \$125,000, to be repaid via their property tax bill. This loan would be tied to the property and secured via a local improvement charge. In the event the property is sold, the loan would remain on the property; however, most mortgage lenders require that the loan be repaid at the time of sale. Capital for the loans is anticipated to come from FCM funding and partnerships with financial institutions.

- b. **Unsecured Loan:** Homeowners can access loans starting at \$1,000 to be repaid directly to a partner financial institution. This loan will be tied to the homeowner. The City will support the financial institution by providing a loan loss reserve (using a portion of the FCM grant), reducing the risk of lending by covering some of the losses if a default occurs.

On March 10, 2023, the City submitted its application for capitalization funding for the HEEP to the Federation of Canadian Municipalities' (FCM) Community Efficiency Financing Program (CEF). On August 3, 2023, the City was informed that its application was successful. As recommended in Report IPSIM22-022, a by-law must be passed authorizing the execution of the agreement.

It is recommended that a separate capital project be established and funded as outlined in Table 1. The financing option available to homeowners whereby renovations are financed directly through a third-party financial institution is not included in the City's capital budget because those funds will flow directly from the financial institution to the homeowner.

**Table 1. HEEP City Budget**

	Total
<b>Estimated Expenses</b>	
Administrative Costs	\$3,135,000
Loan Disbursements	\$8,750,000
<b>Total Expenses</b>	<b>\$11,885,000</b>
<b>Funding Sources</b>	
Climate Change Reserve – transfer funds from Climate Change Action Plan Capital Project (Report IPSIM22-026)	\$260,000
Federal Grant – FCM grant	\$2,875,000
Debenture – LIC supported - FCM loan	\$5,750,000
Debenture – LIC supported – Infrastructure Ontario	\$3,000,000
<b>Total Funding Sources</b>	<b>\$11,885,000</b>

To ensure program efficiency, staff recommend the Commissioner Infrastructure, Planning & Growth Management and Director of Asset Management and Capital Planning be authorized to hire staff, enter into agreements and do all such things necessary to implement the Home Energy Efficiency Program as outlined in Report IPSIM22-022. This feature will streamline the application process and improve homeowner experience in the program by avoiding delays.

## Strategic Plan

Strategic Pillar: Community and Wellbeing

Strategic Priority: Demonstrate strong leadership in environmental stewardship by proactively addressing issues and challenges of climate change and the environment.

Approval of this report links to the City's strategic priority pillar of Community and Wellbeing as entering into the FCM agreement and borrowing funds to support the HEEP will expedite homeowner energy efficiency retrofits which will reduce GHG emissions in the City of Peterborough.

## Budget and Financial Implications

Apart from the draw down of the City's debt capacity, there are no budget and financial implications associated with this report. The full costs of the program, with the exception of the \$260,000 coming from the Climate Change Action Plan Capital Project, is either grant funded or flow through funding to be recovered through repayment of the homeowner loans.

Submitted by,

Richard Freymond  
Commissioner, Finance and Corporate Support Services

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