City of Saskatoon
Communications & Public Engagement

ENGAGE

# Home Energy Loan Program

*What We Heard – Options Review from Industry and Public Surveys*
October 28, 2020

## Executive Summary

Property Assessed Clean Energy (PACE) financing is a loan provided by the municipality to residents that can be used for energy efficiency retrofits or renewable energy installations for either residential or commercial properties that is then paid back through property taxes. From May 2020 – November 2020, Administration engaged stakeholders on relevant components of a PACE program. Based on what we heard from stakeholders, in addition to further research and internal considerations, Administration has named the program the Home Energy Loan Program (HELP) and will recommend program components to City Council in February 2021.

The Individual Stakeholder Meetings, Industry Survey, and Public Survey were designed to inform the following engagement goals for the development of the Home Energy Loan Program for the City of Saskatoon:

- Develop approaches/options for program components related to a Home Energy Loan Program in Saskatoon.
- Learn which program options are preferred by industry and public stakeholders and if there are any trends/concerns/best practises that should be considered.

Program preferences that emerged from the stakeholder meetings and online surveys are discussed in this section, including:

**Public Interest and Spending**

The majority of respondents (85%) have already been considering making energy efficiency improvements or clean energy renovations to their homes. Respondents also identified that a financing program through their property taxes would increase their likelihood for making such improvements (81%).

The amount that individuals are willing to invest in energy efficiency improvements to their properties is variable, with the most identifying no more than $10,000 (25%) followed by no more than $20,000 (20%) and over $20,000 (18%). These amounts are dependent on the return on investment, loan program/financing options, and the potential for additional program incentives. Industry results for a minimum cost to be involved in an eligible project were similarly mixed, with most (28%) indicating that they would be involved if there was no minimum spend and the rest split between at least $3,000 (20%), at least $5,000 (20%), and at least $10,000 (20%).

**Program Structure and Time**

Both industry and public participants strongly support (>60%) the inclusion of energy efficiency, renewable energy, and water conservation components within the Home Energy Loan Program. Suggestions for additional components to potentially be included in the program were provided, including but not limited to, natural/ecological conservation initiatives, energy efficient appliances, replacing siding/insulation, and xeriscaping.

Industry professionals expressed a reasonable timeframe to complete typical energy efficiency retrofits or renewable energy installations was between three and six months (39%) followed by less than three months (26%) and between six months to a year (24%).

## Fees and Payment Structure

The majority of public respondents (53%) support having a lower interest rate (~3% interest was proposed) with an upfront administration fee (suggested fees in the survey were $300 - $1,000) for the program. If there is an upfront administrative fee when applying for the program, most respondents support the fee being a percentage of the loan (54%). Out of the provided options for loan repayment terms, 71% of respondents support home/property owners having the ability to select their repayment term.

However, these preferences come with concerns related to the program potentially appearing as a form of revenue generation for the City, the potential for higher fees to deter equity or marginalized participants, and the need for incentives within the program (i.e., rebates, cost sharing options, loan forgiveness, etc.) to increase uptake. In order to counter the uncertainty related to the fee and payment structure, it is recommended to introduce a program that is flexible to the public needs, fair in charging all participants equally, and takes steps to include marginalized/low-income groups within the program.

## Contractors

Although 53% of those that responded to the Public Survey agreed that projects financed through this program should require a qualified contractor to perform the work, some (13%) of individuals supported the average homeowner installing minor retrofits (i.e., plumbing fixtures, window/door replacements, landscaping, etc.) to their property. It was recognized that some sort of accountability/quality control must be in place in order to ensure completed projects follow specified standards and codes, such as including a permitting or inspection process. Participants also suggested that if installations by contractors are promoted then the program should support competitive pricing, follow installation and inspection standards, and guarantee that any contractors being promoted are vetted through a process that ensures reliability.

The majority of both industry (61%) and public respondents (62%) agreed that the program administrator should provide a list of pre-qualified contractors, but that the list should be voluntary, meaning a property owner is able to choose from the list or source their own contractor for their project. Industry professionals supported the need for contractors to require training on the financing program process, proof of liability insurance, Workers Compensation Board (WCB) compliance, and proof of warranty on products installed (50%) in order to be added to a list of pre-qualified contractors for the program. Numerous recommendations were provided on how potential members could be added or removed from a pre-qualified contractor list, which included positive work histories, recognition within the industry, failure to deliver on projects, and meeting the minimum requirements for the program. However, industry participants stressed the need for transparency and fairness in reviewing complaints so that contractors are not removed based on invalid reasons.

Recommendations on how contractors could be vetted were provided, including pre-existing membership with local or national standards/associations (i.e., Saskatoon Home Builders Association, SaskPower Energy Efficiency Partners, etc.), positive portfolios, and references/customer satisfaction records. The majority of industry professionals do not already have a membership database of recommended contractors that could be used for the program, but some participants (22%) could provide one.

Participants from the Industry and Public Surveys both preferred contractors being paid directly through the program once the job is completed (57% and 59%, respectively). Suggestions to promote program uptake in regards to contractor payments were provided, including allowing for initial down payments, installment payments, and project top-ups.

## Energy Audits

All participants strongly viewed energy audits as being helpful in determining what energy efficiency measures are required before construction and in determining which measures would have the greatest return on investment. However, results from both the Industry and Public Surveys indicated energy audits have the potential to become a low to medium barrier for program uptake. Energy audits are viewed as educational, helping to create cooperative approaches between contractors and participants, and the best approach to acquiring a higher return on investment. However, they can also be viewed as being potentially biased towards more expensive retrofits, difficult to measure/understand, and their validity being dependant on the individuals conducting them.

Out of the potential upfront funding options to support an energy audit, the public respondents favoured providing the property owner with a rebate or discount for the energy audit at the time of application (56%). Numerous suggestions were provided on how to decrease associated costs and increase uptake, including making portions of the energy audit automated/accessible, producing educational literature that support energy audits, and providing potential incentives to participants that undergo an energy audit.

## Prioritizing Eligible Building Types

In terms of prioritizing providing this type of financing to different eligible building types, participants categorized existing single-family residential buildings, new single-family residential buildings, and multi-unit residential buildings of high importance. Multi-unit residential buildings, commercial businesses, and light industrial businesses were categorized as medium importance. Finally, new single-family residential buildings, light industrial businesses, and institutions were categorized as of low importance.

## Marketing and Naming

The majority of industry participants (76%) supported advertising the financing program on behalf of the City to potential new clients if they were provided with appropriately branded materials. Suggestions for branded materials included using an identifiable logo, promotional materials, and an awareness campaign to educate residents about the program. Some potential for co-promotional opportunities with existing industry/public programs were identified.

Regarding naming the program, participants from both the Industry and Public Surveys were in favour of Home Energy Loan Program (43% and 39%, respectively), followed by the Property Assessed Clean Energy Financing (27% and 30%, respectively). Suggestions for other names were provided, including Building Energy Improvement Loan Program (BEILP), Energy Efficiency Program (EEP), and Sustainable Assets Financing for the Environment (SAFE). Overall individuals supported trying to make the program sound clear and indicative of its actual purpose.

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# 1 Background

Property Assessed Clean Energy (PACE) financing is a loan provided by the municipality to residents that can be used for energy efficiency retrofits or renewable energy installations for either residential or commercial properties that is paid back through property taxes. This form of financing program is different than a regular loan as it is tied to a property, not an individual, and therefore has no impact on credit ratings, mortgage limits or other individual debt limits. Energy efficiency retrofits would need to be permanently affixed to the property to qualify for the program, and multiple retrofit projects could be bundled within a single loan.

PACE financing was previously not allowed under the province's *The Cities Act,* but amendments to this act were passed by the legislature in July 2020 and came into law at this time. Federal funding through the Federation of Canadian Municipalities is available through the Community Efficiency Financing Stream for both feasibility and design studies, and capital projects. This initiative involves laying the groundwork for the City of Saskatoon (the City) to introduce a PACE financing program by mid to late 2021.

Establishing a PACE financing program will create a new and innovative approach to achieve community greenhouse gas (GHG) emissions reduction targets by enabling a financing mechanism for residents and businesses to invest in solar energy and building retrofits. A PACE financing initiative also enables several Actions from the Low Emissions Community Plan. Additional background information is available in the project charter.

From May 2020 – November 2020, Administration engaged stakeholders on relevant components of a PACE Program. Based on what we heard from stakeholders, in addition to further research and internal considerations, Administration has named the program the Home Energy Loan Program and will recommend program options to Committee and City Council in February 2021.

## 1.1 Strategic Goals

Introducing a Home Energy Loan Program helps to address the strategic goal of working to proactively address the effects of climate change.

## 1.2 Abbreviations

- HELP: Home Energy Loan Program
- PACE: Property Assessed Clean Energy

## 1.3 City Project Team

- Hilary Carlson, GHG Controls Specialist and HELP project manager
- Amber Weckworth, Manager Climate, Strategy and Data
- Jeanna South, Director Sustainability
- Kenton Lysak, Public Engagement Consultant
- Ryan Newell, Manager Public Engagement
- Megan Quintal, Marketing Consultant

## 1.4 Spokesperson(s)

- Jeanna South, Director, Sustainability
- Amber Weckworth, Manager Climate, Strategy and Data

# 2 Summary of Engagement Strategy

The following engagement goals were identified to help inform the development of a local Home Energy Loan Program:

- Options Identification
  - Develop approaches/options for program components related to a Home Energy Loan Program in Saskatoon.
  - Ask industry and public participants to identify and explain their preferences for each component related to the program to determine any trends.
  - Learn which of the program options are preferred by industry stakeholders and if there are any trends/concerns within different segments of the sector.
- Closing the Loop
  - Validate findings and recommended program options with key stakeholder groups.
  - Determine the level of support for the recommended program options and identify any risks to the success of the project.

We Are Here

- Post-Implementation Evaluation
  - Evaluate the program to determine successes and barriers in uptake for the program.
  - A separate engagement plan will be developed in 2021/2022 to conduct this review.

## 2.1 Stakeholder Groups

Four stakeholder groups were identified with potential to be impacted by implementation of a Home Energy Loan Program. These groups include:

### 2.1.1 Key Stakeholder Groups

- Saskatoon and Region Home builders Association and members of the Retrofit Roundtable
- Related industry professionals: realtors, developers, builders, property managers and BID executives
- Utility providers: SaskPower, Saskatoon Light and Power, Saskatoon Water and SaskEnergy
- Non-profit and co-op organizations: Energy Management Task Force, First Nations Power Authority, and Saskatchewan Environmental Society (SES)
- Project-specific stakeholders: Sask EV and SES Solar Co-op
- Banks and lenders

### 2.1.2 Installers

- General Contractors
- Electricians
- HVAC, refrigeration and cooling
- Plumbing and heating
- Solar and Electric Vehicle (EV) station installers

### 2.1.3 Building Owners

- Business associations, including Business Improvement Districts (BIDs), Greater Saskatoon Chamber of Commerce, North Saskatchewan Business Association (NSBA), Saskatchewan Regional Economic Development Authority (SREDA) and Saskatoon & Region Home Builder's Association (SRHBA)
- Property managers (residential and commercial)

- Businesses that own their own buildings/properties

### 2.1.4 Homeowners

- Community associations
- General public
- Single-family-dwelling homeowners

A summary of stakeholder groups, level of engagement, engagement objectives, engagement goals and engagement activities completed are provided below.

*Table 1: Summary of Engagement Strategy*

| Stakeholder | Level of Influence | Objective | Engagement Goal | Potential Engagement Activity |
|---|---|---|---|---|
| Key Stakeholders, Building Owners, Homeowners, Installers | Involve | Work with citizens to ensure concerns and priorities are understood. | Phase 1: Options Identification Develop Program options based on feedback on the program components. | 1:1 online conversations with some key stakeholders<br><br>Surveys (industry and general public) |
| All Stakeholders | Consult | Obtain feedback. | Phase 2: Close the Loop by posting Summary of Phase 1 engagement on Engage page and sent directly to those who have provided contact information.<br><br>Share the 75% draft program plan with stakeholders to close the loop and provide opportunity to identify red flags. | 1:1 online conversations with some key stakeholders<br><br>Online Feedback Form (using Survey Monkey) |
| Program Participants (e.g., property owners and contractors), Key Stakeholders, Property Owners Who Have Not Participated | Consult | Obtain feedback | Post-implementation Evaluation (2022): Identify potential areas of improvement | To be determined[1] |

[1] This report only includes the engagement activities scheduled for 2020 that intended to inform the design of the program. A separate engagement plan will be developed in 2021/2022 for a post-implementation evaluation of the program.

# 3 Engagement Activities

Individual stakeholder meetings and two online surveys – one for industry members and one for the general public - were used to collect feedback to inform the development of the Home Energy Loan Program Draft Program Options.

The general public were able to provide input through the City of Saskatoon Engage page forum, or contact the Project Manager directly via email, mail, or telephone.

## 3.1 Individual Stakeholder Meetings

Consultations were held with key stakeholders and the Retrofit Roundtable, to determine barriers and opportunities related to the Home Energy Loan Program.

### 3.1.1 Intended Audience

The stakeholders and stakeholder groups included the following:

- City of Regina
- Partners 4 Growth
- Retrofit Roundtable – Led by the Saskatoon and Region Home Builders Association, the group consists of a broad range of industry professionals, energy auditors, builders and property managers.
- SaskPower
- SaskEnergy

## 3.2 Industry Survey

The Administration conducted an online survey for industry members from July 8th, 2020 to August 7th, 2020. The industry survey comprised a total of 25 closed-ended questions to identify their preferences for potential program components. Respondents were able to write-in an “other” preference for numerous questions and provide explanations for their preferences. Respondents were also asked to identify which other streams (e.g., commercial, light industrial, etc.) should be prioritized for future inclusion in the program.

The industry survey closely mirrored the public survey, with additional industry-specific questions, such as how to qualify contractors for the Home Energy Loan Program.

### 3.2.1 Intended Audience

The Industry Survey was created for key stakeholders, installers, general contractors, and building owners operating within the City of Saskatoon.

### 3.2.2 Marketing Techniques

The survey was promoted through an invitation letter distributed to industry members via their associations and through the contact list for the project. The Engage page was also used to encourage industry members who did not receive the survey through our distribution list to contact the Project Manager to be sent a survey link.

## 3.3 Public Survey

The public survey comprised a total of 22 closed-ended questions to identify the respondent's preferences for potential program components. Respondents were able to write-in an "other" preference for numerous questions and provide explanations for their preferences.

The public survey closely mirrored the industry survey, with additional public-specific questions.

### 3.3.1 Intended Audience

The Public Survey was created for homeowners, community association members, building managers, business owners, as well as any of the previously mentioned industry/contractor representatives that did not participate in the Industry Survey.

### 3.3.2 Marketing Techniques

A variety of marketing techniques were employed to reach the intended audience.

1. City Website
    a. Updates to the Engage Page (https://www.saskatoon.ca/engage) were made to encourage participation in the online survey.
    b. An article promoting the survey was published on MyCity and the Monday eblast.
2. Social
    a. The social campaign which ran from August 6th – 13th, included Facebook and Twitter ads promoting the survey. Instagram story with clickable link was also used to promote the survey. All paid social ads used targeting optimization in an effort to reach our audience most effectively.
3. Digital
    a. Online banner and display ads were also used, targeted to Saskatoon.
4. Email
    a. Personalized emails were sent to the organizations and community members asking them to share the information with their members.
5. Traditional
    a. A print ad was published in the Saskatoon Star Phoenix
    b. Posters were displayed in City facilities as well as local grocery stores.

## 3.4 Data Limitations

Due to the public health orders related to the COVID-19 pandemic, all engagement activities for this project were conducted virtually. Online engagement has its limitations in not being as inclusive to those individuals with limited to no internet access, including low-income and equity groups. Multiple avenues were available to the public for providing input to help mitigate potential issues of inclusivity due to the inability to conduct in-person activities; however, engagement practises and procedures were limited due to the pandemic, especially in conducting physical meetings with individual stakeholders. Additional considerations for low-income and equity groups will be considered during the Post-implementation Evaluation.

The sample size within the Industry Survey potentially limits the validity of the results in terms of providing a full representation of the professional population under consideration; however, the results provide an indication of how stakeholders may perceive the program elements of the Home

Energy Loan Program. The goal of this phase was to identify a range of perspectives, needs and concerns across sectors to help inform refinement of the options.

# 4 What We Heard

## 4.1 Demographics

A total of 48 respondents participated in the Industry Survey. Participants included individuals from numerous industries across Saskatoon and all industry stakeholder groups previously identified. The industry sector with the highest participation was residential construction with 22 entries (representing 46% of the total participants), which was closely followed by commercial construction with 17 entries (representing 35% of the total participants). The majority of participants identified themselves as operating in Saskatoon (98%).

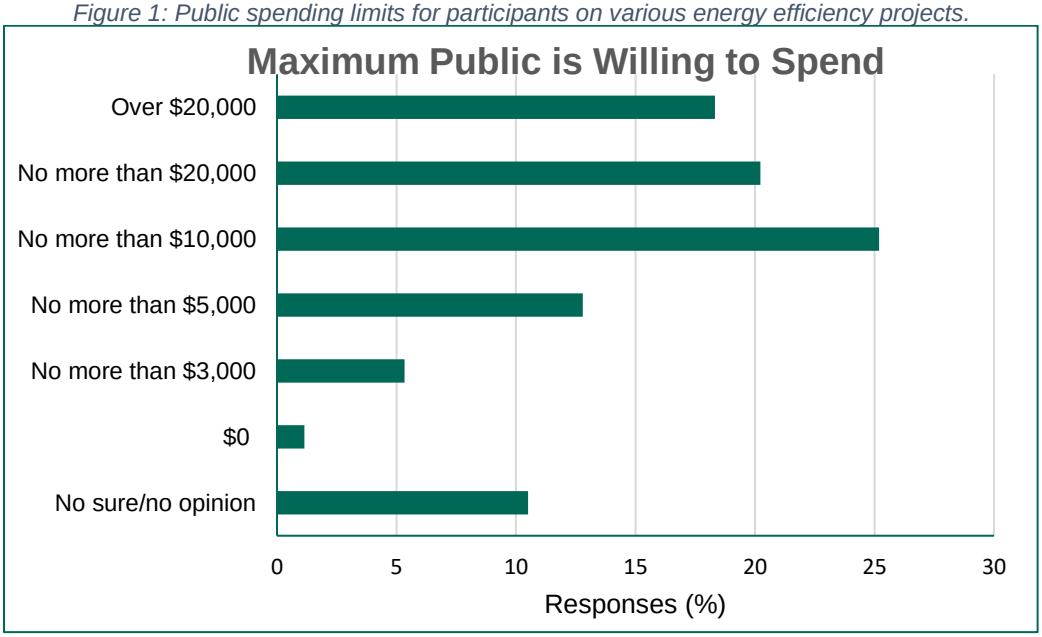
A total of 525 respondents participated in the Public Survey. The majority of respondents were residential homeowners (96%), although numerous submissions were provided by business operators within an owned building (6%), property managers for multi-unit residential properties (3%), and property managers for industrial, commercial, or institutional properties (2%). Other respondents included renters, rental property owners, condo association/board members, business owners, and soon to be homeowners.

## 4.2 Public Interest and Spending

The Public Survey showed the vast majority of respondents (85%) have already been considering energy efficiency improvements or clean energy renovation projects for their properties and that a financing program through their property taxes would increase their likelihood for making such improvements (81%).

Results for how much respondents would be willing to invest in energy efficiency projects for their properties were split, with most indicating no more than $10,000 (25%) followed by no more than $20,000 (20%) and over $20,000 (18%).

*Figure 1: Public spending limits for participants on various energy efficiency projects.*

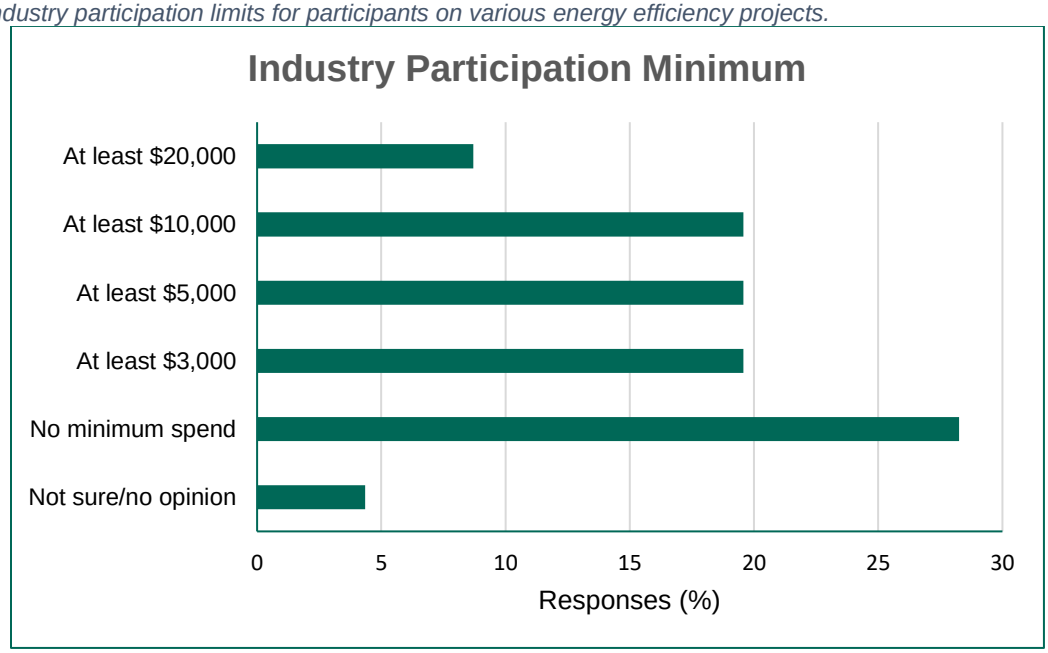


The comments provided suggest the amount depends on the following, in order:

1. **Return on investment**
2. **Reasonable interest rates**
3. **Provision of additional incentives**
    - (i.e., discounts, access to bulk products, loan forgiveness over a certain value, etc.)
4. **Loan program/financing options**
    - (i.e., flexible repayment terms, effect on municipal taxes, subsidies, etc.)

The Industry Survey results for a minimum cost to be involved in an eligible project similarly reflected mixed results, being evenly divided between at least $3,000 (20%), at least $5,000 (20%) and at least $10,000 (20%). However, highest number of respondents (28%) indicated that a project with no minimum spend was preferred. Stakeholders from the Retrofit Roundtable identified projects below $3,000 would consist of LED lighting or spray foam insulation, while retrofits below $5,000 would consist of high-efficiency furnace and HVAC installations.

*Figure 2: Industry participation limits for participants on various energy efficiency projects.*



## 4.3 Program Structure and Time

Averaging the results for both the Industry and Public Surveys showed strong support (>60%) for including Energy Efficiency Projects, Renewable Energy, and Water Conservation Measures within the Home Energy Loan Program. The results from both surveys almost mirrored each other except for the Public Survey scoring Renewable Energy as highest, providing a slightly lower score for Water Conservation Measures and placing Bird Friendly Window Measures above Resiliency Measures.

*Table 2: Support for the inclusion of potential programs.*

| Potential Projects | Public (%) | Industry (%) | Average (%) |
|---|---|---|---|
| Energy Efficiency | 75 | 94 | 84.5 |
| Renewable Energy | 80 | 80 | 80 |
| Water Conservation Measures | 54 | 80 | 67 |
| Electric Vehicle Charging Stations | 43 | 57 | 50 |
| Battery Storage Technologies | 39 | 54 | 46.5 |
| Resiliency Measures | 28 | 50 | 39 |
| Bird Friendly Window Measures | 32 | 28 | 30 |

Suggestions for additional projects that should be considered for inclusion in the Home Energy Loan Program included:

*Table 3: Additional project suggestions to be included in the Home Energy Loan Program.*

| Suggestions | |
|---|---|
| • Conservation initiatives – native plants<br>• Composting bins<br>• Design, property appraisal, and engineering fees<br>• Energy efficient appliances<br>• Energy monitoring equipment<br>• Energy recovery ventilation systems<br>• Geothermal heating<br>• Greywater recycling | • Insulation<br>• LED lighting retrofits<br>• Metal roofing in combination with solar panels<br>• Sensors – occupancy/vacancy<br>• Siding<br>• Swimming pool efficiency<br>• Water harvesting<br>• Windows<br>• Xeriscaping |

Most industry participants expressed a reasonable time frame to complete typical energy efficiency retrofits or renewable energy installations as being between three and six months (39%) followed by less than three months (26%) and six months to a year (24%).

## 4.4 Fees and Payment Structure

Results from the Public Survey revealed that having a lower interest rate (~3%) with an upfront administration fee (~$300 - $1,000) when applying for the program was the most preferred (53%) fee structure, followed by a higher interest rate (~4% - 5%) with no upfront administrative fee (20%) and participants being unsure (27%). If there was to be an upfront administrative fee when applying for the program, the majority of respondents supported the fee being a percentage of the loan (54%) followed by the fee being a fixed amount for all applicants (29%).

Out of the provided options for loan repayment terms, 71% of respondents supported property owners having the ability to select their repayment term, followed by matching the repayment terms with either the “payback” for the return on investment (9%) or “useful life” of the installation (5%).

Comments pertaining to the payment structure are summarized below by theme:

**Equity**: Participants expressed concern that unless fees are scaled they could be prohibitive to some homeowners who would otherwise benefit from having energy saving equipment installed. Also, suggestions to increase uptake in low-income groups include making the approval process simple, providing education/information sessions to navigate the application process, and for low-cost-loans to be waived or reduced over time.

**Fairness:** Numerous participants asked whether administrative fees would change depending on the scope/size of the retrofit project and if it was fair to charge a higher fee for the same administration process. Ultimately, this could lead to participants with more expensive projects wanting a flat rate while participants with less expensive projects wanting a percentage.

**Flexibility**: It was suggested that both options in fee structure should be available to allow individuals to select the best option based on their specific financial situations. Also, it would be beneficial to include options to pay back the loan without penalties before the amortization period and to allow a custom term so owners can match their monthly rates to the costs they are offsetting

**Low Interest Rates**: Rates need to be competitive with rates/fees from pre-existing programs (i.e., SaskEnergy) or be lower than a typical line of credit/loans/remortgage from other financial institutions (i.e., prime 2.45% + model 0.05 or from 0% to 3%). Lower interest rates are more supported and appealing to the public, especially given the economic instability today and the need to shift towards environmental sustainability. It was suggested that the funds can be better spent on the upgrades and they can be amortized for longer durations.

**Incentive**: Numerous participants indicated wanting a reduced interest unless there were incentives. Suggestions included:

- cost sharing
- loan forgiveness based on income
- lower cost of borrowing
- pause on tax assessment increases
- provide a portion as a grant to make the program more enticing
- rebate on property taxes

**Revenue Generation**: Participants expressed the need for a low to no interest rate and a low upfront administrative fee (<$300) or else it feels like a revenue venture for the City. Any associated fees must represent the actual administrative costs involved. Fees could also be reflective of the costs of the home or total household income.

**Transparency**: Participants noted that participants that eventually sell their home must disclose the added costs to the property taxes to the potential buyer.

**Uncertainty**: The acceptance of the program depends on the size and length of the loan and the proportion going to administrative costs.

## 4.5 Contractors

### 4.5.1 Contractor Needed

The majority of public respondents agreed (53%) that projects financed through this program should require a qualified contractor to perform the work. However, some individuals (13%) expressed that the average homeowner is very capable of installing minor retrofits to their property and this is contingent on the scope of the project and building code requirements. Numerous respondents suggested that if the project requires a building permit/inspection then a contractor should perform the work; however, if the homeowner follows the same standards and the end product is inspected through the standard approval process then homeowners should be allowed to install their own retrofits. It was recognized that some sort of quality control must be in place either way. One suggestion was to introduce a no-fee/low-cost consulting program for homeowners on proper procedures to perform their own retrofits.

Numerous examples of contractor and homeowner-installed projects were provided, including:

*Table 4: Categorizing contractor and homeowner installation projects.*

| Contractor Projects | Homeowner Projects |
|---|---|
| • Air Conditioning unit<br>• Electrical connections to renewable energy retrofits<br>• Furnaces<br>• Heat pumps<br>• HVAC system<br>• Solar panel installations | • Insulation<br>• Landscaping<br>• Plumbing fixtures and accessories (i.e., faucets, toilets, etc.)<br>• Water conservation measures<br>• Window and door replacements |

Additional comments regarding contractors consisted of the following themes:

**Competition:** Qualified contractors (i.e., WCB, business license, etc.) support quality workmanship through guarantees and support economic stimulus; but, there needs to be diversity within the trade sector to support competition and diversity. Having only a few contractors could inevitably raise their costs extensively due to lack of intrinsic competition.

**Incentives**: To promote installations by qualified contractors, the program administrator or contractor could potentially provide incentives, such as extended warranty on installations and free home energy audit.

**Standards**: Numerous participants indicated that whether the work is performed by a homeowner or contractor, the project needs a joint sign-off and inspection of the job to ensure the work is completed prior to final payment. Inspections should be completed by a third party or City inspection official to ensure all standards are met.

**Trust**: Participants stressed the need for contingencies to be in place to reduce contractors from taking advantage of the program to upsell/oversell to the client by inflating costs (i.e., proof of purchases). A challenge was also raised on how the City will review work performed by a homeowner to ensure technical/installation/safety standards are met and the install provides a beneficial return on investment.

### 4.5.2 Contractor Qualifications and Standards

Industry participants supported the need for contractors to require training on the financing program process, proof of liability insurance, Workers Compensation Board (WCB) compliance, and proof of warranty on products installed (50%) in order to qualify for the program. The remaining participants either felt that the proof of warranty was not needed (15%) nor the proof of liability insurance and WCB compliance (4%).

Some industry participants (22%) already had a member network or database of recommended contractors that residents could use, but most were either unsure (29%) or did not possess one (50%). Several respondents suggested contractors should automatically qualify for the program if proof of permits are provided, they are licensed (i.e., bonded, WCB compliant, etc.), or they are already pre-qualified through an already accredited program (ex. SaskPower EEP, SaskEnergy Network, etc.).

Industry respondents and stakeholders recommended contractors could be vetted by the following standards:

- **Request for Quote (RFQ):** approved through the RFQ process;
- **Portfolios**: proof of job completions and years of quality workmanship;
- **References and Customer Satisfaction;**
- **Proof:** licensing, continuing professional development and WCB activities;
- **Periodic Site Visits**: to ensure standards;
- **Principles**: commitment to good standards (ex. Indigenous inclusion and reconciliation);
- **Annual Revenue**: listed with accredited organizations such as cCOR and ISNET;
- **Membership**: create a local membership that qualified contractors must be a part of with associated fees;
- **Local/National Memberships**: follow local and national authorities/memberships in contractor workmanship and ethics:
    - **Local**:
        - Saskatoon Regional Home Builders Association (SRHBA)
        - Saskatoon Construction Association Business
        - Registered with Lands Branch
        - SaskEnergy Network
        - SaskPower Energy Efficiency Partners
        - SRHBA Certified Home Renovator Certification
        - Trusted Saskatoon.com
    - **National**:
        - Follow guidelines of international passive house standards
        - Tier 4 of the National Building Code 2020
        - Better Business Bureau (BBB) – customer experiences.
        - North American Board of Certified Energy
        - Reno-mark Certification

Industry results for how potential members could be added or removed from a pre-qualified contractor list can be found below:

*Table 5: Review of how members should be added or removed from a pre-qualified contractor list.*

| How Members Should Be Added (Percentages indicate most mentioned criteria) | How Members Should Be Removed (Percentages indicate most mentioned criteria) |
|---|---|
| • Positive work history, references/referrals, and interviews to prove work qualifications **(54%)**<br>• Recognized in the industry and by a set of criteria supported by other agencies **(36%)**<br>• Meet or exceed minimum expectations or requirements for program **(26%)**<br>• Must have an established location for customer visits<br>• Commitment to sustainable practises.<br>• Possess annual contract with the City to ensure necessary qualifications are maintained<br>• Produce standard or a training courses (ex. Passive House Canada) for willing contractors to qualify. | • Poor performance/workmanship or failed to deliver on projects **(67%)**<br>• Customer complaints and poor reviews **(56%)**<br>• Have a history of violations, poor safety, and poor worksite ethics **(27%)**<br>• Third-party judging reaches threshold (3 cases)<br>• Sell practises that do not contribute to energy saving and increase costs.<br>• Do not follow city/provincial guidelines<br>• No longer meet certification standards<br>• No longer showing continuing education<br>• Do not hold/provide proof of business license, trade license, city license, proper insurance, liability and WCB |

Numerous industry participants felt that one complaint should not translate into an immediate removal from the program and that contractors should not be removed based on invalid homeowner complaints. It was suggested that a third-party committee or designated authority could be established to review complaints in a transparent manner to ensure fairness. One individual suggested that more important than removal from the program is effective quality control and education on onsite standards/best practises in order to improve future installation procedures. Ongoing energy monitoring should also be encouraged.

### 4.5.3 Contractor Selection

The majority of respondents from both the Industry (61%) and Public Surveys (62%) supported the program administrator providing a list of licensed of pre-qualified contractors, but the property owner is able to select from the list or source their own contractor for their project, followed by the program administrator providing a list of pre-qualified contractors for property owners to choose from (26% and 19%, respectively). Participants commented on the list only including contractors that would complete the work in a professional manner. Participants also identified the need for the list to allow for differences in prices between contractors to discourage competitive advantages and monopolies. One respondent suggested creating a selection criterion to assist the public in determining what contractor was right for them.

### 4.5.4 Contractor Payment

Individuals from the Industry and Public Surveys preferred contractors being paid directly through the program once the job is completed (57% and 59%, respectively) followed by providing money to the property owner to pay the contractor upon project completion (28% and 24%, respectively). Other suggestions were provided by participants, including:

- **Initial Down Payments**: prior to receiving the full payment upon completion of the project or after one year
- **Progress/Installment Payments**: completing payments in stages of work completion
- **Top-Ups**: projects should be open to allow individuals to “top-up” their investment with emerging technologies and higher-quality installations.

Another consideration offered by the participants was to provide considerations for smaller contractors that require deposits prior to work beginning in order to be distributed to sub-contractors and purchases. Also, any agreements should include an immediate repayment clause if work does not begin within a specific time period

## 4.6 Energy Audits

### 4.6.1 Importance and Validity

Public respondents felt home energy audits were not viewed as a barrier (57%), although some recognized the potential for them to be (23%). Industry results were mixed, with 41% participants stating they would not and 47% stating they would be a barrier. However, all participants from the Industry and Public Surveys strongly supported energy audits as being helpful in determining what energy efficiency measures are required before construction (78% and 80%, respectively) and in determining which measures would have the greatest return on investment (78% and 84%, respectively).

Stakeholders from the Retrofit Roundtable noted that many online audit opportunities exist today and more are being produced in the future; however, EnerGuide is the national certification and most trusted system to base financial programs on.

Comments regarding energy audits are represented below within the following themes:

**Biased:** Have the potential to create a biased focus on options that suit the program, thereby ignoring improvements that are not included.

**Cooperative**: The customer and contractor can work together to determine which upgrades should be undertaken based on associated costs.

**Difficult**: Some of the programs could be challenging to measure/estimate return on investments for, such as window strikes or mostly unused basement plumbing appliances.

**Educational**: Energy audits provide the general public and commercial/industrial sector a good knowledge base for which upgrades are needed and their benefits. The audits help the community develop the language for speaking about energy efficiency.

**Encompassing**: Should include energy models, economic projections and listing of triple bottom line co-benefits for participants to understand the benefits fully. Audits should ideally be performed pre- and post-installation of the product to ensure cost savings. However, the scope of the energy audit could deter some potential users of the program.

**Expensive**: Energy audits could create a financial barrier for households that need the upgrades the most. Can be an unnecessary added expense to the homeowner depending on the scope of the work, with money better spent on the upgrades.

**Filtering:** Have the added benefit of filtering out non-serious participants while also attracting serious participants of the program.

**Identify Gaps**: Energy audits provide an understanding of the building and mechanical system as a whole to identify gaps that may not have been identified by the participant and provide the best payback/energy savings potential.

**Optional**: Should be suggested, but not mandatory in cases where homeowners already recognize what needs to be upgraded without the need of an audit or in new homes that have already been inspected. If energy audits were to be mandatory then the outcomes shouldn't be mandatory, allowing homeowners to have the final say in what projects will be performed. Also, the process is not as useful in older homes where many retrofits are universally needed or in new homes that have been built to specifications.

**Simpler Options**: Estimates/averages from multiple audits for similar sized projects could be used instead. Initial energy audits should be quick and easy, possibly performed in conjunction with an app or website that helps property owners get started with a self-guided process. Audits may serve more as an educational tool rather than a mandatory process.

**Target Returns**: Energy audits must show a net benefit to the return on investment and help the customer focus on the most efficient changes to ensure projects are actually improving energy efficiency. They ensure all participants are receiving the most optimal return on investment.

**Trust**: Auditors should be vetted to ensure their reliability and the possession of up to date knowledge about modern products and techniques. Some homeowners feel apprehension towards the audits process and do not trust home inspectors are looking out for the participant.

**Uptake**: There must be an adequate number of professional auditors in the city, especially at the onset of the program.

**Validity**: The validity of energy audits depends on those conducting them, so they are not just a checklist. The third party that performs the energy audit should also verify the work has been completed as per design and standards.

### 4.6.2 Funding Energy Audits

Out of the potential upfront funding options to support an energy audit, 56% of public participants favoured providing the property owner with a rebate or discount for the energy audit at the time of application followed by providing a small percentage of the loan upfront (21%). Numerous respondents identified that proceeding with energy audits highly depends on the upfront costs associated with the audit. Suggestions on how to reduce the costs/barriers associated with energy audits were provided and include:

- **Automated and Accessible**: some parts could be automated with a mobile app that used photogrammetry to scan house dimensions and property information (i.e., windows sizes, utility costs, etc.) to provide savings at-a-glance.
- **Educational Literature**: on various systems, retrofits, and an upgrades pricing list detailing the average investment costs would be very useful in creating an informed client base.
- **Flat Rate**: there should be a low, standard and flat fee ($100) for energy audits in the city.
- **Incentives**: the City or contractor could pay for the energy audits as incentives or provide them at a discount/credit in order to improve city-wide initiatives. A completed audit could also earn a rebate or discount with application for the participant.
- **Influence on Loans**: a loan could qualify for a lower interest rate if the work preceded with an energy audit or loan rates could be based on the increased performance level attained through the energy audit (i.e., lower performance = higher rate).
- **Self-Audit**: with a pre-checklist could help educate participants.
- **Separate Loan**: the costs should be incorporated into a separate loan made specifically for energy audits.

## 4.7 Prioritizing Eligible Building Types

In terms of prioritizing providing this type of financing to different sectors and property types, participants categorized property types as:

*Table 6: Public and industry prioritizing of property types.*

| Public Results | | | | |
|---|---|---|---|---|
| **Property Type** | **High (%)** | **Medium (%)** | **Low (%)** | **No Opinion (%)** |
| Existing single-family residential buildings | 83 | 12 | 2 | 3 |
| Multi-unit residential buildings | 43 | 40 | 13 | 4 |
| Institutions | 38 | 33 | 22 | 6 |
| New single-family residential buildings | 35 | 25 | 37 | 3 |
| Commercial businesses | 27 | 40 | 27 | 6 |
| Light industrial businesses | 24 | 38 | 30 | 8 |
| **Industry Results** | | | | |
| **Property Type** | **High (%)** | **Medium (%)** | **Low (%)** | **No Opinion (%)** |
| Existing single-family residential buildings | 73 | 18 | 7 | 2 |
| Institutions | 51 | 28 | 14 | 7 |
| Commercial businesses | 49 | 42 | 7 | 2 |
| New single-family residential buildings | 43 | 20 | 32 | 5 |
| Multi-unit residential buildings | 37 | 49 | 12 | 2 |
| Light industrial businesses | 37 | 40 | 21 | 2 |

Additional comments regarding the rollout of the program included:

- The program can either focus on large power consumers first and then roll-out to residential neighborhoods or focus on single/multi-family dwellings since they provide the “seen” most impact.
- Older residential neighborhoods could get preference to improve efficiencies.

- Commercial businesses and institutions have access to other energy efficiency funding programs/grants (provincially and federally).
- New homes should not be ignored, since it can be more cost effective to install these measures initially.
- The City needs to identify a way to make the program more accessible to First Nations people. Consult the First Nations Power Authority who has developed many community-based programs.
- Single-family units might be the easiest to work with, but not provide the biggest impact.

## 4.8 Marketing and Naming

### 4.8.1 Marketing

The majority of industry participants (76%) supported advertising the financing program on behalf of the City of Saskatoon to potential new clients if they were provided with appropriate branded materials. When asked what they would require in order to help market the financing program, participants suggested the following:

- **Awareness campaign**: to educate residents and community associations.
- **Educational material**: website and pamphlets with material on available projects, financial costs, and testimonials.
- **Identifiable logo**: to be used on vehicles, websites, and brochures.
- **Marketing to the public**: including radio, T.V., promotional materials, and billboard ads.

An equal number of participants said they were unsure of (39%) or there were no (41%) current or planned programs that could be co-promoted through this financing program. However, 20% of participants felt there was potential for co-promotion with programs including:

- Project management for homeowners and managing education of contractors.
- Installation and product warranty on faulty equipment/material.
- Energy assessments and community energy planning.
- Information on other renewable energy and energy efficiency options.

### 4.8.2 Naming

Participants from both the Industry and Public Surveys were in favour of Home Energy Loan Program (43% and 39%, respectively), followed by the Property Assessed Clean Energy Financing (27% and 30%, respectively). Some industry respondents and stakeholders supported using PACE due to its relevance to other similar municipal programs. Some participants criticized the use of Home Energy Loan Program due to its potential to be associated with disaster assistance and because it does not include applicants outside the residential sector. Other comments included that “loan” has a negative connotation since it can sound like individuals are going into debt or using “assessed” might make property owners think they will lose control over the decision-making process through this assessment. Numerous individuals supported trying to make the program sound clear and indicative of what it actually is.

Other names suggested included:

- Building Energy Improvement Loan Program (BEILP)
- Clean Energy Assistance Program (CEAP)
- Clean Energy Financing Program (CEFP)
- Green and Renewable Energy Efficiency Neighbourhood Loans (GREEN Loans)
- Efficient Energy Home Loan Plan (EEHLP)
- Energy Efficiency Enrollment (EEE)
- Energy Efficiency Loan Program (EELP)
- Energy Efficiency Program (EEP)
- Energy Reduction Upgrade Program (ERUP)
- Property Assessed Efficient Energy (PAEE)
- Saskatoon Clean Energy Switch – Make the Switch – Flip the Switch (SCES)
- Saskatoon Shines Clean Energy Financing (SSCEF)
- Sustainable Assets Financing for the Environment (SAFE)

Following consultations with stakeholders the project team identified Home Energy Loan Program (HELP) as the name of the program going forward.

## 4.9 Other Comments

The following comments, divided into various themes, were provided for consideration:

**Information**:

- Annual or quarterly feedback on savings is a better enforcement for the program than trying to calculate savings monthly.
- Providing assistance on determining payback time for the investment would be useful.
- The messaging should focus on health and comfort benefits of an energy efficiency home.

**City and Provincial Considerations**:

- Make some projects (i.e., solar panels, high-efficiency furnaces, etc.) mandatory for new builds, especially condo/townhouse/multi-unit developments in order to cut utility costs for starter families.
- Although the program will be of benefit, additional efforts are needed provincially in renewable energy initiatives in order to maximize value for all and support programs.
- The City needs to consider what the anticipated costs of disposal for such equipment will be upon its end-of-lifetime disposal.
- Market appraised property values should reflect the added value put in by the homeowners through this program.
- Can this program coincide with bylaw/building code changes that require newly constructed buildings to have a reasonable efficiency standard?
- Financing energy efficiency and renewable resources is the critical next step for real action on climate change and aid in post-COVID economic instability.

**Program Considerations**:

- Try to reduce costs to the homeowners as much as possible in order to incentivize the program and increase the return on investment for participants.
- Due to the global crises and economic recovery, there might not be as many participants as planned.
- This program should not drive up the costs of equipment and service providers in our city.
- Distinguish between small non-profits and institutions, allowing earlier access to non-profits.
- Steps must be taken to ensure the program doesn't favour wealthier homeowners and focuses more on the entire population.
- Commercial building managers already have access to cheap debt, so cash grants and tax forgiveness should be offered to truly incentivise this sector.
- What brands/products would the City recommend?
- Financing should be provided to new home construction projects in order to reduce the costs of ownership for new installations.
- Why isn't this a grant program?

## 4.10 Next Steps

The next steps for development of a Home Energy Loan Program are as follows:

- Develop Program Options
  - Based on what we heard from stakeholders and the surveys the project team will develop a comprehensive strategy including Home Energy Loan Program Draft Program Options
- Closing the Loop
  - Validate findings and recommended program options with key stakeholder groups through individual virtual meetings.
  - Determine the level of support for the recommended program options and identify any risks to the success of the project through an online feedback form.

We Are Here

- City Council Report
  - Home Energy Loan Program Financing Strategy presented to City Council in February 2021.
- Post-Implementation Evaluation
  - Evaluate the program to determine successes and barriers in uptake for the program.
  - A separate engagement plan will be developed in 2021/2022 to conduct this review.