

DATE OF MEETING March 17, 2025

AUTHORED BY DAVID STEWART, ENVIRONMENTAL PLANNER

**SUBJECT HOME ENERGY RETROFIT FINANCING PROGRAM BYLAW**

## **OVERVIEW**

### **Purpose of Report**

To update Council on the development of the Home Energy Retrofit Financing Program and to present the bylaw to establish the program for Council consideration.

### **Recommendation**

That:

1. "Home Energy Retrofit Financing Program Bylaw 2025 No. 7393" (to initiate the City of Nanaimo's retrofit financing program) pass first reading;
2. "Home Energy Retrofit Financing Program Bylaw 2025 No. 7393" pass second reading; and,
3. "Home Energy Retrofit Financing Program Bylaw 2025 No. 7393" pass third reading.

## **BACKGROUND**

At the regular meeting held 2024-APR-22, Council received the Nanaimo Deep Retrofits Financing Feasibility Study. The study and accompanying Staff Report provided Council with information related to developing a home energy loan program for City of Nanaimo residents. One of the financing options discussed was a Property Assessed Clean Energy (PACE) style loan program. Through a PACE loan, loans are tied to the property (rather than the individual) and paid off through the property tax bill. At that meeting, the following motion was passed:

*"that Council direct Staff to design a home energy retrofit financing program and bring a report to Council for consideration of implementing the program."*

At the 2024-JUN-19 Finance and Audit Committee meeting, Staff presented a report to seek Council direction to submit an application for funding to implement a Property Assessed Clean Energy (PACE) style home energy retrofit financing program in Nanaimo. Consent by Council was given at the 2024-JUL-08 regular meeting, and the following motion was passed:

*"That Council direct Staff to:*

1. *apply to the Federation of Canadian Municipalities (FCM) Community Energy Efficiency Financing (CEF) program for pilot funding to support a Property Assessed Clean Energy (PACE) style home energy financing program and if successful, launch a PACE style home energy financing program for Nanaimo residents; and,*
2. *allocate up to \$200,000 from the Climate Action Reserve Fund to support a home energy retrofit financing program."*

On 2024-DEC-04, the City of Nanaimo was notified that Nanaimo was approved for a grant in the amount of \$458,000 to support a PACE-style home energy retrofit program. Since then, work is underway on preparing to launch the program this spring. ]

## **DISCUSSION**

### **Program Overview**

A detailed overview of the program is included in the 2024-JUN-19 Finance and Audit Report in Attachment A.

A total of \$500,000 in funding is available for loans; as such, we expect the program will be able to support 33 to 50 applications, depending on the amount of funding requested. Given the limited funding available, loan applications will be prioritized based on climate impact, income/equity, energy savings, and climate resiliency as outlined in Attachment A.

### **Program Bylaw Requirement**

As noted in the previous report, if a local government in BC wishes to establish a PACE loan program, they must do so through local area service improvement bylaws. A local area service is any municipal service that is designed to benefit a particular part of the municipality and is paid for in whole, or in part, by local property owners through a local service tax. By reducing community emissions and supporting more energy-efficient and resilient homes, the program will have a direct community benefit consistent with municipal goals. The local area service participants will be those residents who apply for and are accepted into the program; those residents will pay for the loan service through their property taxes. Payments will be made over a period of up to ten years concurrent with tax payments, loan participants will have the option to pay the entire loan early with no penalties.

The Home Energy Retrofit Financing Program Bylaw is necessary to establish the program and authorize the City to collect loans tied to property tax.

### **Program Process and Next Steps**

If the Home Energy Retrofit Financing Program Bylaw is adopted, Staff will prepare to accept applications in April and May 2025. An additional intake may take place later in the year, depending on the number of applications received during the spring 2025 intake.

Program advertising and communications will encourage Nanaimo homeowners to learn about the program and check eligibility requirements. If a homeowner wishes to apply for the PACE loan, the process will be as follows:

1. Register for the Home Energy Navigator
  - Registration for the free Home Energy Navigator (HEN) program, which provides non-financial support to homeowners related to retrofit decisions, is mandatory for loan participants.
  - Through HEN, income-qualified homeowners eligible for significant rebate programs such as the Provincial Energy Savings Program may be directed to those programs before applying for the City's PACE loan.

2. Apply for the loan
  - Loan applications will be accepted between April and May 2025.
  - Applications will be reviewed by a third-party program administrator to confirm eligibility and provide a score and by City Staff to confirm property taxes and user rate accounts are in good standing.
  - Applicants will then be notified to confirm if their loan application has been approved.
3. Petition
  - Approved applicants will be invited to submit a petition for Council to create a Local Area Service via the adoption of a Local Area Service Bylaw.
4. Notice of Intention to Lend Money
  - In accordance with Section 24 of the *Community Charter*, the City will publish a public notice of intent to lend money as per *Section 94 [public notice]* of the *Charter*.
5. Local Area Service Bylaw
  - Received petitions will be certified and the Local Area Service Bylaw for each participating party will be brought to Council for approval as part of a consent agenda in the summer of 2025. Bylaws will be taken in a single intake batch and included in a single Council report.
  - The bylaw must establish the cost recovery method for the service.
6. Homeowners may then carry out the following pre-installation requirements:
  - Complete an EnerGuide evaluation and submit a copy of the pre-renovation report.
  - Obtain contractor quotes.
  - Confirm participation does not breach any terms of their mortgage.
7. Sign the Financing Agreement
  - Once all documentation has been reviewed, participants will be asked to sign and return the financing agreement.
  - With the financing agreement in place, the program may help pay the contractor's deposit.
8. Complete the Installation/Renovation
  - The contractor may now begin the work provided they have obtained all required permits.
  - Once the work is complete and documented, the final invoice can be submitted to the program administrator for payment.
9. Parcel Tax Bylaw
  - In order to allow the loans to be repaid through taxes, the City will secure the loan amount, and repayment terms (already established in the loan agreement-step 7) through a parcel tax bylaw in accordance with Section 200 of the *Community Charter*.
  - A report respecting how amounts or rates were determined will be made available to the public upon request in accordance with Section 200 (4) of the *Charter*.
10. Parcel Tax Review Panel
  - Before the parcel tax is imposed for the first time, a parcel tax roll review panel must consider any complaints respecting the parcel tax roll and must authenticate the roll.

- The City is required to publish a notice of the parcel tax review panel meeting in accordance with Section 94 [public notice] of the *Community Charter*. This is in addition to the notification required in Step 4.
  - The City must mail to the owner of every parcel that is to be taxed a notice at least fourteen (14) days before the review panel meeting.
  - Only properties that have elected to pay for the service via parcel tax must be included in the parcel tax roll.
  - Council must appoint at least three (3) members to the review panel.
11. Parcel Tax Imposed
- The parcel tax will then be established and property owners that received the loan will be required to start paying the loan back over 10 years with their property taxes. |

## **OPTIONS**

1. That:

1. “Home Energy Retrofit Financing Program Bylaw 2025 No. 7393” (to initiate the City of Nanaimo’s retrofit financing program) pass first reading;
2. “Home Energy Retrofit Financing Program Bylaw 2025 No. 7393” pass second reading; and,
3. “Home Energy Retrofit Financing Program Bylaw 2025 No. 7393” pass third reading.

- The advantages of this option: This option is necessary to launch a PACE style home energy retrofit financing program for Nanaimo residents and is consistent with Council’s earlier direction.
- The disadvantages of this option: Given Council has already directed Staff to launch a PACE-style financing program, no disadvantages of this option have been identified.
- Financial Implications: There are no new financial implications at this time, as the project budget and all funding sources have been confirmed. The total project budget is \$917,915. This includes a \$458,000 contribution from the Federation of Canadian Municipalities. The remaining funding will be covered through a combination of in-kind staff time, current budgeted projects and programs, and the City’s cash contribution.

2. That Council deny the bylaw as presented.

- The advantages of this option: Staff time currently allocated to this program will be reallocated to other priority actions.
- The disadvantages of this option: If the bylaw is not approved, the City will not be able to launch the PACE loan program. The Nanaimo residents will not have an option to access zero-interest loan to finance home energy retrofits that could be paid back through property taxes.
- Financial Implications: The City will be required to return the \$458,000 in funding from the Federation of Canadian Municipalities.

3. That Council provides alternate direction. |

### **SUMMARY POINTS**

- On 2024-JUL-08, Council directed Staff to apply to the Federation of Canadian Municipalities (FCM) Community Energy Efficiency Financing (CEF) program for funding to support a Property Assessed Clean Energy (PACE) style home energy retrofit financing program, and if successful, launch the program for Nanaimo residents.
- The City's application was successful, and the City was awarded \$458,000 in funding from FCM to support the program.
- Loans will be administered through a local area service bylaw. A program-enabling bylaw is required to establish the program the local area service bylaw is intended to support.

### **ATTACHMENTS**

ATTACHMENT A: 2024-JUN-19 Finance and Audit Committee Report

"Home Energy Retrofit Financing Program Bylaw 2025 No. 7393" |

Submitted by:

Ting Pan  
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Concurrence by:

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Director, Planning & Development

Wendy Fulla  
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