

7. **MOTION - RECAPITALIZE BETTER HOMES OTTAWA LOAN PROGRAM
MOTION - PROGRAMME DE PRÊTS MAISONS DURABLES OTTAWA**

COMMITTEE RECOMMENDATION

That Council direct staff to implement up to an additional \$30 million in loan capital for the Better Homes Ottawa Loan Program by way of debentures, capital financing, or other allowable financing options pursuant to the *Municipal Act, 2001* based on whichever option represents the most cost-effective method available at the time of borrowing, to be repaid by property owners and that the Chief Financial Officer/Treasurer be authorized to execute any agreements to implement the additional program capital.

RECOMMANDATION DU COMITÉ

Que le Conseil demande au personnel d'instaurer une enveloppe supplémentaire maximale de 30 millions de dollars en capital de financement pour le Programme de prêts Maisons durables Ottawa au moyen de débetures, de financement de capital ou d'autres options de financement permises en application de la Loi de 2001 sur les municipalités selon l'option la plus économique au moment de l'emprunt, les prêts devant être remboursés par les propriétaires, et d'autoriser la cheffe des finances et trésorière à signer les ententes nécessaires à l'obtention du capital supplémentaire.

DOCUMENTATION/DOCUMENTATION

1. Finance and Economic Development Committee report, dated May 3, 2022, (ACS2022-OCC-FED-0005)

Rapport du Comité des finances et du développement économique, daté le 3 mai 2022, (ACS2022-OCC-FED-0005)

2. Extract of draft Minutes, Finance and Economic Development Committee, May 3, 2022

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 3 mai 2022

Subject: Motion – Recapitalize Better Homes Ottawa Loan Program

File Number: ACS2022-OCC-FED-0005

Report to Council 11 May 2022

Submitted on May 5, 2022 by Finance and Economic Development Committee

**Contact Person: Carole Legault, Committee Coordinator
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Ward: Citywide

Objet : Motion – Programme de prêts Maisons durables Ottawa

Dossier : ACS2022-OCC-FED-0005

Rapport au Conseil le 11 mai 2022

**Soumis le 5 mai 2022 par le Comité des finances et du développement
économique**

**Personne ressource : Carole Legault, Coordonnatrice du comité
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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION

That Council direct staff to implement up to an additional \$30 million in loan capital for the Better Homes Ottawa Loan Program by way of debentures, capital financing, or other allowable financing options pursuant to the Municipal Act, 2001 based on whichever option represents the most cost-effective method available at the time of borrowing, to be repaid by property owners and that the Chief Financial Officer/Treasurer be authorized to execute any agreements to implement the additional program capital.

RECOMMANDATION DU RAPPORT

Que le Conseil demande au personnel d'instaurer une enveloppe supplémentaire maximale de 30 millions de dollars en capital de financement pour le Programme de prêts Maisons durables Ottawa au moyen de débentures, de financement de capital ou d'autres options de financement permises en application de la Loi de 2001 sur les municipalités selon l'option la plus économique au moment de l'emprunt, les prêts devant être remboursés par les propriétaires, et d'autoriser la cheffe des finances et trésorière à signer les ententes nécessaires à l'obtention du capital supplémentaire.

BACKGROUND

On May 3, 2022, the Finance and Economic Development Committee approved the following motion, which was added to the agenda pursuant to subsection 89(3) of the Procedure By-law:

MOTION

Moved by Councillor S. Moffatt

WHEREAS in January 2020, Council approved the Climate Change Master Plan (ACS2019-PIE-EDP-0053) which set a target to reduce community greenhouse gas (GHG) emissions 100 per cent by 2050; and

WHEREAS in October 2020, Council approved Energy Evolution: Ottawa's Community Energy Transition Strategy (ACS2020-PIE-EDP-0036) which identified that deep energy retrofits of 98 per cent of all residential buildings would be needed to meet this GHG target; and

WHEREAS in July 2021, Council approved the launch of the Better Homes Ottawa Loan Program (ACS2021-PIE-EDP-0029) with a \$4.1 million grant along with an \$8.1 million loan at 0% interest from FCM, and a \$3.8 million loan from VanCity Investment Bank at 3.25% interest; and

WHEREAS the program uptake has been successful and much higher than expected since it launched in November 2021, with over 600 applications from homeowners, totalling an estimated \$25 million in loan requests, and approximately 10 new applications per week; and

WHEREAS under the current service agreement with EnviroCentre, the program can be extended if the additional loan capital to meet the demands of the program is able to be secured; and

WHEREAS the Government of Canada bond rates are expected to increase again on June 1, 2022, which would increase the borrowing rates for new loans; and

WHEREAS obtaining the next tranche of loan capital prior to June 1, 2022 would ensure lower interest rates can be offered to homeowners; and

WHEREAS there are several options for recapitalization of the program through the various financing tools available to the City, primarily cash, debenture, and private lenders; and

WHEREAS staff aim to employ the most cost-effective financing tool based on market conditions at the time of borrowing in order to meet the projected demand of the program; and

WHEREAS staff reports back to Council annually on all borrowings and rates achieved; and

WHEREAS loans through this program are secured by a cost recovery mechanism through priority liens on properties via the local improvement charge mechanism, thereby minimizing potential financial risks to the City; and

WHEREAS staff will continue to report back to Council with a program evaluation report;

THEREFORE BE IT RESOLVED that the Finance and Economic Development Committee recommend that Council direct staff to implement up to an additional \$30 million in loan capital for the Better Homes Ottawa Loan Program by way of debentures, capital financing, or other allowable financing options pursuant to the Municipal Act, 2001 based on whichever option represents the most cost-effective method available at the time of borrowing, to be repaid by property owners and that the Chief Financial Officer/Treasurer be authorized to execute any agreements to implement the additional program capital.

DISCUSSION

The Committee unanimously supported the aforementioned motion and is now before Council for its consideration and action, as appropriate.

FINANCIAL IMPLICATIONS

The cost of borrowing will be recovered from the property owner and any additional costs to administer these loans will be recovered from the funds received from FCM in the form of a grant. The ongoing cost of administering these loans once the FCM grant expires at the end of three years will be recovered from the administration fee charged to each property owner. The \$30 million in debt is in the form of a recovery from property owners which will fund the applicable debt servicing cost and not impact the overall City's debt servicing ratio as a percentage of own sources revenues.

LEGAL IMPLICATIONS

Legal Service staff will be available at the Council meeting to respond to questions.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a City wide report.

ADVISORY COMMITTEE(S) COMMENTS

This report was drafted to transmit the Motion approved at Committee to Council for consideration at its meeting of May 3, 2022; no Advisory Committees were consulted in the preparation of this report.

CONSULTATION

This report was drafted to transmit the Motion approved at Committee to Council for consideration at its meeting of May 11, 2022. The Finance and Economic Development Committee meeting on May 3, 2022 was open to the public. No delegations registered to speak for this item.

ACCESSIBILITY IMPACTS

This report was drafted to transmit the Motion approved at Committee to Council for consideration at its meeting of May 11, 2022; no Accessibility Impacts have been identified. Staff will be available at Council if clarification is required.

RISK MANAGEMENT IMPLICATIONS

This report was drafted to transmit the Motion approved at Committee to Council for consideration at its meeting of May 11, 2022; no Risk Management Implications were identified in the preparation of this report.

RURAL IMPLICATIONS

This report was drafted to transmit the Motion approved at Committee to Council for consideration at its meeting of May 11, 2022; no Rural Implications were identified in the preparation of this report.

TERM OF COUNCIL PRIORITIES

This report was drafted to transmit the Motion approved at Committee to Council for consideration at its meeting of May 11, 2022; no specific Term of Council Strategic Priorities have been identified. Staff will be available at the Council meeting to respond to questions, as necessary.

DISPOSITION

Staff will implement Council's decision(s), as directed.