

MUNICIPAL BY-LAW FOR ENABLING BETTER HOMES LOAN PROGRAM THROUGH LOCAL IMPROVEMENT CHARGE FINANCING

A by-law to authorize the undertaking of energy efficiency and water conservation works on private property as local improvements under the Better Homes Loan Program.

Whereas Part III of Ontario Regulation 586/06 authorizes Council to pass a by-law to undertake works on private property as local improvements for the purpose of raising all or part of the cost of the work by imposing special charges on lots upon which all or some part of the local improvement is or will be located; and

Whereas such a by-law may authorize the undertaking of works which satisfy the requirements of a City of Ottawa Better Homes Loan Program for residential buildings as defined by Part 9 of the Ontario Building Code; and

Whereas at its meeting of July 7, 2021, the City of Ottawa Council agreed that it would launch a Better Homes Loan Program, pursuant to authority of Ontario Regulation 586/06;

The Council of City of Ottawa enacts:

1. Council authorizes the undertaking of energy efficiency and water conservation works on private residential property as local improvements under the Better Homes Loan Program, as set out in Appendix A to this By-law, for the purpose of raising all or part of the cost of the work by imposing special charges on lots upon which all or some part of the local improvement is or will be located.

Enacted by City of Ottawa Council this 7th day of July, 2021.

Mayor

[MUNICIPALITY] Clerk

Authorized by Item No. ____ of Report No. ____
of the Committee _____

Adopted by [MUNICIPAL] Council on xx

City of Ottawa’s Better Homes Loan Program Design

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1. Program Overview

Through the Better Homes Loan Program, Ottawa homeowners can get a low-interest loan of up to the lesser of \$125,000 or 10 percent of the current value assessment of their home to cover the cost of home energy improvements such as thermal envelope upgrades (basement/attic/exterior wall insulation, window/door replacements), mechanical systems (thermostats and controllers, air/ground source heat pumps, solar hot water systems), renewable energy (solar photovoltaic systems), EV chargers (Level 2), and the addition of rental suites (up to a maximum of 30% of the value of the loan).

With low fixed interest rates and 20-year repayment terms on qualifying measures, the Better Homes Loan Program makes it easier and more affordable for homeowners to pay for these home improvements over time. Once the loan is approved, homeowners are able to hire the contractor(s) of their choice and complete their renovations.

An overview of the program including eligibility requirements, qualifying measures, application process and program delivery is provided below.

2. Eligibility Requirements

Participation in the program is voluntary and owner initiated. Eligibility requirements are as follows:

- Residential, detached, semi-detached, townhouse, residential multi-unit buildings of 3 stories or less, that fall under Part 9 of the Ontario Building Code;
- The property must have a property tax account with the City of Ottawa;
- Property tax, utility bills and all other payment obligations to the City of Ottawa for the past five years must be in good standing. If it is not, the homeowner must submit a suitable credit check;
- The property must not be in either CHMC's Mortgage Deferral Program or the City's Tax Deferral Program;
- All registered owner(s) of the property must sign a consent form agreeing to participate in the Program; and
- The property must not be in the mortgage deferral program.

2.1 Home Energy Assessments

A home energy assessment must be completed to demonstrate the potential to achieve cost-effective energy reductions in order to qualify for LIC funding. Ottawa's Better Homes Loan Program will use a version of the EnerGuide Rating System that provides a standard measure of a home's energy performance. This is the same system that the Federal Government uses for its Greener Homes Program. It provides a standardized tool and process to assess home energy efficiency and can model energy savings projects.

The property owner must have their pre and post energy assessment verified by a Certified Energy Advisor (the "CEA") or equivalent as certified by Natural Resources

Canada ("NRCan"). This will initially be achieved by an in-house energy audit, but in future may be accomplished through an alternative pathway to an EnerGuide rating, as approved by NRCan.

Participants in the BHLP will receive for free a Net Zero Report, which will include a pathway to achieving a net zero home. When Natural Resources Canada releases their Cost Benefit Analysis Tool (CAT) for retrofits, the Net Zero Reports will also include a financial analysis to support the homeowner in decision-making.

CEAs are experts in the field of energy efficiency and well-versed in the 'whole home' approach to home energy systems, technologies and products. The cost of the energy assessments is paid by the homeowner but may be included in the final project cost to be financed through the Better Homes Loan Program. A homeowner may be eligible for a full or partial rebate for the cost of an energy assessment if they participate in a utility or senior government energy retrofit incentive program(s) such as NRCan's Greener Homes Program.

Upon completion of the pre-retrofit home energy assessment, a report is provided to the homeowner with the EnerGuide rating for the home and recommendations for energy improvements that could potentially increase that rating. This report must be provided to the City of Ottawa in order to access BHLP financing. The City of Ottawa may also request 24 months of utility data, 12 prior to the retrofit and 12 following, for performance verification. EnerGuide pre-retrofit assessments completed for which a post-retrofit assessment has not yet been completed and that are still considered active by NRCan rules are eligible for the Better Homes Loan Program.

After the retrofit is complete, a post-retrofit assessment is performed by the CEA to obtain an updated EnerGuide rating and to verify the completion of work. Provided that the post-retrofit assessment that the homeowner submits to the City of Ottawa indicates that the eligible improvements have been completed and that any requisite air sealing improvements have been achieved, then the rebates and incentives (described in Section 1.8. – *Access to Rebates & Incentives*) can be determined and the City of Ottawa can issue the final disbursement of funds net of the rebates.

2.2 Qualifying Energy Efficiency & Water Conservation Measures

The home energy assessment must demonstrate the potential to achieve energy reductions in order to qualify for LIC funding. Financing is designated for capital costs (not maintenance costs) with an expected useful life of 20 years or greater and for measures that are permanently affixed to a property. Eligible measures for financing must be Energy Star certified. A list of certified products is available here:

<https://www.nrcan.gc.ca/energy-efficiency/energy-star-canada/energy-star-products/list-energy-star-certified-products/13631>.

The non-exhaustive list of the categories of measures eligible under the Program, subject to any permitting and regulations, includes:

- Thermal envelope upgrades: attic, walls, foundation, and basement insulation and associated requirements such as attic ventilation, foundation drainage and waterproofing; air barriers, air sealing, and weather stripping; windows, skylights, tubular daylighting devices, exterior window shadings or films, and exterior door replacements (provided they are around heated space); green roofs;
- Mechanical systems (space heating, cooling, and ventilation): thermostats and controllers, energy or heat recovery ventilators, air source heat pumps, ground source heat pumps, biomass wood heaters, heat distribution systems, duct sealing, fans, associated electrical equipment as required;
- Mechanical systems (water heating): high-efficiency water heaters (e.g., heat pump, electric water tanks, etc.), drain water heat recovery systems, solar hot water systems;
- Renewable energy and energy storage and EV chargers: solar photovoltaic systems, electric vehicle charging stations (Level 2), battery storage devices, associated electrical and load management equipment;
- Water efficiency: low-flow toilets, hot water circulation pump and system, greywater treatment system, closed-loop shower water recovery system, rainwater harvesting system (subject to eligibility criteria);
- Health and safety measures such as environmental remediation, electrical wiring and panel upgrades that are required undertakings to permit energy improvements;
- Climate adaptation improvements such as back-flow prevention valves, sump pumps, basement waterproofing, permeable pavement, and tree planting.
- Additional dwellings such as granny suites or basement apartments are eligible up to 30% of the total loan amount; and
- Other: Lighting, lighting controls, audit costs, permit costs, demolition costs, paint and drywall repairs related to insulation improvements, waste or asbestos removal related to retrofits, new energy efficient (Energy Star certified) products will be considered as additional eligible technologies (costs for “other” items must not exceed 30 percent of the total loan value).

Note that government and utility rebates may be available to offset some costs.

Ineligible measures include equipment or products not permanently affixed to the property, those previously installed in another home, and those that are deemed general maintenance. By recommending categories of retrofit improvements and associated measures, the City of Ottawa makes no guarantees of the materials, performance, cost-effectiveness, or any warranty of the measures supported by the Program.

The value of the loan, which will include the funding amount, total interest, and an administrative charge, cannot exceed the lesser of \$125,000 or 10 percent of the current value assessment for your property, unless the property has Mortgage Loan Insurance from CMHC, in which case the maximum value of the loan is 5 percent. The

minimum loan amount approved is \$15,000 and at least two of the retrofit measures must be implemented.

2.2.1 Air Sealing Requirement

Because air sealing is the most cost-effective measure to reduce energy costs, it is a required measure for all homes with higher than three air exchanges per hour as defined in their pre-retrofit assessment. For these buildings, the air sealing upgrades identified by the pre-retrofit assessment must be achieved. If, during the post-retrofit assessment, the Energy Advisor finds that the air sealing improvement has not been met, the Energy Advisor can perform blower door assisted air sealing up to a value of \$500 as an alternative compliance pathway.

An alternative compliance pathway

2.2.2 Low Income Program

Participants in the Ontario Renovates program will be offered free retrofit project management services through the BHLP program. Up to \$300,000 will be eligible on a first come first served basis. Energy reduction goals for that program will be 50%, but a cashflow neutrality report will be more important in directing the retrofit measures.

2.2.3 Additional Secondary Suites

Because energy efficiency and emissions are so closely tied to the square footage occupied by residents, this program includes support for the addition of legal rental suites into existing living space where zoning allows. Up to 30% of the total loan value can be used for adding legal rental suites.

Where the rental suite is within existing heated space, there are no additional restrictions. Where the rental apartment includes the addition of heated space, the energy retrofit must result in a 50% energy savings from the pre-retrofit assessment.

3. Completing the Retrofit

The City of Ottawa will provide financing to homeowners for qualifying measures covered by the Program that have been:

- Recommended by the CEA;
- Verified by the City of Ottawa or the assigned Program Administrator; and
- Installed by qualified contractors where required by law.

The City of Ottawa will not pre-qualify contractors or procure contractors to perform energy assessments or install retrofit improvements on behalf of homeowners in connection with this Program. The homeowner will use the funds disbursed by the City of Ottawa to pay contractors directly.

The City of Ottawa is not responsible for the work quality of any contractors hired in connection with this Program and assumes no liability for the works undertaken. All retrofit improvements and renovations must adhere to applicable permitting requirements, codes, and by-laws. The homeowner is responsible for ensuring that hired contractors are licensed, bonded, insured., and hold any requisite qualifications for work undertaken. Any issues that may arise relating to the quality of workmanship or post-installation performance of energy measures, for example, should be dealt with by the property owner and contractor.

3.1 Application Process

Eligible homeowners must complete the following steps as part of the proposed Better Homes Loan Program process, although the order may vary:

- Homeowner gets an EnerGuide assessment. Homeowner completes BHLP Application Form.
- Notice to Proceed issued if the Application meets all requirements.
- Homeowner gets estimates from contractors and applies for applicable rebates
- Homeowner submits Funding Request Form. City provides 30% of funds upfront to cover deposits.
- Work is completed. Homeowner signs Property Owner Agreement.
- Post-retrofit EnerGuide assessment is carried out. Homeowner submits Project Completion Report.
- City provides balance of the loan. Homeowner deems work is complete and pays contractor(s).
- Homeowner repays the loan over time via their property tax bill.

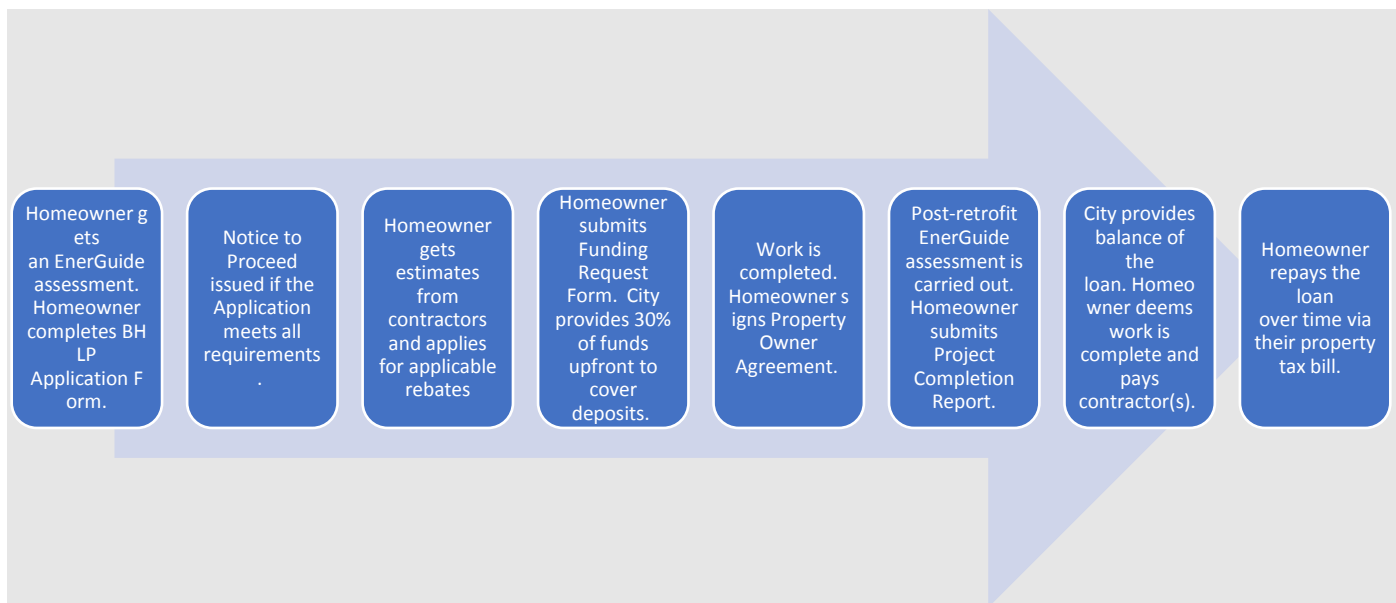


Figure 1 Application Process for BHLPL

Copies of template documents are included in Document 2 of this report. Staff will periodically review this process to ensure effective Program implementation and, where deemed appropriate, make changes at their sole discretion.

3.1.1 Pre-qualification Application

Homeowners submit a pre-qualification application form using the template provided in Document 2. It must include the following information:

- Property address to confirm location is within eligible municipality;
- Property assessment roll number to confirm good payment history on property taxes and water bills to the City of Ottawa in the last five years; and
- Proof of approval by all owners on title.

If the property tax and/or water bill payment history is not satisfactory to confirm eligibility, the City may request a credit check. A credit score above 600 will be an alternative compliance pathway for eligibility.

If applicable, property owners will advise any mortgage lender(s) of their intention to participate in the Program and ensure that the Program does not contravene any clauses in existing lender agreements.

Once the property owner has been prequalified by City of Ottawa, based on the above criteria, the City of Ottawa, will provide Notice to Proceed to the homeowner, for which a template is provided in Document 2.

3.1.2 Energy Assessment and Funding Request

a) Energy Assessment

The homeowner completes the pre-retrofit EnerGuide assessment and submits the resulting Energy Assessment Report to the City of Ottawa or their Program Administrator.

That Energy Assessment Report must include:

- The current NRCan EnerGuide rating for the home;
- Recommended improvements that have been customized for the home based on existing conditions which are projected to improve the NRCan EnerGuide rating of the home, including in particular the air sealing recommendations;
- The estimated useful life of the proposed improvement(s);
- Estimated energy cost savings and GHGs that may be realized after installing the recommended improvements; and
- Applicable rebate and incentive programs from governments, utilities, and agencies.

In addition, the BHL P applicants will receive a supplementary Net Zero report that will include a pathway to net zero for the home. It is the intention of the City to also include in the Net Zero report, when the Retrofit Cost Benefit Analysis Tool is available from NRCan, a cost benefit analysis of retrofit measures. The Energy Assessment Report or Net Zero Report may include estimates of costs for the recommended measures, but applicants will be required to provide contractor invoices to verify the costs for inclusion in the Funding Request Form.

The City of Ottawa encourages applicants to apply for any applicable rebate and incentive programs of senior governments such as the federal Greener Homes Program, or of utilities and agencies such as Enbridge Home Efficiency Rebate Program and the IESO's Save On Energy program. The financing provided by the City of Ottawa will be net of any rebates or other incentives approved for the homeowner.

b) Funding Request Form

Along with the Energy Assessment Report, the homeowner also will need to submit a Funding Request Form for which a template is provided in Document 2. This form:

- Identifies the improvements that the property owner intends to install based on the Energy Assessment Report;
- Identifies the estimated cost for each improvement based on quotes (including equipment, materials and labour costs); and
- Quantifies the amount of prepayment (30% of the estimated cost of the work) being requested from the City of Ottawa upon signing the property owner agreement ("POA").

Following receipt of the Funding Request Form, the City of Ottawa or the assigned Program Administrator, will:

- Confirm the eligibility of the works (e.g. items affixed to property);
- Verify the reasonableness of retrofit costs and labour costs by consulting manufacturer pricing and prevailing labour rates; and
- Calculate the administrative costs based on the published administrative fee percentage for each Program Stream.

Note: the "cost to the City of Ottawa" includes recurring costs and any non-recurring costs not covered by the grant funding that the City of Ottawa has obtained for the Program.

The above steps will enable the City, to derive the funding amount up to the maximum of the lesser of \$125,000 or 10 percent of the property's current assessed value (unless the property has CMHC Mortgage Loan Insurance in which case the maximum financing available is 5 percent) to include in the Property Owner Agreement. The minimum loan amount approved is \$15,000 with at least two of the retrofit measures implemented, one of which is air sealing where the air exchange rating in the pre-retrofit energy assessment is greater than three exchanges per hour.

3.1.3 Property Owner Agreement

After the City of Ottawa has confirmed the acceptability of the Energy Assessment Report and the Funding Request Form, the City will prepare a Property Owner Agreement ("POA") for the homeowner(s) to review and sign (template provided in Document 2).

3.1.4 Completing Improvements

a) Initial Funding Disbursement

Following execution of the POA, the City of Ottawa will provide the homeowner with the initial disbursement agreed upon in the POA to a maximum of 30% of the estimated cost of the work that can be used by the homeowner to pay contractors or suppliers (i.e. security deposits).

The property owner will be contractually obligated to repay this initial disbursement to the City of Ottawa if the property owner does not complete the improvements within 18 months. At that point it will become due. If not repaid within three months, the full value of the advanced payments will be added to the property tax bill as a special charge.

The property owner can then proceed with hiring contractor(s) and performing the approved improvements to the property. The improvements must be completed within a reasonable timeframe, as stipulated in the POA, to be determined by the City of Ottawa in its sole discretion.

b) Project Completion Report and Final Funding Disbursement

As will be detailed in the POA, the City of Ottawa will provide the final disbursement only after the homeowner provides a completed Project Completion Report and a copy of the post-retrofit assessment report from the CEA that:

- Includes a Certificate of Completion that attests the approved retrofit measures having been installed and provides an EnerGuide rating of the home after the retrofit measures have been completed which is greater than the original EnerGuide rating noted on the pre-retrofit assessment report from the CEA;
- Includes a verification that the air sealing requirements have been met, if applicable;
- Indicates the actual costs and useful life for all the works; and
- Completes a follow up evaluation survey from the City of Ottawa.

3.1.5 LIC Repayment and Disclosure

Following the City of Ottawa Treasurer's periodic certification of the local improvement roll (which occurs after the improvements on a given set of properties are complete and the final amounts of funding are confirmed) the City of Ottawa Solicitor will submit for listing on a Council agenda corresponding by-laws pursuant to Section 36.14 of O.Reg 586/06 to impose the special charges on the participating properties. For each by-law, the Treasurer will then add to the City of Ottawa's tax roll for that property each year that portion of the imposed special charge that is due in that year. These collective steps will provide priority lien status for the annual amount that the Treasurer adds to the tax roll and will ensure that any subsequent property owner who was not a party to the POA is bound to pay that amount.

To facilitate repayment of the annual special charge, the POA will require homeowners to sign up for the pre-authorized payment plan option for property tax payments. At any time, a homeowner can pay a one-time payment of the total outstanding amount owing to clear the property of the LIC charge without penalty. Other prepayment options will not be provided at this time. Failure to make payments is treated with the same remedy as uncollected property taxes which may include penalties and interest charges.

Any subsequent owner of a property on which the City of Ottawa has imposed a special charge is required to pay the City of Ottawa the annual LIC amount even though that subsequent owner was not a party to the original POA. In addition to notice that the City of Ottawa will be providing in accordance with the provisions of O. Reg. 586/06, the City of Ottawa also will take the following steps to ensure even greater transparency of the LIC to interested parties by:

- Making available through the City's Customer Service Desk notice of the special charge by-law to impose the charge on the property in advance of its introduction and after its adoption; and
- Updating the Tax Certificate to include the full LIC amount, amount payable in the current year, outstanding amounts owing and a note to reference the by-law pursuant to which the special charge was imposed.

3.2 Program Impact Measurement and Verification

If required in the POA, the property owner(s) must consent to providing the City of Ottawa with access to the property's utility usage data in order to monitor results and

evaluate the Program's effectiveness. Surveys and data analysis of participants and contractors will also be used to inform tweaks to the program. For example, the pre and post energy audits and data collected through the program will be used to track measures implemented, costs, and contractor experience. This will inform ways to improve on the success of that phase of the program to heighten the results achieved.

The program will be evaluated using the following criteria:

- Customer satisfaction;
- Number of homes;
- Aggregated energy/water savings (number of kWh, m3 of natural gas saved, and cubic litres water saved);
- GHG reductions;
- Total size of loans (\$) provided to projects; and
- Diverse demographic reach (low income, indigenous populations, seniors and others).

Data will be collected throughout the Program and the Program will be adjusted to ensure continuous improvement.

4. Program Financing

The Better Homes Loan Program is financed through the Federation of Canadian Municipalities (FCM) Community Energy Financing Program, through VanCity Investment Bank, as well as through in-kind contributions of program delivery partners. The FCM funding includes \$4.0565 million in grants and \$8.113 million in zero interest loans. As such, the BHLP will offer zero percent interest to homeowners for at least the first \$8.113 million of loans. After the \$8.113 million in loans from FCM has been flowed through to homeowners, the program interest rates are expected to increase.

The zero percent interest is necessary for the BHLP to be competitive with the recently announced federal financing program for home retrofits, which is expected to be offering \$40,000 loans to homeowners at zero percent interest in Q3, 2021. Once this federal program dries up, it is expected that the BHLP can offer interest rates that are more reflective of the municipality's borrowing rates.

An additional \$3.887 million in low interest financing has been committed from VanCity Investment Bank in order to meet the private capital requirement of the FCM funding. Terms are being negotiated for this funding, but it is expected to be competitive with the terms of municipal debentures.

The BHLP will be either wrapped up or refinanced after \$12 million in loans has been distributed.

4.1 Loan Loss Reserve Fund

A risk of the BHLF is homeowner default risk. Providing financing to homeowners could inadvertently result in financial hardship for some, thus resulting in either a forced tax sale or foreclosure events.

The frequency of loan default in similar programs internationally has been shown to be very low (less than one percent) and the remedies of municipalities are very strong as they stand in priority position to all other lenders and can force a sale. However, because these programs are relatively new to Canada, there exists concerns amongst mortgage holders, the private lending market, as well as municipal collections staff. The loan loss reserve fund is designed to mitigate those risks.

Objectives of a Loan Loss reserve Fund are:

1. To offset the risk of financial loss to mortgage lenders associated with a homeowner's participation in the BHLF by:
 - providing loss coverage for non-performing BHLF assessments;
 - ensuring a clear and marketable property title in the unlikely event of a tax sale initiated by the municipality;
2. Build confidence with mortgage lenders for BHLF financing for building energy upgrades; and
3. Build confidence with municipal leaders for the BHLF and other such programs by ensuring the municipality is made whole for costs associated with Program delivery and collections on defaulting loans.

Eligible applications of the Loan Loss Reserve are the following:

1. Settle any outstanding BHLF assessment arrears at final procedural collections step prior to triggering a tax sale event;
2. Settle any outstanding BHLF assessment arrears to clear title in the event of a mortgage lender-initiated foreclosure proceeding;
3. Municipal costs to collect on underperforming BHLF loans; and
4. Any costs, including staff time, to deliver or expand the Program.

Terms of the Loan Loss Reserve Fund are:

1. Proposed Structure: By way of a dedicated Loan Loss Reserve, the Program will guarantee the remedy of any non-performing BHLF charges provided that such guarantee shall at no time exceed the Loan Loss Reserve provision.
2. Loan Loss Reserve Provision: Fifteen percent of the loan from FCM shall be allocated to the Loan Loss Reserve.
3. Eligible Coverages:
 - a. Any in-year charges and arrears that are deemed unrecoverable by the municipality. Outstanding principal and interest amounts are not considered eligible amounts that can be claimed against the Loan Loss Reserve;

4. Loss Coverage Rate: Program to remedy 100% of non-performing BHL P assessments.
5. Expiration: Access to the Loan Loss Reserve to remedy eligible losses will have an expiration date equal to the amortization terms for BHL P financings entered into by the municipality and participating homeowners.

The LIC special charge is payable over 20 years. Only a portion of the special charge is due in a given year through the tax bill. Only in-year amounts and past arrears stand in priority position, can be added to the cancellation price in a tax sale, and can be claimed against the Loan Loss Reserve Fund.

The BHL P is projected to accrue a Loan Loss Reserve Fund of over \$1 million in the first three years, which increases to over \$7 million by year 20 of the program, unless otherwise allocated for eligible purposes.

5. Risk Mitigation and Quality Control

There are risks with implementing a new program. These risks and their mitigation measures are detailed below:

- Loan default risk – mitigated through payment history checks, title searches, debt service ratio verifications, Loan Loss Reserve Funds, priority liens on property, and mandatory direct debit payments;
- Interest rate escalation risk – mitigated through long-term fixed debt facilities and associated agreements with homeowners;
- Contractor performance risk – mitigated through pre and post energy audits following NRCan’s guidelines, energy coaching for homeowners throughout the retrofit, documentation of all retrofit measures and contractor invoices, recommended certification for contractors, project management support tools for homeowners, the right to inspect homes and documents where necessary.
- City liability risk – mitigated through legal agreements and lack of engagement of City in individual procurement choices;
- Participation uptake risk - mitigated by the grant in the launch years to support significant marketing and outreach to enable achieving a self-sustaining program long-term; and
- Redevelopment risk (risk that properties with LIC liens will not be redeveloped if the lien has not been removed) - mitigated by the fact that redevelopment rates are not expected to replace more than 20% of homes in intensification neighbourhoods over the term of this program (therefore 80% of the homes will remain and need retrofitting). Also, only redevelopments requiring site plan applications (more than 4 units) would require removal of the lien, in which case the significant property value increase would more than cover the cost to pay off the lien.

5.1 Contractors and Training Offered

The BHLF will not be pre-qualifying contractors, but it will present a standard for training for the sector. In order to increase the availability of contractors skilled in deep energy retrofits, the Program will provide free training opportunities for contractors for the certifications listed below. To profile those who have achieved higher levels of qualification, the Program Administrator will provide a list of contractors who have completed the trainings offered.

For Renovators:

- Advanced Building Science
- CHBA Net Zero Builder Training
- CHBA Net Zero for Renovators

For Trades:

- CHBA Net Zero Training for Trades

For Heat Pump Installers:

- GeoExchange installer training
- Refrigeration and Air Conditioning Systems Mechanic
- International Ground Source Heat Pump Association Certification

The program will also provide support homeowners in selecting and managing contractors through Energy Coaches and through providing contractor selection considerations.

6. Program Delivery

The Better Homes Loan Program will predominantly be delivered externally by a Program Administrator. In the first three years, one new full-time temporary employee would be required to manage the financial transactions with the homeowners. Funding to cover the cost of the one temporary employee is proposed, funded through the administrative fees charged on the loans. The grant portion of the loan will cover program delivery costs, low income services, develop a Loan Loss Reserve Fund, and scale up the program to achieve a self-sustaining program model for future years.

Staff support to deliver the Program will involve:

- Launching the proposed program, including managing delivery agents and supporting program marketing (PIED Climate Change and Resiliency);
- Verifying applicant eligibility and creditworthiness (Finance);
- Dispersing funds (Finance);
- Recording priority lien on the property and collecting repayment (Revenue Services);
- Reporting on program results; and
- Recapitalizing the program.

Third party delivery agent services will include:

- Outreach and marketing of the program;
- Resident education and capacity building;
- Offering contractor training;
- Processing and verifying applications; and
- Industry engagement and stakeholder relations.

If deemed successful following the three year launch phase, the program would be recapitalized. It is expected that private capital would be sought for this, and a Loan Loss Reserve Fund has been built into the program financials to facilitate access to low-interest private capital.

6.1 Next Steps

Tasks associated with launching the Better Homes Loan Program are described below.

Q2 2021: Launch preparations

- Launch betterhomesottawa.ca website
- Engagement with neighbourhood collaborators, contractors, relevant retail establishments, leverage referral program
- Schedule and advertise contractor trainings
- Set up loan loss reserve pool and risk mitigation measures
- Set up streamlined process for credit checks, milestone payments, and collections
- Set up measurement and reporting process
- Engage primary mortgage holders through consultations and participate in advocacy for CMHC backstopping
- Start work on online retrofit portal, a market transformation tool which helps homeowners identify the best retrofit actions to take based on their home's energy profile and connect with qualified contractors (identified through industry certifications) to implement the measures

Q3 2021: Program Launch

- Launch and market the program with delivery partners
- Continue work with steering committee to optimize program
- Pursue bulk arrangements to reduce cost of key retrofit measures
- Continue work on the retrofit portal to support marketing, homeowner decision making, and retrofit management

2022: Program Optimization

- Survey participants and contractors for feedback on program delivery
- Assess impact and tweak for optimization of cost effectiveness and GHG reduction outcomes
- Equity and inclusion lens consultations

2023: Program Evaluation and Continuation Planning

- Evaluate program impact
- Determine if program costs and revenues are self-sustaining or ways to achieve that status
- Recapitalization for years 4 onwards