



BY-LAW NO. 2021-0056

A By-law to authorize the undertaking of energy efficiency, renewable energy, and water conservation works on private residential property as local improvements under the Halton Hills Residential Energy Retrofit Pilot Program (“Retrofit Halton Hills Pilot Program”).

WHEREAS Part III of Ontario Regulation 586/06 under the Municipal Act, S.O. 2001, c. 25 (O. Reg. 568/06) authorizes Council to pass a by-law to undertake works on private residential 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 municipal program;

AND WHEREAS in order to participate in the Retrofit Halton Hills Pilot Program, the homeowner will be required to enter into a Property Owner Agreement;

AND WHEREAS Town Council now deems it necessary to pass this by-law in accordance with O. Reg. 586/06 relating to Local Improvement Charges to authorize the Retrofit Halton Hills Pilot Program;

AND WHEREAS on October 25, 2021, Council for the Town of Halton Hills adopted Report No. ADMIN-2021-0037, dated October 25, 2021, (Recommendation No. GC-2021-0131 and Resolution No. 2021-0201) in which certain recommendations were made relating to the Retrofit Halton Hills Pilot Program;

NOW, THEREFORE, BE IT RESOLVED THAT THE COUNCIL OF THE CORPORATION OF THE TOWN OF HALTON HILLS ENACTS AS FOLLOWS:

1. That the Corporation for the Town of Halton Hills is hereby authorized to undertake energy efficiency, renewable energy, and water conservation works on private residential property as local improvements under the Retrofit Halton Hills Residential Home Energy Retrofit Pilot Program, 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, as generally set out in Appendix A attached hereto and forming part of this By-law.
2. That the Corporation for the Town of Halton Hills is hereby authorized to adopt the form and content of the Property Owner Agreement which shall be to the satisfaction of the Director, Strategic Initiatives, and the Town Clerk.

BY-LAW read and passed by the Council for the Town of Halton Hills this 15th day of November 2021.

MAYOR – RICK BONNETTE

TOWN CLERK – VALERIE PETRYNIAK

Appendix A

Retrofit Halton Hills Pilot Program Design

1.0. Overview

The Retrofit Halton Hills Pilot Program (the “Pilot Program”) is designed to extend municipal funding to consenting homeowners for the installation of qualifying natural gas, electricity and water conservation improvements and related energy assessments and then to secure payment by imposing a local improvement charge on the private residential property, as authorized by the Regulation.

2.0. Pilot Program Eligibility

Residential low-rise, single-family dwellings located within the Town of Halton Hills of the following forms are eligible: detached and attached (e.g., duplex, semi-detached, town/row house), or a mobile home on a permanent foundation. In addition, the home must be:

- Occupied year round
- 3 storeys or less with a building area less than 600m²
- An existing home (at least 5 years old from date of occupancy permit)
- On any primary fuel source (natural gas, electric, oil, propane, wood, other)

The single-family home, occupancy, and existing home criteria are defined by the ability to perform an EnerGuide home evaluation and/or align with available rebate programs to ensure homeowners can take advantage of rebates and participate in the Pilot Program.

Additionally, the property must have a property tax account with the Town of Halton Hills. The property must also be a customer of either Halton Hills Hydro and/or Enbridge Gas. Participation is voluntary, owner-initiated, and subject to the following conditions:

- All registered owner(s) of the property must consent to participating;
- Property tax, utility bills and all other payment obligations to the Town for the past five years must be in good standing; and
- While mortgage lender consent, if the property is subject to one or more mortgages, is not required, properties that are subject to a mortgage(s) are encouraged to notify their mortgage lender of the local improvement charge. Note that mortgages with mortgage default insurance are not eligible for participation in this Pilot Program.

2.1. Home Energy Assessments

The Town's Pilot Program will utilize the EnerGuide Rating System ("ERS") that provides a standard measure of a home's energy performance. It provides a standardized tool and process to assess home energy efficiency and can model energy savings projects.

The property owner must hire an Energy Advisor ("EA") working with a licensed Service Organization in Canada, to perform pre- and post-retrofit assessments in accordance with the ERS. EAs 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 to the EA.

Upon completion of the pre-retrofit home energy assessment, a report is provided to the homeowner with the Natural Resources Canada (NRCan) EnerGuide rating for the home and recommendations for energy improvements that could potentially increase that rating. This report is to be provided to the Town in order to access local improvement charge (LIC) funding.

After the retrofit is complete, a second and final home assessment is performed by the EA to obtain a second EnerGuide rating and to verify the completion of work. Provided that the second assessment the homeowner submits to the Town indicates that the EnerGuide rating has increased, and the improvements have been completed, then the utility incentives (described in Section 5.0. – *Access to Utility Rebates & Incentives*) can be determined and the Town can issue the final disbursement of funds net of the rebates.

2.2. Qualifying Energy Efficiency Renewable Energy Measures

The home energy assessment must demonstrate the potential to achieve cost-effective energy reductions in order to qualify for LIC funding. Funding is designated for capital costs (not maintenance costs) for qualifying measures that are permanently affixed to the property over a term that is not to exceed the estimated useful life of the measures installed, up to a maximum of ten years. The non-exhaustive list of the categories of measures eligible under the Pilot Program includes:

- i. *Thermal envelope upgrades*: attic, wall and basement insulation, windows, air-sealing.
- ii. *Mechanical systems*: furnace and boiler replacement, water heater replacement, thermostats and controllers, drain water heat recovery systems.
- iii. *Renewable energy*: geothermal heat pumps, solar photovoltaics, solar water heating.

Ineligible measures include equipment or products not permanently affixed to the property, previously installed in another home, and are deemed general maintenance.

By recommending categories of retrofit improvements and associated measures, the Town makes no guarantees of the materials, performance, cost-effectiveness, or any warranty of the measures supported by the Pilot Program. Only the costs associated with retrofits of up to the lesser of \$75,000 or 10 percent of the Current Value Assessment of the property are eligible for the Pilot Program.

2.3. Completing the Retrofit through Contractor Engagement

The Town will provide funding to homeowners for eligible measures covered by the Pilot Program that have been recommended by the EA, verified by the Town, and installed by contractors hired by the property owner. The Town will not pre-qualify contractors or procure contractors to perform energy assessments or install retrofit improvements on behalf of homeowners in connection with this Pilot Program. The homeowner will use the funds disbursed by the Town to pay contractors directly.

The Town is not responsible for the work quality of any contractors hired in connection with this Pilot Program and assumes no liability for the works undertaken. All retrofit improvements and renovations must adhere to local codes and by-laws. The homeowner is responsible for ensuring that hired contractors are licensed, bonded, and insured. 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.

3.0. Application Process

The steps below outline the process and requirements homeowners need to follow as part of the Pilot Program. Town staff will periodically review this process to ensure effective Pilot Program implementation and, where deemed appropriate, the Town may make changes in its sole discretion.



Step 1: Pre-qualification

Homeowners submit an on-line application form that includes, but is not limited to, the following information:

- Property address to confirm location is within eligible area (Town of Halton Hills);
- Property assessment roll number to confirm no outstanding payments owed to the Town in the last five years; and
- Declaration that if a property is subject to a mortgage, the mortgage is not insured

Although obtaining mortgage lender consent is not a requirement of the Pilot Program, property owners are encouraged to notify their mortgage lender(s) of their intention to participate in the Pilot Program.

Once the property owner has been prequalified by Town staff, based on the above criteria, the Town will provide Notice to Proceed to the homeowner.

Step 2: Energy Assessment and Funding Request Form

A) Energy Assessment

The homeowner completes the pre-retrofit home energy assessment in accordance with Section 2.1. *Home Energy Assessments* and submits to the Town the resulting Energy Assessment Report that the EA provides to the homeowner.

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 could potentially increase the NRCan EnerGuide rating of the home;
- The estimated useful life of the proposed improvement(s);
- Estimated energy cost savings that may be realized after installing the recommended improvements; and
- Potential eligibility for utility rebates and incentives offered by Halton Hills Hydro and Enbridge Gas.

In addition, where the EA will also act as the contractor, the estimated cost of the works can be included in the report or separately indicated on the Funding Request Form.

B) Funding Request Form

Along with the Energy Assessment Report, the homeowner also will need to submit a Funding Request Form that identifies the:

- Improvements that the property owner intends to install based on the Energy Assessment Report;
- Cost for each improvement (including equipment, materials, and labor); and
- Amount of pre-payment (up to a maximum of 30% of the estimated cost of the work) being requested from the Town upon signing the POA.

Following receipt of the Funding Request Form, the Town will:

- Confirm the eligibility of the works (e.g., items affixed to property);
- Verify the reasonableness of retrofit costs and labor costs by consulting manufacturer pricing and prevailing labor rates;
- Ensure the \$450 administration fee is rolled into the LIC; and
- Estimate the eligible utility rebates and incentives available to the homeowner.

The above steps will enable the Town to derive the funding amount up to the maximum of \$75,000, or ten percent of the property's assessed value, whichever is lesser, to include in the Property Owner Agreement.

Step 3: Property Owner Agreement

After the Town has confirmed the acceptability of the Energy Assessment Report and the Funding Request Form, the Town will prepare a property owner agreement ("POA") for the homeowner(s) to review and sign.

Step 4: Completing Improvements

A) Initial Funding Disbursement

Following execution of the POA, the Town will, if requested, provide the homeowner with the initial disbursement agreed upon in the POA to a maximum of thirty percent of the estimated cost of the work that can be used by the homeowner to pay contractors or suppliers (i.e., security deposit).

The property owner will be contractually obligated to repay this initial disbursement to the Town if the property owner does not complete the improvements. On default of the POA, the Town deposit will be added to the tax roll with an immediate due date.

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

B) Final Funding Disbursement

As will be detailed in the POA, the Town will provide the final disbursement only after the homeowner provides a copy of the post-retrofit assessment report from the EA 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 EA; and
- Indicates the actual costs and useful life for all the works.

Step 5: LIC Repayment

Following the Town 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), staff will submit a corresponding bill for Council to adopt a by-law pursuant to Section 30(1) of O. Reg. 586/06 to impose the special charges on the participating properties. For each property included in the by-law, the Treasurer will then add to the Town'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 make payments four times a year, in line with the existing property tax payments schedule. At any time, a homeowner can make advance payments, including a one-time payment of the total outstanding amount owing to clear the property of the LIC charge. Failure to make payments is treated with the same remedy as uncollected property taxes which may include penalties and interest charges.

4.0. LIC Disclosure

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

- i) posting on the Town's website notice of the special charge by-law to impose the charge on the property in advance of its introduction and after its adoption; and
- ii) updating the Tax Certificate to include the annual LIC amount payable in the current year, the expiry year of the LIC, and a note to reference the by-law pursuant to which the special charge was imposed.

5.0. Access to Utility Rebates & Incentives

The Town plans to work with Enbridge Gas and Halton Hills Hydro in the delivery of the Pilot Program to streamline homeowner's access to incentives and promotions that the utilities are making available, in part, pursuant to certain Provincial directives. Incentives are subject to change and availability.

Other available rebates and incentives, such as those under federal government programs like the Canada Greener Homes Grant, will also be promoted to homeowners.

The funding advances by the Town will be net of any external rebates or incentives received by the homeowner.

6.0. Quality Control

As a means of additional oversight to confirm that the funded improvements were completed, the POA will indicate that the Town reserves the right to have a Town official or third-party contractor arrange with the property owner for an inspection. The property owner(s) is also responsible for keeping original copies of contractor invoices and photos of installed measures, especially for harder to verify measures like insulation, and be prepared to disclose this information to the Town upon request.

7.0. Measurement and Verification

Via the POA, the property owner(s) must consent to providing the Town with access to the property's utility usage data in order to monitor results and evaluate the Pilot Program's effectiveness for a period of five years after completion of the retrofit. Also, the property owner(s) agrees to participate in surveys and other follow-up activities to help the Town evaluate and improve the Pilot Program.

8.0. Pilot Program Financing

The Pilot Program is financed through both Town funds and a grant of up to \$300,800 from the Federation of Canadian Municipalities (FCM) Community Energy Financing Program.

The Pilot Program will offer a zero-percent interest rate in 2022 to be competitive with the recently announced federal financing program for home retrofits, which is expected to offer \$40,000 loans to homeowners at zero-percent interest starting in 2021. The Town will review and amend as required the interest rate for this program at the start of each calendar year.