



Greenest City 2020 Home Energy Loan Program (HELP) Report Reference

An aerial photograph of a city skyline, likely Vancouver, showing a dense cluster of high-rise buildings along a waterfront. In the background, there are mountains, some with snow, under a cloudy sky. The water in the foreground has some boats and a bridge structure visible on the left.

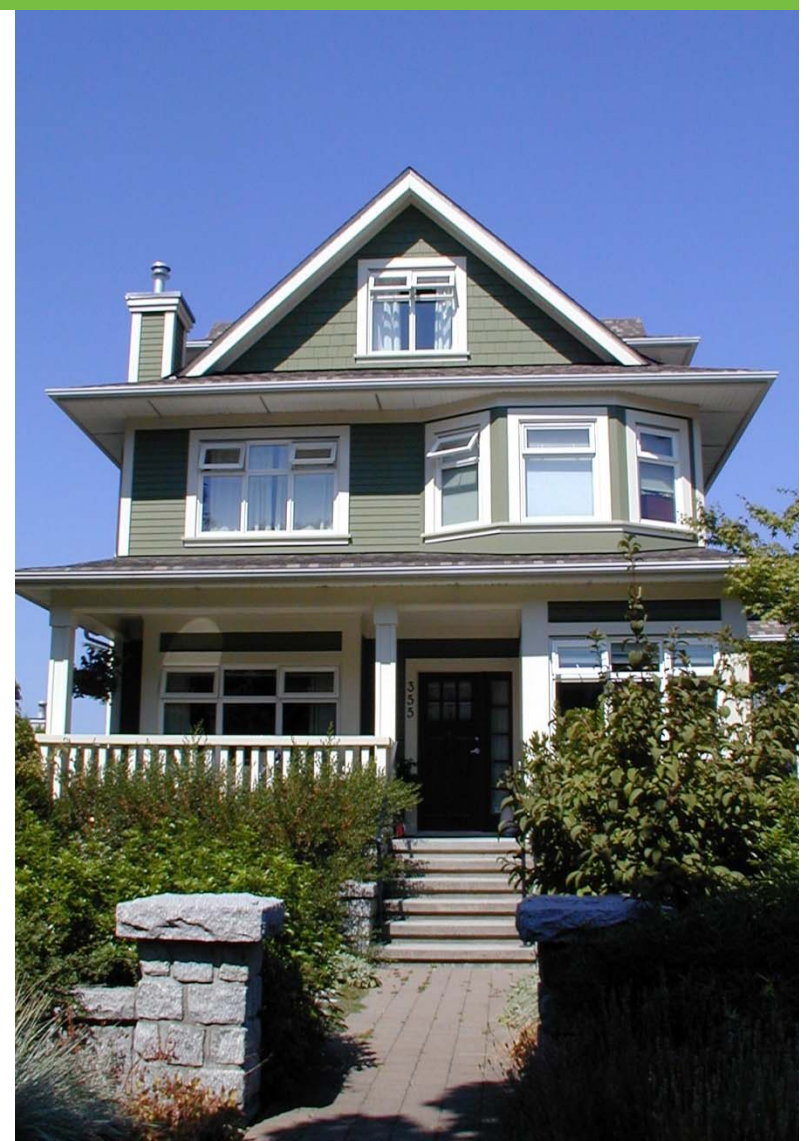
Agenda

- Context
- Pilot Program Description
- Business Case
- Program Details
- Next Steps

HELP Pilot Program Description

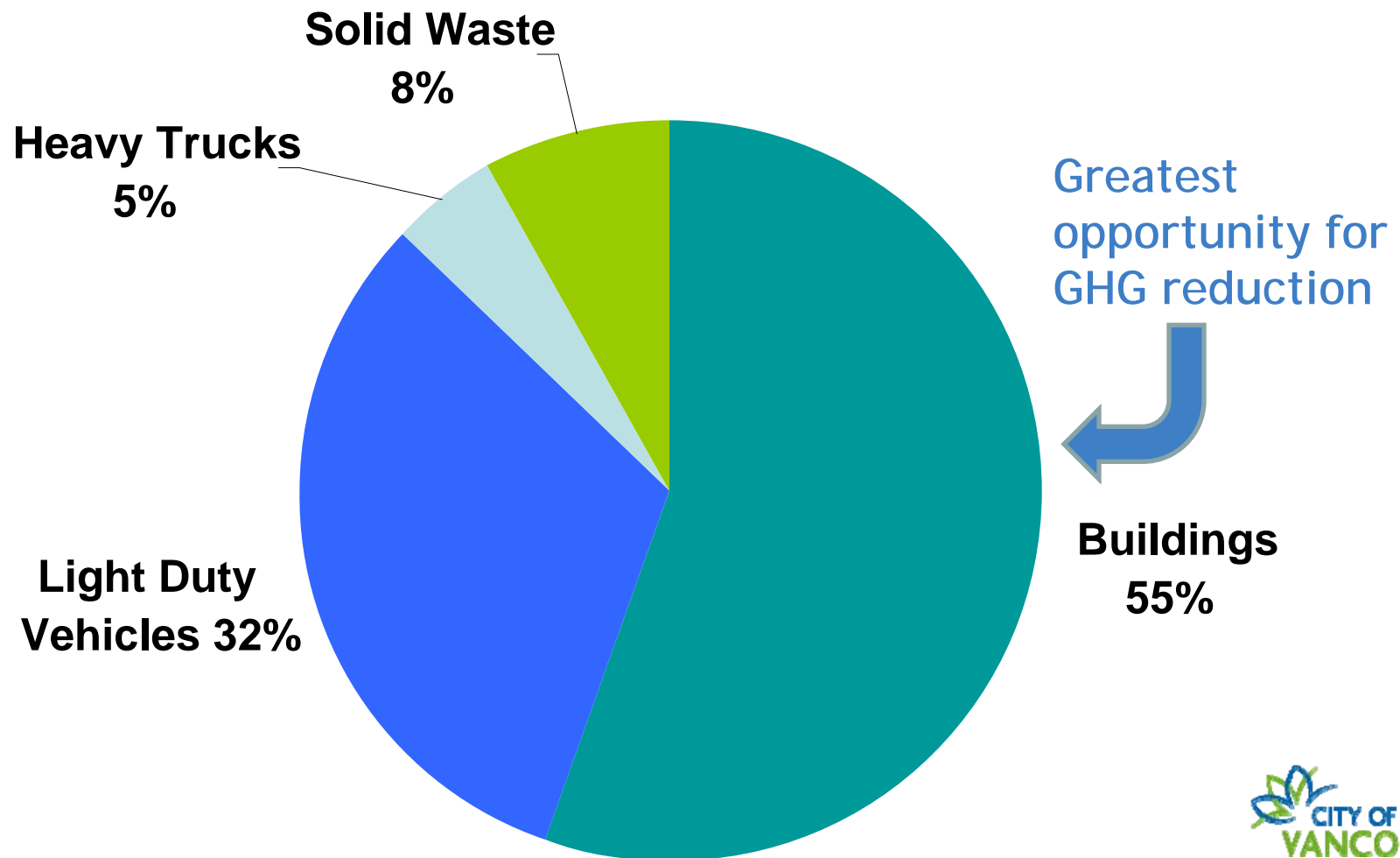
The HELP pilot program provides small loans to single family homeowners to make energy efficiency improvements to their homes.

The homeowner pays back the loan over time with the money they save from reduced energy costs.



Why HELP?

2008 Community GHG Emissions



Why Support the HELP Pilot?

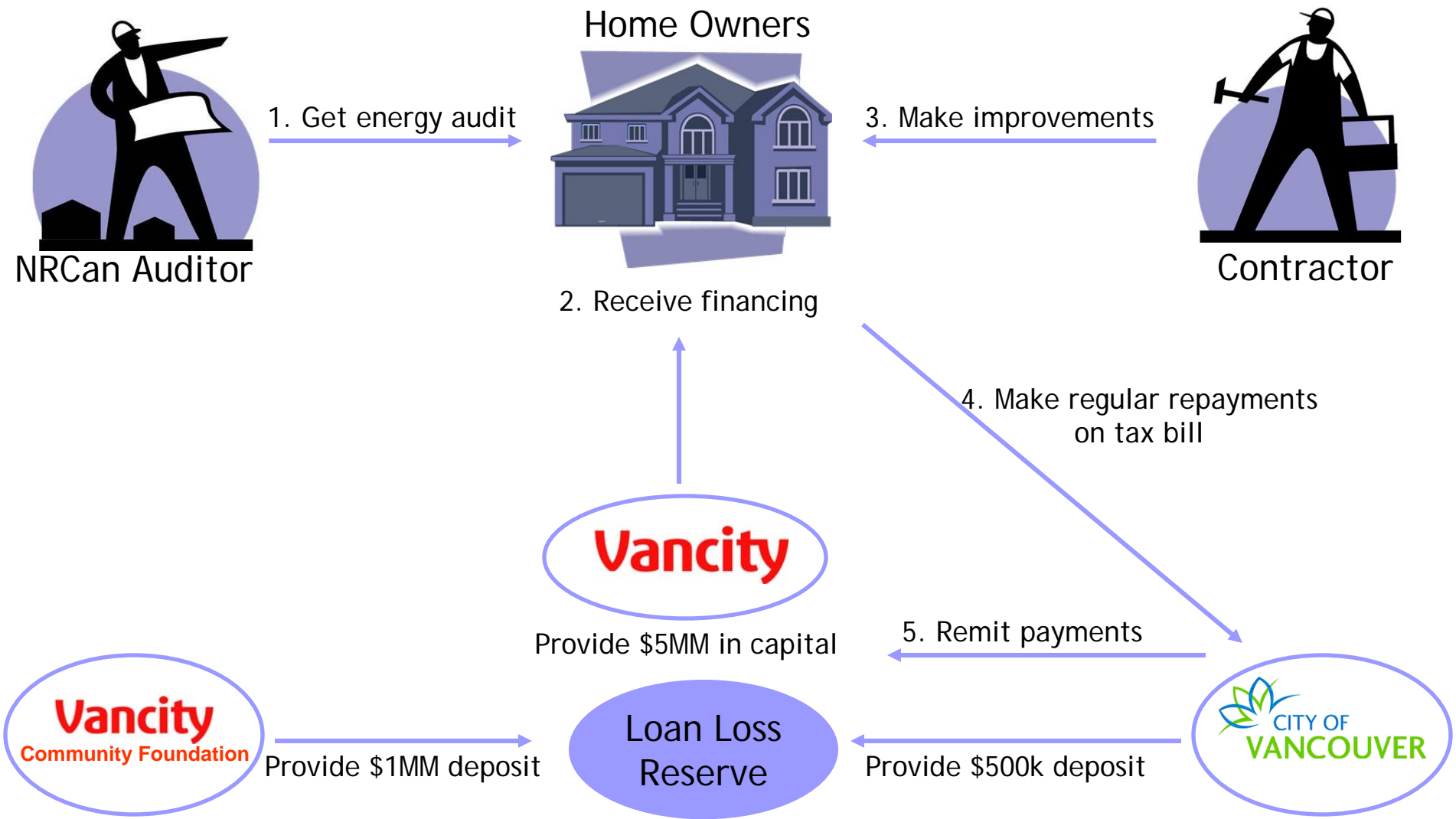
- Greenest City goal to reduce GHG emissions 33% by 2020
- 55% of current GHG emissions come from buildings
→ need to retrofit existing building stock to achieve goal
- Business case is uncertain due to long payback period
- Policy goal is very clear
- Pilot project provides incentive to market lenders to come on board
- Addresses market failure to align financing with energy savings
- Bridges to a future state where City financial support is not required

HELP Pilot Program - Key Elements

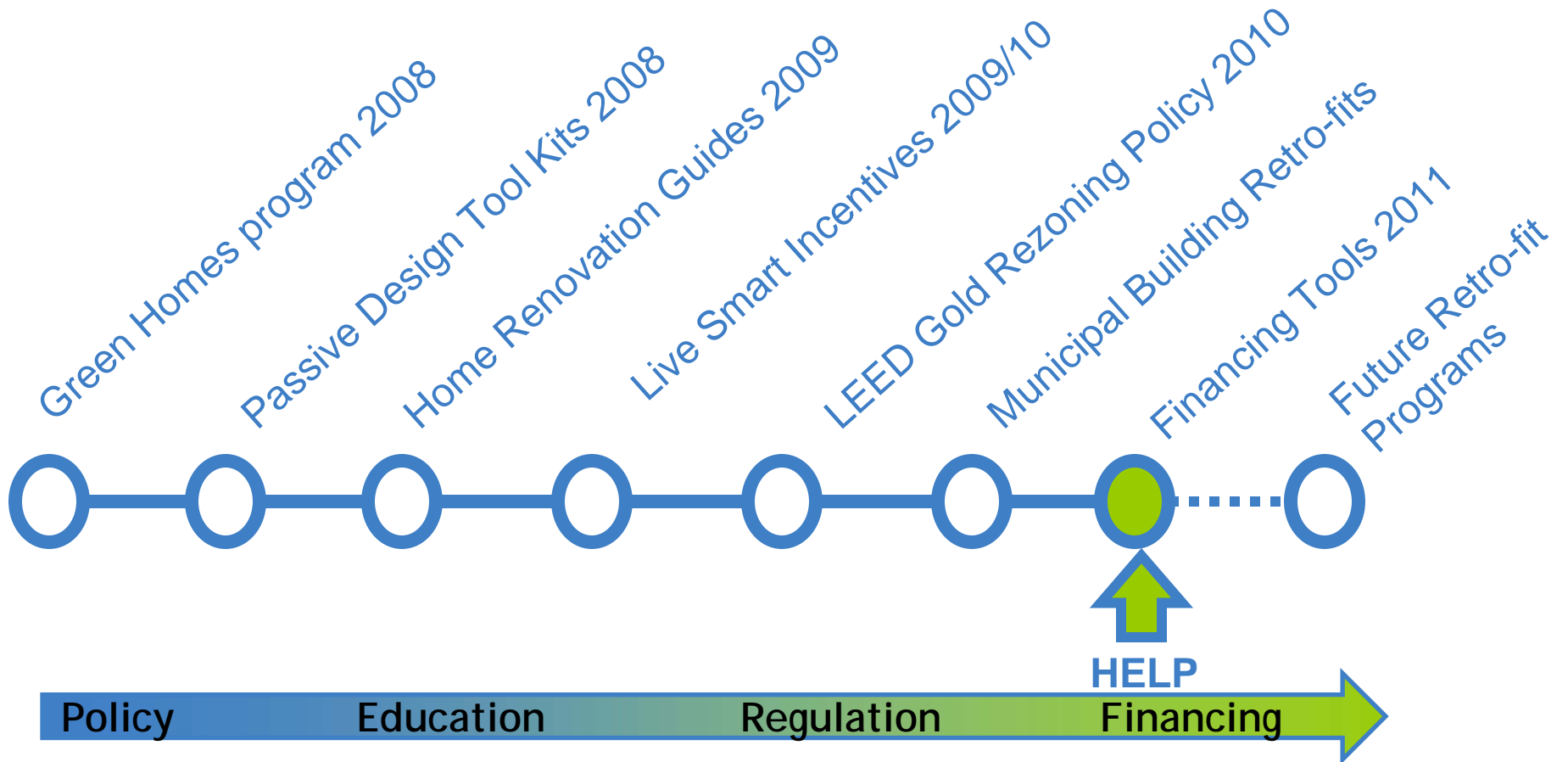
- 500 homes in Vancouver
- \$10,000 energy retrofit per home
- \$5,000,000 of loans from Vancity
- \$1,500,000 from Vancity Community Foundation to support the pilot
- \$500,000 from the City in support



How does the Home Energy Loan Program Work?



Where does HELP fit in?

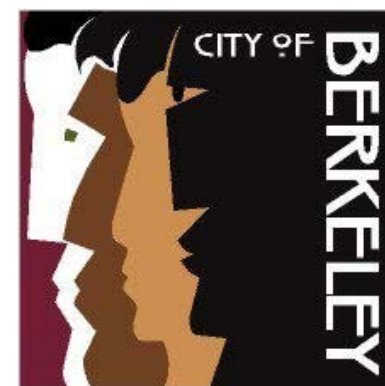


Builds on Proven Program Examples

Berkeley, California

Berkeley Financing Initiative for Renewable and Solar Technology (FIRST)

\$336,550 to run market test program on financing energy retrofits



Sonoma County, California

Sonoma County Energy Independence Program (SCEIP)

Providing \$100 million dollars for energy retrofits



Builds on Proven Program Examples

New York

\$400,000 for a one year program to help hundreds of homes undertake energy retrofits



Chicago

Chicago Region Initiative for Better Buildings (CRIBB) Program

8,700 homes retrofit in 2010
Goal to triple volume in 2011



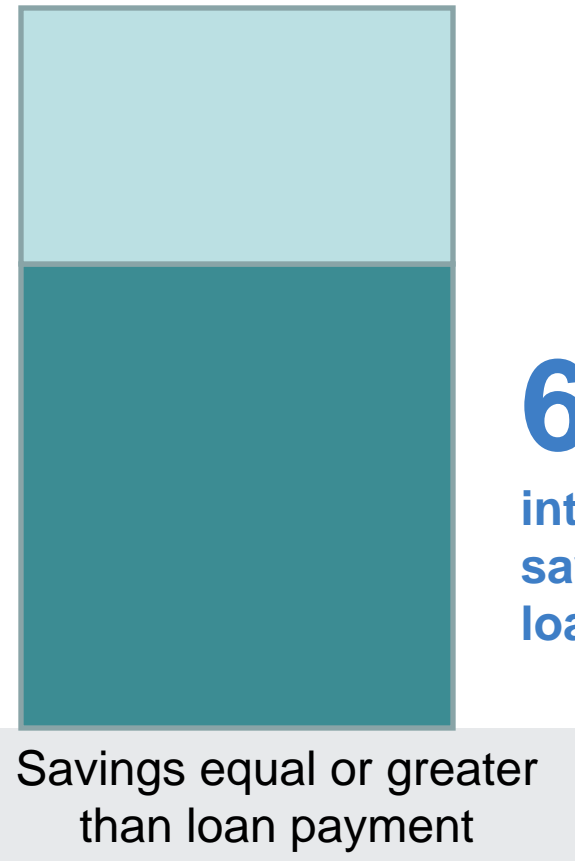
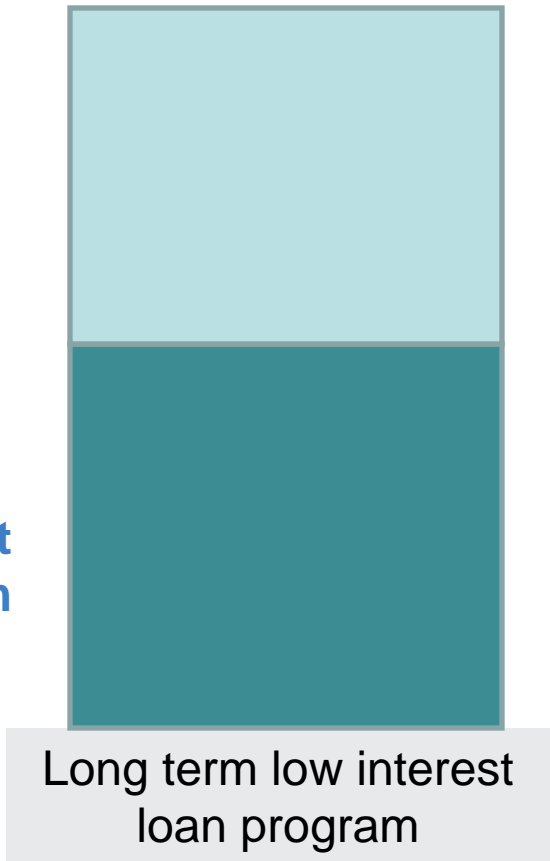
Chicago Metropolitan
Agency for Planning



Is there consumer demand?

500 Vancouver homeowners surveyed

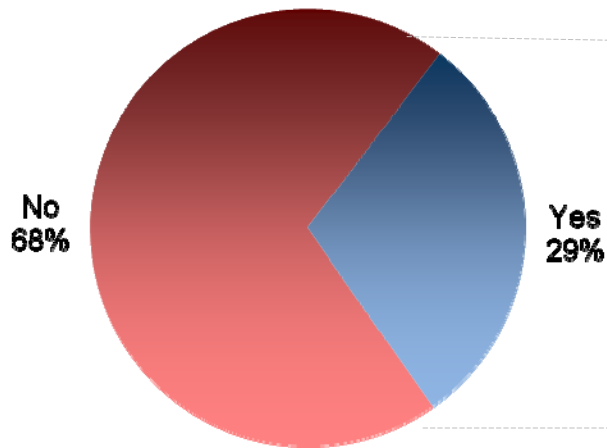
53%
interested in
a low interest
loan program



61%
interested when
savings equals
loan payment

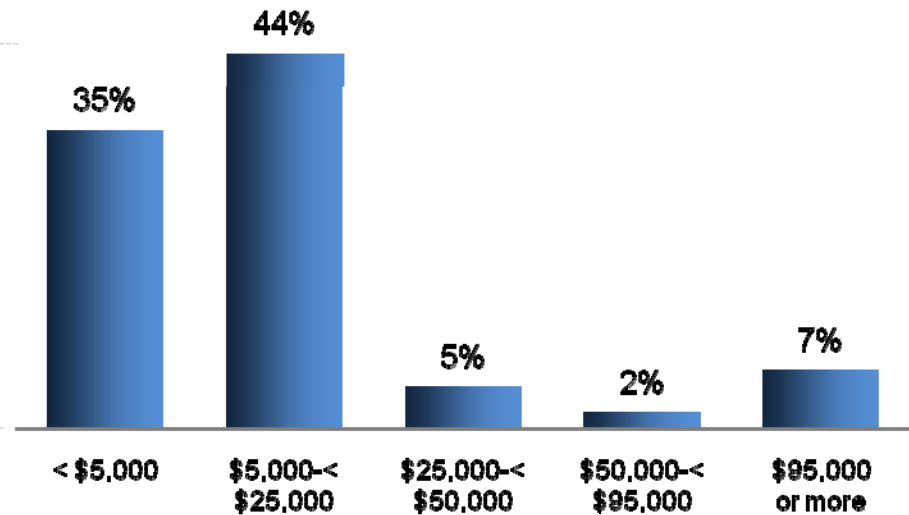
Is there consumer demand?

Planning an energy retrofit



29% means 25,000 homes in Vancouver and exceeds GCAT goal of 17,000 homes by 2020

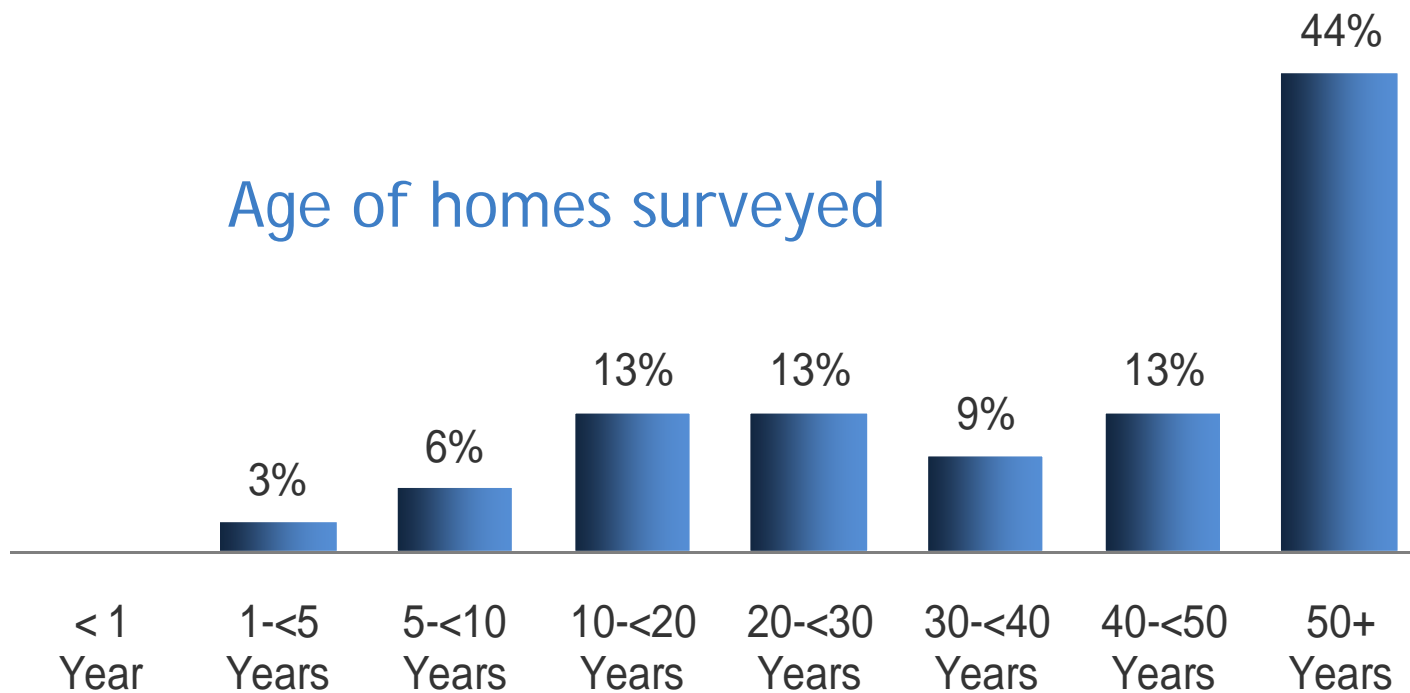
Planned spend



Small REEF loan matches planned retrofit size

Does demand match with GHG Savings?

REEF most effective in older homes



What is the financing offer?

Vancity Loan Offer Terms

- Amount: Up to \$10,000
- Rate: 4.5% fixed rate
- Term: 10 years

How are payments collected?



Revenue Services - Utilities
453 West 12th Avenue
Vancouver BC V5Y 1V4

UTILITY BILL

1

ACCT NUMBER: 5012017 BILLING PERIOD: Jan 1, 2010
ACCESS CODE: TO: Dec 31, 2010
DUE DATE: Jul 5, 2010 BILLING DATE: Jun 1, 2010



NAME: [REDACTED]
FOR SERVICE AT: [REDACTED]
ACCOUNT TYPE: RESIDENTIAL

FOLIO: 805-188-65-0000 ROUTE: 2000

DATE	DESCRIPTION	AMOUNT
	PREVIOUS BILL AMOUNT	0.00
JAN 1, 2010	PAYMENT	-0.00
JUL 5, 2010	HOME ENERGY RETROFIT ANNUAL CHARGE	183.12
	AMOUNT NOW DUE:	183.12
	AMOUNT DUE AFTER JULY 5, 2010:	192.28

A 5% PENALTY WILL APPLY TO OUSTANDING AMOUNTS AFTER THE DUE DATE

Amount in arrears on December 31, 2010 will be transferred to the Property Tax Roll and will be subject to interest charges.

THANK YOU FOR YOUR PARTICIPATION IN THE HOME ENERGY RETROFIT PROGRAM. AS PROVIDED FOR IN THE ORIGINAL AGREEMENT FOR THE ENERGY IMPROVEMENTS MADE AT THIS PROPERTY, THIS INVOICE REPRESENTS THE ANNUAL REPAYMENT AMOUNT FOR THE FINANCING OF THIS PROJECT. FOR ADDITIONAL DETAILS ON THE AMOUNTS AND BALANCES PLEASE CONTACT THE CITY OF VANCOUVER BY DIALING 311 FROM WITHIN THE CITY OR 604-873-7000 FROM OUTSIDE OF VANCOUVER. MORE INFORMATION MAY ALSO BE FOUND ON THE CITY'S WEBSITE AT VANCOUVER.CA/PACE.



What are the benefits of the offer?

- Funding for defined retrofits with demonstrated returns
- Long repayment terms & low interest rates
- Energy savings pay for the upgrades
- Increased sense of comfort in the home
- Pride of being “part of the solution”

What upgrades are eligible?

Eligible Retrofit Activities	Cost	Energy Cost Savings (over 10 years) *
EnerGuide Audit	\$450	
HE Condensing Furnace	4,000	\$4,544
New Hot water tank	1,000	350
Attic Insulation	1,200	2190
Wall Insulation	2,400	2190
Weatherization	900	788
Basement Insulation	1,300	854

* - Based on 2% annual increase in energy costs

What is the business case?

Total Retrofit Cost	\$11,250
Grants Available	<u>\$3,700</u>
Net Cost (Loan size)	\$7,550

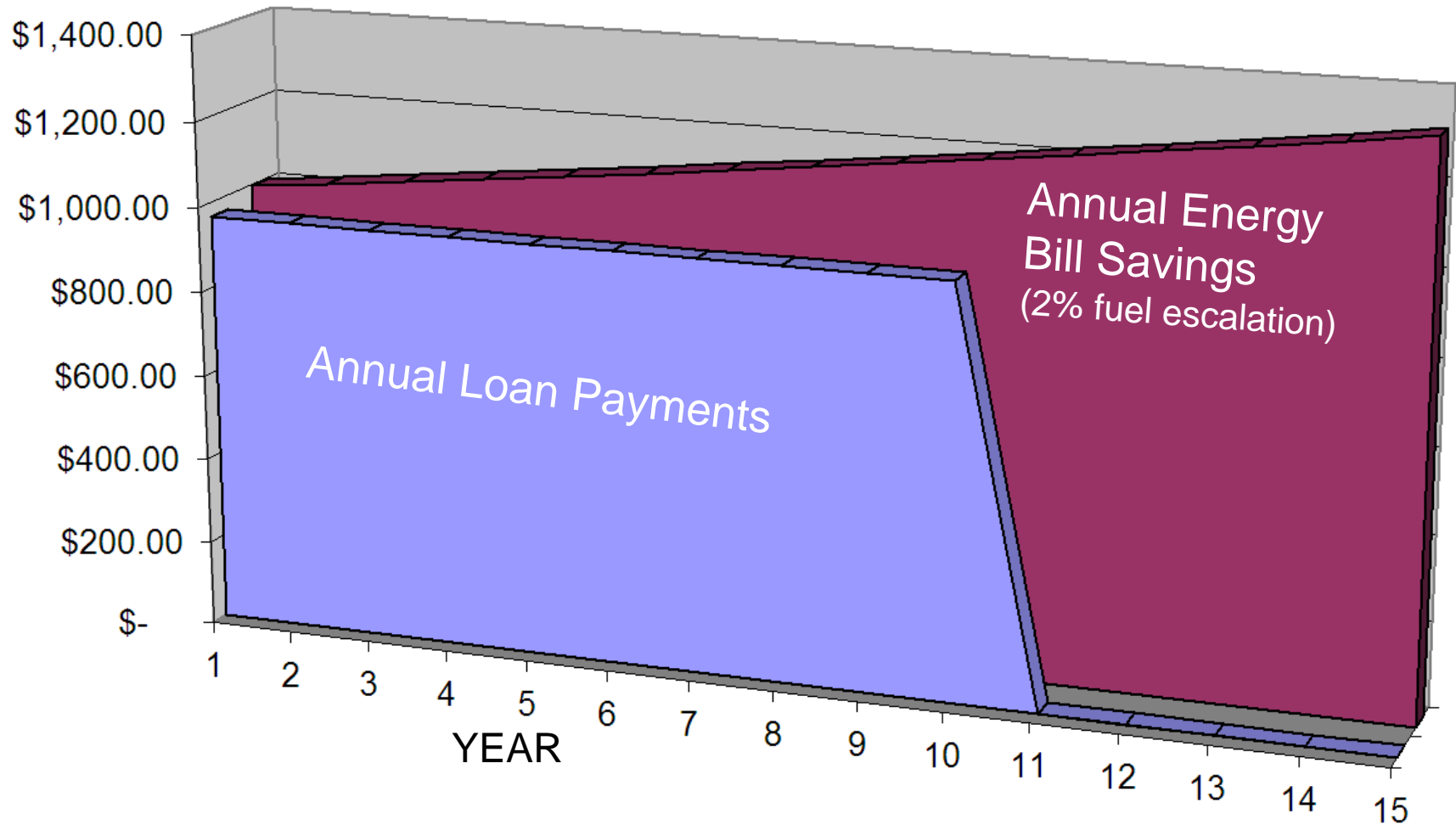
Annual Energy Savings \$1,000

Annual Loan Payment \$1,000

Years 1-10 payments = savings
Year 10+ \$1000 annual savings

Business case is not strong but policy goal is clear

What is the business case?



What is the City's role?

Vancity will:

- Provide \$5,000,000 to fund approved loans
- Verify creditworthiness of home owners
- Manage Loan Loss Reserve fund

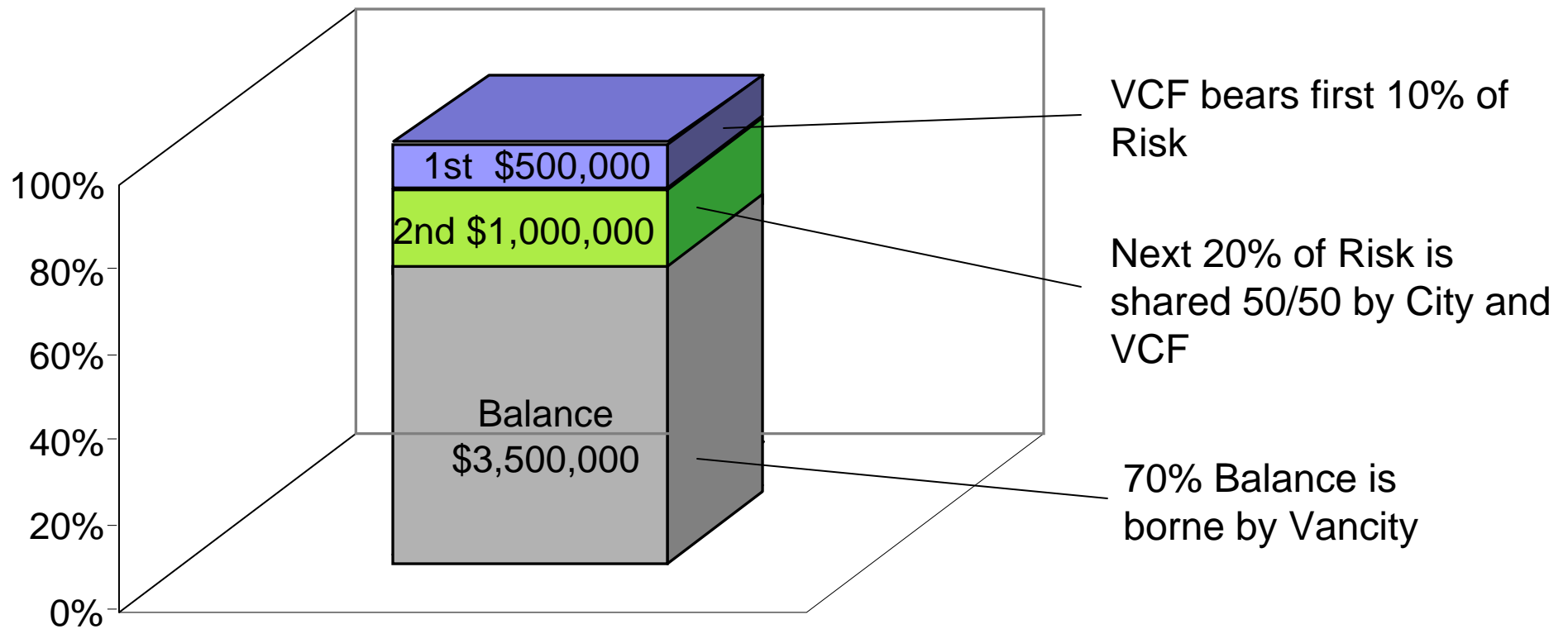
The Vancity Community Foundation will:

- Contribute \$1,000,000 to Loan Loss Reserve
- Provide Start up Grant to the City (up to \$125,000)

The City will:

- Define with NRCan, Hydro, Fortis eligible retrofit improvements
- Provide up to \$500,000 capital to Loan Loss Reserve
- Collect payments through City billing & remit to Vancity

What is the City's financial exposure?



Total Value of Pilot \$5,000,000
Avg Loan = \$10,000 x 500 homes

Why a Loan Loss Reserve of 30%?

- Business case for HELP is weak
- Policy mandate requires this support
- Catalyst required to incent financial institution
- Matching funds are needed for foundation participation
- Creates similar loan risk profile to intended future state of program

What happens if the home is sold?

- Loan agreement stipulates that loan is to be paid out upon sale of home
- Note on tax search that loan is to be paid out upon sale of property
- City notifies Vancity of change in title
- Vancity to pursue collection if not cleared upon change

How is the City's deposit protected?

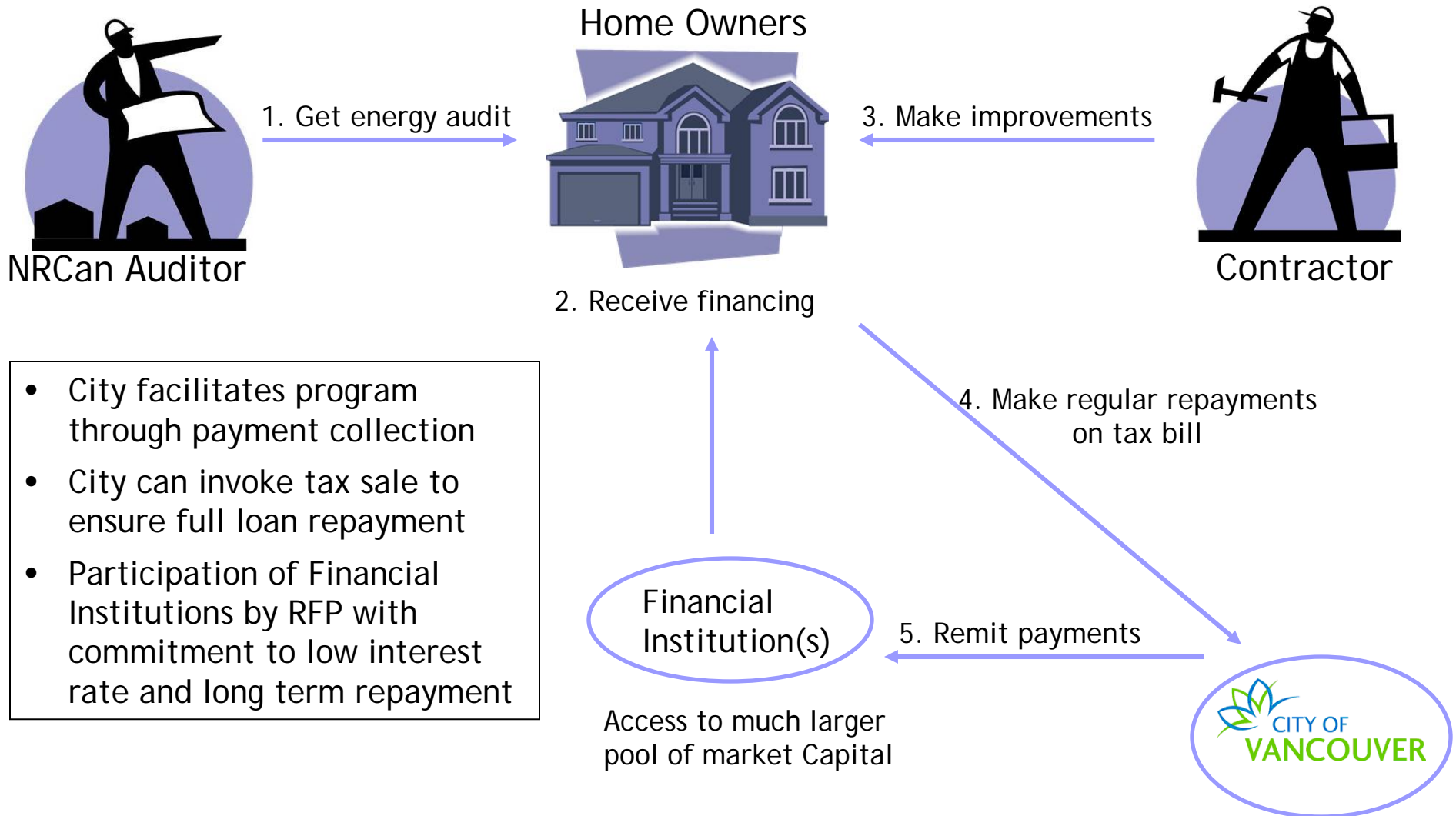
The City will require that Vancity:

- Apply a standard credit assessment for loan eligibility
- Apply standard collection procedures prior to accessing the Loan Loss Reserve

What could the post-pilot program look like?

- Charter change ensures collection for lender
- Removes the need for a Loan Loss Reserve
- Qualifying “Homes” not “Homeowners”
- Financing attached to the property title not to the person

REEF with Charter Authority for Tax Bill



HELP Pilot Program Next Steps

- Council authorization
- Complete MOA with NRCan and LiveSmart BC for service provision
- Update revenue collection software
- Finalize agreements
- Create marketing plan
- Charter change application complete for Fall 2011?



Thank you

Questions?

Thanks to City Staff Team on this program:

Sadhu Johnston	City Managers Office
Patrice Impey	Finance
Francie Connell	Legal Services
Amanda Pitre-Hayes	Sustainability
Kelly Oehlschlager	Legal Services
Grace Cheng	Finance
Bonnie Penny	Revenue Services
Marty Radakovich,	Revenue Services
Rachel Moscovich	Sustainability