



REPORT

Report Date: April 6, 2022
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Meeting Date: May 17, 2022
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TO: Vancouver City Council
FROM: General Manager of Planning, Urban Design and Sustainability
SUBJECT: Non-Market Housing Climate Resilient Retrofit Grant

RECOMMENDATION

- A. THAT pursuant to section 206(1)(j) of the *Vancouver Charter*, Council approve a grant of \$2,000,000 (the "Grant") from the Multi-Year Capital Program Budget for Deep Emission Building Retrofits to the BC Non-Profit Housing Association (BCNPHA) in order to fund the Non-Market Housing Climate Resilient Retrofit Program.
- B. THAT, pursuant to and for the purposes of section 206(1)(j) of the *Vancouver Charter*, Council deems BCNPHA to be contributing to the welfare of Vancouver.
- C. THAT the Grant made to BCNPHA be subject to BCNPHA executing and delivering to the City of Vancouver a grant letter agreement received from the City of Vancouver.
- D. THAT the grant letter agreement executed by BCNPHA be on the terms generally outlined in this Report and otherwise satisfactory to the City of Vancouver's General Manager of Planning, Urban Design and Sustainability and the Director of Legal Services.
- E. THAT, on behalf of the City of Vancouver, the General Manager of Planning, Urban Design and Sustainability be authorized to execute any grant letter agreement governing the terms of the Grant.
- F. THAT no legal rights or obligations are created by the approval of Recommendations A and B above unless and until a grant letter agreement is executed by the City and BCNPHA.

Approval of Recommendations A and B constitutes a money grant and therefore requires a resolution passed by not less than two-thirds of all Council members pursuant to section 206(1)(j) of the Vancouver Charter.

REPORT SUMMARY

This report advances the Climate Emergency Action Plan by granting the BCNPHA funds for a Non-Market Housing Climate Resilient Retrofit Program, in support of the Council approved Climate Emergency Action Plan (CEAP) Big Move 4 target to cut carbon pollution from building operations in half from 2007 levels by 2030.

CEAP Big Move 4 recommended a number of carbon reduction actions, including supports for voluntary energy retrofits in multi-family buildings. Multi-family buildings owned and operated by non-profit agencies are homes to some of Vancouver's most vulnerable individuals and households, who may also be disproportionately more impacted by climate change.

In November 2019, Council approved a \$1.5 million grant to fund the Energy Retrofit PLUS Rental Reinvestment Pilot with a matching contribution from the Province's CleanBC program to fund and support zero emission retrofit projects in market rental buildings. Following COVID delays that program is now set to launch this summer. Staff are now recommending Council approve a \$2 million grant from the Multi-Year Capital Program Budget for Deep Emission Building Retrofits to fund the Non-Market Housing Climate Resilient Retrofit Program.

This grant will help to replace aging gas heating and domestic hot water systems with new electric heat pumps that will significantly reduce GHG emissions, increase resiliency by introducing cooling, and improve the ability of non-market housing buildings to implement, operate and maintain this low carbon equipment. By aiming to fill identified gaps in the current non-market housing retrofit supports, this grant will also inform future improvements to the CleanBC provincial program.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- November 2018 – Climate Change Adaptation Strategy which sets out priority actions to work with partners to develop short term and longer term strategies for health and safety during heat waves in non-market housing and the surrounding neighbourhoods.
- November 2019 – Rental Incentives Review Phase II Report included several recommendations for creating new rental housing and protecting the existing rental supply, including Council approval of a \$1.5 million grant to LandlordBC with matching funding from the Province's CleanBC program for the Energy Retrofit PLUS Reinvestment pilot.
- November 2020 – Vancouver City Council approved the Climate Emergency Action Plan (CEAP), a roadmap to cut carbon pollution to 50% of 2007 levels by 2030 including Big Move 4, a Zero Emission Building Retrofit Strategy. This Strategy directs staff to develop incentives and programs to build capacity of owners of multi-family buildings to undertake voluntary heat pump retrofits, while identifying cost-effective measures that could be the focus of future regulations.

CITY MANAGER'S COMMENTS

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

Non-market housing is an important source of secure, affordable housing in Vancouver. Non-profit societies have a mandate to provide safe and secure affordable homes to important sectors of our community, including seniors, families, people with disabilities and/or health challenges, and women and children leaving violent relationships.

The Province, through their CleanBC initiative, provides non-profit housing specific energy retrofit incentives that is administered by BC Housing with support from the BC Non-Profit Housing Association. This incentive program supports energy efficiency and heat pump retrofits but, to date, has resulted in mostly natural gas retrofits (e.g. high efficiency boiler upgrades). Where heat pump retrofits are undertaken, housing operators have a steep learning curve to effectively operate this new equipment.

The Climate Emergency Action Plan, approved by Council in November 2020, included an equity pillar. Supporting climate resilient retrofits of non-market housing is one action to advance that equity priority.

Strategic Analysis

The Non-Market Housing Climate Resilient Retrofit Program funded by this grant will leverage existing provincial funding and be administered by the BCNPHA in collaboration with the Aboriginal Housing Management Association (AHMA). The purpose of this program is to support non-market housing retrofits to reduce carbon pollution, increase residents' resilience to heat waves and forest fire smoke events, build non-profit sector capacity, and inform future improvements to the provincial CleanBC non-market retrofit program.

The Program will:

- identify retrofit opportunities for replacing aging gas equipment with electric heat pump systems and provide capital incentives to cover the incremental cost of these projects
- assist housing societies with implementation of retrofits,
- provide post-retrofit support to ensure the new systems are operating and performing as designed and to measure the energy and carbon savings,
- develop operator training resources for heat pump technologies to maintain optimal performance throughout the lifetime of the equipment, and
- develop and disseminate lessons learned through the development of case studies of the buildings that undertake retrofits.

Financial Implications

Source of funding for the \$2.0 million grant is from the approved 2022 Multi-Year Capital Program Budget for Deep Emission Building Retrofits. This program will leverage approximately \$1 million in direct incentives from the Provincial CleanBC non-market housing program.

Environmental

This grant program supports Climate Emergency Big Move 4: zero emissions space and water heating. The \$2 million in funding will result in approximately 20 deep emission retrofit projects, with an emphasis on projects that also can provide cooling. A total of 750 tonnes/year of GHGs is estimated to be reduced with this work.

The operator training, provided to all interested Vancouver non-market housing operators, will increase the sector's capacity to operate and maintain heat pump technologies resulting in better energy performance, lower energy costs and lower carbon pollution in all buildings undertaking an electric heat pump retrofit, not only those receiving retrofit incentives via this Program.

The Program will be specifically designed to fill the gaps in the current CleanBC non-market housing retrofit incentives so as to inform future changes to that program to more effectively accelerate deep emissions reductions province-wide while also supporting the introduction of cooling measures.

Equity

The program directly contributes to the non-profit societies to provide healthy, resilient and affordable homes to disproportionately impacted groups, including individuals and families earning low- and moderate incomes, Indigenous residents, seniors, and lone parent families.

Legal

The proposed grant is authorized by section 206(1)(j) of the Vancouver Charter.

CONCLUSION

The Non-Market Housing Climate Resilient Retrofit Program will support the City's efforts to decarbonize our existing building stock and provide lessons to inform the scaling up province-wide deep emission retrofits in the non-profit sector. This Program is an important initial component of climate equity, provides supports for those disproportionately impacted, and prioritizes the provision of filtered air and cooling to increase resilience to dangerous and increasingly frequent heat waves.

This project will also provide non-profit societies with the training and support needed to undertake heat pump retrofits, to operate and maintain these systems, and to ensure their residents benefit from better thermal comfort and lower energy costs.

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