

TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON MARCH 30, 2016
FROM:	SANDRA DATARS BERE MANAGING DIRECTOR, HOUSING, SOCIAL SERVICES AND DEARNESS HOME
SUBJECT:	NEW PROVINCIAL FUNDING FOR ENERGY RETROFITS IN SOCIAL HOUSING

RECOMMENDATION

That, on the recommendation of the Managing Director, Housing, Social Services and Dearness Home, the following actions **BE TAKEN** with respect the Province's Green Investment Fund for the social housing retrofits;

- a) This report **BE RECEIVED** for information; it being noted that Civic Administration has already submitted business cases in response to the Ministry of Municipal Affairs and Housing (MMAH) Request for Expression of Interest (REOI) which were to be received no later than Friday, March 11, 2016, 5:00 P.M.; and
- b) The attached proposed By-law **BE INTRODUCED** at the Municipal Council meeting of April 5, 2016 to delegate authority to the Managing Director, Housing Social Services and Dearness Home or her/his designate to execute a Transfer Payment Agreement on behalf of the City with the Province, in a form satisfactory to the City Solicitor, upon the approval of funding by the Ministry of Municipal Affairs and Housing (MMAH), which will include, the terms for funding and monitoring, energy audit and reporting requirements.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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None

BACKGROUND

On February 12, 2016, the Province announced it will invest \$92 million through the Green Investment Fund (GIF) into social housing retrofits to take advantage of the economic opportunities in clean technologies, improve energy efficiency and reduce greenhouse gas emissions.

Under the Social Housing Apartment Retrofit Program (SHARP), a total of \$82 million will be allocated to Service Managers who administer social housing high-rise apartment buildings with 150 units or more. The goal of SHARP is to fund social housing retrofits that maximize energy efficiency and reduce greenhouse gas emissions.

Under the Social Housing Electricity Efficiency Program (SHEEP), a total of \$10 million will be made available to those selected from Service Managers and Ontario Aboriginal Housing Services (OAHS) who own and/or administer social housing single homes. Single homes include residential units that are single detached, semi-detached and/or duplexes/stacked townhouses. The goal of SHEEP is to maximize electric energy efficiency and reduce greenhouse gas emissions.

Funding Request

Eligible Service Managers were invited to respond to a Request for Expression of Interest (REOI) by submitting a business case(s) to the Ministry of Municipal Affairs and Housing (MMAH) by Friday, March 11, 2016, 5:00 P.M.

Business case submissions will be evaluated based on the program parameters and the proposed goal of the program to maximize greenhouse gas emissions and electric energy efficiencies. Based on the completed review, MMAH will, at its sole discretion, select Service Managers to participate in the program.

The City of London is not guaranteed funding. Funding allocations will be provided through a Letter of Commitment. Selected Service Managers must sign Transfer Payment Agreements with MMAH (which will include, among other things, the terms for funding and monitoring and reporting requirements) prior to receiving funding.

The City of London has submitted business cases requesting total funds of \$17.7M which is comprised of \$14.4M for SHARP (see **Appendix A**) on behalf of the London and Middlesex Housing Corporation (LMHC) and \$3.3M for SHEEP (see **Appendix B**) on behalf of nine (9) social housing providers who responded to eligible project information requests (see **Appendix C**).

Key Milestones

If selected to receive funding, the City of London will be notified through a Letter of Commitment no later than March 31, 2016.

Funding will flow to the selected Service Managers and/or OAHS using the following breakdown:

- 85% of funds will be flowed upon full execution of the Transfer Payment Agreement (TPA) with MMAH; and
- 15% of the funds will be flowed, per project, upon the completion of work and submission of post-retrofits/upgrades electric energy consumption data.

The City would need to determine how program funds will flow to social housing providers identified through a competitive selection process.

The following chart identifies all key milestone dates:

Item/Milestone	Deadline	Status
Deadline for EOI submissions to MMAH	March 11, 2016, 5:00 P.M.	Complete
MMAH funding announcement and Letters of Commitment to selected Service Managers and/or OAHS	No later than March 31, 2016	TBD
MMAH and Service Managers and/or OAHS execute Transfer Payment Agreements	No later than June 30, 2016	TBD based on approved funding
SHEEP Funded retrofit activities complete	March 31, 2017	TBD based on approved projects
SHARP Funded retrofit activities complete	March 31, 2018	TBD based on approved projects

The City of London's Purposed Program Delivery Approach

If the City of London is a selected Service Manager to receive funding, a shared services approach will be used to deliver and administer the program(s). The Housing Division has engaged local utilities to ensure that any additional incentives are made available to qualifying retrofits. London Hydro and Union Gas are key partners in the overall City of London Corporate Energy Conservation and Demand Management (CDM) Plan and have provided exceptional support for energy efficiency initiatives for social and affordable housing providers. See **Appendix D** for a letter of support from London Hydro.

Service Managers were strongly encouraged to provide additional funding to further maximize the impact of the funding by providing additional funds for retrofit work or by allowing funded proponents to also leverage other retrofit subsidy programs, where applicable. As such, the City of London's Social Housing Major Repairs and Upgrades Stabilization Reserve Fund will be used, if necessary, to provide funding for projects that do not qualify for the retrofit work under SHARP or SHEEP but are required to access/stack other energy incentive programs in order to create cost savings and efficiencies.

Council's approval will be obtained for any drawdowns from the Social Housing Major Repairs and Upgrades Stabilization Reserve Fund to fund any ancillary works associated with this program.

Eligibility Criteria

To be eligible to receive funding under SHARP or SHEEP, social housing providers, housing projects and funding must meet the following minimum criteria:

Social Housing Providers:

- Must be a social housing provider under the Housing Services Act, 2011 (HSA);
- Must be a Local Housing Corporation, a non-profit housing corporation or a co-operative housing corporation; and
- Must be selected by the Service Manager through a competitive process.

Housing Projects:

- Must be a housing project governed by the HSA;
- For SHARP, must have 150 units or more per building;
- For SHEEP, must be a single home (i.e. a residential unit that is a single detached, semi-detached or duplexes/stacked townhouse) with a unit that is entirely or substantially heated with electricity where tenants are directly paying for the electricity costs;
- Must remain as social housing for at least 5 years after the completion of the retrofit regardless of the end dates of any operating agreements; and,
- Must be selected by the Service Manager through a competitive process.

Funding:

- Must supplement, not replace, funding for current or existing capital repair and maintenance obligations or planned investments by Service Managers and social housing providers.

Service Managers may add other eligibility criteria as part of their competitive selection process in order to prioritize recipients of the funding.

Eligible Retrofits

SHARP - Funding is aimed at measures that will reduce greenhouse gas emissions. The program will fund selected retrofits that must demonstrate decreased greenhouse gas emissions and increased energy efficiency in older high-rise apartment buildings.

SHARP will only fund the following types of retrofits/upgrades, in order of importance:

- High-efficiency building heating and/or cooling equipment (e.g. boilers, furnaces, and chillers);
- Energy efficient windows and/or exterior doors;
- Increased/additional interior and exterior insulation; and,
- LED lighting or other lighting upgrades (e.g. lighting controls, and sensors).

SHEEP - Funding is aimed at measures that will increase electric energy efficiencies. The program will fund selected retrofits that must demonstrate increased energy efficiency in social housing single houses.

SHEEP will only fund the following types of retrofit work:

- High-efficiency electric heating systems (e.g. more efficient baseboards, air source heat pumps);
- Energy efficient hot water heaters;
- Higher efficiency appliances;
- Energy efficient windows and/or exterior doors;
- Increased/additional interior and exterior insulation; and
- LED lighting

Subject to the limitations contained in the Transfer Payment Agreement, the funding allocated under the program will cover the full cost (100%) of eligible retrofit work.

Each Service Manager would approve eligible work for eligible housing projects based on need and in accordance with policies it has adopted with respect to the procurement of goods and services.

Performance Measurement Data

Funded proponents are required to provide Service Managers with performance measurement data to help evaluate the program's performance against expected outcomes.

Required performance measurement data includes the following key performance indicators:

- Pre- and post-retrofit/upgrade electric energy consumption reflecting use of kilowatt hours (kWh);
- Electricity cost savings after retrofits/upgrades; and,
- Service Manager program uptake.

The specific requirements to be met with respect to the provision to MMAH for data and the pre- and post-retrofit/upgrade energy usage will be set out in the Transfer Payment Agreement.

CONCLUSION

The City of London is leading the way in energy management and energy conservation. This commitment to the environment and being a "green city" is demonstrated in our Corporate Energy Conservation and Demand Management (CDM) Plan. The plan acts as a guideline to encourage energy conservation and demand management activities by outlining a strategy for energy reduction targets and identifying future conservation potential and measures.

In fighting climate change, the City has completed retrofits to improve efficiency in municipal buildings. City street lights are being converted to high efficiency LED lights and new buildings are being designed to Leadership in Energy and Environmental Design (LEED) certification standards. Green Fleet initiatives, including using alternative fuels, purchasing hybrid vehicles and using smaller cars and trucks are underway and the City continues to maximize efficiency through technological change.

Social housing buildings typically incur high electrical use and account for a significant proportion of greenhouse gases emitted by the residential sector. If approved, SHARP and SHEEP funding will support the City of London in effectively applying its energy conservation and efficiency strategy to social housing. This investment will also help strengthen the economy and create jobs for the people of Southwestern Ontario.

SUBMITTED BY:	RECOMMENDED BY:
JOSH BROWNE MANAGER, HOUSING DIVISION	SANDRA DATARS BERE MANAGING DIRECTOR, HOUSING, SOCIAL SERVICES AND DEARNESS HOME

Appendix A: SHARP Business Case

Appendix B: SHEEP Business Case

Appendix C: Housing Provider SHEEP Memo

Appendix D: London Hydro CEO Support Letter

Cc: David Munteer, Solicitor City of London
Kyle Murray, Senior Financial Business Administrator
Gail Devito, Financial Business Administrator
Tim Wellhauser, Division Manager Facilities
Hans Schreff, London Hydro
Joe Gregorio, Union Gas
Paul Rozell, London & Middlesex Housing Corporation

Bill
No.

By-law
No.

A By-law to delegate authority to the Managing Director, Housing, Social Services and Dearness Home or her/his designate to execute a Transfer Payment Agreement on behalf of the City of London under the Ministry of Municipal Affairs & Housing's SHARP & SHEEP Energy Retrofit Program funding for Social Housing Providers.

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS section 23.1(1) of the *Municipal Act, 2001* authorizes the municipality to delegate its powers and duties to a person;

AND WHEREAS it is deemed expedient for The Corporation of the City of London (the "City") to delegate authority to the Managing Director, Housing, Social Services and Dearness Home or her/his designate to execute a Transfer Payment Agreement on behalf of the City of London under the Ministry of Municipal Affairs & Housing's SHARP & SHEEP Energy Retrofit Program funding for Social Housing Providers;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

The Managing Director, Housing Social Services and Dearness Home or her/his designate be authorized to execute a Transfer Payment Agreement on behalf of the City under the Ministry of Municipal Affairs & Housing's SHARP & SHEEP Energy Retrofit Program funding for Social Housing Providers;

This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council , 2016

Matt Brown
Mayor

Cathy Saunders
City Clerk

First Reading –
Second Reading –
Third Reading –