



FINANCING FOR DEEP ENERGY RETROFITS IN THE NANAIMO REGION FEASIBILITY STUDY

RECOMMENDATIONS

1. That the RDN partner with the City of Nanaimo on an application to the Green Municipal Fund Community Efficiency Financing (GMF) program for the “Financing for Deep Energy Retrofits in the Nanaimo Region Feasibility Study”.
2. That, should the funding application be successful, the Regional District of Nanaimo commit up to \$21,850 as the RDN’s project cost share.

BACKGROUND

The Regional District of Nanaimo (RDN) will not meet its community greenhouse gas reduction targets without significant action on the part of residents, including home energy efficiency improvements. The Climate Action Technical Advisory Committee (CATAC) is developing recommendations on immediate action towards adaptation and mitigation as per Goal 1.1 of the RDN Strategic Plan 2019-2022. One of the CATAC short-listed draft priorities, which will be submitted to the Board for consideration, is home energy retrofits. This draft priority recommends the RDN increase supports to accelerate residential retrofits in Electoral Areas to reduce residential greenhouse gas emissions. CATAC notes efforts could include collaboration with member municipalities and have discussed the need to pursue funding opportunities as they arise. The Community Energy and Emissions Plan (2013) recommended home energy retrofits as a priority, and the Regional Growth Strategy also supports this action.

A significant barrier to residents taking action is the upfront cost of energy retrofits. To help overcome this common barrier, local governments have started providing innovative financing tools to residents, including third-party lending. The RDN is likely to receive interest in similar programs as more become available and a feasibility study is the first step.

Home energy retrofits are an important priority in reducing community emissions as energy renovations and technology have shown significant reduction in energy use and resulting greenhouse gas reductions. Further, funding helps address some social inequities in the ability to afford retrofits to buildings that are most in need of upgrades.

The Federation of Canadian Municipalities (FCM) Green Municipal Fund’s (GMF) Community Efficiency Financing (CEF) grant stream provides funding for local governments to assess, design and implement effective community-based financing models for low-rise residential properties. The initiative encourages partnerships between local governments and supports regional program implementation. The RDN has the opportunity to partner with the City of Nanaimo (the City) on an application for a Community Efficiency Financing feasibility study grant.

The study will:

- Assess current housing stock that could benefit from a home energy retrofit program.
- Understand current regional district and municipal authority and needed changes in legislative authority (currently under review by the Provincial government).
- Assess different financing models for the level of local government investment required; effectiveness in reducing greenhouse gas emissions and overcoming barriers, and; potential to deliver other local benefits, such as water conservation and cost savings, given our regional context.
- Determine whether the RDN and the City should proceed with designing and implementing a community energy financing program.
- Make both governments eligible for the next stage of CEF funding, which is program design.
- Enable the RDN and City to be ready for new funding programs recently announced and further ones expected both federally and provincially.

The City proposes to be the lead grant applicant and will report to its Council on May 10, 2021. While it may be ideal for the RDN to delay applying for this grant until the Board considers the final CATAC report expected in December, the CEF funding is only available until the fund is exhausted and the opportunity to partner with the City is current. Further details on the FCM Community Efficiency Financing grant program web site.¹

FINANCIAL IMPLICATIONS

If the grant application is successful, the feasibility study may cost a maximum of \$218,500. FCM will fund 80% of project costs up to \$175,000. The remaining 20%, to a maximum of \$43,700, would be funded equally by the RDN and the City, so up to \$21,850 each. The RDN's study cost will be funded in the 2021 budget under Sustainability Projects in the Regional Growth Strategy service. The Sustainability Projects budget is \$50,000, and thus funding this study will leave a balance of \$28,150.

Approximately 3.5 weeks of RDN staff time will be required over the course of the study period (Sept 2021 through Mar 2022) should the grant be successful. This includes data collection, participation in outreach sessions, report writing and report reviewing and this staff time is part of the 2021 work program for CATAC. A feasibility study will assist in setting implementation priorities, qualify the RDN for subsequent funding in this area and increase likelihood of grant success when partnered with the City. Pending the outcome of the study, implementing a program for home energy retrofit financing will have implications for budget and staffing. This will be assessed as part of the 2022 budget and following Board review of the CATAC final report to the Board, scheduled for December.

STRATEGIC PLAN ALIGNMENT

Climate Change - Be leaders in climate change adaptation and mitigation, and become net zero by 2032.

Climate Change - Complete a Net Zero strategy for building efficiency and localized energy generation.

Economic Coordination - Continue to support initiatives that promote regional economic health and local economic development through partnerships and other grant funding opportunities.

¹ <https://fcm.ca/en/programs/green-municipal-fund/community-efficiency-financing>

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