

Vancouver's energy plan to include home retrofits

City will help finance renovations as part of an ambitious green initiative

BY JEFF LEE, VANCOUVER SUN DECEMBER 8, 2010

The City of Vancouver expects to begin a home energy retrofit program next year in which it will finance renovations and allow homeowners to pay for them through property taxes.

Everything from weather-stripping and insulation to energy-efficient appliances and thermal hot water systems will be considered as long as they make economic sense, Vancouver Mayor Gregor Robertson said Tuesday.

"We want to make it easy for everyone so you can opt in and you pay over time but the cost is offset by the savings in energy," he said.

The entire retrofit program is designed to be self-financing with no cost to city taxpayers, deputy city manager Sadhu Johnston said. Homeowners who participate would repay the money with interest calculated to cover administration and financing.

In return, the homeowner benefits from lower utility bills. In time, those savings will exceed the cost of the improvements, he said.

"For the homeowner, our goal is that you would be saving more on your utilities than you would be paying on the loan," Johnston said. "Even in the first year you would be saving money and energy and would have a more comfortable house and ultimately that would help reduce your impact on the environment and would create local jobs doing the retrofit."

Robertson said the city is still working out the mechanics of how the program will work. The city will seek requests for proposals from banking institutions that will administer the financing. But for now, a private businessman will kick-start the program by providing upwards of \$6 million in seed financing, according to Johnston.

The program is expected to start sometime next year with a pilot program that could see upwards of 600 homes qualify for retrofits.

Johnston said the average loan is expected to be about \$10,000, making it manageable to repay based on energy savings.

To qualify, a homeowner would have an energy audit done by a qualified professional who would recommend the most cost-effective improvements to lower the homeowner's energy bill. The city would approve the plan and offer a list of recommended contractors. It would pay all the bills and then set a time frame for repayment through the property tax system.

The repayment costs, spread out over a number of years, would be added to the property tax bill.

Johnston said the financial liability would be tied to the property's land title and would stay with the house, not the homeowner.

The plan is part of a suite of aggressive green energy programs the city plans to roll out in 2011, including a pilot "smart grid neighbourhood" to manage and reduce energy consumption on a district-by-district basis.

And within a year, the city will approve or advance the development of a number of small-and medium-sized district energy utilities using low-carbon sources similar to the sewage heat recovery system at the Olympic Village. Some are earmarked for North False Creek, the East Fraser Lands on the southeast corner of the city, and the Broadway corridor, Johnston said.

The city is not considering high cost green energy equipment such as photo-voltaic panels, which have a very low return on investment.

The city, under Robertson, has been itching to marry an aggressive plan for government-based green energy initiatives with the private sector. If the city's green energy initiatives, including the retrofit program, "smart grid" and district energy programs can help reduce greenhouse gases and also spur long-term business for a host of innovative green energy companies that have made Vancouver home, so much the better, he said.

In 2008 the city suggested the retrofit program in its Greenest City Action Plan as part of an effort to reduce energy consumption in Vancouver by 20 per cent.

The so-called "On-Bill Financing Program" plan has been stalled while the city awaited changes to provincial legislation that would allow it to raise financing through "property assessed clean energy bonds." Unlike city governments in the United States that use such PACE bonds, Vancouver doesn't have the legal framework to do that, Johnston said.

In the interim the city found a businessman who was willing to make up to \$6 million available in seed financing. Johnston would not name the businessman, saying the deal is not yet concluded.

But he said the person would receive financial interest, and that part of the money would be used for grants rather than loans. The city will put out a request for proposals to Canadian banking institutions that would handle the financial transactions, he said.

Although governments and energy producers like BC Hydro have been involved in energy retrofit programs from time to time, this is the first time in Canada that a municipal government has proposed financing it through property taxation.

Left unclear in this project is how the private backer was identified, what his rate of return will be and whether there is a component that may have tax liabilities for Canadians even if the program is self-financing at the city level.

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