



The Regional Municipality of Durham Report

To: Committee of the Whole
From: Chief Administrative Officer
Report: #2025-COW-17
Date: April 9, 2025

Subject:

Durham Greener Homes Program Update and Enhancements

Recommendation:

That the Committee of the Whole recommends to Regional Council:

- A) That Regional Council endorse the enhancements to the Durham Greener Homes Program as outlined in this report, including:
- i) Introducing services to support Durham Region residents in undertaking “weather-ready” home renovations that reduce the impacts and potential costs associated with extreme weather events on their homes through expert advice, program funding supports, industry training, and community engagement; and
 - ii) Introducing a direct municipality-to-homeowner loan financing program, led by the Region and based on authority granted under the *Municipal Act (2001)*, and associated Ontario Regulations 322/12 and 586/06 which authorizes municipalities to make available a Local Improvement Charge (LIC) financing option for energy and water retrofits on private property, subject to the Region successfully renegotiating the existing Grant and Loan Loss Reserve funding agreement with the Federation of Canadian Municipalities (FCM) through their Community Efficiency Financing (CEF) program to enable funds to be redirected towards home energy and water retrofit loan financing program.
- B) That staff be authorized to negotiate and award a sole source agreement with the Windfall Ecology Centre to deliver the proposed weather-ready enhancements through existing Durham Greener Homes Program supported by approved operating funding for a period of up to four (4) years (April 2025-March 2029);
- C) That Regional Council direct staff to prepare and submit a funding proposal through FCM’s Local Leadership for Climate Adaptation program Financing Adaptation Stream anticipated to launch in Fall 2025 to support the full implementation of the Durham Greener Homes Program weather-ready program as outlined in this report.

- D) That the Chief Administrative Officer be authorized to enter into all necessary agreements with the Federation of Canadian Municipalities, and other partners, in forms satisfactory to the Regional Solicitor and Commissioner of Finance, to support implementation of the Program enhancements outlined in this report,
 - E) That debenture financing from the Federation of Canadian Municipalities not to exceed \$2 million be approved to implement the direct municipality-to-homeowner loan financing program outlined in Recommendation A ii);
 - F) That the Commissioner of Finance/Regional Treasurer, Regional Chair and Regional Clerk be authorized to enter into any loan agreements or execute other documents that may be required to receive the debenture financing from the Federation of Canadian Municipalities;
 - G) That approval be granted for the requisite by-laws to receive loan or grant financing from the Federation of Canadian Municipalities to advance the Durham Greener Homes Program and the direct municipality-to-homeowner loan financing program and;
 - H) That a copy of this report be forwarded to local area municipalities, the Association of Municipalities of Ontario (AMO), the Ontario Ministry of Municipal Affairs and Housing, the Ontario Ministry of Environment Conservation and Parks, Housing Infrastructure and Communities Canada, the Durham Region Home Builders' Association, and the Federation of Canadian Municipalities (FCM) for their information.
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Report:

1. Context/Background

- 1.1 Increasingly frequent and severe extreme weather events are leading to significant cost impacts on home and building owners, including rising insurance premiums and personal property damages. According to the [Insurance Bureau of Canada \(IBC\)](#), in 2024 alone insured losses from severe weather events totalled over \$8.5 billion across Canada and resulted in more than 250,000 claims, making it the costliest year in Canadian history. Since 2019, Canada has experienced a 115% increase in the number of claims for personal property damage and a 485% increase in the costs for repairing and replacing personal property. In addition, potential tariffs on trade including on the flow of goods between Canada and the U.S. could further adversely impact the cost of building materials. Durham Region residents, including home and building owners, need support to mitigate against the extraordinary costs associated with impacts from extreme weather events.
- 1.2 In addition, there is a critical need to further support home renovations that address energy efficiency. Homes and buildings are estimated to represent close to 1/3 of total community-wide GHG emissions in Durham Region and the Region's housing stock requires sustained investment over the coming decades to improve building envelope, transition away from fossil fuel-based heating systems and reduce overall

energy consumption and resultant GHG emissions. Home energy renovations provide a myriad of benefits, including job creation and associated local economic benefits, as well as enhanced local energy security by reducing reliance on imported sources of energy.

- 1.3 Experience with the Durham Greener Homes (DGH) Program to-date shows that, while the program is generating a lot of interest and engagement in home energy efficiency renovations, in its current format it is not fully addressing some key challenges faced by home and property owners, including:
 - a. support for measures to increase resilience to extreme weather events; and
 - b. access to long-term, fixed-rate financing options for home energy retrofits that better aligns with the payback periods associated with these projects.
- 1.4 This report seeks Regional Council endorsement of two sets of key enhancements proposed for the DGH Program to respond to these current and emerging needs of the Region's homeowners and residents, including expanding the program to support undertaking renovations to improve resilience to extreme weather, and introducing a new low-interest loan financing offer for energy retrofits led by the Region, using the Local Improvement Charge (LIC) mechanism.

2. Previous Council Reports and Decisions

- 2.1 In 2009 Regional Council approved the creation of a [Basement Flooding Loan Program](#) for residents who have experienced basement flooding due to sanitary sewer backup. This program provides an interest free loan up to \$3,000 to finance the installation of an approved backwater valve and sump pump, with repayment through a surcharge on the resident's quarterly water and sewer bill.
- 2.2 In September 2016, Regional Council endorsed the [Durham Community Climate Adaptation Plan](#) (DCCAP), which sets out a vision, goals, and programs to protect Durham Region from a changing climate ([Report #2016-COW-103](#)). The Plan's Building Sector objectives include increased resilience of existing buildings to future climate conditions through adaptation retrofit measures. It calls for a "Building Retrofit for Climate Resilience" program that would consist of education, industry training, financial incentives or loans, and engagement with the building insurance industry (B2). It also recommends several other resilience actions including public education (CS2), addressing urban flooding (F1), heat warning awareness (HH1), and building resilience in the natural environment (NE1).
- 2.3 In April 2019, Regional Council adopted the [Durham Community Energy Plan](#) (DCEP), which called for a strategy to deliver energy retrofits across all of the 200,000 existing single-family homes in Durham Region to reduce household monthly utility costs and GHG emissions while also stimulating the local clean energy economy. The DCEP called for coordinated implementation across all levels of government, with municipalities offering a financing package developed using Property Assessed Clean Energy (PACE), enabled in Ontario through LIC

regulations under the Municipal Act, combined with incentives from other levels of government and energy utilities.

- 2.4 In June 2020, Regional Council approved a conceptual home energy retrofit program design ([Report #2020-A-12](#)), and authorized staff to submit a funding application to the Federation of Canadian Municipalities (FCM) Community Efficiency Financing (CEF) program to support program implementation. Rather than the municipality-led PACE/LIC financing approach recommended in the DCEP, the program design called for a third-party financing approach based on partnerships with local utilities and credit unions supported by a loan loss reserve administered by the Region.
- 2.5 In March 2022, Regional Council received an update on successful FCM CEF funding securement and competitive procurement of program administrator Windfall Ecology Centre ([Report #2022-INFO-15](#)). As outlined below, the Region is currently working with Windfall Ecology Centre to deliver the comprehensive voluntary residential retrofit program which includes expert energy coaching services, tailored incentives, and third-party financing services.

3. Durham Greener Homes Program Experience to Date – Successes and Challenges

- 3.1 The [Durham Greener Homes Program](#) (DGH) officially launched in April 2022, providing residents with a “one-stop shop” approach to implementing home energy retrofits with a goal to retrofit 200,000 homes by 2050. The Program provides residents with expert energy coaching services, tailored incentives, and access to third-party financing services supported by a loan loss reserve program.
- 3.2 The most successful element of the DGH Program has been the energy coaching services. DGH energy coaches are independent experts available to help homeowners navigate the complex home retrofit process. Questions tend to be about building science, technologies, incentive program processes, and contractor selection. It has been widely popular, driven uptake, and had a measurable impact on reducing emissions. Homeowners leveraging the energy coaching service through the program have achieved 40% greater emissions reductions than the average home energy retrofit in Durham over the same period. As of February 2025, there have been close to 1,400 calls for energy coaching and the feedback survey has received over 300 responses resulting in a 4.8/5 customer rating.
- 3.3 Participation in the DGH Program increased significantly in 2024 following the launch of the Virtual Home Energy Assessment Tool (VHEAT). VHEAT was developed for the DGH Program by Windfall Ecology Centre. It applies machine learning to generate retrofit suggestions for homeowners. It also enables homeowners to run various scenarios to help them decide on their home retrofit solutions. The energy coaches also leverage the VHEAT platform to assess a home before an actual in-person home assessment is completed. In the quarter following the launch of V-HEAT, homeowner enrollments in the energy concierge service and

coaching calls increased by 160% and 130% respectively. Homeowner feedback suggests that the process is smooth, and the results are easy to understand and access.

- 3.4 The DGH Program has successfully leveraged an initial \$350,000 investment from the Region's Climate Mitigation and Environmental Initiatives Reserve Fund to secure additional contributions in support of program implementation, including:
- a. **FCM Green Municipal Fund:** \$1,889,470 in grant funding and \$1,500,000 in a dedicated loan loss reserve fund to support lending from participating third party financing partners. The Region's FCM funding agreement runs for a four-year term from April 2022 to April 2026.
 - b. **Enbridge Gas:** \$100,000 over four years (2022-2026) to support program marketing.
 - c. **Natural Resources Canada – Towards Net Zero Homes and Communities:** \$400,000 in grant funding to Windfall Ecology Centre to support development of the V-HEAT Platform.
- 3.5 While there have been notable program successes as outlined above, the DGH Program has also faced limited results in its current iteration, namely around the third-party financing arrangement supported by a loan loss reserve. The original program concept contemplated a range of competitive third-party financing offers enabled through the availability of a loan loss reserve. However, as staff worked to finalize financing arrangements as part of the 2022 program launch, several potential lending partners who initially expressed interest withdrew, citing uncertainty in the pandemic-impacted economic environment and anticipated trajectory of interest rates.
- 3.6 The Program ultimately launched in April 2022 with two credit union financing partners – Pathwise Credit Union and Rapport Credit Union – however both opted to offer the same program-supported loan product in the form of variable rates loan at an interest rate of prime plus 2% for 10-year loan terms. These rates are generally higher than available home equity lines of credit (HELOC) and much higher than the federal government's Greener Homes Loan Program. Therefore, despite overall success with program participation and energy coaching, there has not been any uptake of the program-supported loan offering available through the two financing partners.
- 3.7 Challenges with the DGH Program third party loan financing program can be compared against the relative success of other Ontario municipal home energy retrofit financing programs supported by the FCM CEF program which launched around the same time, but used a direct municipal loan secured through LIC regulation:

- a. **Better Homes Ottawa:** Launched in November 2021 with \$10 million in FCM loan capital. The program was quickly oversubscribed, and by June 2022 an estimated 500 loans had been facilitated.
 - b. **Better Homes Kingston:** Launched in April 2022 with \$10 million in FCM loan capital, and by November 2022 the City had received 470 applications. Due to high demand, City staff suspended applications and established a waitlist for interested residents.
 - c. **Toronto Home Energy Loan Program:** Since re-launching in June 2022 with the support of FCM capital the Toronto HELP program has issued 459 funding offers and just over \$11 million in loans, based on 1,800 applications.
- 3.8 Local Improvement Charge (LIC) financing (also known as Property-Assessed Clean Energy, or PACE, financing) is common across North America, with more than 40 US states having passed enabling legislation. In Ontario, municipalities are uniquely able to offer financing tied to a property using an LIC mechanism under the *Municipal Act (2001)* where O. Reg 322/12 and 586/06 authorize municipalities to use LICs for improvements in energy efficiency, renewable energy and water conservation.
- 3.9 Experience from Ontario municipalities noted in Section 3.7 above and other municipal jurisdictions across North America has shown that PACE/LIC financing programs can be a key tool for supporting energy retrofits in homes and buildings. Under such program, a primary benefit to the building owner is adding the loan repayment to the property tax bill. When the property is sold, the new owner continues the LIC payment and continues to benefit from the energy retrofit. From the municipal government perspective, the payment obligation attaches to the benefitting property, not the owner, and is secured by a statutory lien with priority status. Property owners have the option to repay the loan over the term of the agreement or repay in one lump sum.
- 3.10 In addition to addressing challenges with uptake of the current DGH Program third party financing offer, a shift to LIC financing would also better position the DGH Program to attract new investment through the FCM Local Leadership in Climate Adaptation (LLCA) Program. This program will be launching a new Financing Adaptation funding stream in Fall 2025 focused on supporting municipal adaptation financing programs, including those focused on home retrofits (described further in Section 4.1). FCM staff have indicated through program engagement and direct communications that the LLCA Financing Adaptation program will focus on municipal PACE/LIC based financing programs, and not support third party financing programs such as the one currently used in DGH Program.

4. **Durham Greener Homes Enhancement - Climate Resilience Program Description**

- 4.1 In 2023, the Federal Government announced a \$530 million investment in the FCM Green Municipal Fund (GMF) through the [Government of Canada Climate](#)

[Adaptation Action Plan](#) to launch a new program to help support, accelerate, and scale up community-based climate adaptation initiatives. This new [Local Leadership for Climate Adaptation \(LLCA\)](#) initiative provides funding and skills development support to local governments to adapt and build long-term resiliency to the impacts of climate change. It is anticipated that a *Financing Adaptation* stream will be launched in Fall 2025, which will support new financing models utilized/leveraged by Canadian municipalities to finance climate adaptation capital projects.

- 4.2 Given its resident-centered design and focus on reducing barriers to home renovations, the DGH Program offers an ideal opportunity to leverage this new FCM GMF LLCA funding stream to provide strategic measures that are of interest to homeowners and will help reduce climate risks and impacts. This represents an innovative approach to increasing climate readiness and will further demonstrate the Region's leadership in climate action.
- 4.3 The goal of the climate resilience program enhancement is to respond to Council endorsed recommendations from the [Durham Community Climate Adaptation Plan \(DCCAP\)](#) to help Durham residents increase the climate readiness of their homes through risk awareness, expert advice, financial incentives, and community engagement. Delivered as an integral part of the DGH Program, this voluntary program is designed to reduce barriers to action and will target low rise housing stock across Durham Region. This includes over 200,000 detached, semi-detached, row homes, and low-rise multi-unit residential properties under four stories (i.e. non-profit, cooperatives, and condominiums).
- 4.4 The program will help participants reduce the impacts of top climate hazards for homes in Durham, namely basement flooding, heat stress and wind damage. This work is being developed in collaboration with local area municipalities, conservation authorities, industry, and community partners.
- 4.5 Expected outcomes include:
 - a. Increased awareness of flood and other climate-related risks at individual properties, and connecting people to available resources;
 - b. Increased lot-level action on measures such as flood mitigation, stormwater management, heat and wind protection, water efficiency and green infrastructure;
 - c. Reaching those most at risk or vulnerable through targeted communication;
 - d. Landscape and building industry training to support skills building for climate resilience; and,
 - e. Cross-promotion of regional and community programs and resources including emergency preparedness, flood communications, tree planting programs, extreme heat warnings, and health protection from climate hazards such as extreme heat, extreme weather, vector-borne disease and air pollution.

4.6 The climate resilience program enhancements will be based on the following framework:

- a. **Home Assessments and Expert Advice** – Homeowners, renters, and low-rise housing providers will have access to home assessments delivered by trained assessors from the Region’s third-party program administrator. The Home Resilience Assessment will review ways to mitigate the impacts from basement flooding, and extreme heat or wind events, and consider nature-based solutions such as tree planting. Residents will be given recommendations ranging from do-it-yourself/lower cost options to larger projects which may require the help of a professional. Participants will be provided with guidance on next steps, educational resources, and referrals to partner implementation programs.
- b. **Financial Incentives** – Pending securement of additional funding through the FCM GMF LLCA Financing Adaptation initiative, residents will have access to free home resilience kits, retrofit rebates, and financing to encourage larger climate resilience measures at their home and property. Multiple incentives streams have been designed to target specific audiences including (1) rebates available to all residents, (2) free installation of low-cost, effective resilience kits for income-eligible residents, and (3) rebates for low-rise multi-unit residential buildings (i.e. social housing, cooperatives, condominiums). Incentives may support measures such as downspout disconnection and redirection, rain barrels, raingardens, soak away pits, permeable pavement, sustainable landscape design, and resilient roofing installation. Free home resilience kits may include window well covers, downspout extenders, flood alarms, and a watertight storage bin. Residents will have access to low interest financing for larger retrofit projects through the Region’s new LIC financing program outlined in Section 5.
- c. **Industry Collaboration and Training** – Collaboration with landscape and building industry associations and training experts will increase local skills in climate resilience and build capacity for the industry to act as agents of change, further promoting this work. Strategic industry training opportunities will be scoped and promoted, leveraging existing programs (i.e., [Fusion Landscape Professional](#) certification offered by Landscape Ontario, [Home Flood Protection Training](#) offered by Intact Centre on Climate Adaptation and AET Group, and [Rain Garden Master Class](#) offered by Green Communities Canada). Opportunities for sparking social enterprise and bridge training for underemployed individuals will be explored.
- d. **Targeted Communication and Community Engagement** - A two-pronged approach to communications will include broad-based promotion across the Region, as well as targeted communication activities and strategic community partnerships. This will ensure the program is highly visible and accessible to all Durham residents, while also reaching those that might be at higher climate risk or experiencing barriers to participation. Tailored, neighbourhood-based

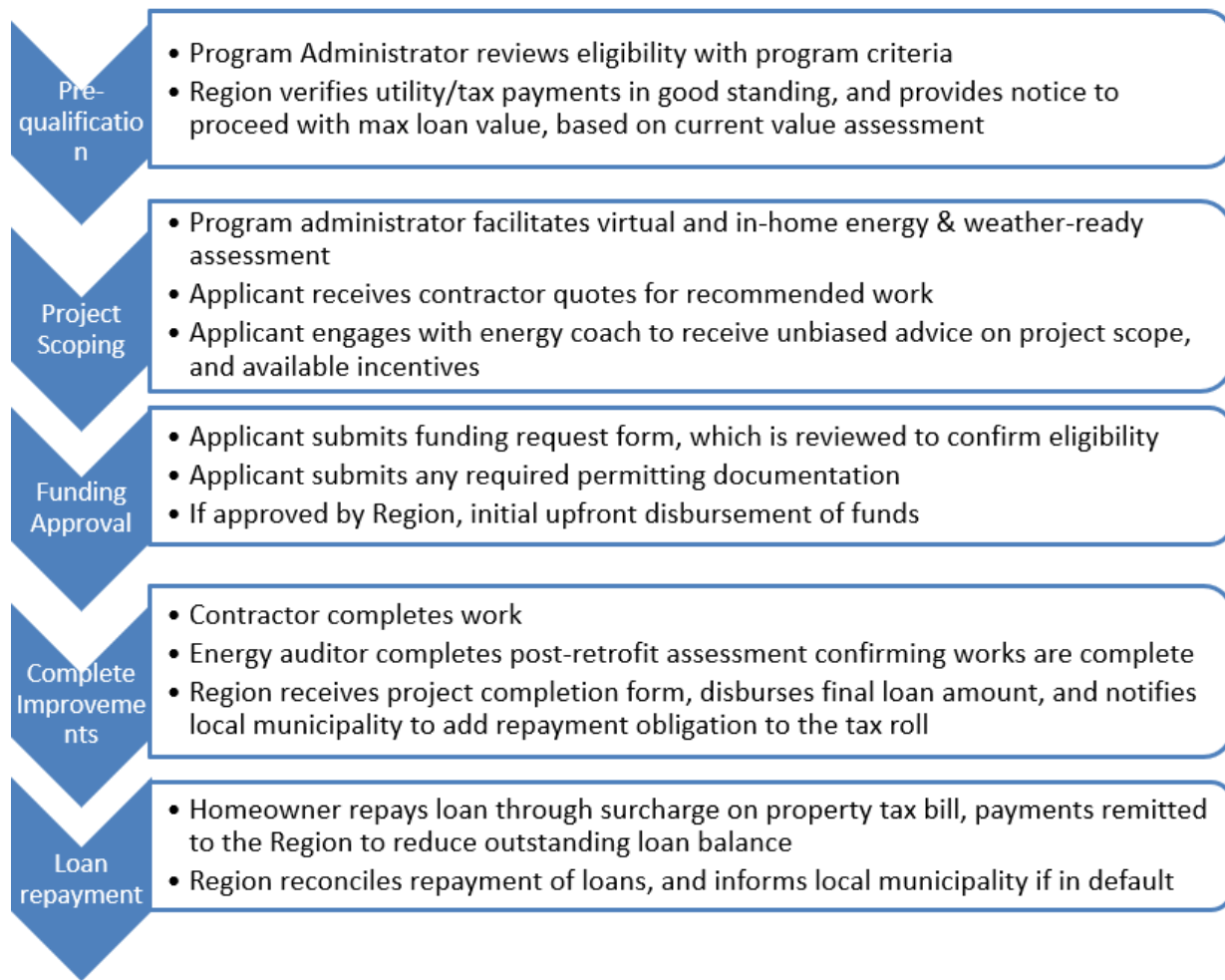
communication and collaborations will inform program delivery and improve uptake in hard-to-reach communities. A range of resident-facing information, educational resources and activities supporting resident risk awareness and skills building in climate resilience measures will be delivered in collaboration with conservation authorities and industry experts. Seed funding for demonstration projects led by project partners and the community will promote the program, showcase and test solutions, and forge new implementation partnerships.

- 4.7 Program design has included scoping with Durham divisions/departments (including CAO's Office, Durham Region Health Department, Social Services, Works, Durham Emergency Management, Finance), as well as with local area municipalities and conservation authorities. It has included review of adaptation plans, vulnerability assessments, risks and hazard mapping, as well as review of best practices, home resilience retrofits, and development of a new home resilience assessment protocol. Program enhancements are based on engagement of residents, community organizations, industry partners and other municipalities. Research and engagement support has been provided by Windfall Ecology Centre, LURA consulting, Ontario Research Centre for Climate Adaptation's (ORCCA), and Climate Risk Institute (CRI). A detailed Program Design Report is available upon request.
- 4.8 Staff propose that the existing third-party program administrator, non-profit organization [Windfall Ecology Centre \(WEC\)](#), be engaged through a sole source agreement to deliver the climate resilience program enhancements through the existing DGH Program. WEC was selected to deliver the DGH program through a competitive process conducted in 2021 and given the similarity in scope of the existing program, the overlap in target residential market and interoperability in promotion, rebates, and tracking platform, a sole source agreement would avoid unnecessary duplication of costs and creation of a competitive program delivered by the Region. WEC has over 20 years of experience administering energy home retrofit in Durham Region on behalf of local natural gas and electrical utilities, and also has extensive experience delivering programs of a similar nature, including [RAIN Community Solutions program](#). WEC has been a longstanding advocate for more sustainable stormwater management approaches.
- 4.9 WEC is in a strong position to continue to provide a "one-stop-shop" for both the existing home energy coach service, as well as the climate resilience home assessment service, offering the personal connection, expert advice, and reducing home retrofit project complexity from the resident's perspective. Engaging WEC to support implementation of the DGH climate resilience program will ensure that residents have access to a trusted advisor that provides assistance throughout the retrofit journey, from understanding their climate risks and available resources, receiving recommended actions, sourcing contractors, and accessing incentives and financing.

5. Durham Greener Homes Program Enhancement – Local Improvement Charge Financing Program Description

- 5.1 In recognition of the ongoing challenges facing the DGH Program third party financing model, as well as the relative success of comparative direct municipal lending programs using the LIC financing approach, staff are proposing to adjust the DGH Financing program to being a municipal loan that is repaid through the property tax collection process. This proposed amendment to the DGH Financing Program is summarized below and described in greater detail in Attachment #1.
- 5.2 Under the proposed approach, the Region will secure the loan via a special lien, as per the authority to apply priority liens under the local improvement charge regulation (O.Reg. 586/06) of the Municipal Act. For additional security, borrowers will also be required to enter into a loan agreement under s. 107 under the Act. Repayment of the loans will be done through an LIC included on the property tax bill using a LIC. In any circumstance where collection through the property tax bill is not viable, Durham Region can instead elect to collect the loan through the loan agreement under s. 107 of the Act as described above.
- 5.3 The amended program would enable the disbursement of 50 per cent of the loan amount up front to support cashflow of property owners undertaking a home retrofit, addressing a widely cited barrier to undertaking larger scale renovations. This approach would build on, and replace, the existing Basement Flooding Loan Program that the Region has had in place since 2009.
- 5.4 Implementing this Financing Program update will require an amendment to the existing Grant and Loan Loss Reserve Agreement with FCM to shift the \$1.5 million in funding the Region currently has available as a loan loss reserve into loan capital that the Region can disburse to eligible residents in the program. FCM staff have been receptive to this proposed change in preliminary discussions and have indicated that the FCM loan loss reserve amount for the Region would likely be increased to align with the amount of the approved grant funding for the Region (i.e. \$1.89 million, as opposed to the \$1.5 million loan loss reserve). At an estimated average loan size of \$20,000 to \$40,000, this translates into approximately 45-90 loans. Based on experience from other LIC home retrofit programs and the high number of current DGH Program enrollments, staff expect that this loan amount may be fully disbursed within 6 to 12 months of launch.
- 5.5 The proposed amendments to the DGH Financing Program will adjust how participants navigate through the DGH Program, while also impacting the administrative process and related project capital allocation process. This revised process is summarized in figure 1 below and illustrated in further detail in attachment #1).

Figure 1 Revised Durham Greener Homes Financing Program Administrative Process and Customer Journey



5.6 The Region and local area municipalities will be taking on new roles in this amended delivery model. These new roles for municipal staff are not expected to be a significant new workload given the relatively low number of transactions expected for this initial pilot period of the program. One additional staffing resources will be required to support delivery of the program under this amended model, and funding for this staff support is available through the Region's existing FCM funding agreement (see Section 6 – financial implications for more details).

6. Financial Implications

6.1 As of April 2025, it is projected that \$236,000 remains of the original DGH Program FCM CEF funding (described in Section 2.5), in addition to the \$230,000 set aside for wrap up costs. These funds are expected to more than cover the additional staff costs for the financial program amendment. The Region will leverage FCM capital

for the loan financing amendment, pending successful renegotiation of the existing agreement supporting the DGH program.

- 6.2 The estimated Regional cost for the weather ready enhancements is \$165,000 annually or \$660,000 total over four years (2025-2029). This includes home assessments, website and resources, communications and promotion, and program administration delivered by third party administrator Windfall Ecology Centre. Sources of funding for the weather ready enhancements are covered by approved operating funding provided through the Region's annual budget process. In-kind or other contributions related to incentives, industry training, and resident education will be explored with interested Local Area Municipalities, conservation authorities, and industry partners.
- 6.3 Leveraging existing Council-approved funding, staff will endeavor to secure additional funding through an application to the [FCM GMF Local Leadership for Climate Adaptation \(LLCA\)](#) Financing Adaptation initiative, which is expected to launch in Fall 2025. This funding would support financing capital for home resilience loans, incentives and rebates for residents and industry, additional home assessments, enhanced and targeted communications, resident education, industry collaboration and training, community engagement, and on-the-ground demonstrations. Additional sources of funding beyond FCM will also be pursued, where available.
- 6.4 The estimated debenture financing from FCM is estimated not to exceed \$2 million and will be used to support the direct municipality-to-homeowner loan financing program. The financing terms associated with this loan financing will be determined as part of FCM's review of the Region's application and negotiation of the agreements with FCM. Based on a maximum loan of \$2 million, the Regional Treasurer has updated the Region's debt and financial obligations limit and has determined that the limit will not be exceeded with this borrowing.

7. Next Steps

- 7.1 Key next steps for program implementation, with proposed full program subject to securement of funding, include:
- a. Regional Council endorsement of the DGH Program enhancements with an estimated annual cost of \$165,000 as described in this report, to be funded through approved operating funding provided through the Region's annual budget process;
 - b. Negotiation and award of a sole source agreement with Windfall Ecology Centre to incorporate enhancements into the existing DGH Program as outlined in Section 6 for a period of up to four (4) years (April 2025-March 2029);
 - c. Re-negotiation of existing FCM CEF Grant and Loan Loss Reserve Agreement to make loan capital available for proposed LIC financing model. Should this

effort be successful, staff will come back to Regional Council with an LIC enabling by-law for approval.

- d. Submission of a proposal to FCM Local Leadership for Climate Adaptation (LLCA) initiative upon launch, which is expected in Fall 2025;
- e. Negotiation and execution of an FCM contribution agreement and supporting agreements with partners relating to use of fund and program evaluation and reporting;
- f. Continued engagement of local area municipalities, conservation authorities, industry stakeholders and community in program implementation including strategic communications, industry training, and community collaboration activities; and
- g. Anticipated launch of climate resilience enhancement later in 2025, with a view to fully funded program launch in spring 2026 should the Region be successful in securing FCM LLCA program funding.

8. Relationship to Strategic Plan

8.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:

- a. Goal: Environmental Sustainability and Climate Action
 - E2. Collaborate with partners on the low-carbon transition to reduce community greenhouse gas emissions across Durham Region.
 - E3. Prepare for and respond to severe weather impacts.

8.2 For additional information, contact: Ian McVey, Manager of Sustainability, at 905-668-7711, extension 3803.

8.3 Approved by: Sandra Austin, Executive Director, Strategic Initiatives.

9. Attachments

Attachment #1: Memo on Proposed Amendment to Durham Greener Homes Financing Program

Attachment #2: Durham Greener Homes Proposed Updates-Summary Presentation

Respectfully submitted,

Original signed by

Elaine C. Baxter-Trahair
Chief Administrative Officer

To: Durham Regional Municipality, Ian McVey

From: Janice Ashworth

Date: 2025-03-10

Re: Memo on Proposed Amendment to Durham Greener Homes Loan Program

1. Context

Durham Region staff would like to request of FCM an amendment to their Community Energy Financing Program Grant and Loan Loss Reserve Agreement. The amendment would end the loan loss reserve supported third-party financing element of the program and replace it with a direct municipal financing offer enabled under the Ontario Municipal Act. The proposed amendment involves converting the current \$1.5M loan loss fund into municipal loan capital and topping it up by \$300,000 for a resulting \$1.8M loan capital pool. This memo outlines the rationale for the amendment and the mechanics of the proposed municipal financing program.

2. Durham Greener Homes Program to Date

2.1 Successes

2.1.1 Concierge Service and Energy Coaching

The most successful element of the Durham Greener Homes Financing Program has been the concierge services including the energy coaching. Homeowners using the energy coaching have achieved 40% greater emissions reductions than the average home retrofit in Durham over the same period.

Coaches are independent experts available to help homeowners navigate the complex home retrofit process. Questions tend to be about building science, technologies, incentive program processes, and contractor selection. It has been widely popular, driven uptake, and had a measurable impact on reducing emissions. As of Jan 2025, there have been 1,320 calls for energy coaching. The feedback survey has received 309 responses resulting in a 4.8/5 customer rating.

2.1.2 Virtual Home Energy Assessment Tool

The Virtual Home Energy Assessment Tool (V-HEAT) was developed for the Durham Greener Homes Loan Program by Windfall Ecology Centre. It applies machine learning to generate retrofit suggestions for homeowners. It also enables homeowners to run various scenarios to help them decide on their home retrofit solutions. The Energy Coaches also leverage the V-HEAT platform to assess a home before an in-home assessment can be completed. They help homeowners navigate how to claim their home energy label.

Enrollments in the energy concierge service went up 160% in the quarter following the launch of V-HEAT. Similarly, coaching calls went up by 130% annually after its release. Participant feedback suggests that the process is smooth, and the results are easy to understand and access.

2.1.3 Funding Leveraged

Durham's Greener Homes Loan Program has successfully leveraged funds from a number of contributors, including:

- \$25k/yr from Enbridge to support program marketing
- \$400,000 from NRCan's Towards Net Zero for the V-HEAT Platform
- \$100,000 for Windfall Protocol work from NRCan's Office of Energy Efficiency Program
- \$300,000 in cash and \$485,000 in in-kind staff remuneration from the Regional Municipality of Durham Region for program operations.

2.2 Challenges

The Durham Greener Homes Program has faced challenges in its current iteration, namely around the third-party financing arrangement with credit unions that is supported by a loan loss reserve. The main challenges are non-competitive loan terms.

2.2.1 Non-Competitive Loan Terms

The unsecured loan terms offered by the two credit union partners were not attractive to homeowners because the interest rates were too high relative to other options. The best interest rate Durham Region was able to negotiate with the loan loss reserve was a variable rate loan product at an interest rate of prime plus 2% for 10-year loan terms. At prime plus 2%, the rates were higher than home equity lines of credit and the Federal Government's Greener Homes Loan Program. Also, the loan term was maximum 10 years, which was not long enough to help ease the cash flow crunch.

The incentives offered through the Durham Greener Homes Program were agnostic to financing, therefore any Durham resident utilizing the energy coaching was eligible. As a result, incentives did not provide any extra motivation for homeowners to opt for the private unsecured loan from the credit unions.

3. On-Tax-Bill Process

3.1 Proposed Amendments

Durham Region is proposing to adjust the Durham Greener Homes Loan program to being a municipal loan that is collected through an on-tax-bill collection process. The municipality will secure the loans via a special lien, as per their authority to apply priority liens under the local improvement charge regulation (O.Reg. 586/06) of the Ontario Municipal Act. For additional security, borrowers will also be required to enter into a loan agreement under s. 107 of the Municipal Act. Collection of

the loans will be done through property taxes using a local improvement charge. In any circumstance where collection through the tax roll is not viable, Durham Region can instead elect to collect the loan through the loan agreement under section 107 of the Municipal Act. The amended program would enable the disbursement of 50% of the loan amount up front to support cashflow of homeowners undertaking a home retrofit.

Durham Region would also add climate resiliency measures to the eligible measures list. These measures will include flood, wind and heat protections for homes. While the \$1.8M in loan funding being sought from FCM can only be used to cover up to 30% of individual homeowner retrofit measures in relation to resilience measures, as per FCM guidelines, FCM is currently undergoing the design of a Resiliency PACE Financing limited program in which the Region could choose to apply to in the future. This additional funding, if successful, could provide additional grant and loan to explicitly target resiliency home upgrades.

3.2 Rationale

The rationale for making this amendment is to offer better interest rates and more flexible loan terms for participants in the Durham Greener Homes program. FCM's interest rates are either 0% or 2.5%, which are substantially lower than those offered by the credit unions.

Municipal loans are tied to properties and not individuals, so homeowners' credit scores will not be affected. It is also therefore a loan product that can be made available to those with low or fixed incomes and/or limited credit history.

Also, loan term lengths will be up to 20 years, as compared to the maximum 10-year terms that are offered under the 3rd party financing model. These extended terms will help the cash flow situation of homeowners, which is justified by the equipment life expectancy, and could better align anticipated energy savings with loan repayments.

This form of financing has benefits over a private loan product as it can be transferred to a new buyer at the time of sale, allowing for the repayment term to exceed the expected residence time of a homeowner at that address.

3.3 Mechanics

3.3.1 Customer Journey Flow

The proposed amendment will adjust how the customer navigates the program, how the paperwork flows, and how the capital flows. The amended program flow is depicted in Figure 1. This Figure also shows the relative roles and responsibilities of the program delivery team.

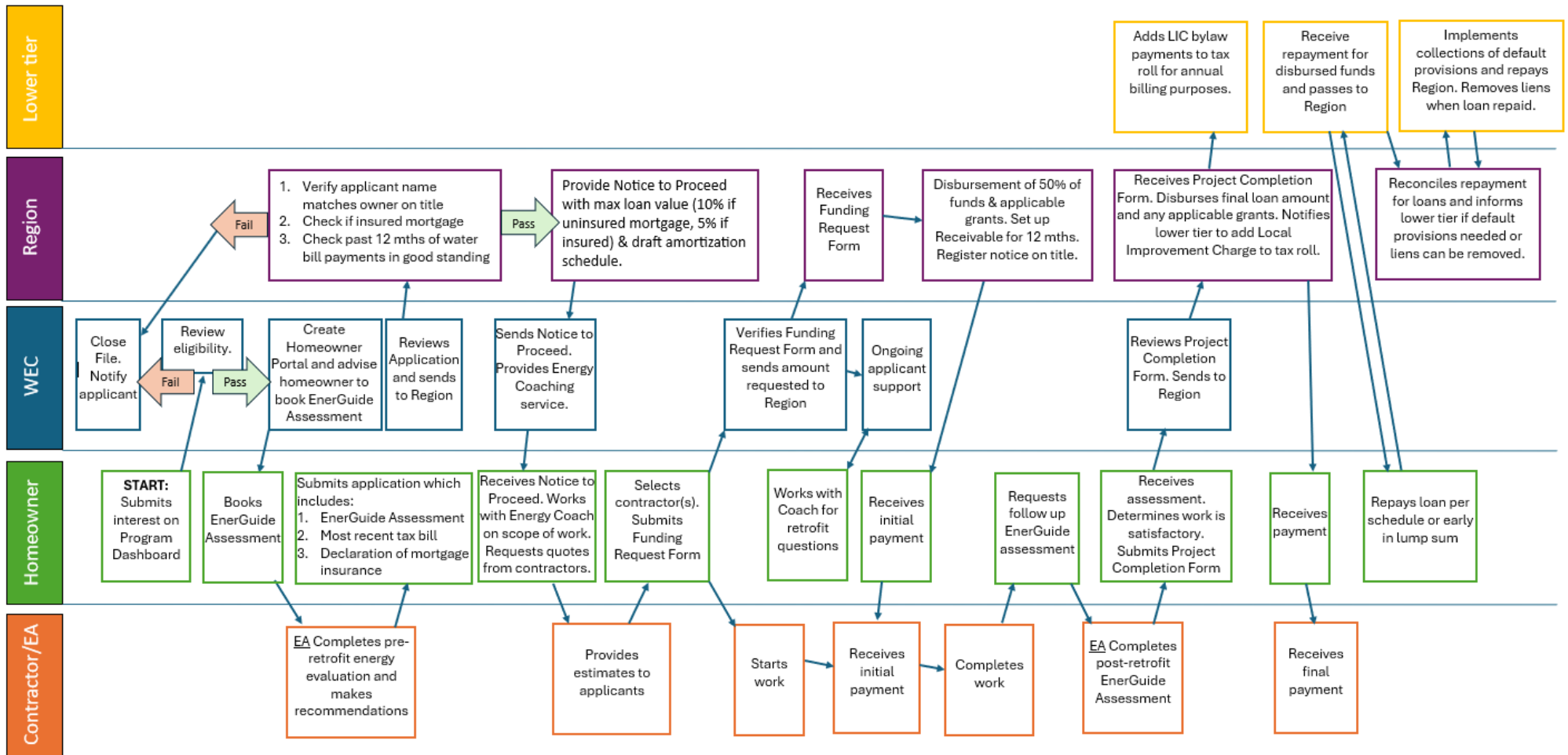


Figure 1 Process and journey flow for amended Durham Greener Homes Loan Program

3.3.2 Due Diligence and Underwriting Criteria

Eligible buildings will be those that are used primarily for residential purposes and are three storeys in height or less and smaller than 600 m² in area.

The underwriting criteria for eligible homeowner applicants are proposed as follows:

- **Step 1.** Verify the applicant's name exactly matches that on the property tax roll using a title search
- **Step 2.** Verify if there is mortgage insurance
 - If yes, maximum loan value to be set at 5% of Current Value Assessment (CVA)
 - If no, maximum loan value to be set at 10% of CVA
- **Step 3.** Verify the water bill payment history is in good standing (minimum 12 months payment history)
- **Step 4.** If no water bill payment history, request the tax payment history from the lower tier municipality with consent from the homeowner application. Must have at least 12 months of payment history and be in good standing to at least 95% accurate.
- **Step 5.** Upon receipt of most recent MPAC Current Value Assessment as part of the homeowner's application, calculate the maximum loan value as 10% of the assessed value or a maximum of \$125,000.

If an applicant is not able to meet these requirements, they will be deemed ineligible. Condos are expected to be ineligible.

The homeowner will be required to declare that they are in good standing with all the obligations associated with mortgages or other liens on the property title.

3.3.3 Securitization Plan

Using their authority to impose Local Improvement Charges, Durham Region will secure their loans with a special lien on title for participating homeowners. This special lien sits in priority position to all other non-municipal liens on title. The Region will work with the lower tier municipalities to add the repayment obligation to the tax roll and to collect the repayments. In the case of arrears, the Region would follow their standard process for collection of only the amount in arrears, which again involves the lower tier municipalities. Together, the Region and lower tier municipalities have the ability, if necessary, to force a tax sale of the property if it is found to be in default of the terms of the loan.

As additional security, to be approved for a loan, homeowners will be required to enter into a loan agreement under section 107 of the Municipal Act. This loan agreement will only take effect if Durham Region, for any reason, is unable to collect the amount borrowed through a Local Improvement Charge. The terms of this loan will mirror the repayment schedule and interest rate that would be imposed through the tax roll.

4. Resourcing Needs

4.1 Staff and Funding Needs

4.1.1 Municipal Staffing Needs

The Region and lower tier municipalities will be taking on new roles in this amended delivery model. The new roles to be played by municipal staff are not seen to be significant as there are only 45 to 90 transactions expected for this period of the program. One new FTE in Finance is expected to be enough to deliver the program under this amended model.

Specifically, the roles for the Region's staff team are as follows:

- Property title search
- Water bill payment history verification
- Liaising with lower tier municipalities for tax bill payment history
- Calculating max loan from current assessed value
- Generating amortization schedules and finalizing them at loan completion
- Mailing cheques or making payments otherwise
- Countersigning loans and verifying paperwork
- Issuing special liens on title and notices of liens during retrofit period
- Collecting on loans and reconciling accounts
- Managing default events or early repayment activities
- Monitoring FCM funding and reporting to FCM
- Investing capital pools while they are waiting to be deployed.

4.1.2 Program Budget Implications and Risk Mitigation Strategies

To amend the program as proposed, the budget will need adjusting. As of April 2025, it is projected that \$236,000 remains of the original approved program funding, in addition to the \$230,000 set aside for wrap up costs. These funds are expected to more than cover the additional staff costs for this program amendment.

The Region acknowledges that the risk remains of FCM reclaiming the grant portion of the funds if the loan capital is not all extended. To mitigate this risk of a future municipal budget pressure, the Region will not plan to use any unnecessary grant funds in order to have a cushion that could be used to attract more homeowner uptake. Strategies to drive uptake could include offering grants only to loan recipients, additional advertising, or, upon FCM approval, extending the program delivery term.

4.2 Loan Loss Reserve Fund

The Region has determined that, for the sake of this \$1.8M program period, a loan loss reserve fund is not necessary. Instead, the grant funds will be deployed to cover operational costs and

homeowner incentives. In future iterations or expansions of the program, a loan loss reserve fund may be reconsidered if it is deemed helpful to attract private capital.

5. Uptake Projections and Environmental Benefits

5.1 Amendments from Feasibility Study

The uptake of the program is projected to be in the range of 45 to 90 people each accessing loans of \$20,000 to \$40,000. Given that 859 people signed up for the energy coaching service last year, this uptake is seen as realistic and achievable.

An element of the *Durham* Greener Homes Loan Program that will distinguish it from the *Canada* Greener Homes Loan program is the eligibility of climate resiliency measures which can include up to 30% of the cost of any given homeowner loan as per FCM guidelines. Homeowners wishing to implement these measures will also constitute target audiences for the municipal program.

Another distinguishing feature is the eligibility of landlords, as they are not eligible for the *Canada* Greener Homes Loan Program. Finally, given that the *Durham* program is offering 50% of the loan up front, and is offering loan terms of 20 years versus 10 for the federal program, it will be more accessible and attractive to those homeowners who face cashflow or short-term credit challenges.

5.2 Marketing and Outreach Planned

The Region plans to market the program using water bill inserts, which have been impactful and cost effective in the past. They will also leverage local municipal communications channels including screens in community buildings, newsletters, social media, community newspapers, etc. They may explore outreach through contractors and will continue to encourage contractors to take advantage of the energy coaching service to learn more about the program.

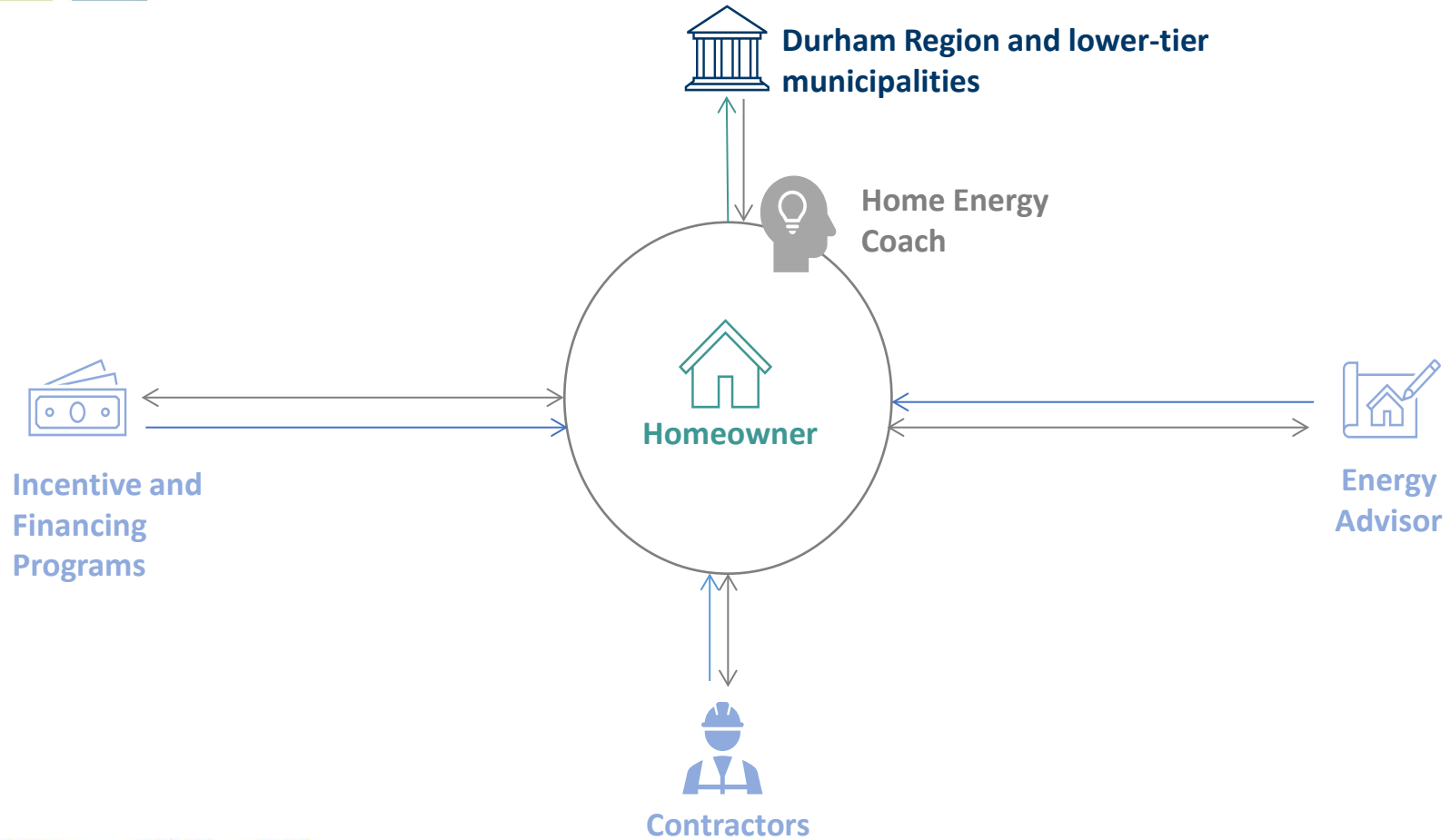


Durham Greener Homes Program – Proposed Updates

Presentation to Committee of the Whole

Report #2025-COW-17

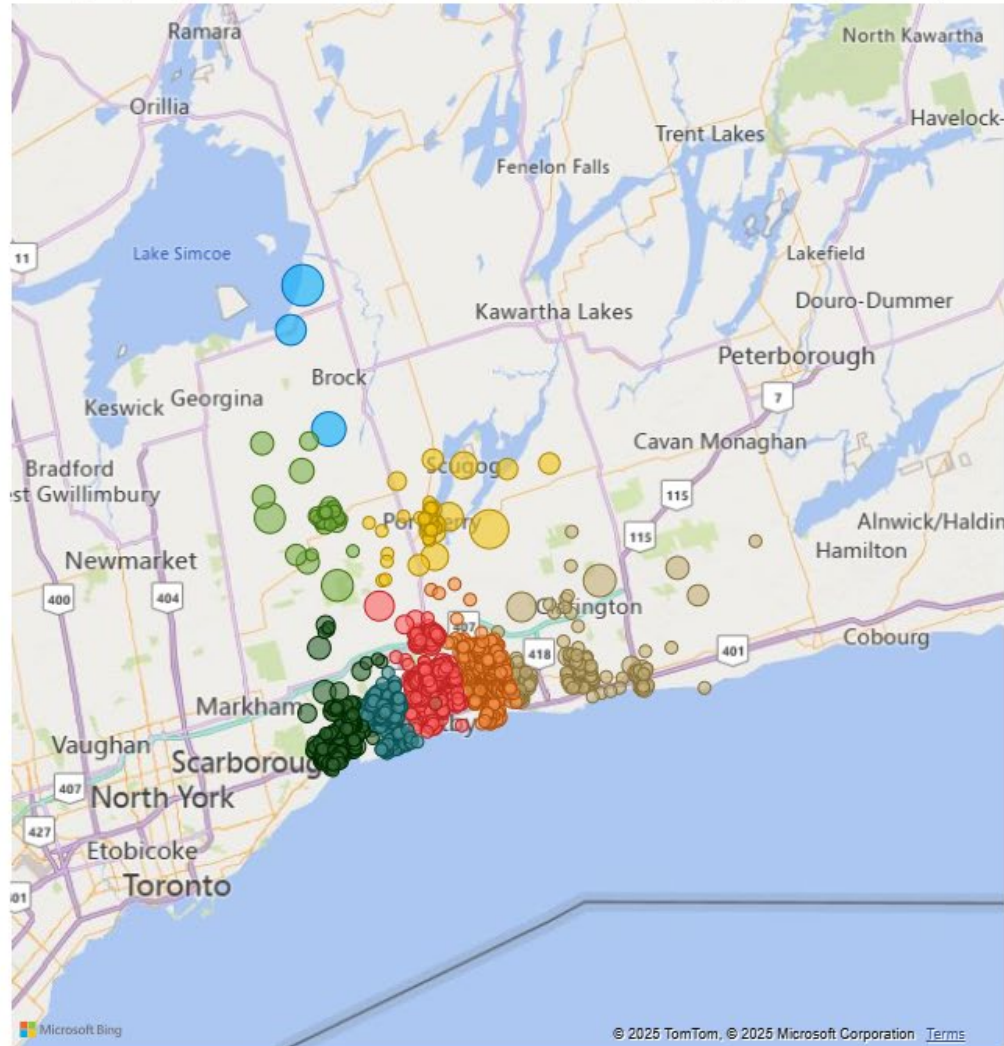
April 9th, 2025



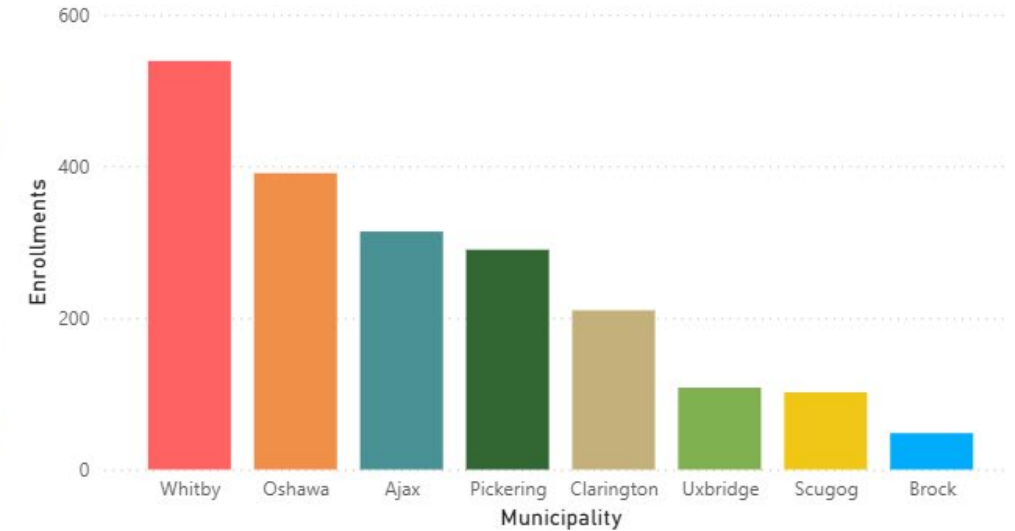
DGH Performance To Date

Map of Applicants

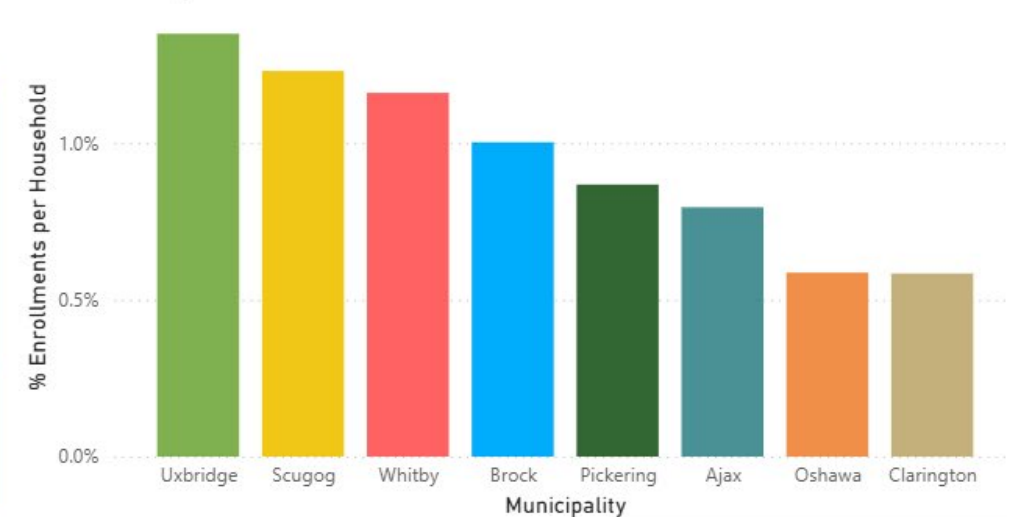
Municipality ● Ajax ● Brock ● Clarington ● Oshawa ● Pickering ● Scugog ● Uxbridge ● Whitby



Enrollments by Municipality



Enrollments per Household



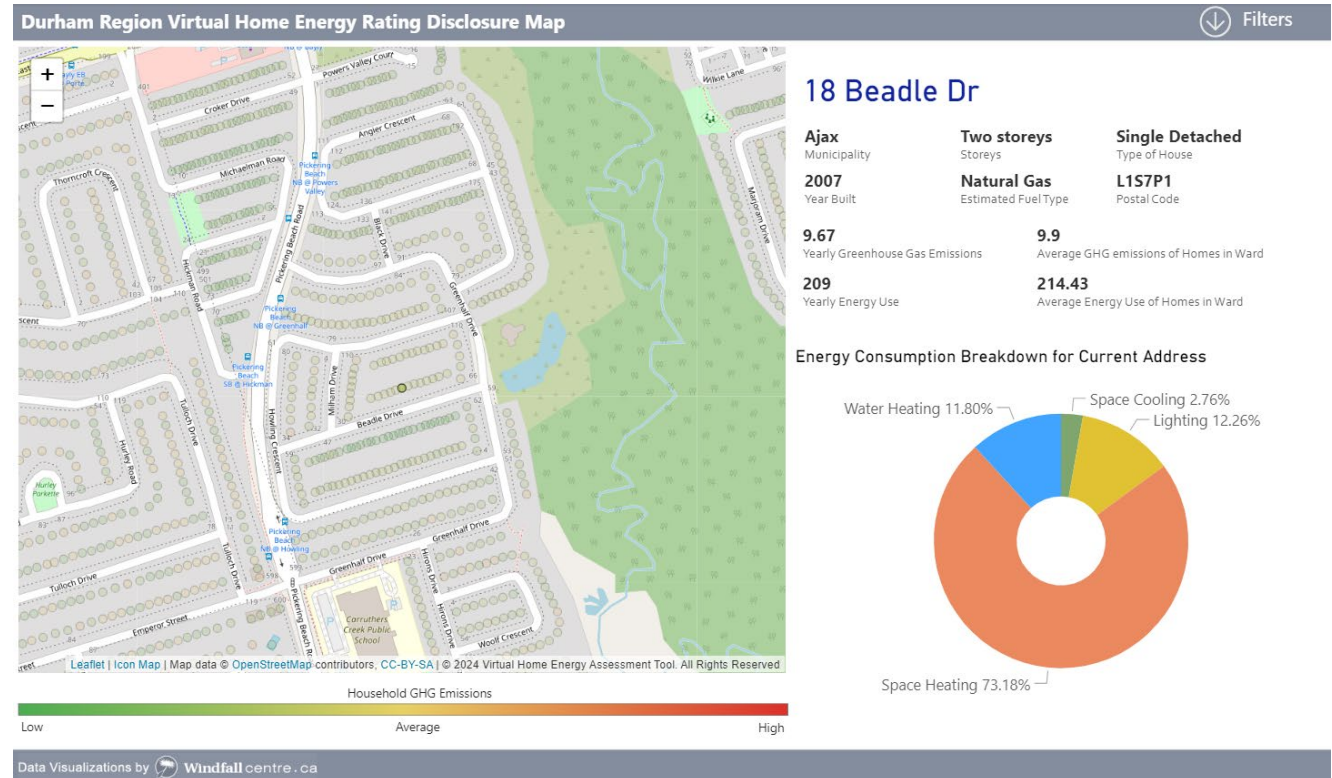
Energy Coaching is Highly Successful

- Close to 1,400 calls for energy coaching
- Result in 40% greater emissions reductions than the average home retrofit
- 4.8/5 customer rating based on 309 feedback surveys



New Virtual Home Energy Audit Tool

- Builds awareness of home energy efficiency and promote green retrofits
- Machine learning model built using data from on-site energy evaluations
- Energy rating assigned to each home within Durham Region





Proposed Durham Greener Homes Program Enhancements

Weather-Ready Renovations

- Reduce risks to residents from extreme weather events
- Reach those most at risk
- Support workforce development
- Multi-sector collaboration to align incentives

Durham Greener Homes Financing

- Solves upfront cost barrier, and aligns repayment with avoided utility costs
- Supports local investment and property values
- Loan is tied to property, not individual, and can be transferred at time of sale

Proposed Climate resilience ("Weather Ready") Services

Extreme Weather – Unprecedented Cost Pressures on Home and Building Owners



*The amount of insured damage is an estimate provided by CatIQ (www.catiq.com) under licence to IBC.

Source: Insurance Bureau of Canada

Extreme Weather Impacts in Durham Region

NEWS

'High levels of air pollution': Durham air to be affected by wildfire smoke

Durham Region is going to be affected for the next several days by smoke from the wildfires in northern Ontario and Quebec

AJAX
News Advertiser.

By Ajax News Advertiser

Tuesday, June 27, 2023 | 1 min to read

The air quality in Durham Region will be affected for the next several days by smoke from the wildfires in northern Ontario and Quebec.

Air Quality Ontario (AQO) issued a statement, noting, "High lev

"Smoke plumes from forest fires over northeastern Ontario and into the area overnight tonight, resulting in deteriorated air quality, are expected to improve for some areas Friday," the agency added.

The agency noted that the smoke will cover an area from Kingst
Niagara area.

"Air quality and visibility due to wildfire smoke can fluctuate over time and can vary considerably from hour to hour," it said.

The AQO said the wildfire smoke can be harmful to everyone's health, especially for people with pre-existing conditions, and people should take action to reduce their exposure.

"People with lung disease (such as asthma) or heart disease, older pregnant people, and people who work outdoors are at higher risk for health effects caused by wildfire smoke. Speak with your health care provider about developing a management plan for wildfire smoke events, maintaining necessary medications at home, and always carrying these medications during wildfire season," the agency noted.

Anyone engaged in activity should stop or reduce what they are breathing becomes uncomfortable, the AQO added.

TORONTO | News

TORONTO | News
Heat wave moving through southern Ontario

A heat warning is now in effect for Toronto and parts of the Greater Toronto Area, as the air quality in the region deteriorates.

At around 2 p.m., **Environment Canada said a two-day heat wave will start Thursday**, with daytime temperatures expected to be near 30 C today through Friday.

The heat warning impacts southern parts of the province – including Hamilton, Vaughan, Pickering, Halton and Peel regions – and most of northeastern Ontario.

On Wednesday morning, at around 10:15 a.m., Environment Canada issued a special air quality statement, saying the air quality could pose a moderate risk to people in the area with the potential of increasing to high risk later in the day. Just before 10 p.m., the air quality statement ended.

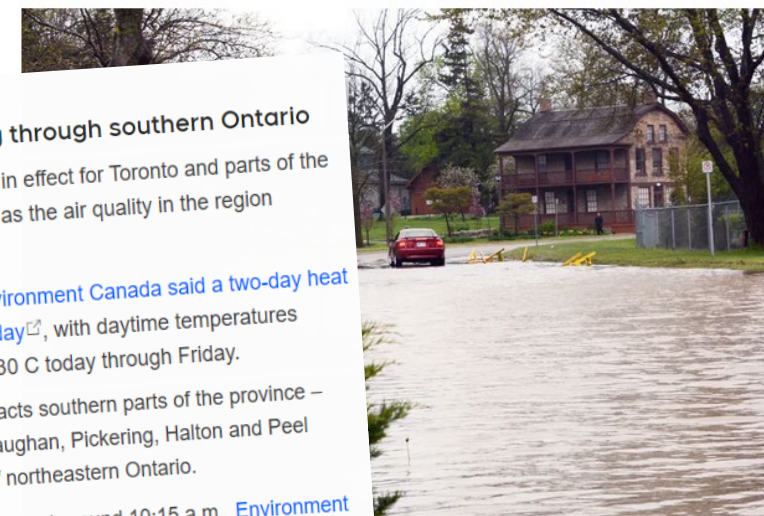
The federal agency says the "hot and humid weather conditions" can lead to elevated levels of air pollution.

The statement is in effect for Toronto, Mississauga, Brampton, Vaughan, Richmond Hill, Markham, Halton Hills, Milton, Burlington, Oakville, Pickering, Oshawa, Newmarket Georgina, southern Durham Region and northern York Region.

Flooding continues across Durham

CLOCA warns to avoid bluff areas as erosion continues

Posted on May 31, 2017 by oshawaexpress in NEWS



rk were closed, including the beach parking lot as water
vels are causing flooding and erosion across Durham
cerns along the lake's bluffs. (Photos by Joel

Environment Canada puts Ajax and Pickering as well as Oshawa and Whitby under special weather statement Jan. 25-26 warning of 'hazards' for residents

Drivers and pedestrians being put on alert



By [Louie Rosella](#) [Durhamregion.com](#)

Thursday, January 25, 2024 | ⌚ 1 min to read

Opportunity to Leverage New FCM Funding

- FCM Green Municipal Fund **Local Leadership for Climate Adaptation (LLCA)** initiative provides funding and skills development support to local governments to adapt and build long-term resiliency to the impacts of climate change
- \$530M initiative to 1,400 municipal activities by 2031
- **Financing Adaptation Stream** – Increase in new financing models utilized/leveraged by Canadian municipalities to finance climate adaptation capital projects.
 - Anticipated funding available: Fall 2025

Opportunity to Leverage Municipal Lending

- **Durham Basement Flooding Program** - \$3,000 loan for residents who have experienced basement flooding due to a sanitary sewer backup, with repayment through a surcharge on the resident's quarterly water and sewer bill
- **Local Improvement Charge (LIC) financing** (also known as Property-Assessed Clean Energy or PACE financing) authorize by the Municipal Act (2001) O. Reg 322/12 and 586/06.

Many successful examples:

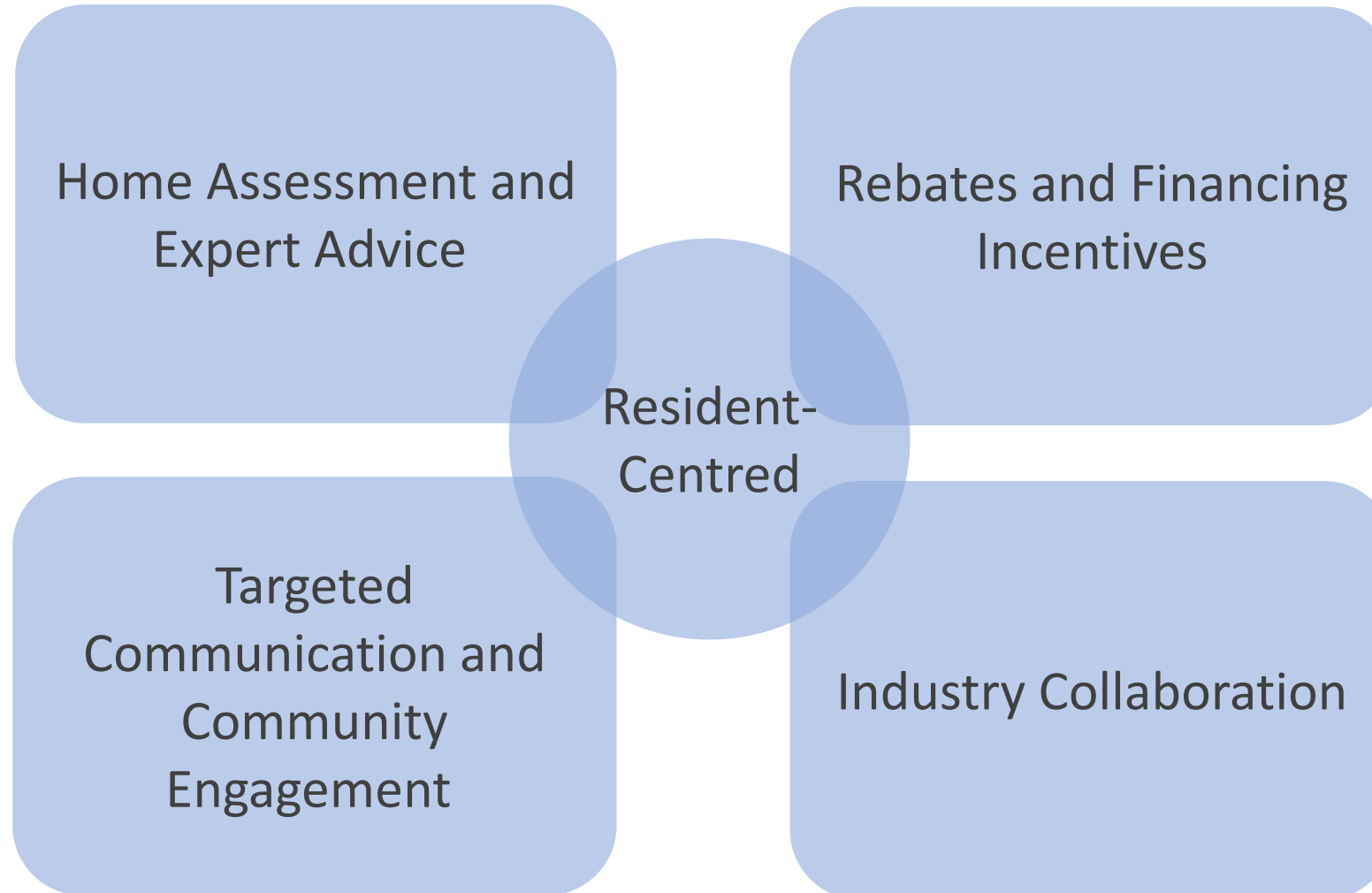
- Better Homes Ottawa
- Better Homes Kingston
- Toronto Home Energy Loan Program

Helping Residents get “Weather Ready”

- **Goal:** Help residents reduce the impact of heavy rain, heat, and wind through **risk awareness, expert advice, and incentives**
- **Outcomes:** risk awareness, home improvements, reaching those most at risk, industry capacity building, cross-promotion
- **Policy drivers:** Durham Community Climate Adaptation Plan, Regional Strategic Plan, local area municipality adaptation plans

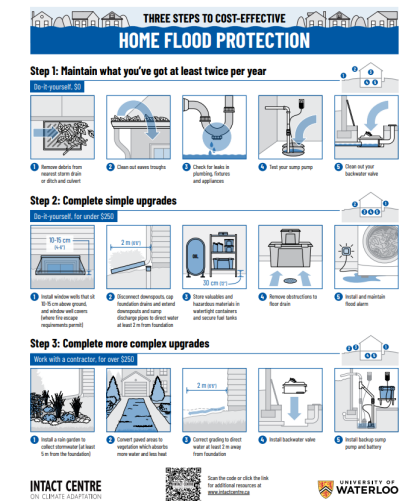


Proposed Program



Multi-hazard Home Resilience Assessment

- **Goal:** Free or low-cost expert advice to reduce impact of storms, basement flooding, heat or wind events, landscape and nature-based solutions
- **Outcomes:** Report with DIY and larger project recommendations, resource sharing, referrals to partner programs, follow ups
- Currently in development with Windfall Ecology Centre



Targeted Approach to Reducing Financial Barriers

- **Incentives, rebates and loans** for resilience measures to encourage improvements in the home and landscape, support cost-sharing between residents and municipalities
- May also include top-up rebates from the local area municipalities

Stream 1:
All homes

Stream 2:
**Income-eligible
homes**

Stream 3:
Low-rise **multi-unit
residential buildings**

Financing Option: New Municipal **Loan** Program

Targeted Weather-ready Measures

- Downspout redirection, disconnection, rain barrel
- Rain garden, soak away pit
- Certified sustainable landscape designs
- Permeable pavement
- Roofer incentive
- Free installs/giveaways:
 - Downspout extenders
 - Window well covers
 - Flood alarms
 - Watertight storage



Communication and Community Engagement

- Awareness, education, skills
 - Assessor One-on-one
 - Durham Greener Homes Website
 - Resources (videos, guides)
 - Training Workshops and Events
 - Demonstration Projects
- Targeted Communications
 - Mail to households
 - Booths at events
 - Community organization partnerships
 - Social media



Industry Collaboration

- **Goal:** Increase skills and capacity for building and landscape industry to act as agents of change. Help generate local employment opportunities and green jobs. Explore how to make connections between qualified installers and residents.





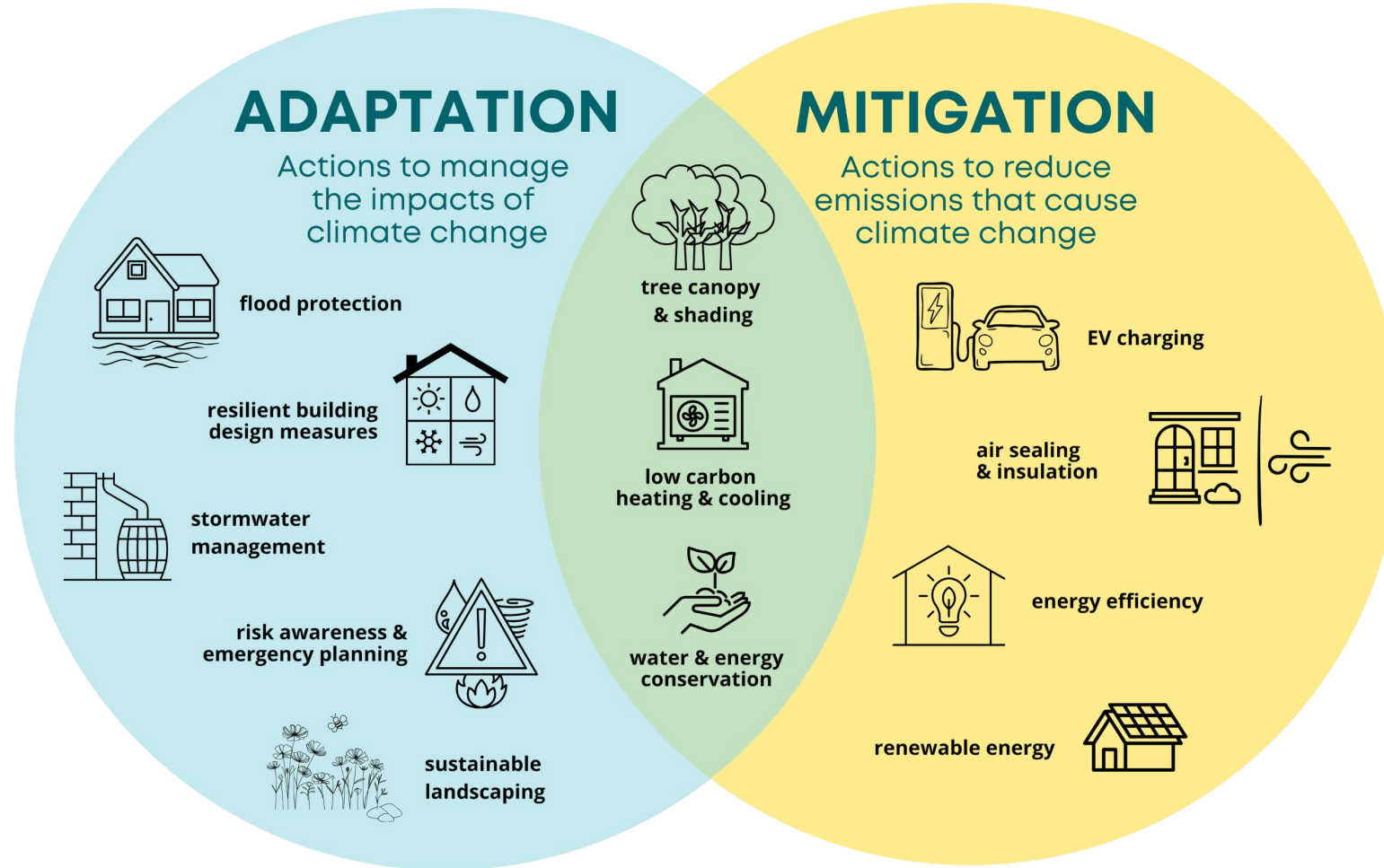
Next Steps on Weather-Ready Program Enhancement

1. Negotiate contract with existing program administrator Windfall Ecology Centre to integrate weather-ready service delivery with existing Durham Greener Homes program
2. Continued engagement of local area municipalities, conservation authorities and industry organizations
3. Submit proposal to FCM Local Leadership for Climate Adaptation Program – Financing Adaptation Stream - anticipated to open in Fall 2025
4. Launch weather-ready renovation services in 2025, with fully funded program in spring 2026 pending receipt of FCM funding



Proposed Durham Greener Homes Financing program

Financing to Support Full Range of Climate Action



Durham Greener Homes Loan Features

- Build on, and replace, the existing Basement Flooding Loan Program
- Municipal loan collected through the property tax collection process, as per authority of LIC regulation (O.Reg. 586/06)
- Loans securitized via special lien, loan agreement required
- Low/zero interest rate, loan up to 10% of home value or \$125K
- Long-term 20-year amortization
- Enable 50% disbursement of the loan up front to support cashflow of homeowners undertaking a home retrofit



Home Renovation Financing Program Administration Process

Pre-qualification

- Program Administrator reviews eligibility with program criteria
- Region verifies utility/tax payments in good standing, and provides notice to proceed with max loan value, based on current value assessment

Project Scoping

- Program administrator facilitates virtual and in-home energy & weather-ready assessment
- Applicant receives contractor quotes for recommended work
- Applicant engages with energy coach to receive unbiased advice on project scope, and available incentives

Funding Approval

- Applicant submits funding request form, which is reviewed to confirm eligibility
- Applicant submits any required permitting documentation
- If approved by Region, initial upfront disbursement of funds

Complete Improvements

- Contractor completes work
- Energy auditor completes post-retrofit assessment confirming works are complete
- Region receives project completion form, disburses final loan amount, and notifies local municipality to add repayment obligation to the tax roll

Loan repayment

- Homeowner repays loan through surcharge on property tax bill, payments remitted to the Region to reduce outstanding loan balance
- Region reconciles repayment of loans, and informs local municipality if in default



Next Steps on Durham Greener Homes Financing Program

1. Re-negotiate existing funding agreement with FCM to:
 - convert loan loss reserve fund to loan capital that the Region can on-lend to qualified program participants, and
 - enable portion of remaining grant funding to support staff costs associated with program administration
2. Pass by-law to authorize use of local improvement charges to finance eligible improvements under the Durham Greener Homes program
3. Launch new Durham Greener Homes Financing offer in Fall 2025

Thank You!

Questions?



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