

Policy & Strategy Committee Meeting AGENDA

Tuesday, March 15, 2022– 9:00 a.m.

Council Chambers, 10 Allée Champlain Drive Cookville NS

And Via Audio & Video Teleconference

- 1. Call to Order**
- 2. Announcements, Acknowledgements, Recognition**
- 3. Approval of Agenda**
- 4. Approval of Minutes of February 15, 2022 (as circulated)**
- 5. Business Arising from Minutes - Nil**
- 6. Presentations - Nil**
- 7. Referral from Council - Nil**
- 8. Staff Reports**
 - 8.1 Finance Department**
 - 8.1.1 Proposed Revisions to MODL Policy 049 Property Tax Rebate Policy..... 1-11
 - 8.2 Planning Department**
 - 8.2.1 Proposed Amendments to PACE Program Policies 12-45
 - 8.2.2 Clean Energy Financing Program Renewal 46-48
- 9. Mayor's/Deputy Mayor's/Councillors' Matters**
 - 9.1 Send a Thank You Letter to Dr. Strang on Behalf of MODL.....49
- 10. Added Items**
- 11. In Camera - Nil**
- 12. Next Meeting – April 19, 2022 – 9:00 a.m.**
- 13. Adjournment**



Municipality of the District of Lunenburg

Request for Decision

Report to: Policy and Strategy Committee
Submitted by: Elana Wentzell, Director of Finance
Date: March 15, 2022
Re: Proposed Revisions MDL-49 Property Tax Rebate Policy

Recommendation

That the Policy and Strategy Committee recommend that Municipal Council approve the proposed amendments to MODL Policy 049 Property Tax Rebate and hereby gives seven (7) days' notice of its intention to approve the proposed amendments to MODL Policy 049 at the March 22, 2022 Council meeting.

AND

That the Policy and Strategy Committee recommend that Municipal Council approve Option # _____, for the income threshold and rebate amounts.

Executive summary

The Property Tax Rebate Program is one of the ways that Council supports low-income homeowners by granting a property tax rebate based on household income. The current policy allows for a rebate of up to \$500 for those households with incomes of less than \$29 999.

It has been three years since these amounts have been updated. Based on discussion at the February 15, 2022 Policy and Strategy Committee meeting, staff have proposed several revised options presented for consideration (below). As well, the following policy revisions are also recommended:

- The policy language has been revised to make it more accessible to better meet the needs of the residents by removing program access barriers.
- The rebate schedule and income thresholds have been removed from the policy so they can be updated annually during budget deliberations without updating the policy itself.

- The rebate amount and the income threshold will be increased annually by CPI and presented to Council in the annual budget deliberations
 - The application form has been removed from the policy to allow staff make changes to the application form as needed to distribute and process the applications more efficiently.
 - Proof of household income will now be required to assist staff’s review process.
 - The pro-rating of rebates based on the budget has been removed.
 - A procedure to enable the Treasurer to approve budget overages and report same to Council has been added.

Discussion

The language and format of the Policy do not meet accessibility requirements and the proposed changes will align with MODL’s commitment to accessibility.

The income threshold and rebate amounts will now be annually updated by Nova Scotia CPI to ensure they are current and better reflect the changing economy.

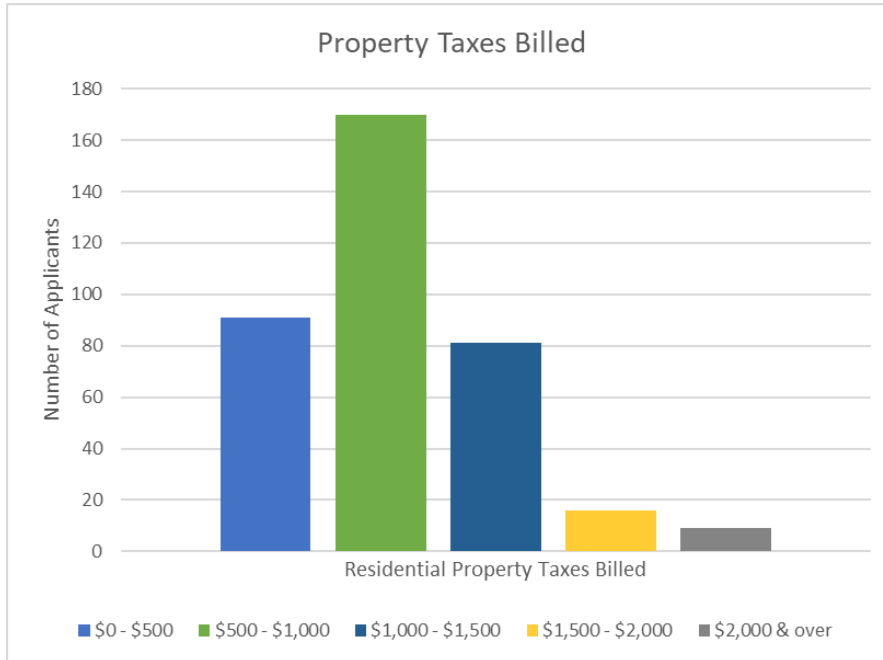
The proof of income requirement follows best practice from other Municipal low-income policies. This enables staff to quickly assess the application without any follow up with applicants who appear to have errors and or omissions on the application form.

Staff reviewed other Municipal Units’ policies for comparison purposes. MODL provides a sliding scale rebate that moves with income levels, some other units have one rebate amount with a maximum income threshold. Applying CPI to MODL’s rebate amounts are shown below. The options section contains discussion pertaining to income thresholds and budget implications. Please note that Kings County has the highest maximum income threshold of \$38,000 (updated for 2022).

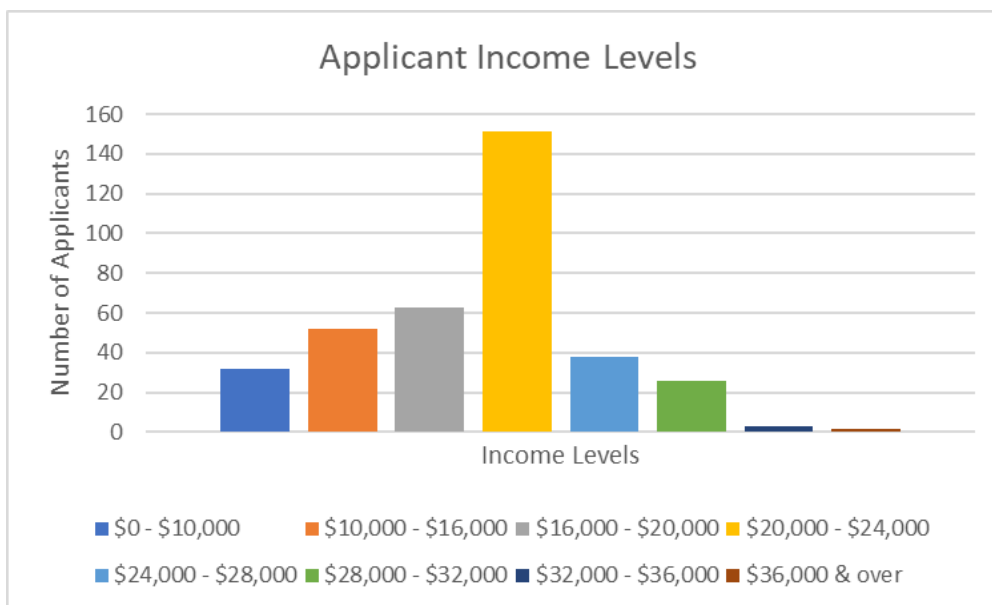
MODL Proposed	Chester	Region of Queens	Annapolis	Kings
Income Range TBD	Income <\$16,208	Maximum rebate of \$250 for applicants with household incomes below \$24,624	Maximum rebate of \$350 for applicants with household incomes below \$27,000	Maximum rebate of \$316 for applicants with household incomes below \$38,000
Maximum Rebates \$106 to \$530	Rebate up to: \$771			
	\$16,208 - \$20,221 Rebate up to: \$462			
	\$20,221 - \$27,204 Rebate up to: \$309			

Alternatives & Budget Implications

Staff analyzed the existing application data. Most applicants have property tax bills between \$500 to \$1,000. The maximum rebate will be fully utilized by many of the applicants. For those with tax bills under \$530, if they qualify, their entire tax bill, including area rates, will be paid in full.



The majority of applicants have household income levels below \$24,000. Staff considered this when determining the income level threshold options.



The current and proposed options are shown in the tables below. The 2022/23 budget for the property tax rebate will be adjusted based on the Committee’s recommended Option.

Current Schedule - Budget \$88,400		
Household Income	Rebate Value	
under \$9,999	\$500	
\$10,000 to \$14,999	\$400	
\$15,000 to \$19,999	\$250	
\$20,000 to \$24,999	\$150	
\$25,000 to \$29,999	\$100	

Original Option CPI on rebate and income threshold		
Household Income	Rebate Value	
under \$10,599	\$530	
\$10,600 to \$15,899	\$424	
\$15,900 to \$21,199	\$265	
\$21,200 to \$26,499	\$159	
\$26,500 to \$31,799	\$106	

Budget Estimate \$95,000

Option 1 - increase minimum & maximum threshold		
Household Income	Rebate Value	
under \$15,999	\$530	
\$16,000 to \$19,999	\$424	
\$20,000 to \$24,999	\$265	
\$25,000 to \$29,999	\$159	
\$30,000 to \$38,000	\$106	

Budget Estimate \$127,000
(existing applications plus \$10,000 new applications)

Option 2 - reduced categories from 5 to 4		
Household Income	Rebate Value	
under \$15,999	\$530	
\$16,000 to \$19,999	\$424	
\$20,000 to \$27,999	\$265	
\$28,000 to \$38,000	\$106	

Budget Estimate \$130,000
(existing applications plus \$10,000 new applications)

Option 3 - reduced categories from 5 to 3		
Household Income	Rebate Value	
under \$19,999	\$530	
\$20,000 to \$29,999	\$265	
\$30,000 to \$38,000	\$106	

Budget Estimate \$137,000
(existing applications plus \$10,000 new applications)

Option 4 - capture majority of low income in highest rebate category		
Household Income	Rebate Value	
under \$23,999	\$530	
\$24,000 to \$29,999	\$265	
\$30,000 to \$38,000	\$106	

Budget Estimate \$171,000
(existing applications plus \$10,000 new applications)

An increase in the cost of the program can be funded through general tax revenues and will be incorporated in the forecasting in the 5-year Financial Strategy model when Council is deliberating the Operating Budget.

Alternatively, the Policy could remain unchanged, or staff could be directed to make further revisions.

Communication Strategy

The low-income rebate policy is mailed to all qualifying applicants from the prior year and any organizations that deal with those who may be low income. This organization list has been recently expanded with information received from the United Way. As well, the updated policy information will be posted on the Municipal webpage, social media accounts, in upcoming newsletters and printed on the back of the interim tax bill.

Conclusion

The policy revisions align with Council's Strategic Plan and commitment to accessibility, it meets Council's objective of making life affordable and allows staff to handle the applications more efficiently.

Department:

Report Prepared By: Elana Wentzell

Date: 2022-03-02

Report Approved By:

Date:

Reviewed By CAO:

Date:

Municipality of the District of Lunenburg Council Policy

Title: Property Tax Rebate Policy	
Policy No. 049	Legislative Authority: Get Dept to recommend
Effective Date: July 14, 2009	Amended Date: April 14, 2015, Nov. 10, 2015, Jan. 22, 2019, Oct. 22, 2019, Sept. 22, 2020, May 25, 2021

PURPOSE

- 1 The Council of the Municipality of the District of Lunenburg hereby adopts the following Policy respecting the ~~Property Tax Rebate~~ for The purpose of this policy for providing compassionate property tax relief for low income property tax payers residing in their own principal residences. **[amended Nov. 10, 2015]**

TITLE

- 2 This policy is entitled the "Property Tax Rebate Policy" **[amended Nov. 10, 2015]**.

DEFINITIONS

- 3 (1) **Excluded Income** means a War Veterans Allowance Act income or income from the *Pension Act* (Canada). The Pension Act (Canada) is not the Canada Pension Plan or Old Age Security, but it is a Pension for members of the Armed Forces who have been disabled or their dependents.
- (2) **Income** means a person's total gross income (total income before deductions) from all sources for the calendar year preceding the fiscal year of the Municipality of the District of Lunenburg excluding any allowances paid pursuant to the *War Veterans Allowance Act* (Canada) or Pension paid pursuant to the *Pension Act* (Canada) and includes the income of all assessed owners, their spouse(s), including common law spouses residing at the property and all owners defined in section 3(3) residing at the property. **[amended Nov. 10, 2015]**
- (3) **Owner** includes:
- (a) the person assessed for the property;
 - (b) a person who holds title including a part owner, joint owner, tenant in common, or joint tenant of the property;
 - (c) a person having the care or control of the property through adverse possession; and
 - (d) a person with a life interest in the property.
- (4) **Principal Residence** includes the ordinary place of residence of an owner who is in a hospital or nursing care facility, unless that person has not slept at the property for a period of two (2) years or more, or unless the property has been rented to paying tenants, in either of which events, the property shall **will** be deemed to cease being the owner's ordinary place of residence.

- (5) **Taxes** means residential property taxes and any applicable area rates excluding property improvement charges, ~~fin~~es, liens and other charges on the account. **[amended Jan. 22, 2019]**
- (6) **Treasurer** includes persons authorized by the Treasurer.

EXEMPTION

- 4 (1) The Municipality of the District of Lunenburg hereby grants on an annual basis a rebate from taxation, operating as a reduction in the taxes otherwise payable to the Municipality of the District of Lunenburg in respect of a property subject to sections 4 and 5. ~~herein~~. **[amended April 14, Nov. 10, 2015 & Jan. 22, 2019]**
- (2) The rebate ~~shall~~ **will** only apply to owners who occupy the property as that owner’s principal residence. **[amended Nov. 10, 2015]**
- (a) Applications ~~can~~ **may** be made on behalf of a deceased property owner if the property owner received the property tax rebate in the previous fiscal year. **[amended Oct. 22, 2019]**
- (3) Where a property is assessed to more than one owner other than persons whose income is included in the calculation of income pursuant ~~in relation~~ to this Policy, any who are entitled to a rebate may receive only the portion of the rebate equal to that person’s share of the assessment for the property, but where the different interests are not separate, then to that portion determined by the Treasurer, whose determination is final. **[amended Nov. 10, 2015]**
- (4) ~~Notwithstanding~~ **Despite** any other provision of this Policy,
- (a) The maximum rebate amount ~~shall~~ **will** be scaled based on income and approved as part of annual budget deliberations. ~~on the following table~~. The rebate and household income threshold will be adjusted annually by NS CPI (All items) beginning in April 2022.

Household Income	Maximum Rebate value	Maximum percentage of bill
under \$9,999	up to \$500	100%
\$10,000 - \$14,999	up to \$400	100%
\$15,000 - \$19,999	up to \$250	100%
\$20,000 - \$24,999	up to \$150	100%
\$25,000 - \$29,999	up to \$100	100%

[amended April 14, Nov. 10, 2015 & Jan. 22, 2019]

~~(b) In any fiscal year in which where the total rebate value from qualified applicants exceeds the budgeted amount for the tax rebate, the rebate amounts shall~~ **will** be pro-rated to match the budgeted amount. **[amended April 14 & Nov. 10, 2015]**

~~(e)~~(b) Council will set the total rebate budget each year by motion. **[amended April 14 & Nov. 10, 2015]**

(c) The Treasurer can approve rebates for qualified applicants that exceed the approved budget when those approvals do not exceed 10% of the total rebate budget. Council will be notified of such approvals.

(5) In order to be eligible for a rebate, the property owner shall will submit to the Treasurer a Statutory Declaration Certification of household income in the form attached hereto by no later than August 1 of the fiscal year. for which, sought The required Statutory Declaration Certification must be completed and processed each year. contains a statement of income, which must be provided before the application for property tax rebate can be considered. [amended April 14 & Nov. 10, 2015 & May 25, 2021]

(a) Late applications will be considered only after the regular review of those applicants that submitted an application on time. Late applications will be subject to annual budget constraints as set out in Section 4(4)(b) [amended Sept. 22, 2020]

(6) Documentation for proof of income is required for all persons living in the household. A copy of the previous year's Notice of Assessment from Canada Revenue Agency for each household member is required to be attached to the application. Failure to supply household members' Notices of Assessment shall render the application ineligible. The Treasurer may ask for documentary verification of income from any source or confirmation of income from third parties. The Treasurer may can reject an application, which where in the Treasurer's opinion, is not adequately verified or substantiated. [amended April 14, 2015]

(7) All decisions made by the Treasurer relating to this Policy and its application are final.

ENFORCEMENT CHARGES NOT EXEMPTED

5 Notwithstanding any other provision of this Policy, no rebate is conferred from can be applied to any obligations to remedy unsightly or dangerous premises or any other infractions against a statute, regulation or by-law, whether Municipal, Provincial, or Federal and any charges imposed upon a property arising from enforcement of such provisions shall will not be subject to a tax rebate authorized by pursuant to this Policy. [amended Nov. 10, 2015]

Clerk's Annotation for Official Policy Book

Date of Adoption: July 14, 2009

Date of Notice to Council Members of Intent to Consider Amendments (7 days' notice) _____

Date of Passage of Amendments _____

I certify that this **Property Tax Rebate Policy** – (049) was adopted and amended by Council as indicated above.

Municipal Clerk

Date

The following two pages will be severed from the policy.



**The Municipality of the District of Lunenburg
Certification
Deadline for Applications – August 1, 20_____**

I, _____

of (civic address) _____

Assessment Account Number _____ Telephone Number _____

1. In Municipality of the District of Lunenburg, in the Province of Nova Scotia, do certify that:
2. I live ~~in the property~~ at the above civic address ~~for which the property tax rebate is being applied.~~ or I am making application on behalf of a deceased property owner who received the property tax rebate in the prior fiscal year.
3. ~~The information in the Statement of Income is true and correct.~~
4. The total income from last year of all owners and their spouse (including common law spouse) living at the property excluding *War Veterans Allowance Act* (Canada) or pension paid pursuant to the *Pension Act* (Canada) is less than \$29,999.
5. The following are the owners and their spouses (including common law spouses) living at the property:

6. The total income from last year of the persons listed in paragraph 4 is included on the Statement of Income
7. I consent to the Municipality of the District of Lunenburg carrying out such inquiries as it deems necessary in order to assess my claim and I agree that the Municipality of the District of Lunenburg has my authorization and consent to obtain information from any third party source whatsoever and I will execute any necessary documentation required in order to disclose information to the Municipality of the District of Lunenburg.
8. I understand that Municipal Council will determine the actual amount of the rebate for the year after all the applications have been received and reviewed. **[amended Nov. 10, 2015]**
9. **AND** I make this certification **in good faith** ~~conscientiously~~ believing ~~it the same~~ to be true and knowing that has the same force and effect as if made under ~~my~~ oath and by virtue of the *Canada Evidence Act*.

Signature (property owner/representative)

Signature (property owner/representative)



Statement of Income

for the calendar year ending December 31, 20 ____.

	Name:	Name:	Total
Employment Income			
Canada Pension Plan Income			
Old Age Security Income			
Guaranteed Income Supplement			
Interest Income (Bank, Bonds, etc)			
Rental Income			
Business Income (specify)			
*Other Pension Income (specify)			
Other Income			
Total Yearly Income			

* Do not include *War Veterans Allowance Act* income or income from the *Pension Act (Canada)*. The *Pension Act (Canada)* is not the Canada Pension Plan or Old Age Security, but it is a Pension for members of the Armed Forces who have been disabled or their dependents.



Municipality of the District of Lunenburg

Request for Decision

Report to: Policy and Strategy Committee
Submitted by: Abhi Jain, Sustainability Planner
Date: March 15, 2022
Re: Amendments to PACE Program Policies (2022)

RECOMMENDATION

That Policy and Strategy Committee recommend the Municipal Council to approve the proposed amendments to:

1. Policy 068 – PACE Program Lending Rate
2. By-Law 031 – Property Assessed Clean Energy Program By-Law
3. CEF Customer Agreement
4. PACE Program Maximum Per Customer Financing Cap
5. Annual PACE Financing Ceiling

BACKGROUND

Municipality, in partnership with Clean Foundation, launched on July 12, 2016, Clean Energy Financing (CEF), also known as Property Assessed Clean Energy (PACE) Program. The financing allows homeowners to install clean energy upgrades such as insulation, energy efficient windows and doors, as well as high efficiency heat pumps and solar panels as part of the program. PACE program plays key role in allowing community members to bear the upfront costs of energy efficiency upgrades, increase their energy savings, lower their greenhouse gas emissions, and mitigate the adverse climate impacts.

In consultation with Clean Foundation, various barriers to the program have been identified that has led to the consistent decline in the program's participation rate since its launch in 2016. For an improved PACE program, the staff recommends through this report, several amendments to the current PACE program terms that can help in addressing those barriers and increasing the program participation rate. Further, an improved PACE program will aid in

creating more green jobs, boost local economic growth, and help us build sustainable communities.

DISCUSSION

MODL current PACE program offers financing of up to \$10,000 at a lending rate of 4% for the energy efficiency upgrades and the ability to spread installment payments over a period of 10 years, repayable through charges attached to their property. The loan is tied to the property and not the individual and is transferable if the property changes ownership. Lump sum payments can be made at any time without penalty. The financing is available on a first-come-first-served basis annually.

The Table-1 below captures the PACE program statistics, and the number of PACE participants MODL has financed over the past years:

Table-1 PACE Program Current Statistics						
	Program Year					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Participants Registered	13	22	10	15	3	1
Exited Early	5	7 (2 back on wait list)	10 (1 went to Home Warming Program; 2 into year 4)	10	1 (moved to year 6)	-
Rejected – Credit Check	n/a	8	-	1	-	-
Rejected – Other	0	2	-	2 (arrears check)	1 (arrears check)	-
Upgrades Completed	8	5	0	2	1	1
Total Invoices (with program fees)	\$73,734.3	\$42,553.0	\$0.00	\$14,955.5	\$10,000.0	\$3,930.0

Since the launch of the PACE program in 2016, the program participation has been consistently declining (as evident in Table-1) due to various factors, such as personal credit check, high interest rate, shorter financing term. After declaring climate emergency in October 2019, MODL completed its baseline greenhouse gas (GHG) emissions inventory, which shows that the residential sector in 2019 accounted for 159,724 tonnes of carbon emissions which is equal to 51% of the total community GHG emissions. An improved PACE program will play crucial role in helping Municipality to achieve its goal of reducing its community GHG emissions and building sustainable communities. To make the program better, the staff has proposed the following amendments.

Proposed Amendments:

Table-2 Proposed Amendments to PACE Program Terms	
Amendment-1: Lending Rate in Policy 068 – ‘PACE Program Lending Rate’	
Current Lending Rate	Proposed Amendment
<p>(s.1.) In situations where the owner of a Qualifying Property opts for installment payments, administrative charges will be equal to 4% for the first five years of loan.</p> <p>(s.1.(a).) At the end of the first five years of the loan, administrative charge will be adjusted to a fixed charge of Chartered Bank prime, of the Municipality’s contracted bank, plus 1.5% for the remaining balance of the loan period.</p>	<p>(s.1.) In situations where the owner of a Qualifying Property opts for installment payments, administrative charges will be equal to 0%.</p> <p>Repeal s.1.(a).</p>
Amendment-2: Amortization Period in By-Law 031 – ‘Property Assessed Clean Energy Program By-Law’	
Current Amortization Period	Proposed Amendment
<p>(s.7.) The owner of a Qualified Property may elect to pay the PACE Charge by equal installments over a period of not more than 10 years, on which an administrative charge shall be payable as set out in sections 16 and 17, and in the PACE Customer Agreement</p>	<p>(s.7.) The owner of a Qualified Property may elect to pay the PACE Charge by equal installments over a period of not more than 15 years, on which an administrative charge shall be payable as set out in sections 16 and 17, and in the PACE Customer Agreement</p>

Amendment-3: Multiple Municipal Financings in By-Law 031 – ‘Property Assessed Clean Energy Program By-Law’	
Current Multiple Municipal Financings Status	Proposed Amendment
Homeowners are allowed to borrow multiple Municipal financings against a property at the same time	New clause is added to Section 4 “the owner of the Qualifying Property does not have any other outstanding Municipal financing levied against the subject property”
Amendment-4: Credit Check Requirement for Upcoming 2022-2023 CEF Customer Agreement	
Current Credit Check Requirement in CEF Customer Agreement	Proposed Amendment
(s.14.b.i) Credit Check: \$30 per homeowner	Credit check is not required
Amendment-5: Maximum Per Customer Financing Cap for Upcoming 2022-2023 CEF Customer Agreement	
Current Maximum Per Customer Financing Cap	Proposed Amendment
Current maximum per customer financing cap is \$10,000	Maximum per customer financing Cap is the lesser of \$20,000 or 15% of the full assessed property value.
Amendment-6: Loan Transferability for Upcoming 2022-2023 CEF Customer Agreement	
Current Loan Transferability Status	Proposed Amendment
(s.18.) The Property Owner(s) shall have the unfettered right to sell, transfer, charge, and mortgage, encumber or otherwise deal with the Property without the prior consent of the Municipality.	The Municipal CEF financing is nontransferable. If property Owner(s) decides to sell the property, a lump sum payment representing the outstanding balance of the PACE Charge plus accrued interest and any applicable late charges must be received by the Municipality at the time of the sale.

Additional Minor Amendments: Additional minor amendments include changing names from ‘PACE’ to ‘CEF’ and from ‘Property Assessed Clean Energy’ to ‘Clean Energy Financing’ in Policy 067, Policy 068, and By-law 031 respectively to maintain consistency in all the official documents. All these proposed amended documents are attached at the end of this report.

Important Note: The proposed amendments mentioned in the Table-2, are recommended for upcoming 1-year contract term 2022-2023 with Clean Foundation. The results from these amendments will be evaluated in February 2023 before the expiry of 2022-23 contract term. Based on the evaluation of these amendments, a recommendation will be made to whether to continue with those amendments for the next contract term 2023-2024 or propose new amendments as required.

Rationale for proposed amendments:

- 1. Lending Rate:** In Policy 068 - PACE Program Lending Rate Policy, change the lending rate for the 15-year PACE Financing Term from 4% to 0%. Make this the standard interest rate for the improved PACE program. Higher interest rate act as a huge barrier for participants to enroll in the program. All other Clean Foundation partner municipalities borrow money at some interest rates to finance their respective PACE programs, hence those municipalities charge a certain interest rate to participants to be able to recover its borrowing costs. Unlike other municipalities, MODL utilizes its own funds to finance the program which gives it freedom to offer financing to the participants at lower interest rates as compared to other municipalities. There is at least one other municipality in Nova Scotia that borrows money to finance its PACE program and further offers financing to the customers at 0% interest rate and only charges associated administrative fees. It is recommended by the staff to pursue similar model and offer the financing to the participants at 0% interest rate to improve the current CEF program.
- 2. Amortization Period:** In By-Law 031 – Property Assessed Clean Energy Program By-Law, eliminate the current the 10-year PACE Financing Term, and only offer the 15-year PACE Financing Term. Make this the standard amortization period for the improved PACE program. Higher interest rate coupled with shorter financing term dissuades the participants to enroll for the program. Lower interest rate combined with longer financing term will require lower monthly payments, hence reducing the fiscal burden on the participants and increase their monthly savings. It will further increase the participant’s options for renewable energy technologies (e.g., rooftop solar, battery storage).
- 3. Multiple Municipal Financings:** Presently a qualifying property owner is allowed to borrow multiple Municipal financings against a property at the same time. It is recommended to add a clause in By-law 031 to not allow property owner to have multiple Municipal financings outstanding at the same time. For example, if a property owner is enrolled for the LaHave River Straight Pipe Replacement Program, enrolling for CEF Program at the same time may put additional pressure on the homeowner for the loan repayments, and may increase the risk of defaulting on payments. To reduce the risk of defaulting on payments, it is recommended to allow property owners to enroll in

CEF Program only when they have paid off any other outstanding Municipal financing levied against the subject property.

- 4. Credit Check Requirement:** In upcoming 2022-2023 CEF Customer Agreement, eliminate the credit check requirement. CEF financing is only approved by Clean Foundation, when the clean energy upgrades are estimated by a qualified energy assessment, to achieve an overall savings-to-debt ratio greater or equal to 1:1. In other words, the cost of the clean energy upgrades, program fees, and cost of borrowing combined is less than or equal to the estimated energy savings over the 10-year financing period. Therefore, the investment pays for itself. Further the financing or PACE Charge is levied against the property as opposed to personal credit. These two factors make PACE program financing relatively secure. In addition to this, if longer amortization period of 15 years is approved, lower monthly payments coupled with higher energy savings will make the PACE financing even more secure. Hence, the personal credit check requirement seems to be redundant and act as a barrier for the program applicants. In comparison to other Clean Foundation partner municipalities (captured in Table-3 below), only one other municipality require personal credit check while seven other municipalities do not have such requirement. For an improved PACE program, the staff recommends eliminating the credit check requirement in the upcoming 2022-2023 CEF Customer Agreement.

While the credit check is recommended to be eliminated, it inevitably entails some risk. In the event of default of payment, the outstanding balance shall be immediately due and payable. A lien will be placed against the property and the PACE Charge (or the outstanding balance) will be collectable in the same manner as rates and taxes under the Municipal Government Act. Interest shall be accrued on the amount then due and payable at the same rate applied by the Municipality for unpaid taxes and charges in default (10%).

- 5. Maximum Per Customer Financing Cap:** Increase the maximum per customer financing amount from current \$10,000 to up to \$20,000. Allow the maximum eligible amount to be the lesser of \$20,000 or 15% of the full assessed property value. The increased per customer financing cap will allow customers to perform deeper energy retrofits which support municipal goals of reducing energy consumption and associated GHG emissions, as well allow customers to live comfortably benefit from more energy savings. The staff recommends increasing the maximum financing cap in combination with amendment 1 and 2. With lower interest rate and longer amortization period, offering higher maximum financing cap would still be within reasonable risk limits.
- 6. Loan Transferability:** In upcoming 2022-2023 CEF Customer Agreement, it is recommended to make the Municipal CEF financing attached to the property non-transferable. If the property owner decides to sell the property, a lump sum payment

representing the outstanding balance of the PACE Charge plus accrued interest and any applicable late charges must be received by the Municipality at the time of the sale. Energy efficiency upgrading of the property leads to appreciation in the market value of the property at the time of sale. This will allow the property owners to conveniently pay off the outstanding loan amount from the received economic profits at the time of the sale. At present, new homeowners not only pay the premium for buying energy efficient homes at the time of purchase but further continue to bear the cost of outstanding loan repayments attached to the property. In addition to this, the Municipal CEF financing program may also be misused where homeowners borrow Municipal financing with only intent to immediately sell off the property at high value once the retrofits are carried out, move to another property and repeat the process. In the midst of housing shortage, this malpractice can exacerbate the affordability crisis. To avoid such situations, it is recommended to make Municipal CEF financing non-transferable.

To help make better informed decision, Table-3 below captures the comparison of MODL's PACE program with other Clean Foundation partner municipalities.

Table-3 Comparison with Clean Foundation’s other partner municipalities

Municipalities	Maximum Per Customer Financing Cap (\$)	Amortization Period (years)	Interest Rate (%)	Credit Check Required (Yes/No)
MODL	10,000	10	4	Yes
Town of Bridgewater	15,000 – 40,000 (Up to \$15,000 for homes with property values of less than or equal to \$100,000. Lesser of \$40,000 or 15% of the full assessed property value of more than \$100,000)	15	1	No
District of Digby	15,000	10	4	No
District of Barrington	10,000	10	4	No
District of Yarmouth	15,000	10	Based on municipalities cost to borrow + 1%	No
Town of Amherst	15,000 – 25,000 (Up to \$15,000 for homes with property values of less than or equal to \$150,000. Lesser of \$25,000 or 10% of the full assessed property value of more than \$150,000)	10	Based on municipalities cost to borrow + 2%	Yes
Cumberland County	15,000 – 25,000 (Up to \$15,000 for homes with property values of less than or equal to \$150,000. Lesser of \$25,000 or 10% of the full assessed property value of more than \$150,000)	10	Based on municipalities cost to borrow + 2%	No
Colchester County (Non-partner)	30,000 (Lesser of \$30,000 or 25% of the full assessed property value)	10-15	0	Unknown
Town of New Glasgow	15,000 (Lesser of \$15,000 or 15% of the full assessed property value)	10	1.5	No
Victoria County	20,000	10	4	No

Implications on past participants

The staff recommends adopting these amendments on a go-forward basis which implies that no changes will be made to the past participant's customer agreements.

BUDGET IMPLICATIONS

The PACE program is included in Council's 5-year financial plan. The PACE Program By-Law has been designed to be cost neutral, it does not constitute a MODL expenditure funded by the tax rate. If proposed amendments outlined in Table-2 are approved, it is expected the PACE program uptake will increase in the upcoming year. Therefore, it is recommended to reconsider Annual PACE Financing ceiling of current \$100,000 and expand it to \$200,000 for the next fiscal year 2022-2023.

If the proposed program's lending rate amended to change it from current 4% to 0%, gets approved, it could entail a loss of revenue in interest of up to \$4,419/year for \$200,000 financed at 0% for 15 years. Table-4 below encapsulates the MODL's PACE Program financing budget and total invoices from the completed upgrades over the past 6 years, and the proposed annual financing budget for upcoming term 2022-23.

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Financing Budget	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$200,000 (Proposed)
Total Invoices (with program fees)	\$73,734.3	\$42,553.0	\$0.00	\$14,955.5	\$10,000.0	\$3,930.00	-

ALTERNATIVES

Alternatively, the Committee may choose from 3 alternative options outlined in the Table-5 below to recommend to Municipal Council or otherwise may direct the staff for any other favorable option.

Table-5 Alternative Options					
	Increase Amortization Period from 10 years to 15 years	Decrease Lending Rate from 4% to 0%	Decrease Lending Rate from 4% to 1%	Eliminate Personal Credit Check	Increase Maximum Per Customer Financing Limit from \$10,000 to \$20,000
Option-A	✓	—	✓	✓	✓
Option-B	✓	✓	—	✓	—
Option-C	✓	—	✓	✓	—

CONCLUSION

For an improved PACE program, the staff recommend the Policy and Strategy Committee to recommend to the Municipal Council to approve the proposed amendments to the Policy 068 – PACE Program Lending Rate, By-Law 031 – Property Assessed Clean Energy Program By-Law, CEF Customer Agreement, and PACE Program Maximum Per Customer Financing Cap (as outlined in the Table-2), as well as increase Annual PACE Financing Ceiling (as mentioned in Budget Implications).

Attachments: Components of the PACE program:

- A. Policy 067 - PACE Program Clean Energy Upgrade Standards (approved by Council in 2016)
- B. Policy 067A - Amendments to PACE Program Clean Energy Upgrade Standards (2022)
- C. Policy 068 - PACE Program Lending Rate (approved by Council in 2015, updated in 2017)
- D. Policy 068A - PACE Program Lending Rate Policy Updated (2022)
- E. By-Law 031 - Property Assessed Clean Energy By-Law (approved by Council in 2015)
- F. By-Law 031A - Amendments to the Clean Energy Financing By-law (2022)
- G. CEF Customer Agreement (maintained by Clean Foundation, updated regularly)

Municipality of the District of Lunenburg

POLICY

Title: PACE Program Clean Energy Upgrade Standards	
Policy No. 067	
Effective Date: July 12, 2016	Amended Date:

1. Purpose



- 1.1 This policy identifies the eligible types of Clean Energy Upgrades that may be financed by the Municipality of the District of Lunenburg through the Property Assessed Clean Energy Program By-Law, also known as the PACE By-Law.
- 1.2 Section 2 lists the eligible Clean Energy Upgrade types that may be financed. Each type of upgrade must be evaluated by a specific energy evaluation procedure, and may need to conform to a particular energy standard, which is identified beside each upgrade type. The required evaluation procedure or standard ensures that the upgrade is studied from an energy science perspective, and that a definable energy benefit is determined.
- 1.3 In administering this Policy, the Municipality will ensure that any Clean Energy Upgrades requested by property owners to be financed through the PACE program are identified as being eligible types in Section 2. Furthermore, the Municipality will ensure that for each requested upgrade, the required evaluation procedure or standard has been met and that a definable energy benefit has been determined or recommended by a qualified energy professional. These minimum conditions must be met before permitting a requested upgrade to be financed on the subject property.
- 1.4 The ability to approve financing for Clean Energy Upgrades on specific properties may be subject to further restrictions through the conditions set out in the PACE By-Law and the PACE Customer Agreement.

2. PACE Program Clean Energy Upgrade Standards

Clean Energy Upgrade Type	Required Evaluation or Standard
A. Insulation for ceilings, floors, main walls, kneewalls, foundation walls, foundation	Home Energy Assessment

headers, foundation slabs, and crawlspaces	
B. Draftproofing including caulking, weather stripping, and duct sealing.	Home Energy Assessment
C. Exterior doors	Home Energy Assessment
D. Exterior windows	Home Energy Assessment
E. Domestic Hot Water Tanks	Home Energy Assessment
F. Drain Water Heat Recovery Systems	Home Energy Assessment
G. Heat Pumps	Home Energy Assessment
H. Wood & Pellet Heating Systems	Home Energy Assessment
I. Exhaust Ventilation	Home Energy Assessment
J. Balanced Heat Recovery Ventilation	Home Energy Assessment
K. Electric Vehicle Charging Stations	Home Energy Assessment and Time-Of-Day Savings Assessment
L. Electric Thermal Storage (ETS) Systems	Home Energy Assessment and Time-Of-Day Savings Assessment
M. Solar Hot Water Systems	Home Energy Assessment and Solar Potential Site Assessment
N. Solar Hot Air Systems	Home Energy Assessment and Solar Potential Site Assessment
O. Solar Photovoltaic Systems	Home Energy Assessment and Solar Potential Site Assessment
P. Swimming Pool Heating & Circulation Systems	Home Energy Assessment, Existing Load Assessment, and Solar Potential Site Assessment
Q. Well Pump	Home Energy Assessment and Existing Load Assessment

<p>R. Supplementary work required to successfully complete the above listed upgrades. This may include but is not limited to removal of existing equipment or components, repairs and maintenance required, installation of vapour barriers and other water controls and freeze protection, testing and abatement of asbestos and vermiculite, and electrical upgrades.</p>	<p>Home Energy Assessment</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------

Annotation for Official Policy Book	
Date of Adoption:	July 12, 2016
Date of Notice to Council Members of Intent to Consider Amendments (7 days minimum)	June 28, 2016
Date of Passage of Amendments:	
I certify that this "PACE Program Clean Energy Upgrade Standards" Policy was adopted by Council as indicated above.	
	
<hr/> Sherry Conrad, Municipal Clerk	<hr/> Date:

**Municipality of the District of Lunenburg
MODL Policy**

Title: Amendments to PACE Program Clean Energy Upgrade Standards (2022)	
Policy No. 067A	Legislative Authority: Municipal Government Act, subsection 48(1)
Effective Date:	Amended Date:

Title

- 1 This Policy is titled the Amendments to PACE Program Clean Energy Upgrade Standards (2022).

Title changed

- 2 Title of Policy 067 is repealed and substituted “CEF Program Clean Energy Upgrade Standards”.

Purpose updated

- 3 Section 1 of Policy 067 is amended by
 - (a) striking out “Property Assessed Clean Energy Program By-Law” in subsection 1.1 and substituting “Clean Energy Financing By-law”,
 - (b) striking out “PACE By-Law” in subsection 1.1 and substituting “CEF By-law”;
 - (c) striking out “PACE” in subsection 1.3 and substituting “CEF”;
 - (d) striking out “PACE By-Law” in subsection 1.4 and substituting “CEF By-law”; and
 - (e) striking out “PACE Customer Agreement” in subsection 1.4 and substituting “CEF Customer Agreement”.

PACE program Clean Energy Upgrade Standards updated

- 4 Section 2 of Policy 067 is amended by striking out “PACE” and substituting “CEF”.

Annotation for Official Policy Book

Date of Original Passage	
Date of Notice of Intent to Amend/Repeal	
Date of Council Approval	
Date of Effective Date	
I certify that this policy 067A was adopted by Municipal Council as indicated above.	
_____	_____
Municipal Clerk	Date

Municipality of the District of Lunenburg

POLICY

Title: PACE Program Lending Rate	
Policy No. MDL-68	
Effective Date: August 25, 2015	Amended Date: May 23, 2017

1. In situations where the owner of a Qualifying Property opts for installment payments, administrative charges will be equal to 4% for the first five years of the loan. (Amended May 23, 2017)
 - a) At the end of the first five years of the loan, the administrative charge will be adjusted to a fixed charge of Chartered Bank prime, of the Municipality's contracted bank, plus 1.5% for the remaining balance of the loan period. (Amended May 23, 2017)

Annotation for Official Policy Book

Date of Adoption:	August 25, 2015
Date of Notice to Council Members of Intent to Consider Adoption (7 days minimum)	August 18, 2015
Date of Notice to Council Members of Intent to Consider Amending (7 days minimum)	May 16, 2017
Date of Passage of Amendments	May 23, 2017

I certify that this "PACE Program Lending Rate" Policy was adopted by Council as indicated above.



Sherry Conrad, Municipal Clerk



Date:

MUNICIPALITY OF THE DISTRICT OF LUNENBURG
PROPERTY ASSESSED CLEAN ENERGY
PROGRAM BY-LAW

1. This by-law may be cited as the Property Assessed Clean Energy Program By-Law, and may be referred to as the PACE By-law.

Definitions

2. In this by-law
 - (a) "CAO" means the Chief Administrative Officer for the Municipality, or his or her designate;
 - (b) "Director of Finance" means the Director of Finance for the Municipality, or his or her designate;
 - (c) "Clean Energy Upgrade" means an installation that is affixed to the qualifying property and which
 1. will result in substantially improved energy efficiency, the generation of renewable energy, or reduced greenhouse gas emissions;
 2. involves building envelope upgrades such as caulking and weather stripping, duct / air sealing, insulating, or energy efficient windows and doors; building heating, ventilation and air conditioning system upgrades such as heat pumps, wood or pellet stoves, or furnaces or boilers; renewable energy upgrades such as solar thermal panels, solar photovoltaic panels, or wind turbines; or such other clean energy upgrades as are approved and agreed in writing by the Municipality; and
 3. is identified as an eligible upgrade in the PACE Program Clean Energy Upgrade Standards Policy, and meets or exceeds applicable energy efficiency standards as defined in that Policy.
 - (d) "Municipality" means the Municipality of the District of Lunenburg;
 - (e) "PACE Customer Agreement" means the written, signed Property Assessed Clean Energy Program Customer Agreement between the owner of a qualifying property and the Municipality for financing of a Clean Energy Upgrade;

- (f) "PACE Charge" means the Property Assessed Clean Energy improvement tax levied on the property pursuant to s.81A of the Nova Scotia Municipal Government Act;
- (g) "PACE Program" means a program established by the Municipality under which owners of Qualifying Properties may obtain financing for Clean Energy Upgrades; and,
- (h) "Qualifying Property" means a residential property located within the Municipality subject to any building type restrictions contained in the specific PACE Program in respect of which the financing is sought.

Application and Approval

- 3. An owner of a Qualifying Property within the Municipality may apply for Municipal financing of Clean Energy Upgrade to the property.
- 4. Financing shall be subject to the approval and agreement in writing of the CAO, or designate, on behalf of the Municipality, and the execution of a PACE Customer Agreement by the owner of the Qualifying Property. The conditions that must be met for approval include that:
 - (a) the owner of the Qualifying Property is not in default of any municipal taxes, rates or charges;
 - (b) the Clean Energy Upgrade achieves an overall savings to debt ratio for the homeowner equal to or greater than the ratio specified in the PACE Customer Agreement, as estimated by a qualified energy assessment generated through the PACE Program; and
 - (c) any additional conditions specified in the PACE Customer Agreement are met.

Payment of Charge

- 5. The PACE charge shall become payable on completion of installation of the Clean Energy Upgrade in accordance with the PACE Customer Agreement.
- 6. The PACE charge may consist of:
 - (a) the cost of the Clean Energy Upgrade, including all labour costs, permitting fees, and applicable taxes;
 - (b) applicable PACE Program service fees; and
 - (c) Administrative charges on the PACE charge including any interest arising due to any default of payment.

7. The owner of a Qualified Property may elect to pay the PACE Charge by equal installments over a period of not more than 10 years, on which an administrative charge shall be payable as set out in sections 16 and 17, and in the PACE Customer Agreement.
8. In the event of default of any payment under the PACE Customer Agreement, the outstanding balance shall be immediately due and payable. Interest shall be accrued on the amount then due and payable at the same rate applied by the Municipality for unpaid taxes and charges in default.
9. The Director of Finance shall maintain a separate account of all monies due for PACE charges, identifying, for the subject property:
 - (a) the names of the property owners, assessment, PID, and civic address;
 - (b) the amount of the PACE charge levied; and
 - (c) the amount paid on the PACE charge.

Lien

10. On completion of a Clean Energy Upgrade pursuant to a PACE Customer Agreement, the PACE Charge shall be levied against the property.
11. Where the owner of a Qualifying Property opts for installment payments:
 - (a) the portion of the PACE charge payable annually shall be equal to the total PACE charge outstanding divided by the number of years remaining; and
 - (b) the amount outstanding on the PACE charge shall become due and payable in the event of default of payment.
12. A PACE Charge imposed pursuant to this by-law constitutes a first lien on the property and has the same effect as rates and taxes under the Assessment Act.
13. A PACE Charge pursuant to this by-law is collectable in the same manner as rates and taxes under the Municipal Government Act and is collectable at the same time and by the same proceedings as taxes.
14. The lien provided for in this by-law shall become effective on the date on which the CAO files with the Director of Finance a certificate that the agreed improvement has been completed.
15. The lien provided for in this by-law shall remain in effect until the total charge, including any accrued interest, and administrative charges have been paid in full.

Administrative Charge

- 16. Where the owner of a Qualifying Property opts for installment payments, administrative charges will be payable on any balance owing on the PACE Charge at the rate set out in the PACE Lending Rate Policy.

Interest

- 17. Interest shall accrue on any PACE Charge or portion thereof, including administrative charges, which remain outstanding from the date of billing.
- 18. Interest is payable on all amounts deemed outstanding pursuant to the PACE Lending Rate Policy.

Annotation for Official By-law Book	Date of Adoption
Date of First Reading:	July 14, 2015
Date of Advertisement – Notice of Intent to Consider:	July 22, 2015 & July 29, 2015
Date of Second Reading:	August 25, 2015
Date of Advertisement of Passage of By-law*:	September 2, 2015
Date of mailing to Minister a certified copy of By-law:	September 3, 2015
I certify that the “ <i>Property Assessed Clean Energy Program By-law</i> ” was adopted by Council and published as indicated above.	
_____	_____
Sherry Conrad, A/Municipal Clerk	Date
*Effective Date of the By-law unless otherwise specified in the By-law	

Municipality of the District of Lunenburg

By-law

Title: Amendments to the Clean Energy Financing By-law (2022)	
By-Law number 031A	Legislative authority: Municipal Government Act , clauses 81A(1)(a)-(b)
Effective date: May 4, 2022	Amended date: N/A

Title

1 This By-law is titled the Amendments to the Clean Energy Financing By-law (2022).

Title changed

2 Section 1 of By-law 031 is repealed and substituted the following Section:

Title

1 This By-law is titled the Clean Energy Financing By-law, and may be cited as the CEF By-law.

Definitions updated

3 Section 2 of By-law 031 is amended by

- (a) striking out “the PACE Program Clean Energy Upgrade Standards Policy” in subclause (c)(iii) and substituting “Policy 067”;
- (b) striking out “PACE Customer Agreement” in clause (e) and substituting “CEF Customer Agreement”, and striking out “Property Assessed Clean Energy Program” and substituting “Clean Energy Financing Program”;
- (c) striking out “PACE Charge” in clause (f) and substituting “CEF Charge”, and striking out “Property Assessed Clean Energy” and substituting “Clean Energy Financing”;
- (d) striking out “PACE Program” in clause (g) and substituting “CEF Program”; and
- (e) striking out “PACE” in clause (h) and substituting “CEF”.

Applications and approval updated

4 Section 4 of By-law 031 is amended by

- (a) striking out “PACE” and substituting “CEF”;

- (b) striking out “PACE Customer Agreement” in clause (b) and substituting “CEF Customer Agreement”;
- (c) striking out “PACE Program” in clause (b) and substituting “CEF Program”;
- (d) striking out “PACE Customer Agreement” in clause (c) and substituting “CEF Customer Agreement”; and
- (e) adding a new clause (d) “the owner of the Qualifying Property does not have any other outstanding Municipal financing levied against the subject property”

Payment of charge updated

5 Section 5 of By-law 031 is amended by

- (a) striking out “PACE charge” and substituting “CEF charge”; and
- (b) striking out “PACE Customer Agreement” and substituting “CEF Customer Agreement”.

6 Section 6 of By-law 031 is amended by

- (a) striking out all colon at the end of Section 6;
- (b) striking out “PACE charge” and substituting “CEF charge”;
- (c) striking out “PACE” in clause (b) and substituting by “CEF”; and
- (d) striking out “Administrative charges on the PACE charge including” in clause (c).

7 Section 7 of By-law 031 is amended by

- (a) striking out “PACE charge” and substituting “CEF charge”;
- (b) striking out “10 years,” and substituting “15 years.”; and
- (c) striking out “on which an administrative charge shall be payable as set out in sections 16 and 17, and in the PACE Customer Agreement” and substituting “as set out in the CEF Customer Agreement”.

8 Section 8 of By-law 031 is amended by striking out “PACE” and substituting “CEF”.

9 Section 9 of By-law 031 is amended by

- (a) striking out “PACE” and substituting “CEF”;

- (b) striking out “PACE” in clause (b) and substituting “CEF”; and
- (c) striking out “PACE” in clause (c) and substituting “CEF”.

Lien updated

- 10** Section 10 of By-law 031 is amended by striking out “PACE Customer Agreement” and substituting “CEF Customer Agreement”, and striking out “PACE Charge” and substituting “CEF charge”.
- 11** Section 11 of By-law 031 is amended by
 - (a) striking out “PACE charge payable” in clause (a) and substituting “CEF charge payable”;
 - (b) striking out “PACE charge outstanding” in clause (a) and substituting “CEF charge outstanding”; and
 - (c) striking out “PACE charge” in clause (b) and substituting “CEF charge”.
- 12** Section 12 of By-law 031 is amended by striking out “PACE charge” and substituting “CEF charge”.
- 13** Section 13 of By-law 031 is amended by striking out “PACE Charge” and substituting “CEF charge”.
- 14** Section 15 of By-law 031 is amended by striking out “, and administrative charges”.

Administrative charge and interest repealed

- 15** Sections 16 to 18 of By-law 031 are repealed.

Consequential amendments

- 16** Schedules A and B of By-law 031 are repealed.

Annotation for official by-law book

Date of first reading	
Date of advertisement of notice of intent to consider	
Date of second reading	
Date of advertisement of passage of by-law*	
Date of mailing a certified copy of by-law to Minister	
I certify that this " Amendments to the Clean Energy Financing By-law (2022) " was adopted by Municipal Council and published as indicated above.	
_____	_____
Municipal Clerk	Date

*Effective date of the enactment unless otherwise specified in the text of this By-law



**Clean Energy
Financing**
District of Lunenburg

PACE Customer Agreement Municipality of the District of Lunenburg

1. Property Owner: _____
Name

2. Property Owner: _____
Name

3. Property Owner*: _____
Name

Civic Address: _____
House Number and Street

Community

RR# Postal Code

Property Tax Information: _____
Assessment Roll Number

* If there are more than three property owners, please include remainder of property owners on the "additional property owners" document found at www.cleanenergyfinancing.ca

THIS FINANCING AGREEMENT, is made this ____day of _____ 2021 ("Effective Date").

B E T W E E N:

PROPERTY OWNER(S)

- and -

DISTRICT OF LUNENBURG

(hereinafter called the "Municipality" and, together with the Property Owner(s), the "Parties")

In consideration of the mutual covenants herein contained, the Parties agree as follows:

Definitions

1. In this agreement,
 - a. **"Program Service Fee"** refers to the costs incurred by the Program Administrator to administer the program;
 - b. **"Approved Quote"** means the Contractor quote for the completion of part or all of the approved Clean Energy Upgrades that has been obtained by the Property Owner(s) and provided to and approved by the Program Administrator;



PACE Customer Agreement

Municipality of the District of Lunenburg

- c. **"CAO"** means the Chief Administrative Officer for the Municipality, or his or her designate;
- d. **"Clean Energy Financing Program" or "Program"** means a program established by the Municipality under which owners of Properties may obtain financing for Clean Energy Upgrades;
- e. **"Clean Energy Upgrade"** means an installation that is affixed to the Property and which:
 - i. will result in improved energy efficiency, the generation of renewable energy, or reduced greenhouse gas emissions;
 - ii. involves building envelope upgrades such as caulking and weather stripping, duct / air sealing, insulating, or energy efficient windows and doors; building heating, ventilation and air conditioning system upgrades such as heat pumps, wood or pellet stoves, or furnaces or boilers; renewable energy upgrades such as solar thermal panels, solar photovoltaic panels, or wind turbines; or such other clean energy upgrades as are approved and agreed in writing by the Municipality; and
 - iii. is identified as an eligible upgrade in the Municipality's PACE Program Clean Energy Upgrade Standards Policy, and meets or exceeds applicable energy efficiency standards as defined in that Policy;
- f. **"Enabling upgrade"** means a non-clean energy upgrade that is necessary to enable a clean energy upgrade.
- g. **"Contractor"** means an insured person retained by the Property Owner(s) to complete the Clean Energy Upgrades;
- h. **"Director of Finance"** means the Director of Finance for the Municipality, or his or her designate;
- i. **"Effective Date"** means the date on which Final PACE Customer Agreement is signed;
- j. **"PACE Charge"** means the local improvement charge levied on the property pursuant to section 81A of the *Nova Scotia Municipal Government Act*, and is equal to the value of the Approved eligible upgrade(s) plus the Program Service Fee, up to the Maximum Eligible Amount;
- k. **"Maximum Eligible Amount"** means a general financing cap set by the municipality. The District of Lunenburg's Maximum Eligible Amount is \$10,000.
- l. **"PACE By-Law"** means the Property Assessed Clean Energy Program By-Law, approved by the Municipality on August 25th, 2015.
- m. **"Program Administrator"** means The Clean Nova Scotia Foundation, and includes its employees and agents;
- n. **"Repayment Period"** means the period from the date the Financing Charge first becomes due and payable to the date the final payment is due, and shall in no case be greater than ten (10) years; and



- o. **“Property”** means a residential property located within the Municipality that meets the eligibility criteria for participation in the Clean Energy Financing Program.

Term of Agreement

- 2. This Customer Agreement commences on the Effective Date and terminates at the end of the Repayment Period.

Clean Energy Upgrades

- 3. The clean energy upgrades must be estimated, by a qualified energy assessment, to achieve an overall savings-to-debt ratio greater or equal to 1:1. In other words, the cost of the clean energy upgrades, program fees, and cost of borrowing combined is less than or equal to the estimated energy savings over the 10 year financing period.
- 4. The Property Owner(s) acknowledges and agrees that only those Clean Energy Upgrades approved by the Program Administrator are eligible for financing through the Program, and that the Property Owner(s) shall be solely liable for the cost of any unapproved upgrades completed on the Property.
- 5. The Property Owner(s) further acknowledges and agrees that they shall be solely liable for the cost of any work in excess of the Maximum Eligible Amount, regardless of whether the excess costs were for the installation of approved Clean Energy Upgrades.
- 6. In the event that an enabling upgrade is recommended in order to enable a clean energy upgrade, the enabling upgrade and the enabled clean energy upgrade must be both be installed to be eligible for PACE financing.
- 7. Clean Energy Upgrade invoices must be submitted to Clean Foundation within 6 months of this PACE Customer Agreement being signed. Any invoices received after this period will not be eligible for PACE financing unless the Municipality has provided permission to extend the deadline in writing.

Payment to Contractor

- 8. Upon completion of the approved Clean Energy Upgrades, the Property Owner will send the contractor invoices, signed by the Property Owner, to the Program Administrator who will pay the Contractor the amounts owing for the completed work, up to the Maximum Eligible Amount.
- 9. In the case of disputes between the Property Owner(s) and a Contractor as to whether the Clean Energy Upgrades are complete, the Program Administrator reserves the right to make the final determination as to the completeness of the Clean Energy Upgrades.
- 10. If, after starting to install the Clean Energy Upgrades at the Property, a Contractor or the Property Owner(s) causes the installation of the upgrades to be stopped for any reason, including reasons related to safety (including structural deficiencies, hazardous materials or other safety hazards), or discovery of unforeseen conditions, this is a matter to be resolved between the Property Owner and the Contractor. The Property Owner acknowledges and agrees that in such circumstances the Program Administrator may pay to the Contractor any amounts which, in the reasonable opinion of the Program Administrator, are properly due and payable to that Contractor at that point in time, and that the Property Owner(s) are responsible for any remaining amounts owing to the Contractor.



Reportable Deficiencies

11. If the Program Administrator or the Municipality discovers any deficiencies with the Property relative to compliance with codes, standards, or other applicable regulations, the Property Owner(s) acknowledges that the Program Administrator and/or the Municipality shall be obligated to report such deficiencies to the applicable regulatory authority.

Lien Against Property

12. The PACE charge shall become payable on completion of installation of the Clean Energy Upgrade in accordance with the PACE Customer Agreement.
13. If the Property Owner exits the program without completing the intended Clean Energy Upgrades, any incurred Program Service Fees and/or Clean Energy Upgrade costs will immediately be issued as a PACE Charge against the Property in accordance with Sections 12 and 14. Program exit is automatically triggered in four ways:
 - a. the Program Administrator receives a signed “Clean Energy Financing Program Exit Form” from the Property Owner(s);
 - b. the Property Owner(s) declares bankruptcy;
 - i. In this situation, the Municipality may decide, at the sole discretion of the Director of Finance, not to trigger an automatic program exit and allow the Property Owner to complete all or part of their remaining intended Clean Energy Upgrades, as well as to revise the deadline for the submission of any remaining Clean Energy Upgrade invoices
 - c. the Property is sold before completion of upgrades;
 - d. six (6) months from the date this PACE Customer Agreement is signed, unless an extension has been granted by the Municipality as described in Section 8, in which case the extended deadline date will be date of program exit.
14. The PACE Charge may consist of:
 - a. The cost of Clean Energy Upgrade, including all materials, labour costs, permitting fees, and applicable taxes;
 - b. Applicable PACE Program service fees (tax included in quoted fee);
 - i. Credit Check: **\$30 per homeowner**
 - ii. Program Participation Fee: **\$250**
 - c. Interest accrued on the charge including any additional interest arising due to any default of payment. Interest begins accruing when final invoice is received by Clean Foundation, or upon program exit.



PACE Customer Agreement

Municipality of the District of Lunenburg

Repayment

15. Payment of the PACE Charge shall occur as follows:
 - a. The Property Owner(s) will make equal monthly payments over a period of 10 years to repay the outstanding PACE Charge, including interest payable on the unpaid PACE charge. The interest rate will be 4% per annum for the first 5 years. At the end of the first five years of the financing period, the administrative charge will be adjusted to a fixed charge of Chartered Bank prime, of the Municipality's contracted bank, plus 1.5% for the remaining balance of the financing period
 - b. These payments must be made through a pre-authorized payment plan set up through the municipality. The payment schedule will be made available through the municipality.
 - c. Interest will begin accruing when the final clean energy upgrade is received by Clean, or upon program exit.

16. The Property Owner may at any time, and without prepayment and/or penalty charges, make a lump-sum payment to the Municipality toward the outstanding balance of the PACE Charge, plus accrued interest.

Late Payments

17. **In the event of default of payment under the PACE Customer Agreement, the outstanding balance shall be immediately due and payable. Interest shall be accrued on the amount then due and payable at the same rate applied by the Municipality for unpaid taxes and charges in default (10%). Once in default status, the lien will be subject to the default rate until entirely repaid.**

Sale and Release

18. The Property Owner(s) shall have the unfettered right to sell, transfer, charge, and mortgage, encumber or otherwise deal with the Property without the prior consent of the Municipality.
19. The Property Owner(s) agrees to provide a copy of this Agreement to the new owners.
20. **In the event the Property is transferred to a new owner the lien is transferred to the new owner along with the property. At this time, the new property owner shall continue to be liable to the Municipality for all Property Owner obligations and liabilities under this Agreement unless a lump sum payment representing the outstanding balance of the PACE Charge plus accrued interest and any applicable late charges is received by the Municipality at the time of the sale.**

Home Owner(s) initial _____

Disclaimer

21. Neither the Municipality, the Program Administrator, nor their respective affiliates, agents, successors and assigns shall be liable to the Property Owner(s) for any damages arising in, but not limited to tort, including but not limited to negligence, breach of contract, or under any other provision of law including property damage, direct and incidental losses, economic loss, or personal injury resulting from the installation, or use of the Clean Energy Upgrade or anything done in accordance with the Program.



Property Owner Responsibilities

22. The Property Owner(s) will be responsible for:

- a. arranging for a Home Energy Assessment to be completed on the Property if:
 - i. one has not been completed within the prior twelve (12) months; or
 - ii. where a Home Energy Assessment was completed within the prior twelve (12) months but the Property Owner(s) has made changes to the Property since the date of the assessment that, in the opinion of the Program Administrator, necessitate that a new Home Energy Assessment be conducted;
- b. providing complete and accurate information to the assessor during the Home Energy Assessment;
- c. reviewing and approving the proposed Clean Energy Upgrades provided by the Program Administrator;
- d. obtaining quotes from Contractors for the proposed Clean Energy Upgrades and submitting these quotes to the Program Administrator;
- e. applying to the relevant government authority for the appropriate permit(s) to complete the Clean Energy Upgrades;
- f. advising the Program Administrator if there are any hazardous substances at or on the Property, or other defects, deficiencies or impediments that might impact the installation of the Clean Energy Upgrades;
- g. forwarding the Contractor invoices for the completed Clean Energy Upgrades immediately upon their receipt;
- h. arranging for a post-upgrade Home Energy Assessment to be completed on the Property;
- i. arranging and paying for all maintenance of the Clean Energy Upgrades after installation;
- j. arranging and paying for any materials or labour costs required to repair or rehabilitate the Clean Energy Upgrades in relation to any defects or deficiencies;
- k. all costs incurred to move the Clean Energy Upgrade for maintenance and repair of the Property;
- l. telling his or her property insurance provider that the Clean Energy Upgrade is being installed and purchasing appropriate insurance coverage in this regard;
- m. telling, in writing, anyone who is negotiating with the Property Owner(s) to purchase, or will otherwise receive an ownership interest in the Property, about any unexpired lien that remains against the Property as a result of the installation of the Clean Energy Upgrades; and
- n. providing anyone who purchases or otherwise acquires title to the Property a copy of this Financing Agreement.



PACE Customer Agreement

Municipality of the District of Lunenburg

Assignment by Municipality

23. This Agreement binds the Property Owner(s) and their successors, heirs and assigns. The Property Owner(s) will allow the Municipality to assign this Agreement in whole or part, without notice, for any purpose.

Consent

24. The Property Owner(s) consents to the Program Administrator or its agents accessing the premises with reasonable notice for the purpose of quality assurance of the Program and/or the Clean Energy Upgrades.

25. The Property Owner(s) consents to the sharing and exchange of energy and water information collected from monitoring solar photovoltaic or solar hot water system installed in the course of the Program. Such information may be collected by the Municipality and the Program Administrator and their agents and consultants for the purposes of quantifying program impact and service delivery. This information will not be shared with third parties without the Property Owner's express prior permission. Such information may continue to reside on the Municipality's and/or the Program Administrator's computer system.

26. The Property Owner(s) consents to the sharing of photographs taken of their Clean Energy Upgrades for the purposes of marketing and/or education. No photographs displaying civic addresses, license plates or other information that would disclose the identity of the Property Owner(s) shall be used.

27. The property owner is consenting to the sharing and exchange of information between the Property Owner's utility providers for electricity, oil, propane, natural gas and water, the Municipality and the Program Administrator. This information may be used for the purpose of research and evaluation of the Clean Energy Financing Program and may include name(s), addresses, phone numbers, and utility usage both historical and during the course of the financing.

No Warranty

28. **There is no implied nor express representation or warranty by the Municipality, the Program Administrator, or their respective affiliates, agents, successors and assigns related to the design, installation or operation of the Clean Energy Upgrades, and the Municipality, the Program Administrator and their respective affiliates, agents, successors and assigns expressly disclaim any and all warranties relating to the Clean Energy Upgrades, associated equipment or materials as to workmanship, quality, fitness for purpose or performance.**

Home Owner(s) initial _____

No Guarantee of Savings

29. **Neither the Municipality nor the Program Administrator guarantee that the Clean Energy Upgrades will save any level of energy or result in a lowering of the Property Owner's utility or other bills.**

Home Owner(s) initial _____



PACE Customer Agreement

Municipality of the District of Lunenburg

30. The Parties hereto acknowledge and agree that the communicating of this Agreement may be transmitted by way of e-mail transmission and that the Parties hereto agree to accept such signatures and documents as legal and binding on the parties.

Authorized Signature of Property Owner(s)

1. By signing below, the Property Owner(s) agree(s) to the terms and conditions described above, and hereby confirms that he or she is a registered property owner.
2. By sending the Program Administrator an eligible upgrade invoice the Property Owner(s) is confirming the upgrade is complete and the invoice dollar amount will be added to the PACE charge amount which includes PACE Program Service Fee, Supplemental Assessment Fee(s) if applicable, and any previously completed clean energy upgrade invoices.
3. If eligible Clean Energy Upgrade dollar amount (plus Program Service Fee and Supplemental Assessment Fees) surpasses the maximum financing limit, the surplus dollar amount is the sole responsibility of the Property Owner(s). The Clean Energy Upgrade dollar amount will be calculated based on the order in which eligible clean energy upgrade invoices are received by the Program Administrator. The Property Owner is responsible for making contractors aware that any invoice fee that exceeds the maximum financing limit will be the responsibility of the Property Owner.

PROPERTY OWNER 1	
Name (print):	
Signature:	
Date:	

PROPERTY OWNER 2	
Name (print):	
Signature:	
Date:	

PROPERTY OWNER 3	
Name (print):	
Signature:	
Date:	

* If there are more than three property owners, please include remainder of property owners on the "additional property owners" document found at www.cleanenergyfinancing.ca



**Clean Energy
Financing**
District of Lunenburg

PACE Customer Agreement Municipality of the District of Lunenburg

Municipal Staff	
Name (print):	
Signature:	
Date:	
File Approval Number	

Please mail or email the completed Financing Agreement to:

Clean Foundation
Attn: Clean Energy Financing Program
126 Portland Street
Dartmouth, NS, B2Y 1H8
cleanenergyfinancing@clean.ns.ca



Municipality of the District of Lunenburg

Request for Decision

Report to: Municipal Council
Submitted by: Abhi Jain, Sustainability Planner
Date: March 22, 2021
Re: Clean Energy Financing Program Renewal

RECOMMENDATION

THAT Municipal Council:

Renew its contract with Clean Foundation for another 1-year term 2022-23 for the continued delivery of the Clean Energy Financing Program to MODL homeowners.

BACKGROUND

Municipality, in partnership with Clean Foundation, launched on July 12, 2016, Clean Energy Financing (CEF) Program, also known as Property Assessed Clean Energy (PACE) Program. The financing allows homeowners to install clean energy upgrades such as insulation, energy efficient windows and doors, as well as high efficiency heat pumps and solar panels as part of the program. A Home Energy Assessment determines the eligibility of home upgrades. The loan is tied to the property and not the individual and is transferable if the property changes ownership. In addition to the environmental benefits of reducing greenhouse gas emissions and becoming more energy secure, the program enables homeowners to reduce their energy costs thus making life in MODL more affordable.

DISCUSSION

The agreement is like last year's agreement. Some tweaks were made to the agreement which are highlighted in the attachment below. Program admin fees paid by homeowners have been lowered using the FCM grant funding. Fees were previously \$450 plus the cost of the Home Energy Assessment. The program fee is now \$250 and includes the Home Energy Assessment (if performed by Clean) (s. 4.01). The Table-1 below captures the PACE program statistics, and the number of PACE participants MODL has financed over the past years:

Table-1 PACE Program Current Statistics						
	Program Year					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Participants Registered	13	22	10	15	3	1
Exited Early	5	7 (2 back on wait list)	10 (1 went to Home Warming Program; 2 into year 4)	10	1 (moved to year 6)	-
Rejected – Credit Check	n/a	8	-	1	-	-
Rejected – Other	0	2	-	2 (arrears check)	1 (arrears check)	-
Upgrades Completed	8	5	0	2	1	1
Total Invoices (with program fees)	\$73,734.3	\$42,553.0	\$0.00	\$14,955.5	\$10,000.0	\$3,930.0

BUDGET IMPLICATIONS

The PACE program is included in Council’s 5-year financial plan. Table-2 below encapsulated the MODL’s PACE Program financing budget and total invoices from the completed upgrades over the past 6 years. If proposed amendments outlined in pervious agenda item are approved, current Annual PACE Financing ceiling of \$100,000 will expand to \$200,000 for the next fiscal year 2022-2023.

Table-2 Financing Budget							
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Financing Budget	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$200,000 (Proposed)
Total Invoices (with program fees)	\$73,734.3	\$42,553.0	\$0.00	\$14,955.5	\$10,000.0	\$3,930.00	-

CONCLUSION

To continue with Clean Energy Financing Program staff recommends that Council renew its contract with Clean Foundation for upcoming term 2022-23.

**Request for Agenda Items under
Mayor's/Deputy Mayor's/Councillors' Matters**

TO: Chief Administrative Officer
FROM: Michelle Greek
DATE: Feb 24th 2022

1. Agenda Item
To send a thank you letter to Dr. Strang on behalf of MODL

2. On what agenda do you want the item placed?
Council

3. Do you have written material to circulate with the agenda? Yes No

If you do, please attach it to this form. If you do not, please explain.
no need

4. What is its relevance to Council or the committee?
To express appreciation

5. What outcome(s) are you seeking?
I am seeking our Council to send a letter of appreciation and thanks for navigating our province throughout the two years of this pandemic.

M. Greek
Councillor's Signature

Feb 24th 2022
Date

Approval for agenda: Yes No

Reason for Denial:

Mayor or Chair of Committee

Date