Standing Committee Report

REPORT NUMBER	044-2026-Growth-Strategy & Engagement		
DATE PREPARED	January 9, 2026	***FILE***	044-2026-Growth-Strategy & Engagement
STANDING COMMITTEE MEETING DATE	January 27, 2026		
SUBJECT	Community Efficiency Financing Design Study		

PURPOSE

To seek feedback and endorsement from the Quality of Life Standing Committee on a Home Efficiency Improvement Loan Program, as outlined in the Community Efficiency Financing Design Study.

RECOMMENDATION

WITH RESPECT to Report 044-2026-Growth-Strategy & Engagement, we request endorsement from the Standing Committee to forward the following recommendation to City Council:

WE RECOMMEND THAT Administration be directed to pursue funding to support the creation of a Home Energy Improvement Loan Program in the City of Thunder Bay;

AND THAT the City continue to explore opportunities to collaborate on a regional third-party financing program with other municipalities in Northern Ontario;

AND THAT any necessary By-laws be presented to City Council for ratification.

EXECUTIVE SUMMARY

The purpose of this report is to introduce the Thunder Bay Home Energy Improvement Loan Program Design Study and to seek endorsement to advance a Home Efficiency Loan Program (Program), subject to securing external funding for program launch.

The proposed Program will offer low-interest loans to homeowners in low-rise, Part 9 homes, with a focus on older housing stock and households facing barriers to accessing retrofit programs. The Design Study recommends an outsourced delivery model, with the City acting as project lead, a credit union providing and administering loan capital, and a third-party administrator delivering homeowner-facing services. Over its initial four-year implementation period, the program is projected to support approximately 198

participating households and result in approximately 14,169 GJ of direct energy savings or 657 tCO_2e of direct GHG emission reductions.

The Design Study also outlines a strong governance, risk mitigation, and evaluation framework to support responsible program delivery. The program has been designed to be scalable and adaptable, with opportunities for future regional collaboration across Northern Ontario. Together, these elements position the Home Energy Improvement Loan Program as a practical, equity-focused tool that advances climate action, housing preservation, and community resilience.

Implementation of a city-wide home retrofit financing program is an identified action under the City's Smart Growth Action Plan, supporting housing preservation, affordability, and long-term community resilience while advancing climate and energy objectives.

KEY CONSIDERATIONS

Reducing the emissions created by residential buildings is essential to meeting the climate targets identified in the Thunder Bay Net Zero Strategy (NZS), as homes represent a significant source of community GHG emissions. More specifically, the NZS states that 100% of homes built prior to 1980 must be retrofitted to achieve 50% electrical and thermal energy savings by 2030, and all homes built after 1980 must be retrofitted by 2040.

Residential retrofits also support preserving existing housing and affordability by helping homeowners maintain safe, functional, and energy efficient homes. This contributes to smart growth by strengthening established neighbourhoods rather than expanding outward. However, homeowners face significant financial barriers that limit their ability to undertaking these retrofits. To address this, the NZS recommends implementing a dedicated retrofit financing program to support homeowners through accessible and affordable funding solutions.

In April 2023, the City received funding from the Federation of Canadian Municipalities' Green Municipal Fund (FCM-GMF) to develop a detailed framework for a third-party-financed Home Energy Improvement Loan Program (Loan Program), including financing terms, risk mitigation strategies, administrative models, budgets, and an implementation roadmap.

Target Audience and Eligible Measures

The Design Study recommends limiting program eligibility during the first four years to homeowners of low-rise, single-family homes, allowing the program to be implementing at a manageable scale while targeting households most likely to benefit. Outreach efforts would prioritize homes built before 1980, with an emphasis on groups that face barriers to accessing energy retrofit programs, including households owned by single parents, seniors, and urban Indigenous residents.

The Design Study identifies the following energy upgrades as priority options for potential support through low-interest Program loans, due to their greenhouse gas (GHG) reduction potential and resiliency benefits:

1. *Heating, Ventilation, and Air Conditioning.* Cold-climate air source heat pump, ground source heat pump, heat recovery ventilator or energy recovery ventilator.
2. *Thermal Envelope*. Attic insulation, exterior wall insulation, basement insulation, comprehensive air sealing, windows, doors, and skylights, connected thermostats.
3. *Water Heating.* Drain-water heat recovery, high-efficiency water heater.
4. *Flood-Proofing*. Backwater valve, sump pump/pit systems or backup sump pumps, permanent sealing of unused floor drain, gutter downspout extension, basement window well covers, rain gardens.
5. *Drought Prevention*. Water-efficient toilet.
6. *Supporting Measures*. Electrical wiring and servicing upgrades required to install qualifying measures, engineering upgrades required to install qualifying measures, health and safety repairs required to install qualifying measures, minor related renovations for aesthetic or practical purposes.
7. *Other*. Renewables, battery storage, electric vehicle charging stations.

For a more comprehensive list of eligible measures, please see *Attachment A (Thunder Bay Home Energy Improvement Loan Program Design Study)*, pages 73-75.

Project Management

The Design Study identifies three key parties required to implement a third-party retrofit lending model: the City of Thunder Bay as project lead; a financial partner (credit union) to provide loan capital and administer the loan component; and a third-party program administrator to manage homeowner-facing services, such as energy coaching and auditing.

This model allows the City to retain strategic oversight while leveraging operational efficiencies, as experienced financial institutions and program administrators already have much of the required infrastructure, materials, and content in place.

A graphic further outlining the project management structure can be found in *Attachment B (Program Management Organisational Chart).*

Program Flow

The flow chart shown in *Attachment C (Multi-Stakeholder Journey Map)* provides a summary of interactions between the homeowner and each of the three key parties at four program stages:

1. *Discovery.* The discovery phase lays the groundwork for homeowner engagement and administrative coordination.
2. *Planning.* Homeowners work with energy advisors to complete pre-retrofit energy assessments. The Program Administrator reviews program applications, forwarding eligible ones to participating credit unions for financing review.
3. *Upgrades.* Homeowners submit final project estimates and a completed financing request form. Once approved, they sign loan agreements prepared and executed by the credit union. The credit union processes the financing documentation, disburses funds to cover contractor deposits if needed, and services the loan. Homeowners are responsible for submitting any applicable rebate applications and coordinating with contractors for the retrofit work. The City of Thunder Bay issues any required municipal permits, processes payments to the Program Administrator.
4. *Repayment.* Homeowners submit the final financing request and contractor invoices to the credit union, which disburses the remaining funds to contractors. Homeowners then begin making loan repayments over the agreed term. Credit unions adjust loan principals to reflect any external incentives, manage billing and collections, and draft or coordinate any necessary loan modifications.

For more information on the specific responsibilities of each key party, please see *Attachment A (Thunder Bay Home Energy Improvement Loan Program Design Study)*, pages 40-51.

Financing

Financing terms will be finalized with a partnering credit union during contract negotiations. At a high level, it is anticipated that individual projects will be eligible for loans ranging from approximately $5,000 to $60,000, with amortization periods of one to five years. Interest rates are expected to be fixed and determined based on borrower creditworthiness, loan term, and the potential availability of a loan loss reserve provided by future funders. Rates will be set at the time of loan approval, and the loan product is anticipated to be unsecured. Loan underwriting criteria are expected to include, but not be limited to, credit history, income verification, employment status, debt-to-income ratio, and project feasibility.

Program Delivery

Based on modelling results from several uptake scenarios, the program is expected to support 198 participants within the first four years of operation. This represents an annual uptake of 2.4% of all eligible homeowners completing energy retrofits over the four-year implementation period. An overview of projected loan expenditures is provided in *Table 1: Projected Program Uptake.* A description of the program modelling approach can be found in *Attachment A (Thunder Bay Home Energy Improvement Loan Program Design Study)*, pages 75-79.

Table 1: Projected Program Uptake

Milestone	Number of Participating Homes	Average Cost of Project
Year 1 Implementation	41	$24,922
Year 2 Implementation	48	$25,213
Year 3 Implementation	49	$25,240
Year 4 Implementation	60	$24,918

Environmental Benefits

Over four years of implementation, the Progam is projected to result in approximately 14,169 GJ of direct energy savings and 657 tCO_2e of direct GHG emission reductions among participating households. Additional indirect benefits are anticipated as residents who do not formally enroll in the program access publicly available resources to undertake retrofits independently.

The Program is designed to be flexible and responsive to the needs of participants. This means that participants will be guided toward the most suitable emission reduction path based on their circumstances. Low-income households, for instance, may be referred to provincial grant programs rather than the municipal loan offering to maximize homeowner benefits, while still contributing to overall emission reductions outside the Program.

Lastly, the program has been developed with regional scalability in mind. Administration is actively exploring collaborative opportunities with partners across Northern Ontario to extend the benefits of this model to surrounding municipalities. Credit unions serving a broad range of northern communities have been engaged through the Design Study process, and the proposed four-year initiative is intended to function as a pilot for a larger, region-wide program. While neighbouring municipalities would not have access to Thunder Bay’s energy coaching services, they would benefit from shared program materials and the favourable financing terms negotiated by the City.

Program Performance & Risk Mitigation

Preliminary impact estimates are based on the specific uptake scenario outlined previously. However, actual program uptake could exceed projections due to factors such as substantial pent-up demand, the conclusion of existing retrofit programs, or the introduction of new initiatives at local, provincial, or federal levels that drive further interest in home energy and climate adaptation improvements. The Program is also expected to indirectly stimulate additional retrofit activity as the local retrofit ecosystem grows, and some homeowners choose to undertake upgrades using alternative financing methods.

An evaluation framework will be finalized prior to program launch so that relevant data collection is integrated into the program processes and infrastructure. A formal evaluation will be conducted at two major milestones:

1. *Mid-program*. The mid-program evaluation will be triggered once 100 participants have submitted a loan application, or two years following the start of the program, whichever comes first. The results of the mid-program evaluation will allow for timely adjustments to the program processes and delivery approach with the aim of improving the experiences of participants and program delivery partners, while optimizing program outcomes.
2. *End of program*. The end of program evaluation will be triggered six months to one year before the expected end of the initial implementation period so that Administration has time to plan and prepare for a smooth program transition.

These evaluations will draw on both primary and secondary data to ensure a comprehensive understanding of the program's performance and impacts.

The Design Study also identifies key risk mitigation and consumer protection measures, including transparency requirements, fraud prevention practices, financial literacy supports, legislative compliance, and the use of qualified advisors and contractors. These measures are intended to support effective implementation and responsible program delivery.

A more detailed list of risks and associated mitigation strategies can be found in *Attachment A (Thunder Bay Home Energy Improvement Loan Program Design Study)*, pages 79-84.

CONSULTATION

A comprehensive summary of stakeholder engagement completed for the Design Study is included in *Attachment A (Thunder Bay Home Energy Improvement Loan Program Design Study)*, pages 4-24. Key stakeholder groups during this process included:

- *Internal Project Advisory Team (PAT).* Comprised of experienced City staff, the PAT ensured alignment with municipal priorities throughout the feasibility and design stages.
- *Homeowners & Landlords.* As future users of program financing, these groups were engaged through the *Get Involved* portal. Surveys gathered insights on home comfort, awareness of retrofit programs, and financing preferences.
- *Contractors & Trade Associations.* One-on-one interviews were held with local contractors and associations to identify interest, capacity, and barriers to participation in energy retrofit delivery.

- *Lenders.* Five financial institutions (four local credit unions, one national bank) were consulted. Alterna Savings expressed strong interest in a partnership and submitted a Letter of Agreement supporting program development.
- *Utilities.* Synergy North and Enbridge Gas were consulted to align program design with existing services and support participant access to utility incentives.
- *Community Environmental Groups.* EcoSuperior contributed valuable insights on energy audit capacity. They submitted a Letter of Intent to serve as Program Administrator and helped identify needs to expand local advisor capacity.
- *Post-Secondary Institutions.* Confederation College was engaged to assess training gaps and explore opportunities to support workforce development aligned with program needs.

The Design Study also outlines key engagement recommendations to inform future program delivery, placing special focus on identifying and engaging underrepresented groups, including single-parent families, seniors, and urban Indigenous community members. The recommendations can be found in *Attachment A (Thunder Bay Home Energy Improvement Loan Program Design Study)*, pages 72-87.

FINANCIAL IMPLICATION

There are no financial implications associated with this report. Program implementation would not require additional financial commitment from the City beyond in-kind support from existing staff resources. Program implementation would be subject to securing external funding and future council approvals.

An application for implementation funding was submitted to the Federation of Canadian Municipalities' Green Municipal Fund, Community Efficiency Financing stream in September 2025. The application has successfully advanced through two stages of review. Final revisions are being submitted as part of the final review cycle, which concludes in February 2026. A funding decision is anticipated following the completion of this review cycle.

BACKGROUND

The EarthCare Sustainability Plan (2014-2020) set a corporate and community GHG emissions reduction target of 20% below 2009 levels by 2020. Steady progress has helped to achieve a 26% decrease in corporate GHG emissions from a baseline year of 2009. However, similar reductions have not been realized for the community. In 2016, community-wide emissions were 22% higher than 2009 levels, highlighting a need for a renewed approach for tackling community-wide emissions.

In 2019, the City of Thunder Bay received funding from the Federation of Canadian Municipalities – Municipalities for Climate Innovation Program ($125,000) and the Ontario Ministry of Energy, Northern Development and Mines – Municipal Energy Plan Program ($89,500) for the creation of a community energy plan. With respect to Report

No. R 88/2019 (Infrastructure & Operations), City Council approved the receipt and expenditure of funding to carry out the Net-Zero Strategy (formerly the Community Energy and Emissions Plan).

On January 13, 2020, Thunder Bay City Council declared a climate emergency emphasizing the urgency of addressing climate change. The climate emergency reinforced the need for a plan to provide the community with the information and tools to make decisions that contribute to the decarbonisation of Thunder Bay.

Climate-Forward City: Thunder Bay Net-Zero Strategy was approved by City Council on June 7, 2021 (R 69/2021) and a community-wide target of net-zero greenhouse gas emissions by 2050 was established. This target was re-pledged on November 11, 2021, when Thunder Bay City Council joined the Cities Race to Zero campaign. The Race to Zero pledge also included an interim target of 55% below 2016 levels by 2030.

In 2021, the City of Thunder Bay received funding from the Federation of Canadian Municipalities – Green Municipal Fund ($116,800) to complete a Community Efficiency Financing Feasibility Study. Enerva Energy Solutions Inc. was awarded the contract to complete the study in November 2021 through an RFP process (RFP 2021/69).

In 2023, the City of Thunder Bay received funding from the Federation of Canadian Municipalities – Green Municipal Fund ($220,000) to complete a Community Efficiency Financing Design Study. Dunsky Energy + Climate Advisors was awarded the contract to complete the study in November 2023 through an RFP process (RFP 2023/69).

In 2025, the City of Thunder Bay submitted a Community Efficiency Financing Program application to the Federation of Canadian Municipalities Green Municipal Fund Community Efficiency Financing Program (No. R 205/2025-Growth-Strategy & Engagement).

REFERENCE MATERIAL ATTACHED

Attachment A (Thunder Bay Home Energy Improvement Loan Program Design Study)

Attachment B (Program Management Organisational Chart)

Attachment C (Multi-Stakeholder Journey Map)

REPORT PREPARED BY

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REPORT SIGNED AND VERIFIED BY

Kerri Marshall, Commissioner - Growth
Date (01/19/2026)