

The expert voice of the residential construction industry.

Housing Matters

Saskatoon & Region
Home Builders'
Association



KEY INDUSTRY ISSUE: PACE (Property Assessed Clean Energy) Financing

BACKGROUND >> How do we tackle efficiency and affordability in the current housing stock

Buildings and homes account for 17% of Canada's greenhouse gas emissions. Through changes to the National Building Code, Canada's provinces and territories are on a path to mandate all new buildings constructed are "net-zero energy ready" by 2030. This means, with the addition of on-site solar or wind power production, our homes and offices would be efficient enough to produce as much energy as they consume throughout the year. But what do we do about existing homes?

75% of the homes we'll live in by 2030 have already been built. This presents a huge area of opportunity for retrofitting our existing housing stock to increase energy efficiency, create a more comfortable living environment for the homeowner, and most importantly to ameliorate long-term affordability of our homes by saving on monthly utility costs. The largest consideration when financing efficiency upgrades is the return on investment or ROI. Therefore, the cost and availability of financing plays an important role in the decision to undertake efficiency upgrades.

WHAT IS PACE FINANCING >> An innovative model for financing home improvements

Property Assessed Clean Energy is an innovative financing instrument which permits homeowners to conduct efficiency upgrades, or other upgrades such as disaster resilience or water conservation measures, with repayment of the financing through an assessment on the home's property tax bill.

BENEFITS OF PACE FINANCING >> A model that benefits all parties

Homeowner >> Benefits from a simple-to-access funding mechanism for their home efficiency improvements to increase the comfort of their home and reduce operating costs immediately and in the long-term. It also allows the homeowner to sell the property without concern they will be unable to recoup the initial investment for efficiency upgrades.

Municipality >> Provides the flexibility to achieve their goals of decreasing emissions of the buildings in their municipality, or reduce the risks associated with extreme climate events, making the community more sustainable.

Residential Construction Industry >> Increases renovation activity by providing an incentive for homeowners to undertake improvements on their homes and creating new market opportunities.

Government >> Ensures transactions between renovators and homeowners are legitimate and that taxes can be collected on the activity PACE will generate in the economy. The funding model unlocks funds for improvements without the need for support from the taxpaying public.

PACE FINANCING IN OTHER JURISDICTIONS >> Since first being implemented, \$5 billion in economic activity has been created

The first PACE programs originated in the US in 2008 and as of 2019, hundreds of thousands of homeowners there have generated \$5 billion in direct economic activity through energy efficiency and other improvements funded through PACE financing.

The Government of Alberta has recently adopted a PACE model through amendments to their *Municipal Government Act*, with the regulations becoming law in January 2019. With successful implementations of the financing model across many jurisdictions in North America, the Government of Saskatchewan can look to the best practices implemented by other governments and develop a unique solution that works for our province.

THE OPPORTUNITY >> The time has never been better to act

Unfortunately, for all its merits, PACE financing is currently not an available option for homeowners and businesses as provincial legislation does not allow municipalities to facilitate loans through property tax assessments.

The time has never been better for the Government of Saskatchewan to enact enabling legislation for this type of financing. As the understanding of the climate impacts of building evolves, this could become part of the strategy for a made-in-Saskatchewan plan to reduce

emissions. This initiative would ensure our province is maximizing the potential of this opportunity, maintain a competitive environment compared to other jurisdictions, attract investment to the province, and provide future generations with comfortable and sustainable places to call home.

INDUSTRY POSITION >> Let's unlock the potential of the renovation and retrofit market

The Saskatoon & Region Home Builders' Association strongly supports enabling legislation for this type of financing. At a time when residential construction is seeing a challenging environment, this could have an immediate and measurable impact on jobs and economic growth. Putting people to work and helping homeowners become more environmentally and financially sustainable.

The Association is happy to work with policymakers in both the municipal and provincial governments to establish a framework for PACE financing in our region. We are at your disposal should you require consultation with the residential construction industry at any point during the implementation process.

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The Saskatoon & Region Home Builders' Association is the professional association representing approximately 280 companies involved in the housing industry and provides the only certifications available for professional home builders and renovators. It is the expert voice focused on improving affordability, quality and choice of housing in Saskatoon and area, and works collaboratively with stakeholders and governments to get us there. For more information, visit www.saskatoonhomebuilders.com.