

## Request for Expression of Interest

### Green Investment Fund – Social Housing Electricity Efficiency Program (SHEEP)

#### 1. Introduction

Under the provincial Climate Change Strategy, the government has set out a bold vision for combating climate change and reducing greenhouse gas emissions

On November 26, 2015, the province announced the establishment of a Green Investment Fund (GIF) in 2015-16, *“as a down payment of \$325 million...that will be targeted at reducing greenhouse gas emissions while strengthening the economy. Through this initial investment, the fund will support energy retrofits in homes (including affordable housing), energy-efficiency investments in small and medium-sized businesses and industry, support for Aboriginal communities, and new investments in electric vehicle infrastructure.”*

Through the Social Housing Electricity Efficiency Program (SHEEP), \$10 million is available to those selected from Service Managers (this includes Consolidated Municipal Service Managers and District Social Services Administration Boards) and Ontario Aboriginal Housing Services (OAHS) who own and/or administer social housing single homes. Built at a time when less attention was paid to energy efficiency, these houses typically incur a high electricity use and account for a proportion of greenhouse gases emitted by the residential sector.

Program funds are intended to cover 100% of eligible work (i.e. updating or replacing electric heating systems, installing high efficiency energy saving appliances, updating or replacing electric hot water tanks, upgrading to LED lighting, increasing insulation and installing more efficient windows) and will be administered by the Ministry of Municipal Affairs and Housing (MMAH). Selected Service Managers will use their established program delivery framework to hold their own competitive process to identify proponents that will be funded for retrofits. Program funding will include administrative costs.

Eligible Service Managers and OAHS are invited to respond to this Request for Expression of Interest by submitting a Business Case to MMAH by **Friday, March 11, 2016, 5:00 P.M.**

#### 2. Social Housing Electricity Efficiency Program (SHEEP)

SHEEP is a pilot program that makes available \$10 million to those selected from Service Managers and OAHS to improve electric efficiency in social housing single homes. Single homes include residential units that are single detached, semi-detached and/or duplexes/stacked townhouses.

We recognize that a number of social housing single homes are part of the Rural and Native Housing Program. Accordingly, OAHS is eligible to respond to this Request for Expression of Interest.

**3. Process**

Eligible Service Managers and OAHS will be invited to respond to this Request for Expression of Interest by submitting a Business Case to MMAH by Friday, March 11, 2016, 5:00P.M.

Business cases will be evaluated based on how well submissions meet the program parameters and the proposed goal of the program to maximize electric energy efficiencies. Based on the completed review, MMAH will at its sole discretion select Service Managers and/or OAHS to participate in the program. Funding allocations will be provided through a Letter of Commitment. Selected Service Managers and/or OAHS must sign Transfer Payment Agreements with MMAH (which will include, among other things, the terms for funding and monitoring and reporting requirements) prior to receiving funding.

Service Managers who are selected to receive funding will then hold their own competitive selection process to identify suitable buildings and providers to be funded under the program. If selected, OAHS would not need to hold a competitive selection process as it is the owner of the properties.

Due to the program budget, the ministry cannot guarantee funding to all Service Managers and/or OAHS that submit business cases.

**4. Key Milestones**

Item/Milestone	Deadline
Deadline for EOI submissions to MMAH	March 11, 2016, 5:00 P.M.
MMAH funding announcement and Letters of Commitment to selected Service Managers and/or OAHS	No later than March 31, 2016
MMAH and Service Managers and/or OAHS execute Transfer Payment Agreements	No later than June 30, 2016
Funded retrofit activities complete	March 31, 2017

**4.1 Program Funding Milestones**

If selected to receive funding, Service Managers and/or OAHS will be notified through a Letter of Commitment no later than March 31, 2016.

In order to receive funding, selected Service Managers and/or OAHS are required to sign a Transfer Payment Agreement with the Province (which will include, among other things, the terms for funding and monitoring and reporting requirements).

Funding will flow to the selected Service Managers and/or OAHS using the following breakdown:

- 85% of funds will be flowed upon full execution of the Transfer Payment Agreement (TPA) with MMAH.
- 15% of the funds will be flowed, per project, upon the completion of work and submission of a post-retrofits/upgrades electric energy consumption data.

Selected Service Managers would need to determine how they will flow program funds to providers identified through their competitive selection process.

Service Managers are strongly encouraged to provide additional funding to complement the SHEEP funding.

## **5. Program Parameters**

The Green Investment Fund is designed to assist Ontario in reducing greenhouse gas emissions and increase electric energy efficiencies. The goal of SHEEP is to maximize electric energy efficiency and reduce emissions through social housing retrofits.

### **5.1 Eligibility Criteria**

To be eligible to receive funding under SHEEP, housing providers and housing projects must meet the following minimum criteria.

Providers:

- Must be a social housing provider under the *Housing Services Act, 2011* (HSA) or the Rental Component of the Rural and Native Housing Program.
- In the case of HSA providers:
  - Must be a Local Housing Corporation, a non-profit housing corporation or a co-operative housing corporation; and,
  - Must be selected by the Service Manager through a competitive process.

Housing Projects:

- Must be a single home (i.e. a residential unit that is a single detached, semi-detached or duplexes/stacked townhouse);
- Must remain as social housing for at least 5 years after the completion of the retrofit regardless of the end dates of any operating agreements;
- Must be a unit that is entirely or substantially heated with electricity;
- Must be a unit where tenants are directly paying for the electricity costs;

- In the case of Service Manager administered projects:
  - Must be a housing project governed by the HSA; and,
  - Must be selected by the Service Manager through a competitive process.
- In the case of OAHS administered projects:
  - Must be a rental unit under the Rural and Native Housing Program owned by OAHS; and,
  - Must be selected by OAHS based on need and in accordance with policies it has adopted respecting the procurement of goods and services.

Service Managers may add other eligibility criteria as part of their competitive selection process in order to prioritize recipients of the funding.

## **5.2 Eligible Retrofits**

Funding under SHEEP is aimed at measures that will increase electric energy efficiencies. The program will fund selected retrofits that must demonstrate increased energy efficiency in social housing single houses.

SHEEP will **only** fund the following types of retrofit work:

1. High-efficiency electric heating systems (e.g. more efficient baseboards, air source heat pumps)
2. Energy efficient hot water heaters
3. Higher efficiency appliances
4. Energy efficient windows and/or exterior doors
5. Increased/additional interior and exterior insulation
6. LED lighting

Subject to the limitations contained in the Transfer Payment Agreement, the funding allocated under the program will cover the full cost (100%) of eligible retrofit work.

Service Managers are encouraged to further maximize the impact of the funding under SHEEP by providing additional funds for retrofit work or by allowing funded proponents to also leverage other retrofit subsidy programs, where applicable.

Each Service Manager and/or OAHS would approve eligible work for eligible housing projects based on need and in accordance with policies it has adopted respecting the procurement of goods and services.

## **5.3 Responsibilities**

### **5.3.1 Ministry of Municipal Affairs and Housing**

The Ministry of Municipal Affairs and Housing will:

- Administer and allocate funding to selected Service Managers and/or OAHS based on submitted business cases.
- Administer Transfer Payment Agreements signed with selected Service Managers and/or OAHS and provide on-going oversight during program implementation to ensure accountability for the use of funds.
- Ensure overall program objectives are met by working with the selected Service Managers and/or OAHS to collect performance measurement data.
- Carry out program evaluations and analysis.

### **5.3.2 Service Manager/OAHS**

Selected Service Managers will:

- Run a competitive process to identify eligible social housing single houses for potential funding.
- Develop and execute a funding agreement with selected providers and act as the first point of contact for any program-related issues raised by providers.

If selected to receive funding, Service Managers and/or OAHS shall:

- Enter into a Transfer Payment Agreement with the Province.
- Where eligible and feasible, leverage SHEEP program funding by taking advantage of other available subsidies for retrofit work and ensure there is no overlap in the use of funds.
- Ensure that only eligible work is funded.
- Ensure that vendors carrying out eligible retrofits are selected in accordance with procurement policies that promote the best value for money.
- Monitor all phases of the program implementation to ensure accountability for the use of funds.
- Collect required performance measurement data and submit to MMAH.
- Provide reports to the Province as required.
- Assume responsibility for tenant issues during the retrofit and/or construction process.
- Approve eligible work for eligible housing projects based on need and in accordance with policies they have adopted respecting the procurement of goods and services.

- Provide services to the public under the Program in English and French in accordance with the Transfer Payment Agreement.

### **5.3.3 HSA Social Housing Providers**

HSA social housing providers who receive funding will:

- Discuss proposed building retrofits with the Service Manager to assess eligibility.
- Execute any applicable funding agreements with the Service Manager.
- Ensure that only eligible retrofit work is undertaken.
- Collect required performance measurement data and provide to the Service Manager.
- Ensure that vendors carrying out eligible retrofits are selected in accordance with all required procurement policies.
- Oversee and monitor Service Managers and/or OAHS during program implementation.
- Ensure that the project will remain as social housing for at least 5 years after the completion of the retrofit, regardless of the end dates of any operating agreements.

### **5.4 Accountability and Transparency**

Selected Service Managers and/or OAHS will be required to enter into a Letter of Commitment by March, 31, 2016 and sign a Transfer Payment Agreement with MMAH (which will include, among other things, the terms for funding and monitoring and reporting requirements) prior to receiving any funding. A draft Transfer Payment Agreement will be made available in April, 2016.

Selected Service Managers will need to develop and execute their own funding agreements with eligible social housing providers.

### **5.5 Performance Measurement Data**

Funded proponents are required to provide Service Managers with performance measurement data to help evaluate the program's performance against expected outcomes.

Required performance measurement data includes the following key performance indicators:

- Pre and post-retrofit/upgrade electric energy consumption reflecting use of kilowatt hours (kWh);
- Electricity cost savings after retrofits/upgrades; and,
- Service Manager program uptake.

The specific requirements to be met with respect to the provision to the Ministry of data and the pre and post-retrofit/upgrade energy usage will be set out in the Transfer Payment Agreement.

## **6. Business Case Requirements**

Eligible Service Managers and/or OAHS must submit a business case to be considered for SHEEP funding. At a minimum, the business case should include the following information:

### **6.1 Organization Information**

Along with organization name, provide the Service Manager/OAHS contact name, phone number and email.

### **6.2 Overview of Funding Need**

Provide a description of electric energy efficiency needs in single homes and the electric energy-related housing needs and issues that exist. For example:

- a.** Number of units eligible for SHEEP funding by type (single detached, semi-detached, duplex, stacked townhouse) in the Service Manager area or OAHS portfolio.
- b.** Amount of SHEEP funding requested.
- c.** Why you have chosen specific houses for retrofit/upgrade.
- d.** Describe the condition of the single houses that you would target for retrofit.
- e.** Describe why the retrofit is being proposed.
- f.** Identify and describe any recent building condition and/or energy audits that could help demonstrate need for SHEEP funding.
- g.** Describe any buildings that have had recent upgrades, such as electric heating/cooling system that could be further enhanced with SHEEP funding.
- h.** Any other information that you think is relevant to your business case and demonstrates the value of and need for SHEEP funding in your communities.

One of the desired outcomes of SHEEP is to quickly realize electrical energy efficiency and reduce greenhouse gas emissions. Successful providers will need to demonstrate the capacity to execute the work based on local procurement requirements, monitor progress and ensure data collection in a timely manner as part of the overall program objectives.

### 6.3 Implementation Plan

How do you propose to implement the funding and meet the program requirements?  
For example:

- a. What internal resources will be made available to meet the required Service Manager/OAHS responsibilities?
- b. How will you identify single houses that would best meet the eligibility criteria of SHEEP?
- c. How will you monitor SHEEP funded retrofits to meet program requirements?
- d. How will you work with funded proponents to collect the required performance measurement data?
- e. Are you aware of local energy efficiency incentives that could enhance SHEEP funding?
- f. Describe any additional funding the Service Manager will provide for retrofit work (other than the normal maintenance and replacement reserve funding).
- g. How will you work with the providers and/or tenants to mitigate any disruption to existing tenants while the retrofit work is underway?
- h. What percentage of total funding would you request to cover the administrative costs to implement SHEEP?

### 7. Submission Documentation and Timelines

Service Managers and/or OAHS that respond to this REOI are required to submit four (4) copies of the written responses and one (1) electronic copy (in PDF format) to the attention of Erich Freiler, Manager of Infrastructure and Asset Management to be received no later than **Friday, March 11, 2016, 5:00 P.M.**

Submissions should be mailed/couriered to:

**Erich Freiler, Manager  
Infrastructure and Asset Management, Housing Division  
Ministry of Municipal Affairs and Housing  
777 Bay Street, 14<sup>th</sup> Floor  
Toronto ON, M5G 2E5**

Any questions related to this REOI must be submitted in writing by email to [erich.freiler@ontario.ca](mailto:erich.freiler@ontario.ca). Clarifications or answers, if required, will be sent out by email to all Service Managers **weekly every Friday**.



## **8. Summary**

Under the Green Investment Fund, the Social Housing Electricity Efficiency Program will allocate a total of \$10 million to increase electric energy efficiency in social housing single housing in Ontario. It is intended that costs for eligible retrofits under the program will be fully funded.

Funding allocations will be made by the ministry based on the business cases it receives under this invitational Request for Expression of Interest process. Due to the program budget the ministry cannot guarantee funding to all Service Managers and/or OAHS that submit business cases.

Service Managers and/or OAHS that are selected for a funding allocation under the program are required to implement and lead the delivery of the program in their areas. This includes holding their own competitive selection process to identify eligible buildings (in the case of Service Managers), monitoring program compliance, and performance measurement reporting.