

Financing and Financial Incentives Options to Support Seismic Retrofit Policy

	Financial Support and Incentives	Description	Existing or Past Example in US.	Existing Example in BC or Across Canada
Grants	Grants for full or partial costs of retrofitting	Providing direct funds for qualifying retrofit work	<p>California Earthquake Authority (CEA) Brace and Bolt Program for single family homes built before 1980. Qualifying homes can receive a grant of up to \$3,000USD and discount on insurance premiums of up to %25 (Check CEA website for more details: https://www.earthquakeauthority.com and the Brace+Bolt website: https://www.earthquakebracebolt.com/).</p> <p>Other cases: In Vallejo, CA – \$40,000 per building (max) Community Development Block Grants. ; Sonoma,CA – grants for retrofit designs</p>	A new incentive, cost-shared by the Government of British Columbia and Natural Resources Canada, will offer up to \$80,000 to B.C. industrial companies to help them implement energy management systems that will lead to compliance with ISO 50001 Energy Management Systems standard. The program, part of the B.C. Ministry of Energy and Mines’ Innovative Clean Energy (ICE) fund, supports the government’s mandate to reduce GHG emissions and promote the use of clean energy.
Financing	Loans	Providing low interest loans for qualifying retrofit work	<p>California Capital Access Program (CalCAP) Seismic Safety Financing Program- It is designed to incentivize private financing for California small businesses and residential property owners (including multiunit dwellings and registered mobile homes) to finance the costs of seismically retrofitting existing buildings and homes. By participating in CalCAP, lenders have available to them a proven credit enhancement to meet the financing needs of California’s small businesses.</p> <p>Other examples in California are: Fremont – low interest loans for redevelopment area San Leandro – Low-income residents may be eligible for grants specifically designated for home earthquake strengthening through the U.S. Department of Housing and Urban Development's block grant program. San Mateo – storefront improvement loans and grants Santa Clara – 3% interest, 5 year loans for engineering analysis Vacaville – 3% interest, 25 year redevelopment loans</p>	Toronto: The Residential Energy Retrofit Program launched in 2014 and has provided financing to support property owners in undertaking energy efficiency and water conservation improvements. The Program operates as two streams: the Home Energy Loan Program (HELP) provides eligible home owners with low fixed interest rates and terms of up to 20-years amortization on qualifying measures; and, the High-rise Retrofit Improvement Support Program (Hi-RIS) for multi-unit residential buildings. This program provides financing with up to 20 year terms at competitive fixed rates to residential apartment buildings in Toronto with three-storeys or more
	Property Assessed Financing Loan	A loan to an individual property owner, where the upfront costs of qualifying work are repaid over a period of approximately 20 years through the owner's property tax assessment. The loan is transferrable to future owners	<p>USA: Also known as a Property Assessed Clean Energy (PACE) program, this works as a loan to an individual property owner, transferrable to future owners, where the upfront costs of qualifying work are repaid over a period of approximately 20 years through the owner's property tax assessment. There are many active PACE programs in various states in US and many others have open legislations. See California Treasurer site for the list of active programs in California: https://www.treasurer.ca.gov/caeatfa/pace/participants.asp</p>	<p>See the report Property Assessed Clean Energy in Canada published in June 2020 for the status of PACE program in Canada.</p> <p>Also see the PACE BC Campaign site trying to enable the required legislations in BC: https://www.pacebc.ca/what_is_pace_financing</p>

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Tax Benefits	Tax Credits or Tax Breaks (Revitalization Tax Exemption)	Waiver of a portion of a business, parcel, or income tax for a number of years to encourage owners to retrofit	Tax Incentives for Preserving Historic Properties in U.S.: A 20% income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service, to be “certified historic structures.”	<ul style="list-style-type: none"> ▪ The City of Victoria offers a Tax Incentive Program (TIP) to eligible owners of heritage designated commercial, industrial and institutional buildings for design and construction of approved seismic upgrading work. Property owners may receive tax exemptions based on the annual property taxes for a period up to ten years to offset the cost of seismic upgrading. ▪ Federal and Provincial GST/HST New Housing Rebate allows an individual to recover some of the GST or the federal part of the HST paid for a new or substantially renovated house; ▪ A revitalization tax exemption (RTE) is a tool for local governments to encourage various types of revitalization to achieve a range of social, economic, and environmental objectives by offering relief from property tax for a prescribed term. A revitalization program may apply to a small area(s), a certain type(s) of property, a particular activity or circumstance related to a property(ies), or an entire municipality
	Special (or Historic) District Designation Tax Reductions	This is similar to previous option but for historic the whole districts. Creation of historic or other special districts that are then eligible for special loans, grants, or tax credits. Provides a clear way for a local jurisdiction to provide direct funding or special financing rates for privately-owned vulnerable properties.	For URM buildings, the jurisdictions of St. Helena and West Hollywood used special district (Mello-Roos) funding.	The City of Chilliwack has established a downtown revitalization tax exemption program. Tax exemptions will only apply if there is a new improvement or an alteration of an existing improvement where the alteration has a value in excess of \$200,000

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	Real State Transfer Tax Rebate	Building owners can apply for a rebate of a fraction (usually 1/3, up to a cap) of the amount of the transfer tax owed to the city for a property at sale for any qualifying seismic improvement expenditures made within a certain period before or after transfer of title.	This policy has existed in Berkeley since 1991 for residential dwellings up to four units and in San Francisco since 2008 for properties worth \$5 million or more. Berkeley, the program was immediately popular and eventually highly influential in increasing support for other earthquake policies because it touched so many community members and firmly established a tone that the city takes seismic risk seriously. About half the single-family homes and one third of the smaller rental buildings in Berkeley have claimed the credit, leading to widespread community awareness of seismic safety issues.	In BC, an example of such a program is the BC Property Transfer Tax (PTT) First-Time Home Buyers' Program
Rebates and Fee Waivers	Rebates for full or partial cost of retrofitting advisor and/or various aspects of retrofitting	Providing free/rebate the fee for certified assessment services and rebates for the partial cost or different components of retrofitting	No specific example was found in US.	Clean Home BC provides rebates on variety of energy upgrading renovations through different partners (i.e. Strata Energy Advisor provides free energy assessments and support for end of life retrofits for strata buildings in Metro Vancouver.)
	Building Permit Rebate	Full waivers, fixed, or percentage-based reductions of building permit fee reductions.	Waiver or Reduction of Permit Fee for Seismic Retrofit in various counties in California: Albany, Berkeley, Fremont, Livermore, Los Gatos, Morgan Hill, Oakley, San Rafael, Sonoma, St. Helena, Pittsburgh, San Leandro. This modestly reduces the cost of a retrofit project but it is relatively easy for the City to implement and it is perceived by the owners as a gesture of goodwill by the City.	In BC, A building permit rebate program, or "feebate," is an incentive program that rebates a portion or all of a fee for achieving environmental objectives, including higher energy efficiency standards in buildings. The CARIP Program can be used to fund it (The CARIP is a conditional grant program that provides funding to local government BC Climate Action Charter (Charter) signatories' equivalent to one hundred percent of the carbon taxes that they pay directly.)

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Insurance	Insurance benefit	Insurance rate credits or direct discounts on premiums for homeowners who have retrofitted, lower deductibles and coinsurance percentages, and increased availability of coverage	California Earthquake Authority offers up to 25% rate credit to those who retrofit their homes built before 1980 (See above).	CMHC Green Home offers a partial refund on the cost of mortgage loan insurance. Buy, build or renovate for energy efficiency and you may be eligible for a refund of up to 25% of your premium
Pass through to Renters	Pass Through of Retrofit Costs to Tenants	For residential properties in jurisdictions with rent control laws in place, owners who seismically retrofit their buildings could be allowed to pass through all or a fraction of the costs of these retrofits to renters in rent-controlled units, amortized over a particular time period such as 10 years.	San Francisco Mandatory Soft Story Retrofit. Perceived as fair by owners because tenants that benefit most from the retrofit work pay a share of it. Owners can use this anticipated source of revenue as a basis for securing a loan. Tenants with fixed or low incomes might suffer hardship with the added costs, although hardship provisions can lessen those effects.	No example was found in Canada.

Further Resources:

“Funding URM Retrofits, Report to City of Seattle from National Development Council“, May 2019

“Seismic Retrofit Incentive Programs: A Handbook for Local Governments (FEMA 254)”, FEMA,1994

“Property Assessed Clean Energy in Canada”, PEMBINA Institute, June 2020

“Financial Incentives by Province”, site: <https://www.nrcan.gc.ca/energy-efficiency/energy-efficiency-homes/financial-incentive-province/4947>, Natural Resources Canada, website accessed in September 2020

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