

**Written Submission to Pre-Budget  
Consultation for Scaling  
Decarbonization Investments to  
Achieve Federal Affordability  
Objectives, Demonstrate Equity,  
and Enable Net Zero Workforce  
Strategies Supporting Black  
Canadians**

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February 9, 2024



**Efficiency  
Canada**

**Carleton  
University**



# Written Submission to Pre-Budget Consultation for Scaling Decarbonization Investments to Achieve Federal Affordability Objectives, Demonstrate Equity, and Enable Net Zero Workforce Strategies Supporting Black Canadians

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## Summary of recommendations

That the Government allocate funding in the amount of at least \$5 Billion for equitable low-income energy efficiency supports to accelerate decarbonization, increase affordability, develop an inclusive low-carbon workforce, reduce energy poverty, and support low-income households participate in a sustainable transition towards net-zero emissions.

A Made-In-Canada framework for Federal energy-efficiency funds would be tied to objectives that support underserved, energy-poor, and under-represented racialized communities. This will include resources to reach such Black populations; enhanced program design with tailored supports to resolve specific barriers and leverage new opportunities for Black Canadians; inclusive workforce development, and enabling Diversity, Equity, and Inclusion (DEI) strategies so Black Canadians can more fully participate in the design, engagement, implementation, and enrollment in Canadian energy efficiency programs.



## Lowering energy costs for Black Canadians

This year's federal budget must consider how to help Canadians with the rising cost of living while continuing to take action on climate change to achieve net-zero emissions and reduce fossil fuel use, especially given our economy's vulnerability to future price increases. Energy efficiency is a way to make progress on both affordability and climate objectives.

However, federal energy efficiency policy is currently leaving out most low-to-moderate income Canadians, which has a disproportionate impact on Black Canadians. An inclusive program design, tailored to regional contexts, will remove participation barriers faced by Black Canadians. Furthermore, employing Black Canadians and those from traditionally underrepresented populations to participate but also design and implement these programs, will alleviate labour shortages in decarbonization jobs, cleantech careers, and green skilled trades.

## Low-income Black Canadians left out of energy efficiency policy

Recent analysis from Statistics Canada 2021 Census shows us that Black Canadians are more likely to live in unsuitable, unaffordable or inadequate housing – factors that are key determinants of energy poverty:

- Just under a third of Black Canadians lived in unsuitable housing, compared to approximately 10% of total Canadian population that experience unsuitable housing.<sup>1</sup>
- Core housing need for Black Canadians was higher (15%) than total Canadian population (9%), which means Black Canadians are more likely to live in housing that is inadequate, unaffordable or not suitable for their needs.
- Black Canadian renters are less likely (57%) to be satisfied with their dwelling, compared to total Canadian population (69%).<sup>2</sup>

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<sup>1</sup> Statistics Canada. Table 98-10-0327-01 Housing suitability by visible minority and immigrant status and period of immigration: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts DOI: <https://doi.org/10.25318/9810032701-eng>

<sup>2</sup> Housing Experiences in Canada: Black People in 2018, <https://www150.statcan.gc.ca/n1/pub/46-28-0001/2021001/article/00006-eng.htm> (November 2021)

A closer look at most recently available microdata from Statistics Canada 2016 Census<sup>3</sup> shows that:

- Black Canadians are nearly twice as likely compared to non-black Canadians to be a member of a low-income household.<sup>4</sup>
- The majority of Black Canadians (54%) are renters, compared to 26% of Canadians who are not a member of a visible minority.

To alleviate low-income barriers, long-standing energy efficiency programs at provincial/municipal levels - and federally such as the United States DOE Weatherization Assistance Program - provide no-cost, turn-key upgrades to income-qualified households.

Federal programs currently support affordable housing upgrades<sup>5</sup>, yet the vast majority of Black Canadians (76%) live in private market rental housing and affordable housing buildings. These renters will be more vulnerable to extreme heat and cold events as well as unaffordable rents or energy bill increases.

However improving, Black Canadians are disproportionately impacted by and left out of federal energy efficiency funding and green building projects. For instance, the draft paper on Canada's Green Building Strategy makes little to no mention of energy poverty or low-income energy efficiency, and "leaving no one behind" is missing from the plan's themes.<sup>6</sup>

On February 5, 2024 the federal government announced that Greener Homes grants are winding down and hinted at future directions to support energy retrofits.<sup>7</sup> Abruptly ending the grants will make it more difficult to achieve our net-zero goals, while undermining workforce confidence in decarbonization and energy retrofits as a pathway

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<sup>3</sup> Statistics Canada, 2019. 2016 Census Public Use Microdata File (PUMF). Individuals File

<sup>4</sup> 23% of households defined as low-income per Canada's Market Based Measure (MBM) are Black, compared to 13% of Canadians under the MBM who are not.

<sup>5</sup> The Federation of Canadian Municipalities Sustainable Affordable Housing program and the CMHC the National Housing Co-Investment Fund, and new initiatives listed as a low-income stream under the Green Homes Loan Program.

<sup>6</sup> See <https://www.rncanengagenrcan.ca/en/content/industry-have-your-say>

<sup>7</sup> <https://natural-resources.canada.ca/energy-efficiency/homes/canada-greener-homes-initiative/canada-greener-homes-initiative-february-2024-update/25669>

to well-paying local jobs and new entry points for economic activity. These impacts will be most felt among Black small-business owners, home energy trades, renovators, and Energy Advisors. Long-term consistent support for energy retrofits is needed to provide certainty. Market Development supports are needed by the private sector and the workforce to make inclusive greener investment and employment decisions.

The federal Greener Homes Grant and Loan programs excluded many Canadians who cannot pay the up-front costs required to access the incentives or take on additional debt burdens. At least 1.6 million low-income homeowners and 43,000 Black Canadian low-income homeowners were left out. Similarly, the Federal Oil to Heat Pump Program<sup>8</sup> helps low-income homeowners move from heating oil to greener heating sources. However, these funds will mostly focus on rural areas with higher use of oil heat, while 85% of the Black Canadian population lives in 10 larger population census metropolitan areas.<sup>9</sup>

It is encouraging to hear that next phase of Canada Greener Homes Initiative will offer support targeted to Canadian households with low-to-median incomes, so that cost-savings are available to those that need it the most. It is now possible to build on the previous phase of the Greener Homes initiative and to make energy efficiency accessible to all low-to-moderate income Canadians, regardless of what fuel they use and where they live.

## Prioritizing Black Canadians in the next budget

We recommend the federal government allocate funds proportional to 2023 US Inflation Reduction Act (IRA) inclusive community/workforce provisions to demonstrate a long-term commitment that will create certainty and stable pathways for new diverse Canadians to enter the green workforce and facilitate partner and community involvement. The commitment must also be large enough to encourage the re-alignment of existing programs to optimally address net-zero emission, affordability, workforce development, and energy equity objectives.

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<sup>8</sup> <https://natural-resources.canada.ca/energy-efficiency/homes/canada-greener-homes-initiative/oil-heat-pump-affordability-program/24775>

<sup>9</sup> Black Population by CMA from 2021 Census of Population



The federal government committed \$2.6 billion under the Canada Greener Homes grant program and the Canada Infrastructure Bank earmarked \$2 billion for commercial building retrofits. The Oil to Heat Pump program is expected to cost the federal government an additional \$2.7 billion.<sup>10</sup> At least these amounts should be dedicated to low-to-moderate income Canadians who can benefit the most from energy efficiency upgrades. Five billion dollars, over four years, will provide roughly equivalent funding to the rest of Canada's low-income population. A \$5 billion commitment to low-to-moderate income Canadians would also mirror, relative to Canada's population size, the magnitude of investments directed towards underrepresented and underserved communities by IRA funding in the United States.<sup>11</sup>

Thus, we suggest a \$5 billion commitment in the 2024 budget is an appropriate minimum investment to achieve federal environmental/economic objectives, to demonstrate equity for low-to-moderate income households, and to enable specific and inclusive strategies that reach and support Black Canadians. Such a commitment would go a long way to ensure stable market demand and a smoother just transition.<sup>12</sup>

## Removing barriers for Black Canadians

The 2022 EC Report "Efficiency for All" found that existing energy efficiency programs in the market have best practice delivery resources and platform capabilities that can respond with agility.<sup>13</sup> Yet, no program fully supports energy retrofits comprehensively or inclusively enough to make deep positive impact on energy bills or to meet net-zero emission objectives. There are key gaps that the federal government can fill that relate directly to reducing costs of living and meeting net-zero emission goals. Federal funds should focus on enhancing existing programs to achieve:

1. Deeper energy savings to cut bills
2. Fuel switching to zero-carbon ready fuels to achieve net-zero emissions

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<sup>10</sup> <https://www.pbo-dpb.ca/en/publications/LEG-2324-020-S--enhancements-oil-heat-pump-affordability-program--ameliorations-apporte-es-programme-conversion-abordable-mazout-thermopompe>

<sup>11</sup> USAGBC. Inflation Reduction Act: Buildings Provisions. Retrieved February 9, 2024, from <https://www.usgbc.org/resources/inflation-reduction-act-buildings-provisions>

<sup>12</sup> <https://www.energycanada.org/wind-down-of-greener-home-grants/>

<sup>13</sup> Kantamneni, Abhilash & Brendan Haley 2022. Efficiency for All: A review of provincial/territorial low-income energy efficiency programs with lessons for federal policy. <https://www.energycanada.org/low-income-report/>

3. Removing non-energy barriers that prevent upgrades from happening
4. Targeting the most energy-poor and hard to reach households

We suggest that a component of priority #3 and #4 for federal funding should include specific resources to reach Black populations. This should include:

- Developing a **Made-in-Canada Energy Equity Framework** that defines and tracks key performance indicators to improve outcomes for BIPOC and environmental justice communities, modelled after a US initiative.<sup>14</sup>
- **Inclusive Program Reporting and Outreach** achieved through dedicated funds within the program to cover the incremental costs of enhanced racialized community stakeholder engagement; program design and delivery improvements; and expanded reporting on equity impacts and process evaluations.<sup>15</sup>
- Development, updates, and dissemination of **Equitable Program Design Best Practices** for delivery agents.<sup>16</sup>

We would like to emphasize the importance of using a regionally specific approach to target barriers most relevant to Black Canadians. National benchmarking and a one-size-fits-all application process, like the federal Greener Homes Initiative, is unlikely to have the flexibility required for specific outreach to Black communities and removal of important barriers. Racialized people are the majority in Toronto, (51.4%) and nearly half the population in Vancouver (48.9%), while in Halifax they represent only 11.4% of the population. Compared to the 4.3% national average, Black populations across Canada's 42 Census Metropolitan Areas (CMA) range from 1.8% (in Vancouver) to 8.1% (in Montreal). Regionally-specific program benchmarks and customization can ensure that all visible minority groups receive representative support in areas of greatest need.

A relevant example comes from Nova Scotia, where Black communities are ineligible to participate in energy efficiency programs because of unclear property title. Fifty-two

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<sup>14</sup> <https://energyequityproject.com/>

<sup>15</sup> See Transforming Income-Qualified Home Energy Retrofit Programs in BC, March 2021, available at [https://cuspnetwork.ca/wp-content/uploads/2021/04/HomeEnergyRetrofitProgramsBC\\_March2021\\_lowres.pdf](https://cuspnetwork.ca/wp-content/uploads/2021/04/HomeEnergyRetrofitProgramsBC_March2021_lowres.pdf)

<sup>16</sup> CUSP - A Guidebook on Equitable Clean Energy Program Design for Local Governments and Partners - September 2018, available at <https://cuspnetwork.ca/wp-content/uploads/2021/04/Cadmus-USDN-Equitable-Clean-Energy-Guidebook.pdf>



historically Black communities in Nova Scotia trace their history to Black Loyalist settlers from the American Revolution. A systemically racist policy involved providing a certificate of occupation rather than a clear land title, which results in unclear land titles for many Black Nova Scotians today. One consequence of this historic injustice is that Black Nova Scotians in these communities cannot meet requirements to participate in energy efficiency programs. The Affordable Energy Coalition has called for an African Nova Scotian specific energy efficiency program where the requirement to have clear land title be waived. Federal funding can facilitate such a program by allowing and enabling trusted community organizations at regional levels to identify these context-specific barriers and proactively develop suitable compliance strategies to resolve them. With some federal funds already committed to Atlantic Canada, the Black Caucus could advocate for making waiving discriminatory land title requirements a federal funding condition.

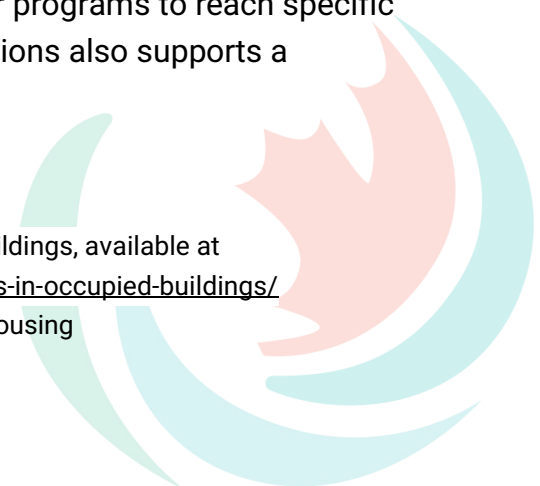
A context-specific approach is also required to reach Black Canadians who rent. An energy efficiency strategy must ensure energy efficiency programs complement tenant rights and protections. We suggest prioritizing efforts in provinces and municipalities with strong protection against renovictions. A strategically designed approach can use energy efficiency funding as a lever to expand tenant rights. This could include giving tenants the right to trigger energy efficiency upgrades that a landlord cannot refuse alongside a federal program offering no-cost assistance. Tenant engagement<sup>17</sup> and organizing principles should be built into program design, which can include resources to ensure tenants have access to legal representation and technical assistance.

An energy efficiency program should focus on enhancing tenant livelihoods, such as ensuring a “Right to Cooling” during extreme heat events, achieved through building envelope upgrades, energy efficient heat pumps that also operate as air conditioners, and maximum temperature thresholds that require landlords to maintain safe and comfortable indoor temperatures.<sup>18</sup> The need to tailor programs to reach specific communities and work alongside tenant rights provisions also supports a

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<sup>17</sup> See Tower Renewal: A Field Guide to Retrofits in Occupied Buildings, available at <http://towerrenewal.com/tower-renewal-a-field-guide-to-retrofits-in-occupied-buildings/>

<sup>18</sup> See Efficiency Canada report on Energy Efficiency in Rental Housing <https://www.energycanada.org/tenant-report/>



representative regional approach that leverages existing programs, but also encourages re-design to meet federal net-zero emission and social justice priority objectives.

### Creating opportunities for Black Canadians while strategically managing inflation

A low-income energy efficiency program is an ideal net-zero emission policy to manage cost of living and inflationary pressures. First, it is targeted to those most impacted by the rising energy and occupancy costs. Second, energy efficiency reduces energy demand, increasing Canadian residents' resilience against any future price while putting downward pressure on building electrification costs. We suggest strategically designing the program to manage regional scaling pressures. There are also numerous co-benefits when successful low-income programs integrate economic development, advanced manufacturing, and workforce development solutions to mitigate labour shortages and supply chain bottlenecks.

These coordination strategies should include neighbourhood-scale retrofits in Black Canadian residential communities, including large-scale retrofits in post-war racialized or low-income rental apartment high-rise communities.<sup>19</sup> This initiative can leverage existing work in Toronto, coordination and technical support from the announced federal Retrofit Accelerator and Greener Neighbourhoods Pilot Programs. The funding for low-income energy efficiency we recommend would ensure financial and other low-income specific barriers are mitigated. There are significantly higher incremental costs for the insulation upgrades and fuel switching required to achieve deeper GHG/energy/cost savings and net-zero emissions. No-cost and direct install upgrades to immediately reduce energy cost burdens and secure affordability commitments from landlords can be combined with innovative financing approaches like energy-efficiency-as-a-service and revolving loan funds.

To alleviate labour shortages, we need to create better opportunities for Black Canadians and traditionally under-represented populations to access and collaborate in the design, administration, and implementation of energy efficiency programs. Workforce training and employment strategies also facilitate program outreach and participation by building trust in target communities and breaking down language and

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<sup>19</sup> See Urban Land Institute 2020: Affordability and Resilience: The Challenge of Tower Renewal in Private Rental Apartment Buildings, available at [https://americas.uli.org/wp-content/uploads/2020/12/ULI-ASP\\_Report\\_Toronto\\_Final\\_v2.pdf](https://americas.uli.org/wp-content/uploads/2020/12/ULI-ASP_Report_Toronto_Final_v2.pdf)

cultural barriers. This approach will add capacity to the wider retrofit market by increasing the number of skilled professionals and tradespeople.

In the US Weatherization Assistance Program, a certain percentage of federal program funding must be invested in increasing employment, advancing enterprise creation, and improving job training of underrepresented populations.<sup>20</sup> The US Department of Energy also awards additional funding directly to minority focused community organizations to support workforce development of underrepresented communities through formal partnerships with labour organizations and unions, trade schools, and technical colleges.<sup>21</sup>

Specific initiatives in Canada can include:

- **Tailored Training Programs**, such as the Black, Indigenous, People of Colour and Mi'kmaq Energy Training Pilot projects launched in 2021 in Nova Scotia.<sup>22</sup>
- **Rapid Upskilling Career Transition Programs** such as Upskill Industry programs supporting vulnerable, low-mobility occupations pivot to rapid-growth clean economy occupations that address underrepresentation of racialized groups.<sup>23</sup>
- **Matching Implementation Incentives** for SME organizations that complete comprehensive and ongoing Diversity, Equity, and Inclusion assessments and commit to achieve measurable **50-30 Challenge** progress by 2025 towards gender parity and significant (30%) representation by Racialized, Black, People of Colour, People with disabilities, 2SLGBTQ+, and Indigenous Peoples.
- **Standardized Benchmarks and Reports** on DEI workforce progress that recognize the significant Black population density variances, and originally focused on the top 10 Census Metropolitan Areas (CMA) where over 85% of Canadian Black populations reside.

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<sup>20</sup> Department of Energy General Guidance for Justice40 Implementation  
<https://www.energy.gov/sites/default/files/2022-07/Final%20DOE%20Justice40%20General%20Guidance%20072522.pdf>

<sup>21</sup> <https://www.energy.gov/articles/biden-harris-administration-announces-40-million-lower-utility-costs-american-families>

<sup>22</sup> <https://atlantic.ctvnews.ca/new-program-in-n-s-trains-black-indigenous-and-people-of-colour-in-energy-efficient-trades-1.5634966>

<sup>23</sup> Future Skills Centre - Green Occupation Pathways: From Vulnerable Jobs to Rapid-Growth Careers

## Summary

A federal government funding allocation with sufficient and proportional funds would demonstrate a long-term commitment that will create market certainty, affordability, and stable pathways for new diverse people to enter the decarbonized workforce and facilitate cleantech eco-system development. The commitment must also be large enough to encourage the re-alignment of existing energy-efficiency programs to meet complementary net-zero emission, affordability, energy poverty, and energy equity objectives while enabling an appropriate scaling of existing DEI efforts.

We suggest a \$5 billion commitment in the 2024 budget is an appropriate minimum investment to achieve federal environmental/economic objectives, to demonstrate equity for low-to-moderate income households, and to enable specific and inclusive strategies that reach and support Black Canadians.

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