



CASE IN POINT 2009

Warm Up Winnipeg

Lower Utilities, Stronger Communities

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Close to a Million Canadian Households Live in Energy Poverty

The Four Components of Warm Up Winnipeg initiative



ABSTRACT

Warm Up Winnipeg is an innovative program developed by BUILD, a non-profit organization located in Winnipeg's inner city. This program combines poverty reduction and emission reduction.

The program, which is unique in its approach in North America, makes housing more affordable through housing retrofit projects for Winnipeggers, especially low-income families.

Preventing waste of energy and water in poorly equipped homes protects the environment and enhances community economic development. A study in the US found that investments in low-income energy efficiency are considerably more economically productive than investment to attract manufacturing (MacGregor & Oppenheim, 2008).

The intervention empowers communities through training and hiring local people to implement the housing retrofit projects. The trainees may have criminal records or be social assistance recipients. With respect to each trainee's culture and personal journey, the program helps them to overcome the barriers to enter the workforce permanently.

Because of the program's unique features different government departments find it an optimal place to invest in order to meet various social, economic, and environmental objectives.

The fact that about one million Canadian families spend more than 10 percent of their income on housing energy costs (Maynes, 2008) shows the critical need for multi-faceted energy saving programs such as this one.

Energy Poverty in Canada

The prices of water, fuel and electricity for home use have increased about 50% between 1997 and 2007 in Canada. Although all Canadians feel the pain of rapid energy cost increases, low income families are the most vulnerable. The average household in the lowest income quintile spends 7.3% of their income on energy costs compared to an average energy burden for all Canadian households of 3.1% and 2% for the highest income quintile (Maynes, 2008). Also, close to a million families spend more than 10% of their income on housing energy costs.

In low-income neighbourhoods in Winnipeg such as Centennial, "It is not uncommon for some low income families to spend 25% or more of their income on utility bills" (Warm Up Winnipeg, 2008).

Low-income Energy Efficiency Programs

Low-income households often live in poorly equipped homes with low quality insulation, appliances, windows, and heating systems, which all lead to chronic energy waste. Improvements to the housing stock provide opportunities to reduce energy waste and, therefore, save the limited resources of low-income families.

On the other hand, to be able to decrease the waste, there is a need for up-front investments in housing retrofits or energy efficient appliances or heating systems. This is a big challenge for energy efficiency for low-income households. It is unreasonable to expect these families to be able to afford up-front expenditures, given that "the typical low-income family in Ontario has only a \$200 [a year] cushion to buffer income interruptions or deal with unexpected expenditures" (Low-Income Energy Network, 2008).

The only solution left for addressing the problem is public investment in energy and water efficiency programs for low-income families which are either free or subsidized. At first glance this kind of investment may not seem profitable for the economy. But, a study in US shows that for every dollar invested in low-income energy efficiency there is 23 dollar return to the economy. This return is 2.7 time higher than the return on investments in manufacturing. "Low-income energy efficiency is not charity: such investments provide large net benefits for the entire economy" (MacGregor & Oppenheim, 2008). The National total annual utility bill including energy

and water for the low income quintile in Canada is about \$3 billion (Loney, 2009). If that bill were reduced by 30% through energy and water efficiency measures, more than \$900 million would be saved annually. There are many other co-benefits of energy and water efficiency for low-income households.

- Reducing poverty and homelessness (Maynes, 2008)
- Reducing demands on the social service systems such as costs for providing social housing and health care (Fry & Stewart, 2006)
- Reducing cold-related health problems especially for children and elderly people (Roberts, 2008)
- Providing retrofit related job opportunities for low-income households (Warm Up Winnipeg, 2008)
- Reducing risk of accidents from supplementary heating (Fry & Stewart, 2006)
- Decreasing the cost of service cuts incurred by energy providers as a result of unpaid customers (Fry & Stewart, 2006)
- Decreasing carbon dioxide emission which will cause improvement on environment and health (MacGregor & Oppenheim, 2008).
- Reducing water treatment demand.

History of BUILD organization

Warm Up Winnipeg is a low-income energy efficiency program in Winnipeg. Building Urban Industries for Local Development (BUILD) is a non-profit organization delivering the Warm Up Winnipeg program. This organization was established in 2006 to make Centennial neighbourhood one of Winnipeg's most energy efficient neighbourhoods under an innovative project that unites job training, environmental leadership and lower energy bills (Province of Manitoba, 2006). Centennial neighbourhood is one of the lowest-income neighbourhoods in Winnipeg. The Centennial neighbourhood project was considered a pilot for other low-income neighbourhoods and First Nations across the province. The pilot project was very successful and led to the expansion of BUILD in downtown Winnipeg (Warm Up Winnipeg, 2008). Also, a similar organization was developed in Brandon called Brandon Neighbourhood Renewal Corporation.

Warm Up Winnipeg retrofits homes with additional attic, wall, and basement insulation, low flush toilets, efficient shower heads, faucet aerators, compact fluorescent lighting, and pipe wrapping.

FACTS OF THE CASE

Project Achievements

Lowering energy bills

In 2008-09 BUILD retrofitted about 1000 Manitoba Housing apartment units, 100 Manitoba Housing single detached houses and 100 privately owned low-income houses. On average, the home-owners saw a reduction of over \$500 per year on their utility bills.

The average household income in 2000 in Centennial neighbourhood was \$21,724 (Statistic Canada, 2001). For this neighbourhood, the reduction of energy costs by \$500/year means a saving of more than 2% of the family's income.

Human side of the project: Empowering communities by trusting their capacity

All of the Warm Up Winnipeg projects' work was done by local workers with little or no experience in the formal labour market. Warm Up Winnipeg trains these local workers with no attention to their previous history of crime, addiction, or lack of work experience.

The program provides more than job opportunities for local residents by removing barriers to future employment and providing a supportive environment where the individual's culture and personal journey is honoured and respected. After finishing a 3 months of training, 90% of trainees are able to find permanent jobs. Some of these people move from being social assistance recipients to permanent taxpayers.

For example, Chris started with BUILD in the summer of 2008. Since then he has received valuable on-the-job training, access to free counseling, help obtaining missing identification, a free account at the Assiniboine Credit Union, driver's license tutoring, and workshops on financial arrangement and budgeting. With a bank account he can now save to pay off insurance penalties incurred in prior offenses. BUILD is matching his saving dollar for dollar. Chris passed his entrance exam and is now completing his level 1 Carpentry. Within one year, he will be earning between \$16 and \$19 an hour.

"I never would have been able to do it without BUILD," says Chris. "My specialty was holding up 7-11's and Esso's. I always showed a gun. It wasn't loaded. I just wanted the money for booze and drugs," continued Chris. "Now it's my turn to give



Chris celebrates acceptance letter to Carpentry program.

From left to right: Shaun (the executive director of BUILD), Chris (the trainee) and Jennifer (the training coordinator)

back to my people. And I want to be a good example to my son".

Protecting Environment

Warm Up Winnipeg reduced green house gas emission on average by 2 to 3 tonnes per house annually.

On average the program also saves 80,000 liters of water per house per year and for apartment units the water saving is about 20,000-25,000 liters per suite.

Barriers and Difficulties

The program barriers and difficulties can be divided into three groups:

1. Funding and Resources

Low-income households cannot afford the up-front budget to invest in their houses. Usually, there is not enough financial support to subsidize the whole cost of the retrofit. Currently, "Manitoba Hydro lower-income program", "ecoENERGY", "Manitoba Competitiveness, Training and Trade", "The Manitoba Housing Authority", and "Manitoba Science, Technology, Energy and Mines" are among governmental programs and departments which partner with Warm Up Winnipeg. BUILD works with each of these governmental organizations to be able to cover the full costs. BUILD benefits from the collective outcome of these different governmental organizations. But, each of these organizations is looking for a return on their investments based on their own objectives and mission. It is sometimes hard for BUILD to specifically show each of the organizations how they benefit individually from the collective outcome. Also, the administration cost and time to work with all of these organizations is considerable.

2. Consumer Outreach

One of the principal difficulties is identifying eligibility criteria for subsidized retrofits which is fair and inclusive and at the same time not over budget. Currently, low-income families must fall below the income threshold set by Manitoba Hydro to be eligible for the BUILD retrofit program. In some cases only because of a few dollars more income, the low-income household is not eligible for any support.

Other barriers for participation include a lack of awareness about the program and the complexity of the application process which requires a high-level of literacy and proof of income. Some are not able to read and write in English and some do not have any kind of ID, let alone a proof of income such as a personal income tax return documents.

3. Authority for Policy Making

The program designers usually do not have the power to change governmental policies and regulations to suit their needs. Currently BUILD directors are aware of the difficulties and potential policy options to resolve the difficulties. But, it will take a long time to lobby for their requests and encourage policy makers to change the policies.

4. Lack of National Leadership and Plan

One of the last acts of the Paul Martin Liberals was to implement a nation-wide energy efficiency program for low income families. Up to \$5,000 per low income urban household (and \$7,000 for remote) was to be allocated through EGLIGH - EnerGuide for Low Income Households. Pushed by the NDP, Bloc, and municipalities through GCC, the legislation received unanimous all-party approval in both the House of Commons and the Senate. But, Steven Harper's new Conservative government cut EGLIGH entirely soon after they took office (Loney, 2009).

Desperate to provide relief from climbing energy prices, some provinces have been moving to fill the void. In Manitoba, thanks to legislation from the Provincial Government and urging from the Public Utilities Board, Manitoba Hydro is now offering a province wide program for lower income families covering roughly the cost of materials required for retrofits. Households can also access incentives from Natural Resources Canada's ecoENERGY program. The community-based programs receive additional funding from the government of Manitoba's training and energy departments to support the added co-benefits. A recent national consultation exercise by Green Communities Canada pulled together stakeholders from across Canada. The consensus was, not

surprisingly, that it's time for a community-based, national strategy on low income energy efficiency (Loney, 2009).

The Government of Canada needs to quickly develop a national plan and program that:

- commits to hard and ambitious targets with a timetable;
- funds the program to reflect the direct benefits (energy water bill reductions) but also the various co-benefits (electric utility peak shaving, poverty reduction, shelter affordability, neighbourhood revitalization, air quality, greenhouse gas emission reductions, reduced arrears problems for utilities and so on...);
- takes into account the various barriers that lower-income families face including, for example, financing and language issues; and
- provides additional funding to community groups who are providing training opportunities to lower-income Canadians (Loney, 2009).

A nation-wide program can respond to the many of difficulties/barriers identified above.

CONCLUSION

Although in Canada almost one million people live below the energy poverty line, there is no inclusive federal program in place to reduce energy poverty. In absence of those nation-wide programs, Warm Up Winnipeg addresses energy poverty through its community-based housing retrofit program. With its unique approach, Warm Up Winnipeg protects the environment, improves the economy, supports government aims and empowers communities.

LESSONS LEARNED

Holistic View to Social and Environmental Problems

Addressing social (community and economy) and environmental problems at the same time is one of the key success factors of Warm Up Winnipeg.

The social and environmental problems are linked and influence each other (Dunlap & Liere, 1984).

Considering those links when the programs are designed allows program designers to enhance the success of their projects significantly.

Respecting the Needs and Culture of Target Community

BUILD works primarily in low-income downtown Winnipeg neighborhoods with high populations of aboriginal communities. BUILD itself is primarily an aboriginal organization. Almost 90% of the staff are aboriginals who are aware of their communities' needs and culture and are the best people to serve their communities. For example, they use culturally appropriate approaches for their training as much as possible.

Trusting the Capacity of Local Non-Professional People

Warm Up Winnipeg trusts the capacity of local community members with little or no experience to deliver its program.

BUILD hires and trains people with no attention to their previous history of crime, addiction, or lack of work experience and helps them to be a great role model for other members of the community.

Partnership and Collaboration

Warm Up Winnipeg calls itself partner and friend not only to low-income households, but also to a non-low-income households who wish to retrofit their homes, and agencies providing services to Winnipeg's low income communities (Warm Up Winnipeg, 2008).

Their approach allows non-low-income participation in protecting the environment and improving the economy of their city by hiring BUILD to retrofit their homes.

Programs like Warm Up Winnipeg which are open for partnership with different organizations and communities are great example of what a collaborative approach can achieve.

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ABOUT THE AUTHORS

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