

Market Readiness Analysis

Bay Area Retrofit Sector



Bay Area
Climate Change Council

Background

The Bay Area Climate Change Council (BACCC) is a social impact initiative made up of community leaders from Hamilton and Burlington. BACCC's vision is for the Bay Area (Hamilton and Burlington) to be a thriving and resilient net-zero carbon community by 2050. In order to reach net-zero by 2050, BACCC is working and collaborating with partners to cut carbon emissions in the big three emitting sectors: buildings, transportation and local industry.

At present, nearly 18% of our region's greenhouse gas emissions come from heating, cooling and powering our buildings. The only pathway to a low-carbon future for the Bay Area involves transitioning our existing buildings off fossil fuels and undertaking deep energy retrofits on a massive scale.

In Spring 2020, BACCC commissioned a research report to understand barriers to and opportunities for residential deep energy retrofits in the Bay Area. A key recommendation of the report was for BACCC to assess and support market readiness for the home energy retrofit sector, so that industry can "meet the market" as retrofit programs are rolled out. ([View the Recommendations Report \[click to download the PDF\]](#)).

Following this, BACCC set out to assess the readiness of the local retrofit market– informed by stakeholder engagement.

Consultations

The aim of the consultation process was to understand current market readiness by identifying the opportunities and barriers for rapid retrofit market expansion in Hamilton and Burlington. Consultations ran from February through April 2021 and consisted of surveys and a series of one-on-one interviews.

BACCC worked with the Centre for Climate Change Management at Mohawk College to complete 40+ stakeholder outreach interviews. Prior to this, an initial literature review of available national programs, progress reports, and primary literature was completed. This was followed by stakeholder outreach.

BACCC completed a consultation process that reached individuals in the following groups:

- Affordable Housing Providers
- Architects
- Bylaw and Permitting offices
- Colleges and trainers
- Contractors
- Developer/Renovator
- Development Consultants
- Educational institutions
- Energy advisors
- Energy auditors
- Engineers
- Environmental organizations and nonprofits
- Equipment specialists
- Incentive Delivery Agents

- Manufacturers
- Municipal retrofit program staff
- Incentive providers
- Landlords/Property Managers
- Lawyers
- Homebuilder Associations
- Business Associations
- Realtors
- Researchers
- Retailers
- Utilities
- Suppliers and wholesalers

Participants were asked about:

- Existing market demand for green retrofits
- The main barriers to widespread residential retrofit uptake
- Factors that would help expand the market for retrofits
- Perceptions surrounding home retrofit services and products among clients and providers
- Lessons learned from existing retrofit programs and initiatives

Our consultation discussions and surveys revealed the following themes.

Themes

Demand for building retrofits exists, but there is room to grow.

Participants were asked to rate the demand for green retrofits, based on their experience in the sector. On a scale of 1-10 (1 being low and 10 being high), the average response was 6. When asked to elaborate on the factors contributing to this demand level, a number of common explanations were offered.

For one, although retrofit products and services are not new, they are new to many consumers. Existing perceptions and knowledge of retrofit technology, products, and services was one common explanation for demand in the sector. Secondly, the additional upfront cost associated with retrofits, despite the potential for later return on investment, was another common explanation for stifled demand in the sector. Thirdly, confusion surrounding what retrofits to complete and whose products and services to attain can be discouraging to homeowners. Finally, the prevalence of reactive building investments, over pro-active building investments, is another factor for stifled demand in retrofits, cited among participants.

Incentive programs have the potential to grow demand, if designed correctly.

Many of the factors impacting market demand in retrofits can be addressed through incentives. Participants shared their experience with past and existing retrofit incentive programs. In doing so, it became clear that a program can mitigate confusion, reduce cost, encourage proactivity, and improve consumer knowledge. However, these benefits are only accrued if an incentive

program is well designed to achieve those ends. This has not always been the case with past and existing programs.

Educating the sector on new technology and incentives will be needed.

Several participants noted the importance of educating actors within the retrofit and building sector itself, since they often inform and guide consumer decisions. Insofar as actors within the sector are unaware of or hesitant towards retrofit products and incentives, they are unlikely to recommend these options to clients. By educating the sector on the value and opportunities of home retrofits, attitudes towards retrofits can shift. This is an additional opportunity for local growth in the market.

Talent shortage in skilled trades is a barrier to retrofit market expansion.

Skilled trade shortages have been noted locally across a number of different sectors. The retrofit sector is no exception. Many participants shared their concerns surrounding a talent shortage in skilled trades as a barrier to market expansion. Most retrofits rely on tradespeople to complete the task. Without an adequate workforce, the sector's growth is seriously impeded. Training can take time, making this barrier harder and longer to overcome.

Simplicity and ease of access is a key opportunity for growth.

Investments that are quick and easy to make are more attractive than those that are time consuming and complicated. A key theme in this consultation was the need for guidance and convenience, targeted at both providers and consumers, to simplify the retrofit process. Insofar as consumers and sector actors alike experience delays and confusion in accessing help with retrofits and incentives, centralized assistance could offer market fluidity.

Next Steps & Recommendations

Based on the themes discovered through consultation, there are relevant policy recommendations to consider. See below.

1. Implement market readiness analysis in municipal retrofit program design.
2. Establish and strengthen a local network of building retrofit providers to ensure Hamilton and Burlington have the skills, supply chains, and expertise to offer deep energy retrofits.
 - a. Develop a regional asset map
 - b. Identifying key service providers and supply chain linkages
 - c. Educate the sector by disseminating up-to-date information on retrofit opportunities, incentives, and technologies.

- 3.** Establish a local retrofit accelerator providing a one-stop portal for Bay Area businesses and residents to find local retrofit providers, suppliers, experts, and incentives.
- 4.** Address skill shortage with appropriate training to aid the Just Transition and improve the talent pipeline for retrofit providers.