

Authority: Executive Committee Item 33.22,
as adopted by City of Toronto Council on July 16, 17, 18 and 19, 2013

CITY OF TORONTO

BY-LAW No. 1105-2013

To authorize the undertaking of energy efficiency and water conservation works on private residential property as local improvements under the Residential Retrofit Program.

Whereas Part III of Ontario Regulation 596/06 authorizes Council to pass a by-law to undertake works on private residential property as local improvements for the purpose of raising all or part of the cost of the work by imposing special charges on lots upon which all or some part of the local improvement is or will be located; and

Whereas such a by-law may authorize the undertaking of works which satisfy the requirements of a City program; and

Whereas at its meeting of July 16, 17, 18 and 19, 2013, City Council adopted the Residential Retrofit Program pursuant to authority of Ontario Regulation 596/06;

The Council of the City of Toronto enacts:

1. Council authorizes the undertaking of energy efficiency and water conservation works on private residential property as local improvements under the Residential Retrofit Program, as set out in Appendix A to this By-law, for the purpose of raising all or part of the cost of the work by imposing special charges on lots upon which all or some part of the local improvement is or will be located.

Enacted and passed on July 19, 2013.

Frances Nunziata,
Speaker

Ulli S. Watkiss,
City Clerk

(Seal of the City)

Appendix A

Residential Retrofit Program Design

I. Single-Family Housing Program Stream

1.0. Overview

The Single-Family Stream of the Program is designed to extend municipal funding to consenting homeowners for the installation of qualifying natural gas, electricity and water conservation improvements and related energy assessments and then to secure payment by imposing a local improvement charge on the private residential property, as authorized by the Regulation.

1.1. Program Eligibility

Residential low-rise buildings located within the City of Toronto of the following forms are eligible: detached, semi-detached, townhouse and more generally housing forms with fewer than seven units.

The property must have a property tax account with the City of Toronto. The property must also be a customer of either Toronto Hydro and/or Enbridge Gas.

Participation is voluntary, owner-initiated and subject to the following conditions:

- All registered owner(s) of the property must consent to participating in the Program;
- Property tax, utility bills and all other payment obligations to the City for the past five years must be in good standing; and
- Consent from all mortgage lenders, if the property is subject to one or more mortgages.

1.2. Neighbourhood Selection Process

Enbridge Gas and Toronto Hydro have identified a mutual interest and willingness to work alongside the City in selecting four Toronto neighbourhoods to pilot the Program.

The neighbourhood selection process is to be guided by the preliminary criteria set out below:

- One neighbourhood selected from each of the Community Council areas;
- Above average utility-calculated natural gas and electricity end-use consumption;
- Above average number of pre 1980 building vintages and uniform building types;
- Higher than average ratio of owner-occupied versus rental properties;
- Varying demographic and socio-economic characteristics (i.e. low-income neighbourhoods); and
- Existing community initiatives or organizations interested in being aligned with the Program to achieve efficiencies in terms of program delivery (i.e. marketing and outreach support).

The City will monitor Program uptake within the pilot neighbourhoods during the implementation of the Program. If appropriate, the Program may be rolled out Citywide to achieve the participation goals (i.e. either \$10 million in retrofits or 1,000 single-family homes) while operating within the City Council approved budget.

1.3. Home Energy Assessments

Similar to the ecoENERGY Home Retrofit Program designed by the Federal Government, the City's Program will utilize the EnerGuide Rating System (the "ERS") that provides a standard measure of a home's energy performance. It provides a standardized tool and process to assess home energy efficiency and can model energy savings projects.

The property owner must hire a Certified Energy Advisor (the "CEA") - certified by Natural Resources Canada ("NR Can") - to perform pre- and post-retrofit assessments in accordance with ERS. CEAs are experts in the field of energy efficiency and well-versed in the 'whole home' approach to home energy systems, technologies and products. The cost of the energy assessments are paid by the homeowner to the CEA. Under the current Enbridge Gas incentive program, a homeowner is eligible for a rebate for the cost of an energy assessment of up to \$500 should a homeowner complete a retrofit project and achieve a minimum natural gas savings (e.g. 25% natural gas reduction). This incentive effectively covers the entire energy assessment costs (excluding HST).

Upon completion of the pre-retrofit home energy assessment, a report is provided to the homeowner with the NR Can EnerGuide rating for the home and recommendations for energy improvements that could potentially increase that rating. This report is to be provided to the City in order to access LIC funding.

After the retrofit is complete, a second and final home assessment is performed by the CEA to obtain a second EnerGuide rating and to verify the completion of work. Provided that the second assessment that the homeowner provides to the City indicates that the EnerGuide rating has increased and the improvements have been completed, then the utility incentives (described in Section 1.8. – *Access to Utility Rebates & Incentives*) can be determined and the City can issue the final disbursement of funds, minus those incentive amounts.

1.4. Qualifying Energy Efficiency & Water Conservation Measures

The home energy assessment must demonstrate the potential to achieve cost-effective energy reductions in order to qualify for LIC funding. Funding is designated for capital costs (not maintenance costs) with an expected useful life of 5 years or greater and for measures that are permanently affixed to a property. The expected useful life of the retrofit measures is to be linked with the LIC term. The non-exhaustive list of the categories of measures eligible under the Program includes:

- i. *Thermal envelope upgrades*: attic, wall and basement insulation, windows, air-sealing.
 - ii. *Mechanical systems*: furnace and boiler replacement, water heater replacement, thermostats and controllers, drain water heat recovery systems.
 - iii. *Water efficiency*: low-flow toilets.
- Ineligible measures include equipment or products not permanently affixed to the property, previously installed in another home and are deemed general maintenance.

By recommending categories of retrofit improvements and associated measures, the City makes no guarantees of the materials, performance, cost-effectiveness or any warranty of the measures supported by the Program.

Only the costs associated with retrofits of up to 5 percent of the Current Value Assessment of the property are eligible for the Program.

1.5. Completing the Retrofit through Contractor Engagement

The City will provide funding to homeowners for eligible measures covered by the Program that have been recommended by the CEA, verified by the City and installed by contractors hired by the property owner. The City will not pre-qualify contractors or procure contractors to perform energy assessments or install retrofit improvements on behalf of homeowners in connection with this Program. The homeowner will use the funds disbursed by the City to pay contractors directly. Note that none of the funding can be used for the CEA, but utility rebates may be available for that cost.

The City is not responsible for the work quality of any contractors hired in connection with this Program and assumes no liability for the works undertaken. All retrofit improvements and renovations must adhere to local codes and by-laws. The homeowner is responsible for ensuring that hired contractors are licensed, bonded, and insured. Any issues that may arise relating to the quality of workmanship or post-installation performance of energy measures, for example, should be dealt with by the property owner and contractor.

1.6. Application Process

The steps below outline the process and requirements homeowners need to follow as part of the Program. City staff will periodically review this process to ensure effective Program implementation and, where deemed appropriate, the City may make changes in its sole discretion.

Step 1: Pre-qualification

Homeowners submit an on-line application form that includes, but is not limited to, the following information:

- Property address to confirm location is within eligible pilot neighbourhood;
- Property assessment roll number to confirm no outstanding payments owed to the City in the last five years; and
- Evidence of mortgage lender consent (where applicable).

If a homeowner has one or more outstanding mortgage(s) associated with the property, then the homeowner must obtain (at his or her own expense) consent from the mortgage lender(s) through a form that the City will provide. Property owners will advise their mortgage lender(s) of their intention to participate in the Program and receive permission from the lender(s) (perhaps up to only a specific dollar amount) as a requirement of the Program.

Once the property owner has been prequalified by City staff, based on the above criteria, the City will provide Notice to Proceed to the homeowner.

Step 2: Energy Assessment and Funding Request Form

1. Energy Assessment

The homeowner completes the pre-retrofit home energy assessment in accordance with Section 1.3 *Home Energy Assessments* and submits to the City the resulting Energy Assessment Report that the CEA provides to the homeowner.

That Energy Assessment Report must include:

- the current NR Can EnerGuide rating for the home;
- recommended improvements that have been customized for the home based on existing conditions which could potentially increase the NR Can EnerGuide rating of the home;
- the estimated useful life of the proposed improvement(s);
- estimated energy cost savings that may be realized after installing the recommended improvements; and
- potential eligibility for utility rebates and incentives offered by Toronto Hydro and Enbridge Gas.

In addition, where the CEA will also act as the contractor, the estimated cost of the works can be included in the report or separately indicated on the Funding Request Form.

2. Funding Request Form

Along with the Energy Assessment Report, the homeowner also will need to submit a Funding Request Form that:

- identifies the improvements that the property owner intends to install based on the Energy Assessment Report;
- identifies the cost for each improvement (including equipment, materials and labour costs); and
- the amount of prepayment (up to a maximum of 10% of the estimated cost of the work) being requested from the City upon signing the POA.

Following receipt of the Funding Request Form, the City will:

- confirm the eligibility of the works (e.g. items affixed to property);
- verify the reasonableness of retrofit costs and labour costs by consulting manufacturer pricing and prevailing labour rates;
- calculate the administrative costs using a formula that apportions the cost to the City to operate this program between participating properties as percentage of the cost of the work undertaken relative to the percentage of the cost of the work to the overall Program budget for each Program Stream;
(*n.b.* the "cost to the City" includes recurring costs and any non-recurring costs not covered by the grant funding that the City has obtained for the Program); and
- estimate the eligible utility rebates and incentives available to the homeowner.

The above steps will enable the City to derive the funding amount up to the maximum of five percent of the property's assessed value to include in the Property Owner Agreement.

Step 3: Property Owner Agreement

After the City has confirmed the acceptability of the Energy Assessment Report and the Funding Request Form, the City will prepare a property owner agreement ("POA"), in accordance with Appendix B for the homeowner(s) to review and sign.

Step 4: Completing Improvements*1. Initial Funding Disbursement*

Following execution of the POA, the City will provide the homeowner with the initial disbursement agreed upon in the POA to a maximum of ten percent of the estimated cost of the work that can be used by the homeowner to pay contractors or suppliers (i.e. security deposit). The property owner will be contractually obligated to repay this initial disbursement to the City if the property owner does not complete the improvements.

The property owner can then proceed with hiring contractor(s) and performing the approved energy improvements to the property. The improvements must be completed within a reasonable timeframe, as stipulated in the POA, to be determined by the City in its sole discretion.

2. Final Funding Disbursement

As will be detailed in the POA, the City will provide the final disbursement only after the homeowner provides a copy of the post-retrofit assessment report from the CEA that:

- includes a Certificate of Completion that attests the approved retrofit measures having been installed and provides an EnerGuide rating of the home after the retrofit measures have been completed which is greater than the original EnerGuide rating noted on the pre-retrofit assessment report from the CEA; and
- indicates the actual costs and useful life for all the works.

Step 5: LIC Repayment

Following the City Treasurer's periodic certification of the local improvement roll, (which occurs after the improvements on a given set of properties are complete and the final amounts of funding are confirmed), the City Solicitor will submit a corresponding bill for Council to adopt a by-law pursuant to Section 35.14 of O.Reg 596/06 to impose the special charges on the participating properties. For each property included in the by-law, the Treasurer will then add to the City's tax roll for that property each year that portion of the imposed special charge that is due in that year. These collective steps will provide priority lien status for the annual amount that the Treasurer adds to the tax roll and will ensure that any subsequent property owner who was not a party to the POA is bound to pay that amount.

To facilitate repayment of the annual special charge, the POA will require homeowners to sign-up for the pre-authorized payment plan option of 11 monthly instalments similar to the existing Program for property tax payments. At any time, a homeowner can make advance payments, including a one-time payment of the total outstanding amount owing to clear the property of the LIC charge. Failure to make payments is treated with the same remedy as uncollected property taxes which may include penalties and interest charges.

1.7. LIC Disclosure

As indicated above, the subsequent owner of a property on which the City has imposed a special charge is required to pay the City the annual LIC amount even though that subsequent owner was not a party to the original POA. In addition to notice that the City will be giving in accordance with the provisions of O.Reg 596/06, the City also will take the following steps to ensure even greater transparency of the LIC to interested parties by:

- i) posting on the City's website notice of the special charge by-law to impose the charge on the property in advance of its introduction and after its adoption; and

ii) updating the Tax Certificate to include the full LIC amount, amount payable in the current year, outstanding amounts owing and a note to reference the by-law pursuant to which the special charge was imposed.

1.8. Access to Utility Rebates & Incentives

The City plans to partner with Enbridge Gas and Toronto Hydro in the delivery of the Program to streamline homeowner's access to incentives and promotions that the utilities are making available, in part, pursuant to certain Provincial directives. Incentives are subject to change and availability.

- i. Financial incentives to qualified homeowners provided by Enbridge Gas include¹:
 - a. Incentives for 25% - 49% annual gas savings totals \$1,600: \$500 covering the full energy audit costs, excluding HST, and \$1,100 in a cash incentive
 - b. Incentives for 50% annual gas savings, or above, totals \$2,000: \$500 covering the full energy audit costs, excluding HST, and \$1,500 in a cash incentive
- ii. Financial incentives to qualified homeowners provided by Toronto Hydro include²:
 - a. Incentive of \$250 for replacing an existing furnace with a qualifying high-efficiency furnace with an Electronically Commutated Motor (ECM).
 - b. Incentive of \$250 for replacing an existing central air conditioner with a qualifying ENERGY STAR qualified system.
 - c. Incentive of \$400 for replacing an existing central air conditioner with qualifying stand-alone CEE 'Tier 2' level system.

Other available promotions under the Ontario Power Authority (OPA) SaveONEnergy Program that will be promoted to homeowners include:

- a. Peaksaver/Peaksaver PLUS Programs.
- b. Free refrigerator and freezer pickup (for older less efficient models).
- c. OPA coupons for efficient light bulbs, lighting fixtures, power bars, low-flow aerators and showerheads, programmable thermostats and hot water pipe and tank insulation wraps.

The funding advances by the City will be net of any rebates or other incentives received by the homeowner, with the exception of rebates received to offset the costs of the energy assessment.

1.9. Quality Control

As a means of additional oversight to confirm that the funded improvements were completed, the POA will indicate that the City reserves the right to have a City official or third party contractor

¹ Enbridge Gas incentives are available for installations of eligible equipment completed before December 31, 2014.

² OPA incentives are available for installations of eligible equipment completed before December 31, 2013.

arrange with the property owner for an inspection. The property owner(s) is also responsible for keeping original copies of contractor invoices and photos of installed measures, especially for harder to verify measures like insulation, and be prepared to disclose this information to the City upon request.

1.10. Measurement and Verification

Via the POA, the property owner(s) must consent to providing the City with access to the property's utility usage data in order to monitor results and evaluate the Program's effectiveness for a period of five years after completion of the retrofit. Also, the property owner(s) agrees to participate in surveys and other follow-up activities to help the City evaluate the Program.

II. Multi-Residential Stream Program Design

2.0. Outline

The Multi-Residential Stream of the Program will reach out to multi-residential property owners across the City. The Program will be designed to facilitate property owner participation by providing for the self selection of contractors, a range and combination of retrofit measures that can be pursued and competitive financing terms. Contractors will align with the requirements specified by Toronto Hydro and Enbridge Gas in connection with the delivery of utility incentive programs in order to maximize opportunities to fund retrofits.

2.1. Objectives

The proposed Program design will balance the need to attract participation and addresses the objectives of enabling a higher incidence and depth of investment in apartment building retrofits to align with a number of City objectives to:

- increase the quality of rental housing stock;
- address housing affordability by mitigating pressures on rent increases due to rising utility costs;
- realize economic development opportunities in connection with investments in retrofitting of apartment buildings, including industry development and job creation;
- achieve green house gas emission reductions; and
- achieve a higher level of energy and water efficiency and conservation.

The projected benefits to the City may include improved housing affordability, enhanced energy security, extended economic development opportunities and improved environmental performance.

2.2. Program Eligibility

Rental apartment buildings located within the City of Toronto with five or more storeys would be eligible to apply to the Program.

Properties that are not required to pay property taxes would be ineligible and properties such as condominiums that have multiple single owners would not be eligible without commitment from all owners.

The LIC would be limited to 5% of the Current Value Assessment of the property as reflected in the most recently returned assessment roll.

The City would require that participating property owners do not apply for Above Guideline Increases for retrofit measures completed through the Program.

Additional Program eligibility criteria would include:

- All registered owner(s) of the property must consent to participating in the Program;
- Property tax, utility bills and all other payment obligations to the City for the past five years must be in good standing; and
- Specification that the property owner will obtain independent legal and financial advice with respect to participation in the Program.

2.3. Outreach and Building Selection Process

The Program will be available across the City with outreach focused in:

- Areas with a concentration of buildings with a preponderance of residents with low-incomes – to maximize outcomes aligned with city objectives);
- Areas designated by City Council as Residential Apartment Commercial (RAC) pilot project areas as part of the City-Wide Zoning By-law implementation - to complement existing outreach and staff activities in these areas maximizing Program delivery efficiencies
(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.PG21.1>);
- Existing apartment sites with an application for infill development - the availability of the LIC would provide an option for securing improvements to an existing building without financial implication to Section 37³; and
- Existing apartment sites participating in Toronto Renovates⁴ - to leverage LIC funding to provide an opportunity for additional improvements.

³ Policies related to Section 37 provisions of the Planning Act are defined within the Official Plan and, as part of an application for new development on an apartment site, may include payment for improvements to an existing rental building on site. The LIC program could provide funding for the energy efficiency and water conservation improvements leaving Section 37 available for other improvements on site.

⁴ The Toronto Renovates Program, led by the City's Affordable Housing Office, offers funding for the repair and renovation of affordable rental apartment buildings in the City. Toronto Renovates funding extends beyond energy efficiency and water conservation measures and would be complemented by the LIC Program.

Staff will work with a number of parties in order to build Program awareness and effectively engage participants in the Program. Engagement activities will involve:

- Associations in the multi-residential sector encouraging performance improvements such as the Greater Toronto Apartment Association, Federation of Rental Housing Providers of Ontario (particularly through the Certified Buildings Program), Canadian Green Building Council, Building Owners and Managers Association (BOMA) (through BOMA BEST), etc.
- Connections to the Toronto Atmospheric Fund which has initiatives supporting improvements to multi-residential buildings in the City
- Channel Partners: Industry professionals, suppliers, Local Distribution Companies, Enbridge Gas
- Connections established through Social Development, Finance and Administration and Tower Renewal Program initiatives such as the Strong Neighbourhoods Strategy, OPA-funded Initiatives, and connections with the United Way Tower Neighbourhood Renewal Project, Tower Renewal Leaders Forum and Tower Renewal STEP Program participants
- Multi-residential property owners and property managers

2.4. Building Energy Assessment

As part of the Program application process, the City will require property owners to have a building energy assessment (also referred to as an energy audit) completed by a certified professional energy auditor that meets the eligibility criteria set out below. To ensure adherence to high professional industry standards, the City's requirements for the energy assessment are aligned with the energy audit requirements outlined by Toronto Hydro and Enbridge Gas for their respective incentive programs. This alignment will help to maximize opportunities for utility incentive funding for participating property owners.

To meet program eligibility requirements, the energy assessment and related report would need to be completed by a certified energy auditor with expertise in building energy efficiency who meets the following criteria:

- (i) a professional engineer ("P.Eng."), a certified engineering technologist ("CET"), a certified energy manager or a certified measurement and verification professional; with a minimum of three years of experience evaluating energy systems in buildings; or
- (ii) an engineer-in-training under the supervision of a P.Eng. or a CET, only if a qualified and experienced person as described in (i) above certifies and signs the energy assessment report; and
- (iii) the certified professional that meets (i) or (ii) must be independent of and third party to the Program applicant.⁵

Property owners will be responsible for engaging a certified professional to complete the building energy assessment and will assume any associated costs. Property owners may be able to offset these costs through incentives from Toronto Hydro or Enbridge as described in section

⁵ Excerpt from the requirements for the Toronto Hydro Audit Funding Incentive
<https://www.saveonenergy.ca/Business/Program-Overviews/Audit-Funding/Eligibility.aspx>

2.9. below. Property owners will also be responsible for any costs incurred by the City to verify the assessment report and these costs will be recovered as part of the Program administration costs.

The property owner will be required to provide the City with an energy assessment (energy audit) report that includes the identification of: recommended energy efficiency improvements (the measures), the anticipated energy and cost savings, the expected useful life of measures, the cost range for the recommended measures and eligibility for incentives.

The report provided by an eligible certified professional will be reviewed by either a third party or City staff to determine the reasonableness of the associated costs of the proposed retrofit project. In the instance where property owners are applying to the Program for measures that have received prior approval from Enbridge or Toronto Hydro, the Enbridge and/or Toronto Hydro approval would suffice as third-party verification for those measures.

2.5. Qualifying Energy Efficiency and Water Conservation Measures

In the Multi-Residential Stream of the Program, property owners would be able to propose a range of retrofit measures that would improve the quality of life for residents, improve building condition and help to reduce building operating costs. To qualify for LIC funding, retrofit measures proposed by the property owner must be identified by the energy assessment (energy audit) report, provided by an eligible certified energy auditor. The certified energy auditor must meet the criteria set out in Section 2.4.

Eligible retrofit measures would be required to demonstrate the potential to achieve cost-effective savings or to demonstrate how the retrofit measure compliments an overall state of good repair capital program for the building. For example, undertaking a window replacement and balcony door replacement may significantly improve resident comfort and address disrepair issues as well as generating energy savings.

Examples of the categories of retrofit measures supported through the Program include:

- i. Mechanical Systems (including electricity and HVAC related measures): boilers, bi-level lighting in parking garages, hot water circulation pump controls
- ii. Building Envelope improvements: window and balcony door replacement, solar walls, insulated cladding for exterior walls
- iii. Water Efficiency upgrades: low-flow toilets and fixtures

Retrofit measures that are not permanently affixed to the property or measures with an expected useful life of less than 5 years would not be eligible for the Program. The LIC term will not exceed the expected useful life of the retrofit measure to a maximum of 20 years and only costs of retrofits up to 5 percent of the Current Value Assessment of the property are eligible for the Program. By defining categories of retrofit improvements and associated measures, the City makes no guarantees of the materials, performance, cost-effectiveness or any warranty of the measures supported by the Program.

2.6. Completing the Retrofit Project

City will provide funding to property owners for approved retrofit projects consisting of eligible retrofit measures that meet the criteria outlined in section 2.5, and have been recommended as

part of the energy assessment report prepared by an eligible certified energy auditor and verified by the City or its third party agent. Contractors will be hired by the property owner. The City will not pre-qualify contractors or procure contractors to perform energy assessments or undertake retrofit projects on behalf of property owners in connection with this Program. The property owner will use the funds disbursed by the City to pay contractors directly. Note that none of the Program funding can be used to pay for the completion of the energy assessment and related report but utility company rebates may be available to offset this cost.

The City is not responsible for the work quality of any contractors hired in connection with this Program and assumes no liability for the works undertaken. All retrofit improvements must adhere to local codes and by-laws. The property owner is responsible for ensuring that hired contractors are licensed, bonded, and insured. Any issues that may arise relating to the quality of workmanship or post-installation performance of retrofit measures, for example, should be dealt with by the property owner and contractor.

2.7. Application Process

The steps below outline the process and requirements property owners need to follow as part of the Program. City staff will periodically review this process to ensure effective Program implementation and, where deemed appropriate, the City may make changes in its sole discretion.

Step 1: Prequalification

Property owners submit an on-line application form that will include the following information:

- Property address to confirm property is an eligible building type and ownership type.
- Property assessment roll number to confirm no outstanding payments owed to the City in the last five years.
- Acknowledgement that the property owner will obtain independent legal and financial advice with respect to participation in the Program.
- Acknowledgement of the application to the Program and consent to Program participation from all registered property owners.

Once the property owner has been prequalified by City staff, based on the above criteria, the City will provide a Notice to Proceed to the property owner.

Step 2: Building Energy Assessment and Funding Request Form

1. Building Energy Assessment

The property owner completes and provides a building energy assessment in accordance with Section 2.4 above and submits to the City the resulting Energy Assessment Report that the eligible certified energy auditor provides the property owner.

The report must include:

- recommended energy efficiency improvements (the measures),
- the anticipated energy and cost savings,
- expected useful life of measures,
- the cost range for the recommended measures

- potential eligibility for incentives.

2. Funding Request Form

Along with the Energy Assessment Report, the property owner also will need to submit a Funding Request Form that:

- identifies the improvements that the property owner intends to install based on the Energy Assessment Report;
- identifies the cost for each improvement; and
- specifies the amount of a prepayment (up to a maximum of 10% of the estimated cost of the work) that is being requested from the City upon signing the POA, if any. The City will determine at its sole discretion whether a prepayment will be advanced.

In the Funding Request Form, the property owner should specify if there is a need for several disbursements where the works involve multiple measures occurring over an extended period of time.

Following receipt of the Funding Request Form, the City will:

- confirm the eligibility of the works (e.g. items affixed to property);
- verify the reasonableness of retrofit costs and labour costs by consulting manufacturer pricing and prevailing labour rates; and
- calculate the administrative costs using a formula that apportions the cost to the City to operate this Program between participating properties as a percentage of the cost of the work undertaken relative to the percentage of the cost of the work to the overall budget for each Program Stream
(*n.b.* the "cost to the City" includes recurring costs and any non-recurring costs not covered by the grant funding that the City has obtained for the Program).

The above steps will enable the City to derive the funding amount up to the maximum of five percent of the property's assessed value to include in the Property Owner Agreement.

Step 3: Property Owner Agreement

After the City has confirmed the acceptability of the Building Energy Assessment Report and the Funding Request Form, the City will prepare a property owner agreement ("POA"), in accordance with Appendix B for the property owner(s) to review and sign.

Step 4: Completing Improvements

1. Initial Funding Disbursement

Following execution of the POA, the City will have the option at its sole discretion to provide the property owner with an initial disbursement to a maximum of ten percent of the estimated cost of the work that can be used to pay contractors (i.e. security deposit). If provided, such disbursement would be agreed upon in the POA. The property owner will be contractually obligated to repay this initial disbursement if the property owner does not complete the improvements.

The improvements must be completed within a reasonable timeframe, as stipulated in the POA, to be determined by the City in its sole discretion.

Where a property owner anticipates several disbursements over a longer period of time to complete the work, the City may require the property owner to enter into separate POAs and may impose a separate special charge on the property for each disbursement.

2. *Final Funding Disbursement*

As will be detailed in the POA, the City will provide the final disbursement only after the property owner provides:

- (i) proof that the work to install the approved retrofit measures has been properly completed and the work has been approved and accepted by the property owner; and
- (ii) a detailed invoice and specification of the actual costs and useful life for all the works.

The City would be responsible for verifying that the retrofit project specified in the POA has been completed, either through a City staff or a third party verifying agent contracted by the City. The City will also verify all eligible utility rebates to be paid to the property and ensure that the rebate amounts are not included in the final funding disbursement.

Step 5: LIC Repayment

Following the City Treasurer's periodic certification of the local improvement roll (which occurs after the improvements on a given set of properties are complete and the final amounts of funding are confirmed), the City Solicitor will submit a corresponding bill for Council to adopt a by-law pursuant to Section 35.14 of O.Reg 596/06 to impose the special charges on the participating properties. For each property included in the by-law, the Treasurer will then add to the City's tax roll for that property each year the portion of the imposed special charge that is due in that year. These collective steps will provide priority lien status for the annual amount that the Treasurer adds to the tax roll and will ensure that any subsequent property owner who was not a party to the POA is bound to pay that amount.

To facilitate repayment of the annual special charge, the POA will require property owners to sign-up for the pre-authorized payment plan option of 11 monthly instalments similar to the existing Program for property tax payments. At any time, a property owner can make advance payments, including a one-time payment of the total outstanding amount owing to clear the property of the LIC charge. Failure to make payments is treated with the same remedy as uncollected property taxes which may include penalties and interest charges.

2.8. LIC Disclosure

As indicated above, the subsequent owner of a property on which the City has imposed a special charge is required to pay the City the annual LIC amount even though that subsequent owner was not a party to the original POA. In addition to notice that the City will be giving in accordance with the provisions of O.Reg 596/06, the City also will take the following steps to ensure even greater transparency of the LIC to interested parties by:

- i) posting on the City's website notice of the special charge by-law to impose the charge on the property in advance of its introduction and after its adoption; and
- ii) updating the Tax Certificate to include the full LIC amount, amount payable in the current year, outstanding amounts owing and a note to reference the by-law pursuant to which the special charge was imposed.

2.9. Access to Utility Rebates & Incentives

The City has been in discussions with Enbridge Gas and Toronto Hydro and plans to work with these entities in the delivery of the Program to streamline property owner's access to the range of incentives and promotions available for multi-residential buildings. Incentives are subject to change and availability.

- i. Examples of incentives currently available from Enbridge Gas:
 - a. Preliminary evaluation of building energy efficiency and performance report modeling provided free of charge.
 - b. Retrofit incentives for up to 50% of eligible project cost to a maximum of \$100,000.

- ii. Examples of incentives currently available from Toronto Hydro:
 - a. Energy Audit incentives of up to 50% of the cost to a maximum of \$35,000 for eligible buildings.
 - b. Retrofit incentives ranging from \$400 - \$800 per kWh saved providing up to 50% of the project cost for approved measures.

The funding advanced by the City will be net of any rebates or other incentives received by the property owners, with the exception of rebates received to offset the costs of the energy assessment.

2.10. Quality Control

As a means of additional oversight to confirm that the funded improvements were completed, the City reserves the right to have a City official or third party contractor complete an inspection. The property owner(s) is also responsible for keeping original copies of contractor invoices and may be required disclose this information to the City upon request.

2.11. Measurement and Verification

The property owner(s) must consent to providing the City with access to the property's utility usage data in order to monitor results and evaluate the Program's effectiveness for a period of 5 years after completion of the retrofit. Also, the property owner(s) agrees to participate in surveys and other follow-up activities to help the City evaluate the Program.