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2020 CAPITAL BUDGET BRIEFING NOTE

HELP and Hi-RIS Retrofit Programs

Issue/Background:

- On January 17, 2020, a briefing note was requested through the Budget Committee to determine:
 - How much money remains out of the total of \$20 million dedicated to HELP and Hi-RIS retrofit programs in Local Improvement Charge (LIC) Energy Works Reserve Fund;
 - How many retrofits (and projected GHG reductions) will result in 2020 based on the \$1.5 million projected spending for HELP; and,
 - How many more retrofits and projected GHG reductions could result if we contributed \$5-10 million more into the Local Improvement Charge Energy Works Reserve Fund.

Key Points:

- Staff from Environment & Energy Division (EED) and Social Development, Finance & Administration (SDFA) are currently developing a report, of which a key recommendation will be the recapitalization of HELP and Hi-RIS.
- To date approximately \$14.1 million of the \$20 million has been spent (\$4.8 million on HELP and \$9.3 million on Hi-RIS projects) leaving \$5.9 million remaining in the reserve. HELP is committed to spend \$0.66 million in 2020 and Hi-RIS is committed to spend \$1.4 million for a total of \$2.06 million, leaving only \$3.84 million uncommitted in the reserve fund. The intake of applications is ongoing and we anticipate an increase in applications in 2020.
- The Hi-RIS team is currently in the process of developing nine projects with the potential to commit around \$2.2 million, of which \$1.5 million would be spent in 2020.

HELP

- Using the 2019 average project cost of approximately \$27,000, \$1.5 million of new budget requested for HELP in 2020 could support approximately 55 projects with a projected reduction in greenhouse gas (GHG) emissions of 165 tonnes. The total budget in 2020 for HELP is \$2.323 million, which could support 86 projects with a projected reduction in GHG emissions of 258 tonnes. With close to \$5 million dollars spent, HELP has supported more

than 214 projects, however, these individual projects have varied significantly in cost (loans of less than \$10,000 to more than \$60,000).

- With an additional allocation of \$5 - \$10 million to HELP, we could expect between 185 – 370 single residential renovations completed, depending on the individual extent of each retrofit and average emissions reductions in the order of 555 – 1,110 tonnes of CO₂e.
- The limiting factor on the uptake of the HELP program has not been the availability of funds, but the reluctance on the part of some lenders to participate in the program itself. Increasing the amount of LIC funding available may not lead to a commensurate increase in program participation.
- Based on our analysis, HELP projects are resulting in higher than average energy and emissions reductions compared to the average EnerGuide evaluated project. Through the BetterHomesTO initiative, supported by HELP and other funding opportunities, we are working to develop a process for residents to work towards net zero.

Hi-RIS

- The Hi-RIS financing program is currently oversubscribed with \$10.7 million of the initial \$10 million funding envelope awarded to date. The program has disbursed \$9.3 million to completed energy efficiency retrofits with another \$1.4 million in commitments to be disbursed in 2020. The greenhouse gas emissions reduction estimate from 2016 to 2020 is 3,800 tonnes of equivalent CO₂ emissions.
- In total, Hi-RIS has financed 16 retrofit projects, 13 completed and 3 slated for completion in 2020. These 16 residential apartment buildings house almost 5,000¹ residents in 2,320 units and almost half of all projects were located in Neighbourhood Improvement Areas or non-profit buildings, positively affecting housing quality for about 2,200 residents that live in parts of the city identified as needing additional supports. Overall, the Hi-RIS financing program has reduced greenhouse gas emissions while simultaneously improving housing quality and tenant comfort in apartment buildings across Toronto. Hi-RIS program implementation supports a multitude of City priorities including Tower Renewal, TransformTO, Resilience Strategy and the Poverty Reduction Strategy.
- Based on current data, the estimated average project cost is \$735,000 however, costs can range between \$150,000 and \$1.9 million depending on building size and project scope. Most projects are capital intensive repairs with long simple paybacks such as replacing old, singled glazed windows with new, high efficiency double glazed windows. Hi-RIS also advances retrofits with significant resilience benefits that may have lower greenhouse gas emissions impacts such as elevator modernizations. The average greenhouse gas emissions reduction per building is about 90 tonnes of equivalent CO₂ emissions annually. With an additional \$5 to \$10 million, the Hi-RIS financing program could finance 10 to 20 residential apartment building retrofits reaching 1,550 to 3,100 units that would result in an estimated greenhouse gas emissions reduction of 900 to 1,800 tonnes of equivalent CO₂ emissions annually.

¹ City planning multiplier 2.14 residents per unit in multi-residential buildings

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