

Executive Committee

10th floor West Tower, City Hall
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Re: Item EX34.1 – Growth Funding Tools – Development Charges

July 11, 2022.

Dear Executive Committee Members,

The Atmospheric Fund recommends amending the proposed development charges bylaw to increase incentives for developers to build to the higher tiers of the Toronto Green Standard (TGS). When TGS version 4 was approved in July 2021, [City Council directed](#) that the Growth Funding Tools report include recommendations for enhanced incentives for developer participation in the higher (voluntary) tiers. This direction was based on stakeholder feedback from the development industry, the design community, environmental groups, and researchers who all noted the need for stronger incentives. However, the draft bylaw would instead freeze incentives at 2021 levels.

Developer participation in the higher tiers of TGS has fallen precipitously over the past five years. The clear reason for falling participation is that incentives have remained frozen even as the City has twice updated and strengthened the requirements. We are concerned that if we do not incentivize developer participation in the higher tiers now, we will lose another critical year to prepare the market for near zero new construction. As a result of the City's cap on development charges and the numerous (necessary) updates to Toronto's Green Standard, the development charge refund covers a much smaller share of the incremental costs than ever before, and participation in Tier 2 has fallen dramatically. Further, there have never been additional incentives for building to Tier 3.

Developer participation in the voluntary higher tier standards leads to buildings that are more resilient and produce fewer carbon emissions, with lower energy and operating costs. This participation also develops industry capacity for building to those tiers, which are intended to become mandatory in future updates. If we don't improve participation in Tiers 2 and 3 now, it may not be feasible for the entire industry to comply with future planned updates to the TGS in 2025 and 2028. **This would put the city-wide net zero by 2040 target at risk.**

Effective incentives are critical for achieving a net-zero future. The simplest proven model for incentivizing developers to build to the higher tiers is expanding development charge refunds. Given that the next update of the Toronto Green Standard is scheduled to be implemented in 2025, we need these incentives immediately. Based on cost modelling and industry feedback,

the incentives for tier 3 need to increase by at least 50% to enable significant industry participation.

We strongly urge you to increase incentives for the higher tiers of the Toronto Green Standard to increase participation and accelerate the transition to near net-zero new construction in line with TransformTO timelines.

Sincerely,

Bryan Purcell



VP of Policy & Programs
The Atmospheric Fund

About the Atmospheric Fund

The Atmospheric Fund (TAF) is a regional climate agency that invests in low-carbon solutions for the Greater Toronto and Hamilton Area (GTHA) and helps scale them up for broad implementation. Please note that the views expressed in this submission do not necessarily represent those of the City of Toronto or other GTHA stakeholders. We are experienced leaders and collaborate with stakeholders in the private, public and non-profit sectors who have ideas and opportunities for reducing carbon emissions. Supported by endowment funds, we advance the most promising concepts by investing, providing grants, influencing policies and running programs. We're particularly interested in ideas that offer benefits in addition to carbon reduction such as improving people's health, creating local jobs, boosting urban resiliency, and contributing to a fair society.