

**Re: EX 33.22 - Proposed Energy and Water Efficiency Initiative for the Residential Sector**

Most of Toronto's buildings are using more energy and paying higher energy bills than they need to. Cost-effective measures can improve energy performance, but property owners face a variety of barriers to implementing retrofits, including access to affordable, well-structured financing.

Local Improvement Charges (LICs) have been used for decades by Ontario municipalities to finance infrastructure work. The pilot program proposed is an important opportunity to test-drive the expanded LIC authority established by the Province earlier this year. Having 1,000 single-family and ten multi-unit residential building retrofits will provide a solid perspective regarding the value proposition for both the City and the clients.

A private LIC involves the municipality providing a loan which is registered and paid as a special charge on the property tax bill. If the owner sells the property before the repayment is complete, the next owner assumes the payments. This way, current and any subsequent owner(s) of a property share the costs of the retrofit since they both share in the benefits. The LIC charge has priority lien status and any arrears are collected as per municipal practice.

Given that only 20% of Toronto's building stock has been upgraded and conservation is essential to meeting ambitious climate change targets and keeping energy costs down, private Local Improvement Charges (LICs) could be a game-changing measure.

As the proposal indicates, the City will recoup all financing and program administration costs from participants, not the general tax base, and from grants provided to the City, including by Toronto Atmospheric Fund. Given TAF's significant expertise, we have indicated interest in managing the high-rise retrofit pilots.

Many Ontario municipalities are also interested in this new property-assessed financing approach. Over 20, including the City of Toronto, are participating in the recently-formed Collaboration on Home Energy Efficiency Retrofits in Ontario (CHEERIO) to explore and help advance private LICs. The City of Toronto proposal is first out of the gate and others are watching with interest.

The private LIC mechanism is not a quick-fix solution to energy waste, but it may take away some barriers for some property owners, and help green-up and up-grade some of Toronto's most valuable assets – our homes and buildings. We think its worth exploring.