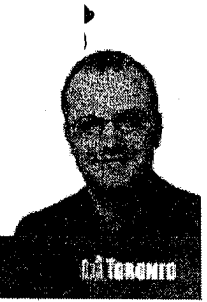


Councillor **Mike Layton**



WARD 19 • TRINITY—SPADINA **MIKELAYTON.TO**

June 26, 2013

Dear Members of Toronto City Council,

Re: EX33.22 Proposed Energy and Water Efficiency Initiative for the Residential Sector

The Proposed Energy and Water Efficiency Initiative for the Residential Sector is a groundbreaking project that will explore the benefits of using Local Improvement Charge (LIC) financing to fund residential energy retrofits. It will, at no cost to the City, have powerful economic and environmental benefits across Toronto.

The pilot proposal has been thoroughly researched and developed following years of consultation and polling. Over \$750,000 in external funding has already been secured. At no cost to the city, 300 new jobs will be created and \$1 million of residents' money will be saved annually through the proposed pilot program. The City's carbon emissions reduction will be equivalent to taking 1000 automobiles off of the road and it will help improve the quality of life of thousands of tenants and homeowners.

As the Staff Report outlines, much of the easier and more affordable retrofit work has been done on homes in Toronto (e.g. light bulb and window changes). However, the majority of Toronto's housing stock was built before 1980 in a time characterized by poor energy efficiency, and this housing stock is expected to last beyond 2050. Since these buildings have out-dated furnaces, inadequate insulation, and more, they place a significant strain on the City's infrastructure (the residential sector represents 54% of overall natural gas use and 30% of electricity consumption in Toronto).

The City is the only body that can offer financing to a property, rather than to an individual. This is done through LICs. LICs can eliminate a sizeable barrier to homeowners engaging in larger retrofit projects by reducing their risk and helping them to overcome the significant upfront capital costs of the deeper retrofits that their homes need.

LIC financing under this program would be paid back over a period of 5 to 20 years with payment amounts in line with the savings homeowners realize on their utility bills. This is so that the property owner's monthly budget is not impacted.


More importantly, the use of LICs eliminates a significant barrier for homeowners. Under a traditional loan, if the individual sold their home, they would continue to carry the debt despite the energy savings remaining with the property. Under an LIC program, if the property is sold, the costs and benefits of the retrofit measures stay with the property and are passed on to the new homeowner.

This program is a fiscally responsible way for the City to help residents stimulate the economy, create jobs, and make their homes—and the City—more environmentally sustainable.

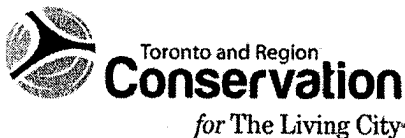
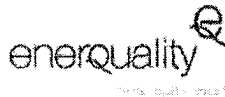
The City has been conducting research, polling and stakeholder meetings on this program for years. In July 2012 City Council adopted ED 15.8 *Proposed Energy and Water Efficiency Initiative for the Residential Sector*, which led to the development of this pilot program EX 33.22. The City conducted polling and held focus group sessions with Ipsos Reid. Staff also held multi-stakeholder workshops, ratepayer workshops, meetings with Enbridge Gas, Toronto Hydro, Federation of Metro Tenants Association, the Canadian Mortgage and Housing Corporation, and many others.

The benefits of the residential energy retrofit initiative are clear, which is why this program has the support of a wide variety of private sector, labour, and environmental organizations. I have attached highlights of the benefits of the proposed pilot program to this letter.

Sincerely,



Mike Layton
City Councillor
Ward 19, Trinity-Spadina



Highlights from EX33.22 Proposed Energy and Water Efficiency Initiative for the Residential Sector

The pilot project alone creates 300 high quality jobs

14.2 jobs result from every \$1 million invested in this program. These jobs include energy advisors, auditors, inspectors, retrofit technicians and construction workers. The full-scale program would lead to thousands of new jobs in Toronto.

Stimulates the economy at no cost to the City

Already, \$0.753 million in external funding commitments has been secured from the Ontario Power Authority, Toronto Hydro, Enbridge and other sources. The balance of funds will be drawn from the City's Working Capital Reserve. The loans will be collected at a rate that reflects the City's foregone investment revenue. As the City's Chief Financial Officer points out in the Staff Report, no costs will be borne by the City's tax levy, there is no negative implication for the City's credit rating and no new pressures are added to the City's debt threshold.

Reduces blackouts and the City's energy grid maintenance costs

One third of Toronto Hydro's assets are beyond their useful life and 40% of Toronto's power outages in 2011 were caused by aging equipment. This pilot program will significantly reduce the energy consumption across 1,000 households and 1,000 apartment units in the City through deep energy savings. These energy savings will help decrease energy demand and lower the City's energy infrastructure maintenance and operating costs, deferring the construction of new power generation facilities, and helping avoid power disruptions (i.e. blackouts).

Helps homeowners overcome upfront capital costs

The City will be able to obtain interest rates that are lower than those available to individual property-owners. In research surveys, homeowners consistently identify access to front-end financing as a key barrier to undertaking larger home energy retrofits.

The City is the only body that can offer financing to a property (LICs)

The City is the only body with access to the LIC financing mechanism. Through this mechanism, retrofit financing is associated with a property rather than a property-owner. LIC financing makes it possible for homeowners to engage in costly retrofits without fear of having to pay the full retrofit cost if they sell the property before the loan is repaid. This eliminates a significant barrier for homeowners since under a traditional loan, if the individual sold their home, they would continue to carry the debt despite the energy savings remaining with the property. Under an LIC program, if the property is sold, the costs and benefits of the retrofit measures stay with the property and are passed on to the new homeowner.

Saves Torontonians money: pilot saves Torontonians \$1 million/year

The goal of this energy retrofit program is to reduce the electricity and natural gas consumption in single-family homes and multi-unit residential buildings. Participating homeowners and tenants will see reduced energy costs, and are projected to collectively save \$1 million per year.

Provides excellent customer service

Through partnerships, low cost financing options, and streamlined incentives from government and utilities the program provides a 'one window' service while providing homeowners with the flexibility to determine specific products, services, and contractors.

Reduces greenhouse gas emissions by 5,000 tonnes/eCO₂

The City has committed to achieve an 80% reduction by 2050. This pilot program is estimated to cut greenhouse gas emissions by 4,900 tonnes/eCO₂. This is the equivalent of taking 1,000 automobiles off of the road.

Improves residents' comfort and quality of life

Improving a home's building envelope and heating/cooling system can make it more comfortable, with better indoor air quality. It can also increase the home's market resale value. The same is true for multi-residential buildings. The quality of life of more than 1,000 tenants will be improved through the pilot program.

Access to utility rebates and incentives

City Staff have been working with Enbridge Gas and Toronto Hydro to increase access to incentives that can be offered concurrently with this program. For example, in addition to the loan, the multi-residential sector would have access to retrofit incentives up to \$100,000 from Enbridge, and from Toronto Hydro \$35,000 as well as \$400-\$800 per kWh.

The demand is high for this city-wide program serving thousands

This three year pilot program includes intensive engagement within four neighbourhoods, one from each of the Community Council areas. 1,000 single-family homes would participate and 10 multi residential buildings (representing 1,000 units). The market research conducted by the City indicates the demand exists for this program.