



STAFF REPORT ACTION REQUIRED

Ontario Green Investment Fund Benefitting Social Housing - Social Housing Apartment Retrofit Program (SHARP)

Date:	May 3, 2016
To:	Community Development and Recreation Committee
From:	General Manager, Shelter, Support and Housing Administration
Wards:	All
Reference Number:	

SUMMARY

Through Ontario's Green Investment Fund (OGIF), the Province will make available \$82 million for social housing providers across the province to complete retrofit projects which would reduce greenhouse gas (GHGs) emissions. The City's allocation for the Social Housing Apartment Retrofit Program (SHARP) funding is \$42,948,037.

This one-time investment presents a much needed investment in the improved efficiency and reduced carbon footprint of social housing high-rise buildings (150+ units) across the city.

To receive this funding, the City will be required to enter into a Transfer Payment Agreement with the Ministry of Municipal Affairs and Housing (MMAH) no later than June 15, 2016. This report recommends actions necessary to deliver any funding approved.

RECOMMENDATIONS

The General Manager, Shelter, Support and Housing Administration, recommends that:

1. City Council approve the acceptance of \$42,948,037 from the Province as a one-time capital allocation for renovation and retrofit of eligible social housing buildings to deliver SHARP;

2. City Council authorize the General Manager, Shelter, Support and Housing Administration, in consultation with the City Solicitor, to enter into a Transfer Payment or similar Agreement with the Ministry of Municipal Affairs and Housing for social housing apartment retrofit funding on terms and conditions addressing funding and monitoring, energy audit and reporting requirements satisfactory to the General Manager and in form satisfactory to the City Solicitor;
3. City Council amend the 2016 Approved Operating Budget for Shelter, Support and Housing Administration by \$1,100,000 gross and \$0 net, funded from SHARP, to pay for the cost of Ashrae Level 3 energy audits for proposed retrofit projects in order to identify suitable buildings that will be funded under SHARP; and authorize the General Manager, Shelter, Support and Housing, to enter into agreements with non-profit and co-operative housing providers, and /or private sector organizations to carry out the necessary energy audits and evaluations required;
4. City Council authorize the General Manager, Shelter, Support and Housing Administration, to utilize any administrative funding approved by the Ministry of Municipal Affairs and Housing to administer SHARP implementation;
5. City Council amend the 2016 Approved Operating Budget for Shelter, Support and Housing Administration by \$137,500 gross and \$0 net, funded from SHARP, to hire a full time temporary Project Manager and Agency Review Officer to assist with the administration of SHARP; and
6. City Council request the General Manager, Shelter, Support and Housing Administration to report to Community Development and Recreation Committee in October 2016, with a final list of retrofit projects and funding allocations to social housing providers, to deliver the approved projects in line with the terms and conditions of the agreement.

Implementation Points

Upon execution of the Transfer Payment Agreement, a competitive process will be conducted to determine which of the eligible projects will receive SHARP funding. Comprehensive energy audits are required to determine projects with greatest impact. These studies will also establish potential energy savings and GHG reduction baselines.

Once approved projects have been determined, the General Manager, Shelter, Support and Housing Administration, will report to Community Development and Recreation Committee in October 2016, with a final list of retrofit projects. Once approved, Funding Agreements will be executed between the City and applicable social housing providers. Payment schedules will be outlined in Funding Agreements and will be complimentary to the terms of the agreement between MMAH and the City.

It is expected that the SHARP guidelines will require post-project measurement and verification. These requirements will be incorporated into social housing provider Funding Agreements.

Financial Impact

The funding for the SHARP program will flow over two calendar years 2016 and 2017 and the first quarter of 2018. In total the City will receive \$42,948,037 spread out over that time period. Funded activities are required to be completed by March 31, 2018.

For 2016, there is an immediate in-year budget impact of \$1,237,500 gross, \$0 net, to fund two temporary administrative staff positions and energy audits in order to establish the list of renovation and retrofit projects for the SHARP program. The positions will be for the duration of the program as it is necessary to also monitor energy efficiency. Funding will be provided from the administrative allocation for the SHARP funding as requested by the City. The Province has not yet confirmed the exact percentage that can be used for the administration of the Program but normally it is between 5 and 10%.

The following table details the 2016 expenses:

Expense	2016
Salaries and Benefits	\$ 137,500
Energy Audits	\$ 1,100,000
Total	\$ 1,237,500

The full year cost of the salaries and benefits as well as other operating budget requirements for 2017 and 2018 will be included as part of the 2017 and future years Budget Process and will be fully funded from SHARP.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

ISSUE BACKGROUND

On February 12, 2016, the Province of Ontario announced that it would be investing \$82 million from its Green Investment Fund into social housing retrofits which would improve energy efficiency and reduce greenhouse gas emissions in high-rise buildings (SHARP). A further \$10 million would be invested into improving energy efficiency of houses and townhouses which were electrically heated and where tenants paid hydro costs (Social Housing Electricity Efficiency Program - SHEEP).

As Service Manager, the City was invited to submit business cases to MMAH for SHARP and SHEEP. City staff conducted a preliminary application process among all eligible housing providers to determine potential projects and their associated cost estimates. From this preliminary application process, \$125,778,078 was submitted to

MMAH in potential SHARP projects; \$2,961,550 was submitted in potential SHEEP projects.

On March 30, 2016, MMAH advised that the City has been selected to receive \$42,948,037 in SHARP funding. They further advised that allocations were being given under either SHARP or SHEEP, but not both. Therefore, the City was not considered for SHEEP funding.

COMMENTS

Impacts of SHARP

The SHARP investment will allow Toronto to realize timely energy efficiencies and significant reductions in greenhouse gas emissions throughout our ageing social housing portfolio. The program's requirements to utilize energy assessment to determine projects and to measure and evaluate project outcomes will ensure that impactful changes are achieved.

These SHARP funded improvements will have a direct and significant impact on the improved quality of living of residents. These retrofits will increase resident comfort and their control of the indoor environments; they will dramatically improve indoor air quality.

In the evaluation and final determination of eligible projects, every effort will be made to ensure that SHARP funded retrofits not only impact on greenhouse gas reductions but, that they also maximize the impact on capital repair backlogs for TCHC and Non-Profits and Co-operatives.

Program Criteria

The Province has not yet issued detailed guidelines on eligible costs and program criteria. However, they have indicated that in order to be eligible for SHARP, buildings must be high-rises with 150 or more units. All SHARP funded projects must demonstrate decreased greenhouse gas emissions and increased energy efficiency. Only the following project types will be eligible:

- High-efficiency building heating and/or cooling equipment;
- Energy efficient windows and/or exterior doors;
- Increased/additional interior and exterior insulation (including cladding); and,
- Lighting upgrades

Eligible SHARP Recipients

SHARP funding of \$42,948,037 will be allocated among the TCHC and Non-Profits/Co-operatives net of funds for required energy audits and approved administration funds

reflecting the proportion of housing units within each portfolio; roughly 2/3 TCHC and 1/3 Non-Profits and Co-operatives as follows:

Administration of SHARP

SHARP will be administered through SSHA's Social Housing Unit. However, every effort will be made to leverage the City's cross-corporate expertise, programs and existing staff resources in implementation. The City's SHARP Business Case included a request for administrative costs. If available, this funding will be used to acquire additional staffing to support the implementation of SHARP.

Conclusion

The provincial SHARP program is a key opportunity to make use of provincial funding to improve energy efficiencies and reduce greenhouse gas emissions in many of the City's large social housing buildings. SHARP represents an important provincial contribution to the housing stability of Ontarians and Torontonians.

CONTACT

Maria Varlokostas
Acting Director, Social Housing
Shelter, Support and Housing Administration
Phone: 416-338-8224
Fax: 416-338-8228
Email: mvarlok@toronto.ca

SIGNATURE

Rob Cressman
Acting General Manager
Shelter, Support and Housing Administration