



September 20, 2023

Toronto City Hall
100 Queen Street West
Toronto, Ontario
M5H 2N2

RE: 2023 IE6.5 - Design Principles for Retrofit Financing Programs and Funding Solutions to Support Building Decarbonization

Dear Members of the Infrastructure and Environment Committee,

Toronto Environmental Alliance commends City Staff's work on finding solutions for retrofitting Toronto's existing building stock. **We are writing to emphasize that, in order to meet the city's TransformTO 2040 climate goals, Toronto needs both an increase in funding, and a transformation in how building retrofits are financed in the city.**

In order to reach the scale needed to meet Toronto's 2040 Net Zero goals, there must be significant and systemic reductions in the upfront cost of retrofits. Staff reports show that Toronto must retrofit an average of 27,000 homes and buildings every year to reach our Net Zero goal.

TEA recommends that the City of Toronto Staff deeply explore the expansion of programs that would lower upfront retrofit costs to homeowners, such as the expansion of programs based on Local Improvement Charges (LICs). While building retrofits can save up to 30% in operating costs, the comparatively high upfront costs are prohibitive for many homeowners and building managers. Upfront costs for retrofits on a single-family home can reach into the hundreds of thousands of dollars.

LICs allow for upfront costs to be distributed over years, and for those costs to be tied to city property bills rather than to the borrower. **This LIC structure is already the basis of some of Toronto's successful building retrofit programs** like the Home Energy Loan Program (HELP) and the High Rise Retrofit Improvement Support Program (Hi-RIS). LIC-based projects could be financed through grants, or packaged into groups, and have the potential to be converted into Green Bonds or other financial instruments attractive to institutional investors.

LIC-based programs could also allow the city to add conditions to funding programs that provide protections to tenants from the risk of retrofit-related Above-Guideline Rent Increases (AGIs), renovictions, and other such processes unscrupulous landlords might use to profit from climate retrofits.

TEA is pleased that City Staff already recognize that programs like LICs might help the city meet its Net Zero building retrofit financing goals by significantly reducing the upfront costs of building retrofits, and we encourage City Staff to take a deep look into such program options as we move towards Net Zero.

Sincerely,

A handwritten signature in black ink, appearing to read 'How-Sen Chong', with a stylized, sweeping flourish at the end.

How-Sen Chong
Climate Campaigner
Toronto Environmental Alliance