



TORONTO

Resilient Towers Hosted by GTAA

November 6, 2018

 TORONTO



An aerial photograph of a city park. In the foreground, there is a green grassy field with a baseball diamond visible. To the right, there is a parking lot with several cars and a white pickup truck. In the background, there are dense green trees and a tall, modern apartment building with a grid-like facade. The entire image is covered with a semi-transparent teal overlay.

Resilience is the
ability to **survive,**
adapt, and **thrive** in
the face of any
challenge



**500,000
Torontonians
in 35+ year old
buildings**

Why Resilient Towers?

Resilient towers is an initiative to define policy changes which will create an **enabling environment** for significantly scaling up retrofits of towers.

- ④ Improve the quality of the city's affordable market rental **housing** stock;
- ④ Decrease GHG **emissions** by >50%;
- ④ Improve the **livability** and social outcomes; and
- ④ Create local **jobs** and support innovation through the retrofit economy.

Resilient Towers **Scale**



Total Towers
~1200 (City Only)



Target Group
~880 Towers

30-50

**Per Year
Retrofits**
For **20** years

How does this connect to Tower Renewal?

Resilient towers is:

- A time bound **project**
- From the City Manager's Office
- Working with Tower Renewal and **multiple city divisions**, including Municipal Licensing, Environment and Energy, Toronto Building
- Focused on **system** level change to the business case for retrofits

Tower Renewal continues to be the **long term, City leader** mobilizing economic, social, and environmental improvement in tower neighbourhoods.

Work to date

Phase 1

➤ Kick off at TRBOT (Feb)

➤ Interviewed different owners types (Mar-Apr)

➤ Longlist of interventions (May-Jun)

You Retweeted
Pedro Barata @pedrobarataTO · Feb 26
Tower Renewal circle widens; great roundtable this morn @TorontoRBOT @elcappell w private sector industry leaders discussing how we go from vision to reality @GraemeStewart #TowerRenewal



Interview Sheet for Discussions with Tower Apartment Owner/Operators

Preamble

- Retrofits of apartment buildings have been happening for many years, but usually only at the level of lighting, boiler replacement, and occasionally appliances and windows.
- Few "deep retrofits" have happened, which would include re-cladding of the building, and a comprehensive makeover for energy, water and waste reduction.
- A group of people, including the Toronto Board of Trade, the Tower Renewal Partnership, and the City of Toronto and others are advocating that the Governments of Canada and Ontario take action to encourage and support deep retrofits, and we wanted to find out what you thought might be useful.
- This conversation is totally confidential, and not for attribution. Our intention is just to make sure that what we advocate to government actually makes sense for the owners and operators of buildings.

Introduction

Interviewer	
Owner/Operator Type (e.g. REIT, Company, Family Business)	
Approximately how many residential apartment towers over 8 stories tall built before 1985 does the interviewee own or operate?	
How are they distributed across Canada?	

Questionnaire

1. What kind of retrofits has your firm undertaken in the last few years (e.g., lighting upgrades, boiler replacement, appliance replacement, window replacement, water efficiency measures like low-flow toilets, shower heads, etc.)?

Response:

Incentives Toolkit Draft for Discussion
08 May 2018 1 of 1



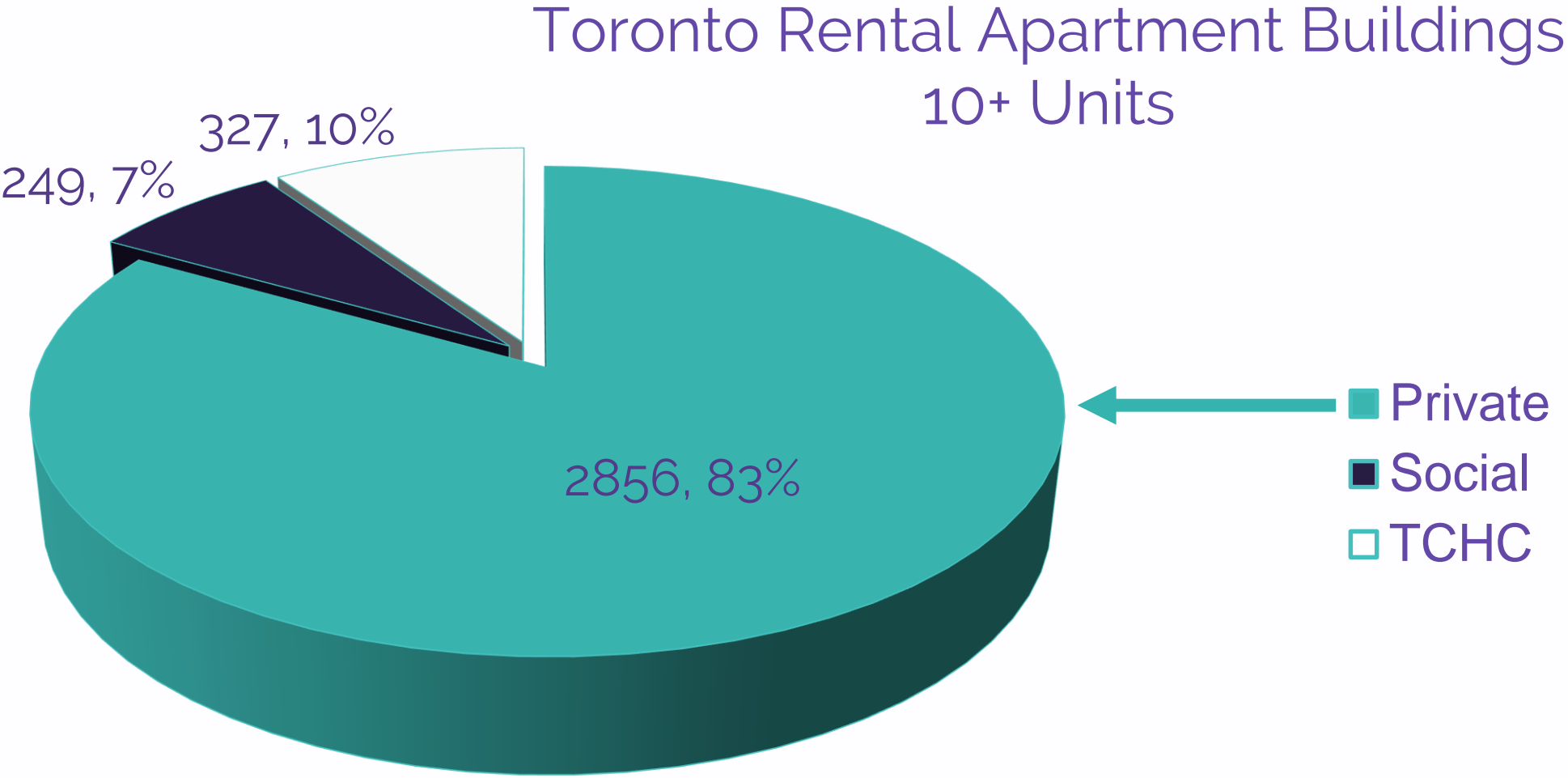
			Implementation			Receipt			Owner Types		
			Available	Challenging to Implement	Priority	Government	Non-government	Public/charity	Commercial	Private	High potential for retrofits
1. Grants	Agencies to administer	Waste for energy	Yes (FED)	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
	Provision of credit/advance	Provision of credit/advance	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
2. Loans	Low interest	Low interest	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
	Guaranteed loans	Guaranteed loans	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
3. Tax breaks	Energy efficiency	Energy efficiency	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
	Interest rate (Cost Rate)	Interest rate (Cost Rate)	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
4. Tax breaks (Only available to private owners)	Full price guarantee	Full price guarantee	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
	Partial price guarantee	Partial price guarantee	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
5. Planning reform	Expedited review	Expedited review	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
	Expedited review	Expedited review	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
6. Tax breaks (Only available to private owners)	Change classification on OCA	Change classification on OCA	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
	Change classification on OCA	Change classification on OCA	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
7. Financing reform	Expedited review	Expedited review	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
	Expedited review	Expedited review	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
8. Financing and Development	Expedited review	Expedited review	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
	Expedited review	Expedited review	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
9. Regulation	Expedited review	Expedited review	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes
	Expedited review	Expedited review	Yes	Yes	High	Yes	Yes	Yes	Yes	Yes	Yes

Phase 2 Plan

- A. Create a building taxonomy**
- B. Understand ownership**
- C. Price retrofits**
- D. Create policy changes**
- E. Demonstrate the financial model**
- F. Implement or advocate for policy change**

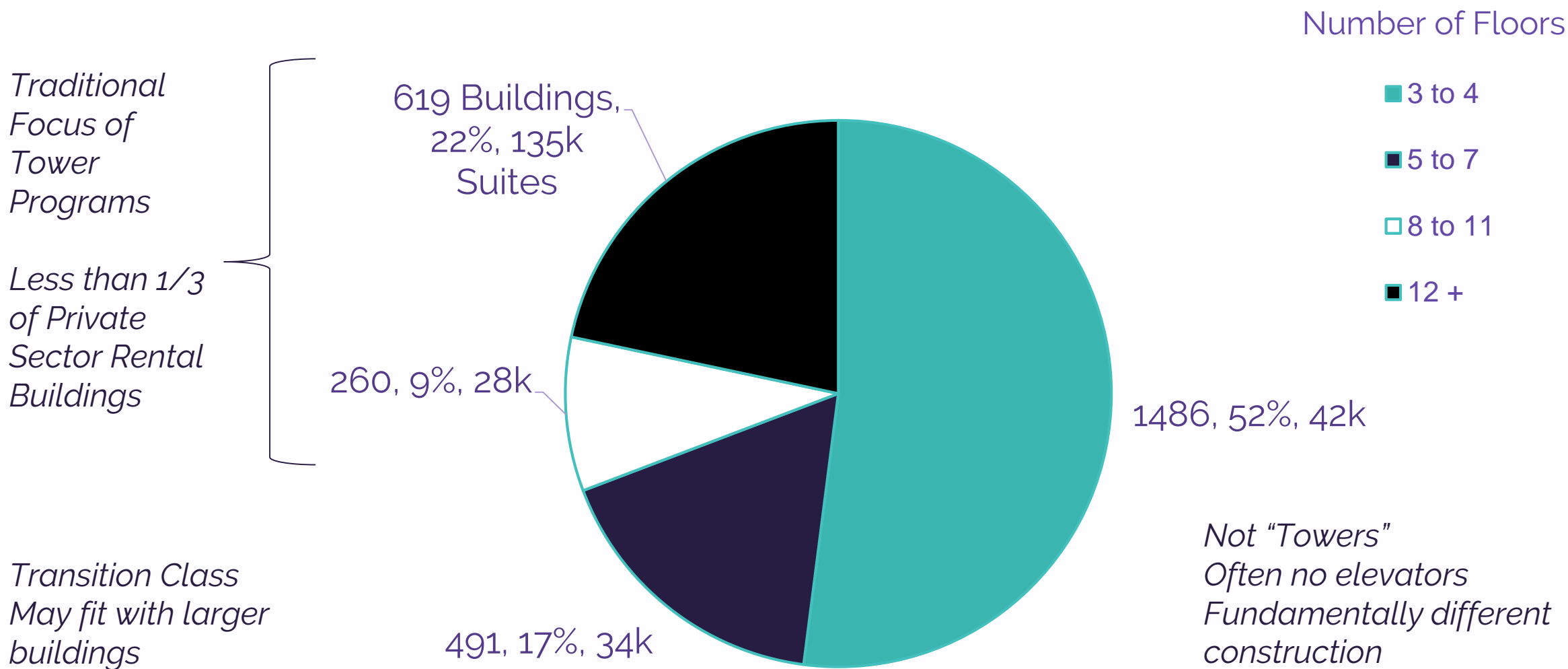
Categories + Owners

3432 Buildings in Total



2856 Private Sector Rental Buildings

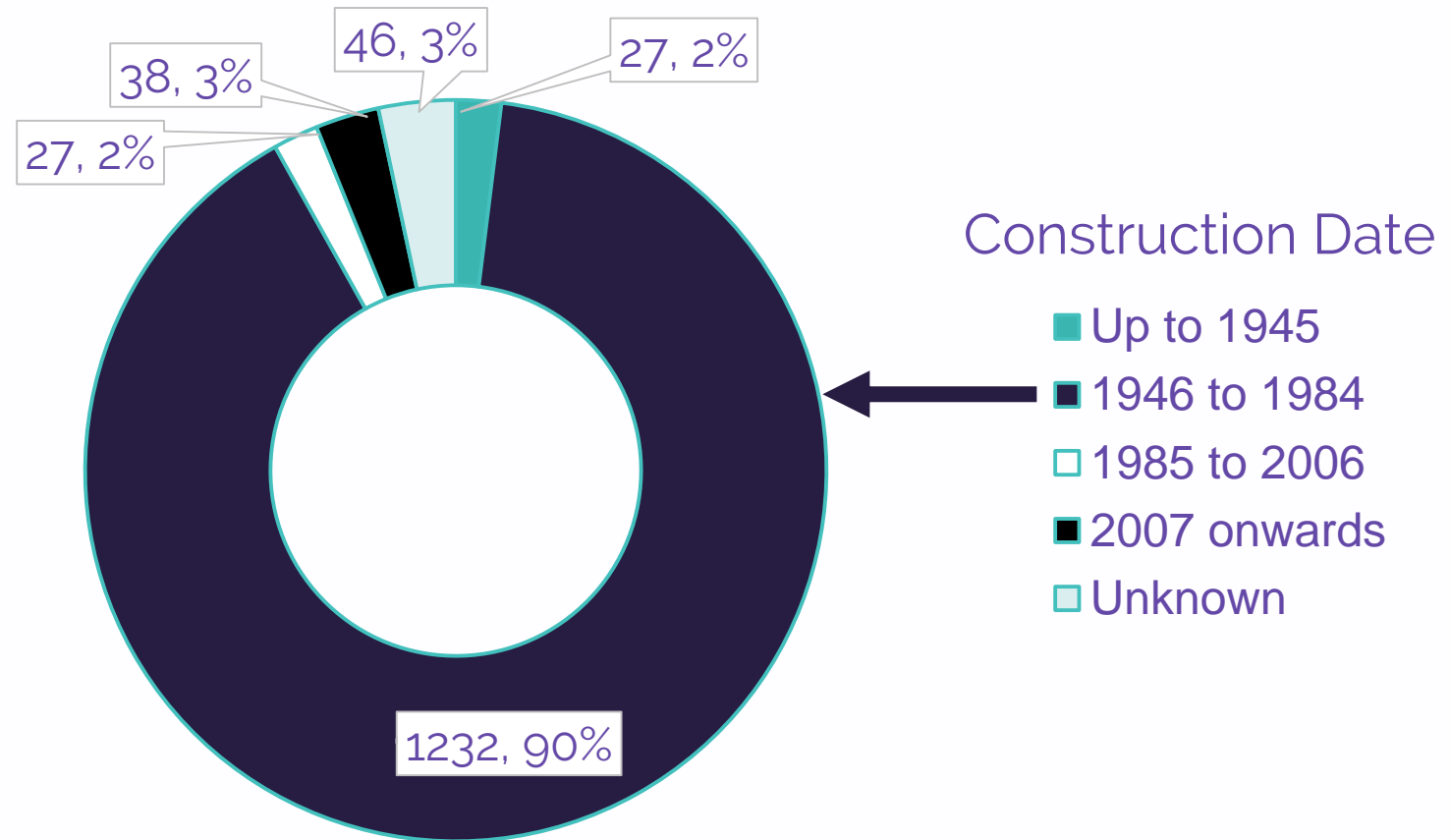
10+ Units



1370 Private Sector Rental Buildings

5+ Floors

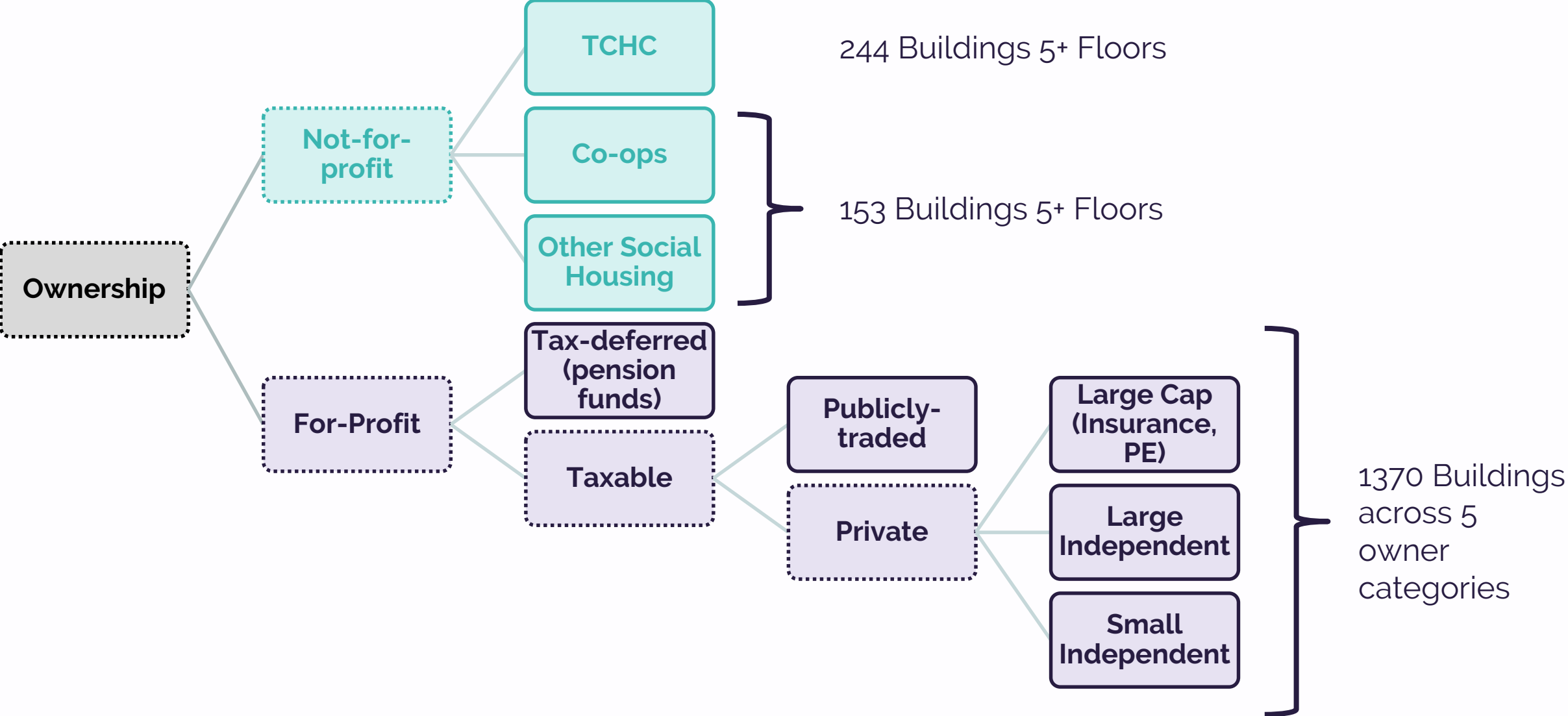
- **90% are between 34 and 72 years old**
- Only 5% are less than 34 years old
- Theoretical useful life may be 100 years or more, but these buildings are “middle aged” or older, with predictable consequences



Category Characteristics

	5 to 7 Floors	8 to 11 Floors	12 + Floors
Number in Toronto	491	260	619
Average Suites/Bldg	70	107	218
More than 34 yrs old	92%	88%	93%
Electrically heated	5%	5%	10%
Single-pane windows	14%	11%	12%
Electricity Suite Meters	70%	70%	75%
Balconies	85%	93%	94%
Underground Garage	40%	90%	95%

Ownership Categories



Ownership Features

	Tax-deferred (Pension Funds)	Publicly- traded (REITs)	Capital Pools (Insurance, PE)	Large Independent	Small Independent
Access to Capital					
Cost of Capital					
Income Tax Exposure	X	√	√	√	√
Access to Services & Information					
Risk Appetite					

Policy Options

Incentive Type	Level	Mechanism	Implementation Instrument	Cost to Government	Feasibility
Grants	FED	Housing Repair and Renewal Stream of the National Housing Co-Investment Fund	Program rules overseen by CMHC		
	FED	Development of new funding streams	Budget 2019 or Budget 2020		
	PROV	Ontario Emissions Reduction Fund	Program rules to be designed by MECP		
Loans	PROV	Infrastructure Ontario Loan Program	Municipal Act of Ontario		
Planning issues	MUN	Expedited permits and approvals	City of Toronto Official Plan & Design Guidelines; Permitting process rules		
	MUN	Infill and development charge discount	City of Toronto Act; by-laws		
	PROV	Limited above guideline rent increases	Residential Tenancies Act; Rent Increase Guidelines		
Taxation	PROV	MPAC re-assessment holiday	Assessment Act; City of Toronto Act		
	MUN	Municipal property tax rate exceptions	City of Toronto Act; by-laws		
	FED	Change CCA rate for retrofit expenditures	Canadian Income Tax Regulations; Budget 2019 or Budget 2020		
Energy Costs	FED / PROV	Providing a floor price on energy to guarantee value of efficiency investments	Natural Resources Canada energy efficiency programming; IESO contract		
Scoring and Benchmarks	FED / PROV	Develop standards for building performance	Documented standards and guidelines		
Regulation	PROV	Mandate minimum building performance	Ontario Building Code		

Federal Government:

National Co-Investment Fund has committed \$5.7 toward the Housing Repair and Renewal Fund: \$2.2B in grants; \$3.5 in direct lending;

First round of investment directed toward not for profit sector, with aim to expansion to private sector;



A place to call home

Federal Government:

Private Sector Considerations:

Up to 15% of project cost eligible for grants;

Up to 70% of project cost eligible for direct government loans;

Projects must meet program criteria to be eligible, which include accessibility, energy and affordability requirements,

Program requirements currently under review to expand uptake.

Retrofit Measures



ACCELERATING RETROFIT INDUSTRY



Retrofit Scenarios: **Primary Motivation**

1. Primary Motivation

- State of Good Repair
- Utility Cost Savings
- GHG Reduction
- Health & Safety Upgrades
- Climate Resilience

Retrofit Scenarios: **Performance Level**

1. Primary Motivation

- State of Good Repair
- Utility Cost Savings
- GHG Reduction
- Health & Safety Upgrades
- Climate Resilience

2. Performance Level

- Light
- Moderate
- Deep
- Best in Class

Retrofit Scenarios: State of Repair

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- State of Good Repair
- Utility Cost Savings
- GHG Reduction
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- Climate Resilience

2. Performance Level

- Light
- Moderate
- Deep
- Best in Class

3. State of Repair

- Good
- Poor

Retrofit Scenarios: Scenario 1

1. Primary Motivation

- State of Good Repair
- Utility Cost Savings
- GHG Reduction
- Health & Safety Upgrades
- Climate Resilience

2. Performance Level

- Light
- Moderate
- Deep
- Best in Class

3. State of Repair

- Good
- Poor

Retrofit Scenarios: **Scenario 2**

1. Primary Motivation

- State of Good Repair
- Utility Cost Savings
- GHG Reduction
- Health & Safety Upgrades
- Climate Resilience

2. Performance Level

- Light
- Moderate
- Deep
- Best in Class

3. State of Repair

- Good
- Poor

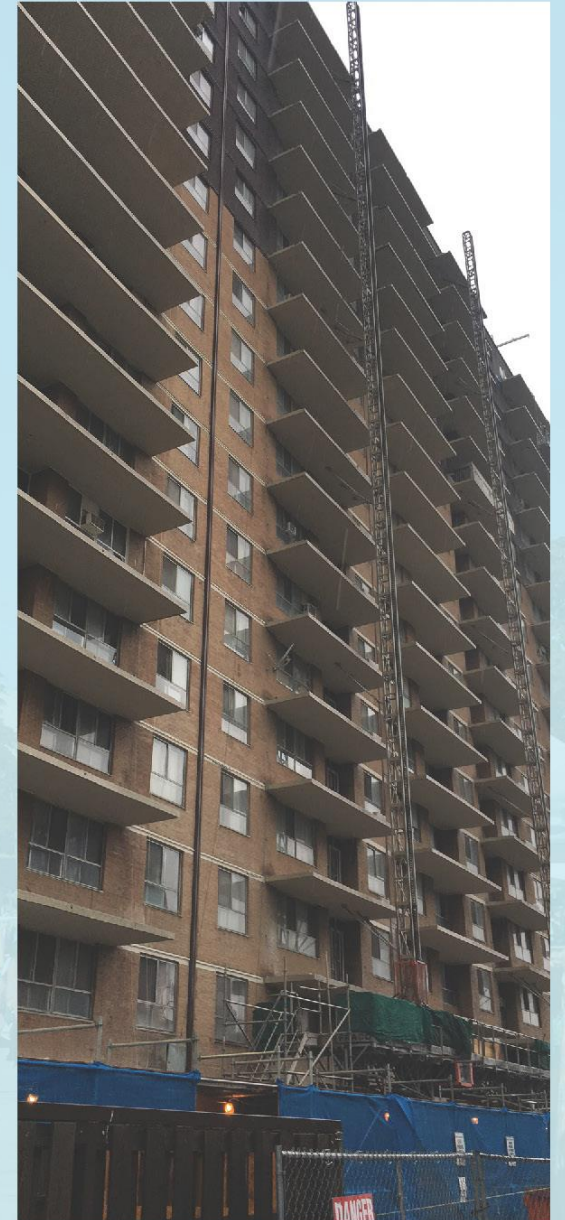
SUPPORTS AND INCENTIVES

Retrofit Scenarios: Policy Goals

Performance Objectives

- National Housing Strategy (25% GHG Reductions)
- Social Housing Apartment Improvement Program (30%)
- TransformTO (50% GHG Reductions)

Projects meeting these objectives underway in not-for-profit Sector. The goal is to support private sector in this level of retrofit activity



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ONTARIO RETROFITS TODAY

EMERGING HOLISTIC RETROFITS



Next Steps

Support Required

- ASAP Building Financial Data
- ASAP Cost of Retrofit Data
- January – Peer Review, Advocacy