

April 5, 2017

RESPONSE TO THE PROPOSED AMENDMENT TO EXCLUDE CARBON COSTS FROM AGI APPLICATIONS



Federation of Rental-housing
Providers of Ontario

Ministry of Housing
Proposed Amendment to:
Residential Tenancies Act, 2006, O. Reg. 516/06

TABLE OF CONTENTS

Introduction	I
FRPO Response to Regulation Proposal	2
Conclusion	4

INTRODUCTION

The Federation of Rental-housing Providers of Ontario (FRPO) appreciates the opportunity to provide input into the government's proposed amendment to O. Reg. 516/06 under the *Residential Tenancies Act, 2016*.

FRPO is the largest association of rental housing providers in Ontario, representing 2,200 members who supply rental homes to over 350,000 Ontario households. In total, approximately one-third of Ontarians live in rental housing.

Energy Efficiency

The rental housing sector in Ontario is active in the provision of energy efficiency. Rental housing invests approximately \$2.8 billion a year on energy retrofits, maintenance and capital repairs that improve the energy efficiency of multi-residential buildings. FRPO's members are industry leaders when it comes to implementing new environmental standards and this is demonstrated by the industry-led Certified Rental Building (CRB) program. The CRB program includes environment standards of practice aimed at reducing the environmental footprint of rental apartment buildings while promoting health and more sustainable apartment communities. Residents in a CRB certified building can be assured that they are living in a building where the rental housing provider cares about the quality of their building and the service provided, but also the impact on the environment.

FRPO agrees with the government that conservation and energy efficiency are an effective way to manage costs and reduce energy consumption for all Ontarians, including homeowners and tenants. FRPO believes that in order for the government to achieve its energy reduction and climate change objectives, all consumers have a role to play in conserving their energy consumption whether they live in a home or an apartment.

FRPO believes that all tenants in Ontario should have the opportunity to achieve savings from lowering their energy consumption and improving the environment by reducing greenhouse gas emissions. We know that if you give tenants the tools, and the information, to monitor their individual energy usage, consumption rates can decrease up to 40%. If this were applied province-wide, the province could reduce millions of kilowatts of energy, resulting in lower utility costs for property-owners and lower rents for tenants.

FRPO RESPONSE TO PROPOSED REGULATION

Energy Retrofit Incentive Fund

The rental housing sector's annual capital investment in repair and maintenance, including energy retrofits, is approximately \$2.8 billion. This is a significant investment and demonstrates the importance that the private rental housing sector places on quality and on energy efficiency.

The Energy Retrofit Incentive Program was announced on May 25, 2016 by the Minister of Municipal Affairs and Housing and the Minister of the Environment and Climate Change. This new program intends to provide up to \$400 million over four years to private rental housing through rebates and grants for capital investment in energy efficient retrofits. \$400 million over four years is a small amount compared to the \$2.8 billion already being invested by the sector, but the program could assist small to mid-size rental housing and/or older buildings where energy retrofits are more expensive.

The new Energy Retrofit Incentive Program was announced at the same time as the intention to solely protect tenants from increasing carbon costs. It is disappointing that no progress has been made on the development or implementation of this program since its announcement. FRPO would be pleased to provide input into the program's design and FRPO's members are keen to see this program implemented to offset the costs they will potentially incur as a result of this regulation.

Need for Sub-metering

This proposed regulation intends to protect tenants from the cost of carbon pricing which is a potential result of the government's actions intended to conservation and energy efficiency. FRPO supports energy conservation, efficiency improvements, and the benefits to the environment of reduced carbon emissions. FRPO believes that a significant reduction in carbon emissions can be achieved through fully enabling electrical sub-metering for existing tenants in Ontario.

The provincial government has taken steps to protect Ontarians from rising hydro costs through their recent announcements which are providing 25% relief on hydro bills – these benefits will also benefit tenants, who are sub-metered, protecting them from any cost impacts.

A recent study found that if sub-metering was fully deployed in all bulk-metered multi-residential buildings that in the first year the average electricity use is reduced by 40% for non-electrically heated buildings. After full implementation over 5 years it would result in an annual energy savings of 1.1 TWh and an annual avoided GHG emissions of 389 kilotonnes.

Another recent case study found that in a rental building with 150 units, switching to sub-metering provides an annual electricity savings of 92,300 kWh and an annual CO2 reduction of 65 metric tons (based on only 40% of the units being sub-metered).

Giving tenants the tools and information to manage their own energy consumption will have a positive impact on the reduction of emissions in multi-residential buildings.

The evidence clearly shows that the most effective conservation is achieved by the consumer or end-user. This premise is clearly stated in the government's own Long Term Energy Plan Discussion Guide, "Conservation and energy efficiency remain the most effective ways to manage electricity bills for all consumers". In order for the government to achieve its objectives to improve the energy efficiency of multi-residential buildings across the province and make substantial reductions in carbon emissions, **FRPO strongly recommends the government allow all multi-residential buildings to implement sub-metering.**

CONCLUSION

The Federation of Rental-housing Providers of Ontario supports the government's goals to encourage energy conservation to reduce the province's greenhouse gas emissions. We believe that in order to effectively reduce carbon emissions and to achieve its energy conservation goals, the government must allow more sub-metering of rental units.

The rental housing sector makes significant annual capital investments in repair, maintenance, and energy retrofits to ensure quality rental homes that are well run, properly maintained, and energy efficient. Our members have seen the benefits of these investments in terms of real energy savings for tenants as well as property managers. Investing in energy-efficient technology is good for business as well as the environment. However, there are rental housing providers who do need assistance in making energy retrofit upgrades, especially those whose buildings are captured within the province's rent control guideline.

We ask the government to act quickly in developing and rolling out the Energy Retrofit Incentive Program so that rental housing providers who need assistance in making needed energy retrofits can access the fund before this regulation comes into force. To implement the proposed amendment to O. Reg. 516/06 without making the Energy Retrofit Incentive Fund available would place an unfair burden on rental housing providers who need the assistance.

FRPO would welcome an opportunity to participate in the design of this program so that the funds deliver the most effective benefit to the environment, tenants, and the rental housing sector.

In closing, as we outlined in our submission to Ministry of Housing officials on November 24, 2017, the stated intent of the government's Climate Change Action Plan is to change the behaviour of all Ontarians in pursuit of sustaining a cleaner environment for the future. In order to do this, all consumers must reduce practices that contribute to greenhouse gas emissions (GHGs).

The proposed regulatory amendment appears to be disconnected from this broad policy intent, as it would shelter tenants in the province from the financial disincentive to not reduce their contribution to GHGs. This amendment proposes to treat tenants differently from private homeowners when it comes to participating in this environmentally and socially-responsible objective.

FRPO is not supportive of any policy or regulatory provision that would treat tenants differently from other consumers when it comes to realizing the objectives set out in the government's Climate Change Action Plan. Across Ontario, 30% of households rent their home, and in Toronto 50% of households are located in rental housing units. To exempt this significant portion of the population from the government's Climate Change Action Plan would significantly reduce the program's effectiveness in realizing its targets and objectives.

As such, FRPO is opposed to any amendment that would alter the current Above Guideline Increase (AGI) application process available to rental housing providers to allow rents to reflect cost increases imposed by government action.

Thank you for the opportunity to provide input into the government's proposed amendment to O. Reg. 516/06 under the *Residential Tenancies Act, 2016*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim T. Murphy".

Jim Murphy
President and CEO

