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LARGE BUILDING ENERGY AND WATER REPORTING AND BENCHMARKING



Federation of Rental-housing
Providers of Ontario

Regulation Proposal Notice
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Submission to the Ministry of Energy

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INTRODUCTION AND OVERVIEW

The Federation of Rental Housing Providers of Ontario (FRPO) welcomes the opportunity to provide feedback on the Ministry of Energy's proposed Energy and Water Reporting and Benchmarking (EWRB) regulatory requirements for large buildings.

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.

FRPO and its members are supportive of the government's objectives to make large buildings more energy and water efficient. In fact, FRPO is an industry leader when it comes to implementing new environmental standards that will improve the sustainability of rental homes and multi-residential buildings across the province.

In 2013, FRPO launched the Certified Rental Building's "Living GREEN Together™" program. To date, over 1,100 multi-residential building owners have committed to make improvements to reduce energy and water consumption, waste management practices, air quality, and working with their residents to employ effective conservation measures.

While our members and their tenants are committed to being good environmental stewards, there are some barriers to making further improvements.

Current legislation prohibits property managers from fully implementing unit sub-metering that would allow tenants to manage their energy usage independently. Unit sub-metering is the most effective way to make our buildings more energy efficient, but without this ability, building managers can only encourage energy conservation with the majority of their tenants.

In addition, the cost of implementing new energy and water efficiency technologies in every unit of a multi-residential building is costly and can result in rent increases for tenants. FRPO recommends that the government should use some of the proceeds from cap-and-trade to create a "green retrofit fund" for multi-residential buildings that will help to mitigate these costs for tenants.

FRPO would like to work in partnership with the Ministry of Energy, the Ministry of Environment and Climate Change, and the Ministry of Municipal Affairs and Housing to make our buildings more sustainable, while improving the quality of life for tenants and the communities we serve.

In summary: FRPO's members are industry leaders achieving measurable results in reducing energy and water consumption through industry-led initiatives such as the "Living GREEN Together™" program, and while FRPO supports the intended objectives of the proposed regulation, FRPO feels that until the barriers to further progress are addressed (fully enabled sub-metering and costs associated with retrofitting) large multi-residential buildings should be exempt from the regulation. The risk of proceeding with this regulation without addressing these barriers will not only punish good environmental actors in the industry but without addressing the costs of implementation it may have the unintended consequence of raising tenant's rents.

INDUSTRY ACTION AND PROGRESS TO DATE

FRPO “Living Green Together™” Sustainability Program

In October 2013, FRPO launched an industry-led sustainability initiative called “Living GREEN Together™” as an extension of the existing Certified Rental Building (CRB) Program. The first of its kind in North America, the goal of the program is to promote sustainability by requiring property managers to follow a series of environmental standards to achieve certification and maintain CRB membership.

Our members have been strong adopters of the “Living GREEN Together™” program. To date, approximately one third of units represented by FRPO members are included in the program, which means over 100,000 units and 250,000 tenants will benefit from rental homes in Ontario that are more efficient and environmentally sustainable. FRPO estimates that the program will reduce the environmental-operating footprint of each participating multi-residential building by up to 20 percent.

Engaging tenants as partners in the “Living GREEN Together™” program is an essential part of the program’s success. Members proactively communicate with their tenants about the building’s environmental policies through newsletters, and posters, and include a copy of the building’s environmental policy in the new tenant information package.

The Ontario government has been a strong advocate of FRPO’s “Living GREEN Together™” program and has recognized our efforts to improve the sustainability of multi-residential buildings across the province. The **Minister of Energy, Bob Chiarelli**, attended the launch of the “Living GREEN Together™” program at an Ottawa rental building in Ottawa 2013.

“FRPO’s Certified Rental Building program will now enhance environmental standards in multi-residential buildings across Ontario. This is excellent news as it will directly benefit the almost 3 million Ontarians who live in apartment buildings, bringing conservation programs right to their doors,” said **Bob Chiarelli, Ontario Minister of Energy**. “I congratulate FRPO for their leadership enhancing conservation opportunities and taking steps to lower the carbon footprint of multi-residential buildings.” (FRPO News Release, October 18, 2013).

The **Minister of Environment and Climate Change, Glen Murray**, also attended the launch of a new building at 66 Isabella St in Toronto on March 9, 2016.

“I’m thrilled to be a part of this announcement not only as Minister of the Environment and Climate Change, but to be announcing this program right here in my riding of Toronto Centre. I know this is a huge priority for my constituents, and I’m so pleased to be working with the Federation of Rental Housing Providers of Ontario (FRPO) and Park Property Management. Housing is essential and it is imperative that we create sustainable infrastructure that is made to take care of our communities for generations. This is a very important first step in contributing to carbon neutral communities, which is the future,” said **Glen Murray, Minister of Environment and Climate Change** and MPP Toronto Centre. (FRPO News Release, March 9, 2016).

FRPO members recognize that improving the efficiency of their buildings is a good business practice that reduces building maintenance costs, and utility costs for tenants.

The “Living GREEN Together™” program standards include measures to reduce energy and water consumption, waste reduction and recycling measures to improve building conservation. The standards include requirements such as the installation of energy efficient electrical fixtures, ENERGY STAR qualified in-suite appliances, water efficient plumbing fixtures, and an active residential education and awareness program.

Some example benefits resulting from these standards show that by replacing four energy efficient incandescent bulbs in a resident’s unit will save approximately \$21.24 a year in utility costs. In addition, it is estimated that replacing the light bulbs in 100,000 suites will save the equivalent of about 14,195 metric tons of carbon dioxide per year.

As another example, changing a 13L toilet to a 6L toilet will save about 10.22 cubic metres of water per person a year, saving about \$32.65 per person. Multiplied by 250,000 residents, this is equivalent to 2.555 billion litres of water, enough to fill an Olympic sized swimming pool.

Our members and their tenants are doing their part to improve the sustainability of thousands of rental homes across the province, and we believe that by expanding the “Living GREEN Together™” program we can make a real difference in reducing the carbon footprint of multi-residential buildings.

Current Measures to Track Energy and Water Performance in Multi-Residential Buildings

While the government is proposing that multi-residential buildings report their energy and water usage levels, many of our members are already tracking this information and making improvements to improve their building’s efficiency. This is generally be considered good business practices and therefore already in place in many instances throughout the industry.

In order to participate in the CRB “Living GREEN Together™” program, FRPO members are required to monitor and record their electricity, gas and water consumption levels. This allows property managers to analyze the data and take measures to reduce consumption. Building owners also work with their staff to identify measures to improve performance when above average usage is identified.

Barriers to Improvement

Sub-metering

A significant barrier to improving the energy performance of multi-residential buildings is the inability to implement sub-metering in individual units. Current legislation prohibits property managers from fully implementing sub-metering; presently sub-metering can only be done when unit turnover takes place. FRPO estimates that only 30% of units have been converted to self-metering status. Fully enabling sub-metering is the most effective tool to improve the

energy efficiency of a multi-residential building as it allows tenants to manage their energy usage independently. Without sub-metering, building managers can only encourage energy conservation.

In those rental buildings where residents are able to independently manage and measure their energy consumption, the rate of hydro consumption decreases significantly, up to 30%. In addition, when building utility costs decrease, it can make rents for tenants more affordable.

According to the *Residential Tenancies Act* and the *Energy Consumer Protection Act*, property managers are restricted in their ability to sub-meter units built prior to January 1, 2011. Without the ability to implement sub-metering, rental building managers are unable to make a significant improvement to the energy efficiency of their buildings.

In order for the government to achieve its objectives to improve the energy efficiency of multi-residential buildings across the province, the government must consider allowing all multi-residential buildings to implement sub-metering.

Retrofit Costs

Additionally, the cost of investing in new technology to improve the energy and water efficiency of a multi-residential building, and the cost of retrofitting can be extremely costly for a rental building owner. As mentioned previously, many of FRPO's members have already made investments in energy efficient technology a part of good business practice in keeping operational costs low.

Much of the current rental housing building stock was built in the 1960's and 1970's. These buildings were built long before the current building code energy efficiency standards and there would be significant cost and difficulty in retrofitting them.

In order to recover retrofit costs, building owners are often required to increase the cost of tenants' rent, which is allowed under the *Residential Tenancies Act*. In order to improve the energy and water efficiency of every building across the province, building owners and tenants will be forced to incur significant costs. This is in addition to the rising costs of utilities in Ontario, which will continue to increase under the government's cap-and-trade plan.

FRPO proposes that the provincial government should consult with our members to understand the impacts of these additional capital costs, their potential impact on tenants, and how this can be mitigated.

Opportunity for Collaboration with Ontario Government

In order to achieve the government's objectives to reduce the carbon emissions of multi-residential buildings across the province, property owners will be required to make significant retrofits that could result in increased rents for tenants.

In order to mitigate these costs, FRPO recommends that the Ontario government should consider using a portion of cap-and-trade proceeds to invest in a "green retrofit fund" for multi-residential buildings. This funding would be directly invested in new equipment and

technology to improve the energy and water efficiency of rental buildings across the province, dramatically reducing their carbon footprint.

In addition, this fund would help to neutralize the cost of these improvements for tenants, improving their quality of life, building healthy and sustainable communities, and ensuring that rental housing remains affordable.

DATA AVAILABILITY, COLLECTION, AND USE

Many of FRPO's members are already tracking their energy and water usage, either through the CRB "Living GREEN Together™" program or simply as a good business practice to reduce building operational costs.

The large multi-residential FRPO members already benchmark their portfolio's internally resulting in the bulk of reduction opportunities already being realized. These members will find the regulation duplicative and burdensome, and without the government providing additional support, such as enabling sub-metering and funding retrofit costs – additional reductions will be a challenge to deliver without impacting affordable rental prices.

FRPO also has concerns with data availability and the costs associated with accessing and collecting from utility companies. Since most large multi-residential members already measure within their own portfolio's, this will be seen as an additional, unnecessary cost.

In the long-term if the data collected is used to set performance improvement targets, without the government enabling sub-metering and funding of retrofit costs, many of the large and older rental housing buildings will have no choice but to increase rents to meet the government's targets.

FRPO also has questions regarding how the baseline data would be set and whether buildings of a similar age would be used as comparators. Additionally, if this data is used to establish a cap and trade baseline, FRPO has concerns that it may not recognize the industry's significant efforts to date.

Finally, given the great variances in the age of large multi-residential buildings, FRPO is concerned that if data that is made publicly available is not properly compared to buildings of a similar age, that unfair conclusions will be drawn.

CONCLUSION AND RECOMMENDED APPROACH

FRPO's members are already taking proactive measures to improve the water and energy efficiency of their multi-residential buildings, which is enabling over 250,000 tenants in 100,000 units across Ontario reduce their environmental impact.

Many of our members already measure their building's energy and water consumption levels, actively work to reduce consumption as part of FRPO's "Living GREEN Together™" program, and as good business practice in reducing operational costs.

We recognize there is more work to do, and FRPO would like to partner with the government of Ontario to consider new solutions that can help to improve the performance of every multi-residential building in Ontario.

FRPO recommends that the government consider allowing building owners to sub-meter their units to help tenants reduce their energy consumption – without this change housing providers can only encourage conservation.

In addition, FRPO recommends that the government should consider using the proceeds from cap-and-trade to invest in retrofits in multi-residential buildings in order to improve their energy and water efficiency.

Finally, FRPO recommends exempting large multi-residential buildings from the regulation until changes such as those mentioned above are implemented that will enable the multi-residential housing sector to make further substantive performance improvements to meet the objectives and expectations intended by the regulation.

At a minimum, to mitigate increases in rental costs to tenants, pre-1991 rent-controlled buildings and multi-residential buildings that are not fully sub-metered should be exempt.

FRPO and the provincial government have common objectives in both the reduction of water and energy consumption and in the provision of housing that families can afford.

FRPO looks forward to continuing the discussion with the government about how the multi-residential sector can help the government achieve its objectives to reduce carbon emissions, improve conservation measures across the province, and provide affordable, quality rental housing.

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