



ONTARIO NON-PROFIT
HOUSING ASSOCIATION

Rachel Thompson
Ministry of Energy, Northern Development and Mines
Strategic Network and Agency Policy Division
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1

April 27, 2021

SUBJECT: ONPHA's submission to the Ministry of Energy, Northern Development and Mines' review of Ontario's long-term energy planning framework

Dear Rachel Thompson:

Thank you for the opportunity to provide input toward the Ministry of Energy, Northern Development and Mines' (ENDM) review of Ontario's long-term energy planning framework.

Founded over 30 years ago, the Ontario Non-Profit Housing Association (ONPHA) is a member funded and directed association that represents nearly 700 non-profit landlords and local housing corporations throughout the province. With over 1,250 providers serving approximately 260,000 householdsⁱ, the community housing sector provides safe, affordable, and stable housing for half a million low- and moderate-income Ontarians, with built assets close to \$30 billionⁱⁱ.

Composing a significant proportion of residential rental housing in Ontario, **the community housing sector represents over 2.17 TWh of electricity consumption every yearⁱⁱⁱ**. While most community housing utility costs are paid by housing providers, a significant portion is also paid directly by tenants. It is important to note that a significant proportion of tenants living in community housing are members of intersecting, marginalized communities, including Indigenous, Black and other racialized communities, people with a range of disabilities, including mental health and addiction challenges, low-income and isolated seniors, survivors of domestic violence, and newcomers and refugees.

Moreover, in the midst of the third wave of the COVID-19 crisis, community housing providers continue to face extraordinary costs alongside rising utility rates, including revenue loss from rental arrears, unintended impacts from the rent increase freeze, increased costs from unit vacancies, personal protective equipment, increased staffing, cleaning and security, backlogs of maintenance and repair work, increased insurance premiums, and office retrofits. These costs are leading some housing providers to redirect capital reserve funds to support operations, severely threatening the sustainability of the sector.

Following the recommendation in ONPHA's [submission](#) to Ontario's 2021 Pre-Budget Consultations, we strongly recommend that the Province create a **dedicated bulk utility rate for the community housing sector** to assist in offsetting the high electricity costs associated with the sector's aging, often electrically heated buildings. As the voice of the



community housing sector in Ontario, we understand the critical need for community-led policy solutions that ensure the ongoing affordability and sustainability of housing for Ontarians.

Background

The majority of community housing buildings across the province are over fifty years old, with newer stock often more than twenty years old. As essential components of Ontario's housing supply and overall social and economic infrastructure, these homes are in need of new investment to serve future generations. However, housing providers often face challenges accessing sufficient, sustainable funding for required maintenance and repair activities for their aging stock, due in part to limited access to dedicated funding for repair and renewal, and high utility costs. Moreover, unlike private operators, community housing providers cannot raise rents to fund repairs and still fulfill their mandates to provide affordable housing.

Due to both the age of the buildings and the inadequate standards at the time of construction, approximately half of community housing units are heated with electricity^{iv}, often with an inefficient building envelope. This results in high utility bills, the bulk of which is paid directly by the housing providers (e.g., in larger buildings) or by tenants (e.g., in single-family buildings). These high costs in turn negatively affect sector operating budgets, reducing housing providers' capacity to complete capital repairs and energy upgrades, and ultimately impacting their ability to provide safe, healthy homes to those in need.

The community housing sector has a strong appetite for innovation and alternative approaches, and is very interested in opportunities to operate in a more business-like fashion. Moreover, because community housing providers own their buildings for the long term, they are invested in energy-saving projects, and are eager to test and adopt alternative technologies (e.g., heat pumps, combi-boilers, etc.) to both improve comfort for tenants and lower costs. However, currently the majority of ventilation and water heating equipment in the sector is approaching or exceeding the end of life, resulting in decreased energy efficiency and higher utility costs for tenants and housing providers. With a range of building types and aging equipment and infrastructure, there are opportunities for significant savings for gas and electricity in the community housing sector.

What we have been doing

Through representation from the Housing Services Corporation (HSC), the community housing sector has been actively engaged in consultations on provincial Conservation and Demand Management (CDM) and Demand Side Management (DSM) initiatives that focus on helping utility consumers achieve savings. The sector regularly engages in CDM and DSM incentive programs with local electricity and natural gas distributors to maximize energy savings opportunities, reinvesting dollars saved by accessing rebates and incentives back into community housing buildings.



Many community housing providers, particularly local housing corporations, operate large portfolios that allow for multi-building and multi-unit installation of energy-efficient technologies. Despite the challenges identified above, the sector has been proactive in managing its utility consumption, often leading the residential sector in new and innovative conservation measures, including:

- LED lighting retrofits
- Mechanical equipment upgrades to over 90 percent efficiency
- Heating management systems and Building Automation Systems (BAS)
- Building envelope retrofits, including window, doors, and insulated cladding
- Improved energy management and utility tracking
- Deep energy retrofits to net-zero or near net-zero

With respect to new developments, the community housing sector is leading the residential sector with high-performance buildings that help significantly reduce utility costs, ensure the long-term sustainability of the building asset, and improve tenant comfort. In the past five years, most of the new community housing development has embraced leading-edge building practices like the Passive House Standard^v, WELL Building Standard^{vi}, Leadership in Energy and Environmental Design (LEED)^{vii}, and Net Zero energy or greenhouse gas (GHG) emissions^{viii}.

Several recent projects by local housing corporations have focused on optimizing whole-building energy savings through deep energy retrofits, as well as new construction projects that combine electricity, natural gas, and water savings. Examples of these projects include:

- Ottawa Community Housing Corporation's Pre-fabricated Exterior Energy Retrofit
- CityHousing Hamilton's Ken Soble Tower EnerPHit standard Renewal
- Windsor Essex Community Housing Corporation's 255 Riverside Drive, a 300-unit Deep Energy Retrofit to EnerPHit standard
- Toronto Community Housing Corporation's Regent Park Redevelopment

As identified above, increasing utility costs put pressure on housing providers' already limited operating budgets, presenting a major hurdle to achieving lasting financial sustainability across the community housing sector. This pressure in turn reduces providers' ability to finance capital projects to perform energy conservation retrofits, impeding opportunities to reduce energy consumption. These rising costs ultimately limit housing providers' ability to deliver on Ontario's Housing Supply Action Plan and Community Housing Renewal Strategy to renew, grow, and sustain affordable housing options across the province.

While dedicated energy efficiency funding programs have benefited the community housing sector in the past, they have been insufficient in supporting most housing providers to meaningfully reduce their overall utility costs. These costs make up the highest single operational cost for community housing operators^{ix}, with the proportion of operating budgets dedicated to utility costs increasing year over year. Even with access to current rate relief and



electricity payment support programs available in response to COVID-19, housing providers and their tenants continue to struggle to afford their electricity bills.

Proposal

This pressure could be alleviated with a sector-wide bulk utility rate, which would provide predictability and cost reduction for community housing budgets. As a result, housing providers would have the opportunity to invest more in capital maintenance and energy reduction in existing assets, in addition to reducing utility costs for tenants. Ultimately, this would help ensure providers are more self-sufficient and sustainable for the long-term.

As such, ONPHA is proposing a dedicated community housing sector bulk utility rate to apply to all community housing units in Ontario. Recognizing opportunities for new service and exit agreements in the community housing sector through regulation development currently underway as part of the *Protecting Tenants and Strengthening Community Housing Act, 2020*, it is critical that such a rate would be available to all community housing providers, regardless of their status under the *Housing Services Act, 2011* and/or their relationship with other levels of government (e.g., through ongoing federal operating agreements). This would help guard against high utility fees being passed down to tenants in community housing portfolios that do not have an ongoing relationship with government, which would serve to further decrease affordability across Ontario.

Importantly, community housing buildings have predictable summer and winter loads associated with 24/7 residential activities, while also serving low-income households. Given that, we believe there is a strong case for a dedicated community housing sector utility rate, which could align with lower bulk rates available to other key sectors, such as distribution-connected industrial consumers, while protecting from the impacts of fluctuations in the Global Adjustment.

(See sample potential savings comparison on following page)



Sample potential savings comparison: Current rates for community housing and industrial consumers

| Group | Pricing ^x | Sample Rate – All-in Price (\$/kWh) | Annual Consumption Costs |
|----------------------|--|-------------------------------------|--------------------------|
| Community housing | Typical residential Time-of-Use all-in price including Ontario Electricity Rebate based on a 700 kWh monthly bill (Nov. 1, 2019) | \$0.16219 ^{xi} | \$352,360,385 |
| Industrial consumers | Distribution-connected industrial all-in price (2020) | \$0.10183 ^{xii} | \$217,257,350 |
| Difference: | | | \$135,103,035 |

At **2.17 TWh**, the sector’s annual electricity rate as a whole is roughly \$0.16219/kWh. According to the Ontario Energy Board, this is analogous to that of a large industrial consumer, which would have paid an all-in price ranging from \$0.08907/kWh in Windsor to \$0.10183/kWh in Toronto in 2020^{xiii}. Using a typical residential Time-of-Use billing example, the community housing sector pays approximately **\$352 million** in annual utility rates, including all fees, taxes, and accounting for the Ontario Electricity Rebate. By contrast, using the higher end of bulk rates available to industrial consumers (e.g., Toronto’s 2020 rate of \$0.10183/kWh), industrial consumers pay approximately **\$217 million** annually all-in.

Assigning a similar all-in bulk utility rate to the community housing sector would achieve an annual electricity cost reduction of roughly \$135 million, or \$519 per community housing unit^{xiv}, above the Ontario Electricity Rebate.

Investing the savings

Such a cost reduction would lead to significant, positive economic and social impacts for Ontario, including increased building improvements, new construction, and housing affordability. By investing those savings directly into energy-saving programs, housing providers would be able to gradually reduce their energy consumption, multiplying the benefits year over year. As such, ONPHA is proposing a dedicated bulk utility rate for the community housing sector that, when calculated all-in, aligns with similar pricing available to industrial consumers, while protecting against Global Adjustment impacts.



Opportunity

Providing reduced, dedicated electricity rates to community housing providers presents a significant opportunity to deliver high impact returns to communities:

- **Easy to action, quick win:** Ontario's community housing is an easily identifiable and definable sector that the Province can access. Moreover, the savings from a reduced, bulk utility rate would provide immediate financial relief across the sector amidst the devastating impacts and extraordinary costs related to COVID-19, helping to safeguard long-term sustainability of community housing.
- **High, measurable impact:** By assisting community housing providers and tenants in reducing their utility costs, a bulk utility rate would allow providers to more effectively maintain their buildings and ultimately rely less on government funding and subsidies. This in turn would contribute to job creation and economic growth, supporting local communities. Moreover, tenants who pay their electricity bills would no longer have to choose between heating their homes and putting food on their tables, resulting in positive social and economic outcomes, including fewer emergency room visits, decreased reliance on food banks, and lower rates of rental arrears.
- **Meets multiple government priorities:** In addition to delivering lasting reductions in electricity bills, this program would support the government's affordable housing initiatives, conservation-focused energy policy, and poverty reduction efforts by protecting and supporting low-income communities that are most impacted by rising utility costs. Electricity savings from a reduced rate could also be reinvested into capital improvements, ensuring comfortable, affordable housing for low-income households for the long term. Ultimately, this would ensure opportunities for economic resilience and growth as Ontario looks toward a post-pandemic recovery.

By providing a bulk utility rate for community housing, the Province will free up operating dollars for improved service, well-maintained buildings, and the development of new housing units. Moreover, tracking this large, predictable, and consistent electricity consumption can also help bring stability to the electricity grid. Importantly, advancing this program is critical to helping address Ontario's affordable housing crisis, as it considers and addresses the total cost of housing: rents and utilities. Overall, making this investment in this critical component of the province's social infrastructure will ensure that Ontario does not lose affordable housing units over the long-term.

Cost savings from this program could be directly re-injected into capital programs to better maintain existing units, fund repairs and energy conservation projects in existing buildings, and support new developments to reach high energy efficiency.



Thank you for taking the time to review our submission. ONPHA and our members greatly appreciate the opportunity to share input from the community housing perspective, and look forward to ongoing engagement with the government to develop a sustainable and efficient community housing system that better meets the needs of people.

Please do not hesitate to reach out if you would like more information about any of our concerns or recommendations.

Sincerely,

Marlene Coffey, MA, MAES, MCIP, RPP
Chief Executive Officer

CC:

Hon. Greg Rickford, Minister of Energy, Northern Development, and Mines

Hon. Steve Clark, Minister of Municipal Affairs and Housing

Hon. Peter Bethlenfalvy, Minister of Finance

ⁱ Ontario Non-Profit Housing Association, Co-operative Housing Federation of Canada (Ontario Region) (2018). An Affordable Housing Plan for Ontario. Available at:

https://onpha.on.ca/Content/Advocacy_and_research/Advocacy/Affordable_Housing_Plan_for_Ontario.aspx

ⁱⁱ The total value of social housing units in Ontario is estimated at \$30 billion, however this does not include all assets in the community housing sector, including land, which would likely result in a significantly higher real value for the sector. See: Office of the Auditor General. (2017). 2017 annual report, Chapter 3 (3.14). Available at: http://www.auditor.on.ca/en/content/annualreports/arreports/en17/v1_314en17.pdf

ⁱⁱⁱ 2019 and 2020 electricity consumption data from Housing Services Corporation's Utility Management Program and from municipal housing corporations and representing approximately 20% of sector units was used to estimate the total annual electricity consumption for the Ontario community housing sector.

^{iv} Estimated based on building profile data on over 800 buildings in Housing Services Corporation's Utility Management Program and anecdotal feedback from municipal housing corporations representing over 60% of community housing units across Ontario.

^v Passive House is considered to be the most rigorous voluntary energy-based standard in the design and construction industry today. See: Passive House Canada. (2021). About passive house. Available at: <https://www.passivehousecanada.com/about-passive-house/>

^{vi} The WELL Building Standard is a vehicle for buildings and organizations to deliver more thoughtful and intentional spaces that enhance human health and well-being by setting performance standards for design interventions, operational protocols and policies, and a commitment to fostering a culture of health and wellness.



See: International WELL Building Institute. (2021). WELL certification. Available at:

<https://www.wellcertified.com/certification/v2/>

^{vii} Leadership in Energy and Environmental Design (LEED) is the most widely-used green building rating system in the world, available for virtually all building, community, and home-project types. See: Canada Green Building Council. (2021). LEED: the international mark of excellence. Available at:

https://www.cagbc.org/CAGBC/LEED/Why_LEED/CAGBC/Programs/LEED/_LEED.aspx?hkey=5d7f0f3e-0dc3-4ede-b768-021835c8ff92

^{viii} A net zero energy home only uses as much energy as it can produce from on-site renewable energy. See: Government of Canada. (2020). NetZero: future building standards. Available at:

<https://www.nrcan.gc.ca/energy-efficiency/energy-efficiency-homes/buying-energy-efficient-new-home/netzero-future-building-standards/20581>

^{ix} Housing Services Corporation. (2014). Social housing primer, page 11. Available at:

<https://share.hscorp.ca/affordable-housing/?upf=dl&id=4296>

^x Government of Ontario. (2020). Ontario energy quarterly: electricity in Q1 2020, Table 23: Sample residential monthly bill and Table 24: Distribution-connected industrial rates (2020) - \$/MWh. Available at:

<https://www.ontario.ca/page/ontario-energy-quarterly-electricity-q1-2020>

^{xi} Calculated based on 2,172,573,502 kWh/year

^{xii} Based on 2020 Toronto rate

^{xiii} Government of Ontario. (2020). Ontario energy quarterly: electricity in Q1 2020, Table 23: Sample residential monthly bill and Table 24: Distribution-connected industrial rates (2020) - \$/MWh. Available at:

<https://www.ontario.ca/page/ontario-energy-quarterly-electricity-q1-2020>

^{xiv} Calculated based on \$135 million/260,000 units = \$519/unit