

Toronto BEPS: Risks and opportunities for housing affordability

Memo 2 of 3

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BDA



Toronto's BEPS motion to report back to Council in Q1 2027

- City of Toronto is developing **Building Emissions Performance Standards (BEPS)** bylaws that would phase in greenhouse gas (GHG) limits on larger Commercial (offices and retail) and multi-unit residential buildings (MURBs) by archetype and size.
- Programs and resources will be available to **support compliance**.
- **BEPS are a substantial action** under the TransformTO Net Zero Strategy **to reduce emissions from buildings**.
- BEPS have the potential to **unlock significant economic value in Toronto**.
- Motion from the City's Infrastructure and Environment Committee (IEC) to **report back in Q1 of 2027** with updated policy recommendations.





BEPS in Toronto

1. **BEPS can improve living conditions but need dedicated measures to protect housing affordability**
2. **26% of Toronto households live in unaffordable housing, many live in MURBs**
3. **Toronto has bylaws and regulations to prevent renovictions and limit rent increases**
4. **Dedicated staff and new funding streams can help protect housing affordability under BEPS**
5. **Financing and programs can support all buildings in meeting BEPs, and some target affordable housing**
6. **BEPS alternative compliance could be adapted to support affordable housing**
7. **BEPS-style programs typically include MURBs**
8. **BEPS consultations have been extensive and are ongoing**
9. **BEPS consultations have generated recommendations and resources**

1. BEPS can improve housing conditions but need dedicated measures to protect housing affordability

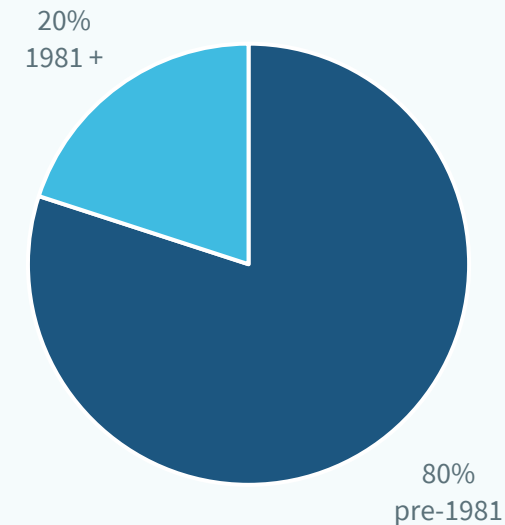
OPPORTUNITIES

- **Retrofits can**
 - Reduce utility bills
 - Add highly efficient cooling
 - Improve air quality and thermal comfort
 - Increase resilience to extreme weather
- **90% of Toronto's purpose-built rental apartments are >45 yrs old**
- **Estimated 84% of large MURB rental units don't have access to cooling**
- **Older buildings have significant retrofit potential**
 - Upgrade to more energy efficient appliances
 - Improve insulation and air sealing

RISKS

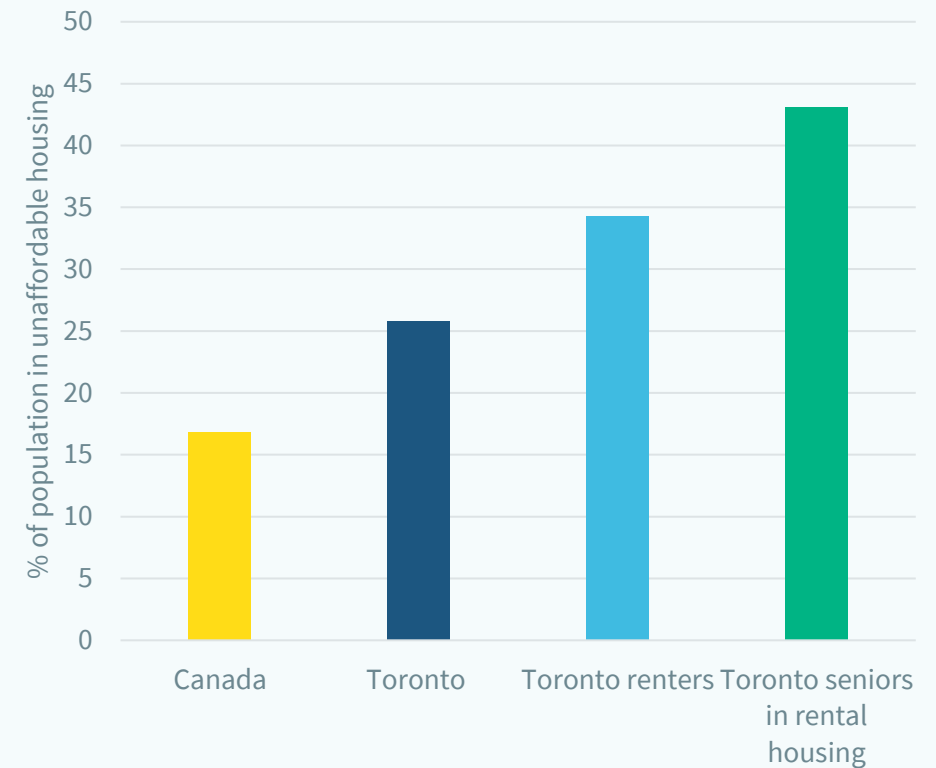
- **Property owners request Above-Guideline rent Increases (AGI) after retrofits to comply with BEPS**
- **Property owners use renovations as a means of evicting tenants and increasing rents**

Ontario purpose-build rental units by year of construction



2. 26% of Toronto households live in unaffordable housing, many live in MURBs.

- **25.8%** of Toronto households **live in unaffordable housing**, spending >30% of income on shelter costs
 - **34.3%** of Toronto **renters**
 - **43.1%** of Toronto **seniors in rental housing**
 - **1/3** of **low-income** households live in **large MURBs**
 - **183,305** households living in housing in need of **major repairs**
- * Proposed BEPS include large MURBS but not low-rise or SFH or low rise MURBS



3. Toronto has bylaws and regulations to prevent renovictions and limit rent increases

Toronto Rental Renovation Licence Bylaw

- Requires independent confirmation that tenant vacancy is required
- Protects tenant right to return and ensures adequate interim accommodation and compensation
- Above Guideline rent Increases are limited by Ontario Residential Tenancies Act but must factor in all incentives recieved

Toronto Rental Housing Demolition and Replacement Regulations

- For demolitions and renovations that change the number of dwelling units or bedrooms
- Protects tenant right to an alternative rental unit and ensures adequate compensation and assistance
- Aims to preserve the rental housing stock and maintain its affordability

Hi-RIS and Taking Action on Tower Renewal programs prohibit building owners from applying Above Guideline rent Increases for the improvements funded

- Could be extended to other publicly funded programs



4. Dedicated staff and new funding streams can help protect housing affordability under BEPS

Dedicated staff may be required to meet the specific needs of affordable housing

- Help accessing financing and supports, planning retrofits , reporting emissions
- Recommended 1 FT employee per 250-300 buildings
- Collaborate with stakeholders
- Education and legal support to protect tenant rights
- Track impact of BEPS on housing affordability

Future non-compliance payments could fund retrofits in affordable housing

- E.g. Boston Equitable Emissions Investment Fund from non-compliance fees
- E.g. NYC Affordable Housing Reinvestment Fund from compliance offsets



5. Financing and programs can support all buildings in meeting BEPs, and some target affordable housing

Programs exist today to support retrofits, some target affordable housing

- Enbridge Commercial Custom Retrofit
 - Save on Energy Existing Building Commissioning Program
 - Save on Energy Retrofit Program
 - Save on Energy Xlerate Program
 - Save on Energy Small Business Program
 - Save on Energy BizEnergySaver Program
 - Green Building and Living grants
 - Hi-RIS Loan Program
 - City of Toronto Energy Retrofit Loans
 - Taking Action on Tower Renewal Program
 - TAF Retrofit Accelerator
 - Enbridge Affordable Housing Multi-Residential Program
 - Healthy Energy Living grants for indigenous housing
- **Many of these programs have unused capacity**
- **Some of these could be expanded or enhanced to better support BEPS**



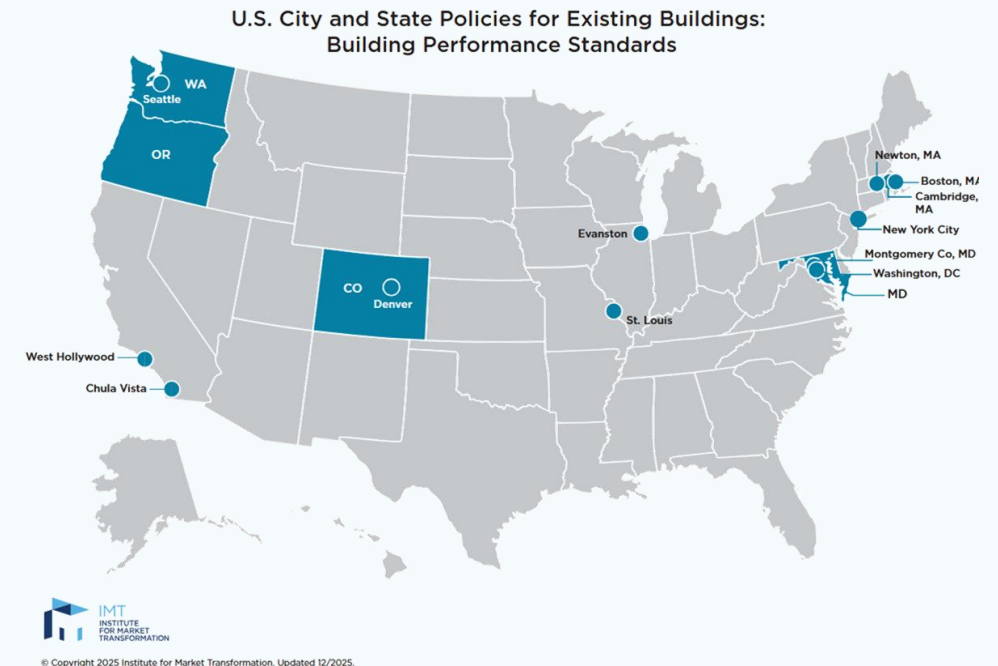
6. BEPS alternative compliance could be adapted to support affordable housing

- **Proposed BEPS alternative compliance for financial hardship**
 - For building owners with serious financial hardships
- **Proposed BEPS alternative compliance for good faith effort**
 - When technical, operational, or administrative challenges delay compliance
- **Affordable housing stakeholders recommend alternative compliance pathway for affordable and non-profit housing**
 - Underserved communities can help with design alternative compliance pathways and criteria
 - Relaxed emissions standard can be proportional to % of MURB units that meet affordable rent criteria
 - Extended timelines and tailored requirements can align compliance with asset management plans



7. BEPS-style programs typically include MURBs

- **11 US Cities, 1 County and 4 States** have adopted **Building Performance Standards (BPS)**
 - 9 Cities, 1 County, 3 States have performance targets for MURBs
- **BEPS** is an important tool for improving **housing affordability** and addressing housing in need of **major repairs**



8. BEPS consultations have been extensive and are ongoing

The following informed and made recommendations for Toronto's BEPS

- **Building Emissions Advisory Committee**
- **Equity Advisory Committee with representation from 18 groups**
- **BEPS Advisory Groups**
 - Retrofit industry
 - Finance and research
 - Low-rise buildings, residential, commercial and community housing
 - Special-use and critical infrastructure
 - Property management and high-rise buildings
 - Government, utilities and agencies
- **Climate Advisory Group**

Consulting focussed on housing affordability should continue to

- **Make BEPS compliance more attainable**
- **Monitor impacts on affordability and recommend adjustments**
- **Identify new opportunities for collaboration**



9. BEPS consultations have generated recommendations and resources

Some key recommendations to protect renters

- Seek support from all levels of government
- Phase in compliance for rental buildings
- Examine the potential for compliance to negatively impact tenant energy bills
- Ensure transparency and clear communication to tenants
- Monitor the impacts through non-energy metrics

Further stakeholder reports on housing affordability and BEPS

- Efficiency Canada [Equity-Embedded Building Performance Standards](#)
- Efficiency Canada [Equity considerations in Toronto's BEPS: Implementation Phase](#)
- Advocacy Center for Tenants Ontario [BEPS: How to balance housing affordability and sustainability](#)



BEPS in Toronto

"By linking climate action with social justice efforts, BEPS can help reduce inequalities and ensure that the benefits of environmental sustainability are broadly shared."

Rosemary Powell, Toronto
Community Benefits Network

Memo 1: Toronto BEPS for macroeconomic value creation

Memo 3: Benchmarking and disclosure for Toronto BEPS



Source: TAF, [Lowering emissions, raising up equity – perspectives on Toronto's building policy](#)



Thank You

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