



Building Emissions Performance Standards (BEPS)

Toronto City Council has directed staff to develop standards to gradually improve the energy efficiency and sustainability of existing buildings, including *multi-unit residential buildings* (MURBs), starting in 2030. Similar policies have already been implemented in other North American cities, including: Vancouver, Boston, and New York City. In large cities, existing buildings are often the single largest source of carbon emissions, making tools to regulate their performance critical. However, these regulations must include safeguards to ensure that low- and moderate-income tenants are not having the cost of these upgrades passed to them by landlords.

In Canada, higher-income brackets are strongly correlated with higher carbon emissions, with the richest 10% of Canadians responsible for a substantial share of total emissions.¹

BEPS offers multiple benefits. The city's primary goal is to reduce carbon emissions. A secondary, but important benefit, is the improvement of health and maintenance standards in MURBs across Toronto. Many of these improvements align with demands ACORN put forward in our Landlord Licensing campaign.

ACORN's research shows that gas-heating boilers account for over 60% of *greenhouse gas emissions* (GHGs) in 80% of buildings. *Toronto Atmospheric Fund* (TAF) estimates that in 2023 natural gas emissions in buildings, primarily from space heating and domestic hot water, represented about 84% of total building emissions across the *Greater Toronto and Hamilton Area* (GTHA). This gas bill is included in the rent for most tenants.

ACORN concludes that landlords—not tenants—would benefit financially through lower gas bills by converting gas boilers to electric heat through lower gas bills. Tenants would likely receive health and comfort benefits. Depending on whether the retrofit transitions from gas to electric, and whether the tenant pays for hydro outside of their rent, this scenario could result in increased hydro costs for tenants.

ACORN believes that because of these factors, the city needs to conduct research to fully understand the complex split-incentive issues, and ensure that costs are not passed on to tenants through rent or utility charges before moving forward on BEPS for MURBs. Alternatively, they may consider phasing them in over a longer timeline (e.g., 2033 instead of 2030).



This phased approach would give the city sufficient time to prevent costs being passed down to tenants in several key ways. A phased approach would...:

- Allow building owners of affordable housing to begin accessing loan or grant programs in advance of compliance requirements.
- Allow funding for these loan/grant programs to accumulate through compliance fines in the early years of BEPS regulation, applying to the broader existing buildings sector.
- Allow the city to seek additional financing from other levels of government.

Alternative compliance pathways for affordable and deeply affordable units should also be considered. The city could designate affordable MURBS as a separate building type in the BEPS regulations, with reduced GHG-intensity requirements. This could create a nuanced program for these buildings to ensure costs are not passed on to tenants.

Below are some additional recommendations the city should consider:

1. The government could do direct delivery and installation of targeted capital upgrades for the most affordable buildings, using an affordability criteria defined in coordination with tenant groups.
 - i. Financing by the government is paid back over time from lower gas bills experienced by the landlord.
 - ii. Implement compliance fines or remedial measures,
 - iii. The municipal government (with support from the provincial and federal) could pay upfront for landlords who agree to keep a percentage of units below market costs. The government funding would then be passed on to tenants through lower rents.
 - iv. Given that 40-60% of tenants pay electricity separately, while gas is typically included in rents, the municipal government must ensure that any retrofit shifting from gas boilers to electric heat does not increase electricity costs for tenants.
2. The city should consider enhancing existing City loan programs for all MURBs, while ensuring affordability by prohibiting *Above-Guideline Increases* (AGIs) and upholding anti-eviction covenants.
 - i. Multiple retrofit loan programs are already offered by the City of Toronto for various building types.
 - ii. Many of these programs already include restrictions that prevent owners who receive this funding from applying for AGIs. **This built-in security remains a key factor to ensure that funded retrofit improvements will not result in cost pass-through to tenants.**



3. It is important to consult tenants and tenant groups to define “affordable” and “deeply affordable” if criteria around affordability will determine access to government grants or financing.
4. **All aspects of BEPS—including agreements between government, landlords and emission measurements for each building, must be made transparent to tenants. Including any cost changes, savings, and legal protections, to prevent evictions, renovations, or cost pass-through as a result of BEPS implementation.**

Toronto ACORN conducted a survey of low- and moderate-income tenants across the City of Toronto. Here is a short summary of the results:

- Only about 60% of tenants have air conditioning, and the majority pay their landlord for it.
- Approximately 70% of tenants expect their rents to go up.
- About 95% said landlords should be restricted from rent increases or evictions due to retrofits.
- Tenants are demanding consultation, oversight bodies, and transparent agreements.
- Open-text responses strongly emphasize the need for government involvement in landlord accountability.
- Respondents indicated that rapid changes without tenant protections are neither feasible nor acceptable.

A majority favour government incentives, and 90% support pairing these with anti-displacement protections and penalties for landlords who do not comply with affordability covenants.

- There is strong support for non-energy-related benefits and standards, such as indoor air-quality, ventilation, rodent control, etc...

1 (CCPA,2025)

(<https://www.policyalternatives.ca/news-research/income-inequality-is-driving-carbon-emissions-in-canada/#:~:text=Income%20Inequality%20Drives%20Carbon%20Emissions,role%20in%20accelerating%20environmental%20degradation.>)