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PLANNING AND DEVELOPMENT DEPARTMENT
Environmental Progress Office
Report PD-2009-053

To: Mayor and Members of Council
From: Mary Hall, Director of Planning & Development
Meeting: June 23, 2009
Subject: Green Development Program Status Update and Evaluation

RECOMMENDATION Requires Action For Information Only

That Report PD-2009-053 regarding Green Development Program Status Update and Evaluation be received;

That Council approve the continuation of the Green Development Program and the associated Program recommendations in this Report to enhance the program's effectiveness; and,

That Council forward Planning and Development, Environmental Progress Office Report 2009-53 regarding Green Development Program Status Update and Evaluation to the Region of Peel with a formal request to amend the Regional Development Charges By-Law to provide financial incentives for green buildings.

ORIGIN/BACKGROUND

On March 18, 2008, Council passed resolution W-126-2008 to receive Planning & Development Department, Environmental Progress Office Report 2008-21 re: Green Development Incentives Pilot Project and authorize a Public Information Meeting on April 16, 2008 to address the requirements of Section 12 of the Development Charges Act, 1997.

At the regular Council meeting held on May 13, 2008, Council passed resolution W-218-2008 to receive Planning & Development Report 2008-36 regarding Green Development Incentives By-law Amendment. This permitted the Town to amend By-Law No. 2004-118 so development charge discounts could be provided to eligible builders and developers who incorporate pre-qualified green technologies or obtain Leadership in Energy and Environmental Design (LEED) certification for new industrial and commercial buildings.

On May 28, 2008, the Green Development Program (the Program) was formally launched with an associated communications strategy. Information sessions were held with Planning and Development, Building and all front line staff, a brochure, green technology fact sheets and a new web page off of the main Town website was created and a media release was issued. Program information was also communicated at the



May 2008 Mayor's Breakfast and in the Economic and Development Quarterly Newsletter.

A condition of approval by Council was an evaluation of the Program after one year. This Report will provide Council with a status update on the Program's participation; findings from the Program evaluation; recommendations for improving the Program; and an update on other municipal green development programs.

DISCUSSION

Status Update

Shortly after the Program was launched, the Town received a Green Development application from ProLogis Canada Inc for a 416,000-square-foot LEED certified speculative industrial building in Bolton.

As the first or one of the first speculative industrial buildings in Canada to be built to LEED standards, the ProLogis building has been targeted to achieve the LEED-CS (Core and Shell) silver rating. Their LEED certification is pending documentation submission to the Canada Green Building Council.

To meet the LEED requirements, a white TPO (ThermoPlastic Olefin) roof is the building's key green feature. As a white cool surface, it improves the performance of the roofing insulation; enables the rooftop equipment to run more efficiently and may also reduce the cooling equipment capacity requirements. It is also considered environmentally friendly since it has a long life span and its materials are easily recyclable. Other environmental building features include T5 energy efficient lighting, recycled concrete as a granular base the construction of the parking lots; efforts to minimize construction waste; and a landscaping package that features drought resistant plants. At the June 15, 2009 ProLogis Reception, staff had an opportunity to see the new building. Marketing of the building is currently underway to attract a tenant.

The Town has not received any Green Development applications for the inclusion of any of the five green technologies (solar hot water, solar transpired collectors, permeable pavement, storm water cistern or solar electricity).

Program Evaluation Findings

To evaluate the Green Development Program, two electronic surveys were developed for: 1) 2008/2009 significant industrial projects and landowners with future development potential and; 2) those who inquired about the program. The Planning and Development Department distributed 28 surveys to the 2008/2009 significant industrial projects and landowners with future development potential and 8 were completed for a 29% response rate. For those who inquired about the Program, four surveys were distributed and zero was completed. The surveys were distributed by e-mail and Margaret McCallum, Planning and Development summer student followed up with each survey recipient by phone.

Both surveys asked if they were aware of the Green Development Program, how they heard about it and whether they have considered the program for past and future projects. It also asked for suggestions on improving the program and if there are any specific educational resources (local case studies, objective data on costs versus benefits, practical resource centres and websites, list of qualified consultants, etc) that would help them learn more about green development. Schedule A outlines the survey questions and provides a full summary of the 8 industrial project contact responses. The key survey findings are indicated below:

- 62.5% of respondents are aware of the Town's Green Development Program;
- 50% of respondents considered participating in the Program and those who did not mentioned the following reasons:
 - o Not aware of Program at the time (66.7%)
 - o Program doesn't provide a large enough financial incentive (16.7%)
 - o Green buildings are too expensive (16.7%)
- 75% of respondents have future projects planned for Caledon and 100% of these respondents indicated they will consider the program for these projects;
- 100% of respondents feel that objective data on green building costs versus benefits, risks and reliability; and,
- 37.5% feel that local green building case studies and information on practical resource centres or website links would be useful when considering green development.

Although ProLogis was one of the survey respondents, Norm Lingard, Manager of Economic Development and Communications followed up with ProLogis to obtain further feedback on their experience with the Program and specifically the application process. In summary, ProLogis had no difficulty with the Program's application process. They feel the Town's Green Development Program is worthwhile and although the development charge discount for LEED is small, it does help to partially offset the green premium. ProLogis also indicated that the green costs are starting to decrease and with more education on the benefits of green buildings, more Canadian developers and builders should embrace LEED and other green building rating programs.

Opportunities and Recommendations

Based on the survey responses and the discussion with ProLogis, there is a strong need for green development educational resources, specifically local green building case studies and objective data on cost versus benefits, risks and reliability. These perceived barriers (lack of education and need for objective data on cost versus benefits) are not surprising since both have been identified as key barriers by various green building studies. Other barriers include the higher actual or perceived green building costs; the reluctance of lenders and investors to recognize additional investment value of green buildings with respect to energy costs savings and consumer appeal; and the indirect barrier that occurs when the company who incurs the construction costs does not accrue the savings since the building is leased.



To address some of these barriers, staff has initiated discussions with ProLogis for a green industrial building case study which will be initiated this summer. The case study will highlight the building's green features, cost of construction including the green premium; expected financial (i.e. operating and maintenance) savings and benefits; the LEED certification process; and any lessons learned.

For objective data on costs versus benefits, staff will refer local developers to the financial aspects of the ProLogis case study and the City of Toronto's comprehensive cost-benefit study. Although this study's primary focus was a cost-benefit analysis for the Toronto Green Development Standard, it also reviewed past and ongoing green development cost-benefit studies to gain insights and compare findings. As a result, these findings are applicable to other Ontario municipalities. The following are just some of the high-level conclusions that may be of interest to the Town and the local development community:

- *Virtually all of the studies reviewed focused on green buildings and have not discussed the full economic, social and environmental costs and benefits associated with green development.*
- *In exchange for a relatively small investment toward intelligent, integrated design and construction, significant benefits in terms of energy and water conservation are achieved. As importantly the productivity and well being of occupants is greatly enhanced.*
- *The cost premium associated with green development is a one time investment that yields additional benefits in terms of marketing status, improved durability and provision of a buffer against spiraling energy prices.*
- *Intelligent, integrated design and informed decision making can deliver green buildings at or below the cost of conventional buildings. Willingness to pay is a more critical consideration than affordability, except for the low income segment of the population. Green building costs can be effectively managed and cost premiums can be largely dampened through market-based incentives.*
- *The reduction of construction and demolition waste through the adoption of green building practices contributes significantly to solid waste management programs, resource conservation and pollution abatement.*
- *Building performance evaluations indicate that most of the promises of occupied green buildings are realized, but often inconsistently. There remains a genuine need for post occupancy evaluations and the public reporting of actual versus predicted energy and water use.*
- *Studies indicate that developers reap fewer life cycle benefits from green buildings than consumers, utilities and municipalities and this must be recognized in any system that seeks to advance equitable green development policies.*

Regarding the survey comment that the Program does not provide a large enough financial incentive, staff have continued to advocate for matching discounts from the Region of Peel through staff's involvement in the Regional Official Plan Provincial Policy Review and Conformity Exercise. Regional discounts are fitting since green buildings reduce demands on municipal and regional infrastructure such as water and wastewater treatment facilities. According to the Canada Green Building Municipal Green Building Tool Kit, green buildings can achieve the following reductions:

- 10-50% reduction in potable water needs;
- Up to 50% reduction in generated sewer wastes;
- 75-90% reduction in construction wastes; and,
- 20-100% reduction in storm water generation.

The associated air quality benefits and greenhouse gas reductions with green buildings should also be of interest given the Region's Public Health mandate and clean air priority; and greenhouse gas reduction strategy.

Other Municipal Green Building Programs

As shown on Schedule B, other GTA municipalities are beginning to develop Green Development programs either for their own municipal facilities or the private sector. Following in Caledon's footsteps, the City of Toronto is launching a revised green standard in September which includes mandatory elements (Tier 1) and voluntary elements (Tier 2). Financial incentives such as a development charge refund have been established to encourage implementation of the voluntary elements.

FINANCIAL IMPLICATIONS

When the Program was approved, staff recommended a \$250,000 cap per calendar year to ensure cost certainty. This was based on the assumption that 50% of the Town's expected industrial and commercial development will avail of the Program at a LEED certified level. The Town anticipates releasing the \$170,000 security to ProLogis sometime in 2009 pending LEED certification from the Canada Green Building Council.

LEGAL IMPLICATIONS

In 2008, the Development Charge By-Law (#2004-118) was amended to incorporate the Town's new Green Development Program. The 2009 Development Charge Background Study and proposed amendments are also proposing to continue the Green Development Program.

NEXT STEPS

- Planning and Development and Building staff will be provided with information on Toronto's Cost-Benefit Analysis Study and a copy of this Report.
- Town staff will create a green building case study in co-operation with ProLogis for their LEED industrial building. If appropriate, the costs and benefits of the green building will be highlighted as part of the case study.
- The City of Toronto's cost-benefit study will be provided to the local development community as a comprehensive source for information.
- These materials will be posted on the Town's Green Development webpage (www.caledon.ca/greendevlopment) and the local development community will be notified through the Town's Economic and Development newsletter.

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- Staff will continue to promote the Town's Green Development Program through planning pre-consultation meetings and the Site Plan process, at the Planning and Building Counters and when responding to Economic and Development inquiries.
- Staff will forward this Report and the Council resolution to the Region of Peel Council for their consideration.

CALEDON COMMUNITY WORK PLAN

The Green Development Program addresses several environmental objectives contained in the 2006-2010 Caledon Community Work Plan. These objectives are expanding environmental commitment and explore green development opportunities for the industrial and commercial sector.

POLICIES/LEGISLATION

n/a

CONSULTATIONS

Staff Green Development Committee: Norm Lingard, Manager of Economic Development and Communications; Sandra Dolson, Project Coordinator; Nadia Koltun; Legal Counsel and Director of Legal Services; Mary Hall, Director of Planning and Development

Margaret McCallum, Environmental Progress Office Summer Student

Survey Respondents: Solmar; ING Real Estate; Bentall; Smart Centres; Higgins Development; ProLogis; Urbacon; Panattoni

ATTACHMENTS

- Schedule A: Green Development Survey Findings
- Schedule B: Municipal Scan of Green Building Programs

CONCLUSION

Staff initiated a Green Development Program evaluation to assess Program awareness, interest and participation in addition to perceived barriers associated with building green. Based on the feedback, staff are recommending to Council to continue the Program and the associated recommendations to enhance the Program's effectiveness. To further enhance the Town's program, staff is also recommending that Council submit a formal request to the Region of Peel to introduce financial incentives for green buildings.

With the development of a Regional green development program and through the development and promotion of further educational resources (i.e. a local green building case study and reference to the City of Toronto's cost benefit analysis study); staff hope more Canadian developers will embrace LEED and other green building technologies and programs while partaking in the Town's Green Development Program.

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