

### Incentive Options

This attachment provides additional details on incentives options available to promote more advanced energy codes.

Adoption of higher energy performance tiers could be encouraged through financial incentives such as grants or property tax reductions, or through non-financial incentives such as expedited permitting, density bonuses, or zoning benefits (for example, allowing smaller setbacks to account for thicker walls). This option will help to build capacity and support developers in building to higher tiers; however, incentives alone have less reach and may be less effective than regulation.

A benefit of this option is that incentives support developers in building with higher energy performance on their own terms and at their own pace, which can provide support before the higher requirements are made mandatory. Incentives can have equity implications as rebates may not be universally accessible and may disproportionately benefit those with means. Targeted incentives could help with equity concerns. An option is to extend the Clean Energy Improvement Program (CEIP) to allow financing for new construction. This could help to offset the initial higher costs for more efficient performance and improve affordability.

The City could include energy performance requirements in land sales agreements for developments on City-owned land. These requirements can only be enforced through a performance fee deposit and are not regulatory. This is the model of encouragement used in Blatchford currently, in the Meadows at Laurel previously and planned for Goodridge Corners, Exhibition Lands, and other developments on city-owned land. In Blatchford, a performance fee is taken by the City in the land sales agreement, and returned contingent on compliance with sustainability and architectural requirements. The requirements include an average of 25-30 per cent performance improvement over the typical code built home as well as a connection to the Blatchford District Energy System. Compliance is assessed through inspections by Administration and external consultants and high adherence to the standards is observed. A buy back clause in the land sales agreements ensures land is not re-sold to a new owner who is not bound by the sales agreement requirements.

In the Meadows of Laurel, architectural guidelines included in the land sales agreement required an energy performance of fifteen per cent lower than a typical new house and a Built Green Silver rating, which could be achieved at negligible cost to the builder. A deposit of \$10,000 was held to encourage

compliance with the architectural guidelines as well as holding a \$5,000 deposit to prevent damage to City infrastructure. City staff assessed and observed high compliance through the Build Green program. It is expected that higher requirements would result in lower compliance as the cost of losing the deposit may be lower than complying. High requirements may also hurt the competitiveness of City land compared to private developments, and disadvantage small builders or individuals building a home. The requirements for future developments are still under review, but expected to include higher requirements than the Meadows at Laurel enabled through 200 Amperage (Amp) electrical servicing to lots. Administration is researching how to incentivize net zero construction in the Goodridge Corners development.

The requirements in land sales agreements are not binding on future renovations or rebuilding of properties on the sold parcel. The impact of this incentive is limited within the market. Land Development Council Policy C511A, requires that residential lot sales by the City not to exceed more than 10 per cent of the single detached housing market in Edmonton in a given year, and that a minimum of 50 per cent of greenfield low density residential lots are sold directly to small builders and members of the public (Blatchford and affordable housing projects are excluded from this requirement).