




Hamilton

Planning and Economic
Development Department

7.3 (b)

Memorandum

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| To: | Mayor and Members of Council | | |
| Approved By: | Steve Robichaud – Acting General Manager, Planning and Economic Development Department | | |
| Signature: |  | | |
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| Date: | May 6, 2025 | File: | N/A |
| Subject: | Green Building Standards Implementation – Costing (Urban Area – City Wide) | | |

PURPOSE OF MEMORANDUM

The purpose of this memorandum is to provide further information on the costing of the implementation of the Green Building Standards which may be incurred by the applicant and/or developer and proposed next steps.

BACKGROUND

On April 30, 2025, Report PED25117 – Green Building Standards Implementation Plan was presented to General Issues Committee. The purpose of the report was to establish the implementation plan for the Green Building Standards, which were endorsed by Council on October 9, 2024. In addition, Report PED25105 – Growing a Resilient and Environmentally Sustainable Hamilton Community Improvement Plan was also presented to General Issues Committee on April 30, 2025, which proposed to establish a new Community Improvement Plan created to replace the existing Hamilton LEEDing the Way Community Improvement Plan as part of the City's 2021-2025 Economic Development Action Plan.

On April 29, 2025, Report PED24114(a) was brought forward at Planning Committee with further refinements to the energy and carbon metrics within the Green Building Standards based on an additional phase of engagement and the recommendations of the Climate Change Advisory Committee.

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The Green Building Standards are proposed to come into full effect on September 1, 2025, and will apply to all new Site Plan Control and draft Plan of Subdivision applications within the City of Hamilton Urban Area, with certain transition provisions applying. Applicants will be required to demonstrate how the Tier 1 (mandatory) metrics of the Green Building Standards have been achieved through the submission of required documentation, including drawings, letters, reports, and/or studies.

At the General Issues Committee meeting, concerns were raised regarding the cost of the implementation of the Green Building Standards that will be incurred by the applicant and/or developer, especially given the current economic climate. Staff were asked if a costing analysis had been undertaken for the Green Building Standards metrics. Staff did not perform a thorough cost analysis based on actual new builds in the City of Hamilton; however, from the additional consultation that was undertaken December 2024 through March 2025, staff do have some limited information on the upfront costs related to certain energy performance metrics. Additionally, staff in Economic Development gathered some additional costing information from their work done on a proposed Tax Increment Grant program.

KEY FINDINGS – WSP CANADA INC.

Report PED24114(a) – Green Building Standards Enhanced Engagement and Recommendations, was presented at the April 29, 2025, Planning Committee. Within the report, new limits were proposed for Greenhouse Gas Intensity (GHGI), Thermal Energy Demand Intensity (TEDI) and Total Energy Use Intensity (TEUI). Overall, the targets have been revised to lower limits, meaning more ambitious targets have been set.

The City's consultant, WSP Canada Inc., conducted a technical review of the capital and life-cycle cost of implications of investing in achievement of holistic Greenhouse Gas Intensity (GHGI), Thermal Energy Demand Intensity (TEDI) and Total Energy Use Intensity (TEUI) targets. WSP Canada Inc. also conducted research to understand what other municipalities, such as Toronto and Caledon, were doing as it relates to Thermal Energy Demand Intensity (TEDI) and Total Energy Use Intensity (TEUI).

Through this research, it was determined that achieving the holistic set of targets for Greenhouse Gas Intensity (GHGI), Thermal Energy Demand Intensity (TEDI) and Total Energy Use Intensity (TEUI) may incur increased costs of approximately 4-5%.

KEY FINDINGS – ECONOMIC DEVELOPMENT DIVISION

As part of Report PED25105 – Growing a Resilient and Environmentally Sustainable Hamilton Community Improvement Plan (City Wide), staff in Economic Development surveyed the development industry to better understand how proposed Tax Increment Grant Program incentives could offset the costs of constructing a building that met certain Tier 2 requirements of the Green Building Standards. Comments from three developers were received. The consensus from these three developers was that it was over 10% more expensive to build a net-zero carbon industrial building. To get a

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building to a “net-zero ready” state for future improvements to transition it to net-zero carbon, it was estimated to be less than 5% more expensive, mostly in relation to an industrial build.

It was suggested by one developer that it could cost 4-5% more to build to LEED Gold. In another example, a developer discussed building a net-zero carbon building versus a LEED Gold building and based on their costing analysis it was determined it would be cost about \$10 per square foot extra, versus the \$12 per square foot extra for LEED Gold.

With regard to studies, such as energy modelling reports, it was estimated that most studies come in between \$10,000 and \$20,000. This cost was reflected in proposed study grant that would cover 50% of the costs to a maximum of \$10,000.

OFF SETTING OF COSTS

Relaxed Green Development Standard Requirements

Report PED24114(a) proposes that if an application meets Tier 2 of the Greenhouse Gas Intensity (GHGI) performance metric, the proposed Green Development Thermal Energy Demand Intensity (TEDI) and Thermal Energy Use Intensity (TEUI) requirements would be relaxed. This may result in decreased costs as higher targets do not need to be met for Thermal Energy Demand Intensity (TEDI) and Thermal Energy Use Intensity (TEUI).

Incentives – Tax Increment Grant Program

A third tier of the Green Building Standards was also proposed through Report PED24114(a), which is an optional metric that demonstrates on-site near-zero operations or by achievement of Zero Carbon Building Design Standard Certification.

It should be noted that both Tier 2 and Tier 3 metrics of the Green Building Standards may be eligible for the proposed Grant Program titled “Growing a Resilient and Environmentally Sustainable (GREEN) Hamilton Development Tax Increment Grant Program”, once approved. This Grant Program was proposed through Report PED25105, scheduled for the General Issues Committee of April 30, 2025. This Program is tax increment based, and grants are provided relative to the actual increase in municipal property taxes generated as a result of a site’s development. Grants under this program are provided after project completion and are based on the actual annual municipal property tax increment generated.

Prescriptive Pathways

Prescriptive pathways, which refer to a set of specific criteria that individual building components must meet, were also introduced through Report PED24114(a). This approach provides a straightforward "recipe" for compliance, detailing requirements such as minimum R-values for insulation, maximum U-factors for windows, and specific

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standards for Heating Ventilation Air Conditioning systems, etc. By following these predefined criteria, builders can ensure their projects meet energy efficiency standards without needing to perform energy modeling or simulations. Offering prescriptive pathways may simplify implementation for developers by providing step-by-step guidelines that are easy to follow. This may result in decreased costs as energy modelling studies or simulations do not need to be submitted with an application for Site Plan Control or draft Plan of Subdivision.

NEXT STEPS

At the April 30, 2025, General Issues Committee, a motion was brought forward to refer Reports PED25105 and PED25117 back to staff for a costing analysis to be done. This motion will be ratified at the Council meeting of May 7, 2025. Report PED24114(a) will also be referred to staff at this Council meeting.

Based on the assumption that these three reports will be referred back to staff for a costing analysis, staff have become developing the consulting assignment to undertake this work in order for staff to report back with this additional information. Once a full costing analysis has been completed, Reports PED24114(a), PED25105, and PED25117 will be revised, as required, and scheduled for a special General Issues Committee meeting for approval later in 2025 to consider all three of the staff reports.