

Discussion Document

Alberta Provincial Carbon Levy Impact Analysis on Housing

December 22, 2016



Introduction

The Government of Alberta has announced a Carbon Levy to be introduced on January 1, 2017 to reduce the carbon footprint and greenhouse gas emissions in Alberta. We recognize that reducing the carbon footprint has to start somewhere and we want to be part of the solution. However, placing the burden of this levy on an already resource-lean industry has the potential to negatively impact services to Albertans rather than reducing the carbon footprint.

ASCHA supports the owners and operators of seniors housing and in so doing their residents are empowered to have choice and a life of purpose wherein they are honoured, valued and respected. Our concern is that in order to cover the carbon levy, seniors' choices may be negatively impacted. Through this discussion document, ASCHA would like to hear the challenges you face in an attempt to cover the carbon levy and reduce the carbon footprint.

Ideas

1. That regulated housing providers be given the authority to charge individuals directly for increased costs related to the Carbon Levy. This could be through an increase in accommodation rates or other charges; or
2. That the Government of Alberta allocates rebates directly to the housing provider for publicly supported housing, independent living, supportive living and designated supportive living, based on the number of eligible units; or
3. That the Government of Alberta only pays rebates to individuals paying a utility bill; or
4. That the Government of Alberta invests in their properties and supports housing providers through energy reduction grants for 2018-19 and/or an overall broad carbon rebate to assist regulated housing providers to recover costs and work toward reducing their carbon footprint.

The tables below depict only the incremental impact of the Carbon Levy on Natural Gas to Regulated Housing Providers in Alberta. The carbon levy will also increase gasoline and electricity costs which are not included in the tables below.

Impact of Carbon Levy on Natural Gas		GJ/Unit/Year	⁺ 2017	⁺⁺ 2018
Unit Type		* 2016 Base Year	\$/Unit/Year	\$/Unit/Year
Carbon Levy on Natural Gas per GJ			\$1.011	\$1.517
Independent Living (IL)	Units only	56.6 GJ	\$57.22	\$85.86
Supportive Living (SL)	Common Areas incl.	105.0 GJ	\$106.16	\$159.29
Designated Supportive Living (DSL)	Common Areas incl.	105.0 GJ	\$106.16	\$159.29

* Assumption based on member *average* 2016 Gigajoule (GJ) data available (GJ/Unit/Year)

⁺ Based on \$ 1.011/GJ (increase on Jan. 1, 2017)

⁺⁺ Based on \$ 1.517/GJ (increase on Jan. 1, 2018)

Impact of Carbon Levy on Natural Gas by Unit Type		GJ/Unit/Year	⁺ 2017	⁺⁺ 2018
Unit Type	# Units incl. Common Areas	* 2016 Base Year	\$/Year	\$/Year
Independent Living (IL)	15,000	849,000 GJ	\$858,339	\$1,287,933
Supportive Living (SL)	21,000	2,205,000 GJ	\$2,229,255	\$3,344,985
Designated Supportive Living (DSL)	9,000	945,000 GJ	\$955,395	\$1,433,565
TOTAL	45,000	3,999,000 GJ	\$4,042,989	\$6,066,483

* Assumption based on member *average* 2016 Gigajoule (GJ) data available (GJ/Unit/Year)

⁺ Based on \$ 1.011/GJ (increase on Jan. 1, 2017)

⁺⁺ Based on \$ 1.517/GJ (increase on Jan. 1, 2018)

Carbon Levy and Rebate Flow Chart



Example for Seniors Supportive Living - Natural Gas Only

	Housing Provider Pays	Individual Receives
2017	\$106.16/GJ/unit/year	\$101.00/year
2018	\$159.29/GJ/unit/year	\$152.00/year

How is this sustainable and how does this reduce the carbon footprint?

Service cuts being considered to cover Carbon Levy:

- Reducing number of available units
- Laying off employees
- Reducing services
- Reducing food portions/providing fewer options
- Deferring maintenance

Facts

- The Carbon Levy will be *paid by* regulated housing providers that administer publicly supported housing, independent living, supportive living, designated supportive living, and rent regulated accommodation.
- Carbon Levy Rebates will be *paid to* low and middle-income individuals and families in publicly supported housing, independent living, supportive living and designated supportive living who don't pay utility bills (Utilities are included in their rent).
- An individual living in publicly supported housing, independent living, supportive living, or designated supportive living cannot make any changes to the building that would affect energy savings. Therefore, there is no incentive for the individual to change their behavior to physically reduce their energy consumption through energy efficiency initiatives.
- The ASCHA Energy Program has already saved members over \$10,000,000 annually through smart buying decisions under a Request for Proposal contract model with 8760 Energy. We are looking at further savings through a review of transmission and distribution costs along with other billing determinates.

Additional Impacts

- Gasoline costs related to maintenance and building operations will increase.
- Gasoline costs used for the transportation of seniors and vulnerable populations for social, health and/or wellbeing activities will increase.
- Costs to the regulated housing providers for the price of consumer goods passed along from the manufacturer as well as the supply and delivery chain related to the carbon levy, will increase.

Conclusion

The housing industry is committed to doing more to reduce the carbon footprint however; without some workable solution the only recourse for providers may be to cut services to Albertans. Our struggle is that this program does not encourage individuals, who pay nothing toward the carbon levy but get the carbon rebate, to change their habits. The major concern of the housing providers is their ability to implement the carbon levy while continuing to provide quality housing and supports. ASCHA continues to work with its members to explore other "no-cost" options to reduce their carbon footprint. Through this discussion document, ASCHA invites your dialogue and insights into the very real situations and decisions housing providers are facing in an attempt to cover the carbon levy and reduce the carbon footprint. We look forward to your input and feedback to ascha@ascha.com.

