

January 25, 2021

Submission to the B.C. Sectoral Targets Discussion Paper

Ministry of Environment and Climate Change Strategy, Climate Action Secretariat

Submitted by email to [CleanBC@gov.bc.ca](mailto:CleanBC@gov.bc.ca)

## About Canadian Home Builders' Association of BC (CHBA BC)

CHBA BC represents over 2,100 members in the residential construction industry who work as home builders, renovators, tradespeople, service professionals, and others. CHBA BC members are small and medium-sized businesses creating jobs and economic benefits in all areas of the province.

In 2019, the residential construction industry contributed over 213,000 on-site and off-site jobs in new home construction, renovation, and repair in BC. This resulted in \$13.4 billion in wages and \$25.6 billion in built investment value, making our industry a significant economic engine in the province.

CHBA BC is a service organization licensed by Natural Resources Canada, which delivers several voluntary home labelling initiatives, including EnerGuide\* Rating System (ERS), ENERGY STAR®, R-2000, and the National CHBA Net Zero Home Labelling Program.

## Discussion

As indicated by the [2020 Climate Change Accountability Report](#) (p.19), a significant portion of decreasing overall emissions in the buildings and communities sector is attributable to residential building. Given the role of the residential building sector in achieving B.C.'s sectoral targets, CHBA BC appreciates the opportunity to inform sectoral targets design elements. Our association has been actively involved with existing CleanBC actions regarding new and existing buildings and supports the Province's continued efforts to collaborate with industry to reduce emissions while maintaining housing affordability.

## Principles for Developing Sectoral Targets

### Aligning CleanBC and Local Government Efforts

Any design for B.C.'s sectoral targets needs to consider consistency with existing or emerging CleanBC policies and programs that have demonstrated or intended greenhouse gas (GHG) emissions reductions. Existing programs such as the redesigned CleanBC Better Homes program has seen significant uptake, with over 6,600 home energy rebates. Under the Ministry of Finance mandate [letter](#), there is direction to "support the Minister of Energy, Mines and Low Carbon Innovation to require realtors to provide energy efficiency information on listed homes to incent energy-saving upgrades". The development of sectoral targets should support further

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growth of successful programs like CleanBC Better Homes and enhance uptake of emerging initiatives like energy labelling on listed homes. As expressed in all of B.C.'s mandate letters, inter-ministerial collaboration is critical to ensure that we continue to achieve CleanBC's goals cohesively.

Target design should also consider the consequences of accelerating abatement options within a narrow timeframe. Under CleanBC, the residential construction industry has experienced multiple regulations and policies changing at the same time or within a short time frame, resulting in confusion and inconsistency in implementation. Successful efforts to create alignment with the province's absolute emissions reductions target will need to coordinate local government approaches.

We recognize that policy development, particularly individual climate policies, are not within the direct scope of this consultation. However, CHBA BC has concerns about the potential for sectoral targets to elicit local government policy responses that conflict with CleanBC objectives. For instance, CleanBC has set increasing energy efficiency thresholds for new construction leading up to net zero energy ready new buildings by 2032. Specifically, CleanBC established a target for new homes under the BC Building Code at 80 percent more energy efficient by 2032. However, local governments such as District of North Vancouver, City of North Vancouver and District of West Vancouver, are making their own determinations on achieving GHG emissions reductions through bylaws that require low carbon energy systems in new homes at the expense of energy efficiency levels. This conflicting outcome was identified in the analysis from the [Energy Step Code 2018 Metrics Research Full Report Update](#) (p.73). Sectoral targets will need to consider how to balance emissions reductions with existing CleanBC strategies on conservation/energy efficiency, climate change resilience and adaptation, as these pathways may not necessarily run in parallel.

### **Feasibility, Cost-effectiveness and Affordability**

The underlying reasons for emission reduction allocation of each sector should not only be clear, but need to account for the costs of attaining these targets within the proposed time frame. Beyond assessing the lowest abatement cost to individual actors, cost analyses should consider impacts on household affordability. It should be recognized that in addition to upfront costs, operating costs for an electrically-heated home are not equal across all regions of B.C. For instance, a residential heat pump system can cost significantly more to operate in more severe climates zones like in Northern B.C. and parts of the Interior than compared to the Lower Mainland. While we acknowledge that sectoral targets that disaggregate provincial emissions or economic sector emissions by region would not be recommended, we strongly encourage the government take a holistic and balanced approach in their cost-benefit analyses to account for all regions of B.C., and not solely rely on one region as representative of the entire province.

## **Fairness, Transparency and Credibility**

CHBA BC agrees that the distribution of emissions reductions should be a fair reflection of the sector, supported by an evidenced-based rationale. While we understand that this discussion paper does not propose any specific target levels, we are concerned with the discussion paper's reference to B.C.'s Climate Leadership Team recommended sectoral targets: *30% reduction for each of industry and transportation, and a 50% reduction for the built environment (buildings, waste, land-use change) relative to 2015, rather than to 2007.*

Changes such as the baseline year from 2007 to 2015 would be a significant shift from a well-established baseline and undermines the principles of transparency and credibility. Furthermore, when comparing the built environment reduction target (50%) to the industry and transportation (30%) sector, it is unclear what assumptions were used to recommend a more stringent reduction, especially when the built environment represents a smaller percentage of overall emissions (21%). Should B.C.'s Climate Leadership Team's recommendations be considered for sectoral target levels, further review and consultation is warranted as it does not appear to be a fair nor reasonable approach.

## **Target Metrics**

CHBA BC supports the rationale for the proposed percentage-based target metric, as it is well-understood and maintains the principles of transparency and credibility. When reviewing possible supplementary metrics, we do not suggest a one-size-fits-all approach to all sectors.

Some program-based targets that already exist under CleanBC for specific sectors should be maintained as supplementary. These existing CleanBC program targets act as indicators of progress for specific policies. However, CHBA BC does not support an intensity-based metric, given the challenges for this metric to maintain the design principles outlined earlier. As noted in the discussion paper, applying intensity-based targets across all sectors would require constant assessment and realignment to ensure they are stringent enough to align with B.C.'s 2030 target. Moreover, an intensity-based metric could not be compared fairly across sectors, and would be based on different datasets of varying quality and transparency.

## **Sector Groupings**

CHBA BC supports design elements that improve consistency and fairness across the province. CHBA BC would be in favour of smaller sectoral groupings that would provide greater transparency to local governments and understanding of sector-specific performance. The discussion paper has already identified the challenge with fitting all provincial emissions into fewer sectors, particularly given that the buildings and communities sector currently bundles actors in ways that are not a perfect fit. It bears noting that under the [Methodology Book for the](#)

[Provincial British Columbia Greenhouse Gas Inventory](#), waste and deforestation sectors are identified as completely separate from buildings. Disaggregating buildings from waste and deforestation would provide a more equitable approach to achieving emission reductions because it would allow a clearer comparison of impacts (i.e. emission reduction and cost to British Columbians) with other distinct sectors.

When characterizing the Building and Communities category within the discussion paper, CHBA BC notes that 'land use' is attributed to 'afforestation/deforestation'. Within the context of the development and residential construction industry, the term 'land use' is more broadly understood as the developable land and areas that are governed by municipal zoning regulations. We recommend that land-use development should be included within the buildings sector to reflect this industry-wide understanding, and should be treated separately from deforestation, which is limited to conversions of forest, cropland and wetland areas.

In considering land-use changes within the context of urban planning and development practices, there is a widespread acceptance that residential densification, intensification and brownfield redevelopment reduce a community's GHG emissions. Densification and intensification within existing areas broadly supports emissions reductions with other sectors and sub-sectors through maximizing commercial areas, transit nodes, and walking and cycling infrastructure. In addition to these land-use strategies, many municipal bylaws contain tree protection and replacement conditions to ensure developments offset loss of forested area and canopy coverage. By accounting for and incentivizing this form of land use, the province can support further opportunities to reduce emissions, as well as other government objectives to support more housing forms and transit-oriented development.

### **Household Affordability**

It should be recognized that new residential buildings account for approximately 2 percent of total housing stock per year in B.C.,<sup>1</sup> yet this sub-sector receives a lot of focus for emission reductions due to ease of implementation under existing regulations such as the B.C. Building Code. While the residential building industry is committed to making efforts to reduce emissions, new residential construction should not be disproportionately targeted.

To motivate further emission reductions in sub-sectors, CHBA BC encourages the government to continue to unlock deep energy retrofits on existing housing stock through energy labelling on listed homes and incentives like a renovation tax credit or a Property Assessed Clean Energy (PACE) financing program. Implementing these tools could dramatically increase affordability and access for more British Columbians.

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<sup>1</sup>Based on Statistics Canada Census Profile, 2016 and BC Housing's 2016 BC Residential Building Statistics and Trends Report

## Other Design Features

When assigning sectoral targets, consideration should be given to past emissions abatement efforts as an indication of progress. For example, despite the growing absolute emissions and increased population growth in B.C., the buildings and communities sector and the residential sub-sector decreased by 8% since 2007. Successful efforts to decrease emissions in a sector should be encouraged, not penalized.

To account for different growth trajectories of sectors and sub-sectors, CHBA BC supports targets expressed as a range, rather than a set percentage, to build flexibility and help address data uncertainties.

## Closing Remarks

CHBA BC understands that legislation allows for further amendments to be made to sectoral targets and supports having ongoing engagement opportunities on sectoral targets beyond March 31, 2021. We recognize that the period to assume the cost-efficiencies needed to preserve affordability may not be fully resolved by 2025. With many policies planning to move forward over the next ten years and beyond, meaningful and ongoing interaction with our industry is essential to both properly monitor impacts and discuss relevant developments.

Thank you for the opportunity to be involved in this process and for considering our comments. If you have questions, or would like to have a follow up discussion, please contact the undersigned.

Sincerely,



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Director, Policy & Government Relations