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John F.G. Hannaford
Deputy Minister
Natural Resources Canada

Re: Feedback on Canada's Green Building Strategy Discussion Paper

For more than a century, the Ontario Chamber of Commerce (OCC) has supported economic growth by advocating for business priorities on behalf of our 60,000 members, including local chambers of commerce and boards of trades in over 157 communities.

Residential, commercial, and institutional buildings account for 24 percent of emissions in Ontario. These emissions have increased by 42 percent since 1990. Green buildings are a critical component of Canada's climate change mitigation and adaptation efforts, and an opportunity to generate GDP and high-quality jobs in the process.

The OCC welcomes the opportunity to discuss Canada's Green Building Strategy and our nation's pathway to net-zero. Ultimately, our comments are focused on ensuring that the adoption of green building design and technology is sufficiently expedient and widespread across new and existing buildings of all forms.

OCC FEEDBACK ON REQUESTED MATTERS

As noted in Natural Resources Canada's Discussion Paper, the scope and scale of green building technology adoption will require mobilization of both private and public sectors. The comments that follow reflect the need to transform Canada's built environment rapidly and cost-effectively, in partnership with the business community.

One issue that cuts across all the themes contained in the Discussion Paper is the importance of education and awareness. Our members have stressed the need to arm Canadians and real estate professionals with the information they need to make smart decisions that will lower their own risks and costs.

THEME 1 – LEADING BY EXAMPLE

Developing a Buy Clean Strategy

The Discussion Paper outlines the government's intention to introduce a Buy Clean Strategy that would support and prioritize the use of made-in-Canada, low-carbon products in Canadian

infrastructure projects. **The OCC agrees that governments across Canada should embrace sustainable procurement as an opportunity to support local cleantech firms.** Requests for proposals should consider questions around sustainability and lifecycle costs to ensure governments are getting the best possible outcomes for their spending. For example, the US government evaluates potential suppliers based on their carbon footprints, which incentivizes large companies that bid for government contracts to partner with cleantech subcontractors. The Government of New South Wales in Australia has also geared its procurement strategies to supporting both small firms and environmental objectives.

Accelerating Retrofits of Federal Buildings

In order to meet their commitments, federal organizations are considering ways to accelerate building retrofits and adapt their real property strategies to achieve greater energy efficiency. **The OCC recommends that governments consider a more widescale approach to retrofits, such as the 'energiesprong' model used in the Netherlands.** Rather than tackling retrofits as distinct projects, this approach transforms multiple buildings by coordinating supply chains, using mass-produced assemblies and mechanical pods.

THEME 2 - MANDATING CHANGE

Advancing Model Building Codes & Integrating Climate Resilience into Building Codes

Proposed actions within the Discussion Paper include updated codes that promote low carbon and climate resilient buildings. **The OCC supports incrementally evolving building codes to improve and balance the climate resiliency and net-zero readiness of new buildings.** Under all emissions scenarios considered by the United Nations' Intergovernmental Panel on Climate Change, the frequency and intensity of catastrophic weather events will continue to increase until at least mid-century. As such, climate-resilient building codes will help communities better withstand extreme weather events, particularly wind, fire, and flooding.

THEME 3 - ENABLING INVESTMENT DECISIONS

Financing and Standardization

Developing guidance for commercial retrofit financing to standardize and aggregate projects has the potential to attract financing at scale. The OCC is pleased to see this priority reflected in the Discussion Paper and its action items.

The Government of Canada should work with industry to standardize definitions and criteria around sustainable properties, fill data gaps, and establish clear regulatory frameworks that give stakeholders greater confidence to invest in the market.

Green mortgages are one mechanism used to incentivize demand for low-carbon properties, often by providing preferential terms or linking the cost of borrowing to the energy performance of the associated property. Green mortgages are gaining popularity abroad, including in the United Kingdom, Netherlands, and emerging markets. In addition to standardization, **Canada should consider adjusting mortgage financing regulations to account for the lower risk associated with low-carbon homes, resulting from greater resiliency and efficiency**.

Accelerating Deep Retrofits

The Discussion Paper acknowledges that the adoption of green building technology for deep retrofits may require additional financial incentives to reduce investment risks, particularly for low-income housing. While the OCC supports the provision of public funding to de-risk investments in deep retrofits, the Discussion Paper fails to acknowledge the need for de-risking within the commercial building context.

The OCC has heard from its members that businesses are less likely to invest in deep retrofits due to uncertainty over their return on investment. This is further exacerbated by the competition for capital within a business's operations. **The Government of Canada should make concrete commitments to support businesses by de-risking deep retrofits in the commercial sector, with adequate and sustained funding and incentives.** Notably, programs that provide upfront capital tend to be most helpful as they support businesses that would not otherwise have been able to invest in retrofits. The recent financial support from Canada Infrastructure Bank to post-secondary institutions for deep retrofit projects is an example of accelerated emissions reductions.

Retrofit Support Services

The Discussion Paper acknowledges the important role of concierge services for simplifying complex retrofit projects, but the paper's listed action items for expanded support services are limited to the residential sector alone. **The OCC recommends providing expanded concierge support services for commercial buildings as well.**

Lack of expertise and familiarity with available programs is a key barrier to business investments in retrofits. The Government of Canada should work with other levels of government to expand retrofit support services for businesses, in addition to homeowners. As part of this effort, it is important to work with industry to develop customized solutions for businesses that have already implemented the lower-hanging fruit. While more complex, larger industrial retrofits will have a major long-term impact on overall emissions.

Disclosure Standards for Residential and Commercial and Institutional Buildings

Energy benchmarking and disclosure for buildings can help market actors make more cost-effective decisions. As noted in the Discussion Paper, various tools and resources for benchmarking and disclosure are already available for commercial and institutional buildings, but regulations have yet to be established in most provinces and territories.

The OCC recommends that several considerations be made when moving forward with disclosure regulations. Considering the rapid growth of ESG markets, regulators in Canada should prioritize the adoption of a standardized framework consistent with international norms. Any new legislation must ensure there is sufficient transition time and guidance for firms, particularly for smaller firms that are less likely to have their energy use already measured or their energy benchmarking disclosed. Finally, it is strongly advised that disclosure requirements are streamlined as much as possible to limit the burden placed on firms.

THEME 4 - GROWING CANADA'S ADVANTAGE IN BUILDING PRACTICES, TECHNOLOGY AND BUILDING MATERIALS

Launching a Low-Carbon Building Materials Innovation Hub

As mentioned in the Discussion Paper, major innovations are still required to achieve net-zero emissions across Canada's building stock by 2050. **The OCC supports the federal government's plans to launch a Low-Carbon Building Materials Innovation Hub.** Public investments are necessary during the R&D stage to help de-risk and advance research and innovation. Governments should not shy away from investing in cleantech research with promising commercial applications.

While the R&D process is important, it is also necessary to ensure there is a market for made-in-Canada technologies and that the economic benefits are realized locally. To that end, the **Government of Canada should connect its innovation hub with federal procurement and building retrofit efforts to support domestic commercialization of low-carbon technologies and materials.**

THEME 5 - TRAINING AND INCENTIVIZING THE FUTURE WORKFORCE

Lowering building emissions will require a specialized workforce. The OCC is pleased to see this focus reflected in the Discussion Paper and its action items.

Federal and provincial governments should support workforce training programs geared towards low-carbon construction, architecture, urban design, and engineering – recognizing that the retrofit economy requires many different skillsets. **Such efforts should build on existing micro-credential programs and partnerships between colleges, universities, and industry to help upskill and reskill workers.** They should also seek to attract workers who have been pushed out of the labour market and work towards securing the next generation of talent.

CLOSING

The OCC thanks Natural Resources Canada for initiating Canada's Green Building Strategy activities and for advancing the discussion of building emissions in Canada. Future work remains to be done to ensure that the adoption of green building design and technology is sufficiently expedient and widespread across new and existing buildings of all forms. We look forward to continuing to work with Natural Resources Canada and our members on this important issue.

CC. The Honourable Jonathan Wilkinson