



Ontario
Home Builders'
Association

A Made-in-Ontario Climate Change Plan

BILD
 Bluewater
 Brantford
 Chatham-Kent
 Cornwall
 Greater Dufferin
 Durham Region
 Grey-Bruce
 Guelph & District
 Haldimand-Norfolk
 Haliburton County
 Hamilton-Halton
 Kingston-Frontenac
 Lanark-Leeds
 London
 Niagara
 North Bay & District
 Greater Ottawa
 Oxford County
 Peterborough & the Kawarthas
 Quinte
 Sarnia-Lambton
 Simcoe County
 St. Thomas-Elgin
 Stratford & Area
 Sudbury & District
 Thunder Bay
 Waterloo Region
 Windsor Essex



**Submitted to: Honourable Rod Phillips
 Minister of the Environment, Conservation & Parks
 November 2018**

About OHBA

The Ontario Home Builders' Association (OHBA) is the voice of the land development, new housing and professional renovation industries in Ontario. Our association includes over 4,000 member companies organized into a network of 29 local associations across the province, contributing \$62.3 billion to Ontario's economy and generating 513,000 jobs. Our membership is made up of all disciplines involved in land development and residential construction including: builders, professional renovators, trade contractors, manufacturers, consultants and suppliers.

Background

The provincial government has launched a consultation seeking feedback from Ontario citizens and businesses. Later this fall, the provincial government intends to release a plan that will identify specific areas of focus to help tackle and be more resilient to climate change. The government has stated that this will be the first part of a broader approach that will protect clean air and water, encourage conservation and do more to address urban litter and waste. This made-in-Ontario solution will strike the right balance between protecting our environment and responsibly supporting a prosperous economy.

Introduction

The land development, new housing and professional renovation industry has a critical role to play to mitigate and adapt to climate change. Over the past decade, both the land-use planning system and the Ontario Building Code have significantly evolved, and in response the land development and residential construction industry has evolved with it. Since 2003, the previous government implemented significant reforms to the land-use planning system and enhanced the energy performance of our built environment through the ongoing evolution of the Ontario Building Code. The cumulative impacts of these changes are noteworthy and the result is that the new buildings and new communities being approved and built in Ontario today are vastly different from those built a decade ago. It is important that the new government recognize the progress our sector has made and find a balanced solution that puts people first, makes life more affordable for families, and takes Ontario's role in fighting climate change seriously.

About EnerQuality

In 1998, OHBA, in partnership with the Canadian Energy Efficiency Alliance (CEEAA), founded EnerQuality Corporation. 20 years later, EnerQuality is the #1 certifier of energy efficient homes in Canada and the market leader in residential energy efficiency programs. OHBA, EnerQuality and our members represent private sector led innovation and leadership in building energy efficient, low-carbon housing.

OHBA Key Recommendations

-) The new LPAT framework simply empowers local councils to make politically motivated decisions that override conformity with the PPS, Provincial Plans and enable decision-making that is not vested in the long-term public good, but rather re-election. The new provincial government should repeal Bill 139 and bring back the OMB.
-) Ensure municipal planning implementation policies (including Official Plans and Zoning by-Laws) are modernized and in conformity with the Planning Policy Statement (PPS) and Provincial Plans;
-) Better link transit and transportation investments with land-use planning including pre-zoning along transit corridors to support transit-oriented development;
-) The Minister of Transportation implement Section 31.1 of the *Metrolinx Act, 2006* for the Minister to issue a Transportation Planning Policy Statement (TPPS) that would apply to higher-order transit corridors across Ontario;
-) Modernize parkland dedication policies from the current value of 1 per 500 dwelling units to add a 'cap' for higher density development. Such a legislative amendment would be supportive of intensification and more affordable transit-oriented development;
-) Consider establishing an Energy Efficient Home Renovation Tax Credit, modelled on the Harper era Home Renovation Tax Credit (HRTC), which could include targeting energy-efficient upgrades to Ontario's existing housing stock. An additional public policy benefit would be that such a tax credit would assist to combat the underground economy by encouraging consumers to use legitimate contractors and create a paper trail;
-) Eliminate municipal minimum parking requirements. This would enhance housing affordability for mid-rise and high-rise residents, rather than continuing to require an over-supply of automobile parking. Furthermore this would eliminate unnecessary regulation dictating to the business community and the public how many parking spaces must be built – let the free market decide!
-) The province must lead the conversation and educate municipalities and the public with respect to how provincial planning policies and objectives will impact their existing communities and neighbourhoods so that residents are engaged and informed as why their communities are evolving (turning NIMBY into YIMBY)
-) Recognize and Support private sector led market transformation programs like ENERGY STAR.

Ontario's Planning Framework

Ontario's land-use planning framework is critical in supporting provincial goals for complete communities. The responsibility for land-use planning in Ontario is split between the province and municipalities: the province sets the rules and direction for land-use planning; the municipalities are the primary implementers of the policy framework. Climate change mitigation can be supported through a land-use planning framework that supports intensification, maximizes limited resources and promotes transit-oriented development. Climate change related objectives can be achieved through a combination of provincial leadership, municipal alignment with provincial policy and strategic infrastructure investments to support private sector investments.

The *Planning Act* provides the legislative framework for land-use planning in Ontario working together with the *Provincial Policy Statement* (PPS), provincial plans and other legislation. To help mitigate climate change, the PPS, Greenbelt and Growth Plans encourage compact built form and complete communities, which can reduce greenhouse gas emissions through improved energy efficiency and a reduced need to drive.

Municipalities are tasked with implementing the PPS and Provincial Plans through policies in their Official Plans (OP) and through decisions on other planning matters. It is therefore critical that municipalities maintain up-to-date OP's and Zoning By-Laws to effectively and efficiently implement provincial policy. Out-of-date local zoning creates uncertainty for communities and businesses, while stretching out approval timelines and constraining new housing supply. This ultimately leads to higher rents and home prices. Ensuring a land-use planning framework that properly aligns municipal planning implementation documents to provincial policy will be critical in the province's efforts to increase housing supply, support intensification and mitigate against climate change. The new LPAT framework however simply empowers local councils to make politically motivated decisions that override conformity with the PPS, Provincial Plans and enable decision-making that is not vested in the long-term public good, but rather re-election. The new provincial government should repeal Bill 139 (LPAT) and bring back the OMB.

Improving Ontario's Planning Framework

OHBA contends that a land-use planning policy disconnect has emerged between the province and many municipalities. This disconnect between provincial policy and municipal planning implementation tools threatens the successful implementation of the *Growth Plan* and therefore some of the objectives of the government to mitigate climate change. The disconnect manifests itself in increasing costs for new residents and businesses, longer and uncertain approvals processes, local decisions that do not align with provincial policy and challenges in housing affordability.

OHBA is supportive of provincial policy objectives to support a diversity of housing supply and to support higher levels of intensification. We recognize that the provincial government is working with stakeholders towards streamlining and facilitating intensification and ensuring that Ontario is open for business. OHBA looks forward to the province providing stronger leadership to better align provincial and local municipal public policy and improve planning certainty to support investment and economic growth. As a component to OHBA's submission to mitigate climate change, we wish to reiterate a number of specific public policy recommendations that will ensure better public policy alignment to support the development of more sustainable, transit-oriented, complete communities:

Better linking transit and transportation investments with efficient land-use planning can help maximize the value of these investments and minimize environmental impacts. Transportation infrastructure investments by the province need to be packaged with municipal implementation tools including *pre-zoning* to create certainty and

investment-ready communities and ensuring that Ontario is open for business. The private sector will invest in transit-oriented development along transit corridors, but we require planning certainty to bring new housing supply on board in a more efficient and affordable manner. This requires an approach “to take the politics out of planning” through pre-designation and pre-zoning. While half measures are being introduced on some transit corridors, through initiatives such as *Eglinton Connects* in the City of Toronto, the province must take a far more assertive role to require pre-zoning and pre-designation of transit corridors *prior* to funds flowing to finance the construction of higher-order transit lines.

OHBA strongly supported the essential role of the OMB as an impartial, evidence-based, administrative tribunal that is responsible for handling appeals of land use planning disputes. In this administrative authority, the OMB has served to ensure that provincial land use policies and objectives were achieved, and that municipalities employ consistency in the application and implementation of the *Planning Act*, the *Development Charges Act*, the *Provincial Policy Statement* and other related land use legislation. OHBA does not believe that the stated goals of the previous provincial government will be achieved through Bill 139 and the LPAT; and that the new appeals system will be longer, more expensive, more political, less certain and ultimately deliver less new housing supply to the people. OHBA is concerned that this new Tribunal (LPAT) will simply put local politics ahead of Smart Growth planning and will only serve to empower NIMBY councils to make planning decisions to get re-elected. The role of the OMB has always been to take the politics out of local planning and ensure that decisions are made based on evidence, ‘good planning,’ and conformity to provincial policy. The new provincial government should repeal Bill 139 and bring back the OMB.

OHBA strongly recommends a more aggressive provincial approach to implement tools that support intensification and the implementation of the Growth Plan at the municipal level. A stronger public policy framework to facilitate higher levels of intensification will support government priorities to mitigate climate change and support a modal shift towards greater transit use. OHBA specifically recommends:

- A new modernized cash-in-lieu of parkland dedication policy in the *Planning Act*;
- Eliminate minimum municipal parking standards/requirements and let the free market decide;
- Require pre-zoning (as-of-right zoning) for higher densities in urban growth centres and transit corridors;
- Strictly enforce existing *Planning Act* requirements for municipalities to update their Zoning By-Laws within three years of an Official Plan review;
- Allow for as-of-right secondary suites across Ontario;
- Provide greater flexibility for conversions to allow transit oriented mixed-use development in employment areas.
- Review the *Development Charges Act* and consider the cumulative taxation on transit-oriented development which makes housing less affordable for the people;

Infrastructure

The province and municipalities must enhance links between land-use planning and planning for infrastructure so that transit, roads, water, waste-water and energy are better coordinated to serve Ontario’s growing communities. OHBA is encouraged by Premier Ford’s transit and transportation commitments to get Ontario moving again. It will be critical in the coming years to ensure that the Federal Government plays a stronger role in sharing funding of transportation infrastructure in communities across Ontario.

OHBA supports a land-use planning framework that is integrated with transportation infrastructure to create complete, investment-ready communities with transit supportive densities. This will further signal that Ontario is open for business. The provincial government is currently constructing a number a major transit projects, yet most municipalities have not updated and modernized **both** their Official Plans and Zoning By-Laws to support as-of-right transit-oriented development along new/planned transit corridors, in new/planned Mobility Hubs and surrounding new/planned transit stations. OHBA believes that the next wave of provincial transit projects provide an opportunity to better align transit planning and land-use planning through **both** updated and modernized Official Plans and Zoning By-Laws to encourage as-of-right transit-oriented development.

OHBA notes that under Sec 31.1 of the *Metrolinx Act, 2006*, “The Minister may issue policy statements that have been approved by the Lieutenant Governor in Council on matters relating to transportation planning in the regional transportation area.” And that the Minister’s Transportation Planning Policy Statement (TPPS) must [Sec 31.1 (2) (c)], “ensure that the transportation planning policy statement is in alignment with the growth plans prepared and approved under the *Places to Grow Act, 2005* applicable in the regional transportation area.” And furthermore, [Sec 31.1 (4)], “A decision under the *Planning Act* or the *Condominium Act, 1998* made by a municipal council, local board, minister of the Crown or ministry, board, commission or agency of the Government of Ontario, including the Ontario Municipal Board, that applies in the regional transportation area shall be consistent with the designated policies set out in a transportation planning policy statement.” OHBA passed a resolution at our 2014 Annual Meeting of Members resolving that the Minister of Transportation commence consultations with stakeholders to implement a Transportation Planning Policy Statement (TPPS) that would apply to higher-order transit corridors across Ontario. The TPPS should be structured to require municipal Official Plans and Zoning By-Laws to be in conformity with the TPPS and allow appropriate as-of-right transit-oriented development on transit corridors and surrounding new/planned transit stations. The Zoning By-Laws that are brought into conformity with a TPPS should ensure that each transit project is positioned to have strong ridership growth supported by transit-oriented development.

Parkland Dedication

Green space and public parkland are important ingredients to healthy and vibrant communities. As required by the Planning Act any development must provide 5% of the land for parkland dedication at the time of development, or up to 1 ha per 300 dwelling units. For high-rise sites, the requirement cannot be provided in actual land so cash-in-lieu of parkland is paid. The idea is that in lieu of getting actual land from a developer, the municipalities accept cash to then purchase the necessary parkland. In such cases, the Act stipulates that municipalities may require no more than 1 hectare of parkland for every 500 dwelling units. To determine the cash-in-lieu payment, our members take the acreage required, and multiply it by the appraised per-acre value of the development land. The higher the density of the development, the higher the appraised value and per-acre cash-in-lieu amount becomes. This formula is skewed against high-rise and mid-rise developments. They are required to provide more parkland (or cash) per resident than low-rise developments, because the calculations don’t account for the density of the housing that is being built. At their most extreme, cash-in-lieu requirements can actually be equal to or greater than the value of the land being developed.

The province should modify parkland dedication formulas to support intensification that is appropriate to urban growth centres, avenues and transit corridors. OHBA recommends that the *Planning Act* should be amended to establish a new maximum limit for the amount of cash-in-lieu of parkland that could be taken by the municipality. The amount of parkland a development must provide varies, and in some municipalities that formula is skewed against high-rise and mid-rise developments. They are required to provide more parkland (or cash) per resident than low-rise developments, because the calculations don’t account for the density of the housing that is being

built. The new provincial government can improve housing supply and affordability by either amending Section 42 (Planning Act) so it contains reasonable limits for medium and high-rise densities or by introducing a cap as a percentage of total development site area.

Energy Efficiency Leadership in the Residential Sector

The private sector’s impressive GHG emissions performance in residential building since 1990 is tied to ongoing and broad-based energy efficiency improvements in Canadian homes – both existing homes and, in particular, those newly built each year. These improvements reflect changes in the efficiency of the building envelope itself, mechanical (HVAC) systems and in the various energy-consuming appliances used by Canadians every day.

Ontario’s residential sector has established itself as a leader in both energy efficiency and constraint of GHG emissions, notably through the building industry’s commitment to voluntary energy efficiency programs.

Market Transformation

Market transformation is a process whereby new technologies and practices are first developed, demonstrated and finally widely adopted in a given industry. The model that best captures the process is referred to as the RDDIC cycle. This model has been used for the last 15 years to introduce building systems and performance levels into the mainstream of residential construction practice and ultimately the building code. In the case of energy efficiency in residential construction, market transformation has delivered energy savings and higher quality construction to Ontario homebuyers while dramatically reducing the carbon footprint of the new homes sector.



R&D is typically led by a manufacturer, sometimes in partnership with government agency, to develop a prototype. Heat Recovery ventilators (HRVs), exterior insulation/air sealing systems (e.g. CodeBord® Air Barrier System) are examples. The demonstration phase is used to “de-bug” and “de-risk” technologies as well as build trade capacity and identify cost and supply chain barriers. The implementation phase is used to “mainstream” new technologies for builders to adopt as standard features in their production homes in order to meet higher (ENERGY STAR) performance standards. The final phase is codification where the higher performance standards are embedded in the Ontario Building Code.

Market-based voluntary programs

In the residential buildings sector, the government should actively support market-based voluntary programs such as ENERGY STAR® for New Homes. OHBA however cautions that “code is king” and that the Ministry of Municipal Affairs and Housing should prevent municipalities from attempting to require ‘above code’ requirements through Planning Act applications, building permits or site plan agreements.

ENERGY STAR® for New Homes

In 2005, EnerQuality in partnership with Natural Resources Canada (NRCan) launched the voluntary ENERGY STAR for New Homes initiative that enables new homes to be on average 20 per cent more energy-efficient than homes

built to the Ontario Building Code. Over 90,000 ENERGY STAR homes have now been certified and, in 2017, EnerQuality certified 23% of homes built in Ontario. According to NRCan, each ENERGY STAR qualified new home is said to reduce GHG emissions by approximately three tonnes per year.

ENERGY STAR® Multifamily

On October 23, 2018, EnerQuality together with NRCan, launched ENERGY STAR Multifamily targeting mid- and high-rise residential buildings that are 15% more energy efficient than buildings built to the Ontario Building Code. Now, mid- and high-rise builders can certify their buildings with the trusted ENERGY STAR brand. This means that homebuyers can buy with confidence, knowing that their new condo will help them save energy and lower their carbon footprint.

Net Zero Energy Housing

In 2015, the Canadian Home Builders' Association (CHBA) launched the Net Zero Energy Home labelling program. Net Zero is the ultimate standard in energy efficiency where a home should produce as much energy it consumes on an annual basis. This is achieved through ultra energy efficiency combined with renewable energy sources like photo voltaic solar panels.

OHBA supports EnerQuality's engagement of builders across Ontario and encourages the Ontario Government to support ENERGY STAR and education for builders. ENERGY STAR is an example of a market-based program – trusted by consumers and respected by builders – that has unlocked industry innovation and created tangible value for consumers.

Ontario Building Code

Ontario regularly reviews and amends the Ontario Building Code (OBC) to reflect changes in technology, address emerging public safety issues and to achieve government priorities. The 2006 OBC strengthened Ontario's leadership in requiring energy-efficient buildings with the introduction of higher standards for houses and larger buildings. Ontario was the first jurisdiction in Canada to mandate EnerGuide 80 levels. That means that homes built to code after 2011 have a 35 per cent increase in energy efficiency compared to homes built before 2006. The current OBC amended the previous edition in numerous ways, including its environmental focus, by putting in place measures that reduce greenhouse gases, protect air, water and soil quality, and conserve energy.

The OBC promotes energy conservation through building design and construction and as of January 1, 2017, required that large buildings meet an energy efficiency level that is 13 per cent higher than that required in 2012 and requiring that houses meet an energy efficiency level that is 15 per cent higher than that required in 2012. OHBA supports the current development process by which the Ministry of Municipal Affairs and Housing (MMAH) updates building regulation through technical stakeholder engagement with the building sector.

Overall Residential Sector Energy Efficiency Performance

It is important to bear in mind that the energy use in the residential sector represents the performance of *all* homes, existing and new added to the housing stock each year. Unlike most other energy consuming products, the energy efficiency of a home is not fixed at the time of construction – subsequent improvements to the building envelope, systems and equipment within the home can alter its energy efficiency characteristics significantly.

As a result, the improvement in the energy performance of the average home has come about due to a number of factors:

- Many older homes’ building envelopes have been upgraded through the addition of insulation, and the replacement of older windows with newer, more efficient ones;
- New homes are constructed to be far more energy-efficient than in the past, resulting in smaller increments of energy demand per unit of new housing;
- Space heating systems have become far more efficient, particularly the natural gas-fired systems that are used in the majority of Canadian homes. As older heating systems are replaced, space heating efficiency increases. Space cooling systems have also seen significant energy efficiency improvements;
- Most appliances (refrigerators, washers, dryers etc.) has seen very significant improvements in their energy efficiency over the last decade or more with ENERGY STAR (and it’s 90% consumer brand recognition) allowing consumers to quickly identify the best performing products in each category. As these major appliances reach the end of their useful lives, and are replaced, home energy performance improves.

Energy Retrofits

OHBA recognizes that there is an opportunity to address twofold the issue of energy efficient new homes and the existing housing stock. Energiesprong is a Dutch initiative that aggregated the demand for zero energy Social Housing refurbishment to attract industry participation in the industrialization and automation required to drive down construction cost, reduce tenant disruption and deliver warm, comfortable, affordable and healthy homes within the social housing sector.

OHBA supports Sustainable Buildings Canada’s efforts to bring the Energiesprong Initiative to Ontario and encourages the Ontario Government to support this initiative. This is an example of looking to International best practices and government working through partnership to enhance Ontario’s business climate by unlocking the power of the private sector to finance and drive innovative climate solutions.

Energy Efficiency Home Renovation Tax Credit (Combating the Underground Economy)

OHBA recommends that the provincial government consider introducing a consumer-focused home renovation tax credit targeting energy efficient upgrades so that home owners can improve their homes while helping the environment and reducing hydro bills. An Energy Efficient Home Renovation Tax Credit addresses a number of issues:

-) Combating underground cash economy in reno sector (over \$7 billion annually)
-) Provides tax credit incentive for consumers to use legit business
-) Reduces tax leakage to the underground economy through incentives
-) Improving existing older homes’ energy efficiency thus reducing hydro bills
-) Addresses climate change by improving energy efficiency & reducing GHG emissions from Ontario’s existing housing stock
-) Improves health & safety for construction works and reduced home owner liability risk by utilizing legitimate businesses with appropriate credentials, certifications and permits

OHBA notes that a CRA Press release in 2011, stated that the Harper Government’s one-year Home Renovation Tax Credit: “pumped an additional \$4.3 billion in renovation investment into the economy, at a time when the recession would have reduced investment in the sector.” The renovation sector accounts for some \$28.3 billion in annual investment in Ontario, supporting some 240,000 jobs. However, it is estimated that 37% of total output of contractor renovations occur in the underground. A Home Renovation Tax Credit targeting energy efficiency would support “green jobs” and reduce revenue leakage into the underground economy by incenting the use of legitimate business.

In 2017, the Altus Group assessed a range of thresholds and rebate values in their detailed assessment of an Energy Efficient Home Renovation Tax Credit (“Combating Ontario’s Underground Economy in the Residential Renovation Sector and Reducing GHG Emissions Through Innovative Policies” – Altus Group – June 2017). While a tax credit would be an expenditure for the provincial treasury, research indicates that a tax credit would reduce tax revenue leakage into the underground economy resulting in tax revenue being recovered. The assessed options by Altus ranged from a net expenditure of \$35 million annually to a net benefit of \$135 million in additional revenue through the prevention of taxes being leaked to the underground economy. OHBA notes the value of consumer energy education to reduce their carbon footprint and improve the energy efficiency of their homes. For example, Home Energy Rating and Disclosure on resale or supplying a year’s worth of energy bills would better inform consumers on the energy performance of an existing home while also having zero cost to the provincial treasury.

OHBA notes there are many positive attributes to an Energy Efficient Home Renovation Tax Credit:

-) Policy has precedent and was successfully implemented by Harper Government;
-) Policy supports a range of government objectives:
 - o Reduces tax burden to consumers through direct rebate;
 - o Improves existing & aging housing stock. Ontario has 4.8 million existing homes which account for 10.9% of Ontario’s GHG emissions. About 1/10 of Ontario’s existing homes were built prior to the first national building code (1941);
 - o Addresses Climate Change & reduces GHG emissions from housing;
 - o Allows home owners to improve energy efficiency to reduce hydro bills;
 - o Combats underground economy to better level playing field between legitimate business and underground cash operators;
 - o Reduces tax revenue leakage into the underground economy;

Conclusion

OHBA appreciates the opportunity to submit our recommendations with respect to a made in Ontario’s Climate Change Plan for consideration by the Ministry of Environment, Conservation and Parks. OHBA anticipates this consultation will result in the province and municipalities demonstrating stronger leadership to ensure effective implementation of provincial policy.

OHBA members from across Ontario from Windsor to Cornwall and from Niagara to Thunder Bay will continue to be engaged with both the government and their provincial association through additional opportunities for consultation. OHBA continues to support balanced public policy initiatives that do not compromise the ability of Ontarians to be able to afford to purchase or rent housing in Ontario.