



Ontario
Home Builders'
Association

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Standing Committee on General Government
Grant Crack, MPP, Chair / Sylwia Przezdziecki, Clerk
99 Wellesley Street West Room 1405,
Whitney Block, Queen's Park
Toronto, ON M7A 1A2

Re: Bill 172, Climate Change Mitigation and Low-carbon Economy Act, 2016

The Ontario Home Builders' Association (OHBA) appreciates the opportunity to comment on the proposed *Climate Change Mitigation and Low-Carbon Economy Act, 2016*. The proposed legislation acknowledges that all Ontarians have a role to play in addressing climate change, including understanding how Ontarians contribute to greenhouse gas emissions and changing their behaviour to reduce those emissions. OHBA supports the government's goal to respond to climate change as a leading sub-national jurisdiction that intends to participate in the international response to reduce greenhouse gas by establishing a carbon price. A key purpose of the proposed Act is to establish a broad carbon price through a cap and trade program that will change the behaviour of everyone across the Province, including spurring low-carbon innovation. In addition to the carbon price signal and to further support the reduction of greenhouse gas, the Government of Ontario has stated its intent to pursue complementary actions to support and promote the transition to a low-carbon economy. This OHBA submission comments and makes five key recommendations as to how the new housing, professional renovation and land development industry can provide leadership to implement complementary actions to support and promote the transition to a low-carbon economy.

Mandatory Home Energy Rating and Disclosure

The residential construction industry has a critical role to play to address climate change through market transformations to improve the energy performance of Ontario's almost five million existing homes. If the provincial government is serious about meeting the *Paris Climate Change Agreement's* greenhouse gas emission targets, new initiatives need to be implemented to address the energy performance of millions of existing homes in Ontario that are several decades old.

OHBA has consistently stated our position in favour of the *Green Energy and Green Economy Act, 2009* legislative intent to have mandatory energy labelling of existing homes at the time-of-sale (Sec 3. *Mandatory Home Energy Disclosure*). While mandatory energy labelling was included in the legislation, labelling needs to be implemented through regulations. OHBA notes that there would be many benefits to mandatory energy labelling upon the re-sale of an existing home, including:

- Consumer disclosure through greater accountability and transparency;
- Home buyer assessment would include energy performance;
- Market transformation as buyers make informed choices based on energy performance of housing;
- Professional advice regarding potential energy-efficient upgrades;
- Energy-efficient upgrades to the home before or after sale would reduce energy use and lowering GHG emissions.

Mandatory Home Energy Rating and Disclosure on the resale of a home would be a positive step forward to ensure that home buyers are fully informed about the energy use of the home they are considering purchasing. New homes are already bound by requirements in the Ontario Building Code and as stated in the Advisory Panel's 2015 report *Health, Prosperity and Growth* chaired by David Crombie:

The Ontario Building Code is another important factor. When the energy efficiency requirements in the 2012 Building Code come into effect in January 2017, houses constructed after that point will consume only 50 per cent of the energy they would have used in 2005. However, the Building Code primarily deals with new construction, which comprises only one per cent of the overall building stock on an annual basis. Therefore, it will be essential to improve the efficiency of existing buildings.

The improved 2017 OBC will only benefit those new home buyers, representing less than 1% of the total housing stock in Ontario.

The best opportunity to reduce the GHG emissions in the housing sector is improve the existing 99% of Ontario's housing stock that does not directly benefit from the new Ontario Building Code. With almost five million homes in the province's existing housing stock and over 200,000 resale transactions per year, the mandatory energy audit would immediately improve consumer energy literacy through disclosure, and stimulate market transformation through consumer awareness and demand.

Energy Efficient Home Renovation Tax Credit

Existing buildings in the residential sector account for 10.9% of Ontario's carbon emissions - meaning that the government should take immediate steps to improve the performance of the millions of existing homes across the province. OHBA therefore recommends a permanent and targeted *Home Renovation Tax Credit* be established for renovations including those undertaking work to improve the energy efficiency of existing homes. Such a measure would have the added benefit of strongly encouraging consumers to use legitimate contractors and create a paper trail to deter underground activity while stimulating economic activity. The tax credit could be targeted and tailored to achieve a number of specific public policy objectives related to climate change mitigation and adaptation.

OHBA therefore strongly recommends that the provincial government look at developing a *Home Renovation Tax Credit* which could be targeted towards energy efficiency. This initiative could be funded through a portion of the funds generated from the proposed cap and trade system. The key here is twofold:

1. Consumers save receipts from legitimate businesses to apply for the tax credit and submit them to the CRA, which cross references that data against other databases such as the WSIB, to weed-out businesses that are tax-cheats; and
2. Renovations that upgrade aging housing stock including those that improve energy efficiency/performance, and thus reduce greenhouse gas emissions would qualify for the tax credit.

High Performance Home-Buyer Rebate (HPHR) Program

Leaders in the new housing industry represent an opportunity for voluntary innovative leadership for large-scale market transformation that shifts to Low Carbon in Ontario communities. HPHR-supported, solar-ready, high-performance homes with low-carbon space heating and domestic hot water systems could be built with the right consumer incentives (similar to electric vehicles) at scale instead of the limited pilots deployed to date. These low-carbon HPHR homes would consume less energy and connected-home technology could remove barriers to behaviour modification so occupants can lower their plug load use and photovoltaic requirements. These energy savings lead to drastically lower operating costs and GHG emissions while the incremental work generates significant direct and indirect green job benefits for Ontario's Economy.

OHBA proposes that similar to electric vehicle incentives, that the province implements a *High-Performance Home-Buyer Rebate* (HPHR) Program. It could provide single-family/multi-family home buyer rebates to reduce space heating and domestic hot water GHG emissions, support Net Zero Ready Homes and increase market penetration for geothermal systems. We believe that a program funded through a portion of the proceeds generated from the cap and trade program would deliver thousands of low carbon homes/condo units and support a shift to a low carbon economy.

OHBA recommends that the MOECC commence consultations with industry stakeholders to develop a HPHR program designed to incent consumers to purchase high-performance homes and foster leading edge industry innovation. OHBA also notes that centralized program delivery could leverage robust third-party ENERGY STAR, R-2000, Passive House and CHBA Net Zero Ready Certification. Furthermore, utilizing NRCAN licensed Service Organizations could lower HPHR program administration overheads, optimize builder/home-buyer engagement, and expedite timing to deliver the program to market.

Pre-Zoning Transit Corridors and Growth Centres

OHBA is supportive of provincial policy objectives to support a diversity of housing and to support higher levels of intensification (which would reduce greenhouse gas emissions from the transportation sector). 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 *Provincial Policy Statement*, Provincial Plans and squanders the transit-oriented development opportunities from the province's historic investments in new transit infrastructure. The disconnect manifests itself in increasing costs for new residents and businesses, longer and uncertain approvals processes, local decisions that do not align with smart growth oriented provincial policy and challenges to housing affordability.

OHBA recommends that the province take a much more pro-active and assertive role to ensure municipal Official Plans and Zoning By-Laws are consistent with, and conform to, provincial planning policy as required by the *Planning Act* and/or Provincial Plans where applicable. The opportunity to better align and modernize the entire planning framework should be seized upon to ensure that we achieve higher levels of intensification and transit-oriented development.

Wetland Conservation and Carbon Offsetting

OHBA has committed to working with the Ministry of Natural Resources and Forestry (MNRF) and an industry stakeholders group to assist in the development of a broad wetlands conservation framework. Our members have a significant role in Ontario's economy, in working on Ontario's landscape and ultimately in protecting wetlands and mitigating against their loss. We support the conservation of wetlands to ensure a healthy natural environment that can provide essential ecosystem services to the people of Ontario now and into the future such as flood control, climate change mitigation and adaptation, water quality improvement and recreation. OHBA is supportive of the mitigation/compensation hierarchy as is a critical tool to allow better decision-making around alternate approaches to wetland conservation and management when considering land-use proposals where economic and ecological needs intersect. We recommend consideration of a mitigation sequence that includes off-setting measures premised on a market-based benefits exchange model.

The key, from our perspective, is an opportunity to co-ordinate with other provincial initiatives including the MOECC Climate Change Strategy and a Cap and Trade regime to potentially "stack" wetlands conservation benefits to generate a net gain of wetlands from biodiversity offsetting programs and carbon sequestration by maximizing ecological functions on the landscape.

Conclusion

OHBA appreciates the opportunity to submit our recommendations with respect to the *Climate Change Mitigation and Low-carbon Economy Act, 2016* (Bill 172) for consideration by the Standing Committee on General Government. OHBA appreciates the commitment by this government and the support of the opposition parties to improve the public policy framework and we look forward to continuing the ongoing constructive dialogue and the opportunity to work together.

Sincerely,



Joe Vaccaro

CEO, Ontario Home Builders' Association

- c. Minister of the Environment and Climate Change: Honourable Glen Murray
- c. Minister of Municipal Affairs and Housing: Honourable Ted McMeekin
- c. Minister of Natural Resources and Forestry: Honourable Bill Mauro