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Secretary, Canadian Board for Harmonized Construction Codes (CBHCC)
National Research Council Canada
CBHCCSecretary-SecretaireCCHCC@nrc-cnrc.gc.ca

Dear Secretary:

RE: Phase 1 - Embodied Greenhouse Gas (GHG) Draft Policy Positions

The Construction Standards and Digital Solutions Branch of the BC Ministry of Housing & Municipal Affairs has forwarded the CBHCC *Phase 1 - GHG Draft Policy Positions* for our comment. As we have noted in the previous correspondence to you, the Urban Development Institute – British Columbia (UDI) has concerns about the *National Building Code (NBC)* and *BC Building Code (BCBC)* regulating embodied GHGs. These concerns have become more pronounced due to substantial structural shifts in the housing market and the implications of seismic changes in the *2020 NBC* – especially for Southern Vancouver Island.

Even though UDI has provided leadership for decades in encouraging sustainable development and green building practices, including as the one of the original organizations that developed energy and zero carbon [step codes](#) in British Columbia, we have become wary of rapidly advancing and expanding building codes. The *NBC* and *BCBC* have become overly complex to implement, in addition to becoming too expensive for our members to meet when providing new housing and job spaces to British Columbians and businesses. We are now facing a cost-of-delivery crisis that is undermining the new Federal government's housing plan to "... *double Canada's current rate of residential construction over the next decade to reach 500,000 homes per year.*" As such, it is now time to review and improve how the *NBC* is being developed.

The Cost-of-Delivery Crisis

Our industry's ability to provide new housing is critical to Canadians. It is vital for our economy, which is even more important now given the economic uncertainty we are facing. The Federal Government notes "*Canada's construction sector annually contributes \$164 billion to the economy, representing 7.4% of GDP and employing more than 1.6 million people across Canada.*"

More housing is also needed to address the affordability challenges Canadians are facing. The [Canada Mortgage and Housing Corporation \(CMHC\) estimates](#) that between 2022 and 2030, the country “... *needs about 3.5 million additional housing units by 2030 to restore affordability.*” They have also projected Canada would miss this target by 1.4 million homes. The gap has since grown to 1.8 million homes due to the “... *the current shortfall in housing construction.*”

This growing shortfall is a result of the recession the sector is facing with stagnant or declining sales coupled with worsening project cost pressures due to increasing government charges/standards, supply chain issues, labour shortages, and project financing issues.

Building Code requirements are cited by our members as a major government-controlled cost driver. In March, the BC Government brought in the *NBC* seismic provisions into the *BCBC* that will have a massive impact on the delivery of new housing. The [findings](#) of the Province’s consulting team regarding those impacts were:

- A 15% increase in construction costs for concrete projects in Southern Vancouver Island on sites with poor soils (which are common in the area – especially in growth areas);
- A 10% increase in construction costs for those sites in the Lower Mainland such as Richmond, North Vancouver, and Surrey-Langley; and
- A 20% increase in construction costs for 6-storey wood projects on sites with poor soils in Southern Vancouver Island.

These figures may be low because the “*Costing report did not capture all the costs,*” and there are also substantial space impacts on buildings. Currently, it is also not clear how our members are going to actually construct buildings for many sites in Southern Vancouver Island, as “...*conventional shearwalls are no longer adequate to handle the forces and require new solutions that are not normally used in structural design.*” As noted by the seismic consultant at an April 15th UDI webinar on the *BCBC* changes, “*Conventional Buildings will not be possible for ... (Victoria), we are entering new territory.*”

On top of this, BC also introduced adaptable housing requirements for 20% of the apartment units in multi-residential projects in the *2024 BCBC*. The percentage will likely be reviewed as part of the harmonization process with the *2025 NBC* next year, so it may increase. This is adding costs and livability problems for new apartment units which already face pricing and spacing challenges – especially in dense and expensive urban markets. New units will be further devalued, which will make it more difficult to launch new housing projects.

The industry is also facing exorbitant cost increases as many local governments fast track the implementation of the highest steps of BC's *Energy Step Code (ESC)* and *Zero Carbon Step Code (ZCSC)*.

Because of the above pressures, purchasers and renters have “*hit a wall*” in terms of what they can afford to pay for housing, as our sector is effectively selling and renting to cost – not to the market – with the price of new projects exceeding what homebuyers and tenants can afford. One of our members noted that in the District of North Vancouver, the costs to deliver a new multi-family housing project – assuming no land costs or profit – was \$900 per ft¹, which would still not be affordable for most households.

Unsurprisingly, market activity is declining. In addition to the CMHC figures noted above, there are specific concerns for our members. As [reported in the *Globe and Mail* recently](#), “*In metropolitan Vancouver, there are currently 2,500 condo units completed and unsold and that number could climb to 3,700 by the end of the year.*” According to a [recent article by CMHC](#), “*...In 2024, condominium apartment unit cancellations were 5- and 10-fold higher than they were in 2022 in Toronto and Vancouver, respectively. Despite some condominium projects converting to rental, developers have still been cancelling an increasing number of them*”. In addition to projects being delayed or cancelled, we are seeing others going into receivership in unprecedented numbers. Avison Young shared that 22% of land sales over \$5 million in Q1 2025 were court-ordered, more than double the rate from the same period last year. In fact, “*The BC Financial Services Authority ... is monitoring the challenging environment impacting the development industry as a consequence of economic uncertainty and rising construction costs.*” In addition, BC Stats data indicates that in 2024, residential building permits declined by 8.1% in Metro Vancouver compared to 2023.

The problems impacting the industry and resolving them are not going to be short term. In May of this year, Rennie marketing, one of the largest condominium marketing companies in Canada, laid off 25% of their workforce citing the declining market, and their President, Greg Zayadi, stated “*The shifts we’re seeing in real estate aren’t temporary, they’re structural. And yesterday is never coming back.*” Other companies in the sector, including [many builders](#), are also laying off staff – not only diminishing our economy, but also the capacity of the industry to provide new housing.

We are going to have to review the policies and standards being imposed on new housing, which is being asked to resolve too many societal issues. This reassessment needs to include determining what are critical requirements and what are “*nice to haves*”, as the current regulatory and cost framework is no longer affordable or even viable, and is undermining the delivery of new homes.

¹ This is based on \$500 PSF construction costs as well as using the updated Development Cost Charges and Amenity Cost Charges, and the 2027 Metro Vancouver fees.

This is not only important for private sector builders, but also even more critical for non-profits developers who have capacity and resource challenges as well as the Federal Government, which has pledged to substantially increase funding for affordable housing projects and through its Build Canada Homes (BCH) initiative plans to “... *get the federal government back in the business of building homes.*”

Rather than adding new embodied GHG requirements and again expanding the objectives of the NBC, which is now well beyond addressing health and safety matters, UDI is asking the Federal Government and CBHCC to review how the NBC is being developed.

Code Development

UDI has concerns about the unsustainable pace of increasing standards being incorporated into the NBC. There are a number of committees, each seemed to be tasked with ratcheting up the requirements for each code cycle - with far less focus on how to deliver the current requirements in the Code more cost effectively. In addition, the objectives of the NBC continue to grow well beyond its original health/safety mandate, which is further accelerating new mandates.

The problem of how quickly requirements can escalate from this is exemplified by green building requirements. When the ESC was first introduced in British Columbia in 2017, UDI supported it because it standardized green building requirements across the province and provided a roadmap for future regulations. Our members were still adjusting to the higher steps of the ESC, when the ZCSC was introduced in 2023. Now, we are implementing further significant changes to building codes to regulate embodied carbon emissions as well as resilience measures.

The proposed “... *starting point ...*” for the embodied GHG regulations is to “... *have performance requirements for life cycle stages A1-A3 for the structural elements (including foundations and substructure ...*,” and potentially the building envelope. This would already be extremely complex for builders to comprehend and implement and local governments to approve. However, this is only beginning. CBHCC’s proposed framework would “... *be able to accommodate the future addition of other life cycle stages and building elements and should provide options for a range of available construction materials.*” There are countless potential other building elements/materials, and eleven other life cycle stages that will likely be regulated², including GHGs emitted during:

² There are thirteen, if you count the operational GHGs that will already be regulated under the NBC.

- Construction – the transportation of materials and construction/installation processes;
- The Use Stage - the use, maintenance, repair, replacement and refurbishment of buildings; and
- At the End-of-Life Stage - the deconstruction/demolition process and the transport, waste processing and disposal of materials.

This type of ongoing process in Code development has, in part, led to construction costs increasing well above inflation as well as the cost of delivery and affordability crisis noted above. It has also led to capacity issues for our members and their design and construction teams. They have to navigate an overly complex and mushrooming regulatory framework during a time of labour and supply chain constraints as well as a trade war.

Worse, many times new *NBC* requirements will contradict other *Code* mandates. It will be difficult, for example, to reduce the embodied GHGs for the foundations, structures and envelopes of projects when the new seismic standards mean substantially more concrete needs to be used, and the highest step of the *ESC* means that triple pane windows and substantially more insulation will be required for new buildings.

We are pleased to see the new Government's platform includes a commitment "... to *simplify the Building Code to speed up approvals and streamline regulations.*" We note the embodied GHG standards would not align with this objective.

UDI has several recommendations to improve the *Building Code* development process. ***There first needs to be a moratorium on adding new requirements into the NBC - unless there are clear health and safety issues that must be addressed.*** Any such additions should not proceed until there are transparent cost-benefit analyses conducted and/or reviewed by third parties on the changes. In addition, ***the code development process needs to ensure that potential unintended consequences of new provisions are adequately reviewed.***

We want to avoid the issues that have arisen in British Columbia regarding the new seismic standards. Costs were substantially underestimated, and many builders in the Province's capital region are waiting until new research is completed and then codified before they can viably proceed with housing projects.

Beyond this, there needs to be:

- A formal review of the *NBC* to evaluate the cumulative cost impacts of changes introduced over the past decade;
- An assessment of which provisions in the *NBC* can be relaxed without compromising health and safety risks with a focus on those that can provide substantial cost savings;

- An assessment of where provisions could benefit from added clarity in objectives to provide options for more economic design; and
- In regions where source energy is already low- or zero-carbon, a mechanism to scale back green building requirements³ that impose significant costs with limited environmental or economic benefit to purchasers or renters – including not moving forward with embodied GHG standards in the *NBC*.

An Alternative Approach to Reduce Embodied GHGs

As we have stated in previous CBHCC consultations, a better path to reduce embodied GHGs would be to harness the purchasing power of senior governments and the Broader Public Sector (BPS). This would be better than relying on a complex regulatory framework in the *NBC* to regulate builders, and indirectly through them, suppliers and manufacturers.

While our members purchase materials and products, they have little influence over suppliers and manufacturers, so embodied GHG standards would be difficult for them to enforce. Even larger builders cannot be overly selective with what they purchase, as it will add delays and costs to projects. This is especially true now with the strained supply chains and tariffs they are facing.

Senior governments and the BPS have the purchasing power to dictate to suppliers and manufacturers to lower GHGs, and they can do so for critical products such as concrete, which represents 50% to 80% of the embodied carbon in some buildings. Governments are major purchasers of concrete through their investments in bridges, tunnels, hydro-electric projects, nuclear plants, hospitals, new housing, schools, university/college buildings and other capital projects. Through this purchasing power, they can push producers to reduce GHG emissions in their products. This would make more low carbon cement materials available to our members and potentially reduce costs.

A similar approach could be adopted for other building materials, including expanding the use of mass timber for schools, universities and new housing. BPS purchasing power would provide the pipeline of customers needed for potential manufacturers to invest in facilities to build mass timber products. An increasing portfolio of government funded mass timber buildings and housing would also make risk averse financial lenders and insurers less wary of these projects. This would allow private sector builders to scale up their investments in mass timber housing projects.

We understand that prefabrication will be a significant component of the BCH initiative, and we would recommend that the Federal Government focus on that, instead of regulating embodied emissions through the *NBC*.

³ In BC, this would mean a reassessment of the implementation of the higher steps of the *ESC* and *ZCSC*.

Conclusion

UDI recommends that the embodied GHG standards do not move forward as they will only exacerbate the cost of delivery and affordability crisis we are facing in the providing new homes to Canadians. They would also make it even more difficult for the Federal Government and the provinces to achieve their ambitious housing objectives.

Rather than putting resources into these new requirements, ***UDI recommends the CBHCC make substantive improvements to the current NBC development process as the Federal Government has made this a priority.*** It would also be helpful if more resources could be applied to researching and codifying approaches to cost effectively implement the new seismic provisions in the NBC.

If you have any questions about our submission and our recommendations for improving the NBC development process, please do not hesitate to contact us. UDI has a Building Code Committee made up of developer representatives as well as architects and engineers. We would be pleased to discuss these issues with you.

Yours sincerely,



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