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Merran Smith and Dan Woynillowicz
CleanBC Review Panel
CleanBCReview@gov.bc.ca

Dear Ms. Smith and Mr. Woynillowicz:

Re: CleanBC Review

I would like to thank you for inviting the Urban Development Institute (UDI) to participate in the June 24th CleanBC Review Engagement on New Buildings. We would like to expand on the issues we raised during the session, including the impact of ongoing and ever-increasing requirements (e.g., green buildings) on new construction, and respond to some of the points made by the other participants.

UDI has provided leadership for decades in encouraging sustainable development and green building practices, including as the one of the original organizations that developed the [step codes](#) in British Columbia. That said, we welcome the review of CleanBC and green building policies at a time when the development sector has become very wary of rapidly expanding building code and municipal requirements, which warrant reconsideration in light of the current cost-of-delivery crisis.

On top of other requirements and fees/taxes, building policies are impeding our members' ability to deliver new homes. This in turn, is undermining the Federal and Provincial government's objectives to increase housing supply and improve affordability. The new Federal Government's housing plan includes doubling "... *Canada's current rate of residential construction* ...". Over the past few years, the Province has passed an unprecedented and comprehensive [legislative package](#) "... *to enable local governments to provide more housing*." Both the Federal and Provincial governments are spending billions of dollars to build more housing – especially affordable housing.

Despite these efforts, government-imposed costs are soaring, and the housing sector is facing a cost-of-delivery crisis which is preventing new homes from being built.

The Cost-of-Delivery Crisis

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.*”

Purchasers and renters have “*hit a wall*” in terms of what they can afford to pay for housing, as our members can no longer deliver new housing at purchase prices or rents that British Columbians can afford. One of our members noted that in the District of North Vancouver, the cost to deliver a new multi-family housing project – assuming no land costs or profit – was \$900 per ft², which can hardly be considered affordable for most BC households.

Unsurprisingly, market activity is declining:

- “*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;*”¹
- According to [CMHC](#), “*...In 2024, condominium apartment unit cancellations were 5- and 10- fold higher than they were in 2022 in Toronto and Vancouver, respectively;*”
- 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; and
- “*The BC Financial Services Authority ... is monitoring the challenging environment impacting the development industry as a consequence of economic uncertainty and rising construction costs.*”²

The problems impacting the industry and resolving them are not going to be short term. In May of this year, rennie, one of the largest condominium marketing companies in Canada, laid off 25% of their workforce citing the declining market. 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. These challenges also impact non-profit developers and senior governments, who face even greater capacity and resourcing challenges.

All levels of government will need to work together in order to resolve the cost-of-delivery crisis British Columbia is facing. This includes reviewing government policies and standards being imposed on new housing. They not only need to stop growing, but they also need to be reduced.

The Cost Impact of Government and the *Building Code*

For decades, we have raised concerns about the cumulative impact of government fees, taxes, and charges. In a [2023 UDI Report](#), we illustrated how up to 29% of the costs of housing came from taxes and fees. The problem has been exacerbated as local governments continue to increase their Development Cost Charges (DCCs), Amenity Cost Charges, and Inclusionary Zoning requirements. For example, the Capital Regional District is introducing a new Water DCC that will cost more than \$9,000 per new house and \$5,000 per new apartment, and Metro Vancouver DCCs paid by developers in the Vancouver Sewer District for apartment projects will increase from \$1,988 to \$20,906 per unit between 2022 and 2027 – an increase of 952%.

Building code requirements are also being cited by our members as a major government-controlled cost driver. One builder has [reviewed their project proformas](#) over the past 15 years. Construction costs have soared to over \$562.59/ft² from under \$204.19/ft², which is well beyond the Consumer Price Index rate of inflation.

As we noted at your June 24th consultation session, new seismic provisions were brought into force through the *2024 BC Building Code (BCBC)* in March will have a massive impact on the cost of new housing. A [Space and Cost Impact Study](#) commissioned by the Province found:

- For many sites in Southern Vancouver Island, the construction cost increases will be as high as 15% to 20%;
- There will be a 10% increase in construction costs for many sites in the Lower Mainland; and
- These figures may be low because the “*costing report did not capture all the costs.*”

At the same time, the Province brought into force adaptable housing requirements for 20% of apartment units in multi-residential projects. Our understanding is they want to review that percentage in the new year, and eventually make all new apartment units adaptable. To meet these requirements, units either have to become larger and more costly, or living and storage space will have to be sacrificed, thereby making the units less livable.

On top of this, there are ever growing and costly green building requirements. When the *Energy Step Code (ESC)* was first introduced in British Columbia in 2017, UDI supported it because it was supposed to standardize green building requirements across the province. Our members were still adjusting to the higher steps of the *ESC*, when the *Zero Carbon Step Code (ZCSC)* was introduced in 2023. We have seen municipalities fast-track the implementation of the higher tiers of both the *ZCSC* and *ESC* – especially in regions with the most pressing housing affordability challenges. They have also fast tracked mandates for Electric Vehicle Charging (EVC), which has added further costs.

Now, the Federal Government and several local governments are seeking to regulate embodied carbon emissions and resilience requirements.

Green Building Requirements and CleanBC Review Recommendations

This CleanBC review presents the opportunity to address some of the cost and building code issues the industry is facing. Given the realities of the seismic challenges resulting from BC's geography, UDI believes the Province should be focused on addressing seismic issues, and let jurisdictions that are not in high risk areas take the lead on other building code and green building related requirements.

UDI recommends that there be a moratorium on adding new green building requirements at the Provincial and municipal levels. This moratorium would need to include any future plans to implement higher tiers of the step codes, as well as EVC requirements, embodied carbon standards and sustainability regulations on existing buildings.

This needs to be followed up with an assessment of which green building provisions, again at the Provincial and local levels, can be relaxed with a focus on those that can provide substantial cost savings. This would include a reassessment of the implementation of the higher steps of the *ESC* and *ZCSC* at the local level and their other mandates.

Ontario recently passed the [Protecting Ontario by Building Faster and Smarter Act, 2025](#), which reinforces the primacy of the provincial Building Code over municipal bylaws. The legislation clarifies that municipalities cannot use general powers under the Municipal Act to impose construction-related requirements, such as green building standards, that go beyond what is established in the Ontario Building Code. This move is intended to provide greater consistency and predictability across jurisdictions, reducing regulatory fragmentation and supporting housing delivery across the province.

Step Codes

Our members are finding the higher step code tiers are adding costs to projects. During the June 24th consultation session, other organizations argued that the step codes can be achieved with no incremental costs. However, they later acknowledged that many builders are facing higher costs because they are not implementing them correctly.

As we noted during the session, this is largely due to the growing number of building code and policy requirements being imposed on the housing sector. Our members and their design/construction teams cannot keep up. This is best exemplified by the new seismic provisions in the *2024 BCBC*. Currently, it is not clear how our members are going to actually construct buildings for many sites in Southern Vancouver Island. At a recent UDI webinar, the seismic consultant for the Provincial Costing Report noted

above stated “*Conventional Buildings will not be possible for ... (Victoria), we are entering new territory.*”

The higher steps of the *ESC* present builders with the same dilemma they face with *2024 BCBC* adaptability requirements – livability/design versus cost reductions. To achieve the energy efficiency targets cost effectively, glazing needs to be reduced and the traditional building designs buyers, renters and the public have accepted need to be substantially modified. Builders will either have to deliver current building designs at a much higher cost, or utilize designs that devalue (and potentially make municipal approvals more difficult). Either approach compromises the financial viability of projects.

It was also acknowledged at the June 24th session that there is a high variability in heat pump costs, which are critical to achieve the *ZCSC* metrics. This will likely worsen with increasing tariffs and the trade dispute with the United States.

There is an additional issue with the *ZCSC* (as well as *EVC*), our members have been finding it difficult to obtain timely electrical connections which is causing substantial project delays (as [noted in the Appendix](#)).

Electric Vehicle Charging

We understand that ***some are seeking to add EVC into the BCBC. We do not see this as wise*** for several reasons:

- Governments have terminated Electric Vehicle (EV) rebate programs, and [EV sales have dropped substantially](#) over the past year;
- EVs are going to be much more difficult to operate outside of the major urban regions of British Columbia because of the long travel distances and less access to public charging; and
- The electrical connection difficulties [noted in the Appendix](#).

Embodied Carbon Standards

The Federal Government and several local governments are moving forward with regulations for embodied carbon emissions (such as the [City of Vancouver](#), [City of Richmond](#), [District of Squamish](#)). UDI is opposed to this costly regulatory approach that would conflict with the need for heavier envelopes required for the *ESC*, and the new seismic provisions in the *BCBC* that necessitate substantially more concrete in buildings.

As detailed in our [recent letter](#) to the Canadian Board for Harmonized Construction Codes (CBHCC), we would prefer relying on the purchasing power of senior governments and the Broader Public Sector (BPS) to reduce embodied emissions. This would be better for lowering GHG emissions for concrete/cement and driving the adoption of mass timber construction. This proposed approach is similar to the [CleanBC Roadmap to 2030](#) that focused on public sector buildings.

Alterations to Existing Buildings

Updates to the BCBC are being proposed for regulating alterations to existing buildings based on the National Building Code and the National Energy Code of Canada for Buildings, and as per the discussion on June 24th, local governments are seeking powers to implement sustainability requirements for existing buildings. While UDI's focus is on new construction, we have concerns with these potential regulations.

UDI members are sophisticated builders with design professionals supporting their projects, and they are facing capacity constraints with meeting building code requirements. We question how strata councils with voluntary directors would manage compliance with the new requirements. The Province is also trying to encourage stratas, many of whom have financial constraints, to be proactive with building maintenance. Adding costs for these upgrades during an affordability crisis will likely discourage these investments.

Regarding, purpose-built rental housing, landlords need approval for above the guideline increases in rents from the Residential Tenancy Branch for building upgrades. It is not clear how this process would be coordinated with municipal approval processes, whether local governments are implementing their own requirements, or implementing the BCBC alterations to existing buildings provisions. We would want to ensure that any of these requirements would be funded through above the guideline increases.

It is not clear whether the associations for building owners have been consulted about these proposed changes. ***We strongly recommend that the Province consult with the [Condominium Home Owners Association of BC](#), [LandlordBC](#), and the [Building Owners and Managers Association of BC](#), before implementing any changes. Similar issues will arise with the non-profit housing sector, so discussions also need to occur with the [BC Non-Profit Housing Association](#), [BC Housing](#) which funds non-profits, and the [Rental Protection Fund](#), which provides capital to non-profits to purchase existing rental buildings.***

Incentives vs. Regulations

UDI recommends that the Province and municipalities adopt incentive-based approaches to encourage the adoption of the ESC, ZCSC, EVC, embodied carbon objectives and implementing sustainability features in existing buildings. Our concerns about the impact of these on project costs would be addressed through these offsets.

The incentives could be financial or density increases. We note that the City of Vancouver recently [provided a density bonus for mass timber construction](#) to reduce embodied carbon. As with the Vancouver program, it is critical that the bonus be truly

voluntary. There have been issues in the past in which zoning has been structured so that projects are not financially viable unless the bonus is utilized. This is counter to the intent of the [density bonusing approach under Bill 16, the Housing Statutes Amendment Act, 2024](#).

Thank you again for allowing UDI to participate in the June 24th session. The CleanBC Review is critical to our membership given the avalanche of requirements and rising costs that they have been facing, which has resulted in housing projects being deferred or even cancelled. We need to stop adding to the problem with more mandates, as well as reassess some of the current sustainability standards.

If you have any questions about our response and recommendations, please do not hesitate to contact us. We would be pleased to discuss them further with you.

Yours sincerely,



Anne McMullin
President & CEO, Urban Development Institute