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Statement to UDI Members
UDI Calling for a Pause to the Energy and Zero Carbon Step Codes

British Columbia is now reviewing the Energy and Zero Carbon Step Codes through CleanBC. This review comes at a critical time. Builders are facing the weakest housing market since the 1980s, driven by construction costs that have pushed project proformas past the point of viability.

Today's housing economics are brutal. Our members cannot deliver homes at prices buyers can afford. In the District of North Vancouver, even with no land cost and no profit, a new multi-family project would still cost roughly $900 per square foot to build. That is out of reach for most households and makes non-profit delivery extremely difficult.

Government-imposed requirements are a major driver of these costs. Fees, lengthy review processes, and expanding regulations add pressure, but the largest increases now stem from the BC Building Code. Construction costs have risen from about $204 per square foot to more than $562 per square foot in the last 15 years. New seismic standards introduced this spring will add another 10 to 20 percent on many Lower Mainland and Vancouver Island sites.

Implementation of the Energy Step Code and Zero Carbon Step Code has also advanced far faster than the sector can absorb. Municipalities have adopted higher steps at different speeds. Eighteen communities already mandate EL-4, the highest electrification level. This is contributing to delays in securing electrical connections and forcing utilities to overbuild costly infrastructure to prepare for peak winter loads in fully electrified buildings.

The step codes themselves are adding substantial project costs. At the Planning Institute of BC conference, one builder noted that moving from Step 1 to Step 3 added roughly **$3 million to a project budget**. Axiom Builders, working with several UDI members, assessed the impact of moving a concrete rental tower from Step 2 to Step 4 under the ESC and to EL-4 under the ZCSC. The construction cost increase was up to **$50,000 per**

unit. When financing and other development-related costs were included, the total incremental cost rose to **$65,000 per unit**. These upfront costs are not offset by lower operating expenses, particularly when residents in fully electrified buildings are facing higher energy bills.

The highest steps also create design and livability challenges. Builders can reduce costs by shrinking window areas, eliminating balconies, or simplifying architectural features. These solutions undermine the marketability of units and risk generating public resistance to new projects.

The sector cannot adapt or achieve economies of scale because requirements change annually, municipal adoption is uneven, and additional sustainability policies continue to be layered on top. No two projects proceed under the same regulatory regime. One builder recently noted that none of their nine current projects are governed by the same set of rules.

UDI's Position

To stabilize project economics and protect the full housing continuum, UDI recommends that the Province:

- Maintain Part 3 buildings at Step 2 and Part 9 buildings at Step 3 under the Energy Step Code.
- Limit the Zero Carbon Step Code to EL-2.
- Restrict municipalities from imposing requirements beyond the BC Building Code.

These measures would still produce high-performance, low-emission buildings while preventing further cost escalation in an already strained market. Higher steps could be reconsidered when the cost-of-delivery crisis has passed and when adequate electrical generation and distribution capacity is in place.

The bottom line is clear. British Columbia cannot deliver the housing it needs if building code requirements continue to advance faster than the market can support. A pause is necessary to restore stability, allow the sector to adapt, and ensure viable delivery for private, public, and non-profit builders.

UDI will continue to engage with government and keep members informed as the CleanBC review progresses.