

INVESTIGATION

In its push to build houses, Ontario says energy efficiency has to wait

Rules to ensure new homes use less energy could reduce homeowners' bills. But at a meeting between the province and federal government, Ontario said it's focused on building fast and cheap



By Fatima Syed

Sept. 11, 2023 10 min. read

Buildings are the third largest source of emissions in Ontario, but the Ford government doesn't have a plan to lower them. Documents show Ontario told the federal government its priority is to build houses quick and cheap, and deal with environmental concerns "at a later time."

Illustration: Shawn Parkinson / The Narwhal

In its push to speed up housing development, Ontario has delayed committing to federal strategies that would help lower energy bills in new homes, documents obtained by The Narwhal show.

Last fall, officials from three provincial ministries — energy, environment and municipal affairs and housing — attended a virtual meeting with Natural Resources Canada as the federal department put together its **green buildings strategy**, which is expected later this year. Natural Resource notes obtained through freedom of information legislation show federal officials were looking to “reach consensus” with provinces and territories on timelines and commitments for more stringent energy codes for existing and future buildings.

While Ontario officials acknowledged the need for such measures in theory, officials stalled on timelines and demurred on details as they focused on “the province’s need to make major progress in housing stock development,” namely making good on Premier Doug Ford’s pledge to build 1.5 million homes by 2031. Officials expressed concern that such standards would “affect their goal.”

Building emissions are the third largest **source** of emissions in Ontario after transportation and industry, accounting for 24 per cent of the province’s total emissions. Instead of helping create a plan to ensure that future homes use less energy than existing ones, Ontario officials consistently stated the province’s priority was reducing costs for the development industry.

“Since the province will be trying to decrease costs of buildings and reduce barriers to home ownerships, there is concern [the federal green building strategy] will not help to decrease cost burden,” the notes quote Ontario officials as saying.

At each instance, Ontario officials “expressed that their focus remains building homes.” Their preference was to revisit discussions about green building standards “at a later time.”

None of the Ontario officials who attended this meeting responded to The Narwhal’s request for comment by the time of publication. Neither Steve Clark, the former minister of municipal affairs and housing, nor his successor, Paul Calandra, responded.

The Narwhal sent a list of question to Natural Resources Canada as well, asking how the federal department felt about Ontario’s apparent stance — that timelines and cost were more important than environmental considerations in new buildings. “In order to achieve net-zero emissions by 2050, we have to retrofit almost every building in Canada,” a department spokesperson emailed in response. “Addressing both emissions and the opportunities in this sector

will require leadership from all stakeholders, including provinces, territories and cities.”

At a conference of energy and mines ministers in Quebec last week, the email said, federal Natural Resources Minister Jonathan Wilkinson had met with “representatives from every single province and territory” to discuss efforts to reduce building emissions.



Ontario officials urged Natural Resources Canada to consider two studies that question the value of creating energy efficient buildings, including one co-authored by a research director who spent more than a decade working in the oil and gas industry. Photo: Lars Hagberg / The Canadian Press

As the Ford government plans for a building spree, every new house could be a source of further emissions. Homes that aren't well designed or insulated will raise homeowners' energy costs in the short term and maintenance and retrofit costs in the long term.

All of this has led to calls for governments in Canada and beyond to mandate “green” buildings, a broad term for climate-conscious efforts to construct long-lasting buildings in ways that reduce water and energy use and create minimal emissions. Experts and local officials say green building standards can also reduce the costs of building a new home and of keeping it running. “Greener homes will also make life more affordable, since more energy efficient homes and buildings can lead to lower monthly bills,” the Natural Resources email also said.

In Canada, such standards can only be implemented at the provincial level, leaving a number of Ontario municipalities worried the Ford government is holding them back from building communities that can withstand the climate emergency.

The province’s meeting with Natural Resources Canada happened in November 2022, just weeks before the Ford government passed **Bill 23**, the More Homes Built Faster Act. An early version of the bill would have eliminated municipalities’ ability to introduce programs such as **Toronto Green Standards**, a set of requirements and financial incentives meant to ensure all new commercial buildings in the city are energy efficient. Ford **voted in favour** of those standards as a city councillor and a dozen other cities followed Toronto’s lead, enacting similar programs.

Bill 23 faced significant backlash and the Ford government **amended** the section about green standards before it passed. But in at least one instance over the past year, Clark also asked an Ontario mayor to delay city council efforts to push for stronger standards. Combined with the notes from the Natural Resources meeting, such moves suggest that climate-conscious building isn’t a priority for the Ford government.

“We don’t need to choose between fast or green when it comes to housing,”

said Corey Diamond, executive director at Efficiency Canada, an energy advocacy and research organization at Carleton University. “Some of the most promising innovations in green construction can rapidly scale up new housing while also helping us meet our net zero targets. And we end up with safer, more affordable and resilient homes to live in. I don’t really see a trade off.”

‘An alarming reliance on industry to lead the shift away from burning fossil fuels in our homes’

The notes show that Ontario officials didn’t completely dismiss the need for a provincial energy efficiency strategy, telling their federal counterparts that they were exploring how to “harmonize” the building code to meet the new federal standards. They expressed strong interest in the federal government’s Codes Acceleration Fund, a \$100 million-pot of money meant to help provinces implement or strengthen energy efficiency codes for buildings.

But the notes also show that the Ford government has left the bulk of the work of reducing home heating costs up to **Enbridge**, which has **increased** its rates even as the government gave it \$4.5 million to encourage homeowners to install electric heat pumps to reduce their energy bills. Officials also mentioned an energy savings **fund** homeowners can use to make upgrades — a fund the government reinstated last April after axing it when it first took power.

Other provinces have begun working with the federal government on making buildings greener. **British Columbia**, for example, is starting to implement a tiered net-zero building code that gradually encourages developers to create

energy efficient buildings. But Ontario is lagging behind and currently mandates only the minimum federal threshold for sustainable construction.

The Progressive Conservatives haven't committed to strengthening the building code since being elected in 2018. In many ways, they weakened efforts to build better: in its first term, the Ford government made a series of cuts to energy efficiency programs, which included exempting large buildings from a law requiring developers to report on energy and water usage, and **scrapped** the advisory group of technical and policy specialists tasked with strengthening the building code. Individual municipalities were left to create their own green building codes, and to enforce them.

In 2020, the province's auditor general **found** the government wasn't doing enough to address building emissions, noting various ministries "do not ... effectively oversee, evaluate and improve the performance of programs to support and encourage reducing energy use in buildings."

Instead of attempting to fix that, the documents obtained by The Narwhal show, Ontario is citing the housing crisis as the reason it can't work with the federal government to more aggressively reduce building emissions.

"The need to increase the province's housing stock in [Ontario] was raised several times throughout the discussion," Natural Resources' notes say.

Provincial officials urged their federal counterparts to consider two studies that question the value of creating energy efficient buildings in Ontario. The first is a "net zero pathways" study by Enbridge, which was **recently found** to have mistakenly increased the estimated costs of moving buildings from natural gas to electricity by \$140 billion.



Ontario officials told Natural Resources Canada that green building standards would increase costs for the development industry and that “there is no target for emissions reduction in the building sectors as the province feels deeper reductions will be seen in industry.” Photo: Christopher Katsarov Luna / The Narwhal

The second is a report by the C.D. Howe Institute, an influential think tank that describes itself as “fostering economically sound public policies.” Co-authored by a research director who spent more than a decade working in Alberta’s oil and gas industry, the C.D. Howe report **warns** that electrifying buildings in Canada “won’t be cheap and simple” and is not the most efficient way to reduce emissions.

The report says government officials should consider building codes that allow for a mix of electric heating and natural gas while promoting a range of measures to reduce emissions, including cheaper and less effective actions such as the sealing of windows and doors. Industry groups have **used the C.D. Howe report’s arguments** to question the need for rigid net-zero mandates.

Notes from federal officials at the meeting also show that Ontario officials were both concerned for developers' budgets and confident they would handle efficiency themselves. Ontario officials are quoted as saying green building standards would increase the cost burden on the development industry since "homes will primarily be built by industry (not province-led)" and that "there is no target for emissions reduction in the building sectors as the province feels deeper reductions will be seen in industry."

"The notes indicate an alarming reliance on industry to lead the shift away from burning fossil fuels in our homes," Sarah Buchanan, campaigns director at Toronto Environmental Alliance, said. "This approach has never proven successful ... industry looks to government for consistency and a level playing field through clear regulation, so failing to provide this is irresponsible."

The Narwhal showed the documents to Buchanan, other environmental experts and people who work in the building industry, many of whom expressed concern at the province's slow action on green standards as it speeds up housing construction.

"I am concerned that Ontario's approach prioritizes fast, cheap, inefficient buildings which will ultimately ... leave Ontarians with rising energy costs and polluting homes that will have to be entirely rebuilt," Buchanan said.

"Ontario's approach puts more emphasis on home builders making profits than on energy savings for the people who will ultimately live in those homes."

Keith Brooks, programs director at Environmental Defence, agreed. "The documents are quite clear: Ontario does not have an energy savings policy or target for the building sector," he said. "If Ontario succeeds with its 1.5 million homes building spree, but they're not built to high energy efficiency standards, that will mean 1.5 million more homes in need of retrofits [with] higher energy bills."

“These will not be homes for the future,” Brooks said. “It’s more efficient for us to build these homes properly from the start. This is a real missed opportunity and will set Ontario back for a long, long time.”



Environmental experts and people who work in the building industry say failing to make buildings energy efficient now will be more costly for homeowners in the long run.
Photo: Lars Hagberg / The Canadian Press

Steve Clark had ‘preliminary plans’ to discuss stronger green building standards with municipalities, builders: letter

The Narwhal spoke with a development industry executive involved in discussions about the province's building code who asked for confidentiality as they aren't authorized to speak publicly. The person said it is "encouraging" that Ontario officials are engaging in conversations about energy efficiency, but a strong provincial standard is needed to make real progress. Developers must be incentivized to change construction methods, they said, and Ontario's delay is holding municipalities back.

In its email to The Narwhal, Natural Resources Canada also said it is partnering directly with the Federation of Canadian Municipalities, a national organization representing 92 per cent of the cities, towns and other local governments, on climate initiatives. The federal department touted direct investments in Toronto, Brampton, Sudbury, Whitby, Welland and Kingston, as well as a **national initiative** to help municipalities across Canada with "greenhouse gas emissions reduction strategies and ... retrofit projects, including updates to commercial, industrial and residential buildings, wastewater treatment infrastructure and public lighting."

Local officials say working around the province makes things more difficult. Leanne Piper, a city councillor in Guelph, told The Narwhal the Ford government had done nothing to facilitate stronger energy efficiency standards or any other climate-friendly construction. "The housing crisis is being used as a smokescreen to [serve] the development industry," she said. "Sure, you can build cheaper if you build to lower standards ... but we have a housing crisis, a climate crisis and an affordability crisis. The only way to address all three is to improve green building standards and require net-zero construction."

The tension between environmental foresight and the province's housing push is playing out at the local level. In May, Ottawa city council voted to delay implementing new green building standards while it waits to see how Bill 23 plays out on the ground, as council works through developer applications

under new and more complex guidelines. Mayor Mark Sutcliffe told council he was asked for this delay by **former Municipal Affairs and Housing Minister Steve Clark** himself, according to a **report** by CBC. Sutcliffe did not respond to The Narwhal's request for comment.

The request seems to contradict a letter Clark sent in February to “municipalities with an interest in green standards” in response to blowback over Bill 23. The letter, provided to The Narwhal by a municipal source, speaks of “preliminary plans to commence discussions in the near term with municipalities, builders, designers, manufacturers and building officials to develop a new and consistent province-wide approach for municipalities wanting to implement green building standards that are above the minimum requirements in the building code.”

In the letter, Clark was clear that his goal was to “maintain consistent construction standards” but also allow for municipalities to set their own rules. He said that the province would consider standardizing energy efficiency requirements in future editions of the building code, but that some aspects of green standards will always remain optional “because they do not involve building construction” including “green infrastructure, cool paving, biodiversity tree plantings.”

In his letter, Clark said it was not the government's “intention” to prevent cities from developing green standards through Bill 23. “The government recognizes the important work being done by municipalities through green standards to encourage green-friendly development and is committed to supporting these efforts,” he wrote. “While the building code already contains high standards for energy and water conservation, more needs to be done.”

“We need these standards now, before we build these homes all across the province,” said the industry executive who spoke with The Narwhal. “What may seem like a cheap way to build a house now might cost us a whole lot more in the future.”