

The expert voice of the residential construction industry.

# Housing Matters

Saskatoon & Region  
Home Builders'  
Association



## KEY INDUSTRY ISSUE: The City of Saskatoon's Low Emissions Community Plan

### BACKGROUND

The City of Saskatoon administration released, in late August 2019, the Low Emissions Community Plan – Saskatoon's Actions for Climate Change Mitigation (LEC Plan). This was in response to the City establishing the need for a Climate Action Plan, more specifically found within the 2018-21 Strategic Plan, that "the effects of climate change on civic services are proactively addressed". The City signed an agreement with the Global Covenant of Mayors for Climate and Energy in November 2015, an international pact that requires the City of Saskatoon to take action on both the causes and effects of climate change by reducing greenhouse gas (GHG) emissions for our infrastructure and services.

In June 2017, City Council set GHG reduction targets for Saskatoon. Reducing the City of Saskatoon's emissions by 40% below 2014 levels by 2023 and 80% by 2050; and reducing the community's emissions by 15% below 2014 levels by 2023 and 80% by 2050.

The LEC Plan was designed to provide a path forward on what it would take to attain these goals and has a price tag of \$19 billion, the majority of which will be borne by individuals and businesses in the city – a substantial number not previously seen in past reports. The plan encompasses 40 recommendations spread out in 4 timeline phases (already in planning to 12+ years out) and divided into 6 different categories: buildings & energy efficiency (R1-16), transportation (R17-23), waste management (R24), water conservation (R25-26), land use (R27-28), and energy generation (R29-33).

While the publication of the report was a surprise, the Saskatoon & Region Home Builders' Association quickly reviewed and consulted with its Builder Industry Liaison Committee and other professional members with this particular expertise to arrive at a position to identify the strengths and weaknesses of the plan. While not intended to be all encompassing, the Association's initial opinion is positioned to keep a watchful eye on the affordability of homes in our city, the security of homeowners' investment into their home, and options to strengthen the LEC Plan from the perspective of development and homebuilding expertise.

### INDUSTRY POSITION

While the LEC Plan is a very ambitious plan – certainly with an impressive sticker shock – the Association applauds the City for reviewing what it would take to minimize the risks Saskatoon is facing in the future. Where an investment is made in improving infrastructure to reap financial and operational efficiencies, while also reducing GHG emissions, this makes business sense.

While we have noted that there are consultations yet to be done for each recommendation, and that there will be an economic analysis to be added as well, it's important we also provide a cost-benefit analysis from the lens of the homeowner, not only from the lens of the city. We certainly expect to be engaged and the city can expect our professional association to be fully available to assist during that process when the time comes.

The Association is the expert voice on building homes and affordability. It is not however, an expert on climate and as such, the points we cover are in regard to **new home construction** and **retrofits of current homes** (R 6-16, & 27-28). These points require finessing in order to properly encompass the expertise in this field and the following opportunities for strengthening the plan should be considered.

### NEW HOME CONSTRUCTION

#### **Opportunity 1: Mesh efforts with that of the National Building Code, including that of a step code.**

The National Research Council has an excellent process in place to improve the National Building Code (NBC) on a 5-year cycle. They have the right consultative and governance model in place which brings a diverse group of experts around the table from across the country. They focus on improving homes, efficiency, and they also bring a cost-benefit analysis, scientific research, and industry realities to the reviews. The City of Saskatoon could not replicate this process efficiently without a significant investment – and in the end, a duplication of services and programs is not the objective.

There is also already a commitment and work in place to bring the NBC to Net Zero Energy Ready standards (definition: a Net Zero Home without the solar panels installed) by 2030. There has also been discussions of the inclusion of a national step-code (essentially a plan with steps towards a goal, with appropriate and clear jumps) in the next NBC (that of 2020, implemented provincially a year later) which would

create a common path that jurisdictions in Canada could replicate to get to Net Zero Ready. There would be understanding on what the energy code of the NBC would be in 2025, and again in 2030, assisting industry and city administration to prepare for how to build, *and how to inspect* homes, as there would be information available ahead of time.

Let's remember that this is a path for industry and civic administration *equally*. If administration is not ready to inspect and process without delay or increased costs, the challenge is then passed onto to industry and homeowners and compounds the challenge.

#### **Opportunity 2: Lead regional & provincial collaborations - or people will drive for the price difference.**

Our Association had the highest participation rate in the country for Avid's 2018 National Home Buyer's Preference Survey, where customers of certified professional home builders were surveyed to see what was important to them when they were shopping for a new home. We saw a shift in Saskatoon and in Canada with energy efficient options where now 5 of the top 10 amenities (and 3 of those being in the top 4) were related to energy efficiency. 63% of homeowners rated an efficient home as a "must have" feature.

That being said, a trend observed from this report, since the 2017 edition, is that homebuyers are increasingly willing to give up community features and proximity to work/amenities to improve affordability. They are also less willing to accept smaller lots or not considering a single-family home, but they will concede on what the City has to offer and will drive 30 minutes out of town to find what they want at a better price.

That means, if building more into a house will cost more and that we do that independently from our regional partners or even the province, we will create a noticeable price difference between regions. There are examples of this with other building disparities based on interpretations of sections of the NBC. Without collaboration, our leadership will be more about being alone on an island than actual leadership.

As a community, we already know how to do this, and have the platform to do it. City administration did a great job with the implementation of the energy code in the latest NBC (2015). While we were the last province to implement the energy code, we also had the advantage of learning from everybody's challenges. City administration and industry came together to lead a provincial taskforce with municipalities and key industries in digesting and operationalizing the energy code so that there would be consistency across the board and a general understanding on how to proceed with all experts involved in processing a building permit. Saskatoon led that, full stop. Let's make sure we build on that success.

#### **Opportunity 3: Allow flexibility based on performance – prescribing how to grow limits potential.**

We know how to build excellent homes. We know how to build Net Zero Homes and a variety of other energy efficient labels. Allow builders to build based on the performance of the house, not on mandating a particular type of build (R1) such as Passive House or Net Zero or any other new technology or methodology which may come into play. At the end of the day, the goal is the same: less to no energy being used.

Based on current utilization of the NBC across the country and it is no different here, professional certified home builders chose the *performance path* of the energy code twice as often as they chose the *prescriptive path*. It allows for innovation, creative freedom and a passion for building great homes. Prescribing to build to passive standards or with certain heating standards will only impact price further.

Passive House Canada is a proud member of our professional association and have been doing innovative work and education. There are professional builders who can also already build to net zero standards as well. Let's make sure they have a level playing field and options that allow for a performance path where builders can have flexibility to innovate and keep prices in check.

### **RETROFITS OF CURRENT HOMES**

#### **Opportunity 4: Do not mandate retrofits. Focus on incentivizing and unlocking opportunities.**

There is also a commitment to develop a model code for existing buildings to help guide energy efficiency improvement during renovations. Having a municipality not only prescribe retrofits, but what retrofits should be done (R14), is lacking in depth and expertise of how this could negatively impact a housing market.

Certified professional home builders have determined that it costs 3 to 4 times as much to retrofit a home as it does to build it to the same standards new. It is a homeowner's decision as to where and why they live where they do, and as such when we focus on mandating (R10) such work, we need to be very careful what we are pushing down onto the homeowner and the market. It is our recommendation to not mandate such work, especially since by 2030, 75% of the homes built at that point, will be of the "old" housing stock. Certainly, a house built in 1930 will not have the same performance as a house built in 2015 – and prescribed renovation work cannot be mandated uniformly. Adding solar panels or ground-source heat pumps to a leaky home does not make any economic sense for that home, and certainly not on the affordability side. We know for example that a house built to today's standard is almost 50% more efficient than a home built to code in 1995.

For any retrofit to a home, a cost-benefit analysis with the lens of the home owner's investment and expense should be done, and we should be facilitating investments, not mandating.

**Opportunity 5: Make PACE financing as a financing tool happen sooner in Saskatchewan.**

We applaud the recommendations (R10) to incentivize retrofits of the existing housing stock, especially with the model of Property Assessed Clean Energy (PACE) financing. Our Association has in fact already submitted a position paper to the provincial government to unlock this idea and allow municipalities to utilize this tool. While this requires a change in the Municipalities Act, the Association is a good partner to make this happen.

Not only is this financing tool an excellent way to improve and create investments on the current housing stock, it is also investing in our economy and in jobs at a time when our industry and city needs it most.

**Opportunity 6: Ensure certified professionals are used when incentives are created.**

We would encourage the City to put mechanisms in place to protect home owners and tax revenue. The certified professional home builder program (CPHB) is the only professional certification in the residential construction sector and should be tapped into to ensure quality work and standards but to also ensure items are in writing, protecting everyone involved and insuring tax revenue is collected. The Association is also launching an equivalent program to certify professional renovators, which will be an important program to help protect home owners from non-professionals. Renovation work is in fact the largest component of the underground cash economy according to Statistics Canada, at close to 30%. An increase in the cash economy also means an increase in missing tax revenue.

**Opportunity 7: Add a lens on affordability. Believe it or not, we can actually improve ourselves out of being competitive.**

This is our competitive edge. It does not matter if we have great jobs in Saskatoon, top notch amenities, sports complexes and hospitals, and even great schools. If housing is out of reach, if housing choice and price brackets are poor in diversity, people will not move to Saskatoon or they won't stay. Once affordability has been eroded, we have yet to find a solution to fix it. Other large municipalities are still trying, let's be the one that keeps a watchful eye on it.

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*The **Saskatoon and Region Home Builders' Association** is the professional association representing approximately 280 companies involved in the housing industry and provides the only certifications available for professional home builders and renovators. It is the expert voice focused on improving affordability, quality and choice of housing in Saskatoon and area, and works collaboratively with stakeholders and governments to get us there. For more information, visit [www.saskatoonhomebuilders.com](http://www.saskatoonhomebuilders.com).*