

Vancity's Response to the Canada Green Buildings Strategy Discussion Paper

As Canada's largest community-based credit union, serving over 560,000 member-owners, Vancity uses the tools of finance and our community relationships to expand economic opportunity, improve the wellbeing of our members, and make our communities better. We are committed to building a clean and fair world, and one way we are delivering on that is by working to achieve net-zero emissions in our lending portfolio by 2040. With residential and commercial mortgages making up a significant portion of our lending, decarbonizing new and existing buildings will be key to reaching this goal.

Like the Government of Canada, Vancity understands that building 'green' is also about making homes and workplaces more affordable, comfortable, and safe. The work that has been done to date to transition to net-zero, climate-ready buildings is already helping keep energy affordable for families and businesses and protecting people from extreme weather like heat waves, while reducing the impact of buildings on the climate crisis. The shift is also creating a wave of well-paid jobs and reducing harm to peoples' health, particularly in communities that are being hit hard by climate change and pollution from the burning of fossil fuels. But there is much more to do, and we must use every resource and tool available to transform Canada's buildings.

As a financial co-operative we know we are stronger when we work together, and Vancity is a committed partner to the Government of Canada in developing and delivering on the Canada Green Building Strategy.



Vancity's building-related financed emissions targets for 2025*:

17% reduction in absolute financed emissions for residential buildings

27% reduction in absolute financed emissions for commercial real estate buildings

*from a 2019 base year

To achieve big, structural changes in Canada's building sector and improve the well-being of people and businesses we need to work across industries and regions to create a new vision, one that sets a clear path and doesn't leave anyone behind. The Canada Green Buildings Strategy is our chance to do just that, and the current proposal has set us on the right road. It doesn't shy away from the work that needs to be done and includes many of the actions that are critical to reaching net-zero, such as transitioning off fossil fuels for heating systems and connecting more people to the good jobs in this rapidly expanding sector.

Delivering for Canadians

The Canada Green Building Strategy has the power to be truly transformative. The key to success is making sure that we are meeting the everyday needs of Canadians and that people see these changes are improving their quality of life.

“Our goal as governments and organizations is often focused on reducing GHGs, but that’s not always the most pressing goal for a community.

**For them it’s about housing.
It’s about overcrowding.
It’s about energy costs.
It’s about affordability.**

If we can’t solve those things alongside the climate crisis, then we can’t solve the climate crisis.”

Yasmine Abraham, Kambo Energy

To do this, Vancity recommends centering affordability and inclusion, and infusing it throughout all aspects of the Strategy. As this government recognizes, the cost of living is a significant source of stress for many Canadians, with recent inflation and interest rates increasing that burden. Energy is currently a major driver of the cost of living, which means that investments in energy efficiency and electrification is an immediate and effective way for the Government of Canada to protect people from current and future increases in fossil fuel costs.

This summer we saw strong leadership from the United States in addressing energy costs through the Inflation Reduction Act; now is the time for Canada to take similar actions. While this requires substantial government investment, anything but net-zero will lead to massive climate-related costs and is not an option in the climate emergency.

Creating a fair, efficient market

Delivering a net-zero buildings sector also requires us to collectively move at a pace and scale this sector has never experienced. In short, it requires a complete market transformation. To do that, and keep the transition affordable, there needs to be a strong supply of the products needed for electrification and energy efficiency, such as heat pumps and insulation, and a skilled labour force familiar with this work. The Canada Green Building Strategy includes foundational pieces related to innovation, planning, and workforce development, but additional focus on the supply side will help ensure we don't create an imbalanced market.

Moving at the speed required also means building new business models and retrofit solutions that can scale up and out quickly and taking strategic risks on ideas and products. But in the absence of detailed plans and supports, the right incentives won't be in place for most existing – or even new – businesses to make the transition away from the status quo. By providing strong, clear, and timebound market and regulatory signals, along with focused funding, government will provide businesses with the confidence and tools to invest. Taking a 'mission' approach with specific targets and timelines for decarbonizing every building in Canada will help the market understand what needs to be delivered and to build itself accordingly. Defining the level of public investment that will be dedicated to this transition is also critical to providing the level of certainty that will change market expectations and crowd-in private capital.

In addition to the high-level recommendations outlined above, Vancity welcomes the opportunity to provide detailed feedback on selected areas of the Strategy.



**Vancity
recommends
the Government
of Canada set
targets that:**

**All new residential
and commercial
buildings be net-
zero emissions by
2028**

**All existing
residential and
commercial
buildings be
retrofitted and
brought to net-zero
emissions by 2040**

Add a new theme: Good Homes and Workplaces for Everyone

As previously noted, affordability and accessibility of energy efficiency and electrification for all building types must be central principles of the Canada Green Building Strategy. Vancity recommends adding a new theme that encompasses the areas and actions related to affordability and accessibility that are already in the proposed Strategy, as well as:

Add: A Low-Income Home Program

Canadians who must continue to rely on natural gas systems (including renewable gas and hydrogen) will likely face increasing costs over time due to factors such as the carbon tax and supply constraints, with low-income households particularly at risk. At the same time, from a financial resilience perspective, many low-income homeowners and renters cannot take on debt to electrify and upgrade the energy efficiency of their homes - particularly those with lower property values. Without their participation, we are missing the people who will benefit most. Income-based grants are a win-win – they reduce emissions from what are likely to be high emissions buildings, while addressing energy poverty. The Canada Green Buildings Strategy is an opportunity to end the injustice of energy poverty and ensure affordability concerns don't put Canada's net-zero emissions plan at risk. Retrofits are also key to protecting people from extreme weather, such as heat. During the 2021 heat dome in BC, of the 600+ people who died, 98% were in their home. Improving the energy efficiency of buildings and installing heat pumps will help protect people from extreme heat (including folks who can't access cooling stations) and stop these types of entirely preventable deaths from happening in the future.

Recommendation: Develop a low-income strategy, including specific objectives to eliminate energy poverty and exposure to extreme weather, to ensure the benefits of energy efficiency and electrification are felt by those who need them the most.

The strategy should include 'whole building' grants for low-income households, similar to the Government of British Columbia's CleanBC Income Qualified Program, but increase coverage to 100% for the lowest income tier like the Government of Prince Edward Island has done.



Electrification is the right path forward for the majority of buildings in Canada.

As the Government of Canada works to deliver a clean electricity system, all levels of government need to work together to keep electricity affordable for Canadians.

Add: Decarbonization and Energy Efficiency Strategies and Support Programs for Key Building Types

Within the electrification and energy efficiency retrofit space, each building type and ownership model faces its own unique set of challenges.

Recommendation: Develop specific strategies for residential housing - including social housing (non-profit owned/managed), co-operative housing, low-income rental housing (private sector owned), and condominiums (strata ownership) - and commercial buildings.

Add: A Decarbonization and Energy Efficiency Strategy by and for Indigenous Communities

Many Indigenous communities face particularly intense building challenges, and every community is unique.

Recommendation: Work with Indigenous peoples to develop a strategy that addresses common challenges but also provides autonomy and flexible funding for Indigenous communities and Nations to address their own needs.

Over the next three years Vancity's Retrofit Program for Non-Profit Affordable Housing Providers will provide \$5 million in grants and other supports to non-profit housing providers across BC, improving energy efficiency, reducing carbon emissions, and boosting the sustainability of the province's affordable housing. The program is funded through Shared Success, which returns 30% of Vancity's net profits back to the community every year.





Vancity also offers, in partnership with the Vancity Community Foundation, the Vancity Affordable Housing Accelerator Program, which provides grants and patient loans to non-profits, co-operatives and Indigenous-led housing organizations to support planning and pre-construction phases of affordable housing projects.

Leading by Example

Implement Federal Funding Conditions

Vancity strongly supports this action. However, it is important to consider how inflation, interest rates, and existing federal funding programs are limiting the ability of housing providers to:

- Build new developments to the highest energy efficiency standards and to reduce embodied carbon. In the current environment the opposite is happening, with many projects being scaled back or canceled outright due to increasing equity gaps.
- Engage in deep retrofits. Many buildings have years of deferred maintenance and energy efficiency/electrification retrofits are a secondary consideration behind basic work such as seismic upgrades or fixing plumbing.

Recommendation: Work with Canada Mortgage and Housing Corporation and the Ministry of Finance to ensure adequate funding for non-profit and rental housing providers to build and retrofit homes to be energy efficient, electrified, and climate-resilient with low embodied-carbon, and to expand these programs to deliver thousands of additional units of urgently needed new housing.

Mandating Change

Develop Regulatory Standards and an Incentive Framework for Transitioning off Fossil Fuels for Heating Systems

Like the Government of Canada, Vancity is focused on electrification of buildings, and we are strongly supportive of a plan to develop regulatory standards and an incentive framework for transitioning off fossil fuels for heating systems.

Electrification is the most reliable, affordable, and efficient path forward for heating systems in most buildings, and we encourage government to minimize the use of renewable natural gas (RNG) in homes and smaller commercial buildings. RNG is a limited resource with no clear pathway to develop the volume required to service Canada's buildings. At the same time, RNG is a critical fuel for energy intensive and hard-to-abate industrial processes and transportation, and with demand for renewable natural gas projected to increase over time, this limited resource is best preserved for these other uses. The limited supply also risks locking building owners into gas equipment as RNG costs rise.

Recommendation: The Government of BC has committed that all new space and water heating equipment sold and installed in B.C. as of 2030 will be at least 100% efficient. We recommend that the Government of Canada implement this same policy, with the addition of interim targets between now and 2030. This would place Canada in line with best practices and in step with countries leading in this area like Germany and the Netherlands.

Enabling Investment Decisions

Review Canada's Mortgage Finance System

Vancity is committed to achieving a net-zero lending portfolio by 2040. To do this, we are engaging in conversations with our members and using the tools of finance and programs we've created, such as our [Planet-Wise™ Home Renovation Loan](#), to help them decarbonize their buildings.

To effectively scale this work and implement policies such as a portfolio standard, financial institutions will require consistent and comparable property-level energy efficiency - and ideally, emissions - data. Without this information financial institutions (FIs) are working from highly estimated data, and each FI is using different sources and quality of data. Vancity is working to improve the data used in our [financed emissions calculations](#), but standardizing climate-based lending requires all FIs to have access to the same high quality data.

In considering actions such as a portfolio standard, affordability and accessibility for borrowers must remain the top priority. For instance, it is critical that low-income homeowners and renters have financial supports to decarbonize their homes and are not left with higher financing costs because they can't afford to retrofit their property. We also

believe that financial institutions have an obligation to work with borrowers to reduce their emissions.

Recommendation: Work with other federal government entities, including the Office of the Superintendent of Financial Institutions, the Sustainable Finance Action Council, and Canada Mortgage and Housing Corporation, as well as provincial entities, such as the British Columbia Financial Services Authority and the BC Ministry of Energy, Mines and Low-Carbon Innovation, to coordinate and align on climate-risk based lending practices and regulations and to facilitate access to the property-level data that financial institutions need.

Government could also explore opportunities to extend financial institutions' lending abilities by providing government backing. For instance, the Canada Small Business Financing Program makes it easier for small businesses to get loans from financial institutions by sharing the risk across a public and a private lender – this model could be reimaged for lending for both residential and commercial energy efficiency and electrification.

Advance Benchmarking, Labeling, and Disclosure for Residential and Commercial and Institutional Buildings

Energy labeling is a key step in improving the data that financial institutions have access to, allowing us to improve the quality of financed emissions disclosures, track progress on portfolio decarbonization, and target resources towards properties with the greatest potential for energy efficiency gains. It also provides useful information to purchasers and renters, particularly those concerned about energy costs or their emissions.

However, the proposed approach of requiring energy labeling of existing buildings at time of sale means that it would likely take decades to cover the existing property inventory. While this approach has been used in the UK and elsewhere, Canada does not have the luxury of time and will need to develop an approach that is in keeping with the response required by the climate crisis, while remaining affordable and easy for property owners to implement.



Co-operatives are jointly owned and democratically controlled enterprises that support the common economic, social, and cultural needs of their members. Co-operatives exist in almost every part of the economy and should play a central role in the green building transition. An example is the Carbon Co-op, a UK-based energy services co-operative that helps people and communities to make reductions in home carbon emissions.

Recommendation: Require energy labeling for all new buildings by 2025 and all existing buildings by 2030. For existing properties, this could be accomplished by requiring labeling at the time a property is sold or rented, certain work is done on the property, and/or the property is assessed. As this still wouldn't capture every existing property, additional steps will likely need to be considered within the next few years to reach remaining properties.

Energy labeling will require government investment to train additional workers to do assessments but also presents new business opportunities and provides openings for women, youth, Indigenous people, newcomers, and workers currently employed in declining and/or low wage industries to transition into this well-paid profession.

Add: Support Canadian and Regional Economic Development

Canada has the opportunity - and the responsibility - to use this moment to develop healthier and more resilient communities by prioritizing the long-term economic needs of communities.

Recommendation: Work closely with the provinces, territories, and local/regional governments to support small and medium businesses in the green building sector and to expand models of business that are focused on keeping financial resources and benefits in the local economy, including social enterprises and co-operatives.

Training and Incentivizing the Future Workforce

Increase Diversity of the Workforce

Vancity is glad to see government considering the ‘ecosystem’ of enabling and supporting actions that are needed for a successful transition, including reskilling and a significant expansion of workers in the building sector. Creating more accessible training opportunities can significantly increase the number of women and other underrepresented groups in trades careers, helping to bridge the labour gap while giving more people access to these good jobs.

Recommendation: Provide national funding for initiatives with mandates to create a diverse, equitable, and inclusive skilled trades industry, where all feel welcome, healthy, and safe. For example, Vancity is the largest funder of the BC Centre for Women in the Trades, which provides connection, funding, resources, and supports for 2SLGBTQIA+, Indigenous, BIPOC, and other underrepresented people in the trades across the province. They also offer programs, tools, and resources to individuals and trades organizations that support the attraction, retention, and advancement of women in skilled trades careers; work with women facing barriers to employment or advancement in the skilled trades industry; and provide employment matching for women into skilled trades opportunities in the green workforce, working with union partners that have a proven track records of training and employing women.



Through our Shared Success grant program, Vancity also supports the Electrical Joint Training Centre and the Western Joint Electrical Training Society in providing low-barrier training, wrap-around supports, and career access to youth, women, Indigenous peoples, and newcomers.

Expand Training Funding

Vancity regularly provides matching funding for union training centres in their application for the Union Training and Innovation Program (UTIP) to support the development of new training opportunities in retrofitting and green construction.

Recommendation: Streamline the UTIP application and reporting processes to make it more accessible to training centres, particularly those that don't have access to professional grant writers. We also recommend expanding the program to provide additional funding for curriculum development related to climate-resilient and low-carbon construction and retrofits.

Enable Informed Actions

Develop a Data Strategy

As previously outlined, data is key to financial institutions playing a prominent role in green buildings, and to be able to implement policies such as a mortgage portfolio standard.

Recommendation: As one of the leading experts among financial institutions in Canada on building-related financed emissions, we recommend Vancity be involved in the development of the Data Strategy to provide insight into the needs and contributions of financial institutions. Data collated through a Data Strategy should also be in an open-access format that is available to partners like financial institutions.

Conclusion

Vancity would like to once again reiterate our strong support for the proposed directions in the Canada Green Building Strategy. Given the substantial depth and breadth of the Strategy, this submission includes only a portion of Vancity's feedback and recommendations related to green buildings, and we look forward to continuing to engage with government around the Strategy in the coming months and years.

Financial institutions, especially those with deep community connections like credit unions, are also perfectly positioned to support government in delivering programs, funding, and extending the reach of these activities, and Vancity would welcome discussions on how

we can use our existing infrastructure and relationships to help implement the Canada Green Building Strategy.

About Vancity

Vancity is a values-based financial co-operative serving the needs of its more than 560,000 member-owners and their communities, with offices and 54 branches located in Metro Vancouver, the Fraser Valley, Victoria, Squamish and Alert Bay, within the unceded territories of the Coast Salish and Kwakwaka'wakw people. With \$33 billion in assets plus assets under administration, Vancity is Canada's largest community credit union.