

DATE OF MEETING September 16, 2019

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**SUBJECT STEP CODE IMPLEMENTATION – ZONING BYLAW SCHEDULE D AND REZONING POLICY**

## **OVERVIEW**

### **Purpose of Report**

To amend Schedule D of “City of Nanaimo Zoning Bylaw 2011 No. 4500” to include amenity points for buildings in compliance with BC Energy Step Code and seek direction to prepare a building energy efficiency rezoning policy.

### **Recommendation**

That:

1. “Zoning Amendment Bylaw 2019 No. 4500.154” (To amend Schedule D of the Zoning Bylaw to modify Category 5 – Energy Management to include reference to the BC Energy Step Code) pass first reading;
2. “Zoning Amendment Bylaw 2019 No. 4500.154” pass second reading; and
3. Council direct Staff to develop a building energy efficiency rezoning policy.

## **BACKGROUND**

On 2018-JUL-09, Council endorsed an implementation strategy for the BC Energy Step Code (the “Step Code”, see Attachment A). The implementation strategy included a recommendation to amend Schedule D of “City of Nanaimo Zoning Bylaw 2011 No. 4500” (the “Zoning Bylaw”) to reward additional amenity points to projects that meet or exceed Step 3 of the Step Code. Additionally, the implementation strategy recommended a rezoning policy to require Step 2 compliance for all new multi-family, mixed-use, and commercial developments. Another recommendation from the implementation strategy, to amend “Building Bylaw 2016 No. 7224” (the “Building Bylaw”) with Step Code requirements, is presented on Council’s agenda under a separate report.

Schedule D of the Zoning Bylaw was created to promote sustainable building practices by rewarding developments that meet or exceed the City’s sustainable amenity criteria with additional density. The current Schedule D was adopted as part of the Zoning Bylaw on 2011-AUG-08 and was updated in 2017. The density bonus schedule currently contains seven different categories and two tiers. Each category contains a list of desirable amenity features, each with a weighted point value and a minimum amount of points needed to achieve the category. The existing categories are:

1. Site Selection and Connectivity
2. Retention of Natural Features
3. Parking and Pedestrian Connectivity
4. Building Materials
5. Energy Management

- 6. Water Management
- 7. Social Sustainability |

Additional density is awarded within a number of residential and mixed-use zones in two separate tiers. In order to achieve Tier 1, a development must achieve the minimum number of points in three categories. To achieve Tier 2, a development currently needs to meet a minimum number of total points (60).

Category 5 (Energy Management) currently references the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) standard. On 2017-APR-11, the Province of British Columbia adopted the Step Code, a voluntary compliance path as set out in Subsections 9.36.6 and 10.2.3 of the BC Building Code (BCBC). The Step Code establishes performance steps for new construction projects to take toward the target of net-zero-energy-ready construction by 2032. The Step Code was adopted to create a performance-based building energy efficiency standard for the Province and, as such, references to other energy standards such as ASHRAE should be replaced with references to the Step Code.

The Step Code was also created to help local governments incentivize or require a level of energy efficiency in new construction that goes above and beyond the base requirements of the BCBC.

The Step Code applies to new construction in buildings for both Part 3 (large and complex buildings) and Part 9 (houses and small buildings).

For Part 3 buildings, the Step Code includes the following four steps:

Step	Energy Performance Improvement (% better than BCBC)	
	Wood Frame Residential	Concrete Residential
1	Enhanced compliance with BCBC*	
2	10 to 20%	20 to 40%
3	20 to 30%	50%
4	Net Zero Ready/ Passive House	

For Part 9 buildings the Step Code includes the following five steps:

Step	Energy Performance Improvement (% better than BCBC)
1	Enhanced compliance with BCBC*
2	10%
3	20%
4	40%
5	Net Zero Ready/ Passive House

\* "Enhanced compliance with BCBC" refers to the same construction methods as the current BCBC, but with additional measurements for energy efficiency.

In addition to the above-noted changes, the proposed "Zoning Amendment Bylaw 2019 No. 4500.154" (the "Amendment Bylaw") will also replace the reference to Forestry Stewardship Council (FSC) wood within Category 4 - Building Materials with a broader reference to include

other accepted sustainable forestry wood standards, such as the Sustainable Forestry Initiative (SFI) and the Canadian Standards Association – Sustainable Forest Management Standard (CSA- SFM). Applicants and suppliers have advised FSC-certified wood is not always available on Vancouver Island and other sustainable forestry standards are more common.

Step Code implementation is consistent with and works towards the City’s Community Sustainable Action Plan.

**DISCUSSION**

The proposed Amendment Bylaw, if adopted, will replace the current Category 5 - Energy Management of Schedule D with a revised category that references the Step Code. As outlined in Attachment C, Schedule D amenity points will be awarded for developments that exceed the Building Bylaw requirement by one step (10 points), exceed the Building Bylaw requirement by two steps (15 points), and meet the highest steps of the Step Code (30 points). A greater number of points are proposed for projects that meet the highest steps of the Step Code, as these steps are significantly more difficult to achieve. Points will not be awarded for Step 1 as there is a concurrent proposed amendment to the Building Bylaw to require Step 1 for all new construction within six months of adoption of the Building Bylaw amendment.

The Step Code Implementation Strategy recommended awarding bonus points where projects achieved Step 3 or greater. The proposed Amendment Bylaw also includes bonus points for projects achieving Step 2 as an interim measure to help incentivize greater energy efficiency and to familiarize developers with Step 2 requirements prior to becoming the standard in 2021 for Part 9 buildings and 2022 for Part 3 buildings.

Should Council adopt both the Building Bylaw and Zoning Bylaw amendments regarding Step Code implementation, the additional Schedule D amenity points will be awarded as shown in the tables below:

**For Part 3 buildings**

Step	At adoption of Building Bylaw amendment	6 months following Building Bylaw amendment	As of 2021-JAN-01	As of 2022-JAN-01
1	0 points	0 points (required)	0 points (required)	0 points (required)
2	10 points	10 points	10 points	0 points (required)
3	15 points	15 points	15 points	10 points
4	30 points	30 points	30 points	30 points

## For Part 9 buildings

Step	At adoption of Building Bylaw amendment	6 months following Building Bylaw amendment	As of 2021-JAN-01	As of 2022-JAN-01
1	0 points	0 points (required)	0 points (required)	0 points (required)
2	10 points	10 points	0 points (required)	0 points (required)
3	15 points	15 points	10 points	0 points (required)
4	30 points	30 points	30 points	30 points
5	30 points	30 points	30 points	30 points

As part of the proposed amendment, the total number of Schedule D points required to achieve Tier 2 density will be changed from 60 to 65, to reflect the greater number of achievable points.

The Step Code Implementation Strategy included a recommendation that a rezoning policy be put into the Official Community Plan (OCP) in 2019 to require all rezoning applications for multi-family, mixed-use, or commercial buildings to enter into a restrictive covenant, ensuring Step 2 compliance at the time of building and development permit issuance.

In the interest of meeting the 2019 target for adoption of a rezoning building energy efficiency policy, it is recommended Council consider adoption of a Council policy as interim measure at this time, with the OCP policy contemplated in the Step Code Implementation Strategy to be considered through the OCP review process. Should Council direct Staff to prepare a building energy efficiency rezoning policy, consultation with building industry stakeholders could take place at building energy efficiency workshops planned for fall 2019, with an anticipated return of a draft policy for Council's consideration before year-end.

## OPTIONS

### 1. That:

1. "Zoning Amendment Bylaw 2019 No. 4500.154" (To amend Schedule D of the Zoning Bylaw to modify Category 5 – Energy Management to include reference to the BC Energy Step Code) pass first reading;
2. "Zoning Amendment Bylaw 2019 No. 4500.154" pass second reading; and
3. Council direct Staff to develop an energy efficiency rezoning policy.
  - Advantages: The proposed Amendment Bylaw will implement a recommendation of the BC Energy Step Code Implementation Strategy, recognize the Provincial Step Code as the City's building energy standard, and encourage more energy-efficient building design. Adopting Step Code requirements within Schedule D will ensure the City is using the same energy efficiency standard as other municipalities within the province and ensure greater familiarity with the standards among builders working in multiple jurisdictions.
  - Disadvantages: The proposed amendment may result in a minor additional cost for developments to achieve Category 5 of Schedule D in order to be permitted additional density, but will also prepare builders for what will eventually become the standard over time. The Step Code does not apply to all building types and, as such, may limit building projects that can achieve Category 5 of Schedule D;

however, Schedule D does apply to the majority of building types that require additional density.

2. That Council deny “Zoning Amendment Bylaw 2019 No. 4500.154” and maintain Schedule D as currently written.
  - Advantages: Maintains status quo and will not result in additional requirements or design changes for future developments.
  - Disadvantages: The Step Code is intended to be a universal Provincial standard. Not adopting the Step Code within Schedule D will result in the City not being compliant with Provincial standards or the Council-endorsed BC Energy Step Code Implementation Strategy.
3. That Council deny support of “Zoning Amendment Bylaw 2019 No. 4500.154” as written and direct Staff to prepare a zoning amendment bylaw that only awards development with amenity points where the development meets or exceeds Step 3 of the Step Code.
  - Advantages: Given the City’s Building Bylaw will require all new Part 9 buildings to achieve Step 2 by 2021, not including Step 2 within Schedule D will ensure amenity points are not offered for what will become a Building Bylaw requirement. Only awarding a higher standard may encourage more energy-efficient buildings.
  - Disadvantages: Not including Step 2 within Schedule D will result in an increased cost for developers seeking additional density through Category 5 of Schedule D. In particular, this may affect in-stream applications in which the applicant is proposing to exceed the current ASHRAE standard in order to achieve the minimum points necessary to meet Category 5 of Schedule D. ] |

### **SUMMARY POINTS**

- The Step Code was adopted by the Province on 2017-APR-11. The Step Code establishes a set of progressive energy performance steps for new construction projects.
- Schedule D of the Zoning Bylaw rewards developments that meet or exceed the City’s sustainable amenity criteria with additional density.
- If adopted, the proposed Amendment Bylaw will amend Schedule D of the Zoning Bylaw to include amenity points for buildings meeting the Step Code requirements.
- A policy stating Council’s position on building energy efficiency targets through rezoning applications can be drafted and brought forward for Council’s consideration before year-end following consultation with industry stakeholders.

### **ATTACHMENTS:**

ATTACHMENT A: BC Energy Step Code Implementation Strategy

ATTACHMENT B: Existing Schedule D – Category 5 Table

ATTACHMENT C: Proposed Schedule D – Category 5 Table  
“Zoning Amendment Bylaw 2019 No. 4500.154” |

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