ATTACHMENT C
Equity Stakeholder Interviews

Participants

In order to address any unforeseen equity consequences of the proposed pathway, Staff identified the following non-profit housing providers:

- Canadian Mental Health Association (CMHA)
- Ballenas Housing Society
- M'akola Housing Society
- Connective (formally the John Howard Society)
- Habitat for Humanity
- BC Housing
- Island Crisis Care Society
- Pacifica Housing

These providers were invited to the Industry Stakeholder Workshop and Staff followed up with many of them for one on one interviews. Interviews were conducted with the following equity housing stakeholders.

- M'akola Housing Society
- Connective (formally the John Howard Society)
- Habitat for Humanity
- BC Housing

Representatives from Island Crisis Care Society attended the Industry Stakeholder workshop, but were not interviewed separately.

Existing Requirements

Equity stakeholders noted they are often already required to build to high energy-efficiency and emission standards due to BC Housing and Canadian Mortgage and Housing Corporation (CMHC) funding requirements.

BC Housing currently requires Step 4 for Part 9 buildings, Step 4 for Part 3 buildings up to 7 stories, and Step 3 for 7 stories and above. Part 3 buildings also have a 3 $kgCO_2e/m2$ greenhouse gas intensity (GHGi) limit, roughly equivalent to the Strong Carbon Performance step in the ZCSC. These regulations have been in place since April 2019.

CMHC requirements vary by funding stream and are generally related to National Energy Code for Buildings (NECB) as opposed to Step Code. Applicants usually need to provide both Step Code evidence (for BC Housing) and NECB modeling/compliance (for CMHC). One equity stakeholder raised a concern regarding with what they perceived as a disparity in these requirements with CMHC being generally more stringent and a lack of appropriate funding to support non-profits in meeting both requirements.

Challenges

Overall, the equity housing providers noted the following challenges related to increased energy efficiency and emissions standards for new buildings:

- Concern related to increased construction costs due to BC Energy Step Code requirements. Equity stakeholders were less concerned about cost increases related to the ZCSC and electricity requirements. Some equity stakeholders, such as M'Akola, are already building all-electric buildings and generally don't have any operational requirements where they'd need gas.
- Potential impacts on building permit approval timelines.
- Lack of expertise on the team. Equity stakeholders noted they would need to hire outside help to meet energy efficiency requirements, this was a particular concern for Habitat for Humanity who often rely on volunteer labour and in-house building expertise; whereas other equity builders already rely on outside building professionals (Connective, M'Akola) or have the capacity to train staff in-house (BC Housing).
- Energy efficiency focused design requirements impacting residents quality of life (e.g.: over heating, lack of balconies and window openings)
- Electrical capacity - BC Housing have encountered issues with electrical capacity at some sites too late in the game for the project to proceed with all-electric and had to switch to gas solutions. In response, they have changed their approach so that BC Hydro is engaged very early in the process to allow lead time for site upgrades.
- Utility costs/operational costs - equity stakeholders noted, with respect to monthly billing, natural gas is currently a more affordable energy source than electricity; however, BC Housing noted they expect the costs to even out within the next four to five years as natural gas costs increase. BC Housing also noted they are required to pay offset costs to maintain carbon neutrality which increases the cost of natural gas for them. Connective noted utility costs are marginal with respect to their overall operating costs.
- Commercial kitchen - BC Housing noted many of their buildings require a commercial kitchen. While they are starting to build electrical kitchens, clients often still prefer natural gas.
- Generally, equity stakeholders would prefer to put money into more units than into energy efficiency/carbon reduction if there's a choice –they don't anticipate that a change to code requirements would reduce the number of units they build as BC Housing provides the funding to meet whatever the local government code requirements are for the development

With respect to the construction cost implications, BC Housing noted they have been documenting their costs across different projects, including those built to different levels of Step Code and energy emission (GHGi) standards. They have observed that for Part 3 buildings Passive projects[1] have lowest build costs, followed by Step 4, and Step 3 builds are all over the map. BC Housing speculates the increased Part 3 building costs may be due to builders trying different things on the ground instead of taking a more careful design approach.

[1] Passive House is an international energy efficiency standard not included in the BC Energy Step Code but considered equivalent to slightly more stringent to the top steps of the Step Code.

Potential Supports

In order to help address the above noted challenges, equity stakeholders suggested the following supports be considered:

- Provide more subsidy for increased utility rates or see if BC Hydro can provide electricity at a lower rate for affordable housing.
- Grants and funding to match increased construction costs (suggest funding be targeted specifically to encourage integrated design and or specialist advice in design and construction stages).
- Education and information on overall cost impact of proposed changes to help non-profits with budgeting and applying for grants.
- Access to training opportunities and expert advice.
- Reduced or status-quo permitting timelines.

Benefits

In addition to the challenges listed above, the equity stakeholders noted some benefits with the proposed energy efficiency and emission requirements.

- Less maintenance concerns with electric baseboards and easier systems for residents to understand and control. Connective noted "if systems are simple, that suits our clients".
- Improved tenant comfort.
- Lower utility costs due to higher energy efficiency design in buildings.
- City regulations more aligned with BC Housing and CMHC requirements, by requiring all local buildings to meet these standards equity builders will no longer have to build to a higher standard then for profit developers.
- Improved indoor air quality by switching from gas to electric cooking.