

**From:** [David Stewart](#)  
**To:** [Sustainability](#)  
**Subject:** FW: City of Nanaimo Proposed Step Code Pathway  
**Date:** Friday, May 26, 2023 12:05:00 PM  
**Attachments:** [City of Nanaimo Step Code Adoption Pathways CoN stakeholder review.docx](#)

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Dear Industry Stakeholders

I am writing to once again thank those of you who participated in the [Regional Strategy for Net Zero Buildings](#) consultation and provide an update with respect to the **City of Nanaimo's** proposed policy direction related to the **BC Energy Step Code** and **Zero Carbon Step Code**. For those of you not familiar with this project or the Provincial Energy and Zero Carbon Step Codes, please visit the project page [here](#).

Please note the proposed policy direction and rationale within this email **applies to the City of Nanaimo only** and is not applicable to the RDN electoral areas or the other municipalities (District of Lantzville and the Town of Qualicum Beach) that participated in the regional strategy. The other local governments are considering additional policy analysis prior to selecting specific pathways.

### **Engagement Summary**

During our consultation we heard from 60 different workshop participants at the engagement session, with 26 surveys returned following the session. Overall, we heard a high level of support for accelerating the BC Energy Step Code and Zero Carbon Step Code with the majority of participants acknowledging the need for regulation to achieve the level of performance necessary to reduce emissions and improve building comfort. We learned that many of you are already building to higher Step Code levels and have experience with all electric systems but acknowledge upper energy step code requirements and all electric systems may be new for some of you. We also heard that incremental steps is challenging and confusing for many in the industry and many of you would prefer fewer changes even if it means accelerating the Provincial Step Code and Zero Carbon Code timeline faster (i.e. reaching the top steps sooner). We also heard a desire for consistency in regulations among jurisdictions both within and outside the RDN but also an acknowledgement that local governments do vary in local capacity and Council priorities.

We also heard some challenges you are facing or anticipate facing in implementing the BC Energy Step Code and all-electric (low carbon) design. These challenges include:

- City bylaws or design guidelines conflict with or constrain the achievement of energy-efficient buildings.
- Local contractors, consultants or other service providers with the skills necessary to build to higher levels are unavailable.
- Achieving the top step of the BC Energy Step Code for Part 3 buildings results in a notable increase in construction costs.
- Energy-efficient design and/or electric buildings do not align with the home/building owner's preferences.

To help address these challenges City of Nanaimo Staff plans to:

- Review City of Nanaimo bylaws and design guidelines to remove barriers to energy efficiency and all electric systems
- Work with industry to educate services providers on developing the skills necessary to support

- implementation of the zero carbon code and higher step code levels
- Educate home owners about the benefits of low carbon, electric heating, hot water and cooking equipment
- Continue to promote low carbon energy systems through rebate and education programs

### **Building Permit Data**

Staff also reviewed building permit submissions since the adoption of Step Code in 2020 and learned that the majority of Part 3 buildings are already using electric systems for space heating (73%) and hot water (69%). We also learned the opposite is true for Part 9 buildings where a gas system is still the primary space heating (65%) and water heating (74%) equipment choice. Given the significant effort and cost in switching existing systems from high carbon (natural gas) to low carbon energy sources (electricity), it is important to use our regulatory tools to limit the number of high carbon energy systems in new buildings and achieve high level of efficiency to reduce future retrofit burdens on building owners while achieving our climate objectives.

### **Proposed Policy Changes**

Based on the feedback we received, Council policy direction, the need to respond to the City of Nanaimo’s Climate Emergency declaration and meet our climate targets City of Nanaimo Staff are proposing the following Zero Carbon Code and BC Energy Step Code implementation pathway for your feedback and consideration.

- **Staff are proposing to adopt the Provincial Zero Carbon Step Code and require all building permit applications to meet the measure only standard upon bylaw adoption (anticipated as early as July 24, 2023).**
- **On February 1, 2024 all Part 3 and 9 applicable building types and occupancies will be required to meet the Zero Carbon Performance standard of the Zero Carbon Step Code.**
- **On November 1, 2025 all Part 9 buildings will be required to meet Step 5 of the BC Energy Step Code. All Part 3 residential buildings will be required to meet Step 4 and commercial buildings must meet Step 3.**

This will mean the City of Nanaimo would essentially require the top level of the Zero Carbon Step Code by February, 2024 , six years ahead of the provincial timeline. The proposed timeline is based on the Province’s recommended minimum six month implementation window from bylaw adoption and are aligned with similar policies already approved in Saanich, Victoria and a number of Lower Mainland municipalities. Renewable Natural Gas will not be considered as an option for Zero Carbon Step Code compliance. The City would also require the top step of the Energy Step Code by November, 2025, six to seven years ahead of the current provincial timeline.

The proposed new regulations are summarized in the chart below and on the attached document.

<b>Date</b>	<b>Part 9 New Requirements</b>	<b>Part 3 Requirement</b>
Current Regulations	BC Energy Step Code- Step 3  Rezoning Policy requiring low carbon energy system or Step 4	Step Code 2  Rezoning Policy requiring low carbon energy system or Step Code 3
Bylaw Adoption (Estimated)	Zero Carbon Code – measure	Zero Carbon Code – measure

July 24, 2023)	only	only
February 1, 2024	Zero Carbon Performance Standard	Zero Carbon Performance Standard
November 1, 2025	BC Energy Step Code- Step 5	BC Energy Step Code – Step 4 (Part 3 residential, including hotels) BC Energy Step Code- Step 3 (commercial)

Staff are also proposing to present Council with a similar zero carbon implementation pathway that does not include an accelerated BC Energy Step Code implementation timeline (i.e. following the provincial timeline).

**Next Steps and How to Give Feedback**

A report regarding recommendations for implementing the above Zero Carbon Step Code and BC Energy Step Code pathway is tentatively scheduled to be included on the **June 26 Governance and Priorities Committee (GPC)** Agenda at which time Staff will seek Council direction to bring forward an amendment to the City of Nanaimo Building Bylaw in order to implement the recommended changes.

**Please review the proposed pathway presented above and in the attached document and respond with any feedback to [sustainability@nanaimo.ca](mailto:sustainability@nanaimo.ca).** All comments received before **Friday, June 9** will be summarized and included within the Staff Report to Council. If you have any questions or require further clarification about the information in this email, please reply to this email directly.

**Dave Stewart, MURP, MCIP, RPP** (he/him)  
 Environmental Planner, Sustainability  
 City of Nanaimo  
 250-755-4491

**Acknowledges that I live, work and play on the traditional territory of the Coast Salish peoples – Snuneymuxw and Snaw-Naw-As Nations.**



# CANADIAN HOME BUILDERS' ASSOCIATION VANCOUVER ISLAND

**DAVE STEWART**

ENVIRONMENTAL PLANNER, SUSTAINABILITY  
City of Nanaimo

June 8, 2023

## **RE: City of Nanaimo Proposed Step Code Pathway**

**Dear Dave,**

The Canadian Home Builders' Association -Vancouver Island is writing in response to the City of Nanaimo's proposed policy direction related to the BC Energy Step Code and Zero Carbon Step Code. CHBA VI does not support this recommendation and would encourage Council that the provincial timelines already set out considers a measured approach and should be followed.

CHBA VI acknowledges the need to achieve climate goals and Industry needs to respond accordingly however, the failure to utilize a measured and stepped approach could negatively impact the viability of new home construction. By imposing accelerated standards this could reduce construction activity and by proxy new housing supply. The most energy-efficient homes are those that are newly built, and by reducing the number of new homes being constructed, we are slowing down our progress towards a greener future.

Housing affordability should be an overarching principle when considering policy direction. We need to ensure that as we move towards our climate goals that housing remains affordable at all steps, for all housing types, home buyers, and climate zones.

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 Phone

 Email

 Address



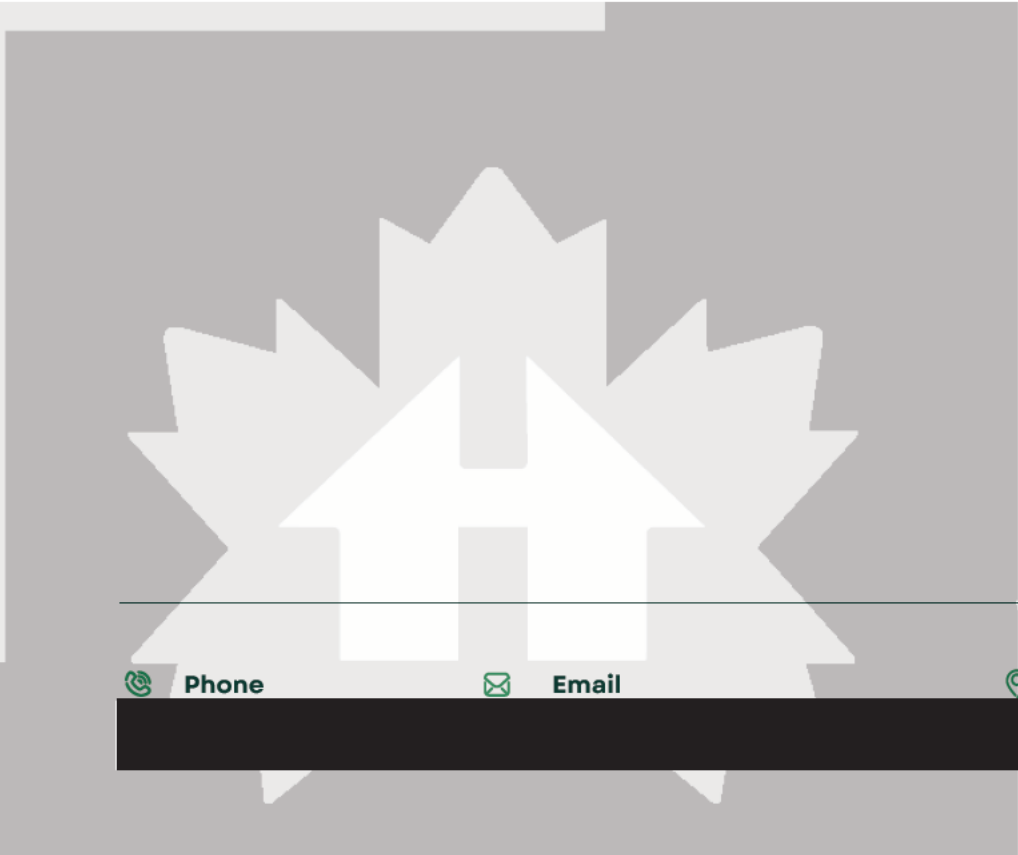
It is imperative that we take a measured approach and maintain energy choice for industry and consumers. With housing demand drastically outpacing supply, CHBA VI is concerned that the implications of such a measure could have an adverse impact.

CHBA VI is supportive of the importance of taking action to address climate change in order to do this we need an environment that is predictable and manageable . CHBA VI supports this advancement by offering education to ensure industry readiness in supplying attainable low carbon housing. This readiness will align with the existing Provincial timelines.

CHBA VI urges Council to consider the impact of the acceleration of the decarbonization of new building energy systems and the acceleration of mandating the higher steps of the BC Energy Step Code on the viability of new home construction and our ability to increase our housing supply. We would like to meet ahead of the meeting on June 26th to ensure the balanced voice of the industry is heard. We have innovative builders who are certainly paving the way towards a greener future but we do have to ensure the Industry is ready as a collective.



**Kerriann Coady**  
CEO



Phone



Email



Address



## Feedback from: Developer

To:

[leonard.krog@nanaimo.ca](mailto:leonard.krog@nanaimo.ca); [sheryl.armstrong@nanaimo.ca](mailto:sheryl.armstrong@nanaimo.ca); [tyler.brown@nanaimo.ca](mailto:tyler.brown@nanaimo.ca); [hilary.eastmure@nanaimo.ca](mailto:hilary.eastmure@nanaimo.ca); [ben.geselbracht@nanaimo.ca](mailto:ben.geselbracht@nanaimo.ca); [erin.hemmens@nanaimo.ca](mailto:erin.hemmens@nanaimo.ca); [paul.manly@nanaimo.ca](mailto:paul.manly@nanaimo.ca); [janice.perrino@nanaimo.ca](mailto:janice.perrino@nanaimo.ca); [ian.thorpe@nanaimo.ca](mailto:ian.thorpe@nanaimo.ca); [Ting.Pan@nanaimo.ca](mailto:Ting.Pan@nanaimo.ca); [sustainability@nanaimo.ca](mailto:sustainability@nanaimo.ca); [Dale.lindsay@nanaimo.ca](mailto:Dale.lindsay@nanaimo.ca); [Bill.corsan@nanaimo.ca](mailto:Bill.corsan@nanaimo.ca); [Jeremy.holm@nanaimo.ca](mailto:Jeremy.holm@nanaimo.ca); [Lisa.bhopalsingh@nanaimo.ca](mailto:Lisa.bhopalsingh@nanaimo.ca); [jake.rudolph@nanaimo.ca](mailto:jake.rudolph@nanaimo.ca)

**Subject: Step Code Pathway for the Regional District for multi-residential housing (Category 3)**

Dear Mr Stewart,

We have received notice of your email of May 26, 2023 and the proposed acceleration of the Step Code Pathway for the City of Nanaimo for multi-residential housing (Category 3)

We're a developer of multifamily projects, with 200 units currently under construction and another 300 in the planning stages, all in Nanaimo, and we will be negatively impacted if this accelerated change proceeds to Step 4 by November 2025.

**We strongly oppose the acceleration proposed.**

**Our trade partners do not have the technology, manpower, required trade skills, training capacity nor ability to survive with the cost implications of these recommended changes to a higher level step code. The construction cost increases resulting from this change will cause the projects in our pipeline to no longer be financially viable. We can accept moving to Step 3 by 2025 but beyond that, the impact on our projects will be too great for projects to move forward. The end result will be a significant negative impact to the local economy and a worsening of the current housing crisis.**

*Proposed Changes:*

*Staff are proposing to adopt the Provincial Zero Carbon Step Code and require all building permit applications to meet the measure only standard upon bylaw adoption (anticipated as early as July 24, 2023).*

*On February 1, 2024 all Part 3 and 9 applicable building types and occupancies will be required to meet the Zero Carbon Performance standard of the Zero Carbon Step Code.*

*On November 1, 2025 all Part 9 buildings will be required to meet Step 5 of the BC Energy Step Code. All Part 3 residential buildings will be required to meet Step 4 and commercial buildings must meet Step 3.*

This will mean the City of Nanaimo would essentially require the top level of the Zero Carbon Step Code by February 2024, six years ahead of the provincial timeline.

Sincerely

[Redacted signature block]

## Feedback from: Construction Company

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Natural Gas Phase out  
**Date:** Thursday, June 8, 2023 5:18:05 PM

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CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

We at [REDACTED] strongly disagree with the implementation of step code 5 and banning space and water heating by natural gas. We also strongly disagree that the province of British Columbia, or any municipality or Regional District should dictate whether or not we or our customers choose natural gas. It is completely hypocritical of this province to be slamming natural gas down our throat for 30 years, converting the construction industry to natural gas, and then deceitfully flip-flopping to help pay for a site C dam project, not to mention the advertisements on television, trying to sell liquified natural gas to the rest of the world. This proposal is absolutely insane and needs to be stopped completely. We strongly feel that natural gas should be available as an option to our customers as a clean, comfortable and convenient way to heat their homes and water.

[REDACTED]

[REDACTED]

## *Feedback from: Gas fitter / Retailer*

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Step Code Adoption Pathways  
**Date:** Wednesday, June 7, 2023 1:38:31 PM

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**CAUTION:** This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hello,

While I support our municipality in developing strategies to both reduce emissions and build high performance homes I do not agree with the proposed accelerated time frame.

There is already a strong push from the federal government for consumers to replace their fossil fuel heating systems with heat pumps and purchase electric vehicles to help reduce emissions. These are all wonderful concepts, however, the infrastructure is currently not in place for everyone to switch over to all electric everything. We simply aren't there yet.

Homes with electric baseboard or an electric furnace are very expensive to heat in the winter. Even if they have a heat pump, it will struggle to keep up when it gets below 0 degrees and they will need a back-up heat source. Having a gas fireplace or gas furnace as their back up heat is a great option on those colder days and helps reduce their heating costs in those colder months. This is why the BC Hydro Income Qualified program allows a gas furnace back up with a heat pump in the colder areas of our province because they know that is the most affordable option.

I would propose that any new construction that is pulling a gas permit be required to have the Fortis Renewable Natural Gas. The Renewable Natural Gas has a lower Green House Gas Intensity than electricity. This would still be reducing emissions and taking a step in the same direction. You could even further that step by saying the gas appliance cannot be the primary heating system for the home and limiting the number of gas appliances that can be installed.

I would suggest the City of Nanaimo to consider the following;

- Broader and meaningful engagement with all stakeholders.
- A measured approach to advancing steps to provide time for the building trades and suppliers to learn advanced techniques and adopt new technologies.
- Consider impacts to affordability and housing completions if advanced too quickly.
- Consider the anticipated timeline for a decision on FortisBC's Renewable Gas Application and align with proposed implementation of the Zero Carbon Step Code to maintain choice, affordability, reliability, and resilience.
- The City of Nanaimo should conduct an analysis related to the electrification of residential, commercial, and industrial buildings, as well as electrification of vehicles, to identify potential grid constraints and implications on energy resilience, reliability, and affordability for Nanaimo residents.

Thank you,

[REDACTED]

[REDACTED]

[REDACTED]



## Feedback from: Gas fitter / Plumber

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Step 5 Code  
**Date:** Thursday, June 8, 2023 10:43:43 AM

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**CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.**

Hello,

I would like to put my input towards this as the owner of one of the largest plumbing/heating companies in Nanaimo. First we are a very clean energy focused company. Me and the other 2 owners grew up in Nanaimo and have a large focus on doing what is best for the city. We work daily with heat pumps and super high efficient boilers in the retrofit market. We are committed to a greener, more sustainable future. Changing new building codes will not affect us because we are retrofit only but we do have an opinion based on facts and the technology in the market. Currently the heat pump market for heating has taken off. Engineering wise we are able to insulate and heat homes and businesses effectively to -15C or so. The difficulty comes in with water heating and when not if we see some -20C days and nights in Nanaimo. With climate change we have seen crazy heat domes and artic blasts and we need to think of the new normal. Water heating commercial buildings is nearly impossible with electric or heat pump technology. 1- 1 inch gas pipe can provide enough hot water for a 24 unit apartment while if you did the same with electric would be more than 800 Amps! This does not even get into the renewable natural gas yet. With renewable you can even make the argument that it is better for the environment because it is capturing that carbon and then burning it with a say 98% water heater and only putting 2% into the air. I like the idea with the step code but the technology is not there and we need to give renewable and hydrogen a chance to catch up. I really would be afraid this would force builders to find new technology that is not proven yet and this would increase home prices and have a very negative impact on homeowners/ taxpayers. This new tech will be forced in and companies like ours will have to sweep in and then replace it with something reliable ie a gas product. Terrible for sustainability to pull out an appliance that was supposed to be "good" for the environment when its only a few years old. I think the City of Nanaimo should align with the province of BC targets and not put our city in risk of failure for 5 years.

[REDACTED]  
[REDACTED]  
[REDACTED]

## Feedback from: Developer

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Cc:** [David Stewart](#); [REDACTED]  
**Subject:** [REDACTED] Step Code adoption  
**Date:** Tuesday, May 30, 2023 1:25:45 PM

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David,

Thank you for taking my call this morning and hearing me out on the email you sent yesterday regarding a recommendation to amend the Step Code in Nanaimo.

As we discussed, the proposal you are suggesting is far ahead of current cost efficiencies and application in construction. The adoption of step 4 passive will ultimately stop housing starts in there tracks in Nanaimo. In addition to the supply chain challenges, lack of labour availability and a base line 30% increase in construction costs since COVID have already made building new housing, almost impossible as it is. The fact is, the technology to create step 4 in wood frame construction is not there yet and is more likely 5-10 years away if the housing is to remain affordable.

Rents in Nanaimo for new rental product, are already \$3.00 per foot and adding \$100-\$150 per foot in cost will eliminate our ability to get financing and get the projects into production. To accommodate this, rents would have go up by 30%-40% which is not achievable in the current market conditions.

I am currently building to Step code 3 on [REDACTED] and we would support moving the building code in Nanaimo, to Step 3 as of 2025, to allow other less experienced developers prepare for the changes. The Move to Step 4 as you suggested is much to drastic a change and will materially hinder or stop housing production all together.

If this is implemented we would not move ahead with the 300 new units we are planning in Nanaimo as the projects would no longer be financially viable.

Thank you for your time, and please do not hesitate to call me to discuss.

Best,

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

## Feedback from: Energy Advisor

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Step Code Adoption Pathways - Feedback from Industry  
**Date:** Wednesday, June 7, 2023 5:37:32 PM

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Dear City of Nanaimo,

As an Energy Advisor and Service Organization Manager with over 15 years of industry experience, I would like to express some concerns regarding the potential unintended consequences of speeding up the adoption of higher Step Code levels for larger townhouse projects.

While we fully support the goals of the Energy and Carbon Step Code, these larger projects have much extended timeframes and aren't able to adapt to stricter airtightness targets at the same rate as builders of single-detached houses. Several project teams we are now working with are facing challenges in meeting airtightness targets of Step 3 and given the extended timeframes for these projects, are taking longer to adapt. We are also already experiencing how the immediate adoption of the highest level of the Carbon Step Code on a project with 138 units is potentially needing to redesign mechanical systems between phases.

As a Canada-wide Service Organization based in Nanaimo, [REDACTED] understands the importance of energy efficiency and sustainability. It is at the core of who we are as an organization. However, we believe that a more gradual approach to adopting higher step code levels would be more effective and allow for a smoother transition for larger townhouse projects and the industry as a whole. A more gradual adopting of higher Step Code levels in fact plays to the very strength of the Step Code approach that allows for smooth, effective adaptation over a reasonable timeframe.

Thank you for considering our concerns and we are happy to discuss these concerns in further detail. We look forward to continuing to work with the City of Nanaimo to promote sustainable and energy-efficient building practices.

Best regards,

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## Feedback from: Energy Advisor / Engineer

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Proposed Step Code policy changes  
**Date:** Thursday, June 8, 2023 9:53:43 AM

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CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hello at the City of Nanaimo -

I was informed yesterday that the City is proposing to adapt Step Code 5 for residential buildings by November 1st, 2025 along with other requirements for Part 3 buildings.

I support the reduction of carbon emissions and have been an energy advisor for 14 years and am also a professional engineer with a Masters degree in Building Science. [REDACTED] [REDACTED] who initiated the Step Code studied the same Systems Design Engineering program where I studied at Waterloo. I have worked on hundreds of buildings in Nanaimo including multi-family housing projects (e.g. [REDACTED]).

This proposed policy changes are not realistic in my opinion. It will put enormous stress on builders and drive the cost of new construction significantly higher. I know some simple shapes and assemblies that in a way game the energy modeling software can achieve Step 5 without significant cost, but other designs require significant cost to achieve Step 5. In my opinion a lot of the building community will struggle to achieve the air tightness target required.

I think we could make other policy changes such as supporting electric vehicles or incentives for people not to travel by air. I was at a conference where a staff member from the City of Vancouver had flown to a Passive House conference in New York - it would take a lot of Passive House buildings to offset the emissions from this single flight.

I would be pleased to meet with the City staff to share my experience with Step Code and think about realistic targets.

Sincerely,


[REDACTED]

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[REDACTED]

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## *Feedback from: Developer*



June 1, 2023

Nanaimo City Hall  
455 Wallace Street  
Nanaimo, BC V9R 5J6

Attention: Mayor Leonard Krog and Nanaimo City Council


**RE: Opposition to the Step Code Adoption Pathways Initiative**

Dear Mayor Krog and Members of Council:

We strongly oppose the proposed Step Code Adoption Pathways Initiative.

Expediting the adoption of higher levels of the Step Codes decreases housing supply in a housing crisis. And in turn, will hurt the local economy. This would happen at a time of inflation, high interest costs, and a housing crisis. People are already faced with macro challenges that hit their wallets. Nanaimo residents already cannot afford higher priced real estate, mortgage payments, and rent – how can we expect them to pay even more sooner?

Summary of our concerns:

- Expediting adoption of a higher level of BC Energy Step Code means expediting higher cost of construction.
  - With interest rate hikes by the Bank of Canada and inflation in construction costs is producing fewer housing projects.
  - Strained pro formas cannot tolerate these current challenges, hence fewer projects – how will any project work with extra costs? They will not. In the future, it may be feasible, today it is not. Construction of new housing supply would be reduced.
  - The reasons for typical timeframes of adoption are sound. It takes time to accommodate construction labour training. How can the industry do this in a market with labour shortages?
  - Suppliers of materials and components for systems to accommodate Step Code 4 & 5 are facing shortages and supply chain challenges. How will they deliver under pressure? They will not. This will further constrain housing supply.
- 

What does this mean for Nanaimo residents if it was possible to expedite adoption and still build? Prices, mortgages, and rent will have to go up.

For example:

A new 1-bedroom apartment in north Nanaimo constructed to Step Code 2 currently rents for approximately \$1800 per month. An apartment building constructed to Step Code 4 has a ~30% cost premium. This would raise rents by approximately \$500 per month to \$2300.

How far can the residents of Nanaimo be pushed financially? **We think it is too much, too fast.**

While energy efficiency and carbon reduction are undoubtedly important, it is crucial to strike a balance. We must consider the economic realities and construction challenges faced.

We recommend incentivizing energy-efficient materials and technologies, along with public education campaigns as noted in the staff summary. We urge you to reconsider and find a balanced solution.

Thank you for considering our concerns. We welcome the opportunity to discuss this matter further and will make ourselves available. Through collaboration and idea sharing, we can find a solution.

Respectfully submitted,

[Redacted signature]

[Redacted signature]

[Redacted signature]

[Redacted signature]

[Redacted signature]



## *Feedback from: Gas fitter / Plumber*

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Step Code Adoption Pathways  
**Date:** Wednesday, June 7, 2023 12:37:17 PM

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CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Good day,

The City of Nanaimo Step Code Adoption Pathways proposal has recently been brought to my attention. I have reviewed the documents and considered the ramifications of implementing the recommended pathway.

As a trades-person working in the Nanaimo construction, renovation and service industry I have some concerns.

1. Implementing the Step Code on a contracted timeline reduces the ability of trades-people to learn and adapt efficiently to the changes. This will likely lead to increased cost to companies and customers alike which could otherwise be avoided. I would like to see the City of Nanaimo adopt the Step Code in a timeline more congruent to the proposed provincial timeline. This would give myself and my colleagues time to learn how to implement the changes and new technologies in a more effective and efficient (and therefore more affordable) manner.
2. From what I understand (and please correct me if I'm wrong) new homes built to meet the Step Code must be all electric (no natural gas). As a gas-fitter this is very concerning. An appreciable portion of the work I do is gas-fitting. The implications of losing that portion of work could result in me having to downsize my company. Obviously this is not good for myself or the people who work for me. I would like to see Renewable Natural Gas considered in-depth as an option as it might have a lower Green House Gas Intensity than electricity.
3. I have concerns regarding the ability of the power grid in BC to be able to accommodate the increased electricity demand in a consistent, reliable, cost-effective manner. I would like the City of Nanaimo to take the time to complete an analysis regarding the effect that fast-tracking the Step Code in our city will have on the power grid.
4. We are in the middle of a housing crisis in this province and this city. Adopting the Step Code too early is only going to make housing even more expensive (building costs and operating costs). I would prefer the City of Nanaimo to do everything in its power to encourage the building of new homes in our City.

For the reasons above I ask that the City of Nanaimo reconsider fast-tracking the implementation of the Step Code. I would like to see the City's implementation of the Step Code to align more with the province's proposed timeline. This would allow for more meaningful consultations with all affected stakeholders. Taking the time to engage and consult in-depth with stakeholders can only result in more positive, effective and affordable adoption of the Step Code in our city.

Thank you for your time and consideration.





June 8<sup>th</sup>, 2023

Dave Stewart  
Environmental Planner, Sustainability  
City of Nanaimo  
455 Wallace Street  
Nanaimo, B.C. V9R 5J6

Dear Mr. Stewart:

**Re: City of Nanaimo Proposed Step Code Pathway**

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FortisBC appreciates the opportunity to provide input into the development of new City of Nanaimo (Nanaimo or the City) Step Code Pathway proposals including changes to minimum energy efficiency requirements for most Part 9 and Part 3 buildings, as well as the adoption into Bylaw of the Zero Carbon Step Code (ZCSC).

We share the vision of a clean, affordable, and resilient energy future and are actively supporting efforts to reach B.C.'s and the City of Nanaimo's climate and housing objectives, through our investments in renewable gases, energy efficiency and low carbon transportation.

We commend the City of Nanaimo and its efforts towards decarbonization, including participation in FortisBC's demand-side management programs and the use of Compressed Natural Gas (CNG) for 10 of the City's waste-haulers. The City recently received \$63,000 in incentives for upgrading to high-efficient natural gas equipment at the Nanaimo Aquatic Centre.

We see ourselves as a key implementation partner in the decarbonization of buildings in Nanaimo through a combination of energy efficiency and transitioning to low carbon fuels in new and existing buildings to realize an affordable, resilient and clean future.

We support an envelope first approach to energy efficiency with the advancement of Energy Step Code (ESC) and Zero Carbon Step Code (ZCSC), provided a detailed implementation plan has been developed through extensive consultation. It is important to note that policies of this nature have significant implications for residents and businesses in Nanaimo. Therefore, it is imperative that extensive consultation is conducted with broad representation from the Community. This includes residents, who should be consulted on policies that could impact housing availability and affordability, as well as their ability to choose an energy option that suits their preference. From our experience serving over one million homes and businesses across the province, we know that in addition to climate action, British Columbians value energy choice, affordability, safety, and reliability.

We are hearing feedback from our customers in the building industry that the proposal from Nanaimo has been developed at an excessively fast pace (ZCSC was released May 1, 2023), with very limited consultation. Condensing the six-year implementation of the ZCSC as proposed by the Province to less than one year does not allow time for sufficient education and training of the industry nor the time for proper market and technology transformation. The City must also consider potential electric capacity constraints, and how alternative energy sources such as Renewable Gas can achieve the same goals.

To ensure our collective success in implementing the ZCSC, we put forward 4 key recommendations.

- 1. Begin by conducting a fulsome engagement that includes a broad reach of stakeholders, including energy providers, industry associations, and residents of Nanaimo.**

In speaking with industry stakeholders, the consultation that has been completed was conducted with a small, select group of participants. Survey responses (26) represent only approximately 10% of licensed builders in Nanaimo.

- 2. Allow for a gradual and practical approach to the ESC and ZCSC, providing time for market transformation including the development a robust education plan to ensure builders are prepared prior to implementation.**

Significant acceleration of the ZCSC without ramp-up time for the building industry will have negative consequences. Feedback we have received from industry stakeholders is that they are familiar with high-performance homes or carbon pollution standards but are not ready to build to these higher levels so quickly.

- 3. Consider impacts to meet targets on new home construction in alignment with the Province.**

As part of the StrongerBC plan, the Minister of Housing recently announced that the Province is taking action to cut red-tape and get homes built faster, prioritizing local housing needs, which includes housing affordability. Recognizing that the City of Nanaimo has been identified as one of the 47 municipalities on the Province's list, consideration must be given to how Nanaimo's proposed Step Code Pathway could negatively impact meeting housing targets that will be set by the Province.

- 4. Analyze electric grid constraints in Nanaimo as well as potential role for renewable gas.**

Additional factors should be considered in the City's analysis as an implementation plan is developed, such as electric capacity and potential of renewable gas to meet ZCSC.

We request the opportunity to discuss our submission in further detail and look forward to continued collaboration and engagement with the City of Nanaimo as we strive to achieve our collective climate, energy, and housing objectives.

Sincerely,



Mandy Assi  
Senior Manager, Community & Indigenous Relations  
FortisBC Energy Inc.

## *Feedback from: Gas fitter*

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Zero carbon  
**Date:** Wednesday, June 7, 2023 12:26:37 PM

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Me and my family relies on my profession as a gas B fitter.  
Don't ruin my livelihood

[REDACTED]

Sent from my iPhone

## Feedback from: Developer

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Zero carbon  
**Date:** Wednesday, June 7, 2023 1:15:26 PM

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Further to the stakeholders meeting I attended I would like to add that the goals we have as a municipality be managed better, I agree with improving climate related issues but we also need to keep in mind the fact that Canada as a whole does not factor into the global warming as much as we think. We need to do our part but we need to keep it at a pace that is not detrimental to our economy and resources. The whole premise of that meeting was a polarized viewpoint that is/was predetermining its outcome. That's not what I wanted to be involved in, no one wants to hear what I am writing below. I do not believe that we are serving the process by listening to one side and not considering the other.

There are more wasteful things we do as a society that cause more harm than building. I have been in the industry for a long time through R2000 homes and what we are building today are very efficient houses at a reasonable cost to value/performance ratio. It is sustainable, we can improve things as the step code is doing now, but let's not go to extremes.

3 years ago it was 6" of insulation on the outside 5 years ago it was spray foam today those approaches are not necessarily correct. The industry is improving for the better let it. This applies to the use of fossil fuels, we have higher efficient furnaces, hybrid solutions, renewables. Why eliminate these options. Reduce yes but not eliminate that is not leadership, that's following the extremist view points and lobbyist. A bulb without a grid doesn't work.

This critical path thinking needs to be reigned in to ensure we are headed in the right direction. Do we have the electrical grid to sustain this? We maybe have 20 years so we need to make sure that is started now not in 20 years. Are dams environmentally friendly? I think so but many do not agree, so where is the power coming from? Nuclear? The fact that we are building more efficient homes does not mean they use less energy per unit, there are more fans running and more parts that require maintenance and replacement. These costs are borne by the end user.

Gas generation accounts for a high percentage of our energy grid now, we cannot deny this fact and need to ensure the polarized minority is fact checked before we all have to pay the price.

All of North America only California, New York and Canada apply to this extremist view point. California has brown outs, let's learn from this.

There are steps to make building more responsible without going to extremes. Maybe hydrogen is the next big thing, are gas units more easily convertible? Not sure but worth looking at.

Why are we installing car chargers in parking lots when the industry is reinventing itself and charging stations are being built. Yes install convenience charger or in private homes but too think we need them for every stall in a parking lot is not reasonable, again an extreme way of thinking that is costing thousands or more per unit that will be obsolete in 5-10 years.

Please think these logical things through before making a final decision, I will adapt to whatever is implemented but do the hard work now and not just pick the low hanging fruit.

It's too easy to go along with the lobbyist.

[REDACTED]

## *Feedback from: Developer*

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Step 5  
**Date:** Thursday, June 8, 2023 11:04:55 AM

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I don't believe this is attainable at all makes no sense

[REDACTED]

## ***Feedback from: Developer***

**VIA E-MAIL** (sustainability@nanaimo.ca)

June 9, 2023

City of Nanaimo  
455 Wallace Street  
Nanaimo, BC V9R 5J6

**Attn:** Dave Stewart, MURP, MCIP, RPP, Environmental Planner, Sustainability  
Mayor Leonard Krog  
Nanaimo City Council

Dear Mr. Stewart, Mayor and Council:

**RE: OPPOSITION TO PROPOSED STEP CODE ADOPTION PATHWAY**

We are providing this letter in strong opposition of the Proposed Step Code Adoption Pathway. We are heavily involved in the construction and development of residential buildings in British Columbia and have a wide perspective that we can share with you that supports our position on this policy.

[REDACTED]

[REDACTED] is a professional land development company that is primarily focused on the provision of rental housing in BC. We have a significant presence on Vancouver Island, including several projects in the City of Nanaimo that involve hundreds of housing units and upwards of \$100 million dollars of investment. We work with a large cross section of the consulting and technical professional community, as well as a number of general contractors and construction companies. Energy efficiency, step code and carbon neutrality has been a discussion in our world for a number of years.

### Policies of This Nature Are a “Luxury”

As you are all well aware there are a myriad of issues facing the City of Nanaimo presently. These include but are not limited to:

- Homelessness;
- Aging infrastructure needing replacement / improvement / repair;
- Lack of infrastructure investment to accommodate future growth;
- A development community that faces significant timelines for rezoning and development permit approvals;
- A development community that faces significant requirements for building design, urban design and landscaping, DCC's and amenity contributions;
- A construction industry that faces significant timelines for building permit approvals – three to nine times longer than the other 14 BC municipalities we do business in;

- Lack of development land – an issue now and will get worse;
- Lack of housing supply;
- Near historically low vacancy rates for rental housing;
- Lack of housing diversity;
- Housing affordability.

We believe in Nanaimo's prospects – both short and long term, and have and will continue to invest accordingly. We simply draw attention to these major current issues for some perspective. Our strong feeling is that there is no justification for the City to focus on aspirational policies like the Step Code Adoption Pathway when a such a large number of major issues related to housing remain unresolved.

#### Tenants and Purchasers of Housing Generally Don't Care

We have delivered in the range of 1000 housing units across the province since discussions of energy efficiency, Step Code and carbon neutrality became more prevalent (+/- last 4 years).

We have delivered both rental and for-sale housing product during this time. We have had zero (as in none) prospective purchasers or renters inquire about our level of Step Code or more particularly what we are doing to achieve carbon neutrality in our buildings. While these discussions and policies sound good and look good on paper, most if not all people are simply looking for a roof over their head.

Tenants and purchasers care about price, number of bedrooms, size, location, quality and layout of the space, appliances, and building or site amenities. They all generally accept the notion that newly built housing performs better than older housing when it comes to energy efficiency and operating costs.

#### Technical Implications

This proposed policy will create complex technical issues relating to how our buildings are constructed. It takes the consulting / professional community a long time to properly investigate different approaches so they can provide developers / builders proper advice on how to achieve these regulations in an efficient and cost effective manner. We believe there will be a number of implications to achieving these higher levels of energy efficiency / carbon neutrality:

- Wall assembly complexity with required insulation thickness;
- Aesthetic considerations – wall assembly requirements could potentially limit exterior finish options;
- Window sizes and ability to provide high levels of natural light for interior spaces;
- Mechanical system types, sizes, availability of mechanical systems, expertise to install these systems;
- Interior space implications and ability to achieve a high degree of livability within housing units.

There is potential that conventional wood framed construction could be limited in its ability to efficiently achieve these higher requirements. If that meant moving towards something like

concrete construction that creates a whole other myriad of issues – Nanaimo lacks trades skilled in that type of built form, concrete has a significant carbon footprint and is much more expensive when compared to wood frame construction.

### Cost and Affordability

We are not in a position to speak on the exact cost implications of higher levels of Step Code / Carbon Neutrality. However, based on the anticipated implications (previewed above) and our experience in working toward other levels of the Step Code, we believe the additional costs will be significant.

Over the past 5 to 6 years the development / building community has already had to deal with significant cost increases – inflation, supply chain issues, lack of labour availability etc. Fortunately, both sales values and rent levels have coincidentally increased with costs, allowing for some level of new housing supply to continue. Our recent experience is that those looking to purchase or rent are ‘tapped out’ and we lack options to make housing less expensive.

This further supports our view that there should be no consideration for any policies that will increase the cost of providing housing.

### Driving Housing Investment Away From Nanaimo

As noted above we are developing and building in 14 different municipalities in BC. There are no policies of this nature in place, nor are being discussed for the foreseeable future, in any of them with the exception of Nanaimo. If this policy were to be adopted our approach would be as follows:

- Discontinue our projects in Nanaimo;
- Continue to pursue our projects in the other municipalities and deliver housing units elsewhere;
- Over the next number of years we would work to understand various ways we can achieve Nanaimo’s requirements;
- Over the next number of years we would monitor housing prices and rent levels in Nanaimo to see if they increase enough to cover the cost of these additional requirements, as well as natural construction cost inflation over this time period;
- Inevitably pursue completion of our Nanaimo projects.

A number of the larger developers in the City of Nanaimo that are collectively providing a significant proportion of the new housing also do business in other municipalities. Our guess is they would be forced to take the same approach. The cost to the City is that there will be a period of time where a meaningful quantity of housing will not be delivered, exacerbating the current circumstances. When this deferred housing is delivered in the future, it will be less affordable to those purchasing or renting.

The City of Nanaimo will be at a competitive disadvantage as compared to other municipalities.



Step Code Level 3 Adoption by the Development Community

It should be noted that many developers, including ourselves, are building a significant number of rental buildings that achieve Step Code 3. The construction and engineering community needed time to figure this out, and over the past number of years we have found ways accomplish this without affecting the livability of the residential units.

However, there is still a cost premium to achieving Step Code Level 3. While we would love to say we are doing these things simply to be as community minded as possible, we are only able to do this due to significant financial incentives provided by CMHC for achieving this level of energy efficiency. Without these incentives we would be building to a lesser standard. Some of the 14 municipalities we work in do require Step Code 3 as a minimum standard.

There are no incentives available for achieving Step Code 4 or higher. There are no incentives available for non-rental product (homes built for sale).

Conclusion

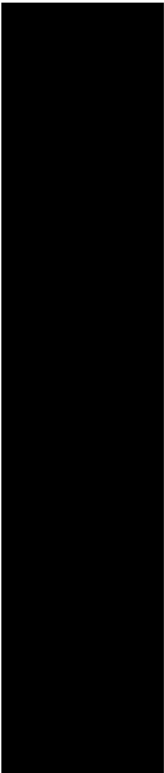
We strongly encourage Mayor and Council to quickly and swiftly shelve the Proposed Step Code Adoption Pathway and focus its resources on reducing the requirements and timelines for getting housing approved and built as well as making more developable land available. We do believe that there will be a time and place in the future that policies of this nature can be revisited.

Yours truly,

[Redacted signature line]

[Redacted signature block]

[Redacted signature block]



*Feedback from: Developer*



June 7<sup>th</sup>, 2023

City of Nanaimo  
455 Wallace Street  
Nanaimo, B.C V9R 5J6

Attn: Mayor Leonard Krog & Nanaimo City Council  
**Re: Opposing the Proposed Adoption of the Step Code Pathways Initiative**

Dear Mayor Krog and Nanaimo City Council,

We write you today to voice our concerns and strong opposition to the proposed Step Code Pathways Initiative.

In the midst of a housing crisis, we are already faced with so many obstacles to overcome the short supply and rising costs of homes for Nanaimo residents. Unprecedented interest rate hikes, supply chain challenges, skilled labour shortages, local government policy and inflation on materials and labour all contribute to the high cost of delivering new homes in which we are in such dire need for. Hence why we were both surprised and frustrated by the City's decision to entertain yet another mandate that will no doubt hurt the local economy and stifle the efforts of many aimed towards counteracting the housing crisis we face today.

While we can all agree that reducing the carbon footprint of our buildings and continuously improving on energy efficiency is without question of high importance, equally so, is how and when we implement these changes - now is simply not the right timing for The City of Nanaimo. Developers' proformas are already strained to the point where they don't make financial sense and by adding another layer of red tape, we will only exacerbate this problem to the point where we may all wake up one day and wonder why all the housing supply has left our city and moved elsewhere.

In closing, we urge City Council to reconsider adopting the Step Code Pathways Initiative and stay course with the original Step Code phasing plan adopted in October of 2019. Expediting this plan, especially in the economic climate we face today, will have adverse affects on new housing both from a cost and supply perspective. Global issues continue to impact the finances of Nanaimo residents daily and while many of these issues are out of our control, we must make reasonable decisions with the ones that are within our control.

Thank you for your consideration and attention to this matter. Should you feel the need to discuss this topic further we would be happy to make ourselves available.

Respectfully,

[Redacted signature line]

[Redacted signature block]

[Redacted contact information]

[Redacted footer line]

[Redacted signature block]

[Redacted contact information]



## Feedback from: Construction Company

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Zero Carbon Step code  
**Date:** Wednesday, June 7, 2023 4:45:25 PM

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[REDACTED]

I have been an active builder in the Parksville /Qualicum area for over 50 years. We have now reached a point where new houses are unaffordable for most buyers. I am already hearing concerns regarding the recent adoption to step code 3 minimum for new houses. You may be aware this is proving onerous and costly for a lot of builders. This will raise the cost of houses and quite frankly some builders just might drop out. This will mean less competition and with that comes higher prices. Although Step code 5 sounds like it would be the way to go now is not the time. Unfortunately more builders will drop out and if you add the extra costs to achieve step code 5 new house construction will slow dramatically. This would not be a good situation knowing we will have a shortage of houses in the near future. Please reconsider this adoption of Step Code 5. Allow the marketplace to adjust to recent code changes and prices already in place. Thankyou

[REDACTED]

## **Feedback from: Realtor / Construction Company**

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Provincial Zero Carbon Step Code  
**Date:** Thursday, June 8, 2023 9:08:18 AM

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Good Morning City of Nanaimo Staff,

We are very concerned about this new code and not ready at all to implement this code in our city.

The Province and city is looking to have affordable housing while the cost of construction with this increased interest rates by the Bank of Canada is going up and up everyday.

This new code will add up more work and cost to the projects plus lots of extra work.

Please reconsider to defer this code for a few years until we can fully learn old enforced codes.

Thanks

With Best Wishes & Regards,

[REDACTED]

## *Feedback from: Construction Company*

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** net Zero  
**Date:** Wednesday, June 7, 2023 2:50:21 PM

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I Have to wonder if the left hand knows what the right hand is doing, My father was a builder and I am a builder, so we have been building for over 60 years, 50 or so on the island. Do the bodies at hand realize in their rush to try to get to zero carbon that they are directly causing homelessness and inflation? Every time a net zero house is built it raises the price of housing and bumps someone at the bottom of the scale off into the rental market or worse. It makes me wonder how these people can spout that we have to deal with homelessness and at the same time raise the price of housing. North Cowichan just made it necessary for developments to be checked by a third engineer, so instead of going after the first two now we are all paying for a third check, sounds simple but all the small things add up and at the rate they're going, soon only 20% will be able to afford a house, just mark my words when interest rates start to climb.

[REDACTED]  
[REDACTED]  
[REDACTED]

## Feedback from: Developer / Construction Company

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Step Code 5 and Provincial Zero Carbon  
**Date:** Thursday, June 8, 2023 2:11:15 PM

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I do not agree with the Zero Carbon Step Code. This will make building costs rise significantly more than the current costs, which are already way overpriced. We, as a community, need to work together to find more cost effective ways to develop and build so it is more affordable for people to purchase and live. People aren't getting by as is. Electrical heating options are NOT nearly as efficient as gas. This will cost way more money to residents in their monthly utility bills.

I, as a builder and developer, get great incentives from Fortis BC and truly believe Fortisbc does a great job of working with contractors and homeowners with their rebate programs.

I do not want the City of Nanaimo to adopt the Zero Carbon Performance Standards.

Thanks

[REDACTED]

--

Regards,

[REDACTED]

## *Feedback from: Gas Fitter*

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Natural Gas  
**Date:** Thursday, June 8, 2023 12:58:05 PM

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It's come to my understanding that Nanaimo's basically banning gas in the construction industry across the city. This will adversely impact thousands of jobs and businesses in the area including mine. It will cost homeowners more in electricity.

To make an example of what not to do this will be it. I will be pushing to maintain a status quo. The gas industry in heating and plumbing should should remain the same. The equipment is getting more efficient.

Please keep these points in your mind.

Thanks

[REDACTED]

## ***Feedback from: Development Consultant***

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** Proposed Energy Step Code and Zero Carbon Regulation  
**Date:** Thursday, June 8, 2023 11:58:49 PM

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Hello Dave Stewart

I strongly encourage the City of Nanaimo to stay with the current provincial implementation schedule for the energy step code and zero carbon regulations.

In my discussions with industry stakeholders, there is near unanimous agreement that the City of Nanaimo's accelerated implementation schedule is far too aggressive for the following reasons:

- 1.) There is a large learning curve for the construction industry, suppliers and trades people to develop a strong understanding of the increased energy step code requirements.
- 2.) The development and construction industry is experiencing an extreme shortage of qualified consultants and trades people in all sectors of the industry and fast tracking implementation of the energy step code will only further contribute to difficulty in finding qualified people to install the more complex energy systems.
- 3.) Given the learning curve and trade shortage challenges, plus the increased equipment/material requirements, will result in yet another layer of costs to the already inflated building cost and eventual purchase price of homes.
- 4.) BC Hydro is working to increase the electrical supply in the province and they are already experiencing challenges to keep up with demands for increased power supply to homes, EV charging stations, heat pumps, etc and they need more time to plan for and install increased electrical supply to address energy step code requirements.

Please contact me if I can provide further information regarding the points I have raised. I understand there are a number of other points that have been raised that further confirm that the schedule for implementation of the energy step code needs to be done in a methodical and well thought out process, opposed to rushing ahead of the previous established provincial implementation schedule.

[REDACTED]



## Feedback from: Developer

**From:** [REDACTED]  
**To:** [David Stewart](#); [Sustainability](#)  
**Cc:** [Mayor Leonard Krog](#); [Sheryl Armstrong](#); [Tyler Brown](#); [Hilary Eastmure](#); [Ben Geselbracht](#); [Erin Hemmens](#); [Paul Manly](#); [Janice Perrino](#); [Ian Thorpe](#); [Ting Pan](#); [Dale Lindsay](#); [Bill Corsan](#); [Jeremy Holm](#); [Lisa Bhopalsingh](#)  
**Subject:** Proposed Step Code Changes Letter  
**Date:** Friday, June 9, 2023 9:54:38 AM

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Good morning, David,

My name is [REDACTED] and I am a local businessperson, real estate developer, and most importantly a concerned citizen who is passionate about the wellbeing of Nanaimo and its residents. I am writing today regarding a recommendation to amend the Step Code in Nanaimo.

The proposal you are putting forth will have profound negative impacts on housing creation in our city which is already facing a housing and affordability crisis. In order to achieve the code requirements contemplated the already thin margins in development and construction would be compressed to the point where the economics of projects will no longer pencil. Housing creation, whether in a single or multi-family form, requires financing and that financing is underwritten based on financial models which contemplate total costs against total as-complete values; we know this proposal will drive already high costs higher (30% increase to building costs that have already increased by 30% since Covid) but the reality is people here don't have the capacity to pay 20%-30% higher rents/purchase prices than today. The latter is what we in the industry anticipate the costs to the end user would have to go up by in order to achieve the proposed regulatory changes. Even if we weren't concerned about retaining some degree of affordability, which we are, and we believed we could drive prices to the end user up by 20%-30%, which we don't, the financial institutions would not underwrite deals based on that type of speculative proforma modelling. The bottom line is the swift adoption of these proposed changes would have an acute and dramatic impact on housing creation in our city. We are in a good place right now with many projects in the pipeline and having already been started or completed in recent years. That said, even at this rate we are struggling to keep up with demand as noted in the dramatic increases to all types of housing costs in recent years. Stifling housing creation going forward will ultimately punish the people of Nanaimo and negatively impact the social fabric of our vibrant city.

The reality is people are moving to central Vancouver Island at a rate nearly the highest in the entire country and with more retirees, remote work options, better connectivity to the lower mainland, and a federal mandate to encourage 500,000 new Canadians per year by way of immigration it is fair to say this growth trend is only heating up. With this in mind it is incumbent on our civic leaders to create the most livable city we can and that starts with having a range of housing that maintains some semblance of affordability as the demand factor only compounds. The only way to achieve this is to continue to create an environment whereby housing creation is appealing for those that create it. In today's world we are able to build Part 3 buildings in Nanaimo to Step 3 Building Code only with the incentive of CMHC's deeply subsidized financing options which include 40 year amortization schedules and sub-vented fixed interest rate scenarios; without those CMHC incentives EVEN the

creation of Part 3 buildings in Nanaimo to Step 3 Building Code would not be financially viable in today's environment; in other words, without those incentives the creation of Part 3 buildings in Nanaimo to Step 3 Building Code would not be happening. It is crucial to note that there are NO additional financial tools available from CMHC or otherwise to achieve an EVEN HIGHER Step Code; as mentioned no models support costs to the home owner/renter going up a further 20%-30%, and as such the financing and economic case for such projects does not exist, which in turn means the taps shut off on meaningful housing creation only compounding our housing crisis in this community.

With all of that in mind I can appreciate the city of Nanaimo is keen to be a leader in the adoption of more stringent building code requirements for a host of noble and valid reasons. We in the development community are supportive of taking action to improve the overall quality of the buildings we create while also contributing to a greener future. Nevertheless, we must also weigh this desire against the pragmatic realism of economic viability and the need to deliver affordable options for housing to the people we serve. With that in mind, and given the incentives available from CMHC to build Part 3 buildings to Step Code 3, I am in support of the adoption of Step Code 3 for Part 3 buildings January 1<sup>st</sup>, 2025. However, I am gravely concerned about going any further than this for the foreseeable future due to the unintended outcomes which would surely occur and some of which I have contemplated herein.

Don't hesitate to call me should you wish to discuss further.

Best,

[REDACTED]

[REDACTED]

## Feedback from: Developer

**From:** [REDACTED]  
**To:** [David Stewart; Sustainability](#)  
**Cc:** [REDACTED]  
**Subject:** RE: Proposed Step Code Policy Changes  
**Date:** Tuesday, June 13, 2023 10:51:28 AM  
**Attachments:** [image001.png](#)

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Hello David,

Thank you for answering my call and taking the time to discuss our letter. I enjoyed our conversation, and it provided me with great context about the work your team has been doing. As discussed, given the report to Council is in its draft form, we would appreciate you including our comments.

We're glad to hear that policy revisions are being considered and are in progress. Most significantly, we appreciate the consideration to increase the notice period before Step Code escalations.

As mentioned over the call, we would also note a few additional points:

- A longer notice period for Step Code escalations would be beneficial to ensure increased costs are considered at the start of a project. If an additional cost is added mid-way through a project, it can render the project unfeasible and cause delays in the delivery of housing.
- We are concerned with skipping a step and would prefer Step Code implementation in-line with the provincial guidelines.
  - Including all steps will allow trades time to aquatint themselves with more rigorous energy performance construction methods and prevent rework. Rework causes additional costs and unnecessary building material waste.

I am also interested in reading the studies you referenced regarding cost premiums in the Lower Mainland and Vancouver Island. Could you please send me a link?

Thanks again, David. I look forward to closely following the progress of this policy and am always willing to chat further. Please don't hesitate to reach out on my cell at [REDACTED]. Have a great day.

[REDACTED]

[REDACTED]

[REDACTED]

---

## Feedback from: Developer



June 9, 2023

David Stewart  
City of Nanaimo  
455 Wallace St, Nanaimo, BC  
V9R 5J6

Attention: David Stewart – Environmental Planner, Sustainability

Re: City of Nanaimo – Proposed Step Code Pathway & Zero Carbon Step Code

Dear David,

I am writing you on behalf of [REDACTED] to share our deep concerns on the City of Nanaimo's proposed Step Code and Zero Carbon Step Code pathway proposals. [REDACTED] has a 40+ year history of delivering rental, commercial, and stratified housing to communities across North America. We currently have a 168 unit family-oriented townhouse project at [REDACTED] [REDACTED] undergoing final approvals and are actively looking to build more housing in the City of Nanaimo.

We have serious concerns about the City's Step Code proposal and the accelerated pace of adoption, some six years ahead of the current provincial timeline. We are also concerned about the proposal to require the "opt-in" Zero Carbon Step Code, again, some six years ahead of the provincial implementation timelines. These proposals will have a significantly detrimental effect on both the cost and pace of providing new housing in the City of Nanaimo, which is already grappling with a housing and affordability crisis. Passing this proposal as drafted would render many projects economically unfeasible reducing the ability for builders to deliver much-needed family-oriented housing.

We appreciate the city of Nanaimo's aspiration to be at the forefront of adopting more rigorous building code requirements for commendable reasons. As members of the development community, we support efforts to enhance overall quality of our constructions and contribute to a greener future. Nevertheless, we must also carefully consider the economic viability of these ambitions and the imperative to provide affordable housing options to the people we serve.

Thank you for taking the time to consider our thoughts and, for recognizing the direct linkage between early implementation of the top Energy Code Steps and the significant impacts to the cost and supply of housing in the City of Nanaimo.

Sincerely,

[REDACTED]

[REDACTED]

T: [REDACTED]

## Feedback from: Building Designer

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Cc:** [REDACTED]  
**Subject:** City of Nanaimo Proposed Step Code Pathway  
**Date:** Friday, May 26, 2023 4:33:53 PM

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CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

from:



Dear City of Nanaimo

I was pleased to participate in the Stakeholder workshop and appreciate continued notification on the deliberations of local governments in this part of the Island.

**I support** and laud Nanaimo's initiative in considering the **"Recommended Approach"** (top level of Zero Carbon Step Code and Top Step of BC Energy Step Code) for both Part 9 and Part 3 buildings.

With this approach the market has a little over a year to acclimate to the Zero Carbon Code - with 'measure only', but after that Nanaimo's approach would evidence serious commitments to realigning the building sector with a genuinely robust effort at energy sustainability and climate change mitigation!

I will await with anticipation to learn how all these efforts unfold and to see to what degree we can have buy-in from the other jurisdictions in our area. Unanimity will take a good degree of political leadership, but would really help to solidify East Coast of Vancouver Island's commitment to transitioning towards a low carbon future.

BTW.....some participants did raise the point during the feedback session that BC's ZC Step Code fails to address embodied carbon - which is a big issue - and even the CAGBC's ZCBV3 standard only partially addresses embodied carbon. Consequently the proposed framework still leaves us a long way away from large scale carbon mitigation.

But Nanaimo and the region is taking important steps here so I say; "well done"!

I now cross my fingers and in particular wait with baited breath to see what 'my town' decides.

Sincerely

A solid black rectangular redaction box covering the signature.

## Feedback from: Engineer

**From:** [REDACTED]  
**To:** [David Stewart](#)  
**Subject:** RE: City of Nanaimo Proposed Step Code Pathway  
**Date:** Thursday, June 1, 2023 11:29:36 AM  
**Attachments:** [image001.png](#)

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Bravo!

Also, you may be interested to know that we are currently working with the City of Vancouver on an update to the City of Vancouver Energy Modelling Guidelines that we expect will at some point be adopted at least in part by the Province for Step Code modelling of Part 3 buildings. There is particular interest in modelling overheating scenarios and providing some updates to the passive cooling requirements for Part 3 buildings (commercial as well as residential). The intent is to look at simulation using future climate files to better evaluate risks related to climate change, and improve building resilience. It's all still in progress now and will take some time to be finalized and released.

Cheers,

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

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## Feedback from: Energy Advisor / Construction Company

**From:** [REDACTED]  
**To:** [Sustainability](#)  
**Subject:** FW: City of Nanaimo Proposed Step Code Pathway  
**Date:** Tuesday, June 6, 2023 2:42:14 PM

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David

Just wanted to get a note in before the deadline. We have now modeled over a thousand step code homes in BC. We have also built to the highest steps and beyond. With careful planning and attention all our developments have reached these levels with minimal to no extra cost. These include Part 9 and Part 3 projects. Many of our builder clients have also had this experience. While some do end up with a higher cost built this is typically high end very articulated and complex homes that are making the choice to spend more money. The homes built for families struggling to afford a roof do not tend to cost any extra even at the highest levels.

I would also note that our developments have sold for top dollar. Meaning we can spend the same or less and sell our homes for more. There is good money to be made producing high performance homes our team and several others have already figured this out.

For those developers, builders and others in the industry that have not come to terms with the new realities and are trying to cling to old designs and old methods these new codes may be a struggle. This would be the case no matter the type of change. There has always been those who lagged behind and those who could not make it in a competitive world. Those that innovate and stay on top of changes will do well, there are many of these builders and developers in town ready to meet the needs of the city.

Some comments have been made about the lack of materials required to hit higher level. This is a false claim, anyone can easily build step 5 and beyond with standard construction materials available at any supply store there is no need for anything specialised. Suppliers are also well stalked with many options for mechanical systems.

While I think it is possible to move to the highest steps quickly my fear is that industry pushback will be strong enough to derail the plan. I think efforts should be made to soften the impact of the change through incentives such as density bonus or DCC reductions. Moving slightly slower would also be preferable to not moving at all. Providing industry with meaningful engagement and adapting policy to fit needs would also go a long way to securing industry buy in.

Regards,

[REDACTED]



## Feedback from: Developer

**From:** [REDACTED]  
**To:** [David Stewart](#)  
**Subject:** RE: City of Nanaimo Proposed Step Code Pathway  
**Date:** Thursday, June 1, 2023 11:39:00 PM

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Thanks David,

I did comment on the online form. Definitely like the zero carbon. Step code 5 we need to get there but I would just make sure we are not leading the others as the industry will have to get on board to be able to build that way and it would be good for efficiencies to be in coordination with most of the island and Vancouver. This being said I think you are.

One concern I have is that we take for granted our electricity is green in BC and use that to not really be concerned about electrical waste as much. It was raised that we may have to plan for air conditioning as the climate warms. In France even in the south where it can hit 40 degrees since 2012 single family homes cannot be built with AC. They need to be designed better so while they may be warm they remain cooler and people have to adapt (do not have a right to work or live at 19 degrees 365 days a year). If we do nationalize the electrical grid BC has the opportunity as long as we do not overconsume, to green the national grid by exporting elsewhere where it is dirty. Hence I would emphasize the design and not push AC. This is effectively what you guys are doing, I just wanted to mention it as it was brought up that for resilience we may need to require AC. We should do what we can to avoid it.

Regards,

[REDACTED]

On Jun 1, 2023 11:32 a.m., David Stewart <[David.Stewart@nanaimo.ca](mailto:David.Stewart@nanaimo.ca)> wrote:

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The following email was received after Staff sent a revised policy pathway to stakeholders on June 13, which is similar to Staff's recommendation but did not include any advanced BC Energy Step Code implementation.

**From:** [REDACTED]  
**To:** [David Stewart](#); [Ting Pan](#)  
**Subject:** 0228-003\_NDG Feedback on Energy Performance Acceleration  
**Date:** Thursday, June 15, 2023 10:15:08 AM

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Hello Ting/Dave,

Thank you both for the time last week to discuss the proposed adjustments to the schedule for the Step Code Implementation and for making revisions based on the feedback you received. The Nanaimo Development Group has reviewed the revised proposal and supports the intent of the revised recommendations with the following adjustments:

1. We support that the Zero Carbon schedule be advanced if BC Hydro confirms they have adequate capacity to support this adjustment. However we feel it is still important to implement either a phased approach towards the Full Zero Carbon target or set the target date for 2028 to give time for the industry to adjust;
2. We recommend a re-work of incentives in Schedule D to incent developers to build to higher levels of the step code with effective incentives. This re-work would need to involve the development community to gauge effectiveness of incentives;
3. Recommend re-work of development permit guidelines to better align building siting, form, materiality, etc to support building design that prioritizes energy performance as many of the current design goals run opposite energy efficient building design.

We will send a similar email to City Council and will copy you on that email. We appreciate the chance to collaborate with the City of Nanaimo on important initiatives and look forward to future discussions.

Thank you,

Darren Moss, Chair, Nanaimo Development Group