

DATE OF MEETING December 18, 2023

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SUBJECT STEP CODE IMPLEMENTATION – STEP CODE REZONING POLICY, ZONING BYLAW AND DESIGN GUIDELINES

OVERVIEW

Purpose of Report

To seek Council support to repeal Council Policy COU-216 (BC Step Code Rezoning Policy) and inform Council of opportunities to update the Zoning Bylaw and Development Permit Area Design Guidelines to support implementation of the Zero Carbon Step Code.

Recommendation

That Council repeal Council Policy COU-216, BC Energy Step Code Rezoning Policy.

BACKGROUND

On 2023-OCT-16, Council adopted the “Building Bylaw Amendment Bylaw 2023 No. 7224.05” to introduce the Zero Carbon Step Code and revise the City’s BC Energy Step Code requirements. The amended Building Bylaw now requires that building permit applications:

- Meet EL-1 (measure only) of the Zero Carbon Step Code immediately – builders must disclose their GHG emissions.
- Meet EL-4 (zero carbon performance) of the Zero Carbon Step Code after 2024-JUL-01. This level exceeds the Step Code Rezoning Policy GHGi requirements and will generally require low carbon space heating/cooling and water heating.
- Meet Step 3 of the BC Energy Step Code for Part 3 building types after 2026-JAN-01.

Through this Building Bylaw amendment, energy efficiency requirements and emissions standards for new buildings meet or exceed those previously only required as a condition of rezoning or encouraged through voluntary bonus density incentives.

As part of the City’s BC Energy Step Code and Zero Carbon Step Code Implementation, Staff proposed to work with industry stakeholders to review and update the BC Step Code Rezoning Policy, references to the BC Energy Step Code within Schedule D (bonus density) of the “Zoning Bylaw”, and the General Development Permit Area Design Guidelines.

DISCUSSION

BC Step Code Rezoning Policy

On 2021-JUN-29, Council endorsed BC Energy Step Code Rezoning Policy (COU-216). The policy requires all Part 3 and Part 9 buildings that require rezoning and are subject to the BC Energy Step Code to either:

- a) exceed one step of the Energy Step Code prescribed for that building: or
- b) install a low-carbon energy system that satisfies a greenhouse gas intensity (GHGi) limit of $3\text{kg}/\text{m}^2/\text{year}$.

In order to secure either commitment, rezoning applicants are required to prepare and register a Section 219 covenant at their expense.

Given the challenge of exceeding the Energy Step Code by one step, most rezoning applicants have indicated that they plan to proceed with Option b), the low-carbon energy system requirement. The Zero Carbon Performance (EL-4) GHGi requirement for Part 3 and Part 9 building types exceeds the rezoning policy low-carbon energy system requirement and therefore, makes option b) redundant.

Staff have considered two potential changes:

1. Keep option a) only requiring rezoning applicants to exceed the Energy Step Code required by one step. Such a requirement will likely force Part 3 builders to aim for Step 4 of the ESC. While this would improve energy efficiency of the building, requiring rezoning applicants to achieve the top step could affect housing affordability, discourage rezoning, and challenge the capacity of local builders.
2. Keep both options but replace the low carbon energy system requirement with a commitment to use no fossil fuels within the building. Such a requirement will eliminate fossil fuel equipment that might still be installed when meeting EL-4 requirement in the ZCSC and ensure the building produces the least amount of greenhouse gas emissions possible. However, after reviewing recent Part 3 buildings, it was confirmed that not only do the majority of the Part 3 buildings already use electric space and water heating, but gas fireplaces were also rarely included in them.

This means there is very limited potential for further energy efficiency improvement or emissions reduction through the Step Code Rezoning Policy without impacting housing affordability, discouraging rezoning, or industry capacity. Repealing this policy will remove an effectively redundant policy and reduce administrative burden for the City and financial burden for rezoning applicants. Staff have not consulted the industry stakeholders on this proposed approach as no major concerns are expected.

Schedule D (Bonus Density)

Schedule D refers to a density bonusing program that has been included in the City's "Zoning Bylaw" since its adoption in 2011. The schedule rewards a development with additional density in certain zones if they can meet minimum amenity requirements. Prescribed amenities are available in eight categories, including Energy Management.

In conjunction with other planning considerations, and in light of the recent Provincial land use planning announcements that may impact the uptake of Schedule D, Staff anticipate undertaking a review of the density bonusing requirements in 2024 along with the broader housing review to address the new Provincial regulations. Staff will work with building industry stakeholders to identify opportunities to encourage and reward developments that achieve building energy efficiency and emission reductions standards beyond those required.

General Development Permit Area Design Guidelines

During the BC Energy Step Code and Zero Carbon Step Code engagement process, Staff heard from building industry professionals that some form and character development permit area design guidelines challenge the ability to meet energy efficient building design best practices. Reviewing the General Development Permit Area Design Guidelines is within the City's 2024 work plan. The project is intended to update the guidelines to help achieve the goals and policies in City Plan, including the promotion of building related energy conservation and GHG emissions reduction. An engagement process, which will include consultation with the development community, is a key component of the project. |

OPTIONS

1. That Council repeal Council Policy COU-216, BC Energy Step Code Rezoning Policy.
 - The advantages of this option: this will ensure City policies, regulations, and guidelines related to energy efficiency and emissions for new buildings reflect City's recent Zero Carbon Step Code and BC Energy Step Code implementation strategy. Repealing the BC Energy Step Code Rezoning Policy will remove a redundant requirement and reduce the administrative and financial burden for the City and rezoning applicants.
 - The disadvantages of this option: repealing the BC Energy Step Rezoning Policy without replacing it with a new policy will remove an opportunity to require further energy efficiency and emissions reductions from a project that requires rezoning.
 - Financial Implications: There are no financial implications associated with this recommendation.

2. That Council provide alternate direction. |

SUMMARY POINTS

- The adoption of BC Energy Step Code and Zero Carbon Step Code has resulted in new building energy efficiency and emission requirements exceeding some of those within the BC Energy Step Code Rezoning Policy.
- Staff proposed to repeal the BC Energy Step Code Rezoning Policy to remove an effectively redundant requirement and reduce the administrative burden for the City and financial burden for rezoning applicants.
- Staff plan to review the density bonusing requirements and General Development Permit Area Design Guidelines in 2024 and update building energy efficiency and emissions reduction considerations at that time.

ATTACHMENTS:

ATTACHMENT A: COU-216 – BC Energy Step Code Rezoning Policy |

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