

Submission to the prebudget consultation Standing Committee on Finance

May 22, 2026



Summary of recommendations

1 To support innovation and building performance in housing, the government should

Ensure Build Canada Homes embeds a strong, scalable investment stack to deliver energy-efficient, climate-resilient rental and non-market housing.

2 To crowd in private investment in the commercial real estate sector, the government should

Maintain funding to develop voluntary, made-in-Canada sustainable investment guidelines for buildings by end of 2027.

The government should also think about short-term measures to support the transition, such as **directing OSFI to implement a capital relief proposal for climate-aligned lending.**

3 To improve access to whole-building data, the government should

Work with provinces and territories to provide timely, standardized access to whole-building utility data across Canada and ensure the software infrastructure such as Energy Star Portfolio Manager is maintained to enable energy benchmarking, reduce costs for building owners, and improve transparency.

Introduction

Canada faces two interconnected issues: a major housing shortage and the growing economic effects of transitioning the building sector towards high-performance standards and risk management, including a changing climate. Policy responses to one will directly influence outcomes for the other.

As Canada accelerates housing construction to restore affordability, the performance of new buildings will be a central determinant of long-term economic and environmental outcomes. Sustainable building is a critical economic sector, supporting over 500,000 jobs and contributing nearly [\\$81 billion to Canada's GDP](#) in 2024. At the same time, Canada must build millions of new homes to restore affordability. Decisions made today will shape energy costs, emissions, and housing affordability for decades.

Addressing these challenges requires coordinated federal action in three areas:

- **Embedding performance-driven investments** in federally supported housing programs to ensure long-term affordability and resilience;
- **Creating market conditions** that attract private capital into sustainable real estate at scale; and
- **Strengthening data infrastructure** to support investment decisions, performance measurement, and accountability.

Public support for these measures is strong. Canadians consistently indicate a preference for energy-efficient, resilient housing and support stronger standards in new construction. This provides a clear mandate for federal action.

CAGBC therefore recommends the following measures for inclusion in Budget 2026.

1 Support innovation in affordable housing through building performance

Federal housing investments are fundamentally long-term capital allocation decisions. Poorly performing buildings lead to higher operating costs, faster asset depreciation, and increased future public expenditure. By contrast, high-performance buildings deliver enduring value through lower utility costs, greater resilience, and reduced lifecycle costs.

Embedding clear performance and sustainability objectives within Build Canada Homes should therefore be understood as sound fiscal management. It reduces long-term costs to government, building owners, protects public assets, and ensures better value for money for taxpayers—while supporting Canada's broader economic and climate competitiveness objectives.

For low- and middle-income households, improving energy and water efficiency is a direct affordability measure to limit the impact of energy prices. Lower utility bills provide ongoing and predictable cost savings, helping households manage rising costs of living. These savings represent durable benefits that should be integral to deals with private- or public-sector actors.

[Recent Abacus Data polling commissioned by CAGBC](#) confirms that Canadians understand this connection hat:

- **72% of Canadians report rising utility costs over the past year**
- **86% support stronger energy efficiency requirements in new housing;**
- **91% believe Build Canada Homes should deliver energy-efficient and climate-resilient housing.**

Climate resilience is also a [growing personal concern](#) according to Desjardins' research: nearly 70% of insured Canadians worry that severe weather could damage their home, and 40% say climate change is already affecting their mental well-being — a figure that rises sharply among Canadians under 35. Combined with Abacus's finding that 65% of Canadians say living in an energy-efficient home would improve their quality of life, the data point to a clear and broad public mandate for higher-performance housing.

This is also achievable at scale. CAGBC has already certified more than 90,000 housing units to high sustainability standards across Canada. This housing projects were delivered by private and public sector developers at competitive pricing and savings to the occupants. It is demonstrating that good-quality, energy-efficient, and comfortable homes can be delivered consistently.

The federal government should:

- Integrate established building performance standards into all affordable housing programs financed by BCH;
- Evaluate projects based on lifecycle performance and total cost of ownership—not only upfront capital costs; and
- Ensure that federally funded housing delivers verifiable outcomes in emissions reduction, operating cost savings, and climate resilience.

2 Crowd in private investment in the commercial real estate sector

Public funding alone is insufficient to achieve the scale of transformation required in Canada's building sector. Federal policy should therefore focus on enabling private capital to flow into sustainable real estate.

Institutional investors increasingly want to deploy capital into climate-aligned assets, but they need consistent, credible definitions to do so with confidence. Voluntary, made-in-Canada sustainable investment guidelines for buildings would fill this gap: providing standardized definitions for climate-aligned real estate assets, reducing greenwashing risk, and giving pension funds and foreign investors a reliable framework for decision-making. The government should maintain funding to finalize these guidelines by 2027. This is low-cost market infrastructure with high-leverage returns.

To further cut financing costs for sustainable buildings, the government should keep collaborating with organizations like [AFFINE](#) to encourage OSFI to adopt prudential measures. These would enable banks to account for the lower long-term risks of climate-aligned real estate in their capital requirements. Such measures would decrease borrowing costs through market competition, lessen

dependence on public subsidies, and enhance capital efficiency in housing and commercial real estate markets.

Together, these two measures — credible investment guidelines and targeted capital relief — would strengthen financial system resilience, crowd in private investment, and ensure that federal dollars are concentrated where markets genuinely cannot go on their own.

3 Improve access to whole-building data to drive better performance

Sound investment decisions require sound information. At present, inconsistent access to whole-building energy and performance data across provinces imposes unnecessary costs on building owners, limits the ability of investors to assess risk accurately, and undermines the government's ability to evaluate the impact of its own clean technology programs. The federal government should act on two fronts.

First, the federal government should work with provinces and territories to mandate timely, standardized access to whole-building utility data, reducing the compliance costs that come with today's patchwork of provincial rules. [Developed in collaboration with REALPAC and BOMA Canada](#), this recommendation directly addresses that gap. Reliable data enables building owners to identify efficiency opportunities and meet the rising expectations of global investors.

Second, it should also ensure that benchmarking infrastructure — including ENERGY STAR Portfolio Manager (ESPM) — is maintained and accessible, reducing administrative burden and preserving a common language for performance assessment. Over 35,000 Canadian buildings use ESPM to track energy and water use, and supports 17 jurisdictions across the country that rely on it to underpin their benchmarking and disclosure policies. It is the common language through which building owners, investors, and governments communicate and verify performance — and it was put at serious risk over the past year.

[Last year, the U.S. administration moved to defund and dismantle ENERGY STAR](#), but it was ultimately reversed through bipartisan Congressional action. However, the program now operates under new management — transferred from the EPA to the Department of Energy — leaving its long-term stability uncertain. The immediate threat has passed, but the episode exposed a structural vulnerability Canada cannot ignore: our national benchmarking infrastructure should not depend on the budgetary decisions of a foreign government.

A trusted, free and reliable building data infrastructure supports better risk management across the financial system. It provides the accountability framework that makes public investment in energy efficiency verifiable and credible. As Canada competes for pension fund and international capital, standardized building data is not a technical detail — it is a market competitiveness issue.

Conclusion

The recommendations in this submission are mutually reinforcing and grounded in fiscal responsibility. Embedding performance standards in federally supported housing protects long-term public value, reduces lifecycle costs, and delivers durable affordability for Canadian households.

Voluntary investment guidelines and targeted prudential measures unlock private capital at scale, reducing dependence on public subsidies. Finally, standardized data infrastructure enables the transparency, accountability, and risk management that both markets and governments require to make sound decisions.

Together, these measures represent a practical, market-oriented path forward — one that addresses Canada's housing shortage without sacrificing quality, attracts the institutional capital needed to accelerate building sector transformation, and positions Canada's real estate market as a credible destination for global investment.

The cost of inaction is not neutral. Poorly performing buildings, fragmented data systems, and absent investment frameworks impose real costs on building owners, taxpayers, and future generations. The federal government has an opportunity in Budget 2026 to put in place the conditions for a building sector that is more affordable, more resilient, and more competitive.

CAGBC looks forward to working with the federal government to advance these priorities.

*The **Canada Green Building Council (CAGBC)** makes sustainability a competitive advantage. As Canada's leading green building authority, CAGBC accelerates efficient, low-impact buildings with the solutions industry needs to protect assets and deliver value – through trusted certifications, data-driven insights, government advocacy efforts, and professional skills development. With more than 670 corporate members, CAGBC's membership spans the full breadth of the building industry — architects, engineers, contractors, building owners, and developers — and we work in close partnership with industry associations and unions to advance shared economic and workforce goals.*