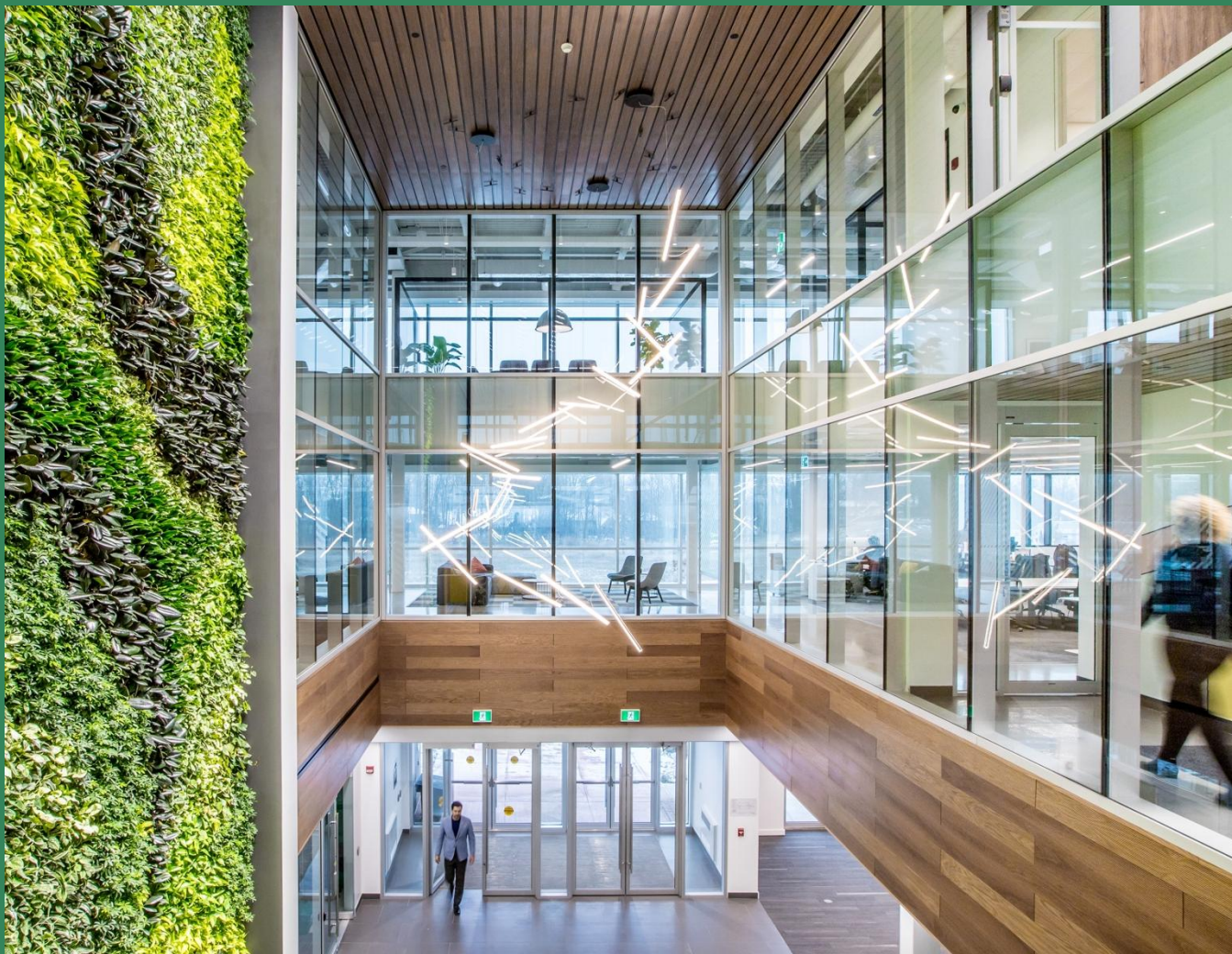


Submission to the prebudget consultation Finance Canada

September 8, 2026



Summary of recommendations

1 To support affordability 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.

Recommendation: embed performance standards across Build Canada Homes' committed \$13 billion investment, at no additional cost to the fiscal framework.

2 To strengthen building data infrastructure for competitiveness, sustainable finance, and retrofits, the government should

Ensure the continued operation of ENERGY STAR Portfolio Manager—Canada's primary building performance tool—so Canada can strengthen global climate competitiveness and productivity, support implementation of the sustainable investment taxonomy for buildings, and enable the retrofit priorities set out in the National Electricity Strategy.

Recommended investment of \$110 million over 3 years to the Office of Energy Efficiency at ECCC.

Introduction

Canada's housing and building sectors are facing unprecedented pressures. The demand for affordable housing is rising sharply just as Canada must improve productivity, attract sustainable investment, reduce energy waste, and prepare its building stock for a more electrified, climate-resilient future. Meeting these connected challenges requires targeted federal action that treats housing quality, building performance, and reliable data infrastructure as core economic priorities.

Investment in sustainable, high-performance buildings is a fiscally responsible use of taxpayer dollars. Buildings that are designed, financed, and verified for long-term performance can lower utility and maintenance costs, improve comfort and resilience, protect the long-term value of public assets, and deliver more durable affordability for Canadian households.

The two recommendations presented here build on existing federal priorities and commitments. First, Build Canada Homes should embed a strong, scalable investment stack that supports energy-efficient, climate-resilient rental and non-market housing from pre-development through construction and operation. Second, Canada should strengthen the building data infrastructure needed to support global climate competitiveness and productivity, implement the sustainable investment taxonomy for buildings, and enable retrofit priorities under the National Electricity Strategy. Together, these measures represent a fiscally responsible, forward-looking package that will reduce costs, improve accountability, mobilize capital, and accelerate progress toward Canada's housing, affordability, climate, and productivity objectives. To this end, the Canada Green Building Council (CAGBC) recommends two priority actions:

1 To scale up affordable and high-performance housing

Canada's housing challenge is not only about building more homes; it is also about ensuring those homes remain affordable to live in, resilient over time, and valuable to residents and taxpayers for decades. Affordability should not be measured only by upfront purchase or construction costs: it is a total cost-of-living question. Energy bills, retrofit and maintenance needs, indoor comfort, and durability all determine what a home truly costs over its lifetime.

Federal housing investments should therefore be treated as long-term capital allocation decisions that account for affordability, operating costs, renewal needs, and building performance from the outset. Poorly performing buildings lead to higher utility costs, faster asset depreciation, and increased future public expenditure. By contrast, high-performance buildings deliver enduring value through lower operating costs, greater resilience, and reduced lifecycle costs.

Embedding clear performance and sustainability objectives within Build Canada Homes (BCH) should therefore be understood as sound fiscal management and as a practical way to coordinate

financing from pre-development through construction and operation. Building fast without embedding performance risks pays twice—once to build, and again to retrofit later—creates a false economy that shifts costs onto future government budgets, household bills and owner capital budgets. Rather than creating entirely new programs, BCH can use its investments to support better decision-making early, finance measures that reduce lifetime costs, verify outcomes after occupancy (energy costs in particular) and reward projects that demonstrate measurable performance. This approach should extend across federally supported housing, including purpose-built rental, non-market, student, and seniors' housing. All would benefit from lower operating costs, healthier indoor conditions, and buildings designed to perform over time—particularly as demand grows for housing that supports Canada's aging population.

For low- and middle-income households, improving energy and water efficiency is a direct affordability measure. Affordable housing should include lower utility bills to provide ongoing, predictable cost savings and help households manage the rising cost of living while protecting public investments. These savings represent tangible, long-term benefits that should be integral to investment deals with private- and public-sector actors, especially where early analysis can identify the lowest-cost path to affordability, resilience, and building performance before construction begins.

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

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

Climate resilience is also a [growing personal concern](#) according to Desjardins' research: nearly 70 percent of insured Canadians worry that severe weather could damage their home, and 40 percent say climate change is already affecting their mental well-being — a figure that rises sharply among Canadians under 35. Combined with Abacus' finding that 65 percent 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 that improves comfort, health and protection for extreme weather.

The skills and technologies needed to build efficiently at scale—high-performance envelopes, heat pumps, and related systems—already exist. A recent CAGBC [study](#) of four green-certified multi-unit residential buildings found operating savings of 17 to 37 percent relative to conventional buildings, when performance considerations are integrated early in the design and development process. The barrier is not technical feasibility; it is ensuring performance is built into financing and design from day one, rather than treated as an afterthought.

BCH investments should support to:

- **Plan Better.** Provide forgivable contributions or low-interest financing for energy modelling, climate analysis, commissioning, and other pre-development studies that identify the lowest-cost path to affordability and resilience before expensive decisions are locked in;

- **Build Better.** Finance the incremental cost of high-performance envelopes, heat pumps, geothermal, district energy, and modern methods of construction such as mass timber and prefabrication, through recyclable financing rather than one-time grants, so capital is preserved and reinvested in future housing;
- **Verify Performance.** Establish a common post-occupancy verification framework using energy reporting, utility data, and standardized benchmarking, leveraging ENERGY STAR Portfolio Manager as existing infrastructure and Tier 2 of the 2025 National Building Code or CMHC's MLI Select targets as performance metrics;
- **Reward Performance.** Develop an energy performance-linked financing product that uses verified outcomes to inform underwriting, improve financing terms, and enable federal funds to be reinvested in additional housing projects.

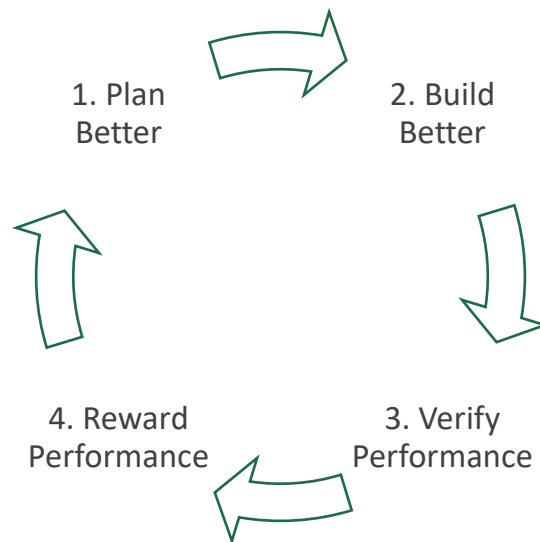


Figure 1 Recyclable Investment for Affordable Housing

CAGBC recommends that the government direct Build Canada Homes' committed \$13 billion investment toward energy-efficient, climate-resilient housing by embedding performance standards as a condition of financing, ensuring the funding already committed lowers utility costs, withstands extreme weather, and delivers long-term affordability, at no additional cost to government. It should consider increasing the budget for BCH, as promised in the 2025 election, to support high-performing non-market, student, and senior housing projects.

2 Strengthen building data infrastructure for competitiveness, sustainable finance, and retrofits

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 investors' ability to assess risk accurately, and undermines the government's ability to evaluate the impact of its own clean technology programs. Canada also relies on benchmarking infrastructure that must remain stable, accessible, and fit for purpose if governments, building owners, and investors are to verify performance and compare results consistently.

The federal government should therefore act on two connected fronts. It should work with provinces and territories to mandate timely, standardized access to whole-building utility data, thereby reducing the compliance costs associated with today's patchwork of provincial rules. Reliable data enables building owners to identify efficiency opportunities, meet the rising expectations of global investors, and support better risk management across the financial system.

The federal government should also ensure that data collection and benchmarking infrastructure—in particular, ENERGY STAR Portfolio Manager (ESPM), is maintained and accessible. ESPM is Canada's primary building performance tool. It provides a common language for benchmarking energy and water use, reducing administrative burden, supporting disclosure policies, and allowing owners, investors, and governments to communicate and verify performance. Over 35,000 Canadian buildings use ESPM to track energy and water use, and 17 jurisdictions across the country rely on it to underpin benchmarking and disclosure policies.

Maintaining ESPM is strategically important for three reasons. First, it supports Canada's global climate competitiveness and productivity by giving owners, investors, and governments reliable performance information needed to reduce energy waste, manage costs, and demonstrate progress in a market where capital increasingly depends on credible climate data.

Second, ESPM will serve as an important enabling infrastructure for Canada's taxonomy for buildings. Its credibility will depend on consistent, comparable, and verifiable data. Without a common data and benchmarking platform, investors and lenders will have a harder time determining whether building-related investments meet green or transition criteria, increasing uncertainty and limiting the flow of private capital into emissions-reducing projects.

Third, ESPM will help implement the retrofit priority identified in the National Electricity Strategy. As Canada expands electrification, managing demand through energy efficiency and accelerated retrofits will be essential to affordability and grid reliability. ESPM provides the baseline data, benchmarking, and performance tracking needed to target retrofits, measure savings, and reduce unnecessary pressure on electricity infrastructure.

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 (DoE) — leaving its long-term stability uncertain. The immediate threat has passed, but the risk remains as this transition forces ECCC to renegotiate the current contracts with the DoE. Overall, these episodes expose a structural vulnerability Canada cannot ignore: our national benchmarking and data collection infrastructure should not depend on the budgetary decisions of a foreign government.

Together, standardized utility data and reliable benchmarking infrastructure provide the accountability framework that makes public investment in energy efficiency verifiable and credible. As Canada seeks to attract capital and investment in an increasingly electrified economy, standardized access to building data is essential. It is not just a technical aspect but a fundamental economic infrastructure critical to the successful rollout of the future taxonomy for buildings.

CAGBC recommends a combined \$110 million investment over three years to improve access to whole-building utility data and support the continued operation of ESPM, Canada's primary tool for benchmarking building energy performance. This investment will reduce compliance costs, preserve a trusted national performance platform, strengthen global climate competitiveness and productivity, support the sustainable investment taxonomy for buildings, enable retrofit implementation under the National Electricity Strategy and ensure Canada's data sovereignty.

Conclusion

The recommendations in this submission are mutually reinforcing and grounded in fiscal responsibility. Embedding performance standards and coordinated financing within Build Canada Homes will protect long-term public value, reduce lifecycle costs, and deliver long-term affordability for Canadian households. Strengthening whole-building data access and maintaining ESPM will provide the market infrastructure needed to verify results, support the sustainable investment taxonomy for buildings, and guide retrofit investment as Canada advances electrification.

Together, these measures represent a practical, market-oriented path forward — one that addresses Canada's housing shortage without sacrificing quality, lowers operating costs for occupants and building owners, strengthens Canada's competitiveness for global climate-aligned capital, and positions the building sector to support a more affordable, reliable, and productive clean economy.

The cost of inaction is not neutral. Poorly performing housing, fragmented utility data access, and unstable benchmarking infrastructure impose real costs on households, building owners, taxpayers, investors, and future electricity systems. 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, more transparent, and more globally 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.*