

BOMA BC Response to Clean Growth Future for BC August 24th, 2018

The Building Owners and Managers Association of BC (BOMA) represents the commercial property and facility management (CFPM) industry in British Columbia. According to a 2017 Deloitte report¹, the CFPM sector generates over \$3 billion annually in provincial GDP, supports 36,950 FTEs, and generates \$2 billion in labour income and property taxes in excess of \$1.3 billion in Vancouver and Victoria.

Our industry provides the infrastructure for an estimated 1.1 million businesses operating out of over 300 million square feet of light industrial, office, and retail space, with combined rental revenues of almost \$6.7 billion per year in BC. It supports suppliers of services, products, equipment and machinery, including maintenance services, office furniture and equipment, and factory machinery. It attracts foreign direct investment, driving access to capital, new technology and processes and allows BC businesses to leverage their assets, scale up productivity, and achieve international presence.

BOMA has been a leader in helping transform the commercial buildings industry towards energy efficiency and environmental responsibility in a voluntary and pragmatic manner. BOMA is being asked by all levels of government to support efforts to address carbon reduction initiatives and participate in the ambitious goals identified in the Provincial Clean Growth Strategy.

The Province of BC has released a set of nine intentions papers on a new Clean Growth Future for BC <https://engage.gov.bc.ca/cleangrowthfuture/> and on a Strategy for Clean, Efficient Buildings: <https://engage.gov.bc.ca/cleangrowthfuture/buildings/>

We have worked successfully with the Province, through such partnerships as Electric Vehicle Charging Stations, the BOMA Building Environmental Standards (BEST) Building Management Program, Energy Tracking and Utility Monitoring software, and our Business Energy Advisor program to help achieve energy and carbon reduction targets. Now, with new accelerated climate action plans, BOMA can play a key role to address the issues of climate change, resiliency and environmental sustainability.

BOMA has identified a need to provide direct ‘hands-on’ assistance to the vulnerable older stock of buildings (class B and C) typically occupied by small businesses. Small businesses employ more than a million British Columbians and our industry provides the space for them to work. Through triple net lease agreements, small businesses absorb the cost of energy use, property taxes and building maintenance. There is a cost to occupying space in a ‘green’ building which will increase with new regulations being discussed to achieve climate action goals. In addition, municipalities are introducing additional regulations, such as the City of Vancouver’s recently introduced bylaws applying new energy efficiency requirements to building tenant improvement permits.

BOMA has proposed a significant expansion of our current programs and new initiatives to help building managers and operators work with business tenants to achieve climate action benefit for all. Below is a description of our five point plan to address climate change in the built environment.

¹Economic Impact Assessment of BC’s Commercial Real Estate Sector. Deloitte, commissioned by BOMA BC (April 2017).

Commercial Buildings Climate Action Five-Point Plan:

Compliance with Building Regulations

Providing direct assistance to commercial buildings to ensure compliance with evolving energy and environmental building codes, regulations and policies in co-operation with municipalities, utilities and governing bodies.

Enhanced Education for Building Operations & Management

Educational seminars and specialized training that focus on the topics of greenhouse gas (GHG) reduction, energy efficiency, and building operation and maintenance best practices.

Business Tenant Engagement

Engage business tenants on emerging conservation strategies and technologies to increase participation in GHG reduction.

Provide Green Building Management Programs

Promote and expand continuous improvement certification programs (e.g. BOMA BEST) focusing on energy, water, waste, hazardous materials and indoor air quality.

Promote Utility Monitoring and Tracking

Advance the use of utility monitoring software to better enable buildings to manage their consumption and track their progress.

Regarding the Clean Growth Strategy Position Papers, BOMA makes the following recommendations:

- 1. BOMA recommends provincial funding support charging infrastructure in privately owned buildings to speed up the adoption of ZEVs and to ensure motorists, employees, clients and customers have access to various charging options.**
- 2. BOMA recommends the Province encourage the BC Utilities Commission to allow direct to consumer electricity sales at market rates from charging stations on private property.**
- 3. BOMA recommends the Province support and develop policies for drop off areas or pull out lanes to prepare for adoption of ride sharing and automated transportation in new developments.**
- 4. BOMA recommends provincial support for an energy efficiency information centre to provide direct assistance to commercial buildings. This will ensure compliance with new and evolving energy and environmental buildings codes, regulations and policies in cooperation with municipalities, utilities and governing bodies. As well, BOMA believes research should be conducted to determine how energy benchmarking software programs are being used and how best to increase their adoption.**
- 5. BOMA recommends increasing the amount available for capital upgrade incentives. This can be done any number of ways such as increased grants, sales tax breaks or property tax breaks. Furthermore, these incentives should be available at the unique life-cycle timing requirements of commercial buildings.**
- 6. BOMA recommends the Province incentivize municipalities to prioritize or fast track permit applications that include energy reduction initiatives.**

7. **BOMA recommends tools and resources be provided to the commercial buildings industry to assist with the changing aspects of the building code. An energy efficiency information source to provide up to date information on building and retrofitting best practices for contractors and professionals would potentially save time and effort and prevent confusion.**
8. **BOMA recommends dedicating increased funding to provide more direct support to building owners and operators for energy efficiency upgrades and the process by which they may implement projects.**
9. **BOMA recommends the Province of BC adopt the BOMA BEST building management standard to evaluate, monitor, and continuously improve provincial public buildings.**
10. **BOMA recommends that changes to rules and regulations regarding any new mandatory retrofits are done in a user-friendly model for certified contractors to understand.**
11. **BOMA recommends incentives to support those who wish to implement building energy conservation initiatives and retrofits, as well as tools and resources to help with implementation. We feel this would be more beneficial than a policy of enforcement.**
12. **BOMA recommends the BOMA BEST building management program be recognized as an approved mechanism to qualify for incentive funding for BC energy reduction initiatives.**

Discussion 1 – Zero Emission Vehicles (Clean Transportation)

Questions:

How can B.C. encourage the use of clean vehicles? What are some of the challenges and how could they be addressed?

BOMA supports the use and expansion of zero emission vehicles (ZEV) and feels the marketplace can manage the charging infrastructure. We have helped our industry install many stations in commercial buildings in successful partnership with the Province.

More support should be provided for installing charging infrastructure in private commercial buildings so people traveling to work by electric car can charge at their place of work. The current legal framework prohibits electricity resale, acting as a disincentive for broader roll out of charging infrastructure. Allowing building owners and/or operators to sell electricity to consumers (at charging or parking rates) will encourage and speed up the adoption of ZEVs.

Further, having a certain percentage of available ZEVs ready stations may be sufficient to support the uptake of ZEVs. As a result, there may not need to be infrastructure wiring provided to every parking spot. This may amount to wasted time and resources as a variety of automated transportation modes may be more common sooner than expected.

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- **BOMA recommends the Province support and develop policies for drop off areas or pull out lanes to prepare for adoption of ride sharing and automated transportation in new developments.**

Discussion 4 – Building Energy Labelling Requirement (Improving Buildings)

Questions:

- **How valuable would energy labelling be in helping you understand energy use and utility costs in a home or building you might purchase or rent? How should that information best be presented to make it clear and consistent?**
- **Do you think there should be separate approaches for homes and large buildings?**

BOMA has been at the forefront of encouraging and assisting building owners to benchmark and understand their energy use information. We have provided significant support to our industry to implement energy tracking and performance monitoring, as well as energy efficiency upgrades leading to recommendations and potential savings of close to 5,000,000 kilowatt hours and 50 tonnes of carbon annually. BOMA is also partnering with BC municipalities on implementing voluntary reduction targets in 2030 Resiliency Districts.

Companies who only acquire newer Class A building stock and who would sell older (Class B and C) buildings will have better building ratings than those who buy older buildings and keep them for a long time. Older spaces can often be an affordable option for small businesses who may not have the capital to invest in the most energy efficient spaces. Energy labelling could brand older buildings as less desirable and interfere in the efficient operation of the private sector.

We encourage buildings to understand information on energy use, but a label such as ENERGY STAR may not be the most important factor to many tenants. An ENERGY STAR label is not the most important factor in a car or appliance purchase either. Many other factors (e.g. price, brand, suitability) come in to play and it is important to recognize them all.

Wholistic building management programs such as BOMA BEST enable a building to demonstrate engagement in whole building performance and continuous improvement. Building labeling supports those who want to show leadership and gain a competitive advantage in the marketplace.

However, rating a building only on energy performance simply leaves out other important factors our industry has been working hard to improve to affect change in people's daily lives. Other important factors include air quality, comfort, accessibility, waste diversion, and access to public transportation. These factors have an impact on the environment, as well as employee health and wellness, productivity and performance.

There is also a significant difference between residential and commercial buildings when it comes to energy monitoring, labelling and benchmarking and they should be treated differently. Labelling older buildings against newer buildings will always be imbalanced as the buildings cannot deliver the same energy results, no matter the financial investment made. Buildings differ by age, size, use, location and design, so comparing commercial buildings can be like comparing apples to oranges. Furthermore, companies buying a building today will already know a building's energy use through their due diligence.

Municipalities that have talked about benchmarking and labeling have not provided resources to help with understanding, application or implementation by consumers or industry. It seems more

focus is placed on implementing policies instead of researching how many buildings are currently using ENERGY STAR and how difficult it might be to begin the process of reporting.

- **BOMA recommends provincial support for an energy efficiency information centre to provide direct assistance to commercial buildings. This will ensure compliance with new and evolving energy and environmental buildings codes, regulations and policies in cooperation with municipalities, utilities and governing bodies. As well, BOMA believes research should be conducted to determine how energy benchmarking software programs are being used and how best to increase their adoption.**

Discussion 5 – Financial Incentives (Improving Buildings)

Questions:

- **What was your experience accessing home renovation incentives?**
- **What types of incentives or financing options would best encourage investments in energy efficiency or switching to low carbon heating equipment?**

It is important to note the commercial real estate sector has also had access to energy efficiency renovation incentives. Our members have undertaken many retrofits as a result, saving significant amounts of energy and reducing GHG emissions. One case study of a BOMA BC member showed investments in lighting upgrades (inspired in part by the incentives available) resulted in a 35% reduction in energy savings.²

BOMA supports incentives as they are necessary to affect real change. BOMA supports incentive programs that help building owners make upgrades that would otherwise be more difficult or costly to complete. However, practical support, such as provided by the BOMA Business Energy Advisor service³, is also required to get building owners and operators to the point where they can plan and take advantage of the incentives. We have been supporting building owners with hands-on direct assistance to do energy assessments, build the business case, support planning, access incentives and provide tools for companies to ultimately make the efficiency investment.

It is also important to note that buildings in the commercial sector often have renovations that are in the millions of dollars, compared to much smaller amounts in the residential sector. Larger incentives for the commercial sector would be even more helpful. As size and age of commercial buildings vary significantly, higher incentives support a better return on investment for commercial buildings, leading to greater adoption. In fact, bringing up the bottom quartile of office buildings to the average energy use intensity would result in a reduction of 5% of total energy consumption by all office buildings in BC⁴.

- **BOMA recommends increasing the amount available for capital upgrade incentives. This can be done any number of ways such as increased grants, sales tax breaks or property tax breaks. Furthermore, these incentives should be available at the unique life-cycle timing requirements of commercial buildings.**

Discussion 6 – Stronger Codes and Standards (Improving Buildings)

² <https://www.boma.bc.ca/media/60514/from-energy-benchmarking-to-conservation-project.pdf>

³ <https://www.boma.bc.ca/green-buildings/energy-management-assistance/>

⁴ BC Building Performance Study, p. 4 (<https://www.boma.bc.ca/media/57974/bc-building-performance-study-feb-2014.pdf>).

Questions:

- **How can the provincial government help support industry and local governments as they transition to the Step Code over time?**
- **What are the best opportunities for us to work together to support housing affordability and help offset the upfront costs that are often associated with energy-saving and emission-reducing retrofits?**

Many municipalities are adopting the Energy Step Code, but do not always provide tools or resources for those who design and construct these new buildings. Permit times are the most disruptive part of the development and renovation process. Adding more restrictive requirements while not providing additional resources to help implementation is only going to exacerbate the current problems.

Additionally, mandatory retrofits to existing buildings are more difficult than designing a new building from scratch. Reasonably sufficient resources must be in place to ensure the commercial real estate industry can meet the goals of this new policy. BOMA can help provide resources for the industry if properly supported by the Province.

BOMA believes that greenhouse gas (GHG) and/or energy intensity units (EIU) targets are best set by the Province and not by municipalities. Different targets set by different municipalities creates inconsistencies and confusion for all industries. As well, any emissions metrics will result in a reduced ability for customers to choose natural gas for heating and cooking, reducing choice and increasing costs for building owners and businesses.

- **BOMA recommends the Province incentivize municipalities to prioritize or fast track permit applications that include energy reduction initiatives.**
- **BOMA recommends tools and resources be provided to the commercial buildings industry to assist with the changing aspects of the building code. An energy efficiency information source to provide up to date information on building and retrofitting best practices for contractors and professionals would potentially save time and effort and prevent confusion.**

Discussion 7 – Low Carbon Buildings Innovation Program (Improving Buildings)

Questions:

- **Have you ever lived or worked in an energy efficient or green building? If yes, how was your experience with the building?**
- **What is the best way to engage research institutions and professionals on these low carbon building innovation opportunities?**

BOMA's Energy Manager and Business Energy Advisor have been able to engage with commercial real estate professionals to talk about low carbon building solutions. This year they have identified potential annual savings of close to 5,000,000 kilowatt hours and 50 tonnes of carbon. With more support, these positions can effect more change on a wider array of buildings across the sector and help the Province reach an important target audience. As well, we believe the Province can show leadership by implementing the BOMA BEST building management program in our public buildings to help monitor, evaluate, and continuously improve the provincial public building stock.

- **BOMA recommends dedicating increased funding to provide more direct support to building owners and operators for energy efficiency upgrades and the process by which they may implement projects.**
- **BOMA recommends the Province of BC adopt the BOMA BEST building management standard to evaluate, monitor, and continuously improve provincial public buildings.**

Discussion 8 – Training and Certification (Improving Buildings)

Question:

- **What gaps are there in current training opportunities to support the retrofit and construction industry in shifting to high performance buildings?**

It is not possible to undertake significant building retrofit programs without the involvement of highly skilled engineers, planners, designers and contractors. If the Province seeks to allow retrofits to be done only by a “certified” contractor, this will no doubt increase delays and costs as it will amount to a monopoly made possible by forced government intervention.

If our policy makers want successful outcomes, they need to work with groups that have connections to industry, such as BOMA, to ensure that communication is in place and tools are available to ensure success. If not, we may hear more about unsuccessful projects which will, in turn, have a negative impact on the perception of the Energy Step Code.

- **BOMA recommends that changes to rules and regulations regarding any new mandatory retrofits are done in a user-friendly model for certified contractors to understand.**
- **BOMA recommends incentives to support those who wish to implement building energy conservation initiatives and retrofits, as well as tools and resources to help with implementation. We feel this would be more beneficial than a policy of enforcement.**
- **BOMA recommends the BOMA BEST building management program be recognized as an approved mechanism to qualify for incentive funding for BC energy reduction initiatives.**

BOMA will continue to act as a leader in energy efficiency and environmental sustainability. We welcome the opportunity assist the Province in achieving its climate action and greenhouse gas reduction targets.

We appreciate the opportunity to be part of the stakeholder engagement process. If we can provide any further assistance or recommendations, please do not hesitate to ask.

Sincerely,



Damian Stathonikos

President

Building Owners and Managers Association of British Columbia (BOMA BC)

BOMA BC (est. 1911) is the premier commercial buildings industry association in BC and represents over 300 million square feet of office, retail, facilities and light industrial space where British Columbians work and businesses thrive.