

Elbows Up for Climate

Policy Brief

Building the Canada We Need: Good Homes, Built to Last

May 2026

Introduction

The federal government re-entering the housing space with programs to directly build new housing and retrofit existing is excellent news. Local governments play a key role in this vision in terms of identifying priority projects, contributing land, streamlining approvals and aligning infrastructure investments to support housing delivery.

This investment, whether through the newly-created Build Canada Homes crown corporation or other initiatives, must not be only ambitious financially. It must have a vision: that public programs can build good results, with a goal of making housing that is good for its residents now, and in the future.

If federal initiatives fail to take climate change seriously, we are exposed to extraordinary economic and humanitarian risk. Housing is a multi-decade investment, and all housing initiatives must be planned with foresight.

Climate and sustainability considerations

Buildings contribute to climate change in two ways. First, through the materials and processes involved in their construction—referred to as embodied or embedded carbon. Wood-frame construction is far less carbon intensive than concrete construction, for example. Second, through their ongoing consumption of energy—referred to as operational emissions. The greatest source of operational emissions by far is the combustion of fuels for heat, although electricity consumption can contribute to emissions depending on how that electricity is generated.

Climate considerations within the federal Build Canada Homes agency are primarily framed through construction efficiency and industrialized building methods, with the program aiming to reduce construction-phase emissions by approximately 20 per cent. The [investment framework](#)

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signals a preference for low-carbon and Canadian-sourced materials and encourages projects to exceed energy code requirements where feasible. BCH also states a preference for climate-informed site selection and infrastructure as part of its assessment process.

However, climate performance in the Build Canada Homes mandate remains largely incentive based with no enforceable minimum standards. The 20 per cent construction emissions reduction target is weak, and by ignoring operational emissions it addresses only half the climate problem. Furthermore, retrofits are not treated as a standalone priority—let alone deep retrofits at the scale necessary to address Canada’s existing building emissions. Without measures to significantly address operational emissions, embodied carbon, and climate resilience, Build Canada Homes risks locking in new inefficient, fossil fuel-dependent infrastructure.

How we can build

Policies to establish climate-first building standards

1. Establish a **climate mandate** for all federal housing and infrastructure spending, including Build Canada Homes, to ensure that no federal money is used to lock in inefficient or polluting infrastructure when lower or zero-carbon options are available. Green strings are a broad approach that could (but do not necessarily have to) include any of the following proposals.
2. Require adherence to the **highest standards** of the National Building Code. The [2025 NBC](#) includes five performance tiers based on a building’s energy efficiency, operational greenhouse gas emissions and resilience to climate-related extreme weather. BCH could be required to meet the highest of these existing standards for all new and/or acquired buildings.
3. Prioritize long-term safety by requiring **climate risk assessments** for new developments and redevelopment including greenbelts. Building in flood zones or wildfire corridors must be avoided unless appropriate hardening and risk mitigation can be guaranteed. Further unmanaged climate risk creates liabilities for insurers and taxpayers.

Policies to support retrofitting

4. Develop a national **deep retrofit strategy** that leverages public programs to reduce emissions and increase climate resilience in all existing buildings across the country,

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including those acquired by BCH. This is another broad approach that could (but does not necessarily have to) include the following specific programs.

5. Support **heat pump deployment across Canada**. Building on the success of the Oil to Heat Pump Affordability program and the recent Canada Greener Homes Affordability Program, the federal government could incentivize heat pump installation programs for all homes in Canada, including those acquired or built by BCH. The federal government can reduce the net cost of the program through bulk purchasing and centralized distribution of heat pumps.
6. Establish a **free housing retrofit program** for low-income households and multi-unit residential buildings, including those built by BCH, to ensure the affordability benefits of energy efficiency are widely shared.

Policies to support the clean energy transition

7. Support **community-owned clean energy systems**, such as locally-controlled thermal energy networks (e.g., district heating) or power generation (e.g., rooftop solar). Community energy systems link multiple buildings to high-efficiency heating, cooling and electricity. BCH could be required to incorporate clean energy systems in the design of new neighborhoods, and the federal government more broadly could create financial incentives for community-led and locally responsive clean energy initiatives.
8. Regulate the **phase out of natural gas** for home heating. Natural gas is the single largest source of building emissions in Canada and almost entirely replaceable with electric heat pumps and boilers. In conjunction with efforts to make heat pumps more accessible, the federal government could prohibit BCH from constructing new buildings with gas hookups, while establishing regulatory timelines for the replacement of gas lines in existing buildings.

Note that all of the above proposals have direct or indirect affordability benefits. Reducing emissions by improving energy efficiency translates into lower energy bills. Reducing climate damages by improving siting or raising building standards translates into lower insurance bills. Programs that offer free or subsidized retrofits provide the greatest affordability benefits overall because the up-front cost is mitigated.

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