

Reducing Regulatory Burden in Ontario's Building Code

Pembina Institute comments and recommendations

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Purpose

Ontario's Ministry of Municipal Affairs and Housing, on behalf of the Building Code Short-term Advisory Body, requested public input to identify opportunities to reduce unnecessary regulatory burden, improve clarity, support housing construction, and reduce barriers to innovation and interprovincial trade. This consultation period ended on August 14.

This article reflects the Pembina Institute's submission regarding the Consultation on Reducing Regulatory Burden in Ontario's Building Code (ERO # 026-0744).

Recommendations summary

The Pembina Institute recommended that the Building Code Short-Term Advisory Body urge the Minister of Municipal Affairs and Housing to:

- Deepen harmonization with National Model Codes to unlock the full economic benefit of building code modernization.
- Adopt the full suite of tiers of the National Building Code (NBC) and National Energy Code of Canada for Buildings (NECB) and replace SB-10 and SB-12 to enhance business and household affordability over the lifetime of the building.
- Prepare the province for upper-tier adoption of National Model Code, which have been developed by industry experts, including input from both the province and Ontario code representatives.
- Align code harmonization with modern approaches and tools like standardized permitting tools and virtual inspections to save time and cut costs.

Recommendations

The Ontario Building Code (OBC) should be further harmonized with National Model Codes to deliver long term affordability for home buyers and building owners and provide builders and developers with the confidence needed to invest in modern methods of construction. The Government of Ontario has implemented several measures to increase housing affordability and expedite construction, including the Development Charge Reduction Program and HST Relief. Comprehensive harmonization is another critical step for ensure long-term affordability for Ontarians and supporting businesses working across jurisdictions to cut costs and reduce time to market for modern methods of construction.

Predictable code pathways give builders, manufacturers, designers, and owners clarity about where the market is going. They also provide municipalities and utilities the direction they need to support new construction through supportive programming. On the other hand, pausing or rolling back code modernization in the name of reducing regulatory burden creates inconsistency, resulting in an uncertain regulatory environment that hinders modern construction approaches, investment in innovative technologies, and municipal support programs. The same is also true for alignment across jurisdictions: modern and affordable methods of construction are most scalable across consistent markets.

Canada's construction sector faces significant headwinds. Continuing a decades long trend growth in construction productivity fell by 2.3% in the first quarter of 2026,¹ building construction prices have nearly doubled since 2019, and new home construction activity has declined and is expected to continue to through 2028. Rather than respond to these challenges by weakening current code requirements, the focus must be on better coordination through further harmonization with the National Model Codes. In fact, outright adoption of National Model Codes and full adoption of the energy performance tiers, rather than a "slow drip" approach, is the most cost effective over the long run. Continued amendments using a piecemeal approach drives up compliance costs, while outright adoption introduces a single update to workflows and limits ongoing changes over time. This should be accompanied by complementary measures such as stronger incentives and efforts to bolster market readiness. Outright adoption of the National Model Codes will support short-term growth while building towards a more predictable, productive and innovative construction market across Ontario in the medium- and long-run.

¹ Jim Wilson (June 8, 2026), "Canadian productivity falls again as labour costs rise for the 4th straight quarter: report." <https://www.hcamag.com/ca/specialization/leadership/canadian-productivity-falls-again-as-labour-costs-rise-for-4th-straight-quarter-report/578078>

Further harmonizing the OBC with Canada's national model codes is also aligned with the goals of both governments to eliminate trade barriers. It will also help prepare the buildings sector to play an effective role in improving the province's energy security by reducing reliance on imported natural gas, and positions buildings as a central component of the province's energy future.

Ontario has already taken measures to support affordability and innovation while minimizing the regulatory burden of Ontario's building code through modernization and harmonization. Further harmonization of the OBC with the National Model Codes is key to driving more affordable new construction as it delivers the regulatory certainty required to unlock critical investments in construction processes, innovative technologies and materials, workforce development, and supply chain coordination.

Reducing Complexity

Ontario's current approach to harmonization uses a fragmented approach with Ontario-specific amendments, rather than fulsome adoption of the National Model Codes. Lack of alignment with national codes creates unnecessary burdens for builders and developers, manufacturers and distributors and other suppliers working across Canada. Across Canada, the annual economic benefit of harmonization is estimated to be between \$750 million and \$1 billion², and this approach limits the economic benefit that harmonization promises. Harmonization supports long-term job creation, reduces administrative and compliance costs, and encourages innovation in construction approaches, equipment and materials. Ontario's fragmented harmonization approach limits these benefits while introducing significant burdens for builders, manufacturers, and distributors and suppliers working across jurisdictions. In turn, this impacts construction costs, increases project timelines, and further exacerbates affordability challenges for Ontario's households and businesses.

The National Model Codes' provisions are developed by industry experts, including industry experts based in Ontario, to be applied across Canada. Fulsome adoption of the national model codes would offer benefits including:

- **Streamlined requirements** for Canadian businesses working across jurisdictions cuts costs and simplifies approaches, which means homes and businesses are built faster and cheaper.

² Regulatory Reconciliation and Cooperation Table (2019), *Reconciliation Agreement on Construction Codes*. <https://rct-tccr.ca/wp-content/uploads/2023/07/Construction-Codes-RA-2019.pdf>

- **Regulatory certainty** attracts investment in critical affordability innovations, such as pre-fabrication and standardized design, which have potential to transform lower-cost construction.
- **Improved outcomes** such as improved energy efficiency, which adds limited cost while driving considerable operational savings that continue to benefit owners and occupants over the building lifespan.

Modernizing Code Compliance Paths

The current compliance pathways for energy efficiency are outdated and duplicative. This is a critical gap. Building performance is one of the most direct ways the OBC influences affordability over the lifespan of a building.

Ontario should adopt Tier 2 of the NECB and Tier 3 of the NBC, amend energy efficiency compliance pathways to limit duplication and modernize approaches, and provide a roadmap for upper tier adoption to provide long-term regulatory certainty. Currently, multiple compliance pathways exist for SB-10 and SB-12, including ASHRAE 90.1. These requirements should be replaced with the energy efficiency compliance pathways outlined in the 2020 National Model Code. These requirements were designed by industry experts and offer improved energy savings relative to legacy standards like ASHRAE 90.1, offering improved affordability across the building lifespan.

Harmonization Contributes to Affordability

Ontario should align with the National Model Code's Tiered Energy Performance Framework by adopting the full suite of tiers. This will contribute to affordability for home and business owners over the lifetime of the building while adding limited to no additional upfront cost.

Energy efficiency requirements are one of the most direct ways code influences affordability over the lifespan of a building. Energy-efficient building standards can reduce energy consumption by 20-50%, helping lower utility bills for owners and occupants. High-performance buildings offer considerable savings for limited additional cost: Canada Mortgage And Housing Corporation (CMHC) analysis indicates that high-rise projects targeting 16–30% energy savings can have payback periods as short as one year, while projects targeting 46% or greater savings can pay back in as little as seven years.³

³ Canada Mortgage and Housing Corporation (2024), *Evaluation of Environmental Sustainability in the National Housing Strategy*. <https://assets.cmhc-schl.gc.ca/sites/cmhc/about-cmhc/corporate-reporting/program->

In addition to supporting general affordability, adoption of the Tiered Energy Performance Framework also supports lending and insurability. Energy savings represent an increase in a critical underwriting criterion for financial institutions - ability to repay - facilitating improved mortgage rates and terms that help Canadian households and businesses manage rising costs. Energy efficiency buildings are also more durable, therefore resilient to extreme weather, an important consideration as Canada's insurance crisis grows. The energy efficiency of homes and buildings can be expected to become critical to maintaining insurability for many, as many energy efficiency upgrades enhance building-level resilience. For instance, building envelope upgrades can reduce infiltration and promote wildfire resilience.

Leveraging Innovative Approaches

Several administration and implementation factors have adversely affected timelines, predictability, consistency, cost, or ease of compliance. The tools listed below require the collaboration of federal, provincial, and municipal governments and include:

- **Permitting and plan review** are major bottlenecks and approaches vary across municipalities. A standardized digital permitting tool should be mandated across the province, either via a single provincial portal or an interoperable standard.
- **Overlapping compliance forms** (i.e. SB-10 declaration forms, energy summary forms, HVAC forms) often collect the same data and increase the administrative burden. A single integrated energy-compliance form should be created that feeds both permitting and utility incentive requirements.
- **Scheduling inspections and re-inspections** is completed manually and inconsistently. Tools such as automated scheduling and remote inspection should be leveraged in instances of low complexity.

Next Steps

Reducing regulatory burden in Ontario's building code should focus on modernizing requirements, not weakening them. Deeper harmonization with Canada's national model codes delivers a more predictable and consistent long term regulatory framework that allows builders, developers, manufacturers, municipalities, and the workforce to reduce the cost of compliance and support both innovation and affordability. Through harmonization, the Province can improve economic competitiveness and increase construction productivity. It also provides the

regulatory certainty needed to attract investment in modern construction methods, workforce development, and supply chain coordination.

Building on steps already taken to modernize Ontario's building regulatory framework, closer alignment with the national model codes and its tiered energy performance framework can help create a productive, innovative, and affordable buildings sector while supporting Ontario's housing objectives and economic growth.