

## **HOME RENOVATION TAX CREDIT FOR ENERGY EFFICIENCY**

### **Introduction**

Housing is Canada's leading sector in addressing climate change. Total greenhouse gas emissions from the housing sector have decreased 11% since 1990, even though the housing stock is much bigger now, having grown 38% since that time. Housing is responsible for 6.3% of direct greenhouse gas emissions in Canada. Today's typical house uses 37% less energy than a similar one built in 1990.

Saying this, a real opportunity lies for significant greenhouse gas emission reductions in the energy retrofitting of existing homes. It is policies that support energy efficient renovation of existing housing that offer the most significant opportunity to make big gains in housing energy performance while helping Canadians.

### **Background**

Significant progress on greenhouse gas reduction has been accomplished through technology and systems innovation, voluntary adoption of higher standards of performance, and a uniquely Canadian research and development collaboration between the public and private sectors.

The Province of British Columbia is committed to reducing greenhouse gas emissions as a part of the Climate Action Plan. Following this lead is many provincial municipalities. For example, the City of Kamloops aims to reduce its greenhouse gas emissions to 45 per cent below its 2007 levels by 2020. A report to council on June 21, 2016 indicated that the City is operating 5.6% below 2007 levels. Help is needed to reach this target.

Every dollar invested by homeowners in energy retrofits of the average existing home yields 4 to 7 times more energy savings than a dollar spent upgrading a new home. Half of Canadian houses were built before 1985 and these older homes use twice as much energy as the houses built since that date. The opportunity is therefore very large.

To continue achieving meaningful energy performance gains and green emission reductions in housing requires ongoing innovation, voluntary programming and consumer energy literacy. Government and industry can continue to collaborate to continue this success story.

### **Opportunity**

Given the very significant opportunity to improve the energy performance and reduction of greenhouse gas emissions of the existing housing stock, a permanent Renovation Tax Credit for Energy Retrofits should be introduced. Such an initiative supports the improvement of the housing stock, homeowner equity, affordability through lower operating costs, homeowner energy literacy (through labelling and custom home reports) and fighting the underground economy by requiring receipts.

Although misperceived as "expensive", such a tax credit can actually be cost neutral, when the benefits of reduced revenue loss to the underground economy are included. Government receipt-based incentive programs have a proven record for suppressing underground economic activity.

When the tax revenues gained from reduced underground cash activity are included in an assessment of such a program, and all of the socio-economic benefits are also tallied, a well-designed program can more than pay for itself.

Canadian housing and homeowners need to continue to lead the way in climate change action. As the largest opportunity for energy efficiency lies in the existing housing stock, governments must help to encourage homeowners to retrofit existing homes.

#### THE CHAMBER RECOMMENDS

That the Provincial Government:

1. establish a Renovation Tax Credit for approved Energy Retrofits.

*Submitted by the Canadian Home Builders Association – Central Interior*