

September 24<sup>th</sup> 2018

Select Standing Committee on Finance and Government Services  
Room 224, Parliament Buildings  
Victoria, BC V8V 1X4

By email to: [financecommittee@leg.bc.ca](mailto:financecommittee@leg.bc.ca)



**BUILDING  
OWNERS AND  
MANAGERS**

**ASSOCIATION**  
British Columbia

Suite 556  
409 Granville Street  
Vancouver, BC  
V6C 1T2

TELEPHONE  
(604) 684-3916  
WEBSITE  
[www.boma.bc.ca](http://www.boma.bc.ca)

On behalf of the Building Owners and Managers Association of British Columbia (BOMA), thank you for the opportunity to make a submission to the Select Standing Committee on Finance and Government Services. We agree with the Province's objective to build a strong, sustainable and innovative economy for all British Columbians. Our recommendations outline opportunities to make this goal a reality.

#### Energy and Environment

BOMA provides energy and environmental services to our members such as energy tracking services, e-energy training, energy management services, total waste management, and the national BOMA Better Environmental Standards (BOMA BEST) wholistic building management program. Developed in BC, BOMA BEST has recorded over 7,000 registrations across Canada and is growing internationally. BOMA BEST helps buildings continuously improve their energy performance and assists with water, energy, waste, accessibility and indoor air quality. These are all important factors to a healthy environment which have an impact on wellness and productivity.

BOMA has been an active participant in the Provincial Energy Step Code Council (ESCC) since its inception which has helped implement the new Energy Step Code in municipalities. BOMA believes there is a need to provide direct support to help transition the industry towards our climate action objectives. BOMA has proposed a significant expansion of our current programs and new initiatives to help building managers work with business tenants to achieve climate action targets. **Earlier this year, BOMA responded to the Clean Growth Strategy position papers and our response to the consultation is attached (appendix A), including 12 recommendations to help the Province meet its climate action targets.**

BOMA provides an Energy Management services in partnership with BC Hydro, as well as a Business Energy Advisor service though funding from the Ministry of Energy, Mines and Petroleum Resources Innovative Clean Energy Fund. This has been of great benefit to our industry, particularly the Class B and C older buildings, who have had less access to utility incentive programs. **We have identified a need for further direct hands-on support for energy reduction in Class B and C buildings and would encourage the Province to increase funding for BOMA's energy advisory services.**

#### Labour Market Development

BOMA has been engaged with the Ministry of Advance Education, Skills and Training over the past number of years to study the labour market needs of the commercial property and facility management sector. BOMA's Governance Advisory Committee of senior industry leaders have recently completed the third phase of the five-phase Sector Labour Market Partnership (LMP) Program. We have developed a three-year strategy to address the labour market challenges in our sector for the next decade.

BOMA is prepared to invest time and resources in implementing this strategy, which will focus on training and matching employees from traditionally underrepresented communities such as indigenous peoples, immigrants and women with good paying, local jobs. According to the Province's recent labour market outlook, Facility Operation and Maintenance Managers will be among the highest in-demand occupations in BC with nearly 5,000 openings needed over the next decade<sup>1</sup>. **BOMA encourages the Province to support the Sector LMP Talent Strategy through the Canada/BC Labour Market Partnership Program to ensure there is a plan in place to address the labour market gaps and opportunities in the property and facilities management industry.**

#### Property Taxes

Property taxes increasing at unsustainable rates for small businesses is an issue raised by many groups. Municipal officials have asked the Province to make changes to property tax laws which would have a significant impact on the commercial real estate sector. **BOMA would be pleased to work on a stakeholder advisory committee to help address the issue of property taxes impacting our communities.**

#### Resilient Communities

Resiliency reflects the the ability to recover quickly from difficulties or to adjust easily to change. BOMA BC has been working closely with the Rick Hansen Foundation Accessibility Certification Program (RHFAC), which was funded by the Province. We'd like to acknowledge and thank you for the contribution to the program and incentive funding for the RHFAC, which we think will be a significant contributing factor to increasing accessibility in our communities.

Accessibility is a key factor to resilient communities, but there are other important factors to consider. BOMA is developing a 2030 Resiliency District<sup>2</sup> in the Capital Region District to highlight and assist buildings in achieving a 50% reduction in carbon emissions by 2030, as well as helping them to make accessibility improvements and seismic safety upgrades. **We would be interested in working with the Ministry of Energy, Mines and Petroleum Resources and other Ministries to help develop Resiliency Districts in different municipalities across the province.**

Resilient and safe communities can also benefit from increased communications capabilities for emergency situations. BOMA has implemented the *BOMA Alert* Emergency Mass Communications System to communicate directly to our members in the event of a natural disaster or large-scale emergency. The City of Vancouver Office of Emergency Management has committed to send critical information to BOMA when they hear about it, so we can relay information to our members, creating a communications infrastructure that is currently unrivaled in Canada. **BOMA recommends that the Province work with our association to fund a feasibility study on a 24-hour emergency monitoring communications service, where events could be monitored in real time and be communicated directly to affected stakeholders.**

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<sup>1</sup> "British Columbia Labour Market Outlook: 2018 Edition" prepared by the Province of BC

<sup>2</sup> <http://www.2030districts.org/>

### Development Permit Wait Times

BOMA supports the Minister of Municipal Affairs and Housing's recent announcement at the Union of BC Municipalities Convention to work with municipalities on ways to improve development and renovation wait times. **BOMA recommends the Province incentivize municipalities to prioritize or fast track permit applications that include energy reduction initiatives** and we would be pleased to work with you to examine how that process could be developed.

### Conclusion

BOMA has been a leader in transforming the commercial buildings industry toward energy efficiency and environmental responsibility. BOMA is delighted to have such a productive working relationship with the Province through our various shared ministry initiatives and partnerships and we would like to further strengthen our engagement for the benefit of communities in all of regions of the province. With our focus on developing and maintaining resilient communities, there are opportunities for the Province of BC play a stronger role in effecting even more positive change.

We believe the above recommendations can effect greater transformational change. We believe in the Government's commitment to build a strong, sustainable economy and look forward to helping bring more opportunities for British Columbians from all walks of life in all parts of the Province.

BOMA represents an industry worth an estimated \$200 billion<sup>3</sup>, which contributes \$3.5 billion annually to the provincial economy and employs 37,000 British Columbians<sup>4</sup>, more employees than the oil, gas and mineral extraction industries combined. Our industry supports the province's small businesses and provides community infrastructure that impacts British Columbians' everyday lives. Our association has over 300 corporate members that own or manage the majority of commercial space throughout BC, as well as the businesses that support them. BOMA BC is an affiliated member with BOMA Canada and BOMA International.

Thank you again to the Select Standing Committee and to Provincial Staff for the opportunity to provide recommendations on spending priorities for the upcoming Provincial Budget. Please do not hesitate to contact us if we can provide any more information.

Sincerely,



Damian Stathonikos

President

Building Owners and Managers Association of British Columbia (BOMA)

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<sup>3</sup> Based on data in "BOMA Commercial Building Value" by BC Assessment for BOMA 2017

<sup>4</sup> "Economic Impact of BC's Commercial Real Estate Sector" study by Deloitte for BOMA 2017

## Appendix A:

### BOMA BC Response to Clean Growth Future for BC August 24<sup>th</sup> 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 report<sup>1</sup>, 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.

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<sup>1</sup>Economic 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.

- **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.**
- **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.**

- **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.<sup>2</sup>

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 service<sup>3</sup>, 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 BC<sup>4</sup>.

- **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)**

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

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

<sup>4</sup> 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.*