

COUNCIL REPORT

To: Mayor and Council

From: Administration

Date: June 18, 2025

Subject: Building Bylaw Update – Energy Step Code

RECOMMENDATION:

THAT Council receives this report for information.

BACKGROUND:

As part of the Development Services Project awarded to Praxis Solutions in April, staff have been working with the consultant to work on a new Building Bylaw to modernize its building regulations and align with recent updates to the BC Building Code, including the BC Energy Step Code. The bylaw will incorporate provincially mandated energy efficiency standards and clarify how Step Code requirements apply to additions and renovations—areas where the current code provides limited guidance.

Praxis Solutions representatives will be available during the meeting to answer any questions about the following report.

The BC Energy Step Code sets performance-based energy efficiency targets for new construction and applies to both small residential buildings (Part 9) and larger, more complex buildings (Part 3). As of May 1, 2023, Step 3 is required for all new Part 9 buildings and Step 2 for Part 3 buildings across the province. These minimum requirements represent a significant shift in approach: builders must now demonstrate compliance through energy modelling and, in many cases, blower door testing to confirm air tightness. While this transition initially presented challenges—particularly in northern and rural markets—the industry has adapted, and many projects are now voluntarily exceeding the minimum standards.

DISCUSSION:

The Province has established a phased implementation framework for the Step Code, with Step 4 required for Part 9 buildings and Step 3 for Part 3 buildings by 2027. By 2032, all new construction will be required to meet Net-Zero Ready standards—Step 5 for Part 9 and Step 4 for Part 3. Council has previously expressed interest in exploring early adoption of higher Steps, in alignment with approaches taken by other local governments.

While some larger municipalities in southern BC have adopted higher Step Code requirements ahead of the provincial timeline, this has not occurred in northern communities. To evaluate the potential for early adoption in Mackenzie, outreach was conducted to eleven local governments in northern and rural BC, including Prince George, Burns Lake, Chetwynd, Fort St. James, Fraser Lake, Golden, Houston, Northern Rockies Regional Municipality, Port McNeill, and Tumbler Ridge. None of the communities contacted have adopted higher Step requirements beyond the provincial minimums. However, many are observing that new builds—particularly Part 9 projects—are voluntarily meeting or exceeding Step 4. For Part 3 buildings, Step 3 is becoming increasingly common, with Step 4 being achieved, particularly in government funded projects.

Key barriers to early adoption were consistently identified across the region:

- Limited access to high-performance materials such as triple-glazed windows, efficient doors, and air sealing products;
- A shortage of certified energy advisors and testing professionals, which increases travel costs and scheduling delays;
- Increased construction costs that are difficult to absorb in communities with low land values and modest resale prices;
- Limited builder capacity, with most construction carried out by small-volume contractors who may not yet be equipped to implement advanced energy performance strategies.

Although capacity is gradually improving and builders are gaining experience with energy-efficient practices, there is a broad consensus that the market will take time to fully catch up. Industry readiness is expected to align more naturally with the province-wide 2032 targets.

Given these realities, and the fact that northern communities are already contending with a range of economic challenges affecting both development and local business sectors, early adoption of higher Step Code requirements is not recommended at this time. Maintaining alignment with the provincial minimum ensures consistency with regional peers, supports industry adaptation, and avoids introducing new cost pressures into Mackenzie's residential, commercial, and industrial development sectors.

The District will instead focus on completing the new Building Bylaw, which will formally reference current Step Code standards and clearly define when compliance is required for additions and renovations. These triggers may include the addition of new conditioned space and major building envelope upgrades. A draft bylaw will be brought forward for Council's consideration later this year.

CONCLUSION:

While many larger or urban jurisdictions have moved ahead of provincial timelines on Step Code implementation, northern communities like Mackenzie continue to face legitimate economic



and logistical challenges. These include higher construction costs, limited availability of qualified professionals, and supply chain constraints.

By maintaining alignment with the provincial minimum requirements, the District can support energy efficiency in new development while protecting affordability and allowing the local construction industry time to build capacity. The forthcoming Building Bylaw will provide important clarity for both staff and builders and position Mackenzie to successfully meet future provincial energy performance targets.

COUNCIL PRIORITIES:

Strong Governance and Finances

- As the municipality's elected governing body, we serve all residents and businesses in the community. We engage residents and stakeholders on important issues and make our decisions through open and transparent processes. We are careful in our use of resources, mindful of the need to maintain programs and services, while also meeting the community's infrastructure needs.

RESPECTFULLY SUBMITTED:

Emily Kaehn, Director of Corporate Services

Reviewed By: Corporate and Financial Services

Approved By: Chief Administrative Officer