Ottawa’s new building energy efficiency regulations will add more than $71,000 to cost of new homes in Ontario by 2030

Sept. 12, 2023
For immediate release

TORONTO—The cost of a newly constructed home in Ontario will increase by $71,818, on average, by 2030 as a result of the federal government’s stricter energy efficiency regulations for buildings, according to a new study released today by the Fraser Institute, an independent, non-partisan, Canadian public policy think-tank.

Crucially, the stricter building regulations will only reduce Canada’s total emissions by 0.9 per cent.

“With housing costs already a major concern for so many Canadians, Ottawa’s new building energy efficiency regulations will increase the cost of housing even more and achieve very little in the way of reduced emissions,” said Ross McKitrick, a Fraser Institute senior fellow and author of Wrong Move at the Wrong Time: Economic Impacts of the New Federal Building Energy Efficiency Mandates.

The study finds that the cost increases are mainly due to a proposal in the federal government’s Building Energy Efficiency (BEE) components of the 2030 Emissions Reduction Plan (ERP) that require energy consumption in new residential buildings be reduced to 65 per cent below 2019 levels by 2030. This will increase the cost of the average new home in Canada by an estimated $55,000, and $71,818 in Ontario.

What’s more, the new regulations will affect the Canadian economy broadly, reducing economic activity by 1.8 per cent, which translates to roughly $1,700 per worker starting in 2026.

In Ontario, the economy will shrink by 2.5 per cent.

“These are very high costs to impose on Canadians at a time when the economy is struggling and housing is already unaffordable for so many people,” McKitrick said.

“Given these new building regulations will only reduce Canada’s emissions by less than one per cent, policymakers should maybe ask whether the costs are worth it.”

MEDIA CONTACT:
Ross McKitrick, Senior Fellow
Fraser Institute

To arrange media interviews or for more information, please contact:
Drue MacPherson, 604-688-0221 ext. 721, drue.macpherson@fraserinstitute.org

Follow the Fraser Institute on Twitter and Facebook

The Fraser Institute is an independent Canadian public policy research and educational organization with offices in Vancouver, Calgary, Toronto, and Montreal and ties to a global network of think-tanks in 87 countries. Its mission is to improve the quality of life for Canadians, their families and future generations by studying, measuring and broadly communicating the effects of government policies, entrepreneurship and choice on their well-being. To protect the Institute’s independence, it does not accept grants from governments or contracts for research. Visit www.fraserinstitute.org