



# ADDRESSING HOUSING, AFFORDABILITY, AND THE CLIMATE CRISIS

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## INTRODUCTION

1. Canada currently faces three interconnected crises: Climate change, housing, and affordability. Each crisis has the potential to exacerbate or solve the others, depending on how programs are designed and implemented. At present, the climate crisis is often overlooked when addressing housing and affordability. Treating these issues separately may hinder or sideline the needed progress toward energy-efficient and resilient homes.

2. The Atmospheric Fund's [2024 Carbon Emissions Inventory Report](#) found that the buildings sector is the largest source of emissions within the GTHA, accounting for just over 45%. For Ontario municipalities to make progress toward emissions reduction targets and increasing resilience from the impacts of extreme weather, developments need to incorporate energy and GHG emissions into their design and construction.

3. One study found that 39% of Canadians prioritize "immediate concerns about cost of living and housing over climate change".<sup>1</sup> This reflects a common misconception that places climate action as conflicting with housing and affordability instead of contributing to their solution.



In reality, climate change imposes direct costs on households, a challenge that can be alleviated by building homes with energy efficiency and climate resilience at the forefront.

## IMPACTS OF CLIMATE CHANGE ON AFFORDABILITY

4. Climate change is a driver of declining affordability, directly increasing the costs of essential goods and services, including, but not limited to, housing and utilities.

5. **Housing:** Climate risks, including wildfires, flooding, and severe thunderstorms, raise safety and displacement concerns, and impact housing affordability in Ontario. Beyond immediate expenses related to repair, inadequate investment in climate resilience measures can lead to long-term damage from repeated exposure to extreme weather, resulting in increased maintenance and repair costs.

1. [SHEPPARD, EDDIE. \(2024, OCTOBER 4\). PUBLIC CONCERN ABOUT CLIMATE CHANGE DROPS 14-POINTS SINCE LAST YEAR. WHY?](#)

2. [MCILROY, JESSICA. \(2023, DECEMBER 18\). FEDERAL AND PROVINCIAL HOUSING SUPPLY EFFORTS SHOULDN'T JEOPARDIZE AFFORDABILITY AND CLIMATE RESILIENCE. PEMBINA INSTITUTE.](#)

3. [D'ANDREA, AARON. \(2025, SEPTEMBER 1\). SCORCHING SUMMER HAS ONTARIO ELECTRICITY USAGE HIT HIGHS NOT SEEN SINCE 2013. GLOBAL NEWS.](#)

4. [COSTA, C. & GARZA, J. \(2022\) THE INTERSECTION OF HOUSING AFFORDABILITY AND CLIMATE ACTION. TAMARAK INSTITUTE.](#)

6. **Energy Costs:** An estimated 20% of Canadian households experience energy poverty.<sup>2</sup> Extreme weather events caused by climate change can increase energy consumption, further raising energy costs. During heatwaves, air conditioning use spikes, pushing demand to peak levels. According to the IESO, during Ontario's June 2025 heatwave, when temperatures reached above 30°C for multiple days, peak demand reached 24,862 MW, the highest peak since 2013. Furthermore, customers may have seen an increase of approximately \$7 on provincial transmission and generation costs in July 2025 compared to July 2024, based on greater electricity consumption due to extreme heat.<sup>3</sup>

## THE INTERSECTION OF HOUSING, AFFORDABILITY, AND CLIMATE CHANGE

7. Insufficient affordable housing options can lead to suburban sprawl, which may increase resident car dependency, transportation emissions, and degrade habitats with high carbon sequestration potential (e.g., forests and wetlands) during development.<sup>4</sup>

Simultaneously, the increasing frequency and intensity of climate impacts (e.g., extreme heat, flooding, and heavy precipitation) put pressure on housing and infrastructure, driving up insurance premiums and repair costs, which place an undue burden on property owners, particularly low-income populations.

8. The need for energy and emissions reduction measures is often wrongly thought to conflict with ambitious housing targets; however, solving the housing crisis means more than just building more homes. Ontario needs homes that are energy efficient, climate resilient, and low carbon.

9. Everyone deserves affordable housing. As Ontario municipalities work toward ambitious housing goals, new homes must remain affordable to live in. Prioritizing energy efficiency and resilience at the time of construction can help residents avoid steep and fluctuating energy bills, expensive upgrades, and costly future repairs and retrofits.

10. While retrofitting existing homes can reduce operational costs, constructing homes with improved energy efficiency from the outset saves the expenditure associated with retrofits and can make housing more affordable in the long run.

## NET ZERO HOUSING

11. The transition to clean electricity is estimated to reduce average household energy spending by 12% by 2050. Under a net zero scenario, households are expected to spend less as they switch from fossil fuel-powered vehicles and appliances to electric alternatives. Lower energy bills eventually offset the higher up-front costs of the electric options.<sup>5</sup>

12. **Case Study:** High-rise residential buildings can undergo deep energy retrofits to achieve lower operational expenditures. 240 Markland Drive, a 10-story residential building housing 113 units, underwent retrofitting that included low-carbon geothermal systems for both heating and cooling. The retrofit resulted in approximately 52-54% savings on hydro bills compared to the previous fossil fuel systems and is expected to yield operational savings of \$10-15 per unit per month.

5. [CANADIAN CLIMATE INSTITUTE. \(2023, JUNE\). CLEAN ELECTRICITY, AFFORDABLE ENERGY: HOW FEDERAL AND PROVINCIAL GOVERNMENTS CAN SAVE CANADIANS MONEY ON THE PATH TO NET ZERO.](#)

13. **Case Study:** Waterloo Region Housing's 420 Kingscourt Drive is a 73-unit building that offers rental units at median market rent. The building integrates renewable energy, including an open-loop geothermal system with ground-source heat pumps and solar PV panels. The building design is expected to result in annual energy savings of approximately \$54,000 while reducing emissions and the net yearly total energy use intensity. By eliminating on-site fossil fuel use, the building achieved a 37% reduction in emissions compared to the National Building Code.

14. Building or upgrading to net-zero emissions standards also improves community resilience during extreme weather events. Well-insulated buildings are better equipped to maintain consistent indoor temperature during power outages, thereby improving year-round safety and comfort. Net-zero buildings also utilize technologies such as heat pumps, which can provide both heating and cooling. Many older buildings were not built with air conditioning, and therefore, residents often lack adequate cooling during the warmer months. Heat pump installation addresses this public health concern.

## EQUITY CONSIDERATIONS

15. It's essential to recognize that climate change, housing, and affordability are not solely economic issues; they are also social issues. Climate change disproportionately affects equity-deserving and vulnerable populations, who often reside in lower-income neighbourhoods with older infrastructure, sometimes in areas with higher flood risk. Moreover, many older buildings lack adequate air conditioning, an essential safeguard during extreme heat events, and poor insulation, leading to greater discomfort during the winter months.

16. Lower-income households spend over 13% more of their income on energy than other households.<sup>5</sup> To alleviate these costs, retrofitting existing buildings with an improved envelope and energy efficiency measures, and designing new homes to meet net zero standards, can lower operational costs and ease the burden of high energy costs on residents.

5. FU, SAMANTHA. (2022, NOVEMBER 2). HOW CAN CITIES TACKLE BOTH THE AFFORDABLE HOUSING AND CLIMATE CRISES).

# MUNICIPAL IMPLICATIONS AND OPPORTUNITIES

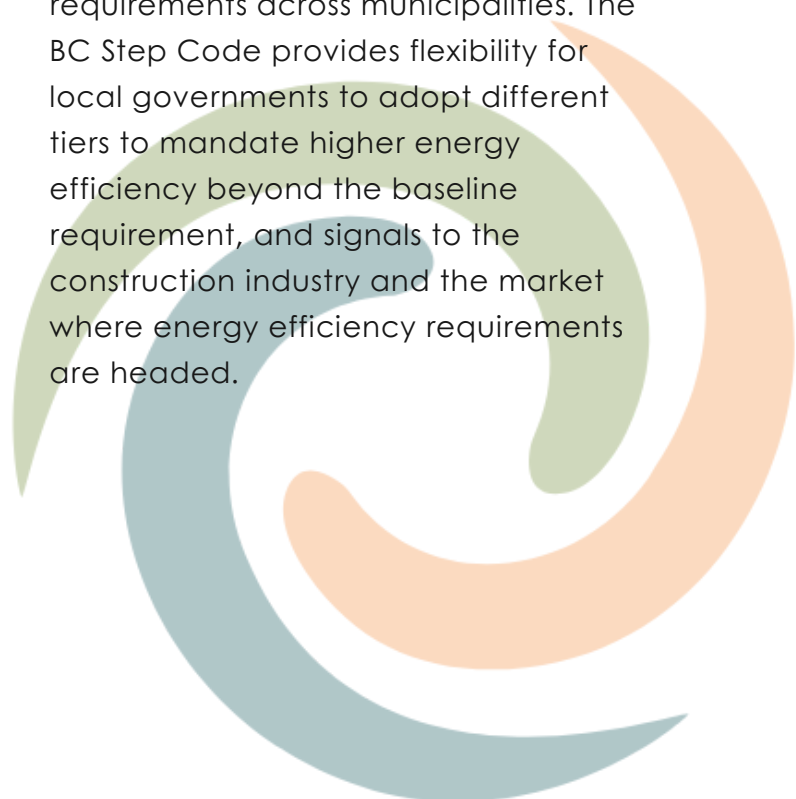
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17. Strong municipal leadership is necessary for addressing the housing, affordability, and climate change crises. To avoid increased building emissions, many Ontario municipalities have adopted Green Development Standards (GDS), which set requirements for energy efficiency and emissions reduction in new residential communities. These standards help ensure that housing growth aligns with local and provincial climate action and emissions reduction targets by adhering to high-performance standards at the most cost-effective time to advance these measures (at the time of construction), thereby ensuring long-term operational affordability.

18. While GDS addresses building emissions from new construction, we need leadership in addressing emissions from existing buildings as well. It is estimated that 80% of existing buildings will be in use in 2050. This means retrofitting existing buildings is critical for achieving net zero emissions.

One of the most impactful policies for reducing energy consumption and emissions within existing building stock is the Building Emissions Performance Standards (BEPS). Municipalities across North America are implementing BEPS.

19. Ontario municipalities can advocate for the Province of Ontario to adopt a provincial step-code, similar to [BC Energy and Zero Carbon Step Codes](#), to standardize and improve energy efficiency requirements beyond that of the outdated SB-12 requirements in the current Ontario Building Code. The BC Step Code supports all new homes in the province being built to net-zero energy and emissions-ready standards by establishing performance requirements for new buildings and providing developers with consistent requirements across municipalities. The BC Step Code provides flexibility for local governments to adopt different tiers to mandate higher energy efficiency beyond the baseline requirement, and signals to the construction industry and the market where energy efficiency requirements are headed.



20. Municipally-owned affordable/social housing poses an ideal opportunity for retrofits that reduce operating costs. Tenants can be engaged during retrofitting or development to provide input on their lived experiences and to remain informed on potential new technologies within their units.

21. Workforce development in clean energy sectors, such as retrofitting homes and building energy-efficient infrastructure, can create jobs and help address long-term affordability issues. The IESO's Energy Affordability Program (EAP) Evaluation Report found that new demand for energy efficiency measures and EAP program delivery services can result in an increased need for jobs related to audits, call centre operations, and program implementation.<sup>6</sup> It has also been estimated that every \$1,000,000 spent on energy efficiency can generate 16 to 30 new jobs.<sup>7</sup>

22. Furthermore, expenditures related to fossil fuel use often leave the local economy and benefit other provinces or countries. Therefore, there is little local economic development net benefit related to fossil fuel use for heating.

However, investments in building retrofits often result in local jobs and the purchase of products from local retailers. Therefore, retrofits present an opportunity for supporting local job creation and economic development.

## KEY TAKEAWAYS

23. When addressing housing and affordability, climate change cannot be left underprioritized. Viewing climate action as a conflicting priority can further exacerbate the direct economic impacts of climate change on households, whereas building homes with climate resilience and energy efficiency in mind can reduce a household's long-term financial burden.

24. Beyond upfront costs, housing should be affordable to live in. Net zero emissions standards provide a cost-effective pathway to preventing steep, fluctuating energy costs and expensive repairs and retrofits.

25. Municipalities are at the forefront of these three social and economic crises, and their response is critical. They play a crucial role in advancing impactful policies, such as GDS and BEPS, and in advocating to the Provincial government.

6. [NMR GROUP. \(2022, AUGUST 18\). 2021-2024 CDM FRAMEWORK: PY2021 ENERGY AFFORDABILITY PROGRAM EVALUATION REPORT.](#)

7. [SMART PROSPERITY INSTITUTE. \(2020, SEPTEMBER\). BRIDGE TO THE FUTURE: FINAL REPORT FROM THE TASK FORCE FOR A RESILIENT RECOVERY.](#)

# ADDITIONAL RESOURCES

22. [240 Markland Drive: Achieving Net-Zero with Geothermal Retrofit Webinar](#)

23. [Low-Carbon Affordable Housing: Efficiency Meets Equity Webinar](#)

24. [Bringing Affordable, Energy-Efficient and Climate-Resilient Homes to Canadians | Affordability Action Council](#)

25. [Equity Considerations in Toronto's Building Emissions Performance Standards | Efficiency Canada](#)

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