

## Aspen Ridge Net Zero Demonstration Project

### ISSUE

Standing Policy Committee on Finance approval is required to facilitate the allocation of lots for construction of energy-efficient homes in Aspen Ridge Phase 4. All homes in the project will be certified as either Net Zero Ready or Net Zero under the Canadian Home Builders' Association (CHBA) Net Zero Home Labelling Program for Certified Professional Home Builders.

City Council approval is required to authorize the Administration to enter into a Memorandum of Understanding with the Saskatoon and Region Homebuilders' Association to execute a Net Zero home demonstration project in the Phase 4 area of Aspen Ridge, and to offer incentivized payment terms with a lot purchase price deposit of 6% and a three-year term to payout the balance.

### RECOMMENDATION

1. That the Administration be authorized to market and allocate Lots 8 to 11, Block 720; Lots 28 to 31, Block 721; and Lots 33 to 36, Block 722, all on Registered Plan No. 102301085, to eligible Certified Professional Home Builders through an application process to participate in the Net Zero Demonstration Project Parade of Homes under Council Policy No. C09-010, Residential Lot Sales - Show Home Policy;
2. That any net zero lots not allocated as part of the project be offered for sale over the counter on a first-come, first-served basis;
3. That the Administration be authorized to exempt show homes qualifying for the Demonstration Project from the two lot maximum requirement as outlined in Council Policy C09-010, Residential Lot Sales – Show Home Policy;
4. That the City Solicitor be requested to prepare the appropriate agreements and that His Worship the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal; and
5. That the Standing Policy Committee on Finance recommend to City Council:
  - a) That the Administration be authorized to formalize a Memorandum of Understanding with the Saskatoon & Region Home Builders' Association to produce the Net Zero Demonstration Project, culminating in a Net Zero Demonstration Project Parade of Homes in Phase 4 of the Aspen Ridge neighbourhood; and
  - b) That the Administration be authorized to temporarily amend payment term requirements in Council Policy No. C09-006, Residential Lots Sales – General Policy, to obtain a 6% deposit with a three-year payout term on lots sold for the purpose of participating in the Net Zero Demonstration Project.

### BACKGROUND

The City of Saskatoon (City) is committed to the Strategic Goal of Environmental Leadership and reducing greenhouse gas emissions by 80% by 2050. Saskatoon Land

is supporting this goal through this initiative in support of Action 6 & 7 included in the Low Emissions Community (LEC) Plan which strive for higher efficiency new homes with solar panel compatibility. As per the following excerpt from the CHBA Labelling Program ([Homes and Buildings - Canada.ca](https://www.chba.ca/Homes-and-Buildings-Canada.ca)), it is becoming increasingly clear that residential building contractors will need to adopt new building technologies in order to keep pace with federal building standards as Canada moves toward a zero-carbon economy:

“Working with the provinces and territories, the federal government will develop a building code that, when adopted by provinces and territories and used by builders, could enable all new buildings to be built ‘net zero energy ready’ by 2030.”

Net Zero Energy housing is defined by Natural Resources Canada as producing at least as much energy as it consumes on an annual basis. Net Zero Ready homes are designed and built to the same high energy efficiency standards as Net Zero Energy homes. The only difference is that Net Zero Ready homes are designed and wired so that solar panels can be easily installed in the future making them more affordable today, and allowing them to become Net Zero Energy homes when the homeowner is able to incur the expense of the solar panel system.

To help facilitate the Certified Professional Home Builders’ transition to Net Zero, the CHBA has formed a Net Zero Energy Council and has developed a labelling program to distinguish and recognize Net Zero Ready and Net Zero homes. In regard to the Net Zero Energy Program in Saskatchewan and Alberta, the CHBA has selected Sun Ridge Residential Inc. (Sun Ridge) to function as the Certified Service Organization for the Net Zero Home Labelling Program. Therefore, Sun Ridge is certified and will provide Net Zero training, design, assessment, analysis, inspection, testing, and labelling in Saskatchewan (Appendix 1).

## **DISCUSSION/ANALYSIS**

### Project Goals

Saskatoon Land’s goals with the Demonstration Project include, but are not limited to, the following:

- Contributing to the education and training of local builders on how to construct Net Zero and Net Zero Ready homes;
- Contributing to the public’s and potential new homebuyers’ education regarding the benefits of owning and living in a Net Zero home;
- Evaluating the feasibility of building and selling Net Zero homes in the Saskatoon market;
- Determining financial, technical, or other barriers in building Net Zero homes in Saskatoon;
- Contributing to the City's LEC Plan actions and emissions reduction targets; and

- Achieving a Net Zero Parade of Homes beginning in August 2021 and/or 2022.

### Lot Allocation Process

Saskatoon Land has set aside 12 lots within the Aspen Ridge Phase 4 sales area (Appendix 2) with the intention of allocating the lots to eligible Certified Professional Home Builders interested in committing to and participating in the Demonstration Project. Depending on the level of interest, other lots within Aspen Ridge Phase 4 may also be considered for the Demonstration Project. For example, if eligible Certified Professional Home Builders already possess a lot in Phase 4 or wish to select alternative lots from Phase 4 inventory that will enhance their respective business models, Saskatoon Land will consider adding those lots to the Demonstration Project.

In order to select eligible Certified Professional Home Builders to participate in the Demonstration Project, Saskatoon Land will use an application process to evaluate the eligibility of Certified Professional Home Builders (see processes 1 and 2 below). In the case of more than one builder being interested in the same lot(s), Saskatoon Land will employ a similar selection process as used in the recent pre-sale process whereby applicants are selected on a scoring process based on the eligible Certified Professional Home Builder's previous five-year purchase record, home building experience, and the proposed homes conformance with architectural controls..

Saskatoon Land will use the following processes to select and engage eligible Certified Professional Home Builders through the Demonstration Project (Appendix 3):

1. Demonstration Project packages will be sent to Saskatoon Land's Eligible Builders. All participating builders must be Certified Professional Home Builders in good standing with Saskatoon Land and the Saskatoon & Region Home Builders' Association (SRHBA).
2. Based on their business models, interested builders will submit preferred lot options for the 12 lots set aside for the Demonstration Project or any other lot within the Aspen Ridge Phase 4 sales area. Proposed payment terms for the pre-selected lots will be a 6% deposit of the purchase price, and no interest on the outstanding balance for three years. The builder is required to pay the outstanding balance when title is transferred or when three years has elapsed, whichever occurs first. These payment terms will help will provide some incentive for builders to select these lots for the Demonstration Project and provide some efficiencies in organizing tours of the home(s) during the Parade of Homes event.
3. After execution of Agreements for Sale, Eligible Builders will take part in the educational training programs offered through a Memorandum of Understanding between Saskatoon Land, SRHBA, and Sunridge. Appendix 4 provides a summary of the training that will be provided.

4. The builder designs the home, produces construction drawings, receives architectural approval from Saskatoon Land, and applies for a building permit.
5. The construction process begins. Saskatoon Land and the partners organize home educational tours for professionals and students within relevant sectors of the homebuilding trades. Upon completion of construction and certification, the builder's home is labelled either Net Zero Ready or Net Zero.
6. The Demonstration Project Parade of Homes, which is tentatively scheduled to take place in August 2021 and/or August 2022, will open Net Zero Ready and Net Zero homes to the public.
7. The home is sold or the three-year build period elapses and the remaining outstanding balance of the lot is paid.

### Roles and Responsibilities

Saskatoon Land will be a project lead for the Demonstration Project, responsible for:

1. Preparing the Demonstration Project information and application packages for the reserved 12 lots, reviewing builder applications, and allocating lots to qualifying builders. The following scoring criteria will be used to select builders for the program and allocate lots the 12 lots if there is high interest and more applicants than lots.

No.	Category	Weighting (%)
1	Five-year purchase history with Saskatoon Land	34
2	Demonstrated home building experience	33
3	Quality and conformance with respective architectural controls	33
<b>Total Points</b>		<b>100</b>

2. Providing financial sponsorship of \$3,000 for provision of Certified Professional Home Builder Net Zero Home training. Recognition for the City's sponsorship of the training will be provided at the virtual training sessions and in advertising materials.
3. Coordinating applications under Council Policy No. C09-010, Residential Lot Sales – Show Home Policy, for builder participation in the Parade of Homes.

CHBA and SRHBA will support the Demonstration Project as the Net Zero Ready and Net Zero labelling authorities. In addition, SRHBA will be responsible for integrating the Demonstration Project into the 2021-2022 Parade of Homes held in late summer and fall of each year. Participating builders will make application with SRHBA for participation in the Parade of Homes.

Sun Ridge will provide the technical support for the Demonstration Project and take responsibility for Net Zero training, design, assessment, analysis, inspection, testing, and certification for the homes. Participating builders will pay a fee to Sun Ridge for review and certification of each home.

A Memorandum of Understanding will be drafted by the City Solicitor to formalize the partners' roles in the project.

### **FINANCIAL IMPLICATIONS**

Previously approved funding for the Demonstration Project is available in Land Development Aspen Ridge Capital Project 1411 to cover Saskatoon Land's costs associated with the following:

- Net Zero builder training sponsorship for Certified Professional Home Builders, estimated to cost approximately \$3,000 in total; and
- Marketing costs promoting the Demonstration Project homes during the Parade of Homes in 2021 and 2022, which will include radio and online ads, billboards, social media, and native content (television news story), estimated to be \$25,000 per year, for a total of \$50,000.

### **ENVIRONMENTAL IMPLICATIONS**

In support of builders, tradespeople, and homeowners shifting toward Net Zero homebuilding and ownership, the Demonstration Project will educate and demonstrate options for homes that produce less emissions. The project also contributes to actions 6 and 7 within the LEC Plan.

### **POLICY IMPLICATIONS**

There are two Council Policy implications that will require approval of one-time exemptions to effectively deliver the Demonstration Project.

Council Policy No. C09-006: Payment Terms - requires a minimum deposit of 13% of the purchase price. To encourage builder participation and selection of the lots set aside for the project, the Administration is recommending a deposit of 6% of purchase price and payout of the lot at title transfer to the customer or three years from possession, whichever occurs first.

Council Policy No. C09-010 restricts builders to a maximum of two show home lots in a given subdivision during a 12-month period. Consistent with Policy, the Administration is requesting an exemption from this requirement for show homes that qualify for the Demonstration Project and subsequent Parade of Homes. Show homes in the Demonstration Project will not count towards the two-home maximum per subdivision.

### **OTHER IMPLICATIONS**

There are no privacy, legal, or social implications identified.

**NEXT STEPS**

If approved, Saskatoon Land will work with the City Solicitor's Office to draft a Memorandum of Understanding with the SRHBA, and Demonstration Project packages will be forwarded to Certified Professional Home Builders currently on Saskatoon Land's Eligible Builders list.

**APPENDICES**

1. Letter from Sun Ridge Residential Inc. – June 17, 2020
2. Phase 4 Lot Information Map
3. Net Zero Demonstration Project Process Flow Chart
4. Net Zero Builder Training Course Syllabus

**REPORT APPROVAL**

Written by: Derek Thompson, Land Development Project Manager

Reviewed by: Frank Long, Director of Saskatoon Land

Approved by: Kerry Tarasoff, Chief Financial Officer

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