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Section I – Items for Board of Directors Action

TO: Chair and Members of the Executive Committee
Meeting #10/18, Friday, December 14, 2018

FROM: Darryl Gray, Director, Education, Training and Outreach

RE: BRE INNOVATION PARK
Update and Authorization to Lease a Lot at Innovation Park at Kortright, 9550 Pine Valley Drive, City of Vaughan, Regional Municipality of York, Humber River Watershed (CFN 59237)

KEY ISSUE

Response to proposals from Mattamy and Services and Housing in the Province (SHIP) for a lease at the BRE Innovation Park at Kortright to be located south of Major MacKenzie Drive and west of Pine Valley Drive, municipally known as 9550 Pine Valley Drive, in the City of Vaughan, Regional Municipality of York, Humber River watershed. TRCA staff recommend to enter into a 5-year lease (with three, 5 year options) with Mattamy and to enter into a 3-year lease (with three, 5 year options) with SHIP of Toronto and Region Conservation Authority-owned land for the construction and occupation of a research and demonstration building at the Innovation Park site at less than market rent, recognizing other benefits of these leases.

RECOMMENDATION

WHEREAS Toronto and Region Conservation Authority operates the Kortright Centre for Conservation for the purposes of providing education, training and research activities related to the environment and sustainability;

AND WHEREAS, to enhance research and training activities related to sustainable building practices, TRCA is developing an Innovation Park at Kortright to undertake scientific research and experimental development;

AND WHEREAS TRCA is in receipt of requests from Mattamy Homes and Services and Housing in the Province (SHIP) to enter into lease agreements for the construction and occupation of research and demonstration buildings to be located south of Major MacKenzie Drive and west of Pine Valley Drive, municipally known as 9550 Pine Valley Drive, City of Vaughan, Regional Municipality of York, Humber River watershed;

AND WHEREAS it is in the opinion of TRCA that it is in the best interest of TRCA in furthering its objectives, as set out in Section 20 of the Conservation Authorities Act and to reduce operating costs at Kortright, and to cooperate with Mattamy Homes and SHIP in this instance;

THEREFORE LET IT BE RESOLVED THAT TRCA enter into a lease with Mattamy Homes for the use of 0.0431 hectares (0.1021 acres), more or less, said land being Part 1 on a survey prepared by Young and Young Surveying Inc. under their Project 18-B7258, municipally known as 9550 Pine Valley Drive, City of Vaughan, Regional Municipality of York;

THAT the lease with Mattamy Homes is subject to the following terms and conditions:

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- (i) that the term of the lease be for five years together with three renewal options each for a five-year period at the sole option of TRCA;
- (ii) that rent be \$500.00 per month with an annual increase of 2% throughout the term of the lease plus HST;
- (iii) that Mattamy Homes be responsible, subject to TRCA authorizations, for all approvals (municipal, provincial, etc.) required for construction and operation of the proposed building; and
- (iv) any other terms and conditions deemed appropriate by the TRCA staff and solicitor,

THAT TRCA enters into a lease with SHIP for the use of 0.0324 hectares (0.0801 acres), more or less, said land being said land being Part 6 on a survey prepared by Young and Young Surveying Inc. under their Project 18-B7258, municipally known as 9550 Pine Valley Drive, City of Vaughan, Regional Municipality of York;

THAT the all legal, appraisal, survey and other costs incurred for the lease with SHIP be paid by TRCA and that the lease be subject to the following terms and conditions:

- (i) that the term of the lease be for three years together with three renewal options each for a five-year period at the sole option of TRCA;
- (ii) that rent be \$500.00 per month with an annual increase of 2% throughout the term of the lease plus HST;
- (iii) that SHIP is to be responsible subject to TRCA authorizations for all approvals required for construction and operation of the proposed building; and
- (iv) any other terms and conditions deemed appropriate by the TRCA staff and solicitor.

THAT said lease be subject to the approval of the Ministry of Natural Resources and Forestry in accordance with Section 21(2) of the Conservation Authorities Act, R.S.O. 1990, Chapter C.27, as amended, if required;

AND FURTHER, THAT authorized TRCA officials be directed to take the necessary action to finalize the transaction, including obtaining any necessary approvals and the signing and execution of documents.

BACKGROUND

The Living City Campus at Kortright Centre for Conservation

The Living City Campus was formally established at meeting #2/08 of the Authority by resolution RES.#A45/08 as a means to strengthen TRCA's role in contributing to the creation of a sustainable city region while at the same time optimizing TRCA assets through partnership development. To this end a number of key partnerships have been developed that have advanced The Living City Campus vision (see Attachment 1), including the development of the Earth Rangers Centre in 2004, the creation of The Living City Farm in 2007, the construction of the Archetype Sustainable House in 2008 (in partnership with BILD) along with a number of service related partnerships, including by Peter&Pauls for wedding and event delivery, continued collaboration with local school boards for education activities and the continued growth of programs for families and community organizations. Discussion is currently underway with City of Vaughan staff, regarding further recreation opportunities.

Currently, The Living City Campus at the Kortright Centre for Conservation is one of North America's largest demonstration, education and research facilities for renewable energy and

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green buildings. The vision for The Living City Campus at the Kortright Centre for Conservation is to inspire, support and monitor change toward sustainable living, leading the way toward sustainable development and the use of sustainable technologies through practice, education and market transformation. The enhancement of facilities at the Kortright Centre for Conservation as part of The Living City Campus creates a:

- link to cutting-edge thinking, technologies and initiatives;
- place with practical demonstrations on how to integrate 'green' community building projects into daily lives; and
- place of local, national and global significance, consistent with the vision plan.

Since the adoption of the vision plan, staff has worked with numerous partners to bring to fruition the essence of many elements of the plan. Some of these projects include:

- Canada's first photovoltaic testing site;
- Ontario's first LEED platinum commercial building (Restoration Services);
- the LEED gold Earth Rangers Centre;
- a complete energy retrofit of the Kortright Visitor Centre;
- construction of the Archetype Houses (two LEED platinum demonstration houses);
- the refurbishment of the Solar Energy Cottage into the Off-Grid Learning Centre;
- the development of the green parking lot and soil test plots; and
- the development of a Smart Energy Grid.

Further, the addition of the Sustainable Technologies Evaluation Program (STEP) at the Kortright Centre for Conservation has helped generate numerous collaborative research projects with industry, academic institutions, and funding partners including Mitsubishi, Union Gas, Enbridge, Amvic, SolarEdge, Cricket Energy, Mircom, Ryerson University, York University, University of Waterloo, University of Guelph, McMaster University, George Brown College, Seneca College, Intact Insurance, Natural Resources Canada, The Bloom Centre for Sustainability, and The Atmospheric Fund. Through these collaborative efforts, more than 50 academic/industry collaborative research projects have been completed at the Archetype House, green parking lot, soil test plots, and Smart Energy Grid.

Industry partners, such as Mitsubishi Electric, iGEN Technologies, Imbrium and the Interlocking Concrete Pavement Institute, have utilized TRCA's research and demonstration facilities at the Kortright Centre to tailor their products to North American sustainability initiatives and environmental standards. The benefits to both industry and academic partners of working with TRCA at the Kortright Centre for Conservation include access to TRCA's stakeholder network, financial leveraging opportunities for research grants and funding opportunities, and hands-on learning opportunities for students, professionals, and the public.

BRE Innovation Park

In 2012, TRCA staff sought Authority direction to develop a business arrangement with the Building Research Establishment (BRE) in the UK, for the establishment of an Innovation Park at the Kortright Centre for Conservation as part of The Living City Campus vision. RES.#A132/12 states in part:

THAT Toronto and Region Conservation Authority (TRCA) enter into a Memorandum of Understanding (MOU) with the Building Research Establishment (BRE) to collaborate on research, education and training initiatives;

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BRE developed the Innovation Park concept to assist the British construction industry in achieving building code standards targeting net zero carbon performance. These Innovation Parks have driven Britain's building industry towards the production of net zero carbon homes.

With the leadership of BRE and international partners, a global network of Innovation Parks is being developed, with three existing parks operating in the UK, along with parks in development in Brazil, China, and Chile. TRCA aims to collaborate with BRE and our municipal and corporate partners to expand the demonstration, research and education programs at the Kortright Centre for Conservation to become Canada's Innovation Park.

In 2016, TRCA signed an MOU with the City of Vaughan regarding the development of a collaborative partnership for the Vaughan International Commercialization Centre (VICC) Test City Program. Under this MOU, Innovation Park is identified as a Test City Site, providing VICC members with the opportunity to test technologies in a real-life setting.

Lease Agreement

Toronto and Region Conservation Authority has received requests from Mattamy Homes and SHIP to enter into a lease for the construction and occupation of a demonstration residential dwellings as part of the BRE Innovation Park at the Kortright Centre for Conservation to be located south of Major MacKenzie Drive and west of Pine Valley Drive, municipally known as 9550 Pine Valley Drive, City of Vaughan, Regional Municipality of York, Humber River watershed.

The development of Innovation Park at the Kortright Centre will involve the development of up to seven research and demonstration buildings in partnership with industry. Mattamy Homes is proposing to build and occupy a single-family style detached residential dwelling that will act as a living laboratory for trades and product suppliers to learn how to design and construct low carbon homes. SHIP is proposing to build and occupy, in partnership with 360⁰Kids, two 'Tiny Houses' – approximately 400 ft² single detached residential dwelling that will act as a living laboratory for policymakers, social service and housing providers, designers, trades and product suppliers to learn how to design and construct low carbon homes. Research conducted in the building will inform industry and policymakers on the viability of innovations intended to deliver affordable housing solutions, improved performance and reduced carbon footprint in the built environment before wide-scale deployment. The building will also be utilized by TRCA for shared uses, such as tours and event hosting, upon availability.

The area subject to the Mattamy Homes lease consists of approximately 0.0431 hectares (0.1021 acres) of land (See Part 1 in Attachment 2). The following are the key terms and conditions of the proposed lease arrangement:

1. Land Rent: **\$500.00** per month together with an annual increase of 2%;
2. Initial Term: **five** years, together with three (3) extension options each for a five -year term, at TRCA's sole option. At the end of the Lease Term, the dwelling will become the sole and absolute property of TRCA;
3. Insurance: Mattamy Homes will provide \$10,000,000.00 in commercial general liability insurance and will also provide relevant environmental pollution (\$10,000,000) and builders risk insurance (replacement value) during the construction phase of the dwelling and building insurance after complete of construction;
4. Taxes and Utilities: Mattamy Homes will be responsible for all applicable taxes and utilities associated with the lease;
5. Building Approvals: Mattamy Homes will be responsible for the construction of the dwelling including scheduling and timeframes. TRCA will have an opportunity to review and comment on the schedule, plans and specifications for the dwelling;

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6. Further Approvals: Mattamy Homes will comply with any applicable laws, directions, rules and regulations required for the ongoing use of the dwelling;
7. Service Fees: Mattamy Homes will provide \$23,390 per annum increased annually by a maximum 2% for annual inspections and maintenance, safety and security, clearing, waste disposal and landscape maintenance;
8. Common Area Costs: Mattamy Homes will pay 12% of the costs of taxes, repairs, cleaning and maintenance of the Right-Of-Way annually (estimated at approximately \$6,000 per annum – costs to be agreed upon in consultation with other builders).

The area subject to the SHIP lease consists of approximately 0.0324 hectares (0.0801 acres) of land (See Part 6 in Attachment 2). The following are the key terms and conditions of the proposed lease arrangement:

1. Land Rent: **\$500.00** per month together with an annual increase of 2%;
2. Initial Term: **three** years, together with three (3) extension options each for a five -year term, at TRCA's sole option. At the end of the Lease Term, the dwelling will become the sole and absolute property of TRCA;
3. Insurance: SHIP will provide \$10,000,000.00 in commercial general liability insurance and will also provide relevant environmental pollution (\$10,000,000) and builders risk insurance (replacement value) during the construction phase of the dwelling and building insurance after complete of construction;
4. Taxes and Utilities: SHIP will be responsible for all applicable taxes and utilities associated with the lease;
5. Building Approvals: SHIP will be responsible for the construction of the dwelling including scheduling and timeframes. TRCA will have an opportunity to review and comment on the schedule, plans and specifications for the dwelling;
6. Further Approvals: SHIP will comply with any applicable laws, directions, rules and regulations required for the ongoing use of the dwelling;
7. Service Fees: SHIP will provide up to \$20,690 per annum, increased annually by a maximum 2%, for annual inspections and maintenance, safety and security, cleaning, waste disposal and landscape maintenance;
8. Common Area Costs: SHIP will pay 12% of the costs of taxes, repairs, clearing and maintenance of the Right-Of-Way annually (estimated at approximately \$6,000 per annum – costs to be agreed upon in consultation with other builders).

The subject TRCA-owned lands were acquired over several transactions from 1959 to 1991.

Attached is a survey of the leased area (Attachment 2).

RATIONALE

Innovation Park project aligns with TRCA's 2018 updated Strategic Plan and furthers organizational objectives related to advancing the creation of sustainable communities through adoption of best practices and green technologies and construction approaches. As the first Innovation Park buildings, the demonstration homes by Mattamy Homes and SHIP will help further develop the Kortright Centre for Conservation as a premier research, development and learning facility for green building and sustainable technologies and practices.

Innovation Park will also expand the research and demonstration facilities available onsite to stakeholders, including municipal partners, academia, industry, NGO's and other levels of government. As North America's largest privately owned homebuilder and a builder participant in the R-2000 Net Zero Energy Pilot, Mattamy would bring strong industry presence to the Innovation Park and the Kortright Centre for Conservation. SHIP, along with their partners at

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360°Kids, would bring strong community presence to the Innovation Park and the Kortright Centre for Conservation as a leading housing rights advocate and service and support provider in the GTA for over 30 years.

The benefits to TRCA in working with housing services, industry, and academic partners to develop Innovation Park and new demonstration buildings include the following opportunities:

- Further develop existing facilities and research infrastructure, creating a collaborative, multi-stakeholder research hub;
- Engage in creative multi-partner collaborations to expand TRCA capacity and broaden the reach and impact of TRCA's work;
- Additional leveraging opportunities for base/municipal funds;
- Utilize TRCA's experience as a service delivery provider to research and support the development of affordable housing and sustainable communities at a provincial, national, and international level; and
- Generation of new revenue streams through facility rentals for research and fee-for-service research projects, thus providing additional value to our stakeholders and the broader community.

FINANCIAL DETAILS

The monthly Land Rent and associated Services Fees will offset TRCA's administrative costs and operational costs related to security, cleaning and waste and landscape maintenance for the portion of the land designated to Mattamy Homes and SHIP. As a result of the benefits outlined above, staff is recommending that the Land Rent for the two leases be less than market value.

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Date: October 22, 2018

Attachments: 1