



The Regional Municipality of Halton

Report To:	Regional Chair and Members of Regional Council
From:	Jane MacCaskill, Chief Administrative Officer Andrew Farr, Commissioner, Public Works Cyndy Winslow, Commissioner, Finance and Regional Treasurer
Date:	February 14, 2024
Report No:	CA-02-24/PW-04-24/FN-05-24
Re:	Revised 2023 Allocation Program

RECOMMENDATION

1. THAT Report No. CA-18-23/PW-46-23/FN-46-23 re: “Revised 2023 Allocation Program” as deferred at the Council meeting held December 13, 2023 attached as Attachment #7 be received for information.
2. THAT in order to ensure the Halton Local Municipalities can achieve their housing pledges, Regional Council reserve interim water and wastewater servicing capacity, in addition to already committed units from previous Allocation Programs as follows:
 - a. City of Burlington: 28,452 units
 - b. Town of Halton Hills: 6,054 units
 - c. Town of Milton: 12,816 units
 - d. Town of Oakville: 26,178 units
 - e. Special Purpose Pool: up to 5,000 units
 - f. Institutional / Commercial / Industrial (ICI): 14,000 equivalent units
3. THAT Regional staff be directed to make available “Infrastructure Dependent Units” in the 2023 Allocation Program, as revised, beyond those units reserved through Recommendation #1 of Report No. CA-02-24/PW-04-24/FN-05-24, subject to additional terms and conditions described in this report.
4. THAT Regional Council approve the Development Financing Plan as outlined in Report No. CA-02-24/PW-04-24/FN-05-24.

5. THAT the Chief Administrative Officer be authorized to negotiate and execute Allocation Agreements in support of the 2023 Allocation Program with terms and conditions consistent with Report No. CA-02-24/PW-04-24/FN-05-24, and acceptable to the Commissioner of Corporate Services, Corporate Counsel and the Commissioner of Finance and Regional Treasurer upon commitment of the minimum subscription of 29,787 units (approximately 16,426 Single Dwelling Equivalent (SDEs)).
6. THAT Regional Council approve the immediate financing of \$38.0 million to advance water and wastewater projects as set out in the financial schedule in Attachment #4 to Report No. CA-02-24/PW-04-24/FN-05-24 to ensure critical projects proceed without delay.
7. THAT Regional Council approve the financing of the water, wastewater and transportation projects set out in Attachment #3 to Report No. CA-02-24/PW-04-24/FN-05-24 to facilitate the construction of infrastructure in support of residential growth objectives and Local Municipal housing pledges upon execution of the Allocation Program.
8. THAT Regional Council approve the addition of 1 FTE at \$135,358 funded 100% from capital budget as described in Report No. CA-02-24/PW-04-24/FN-05-24 and with no net impact to the Regional budget.
9. THAT the Regional Clerk forward a copy of Report No. CA-02-24/PW-04-24/FN-05-24 to the City of Burlington, the Town of Halton Hills, the Town of Milton, the Town of Oakville, Conservation Halton, Credit Valley Conservation, and the Grand River Conservation Authority, for information.

REPORT

Executive Summary

- The Region's Allocation Program is a financing tool to support timely delivery of growth-related infrastructure in order to increase housing supply.
- Halton Region has a shared objective with the Province and Local Municipalities to advance housing supply and will need to play a role in accelerating growth in support of Local Municipal housing pledges by proactively planning for, financing and delivering infrastructure.
- In order to support the Local Municipalities in meeting their pledges, on July 12, 2023 Regional Council directed staff to develop Allocation Program options based on the principles identified in Attachment #1 to LPS56-23/PW-31-23/FN-29-23 and bring it forward for decision no later than October 2023.

- On October 18 2023, Regional Council considered Report No. CA-08-23/PW-40-23/FN-36-23 “2023 Allocation Program” that proposed to allocate all remaining water and wastewater servicing capacity through a new “2023 Allocation Program” which would enable Local Municipalities to achieve their housing pledges and would commence the delivery of several infrastructure projects through defined financial terms and conditions for landowners participating in the program.
- On October 18, 2023, Regional Council referred recommendations 1 through 5 of Report No. CA-08-23/PW-40-23/FN-36-23 to the Halton Area CAOs and Local Municipalities for further discussion. Staff were directed to report back to Regional Council in December 2023.
- On December 13, 2023, Regional Council was presented Report No. CA-18-23/PW-45-23/FN-46-23 “Revised 2023 Allocation Program” that outlined an updated 2023 Allocation Program that introduced changes such as the addition of Future Capacity Units based on discussions with developers and Local Municipalities. Regional Council deferred Report No. CA-18-23/PW-45-23/FN-46-23 to the Council meeting of February 14, 2024 to accommodate requests for further consultation with the development and landowner community.
- This Report accommodates refinements that were incorporated from the extensive discussions with the development and landowner communities and recommends that the deferred December report be received for information.
- In response to the feedback received from Local Municipalities and the development community, staff are recommending that Regional Council approve the 2023 Allocation Program, as revised through this report and that the Region make available “Infrastructure Dependent Units” (formerly referred to as “Future Capacity Units” in the December 13, 2023 report) beyond those units recommended to be reserved through Recommendation #1 of this report.
- Any further refinements will be in alignment with the approved principles of this report and will be adjusted as agreements are finalized through the terms of the allocation agreement as described in the report.

Background

The Allocation Program is Halton Region’s tool to finance the delivery of water, wastewater and regional road infrastructure required to support new housing growth across the region. The Allocation Program ensures Halton maintains the principle that “growth pays for growth” to the greatest extent possible.

The Province has a goal of building 1.5 million homes in Ontario by 2031 and has asked municipalities, including all four of Halton's Local Municipalities, to sign on to housing pledges to support delivering their share. Each of Halton's municipalities have committed to housing pledges, which total 92,000 units across Halton to 2031 as follows:

1. Burlington: 29,000 units
2. Halton Hills: 9,500 units
3. Milton: 21,000 units
4. Oakville: 33,000 units

Through a Request for Expression of Interest (REOI) in May 2023, the Region put out a call to the development community to share their short-term residential growth plans within greenfield areas. As discussed in Report No. LPS-56-23/PW-31-23/FN-29-23, the Region received a significant amount of interest involving 173 properties, totalling approximately 97,000 dwelling units and equating to just over 53,000 SDEs. As such, staff have been working to advance a new 2023 Allocation Program based on significant interest shown by the development community, and Council's direction to do so through LPS-56-23/PW-31-23/FN-29-23 which will support accelerated residential growth opportunities.

A capacity review of Halton's water and wastewater systems was conducted to determine whether the housing pledges could be supported to 2031. This review reflected infrastructure currently built, infrastructure under construction, and infrastructure that is planned to be in service prior to 2031. The review confirmed that there will be sufficient system capacity for each Local Municipality to meet their housing pledges. Infrastructure to accommodate additional growth beyond 2031 will be planned and confirmed through the forthcoming Infrastructure Master Plans. While the system as a whole has the capacity to service the equivalent of 92,500 units and to meet the housing pledges, *where* the additional units are built matters. There is sufficient system capacity to 2031, however there are limitations in the conveyance of this capacity (pumping and pipes) in some areas. Further local infrastructure outside this review is required by developers and depending on circumstances can impact timing of development. This means that while overall pledges can be met, residential development will have to be based on where capacity exists. Halton will continue to work with Local Municipalities to prioritize infrastructure based on local priority areas.

In addition to working collaboratively with Local Municipalities, staff have engaged the development community in a series of individual meetings and large group sessions throughout the development of the program since the Request for Expression of Interest (REOI) was released in May 2023.

On October 18 2023, Regional Council considered Report No. CA-08-23/PW-40-23/FN-36-23 "2023 Allocation Program" that proposed to allocate water and wastewater servicing capacity through a new "2023 Allocation Program" which would enable Local Municipalities to achieve their housing pledges and would commence the delivery of

several infrastructure projects through defined financial terms and conditions for landowners participating in the program.

Regional Council referred recommendations 1-5 in Report No. CA-08-23/PW-40-23/FN-36-23, through the following Motion:

THAT Recommendation Nos. 1 through 5 be referred to the Halton CAOs and Local Municipalities for further discussion, with a requested report back to Regional Council in December 2023.

On December 13, 2023, Regional Council considered Report No. CA-18-23/PW-45-23/FN-46-23 “Revised Allocation Program” which incorporated the feedback received up to that point from Local Municipalities and the development community. The report was deferred to the February 14, 2024 meeting of Regional Council to allow for further discussions with the development community and landowner groups.

With the deferral of Report No. CA-18-23/PW-45-23/FN-46-23, staff dedicated time throughout January 2024 for six half day working sessions with industry representatives in addition to many individual developer and landowner phone calls, discussions and meetings; and meetings with Local Municipal staff to discuss and negotiate key topics of the program. Following that extensive consultation, on January 30th, staff held an open session for all developers/landowners to share how the feedback would be incorporated to inform the proposed 2023 Allocation Program presented in this report.

The feedback received has been incorporated to the best extent possible into the refinement of the 2023 Allocation Program. Although the plan has modified the payment schedule and despite representing more risk in the short-term, staff have taken measures to refine the program to ensure that the risk profile is still acceptable to the Region as discussed below. Program details will continue to be refined through the finalization of the allocation agreement following approval of the program through this report by Regional Council.

Discussion

The Revised 2023 Allocation Program and associated Financing plan, detailed in this report have been developed based on long standing principles, consistent with previous allocation programs and recent Provincial direction, specifically:

- “Growth pays for growth” to the extent possible under the *Development Charges Act, 1997* (DCA);
- Enable Local Municipalities to meet their housing pledges and align with local growth priorities as defined in the joint best planning estimates (JBPEs);
- Infrastructure requirements align to growth;
- Ensure Halton Region’s strong financial position and financial planning principles will not be compromised;

- Develop financing strategies to unlock specific geographic areas as necessary; and
- Ensure program requirements respond to feedback from participants if aligned to the above principles.

Halton's Allocation Programs have been developed in partnership with Local Municipalities and the development community. Servicing allocation and infrastructure delivery must be supportive of, and aligned with, Local Municipal growth plans. Historically, Halton engages with Local Municipalities and developers to define growth and infrastructure needs together with developer interest, which are important inputs in the development of an Allocation Program. The feedback received is critical to making an Allocation Program that is responsive and beneficial for all parties.

In addition to Local Municipal feedback, Halton routinely meets with the development community on an ongoing basis, and as requested, to an enhanced degree during the development of this Allocation Program. Staff have leveraged these collaborative working relationships throughout January 2024 and held multiple half-day working sessions in addition to individual meetings, phone calls and written submissions which were used to address key issues and have resulted in the updated 2023 Allocation Program as presented in this report.

Infrastructure

As reported in July 2023 report LPS56-23/PW-31-23/FN-29-23 "Allocation Program and REOI Update", the Region's water, wastewater and transportation infrastructure expansions and upgrades are being implemented as detailed in the current master plans to support growth to 2031.

As the housing pledges represent approximately a 70% increase in the growth projections contemplated in ROPA 38 for 2021 to 2031, a capacity analysis was required to assess the ability to accommodate this significant increase in projected growth to fulfill the Local Municipalities' housing pledges. The analysis identified that through a combination of updates to the system and other optimization efforts, there would be sufficient capacity in the system to meet the housing pledges.

Local Municipalities have been asked to identify priorities for development that can be readily serviced while aligning with their visions for growth. Recommended areas to be prioritized include those with completed Servicing Plans and access to existing infrastructure, or infrastructure that is currently under construction and anticipated to be operational within 1- 3 years.

Advancing Infrastructure to Support the Allocation Program

As the capacity allocated to fulfilling the housing pledges will functionally take the Region's systems to full capacity, as also noted in July 2023 report LPS56-23/PW-31-23/FN-29-23 "Allocation Program and REOI Update", the Region has initiated key

projects so that servicing capacity is available when Servicing Plans are complete. These projects include the required Class Environmental Assessment phases and/or engineering designs for:

- Burloak WPP Phase 2 Expansion from 55 to 165ML/d in Oakville;
- The Mid-Halton Wastewater Treatment Plant Expansion (125 to 175 MLD); and
- The 2350 L/s WWPS at Lower Base Line and 4th Line in Milton and 900 mm wastewater forcemains.

Recognizing that the complexity of capacity expansion projects can require extended timeframes to complete, in addition to projects listed above, several additional projects and project phases have been identified to be advanced prior to execution of Allocation Agreements to ensure that the additional capacity is available when required.

Six (6) capital projects have been identified as described below:

Wastewater

- Design for the 2350 L/s WWPS at Lower Base Line and 4th Line in Milton. (ID8034)
- Design for twinned 900 mm wastewater forcemains from the WWPS at Lower Base Line to Regional Rd 25 in Milton. (ID8035)
- Design for the Mid-Halton Wastewater Treatment Plant Expansion (125 to 175 MLD). (ID8159)
- Design for the North WWPS expansion of 2000 L/s at Mid-Halton WWTP. (ID7528)
- Class Environmental Assessment for Skyway WWTP. (ID8360)

Water

- Study and Design for Booster Pumping and Storage for North Zones. (ID6702)

Following the approval of the Development Finance Plan as outlined in this report, staff will initiate planning for additional projects that will unlock areas for future growth when Servicing Plans are complete. These include the extension of water and wastewater servicing to areas like South East Georgetown, and North Aldershot communities.

Program Size in Relation to Infrastructure Capacity and Supporting Municipal Housing Pledges

The size of the 2023 program is dependent on a number of factors. The program must ensure that the growth-related infrastructure costs for the program are considered, which then is used to identify a minimum number of program SDEs. This is the minimum participation that would be required in order to make the new program financially feasible.

In addition to the financial analysis, the infrastructure capacity analysis is key to understanding and setting the program threshold. Typically for an Allocation Program, a

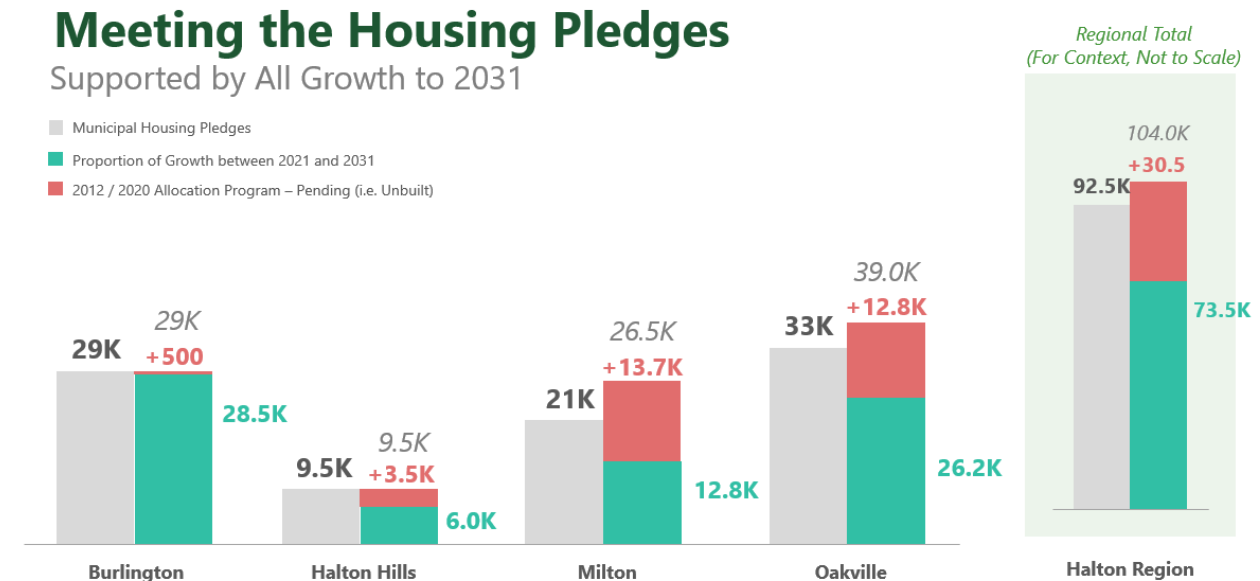
total number of SDEs that can be serviced within the program timeframe, as aligned with Best Planning Estimates sets the program maximum. Given the requirement for the 2023 program to be as flexible as possible to enable the Local Municipalities to meet their pledges, Allocation Program maximums will remain flexible within the capacity reserved by Municipality.

While the distribution of units between greenfield and built boundary will remain flexible, each municipality has a maximum number of serviceable units available based on infrastructure capacity limits, to be distributed based on further discussions and direction from Local Municipalities (as identified in Table 1 below).

Table 1: Unit Distribution to Enable Local Municipal Housing Pledges

Municipality	Maximum Program Units
Burlington	28,452
Halton Hills	6,054
Milton	12,816
Oakville	26,178
Halton Region	73,500

The image below provides an overview of how the available servicing capacity is able to meet the housing pledges for each Local Municipality.



For the 2023 Allocation Program, a minimum of 29,787 units (approximately 16,426 SDEs) will be required to advance the program, based on the financial requirements discussed below. Staff will rely on Local Municipalities to determine how and where allocation will be distributed within their respective municipality. Local Municipalities will be given the opportunity to define the split of units between the built boundary and

greenfield areas, assess the readiness of developments that are looking to participate in the program, and identify how this aligns with Regional locational capacity, and local infrastructure readiness.

As part of the development of this program, staff have allotted for a Special Purpose Pool of up to 5,000 units (approximately 2,760 SDEs) of servicing capacity. This will replace the pool for the 2020 program, and will be available to facilitate developments of key public interest. As an example, this would include capacity for new school sites, or long term care developments. Any units accessed from the Special Purpose Pool will be at the sole discretion of the Region and there is no guarantee that the pool will be available to any one development. Prospective program participants have been asked to ensure the necessary minimum allocation has been requested through the program as reliance on the pool cannot be guaranteed. If there are significant and important projects that require allocation beyond what each municipality can identify as priority, staff are reserving the ability to explore whether and how the special purpose pool units can be allocated at the outset of the Allocation Program to address these pressures.

In addition, as part of the servicing capacity review, infrastructure capacity was reserved for very important non-residential growth. The equivalent of 14,000 equivalent residential units has been set aside for Institutional / Commercial / Industrial (ICI) development.

Local Municipal and Developer Feedback on the 2023 Allocation Program

Throughout the development of this program, Regional staff have engaged the Halton CAOs, Local Municipalities and the development community regarding the next Allocation Program. Local Municipal staff support advancing an Allocation Program as a means to support meeting their respective housing pledges.

Meetings with Local Municipalities largely focused on:

- The quantity of units being allocated;
- Where water and wastewater trunk and treatment capacity is available;
- Timing of the delivery of water and wastewater infrastructure in relation to timing of specific developments; and
- The readiness of developers interested in participating in the Program and how that aligns with timelines of this program and the need to expedite developments in order to meet housing pledges.

In addition to the extensive discussions, workshops and meetings with the development community throughout 2023, following direction of Council through the deferral of the December 2023 report, staff met extensively with industry partners to finalize the program as presented in this report. Throughout January 2024, staff held numerous meetings including six half-day workshops to develop a program that works for both the Regional interests, supports getting Local Municipalities to their housing pledges and responds to the requests of the development community. Key areas of discussion were focused on:

1. The need for more units in this program, beyond what was identified originally in the October 2023 Report No. CA-08-23/PW-40-23/FN-36-23 through the introduction and further definition of Infrastructure Dependent Units (formerly referred to as Future Capacity Units in the December 2023 report). Tied with this, industry representatives requested clarity on the difference between SDEs and IDUs;
2. How annual enhanced growth monitoring will support the success of the program and meet housing pledges;
3. Clarity on timing of the next Allocation Program;
4. Clarity on what the 2023 Allocation program will look like, including requests for flexibility in the program such as transfer of SDEs, and the relaxing of the 40% minimum secured allocation rule which will inform the program agreement;
5. Opportunities for developer led infrastructure; and
6. The financial schedule for the program which has been re-worked to respond to current economic conditions in hopes that it will incentivize developers in the delivery of housing at an accelerated speed.

It is important to note that discussions on refinements of a more minor nature will continue pending Council's approval of the Program parameters and financing strategy through consideration of this report. This feedback can be captured through the refinement of the program agreement.

How the Region has Incorporated Feedback into the Allocation Program

1. Request for additional units in the program, and further clarity around how Infrastructure Dependent Units will support this.

Regional staff have identified the required capacity to enable each Local Municipality and our development community partners to achieve its housing pledge, while recognizing there is a finite capacity within Regional water and wastewater trunk and treatment infrastructure to accommodate new growth. Based on earlier discussions with the development community and Local Municipal staff, there is interest in enabling allocation of servicing to additional units as part of the 2023 Allocation Program.

To respond to this need, Regional staff have introduced Infrastructure Dependent Units (IDUs) to bridge the gap between the defined finite water / wastewater system capacity and the desire for the 2023 Allocation Program to release more units consistent with the Water/Waste Water system capacity. Both IDUs and the SDE stream of units within the 2023 Allocation Program will enable developments to proceed through the planning approval process. The only distinction between the two units is that IDUs are relying on larger Regional infrastructure projects (approximately 5+ years) to come online, or for existing capacity to be "found" or transferred through the enhanced monitoring before a development can proceed to permit. IDUs will be

considered the same as SDEs except that they are dependent on the release of additional servicing capacity and will enable developments to proceed through the planning approval process. The 2023 Allocation Program agreements will list the specific infrastructure required for individual developments to proceed.

For further information on Infrastructure Dependent Units, please refer to Attachment #5 to this report.

2. Enhanced Growth Monitoring & Moving IDUs to SDEs

To accompany the introduction of Infrastructure Dependent Units (IDUs), development industry partners wanted more clarity around how IDUs could be transitioned to the SDE stream of the program which would be a requirement in order to move their development to registration and permit. There are several ways in which an IDU can transition into the SDE stream within the program:

Staff are committing to annual enhanced growth and service capacity monitoring beginning in 2025. The objective of the annual enhanced monitoring report is to inform decisions in a proactive manner that may be required for a potential release of additional units, or the re-allocation of units in the system within the respective Local Municipality to meet their housing pledges. For example, should development be proceeding at a slower rate than anticipated in identified areas such as the built boundary, the reserved servicing capacity could be re-allocated to Allocation Program developments that are proceeding at a faster rate. These decisions will be made based on key data and information in collaboration with Local Municipalities and the affected developers. Further details on the annual enhanced monitoring report is outlined in Attachment #5 to this report.

In addition to this annual review, Local Municipalities may request that the Region shift capacity between the built boundary and greenfield within the respective municipality at any point, subject to a Regional review of the area specific servicing availability and capacity.

3. Timing of Next Allocation Program

The development industry also expressed the need for clarity with respect to timing of the next Allocation Program. While the program has previously allowed only a minimum of 40% of allocation to be secured on a property in order to move through the approvals process, there will come a time when a development may be advancing and will need to secure the remaining SDEs required to advance to registration and permit. While the 2023 Allocation Program agreement will still allow for small top ups of SDEs, this will only be granted if servicing capacity can be found through the enhanced monitoring process. If allocation is not secured through this program, then

the next opportunity would be at a future program. The development industry is interested in knowing when the next program would be considered in order to help them determine how much allocation they would be interested in reserving through this program.

In order for the Region to determine when the next Allocation Program will be, there are several steps that have to occur first:

- Completion of the Integrated Master Plans
- Development of the next Development Charges By-law
- Development of the new Infrastructure Phasing Plans

The need for a new program would also have to be assessed based on the advancement of units through the current programs and the readiness of the development for a new program. If a new program is launched too soon, there will be less take-up and if a program is launched too late, there is a risk of program oversubscription. It is likely that the next program will not be for another 6+ years once key infrastructure projects begin to come online and servicing capacity becomes available, however given the various steps that have to occur between now and then, it is difficult to provide the definitive answer that the developers and landowners seek.

4. Allocation Agreement & Program Parameters

The 2023 Allocation Program agreement will be finalized upon approval of the program by Regional Council through this report. Once the program parameters and financial schedule have been approved, the agreement will be finalized and shared with the development community for a final opportunity to provide feedback. Minor modifications as they align to the program as approved by Council can be made, and industry representatives had a chance to review the intended agreement content during the meetings in January. Feedback has been incorporated and the final draft summary of the program parameters which will inform the agreement can be found in Attachment #6 to this report. The intention of Attachment #6 is simply to provide an overview of the agreement and does not supersede the final allocation agreement once prepared.

A significant difference between previous programs and this 2023 Allocation Program will be in how the minimum 40% rule will be applied. For developments containing primarily ground-related housing, the minimum 40% of the SDEs remains a requirement in order to proceed through the application process. With regards to High Density (HD) units, staff have heard from industry that securing a minimum of 40% of the SDEs is more difficult and staff agree that this should not prevent draft approval of a plan. On a case-by-case basis, Regional staff will work with developers to identify where it may be sufficient to secure a minimum 40% of only ground-related units or for high density units only within blocks that are proceeding. Holding symbols will be

used to allow blocks to move to site plan submission. Further examples of how this is intended to be implemented can be found in Attachment #6 of this report.

Developers also requested further information on how units can be transferred between properties. This practice is consistent with previous programs and has been clarified for the development community through the discussions held. Attachment #6 to this report provides the clarity shared with developers and landowners.

In general, allocation program agreements have identified the requirement of participants to provide the Region with land takings as required to accommodate infrastructure projects. This practice will continue as part of the 2023 program agreement, however there will be an opportunity outside of the allocation program development process to continue working through a potentially modified approach to four specific projects. These four projects, and only these four projects, will be reviewed further due to the scale and potential land requirements. The transfer of land to ensure that the Region receives the land it requires for these specifically identified projects will be considered through a framework that is supplementary to the Allocation Program agreement and subject to a consultative process with the affected landowners. All other aspects of the Allocation Program agreement will continue to apply to the affected landowners in these project areas. The four projects have been identified as: Trafalgar Road Widening in Halton Hills, Norval By-pass, 5th/12th Line and James Snow Parkway. Staff will provide updates to Council as required on this outside of the Allocation Program process.

5. Acceleration of Growth-Related Infrastructure

Local Municipalities and developers have requested the Region consider expanding the scope of the program to allow for additional roads and water/wastewater infrastructure projects.

Attachment #2 of this report identifies the infrastructure project list associated with the 2023 Allocation Program and includes the funding for planning and design of key projects to unlock growth areas as Servicing Plans are completed and funding for construction projects where design is anticipated to be completed in the near term. Development remains a dynamic and changing environment and this program has been developed with the greatest flexibility possible while still representing a financially viable program. Should it be confirmed through the consultation with the Local Municipalities on their priorities for development or discussions with the development industry that accelerating construction funding for additional projects will support growth in the near term (such as James Snow Parkway and Britannia Road wastewater trunk mains), the Region is able to adapt the infrastructure program using existing standard processes including the annual budget process or a specific report to Council for in-year consideration. These options will ensure the Region is able to adapt to needs in a timely manner where it makes sense or where it is required.

In addition to the project list that has been identified for this program, developers have requested consideration for developers to lead and deliver Regional infrastructure projects where they make sense. The Region has an existing Design and Construction of Regional Projects (Excluding Major Road Connections to Regional Roads) by the Development Industry (DCPDI) policy; however developers have identified that there may be opportunities to explore projects that would not be permitted through this policy. Staff have committed to working with the development industry to review the policy, and to come back to Council with an updated policy that may be more flexible, but that still ensures the Region's principles for delivering infrastructure projects is maintained. It is expected this review, and an updated policy can be proposed for Council endorsement by the end of 2024.

6. Program Financial Schedule

The finance schedule for the program has been modified as outlined in the Capital Financing section of the report to incorporate the feedback received from the development community around the financial viability of the plan given the current costs of borrowing and economic conditions. Driving factors on the modified schedule include incentivizing developments that are proceeding within the first 3-4 years, ensuring Local Municipality's growth targets to 2031 in the greenfield are met and allowing planning processes to proceed for developments that are in the longer horizon to ensure a continuous stream of growth once capacity becomes available. This program is required for the Local Municipalities to meet their housing pledges, and as such, the program has been made as flexible as possible, more so than ever before. Allocation Programs are designed based on current conditions, and as such the flexibility of this program will not set precedent (such as not requiring front-end payments and instead relying on alternate financing strategies) as there are specific circumstances and housing growth goals that this program is in place to achieve.

Capital Financing

In response to the current financial climate, municipal housing pledge targets, and accelerated infrastructure, staff developed a program to ensure financial capacity was available prior to proceeding with a program.

Based on current forecasted infrastructure, in order to support development to 2031, which includes capital budgets between 2023 and 2031, \$5.2 billion of growth-related financing requirements has been forecasted for water, wastewater and roads infrastructure as shown below and set out in Attachment #1. The required financing for growth-related water, wastewater and roads infrastructure between 2023 and 2031 would be supported from both residential developers and the Region.

	Growth Related (\$000s)		
	W/WW	Roads	Total
Residential¹:	\$ 1,307,853	\$ 1,701,023	\$ 3,008,876
Region:			
Non-Residential	400,374	856,752	1,257,126
Non-Growth ²	261,122	311,973	573,095
Oversizing	81,936	287,743	369,679
Subtotal	\$ 743,432	\$ 1,456,468	\$ 2,199,900
Total	\$ 2,051,285	\$ 3,157,491	\$ 5,208,776

Note:

¹ Includes commitments (credits, debt, historical oversizing, 2020 Allocation Shortfall)

² Non-Growth State of Good Repair projects are not included and will be approved as part 2024 Budget Approval

The residential share between 2023 and 2031 is \$3.0 billion. Halton has a long-standing principle that “growth pays for growth” to the extent possible and greenfield development is approved through financing plans and Allocation Programs.

Of the \$5.2 billion, the Region is responsible for \$2.2 billion, of which \$1.3 billion is required to support non-residential financing, \$370 million is financing for oversizing which will be recovered from future DCs and \$573 million is to finance growth state-of-good-repair (SOGR) requirements.

The \$1.3 billion is the interim financing related to the non-residential share of costs. The Region has historically provided interim financing in recognition of the fact that the timing of the infrastructure is being driven by the residential developers and is delivered well in advance of non-residential requirements. To ensure that this interim financing does not impact tax or water/wastewater rates, the Region uses internal borrowing for these requirements. The investment revolving fund reserve (the revolving fund) is used for the water and wastewater program and the Tax Capital Reserve for the roads program. Ultimately, these Regional reserves will be fully reimbursed including interest from the collection of DCs, as non-residential development proceeds in the future. The financing is a strategic investment for the Region as the infrastructure is required to support economic growth in the Region. This is in addition to the current committed outstanding Regional investment for interim financing of \$527.6 million as of the end of 2022. Based on the financing requirements up to 2022, both the revolving fund and tax capital reserves have the capacity to address the additional non-residential needs.

As noted earlier, in order to make the new program financially feasible, a minimum subscription is required to assess a program for financial viability. Through initial discussions with Local Municipalities and financial review the minimum greenfield

allocation subscription was determined to be 16,426 SDEs and an additional Special Purpose Pool of up to 2,760 SDEs. As part of the review, the built boundary SDEs and associated revenue is also taken into consideration.

	Units	SDEs
Greenfield Allocation	29,787	16,426
Special Purpose Pool	5,000	2,760
Built Boundary	43,713	24,106
Total Program	78,500	43,292

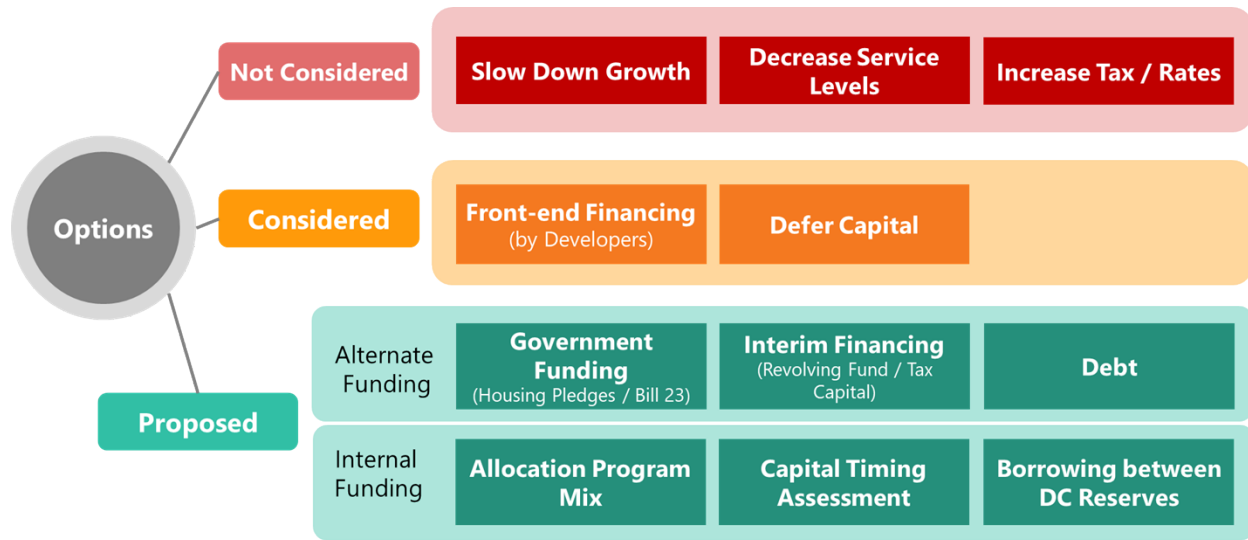
Based on the residential expenditures (\$3.0 billion) provided above and DC revenue (\$2.1 billion) generated from the SDEs in current dollars, in both the greenfield and built boundary areas, there is a shortfall of \$940.2 million as set out below. This analysis does not reflect the potential revenue generated from phasing or Infrastructure dependent units as the timing and take-up of the development is unknown.

	Residential Financing (\$000s)		
	Total Expenditures	Revenue	Surplus/ Shortfall
Water/Wastewater	(\$1,307,853)	\$792,016	(\$515,837)
Roads	(\$1,701,023)	\$1,276,664	(\$424,358)
Total Program	(\$3,008,876)	\$2,068,680	(\$940,196)

Halton Region’s financial plans are built on the principle that “growth pays for growth” which would result in an additional front-end payment request from those entering into an Allocation Agreement of \$49,004 per SDE (shortfall divided by total greenfield units which includes the Special Purpose Pool) to address the \$940.2 million shortfall. This shortfall includes losses in DC revenues related to provincial changes to DC collection through Bill 23 as well as the advancement of large capacity infrastructure projects needed to accommodate future growth as discussed above.

Through discussion with the development community, it was indicated that given the current economic conditions it would be challenging and undesirable to proceed with a front-end charge in addition to development charges. For this reason, there will be no front-end payment required for the 2023 Allocation Program. To fund the shortfall, alternate strategies were considered as the goal of meeting the housing pledges and providing a continuum of future growth is important to the Province, Local Municipal partners and the Region.

Municipalities have few tools to address the cost related to growth. In recognition that DCs have a limited revenue-generating capacity to fully support growth infrastructure, the Region has explored and employed alternative funding tools and mechanisms to ensure growth targets could be met. Below is a summary of the tools reviewed.



As identified above the tools were categorized with consideration given to the impact to the program and current Halton residents. The section labeled “not considered” would have had a significant impact to existing tax/users or would not have met housing pledges, and therefore, although is an option, was not considered. The section labeled “considered”, is more palatable but was not proposed for the following reasons. The front-end financing is an option that has been undertaken in the past but is not proposed given the current economic climate and the need for a program to proceed. Deferring capital strictly on a financial basis was not recommended at this time to ensure that future programs were not impacted. The section labeled proposed are tools that were used in the development of a viable program and discussed below.

As part of the analysis, a capital timing assessment was undertaken to review the current capital program to ensure that it does not directly impact the delivery of growth. The review determined that the roads program could be scoped based on stage of project development (e.g. EA, design), project coordination (e.g. local coordination), and Masterplan review. The roads projects not included in the financing plan will still remain in the forecasted budget, however the timing will continue to be assessed as projects proceed through implementation and financing availability is reviewed. Although this review had positive impacts to address the shortfall, it was still not sufficient to alleviate

the need for front-end financing. The roads capital program adjustments have impacted the shortfall by \$624 million.

To avoid the need for front-end payments, alternate funding for the residential share is still necessary and is primarily due to the sudden acceleration of growth which requires significant capacity and necessitates the need for costly capacity expansion projects to be accelerated prior to 2031. Below is a cost summary of the major capacity projects which are proposed to be financed with alternative funding.

Alternative Financing Capacity Projects (included in \$940M shortfall) (\$000s)	Gross	Residential Share
Burloak		
Burloak WPP Phase 2 Expansion from 55 to 165ML/d	\$ 194,708	\$ 147,978
North Zones		
Booster Pumping & Storage for North Zones ¹	\$ 40,000	\$ 29,200
Mid-Halton		
North WWPS expansion of 2,000 L/s	\$ 77,435	\$ 19,098
Mid-Halton WWTP expansion 125 ML/d to 175 ML/d	227,241	81,170
Subtotal	\$ 304,676	\$ 100,268
Skyway WWTP		
2400mm WWM inlet to Skyway WWTP ²	\$ 38,226	\$ 2,034
Skyway WWTP by 20MLD	171,000	129,960
Subtotal	\$ 209,226	\$ 131,994
Total	\$ 748,610	\$ 409,440

Note:

¹ Alternative financing is not being utilized for the entire project budget of \$44 Million

² Alternative financing includes a small portion of previously approved budget

The financing plan assumes the alternate financing would be some combination of Federal, Provincial and Regional financing. Given the necessity of water and wastewater capacity to respond to the housing crisis, financing the delivery of this capacity should be a priority of both the Federal and Provincial Government. It is anticipated that this requirement for alternate financing is a one-time issue to address the sudden acceleration of housing growth that was not anticipated.

RESIDENTIAL FINANCING PLAN (\$000s)

(000s)	Expenditures				Revenue	
	Expenditures	Alternate Financing (Debt/Prov)	Debt Charges*	Total Expenditures	Revenue	Surplus/ (Shortfall)
Water/ Wastewater	(\$1,307,853)	409,440	(\$96,316)	(\$994,729)	\$792,016	(\$202,713)
Roads	(\$722,000)	-	-	(\$722,000)	\$921,226	\$199,226
Total (Program)	(\$2,029,853)	409,440	(\$96,316)	(\$1,716,729)	\$1,713,242	(\$3,487)

* Assumption is that Alternative Financing is taken as debt or internal financing

As depicted above, after taking all options into consideration, the shortfall is \$3.5 million. This is considered minor in nature and can be addressed through additional top-ups in the program or changes to the allocation program mix. Further, this analysis does not consider additional revenue that could be generated from phasing or additional SDE taken-up through the Infrastructure dependent units based on the agreement terms highlighted above given their uncertainty.

The parameters of the program were designed based on current DC rates and in-force legislation. The Region's DC By-law is currently under appeal and that could affect the outcome of the 2023 Allocation Program. In order to proceed with execution of allocation agreements staff will have to ensure that either Allocation Agreement terms or mediation efforts are developed with limited risk to DC collections.

For illustrative purposes, below is the current DC rate for greenfield water/wastewater and roads development charges used for the analysis. This rate is subject to change based on agreement timing. All other DCs will be collected as part of the normal development charge timing.

DC Rates per SDE	Sept. 1, 2023
Water	
Capacity	\$ 2,860
Greenfield	9,097
Subtotal Water	\$ 11,958
Wastewater	
Capacity	\$ 2,070
Greenfield	14,744
Subtotal Wastewater	\$ 16,814
Subtotal Water and Wastewater	\$ 28,772
Roads	\$ 29,490
Total Water, Wastewater and Roads	\$ 58,261

2023 Allocation Program Parameters

The program parameters for the 2023 Allocation Program are largely based on the 2020 Allocation Program with updates to incorporate Regional needs due to changes coming out of Bill 23, *More Homes Built Faster Act, 2022* (Bill 23) and incorporate feedback as discussed above. The following key program parameters will be the basis for the 2023 program:

- The program is being created in a way that acknowledges Bill 23 amendments to the Planning Act affecting the Region's planning roles and responsibilities, to ensure Regional interests are maintained.
- The program has been designed financially to:
 - Provide a level of cost certainty to developers;
 - incentivize developments that are proceeding within the first 3-4 years;
 - to ensure Local Municipalities growth targets to 2031 in the greenfield areas are viable; and
 - to allow planning processes to proceed in longer horizon developments to ensure a continuous stream of growth once capacity becomes available.
- The program is applicable to Regional jurisdiction over Regional infrastructure, allocation of servicing capacity and collection of Regional DCs.
- The program is intended to provide servicing capacity for development that will advance in the short term where possible. The Region may revoke allocation if not used within three years, in order to free up capacity to meet the Local Municipalities housing pledges. Commencing in 2025, Regional staff will conduct an annual review of infrastructure capacity through an enhanced monitoring report to identify whether reallocation of servicing is required to support residential development that is projecting a faster timeline. This may result in revocation of servicing capacity, which would be considered in consultation with the Local Municipalities, and the affected developer.
- Consistent with past programs, allocation program agreements are valid for 3 years unless extended for developments holding allocation that are demonstrating progress to the satisfaction of the Region's Chief Planning Official, successor position, or delegate.
- "Infrastructure Dependent Units" will be made available. Currently there is no defined limit on how many of these units will be released and will be dependent on developer interest. It is anticipated that the infrastructure projects expected to come online in 6+ years will free up a sufficient amount of capacity that will eclipse commitments received from landowners. To secure IDUs, developers/landowners must participate at the beginning of the program, as IDUs will not be available once the program is launched, and they will need to wait until the next program.

- A Public Works Commissioner’s Notice (PWCN) will be required for participating lands that do not have Regional infrastructure in the ground. Receipt of the PWCN is the Owner’s official notification that the servicing capacity release date for the corresponding lands has been achieved. To expedite program administration, the PWCN tool will be used only when required.
- Flexibility for developers to move allocation between their properties to support acceleration of development, to the satisfaction of the Region and Local Municipality.
- For developments comprised of primarily ground-related housing, the 40% of SDEs within a plan must have received allocation in order to receive planning approvals. SDEs may be transferred but SDEs remaining on lands are not to be less than 40% of the SDEs originally reserved. For developments that contain high density blocks, this rule will not be applied rigidly as staff support the creation of high density blocks through draft plan of subdivision and plan registration without needing to secure 40% of units for all the high density blocks in the plan. Provisions in the agreement will identify alternative means, such as holding provisions, that would ensure development is not proceeding without sufficient allocation. Staff will work with the participating landowner and the Local Municipality to ensure this rule does not become a barrier for new housing to proceed.

Agreement Terms and Conditions

As a part of a release of allocation, each participating landowner will be required to enter into an agreement with the Region. The terms and conditions for the 2023 Allocation Program agreement are largely based on the 2020 Allocation Program with modifications that reflect feedback from the development community and current Regional needs such as changes to the way the Region can collect DCs as a result of Bill 23. It is normal practice to engage the development community to obtain feedback in ensuring the agreement and program parameters are mutually beneficial where possible, while still protecting the Region and taxpayers as intended. As such, upon Council approval of this report, a level of flexibility is assumed to allow Regional staff to continue to work with the development community where they align with the program parameters and interests of both the Region and Local Municipalities to make minor adjustments where necessary where they benefit the administration of the program.

It is recommended that the terms of the agreement will include the following:

- The payments terms were adjusted to deal with the concern of the phasing loss, additional project costs (i.e. accelerated roads infrastructure) and DC payment timing for development. Overall, staff have comfort that the new schedule was developed in a way that did not increase the overall risk and provided cost certainty to developers in developing their pro formas and sales to homeowners. This plan provides for the early payment of water, wastewater and roads DCs in installments (until earlier of subdivision or building permit, upon which payment will be required in full) based on the schedule below commencing at the execution

of the Allocation Agreement. SDEs will be subject to a phase-in unless subdivision/occupancy is reached prior to quarter 4, 2026 for Low/Medium SDEs and quarter 4, 2027 for High Density SDEs. IDU payments will be subject to indexing (capped at 4% per year after execution of agreement) in addition to the phase-in provision if IDUs are changed to SDEs prior to quarter 4, 2026 for Low/Medium, or quarter 4, 2027 for High Density, the units will be subject to an updated payment schedule based on the classification, and after this timeframe the payment schedule will not be adjusted.

2023 Allocation Program- Updated Option				
	Low/Med	High Density	Infrastructure Dependent*	
	Early DC Collections for W/WW and Roads (low/medium, high density, Infrastructure Dependent)			
Execution	5.0%	5.0%	5.0%	Indexed
Q4 2024	10.0%	-	-	
Q4 2025	15.0%	10.0%	-	
Q4 2026	17.5%	15.0%	10.0%	Phased
Q4 2027	17.5%	10.0%	15.0%	
Q4 2028	35.0%	15.0%	17.5%	
Q4 2029	-	15.0%	17.5%	
Q4 2030	-	30.0%	17.5%	
Q4 2031	-	-	17.5%	
*Allow for an upfront payment consistent with Low/Medium timing				
Security	40% of W/WW DCs for low/medium and high density SDEs			
Final Payments	Remaining W.WW and Roads DC payment at earlier of Subdivision/Building Permit			

* all other DC's/Front-ending payments are paid at normal timing

- For prospective program participants who would like to, they will be permitted to pay IDUs in advance, in alignment with the Low/Medium SDE payment schedule;
- Conversion of SDEs reserved for High Density Apartments shall not be permitted without prior approval on the basis that there is no financial impact to the Region;
- At execution of agreement or amendment to unit category, program participants secure a letter of credit on low/medium and high density SDEs for the early payment of 40% of the water and wastewater DCs that will not be reduced until 60% of DCs have been collected;
- Updated Letter of Credit Policy for Allocation Agreements to permit an increased limit for Credit Unions that are incorporated in Ontario and confirmed by the Financial Services Regulatory Authority of Ontario. This limit will be the lesser of 1% of the Financial Institutions total reported assets or a maximum of \$10 million per developer subject to the approval of the Director of Capital and Development Financing or Regional Treasurer;
- Provide for the recovery of the early payments by credits against the water, wastewater and roads component of the DC;
- Reserve and allocate water and wastewater capacity to the lands owned by the participating landowners entering into the agreement;
- Provide for minor adjustments of SDEs through top-up and/or reconciliation provisions;
- In order to allow the Local Municipalities to meet their housing objectives, provide for the reservation of SDEs for three years, to be re-evaluated for revocation or extension, acceptable to the Region and applicable Local Municipality(ies);

- At a minimum, forty percent (40%) of the lots in the draft plan of subdivision must have received allocation in order to receive draft plan approval. For developments that contain high density blocks, this rule will not be applied rigidly as staff support the creation of high-density blocks through draft plan of subdivision and plan registration without needing to secure 40% of units for all the high density blocks in the plan;
- Provision to permit the transfer of SDEs, subject to approval by the Region and Local Municipalities, as long as the SDEs remaining on the lands are not less than forty percent (40%) of the SDEs originally reserved or forty percent (40%) of the total development where draft approval has been granted. Flexibility will be granted for high density blocks;
- High density blocks can be created with minimum allocation provided that local planning tools and instruments are in place to ensure development cannot proceed without allocation. It is expected that high density blocks that will proceed to permit in the near-term (within 3 years) be fully allocated;
- Provisions to allow development of high density blocks in a phased manner, with reliance on local planning tools and instruments to ensure that only the portion of development with allocation can proceed. This phased approach would allow for the advancement of planning and infrastructure review to be undertaken for the entire block;
- Require land dedications to be made to the Region by the owner to accommodate key Regional infrastructure projects within 45 calendar days of request, with the exception of the four projects outlined earlier in this report;
- Prevent the sale of dwelling units until water/wastewater (treatment, distribution and collection capacity) are available or expected to be available for those units within 12 months;
- Include provisions to limit the Region's exposure to risk if the Allocation Agreement or any of its components is challenged in court or before an administrative tribunal; and
- Protection to minimize the Region's exposure to delay in infrastructure delivery to the allocation areas should infrastructure delivery be challenged before a court or administrative tribunal.
- Rental and Special Care Special Needs will be required to sign-up for this program to guarantee reservation of capacity. The DC rate for these SDE's will be consistent with the principles set out in this program and collection will be consistent with the Development Charge Act timing.

2023 Allocation Program Launch Next Steps

Since the May 2023 request for Expression of Interest, there have been changes to the economic conditions and interested participants were not aware of the finer program details such as the payment schedule. In order to ensure our Local Municipal partners have accurate data to inform their decisions to assign SDEs and IDUs for the program, immediately following the January 30, 2024 Developer Information Session on the draft Allocation Program, staff put out a request for prospective participating landowners to confirm what they wish to secure as part of the Allocation Program. This information was

requested to be submitted to the Region by February 12, 2024 to be consolidated and circulated to Local Municipalities as quickly as possible to inform the next steps in the process.

Through this report staff is seeking Regional Council approval to proceed with the 2023 Allocation Program based on the minimum of 29,787 units (approximately 16,246 SDEs) with a Special Purpose Pool of up to 5,000 units (approximately 2,760 SDEs). Approval of this report will allow staff to:

- Work with Local Municipalities who will set the distribution of servicing capacity to enable pledges to be met;
- Work with the development community to finalize the program agreement based on the Infrastructure and Development Financing Plans, and terms and conditions discussed in this report with flexibility to finalize implementation details and non-significant program parameters;
- Work with Local Municipalities and the development community on allocating Infrastructure Dependent Units; and
- Expeditiously launch a program within the second quarter of 2024 in order to support the objective of advancing development to meet housing pledges.

Given the Provincial objectives of accelerating residential development, and in support of enabling Local Municipalities to meet their housing pledges, staff commit to review the distribution of servicing capacity reserved through this program and the system as a whole annually starting in 2025 to ensure alignment of infrastructure capacity, development approval and municipal progress toward meeting housing pledges. This will be in consultation with Local Municipalities and may require revocation of servicing allocation in order to redistribute to developments that are closer to advancement. The result of the enhanced monitoring will inform a potential redistribution of servicing which could support further greenfield allocation units for an Allocation Program.

Upon endorsement, the next steps include:

- Local Municipalities determine and approve local distribution of Allocation to greenfield developers and follow up with developers to assign capacity;
- Allocation agreement finalized;
- Halton Region requests letters of commitment from identified developers for standard, high density and Infrastructure Dependent Unit allocation.
- Execution of agreements by landowners with provision of required security and first payment; and
- An update report to Council on the results of the 2023 Allocation Program once finalized.

While it is the intention of staff to continue to work to expedite the launch of the 2023 Allocation Program, and while the deferrals of the previous reports have resulted in program changes that reflect the needs of the development community, this has impacted the original anticipated timeframes for the launch of the program. Staff had been working

to advance the program prior to the April 1, 2024 Development Charge (DC) indexing. If Allocation Program agreements are executed after April 1, 2024, development would be subject to the most current DC rate in accordance with the *Development Charges Act, 1997* and Halton's DC By-law.

Staff have identified the opportunity for flexibility through Section 27 of the DC Act, if certain criteria are met (should execution of the allocation agreements not be achievable before April 1, 2024), where the DC can be held at the pre-indexed rate.

Should the following three criteria be satisfied, staff can hold the DC rate at the current rate of \$58,261.16 (prior to April 1, 2024 indexing):

1. The Allocation Program agreement must be finalized in advance of March 31, 2024 and fully executed by May 31, 2024;
2. The appeal against the current Development Charge By-law is resolved or can be considered resolved in-good-faith prior to March 31, 2024; and
3. The property is identified by the Local Municipality in its report to local Council by March 31, 2024.

If any of the above criteria cannot be met on or before the dates identified, then the program would advance using the April 1, 2024 rate, and any future phasing or indexing that comes into effect until agreements are executed.

FINANCIAL/PROGRAM IMPLICATIONS

As noted in this report, Staff are proposing to proceed with the financing plan that includes a scoped capital roads program, the reliance on alternative funding sources, borrowing between DC reserves and a minimum subscription of 29,787 units (approximately 16,426 SDEs).

As identified below, the financing required to support the proposed financing plan is \$3.2 billion of which \$2.0 billion is the residential responsibility and \$1.2 billion is Regional responsibility. The associated projects are identified in Attachment #2.

	Growth Related (\$000s)		
	W/WW	Roads	Total
Residential¹:	\$ 1,307,853	\$ 722,000	\$ 2,029,853
Region:			
Non-Residential	400,374	306,048	706,422
Non-Growth ²	261,122	129,191	390,313
Oversizing	81,936	24,220	106,156
Subtotal	\$ 743,432	\$ 459,459	\$ 1,202,891
Total	\$ 2,051,285	\$ 1,181,459	\$ 3,232,744

Note:

¹ Includes commitments (credits, debt, historical oversizing, 2020 Allocation Shortfall).

² Non-Growth State of Good Repair projects are not included and will be approved as part of the 2024 Budget Approval

The residential share (\$2.0 billion) will be financed from developers in accordance with the terms and conditions of the Allocation Agreement, DC revenue received for intensification and alternative financing. The Regional responsibility related to growth of \$1.2 billion is comprised of \$706 million in interim financing to support non-residential financing, \$106 million for oversizing and \$390 million to finance growth state-of-good-repair (SOGR) requirements.

The non-residential interim investments (\$706 million) will be financed from the Investment Revolving Fund for water and wastewater (\$400 million) and Tax Capital Reserve for roads (\$306 million). Ultimately, these Regional reserves will be fully reimbursed including interest from the collection of DCs, as non-residential development proceeds in the future. The oversizing will also be interim financed using the Revolving Fund which will be recovered from future DCs.

The non-growth share (\$390 million) will be financed from the Rate Reserves for water and wastewater (\$261 million) and from the Tax Capital Reserve (\$129 million).

In order to provide maximum flexibility to expedite timing of infrastructure based on project need and stage, it is being requested through this report to approve the capital budgets anticipated over the next 3 years. This budget includes previously approved 2023 budgets that are not part of previous allocation projects included in appendix B of the 2023 Budget Capital Report. The 2023 projects without an approved financing plan (not included in previous allocation programs as per appendix B of the 2023 Budget Capital Report) are being restated as part of this project list upon approval of this report. This funding will provide opportunity to explore alternative delivery approaches in a goal to accelerate timing. Attachment #3 provides a summary of projects and financing to be approved. Projects will not be able to initiate until execution of agreements. In the event that developments are identified by Local Municipalities to proceed in the program that require

water/wastewater or roads projects to be accelerated, future budgets or staff reports can contemplate approval where appropriate. Further the Allocation Agreement will provide for the consideration of construction works undertaken by the development community, subject to the approval of the Commissioner of Public Works.

Given the time required to finalize and execute agreements, staff have identified 6 priority planning and design water and wastewater infrastructure projects. These projects were selected as they are multi-year in nature and are extremely important to support future growth. These projects are recommended to proceed in advance of execution. The cost breakdown of growth splits is as follows:

	Water & Wastewater (\$000s)
Growth	
Residential	\$ 19,173
Non-Residential	6,682
Subtotal	\$ 25,855
Non-Growth	\$ 12,145
Total	\$ 38,000

As detailed in Attachment # 4, the funding required is 68% growth-related and totals \$38.0 million. Of the \$38.0 million, \$25.9 million is eventually recoverable through development charges and will be interim financed based on actual expenditures from the capital investment revolving fund in the interim. The non-growth component (\$12.1 million) will be financed from the rate reserves. Once the Allocation Agreements are executed the financing for these projects will be consistent with the financing identified in Attachment #3.

In implementing the recommendation to release “Infrastructure Dependent Units” beyond those allocated through Recommendation #1, some additional Development Charge revenue is anticipated. Regional staff are proposing to apply additional revenue to accelerate projects and/or lessen the burden on debt financing as part of future budgets and staff reports.

The 2023 Allocation Program is very significant and includes over 190 infrastructure projects and a quantum of \$3.2 billion. To ensure the Region has sufficient resources to support the implementation and administration of the 2023 Allocation Program, one (1) additional staff resource will be required in Finance at an estimated annual cost of \$135,358. The cost to support the additional resources will be recovered from capital projects included in the 2023 Allocation Program and the subsequent allocation programs.

Respectfully submitted,



Lee Anne Jones
Director, Infrastructure Planning and Policy



Andrew Farr
Commissioner, Public Works



Matthew Buist
Director, Capital and Development
Financing



Cyndy Winslow
Commissioner, Finance and Regional
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Curt Benson
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Approved by



Jane MacCaskill
Chief Administrative Officer

If you have any questions on the content of this report,
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Attachments: Attachment #1 – 2023-2031 Capital Projects and Financing
Attachment #2 – 2023 Allocation Program Financing Plan
Attachment #3 – Capital Budget Approval
Attachment #4 – Advanced Capital Project Approval
Attachment #5 – Infrastructure Dependent Units & Enhanced Growth Monitoring Report
Summary
Attachment #6 – 2023 Allocation Program & Agreement Summary
Attachment #7 – Report CA-18-23/PW-46-23/FN-46-23 - Revised 2023 Allocation
Program as deferred by Council at its meeting held December 13, 2023 (available
electronically via the [Council Agenda for December 13, 2023](#))