

Report To:	Regional Chair and Members of Regional Council
From:	Jane MacCaskill, Chief Administrative Officer Cyndy Winslow, Commissioner, Finance and Regional Treasurer Andrew Farr, Commissioner, Public Works
Date:	July 10, 2024
Report No.:	CA-19-24/FN-20-24/PW-19-24
Re:	2023 Allocation Program Launch

## Recommendation

1. THAT Report No. CA-19-24/FN-20-24/PW-19-24 re “2023 Allocation Program Launch” be received for information.
2. THAT the Regional Clerk forward a copy of Report No. CA-19-24/FN-20-24/PW-19-24 to the City of Burlington, the Town of Halton Hills, the Town of Milton, and the Town of Oakville for their information.

## Report

### **Executive Summary**

- The Region’s Allocation Program is a financing tool to support timely delivery of growth-related infrastructure required to support the delivery of 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.
- Following substantial consultation, on February 14, 2024, Regional Council approved the advancement of the proposed 2023 Allocation program through report CA-02-24/PW-04-24/FN-05-24 re: “Revised 2023 Allocation Program”. This included approval of Infrastructure Dependent Units (IDUs), the approval of the program’s Development

Financing Plan and authorized the Region's Chief Administrative Officer to negotiate and execute 2023 Allocation Program agreements.

- Report CA-02-24/PW-04-24/FN-05-24 identified staff's intent to provide a report to Council on the final 2023 Allocation Program uptake following the launch of the program. This report provides that update.
- As discussed in Report No. CA-19-24/FN-20-24/PW-19-24, staff are proceeding with the 2023 Allocation program as the minimum subscription required to support the financing plan approved by Regional Council through report CA-02-24/PW-04-24/FN-05-24 re: "Revised 2023 Allocation Program" was achieved.

## **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 Local Municipalities have committed to housing pledges, which total 92,500 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

Regional staff worked collaboratively with the Local Municipalities and engaged the development community throughout the development of the program since a 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 the report recommendations to the Halton CAOs and requested staff report back 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 the 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.

Incorporating the feedback received through extensive consultation, the 2023 Allocation Program was finalized and approved on February 14, 2024, by Regional Council through Report No. CA-02-24/PW-04-24/FN-05-24 re: “Revised 2023 Allocation Program”.

## **Discussion**

Halton’s Allocation Programs are developed in partnership with the Local Municipalities and the development community. Servicing allocation and infrastructure delivery must be supportive of, and aligned with, Local Municipal growth plans and more recently, Local Municipal housing pledges.

The 2023 Allocation Program and associated financing plan, as approved by Council through report CA-02-24/PW-04-24/FN-05-24, was developed based on long-standing principles, consistent with previous allocation programs and recent Provincial direction, specifically:

- “Growth pays for growth” to the greatest 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.

The 2023 Allocation Program is unique in that in addition to introducing Single Dwelling Equivalent (SDEs), which developers secure to reserve water / wastewater servicing capacity, it also introduced a new type of service capacity reservation through Infrastructure Dependent Units (IDUs). To enable each Local Municipality and Halton’s development community partners to achieve housing pledges, recognizing there is a finite servicing capacity within Regional water and wastewater trunk and treatment infrastructure to accommodate new growth, IDUs were introduced. These units act as placeholders in securing servicing capacity as it becomes available through the enhanced monitoring reporting, redistribution of “found” capacity, such as that held for built boundary

development, or through the completion of infrastructure projects expected to come online in five or more years. These units follow a different payment schedule meant to reflect the longer term nature of these units. Prospective participants were provided opportunities to secure SDE units, IDU units, or a combination of both at the launch of the program.

Since Council approved the 2023 Allocation Program in February 2024, Regional staff worked with the Local Municipalities who set the distribution of available servicing capacity units, approved by the local councils throughout March 2024. Staff also worked with the development community to finalize the program agreement based on the Regional Council approved Infrastructure and Development Financing Plans, and terms and conditions of the approved program.

Regional Council approved staff 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).

The 2023 Allocation Program also held the Development Charge (DC) rate at the pre-indexed March 31, 2024, rate through Section 27 of the DCA, if certain criteria were met:

1. The Allocation Program agreement must be finalized in advance of March 31, 2024 and fully executed by May 31, 2024:
  - The 2023 Allocation Program agreement was finalized on March 28, 2024 and executed on or before 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:
  - The DC By-law appeal was resolved in good faith on March 28, 2024, and formally withdrawn by BILD through a letter dated May 31, 2024.
3. The property is identified by the Local Municipality in its report to local Council by March 31, 2024:
  - All local reports assigning units were approved before March 31, 2024.

All three required criteria were met, enabling the DC rate to be held at the pre-indexed rate of \$58,261.16 as the starting point for all agreements.

**2023 Allocation Program Uptake**

The 2023 Allocation Program resulted in 114 agreements for 130 properties with 39 landowners / developers. Attachment #1 to this report provides maps of the location of the 2023 Allocation Program participating properties. The program resulted in the following uptake of units between the SDE and IDU unit types:

**SDEs**

	Standard	High-Density	Rental	Total Uptake
Burlington	1,084	2,320	0	<b>3,404</b>
Halton Hills	1,334	300	0	<b>1,634</b>
Milton	3,143	5,006	129	<b>8,278</b>
Oakville	1,700	7,373	0	<b>9,073</b>
Halton	<b>7,261</b>	<b>14,999</b>	<b>129</b>	<b>22,389</b>

**IDUs**

	Standard	High-Density	Rental	Total Uptake
Burlington	1,345	250	0	<b>1,595</b>
Halton Hills	0	0	0	<b>0</b>
Milton	6,073	147	0	<b>6,220</b>
Oakville	3,008	3,955	553	<b>7,516</b>
Halton	<b>10,426</b>	<b>4,352</b>	<b>553</b>	<b>15,331</b>

Through Council Report No. CA-02-24/PW-04-24/FN-05-24, staff identified the minimum subscription of 29,787 units (approximately 16,426 SDEs), or units acceptable to the Commissioner of Corporate Services & Corporate Counsel and the Commissioner of Finance and Regional Treasurer to meet the minimum program financial requirements.

Regional staff have confirmed that through the executed agreements, sufficient financing has been secured to support the minimum unit requirements through a combination of SDEs and IDUs. The IDUs provide the additional financing required to confirm the launch of the program.

In addition, as discussed in the Memorandum dated June 19, 2024, Re: Proclamation of Bill 185, on June 6, 2024, Bill 185 received Royal Assent. The majority of changes made through Bill 185 are now in force including the changes related to the DCA which are the repealing the mandatory five-year phase-in of the DCs, reducing the time limit on the DC rate freeze from two years to 18 months and reinstating growth services as a DC eligible service. Due to the rate freeze and the 2023 Allocation Program, the losses related to the five-year phase-in of DCs will be experienced for some time to come. The impact will continue to be reported through the mandated DC statement of the Treasurer (i.e. the annual DC Reserve Fund Statement (DCRF)).

## **Next Steps & Conclusion**

The launch of the 2023 Allocation Program is a result of significant efforts of Regional and Local staff and the development community to expedite the allocation of Regional servicing capacity in support of the Province's goal of 1.5 million homes by 2031.

With the addition of IDUs, staff have confirmed that the required finances are in place to allow for the launch of the 2023 Allocation Program. The launch of the program will enable residential development within the Greenfield and sets aside the required servicing capacity required by Halton's Local Municipalities to meet their respective housing pledges.

Regional staff have committed to annual enhanced growth and service capacity monitoring beginning in the fall of 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 of servicing capacity, or the re-allocation of capacity 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 the built boundary, the reserved servicing capacity could be re-allocated to the Greenfield pending confirmation by the Region of location specific capacity, and allow for the conversion of IDUs to SDEs for developments that are proceeding through the application process at a faster rate. These decisions will be made by the Local Municipalities based on key data and information provided through this enhanced monitoring report.

## Financial/Program Implications

As discussed above, staff are proceeding with the 2023 Allocation Program as the minimum subscription required to support the financing plan approved by Regional Council through report CA-02-24/PW-04-24/FN-05-24 re: "Revised 2023 Allocation Program".

Additional revenues that are received as a result of IDUs beyond those required to support the minimum subscription and the removal of the phase-in provision under the DCA will be used to support future increases, accelerate projects identified in the water, wastewater and roads masterplans and offset the requirement of alternative financing.

Respectfully submitted by,

Cyndy Winslow  
Commissioner of Finance & Regional Treasurer

Andrew Farr  
Commissioner, Public Works

Curt Benson  
Director, Strategic Initiatives & Government Relations  
and Chief Planning Official

Approved by,

Jane MacCaskill  
Chief Administrative Officer

If you have any questions about the content of this report, please contact:  
Curt Benson, Director, Strategic Initiatives & Government Relations and Chief Planning Official

Attachments:  
Attachment #1 - 2023 Allocation Program Participation Maps

Additional Information:

None