

Committee of the Whole (2) Report

DATE: Tuesday, December 7, 2021

WARD(S): ALL

TITLE: ALLOCATION OF SERVICING CAPACITY ANNUAL
DISTRIBUTION AND UPDATE

FROM:

Haiqing Xu, Deputy City Manager, Planning and Growth Management

ACTION: DECISION

Purpose

This Report updates Council on the status of the City's servicing capacity reserve assigned by York Region, tributary to the York Durham Servicing System (YDSS) and Kleinburg Water Resource Recovery Facility (KWRRF).

Report Highlights

- Status of the City's servicing capacity reserve city-wide
- Overview of future Regional Servicing Capacity assignments
- Recommend distribution of servicing capacity to active development applications
- Inform stakeholders that short-term capacity needs have been met

Recommendations

1. THAT development application File Numbers 19T-17V009, DA.13.016, DA.15.072, DA.18.075 (Phase 2), DA.18.084, DA.19.084 be ALLOCATED servicing capacity from the York Sewage / Water Supply System for a total of 3,967 persons equivalent. The allocation of said capacity may be redistributed (at the discretion of the City) in accordance with the City's Servicing Capacity Distribution Policy if the development does not proceed to registration and/or building permit issuance within 36 months;

2. THAT servicing capacity be RESERVED from the York Sewage / Water Supply System as noted below:
 - a. 9,259 persons equivalent for distribution to active development applications city-wide (excluding the Kleinburg Water Resource Recovery Facility service area);
 - b. 10,000 persons equivalent (approximately 5,000 apartment units) for distribution to active development applications in Regional Centres and Corridors (Vaughan Metropolitan Centre) and Primary Centres and Intensification Corridors;
 - c. 2,000 persons equivalent (approximately 1,000 apartment units) for distribution to active development applications at the discretion of Council (Council's Reserve); and
 - d. 2,907 persons equivalent for distribution to active development applications within the Kleinburg Water Resource Recovery Facility service area;
3. THAT an annual review of the City's available servicing capacity and related Policy be undertaken by staff and brought forward annually to a Committee of the Whole meeting;
4. THAT a copy of this report be forwarded to York Region and to the Building Industry and Land Development Association (BILD) – York Chapter; and
5. THAT the Allocation of Servicing Capacity Policy (included in Attachment No. 1) be received for information purposes only.

Background

York Region supplies bulk water through large transmission mains to local area municipalities for daily consumption and fire protection. York Region is also responsible for providing trunk wastewater conveyance and treatment for local area municipalities. Accordingly, York Region establishes limits on sewage and water servicing capacity to each of the nine local area municipalities within the Region. Limits are set based on the overall availability and capacity of the Regional infrastructure network. Each local municipality is then responsible to allocate this capacity to individual land development applications. A formal servicing capacity allocation process is necessary to efficiently manage the distribution of the limited Regional capacity.

The City's last Servicing Capacity Allocation Strategy Annual Distribution and Update was dated December 15, 2020. Since then, Regional servicing capacity equivalent to approximately 9,219 persons was allocated, primarily to high-rise development applications supporting the Provincial Growth Plan, thereby allowing development of high-density communities around major transit investments underway by York Region and the Province.

York Region presented its latest 2019 water and wastewater capacity assignment to local area municipalities at their September 12, 2019 Committee of the Whole meeting with no new assignment updates in 2021

The distribution of Regional servicing capacity amongst local area municipalities is typically based on historical growth rates and future growth projections and is reviewed on an annual basis with the objective of sustaining short-term growth forecasts and market trends.

On September 12, 2019, York Region confirmed a new capacity assignment to Vaughan for 44,869 people from the York Sewage / Water Supply System (excluding the Kleinburg Water Resource Recovery Facility service area). The capacity assignment included 36,869 persons equivalent of capacity to be utilized city-wide, and an additional 8,000 persons equivalent specific to Regional Centres and Corridors (Vaughan Metropolitan Centre). To the end of October 2021, 23,610 persons equivalent (includes 7,117 persons equivalent utilized by Regional Centres and Corridors - VMC) has been allocated from the 44,869 persons equivalent city-wide servicing capacity reserve.

In addition, a 4,000-person Regional reserve was established to support new private purpose-built rental developments throughout the Region. There were no applications that utilized this reserve to the end of October 2021.

There were no new servicing capacity assignment updates by York Region for Vaughan in 2021. A Regional Capacity Monitoring Report is expected to be published by the end of 2021. York Region's next Capacity Monitoring Assignment is scheduled at the end of 2023.

Previous Reports/Authority

The December 15, 2020 Allocation of Servicing Capacity Annual Distribution and Update Report can be accessed via the following link:

<https://pub-vaughan.escribemeetings.com/filestream.ashx?DocumentId=61251>

Analysis and Options

A formal Corporate Policy is in force and applies to the allocation of servicing capacity to active development applications

In November 2005, Council approved the City's Servicing Capacity Distribution Protocol. The protocol has been effectively utilized and periodically updated ever since. The original intent of the protocol was to consistently prioritize active development applications city-wide and place them in queue to ultimately receive allocation by Council resolution. The protocol established specific criteria to assist in realizing the priority status (or queue) of an active development application.

In 2018, staff initiated an internal process to update the protocol document and to convert it to an official City policy. As part of this process the following tasks were completed to develop the new policy:

- An industry scan / comparison with other municipalities.
- An analysis of historical growth trends for Vaughan.
- Presentations and discussions with the City's Policy Committee.
- Various City Growth Management Committee presentations / discussions.
- Discussion and coordination with Regional staff.
- Consultation with the Building Industry and Land Development Association (BILD); and
- Consultation with internal City departments.

The original protocol, approved in 2005, required an update and has been formalized into a corporate policy to:

- Ensure allocated capacity does not sit idle and may be redistributed if necessary.
- Better align with York Region's latest processes and procedures; and
- Place greater importance on sustainable servicing incentive programs.

On December 17, 2019 a formal Servicing Capacity Distribution Policy (Corporate Policy Number 08.C.01) was approved by Vaughan Council. Per the current Policy, development applications are placed in one of two priority categories prior to receiving formal allocation. Development applications are generally prioritized based on the status of planning approvals and anticipated timing of development. Reservation of capacity is broken down into two priority categories, as noted below:

Priority 1 Reservation

For development applications proceeding to register a Draft Plan of Subdivision or execute a Site Plan Agreement (or Letter of Undertaking, whichever is in effect) within the next 12 months, per the current Policy in effect.

Priority 2 Reservation

For development applications proceeding to register a Draft Plan of Subdivision or execute a Site Plan Agreement (or Letter of Undertaking, whichever is in effect) within the next 12 – 36 months, per the current Policy in effect.

From a planning approval status perspective, immediate consideration is given to active development applications which have received LPAT, Draft Plan of Subdivision or Site Plan Development approval. In sequential order of priority, consideration is also given to those applications which have the appropriate zoning in place for an intended use, are Official Plan compliant, and/or represent infill development or completion of partially built communities.

City to encourage participation in servicing incentive programs to realize additional servicing capacity

Servicing incentive programs provide ability for new growth in local municipalities to gain servicing capacity beyond the Regional assignment while promoting sustainable residential development.

Innovative and sustainable water and wastewater reduction initiatives such as York Region's Servicing Incentive Program (SIP), York Region's Sustainable Development through Leadership in Energy and Environmental Design (LEED) Incentive Program and York Region's Developer-funded Inflow and Infiltration (I & I) Reduction Program have proven successful in realizing additional servicing capacity throughout the Region.

The Region continues to encourage municipalities to optimize capacity allocation by implementing servicing best practices and water and wastewater sustainability strategies. The City's Sustainability Performance Metrics Program is in place and through this program the City will be creating a servicing capacity incentive for active development applications meeting the minimum qualifying criteria as per the City's Policy.

The implementation of "use it or redistribute it" policy provisions will ensure efficient use of assigned capacity

The City's current Policy ensures allocated capacity will not sit idle. Provisions have been included to ensure Council may consider the redistribution of capacity post allocation if an application does not proceed to registration and/or building permit issuance within a 36-month period subject to conditions stipulated in the Policy in effect.

Regained servicing capacity is reconciled and added to available servicing capacity city-wide

Servicing capacity granted to two (2) previously approved and allocated development applications, that were either closed or over-allocated, has been reconciled and added to available servicing capacity city-wide as follows:

- 1) Vaughan (N/W) Residences Inc. (19T-18V002 / DA.18.003). One hundred seventy-nine (179) common element residential townhouses (548 persons equivalent) were originally approved and allocated to the development application on September 27, 2018.

A development application (Vaughan NW Residences Inc. – 19T-19V005) on the same property was subsequently approved and allocated on February 17, 2021 for 174 freehold residential townhouses (532 persons equivalent). Its servicing capacity was reconciled in 2021.

- 2) Lindvest Properties Limited / Roybridge Holdings Limited / 1387700 Ontario Limited (19T-03V25). Half (0.5) townhouse units (1.5 persons equivalent) was over-allocated to 19T-03V25. The application was previously approved and allocated on July 16, 2015.

Local Planning Appeal Tribunal (LPAT) approved development applications and previously approved developments requiring additional units are formally allocated servicing capacity

Six (6) development applications have been approved by LPAT or require additional servicing capacity because of a unit count increase. They are as follows:

- 1) Teston Sands Inc. (19T-17V009). Three (3) additional single-family units (11 persons equivalent) are required. The application was previously approved and allocated servicing capacity on June 19, 2018 (87 single-family units or 311 persons equivalent) by Vaughan Council. LPAT approved the draft plan with 90 (ninety) total single-family units on March 16, 2020.
- 2) 77 Woodstream Inc. (DA.15.072). Twenty-eight (28) apartment units (62 persons equivalent) are required. The application was previously approved and allocated servicing capacity on September 27, 2018 (365 apartment units plus 28 townhouse units or 892 persons equivalent). Development Planning has confirmed its support of the requested unit increase, and that when added to the originally approved unit count, it remains within the zoning approved upset limit.
- 3) Celebration Estates Inc. (OP.13.005 / Z.13.008 / DA.13.016). Eighteen (18) apartment units (40 persons equivalent) are required. The application was previously approved and allocated servicing capacity on June 24, 2014 (154 apartment units or 340 persons equivalent). Development Planning has confirmed its support of the requested unit increase, and that when added to the originally approved unit count, it remains within the zoning approved upset limit.
- 4) Festival Developments B3N Holdings Inc. (DA.18.075 – Phase 2). 1,175 apartment units (2,597 persons equivalent) are required for Phase 2. The application was previously approved and allocated servicing capacity for Phase 1

on June 29, 2020 (1,295 apartment units or 2,862 persons equivalent). Development Planning has confirmed its support of the requested unit increase, and that when added to the originally approved unit count, it remains within the zoning approved upset limit.

- 5) Lindvest Properties Limited / Roybridge Holdings Limited / 1387700 Ontario Limited (19T-03V25 / DA.18.084). Two (2) additional townhouse units (6 persons equivalent) are required to fully allocate to DA.18.084. The application was previously approved and allocated servicing capacity to 19T-03V25 on July 16, 2015 (359 single-family units plus 85.5 townhouse units or 1,547 persons equivalent).
- 6) Granerola Residences Inc. (DA.19.084). The site plan was originally approved on April 20, 2021. The Report had originally omitted the allocation resolution provided by Development Engineering. Therefore, 566 apartment units or 1,251 persons equivalent are required.

Accordingly, and in accordance with the City's Servicing Capacity Distribution Policy, it is recommended the above noted development applications be allocated capacity by Council resolution.

A new Regional Centres and Corridors (Vaughan Metropolitan Centre) and Primary Centres and Intensification Corridors servicing capacity reserve is recommended

On September 12, 2019, York Region assigned an 8,000 persons equivalent servicing capacity reserve for Regional Centres and Corridors. This capacity was specifically dedicated to the Vaughan Metropolitan Centre (Regional Centres and Corridors) in Vaughan. To date, 7,117 persons equivalent has been allocated to development applications within the VMC. Accordingly, it is recommended that a new Regional Centres and Corridors (VMC) and Primary Centres and Intensification Corridors reserve be established (5,000 residential units or approximately 10,000 persons equivalent) and reserved for future active development applications in the VMC and high-density development applications in primary centres and intensification corridors city-wide.

A 2,000-person Council reserve will be maintained for allocation to active development applications at Council's discretion

On December 15, 2020, a 2,000-person servicing capacity was reserved by Council. This servicing capacity assignment provided Council the ability to allocate servicing capacity to development applications of strategic importance city-wide. This servicing capacity has not been utilized since the last annual Report and has been recommended for re-reservation in this Report.

Staff will continue to closely monitor Regional servicing limitations in the Jane Rutherford and Humber Pumping Station sewer shed areas to mitigate potential gaps to 2028

Staff have worked closely with York Region on the West Vaughan Sanitary Sewage Servicing Class Environmental Assessment and Northeast Vaughan Water and Wastewater Servicing Class Environmental Assessment. Both class environmental assessments are complete and have advanced to detailed design. The combined service area of both projects contains the majority of the City's remaining white-belt developable land area. Therefore, the implementation of the recommendations of both projects is crucial in realizing and effectively servicing anticipated targets of projected new growth city-wide. York Region's anticipated in-service date (2028) has not changed for the West Vaughan Sanitary Sewage Servicing Project. However, Regional Council, at its meeting on June 11, 2020 recommended Regional staff be authorized to negotiate a prepaid development charge credit agreement with the Block 27 Developer Group to accelerate the construction of Phase 1 (in-service date of Q4-2025) of each of the Northeast Vaughan Water and Wastewater Servicing capital projects. The prepaid development charge credit agreement was executed on December 1, 2020.

To address more immediate servicing requirements, the City has completed an Interim Servicing Strategy (ISS) Study for Vaughan's New Community Areas and intensification corridors. The intent of the Study was to analyze the City's local sanitary sewage system to identify residual servicing capacity to accommodate Vaughan's New Community Areas city-wide in advance of the construction of York Region's water and wastewater infrastructure. The Study concluded that capacity is available within the existing outlets and will be able to safely accommodate future developments on an interim basis while maintaining acceptable level of service if identified Risk Management Measures are followed. Vaughan Council, at its meeting on October 21, 2020, approved the conclusions and recommendations of the ISS Study. The City's Infrastructure Planning Department published the Final Interim Servicing Strategy Study on October 4, 2021.

Capacity remains available for 2,907 new residents in Kleinburg-Nashville from the Kleinburg Water Resource Recovery Facility

Servicing capacity remains available to the Kleinburg Water Resource Recovery Facility for an additional 2,907 persons. This capacity may be distributed to active development applications located within the Kleinburg-Nashville service area.

York Region has committed to monitoring the capacity of standalone wastewater facilities to ensure there is adequate servicing to support approved growth in these communities.

Future capacity needs for the Kleinburg-Nashville service area will be subject to policies impacting future expansion opportunities for the Kleinburg Water Resource Recovery Facility and will be considered through the Municipal Comprehensive Review (MCR) and the Regional Water and Wastewater Master Plan Update.

Financial Impact

Not applicable.

Broader Regional Impacts/Considerations

Annual allocation status reports serve to inform York Region of the City's short-term development projections and demonstrate the City's effectiveness in managing Regional capacity and overall growth.

To accelerate the construction of specific water and wastewater infrastructure in northeast Vaughan, the Block 27 Developer Group executed a prepaid development charge credit agreement with York Region on December 1, 2020 to advance the construction of the Northeast Vaughan Water and Wastewater Servicing (Phase 1) pre-construction works, to accelerate the full build-out of the Northeast Vaughan Secondary Plan area. Per the Regional Municipality of York Committee of the Whole (Finance and Administration) extract dated June 11, 2020, Regional staff were authorized to negotiate a prepaid development charge agreement with the Block 27 Developer Group.

Based on the proposed schedule, the Phase 1 water and wastewater infrastructure capital delivery timing is revised and programmed for Q4-2025. The Phase 2 water and wastewater infrastructure capital delivery timing remains the same and is programmed for 2028. York Region will deliver the project in two phases and the Block 27 Developer Group will be responsible for financing the actual cost of Phase 1 of the water and wastewater works calculated at approximately \$154 million. The Block 27 Developer Group will be reimbursed the front-end financing to advance the Phase 1 water and wastewater infrastructure through development charge credits. York Region will fully finance the Phase 2 water and wastewater infrastructure.

From an allocation of servicing capacity perspective, York Region has committed in its Agreement with the Block 27 Developer Group that upon commissioning of the Phase 1 water and wastewater infrastructure it will allow up to 9,923 residential units (approximately 28,837 persons equivalent) to proceed to approval unconditionally and on an unrestricted basis in Block 27. The City of Vaughan is committed to honouring York Region's reserve commitment, specific to Block 27, and the Block 27 Developer Group. In the last annual Report, City staff were directed by Council to execute any necessary servicing capacity allocation agreements with the Block 27 Developer Group. A draft agreement is in progress between the City and the Block 27 Developer Group, in

consultation with York Region. City staff will work closely with York Region, the Block 27 Developer Group Trustee to ensure servicing capacity is efficiently, effectively, and appropriately allocated to Block 27 and other development applications city-wide, pursuant to the City's Servicing Capacity Distribution Policy in effect.

Since the last annual report, City staff have been working with Block 27 Developer Group representatives on the Block 27 Water and Wastewater Servicing Capacity Allocation Agreement. A draft version of the Agreement is in progress and a redlined draft has been circulated to the Block 27 Group for comment. It is anticipated the City and Block 27 Group representatives will meet in near future to discuss the proposed revisions to assist in finalizing the Agreement.

The timely delivery of Regional water and wastewater related infrastructure for Vaughan and the resulting distribution of Regional servicing capacity to the City will:

- Maximize population and employment land development potential;
- Accelerate Development Charge revenue collections for York Region and the City;
- Support Provincial, Regional and City objectives to create jobs, economic growth and housing options;
- Maximize intensification potential along Regional corridors and within the Vaughan Metropolitan Centre by dedicating existing residual water and wastewater system capacity to these areas; and
- Capitalize on the 20,000 transit riders expected to be moving through the Vaughan Metropolitan Centre daily.

Conclusion

York Region's latest capacity assignment update to support growth to 2026 to its Council occurred on September 12, 2019. York Region confirmed an additional capacity distribution to Vaughan for 44,869 people. The capacity assignment included specific unrestricted Regional Centres and Corridors (VMC) servicing capacity and the remainder to be utilized city-wide. To the end of October 2021, 23,610 persons has been utilized from this reserve. Of this, 7,117 persons equivalent has been specifically utilized by Regional Centres and Corridors (VMC) and the remaining 16,493 persons equivalent has been utilized city-wide primarily by high-rise development applications supporting the Provincial Growth Plan, thereby allowing development of high-density communities around major transit investments underway by York Region.

In 2020, York Region did not provide a formal servicing capacity assignment update to Council. A Regional Capacity Monitoring Report is expected to be published by the end of 2021. York Region's next Capacity Monitoring Assignment is scheduled for Q4-2023.

It is recommended that an annual review of available servicing capacity and related Policy be undertaken by staff and brought forward annually to a Committee of the Whole meeting.

It is further recommended a copy of this report be forwarded to York Region and to the Building Industry and Land Development Association (BILD) – York Chapter.

For more information, please contact: Frank Suppa, Director, Development Engineering (Ext. 8255).

Attachments

1. Allocation of Servicing Capacity (Corporate Policy No.08.C.01)

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