



## Council-In-Committee Meeting – November 13, 2025

Subject: Servicing Allocation Policy Update  
Report Number: CDS-25-044  
Division: Community and Development Services  
Department: Planning and Realty Services  
Ward: All Wards  
Purpose: For Decision

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### Recommendation(s):

That Report CDS-25-34 Servicing Allocation Policy be received as information; and  
That Council approve the updates to the Servicing Allocation Policy.

### Executive Summary:

Staff are recommending updating the existing Servicing Allocation Policy (2012) in order to better reflect the process for the allocation and consideration of servicing capacity as part of the development process. The detailed commitment of servicing allocation is via development agreements and the timeframe for progressing a development to retain the allocation is three years with the potential for an extension. The recommended policy update is attached to the report.

### Discussions:

Norfolk County currently operates five water and five wastewater systems. Under the Municipal Act, the municipality can adopt a policy for the allocation of water supply and wastewater capacity. This may include a system for tracking capacity available to support approved developments along with criteria to determine when allocation of capacity is assigned, withdrawn or reallocated to an approved development. The administration of the policy is to be assigned to an appropriate officer, employee or agent of the municipality.

Norfolk has operated under an existing Servicing Allocation Policy since 2012 and undertakes annual servicing monitoring reports of the water and wastewater systems along with the tracking of development and available capacity. While the existing policy is still relevant, an update is prudent to address modern development trends and ensure that the policy is serving the needs of the municipality.

## **Existing Servicing Capacity Allocation Policy (2012)**

The existing Policy was prepared as part of an overall Servicing Capacity Management Strategy and applies to all lands within the urban areas, including Courtland (which only has municipal water). It includes a series of goals that are implemented through policies related to servicing allocation for development and implementation procedures for how the policies are administered, and how allocations are considered, extended and evaluated for new development or in the case of servicing limitations.

The reaffirmed goals are:

1. to ensure servicing allocations are granted when servicing capacity is available within 1 year
2. that allocations are consistent and fair to manage risks
3. that it is used to facilitate development and not held as a commodity
4. that there are regular monitoring reports
5. that a systematic approach is used to add new water and wastewater capacity

Some of the key items from the existing Policy include:

1. No development/permits issued unless water and sanitary capacity are available and allocated
2. Holding provisions may be used for rezonings that require servicing allocation
3. Subdivision draft approval may be granted where servicing capacity exists or servicing agreement in place to servicing within 12 months
4. Site plan agreements to include provision that development to proceed once County confirmed servicing is available
5. Some servicing allocation may be reserved for infill/intensification (consents/variances)
6. Could recommend deferral of development proposals until capacity available/or 12 months
7. Exemptions: rural areas, agricultural, accessory, certain additions/expansions/redevelopment if no added servicing need

The delegated authority is to the General Manger, Public Works with a review team from Engineering and Planning departments. The intent was that written requests would be submitted by development proponents each year for servicing allocation, and this would be confirmed through the review team evaluation.

In the event of competing servicing allocation requests, the following evaluation criteria would be considered:

- Location & Nature
- Density/Mix of Housing
- Affordable Housing
- Efficiency & Ease of Servicing

- Front-Ending
- Impact on the County
- Engineering Approvals
- Other, Performance Based Criteria (“use it or lose it”)

If there are constraints on available servicing capacity, the County may consider the phasing of development. The existing policy includes an expiration of servicing allocation which is 3 years from draft approval of subdivisions. A development proponent could apply for an extension based on demonstrated progress towards development through certain activities as outlined in the Policy.

### Challenges

The existing policy provides good guidance, steps and criteria. However, Norfolk has experienced several servicing capacity and new development related issues since the Policy was put in place. Moreover, a renewed emphasis on achieving bold growth targets set by the province for the County requires the flexibility that this new policy allows when it comes to how finite servicing capacity is used and distributed.

In approximately 2019 and for several years thereafter there was a significant increase in new development applications and approvals as compared to in the past, and much more potential or “pending” development that raised concerns as it related to potential available servicing capacity in the short term. Some of the servicing limitations on development over the past 10+ years included: Waterford (wastewater), Port Dover development moratorium (water), Simcoe review (water), Port Rowan / St. Williams holding provision (water). More recently, there are a number of factors that influence the need to continually review servicing capacity/development allocations and update the policy, including: Norfolk’s major investment in water and wastewater infrastructure (including recent projects and IUWS), the need for more housing options to not just be approved in the development process but to be built (“use it or lose it”), there are different forms of development and density than the past and compared to what the existing systems were originally designed/built for, updated considerations for evaluation criteria in the event of servicing limitations and updates to the procedures for the development process and allocations.

Common practice is that the servicing allocations and extensions are considered as part of the annual draft plan, site plan and development agreement extensions at the end of each year. This is undertaken through a review team of Planning and Engineering but primarily initiated by the municipality with a written decision letter to the development proponent.

### **Updated Servicing Allocation Policy (2025)**

Public Works and Community and Development Services Division staff together have been coordinating on land use, development applications, servicing capacity, monitoring and infrastructure planning. Part of this included the preparation of an update to the

Servicing Allocation Policy along with testing the existing and draft policy update through several scenarios. This policy is more technical and operational for how Norfolk manages and allocates servicing capacity.

While many of the current objectives and policies from the existing Policy remain relevant, there are some updates and confirmation of the process whereby servicing capacity is being allocated and reviewed.

Some of the highlights of the new Policy update would include:

1. Scope still includes Urban Areas or areas that could have municipal servicing in the future
2. Reserve capacity for infill / intensification in accordance with OP targets (currently 25%)
3. No longer includes annual requests (except for extension requests remain) but addressed through the various stages of development process
4. The current application process if formalized:
  - a. Pre-consultation stage: Allocation = No status. Comments provided.
  - b. Development application under review: Allocation = "Pending" status. Comments provided, demand calculations/modeling
  - c. Subdivision/condo draft approval, site plan direction with conditions: Allocation = "Approved in Principle" status. Conditions provided to address servicing, capacity allocations and timing and to enter into agreement
  - d. Approval of OPA/ZBA that has effect of increasing density/uses/servicing flows: Allocation = "Pending" status until a subsequent subdivision/condo/site plan approval with conditions
  - e. Development agreement (subdivision/condo/site plan): Allocation = "Committed" status. Conditions, formal quantities identified, timing
5. If there are limits on servicing capacity:
  - a. If there is no project in the Adopted/Approved Capital Budget and/or Forecast scheduled for completion within 3 years, may recommend the application is premature
  - b. If there is a project in the Adopted/Approved Capital Budget and/or Forecast scheduled for completion within 3 years = Holding
  - c. Norfolk may consider proposals to "front-end" infrastructure that would have the effect of increasing capacity subject to an agreement (Council approval, Development Charge By-law) and development may be considered with Holding
  - d. If limitations in available capacity vs. pending/future development, updated criteria used
  - e. Allocation may be provided to certain "phases" of development
6. Regarding expiration of servicing allocation ("Use it or lose it"):
  - a. Allocation embedded into development agreements – timeframe of 3 years
  - b. Servicing capacity reserved for 3 years from time of "committed" until first building permit

- c. In the event that a development proponent does not use all or a portion of their servicing allocation within the requisite timeframe - County may rescind part or all of the allocation
- d. Written requests required 6 months to extend draft plan approval, development agreement and allocation. Rationale and justification to be provided and reviewed
- e. Ongoing and multi-phased developments that demonstrate progress shall not lose allocation. Progress may include approval of servicing designs, approvals from review/permitting agencies, pre-servicing agreement, construction of services, registration of phased plans, building permits within phases of the development

The full Servicing Allocation Policy update is Attachment B to this report. Most of the updated version carries forward the concepts from the existing Policy and reflects much of the updated development and allocation practice. Also, comparison is in Attachment A.

#### **Finance Comments:**

There are no direct / immediate financial implications as a result of this report, however there are numerous benefits that it will enable over time, if approved.

#### **Timing of Cash Flows**

The introduction of potentially rescinding committed capacity allocations (“use it or lose it”) should incentivize developments to progress faster than they otherwise would have, following the development agreement stage. This may be beneficial from a financial perspective as it should speed up the collection of building permit revenues and development charges, as well as the impact to assessment growth and tax revenues.

#### **Timing of Infrastructure Costs**

The proposed policy update also outlines how the timing of capacity allocations being awarded should align with the timing of growth-driven infrastructure projects, such as capacity expansions at the County’s water treatment plants. Directing growth in this manner should help staff be able to better identify where capacity constraints exist, and plan phased upgrades in a more efficient and timely manner.

#### **Front-Ending Agreements**

Policy GP-18 Front-End Financing Agreements, which Council approved within the last year, outlines an opportunity under the *Development Charges Act, 1997*, to accelerate the construction of growth-related infrastructure, and thus, development, with a mutually beneficial financing arrangement. The proposed Servicing Allocation Policy update works in tandem with the Front-End Financing by recognizing these opportunities as a priority when evaluating competing servicing allocation requests.

## Interdepartmental Implications:

### Public Works

The updated policy reflects much of the existing policy, is close to current practice and should not have significant implications. Additional work is underway on updating development agreement templates. With appropriate servicing capacity monitoring and capital planning, many of the policies regarding servicing limitations should not have to be utilized.

## Consultation(s):

Staff met with partners in the Development Industry. A session was held in January 2025 regarding the draft policy update followed by a review. The Development Industry wished to secure a commitment on allocation at the draft plan approval stage. Staff's position is that developers will be provided 'approval in principle' at the Draft Plan Approval stage with allocation becoming 'committed' once the Plan or Phases thereof become registered. Staff's approach is in alignment with Policy Goal 2, which seeks to ensure that where capacity is allocated, it is used to facilitate development and not held as a commodity to raise the value of the land. Respecting that draft plan approval does not allow one to build upon the land, it seems reasonable to allocate capacity as 'approved in principle at that stage'. Once a Plan or Phase of a plan achieves registration (providing a right to build), allocation will be deemed as committed; however, conditions on timing for use may be imposed.

## Strategic Plan Linkage:

Building Norfolk - Develop the infrastructure and supports needed to ensure complete communities

## Attachment(s):

- Attachment A – Policy Comparison Summary Chart
- Attachment B – Servicing Allocation Policy Update (2025)

## Approval:

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