

WATER SUPPLY ALLOCATION POLICY

City of Waterloo

July 13, 2026



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1. SHORT TITLE

- 1.1 This policy may be referred to as the “Water Supply Allocation Policy” of The Corporation of the City of Waterloo.

2. DEFINITIONS

- 2.1 Definitions herein shall be shown as italicized text.

Affordable	in the context of residential units means ‘affordable’ as defined in the City of Waterloo Official Plan, 2012, as amended from time to time. “Affordability” and “Affordable Housing” in the context of residential units shall have a corresponding meaning.
Allocated/Allocation	means the action of formally apportioning a specified volume of <i>water supply capacity</i> by the <i>City</i> in accordance with this <i>Policy</i> . “Allocate” shall have a corresponding meaning.
Assigned Water Capacity	means the volume of <i>water supply capacity</i> that is <i>allocated</i> to a <i>development</i> for a specified period of time by the <i>City</i> in accordance with this <i>Policy</i> . For clarity, <i>assigned water capacity</i> is presented in units of litres per second, and is subject to a <i>water allocation confirmation letter</i> .
Building Code Act	means the Ontario <i>Building Code Act, 1992</i> , S.O. 1992, c. 23, as amended and all regulations thereto.
CAO	means the City’s Chief Administrative Officer and includes any successor to that position.
City	means The Corporation of the City of Waterloo and where the context so implies includes its council, employees, solicitors, officers and agents.
Commissioner	means the City’s Commissioner of Integrated Planning & Public Works and includes any successor to that position.

Council	means the municipal council of the <i>City</i> .
Development	means one or more of the following: • the creation of a new lot or block • a change or intensification of use • the erection or construction of a building, structure, and/or addition • the relocation of a building or structure • all scenarios outlined in Section 6 herein except exclusions in Section 7 • a site plan or any single phase thereof • a plan of subdivision or any single phase thereof • a draft approved vacant land condominium • requiring approval under the <i>Planning Act</i> or <i>Building Code Act</i>. For clarity, <i>development</i> includes redevelopment.
Forward Looking Servicing Agreement	means an agreement executed in accordance with Section 10 of this <i>Policy</i> .
Planning Act	means the Ontario <i>Planning Act</i> , R.S.O. 1990, c. P.13, as amended and all regulations thereto.
Policy	means this Water Allocation Policy as amended from time to time, including all appendices thereto.
Prioritization Framework	means the prioritization framework attached hereto as Appendix 'A'.
Proponent	means any person, corporation, or organization that applies to the <i>City</i> for <i>water supply capacity</i> in connection with a proposed <i>development</i> in accordance with this <i>Policy</i>. The Proponent shall be the registered owner of the lands that are the subject of the proposed <i>development</i>, but may elect to be represented by another person or agent.
Licensed Professional Engineer	means an individual in good standing and duly licensed by Professional Engineers Ontario (PEO) to practice professional engineering in the Province of Ontario and: • qualified and experienced to undertake engineering analysis in regard to the proposed

- *development* including but not limited to calculating water servicing demand; and permitted by law to undertake and assume responsibility for engineering work in the Province of Ontario.

Region

means the Regional Municipality of Waterloo and where the context so implies includes its council, employees, solicitors, officers and agents. “Regional” shall have a corresponding meaning.

Regional Methodology

means the prescribed methodology of the *Region* for the *allocation of water supply capacity*:

Low Density	3.17 ppu (singles, semis)
Medium Density	2.369 ppu (townhomes)
High Density / ARU	1.725 ppu (apartments, ARU)
Other Residential	1.00 ppu (residence, LTCF, ALF)

Industrial	990 sf/employee
Commercial/Office	485 sf/employee
Institutional	535 sf/employee

Residential	351 people = 1 L/s
Non-Residential	184 employees = 1 L/s

The above is current as of July 13, 2026, and may be amended from time to time. Excludes **High Water Users (“HWU”)**, which are to be directly allocated water rather than using per capita rates. HWU are Industrial, Commercial and Institutional (“**ICI**”) *developments* or part thereof that use greater than 7.31 million litres of water per year (0.231 L/s average).

Uncommitted Water

means the volume of water that is determined by subtracting all *assigned water capacity* from the *water supply capacity*. Presented in units of litres per second. “Reserve Capacity” shall have a corresponding meaning.

Water Capacity Application Form

means the application form prepared and issued by the *City* and submitted by a *Proponent* to request the *allocation of water supply capacity* for their proposed *development*.

Water Allocation Confirmation Letter means an official written confirmation from the *Commissioner* that *water supply capacity* has been allocated to a *development*, issued in accordance with Section 8 of this *Policy*.

Water Supply Capacity means the amount of available unallocated water supply capacity that has been apportioned to the *City* by the *Region* and available for allocation to *developments* by the *City* at its discretion.

2.2 Any other italicized term that is not defined herein shall be interpreted to have the same meaning prescribed to it in the *City's* Official Plan and/or Zoning By-law.

3. POLICY STATEMENT

3.1 Purpose

This *Policy* is intended to:

- a.) guide the *allocation of water supply capacity to development*, by providing a clear and cohesive set of criteria for such *allocations* that meet the evolving needs of the *City* in the most beneficial manner possible;
- b.) establish a prioritization framework for the *allocation of water supply capacity to development* in accordance with the *City's* development application and building permit application processes, for residential and industrial, commercial, and institutional (ICI) development, that promotes sustainable and managed growth, aligns with principles of good planning, conforms to relevant planning policies, and advances the strategic objectives of the *City* including water conservation.

3.2 Policy Framework

The Regional Municipality of Waterloo (the “*Region*”) is responsible for:

- source water protection
- the supply of municipal water
- the treatment of municipal water

The Corporation of the City of Waterloo (the “*City*”) is responsible for:

- the distribution of municipal water within the geographic limits of the city
- planning approvals, including growth management and development approvals

In December 2025, the *Region* informed *City* of a water supply constraint in the Mannheim Service Area (“**MSA**”), indicating that new development should be paused until the MSA water supply is increased with an operational resiliency factor. Exclusions include developments that add no increased demand on the water supply system, as further detailed in Section 7 of this *Policy*. The *Region* is undertaking capital and

operating improvements to incrementally increase the amount of water within the supply system.

In response to the MSA water supply constraint, the *City* has prepared this *Policy* to allocate *water supply capacity* when it becomes available, seeking to balance risk to the development community, the *Region* as the water supplier, and the *City* as the water distributor.

When prioritizing developments, this *Policy* considers:

- community benefit, affordable housing and sustainability;
- complete communities, a range and mix of housing types;
- planning in the public interest; and,
- supporting the growth of the community's population and economy.

This *Policy* serves as a guide for the *City* to facilitate responsible and prudent decision-making in the face of increasing and competing development pressures and available capacity. The *Policy* framework serves as a tool to assess and evaluate development applications in a consistent and transparent manner.

By implementing this *Policy*, the *City* aims to strike a delicate balance between:

- responding to competing development interests;
- existing infrastructure constraints;
- sustainability, including the conservation of water;
- safeguarding the long-term provision of water; and
- advancing and considering community and municipal objectives.

By incorporating these considerations into the *allocation* process, informed decisions can be made that prioritize responsible and sustainable growth.

3.3 Section 86.1 of the Municipal Act

On June 6, 2024, Bill 185 (*Cutting Red Tape to Build More Homes Act, 2024*) received Royal Assent. Bill 185 added section 86.1 to the Municipal Act, 2001, S.O. 2001, c.25 (the "**Municipal Act**"), which permits a municipality, by by-law, to adopt a policy providing for the allocation of water supply. This *Policy* is authorized by and conforms to the *Municipal Act*, as amended.

3.4 Regional Water Allocation Policy

This *Policy* is premised on the *Region's* policy: *Water Supply Capacity Allocation Policy for the Mannheim Service Area*. This *Policy* may be revised from time to time in response to amendments to the *Region's* policy.

3.5 Tracking of Assigned Water Capacity

Prior to the *allocation* of *water supply capacity*, the *Commissioner* shall establish a system to track *assigned water capacity*, including reporting to the *Region*.

3.6 Validation of Assigned Water Capacity

The *City* may require the validation of *assigned water capacity* from a *Licensed Professional Engineer*, including examination of actual water usage, to the satisfaction of the *Commissioner*. All costs related to the validation of *assigned water capacity* shall be borne by the *Proponent*.

3.7 Other Criteria

This Policy shall contain criteria in regard to:

- *Forward Looking Servicing Agreement(s)*;
- terms and timing for revoking *assigned water capacity*; and
- the process for reissuing *assigned water capacity*.

4. DELEGATED AUTHORITY

4.1 *Council* has decision-making authority over the *allocation* of *water supply capacity* in the city.

4.2 *Council* has delegated to the *Commissioner* the authority to:

- i. administer and interpret this *Policy*;
- ii. *allocate* available *water supply capacity*;
- iii. issue a *Water Allocation Confirmation Letter*, with or without conditions;
- iv. revoke *assigned water capacity* unless a *development* has an issued building permit
- v. enter into and execute *Forward Looking Servicing Agreements* pursuant to Section 10 of the *Policy*, subject to the form and content of such agreements being to the satisfaction of the City Solicitor.

4.3 Pursuant to subsection 86.1(3) of the Municipal Act, a decision of the *Commissioner* made under this *Policy* shall be final, except as specified in paragraph 4.4.

4.4 In the event a *Proponent* disagrees with a decision of the *Commissioner* made under this *Policy*, the *Proponent* may submit a detailed written objection within ten (10) calendar days to the CAO for his/her consideration. The CAO shall consult with the *Commissioner* and any other person or party the CAO determines appropriate at his/her discretion to determine if the *Commissioner's* decision should be upheld OR vary the decision having regard to the prioritization framework, available capacity, and the public interest. If referred, any decision of the CAO shall be final in accordance with subsection 86.1(3) of the Municipal Act. If the CAO determines that the matter should remain under the authority of the *Commissioner*, any decision of the *Commissioner* shall be final in accordance with subsection 86.1(3) of the Municipal Act.

5. DETERMINING THE ALLOCATION CAPACITY

- 5.1 The *Region* shall be solely responsible for determining *water supply capacity*.
- 5.2 The *City* shall be responsible for the *allocation* of available *water supply capacity* as provided to by the *Region*, at the *City's* sole and unfettered discretion.
- 5.3 Prior to the *allocation* of *water supply capacity*, the *City* may require a *Proponent* to provide a stamped report from a *Licensed Professional Engineer* that calculates the average and maximum servicing demands (including water, based on the *Regional Methodology* and/or MECP guidelines) for a site-specific residential, mixed-use, industrial, commercial, and/or institutional proposal/*development*, to the satisfaction of the *Commissioner*. The *City* reserves the right to peer review the report at its discretion. All costs shall be borne by the *Proponent*, including peer review costs.
- 5.4 The *City* at its discretion may validate the calculated average and maximum servicing demands of the *development* or any part thereof against actual usage within two (2) years of connection to the *City's* water distribution system. If the validated demand exceeds the calculated demand by ten percent (10%) or more within a rolling 6-month period, the *Licensed Professional Engineer* will be notified and required to provide an exception report to the *City* within 30 calendar days of notification. The exception report shall:
- a.) provide an analysis of the *development's* actual water usage; and
 - b.) present a detailed explanation for the difference in actual and validated usage, to the satisfaction of the *Commissioner*.

6. DEVELOPMENT APPLICATIONS

- 6.1 This *Policy* applies to the following *developments* throughout the whole of the city:
- i. any *development* where an extension, upgrade, and/or provision of a new main line/water supply is required, except as specified in Section 7;
 - ii. the creation of one or more new lots/blocks or units through a:
 - plan of subdivision;
 - vacant land condominium description;
 - 'Certificate of Official' for a consent/severance;
 - part lot control exemption; or
 - the division of land by a post-secondary institution,except as specified in Section 7;

- iii. any building permit for any use, building or structure that results in a new or increased water demand, except as specified in Section 7;
- iv. any *Planning Act* application for a *development*, except as specified in Section 7; and
- v. any draft approved plan of subdivision or part thereof that does not have a valid Agreement of Servicing with the *Region*.

7. DEVELOPMENT EXCLUSIONS

7.1 This *Policy* does not apply to the following:

- i. changes of use (including a change of use under the *Building Code Act*) from a permitted use to another permitted use, provided that:
 - all applicable zoning requirements are met;
 - the approved municipal water service is not increased, except for a historic residential lot where the existing municipal water service may be increased to 25.4mm (1 inch) to comply with the Ontario Building Code, to the satisfaction of the *City*;
- ii. the construction of a permitted patio, deck, porch, gazebo, or the like;
- iii. the construction of an accessory building or structure that does not contain a municipal water service;
- iv. the construction of a temporary building or structure;
- v. the construction of a pool house or outdoor wet bar;
- vi. interior or exterior renovations, including repairs and restoration, to an existing building or structure that are deemed to have been allocated water supply capacity through the existing development, provided that:
 - the approved municipal water service is not increased, except for a historic residential lot where the existing municipal water service may be increased to 25.4mm (1 inch) to comply with the Ontario Building Code;
- vii. the reconstruction, in whole or in part, of a legally existing building or structure, or part thereof, provided that:
 - the use of the building or structure complies with applicable zoning;
 - the proposed works do not materially increase the water supply demand;
 - the approved municipal water service is not increased, except for a historic residential lot where the existing municipal water service may be increased to 25.4mm (1 inch) to comply with the Ontario Building Code;

- viii. minor building additions not otherwise referenced herein, and increasing building occupant loads of less than 15%, provided that:
 - the proposed use and occupant load does not materially increase the water supply demand;
 - the approved municipal water service is not increased, except for a historic residential lot where the existing municipal water service may be increased to 25.4mm (1 inch) to comply with the Ontario Building Code;
- ix. minor amendments to a subdivision / condominium / site plan (including agreements thereto) provided that:
 - all applicable zoning requirements are met;
 - the approved municipal water service is not increased in size;
 - there is no material increase in the water supply demand;
- x. a Public School, Child Care Centre, and Spiritual Use as defined in Zoning By-law 2018-050 as amended from time to time;
- xi. *development* that does not require a *Planning Act* application to proceed (or only requires a minor variance) and does not result in a new or increased demand on the water supply system. Such *developments* are considered to be included in the *Region's* existing demand calculations;
- xii. any permitted *development* on a lot or block within a registered residential plan of subdivision that has a valid Agreement for Servicing, provided the *development* is included within the reserve capacity specified in the Agreement for Servicing. For the purposes of this *Policy*, reserve capacity shall be deemed to include a permitted Additional Residential Unit (“**ARU**”) provided that:
 - the ARU does not materially increase the water supply demand;
 - the approved municipal water service is not increased, except for an increase to 25.4mm (1 inch) to comply with the Ontario Building Code;
- xiii. a *development* on a parcel of land created by a consent/severance application pursuant to section 53 of the *Planning Act* where:
 - a ‘Certificate of Official’ has been issued on or before December 22, 2025;
 - the *development* can be serviced by a municipal water service of 25.4mm (1 inch) or less;
 - no *Planning Act* approvals are required;
 - no consent/severance agreement exists that requires the verification of sufficient water supply capacity prior to development, which verification remains outstanding;
- xiv. like-for-like *development*, meaning the replacement of an existing building or structure within two (2) years where:
 - the proposed *development* does not materially increase the water supply demand for the existing building;

- the approved municipal water service is not increased, except for a historic residential lot where the existing municipal water service may be increased to 25.4mm (1 inch) to comply with the Ontario Building Code;
- the use of land is permitted under applicable zoning;
- no agreement exists that requires the verification of sufficient water supply capacity prior to development, which verification remains outstanding.

Includes the incorporation of one or more Additional Residential Units and/or Coach Houses into the proposed *development* as defined in Zoning By-law 2018-050 as amended from time to time, provided the above criteria are satisfied.

- xv. a *development* for which a building permit was issued prior to the effective date of this *Policy*;
- xvi. a *development* for which a building permit application was deemed complete under the Ontario Building Code on or before December 22, 2025;
- xvii. a model home, model suite, or temporary contractor office as defined in Zoning By-law 2018-050 as amended from time to time;
- xviii. any other *development* or works where the *City* is satisfied that no new material demand is created on the water supply system (e.g., installation or expansion of fire protection systems); and
- xix. a *development* or part thereof that has an *assigned water capacity* pursuant to this *Policy*.

For the purposes of the above, “material” and “materially” shall be determined by the *Commissioner*, guided by the position that increases in water demand that are determined to be incidental, trivial, inconsequential or the like are considered immaterial.

8. PROCEDURES AND CRITERIA

- 8.1 A *Proponent* is required to complete a *Water Capacity Application Form* and submit it electronically to **planning@waterloo.ca**. The *City* will direct the form to the appropriate division, depending on the nature and status of the applicable building permit or development application.
- 8.2 Issuance of *assigned water capacity* shall be determined based on the *City’s* Prioritization Framework and any other relevant provisions of this *Policy*, by the *Commissioner* at their discretion.

- 8.3 On a quarterly basis, or more frequently as applicable, where the *Region* has provided new *water supply capacity* to the *City*, the *City* will review all *Water Capacity Application Forms* and issue *Water Allocation Confirmation Letters* as it determines appropriate in accordance with this *Policy*, and/or *Forward Looking Servicing Agreement* in accordance with this *Policy*. Decisions will be made at the discretion of the *Commissioner* or their designate, or upon referral at the discretion of the *CAO* or their designate.

The following apply to the applicable development applications:

- i. Based on available *water supply capacity*, *developments* that meet the *City's* Prioritization Framework and any other relevant provisions of this *Policy* may receive *assigned water capacity*. In the event that demand exceeds available capacity, water capacity assignments may be limited or withheld entirely.
- ii. If two or more *developments* are considered equal under the *City's* *Prioritization Framework*, the *City* may require supplemental information from *Proponents* before making a decision. Secondary prioritization criteria shall include, in preferential order:
 - a. for proposed *developments* containing *affordable housing*, the percentage of *affordable housing* compared to the density of the *development*, with higher percentages receiving preference;
 - b. how close the *development* is to proceeding to construction (shovel readiness), with those projects closest to shovel readiness given preference;
 - c. inclusion of measurable water conservation measures, such as high-efficiency in-building fixtures exceeding *Building Code Act* requirements and/or the use of rainwater harvesting systems to reduce reliance on municipal water for applicable non-potable uses, where such measures are confirmed by a *Licensed Professional Engineer* and noted on all building permit application drawings and with supporting technical documentation;
 - d. the date of the related development application, with older applications receiving preference:
 - i. the day an application for a draft plan of subdivision or vacant land condominium was made in respect of the *development*
 - ii. if clause (i.) does not apply, the day an application for an amendment to a by-law passed under section 34 of the *Planning Act* was made in respect of the *development*
 - iii. if neither clause (i.) nor clause (ii.) applies, the day an application for:
 - an approval of *development* in a site plan control area under subsection 41(4) of the *Planning Act* was made in respect of the *development*

- an approval of *development* governed by a Community Planning Permit By-law was made in respect of the *development*,
 - e. the advancement of both residential and non-residential development within the local market,
- and any other criteria as determined relevant by the *Commissioner*.
- iii. If a *development* is not granted an allocation, the *City* will notify the *Proponent* and may outline the reasons for the decision to support the *Proponent's* reconsideration in the next intake period.
 - iv. Mixed-use *developments* will be proportionally categorized as residential and non-residential based on use, the number and type of dwelling units, and floor area devoted to non-residential uses excluding parking facilities / structures.
 - v. The *Commissioner* or their designate(s) will evaluate each *development* in conjunction with the relevant and submitted materials and applicable reports provided in the *Water Capacity Application Form*. The *City* may retain an independent consultant to assist in the review of the submissions and supporting studies. The submissions will be reviewed against the *City's* Prioritization Framework and any other consideration deemed relevant by the *Commissioner*.

9. ISSUANCE OF ASSIGNED WATER CAPACITY

9.1 The following processes will apply to the applicable development applications:

- i. Building Permit Application
Prior to the issuance of a building permit, the *Proponent* shall:
 - a.) obtain an *assigned water capacity* for the *development* from the *City*; or
 - b.) enter into a *Forward Looking Servicing Agreement* with the *City* prior to the issuance of a conditional building permit, where a conditional building permit is deemed an acceptable permit option by the Chief Building Official.
- ii. Plan of Subdivision and Residential Vacant Land Condominium Applications
Where a valid Agreement for Servicing with the *Region* does not exist, prior to registration, the Proponent shall:
 - a.) obtain an *assigned water capacity* for the *development* from the *City*; or
 - b.) enter into a *Forward Looking Servicing Agreement* with the *City*.
- iii. Site Plan Application
The *City* may execute a *Forward Looking Servicing Agreement* in parallel with the issuance of final site plan approval for a *development* where construction and

occupancy is expected to take 12 or more months from the issuance of final site plan approval.

For *developments* subject to site plan control where construction and occupancy is expected to take less than 12 months from the issuance of final site plan approval, *assigned water capacity* will be determined through the building permit application process in section 9.1(i.) herein.

iv. Consent/Severance/Creation of a New Lot

The *City* will require provisional approval, including a condition requiring the *Proponent* to enter into an agreement with the *City* that requires written confirmation that sufficient *water supply capacity* is available to service the proposed *development*.

9.2 Where *water supply capacity* is *allocated* by the *City*, the *Proponent* will be required to sign back the *Water Allocation Confirmation Letter* with the *City* which will outline:

- i. the total amount of *assigned water capacity* issued by the *City*;
- ii. the details of the *development* including the maximum number of residential units, and/or floor area of non-residential uses;
- iii. the date of the *assigned water capacity* decision;
- iv. the date wherein the *assigned water capacity* may be revoked or expire;
- v. detailed calculations of the total water demand generated by a *development* using the *Regional Methodology* and/or MECP guidelines;
- vi. restrictions and/or prohibitions on the transfer of the *assigned water capacity* to any person or entity other than the *Proponent* and/or any other *development*; and
- vii. where deemed a *High Water User*, the details of the *development* must clearly state the maximum instantaneous demand and average water taking over the period of a year.

9.3 The *Water Allocation Confirmation Letter* will be sent to the *Proponent* for signing, wherein the *Proponent* shall agree to the terms and conditions contained therein. After the *Proponent* returns the signed *Water Allocation Confirmation Letter* to the *City*, the *Commissioner* will sign it on behalf of the *City*, which will be considered the final decision. Original or verified electronic signatures will be accepted for *Water Allocation Confirmation Letters*.

- 9.4 A *Water Allocation Confirmation Letter* may be jointly amended by the *City* and the *Proponent*, however if additional *water supply capacity* is required for the *development*, the *City* may deem the *assigned water capacity* to be revoked and the allocation process restarted to secure the additional *water supply capacity* required for the *development*, at the sole and unfettered discretion of the *Commissioner*.
- 9.5 A *Water Allocation Confirmation Letter* may be extended by the *Commissioner* for up to one (1) additional year, at the sole and unfettered discretion of the *Commissioner* based on the following criteria:
- i. unforeseen circumstances which have caused delays in carrying out the *development*;
 - ii. new legislation, regulations, policies and/or by-laws have caused delays in carrying out the *development*, provide that the *development* continues to be permitted and viable under the new legislation, regulations, policies and/or by-laws.
- 9.6 Where a *development* has its *assigned water capacity* withdrawn, revoked or expired, the *development* shall be subject to the requirements of this *Policy* as if it had never received an *assigned water capacity*, including restarting the review process to secure a new *allocation of water supply capacity*.
- 9.7 Issued *assigned water capacity* as outlined in a *Water Allocation Confirmation Letter* will exclusively apply to the *development* outlined in the *Water Capacity Application Form* and is not transferrable and not assignable to any other property, owner, entity or *development* except by an amended *Waterloo Allocation Confirmation Letter* executed by the *Commissioner*. Any attempt to transfer or reassign the *assigned water capacity* in a manner contrary to a *Water Allocation Confirmation Letter* will result in the immediate revocation of the *assigned water capacity*.

10. FORWARD LOOKING SERVICING AGREEMENTS

- 10.1 At the *City*'s sole discretion, the *City* may enter into a *Forward Looking Servicing Agreement* ("*FLSA*") in accordance with this *Policy*.
- 10.2 An executed *FLSA* will, at a minimum, specify the volume of anticipated *water supply capacity* that the *City* will reserve for a *development*, until future *water supply capacity* is made available by the *Region*, and other matters, on terms and conditions approved by the *City* at its sole discretion.
- 10.3 A *FLSA* will have regard for the *Region*'s Water Supply Capacity Allocation Policy and/or the Allocation Policy Administrative Agreement between the *Region* and Area Municipalities.

- 10.4 A *FLSA* represents a commitment in good faith by the *City* to reserve future anticipated *water supply capacity* in accordance with the timelines outlined in the *FLSA* and relies on the *Region's* approved Interim Risk Management Framework.
- 10.5 A *FLSA* requires certain milestones to be achieved by the *Region* as the water supplier in accordance with the *Region's* approved *Interim Risk Management Framework* which identifies the amount and timing of anticipated new *water supply capacity* within the region on a quarterly basis until 2032. The *City* will make reasonable efforts to reserve water supply capacity for the *development* as outlined in the *FLSA*, provided that sufficient capacity remains available.
- 10.6 The *City* is not the water supplier, and as such it cannot provide a guarantee regarding anticipated *water supply capacity* or the timing thereof. If a *Proponent* elects to undertake works and/or *development* under a *FLSA*, it does so at its sole cost and risk.

11. EXPIRY OF ASSIGNED WATER CAPACITY (USE IT OR LOSE IT PROVISION)

- 11.1 If *water supply capacity* is *allocated* by the *City* at its sole and unfettered discretion, the *Commissioner* may completely revoke *assigned water capacity*, unless a development has an issued building permit, in circumstances where:
- i. Building Permit
Pursuant to the *Building Code Act*, the Chief Building Official has revoked a building permit.
 - ii. Plan of Subdivision and Residential Vacant Land Condominium Applications
 - a.) If, after twelve (12) months from the date of draft approval, the *development* has not proceeded to pre-grading, pre-servicing, and construction of undergrounds to base asphalt;
 - b.) If, after twenty-four (24) months from the date of draft approval, the site has not proceeded to a building permit or site plan application.
 - iii. Site Plan Application
If, after five (5) months from the date of final site plan approval, a building permit has not been obtained from the *City*. Excludes incidental building permits such as plumbing, demolition, and accessory building permits.

12. RESERVE CAPACITY

- 12.1 The *City* reserves the right to reserve/hold *water supply capacity* assigned to it by the *Region* as it determines appropriate and in the public interest, at its sole and unfettered discretion.
- 12.2 The *City* shall not be obligated to *allocate* any or all available *water supply capacity* on a quarterly basis, at its sole and unfettered discretion.

13. REVIEW CYCLE

- 13.1 The *City* will track *assigned water capacity* and provide regularly occurring updates to the *Region*.
- 13.2 Through ongoing monitoring and assessment, this *Policy* may be amended to align with the best interests of the *City* and the public interest.
- 13.3 If *Council* deems that amendments are required to this *Policy*, excluding clerical or technical changes, based on monitoring and assessment thereof, such amendments will be undertaken in consultation with the *Region*, development industry, the public, and Area Municipalities.
- 13.4 A review of this *Policy* will be conducted within twelve (12) months of *Council* approval to promote its continued effectiveness.

APPENDIX 'A'

CITY OF WATERLOO PRIORITIZATION FRAMEWORK

PRIORITY 1 – ESSENTIAL PROJECTS

Housing

- *Affordable housing* being advanced by the Region of Waterloo, Province of Ontario, or Government of Canada
- *Affordable housing* being advanced by a Not-For-Profit corporation
- Housing projects with committed funding, prescribed deadlines, and affordability criteria that meets the *City's affordability* criteria secured through an executed agreement with any of the following programs:
 - Build Faster Fund
 - Housing Accelerator Fund
 - Canada Mortgage and Housing Corporation
 - Build Canada Homes
 - any program that meets the City's definition of *affordable housing*
- Housing projects with committed funding and prescribed deadlines, which are 40% more efficient than the National Building Code, including measurable water conservation measures, secured through an executed agreement with the Canada Mortgage and Housing Corporation
- Long-term care facilities with confirmed funding or in-principle support from the Province of Ontario (e.g. Ministry of Health)

Public Uses

- Emergency services
- Public services or infrastructure projects in a broad public interest as determined by the *City*
- Health care facilities

ICI Development

- Federal and Provincially significant employment development

Building Permits

- Incomplete building permit applications that were applied for prior to December 22, 2025
- Building permit applications submitted prior to the effective date of this allocation *Policy*

PRIORITY 2 – PRIORITY PROJECTS

Housing

- Market residential housing with an *affordable housing* component (at least 5% of the units are affordable)
- Independent supportive living (e.g. seniors housing)
- Small-scale projects (less than 10 units) on a lot created by consent/severance where a 'Certificate of Official' is issued before December 22, 2025 but the *development* is not exempt under Section 7 of this *Policy*
- Housing projects with committed funding and prescribed deadlines that meet Canada Mortgage and Housing Corporation's affordability criteria, secured through an executed agreement with the Canada Mortgage and Housing Corporation
- New or expanded not-for-profit co-operative housing

ICI Development

- Post Secondary Institutions - facilities that include one or more public benefits

Other

- Low Water Users – *developments* that include innovative measures to substantially minimize water use and promote water conservation. Excludes water conservation measures required by the *Building Code Act*. Includes measurable water conservation measures, such as high-efficiency in-building fixtures exceeding *Building Code Act* requirements and/or the use of rainwater harvesting systems to reduce reliance on municipal water for applicable non-potable uses.

PRIORITY 3 – IMPORTANT PROJECTS

Housing

- Purpose built rental housing
- Market housing with purchase commitments (pre-sales, etc) prior to December 22, 2025
- Market housing with a complete *Planning Act* application (other than a minor variance) submitted prior to December 22, 2025
- Small-scale projects (less than 10 units) other than as specified in Priority 2

PRIORITY 4 – DEVELOPMENT PROJECTS

Housing

- Market housing without purchase commitments (pre-sales, etc) prior to December 22, 2025
- Project subject to a complete *Planning Act* application (other than a minor variance) submitted after December 22, 2025

Other

- Moderate Water Users

PRIORITY 5 – EMERGING PROJECTS

Housing

- Subdivision applications filed after December 22, 2025

Other

- Projects relying on speculative or non-budgeted/non-funded water supply expansions

Notwithstanding anything to the contrary herein, the *City* shall not be obligated to *allocate* available *water supply capacity* to *developments* that are deemed to be *High Water Users*.