



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Hamilton Water Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	June 17, 2024
SUBJECT/REPORT NO:	Housing-Enabling Water Systems Fund (PW24038)
WARD(S) AFFECTED:	Wards 1 and 2
PREPARED BY:	Mike Christie (905) 546-2424 Ext. 6194
SUBMITTED BY:	Nick Winters Director, Hamilton Water Public Works Department
SIGNATURE:	

RECOMMENDATION

- (a) That the General Manager, Finance and Corporate Services, and the General Manager, Public Works, be authorized to delegate the appropriate person to be duly authorized to submit all necessary documentation to support the City of Hamilton's application, attached as Appendix "A" to Report PW24038, for the Housing-Enabling Water Systems Fund.
- (b) That the Mayor and City Clerk be authorized to execute and/or amend all necessary documentation, including Funding Agreements, to receive funding under the Housing-Enabling Water Systems Fund with content satisfactory to the General Manager, Finance and Corporate Services, and in a form satisfactory to the City Solicitor, provided the City's application is successful;
- (c) That the City Solicitor be authorized and directed to prepare any necessary by-laws for Council approval, for the purpose of giving effect to the City's acceptance of funding from the Housing-Enabling Water Systems Fund.

EXECUTIVE SUMMARY

The Housing-Enabling Water Systems Fund is a provincial application-based funding program that supports the repair, rehabilitation, and expansion of core water infrastructure to enable new housing development. The fund is intended to complement the Ministry of Municipal Affairs and Housing's Building Faster Fund. All municipalities

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

that own water/wastewater/stormwater infrastructure were able to submit an application for one project within this competitive funding program.

As this funding program exclusively focuses on projects that support housing and growth, all the City water/wastewater/stormwater projects that were considered are either fully or substantially funded by development charges. This represents a significant change from historical funding applications submitted by the City that were focused on large rehabilitation/replacement projects within the rate funded capital program (as opposed to the development charges funded capital program).

Most large capital projects in the City's 10-year water, wastewater and stormwater capital program were ineligible primarily due to project schedules that did not align with the Housing-Enabling Water Systems Fund's eligibility criteria (e.g., the projects had already commenced construction, or the planned completion dates were beyond March 31, 2027), or the projects were focused on infrastructure renewal that had little or no impact on enabling new housing units.

The City's Housing-Enabling Water Systems Fund application bundles two watermain replacement projects in Wards 1 and 2 that support additional housing units, the City's Water and Wastewater Master Plan, intensification within the urban boundary, and improves overall fire flow and system reliability within Pressure District 2 of Hamilton's Woodward Drinking Water Subsystem.

The Ontario Ministry of Infrastructure has communicated that successful and unsuccessful applicants will be notified in summer 2024. A future communication update will be provided to the Mayor and Council that advises whether the City's application was successful or unsuccessful.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The gross project cost for the two bundled watermain upgrade projects submitted under the Housing-Enabling Water Systems Fund totals \$12.92M, where the maximum Provincial contribution of 73% represents \$9.43M in potential funding, with a remaining municipal contribution of \$3.49M. See Appendix "A" to Report PW24038 for a breakdown of the share of funding for the two watermain projects.

Staffing: N/A

Legal: If the City's applications are successful, it is expected that there will be a requirement to enter into a funding agreement to receive funding from the

Housing-Enabling Water Systems Fund and there may be requirements for other ancillary agreements or associated by-laws

HISTORICAL BACKGROUND

The Housing-Enabling Water Systems Fund application intake launched on January 29, 2024, and closed on April 19, 2024. Municipalities that are successful in obtaining funding from the Housing-Enabling Water Systems Fund will be able to fund their projects as early as fall 2024. Water, wastewater, and stormwater projects are all eligible for funding. The Ontario Ministry of Infrastructure will fund a maximum of 73% of the project costs up to \$35M, with the municipality required to fund the remaining 27% of the project costs. Funded projects must not have already started construction and must be completed by March 31, 2027.

The original funding announcement in November 2023 was for \$200M in total available funding across all Ontario municipalities, but on March 21, 2024, the province announced \$625M in additional program funding bringing the total available to \$825M. Given that the change in available funding was so close to the April 19, 2024 application deadline, the City was expecting that there would be a second round of applications for the newly added \$625M, or that municipalities would have the ability to submit multiple projects for funding. However, and despite being engaged very closely with the provincial staff administering the funding program, the City only learned on April 12, 2024 (via an e-mail communication received by the Mayor's office), that the applications due by April 19, 2024 would be considered for the full \$825M program, and that there would be no opportunity to submit additional projects.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

Collectively, the Hamilton Water Division, Growth Management Division (Planning & Economic Development), and Engineering Services Division reviewed a very broad list of planned projects and analysed them against the funding conditions and criteria. The Budgets and Fiscal Policy Section (Corporate Services) also reviewed this report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Based on information from the Ontario Ministry of Infrastructure, submissions will be evaluated based on the following criteria:

- New housing units enabled/created;

- Cost per housing unit enabled/created
- Environmental benefits, including climate resiliency
- Current utilization of water/wastewater/stormwater infrastructure capacity
- Financial capacity of municipality to support the project (including funding sources such as debt, reserves, loans, development charges)
- Status of proposed housing development and alignment to provincial policies (e.g., provincial policy, official plan, plans of subdivision and/or condominium)
- Alignment with asset management regulations
- Regulatory compliance
- Project benefits
- Critical health and safety risks
- Project status - project must be in the process or completed the design and planning phases
- Construction must not have commenced, and must be completed by March 31, 2027

Upon consideration of the criteria above, along with evaluating projects within the rate and development charge supported capital plan, the bundled watermain upgrade projects at York Boulevard/Cannon Street West and Locke Street/Margaret Street were selected as the best candidates for the Housing-Enabling Water Systems Fund application.

Project details are as follows:

York Boulevard and Cannon Street West Watermain Upgrades

700m of a new 500mm watermain and valve chambers on York Boulevard at Locke to Cannon at Caroline.

Locke Street and Margaret Street Watermain Upgrades

Upsized watermains on Locke Street (from King to York), Margaret Street (King to Main), King Street (Locke to Margaret), new 300mm watermain interconnected with future Locke Street 500mm watermain, new 500mm watermain on Locke Street (Main to York).

Based on the increase in water capacity of this infrastructure and typical residential water consumption, these proposed upgrades could enable an estimated 24,450 new housing units across Pressure District 2. However, this estimate does not incorporate other key considerations required to approve this scale of development (e.g., local watermain upgrades required to service a specific development within Pressure District 2, wastewater servicing, other utilities, transportation planning and traffic, etc.).

ALTERNATIVES FOR CONSIDERATION

N/A

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PW24038 – Housing-Enabling Water Systems Fund Project Submission - Financials

Appendix “B” to Report PW24038 – Housing-Enabling Water Systems Fund - Watermain Upgrade Locations

Appendix “C” to Report PW24038 – Bylaw to authorize the signing of a municipal funding agreement for the transfer of the Housing-Enabling Water Systems Fund Program Between the Ministry of Infrastructure and the City of Hamilton