



Town of Niagara-on-the-Lake

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REPORT #: CS-25-029 **COMMITTEE DATE:** 2025-12-02
REPORT TO: COTW-Planning **DUE IN COUNCIL:** 2025-12-09
SUBJECT: Proposed 2026 Development Charges Indexing

1. RECOMMENDATION

It is respectfully recommended that:

- 1.1 Council approves the annual indexing of Development Charge fees, with a fee increase of 4.2%, effective January 1, 2026, as detailed in Appendix I, attached to this report.

2. EXECUTIVE SUMMARY

- The Town's Development Charge by-law requires annual indexing of fees charged for Development Charges.
- The non-residential construction price index has increased by 4.2% for the third quarter of 2025.
- Therefore, effective January 1, 2026, development charges applicable for a single-family residential dwelling will be \$17,178.
- Annually indexing the Town's Development Charges ensures that inflation and market changes are captured within the Town's rates and can sustain future infrastructure development.
- A Development Charge Background Study and Community Benefit Charge Study are scheduled to be completed in 2026.

3. PURPOSE

The purpose of this report is to confirm the annual indexing of the Town's Development Charge by-laws as detailed in Appendix I attached to this report.

4. BACKGROUND

The development charges (DC) background study was completed in 2018, resulting in the approval of a by-law governing development charges for the next ten years. By-law No. 5072-18 is associated with Town-related residential and non-residential development charges.

The More Homes Built Faster Act, 2022, amended the Development Charges Act, 1997 (DCA) to allow municipalities to extend development charge (DC) by-law renewal requirements to 10 years instead of 5.

5. DISCUSSION / ANALYSIS

The Town's Development Charge by-law requires an annual indexing of fees charged for Development Charges. Indexing is to be done every January for the duration of the by-law. The prescribed index is the "Statistics Canada, Non-Res Construction Price Index."

The non-residential construction price index has increased by 4.2% for the third quarter of 2025. Therefore, effective January 1, 2026, development charges applicable for a single-family residential dwelling located within the urban area will increase by \$691 from \$16,487 (2025) to \$17,178.

6. STRATEGIC PLAN

The content of this report supports the following Strategic Plan initiatives:

Pillar

2. Good Governance

Priority

2.1 Financially Sustainable Future

7. OPTIONS

- 7.1 Option 1: Council approve the proposed 2026 Development Charges indexing as per By-law 5072-18. **(Recommended)**
- 7.2 Option 2: Continue with the current Development Charges fee schedule approved on December 10, 2024. *(Not Recommended)*

8. FINANCIAL IMPLICATIONS

The attached schedule, Appendix I, details the proposed fees for 2026 Development Charges.

9. ENVIRONMENTAL IMPLICATIONS

This report has no direct environmental implications.

10. COMMUNICATIONS

If approved by Town Council, the revised fee schedule will be posted on the Town's website and made available at the Town's Customer Experience counters.

11. CONCLUSION

The annual indexing of Development Charge fees shall be updated in January each year in accordance with the Statistics Canada Non-Residential Construction Price Index. This report confirms the 2026 rates to be effective January 1, 2026.

12. PREVIOUS REPORTS

List any previous report numbers and titles, if applicable.

13. APPENDICES

- Appendix I – 2026 Schedule of Development Charges

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