



TOWN OF NIAGARA-ON-THE-LAKE

PLANNING AND BUILDING FEE REVIEW STUDY UPDATE

1 Introduction

The Town of Niagara-on-the-Lake (Town) is in the process of updating its fees for planning applications and building permits. These fees have not been reviewed for many years and an update is long overdue. A detailed review and update is ongoing and will reflect the level of effort required to process and close out planning applications and building permits in a timely fashion. DFA Infrastructure International Inc. was retained by the Town to undertake the fee study.



The main purpose of the study is to ***determine the cost of service and develop new fees that recover the costs while maintaining market competitiveness. The intent is for the new fees to take effect in January 2026.*** This Study Update provides an overview of the following:

- Governing legislation and regulations
- Historical application activity levels
- Projected future activity levels due to growth
- Cost of service
- Revenues based on the current fees and the revenue shortfalls
- Determining the proposed new fees
- Next steps



2 Legislative Overview

The Planning Act, 1990 and the Ontario Building Code Act, 1992 govern the setting of the respective planning application and building permit fees.

The Planning Act, 1990

This is the provincial legislation that governs land use planning in Ontario and the processing of various types of planning applications by municipalities.

Section 69 of the Act allows municipalities to establish fees by by-law for processing applications.

- Fees must reflect the anticipated cost of processing each type of application.
- Costs may include:
 - ✓ Direct staff time
 - ✓ Capital-related expenses
 - ✓ Support and overhead costs

Municipalities cannot cross-subsidize fees between major types of applications.

The Building Code Act, 1992

This is the provincial legislation that governs the construction renovation and change-of-use of buildings across Ontario through O.Reg. 332/12 i.e. the Ontario Building Code (OBC). Municipalities enforce the OBC through building permits and inspections.

The Building Code Act allows municipalities to:

- Set fees to recover the cost of processing permits i.e. full cost recovery.
- Establish a reserve fund to provide sustainable funding for building permit departments during periods of low construction activity.

It also requires municipalities to hold public meetings regarding fee changes. The OBC requires municipalities to provide public information on:

- Estimated costs of administering and enforcing the Act
- The amount and rationale for any fee or fee change

3 Application Activity Levels

The number of planning and building permit applications over the past 4 years (2021-2024) and projected applications for the next five (5) years (2025-2029) are shown in Table 3-1 and 3-2 for planning and building respectively. The future applications are based on an annual growth rate of 1% for both residential and non-residential are draft at this stage and subject to change. There was activity for the main types of applications but not in all categories for which there are fees.

Number of Planning Applications

On average there are approximately 259 planning applications per year based on applications between 2021 and 2024. This includes an average of six (6) Official Plan amendments and eight (8) draft plans of subdivision /condominium. Most of the applications are for zoning amendments, site plans, consents and minor variances. The number of applications is expected to increase to approximately 282 by 2029.



Table 3-1: Number of Planning Applications

Application Type	Historical (2021-2024)					Projected (2025-2029)				
	2021	2022	2023	2024	4-Year Annual Average	2025	2026	2027	2028	2029
Pre-Consultation Meetings	116	111	89	86	101	102	103	104	105	106
Official Plan Amendment	5	6	9	4	6	6	6	6	6	6
Zoning By-law Amendment	13	26	25	21	21	21	21	21	21	21
Other By-laws - Part Lot Control	0	2	2	0	1	1	1	1	1	1
Draft Plan of Subdivision/Condominium	2	8	7	15	8	8	8	8	8	8
Site Plan & Site Plan Amendments	22	12	10	14	15	15	15	15	15	15
Consent	21	33	35	15	26	26	26	26	26	26
Minor Variance	42	48	39	23	38	38	38	38	38	38
Fence Variance	6	4	0	5	4	4	4	4	4	4
Sign Variance	1	0	2	1	1	1	1	1	1	1
Heritage Permits/ Review/ Grants	58	27	63	0	49	50	51	52	53	54
Telecommunications Facilities	5	2	0	2	2	2	2	2	2	2
Annual Planning Applications	291	279	281	186	259	274	276	278	280	282

Number of Building Permit Applications

On average there are approximately 425 building permit applications per year based on applications between 2021 and 2024. Most of the applications are for residential (Group C Occupancy) permits with approximately 201 related to alterations. The number of applications is expected to increase to approximately 443 by 2029.



Table 3-2: Number of Building Permit Applications

Application Type	Historical (2021-2024)					Projected (2025-2029)				
	2021	2022	2023	2024	4-Year Annual	2025	2026	2027	2028	2029
New Construction/ Additions										
Group C: Residential Occupancies										
- Single, Semi, Duplex Dwelling	73	24	51	82	57.50	58	59	60	61	62
- Multiple Unit Dwellings (apartments, townhouses, etc.)	66	10	42	0	29.50	30	30	30	30	30
- Hotel/Motel	0	0	0	3	0.75	1	1	1	1	1
Group D: Business and Personal Service Occupancies	0	0	0	2	0.50	1	1	1	1	1
Group F: Industrial Occupancies	0	0	0	6	1.50	2	2	2	2	2
Special Classes Occupancies										
Farm Building	19	31	23	19	23.00	23	23	23	23	23
Greenhouses	0	0	0	1	0.25	0.25	0.25	0.25	0.25	0.25
Tent/temporary fabric structure										
- less than 225 m2	0	0	0	36	9.00	9	9	9	9	9
Residential	0	0	0	0	0.00	0	0	0	0	0
- Garage/carport/ accessory building	0	0	0	32	8.00	8	8	8	8	8
- Uncovered deck - less than 300 sf	0	0	0	4	1.00	1	1	1	1	1
Alterations & Repairs - Interior										
Group A & B Occupancies	10	0	8	9	6.75	7	7	7	7	7
Group C	265	286	218	33	200.50	203	205	207	209	211
Group D & E	51	50	71	18	47.50	48	48	48	48	48
Group F	9	11	12	1	8.25	8	8	8	8	8
Foundation	0	0	0	2	0.50	1	1	1	1	1
Finished basement (residential unit)	0	0	0	35	8.75	9	9	9	9	9
Secondary dwelling unit	0	0	6	0	1.50	2	2	2	2	2
Designated Structures										
Communication Tower (not including accessory building)	0	0	0	1	0.25	0.25	0.25	0.25	0.25	0.25
Plumbing Only										
Residential	0	0	0	9	2.25	2	2	2	2	2
Other Occupancies	0	0	0	1	0.25	0.25	0.25	0.25	0.25	0.25
Other Permit Types										
Demolition										
- Up to 3,000 sf	0	0	0	19	4.75	5	5	5	5	5
Pool										
- Private	0	0	0	40	10.00	10	10	10	10	10
Convert a Conditional Permit	0	0	0	2	0.50	1	1	1	1	1
Annual Building Permits	493	412	431	364	425	431	434	437	440	443

4 Cost of Service and Revenues

The respective cost of service for planning applications and building permits are based on the following:

- Direct staff related costs for staff involved in processing applications
- Indirect costs - non-staff related costs in the department
- Corporate overhead costs which includes capital related costs

The calculation includes determining a "fully burdened hourly rate" which includes all costs noted above and accounts for time that staff is unavailable (e.g. vacation, etc.). This is determined for each staff member involved with the applications. The cost of service for each application type is the sum of respective hourly rate times the amount of time spent by staff on each type of application.



The revenues presented are based on the current fees i.e. the scenario if there were no fee increases. Depending on the type of planning application the fee is a flat charge or a base charge plus an amount per lot (e.g. for a Draft Plan of Subdivision/Condominium). Similarly the building permit fees also include flat charges depending on the type of permit. However, the fees for most permits are a rate per square foot times the floor area. In some cases the fee depends on the construction value. The 2025 planning application and building permit fees are available on the Town's website

Planning Fees: www.notl.com/planning-applications

Building Permit Fees: www.notl.com/building-services

Cost of Service and Revenues - Planning Applications

Table 4-1 shows the annual cost of service and revenues (based on current fees) for planning applications for the period 2025-2029. Only applications that are received would trigger a cost to process and a revenue from the respective fee. Therefore the cost and revenue projections reflect only the types of applications that have historically been processed for which a fee currently applies.

The 2025 cost of service is estimated to be approximately \$2.4 million increasing to approximately \$2.7 million by 2029 due to the anticipated increase in the number of applications. This assumes a 2% annual increase to the input costs (e.g. salaries and related costs). The annual revenue is estimated at approximately \$0.78 million for 2025 increasing to approximately \$0.79 million by 2029. The revenues are based on the 2025 fee schedule and are not sufficient to cover the full cost of processing the applications. The result is a growing funding deficit between 2025 and 2029 averaging approximately \$1.8 million per year. The annual deficit is currently offset by funding from the tax base i.e. the current fee levels are not sufficient to recover the cost of service. The current overall revenue shortfall for planning applications is estimated at approximately 212% of current revenues in 2025 and 219% in 2026 as noted in Table 4-1. **The 2026 cost of service will be the basis for the new planning fees.**

Table 4-1: Planning Applications - Annual Cost of Service vs. Revenue at Current Fees

Application Type	2025	2026	2027	2028	2029
Pre-Consultation Meetings	\$ 435,219	\$ 448,276	\$ 461,680	\$ 475,442	\$ 489,569
Official Plan Amendment	\$ 171,553	\$ 174,984	\$ 178,483	\$ 182,053	\$ 185,694
Zoning By-law Amendment	\$ 435,479	\$ 444,189	\$ 453,072	\$ 462,134	\$ 471,376
Other By-laws - Part Lot Control	\$ 8,802	\$ 8,978	\$ 9,158	\$ 9,341	\$ 9,528
Draft Plan of Subdivision/Condominium	\$ 176,664	\$ 180,197	\$ 183,801	\$ 187,477	\$ 191,227
Site Plan & Site Plan Amendments	\$ 392,499	\$ 400,349	\$ 408,356	\$ 416,523	\$ 424,853
Consent	\$ 300,923	\$ 306,942	\$ 313,080	\$ 319,342	\$ 325,729
Minor Variance	\$ 369,319	\$ 376,705	\$ 384,239	\$ 391,924	\$ 399,762
Fence Variance	\$ 25,893	\$ 26,411	\$ 26,939	\$ 27,478	\$ 28,027
Sign Variance	\$ 4,823	\$ 4,919	\$ 5,018	\$ 5,118	\$ 5,221
Heritage Permits/ Review/ Grants	\$ 122,769	\$ 127,729	\$ 132,838	\$ 138,100	\$ 143,520
Telecommunications Facilities	\$ 1,243	\$ 1,268	\$ 1,294	\$ 1,320	\$ 1,346
Annual Cost of Service	\$ 2,445,185	\$ 2,500,946	\$ 2,557,958	\$ 2,616,251	\$ 2,675,853
Projected Annual Revenues at Current Fees	\$ 783,775	\$ 785,210	\$ 786,645	\$ 788,080	\$ 789,515
Annual Surplus (Deficit)	(\$1,661,410)	(\$1,715,736)	(\$1,771,313)	(\$1,828,171)	(\$1,886,338)
Annual Revenue Shortfall (%)	212%	219%	225%	232%	239%

Cost of Service and Revenues - Building Permits

Table 4-2 shows the annual cost of service and revenues (based on current fees) for building permits for the period 2025-2029. Only applications that are received would trigger a cost to process and generate revenue from the respective fee. Therefore the cost and revenue projections reflect only the types of permits that have historically been processed for which a fee currently applies.

The 2025 cost of service is estimated to be approximately \$0.89 million increasing to approximately \$1 million by 2029 due to the anticipated increase in the number of permits. This assumes a 2% annual increase to the input costs (e.g. salaries and related costs). The cost of service also includes annual contributions of \$0.25 million to a dedicated Building Permit Reserve Fund that would be utilized to offset costs during years of low activity and revenues.

The annual revenue is estimated at approximately \$0.59 million for 2025 increasing to approximately \$0.61 million by 2029. Similar to planning, the revenues are based on the 2025 fee schedule and are not sufficient to cover the full cost of processing the building permits. The result is a growing funding deficit between 2025 and 2029 averaging approximately \$0.34 million per year. The annual deficit is currently offset by funding from the Building Permit Reserve Fund i.e. the current fees do not recover the full cost of service. The reserve was fully depleted in 2024 and needs to be replenished. The overall revenue shortfall is estimated at 50% of current revenues for 2025 and 53% for 2026 as noted in Table 4-2. ***The 2026 cost of service will be the basis for the new fees.***

Table 4-2: Building Permits - Annual Cost of Service vs. Revenue at Current Fees

Application Type	2025	2026	2027	2028	2029
New Construction/ Additions					
Group C: Residential Occupancies					
- Single, Semi, Duplex Dwelling	\$ 209,982	\$ 217,874	\$ 225,998	\$ 234,360	\$ 242,966
- Multiple Unit Dwellings (apartments, townhouses, etc.)	\$ 163,041	\$ 166,302	\$ 169,628	\$ 173,020	\$ 176,481
- Hotel/Motel	\$ 15,831	\$ 16,309	\$ 16,800	\$ 17,304	\$ 17,822
Group D: Business and Personal Service Occupancies	\$ 8,021	\$ 8,181	\$ 8,345	\$ 8,512	\$ 8,682
Group F: Industrial Occupancies	\$ 10,487	\$ 10,696	\$ 10,910	\$ 11,128	\$ 11,351
Special Classes Occupancies					
Farm Building	\$ 34,220	\$ 34,904	\$ 35,603	\$ 36,315	\$ 37,041
Greenhouses	\$ 243	\$ 248	\$ 253	\$ 258	\$ 263
Tent/temporary fabric structure					
- less than 225 m2	\$ 7,134	\$ 7,277	\$ 7,423	\$ 7,571	\$ 7,723
Residential					
- Garage/carport/ accessory building	\$ 10,791	\$ 11,007	\$ 11,227	\$ 11,451	\$ 11,680
- Uncovered deck - less than 300 sf	\$ 1,015	\$ 1,035	\$ 1,056	\$ 1,077	\$ 1,098
Alterations & Repairs - Interior					
Group A & B Occupancies	\$ 2,970	\$ 3,029	\$ 3,090	\$ 3,152	\$ 3,215
Group C	\$ 246,587	\$ 253,996	\$ 261,604	\$ 269,414	\$ 277,432
Group D & E	\$ 145,334	\$ 148,241	\$ 151,205	\$ 154,229	\$ 157,314
Group F	\$ 2,247	\$ 2,292	\$ 2,337	\$ 2,384	\$ 2,431
Foundation	\$ 1,794	\$ 1,830	\$ 1,867	\$ 1,904	\$ 1,942
Finished basement (residential unit)	\$ 10,825	\$ 11,042	\$ 11,263	\$ 11,488	\$ 11,718
Secondary dwelling unit	\$ 2,523	\$ 2,608	\$ 2,694	\$ 2,784	\$ 2,875
Designated Structures					
Communication Tower (not including accessory building)	\$ 298	\$ 304	\$ 310	\$ 317	\$ 323
Plumbing Only					
Residential	\$ 967	\$ 987	\$ 1,006	\$ 1,026	\$ 1,047
Other Occupancies	\$ 415	\$ 423	\$ 432	\$ 441	\$ 449
Other Permit Types					
Demolition					
- Up to 3,000 sf	\$ 4,400	\$ 4,488	\$ 4,578	\$ 4,670	\$ 4,763
Pool					
- Private	\$ 9,758	\$ 9,953	\$ 10,152	\$ 10,355	\$ 10,562
Convert a Conditional Permit	\$ 347	\$ 354	\$ 361	\$ 369	\$ 376
Annual Cost of Service	\$ 889,869	\$ 914,032	\$ 938,806	\$ 964,206	\$ 990,245
Projected Annual Revenues at Current Fees	\$ 592,417	\$ 597,029	\$ 601,641	\$ 606,253	\$ 610,865
Annual Surplus (Deficit)	(\$297,452)	(\$317,003)	(\$337,165)	(\$357,953)	(\$379,381)
Annual Revenue Shortfall (%)	50%	53%	56%	59%	62%

5 Determining Proposed New Fees

The study is at the point of determining the proposed new fees for the respective planning applications and building permits with a view to **implementing the new fees in January 2026**. The proposed new fees would be based on the respective 2026 cost of service and presented at the Public Meeting noted in Section 6 below and made available on the Town's website prior to the meeting.



Table 5-1: Fee Increases Required to Recover the 2026 Full Cost of Service

Type of Fee	% Increase in 2026
Building Permit Fees	
All	53%
Planning Fees	
Zoning & Official Plan Amendments	146%
Draft Plan of Subdivision/Condominium	117%
Site Plan & Site Plan Amendments	194%
Consents & Variances	289%
Telecommunications Facilities	31%
Pre-Consultation	335%

The calculation of the new fees **would consider** the following:

- **Full cost recovery.** Table 5-1 shows the approximate increases to the respective current (2025) planning and building fees to recover the 2026 full cost of service.

An increase to the building permit fees of approximately 53% would be required in 2026 to fully recover the cost of service. The Building Code Act Section 7(2) requires that fees not exceed the anticipated reasonable costs of administering and enforcing the Act i.e. fees would be based on full cost recovery.

The Planning Act does not allow cross subsidization between major categories. Therefore the required increases for full cost recovery varies by major application category as noted in Table 5-1. The fee increases for full cost recovery in 2026 for official plan and zoning amendments are approximately 146%, 194% for site plans and 117% for draft plans of subdivision/ condominium.

- **Market competitiveness** Benchmarking with other Niagara municipalities would also be considered to ensure that the fees reflect market prices. However the fees charged by other municipalities are based on their respective costs which are different from the Town's and may not be fully recovered through their fees. Therefore the comparisons would not be "apples to apples" but rather provide an indication of current market prices.
- **Adjustments to the List of Fees.** There will be adjustments to the list of fees to better reflect the level of effort required for certain applications. This is intended to achieve fairness for both the applicant and the Town. Adjustments would include Introducing new fee categories where there is historical activity but currently no fees e.g. solar collectors. New categories would also be introduced to better reflect the level of effort required for complex versus standard applications e.g. Official Plan Amendments.
- **Subsidizing Revenue Shortfalls.** Consideration would also be given to the level of subsidy from the tax base (for planning fees) and transfers from the Building Permit Reserve Fund that would be required if the proposed new fees were to be set below the amounts required for full cost recovery.

6 Next Steps

The next steps in the study are to complete the following:

- Determine the proposed new fees and make these available on the Town's website
- Facilitate public consultation at a **Public Meeting scheduled to be held on September 15, 2025** at which the proposed new fees and background information will be presented
- Consider the feedback and comments received from stakeholders and incorporate into the new fee calculations and study report.
- Prepare the study report with the recommended fees for consideration by Council

