

Enabling Growth and Housing Affordability

Off Site Levies

Discussion Guide

Preamble

Municipal Affairs is exploring concerns and opportunities to amend off-site levies (OSLs) to balance the ability of municipalities to levy for critical infrastructure and facilities and provide certainty for developers. This discussion builds on previous conversations under the Enabling Growth and Housing Affordability engagement and seeks targeted input from key stakeholders to inform potential policy considerations.

Background

Under the *Municipal Government Act (MGA)* Section 648(2.1) and the OSL Regulation, Section 6(1), off-site levies are designed to enable efficient, cost-effective infrastructure. The City Charter regulations provide for these authorities for the cities of Calgary and Edmonton.

Some members of the development industry raised concerns with a lack of guidance for 'overbuilding' public facilities under the offsite levies provisions, or inclusion of items that are not core infrastructure (i.e., enhanced architectural design or construction features, public art, rolling stock, furnishings, books, revenue generating retail spaces, or other operational elements). Similar concerns were raised about the inclusion of upgrades for existing infrastructure. This creates cost disparities for building similar infrastructure between different municipalities; as well as adding costs to new housing.

Some developers called for more clarity for calculating the degree of benefit and benefitting area for off-site levies (i.e., standards for service response times), and greater transparency regarding municipal collection of and reporting on off-site levies. Questions were also raised for discussion about how to treat facilities and infrastructure that will not be built in the foreseeable future (i.e., recreation centres with no planned development dates).

Purpose

Municipal Affairs is seeking to better understand off-site levies challenges and is carefully considering areas where additional guidance or regulatory adjustments may be needed to clarify eligible levy costs, support consistent practices across municipalities, and balance stakeholders' concerns with municipal infrastructure needs and public interests.

Discussion Questions

The following questions are intended to guide the discussion and gather valuable insight that will help in refining the development process in Alberta, especially regarding the application of OSLs and the alignment of municipal requirements with provincial goals for process efficiency and clarity.

Introduction

1. Within the province, what best practices and case studies offer lessons for the successful application of offsite levies? Are these lessons scalable across the province?

Levied Costs

The Offsite Levies Regulation states that “(4) A municipality must not compel an applicant for a development permit or subdivision approval to fund the cost of the construction of infrastructure, transportation infrastructure or facilities to be funded by an off-site levy beyond the applicant’s proportional benefit.”

Under the City Charters, the council for the city may, by bylaw, define the infrastructure for which an off-site levy will be imposed. The levy payment must be fairly determined and reasonably proportionate to the degree of benefits from the construction of infrastructure, transportation infrastructure, or facilities.

1. Do current definitions within the legislation adequately define what constitutes leviable infrastructure, transportation infrastructure, or facilities? If not, what ambiguities exist?
 - a. Should legislation differentiate between the core function of infrastructure, transportation infrastructure, and facilities; and auxiliary considerations such as design, façade, and enhanced architecture?
 - i. What would be defined as enhanced architecture? What do municipalities consider when levying for these charges?
 - ii. Do municipalities consider public art in offsite levies? If yes, what types of public art would typically be considered in-scope for OSLs (i.e., incorporation into facility design/architecture, standalone projects like statues or monuments, art within a facility, etc.)?
 - iii. How are factors such as rolling stock, equipment, furnishings, books, or other operational elements considered when calculating OSLs?
 - iv. Are commercial spaces within public infrastructure included in OSLs? If yes, what do municipalities consider when levying for these charges?
2. Would clearer provincial guidance on eligible and ineligible costs help provide greater consistency to plan and finance core infrastructure?

Calculating Benefitting Areas and Degree of Benefit

Under the MGA, Section 648.2(1)-(2), as amended by the *Municipal Affairs Statute Amendment Act (MASAA)*, 2025, municipalities are permitted to determine the methodology for calculating off-site levies. The methodology must:

- Take into account criteria such as area, density, or intensity of use.
- Recognize variation among infrastructure, facility, and transportation types.
- Be consistent across the municipality for each infrastructure type.
- Be clear and reasonable.

Additionally, municipalities are required to publicly disclose (MGA, Section 648.2(6)):

- The information, data, and assumptions used in the levy calculation.
- The calculations performed to determine the levy amount.
- Any other information necessary to replicate the calculation.

Some developers expressed concerns that municipalities may be applying these calculations too broadly or inconsistently. They called for more prescriptive provincial guidelines on how benefitting areas and degrees of benefit should be calculated, citing a need for increased transparency, fairness, and consistency.

In the City Charters, consultation is required for OSLs. Consultation must be undertaken in good faith when determining the methodology and calculation on which to base an OSL.

1. How do municipalities and developers consult on off-site levies? Are there ways to improve this collaboration?
2. How do municipalities currently define benefit areas when calculating the degree of benefit to developments? Are there best practices that could be shared across the province?
3. How are contingency costs established? What level of contingency costs are typically included in OSL calculations (per cent)? What happens when contingency costs are unexpended?
4. How are alternate funding and revenue sources for developments considered when calculating offsite levies (i.e., provincial or federal grant funding for infrastructure)?
5. Are there any additional mechanisms that could be put in place to ensure transparency and accountability for the calculation, collection, and use of off-site levies (i.e., auditing, public reporting, etc.)?
6. Are there ways to verify the off-site chargers ended up being directly proportional to the actual impact of new developments on infrastructure needs?
7. How do municipalities consider cost-effectiveness when determining OSLs?
8. How is existing infrastructure considered in calculating OSLs (i.e., maintenance, improvements, replacement, and optimizing existing)?

The above questions are merely designed to guide the conversation. Other questions will arise as the discussions progress and will be welcomed.

Please send any written feedback to ma.engagement@gov.ab.ca.