## **Conversion Impact on Assessment and Taxation**

The following numbers are based on high-level estimates of assessed values for a potential candidate for office-to-residential conversion downtown.

This demonstrates that converting an older office building to residential would result in an increase in assessed value. However, the change from residential to non-residential tax rates means that municipal property taxes would increase only modestly, or could decrease.

Actual figures would vary depending on a number of factors, including the initial assessment of the office building, unit configurations, level of finishes, etc.

## Change in Assessment and Taxation for a Representative Building

Current square feet of office space: 121,000

## Incentive amount<sup>1</sup>: @\$50/square foot: \$6,050,000 (IRR -8%, Payback 63yrs) @\$75/square foot: \$9,075,000 (IRR -10%, Payback 94yrs) @\$100/square foot: \$12,100,000 (IRR -12%, Payback 125yrs)

(Assumptions: 25 year IRR shown (2025-2049), municipal tax uplift calculated above the potentially reduced assessment below)

2023 Current Building	Potential 35% decline	Projected Post Conversion
Assessment as an office building: \$10,027,000	Assessment as an office building: \$6,500,000 (estimated)	Assessment as a rental building: \$32,663,000 (projected)
Municipal Taxes: \$209,154	Municipal Taxes <sup>2</sup> : \$135,584	Municipal Taxes <sup>3</sup> : \$232,441

## Post Conversion municipal tax uplift:

\$23,287 above 2023 taxes \$96,857 above a potentially reduced assessment

<sup>&</sup>lt;sup>1</sup> Assumes grant is paid on per square foot of office space converted.

<sup>&</sup>lt;sup>2</sup> Assumes 2023 tax rates.

<sup>&</sup>lt;sup>3</sup> Assumes 11.7% reduction in rental residential mill rates to account for elimination of the other residential tax rate