



# Office to Multifamily Conversion

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WHY THE CITY OF EDMONTON SHOULD  
OFFER A PSF CONVERSION INCENTIVE

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# Alignment with COE Objectives

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The City of Edmonton has very clearly stated that one of its primary objectives is to **“promote vibrancy in our downtown.”** This objective is stated in the Capital City Downtown Plan, the Downtown Vibrancy Strategy, and the City Plan.

Three ways to promote vibrancy in DT:

- Increase people living in downtown
- Increase people working in downtown
- Increase people visiting downtown

Office to Multifamily conversion will accomplish all three of these goals.

# New Downtown Residents

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Most Office to Multifamily conversion candidate buildings are between 100,000 sf and 200,000 sf

- 150,000 sf (avg.) building conversion will add approximately 207 residents

<b>PSF Incentive</b>	<b>Conversions</b>	<b>SF Converted</b>	<b>Total Outlay</b>	<b>% of Budget</b>	<b>New Residents</b>
\$50	5	750,000	\$37,500,000	1.1%	1,035
\$75	10	1,500,000	\$112,500,000	3.2%	2,070
\$100	15	2,250,000	\$225,000,000	6.4%	3,105

# Property Tax Revenue Increase

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Council report alludes to office buildings in surrounding areas having an increased assessment valuations due to decreased office vacancy in downtown, but it does not go deep enough into the additional tax benefits to the city:

- Office vacancy decreasing will increase all office asset tax assessments as a significant factor in assessing values is comparable property assessments
- The added occupancy will increase traffic to retail outlets in downtown buildings. As retailers experience increased traffic, revenues, and profits, tax base will increase further
- The added occupancy and vibrancy will encourage further conversions and new development, which in turn will add to the tax base

# Ancillary Benefits to the City

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1) Affordability – increased supply of units in downtown will increase affordability

2) Safety and Security – additional residents in downtown core will increase safety and security

3) City Budget – building housing up, as opposed to out, will slow urban sprawl and provide relief to the city budget

# Conversions without a Grant

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We have analyzed several office buildings currently on the market and none are viable without a conversion grant due to:

- increase in construction costs
- higher interest rates
- reluctance of banks to finance office towers (even for conversion)

Any potential grant needs to be a PSF grant, not a tax lift abatement – this will not make conversion projects viable.

# Summary

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## **PSF Office to Multifamily Conversion Incentive**

- Perfect alignment with repeatedly stated City of Edmonton objectives
- New residents to downtown core (\$75 psf = 2,000 new residents)
- Increase in Property Tax revenues for the long term
- Ancillary benefits of affordability, safety and security, and city budget relief
- **Conversions WILL NOT happen without a City of Edmonton conversion grant (psf)**