Attachment 2

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[1]: @$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[2]: $135,584	Municipal Taxes[3]: $232,441

Post Conversion municipal tax uplift:

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

[1] Assumes grant is paid on per square foot of office space converted.
[2] Assumes 2023 tax rates.
[3] Assumes 11.7% reduction in rental residential mill rates to account for elimination of the other residential tax rate