Cost-Benefit Analysis, Fundraising, and Fund Utilization for the Options and Alternatives of the "National Property Administration Office Buildings Acquisition Project"

I. Cost-Benefit Analysis of Options and Alternatives

This project concerns the onsite (i.e., Ren'ai Section Site) reconstruction of the office building owned by the National Property Administration (hereinafter referred to as the "NPA"), Ministry of Finance. The public-private partnership model as used in the "Ministry of Finance Training Institute and Peripheral National Land Co-Development Project" (hereinafter referred to as the "TI Development Project") is applied to the project. The contractor will build two government office buildings on the Ren'ai section site and apply for the floor area ratio bonus in accordance with the "Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings" (hereinafter referred to as the "Statute for Unsafe and Old Buildings"). The NPA will establish superficies on two sites; Jinhua section and Zhongshan section, for the contractor to build and operate its own buildings.

(I)Analysis of projected benefits:

- 1. Quantifiable benefits
 - (1) After project completion, two government buildings valued NT\$1.138 billion are estimated to be acquired with a total floor area of 9,298.8 m^2 (excluding common facilities, balconies, and basements).
 - (2) While the superficies of Jinhua section and Zhongshan section are in force, the estimated income from royalties will be NT\$58 million and the income from rent for 70 years will be NT\$695 million.
- 2. Unquantifiable benefits
 - (1) This project concerns the construction of two government office buildings at the original NPA site in Ren'ai section. In addition to improving the urban landscape and environment and boosting regional development, the Project in combination with the superficies created at Jinhua section and Zhongshan section for the private development of the contractor can create job opportunities and promote the balanced development of regional office and business activities in the surroundings.
 - (2) The public-private partnership can enhance the development efficiency and improve the service quality of public construction

projects and reduce the administrative costs and use of resources of the government. In addition, the inclusion of green building and intelligent building designs can make building management more automated and intelligent to extend building life span, conserve energy, save labor, and reduce building operational expenses and improve building access and safety control in the future.

- (3) With respect to building-related regulations and gender equality policy guidelines, accessibility is planned to provide persons with disabilities with a friendly office environment. In consideration of the needs and proportions of different genders, gender-friendly facilities are established for the convenience of employees and to make them feel more comfortable at work, to indirectly reduce the costs for relevant signage and labor, lower the risk of accidents from unfriendly environments, and enhance the user's sense of place identity.
- (II) In consideration of the difficulty in competing for government budget to build (renovate) office buildings, this Project is proposed with the purpose to create resources, cut expenses, and maintain the need of government operations and the benefits of land development. In addition, considering the lead time for administration and the prior example (i.e., the TI Development Project), superficies of parts of national land will be established for the contractor to build and operate its own buildings. Besides helping the NPA to build (renovate) government office buildings, the contractor can generate income for the NPA by paying royalties and land rent in the future, making co-development through the public-private partnership a better option as shown in the integrated feasibility assessment. Furthermore, additional floor area can be acquired in accordance with the Statute for Unsafe and Old Buildings to fulfill the NPA's need for office space. In addition, the remaining space can be used by government entities currently renting offices in commercial buildings to reduce treasury expenses and maximize land use value. If this Project cannot be executed, it will be impossible to draw upon private resources to enhance land use efficiency and provide extra space for use by government entities currently renting offices in commercial buildings, and the projected benefits of the Project cannot be achieved.

II. Fundraising

Based on the scenario of a 40% floor area ratio bonus according to the

Statute for Unsafe and Old Buildings, the total budget is estimated at NT\$1,180,200,744, of which NT\$1,137,195,259 will be offset by the royalties for 2022 to 2024 paid by the contractor for the public-private partnership, and the remaining NT\$43,005,485 (i.e., construction management fees, project management fees, and the expenses for the NPA's relocation to a temporary office) will be supported with other annual financial income.

III. Fund Utilization

Task	Annual Budget Demand and Fund Utilization (FY) (expressed in TWD)			
1 WOIL	2021	2022	2023	2024
I. Investor invitation phase: Including holding investment briefings, tender operations, tender evaluation, and execution of co-development contracts.	-	-	-	-
II. Project management commissioning and office relocation phase: Including selection of project consultants, construction management, and relocation to the temporary offices.	-	10,302,055	16,351,715	16,351,715
III. Building permit application and project construction phase: Including confirmation of basic design, detailed design, project construction, and performance management.	-	185,752,910	371,505,820	371,505,820
IV. Relocation after project completion phase: Including the completion of interior decoration, inspection-acceptance-handover, and relocation from the temporary offices.	-	-	-	208,430,709
Grand Total	0	196,054,965	387,857,535	596,288,244
	1,180,200,744			