

Cost of construction

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Several major AH developers were consulted to confirm that the costs of constructing AH are the same as market housing and reflect the inclusion of durable materials and products in AH developments. The total hard and soft costs for a concrete building in Richmond, excluding land are approximately \$400/ft² or \$4,300/m².

Present Value of 7600 Alderbridge to the City

The present value to the City is negligible for the building and land at 7600 Alderbridge Way, which would be encumbered to provide AH and market rental housing for 60 years. A long term lease is comparable to a sale; therefore, the building and land value is provided up front to the leaseholder rather than to the land owner who is unable to use or otherwise benefit from the land/building. The present day total land value of 7600 Alderbridge Way reflects the housing encumbrances that would be registered on the property (including Low End Market Rental, non-market, and market rental housing) and the lease. Note that this value is assigned to the leaseholder (S.U.C.C.E.S.S.) rather than to the City.

The value to the City is realized only at the termination of the lease. The present day value to the City in this scenario where the City can use the land in 60 years is less than \$2 million. This low value reflects a 2.5% annual decrease in value resulting from the City's inability to use the property for 60 years. The building has no notable associated value in 60 years and as the building ages, its maintenance becomes a liability that may or may not be addressed through the terms of the lease.

Table: Summary of Depreciating Value

Form of tenure	Value
Market residential strata title value of 7600 Alderbridge Way	\$21.2 million
Use of 7600 Alderbridge Way is restricted to rental only	63% less than a market residential strata title property
Rental only property with a 60 year lease	Leaseholder (S.U.C.C.E.S.S.) receives economic benefit
Value to property owner (i.e. value is realized after 60 years)	2.5% discount rate applied over 60 years to a property that is: -encumbered with legal agreements that restrict use to rental only; and -leased for 60 years

