

**For discussion on
28 July 2009**

Legislative Council Panel on Development

Progress Report on Heritage Conservation Initiatives

PURPOSE

This paper updates Members on the progress made on a number of heritage conservation initiatives and invites Members' views on our further work.

IN THE PUBLIC DOMAIN

Revitalising Historic Buildings Through Partnership Scheme ("Revitalisation Scheme")

2. We informed Members of the progress of Batch I of the Revitalisation Scheme in our last progress report to the Panel on Development (vide Legislative Council Paper No. CB(1)1347/08-09(08) dated 28 April 2009). Of the six selected projects under Batch I, the latest position is as follows –

- (a) a commitment of \$66.7 million, in MOD prices, for revitalising the Old Tai O Police Station into a boutique hotel was endorsed by the Public Works Subcommittee (PWSC) on 15 June 2009 and approved by the Finance Committee (FC) on 3 July 2009. Renovation works will shortly commence with completion by mid 2011;
- (b) a commitment of \$8.8 million, in MOD prices, for revitalising the Fong Yuen Study Hall will be sought under delegated authority. Renovation works will commence thereafter and the works are estimated to be completed by early 2011; and
- (c) preparatory work for the remaining projects is under way.

3. We have reviewed the Revitalisation Scheme and shared the experience gained in Batch I with applicants for the Batch I buildings as well as other interested organisations on 5 May 2009. We have also refined the various arrangements in the light of the views expressed.

4. For Batch II of the Scheme, five buildings will be included. They are –

- (a) Old Tai Po Police Station;
- (b) The Blue House Cluster;
- (c) Former Fanling Magistracy;
- (d) Old House at Wong Uk Village; and
- (e) Stone Houses.

5. We would, in particular, like to provide the latest information on the following two projects under Batch II –

The Blue House Cluster (BHC)

6. We are committed to preserving and revitalising the BHC under a “Retention of Both Premises and Tenants (留屋留人)” approach. As this is an urban renewal project requiring acquisition/resumption of private properties (which accounts for 13 of the 23 units in this site), the Hong Kong Housing Society (HKHS) is in the process of acquiring ownership of units and offering rehousing or compensation to those tenants who opt to move out of the BHC. Sitting tenants have been offered a choice to stay behind. The HKHS’s process will last till end July 2009 and thereafter, HKHS will hand over the acquired properties to Government for implementation of the Revitalisation Scheme. Those who opt to stay (i.e. staying tenants) will form an integral part of the social network to be preserved in the revitalisation project.

7. Given the uniqueness of this project, non-profit-making organisations (NPOs) that wish to bid for the revitalisation of the BHC will have to fulfill the following conditions/criteria –

- (a) accommodate the staying tenants;
- (b) bring about improvement to the living conditions, including providing basic sanitary facilities to the staying tenants;
- (c) arrange interim housing within the vicinity of Wan Chai district for the staying residential tenants during renovation of the buildings;
- (d) preserve and strengthen the social network of the staying tenants; and
- (e) landscape, manage, and utilise the existing vacant government land as public open space in accordance with the preservation theme.

8. Given the nature of this project, the Commissioner for Heritage's Office (CHO) of the Development Bureau (DEVB) as well as representatives from other parties (including the HKHS and the Lands Department) have made special efforts to engage the tenants to gauge their aspirations, provide information on the options available to them, and identify features for incorporation into the subsequent invitation for revitalisation proposal documents.

Former Fanling Magistracy (FFM)

9. We have reduced the site boundary for the FFM to exclude part of the adjacent vacant government site which is earmarked for community use by the Leisure and Cultural Services Department. Although the site area of the FFM has been reduced, we believe there could be useful synergy between these two projects in future.

10. We plan to formally launch Batch II for applications in August 2009. As in the case of the previous exercise, we shall arrange open days for the five buildings and a workshop to assist interested organisations in preparing their applications. To address some NPOs' concern about the cost in filing detailed applications, we will streamline the documentation and provide as much conservation and technical information as possible in our documents.

Revitalisation of the Haw Par Mansion (HPM)

11. The plan to designate HPM for commercial uses, including wine-related businesses, was mentioned in the Chief Executive's (CE's) 2008-09 Policy Address. To provide greater diversity to our heritage revitalisation work and given the potential commercial value of HPM, we have decided not to put the Mansion under the Revitalisation Scheme but to invite proposals via a public tender. The basic information of HPM is in Annex A.

12. To assess the project's business viability, we have first to ascertain the capital investment needed to bring this aged building up to present standards. According to a study undertaken by the CHO, a rough estimate of the total capital investment required is in the region of some \$70 million. The actual cost may however vary significantly depending on the type of business to be conducted (e.g. banquet venue, boutique hotel, antiques and art gallery, Chinese wedding centre, wine centre, etc.) and the quality of renovation/decoration required. Of the amount of \$70 million, we further estimate that around \$45 million will be for basic upgrading and renovation works that are required irrespective of the adaptive re-use of the premises. These works include –

- (a) repairs of building and conservation works;
- (b) structural strengthening;
- (c) incoming electricity supply;
- (d) potable and flushing water supplies;
- (e) barrier-free access;
- (f) fire services installations and improvements;
- (g) modification and strengthening of retaining walls within the site boundary; and
- (h) various improvements to the garden platform, etc.

13. Our preliminary assessment indicates that the upfront investment for the

project (which has a total Gross Floor Area of only about 1,600 m² for any business use plus an outdoor garden of about 1,290 m²) would make it unattractive to potential investors/operators, particularly in the current economic climate. Even considering a lease of 10 years, the future business operator will need to recoup around \$0.6 million each month just for his initial capital investment (\$70M divided by 120 months). In addition, the operator will need to shoulder the recurrent maintenance cost of the historic building which is much higher than that of normal commercial premises, and various operating costs. It should be added that as in the case of buildings under the Revitalisation Scheme, we intend to retain ownership of the land and the building. The selected operator will operate from the premises on a tenancy and its performance made subject to a separate service agreement.

14. In light of the above, we have considered various options to take forward the project, subject to availability of resources. One option is for Government to pay for all the renovation and upgrading costs and then lease the premises to the operator. This may result in abortive work as the works put in by Government may not fit the purpose of the adaptive re-use. Also, experience indicates it is far more desirable to identify the future use and the future operator before renovation work commences so that any future operational requirements could be accommodated early in the process. Another option is for Government to agree to shoulder part of the renovation cost to be proposed by the operator on a cost sharing basis. This option would provide no funding commitment certainty to Government and might lead to the operator seeking lavish works. This factor might also make the tender evaluation far more complicated. The third option is for Government to finance what may be regarded as “government works” in the project and entrust the delivery of these works to the selected operator, who will be reimbursed the cost according to a pre-determined schedule of works capped by a ceiling. This approach has been adopted for some public facilities in private developments, such as the provision of public transport interchange on sites for sale to private developers.

15. We are inclined to adopt the third option as mentioned above on the following grounds –

- (a) as mentioned above, amongst the total estimated capital cost of \$70M, around \$45 million pertains to basic upgrading and renovation works required to conserve and upgrade the historic building in order to fit

modern day requirements (e.g. building and safety requirements under the Buildings Ordinance, disabled access, fire protection, etc.) Even if the building was to be used by Government itself, such basic expenses will need to be incurred any way. We hence consider it not unreasonable for Government, as the property owner, to make a contribution towards such cost before leasing the premises to the operator. The future operator will however need to pay for all costs pertaining to making the premises suitable for the specific purpose it has in mind;

- (b) the government-funded upgrading and renovation works could be suitably defined for checking for compliance and reimbursement purposes and the funding commitment would be sought through a normal Public Works Programme item with the necessary checks and balances in place;
- (c) both the government-funded upgrading works and the decoration works by the selected operator would be carried out in a holistic and more efficient manner by the operator ensuring no abortive work; and
- (d) the interested bidders will be given certainty in assessing the business viability of the project before making their investment decision. On the other hand, the successful bidder will have greater flexibility in implementing his concept on how best to revitalise the historic building.

16. Despite the proposed commercial nature, heritage conservation, not revenue generation, will remain the primary objective in the tender evaluation. We will adopt a two-envelope approach in tender assessment and give due consideration to appropriate weightings to be attached to the quality and revenue aspects. For the quality angle, we will assess such issues as how the proposal can reflect the historical significance of the building, the quality of submission from the heritage preservation aspect, the benefits it can bring to the neighbourhood and our community as a whole, etc. As regards the revenue generation angle, we are considering assessing tenderers' proposed fixed rental and/or offers of revenue sharing. Details will be drawn up in due course.

17. Members are welcome to provide their views on our proposal for HPM

and in light of Members' advice, we will draw up details for the tender exercise. Subject to availability of resources, we will also seek the support of the FC/PWSC for the funding and entrustment of the "government works" in due course.

Grading Exercise for 1,444 Historic Buildings

18. As reported in our last progress report to the Panel on Development in April 2009, the Antiquities Advisory Board (AAB) has invited the public to give views on the proposed gradings by the end of July 2009. Information on the 1,444 historic buildings has been uploaded onto the Antiquities and Monuments Office's (AMO)'s website for easy reference of the public. As at 20 July 2009, 15 District Councils (DCs) have been consulted. Arrangements are being made for consulting the remaining DCs and professional institutes by the end of July 2009. To date, the AMO has received about 250 responses, offering verbal or written comments including those on individual buildings covered by the grading exercise. Upon receipt of all information, the AAB will consider the preliminary gradings proposed by the AMO and consult the Expert Panel again, if and where necessary, with a view to making a decision on the final gradings before end of 2009.

Declaration of Monuments

19. In recognition of the heritage value of waterworks facilities built before World War II, a total of 41 pre-war waterworks structures located in six reservoir areas, namely Pok Fu Lam Reservoir, Tai Tam Group of Reservoirs, Wong Nai Chung Reservoir, Kowloon Reservoir, Shing Mun (Jubilee) Reservoir and Aberdeen Reservoir, have been proposed for a Grade 1 status under the above-mentioned exercise. The AMO also considers that these structures have reached the "high threshold" of heritage value of monuments to be put under statutory protection. At its meeting on 21 May 2009, the AAB supported the proposal to declare these 41 historic waterworks structures as six groups of monuments. The Antiquities Authority (i.e. the Secretary for Development) is planning to make the declaration by notice in the Gazette in September 2009 after obtaining the CE's approval. A **waterworks heritage trail** will be established for the declared monuments in the Tai Tam Group of Reservoirs to help the public appreciate the history of water supply in Hong Kong.

IN THE PRIVATE DOMAIN

Financial Assistance for Maintenance Scheme

20. Following the launching of the Financial Assistance for Maintenance Scheme in August 2008 to provide financial assistance to owners of privately-owned graded historic buildings to carry out maintenance works, five applications have been approved as at mid July 2009. They are –

- (a) Lo Pan Temple, Belcher's Street, Kennedy Town (Grade 1);
- (b) Tao Fong Shan Christian Centre, Tao Fung Shan Road, Sha Tin (Grade 2);
- (c) Jamia Mosque, Shelly Street, Sheung Wan (Grade 1);
- (d) No. 3 Bungalow, St. Stephen's College, Stanley (Grade 2); and
- (e) Ancestral Hall of Shan Ha Wai (commonly known as Tsang Tai Uk), Shan Ha Wai Village, Sha Tin (Grade 1).

Four other applications are being processed. The ceiling of each grant has also increased from \$0.6 million to \$1.0 million since 1 April 2009.

Preservation of Jessville

21. Constructed in around 1931, the historic building at 128 Pokfulam Road (commonly known as “Jessville”) is a private residence built in Italian Renaissance architectural style with Art Deco variations. It has been accorded Grade 3 status by the AAB. Following several rounds of discussion between the owners and relevant government departments through co-ordination by the CHO, the owners have proposed to preserve Jessville in a “preservation-cum-development” scheme. The key details of the scheme are as follows:

- (a) residential units will be built on the site;
- (b) the scale of the new development at a plot ratio of 2.1 has excluded

the gross floor area of Jessville, which represents an additional plot ratio of about 0.2. This is within the maximum permitted plot ratio of 3 under the Pokfulam Outline Zoning Plan; and

- (c) the historic building of Jessville will be preserved as a club house for the residents of the private residential units, with a reasonable degree of public access to be provided.

22. Since Jessville will be fully preserved and revitalised with some degree of accessibility for public enjoyment and the owners have reduced the scale of new development from a plot ratio of 3 to 2.1, the CHO considers that the scheme has achieved a proper balance between heritage conservation and respect of private development right. The CHO therefore supports this “preservation-cum-development” proposal.

23. To take the scheme forward, the owners of Jessville submitted an application to the Town Planning Board (TPB) under Section 16 of the Town Planning Ordinance (Cap. 131) for a relaxation of the site coverage restriction. On 5 June 2009, the Metro Planning Committee of the TPB approved the application with certain conditions which the owners have either agreed or should have no difficulty to comply with.

24. As the site is subject to the Pokfulam Moratorium, which imposes administrative restrictions on developments requiring lease modification because of traffic concern, a traffic impact assessment has been commissioned by the owners. The study indicates that the amount of traffic generated from the proposal will be acceptable and this had been submitted and accepted by the Transport Department. At its meeting on 25 June 2009, the CHO informed the Southern DC of the latest development plan for Jessville and the need to uplift the moratorium. The Southern DC noted the arrangement and raised no objection. To take forward the project, the DEVB will in due course seek approval from the CE in Council for the partial uplifting of the Pokfulam Moratorium so that the necessary lease modification for implementing the “preservation-cum-development” proposal may proceed.

PUBLICITY AND PUBLIC EDUCATION

25. The CHO's public engagement and publicity plan for 2009 focuses on youths and students, including the following activities –

- (a) in March 2009, a historic building drawing competition attracted the participation of around 560 children and teenagers, some of them were accompanied by their parents. The winning entries were printed on postcards and distributed to all primary and secondary schools in Hong Kong for a free postage day on 13 June 2009, which coincided with China's Cultural Heritage Day in 2009. Some 40,000 postcards were sent out by youngsters on that day free of postage;
- (b) in April 2009, guided tours to the Central Police Station (CPS) Compound were arranged for a period of four months for schools and NPOs. A total of around 3,500 students have taken part in the programme. In view of the positive response towards the scheme, we plan to extend the tours to other groups (e.g. uniformed groups and other historic buildings); and
- (c) in September 2009, a heritage photographic exhibition will be held jointly by the CHO and the Royal Asiatic Society at the CPS Compound. The exhibition will display around 150 heritage photographs in Wan Chai and Central and Western districts.

26. We continue to keep the public informed of our work through –

- (a) our dedicated heritage website (www.heritage.gov.hk), which has received a total of 475,661 hits as at the end of June 2009 since its launch in January 2008; and
- (b) our bimonthly heritage newsletter “*活化@Heritage*”, which is distributed both electronically and in some 13,000 printed copies per issue.

ADVICE SOUGHT

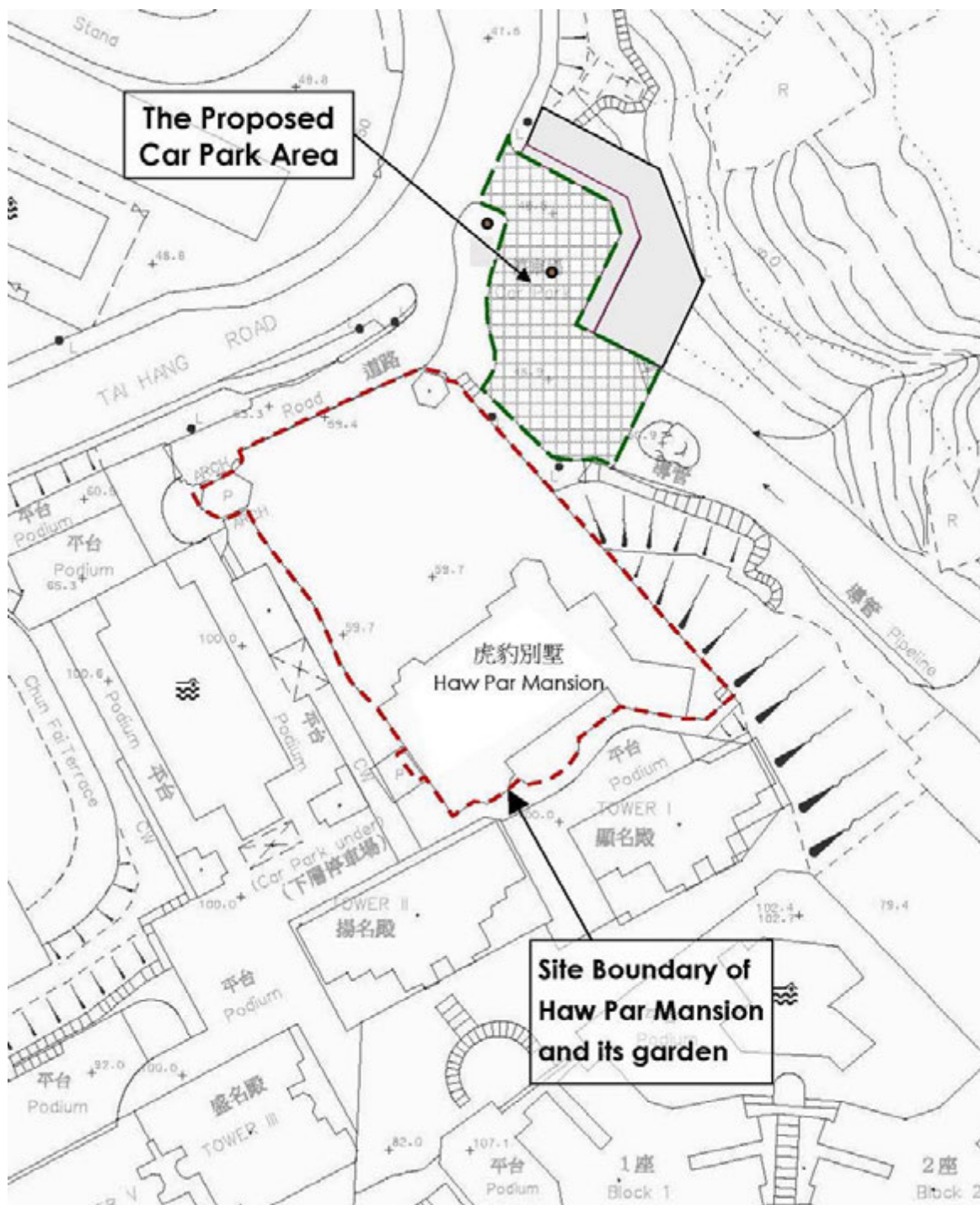
27. Members are invited to note the latest position of the heritage initiatives and provide comments on our further efforts.

Development Bureau
July 2009

Haw Par Mansion (HPM) - Basic Site Information

Address	No. 15A Tai Hang Road, Causeway Bay
Site Area	About 2,030 m ² (About 1,290 m ² therein is the garden's area.)
Gross Floor Area	About 1,600 m ²
No. of Storey	4 (the Lower G/F, G/F, 1/F and Roof); single staircase; and no lift.
Year of Construction	1933 – 1935
Current Management Agent	The Antiquities and Monuments Office (AMO)
Grading of Building	Currently Grade 2 (The AMO has proposed to grade HPM as a Grade 1 building.)
Original Use	Private dwelling-house for the Aw (胡) Family
Present Use	Vacant since 2001
Historical Background	HPM together with its private garden was built by Aw Boon Haw as family mansion. It was restricted to private use, but the Tiger Balm Garden was open to the public for enjoyment. While the Tiger Balm Garden was demolished, HPM together with the private garden was surrendered to Government in 2001.
Architectural Merit	<p>Architecturally, HPM was built in the Chinese Renaissance style with a blend of Western and Chinese construction methods and architectural theory. The plan is, however, more Western being roughly symmetrical with the adoption of porches, bay windows and fireplaces. Internally, there are beautiful painted glass windows from Italy, carvings and mouldings, gilded with gold and murals showing Indian and Burmese influence. Over the years there have not been many changes to the Mansion which retains its authentic appearance as envisaged by Aw Boon Haw.</p> <p>The Mansion is a reinforced concrete construction. Floor plates of G/F and 1/F are around 500 m² each. Penthouse on the roof is around 130 m² and the Lower G/F is around 300 m². There is a private garden in front of the Mansion which could be restored to an attractive ornamental garden. The social value and local interest lie in the Mansion's image of a residence of a rich and powerful merchant family in the 1930s and a focal point of Chinese culture in Hong Kong.</p>
Proposed Car Park Area	A piece of government land, of about 550 m ² , adjacent to HPM may serve as a car park for HPM. The area is currently used as works area for a government drainage project until mid-2012.

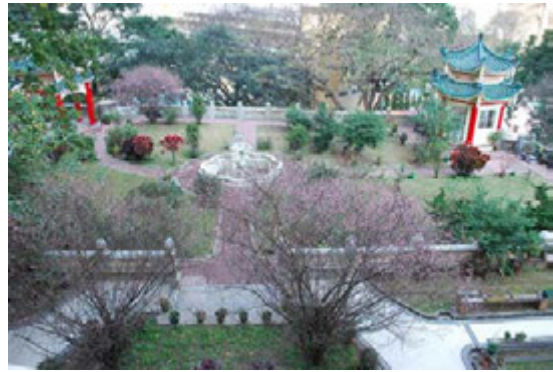
Location Plan



Photos



Front Elevation



Outdoor Garden



A Moulding on Ground Floor



Ceiling Decoration on Ground Floor