

**ITEM FOR PUBLIC WORKS SUBCOMMITTEE  
OF FINANCE COMMITTEE**

**HEAD 708 – CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND  
EQUIPMENT**

**12QW – Revitalisation Scheme – Revitalisation of the Stone Houses into Stone  
Houses Family Garden**

Members are invited to recommend to Finance Committee the upgrading of **12QW**, entitled “Revitalisation Scheme - Revitalisation of the Stone Houses into Stone Houses Family Garden”, to Category A at an estimated cost of \$39.1 million in money-of-the-day prices.

**PROBLEM**

The Stone Houses in Kowloon City would be revitalised into the “Stone Houses Family Garden” with a themed cafeteria-cum-visitor information centre by the selected non-profit-making organisation (NPO), the Wing Kwong So-Care Company Limited (WKSCCL), under the Revitalising Historic Buildings Through Partnership Scheme (the Revitalisation Scheme). As provided for under the Revitalisation Scheme, Government will meet the cost of the revitalisation works via a capital subvention under the Capital Works Reserve Fund.

**/PROPOSAL .....**

**PROPOSAL**

2. The Commissioner for Heritage (C for H), with the support of the Secretary for Development and on the advice of the Director of Architectural Services (D Arch S), proposes to upgrade the remaining part of **12QW** to Category A at an estimated cost of \$39.1 million in money-of-the-day (MOD) prices for the selected NPO to carry out the revitalisation works for the project.

**PROJECT SCOPE AND NATURE**

3. The scope of works under **12QW** proposed to be upgraded to Category A in this submission comprises the restoration and revitalisation of the Stone Houses and the construction of two new buildings for accommodating the following facilities –

- (a) a cafeteria with kitchen;
- (b) a visitor information centre;
- (c) an interpretation centre;
- (d) a landscaped open space with a labyrinth;
- (e) a multi-purpose room; and
- (f) other ancillary facilities, for example, toilets, vertical lifting platform, store rooms, plant rooms, etc.

The facilities in (a) to (c) above will be accommodated in the Stone Houses, while those in (e) and (f) above will be accommodated in the two new buildings.

4. The site plan is at Enclosure 1. Photo of the existing Stone Houses is at Enclosure 2. Artist's impressions of the proposed Stone Houses Family Garden are at Enclosures 3 to 4. The floor plans are at Enclosures 5 to 6 and the elevations of the buildings are at Enclosures 7 to 8. Subject to funding approval of the Finance Committee (FC), WKSCCL plans to commence construction works in March 2012 for completion by December 2013. The Stone Houses Family Garden is expected to commence operation in the first quarter of 2014.

**/JUSTIFICATION .....**

## JUSTIFICATION

### Policy Objective of Adaptive Re-Use of Historic Buildings

5. In August 2009, we invited NPOs with charitable status under section 88 of the Inland Revenue Ordinance (Cap.112) to apply for adaptive re-use of selected government-owned historic buildings in the form of social enterprise (SE) under the Revitalisation Scheme. The Scheme aims to achieve the dual objectives of preserving historic buildings and making the buildings available for public use. The selection of NPO for each project followed a vigorous and competitive process and was carried out upon the advice of the Advisory Committee on Revitalisation of Historic Buildings comprising experts from various fields.

6. Under the Revitalisation Scheme, the selected NPOs would become Government's "agents of heritage conservation" as they would not hold title to the land/buildings, and their SEs would operate in the government-owned historic buildings on a tenancy basis. Moreover, the performance of the SEs would be closely monitored through the terms of the tenancy agreement to ensure that the level of service and the provision of public access stated in their proposals were fully complied with. For the Stone Houses in Kowloon City, the WKSCCL was selected to undertake the preservation and revitalisation works to adapt the Stone Houses into the Stone Houses Family Garden.

### Preservation of Building with Historic and Architectural Value

7. The Stone Houses at 31-35 Hau Wong Temple New Village, Kowloon City were possibly built in the early 1940s. Around 1880s to 1890s, the Ho Family built a splendid two-storey building in semi-European style with an orchard and gardens on the site named "Ho Ka Yuen" (何家園). When the Japanese invaded Hong Kong in 1941, the Japanese army demolished the ruins of Ho Ka Yuen House and on its foundation built a cluster of two-storey Chinese style cottages, including the existing Stone Houses, under the name of "Hau Wong San Tsuen" (侯王新村). Hau Wong San Tsuen was subsequently renamed as Hau Wong Temple New Village. After World War II, the cottages were occupied by newcomers fleeing the civil war in the Mainland. Several film studios operated in the village after 1950s. In the 1970s to 1990s, some of the existing Stone Houses were used as industrial workshops. Owing to urban development in Kowloon City, Hau Wong Temple New Village was cleared in 2001 and the Stone Houses have been left vacant since then. The condition of the buildings has been deteriorating and the buildings require maintenance from time to time.

8. The Stone Houses comprise a row of five traditional Chinese vernacular houses, constructed of granite blocks with walls supporting pitched roofs of timber rafters, purlins and clay tiles. They help show how the Japanese coped with resettlement in Hong Kong and are thus historically significant. The changes in the use of the houses also illustrate the transformations of village life in Kowloon. In recognition of its historical value, the Antiquities and Advisory Board (AAB) accorded Grade 3 status to the Stone Houses in May 2010.

### Benefits of the Project

9. The revitalisation project will generate the following benefits –
- (a) part of the Stone Houses will be converted into a board game cafeteria with a nostalgic theme. It will be operated as a SE to provide full-time and part-time jobs and training opportunities for youths and the under-privileged;
  - (b) another part of the Stone Houses will be converted into an interpretation centre and a visitor information centre to display the history of the district and the Stone Houses. Part of the Stone Houses will be restored to their original conditions and furnished as in the early days to form part of the interpretation centre. Free guided tours will be organised; and
  - (c) focusing on the theme of “family”, WKSCCL aims to turn the site into a youth hub by offering ancillary services such as board games training, Neuro Linguistic Programming courses<sup>1</sup>, learning tours and Other Learning Experience<sup>2</sup> activities. The landscaped open space with a labyrinth will be open to the public and occasionally be used as an open theatre for performances. The labyrinth with floor pattern developed from old photographs of the district will provide a place of meditation for the public.

**/FINANCIAL .....**

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<sup>1</sup> Neuro Linguistic Programming (NLP) courses aims at helping the youth in developing positive attitude towards life, improving interpersonal relationship, handling pressures, etc..

<sup>2</sup> Other Learning Experience (OLE) activities refer to activities relating to one of the components of the New Senior Secondary (NSS) curriculum. These activities include courses or activities on the topics of Moral and Civic Education, Community Service, Career-related Experiences, Aesthetic Development or Physical Development.

**FINANCIAL IMPLICATIONS**

10. We estimate the capital cost of the project to be \$39.1 million in MOD prices (please see paragraph 13 below), broken down as follows –

	<b>\$ million</b>	
(a) Demolition and site clearance	1.7	
(b) Foundation	1.4	
(c) Building	9.0	
(d) Building services	4.5	
(e) Drainage	1.0	
(f) External works and landscaping	6.3	
(g) Additional energy conservation measures	0.5	
(h) Furniture and equipment <sup>3</sup>	2.8	
(i) Consultants' fees for tender assessment, contract administration and management of resident site staff (RSS)	2.5	
(j) Remuneration of RSS	1.4	
(k) Contingencies	3.1	
	34.2	(in September 2011 prices)
(l) Provision for price adjustment	4.9	
	39.1	(in MOD prices)

/WKSCCL .....

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<sup>3</sup> Based on an indicative list of furniture and equipment.

WKSCCL will engage consultants to undertake tender assessment, contract administration and site supervision of the project. A detailed breakdown of the estimates of consultants' fees and resident site staff costs in man-months is at Enclosure 9.

11. Pre-construction consultancies and detailed design for the project are well underway. Subject to the finalisation of the detailed design and FC's approval for the project, WKSCCL intends to issue tender for the construction works in the first quarter of 2012.

12. The total construction floor area (CFA) of **12QW** is 635 m<sup>2</sup>. The estimated construction unit cost, represented by the building and building services costs, is \$21,260 per m<sup>2</sup> of CFA in September 2011 prices. We consider the unit cost reasonable as the works involve the preservation and adaptive reuse of a historic building which was built in the mid-20th century and is now in a dilapidated condition. The estimated cost reflects the cost of works necessary for revitalising this historic building into the Stone Houses Family Garden with a themed cafeteria-cum-visitor information centre. The works would also allow the building to comply with modern-day requirements under the Buildings Ordinance (Cap. 123) and heritage conservation requirements of the Antiquities and Monuments Office (AMO). We have made allowance in the estimated cost for construction difficulties anticipated for this site.

13. Subject to approval, we will phase expenditure as follows –

Year	\$ million (Sept 2011)	Price adjustment factor	\$ million (MOD)
2012 – 13	3.0	1.05375	3.2
2013 – 14	16.0	1.11171	17.8
2014 – 15	12.0	1.17285	14.1
2015 – 16	3.2	1.23736	4.0
	<hr/> 34.2 <hr/>		<hr/> 39.1 <hr/>

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14. We have derived the MOD estimate on the basis of Government's latest set of assumptions on the trend rate of change in the prices of the public sector building and construction output for the period from 2012 to 2016. WKSCCL will award the contract on a lump-sum basis because the scope can be clearly defined in advance. We will allow for price adjustments in the contract.

15. WKSCCL is responsible for the future maintenance of the historic building and all the facilities within the site at their own cost during the tenancy period of six years. The maintenance of the structural repairs of the historic building will be borne by Government. We estimate that the annual recurrent expenditure for the structural repair works to be borne by the Government upon completion of the project will be \$41,000.

## **PUBLIC CONSULTATION**

16. We and WKSCCL briefed the Kowloon City District Council on the project on 21 January 2011 and Members were supportive of the proposal.

17. WKSCCL consulted the AAB on its Heritage Impact Assessment (HIA) for the revitalisation project on 15 June 2011 and received its support.

18. We consulted the Legislative Council (LegCo) Panel on Development on 16 July 2011 and Members generally supported the project.

## **ENVIRONMENTAL IMPLICATIONS**

19. The project is not a designated project under the Environmental Impact Assessment Ordinance (Cap. 499). It will not cause any long-term adverse environmental impact. WKSCCL has included about \$0.5 million in the project estimates to implement suitable mitigation measures to control short-term environmental impacts.

20. During construction, WKSCCL will control noise, dust and site run-off nuisances to within established standards and guidelines through the implementation of mitigation measures in the relevant contract. These include the use of silencers, mufflers, acoustic lining or shields for noisy construction activities, frequent cleaning and watering of the site, and the provision of wheel-washing facilities.

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21. At the planning and design stages, WKSCCL has considered measures to reduce the generation of construction waste where possible. These measures include the use of metal site hoardings and signboards, and retention of the existing structures and materials. In addition, WKSCCL will require the contractor to reuse inert construction waste (e.g. excavated soil) on site or in other suitable construction sites as far as possible, in order to minimise the disposal of inert construction waste at public fill reception facilities<sup>4</sup>. WKSCCL will require the contractor to maximise the use of recycled or recyclable inert construction waste, and the use of non-timber formwork to further reduce the generation of construction waste.

22. At the construction stage, WKSCCL will also require the contractor to submit for approval a plan setting out the waste management measures, which will include appropriate mitigation means to avoid, reduce, reuse and recycle inert construction waste. WKSCCL will ensure that the day-to-day operations on site comply with the approved plan. WKSCCL will require the contractor to separate the inert portion from non-inert construction waste on site for disposal at appropriate facilities. WKSCCL will control the disposal of inert construction waste and non-inert construction waste at public fill reception facilities and landfills respectively through a trip-ticket system.

23. WKSCCL estimates that the project will generate in total about 560 tonnes of construction waste. Of these, WKSCCL will reuse about 34 tonnes (6%) of inert construction waste on site and deliver 420 tonnes (75%) of inert construction waste to public fill reception facilities for subsequent reuse. WKSCCL will dispose of the remaining 106 tonnes (19%) of non-inert construction waste at landfills. The total cost for accommodating construction waste at public fill reception facilities and landfill sites for this project is estimated to be \$24,590 (based on an unit cost of \$27 per tonne for disposal at public fill reception facilities and \$125 per tonne<sup>5</sup> at landfills).

**/ENERGY .....**

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<sup>4</sup> Public fill reception facilities are specified in Schedule 4 of the Waste Disposal (Charges for Disposal of Construction Waste) Regulation. Disposal of inert construction waste in public fill reception facilities requires a licence issued by the Director of Civil Engineering and Development.

<sup>5</sup> This estimate has taken into account the cost for developing, operating and restoring the landfills after they are filled and the aftercare required. It does not include the land opportunity cost for existing landfill sites (which is estimated at \$90 per m<sup>3</sup>), nor the cost to provide new landfills (which is likely to be more expensive) when the existing ones are filled.



**ENERGY CONSERVATION MEASURES**

24. This project has adopted various forms of energy efficient features, including –

- (a) T5 energy efficient fluorescent tubes with electronic ballast and lighting control by occupancy sensors;
- (b) light emitting diode (LED) lighting and exit signs; and
- (c) automatic on/off switching of lighting for the vertical lifting platform.

25. For renewable energy technologies, WKSCCL will install solar park lighting in the landscaped area.

26. For greening features, WKSCCL will provide landscape in the open area and part of the roofs for environmental and amenity benefits. The external walls of the new buildings will also be partially screened by vertical greening.

27. The total estimated additional cost for adoption of the above features is around \$0.5 million (including \$0.1 million for energy efficient features), which has been included in the cost estimate for this project. The energy efficient features will achieve 7% energy savings in the annual energy consumption with a payback period of about 6.7 years.

**HERITAGE IMPLICATIONS**

28. As required under prevailing requirements, this project is subject to an HIA. The HIA report in the form of a Conservation Management Plan was considered by the AMO of the Leisure and Cultural Services Department, which had no objection to the report. WKSCCL also consulted the AAB on the HIA report for this project at its meeting on 15 June 2011 and received its support. WKSCCL will ensure that the construction works, future maintenance and interpretation of the site history to be carried out will comply with the mitigation measures, recommendations and requirements stipulated in the HIA report. In case of any amendment to the scheme or the detailed design, WKSCCL will further consult the AMO and the AAB as necessary to formulate additional mitigation measures to ensure that any possible impact on the heritage site is acceptable from the conservation perspective.

**/LAND .....**

**LAND ACQUISITION**

29. The project does not require any land acquisition.

**BACKGROUND INFORMATION**

30. We upgraded **12QW** to Category B in November 2010. Part of **12QW** was upgraded to Category A as **15QW** in February 2011 under delegated authority at an estimated cost of \$2.6 million in MOD prices for WKSCCL to carry out the pre-construction consultancies (which included architectural, heritage conservation, town planning, structural and geotechnical engineering, building services, landscape architectural and quantity surveying services and preparation of tender documentation) and minor investigation works for **12QW**.

31. Details of the Revitalisation Scheme were set out in LegCo Paper No. CB(2)637/07-08(03), which was discussed by the LegCo Panel on Home Affairs on 2 January 2008.

32. Of the 36 trees within the project boundary, 21 trees will be preserved. The proposed project will involve removal of 15 trees, including 9 trees to be felled and 6 trees to be replanted within the project site. All trees to be felled are not important trees<sup>6</sup> and they are either causing structural problem to the historic Stone Houses or in poor and dying condition. WKSCCL will incorporate planting proposals as part of the project, including the planting of about 15 trees and 1 500 shrubs.

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<sup>6</sup> An “important tree” refers to trees in the Register of Old and Valuable Trees, or any other trees that meet one or more of the following criteria –

- (a) trees of 100 years old or above;
- (b) trees of cultural, historical or memorable significance e.g. Fung Shui tree, tree as landmark of monastery or heritage monument, and trees in memory of an important person or event;
- (c) trees of precious or rare species;
- (d) trees of outstanding form (taking account of overall tree sizes, shape and any special features) e.g. trees with curtain like aerial roots, trees growing in unusual habitat; or
- (e) trees with trunk diameter equal or exceeding 1.0 metre (m) (measured at 1.3 m above ground level), or with height/canopy spread equal or exceeding 25 m.

33. We estimate that the proposed works will create about 42 jobs (comprising 6 professional/technical staff and 36 labourers), providing a total employment of 570 man-months.

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Development Bureau  
December 2011

**Enclosure 9 to PWSC(2011-12)41**

**12QW – Revitalisation Scheme - Revitalisation of the Stone Houses into Stone Houses Family Garden**

**Breakdown of estimates for consultants’ fees and resident site staff costs  
(in September 2011 prices)**

		Estimated man-months	Average MPS* Salary Point	Multiplier (Note 1)	Estimated Fees (\$ million)
(a) Consultants’ fees for tender assessment, contract administration and management of resident site staff (RSS) <small>(Note 2)</small>	Professional	-	-	-	2.0
	Technical	-	-	-	0.5
	Sub-total				2.5
(b) Remuneration of RSS <small>(Note 3)</small>	Technical	40	14	1.6	1.4
	Sub-total				1.4
<b>Total</b>					3.9

\* MPS = Master Pay Scale

**Notes**

1. A multiplier of 1.6 is applied to the average MPS salary point to estimate the cost of resident site staff supplied by the consultants. (As at now, MPS salary point 14 = \$21,175 per month.)
2. The consultants’ fees for tender assessment and contract administration is calculated in accordance with the existing consultancy agreements of **15QW**. The construction phase of the assignment will only be executed subject to FC’s approval to upgrade **12QW** to Category A.
3. The figures given above are based on estimates prepared by WKSCCL and agreed by the C for H. D Arch S has examined the figures and considered them acceptable. For resident site staff costs, WKSCCL will only know the actual costs after completion of the construction works.