

ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 708 – CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

16QW – Revitalisation Scheme – Revitalisation of the Blue House Cluster into Viva Blue House

Members are invited to recommend to the Finance Committee the upgrading of the remaining part of **16QW**, entitled “Revitalisation Scheme – Revitalisation of the Blue House Cluster into Viva Blue House”, to Category A at an estimated cost of \$75.4 million in money-of-the-day prices.

PROBLEM

The Blue House Cluster in Wan Chai would be revitalised into a multi-functional complex called “Viva Blue House” by the selected non-profit-making organisation (NPO), St. James’ Settlement (SJS), 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 **16QW** to Category A at an estimated cost of \$75.4 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 **16QW** proposed to be upgraded to Category A in this submission comprises the restoration and revitalisation of the Blue House Cluster for accommodating the following facilities –

- (a) 20 residential units;
- (b) two shops;
- (c) two restaurants;
- (d) exhibition areas;
- (e) recreation areas;
- (f) office areas;
- (g) a public open space of no less than 220 square metres in area;
- (h) a link bridge with two new external staircases to connect the three separate building blocks; and
- (i) other ancillary facilities, for example, toilets, lift, storage areas and plant rooms, etc.

4. The site plan is at Enclosure 1. Photos of the existing Blue House Cluster are at Enclosure 2. Artist's impressions of the proposed Viva Blue House are at Enclosures 3 to 4. The floor plans are at Enclosures 5 to 8 and the elevations of the buildings are at Enclosure 9. Subject to funding approval by the Finance Committee (FC), SJS plans to commence construction works in June 2012 for completion by September 2014. Viva Blue House is expected to commence operation in the fourth 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 which comprises 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 Blue House Cluster in Wan Chai, the SJS was selected to undertake the preservation and revitalisation works to adapt the Blue House Cluster into Viva Blue House, with a capital grant proposed in this submission. During the six-year tenancy period, SJS is required under the tenancy agreement to fund the operating cost of Viva Blue House with the revenue generated from the services to be provided at the premises and a government grant¹, if needed. Any operating surplus is required to be ploughed back to support the operation of Viva Blue House.

Preservation of Building with Historic and Architectural Value

7. The Blue House Cluster comprises three tenement houses of three to four storeys, namely 72-74A Stone Nullah Lane (Blue House), 2-8 Hing Wan Street (Yellow House) and 8 King Sing Street (Orange House), and an open space. The buildings were built between 1920s and 1950s. Over the years, the Blue House Cluster had housed "Wah To Temple", a martial arts school and an English school. It now accommodates an osteopathy clinic and eight residential units. The open space situated next to the buildings was originally occupied by three shop houses built in the early 1930s. Following the demolition of these shop houses, the open space has been left vacant. The condition of the buildings has been deteriorating and the buildings require maintenance from time to time.

/8.

1 One-off grant to meet the starting costs and operating deficits (if any) of an SE for a maximum of the first two years of operation.

8. The Blue House Cluster shows the typical configuration of tenement houses in Hong Kong in the early 20th century, i.e. with shops on the ground floor and residential quarters on the upper floors. In recognition of the historical and architectural value of the Blue House Cluster, the Antiquities and Advisory Board (AAB) accorded Grade one status to Blue House in December 2000 and Grade three status to Yellow House in January 2010.

Benefits of the Project

9. The revitalisation project will generate the following benefits –

- (a) Viva Blue House will operate as a multi-functional complex, providing residential accommodation, catering services, cultural and educational programmes² as well as heritage tours. These activities will promote a sense of neighbourhood and “Wan Chai culture”³ experience to the local community. The Blue House Cluster will become a unique cultural landmark in Wan Chai for both locals and tourists;
- (b) we expect that Viva Blue House will attract more visitors to the area and bring vitality to the local economy. To enable the public to appreciate this cluster of historic buildings, arrangements⁴ will be made to facilitate public access to the exhibition areas⁵, shops, restaurants, recreation areas and the public open space free-of-charge; and

/(c)

2 Cultural and educational programmes include art, traditional craft and culinary workshops, film appreciation, art fair, etc..

3 “Wan Chai culture” refers to the richness, diversity and multi-cultural nature of Wan Chai community, where East meets West, and old mixes with new.

4 The arrangements include daily opening of facilities with inhabitants trained as docents of guided tours to share community stories.

5 The exhibition areas will display old furniture, fitting, pictures with display panels showing the history and stories of Wan Chai and the Blue House Cluster.

- (c) the existing eight tenants (including seven households and one shop) who have opted to stay in the complex after the revitalisation works will be accommodated with upgraded conditions at the same rentals as before. During the construction works, these tenants will be taken care of by SJS through decanting within the cluster. The remaining residential units will be leased to eligible new tenants who meet the specified tenant selection criteria⁶. Representatives from the Wan Chai District Council and local organisations will be invited to be members of a selection committee, which will be set up to identify suitable applicants as new tenants. The rental payable by these new tenants will be determined by making reference to the market rate. The existing tenants will enjoy their original neighbourhood network, while new tenants will bring vibrancy to the complex.

FINANCIAL IMPLICATIONS

10. We estimate the capital cost of the project to be \$75.4 million in MOD prices (please see paragraph 13 below), broken down as follows –

	\$ million
(a) Demolition and site clearance	2.4
(b) Foundation	3.2
(c) Building	31.0
(d) Building services	11.0
(e) Drainage	0.6
(f) External works and landscaping	1.6
(g) Additional energy conservation measures	0.3
(h) Furniture and equipment ⁷	3.1

/(i)

⁶ Such criteria include applicant's experience in community participation, capability of participating in the project and housing needs.

⁷ Based on an indicative list of furniture and equipment.

		\$ million	
(i)	Consultants' fees for tender assessment, contract administration and management of resident site staff (RSS)	2.6	
(j)	Remuneration of RSS	2.2	
(k)	Contingencies	5.8	
	Sub-total	63.8	(in September 2011 prices)
(l)	Provision for price adjustment	11.6	
	Total	75.4	(in MOD prices)

SJS will engage consultants to undertake tender assessment, contract administration, management of RSS and site supervision of the project. A detailed breakdown of the estimates of consultants' fees and RSS costs by man-months is at Enclosure 10.

11. Pre-construction consultancies and detailed design for the project are well underway. Subject to the finalisation of the detailed design and FC's funding approval for the project, SJS intends to invite bids for the construction works in the second quarter of 2012.

12. The total construction floor area (CFA) of **16QW** is 2 369 m². The estimated construction unit cost, represented by the building and building services costs, is about \$17,729 per m² of CFA in September 2011 prices. We consider the unit cost reasonable as the works involve the preservation and adaptive reuse of historic buildings which were built in the early-20th century and are now in a dilapidated condition. The estimated cost reflects the cost of works necessary for revitalising these historic buildings into the Viva Blue House as a multi-functional complex. The works would also allow the buildings to comply with modern-day requirements under the Buildings Ordinance (Cap. 123) and heritage conservation requirements of the Antiquities and Monuments Office (AMO), and has made allowance for construction difficulties anticipated for this site.

/13.

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

Year	\$ million (Sept 2011)	Price adjustment factor	\$ million (MOD)
2012 – 13	2.8	1.05375	3.0
2013 – 14	14.3	1.11171	15.9
2014 – 15	25.6	1.17285	30.0
2015 – 16	14.5	1.23736	17.9
2016 – 17	6.6	1.30541	8.6
	<hr/> 63.8 <hr/>		<hr/> 75.4 <hr/>

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 2017. SJS 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. SJS 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 \$56,000 for the tenancy of six years.

PUBLIC CONSULTATION

16. We and SJS briefed the Wan Chai District Council on the project on 16 November 2010 and Members were supportive of the proposal.

17. SJS consulted the AAB on the Heritage Impact Assessment (HIA) for the revitalisation project on 23 November 2011 and received its support.

/18.

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. SJS has included about \$1 million in the project estimate as the cost to implement suitable mitigation measures to control short-term environmental impacts.

20. During construction, SJS 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.

21. At the planning and design stages, SJS 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, SJS 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 facilities⁸. SJS will encourage 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, SJS 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. SJS will ensure that the day-to-day operations on site comply with the approved plan. SJS will require the contractor to separate the inert portion from non-inert construction waste on site for disposal at appropriate facilities. SJS 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.

⁸ 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.

23. SJS estimates that the project will generate in total about 2 500 tonnes of construction waste. Of these, SJS will reuse about 100 tonnes (4%) of inert construction waste on site and deliver 2 000 tonnes (80%) of inert construction waste to public fill reception facilities for subsequent reuse. SJS will dispose of the remaining 400 tonnes (16%) 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 \$104,000 (based on a unit cost of \$27 per tonne for disposal at public fill reception facilities and \$125 per tonne⁹ at landfills).

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/ daylight sensors;
- (b) light emitting diode (LED) lighting and exit signs; and
- (c) automatic on/off switching of lighting and ventilation fan for the lift.

25. For renewable energy technologies, SJS will install photovoltaic (PV) lighting at the roof area.

26. For greening features, SJS will provide landscape in the public open space and part of the roofs for environmental and amenity benefits.

27. The total estimated additional cost for adoption of the above features is around \$0.3 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 2% energy savings in the annual energy consumption with a payback period of about 6.7 years.

/HERITAGE

⁹ 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 m³), nor the cost to provide new landfills (which is likely to be more expensive) when the existing ones are filled.

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. SJS also consulted the AAB on the HIA report for this project at its meeting on 23 November 2011 and received its support. SJS 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, SJS 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 ACQUISITION

29. The project does not require any land acquisition.

BACKGROUND INFORMATION

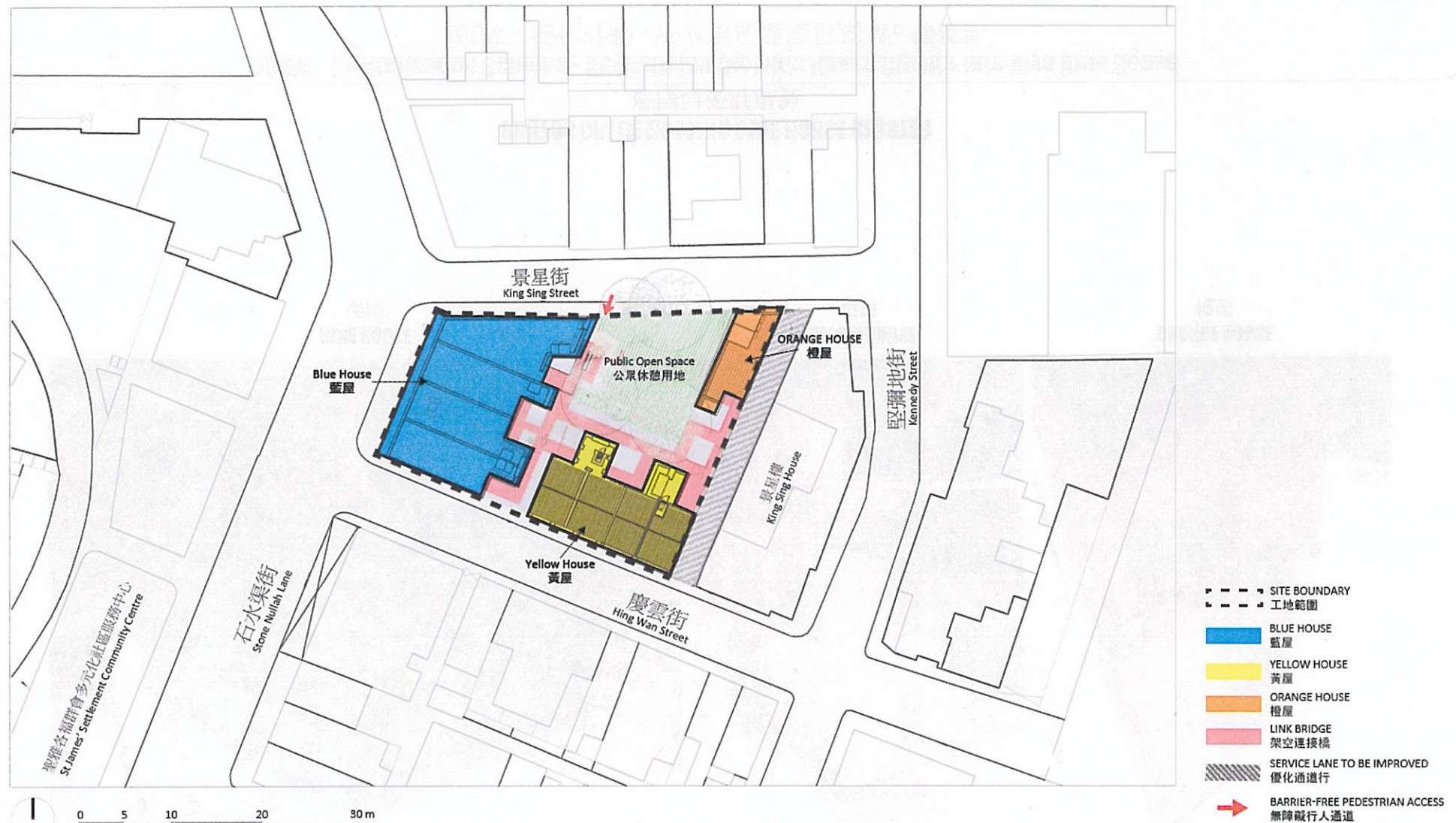
30. We upgraded **16QW** to Category B in November 2010. Part of **16QW** was upgraded to Category A as **14QW** in February 2011 under delegated authority at an estimated cost of \$4 million in MOD prices for SJS to carry out the pre-construction consultancies (including architectural services, heritage 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 **16QW**.

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. All 4 trees within the project boundary will be preserved. SJS will also incorporate planting proposals as part of the project, including the planting of about 2 trees and 100 shrubs.

33. We estimate that the proposed works will create about 65 jobs (comprising 8 professional/technical staff and 57 labourers), providing a total employment of 1 090 man-months.

Development Bureau
January 2012



SITE PLAN
工地平面圖

16QW - Revitalisation Scheme - Revitalising the Blue House Cluster into Viva Blue House
16QW - 活化計劃 - 活化藍屋建築群為 We 嘩藍屋



BLUE HOUSE
藍屋



YELLOW HOUSE
黃屋



ORANGE HOUSE
橙屋

PHOTOS OF THE EXISTING BLUE HOUSE CLUSTER
藍屋建築群現貌

16QW - Revitalisation Scheme - Revitalising the Blue House Cluster into Viva Blue House

16QW - 活化計劃 - 活化藍屋建築群為 We 嘩藍屋



ARTIST'S IMPRESSION – REVITALISED BLUE HOUSE CLUSTER

外觀構思圖 - 修復後的藍屋建築群

16QW - Revitalisation Scheme - Revitalising the Blue House Cluster into Viva Blue House

16QW - 活化計劃 - 活化藍屋建築群為 We 嘩藍屋



PUBLIC OPEN SPACE WITH CULTURAL PROGRAMMES
公共休憩空間舉辦文化節目



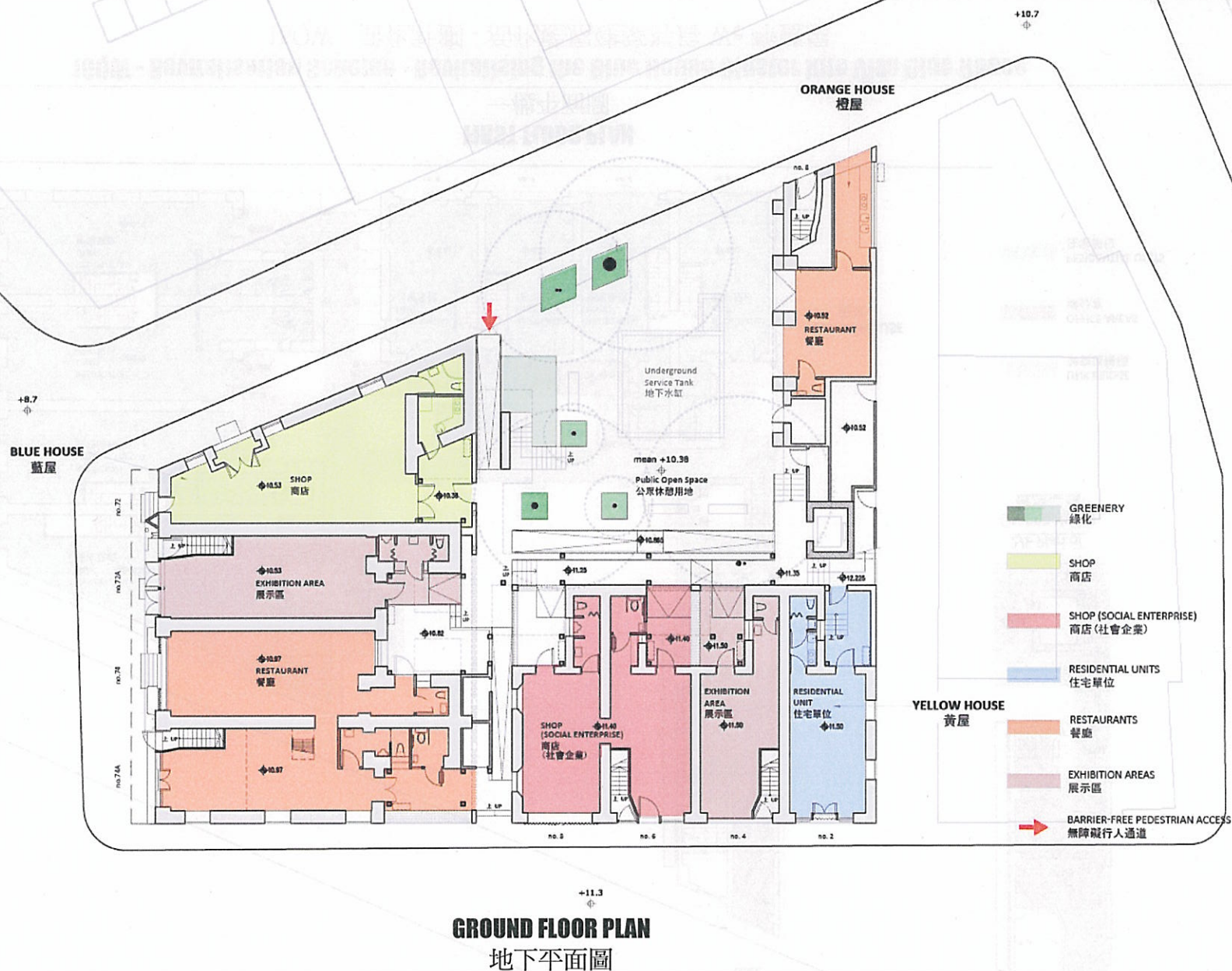
PUBLIC OPEN SPACE AND LINK BRIDGE
公共休憩空間與架空連接橋

ARTIST'S IMPRESSION – REVITALISED BLUE HOUSE CLUSTER

外觀構思圖 - 修復後的藍屋建築群

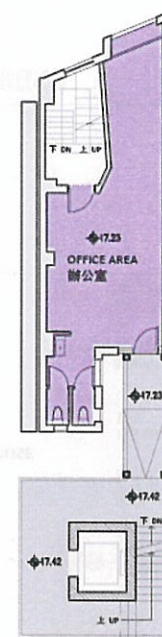
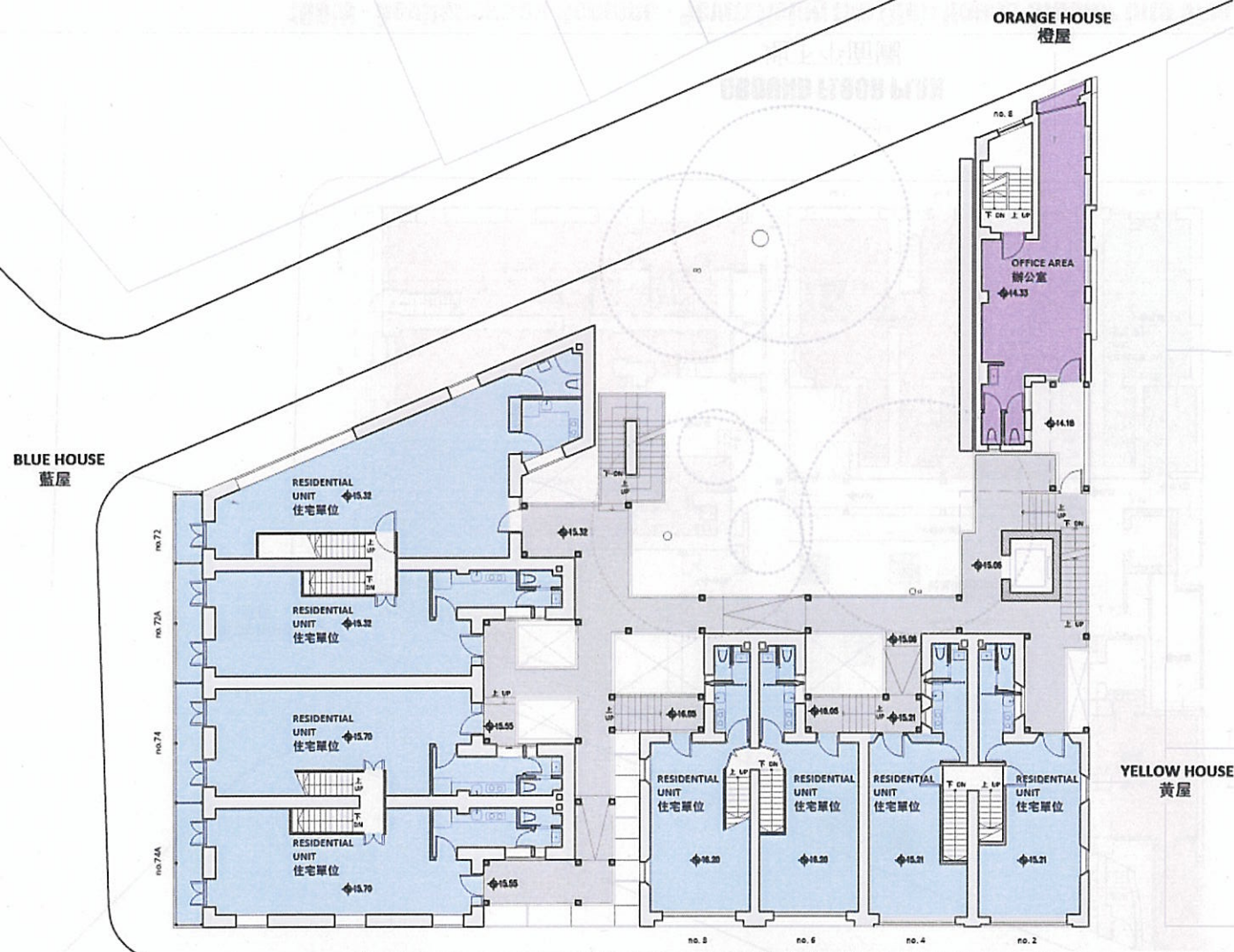
16QW - Revitalisation Scheme - Revitalising the Blue House Cluster into Viva Blue House

16QW - 活化計劃 - 活化藍屋建築群為 We 嘩藍屋



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16QW - 活化計劃 - 活化藍屋建築群為 We 嘩藍屋



2/F Plan of
Orange House
橙屋二樓

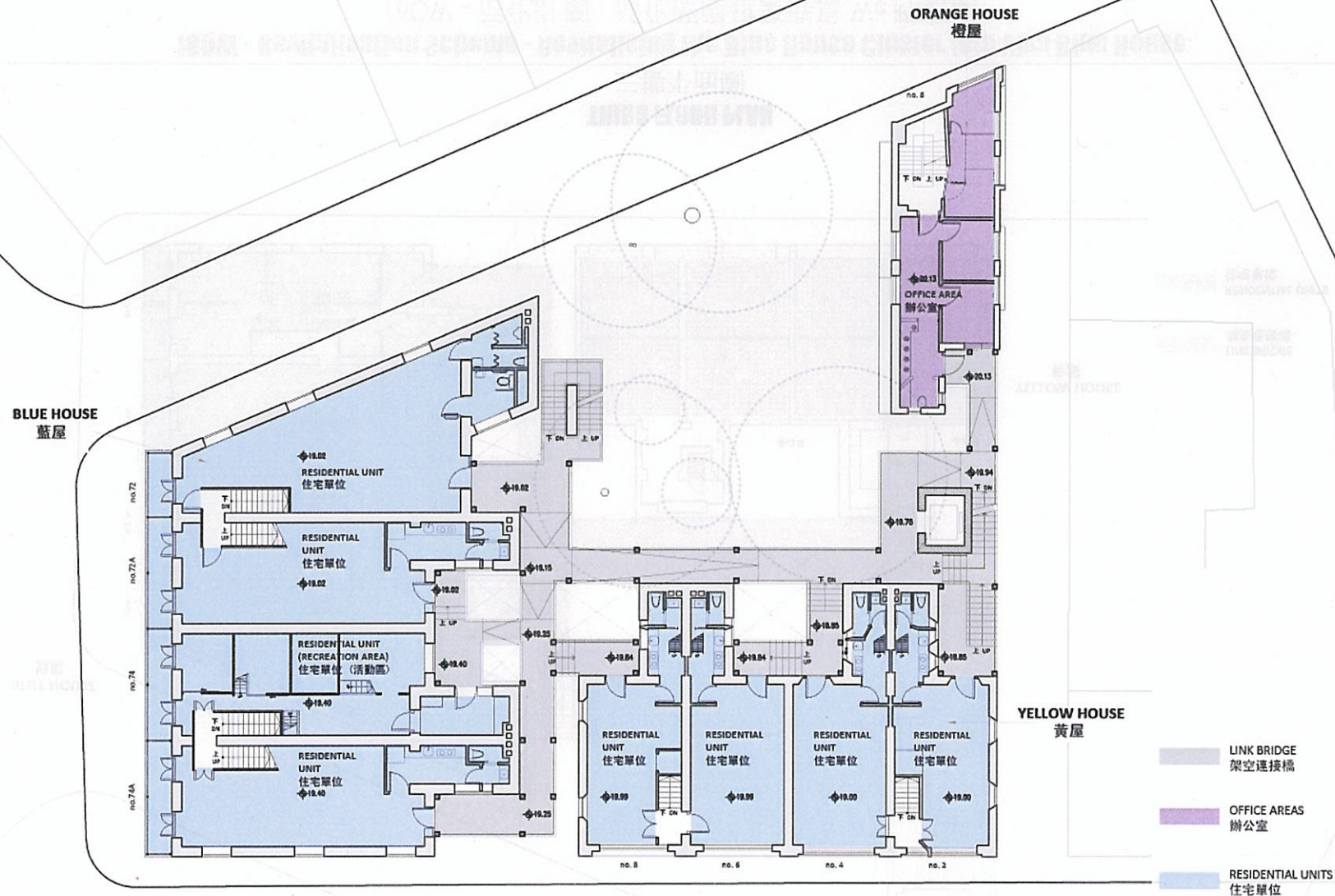
- LINK BRIDGE
架空連接橋
- OFFICE AREAS
辦公室
- RESIDENTIAL UNITS
住宅單位

FIRST FLOOR PLAN

一樓平面圖

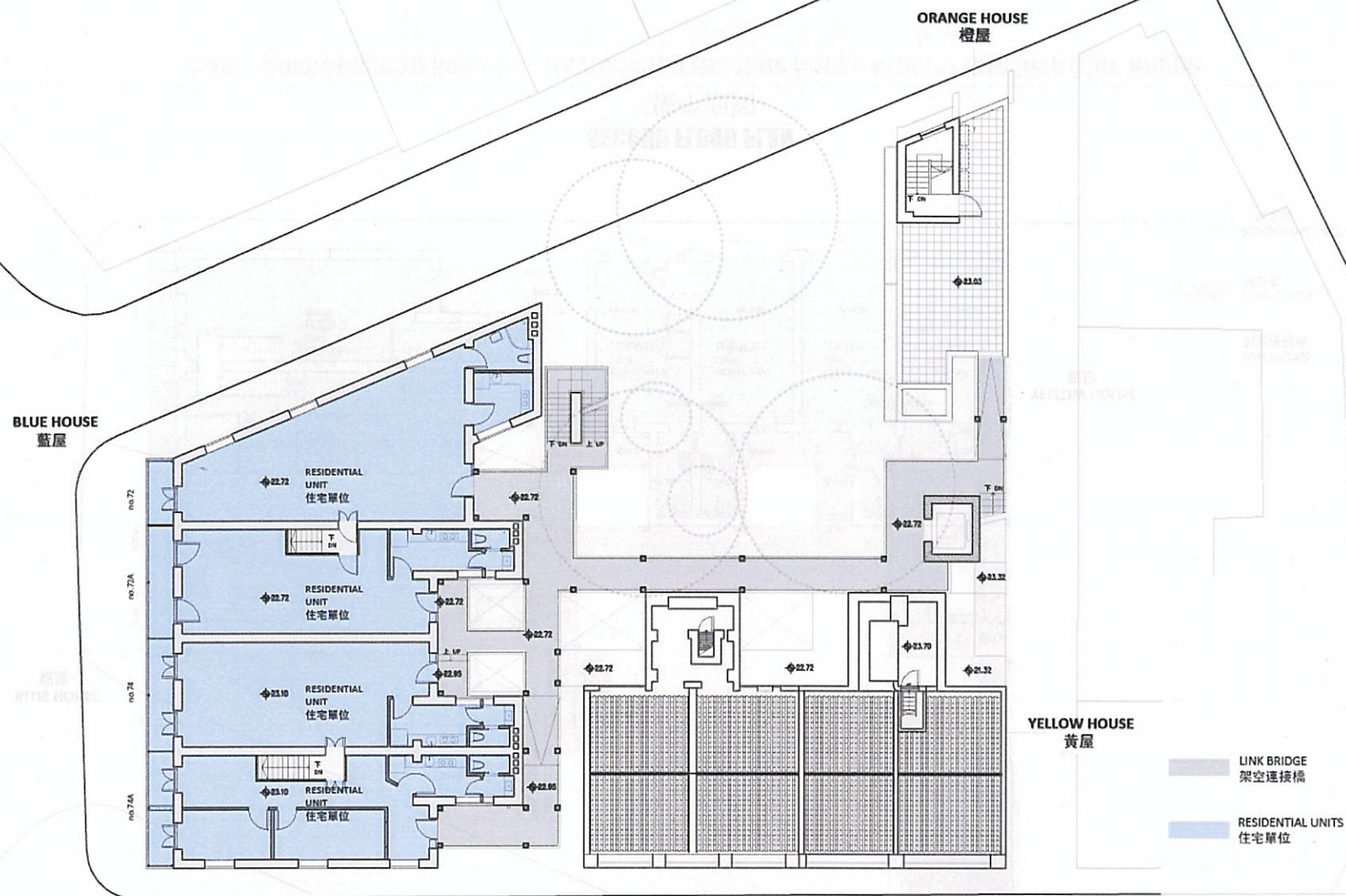
16QW - Revitalisation Scheme - Revitalising the Blue House Cluster into Viva Blue House

16QW - 活化計劃 - 活化藍屋建築群為 We 嘩藍屋



SECOND FLOOR PLAN
二樓平面圖

16QW - Revitalisation Scheme - Revitalising the Blue House Cluster into Viva Blue House
16QW - 活化計劃 - 活化藍屋建築群為 We 嘩藍屋



THIRD FLOOR PLAN

三樓平面圖

16QW - Revitalisation Scheme - Revitalising the Blue House Cluster into Viva Blue House

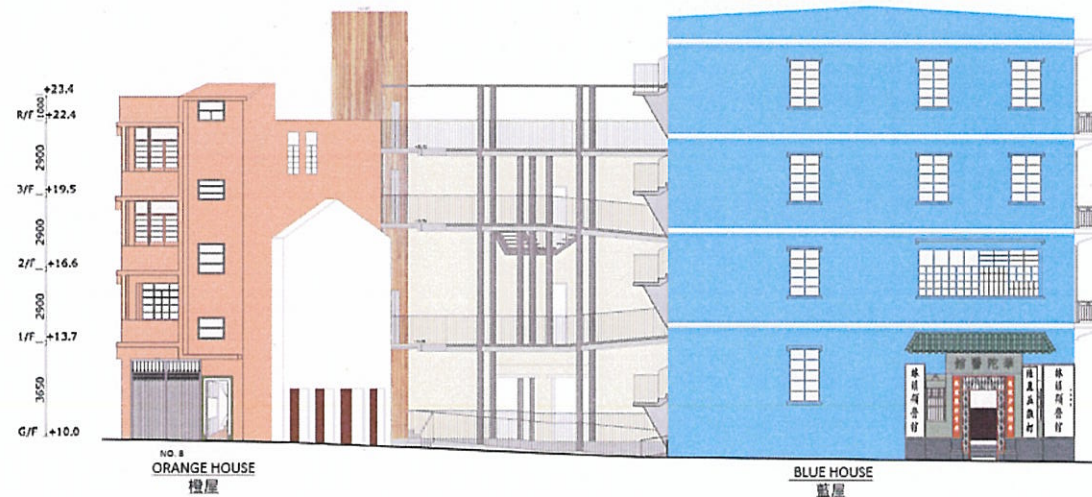
16QW - 活化計劃 - 活化藍屋建築群為 We 嘩藍屋



FACING STONE NULLAH LANE
面向石水渠街



FACING HING WAN STREET
面向慶雲街



FACING KING SING STREET
面向景星街

ELEVATIONS 立視圖

16QW - Revitalisation Scheme - Revitalising the Blue House Cluster into Viva Blue House

16QW - 活化計劃 - 活化藍屋建築群為 We 嘩藍屋

Enclosure 10 to PWSC(2011-12)47

16QW – Revitalisation Scheme - Revitalisation of the Blue House Cluster into Viva Blue House

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,	Professional	-	-	2.1
	contract administration and management of resident site staff (RSS) ^(Note 2)	Technical	-	-	0.5
				Sub-total	2.6
(b)	Remuneration of RSS ^(Note 3)	Technical	65	14	2.2
				Sub-total	2.2
Total					4.8

* MPS = Master Pay Scale

Notes

1. A multiplier of 1.6 is applied to the average MPS salary point to estimate the cost of RSS 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 **14QW**. The construction phase of the assignment will only be executed subject to the Finance Committee's funding approval to upgrade **16QW** to Category A.
3. The figures on estimates are prepared by St. James' Settlement (SJS) and agreed by the Commissioner for Heritage. Director of Architectural Services has examined the figures and considered them acceptable. For RSS costs, SJS will only know the actual costs after completion of the construction works.