

**Revitalisation of the Bridges Street Market,  
the Former Fanling Magistracy and the Haw Par Mansion  
under the Revitalising Historic Buildings Through Partnership Scheme**

**Introduction**

When considering Paper No. CB(1)297/14-15(01) on the revitalisation of the Bridges Street Market, the Former Fanling Magistracy and the Haw Par Mansion under the Revitalising Historic Buildings Through Partnership Scheme (“Revitalisation Scheme”) at the Legislative Council (LegCo) Panel on Development Meeting held on 3 December 2014, Members requested the Government to provide the following information –

*Selection of successful applicants for implementing the revitalisation projects*

- (a) details about the applicants for the three revitalisation projects, namely the revitalisation of the Bridges Street Market, the Former Fanling Magistracy and the Haw Par Mansion, including the names of the applicants and a brief description of their proposals;
- (b) the criteria adopted by the Government for assessing the applicants in (a); justifications for selecting the three successful applicants;

*Cost, operation and financial performance*

- (c) in respect of the concerns about whether the proposed funding of \$73.3 million, \$95.9 million and \$144.2 million would be adequate to cover the capital cost of the three revitalisation projects respectively, the justifications for the proposed funding;
- (d) the estimated operating revenue and cost of the special purpose companies set up for implementing the three revitalisation projects ("SPCs"); their plans to achieve financial self-sustainability; the measures available for adoption by the Government where the SPCs run operating deficits in future;
- (e) operation and financial performance of the organisations/social enterprises which were currently responsible for implementing the projects under Batch I and Batch II of the Revitalisation Scheme;

*Repair and maintenance*

- (f) the repair and maintenance works planned to be conducted for the historic buildings under the three revitalisation projects; the annual estimated cost to be incurred in the repair and maintenance works in the future five years;
- (g) as a cross-reference to the information in (f), for those old/historic buildings with their scale/complexity comparable to the three historic buildings i.e., the Bridges Street Market, the Former Fanling Magistracy and the Haw Par Mansion, and under the maintenance of the Government, the annual expenditures incurred in repairing and maintaining them;

- (h) the respective responsibilities to be borne by the Government and SPCs for the repair and maintenance of the equipment/installations in the three historic buildings;

*Project scope*

- (i) regarding the revitalisation project for the Bridges Street Market, the restoration/conversion plan for the existing staircases/link bridges connecting to Wing Lee Street; the respective responsibilities to be borne by the Government and the relevant SPC for the maintenance of these staircases/link bridges in future;
- (j) regarding the revitalisation project for the Former Fanling Magistracy, whether any buildings/structures at the site would be demolished; if yes, the details; and

*Car parking spaces for visitors to the Haw Par Music Farm (Haw Par Mansion)*

- (k) the measures to deal with the demand for car parking spaces from individual visitors (in case they come in a large number without prior notice) to the Haw Par Music Farm (Haw Par Mansion).

The Government is pleased to provide the requested information below:

**Selection Criteria for successful applicants for implementing the revitalisation projects**

2. As the selection process was conducted through a competitive process similar to a tender exercise, the names of applicants and the details of their applications are restricted information and cannot be released. The proposals received for the 3 revitalisation projects are of the following nature:

<b>Project</b>	<b>Bridges Street Market</b>	<b>Former Fanling Magistracy</b>	<b>Haw Par Mansion</b>
<b>Nature of proposals</b>	<ul style="list-style-type: none"><li>• News Expo (selected)</li><li>• Art and cultural centre</li><li>• Workshops/exhibitions</li><li>• Printing museum</li><li>• Cooking school</li><li>• Centre for cultural heritage</li><li>• Art theatre</li><li>• Wedding and venue rental service</li><li>• Creative art workshop</li></ul>	<ul style="list-style-type: none"><li>• Institute of Leadership Development (selected)</li><li>• Education centre</li><li>• Art and cultural education centre</li><li>• Wedding and venue rental service</li><li>• Buddhism promotion centre</li><li>• Classic cars museum</li><li>• Children training camp</li><li>• Chinese cultural centre</li></ul>	<ul style="list-style-type: none"><li>• Music school (selected)</li><li>• Buddhism centre</li><li>• Chinese cultural centre</li><li>• Buddhism reading centre</li></ul>

3. The following criteria are adopted for assessing the applications under the Revitalisation Scheme:

- (i) reflection of historical value and significance;
- (ii) technical aspects;
- (iii) social value and social enterprise operation;
- (iv) financial viability; and
- (v) management capability and other considerations

4. The three successful applicants were selected because they had obtained passing scores in all of the above five aspects, and they had received the highest overall scores among all other proposals.

### **Cost, operation and financial performance**

5. The proposed funding of \$73.3 million, \$95.9 million and \$144.2 million are based on the latest design of the project as derived from the approved consolidated project proposals (CPP)<sup>1</sup> submitted by the successful applicants. The estimated capital costs of the three projects were provided by the respective professional quantity surveying consultants employed by the successful applicants. The cost breakdown of the estimates, when finalised, will be provided in the funding proposal to be submitted for consideration by the LegCo Public Works Subcommittee.

6. The three revitalisation projects are expected to operate on a self-financing basis. During the application stage, the three selected applicants were required to provide details about the management, their business plans, income and expenditure projections, and estimation of demand for the proposed services, including the forecast numbers of visitors to be received. The major sources of revenue for the three projects are as follows:

<b>Projects</b>	<b>Major sources of revenue</b>
Bridges Street Market	<ul style="list-style-type: none"><li>• media education programmes</li><li>• media lectures/seminars</li><li>• outreach news literary courses</li></ul>
Former Fanling Magistracy	<ul style="list-style-type: none"><li>• leadership training programmes</li><li>• catering</li><li>• hostel facilities</li></ul>
Haw Par Mansion	<ul style="list-style-type: none"><li>• music training programmes</li><li>• rental of venues inside the building</li></ul>

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<sup>1</sup> A consolidated project proposal has to be submitted by the selected applicant for revitalising a particular historic building under the Revitalisation Scheme. The proposal shall justify the feasibility of the project in the aspects of (a) reflection of historical value and significance, (b) technical aspects, (c) social value and social enterprise operation, (d) financial viability, and (e) management capability and other considerations. The proposal is a pledge by the selected applicant for the delivery and implementation of the project.

7. According to the CPPs of the three Batch III projects, the SPCs shall manage to achieve financial self-sustainability by the third year of operation. Where justified, the Government will provide financial support in the form of a one-off grant to meet the starting costs and operating deficits (if any) of the social enterprise for a maximum of the first two years of operation at a ceiling of \$5 million per project.

8. Regarding the operation and financial performance of the organisations / social enterprises which were currently responsible for implementing the projects under Batch I and Batch II of the Revitalisation Scheme, as at 3 March 2015, out of the six projects under Batch I of the Revitalisation Scheme which have commenced operation, two projects have made claims for financial subsidy for its operating deficit for its first year of operation by providing proof of audited accounts (i.e. “Lui Seng Chun” by Hong Kong Baptist University (about \$1,030,000) and “Fong Yuen Study Hall” by Yuen Yuen Institute (about \$1,084,000)). The three projects under Batch II, namely Old Tai Police Station, Stone House and Blue House Cluster, are still under construction.

### **Repair and maintenance**

9. According to the Guide to Application of Revitalisation Scheme, the Government shall be responsible for the repair and maintenance of the structure of the historic buildings as well as undisturbed slopes and/or undisturbed retaining walls within the sites. Other than these, the selected SPCs should be responsible for the repair and maintenance of all buildings and areas within the sites including vegetation, furniture, fixtures, finishes, machinery, water pipes, drainage, buildings services systems, external areas, landscape, associated equipment, etc.

10. The Government estimated recurrent expenditures for the historic buildings under the three revitalisation projects in Batch III are as follows:

	Bridges Street Market	Former Fanling Magistracy	Haw Par Mansion
Government's annual recurrent cost for repair and maintenance for structure of historic buildings/slope/retaining wall	\$77,000	\$70,000	\$134,000

11. In relation to repair and maintenance works for historic buildings under the Revitalisation Scheme, prior to the SPC's moving into the historic building to commence operation, the Government will provide funding support to cover the cost for major renovation to the historic building in accordance with the approved proposal. In this connection, major maintenance problems would unlikely arise during the first few years of operation.

12. The selected SPCs of the three revitalisation projects shall be responsible for the repair and maintenance of the historic buildings and areas within the site. The same practice was adopted for projects in Batch I and Batch II. The maintenance works include replacement and repair of building works, building services, landscape and necessary license renewal of facilities which were installed to facilitate operation of the SPC.

13. Regarding the projected expenditure in the approved CPP on repair and maintenance works in the first three years, the estimated average annual maintenance costs for the historic buildings under the three revitalisation projects in Batch III are as follows:

	Bridges Street Market	Former Fanling Magistracy	Haw Par Mansion
Average annual cost ( <i>at Sept 2014 price level</i> ) for repair and maintenance works	\$386,000	\$1,435,000	\$345,000

14. The six projects under Batch I of the Revitalisation Scheme have commenced operation. The project contractors are responsible for the repair and maintenance works in the first year of operation during the defect liability period. For projects in operation for over two years, the expenditure incurred by the concerned SPCs in 2013-14 for repair and maintenance works are tabulated below:

	North Kowloon Magistracy	Old Tai O Police Station	Lui Seng Chun
Annual cost repair and maintenance works in 2013-14	\$2,628,000	\$968,000	\$361,000

15. The repair and maintenance costs of historic buildings would depend on the following factors:

(i) Use of the building and type of visitors	The level of wear and tear of buildings would increase with a larger number of visitors and for instance with younger visitors who would touch and manipulate display items.
(ii) Location and remoteness of the building	Historic buildings at remote locations would demand higher maintenance costs when compared with those buildings located in the urban area.
(iii) Scale of the project	For small scale projects, the unit cost of repair and maintenance will be higher since certain facilities are still required to be provided even for a small historic building to comply with the modern-day requirements under the statutory and heritage conservation requirements.

### **Project scope**

16. As stipulated in the Guide to Application of Revitalisation Scheme, except for the structures of the historic buildings as well as undisturbed slopes and/or undisturbed retaining walls within the sites, the SPC should be responsible for the repair and maintenance of all buildings and areas within the sites including vegetation, furniture, fixtures, finishes, machinery, water pipes, drainage, buildings services systems, external areas, landscape, associated equipment, etc., and this practice is consistent with the arrangements for other projects under the Revitalisation Scheme.

17. For the Bridges Street Market project, the selected SPC should be responsible for the repair and maintenance of the proposed new staircase and the existing staircase forming part of the external areas within the site boundary. The SPC has also made submission for omission of such new staircase to the authority. If approved, the existing staircase will fall outside the site boundary and the selected SPC will not be responsible for its maintenance.

18. For the Former Fanling Magistracy project, the ungraded annex court house built in 1983 will be demolished and redeveloped into a hostel for housing students enrolled in courses at the leadership training centre. In addition, the Duty Lawyers' Office built in 1997 and two small associated blocks for building services will be demolished. These structures have been built in a more recent time and are of relatively low historic and architectural values. They are in poor repair condition and incompatible with the proposed new uses. The demolition of these structures will allow more efficient use of the site and facilitate better public appreciation of the rear elevation of the historic former courthouse building. The proposed demolition was covered by the Heritage Impact Assessment (HIA) conducted for the project, and the HIA report was endorsed by the Antiquity Advisory Board at its meeting held on 4 June 2014.

### **Car parking spaces for visitors to the Haw Par Music Farm (Haw Par Mansion)**

19. Regarding measures to deal with the demand for car parking spaces from individual visitors to Haw Par Music Farm, the SPC will assign at least two guards with proper training to handle large groups of visitors without appointment and control the traffic entering and exiting the drop off area via Tai Hang Road. In addition, the SPC will apply for approval from Transport Department for installing a no stopping road sign at the entrance next to Tai Hang Road. Furthermore, the SPC will proactively communicate with local tour operators to manage the number of guided tours and visits by advanced appointment.