

政府總部
發展局
規劃地政科

香港花園道美利大廈



CB(1)1103/10-11(01)
Planning and Lands Branch
Development Bureau
Government Secretariat

Murray Building, Garden Road,
Hong Kong

本局檔號 Our Ref. DEVB(PL-CR)2-10/47 Pt.3

來函檔號 Your Ref.

電話 Tel.: 2848 2266

傳真 Fax: 2845 3489

18 January 2011

Clerk to the Panel on Development
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong
(Attn: Ms Sharon CHUNG)

Dear Ms Chung,

LegCo Panel on Development

Planning and Development Processes of the Former Marine Police Headquarters site in Tsim Sha Tsui

Thank you for your email of 22 December 2010 referring to us a letter of 20 December 2010 from Hon LEE Wing-tat and Hon James TO Kun-sun to Chairman Prof Hon Patrick LAU Sau-shing, in which questions on the planning and development processes of the Former Marine Police Headquarters site in Tsim Sha Tsui were raised. The information is now set out in detail in the **Annex**. Grateful if you could discuss with the Chairman Prof Hon LAU whether the information should be distributed to members of the Panel on Development, or whether it should be followed up at the meeting of the Panel on Development.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Judy Chung'.

(Ms Judy CHUNG)
for Secretary for Development

c.c.
Director of Lands
Director of Buildings
Director of Planning
Commissioner for Tourism

Planning and Development Processes of the Former Marine Police Headquarters site in Tsim Sha Tsui

Background

The lot on which the Former Marine Police Headquarters (FMPHQ) stands is located in a tourist area in Hong Kong and has a group of five buildings of high historical value. To preserve these historical buildings and to make good use of the lot's potential at the same time, the Government explored the development option for this piece of land as early as in the 1990's. In that connection, the Town Planning Board (TPB) embarked on rezoning the lot to "Comprehensive Development Area" (CDA) use on the Outline Zoning Plan (OZP) in December 1993. Moreover, in accordance with the Antiquities and Monuments Ordinance and after consulting the Antiquities Advisory Board (AAB), the Government declared in 1994 the Tsim Sha Tsui FMPHQ buildings and its compound, including the Main Building, the Stable Block, the Signal Tower and the Accommodation Block of the Former Fire Station, as monuments. The remaining Main Block of the Former Fire Station was classified by the AAB as a Grade 3 historical building.

Subsequently, the Planning Department (PlanD) commissioned a consultant in 1999 to conduct the "Study on the Development Opportunities of the Former Marine Police Headquarters Site in Tsim Sha Tsui" with the aim to find a practicable option for this preservation and development project. The study was completed in June 2001 and made recommendations on the site's development requirements and parameters. Those recommendations were subsequently included in the Planning Brief of this CDA site. The Planning Brief was endorsed by the TPB in May 2002 to provide guidance for the preparation of the Master Layout Plan (MLP) of this site. In June of the same year, the Executive Council agreed that the Government should develop the Tsim Sha Tsui FMPHQ site into a heritage tourism facility by way of an open land tender. The Tourism Commission which was responsible for coordinating the tender exercise conducted the tendering in November 2002 after obtaining approval from the Central Tender Board.

Although the project was implemented by way of a land tender, it was different from the usual arrangement for Government land sale in a number of ways. Firstly, the successful tenderer has to preserve the existing buildings. Secondly, a two-envelope system was adopted for the tender assessment, i.e. the tenderers' technical proposal and proposed premium to be

paid to the Government were considered on the respective weightings of 75% and 25%. In other words, the tender scoring criteria placed more emphasis on the technical proposal, including whether the proposal could achieve the heritage preservation and restoration objectives, the conservation of the surrounding environment and layout of the historical buildings, whether the proposed development concept was creative, the feasibility of the proposal and its tourism and economic benefits, the tenderers' experience in heritage conservation and heritage tourism projects, etc. Based on the various criteria mentioned above, the assessment panel gave every tender a score and an overall assessment in examining, analysing and selecting the tenders submitted. Therefore, reserve price was not adopted as a criterion for tender assessment. Thirdly, the tender document also indicated that the lot was zoned for CDA use and that the TPB had approved the Planning Brief. The successful tenderer, after having acquired the development right of that lot, still had to submit a MLP to PlanD for the TPB's approval. Therefore, the tender document encouraged the tenderers to follow the Planning Brief as far as practicable.

The tenderers had to submit concept plans in their tender submissions. The concept plans naturally had to tally with the MLP approved by the TPB. In taking the project forward, if the successful tenderer would like to amend the concept plans accepted in its tender submission, it had to obtain the TPB's approval for amending the MLP and to apply afterwards to the Lands Department (LandsD) in accordance with the lease conditions.

In May 2003, the tender was awarded to Flying Snow Limited for \$352.8 million. The relevant land grant document was signed in June 2003.

The Administration's Responses to the Questions raised by Hon LEE Wing-tat and Hon James TO Kun-sun in the Letter

- (1): **The Planning Brief endorsed by the TPB in May 2002 mentioned that the gross floor area (GFA) of this preservation tourism project, which consisted of five historical buildings, was about 4 300 square metres (sq m). How did the Government departments come up with this figure? Which government department provided this figure? Did the Administration recommend the potential additional GFA to be 7 900 sq m based on the figure 4 300 sq m? If the actual GFA of the five**

historical buildings was known to be 5 610 sq m instead at that time, would the potential additional GFA recommended in the Planning Brief be affected?

A: PlanD commissioned a consultant in 1999 to conduct the “Study on the Development Opportunities of the Former Marine Police Headquarters Site in Tsim Sha Tsui” with the aim to find a practicable option for this preservation and development project. The study was completed in June 2001 and made recommendations on the site’s development requirements and parameters. Those recommendations were subsequently included in the Planning Brief of this CDA site. The Planning Brief was endorsed by the TPB in May 2002 to provide guidance for the preparation of the MLP of this site.

The Planning Brief mentioned that the GFA of the five existing historical buildings was estimated to be about 4 300 sq m and recommended the potential additional GFA to be 7 900 sq m. The latter was recommended after taking into account the land available for potential new development and the acceptable development intensity of the whole site so as to meet the needs of this preservation tourism project. As such, there is no direct relationship between the GFA of the existing historical buildings and the potential additional GFA of the new development. The subsequent tender document mentioned that the GFA of the historical buildings on the lot was approximately 4 300 sq m, which was believed to have come from the figure mentioned in the Planning Brief. As for the potential additional GFA, after surveying the relevant site area and applying the established calculation formula, LandsD determined that the potential additional GFA of the lot should not exceed 7 213 sq m.

The usable GFA of this preservation tourism project was partly from the historical buildings, i.e. “the existing buildings”. When PlanD commissioned the consultant to conduct the planning study, it did not require the consultant to carry out a detailed on-site survey. No detailed on-site survey was conducted in relation to this group of historical buildings before the tender. The developer’s development right included the right to revitalise these existing GFA.

Subsequently, as the GFA indicated on the building plan submitted

by the developer to the Buildings Department (BD) did not tally with the GFA specified in the MLP endorsed by the TPB, the building plan was not approved. In June 2006, the developer requested the TPB to agree to its proposed technical amendment so as to confirm that the relevant GFA should be rectified as 6 172 sq m. To facilitate the TPB in assessing the application, the developer conducted a detailed on-site survey in November 2006 with the guidance provided by the representatives of BD and under the observation of the representatives of LandsD. The GFA of the existing historical buildings was surveyed to be about 5 610 square metres. Subsequently, in December 2006, the TPB confirmed this verified figure as the GFA of the historical buildings. This was a technical amendment based on a detailed survey, and reflects the actual GFA of the historical buildings.

On the other hand, it was specified in the tender document that the potential additional GFA of the lot should not exceed 7 213 sq m. This figure was arrived at after surveying the relevant site area and applying the established calculation formula by LandsD, which had nothing to do with the GFA of the historical buildings. In other words, the technical amendment to the GFA of the historical buildings after a detailed survey would not affect the potential additional GFA.

(2): In November 2002, when the Government developed this project by way of an open land tender, the tender document mentioned that the GFA of the historical buildings on the lot was approximately 4 300 sq m according to that mentioned in the Planning Brief, and LandsD determined that the potential additional GFA of the lot should not exceed 7 213 sq m after surveying the relevant site area. Has the GFA of the historical buildings been surveyed then? If not, what were the reasons? In calculating the potential additional GFA, did LandsD make reference to the original GFA of the historical buildings and therefore come up with a different figure?

A: As explained and responded above, the tender document specified that the potential additional GFA of the lot should not exceed 7 213 sq m. It has nothing to do with the GFA of the historical buildings.

(3): In May 2003, the project was awarded to the successful tenderer. What proposals did the successful tenderer put forward to develop the historical buildings and the potential additional GFA then? What were the proposed number of hotel rooms and the size of the shopping arcade?

A: According to the successful tenderer's submission, it was proposed that the Main Building and the Stable Block of the FMPHQ be restored to a heritage hotel and related use, in which 51 hotel rooms would be provided. It was proposed that the Main Block and the Accommodation Block of the Former Fire Station be restored to thematic restaurants and bars, and the Signal Tower be restored to souvenir shop or coffee shop use. It was also suggested that the new development area at the south of the lot be mainly used as retail shops and for provision of hotel-related facilities. The GFA of the existing historical buildings provided by the successful tenderer in the tender submission was 4 300 sq m, and the potential additional GFA was 7 213 sq m, of which 4 938 sq m was proposed for retail use while 2 275 sq m was proposed for use as hotel-related facilities.

(4): In preparing the MLP afterwards, did the successful tenderer conduct an on-site survey in order to obtain the accurate figure to prepare the MLP? If not, what were the reasons? Did the TPB approve the MLP based on the 4 300 sq m GFA of the historical buildings and the 7 213 sq m additional GFA which gave a total GFA of 11 513 sq m? When did the TPB approve the MLP?

A: The MLP submitted by the successful tenderer to the TPB did not indicate that on-site survey had been conducted for the historical buildings. The GFA of the existing historical buildings provided therein tallied with that in the tender document.

The TPB approved the MLPs submitted by the applicant four times. The first three MLPs were approved on 30 January 2004, 5 November 2004 and 7 April 2005 respectively. According to the approved MLPs, the GFA of the existing historical buildings was 4 300 sq m, and the additional GFA was 7 213 sq m, which gave a

total GFA of 11 513 sq m of the proposed development. In the fourth MLP approved on 11 November 2005, the additional GFA was revised as 7 413 sq m. so as to accommodate a heritage hall with a floor area of 200 sq m. The GFA of the development was correspondingly revised as 11 713 sq m.

Subsequently, as the GFA indicated on the building plan submitted by the developer to the BD did not tally with the GFA specified in the MLP endorsed by the TPB, the building plan was not approved. In June 2006, the developer requested the TPB to agree to its proposed technical amendment so as to confirm that the relevant GFA should be rectified as 6 172 sq m. To facilitate the TPB in assessing the application, the developer conducted a detailed on-site survey in November 2006 with the guidance provided by the representatives of BD and under the observation of the representatives of LandsD. The GFA of the existing historical buildings was surveyed to be about 5 610 sq m. Subsequently, on 15 December 2006, the TPB confirmed this verified figure as the GFA of the historical buildings.

(5): Was this a case of dereliction of duty on the part of the Administration when it failed to survey the GFA of the historical buildings and make the accurate information available to the public during the three stages, i.e. the preparation of the Planning Brief, the preparation of the tender document and the approval of the MLP? Or, did anyone deliberately not to conduct any accurate survey so as to allow the successful tenderer to obtain higher scores in premium assessment by making an attractive offer?

A: A two-envelope system was adopted for the tender assessment, i.e. the tenderers' technical proposal and proposed premium to be paid to the Government were considered on the respective weightings of 75% and 25%. In other words, the tender scoring criteria placed more emphasis on the technical proposal, including whether the proposal could achieve the heritage preservation and restoration objectives, the conservation of the surrounding environment and layout of the historical buildings, whether the proposed development concept was creative, the feasibility of the proposal and its tourism and economic benefits, the tenderers' experience in

heritage conservation and heritage tourism projects, etc. Based on the various criteria mentioned above, the assessment panel gave every tender a score and an overall assessment in examining, analysing and selecting the tenders submitted. Therefore, reserve price was not adopted as a criterion for tender assessment.

The GFA of the existing buildings was included in the land tender. These existing buildings were subject to preservation constraints and that no addition or alteration works were to be carried out without permission. During the open tender process, all tenderers could, in accordance with the actual condition of the existing buildings, assess and estimate the GFA of the existing buildings. Therefore, we do not consider that any mistake had been made in the tendering exercise.

As mentioned above, the usable GFA of this preservation tourism project was partly from the historical buildings, i.e. "the existing buildings". When PlanD commissioned the consultant to conduct the planning study, it did not require the consultant to carry out a detailed on-site survey. No detailed on-site survey was conducted in relation to this group of historical buildings before the tender. The developer's development right included the right to revitalise these existing GFA.

(6): When did the successful tenderer conduct the on-site survey with the conclusion that the GFA of the five historical buildings should be 6 172 sq m, and when did it submit the building plan to BD? When did BD and LandsD conduct the on-site survey to confirm that the GFA of the historical buildings was 5 610 sq m?

A: The developer conducted a detailed on-site survey in November 2006 with the guidance provided by the representatives of BD and under the observation of the representatives of LandsD. The GFA of the existing historical buildings was surveyed to be about 5 610 sq m.

The authorised person appointed by the developer submitted the building plan to BD for the first time on 8 July 2005 for approval. As mentioned above, since the GFA indicated on the building plan

submitted by the developer to BD did not tally with the GFA specified in the MLP endorsed by the TPB, the building plan was not approved. Subsequently, the building plan was approved after the developer had verified the GFA of the existing historical buildings to be about 5 610 sq m and the TPB had confirmed this verified figure as the GFA of the historical buildings.

(7): A two-envelope system was adopted for the tender assessment, i.e. the tenderers' technical proposal and proposed premium to be paid to the Government were considered on the respective weightings of 75% and 25%. How many tender submissions were received for the project? What were the scores given to the successful tenderer and other tenderers (company names may be omitted), in terms of the technical proposal and proposed premium to be paid? What is the difference between the bidding price by other tenderers and the 352.8 million by the successful tenderer?

A: A total of six tender submissions were received for the project, which included the tender finally accepted by the Government. According to the government procurement process, we are not in a position to provide any information in relation to the tender assessment, including the scores given to individual tender submissions and the bidding price by the tenderers. Information was provided in a confidential manner by the tenderers, such as the tenderers' technical ability, financial status and the proposed method of fulfilling the contract etc. These information normally will not be disclosed to the public or other tenderers in order not to affect the tenderers' confidence in the tender system.

(8): If an estimated GFA figure is not provided in the tender document by the Government in future for historical buildings, how can the tenderers estimate the GFA of a building to be preserved, and the corresponding cost and the premium to be paid? Will the Government allow tenderers to conduct on-site surveys before submitting their bids in future in order to avoid misunderstanding?

A: In future, in order to avoid misunderstanding, if the Government is

to adopt this type of unique development mode again, that is preserving, restoring and revitalising existing buildings of historical value, and it involves the participation of the private sector through tender in the preservation and development of historical buildings, it may not be appropriate for the Government to provide an estimated GFA figure of these buildings in the tender document. The reason is that the GFA of the existing building to be preserved will not change, and given their long history, these historical government buildings are not governed by the Buildings Ordinance resulting in the absence of building plans and after their conversion in future, the space which should be included in the GFA calculation under the Buildings Ordinance may differ from their existing floor space. This being the case, we would consider allowing potential tenderers during the tender process to survey and assess the GFA of the existing historical buildings themselves before submitting their bids. Another possibility is that the Government would arrange for conducting a detailed on-site survey first but clearly indicate that the GFA figure provided was subject to certain constraints and for the reference of tenderers only.

(9): How many times did the developer apply to the TPB for amending the MLP? When and how did it amend the MLP? What were its justifications? Was reducing the number of hotel rooms and increasing the GFA of the shopping arcade included? Please advise the reduction and increase. What impact did the applications have on the premium to be paid and the original concept plans of the project? When did the TPB approve the applications and what were the reasons?

A: The tenderers had to submit concept plans in their tender submissions. The concept plans naturally had to tally with the MLP approved by the TPB. In taking the project forward, if the successful tenderer would like to amend the concept plans accepted in its tender submission, it had to obtain the TPB's approval for amending the MLP and to apply afterwards to LandsD in accordance with the lease conditions.

The MLP submitted to the TPB by the applicant was endorsed as early as on 30 January 2004. The development proposal was drawn up mainly on the basis of the approved tender submission by

the developer in 2003 for the tender. Taking into account the requirements in the detailed design, the applicant subsequently made three amendments which included amendments to tree preservation initiatives and changes in relation to the appearance of the plaza. These amendments were endorsed on 5 November 2004, 7 April 2005 and 11 November 2005 respectively. One of the amendments endorsed on 5 November 2004 was to reduce the number of hotel rooms from a maximum of 51 to a maximum of 30, while one of the amendments endorsed on 11 November 2005 was to add a heritage hall with a floor area of 200 sq m.

The successful tenderer should submit concept plans and other relevant documents in the tender submission. According to the land lease condition, the consent of the Director of Lands had to be obtained before these concept plans and documents could be changed. The developer had made several amendments to the MLP after obtaining the TPB's approval. The developer had also correspondingly requested LandsD to accept the amendments to the concept plans, which included increasing the additional new GFA from 7 213 sq m to 7 413 sq m, as well as other changes in relation to the design. According to the established procedures, LandsD had collected a premium of \$94.53 million from the developer to reflect the enhancement in land value arising from the variations; and this does not confine to the increase in the GFA.

(10): The existing GFA of the project is 13 023 sq m. Does the Administration calculate the government rent to be paid by the developer on the basis of this GFA figure? What is the existing rent? When should the developer start the payment of government rent? How much has been paid so far? When will the tenancy end?

A: The land lease for the project was signed on 12 June 2003 for a term of 50 years and subject to a requirement to pay an annual government rent at 3% of the rateable value of the lot. The rateable value is assessed and adjusted by the Rating and Valuation Department under the Rating Ordinance.

(11): As far as the project is concerned, what is the amount of fines

imposed on the developer by the Government for delays in the construction works? What is the length of slippage involved?

A: According to the land lease condition of this project, the developer was required to complete the construction works for the project by 31 March 2008. As the developer failed to complete the project as scheduled, the Government imposed \$40,549,400 on the developer for a delay of one year in accordance with the established procedures.