# ITEM FOR PUBLIC WORKS SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 708 – CAPITAL SUBVENTIONS AND MAJOR SYSTEMS AND EQUIPMENT

Subventions—Miscellaneous

44QJ – Youth Hostel Scheme – construction works by Po Leung Kuk for the youth hostel project in Ma Tin Pok, Yuen Long

Members are invited to recommend to the Finance Committee the upgrading of the remaining part of **44QJ**, entitled "Youth Hostel Scheme – construction works by Po Leung Kuk for the youth hostel project in Ma Tin Pok, Yuen Long", to Category A at an estimated cost of \$1,444.7 million in money-of-the-day prices.

# **PROBLEM**

Po Leung Kuk (PLK) has to carry out the construction works for the youth hostel project in Yuen Long under the Youth Hostel Scheme (YHS).

#### **PROPOSAL**

2. The Secretary for Home Affairs proposes to upgrade the remaining part of **44QJ** to Category A at an estimated cost of \$1,444.7 million in money-of-the-day (MOD) prices to carry out the construction works for the proposed youth hostel project in Ma Tin Pok, Yuen Long.

#### PROJECT SCOPE AND NATURE

- 3. The proposed project comprises the construction of a youth hostel and associated facilities. The site occupies an area of around 6 111 square metres (m²) and the total construction floor area (CFA) of the building is around 41 159 m². The proposed scope of works under the remaining part of **44QJ** includes
  - (a) construction of a non-domestic portion (from B/F to 1/F levels) providing car park (B/F), management offices and communal facilities (including a library, kitchens, multi-function rooms and external landscaping areas). The non-domestic portion will also include a workshop, store rooms and a cleaner's room on M/F and a landscape garden on 1/F. The total CFA for the non-domestic portion will be around 7 627 m<sup>2</sup>; and
  - (b) construction of a domestic portion above the non-domestic portion (from 2/F to 25/F, and a roof floor) providing 1 248 hostel units (including 816 single units and 432 double units) and a communal sitting area and laundry on each floor. The total CFA for the youth hostel portion will be around 33 532 m<sup>2</sup>.

The site plan, floor plans and sectional plan of the youth hostel are at Enclosure 1. An artist's impression of the youth hostel is at Enclosure 2.

4. Subject to the approval of Finance Committee (FC), PLK plans to commence the construction works in the second quarter of 2018 for completion in the third quarter of 2021.

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# **JUSTIFICATION**

- 5. To unleash the potential of under-utilised sites non-governmental organisations (NGOs) and to meet the aspirations of some working youth in having their own living spaces, the Government announced the YHS in the 2011-12 Policy Address. Under the YHS, NGOs will be fully funded by the Government to construct youth hostels on sites owned by them. Upon completion, NGOs will run the youth hostels on a self-financing basis. enable the young tenants to accumulate savings to pursue their medium term aspirations in personal development, NGOs should set the rental at a level which does not exceed 60% of the market rent of flats of similar size in the nearby areas. The first tenancy should be at least two years, which can be renewed for an aggregate of no more than five years. Working young people who are Hong Kong permanent residents aged 18 to 30 are eligible to apply as tenants and they shall be subject to income and asset tests at the time of application. They should not own any residential properties in Hong Kong.
- 6. The community welcomes the YHS initiative and looks forward to its early implementation. The Home Affairs Bureau (HAB) has been working closely with and providing necessary assistance to the interested NGOs to help them take forward their proposed YHS projects. We need to embark on the construction of projects under YHS in a timely manner so as to benefit the young people as soon as possible.
- 7. To ensure that the youth hostel is developed and operated in accordance with the policy objectives, PLK will be governed by a Grant and Operation Agreement (GOA) and a land lease. The GOA will set out the parameters under which PLK will manage and maintain the youth hostel, such as the rental for a hostel place, tenancy period, the basic eligibility criteria for the youth tenants (e.g. age limit, income and asset limits), and the operation mode of the hostel. As for the land lease to be granted by way of an in-situ land exchange, it will govern issues related to the land use for hostel purposes under the YHS. The Government will reserve the right to re-enter the site and take possession of the entire building in case PLK fails to operate the youth hostel in accordance with the GOA or the land lease or ceases operation of the youth hostel.

PWSC(2018-19)3 Page 4

# FINANCIAL IMPLICATIONS

8. We estimate the capital cost of the project to be \$1,444.7 million in MOD prices, broken down as follows –

\$ million

		(in MOD prices)
(a)	Site works	11.6
(b)	Foundation and basement <sup>1</sup>	125.8
(c)	Building works <sup>2</sup>	851.4
(d)	Building services <sup>3</sup>	213.8
(e)	Drainage	18.7
(f)	External works	35.9
(g)	Additional energy conservation, green and recycled features	6.6
(h)	Furniture and equipment	23.4
(i)	Consultants' fees for	13.9
	(i) contract administration	13.5
	(ii) management of resident site staff (RSS)	0.4
(j)	Remuneration of RSS	12.3
(k)	Contingencies	131.3
	Total	1,444.7

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<sup>&</sup>lt;sup>1</sup> Foundation and basement works cover construction of piling, excavation and lateral support, and

<sup>&</sup>lt;sup>2</sup> Building works cover construction of substructure and superstructure of the building.

<sup>&</sup>lt;sup>3</sup> Building services works cover construction of electrical system, mechanical ventilation and air-conditioning system, fire services system and lift.

A detailed breakdown of the estimates of the consultants' fees by man-months is at Enclosure 3.

9. The CFA of this project is approximately 41 159 m<sup>2</sup>. The estimated construction unit cost, represented by the building works and building services costs, is about \$25,880 per m<sup>2</sup> of CFA in MOD prices. The Architectural Services Department considers the estimated construction unit cost reasonable as compared with that of similar projects.

10. Subject to funding approval, we plan to phase the expenditure as follows –

Year	\$ million (in MOD prices)
2018 – 19	73.5
2019 – 20	213.9
2020 – 21	903.2
2021 – 22	137.5
2022 – 23	116.6
	1,444.7

11. We have derived the MOD estimate on the basis of the Government's latest set of assumptions on the trend rate of change in the prices of public sector building and construction output for the period from 2018 to 2023. Subject to FC's funding approval, PLK will engage consultants to undertake tender assessment, contract administration and site supervision of the project. PLK will invite tenders for the works under a lump-sum contract as the scope of the works can be clearly defined in advance.

12. PLK will be responsible for the recurrent expenditure regarding the operation and maintenance of the youth hostel.

# **PUBLIC CONSULTATION**

- 13. We consulted the Yuen Long District Council's Town Planning and Development Committee (YLTPDC) in July 2015. Members indicated strong support and passed a resolution urging the early implementation of the project. In November 2015, the Rural and New Town Planning Committee of the Town Planning Board agreed to the proposed amendments to the approved Yuen Long Outline Zoning Plan (OZP), including amendments required to enable the PLK youth hostel project to proceed. After the two-month period for the public inspection of the draft OZP, the draft OZP was approved by the Chief Executive in Council in October 2016. On 3 June 2016, FC approved the funding application to carry out pre-construction activities for the PLK project.
- 14. We consulted the Legislative Council Panel on Home Affairs on 22 January 2018. Members supported submitting the funding proposal to the Public Works Subcommittee for consideration. Supplementary information requested by the Members was submitted to the Panel on 9 April 2018.

### **ENVIRONMENTAL IMPLICATIONS**

15. The project is not a designated project under the Environmental Impact Assessment Ordinance (Cap. 499). PLK has completed a Preliminary Environmental Review (PER) and the findings were agreed with the Director of Environmental Protection in March 2018. The PER concludes that, with suitable mitigation measures, including double layer ventilated windows, acoustic fins and sound absorptive panels, the youth hostel will not be subject to any adverse environmental impact. PLK has included the cost for implementation of the mitigation measures in the overall project estimate.

PWSC(2018-19)3 Page 7

16. To mitigate short-term environmental impacts, during construction, PLK will control noise, dust, site run-off nuisances to within established standards in the relevant contract. These include the use of silencers, mufflers, acoustic linings or shields for noisy construction activities, frequent cleaning and watering of the site, and the provision of wheel-washing facilities.

- 17. At the planning and design stages, PLK has considered measures to reduce the generation of construction waste where possible. In addition, PLK 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 minimize the disposal of inert construction waste to public fill reception facilities<sup>4</sup>. PLK 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.
- 18. At construction stage, PLK will 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. PLK will ensure that the day-to-day operations on site will comply with the approved plan and will require the contractor to separate the inert portion from non-inert construction waste on site for disposal at appropriate PLK will control the disposal of inert construction waste and non-inert construction waste to public fill reception facilities and landfills respectively through a trip-ticket system.

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Construction Waste) Regulation (Cap. 354N). Disposal of inert construction waste in public fill reception facilities requires a license issued by the Director of Civil Engineering and Development.

<sup>&</sup>lt;sup>4</sup> Public fill reception facilities are specified in Schedule 4 of the Waste Disposal (Charges for Disposal of

19. PLK estimates that the project will generate in total about 57 440 tonnes of construction waste. Of these, PLK will reuse 13 410 tonnes (23.3%) of inert construction waste on site, and deliver 38 338 tonnes (66.8%) of inert construction waste to public fill reception facilities for subsequent reuse. PLK will dispose of the remaining 5 692 tonnes (9.9%) of non-inert construction waste at landfills. The total cost for disposal of construction waste at public fill reception facilities and landfill sites is estimated to be \$3.9 million for this project (based on a unit charge rate of \$71 per tonne for disposal at public fill reception facilities, and \$200 per tonne at landfills as stipulated in the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Cap. 354N)).

20. Regarding potential noise, air and water pollution, environmental mitigation measures shall be carried out and monitoring shall be conducted according to current legislation and codes of practices. Environmental impact during construction is considered to be insignificant.

# ENERGY CONSERVATION, GREEN AND RECYCLED FEATURES

- 21. This project will adopt various forms of energy efficient features and renewable energy technologies, in particular
  - (a) demand control of supply air;
  - (b) energy management system;
  - (c) heat energy reclaim of exhaust air; and
  - (d) photovoltaic system.
- 22. For green features, this project will provide vertical greening and other greening provision at different levels for environmental and amenity benefits.
- 23. For recycled features, PLK will adopt rainwater harvesting system for landscape irrigation.

24. The total estimated additional cost for adoption of the above is around \$6.6 million (including \$1.9 million for energy efficient features), which has been included in the cost estimate of the project. The energy efficient features will achieve minimum 9.8% energy savings in the annual energy consumption with a payback period of about 11.1 years.

# HERITAGE IMPLICATIONS

25. The project will not affect any heritage site, i.e. all declared monuments, proposed monuments, graded historic sites / buildings, sites of archaeological interest and Government historic sites identified by the Antiquities and Monuments Office.

# **LAND ACQUISITION**

26. The project does not require any land acquisition.

# **BACKGROUND INFORMATION**

- 27. We partially upgraded **44QJ** to Category A at an approved project estimate of 68.1 million in MOD prices in June 2016 for PLK to carry out pre-construction activities for the youth hostel project. Following the funding approval, PLK appointed an architectural lead consultant and a quantity surveying consultant to proceed with the detailed design and relevant technical assessments, with a view to consolidating the detailed design for tendering for the foundation and main contract works by the second quarter of 2018 and the second quarter of 2019 respectively. In drawing up the detailed design of the youth hostel, the following key design principles are articulated
  - (a) adopting a no-frills and environmentally-friendly building design;
  - (b) respecting and blending in with the surrounding environment; and
  - (c) creating opportunities for young people to grow and engage in inspirational places.

The pre-construction activities have now been substantially completed and we are in a position to proceed with the funding application for the main works. Meanwhile, in light of the outcome of relevant technical assessments, PLK will incorporate the mitigation measures related to ventilation, traffic noise and geological conditions into the design of the building as appropriate.

- 28. The target tenants of YHS are working youth (including self-employed) who are Hong Kong permanent residents aged 18 to 30. The income level of a one-person applicant should not exceed the 75<sup>th</sup> percentile of the monthly earnings of employed persons aged 18 to 30, and the total income level of a two-person applicant should not exceed twice the level of a one-person applicant. The total net asset of a one-person and two-person applicant should not exceed \$350,000 and \$700,000 respectively.
- 29. Six YHS projects are currently under planning or construction, namely The Hong Kong Federation of Youth Group's project in Tai Po, PLK's project in Yuen Long, the Tung Wah Group of Hospitals' project in Sheung Wan, the Hong Kong Association of Youth Development's project in Mong Kok, the Hong Kong Girl Guides Association's project in Jordan and the Hong Kong Sheng Kung Hui Welfare Council Limited's project in Yuen Long.
- 30. Of the 23 existing trees within the project boundary, 13 trees will be retained while 10 trees will be retained and pruned. The proposed works will not involve any removal or felling of trees. All existing trees are not important trees<sup>5</sup>. PLK will incorporate a planting proposal as part of the project, including the planting of about 9 trees, 5 000 shrubs and 24 000 ground covers.

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<sup>&</sup>lt;sup>5</sup> "Important trees" refer to trees in the Register of Old and Valuable Trees, or any other trees that meet one or more of the following criteria –

<sup>(</sup>a) trees of 100 years old or above;

<sup>(</sup>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;

<sup>(</sup>c) trees of precious or rare species;

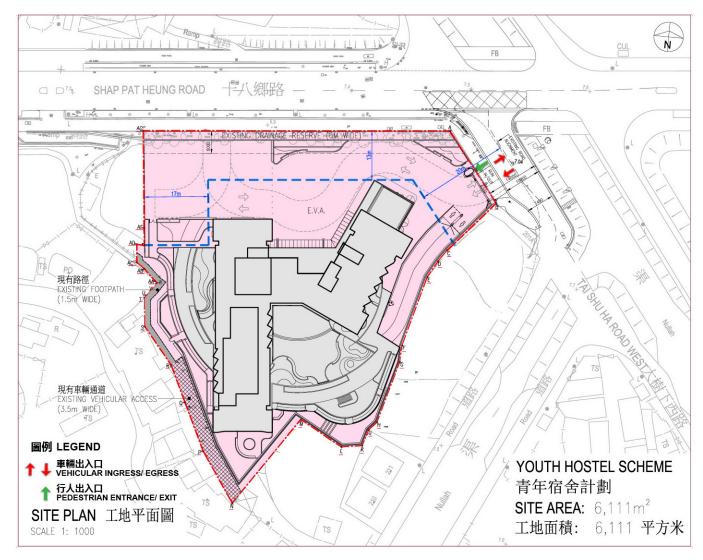
<sup>(</sup>d) trees of outstanding form (taking account of overall tree sizes, shape and any special features) e.g. trees with curtain like aerial roots, trees growing in unusual habitat; or

<sup>(</sup>e) trees with trunk diameter equal or exceeding 1.0 metre (measured at 1.3 metres above ground level), or with height/canopy spread equal or exceeding 25 metres.

31.	We estimate that the proposed works will create about 620 jobs
(560	for labourers and another 60 for professional or technical staff), providing a
total	employment of 11 000 man-months.

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Home Affairs Bureau April 2018



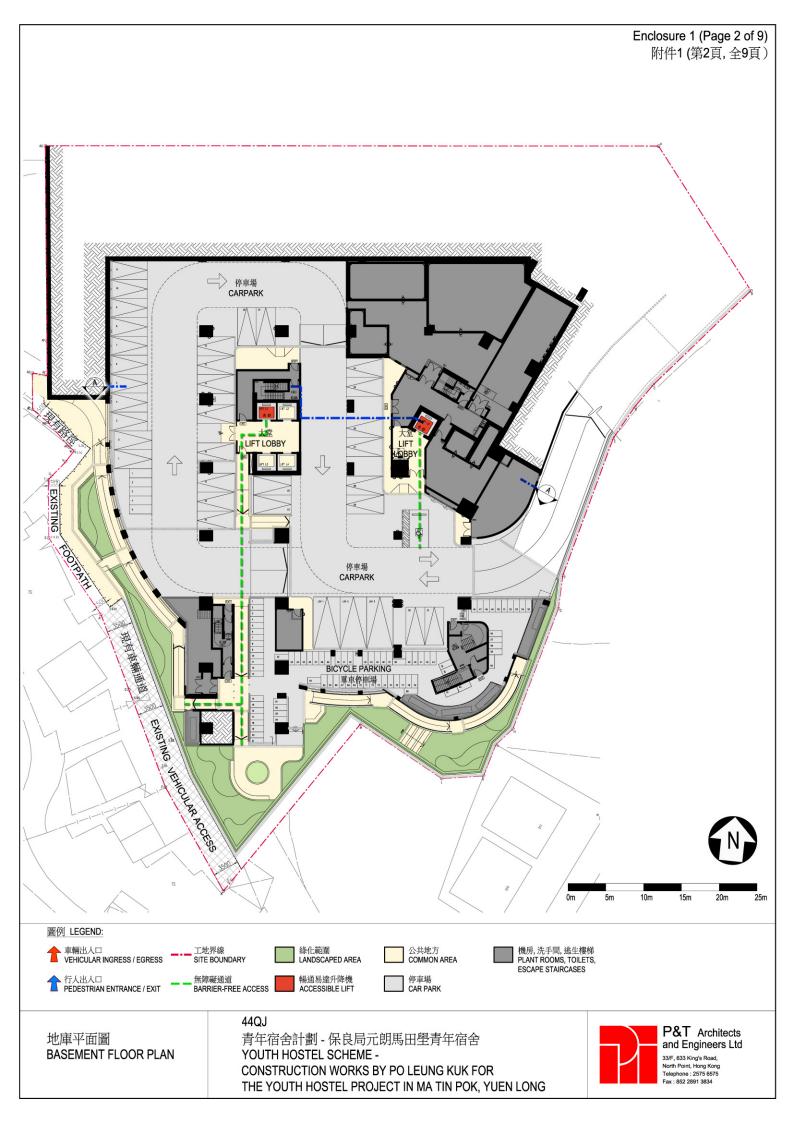


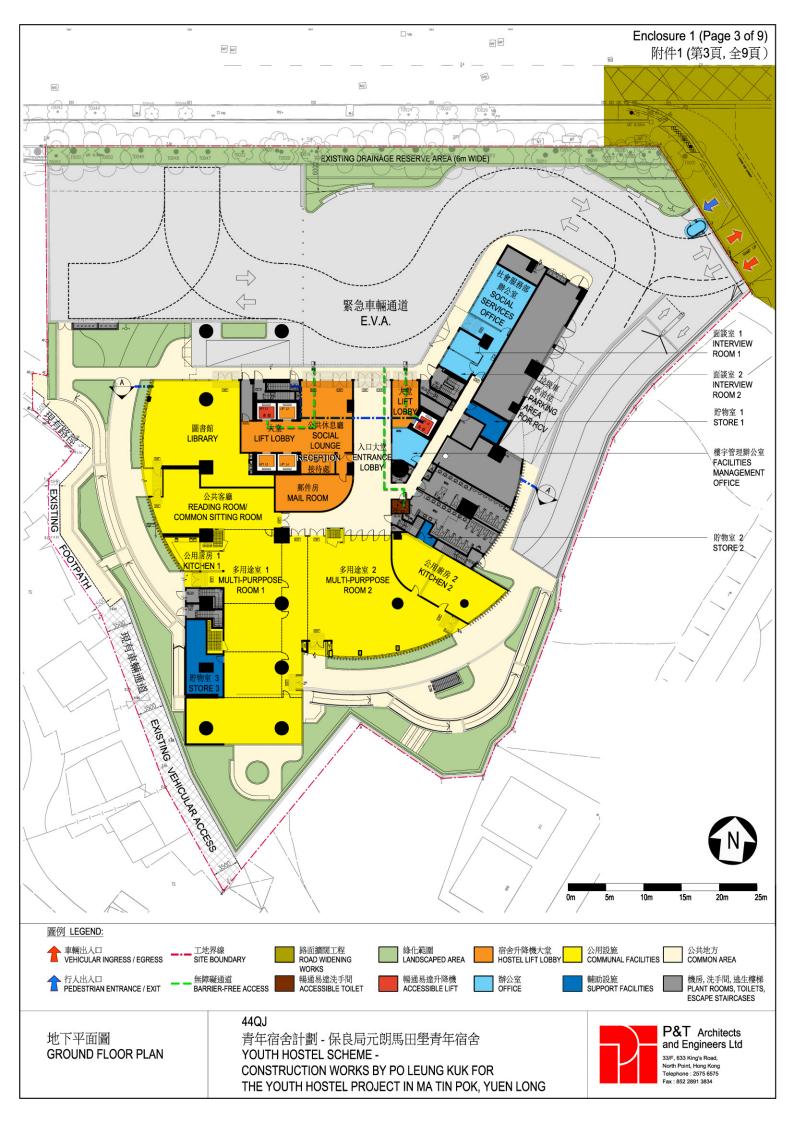
YOUTH HOSTEL SCHEME IN MA TIN POK, YUEN LONG, NEW TERRITORIES 新界元朗馬田壆 青年宿舍計劃

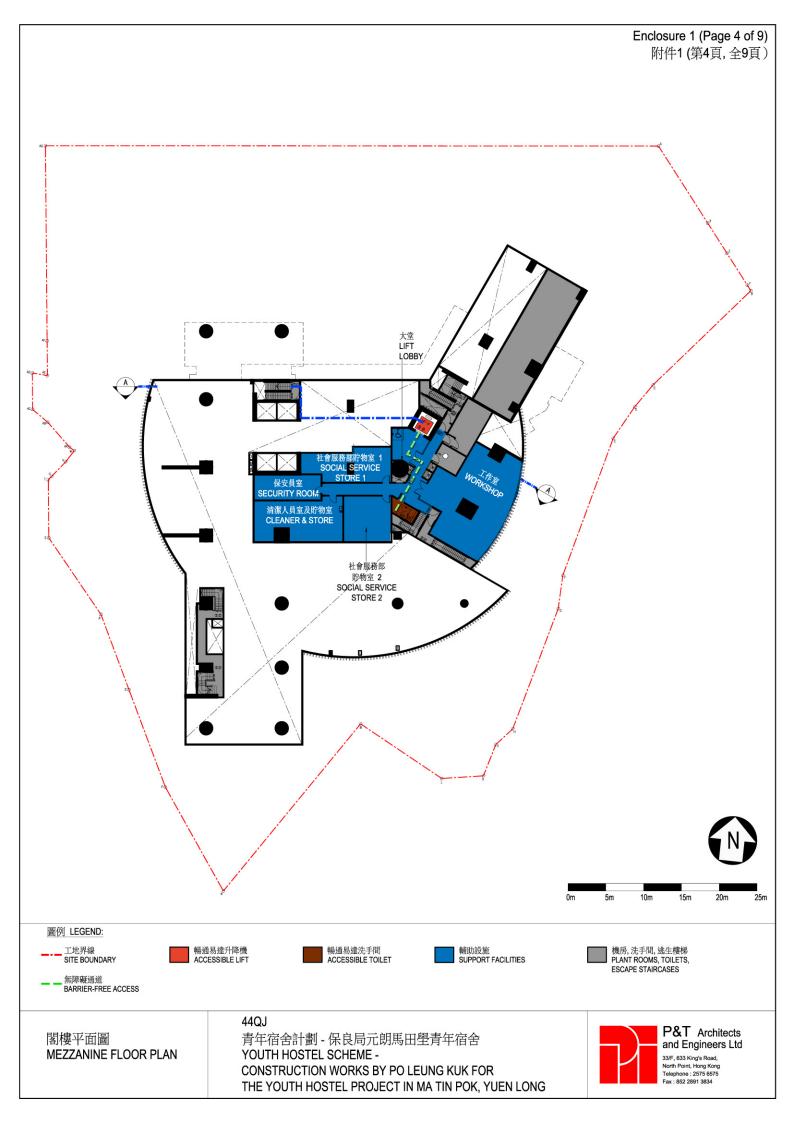
工地平面圖 SITE PLAN 44QJ

青年宿舍計劃 - 保良局元朗馬田壆青年宿舍 YOUTH HOSTEL SCHEME -CONSTRUCTION WORKS BY PO LEUNG KUK FOR THE YOUTH HOSTEL PROJECT IN MA TIN POK, YUEN LONG

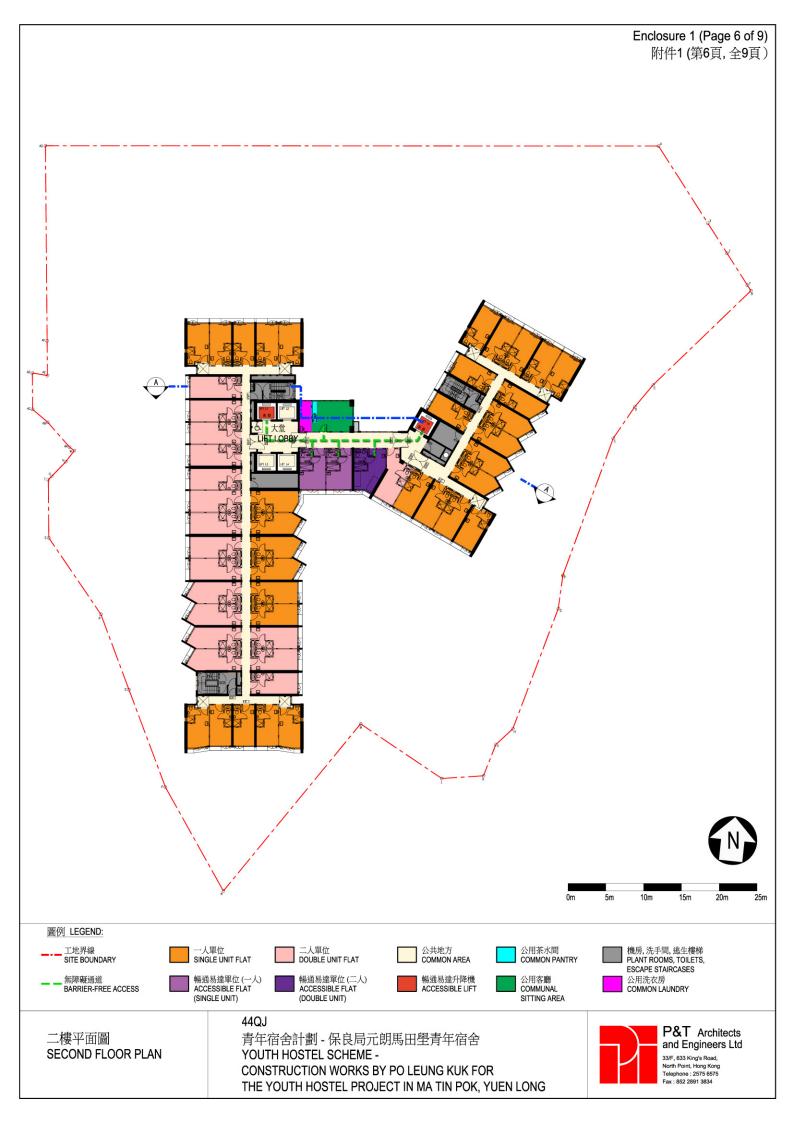


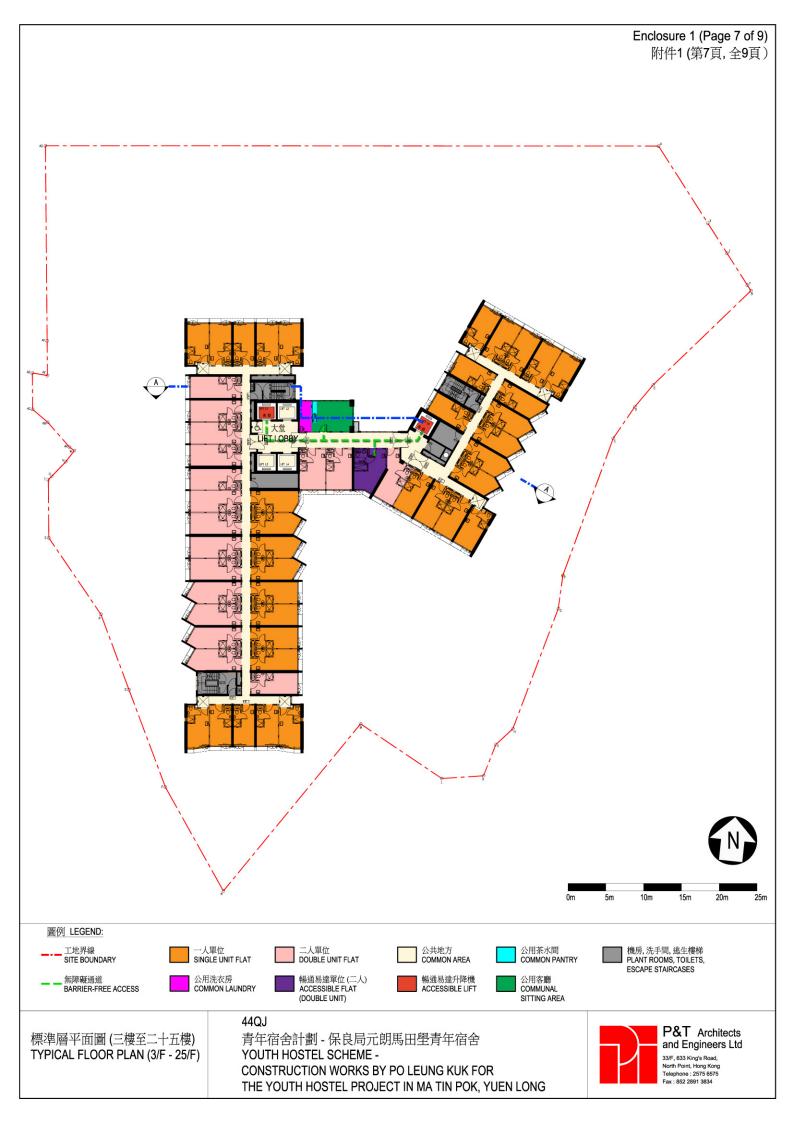


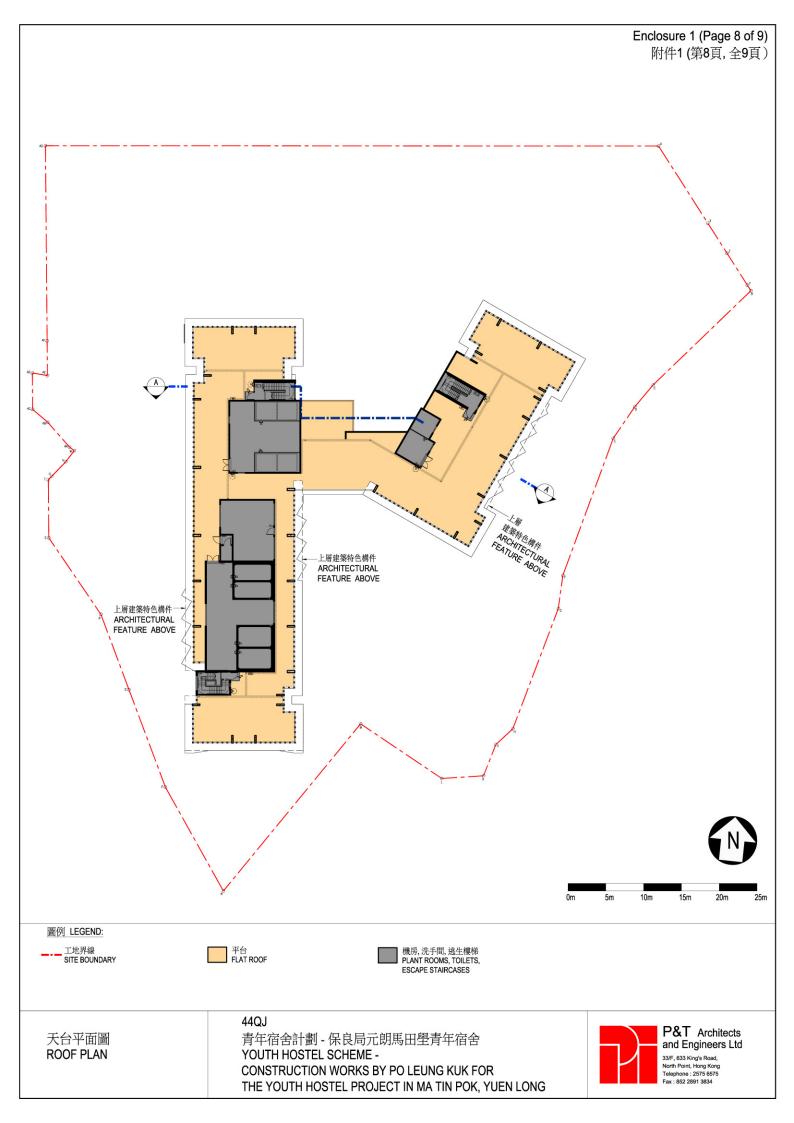
















從西北面望向大樓的構思圖 PERSPECTIVE VIEW OF BUILDING FROM NORTH-WEST DIRECTION (ARTIST'S IMPRESSION)

構思圖 ARTIST'S IMPRESSION 44QJ 青年宿舍計劃 - 保良局元朗馬田壆青年宿舍 YOUTH HOSTEL SCHEME -CONSTRUCTION WORKS BY PO LEUNG KUK FOR THE YOUTH HOSTEL PROJECT IN MA TIN POK, YUEN LONG



# 44QJ –Youth Hostel Scheme – construction works by Po Leung Kuk for the youth hostel project in Ma Tin Pok, Yuen Long

# Breakdown of the estimates for consultants' fees and resident site staff costs (in September 2017 prices)

`	•	,	Estimated man-months	Average MPS* salary point	Multiplier (Note 1)	Estimated fee (\$ million)
(a)	Consultants' fee for	Professional	-	-	-	8.0
	contract administration (Note 2)	Technical	-	-	-	3.6
					Sub-total	11.6#
(b)	Resident site staff	Professional	48	38	1.6	6.0
	(RSS) costs (Note 3)	Technical	109	14	1.6	4.8
					Sub-total	10.8
Comprising -						
(i) Consultants' fee for management of RSS					0.3#	
(ii)	Remuneration of RSS				10.5#	
					Total	22.4

<sup>\*</sup> 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 consultants (as at now, MPS salary point 38 = \$78,775 per month and MPS salary point 14 = \$27,485 per month).
- 2. The consultants' staff costs are estimated based on the pre-construction consultancy services and works in the consultancy contracts. The assignment will only be executed subject to Finance Committee's approval to upgrade the remaining part of **44QJ** to Category A for the proposed construction works.
- 3. We will only know the actual man-months and actual costs after completion of the construction works.

#### Remarks

The cost figures in this Enclosure are shown in constant prices to correlate with the MPS salary point of the same year. The figures marked with # are shown in money-of-the-day prices in paragraph 8 of the main paper.