

**INVOLVEMENT OF PRIVATE DEVELOPERS IN THE SUSTAINABLE  
DEVELOPMENT OF HERITAGE SITES: A CASE STUDY ON THE FORMER  
MARINE POLICE HEADQUARTERS, HONG KONG**

**PAK WAI CHAN**

**UNIVERSITY COLLEGE LONDON**

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## **ABSTRACT**

Hong Kong is one of the metropolises in Asia and the fast pace of city development has created pressure on heritage. In the past few years, the public have expressed rising concern over the conservation of historic buildings but due to limited public funding and the lack of comprehensive conservation policy, the government failed to conserve or revitalise many of these buildings and some were even demolished to make way for new development.

This report thus attempts to review the background for private developers' involvement in the sustainable development of heritage sites in Hong Kong and derive a methodology for this involvement in the future. A case study on the former Marine Police Headquarter in Hong Kong was carried out, this development is the pilot scheme which the government engaged private developer in heritage conservation and heritage tourism development.

It was found that the government should facilitate the sustainable development of heritage sites with a new Heritage Authority to act as a facilitator. In addition, private developers who are committed to heritage development projects should carry out their plan with a conservation perspective and maintain continuous communication with the general public. Lastly, to fully utilise skills and creativities of the private developer, the new Heritage Authority should work closely with them to ensure full cooperation in the sustainable development of heritage.

**KEYWORDS**

Former Marine Police Headquarters; Heritage Authority; Heritage Development; Hong Kong;

Private Developer



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## **1. INTRODUCTION**

The recent demolitions of the Central Star Ferry Pier and the Queen's Pier in Hong Kong have raised many confrontations between the government and the public. Despite the objections, both piers were torn down by the government. This is not a single incidence, the fast pace of economic growth and the lack of developable land resources have created pressure on heritage sites in Hong Kong.

Limited public funding is allocated for heritage conservation. Each year, the government spends about HKD 40 million (GBP 2.6 million) for the operations of the Antiquities and Monuments Office (AMO) in archaeological excavation and maintenance of historic buildings and another HKD 100 million (GBP 6.5 million) for the Architectural Services Department to carry out maintenance works on historic buildings (Chui and Tsoi 2003, 21-22). This amount is insubstantial as compared with the other public expenses. On 2002/3 level, HKD 40 million equalled 0.15% operating expenditure on Education and less than 0.60% operating expenditure on Social Welfare (Census and Statistics Department 2006).

Hong Kong does not have a comprehensive conservation policy. Although the government has launched public consultations on the Built Heritage Conservation Policy respectively in 2004 and 2007, no substantial review has been implemented in the past four years (Wong et al. 2007) and the social unease arose in defending the two piers has clearly proved the need for a

comprehensive reform in this area.

In reviewing the current conservation policy, the government is keen to investigate the possibility of involving private developers in heritage development schemes (Home Affairs Bureau 2004), which would both limit government expenditure and promote urban development. In fact, prior to the government's consultation paper in 2004, different policy advocates such as The Conservancy Association (Ho 2000) and Civic Exchange (Chu and Uebegang 2002) have already studied and suggested different means to promote private sector participation in heritage conservation.

But both the government and policy advocates have emphasised on the mechanism to compensate private owners for keeping the heritage by giving them incentives in monetary terms or development rights (Ho 2000, Chu and Uebegang 2002 and Home Affairs Bureau 2004); however, conservation is more than keeping the physical structures, making use of them for socially useful purpose will be more desirable (*The Venice Charter*, ICOMOS 1964).

Instead of compensating the private owners for keeping the heritage, we should

- convince them of the inherent assets in heritage sites;
- encourage them in the conservation and development of heritage; and
- improve in the policy and legislation system to facilitate their involvement.

By doing so, the inherent assets can be manipulated and magnified.

The aim of this master report is therefore to review the approach of private-developer-involved

heritage development in Hong Kong and derive a methodology for its application in achieving the sustainable development of heritage sites. In Section 2, the background for private developers' involvement in the sustainable development of heritage sites is reviewed. In Section 3, the methodology of this report is explained. A case study of the former Marine Police Headquarters in Hong Kong is carried out in Section 4 and with the evidences, a methodology for private developers' involvement is derived in Section 5. In Section 6, conclusion is drawn to emphasise the key messages and way forward.

Before proceeding, it is important to clarify the meaning of "private developers", "sustainable development" and "heritage" in this context. Private developers refer to private landowners or private companies who carry out property development. Sustainable development is a wide and inclusive concept and is defined in the World Commission of Environment and Development's Report: Our Common Future (also known as the Brundtland Report) as *'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'* (Brundtland, 1987). Heritage specifically refers to built heritage as it often contains high redevelopment potential and is most vulnerable for redevelopment. Other technical terms related to property development are defined in the Glossary for easy reference.

Although economic arguments are given more emphasis in this paper, it is not to suggest that economic significance is more important than social, environmental, aesthetic or historical

significance in determining the fate of heritage. The economic arguments are highlighted because Hong Kong is a capitalistic city which heavily relies on economic returns, in order to find a compromised platform for the conservationists and the economic driven decision-makers, this paper attempts to allow them to speak in the same language and work hand-in-hand for the heritage in Hong Kong.

## **2. REVIEW OF THE BACKGROUND FOR PRIVATE DEVELOPERS' INVOLVEMENT IN SUSTAINABLE DEVELOPMENT OF HERITAGE SITES**

### **2.1. HONG KONG CONTEXT FOR HERITAGE DEVELOPMENT**

#### ***Government Funding***

In Hong Kong, public funding is currently the major source for heritage conservation. However, over time more and more historic buildings are identified and it is impossible to rely on government funding to sustain every heritage site. Rypkema (2005, 4) pointed out three issues that threaten heritage today,

- '1) there are far more historic buildings merit being saved than can possibly be museums;*
- 2) there are not nearly enough tax dollars to save all the buildings that ought to be preserved;*
- 3) most historic buildings are not owned by historic preservationists.'*

These issues threaten heritage in many developed countries and Hong Kong being no exception.

Firstly, there are currently 30 museums (Leisure and Cultural Department 2007) and over five-hundred listed and graded buildings in Hong Kong. The Hong Kong Museum of Medical Science and the Dr Sun Yat-sen Museum are examples of historic buildings being converted into museums but we cannot turn over five-hundred historic buildings to museums. Secondly, Hong



Kong has a low-tax system; government revenue is very much relied on land premium<sup>1</sup> which account for 12.2% and 11.9%<sup>2</sup> of the total government revenues in 2004/5 and 2005/6 respectively (Census and Statistics Department 2006). Government has an aggregate balance at about HKD 300 billion (GBP 19 billion) in 2004 and 2005, but the surplus was not spent on heritage conservation. Public expenditure on community and external affairs was at HKD 7.8 billion (GBP 0.5 billion) which consist of only 3.0% of the total public expenditure (Table 1).

Table 1 Fiscal Reserves and Public Expenditure (Census and Statistics Department 2007)

	2004		2005	
	(HKD billion)	(GBP billion)	(HKD billion)	(GBP billion)
Aggregate Balance	296.0	19.1	310.7	20.0
Public Expenditure	257.1	16.6	245.0	15.8
Public Expenditure on Community and External Affairs (% of Public Expenditure)	7.8 (3.0%)	0.5 (3.0%)	7.8 (3.2%)	0.5 (3.2%)

Thirdly, among the 496 graded historic buildings recently released by the government, about half are used as commercial/residential and religious purposes (Table 2). Their heritage value is not a priority, especially the 82 commercial/residential buildings, the grading has worried the owners (Law et al. 2007) as this implies a hurdle for redevelopment which will incur a substantial loss in property value (Table 3).

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<sup>1</sup> Land Premium being the third major revenue after Profits Tax (22.2%) and Salaries Tax (12.9%) in 2004/5 (Census and Statistics Department 2006).

<sup>2</sup> Temporary figure subject to audit.

Table 2 Distribution of graded buildings

Use	Including	Number	Percentage
Government Institution Community (GIC)	Residence for ministers and civil servants, barracks, forts, hospitals, police stations, reservoir dam, schools, universities, study halls	256	51.6%
Commercial/residential	Residential buildings, commercial buildings, restaurants, theatres	82	16.5%
Religious	Temples, ancestral halls, churches, missions, mosques, monasteries	158	31.9%

Table 3 Redevelopment Value

Building	Ownership	Redevelopment value <sup>3</sup>
Pedder Building	Private	HKD 1.8 billion / GBP 11.6 million as at 9 Jan 2007 (Law et al. 2007)
128 Pokfulam Road, Jessville	Private	HKD 1.3 billion / GBP 8.4 million as at 21 Apr 2007 (Centaline 2007)
Central Market	Government	HKD 5.3 billion / GBP 34.2 million as at 8 Nov 2006 (Sing Tao Daily 2006)

### **Existing Legislation**

The conservation of heritage is regulated by the Antiquities and Monuments Ordinance (Chapter 53). The **Home Affairs Bureau** is the approval authority, **Antiquities Advisory Board** is the advisory body and **Antiquities and Monuments Office (AMO)** is the executive arm in enforcing the Ordinance. Under the Antiquities and Monuments Ordinance, buildings or sites of significant historic value are declared as monuments, also known as listed buildings. At the

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<sup>3</sup> Values as opined by professional surveyors through media.

time of writing, there are 81 listed buildings in Hong Kong (AMO 2007b) and about half of them are under private ownership (Chui and Tsoi, 2003). For the other historic buildings, the AMO carried out a survey and graded nearly 500 buildings into Grade I, II and III<sup>4</sup> (Table 4). The Antiquities Advisory Board and the AMO use this grading as an internal guideline in planning and preservation of historic buildings; however, there is no statutory protection to prevent the graded buildings from demolition.

Table 4 Categorisation of Historic Buildings (AMO (2007a))

Category	Level of Importance	Level of Protection	Number
Declared Monuments	Buildings legally declare as place to be protected	Any repairing or alteration works would require permits from the AMO	81
Grade I Historic Buildings	Buildings of outstanding merits	Every effort should be made to preserve if possible	117
Grade II Historic Buildings	Buildings of special merits	Efforts should be made to selectively preserve	185
Grade III Historic Buildings	Buildings of some merit but not yet qualified for consideration as possible monuments	-	194

The degree of protection in the existing legislation is considered insufficient as private owners can petition against the declaration of their properties as monuments which leads to AMO's practice to obtain private owners approval before declaring a monument (Chu and Uebergang, 2002, 22).

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<sup>4</sup> According to the AMO (2007a), the grading is based on the building's age, architectural merit, historical events and community connections as criteria.

### **Current Conservation Policy**

On the policy level, the **Home Affairs Bureau** used to be responsible in formulating policies related to heritage conservation but a new **Development Bureau** was set up in July 2007 to handle development-related heritage conservation together with infrastructure development, planning, lands, buildings and urban renewal policies.

The existing conservation policy in Hong Kong is governed by four principles, namely

- to conserve but not to take over ownership;
- to conserve based on heritage value not the age of building;
- to maintain a balance between conservation need and economic cost; and
- to uphold private property rights (Home Affairs Bureau, 2004).

These principles reflect the importance of private property rights as well as economic consideration in heritage conservation in Hong Kong. However, this can cause fundamental problem for heritage conservation, as Low (2003, 48) following Throsby (1999) demonstrated, social sustainability of heritage is part of the “cultural ecosystems” that support and maintain cultural life and humans civilisation and it is as important as the “natural ecosystems”. In this regard, heritage conservation benefits a society in its cultural development rather than in economic terms.

Besides this differentiation, there are other factual problems which hinder heritage conservation in Hong Kong, as stated in the government's consultation paper (Home Affairs Bureau 2004) and

further explained here:

### **1) Unsure what to conserve**

Aesthetic and architectural values of buildings have been given priority while social and historic values of buildings are undermined. The only statutory protection is on the declared monuments (Chapter 53) but the stringent controls under this protection have deterred owners to have their property declared. As the protection system does not include the declaration of a street or an area (Chapter 53, s3), it is difficult to conserve the character and setting of a heritage site. Besides, the uncertainty in what to conserve has led to an ad hoc system, in which the government only intervenes when historic buildings are threatened with demolition.

### **2) Unsure how to conserve**

Different methods are available such as in-situ preservation, rehabilitation, partial retention and preservation, adaptive reuse or relocation, but there is no clear guideline on what method should be adopted for different heritage types in the Antiquities and Monuments Ordinance. The government is concerned with safety and public access to the heritage, which often prevent the reuse of historic buildings because of technical problems (e.g. building design and original use) as well as stringent building and planning regulations (e.g. loading and structure, car parking provision and fire and safety requirements).

### **3) Unsure how much public money should be spent on a particular project**

Conservation can incur high maintenance costs, compensation<sup>5</sup> and land premium forgone.

Although it is proposed that the community should pay extra money for heritage conservation (expressed by Nissim and Lau, Chan 2007), it takes time to achieve a consensus among the public. On the contrary, there is already an urgent need for heritage conservation as once a historic building is demolished, it is irreversible.

With a view to these problems, Civic Exchange published the paper *Saving Hong Kong's Cultural Heritage* (Chu and Uebegang 2002); The Conservancy Association assisted Chui and Tsoi's (2003) research on *Heritage Preservation: Hong Kong and Overseas Experiences*; and Heritage Hong Kong produced the *Position Paper on Heritage Conservation* in 2007. These reports had studied the issue of heritage conservation in Hong Kong from political, social and economic perspectives and recommended various proposals to achieve a better heritage conservation policy.

Among these proposals, this report agrees with Chu and Uebegang's (2002, 3) suggestion to set up a dedicated conservation authority at the highest decision-making level to lead, guide and carry out reform in the associated policy and legislation, because the existing AMO has limited

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<sup>5</sup> Under the Antiquities and Monument Ordinance (Chapter 53, s8(1)) compensation includes financial loss suffered or likely to be suffered i.e. includes the development potential of the land. After compensation, the land is still under private ownership, although the building cannot be demolished without the government's consent, the building need not be opened to the public.

authority in the government organisational structure which hinders its ability to protect and conserve heritage.

With reference to Chu and Uebegang (2002, 3), Chui and Tsoi (2003, 56-59) and Heritage Hong Kong (2007, 18-20), this report considers the new authority should

- adopt a wider definition on heritage by including areas and districts that embody heritage values;
- encourage private sector involvement by providing more flexibility in heritage development and incentives;
- facilitate public involvement; and
- improve coordination among government departments.

These are essential to widen the protection of heritage and create a common platform for the private developer, the public and the government beyond the existing framework.

For example, in the public consultation process under the current planning system, public view is expressed to the government and it then transfers the message to the private developer for responses (Town Planning Board 2005). There is no communication channel between the public and the developer but a direct communication could be beneficial for all parties. In the Westend City Centre development in Budapest, Hungary, the developer sponsored a public concert at the site during the consultation period to let the public to experience the amenities that they could expect from the Centre, and this communication was proved to be an important

component for the project to gain the public and policy supports (The Urban Land Institute 2003, 74).

In terms of resources, Chu and Tsoi (2003, 59) and Heritage Hong Kong (2007, 9-15) suggested the need for a heritage trust that would direct charitable resources to heritage conservation and be responsible for the protection, conservation, maintenance, operation and management of heritage. But a sophisticated legal framework is required to delegate right to the heritage trust to manage government-owned heritage and the success of the trust will very much depend on the public support. Besides, property price in Hong Kong is very expensive, the trust will have to be backed up by sufficient donations (Latham 2000, 61). There is an existing heritage trust in Hong Kong which is the Lord Wilson Heritage Trust; however, since its establishment in 1992, it has mainly provided funding for heritage researches and education and has sponsored less than ten restoration and conservation projects (Lord Wilson Heritage Trust 2007).

## **2.2. POTENTIAL FOR PRIVATE SECTOR INVOLVEMENT**

With the limited public funding and large number of heritage sites, the concept of public-private-partnerships and private funding has been introduced. On the global level, the UNESCO, World Heritage Centre was set up the World Heritage PACT (Partnerships for Conservation) Initiative in 2002 to connect different foundations, conservation and research institutions, companies and media organisations to facilitate resources for the long-term



conservation of World Heritage. On the local level, the government, environmental groups and policy advocates have been looking for ways to engage private sector involvement to contribute to the heritage development in Hong Kong (Home Affairs Bureau, 2004, Ho 2000 and Chu and Uebegang 2002).

In the private sector, there are investors who are dynamic, risk-taking and creative (Shiple et al. 2006, 517). Different from the pure conservationists who tend to emphasise on the historic use and appearance of the building, the heritage developer can foresee and imagine the heritage potential despite the current state of an old building (Shiple et al. 2006, 517 and Latham 2000, 65). However, not all private developers are suitable for heritage development projects. Developers with a good track record of heritage projects should be rated over the opportunist developers with no track record and little interest in conservation (Latham 2000, 65).

The private-developer-involved mechanism can be a win-win situation which also benefits the developer as heritage development is an opportunity to make a statement (Shiple et al. 2006, 509); which can improve the company's reputation and image and could potentially enhance rental income of the property (Merrill Lynch 2005, 1).

However, private developers' involvement in heritage conservation has not been very popular in Hong Kong, as commented by Chu and Uebegang (2002), because private developers always look for a maximum investment returns but the high uncertainty in heritage development (Shiple et al. 2006, 513) increases the cost of investment. In order to safeguard historic buildings from

losses, there were cases<sup>6</sup> that the government compensated the loss of private development rights by transferring the plot ratio to the other part of the development or the government simply bought the property from the private landowner<sup>7</sup>. Instead of compensating the private owners or buying the land, it should develop a methodology to cooperate with the private developers to identify new use for the historic buildings (Latham 2000, 37), so that the heritage can be conserved and developed at the same time.

The other reason of limited private-developer-involved heritage projects is that conservation and reuse of heritage may not be financially sound in all cases. As Ball (1997, 1) pointed out conservation or reuse potential for heritage depends on the physical and organisational constraints involved, location, nature, and historical significance. Although potential for reuse and development of heritage varies, it does not mean that the less accessible heritage sites have no value; however, as agreed by Poon (Chan 2007), better packaging and more incentives are needed to market them so that they can be attractive in private developers' eyes.

Evidence can be provided to convince developers the inherent assets of heritage. The return on investment for heritage development is almost always higher<sup>8</sup> and while the historic building is renovated for new use, part of the building could be rented out for ongoing income (Shipley et

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<sup>6</sup> In the redevelopment of Tiger Balm Garden, the Haw Par Mansion and its private garden were returned to the Government and the loss of development rights was transferred to adjoining redevelopment site.

<sup>7</sup> Government spent HKD 53 million (GBP 3.4 million) to purchase Kom Tong Hall in 2002.

<sup>8</sup> Besides Shipley's study, the investment return on listed office property in the United Kingdom was also proved to be 0.5% higher than the unlisted property in 1998 (English Heritage 2000, 8).

al. 2006, 505 & 508). With reference to Rypkema's (2005) 100 arguments in supporting the economics of historic preservation, we can further support the case by comparing the cost in historic rehabilitation and new construction; setting out the long-term profit account of conserved building; and studying the value of historic building added to the sales of goods and services in the premises.

These packaging and incentives does not represent a give in to development *'but to negotiate the transition from the past to the present in ways that minimise the damage that change can cause, and maximise the benefits'* (Clark 2001, 12).

### **2.3. DRAWBACKS OF CURRENT SITUATION**

In Hong Kong, the property market is very active and almost every day there are development projects going on. Prior to the development of the former Marine Police Headquarters, the private sector was involved in the development of historic buildings through

- cooperation with the Urban Renewal Authority (URA) to carry out urban rehabilitation projects,
- private purchase of old buildings for redevelopment, or
- adaptive reuse of historic structures.

However, many of these projects involved partial or total destruction of the historic buildings.

### ***Cooperation with the URA***

The URA is the statutory body in Hong Kong that is responsible for urban regeneration projects.

It has statutory power to recommend resumption (Chapter 563 – Urban Renewal Authority

Ordinance s29). After unifying the multiple ownerships, it cooperates with private developers to

redevelop the land. Although the URA has included heritage conservation as one of its

missions, many URA schemes are no different from the other property development projects,

where old and low-rise buildings are demolished and replaced by new and high-rise blocks.

Historic buildings and historic townscape are destroyed even though the redevelopment is

initiated by the public sector.

### ***Private Purchase for Redevelopment***

In order to realise development potential, private developers purchase old buildings for

redevelopment. The simplest way is to demolish old buildings and realise the full development

rights by building new structures. However, some of these old buildings are of significant

historic and architectural value, for example, St. Joseph's Home for the Aged in Ngau Chi Wan

and the Morrison Building in Hoh Fuk Tong Centre, Tuen Mun (Figure 1), and they are

safeguarded by the government in the redevelopment process. Both St. Joseph's Home and

the Morrison projects have been delayed for years. In the Morrison case, private developer

entered a joint development agreement with the landowner in 1997 and spent 5 years trying to

get through the hurdles for redevelopment but at the end aborted the scheme because the

preservation of historic buildings within the site and the subsequent delay in land exchange and land premium negotiations process have created a knot in the programme which could not be untied (Kerry Properties 2002). Although the redevelopment scheme was picked up by another development partner in 2005, it is not difficult to understand the frustration of the landowner when nothing was completed after a 10-year marathon. These painful experiences have discouraged many private investors from heritage development projects.

Figure 1 Location Plan (Source: AMO and Kowloon Development Company Limited)

### ***Adaptive Reuse of Historic Structures***

Reuse of historic buildings is not uncommon in Hong Kong, for instance the Old Victoria Barracks,

built in 1840s and situated in Central (the Central Business District in Hong Kong), served as the base of the British government in its early monarchy. The complex has been changed tremendously in the past hundred years. Part of the site was redeveloped into skyscrapers for banks and financial institutions and part of the historic buildings were kept and turned into new uses such as the Cotton Tree Marriage Registry, the Flagstaff House - Museum of Tea Ware (Figure 1) and the Hong Kong Visual Arts Centre. Murray House (Figure 1), which used to be an icon of the site, had been used as the government office and later on dismantled and rebuilt in Stanley. Although the structure lost its architectural and historic value in the unqualified rebuilding process, it is now standing by the sea, houses a few nice restaurants and is enjoyed by the community.

Luk (2003) carried out a research on the adaptive reuse of heritage sites in Hong Kong. He commented that historic buildings should not be left vacant but actively reused in an economically and financially viable way. In his research, he only partially covered the meaning of adaptive reuse. Better illustrated by Chui and Tsoi (2003, 66), reuse generates new lives in heritage and generates financial returns for preservation works; the new use should be compatible with its former function and in harmony with its surrounding; besides, balance should be struck between the preservation of historic features and changes required for the new use. With these criteria, it is not easy to find new uses for historic buildings and under the existing building control, it is even harder to find a compatible use which can technically fit in.

#### **2.4. WAY FORWARD**

In this section, the roles and responsibility of the conservation authorities in the United Kingdom (UK) and Singapore are discussed. Their experiences in working with the private developer are highlighted for comparison in the later sections.

In the UK, the English Heritage is the government's statutory advisor on the historic environment and it is an executive non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS). Its neutral role facilitates its partnership with the central government departments, local authorities, voluntary bodies and the private sector to conserve and enhance the historic environment for the public (English Heritage 2007).

The English Heritage has been working with private developers in many heritage-led urban regeneration projects and its experience is summarised by Drivers Jonas (2006) in *Heritage Works*, a joint publication with the Royal Institution of Chartered Surveyors (RICS), British Property Federation (BPF) and the English Heritage. First, it showed that for the sustainable development of heritage, a clear **heritage objective and understanding of the conservation constraints** is required in addition to the development objective. It leads the developer to select the right occupiers and uses that suit the type and style of the historic building and plan ahead for the long-term management of the heritage asset. Secondly, **early involvement of all parties** (private developers, planning authority and heritage agency) can help in better planning

of the project objectives and avoid unexpected issues arising later. Thirdly, **continuous communication** between the project team and the heritage expert can ensure proper reuse of the heritage and close contact with the community is crucial to balance economic demands and social needs.

A different mechanism is applied in Singapore where one authority overlooks both built heritage and property development in the country. The Urban Redevelopment Authority has been administrator for conservation of built heritage and land use planning and development since 1989. In Singapore, the government is not directly involved in the supervision and coordination process, but provides a favourable environment to encourage private owners to upkeep and make use of their heritage. The government's commitment is shown by the Urban Redevelopment Authority's functions in

- **planning and research** to identify and recommend buildings of historical, architectural and cultural merits for conservation;
- **facilitating and coordinating** to encourage the private sector participation, through carrying out pilot projects to show the government's commitment to conservation and to demonstrate appropriate restoration techniques, releasing conservation buildings to the private sector for restoration and taking care the environmental improvement works in conservation areas;
- **regulation** to provide the legal framework and sufficient guidance for conservation; and



- **consulting and promoting conservation** through communication with professionals and owners of conservation buildings (Urban Redevelopment Authority 2007).

It is proved that revitalisation of historical buildings has increased the property values of the Conservation Areas as a whole and, with the government's encouragement, this become a motivation for the private owners to restore their historical buildings voluntarily, which not only save public money but also minimise the interference with private property rights (Urban Redevelopment Authority 2007). This mechanism works in Singapore because the declaration of national monuments does not require consent from the owners and the government has been committed to create a favourable environment to encourage heritage conservation. On the contrary, both criteria are sadly missing in the existing conservation policy in Hong Kong.

There have been many discussions over the years and many proposals have been brought forward to the government but historic buildings in Hong Kong have been disappearing one after another. The slow response of the government in reforming the conservation policy is largely influenced by the fact that Hong Kong is strongly economic-orientated. Although there are many social outcries to persuade the government to take up this responsibility to conserve heritage, the government is reluctant to make a long-term commitment and is still searching for a way to balance the social and economic demands. Injecting private sector resources to heritage development should resolve the government's concern. In many cases, it is private

developers who tear down the historic buildings to make way for new developments, by

encouraging them to take part in heritage conservation will in fact turning the sword into a shield.

But so far private-developer-involved heritage conservation is not popular, thus the background

reviewed in this Section and the detailed case study in Section 4 will be used to derive a

methodology to encourage this involvement.

### **3. METHODOLOGY**

#### **3.1. METHODS USED**

Desk-based researches and in-person interviews were carried out in preparing this report. This information provides a baseline for understanding the context of heritage conservation in Hong Kong and the details of private developers' involvement in heritage development. With this foundation, a case study on the former Marine Police Headquarters is illustrated. It includes studies on the background of the case and a critical analysis on the planning and development process. Based on the case study, a methodology for private developers' involvement is derived.

##### ***Desk-based Research***

In Hong Kong, academic literature and researches were mainly concentrated on the policy review and conservation principles, specific analyses on public funding or private sector participation were limited. This report has therefore referred to local publications and reports from the Hong Kong Government, policy advocates, environmental groups and media to analyses the situation in Hong Kong. Besides, literatures from the international conservation bodies and overseas institution in heritage conservation were based on. *Heritage Works* (Drivers Jonas 2006) and *The Economics of Historic Preservation* (Rypkema 2005) are important references as they represent a common platform for property development and heritage

conservation which is highly relevant to the theme of this report.

In addition, historical documents including newsletters, newspaper clippings, historical photos, planning feasibility study, tender document and environmental impact assessment of the site were reviewed for a comprehensive examination and critical analysis of the case study.

### ***Interviews***

Fifteen in-person interviews were carried out in London and Hong Kong during April and May 2007 (refer Appendix II for the List of Interviewees and Appendix III for Interview Notes). In order to obtain different levels of information and opinions, interviews were arranged with a range of people who are related to heritage development in Hong Kong including project manager of private developers, architects, surveyors, political advocates, social activities and academic professors. Interviews were also carried out with the project landscape architect, conservation consultant and the case officers at the AMO and the Planning Department for deeper understanding of the case study. The private developer of the subject case study was also contacted but given the considerable number of enquiries received, the company could not participate in this case.

### ***Case Study***

The case study of the former Marine Police Headquarters was selected because of its significant heritage value and more importantly, its crucial role as the government's first attempt to engage private sector to conserve heritage as well as transforming heritage into tourist attraction. The

key issues, problems and pitfalls in this project are identified based on various sources including the official documents, site visit, and in-person interviews with professionals who have been involved in the development.

### **3.2. LIMITATIONS**

The conservation policy in Hong Kong requires urgent reform in its legal framework and policy arrangement, the government's consultation document on the conservation of built heritage (Home Affairs Bureau 2004) have identified areas that require improvement and these are explained in Section 2.1. It is beyond this report's content to determine what to be conserved and how much public money should be spent on conservation; however, this report concentrates on one of the major areas that is the engagement of private developers in the sustainable development of heritage sites.

Overseas practices in heritage conservation have been referred to in this research, it is understood that there can be cultural differences which affect the conservation policy, public expectations and standard of appreciation in different countries. Nevertheless, with limited heritage development experience in Hong Kong, foreign examples can be an efficient and effective guidance. For better comparisons, examples from the UK and Singapore are borrowed. The development control system in the UK is similar to Hong Kong and the UK has a long and established history in heritage conservation. Singapore started its conservation

programme in the 1970s and similarities between the two cities have always brought the two for comparisons. Besides, major cities in the UK and Singapore are, like Hong Kong, facing pressure from city development and continuous expansion.

Regarding the case study, the former Marine Police Headquarters is used to illustrate the difficulties in engaging private developers in heritage development but this report is not to judge the successfulness of this project. The standard of the conservation skills and practice in a heritage project can be compared with the international conservation charters and conservation principles. However, there is no agreed standard, timeframe or measuring tool to evaluate the success of a heritage project and the development of such mechanism could be a valuable topic for future research.

#### **4. CASE STUDY: FORMER MARINE POLICE HEADQUARTERS, HONG KONG**

##### **4.1. BACKGROUND**

###### ***Significance***

The government recognised the historic and architectural significance of the former Marine Police Headquarters and declared it as a monument under the Antiquities and Monuments Ordinance in 1994. The **Main Building** of the former Marine Police Headquarters; **Stable Block**; **Signal Tower**; and **Accommodation Block of the former Fire Station** are declared monuments and the Main Block of the former Fire Station is a Grade III building (refer Figure 2 for Location Plan and Appendix I for Site Plan).



Figure 2 Location Plan of the Former Marine Police Headquarters (Source: AMO)

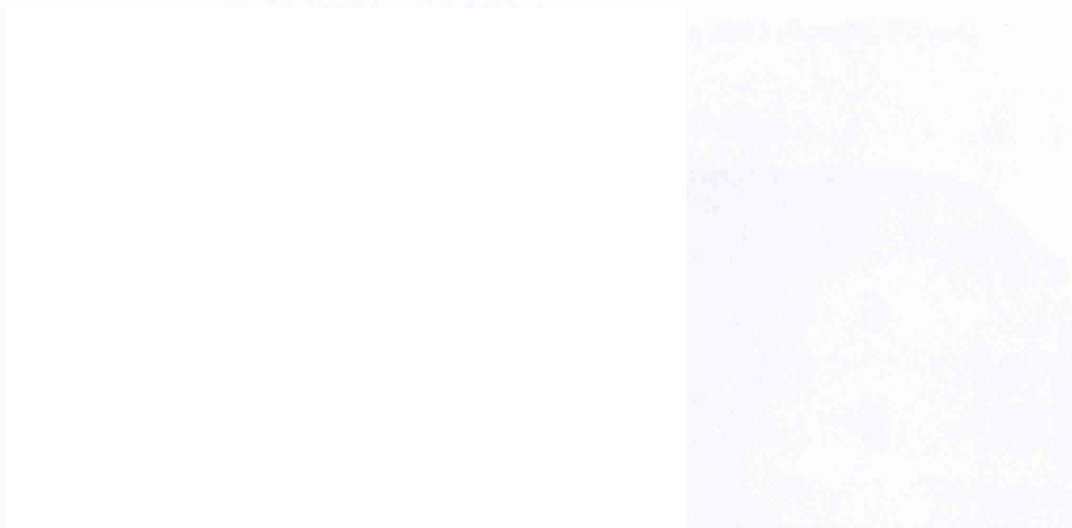


Figure 3 Former Marine Police Headquarters (right, above the hill) in 1910 (Sources: Hong Kong Public Records Office)





Figure 4 Main Building (left) and Signal Tower (right) in 1977 (Sources: Hong Kong Public Records Office)



Figure 5 Main Building (left) and Signal Tower (right) in 2003 (Source: PBase)



Figure 6 Main Building (left) and Signal Tower (right) in 2007

Figure 7 Artist Impression of the Development (Source: News.gov.hk)

### **Historic Value**

Built in 1884, the former Marine Police Headquarters is one of the four oldest surviving government buildings in Hong Kong and the oldest British structure in the Kowloon Peninsular (Figure 3 to Figure 6). It was used as the Marine Police Headquarters from 1884 to 1997 and part of the premises was shared with the Land Police. It was the first Marine Police (was called Water Police prior to 1948) Headquarters built on ground<sup>9</sup>. Its two-storey time Signal Tower is standing at the edge of the site, with a time ball which dropped at 1pm everyday until 1907<sup>10</sup> to enable ships in the harbour to check their chronometers. During the Japanese occupation in 1941-1945, the Headquarters was used by the Japanese Navy as a base station and air raid

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<sup>9</sup> The Water Police used a wooden hulk as their floating headquarters since the later 1860s which was burnt down by fire in 1884 before they were relocated to the former Marine Police Headquarters in Tsim Sha Tsui (Thomas 1983).

<sup>10</sup> The Signal Tower was disused when the time ball apparatus was removed to Signal Hill in 1907 (AMO 2007b).

tunnels<sup>11</sup> were dug under the site. This historic site has not only witnessed an important page in Hong Kong's history but also represents the development of the Hong Kong Police Force.

### **Architectural Value**

The Main Building is a three-storey<sup>12</sup> Victorian classical building with projecting corner pavilions, emphasised with channelled stucco. The building shows Italianate influences and the verandas have Tuscan columns which was a common British architectural style during the Victorian period. Beneath the ground, there was an underground tunnel led from the hall to the kitchen and servants quarters for functional purposes. The building compound was originally sitting on the Tsim Sha Tsui Hill overlooking the harbour and demonstrated the close relationship between the Marine Police Headquarters and the sea (Figure 3), but due to land reclamation and continuous urban developments, the Headquarters has been surrounded by taller buildings and sadly survived out of context (Figure 6). Nevertheless, the buildings show special characteristics which marked the colonial era and are considered to have significant architectural value in Hong Kong.

### **Chronology**

The plan to redevelop the former Marine Police Headquarters started as early as 1970s. At that

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<sup>11</sup> The tunnels were filled after the war for safety reasons (AMO 2007b).

<sup>12</sup> Originally it was a two-storey structure and the extra storey extension was added in the 1920s (White 1960, 13).

time, the government planned to level the Tsim Sha Tsui Hill and replaced it with commercial and residential complex with a public transport terminus. However, having considered the special setting and architectural merits of the site, the government was convinced by the environmental group and agreed to preserve the site (The Conservancy Association 2003, 4-5).

Since the Marine Police vacated the site in 1997, no long-term use had been assigned and the main portion was left vacant. The redevelopment plan was brought up again in 1998/99 when the Tourism Commission<sup>13</sup> (Tourism Association prior to May 1999) explored the potential to promote heritage tourism in Hong Kong (City Planning Consultants Limited 2001). With its prime location and significant historic value, the former Marine Police Headquarters was selected as the pilot scheme to engage private sector in heritage tourism development. Other potential heritage sites such as the Central Police Station Compound were planned to be launched subsequently. A board led by the Tourism Commission was set up to draft the land grant document, carry out the tender exercise and assess the bids. Besides the Tourism Commission, according to Kau (Chan 2007), the board included representatives from the Planning Department, Lands Department, Transport Department, Architectural Services Department and the Home Affairs Bureau.

The site particulars are listed in Table 5 and according to the *Tender Document* (2002), the

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<sup>13</sup> Tourist Commission is the government body responsible for tourism development in Hong Kong.

planning intention for the Lot is 'to preserve, restore and convert it into a tourism-themed commercial development as well as the heritage preservation requirements, viz. to preserve the declared monuments and the heritage on it'.

Table 5 Site Particulars

Lot No.	Kowloon Inland Lot No. 11161
Location	Salisbury Road, Tsim Sha Tsui
Site Area	12,289 square metres
Existing Gross Floor Area (GFA)	4,300 square metres
Additional GFA	7,213 square metres
Total GFA	11,513 square metres
Lease Term	50-year
Lands Premium	HKD 352.8 million (GBP 22.76 million)

The *Tender Document (2002)* was published in November 2002 and closed in February 2003.

Six tenders were received and the assessment was based on four criteria (*Tender Document 2002*):

- 1) heritage conservation;
- 2) competence, creativity and technical issues;
- 3) economic and tourism benefits; and
- 4) proposed level of premium.

Flying Snow Limited, a subsidiary of Cheung Kong (Holdings) Limited was awarded the scheme.

Subsequently, a planning application was approved in November 2004. The Main Building of the former Marine Police Headquarters will become a heritage boutique hotel with 30

guestrooms and a three-storey commercial podium will be built in front of it (Figure 7). The site is under construction as at the time of writing and the project is expected to complete in 2008.

#### **4.2. PROBLEMS AND PITFALLS**

The problems and pitfalls of the project are set out in four stages, from the formation of development objective in the commencement stage to the monitoring mechanism when the project is completed. In each area, the perspectives from the private developers, the government and the public were considered.

##### ***Development Objectives***

Private developers and the government's development objectives are different in this heritage project. According to Kau (Chan 2007), the developer proposed to build a taller hotel building in the early stage, although it was rejected by the Planning Department, it showed that the developer took this project as an ordinary property development project and tried to maximise its profit. Government's objectives are clearly shown in its assessment criteria (as mentioned in Section 4.1), these are to engage private developers' resources to conserve historic buildings, develop heritage tourism and boost government revenue from land sale. Although the project has gone through public consultation by representation to the District Council (the old public consultation mechanism), for so long the site has been hidden from the community. When it was used as a Marine Police Headquarters, most parts of the site were not opened to the public.

After the Marine Police left, only the Main Block of the former fire station was reused for cultural activities, the site above the slope was closed from the public. Without sufficient knowledge and communication with the community, the public enjoyment and future access of the site were not highlighted in the tender nor taken as a criterion in assessing the bids. It caused the public to query the future access of the heritage sites (Sun, 2006) when the developer announced that the future development would be a 6-star boutique hotel<sup>14</sup> with high-end shopping mall.

### ***Planning***

The project was initiated and led by the Tourism Commission instead of a heritage conservation agency which led to the undermining of heritage conservation purposes. In the planning stage, the AMO was not even included in the board. Although AMO's leading bureau, the Home Affairs Bureau, was one of the board members, they are not experts in conservation. As a result, no detailed conservation plan was prepared in the planning stage which should have emphasised the significance of the site and state how that significance can be retained in any future use, alteration, repair, management or development (Clark 2001, 112).

Under the existing arrangement, insufficient historical researches were carried out to identify the historic significance of the site. The air raid tunnels dug during the Japanese occupation and the trees planted on site can be of significant historic value; however, no detail research has

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<sup>14</sup> Proposed room rate at HKD 10,000 (GBP 645) per night (Sun, 2006).

been done to map the route of the tunnels or to record the origin of the trees (City Planning Consultants Limited 2001).

Brief conservation guidelines were attached with the tender document but they were not mandatory. For example, the conservation guidelines requested the integrity of the Lot to be maintained, in the land grant document, emphasis was put on the conservation of the five historic buildings. On the conservation of the historic layout and landscaping, it was silent. Back in the 1970s, the government had already acknowledged the significance of the special setting of the site and called off the proposal to cut Tsim Sha Tsui Hill; however, a proposal to cut off the hill was chosen among the bids. This action contravened the conservation standard in *the Venice Charter* (1964) and also went against the environmental sustainability of the heritage site.

In addition, as commented by Tse (Chan 2007) the detailed conservation study was only carried out after the tendering; therefore the land grant document in the tender is only a contract which controls the development but not to conserve of the heritage.

### ***Implementation***

For a public-tendered or land auction site, often the land is ready for development and the developer can start construction in a few months. However, for this project, a series of applications and studies had to be completed by the developer:

- planning application under the Town Planning Ordinance (Chapter 131);
- Environmental Impact Assessment under the Environmental Impact Assessment Ordinance



(Chapter 499);

- permit for works interfered with the monument under the Antiquities and Monuments Ordinance

(Chapter 53);

- compliance with building design and construction regulations under the Building Ordinance

(Chapter 123) and

- conservation plan and historic buildings survey as required under the land grant.

These applications and studies involved special technical aspects and required a high level of details because of the presence of the historic compound. Despite this exhaustive list of preparation works, the major problem was the lack of coordination and communication between different government agencies. It was commented by Tse and Foot (Chan 2007) that different terminologies and criteria were requested by the government agencies. Without a central approval organisation or single point of contact, the developer had to go through the “three-tier” controls (Planning, Environmental and Heritage) for any major amendment. While within the government structure, Kau (Chan 2007) also commented that there was not clear policy or sufficient experience to handle heritage related projects.

In additions, the existing environment and building controls are drafted for the development of new buildings and no standard is prepared for the “reuse of historic buildings”; therefore, the Building Regulations were considered too restrictive. Having a modern standard is not incorrect according to the ICOMOS Charter (2003): all the conservation requirements and safety

conditions have to be carefully taken into account for any change of use or function. However, it is unreasonable to require a historic building to perform as a 21<sup>st</sup> Century new building and at the same time to maintain its architectural and historic character.

Furthermore, the arrangement to rely on the developer to prepare the conservation study was considered inappropriate. As told by Lo and Tse (Chan 2007), the AMO expected the study to truly examine the heritage value of different components; however, being appointed by the developer, the heritage consultant was only able to provide recommendations on behalf of the developer.

During its construction process, the project was criticised in destroying the historic landscape and excluding the public (Lai 2006 and Sun 2006). The public were shocked when they noticed that the hill and many trees on site were gone. It is still uncertain whether the end product will be welcomed by the public, but both the government and the private developer should have provided more information to the public. A model or image of the future development was not displayed on site or in the government or the developer's website (Hong Kong Tourism Board 2007, Tourism Commission 2007 and Cheung Kong (Holdings) Limited 2007). The future development has become a mystery to the public, only a few artist's impressions of the development can be found in the appendix of the Landscape Mitigation and Tree Preservation Proposal (ADI Limited 2006). But being one of the declared monuments, do the public have the right to know how their heritage is going to look?

### **Monitoring**

In the development stage, the developer is obliged to fulfil all government standards but upon completion, the proper use and maintenance of the historic building will be determined by the self-discipline of the developer. Although under the Antiquities and Monuments Ordinance (Chapter 53, s6), any acts such as building, works or interference with the monument would require the Authority's approval, the definition of "works" and "interference with the monument" is unclear. For example, the shopping mall is just a few steps away from the Main Building and it is completely a new structure, whether decoration and alteration of the shopping mall will interfere with the context of the monument is arbitrary. Even if no dispute, both the operator and the Authority have to undergo numerous application and approval processes in the future which have time and cost implications and require long-term commitment to the heritage. Besides, there is risk that the future operator of the boutique hotel will concern its service and day-to-day operation more than the conservation of the historic buildings.

## 5. DERIVED METHODOLOGY

Based on the background review in Section 2, the problems and pitfalls identified in the case study are compared with the United Kingdom and Singapore experience as highlighted in Section 2.4 and a methodology is proposed to facilitate private developers' involvement in sustainable heritage development. The methodology is set out in two levels, a "practical checklist" as a reminder to the developers and the government in carrying out heritage development projects and a "proposed structure" to facilitate the engagement of private developers in sustainable heritage development in the future.

### ***Practical Checklist***

#### **Heritage objective and understanding of the conservation constraints**

1) The government and the private developer do not have a common objective in the case study.

The private developer involved in the heritage development project should have both development and heritage objectives. Besides profit making, a property developer is responsible for the safety of the building, and a developer involved in heritage development has to go further and be responsible to the heritage conservation within the site.

2) If the conservation study has been carried out before the private developer was committed to the project, it should have better knowledge of the **conservation constraints, realistic costing,**

**and capacity** for the development. To further assist developers to assess their cost and capacity, clear guideline on the restoration of historic building and the respective standard of requirement for graded and declared monuments should be prepared by the government.

3) The former Marine Police Headquarters will be used as a six-star heritage boutique hotel and the site will be turned into a high-end shopping mall. It is still premature to comment whether these are the **right occupiers and uses** for this 19<sup>th</sup> Century Victorian style structure. But in order to choose the right occupiers and uses for the sustainable heritage, the developer should balance:

- technical aspects such as the number of visitations and the structural impacts;
  - social aspects that is the possibility for public access and public enjoyment;
  - environmental aspects for instance the building's energy consumption with particular user;
- and
- economic aspects which mean the financial return for the project and economic benefit to society as a whole.

4) The government should have better **planning and research** about the heritage site and its surrounding so as to better inform the developers about the heritage value and significance of the site (such as the trees, the tunnels and the setting of the site in the case study). This

research should be carried out by an independent advisor for the best interest of the heritage.

And this practice can be expanded to the planning and research for the whole territory, the government should take a proactive approach to identify and recommend significant historic buildings for conservation and let the developers know the potential and inherent value of heritage sites. The responsive act to intervene when a demolition permit is applied will only frustrate the developers and give a wrong impression that historic buildings are problematic.

5) The government worked out the pilot heritage tourism and heritage conservation case together with the private developer in the former Marine Police Headquarters project. Although the developer is asked to make reference to *the Venice Charter* and *the Burra Charter* (Tender Document 2002), no concrete guidelines were stated. In Singapore, Urban Redevelopment Authority carried out pilot projects to demonstrate the techniques and requirement in heritage conservation. It is beneficial to the heritage and the developer to have **clear standards of restoration techniques and examples to follow**. The government-owned historic buildings such as the Central Police Station Compound, Lui Seng Chun and Yau Ma Tei Theatre are currently left vacant and the government cannot think of proposals to reuse them. Rather than leaving them to further dilapidation and excluded from public enjoyment, the government should carried out one or two pilot cases to encourage private sector involvement in developing and conserving other heritage sites.

6) From the UK and Singapore's experience, a **central point of contact and a centralised system** for heritage development can encourage private developer participation. Hong Kong also needs such agency which has the authority and commitment to heritage conservation. Through its close network with the planning and development departments, it can draw clear regulation and guidelines (such as building regulations for possible reuse of historic buildings as well as enforcement mechanism for ongoing monitoring and management) for private-developer-involved heritage development and facilitate the existing three-tier (Planning, Environmental and Heritage) approval system to save duplicated effort and time.

#### **Early involvement of all parties**

7) Instead of presetting a package and inviting private developers to respond, there can be **early consultation** (such as workshops or competitions) with interested developers and the public before the tendering process. On the one hand, government's intention in heritage tourism and heritage conservation can be communicated and interacted with the developer's business idea and the public needs; on the other hand, a better understanding can be developed among the three parties.

### **Continuous communication**

8) Many problems found in the case study were due to the mismatch in expectations, for instance the preparation of an independent conservation study and the flexibility to comply with the building regulations; and the ultimate reason was that the project team and the heritage expert were speaking in different languages. More communication is needed to create a **common platform** for the future private developers engaged heritage development projects.

9) The **community should be involved** in a heritage development project and this communication should be continuous and interactive. The loss of confidence is difficult to rebuild and after the former Marine Police Headquarters, the developer should learn to be proactive in informing the public. The public felt cheated when they realised that the hill had been flatten and the trees were gone. Although the developer explained that more trees would be planted and the new landscape setting would be more welcoming to the public, no illustrations of the future development were posted in any easily accessible place, neither online nor on site. The public needed to be informed and their comments should be respected. Again, private developers should have heritage objective in planning their projects and more communication with the public will assist their long-term management of the heritage asset.

10) With the stringent control on declared monuments, the future operator's autonomy and



government's control over operation and maintenance of the buildings can lead to argument.

This **long-term management and control** should be discussed and agreed at the beginning to avoid misunderstanding and difference in expectation.

### ***Proposed Structure***

The practical checklist attempts to help the government and private developer to handle heritage development project together and it points out three general concepts for effective involvement of private developer in sustainable development of heritage sites:

- **Heritage objective and understanding of the conservation constraints** - Government's role to facilitate rather than complicate.
- **Early involvement of all parties** - Private developer's commitment is not only at the beginning and public involvement is not only at the end.
- **Continuous communication** - Communicate and compromise rather than follow the instructions.

Combined these concepts with the existing conservation policy in Hong Kong, it is suggested that a new government agency, a Heritage Authority, should be set up to act as a single point of contact for heritage conservation matters. As illustrated in Figure 8, it has to have authority and capacity

- to **assess** all the significant built heritage in Hong Kong;

- to stop any built heritage related development without its **approval**;
- to **recommend reforms** in building and planning regulations which are appropriate for heritage development;
- to create a good **communication network** with various government agencies related to property and heritage development and to establish an interactive channel with the private developers, charitable funds and the public.

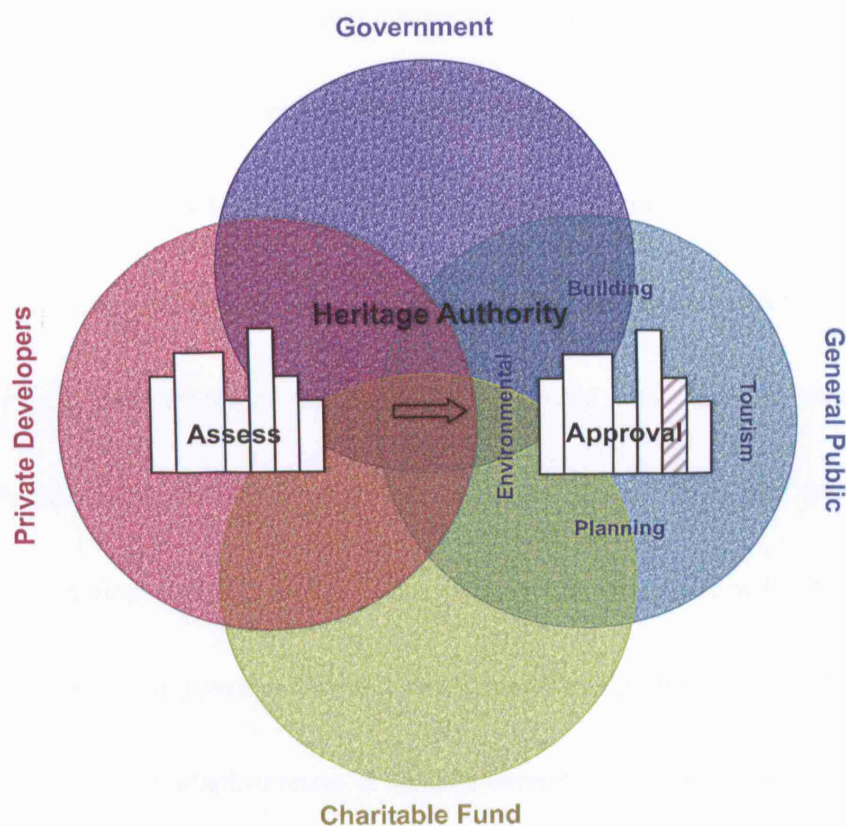


Figure 8 Proposed structure of the Heritage Authority

This agency can start with the 81 declared monuments and 496 graded buildings that the government has already assessed. By freezing built heritage related development, it is to encourage the private owners to come and negotiate for a feasible development proposal. Although the private owners will be responsible to conserve and if possible, to consider adaptive reuse of the heritage, there are numerous incentives to encourage their participation such as the transfer of development rights, granting extra plot ratio, land swaps, discount in land premium and the like as proposed by the previous academia and policy advocates. If the private owner is in need, the agency could carry out urgent maintenance works with government subsidies and charities' donation. It does not involve a transfer of public benefit to private sector, because 'conservation does not come free' (emphasised by Nissim (Chan 2007)) and the upheld of private property right is important to Hong Kong's economy. As stated in Section 2.2 and also pointed out by Lau (Chan 2007), private developers are more innovative and sensitive to the market, to fully utilise their skills and creativities, a flexible system is needed for negotiation. Further to Civic Exchange's (2004) comment that there will never be a "one-fits-all" solution for built heritage, this report suggests a flexible system in packaging heritage projects. The land price and the possibility for adaptive reuse of heritage depend on the use, location, scale, layout and other limitations of the site; in order to encourage developers to conserve and make use of the historic buildings, such flexibility is required to arrive at a consensus. However, it is highlighted that the ultimate objective is the sustainability of the heritage but not boosting

government revenue.

Furthermore, the agency should set out guidelines on conservation principles, restoration techniques and set examples for private sector to follow. It should also help the private developer to plan for the future conservation and management of the heritage sites such as to set aside a percentage of rental income as sinking fund or to draw a five-year or ten-year renovation plan.

Besides the role as a facilitator to private-developer-involved projects, it is important for the agency to have sufficient communication with the public through public forum, heritage trail or volunteer scheme to have more interaction with the public and encourage them to express their views and comments for the heritage conservation in Hong Kong.

## **6. CONCLUSION**

Hong Kong is such a dynamic city, to preserve historic building and use it as a museum may not be suitable for the pace in Hong Kong. The innovative idea and business creativity in the private sector are the true resources available; therefore we should encourage private sector involvement in bringing lives and energy to our heritage. But with the existing legislation, the next private-led heritage development project will only incur another series of criticisms, another blow of social unease, another delay in development programme and most importantly, another heritage threaten by partial destruction or irreversible alteration.

Thus this report is to convince private developers that there is potential for heritage development and to suggest policy and structure which can facilitate private developers' engagement in the sustainable development of heritage sites. The review of background for private developers' involvement and the case study on the former Marine Police Headquarters has identified the crucial factors for such involvement: the requirement of heritage objective and understanding of the conservation constraints; the early involvement of all parties in the project; and continuous and effective communication between the project team and the heritage expert, together with the government bodies and the general public.

Again, it is highlighted that the government should facilitate rather than complicate the sustainable development of heritage sites and a new Heritage Authority should be set up to act as a facilitator. Private developers' commitment is not only at the beginning of the project, with guidance from the Heritage Authority, they should carry out their plan with a conservation perspective and maintain continuous communication with the general public. For the government to fully utilise the creativities of the private developers, it should not form a rigid framework to deter developers' participation. The new Heritage Authority should communicate closely with the private developers so that they can work hand-in-hand for the sustainable development of heritage in Hong Kong.

## **GLOSSARY**

**Discount in land premium in return for the preservation of heritage sites** Impose obligation in the land lease to the preservation of heritage sites which subsequently is reflected in a lower land premium (Chu and Uebegang 2002).

**Granting extra plot ratio in exchange for the conservation of heritage sites** Allowing extra developable area while imposing an obligation to pay for the maintenance costs of the heritage on site (Chu and Uebegang 2002).

**Land swaps** Return the land with heritage value to the government in exchange for land with development value (Chu and Uebegang 2002).

**Plot ratio** The plot ratio of a building shall be obtained by dividing the gross floor area of the building by the area of the site on which the building is erected (Chapter 123F - Buildings (Planning) Regulations, Regulation 21).

**Premium** Any sum, other than government rent, required to be paid to the government as a condition or in consideration of (a) the grant, renewal or continuance of a government lease; (b) consent to the assignment of a government lease or of any rights under a government lease; or (c) the extension or variation of a government lease (Chapter 125 – Government Rent and Premium (Apportionment) Ordinance, s 2).

**Resumption** The government may acquire private land by resumption for the implementation of public projects (Lands Department 2006).

**Tender document** Comprised an Explanatory Note (including guidelines for tenderers and conservation guidelines), Tender Notice, Form of Tender and Conditions of Sale by Public Tender (i.e. the land grant document) for Kowloon Inland Lot No. 11161 (the former Marine Police Headquarters).

**Transfer of development rights** Keep the historic building and transfer the unused development rights to different plot of land in the same development (Chu and Uebegang 2002).



**APPENDICES**

**APPENDIX I – SITE PLAN**



Site Plan (Source: City Planning Consultants Limited 2001)

**APPENDIX II – LIST OF INTERVIEWEES**

In Alphabetical Order

1. *Brooke, Margaret*, Surveyor and Fellow of the Royal Institution of Chartered Surveyors (RICS) and the Hong Kong Institute of Surveyors (HKIS), Chief Executive Officer of Professional Property Services Limited
2. *Brooke, Nicholas*, Surveyor and Fellow of the Royal Institution of Chartered Surveyors (RICS) and the Hong Kong Institute of Surveyors (HKIS), Chairman of Professional Property Services Limited
3. *Chu, Hoi Dick*, Member of the In-Media Network
4. *Foot, Christopher*, Landscape Architect, Director of ADI Limited
5. *Kau, Louis Kin Hong*, Town Planner, Senior Town Planner of Planning Department
6. *Lau, Patrick Sau Shing*, Architect, Legislative Councillor
7. *Lee, Ho Yin*, Architect, Director of Architecture Conservation Programme in the Hong Kong University
8. *Lo, Fione Sau Lai*, Curator, Curator of Leisure and Cultural Services Department
9. *Loh, Christine*, Former Legislative Councillor, Co-founder and Chief Executive Officer of Civic Exchange
10. *Mak, Bryan S.M.*, Surveyor, Project Manager (Development) of Antiquities and Monuments Office, Leisure and Cultural Services Department
11. *Manson, Fred*, Architect and Former Director of Environment for London Borough of Southwark, Associate Director of Heatherwick Studio
12. *Nissim, Roger*, Surveyor, Project Manager of Sun Hung Kei Properties Limited
13. *Poon, Teresa Mun Chie*, Architect, Project Manager of Chinese Estates Holdings Limited
14. *Tse, Curry*, Architect, Architect of All Arts Architectural Design and Research Limited

15. *Wong, Kam Sing*, Architect, Council Member 2007 & 2008, Chairman of Board of Local Affairs of The Hong Kong Institute of Architects

**APPENDIX III – INTERVIEW NOTES**

(Prepared by Pak Wai Chan on 1 June 2007)

Interviewees: 1. Brooke, Margaret, Surveyor and Fellow of the Royal Institution of Chartered Surveyors (RICS) and the Hong Kong Institute of Surveyors (HKIS), Chief Executive Officer of Professional Property Services Limited; and  
2. Brooke, Nicholas, Surveyor and Fellow of the Royal Institution of Chartered Surveyors (RICS) and the Hong Kong Institute of Surveyors (HKIS), Chairman of Professional Property Services Limited

Date: 15 May 2007

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*Do you agree private developers to be involved in heritage development projects? What are the difficulties?*

- Yes. Private developers can be engaged in heritage development through the master planning approach (i.e. by invitation of tender under a preset scheme) or through the arrangement of a conservation trust.
- Incentives to the private developers can be in the form of transferred development rights, corporate incentive or social incentive, as long as it is a fair policy and the same for everyone.

*The former Marine Police Headquarters is a pilot case to invite private developers to tender for a heritage site; do you have any comment about this case?*

- The other schemes which had more conservation elements were not selected.
- The reuse of heritage has to be an appropriate adaptive reuse.

*There are suggestions to include the UK practice in HK, to have an independent trust to take care*

*of the heritage site in HK? Do you think that is possible?*

- Heritage Hong Kong is suggesting this and a position paper has been submitted to the government in April 2007. Heritage Hong Kong can act like the National Trust in the UK and responsible for the upkeep and maintenance of heritage for the public. It has to be an independent organisation but work closely with the government.
- Through the trust, the government may divert revenue from land sale to subsidise heritage conservation, for example by imposing a 2-3% tax on land sales.
- Other elements have to tie in as well such as education for expertise, registration of qualified contractors to carry out heritage restoration and channels for public communication and suggestions.

Interviewee: 3. Chu, Hoi Dick, Member of the In-Media Network

Date: 10 May 2007

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*What is your comment about the development of the former Marine Police Headquarters?*

- It is obviously a private developer dominated project. The public do not know the details and have not been well informed about the project.

*How do you think about private developers' involvement in heritage development projects?*

- Do not agree with the media in promoting the reuse of historic buildings because it seems to educate the public that historic buildings are tools to generate money.
- More concern about the local community in the old districts because privatisation and inconsiderate urban regeneration have caused gentrification and driven out the local residences.

Interviewee: 4. Foot, Christopher, Landscape Architect, Director of ADI Limited

Date: 9 May 2007

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*As the landscape architect of the former Marine Police Headquarters development, what are the difficulties in planning and developing the site? Is it different from an ordinary project because there are listed buildings on site?*

- This project required submission under the Environmental Impact Assessment Ordinance, Town Planning Ordinance and Antiquities and Monuments Ordinance. The timeframe is about 18 months for Environmental Impact Assessment and 9 months for the Planning Application but there is no statutory timeframe under the Antiquities and Monuments Ordinance. Different departments' requirements are different and the terminologies used by them vary.
- The procedural requirement for this case is not much different from the other projects but, with the public concern, the level of details required is higher.
- Regarding the visual and landscape impact, hopefully the view will be resumed when the trees are brought back and grow.

*There are quite a lot of mature trees on site and the site was sitting on a hill, in designing the landscape and applying for permits, are there particular concerns from the AMO, Planning Department or Lands Department regarding the historic value of the trees and the setting of the site? How did you handle it?*

- The tree survey carried out by the government's consultant was incorrect, more trees were found on site and the tree locations previously marked were inaccurate; therefore, the arrangement for the trees was discussed with the government department again and new recommendations were submitted.

- The palm trees outside the Main Building and four mature trees are retained on site. Another twenty trees are transplanted and for other trees which are common in Hong Kong are either transplanted or replaced.
- A detailed study was carried out and an innovative method was used to preserve the four mature trees.
- Professor C Y Jim was acted as an independent advisor on the tree preservation issue and the arrangement did help in the liaison process with the government departments.
- The historic granite wall i.e. the retaining wall was dismantled and will be used as the backdrop of the water feature and paving in the piazza. Other than that, there was no objection about the setting of the site because the government departments have already known the arrangement.

*Do you know if any of the trees were brought to Hong Kong by the Marine Police from overseas or first planted in Hong Kong?*

- No. But it will be interesting if more information is known.



Interviewee: 5. Kau, Louis Kin Hong, Town Planner, Senior Town Planner of Planning  
Department

Date: 4 May 2007

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*As a town planner, what is your opinion about private developer's involvement in heritage development? What can be improved in the present planning system to encourage heritage development with private sector involvement?*

- It has to balance public interests and economic benefits.
- There has to be sufficient incentives for the developers.
- Now, private-developer-involved heritage project is carried out on a case by case basis, with flexibility in control but there is no standard on how to preserve heritage.
- Building controls have to be updated and the AMO has to compromise for feasible new uses.
- Public consultation is carried out in the planning stage, only conceptual plan is available at that time. However, if consultation is carried out at a later stage, it may infringe the developer's property right or delay the development process.

*For the former Marine Police Headquarters, was the Planning Department involved in the early planning stage (i.e. before the tender)?*

- Tourism Association (i.e. now Tourism Commission) initiated a study on heritage tourism in 1998.
- Planning Department was asked to study the potential and to give recommendations in 1999.
- It was suggested that Tourism Commission would lead the case with private developers involved.
- The planning brief for the Comprehensive Development Area (CDA) site was endorsed by

the Town Planning Board.

- Tourism Commission followed this brief and carried out the tender exercise.
- Planning Department participated in the Assessment Panel with Lands Department, Transport Department, Architectural Services Department, Home Affairs Bureau and Tourism Commission.
- Individual assessments on the technical issues were carried out by each department and there was a group discussion to agree on the technical issues.
- The awarded scheme did not get the highest mark on conservation aspect but it had the highest mark overall.

*So far, were there any difficulties in understanding the planning intention, such as 'the integrity of the historic compound should be preserved', and how was the problem resolved when different opinions came up?*

- In the early stage, the developer tried to negotiate with the Planning Department for additional development area by building a taller hotel but it was rejected by the Planning Department.
- As the scheme had already gone through the tender process, it was not new to the other government departments; therefore the planning application actually went quite smoothly.
- The scheme had to go through planning application, environmental impact assessment and AMO's approval, that was to go from a general concept and refined to a more detailed level.

Interviewee: 6. Lau, Patrick Sau Shing, Architect, Legislative Councillor

Date: 5 May 2007

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*Do you agree private developers to be involved in heritage development projects? What are the difficulties?*

- Yes. Private developers are more innovative and sensitive to the market but it is difficult to carry out private-developer-involved heritage development project with the present development control and framework.
- It is important for the private developers to respect heritage and there is potential for private developer to be involved in heritage conservation and development such as in Russell Street, Soho or Lan Kwai Fong.

*What is your comment about the development of the former Marine Police Headquarters?*

- It should be combined with No.1 Peking Road (a commercial development project next to the Headquarters site) as one development, then the profits from building the high-rise commercial block could be used to subsidise the upkeep and maintenance cost of the former Marine Police Headquarters.
- It requires social pressure, regulations and legislation to monitor the scheme.

*What is your comment about in the present conservation policy?*

- Despite the economic driven atmosphere, the younger generation is more concerned about the conservation of heritage.
- The government should make use of the land resources in the undeveloped area and promote the concept of Conservation Area.
- Study should be carried out to identify the characters of Hong Kong from both local and

foreigner's views.

- Clear standard should be set up for different extent of conservation.
- More flexible on the new use of historic buildings.
- Encourage innovative and good design through competitions and public channels.
- Funding can be obtained from private sector, government reserve (the government actually has sufficient reserve to carry out heritage conservation) or charities such as the Hong Kong Jockey Club which funded a few historic buildings' restorations.
- Protection on built heritage should be reflected in the Planning Policy in considering how to match the new and historic buildings.

Interviewee: 7. Lee, Ho Yin, Architect, Director of Architecture Conservation Programme in the Hong Kong University

Date: 4 May 2007

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*Do you agree private developers to be involved in heritage development projects? What are the difficulties?*

- It is not feasible under the existing policy because the objectives are all about money.
- There are constrains in the incentives available for private developers and insufficient legal and policy support.
- It is easier for the private developers to demolish the historic buildings and redevelop the site. By doing so, they can gain the extra plot ratio.
- Private developers often give up the option to reuse the buildings unless they do not have enough money to rebuild.
- During the development, there is problem in executing conservation controls because AMO's power is not strong enough. It is hoped that when heritage development becomes the Development Bureau's authority, conservation control can be implemented more effectively.
- In terms of monitoring, a joint authority of planning, land and conservation like Urban Redevelopment Authority in Singapore can be set up to monitor the process. Besides, planning guidelines should include conservation element and for non-compliance, a considerable fine should be charged in order to give preventive effect.

*What do you think are the problems in the present conservation policy?*

- Education on conservation is needed. The public belief and public realm for conservation can be reinforced through education at school and public promotion.
- Improvements in policy and legal system are required. There is no conservation policy at

all in Hong Kong, it is still under consultation. A clear policy is essential to provide consistency; a case by case practice creates arguments, disagreements and confrontations.

- The legislations on compulsory purchase should be amended because it is difficult to conserve heritage in the private land under the existing regulations.
- The existing land policy is revenue driven.

Interviewee: 8. Lo, Fione Sau Lai, Curator, Curator of Leisure and Cultural Services  
Department

Date: 8 May 2007

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*As a practicing curator, what is your opinion on private developer's involvement in heritage development?*

- The government does not have enough resources to take care of all heritage sites; therefore it is possible to have private developers to be engaged in heritage development.
- The monitoring process will be important and guidelines should be given to the developers.
- For the former Marine Police Headquarters case, a two-tier monitoring procedural was adopted: guidelines were given to the developer and works permission are required from the AMO.

*For the former Marine Police Headquarters, was the AMO involved in the early planning stage (i.e. before the tender)?*

- The AMO was not involved in the tender board but the Home Affairs Bureau was.
- The AMO was consulted regarding the marking scheme for the tender.

*What are the difficulties experienced?*

- The standard of restoration and conservation is very stringent for the former Marine Police Headquarters because it is a declared monument.
- When the building is reused, it has to satisfy the present building standard. For example, the railing at the balcony in the future hotel room is not high enough according to the building safety standard, but to increase the height of the railing will affect the architectural value, therefore it is not allowed by the AMO. For the ornaments and fittings, the requirement is

less stringent and relocation within the building is allowed.

- The heritage consultant is acting for the developers and their advice may not truly reflect the whole picture.
- For the future use, the developer is expected to have self-discipline and even minor changes should be reported to the AMO.

*In general, how do you think about the present planning, development and monitoring system in heritage development?*

- Clear and comprehensive guideline is needed for the developers and internal government departments.
- Discussion among departments is helpful.
- New building regulation is needed to control the reuse of heritage.



Interviewee: 9. Loh, Christine, Former Legislative Councillor, Co-founder and Chief Executive  
Officer of Civic Exchange

Date: 12 May 2007

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*Do you agree private developers to be involved in heritage development projects? Should the government amend policy to facilitate it?*

- Fundamental problem between heritage conservation and development because there is a conflict of interest. Heritage conservation is about historic interest and development is about economic interest.
- Private developers are driven by profits and the government is trying to enhance Hong Kong's cultural and tourist asset.
- Either this fundamental problem is resolved or other formulas have to be considered for heritage conservation.
- The government was incompetence in amending the conservation policy and it showed its needs for expertise in this field. Other policies such as education and the import of professionals may also require attentions.

*Private involved heritage projects and urban renewal schemes sometimes drive out the local residences and local uses, how do you think about this problem?*

- It is the existing problem.
- It showed the lack of communication between the senior government level and the new generation.
- The government is still applying the colonial formula to keep government revenue into saving rather than spending it for the public.
- Cultural and art always costs money and it is difficult to be fully commercial.

*There are suggestions to include the UK practice in HK, to have an independent trust to take care of the heritage site in HK? Do you think that is possible?*

- Fundamental difference in tax system and public finance.
- It can provide a channel for donations and further invest on people.

Interviewee: 10. Mak, Bryan S.M., Surveyor, Project Manager (Development) of Antiquities  
and Monuments Office, Leisure and Cultural Services Department

Date: 11 May 2007

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*What is your opinion about private developer's involvement in heritage development? Why?*

- Depends on the location because the development profit and the maintenance cost need to be balanced.
- There are two types of heritage: heritage building and heritage site. Usually it is less profitable to restore a single heritage building unless it is in a very prime location. Heritage site has higher potential for heritage development.

*Do you think the existing development controls have hindered the reuse of heritage?*

- Buildings Department has authority to grant exemption on requirements under the building regulations but it is difficult to get the exemption.
- For government-own properties, the case will be referred to the Architectural Services Department for approval but it will also follow Buildings Department's requirement.
- AMO's priority is to safeguard the condition of historic buildings rather than reuse them.

Interviewee: 11. Manson, Fred, Architect and Former Director of Environment for London  
Borough of Southwark, Associate Director of Heatherwick Studio

Date: 17 April 2007

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*There are suggestions to include the UK's heritage practice in HK, do you think that is possible?*

- The UK's conservation is based on a strong judiciary system, with case law and legal structure which has been established since 1200s. HK's conservation is now based on democracy which relies on public request and demand. Therefore the best practice in the UK may not be applicable in HK.
- In China, the concept of heritage is different from Britain, the structures may have been standing there for a hundred-year but the timber and fittings have been replaced over time, maybe nothing was over a hundred-year. It does not mean that the structure has no value but the historic value is different. In Britain, when you record a structure and find out its history of expansion and alteration, you will understand how people were living there over time, but in China, you cannot see this change, it seems that nothing have been changed over a thousand-year.

*What do you think are the advantages of using heritage in development?*

- Sometimes it is a public relation issue, if the public starts to concern about the heritage, and if you do not preserve it, you will upset the community which will be a negative impact to the project and to the company. So, it is important to avoid negative impression from the public.
- In planning a site, community support is very important, like the Southorn Playground in HK, it involved the community. The District Council (Miss Ada Wong) let the community see the plans of Wan Chai, so that the community can understand the whole picture and express their views.

- It is since the past 10 years that the UK has considered conservation has to be done in an economical way. In the coming Planning Bill, the direction of the UK Planning Strategy is economic-led. In some projects, development can be carried out in an economical way but some cannot, it is not a one-thing-fit-all concept for all developments.

Interviewee: 12. Nissim, Roger, Surveyor, Project Manager of Sun Hung Kei Properties Limited

Date: 2 May 2007

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*Do you agree private developers to be involved in heritage development projects? Why?*

- Private developers normally are not interested to do this kind of project because there is too many uncertainties and difficult to be implemented.
- Conservation does not come free.
- If the government is going to tender a heritage development project again, architects, historians and other professionals should review the proposal without knowing the premium.
- Hong Kong is under a leasehold land system, it is easy for the government to tailor a lease which is suitable for heritage development purpose. But in case of breaches, the present system does not provide the government the right to intervene, except re-entry which is very rarely enforced.
- The conflict between conservation objectives and development profit has to be resolved.

*What is your comment about in the present conservation policy?*

- Two organisations should be set up, one takes care of the historic buildings and natural heritage sites without any development element and the other takes care of the historic buildings or natural heritage sites which should be developed.
- Private property right has to be upheld.
- Heritage conservation should be accepted as a “public purpose” for government’s compulsory resumption.
- The concept of the transfer of development rights does not have to be in-situ transfer. A developer can be asked to look after the maintenance of a building in a different location as a

condition of the development.

*Sun Hung Kei Properties Limited was involved in the Ma Wan Development and archaeological remains were found on site, were there any difficulties in carrying out the project?*

- No. The project went very smoothly and the government was responsible for the excavation.

Interviewee: 13. Poon, Teresa Mun Chie, Architect, Project Manager of Chinese Estates Holdings Limited

Date: 4 May 2007

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*Do you agree private developers to be involved in heritage development projects? What are the difficulties?*

- Yes. If the heritage can be preserved well, it has value and meant something to the place but a more comprehensive system is needed to make it happen.
- Sufficient incentives are needed, for instance, through developing the land next to it.
- In a few cases, private developers developed the land next to a historic building and the building was handed back to the government after restoration but the government can not think of a new use for it.
- Private developers usually do not object to preserve any historic structure as long as the project is still economically viable. For examples, by keeping the structure, the increase in sales price of the residential units or the rental value obtainable from reusing the historic structure can cover the loss or even generate an extra profit for the project.

*Chinese Estates Holdings Limited is involved in the Wan Chai Urban Renewal Project and it is suggested that the Wan Chai Market should be preserved, what is your opinion on this?*

- The tender package drafted by the Urban Renewal Authority allowed demolition and replacement of the Wan Chai Market. The Urban Renewal Authority did not ask the developer to keep the Market even though the public suggested that it should be kept and preserved.
- The AMO encouraged the developer to make records of the historic structure but no clear instruction was given.



- The developer tried to replicate feature of the historic building in the replacement block.

Interviewee: 14. Tse, Curry, Architect, Architect of All Arts Architectural Design and Research Limited

Date : 8 May 2007

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*What do you think are the problems in the present conservation policy?*

- There is only one kind of statutory protection i.e. declared monument. The government should facilitate the declaration of monuments and include a wider definition for protection.
- Public education is needed. The public should understand that heritage can be a value-added concept rather than a social burden.
- The government should facilitate the reuse of heritage by amending the building regulations. The present regulation is decided for modern building but not for heritage restoration. For examples, loading and fire services requirement, exemptions should be considered by "performance test".
- The present system creates uncertainties in terms of cost and time, which hesitates private developers to invest.

*In the case of the former Marine Police Headquarters, when were you involved in the scheme?*

*Was your company responsible to negotiate with the AMO?*

- Involved in the project until the conservation plan was submitted to the AMO for approval.
- Yes, the company was responsible to negotiate with the AMO.

*What were the difficulties experienced?*

- The lease document was a contract to control development which was not tailored for the benefit of heritage.
- The lease was silent on how to preserve.

- There was a conflict of interest to act as a heritage consultant for the developer.
- The conservation study was carried out after the tender was awarded; therefore the details and the complete picture were not included in the tender document. It is suggested that a conservation study should be prepared before the tender and its abstract should be included in the tender document. Then the developer would have a clearer picture about the conservation issues and the AMO can refer to the study in its approval process.
- The environmental concerns under the Environmental Impact Assessment Ordinance were different from heritage concerns.
- Different terminologies were needed for submission to different government departments. For instance, "Heritage Impact Assessment" was submitted to the Planning Department under section 16 of the Town Planning Ordinance, "Method Statement" was required by the Environmental Protection Department under the Environmental Impact Assessment Ordinance and "Conservation Plan" was given to the Antiquities and Monuments Office under the Antiquities and Monuments Ordinance.
- Within government departments, it was unclear regarding what have to be passed to the AMO for their consideration.
- The stringent requirement in reusing and restoring the heritage in this case (a declared monument) was out of the client's (i.e. the developer's) expectation.

Interviewee: 15. Wong, Kam Sing, Architect, Council Member 2007 & 2008, Chairman of  
Board of Local Affairs of The Hong Kong Institute of Architects

Date: 8 May 2007

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*As an architect, do you agree private developers to be involved in heritage development projects?*

*Why?*

- Yes. It is possible for private developers to be involved in heritage development projects but clearer scheme and policy can reduce their investment risks.
- The maintenance costs needed for historic buildings usually are not the main concern, but the loss of development rights can be a considerable sum of money.
- New regulations are needed for Buildings Department to control the reuse of historic buildings.

*Private involved heritage projects and urban renewal schemes sometimes drive out the local residences and local uses, how do you think about this problem?*

- Consultation and workshop can promote communication
- The community has to be sufficiently informed.
- It is difficult to help local businesses to survive after urban renewal. In other countries, rent control and rent subsidy are applied to help the local businesses but shops rental value is very high in Hong Kong, therefore these forms of subsidies are not feasible in Hong Kong.

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