

Harbourfront Commission

For discussion
on 21 July 2010

HC/04/2010

Public-private Partnership and Design Concept and Development Approach for Site 4 in the New Central Harbourfront

PURPOSE

This paper seeks Members' in-principle agreement to develop Site 4, a site zoned "Other Specified Uses ("OU") (Waterfront related Commercial and Leisure Uses)" north of City Hall, under the Urban Design Study for the New Central Harbourfront (UDS) (**Figure 1**) by way of public-private partnership (PPP).

RECOMMENDATIONS

2. We recommend that –
 - (a) Site 4 be developed through PPP; and
 - (b) a Panel/Task Group under the Harbourfront Commission be set up to deliberate on the detailed PPP arrangements for the development, management and maintenance of the site as well as other PPPs being considered in the harbourfront.

PUBLIC-PRIVATE PARTNERSHIP

3. During its tenure, the former Harbour-front Enhancement Committee (HEC) explored a framework for the sustainable management of the harbourfront in line with its Harbour Planning Principles and Guidelines promulgated in 2007. It set up a Task Group on Management Model for the Harbourfront (TGMMH) in December 2007 to devise a practicable proposal on institutional arrangement and management model for the Government's consideration. The Task Group reviewed a wide variety of local and overseas examples through extensive research, discussions and local and overseas visits. Its work was crystallised into a recommendation report, which was considered and endorsed by the HEC at its final

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meeting in February 2010.

4. To come up with a practicable proposal for Government's consideration, TGMMH had gathered relevant information and researched into various management models. Some of the local management models of areas and facilities that it had studied include -

- (a) conventional Government design-build-operate models, such as temporary West Kowloon Waterfront Promenade and temporary Wan Chai Waterfront Promenade (which is now closed);
- (b) private sector involvement through donation, entrustment or other forms of PPP, such as Tsing Yi Waterfront Promenade, Avenue of Stars, Jockey Club Creative Arts Centre at Shek Kip Mei Factory Estate and Chi Lin Nunnery Nan Lian Garden;
- (c) private sector design-build-operate models with planning control through Master Layout Plans approved by Town Planning Board, such as Whampoa Garden;
- (d) private sector design-build-operate models with a certain degree of design quality and management control through a "Design and Tender" model, such as the Peak Galleria; and
- (e) the arrangements for setting up a statutory body, such as the West Kowloon Cultural District Authority.

————— A summary of the local examples studied by TGMMH is at **Annex A**.

5. Apart from reviewing various local examples of management models and existing partnership arrangements in Hong Kong, TGMMH also conducted desktop studies on a wide range of overseas institutional arrangements/management models, as well as paid three overseas visits to key waterfronts around the world, including Liverpool, London, Singapore, Sydney, San Francisco and Vancouver. During the visits, delegates met with officials from the relevant waterfront authorities and planning/development agencies, discussed the arrangements and operation of the waterfronts, and exchanged views on the success drivers of the developments. Details on the experiences and lessons gathered from the overseas visits (including visits made by Secretary for Development) are set out in **Annex B**.

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6. Whilst recognising variation and divergence of waterfront management in different cities, some common patterns and general principles that emerged from overseas studies could serve as a basis for the recommended management models for Hong Kong. These include –

- (a) Policy vision and commitment – Waterfronts are recognised as important public assets in the Government’s policy statements which serve as a basis for building consensus across Government departments, for facilitating support from the general public, and for rallying support from the general public;
- (b) Development approaches and strategies – Waterfronts around the world share common strategies including an emphasis on connectivity, mixed-use development, public engagement, private-sector participation, heritage preservation and brand development; and
- (c) Management models and implementation – Sustainable waterfront developments require a strong and centralised authority to lead and organise the effort, with effective procedures to avoid departmental fragmentation separating policy and delivery, and to ensure close cooperation with the community and the private sector.

7. In the context of Hong Kong, TGMMH observed that there were no established mechanisms for the Government to adequately or systematically tap into the strengths of the private sector (including commercial, community, social enterprise, community-based trusts, special purpose companies and other NGOs) for harbourfront enhancement. It opined that flexible cooperation between the public and private sectors is likely to offer higher quality results in delivering a better harbourfront for public enjoyment.

8. Noting that the community may have different views or concerns about PPP, particularly on the issue of public accountability, TGMMH considered that arrangements for a good PPP model applicable to the Hong Kong harbourfront may possess the following characteristics (including but not limited to) –

- (a) there will be community involvement throughout the different stages of the PPP process, from planning, design, development

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- to management and operations of the harbourfront;
- (b) it will ensure that the public purpose is achieved;
 - (c) there should be opportunities for the private sector, profit making or non-profit making alike, to participate and contribute;
 - (d) the PPP should bring alternative capital and recurrent funding to the future benefit of the harbourfront, without being over-reliant on the Government for capital or recurrent funding;
 - (e) the PPP should, as appropriate, incentivise the private sector partner by some form of revenue sharing with the Government;
 - (f) the ultimate ownership of the harbourfront should remain vested in the Government; and
 - (g) it should be acknowledged that aspirations and needs may change over time, and this necessitates review of arrangements to avoid creating undue risk for the parties involved.

9. The Task Group observed and the Government agreed that there are a wide variety of possible PPP models, with different levels and forms of private sector involvement; and that there is no universal model that can be adopted across-the-board. The characteristics of PPP models must be carefully thought through in applying to individual areas or facilities. That said, TGMMH's recommendation on PPP gives the Government a solid mandate to further explore harbourfront management with the private sector, with a view to creating more attractive designs for the public, as well as to pursue more sustainable and flexible modes of management. The Government will therefore work with the Harbourfront Commission in devising arrangements of PPP at the harbourfront on a site-specific or project-specific basis.

Public-private Partnership Plans in the Pipeline

10. Government would like to explore the introduction of PPP for development of a couple of sites. The identified targets include -

- (a) Sites 1 and 2 at the new Central harbourfront;
- (b) Site 4 at the new Central harbourfront; and

- (c) Hoi Yu Street and the open area at the Eastern Harbour Crossing Tunnel Portal (i.e. the pocket of land earmarked for Quarry Bay Park Phase II).

11. Government plans to develop Sites 1 and 2 into a distinctive civic node and mixed use precinct featuring low-rise structures for exhibition, retail, entertainment, civic and community uses by PPP. It consulted the HEC and its TGMMH on developing the sites by PPP and they generally supported the approach. The development of these two sites, however, will take some time to materialize since different parts of the sites are required for the works associated with the construction of the Central-Wan Chai Bypass until July 2015.

12. Separately, the Planning Department has just carried out the Stage 2 Public Engagement Programme (PEP) of the Hong Kong Island East Harbour-front Study which aims to formulate enhancement proposals for the Hong Kong Island East harbourfront areas, especially on the improvement of the connectivity and accessibility of the harbourfront areas. Hoi Yu Street and the open area at the Eastern Harbour Crossing Tunnel Portal are two areas under study. The Department plans to formulate a preferred option for conducting Stage 3 PEP in January 2011 and thereafter will draw up a final recommendation in mid-2011. In other words, development of the two sites may only proceed after conclusion of the Study.

13. Site 4 at the new Central harbourfront could be made available as early as end 2011. Site 4 therefore will afford us the earliest opportunity to introduce PPP. Planning Department has worked out the development parameters of Site 4 as the basis to formulate the PPP for this precious harbourfront site.

Site 4

14. Under the UDS, Site 4 is proposed as a “Harbour Place” to provide waterfront related commercial and leisure uses to complement the waterfront promenade as well as to provide an anchor at the harbourfront, thereby adding vibrancy and a diversity of waterfront experience.

15. The development at Site 4 will provide a total gross floor area (GFA) of 7,500 m² in low-rise separated blocks with a maximum building height of +20mPD to harmonise with the waterfront setting and nearby public spaces and civic landmarks including the City Hall

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complex, Hong Kong Planning and Infrastructure Exhibition Gallery, Tamar Development, etc. Public open space (2,200 m² including possible alfresco dining space at the frontage along the waterfront promenade) and open space in the courtyard setting are proposed to provide a diversity of outdoor public spaces. View corridors and pedestrian linkages including a footbridge connection and at-grade pedestrian circulation routes are proposed to enhance visual and physical connectivity to the harbourfront. The planning and design concept, as well as the proposed development parameters and requirements for Site 4 are detailed in **Annex C**.

16. In the vicinity of Site 4, Road P2 (Lung Wo Road) is already open, the Tamar Development will be completed within 2011 and the Hong Kong Planning and Infrastructure Exhibition Gallery in mid 2012. A progress update on development of the eight key sites of the new Central harbourfront is at **Annex D**.

17. Insofar as development approach is concerned, PPP is preferred over simple land disposal because the former enables the Government to tap into the private sector's creativity and expertise, with the objective of achieving high quality outcomes and more attractive designs in delivering a better harbourfront for public enjoyment as well as pursuing more sustainable and flexible approaches to management.

18. The PPP to be formulated should ensure the business and financial viability of any private sector involvement on the one hand; and ensure that the public purpose is achieved through some form of continuous Government oversight such that accountability is not compromised on the other. This balance may be achieved through transparency, engagement and participation of the community throughout the process in overseeing the PPP.

WAY FORWARD

19. We recommend that a Panel/Task Group be set up under the Harbourfront Commission to deliberate in greater depth a suitable PPP model for target sites including Site 4.

20. After a PPP model has been worked out, to ascertain market interest and work out the terms and conditions of the subsequent open tender exercise, an EOI is recommended before formal tender is issued.

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The nature of the EOI is to invite feedback, on a non-committal basis. Interested parties should be invited to submit details of the proposed PPP model; a business case or financial analysis of the proposed development (including nature and source of investments required for design, construction, operations, maintenance, etc. and sources of income); implementation timeframe (mindful of the fact that the Site can be available as early as end of 2011); and benefits to the community from the proposed PPP model. The EOI is neither part of any tender nor a pre-qualification exercise to shortlist or pre-qualify any proponent.

21. We will consult the proposed Panel/Task Group on developing Sites 1 and 2 at the new Central harbourfront, Hoi Yu Street and the open area at the Eastern Harbour Crossing through PPP at a later stage.

ADVICE SOUGHT

22. Members are invited to -

- (a) give in-principle agreement to develop Site 4 by way of PPP; and
- (b) form a Panel/Task Group to deliberate in greater detail the PPP arrangements for the development, management and maintenance of Site 4 as well as other PPPs being considered in the harbourfront.

**Development Bureau
Planning Department
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